The Role of the Health Center’s Board of Directors in Establishing a Quality Assurance Program

The role of a health center’s Board of Directors in establishing an appropriate quality assurance program arises from its overall responsibility to govern the health center in a manner that is consistent with its mission and responsive to specific community needs. In particular, the Board of Directors is required to:

- Define and preserve the health center’s mission;
- Establish and monitor the health center’s policies and procedures;
- Safeguard the health center’s assets;
- Select, evaluate and support the health center’s Chief Executive Officer (“CEO”);
- Monitor and evaluate its own performance, as well as that of the health center as a whole; and
- Plan for the health center’s long-range future.

With respect to its policy-making role, the Board of Directors should not simply adopt policies and procedures for the health center and consider its task complete. Rather:

1. Once the written policies and procedures are developed and approved, the Board should oversee their implementation by the health center CEO and other members of the health center staff.
2. Further, after the policies and procedures have been operational for a while, the Board should review and evaluate them on an ongoing basis to ensure that they are functioning in a satisfactory manner, consistent with the mission, goals and objectives established by the Board.
3. Finally, as necessary, the Board should modify the policies and procedures (or discard and develop new ones) to ensure that the needs of the health center’s patients and its surrounding community are being met.
In general, the Board’s policy-making role compromises four separate and distinct areas: operations, personnel, financial management, and clinical services/quality assurance. This monograph provides guidance to the health center’s Board of Directors for understanding and successfully fulfilling its role in adopting and establishing a “quality assurance” program that is appropriate for the health center and responsive to the community served, and in overseeing overall quality assurance and improvement in the health center.

Regulations applicable to health centers and related policies issued by the Bureau of Primary Health Care (“BPHC”) address various quality assurance/improvement requirements and recommendations, many of which apply to the health center organization rather than to its Board of Directors. As such, the requirements of the Board of Directors to establish and oversee the quality assurance activities conducted by the health center may appear to lack specificity and clarity. However, as the governing body of the health center, there are a number of affirmative actions that the Board can take in order to ensure that the health center’s quality assurance program is both effective and successful.¹

Regulatory Requirements

Pursuant to 42 C.F.R. 51c.303(c), health centers are required to maintain an ongoing quality assurance program that includes the following elements:

(1) Organizational arrangements, including a focus on responsibility, to support the quality assurance program and the provision of high quality patient care;

(2) Periodic assessment of appropriateness of the utilization of services provided or proposed to be provided to individuals served by the center. Such assessments shall:

(i) Be conducted by physicians or other licensed health professionals under the supervision of physicians;

(ii) Be based on systematic collection and evaluation of patient records; and

(iii) Identify and document the necessity for change in the provision of services by the center and result in the institution of such change, where indicated.

Role of the Board of Directors

With respect to the role of the Board of Directors, it is required:

- To evaluate the health center’s activities, which includes “services utilization patterns, productivity of the center, patient satisfaction, achievement of project objectives, and development of a process for hearing and resolving patient grievances,” as well as

- To adopt health care policies that include, among other things, quality-of-care audit procedures. See 42 C.F.R. Part 51c.304(d)(3)(iv) & (vi). These specific Board responsibilities are integral to establishing and maintaining an effective quality assurance program.

¹ Documents that discuss quality assurance, in general, and the Board’s role in such process, in particular, include: 42 U.S.C. § 254b(j)(3) and its implementing regulations, 42 C.F.R. 51c.304(d); BPHC Policy Information Notice (“PIN”) #98-23: Health Center Program Expectations (the “Program Expectations”) (August 17, 1998); PIN #2000-06: Health Center Primary Care Effectiveness Review (the “PCER Protocols”) (March 2000); and Governing Board Handbook, US Department of Health and Human Services, Health Resources and Services Administration, Bureau of Primary Health Care (the “Handbook”) (2000).
BPHC's Program Expectations

The Program Expectations issued by BPHC also include several requirements and suggestions related to quality assurance. BPHC believes that “performance measurement and quality improvement are critical elements for excellence in the health care industry.” The quality of services provided to health center patients correlates with “the health center's commitment to its community and its dedication to quality improvement.”

