



Washington State
Hospital Association



Association of Washington
Public Hospital Districts

GOVERNANCE EDUCATION

Preparing for the Future By Knowing Your Present State: The Importance of Regular Board Self-Assessments

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Commissioner Survey

Any questions, contact
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Scan me!

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Leadership During Challenging Times

2023 U.S. Hospitals Financial Snapshot

Key Takeaways

1. Hospital margins end year in difficult shape.

Despite modest margin improvements in November and December, suggesting a positive trendline heading into the new year, 2022 was the worst financial year since the start of the pandemic. Approximately half of U.S. hospitals finished the year with a negative margin as growth in expenses outpaced revenue increases.

2. Financial pressures driven by labor expenses.

Hospitals faced prolonged increases in labor expenses last year. The increases were driven in part by a competitive labor market, as well as hospitals needing to rely on more expensive contract labor to meet staffing demands. Increased lengths of stay due to a decline in discharges also negatively affected hospital margins.

3. Outpatient settings see increased volume.

The front door of the hospital continues to shift away from the emergency department. Hospitals experienced increased outpatient volumes, including in surgical settings.

4. Success in 2023 tied to learning lessons of '22.

Expense pressures are unlikely to recede in 2023. Hospitals that embrace better workforce management strategies, secure more stable supply lines, and more effectively negotiate with payers are likely to have better financial years in 2023. Hospitals should also leverage their outpatient footprint and improve relationships with post-acute settings to maximize current patient volume trends.

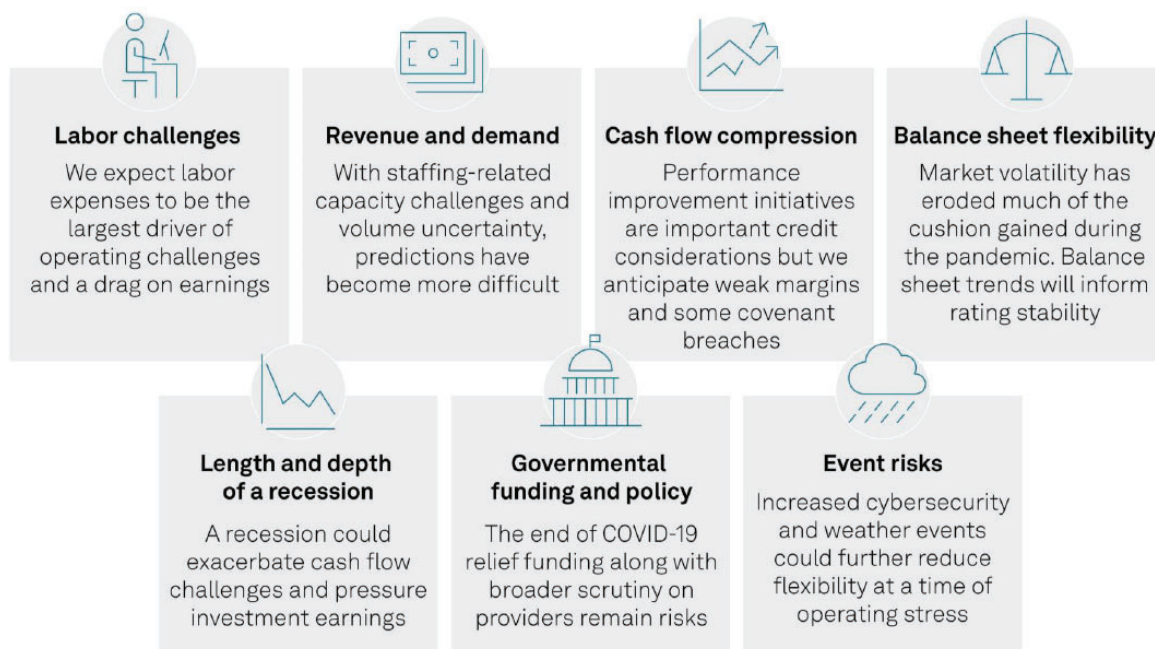
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NATIONAL HOSPITAL FLASH REPORT JANUARY 2023

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Key Drivers of the Current State



Demands and Expectations Facing Hospital Leadership

- **Board Expectations and Relationships**
- **Medical Staff Expectations and Relationships**
- **Employee Expectations and Relationships**
- **Patient Expectations and Relationships**
- **Public Expectations**
- **Political Expectations**
- **Quality Standards**
- **Audit/Accounting Standards**
- **Third Party Payor Agreements**
- **Staffing Shortages**
- **Generational Workforce Changes**
- **State Licensing Requirements**

Feeling
overwhelmed
yet?

