



The Governance Institute's Fax Poll Results—December 2002

Board Quality Committees

"We are what we repeatedly do. Excellence, then, is not an act, but a habit." —Aristotle

As healthcare watchdogs move into healthcare organizations' backyards, board involvement in quality oversight increases in importance. But how much is just the right amount of board involvement? Are there good examples of hospitals and health systems that have effective and appropriate quality reporting mechanisms? The Governance Institute surveyed its members to determine the extent to which

quality oversight responsibilities have permeated the formal structure of its members' boards.¹ The Board Quality Committee Fax Poll was distributed to 446 members on November 5, 2002; 103 members responded (23% response rate).

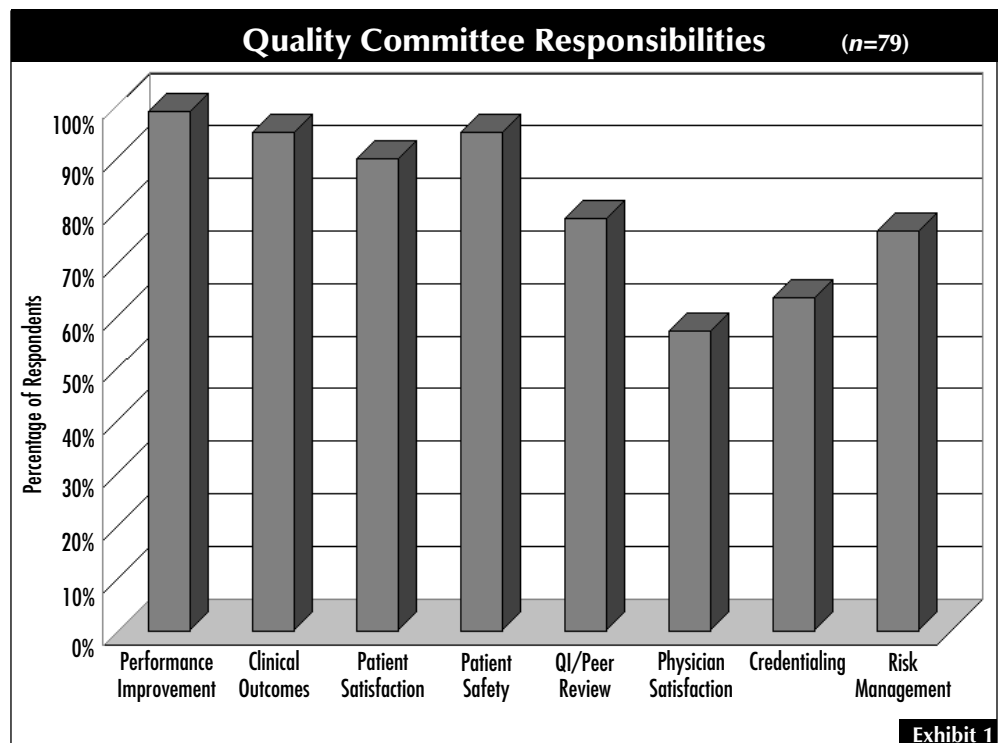
A significant majority of the respondents (86%) noted that the full board has an agenda item related to quality at almost every board meeting. Most respondents

(82%) also said they have at least one board committee responsible for quality-related issues. The primary responsibilities of the board "quality" committee² for at least 90% of the respondents include performance improvement, clinical outcomes, patient safety, and patient satisfaction (see Exhibit 1).

Committee composition relies heavily on board representation. Our respondents have an average of five non-physician board members; management has an average of 3.5 representatives. Physician board members on the board quali-

Key Findings

- 86% of the respondents said the full board has an agenda item related to quality at almost every meeting.
- 82% said they have one or more board committees responsible for quality-related issues.
- Responsibilities noted by most of our respondents (at least 90%) include performance improvement, clinical outcomes, patient safety, and patient satisfaction.
- Our respondents' board quality committees have an average of five non-physician board members.
- More than half of the respondents currently have seven of nine "best practices" in place for their board quality committee(s).



