

***View from the* Governance Front Lines**

**Challenges, Issues and
Solutions in Governance
Information and
Education**



**January 13, 2006
Radisson Hotel & Conference Center
Minneapolis, Minnesota**

If your board were a car, what would it be?

1. Ferrari

4%

2. SUV

45%

3. Chevy Impala

36%

4. 1985 Ford Pinto

6%

5. VW Bug

9%

Which of the following describes your governance personality?

Choose all that apply

1. Micromanager



2. Thoughtful



3. Visionary



4. Attentive



5. Clueless



Survey Objectives

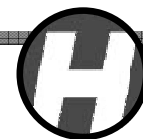
- ▶ **Assess CEO and trustee viewpoints about Minnesota hospital governance structures, practices and needs**
- ▶ **Determine areas where MHA can be most valuable to its member trustees in helping them develop their governing effectiveness**



CEOS and TRUSTEES
responded to the survey

*The majority of the respondents were
from **RURAL** locations, reflecting a
SIMILAR demographic to the **ENTIRE STATE***

**Most respondents represented
STAND-ALONE INDEPENDENT HOSPITALS
or are PART OF A HEALTH SYSTEM**



Survey Overview

DataFile

58 CEOs

183
Trustees

Information and viewpoints regarding:

- ▶ **Board operations**
- ▶ **Board education**
- ▶ **Value of MHA education and information**
- ▶ **Recruiting new trustees**
- ▶ **MHA TrusteePlace Web site**



Respondent Location

DataFile

71%
rural

17%
urban

12%
suburban



Respondents Reflect the Full Spectrum of Minnesota Hospitals

41%

Stand-Alone Independent Hospital

34%

Part of a Health System

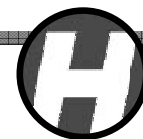
25%

Government Non-Federal



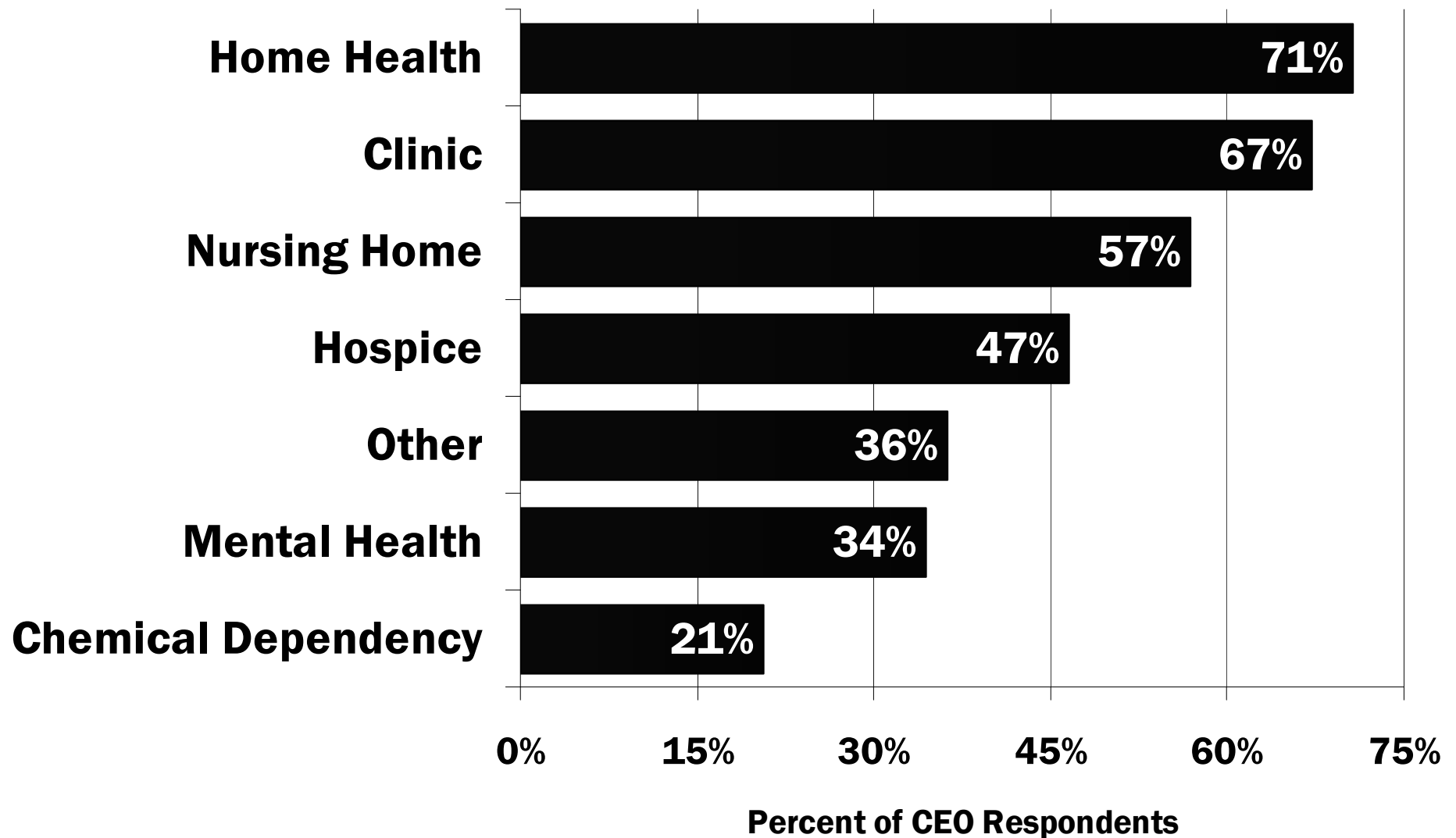
The MOST COMMON other lines of business are HOME HEALTH, CLINICS, and NURSING HOMES

The LEAST COMMON other lines include MENTAL HEALTH and CHEMICAL DEPENDENCY



Hospital Business Lines

DataFile



**respondents selected multiple options*



What lines of business do you believe your hospital will operate in five years?

