

GOVERNING BODY (GB)

GB.1 LEGAL RESPONSIBILITY

There must be an effective governing body that is legally responsible for the conduct of the organization. The governing body is responsible for all services provided in the organization including all contracted services. If an organization does not have an organized governing body, the persons legally responsible for the conduct of the organization must carry out the functions specified that pertain to the governing body.

- SR.1 The governing body (or organized group or individual who assumes full legal authority and responsibility for operations of the hospital), medical staff, and administrative officials (to include the chief executive officer, chief financial officer, and nurse executive) are responsible and accountable for ensuring that the following:
 - SR.1a The organization is in compliance with all applicable Federal and State laws and in accordance with organization policies and procedures regarding the health and safety of its patients;
 - SR.1b The organization is licensed by the appropriate State or local authority responsible for licensing hospitals;
 - SR.1c Criteria that includes aspects of individual character, competence, training, experience and judgment is established for the selection of individuals working for the organization, directly or under contract, and/or appointed through the formal medical staff appointment process; and,
 - SR.1d The personnel working in the organization are properly licensed or otherwise meet all applicable Federal, State and local laws.

Interpretive Guidelines:

There should only be one governing body responsible for the day-to-day operation of the organization. If more than one governing body is identified (ex. a healthcare system with local and system governing bodies), the reporting structure and responsibility of the respective bodies should be identified and differentiated. In the absence of an organized governing body, the organization must provide written documentation that identifies the individual or individuals that are responsible for the conduct of hospital operations.

Surveyor Guidance:

Verify that the hospital has an organized governing body and/or has written documentation that identifies the individual or individuals that are responsible for the conduct of the hospital operations.

Interview the hospital leadership to determine the reporting structure regarding how information flows to and from the governing body.

The reporting structure may include written reports, presentations by staff at board meetings, or other means.

GB.2 INSTITUTIONAL PLAN AND BUDGET

- SR.1 The organization shall have an overall plan that includes an annual operating budget that contains all anticipated income and expenses and is prepared according to generally accepted accounting principles.
- SR.2 The plan must provide for capital expenditures for at least a 3-year period including the year identified in GB.2, SR.1. The plan must include and identify in detail the objective of, and the anticipated sources of financing for each anticipated capital expenditure in excess of \$600,000 (or lesser amount established by the State in which the organization is located in accordance with Section 1122(g)(1) of the Social Security Act and is related to:
 - SR.2a. Acquisition of land;

- SR.2b Improvement of land, buildings and equipment, or
- SR.2c. Replacement, modernization or expansion of buildings or equipment.
- SR.3 The plan must be reviewed and updated annually.
- SR.4 The plan must be prepared under the direction of the governing body and by a committee consisting of representatives of the governing body, the administrative staff, and the medical staff of the institution.
- SR.5 If required, the plan must be submitted for review in accordance with Section 1122 of the Social Security Act or, as applicable, to the appropriate health planning agency in the State.

Surveyor Guidance:

Verify that an institutional plan and budget exists, includes descriptions of items and complies with all standard requirements. It is not within the scope of activities or responsibility of the surveyor to review and assess the amounts or structure of the institutional plan and budget.

Assess the process for developing the budget and the parties involved. Verify that the institutional plan and budget are updated at least annually and that the process is done under the direction of the governing body and members of the administrative staff and medical staff.

