



**DESERT HEALTHCARE DISTRICT
SPECIAL MEETING OF THE BOARD OF DIRECTORS**

Board of Directors

November 08, 2021

5:30 P.M.

In accordance with new authorization signed by the Governor – Executive Order N-17-21 on September 16, 2021 - (AB 361 - Government Code 54953 effective until January 1, 2024), which extends the provisions of the Governor’s Executive Order N-29-20 of March 12, 2020, revised on March 18, 2020, and Board-approved Resolution #21-03 on September 26, 2021, teleconferencing will be used by the Board members and appropriate staff members during this meeting.

In lieu of attending the meeting in person, members of the public can participate by webinar by using the following link:

<https://us02web.zoom.us/j/86582100461?pwd=VkxXc0VLR2R5WjNxdVB2OGxYZ291Zz09>

Password: 452928

Participants will need to download the Zoom app on their devices. Members of the public may also participate by telephone, using the follow dial in information:

Dial in #: **(669) 900-6833** To Listen and Address the Board when called upon:

Webinar ID: 865 8210 0461

Password: 452928

<i>Pages</i>	AGENDA	<i>Item Type</i>
	<i>Any item on the agenda may result in Board Action</i>	
	A. CALL TO ORDER – President De Lara	
	Roll Call	
	Director Zavala____Director Shorr____Director Zandle, MD____	
	Director PerezGil____Director Rogers, RN____	
	Vice-President/Secretary Borja____President De Lara	
	B. PLEDGE OF ALLEGIANCE	
1	C. APPROVAL OF AGENDA	Action
	D. WORKSHOP AND TRAINING ON GOVERNANCE AND POLICIES	
2-41	1. Facilitated workshop discussion on development, workplan, and governance policy issues – Martin Rauch, President, Senior Consultant, Rauch Communication Consultants, Inc.	Information & Discussion
	E. ADJOURNMENT	

BoardBrief

Knowledge Resources for Health Care Governing Effectiveness

Maximizing Board and Management Leadership Effectiveness **Understanding the Difference Between Governance and Management Responsibilities**

The hospital's board and management each play a unique and critical role in the organization's ability to fulfill its critical mission and vision. When working together in their correct roles, the partnership between the board and management can help hospitals excel in meeting the community's needs in the best and most efficient way possible. But when the board and management step out of bounds of their respective responsibilities, the result can be disastrous for the organization's leadership, and ultimately for the long-term success of the hospital.

Trustee orientation and ongoing education programs often focus on the board's important individual functional responsibilities, such as strategic planning, CEO oversight and compensation evaluation, quality and patient safety, medical staff credentialing, ensuring financial strength and sustainability, and more. All of these areas are essential components of the board's roles and responsibilities. However, equally important is clarity and agreement on respective roles and responsibilities.

First and foremost, the board must understand its fiduciary responsibility. The fiduciary responsibility is integral to everything the board does, and should always guide trustee actions, dialogue and decisions.

Once the fiduciary responsibility is clear and strongly embraced, the board and management must both understand and adhere to their respective roles in each functional area of organizational operations. Their leadership actions should complement one another, with the board guiding, directing and overseeing strategic thinking and decision making, while the management team addresses operational details. While the board sets the long-term direction for the organization, the details of how to achieve the board-approved direction is the job of the senior management team.

The Board's Fiduciary Responsibility

For hospital governing boards, fiduciary responsibilities and their related issues of accountability and trust can be complex. Boards have a two-way responsibility: they must act in the best interests of both the hospital and the communities their hospital serves.

In these days of economic insecurity, it is particularly important for hospital governing boards to earn and keep the public's trust and confidence. In the handling of hospital finances, the oversight of hospital quality, patient care and safety, and the assessment of hospital programs and services, governing boards can and must be held accountable to the people of the communities they serve. There can be no room for question of integrity or credibility of board members. Especially now, trust is an asset no board can do without.

What are the "Fiduciary Responsibilities?"

Legally, board members must take particular care to become thoroughly informed before making any business decision; they must put the needs of the hospital mission first when making decisions; and they must abide by laws, regulations and standards of hospital operations.

These three main responsibilities are usually referred to as the Duty of Care, the Duty of Loyalty, and the Duty of Obedience.

Each of these duties may be applied in a court of law to determine whether or not a trustee, or the board as a whole, has acted improperly. They should be taken seriously by every person accepting a position on a hospital board of directors.

Duty of Care. When engaging in hospital business, trustees must use the same level of judgment they would use in their own personal business activities. The tenets are mostly common sense:

- Obtain necessary and adequate information before making any decisions;
- Act in good faith;
- Make decisions in the best interest of the hospital; and
- Set aside personal interests in favor of those of the hospital.

Individual state courts often further define board members' fiduciary duties, as does the U.S. Internal Revenue Service (IRS). The IRS, in recommendations for trustees, encourages putting policies and procedures in place to ensure that each trustee is totally familiar with the hospital's activities, that every activity promotes the mission of the hospital and helps it achieve its goals, and that each trustee should be fully informed about the organization's financial performance.

Duty of Loyalty. The duty of loyalty bars trustees from using their board positions to serve their interests or those of their businesses, friends or others. It requires that when acting in their fiduciary capacity, trustees place the interest of the hospital before all else. It demands that board members be:

- Objective and unbiased in their thinking and decision-making;
- Free from external control and without ulterior motives;
- Free of any conflict of interest when discussing issues and making decisions; and
- Able to observe total confidentiality when dealing with hospital matters.

To identify potential conflicts of interest, trustees and staff should annually disclose, in writing, any known financial or other interest with any entity that transacts business with the hospital or its subsidiary businesses.

The IRS recommends creating written procedures for determining whether a relationship, financial interest or business affiliation results in a conflict of interest, and outlining a course of action in the event that a conflict of interest is identified.

Carrying Out the Board's Fiduciary Duties

The Duty of Care is fulfilled by...

- Consistent attendance at board and committee meetings
- Attentive and introspective preparation for board meetings
- Obtaining and reviewing relevant data and information before voting to ensure evidence-based decisions
- Exercising independent judgment
- Periodic examination of the performance of the executives and trustees who lead the organization
- Meaningful review of the organization's finances and policies

The Duty of Loyalty is carried out by...

- Full disclosure of potential conflicts of interest
- Compliance with the organization's conflict of interest policy
- Avoidance of the use of corporate opportunities for personal gain or benefit
- Maintaining confidentiality when required

The Duty of Obedience is carried out by...

- Strict adherence to the by-laws of the board and the mission of the hospital
- Compliance with all regulatory and reporting requirements
- Understanding of all documents governing the board and its operation (by-laws, articles of incorporation, board and committee job descriptions, charters, etc.)
- Ensuring that decisions further the organization's mission and comply with the scope of its governing documents

Duty of Obedience. The duty of obedience requires board members to be faithful to the hospital's mission, and to follow all state and national laws, corporate bylaws, rules and regulations when representing the interests of the hospital.

Board members, in carrying out their duty of obedience, will protect the limited resources of the hospital to ensure optimal services and benefit to the community. They will ensure legal compliance with all applicable laws and regulations.

The IRS recommends several board actions to promote good governance practices related to the board's duty of obedience:

- Develop both a code of ethics and whistleblower policies;
- Adopt and monitor specific fundraising policies;
- Carefully outline and determine compensation practices; and
- Develop and strictly adhere to document retention policies.

Maintaining the Balance: Lack of Oversight vs. Micromanagement

Strong boards are independent-minded, curious, and able to focus on what matters most. Their members are willing to challenge status-quo thinking and stretch themselves intellectually. Weak boards are complacent and submissive. Their members do not ensure that all sides of issues are considered, or that “conventional wisdom” is challenged. Such weak boards are not likely to successfully carry out their fiduciary responsibilities.

There are two true roadblocks to any board’s ability to maintain fiduciary effectiveness. These are 1) a tendency toward “rubber stamping,” and 2) a tendency toward micromanagement.

Rubber Stamping. Members of rubber-stamping boards fail to ask pertinent questions or engage in deliberative dialogue on solutions to challenges, and do not work successfully together to arrive at independent-minded decisions. They accept recommendations with little questioning or debate, and fail to explore alternatives and scenarios that may reveal the weaknesses of arguments or positions.

Rubber-stamping boards are often a result of overly dominant individuals and weak board chair leadership. A strong board chair will ensure that every board member is meaningfully engaged in constructive thinking and deliberation on the important issues that come before the board.

From a legal standpoint, individual members of a rubber-stamping board may be considered negligent and liable for their actions or inactions, and may be held personally liable for a lack of adequate oversight.

Micromanagement. Micromanagement is a term generally applied to boards that pay too much attention to details, and not enough attention to “big picture” strategic issues and implications. Board members must understand that they are expected to be leaders and overseers, not managers and implementers. They should be concerned with the “what,” not the “how.”

