

Health Center Program Governing Board Workbook

*... committed people
providing leadership and
oversight to ensure health
care for their community*

National Association of
Community Health Centers
July 2015



ABOUT NACHC

Established in 1971, the National Association of Community Health Centers (NACHC) serves as the national voice for America's health centers and as an advocate for health care access for the medically underserved and uninsured.

NACHC's mission is: "To promote the provision of high quality, comprehensive health care that is accessible, coordinated, culturally and linguistically competent, and community directed for all underserved populations."

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- ★ Resources found in the **HRSA/BPHC Sample and Templates Resource Center** at <http://bphc.hrsa.gov/programrequirements/resourcecenter/> and referenced in **Appendix I** have been reviewed for content and relevance but are not necessarily intended to communicate HRSA/BPHC policy or expectations. Their contents are solely the responsibility of the authors and do not necessarily represent the official views of HRSA/BPHC. Any "sample" documents downloaded from this site must be tailored to the health center's unique circumstances and needs and should be reviewed by the health center's own counsel for legal sufficiency and applicability.

FOR MORE INFORMATION

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TABLE OF CONTENTS

PAGE

Welcome	1
Introduction	2
About This Workbook	3
Acronyms	6
CHAPTER	
1. Health Center Program Overview	8
• HISTORY OF HEALTH CENTERS	
• THE UNIQUE HEALTH CENTER PROGRAM MODEL	
• HEALTH CENTER REQUIREMENTS	
• HEALTH CENTER PROGRAM ADMINISTRATION	
2. Health Center Governance	14
• COMPOSITION OF THE HEALTH CENTER'S BOARD	
• WHAT IS THE BOARD'S ROLE? WHAT IS THE CEO'S ROLE?	
• BYLAWS – HOW A BOARD OPERATES	
• PUBLIC HEALTH CENTER GOVERNANCE	
• BOARD MEETINGS	
• BOARD COMMITTEES	
• EXECUTIVE SESSION	
• MEETING MINUTES	
• BOARD CHAIR LEADERSHIP	
3. Board's Role in Managing Health Center Risks	24
• FIDUCIARY RESPONSIBILITIES	
• RISK MANAGEMENT	
• PROGRAM INTEGRITY INITIATIVE	
• CORPORATE COMPLIANCE	
• EMPLOYMENT PRACTICES	
• PROVIDER CREDENTIALING AND PRIVILEGING	
4. Board's Role in Guiding the Future	32
• MISSION, VISION, AND VALUES	
• EXAMPLES OF MISSION, VISION, AND VALUES	
• STRATEGIC PLANNING	
• COMMUNITY HEALTH NEEDS ASSESSMENT	
5. Board's Role in Financial Oversight	41
• UNDERSTANDING FINANCIAL STATEMENTS	
• APPROVAL OF THE ANNUAL BUDGET	
• MONITORING FINANCIAL PERFORMANCE	
• ACCOUNTING AND INTERNAL CONTROL SYSTEMS	
• APPROVING AND UPDATING A SLIDING FEE DISCOUNT PROGRAM	
• BILLING AND COLLECTIONS SYSTEMS	
• INDEPENDENT FINANCIAL AUDITS	
• IRS FORM 990	
• STRATEGIC FISCAL PLANNING	

- 6. **Board’s Role in Ensuring Quality and Safety** 55
 - WHAT IS QUALITY
 - A QUALITY ASSURANCE/QUALITY IMPROVEMENT PROGRAM
 - QUALITY ASSESSMENT MEASURES
 - SETTING THE TONE

- 7. **Board’s Role in Telling the Center’s Story** 60
 - TELLING THE HEALTH CENTER’S STORY
 - COMMUNITY RELATIONS

- 8. **Board’s Role in Ensuring CEO Performance and Continuity** 62
 - HIRING THE HEALTH CENTER CEO
 - EVALUATING CEO PERFORMANCE
 - EXECUTIVE COMPENSATION
 - SUCCESSION PLANNING

- 9. **The Board’s Role in Leading Effectively** 66
 - ORGANIZATIONAL CULTURE
 - BOARD CULTURE AND CODE OF CONDUCT
 - MEETING STRUCTURE
 - CONSENT AGENDA
 - MONITORING PERFORMANCE WITH DASHBOARDS
 - MANAGING CONFLICT
 - MEETING EVALUATIONS
 - BOARD SELF-ASSESSMENT AND CONTINUOUS IMPROVEMENT

- 10. **Putting It All Together** 74
 - ANNUAL BOARD WORK PLAN

- 11. **Then Changing Health Care Environment** 77
 - AFFORDABLE CARE ACT
 - HEALTH CENTER TRUST FUND
 - DELIVERY SYSTEM REFORM
 - PAYMENT REFORM
 - HEALTH INFORMATION TECHNOLOGY
 - QUESTIONS FOR BOARDS TO CONSIDER

- 12. **Your Next Steps** 83

- Appendix I – HRSA HEALTH CENTER PROGRAM SAMPLES AND TEMPLATES RESOURCE CENTER** 85
- Appendix I – SAMPLE BOARD MEMBER CODE OF CONDUCT** 86
- Appendix II – CHARACTERISTICS OF HIGH-PERFORMING HEALTH CENTER BOARDS** 88

Welcome

Welcome and congratulations - you're on the board of a Health Center Program participant (hereafter referred to as a health center).

It is a privilege and responsibility to serve on a health center's board. You will work with a group of committed people to provide leadership and oversight to ensure health care for people in your community. You will address challenges and opportunities as you strive to improve the health of your community. Board members often report that board service is one of the most worthwhile experiences in their personal and professional lives.



The **Health Center Program Governing Board Workbook** provides a brief overview of the Health Center Program and its unique characteristics and requirements, including governance. It also highlights foundational knowledge and core competencies you need to be an effective board member.

The **Workbook** is written as a self-study guide so you can learn at your own pace. Each section will include information and exercises to help you learn faster, check your understanding and hopefully have some fun in the meantime!

Note: In the workbook the term “**health center**” refers to public or private nonprofit entities that: (1) receive grants under Section 330 of the Public Health Service Act (Section 330), including Sections 330(e), 330(f), 330(g) and 330(h) (collectively “Health Center Program Grantees”); and (2) entities that have been determined by the Department of Health and Human Services (DHHS) to meet the requirements to receive funding without actually receiving a grant (“**health center look-alikes**”).

Introduction

A health center's board draws its members from patients who receive their health care at the center, as well as local business and community leaders. As a patient, you already know about the important role health centers play in caring for people. As a community leader, you know how good health leads to productive citizens and healthy communities. As a business leader, you know how important good health is to your employees' success on the job.

As a board member, you are accountable for carrying out a specific set of responsibilities (more information to come) and for demonstrating the following attributes and behaviors:

- ★ **Be trustworthy** – *be ethical, honest, and respectful in all your interactions. Know your fiduciary obligations and bylaws. Maintain confidentiality. Avoid conflict-of-interest.*
- ★ **Know your organization** – *know the mission, vision, values, goals, policies, programs, services, requirements, strengths and needs. Keep informed and educated about health care issues.*
- ★ **Focus on the future** – *ensure there is a current and effective strategic plan. Think strategically and ask future-oriented questions.*
- ★ **Listen and communicate** – *actively participate in board discussions, participate in educational programs to provide responsible oversight, provide and accept feedback, works well with CEO and other board members, be an advocate for the organization.*
- ★ **Take ownership** – *attend and be prepared for meetings, ask probing questions, participate in quality and financial oversight, serve on committees, support group decisions, participate in fundraising, continually seek to improve governance performance.*
- ★ **Promote effective change** – *foster continuous improvement, support investments for the future, lead and role model necessary organizational change.*

Working together, your board is responsible for safeguarding the health center's mission, partnering with management to define vision, ensuring financial health, attending board and committee meetings, bringing the "voice" of patients into the board room, advocating for your health center, and setting the tone for an organizational culture focused on continuous quality improvement.

You may be thinking . . . that's great, but how do I do that? Keep reading. . .

About This Workbook

Although health centers across the country have many things in common, there are significant differences based on size, populations served, geographic location, and other factors. The **Health Center Program Governing Board Workbook** is written as a general guide to serve everyone.




Depending on the time you've served on your health center board, you will learn different things from the **Workbook**. It may be most useful for new board members to become familiar with expectations of board members and unique responsibilities related to the Health Center Program. Those of you with years of board service may gain new insights about your role as you work through exercises or discuss topics with fellow board members. Our intent is to focus on your experience as a health center board member.

As you work your way through each chapter, you will find yourself more prepared to actively participate in board discussions, to work as a team, and to achieve governance responsibilities. Board members who have a positive attitude toward life-long learning are critical for developing a dynamic board that leads change and continuous improvement. This means you are accountable for taking an active role in getting oriented to your roles and responsibilities when you join the board and staying informed throughout your tenure on the board. Your health center's success depends on it. So, let's get started.

This Workbook has three main learning goals

- ★ Learn about the unique role that health centers play in providing health care to underserved people
- ★ Define and identify the role and responsibilities of serving on the board of a Health Center Program participant
- ★ Identify how you can contribute to the success of your health center

LOOK FOR THESE SYMBOLS

RESOURCES	LOOK FOR THESE SYMBOLS
Links to other sites for in-depth information	→→→
Health center “facts”	
Tips about governance “best practices”	
Exercises and activities to focus your learning	

GATHER YOUR SUPPLIES

Lastly, you’ll need some “supplies” for your journey. Ask your CEO for the following materials (documents, plans, policies) so you have them handy for when you need to refer to them.

- | | |
|---|---|
| <input type="checkbox"/> Current CEO evaluation form | <input type="checkbox"/> Most recent needs assessment |
| <input type="checkbox"/> Calendar of meetings and key events | <input type="checkbox"/> Last audited financial statements |
| <input type="checkbox"/> Bylaws | <input type="checkbox"/> Committee charters and staff liaison |
| <input type="checkbox"/> Community needs assessment | <input type="checkbox"/> Copies of board and committee meeting minutes for previous six months |
| <input type="checkbox"/> Description of programs/services | <input type="checkbox"/> Copies of mission, vision, and values statements if your health center has these |
| <input type="checkbox"/> Marketing materials | <input type="checkbox"/> Copy of the strategic plan and long range budget |
| <input type="checkbox"/> Audit report | <input type="checkbox"/> Copy of quality assurance/quality improvement plan |
| <input type="checkbox"/> Current budget with year-to-date expenses | |
| <input type="checkbox"/> Previous year’s audited financial statements | |

Acronyms

ACA	Affordable Care Act	FY	Fiscal Year
ACO	Accountable Care Organization	GAAP	Generally Accepted Accounting Principles
AHRQ	Agency for Healthcare Research and Quality	HCCN	Health Center Controlled Network
BPHC	Bureau of Primary Health Care	HCH	Health Care for the Homeless
BPR	Budget Period Progress Report	HIE	Health Information Exchange
CEO	Chief Executive Officer	HIPAA	Health Insurance Portability and Accountability Act
CFO	Chief Financial Officer	HIT	Health Information Technology
CFR	Code of Federal Regulations	HIV/AIDS	Human Immunodeficiency Virus/ Acquired Immunodeficiency Syndrome
CHIP	Children’s Health Insurance Program	HMO	Health Maintenance Organization
CHC	Community Health Center	HPSA	Health Professional Shortage Area
C/MHCs	Community/Migrant Health Centers	HRSA	Health Resources and Services Administration
CMO	Chief Medical Officer (often the Medical Director)	IRS	Internal Revenue Service
CMS	Centers for Medicare and Medicaid Services	LALs	Look-Alikes
CY	Calendar Year	LGBT	Lesbian Gay Bisexual Transgender
DHHS	U.S. Department of Health and Human Services	LIP	Licensed Independent Practitioner
EHB	HRSA’s Electronic Handbook	MCFW	Migrant and Seasonal Farmworker
EHR	Electronic Health Record	MCH	Maternal and Child Health
FFR	Federal Financial Report	MHC	Migrant Health Center
FOA	Funding Opportunity Announcement	MIS	Management Information System
FPG	Federal Poverty Guidelines	MU	Meaningful use
FQHC	Federally Qualified Health Center	MUA	Medically Underserved Area
FTCA	Federal Tort Claims Act	MOA	Memorandum of Agreement
FTE	Full Time Equivalent		

MOU Memorandum of Understanding

NACHC National Association of Community Health Centers

NAP New Access Point

NCQA National Committee for Quality Assurance

NHHCS Native Hawaiian Health Care System

NHSC National Health Service Corps

NoA Notice of Award

O&E Outreach and Enrollment

OIG Office of the Inspector General

ORC Objective Review Committee

OSV Operational Site Visit

PAL Program Assistance Letter

PCA Primary Care Association

PCMH Patient-Centered Medical Home

PCO Primary Care Office

PHPC Public Housing Primary Care

PHS Public Health Service

PII Program Integrity Initiative

PIN Policy Information Notice

POS Point of Service

QA/QI Quality Assurance/ Quality Improvement

SAC Service Area Competition

SFDS Sliding Fee Discount Schedule

SWOT Strengths, Weaknesses, Opportunities, Threats

UDS Uniform Data System

→→→ To see additional acronyms and their meanings, go to <http://bphc.hrsa.gov/archive/technicalassistance/resourcecenter/general/oqdaconyms.pdf>

CHAPTER 1. Health Center Program Overview

Key Terms

Authorize = to give permission to do something

Appropriate = to set aside an amount of money for a particular use

Enabling services = services that assist or make possible (Health centers provide enabling services such as transportation and translation services.)

Grantees = an organization that receives money (a grant) given for a specific purpose

Legislation = law passed by an official body, such as a governmental assembly

Look-alike = community-based health care providers that meet the requirements of the Health Center Program, but do not receive Health Center Program funding.

Public Health Services Act = a federal law enacted in 1944 to deal with public health, social welfare, and civil rights

Regulation = a rule or order dealing with details of a procedure and that has the power of law

Section 330 = the part of the Public Health Service Act that authorizes the Health Center Program

Health centers have a rich and proud heritage of delivering care to medically underserved people. For many years, health centers have worked tirelessly to reduce financial, cultural, language and geographic barriers to care. This chapter provides an overview of characteristics that are unique to health centers. As you read, you'll see similarities between your health center and those across the nation.

→→→ To learn more about health centers, go to:

<http://bphc.hrsa.gov/about/what-is-a-health-center/index.html>

HISTORY

In the early 1960s, health care became part of the Federal War on Poverty. In 1965, Dr. Jack Geiger, a young doctor and civil rights activist, launched a community health model that he studied in South Africa and resulted in significant improvements in public health. Using this model, Dr. Geiger and another physician, Dr. Count Gibson, started two new health centers— one in a Boston housing project in 1965 and another in Mound Bayou, Mississippi, in 1967. The original centers were created with significant community involvement to be sure they were responsive to community needs.

In 1975, Congress passed legislation that “authorized” the creation of the nation-wide **Health Center Program** under *Section 330 of the U.S. Public Health Service Act*. This law defined very specifically how organizations receiving grants under the Health Center Program should function.

→→→ To view Health Center Program law and regulations go to:

<http://bphc.hrsa.gov/about/index.html>

The law required that Congress “appropriate” federal resources to support the Health Center Program and directed the Secretary of Health and Human Services (DHHS) -- previously the Department of Health, Education, and Welfare (DHEW) to establish a process for awarding grants to eligible non-profit, private or public organizations. Congress has continued to authorize the Health Center Program and each year appropriates a specific dollar amount to provide grant support to organizations that apply and meet Program requirements. These are called Program grantees.



Organizations that look like Health Center Program grantees, but don't actually receive a grant, can apply for designation as a “look-alike” health center. Although look-alikes don't receive grant support, they are eligible for other benefits available to Health Center Program grantees. Non-grant benefits are described in the next section.

→→→ To learn about the history of the Health Center Program, see the following resources:

An online education course that provides an overview of health centers at http://learn.nwrpca.org/pluginfile.php/3798/mod_resource/content/44/Health_Center_Program.htm

A Timeline “Health Centers Then and Now” on the Chronicles website of the RCHN Community Health Foundation at <http://www.chcchronicles.org/main.cfm?actionId=globalShowStaticContent&screenKey=cmpTimeline&s=chronicles>

A video *Celebrating 45 Years of Community Health Centers* with health center pioneers at <http://vimeo.com/12024302>

→→→ To learn how health centers make a difference, go to page two at: http://www.nachc.com/client/documents/America's_CHCs1014.pdf

→→→ To learn more about health centers, go to <http://bphc.hrsa.gov/about/index.html>

→→→ To learn about “look-alike” centers, go to <http://bphc.hrsa.gov/about/lookalike/index.html>

THE UNIQUE HEALTH CENTER PROGRAM MODEL

Many people think a Health Center Program grantee and those designated as look-alike health centers are the same as any doctor's office. Although health centers are similar in that patients make an appointment, see a physician or nurse practitioner, perhaps have a blood test, and receive a prescription for medication, they are also very unique. This Health Center Program model is unique because:

Location -- Health centers are located in high-need areas across the nation and in U.S. territories where there are too few doctors or other health care providers to serve those living in the area. Health centers also may provide health care to a particular group of people who lack access to health care, such as homeless people, migrant farmworkers, or people living in public housing.