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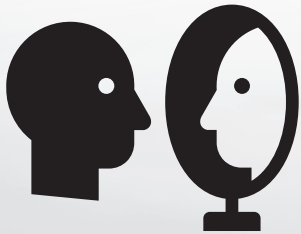
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Board Modes of Operating

	Fiduciary	Strategic	Generative
Description	Financial and asset stewardship, oversight, compliance, accountability, risk management, set policy	Set goals and strategic direction, monitor progress and performance	Identify organization's purpose/mission and values—its identity, ensure mission and values drive strategies, decision-making
Board's Core Work	Technical—ensures accountability	Analytical—shapes strategy, review performance	Creative—discerns problems, engage in sense making
Key questions	What's wrong?	What's the plan?	What's the question?
Way of deciding	Reaching resolution	Reaching consensus	Grappling and grasping
Performance metrics	Facts, figures, finances, reports	Strategic indicators, competitive analysis	Signs of learning and discerning

Sources: Hurtubise M., and S. Goodine, "Moving Toward a Generative Governance Model," London InterCommunity Health Centre. A. Brew, "Strengthening Leadership and Governance for Nonprofit Boards," PwC Canada. "Using Generative Governance Principles for Better Boardroom Conversations," BoardSource.

Time to Look in The Mirror: What Top Performing Boards Ask Themselves



1. Are meetings conducive to having the conversations that really matter?
2. Are we getting the information and education to govern effectively?
3. How will we replace ourselves and ensure greater diversity?
4. What do we expect of each other and how will we work together?
5. Are we focusing on the right things?



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More Than Perfunctory

Regular Board Self-Assessment Can...

- Identify collective strengths of the board and areas for enhancement and/or improvement
- Clarify and refresh the board's understanding of its roles and responsibilities
- Assess overall board performance across key areas of governance
- Allow for discussion of challenging issues in an objective, safe manner
- Identify gaps in knowledge or understanding from which to build an actionable education work plan



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Key Elements of an Effective Self-Assessment Process: Does yours...



Contain the right areas of focus for your organization and board? (e.g., Oversight of Quality, Finance, Advocacy, Management, and Board Effectiveness)?



Consist mainly of clear, closed-ended questions utilizing a 5-point response scale for effective comparisons and reporting, with a few critical open-ended questions?



Maintain consistent year-over-year assessments to allow for multiyear progress tracking?



The Five Levels of Board Performance

Level 5

I **strongly agree** with this statement. We always practice this as part of our governance. Our performance in this area is outstanding.

Level 4

I **generally agree** with this statement. We usually practice this as a part of our governance, but not always. We perform well in this area.

Level 3

I **somewhat agree** with this statement. We often practice this in our governance, but we are not consistent. We perform fairly well in this area.

Level 2

I **somewhat disagree** with this statement. We inconsistently practice this as a part of our governance. We do not perform well in this area.

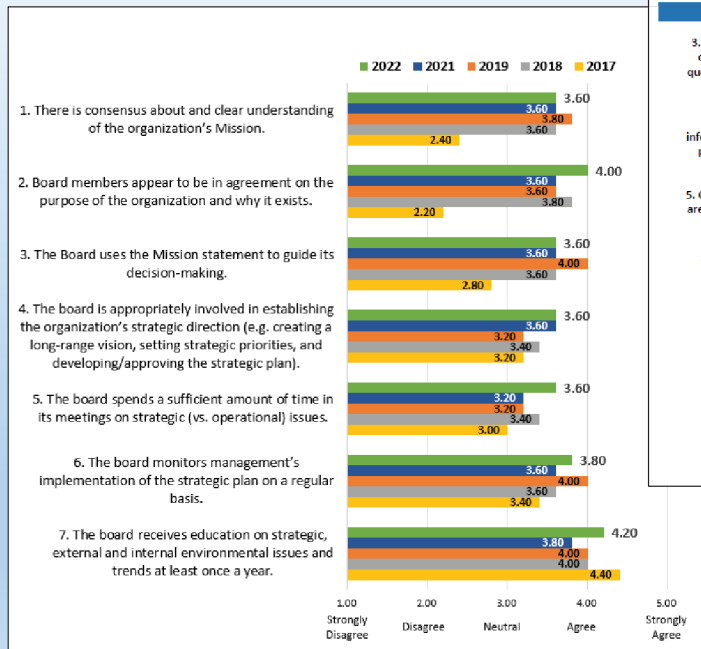
Level 1

I **disagree** with this statement. We never practice this as part of our governance. We perform very poorly in this area.

Not Sure: I do not have enough information to make a determination about our performance in this area.



Sample BSA Reports



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Now What? How to Use Your Board Self-Assessment Results

Develop a report highlighting areas of strength and areas of opportunity.

