



NATIONAL ASSOCIATION OF
Community Health Centers

Important Content Note:

This technical assistance resource was developed prior to the August 2017 release of the Health Center Compliance Manual by the Health Resources and Services Administration's (HRSA) Bureau of Primary Health Care (BPHC). The BPHC Compliance Manual, issued August 2017, indicates where PINS, PALs and other program guidance are now superseded or subsumed by the BPHC Compliance Manual.

See:

<https://bphc.hrsa.gov/programrequirements/pdf/healthcentercompliancemanual.pdf>



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Note that in all Information Bulletins:

The term **“health center”** refers to public or private nonprofit entities that: (1) receive grants under Section 330 of the Public Health Service Act (Section 330), including Sections 330(e), 330(f), 330(g) and 330(h) (collectively “Health Center Program Grantees”); and (2) entities that have been determined by the Department of Health and Human Services (DHHS) to meet the Section 330-Related Requirements to receive funding without actually receiving a grant (“health center look-alikes”).

The term **“Section 330-Related Requirements”** refers to requirements set forth in:

- Health Center Program Statute: [Section 330 of the Public Health Service Act \(42 U.S.C. §254b\)](#),
- Program Regulations: [42 CFR Part 51c](#) and [42 CFR Parts 56.201-56.604](#)
- Health Center Program Requirements: <http://www.bphc.hrsa.gov/programrequirements/index.html>

The term **“Grant Requirements”** refers to Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards: 2 CFR Part 200, as adopted by DHHS at 45 CFR Part 75.

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Health Center Board Self-Evaluation: The Fundamentals

Health center board members often ask, “What can the board do to be more effective – what can we do to add value and make a difference at the health center?” A board self-evaluation or assessment can help answer that question by looking at how well the board is fulfilling its responsibilities, where there are gaps in performance, and where there is room for improvement. The self-assessment process is like the board holding up a mirror to itself to determine the areas in which it excels and the areas in which it needs improvement. Board self-evaluation should not be confused with other important evaluations of the health center, such as evaluation of the medical records systems or quality improvement program, or the evaluation of the performance of health center personnel. Rather, this process focuses on the successes and deficiencies of the health center’s governance, not its operations.

This information bulletin:

- ◆ Describes benefits of board self-assessment and the board responsibilities that require evaluation;
- ◆ Describes the self-assessment process;
- ◆ Suggests topics that relate to board competencies and questions for board members to consider related to the board’s performance.

WHY SHOULD HEALTH CENTER BOARDS EVALUATE THEMSELVES?

Section 330-Related Requirements require health centers to have governing boards that establish the missions as well as key priorities, strategies and policies for the center; approve the budget and general work plan established in the grant application; approve the hiring, and if necessary, the dismissal of the CEO or program director; evaluate center activities and the center's progress in meeting goals and objectives; and assure that the center is operated in compliance with applicable federal, state, and local laws and regulations. One of the key aspects of monitoring health center performance and compliance is the utilization of a process to assist board members in reflecting upon the board's prior actions and assessing how well the board has served the health center in meeting its mission. Regular self-evaluation should help to ensure that the board is fulfilling its substantive duties and obligations as well as to identify areas in which the board needs to improve processes, including accountability and communication among board members and with the Chief Executive Officer ("CEO") or Executive Director of the health center. Board self-evaluation results also can be instrumental in helping the board to determine what resources are needed to facilitate these improvements and what are practical steps to accomplish them in a realistic time frame.

As noted above, board self-evaluation is the board's assessment of its progress in meeting its defined goals and objectives. If the board doesn't look at its own work, it is missing the health center organizational component over which it has the most control. Just as health center staff develops goals, objectives, and performance measures for providing services, the board considers measurable objectives to assess its own performance. Objectives should be linked to the health center's strategic goals, as well as state and federal governance requirements.

Finally, it makes good sense to institute a board self-evaluation process. Board self-evaluation is a development tool to improve the board's functioning and is also important for good management. For example, if there is confusion on the board about which responsibilities belong to the board and which to staff, a self-assessment process can help the board clarify its roles and responsibilities. Without an evaluation process in place, a center's board might stagnate, routinely meeting without assessing its own effectiveness and opportunities for growth, or blindly charting new ground without ensuring that it is taking action in the best interest of the center.

Before conducting a self-evaluation, it is important to get the buy-in of board members. Several strategies to overcome resistance are:

- ◆ Assure confidentiality so board members can answer honestly.
- ◆ Address topics/questions that are important to board members.
- ◆ Provide sufficient time to discuss the results. If necessary, bring in an outside facilitator.
- ◆ Make sure to take actions based on the results. Follow-up might relate to training or recruiting board members.