Choose all that apply

1. Mental health



2. Emergency Department



3. Home Health



4. Long-term care facility



5. Don't know



6. Other



**Most Minnesota boards
have 5-15 MEMBERS**

*The majority of board members
are **ELECTED** by the board*

**Nearly ALL board member
terms are 3-5 YEARS**

*Trustees may either serve a
maximum of **2-3 TERMS** or have **NO
LIMIT** on the number of terms*



Board Composition

DataFile

Fewer than 5 members

2%

5 - <10 members

47%

10 - <15 members

34%

15 - <25 members

17%



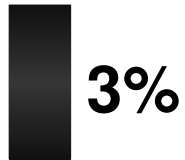
Most Board Members Serve 3-5 Years

7%	Less than 3 years
84%	3 years - < 5 years
7%	5 years - < 10 years
2%	10 years or more



Does size matter?

1. Boards larger than 15 members are better



2. Boards with fewer than 15 members are better



3. Size doesn't matter



Trustee Terms

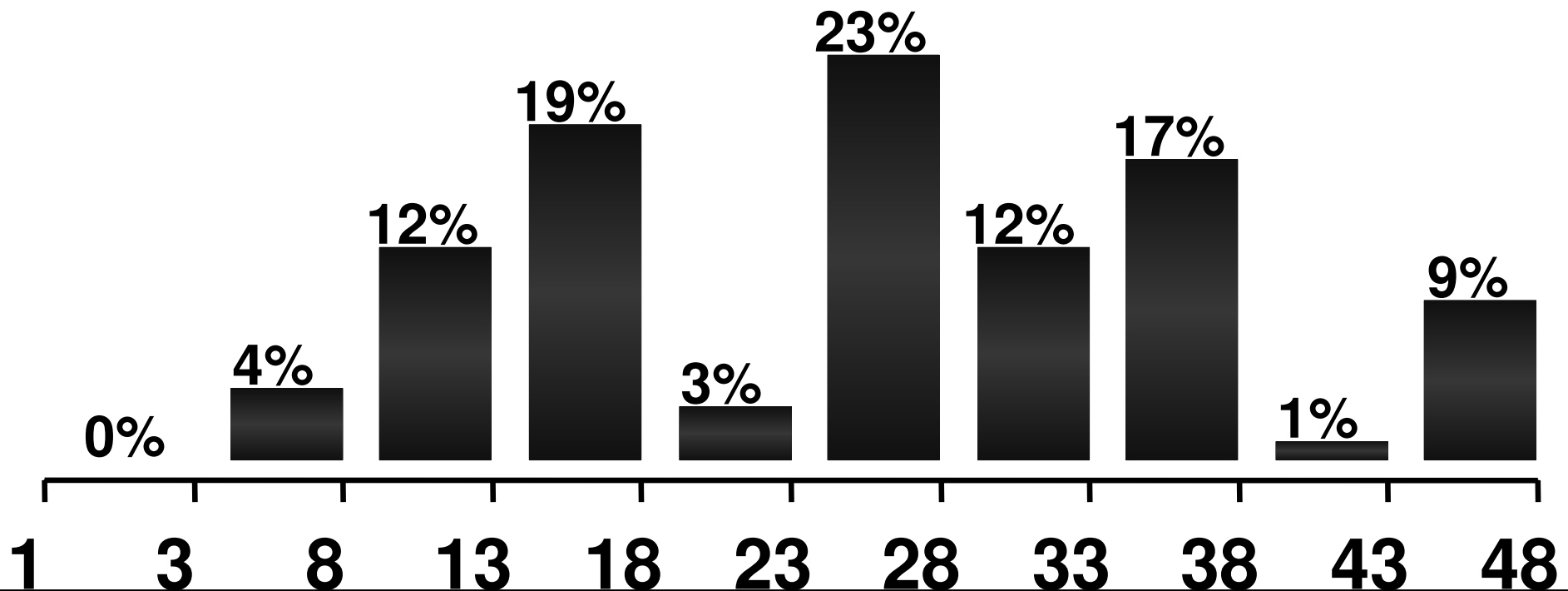
DataFile

Maximum 2-3 terms **68%**

No limit on number of terms **32%**



How many months does it take for a new trustee to thoroughly understand the complexities of the health care industry and their role as a trustee?



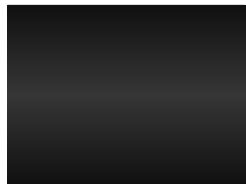
When your term is up, would you like to serve another term?

1. Yes



88%

2. No

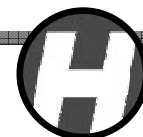


12%

TIME is the most significant
CHALLENGE in **RECRUITING** new trustees

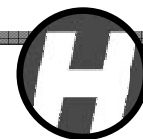
***FEAR OF LIABILITY** is **NOT** a **BARRIER**
in **RECRUITING** new trustees*

Over **40%** of trustees do
NOT HAVE** a **JOB DESCRIPTION



**Less than *ONE THIRD* of Minnesota
Boards have *WRITTEN STANDARDS*
of performance**

***FOUR IN FIVE* boards have *NO*
PROCESS for determining
board *MAKE-UP***



58% Trustee job description with clearly delineated roles and responsibilities

32% Specific written standards of performance for trustees to remain on the board

21% Specific process for determining board make-up (age, gender, etc.)