Accordingly, BPHC expects all health centers to have in place a continuous quality improvement program that encompasses both clinical and management services. The quality assurance program must be buttressed by good, effective leadership and systems in both the clinical and administrative areas and should be supported internally through organizational arrangements, such as a quality assurance/improvement committee. The quality assurance system itself should be equipped to handle topics such as “patient satisfaction and access; quality of clinical care; quality of the work force and work environment; cost and productivity; and health status outcomes,” and should be capable of measuring and analyzing performance standards, and reassessing policies and procedures in accordance with the findings. See Program Expectations document at page 12.

Role of the Board of Directors

As the policy-making body of the health center, BPHC expects the Board of Directors:

- To play a crucial role in establishing the quality assurance/improvement policies that provide a portion of the framework under which the health center staff conducts the day-to-day operations of the organization.
- To engage in operational and strategic planning to ensure the continued viability of the health center and to measure and evaluate the health center’s progress in meeting these goals. A critical element of a successful planning process is the development and implementation of an effective quality assurance/improvement program that can assist in ensuring high quality care and identifying and correcting weaknesses in the health center’s clinical operations. See Program Expectations document at pages 26-28.

Primary Care Effectiveness Review (PCER) Requirements

In addition to those polices set forth in the Program Expectations, the PCER Protocols assess whether the health center has “a written quality improvement/management plan which establishes a quality management team with broad representation from both clinical and management staff.” In reviewing the quality improvement plan, the PCER review team will look to see if the health center has a quality management committee that meets regularly and whether the committee’s findings are routinely reported to the health center’s Board, management and staff. Further, it will assess whether:

1. The quality assurance system includes the factors discussed in the Program Expectations;
2. The health center uses the appropriate industry benchmarks to compare with its indicators; and
3. The health center’s information system is adequate to support the quality management system.

See PCER Protocols document at pages 20-22. From a clinical perspective, the review team will assess whether the health center has, among other things, developed provider productivity standards and credentialing and privileging processes, as well as selected a Medical Director that has responsibility for developing and implementing the clinical quality management program. See PCER Protocols at pages 54-56.

Role of the Board of Directors

With respect to the Board, the review team will assess:

- The role of the Board of Directors in the quality improvement/assurance system, in particular, the measurement and monitoring of patient satisfaction. See PCER Protocols at page 22.
- Whether the Board has approved:
  1. An overall quality assurance program (PCER Protocol at page 79);
  2. A health care plan that is monitored by the program (PCER Protocol at page 53); and
  3. Written policies and procedures for the effective delivery of high quality health services (PCER Protocols at pages 64-65).
How to Establish a Quality Assurance Program

Taking into consideration the aforementioned legal requirements and BPHC expectations and policies, the Board of Directors should follow certain guiding principles in adopting and establishing a quality assurance program. In particular:

- The Board should adopt policies, procedures and systems that incorporate general standards of quality health care, thereby ensuring that the CEO and the health center staff are making continuous efforts to maintain and improve the quality of services provided by the health center.
- Further, the Board should ensure that an appropriately qualified person (i.e., the Medical Director) is in place to oversee, on a daily basis, the health center's quality assurance efforts.
- Finally, the Board should adopt mechanisms to review, on an ongoing basis, the health center's performance in meeting the needs of the community while maintaining the high quality service the community has come to expect from the health center. See The Handbook at page 9.

Develop, Adopt and Implement Generally Accepted Principles of Quality Health Care

Clinical Policies and Procedures

As a first step, the Board of Directors must adopt health center-wide written clinical policies and procedures that, at a minimum, address:

- Hours of operation;
- Patient referral and tracking systems;
- Use of clinical protocols;
- Risk management procedures;
- Assessment of patient satisfaction;
- Patients' Bill of Rights and Responsibilities;
- Patient grievance procedures.

