



901 MARQUETTE AVENUE S., SUITE 2100  
MINNEAPOLIS, MN 55402  
ph: 612.339.0919 toll free: 800.327.9335  
fx: 612.339.2569

## INTEGRATED HEALTHCARE STRATEGIES™

www.IHStrategies.com

700 WEST 47TH STREET, SUITE 400  
KANSAS CITY, MO 64112  
ph: 816.795.1947 toll free: 800.821.8481  
fx: 816.795.0301

### Webinar Question & Answer Session

#### Governance Best Practices for Medical Groups: Insights from National Survey of AMGA Members

AMGA, along with Integrated Healthcare Strategies, was pleased to present a webinar on “Trends in Governance of Large Medical Groups” on April 20, 2010. We thank all participants that were able to join us, and were pleased to receive several questions from our audience during the question and answer session at the end of the presentation. We review the questions below so that each registrant may have a copy of the answers. Some questions that were similar to one another have been combined to eliminate duplication.

**Q1: We would like to receive the materials referenced in the webinar. Will they be shared?**

A1: Yes, a copy of the presentation, and the reports from the AMGA 2009 Survey on Governance of Large Groups were sent to all registered participants. These materials may also be downloaded from the IHStrategies web site here: [http://www.ihstrategies.com/knowledge\\_center.php](http://www.ihstrategies.com/knowledge_center.php)

**Q2: What are good sources for board education and development materials or seminars?**

A2: To access really effective board development tools for the unique nature of large medical groups requires some custom materials and learning experiences onsite. Board development resources are also available in many sources, including:

- AMGA
- Local chapters of MGMA or State Hospital Associations
- The Governance Institute: [www.governanceinstitute.com](http://www.governanceinstitute.com)
- The National Association of Corporate Directors: <http://www.nacdonline.org/>
- American College of Physician Executives: [www.acpe.org](http://www.acpe.org)

*Exclusive to Healthcare. Dedicated to People. SM*

EXECUTIVE TOTAL COMPENSATION ♦ MSA EXECUTIVE SEARCH ♦ PHYSICIAN SERVICES  
MSA HR CAPITAL ♦ GOVERNANCE & LEADERSHIP SERVICES

Securities offered through First Allied Securities, Inc., A Registered Broker Dealer, Member FINRA/SIPC

### Q3: Where can we find good Board portal samples?

A3: Since the advent of pressure by the SEC for publicly traded company boards to be more transparent and accountable in their board work, an entirely new industry has developed: the design and management of web based “Board Portals”. There are now over a dozen firms that sell Board Portals, including:

<http://www.greatboards.org/pubs/Board-Portal-Buying-Guide-final.pdf>

There are also many samples of web based performance monitoring “dash boards” that are also a valuable resource for enhanced medical group board planning and performance management. Most of the larger integrated systems (Geisinger, Kaiser, Scripps, Virginia Mason, Mayo, Cleveland Clinic, etc.) often use color coded markers (red, yellow, green) where red indicates the board should ask assertive questions about why the organization’s performance in this metric is beyond the acceptable range of expected performance, and green indicates the performance is acceptable and need not require any significant probes for this performance period. Yellow may stimulate a mid-level situation of follow-up inquires. See for example:

- InsightFormation at [www.insightformation.com](http://www.insightformation.com)
- Balanced Score Card Designer [http://www.strategy2act.com/solutions/bsc\\_design\\_toolkit.htm](http://www.strategy2act.com/solutions/bsc_design_toolkit.htm)
- Actuate <http://www.actuate.com/products/performancesoft/>

Common aspects of group performance that should be included are:

- Bylaws and articles of formation
- Photo bios of leadership and the board
- 18 month calendar of board and committee or task force meetings and their minutes
- Strategic plans and budgets
- Performance metrics and comparative benchmark from similar groups for safety, quality, productivity, fiscal vitality, cost per unit of service delivered by specialty, physician shareholder and employee morale studies and trends
- Patient satisfaction studies

### Q4: How to make certain that the board can ensure “obedience” across the group to implement the agreed upon plans and strategies from the board leadership?

A4: No easy answer, but probability of success goes up if the leaders of the group and board assume an attitude that they need *to earn not force* the obedience. This is more likely to happen if the group members are fully engaged in the strategic business planning and budgeting; are well informed about the plans and their rationale; see honest performance measures and transparent monitoring of performance to plan; and if



INTEGRATED HEALTHCARE  
STRATEGIES™

their leaders participate in rigorous performance planning and appraisal processes that are understood and supported by the group, and linked to incentive payments. Our industry is still behind in the lessons followed by other service industries with respect to performance management, governance best practices, and cultures of open engagement and effective inter-departmental or service line communications and coordination.

**Q5: Should medical groups in integrated health systems have their own governance model and board?**

A5: Most systems have, or are installing, upgraded governance models for their medical groups. This trend is judged to be important for enhanced physician member engagement and sense of ownership in the plans and outcomes of the group within the system. Some states are complicated by corporate practice of medicine laws that must be considered in the design of these internal boards. These boards can have varying degrees of fiduciary duties and decision making control, from just input to final adoption and execution, and many degrees in-between. The key is the level of sincerity and support the physicians believe exist from the systems board and senior executives. Style, culture and substance will trump structures that are not meaningful. Many groups and systems are now experimenting with alternate modes of engagement and shared decision-making from “governing boards or councils that meet weekly to quarterly, to advisory councils, to task forces, to compensated “Kitchen Cabinets” to paid medical directorships for a myriad of leadership functions and roles. Some divide these groups by the nature of decision making focus, from earning and managing referrals, to business planning, to quality and safety to community health promotion initiatives.

**Q6: Do you recommend a regular meeting for the non-governance issues of a clinical nature?**

A6: If by “clinical nature” you mean confidential patient situations or a HIPPA related issue for a particular patient, the answer would be yes. But even those may rise to the board scrutiny if there are any suggestions of conflicts of interests between the clinical affairs sub-group that has been assigned to monitor and manage such clinical issues. The board’s first focus is on strategic policy and related oversight spheres of interest, so clinical service line plans or strategies to grow clinical services or quality would more likely be on the board’s agenda than individual patient quality topics- unless the individual issue is symptomatic of broader or deeper quality erosion issues or possible breakdowns. Clinical affairs may be addressed by specially charged and supported councils, committees, task forces or advisory boards.



INTEGRATED HEALTHCARE  
STRATEGIES™