

IMPROVING THE QUALITY OF GOVERNANCE

A Multiunit Organization Takes Steps To Strengthen Local Boards

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The sponsor and board of directors of the Daughters of Charity National Health System-East Central (DCNHS-East Central) have long believed in the importance of local-level governance. This belief, and a commitment to clarifying and strengthening the role of local boards, were reflected in "A Plan for the Healthcare Apostolate," which the sponsor—the East Central Province of the Daughters of Charity of St. Vincent de Paul—adopted in 1981.¹

This plan encompassed a set of goals and strategies directed toward strengthening the region and its performance, including local-level governance. It provided the foundation for a series of steps that DCNHS-East Central has taken during the past decade to improve local-level governance within the region. These have included changes in board composition, trustee orientation and development, board leadership, definitions of governance roles and responsibilities, and performance evaluation.

The East Central region is one of four regional organizations that make up the Daughters of Charity National Health System. DCNHS-East Central comprises 19 facilities in six states, with a total of about 5,300 beds.

BOARD COMPOSITION

For years the membership of hospital boards within DCNHS-East Central was limited to

Summary

"A Plan for the Healthcare Apostolate," adopted in 1981, established goals and strategies to strengthen the Daughters of Charity National Health System-East Central (DCNHS-East Central). The plan provided the basis for a series of steps taken during the past decade to improve local-level governance. DCNHS-East

Daughters of Charity. In the mid-1980s local bylaws throughout the region were amended to enable lay chief executive officers (CEOs) to serve as voting members of their hospital's board.

In addition, a region-level decision permitted each CEO to serve on the governing board of another hospital within DCNHS-East Central. This has improved CEOs' contributions to governance decision making, given them knowledge and insights that enhance their executive roles, and contributed to a spirit of shared responsibility and teamwork within the region. To promote objectivity, the standard practice is to avoid having any two CEOs serve on each other's board.

Each local health ministry within DCNHS-East Central includes a hospital corporation and a sister corporation (Seton Health Corporation), which serves as a local holding company for non-hospital programs and activities. Laypersons from the local community have served on the board of every Seton Health Corporation since their inception in 1986. More recently, the bylaws of each hospital were amended to enable laypersons to serve as board members. The basic selection criteria for lay hospital trustees include:

- Understanding of and commitment to the DCNHS healthcare philosophy, mission, and values
- Understanding of and willingness to support the *Ethical and Religious Directives for Catholic Health Facilities* (U.S. Catholic Conference, 1975)

Central has taken actions in the areas of board composition, trustee orientation and development, board leadership, definitions of governance roles and responsibilities, and performance evaluation. These steps have resulted in substantial improvement in the performance of local-level governance functions within DCNHS-East Central.

- Substantial prior experience in serving DCNHS-East Central organizations in advisory or other capacities

- High moral and ethical standards demonstrated in professional and personal life

- Awareness of the time commitment associated with board membership and willingness to make such a commitment

- Understanding of the fact that, in a system context, the authority of local boards is defined and, in some ways, circumscribed by system bylaws and policies and willingness to accept these constraints as a local board member

The initial lay board appointees had demonstrated their understanding of the Daughters of Charity healthcare philosophy, mission, and values and their commitment through service on foundation boards, advisory boards, and the like. All of the region's hospital and Seton Health Corporation boards now include laypersons, and they are strengthening the linkages between institutions and the communities they serve.

TRUSTEE ORIENTATION AND DEVELOPMENT

"A Plan for the Healthcare Apostolate" urged the development and ongoing assessment of orientation and education programs for trustees and

strongly encouraged their participation in these programs. The underlying principle is that all trustees, no matter how well qualified, need solid orientation to the organization in which they will play a governance role and continuing education to develop their knowledge and skills.

The **Box** presents the principal trustee orientation and development activities within DCNHS-East Central. At the base of this model is a one-year program of studies designed principally for Daughters of Charity with limited experience in healthcare governance who have a potential interest in serving on a hospital or Seton Health Corporation board. This program, which combines a set of self-study modules with four one-day seminars, was developed originally by DCNHS-West Central. Eighteen Daughters of Charity completed the program between 1990 and 1992, and since then all of them have been appointed to serve on a hospital or Seton Health Corporation board. Many of these sisters are in education or social services ministries, and their involvement on the boards is enhancing their understanding of and support for the healthcare ministry. Their experience and perspectives also enrich board deliberations.