Clinical policies should reflect the generally accepted principles of quality health care. For example, the clinical protocols put into place by the health center's Board of Directors should reflect the current guidelines established by health agencies and professional organizations that have jurisdiction over the clinicians working in the health center, e.g., the State Board of Medicine, the Agency for Health Care Policy and Research, the American College of Obstetrics and Gynecology, the Advisory Committee on Immunization Practices, etc. In the event that the health center seeks to obtain accreditation (i.e., accreditation by the Joint Commission on Accreditation of Health Care Organizations ["JCAHO"], the Board of Directors should ensure that the policies and procedures in place address all of the requirements set forth by the accrediting agency.

Clinical Systems

Along with clinical policies and procedures, the Board should adopt the clinical systems that will serve as the framework for the care being provided. At a minimum, these systems should include:

- Patient flow systems;
- Appointment systems;
- Clinical information systems.

Patient flow and appointment systems promote good quality of care by supporting continuity of care, as well as access to care for the patients of the health center. Clinical information systems (and related policies and procedures) to maintain the medical records of the health center are also crucial to the quality of care that patients receive. Medical records must be kept in manner that provides health care providers with ready-access to important patient health information, but at the same time protects the confidentiality and privacy of patient health information in manner that is compliant with the regulations promulgated under the Health Insurance
Portability and Accountability Act of 1996 ("HIPAA").

The Board of Directors should also ensure the development and implementation of systems to collect, monitor, assess and document performance-related data that, in turn, can be utilized to: increase accountability; support quality improvement; support clinical decision-making; and satisfy requirements related to various Federal and State programs that provide support to health center operations. These systems should test, at a minimum the following quality of care indicators:

1. Patient Satisfaction.
3. Quality of Clinical Care.
4. Quality of Workforce and Environment.
5. Cost.
6. Productivity.
7. Health Status.

In overseeing the development of systems to assess and document the above-mentioned indicators, the Board of Directors should ensure that health care industry benchmarks and accepted scientific approaches are identified to draw comparisons with the health center's indicators. The Board of Directors should also develop and monitor annual goals and objectives to make improvements in its indicators. Finally, with respect to the patient satisfaction indicator, which is probably the most revealing indication for the health center of all of the indicators, the Board of Directors should approve the process for measuring patient satisfaction (e.g., patient surveys) and monitor the results.

Clinical Staff

- Staff Recruitment, Retention and Participation in Quality Improvement Activities

Recruitment and retention of high quality health care providers should be a top priority for the health center. The provision of high quality health care services is one of the cornerstones to maintaining a successful health center, and securing and maintaining a high quality clinical staff only serves to reinforce such care. Accordingly, the Board of Director's quality assurance program and related policies should reflect this priority.

The Board of Directors should also adopt policies that support the health center's providers by furnishing them with the tools and systems necessary to attain and maintain quality care. Clinicians should be given the opportunity to participate in certain aspects of clinical decision-making, as well as the health center's quality assurance committee (see below), so that they will be proud of and take ownership in the work that they do. In certain circumstances, the Board may want to consider adopting compensation policies that include performance-based incentive/bonus plans.

- Credentialing and Privileging

The Board of Directors should also develop (or, at a minimum, approve) credentialing and privileging policies that define the health center's standards for determining the level of training, experience and competence of the clinical staff. The standards are particularly important because of the effect that they have on the ability of clinicians' to qualify for payer credentialing and hospital privileges. Any credentialing and/or privileging processes and policies established by the Board of Directors should meet the standards of JCAHO, the Accreditation Association for Ambulatory Health Care, Inc. ("AAAHC") and the requirements under the Federal Tort Claims Act ("FTCA"). Policies regarding credentialing should include querying the National Practitioner Data Bank and verifying education, licensure, and other certification/training for each of the health center's health care providers, in accordance with BPHC policy set forth in PIN #2002-22 (July 10, 2002).

