

Performance Evaluation of the Hospital Superintendent after SARS

後煞時期醫院院長經營績效之省思

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ABSTRACT

The importance of hospital CEOs, or superintendents, can never be overlooked if we look back on the Taiwan's recent fight against severe acute respiratory syndrome, or SARS. It is now comprehensively agreeable to many that superintendent, or CEO, performance standards and evaluations are not only indispensable in profit-aiming businesses, but also very important in the health care industries.

While there are numerous areas that can be looked at in the evaluation process, it is finding the right mix of measures important to the organization that is critical to the effectiveness of the performance evaluation. The broad areas that are often evaluated include organizational results, community health, organizational relationships and culture, and individual and professional skills. The outcome of the evaluation will ultimately benefit both the superintendent and the hospital. The hospital benefits from having the leadership aligned with the goals and mission of the organization. The process allows both the superintendent and board to re-evaluate the measures used for the performance appraisal and makes the necessary adjustments to build for the future.

This paper has provided some guidelines and ideas about the process of developing an appropriate superintendent performance evaluation. The performance evaluation must be created by the hospital governing board, along with the input of the superintendent and affected parties. Measures should be aligned with the organization and re-evaluated annually so that the appropriate focus and direction is achieved.

Key words: performance evaluation, hospital superintendent, hospital board, SARS



摘要

醫院院長經營管理績效的重要性在歷經 SARS 風暴的震撼後益顯重要！機構首長的績效標準與績效衡量制度的建立，已經不是只有注重營利的私人企業才需要強調的。以國民健康與社區衛生為戮力目標的各醫療服務機構，其實更需要注重其主事者的經營與領導能力。

機構首長的績效標準莫衷一是。以醫院為例，其院長績效衡量的標準廣義而言包括組織的成效、社區的健康、組織的公關與文化及院長個人的人際及專業技巧等。董事會對醫院院長進行績效評估是確保雙贏的必要措施：醫院藉此得以確認該院長在理念與政策的執行上無悖於董事會的期許；而醫院院長藉此得以調整其經營與領導方針並確認其功勳。

本文提供有關醫院院長績效衡量之芻議，期能藉拙論之拋磚，激發更多先進之建言，使我國在迎接下一場類似風暴前，都已有周全之首長團隊引領全國醫療院所前行。

關鍵字: 績效評估 醫院院長 醫院董事會 嚴重急性呼吸道症候群



The importance of hospital CEOs, or superintendents, can never be overlooked if we look back on the Taiwan's recent fight against severe acute respiratory syndrome, or SARS. The superintendent of Hopping Hospital in Taipei didn't tell the authorities there was a SARS patient in his hospital. As a result, SARS broke out. The affected institutions included the Taipei Municipal Hopping Hospital, the Taipei Municipal Jenchi Hospital, the privately owned Kaohsiung Chang Gung Memorial Hospital and the private Kaohsiung Medical University Hospital. The Department of Health (DOH) of Taiwan even handed over the cases of Hopping Hospital Superintendent Wu Kang-Wen, Hopping Hospital's director for communicable diseases Lin Jong-Ti, and Jenchi Hospital Superintendent Liao Cheng-Hsiung to the Taipei City Government for further investigation. Liu Li-fan, director of the Department of Health Care Management of Leader University said, "The fact that SARS transmissions did happen in the hospital shows that the superintendent failed to do his job well. There is an administrative failing." (Pan, 2003) Consequently, it is now comprehensively agreeable to many that superintendent, or CEO, performance standards and evaluations are not only indispensable in profit-aiming businesses, but also very important in the health care industries.

One of the milestone and most vital decisions a board will make is the recruitment of a competent Chief Executive Officer, i.e., CEO (Pointer and Orlikoff 1999). However, what more organizations not succeed to do after the CEO recruitment process is completed is to establish and put into practice appropriate performance standards for these CEOs. A wide-ranging assessment of these CEO performance standards not only builds stronger leadership relationships but also when tied to strategic goals, can be a powerful motivator of organizational success (王炳龍等 民國 89 ; Orlikoff and Totten 1996). Moreover, it is through the evaluations of these performance standards that a board can possibly appreciate the challenges facing the CEO and find out what types of leadership may be valuable. By establishing comprehensible and assessable criteria, the board sets in place a scheme that allows instantly feedback and reassures their expectations of the CEO.

This paper will take a look at CEO performance evaluation mechanisms currently used by non-profit hospitals in the United States and explore into where things should be heading for Taiwan hospitals. Problems that can occur with hospital superintendent performance appraisals and the ways to avoid them will be discussed. Innovative methods being utilized to increase the effectiveness and comprehensiveness of the hospital superintendent performance appraisal process will also be presented along with examples of certain evaluative measures.

