The Triumvirate: Board, Administration, and Physicians

The Mighty Three – Roles

- **Board**
  - **Strategy**

- **Administration**
  - **Operations**

- **Clinicians**
  - **Health Care**
Why Nonprofit Boards Exist

Required by law

- To act on behalf of the public
- To receive no financial gain
- To provide prudent oversight

“To ensure that organizations uphold the “public trust” in their charitable purpose and remain worthy of the significant tax benefits.


High-Achieving Boards

- Clear direction and sound oversight
- Objective and transparent performance data
- Quality ownership
- CEO accountability
- Conversations about failure
- Board education goals
- Resources for improvement

Board of Directors – Job Description

- Set strategic direction; establish the mission, vision and strategy
- Assure effective management
- Build will
- Attend relentlessly to execution
- **Achieve quality goals**
- Ensure access to ideas
- Represent community interests


Hospital Boards – Culture

- Ensure health care safety/quality is a **strategic** priority
- Establish policies of transparency
- Develop blame-free environment
- Establish aims for patient safety and quality improvement
- Nurture interdisciplinary and inter-departmental teams
- Expect CEO “Chief Quality Champion”
Hospital Boards – Governance

- Bring physicians and quality leaders to the Board
- Establish an interdisciplinary Board Quality Committee
- Appoint a Performance Improvement Officer (PIO)
- Mandate 25% of all Board meetings devoted to quality
- Allocate resources for ongoing quality improvement training

Hospital Boards – Performance

- Align financial/quality resources
- Explore performance gaps in strategic operations
- Foster evidence-based clinical protocols
- Reward CEO, employees, and physician champions for quality
- Demand dashboard reports on quality targets and outcomes
## Stroudwater Hospital
### Balanced Scorecard Board Report
#### Fourth Quarter (Oct-Dec 2007) and Prior Quarter (Jul-Sep 2007)

### Finance

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Prior</th>
<th>Current</th>
<th>Trend</th>
<th>Target</th>
<th>Frequency</th>
<th>Trend (Target)</th>
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<tbody>
<tr>
<td>Ead per Adjusted Patient Day</td>
<td>$3,807</td>
<td>$3,777</td>
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<td>$3,500</td>
<td>Monthly</td>
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<tr>
<td>Net revenue increase</td>
<td>2.4%</td>
<td>7.0%</td>
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<td>4.0%</td>
<td>Monthly</td>
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<tr>
<td>Operating profit margin</td>
<td>7.9%</td>
<td>7.6%</td>
<td>↓</td>
<td>2.0%</td>
<td>Monthly</td>
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<tr>
<td>Actual expenses as budgeted expenses</td>
<td>NA</td>
<td>NA</td>
<td>↑</td>
<td>100%</td>
<td>Monthly</td>
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### Clinical and Business Processes

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<tr>
<td>AMI Topic (All or None)</td>
<td>100%</td>
<td>80%</td>
<td>↓</td>
<td>95%</td>
<td>Quarterly</td>
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<tr>
<td>CHF Topic (All or None)</td>
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<td>↑</td>
<td>95%</td>
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<td>CHF Topic (All or None)</td>
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<td>↑</td>
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<tr>
<td>SCIP Topic (All or None)</td>
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<tr>
<td>Medication error rate</td>
<td>0.7</td>
<td>0.3</td>
<td>↓</td>
<td>6.0</td>
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<tr>
<td>Hand Hygiene</td>
<td>NA</td>
<td>NA</td>
<td>↑</td>
<td>100%</td>
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<tr>
<td>Healthcare Associated Infection Rate</td>
<td>NA</td>
<td>NA</td>
<td>↑</td>
<td>1.5</td>
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<tr>
<td>Days in Gross Accounts Receivable</td>
<td>41</td>
<td>98</td>
<td>↓</td>
<td>56</td>
<td>Monthly</td>
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<tr>
<td>Physician engagement index</td>
<td>NA</td>
<td>NA</td>
<td>↑</td>
<td>75%</td>
<td>Biannually</td>
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### Learning and Growth