It’s up to everyone on the board to guard against micromanagement. The board chair should ensure that its members understand their roles, and consistently adhere to them. In addition, the CEO needs to be willing to candidly discuss problems of micromanagement with the board chair to work out board-driven solutions to this problem, if it exists.

Board and Management Responsibilities in Key Functional Areas

The following table lists board and management responsibilities in several leadership responsibility areas. While every hospital has its own unique circumstances and challenges, this table may serve as a guide for ensuring a greater understanding of the responsibilities for each leadership group, and how the board and management can work together to complement one another to successfully lead their organization into the future. Ten leadership responsibility areas are explored, including:

- Strategy;
- Leadership structure and governance processes;
- Quality and patient safety and compliance;
- Community relationships;
- Relationship with the CEO;
- Workforce;
- Medical staff privileging, credentialing and oversight
- Financial leadership;
- Community health; and
- Organizational ethics.

Strategy

Responsibility	Board Role	Management Role
Development and Review of Mission, Values and Vision	<ul style="list-style-type: none"> • Approves and helps formulate • Participates in annual strategic planning that reviews and updates the statements, when necessary 	<ul style="list-style-type: none"> • Provides input and background materials for board review and discussion prior to formulating and/or updating the statements
Implementation of Mission, Values and Vision	<ul style="list-style-type: none"> • Makes decisions that support the mission, values and vision 	<ul style="list-style-type: none"> • Establishes and carries out • Sets the tone and expectations for the culture of the organization
Long-Term Strategic Plan	<ul style="list-style-type: none"> • Exhibits leadership in strategic thinking and planning sessions, reviewing relevant materials and engaging in robust debate and dialogue about critical issues impacting the organization • Determines strategic directions, including strategic initiatives that address identified community health needs identified • Approves the long-term strategic plan 	<ul style="list-style-type: none"> • Enables well-informed, data-driven board discussions, debate and decision-making by providing relevant data, information and background materials and input • Develops strategic recommendations, measurable objectives, action plans and budgets to support and implement strategic goals and direction
Short-Term Plans	<ul style="list-style-type: none"> • Ensures progress towards goals through regular monitoring and oversight 	<ul style="list-style-type: none"> • Develops and implements plans
Service Development	<ul style="list-style-type: none"> • Evaluates management recommendations • Approves new services and programs • Advises and ensures progress in development through regular monitoring and oversight 	<ul style="list-style-type: none"> • Conducts research to determine service needs • Develops service concepts and plans • Presents plans and recommendations to board • Provides program reports to the board
Monitoring Strategic Progress	<ul style="list-style-type: none"> • Regularly reviews measures • Asks probing questions to ensure board member understanding and progress towards goals and objectives • Advises and collaborates with management on corrective measures, as appropriate 	<ul style="list-style-type: none"> • Defines measures for tracking performance • Reports measures to the board, interprets meaning and identifies barriers or challenges to success
Day-to-Day Operations	<ul style="list-style-type: none"> • No role 	<ul style="list-style-type: none"> • Makes all management decisions • Develops policies and procedures • Advises board, as appropriate

Leadership Structure and Governance Processes

Responsibility	Board Role	Management Role
Board Roles, Responsibilities and Composition	<ul style="list-style-type: none"> Clearly defines the board and committee roles in written documentation Ensures leadership qualities, background, and knowledge is in place for effective governance Establishes and uses board committees effectively Ensures an effective trustee succession plan is in place 	<ul style="list-style-type: none"> Provides information, resources, and opportunities for board use in strengthening their effectiveness
Board Reports	<ul style="list-style-type: none"> Evaluates information reported, engaging in appropriate strategic-level dialogue Accepts and approves reports 	<ul style="list-style-type: none"> Prepares concise reports and well-conceived recommendations for board consideration
Strategic Focus and Discussion	<ul style="list-style-type: none"> Discussions focus on the board's policy-making function, rather than operational thinking or decision-making Ensures the majority of meeting time is spent on strategic issues Engages in lively dialogue that is respectful and includes participation from all trustees 	<ul style="list-style-type: none"> Focus on operational thinking and decision-making, using the board's policy-making and strategic leadership as a guide
Board Policies and Procedures	<ul style="list-style-type: none"> Uses governance policies and procedures to clearly define the board's responsibilities, delineating between board, management and medical staff Uses policies and procedures to establish efficiency and consistency Reviews board structure, committee practices, tenure, policies and bylaws annually 	<ul style="list-style-type: none"> Drafts strong, well-written policies for board review and approval Facilitates a process for periodic policy review, update and approval
Board and Trustee Performance	<ul style="list-style-type: none"> Ensures board members are well-prepared at every meeting to engage in meaningful discussion and decision-making Conducts meeting evaluations to determine efficiency, effectiveness and value of board meetings Conducts a regular board practices and performance self-assessment, and takes corrective action for improvement, when appropriate Ensures a corrective process is in place when a trustee isn't performing according to board standards and requirements 	<ul style="list-style-type: none"> Ensures board members are provided with agendas, reports, and other relevant materials well-enough in advance of meetings to enable meaningful and efficient discussion and decision-making Provides administrative assistance in conducting the board self-assessment

Leadership Structure and Governance Processes (cont.)

Responsibility	Board Role	Management Role
Trustee Knowledge	<ul style="list-style-type: none"> Reviews appropriate meeting materials and background information in advance of governance discussions and decision-making Participates in ongoing trustee education sessions, builds knowledge of governance roles/responsibilities and stays abreast of environmental factors and concerns via a range of sources (industry publications, electronic media, etc.) New trustees participate in an orientation that focuses on industry trends, community profile, the system's values and strategy, and the role of governance 	<ul style="list-style-type: none"> Ensures board members are provided with meeting materials and relevant background information necessary for meaningful and efficient discussion and decision-making Schedules and/or provides the board with information about upcoming educational opportunities relevant to the board Compiles and disseminates to the board informational and educational articles and publications Ensures new trustee orientation program is conducted
Executive Sessions	<ul style="list-style-type: none"> Used regularly to promote open communication between the board and CEO on serious or sensitive issues 	<ul style="list-style-type: none"> CEO participates actively in executive sessions Management role may be defined depending on the agenda
Conflict of Interest	<ul style="list-style-type: none"> Ensures a conflict of interest policy is in place and is adhered to Board members declare conflicts of interest and recuse themselves from proceedings as warranted. 	<ul style="list-style-type: none"> Administers annual disclosure statements Provides education, information and legal counsel regarding conflicts of information

Organizational Ethics

Responsibility	Board Role	Management Role
Development and Implementation of Organizational Ethics	<ul style="list-style-type: none"> Adopts a statement of values and ethical principles (code of ethics) for the hospital Adopts a statement of values and ethical principles (ethical principles) for the board 	<ul style="list-style-type: none"> Abides by the statement of values and ethical principles, and disseminates the values and ethics throughout the organization through personal actions as well as operational rules, policies, new employee orientation, training and internal communications
Awareness of Ethical Issues	<ul style="list-style-type: none"> Ensures that ethical principles and values are provided to all individuals who are employed by, or volunteer with, or are formally affiliated with the hospital Ensures that ethical principles and values are provided to patients and their families Ensures a process to allow confidential concerns about ethical issues from patients, employees or physicians to be brought to the attention of management 	<ul style="list-style-type: none"> Takes the operational steps necessary to ensure that the board-approved ethical principles and values are provided to all individuals who are employed by, or volunteer with, or are formally affiliated with the hospital Takes the operational steps necessary to ensure that the ethical principles and values are provided to patients and their families Develops and implements a process to allow confidential concerns about ethical issues from patients, employees or physicians to be brought to the attention of management

Quality, Patient Safety and Compliance

Responsibility	Board Role	Management Role
Defining and Understanding Quality	<ul style="list-style-type: none"> Has a board-approved definition of quality and patient safety Ensures quality and patient safety are a priority on board agendas Ensures a hospital culture of quality and safety, and a hospital-wide plan is in place for improving quality and patient safety and reducing medical errors Discusses and ensures adherence to Joint Commission requirements and patient safety goals 	<ul style="list-style-type: none"> Implements the board's strategic direction and high-level plans for improving quality and patient safety and reducing medical errors Takes necessary operational action to ensure adherence to Joint Commission requirements and patient safety goals
Monitoring Quality and Patient Safety	<ul style="list-style-type: none"> Utilizes a quality committee Sets targets for achieving the quality and patient safety goals, and ensures progress towards goals through regular monitoring and oversight Ensures a plan is in place for identifying and reporting adverse and sentinel events Ensures compliance with applicable state and federal regulations, including the Joint Commission, IRS, CMS, and others Ensure performance in voluntary measurements, such as CMS Hospital Compare performance measurements and patient satisfaction scores (HCAHPS), which are expected to be used for future value-based payments through consistent monitoring and oversight 	<ul style="list-style-type: none"> Provides management support for the quality committee Develops a quality improvement plan for achieving board-established quality and patient safety goals, establishes and implements the operational details necessary to fulfill the plan, Reports organizational performance in pre-defined areas to the board at regular intervals Ensures compliance with applicable state and federal regulations, including the Joint Commission, IRS, CMS and others; taking immediate corrective action when necessary and reporting compliance performance to the board Collects and reports voluntary measurement information regularly to the board
Corporate Compliance	<ul style="list-style-type: none"> Reviews and approves code of ethics and compliance plan Ensures compliance with state and federal regulations, and the requirements of the Joint Commission, IRS, CMS and other regulating entities Monitors execution of corrective actions to ensure full compliance 	<ul style="list-style-type: none"> Appoints a compliance officer Develops and implements a compliance plan, including organization-wide compliance training Facilitates internal and external audits, reporting audit results to the board Develops and implements corrective action plans as warranted

