The Triumvirate: Board, Administration, and Physicians

A. Clinton MacKinney, MD, MS
RURPI Center for Rural Health Policy Analysis
clint-mackinney@uiowa.edu
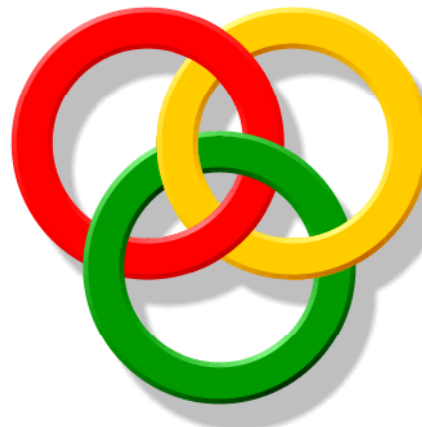
Rural Health Care Leadership Conference

Phoenix, Arizona

January 31, 2011

rupri
rural policy research institute

THE UNIVERSITY OF IOWA

The Mighty Three – Roles

- **Board**
  - **Strategy**
- **Administration**
  - **Operations**
- **Clinicians**
  - **Health Care**

rupri
rural policy research institute

Clint MacKinney, MD, MS

THE UNIVERSITY OF IOWA

3

Why Nonprofit Boards Exist

Required by law

- To act on behalf of the public
- To receive no financial gain
- To provide prudent oversight

   "To ensure that organizations uphold the "public trust" in their charitable purpose and remain worthy of the significant tax benefits.

Source: Linnel, Radosevich, Spack. *Executive Directors Guide: The Guide for Successful Nonprofit Management.*
United Way of Massachusetts Bay.

Clint MacKinney, MD, MS

4

High-Achieving Boards

- Clear direction and sound oversight
- Objective and transparent performance data
- Quality ownership
- CEO accountability
- Conversations about failure
- Board education goals
- Resources for improvement

Source: Institute of Healthcare Improvement. Getting Started Kit: Governance Leadership. 12/12/2006

Clint MacKinney, MD, MS

5

Board of Directors – Job Description

- ❑ Set strategic direction; establish the mission, vision and strategy
- ❑ Assure effective management
- ❑ Build will
- ❑ Attend relentlessly to execution
- ❑ **Achieve quality goals**
- ❑ Ensure access to ideas
- ❑ Represent community interests

Sources: Roberts CC, Connors EJ. Core responsibilities of board trustees. Journal of Healthcare Management. 1998b;43(2):111. Institute of Healthcare Improvement. Getting Started Kit: Governance Leadership. 12/12/2006.

rupri
rural policy research institute

Clint MacKinney, MD, MS

THE UNIVERSITY OF IOWA

6

Hospital Boards – Culture

- ❑ Ensure health care safety/quality is a *strategic* priority
- ❑ Establish policies of transparency
- ❑ Develop blame-free environment
- ❑ Establish aims for patient safety and quality improvement
- ❑ Nurture interdisciplinary and inter-departmental teams
- ❑ Expect CEO "Chief Quality Champion"

rupri
rural policy research institute

Clint MacKinney, MD, MS
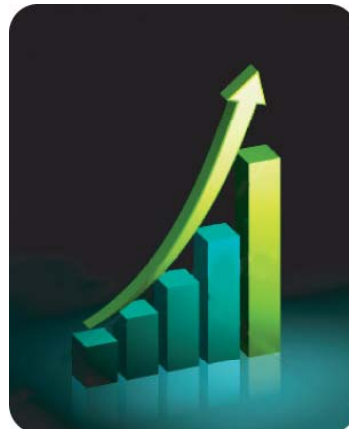
THE UNIVERSITY OF IOWA
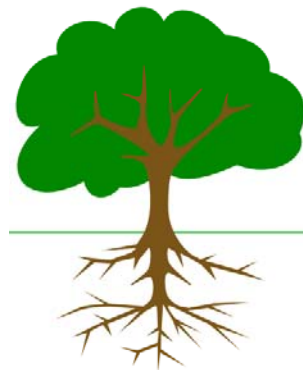
Hospital Boards – Governance

❑ Bring physicians and quality leaders to the Board

❑ Establish an interdisciplinary Board Quality Committee

❑ Appoint a Performance Improvement Officer (PIO)

