GOVERNANCE POLICY STATEMENT ON
DISTINGUISHING POLICY FROM OPERATIONS

Purpose

To clarify the difference between the board’s policy making responsibilities and
management’s operational responsibilities.

Policy

1. Policy may be generally defined as a recommended course of action, a guiding
principle, or a procedure that is established to guide current and future decision
making.

2. From time to time, the board will adopt and articulate policies that are designed
to guide the work and decisions of management, employees, the medical staff,
and the board itself.

3. The board will generally limit its policy making to broad, high level matters. The
board will delegate to management and the medical staff the operational
implementation of its policies, and it will hold them accountable for performance.

4. Several types of policies may be adopted by the board:

   • **Ends policies**: Policies that establish broad organizational ends, such as the
     mission statement and long-range vision.

   • **Authority and limitations policies**: Policies establishing the authority of, and
     setting limitations on, management or the medical staff. Examples include a
     position description for the CEO and a policy spelling out the CEO’s
     maximum spending authority without consulting the board.

   • **Board-management processes**: Policies establishing how the board carries
     out certain responsibilities and how it works with management, such as
     policies describing the CEO evaluation and compensation process; strategic
     planning process; budget process; and financial planning and oversight
     process.

   • **Standards**: Policies articulating standards affecting the board, management,
     the medical staff or the organization as a whole. Examples include a conflict
     of interest policy; code of conduct; corporate opportunity policy; a policy
     establishing criteria for appointment to the medical staff; a policy on physicians
     who own competitive facilities; and a policy on patient safety.

   • **Externally required**: Policies that external accreditation and regulatory bodies
     require be approved by the governing board. These policies may also fit
     within one of the categories above.

5. The board will maintain and periodically update a policy manual. The manual will
be distributed to all board members and be available for reference during all
board meetings.

Reviewed in 2016