Did you know that... *about half of health center patients live in rural areas, while the other half tend to live in economically depressed inner city communities.*

→→→ To learn if an area or population is designated as high need by the Federal government, click <http://muafind.hrsa.gov/>.

Comprehensive services -- The outpatient services offered by health centers reflect the diverse needs of the people they serve. Health center services include comprehensive primary care; management of chronic diseases like diabetes, asthma, HIV/AIDS, and cancer; and services that help patients access care such as transportation, translation, and case management. Many health centers also provide mental health, substance abuse counseling and treatment, dental services, and pharmacy services. Health centers focus not only on improving the health of individual patients but also on improving the health status of the entire community. You'll hear the term "population health" when referring to the total community.

→→→ To learn more about the services provided at health centers, go to: <http://bphc.hrsa.gov/archive/about/requirements/scope/formsaservicedescriptors.pdf>

Services to all – Health centers provide services to all patients, regardless of their ability to pay for services. The amount a patient pays is adjusted on a sliding fee discount schedule that is based on a patient's income and family size.

→→→ To learn more about the sliding fee discount, go to: <http://bphc.hrsa.gov/programopportunities/lookalike/pdfs/pin201402.pdf>

Performance and accountability requirements – Health centers are expected to have ongoing activities to assess and improve the quality of clinical services and management. To demonstrate the impact and value of services and the financial condition of the health center, the Health Center Program has identified specific performance measures that all grantees and Look-Alikes must monitor.

→→→ To learn more about clinical and financial performance measures, visit <http://bphc.hrsa.gov/qualityimprovement/performanceasures/index.html>

Governance – Health centers are governed by patient-majority boards that represent people served at the center and ensure accountability to the local community. Patient (also called consumer) board members must be currently registered patients who have had a health center visit within the last 24 months. The goal is to have a board of directors that is diverse to ensure a broad range of perspectives and good dialogue, and who collectively have the values, competencies, and commitment required to govern the health center effectively. Patients are also referred to as health center consumers – they consume services provided by the health center.

→→→ To learn about health center governance, go to <http://bphc.hrsa.gov/programopportunities/lookalike/pdfs/pin201401.pdf>

Program Benefits – Health Center Program grantees receive federal resources to help cover operating costs. Grantees also have access to medical malpractice insurance for their providers under a law called the Federal Tort Claims Act (FTCA). Although look-alike organizations do not receive Health Center Program grant resources or malpractice coverage, both types of organizations are eligible for other benefits including reimbursement rates for services to Medicaid and Medicare patients, discounts for pharmaceutical products (called the 340B program), access to vaccines for uninsured children,

and support from the National Health Service Corps to recruit and retain providers who choose to work in areas where most needed.



→→→ To learn more about Health Center Program benefits, visit: <http://bphc.hrsa.gov/about/programbenefits/index.html>

HEALTH CENTER REQUIREMENTS

To assure that Health Center Program grants targeted community-based organizations that served people in need of health care, Congress included language in the Health Center Program legislation and regulations that narrows eligibility for support to organizations that meet very specific requirements.

These **are the “19 Program Requirements”** that you may hear staff reference. You -- as a board member – should be aware of these requirements and should get information from staff to assure your center is in compliance with the 19 Program Requirements.

→→→ To view *all* 19 Program Requirements visit
<http://bphc.hrsa.gov/programrequirements/index.html>

NOTE: In this workbook, when you see **Health Center Program Requirements**, it refers to these 19 legislative/regulatory requirements.

In addition to the Health Center Program Requirements, health centers must comply with **HRSA/BPHC-developed policy requirements** (called **Policy Information Notices or PINs**) that *clarify* legislative and regulatory requirements. In 2014, HRSA/BPHC published PIN 2014-01, which specifically relates to Health Center Program governance.

→→→ To learn more about the Health Center Program Governance PIN 2014-01, go to:
<http://bphc.hrsa.gov/policiesregulations/policies/pin201401.pdf>

You may ask, “How can I guarantee that my health center is following all of these rules?” You and your fellow board members assure compliance by providing oversight. You will get reports from the CEO and other staff designated by the CEO. Your job is to review the reports and assess how the center is doing.

- Is the center in compliance to legal requirements?
- Is the center meeting the health care needs of the community?
- Is the center achieving its annual and long-range plans and its mission?
- Is the center positioning itself for long-term survival?

→→→ For guidance and information on governance-related issues, contact the National Association of Community Health Centers (NACHC), 301-347-0400. Also, check out resources at **MyNACHC** on the NACHC website by searching “governance” at <https://mylearning.nachc.com/diweb/signin?init=1> (after signing in).



EXERCISE: QUESTIONS FOR DISCUSSION

- How do new board members at your health center learn about Health Center Program requirements?

- How do all board members stay current with governance requirements?

HEALTH CENTER PROGRAM ADMINISTRATION

As explained above, Congress appropriates federal dollars for the Health Center Program and charges the U.S. Department of Health and Human Services (DHHS) to oversee activities. Within DHHS, the Program is administered by the Health Resources and Services Administration (HRSA) and its Bureau of Primary Health Care (BPHC). Organizations such as yours that meet the requirements can submit an application for funding to HRSA/BPHC. Based on availability of funds and an objective review of the application, HRSA/BPHC may award your health center a grant to help cover the costs of providing health care services in your community.



Did you know that . . . HRSA is pronounced her-sa. BPHC is pronounced bi-pic. You may hear BPHC referred to as “the Bureau.”

→→→ To learn more about HRSA and BPHC, go to <http://bphc.hrsa.gov/>

HRSA/BPHC is also responsible for monitoring grantees to assure that they are in compliance with laws, regulations, and policies. As a grantee or look-alike, health centers submit reports to HRSA/BPHC with information such as number of patients served, number of patient visits, number and type of staff. HRSA/BPHC monitoring activities also include an on-site visit every three years to assess health center operations. A health center must have a range of documents available for reviewers including copies of signed board meeting minutes, health center policies signed and dated by the board, and signed and dated board approval of the credentialing and privileging process. HRSA/BPHC uses the data not only to assess compliance, but also to see differences between the U.S. population and people served at health centers and to inform health centers and their communities about these differences.

→→→ To learn more about Health Center Program grantee data reporting, go to <http://bphc.hrsa.gov/datareporting/>

→→→ To learn more about the Health Center Program operational site visit, see the “Health Center Program Site Visit Guide” at <http://bphc.hrsa.gov/archive/administration/visitguidepdf.pdf>

CHAPTER 2: Health Center Governance



Key Terms

Ad hoc committees = formed for a particular purpose and a limited time

Bylaws - the board's operating manual – the rules by which an organization is governed

Governance - to guide and make decisions for an organization

Quorum - the minimum number of board members who must be present for official decisions to be made

Standing committees = exist on an ongoing basis

Strategic - relating to a general plan to achieve a goal over a period of time

Term limits - the total length of time a board member can serve.

Governance is the legal process carried out by a group of people working together to ensure the health and effectiveness of an organization on behalf of the community it serves. This process is followed when the operating rules of governance are formalized into documents, such as organizational bylaws and policies that define the recruitment and election of board members and performance expectations of board members. **This chapter defines and describes governance and offers ideas on governance “best practices” for your health center’s board to consider.**

COMPOSITION OF THE HEALTH CENTER’S BOARD

A high-performing board consists of people who collectively have the values, competencies and commitment required to govern the health center effectively. The board should continually assess its needs for board members to determine current and upcoming gaps. Recruitment should be an on-going activity, and is often delegated to the governance committee who reports to the full board. The goal is to have a board that is diverse and independent to ensure a broad range of perspectives and good dialogue. The following are governing board requirements:

Health Center Program Governing Board Requirements

Size – The board has at least 9 but no more than 25 board members, as appropriate for the size and complexity of the organization.

Composition – No board member shall be an employee of the health center or an immediate family member (such as spouse, child, parent, brother, or sister by blood, adoption, or marriage). The Chief Executive Officer (CEO) may serve only as non-voting, ex-officio member of the board.

Board selection and dismissal – That board is responsible for establishing policies and procedures that are approved and monitored that address board member selection and dismissal procedures.

Patient board members – A majority of board members are current patients (also called consumers) at the health centers and who as a group, represent the individuals being served by the center in terms of demographic factors such as race, ethnicity, and sex. Health centers are encouraged to also consider patient representation in terms of socioeconomic status, age, and any other relevant demographic factors.

Non-patient board members -- The remaining non-patient members of the board shall be representative of the community in which the center's service area is located and shall be selected for their expertise in community affairs, local government, finance and banking, legal affairs, trade unions, and other commercial and industrial concerns, or social service agencies within the community. No more than one half (50%) of the non-patient board members may derive more than 10% of their annual income from the health care industry.

Special Population Representation – Health centers receiving Health Center Program grant support to serve homeless people, migrant and seasonal farm workers, or people living in public housing, must have at least one board member who is a representative of the special population.



EXERCISE: WHAT SHOULD BE THE COMPOSITION OF THIS BOARD?

Use the board size and composition requirements above to answer the following questions:

If a board had 13 members:

1. How many of the 13 board members must be patients who as a group represent the patients served at the health center?
2. How many non-patient members can be representatives from the community such as the local school, church, mayor's office, grocery store, housing assistance program, law firm, finance and banking, local government, community affairs, social services, or business?
3. How many of the non-patient members can earn most of their salary from health related organizations?

Answers

1. At least seven of the 13 board members would have to be health center patients. The requirement is that at least 51% -- more than half -- must be patients.
2. Of the 6 non-patient members, all of them should be community representatives.
3. No more than three. The requirement is that no more than half of the non-patient members can earn more than 10% of their salary from the health care industry, such as being employed at the hospital or a local pharmacy?

➔➔➔ To learn more about Health Center Program board composition requirements, see pages 5 and 6 at <http://bphc.hrsa.gov/policiesregulations/policies/pin201401.pdf>

WHAT IS THE BOARD'S ROLE? WHAT IS THE CEO'S ROLE?

Both the organization's board of directors and the Chief Executive Officer (CEO) are participants in the governance process; however each have their own specific responsibilities. If there is confusion or disagreement over responsibilities, tensions surface that often reduces the effectiveness of governance.

A common question posed by board members is "who does what?" Below is a picture that depicts the distinct and shared responsibilities of the health center's board as the foundation, and the management team led by the CEO.



Management & Board shared responsibility - Strategy

A key to great governance is a CEO who understands the value of the board, which is that the board constructively challenges the CEO by asking thoughtful questions and offering diverse perspectives. Another key to great governance is a board that doesn't delve into operational details. Of course, the board will observe, question and monitor the operational functions of the health center, but it must refrain as much as possible from direct participation in operations or risk alienating the CEO and damaging the relationship.

The success of the CEO and board are interdependent upon one another. They function as a team with separate, yet complementary roles and responsibilities. Board members lead and oversee their organizations. They bring the community's voice into the boardroom and are **concerned with the "big picture" strategic issues.**

The board delegates the day-to-day operational responsibilities to the CEO and their executive team. Staff manage and implement the policies set by the board.

Well-meaning board members can get “into the weeds” of operational details creating frustration for the CEO and leave “big picture” works unattended. Remember, effective boards don’t meddle! Keep your focus on achievement of strategic goals and objectives and oversight of state and federal legal requirements.

BYLAWS – HOW A BOARD OPERATES



The board conducts its work by following clearly defined duties, authority limits, and main governance operating procedures. These are called bylaws. Usually, an attorney reviews the bylaws to be sure they are compliant with state laws and other authorities. As your organization evolves, the board should review them regularly.



A BEST PRACTICE – The board may periodically appoint a task force to review the bylaws and make suggestions for revision by the whole board.

Health Center Program Requirement

The board has authority to oversee the ongoing review of the health center’s mission and bylaws. The board approves your health centers bylaws through a board resolution that is signed and dated by the board secretary or other designated official.

➔➔➔ To see key provisions of bylaws, see page 7 Policy Information Notice 2014-1 at <http://bphc.hrsa.gov/programopportunities/lookalike/pdfs/pin201401.pdf>

➔➔➔ To see a checklist “Key Provisions for Health Center Bylaws,” go to <http://bphc.hrsa.gov/archive/technicalassistance/resourcecenter/governance/checklistforhealthcenterbylaws.pdf>



EXERCISE: YOUR HEALTH CENTER BYLAWS

Pull out your board bylaws. Use the questions below to get familiar with them. Make notes on questions you want to ask your board chair or the health center's CEO.

What do your health center's bylaws say about...?

- The health center's mission?
- The authority and responsibilities of the governing board?
- Board membership (size and composition)?
- Individual board member responsibilities?
- Process for selection/removal of board members?
- Election of officers?
- Recording, distribution, and storage of minutes?
- Meeting schedule and quorum?
- Officer responsibilities, terms of office, and selection/removal processes?
- Provision to allow special board meetings in urgent situations?
- Description of standing committees (which may include but are not limited to, executive, finance, quality improvement, personnel, and planning committee) and the process for the creation of ad-hoc committees?
- Conflict of interest policies and procedures?
- Provisions regarding board dissolution?



A BEST PRACTICE: Board members assure there are written standards of conduct for health center board members and employees that inform board members and employees of the organization's values and expectations on ethical and professional behavior, such as having conflicting financial interests or accepting gifts.

PUBLIC HEALTH CENTER GOVERNANCE

Public agencies such as county or city health departments may receive grant funding under the Health Center Program. The public agency must either directly meet all Program requirements, including governance requirements. Either the public agency meets governance requirements – based on its existing organization including a governing board, or the public agency applies with a co-applicant and the project as a whole meets all requirements.

→→→ To learn more about public health center governance, see page 9 of the HRSA Policy Information Notice 2014-01 – Health Center Program Governance – at <http://bphc.hrsa.gov/programopportunities/lookalike/pdfs/pin201401.pdf>

BOARD MEETINGS

The board governs at its monthly board meeting and at regularly-scheduled committee meetings. At these meetings, board members carry out their responsibilities. Members receive information, discuss, and make decisions to assure that the center is on track to achieve its strategic goals and operate in compliance with state and federal laws. This is one of the reasons it is important to prepare for and attend meetings. Aim for 100% attendance ... your community and health center deserves your attention and participation! Although there are few rules

about how a health center's board must organize its work, *there are some "best practices" to optimize the work that we'll cover in later chapters.*



Health Center Program Requirement

The board is required to have monthly board meetings with members attending in person or virtually using technology, with the board retaining minutes that verify and document the board's functioning.

BOARD COMMITTEES

Governance effectiveness is dependent on well-functioning committees. Boards rely on committees to dig deeply into areas such as finance and quality – they do the “heavy lifting” for the board’s work in specific areas. Committee responsibilities are usually defined broadly in the bylaws.



A BEST PRACTICE – Have written descriptions (called charters) that spell out the work of each committee. In addition, conduct regular assessments of each committee’s work and implement any necessary improvements.

Health centers are not required to have committees, particularly if they are very small. In fact, it is important not to overtax board members by having them serve on too many committees. However, as the health center grows it is natural for the board to add committees. Some boards have a governance committee that is charged with improving the practice of governance. Many health centers have finance and quality committees. These are generally “standing committees” which means they exist on an ongoing basis. Ad hoc committees and advisory committees provide vehicles for the board to add energy to the board and address specific issues without relying solely on the volunteer board. If the bylaws permit, committees may also include non-board members, such as people with specialized expertise.



A BEST PRACTICE -- Adding non-board members to committees also spreads the work and is a good way to involve volunteers who may eventually serve on the board. For example, the board may choose to establish a capital improvement committee or task force when starting a facility improvement or construction project.

Committees do their “homework” by studying issues and presenting well thought-out recommendations to the full board for consideration. In general, committees review and recommend. Only the full board has authority to approve or take action, which is exercised through voting when making decisions. When a committee is authorized to act for the full board, the authority must be stipulated in the organization’s bylaws. For example, the executive committee may handle urgent issues during an organizational crisis, such as the sudden loss of the CEO.



A BEST PRACTICE – As part of board member orientation, suggest that new board members attend one meeting for each of the board’s committees.

Standing Committees

Here’s a brief description of the different committees commonly seen in health centers. Refer to your health center’s bylaws for specific direction.

Executive — The Executive Committee is often the committee that coordinates the board’s work. Generally the board chair runs the committee and the CEO serves as the staff liaison. If the governing board bylaws authorize the Executive Committee to act on behalf of the full board, the actions of the Executive Committee must not take over the full governing board’s authority, functions, and responsibilities. The bylaws must specify the situations in which the Executive Committee can act on behalf of the board. In those cases, the Committee must report all actions taken independently to the full governing board, and the full board must vote on these actions and record them in the minutes.

