



Fidelity Medical Center
2020 Governance Practices and
Performance Assessment Results

governWell™
Better governance. Better healthcare.

Fidelity Medical Center is a fictitious hospital. All information included in this report is only an example. Actual hospital results were be treated confidentially.

Congratulations...

Your board has taken a critical step in demonstrating your commitment to improving your board's performance, and ultimately improving your organization's ability to successfully achieve its mission and vision. Your board's leadership is essential to organizational success, and your undertaking of this process demonstrates your commitment to ensuring the committed, accountable high-level leadership expected by your community, employees, clinical leaders, lawmakers, regulators and other constituents.

A successful board assessment enables your board to identify "governance gaps," areas in which your board has the greatest potential for improvement. Thanks to your completion of this board assessment, these opportunities have already been identified. You'll find them throughout the report in graphs and comments, and you'll also find a section at the end of this report entitled "Recommendations for Governance Gain."

It's important to remember that conducting the board assessment is just the first step in improving your governing leadership performance. The key to success of the full process is not simply the measurement of board viewpoints, but instead the actions you take as a result of careful examination of board viewpoints. We hope this summary report will be a catalyst to engage your board members in a wide-ranging, outcomes-focused discussion that highlights opportunities for board discussion and improvement.

Contents

Overview

How the Governance Practices and Performance Assessment Was Conducted.....	4
Reviewing Assessment Results	4
Rating Methodology	4

Assessment of Overall Governing Performance

Summary of Assessment Results	6
Highest Rated Areas	8
Lower Rated Areas	8
Mission, Values and Vision.....	9
Strategic Leadership	11
Quality and Patient Safety.....	13
Financial Leadership	15
Relationship with the CEO.....	17
Community Relationships	19
Board Roles, Responsibilities and Knowledge.....	21
Board Meetings.....	23

Issues and Priorities

Issues that Should Occupy the Board’s Time and Attention.....	18
Highest Priority for the Board.....	19
Critical Board Actions to Ensure Organizational Success	19

Overview

In January 2020, the Fidelity Medical Center (Fidelity) Board of Directors assessed the board's overall governing practices and performance; measure board members' views about the governance culture; gave board members an opportunity to rate their personal contribution to governance success; and identified issues and priorities for the future. The assessment was conducted by governWell™.

How the Governance Practices and Performance Assessment Was Conducted

The governance practices and performance assessment was conducted through an online survey. Nine board members completed the assessment.

Board members rated the board's overall performance in eight leadership areas, including:

- Mission, Values and Vision
- Strategic Leadership
- Quality and Patient Safety
- Financial Leadership
- Relationship with the CEO
- Community Relationships
- Board Roles, Responsibilities and Knowledge
- Board Meetings

Board members rated 74 total criteria in these board responsibility areas. Each criterion used the same five point rating scale, with "Level 5" representing a board performing at the highest level, and "Level 1" representing a poorly performing board.

Finally, board members provided insights about the issues they believe should occupy the board's time and attention in the next year; their highest priorities for the board in the next year; and the most critical board actions to ensure the organization is successful in achieving its goals.

Reviewing the Governance Practices and Performance Assessment Results

Each section of the board assessment results includes an overview of the board's ratings, graphical results of the assessment, and board member comments about performance in the area. Mean (average) scores for each statement were calculated, with a maximum score of five. No points were assigned to "not sure" ratings.

The top of each section overview includes an *Effectiveness Performance Factor*, the overall mean rating for the section divided by the maximum of five. An *Effectiveness Performance Factor* of 100% would represent Level 5 ratings for each criterion.

Rating Methodology

The following scale was used to evaluate the board's overall governing performance:

Level 5: I *strongly agree* with this statement

Level 4: I *generally agree* with this statement

Level 3: I *somewhat agree* with this statement

Level 2: I *mostly disagree* with this statement

Level 1: I *completely disagree* with this statement

NS: Not sure

Assessment of Overall Governing Performance

Summary of Assessment Results

Board members rated Fidelity Medical Center’s overall governing performance positively; however, they also perceive room for improvement in various areas.

Figure 1 (below) depicts the percentage of Level 5—Level 1 ratings for the eight leadership areas.

A significant majority (85.5 percent) of the ratings indicate that board members either “Strongly Agree” or “Generally Agree” with the statements about the board’s performance. The majority of the remaining responses reflect “Somewhat Agreement” with the statements.

Figure 2 (page 7) depicts the overall mean scores for each of the eight governing leadership areas measured in the governance practices and performance assessment.

The mean scores were determined by tabulating the number of ratings (the number of 5, 4, etc.) in each leadership area, and calculating an overall category mean score using the same five point scale used for individual statements.

The area between the outermost line and the colored line depicts the governance “performance gap,” the areas with the greatest opportunities for leadership improvement.

Issues and Priorities

The board identified issues they believe should occupy the board’s time and attention in the next year; priorities and issues for the coming year; the most critical board actions to ensure the organization is

successful in achieving its goals; and any actions they believe the board should either undertake or cease.

Board members’ verbatim responses are displayed in the report’s “Issues and Priorities” section on page 20.

The board identified the following as issues that should occupy the board’s time and attention in the next year:

- Changing reimbursement and its impact on financial stability;
- The federal health care environment and impact of potential changes to the ACA;
- Improving community partnerships; and
- Increasing focus on quality and patient safety.

