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## Modernizing Governance at HSHS to Position for a New Healthcare Future

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# Modernizing Governance at HSHS to Position for a New Healthcare Future

## Organization Profile: Hospital Sisters Health System, Springfield, IL

*An interview with Amy K. Bulpitt, Senior Vice President & Chief Legal Officer; with contributions from Damond W. Boatwright, M.H.A., M.H.S., FACHE, President & CEO*

**H**ospital Sisters Health System (HSHS), headquartered in Springfield, IL, is much like many other U.S. health systems today: it has a history of growth and is continuing to grow, and therefore realizing the need to review its governance structure to ensure that the boards within this growing system are focusing on the right things to help align and integrate the organization, and ultimately enable faster movement towards its future vision. HSHS leaders had considered changing the governance structure in the past, but the timing needed to be right for such an endeavor. With an impending CEO retirement, the leaders knew it was not the right time.

What has changed now? The system is under new leadership with Damond Boatwright joining as President and CEO in June 2021. With full support from its new leader, HSHS has recommitted to invest in its governance, modernizing the structure and function for a new healthcare future. The 2027 HSHS strategic plan focuses on mission, strength, and growth, which is necessary to develop new ways of caring and working together, secure the organization's future, and extend its ministry's impact. Business model impacts include expansion of value-based care in non-hospital settings, addressing social determinants of health and equity, digitization of the care model, and other consumer-focused care model redesign.

## Organization Profile

**Hospital Sisters Health System (HSHS)** is a multi-institutional healthcare system comprised of 15 hospitals and an integrated physician network across Illinois and Wisconsin. The mission of HSHS is "To reveal and embody Christ's healing love for all people through our high-quality Franciscan healthcare ministry." In this tradition, HSHS is privileged that patients and families trust the organization with their care and the care of their loved ones. HSHS places its patients at the center, consistently providing safe care of the highest quality, committed to the people in the communities it serves.



“During the first six months into my tenure, I realized very quickly that we were extremely siloed as an organization. This led to having many variations in how we carried out, in some cases, the exact same needed work,” said Damond Boatwright, President and CEO of HSHS. “We found that we had no standardization at the local board level,” explained Amy Bulpitt, Senior Vice President and Chief Legal Officer. “Agendas were different, work plans were different. Only the bylaws were the same. We knew it was time to look at the bigger picture and help our local boards come up with a model to support the system board and become true extensions of the system board.”



Bulpitt, Boatwright, and board leadership focused on the organization’s mission to shape and tie everything together: how can every board add value, carrying out their fiduciary duties with meaningful oversight without getting bogged down in day-to-day management? “It was important to me that if and when we make significant changes in the organization that we should first seek to understand the problem,” Boatwright explained.









“We started by looking at accrediting body and state and local government compliance requirements of our local boards, which confirmed that their bylaws were in really good shape,” said Bulpitt. “So, our next step was to determine where we need them to help us most.” Best practices for aligning system governance structure from The Governance Institute were considered, including:

- Enable greater alignment of local boards to system board priorities.
- Streamline the committee structure and ensure that local committee roles are tied/structured appropriately with their system-level counterparts.
- Align board development and education with each board’s role within the system authority matrix.
- Standardize governance documents such as committee reports, agendas, and minutes.
- Ensure consistency in performance measures across all boards.

They determined four primary areas of focus for local fiduciary board responsibility:



## Core Responsibilities: System Board (Operating Board)

	Transformation, strategic positioning
	Quality/value equation: policy setting and oversight
	Financial policy and oversight, including investment policy
	Corporate compliance for the entire system
	Organizational development across the system
	Evaluation of the system CEO
	Overarching standards: credentialing, board development, etc.
	Ensure system complies with all laws and regulations as part of the director's duty of obedience

Many of the local boards at HSHS are very comfortable overseeing their hospital's finances but don't feel as comfortable talking about quality, and thus can get sidetracked on operational details—a common story heard across U.S. hospital boards. "A local board member said, 'I'm a banker. What do I have to add to this?' We explained that there is so much for him to add, and we would help walk him through it. We are expecting them to hold us accountable. We want constructive skepticism. Ask us questions and provide a level of oversight that only an independent board member can provide," Bulpitt said.



