

North York General Hospital's Board Governance Journey

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This article explores the Board Governance Journey that North York General Hospital (NYGH) undertook as part of the transformation phase of the Health Transformation Learning Partnership (HTLP) Project.

Background

The HTLP Project is an innovation project in the Ontario healthcare sector that operated from February 2008 to September 2011. The Project was led by the Institute of Public Administration of Canada (IPAC) and supported by the Government of Ontario. It involved the transformation of three healthcare organizations, NYGH, York Central Hospital (YCH) and the South East Community Care Access Centre (SE CCAC) using organizational transformation techniques including the development of balanced scorecards, strategy maps, accountability agreements, and process improvements, to improve quality and safety within the organizations, and to enhance their ability to respond to changes in their environment.

Introduction

With the introduction of the *Excellent Care for All Act, 2010* (ECFAA) in Ontario, governance in healthcare and its impact on quality has taken on a new significance. Under the ECFAA, healthcare boards need to strengthen their capacity to address quality as a core business strategy. The ECFAA is about empowering Boards to oversee quality and safety of their organizations.

The role of monitoring quality and safety is a relatively new focus for Boards. The roles of healthcare boards in Ontario have historically been general organizational oversight, policy development, community relations, access and advocacy for more resources, fundraising and finance. In most cases, anything to do with quality of care has in the past been delegated to medical and professional staff, the former typically responsible for quality and safety and the latter for administrative, financial and operational matters.

The new legislation calls for the creation of a Quality Committee of the Board that will report to the Hospital Board on quality and related issues. The Quality Committee will oversee the preparation of the legislated Quality Improvement Plans (QIP).

Boards Do Have an Impact on Quality

There is increasing evidence that effective governance can have a direct impact on higher quality care. Research today shows that few board members have the skills, experience or knowledge of what quality board activities in healthcare look like. Added to that is the

limited availability of educational resources and few examples of high performing quality driven boards in Ontario.

In a January 2010 report *Effective Governance for Quality and Safety in Canadian Healthcare Organizations*, published for the Canadian Health Services Research Foundation (CHSRF) and the Canadian Patient Safety Institute (CPSI), the authors identify five critical levers that will assist boards in their quality and safety pursuits to govern more effectively.ⁱ

- Boards need to improve their basic governance skills. High performing boards should be able to identify and interpret information applicable to achieving the outcomes for which they have oversight. Skilled board members ask good questions and know when sentinel eventsⁱⁱ have occurred in the organization. They understand how to work with management to properly disclose and learn from these events. They partner effectively with management without micromanaging organizational affairs, participate in rigorous dialogue and debate before board decisions are made and always maintain an attitude of healthy skepticism, respect, candor and trust.
- Boards need to improve their expertise with respect to quality and patient safety. They need to seek out individuals with expertise in these areas or similar experience in other sectors to serve on or advise the Board. Governments should strengthen existing educational programs and develop new resources to promote excellence in governance with special emphasis on quality of care and patient safety domains.
- Boards need relevant and timely, quality and patient safety data, to monitor current performance, inform their planning and guide strategic improvements. Governments, quality councils and other subject matter experts should work with key stakeholders to develop a database of appropriate quality and safety measures or select a few “big dot” high-level indicators that could be measured across similar types of healthcare organizations.
- Boards need to work with management to develop quality plans as part of the broader strategic plan with specific quality and safety goals.
- Boards need to nurture strong, trusting relationships with medical staff and senior leadership.

This concept is sometimes referred to as, ‘*boardroom to bedside*’.ⁱⁱⁱ Boards need to be aware of what is occurring within the hospital, so that they can govern effectively. One caution is to ensure that Boards recognize the difference between becoming over involved. The phrase *noses in and fingers out* sums up the difference. The Board has the right and the responsibility, on behalf of the owners, i.e., the taxpayers, to ask the tough questions, ensure good measures and metrics are being used, and monitor the results.

The Board appoints both the CEO and the COS and therefore has the responsibility to hold them accountable for quality and safety results.