Figure 1: Overall Satisfaction With Governing Performance

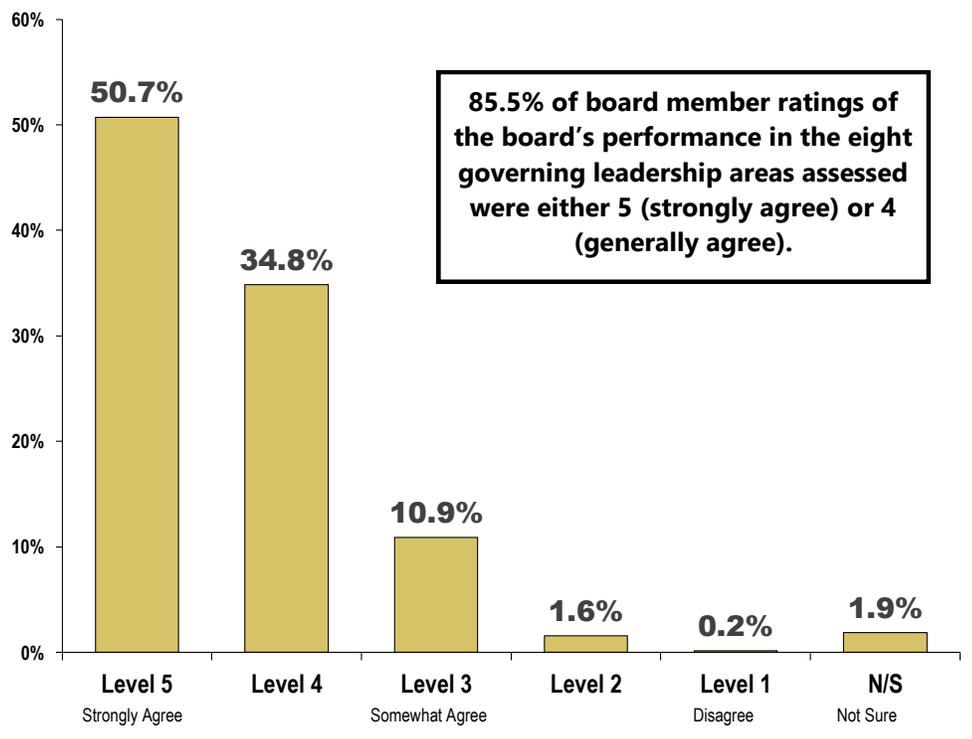
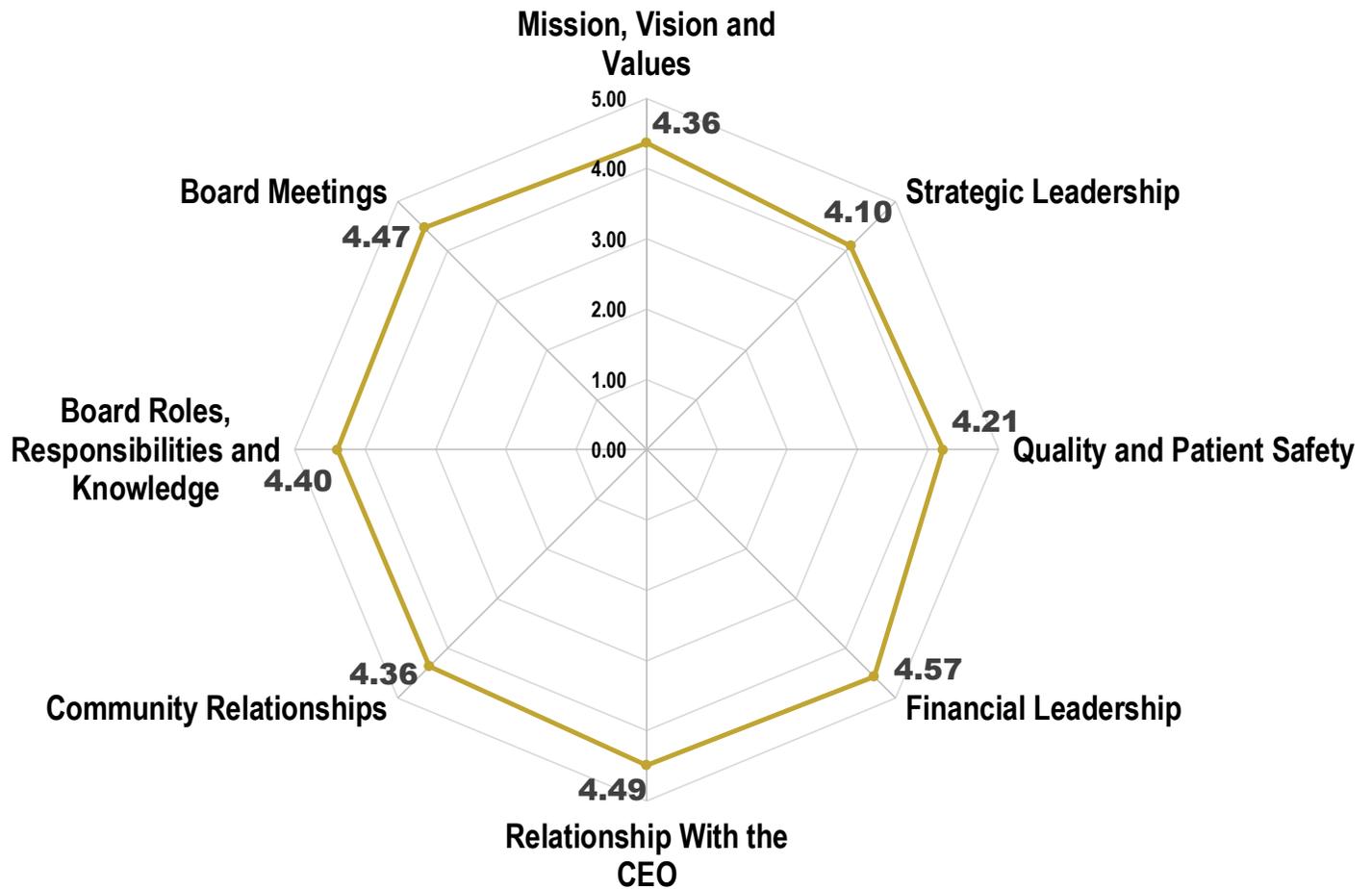


Figure 2: Board Performance Overview: Leadership Gaps



The board identified the following as their highest priorities for the board in the next year:

- Staying informed of current trends and changes in the health care environment;
- Strengthening board member engagement and strategic thinking; and
- Increasing focus on quality and patient safety.