SUPERINTENDENT PERFORMANCE EVALUATIONS: WHY BOTHER?

It is not the hospital board's role to manage or operate the hospital on a daily basis, but it is one of their functions to monitor and make sure how well it is managed. A performance appraisal is the board's mechanism of determining if a hospital superintendent is performing to their expectations and how well, or how bad, he or she is performing their designated obligations. These appraisals are also necessary to defend the board and the organization from legal actions taken by formerly employed individuals (Newman, Tyler, and Dunbar 2001).

The outcome of an appraisal of hospital superintendents' performance can have both

performance appraisal, it is possible that other excluded items will suffer as a result of the superintendents' focusing their efforts on those specific items that have been deemed important. Another problem is a focus on short-term performance without showing concern for quality and long-term strategy. In the healthcare field it is important that quality and future positioning become an integral component of performance appraisal systems.

If the board members who read the appraisal outcomes do not have an understanding of what the results mean, it could lead to an inappropriate evaluation. The board has to have a previously decided and agreed upon performance standards and must make sure that the evaluation is tied to a current position statement, which in turn should reflect the mission and vision of the hospital.

Another problem that could occur during the evaluation process is that the superintendent is not given the opportunity to provide feedback to the board. It is essential for the superintendents to be able to give their feedback concerning the process so that they can provide important information about their interpretation of the measures. The superintendent input helps with the re-evaluation of the appropriateness of the measures and can confirm their alignment with the board.

Several myths of measurement may need to be overcome before those involved believe in the measurement process. One myth is that measurement is too rearview oriented and does not anticipate the future. By developing measures that can serve as early-warning indicators of future problems can help make measurement more forward-looking. Another problem that may surface is the belief that measurement stifles creativity. Creativity is more likely to be stifled by unclear strategic framework and measures than by the actual measurement process. Having a clear direction can lead to creative planning and implementation. Finally, the belief that more measurement is better also needs to be eliminated. The number of metrics is less important than the process used to arrive at and interpret them.

Many healthcare organizations also fail to adjust and update superintendent performance evaluations as changes in the organization's mission, vision or values are made. If the strategy is updated but the superintendent performance objectives are not, the superintendent may risk a poor performance appraisal if he/she follows the new strategies (Orlikoff and Totten 1996). The hospital risks the misalignment of organizational strategy and superintendent performance if specific and measurable objectives relating to the strategy are not clearly defined and communicated.

WHAT TO MEASURE?

While there are numerous areas that can be looked at in the evaluation process, it is finding the right mix of measures important to the organization that is critical to the effectiveness of the performance evaluation. The broad areas that are often evaluated include organizational results, community health, organizational relationships and culture, and individual and professional skills (Orlikoff and Totten 1996). Some of these areas include information and data that is collected by numerous organizations, either as a result of regulatory issues or due to those measures being used by almost all businesses to look at organizational performance, such as profit margin or operational income/loss. These areas that have data collected by all or most healthcare organizations can be used to provide benchmarking. Benchmarking is a process that consists of choosing the areas to be measured, collecting and analyzing the data, comparing the data with corresponding data from

hospital-wide and individual consequences. For the hospitals, an invalid or inappropriate evaluation could result in the continuance and rewarding of poor performers or failing to support and reward deserving performers. Superintendents see the appraisal process as a way to strongly influence their compensations, general images, and future career paths. The evaluation process itself can provide many benefits by: (方正儀 民國 92 ; Nelson and Economy 1996; Orlikoff and Totten 1996; Newman, Tyler, and Dunbar 2001)

1. Summarizing past performance and establish new performance goals
2. Focusing activities on the hospital's mission and vision
3. Facilitating the coordination and teamwork among leadership
4. Creating a formal system to help develop the CEO professionally and personally
5. Clarifying expectations of the CEO and board
6. Making sure that assignments and priorities are in order
7. Linking compensation to performance
8. Providing constructive feedback
9. Building formal documentation of CEO performance
10. Protecting the CEO against the high risks associated with doing their job properly.

The evaluation process must be kept straightforward and simple, yet be broad enough to provide creative discussion among those board members conducting the evaluation. Many board members are used to focusing on financial performance (陳燕錫等 民國 90). While important, the board needs to know that the evaluative factors come from the CEO's position statement, the strategic plan, and the hospital's mission statement (Bourke 1994).

Outsider inspection of CEO accountability and compensation has increased in recent times and by using valid measurements of performance, it is easier for the organization to justify CEO compensation under the auspices of pay for performance. This is more prevalent in non-profit organizations where there is a commonly held belief that people work there out of charitable motives and that excessive pay deprives the community members of needed services (Newman, Tyler, and Dunbar 2001).