The Balanced Governance Scorecard

In order to achieve alignment and synergy within an organization, best practice suggests that there can be a common language and framework that links the board, the CEO, and senior and middle management, to provide the support frontline service providers require in order to be successful at meeting the organization's goals.

Balanced governance scorecards are a methodology and process that enables boards to evaluate their own performance – as a group and as individuals – in alignment with the corporate scorecard. The governance scorecard outlines the strategic responsibilities of the board with the understanding that good governance makes a proven contribution to the successful operational performance of an organization.

As part of the transformation work of the HTLP Project, NYGH developed a balanced governance scorecard.

Governance Renewal at NYGH

North York General Hospital began its journey to create their first hospital governance scorecard in order to further strengthen its approach to executing strategy. NYGH began its transformation journey in the wake of two major events: handling a deficit of \$23 million, and finding itself at the epicentre of the SARS crisis in Canada. The post-SARS era had left the hospital with concerns regarding the patient experience, quality, safety and cost efficiency. It had also left board members uncertain of their value-added role pertaining to patient experience, quality and cost efficiency.

Dunbar Russell, Chair of the Board of Governors, and Chair of the Quality Committee during the development of the scorecard stated, during the first of two OHA webcasts as part of this Project, that, *“This [the aftermath of SARS] left us with some concerns regarding our patients’ experience, our quality, our safety and the efficiency of the hospital.”*

Russell noted that when he joined the Board, *“I think the best way of talking about Board members is the balcony perspective ... because trustees are more emotionally distant from the day-to-day action of the organization, they are often in a better position to see things from a balcony perspective.”* At the same time Russell notes, *“But those of you who know about Boards realize that it’s kind of like an iceberg. You only see what’s above the water and you don’t see the eighty percent that’s underneath... and if you’re like I was when I joined the Board, with no experience in a hospital at all, just a businessman, I wondered, if I didn’t understand what I was looking for, how could I make a contribution?”*

Dunbar Russell makes the point that hospital boards face the challenge that members are volunteers. NYGH holds ten Board meetings a year, which are two hours in length. There are also ten committees for a total of two additional hours each. In total, forty hours for

Board meetings, and perhaps another forty hours for preparation, is the normal time requirement for Directors. In contrast, a large corporation may see its Directors spending 300-350 hours a year. *“Our Boards of Governors are spending 80 hours to try to do the job in terms of their fiduciary responsibilities that in the private sector world, Directors would be spending 300 and 300 + on,”* continues Russell. He notes that, *“Board members want to feel that they’ve made a contribution and in fact that’s why they’re there. And not only this, how do they add value in a limited amount of time?”*

Where did the Board Begin?

The Board formed a 13-member governance renewal task team led by Dunbar Russell. It included Board members and staff, including the CEO, senior staff members and the Chief of the Medical Advisory Committee. Its aim was to produce an initial framework of a governance scorecard. It used the methodology the partners had followed to develop and execute strategy as part of this Project – a Strategy Management System. *“And like any good project, we used a system and a process. And that process is called the Strategy Management System,”* says Russell.

At the outset, the team considered who the Board’s stakeholders are and what was changing in the stakeholder environment. By stakeholders the Board meant, members of the community, patients and families, management, hospital staff, physicians, Local Health Integration Networks (LHINs), governments, and other healthcare providers. The Board assessed the needs of each group of stakeholders, and how these needs are changing over time. *“We assessed each one individually and asked where are they now and what are their concerns likely to be over the next three to five years.”*

The Board also assessed its own performance. It developed a summary document highlighting an assessment of the environment along with the constraints and weaknesses that the Board has in interacting with it.

After completing a thorough environmental assessment, the NYGH Board identified eight strategic imperatives as a starting point for clarifying its roles at a strategic level. The eight priority areas identified were, to:

- Oversee the delivery of high quality care and the highest standard of patient safety in their community,
- Ensure that NYGH has an effective relationship with the Central Ontario LHIN and the MOHLTC,
- Maintain fiscal health,
- Ensure a culture of high performance by setting the tone at the top, to be an organization with high employee satisfaction, a collaborative spirit and a mindset of continuous improvement,
- Board structures and functions must be consistent with best practices for: board size, composition, number of committees, duration and frequency of meetings,

- orientation, continuing education, accountability of community representatives, evaluation, succession planning and code of conduct,
- Continue execution of its risk management plan,
- Encourage strong relationships with physicians and other healthcare professionals at NYGH, and
- Focus on talent management.