The board identified the following as the most critical board actions to ensure the organization successfully achieves its goals:

- Improving relationships within and outside the hospital;

- Ensuring the board is highly knowledgeable about current trends to make evidence-based decisions;
- Regularly measuring and discussing goals, ensuring they are most current to the hospital’s needs with adequate resources in place;
- Increasing and maintaining ongoing board education; and
- A greater emphasis on strategic thinking.

The board identified the following as actions the board should either stop or start doing:

- Create more time on agendas for deeper discussions on quality and health issues facing the community.

Highest Rated Areas

The higher-rated leadership responsibilities are listed below in order from highest to lowest mean score. They are also identified in the graphs throughout this report with a green "H" and an up arrow.

- I understand my fiduciary responsibility of obedience, care and loyalty to the organization (5.00)
- Our board ensures an annual audit and thoroughly discusses all audit recommendations (5.00)
- Our board approves targets for important measures of financial and operating performance (5.00)
- Our board devotes time for important discussions by utilizing a consent agenda covering the routine actions that require approval (4.89)
- Our board's role and responsibilities are clearly defined in writing (4.89)
- Our board annually evaluates and compensates our CEO using pre-defined expectations tied to achievement of our mission and strategic objectives (4.89)
- Our organization has a meaningful, board-approved mission that explains our core purpose (4.89)
- Progress on financial performance measures are discussed at board meetings least quarterly (4.88)
- Our organization has a board-approved vision that defines the future we are striving to achieve (4.88)

Lower Rated Areas

The lower-rated leadership responsibilities are listed below in order from lowest to highest mean score. They are also identified in the graphs throughout this report with a red "L" and a down arrow. *It is important to note that lower rated does not necessarily or always mean low rated. As indicated earlier, board member ratings throughout the self-assessment were largely positive.*

- Our board focuses the majority of its time on strategic thinking and leadership rather than strategic plans and operational decision making (3.56)
- We explore critical strategic questions and/or engage in board dialogue that challenges conventional thinking (3.67)
- Our mission and vision drive decision making at board meetings (3.78)
- We have a good understanding of the implications of the rapidly changing health care environment (3.78)
- Our board utilizes board members as community "ambassadors" to communicate with our community on important health care issues (3.78)
- Our board education broadens board members' perspectives about the challenges our organization will face in the future (3.88)
- Our mission and vision drive organizational strategies, objectives and action plans (3.89)
- We understand critical issues and trends impacting our organization (3.89)
- New information, new ideas and new knowledge drive our strategic assumptions (3.89)
- Our board uses financial performance reports to modify assumptions and shift resources, as necessary (3.89)
- Our board discussion and decisions focus on the areas most critical to our organization's success (3.89)

Effectiveness Performance Factor

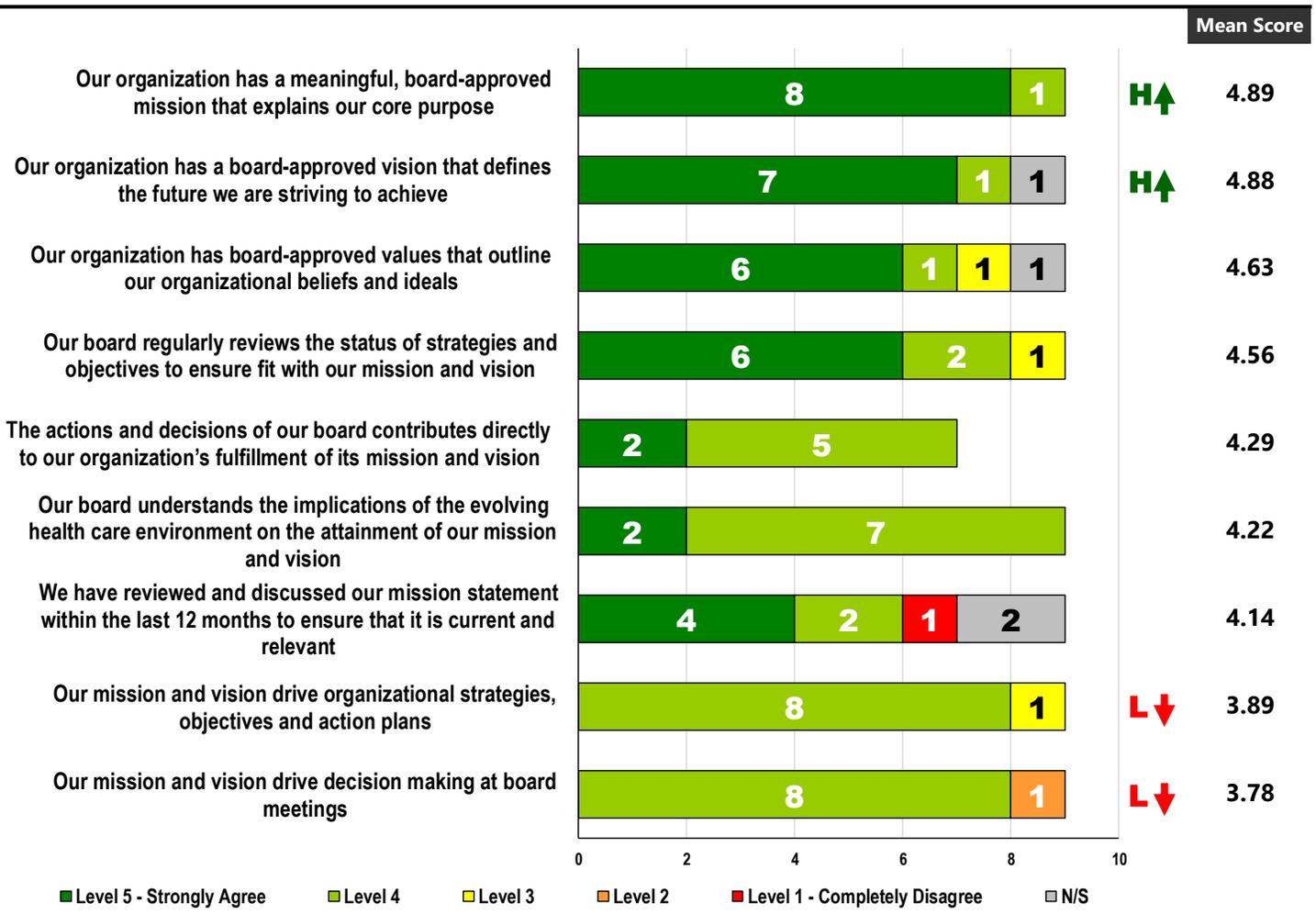
87%

The board's rating of its performance in this area (overall mean score ÷ 5)

Mission, Values and Vision

Fidelity Medical Center board members rated their agreement with governing performance in nine leadership areas relating to the mission, values and vision (see Figure 3).