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<tbody>
<tr>
<td>Blame free medical error reporting policy</td>
<td>41%</td>
<td>41%</td>
<td>↑</td>
<td>65%</td>
<td>Biannually</td>
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<tr>
<td>Training Expense per FTE</td>
<td>$14</td>
<td>$12</td>
<td>↓</td>
<td>$25</td>
<td>Monthly</td>
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<tr>
<td>Staff engagement index</td>
<td>52%</td>
<td>52%</td>
<td>↑</td>
<td>75%</td>
<td>Biannually</td>
<td></td>
</tr>
<tr>
<td>Staff loyalty index</td>
<td>66%</td>
<td>60%</td>
<td>↓</td>
<td>75%</td>
<td>Biannually</td>
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<tr>
<td>Balanced Scorecard Education</td>
<td>32%</td>
<td>32%</td>
<td>↑</td>
<td>90%</td>
<td>Biannually</td>
<td></td>
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<tr>
<td>Turnover nursing staff</td>
<td>2.4%</td>
<td>1.6%</td>
<td>↓</td>
<td>3.0%</td>
<td>Monthly</td>
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### Community and Providers

<table>
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<th>Indicator</th>
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<th>Target</th>
<th>Frequency</th>
<th>Trend (Target)</th>
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<tr>
<td>Patient satisfaction index</td>
<td>84%</td>
<td>85%</td>
<td>↑</td>
<td>85%</td>
<td>Quarterly</td>
<td></td>
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<tr>
<td>Physician loyalty index</td>
<td>NA</td>
<td>NA</td>
<td>↑</td>
<td>75%</td>
<td>Biannually</td>
<td></td>
</tr>
<tr>
<td>Patient access</td>
<td>81%</td>
<td>87%</td>
<td>↑</td>
<td>85%</td>
<td>Quarterly</td>
<td></td>
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<tr>
<td>Patient “Customer and respect”</td>
<td>93%</td>
<td>93%</td>
<td>↑</td>
<td>85%</td>
<td>Quarterly</td>
<td></td>
</tr>
<tr>
<td>Patient engagement index</td>
<td>89%</td>
<td>89%</td>
<td>↑</td>
<td>89%</td>
<td>Quarterly</td>
<td></td>
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<tr>
<td>Time to treat provider</td>
<td>45:6</td>
<td>NA</td>
<td>↑</td>
<td>16:0</td>
<td>Monthly</td>
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</table>
Leadership Roles

- Attend to culture
- Allocate resources
- Set policy
- Hire the best
- Establish accountabilities
- Begin with behaviors
- Be comfortable with paradox
- Persevere!

Jim Collins’ Insight

- How much money do we make per dollar of invested capital?
- How effectively do we deliver on our mission and make a distinctive impact, relative to our resources?
- In the social sectors, money is only an input, and not a measure of greatness.
Walk the Mission Talk

- Assess Mission alignment with operations, budget, and the 3 Rs
  - How do day-to-day operations support the Mission?
  - How does the budget prioritize the Mission?
  - How many staff and Board meetings are devoted to Mission?
  - How are employees reinforced, recognized, and rewarded for living the Mission?

Cornerstones of Success

Healthcare Safety/Quality
Patient Experience
Community Health
Financial Stability
Employee Growth
Culture

- Culture is a hidden yet unifying theme that provides meaning, direction, and mobilization.
- Culture is the residue of success.
  - What we believe; what we do.

Sources: Kilman, Sexton, Serpa, 1985 and Edgar Schein, 1999

Beyond Healthcare Safety and Quality

- Safety/Quality
- Financial Stability
- Employee Growth
- Patient Experience
Inseparable Priorities

Source: Roland A. Grieb, Health Care Excel and Premier, Inc.

Healthcare is Not Linear

- "No margin, No mission"
- "Balance" will be the success strategy
  - Healthcare safety/quality
  - Financial stability
  - Patient experience
  - Employee growth
- It’s never about either/or; it’s always about and/both
Change Agency

The pursuit of excellence through continuous performance improvement

• Begins with leadership
  (But leaders could use a hand)
  – Training
  – Governance
  – Organization
  – Measurement
Performance Measurement Culture

“While almost every other industry critical to the American economy has undergone some form of systematic, data-supported, quality-improvement process, healthcare is woefully behind the curve.”

