using the board quality committee to drive the value proposition

In today’s healthcare environment, every hospital or health system board committee should play a role in enhancing value. Given the direct relationship between better quality and lower costs, the board quality committee can provide strategic oversight for quality improvements that also boost the bottom line.

Here are five proven approaches to putting the board quality committee in a position to improve not only quality performance, but also financial outcomes.

**Go Beyond the Minimum**

Hospital leaders should insist on having a quality and safety program that is as aggressive as they expect a finance program to be. The quality measures used by the Centers for Medicare & Medicaid Services should be considered the bare minimum for such a program because improvement on these measures will raise quality only for some patients, not the majority.

The measures that are examined also should include those that relate to patient outcomes in the 10, 15, or even 20 highest-volume conditions in a hospital’s population. Including such measures in the quality committee’s analysis focuses the organization and its resources on the most common complications and readmissions, especially those that drive financial performance. Keep in mind that clinical-improvement teams reduce the number of patient complications and that the cost of care decreases by $10,000 per complication avoided, on average.1

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**Seek a Wide Range of Expertise**

A high-performing board quality committee includes experts in clinical improvement, safety, lean, and the patient experience—the four quality domains—plus a CFO who can translate improvements into dollars and cents.

I like to recruit quality experts from external organizations that are known for outstanding quality performance and have programs that contribute to the value proposition. A strong candidate might be one who has led an effective quality program credited with saving an organization $25 million over several years, for example, or who has helped an organization reach the 90th percentile in measures of patient experience and gain market share as a result. What better way to learn than from those who have designed and executed a blueprint for success?

These individuals bring an external perspective, different experiences, and expert knowledge that can be very helpful at board meetings. They provide input to the annual quality plan, offer insightful suggestions throughout the year, and challenge the organization to excel. In my travels, few committees have members with technical expertise in quality and safety, and few have a CFO as a standing member. These additions can make a quality committee highly effective and spur remarkable improvement in organizational performance.

**Continually Educate Members**

Quality committee members should maintain up-to-date knowledge of the four quality domains, including how they are affecting the organization’s financial performance, in much the same...
way members maintain awareness of the institution’s overall financial health. Finance leaders can play key roles in fostering the understanding among committee members that better quality contributes to lower costs.

I recommend that organizations hold annual committee retreats or send committee members to appropriate training. Education also can be part of every committee meeting and should include concrete examples of how improved quality and safety directly affect financial performance. Again, this is where the CFO and finance team can play a very visible role in moving the quality and finance agendas forward in unison. The payoff is a well-educated and engaged committee that holds meaningful discussions and provides guidance to improve organizational performance. It’s an investment that pays dividends year after year.

**Ensure the Identification of Quality Priorities**

The board quality committee, in partnership with administration and medical leadership, should establish the organization’s quality priorities each year. These priorities are then included in the strategic plan and the annual quality plan, complete with goals and measurable targets.

For colleagues tasked with quality oversight, finance leaders can help determine priority projects based on patient volume and financial impact. This support ensures that projects improve financial performance as well as quality. Reviewing the annual quality plan at each year’s board retreat, where it can be vetted by the full board plus senior administrative and medical leadership, is critical. After all, a plan is most effective if it has been developed, reviewed, and approved by all facets of leadership. This level of buy-in and endorsement makes the annual goals attainable, and the impact of achieving those goals will contribute to the organization’s financial performance.

**Establish Accountability for Performance**

The board quality committee should be utilized to manage accountability for meeting year-end goals. I suggest publishing a reporting calendar for the most important quality and safety teams. For example, requiring team leaders to provide updates to the committee twice a year is a great source of motivation. Who wants to appear in front of a board committee and report that they have made little progress?

This approach also provides a forum for the committee to congratulate teams for hitting their targets or to help teams that are struggling. A committee with internal and external experts in the five aforementioned domains is a rich source of suggestions and troubleshooting help.

In my experience, team reporting to the board quality committee is critical. I’ve witnessed organizations that discontinued this practice, and the positive momentum of their teams—especially those that were driving huge financial improvements—suffered enormously.

**A Recipe for Success**

Board quality committees have varying levels of effectiveness. We’ve covered five surefire ways—including roles for finance leaders—to help this committee contribute to the value proposition. Many other tactics are effective, but in my experience, these five never fail to move the quality agenda forward and, in turn, reduce the cost of care.

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