

Governance in non-profit healthcare essay sample

[Health & Medicine](#), [Healthcare](#)



The first non-profit healthcare facility The Pennsylvania Hospital was founded in 1751; because of good governance this facility continues its operation today. Also, a century-and-a-half later, the first health care prepayment/insurance plan—Blue Cross, which was founded as a nonprofit organization by a nonprofit hospital in Texas is still very effective, and efficient. (www.nonprofithealthcare.org)

This paper will take a look at the governance of the financial practices at Dimensions Healthcare Systems. (The dimensions health home page presents a wealth of compelling and factual information on the organisation and its functions [www.dimensionshealth.org]). Even as it focuses on the importance of governance within healthcare, the importance of which cannot be overstated mainly because it is directly related to, and has an effect on human well being. Merriam Webster defines “ Governance” as the way a company is controlled by the people who run it. Implicit in this definition is that non-profit healthcare then is only as effective and efficient as the people who manage it want it to be. However, some contend that even with healthcare reform the attention given to non-profit healthcare is not ... ‘ commensurate with the enormity of the challenges faced’. (Bennington, 2010) The changes in health IT, economic change, the continued need for safety, rising cost theses all contribute to the challenges that are faced.

Structure

At the Dimensions Healthcare Corporation, a voluntary Board of Directors governs Dimensions and each of its affiliated facilities and operations. This board of directors is committed to assuring quality care and patient safety.

Members of the Board devote countless hours of service to the governance of the system and consist of the following individuals: The Honorable C. Philip Nichols, Jr., Chairman, V. Prem Chandar, M. D, Syed Sadiq, M. D. The Honorable Tawanna P. Gaines, Vice Chair, The Honorable Thomas Hendershot

Benjamin Stallings, M. D, Treasurer, Elizabeth Hewlett, Esq., Bradford Seamon Board members have the unmistakable responsibility of defining and measuring the organisations success, as well as their performance methods.

Objective

Because of a leaner management system, this type of system is vindicated by those who contend '... large unwieldy boards tend to be inefficient and do not contribute positively to governance effectiveness'. (Prybril et al., 2009)

The Dimensions Healthcare Systems has been achieving its primary objective, that is to provide comprehensive healthcare of the highest quality to residents, and others who use their services, while strengthening their relationship with universities, research and healthcare organizations to ensure best-in-class patient care. Consistent with their claim that they have been achieving their objective are the following: '... Inpatients at Laurel Regional Hospital (LRH) and Prince George's Hospital Center (PGHC) are now served by a single group of hospitalists' physicians who specialize in the medical care of hospitalized patients, leading to more integrated care, shorter lengths of stay and better outcomes. The Psychiatric Institute of Washington (PIW) manages the corporation's adult psychiatry program at

LRH. Dimensions Healthcare is also in partnership with Shock Trauma at the University of Maryland Medical Center,'

Purpose

Because stakeholders and donors have begun to closely examine how funds are being allocated, there is a renewed call for greater accountability, greater transparency, and better performance by the persons who manage these organizations. Governance must be recognizable in the way the organization is managed. There are several reasons why effective governance of hospitals and health systems is important, of which accountability is of great importance, and it is for this reason that governance is important. It is also the reason governance of nonprofit hospitals and healthcare systems need to be improved. (Prybril et al., 2009) Board members have the ability to establish benchmarks in an effort to measure accountability. .

To establish that the Corporation conforms to compliance programs, Dimensions Health stated in their 2010-2011 financial report that '... the past three years, Dimensions' facilities have been licensed and inspected by the State of Maryland, as well as accredited by the following healthcare regulatory organizations:

(The Joint Commission (TJC) - LRH, GSSH&NC and PGHC / BHC (Commission on Accreditation of Rehabilitation Facilities (CARF) - LRH (Accreditation Association For Ambulatory Health Care (AAAHC) - DSC at Bowie (College of American Pathologists (CAP) - LRH and PGHC / BHC

Comparison of non-profits and for-profits

For-profit and non-profit organizations share commonalities, but the significant differences cannot be ruled out. One of the main points of distinction between a nonprofit organization and for-profit organization are their reason of existence. A for-Profit organization focuses on financing decisions, the organization's ability to obtain finances, and their ability to manage it, so as to generate income for its owners, employees and investors; whereas a NPO focuses on providing quality services. Also, as a non-profit an organization is then eligible for both private and government grants.

The fundamental difference in nonprofit and for-profit organizations is the purpose for which they were created. A for-profit organization has a legal and ethical responsibility to maximize profits for the owners of the organization, be they stockholders or partners. These organizations can therefore be measured by their profitability and return on equity for shareholders.

In contrast non-profits' primary responsibility is to the communities in which they serve. Board members comprise members of that community, and any profit or reserve is re-invested into the organisation for the benefit of the organisation. The money is dispersed to improve service quality, to improve efficiency, and some of it is used to cover the cost of community programs that are utilised to improve health status. For example, funds may be used to provide health quality care to trauma and burn care patients, and outreach primary care and preventive services, free care to medically indigent

patients, or a discounted fee (charity) to those who are uninsured, or considered low-income, for health care services provided, also, to support medical education or medical research. After making an assessment and an examination of the disclosures in the financial statements, and the accounting principles used by the Dimensions Health Corporation and its subsidiaries, the external auditors' determination of their financial position as of June 30, 2011 and 2010 noted '...changes in net assets (deficit) and cash flows for the years ended in conformity of the accounting principles generally accepted in the United States of America.'

In September 2010 the Governor of Maryland, and the county executive, signed a Letter of Intent to provide a total of \$30 million dollars in financial support during the fiscal year 2011 to the Corporation. Each party is expected to provide \$15 million in quarterly instalments of \$3, 750, 000 each. This is considered to be the largest financial support ever provided to the Corporation within the same year. The Corporation was also awarded \$2, 500, 000 dollars in federal disaster grant funds, which will be used to establish a system-wide electronic medical records system for emergency medical services. The Corporation continues to rely on government and other grant funding to finance its continuing operations. ' The expectations for boards of non-profit healthcare organisations are becoming more stringent'. (Prybil, et al., 2009). At Dimensions Health Corporation in keeping with practices programs and committees have been established to deal with corruption, there is also a compliance and ethics officer, and a whistleblower protection program. The Joint Commission (JC) conducts triennial and for

cause surveys at the Dimensions Health Corporation and their subsidiaries, The Corporation has been able to maintain full accreditation for 2010 and 2011.

Conclusion

After reading and analysing all the material available on governance in non-profit healthcare it may be concluded that if there is strict adherence to the strategies in the Sarbanes-Oxley Act of 2002, (Parrino & Kidwell, 2011) then not only will a non-profit be able to achieve optimal effectiveness but there will also be transparency. There must be accountability in regard to funds that are allocated by various stakeholders.

As a non-profit Dimensions Health Corporation has stated ' they have been good stewards of the governmental support received.' Also, they claim that they have received " clean" audits of their financial statements by outside auditors for the past three years, indicating that their financial reporting is thorough and reliable. Even though it is apparent that there is no real way to measure profitability, if benchmarks are put in place against which actual achievement is measured then the organisation will have some idea as to how well they are performing. Some may argue that in healthcare success is measured by the number of patients that are seen. However, for every thousand that may be seen there will be at least three hundred who may be charity cases. Accordingly, patient satisfaction is a greater indicator of effectiveness, and quality healthcare.

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