

## The Triumvirate: Board, Administration, and Physicians

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### Rural Health Care Leadership Conference

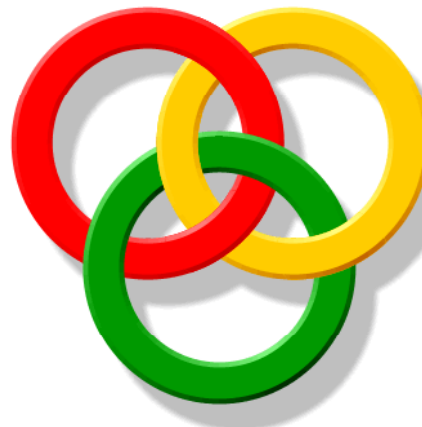
Phoenix, Arizona  
January 31, 2011



## The Mighty Three – Roles

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- **Board**
  - **Strategy**
- **Administration**
  - **Operations**
- **Clinicians**
  - **Health Care**



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## 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.

Source: Linnel, Radosevich, Spack. *Executive Directors Guide: The Guide for Successful Nonprofit Management*. United Way of Massachusetts Bay.



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## 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



Source: Institute of Healthcare Improvement. Getting Started Kit: Governance Leadership. 12/12/2006



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## Board of Directors – Job Description

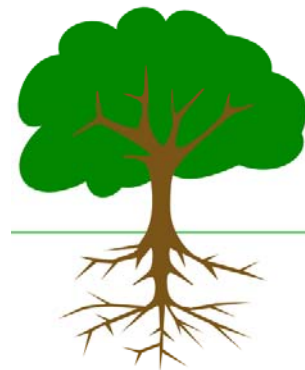
- Set strategic direction; establish the mission, vision and strategy
- Assure effective management
- Build will
- Attend relentlessly to execution
- Achieve quality goals**
- Ensure access to ideas
- Represent community interests



Sources: Roberts CC, Connors EJ. Core responsibilities of board trustees. Journal of Healthcare Management. 1998b;43(2):111. Institute of Healthcare Improvement. Getting Started Kit: Governance Leadership. 12/12/2006.

## 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

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- ❑ 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

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- ❑ 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



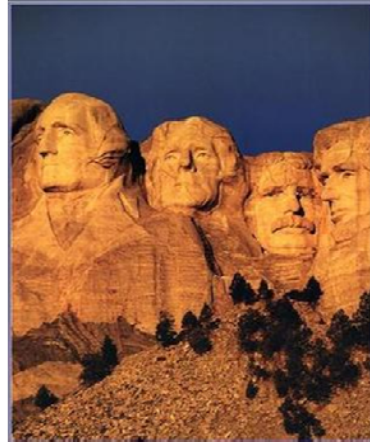
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RUPRI Center for Rural Health Policy Analysis