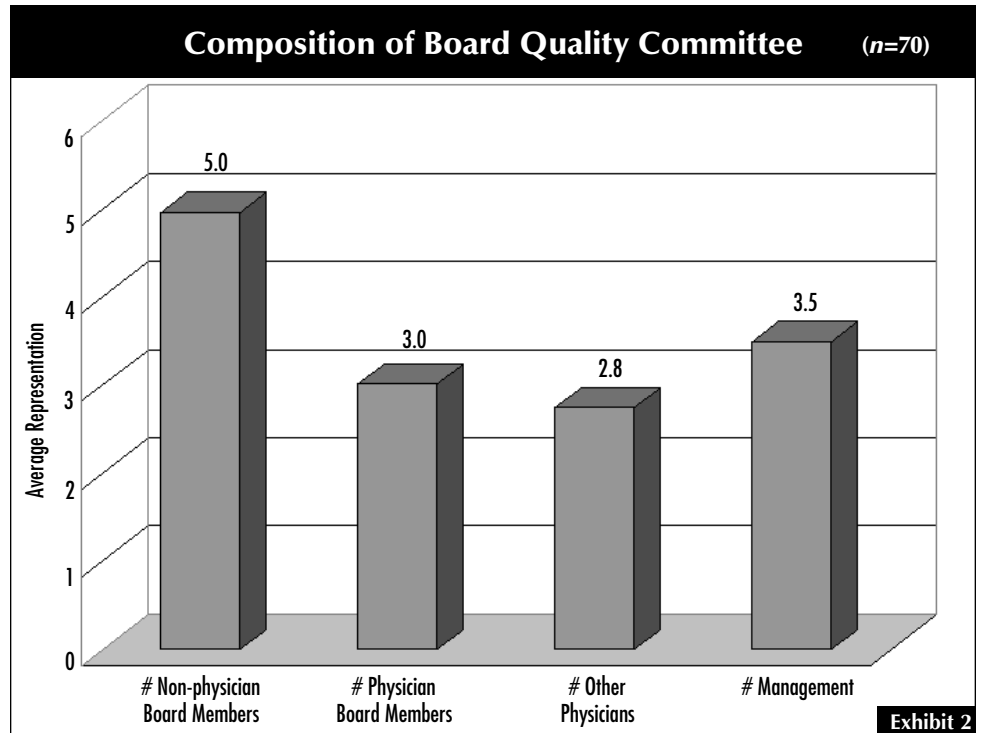
¹The Governance Institute extends a special thank you to Barry S. Bader of Bader & Associates for his significant contribution to the development of the fax poll questionnaire on board quality committees. See the full array of Barry's governance topics at www.GreatBoards.org. He is also a Governance Institute Advisor. (See Barry's comments on this fax poll on page 3.)

²Board quality committees go by many names.



ty committee average three per responding members; other physicians are nearly equally represented (an average of 2.8) (see Exhibit 2). On average, board quality committees meet about eight times per year—some respondents noted quarterly meetings, while others reported monthly meetings.

Some respondents said they have two board committees that deal with “quality” issues. Sixteen noted that a second committee fills in the gaps; that is, a few of the responsibilities that are not handled by the lead board quality committee are dealt with by another committee—most frequently named responsibilities were medical staff quality improvement/peer review, credentialing, and risk management. For half of these respondents (8), there was overlap of responsibilities between the two committees.



We described nine “best practices” for board quality committees, and all respondents with a board quality committee noted having at least one of these in place. More significantly, about half of the respondents use at least seven of the nine on our list (see table below).

Board Quality Committee Best Practices	(n=84)	% of Respondents
1. Leadership. The committee chairperson is very active in establishing the agendas and work of the committee.		75%
2. Goal-setting. The committee is proactive in articulating a quality agenda and recommending to the board quantifiable, quality-related goals and objectives.		62%
3. Composition. Our committee includes members who have a quality-related background in industry or education.		55%
4. Composition. Our committee includes physicians who are active and very supportive of the committee’s work.		89%
5. Education. A board retreat focused in full or in part on quality, and/or educational presentations on quality-related issues are made at board or committee meetings.		62%
6. Information. We display key quality performance measures in a dashboard or balanced scorecard format that compares our results with benchmarks.		95%
7. Information. We provide the board or a committee with external quality ratings, such as those from The Leapfrog Group, HealthGrades, JCAHO ORYX, etc.		83%
8. Integration. We have asked the board’s quality committee to examine quality-related elements of proposed, new clinical services and programs.		31%
9. Credit. We provide physicians with CME credit for committee work.		1%



Who Responded?

