

# Healthcare: From Good to Exceptional Governance

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**Abstract:** With respect to the health care dimensions of the public service, the capacity of a government to provide a good standard of health care is deemed one of the most important elements contributing to a country's standard of living. Universal access to health care, irrespective of one's ability to pay, is regarded as a basic human right in the developed world. Governance in a hospital setting concerns not only economic and financial dimensions, as there is a huge societal aspect associated with the provision of health care. In turn it could be argued that hospital governance takes a more institutional approach. As the concept of hospital governance has been broadened to include both financial and non-financial elements, its purpose is to enable a more integrated approach of supporting and supervising all hospital activities including clinical performance. Hospital governance is based on the two pillars of accountability and transparency. As the provision of health care is a 'social good' each group of stakeholders merit recognition of its interests. Resources are one of the most pressing issues in hospitals. Issues such as value for money, the reorganization of the health service and patient satisfaction has served to drive the governance process forward. These, in association with the accreditation process would appear to have put governance on the agenda of the health service and hospitals in particular.

## INTRODUCTION

According to the Millennium Development Goals—access to basic health care is central to the poverty reduction worldwide. Hospitals constitute a very significant part of the overall health care sector and they provide essential services to the public. Hospitals and health systems across the country struggle with issues of governance, particularly when it comes to care standardization and quality improvement. Establishing clear channels of communication and clear lines of accountability for the numerous committees, departments, facilities and business functions of a healthcare enterprise has proven to be an ongoing challenge.

Efficient governance of hospitals requires the responsible and effective use of funds, professional management and competent governing structures. By establishing and maintaining the public's trust, being good stewards of the community's resources, and ensuring high quality care Hospital Administrators can be an important asset on the governing board in fulfilling those duties. Administrators add the perspective of the patient care process as well as a unique understanding of family issues; they grapple with overall health care concerns such as staff shortages, patient safety and quality of care; and they are the most knowledgeable about diseases and new treatment modalities, as well as being aware of the ethical dilemmas posed by new technologies.

As a result of multiple developments in health care and health care policy, hospital administrators, policy makers and researchers are increasingly challenged to reflect on the meaning of good hospital governance and how they can implement it in the hospital organisations. Due to the unique societal position of hospitals—which involves a large diversity of stakeholders—Corporate governance can provide for a comprehensive 'frame of reference', to which the hospital sector will have to give its own interpretation. The duty of Management is to: help formulate strategy; steward the expenditure of public money; ensure probity and transparency; and appoint, monitor and support top management. Good governance is crucial for effective public services and improved social outcomes.

## HEALTHCARE GOVERNANCE

Governance is important work. How well it is done has significant consequences for health care organizations, the communities they serve, and their patients, medical staffs, and employees. A *technology* is a set of principles for solving problems and seizing opportunities.

Health care organization success depends on the quality of three of them: **Management technology:** Principles that help executives deploy an organization's resources in ways that accomplish goals; **Clinical technology:** Principles that help medical professionals promote health, prevent disease, and provide caring and curing services to patients; **Governance technology:**

Principles that help management effectively balance and represent the interests of stakeholders, to whom the organization belongs. Managerial and clinical technologies are far more developed and sophisticated than the technology of governing. Yet a lot is known about boards and how they can more efficiently and effectively solve problems and seize opportunities in ways that enhance an organization's success.

Charles Darwin observed that in challenging environments where resources are scarce, if an organism has even a tiny edge over others, this advantage is amplified over time. He noted, in *On the Origin of Species*, that a few grains of sand tip the balance, determining who thrives and who dies. Principle-based governance can tip a health care organization's balance toward success. Hospital Directors have to embody and express the values and ethos of the organisation and have the ability to strike the right note in a variety of situations. Nolan's principles of openness, honesty, probity and accountability are hard to improve. A hospital must have really strong clinical and corporate governance structures, led from the top but with universal reach and a performance, monitoring and reporting system that gives a comprehensive picture of clinical activity and performance. That way any adverse trends are picked up quickly and corrected.

**The main obstacles to achieving good governance include unwillingness to accept challenge; tolerance of poor performance and failure to listen to what others tell you.** Principles of 'good governance' could be applied to health care management to achieve excellence: knowing what governance is, achievement of strategic ends, unity of direction, unity of command, unity of accountability and responsibility, self-improvement and quality management and understanding the cost of governance.

## HOSPITAL EFFICIENCY TASK FORCE

The principles of good corporate governance of hospitals include Effective and Efficient Board Structures and Processes, Long-range planning, financial oversight and Quality oversight. The importance of establishing a Strategic Plan comprising a mission and/or vision statement, a set of core values; a list of communities and health needs to be served; a description of programs and services to be offered; and plans for achieving program and service goals. The Strategic Plan and its components once adopted, management has a responsibility to develop an Operational Plan that translates into specific tactics and activities to be initiated in the next fiscal year.