Stroudwater Hospital Balanced Scorecard Board Report Fourth Quarter (Oct-Dec 2007) and Prior Quarter (Jul-Sep 2007)							9
Finance	Prior	Current	Trend	Target	Frequency	Trend (Target)	
<b>Cost per Adjusted Patient Day</b> Average hospital cost of a patient day where all patient services (IP and OP) are converted to patient day denominators	\$1,867	\$1,777	▼	\$950	Monthly		
<b>Net revenue increase</b> Measures the percentage growth in Net Patient Revenue for a given period compared to the same period in the prior year	2.8%	7.0%	▲	4.0%	Monthly		
<b>Operating profit margin</b> Surplus (deficit) of operating revenues compared to operating expenses	7.9%	7.6%	▼	3.0%	Monthly		
<b>Actual Expenses vs. Budgeted Expenses</b> Measures the percentage of actual to budgeted expenses	NA	NA	▶	100%	Monthly		
Clinical and Business Processes	Prior	Current	Trend	Target	Frequency	Trend (Target)	
<b>AMI Topic (All or None)</b> Measures the percentage of patients meeting all eligible measures for the Acute Myocardial Infarction (AMI) topic area	100%	89%	▼	95%	Quarterly		
<b>CHF Topic (All or None)</b> Measures the percentage of patients meeting all eligible measures for the Congestive Heart Failure (CHF) area	50%	100%	▲	95%	Quarterly		
<b>PN Topic (All or None)</b> Measures the percentage of patients meeting all eligible measures for the Pneumonia (PN) topic area	75%	100%	▲	95%	Quarterly		
<b>SCIP Topic (All or None)</b> Measures the percentage of patients meeting all eligible measures for the Surgical Care Improvement Project (SCIP) topic area	80%	85%	▲	95%	Quarterly		
<b>Medication error rate</b> Number of reported medication errors per 1,000 doses dispensed	0.3	0.3	▶	4.0	Monthly		
<b>Hand Hygiene</b> Measures the percentage of providers who washed hands or used gel	NA	NA	▶	100%	Monthly		
<b>Healthcare Associated Infection Rate</b> Measures the rate of healthcare associated infections per 1,000 patient days	NA	NA	▶	1.5	Monthly		
<b>Days in Gross Accounts Receivable</b> Measures the rate of speed with which the hospital is paid for health care services	61	59	▼	NA	Monthly		
<b>Physician engagement index</b> Index of three questions on the biannual medical staff survey dealing with hospital effectiveness	NA	NA	▶	75%	Biannually		

Stroudwater Hospital Balanced Scorecard Board Report Fourth Quarter (Oct-Dec 2007) and Prior Quarter (Jul-Sep 2007)							10
Learning and Growth	Prior	Current	Trend	Target	Frequency	Trend (Target)	
<b>Blame free medical error reporting policy</b> Measures medical staff and clinical staff respondent willingness to report medical errors, as indicated in biannual staff surveys	41%	41%	▶	65%	Biannually		
<b>Training Expense per FTE</b> Dollar amount of external staff training investment in per FTE	\$14	\$12	▼	\$35	Monthly		
<b>Staff engagement index</b> Index of three questions on the biannual staff and clinical staff surveys dealing with teamwork and contributions	52%	52%	▶	75%	Biannually		
<b>Staff loyalty index</b> Index of three questions on the biannual staff and clinical staff surveys dealing with willingness to recommend	60%	60%	▶	75%	Biannually		
<b>Balanced Scorecard Education</b> Measures the level of understanding of Balanced Scorecard principles among clinical and non-clinical staff	33%	33%	▶	90%	Biannually		
<b>Turnover: Nursing staff</b> Percentage of nurses separated from the hospital for any reason (includes RN, LPNs and nursing aides)	2.4%	1.6%	▼	3.0%	Monthly		
Community and Providers	Prior	Current	Trend	Target	Frequency	Trend (Target)	
<b>Patient satisfaction index</b> Measures the satisfaction of patient respondents (ED, OP and IP)	84%	85%	▲	85%	Quarterly		
<b>Physician loyalty index</b> Index of three questions on the biannual medical staff survey related to satisfaction with nursing staff, and willingness to recommend this facility	NA	NA	▶	75%	Biannually		
<b>Patient access</b> Measures patient respondent (ED and IP) perception of access to hospital services	81%	87%	▲	85%	Quarterly		
<b>Patient "Courtesy and respect"</b> Measures patient respondent (ED, OP and IP) perception of staff and clinical staff courtesy and respect	93%	93%	▶	85%	Quarterly		
<b>Patient engagement index</b> Measures the engagement of patient respondents (ED, OP and IP)	89%	89%	▶	85%	Quarterly		
<b>Time to treating provider</b> Measures the speed with which the patient receives care from the treating provider/physician in the Emergency Department	45.6	NA	▶	16.0	Monthly		

## Leadership Roles

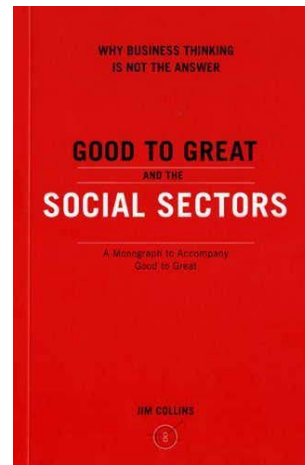
- Attend to culture
- Allocate resources
- Set policy
- Hire the best
- Establish accountabilities
- Begin with behaviors
- Be comfortable with paradox
- Persevere!