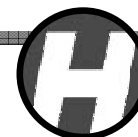


Recruitment Challenges

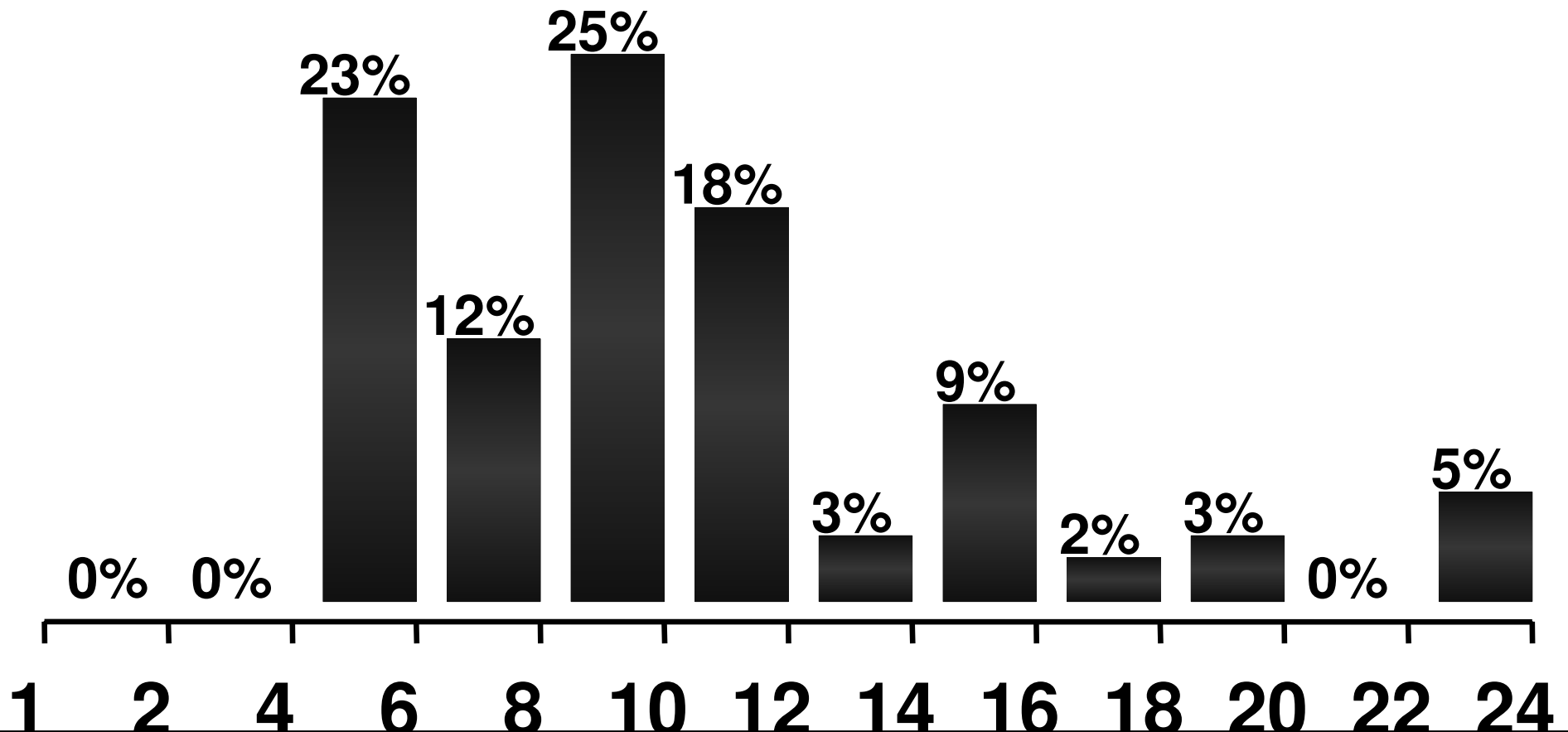
DataFile

	CEOs	Trustees
Time required for board meetings, committee meetings and other governance responsibilities	67%	71%
Time required to learn about health care issues	62%	54%
Competition with other worthwhile local organizations	22%	34%
Lack of qualified individuals	21%	15%
Candidates' fear of personal liability	3%	4%

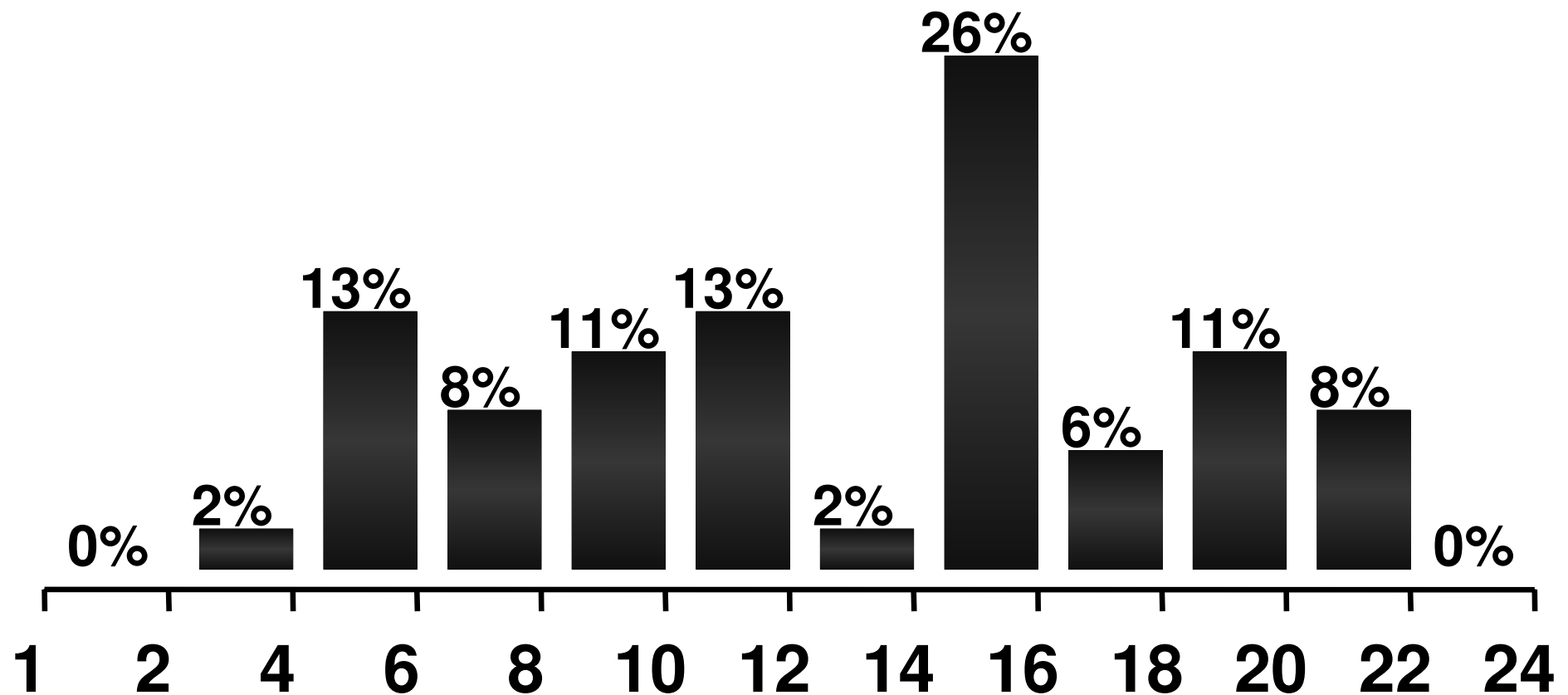
**respondents selected multiple options*



How many hours per month do you think are required to be a high performance trustee?

