Call to Order
The meeting was called to order at 9:05 am by Commissioner Buhler. Present were Commissioners Buhler, De Leo, Dressler, Kolff, Ready, and Mike Glenn, CEO. Also present were Karma Bass, facilitator, and Alyssa Rodrigues, Administrative Assistant. The meeting was officially audio recorded by Jefferson Healthcare.

Work Session:
Karma Bass, facilitator, introduced herself and explained her job role and responsibilities and reviewed the board retreat objectives.

Karma Bass asked each member of the board and public what they hope to get out of the meeting today.

Discussion ensued.

Karma Bass talked about creating a gracious space, meeting content, and group process, along with decision making styles.

Discussion ensued.

Karma Bass went over a sample of guidelines that are expected for the board retreat.

Discussion ensued.

Board discussed current events that have caused disagreements and how they were handled.

Commissioner Buhler recessed the meeting for break at 10:48am. Commissioner Buhler reconvened the meeting at 11:01am.

Work Session:
Karma Bass discussed board self-assessment results and key issues.

Discussion ensued.

Board discussed mission, vision, and the preamble.

Discussion ensued.

Public commented.

Karma Bass spoke about the areas of opportunity.

Discussion ensued.
Commissioners discussed the frequency of the meetings and the purpose of the meetings.

Discussion ensued.

Commissioner Kolff made a motion with recommendations from the chair and CEO to make meetings once a month and change the time of the meeting. Commissioner Dressler seconded.

Discussion ensued.

Commissioner Dressler made an amended motion to move the meetings to the 4th Wednesday of the month.

Discussion ensued.

Commissioner Dressler withdrew her amended motion.

Discussion ensued.

Commissioner Kolff made an amended motion to move the meetings to no more than once a month. Motion died for lack of second.

Discussion ensued.

**Action:** Original motion passed 4 to 1. Commissioner Buhler, Dressler, Kolff, and Ready in favor. Commissioner De Leo opposed.

Karma Bass discussed the key questions from the board self-assessment.

Discussion ensued.

Karma Bass discussed board action plans and board report packet.

Discussion ensued

Board discussed CEO evaluation and performance process.

Discussion ensued.

Commissioner Buhler recessed for meeting at 12:40pm.
Commissioner Buhler reconvened the meeting at 12:59pm.

**Work Session:**
Karma Bass recapped how the meeting was going.

Discussion ensued.

Karma Bass discussed board culture and the idea of board members making each other look good.
Discussion ensued.

Karma Bass discussed managing conflict and building trust. She discussed the dimensions of trust, sincerity, reliability, competence, and care.

Discussion ensued.

Karma Bass discussed board responsibilities and fiduciary duties, the duty of care, the duty of obedience, and the duty of loyalty.

Commissioner De Leo made a motion to rescind all current appointments to external committees and bar the board from appointing commissioners to external committees in the future. Commissioner Kolff seconded

Discussion ensued.

**Action:** Motion failed unanimously.

Karma Bass discussed the distinction between governance and management.

Discussion ensued.

Commissioner Buhler recessed the meeting at 2:35pm.
Commissioners came back to the meeting at 2:45pm.

Discussion ensued.

Karma Bass discussed important questions to clarify board roles.

Discussion ensued.

Karma Bass discussed action planning and board effectiveness next steps which included, meetings once a month, a new and revised PowerPoint and agenda template, board education, quality oversight, and review and revise the CEO performance evaluation and compensation processes.

Discussion ensued.

Commissioner Ready was excused.

The Board went around and explained what came out of the meeting and what personal to do’s each member had.

Discussion ensued.

Public commented.

Karma Bass gave her closing remarks.
Conclude:
Commissioner Dressler made a motion to conclude meeting. Commissioner Kolff seconded the motion.
Action: Motion passed unanimously.

Meeting concluded at 4:05pm.

Approved by the Commission:
Chair of Commission: Jill Buhler __________________________________________
Secretary of Commission: Marie Dressler ________________________________
Jefferson Healthcare District
Board of Directors Retreat
October 4, 2017

Karma H. Bass, MPH, FACHE
Via Healthcare Consulting

Why We are Here

Board Retreat Objectives:

• Discuss Board Self-Assessment Results
• Work on Developing a Strong and Healthy Board Culture in Support of Jefferson’s Mission
• Provide Education on Board Fiduciary Duties and Best Practices in Healthcare District Governance
What We’ll Cover Today ...