These eight strategic priorities were then further refined into destination or end statements, which the Board aspired to achieve within the next two to five years. Essentially, the Board considered what the hospital should look like in five years.

Next, the Board listed the necessary processes required to achieve those ends, including the staff, culture, leadership and information supports that would enable their achievement. Destination statements were then converted into objectives, grouped by themes and translated into a strategy map as seen in Figure 1. The strategy map provided the guide the Board needed to begin moving the hospital forward. Dunbar Russell notes that the Board's visionary statements consisted of 125 visionary descriptions clustered around 25 themes, eventually condensed into one statement.

These 25 themes were then sorted into three categories:

- Outputs, such as quality of care outcomes,
- Processes which would result in those outcomes happening, and
- A set of visionary statements called enablers. The most important of these were then selected and this started the base of the governance scorecard.

Throughout the early part of 2008, the Renewal Committee began to populate a governance scorecard with strategy map objectives. It worked to develop corresponding strategic initiatives, measures and targets for each objective. This most intense level of effort took place over a period of approximately 15 months from start to finish.

"We spent a great deal of time asking, where do we want to be? And then, based upon that, we then moved to the strategic objectives to get there: how we were going to measure what we really meant by these objectives and what kind of targets that the hospital should have in terms of getting there. And this, in essence, is the bulk of the scorecard, the Balanced Governance Scorecard," continues Russell.

As part of the governance renewal process, NYGH also took a hard look at its Board's structure. Many boards look to structural changes as the first step in renewal. However, *"The reality,"* write Kaplan and Norton in *The Execution Premium*, *"is that structure needs to be aligned once the strategy has been defined."* Intent on designing a Board structure aligned to the outcome objectives in their scorecard, the task team abolished a number of former committees that had no link to their newfound strategy or governance goals. Russell continues that, *"Before we started this exercise, we had a Strategy*

Committee. It was eliminated. We had a Communications Committee that evolved from SARS. It was eliminated.”

All committees of the Board at NYGH described in Figure 2 have a Terms of Reference, a Workplan and a Reporting Structure to the Board. The Board Quality Committee is linked to the Hospital Quality Committee. After a quality or safety event occurs at NYGH, it is analyzed and discussed at the Hospital Committee level first. These incidences can range from drug errors and misdiagnoses to severe mould problems. Incidents are then summarized for the Board Quality Committee as a means to assist them in their oversight role by breaking the incident down to identify the required change or the improvement needed. This is what NYGH calls their ‘*bedside to boardroom*’ approach to quality.

In summing up the balanced governance scorecard journey, Dunbar Russell continues, *“In implementations, it’s not about the scorecard but it’s about improving governance processes: institutionalizing a system that lasts well beyond the various people that were responsible for designing it, aligning governance and hospital processes, and using the scorecard to implement Board initiatives through the appropriate committee.”*

Russell also pointed out that there were a number of key outcomes from the development of the balanced governance scorecard. The first key outcome was that there was alignment between the balanced governance scorecard and the organization’s strategy. The governance scorecard also identifies the added value opportunities for the Board. Russell notes *“for instance, in a meeting coming up, we will spend half a board meeting on quality issues and hopefully our Senior Team will walk away saying that we learnt a few things or there were good learnings through this and that the Board can add value.”*

As a result, there is a much more focused use of time. *“We were very stringent about our 20 hours of Board time and so the Board agendas align very heavily to the Governance Scorecard and therefore we’re using our Board members’ time well.”*

There is a common language and common framework between the board and management. Finally, the organization is more resilient. *“This whole process ... is ingrained in the organization and it just keeps on moving along.”*

The HTLP Project and its Impact on Quality and Safety at the Governance Level

Much is expected of hospital and other healthcare boards in Ontario as they move to oversee the work of the Quality Committees. How do boards become better informed in order to enable them to meet these new challenges? The Project Team sees an important link between the outcomes of this Project, and the ability of board members to meet these new requirements.