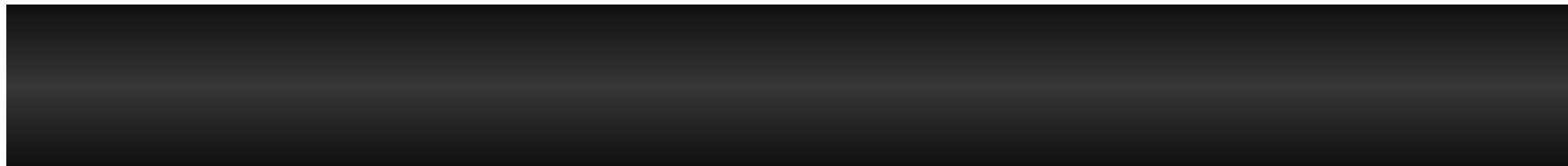


How many hours per month do you currently spend on all governance-related activities?



Would written standards of performance be helpful in clarifying the role and specific expectations for trustees to remain on the board?

1. Yes



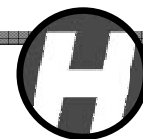
87%

2. No

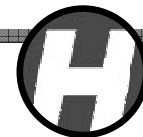


13%

In the next year CEOs believe tactical issues, including FINANCE, PHYSICIAN RECRUITMENT AND RELATIONSHIPS and TECHNOLOGY will have the greatest IMPACT on hospital success

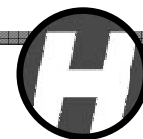


TRUSTEES are concerned about these issues,
but also ***MARKETING, COMMUNITY RELATIONS,***
PUBLIC TRUST, QUALITY, LEADERSHIP, COMMUNITY
GROWTH AND INCREASING COSTS



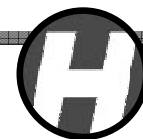
Issues Impacting Hospital Success

- ▶ **Reimbursement/financial performance**
- ▶ **Physician recruitment, hospital/physician relationships and medical staff development**
- ▶ **Implementation of technology, including EMR**
- ▶ **Specialty development**
- ▶ **Integration and partnership with physicians**
- ▶ **Marketing and promotion and the need to address competition**
- ▶ **Community relations/public trust and community health**



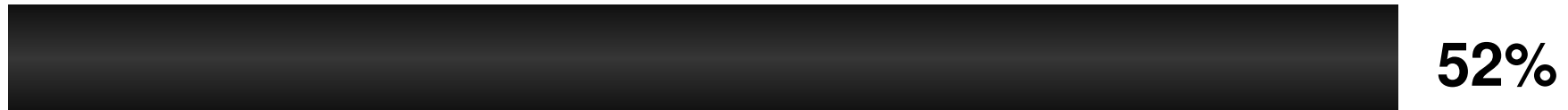
Issues Impacting Hospital Success

- ▶ **Quality of care/patient safety**
- ▶ **Issues specific to Critical Access Hospitals**
- ▶ **Updates to physical facilities**
- ▶ **Development and implementation of strategic plan**
- ▶ **Board leadership and structure**
- ▶ **Preparing for community growth and increased demand**
- ▶ **Increasing health care costs**

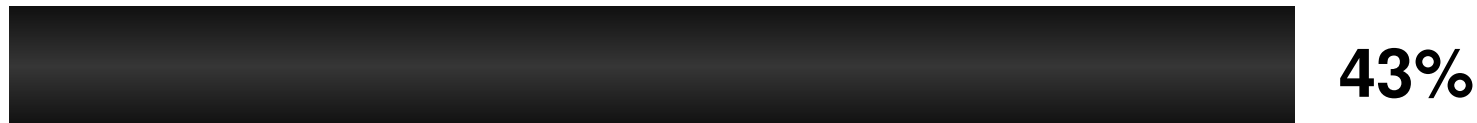


Right now, how ready are you to guide your organization through these tough issues?

1. Fully ready now



2. Somewhat ready



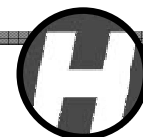
3. Uneasy with my level of readiness



THE MAJORITY of hospitals
have a formalized **BOARD ORIENTATION**
process

Over 2/3 of Minnesota hospital boards'
ORIENTATIONS include the most ***CRITICAL***
AREAS of board performance

2/3s of hospitals do a **BOARD SELF-**
ASSESSMENT, indicating a gap in
leadership **ACCOUNTABILITY**

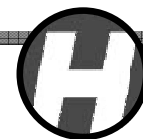


**Boards need increased *PREPARATION*
for *GOVERNANCE SUCCESSION***

**Large percentage *LACK*
formal board *POLICY MANUAL***

***LACK* of commitment to
*TRUSTEE EDUCATION***

**Need increased *PREPARATION*
for successful *LEADERSHIP***



89%

Have a specified board orientation process

Topics Included in Board Orientation...