1. Establish Group Guidelines
2. Key Issues Discussion from Board Self-Assessment Results
3. Managing Conflict and Building Trust
4. Mission and Organizational Purpose
5. Governance Management Distinction: Board-CEO Relationship
6. Fiduciary Duties and Healthcare District Best Practices
7. Action Planning and Next Steps

Today is an invitation to create a gracious space.

“... an environment in which creative thinking and learning can occur. It inspires an attitude of openness, curiosity and discovery. It is a safe place but one that also invites diverse opinions and can hold conflict. It sounds simple, but often is very hard to do.”

Taken from Gracious Space: A Practical Guide to Working Together by Patricia M. Hughes, Center for Ethical Leadership, Seattle, WA
Leadership has a harder job to do than just choose sides. It must bring sides together.

*Jesse Jackson*
You are cordially invited to...

Lower the Waterline

- Consider an approach of compassion and curiosity
- Talk about how the process component is affecting behavior and group dynamics
- Speak openly about interpersonal communication breakdowns

Decision Making Styles

<table>
<thead>
<tr>
<th>Autocratic</th>
<th>Participative</th>
<th>Laissez-Faire</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leader makes decision</td>
<td>Leader confers but retains authority</td>
<td>Authority given to subordinates</td>
</tr>
<tr>
<td>Unconcerned about subordinates’ opinion</td>
<td>Vote taken, majority rules</td>
<td>Workers presented with task and freedom to accomplish it</td>
</tr>
<tr>
<td>Example: Military</td>
<td></td>
<td>Example: Universities</td>
</tr>
</tbody>
</table>

Sample Group Guidelines

1. Lower the water line with compassion & curiosity
2. Be honest and kind
3. Declare if you’re playing devil’s advocate
4. Avoid side conversations
5. Be fully engaged (no texting, e-mail, etc.)
6. Use modified consensus decision-making
7. Ensure all actions are assigned
8. Use a parking lot to move discussions forward
9. Avoid repeating the dialogue in this room*

*Yes, your meetings are public. And Board decisions need to be shared. But before repeating a conversation, consider whether it serves the organization or merely perpetuates divisions and community gossip.
Board Self-Assessment Process

Commitment to governance effectiveness

• 43-Question survey with open-ended responses
• 30+ minute telephone interviews
• Six areas of governance effectiveness
• 100% response rate

Putting it all together

• Passionate
• Dedicated
• Desire for improvement
- Highly engaged in policy development
- Strong commitment to the community
- Diverse set of perspectives

Clear Strengths

Areas of Opportunity

Focus on...
Board/management roles & responsibilities
Governance-management distinction
Trust and enhanced decision-making
Transparency and effective communication
Key Questions

• What do we expect of each other and how will we work together?
• Why is it important to maintain focus on the board’s role and responsibilities?
• How do we as a board want to make decisions?
• How do we balance our responsibility to the organization with the needs of our constituencies?
• Are we getting the information and education to govern effectively?

Board Culture Matters Most

“We’ll be fighting the wrong war if we simply tighten procedural rules for boards and ignore their more pressing need to be strong, high functioning work groups whose members trust and challenge one another and engage directly with senior managers on critical issues.”

Managing Conflict and Building Trust

Jefferson Healthcare is an interconnected network of people.

Starting with the...

- **Board**
- Executives
- Doctors
- Nurses
- Frontline staff
- **Our Patients**
- **Our Community**
Choice: How do we get others to trust us with their healthcare?

Trust has four dimensions...

1. Sincerity
2. Reliability
3. Competence
4. Care

Adapted from The Thin Book of Trust: An Essential Primer for Building Trust at Work, by Charles Feltman www.thinbook.com

Dimensions of Trust

Sincerity
“I mean what I say, say what I mean, and act accordingly.”

Competence
“I know I can do this. I don’t know if I can do that.”

Reliability
“You can count on me to deliver what I promise!”

Care
“We’re in this together.”