Relationship with the CEO

Responsibility	Board Role	Management Role
Board and CEO Roles	<ul style="list-style-type: none"> Understands the board's strategic/policy responsibilities vs. the CEO's operational responsibilities Adheres to the governing board's policy-making role, and does not interfere in the CEO's operations management role 	<ul style="list-style-type: none"> Understands the board's strategic/policy responsibilities vs. the CEO's operational responsibilities Expects the board to engage in deep, probing dialogue about strategic issues rather than "rubber stamp" management proposals and ideas
Communication, Support and Shared Goals	<ul style="list-style-type: none"> Consistently supports the CEO in the pursuit and implementation of board-approved objectives Mutual trust and respect exist between trustees and the CEO 	<ul style="list-style-type: none"> CEO maintains a positive relationship and ongoing communication with the board, including between board meetings when necessary Mutual trust and respect exist between trustees and the CEO
CEO Evaluation	<ul style="list-style-type: none"> Establishes CEO performance criteria and evaluates CEO performance annually Sets the CEO's compensation <ul style="list-style-type: none"> Has strong understanding of compensation structures, legal and regulatory requirements Uses comparative compensation data in setting compensation levels Uses pre-defined expectations and performance targets tied to organizational performance in setting compensation incentives Regularly reviews the CEO's compensation to ensure that it is reflective of compensation trends of organizations with a similar size and scope 	<ul style="list-style-type: none"> The CEO should know his or her evaluation criteria at the onset of the evaluation period, and the annual evaluation should not come as a surprise Management may participate in a 360 degree evaluation of the CEO
CEO Recruitment and Succession Planning	<ul style="list-style-type: none"> Develops a clear CEO succession and recruitment plan, including setting a transition timeline, drafting desired CEO qualities, creating a clear job description and establishing performance criteria Set's expectations for management talent and approves a clear process for identifying, retaining and developing internal management talent Ensures development of and approves a leadership development program Annually reviews and approves the CEO succession plan 	<ul style="list-style-type: none"> Actively participates with the board, and advises the board on the development of a CEO succession and recruitment plan Develops and implements the process for identifying, retaining and developing internal management "talent" Develops and implements a leadership development program Conducts an annual review of the CEO succession plan, recommends updates and changes to the board

Workforce

Responsibility	Board Role	Management Role
Personnel Policies	<ul style="list-style-type: none"> Reviews and adopts Provides expertise and counsel upon request regarding human resource issues and policies 	<ul style="list-style-type: none"> Drafts policies and makes recommendations to the board, and administers adopted policies Conducts annual employee attitude surveys and evaluates results Develops strategies and implements action plans for strengthening employee satisfaction
Staff Salaries and Benefits	<ul style="list-style-type: none"> Approves budget, ensuring adequate resources are in place to assure a competent, high-quality patient care workforce Approves final labor contracts 	<ul style="list-style-type: none"> Develops compensation and benefits strategies Approves job classifications, salary ranges and benefits programs with input and recommendations from the supervisory staff Negotiates labor contracts
Hiring of Staff	<ul style="list-style-type: none"> Knows potential areas of workforce shortages, Understands current and emerging barriers to recruitment, provides expertise and counsel in devising strategies to meet workforce needs No role in hiring of individual personnel 	<ul style="list-style-type: none"> Develops and implements a plan to meet long-term projected workforce demands and anticipated shortages Hires and evaluates the people necessary to meet current and future projected workforce needs Develops and implements new employee orientation and training
Staff Responsibilities and Job Assignments	<ul style="list-style-type: none"> No role 	<ul style="list-style-type: none"> Administers staffing levels, job classifications, job descriptions, etc.
Staff terminations and reductions in force (layoffs)	<ul style="list-style-type: none"> No role in individual terminations, with exception of executive staff. Shall be advised of executive staff terminations and shall provide counsel upon request Is advised of expected reductions in force (layoffs) and understands the business needs, rationale and implications for reductions 	<ul style="list-style-type: none"> Makes final termination decisions Makes decisions regarding reductions in force (layoffs)
Staff Grievances	<ul style="list-style-type: none"> No role Is advised of potentially high-profile cases, particularly those that may generate media attention. 	<ul style="list-style-type: none"> Establishes and administers a staff grievance process Makes final grievance decisions
Staff Evaluation	<ul style="list-style-type: none"> No role, with exception of CEO evaluation 	<ul style="list-style-type: none"> Responsible for the staff's performance evaluations

Medical Staff Privileging, Credentialing and Oversight

Responsibility	Board Role	Management Role
Appointments and Credentialing	<ul style="list-style-type: none"> • Approves bylaws, appointments and reappointments • Approves physician credentialing • Approves physician privileging 	<ul style="list-style-type: none"> • Provides management support for the credentialing and privileging processes, appointments and reappointments
Physician Oversight	<ul style="list-style-type: none"> • Ensures effective communication between medical staff and board • Ensures physician performance is aligned with hospital mission, vision, values, and strategic goals and objectives • Accountable for employed-physician compensation oversight <ul style="list-style-type: none"> – Has strong understanding of compensation structures, and legal and regulatory requirements and restrictions – Uses comparative compensation data in setting compensation levels – Uses pre-defined expectations and performance targets (e.g., quality, patient safety, patient satisfaction, etc.) in setting compensation incentives • Jointly establishes with medical staff, a well-defined process for addressing medical staff/board conflicts, and adheres to the process 	<ul style="list-style-type: none"> • Assists in facilitating communication between board and medical staff • Develops criteria, measures and indicators representative of physician performance expectations, to ensure alignment with hospital mission, vision, values, and strategic goals and objectives • Develops physician compensation structures and makes recommendations to the board
Physician Relationships and Involvement in Decision-Making	<ul style="list-style-type: none"> • Medical staff is represented on the board, within the limits of fiduciary responsibility and independence (e.g., ex-officio) • Ensures physician participation in strategic planning sessions, discussions and decision-making • Seeks medical staff advice and counsel on strategic issues, in order to help improve care outcomes • Understands the roles and responsibilities of the medical executive committee • Regularly assesses physician attitudes and needs • Ensures an effective physician leadership development program 	<ul style="list-style-type: none"> • Develops and oversees medical staff affairs • Receives reports and maintains relationships • Implements medical staff policy • Develops and implements a physician leadership development program

Financial Leadership

Responsibility	Board Role	Management Role
Budgeting	<ul style="list-style-type: none"> • Uses the annual budget process to define the most effective allocation of the hospital's limited resources; provides input and counsel to the CEO regarding budget assumptions and programmatic changes affecting the budget • Ensures adequate capital is available to achieve the plan • Approves the budget 	<ul style="list-style-type: none"> • Develops policy on standardized budget procedures • Prepares a preliminary budget that will support implementation of the strategic plan • Develops assumptions, targets and objectives and makes recommendations to the board
Monitoring Financial Progress	<ul style="list-style-type: none"> • Identifies and approves performance targets • Reviews performance targets at least quarterly • Uses financial performance reports to modify assumptions and shift resources, as necessary 	<ul style="list-style-type: none"> • Tracks detailed financial progress, and takes immediate corrective action when necessary • Develops financial reports for the board in an easy-to-understand format, highlighting major trends and key indicators, • Stimulates robust discussion and dialogue that enables timely decision-making
Financial Assistance (Charity Care), Billing and Collections	<ul style="list-style-type: none"> • Adopts financial assistance (charity care), billing and collections policies, ensuring they are mission-driven, comply with state and federal regulations and address recent public scrutiny related to the rates some hospitals charge self-pay patients in comparison to contracts with third-party payers; undisclosed availability of financial aid and charity care; unclear eligibility criteria and perceptions of aggressive collection techniques • Ensures financial assistance and charity care policies are clearly communicated to all patients, and determines whether the hospital offers financial advisors to assist uninsured patients in navigating their financial assistance options • Ensures hospital billing practices are patient-friendly, adopts billing and collections policies and procedures designed to strengthen community trust 	<ul style="list-style-type: none"> • Submits draft financial assistance, charity care, billing and collections policies to the board for review and approval • Implements the board-approved financial assistance, charity care and billing and collections policies • Implements communication and dissemination of financial assistance and charity care policies to employees and patients, • Per board determination, makes financial advisors available to assist patients • Develops and implements board-approved patient-friendly billing
Capital Purchases	<ul style="list-style-type: none"> • Evaluates and approves requests and recommendations for capital purchases 	<ul style="list-style-type: none"> • Prepares substantiated requests and recommendations for capital purchases
Decisions on Building, Renovation, Leasing, Expansion	<ul style="list-style-type: none"> • Evaluates needs, proposals and recommendations, makes decisions 	<ul style="list-style-type: none"> • Conducts research, prepares reports and makes recommendations for board consideration • Exercises contractual authority
Supply Purchases and Repairs	<ul style="list-style-type: none"> • Adopts supply purchase and repair policy 	<ul style="list-style-type: none"> • Exercises purchase authority in accordance with board policy and maintains an adequate audit trail • Authorizes repairs up to board approved amounts, and for amounts that can be spent without Board approval
Fees	<ul style="list-style-type: none"> • Adopts policy as part of budget process 	<ul style="list-style-type: none"> • Develops fee schedule