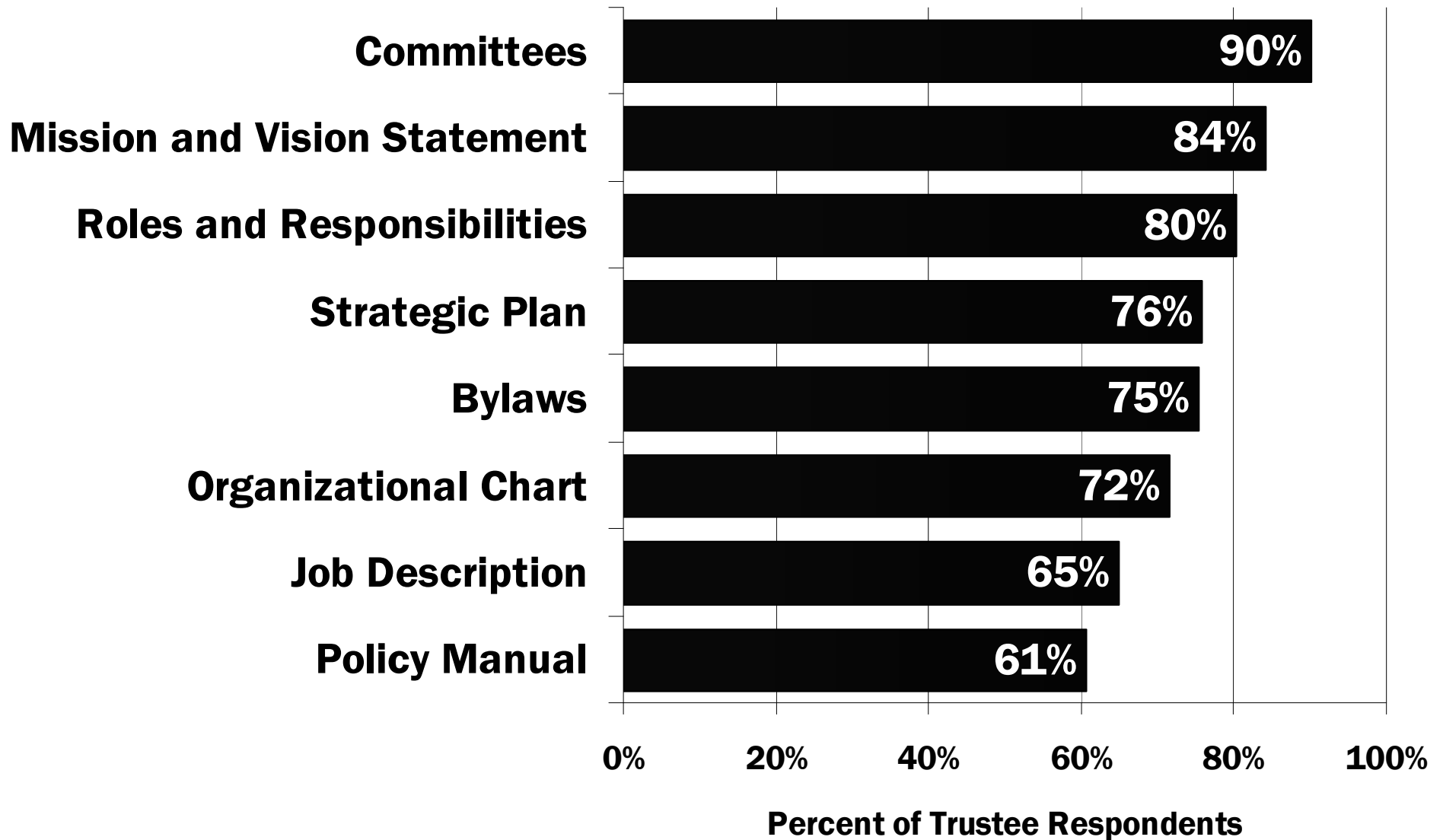
- ▶ **Committees (90%)**
- ▶ **Mission and vision statement (84%)**
- ▶ **Roles and responsibilities (80%)**
- ▶ **Strategic plan (76%)**
- ▶ **Bylaws (75%)**
- ▶ **Organizational chart (72%)**
- ▶ **Job description (65%)**
- ▶ **Policy manual (61%)**

**percentages reflect percent of all trustee respondents; respondents selected multiple options*



Board Orientation Topics

DataFile



**respondents selected multiple options*



How successfully does your board prepare its trustees for a rapid assumption of leadership and accountability?

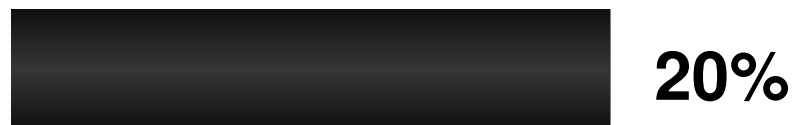
1. We're very successful



2. We do OK



3. We really need help



Trustee Education Requirements

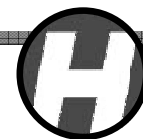
▶ Trustee responses

- Education included regularly in board meetings**
- Workshops, retreats and local educational seminars**
- Some require at least one educational session program or conference annually, while others require at least one every two or three years**

▶ CEO responses

- Some require at least one educational session program or conference annually, while others require at least one every two or three years**

**percentage of respondents whose boards have an education requirement*



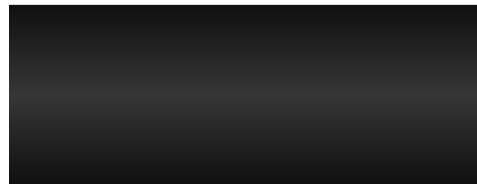
Does your CEO promote the importance of trustee education? (Trustee Votes Only!)

1. Yes



79%

2. No



21%

Why do you believe many boards don't require trustee education?

1. CEO doesn't value it



2. Trustees don't value it



3. Time



4. Cost



5. All of the above



Annual Board Education Budget

DataFile

Of the CEOs with a budget...

\$1,000-\$4,999 1 hospital

\$5,000-\$14,999 8 hospitals

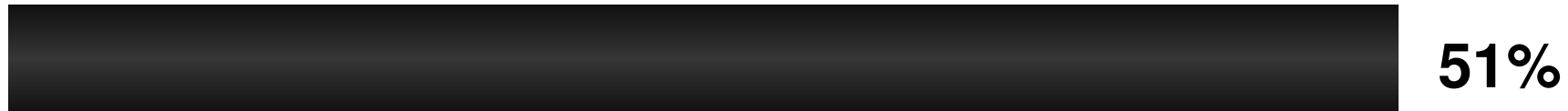
\$15,000-\$34,999 8 hospitals

\$35,000 + 2 hospitals



Most organizations do not have a budget at all for trustee education, and those that do report investing \$35,000 or less annually. What is an appropriate annual educational budget per trustee?

1. Less than \$2,500



2. \$2,500 - \$5,000



3. Over \$5,000



As a trustee, do you personally feel prepared today to provide the leadership necessary to ensure the future success of your organization?

