

HTNYS



Governance Insight

Intelligence for New York hospital governing board leadership effectiveness

What's Your Leadership IQ?

*Look inside
for a checklist
to determine
your board's
education and
communication
"leadership IQ."*

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Governance Education

It is possible in health care boardrooms today to just “get by” on what you know. However, those who want to be true governance leaders prepare themselves for the kind of penetrating, insightful leadership that communities want and deserve by building their personal intelligence framework. A strong “grounding” and awareness of issues is critical for trustees to make sense out of the complex issues and possibilities in today’s health care world.

Education vs. Knowledge and Intelligence

Governance education is a process, not an end result. The end result and benefit of governance education is greater knowledge and heightened leadership intelligence that ensures trustees are fully prepared to engage critical issues and make evidence-based decisions. In essence, well-planned and well-focused governance education builds the “knowledge capital” of the board.

Working with Individual Trustees to Assess Education Needs

Trustee knowledge-building needs to take place continuously and through a variety of venues, including HTNYS’ conferences; by reading and absorbing information and ideas in trade journals such as *Trustee* and *Hospitals & Health Networks*; through reports and studies available online such as *HealthLeaders*, Kaiser Family Foundation, and online versions of national newspapers; and through targeted education at every board meeting. The key to success is to develop trustee knowledge that enables governance leaders to put the more strategic and challenging issues into a local market context, identify local market implications and responses, and lead with confidence.

Critical Success Factors

To ensure successful governance knowledge-building, several factors are critical:

- The board must invest in education, both financially and intellectually. The education budget should be developed with a purpose, defining education topics based on critical forces impacting the organization.
- Participation should be mandatory as a condition of trusteeship, not a “suggestion.” Trustees owe it to the hospital’s patients, physicians, and community to ensure that governance decisions are made and directions are set as a result of vigorous scrutiny and informed intelligence.
- Trustee education should be discussed in trustee recruitment, highlighting ongoing education as an opportunity to best serve the community.
- When possible, education should be directed by trustees themselves. This may include researching topics and presenting the findings, implications, and possibilities to the entire board. In essence, this makes trustees the knowledge-builders for the greater benefit of the entire board.
- It should be individualized. Every trustee is in a different “place” in terms of his or her awareness and knowledge of the issues; however, every trustee has the same fiduciary obligation, the same responsibility to be well-informed, and the same vote.

This *Governance Insight* is the first of four HTNYS’ publications highlighting critical issues and essential information for health care governing boards in New York State. This publication includes an overview of the issue, what hospital governing boards in New York are doing, and a Leadership Quotient Checklist to guide hospital boards in actionable next steps.

The information about New York hospital governing board activities is the result of HTNYS’ 2005 Governance Education Needs Assessment. Sixty three hospitals responded to the Web-based survey, providing information about their boards’ performance, functions, and operations.

Designing an Effective Education Process

Ensuring an effective board education approach that results in optimum leadership knowledge and effectiveness requires commitment, collaboration, and consensus. The following six steps are critical to success.

Step 1. Define the broad issues on which every board member needs to have a common understanding in order to be a high-performance trustee. The hospital's strategic plan should serve as a basis for determining these issues.

Step 2. Assess each individual trustee's awareness and understanding of the issues and situations likely to come before the board in the coming months. This can be done through the board self-assessment, a simple survey, casual one-on-one conversations with the board chair and/or the chief executive officer (CEO), or a combination of all. This is not a "test" and should not be intimidating; rather, it is a conversation to help determine where education would be the most beneficial for each trustee.

Step 3. Assign an experienced board colleague to work closely with newer trustees to help them understand issues and nuances, address questions, etc.

Step 4. Develop a 12-month or longer "curriculum" of topics that are essential to effective governance and determine the most appropriate resources to assess or deliver the information. Ensure that every trustee is committed to and involved in the processes.

Step 5. Leverage the improved trustee knowledge through coordinated community outreach, including legislative advocacy, community discussions, presentations, etc.

Step 6. Continuously refine and improve the process.

On the Front Line: Board Education and Communication in NY Hospitals

To effectively govern and lead their organizations, hospital trustees must participate in ongoing board education. This requires updates about the most critical information impacting the organization, funding for external board education, and trustee dedication to reviewing materials, attending education sessions, and applying the information learned. HTNYS' members responding to the 2005 Governance Education Needs Assessment provided insight about board education at their organizations, their ability to make well-informed decisions, areas for improvement, and the importance of various issues to organizational success.

Board Education Overview

Nearly all responding organizations have a budget for trustee education. The majority of respondents (approximately 70%) spend between \$1,000 and \$14,999 annually; about 15% spend less than \$1,000 annually and another 15% spend over \$15,000 each year. A small percentage of respondents (two percent) invest no money on trustee education.