Community Health

Responsibility	Board Role	Management Role
Community Needs Assessment	<ul style="list-style-type: none"> Ensures a community needs assessment is conducted regularly, in accordance with IRS requirements, new health reform requirements (the Patient Protection and Affordable Care Act), and Joint Commission requirements Ensures input from individuals representing broad community interests, including those with knowledge/expertise in public health issues 	<ul style="list-style-type: none"> Conducts the community needs assessment and reports results to the board
Development and Support of Community Health Initiatives	<ul style="list-style-type: none"> Understands the strategic importance of initiatives designed to improve the health of the community Sets strategic goals to address community needs identified through the community needs assessment Allocates adequate resources to support pursuit of goals addressing community needs Ensures progress in achieving community needs goals through regular monitoring and oversight 	<ul style="list-style-type: none"> Develops and implements plans to ensure board-led strategic goals related to community needs are achieved Tracks progress in meeting community needs and makes reports to the board Addresses barriers and challenges that threaten goal achievement
Community Involvement and Communication	<ul style="list-style-type: none"> Ensures a process is in place to secure and evaluate community feedback on the value of hospital programs and services Uses feedback to enhance responsiveness to community health improvement opportunities Ensures results of shared improvement efforts are communicated to the community and other interested stakeholders 	<ul style="list-style-type: none"> Solicits community feedback on the value of hospital programs and services, and reports to the board Modifies community health improvement plans, based on board feedback and high-level direction Proactively communicates the results of shared improvement efforts to the community and other interested stakeholders

Community Relationships

Responsibility	Board Role	Management Role
Advocacy	<ul style="list-style-type: none"> Approves the hospital's advocacy/political agenda Ensures elected officials' knowledge of issues and their implications for hospitals Advocates and lobbies for political issues affecting the organization 	<ul style="list-style-type: none"> Develops legislative/political strategies and recommends hospital position and message to board Ensures board education and understanding of issues and facilitates board advocacy and communication with elected officials Is knowledgeable and well-informed regarding issues, conducts ongoing communication with elected officials
Community Relations	<ul style="list-style-type: none"> Acts as community "ambassadors," ensuring that trustee actions contribute to building and sustaining a positive image for the hospital Keeps the community informed about the benefit the hospital provides, and ongoing issues and challenges Acts as an advocate and information source to the community 	<ul style="list-style-type: none"> Keeps community informed about the benefit the hospital provides, and ongoing issues and challenges Manages the public/community relations function
Ensuring Public Trust and Confidence	<ul style="list-style-type: none"> Sets goals for transparency in key areas, including cost, quality and governance Ensures a community benefit report is regularly published and distributed Ensures results of community needs assessments, financial assistance policy and other documents are made readily available to the public in accordance with applicable regulations 	<ul style="list-style-type: none"> Carries out transparency goals through a variety of communication methods and community partnerships Develops and distributes the community benefit report, with board approval Implements public availability of documents and information in accordance with applicable regulations

Sources and Additional Information

1. The Excellent Board: Practical Solutions for Health Care Trustees and CEOs, edited by Karen Gardner. AHA Press. 2003.
2. Knowledge Center. BoardSource. www.boardsource.org.
3. Lauter, Vicki Z. Preparing for the Future. *Hospitals and Health Networks*. November 14, 2006.
4. Horikawa, Saori and Hempill, John. Serving on a Nonprofit Board in the Post-Enron World. Morrison & Foerster, LLP. San Francisco, CA.
5. IRS Publication 4221, *Compliance Guidelines for 501(c)(3) Tax-Exempt Organizations*, available at www.irs.gov.
6. Mobley, Kim and Totten, Mary K. Physician Compensation Requires Enhanced Board Oversight. *Trustee*. April 2011.
7. Arnwine, Don L. Effective Governance: The Roles and Responsibilities of Board Members. Baylor University Medical Center Proceedings, Volume 15, Number 1. January 2001.
8. American Medical Association. Principles for Strengthening the Physician-Hospital Relationship. www.ama-assn.org.

Maximizing Board and Management Leadership Effectiveness

Understanding the Difference Between Governance and Management Responsibilities

The hospital's board and management each play a unique and critical role in the organization's ability to fulfill its critical mission and vision. When working together in their correct roles, the partnership between the board and management can help hospitals excel in meeting the community's needs in the best and most efficient way possible. But when the board and management step out of bounds of their respective responsibilities, the result can be disastrous for the organization's leadership, and ultimately for the long-term success of the hospital.

Trustee orientation and ongoing education programs often focus on the board's important individual functional responsibilities, such as strategic planning, CEO oversight and compensation evaluation, quality and patient safety, medical staff credentialing, ensuring financial strength and sustainability, and more. All of these areas are essential components of the board's roles and responsibilities. However, equally important is clarity and agreement on respective roles and responsibilities.

First and foremost, the board must understand its fiduciary responsibility. The fiduciary responsibility is integral to everything the board does, and should always guide trustee actions, dialogue and decisions.

Once the fiduciary responsibility is clear and strongly embraced, the board and management must both understand and adhere to their respective roles in each functional area of organizational operations. Their leadership actions should complement one another, with the board guiding, directing and overseeing strategic thinking and decision making, while the management team addresses operational details. While the board sets the long-term direction for the organization, the details of how to achieve the board-approved direction is the job of the senior management team.

The Board's Fiduciary Responsibility

For hospital governing boards, fiduciary responsibilities and their related issues of accountability and trust can be complex. Boards have a two-way responsibility: they must act in the best interests of both the hospital and the communities their hospital serves.

In these days of economic insecurity, it is particularly important for hospital governing boards to earn and keep the public's trust and confidence. In the handling of hospital finances, the oversight of hospital quality, patient care and safety, and the assessment of hospital programs and services, governing boards can and must be held accountable to the people of the communities they serve. There can be no room for question of integrity or credibility of board members. Especially now, trust is an asset no board can do without.

What are the “Fiduciary Responsibilities?”

Legally, board members must take particular care to become thoroughly informed before making any business decision; they must put the needs of the hospital mission first when making decisions; and they must abide by laws, regulations and standards of hospital operations.

These three main responsibilities are usually referred to as the Duty of Care, the Duty of Loyalty, and the Duty of Obedience. Each of these duties may be applied in a court of law to determine whether or not a trustee, or the board as a whole, has acted improperly. They should be taken seriously by every person accepting a position on a hospital board of directors.

Duty of Care. When engaging in hospital business, trustees must use the same level of judgment they would use in their own personal business activities. The tenets are mostly common sense:

- Obtain necessary and adequate information before making any decisions;
- Act in good faith;
- Make decisions in the best interest of the hospital; and
- Set aside personal interests in favor of those of the hospital.

Individual state courts often further define board members’ fiduciary duties, as does the U.S. Internal Revenue Service (IRS). The IRS, in recommendations for trustees, encourages putting policies and procedures in place to ensure that each trustee is totally familiar with the hospital’s activities, that every activity promotes the mission of the hospital and helps it achieve its goals, and that each trustee should be fully informed about the organization’s financial performance.

Duty of Loyalty. The duty of loyalty bars trustees from using their board positions to serve their interests or those of their businesses, friends or others. It requires that when acting in their fiduciary capacity, trustees place the interest of the hospital before all else. It demands that board members be:

- Objective and unbiased in their thinking and decision-making;
- Free from external control and without ulterior motives;
- Free of any conflict of interest when discussing issues and making decisions; and
- Able to observe total confidentiality when dealing with hospital matters.

To identify potential conflicts of interest, trustees and staff should annually disclose, in writing, any known financial or other interest with any entity that transacts business with the hospital or its subsidiary businesses.

