



Engaging the Board

The missing ingredient in improving healthcare quality.

The Quality of American Healthcare

In a January 2006 interview with The Governance Institute, Don Berwick, president and CEO of the Institute for Healthcare Improvement, stated, “I ask boards to please examine the myth that American healthcare is the best in the world. It isn’t. And [the myth] that your healthcare organization is approximately as good as it could be, because it isn’t.”

These statements are supported by The Commonwealth Fund’s findings, published in its 2006 report *Why Not the Best? Results From a National Scorecard on U.S. Health System Performance*. On 37 performance indicators, the U.S. health system’s average score out of a possible 100 was 66. The Commonwealth Fund estimates that if the health system could achieve a score of 100, the country would save \$50 billion to \$100 billion a year in healthcare spending, and more importantly, 100,000 to 150,000 deaths a year would be prevented.

Concerned Boards Seek Clarification

As a result of these and other indications, such as an increase in wrong-site surgeries, concerned hospital and health system board members are

asking for clarification about their role and responsibility regarding healthcare quality and patient safety. The short answer is that, since a landmark case in 1965, *Darling v. Charleston Community Memorial Hospital*, the ultimate legal responsibility for the quality of patient care rests with the board.

The longer answer involves some updated expectations. Now, a board’s fiduciary duty of oversight includes the mandate to ensure that effective mechanisms are in place to measure, monitor, maintain and improve quality, safety and service excellence; approve quality improvement plans and goals, monitor performance in relation to those goals and exercise accountability in seeing the goals become a reality; and approve physician appointments, reappointments and clinical privileges based on well-documented recommendations resulting from an effective credentialing process.

Board Participation Improves Overall Performance

How should a board carry out these quality oversight responsibilities? *Quality*, a 2006 white paper by The Governance Institute (TGI), provides useful data on successful board quality oversight practices.

TGI and Solucient (publisher of the annual *100 Top Hospitals* report) surveyed 562 hospitals and health systems regarding the most widely used quality oversight practices. They then matched the results of that survey with the Solucient 100 top hospitals database. Results show a statistically significant relationship between some board quality practices and consistently high hospital-wide performance. The practices determined to make the most difference were:

1. The CEO’s performance evaluation includes objective measures for the achievement of clinical improvement and patient safety goals.
2. The board participates in the development and/or approval of explicit criteria to guide medical staff recommendations for physician appointments, reappointments and clinical privileges.
3. The board quality committee annually reviews patient satisfaction scores.
4. The board sets the agenda for the board’s discussion surrounding quality.

5. The medical staff is involved in setting the agenda for the board's discussion surrounding quality.

Thus, some of the most successful hospitals in the country actively engage their boards with the medical staff and management in setting and monitoring quality goals versus relying primarily on management and physicians to set the quality agenda and measures.

Board Quality Committees Matter

Another related finding was that hospital CEOs rated their board's quality oversight performance higher if the organization had a *board* quality committee versus a *hospital* quality committee. (Their ratings were 4 or above on a scale of 1 to 6, where 1 was "not effective" and 6 was "very effective.") And yet, TGI and Solucient found that 30 percent of the survey respondents did not have a board-driven quality committee. Because three of the best practices identified in the study are normally responsibilities of a well-functioning board quality committee, this seems to be an important success factor for hospital performance.

Board Practices That Improve Clinical Performance

Additional data from the study revealed that some board-level practices tended to have a statistically significant relationship to high *clinical* performance. Organizations tend to have higher quality performance as measured on quality scorecards if:

1. The amount of time on the board meeting agenda that is devoted to quality and clinical performance is increased.

2. The chief of staff or the clinical board member who chairs the board quality committee is the primary presenter of the report on quality to the board (versus having the CEO as the primary presenter).

3. Boards base the CEO's performance objectives on patient safety goals.

4. Boards participate in the development of criteria to guide medical staff appointments and credentialing.

5. Boards involve the medical staff in setting the agenda for board discussions regarding quality.

Again, involving board members with medical staff and management were critical success factors. Therefore, a board looking to improve its oversight of clinical quality should start by implementing these practices.

Bond Rating Agency Agrees

Findings about the importance of board involvement in quality oversight are supported by Moody's Investors Service's May 2006 report titled *Improving Clinical Quality and Patient Safety of Greater Importance to Not-for-Profit Hospitals*. Moody's lists the characteristics of hospitals with successful quality strategies. Some of Moody's recommendations match the TGI/Solucient practices, including having a board committee on quality and/or patient safety and measuring leadership based on quality outcomes.

Moody's adds that boards should work with management and

caregivers to ensure there is a senior manager or team dedicated to implementing and measuring quality; strong participation from physicians and nurses in quality initiatives; an adaptable information technology platform that enables measurement of quality outcomes and their improvement over time; board-approved expenditures to invest in a long-term quality strategy; and commitment by the organization to changing the culture, if necessary, to implement a multiyear quality improvement strategy.

Taking the Reins of Quality Improvement

Engaging hospital and health system boards appears to be a key ingredient in improving healthcare quality and performance in the United States. Boards that work together with medical staff and management to set goals, allocate resources toward and monitor performance of their organizations' quality are more successful overall. And, most importantly, they appear to positively affect clinical quality. Adopting the best practices that support board engagement would go a long way toward improving the state of healthcare across the United States. ▲

For more information on the TGI/Solucient research or to obtain more detailed suggestions for your board, contact Carlin Locke at clockee@governanceinstitute.com.

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