## BRICK BY BRICK: DELIVERING GOOD GOVERNANCE

Governance is essentially a reform package to strengthen the institutions of government and civil society with the objective of making government

more accountable, more open, transparent, more democratic and participatory. Good governance is also about effective and equitable government that promotes rule of law. Standards of Good Governance include participatory approach, sustainable, legitimate and acceptable to the people, transparent, promotes equity and equality, able to develop the resources and methods of governance, tolerates and accepts diverse perspectives, able to mobilize the resources for social purposes, strengthens indigenous mechanisms, operates by rule of law, efficient and effective in the use of resources, engenders and commands respect and trust, accountable, able to define and take ownership of national solutions, enabling and facilitative, regulatory rather than controlling, able to deal with temporal issues and service oriented.

In a healthy growth model of a free democratic society, the Government is just one of the participants. The Government exists as one of the servitors in the service of the society. Indeed the awareness that government alone can neither solve all the problems of the society nor it is the only crucial actor in addressing major societal issues has dictated the need to look beyond Government. Interdependence and need to find solutions to societal problems call for greater collaboration between the government and civil society.

### MANAGEMENT OF SOCIAL CONFLICTS

No government, in the developing world, has the human and economic resources to overcome the poverty and inequality that are their legacies. If democracy and conflict free society is to be lasting, it is of the utmost importance that civil society should remain a strong component of everyday life. Governments need to build up partnerships with the private sector, NGOs, self-help groups, assistance agencies and the other organisations of civil society to define development needs and implement programmes.

During the twenty first century human survival may well depend on our ability to learn a new form of adaptation, one in which inter-group competition is largely replaced by mutual understanding and human cooperation. Curiously, a vital part of human experience – learning to live together – has been badly neglected. We have to learn to live together.

Corporate governance is the best-known form of governance and to date has focused primarily on private sector entities. More recently the governance phenomenon has spread to the public sector with particular attention being paid to resource allocation, expenditure programs and value for money. In turn, the governance processes of health care systems have also come under the spotlight. It is believed necessary to promote and ensure fairness, accountability and transparency within organizations. It has evolved continually over the years, has grown in sophistication and become more refined.

### GOVERNANCE IN THE PUBLIC SECTOR

A key element of the public sector is that services are provided for the public good, suggesting that the public sector would have a higher sense of purpose in what they do than the private sector. Another difference lies in the fact that people who use public services may not be 'willing customers' as may be the case with health care. Moreover, consideration should also be given to the fact that the public sector is not concerned with economics alone. A strong societal aspect comes into play and as such many argue that governance frameworks need to be tailored accordingly to take into account the complexities of this sector.

Over the years some countries have embarked upon privatization programs in an effort to reduce the levels of expenditure on the various elements of the public sector (such as education) and improve its efficiency. Despite this attempt at 'downsizing' the public sector of a country is still perceived as hugely important and questions as to its associated costs and efficiency levels still come to the fore. There have been moves made to reform the

governance practices and procedures of the public sector in many countries.

### GOVERNANCE IN HEALTH CARE

With respect to the health care dimensions of the public service, the capacity of a government to provide a good standard of health care is deemed one of the most important elements contributing to a country's standard of living. Universal access to health care, irrespective of one's ability to pay, is regarded as a basic human right in the developed world. Governance in a hospital setting concerns not only economic and financial dimensions, as there is a huge societal aspect associated with the provision of health care. In turn it could be argued that hospital governance takes a more institutional approach. As the concept of hospital governance has been broadened to include both financial and non-financial elements, its purpose is to enable a more integrated approach of supporting and supervising all hospital activities including clinical performance.

Indeed, the concept of hospital governance is relatively new. It is a shared process of top level organizational leadership, policy making and decision making of the Governing Body, CEO, senior management and clinical leaders...it's an interdependent partnership of leaders'. It is the process of steering the overall functioning and effective performance of a hospital by defining its mission, setting objectives and... having them realized at the operational level'. One of the key elements needed in order to achieve excellence in hospital governance is having a clear mission and an achievement-orientated culture in which to realise it.

The key principles of governance in the development and implementation of governance models in hospitals include: knowledge of what governance is, achievement of goals, Executive Management Team relationships, unity in direction, unity of command, accountability, ownership needs, self-improvement and understanding governance costs. Clinical governance is regarded as a framework used to improve the quality of the health care service provided. Its introduction on a formalized basis means that hospitals now have to report on issues of quality whereas previously there had only been financial accountability. The concept of clinical governance tries to improve the quality of healthcare provided through integrating the financial, performance and clinical quality aspects of a hospital. The main aim of clinical governance is to accomplish continuous quality improvement in a health care setting and is designed to consolidate fragmented approaches to quality improvement. It promotes an integrated approach towards management of inputs, structures and processes to improve...clinical quality'. Four main dimensions include professional performance, resource allocation, risk management and patient satisfaction. Other elements include: Patient involvement in service delivery, Staffing and staff management, Continuous professional development, Clinical effectiveness, Education and training, Using available information and Clear lines of accountability and responsibility for clinical care. Clinical governance can be viewed as a mechanism to facilitate multi disciplinary teams all working toward the same goal – the continuous improvement of the quality of care. It is hoped that these cooperative working practices will have a positive influence on both the behaviour of medical professionals and in turn the delivery of care.

