



Governing in the New Quality, Safety Landscape

For effective oversight, boards must engage at three levels: see, own and solve.

Increased governmental and public pressures to improve healthcare quality and safety during the past decade have translated into reduced reimbursements for hospitals that fail to deliver. The Centers for Medicare and Medicaid Services (CMS) was in the vanguard when it announced hospitals that did not report performance results on specific quality measures would see a decrease in Medicare payments. CMS went further and identified eight never events—serious and costly errors that should never happen in the delivery of care—that it would not pay for if acquired by a patient during a hospital stay. The list of never events is now at 11 and will continue to grow. Further, private payors are following CMS' lead, refusing to pay hospitals for care associated with these and other never events.

These trends signal a necessary shift for hospitals and their boards and indicate a rapidly rising bar for quality and safety. The level of hospital quality and safety that used to be acceptable will no longer pass muster, and the level of oversight for quality and safety that boards used to provide is, likewise, no longer acceptable.

Hospital boards are usually comfortable overseeing financial, planning and other business functions. Trustees

often come from business backgrounds outside of healthcare and are familiar with performance measures such as days cash on hand or debt service coverage ratios, which are commonly used to evaluate financial performance across many industries. They are less confident, however, when asked to oversee healthcare quality and safety performance—a task that involves understanding and interpreting a host of measures and indicators specific to the delivery of clinical care and service, the core business of a complex industry about which most board members know relatively little.

Continual, in-depth education is needed for trustees and boards to effectively oversee hospital quality and safety in today's environment. The American College of Healthcare Executives' Policy Statement on "The Healthcare Executive's Role in Ensuring Quality and Patient Safety" states that a critical step on an effective quality journey is for boards to be equipped with tools and information needed to provide appropriate oversight of patient safety and quality.

Quality expert James Reinertsen, MD, of the Reinertsen Group in Alta, Wyo., says to effectively oversee quality and safety, boards must engage at three levels. First, they

must *see* quality issues and problems in their own organizations. This involves understanding what quality is from a variety of perspectives and identifying common defects in dimensions of quality such as safety, effectiveness and timeliness. Boards also must interpret quality reports and appreciate what performance data mean in human terms.

Second, boards must *own* the responsibility for addressing quality and safety problems. This step involves understanding the board's accountability and legal obligation for quality, including how quality and safety oversight links to the board's fiduciary duties of care, loyalty and obedience. In addition, boards must understand current regulatory, accreditation and other requirements and how the trustee's role differs from management's role and the role of the medical staff with respect to quality. Boards also need to understand the consequences of not providing effective quality oversight.

Finally, boards must help *solve* quality and safety problems. To effectively lead the way, boards must ensure their organizations adopt meaningful quality aims that describe specific levels of performance to be attained within established time periods and measured

by specific performance indicators. Effective boards also can play a key role in building the foundation of quality and safety success by supporting performance transparency. This effort will demonstrate to key stakeholders a continued drive to improve.

Boards that are active in improving their organization's quality also know how to have the tough conversations necessary to identify and remove obstacles that get in the way. To accomplish this, they use mechanisms such as executive sessions and CEO performance evaluations. Boards also must ensure their organizations stay on track to achieve their quality aims and meet external requirements. In-depth education will be required on specific board quality processes such as medical staff credentialing and the work of the board quality committee. Board members also must keep up with emerging quality issues, such as never events, to ensure they stay ahead of the curve and lead their organizations in continuous performance improvement.

Acquiring the type and level of education boards need to effectively oversee quality is challenging. It becomes even more so in an economic downturn. Fortunately, cost-effective, convenient and easily accessible education opportunities such as online and other electronic resources are readily available. Today's environment requires an informed and educated board for effective governance and leadership because consequences of board failures are more profound. CEOs who don't invest the time, energy and other resources to bring and keep

their boards up to speed to effectively oversee quality and other governance responsibilities will increasingly fall into conflict with them, their medical staff and other stakeholders as pressures to perform intensify. More importantly, CEOs who fail to build strong boards miss the significant support they can provide. Strong, capable boards are equipped to help shoulder the mantle of responsibility for effective leadership in quality and patient safety along with their CEOs, a benefit of shared leadership that all chief executives owe to themselves and their communities. ▲

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Note: Contact the Center for Healthcare Governance to learn more about resources to improve board oversight of quality, including the Center's Quality Curriculum and a new DVD resource, "The Summit Series: The Board's Role in Quality and Safety," offered by the Center and Orlikoff Reinertsen Boardworks.