The development of a strategy management system within a healthcare organization can enhance the ability of the board to oversee quality by providing the board with clear targets, measurable outcomes and good information. Targets and metrics in the scorecard

provide boards with information on outcomes within the hospital/healthcare organization. They also connect these outcomes to provincial and regional priorities, enabling directors to see the bigger picture.

If the board is able to develop a strategy map and balanced governance scorecard, this process is taken further to include targets and goals for directors and the board in this process. These tools developed to enhance governance can assist the board in defining and monitoring quality standards. An appropriate level of support is necessary to support the board in the development of the scorecard, and in its role in overseeing quality within the organization.

The role of the Office of Strategy Management (OSM), for example, is key to coordinating the efforts of the CEO, senior management and the board. In terms of the governance scorecard, the OSM plays an important monitoring and reporting role. The OSM oversees all strategy-related activity encouraging and supporting the desired results of the transformation. This office is a permanent unit at the corporate level usually at the vice-president level. Becoming an important function in high performing organizations, the OSM keeps all levels of an organization focused on strategy with the purpose of yielding ongoing high quality outcomes. This office also ensures organizational accountability with oversight for individual performance agreements or personal scorecards that outline individual responsibilities for achieving organizational outcomes. It can be viewed as the link between strategy development and strategy execution, and provides one location where strategy is the focus. The OSM enables strategy to be continually refined, monitored and measured.

Having both a balanced scorecard at the operational level, and at the governance level, provides an alignment between management and the board. It enables both groups to work together to steer the organization. In the case of the North York General Hospital, this approach has proven very effective.