Within DCNHS-East Central, newly appoint-

TRUSTEE ORIENTATION/DEVELOPMENT MODEL

ORIENTATION FOR PROSPECTIVE TRUSTEES

- One-year program for Daughters of Charity with limited experience in healthcare governance but who are interested in serving on local hospital or Seton Health Corporation boards; combines a 12-unit self-study program with four seminars conducted by DCNHS-East Central staff and senior trustees

ORIENTATION FOR NEW TRUSTEES

- One-day regional program for new trustees and managers that provides an overall orientation to DCNHS-East Central (offered biannually)

- A one-day seminar for new trustees and those who wish a refresher course on the essentials of governance and current developments in governance within DCNHS-East Central (follows the biannual regional orientation program)

- Facility-specific orientation programs at the local level for new trustees, focusing on the local organization, environment, and issues

MENTORING PROGRAM

- A program under development to match a senior trustee with a recently appointed trustee to provide individualized, one-on-one help for about a year

CONTINUING EDUCATION

- Annual two-day trustee seminar on governance issues, developments, and trends for all trustees within the East Central region

- Special national, regional, and local educational programs for governance, management, and medical staff leadership (e.g., the biennial DCNHS Healthcare Symposium)

- Trustee education programs offered by external organizations (e.g., CHA and AHA)

EVALUATION

- Evaluation of all orientation and development programs and the performance of local boards, board members, and board chairpersons.

ed trustees and managers participate in a general, one-day orientation to DCNHS-East Central. The new trustees also attend a one-day seminar that focuses specifically on governance matters such as sponsorship, reserve powers and bylaws, key DCNHS and DCNHS-East Central policies, and the roles of governance versus management in a multiunit organization.

Each local health ministry within the East Central region provides a comprehensive orientation for new hospital and Seton Health Corporation trustees, focusing on topics such as the local environment, the local strategic plan and organizational structure, and current organizational issues and priorities. The overall intent of these region-level and local-level orientation programs is to provide the newly appointed trustees with a solid foundation of knowledge regarding the multiunit organization in which they have assumed fiduciary responsibilities.

Currently under development is a trustee mentoring program. The idea is to match a new trustee with a senior board member who can serve as a sounding board and source of advice during the first year or so of the trustee's tenure. Mentoring programs of this sort have been used successfully in other settings,² but further testing will be necessary to determine their value and applicability within DCNHS-East Central.

In our increasingly dynamic healthcare environment, continuing education is vitally important for both managers and trustees. Each spring DCNHS-East Central offers a two-day seminar on topics of general interest to persons with local and regional governance responsibilities. In 1991, for example, the topic was "A Focus on Quality Service: Values, Choices, Actions." The 1992 topic was "Living the Values through Continuous Improvement."

Every two years the DCNHS National Healthcare Symposium is held for persons with governance, medical staff, and management responsibilities throughout the system. From time to time, both DCNHS and DCNHS-East Central provide special programs for trustees, such as a recent series of workshops on improving resource utilization. In addition, trustees are encouraged to participate in educational programs offered by the Catholic Health Association, the American College of Healthcare Executives, the American Hospital Association, and other external organizations.

All the orientation and educational programs offered by DCNHS-East Central and DCNHS are evaluated by participants and faculty, and the results are used to improve future offerings. The

content, format, and frequency of these programs have been shaped and reshaped over the years as a result of the ongoing evaluative process.

BOARD LEADERSHIP

"A Plan for the Healthcare Apostolate" concluded that "a pilot program for full-time trustees should be considered to assess thoroughly the value of full-time trusteeship."³ In 1981, when the plan was published, the region's leaders were not ready for such a major departure from traditional practices.

In 1986, however, realizing the growing importance of board leadership, the DCNHS-East Central Board of Directors decided to implement this concept and appointed three Daughters of Charity to full-time roles as local board chairpersons. Although they had some reservations about the program, the organization's leaders were willing to put it into practice and learn from experience. The duties and responsibilities of full-time board chairpersons were defined in writing, with care taken to distinguish their role from that of the local CEO.