Finance — The Finance Committee is responsible for overseeing the health center’s finances and takes early action on budgets, including grants and financial matters. They review financial reports and makes recommendations about financial procedures and controls. The committee coordinates the external audit. The board treasurer usually chairs the Finance Committee and the staff liaison is the Chief Financial Officer (CFO).

Governance — The Governance Committee is responsible for recruiting and orienting board members, implementing and revising bylaws, conducting board self-assessments, planning educational programs and other activities that are involved in improving the work of the board.

Quality Assurance (QA) — The QA Committee reviews and recommends policies related to patient care. It oversees the quality management plan and reviews and recommends the clinical privileges of health center provider staff. Usually, the staff liaison is the medical director.

Strategic Planning — Setting the course for the organization’s future is a board responsibility. The Strategic Planning Committee reviews information to understand trends and potential activities that should be undertaken and assures that implementation occurs. This committee may plan annual retreats. The CEO is usually the staff liaison.

Development/Fundraising — A Development/Fundraising Committee oversees raising funds not generated from patient revenues. For example, a board may decide to sponsor a fundraising event or launch a capital improvement initiative and seek private funds. The staff liaison may be the Development Director, Grants Manager, or CEO.

➔➔➔ For more information about health center board committees, including duties of particular committees, see <http://bphc.hrsa.gov/archive/technicalassistance/resourcecenter/governance/boardcommitteguidelines.pdf>

EXECUTIVE SESSION

Note the difference between the **Executive Committee** and **executive session**.

A health center’s board meets in an executive session to discuss matters that are private and confidential. Generally all staff and visitors are dismissed, with only board members and the CEO remaining. Outside advisors (such as lawyers, auditors, consultants) may be included to issue reports or provide professional guidance. On a limited basis, select senior staff may be included to present a report or provide their perspective. The CEO is not present when the board discusses the audit or the CEO’s performance review and compensation.

In executive session the discussion is confidential and **board members are responsible to maintain confidentiality** – it’s a “duty of loyalty” as explained in the next chapter. The board minutes do not include conversations during the executive session. What is included in the board meeting minutes are:

- ★ the purpose of the session
- ★ the time when the board met in executive session
- ★ who was present; and
- ★ a list of any actions taken or decisions made

Minutes are not attached to the regular board meeting minutes and are shared only with participants. The health center’s legal counsel may keep the minutes of all executive sessions.

Executive sessions can be valuable on one hand to create a safe space for board members to discuss an issue openly and honestly. On the other hand, it can create distrust between the staff and the board. The Board Chair is responsible for sharing pertinent themes with the CEO after the meeting (if the CEO is not in attendance).

The health center's bylaws should include procedures for executive sessions, which should also be included in orientation for new board members.

→→→ To learn more executive sessions of the board of directors, visit:
<http://www.blueavocado.org/content/should-board-hold-executive-sessions>

MEETING MINUTES

Boards keep track of their discussions and decisions with accurate meeting minutes. As noted earlier in this document, the full board of a health center must meet monthly to be in compliance with Health Center Program requirements. The board must maintain **minutes that verify and document major actions and decisions the board makes**. Minutes are considered a legal record of the board's actions. It is not necessary to record every conversation; the goal is to record key assumptions considered prior to making decisions and the subsequent actions to be taken. Usually a staff person or a board member writes the first draft of meeting minutes and sends to the full board before the next meeting to review for accuracy and completeness. At the next full board meeting, the board may discuss the minutes prior to approving. Approval of the previous meeting minutes is documented in the "current" meeting minutes.

Health Center Program Requirement –Documentation in Written Minutes

The health center board is required to maintain written minutes of the monthly meetings. The minutes verify and document board actions, such as the review and approval of:

- Health Center Program grant application
- Health center's budget and audit
- CEO's performance
- Services provided by the health center, as well as location and mode of delivery
- Health center's hours of operation at each site and that these are appropriate and responsive to the community's needs
- Health center's progress in meeting annual and long-term program and financial goals and activities,
- Credentialing and privileging decisions

→→→ Go to <http://boardsthatexcel.com/wp-content/uploads/2009/07/Format-for-Minutes.pdf> for an example of a template for meeting minutes



A BEST PRACTICE – Signed board meeting minutes document health center board activities, such as:

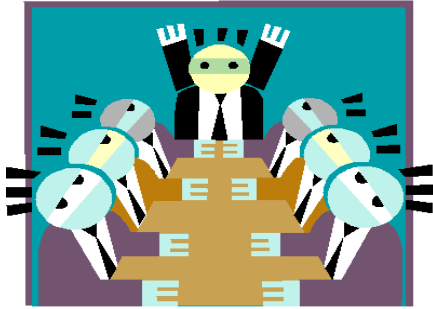
- ★ Review and approval of the health center’s grant application and budget
- ★ Evaluation of the center’s progress in achieving its strategic goals review of the CEO
- ★ Review and approval of the hours and services during which services are provided
- ★ Review Credentialing and award Privileges of practitioners.

BOARD CHAIR LEADERSHIP

Board chairs exert influence on the effectiveness of the board’s performance. They are responsible for leading the process of governance. Through his/her leadership, the board chair sets the tone for the organizational culture. See Chapter 9 of the **Workbook** for more information about organizational and board culture.

Board chairs that seek to facilitate, rather than control, will build teamwork and cohesiveness among members and with the CEO. The board chair serves as a role model for positive board behaviors and encourages all members to contribute fully. Effective board chairs seek feedback and suggestions about their performance and how meetings can be improved.





CHAPTER 3: Board's Role in Managing Health Center Risks

Key Terms

Assets = anything that is capable of being owned or controlled to produce value. Assets represent the value of ownership that can be converted into cash.

Corporate compliance = internal controls to monitor adherence to applicable health care laws, regulations, and program requirements to prevent the submission of erroneous claims and to combat fraudulent conduct.

Credentialing = the process of collecting and verifying information about the qualifications of a licensed or certified health care practitioner, assessing and interpreting the information, and making decisions about the practitioner

Employee Standards of Conduct = policy to guide employees' behavior

Fiduciary = having the duty and trust to provide oversight and act for the good of the organization, rather than for personal benefit

Fraud is a deliberate deception to secure an unfair gain

Privileging = process of authorizing health care practitioners to provide specific services to their patients

Risk Management = the process of identifying, assessing, and reducing areas where the health center may be at risk to legal liability

It is the board's responsibility to assure that the health center has adequate plans to protect its assets from damage or loss. These assets include the health center's property, financial and human resources, programs and services, and its reputation in the community. **This chapter identifies steps the board can take in their fiduciary role to protect the health center's assets.**

FIDUCIARY RESPONSIBILITIES

Board members have legal responsibilities for three duties:

- ★ Duty of Care
- ★ Duty of Loyalty
- ★ Duty of Obedience.

Carrying out these duties creates trust among board members, staff and the community. High-performing boards are independent minded, curious and focused on the mission and they ask pertinent questions to challenge traditional thinking and explore alternatives.

As you read about the three duties, take time to think about how each may be applied in a court of law or by the Internal Revenue Service to determine if you as a board member acted properly. From a legal standpoint, a board member who doesn't abide by these duties could be considered negligent and personally liable for their actions or inactions.

Duty of Care

When engaging in health center business, board members must use good judgment and a level of care that an ordinary prudent person would exercise in a similar situation under like circumstances. Board members are not expected to know everything about a topic they are asked to consider and may rely on the advice of management and of outside advisors. But board members are legally expected to be aware of what is going on about the health center organization and to make reasonable inquiry so they can act in a manner that they reasonably believe is in the best interests of the health center.



A BEST PRACTICE -- Examples of how you as a board member fulfill the Duty of Care:

- ★ Attend board and committee meetings.
- ★ Be prepared for meetings. Read meeting packets completely before attending meetings.
- ★ Get all relevant data and information before making a decision or voting to take a specific action.
- ★ Think and act independently.
- ★ Review health center finances, programs, and quality results on a regular basis.

Duty of Loyalty

This duty prohibits board members from using their board positions to benefit themselves or their businesses. It requires that board members place the health center's needs and interests above all else. This is demonstrated by being objective and unbiased when making decisions, being free of any conflict of interest when discussing issues or making decisions, and being confidential when dealing with health center matters.



A BEST PRACTICE -- Examples of how you fulfill the Duty of Loyalty:

- ★ Review conflict of interest policies annually.
- ★ Require disclosure from candidates for board membership to identify key affiliations, including immediate family members and employers.
- ★ Include a policy that when a conflict arises, any individual who disclosed a conflict recuses himself from deliberation as well as the vote.
- ★ Avoid use of any board opportunities for personal gain or benefit.
- ★ Maintain confidentiality about patient and business matters at all times.

Duty of Obedience

This duty requires board members to be faithful to the health center's mission, to follow all state and national laws, and to abide by board bylaws when representing the interests of the health center. This duty is demonstrated when board members protect limited resources to ensure the maximum benefit to meet the community's needs.



A BEST PRACTICE – Examples of how a board member fulfills the Duty of Obedience:

- ★ Participate in a comprehensive orientation and understand all documents that pertain to board governance such as bylaws, code of ethics, meeting charters, and job descriptions.
- ★ Understand the health center's mission and how it is being achieved by the health center.
- ★ Always act in a manner consistent with the health center's mission, goals, and objectives, as well as the decisions of the full board (even if you disagree).
- ★ Advance the mission when representing the health center within the community (as authorized).



***Did you know that...**each board member must keep the three “duties” front of mind in every interaction? These three duties apply to all decision making, to every action of the board, and to strategic planning. You are responsible even if you don't attend meetings regularly or participate in the discussions!*

In summary, the board fulfills its fiduciary responsibilities when they act in good faith, with the care of a prudent and reasonable person in a similar situation, and in a way that is in the best interest of the organization.

RISK MANAGEMENT

A risk management program protects the health center's assets by having a structured system and procedures in place to reduce risks that may result in loss, such as the loss of financial resources or staff time. Risks may be related to many areas including medical malpractice, noncompliance with federal and state laws and regulations, safety of patients and employees, or charges by staff of discrimination and harassment.

A risk management program starts with a board that models a commitment to risk management by ensuring that its own work is done in a legal and appropriate manner.



EXERCISE: Managing risks related to board operations.

Consider how your board manages risks related to its own actions.

- Do board meeting minutes document every action taken? Are dissenting views and votes reflected?
- Do the minutes reflect which members were in attendance?
- Is adequate notice of meetings provided in accordance with the Bylaws?
- Does the board explore options before arriving at a decision?
- Do board deliberations reflect a “culture of inclusion and openness” where board members feel they are permitted and encouraged to ask difficult questions and discuss controversial topics facing the health center?
- Do board members stay informed about activities at the health center? Are background materials provided in advance of each meeting?



A BEST PRACTICE -- Examples of how a board fulfills risk management oversight responsibility include:

- ★ Review and approve the health center’s risk management program that should include risk assessment protocols and steps to manage or eliminate risks such as having the facility inspected at least annually for fire and safety risks and having an independent review of the health center’s insurance coverage.
- ★ Assure effective communication by establishing a system for staff (a designated point person -- the “Risk Manager”) to report to the board about the risk management program and progress for improvement and for the board to communicate with staff about key expectations.



EXERCISE: Your Health Center’s Risk Management Plan

Take a look at your health center’s risk management plan and answer the following:

- Has your board approved the center’s risk management plan?
- Is there a staff person designated as the individual responsible for risk management?
- Does the plan include a risk assessment to identify areas that are at risk or may present risk?
- Does the plan identify methods (including policies and procedures) to control or reduce risks?

➔➔➔ To view a sample risk management plan for developing a patient safety and risk management program for your health center, visit the ECRI Institute site:

<http://bphc.hrsa.gov/ftca/riskmanagement/riskmgmtplan.pdf>

PROGRAM INTEGRITY INITIATIVE IN THE DEPARTMENT OF HEALTH AND HUMAN SERVICES

The Program Integrity Initiative (PII) – a program within HHS –to protect scarce Federal dollars and ensure that they stretch as far as possible to increase access to quality health care for all Americans. HHS staff provide oversight and technical assistance to help recipients of Federal grants, such as your health center, are certain that grant dollars are spent appropriately and fraud, waste, and abuse are prevented and detected.

As a board member, you play a key role in ensuring the integrity of your Federal health center grant. You do this by:

- ★ Educating yourselves and health center staff of their roles in ensuring compliance with Federal regulations and program terms and conditions;
- ★ Maintaining accountability for the use of Federal funds;
- ★ Implementing best practices for internal controls and governance;
- ★ Protecting public funds from fraud, waste and abuse; and
- ★ Ensuring that non-federal pass-thru entities are compliant with program requirements and Federal regulations.

Drawing on several recent high-profile news articles about health centers facing questions of Program integrity, there are three key areas in which you should increase your awareness:

1. **Procurement** – Become familiar with new federal regulations regarding Conflicts of Interest (45 CFR 75.112 http://www.ecfr.gov/cgi-bin/text-idx?SID=9fe34b441661ec096742c0152c53e908&mc=true&node=se45.1.75_1112&rgn=div8) Conflicts of Interest can occur when a health center official has a personal interest that conflicts with his or her official duties. This situation is occurring at an increasing rate in procurement transactions at health centers. Non-Federal entities, such as most health centers, are required to disclose any potential conflicts of interest in writing to the Federal awarding agency.
2. **Compliance with Federal reporting requirements** – Health center grantees are required to submit progress reports and annual reports to HRSA. Board members make inquiries to ensure that these reports are submitted on a timely basis and that they include the required information.
3. **Award Conditions and Correction Action Plans** – Health center Federal awards may include required terms and conditions in order to draw down Federal funds. Also, health centers may have to implement corrective action plans as a result of Single Audits or site visits conducted by HRSA or an outside audit agency. Ensure that your health center is in full compliance with these terms and conditions and implements all corrective action plans.

CORPORATE COMPLIANCE

As a result of several large corporation scandals, state and Federal governments enacted corporate responsibility initiatives to enhance accountability and transparency and fight against fraud and abuse. With the implementation of the Affordable Care Act (health reform), health centers and other health care providers are required to implement a corporate compliance program as a condition of enrollment in Medicare, Medicaid, and the Children’s Health Insurance Program (CHIP). If there is no corporate compliance program, the center is at risk of losing revenue from these sources. Given that the board is responsible to ensure that the health center is operating in compliance with Federal, state, and local laws, including health reform laws, the board must assure that the health center is implementing a corporate compliance program under applicable laws.

To help board members understand expectations of their oversight role, the Office of the Inspector General (OIG) of the Department of Health and Human Services (DHHS) has developed several resources. The most recent resource is *Practical Guidance for Health Care Governing Boards on Compliance Oversight*, (April, 2015). Another guidance is *Corporate Responsibility and Corporate Compliance: A Resource for Health Care Boards of Directors*, which provides questions and commentary for governing boards to use to examine the scope and operation of their health center’s corporate compliance program.

→→→ View “Practical Guidance for Health Care Governing Boards on Compliance Oversight,” at <http://oig.hhs.gov/compliance/compliance-guidance/docs/Practical-Guidance-for-Health-Care-Boards-on-Compliance-Oversight.pdf>

→→→ See suggested questions for board members to ask under section V (page 6) of the OIG guidance “Corporate Responsibility and Corporate Compliance: A Resource for Health Care Boards of Directors,” at <http://oig.hhs.gov/fraud/docs/complianceguidance/040203CorpRespRsceGuide.pdf>

Health Center Program Requirement

The board oversees monitoring the organizational assets and performance.

EMPLOYMENT PRACTICES

As employers, health centers must comply with Federal, state, and local employment laws. To assure compliance, organizations establish personnel policies to define the treatment, rights, obligations, and relations of people working in the organization. These policies are intended to ensure that everyone is treated fairly and equitably regardless of their race, creed, color, or sexual orientation.

For example, Title VII of the Civil Rights Act of 1964 requires that employers provide a work environment that is free from any form of sexual harassment. Based on this requirement, some organizations have established a "zero tolerance" sexual harassment policy that can lead to immediate termination in some cases. The Equal Employment Opportunity Act prohibits discriminating against any present or potential employee on the basis of race, sex, religion, country of origin, and color. In response, companies have strict policies for

recruiting, selecting, and treating employees.



To assure compliance with governance oversight requirements, health center board members assure that the center has personnel policies that are appropriate and current for their organization. There are many personnel policies, but a few of them include:

Employee benefits policy – describes benefits such as acceptable types of staff leave and insurance provided by the health center, including those required by law.

Equal employment opportunity policy – defines “protected classes” under Federal law and prohibit categories of discrimination under state law, such as personal appearance, sexual orientation, or political affiliation.

Grievance procedures – establishes what types of actions may be “grieved” by employees.