Compensation of a hospital superintendent is unavoidably linked to the appraisal outcome but it must be determined ahead of time how the evaluation outcome will affect the CEO's pay. The compensation needs to be viewed as an investment in the future of the organization and not as an expense (Pointer and Orlikoff 1999). This demands that a great deal of the compensation package be directly related to performance measures.

PROBLEMS WITH HOSPITAL SUPERINTENDENT PERFORMANCE EVALUATIONS

There is very little literature spotlight on the performance evaluation of hospital superintendents in Taiwan. What is more, just having a hospital executives performance evaluation program in effect does not mean that it is appropriate in structure or gives the hospital board the adequate information it needs to have an effective governance process. Evaluations often do not reflect the superintendent's actual performance and many hospitals CEO's and board chairs are not very satisfied with the evaluation methodology (Tyler 1994). Often poor hospital performance may be out of the superintendent's control and if pay is related to that uncontrollable performance, the superintendent will suffer. If merely a certain specific outcome items are being considered for the

similar organizations to determine top performers and performance gaps, and adopting the best practices of the top performers (Devan and Williams 1999). Data sources that are often used by healthcare organizations for benchmarking usually come from external sources. Benchmarking can be a reliable tool for measuring the success of the executive management team on the controllable variables that have an impact on the bottom line. Trustees must recognize the different types of data and their relative strengths and weaknesses. Data must be considered with an appropriate comparison group of sufficient size to provide accurate benchmarks.

In a 1997 survey conducted by the American Hospital Association (AHA), over 2002 Healthcare CEOs and Board Chairs were asked questions about CEO performance evaluation criteria currently being used in their organizations. Table A. shows that most organizations had financial and leadership evaluative criteria while less than half tied in community health or compliance issues (Bogue 1999).

Table A: Evaluated Performance Criteria

CEO Performance Criteria	Percentage Evaluated By Criterion
Financial Performance	95
Vision/Leadership	90
Physician Relations	86
Strategy Fulfillment	85
Mission Fulfillment	78
Employ Relations	78
Clinical Quality	69
Accreditation	61
Network Performance	54
Compliance	51
Managed Care	43
Community Health	36
Risk Management	34

ORGANIZATIONAL RESULTS

Organizational results deals mostly with the financial health and operations of the hospital. Most often this includes measures of financial performance, market share figures, capital structure, revenue increase/distribution, and the relation of clinical information with financial outcomes. Many financial indicators, such as labor cost per adjusted discharge, clinical utilization cost per adjusted discharge, capital cost per adjusted discharge, revenue measurement, and professional fees, can be benchmarked with similar organizations (Devan and Williams 1999). These measures can track the overall organizational performance and provide information useful in the evaluation of both the organization and the leadership.

Quality of care and patient safety are major issues that are currently present in the media. Given that the leadership of the hospital superintendent is the single most important factor in the success of patient safety initiatives, this is an area that should be tied into the CEO evaluation process (Selis 2001). The hospital may need to put in place new measures that capture the necessary

evaluative data used in determining quality of care or numbers of errors incurred. New regulatory issues relating to quality and patient safety are starting to be passed and it may be just a matter of time before certain data collection is required.

Service quality or customer relations are important to the hospital since many clients chose where they go based on these indicators. Reliability, responsiveness, appearance, cleanliness, comfort, friendliness, courtesy, communication, access, availability, and security are all part of this area (Shaw 1999). An example of a performance measure in this area is the length of time one waits for service provision once at the hospital or the length of time it takes to respond to a filed complaint. These measures could be taken from patient satisfaction surveys collected throughout the year and the results compared with the previous years to determine if the selected measures showed sufficient improvement or maintained a high level of satisfaction.

ORGANIZATIONAL RELATIONSHIPS AND CULTURE

Medical staff relations are a large component of this area and probably one of the most frequently included measures from this area in superintendent performance evaluations. Since physicians make nearly all of the hospital's revenues, it is important to maintain very good and effective working relationship so that both parties can benefit. This area also covers employee and board relations as well as the relationships the hospital has with the payers and purchasers of the services.

The superintendent should be an effective advocate for the hospital and be able to influence the forces that shape the legislative and regulatory policies that could be detrimental to the hospital or the health of the community (Newman, Tyler, and Dunbar 2001). Performance relating to this measure can be evaluated by how well the CEO is in assessing the potential impact of pending regulatory or legislative issues and communicating this to others within the organization.

Since hospital success is closely related to its relationship with the community, the superintendent also needs to be evaluated on their role in public relations, involvement in the community, and ability to work with local business leaders (Newman, Tyler, and Dunbar 2001).