## Jim Collins' Insight

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- ~~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?

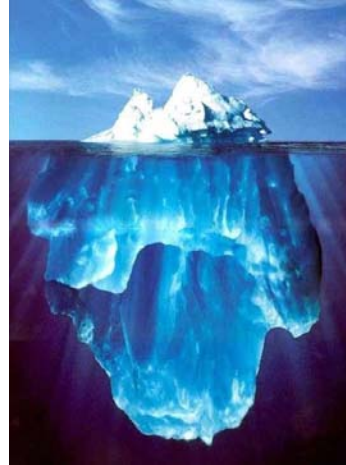


## Cornerstones of Success



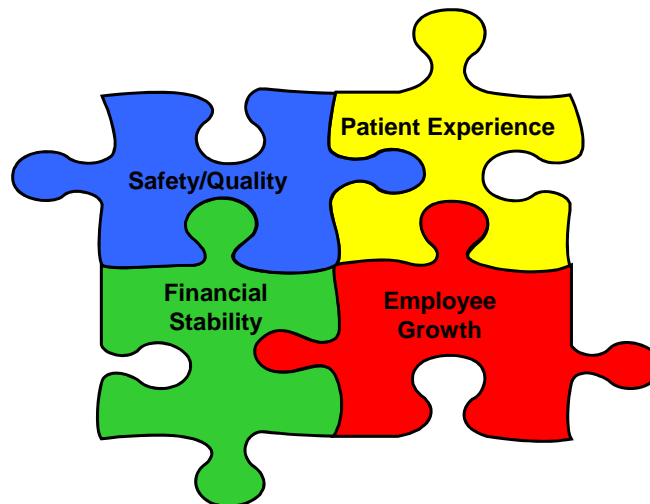
## Culture

- 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




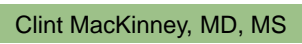

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## Inseparable Priorities

Efficiency without Quality  
**Unthinkable**

Quality without Efficiency  
**Unsustainable**

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

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## 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**

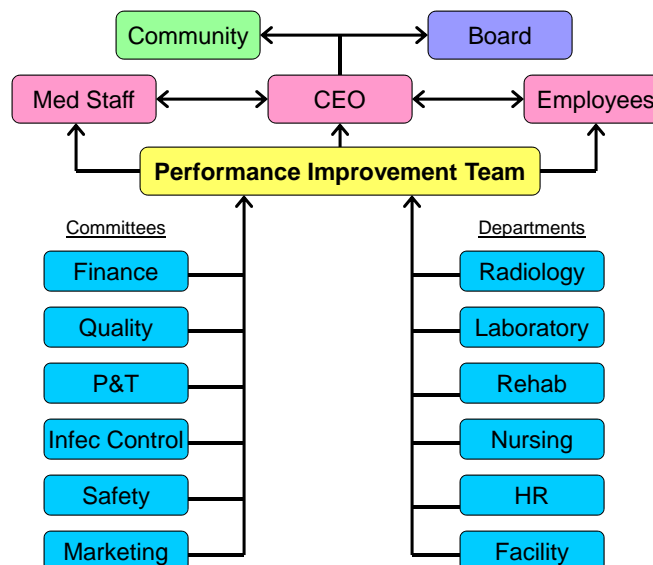


## Change Agency

*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*

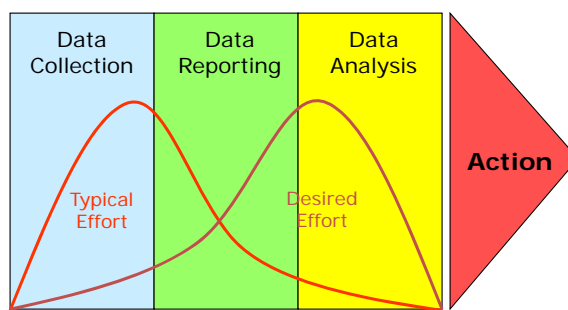


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## Performance Measurement ROI