Freestanding hospitals represented over 45% of our responding organizations; multi-hospital systems and hospitals in multi-hospitals were a close second at 44.2% (26.3% and 17.9%, respectively). Hospital

size was predominantly represented by organizations with 100–299 beds (33.7%). A majority (73%) have annual gross revenues between \$25–\$500 million, and 41% in this range reported annual gross revenues of \$250–\$499 million.

Comments from Barry S. Bader on the Quality Committee Fax Poll

The Governance Institute's fax poll offers reassuring evidence that healthcare governing boards recognize the importance of their role in quality oversight. More than four of five boards responding have a Board Quality Committee, review performance measures in dashboard-style reports, spend time on quality matters at board meetings, or do all of these.

Effective governance requires that the board is proactive, not just reviewing quality reports but taking action designed to improve clinical outcomes, patient safety, and customer service. Here, the fax poll suggests boards have an opportunity to improve their effectiveness:

- ▶ Only 62% of board quality committees take the initiative to articulate a quality agenda and recommend to the board quantifiable, quality-related goals and objectives.
- ▶ Only 31% examine quality-related elements of proposals for new clinical services and programs, such as asking how quality will be measured or how the new project will enhance access, outcomes, safety, or customer satisfaction.

By contrast, the Board Quality Committee at Swedish Health Services in Seattle, WA recommends to the full board measurable quality targets, an annual improvement plan, and medical care policies that support achievement of the health system's strategic vision. (For further information, see the case study on the following pages).

The fact that many boards approach their quality-related responsibilities in a more passive manner than financial and strategy matters is not surprising. Medical care is complex, the jargon is intimidating, and directors schooled in business are more reluctant to question physicians about clinical matters than they are to challenge management about financial variations. That's why it's important to select quality committee members who aren't overwhelmed by clinical issues and who can frame probing questions and understand the answers. Physician members of board quality committees play a dual role—to educate other members in how to interpret clinical issues and to support a proactive role for the committee.

Committee members with a quality-related background in industry or education can also help boards exercise leadership in quality matters. They know first-hand how methodologies such as Six Sigma, benchmarking, and balanced scorecards can be applied to achieve lasting improvements.

The most important word in a Board Quality Committee's vocabulary is "why?" Why are our outcomes lower than comparable institutions? Why does it take us longer to turn around diagnostic test results than our peers? Why are some clinical departments resisting critical pathways? Board Quality Committees that ask *why* will ultimately get to the root causes and can then support the development of improvement initiatives and measurable quality goals.

Board Quality Committee Case Study

Organization: Swedish Health Services, Seattle, WA

Persons Interviewed: Richard Peterson, President & CEO; Judy Morton, Vice President, Quality Integration and Improvement

Statement of Issue: One of the five responsibilities of healthcare boards is quality oversight. Many organizations meet this responsibility by establishing a formal quality review process that has at its epicenter a board Quality Committee. The effectiveness of this board committee depends on its composition and how the staff organizes and presents information about quality for committee review and action.

Organization Description: Swedish Health Services (SHS) is a regional teaching hospital with 1,300 licensed beds (950 in operation). It has three campuses, 1,800 on the medical staff, almost 6,500 employees, net revenue of \$900 million. Located in Washington, it serves the greater Seattle metropolitan area—about 2.5 million people. Richard Peterson, President & CEO, has been at SHS since 1995.

SHS has a system board only, no individual hospital fiduciary or advisory boards.

Board Quality Committee Description: Swedish Health Services has had a Board Quality Committee since 1997. A committee of the board, it has a formal charter, and meets monthly for two hours. Its responsibilities, as detailed in its *charter*, are as follows:

- Review, refine, and recommend board approval of:
 - Values of Swedish Health Services.
 - Measures and targets/goals (that) will allow Swedish Health Services to regularly assess progress toward the achievement of the SHS vision.
 - Annual quality report/evaluation of progress toward the achievement of strategic goals.
 - Annual performance improvement plan. (Editors note: Annual Quality Plan).
 - Clinical and administrative policies that support the achievement of the SHS vision and align with accrediting/licensing bodies (e.g., medical staff credentialing policies, etc.).
 - Quality reports (describing progress toward the achievement of strategic goals and other required areas of performance; e.g., safety).
- Ensure that management and medical staff structures are established and functioning to support the achievement of quality goals.
- Monitor and evaluate the performance of SHS in comparison to national and local quality standards for clinical outcomes and customer satisfaction.
- Oversee institutional accrediting and licensing efforts.
- Review and monitor the operation of programs and activities designed to recognize Swedish Health System employees for their achievements and contributions.
- Review and recommend to the board of trustees recommendations of the medical staff of SHS with respect to the appointment, credentialing, and recredentialing of members of and applicants for membership to the medical staff of SHS, and with respect to quality management/assurance and improvement reports, in a manner consistent with [Article X, paragraph X] of the SHS bylaws.

Board Committee Size and Composition

The Board Quality Committee has the following composition:

➤ *Board Members*

- At least three active members of SHS's board of trustees
- Chairperson, SHS board of trustees (ex-officio)

➤ *Physician Members*

- Chief of Staff, Campus 1
- Chief of Staff, Campus 2
- Chief of Staff, Campus 3
- Associate Chief of Staff, and Chair, Quality Management Committee (serves as both a physician and an administrative member)

➤ *Administrative Members*

- CEO and President (ex-officio)
- Chair, Quality Management Committee
- COO, Campus 1
- COO, Campus 2
- COO, Campus 3
- VP, Medical Affairs
- Medical Director of Campus 1 and 3

The committee is chaired by a designated member of the board of trustees, and staffed by the Vice President, Quality Integration & Improvement, and the Director of Clinical Effectiveness.

The Quality Process

The Quality Management Team, a very active group, is comprised of about 20 senior managers and meets for three hours every month. The system CEO chairs the Quality Management Team and also sits on the Board Quality Committee.

The Quality Management Committee is a clinical committee that meets monthly for 1+ hours (they are planning to extend the meeting time). The associate chief of staff chairs the Quality Management Committee and also sits on the Board Quality Committee.

The Quality Integration and Improvement division of SHS staffs all quality committees, including the Board Quality Committee. This division was set up in 1996 and is led by vice president Judy Morton. It coordinates and integrates system-wide quality initiatives.

The Quality Management Team and the Quality Management Committee put together the annual quality plan, which is based on *five strategic goals*:

Swedish Health Services will be the:

1. Best place to receive care
2. Best place to work
3. Best place to practice
4. Best place to purchase care
5. Best partner