❑ Mandate 25% of all Board meetings devoted to quality

❑ Allocate resources for ongoing quality improvement training

rupri
rural policy research institute

Clint MacKinney, MD, MS

THE UNIVERSITY OF IOWA

Hospital Boards – Performance

❑ Align financial/quality resources

❑ Explore performance gaps in strategic operations

❑ Foster evidence-based clinical protocols

❑ Reward CEO, employees, and physician champions for quality

❑ Demand dashboard reports on quality targets and outcomes

rupri
rural policy research institute

Clint MacKinney, MD, MS

THE UNIVERSITY OF IOWA

Stroudwater Hospital
Balanced Scorecard Board Report
Fourth Quarter (Oct-Dec 2007) and Prior Quarter (Jul-Sep 2007)

9

Finance	Prior	Current	Trend	Target	Frequency	Trend (Target)
Cost per Adjusted Patient Day Average hospital cost of a patient day where all patient services (IP and OP) are converted to patient day denominations	$1,867	$1,777	▼	$950	Monthly	
Net revenue increase Measures the percentage growth in Net Patient Revenue for a given period compared to the same period in the prior year	2.8%	7.0%	▲	4.0%	Monthly	
Operating profit margin Surplus (deficit) of operating revenues compared to operating expenses	7.9%	7.6%	▼	3.0%	Monthly	
Actual Expenses vs. Budgeted Expenses Measures the percentage of actual to budgeted expenses	NA	NA	▶	100%	Monthly	

Clinical and Business Processes	Prior	Current	Trend	Target	Frequency	Trend (Target)
AMI Topic (All or None) Measures the percentage of patients meeting all eligible measures for the Acute Myocardial Infarction (AMI) topic area	100%	89%	▼	95%	Quarterly	
CHF Topic (All or None) Measures the percentage of patients meeting all eligible measures for the Congestive Heart Failure (CHF) area	50%	100%	▲	95%	Quarterly	
PN Topic (All or None) Measures the percentage of patients meeting all eligible measures for the Pneumonia (PN) topic area	75%	100%	▲	95%	Quarterly	
SCIP Topic (All or None) Measures the percentage of patients meeting all eligible measures for the Surgical Care Improvement Project (SCIP) topic area	80%	85%	▲	95%	Quarterly	
Medication error rate Number of reported medication errors per 1,000 doses dispensed	0.3	0.3	▶	4.0	Monthly	
Hand Hygiene Measures the percentage of providers who washed hands or used gel	NA	NA	▶	100%	Monthly	
Healthcare Associated Infection Rate Measures the rate of healthcare associated infections per 1,000 patient days	NA	NA	▶	1.5	Monthly	
Days in Gross Accounts Receivable Measures the rate of speed with which the hospital is paid for health care services	61	59	▼	NA	Monthly	
Physician engagement index Index of three questions on the biannual medical staff survey dealing with hospital effectiveness	NA	NA	▶	75%	Biannually	

Stroudwater Hospital
Balanced Scorecard Board Report
Fourth Quarter (Oct-Dec 2007) and Prior Quarter (Jul-Sep 2007)

10

Learning and Growth	Prior	Current	Trend	Target	Frequency	Trend (Target)
Blame free medical error reporting policy Measures medical staff and clinical staff respondent willingness to report medical errors, as indicated in biannual staff surveys	41%	41%	▶	65%	Biannually	
Training Expense per FTE Dollar amount of external staff training investment in per FTE	$14	$12	▼	$35	Monthly	
Staff engagement index Index of three questions on the biannual staff and clinical staff surveys dealing with teamwork and contributions	52%	52%	▶	75%	Biannually	
Staff loyalty index Index of three questions on the biannual staff and clinical staff surveys dealing with willingness to recommend	60%	60%	▶	75%	Biannually	
Balanced Scorecard Education Measures the level of understanding of Balanced Scorecard principles among clinical and non-clinical staff	33%	33%	▶	90%	Biannually	
Turnover: Nursing staff Percentage of nurses separated from the hospital for any reason (includes RN, LPNs and nursing aides)	2.4%	1.6%	▼	3.0%	Monthly	