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Board Responsibilities that Require Evaluation¹

Typically board self-evaluations request feedback from individual board members on the extent to which they believe that their board took reasonable steps to fulfill its responsibilities during the prior year. In particular, boards of Health Center Program grantees should assess whether they have fulfilled the following obligations during the year.

Procedurally, the board should have:

- Held monthly meetings;
- Taken minutes of each meeting and distributed them to each board member for approval;
- Ensured adequate committee structure (e.g., executive, finance, personnel, quality assurance, strategic planning) and selected committee members;
- Held committee meetings as appropriate and reported committee recommendations to the full board;
- Reported all actions of the Executive Committee and, as appropriate, ratified the actions taken by the Executive Committee;
- Held nominations and elections in due course;
- Ensured appropriate board composition (including the number of board members; the mix of experiences, expertise, skills of members; a majority of board members who are currently registered patients of the health center who, within the last 24 months, have accessed one or more in-scope service(s) that generated a health center visit(s) and who, collectively, represent the health center's target population in terms of demographic factors such as race, ethnicity and gender; requirements for non-patient board members) in accordance with the bylaws as applicable²;
- Recruited, trained, and oriented new board members, as needed; and
- Interacted directly with the CEO or Executive Director of the center and oversaw implementation, but did not get involved with the day-to-day management of the center.

¹ If the board serves as the co-applicant board to a public health center, some of these powers may appropriately fall outside of board responsibilities. For further guidance, see Program Information Notice ("PIN") 2014-01 under section IV.

² Under 330(e), statutory board composition requirements can not be waived, if the health center serves special populations (i.e., migrant, homeless, and public housing) along with the general community.

Substantively, the board should have:

- Approved the selection, regularly evaluated, and, if necessary, dismissed the CEO or Executive Director;
- Established, approved, and, as necessary, modified key corporate documents, such as the mission statement, bylaws, and Conflict of Interest Policy/Standards of Conduct;
- Ensured that the center operated in accordance with applicable federal, state and local laws and regulations, presumably through establishment of a corporate compliance program;
- Established, reviewed, and, as necessary, updated the general policies of the health center (personnel, health care, financial management, quality assurance and improvement);
- Established, reviewed, and, as necessary, updated employee selection and dismissal procedures, salary and benefit scales, grievance procedures and equal opportunity practices;
- Selected and approved the services provided by the health center, as well as the modes of delivery, appropriate site locations and hours of operation, given the demonstrated needs in the community;
- Measured and evaluated the center's activities related to the provision of services (including service utilization patterns, provider productivity, patient satisfaction and achievement of project objectives);
- Established, reviewed, and, as necessary, updated procedures to ensure that the center maintained a system that assures accountability for center resources and assets, priorities, and long-range financial planning, as well as policies regarding the eligibility for services (including the fee schedule and the Sliding Fee Discount Program) and billing and collections;
- Engaged in long-term strategic and annual operational planning processes and needs assessment activities;
- Measured and evaluated the center's achievements during the previous year, including the center's progress in meeting its annual and long-term programmatic and financial goals, and modified goals, objectives and plans, as necessary;
- Approved applications related to the health center project including grant/designation applications and requests to HRSA regarding Change in Scope of Project.
- Approved the annual budget and project plan, as submitted in grant applications, and otherwise ensured the center is financially viable in the changing health care marketplace;
- Approved the selection of the independent audit firm and accepted the annual audit; and
- Compared the approved budget with actual expenses and made mid-course corrections, if necessary.

HOW IS THE BOARD SELF-EVALUATION PROCESS BEST ACCOMPLISHED?

Insofar as a board self-evaluation is not “required” under **Section 330-Related Requirements**, there is no prescribed way to accomplish it. It is best to allow for a flexible process that can be tailored to the board’s particular needs and preferences. Many evaluations are planned internally, although some organizations prefer to hire an external expert who can help to guide them through the process. Some factors to consider when making this choice are the skills and experience of board members and which approach the center’s budget can support.

Board self-evaluation can be accomplished in a few steps. The board (or an Evaluation Committee) should:

- ◆ Develop the evaluation process, taking into consideration the needs of the board as a whole and each of its members;
- ◆ Obtain internal board support for the evaluation;
- ◆ Determine the frequency of evaluation;
- ◆ Develop the format and questions to ask in the evaluation or determine which existing evaluation tool to use;
- ◆ Implement the evaluation;
- ◆ Analyze the results;
- ◆ Share the results with the full board; and
- ◆ Determine follow-up actions and/or a plan for improvements.

