

Top 10 Topics for Board Rooms This Fall

by Blair A. Contratto, MPH

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While healthcare reform is the hot topic, hospital and health system boards must remain well-informed on the key trends and topics that will affect performance over the coming year.

1. Enabling Technologies and Healthcare

Changing and uncertain reimbursement methodologies are a cause for concern with most hospital boards. A focused discussion of specific performance improvement efforts designed to manage costs and quality will open dialogue between management and governance, identify perceived versus real opportunities, and establish targets/accountabilities. Key areas of focus must include labor cost management, productivity, clinical protocols, revenue cycle, patient throughput, and emerging models of care coordination. Specific institutional performance compared to best practice benchmarks will foster board conversation.

2. Physician/Clinical integration

Community board members should assess their organization's physician alignment strategy as compared to the competition and best practices in the region. Develop a matrix of integration models in the community and identify a strategy/model for the hospital as compared to area competitors. Invite the Chief of Staff to review the strategies with the board to open dialogue and build confidence in the selected models.

3. Information technology

Directors are reading the headlines and wondering how to access the \$1.2 billion in EHR and Health IT Center funding. A thorough review of the institution's IT strategy, platform, annual operating and capital expenditures, strengths, and weaknesses will yield a healthy discussion. Directors must understand the risks and rewards of IT investment and/or IT partnership and the looming federal penalties if strategic IT plans are not in place and implemented.

4. Growth

The recession is an opportune time for boards and management to identify competitor vulnerabilities and market opportunities. Bold strategies to achieve income growth can generate positive dialogue in the board room and offset negativity. Evaluate shifts in ER volume and changes in local employer benefits coverage. Prioritize opportunities that offer rapid implementation and ROI.

5. Workforce planning

While workers may remain on the job longer than expected to augment retirement plans and maintain secure employment, demand for services may require additional skilled workforce. Board members can be instrumental in establishing community alliances with educational institutions and identifying creative workforce partnerships.

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Additionally, boards should expect regular reports from management focused on workforce metrics including turnover, satisfaction scores, days to fill positions, and union relationships. Aligned incentives that build educational enrollments and a pipeline of newly trained workers/interns will stabilize workforce planning.

6. Reform impact

A board discussion on healthcare reform should focus on assuring a thorough understanding of key reform principles and an analysis of institutional implications and impact. In addition, this dialogue offers board members the opportunity to explore personal beliefs alongside institutional and community well-being and prepares board members for their role in community advocacy. The Institute for the Future (www.iftf.org) offers four interactive healthcare scenarios that will capture board member interest.

7. Quality and safety in 2010

A comprehensive review of current core measures and institutional performance will best prepare the board for additional metrics proposed by CMS and others. Executives must present unvarnished data and best practice benchmarks to the board and offer quarterly updates on progress and problem areas in order to keep this important topic top of mind. Transparency and dialogue are important elements of every clinical quality and safety discussion and will lead to greater board engagement and accountability.

8. Capital

The entire board must be knowledgeable about the capital needs and mandates facing each institution compared to earnings and depreciation. Often, boards are unaware or skeptical of the consequences of deferred capital investments (e.g., EHR and DRG reimbursement) or bond covenant requirements and rely on the wisdom of finance committee members. A focused discussion with the full board on the competing capital needs of the organization and sources of funding will lead to an engaged board and specific strategies. While cash preservation is critical, risk tolerance, project sizing, and capital deferral options must be part of the board's understanding.

9. Brand identity

Engage the board in a frank discussion of the institution's image. What are the organization's key messages, and are they effective? Is it time to revisit the "story"? Many organizations are refocusing their marketing messages to emphasize advocacy, education, and community benefit. Each organization's message must be unique. The board room offers a terrific setting for critical feedback to strengthen brand identity.

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10. Management and board performance

Rather than waiting until year end, pull out management and board performance metrics for discussion. Seek critical feedback on performance beyond the established metrics. Engage the board in establishing performance metrics at the board level (e.g., governance education or 360 board evaluations).

The Camden Group has developed a 10 minute Board Effectiveness Index that will prompt candid conversation and identify opportunities for improvement. If you would like to use the Index or for additional information on issues related to governance, please contact Blair Contratto at 310.320.3990 or bcontratto@thecamdengroup.com.