HCCA
HEALTH CARE COMPLIANCE ASSOCIATION

COMPLIANCE TODAY

Volume Twelve
Number Seven
July 2010
Published Monthly

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Opportunity knocks for hospital boards to impact clinical quality

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The hospital board's role in ensuring quality of care is increasingly important as reimbursement changes based on quality become more prevalent. Notwithstanding, the exact role hospital board members need to assume to enhance hospital quality of care is not well defined. This article discusses (1) the results of a recent study published by *Health Affairs* journal on hospital boards' influence in impacting quality of care; (2) recent trends in the health care industry in focusing boards on improving quality of care; and (3) recommendations on how hospital boards can better impact quality of care in their organizations.

Study on hospital board's impact on quality of care

Although there have been several studies linking hospital board practices with the quality of care provided to patients, *Health Affairs* journal published the first national survey of board chairs related to performance of their hospitals with respect to quality.[1] The results of the study could be instrumental in how the federal government determines to best influence quality in hospitals.

The authors of the study, Harvard Professors Ashish Jha and Arnold Epstein, surveyed nonprofit hospital board chairs regarding whether hospital boards are engaged in overseeing clinical quality and, if so, whether the boards' involvement leads to improved quality. In addition to highlighting that quality of care is not currently a top priority for many hospitals, the survey exposed a direct correlation between those boards where quality is a top priority and the performance of the hospital on nationally-reported quality metrics (i.e., those hospitals with boards identifying quality as a top priority were much more likely to be high performing on quality metrics).

The survey was focused on nonprofit acute care hospitals that reported quality data to the Hospital Quality Alliance (HQA) in 2007. For each hospital, the authors calculated an overall quality score based on the hospital's performance on 19 evidence-based practices reported nationally in three clinical conditions (i.e., acute myocardial infarction, congestive heart failure, and pneumonia). The authors randomly chose 1,000 hospitals from this group, over-sampling those ranked in the top 10% ("high-performing") and the bottom 10% ("low-performing") of HQA performance.

The survey focused on five categories:

- board training and expertise in quality;
- quality as a priority for board oversight and evaluation of the chief executive officer's (CEO's) performance;
- the board as an influential entity in the quality of care delivered by the hospital;
- the board's awareness of current quality performance; and
- specific board functions related to quality, such as setting priorities for quality, devoting time to quality during meetings, and examining quality "dashboards" (i.e., report cards containing the hospital's quality performance data).

Board training and quality of care

Although nearly three-quarters of the board chairs surveyed reported having moderate or substantial expertise in quality of care represented on their boards, only 32% of the respondents reported receiving any formal training in clinical quality, and such training was far more common in high-performing than low-performing hospitals (49% versus 21%). Among hospital boards receiving training on clinical quality, the board members spent a median of four hours total on quality issues.

Board oversight priorities and CEO evaluations

More than half of board chairs chose clinical quality as one of the two top priorities for board oversight, but board chairs of high performing hospitals chose quality as a top priority more often than those of low-performing hospitals. Just 44% of all surveyed board chairs chose clinical quality as one of the top two priorities for evaluating CEO performance. Financial performance, rather than clinical quality, was the primary factor selected by the respondents for determining a CEO's performance (high-performing, 70% versus low-performing, 75%).

Perceived influences on quality of care

Only 20% of respondents reported that the

chairperson of the board, the board itself, or one of the board's committees were one of the two most influential forces driving quality of care in their hospital. Board chairs from high-performing hospitals were nearly four times as likely as those from low-performing hospitals to report that the board was influential in impacting quality of care in their hospitals (38% versus 11%). In contrast, 69% of board chairs reported that the CEO was one of the top two influences on quality.

Familiarity and perception of current performance

More than two-thirds of the board chairs surveyed reported being somewhat or very familiar with the Joint Commission core measures or with HQA measures. As expected, chairs from high-performing hospitals were significantly more likely than those from low-performing hospitals to report such familiarity (80% versus 64%). When questioned about their hospital's current level of performance, 66% of the respondents rated their institution's performance on the Joint Commission core measures or HQA measures as either better or much better than that of the typical US hospital. Surprisingly, only 1% of board chairs reported that their institution's performance was worse or much worse than the typical hospital. Among the low-performing hospitals, no respondent reported that their performance was worse or much worse than that of the typical US hospital, and 58% reported their performance to be better or much better, thus indicating that board chairs of low-performing hospitals mistakenly believe the quality at their institutions to be much better than it is.

Performance reporting, agendas, and board function

The results of the survey underscored that hospital boards generally are more concerned with financial performance than with quality performance. For instance, quality performance was on the agenda at every board meeting in only 63% of US hospitals, whereas financial performance was on every agenda in 93% of hospitals. Furthermore, less than half of the hospitals spent at least 20% of the board's time discussing quality of care.

Board priority setting

Most respondents reported that their boards had established, endorsed, or approved goals in four areas of quality: hospital-acquired infections (82%), medication errors (83%), the HQA/Joint Commission core measures (72%), and patient satisfaction (91%). In these areas, high-performing hospitals were more likely than low-performing hospitals to have established goals to improve care.