Figure 1: NYGH Governance Strategy Map (2009)^{iv}

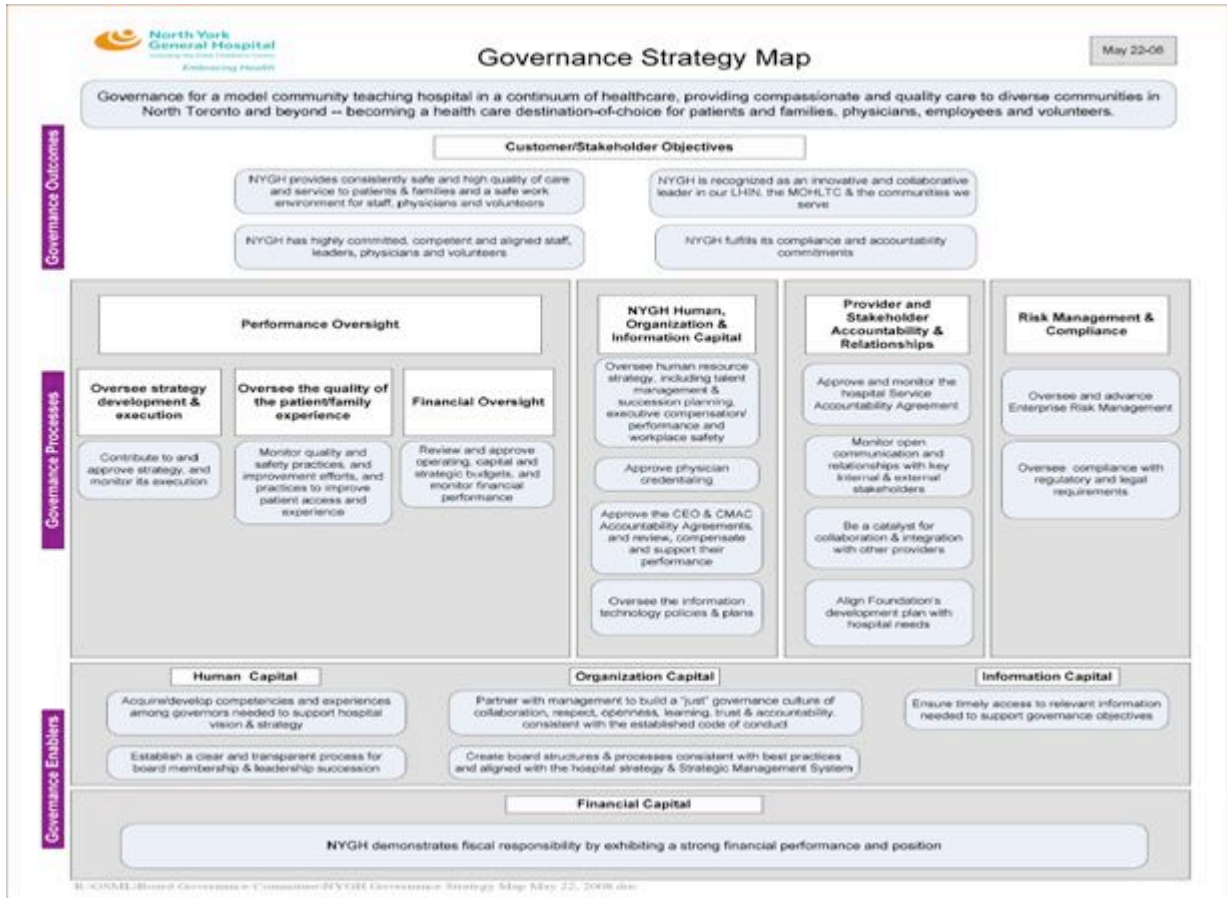


Figure 2: NYGH Board Structure

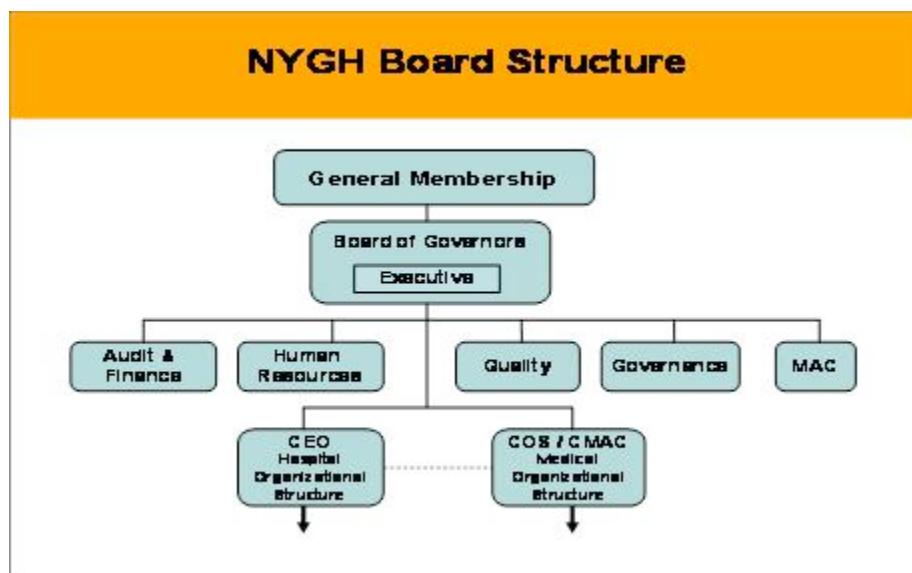


Figure 3: NYGH Balanced Governance Scorecard

Board Performance Report

Governance Balanced Scorecard – Board Performance Report - May 2010							● Target met (100%) ● Target not met (< 90%) ● Target almost met (90-99%) ○ Results pending
PERSPPECTIVE	OBJECTIVES	MEASURES	TARGETS	Cttee	June 2009	2010 Results	
Governance Outcomes							
Customer/ Stakeholders Outcomes	<ul style="list-style-type: none"> NYGH provides consistently safe & high quality of care & service to patients & families (& a safe work environment for staff?) CS01 	<ul style="list-style-type: none"> HSMR (preventable deaths percentile) 	<ul style="list-style-type: none"> Less than or equal to 95 (performance corridor 96-100) 	Qual		97 Within performance corridor but not less than 95	
	<ul style="list-style-type: none"> NYGH is recognized as an innovative & collaborative leader in our LHIN, the MOHLTC & the communities we serve CS02 	<ul style="list-style-type: none"> Board satisfaction with recognized community, innovative and collaborative projects involving strategic partners. 	<ul style="list-style-type: none"> 100 % good to excellent 	Exec		100%	
	<ul style="list-style-type: none"> NYGH has highly committed, competent & aligned staff, leaders, physicians & volunteers CS03 	<ul style="list-style-type: none"> Engagement survey: <ul style="list-style-type: none"> Employees Volunteers Physicians 	<ul style="list-style-type: none"> 5% higher on overall question from previous survey 	HR MAC		Engagement Survey launched week of May 17, 2010	
	<ul style="list-style-type: none"> NYGH fulfills its compliance & accountability commitments CS04 	<ul style="list-style-type: none"> Percent of Service Accountability Agreement targets met 	<ul style="list-style-type: none"> 100% 	Exec		Below target for surgery volumes and ED Wait Times	
Governance Processes							
Performance Oversight	Strategy Development & Execution						
	<ul style="list-style-type: none"> Contribute to and approve strategy, and monitor its execution P01 	<ul style="list-style-type: none"> Board satisfaction with involvement in strategy development and with performance reports & review process 	<ul style="list-style-type: none"> 100% good to excellent 	Exec		100%	