Respondents indicated that materials provided at board meetings are more effective than materials provided outside of board meetings in improving trustee knowledge about issues and challenges affecting their organization. The majority of the respondents rated the materials received outside of meetings as somewhat effective in improving their knowledge about issues and challenges. Nearly 30% of the respondents rated the materials received outside of board meetings as highly effective, while less than one in ten respondents indicated that no structured external education process exists.

The majority of the respondents indicated that educational materials received at board meetings are highly effective. Less than two percent of the respondents indicated that no structured education process exists for education at board meetings.

Sources of Board Education

Survey responses reveal that board members receive important updates between meetings through a variety of methods. Nearly all respondents (61 out of 63) receive information and updates between meetings by mail. In addition, more than nine in ten respondents report receiving important updates via e-mail or the Internet. About 70% of the respondents also receive updates through informal meetings with their CEO, and just over half of the respondents receive updates via fax.

In addition to updates between meetings, respondents indicated the types of off-campus educational program venues their boards find most valuable. Just over half of the respondents identified half-day regional briefings as the most valuable, followed by state conferences and weekend conferences. Few respondents expressed an interest in national conferences for board education.

Types and Frequency of Information Updates

Board meetings and publications are the most common forms of board education. Nearly all respondents report receiving education at board meetings (over eight in ten), and two-thirds report publications as a regular form of education. In contrast, less than 20% of the respondents frequently attend retreats for board education, and virtually no respondents report regularly participating in special seminars and workshops or Web-based distance education.

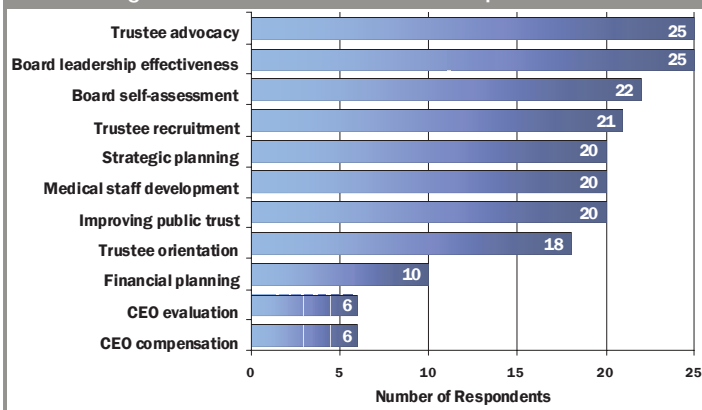
Figure 1: Most Commonly Reviewed Information by the Board

Over 80% Review at Every Board Meeting:	
■ Financial statements	■ Operating statistics
■ Actual-to-budget financial perf.	■ Quality indicators
20% - 50% Review at Every Board Meeting:	
■ Patient satisfaction	■ Capital planning
■ Advocacy/policy updates	
15% or Less Review at Every Board Meeting:	
■ Community health indicators	■ Community Perceptions

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Figure 2: Areas for Governance Improvement



Note: Respondents checked all that applied

The majority of respondents report receiving financial statements, actual-to-budget financial performance, operating statistics, and quality indicators at every board meeting (see Figure 1). Nearly half of the respondents receive patient satisfaction information at every board meeting, half receive updates occasionally, and a few report receiving patient updates rarely. The majority of the respondents receive occasional updates about advocacy/policy, capital planning, community perceptions, employee satisfaction/attitudes, and patient satisfaction. Approximately one-quarter of the respondents report rarely receiving updates about community health status or public trust; 20% of the respondents indicate that public trust indicators are never reported to the board.

Board Members' Preparation to Make Well-Informed Decisions

Nearly all respondents believe that their boards are either extremely well prepared or somewhat prepared to make well-informed decisions about issues that impact their organizations' success. Respondents believe their boards are most prepared for addressing local health care issues; approximately 85% indicate that their board members are extremely well prepared in this area. In contrast, one-third of the respondents believe that their boards are extremely well prepared to address state health care issues, while two-thirds rated their board as somewhat prepared for making decisions regarding state health care issues. The majority of the respondents (78%) believe that their board members are somewhat prepared to address federal health care issues, while less than one in five indicate their board is extremely well prepared in this area.

Areas for Governance Improvement

Survey results indicate that boards need significant improvement in trustee advocacy and building board leadership effectiveness to ensure the most effective and responsive governance leadership (see

Figure 2). In addition, survey respondents expressed a need for governance improvement in the areas of board self-assessment, trustee recruitment, strategic planning, medical staff development, improving public trust and accountability, and trustee orientation. A small number of respondents also expressed a need for governance improvement in financial planning/understanding, CEO evaluation, and CEO compensation.