Taken from The Thin Book of Trust: An Essential Primer for Building Trust at Work, by Charles Feltman www.thinbook.com

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Building Trust in the Workplace = Building Trust in the Boardroom

Trust

Assessments about the other person
- I can trust this person
- I am safe with this person

Assessments about self
- I am safe
- I can handle whatever happens
- I can be open and forthcoming

Associated emotions
- Hope ● Curiosity ● Generosity ● Care

Distrust

Assessments about the other person
- Trusting this person is dangerous
- This person poses a threat to me

Assessments about self
- I am not safe
- I can’t handle what this person might do
- I need to protect myself

Associated emotions
- Fear ● Anger ● Resentment ● Resignation

Taken from The Thin Book of Trust: An Essential Primer for Building Trust at Work, by Charles Feltman

Behaviors of Trust and Distrust

Trust

Cooperating ● Collaborating ●
- Engaging in conversations, dialog and debate of ideas ●
- Listening ● Communicating freely ●
- Supporting others ● Sharing information ● Offering ideas ●
- Expecting the best ● Willingness to examine own actions

Distrust

Defending ● Resisting ●
- Blaming ● Complaining ●
- Judging ● Avoiding ●
- Withholding information and ideas ● Expecting the worst ●
- Justifying protective actions based on distrust

Taken from The Thin Book of Trust: An Essential Primer for Building Trust at Work, by Charles Feltman
Shifting Jefferson’s Environment
One person at a time...

Give me a place to stand and with a lever I will move the whole world. - Archimedes

• Do we stick to our decisions once we make them?
• What are the circumstances when we might want to revisit a decision?
• How should board members who don’t support a decision act after the vote passes?
• Do those in the minority still have a voice?
Which Trust Behaviors Should the Board…

Start?  Stop?  Continue?

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Mission and Organizational Purpose
Mission and Vision Statements

- Clarify and communicate an organization’s purpose
- Helps focus on what is important
- Provides snapshot of who you are and what you want to do
- Brings together people with a common purpose

Preamble
The purpose of ... Jefferson Healthcare is to foster a healthier community by working to assure all residents have access to high quality health care services they need while maintaining a healthy, locally controlled, financially sustainable organization.

The Mission
Jefferson Healthcare is working together to serve our community with personalized care and medical excellence.

The Vision
Jefferson Healthcare will be the community’s first choice for quality healthcare by providing exceptional patient care to every person we serve. We will do this by:

- Delivering the safest, highest quality care of any health care organization in our region.
- Providing leadership to improve the health, wellness and vitality of our community.
- Championing an engaged workforce by inspiring professional excellence and personal commitment to the success of our organization.
- Demonstrating fiscal stewardship and thoughtful decision-making to provide sustainable, high-value care.”
Review and Reflect

• Is the Board’s focus primarily on issues that support the organization’s purpose, mission and vision? Should it be?

• Is it essential to Jefferson Healthcare District’s purpose that we own and operate a hospital to provide health care services?

• Are board behaviors and actions at risk of diverting focus from the organization’s purpose, mission and vision?

The Distinction Between Governance and Management

Your Board-CEO Relationship

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What’s the Difference between the Board’s Job and Management’s Job?

**The Board:**
- Ensures overarching objectives and goals
- Establishes and clarifies mission, vision or purpose
- Sets policies
- Makes decisions
- Confirms that effective oversight is in place

**Management:**
- Proposes the organization’s objectives and goals
- Provides plans to accomplish organization’s objectives and goals
- Implements plans
- Reports to the board on progress
- Makes decisions
- Deploys organizational resources within the parameters and policies established by the board

Governance vs. management

How to tell them apart...

- **Governance** – Exercising accountability by setting goals, making major policy and strategy decisions, and overseeing implementation

- **Management** – Delivering results by implementing policy and strategy as set forth by the governing body, managing operations, and reporting on performance
Questions to Help Clarify Roles

1. Is it big?
2. Is it about the future?
3. Is it core to the mission?
4. High-level policy decision needed?
5. Is a red flag waving?
6. Is a watchdog watching?
7. CEO wants/needs board’s support?

Note: If the CEO asks the Board for advice on a management issue, the CEO should ‘declare’ that intent, and be responsible for bringing the Board back ‘up’ to governance

Who Does What?