Today, five Daughters of Charity hold full-time governance roles within DCNHS-East Central. Each serves as chairperson of the hospital and Seton Health Corporation boards in one or more DCNHS-East Central locations. In addition, they are members of the Governance Advisory Committee, which plays a principal role in shaping DCNHS-East Central policies, assessing and refining governance processes, and developing board evaluation mechanisms.

The role of full-time governance within DCNHS-East Central facilities is still evolving; however, DCNHS-East Central leaders believe that having persons to carry out board chair responsibilities on a full-time basis has strengthened local governance substantially.

CLARITY IN ROLES AND RESPONSIBILITIES

For multiunit organizations to function smoothly, the respective roles and responsibilities of local versus system-level leadership must be defined clearly and communicated consistently. Local board members must understand the nature and limits of their authority and responsibility in relation to system-level leadership. "Failure to define and communicate clearly the role and prerogatives of local boards in relation to the system will lead to confusion and conflict."⁴

Leaders throughout DCNHS and DCNHS-East Central have devoted considerable efforts to defining and clarifying organizational roles and responsibilities. The DCNHS Board of Directors

has adopted a systemwide matrix that defines the national, regional, and local roles with respect to sponsorship, governance, and management functions.⁵ In formulating systemwide policies, the leaders are careful to define responsibilities and decision-making authority. In 1985 DCNHS-East Central adopted a policy on regional versus local levels of authority and decision-making processes, which has been updated four times with the advice and input of local leaders.

Achieving clarity and understanding in the allocation of responsibility and authority is a continuous process. Objective evaluation and feedback uncover questions and misunderstandings that can be addressed in policies and practices. Leaders within DCNHS-East Central have a genuine commitment to continually reviewing and clarifying the ground rules because this is a key factor influencing effective governance and management.

EVALUATION

"A Plan for the Healthcare Apostolate" emphasized the importance of formal evaluation processes to help trustees improve their performance both individually and collectively.⁶ Ongoing evaluation of actual performance in relation to established expectations and a commitment to make *indicated changes are essential factors in achieving continuous improvement*. DCNHS and DCNHS-East Central policies call for ongoing evaluation at the national, regional, and local levels.

Within DCNHS-East Central, an important basis for institutional evaluation is a set of sponsorship criteria that are embodied in the regional policy on evaluation. These criteria express the sponsor's basic expectations regarding the region's healthcare institutions.

In their annual sponsorship report, the local board and management team assess the progress and current status of their facility in relation to these criteria, as well as to its operating plan and budget targets. These annual reports are useful in several ways. For example, the DCNHS-East Central board and staff use the reports as a tool for gauging the local facility's overall perfor-

Objective

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evaluation uncovers

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mance. Provincial leaders use the section summarizing the results of the local self-assessment in relation to the sponsorship criteria as a baseline document during the annual apostolic visit to the local facility.

The roles and responsibilities of local boards, board chairpersons, and board members within DCNHS-East Central have been defined in writing. Each hospital and

Seton Health Corporation board is responsible for setting specific board goals, and protocols have been developed to facilitate each board's performance in achieving these goals and fulfilling its fiduciary responsibilities. The results of these performance review evaluations are discussed with DCNHS-East Central leaders and provide an objective basis for setting future goals for each of the system's facilities.

Working with the president of DCNHS-East Central, each local board chairperson also establishes a "short list" of priorities directed toward improving her own performance, and this provides a basis for the performance review process. As an integral part of the evaluation process, input and advice are sought from all members of the hospital and Seton boards which that person chairs and from the regional executive. The president of DCNHS-East Central synthesizes the results and shares them with each local board chairperson during scheduled performance review conferences.

The DCNHS-East Central policy on evaluation states, in part, that all evaluation activities within the region "should be oriented constructively toward performance improvement" and that "strengths as well as deficiencies will be identified in the evaluation process."⁷ The DCNHS-East Central Governance Advisory Committee has played an essential role in developing and, over time, strengthening the evaluation protocols and processes. For example, the Governance Advisory Committee and DCNHS-East Central leadership have recently instituted a shift from annual to biennial evaluation to reduce the time commitment and permit boards and board chairpersons to take a longer

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view with respect to their particular goals and priorities.