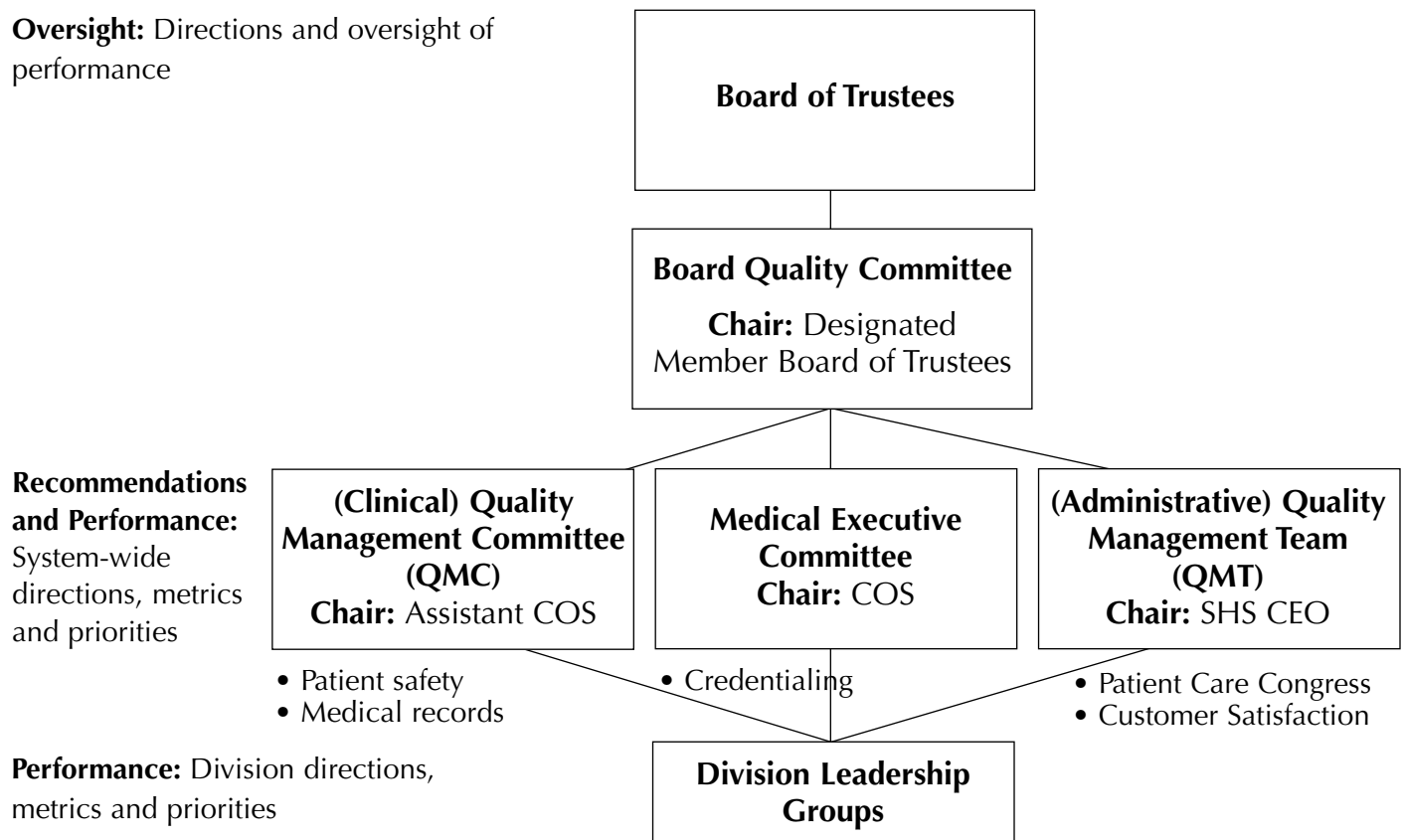
Both the Quality Management Committee (QMC) and the Quality Management Team (QMT) report to Board Quality Committee. These two groups have key features:

- They work together to define annual objectives related to the five system goals.
- The QMC focuses on the strategic goal “the best place to receive care” and thus oversees clinical quality improvement efforts, clinical guidelines, etc.
- The QMT works on all five system goals, and also oversees employee, physician, and patient satisfaction assessment and improvement.

Also feeding into the Board Quality Committee is the Medical Executive Committee (MEC). The elected Chief of Staff chairs this committee. The medical staff Credentials Committee reports to the MEC on recommendations for extending privileges to physicians. The MEC passes its recommendations to the Board Quality Committee.

Flow of Performance/Quality Information

Oversight: Directions and oversight of performance



The Board Quality Committee reviews and approves the annual quality plan. It oversees the organization's progress toward stated objectives by reviewing the quarterly strategic measures (balanced scorecard) report prepared by the Quality Integration and Improvement Division. The Committee also receives an annual progress report that describes performance on strategic goals, progress on the annual PI plan, reflections/emerging lessons, and the recommended PI plan for the following year.

The chair of the Board Quality Committee reports to the full board at each board meeting. The quarterly and annual quality reports go to the full board, and the committee chair goes over the highlights of these reports at each board meeting.

Why This Process Works for Swedish Health Services

This process works very well, according to Mr. Peterson. It has three key features that can be applied in any healthcare organization looking to revamp its quality program.

1. It focuses on measurement
2. It creates interest and alignment
3. It focuses on high priority goals
4. It sets a tone

Measurement

Quality efforts take on meaning when they are translated into measurable objectives. It takes the best work of the medical staff, nursing, administration, and staff to define quality components, and then to assign measurable values to each component. This work ultimately replaces quality anecdotes with hard data that allow objective review and assessment—yet maintain the subjective “feel” of quality review that makes the process inherently interesting to the board.