The IRS recommends creating written procedures for determining whether a relationship, financial interest or business affiliation results in a conflict of interest, and outlining a course of action in the event that a conflict of interest is identified.

Duty of Obedience. The duty of obedience requires board members to be faithful to the hospital's mission, and to follow all state and national laws, corporate bylaws, rules and regulations when representing the interests of the hospital.

Board members, in carrying out their duty of obedience, will protect the limited resources of the hospital to ensure optimal services and benefit to the community. They will ensure legal compliance with all applicable laws and regulations.

The IRS recommends several board actions to promote good governance practices related to the board's duty of obedience:

- Develop both a code of ethics and whistleblower policies;
- Adopt and monitor specific fundraising policies;
- Carefully outline and determine compensation practices; and
- Develop and strictly adhere to document retention policies.

Maintaining the Balance: Lack of Oversight vs. Micromanagement

Strong boards are independent-minded, curious, and able to focus on what matters most. Their members are willing to challenge status-quo thinking and stretch themselves intellectually. Weak boards are complacent and submissive. Their members do not ensure that all sides of issues are considered, or that "conventional wisdom" is challenged. Such weak boards are not likely to successfully carry out their fiduciary responsibilities.

There are two true roadblocks to any board's ability to maintain fiduciary effectiveness. These are 1) a tendency toward "rubber stamping;" and 2) a tendency toward micromanagement.

Rubber Stamping. Members of rubber-stamping boards fail to ask pertinent questions or engage in deliberative dialogue on solutions to challenges, and do not work successfully together to arrive at independent-minded decisions. They accept recommendations with little questioning or debate, and fail to explore alternatives and scenarios that may reveal the weaknesses of arguments or positions.

Rubber-stamping boards are often a result of overly dominant individuals and weak board chair leadership. A strong board chair will ensure that every board member is meaningfully engaged in constructive thinking and deliberation on the important issues that come before the board.

From a legal standpoint, individual members of a rubber-stamping board may be considered negligent and liable for their actions or inactions, and may be held personally liable for a lack of adequate oversight.

Micromanagement. Micromanagement is a term generally applied to boards that pay too much attention to details, and not enough attention to “big picture” strategic issues and implications. Board members must understand that they are expected to be leaders and overseers, not managers and implementers. They should be concerned with the “what,” not the “how.”

It's up to everyone on the board to guard against micromanagement. The board chair should ensure that its members understand their roles, and consistently adhere to them. In addition, the CEO needs to be willing to candidly discuss problems of micromanagement with the board chair to work out board-driven solutions to this problem, if it exists.

Board and Management Responsibilities in Key Functional Areas

The following table lists board and management responsibilities in several leadership responsibility areas. While every hospital has its own unique circumstances and challenges, this table may serve as a guide for ensuring a greater understanding of the responsibilities for each leadership group, and how the board and management can work together to complement one another to successfully lead their organization into the future. Ten leadership responsibility areas are explored, including:

- Strategy;
- Leadership structure and governance processes;
- Quality and patient safety and compliance;
- Community relationships;
- Relationship with the CEO;
- Workforce;
- Medical staff privileging, credentialing and oversight
- Financial leadership;
- Community health; and
- Organizational ethics.

Sidebars

Carrying Out the Board's Fiduciary Duties

The Duty of Care is fulfilled by...

- Consistent attendance at board and committee meetings
- Attentive and introspective preparation for board meetings
- Obtaining and reviewing relevant data and information before voting to ensure evidence-based decisions
- Exercising independent judgment
- Periodic examination of the performance of the executives and trustees who lead the organization
- Meaningful review of the organization's finances and policies

The Duty of Loyalty is carried out by...

- Full disclosure of potential conflicts of interest
- Compliance with the organization's conflict of interest policy
- Avoidance of the use of corporate opportunities for personal gain or benefit
- Maintaining confidentiality when required

The Duty of Obedience is carried out by...

- Strict adherence to the by-laws of the board and the mission of the hospital
- Compliance with all regulatory and reporting requirements
- Understanding of all documents governing the board and its operation (by-laws, articles of incorporation, board and committee job descriptions, charters, etc.)
- Ensuring that decisions further the organization's mission and comply with the scope of its governing documents

APPENDIX: Strategy

Responsibility	Board Role	Management Role
Development and Review of Mission, Values and Vision	<ul style="list-style-type: none"> • Approves and helps formulate • Participates in annual strategic planning that reviews and updates the statements, when necessary 	<ul style="list-style-type: none"> • Provides input and background materials for board review and discussion prior to formulating and/or updating the statements
Implementation of Mission, Values and Vision	<ul style="list-style-type: none"> • Makes decisions that support the mission, values and vision 	<ul style="list-style-type: none"> • Establishes and carries out • Sets the tone and expectations for the culture of the organization
Long-Term Strategic Plan	<ul style="list-style-type: none"> • Exhibits leadership in strategic thinking and planning sessions, reviewing relevant materials and engaging in robust debate and dialogue about critical issues impacting the organization • Determines strategic directions, including strategic initiatives that address identified community health needs identified • Approves the long-term strategic plan 	<ul style="list-style-type: none"> • Enables well-informed, data-driven board discussions, debate and decision-making by providing relevant data, information and background materials and input • Develops strategic recommendations, measurable objectives, action plans and budgets to support and implement strategic goals and direction
Short-Term Plans	<ul style="list-style-type: none"> • Ensures progress towards goals through regular monitoring and oversight 	<ul style="list-style-type: none"> • Develops and implements plans
Service Development	<ul style="list-style-type: none"> • Evaluates management recommendations • Approves new services and programs • Advises and ensures progress in development through regular monitoring and oversight 	<ul style="list-style-type: none"> • Conducts research to determine service needs • Develops service concepts and plans • Presents plans and recommendations to board • Provides program reports to the board
Monitoring Strategic Progress	<ul style="list-style-type: none"> • Regularly reviews measures • Asks probing questions to ensure board member understanding and progress towards goals and objectives • Advises and collaborates with management on corrective measures, as appropriate 	<ul style="list-style-type: none"> • Defines measures for tracking performance • Reports measures to the board, interprets meaning and identifies barriers or challenges to success
Day-to-Day Operations	<ul style="list-style-type: none"> • No role 	<ul style="list-style-type: none"> • Makes all management decisions • Develops policies and procedures • Advises board, as appropriate

Leadership Structure and Governance Processes

Responsibility	Board Role	Management Role
Board Roles, Responsibilities and Composition	<ul style="list-style-type: none"> Clearly defines the board and committee roles in written documentation Ensures leadership qualities, background, and knowledge is in place for effective governance Establishes and uses board committees effectively Ensures an effective trustee succession plan is in place 	<ul style="list-style-type: none"> Provides information, resources, and opportunities for board use in strengthening their effectiveness
Board Reports	<ul style="list-style-type: none"> Evaluates information reported, engaging in appropriate strategic-level dialogue Accepts and approves reports 	<ul style="list-style-type: none"> Prepares concise reports and well-conceived recommendations for board consideration
Strategic Focus and Discussion	<ul style="list-style-type: none"> Discussions focus on the board's policy-making function, rather than operational thinking or decision-making Ensures the majority of meeting time is spent on strategic issues Engages in lively dialogue that is respectful and includes participation from all trustees 	<ul style="list-style-type: none"> Focus on operational thinking and decision-making, using the board's policy-making and strategic leadership as a guide
Board Policies and Procedures	<ul style="list-style-type: none"> Uses governance policies and procedures to clearly define the board's responsibilities, delineating between board, management and medical staff Uses policies and procedures to establish efficiency and consistency Reviews board structure, committee practices, tenure, policies and bylaws annually 	<ul style="list-style-type: none"> Drafts strong, well-written policies for board review and approval Facilitates a process for periodic policy review, update and approval

Responsibility	Board Role	Management Role
Board and Trustee Performance	<ul style="list-style-type: none"> Ensures board members are well-prepared at every meeting to engage in meaningful discussion and decision-making Conducts meeting evaluations to determine efficiency, effectiveness and value of board meetings Conducts a regular board practices and performance self-assessment, and takes corrective action for improvement, when appropriate Ensures a corrective process is in place when a trustee isn't performing according to board standards and requirements 	<ul style="list-style-type: none"> Ensures board members are provided with agendas, reports, and other relevant materials well-enough in advance of meetings to enable meaningful and efficient discussion and decision-making Provides administrative assistance in conducting the board self-assessment
Trustee Knowledge	<ul style="list-style-type: none"> Reviews appropriate meeting materials and background information in advance of governance discussions and decision-making Participates in ongoing trustee education sessions, builds knowledge of governance roles/responsibilities and stays abreast of environmental factors and concerns via a range of sources (industry publications, electronic media, etc.) New trustees participate in an orientation that focuses on industry trends, community profile, the system's values and strategy, and the role of governance 	<ul style="list-style-type: none"> Ensures board members are provided with meeting materials and relevant background information necessary for meaningful and efficient discussion and decision-making Schedules and/or provides the board with information about upcoming educational opportunities relevant to the board Compiles and disseminates to the board informational and educational articles and publications Ensures new trustee orientation program is conducted
Executive Sessions	<ul style="list-style-type: none"> Used regularly to promote open communication between the board and CEO on serious or sensitive issues 	<ul style="list-style-type: none"> CEO participates actively in executive sessions Management role may be defined depending on the agenda
Conflict of Interest	<ul style="list-style-type: none"> Ensures a conflict of interest policy is in place and is adhered to Board members declare conflicts of interest and recuse themselves from proceedings as warranted. 	<ul style="list-style-type: none"> Administers annual disclosure statements Provides education, information and legal counsel regarding conflicts of information