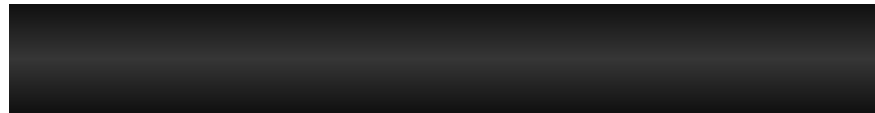
(Trustee Vote Only!)

1. I feel fully prepared



66%

2. I'm getting there, but slowly



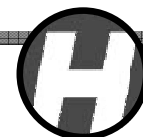
34%

3. I have no idea what I'm doing

0%

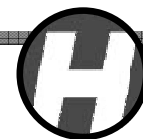
Trustees prefer **SHORT**
EDUCATIONAL conferences and
seminars, **CLOSE TO HOME**

CEOs believe **BOARDS NEED** education
most in **BUILDING BOARD LEADERSHIP**
EFFECTIVENESS and **STRATEGIC PLANNING**

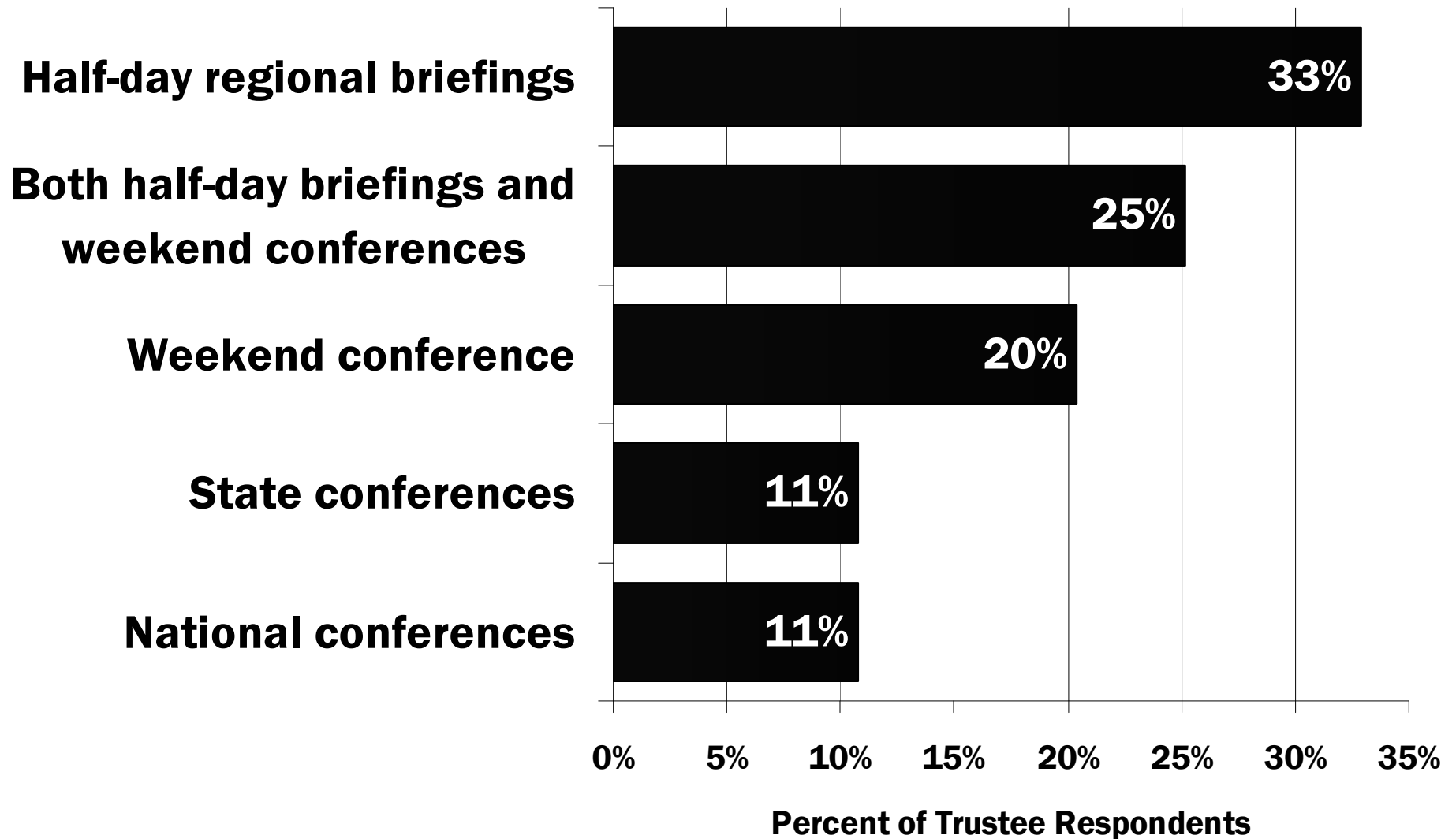


CEOs believe MHA's TRUSTEE WORKSHOPS and PROGRAMS are VALUABLE, and desire ADDITIONAL EDUCATIONAL PROGRAMS as well as TRUSTEE TOOLBOXES

CEOs and TRUSTEES desire sharing of BEST PRACTICES and continued ADVOCACY AND LOBBYING