Figure 3: Mission, Values and Vision (sorted by highest to lowest mean score)



Effectiveness Performance Factor

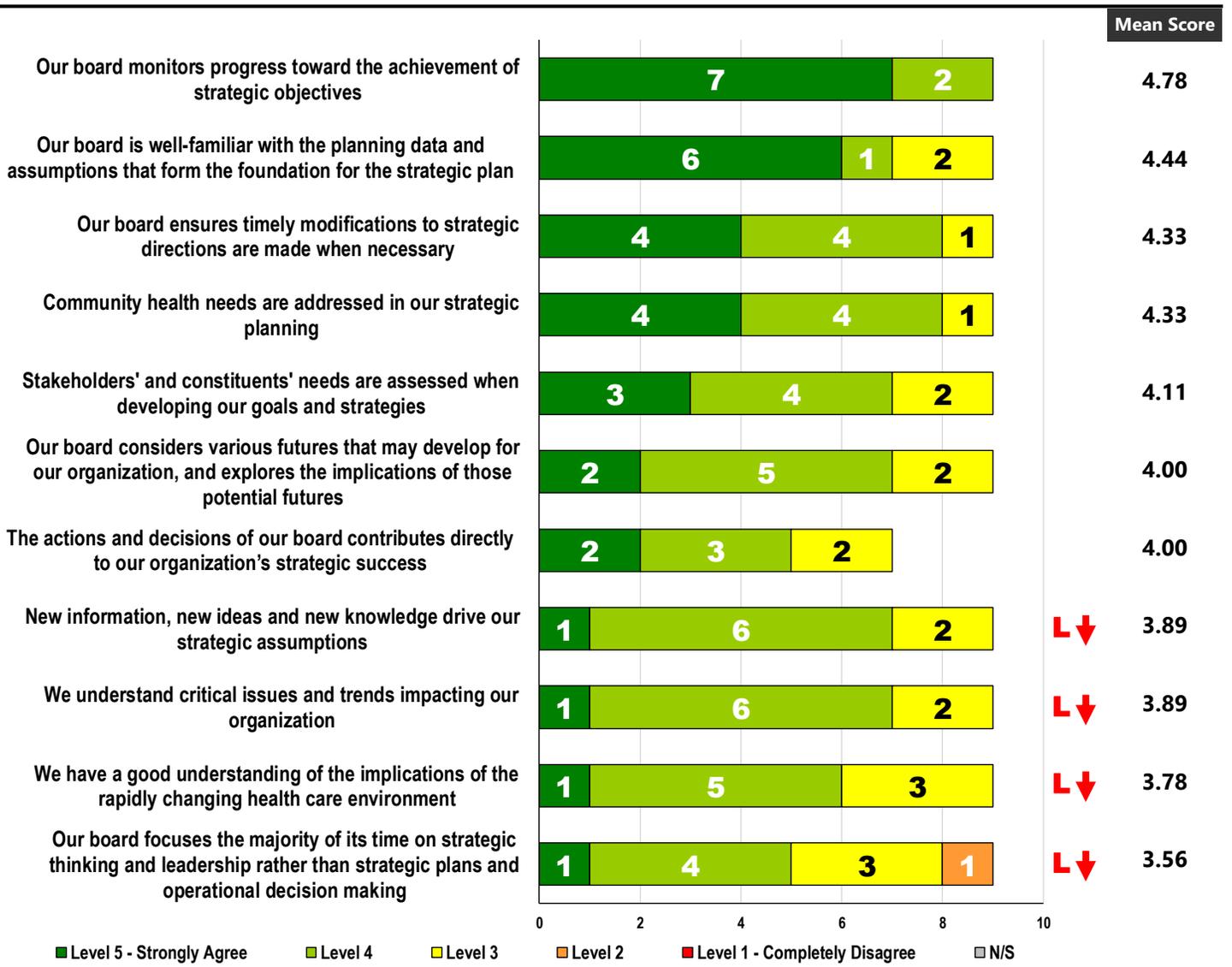
82%

The board's rating of its performance in this area (overall mean score ÷ 5)

Strategic Leadership

Fidelity Medical Center board members rated their agreement with governing performance in 11 leadership areas relating to the organization's strategic direction (see Figure 4).

Figure 4: Strategic Leadership
(sorted by highest to lowest mean score)



Effectiveness Performance Factor

84%

The board's rating of its performance in this area (overall mean score ÷ 5)

Quality and Patient Safety

Fidelity Medical Center board members rated their agreement with governing performance in eight leadership areas relating to quality and patient safety (see Figure 5).