GB.3 CONTRACTED SERVICES

- SR.1 The governing body shall require annual management reviews of selected indicators to ensure that contracted services (including joint ventures or shared services) provide services that are safe and effective and that comply with all applicable NIAHO[®] requirements.
- SR.2 The governing body is responsible for services furnished in the hospital whether or not they are furnished under contract. The organization must evaluate and select contracted services (including joint ventures or shared services) (and non-contracted services) entities/individuals based on their ability to supply products and/or services in accordance with the organization's requirements. Criteria for selection, evaluation, and re-evaluation shall be established. The criteria for selection will include the requirement that the contracted entity or individual to provide the products/services in a safe and effective manner and comply with all applicable NIAHO[®] standards, and standards required for all contracted services.
- SR.3 A documented list of contracted companies and individuals, including their scope/nature of services shall be maintained.
- SR.4 When telemedicine services are furnished to the hospital's patients through an agreement with a distant-site telemedicine entity, the written agreement specifies that the distant-site telemedicine entity is a contractor of services to the hospital and as such, in accordance with GB.2, SR.2, furnishes the contracted services in a manner that permits the hospital to comply with all applicable requirements for the contracted services, including, but not limited to, the requirements in Medical Staff (MS.2, MS.3, MS.7, MS.11) and Governing Body (GB.1) with regard to the distant-site telemedicine entity's physicians and practitioners providing telemedicine services. The governing body of the hospital whose patients are receiving the telemedicine services may, in accordance with MS.20, SR.1, grant privileges to physicians and practitioners employed by the distant-site telemedicine entity based on such hospital's medical staff recommendations; such staff recommendations may rely on information provided by the distant-site telemedicine entity.
- SR.5 When telemedicine services are furnished to the hospital's patients through an agreement with a distant-site hospital, the agreement is written and that it specifies that it is the responsibility of the governing body of the distant-site hospital to meet the requirements in Medical Staff (MS.2, MS.3, MS.7, MS.11) and Governing Body (GB.1) with regard to the distant-site hospital's physicians and practitioners providing telemedicine services. The governing body of the hospital whose patients are receiving the telemedicine services may, in accordance with MS.20, SR.2, grant privileges based on its medical staff recommendations that rely on information provided by the distant-site hospital.

- SR.5a The distant-site hospital providing the telemedicine services is a Medicare participating hospital.
- SR.5b The individual distant-site physician or practitioner is privileged at the distant-site hospital providing the telemedicine services, which provides a current list of the distant-site physician's or practitioner's privileges.
- SR.5c The individual distant-site physician or practitioner holds a license issued or recognized by the State in which the hospital, whose patients are receiving the telemedicine services, is located.

Interpretive Guidelines:

The governing body is responsible for assuring that hospital services are provided in compliance with NIAHO[®] standards and according to acceptable standards of practice regardless of whether the services are provided directly by hospital employees or by a contracted entity.

When services are provided by a contracted entity, the governing body must identify the criteria for selection and procurement of services, and the means of evaluating the contracted entity. [Evaluation timeframes/intervals shall be established.](#)

The organization will prioritize the review of contracted services to ensure that patient care services or those services that would also be carried out by staff employed by the organization to ensure these are comparable. Other contracts will be assessed in accordance with the organization's policy as defined. It is not the expectation that such contracts as that for cable television or plumbing, for example, would be assessed in the same manner as those related to patient care services. However, if services provided under contract will have an impact in some manner for patient care services, the organization will review these services and monitor the appropriate measures to ensure the expectations of the organization and needs of the patient are being met.

There may be arrangements where services are provided through one or more of the following: joint ventures; informal agreements; shared services; or, lease arrangements. These services are also subject to the criteria for selection and evaluation process.

Surveyor Guidance:

Determine the services that are carried out by a contracted entity and the scope of their responsibilities. In a sampling of these contracts, review a contract to see that it addresses the criteria for selection and the evaluation processes identified in the organization's policies and procedures. Verify that the organization has a mechanism in place to review the contract and performance of each entity no less than once annually.

CHIEF EXECUTIVE OFFICER (CE)

CE.1 QUALIFICATIONS

- SR.1 The governing body must appoint a chief executive officer who is qualified through education and experience to be responsible for managing the organization.

CE.2 RESPONSIBILITIES

- SR.1 The chief executive officer is responsible for operating the organization, according to the authority conferred by the governing body. The chief executive officer shall provide for the organization's compliance with applicable law and regulation, including State licensure laws.

Surveyor Guidance:

Review the established requirements including education and experience required of the chief executive officer. This may be in the form of a job description or other document that adequately describes the scope of responsibilities.

Verify that the governing body for the organization has appointed a chief executive officer and that he or she has met the requirement for this role within the organization and that he or she is responsible for managing the entire hospital.