Organizational Ethics

Responsibility	Board Role	Management Role
Development and Implementation of Organizational Ethics	<ul style="list-style-type: none"> Adopts a statement of values and ethical principles (code of ethics) for the hospital Adopts a statement of values and ethical principles (ethical principles) for the board 	<ul style="list-style-type: none"> Abides by the statement of values and ethical principles, and disseminates the values and ethics throughout the organization through personal actions as well as operational rules, policies, new employee orientation, training and internal communications
Awareness of Ethical Issues	<ul style="list-style-type: none"> Ensures that ethical principles and values are provided to all individuals who are employed by, or volunteer with, or are formally affiliated with the hospital Ensures that ethical principles and values are provided to patients and their families Ensures a process to allow confidential concerns about ethical issues from patients, employees or physicians to be brought to the attention of management 	<ul style="list-style-type: none"> Takes the operational steps necessary to ensure that the board-approved ethical principles and values are provided to all individuals who are employed by, or volunteer with, or are formally affiliated with the hospital Takes the operational steps necessary to ensure that the ethical principles and values are provided to patients and their families Develops and implements a process to allow confidential concerns about ethical issues from patients, employees or physicians to be brought to the attention of management

Quality, Patient Safety and Compliance

Responsibility	Board Role	Management Role
Defining and Understanding Quality	<ul style="list-style-type: none"> Has a board-approved definition of quality and patient safety Ensures quality and patient safety are a priority on board agendas Ensures a hospital culture of quality and safety, and a hospital-wide plan is in place for improving quality and patient safety and reducing medical errors Discusses and ensures adherence to Joint Commission requirements and patient safety goals 	<ul style="list-style-type: none"> Implements the board's strategic direction and high-level plans for improving quality and patient safety and reducing medical errors Takes necessary operational action to ensure adherence to Joint Commission requirements and patient safety goals
Monitoring Quality and Patient Safety	<ul style="list-style-type: none"> Utilizes a quality committee Sets targets for achieving the quality and patient safety goals, and ensures progress towards goals through regular monitoring and oversight Ensures a plan is in place for identifying and reporting adverse and sentinel events Ensures compliance with applicable state and federal regulations, including the Joint Commission, IRS, CMS, and others Ensure performance in voluntary measurements, such as CMS Hospital Compare performance measurements and patient satisfaction scores (HCAHPS), which are expected to be used for future value-based payments through consistent monitoring and oversight 	<ul style="list-style-type: none"> Provides management support for the quality committee Develops a quality improvement plan for achieving board-established quality and patient safety goals, establishes and implements the operational details necessary to fulfill the plan, Reports organizational performance in pre-defined areas to the board at regular intervals Ensures compliance with applicable state and federal regulations, including the Joint Commission, IRS, CMS and others; taking immediate corrective action when necessary and reporting compliance performance to the board Collects and reports voluntary measurement information regularly to the board
Corporate Compliance	<ul style="list-style-type: none"> Reviews and approves code of ethics and compliance plan Ensures compliance with state and federal regulations, and the requirements of the Joint Commission, IRS, CMS and other regulating entities Monitors execution of corrective actions to ensure full compliance 	<ul style="list-style-type: none"> Appoints a compliance officer Develops and implements a compliance plan, including organization-wide compliance training Facilitates internal and external audits, reporting audit results to the board Develops and implements corrective action plans as warranted

Relationship with the CEO

Responsibility	Board Role	Management Role
Board and CEO Roles	<ul style="list-style-type: none"> Understands the board's strategic/policy responsibilities vs. the CEO's operational responsibilities Adheres to the governing board's policy-making role, and does not interfere in the CEO's operations management role 	<ul style="list-style-type: none"> Understands the board's strategic/policy responsibilities vs. the CEO's operational responsibilities Expects the board to engage in deep, probing dialogue about strategic issues rather than "rubber stamp" management proposals and ideas
Communication, Support and Shared Goals	<ul style="list-style-type: none"> Consistently supports the CEO in the pursuit and implementation of board-approved objectives Mutual trust and respect exist between trustees and the CEO 	<ul style="list-style-type: none"> CEO maintains a positive relationship and ongoing communication with the board, including between board meetings when necessary Mutual trust and respect exist between trustees and the CEO
CEO Evaluation	<ul style="list-style-type: none"> Establishes CEO performance criteria and evaluates CEO performance annually Sets the CEO's compensation Has strong understanding of compensation structures, legal and regulatory requirements Uses comparative compensation data in setting compensation levels Uses pre-defined expectations and performance targets tied to organizational performance in setting compensation incentives Regularly reviews the CEO's compensation to ensure that it is reflective of compensation trends of organizations with a similar size and scope 	<ul style="list-style-type: none"> The CEO should know his or her evaluation criteria at the onset of the evaluation period, and the annual evaluation should not come as a surprise Management may participate in a 360 degree evaluation of the CEO

Responsibility	Board Role	Management Role
CEO Recruitment and Succession Planning	<ul style="list-style-type: none"> • Develops a clear CEO succession and recruitment plan, including setting a transition timeline, drafting desired CEO qualities, creating a clear job description and establishing performance criteria • Set's expectations for management talent and approves a clear process for identifying, retaining and developing internal management talent • Ensures development of and approves a leadership development program • Annually reviews and approves the CEO succession plan 	<ul style="list-style-type: none"> • Actively participates with the board, and advises the board on the development of a CEO succession and recruitment plan • Develops and implements the process for identifying, retaining and developing internal management "talent" • Develops and implements a leadership development program • Conducts an annual review o f the CEO succession plan, recommends updates and changes to the board

Workforce

Responsibility	Board Role	Management Role
Personnel Policies	<ul style="list-style-type: none"> Reviews and adopts Provides expertise and counsel upon request regarding human resource issues and policies 	<ul style="list-style-type: none"> Drafts policies and makes recommendations to the board, and administers adopted policies Conducts annual employee attitude surveys and evaluates results Develops strategies and implements action plans for strengthening employee satisfaction
Staff Salaries and Benefits	<ul style="list-style-type: none"> Approves budget, ensuring adequate resources are in place to assure a competent, high-quality patient care workforce Approves final labor contracts 	<ul style="list-style-type: none"> Develops compensation and benefits strategies Approves job classifications, salary ranges and benefits programs with input and recommendations from the supervisory staff Negotiates labor contracts
Hiring of Staff	<ul style="list-style-type: none"> Knows potential areas of workforce shortages, Understands current and emerging barriers to recruitment, provides expertise and counsel in devising strategies to meet workforce needs No role in hiring of individual personnel 	<ul style="list-style-type: none"> Develops and implements a plan to meet long-term projected workforce demands and anticipated shortages Hires and evaluates the people necessary to meet current and future projected workforce needs Develops and implements new employee orientation and training
Staff Responsibilities and Job Assignments	<ul style="list-style-type: none"> No role 	<ul style="list-style-type: none"> Administers staffing levels, job classifications, job descriptions, etc.
Staff terminations and reductions in force (layoffs)	<ul style="list-style-type: none"> No role in individual terminations, with exception of executive staff. Shall be advised of executive staff terminations and shall provide counsel upon request Is advised of expected reductions in force (layoffs) and understands the business needs, rationale and implications for reductions 	<ul style="list-style-type: none"> Makes final termination decisions Makes decisions regarding reductions in force (layoffs)
Staff Grievances	<ul style="list-style-type: none"> No role Is advised of potentially high-profile cases, particularly those that may generate media attention. 	<ul style="list-style-type: none"> Establishes and administers a staff grievance process Makes final grievance decisions

Responsibility	Board Role	Management Role
Staff Evaluation	<ul style="list-style-type: none">• No role, with exception of CEO evaluation	<ul style="list-style-type: none">• Responsible for the staff's performance evaluations