The survey demonstrated that programmatic emphasis on quality was not a consistent priority for the boards at most US nonprofit hospitals. Also, the survey highlighted the sizable difference between how a high-performing hospital prioritized quality for board oversight compared to that of a low-performing hospital. Specifically, there was a 37% gap between high-performing and low-performing hospitals for prioritizing quality for board oversight. Most importantly, the authors of the survey revealed that US hospitals have significant variation in whether quality is a governance priority, as evidenced by quality being a consistent agenda item for board meetings.

Although the report did not clearly establish a causal link between board practices and quality of care, it is noteworthy that the survey did reveal that low-performing hospitals reported spending less time on issues of quality performance than those of high-performing hospitals.

Recent trend

Long before the above study, the health care industry, government, and the public began to focus extensive attention on the role hospital governance plays in the quality of health care in hospitals. It all started in 1999 when the Institute of Medicine (IOM) reported that as many as 98,000 people die each year because of preventable medical harm, making medical error the fourth leading cause of death in the United States. The IOM report, titled "To Err is Human: Building a Safer Health System," estimated the total annual cost of errors to be between $17 billion and $29 billion. The report was a call to action for hospital leadership to take steps to improve patient safety and quality.[2]

After the 1999 IOM report, a plethora of government and private activities began, all focused on improving quality of care in the health care industry. In 2004, the National Quality Forum (NQF) members convened to discuss strategies for improving the quality of care in hospitals. As a result, the NQF released guidance to hospital governing boards on how to promote quality of care.[3] The guidance, titled, "A Call to Responsibility," included a list of 23 recommendations for hospital governing boards to consider and implement in order to better improve quality of care in hospitals. The NQF recommendations focused on pragmatic steps the board should take to achieve better focus on quality of care. For instance, the NQF recommended that boards:

- prominently place patient safety and quality issues (e.g., reviewing errors and their impact on hospital resources) on board meeting agendas;
- engage more frequently in patient safety and quality improvement projects by establishing governance practices that support a system of performance measurement and quality improvement; and
- ensure that a system of performance measurement and quality improvement is in place and that credible results enable the evaluation of the organization's effectiveness.

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Two years later, in 2006, *The Joint Commission Journal on Quality and Patient Safety* published a report titled "Getting the Board on Board: Engaging Hospital Boards in Quality and Patient Safety." The report focused on the role of hospital governance in quality. Unlike the *Health Affairs* article, which surveyed the chairs of nearly 1,000 hospitals, the Joint Commission's report was based on interviews with CEOs and board chairs from only 30 hospitals. The report revealed a significant disconnect between the CEO's perception of the board's level of expertise on quality-of-care issues and the board chair's self-perception. The report also revealed a small link between board engagement in quality and hospital performance. The Joint Commission article suggested implementing several steps to improve a hospital's overall performance with respect to quality of care including:

- increasing education on quality-of-care issues,
- improving the framing of an agenda for quality,
- more quality planning and incentives for leadership and governance for quality improvement, and
- greater focus on the patients.

In September 2007, the Office of Inspector General (OIG) for the Department of Health and Human Services (HHS), in partnership with the American Health Lawyers Association (AHLA), released a resource guide on quality of care for health care boards, titled "Corporate Responsibility and Health Care Quality: A Resource for Health Care Boards of Directors."[4] The resource guide focused on quality of care as a core fiduciary duty of governing boards of health care organizations and as a top priority of the OIG.

OIG and AHLA intended for the guide to assist boards in promoting improved quality of care in hospitals. In the guidance, OIG and AHLA explained how the board's oversight obligations for ensuring quality of care are part of the board's responsibilities under its fiduciary duties of care and obedience. The guidance explains that the fiduciary duty of care obligates boards to become involved in quality of care to discharge both its decision-making and oversight functions. For example, it is the governing board's responsibility to actively monitor the hospital's quality of care, which requires staying up-to-date with the emergence of new quality of care issues, managing specific quality-of-care measurement and reporting obligations, and monitoring the organizational quality-of-care initiatives implemented by the medical staff. According to the guidance, the fiduciary duty of obedience to corporate purpose and mission also mandates governance to actively address quality of care, which is inherent in the purpose and mission of most non-profit health care organizations. Thus, to properly discharge the boards' duty of obedience, boards should monitor the maintenance of standards of professional care within the organization. The guidance concludes that, due to the ever-increasing attention being paid to quality of care by the policy makers and agencies in federal and state government, boards will be held accountable for quality-of-care failures in the hospitals that they govern.

On November 10, 2008, the Health Care Compliance Association (HCCA) teamed up with OIG to hold a government-industry roundtable called "Driving for Quality in Acute Care: A Board of Directors Dashboard."[5] The roundtable focused on how a hospital's board of directors can use performance scorecards or dashboards as a tool to promote quality of care in the institution. Although the one-day roundtable addressed a plethora of quality-of-care issues confronting hospital governing boards, its notable conclusions included that governance must lead the way for quality improvement in hospitals and that dashboards can be an important strategic tool to ensure that the board's quality agenda is advanced. The final recommendations from roundtable participants also included establishing a business case for quality, educating the board on quality issues, establishing a culture of quality and accountability that permeates the hospital, and making quality transparent.