## Core Responsibilities: Local System Boards (Subsidiary Boards)

### Local system boards' responsibilities are more focused, with emphasis on:

- **Quality/Value Equation:** oversight not just policy setting, credentialing typically using system support
- **Strategy:** organic growth within framework of overall system plan
- **Community:** philanthropy, community health needs assessment, community benefit, advocacy
- **Legal & Regulatory Compliance:** ensure hospital complies with all laws and regulations as part of the director's duty of obedience

### Limited financial oversight responsibilities:

- **Stewardship:** streamlined "approval authority" of operating or capital budgets

"We still need their help from a strategy and financial oversight perspective, ensuring hospitals are staying in budget within the overall framework of our strategic plan," Bulpitt added. "We also need their help in the community, which is the most important place for our board members. Philanthropy, community benefit, state and local advocacy, and hospital compliance are all areas where our local board members can make an important impact, in addition to hospital quality of care."

The Governance Institute provides examples of the types of questions that board members can ask management to ensure that the right quality metrics are being reviewed by the board, that the targets being set related to those metrics are strong enough, and that appropriate actions are being put in place to address underperformance. This way, board members who are not experts in healthcare quality can make an impact.

Another challenge they worked to tackle was how to make the board and committee meetings more effective. "For example, the nine committees at the HSHS system board have a lot of work to cover in a small amount of time and need to get to the real meat and do it fast," said Bulpitt. HSHS needed all board and committee members to "do more talking," with fewer management reports during meetings.



## Becoming a Unified Organization

*The unifying tie between management and all levels of governance is the HSHS mission.*

- Achieve economies of scale and efficiencies for our leadership teams and board members.
- Empower board members to contribute to the HSHS mission through the provision of meaningful oversight.
- Continued commitment to the local boards.
- Enhance the connection between effective governance and economic prosperity where local boards serve as extensions of the system board.

**"T**he boards have been doing good work—we don't want to diminish that. But this process empowers everyone involved to take stock and make sure that our boards can truly help us move faster and better towards the future, with our mission guiding us, so there aren't any barriers."

—Amy Bulpitt

## The How Tos

"Once we got past the why and what we wanted to do, we needed to quickly come up with a clear plan on how to do it! Now, to be completely transparent, and because I played many sports during my child- and early adulthood, I have always been comfortable with following a playbook," said Boatwright. In order to aid the boards in this governance modernization project, Bulpitt and her team (Legal Operations Manager and two Associate General Counsels), with essential support from Boatwright, developed a governance playbook. As a part of the playbook, they revised the outdated (2008) authorities matrix to match the bylaws. For example, in regards to strategic planning, the old matrix indicated that the local board would develop a strategic plan and send it to the system board for approval. But that is a reserved power policy for the ministry boards; the local boards' role is to provide valuable input (via recommendations) into the overall system strategic framework.

Streamlining and standardizing is also part of the process, including using a standard minutes template across all boards and committees. The new template helps show what the most important takeaways are—"what really happened in that meeting"—and helps the local boards document their support in the minutes for certain items but without making a resolution when it's not in their purview. "We also use The Governance Institute's committee report-out form and attach it to the minutes," said Bulpitt. "It helps guide board members in their own presentation of the work

completed at the committee level and engages more board members in discussion on the follow-up actions.”

In addition to the minutes template, the boards were given updated charters, agenda templates to help maximize meeting time for generative discussions, and updated skills matrices for their board members to help make the new board member recruitment process more robust as well.