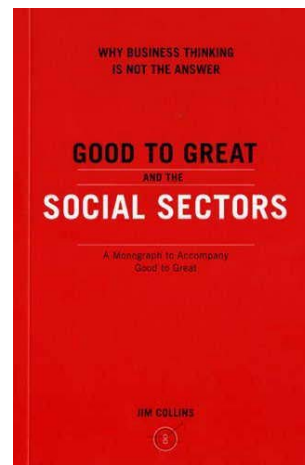| Community and Providers	Prior	Current	Trend	Target	Frequency	Trend (Target)
Patient satisfaction index Measures the satisfaction of patient respondents (ED, OP and IP)	84%	85%	▲	85%	Quarterly	
Physician loyalty index Index of three questions on the biannual medical staff survey related to satisfaction with nursing staff, and willingness to recommend this facility	NA	NA	▶	75%	Biannually	
Patient access Measures patient respondent (ED and IP) perception of access to hospital services	81%	87%	▲	85%	Quarterly	
Patient "Courtesy and respect" Measures patient respondent (ED, OP and IP) perception of staff and clinical staff courtesy and respect	93%	93%	▶	85%	Quarterly	
Patient engagement index Measures the engagement of patient respondents (ED, OP and IP)	89%	89%	▶	85%	Quarterly	
Time to treating provider Measures the speed with which the patient receives care from the treating provider/physician in the Emergency Department	45.6	NA	▶	16.0	Monthly	

Leadership Roles

- <u>Attend</u> to culture
- Allocate resources
- Set policy
- Hire the best
- Establish accountabilities
- Begin with <u>behaviors</u>
- Be comfortable with paradox
- Persevere!

Clint MacKinney, MD, MS

rupri
rural policy research institute

THE UNIVERSITY OF IOWA

12
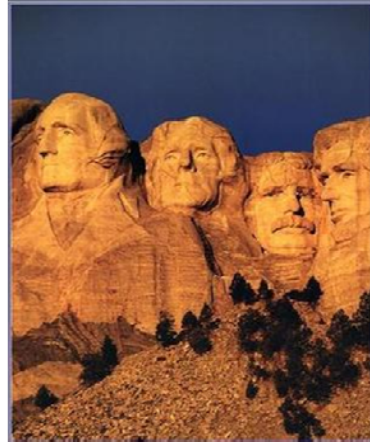
Jim Collins' Insight

- ~~How much money do we make per dollar of invested capital?~~
- How effectively do we deliver on our **mission** and make a distinctive impact, relative to our resources?
- In the social sectors, money is *only* an input, and not a measure of greatness.

WHY BUSINESS THINKING
IS NOT THE ANSWER

GOOD TO GREAT
AND THE
SOCIAL SECTORS

A Monograph to Accompany
Good to Great

JIM COLLINS

Clint MacKinney, MD, MS

rupri
rural policy research institute

THE UNIVERSITY OF IOWA

13

Walk the Mission Talk

- Assess Mission alignment with operations, budget, and the 3 Rs
  - How do day-to-day operations support the Mission?
  - How does the budget prioritize the Mission?
  - How many staff and Board meetings are devoted to Mission?
 - How are employees reinforced, recognized, and rewarded for living the Mission?

rupri
rural policy research institute

Clint MacKinney, MD, MS

THE UNIVERSITY OF IOWA

14

Cornerstones of Success

Healthcare Safety/Quality   **Patient Experience**

CULTURE

Community Health

Financial Stability   **Employee Growth**

rupri
rural policy research institute
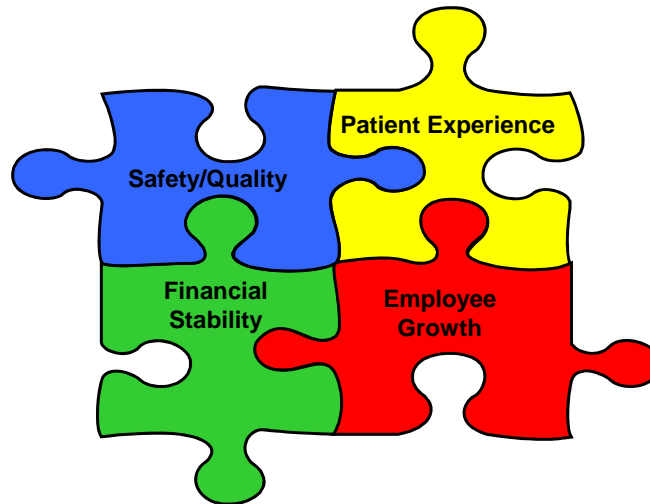
Clint MacKinney, MD, MS

THE UNIVERSITY OF IOWA

15

Culture

- Culture is a hidden yet unifying theme that provides meaning, direction, and mobilization.

