

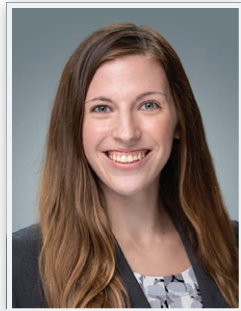
Detecting Signal from Noise: A Critical Governance Competency

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Detecting signal from noise is not a simple task. For the purpose of this article, we are defining “signal” as meaningful information that you’re actually trying to detect and “noise” as random or unwanted variation that interferes or hinders with the signal.

Healthcare is full of signals and lots more noise. Health and healthcare are complex and multifactorial so a plethora of noise is no surprise. In thinking about governance, sometimes leadership and boards are mired in the weeds or in specific actions (the “noise”) and don’t elevate to strategy, implications, and the big picture (the “signals”). It is very easy to get distracted by noise. However, in today’s society, possessing a governance competency to know what is a signal that you should pay attention to and what is noise that should not distract you is essential.

Meritus Health is an integrated health system that serves western Maryland, southern Pennsylvania, and the eastern panhandle of West Virginia. With more than 3,200 team members, 600 medical staff, a flagship 327-bed level III trauma medical center, and a 180-member medical group, the mission of Meritus Health is to improve the health of the community. Meritus Health, in an effort to reduce the physician shortage, is seeking licensure and accreditation of a four-year osteopathic medical school, aiming to open in fall of 2025. The challenges and opportunities for Meritus Health are no



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different than most health systems in America—including challenges from external disruptors, staffing shortages, reimbursement and financial changes, and opportunities in continuous improvement of patient care and experience, among many others.

A board of directors that can continuously detect signal from noise will be a key driver of strategic success. This article provides four examples of applications in detecting signal from noise.

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1. When Setting Goals, Consider Historical Performance and Where You Stand Compared to Peers

Goal setting is an art and a science. When setting goals for the organization and leadership, consider not just your performance compared to last year, but consider how you compare to peers. You may be improving, but are you improving fast enough if your peers are faster or achieving higher rates of success?

At a system-wide level, Meritus Health is currently constructing a database that will directly contribute to this competency. As the organization sets performance goals, it wants to ensure that internal targets are set appropriately relative to industry peers. For instance, if an organization’s 2023 baseline for the percent of patients seen by a provider in fewer than 30 minutes of entering the

Key Board Takeaways

Organizational practices to help boards detect signal from noise include:

- Set goals considering both historical performance *and* comparison to peers.
- Look at aggregate measures of performance and not just individual discrete measures.
- Supersize your long-term goals.
- Make sure everything is connected to your mission and key strategies.

emergency department was 30 percent, a reasonable goal for 2024 may be to raise that to 35 percent. But wouldn’t it be helpful to know that the national average is actually 50 percent?

While it may not ultimately match to where the goal is set, it is important to have an awareness of what to strive for. Having contextual awareness of where the organization and leadership are performing relative to peer groups will not only help each specific organization, but it in turn will help to improve standards across the country. This same concept can be adopted by boards on a more macro level.

2. Look at Aggregate Measures of Performance, Not Just Individual Discrete Measures

Individual measures are those such as rates of surgical site infections or falls with injury. If a board focuses too narrowly on just a few measures, the overall or aggregate outcome may become lost. At Meritus Health, individual measures are reviewed, but focus is also set on overall goals. As an example, for reducing patient harm, Meritus’ True North measure is total patient harm, which is a composite of over 20 different patient harms. The health system was reporting more than 70 harms two years ago and is now reporting 60 harms with a larger goal to reach zero by the year 2030. By using an aggregate measure, the board is able to ask questions and discuss quality strategies that get to reducing *all* harm. And “noise” around a single measure does not distract from the overall goal (though it would be expected that leadership addresses these individual quality measures).

3. Make Sure Long-Term Goals Are Supersized

Goals serve as artificial floors and ceilings. When you think long term—five



years in the future or longer—think big. By supersizing them, you will strive for big changes and more likely think redesign, restructure, and reimagine, rather than incremental improvement.

The foundation of the academic building that will serve the proposed Meritus School of Osteopathic Medicine is being poured as this article is written, and while the school is still two years from welcoming its first class, its board and leadership team regularly facilitate discussions regarding the future of the school and the health system as they transition further into being a learning organization.

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An osteopathic medical school connected to a mid-sized, independent hospital in a somewhat rural area is a truly supersized goal. It would have been far easier for the board to steer away from this substantial investment of capital, resources, and time when the idea was initially proposed by Meritus Health senior leadership, but the commitment to long-term thinking helped this ambition become a reality.

4. Connect Everything to Your Mission and Key Strategies

It may go without saying, but make sure your board agendas and meaningful discussions are connected back to your strategy. As the sole healthcare provider in Washington County, it only makes sense that “community obsessed” is among Meritus



Health’s values. The pursuit of a medical school, service-line expansions, partnerships, and investments are driven by the needs of the community Meritus Health serves. Keeping key drivers like this at the core of board meetings and other decision-making forums is critical for a truly effective board culture.

For example, your organization may have new competitors in your market and your leadership team should address this environmental trend. As a board, the signal is not to focus on the specifics of the new entrants, but on why and how they impact your strategy.

Are new entrants coming in because they are providing better access, a new service, or a better product? How do you address this? The key is to always go back to the mission, your core strategies, and your major measures of success connected

to those elements. Deviation from those major elements are signals you need to consider and adjust.

Just like the challenges, these lessons and actions are not specific to Meritus Health. The adoption of this competency of being able to detect signal from noise has allowed the organization to excel forward and create substantial positive impact in our community, despite challenges felt nationally and locally.

The competency of detecting signal from noise is the difference between boards bogged down by the day-to-day and those that can think strategically; it is the difference between effective boards that push the organization forward, and those that are comfortable with stagnation and the status quo.

The Governance Institute thanks Carly N. Critchfield, Administrative Fellow, Meritus Health, and Maulik S. Joshi, President and CEO, Meritus Health and proposed Meritus School of Osteopathic Medicine, for contributing this article. They can be reached at carly.critchfield@meritushealth.com and maulik.joshi@meritushealth.com.

