



**ORGANIZATIONAL RECOMMENDATIONS AND  
ACTION PLAN ELEMENTS  
CHERRY HOSPITAL**

*Presented to:*

Michael Lancaster, MD, Co-Director  
Leza Wainwright, Co-Director

North Carolina Division of Mental Health, Developmental  
Disabilities and Substance Abuse Services (NC MHDDAS)  
3001 Mail Service Center  
325 N. Salisbury St.  
Raleigh, NC 27699-3001

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## INTRODUCTION

On September 10-12, 2008, a team of Compass Group senior healthcare executives conducted an assessment at Cherry Hospital in Goldsboro, NC. The focus of this assessment was to evaluate leadership processes, management of operations, diversity issues, clinical care, patient care model, and compliance with applicable hospital standards. The assessment followed the hospital's removal from the Medicare program following an unsuccessful survey by the state survey agency. Although the consultation was focused on the ability of the organization to recover from the decertification and regain Medicare certification, the primary focus of the assessment was the resiliency of the organization to respond to the need for change. Ultimately, the organization's culture, its norms and values, were assessed as facilitators and obstacles to implementing change.

This report contains an outline of the elements of organizational change that are needed before the technical aspects of correcting the deficiencies cited in the CMS reports can be implemented. Cultural changes are needed in order for efforts to regain Medicare participation to be successful, and in order for NC MHDDSAS to be assured that patient care at Cherry Hospital is safe.

### **DEVELOP EFFECTIVE LEADERSHIP PROCESSES TO INFLUENCE ORGANIZATIONAL CULTURE**

We do not believe that the current executive team should be replaced at the present time. Although our assessment was brief, the leadership team expressed their commitment to changing the organization and their willingness to accept help. Furthermore, we do not believe that this team created the problem, though they also did not flag significant issues for problem prevention. Instead, the situation appears to have developed over many years, and the current team is overwhelmed by the magnitude of reversing the problem. Without additional leadership expertise and greater capacity to generate and sustain change, the time required to turn Cherry Hospital around will be too great. Some past leadership efforts were ineffective due to limited appreciation of the challenge of change management. Nevertheless, we are optimistic that this leadership team can learn from experienced experts.

We believe it is necessary to add additional leaders to the executive team in order to promote organizational change. Each senior executive position has administrative duties that require time to complete, leaving less time to dedicate to leadership activities. The recent problems and increased regulatory and public scrutiny have only increased the administrative burden. Since the process of making significant cultural changes requires more leadership presence and visibility than during "steady state" operations, adding additional leadership resources decreases the possibility of insufficient leadership presence.

To help focus the staff on a new future for Cherry Hospital, the organization should adopt key Cultural Messages. Although the messages should be developed with the assistance of the leadership team, examples of these messages include:

1. The leadership and staff work collaboratively to provide a therapeutic milieu for patients.
2. We are committed to treating every patient under our care; physical control is not treatment.
3. We adopt a philosophy of continuous improvement to learn better ways of improving patient safety and clinical outcomes.
4. We are aware of the expectations others have for us and take great pride in exceeding those expectations.
5. We do not ignore evidence of poor performance that requires corrective action.
6. While we trust each other, we recognize the need to put the safety and welfare of patients above our own wishes.
7. We can make this a safe environment for patients and staff. This does not mean that we rely upon physical control, which is not treatment. Instead, we are clinically adept at providing treatment for our patients. We do not tolerate staff intimidation of anyone – patients or staff.
8. Every workplace has elements that cannot be controlled. We are not distracted by the things we cannot control.

### KEY LEADERSHIP PROCESSES

**PERFORMANCE IMPROVEMENT.** Although the organization has a Performance Improvement Plan, the implementation of the plan suggests that the document is designed more for the sake of reaching compliance than for achieving results. A Performance Improvement *philosophy* needs to be cultivated. This will require leaders to ask the right questions, determining whether problems are understood and action plans are well founded and well designed. There needs to be accountability for meeting commitments and timeframes, support to provide resources and remove obstacles, and most critically, an intolerance of complacency. These factors fall into place when leaders consistently drive these attitudes throughout the organization's problem solving teams. In fact, performance improvement also necessitates problem solving at the level of the organization that actually confronts the problem. Problem solving solutions are not determined by organizational level, but by subject matter expertise. The leadership of the organization must actively foster this philosophy throughout the organization. This implies that engaging all patients in treatment is an issue that must be addressed at the unit level by staff nurses and healthcare technicians, not just physicians and administrators.