	Quality of the Patient/Family Experience						
	<ul style="list-style-type: none"> Monitor quality & safety practices and improvement efforts, and practices to improve patient access & experience P02 	<ul style="list-style-type: none"> Board satisfaction with quality, safety, access & experience reviews 	<ul style="list-style-type: none"> 100% good to excellent 	Qual		95%	
Financial							
<ul style="list-style-type: none"> Review & approve operating, capital & strategic budgets, and monitor financial performance P03 	<ul style="list-style-type: none"> Board satisfaction with budget processes and with the reviews of financial performance. 	<ul style="list-style-type: none"> 100% good to excellent 	Fin & Aud		100%		
NYGH Human, Organization, & Information Capital	<ul style="list-style-type: none"> Oversee human resource strategy, including talent management & succession planning HO1 	<ul style="list-style-type: none"> Board approved CEO succession plan and talent management plan for senior management 	<ul style="list-style-type: none"> Annual 	HR		CEO Succession Plan approved Talent management Program implemented & being monitored	
	<ul style="list-style-type: none"> Approve physician credentialing HO2 	<ul style="list-style-type: none"> Board satisfaction with the physician credentialing process 	<ul style="list-style-type: none"> 100% good to excellent 	MAC		100%	
	<ul style="list-style-type: none"> Approve the CEO & CMAC Accountability Agreements, and review, compensate & support their performance HO3 	<ul style="list-style-type: none"> Approved CEO & CMAC Accountability Agreements. Annual performance reviews for CEO & CMAC completed & documented. 	<ul style="list-style-type: none"> Annual Annual 	Exec		CEO & CMAC Accountability Agreement developed. Objectives are aligned with Strategy and reviewed by Executive Committee and Board Chair Template for AAs being refined further	
	<ul style="list-style-type: none"> Oversee the information technology policies & plan HO4 	<ul style="list-style-type: none"> Board approval of the information technology policies & plan 	<ul style="list-style-type: none"> Annual 	All & Exec**		E-Health Plan approved	
Provider & Stakeholder	<ul style="list-style-type: none"> Approve & monitor the hospital Service Accountability Agreement PSA1 	<ul style="list-style-type: none"> Approved negotiated SAA 	<ul style="list-style-type: none"> Annual 	Fin & Aud		SAA approved	

