



Illustrative BOARD CHARTER¹

The *purpose* of our board is to faithfully represent the Hospital's stakeholders; functioning as their agent and acting in their best interests. Our board's *obligation* is to ensure the Hospital's resources and capacities are deployed in ways that benefit these stakeholders.

In order to fulfill this purpose and meet this obligation, our board discharges four core *responsibilities* for: ends, executive performance, quality of care and financial performance.

Our board is responsible for the Hospital's *ends*. Discharging this responsibility includes:

- formulating/approving the vision – what the Hospital should/must become at its very best in the future to optimize stakeholder benefit
- specifying/approving key organization-wide goals – the most important things that must be accomplished for the vision to be fulfilled
- ensuring that strategies (specific plans for allocating the Hospital's resources/capacities) are aligned with, and will achieve, key goals

Our board is responsible for *executive performance*, ensuring the Hospital has exceptional leadership. Discharging this responsibility includes:

- recruiting and selecting the CEO
- assessing the CEO's performance and contributions
- adjusting the CEO's compensation
- and, should the need arise, terminating the CEO's employment relationship with the Hospital

Our board is responsible for *the quality of care* provided in, and by, the Hospital. Discharging this responsibility includes:

- formulating/approving organization-wide quality objectives (in the areas of clinical quality, patient safety and service experience)
- credentialing members of the medical staff (appointing/reappointing practitioners and determining their privileges)
- ensuring necessary quality, utilization and risk management systems are in place and

¹ This illustrative charter is prepared for the board of a freestanding hospital. It would need to be modified for the boards of: healthcare systems, hospital subsidiaries of systems and other healthcare organizations.

functioning effectively

- monitoring/assessing the quality of care provided and expecting corrective action if problems are detected

Our board is responsible for the Hospital's *financial performance and condition*. Discharging this responsibility includes:

- formulating/approving organization-wide financial objectives
- ensuring financial/capital plans are aligned with, and will likely accomplish, financial objectives
- monitoring/assessing financial performance and condition, and expecting corrective action if problems are detected
- ensuring the Hospital's credit worthiness
- ensuring necessary internal controls are in place
- overseeing the independent/external audit and ensuring financial statements fully and fairly reflect the Hospital's financial condition