Dedicate board time to review and discuss the survey results and discuss next steps.

Design a Board Action Plan to ensure accountability and timely completion of identified areas for improvement.

Create processes and documents to supplement the Board Action Plan and enhance overall board effectiveness (e.g., annual board work plan, consistent meeting agendas, board education calendar)



Sample Documents: Board Action Plan

SAMPLE Board Action Plan				
	What (Brief description of action item or step)	Who (Responsible Party)	By when (Target Completion Date)	Current status (Progress Update)
Board Meeting Effectiveness				
1.	• Maintain ongoing calendar of generative thinking sessions that focus on discussion and asking generative questions about topics relevant to the organization or the community's wellbeing.	Full Board	May	Scheduled
2.	• Review annual board workplan and consider adjusting agenda topics to better balance time spent in education sessions relative to board business.	Board Chair/ Full Board	May	Under consideration
Board Governance				
3.	• Review board policies for areas that may benefit from refinement.	Board Chair/CEO	September	Not yet started
Board Member Onboarding and Continued Education				
4.	• Review board policy on orientation of new members and consider updating or enhancing it.	Full Board	March	Not yet started
5.	• Maintain rolling list of education topics for board education sessions and ensure members are informed of external education opportunities.	Full Board	April	Underway



Sample Documents: Annual Board Work Plan

SAMPLE Annual Board Work Plan (for alternating bi-monthly board meetings and education sessions) <small>This is a working document that will be regularly updated</small>	
In addition to the topics listed below, the following will be received at every board meeting: <input type="checkbox"/> Minutes <input type="checkbox"/> Reflection/Safety story <input type="checkbox"/> CEO Report <input type="checkbox"/> Financials <input type="checkbox"/> Quality Update <input type="checkbox"/> Executive Session	
January Board Meeting	<ul style="list-style-type: none"> Review Annual Board Self-Assessment (BSA) Results Chief Executive Annual Goals
February Education Session	Board Education Topic: Community Health, Outreach Strategies, Community Assessment
March Board Meeting	<ul style="list-style-type: none"> Bylaws Review Task Force Update Nominating Committee Formalization 2023 Annual Board Work Plan Review
April Education Session	Board Education Topic: The Changing Healthcare Landscape: Strategic Competitors
May Board Meeting	<ul style="list-style-type: none"> Mid-Year Update on Progress Against Annual Chief Executive Goals
June Education Session	Board Education Topic: Legislative Advocacy and The Board's Role
July Board Meeting	<ul style="list-style-type: none"> Board Begins Annual Board Self-Assessment Process Chief Executive Performance Evaluation Results
August Education Session	Board Education Topic: Cybersecurity and Technology
September Board Meeting	<ul style="list-style-type: none"> Board Begins Annual Board Self-Assessment Process Chief Executive Performance Evaluation Results
October Education Session	Board Education Topic: Understanding Quality Reports and Dashboards
November Board Meeting	<ul style="list-style-type: none"> Annual Board Governance Approvals <ul style="list-style-type: none"> 2024 Board Leadership (VOTE) 2024 Board and Committee Membership (VOTE) Financial Report: Year-end Financial and Preliminary Budget Review End of Year Update on Progress Against Annual Chief Executive Goals
December Education Session	Board Education Topic: Governance Effectiveness, Board duties, responsibilities, and accountabilities



Board Culture Matters Most

“We’ll be fighting the wrong war if we simply tighten procedural rules for boards and ignore their more pressing need to be strong, high functioning work groups whose members trust and challenge one another and engage directly with senior managers on critical issues.”

*Jeffrey Sonnenfeld, “What Makes Great Boards Great,”
Harvard Business Review*



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THANK YOU AGAIN FOR ATTENDING 2023 FUTURE BY KNOWING YOUR PRESENT STATE: THE IMPORTANCE OF REGULAR BOARD SELF-ASSESSMENTS.

A REMINDER FOR THOSE WHO ARE WORKING TOWARDS EARNING THEIR HEALTH CARE GOVERNANCE CERTIFICATION, PARTICIPATION IN THIS COURSE QUALIFIES FOR (1) CREDIT HOUR.

THIS CREDIT WILL AUTOMATICALLY BE LOGGED TO YOUR GOVERNANCE EDUCATION PORTAL ACCOUNT.

IF YOU HAVE ANY FURTHER QUESTIONS, OR WOULD LIKE TO PROVIDE FEEDBACK ON THE COURSE, PLEASE FEEL FREE TO EMAIL US: GOVEDU@WSHA.ORG

THANK YOU FOR JOINING US AND HAVE A GREAT DAY!