



## ACOs and Value for Money

*Eight imperatives for enhanced board and organizational performance.*

Performance metrics, monitoring dashboards and public and payor reporting are now expanded expectations organizations must be prepared to meet in an era of accountable and transparent care delivery processes. To thrive and perhaps survive in this era, our healthcare organizations' leaders must have new, critical conversations about how they will plan and govern to deliver enhanced value within constrained payments for episodes of acute and chronic care; however, board member time and talents are not yet productive or focused enough for these challenging times.

Delivering more for less demands new levels of productivity and effectiveness, not only from the organization but from the organization's governing body. Accountable care requires boards to reach a consensus on how they must define and deliver more productive and effective care delivery systems and more effective and productive governance models.

This column describes eight strategic imperatives embraced by high-performing boards.

### **Redesign Monthly Board Packets**

While traditional board packets make for boring reading, they aren't going away. But they can be balanced with new audio-visual enhancements on

CDs/DVDs, Web-based tools and digital two-way communication that contains information board members can use for enhanced decision making. In addition, paper dashboard reports can give way to electronic dashboards that are color coded and, when clicked on, display animated tools that show how ratios are calculated and benchmark comparisons against competitors and "A"-rated bond organizations.

Boards need fewer lengthy reports and more executive summaries about the current state of the organization, and the coming challenges and opportunities, all in the form of one-page memos by the CEO, CFO, CMO, CNO and chief philanthropy officer. And most importantly, boards need smarter balanced scorecard performance measures, trended over three months and three years, which force the board and CEO to think and converse about future challenges and opportunities, rather than simply reflect upon last quarter's operational activities.

### **Reschedule Board Meeting Calendars**

Most boards meet too often, and meetings are too short to accomplish anything concrete. This enhances the risk for board and manager burnout, just when we need clear thinking and fresh energy for the

road ahead. Two-year calendars should be mapped and posted to the board's 24/7 portal. The calendar should spread out the regular, committee and special event board meetings so that regular meetings occur every other month for a slightly longer period of time but with monthly packets of information to allow board members to monitor progress against plans. Most committees could meet quarterly, with smarter information flowing in the intervening months and with easier access to Web-based meeting minutes.

Meeting agendas for committees and the board also need to be redesigned. Most board meetings begin with reports from the CEO, CFO, CMO, CNO and each committee, and then when everyone is exhausted, there is only a very short time left for strategic conversations about important challenges and opportunities. This is an unhealthy meeting culture—one that does not drive toward enhanced productivity and effectiveness, but is a mind-numbing drift through history.

### **Reinvent the Work of Board Committees**

Much of the board's work is done in well-organized and well-led committees. Unfortunately, too many boards have too many committees, and the

committees meet too often, with poorly defined annual work plans.

If boards are to be more productive and effective, they must practice “zero-based committees,” a concept in which they anticipate the strategic imperatives for the organization and only create standing committees if the imperatives are known to extend for multiple years (e.g., a committee for financial vitality; a governance effectiveness committee, which includes nominating, orientation, board education and annual board self-assessments; a quality and professional affairs committee, which incorporates safety, clinical process improvements, medical staff affairs and credentialing).

More reliance can be placed on task forces that have a clear charge, a targeted

membership with essential experience and perspectives needed to accomplish the charge (even nonboard members), a defined work plan, formal staff support and a defined sunset provision.

### **Reinvigorate Annual Leadership Retreats**

Leadership retreats have become too one-dimensional. They really are a retreat from uncomfortable reality and challenging scenarios. They should become a journey into uncharted, exciting and disruptive alternative scenarios. High-performance organizations recast their annual gathering of board members, managers, physicians and foundation board members into new forms of “strategic innovation labs” or “strategic visioning charrettes” (see [www.charretteinstitute.org/charrette.html](http://www.charretteinstitute.org/charrette.html))

from the National Charrette Institute, which encourage, by means of venue, agenda, advance reading materials, guest speakers and interactive facilitation, a completely different dynamic of strategic and generative thinking and strategy development.

### **Re-envision Population-Based Governance**

Accountable care will focus increasingly on population-based improved healthcare. Many boards have not had substantive strategic discussions about the role of their organization or the board’s role in championing community health enhancements. The new accountable care organization regulations are expected to provide a new lens through which boards and their committees will need to define, measure,

monitor and invest in new initiatives for improved healthcare and provide quality care to targeted population segments, particularly those that are poor and suffering from chronic diseases.

### **Redefine Clinical Governance**

Boards and medical staffs still are not bonding or aligning. We need to embrace “clinical governance” as a bolder, more energized form of patient-centered care. In Europe, this concept encourages new conversations about how the medical staff, nursing staff and board, sitting around a table together, define and monitor the organization’s journey into a high-performance domain of superior patient care.

### **Reconnect With Patient Stories**

Board meetings are too sterile and remote from the heart of the healthcare organization’s mission: people caring for people. Great boards bring five- to seven-minute patient and caregiver stories into at least two or three board meetings per year. Great boards thank care teams annually for superior clinical outcomes. These stories ground the board’s work in the mission of community and patient service. They remind board members and leaders why they invest so much time and effort to govern. They also send clear messages to the caregivers that top leadership cares about what they do.

### **Recruit Board Members With Needed Expertise**

Boards need more members from high-risk and high-reliability organizations and settings such as power plants, airlines and nuclear aircraft carriers. Boards also need insights from assertive, consumer-focused retail businesses such as hotels, banks and restaurants. But recruiting smart, experienced board members is not enough; they

must share their insights for strategic thinking and decision making to achieve more productive, safer and customer-appreciated healthcare.

These eight ideas can help improve the prospects for enhanced productivity and effectiveness in governance. ▲

*James A. Rice, PhD, FACHE, is vice chairman, The Governance Institute, San Diego, and executive vice president, Executive Compensation and Governance, Integrated Healthcare Strategies, Minneapolis. He can be reached at [jim.rice@ihstrategies.com](mailto:jim.rice@ihstrategies.com).*