Develop the Evaluation Process

There are numerous processes by which a board can evaluate itself. Different approaches will work better for different boards, depending on the resources available, time constraints, and level of interest. Board self-evaluation does not need to be a lengthy or complicated process. At a minimum, however, the process should include an opportunity for each board member to evaluate his or her own performance as well as that of the board as a whole. Board members should be encouraged to constructively and faithfully express their views.

Obtain Board Member Support

Because board self-evaluation can be considered a development tool, it should not be imposed on board members or the CEO. For an evaluation to work well, members must want to improve their performance and initiate the process with enthusiasm. Getting board member support for self-evaluation is critical to the success of such an assessment. The idea of board evaluation should be clearly presented to the board in a non-threatening way. It should be noted that the assessment will occur, not for punitive reasons, but because every “team” has certain tasks it performs well and others that can be improved upon. An assessment is an opportunity for each board member to express his or her thoughts and concerns about the functions and operational health of the board “team.” As such, it presents a chance to communicate ideas that might otherwise go unspoken and thus unheard.

Determine the Frequency for Evaluation

It is advisable to perform an evaluation annually, at a minimum. Board self-evaluation can be a part of the annual strategic planning process, so that the board assesses itself as a part of its planning work for the coming year. There should be enough time between evaluations to accomplish the actions that were determined to be necessary in the previous evaluation, but not so much time that the evaluation process appears unimportant or a low priority. If there is some event that necessitates an evaluation, the board can evaluate more frequently.

Have a Written Format

All self-evaluations should be in writing but can and should be analyzed and discussed among board members. Having a written record allows board members to review their responses and compare them in future evaluations. The first self-evaluation can act as a benchmark to chart changes and growth. The evaluation can consist of a series of statements to which the board members must give a response (for example, “yes,” “no,” “depends,” or “don’t know”), can use multiple choice questions, can include open-ended questions that allow space for extended written comments, or can utilize a combination of methods.

Determine Questions to Include in the Evaluation

Ideally, a board self-evaluation includes a mix of questions, covering all of the board’s obligations (both substantive and procedural). It is a good idea to include questions about the board’s policies, roles and responsibilities, meetings, and other key issues such as board member satisfaction and achievements. Additional individual self-assessments that each board member completes about him or herself also could be included. Sample topic areas and questions to include

in a board self-evaluation are set forth in the next section of the Information Bulletin.

Analyze and Share the Results, and Determine Follow-Up Actions

Results from the board evaluation should be compiled, analyzed/summarized, and shared with the board soon after the self-evaluation. A written summary of results should be given to board members prior to a presentation so that they can look them over and determine whether they have any questions. The board self-evaluation results can be presented at a board meeting or a retreat can be planned to focus on them. The board should determine a process to share the results with the health center Executive Director and key program staff that work with the board. In any event, the board needs to be given time to provide comments and feedback because the results will generally stimulate discussion of areas for opportunities and growth. Inevitably, this may lead to further discussions of next steps and/or an action plan to fill gaps, clarify questions, and address concerns.

SAMPLE TOPIC AREAS AND RELATED QUESTIONS TO INCLUDE IN THE BOARD SELF-EVALUATION

The following list of topic areas and questions address five major domains that address competencies of high performing health center boards. These competencies have been identified by health center board members and CEOs. The domains are interlocking activities that drive governance excellence and thus, overall health center excellence

Stewardship: Questions that evaluate whether the board is fulfilling its role to ensure that high quality, relevant, and accountable care is provided to meet the needs of the community, and whether the board

is exercising its legally required responsibilities of oversight to ensure compliance with health center program requirements, state and federal laws and regulations, and accreditation standards.

- ◆ Does the board as a group understand the history of the health center and of the national Health Center Program?
- ◆ Does the board as a group understand the mission of the health center and use it as a guide for making decisions?
- ◆ Do board members understand the importance of assuring the perspective of patient board members in board actions?
- ◆ Do board members understand their fiduciary duties and how the health center's bylaws and committees fulfill them, thus assuring accountability, oversight, health center viability?
- ◆ Do board members demonstrate active and informed participation in board and committee meetings?
- ◆ Can board members articulate evidence that the health center is providing high-quality, patient-centered, culturally competent patient care?
- ◆ Can board members articulate evidence that the health center is reducing barriers to care for vulnerable individuals?
- ◆ Does the board demonstrate an understanding of its legal authority and responsibilities, consistent with the substantive responsibilities discussed above, including the authority to monitor and oversee operations and to assure compliance with applicable local, state, and federal laws, regulations, and policy requirements?
- ◆ Does the board understand the goals of the health center's quality assurance/quality improvement program, including benchmarks and metrics to measure progress and performance improvement, and the board's oversight responsibilities?
- ◆ Do board members have basic knowledge about financial management and budgeting concepts, the board's oversight responsibilities, and implications of financial statements and audit reports?
- ◆ Do board members understand their role in hiring, selecting, supporting, and assessing the performance of the health center's CEO?
- ◆ Does the board align CEO performance expectations with the health center's vision, mission, strategic plan, and annual goals?
- ◆ Do members have a general understanding of how risk and compliance is managed across the organization?
- ◆ Do board members understand conflicts of interests and does the board have a procedure to handle such situations?