COMMUNITY HEALTH

This is an area that is becoming more popular as an evaluative measure tied to health care CEO performance in the United States. These measures are often driven by public demand and the hospitals desire to show their impact on the community. Most often some aspect of community health is reflected in the mission statement of the hospital. By not tying at least one community benefit goal to the CEO evaluation, hospitals are missing an opportunity to better align executive compensation programs with the needs of their stakeholders, the community.

Measuring community health indicators is much more difficult to do compare to financial and organizational performance metrics. The simplest way is to look at the dollars spent on charity care. Hospitals can also measure community health in the numbers of participants in specified community health programs and the number of programs provided by the organization (Milstead 1999).

More difficult to measure are those metrics that relate to improved community health status. These measures might look at the percentage drop in the incidence of a disease or the decrease in

the number of admissions for certain conditions. Many hospitals do not have the tools or capability to measure the outcomes of its community health activities. In service areas with more than one hospital it is very difficult, if not impossible, to attribute the measure of a community health status indicator to one organization. In these situations the healthcare organization must look at their community health programs, both in terms of matching services/activities to the community needs and then looking at the number of participants in each service/activity.

By making community health a core business strategy, hospitals are able to reduce costs through health education, screening, prevention, early diagnosis, and increasing the appropriate service utilization. Costs can also be saved through more effective collaboration with other health resources in the community and by reducing duplicate capacities (Bogue 1999). The hospital will gain in market intelligence, customer loyalty can increase, and public confidence in the organization may improve.

INDIVIDUAL AND PROFESSIONAL SKILLS

This area of evaluation is often weighted toward the subjective side but it is possible to create quantifiable measures, such as the number of hours spent in leadership development courses and participating in professional society activities. Due to the subjective nature of this area, there needs to be several sources of input to help eliminate some of the personal and political influences that may occur during the evaluation process.

Evaluative measures in this area look at the interpersonal skills and management style of the superintendent along with his/her managerial effectiveness; delegation, group leadership, and empowerment (Orlikoff and Totten 1996). Problem solving skills, creativity, ability to resolve conflict, ethical behavior, and advancement of the profession can be, and usually are, measures used to look at the individual and professional skills of the superintendent. The development of measures in this area should try to be as specific as possible in order to provide the superintendent with a clear understanding of what is expected.

EVALUATION RESULTS

The outcome of the evaluation will ultimately benefit both the superintendent and the hospital. The superintendent will be rewarded, recognized, and appropriately compensated for achieving the goals that were set forth at the beginning of the process. The hospital benefits from having the leadership aligned with the goals and mission of the organization. The process allows both the superintendent and board to re-evaluate the measures used for the performance appraisal and makes the necessary adjustments to build for the future. The performance evaluation is in essence a pivot, turning the review of the past year's performance into guidelines for the coming year's goal statements (Bourke 1994).

CONCLUSION

As the SARS threat subsides, at least for now, attention is focused on adjusting and adapting sensible precautions and socially responsible practices. On the health care front, many hospitals have activated their own crisis management plans, and introduced precautionary measures at the workplace. Issues relating to SARS incident reporting, Standard Operating Procedures (SOPs) for

managing SARS incidents and SARS incident scenario response have generated the most interest for hospital boards and superintendents altogether. Taipei Municipal Jenchi Hospital, which was forced to close down when drastically infected by SARS, has nominated Dr. Yeh Chin-Chuan as their new superintendent in order to demonstrate their greatest desire to recover from the impact. It is believed that the shifting of the board's attention from the candidate's clinical expertise as in the past, to the overall management competence has caused this decision.

Given today's healthcare market in which more emphasis is placed on pay-for-performance, it is important for a hospital to develop an appropriate superintendent evaluation process. The factors being measured must be aligned with the mission, vision, and goals of the organization such that they provide the superintendent with the proper incentives and direction.

Currently the most widely used measures are related to organizational effectiveness. These measures usually consist of financial indicators, market share, service quality, and the achievement of strategic objectives. However, the importance of other non-financial measures in determining how well the superintendent has performed, are becoming as important. Linking community health to compensation is an up and coming measure that reflects the organizations commitment to the health of those they serve. The American College of Healthcare Executives has even recommended that 20%-25% of incentive compensation be tied to community health (Speer 1997).

This paper has provided some guidelines and ideas about the process of developing an appropriate superintendent performance evaluation. There is no one perfect template that can be used by all healthcare organization as the needs and direction of each is different. The performance evaluation must be created by the hospital governing board, along with the input of the superintendent and affected parties. Measures should be aligned with the organization and re-evaluated annually so that the appropriate focus and direction is achieved. An understanding of how the evaluation will be used should be thoroughly communicated at the onset of the process to avoid problems relating to unclear goals and objectives at the end.



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