- Culture is the residue of success.

- **What we believe; what we do.**
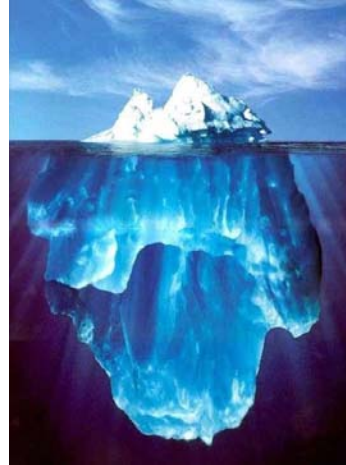
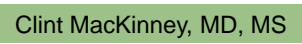Sources: Kilman, Sexton, Serpa, 1985 and Edgar Schein, 1999

Clint MacKinney, MD, MS

16

Beyond Healthcare Safety and Quality

Safety/Quality

Patient Experience

Financial Stability

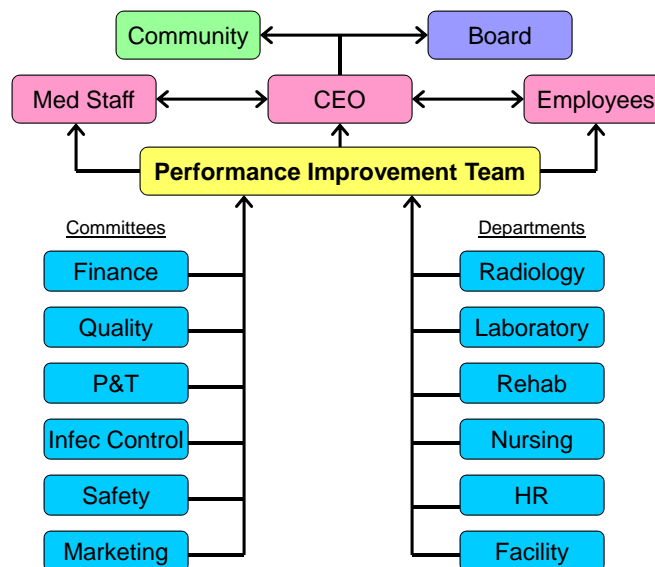Employee Growth

Clint MacKinney, MD, MS

19

Change Agency

The pursuit of excellence through continuous performance improvement

- Begins with **leadership** (But leaders could use a hand)
  - Training
  - Governance
  - Organization
  - Measurement

Clint MacKinney, MD, MS

20


```
              Community ←——————→ Board
                         ↑
  Med Staff ←———→      CEO      ←———→ Employees
       ↑                ↑                ↑
       └─ Performance Improvement Team ─┘

  Committees                    Departments
  Finance                        Radiology
  Quality                        Laboratory
  P&T                            Rehab
  Infec Control                  Nursing
  Safety                         HR
  Marketing                      Facility
```

Clint MacKinney, MD, MS

Performance Measurement Culture

"While almost every other industry critical to the American economy has undergone some form of systematic, data-supported, quality-improvement process, healthcare is woefully behind the curve."

George Halverson

- We attend to what we measure
- Measurement should be "**balanced**"
- Measurement requires translation
- Measurement *value* versus *effort*

Clint MacKinney, MD, MS

22
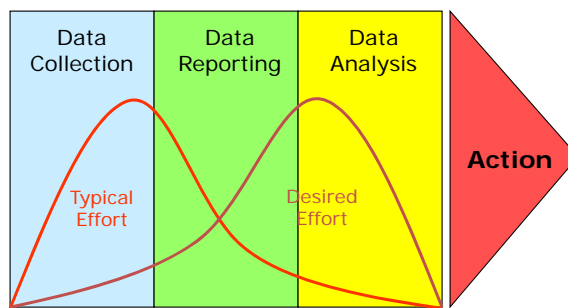
Performance Measurement ROI

Data Collection	Data Reporting	Data Analysis

Typical Effort

Desired Effort

Action

The goal is move the curve to the right

Source: Greg Wolf, PMI Healthcare

Clint MacKinney, MD, MS

23

10 Keys to Successful Transformation

1. Define a vision
2. Develop a communication plan
3. Visibly champion
4. Build internal skills
5. Seek early, measureable wins
6. Take a balanced, holistic approach
7. Reach out and learn from others
8. Establish alignment/accountability
9. Create monitoring mechanism
10. Recognize, reward, and celebrate

Source: GE Healthcare. *Establishing a Framework for Organizational Transformation in Healthcare.* 2007.