**PEER REVIEW.** Currently, peer review is focused on determining whether someone did something worthy of discipline or corrective action. Medical Staff peer review is not intended to validate actions. Rather, its purpose is to reflect on an experience and learn from it. Usually, there are lessons to be learned, or procedures or systems to be modified in light of the new insight.

There are two aspects to effective case review – case finding and case evaluation. Case finding is a screening and selection process for identifying which cases are worthy of peer review. Usually, screening criteria define what should be considered, and review by the Clinical Director leads to the selection of specific cases. Case selection by the Clinical Director requires judgment to ensure that cases that are worth reviewing are discussed, and cases that have no learning opportunity are not reviewed. The discernment needed to isolate valuable cases must be developed, and cannot be assumed to exist in all physicians. Coaching can help to develop this judgment.

Similarly, reviewing cases should be a facilitated process to ensure that significant issues are not overlooked by naïve reviewers. Coaching by a physician with expertise in peer review can provide the skills and development of judgment that are necessary to improve the value of peer review.

**ROUNDING IN CLINICAL AREAS.** It is essential for leaders to physically walk around to the clinical units. Observing operations and discussing issues with staff are measures that will prove critical to generating the change needed at Cherry Hospital. The combination of frequent interactions with staff and visibility in clinical settings can have several significant benefits. First, face-to-face discussions give leaders the opportunity to convey what is important to the organization – that patient care is the center of attention. Secondly, this kind of interaction provides an opportunity to reinforce key messages. Furthermore, it enables staff to raise questions that require clarification and address issues of concern with managers. Finally, visibility of leaders in the clinical care setting will also foster trust between management and caregivers.

**INTERNAL COMPLIANCE MONITORING.** Compliance with external standards and regulations is not just a management concern, but also a board level concern. Management systems need to be designed to ensure that hospital leaders are aware of the organization's vulnerabilities, have the opportunity to mitigate them, and are prepared to deal with problems that arise from these vulnerabilities. In a well-run organization, management should not be surprised when external auditors find problems.

An effective compliance program has multiple components, including periodic management and staff training, a set of process and outcome performance measures, and periodic assessment by external auditors to detect problems that might be overlooked by management. An effective program develops documents that show findings, actions taken, and measurements of the outcomes of activities. This work product provides evidence of the leadership's commitment to and oversight of the quality process.

This function should be developed prior to reapplying for Medicare participation.

## REDESIGN THE CARE MODEL

Cultural deficiencies are the root of the existing clinical problems. Specifically, the culture of the organization does not support the nurse providing direction to the support staff. In addition, there is little management and coaching of HCTs or nurses at the point of care. These norms need to change.

A new structure is needed to support the new care model. The foundational principal of the new structure is that the organization provides support for those directly engaged in providing care to the patient. The key change in the new structure would be the assignment of a nurse manager to each unit. This manager will be responsible for the unit 24 hours a day, seven days per week. This assures that the manager is responsible for patients until they leave they unit. The manager is also responsible for all staff members on the unit, regardless of their shifts. By unifying responsibility for staff training and supervision and responsibility for the effectiveness of patient care, potential miscommunications can be reduced. This more directly involves the nurse manager in supervisory activities at the point of care and provides a level of protection to identify, mitigate, and prevent negative outcomes at the point of care.

Whenever cultural changes are made, administrative changes must follow to support the new norms. For example, the roles and expectations of nurse managers would be redefined, as would all other job categories in the new care model. Nursing supervisors would still be placed on evening and night shifts, but their roles, activities, and accountabilities would be redefined to support nurse managers. Senior nursing leadership would be responsible for mentoring managers in their new roles and establishing and maintaining processes that remove the barriers to making care delivery easier to do correctly. Management's top jobs will be supporting caregivers in providing the best possible care and ensuring that nurses feel supported in their new roles.

To implement this structure, resources from administrative locations would need to be reallocated to the nursing units. By reallocating resources, more supervision will be available to assure that all staff members are engaged in patient care activities, while providing timely intervention and "just-in-time" training when clinical problem situations arise.