Medical Staff Privileging, Credentialing and Oversight

Responsibility	Board Role	Management Role
Appointments and Credentialing	<ul style="list-style-type: none"> • Approves bylaws, appointments and reappointments • Approves physician credentialing • Approves physician privileging 	<ul style="list-style-type: none"> • Provides management support for the credentialing and privileging processes, appointments and reappointments
Physician Oversight	<ul style="list-style-type: none"> • Ensures effective communication between medical staff and board • Ensures physician performance is aligned with hospital mission, vision, values, and strategic goals and objectives • Accountable for employed-physician compensation oversight • Has strong understanding of compensation structures, and legal and regulatory requirements and restrictions • Uses comparative compensation data in setting compensation levels • Uses pre-defined expectations and performance targets (e.g., quality, patient safety, patient satisfaction, etc.) in setting compensation incentives • Jointly establishes with medical staff, a well-defined process for addressing medical staff/board conflicts, and adheres to the process 	<ul style="list-style-type: none"> • Assists in facilitating communication between board and medical staff • Develops criteria, measures and indicators representative of physician performance expectations, to ensure alignment with hospital mission, vision, values, and strategic goals and objectives • Develops physician compensation structures and makes recommendations to the board
Physician Relationships and Involvement in Decision-Making	<ul style="list-style-type: none"> • Medical staff is represented on the board, within the limits of fiduciary responsibility and independence (e.g., ex-officio) • Ensures physician participation in strategic planning sessions, discussions and decision-making • Seeks medical staff advice and counsel on strategic issues, in order to help improve care outcomes • Understands the roles and responsibilities of the medical executive committee • Regularly assesses physician attitudes and needs • Ensures an effective physician leadership development program 	<ul style="list-style-type: none"> • Develops and oversees medical staff affairs • Receives reports and maintains relationships • Implements medical staff policy • Develops and implements a physician leadership development program

Financial Leadership

Responsibility	Board Role	Management Role
Budgeting	<ul style="list-style-type: none"> • Uses the annual budget process to define the most effective allocation of the hospital's limited resources; provides input and counsel to the CEO regarding budget assumptions and programmatic changes affecting the budget • Ensures adequate capital is available to achieve the plan • Approves the budget 	<ul style="list-style-type: none"> • Develops policy on standardized budget procedures • Prepares a preliminary budget that will support implementation of the strategic plan • Develops assumptions, targets and objectives and makes recommendations to the board
Monitoring Financial Progress	<ul style="list-style-type: none"> • Identifies and approves performance targets • Reviews performance targets at least quarterly • Uses financial performance reports to modify assumptions and shift resources, as necessary 	<ul style="list-style-type: none"> • Tracks detailed financial progress, and takes immediate corrective action when necessary • Develops financial reports for the board in an easy-to-understand format, highlighting major trends and key indicators, • Stimulates robust discussion and dialogue that enables timely decision-making
Financial Assistance (Charity Care), Billing and Collections	<ul style="list-style-type: none"> • Adopts financial assistance (charity care), billing and collections policies, ensuring they are mission-driven, comply with state and federal regulations and address recent public scrutiny related to the rates some hospitals charge self-pay patients in comparison to contracts with third-party payers; undisclosed availability of financial aid and charity care; unclear eligibility criteria and perceptions of aggressive collection techniques • Ensures financial assistance and charity care policies are clearly communicated to all patients, and determines whether the hospital offers financial advisors to assist uninsured patients in navigating their financial assistance options • Ensures hospital billing practices are patient-friendly, adopts billing and collections policies and procedures designed to strengthen community trust 	<ul style="list-style-type: none"> • Submits draft financial assistance, charity care, billing and collections policies to the board for review and approval • Implements the board-approved financial assistance, charity care and billing and collections policies • Implements communication and dissemination of financial assistance and charity care policies to employees and patients, • Per board determination, makes financial advisors available to assist patients • Develops and implements board-approved patient-friendly billing

Responsibility	Board Role	Management Role
Capital Purchases	<ul style="list-style-type: none"> Evaluates and approves requests and recommendations for capital purchases 	<ul style="list-style-type: none"> Prepares substantiated requests and recommendations for capital purchases
Decisions on Building, Renovation, Leasing, Expansion	<ul style="list-style-type: none"> Evaluates needs, proposals and recommendations, makes decisions 	<ul style="list-style-type: none"> Conducts research, prepares reports and makes recommendations for board consideration Exercises contractual authority
Supply Purchases and Repairs	<ul style="list-style-type: none"> Adopts supply purchase and repair policy 	<ul style="list-style-type: none"> Exercises purchase authority in accordance with board policy and maintains an adequate audit trail Authorizes repairs up to board approved amounts, and for amounts that can be spent without Board approval
Fees	<ul style="list-style-type: none"> Adopts policy as part of budget process 	<ul style="list-style-type: none"> Develops fee schedule

Community Health

Responsibility	Board Role	Management Role
Community Needs Assessment	<ul style="list-style-type: none"> Ensures a community needs assessment is conducted regularly, in accordance with IRS requirements, new health reform requirements (the Patient Protection and Affordable Care Act), and Joint Commission requirements Ensures input from individuals representing broad community interests, including those with knowledge/expertise in public health issues 	<ul style="list-style-type: none"> Conducts the community needs assessment and reports results to the board
Development and Support of Community Health Initiatives	<ul style="list-style-type: none"> Understands the strategic importance of initiatives designed to improve the health of the community Sets strategic goals to address community needs identified through the community needs assessment Allocates adequate resources to support pursuit of goals addressing community needs Ensures progress in achieving community needs goals through regular monitoring and oversight 	<ul style="list-style-type: none"> Develops and implements plans to ensure board-led strategic goals related to community needs are achieved Tracks progress in meeting community needs and makes reports to the board Addresses barriers and challenges that threaten goal achievement
Community Involvement and Communication	<ul style="list-style-type: none"> Ensures a process is in place to secure and evaluate community feedback on the value of hospital programs and services Uses feedback to enhance responsiveness to community health improvement opportunities Ensures results of shared improvement efforts are communicated to the community and other interested stakeholders 	<ul style="list-style-type: none"> Solicits community feedback on the value of hospital programs and services, and reports to the board Modifies community health improvement plans, based on board feedback and high-level direction Proactively communicates the results of shared improvement efforts to the community and other interested stakeholders

Community Relationships

Responsibility	Board Role	Management Role
Advocacy	<ul style="list-style-type: none"> • Approves the hospitals advocacy/political agenda • Ensures elected officials' knowledge of issues and their implications for hospitals • Advocates and lobbies for political issues affecting the organization 	<ul style="list-style-type: none"> • Develops legislative/political strategies and recommends hospital position and message to board • Ensures board education and understanding of issues and facilitates board advocacy and communication with elected officials • Is knowledgeable and well-informed regarding issues, conducts ongoing communication with elected officials
Community Relations	<ul style="list-style-type: none"> • Acts as community "ambassadors," ensuring that trustee actions contribute to building and sustaining a positive image for the hospital • Keeps the community informed about the benefit the hospital provides, and ongoing issues and challenges • Acts as an advocate and information source to the community 	<ul style="list-style-type: none"> • Keeps community informed about the benefit the hospital provides, and ongoing issues and challenges • Manages the public/community relations function
Ensuring Public Trust and Confidence	<ul style="list-style-type: none"> • Sets goals for transparency in key areas, including cost, quality and governance • Ensures a community benefit report is regularly published and distributed • Ensures results of community needs assessments, financial assistance policy and other documents are made readily available to the public in accordance with applicable regulations 	<ul style="list-style-type: none"> • Carries out transparency goals through a variety of communication methods and community partnerships • Develops and distributes the community benefit report, with board approval • Implements public availability of documents and information in accordance with applicable regulations

Sources and Additional Information

1. The Excellent Board: Practical Solutions for Health Care Trustees and CEOs, edited by Karen Gardner. AHA Press. 2003.
2. Knowledge Center. BoardSource. www.boardsource.org.
3. Lauter, Vicki Z. Preparing for the Future. *Hospitals and Health Networks*. November 14, 2006.
4. Horikawa, Saori and Hempill, John. Serving on a Nonprofit Board in the Post-Enron World. Morrison & Foerster, LLP. San Francisco, CA.
5. IRS Publication 4221, *Compliance Guidelines for 501(c)(3) Tax-Exempt Organizations*, available at www.irs.gov.
6. Mobley, Kim and Totten, Mary K. Physician Compensation Requires Enhanced Board Oversight. *Trustee*. April 2011.
7. Arnwine, Don L. Effective Governance: The Roles and Responsibilities of Board Members. Baylor University Medical Center Proceedings, Volume 15, Number 1. January 2001.
8. American Medical Association. Principles for Strengthening the Physician-Hospital Relationship. www.ama-assn.org.



