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Preparing Your Board

Boards are raising the bar regarding the support they expect from management.

Supporting a hospital or health system board has always had its challenges, but this critical role has become even more demanding because of the transformations occurring in the healthcare industry and the increased focus on governance practices.

The massive change from volume- to value-based reimbursement is causing hospital and health system board members to require more assistance from management as they try to understand this transformation and determine its implications for their organizations.

Additionally, as organizations become more complex through the consolidation of hospitals, clinics and systems into larger systems, their governance structures and responsibilities are becoming more complicated. Those serving on system boards feel pressure to spend time in their meetings focusing on difficult strategic decisions, and those serving on other boards in the system often need detailed information about quality, safety, service and community health needs.

Increased Scrutiny of Boards

Adding to these trends is the increased scrutiny of governance by external regulators and legislators. The Internal Revenue Service continues to ask for more details on the composition of

boards, such as the percentage of “independent” members; the Office of Inspector General expects higher-level compliance oversight; and some state attorneys general have begun to question whether decisions made by boards, such as those regarding executive compensation, are consistent with their mission and tax-exempt status.

Raising the Bar

Given these and other pressures, board members feel increased responsibility and accountability, so they are raising the bar regarding the support they expect from management.

These new expectations include:

- New partnerships
- Higher-level, accessible materials
- Focused conversations
- Support for board leadership
- Assistance with education

New partnerships. Decades ago, board chairs expected management to create meeting agendas, develop the materials, make presentations and take responsibility for the board’s work. During the past decade or so, however, there has been a change in boards’ expectations of their own role. Now, board members know they can be held accountable for their performance, so they are demanding a more active role.

Board and committee chairs expect to partner with the appropriate senior manager to determine the agendas for their meetings. Ideally, the CEO and the board chair would work together to develop the meeting agenda and determine what materials to provide, based on input from board members. Similarly, a designated staff member would partner with each committee chair to plan for each meeting, such as the CFO working with the chair of the finance committee. These preparation meetings should take place at least two weeks before the board or committee packets are due to allow sufficient time for drafting, reviewing and revising the materials.

Higher-level, accessible materials.

The majority of not-for-profit hospital and health system board members are volunteers who have limited time to devote to board service. Furthermore, fewer board members than in the past are given time off from their jobs to serve on community boards. These trends are emerging at the same time serving on boards has become more complex. Therefore, board members expect management to help them do their jobs as effectively as possible, given the limited amount of time they can dedicate to their board service.

Boards expect provided materials to contain governance-level information, not management documents. They appreciate summarized, graphic displays of trends and dashboards of progress toward important metrics. This often means that materials provided to the board must be created specifically for that purpose, rather than using slides developed for a management meeting.

Boards often complain that their board packets are too long. It is not realistic to expect volunteer board members to study 200 to 250 pages of material well enough to feel informed. Management teams must think carefully about what information the board needs.

On a practical note, the highest-performing boards use board portals that allow secure access to information at any time, in any place. Portals should include background information on the organization, such as an organizational chart, strategic plan and annual budget; all governance documents, such as articles of incorporation, bylaws, board roster and committee charters; and all board and committee meeting

materials, including agendas, packets and minutes.

Focused conversations. All boards want to spend more time in discussion than listening to reports, and they want to know how they can most help management. The best boards take a proactive approach to these issues by developing an annual calendar of the key topics for each board meeting. They start by determining when the board needs to approve standard items like the annual budget, the strategic plan and executive compensation, and they build the calendar with sufficient time for the board to become educated on the issue before being asked to vote.

This annual board meeting calendar also should include which strategic-level

topics will be addressed during which meeting. Usually, the strategic plan drives those topics.

Once it is clear which two or three topics will be the focus of each meeting, the meeting agenda and related materials are developed to support robust discussions of those topics. To ensure a focused discussion on each key topic, embed one or two “framing questions” into the agenda. For instance, if management wants input on a strategy regarding geographic expansion, ask, “What questions or concerns do you have regarding expanding our service area to include X counties?”

Support for board leadership. The tips provided so far relate primarily

to what management can do to help the board have meaningful discussions on key topics. Board leadership, however, plays an important role, too. For instance, the board chair must be willing and able to devote the time needed to discuss the agenda and materials and facilitate the board's discussions so the members stay focused on the key issues. Some boards provide coaches for new board and committee chairs who request help with their important governance roles.

Another key to effective governance is for the board chair or committee chairs to present, if necessary, to the board. For example, if the finance committee is asking for the board's approval of a large capital expenditure, it should be the finance committee chair, not the CFO, who introduces the topic and explains at a high level what the committee discussed, what it is recommending and what is the "ask" of the board, such as input or approval. The staff liaison to each committee should provide a written executive summary of the issue (included in the board packet) and talking points, if requested.

Assistance with education. One of the most important roles for management is to help orient board members and keep them educated on an ongoing basis. Management should be careful, however, not to take over the board's own responsibility for its members' effectiveness. The staff liaison to the governance and nominating committee, which usually is the chief legal officer, should work with that committee to ensure a comprehensive orientation, a new board member mentoring program, an annual ongoing education program,

and a regular board self-evaluation and goals-setting process are in place.

The boards of today sincerely want to help achieve your organization's mission, and they recognize they could be held more accountable. They also want to work in a way that respects everyone's time, expertise and role.

Management teams that appreciate these competing goals will be in the best position to provide excellent support to their boards. ▲

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