

What Do You Know about Boards of Directors?

1. The generally recognized standards of conduct that board members must follow are:
 - a. Duty to attend meetings; duty to be objective and duty to be properly prepared for meetings
 - b. Duty to be financially responsible; duty to read annual reports; and duty to avoid conflicts of interest
 - c. Duty of care; duty of loyalty and duty of obedience
 - d. *All of the above*
 - e. None of the above

2. One basic criterion for healthcare governing boards is:
 - a. All members agree to receive care at the governed organization.
 - b. Board members provide a specified amount of financial support.
 - c. *The actions of the board are reasonable and prudent.*
 - d. The board must meet a minimum of two times each year.

3. *In a healthcare organization, who has ultimate fiduciary responsibility?*
 - a. Chief financial officer
 - b. *Board of directors*
 - c. Medical staff officers
 - d. Senior management

4. Boards make better strategic decisions if they use information that is:
 - a. *Focused on measurable outcomes of service quality and economic vitality.*
 - b. Readily available on special board website.
 - c. Generated from computer studies of departmental activity reports.
 - d. Summarized in graphs for better understanding.

5. A nonprofit hospital jeopardizes its tax-exempt status when:
 - a. *The majority of its revenue is derived from for-profit activities in other related corporations.*
 - b. The bottom line exceeds 20 percent.
 - c. The hospital subsidizes the office rent of physicians.
 - d. The hospital pays the malpractice premiums of the medical staff.

6. The first role of the governing body is to:
 - a. Manage inputs of the healthcare organization to achieve the output that are its goals.
 - b. Recruit members who understand the health services field.
 - c. *Set objectives and develop policy to guide the organization in achieving its mission.*
 - d. Develop the operating plan and monitor departmental performance.

7. Which of the following activities should be performed by the Board of Directors?

- a. Calculating patient care fees
- b. Determining staffing patterns
- c. Recruiting new medical staff
- d. *Hiring the CEO*

8. Governing boards are typically more effective at what size?

- a. *10 to 15 members*
- b. 15 to 25 members
- c. 5 to 10 members
- d. More than 25 members

9. The governing authority of a healthcare facility can terminate the privileges of any member of the medical/professional staff:

- a. *At any time, if it follows its own adopted procedures.*
- b. At any time, with or without due process.
- c. Only if termination is recommended by the medical/professional executive committee.
- d. Only if termination is recommended by the medical/professional staff.

10. Internal members of the healthcare organization's governing body:

- a. Serve on an ad hoc basis and are rarely voting members.
- b. Are kept to a minimum due to concerns regarding confidentiality.
- c. *Often include the CEO, medical director and CFO.*
- d. Often include the executive staff in planning and information management.

11. A healthcare executive is serving on the board of a community mental health center. The mental health center board is evaluating proposals for inpatient psychiatric services. Proposals were received from the executive's facility and several other facilities. The healthcare executive should:

- a. Participate in the discussion and the vote if the benefits to the community outweigh possible conflicts of interest.
- b. Not participate in the discussion or the vote.
- c. Declare a potential conflict-of-interest and excuse himself or herself from participating in both the discussion and the vote.
- d. *Participate in the discussion but not vote on the proposals.*