



*Strengthening Oklahoma's Safety Net,
One Community At A Time*

Board Bulletin

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Sound Policy Development: Critical to CHC Success

One of the primary responsibilities of CHC boards is to formulate and monitor policy that is consistent with the organization's mission and compliance requirements. Policies furnish a framework for future decision making, serving as a guiding force in dealing with recurring situations and potential threats. Unfortunately, most policy is developed in response to an adverse event. Learning from the "school of hard knocks" is usually painful and costly. Effective CHC boards study their environment and proactively formulate policy before a crisis occurs. When making policy, boards must consider financial and programmatic implications simultaneously. A monitoring process must then be developed so CHC boards can be assured that the CEO and management are properly implementing established policy. Routine review of the policies and procedures is necessary to ensure that the community needs are being met, the health center is responding appropriately to the changing environment, and laws and regulations are being followed. Sound policies help protect board members who demonstrate that duty of care, duty of loyalty, and duty of obedience have been exercised.

Policy Making Considerations

CHC board members must clearly understand policy decisions versus management decisions. Board members should be careful to never intrude into day-to-day operations (management decisions) but rather stay focused on broad regulatory and compliance policy development. Updating or instituting policy may be required to comply with new laws, accreditation standards or performance reviews. As organizations grow, boards must ensure that policies are appropriate for the operational size of the CHC. Policies that meet the needs of a \$2 million operation may be ineffective for a health center with a \$10 million budget. Technology also demands policy revision, particularly when security and confidentiality issues are at stake. Before making changes or instituting new policies, boards must review the following considerations identified in the National Association of Community Health Center (NACHC) Governance Information Bulletin #9 (August 2004):

- *What objectives, goals, or behavior is the health center attempting to promote?* Boards can look to strategic plans and input from management if the goals or behavioral issues are unclear.
- *Is a policy (or a change in policy) the appropriate solution? Is ineffective management implementation of existing policy the real problem?* Careful monitoring by the board helps identify root causes of problems.
- *What are the risks involved in establishing a policy and how can they be minimized?* Proactive thinking that involves review of possible scenarios and potential threats assists with risk management.
- *How will the board measure the effectiveness of a policy? What are the expected results? What are the indicators of success?* The monitoring process should include a policy evaluation component.
- *Is the proposed policy consistent with the CHC mission? If not, is the proposed policy change so important as to justify a fundamental change in the health center's mission?* The mission should not be changed flippantly as it expresses the CHC's core values and is also tied to the health center's tax exemption status.
- *Is the policy reasonable and/or practical? Is there anything arguably arbitrary, capricious or discriminatory in the policy? Does the policy adequately address the particular need it is meant to address?* Boards should work to develop policy that broadly addresses the identified problem but does not create additional problems by being too specific thereby 'boxing in' the health center.
- *Will the policy require changes to other health center policies?* Policies must be cross-referenced to ensure that all policies work in tandem and not against each other or contrary to the mission.
- *Can the policy be enforced and administered in a reasonable manner?* Policies only work if they can be implemented. Boards may wish to seek legal counsel to review potentially controversial policies.

If the proposed action is consistent with the mission and deemed necessary after careful consideration of the above, boards should make broad policy with the understanding that implementation will be the responsibility of the CEO and staff. Monitoring policy implementation will continue to be the board's responsibility. To review OKPCA's entire *Board Bulletin* series, visit the 'CHC Boards' section of www.okpca.org.

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