



Rural Hospitals: A Different Take on Conflict of Interest

BY GARY W. MITCHELL, FACHE

When conflicts of interest arise at board meetings, a hospital's size is irrelevant. However, trustees of rural hospitals often must be extra-vigilant about this issue if they are to remain objective.

Within a rural hospital, there is a good chance some trustees also may be friends or business acquaintances—some of our hospital's board members knew one another before coming on to the board. Our board views these relationships as positive because trustees are comfortable enough with each other to speak freely. However, such relationships also may lead to conflicts of interest. While it may be difficult to avoid all conflicts, trustees of close-knit communities need to ask themselves, "How do I maintain my objectivity when I have conducted business with the board member sitting next to me?"

Fortunately, the issue of objectivity hasn't been difficult for our board to tackle. Newman Memorial Hospital in Shattuck, Okla., is a community of 1,500 located about 150 miles northwest of Oklahoma City. The hospital operates 79 licensed beds with a service area of 30,000 to 35,000 citizens, spanning several counties in three states.

Our 12-member board handles conflict of interest in the same way as boards of large hospitals do. When an issue comes before the board in which a member has a personal or professional interest, he or she declares there is a conflict and does not participate in the discussion.

Recusals don't happen very often, but when conflicts do arise, they usually con-

cern contract discussions with physicians, a purchase or exchange of property or insurance-related issues. For example, when Newman Memorial's board negotiates an agreement with physicians from the Shattuck clinic to cover the hospital's emergency room, the board's two physician members leave the room and do not vote.

While it is important to adhere to a clear conflict-of-interest policy, a number of conflicts can be avoided up front if a carefully considered trustee selection process is followed. Newman Memorial's approach to choosing board candidates is straightforward. The main objective of our board composition process is to ensure we have trustees who have a wide range of knowledge and know how to contribute to the organization's mission. Although our community is very homogeneous, we look for diversity in gender, age, profession, location and other attributes.

The board begins its selection process by discussing the strengths of people in the community who could possibly meet the hospital's diverse needs.

After a list of interested candidates is compiled, the prospective trustees' relevant information is entered onto a spreadsheet. Each candidate is then scored based on his or her fit with the hospital's immediate needs. For example, if the hospital plans to build an addition within the next year or two, the board may seek a trustee who has construction or engineering experience.

The board prioritizes the list to deter-

mine its leading candidates and schedules interviews between them and myself, so candidates can ask any questions they may have and learn what is expected of them as board members. At this point, potential conflicts of interest are carefully reviewed and considered, but they do not necessarily disqualify a candidate from the selection process.

The board's next step is to vote on the candidates. To date, our board selection process has been successful—more than 95 percent of those we have interviewed have been elected to the board. Half of our members are women, and trustees come from across the hospital's wide-ranging service population.

Rural hospitals may not have a large stable of board candidates from which to choose, but in my 17 years as CEO at Newman Memorial, board members have worked hard to avoid bias when making decisions that affect the hospital and community. They are trustees because of their knowledge of and interest in sustaining and expanding health care delivery in the community, and they provide the governance and policy direction to achieve this goal. When a board understands its role, conflicts of interest shouldn't be a problem. **T**

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