

POLICIES AND PROCEDURE MANUAL

Chapter:	Human Resources		
Title:	Succession Planning		
Policy: <input type="checkbox"/>	Review Cycle: Biennial	Adopted Date: 04.07.2015	Related Policies: Personnel Manual Succession Planning
Procedure: <input checked="" type="checkbox"/> Page: 1 of 5	Author: Chief Executive Officer	Review Date: 07.01.2025	

Purpose

When change in organizational leadership happens, there is risk involved. This risk takes many forms, which may include uncertainty about what the change means, confusion about how to manage the change, loss of confidence and morale among staff and stakeholders, and other challenges. A succession plan (including provisions for emergency replacement) can help Mid-State Health Network (MSHN) manage the risk associated with leadership change. Change can be made more manageable by taking time in advance to think through different leadership change scenarios, developing competency among designated staff and the Board to prepare them for response to a planned or unexpected change.

Procedure

The MSHN Board has the sole responsibility and authority to recruit, interview and hire its Chief Executive Officer (CEO). This procedure is intended to provide a structure and guidance to the Board rather than to direct the Board's process for CEO recruitment and hiring activities.

The MSHN CEO is responsible to recruit, interview, hire and manage all other employees of the organization and shall prepare for vacancies of key personnel considering a variety of scenarios for succession including short-term/long-term/permanent–unplanned emergency succession or planned permanent succession.

The MSHN Succession Planning Policy requires that the current Chief Executive Officer:

- establish a written succession plan for annual Board review and approval.
- Require members of leadership to prepare succession plans for their position and submit for the approval of the CEO annually at the time of their annual performance review.

Succession plans shall be filed in a location available only to the CEO, Deputy Director and Chief Financial Officer.

Board – Level Unplanned/Sudden Succession Procedures:

- 1) In the event of a sudden/unexpected absence of the current CEO, the MSHN Board is responsible for ensuring the continuous coverage of executive duties critical to the ongoing operations of MSHN and its responsibilities to the region and Pre-paid Inpatient Health Plan (PIHP).
- 2) If the current CEO is not capable, the Deputy Director, or in their absence, the Chief Finance Officer, shall notify the MSHN Board Chair of the sudden/unexpected absence of the current CEO.
- 3) The Chairperson of the Board of Directors shall notify Executive Committee members and call an urgent/emergency meeting of the Board of Directors to consider the situation and appointment of an interim/acting CEO (giving consideration and weight to the current CEO succession plan), any new duties or limitations on an interim appointment, duration of appointment¹, temporary compensation adjustments, temporary support needs, temporary reporting requirements, temporary frequency of executive committee and/or board meetings, and any other pertinent factors.
 - a. If the absence of the current CEO is unexpected but permanent, the board may consider what process, if any, that it will use to appoint a permanent CEO, giving appropriate weight to the

¹ See applicable definitions below.

outgoing CEO's written succession plan, and/or the process it will use to recruit, interview, select, and appoint a permanent successor.

- 4) If appointing an Interim/Acting CEO, the Board Chair (assisted by the MSHN Executive Support Specialist) shall convey, in writing, duties of the position (position description if/as modified by the board), and any executive limitations imposed by formal action of the board, in a memorandum of appointment to the interim/acting CEO².
- 5) If the current CEO is capable of communications, they shall communicate the official actions of the board to MSHN staff and stakeholders, including providing notice to Michigan Department of Health and Human Services, other funders, the provider network, key constituents and community stakeholders. In the event the current CEO is unable to perform this function, the board appointed interim/acting CEO shall provide these notices.
- 6) Expectations of the Acting/Interim CEO –
The appointee is responsible for execution of the full executive position description, carries the full authority and responsibility of the CEO position unless modified in writing by adopted chief executive limitations or other action of the MSHN board, MSHN policies and procedures, strategic plan, contractual requirements, and all other rights and responsibilities of the organization. Attachment A is provided to assist the Board in making modifications, if any, that may be applicable to an Acting/Interim CEO appointment.