POLICY TITLE:	ELECTION & APPOINTMENT AND DUTIES OF BOARD OFFICERS
POLICY NUMBER:	BOD-02
COMMITTEE APPROVAL:	06-17-2020
BOARD APPROVAL:	06-23-2020

POLICY #BOD-02: It is the policy of the Desert Healthcare District (“District”) to establish the rules for appointment of Board officers and sets forth the election process and the duties of the officers. Further, the roles and responsibilities of said officers are as described in this policy.

GUIDELINES:

1. Appointment and Term of Office of Board Officers

To codify the process that has been used in previous years, the following language will be added:

Process for the Election of Board Officers

The officers of the Board shall be chosen by the Board as the first agenda item at the first regular board meeting in December. Legal Counsel calls for nominations for the position of Board President, closes nominations and a vote is taken. The process continues for the positions of Vice-President/Secretary (the position of Vice-President is both Vice-President/Secretary) and for the Treasurer. The term of the officers are for one (1) year, but officers may be re-elected in subsequent years.

2. Board President

The President shall serve as chairperson at all Board meetings and shall have the same rights as the other Board Members in voting; introducing motions, resolutions; and participating in discussions. The President assures the integrity of the Board’s process and, secondarily, occasionally represents the Board to outside parties. In public meetings, the Board President adheres to and implements the rules of order as approved by the Board. The President behaves consistently with District policies and those legitimately imposed upon it from outside the organization. In the absence of the President, the Vice-President shall



serve as chairperson. If both the President and Vice-President are absent, the remaining Board Members shall select one of themselves to act as chairperson.

In addition, the duties of the President include:

2.1 The President shall execute Board documents on behalf of the Board unless such authority has been delegated to the Chief Executive Officer under specific circumstances.

2.2 The President is empowered to chair Board meetings with all the commonly accepted authorities of that position (e.g., ruling, recognizing, keeping order, changing the order of announced agenda items).

2.3 The President shall appoint Board committee members and committee's chair position.

2.4 The President has no authority to supervise or direct the Chief Executive Officer. The President has no more authority than any other board members.

2.5 The President shall work with the Chief Executive Officer in monitoring and planning the agenda forecast.

2.6 The President may represent the Board to outside parties in announcing and presenting of the Board after formal Board action has been taken.

2.7 The President may determine, in concert with the Chief Executive Officer as necessary, whether to place on an agenda consideration of documents of support or recognition (e.g., resolutions, commendations, certificates of appreciation, etc.) for individuals, organizations or efforts in the community by evaluating whether the individual, organization or effort has a clear nexus to issues relevant to the District.

2.8 The President may also sign such certificates established in 2.7 upon successful approval of the Board.

2.9 The President may make and second motions and vote in the same manner as other Board members.

2.10 Agenda items may be added by the President or at the request of two board members.

2.11 There is no veto power from the President.

3. Board Vice-President/Secretary

The Board shall elect one of its members as Vice President/Secretary at the first regular meeting in December of each year.

3.1 In the absence of the President, the Vice-President/Secretary shall perform the duties of the President.

3.2 The Board Vice-President/Secretary shall provide for keeping of the minutes of all meetings of the Board in accordance with the adopted rules of the Board.



3.2.1 The Vice-President/Secretary shall sign the minutes of the Board meeting following their approval.

3.3 The Vice President/Secretary shall give or cause to be given appropriate notices in accordance with the policies and bylaws or as required by law and shall act as custodian of District records and reports.

3.4 The Vice-President/Secretary may delegate the Board Secretary duties to a District Staff member and not a member of the Board of Directors.

4. Board Treasurer

The Board shall appoint a Treasurer at the first regular meeting in December of each year.

4.1 The Treasurer shall be charged with the safekeeping and disbursement of the funds in the treasury of the District.

4.2 The Treasurer will serve as chair of the Finance, Legal, Administration, & Real Estate Committee.

AUTHORITIES

Desert Healthcare District Bylaws Article VII

DOCUMENT HISTORY

Revised	06-23-2020
Approved	12-15-2015



POLICY TITLE: **APPOINTMENT & DUTIES FOR COMMITTEES**

POLICY NUMBER: BOD-03

COMMITTEE APPROVAL: 11-09-2020

BOARD APPROVAL: 11-24-2020

POLICY #BOD-03: It shall be the policy of the Desert Healthcare District (“District”) that the Board of Directors (“Board”) President shall appoint Board members to all committees and all committees shall be advisory only to the full Board of Directors unless otherwise specifically authorized to act by the Board. The District encourages community engagement to ensure the community’s voice is heard. For guidelines, reference Policy #OP-15 Engagement of the Community, Public, and Subject Matter Experts.

1. DISTRICT BOARD COMMITTEES:

1.1. Ad-hoc Committees. Special Ad-hoc Committees of less than a quorum of the Board may be appointed by the Board President, for specific tasks or for a limited or a single purpose that is not perpetual. Ad hoc Committees shall not be created by formal action of the Board and shall be dissolved once the specific task is completed.

1.2. Standing Committees. The District Bylaws shall reference and list the Board Standing Committees which shall meet regularly to review reports from District staff, legal counsel, and consultants relating to the subject matter of the committee. Annually at the first Board meeting following the election of officers the Board President shall appoint three Board members to each Standing Committee and a chairperson. The Board Treasurer shall serve as the Chair of the Finance, Legal and Administrative Committee (F&A Committee). There shall be the following Standing Committees:

1.2.1. Program Committee. This committee shall be responsible for oversight and for making recommendations to the Board on District matters related to grant-making and related programs.

1.2.2. Finance, Legal, Administration, and Real Estate Committee (F&A). This committee shall be responsible for review of, and making recommendations to the Board where appropriate on, matters related to finance, administration, human resources, property management, legal affairs (including legislation), real estate, and information systems (IS).

1.2.3. Strategic Planning Committee. This committee shall meet quarterly or more often, if needed, and shall be responsible for monitoring the District’s



progress in achieving the goals and expectations outlined in the District's strategic plan.

1.2.4. Hospital Lease Oversight Committee. This committee shall meet quarterly or more often, if needed, and shall be charged with oversight responsibilities to ensure compliance with the terms of the current Lease of Desert Regional Medical Center.

1.2.5. Board and Staff Communications & Policies Committee. This committee shall meet quarterly or more often, if needed, and shall be responsible for monitoring and developing the District's Board and staff communications and relations. The committee is also responsible for developing and maintaining the District's policies and policies manual.

2. PROGRAM COMMITTEE. In accordance with the District's mission and strategic plan, the grant program provides funds to qualified nonprofit and governmental grantees to make positive impacts on community health and improve access to health care. The Program Committee recommends grant making policy to the Board of Directors and guides and monitors District grant making functions and program-related activities through which the District carries out its strategic plan to improve the health of the District's residents.

2.1. Responsibilities. The responsibilities of the Program Committee include the following:

- To identify trends and healthcare needs that can be addressed by the District and provide input on needs assessments conducted by District staff.
- To provide advice, counsel and feedback to staff as needed during program development.
- To monitor implementation of grant making and program-related activities to ensure alignment with the District's Strategic Plan.
- To identify key program issues to be discussed at the Board level.
- To consider grant proposals and recommendations provided by staff and make recommendations of grants to approve to the District's Board of Directors.

3. F&A COMMITTEE. In accordance with the District Bylaws, this committee shall be responsible for oversight and for making recommendations to the Board where appropriate on matters related to finance, administration, human resources, property management, legal affairs, (including legislation) real estate and information systems (IS).



3.1 Responsibilities. The responsibilities of the F&A Committee include the following:

- To understand the financial needs and conditions of the District.
- To provide objective perspective regarding finances.
- To provide advice, counsel and feedback to the committee as requested during budget development.

4. STRATEGIC PLANNING COMMITTEE. In accordance with the District Bylaws, this committee shall meet quarterly and more often, if needed, and shall be responsible for monitoring the Districts' progress in achieving the expectations outlined in the District's strategic plan.

4.1 Responsibilities. The responsibilities of the Strategic Planning Committee include the following:

- Responsible for monitoring the District's progress in achieving the expectations outlined in its strategic plan.
To provide vision and guidance on the development of the District's strategic plan.
- To monitor implementation of the District's strategic plan and program-related activities to ensure programs/initiatives are achieving the desired impact.

5. HOSPITAL LEASE OVERSIGHT COMMITTEE. In accordance with the District Bylaws, this committee shall meet quarterly or more often, if needed, and shall be responsible for oversight to ensure compliance with the terms of the current lease of Desert Regional Medical Center.

5.1 Responsibilities. The responsibilities of the Hospital Lease Oversight Committee include the following:

- Review of all mandated Hospital operation scores and reports performed by independent third parties.
- Review of quarterly inspections of Hospital facilities.
- Provide updates to the Board of Directors.
- Provide an annual report reflective of lease requirements from lessee.



AUTHORITIES

Desert Healthcare District Bylaws Article VI

DOCUMENT HISTORY

Revised	11-24-2020
Revised	04-23-2019
Approved	03-22-2016