Figure 5: Quality and Patient Safety (sorted by highest to lowest mean score)



Effectiveness Performance Factor

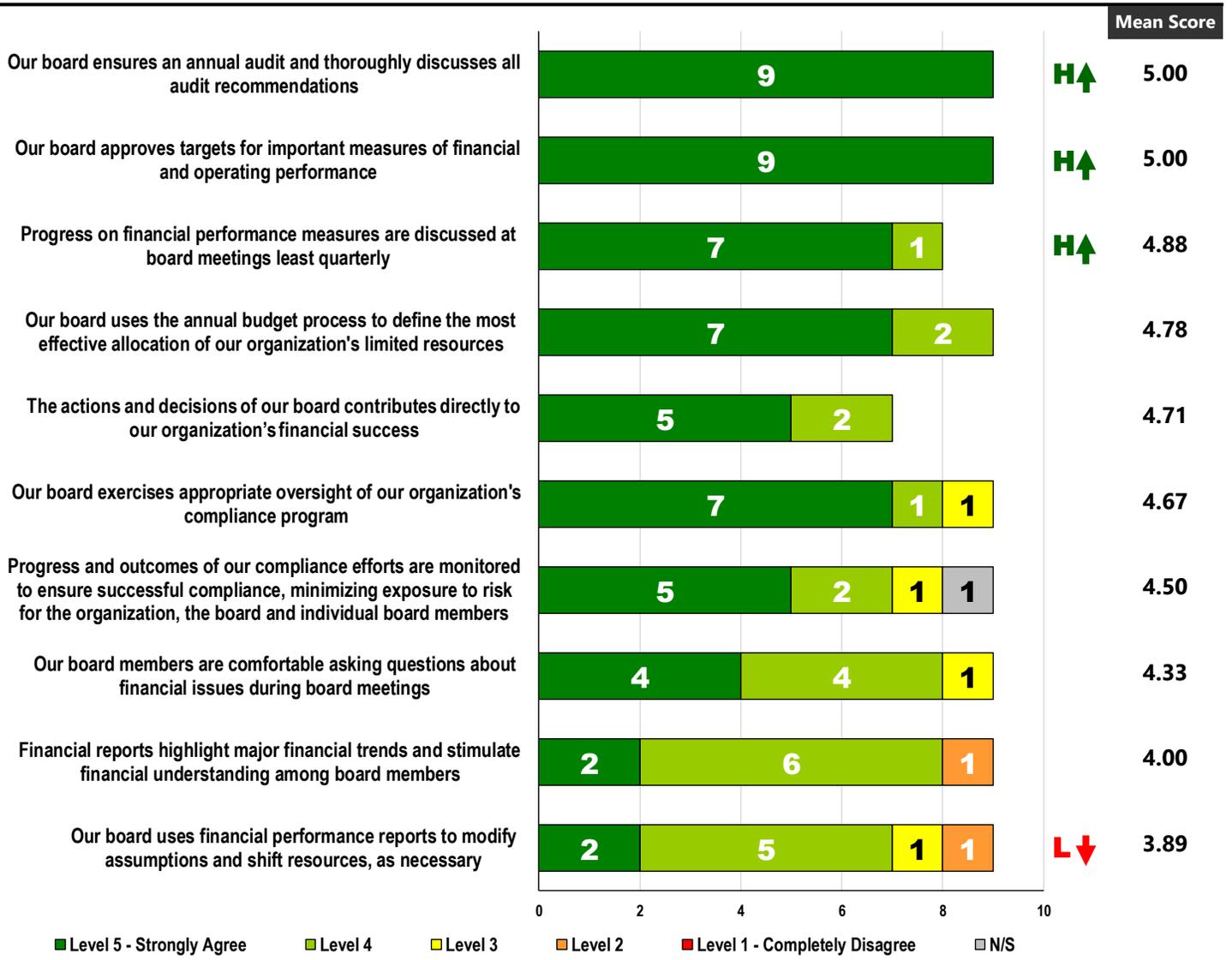
91%

The board's rating of its performance in this area (overall mean score ÷ 5)

Financial Leadership

Fidelity Medical Center board members rated their agreement with governing performance in ten leadership areas relating to financial leadership (see Figure 6).

Figure 6: Financial Leadership
(sorted by highest to lowest mean score)