COMMITMENT

The strategies set forth in "A Plan for the Healthcare Apostolate" are based on the conviction that local governance has a vitally important role in large, geographically dispersed, multiunit organizations, and that the quality of governance within DCNHS-East Central could and should be improved. The steps outlined in this article have clarified the authority and responsibilities of the local boards and strengthened their performance.

However, DCNHS-East Central is committed to ongoing evaluation to further improve the quality of governance. Through a commitment to continual improvement, the system hopes to achieve and maintain excellence in the performance of its local boards and the healthcare facilities for which they hold fiduciary responsibility. □

NOTES

1. Daughters of Charity of St. Vincent de Paul-East Central Province, "A Plan for the Healthcare Apostolate: An Active, Visible, and Vocal Witness," Evansville, IN, 1981 (revised 1984).
2. See, for example, Linda Yoder, "Mentoring: A Concept Analysis," *Nursing Administration Quarterly*, vol. 15, 1990, pp. 9-19; E. Sellner, *Mentoring: The Ministry of Spiritual Kinship*, Ave Maria Press, Notre Dame, IN, 1990.
3. "A Plan for the Healthcare Apostolate," p. 18.
4. Lawrence Prybil, "A Perspective on Local-Level Governance in Multiunit Systems," *Hospital and Health Services Administration*, vol. 36, 1991, p. 10.
5. Daughters of Charity National Health System, "Basic Roles of Sponsorship, Governance, and Management in DCNHS," St. Louis, 1991.
6. "A Plan for the Healthcare Apostolate," p. 17.
7. DCNHS-East Central Policy AR-2, "Principles and Key Elements of Regional Evaluation," 1988, p. 3.

A COMMUNITY OF CARING

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cal rehabilitation unit could be successfully adapted in other hospital units, such as cardiac, urologic, diabetic, and substance abuse programs. Illness and suffering do not limit one's capacity for growth in physical, mental, emotional, or spiritual domains; healing occurs only when the whole person is involved. When patients gather together in a Community of Caring, pain and suffering lessen; growth and healing occur. □

NOTES

1. Thomas Merton, *The Living Bread*, Farrar, Straus & Cudahy, New York City, 1956, p. 126.
2. Michael Downey, *Clothed in Christ*, Crossroad, New York City, 1987, p. 126.
3. Daniel Callahan, *What Kind of Life? The Limits of Medical Progress*, Simon & Schuster, New York City, 1990, p. 143.
4. Callahan, p. 143.
5. Gerald R. Niklas and Charlotte Stefanics, *Ministry to the Sick*, Alba House, Staten Island, NY, 1982, pp. 15, 16.
6. Lowell G. Colston, "The Handicapped," in Howard Clinebell, Jr., ed., *Mental Health through Christian Community*, Abingdon Press, Nashville, 1965, p. 154.
7. Callahan, p. 147.
8. Harold Kushner, *Who Needs God?* Summit Books, New York City, 1989, p. 148.
9. Kushner, p. 136.
10. John Powell, lecture at Mercy Hospital and Medical Center, Chicago, November 1986.
11. Henri Nouwen and Walter Gaffney, *Aging: The Fulfillment of Life*, Doubleday, Garden City, NY, 1974, p. 40.
12. Fran Ferder, *Words Made Flesh*, Ave Maria Press, Notre Dame, IN, 1986, p. 168.
13. Paul Tillich, quoted in "Priestly People," newsletter of the Servants of the Paraclete, January 1987, p. 2.
14. Dennis and Matthew Linn, *Healing of Memories*, Paulist Press, Mahwah, NJ, 1974; *Healing Life's Hurts*, Paulist Press, Mahwah, NJ, 1978; *To Heal as Jesus Healed*, in collaboration with Barbara Shlemon, Ave Maria Press, Notre Dame, IN, 1978.
15. Abraham Heschel, *The Sabbath*, Farrar, Straus & Giroux, New York City, 1951, p. 8.
16. Heschel, p. 9.