George Halverson

- We attend to what we measure
- Measurement should be “balanced”
- Measurement requires translation
- Measurement value versus effort

Performance Measurement ROI

Data Collection | Data Reporting | Data Analysis

Typical Effort | Desired Effort | Action

The goal is move the curve to the right

Source: Greg Wolf, PMI Healthcare
10 Keys to Successful Transformation

1. Define a vision
2. Develop a communication plan
3. Visibly champion
4. Build internal skills
5. Seek early, measurable wins
6. Take a balanced, holistic approach
7. Reach out and learn from others
8. Establish alignment/accountability
9. Create monitoring mechanism
10. Recognize, reward, and celebrate


Strained Relationships

CEO Quotes

• This job would be a helluva lot easier if it weren’t for those damn physicians.
• They’ve got pediatric personalities!
• I’m going to drive that SOB out of town.
• The medical staff meeting will be held at the local hotel – we don’t want blood on our conference room walls.

or

• I’m blessed by my physicians.
Rural Physician Allies

- Clinically competent and experienced
- Valued member of the community
- High revenue producer
- Resistant to change?

Why bother?

- Provide most medical care
- Deliver intrinsic value
- Knowledgeable and influential
- Powerful potential ally
- Apathy or antagonism will undermine best plans
- Without them, hospitals are expensive hotels
The Making of a Physician

- Personal commitment
- 11+ years training
- Delayed gratification
- The Socialization
- The Transformation
- Consequent behaviors

Never the Twain Shall Meet?

**Physician**
- Doer
- Solution-oriented
- 1:1 interaction
- Always “on”
- Decision-maker
- Autonomous
- Patient advocate
- Professional ID
- Immediate gratification

**CEO**
- Planner/designer
- Process-oriented
- 1:N interaction
- Some down-time
- Delegator
- Collaborative
- Organization advocate
- Organizational ID
- Delayed gratification

Source: Adapted from “The Dual Role Dilemma,” by Michael E. Kurtz, MS
Yesterday’s Promises

• Autonomy
• Protection
• Control


Today’s Imperatives

• Patient safety
• Quality improvement
• Patient satisfaction
• Cost reduction
• Electronic health records
• Physician recruitment
• Team work
• Community health

The Disconnect

- Autonomy
- Protection
- Control

- Patient safety
- Quality improvement
- Patient satisfaction
- Cost reduction
- Electronic health records
- Physician recruitment
- Teamwork
- Community health


Differing Views Lead to Mistrust

**CEO view**
I’m concerned about quality of care; docs are only concerned about their income

**Physician view**
I’m concerned about quality of care; CEOs are only concerned about money

**No shared vision!**

The Consequences of Mistrust

• Physicians set up office labs and x-ray
• Hospitals set up urgent care centers

• Mistrust = competition
• Duplication = ↑ costs
• ↓ community confidence
• ↑ patient outmigration

A Critical Priority

The hospital CEO’s most important job is developing and nurturing good medical staff relationships.

Source: Personal conversation with John Sheehan, CPA, MBA
Our Challenge List

- Differing personalities
- Absent shared vision
- Collaboration unnecessary
- Cottage industry obstacles
- Physicians not invited
- Physicians’ agendas
- Hospital Boards
- Competition

From Competition to Collaboration

- Develop a philosophy of mutual benefit / shared vision
- Keep the hidden agenda out
- Solicit meaningful physician input early and often, and then act on it
- Engage physicians in balancing business and patient priorities

From Competition to Collaboration

- Identify, mentor, and educate physician leaders
- Invest in physician leaders
- Reward physicians in ways they value
- Get to know physicians on a personal level


Getting to Collaboration – Communication

- During times of change, leaders should triple their efforts at communication
  Peter Drucker

- Ask how, when, and where
- Multiple media, multiple times
- Get out and about (MBWA)
- Focus on interest, not position
- Orient discussion to patient, solution, and scientific method
Getting to Collaboration – Meetings

- Invite physician input early
- Involve physicians in strategic and capital planning
- Schedule meetings and select venues appropriately
- Present actionable information, not data
- Delineate next steps
- Always follow-up as promised

Getting to Collaboration – Mutual Interest

- Attend a leadership conference together
- Meet regularly one-on-one
- Develop social connections
- Set realistic goals together
- Go for early wins
- Celebrate!
Strategy for Success

- Find the shared vision
- Acknowledge our absolute interdependence
- Engage physicians…
  - with patient outcomes
  - by making their lives easier
  - in shared success

Engage Physicians!

Physicians can be astonishing allies

Starts and ends with relationships built on trust
- Trust – engages the mind
- Truth – engages the heart
- Teamwork – realizes the vision