Effectiveness Performance Factor

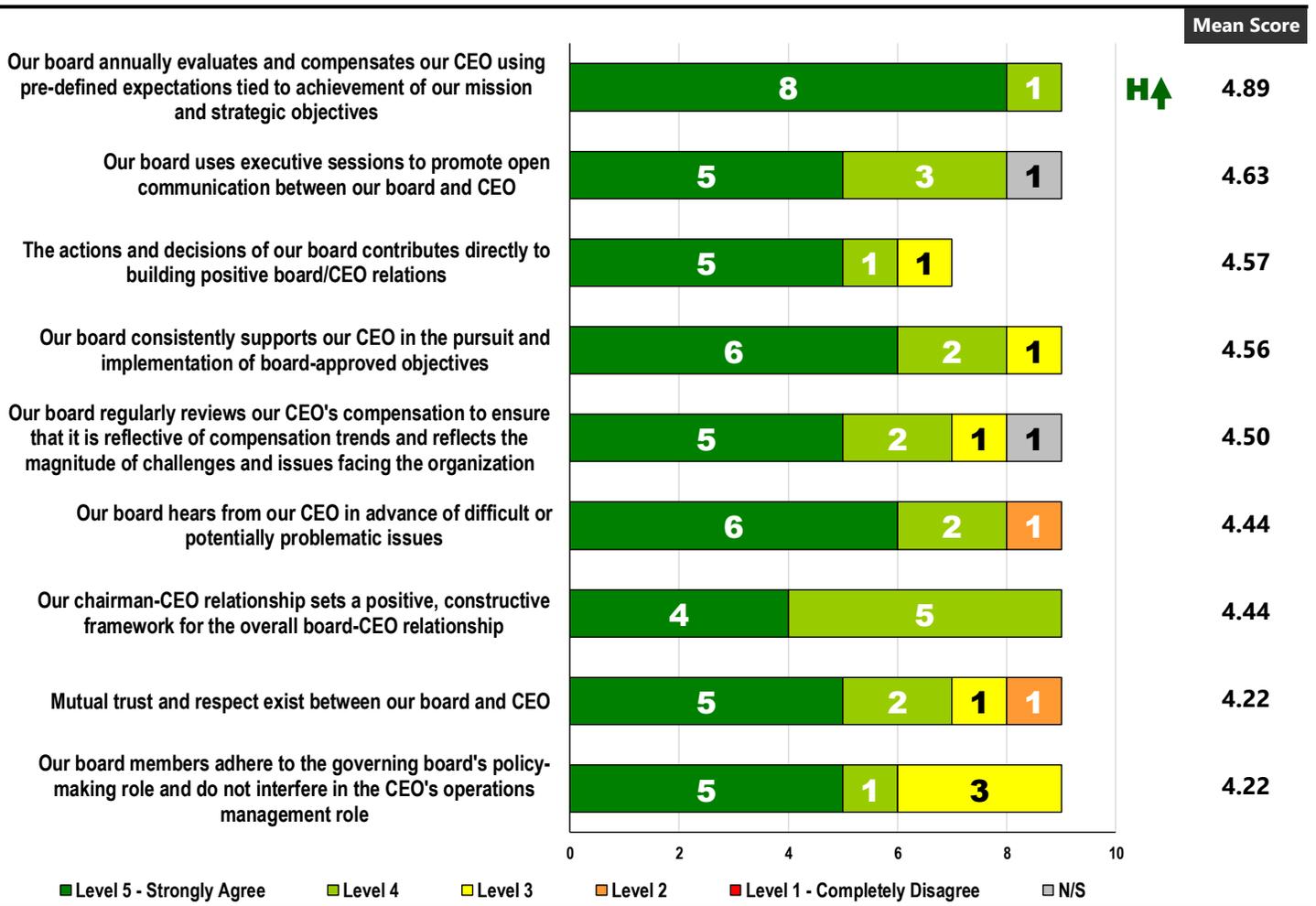
90%

The board's rating of its performance in this area (overall mean score ÷ 5)

Relationship with the CEO

Fidelity Medical Center board members rated their agreement with governing performance in nine leadership areas relating to the board's relationship with the CEO (see Figure 7).

Figure 7: Relationship with the CEO (sorted by highest to lowest mean score)



Effectiveness Performance Factor

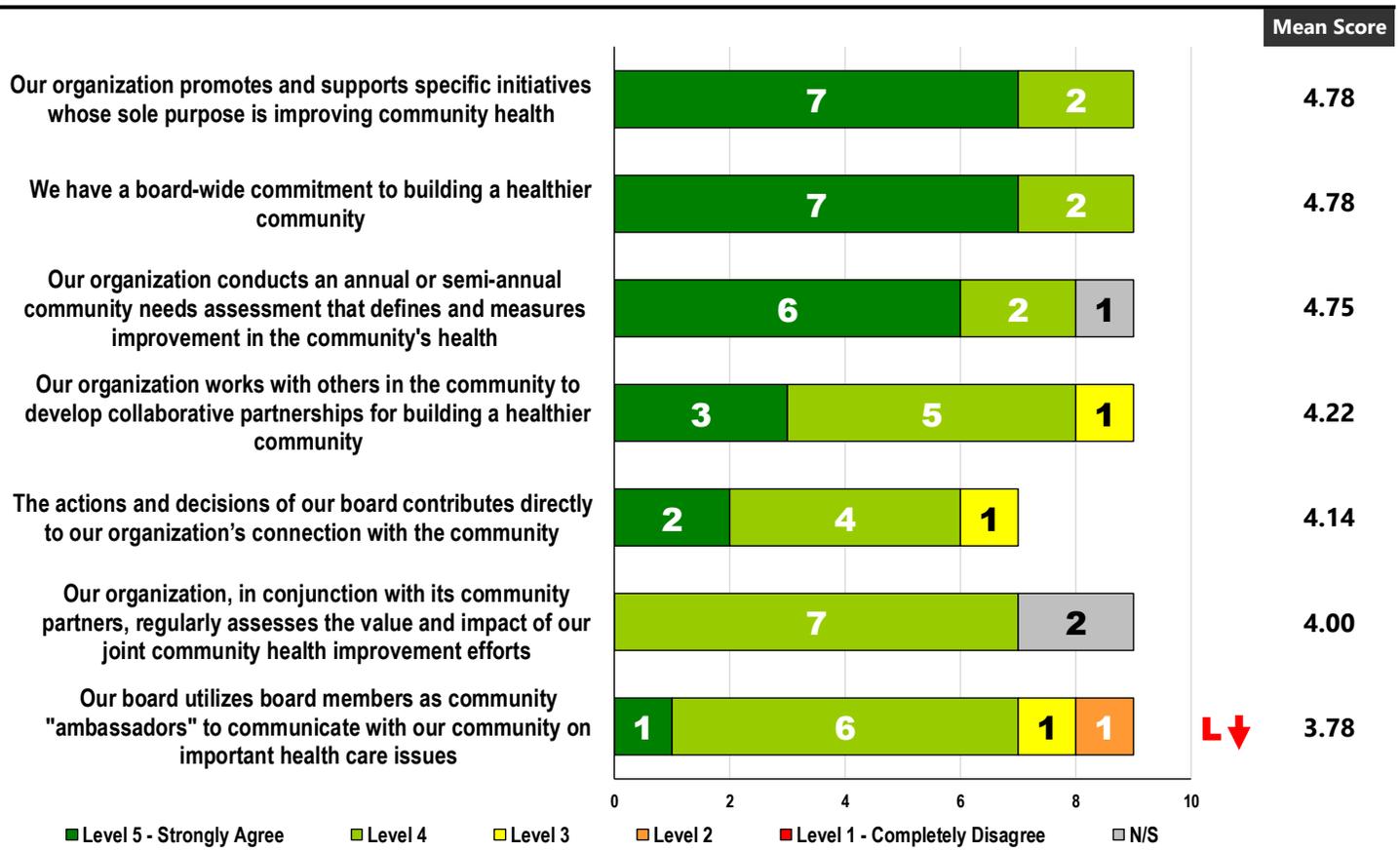
87%

The board's rating of its performance in this area (overall mean score ÷ 5)

Community Relationships

Fidelity Medical Center board members rated their agreement with governing performance in seven leadership areas relating to the board's community relationships (see Figure 8).

