

BoardBrief

Prepared for Colorado Hospital Association Trustees

New Trustee Orientation

The Foundation for Trustee Success

The pace of change in the health care environment continues to accelerate, spurred even faster as the varied components of the Patient Protection and Affordable Care Act (ACA) take effect. Confronting financial concerns and responding to market competition and regulatory changes have added to hospital boards' already significant responsibilities. Board service has never been more challenging, as trustees today are expected to know and understand more and take on greater responsibility than they have in the past.

The increased expectation for knowledge and understanding underscores the critical work of the board and the importance of well-planned trustee selection and orientation. Given the complexity and change in today's health care environment and the weighty nature of trustee responsibilities, the board should have a well-thought out program for "onboarding" new trustees to ensure they have the foundation for effective and rewarding board service.

Orientation is a Process

Trustee orientation should be considered one component of a broader "onboarding" *process* that spans a trustee's first months or year on the board. The process is the board's opportunity to assist a new trustee to more rapidly assimilate information and issues, and become an engaged and contributing member of the board.

Ideally, onboarding a new trustee should begin before an individual is even asked to accept an invitation to the board. Trustee candidates should be given a written description of board and trustee roles and responsibilities to ensure they have a clear understanding of the accountabilities they will be assuming and a readiness to commit the time required to carry out those responsibilities. A comprehensive description of board roles and responsibilities should include a summary of fiduciary duties, a list of essential board functions, and a summary of the skills, attributes and commitments expected from trustees.

What New Trustees Need to Know

Once a candidate has agreed to serve as a trustee, he or she should attend one or more orientation sessions with the Chief Executive Officer (CEO), board chair and other hospital executives. This step in the process should take place before a new trustee's first board meeting. Planned by the CEO and board chair or a designated board committee, the orientation should provide new trustees with a broad understanding of the organization, the health care environment and the issues they will be expected to address as a board member.

While the CEO may present a significant portion of the material, the board chair should review information about trustee responsibilities and the board's relationship with the CEO. The Chief Medical Officer (CMO) should discuss quality and patient safety, including the organization's performance on quality measures and key quality initiatives. The Chief Financial Officer (CFO) should present financial information and key financial indicators. The agenda for the orientation session(s) should include time devoted to discussing health care transformation and its influence or impact on the hospital, including the hospital's quality programs, finances and market position. Topics typically included in an orientation agenda include:

Organizational Information.

- History of the organization
- Organizational structure
- Mission, vision, and values

- Strategic plan
- Community health needs assessment
- Quality and patient safety initiatives, including measures used to evaluate the organization's quality performance, patient safety, and value-based reimbursement programs
- Explanation of financial statements and ratios used to measure organizational performance

Governance Information.

- Trustee expectations, such as attendance, committee work and continuing education
- Fiduciary and legal duties, conflict of interest
- Board bylaws, policies and procedures
- Information on the local and national health care environment and key trends
- Significant issues and decisions made in the past 12 months
- Current issues of significance
- Definitions of key health care terms
- Components of the organization's payer mix

Where to Turn for Reliable Information

Many new trustees arrive on the board with little or no prior board experience or health care expertise. The amount and complexity of information and data may be overwhelming at first. Identifying another board member as a partner who can offer context and answer questions will help a new trustee to become well-established in understanding not only governance responsibilities, but also the organization's culture, environment, issues, challenges and opportunities.

A Board Manual vs. Orientation Manual. A well-designed board manual not only provides new trustees with valuable information about the organization and the board, it also serves as a reference for all trustees throughout their tenure as a board member. As a resource, a comprehensive and well-organized board manual should include, but not be limited to:

- Information about the hospital or health system and the community it serves;
- Information about the health care environment, including information about the ACA, health care transformation

and other environmental trends;

- Pertinent organizational documents, including the organization's strategic plan, community needs assessment, and annual report;
- Current financial and quality information; and
- Governing documents, including board bylaws, policies and procedures.

Referencing the manual throughout the onboarding process will help to familiarize trustees with the value of its contents. Regularly updating the manual with new information will ensure it remains a relevant and useful resource for trustees.

You Can Never Know Too Much. "Transformation" is at the core of health care delivery today. The health care environment is often referred to as "rapid change," "turbulent" and even "volatile." Opportunities for trustee education are many, and include governance conferences, retreats, workshops, "brown bag" sessions with various members of the hospital's C-suite, and board meetings that include dedicated agenda time for governance education. Keeping pace, acting nimbly, making informed decisions and serving as the hospital's ambassadors to the community all require trustees who are well-informed and knowledgeable – an on-going educational process.

Who Should Present Trustee Orientation Information?

The full board or a governance development committee is responsible for designing the board orientation process, and ensuring that it is carried out in a timely and purposeful manner. The CEO, board chair and other hospital leaders should present and discuss the majority of the information. The CEO should provide a broad-based overview of the market, competition, organizational structure, goals, etc. Overall governance and individual trustee responsibilities are best explained by the board chair; the chief financial officer should present financial information and key financial indicators and their meaning, and the chief medical officer should address medical staff and quality of care issues.

New Trustee Tour

The CEO and board chair should together conduct a tour of the organization's care sites with new trustees. The tour should be scheduled prior to a new trustee's first board meeting and

Is Your New Trustee Board-Meeting Ready?