Clint MacKinney, MD, MS

THE UNIVERSITY OF IOWA


24

Strained Relationships

CEO Quotes

- This job would be a helluva lot easier if it weren't for those damn physicians.
- They've got pediatric personalities!
- I'm going to drive that SOB out of town.
- The medical staff meeting will be held at the local hotel – we don't want blood on our conference room walls.

or

- **I'm blessed by my physicians.**

Clint MacKinney, MD, MS

THE UNIVERSITY OF IOWA

25

Rural Physician Allies

- Clinically competent and experienced

- Valued member of the community

- High revenue producer

- Resistant to change?

Clint MacKinney, MD, MS

26
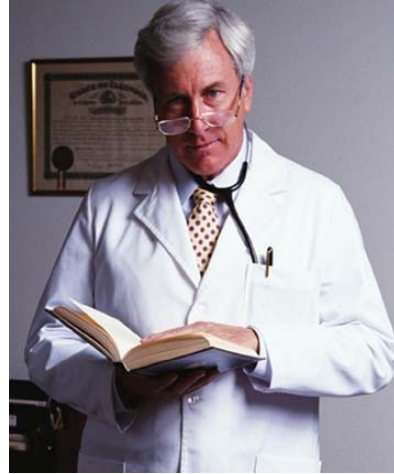
Why bother?

- Provide most medical care

- Deliver intrinsic value

- Knowledgeable and influential

- Powerful potential ally

- Apathy or antagonism will undermine best plans

- Without them, hospitals are expensive hotels

Clint MacKinney, MD, MS

27

The Making of a Physician

- Personal commitment
- 11+ years training
- Delayed gratification
- The Socialization
- The Transformation
- Consequent behaviors

rupri   Clint MacKinney, MD, MS   THE UNIVERSITY OF IOWA

28

Never the Twain Shall Meet?

Physician	CEO
Doer	Planner/designer
Solution-oriented	Process-oriented
1:1 interaction	1:N interaction
Always "on"	Some down-time
Decision-maker	Delegator
Autonomous	Collaborative
Patient advocate	Organization advocate
Professional ID	Organizational ID
Immediate gratification	Delayed gratification

Source: Adapted from "The Dual Role Dilemma," by Michael E. Kurtz, MS

rupri   Clint MacKinney, MD, MS   THE UNIVERSITY OF IOWA

29

Yesterday's Promises

- Autonomy

- Protection

- Control

Adapted from: Silversin, J. *Leading Physicians Through Change: How to Achieve and Sustain Results.* American College of Physician Executives. 2000.

Clint MacKinney, MD, MS

30

Today's Imperatives

- Patient safety
- Quality improvement
- Patient satisfaction
- Cost reduction
- Electronic health records
- Physician recruitment
- Team work
- Community health

Adapted from: Silversin, J. *Leading Physicians Through Change: How to Achieve and Sustain Results.* American College of Physician Executives. 2000.

Clint MacKinney, MD, MS

31

The Disconnect

- Autonomy
- Protection
- Control

≠

- Patient safety
- Quality improvement
- Patient satisfaction
- Cost reduction
- Electronic health records
- Physician recruitment
- Teamwork
- Community health

Adapted from: Silversin, J. *Leading Physicians Through Change: How to Achieve and Sustain Results.* American College of Physician Executives. 2000.

Clint MacKinney, MD, MS

THE UNIVERSITY OF IOWA

32

Differing Views Lead to Mistrust

CEO view

I'm concerned about quality of care;
docs are only concerned about their income

Physician view

I'm concerned about quality of care;
CEOs are only concerned about money

No shared vision!

Source: The Advisory Board Company. Physician Survey. Washington, DC. 1999

Clint MacKinney, MD, MS

THE UNIVERSITY OF IOWA

The Consequences of Mistrust

33

- Physicians set up office labs and x-ray
- Hospitals set up urgent care centers

- Mistrust = competition
- Duplication = ↑ costs
- ↓ community confidence
- ↑ patient outmigration

Clint MacKinney, MD, MS

A Critical Priority

34

The hospital CEO's most important job is developing and nurturing good medical staff relationships.

