

Effectively Using Advisory Boards in Today's Health Systems

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Successfully navigating through today's healthcare waters is extremely difficult. Given the current challenges facing health systems, including physician compensation, recruitment and retention, governmental mandates and shifting priorities, pay-for-performance, penalties for quality or data reporting outliers, and a host of other initiatives, they need to have a much more diverse group of leaders and stakeholders involved in organizational success.

The overall role of governance becomes critical in guiding healthcare organizations during rapid change. An advisory board can be a tremendous complement to the effectiveness of the system board as it works to carry out a complex, major role (developing a cancer center) or specific initiative (building a new medical office building).

Different than corporate boards, advisory boards have no fiduciary responsibility and their advice is non-binding. The advisory board does not have formal authority to govern the organization, meaning that they cannot issue directives, which must be followed. Instead, the advisory board serves to make recommendations and provide information to the system board.

However, advisory boards play an important role, which can be called little "g" governance. Effective uses of these boards include providing alternative viewpoints, expanding current strategies or playing devil's advocate, and maintaining strong ties to the organization's community. Membership varies but in general, advisory boards provide the opportunity to involve physicians in organizational success. They also help identify and groom physicians for future leadership and governance roles including on the health system's board.

Forming Advisory Boards

A recent issue that health systems are facing is the creation of multiple subsidiary boards, usually the result of mergers and acquisitions. These subsidiary boards often have some degree of fiduciary duties and

responsibilities within their scope of authority. The use of subsidiary fiduciary boards often creates role confusion between the main health system board and the local subsidiary. This uncertainty is extended to the members of these subsidiary boards as well. Many healthcare centers are transitioning these local subsidiary boards into advisory boards with detailed bylaws, duties and responsibilities, membership, and reporting relationships. These advisory boards can then establish local committees based on their unique needs and communicate with the system board so information is relayed in a clearly delineated fashion.

Health systems should concentrate on the following when forming advisory boards.

Determine the need for advisory boards: What are some of the key issues that the organization is struggling with today? Some hospitals and health systems are struggling with physician-hospital integration, compensation, recruitment,

retention, and medical staff development and planning. Creating an advisory board can be helpful for addressing these challenges. Several health systems are exploring having a "physician-hospital integration advisory board."

Define the objectives, duties, and responsibilities of the advisory board: First determine the goals and objectives of the advisory board. Once you determine the primary role, develop a board charter with duties and responsibilities clearly delineating what the advisory board is designed to do, who it reports to, membership including terms of office, frequency of



Key Board Takeaways

Advisory boards complement the system board and play an important role in enhancing governance for the entire organization. When forming advisory boards:

- Define the roles, responsibilities, and objectives of the advisory board.
- Ensure the right members are on the advisory board and there is clear criteria for success.
- Celebrate the advisory board's accomplishments and make sure they are known throughout the organization.

meeting times, and how this group connects to other committees, senior leadership, and the organization in general.

Select the right people: When this board is created, it's important to select the right people to serve—both in quality and quantity. Keep the size of this group to no more than 13 people. Too many people are cumbersome and can negatively impact responsive decision making and too few people may limit a diversity of opinion. Depending on the purpose of the advisory board, the health system should look to include physicians, non-physician providers, nurses, and operational administrators to allow for diversity in both opinion and job role. Involving community members can also be beneficial to help ensure that the community's needs are being met by the health system.

Establish criteria for success: The advisory board needs a chair that has the time and support to keep the group well organized. Establish meetings in advance at a time and place that is convenient for the group. The chair must be result-oriented and facilitate the meeting so all group members are heard and encouraged to participate. Meeting minutes need to be kept and distributed to members in advance of the meeting and agendas should include action items that are consistent with the advisory board's charter. The chair must also develop a good working relationship with the health system CEO so that the work of the advisory board is appreciated, valued, and consistent with the intended purpose.

Consider compensating the advisory board: Depending on whom you are asking to serve on this group and what position they hold, it's important to

consider compensating certain members. This is designed for and speaks directly to physicians who are serving on this advisory board. Many health systems have a productivity-based plan for compensating their employed/contracted physicians. Therefore, asking physicians to serve on any committee without providing some form of compensation can seem unfair. While providing some form of compensation is reasonable, it may not be reasonable to compensate physicians based on a clinical dollar equivalent for their specialty or dollar per wRVUs per hour spent in meetings. You must determine what level of compensation makes sense. Many organizations prefer to compensate their physicians a flat rate for each meeting they attend.

Keep in mind that members of this advisory board will benefit in a variety of ways. Being involved with this group will expose them to ideas, initiatives, and market intelligence that they would have otherwise never been exposed to. It will also allow them to develop their individual skills, which will help them to be a better future system board member.

Remove ineffective members: You must have a mechanism to remove

members who are not a good fit or are not contributing or attending meetings. Unlike the system board, advisory board members can be replaced without the majority of legal issues. Be clear to communicate expectations during the establishment of the advisory board and in the recruitment of new members. The chair should discuss the frequency and duration of meetings and time commitments required, as well as other work that might be necessary for successful participation.

Get broader input: Since many of these board members are on the front lines and highly respected, they often have their pulse on the organization. They should in turn find ways to engage the medical and operational staff in identifying key organizational issues and future areas of focus. This engagement is crucial to the health system CEO in order to have increased participation, commitment, support, and feedback to and from stakeholders.

Celebrate the advisory board's success: Make sure you have an organizational process to report the initiatives that the advisory board is working on and has accomplished. Have a systematic and formal process to communicate the work of this group to the system board

and organization in general. Also, think about ways to disseminate information to the executive staff, through department meetings and electronic communication.

Forward Thinking

The advisory board can create an environment where these experts can discuss opportunities, challenges, and next steps. Leverage the advisory board members with vetting potential short- and long-term organizational objectives. Health system CEOs and their boards can use the advisory board to capture market intelligence and “work-up” various options to many business strategies and initiatives.

The effective use of an advisory board is critical for success in today's healthcare environment where cost, quality, outcomes, access, and customer service is demanded by the communities we serve as well as the numerous stakeholders involved in the care we provide. ●

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