Performance evaluation policy – assures at least an annual performance evaluation and allows employees to respond to their evaluation, in writing if they desire.

Standards of conduct – define expected staff behavior such as attendance and notifying the health center of any real or perceived conflict of interest.

Health Center Program Requirement

The board is responsible for approving and monitoring health center policies and procedures that include employee salary and benefit scales, employee grievance procedures, equal opportunity practices, and codes of conduct.

PROVIDER CREDENTIALING AND PRIVILEGING

To protect patients and the health center organization from incompetent health care providers, health centers complete a process known as **credentialing** in which health center staff thoroughly review and verify the licensure, certification, education, training, competence, health fitness, immunization status, and hospital admitting privileges for all licensed or certified health center practitioners, employed or contracted, volunteers and locum tenens, at all health center sites. After assuring a practitioner's credentials and performance, each practitioner must be granted **privileges** to provide specific services at the health center's care delivery settings.

The health center board has ultimate authority to approve a practitioner's credentials and to award or deny privileges to the practitioner. The board may choose to delegate responsibility via a resolution or in the bylaws to an appropriate person or committee of the board. In either case, credentialing and privileging is done in accordance with board approved policies. Board decisions on the credentials of a practitioner and whether to grant the practitioner privileges must be documented in meeting minutes that are signed (usually by the board secretary) and dated.



A BEST PRACTICE -- In the practitioner's credentialing file, keep a copy of the board meeting agenda and minutes referencing the board's approval or denial of the practitioner's privileges.

→→→ See *Human Resources Insights: Tips for Health Center Credentialing and Privileging* at <http://mylearning.nachc.com> and search credentialing after signing in.

→→→ Check out a "Privileging and Credentialing Checklist" at: <http://bphc.hrsa.gov/technicalassistance/resourcecenter/clinicalservices/privilegingandcredentialingchecklist.pdf>



Health Center Program Requirement

The governing board approves the provider credentialing and privileging process.



CHAPTER 4: Board's Role in Guiding the Future

Key Terms

Mission = defines the core purpose of your health center

Needs Assessment = a systematic process to determine gaps (needs) between a current condition and the desired condition

Strategic = relating to a general plan to achieve a goal over a period of time

SWOT Analysis = an activity that assesses an organization's Strengths, Weaknesses, Opportunities and Threats

Vision = what the health center wants to become in the future

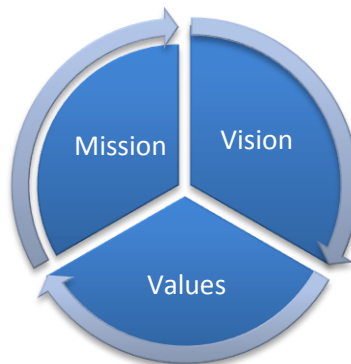
Values = beliefs and guiding principles that drive organizational behavior

Boards are responsible for the health center's long-term success in meeting the health care needs of the community it serves. As a critical link between the health center and the community, the board plays a key role in ensuring that the consumer "voice" is integrated into governance activities. It should occur during the strategic planning process, when determining the community's health needs and defining performance expectations to drive the goals.

Boards that are in tune with community health needs and emerging issues can explore potential options and plan accordingly. In an era of health care reform and change, thinking strategically about options is essential for effective planning. Effective planning is based on the foundation of your health center's mission, vision, and values.

MISSION, VISION, AND VALUES

The mission, vision and values are expressed in specific statements that become the touchstone for making decisions. When thinking through challenges and choices at a meeting, board members should ask, "how will this action/activity/decision affect our mission and vision?" and "is our behavior consistent with our stated values?"



Let's take a few minutes to review the concepts of mission, vision, and values.

Mission

The mission is the core purpose of the organization, describing why the organization exists and what it intends to accomplish. It should be a brief, convincing, and meaningful statement that inspires employees to see how they play a critical role in achieving the mission.

Health Center Program Requirement

The board oversees the ongoing review of the health center's mission and bylaws.



A BEST PRACTICE -- Have the mission statement printed on the top of meeting agendas.

Vision

The vision is a description of what the health center wants to become in the future. It is written in a way to convey a mental image of where the organization is headed and that provides a "pull" to the desired future. It should feel out of immediate reach, challenging yet attainable, and serve as a basis for developing stretch goals for the CEO who in turn can develop stretch goals for his/her team. Powerful visions inspire enthusiasm and commitment from everyone who is part of or interacts with the organization.

Values

Values are the beliefs and guiding principles that drive organizational behavior throughout the organization – from the boardroom to the reception desk to the exam room. Values communicate what an organization stands for and what it cares about. They help staff and board members make choices that support and reinforce the mission and vision. They are "ground rules" for expected and desirable personal and professional behaviors. Values create the organizational culture – "the way we do things around here" – and tell everyone how to act, serve and work with one another. They are the fabric of the organization and should be integrated into every employee-related process, such as hiring, performance evaluation, recognition, and corrective action.



A BEST PRACTICE -- The board reviews the mission, vision, and values on a planned basis, such as the annual retreat or start of a new strategic planning process, to be sure they are relevant in light of new information or external conditions.

EXAMPLES OF MISSION, VISION, AND VALUES

Health centers express who they are (mission), where they are going (vision), and how they will act (values or commitments) through their foundational statements. Here are some examples. As you will read, each health center expresses its intentions in different and meaningful ways.

COMMUNITY HEALTH CENTER OF SNOHOMISH COUNTY

Mission - To provide our diverse community with access to high quality, affordable primary health care.

Vision - A healthy community achieved through access to health care for everyone.

Values -

- ★ Respect - We treat all individuals with courtesy and dignity.
- ★ Compassion - We care for our patients with empathy and understanding.
- ★ Creativity - We meet opportunities and challenges with innovative solutions.
- ★ Teamwork - We cooperate and collaborate to achieve health center's mission.
- ★ Appreciation - We value the role each employee plays in fulfilling health center's mission.
- ★ Integrity - We adhere to ethical principles in all of our actions.
- ★ Excellence - We strive to exceed expectations in everything we do.



CHEROKEE HEALTH SYSTEMS, INC

Mission - To improve the quality of life for our patients through the blending of primary care and behavioral health.

Commitments in Support of This Mission

- ★ Access for all who need our quality health services.
- ★ Utilization of an integrated comprehensive approach to health delivery.
- ★ Evaluation of community health needs and development of appropriate programs.
- ★ Demonstration of kindness, compassion and help at all times.
- ★ Promotion, education and definition of personal health responsibility.
- ★ Pursuit of organizational harmony and excellence.
- ★ Continually increasing expertise and pursuit of state-of-the-art innovative methods and programs.
- ★ Provision of an environment that is conducive to personal and professional accomplishment and growth.

Vision -

- ★ Cherokee Health Systems is an organization committed to serving the health care needs of its customers. As such, we understand and create added value through strong community-oriented, preventive and innovative health care programs.
 - ★ Cherokee Health Systems is very involved in each of the communities it serves and is recognized as a valuable part of the community fabric.
 - ★ Cherokee Health Systems employees take great pride in being part of the CHS team. They believe Cherokee Health Systems is a great place to work and enjoy the unique opportunity of using their personal and professional strengths to enhance the well-being of clients, while experiencing a sense of belonging, superior organizational and personal communication and attractive compensation and benefits. They also enjoy unique opportunities for professional growth and development as they and Cherokee Health Systems partner to achieve their highest potential.
 - ★ Cherokee Health Systems is proactive and aggressive at developing and implementing new products and programs designed to keep us constantly on the cutting edge of quality improvements and profitable business opportunities.
 - ★ Cherokee Health Systems is known as a pioneer in the development of innovative health care solutions.
 - ★ Cherokee Health Systems actively develops strategic alliances with like-minded providers and organizations in order to ensure critical mass for managed care and other contracting, resulting in extraordinary corporate strength and control over our future. Such alliances also provide our clients with unprecedented continuity of care.
 - ★ Finally, Cherokee Health Systems is a place with excellent internal processes. Our technologies are state-of-the-art and provide quality tools for our employees to continuously improve patient care and services while creating organizational financial stability.
-

BAY CLINIC, INC.

Mission - Bay Clinic is a community-directed healthcare organization that provides quality primary and preventive care services to the people of East Hawai`i. Bay Clinic will ensure that patient-centered, culturally responsive, and affordable healthcare services are locally accessible in our communities.

Vision - Empowering our communities to be healthy, happy and sustainable.

Values -

- ★ Integrity - Services provided by Bay Clinic will be trusted and respected by our clients because we will project humility and authenticity in how and what services are provided. The privacy of patient records and information will be ensured.
 - ★ Professional Excellence - Bay Clinic's highly skilled, experienced, and certified providers and staff will provide quality healthcare services to our clients supported by complete, accurate and properly applied patient data and information.
 - ★ Compassionate Care - Bay Clinic will be continuously aware of cultural preferences of our clients and always be sensitive and responsive to personal and basic needs and expectations.
 - ★ Responsive Growth - Bay Clinic will ensure the growth of services and service areas in response to community expectations and needs for additional services and accessibility.
 - ★ Healthcare Advocacy - Bay Clinic will champion the right of individuals in communities to have access to quality healthcare.
-



Exercise: Read your health center's mission, vision, and value statements and ask yourself?

Mission statement

- Is the mission statement persuasive and clear?
- Does it describe the health center's uniqueness?
- Can patients, staff, and the community relate to it?

Vision statement

- Is the vision statement inspiring about improving the community's health?
- Is it realistic but also a "stretch" to achieve?
- Is it commented to the mission and values?

Value statement

- Are the values understandable and a guide for staff and board for doing "the right thing"?
- Are the values a guide for hiring and promoting staff?
- Are the values supportive of the mission and vision?

STRATEGIC PLANNING

Strategic planning is the board and management team’s attempt to create its future, achieve its vision, advance its mission, and exert some influence over an uncertain future. Board members bring their unique perspectives to the planning process with management. Strategic planning is like planning a cross-country trip and drawing a road map to guide your journey. You need to know the terrain, road conditions, and weather. You need to plan for and calculate the distances to rest and fuel stops. You need to know something about the passengers and what supplies to pack. You need to estimate your travel costs. And, you need to be prepared if your car breaks down or a road is closed. Think of the plan as your GPS system!

A good strategic planning process enables the board and management to assess the present environment, and then create a plan to advance the mission and vision of the organization. A common tool to assess the environment is called a SWOT analysis. Analysis of the strengths, weaknesses, opportunities and threats (SWOT) facing the health center helps determine existing capabilities as well as potential challenges and obstacles. The community needs assessment is used to identify gaps and issues. Your health center is not going to be able to address all unmet needs for primary care, so available resources and staff energy have to be prioritized. This should be done using not only data about health problems, but also feedback from community leaders and members about what the health care priorities are in the community and among

vulnerable populations. The board’s role is to be curious and to challenge assumptions and conclusions during the planning process.

<p>Strengths</p> <ul style="list-style-type: none"> Employees are open for change High motivation from employee Clear management directions Inline with company vision, mission and values Company reputation Consultative budget available 	<p>Weaknesses</p> <ul style="list-style-type: none"> Insufficient number of staff High workload Very tight project schedule Limited trained staffs Lack of knowledge
<p>Opportunities</p> <ul style="list-style-type: none"> Business process improvement On-going Organization change Incentive program – department goals Company expansion plan 	<p>Threats</p> <ul style="list-style-type: none"> High staff turnover Sustainability of deployment team Insufficient support from supply chain management Insufficient support from contractors (subcontractors)

There are some additional elements to know about when doing strategic planning; specifically goals, strategies, and performance measures.

Goal statements are the overarching expected outcomes of the organization. They should be general and fairly broad.

Example: *Provide patients with an excellent patient experience.*

Strategies are the action plans that describe the individual steps required to achieve a specific goal. They close the gap between current state and future state.

Example:

Objective 1: Provide a welcoming atmosphere for all cultures, ages, faiths and sexual orientations.

Objective 2: Increase efficiency through innovative patient care that decreases wait time.

Objective 3: Better orient, educate and support patients to manage their own care.

Performance measures outline the specific metrics for achieving the strategies and goals. They identify a specific timeline for completion. They allow a board to assess progress on the strategy and hold the CEO accountable for delivering on the plan.

Example:

Patient survey results will demonstrate improvement by at least 15% in FY2015.

Wait times for initial appointments will decrease to less than 3 days by year-end.

Ongoing oversight is done by the board to monitor performance of the strategic plan. The board should conduct regularly scheduled progress reviews with the CEO. If the plan is not on track, the board needs to understand why, and what actions will be taken to get the plan back on course.

Health Center Program Requirement

The board oversight authority includes measuring and evaluating the health center's progress in meeting its annual and long-term program and financial goals.

The board oversight authority includes developing plans for the long-range viability of the organization by engaging in strategic planning.



A BEST PRACTICE: Examples of how the board participates in strategic planning include:

- ★ Takes a leadership role to develop with management the planning process by, for example, forming a strategic planning committee.
- ★ Participates in making decisions about the plan and formally approving the plan.
- ★ Assures that the plan is used to guide strategic and operational decisions.
- ★ Periodically evaluates the health center's progress in meeting the plan's annual and long-term goals and objectives. Consider addressing aspects of the plan at every meeting.
- ★ Ensure that the plan is updated as time and changing conditions warrant.



EXERCISE: What’s happening to achieve targets in your strategic plan?

Read through your health center’s strategic plan. Talk with the Board Chair and CEO to answer questions such as:

- Are the activities proposed being implemented? If not, why?
- Are there goal areas, objectives, or strategies that are receiving less attention than others? What do the results indicate as to how to improve?
- Is there a need to change the plan?



EXERCISE: At the end of the year, consider:

- How well did the plan perform? Which goals and objectives were met? What actions were successfully implemented?
- Were the goals and objectives relevant to the ongoing needs of our health center? Was it adaptable in the face of change?
- Did the plan create the impact we expected? Did it meet the needs of our health center as an organization and its members?

Here’s a quick way to think about strategic planning...



➔➔➔ For more information about strategic planning, see *Creating a Dynamic and Useful Strategic Plan: A Toolkit for Health Centers* at <http://mynachc.com>, search for strategic planning after signing in and scroll down to resource.

COMMUNITY HEALTH NEEDS ASSESSMENT

A community health needs assessment is a review of the health needs of people living in the area served by your health center, including an analysis of how the existing health care facilities are meeting those needs and where the gaps lie. Typically, the assessment addresses access to care issues based on: income, ethnicity, race, gender, location, literacy/education, language, and insurance. Community-level information on health issues and risk factors like asthma, diabetes, obesity, violence, mental illness, and substance abuse can be used to plan and implement targeted services to improve health. Because every community is different, careful study of this data allows your health center to focus on the most important services.

For example, a rural health center in the southeast found that preventing and reducing obesity was the greatest need to address. An urban health center in the northwest found that access to adolescent mental health services was a priority.

Health Center Program Requirement

The health center board has authority and is responsible to assure the center's services are meeting the community's needs in its service area as documented in the organization's written needs assessment.

The board has the responsibility to select the services provided by the health center, the location, mode of delivery, and the hours to assure services are provided that are appropriate and responsive to the community's needs.



A BEST PRACTICE: The board of directors assures the following:

- ★ The health center's written community needs assessment policy is periodically updated.
- ★ The health center has an ongoing process in place to regularly monitor the needs of the target population and external factors that may affect the health center's ability to meet those needs.
- ★ A board committee is assigned to oversee the needs assessment and strategic planning functions.
- ★ The needs of the patient populations are used in strategic planning to define and adapt the health centers mission, goals, and plans including establishing sites, services, mode of delivery, and hours that are appropriate and responsive to the community's needs.

11	451	368	80	46	83	71	21	48
139	164	94	45	73	32	66	25	72
235	166	172	54	91	65	46	76	46
			10	30	92	46	32	31
1,433	896	2,132	2,390	3,850	2,175	1,380	1,850	3,000
1,870	2,845	1,001	1,520	1,748	2,387	2,388	1,388	1,718
2,427	1,133	1,308	3,928	3,178	2,014	2,014	2,178	2,178
2,424	2,697	1,710	1,287	1,272	2,598	2,598	1,027	1,027
1,692	1,844	1,725	2,110	1,028	1,982	1,982	1,027	1,027
1,199	1,903	1,442	2,688	3,383	2,688	2,688	1,027	1,027
2,032	1,198	2,453	1,272	1,598	1,598	1,598	1,027	1,027
290	92	288	430	159	159	159	159	159
243	249	271	724	724	724	724	724	724
175	175	175	175	175	175	175	175	175
109	109	109	109	109	109	109	109	109

CHAPTER 5: Board’s Role in Financial Oversight

Key Terms

Assets = items of ownership that can be turned in to cash

Audit = an examination by an outside party of an organization’s financial records

Bad debt = money owed to you that most likely will not be paid

Budget = an estimate of income and expenses for a period of time to achieve program and financial goals

Capital = financial resources available for use such as cash or property and equipment

Cash = money in the form of coins, checks, money order, etc.

