

Governance Structure of Hospitals



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Definition of a Hospital

A hospital is a not for profit organization that has multiple stakeholders such as patients, community members, healthcare workers and government. They are regulated by multiple pieces of legislation with the **Public Hospitals Act** being one of the most important.

The Public Hospitals Act

- Establishes the Governance Structure of a Hospital
- Outlines the process of appointments and privileges in a Hospital
- Ensures an adequate system of incident reporting is put in place
- Outlines funding from the Ministry of Health and Longterm Care (MOHLTC) to Hospitals

Hospital Structure

On an individual hospital level, each hospital has an incorporating document that establishes the broad vision and goals of the organization. Concurrently there is a set of bylaws that lays out how this vision is achieved.

These bylaws allow **members** to be appointed. **Members** can be thought of as shareholders (but hospitals are not for profit so there is no ownership of assets). Rules for appointing members vary but they may include directors, community members, or members of religious orders. Members are involved in bylaw changes as well as **appointing the board of directors**.

The directors are the ones who are responsible for hospital governance, not the members. Simply put they are the ones who run the hospital.

The Board of Directors must include the CEO, the President of the medical staff, the Chair of the Medical Advisory Committee and the Chief Nursing Executive. These members are all ex officio meaning they are on the board as their position mandates it. As such, they are nonvoting members.

Functions of the Board of Directors

- Goals and Vision of the Hospital
- Performance oversight and monitoring quality of care
- Overseeing finances
- Granting Hospital privileges and credentialing

For physicians one of the most important rules of the Board is granting hospital privileges and credentials.

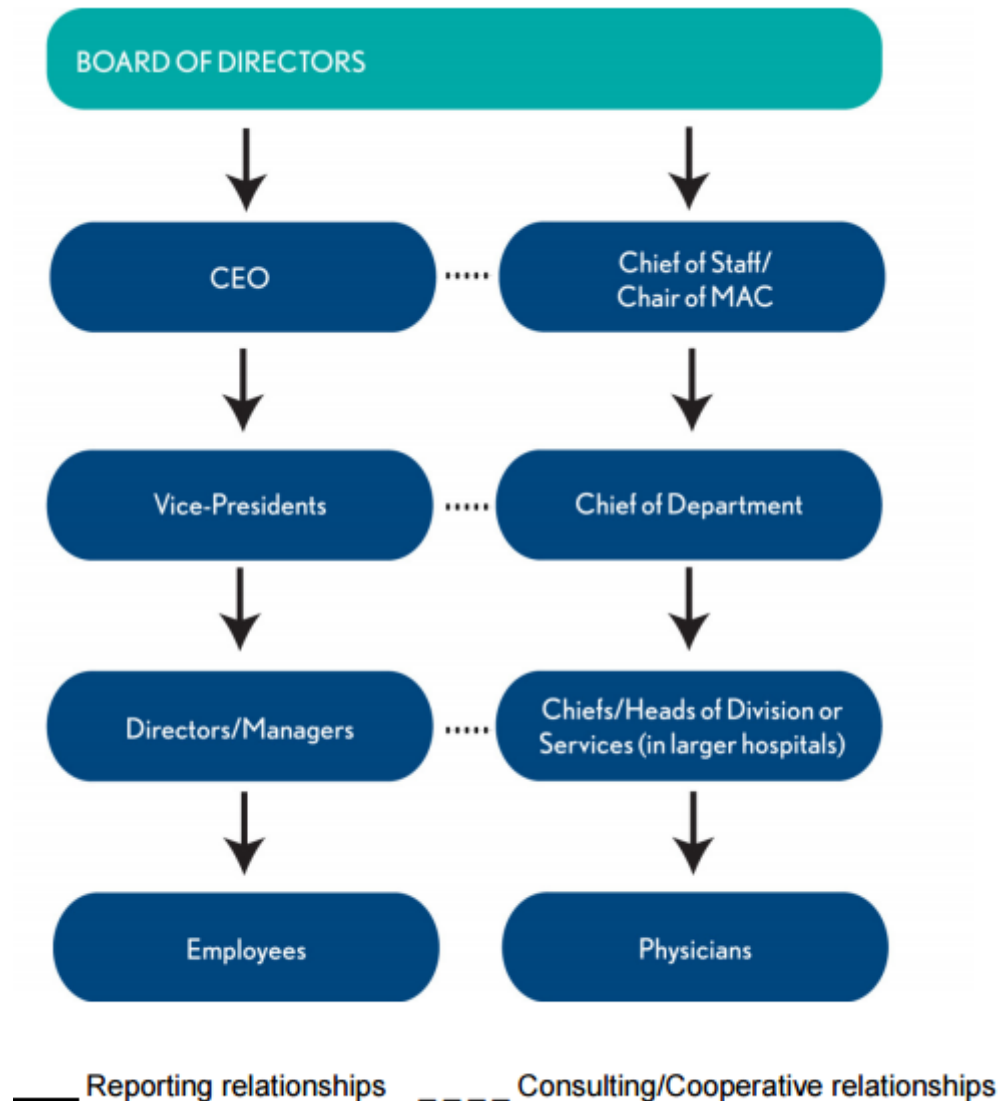
Physicians, dentists and midwives are not Hospital employees and are instead given privileges to independently practice in the Hospital (on a predefined scope). This is in contrast to nurses and other allied healthcare workers who are hired under the CEO and work for the Hospital. Similarly the medical professions listed are accountable to the **Medical Advisory Committee (MAC)** under the MAC Chair who sits on the Board, not the CEO.

Functions of the MAC

- Hospital privileges
- Ensuring quality of care by appointed medical staff

The Professional Staff Bylaws determine the qualifications and credentials a physician, midwife or dentist need to practice within the Hospital. The professional staff are then often divided into departments and further into divisions or services (i.e. Department of Medicine ---->Division of Cardiology)

This basic hospital structure is summed up below.



Taken from Physician Leadership resource manual from the Ontario Hospital Association and KPMG and Borden Ladner Gervais LLP.

In a traditional hospital structure the CEO and MAC have complementary roles in running the hospital. Both are accountable directly to the Board of Directors. The CEO is responsible for hiring all the employees, while the MAC is ultimately responsible for regulating all the professional staff. In summary, you can think of the CEO as responsible for operational functions and the MAC Chair responsible for the medical.

This structure will soon be replaced by patient care programs where all staff including physicians will be grouped into patient care programs rather than the traditional department/division breakdown.

References

Hawkins, P., Pessione, H., Lawson, J., & Lovren, D. (2010). Physician Leadership Resource Manual. Retrieved April 5, 2015, from <http://www.oha.com/CurrentIssues/keyinitiatives/PhysicianandProfessionalIssues/QPSGT/Documents/CompleteManual.pdf>