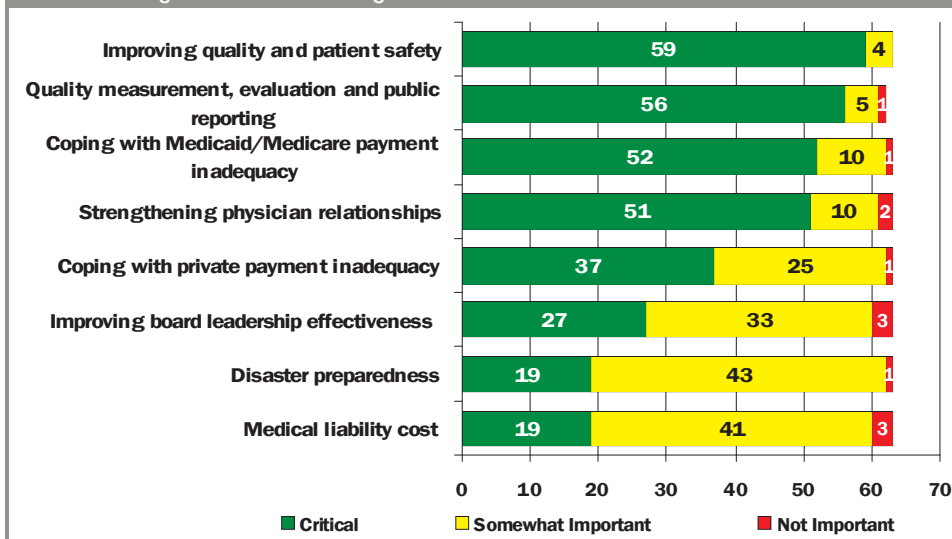
When asked what area respondents would specifically find most valuable in educational programs, respondents identified the following topics:

- trustee recruitment/succession planning;
- building board leadership effectiveness;
- improving public trust and public images;
- board self-assessment;
- strategic planning;
- medical staff development and hospital/physician relationships;
- educational board tools and best practices;
- CEO compensation;
- health policy and state and federal advocacy; and
- the board's role in ensuring quality patient care.

Importance of Issues to Organizational Success

Respondents believe that improving quality and patient safety; and quality measurement, evaluation, and public reporting are the most critical issues to organizational success (see Figure 3). Coping with Medicaid/Medicare payment inadequacy and strengthening physician relationships is also viewed as critical by a strong majority of respondents. Survey respondents are divided on the importance of coping with private payment inadequacy, with nearly 60% of respondents rating it as critical, and the remainder viewing the issue as somewhat important. About four in ten respondents believe that improving board leadership effectiveness is critical, and three in ten respondents indicate that disaster preparedness and medical liability costs are critical; nearly all of the remaining respondents rated these factors as somewhat important; less than 5% rated any of the areas as not important.

Figure 3: Issues for Organizational Success: Most to Least Critical



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What's Your Leadership IQ?

Test your board's education and communication "leadership IQ" using the checklist below. Mark the level that best fits your board's understanding in each area, using the following scale:

- **Level 5:** I strongly agree with this statement. We always practice this as a part of our governance. Our performance in this area is outstanding.
- **Level 4:** I generally agree with this statement. We usually practice this as a part of our governance, but not always. We perform well in this area.
- **Level 3:** I somewhat agree with this statement. We often practice this in our governance, but we are not consistent. We perform fairly well in this area.
- **Level 2:** I somewhat disagree with this statement. We inconsistently practice this as a part of our governance. We do not perform well in this area.
- **Level 1:** I disagree with this statement. We never practice this as a part of our governance. We perform very poorly in this area.

Leadership Quotient Checklist

Does Our Board...	Level 1	Level 2	Level 3	Level 4	Level 5
Ensure that each trustee is provided with the background information and intelligence resources to actively participate in board dialogue?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Develop a clear and comprehensive understanding of the changing health care environment (local, regional, and national) and its effect on the hospital?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ensure that trustees receive orientation and education that broadens their perspectives and ensures well-informed decision making?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Provide an ongoing governance development process that identifies emerging governance issues, determines educational needs, and oversees the board self-assessment process?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Create a "team environment" where trustees feel free to engage in a vibrant dialogue that challenges conventional thinking?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Conduct a regular environmental assessment that ensures board understanding of the changes taking place in the health care environment and their implications on the hospital, its physicians, and local health care consumers?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ensure that trustees receive agendas at least one week in advance of board, committee, and task force meetings?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Provide background materials (articles, white papers, talking points, etc.) necessary to ensure trustee understanding of critical governance-related issues and promote meaningful dialogue and critical decision making?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Evaluate the quality and quantity of information used by the board to make policy and strategic decisions?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ensure that information is relevant, timely, understandable and actionable, and that it facilitates high-quality board decision making?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ensure that the board has an education development plan that assures trustee understanding of all aspects of issues essential to effective governance; conduct education and orientation at every board meeting, and annually at the board retreat?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Develop a process for governance renewal to ensure that committees, policies, procedures, and overall board structure and functions meet the needs of and create a high-performance organization?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Source: *Healthcare Trustees of New York State, 2006*