Expenses = money an organization pays out for something

Fiduciary = having the duty and trust to provide oversight and act for the good of the organization, rather than personal benefit

Fiscal = related to financial matters

GAAP = Generally Accepted Accounting Principles (GAAP), which is a standard way for organizations to record and report accounting information

Income = money coming in to an organization, also called revenue

Liabilities = money owed

Liquid assets = assets that can be quickly converted into cash with little or no loss in value

Medicaid = a joint Federal and state program that helps with medical costs for some people with limited income and resources

Medicare = the U.S. health insurance program for people 65 or older, certain younger people with disabilities and people with permanent kidney failure requiring dialysis or a transplant

Non-grant funds = sources of revenue other than the section 330 grant funds, including program income, that are budgeted for in the approved scope of project

Ratio = a statement of how two numbers compare; comparing the size of one number to the size of another

Receivables = business assets in the form of money due from others

Reserves = funds set aside to meet any unexpected costs that may arise in the future

Revenue = money coming in to an organization – also called income

Scope of project = the health center activities supported by the health center’s approved total budget

Strategic = related to a general plan to achieve a goal over a period of time

Total budget = section 330 grant funds and all other sources of revenue in support of the approved health center scope of project

The main financial role of the board is to act as fiduciaries for the health center -- that is to oversee the financial sustainability or survival of the organization. Board members are trustees of the health center’s finances and must act with care to avoid harm to the health center and the investment of public dollars in the organization.

This chapter will address the “basics” of financial oversight. We’ll cover some fundamentals and suggest links for obtaining more information. With health reform underway, board members and health center leadership and staff will be discussing and evaluating the fiscal

impact of Medicaid expansion, payment reform, and grant expansion opportunities, As a board member, you must be able to understand basic financial terminology, review and understand financial statements, approve the annual budget, monitor financial performance, and above all, to ask questions in order to judge financial soundness and ultimately make informed decisions that will benefit the organization.

Sometimes board members assume that ensuring financial health is the responsibility of the CEO and the CFO and/or the Board Treasurer. That assumption is wrong! Boards are not fulfilling their fiduciary nor strategic responsibilities when they passively accept finance reports or defer to management to solely monitor finances. By learning the basics of health center finance, you will be able to provide proper oversight to ensure the health center's future.



EXERCISE: THE 30,000-FOOT VIEW OF YOUR HEALTH CENTER'S FINANCIAL PICTURE

Here are some questions... to ask the CEO, CFO and the Board Treasurer to help you understand the "big picture" of your health center's financial condition.

- What are the sources of income for the health center?

- What are the main expenses for the health center?

- Does the income cover expenses?

- How does government policies and regulations affect the health center's finances?

- What are the current trends or forces that are supporting or hindering the center's financial position?

UNDERSTANDING FINANCIAL STATEMENTS

Not every board member is a financial expert, but every board member needs to be able to understand financial statements in order to judge their reliability and to recognize warning signs that might indicate a change in the financial condition of the organization.

The board of directors uses interim financial statements to monitor the financial performance of the health center, and if necessary, to change the center's financial goals and objectives. There are many way to assess financial performance, but for board member review, there are several measures that are commonly used to provide a general picture of the health center's financial well-being.

Balance Sheet (also called Statement of Financial Position) -- *lists the assets (what your health center has -- usually cash, grants receivables, patient accounts receivables, equipment and property owned by the health center) and liabilities (what the center owes or debts such as a line of credit or a building mortgage). It provides a snapshot of the health center's **financial health at a particular point in time**, for example, as of June 30, 2015.*

Income Statement (also called Statement of Activities or Statement of Operations) – *identifies revenue (or income) and expenses over a period of time. The report is **linked to the annual budget** and posts "actual" revenue and expenses for each budget line compared to the "budgeted" amount or the amount from the previous year. If income is higher than expenses, there's a profit; if less, there's a loss.*

Cash Flows Statement – *records the amounts of cash entering such as payment for services (shown as a positive number) and cash leaving the health center such as payment for salaries (shown as a negative number). If the bottom line is positive, the organization has on-hand cash or liquid assets, meaning it can quickly sell assets to get cash. This measure is useful in determining **short-term viability**, for example, the center's ability to pay its bills. You want to track the cash balance – is it going up or down?*



A BEST PRACTICE: Review these three statements (balance, income, cash flow) together to get an overall “picture” of the center’s financial position.



EXERCISE: FINANCIAL STATEMENTS

Take a look at your health center’s financial statements for the last year and ask yourself, your CFO or Board Treasurer:

- Have the sources of our health center’s income changed?

- Is the center running a gain or loss when comparing income to expenses?

- What is our patient account receivables balance? What percent are we likely to collect?

- Is our cash flow projected to be adequate? How many days can we operate if revenue were to cease (due to Federal grant restrictions or a natural disaster)? (See Financial Ratios below)

- Is there adequate capital (money in the bank) for investments?

➔➔➔ For information on how to comply with the requirement to monitor financial performance, go to: <http://www.nachc.com/client/documents/GBG%206.pdf>

APPROVAL OF THE ANNUAL BUDGET

The board is responsible to review, and approve the annual budget, which is the health center's financial plan for achieving its health service program and financial goals.

Health centers submit funding applications to HRSA/BPHC that contain a total budget for their "scope of project," which are the activities the center expects to complete in 12 months. The total budget must show projected costs supported by the Section 330 grant and projected costs supported by non-grant revenues including payments generated from the delivery of services; other state, local, or Federal grants such as Ryan White HIV/AIDS or Head Start; and private support generated from fundraising or contributions. If non-grant funds are used for any purpose beyond the HRSA-approved scope of project, their use must benefit the health center's patient population.



EXERCISE: BUDGET OVERSIGHT QUESTIONS

Gather your health center's previous year budget and actual spending and current year budget and year-to-date spending. Also have a copy of your long-term financial goals. Ask your CFO or Finance Committee Chair to go over the current annual budget and address the following questions. Fill in his/her response.

- Is the goal of this year's budget to achieve break-even or better?

- What are the key assumptions in the current budget? For example, is there an expectation of increasing numbers of patients?

- Are expenses listed in the budget consistent with the health center's mission, goals and objectives?

- How does your center's current year-to-date "bottom line" or net income compare to budget?

- What current year expenses are exceeding budget or last year's levels? Why?

- How does this year’s budget compare to last year’s actual performance?

- Have we budgeted for any reserves? If so, what amount? Is that sufficient to meet our long-term goals?

→→→ For information on how to monitor the annual budget, go to:
<http://www.nachc.com/client/documents/GBC%204.pdf>

→→→ For a copy of policy notice “Health Center Budgeting and Accounting Requirements” go to: <http://bphc.hrsa.gov/policiesregulations/policies/pdfs/pin201301.pdf>

Health Center Program Requirement

The board is required to approve the health center grant application and budget.



MONITORING FINANCIAL PERFORMANCE

The board is responsible for ongoing monitoring of the center's financial situation. This includes monthly review of the financial statements -- the balance sheet, income statement, and cash flow statement -- and assessment of other financial performance measures.

HRSA/BPHC requires that health centers submit clinical and financial performance measures in the center's Budget Period Progress Report (BPR) and in applications that respond to HRSA/BPHC Service Area Competition (SAC) funding opportunities. Health centers use these measures to develop their baseline before a funding award and goals for performance improvement as a result of receiving additional funding.

Financial Ratios

A ratio is a way to express the relationship between one measure to another. When looked at *over a period of time*, financial ratios are useful to assess an organization's financial situation – whether the financial picture is getting better or worse. Ratios are also useful to compare financial measures at your health center to those of other similar organizations and to industry standards.

Financial Viability/Costs measures required by HRSA/BPHC are:

<i>Measure Name</i>	<i>What it measures</i>	<i>Target/desired direction</i>
Total cost per patient	Measures the dollar value of services provided to a patient	Decrease is desired
Medical cost per medical visit	Measures medical cost efficiency	Decrease is desired
Health Center Program grant costs per patient	Measures Federal grant dollar efficiency	Decrease is desired
Change in net assets to expense ratio	Measures the current year's financial performance or the amount by which the health center increased or decreased in value during an audit period	Any change over 5% is significant
Working capital to monthly expense ratio	Measures the health center's current financial condition by telling how many months of working capital the health cent has	Denominator: Total Expense / Number of Months in Audit
Long-term debt to equity ratio	Measures the health center's long term financial condition based on the debt that must be paid after one year	The less debt the better. Should be less than half of net assets

Additional Key Financial Measures

<i>Measure Name</i>	<i>What it measures</i>	<i>Target/desired direction</i>
<i>Days Cash on Hand</i>	<i>Measures how many days a health center can pay its expenses if income were to cease.</i>	<i>45 to 60 days.</i>
<i>Days in Accounts Receivable</i>	<i>Measures how long it takes for a health center to collect its patient accounts receivable.</i>	<i>Less than 45 days</i>
<i>Days in Accounts Payable</i>	<i>Measures the days that a health center takes to pay its vendors.</i>	<i>Less than 45 days</i>
<i>Payer Mix by Visit</i>	<i>Measures what % of the total number of visits were self-pay, Medicaid, Medicare, Private Insurance.</i>	<i>Higher percentage of Medicaid, Medicare and Private Insurance in relation to self-pay</i>
<i>Net Revenue By Payer</i>	<i>Measures revenue by payer (self-pay, Medicaid, Medicare, Private Insurance) after contractual adjustments and bad debt allowance.</i>	<i>Higher is better.</i>

ACCOUNTING AND INTERNAL CONTROL SYSTEMS

Health centers must have in place systems for collecting income, paying bills, determining eligibility for sliding fee discounts, and providing accurate and timely reports. These systems are expected to reflect “Generally Accepted Accounting Principles (GAAP),” which is a standard way for organizations to record and report accounting information.

Internal controls are functions established by the health center to provide checks and balances to ensure reliable financial reporting, effective operations, and compliance with applicable laws and regulations. Internal control activities at your health center may include segregating duties among staff so that a person who collects patient payments is not the same person who deposits income in the bank.



EXERCISE: Checking your health center’s internal controls.

Ask your Chief Financial Officer (CFO):

- Do the accounting systems reflect GAAP?
- What are the center’s checks and balances to prevent errors, fraud, and abuse?
- What are the steps in the center’s billing and collection systems?
- Can you see the purchasing policies and standards?

Health Center Program Requirement

The health center board is required to approve and monitor financial policies that assure accountability for health center resources and avoidance of conflict of interest.

The health center board is required to establish, approve, and monitor general policies that comply with grant requirements for fee schedules for services and establishing the sliding fee discount program.

APPROVING AND UPDATING A SLIDING FEE DISCOUNT PROGRAM

Health center board members are required to approve general health center policies, including those associated with the sliding fee discount program. **Board approval of the discount program policies is the primary way to assure that the sliding fee discount program is patient-centered, improves access to care, and assures that no patient is denied care because they can't pay the fee.**

Health centers are required to have a fee schedule to generate revenue to sustain health center operations. Fees should cover reasonable costs of providing services and be consistent with local charges. Once a fee schedule is approved, the center must establish a sliding fee discount schedule to reduce financial barriers that some patients face.

Eligibility for a discount is based on the individual's annual income and family size and is determined by using the most recent federal poverty guidelines, which are updated each year. Fees slide from no discount for families and individuals with income at twice the federal poverty

guideline to full discount or a nominal fee, as defined by individual health center policy, for families and individuals at or below 100 % of the federal poverty level.



→→→ To view the latest policy requirements for governing board oversight responsibilities, see section V in PIN 2014-02, “Sliding Fee Discount and Related Billing and Collections Program Requirements” at: <http://bphc.hrsa.gov/programopportunities/lookalike/pdfs/pin201402.pdf>

→→→ For guidance on “how to” provide oversight of the sliding fee discount program, see the NACHC resource “Governing Board Responsibilities and How to Do Them” at: <http://www.nachc.com/client/documents/GBG%203.pdf>

→→→ To see poverty guidelines, go to <http://aspe.hhs.gov/poverty/index.cfm>

BILLING AND COLLECTION SYSTEMS

The Health Center Program grant doesn't cover all health center costs. Other essential payment sources are "third party-payers" – Medicaid, Medicare, private insurance companies – and patients themselves for those without either public or private insurance. Health centers are expected to have systems in place to submit claims to "third-party payers" for reimbursement of services, monitor payments, and follow-up on claims denied. For patients who pay themselves, a bill is generated but may be reduced after taking into account the patient's eligibility for a fee discount as described above. The board is responsible for reviewing and approving the health center's billing and collection policies to ensure there is a balance between maximizing revenue

for financial sustainability and assuring access to care and patient privacy and confidentiality.



→→→ To view the latest policy requirements for billing and collections, see section VIII in PIN 2014-02, "Sliding Fee Discount and Related Billing and Collections Program Requirements" at: <http://bphc.hrsa.gov/programopportunities/lookalike/pdfs/pin201402.pdf>

Health Center Program Requirement

As part of required oversight responsibilities, the governing board must review the center's written policies and approve the sliding fee discount program to assure that the program is patient-centered, improves access to care, and assures that no patient will be denied health care services due to an inability to pay while also recognizing the need for health centers to cover their cost of care and maximize revenue for third-party sources (Medicaid, Medicare, Private Insurance)

INDEPENDENT FINANCIAL AUDITS

Health centers are required to perform an annual, independent financial audit in accordance with federal audit requirements. The financial audit is an essential step to validate information found in the center's financial statements. The Board's role in the audit is to select the auditor, who must perform the audit in compliance with Federal requirements, review the audit, ask questions of the auditor, and approve the audit. If there are findings or material weakness, the board is responsible for ensuring that the CEO and staff develop and implement a plan to resolve.



EXERCISE: Reviewing your health center's internal financial audit.

Look at your health center's most recent audit and answer these questions.

- Does the audit include: 1) the Auditor's Report, 2) an A-133 Compliance Supplement stating that the audit complies with Federal audit requirements, and 3) if the auditor considers necessary, a letter written to management and board suggesting improved control systems and operational efficiencies?

- If your health center had a corrective action plan, did the plan address all previous findings, questioned costs, reportable conditions, and material weaknesses found in the Audit Report?

- Does the audit assure the board that accounting and internal control systems are in place to protect assets from accidental loss or loss from fraud?

→→→ For more information on the Health Center Program process for submitting required annual financial audits, go to: <http://bphc.hrsa.gov/policiesregulations/policies/pal200906.html>

→→→ For information on how the board complies with this requirement, go to: <http://www.nachc.com/client/documents/GBG%205.pdf>

Health Center Program Requirement

The board is responsible for approval of the health center's annual audit and that it is performed in accordance with federal audit requirements and general policies. The board also assures that a corrective action plan is submitted.

IRS FORM 990

The Internal Revenue Services (IRS) requires that most federally tax-exempt organizations annually file the IRS Form 990. Form 990 provides information that allows the IRS to determine whether or not an organization continues to fill the requirements for its tax-exempt status. The form inquires about the independence of board members, the community benefit of the organization, the reasonableness of executive compensation. In addition to filing the Form 990 with the IRS, some non-profit organizations must also provide the Form to state taxing authorities, including the state's attorney general, for additional review. Specific oversight of the completion of Form 990 is generally the responsibility of the board's audit or finance committee, however the Form includes questions related to the entire governing board.

- ★ Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?
- ★ Describe the process, if any, used by the board to review this Form 990.

→→→ For more information about Form 990, see "Governance, Management, Disclosure," on page 18 of 2014 Instructions for Form 990 Return of Organization Exempt Form Income Tax at <http://www.irs.gov/pub/irs-pdf/i990.pdf>



STRATEGIC FISCAL PLANNING

To ensure fiscal soundness, it is important to have an overall financial plan that is linked to the strategic plan. A health center's strategic plan is normally a three to five-year plan with clearly defined goals for the health center and must be in-line with specific objectives submitted as part of the federal grant process. The board is key in working with management to develop fiscal goals and ensuring that strategic and operational decisions are guided by those established goals. These financial goals must be evaluated consciously through the review and evaluation of the monthly financial statements and key financial measures.

Health Center Program Requirement

The board oversight authority includes measuring and evaluating the health center's progress in meeting its annual and long-term program and financial goals.

The board is responsible to approve applications related to the health center project, including applications for grant funding, changes in the center's approved scope of services, and requests for specific organization designations.



A BEST PRACTICE: Consider the costs and benefits of expanding your health center to a new location, of purchasing new equipment, or initiating new improvement strategies. Sometimes you may have to consult with an expert for advice such as an architect or a quality improvement specialist.



EXERCISE: Linking the annual plan to the strategic plan

Look at both the health center's current financial reports and the strategic plan. Then ask your CEO, CFO, or Board Treasurer the following:

- What are the financial goals in our strategic plan?
- Is our current financial position consistent with those goals?
- When the last time the strategic plan and financial goals were updated?

