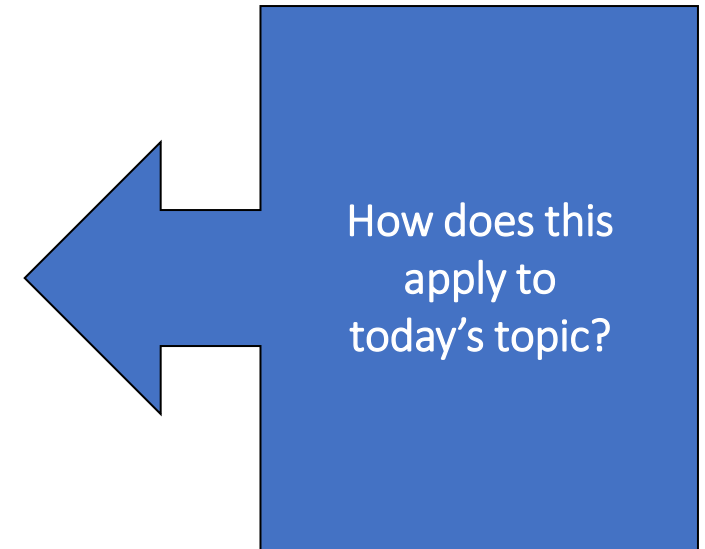




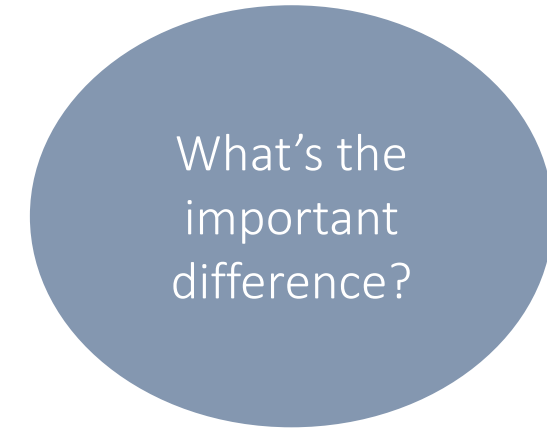
Governance in the US Healthcare Industry

Mosiah 29 from the Book of Mormon

16. Now I say unto you, that because all men are not just it is not expedient that ye should have a king or kings to rule over you.
17. For behold, how much iniquity doth one wicked king cause to be committed, yea, and what great destruction!
18. Yea, remember king Noah, his wickedness and his abominations, and also the wickedness and abominations of his people. Behold what great destruction did come upon them; and also because of their iniquities they were brought into bondage.
25. Therefore, choose you by the voice of this people, judges, that ye may be judged according to the laws which have been given you by our fathers, which are correct, and which were given them by the hand of the Lord.



Types of Boards



Advisory Board: A body that provides *non-binding strategic advice* to the management of a corporation, organization, or foundation.

Governing/Fiduciary Board: An organized governing body, or equivalent, that has *ultimate authority and responsibility for the operation of the organization* (e.g., Board of Trustees, Board of Directors, etc.)



The Association of Governing Boards Explains...

“Under state statutory and common law, officers and board members are fiduciaries and must act in accordance with the fiduciary duties of care, loyalty, and obedience.

A fiduciary is someone who has special responsibilities in connection with the administration, investment, monitoring, and distribution of property—meaning the charitable or public assets of the institution, as well as intangible assets such as its reputation and role in the community.”

The Concept of “Fiduciary”

Latin “fiducia” meaning “trust”

Trusted with the assets of another and **legally responsible to act solely in the best interests of the person(s) who owns the assets**



The Concept of “Fiduciary”

A Governing Board member has the fiduciary (trust) relationship with the hospital or other provider organization. The word “trustee” represents that relationship. A trustee’s fiduciary duties to the organization are:

Duty of Obedience

- To ensure that the organization is operating in furtherance of its stated purposes (as set forth in its governing documents) and is operating in compliance with the law.

Duty of Care

- To carry out responsibilities in good-faith and using that degree of diligence, care, and skill which ordinarily prudent persons would reasonably exercise under similar circumstances in like positions. Accordingly, a board member must act in a manner that he or she reasonably believes to be in the best interests of the institution.

Duty of Loyalty

- To act in good-faith and in a manner that is reasonably believed to be in the interests of the organization and its purposes rather than their own interests or the interests of another person or organization. The fiduciary must not act out of expedience, avarice, or self-interest.

Five Principal Roles and Responsibilities of a Healthcare Governing Board

1. Establish **Mission and Vision** (strategic direction) of the organization
2. Establish **Policies and Procedures**
3. Hire, orient, compensate and manage the **Chief Executive Officer**
4. Guarantee and **protect the fiscal viability** of the organization
5. Guarantee the **quality of healthcare** services
 - **Credential and privilege physicians** – EXTREMELY IMPORTANT

Are Governing Boards responsible for day-to-day operations?

Are Governing Boards responsible for patient care?

Common Questions

- How are Governing Board members selected?
- How long do Board members serve?
- How much are Board members paid?
- Why would someone want to serve in that capacity?
- What kind of training do Board members receive?