Strategic thinking: Questions that evaluate board collaboration with management to create a vision of the health center's future and board actions that promote a sustainable and successful organization.

- ◆ Do board members understand that their roles focus on policy and strategy and not micro-managing operations?
- ◆ Are board members aware of the health center's most recent needs assessment?
- ◆ Does the board use results of the community needs assessment to set health center strategy?

- ◆ Does the board as a whole share a common vision of what the health center can do for its community and the priorities that need to be addressed?
- ◆ Do board members ask strategic question to challenge assumptions and the status quo?
- ◆ Does the board engage in scenario-based planning as part of the strategic discussions?
- ◆ Do board members remain current with the environment and the latest trends and forces that will have an impact on the health center?
- ◆ Does the board plan for board member replacement as a deliberate process including grooming board members through the work of committees and task forces and ensuring the an appropriate mix of expertise, experience and demographic factors, consistent with Section 330-Related Requirements (as applicable)?
- ◆ Do board members identify and support improvement in the board building cycle?

Culture: Questions that assess the trust, mutual respect, effective dialogue, commitment, and accountability among board members for meeting the mission, vision, and goals of the health center; and sustaining a partnership between the board and the CEO.

- ◆ Do board members demonstrate honest, ethical behavior, and respect for other board members and for staff, including confidentiality of information discussed at board meetings?
- ◆ Are board members prepared and do they consistently attend and actively participate in board and committee meetings?
- ◆ Do certain board members dominate board meetings? Does the CEO/ Executive Director?

- ◆ Do board members attend health center events and celebrations?
- ◆ Does staff provide information to board members for meetings in advance with enough time to review, prepare, formulate questions and utilize for decision-making?
- ◆ Does the board maintain sensitivity to language, culture, and ethnic differences?
- ◆ Is the board able to facilitate group dynamics, process, meetings, and discussions?
- ◆ Do board members strike the right balance between scrutiny, challenge, and respect with health center staff?
- ◆ Is there mutual understanding of leadership expectations and role responsibilities to ensure successful board/board chair/CEO relationships?

Personal leadership: Questions that evaluate whether board members are engaged in learning, willing to assess their own personal development needs, and engage in activities to build competence over time.

- ◆ Does the board demonstrate time necessary for board work, including orientation of new members?
- ◆ Are board members aware of the impact of their behavior on others?
- ◆ Can board members provide and receive constructive feedback?
- ◆ Do board members demonstrate a commitment to governance development and improvement?
- ◆ Do board members tour the center each year to learn more about the health center?

- ◆ Does the health center provide board trainings and retreats for educational and leadership development purposes?
- ◆ Does the board adopt best practices in effective governance?
- ◆ Do senior board members serve as mentors and/or coach to other board members?
- ◆ Are board members able to deal with multiple cultures, ambiguity, uncertainty, and change?
- ◆ Do board members serve as ambassadors to build community confidence and raise awareness of their health center’s capabilities/services?
- ◆ Are board members provided with enough information to stay current on health care topics of importance to the center?
- ◆ Are board members able to articulate their health center’s value related to improving care and lowering costs?

Advocacy: Questions that assess the board’s efforts to stand up for their health center.

- ◆ Does the board bring the voice of the diverse community served to the board room?
- ◆ Does the board keep patient, family, and community at the center of discussions about improving systems of care?
- ◆ Is the board aware of the impact of its decisions in the community?

CONCLUSION

The effectiveness of a health center’s governance depends on how well board members work together to meet the common goal of guiding the center in furtherance of its mission. By regularly assessing its own performance—both individually and as a group—the board can chart its progress as an effective team and determine whether its policy-making functions and strategic planning roles are working well.

This Information Bulletin was written for NACHC by:

Marcie H. Zakheim, Esq.
Feldesman Tucker Leifer Fidell LLP
Washington, D.C.

For information about these bulletins, contact:

Betsy Vieth at NACHC at bvieth@nachc.com



7501 Wisconsin Avenue, Suite 1100W

Bethesda, MD 20814

Telephone: 301-347-0400

Fax: 301/347-0459

Website: www.nachc.com