Figure 8: Community Relationships (sorted by highest to lowest mean score)



Effectiveness Performance Factor

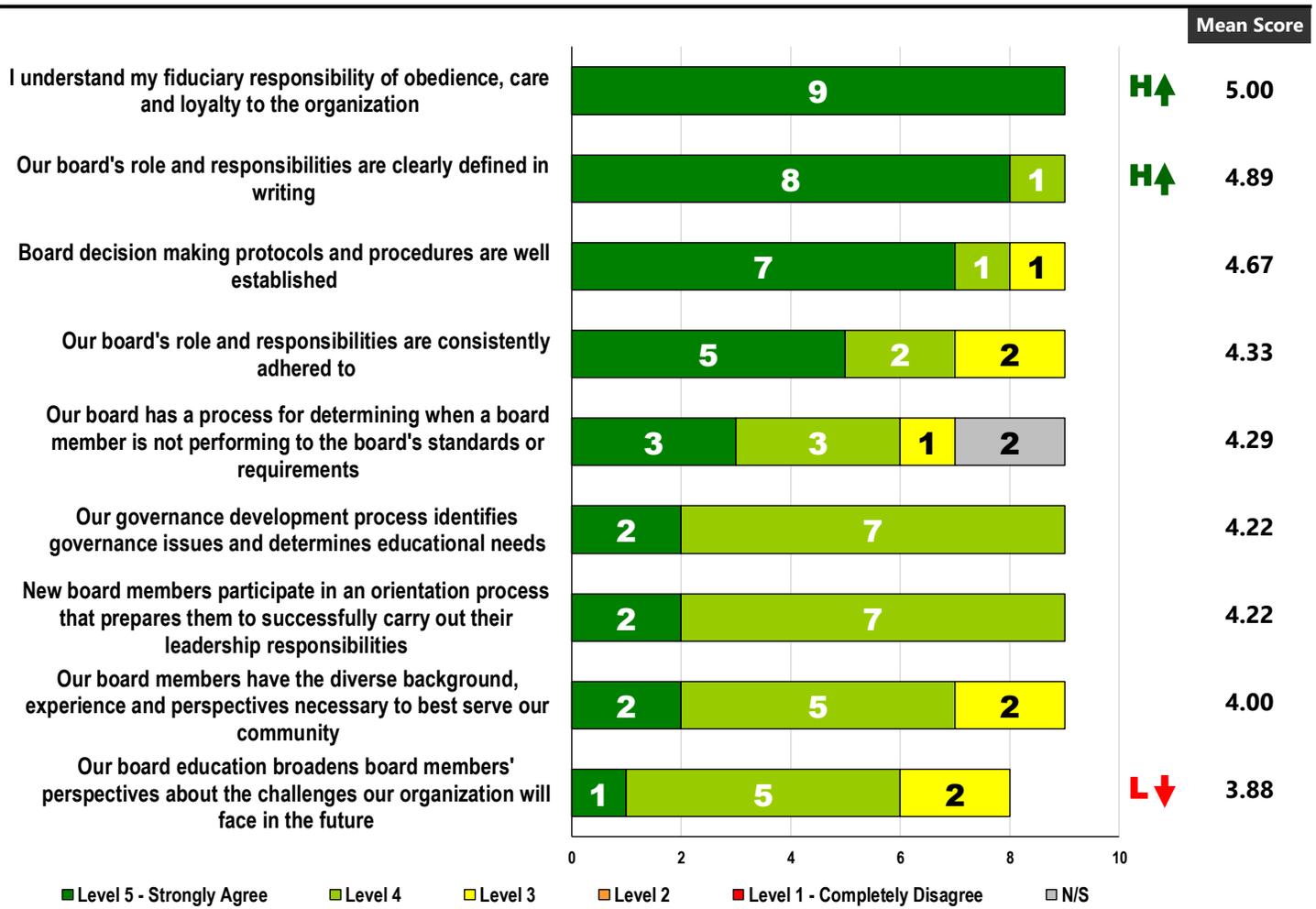
88%

The board's rating of its performance in this area (overall mean score ÷ 5)

Board Roles, Responsibilities and Knowledge

Fidelity Medical Center board members rated their agreement with governing performance in nine leadership areas relating to the board's roles, responsibilities and knowledge (see Figure 9).

Figure 9: Board Roles, Responsibilities and Knowledge (sorted by highest to lowest mean score)