<table>
<thead>
<tr>
<th>RESPONSIBILITY</th>
<th>GOVERNING BOARD</th>
<th>CEO/ADMINISTRATOR (Or Delegate)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Long-term strategic plan</td>
<td>Approves and helps formulate</td>
<td>Recommends and provides input</td>
</tr>
<tr>
<td>Short-term plan</td>
<td>Monitors and provides input</td>
<td>Establishes and carries out</td>
</tr>
<tr>
<td>Day-to-day operations</td>
<td>No role</td>
<td>Makes all the management decisions</td>
</tr>
<tr>
<td>Budget</td>
<td>Approves</td>
<td>Develops and recommends</td>
</tr>
<tr>
<td>Capital Purchases</td>
<td>Approves</td>
<td>Prepares requests</td>
</tr>
<tr>
<td>Decisions on building, renovation, leasing, expansion</td>
<td>Makes decisions, assumes responsibility</td>
<td>Recommends and has contractual authority</td>
</tr>
<tr>
<td>Supply purchases</td>
<td>Establishes policy</td>
<td>Purchases according to Board Policy and maintains an adequate audit trail</td>
</tr>
<tr>
<td>Repairs</td>
<td>Establishes policy</td>
<td>Authorizes repairs up to prearranged amount including amount that can be spent without Board approval</td>
</tr>
<tr>
<td>Cleaning and maintenance</td>
<td>No role</td>
<td>Sets up schedule</td>
</tr>
<tr>
<td>Fees</td>
<td>Adopts policy as part of budget process</td>
<td>Develops fee schedule</td>
</tr>
<tr>
<td>Billing and credit and collections</td>
<td>Adopts policy</td>
<td>Proposes policy and implements</td>
</tr>
<tr>
<td>Hiring of staff</td>
<td>No role</td>
<td>Approves all hiring</td>
</tr>
</tbody>
</table>

Source: Barry S. Bader, Bader & Associates

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## The Distinction Between Management and Governance

**NIFO and GEPO are guidelines for effective boards...**

“**We approach management and governance with the N-I-F-O principle:**

Nose In, Fingers Out . . .”

James Marley, Chairman
PinnacleHealth System, Harrisburg, Pennsylvania

“**Savvy boards follow the GEPO rule: Good Enough Press On.”**

Barry S. Bader, publisher of Great Boards
www.greatboards.org

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<table>
<thead>
<tr>
<th>RESPONSIBILITY</th>
<th>GOVERNING BOARD</th>
<th>CEO/ADMINISTRATOR (Or Delegate)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Staff responsibilities and job assignments</td>
<td>No role</td>
<td>Establishes</td>
</tr>
<tr>
<td>Firing of staff</td>
<td>No role</td>
<td>Makes final termination decision</td>
</tr>
<tr>
<td>Staff grievances</td>
<td>No role</td>
<td>The grievances stop at the administrator</td>
</tr>
<tr>
<td>Personnel policies</td>
<td>Adopts</td>
<td>Recommends and administers</td>
</tr>
<tr>
<td>Staff salaries</td>
<td>Approves budget</td>
<td>Approves salaries with recommendations from the supervisory staff</td>
</tr>
<tr>
<td>Staff evaluation</td>
<td>Evaluates only the administrator</td>
<td>Evaluates other staff</td>
</tr>
<tr>
<td>Board reports</td>
<td>Approves and accepts</td>
<td>Prepares</td>
</tr>
<tr>
<td>Medical staff</td>
<td>Approves bylaws, appointments and reappointments</td>
<td>Receives reports and maintains relationship</td>
</tr>
<tr>
<td>Quality management</td>
<td>Approves and monitors</td>
<td>Establishes quality plan and implements</td>
</tr>
<tr>
<td>Corporate compliance</td>
<td>Approves and monitors</td>
<td>Establishes compliance plan and implements</td>
</tr>
<tr>
<td>Advocacy</td>
<td>Knowledge of issues, pre-approved communication with elected officials</td>
<td>Knowledge of issues, communication with elected officials</td>
</tr>
<tr>
<td>Community relations</td>
<td>Keeps community informed using agreed upon talking points</td>
<td>Keeps community informed</td>
</tr>
<tr>
<td>Community health status</td>
<td>Approves and collaborates with community</td>
<td>Establishes plan and priorities</td>
</tr>
</tbody>
</table>
Optimal Board-CEO Relationship

- Agree on the Board’s role and responsibilities in general
- Agree on a governance ‘philosophy’ - the desired interaction between the Board and the CEO
- Write down the agreements in formal Board policies and procedures
- Develop written job descriptions for Board members and CEO
- Evaluate the CEO’s performance at least annually and set goals for individual and organizational performance
Three Important Notes

1. Boards only have authority when meeting as a board (not as individuals or sub-sets)
2. Boards must speak with one voice
3. The Board’s primary contact – and only employee – is the CEO

The Duty of Care

• Exercise “due diligence”
• Act in good faith, with the care of an ordinarily prudent person in similar circumstances
• Ensure policies and procedures are in place to fulfill the duty of care
• Knowledge of financial status, have full and accurate information for making decisions
The Duty of Obedience

Protecting limited resources

• Ensure optimum services for community
• Consider cost-effective utilization of resources for both long and short term financial plans
• Regularly review financial reports to ensure adequate capital for hospital strategies
• Establish financial goals in key areas

The Duty of Obedience

Ensuring legal compliance

• Compliance with all regulatory and reporting requirements
• Ensure an ethical business climate
• Conduct internal procedures and processes in an ethical manner
The Duty of Loyalty

- Avoidance of opportunities for personal gain
- Compliance with the conflict of interest policy that:
  - Requires trustees to act solely in the interests of the organization
  - Written procedures
  - Course of action when conflicts arise
- Annual written disclosure of conflicts
- Recognition and disclosure of conflicts of interest


What is a Conflict of Interest?