Trustee Educational Preferences

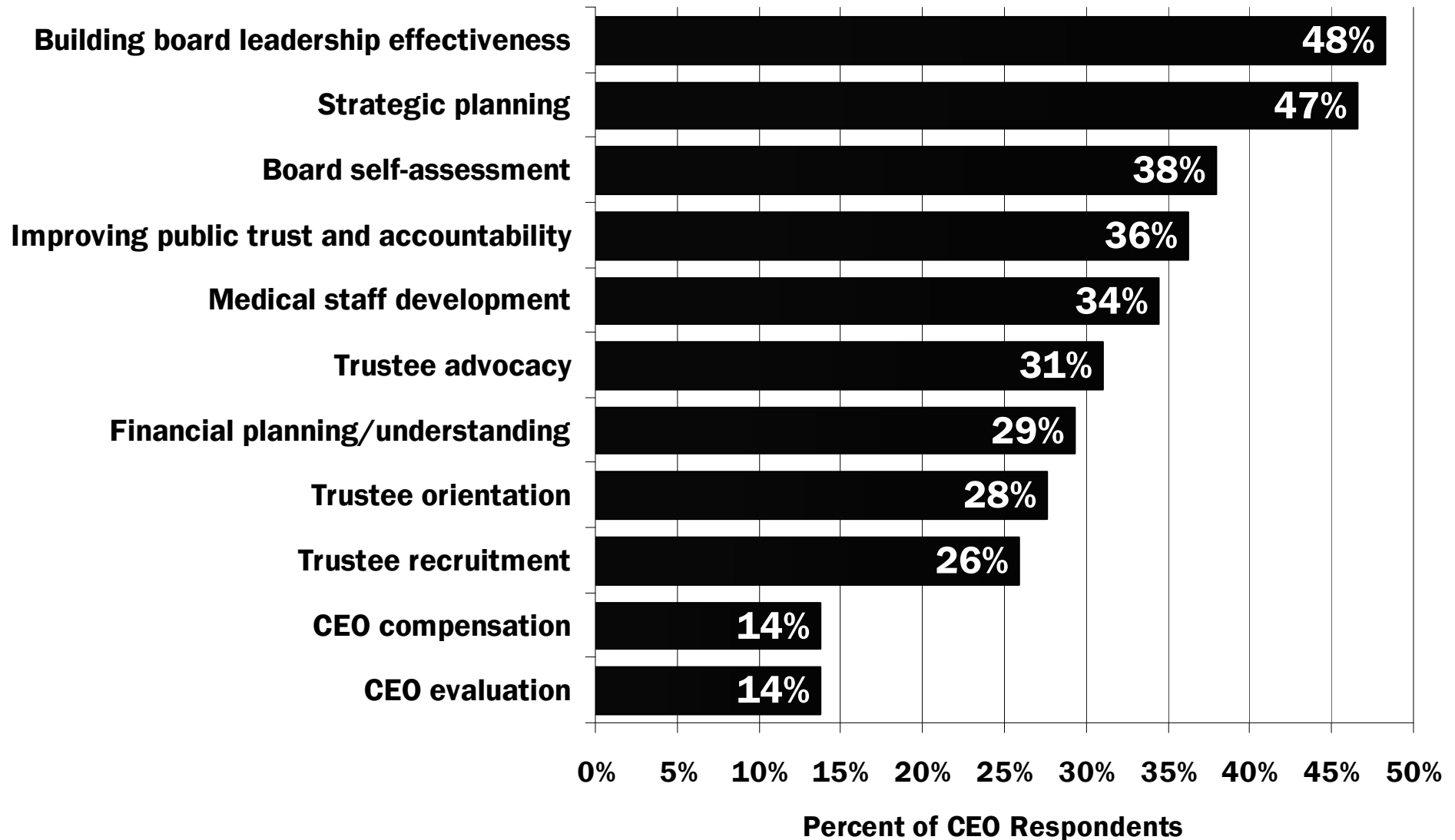


**respondents only selected one option*



Areas for Trustee Improvement

DataFile

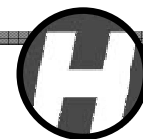


**respondents selected multiple options*



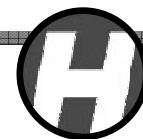
How MHA Can Help Boards

- ▶ **Continue providing trustee education regarding critical issues**
- ▶ **Provide educational materials for boards to review, including CDs, video conferences and Internet resources**
- ▶ **Sharing of best practices and case examples**
- ▶ **Assistance in workforce development**
- ▶ **Provide access to consultants with expertise**

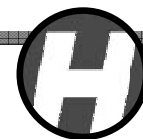


TRUSTEES and CEOs AGREE on the most desired areas for MHA trustee education, including CURRENT TRENDS, QUALITY AND PATIENT SAFETY and COMMUNITY HEALTH

Both Trustees and CEOs AGREE on the need for BOARD ORIENTATION and GOVERNANCE BASICS



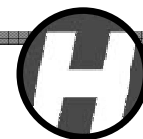
**In addition to education, TRUSTEES
desire HOSPITAL BENCHMARKS, SHARING
OF BEST PRACTICES and NETWORKING**



Top 5 Areas in which Trustees Would Most Like MHA To Provide Information and Education

- ▶ **Identifying and understanding trends and issues that will impact the hospital's success (59%)**
- ▶ **Improving quality and patient safety (46%)**
- ▶ **Assessing current and emerging community health needs (45%)**
- ▶ **Adapting to Medicare and Medicaid reimbursement shortfalls (33%)**
- ▶ **Improving organizational efficiency (26%)**

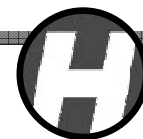
**top areas selected by both trustees and CEOs are indicated in yellow*



Top 5 Areas CEOs Would Most Like MHA To Provide Information and Education to Trustees:

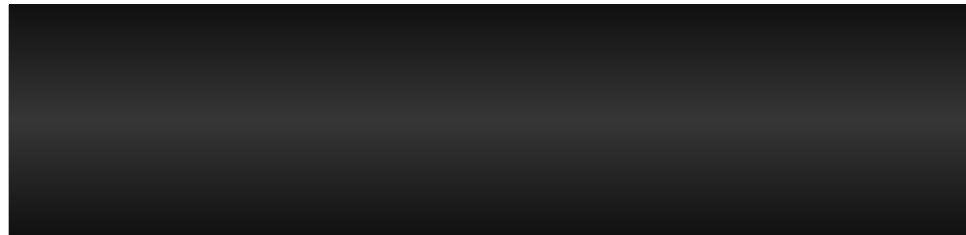
- ▶ **Identifying and understanding trends and issues that will impact the hospital's success (50%)**
- ▶ **Improving quality and patient safety (48%)**
- ▶ **Assessing current and emerging community health needs (31%)**
- ▶ **Measuring organizational progress through statistical performance (28%)**
- ▶ **Adapting to Medicare and Medicaid reimbursement shortfalls (28%)**

**top areas selected by both trustees and CEOs are indicated in yellow*



Do you know what MHA's TrusteePlace is?