BPHC policy requires the Board to approve the credentialing and privileging (and renewals thereof) of all health center providers every two years. While ultimate approval is vested in the Board of Directors,

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2 Not only must the Board of Directors ensure that the health center has policies and procedures related to protected health information pursuant to the HIPAA Privacy Rule (42 C.F.R. Parts 160 and 164) by the compliance date, April 14, 2003, but also, the Board itself must maintain compliance with the HIPAA Privacy Rule in its review of any information related to patients of the health center that may be deemed protected under the HIPAA Privacy Rule. The HIPAA Privacy Rule will affect the Board's ability to engage in the quality assurance audits and peer review activities discussed below. The Board of Directors should be familiar with its rights and responsibilities under the HIPAA Privacy Rule, as the Privacy Rule may significantly change the manner in which the Board of Directors handles patient health information.

3 The quality of clinical care indicators should include, at a minimum, BPHC Clinical Outcome Measures.
the Board may delegate this authority so long as the processes are conducted in accordance with Board-approved policies and procedures. See PIN #2002-22 at pages 3-4. Further, the Board should utilize the information gathered through the credentialing and privileging processes (and, in particular, the quality assurance findings associated with such processes) to evaluate and, as necessary, modify the policies.

◆ Continuing Professional Education

In addition to credentialing and privileging policies and procedures, the Board of Directors should develop and/or approve policies regarding continuing medical education ("CME") and continuing professional education ("CPE"). The policies related to CME and CPE should allow the health care providers working at the health center to maintain their respective licenses without using personal time or finances to do so. The Board of Directors should remain cognizant of the CME and CPE obligations for licensure in the various health care professions and accommodate the staff of the health center to maintain their respective licenses without using personal time or finances to do so. The Board of Directors should develop and/or approve policies regarding continuing medical education ("CME") and continuing professional education ("CPE"). The policies related to CME and CPE should allow the health care providers working at the health center to maintain their respective licenses without using personal time or finances to do so.

◆ Select a Qualified Medical Director to Oversee Quality Assurance on a Daily Basis

While the Board of Directors is responsible for adopting and overseeing the health center's quality assurance policies, procedures, and systems (as well as the quality assurance program as a whole), the health center's CEO and Medical Director are responsible for daily development, implementation and operation of the program. Good quality assurance policies, procedures and systems without proper implementation and operation will ultimately be subject to failure. Therefore, selecting a Medical Director capable of leading and managing the health center's clinical operations in accordance with the policies, procedures and systems adopted by the Board of Directors is crucial to maintaining a quality assurance program.

In general, the CEO will be directly responsible for the hiring and firing of the Medical Director. However, the Board of Directors should take active steps to ensure that the CEO hires the most qualified person for the position, both in terms of the person's ability to lead and manage and in terms of the person's clinical capabilities.

◆ Once the CEO has hired a Medical Director who meets the requirements of the organization, the Board of Directors has the continuing obligation to ensure that the he or she is promoting the health center's policies, procedures and systems (as developed by the Board). The Board should be willing to listen to suggestions proposed by the CEO and the Medical Director, and to adapt and refine those policies, procedures and/or systems that the CEO or Medical Director deem ineffective.

Periodically Review the Health Center's Performance in Meeting the Health Needs of the Community

Quality Management Plan and Quality Assurance Committee

As discussed above, all health centers are required to establish and leadership and management. He or she should be able to work well with the health center staff (clinical and otherwise), as well as function as an integral party of the management team. The Board of Directors should ensure that the CEO hires a Medical Director who is willing and able to demonstrate such skills and work habits. In most cases, the Medical Director should be a physician, although in programs where this is not possible, other health care providers can fill the role.

4 Depending on the size and complexity of the health center organization, the health center may have a Quality Assurance Coordinator (in addition to the Medical Director) who will exclusively manage the quality management program.
maintain an on-going quality assurance program, which includes organizational arrangements to support, evaluate, and, as necessary, modify the program.