Effectiveness Performance Factor

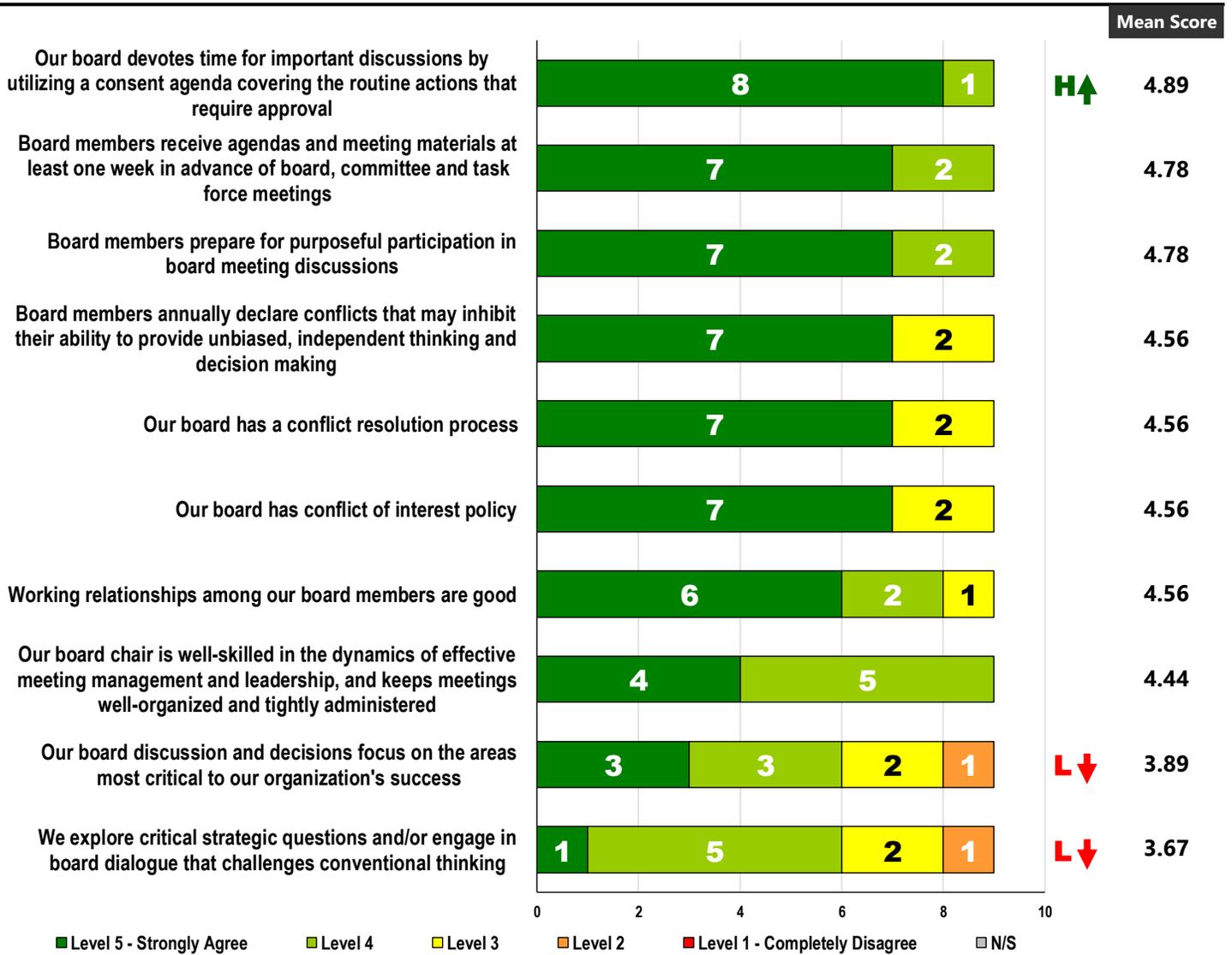
89%

The board's rating of its performance in this area (overall mean score ÷ 5)

Board Meetings

Fidelity Medical Center board members rated their agreement with governing performance in ten leadership areas relating to board meetings (see Figure 10).

Figure 10: Board Meetings (sorted by highest to lowest mean score)



Issues and Priorities

Issues and Priorities

Board member verbatim responses to four open-ended questions about the board's issues and priorities are listed below, grouped by key theme when possible.

Issues That Should Occupy the Board's Time and Attention in the Next Year

Changing Reimbursement and Its Impact on Financial Stability

- Changes in reimbursement (2).
- Better understanding of how payment changes will potentially affect our financial performance, and thereby affect our ability to continue to achieve our mission.
- How insurance changes are impacting our patients and ultimately our bottom line.
- Decreasing reimbursement.
- Changes in Medicaid reimbursement.

The Federal Health Care Environment and Impact of Changes to the ACA

- How federal health care reform (however it develops) may affect our financial condition and ability to successfully compete in the market.
- What may happen with the ACA. Medicaid coverage is a big deal for our patients.
- What's happening in Washington D.C.?
- Impact of changes to the Affordable Care Act.
- Federal health care environment.

Improving Community Partnerships

- What partnerships can we expand upon or what new partnerships can we form to better serve the community? Are there opportunities we are missing out on because we aren't partnering? Are there opportunities for economies of scale if we work with other community organizations?
- Improved community partnerships and relationships.

Increasing Focus on Quality and Patient Safety

- Quality and patient safety.
- Quality and patient safety improvement.

Other

- Shift from inpatient to outpatient - how well-situated are we for this change? Are we leaning into it so we can shift our customer base, or are we continuing to rely on inpatient income in a way that isn't sustainable in the long-term?
- Ensuring a board-wide understanding of the most important factors that will affect our success, and a commitment to focus on those factors throughout our governance discussions.
- Improved physician relationships.

- Board member recruitment.
- Conflicts of interest.

Highest Priority for the Board in the Next Year

Staying Informed of Current Trends and Changes in the Health Care Environment

- Better grip on the current issues at hand and how we can think outside the box to situate our organization for long-term success. What are we missing that we should build into our strategic thinking?
- Improve our understanding of the changes in health care and how they will affect the hospital, our employees and communities we serve.
- Stay informed of the changes and trends in the health care environment.

Strengthening Board Member Engagement and Strategic Thinking

- Determine ways to improve the overall performance of the entire board in carrying out its fiduciary responsibilities, and strengthening the capacity of every board member to be a well-informed, participative board leader.
- We should better engage all board members in thinking more strategically about how we can maximize our value as a community health asset.

Increasing Focus on Quality and Patient Safety

- Increased focus on quality and patient safety.
- Greater focus on quality.

Other

- Improve our ability to see into the future, and explore different responses to potential scenarios that may play out.
- Address conflict of interest and confidentiality.
- Changes in reimbursement. How can we use these shifts to our advantage?

Most Critical Actions for the Board to Ensure the Organization Successfully Achieves its Goals

Improving Relationships Within and Outside the Hospital

- Strengthen board/CEO communication and relationships.
- Improve our board cohesiveness.
- Improving board/medical staff relationships.
- Focusing on understanding the needs of our medical staff and community partners.

Ensuring that the Board is Highly Knowledgeable About Current Trends to Make Evidence-Based Decisions

- Continue to ensure that we're all highly knowledgeable about local, state and national trends, and that we talk about these trends in a way that leads us to forward thinking and evidence-based decisions.

governWell™

Better governance. Better healthcare.

Illinois Office

332 S Michigan Ave

Chicago, IL 60604

630-613-7580

blorsbach@governwell.net

Oregon Office

31090 SW Boones Bend Rd

Wilsonville, OR 97070

503-694-8539

larry@governwell.net

governwell.net