“Much of the success of this process has to do with how you report your progress/findings,” according to Mr. Peterson. Quality reporting should be like financial reporting—board members should be able to see the information and understand it. Because all objectives are measurable, they have action “triggers” that actually point the board to the trouble spots—improvement opportunities. Progress on objectives gets a color code: green if performance is significantly improving or close to best practice, yellow if performance is stable, and red if pre-designated action triggers are met and an improvement plan is required.

When the quarterly strategic measures are reported to the Board Quality Committee, each red zone is accompanied by an action plan for the board to consider. The method ensures that all measures have a “drill-down” potential to find pervasiveness of the problem, specific characteristics, and so forth.

Example: Action Plan for 100% Documentation of Informed Consent

Action Item	Deliverables	Responsible Persons	Completion Date	Status
Determine specific areas where informed consents are not being completed 100%	List of departments, with drill down on specific components of the consents that are missing (e.g., date, M.D. signature, etc.)	Medical Record Review Steering Committee	4th quarter, 200X	Complete
Develop and implement plans to reach 100% completion of informed consents in the departments specified above	Specific action plan for each department (see below)	Department managers	4th quarter, 200X	Complete
<i>Department 1</i> <ul style="list-style-type: none"> Presented issue at clinical department meeting on 9/20/0X Physicians notified cases will not be started until consent is signed Every chart reviewed prior to case start Data on compliance posted regularly 		Mary Smith	4th quarter, 200X	In progress
<i>Department 2</i> <ul style="list-style-type: none"> Every chart reviewed by department staff prior to case start, case not started until consent is complete, manager paged if necessary 100% daily review by manager Physicians re-educated on the minimum specs for consent 		John Smith	4th quarter, 200X	In progress
<i>Department 3</i> <ul style="list-style-type: none"> "Problem" physicians no longer on staff Staff and physician briefed on importance of 100% compliance. Full compliance is expected from the one physician who is doing the procedure at this time 100% review to be conducted ongoing 		Bob Jones	4th quarter, 200X	In progress
<i>Department 4</i> No major issues identified here				
Continue quarterly retrospective audits for informed consent	Quarterly reports	Medical Record Review Steering Committee	Ongoing	In progress

Interest

The process itself keeps board members interested in quality. Responsible for quality oversight, boards want to have a grasp of the issues, but frequently get overwhelmed with clinical detail and, ultimately, defer to those they believe have the required expertise. Medical information is interesting to non-clinicians up to the point where details become too technical and then, not surprisingly, interest fades. But the SHS model has, at its core, features that make quality oversight interesting to the board. By the time the Board Quality Committee begins its review, the homework has been done, indicators have been established, and quality has been translated into discrete components that encourage active scrutiny. None of the interesting information has been lost—it has been molded into understandable information that encourages discussion and follow-up action.

The SHS model has, at its core, features that make quality oversight interesting to the board.

The proof of this is in the participation. Even though the process is time-intensive, the Board Quality Committee has excellent attendance. The Quality Management Committee—a committee led by medical staff—also has excellent attendance. The board, medical staff, and other clinicians feel “invested” in the process and the outcome.

Example: As SHS prepared for an upcoming JCAHO review, the Quality Management Team scheduled a 3-hour meeting to discuss the review. Three board members on the Board Quality Committee, and the chair of the board of trustees, came to this meeting, even though their participation was not expected. During that month, these board members also attended the regularly scheduled Board Quality Committee meeting, as well as the meeting of the full board.

The interest factor also expands to the full board. The Board Quality Committee reports its activities to the full board monthly, so quality is continuously exposed and is first on the board’s agenda. And a by-product of the process is that it serves as a subtle education tool for the board.

Tone

The process demonstrates the organization’s commitment to quality. It shows employees and the medical staff that the board and management strongly support aggressive quality efforts. “It sets a tone that is irreplaceable,” according to Mr. Peterson.

Recommendations from the CEO

Be willing to invest in quality. The Quality Integration and Improvement division of SHS has over 50 employees, and its activities are spread throughout the organization. Monitoring, coordination, facilitation, and education are essential.

Finally, if your organization needs an energy infusion into its quality efforts, consider working more with your board leadership. If you don’t have active and engaged board leadership, it is difficult to sustain energy throughout the organization. Specifically, find a board champion—an early adaptor—who finds quality an interesting endeavor and is willing to invest time in learning and putting some structure around the process.