1. Yes



40%

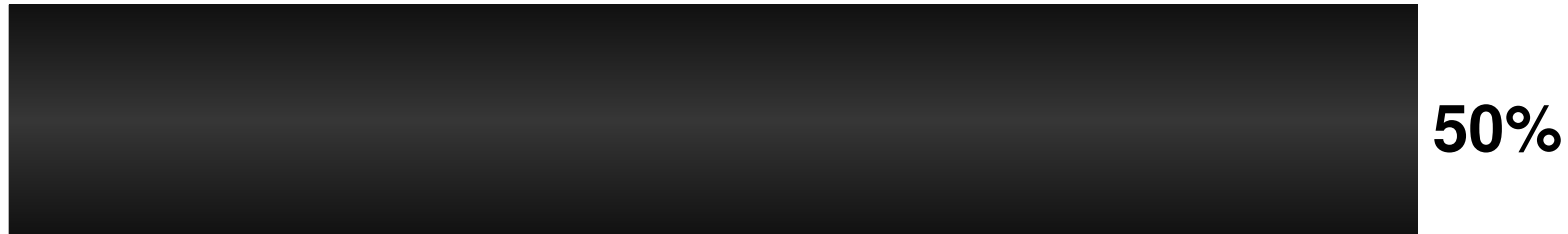
2. No



60%

Have you accessed information on the TrusteePlace website?

1. Yes



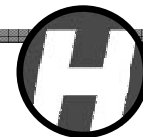
2. No



**PATIENT SAFETY, BOARD ROLES AND
RESPONSIBILITIES AND COMMUNITY NEEDS
ASSESSMENT** are the **MOST VALUABLE** resources
on the *TrusteePlace* Web site

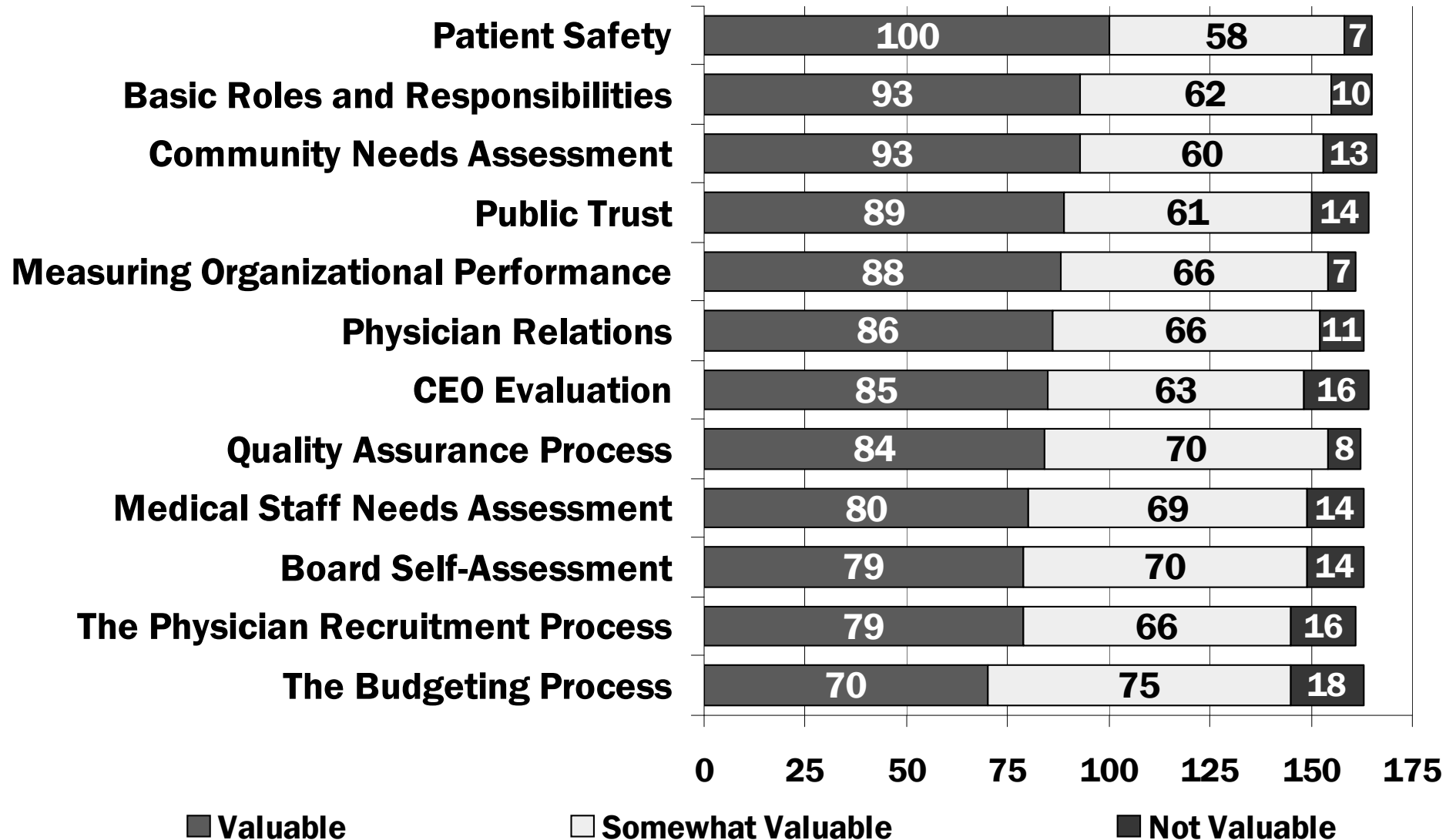


Although trustees *DESIRE* education regarding *FINANCE, BOARD ORIENTATION* and *WORKFORCE*, these areas are viewed as only *SOMEWHAT VALUABLE* on TrusteePlace



Most Valuable *TrusteePlace* Topics

DataFile



Least Valuable *TrusteePlace* Topics

DataFile



Will you use the results of this research to improve your board's performance?

1. Yes, Definitely!



2. Yes, Some



3. Yes, A little

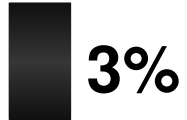


4. No, not at all



The electronic polling today was Peggy Westby's idea. She deserves...

1. A big raise



2. Our undying gratitude



3. A standing ovation



4. All of the above



www.mnhospitals.org

Click on the “Trustee” tab at the top, and enter your user name and password



***View from the* Governance Front Lines**

**Challenges, Issues and
Solutions in Governance
Information and
Education**



**January 13, 2006
Radisson Hotel & Conference Center
Minneapolis, Minnesota**