➔➔➔ For information on how to engage in strategic planning, go to:
<http://www.nachc.com/client/documents/GBG%209.pdf>

CHAPTER 6: Board’s Role in Ensuring Quality and Safety

Key Terms

Continuous Quality Improvement (CQI) = an ongoing effort to improve the efficiency, effectiveness, quality, or performance of services, processes, capacities, and outcomes.

Governance = to guide and make decisions for an organization

Metric = a defined program measure that is reviewed to determine the level of performance for a particular item

Quality Assurance (QA) = activities aimed at ensuring compliance with minimum quality standards.

Quality Improvement (QI) = activities aimed at improving the processes of providing services.

Providing quality healthcare services is central to improving the health of patients and the community. Improved health is an outcome that involves paying attention to quality measures and improving the excellence of patient care and organizational operations. Your health center’s approach to assuring and improving quality is based on what steps the center takes to design, implement, monitor, and improve patient care. Those steps are expressed in a Quality Assurance/Quality Improvement (QA/QI) plan. **The health center’s board is responsible for setting the tone to communicate the importance of quality and to review and approve the QA/QI plan and make sure it is being implemented effectively.**

WHAT IS QUALITY?

You may be thinking, “What is quality? I’m not a doctor. How I can judge our quality?” Before you can see your center’s quality of care, the center must first define “quality.” Otherwise, how will you know it when you see it?

There is no universal definition of “quality.” The Federal Agency for Healthcare Research and Quality defines quality as “doing the right thing for the right patient, at the right time, in the right way to achieve the best possible results.” *The right thing* means treatments that science shows actually work (referred to as evidence-based). It also means care that fits with the patient’s values and lifestyle. *At the right time* means not too little and not too much care. For example, too little care is when a pregnant woman doesn’t get early preventive care. Too much care might mean getting unnecessary tests and x-rays for low back pain. *At the right time* means getting care that prevents illness. For example, screening children for obesity can prevent long-term issues with poor health.

The Institute of Medicine describes quality as care that is safe, effective, patient-centered, timely, efficient, and equitable.

A QUALITY ASSURANCE/QUALITY IMPROVEMENT PROGRAM

To support the provision of high quality patient care and improved health outcomes for patients and the community, health centers establish a QA/QI program that reflects the health center's mission. The board of directors is ultimately accountable for the level of quality and safety at the health center. The board's role begins with the initial approval of the definition of quality and the QA/QI plan. Throughout the year, the board monitors progress of the plan by receiving periodic reports from staff. Finally, the board is responsible to assure the availability of resources to support ongoing QA/QI activities.

A QA/QI program generally includes a plan to:

1. Describe areas to target for assessing quality and safety.
2. Identify externally valid, evidence-based metrics for monitoring. Metrics can relate to areas such as health center performance, patient outcomes, patient satisfaction, or achievement of quality recognition such as accreditation.
3. Establish a performance threshold for each area. Performance is never expected to go below that threshold.
4. Collect and analyze data to identify opportunities for improvement.
5. Identify staff to implement, track, and report (including to the board) on the improvement.
6. Periodically re-analyze performance to assure that the improvement is sustained.

→→→ See the 2011 NACHC document “The Quality Management Plan: A Practical, Patient-Centered Template” at http://iweb.nachc.com/downloads/products/M_MONOGRAPH_11.pdf

Health Center Program Requirement

The board has authority to establish quality of care audit policies and review and approve the organization's Quality Assurance/Quality Improvement plan.

QUALITY ASSESSMENT MEASURES

An initial step in the health center's QA/QI plan is to identify measures to monitor to determine the level of performance. Measures may be driven by the health center's mission, such as “access to quality health care.” For each measure, the health center establishes a goal that it strives to achieve. For example:

<u>Measure</u>	<u>Goal</u>
Access to care	100% of patients are able to get an appointment within one day.
Clinical quality	90% of hypertension patients have blood cholesterol documented within the last 12 months.
Coordinated care	85% of patient referrals are tracked for patient follow-through.
Patient satisfaction	100% of patients report satisfaction with results of visits.

Required Clinical Performance Measures

To demonstrate the value of care delivered by health centers, HRSA/BPHC has identified 13 **Quality of Care Measures** and three **Health Outcomes and Disparities Measures** that relate to services provided, common clinical conditions, and the broad range of people served by health centers. These measures of quality are also used by other organizations such as payers that want to assess the value of care provided by health centers, including Medicaid, Medicare, and health insurance/managed care organizations.

Several of the Quality of Care measures are:

- ★ Percentage of prenatal care patients who entered treatment during their first trimester.
- ★ Percentage of children with their 3rd birthday during the measurement year who are fully immunized before their 3rd birthday.
- ★ Percentage of patients aged 5 through 40 with a diagnosis of mild, moderate, or severe persistent asthma who received or were prescribed accepted pharmacologic therapy
- ★ Percentage of patients aged 50 to 75 who had appropriate screening for colorectal cancer.

One of the Health Outcomes and Disparities measures is:

- ★ Percentage of patients 18 to 85 years of age with diagnosed hypertension whose blood pressure was less than 140/90 at the time of the last reading.

→→→ To learn more about HRSA/BPHC Performance Measures to go
<http://bphc.hrsa.gov/qualityimprovement/performanceasures/index.html>

Measures on oral health and behavioral health are also collected. In addition to tracking these core health indicators, health centers also report data by race/ethnicity on birth weight, diabetes, and hypertension in order to demonstrate progress towards eliminating disparities in health outcomes.





EXERCISE: LEARN ABOUT YOUR HEALTH CENTER'S QA/QI PLAN –

Ask your Medical Director or CEO:

- Who are the management and clinical leaders on staff who are responsible for the quality and safety programs?
- How do we know our staff is competent to take care of patients?
- Are patients satisfied with the care they get at the health center? How do you know?
- What is the process for reporting quality concerns and errors?
- How is our health center doing on the Health Center Program required clinical performance measures?
- What actions are we taking to improve our quality?

Health Center Program Requirement

The health center must have an ongoing QA/QI program that includes clinical and management services, maintains the confidentiality of patient records, is a primary responsibility of a Clinical Director, and includes periodic assessment of the use and quality of services.



SETTING THE TONE

Providing quality health care services is central to the mission, goals, and policies of all health centers. Just like financial performance, the board is responsible for the oversight of the quality, safety, service and access to care. The health center's board must lead the way.



A BEST PRACTICE: The board sets the tone that quality is important for the organization. Here are ways for your board to meet its responsibility to assure quality and safety.

- ★ Communicate the board's commitment to quality and safety to physicians, employees, community partners and the public.
- ★ Put patient safety and quality on every board meeting agenda. Review quality measurements, discuss benchmarks, and discuss corrective action plans for poor quality or adverse events.
- ★ Create momentum for improvement and build organizational will to achieve certain results.
- ★ Link quality outcomes to the CEO's evaluation and compensation.
- ★ Emphasize that providers are expected to follow clinical guidelines and comply with preventive care recommendations when caring for patients.
- ★ Assure sufficient resources are dedicated for quality and safety including data collection and staff training, and initiatives including accreditation and patient-centered medical home recognition.
- ★ Ask questions about quality and safety at every board meeting.
- ★ Discuss quality and safety standards related to staff and facilities in addition to services.
- ★ Monitor quality and safety indicators and the progress to achieve performance goals.
- ★ Recruit board members with quality expertise and orient new board members to quality terms, requirements, and the QA/QI plan.

➔➔➔ For guidance on the board's role, see NACHC's resource "Governing Board Responsibilities and How to Do Them" at <http://www.nachc.com/client/documents/GBC%207.pdf>

➔➔➔ For a template of a safety and health policy, check out: <http://bphc.hrsa.gov/technicalassistance/resourcecenter/services/safetyandhealthpoliciesandprocedures.pdf>



CHAPTER 7: Board's Role in Telling the Center's "Story"

Board members have a broad view of the community. They are passionate, credible, and knowledgeable experts in their communities. As a result, they may see connections or linkages between community service providers that can benefit the health center. **In collaboration with health center staff, board members can be effective ambassadors for their center's priorities.**

Board members may have relationships with elected officials or other community leaders or groups. These relationships provide the platform for educating others on the unique role the health center fulfills in the lives of those served. Board members can tell the center's story and unique contributions. Sharing a carefully crafted story can influence the community's perceptions of your center. Although data is important, our beliefs can be influenced more effectively through storytelling than through logical arguments. Informal interactions, as well as speaking to community groups, are ways to share the center's story. Shifting perceptions can result in new patients, community "friends" and potential partnerships. Of course, in telling the "story" it is essential to protect patient confidentiality!



A BEST PRACTICE: for telling your health center's story most effectively...

- ★ Understand the community's health needs.
- ★ Frame the message in a positive way.
- ★ Talk about the excellent outcomes the health center is achieving.
- ★ Describe any gaps and what the health center needs to close the gap.
- ★ Use inspiring and empowering words.
- ★ Speak from personal experience.



EXERCISE: Telling the Story

Think about what is amazing, special, and inspiring about your center. Work with your CEO and your board colleagues to identify several real life illustrations of how the work at the health center has touched patients in an important way.

Board members are responsible for representing the health center within their social and professional circles. Working in partnership with staff, board members are responsible for identifying potential allies and donors in the community. As a board, you have the opportunity to encourage collaboration with other agencies or organizations serving your community's health needs. For example, a health center board might ask the CEO to explore a partnership with a local mental health agency to consider setting up a school-based health program for teens.

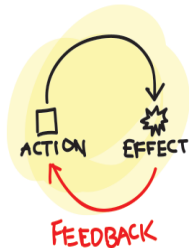
The CEO is generally the person most directly involved in public policy—whether attending state and national association meetings, testifying before a legislative or administrative hearing, lobbying on behalf of or against a proposed bill affecting health centers, or sharing data with the media, public, or policy-makers. Board members can be key players in this effort—as community leaders and consumers—in shaping the health center's policy work. Board members can speak not only from personal experience but also from a place that exhibits concern for the larger community of those affected by the issue at hand.



EXERCISE: Community Relations

- Ask the board chair and CEO to outline the organization's community relations approach and upcoming plans.
- With a mentor, plan ways to contribute to telling the health center's story.

CHAPTER 8: Board’s Role in Ensuring Chief Executive Officer Performance and Continuity



Finding and maintain strong leadership for the health center is one of

the most important roles a board plays. The organization’s Chief Executive Officer (CEO) has tremendous responsibilities in management and operations, clinical and financial oversight, and marketing and

development of the health center. A strong CEO maintains strong working relationships with the community that the health center serves, staff, and the board of directors. **The board’s role in selecting, supporting, assessing, and recognizing excellent service from the CEO is essential for a productive relationship that results in safeguarding the health center’s mission and achieving its vision and goals.**

HIRING THE HEALTH CENTER CEO

Whether you are hiring your health center’s first CEO or replacing someone who is planning to leave, selecting the CEO will have a huge impact on the success of the health center. As a board member, you have an opportunity to shape the health center’s future by selecting the best candidate to lead the organization.



A Best Practice – Ultimately the full board makes the final decision of hiring the chief executive, but there are issues for the board to consider even before the search begins. These include:

- ★ Expectations based on the health center’s most urgent priorities and goals.
- ★ Essential kinds of experience.
- ★ The personal style needed to fit the health center’s mission and culture.
- ★ Whether to consider individuals from within the organization, as well as external.
- ★ Whether to hire a search firm or conduct the search themselves.
- ★ Whether to appoint a search committee and if so, who should be on the committee.
- ★ How to assure the full board is kept informed of the process.

Health Center Program Requirement

The health center board approves the selection and dismissal of the CEO and has the authority to evaluate the performance of the health center’s CEO and to approve the selection and dismissal of the CEO.

EVALUATING CEO PERFORMANCE

Conducting regular CEO performance evaluations is a Health Center Program requirement, but it is also the means to inform the CEO whether he/she is meeting or exceeding the board's expectations. To be fair and consistent, the performance assessment should be based on *pre-established* performance expectations, which, in turn, should be consistent with the health center's strategic plan.

Typically, the evaluation process is led by the board officers who seek input from other board members, organize the key messages, and deliver the feedback to the CEO. In the situation when it is in the best interests of the organization, the board replaces the current leadership and selects a more qualified executive. This is never an easy task and must be approached with sensitivity and planning.



EXERCISE: YOUR CEO'S EVALUATION PROCESS

Ask the board chair about the current CEO evaluation process:

- Is the evaluation done annually?

- When was the most recent evaluation conducted?

- Who is in charge of organizing the evaluation process?

There is no perfect evaluation form, but take a look at your CEO's current evaluation form and see what functions are included. Does the evaluation include the following functions for which the CEO is often accountable? Check yes or no. Add other functions that are assessed.

	Yes, included <u>in the assessment</u>	No, <u>not included</u>
★ Quality and safety -----		
★ Financial and tax management ----		
★ Risk management/ corporate ----- compliance		
★ Facilities management -----		
★ Human resources management ----		
★ Marketing and fundraising -----		
★ Strategic planning -----		
★ Community relations -----		
★ Board relations -----		
★ Other functions:		

EXECUTIVE COMPENSATION

The health center's board is responsible for recruiting and retaining the best individuals to lead the center. In a competitive market, compensation plays a major role. However, most health centers are tax-exempt organizations and must consider the principles of "reasonable compensation" and "intermediate sanctions."

Reasonable compensation – is the prevailing rate of compensation paid to comparably qualified and experienced individuals performing similar functions for similar organizations in the community. Health centers must find out what are comparable salaries.

Intermediate sanctions—is the provision in tax law that gives the Internal Revenue Service the authority to impose tax penalties (ultimately the organization could lose its tax exemption status) on individuals who receive unreasonable high compensation and those who knowingly approve such compensation.

Board members should be aware of these requirements when considering CEO compensation.



A BEST PRACTICE: Allocate a portion of the executive's overall compensation as "at risk" meaning that there is a variable reward tied to meeting key goals and metrics such as meeting quality goals, implementing electronic health records, or recruiting clinicians.

➔➔➔ See the 2015-2016 Health Center Salary and Benefits Report
http://iweb.nachc.com/Purchase/ProductDetail.aspx?Product_code=15_HC_COMP

SUCCESSION PLANNING

Succession planning is the process of ensuring effective organizational leadership over time. Unplanned turnover can create a leadership vacuum that threatens the welfare of the health center. It is the role of the board to assure that a plan is in place for leadership transition due to term limits, a planned retirement, an unexpected vacancy, or an emergency situation. High-performing boards conduct succession planning for the CEO, board chair position, the senior management team, and committee chair positions. The goal is to ensure leadership continuity with the least amount of disruption to the organization.

For succession of the CEO, the board should work with the CEO to establish how the CEO's responsibilities will be taken care of during a prolonged CEO absence – whether planned or unplanned. If the CEO announces a planned departure, replacing the CEO is one of the most strategic actions a board will make.



A BEST PRACTICE: Actions to assure a successful transition from one CEO to the next may include:

- ★ Determine responsibility for announcing the departure of the current CEO and relating to key constituencies
- ★ Make arrangements for transitional leadership and its relationship to the board
- ★ To benefit from the departing CEO's experience, find a way to capture insights and highlights from the CEO's tenure as well as regrets and information about issues and relationships that will need attention
- ★ Support staff – consider having the board chair or other board leader meet with staff along with departing chief executive to review plans
- ★ Conduct organizational assessment, update CEO job description, and identify key qualifications needed in the new leader
- ★ Ensure the new CEO is given both the support and the space to connect successfully with the organization and its constituencies

➔➔➔ For guidance, see “Essential Guides to Sustainability, Succession and Transition Planning” at **MyNACHC** at <http://mylearning.nachc.com/diweb/home>. Sign in and search for “sustainability.” (Make sure to use quotation marks.)



CHAPTER 9: Board’s Role in Leading Effectively

Key Terms

Agenda = a plan of things to be done or matters to act on

Diversity = the inclusion of different individuals

Facilitation = making it easier for an action or process to progress

Robert’s Rules of Order = a procedure for conducting board meetings. See below under Meeting Structure

High-performing boards have healthy board cultures. Culture means “the way we do things around here”. It’s a mix of values, assumptions, beliefs, language, habits, and norms of a group. Culture influences what people pay attention to, and as result, what they do. It directs behavior and sends messages about what is valued. **This chapter will explore how the board’s culture influences the ability of the health center to achieve its mission in the community.**

ORGANIZATIONAL CULTURE

Organizational culture is often an unseen and underestimated force. It impacts an organization’s ability to adapt to a changing environment – to grow and seize opportunities or to resist change and maintain the status quo. Organizational culture impacts on trust, mutual respect, effective dialogue, and commitment. Diversity is valued and is evident when challenging traditional assumptions are welcomed and encouraged. The board can set the tone for the organization’s culture by creating and sustaining a partnership among board members and between the board and the health center’s CEO.