- Personal interest vs. hospital interest
- Raising a “red flag”
- Multiple affiliations may lead to feeling pulled in multiple directions
- Key to establish a process for preventing and addressing inevitable conflicts and ensuring the policies and procedures are adhered to
Conflicts Are Not Always Simple

Complicated but Often Unintentional

Ask Questions to Clarify Conflict

Perceived, Not Actual

It’s the Law

- Fiduciary duty to act in the organization’s best interest and ensure prudent management of the organization’s resources
- 1974 court decision: “Sibley Hospital Case”
  - Board members legally liable for not properly addressing conflicts through their fiduciary responsibility

...and an Essential Component of Building Public Trust

- Ability to carry out sound, ethical and hospital-focused board decisions
- Adherence to ethical guidelines build public trust
- Without ethical guidelines, a hospital’s reputation is at risk

How Many “Hats” Do You Wear?

- Family roles (spouse, parent, child, sibling, etc.)
- Community leader
- Professional role or paying job
- Friend, colleague, neighbor, etc.
- Community advocate for a particular cause
- Jefferson board member

Discussion: Is it important to be aware of which “hat” you’re wearing when making decisions or giving direction?
Every Board Has Three Primary Roles

- Policy formulation
- Decision making
- Oversight

What is the board’s responsibility for planning for the future?
High-Level Purpose of Strategic Planning

- Defines Future Possibilities and Uncertainties
- Captures Disparate Views and Viewpoints
- Defines a Compelling Vision of the Future
- Identifies Resources and Accountabilities
- Captures Disparate Views and Viewpoints
- Defines a Compelling Vision of the Future

Three Important “Truths” about Planning for the Future

- You don’t need to know everything there is to know in order to make good decisions.
- What you know today is very different from what you’ll know tomorrow.
- You’ll never know everything you’d like to know to be fully confident in your decisions.
Success Basics: The Role of the Board

• Govern and lead the strategic plan, don’t create or manage it
• Ensure that the strategic direction is responsive and consistent with the mission and vision
• Assume a strong, focused and active leadership role

How does the board ensure that quality is truly “job one”?
Institute for Healthcare Improvement’s Triple Aim

1. Improving the patient experience of care (including quality and satisfaction)
2. Improving the health of populations
3. Reducing the per capita cost of health care

Source: Institute for Healthcare Improvement

Defining “Quality” in a Healthcare Setting

- Safe
  - Avoiding injuries to patients from the care that is intended to help them

- Effective
  - Providing services based on scientific knowledge to all who could benefit, and refraining from providing services to those not likely to benefit

- Patient-Centered
  - Providing care that is respectful of and responsive to individual patient preferences, and ensuring that patient values guide all clinical decisions

- Timely
  - Reducing waits and sometimes harmful delays for both those who receive and those who give care

- Efficient
  - Avoiding waste, including waste of equipment, supplies, ideas and energy

- Equitable
  - Providing care that does not vary in quality because of personal characteristics

Quality Oversight Recommendations

- Actively engage in oversight
- Monitor Performance
- Understand quality and patient safety issues

How does the board ensure the quality of its medical staff?
Medical Staff Credentialing is Verifying That Each Applicant...

- Is who he/she claims to be
- Has been properly licensed
- Has appropriate malpractice insurance
- Meets minimum requirements established by the hospital to be on staff

Privileging Determines...

- The diagnostic and treatment procedures a hospital is equipped and staffed to support
- The minimum training and experience necessary for a clinician to competently carry out each procedure
- Whether the credentials of applicants meet minimum requirements and allow authorization to carry out requested procedures
Attend to Process

• Board must delineate steps of the credentialing process and specify/approve criteria it uses to make recommendations or decisions at each step
• Must ensure the process is thorough, fair, consistent and functioning effectively

Decision Making

Board ultimately decides...
• Which doctors will be admitted to the medical staff (initial appointment)
• Which doctors are allowed to remain on the medical staff (reappointment)
• Which procedures doctors can perform and diseases/conditions they may treat (privilege delineation)
Ideas for Improving Alignment

- Build Strong and Sustainable Trust
- Build Familiarity and Personal Relationships
- Open Up Clear and Direct Lines of Communication
- Provide Physicians with a Real Voice

How does the board ensure strong and effective executive leadership?
The Board-CEO Relationship

When It’s Good...

