Editor’s Note: In September 2007, the AHA’s Health Research & Educational Trust and the Center for Healthcare Governance conducted an online survey of 3,500 CEOs on their boards’ use of executive sessions (see page 6). The resulting report was based on 350 returned surveys, reflecting 240 CEOs of freestanding hospitals, 79 CEOs who are members of system boards and 31 system CEOs. Lanny Kope, a board member at the 88-bed Sierra Vista (Ariz.) Regional Health Center, comments on the survey results, examining the value of executive sessions and giving tips for conducting them effectively.

Holding executive sessions is a sensitive subject between boards and their CEOs. But despite this sensitivity, boards that exercise this governance privilege infrequently or without appropriate planning, risk sending a signal that executive sessions should only be used to discuss problems or concerns about the hospital’s or CEO’s performance. But conscientious boards know that executive sessions allow them to talk more thoroughly about a wide range of issues that require candid board discussion.

The executive sessions survey summarized on page 6, defines an executive session as “any section of an otherwise public board meeting in which minutes are not taken, and the contents of the discussion are treated as confidential.” While 87 percent of responding CEOs in the survey said their boards had conducted at least one executive session in the past two years, I was surprised that as many as 13 percent had not.

I believe issues of CEO performance and compensation alone warrant board discussion in executive session, not to mention other key issues, such as various board processes and performance noted by survey respondents. Given the increasingly complex challenges facing hospitals, boards that never conduct executive sessions should step back and examine why they are failing to take advantage of this key board prerogative and whether they are functioning fully and effectively as a governing body.

Survey results indicated that more than half (57 percent) of respondents do not hold an executive session after every board meeting, and of those that do, 59 percent hold them one to eight times each year. At Sierra Vista, our board holds an executive session after each board meeting. Before the meeting, our CEO and board chair jointly plan a specific agenda for the executive session. Agenda items are wide-ranging and have included executive performance and compensation, risk management and/or litigation updates, medical staff issues and concerns, rumors that may be circulating in the community, or late-breaking issues affecting the hospital.

Almost 93 percent of survey respondents reported that their organization’s CEO attends all or part of the board’s executive session. This practice raises the question of whether boards can truly have open, honest dialogue with the CEO present. Beyond inhibiting discussion of CEO performance evaluation and compensation, the CEO’s presence also may restrict board discussion about hospital performance in executive session. You might ask your CEO to tell you the facts during the first part of your session and then excuse him or her for the board-only part of the discussion. This shows the board’s willingness to hear its CEO’s point of view and provides board members the chance to have confidential discussion among themselves as well.

The executive session’s success often depends on the trust that the board chair and CEO have for each other. CEOs will be more comfortable if they trust that their board chairs will ensure the board has a fair and honest discussion. Then, right after the session, the board chair should tell the CEO everything the board talked about. CEOs need to first hear feedback about the session directly from the board chair so they can maintain their trusting relationship. “Walk a mile in the CEO’s shoes” is good advice for all boards to remember when thinking about how to conduct executive sessions.

Trustees usually hold their executive sessions right after the board meeting. Unfortunately, that’s also when board members may be the most tired. That’s why our board is considering moving our executive sessions to an earlier time. In this way, we can help ensure that we devote our best efforts to our executive session discussion.

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