Another aspect of the care model is teamwork among staff at all levels. Clinical experts, including physicians, nurses, and social workers, will be needed to collaborate in the design of a therapeutic environment conducive to the patient population. Mentoring, coaching, educating, and evaluating significant events – both success and failures – will be a major part of daily activities.

## **BUILD A NEW GOVERNANCE SYSTEM**

The current administrative reporting structure should be supplemented with an appointed board that oversees compliance with strategically important management systems, including regulatory requirements. The purpose of the board is not only to oversee results, but also to participate in examining management's analysis of critical issues and action plans to remedy problems. A well-designed board will have sufficient expertise in the types of issues faced by senior management to engage in a meaningful discussion of assumptions and working models that underlie the plans.

There is much to be gained by appointing a diverse "blue ribbon" panel comprised of experts in various areas, such as clinical care, clinical information systems, and human resource management. The diversity of opinions and backgrounds provides the capabilities necessary to critically assess the operation of the organization. In addition, the appointment of a "blue ribbon" panel ensures the public that individuals with expertise outside the state government are involved in overseeing the operation of the hospital. These individuals are seen as independent representatives of the greater community and, therefore, unbiased by job title or position.

Management would be expected to report to the board each month. The agenda would include quality indicators, patient outcome indicators, staff and patient safety, key recruitment and retention indicators, and performance improvement indicators. Oversight of regulatory compliance would be a natural extension of this "blue ribbon" board.

The board may need to create committees that can delve into greater detail on issues such as human resources, professional affairs, and clinical quality. A Patient Outcomes committee could oversee the effectiveness of care and patient safety. This committee would review data and management's assessments to identify gaps in performance and assure that effective corrective actions are taken.

## IMPLEMENT AN EFFECTIVE CHANGE MANAGEMENT PROGRAM

To assure effectiveness in implementing organization-wide change initiatives, an implementation plan should be built using a framework as a guide. This framework is a model for ensuring that critical aspects of change are managed to ensure their sustainability. This involves understanding the technical, political (power issues), and cultural aspects of introducing change. In addition, the organization needs to adopt a set of management techniques designed to improve the implementation and sustainability of change. These tools are used for project planning, communication planning, training, implementation management, performance monitoring, feedback and analysis, adaptation and correction, and anchoring change within the organization.

These change management tools ensure that aspects of the planning process are not overlooked. For example, there should be an ongoing series of communication that addresses why there is a need for change, the vision that the change will achieve, and how the change will be implemented. Communication should also address apparent conflicts with the existing culture and procedures, as well as other issues that reinforce current practices that appear to be in conflict with the new initiative. Similarly, existing policies in other areas should be reviewed to determine their compatibility with the new vision. Where conflicts exist, policies need to be changed, or leadership will need to address the conflicts via communication with staff. Ultimately, an effective change communication plan addresses issues that the staff may recognize as anchors to the past. Despite the best planning efforts, change management requires both preparation for response and redesign, and plans for how these changes will be communicated to staff.

Implementing an effective change management system involves educating managers (senior and mid-level) in a change management model and coaching them to use the model when designing and implementing plans. This involves mastering a body of knowledge and cultivating skills. Classroom teaching is insufficient to teach skills. Instead, skills must be developed over time, based upon the usage experience of the manager. Skill development involves trial and error. Learning is improved, and the consequences of errors are minimized by the use of a coach. Coaching helps improve skill development by providing objective feedback and introducing knowledge from experience.

After using change management techniques to implement the aforementioned reforms, the organization will have a model for implementing future improvements, and the management group will have developed expertise in using the model successfully.



## REAPPLY FOR MEDICARE CERTIFICATION

After significant achievement occurs in the implementation of organizational change initiatives, the organization will be ready for the final effort of reapplying for Medicare participation. Several of the aforementioned recommendations address issues raised in the recent report. Other items will be incorporated into management's efforts to implement a new care model. However, after decertification, a hospital must undergo a full survey before it can be certified as a new provider. Consequently, a thorough assessment of the organization's readiness will be needed. Identified deficiencies and vulnerabilities will need to be corrected. The improvements in organizational structure, leadership, governance, and culture will facilitate management's efforts to implement the final changes and validate effectiveness prior to CMS's return. The observable changes and documentation of the effectiveness of those changes will demonstrate to the surveyors that the leadership and management have changed and can assure patient safety at Cherry Hospital.