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HEALTHCARE  
GOVERNANCE™**

## Helping Boards Achieve and Demonstrate Accountability

*Taking responsibility to new levels.*

With health reform comes increased demand for transparency about organizational performance and accountability. While most hospital and health system senior leaders realize this, board members, surprisingly, may not. As such, boards must have a clear understanding of their accountability to the organization's stakeholders in order to govern effectively. Helping the board understand, demonstrate and monitor the fulfillment of its accountability is one of the most important ways CEOs can support good governance.

Hospital board accountability falls under three broad categories: first, accountability mandated by financial, ownership and regulatory authorities, such as the Centers for Medicare & Medicaid Services; second, voluntary accountability, such as Joint Commission accreditation; and finally, accountability to the community or communities the organization serves. This last category of accountability is implied in the not-for-profit board's key purpose: to guide the organization to achieve its community service mission. How boards specifically fulfill and demonstrate their accountability to the community has, until recently, been less specifically defined. However, it is in this area of accountability that boards can make a significant

contribution to delivering greater value in healthcare.

To bring attention to board accountability, chief executives can conduct deep-dive discussions with board leadership about the board's current understanding of its accountability and whether there is a need for further clarity. With board leadership support and buy-in, the CEO and board chair can begin a dialogue with the full board. Discussions should involve reviewing and clarifying the range of board accountability and include examples of governance activities that support its fulfillment.

These discussions can be used to further clarify the board's accountability to the community and illustrate how boards can act to fulfill this accountability, for example through encouraging greater transparency by communicating with stakeholders about the organization's performance through reports on the hospital's website or other communication vehicles.

"We are moving rapidly into an era of total transparency, and accountability will necessarily follow," says F. Kenneth Ackerman Jr., chairman, INTEGRATED Healthcare Strategies, Minneapolis. "Good boards will want to get ahead of this

curve. However, if boards and board leaders are not committed to continuous governance improvement, it will be a tough sell for CEOs to persuade them to move in this direction."

### Community Health

Two federal requirements boards should be made aware of are the IRS Form 990 Schedule H and a community health needs assessment that the Affordable Care Act mandates to be completed every three years. Board members should know they are responsible for ensuring that their healthcare organizations use the results of these assessments to set strategies to address identified needs.

New requirements will likely necessitate gaining broader perspectives and taking new approaches to governing.

"There is increasing recognition that hospitals need to coordinate with public health, education and social agencies to improve the health of the communities they serve and to deal with social determinants of health, rather than only treating illness and injuries," says Douglas A. Hastings, chairman emeritus, board of directors, of the law firm Epstein Becker Green, Washington, D.C. He is a healthcare transaction lawyer and adviser on health system change and has served on

the board of health care services of the Institute of Medicine and on the IOM's committee on Geographic Variation in Health Care Spending and Promotion of High-Value Care.

“Community health, population health and chronic disease management are issues CEOs cannot stress enough for boards,” says John G. King, LFACHE, president, John G. King Associates, Scottsdale, Ariz. “While these issues may be top-of-mind, they are usually considered by boards from a financial outcomes versus accountability perspective. Both are important.”

In addition, board members also should be encouraged to discuss how they will continue to oversee their own efforts to maintain understanding, fulfillment and demonstration of their accountability to stakeholders. This task may be incorporated into the responsibilities of the community benefit committee. If that committee does not exist, this responsibility may be assigned to the executive committee or governance committee.

Whatever committee is selected, members should first draft a policy that defines and clarifies the board's accountabilities, including to whom and for what the board is accountable. A sample policy is included in the monograph, *The Evolving Accountability of Nonprofit Health System Boards*, published by the AHA's Center for Healthcare Governance.

The committee, with the help of hospital management, should also develop a short list of action steps to help the board implement the policy.

If needed, committee members can conduct a more formal assessment of what the board and the organization are already doing to fulfill their accountability to the community. Reviewing current activities can prompt discussion about “What else can we do?” and about how to make the community more aware of these activities.

Other committee work might include creating brief summary reports for the board illustrating how board issues and actions relate to various aspects of board accountability or listing, for example, the organizations to which the hospital has chosen to be voluntarily accountable and the details of that accountability. A full inventory of mandated, voluntary and community areas of accountability likely will be new to many trustees.

Committee work also might focus on the development of metrics to include in board dashboards, scorecards or other reports to help boards assess overall trends in the health status of their communities and the factors that affect it. Reviewing these metrics can help boards ask questions such as:

- What are we doing for our community beyond caring for the patients who come through our doors?
- What are our community's most prevalent health problems and needs?
- Where do we excel in meeting our community's health needs, and where are we challenged to do more?
- What are the obstacles to improving community health?

- How are we raising visibility about community health improvements to those we serve?

With a clear understanding of their overall accountability and the steps that can be taken to fulfill it, boards and hospital leadership can better work together and with other community organizations to go beyond what is mandated or required and more comprehensively address what really matters to those our health-care organizations serve. Boards and leaders will then be equipped to take accountability to new levels by asking, “How can we go from being pro forma to being proactive?” ▲

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**Note:** Learn more about board accountabilities in *The Evolving Accountability of Nonprofit Health System Boards* by Lawrence Prybil, PhD, LFACHE; F. Kenneth Ackerman Jr., FACHE; Douglas A. Hastings; and John G. King, LFACHE, at [www.americangovernance.com](http://www.americangovernance.com).