While the onboarding and learning process will continue for new trustees, early orientation sessions should have prepared them to answer the following questions:

1	What is the organization's mission and vision?
2	How has the ACA changed health care delivery and spurred health care transformation? Identify other critical trends at work in the health care environment.
3	How has the ACA impacted the organization? What impacts on the organization are anticipated from the ACA and other trends in the next five years?
4	What other major changes are occurring in the legislative and regulatory environment and how have they or will they impact the organization?
5	When did the organization last conduct a community health needs assessment? What health needs were identified as most pressing? How does the organization's strategic plan address those needs? Is the organization partnering with others in the community on larger, community-wide initiatives?
6	Who are the organization's competitors? What potential partnership or affiliation might they seek, if any? What is their strategic significance to the organization?
7	How well-aligned and integrated is the hospital and its medical staff? How many employed physicians does the organization have? How many are independent? Are physicians involved in organizational decision-making, and do they support the organization's mission and vision?
8	What percentage of the organization's payments come from Medicare, Medicaid, "traditional insurance," or self-pay/uninsured patients? How are reimbursement levels impacting the organizations financial status?
9	What percentage of revenues comes from inpatient acute care, outpatient surgery, outpatient primary care, hospice, nursing home care, etc.? How are these changing?
10	What is the organization's financial status, including operational margins and margins from its lines of business?
11	What is the organization's quality performance? What are the organization's key quality and patient safety initiatives?
12	How prepared is the organization for new payment models, including bundled payments, value-based purchasing, and pilot models such as Accountable Care Organizations (ACOs)? Is the organization working toward a more integrated care delivery environment?
13	What is the state of the organization's current information technology system and what are the long-term goals and expectations? Does information technology better integrate the organizations various service lines, entities and medical staff?
14	What are the three to five most critical issues confronting the board in the next year? What are the key initiatives and goals of the organization's strategic plan? Are these aligned?

should include a visit to each key department or service area, an introduction to the Chief Officer or Director of each area, and adequate time for the Chief Officer or Director to provide an overview of their area and responsibilities. The overview should include a discussion of the following information, and include materials that would be significant or helpful to the trustee in preparing him/herself to assume governance responsibilities:

- The area's organizational structure and key management staff;
- The key responsibilities and work of the area;

- The area's culture and environment; and
- Other significant information about the area, and its role in helping to achieve the organization's mission and vision.

Mentoring New Trustees

Many new trustees arrive on the board with little or no prior board experience or health care expertise. A strong orientation program and warm welcome to the board is critical to their success as a trustee, as well as to the board's success as a cohesive governing body. Mentors play a key role in

welcoming a new trustee to the board, and ensuring a rewarding opportunity for him or her to contribute to the success of the organization.

Here are some tips to help new trustees become well-established in understanding governance business:

- Invite the new trustee to attend the first few meetings with an assigned mentor;
- Have the mentor introduce him/her to others at the meeting (board members, administrative and medical staff, and others);
- Have the mentor talk with the new trustee prior to the first few board meetings, review the upcoming board meeting agenda and explain the significance of the items on the agenda;
- Seat the mentor next to the new trustee at board meetings. Anticipate questions he/she may have during the course of the meeting, and offer insights, background and other information. If appropriate, ask the board chair to pause the meeting for brief explanations and orientation that will help the new trustee (and likely other newer board members as well) to be able to make thoughtful, evidence-based decisions;
- Have the mentor provide a recap of critical issues and decisions following the first few meetings; and
- Encourage the mentor to share insights and information, make him/herself available to answer questions and generally help the trustee become comfortable working with his/her colleagues, and confident in successfully carrying out the governing leadership role.

Another way to help new trustees understand governance expectations is to have them review the most recent board self-assessment. This will provide new trustees with a clear picture of how the board examines itself and evaluates its strengths and weaknesses, and will showcase the values and performance attributes important to the board.

Ensuring a Comprehensive Board Manual

A board manual serves two functions for trustees: it orients new trustees and provides useful information about the organization, board structures, and other board members and staff; and it serves as a reference for all trustees throughout their tenure as a board member.

Don't overwhelm new board members with large amounts of information at once. Keep each item brief, and use the governance manual throughout the initial orientation process.

In addition, encourage new board members to ask questions about the material, evaluate the usefulness of the manual, and regularly update the manual with new information, as appropriate.

A good governance manual should include the following type of information:

Information about the Hospital and the Market Served

- History
- Mission, vision and values
- Organization chart
- Programs and services
- Hospital "quick facts" (brief snapshots of statistics about the hospital, its market, utilization, etc.)
- Service area description
- Facilities description
- Medical staff composition, by specialty
- Hospital Foundation information
- Strategic plan

Health Care Basics:

- Reimbursement and regulatory basics
- National and state health care trends
- Health care occupations in the hospital
- Health care acronyms and terminology

An Overview of the Role of Leadership:

- CEO/executive staff
- Medical staff
- Affiliations and partnerships with others

Governance Operations:

- List of board members, and contact information for each
- Governance policies and procedures

- Board and committees and meeting schedules
- Trustee selection/election process
- Directors' and officers' insurance, and legal protections for board members
- Hospital bylaws
- Fiduciary duties
- Basic board roles and individual trustee accountabilities (CEO compensation and performance evaluation, quality and patient safety, strategic planning, medical staff credentialing, legislative and community advocacy, etc.)
- Confidentiality requirements

- Governance practices and performance self-assessment process, most recent self-assessment results and actions taken to improve governance effectiveness

Information About Memberships

- This will likely include the American Hospital Association and the state hospital association, among others

Finally, new trustees should be encouraged to become highly involved and engaged in community outreach and advocacy on behalf of the hospital, utilizing their social and political network to advance understanding of the challenges facing the hospital, and the benefit the hospital provides to the community.