BOARD CULTURE

A healthy board culture is evident when there is an open exchange of ideas. Board members can be open and honest with each other without fear of reprisal in expressing an opinion contrary to others. The board engages in constructive debate and respectful disagreement in board meetings and considers different perspectives before making a decision. Members work together to seek relevant information from multiple sources, monitor trends related to the issue being discussed, explore alternatives, outline options, draw conclusions, and formulate a position or decision that is in the best interest of the health center.

Before a decision is reached, members have the opportunity to express their concerns and opinions. **However, once a decision is reached, the board stands together with a single voice.**

Code of Conduct

High-performing boards often have a “code of conduct” that defines how board members should conduct themselves as they carry out their governance role. Just as bylaws define the board’s operational or procedural practices, the code of conduct outlines a set of principles and values so that board members can better understand and meet health center expectations.

Typical values that are found in a code include:

- ★ Fairness
- ★ Honesty
- ★ Quality
- ★ Respect
- ★ Accountability

Defining how each of the values translates to behavior is critical for a viable code. For example, the definition of “honesty” may include presenting all the relevant facts and information. “Fairness” may be defined as applying the same ethical standards to every person and acting in ways that do not provide inappropriate advantages or disadvantages to any party. Remember each board member has the power to make a difference and create a healthy board culture. *See Appendix II for a sample code of conduct*



A BEST PRACTICE: Here are some guiding principles to bring out the best in yourself and others around the board table.

- ★ **Listen more to understand than to respond.** Being attentive to others means not allowing your mind to start passing judgment or crafting a reply or counter argument before you have really “heard” the message.
- ★ **Balance the time you spend talking with asking questions of others.** While as a board member you have an obligation to share your opinions and assessments, you also need to ask about others’ perspectives. The more heated or charged the conversation, the more work you need to do to understand how others see things.
- ★ **Extend a personal invitation to another board member to add to the conversation.** “Kathy, I would value hearing what you think about this issue.”
- ★ **Expose your thinking processes.** “This is what I believe we should do. I came to this conclusion as a result of...” or “Jeff, you have a lot of experience with these kinds of things, could you tell me more about how you have come to understand this issue?”
- ★ **Show real appreciation of other’s contributions.** Even when we do not share a person’s view

we can acknowledge the fact that they have shown up and are engaged and interested. “Bethany, thanks for putting that idea forward.”

- ★ **Take more opportunities to speak from your heart and acknowledge the importance of this when others reveal what they really care about.** “I know we have different ideas about what we should do but for me there is a fundamental issue here and it is about....” or “Marcos, I sense you really care about this issue.”

MEETING STRUCTURE

Board meetings have structures that influence which participants speak, how time is managed, how thoughts are shared, and how decisions are made. Effective meeting structures that build productive discussions and help the board stay on track and on time require intentional design and good facilitation by the board chair in collaboration with the CEO.

Robert’s Rules of Order

Boards may use Robert’s Rules of Order as the procedure for conducting board meetings. Robert’s Rules of Order guides meeting attendees to make decisions efficiently and with regard for the opinions of all participants.

→→→ See Robert’s Rules Cheat Sheet for guidance including when to make motions and what to say at http://dphi.web.unc.edu/files/2012/02/MSG-ROBERTS_RULES_CHEAT_SHEET.pdf

Meeting Focus

If your health center board is like many boards, it spends plenty of time monitoring past performance or discussing reports that provide a look in the rear-view mirror. Boards will always need to fulfill these responsibilities, but they are not the complete set. If the board is to be accountable for ensuring the long-term success of the organization, the board needs to broaden its role and spend more time focused on the future, not just the rearview mirror.

Creating the Road Map: Meeting Agendas

How does the board ensure that the right issues are being discussed? A well-planned meeting agenda makes all the difference. It can keep members focused on the right issues and prevent conversations from getting off track.



A BEST PRACTICE: Elements of an effective agenda:

- ★ Time, date, location of meeting.
- ★ Consistent format.
- ★ Clear description of issue and purpose of each item and/or required action
- ★ The description of agenda items includes the intended outcome – “discussion only” or “action (voting) item.”
- ★ A suggested time for each item.
- ★ Most important items placed at beginning of agenda.
- ★ Routine presentations and reports follow action items, with as many as possible being handled with a “consent agenda.”
- ★ Time at end of meeting to identify and assign action steps.

CONSENT AGENDA

A consent agenda includes items that rarely need discussion such as approval of meeting minutes, the CEO report, and committee reports. All of these items must be sent to and read by board members before the meeting so the board can vote to accept all of the items as a group. If requested, individual items can be pulled out of the consent agenda for discussion and possible rejection. Here’s what the board chair would say,

“This month’s consent items are the board meeting minutes from DATE meeting, minutes from the Quality Assurance Committee meeting from DATE and the Finance Committee meeting DATE, and the quarterly corporate compliance report DATE. Are there any corrections or objections? (Pause). Hearing none, the consent agenda items are approved.”

It’s a great time saver – but to work, all board members must read the documents in advance of the meeting.



A BEST PRACTICE: Board members who:

- ★ Always read the board packet in advance
- ★ Come to the meeting with questions and thoughts in mind
- ★ Call the board chair if they have a concern
- ★ Take notes
- ★ Are on time

MONITORING PERFORMANCE WITH DASHBOARDS

Dashboards are visual tools for monitoring an organization's performance. A dashboard can highlight what the board needs to know to fulfill its oversight responsibilities so that at a glance, members can see what is on track and what isn't. Dashboards can translate the organization's goals – quality, financial strength, patient experience -- into activities and processes that can be measured and monitored.



Some common financial indicators that you might see on a dashboard include number of patient visits, payer mix, cash on hand, days in account receivable, actual revenue in relation to budgeted revenue, operating expenses in relation to budget.

→→→ For information on the use of dashboards by a governing board, see "A Nonprofit Dashboard and Signal Lights for Boards" at <http://www.blueavocado.org/content/nonprofit-dashboard-and-signal-light-boards>

MANAGING CONFLICT

Serving on a health center's board depends on passionate people coming together to discuss, debate and ultimately take collective action. Wherever people with strong convictions work together to make a difference, there will be conflict. Individual voices have to give way to the voice of the group. Conflict is competition between and among individuals. It can be constructive and stimulating. It promotes change and growth. Conflict, managed well, can promote awareness of self and others. It can strengthen relationships and heighten morale. Conflict can be destructive too, as it can damage individuals and relationships if not managed effectively.

Direct Conflict - Sometimes our disagreements are out in the open, conflict is up-front, different points of view are “on the table.” People argue, take stands, try to persuade one another, or agree to disagree. The mood may be one of anger, frustration or excitement. People may be behaving respectfully towards one another, or the debate may involve personal attacks, name calling, or shouting. Confronting differences openly has the potential for the most positive outcomes.

Silent Conflict – Conflict can often be subtle; it can exist more in what is not said than what is said. Conflict frequently goes unacknowledged by one or more of the parties and unnoticed or avoided by others. Subtle conflict often occurs where a board is dominated by one person or a small group. It can show up as withdrawal, silence, manipulation, poor attendance, and resignation.

There are typically three areas in which conflict emerges on a board.

1. Conflict among board members. Conflict on the board itself arises as a result of differences between individual members or a subset of members. The board chair or other board members need to take responsibility for resolving the conflict.

2. Conflict between board and staff. Conflict between the board and staff, especially between the board and the CEO can occur. Often it is a conflict over the boundaries of roles and responsibilities and where power is shared.

3. Conflict among staff members. If they are not careful, board members can get drawn into conflicts among staff or between staff and supervisors. In situations where a conflict is between a staff person and the CEO, the board may need to mediate. Where there is conflict between other staff, the board needs to stay clear, especially if it wants to be seen as affirming the CEO’s authority and responsibility.

Boards get drawn into staff conflicts because they are often seen as the real authority. A board with a tendency to micro-manage will be drawn into more staff conflicts. Boards can make staff conflict situations worse, especially when individual board members take it upon themselves to intervene.



A BEST PRACTICE: Managing conflict more effectively.

- ★ **Clarify roles and responsibilities.** Boards must strive to clarify the roles and responsibilities of individual board members and officers (especially the chairperson) and the board's role in relation to staff.
- ★ **Seek or develop a board chairperson skilled in facilitation techniques.** An effective board chair is critical to managing conflict.
- ★ **Establish a code of conduct for board members.** Set standards and rules for board members' relationships with one another, with the CEO, and with staff. A code of conduct should give direction on issues such as confidentiality, conflicts of interests, and speaking publicly on behalf of the health center. See [Appendix II](#) for an example of a code of conduct.
- ★ **Deal with conflict openly when it arises.** As uncomfortable as it often is, and as much as we hope that it will go away if we ignore it, it is important to acknowledge conflict directly when it occurs. Boards need to talk about what to do when they have differences and create a safe environment to bring up difficult issues without fear of ridicule or retaliation.

MEETING EVALUATIONS

Boards are responsible for “raising the bar” on their governance structure, practices and culture. The board and committees should regularly assess and improve their performance. It's a good idea to do a meeting evaluation at the end of each meeting. It can be as simple as the board chair asking questions such as;

- ★ Did we focus on the right issues?
- ★ What worked well today?
- ★ Did all members participate in an active way?
- ★ Did the meeting materials prepare us for our discussions?
- ★ What could we do more effectively at the next meeting?
- ★ Are we clear on our next steps?

The board chair and CEO should discuss the results to identify any need for follow-up.

BOARD SELF-ASSESSMENT AND CONTINUOUS IMPROVEMENT

The best boards are always asking, “How can we govern even more effectively?” If the board only looks at the staff and at programs, it is missing an essential element and the organizational component over which they have the most control. In the same way that the board might ask staff to develop objectives and performance metrics for programs for which they are responsible, the board should consider setting objectives for its own performance. High-performing boards evaluate their performance periodically through board self-assessments. They take actions based on the results. These actions should be linked to the board’s continuing education and recruitment plans. *See Appendix III – Characteristics of High-Performing Health Center Boards.*

Typically, board self-assessments seek input from members on the extent to which the board makes a difference and adds value to the health center. It assesses how well the board fulfills its responsibilities and how well the meetings support the board to do its work. The assessment addresses board composition and culture that guide and shape how board members interact with one another.

These are some questions to consider for a board self-assessment survey:

- ★ Do our board meetings actively engage the members to focus on the matters that are most important?
- ★ Are board members prepared for the meeting?
- ★ Do board members receive their board packets (including agenda, previous meeting minutes, relevant board reports, background reading) at least one week prior to the meeting?
- ★ Does the board take time to plan effective agendas?
- ★ Does your board’s culture invite lots of participation?
- ★ Does everyone participate?
- ★ Is there a friendly, respectful exchange of ideas on important matters?
- ★ Does the board ask hard and even unpopular questions?
- ★ Does the board spend most of its time on the issues of greatest importance?
- ★ Does the board spend the majority of its time on discussing the future?
- ★ Is the board chair effective in facilitating the meeting?



CHAPTER 10: Putting It All Together

John Quincy Adams said, “If your actions inspire others to dream more, learn more, do more and become more, you are a leader.”

In this time of great change and uncertainty, we need that kind of leadership. A health center’s board must unleash the huge potential of their organizations and communities as they work to improve health outcomes for all. To meet these challenges, board members must continually challenge themselves to provide governance excellence. In other words, improving community health is in the hands of every board member at every health center. High-performing boards understand this reality and continually challenge themselves to improve through on-going education.

ANNUAL BOARD WORK PLAN

Board self-assessment should be regarded as a *process* and not a one-time activity or as simply the completion of a survey. Consider the administration of the “*self-assessment tool*” as the starting point of a journey that the board embarks upon together—a journey towards the development of a “*board governance agenda*.”

Think of the “*board governance agenda*” as a governance “*to do*” list for the board. Just like your “*to do*” list at work or at home, as soon as you cross off one item, you are likely to add one or two more items to the bottom. A board governance “*to do*” list, or agenda, is much the same. While there are some quick fixes, like, “Start putting the mission statement on the top of each board agenda,” developing and strengthening a board is an ongoing process. Even boards operating at the highest levels are always fine-tuning their recruitment process, identifying new topics for board education, and reviewing meeting evaluations to learn what they can do better.

You may be overwhelmed by the responsibilities you have as a health center board member. There are a lot of requirements, but by addressing them through-out the year you can be sure that you’re meeting your fiduciary requirements and providing good governance for your health center. You can also assure time to review materials, ask questions to understand the issue, discuss and make recommendations, and make thoughtful decisions.



A BEST PRACTICE: Suggested steps for developing an annual board work plan.

- ★ Make sure you have buy in from board members and CEO so that the plan is relied on to help structure workload, deadlines, and meeting schedules.
- ★ Identify a board point person or committee to be in charge of plan development. This person or committee will work closely with the CEO in drafting the work plan to assure that it syncs with the health center's grant application cycle, budget year, and independent financial audit.
- ★ Identify **Health Center Program required documents to review, approve, monitor:**
 - Annual audit report
 - Applications for Health Center Program grant funding, including Change in Scope Requests
 - Annual operating/business plan
 - Assessment of the needs of the target population served by the health center
 - Billing and collection policies
 - Board member selection and dismissal policies
 - Capital plan
 - Code of conduct for staff and board
 - Conflict of interest policies
 - Corporate compliance plan
 - Credentialing and privileging policies
 - Employee grievance policy
 - Employee salary and benefit scales
 - Equal opportunity practices
 - Fee schedule for services
 - Financial policies that assure accountability for health center resources – general
 - Health care policies – general
 - Long term (usually 3-5 years) strategic plan
 - Personnel policies - general
 - Quality assurance/quality improvement plan – review and approve within 3 years of submitting to HRSA as part of the initial or renewal application for FTCA deeming
 - Services provided by the health center and hours of operation
 - Sliding fee discount program policies
- ★ **Identify other documents for health center boards to review and approve:**
 - Whistle-blower policy
 - Document retention and destruction policy
 - Internal Revenue Service Form 990 before submission and posting to assure availability to the public
 - Investment policy, if there is one
 - Policy for travel and other expense reimbursement
 - Policies related to fundraising, donor communication, and gift acceptance

- ★ **Identify reports for the full board or board committee to periodically receive and review:**
 - Results of quality improvement audits and follow-up reports when deficiencies are identified
 - Reports on the variance of the current annual operating plan with the budget
 - Updates to measure and evaluate the health center's progress in meeting annual and long-term clinical and financial goals
 - Information to evaluate patient satisfaction
 - Information to monitor and assess organizational assets
 - Information to monitor and assess organizational productivity
 - Before the monthly board meetings, packets that include reports and recommended actions from board committee meetings

- ★ **Identify other governance-related actions:**
 - Conduct monthly board meetings and maintain minutes that document board actions
 - Select, annually evaluate, and dismiss if necessary the CEO
 - Annually engage in strategic planning, including updating mission, goals, and plans as necessary
 - Periodically review the health center's mission and bylaws
 - Establish a corporate compliance committee and appoint a corporate compliance officer
 - Select services *beyond* those required in the Health Center Program legislation, and select the location and mode of delivery of those services
 - Complete a board self-assessment
 - Establish and maintain a succession plan for the CEO and other senior leaders
 - Have a board succession plan that includes recruitment, orientation, and ongoing board training
 - Consider annually requiring board members to sign a conflict of interest statement
 - Be knowledgeable about the community and marketplace trends and adapt health center policies as needed

- ★ Using a 12-month calendar, assign dates for specific actions either at a board committee meeting or at the full board meeting.

➔➔➔ For guidance and an example of an annual board work plan, NACHC is revising an information bulletin called *Creating an Annual Board Work Plan: How to Distribute Board Responsibilities Evenly Throughout the Year*. The bulletin will be available in October 2015 on MyNACHC at <https://mylearning.nachc.com>



CHAPTER 11:

A Changing Health Care Environment

Although you personally may not be aware of changes in your own health care services, organizations such as your health center are facing a broad spectrum of changes, including how services are organized, how services are measured, and how they are paid for. This chapter provides an overview of some of the major issues happening in health care delivery these days.

AFFORDABLE CARE ACT

In 2010, Congress passed the Affordable Care Act (ACA). The law is officially known as the Patient Protection and Affordable Care Act and is unofficially called “Obamacare.” The primary intent of the ACA was to address the high number of uninsured Americans, which was 46.3 million people in 2011 according to the U.S. Centers for Disease Control and Prevention. In particular, the ACA was meant to benefit Americans who were not offered or could not afford to buy employer-based health insurance. The Law created affordable health insurance policies available from state and federal marketplaces (exchanges and provided for an income-based expansion of eligibility to Medicaid. The ACA also defined a set of health benefits (services) that insurance companies must pay for and that health care providers -- such as health centers, private practices, and hospitals – must deliver to patients. Since the passage of the ACA, nearly 17 million people have gained health care coverage through purchasing insurance on state and federal exchanges and through expansion of Medicaid benefits in the majority of states.