- Confidence in the CEO
- Confidence in the Board’s Ability
- Sense of Command
- Fulfillment and Satisfaction
- Board and CEO Work Well Together
- Address the Right Issues in the Right Way at the Right Time

When It’s in the Relationship ICU...

- Decisions are Tabled
- Second-Guessing
- Coalitions and Factions Form
- Questions About Focus, Intent and Appropriateness

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Creating Success: Mutual Needs

Communication is Clear, Crisp, Concise and Accurate

Board and CEO Are “On the Same Page”

Sense of Synergy

Board Understanding of its “Strategic Place”

What does it mean to be an effective advocate for your hospital?

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What Being a Community-centered Board is All About

- Knowing your community
- Connecting with people
- Putting that community intelligence to work
- Requires board leadership and resolve

The Perception Problem

- People don’t understand how hospitals are organized and managed
- People don’t understand the forces that are changing health care
- People rely on personal experiences, intuitive beliefs, and personal opinions to shape their belief structure
- It’s hard to impact strongly-held beliefs and perceptions

What is community benefit and what is the board’s role in ensuring it?

What is Community Benefit?

- Collaboration with “community” to benefit residents
- Measurable contribution
- Supports identified community need
- Improves overall health and well-being
- Provides services otherwise discontinued

Community Benefit Report

- A healthcare version of a corporate annual report
- Defines, measures, and interprets community benefit activity
- Tells your story in a compelling way
- Builds public trust and confidence

Using Your Report to Strengthen the Benefit and Value Connection

- Improve community understanding
  - Challenges faced
  - Benefit and value the hospital provides
- The easy part: communicating economic value
- Its deeper than numbers: health improvement benefit and value
- Look for personal stories, tangible examples
How does hospital finance work?

TRENDWATCH CHARTBOOK 2016
Trends in Hospital Financing

Percentage of Hospitals with Negative Total and Operating Margins, 1995 – 2014

Source: Analysis of American Hospital Association Annual Survey data, 2014, for community hospitals.
TRENDWATCH CHARTBOOK 2016
Trends in Hospital Financing

Chart 4.5: Distribution of Hospital Cost by Payer Type, 1980, 2000, and 2014

Source: Analysis of American Hospital Association Annual Survey data, 2014, for community hospitals.
(1) Non-patient represents costs for cafeterias, parking lots, gift shops and other non-patient care operating services and are not attributed to any one payer.
(2) Uncompensated care represents bad debt expense and charity care, at cost.
(3) Private payer formulas were updated in 2014 to account for the change in bad debt calculations, which is now reported as a deduction from revenue rather than as a expense.
(4) Percentages were rounded, so they do not add to 100 percent in all years.

TRENDWATCH CHARTBOOK 2016
Trends in Hospital Financing

Chart 4.6: Aggregate Hospital Payment-to-cost Ratios for Private Payers, Medicare, and Medicaid, 1994 – 2014

Source: Analysis of American Hospital Association Annual Survey data, 2014, for community hospitals.
(1) Includes Medicaid Disproportionate Share payments.
(2) Includes Medicare Disproportionate Share payments.
Chart 4.7: Hospital Payment Shortfall Relative to Costs for Medicare, Medicaid and Other Government, 1997 – 2014(1)

Source: Analysis of American Hospital Association Annual Survey data, 2014, for community hospitals.

(1) Costs reflect a cap of 1.0 on the cost-to-charge ratio.

Announced Hospital Mergers and Acquisitions, 1998 – 2015


(1) In 2004, the privatization of Select Medical Corp., an operator of long-term and acute-care hospitals, and divestiture of hospitals by Tenet Healthcare Corporation helped to increase the number of hospitals affected.

(2) In 2006, the privatization of Hospital Corporation of America, Inc. affected 176 acute-care hospitals. The acquisition was the largest health care transaction ever announced.

(3) In 2013, consolidation of several investor-owned systems resulted in a large number of hospitals involved in acquisition activity. Chart 2.10 in 2009 and earlier years’ Chartbooks.
Key Questions

• Do you believe a high-performing board is linked to a high-performing organization?
• How do you define a high-performing board?
• How will you know if you have a high-performing organization?

Thank you

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