Board Performance Report

Accountability & Relationships	<ul style="list-style-type: none"> Monitor open communication & relationships with key internal & external stakeholders PSA2 	<ul style="list-style-type: none"> Board satisfaction with the communication & relationships with key internal and external stakeholders 	<ul style="list-style-type: none"> 100% good to excellent 	Exec		95%	
	<ul style="list-style-type: none"> Be a catalyst for collaboration & integration with other providers PSA3 	<ul style="list-style-type: none"> Number of aligned system integration projects 	<ul style="list-style-type: none"> 3 	Exec		7 completed for 09:10; Post Coronary, Prostate Centre, Thoracic Surgery, Volumes, Sleep Lab, Shared Microbiology, Plexus and Community Agencies NYGH Collaborative Completed	
Risk Management & Compliance	<ul style="list-style-type: none"> Align Foundation's development plan with hospital needs. PSA4 	<ul style="list-style-type: none"> Board approved "Memorandum of Understanding" with Foundation. 	<ul style="list-style-type: none"> Annual 	Exec			
	<ul style="list-style-type: none"> Oversee & advance Enterprise Risk Management RSM1 Oversee compliance with regulatory & legal requirements RSM2 	<ul style="list-style-type: none"> Board approval of risk management plans and practices Board satisfaction of management reports on the status of compliance & improvement efforts 	<ul style="list-style-type: none"> Annual 100% good to excellent 	All & Exec**		ERM Plan approved	
Governance Enablers							
Governance Human Capital	<ul style="list-style-type: none"> Acquire/develop competencies and experience among governors needed to support the hospital vision & strategy G1 	<ul style="list-style-type: none"> Implementation of Board competency enhancement plan 	<ul style="list-style-type: none"> Executed Plan 	Gov		Plan Executed	
	<ul style="list-style-type: none"> Establish a clear & transparent process for Board membership & leadership succession G2 	<ul style="list-style-type: none"> Implementation of approved governance, recruitment, nomination, & election processes applied in appointing new members & chair positions. 	<ul style="list-style-type: none"> Executed Plan 	Gov		Policies and guidelines developed	
Governance Organization Capital	<ul style="list-style-type: none"> Partner with management to build a "just" governance culture of collaboration, respect, openness, learning, trust & accountability, consistent with the established Code of Conduct G3 	<ul style="list-style-type: none"> Board and Management assess overall governance culture 	<ul style="list-style-type: none"> 100% good to excellent 	Gov		90 %	
	<ul style="list-style-type: none"> Create Board structures & processes, consistent with best practices & aligned with the hospital strategy & Strategic Management System G4 	<ul style="list-style-type: none"> Board members (& Strategy Team?) satisfaction with: <ul style="list-style-type: none"> Board meetings Clarity of Board roles & responsibilities (& objectives, metrics, targets & initiatives) Efficiency & effectiveness of overall Board & Board Committees (e.g. utilization of time & competencies discussion, decision protocols, etc) Level of engagement of members (by theme/ task, etc) Board size, composition, quality Board committees & structure Board satisfaction with Board briefings, accessibility of information, etc. 	<ul style="list-style-type: none"> 100% good to excellent Best practice Best practice 	Gov		100%	
Governance Information Capital	<ul style="list-style-type: none"> Ensure timely access to relevant information needed to support governance objectives G5 	<ul style="list-style-type: none"> Actual vs. budget financial performance 	<ul style="list-style-type: none"> Net bottom line >0 	Fin & Aud		100%	
Financial Capital	<ul style="list-style-type: none"> NYGH demonstrates fiscal responsibility by exhibiting a strong financial performance & position F1 	<ul style="list-style-type: none"> Actual vs. budget financial performance 	<ul style="list-style-type: none"> Net bottom line >0 	Fin & Aud		Net bottom line > 0 Surplus at operating line; minor deficit at bottom line	

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ⁱ Baker, *op.cit.*

ⁱⁱ As Defined by Accreditation Canada, a sentinel event is an adverse event that leads to death or major and enduring loss of function for a recipient of healthcare services. See www.accreditation.ca/.../ROP-Handbook-April-2010-EN.pdf

ⁱⁱⁱ Michael Heenan, Haajra Khan and Dorothy Binkley, *From Boardroom to Bedside: How to Define and Measure Hospital Quality*, Healthcare Quarterly 13(1), also, www.healthcareleadershipconference.ca/.../From_Boardroom_to_Bedside_-_CCHSE_2009_-_Heenan_-_Final%5B1%5D.pdf

^{iv} Janak Jass, VP Strategy and Organizational Performance, NYGH, September 2010, IPAC Resilience Conference, Slide 7 of 17