→→→ For more information, search “affordable care act” (be sure to include quotation marks) on MyNACHC <https://mylearning.nachc.com> and scroll to find the resource “The Affordable Care Act: A Primer for Health Centers.”

HEALTH CENTER TRUST FUND

The ACA made a major investment in health center growth through a five-year (2011-2015) \$11 billion Health Center Trust Fund, paired with \$1.5 billion in new funding for the Nation Health Service Corps, on which health centers rely heavily to recruit medical and dental providers. The Health Center Trust Fund provided resources to:

- ★ **Establish new health center sites**
- ★ **Expand services** at current sites, such as expanding service hours, hiring more medical providers, and/or adding oral health, behavioral health, pharmacy, and vision services
- ★ **Support patient-centered medical homes**, such as funding for construction to support team-based care
- ★ **Support outreach and enrollment (O&E) assistance**, such as hiring O&E workers and expanding the hours of existing staff
- ★ **Establish, expand, integrate behavioral health services** such as hiring new mental health and substance abuse staff and integrating behavioral health with current primary care services
- ★ **Support ongoing operations and quality improvement activities.**



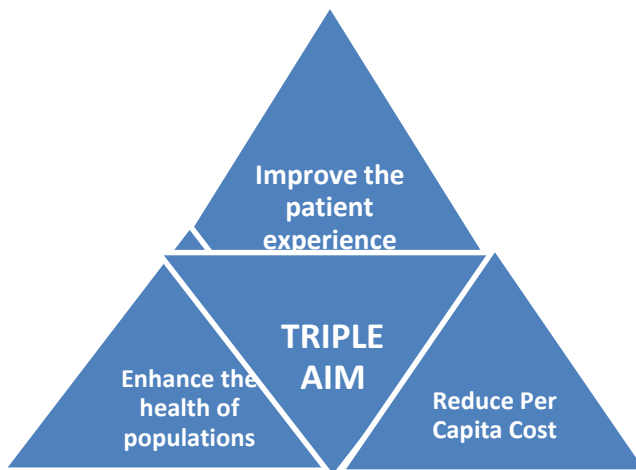
Exercise: Ask you CEO about support your health center received from the Health Center Trust Fund related to the above areas.

→→→ For more information about the ACA and health centers, see the HRSA/BPHC fact sheet at <http://bphc.hrsa.gov/about/healthcenterfactsheet.pdf>

DELIVERY SYSTEM REFORM

The Triple Aim

The Triple Aim is a term created by the Institute for Healthcare Improvement (IHI) in 2007 to describe a framework for improving the healthcare system by addressing and balancing three components -- improving the patient's experience of care, improving the health of populations, and reducing the per capita costs of health care. Elements of the Triple Aim are highly aligned with initiatives of the ACA that will impact on the level of payment received by health care providers, including health centers.



Patient Experience -- Providers are responsible for providing an optimal patient experience based on factors such as a patient's perception about timely care, physician communication, office staff attitude, and an overall positive rating of the visit. To assess patient experience, health centers measure areas such as appointment access, hours of care, and patient satisfaction, as well as quality of care measures to assess timeliness, effectiveness, and being patient-centered. The ACA provides for incentives and penalties to improve the experience of care.

Health of Populations -- Traditionally, health centers have been responsible for improving the health of people served at the center's delivery sites. Improving population health is being accountable for the health of the entire community served by the health center, including individuals who are not health center patients. Population health looks at a target population and assesses measures such as prevalence of major chronic conditions, life expectancy, and health status.

Per Capita Cost-- Health centers currently determine per capita cost (total cost per patient) as a required financial performance measure for their Federal Health Center Program grant. The ACA supports efforts to reduce the per capita cost by structuring payments based on quality and promoting coverage for preventive care.

→→→ For more information on the Triple Aim Initiative, go to
<http://www.ihl.org/Engage/Initiatives/TripleAim/pages/default.aspx>

Care Coordination

The ACA seeks to create a health care system in which a person's care is coordinated across settings and across episodes of care to improve patient outcomes and reduce costs.

Patient-Centered Medical Home (PCMH) -- The National Committee for Quality Assurance (NCQA) defines the patient-centered medical home as “a way of organizing primary care that emphasizes care coordination and communication to transform primary care into “what patients want it to be.” Medical homes can lead to higher quality and lower costs, and can improve patients’ and providers’ experience of care.” NCQA Patient-Centered Medical Home (PCMH) Recognition is one way to transform health centers into medical homes. There are a number of standards and requirements to meet to earn this recognition. Administrators may need to redeploy resources to provide wellness services. Clinical providers are required to work in new ways to serve patients. Patients are required to be active participants in their care. Investments in electronic health records (EHR) to collect and track patients are necessary.

→→→ For more information on Patient Centered Medical Homes, visit <http://www.nachc.com/Patient%20Centered%20Medical%20Home.cfm>

Accountable Care Organizations (ACOs) -- Accountable Care Organizations are provider-led organizations that come together to manage the quality of care and costs of a specific population of patients. Health centers are joining ACOs or in some cases they partner with other health centers to establish their own entity to create efficiencies, minimize duplication, and target specific clinical interventions to improve outcomes. In order to demonstrate quality, provider organizations must have data that demonstrates excellent clinical care and health outcomes. To manage costs, providers must know the true cost to deliver care. When an ACO succeeds both in delivering high-quality care and spending health care dollars wisely, savings are shared among the provider organizations.

→→→ For information and resources to support health center partnerships with accountable care organizations, see “Accountable Care Organizations: Health Center Strategies for Success.” On **MyNACHC** <https://mylearning.nachc.com>, search Accountable Care

PAYMENT REFORM

The Affordable Care Act (ACA) called for a national expansion of health insurance via two major strategies:

1. The expansion of Medicaid
2. The creation of health insurance marketplaces to expand commercial coverage

Not all states have expanded Medicaid, but all are required to have a marketplace.

Health centers traditionally see a high number of uninsured (self-pay on a sliding fee scale) and Medicaid patients. As a result of changes called for by the ACA, health centers are likely to see a shift in payers as more uninsured individuals are covered by Medicaid or are able to purchase insurance from the Health Insurance Marketplace plans. Uninsured individuals not eligible for Medicaid may be eligible for discounts on premiums for a plan on the Marketplace.

Value-Based Payment -- In an effort to reduce per capita cost and increase quality, government and insurance companies have established financial incentives based on the quality of care (pay for performance), rather than on the services provided (fee for service). These payers are increasingly emphasizing value-based payments in which part of the reimbursement is “at risk,” meaning that part of the payment depends on whether the provider achieves a certain level of performance.

Managed care -- Managed care is a health care delivery system organized to manage cost, utilization, and quality. Managed care is a system for delivering services to patients where a provider is paid a set dollar amount to deliver a defined package of services to covered individuals (members). The provider receives the set payment regardless of the cost for providing care. A provider could lose money if patients are seen too many times and require high-cost services, such as hospitalization. For this reason, managed care organizations (MCOs) are interested in working with primary care providers such as health centers.

Medicaid managed care is the delivery of Medicaid health benefits and additional services through contracted arrangements between state Medicaid agencies and managed care organizations (MCOs) that accept a set payment (capitation) for these services. Providers, including health centers, contract with the MCO to provide services to the patient.

By contracting with various types of MCOs to deliver Medicaid services to their beneficiaries, states can reduce Medicaid program costs and better manage utilization of health services. Improvement in health plan performance, health care quality, and outcomes are key objectives of Medicaid managed care.

→→→ For information about working with health plans, go to **MyNACHC** <https://mylearning.nachc.com>, sign, search publications for *Engaging in Accountable Care*.

→→→ For information on managed care, search **MyNACHC** <https://mylearning.nachc.com> for “*Managed Care Handbook: A Practical Guide for Health Centers*.”

HEALTH INFORMATION TECHNOLOGY

As a board member you will probably participate in conversations about health information technology (HIT). A health center's information technology system enables information to be shared in an accurate and efficient manner across sites and organizations. The HIT system serves many purposes—from patient appointment scheduling and billing for services to managing claims to reporting on volumes, patient outcomes and changes in patient information. The board is responsible for ensuring that HIT is linked to the mission and strategic goals of the health center. A health center's board oversees aspects of HIT implementation by allocating sufficient resources for people, equipment, and training, and monitoring progress against the plan.

QUESTIONS FOR BOARDS TO CONSIDER

As health centers face changes in delivery and payment systems, it is critical that the board of directors is involved to assure that such efforts are consistent with the health center's mission, vision, and values. Board members hold staff accountable for information to guide their oversight and support. As such, the board must collaborate with staff to understand their center's status regarding competencies required for health center success. Below are the kinds of questions board members should clarify with staff:

- Does the board receive information/training regarding local and state payment reform initiatives?
- With which payers does the health center have a strong working relationship?
- Does the health center have the information technology infrastructure to support the data requirements to participate in payment reform arrangements?
- How does health center data compare with industry standards for measures that demonstrate quality and costs of care?
- What patient data does our health center evaluate?
- What do our staff say about the health center?
- Can the health center predict the number of patients the center would see from a particular insurer, such as Medicaid, or from a particular population group, such as people with diabetes?
- Does the health center have the capability to serve as a primary care medical home for all patients?

CHAPTER 12.

Your Next Steps



Congratulations! You've made it to the finish line. You've learned a lot and now you have a tool to refresh your memory throughout your tenure on the health center board.

Just as it's important for boards to monitor productivity, strategic objectives, and keep up with changes in the health center field, the same applies to board members. **It is important to continue to assess your performance and to make changes to improve your governance experience.** Using the attributes and behaviors listed on page 2 in the Introduction to this **Workbook**, ask yourself how you're doing. Maybe even get feedback from the board chair.

- ★ **Be trustworthy** – *be ethical, honest, and respectful in all your interactions. Know your fiduciary obligations and bylaws. Maintain confidentiality. Avoid conflict-of-interest.*
- ★ **Know your organization** – *know the mission, vision, values, goals, policies, programs, services, requirements, strengths and needs. Keep informed and educated about health care issues.*
- ★ **Focus on the future** – *ensure there is a current and effective strategic plan. Think strategically and ask future-oriented questions.*
- ★ **Listen and communicate** – *actively participate in board discussions, participate in educational programs to provide responsible oversight, provide and accept feedback, works well with CEO and other board members, be an advocate for the organization.*
- ★ **Take ownership** – *attend and be prepared for meetings, ask probing questions, participate in quality and financial oversight, serve on committees, support group decisions, participate in fundraising, continually seek to improve governance performance.*
- ★ **Promote effective change** – *foster continuous improvement, support investments for the future, lead and role model necessary organizational change.*

Based on your reflection and any feedback you received, create a development plan to guide your future learning.

Here are some personal questions to guide your thinking.

- ★ How do I want to “raise the bar” on how I contribute to the board’s work?
- ★ In what areas of oversight do I need more information and mentoring?
- ★ What communication and other leadership attributes do I want to grow?
- ★ What’s my plan for getting what I need?
- ★ How will I stay committed to my goals?

ENJOY SERVING ON YOUR HEALTH CENTER’S BOARD OF DIRECTORS.



Appendix I

HRSA HEALTH CENTER PROGRAM SAMPLES AND TEMPLATES RESOURCE CENTER

For examples of resources including policies, tools, checklists, see the **Samples & Templates Resource Center on the HRSA website at <http://bphc.hrsa.gov/programrequirements/resourcecenter/>**. HRSA identified resources are listed for topics related to Clinical Services, Governance, Management and Finance, Management and Information Systems, Affiliation and Contractual Agreements, Services, and general Health Center Program topics.

Some of the governance-related resources include:

[Board Functions and Responsibilities](#) (PDF - 29 KB)

[Checklist for Health Center Bylaws](#) (PDF - 99 KB)

[Sample Board of Directors Governance Policy Manual](#) (PDF - 128 KB)

[Sample Board Self Evaluation](#) (PDF -7.2 MB)

[Sample Succession Planning Work-plan](#) (DOC - 18 KB)

[Sample Table of Contents for Board Policy Manual](#) (PDF - 32 KB)

[Recruitment, Retention and Development of Board Members](#) (PDF - 24 KB)

[Sample Board Education, Training and Needs Survey](#) (DOC - 21 KB)

[Sample Board Member Expectations](#) (PDF - 25 KB)

[Sample Standards of Conduct for Board Members](#) (PDF - 559 KB)

Appendix II

SAMPLE BOARD MEMBER CODE OF CONDUCT

XYZ Health Center board members are committed to governance excellence and supporting a culture of shared accountability. Board members are called upon to contribute their time, thought, and energy to support the viability of the health center. The following code outlines expectations for all members.

1. **Support XYZ Health Center mission** – Understand and advocate for the organization’s mission. Become knowledgeable about XYZ Health Center programs and act as an informed advocate within the community.
2. **Attendance** – Attend board meetings and related meetings of committees and task forces on which the individual serves, as well as, retreats and educational programs. Members are encouraged to attend staff recognition events and participate in philanthropic activities.
3. **Compliance** – Understand and follow the board bylaws.
4. **Conflicts of Interest** – Avoid conflicts of interest, understand and follow the XYZ Conflicts of Interest policies. If conflicts arise between a board member’s personal interests and his/her obligations to act, he/she should disclose the conflict and refrain from acting on the affected issues.
5. **Confidentiality** – Protect the confidentiality of patient information in accordance with HIPAA guidelines and other confidential information, such as executive session deliberations, policy discussions, relationships with other organizations, personnel matters, financial information, etc.
6. **Fairness** – Apply the same ethical standards to every board member and act in ways that does not provide inappropriate advantages or disadvantages to any party.
7. **Honesty** – Present all of the relevant facts and information.
8. **Representation** – Any requests by media to speak with board members should be directed to the Board Chairperson. The Board Chair will advise the CEO. The Board Chairperson is the only board member who speaks publicly on behalf of the board.

9. **Preparation** – Review agenda materials in advance of meetings. Commit sufficient time and energy to fulfill the expectations of the role.
10. **Stay current** – Be aware of health policy issues and health industry trends. Strive to learn, grow and increase contribution to board through ongoing study, attending training and orientation sessions, participation in meetings and retreats, etc.
11. **Focus on Board as a Whole** – Once debate and discussion has been completed, individual members are expected to focus on the best interests of the health center as a whole and recognize the board only functions as collective entity.
12. **Communication and Decision Making** – Participate in rational, informed deliberations by considering reliable information, thinking critically, asking good questions and respecting diverse points of view, in order to reach decision on the merits that are in the best interests of the health center.
13. **Evaluation** – Participate in the process to conduct the CEO’s annual performance evaluation. Provide thoughtful counsel, constructive comments and accurate, honest evaluations of performance. Participate in self-evaluations, overall board assessments, and monthly meeting evaluations.
14. **Conduct** – Adhere to the highest standards of personal and professional behavior so as to reflect favorably on XYZ Health Center. Embody the organizational values and the principles outlined in the Professionalism Policy.

Appendix III

CHARACTERISTICS OF HIGH-PERFORMING HEALTH CENTER BOARDS

The following attributes were identified by a panel of health center board members and CEOs:

- Understanding of organizational mission:** The board as a collective group understands the mission and is able to keep the organization focused on the core mission
- Understanding of their role:** Board members understand their roles focusing on policy and strategy and not micro-managing operations
- Board work done outside of the meetings:** The board members take on committee assignments and most of the work is conducted outside of the main board meetings, saving that time for substantive dialogue and decision-making
- Shared vision:** The board as a whole shares a common vision of what the organization can do for its community and the priorities that need to be addressed
- Listening skills:** The members reflect strong listening skills both in board meetings but also in the community as voices of the customer
- Shared respect:** Members share respect for each other as well as for organizational leaders and staff
- Understanding of group dynamics:** A high performing board is able to effectively manage its own group dynamics
- Ability to keep up with the environment:** The board is able to remain current with the environment and the latest trends and forces that will have an impact on the organization
- Trust:** There exists trust across the board for each other and the leadership
- Adequate turnover:** The board is able to remain invigorated with new members through turnover behavior
- Understanding of quality & margin:** The board is able to balance a commitment to quality with an understanding of the need to create a margin to sustain operations
- Broad based:** A high performing board is able to bring together a broad skill base and varying perspectives
- Consistent attendance:** Members consistently attend and participate in committee and board meetings
- Effective chair:** The role of the chair is effective in guiding the board. The role of the chair is understood by all and not built around a person
- Promotes the organization outside of the board meetings:** Board members are constantly advocating for the organization outside the community
- Deliberate succession planning:** The board plans for replacements as a natural and deliberate process including grooming board members through the work of committees and sub-committees
- Board self-regulates and evaluates itself:** A high performing board reflects on its work and evaluates its performance and self-corrects when necessary