Source: Personal conversation with John Sheehan, CPA, MBA

Clint MacKinney, MD, MS

35

Our Challenge List

- Differing personalities
- Absent shared vision
- Collaboration unnecessary
- Cottage industry obstacles
- Physicians not invited
- Physicians' agendas
- Hospital Boards
- Competition

rupri

Clint MacKinney, MD, MS

THE UNIVERSITY OF IOWA

36
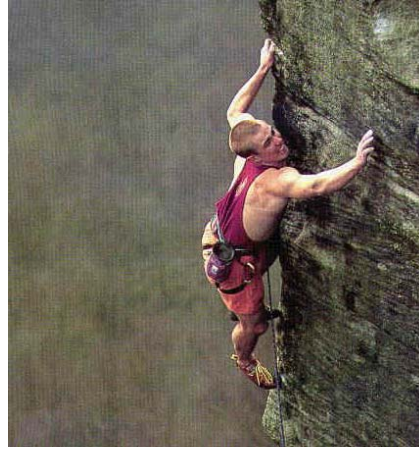
From Competition to Collaboration

- ❑ Develop a philosophy of mutual benefit / shared vision
- ❑ Keep the hidden agenda out
- ❑ Solicit meaningful physician input early and often, and then act on it
- ❑ Engage physicians in balancing business and patient priorities

Source: LeTourneau, B. From Co-opetition to Collaboration. *Journal of Healthcare Management*. 49:3. May/June 2004.

rupri

Clint MacKinney, MD, MS

THE UNIVERSITY OF IOWA

37

From Competition to Collaboration

❑ Identify, mentor, and educate physician leaders

❑ Invest in physician leaders

❑ Reward physicians in ways they value

❑ Get to know physicians on a personal level

Source: LeTourneau, B. From Co-opetition to Collaboration.
Journal of Healthcare Management. 49:3. May/June 2004.

rupri   Clint MacKinney, MD, MS   THE UNIVERSITY OF IOWA

38

Getting to Collaboration – Communication

During times of change, leaders should <u>triple</u> their efforts at communication

Peter Drucker

❑ Ask how, when, and where

❑ Multiple media, multiple times

❑ Get out and about (MBWA)

❑ Focus on interest, not position

❑ Orient discussion to patient, solution, and scientific method

rupri   Clint MacKinney, MD, MS   THE UNIVERSITY OF IOWA

39
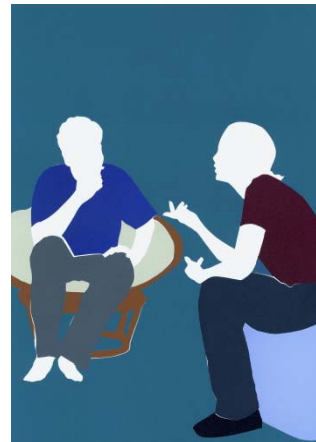
Getting to Collaboration – Meetings

❑ Invite physician input <u>early</u>

❑ Involve physicians in strategic and capital planning

❑ Schedule meetings and select venues appropriately

❑ Present actionable information, not data

❑ Delineate next steps

❑ <u>Always</u> follow-up as promised

Clint MacKinney, MD, MS

rupri *rural policy research institute* 🏛 THE UNIVERSITY OF IOWA

40

Getting to Collaboration – Mutual Interest

❑ Attend a leadership conference together

❑ Meet regularly one-on-one

❑ Develop social connections

❑ Set realistic goals together

❑ Go for early wins

❑ **Celebrate!**

Clint MacKinney, MD, MS

rupri *rural policy research institute* 🏛 THE UNIVERSITY OF IOWA

41

Strategy for Success

- ❑ Find the shared vision
- ❑ Acknowledge our absolute interdependence
- ❑ Engage physicians…
  - with patient outcomes
  - by making their lives easier
  - in shared success

Clint MacKinney, MD, MS

42

Engage Physicians!

Physicians can be astonishing allies

Starts and ends with relationships built on trust
- Trust – engages the mind
- Truth – engages the heart
- Teamwork – realizes the vision

Clint MacKinney, MD, MS