Recommendations

The *Health Affairs* study's results will likely attract the attention of the applicable state and federal agencies on the potential role the board plays in influencing quality of care. Specifically, the study exposed that nearly half of the hospital board chairs surveyed do not see quality as a top priority and the vast majority of the boards lacked sufficient expertise and education on quality of care issues. Only a few board chairs surveyed had work experience in the health care industry, and less than one-third of chairs surveyed had formal training programs that include clinical quality. These results create an opportunity for improving quality of care by creating better awareness and training for hospital boards on quality-of-care issues.

In light of the recent studies and guidance, hospital governing boards are encouraged to engage in quality-of-care initiatives that are consistent with the following principles:

- Being informed
- Improving board oversight, and
- Improving infrastructure

A more informed board

A board should take several steps to ensure it is actively educating itself on key quality-of-care issues. First, a board must recognize quality of care is a core fiduciary obligation. As noted above, quality of care falls under a board's duty of care and obedience responsibilities. Secondly, the board should routinely

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receive and understand reports on quality of care in the hospital (e.g., errors, outcomes). If the board is properly educating itself, it will be able to properly assess the hospital's top quality and compliance risks.

Improving board oversight

The board's oversight function can be improved if the board, administration, and the medical staff develop a quality agenda that is aligned with that of CMS, the Joint Commission, and other organizations. The Joint Commission has worked with CMS to publicly report quality measures to allow patients the opportunity to better distinguish between providers. CMS and the Joint Commission also have adopted standards used to grade a hospital's performance in a number of areas, including quality-of-care issues. The closer the board-driven quality agenda is aligned with these standards, the less likely its hospital will face the consequences for not effectively ensuring its patients are being treated with the necessary quality of care.

Another tool to improve board oversight is the use of a quality dashboard. Dashboards have emerged as an essential tool for hospital boards dedicated to advancing quality improvement within their hospitals. Dashboard reports use graphics to concisely present critical data in summary form. Dashboards expose problem areas in a board's management of quality-of-care factors, which allows the board to focus on solutions to improve quality of care and advance the board's agenda related to quality.

The board should also assess whether the hospital management is addressing quality issues appropriately and is keeping the board informed on a regular basis. If not, it is possible that the hospital has profited by allowing its medical staff to render poor quality to the hospital's patients—a fact that raises the ire of federal regulators, courts, and the public. Through appropriately structured oversight mechanisms, the board can avoid learning of serious quality problems through a costly and public enforcement action.

Improving infrastructure

Improving the infrastructure is a key component to the board fulfilling its role in ensuring quality of care in the hospital. The board's infrastructure can be improved by recruiting board members who have expertise on quality-of-care issues. A board composed of members with expertise in quality, patient safety, and clinical areas will increase the likelihood that the board will recognize and understand quality-of-care concerns it may not have understood otherwise.

A board can also improve the hospital's infrastructure if the hospital's executive team routinely conducts assessments of the hospital's quality of care and communicates those results, along with other quality of care issues, to the board. Studies have disclosed that hospitals often fall short in areas of clinical quality when discussions between the board and management on these issues fail to occur on a regular basis.[6] Consistent and open dialogue between the board and the executive team members may also impact hospital-wide buy-in for quality initiatives that is necessary to improve quality of care.

Hospital boards should also set up a structure to monitor management's performance with respect to national benchmarks and work to eliminate any shortfalls in a timely manner. Under this principle, the board should establish compensation methodologies whereby the hospital's executive team's compensation is based, in part, on how the hospital measures up to the national benchmarks for quality of care.

Conclusion

The *Health Affairs* study identified significant opportunity to improve the role hospital boards play in impacting clinical quality, and suggests that better board oversight is linked to higher quality of care. As a result, hospital boards should focus now on their role in driving clinical quality within the hospitals they govern and implement the necessary steps to make sure that quality is a top governance priority. ■

1 Ashish Jha and Arnold Epstein: Hospital Governance and the Quality of Care. *Health Affairs*, January/February 2010; 29(1):182-187
2 Available at http://www.iom.edu/~/media/Files/Report%20Files/1999/To-Err-is-Human/To%20Err%20is%20Human%201999%20%20report%20brief.ashx
3 National Quality Forum: Hospital Governing Boards and Quality of Care: A Call to Responsibility. Washington DC, 2004
4 Available at http://oig.hhs.gov/fraud/docs/complianceguidance/CorporateResponsibilityFinal%209-4-07.pdf
5 The report from this roundtable can be found at http://www.hcca-info.org/staticcontent/07OIGRoundtableReport.pdf
6 Stephen Hines and Maulik Joshi: Getting the Board on Board: Engaging Hospital Boards in Quality and Patient Safety. *Journal of Quality and Patient Safety*, Volume 32 Number 4 (April 2006)

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