The goal is move the curve to the right



Source: Greg Wolf, PMI Healthcare



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## 10 Keys to Successful Transformation

1. Define a vision
2. Develop a communication plan
3. Visibly champion
4. Build internal skills
5. Seek early, measureable 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



Source: GE Healthcare. *Establishing a Framework for Organizational Transformation in Healthcare*. 2007.

## Strained Relationships

### CEO Quotes

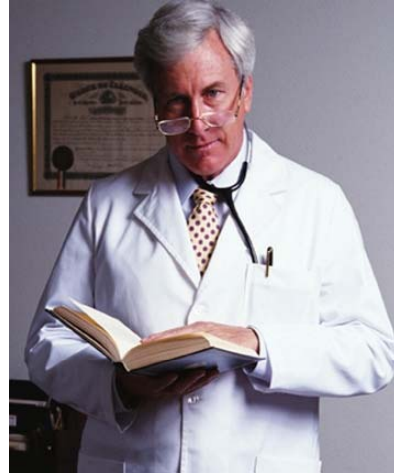
- This job would be a helluva lot easier if it weren't for those damn physicians.
- They've got pediatric personalities!
- I'm going to drive that SOB out of town.
- The medical staff meeting will be held at the local hotel – we don't want blood on our conference room walls.

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



Adapted from: Silversin, J. *Leading Physicians Through Change: How to Achieve and Sustain Results*. American College of Physician Executives. 2000.



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## Today's Imperatives

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



Adapted from: Silversin, J. *Leading Physicians Through Change: How to Achieve and Sustain Results*. American College of Physician Executives. 2000.



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## The Disconnect

- Autonomy
- Protection
- Control



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

Adapted from: Silversin, J. *Leading Physicians Through Change: How to Achieve and Sustain Results*. American College of Physician Executives. 2000.

## 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!**

Source: The Advisory Board Company. Physician Survey. Washington, DC. 1999

## 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



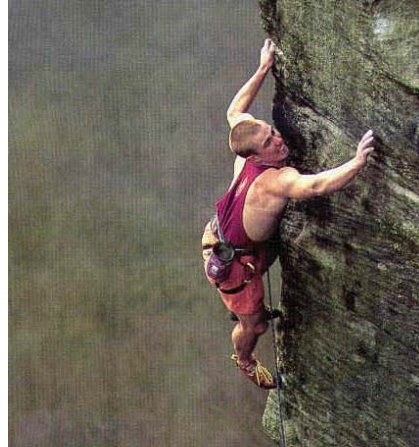
## A Critical Priority

**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



Source: LeTourneau, B. From Co-opetition to Collaboration. *Journal of Healthcare Management*. 49:3. May/June 2004.

## 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



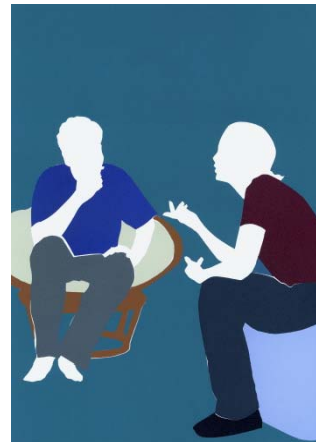
Source: LeTourneau, B. From Co-opetition to Collaboration.  
*Journal of Healthcare Management*. 49:3. May/June 2004.

## 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