**Hospital governance** is based on the two pillars of accountability and transparency. As the provision of health care is a 'social good' each group of stakeholders merit recognition of its interests. Resources are one of the most pressing issues in hospitals. Issues such as value for money, the reorganization of the health service and patient satisfaction has served to drive the governance process forward. These, in association with the accreditation process would appear to have put governance on the agenda of the health service and hospitals in particular.

## FROM GOOD TO EXCEPTIONAL GOVERNANCE

Providing better service; improving health care quality and patient safety; releasing information about the outcomes, costs and charges for care; securing public and stakeholder trust—these are just some of the demands on health care governing boards. There is increasing evidence that good governance at health care organizations is linked to better organizational performance. Accountability includes understanding traditional and emerging stakeholders and constituents and promoting transparency about the organization's performance. An important step while going the corporate way is changing the mindset of people. Leadership is very important here as it is necessary that the managers realise the significance of their mission and are focused towards the goal.

Though implementation of IT is still considered to be nascent in healthcare, as compared to other industries, hospitals are exploring IT to their maximum advantage. While adopting the corporate way of functioning, HR is in the forefront. This is where employees are scanned and are segregated as efficient and non-efficient. Here, hospitals are also required to find out multi-tasking employees, who can be trained further to shoulder more responsibilities and become leaders. Training the workforce is most important, so as not to waste the available manpower.

## THE NEXT GENERATION OF SOLUTIONS IN MANAGING HEALTHCARE

As we enter the 'next generation' of needs in managing healthcare, our unified, focused efforts have never been more needed. The face of healthcare is constantly changing, with technological innovations, new treatments, new laws, and new types of organizations arising almost daily. In addition to negotiating the day-to-day demands of a busy and complex organization, healthcare delivery leaders must also be able to evaluate and understand the impact of alternative care delivery models. The traditional way of delivering care is no longer enough.

Healthcare services available these days deploy high technology to satisfy both internal and external customers by continuously improving various quality parameters. Quality improvement in healthcare services is a complex and multidimensional task. Although various quality management tools are routinely deployed for identifying quality issues in healthcare delivery, there is absence of an integrated approach, which can identify and analyze issues, provide solutions to resolve those issues and develop a project management framework to implement and evaluate those solutions.

There is a need to develop a web-based network, connecting all health care establishments, in both private and public sector. When fully functional, all health care transactions will be recorded electronically and this data will be available in the health data vault to authorized users when they need it and where they need it. The Knowledge Network with gigabit capabilities may provide the backbone and network infrastructure on which the Health Information Network may ride. All the district nodal data repositories will connect with a state level data bank, which in turn will connect with a central data bank.

There should be active involvement of private and public health entities to effectively address the creation of this network, portals, electronic health records, health data vault, security, privacy and other related issues in future. The ready availability of information will accrue enormous benefits to public health planning, medical education, cost control, medical research, drug development, prevention of fraud, disaster management and improved patient care.

Medical education needs to take full advantage of the power of ICT. A

well-structured health informatics curriculum needs to be made an integral part of medical education at all levels. Basic ICT facilities, such as good quality access to Internet and e-Journals, need to be made compulsory for all medical colleges in the country. For capacity building, ICT tools should be effectively deployed to train the large number of health workers.

## MAKING THE HEALTH CARE DELIVERY SYSTEM ACCOUNTABLE

Accountability has become the fact of life for the health care delivery system. Appropriate measurement tools are needed to evaluate services, delivery, performance, customer satisfaction, and outcomes assessment. All employees bear responsibilities which necessitate assessment and analysis. Accountability will be accomplished when the health care industry implements quality and measurement concepts that yield the highest levels of validity and appropriateness for health care delivery. Performance measurement is fast becoming a way of life for health care providers in this age of increased accountability and outcomes reporting. A strategic plan and implementation of an effective performance measurement system will help to guide an organization to evaluate key processes and implement changes to improve patient care.

## A NEW DESIGN FOR HEALTHCARE DELIVERY

There is ample evidence that better care could be provided to more people at lower cost if care delivery were organized in a more sophisticated fashion. Medical science has advanced dramatically. Pioneers have reduced rates of hospital-acquired infections, falls, medication errors, and other complications - symptoms of fragmentation - by 90 percent and more, saving thousands of lives and hundreds of millions of dollars. It requires leaders to get into the nitty-gritty of patient care, finding deficiencies in current approaches, confronting professional norms and habits that overvalue autonomy, tolerate unscientific variation in practice, and undervalue cooperative behaviors, and making continual improvements. But a strong link exists between the moral obligation of universal care and the hard work of redesigning and improving healthcare processes. The paradigm shift in health care delivery is occurring and will continue. Understandings gained from enactment and institutionalization theory can be used by managers to create the health care organization of the future. Administrators can create new environments or establish new organizational forms that will put their organization in a leading, rather than following, position.

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