## Governance Roles: Authority Matrix

Hospital Sisters Health System (HSHS) <b>Governance Authority And Responsibility Matrix</b> for Hospital Sisters Services, Inc. (HSSI) and its Local System April ____, 2022				
	HSHS Members	HSHS Board	HSSI Board	Local System Board
<b>Role Statement</b>	Hospital Sisters Ministries, a public juridic person of pontifical right, serves as the Members of HSHS maintaining stewardship responsibility for the mission and ministries and exercising certain reserved powers to fulfill their canonical responsibility as well as other reserved powers.	The HSHS Board is responsible for providing oversight of key strategic actions to be taken by HSSI, the Local System Boards and the other organizations of which it is directly or indirectly the parent. This Board fulfills its responsibility through appropriate monitoring and exercise of reserved powers.	The HSSI Board is responsible for providing oversight of key strategic actions to be taken by the Local System. This Board fulfills its responsibility through appropriate monitoring and exercise of reserved powers.	The respective Local System Board of Directors is accountable for the activities of its respective corporations to fulfill the mission of Hospital Sisters Ministries. This role involves responsibility for management oversight within the framework of the HSHS strategic direction and financial expectations and quality standards.

### The Governance Best Practices HSHS Boards Are Implementing:

- Board role and purpose review within system structure
- Governance playbook
- Board authorities matrix to provide clarity on board role and purpose
- Standardized minute templates
- Standardized agenda templates that maximize generative discussion
- Board member skills matrices to support board recruitment efforts
- A committee calendar for reporting to the board
- Board education calendar
- Updated work plan for each level of governance that is aligned with the bylaws and reserve power policies



A committee calendar for reporting to the board is in development, so that certain committees will report at certain times but not at every board meeting, to further streamline the board meeting agendas and enable more discussion time. Also in development is a board education calendar. “We have been consistent with providing education but not consistent with when it should be, how it should be delivered, how it impacts the strategic plan, what should be covered, and carving out time in the board meetings for both system and local boards for education,” said Bulpitt.

**Governance Framework Playbook**

Table of Contents

- A. Bylaws .....
  - 1. Hospital Sisters Ministries (“HSM”) .....2-6
  - 2. Hospital Sisters Health System (“HSHS”) .....7-22
  - 3. Hospital Sisters Services, Inc. (“HSSI”).....23-36
  - 4. Local System – Illinois .....37-53
  - 5. Local System – Wisconsin .....54-70
- B. Governance Authority & Responsibility Matrix .....71-77
- C. HSM Workplan .....78
- D. HSHS/HSSI Workplan .....79-80
- E. HSHS/HSSI Board Member Expectations, Skill and Experience Matrix .....81-82
- F. Board Committee Report-Out.....83
- G. Local System Boards Workplan Review .....84-87
- H. Local System Boards Member Roster.....88
- I. Local System Boards Skill Matrix.....89
- J. Local System Boards Agenda .....90
- K. Local System Boards Minutes .....91-93



The Unifying Tie between Management and All Levels of Governance is the HSHS Mission

The new playbook includes an updated work plan for each governance level that also aligns with the bylaws and reserve power policies, focusing on what is recommended from a best-practice standpoint for the types of items that need to go to the board. “So many things were added in the past because board members asked for them, and they would stay on the list, and the board members kept expecting to see these items each time, when most of them only needed to be on the agenda once or twice per year,” Bulpitt said.

### **Getting the Message Out**

The system CEO, division presidents, and the internal legal team are guiding the boards through this transition, meeting individually to answer questions, understand talking points, and how to populate agenda templates using the new work plan. Bulpitt emphasized the importance of the governance support staff across the system to help with this project as well. “When it comes to change management, particularly when it impacts several groups, I have learned to over-communicate to the point where the impacted stakeholders say, ‘Please stop!’ I understand the aim and goal and my responsibility to make it happen,” said Boatwright. The aim is to have the new structure fully implemented before the end of the year. The Governance Institute will check in with HSHS next year to gain a broader perspective about how this more modern and intentional governance structure has helped the system further its goals.