Trustee Insights

BOARD RESPONSIBILITIES

Trustees Focus on Quality to Improve Health Care

Non-profit boards have array of resources to fulfill quality mission

BY MICHAEL JELLINEK AND THOMAS GLYNN

Many hospitals, like academic medical centers and integrated health systems, are relied upon as significant contributors to their local economy. Non-profit trustees face challenges that include: selecting a CEO, developing strategies in a competitive market with changing reimbursement, resolving conflicts of interests, encouraging equity and inclusion, assuring non-profit hospitals meet tax-exempt status requirements and sustainable financial planning given inflation, unexpected clinical demands (such as the COVID-19 pandemic), as well as capital investments in equipment, facilities and information systems. Boards in some states, because of sensitivity to high costs, are constrained by regulation that limits increases in reimbursement. All of these challenges lay the foundation for meeting the hospital's purpose or mission of providing high quality health care.

Quality: The Core Mission

For many years, quality health care was based on the premise of an individual patient coming to see a physician for an office visit or an operative procedure. Quality was defined by office-based or hospital measures such as post-procedure infection rates. However, the COVID-19 pandemic has highlighted that the aperture of health care is much wider. Hospitals, pharmacies, government, insurers and the public had to work together to provide quality health care. What happened inside and especially outside the hospital was critical to limiting morbidity and mortality. Immunizations, testing, active follow-up, equitable access for historically marginalized communities and telemedicine, as well as hospital intensive care units, were all critical facets of quality care. Time will tell how much telemedicine will be limited by reimbursement and state-by-state medical licensure.

COVID-19 brought to the forefront what we already knew: factors before and after a visit, including the patient's behavior and their social circumstances, are highly relevant to quality care. Such factors include immunizations, cancer screening, lifestyle choices such as smoking, management of chronic diseases and mental health concerns, especially depression.

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Many would add housing, nutrition/food security, health disparities and a public health approach to gun accidents and violence as both a community benefit obligation and within the scope of a quality health care mission. To provide oversight, non-profit boards need trustees who have an in-depth understanding of quality and how incentives inherent in reimbursement impact quality. Fee-for-service, the most common reimbursement, provides fees for specific, in-person services, does not vary payment with outcome and provides little or no support for interventions that are not face-to-face. Many fee-for-service plans pay fully for the office visit including a prescription, but does not consider the patient's behavior, actions, or efficacy of the medication. Alternatively, a value-based reimbursement contract might pay for a year of high blood pressure management which would include the office visit and incentivize any associated actions (e.g., home-based blood pressure measurement) that result in a better outcome.

With trustee encouragement and oversight, the hospital, insurer and pharmacy providers could combine their data capabilities with incentives for better quality and outcomes. These could include:

- Patients picking up prescribed medications.
- Chronic diseases being well-managed.
- Home-based interventions being used to avoid emergency room visits.
- Rates of screening and follow-up for breast or colon cancer, depression and domestic violence.
- Guns being stored safely to prevent what has become the leading cause of death in children.

Further, reimbursement contracts can provide incentives to use less costly sites for secondary care such as community hospitals (e.g., births, initial joint replacements), which might result in high quality outcomes at lower cost.

Quality Agenda: A Trustee's Opportunity

Trustees have available an array of educational, political and financial resources as well as encouraging collaborations with insurers, pharmacies, local governments and other providers to fulfill the quality health care mission. For example, trustees could:

1. Assess CEO candidates on the extent to which quality is a core value that drives decision-making and the related judgments regarding reimbursement, equity and community needs. Does the CEO have the necessary leadership skills financially, organizationally, culturally and in building collaborations to impact the many aspects of quality?

2. Initiate an ongoing educational process for the board so they can put a quality framework on their decisions. Before endorsing a reimbursement contract, hospital budget, diversity policy, or a community benefit plan, etc., the Board should be prepared to discuss and balance options through both a financial and quality lens.

3. Focus on the patient's experience, which often provides a window on quality of care. The "net promoter score" (NPS) is a well-studied, evidence-based measure that asks if patients would recommend their hospital to friends and family. High scores indicate loyalty, trust and often predict growth; lower or falling scores indicate areas in need of quality improvement.

4. Review quality data that highlights equity issues such as outcomes, access, language, cultural competency, etc., as well as the clinical needs of the communities being served by the hospital. These needs are likely to include immunizations, maternal health, mental health and chronic disease care. Trustees can then be aware of disparities that disadvantage the poor historically marginalized communities.

5. Define the commitment to diversity. This could mean a more diverse professional staff, providing facilities and care to underinsured, minority communities, or providing adequate salaries and health insurance to low wage, essential workers and not outsourcing to avoid offering benefits. Commitment to diversity could also take the form of support for career education and promotion ladders for non-professional employees. For example, a hospital needing medical assistants could provide high school internships, followed by a training program that helps lift community members out of poverty, provides health insurance for their family, saves the cost of temporary labor and enhances diversity – all resulting in better quality health care.

6. Work to create hospital joint ventures with local small businesses for supplies, food and construction work that strengthens diversity

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efforts and creates jobs that could reduce the medical consequences of discrimination and poverty.

7. Define community benefits from both a regulatory and optimizing health perspective. Often the tax-exempt status of hospitals requires providing and reporting on uncompensated care. But what, how much, and where should there be investments with the greatest impact on quality?

8. Consider, from a real estate perspective, the commitment to the community. Could the hospital help to revitalize a neighborhood by providing a needed clinical service or administrative offices in an area needing development? Addressing the needs of the surrounding community could mean enhancing local transportation or encouraging a mixed-use site that provides housing for hospital employees and community residents.

Board Duties, Composition and Structure

Non-profit trustees' fiduciary duties include (1) the prudent use of all assets, (2) advancing the hospital's mission of high quality health care and (3) assuring that the nonprofit obeys applicable laws and regulations. Trustees in non-profit hospitals are volunteers who represent the public by providing oversight of a social contract between the community, which has given up tax dollars to support medical services and the hospital's promise of high-quality medical care. Trustees are selected by current board members and given the growing need for changing expertise, term limits are essential.

To help meet current challenges, board membership should include expertise on quality, equity and diversity. Boards that have committee structures could add a committee or re-charter the quality committee, led by a trustee with appropriate expertise, to spearhead the Board's quality mission. The quality committee should oversee the development of updated quality goals and a dashboard that includes current, new and incentive base metrics as well as measures of equity and the patient experience. Members of the quality committee should also serve on the finance, contracting, community benefit and real estate committees to assure that a quality-oriented perspective is well represented at an early point in the development of a budget, proposal for new facilities, or assessment of a reimbursement contract. The annual quality plan should be understood as the mission that the financial and operating plans support and be given equal status to the financial reporting in the board's standing agenda.

Ultimately, the long-term sustainability of a hospital very much depends on fulfilling a social contract: the promise of quality health care and the community's willingness to support the institution financially through reimbursement and philanthropy.

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