- As a means to implement the quality assurance program, the Board of Directors should **adopt a written quality management plan and establish a quality assurance/improvement committee** (the “QA/QI committee”), the composition and size of which will be based on the size and complexity of the health center itself. In general, the QA/QI committee should be comprised of the Medical Director, the QA/QI Coordinator (if available), various members of the health center clinical staff and members of the Board. One person, either the Medical Director, the QA/QI Coordinator or whomever else the Board of Directors chooses, should be responsible for the quality management program. The QA/QI committee should meet at least on a quarterly basis to review quality assurance data (including patient records and information related to patient satisfaction). Based on and consistent with the findings, the committee should identify areas for change and develop proposed modifications to the quality management plan. The QA/QI committee should also routinely report its findings to the Board of Directors, the management of the health center and the health center staff.

- As discussed above, the Board of Directors is responsible for **adopting systems that incorporate quality of care indicators** to assess and document performance and improvement of the health center. These indicators form the basis for the quality assurance assessments and audits performed by the QA/QI committee (and/or other health center management/staff). Health center performance outcomes should be measured against appropriate industry benchmarks and accepted scientific approaches, as well as the results of other comparable providers at the State and national level.

- **Indicators should be compared to the annual QA/QI goals and objectives developed by the Board and periodically reassessed** to measure progress towards those goals (as well as adaptation to changes in the health care environment). In particular, the QA/QI committee (and/or other appropriate health center management/staff) should assess patient satisfaction on at least an annual basis and utilize the results of such assessments to make improvements in health center operations.

**Peer Review**

Most health centers conduct peer review as a part of their quality management program (as well as their credentialing and privileging processes). The peer review system implemented by the health center should be capable of measuring the performance of the health care providers by utilizing standard performance measures and accepted scientific approaches to measurement.

- The Board of Directors should, at a minimum, **adopt policies regarding the peer review system for the health center**. As discussed above, the Board has a duty to approve the credentialing and privileging of the health center’s providers every two years. Since this process typically incorporates peer review findings, the Board should remain apprised of all of the health center’s peer review-related activities.

- Nevertheless, the Board should proceed with caution with respect to reviewing individual peer review findings. In particular, if State law defines peer review as an “internal review,” dissemination of the results of individual findings and reports may be a breach of confidentiality. Further, by its very nature, peer review is intended to be a review between providers. Accordingly, the Board’s role should be minimal vis-à-vis its review of specific findings. Rather, the better approach is to submit to the Board summary (or aggregated) reports, as well as general reports regarding whether and in what manner the process is conducted. In this respect, the Board can fulfill its duty to remain apprised of peer review-related activities while not breaching confidentiality by reviewing materials outside the purview of the Board.5

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5 Please note that, in the event that an adverse decision is reported pursuant to the peer review process, the Board would receive such information during the credentialing/privileging process, regardless of the fact that the information is specific to a particular provider. In this respect, the Board maintains its ability to oversee the health center and safeguard the health center’s assets. For additional concerns regarding peer review as it relates to the HIPAA Privacy Rule, see footnote #2.
CONCLUSION

The Board of Directors plays an extremely important role in the health center’s development, implementation, operation and maintenance of an effective and efficient quality assurance/improvement program.

By taking affirmative steps to make sure that the health center’s quality assurance function is performing to its potential, the Board of Directors assures that patients receive the best care possible. These affirmative steps include ensuring that:

1. The health center is operating under generally accepted principles of quality health care with respect to its clinical policies, procedures, systems and staffing;
2. The CEO hires the best qualified Medical Director; and
3. The internal quality management/quality assurance program provides the necessary checks and balances.

- The Board of Directors must also engage in a continuous process of adjusting and refining the quality assurance policies, procedures and systems to ensure that they remain effective.
- Further, the Board of Directors should make sure that both the CEO and the staff are making continuing efforts to maintain and improve the quality of care provided by the health center.

The provision of high quality care is the hallmark of the health center and maintaining and improving such care strengthens the health center’s commitment to its patients and to its community, as a whole.

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