If the Interim CEO appointee is an existing MSHN employee, the Interim appointee shall take the steps necessary to temporarily assign or otherwise cover their current duties, up to and including temporary appointments/promotions, compensation adjustments, or other actions consistent with MSHN policies.

Board-Level Planned Succession Procedures:

- 1) The procedures and conditions shall be the same as for an unplanned temporary absence except for the emergency notification and emergency board meeting procedures.
- 2) The outgoing CEO, if available, shall work with the Board Chairperson, Executive Committee, Search Committee (if appointed by the Chair) to facilitate the appointment of an interim/acting CEO, effective dates, limitations or expansion of duties (if applicable), any organized activities the board chooses to undertake to recruit, select, and appoint, a permanent successor, timelines, and other transitional matters.

Applies to

- ☐ All Mid-State Health Network Staff
- ☒ Selected MSHN Staff, as follows: CEO, Deputy Director, CFO, CIO and CCO
- ☒ MSHN Board of Directors
- ☐ MSHN CMHSP Participants: ☐ Policy Only Policy and Procedure
- ☐ Other: Sub-contract Providers

Definitions

CCO: Chief Clinical Officer

CEO: Chief Executive Officer

CFO: Chief Financial Officer

CIO: Chief Information Officer

Long Term Absence: an absence that is expected to be more than six months in duration and up to one year, and where the current CEO is expected to return to their duties.

MSHN: Mid-State Health Network

² A temporary appointment of an internal candidate does not require an employment contract.

Permanent Absence: an absence in which it is firmly determined that the CEO will not be returning to the position.

Short Term Absence: an absence that is expected to be six months or less in duration, and where the current CEO is expected to return to their duties.

Succession Planning: Identification and development of potential successors for key positions in an organization, through a systematic evaluation process and training. Unlike replacement planning (which grades an individual solely on the basis of his or her past performance) succession planning is largely predictive in judging an individual for a position he or she might never have been in.

Unplanned Absence: An unplanned absence is one that arises unexpectedly, in contrast to a planned leave, such as a vacation, sabbatical, leave of absence, etc.

Other Related Materials

N/A

References/Legal Authority

MDHHS-PIHP Contract

Change Log:

Date of Change	Description of Change	Responsible Party
04.07.2015	New Policy	Chief Executive Officer
04.2017	Annual Review	Deputy Director
05.2018	Annual Review	Deputy Director
05.2019	Annual Review	Deputy Director
02.2023	Biennial Review	Deputy Director
03.3025	Biennial Review	Deputy Director

Clarification of Responsibility/Authority and CEO for Succession Planning – Attachment A

The MSHN Board has established a policy and approved a procedure for the emergent, short-term, long-term and permanent need for a change in the organization's Chief Executive Officer (CEO).

To assure effective transition the Board may wish to modify assigned duties and/or change levels of authority. The following is intended to support the Board's decision making and define changes:

Role/Authority	Chief Executive Officer(CEO) Role/ Responsibility	Interim-Acting CEO
<u>Strategic Direction</u>	Leads. Sets Mission/Vision with the Board of Directors.	
<u>Board Relations</u> <ul style="list-style-type: none"> ▪ Policy Development/ Management ▪ Committees ▪ Problem solving 	<p>Presents policies to the Board for action.</p> <p>Leads and develops agendas for Board Committees, Operations Council, Other Assigned Committees/Council and MSHN staff meetings</p> <p>Primary contact for Board problem solving may facilitate resolution through (Other Executive Leader).</p>	
<u>MDHHS and Other State Relations</u>	Serves as the primary contact for all communications to State officials. Responsible for all contract negotiations.	
<u>Public/Legislative/Community Relations</u>	Lead for all contact with political positions and for the heads of large organizations. Primary media contact.	
<u>CMHSP Participants</u>	Serves as the key point of contact for CMHSP leadership in addressing contract negotiations, disputes; coordination and problem solving with shared Board members, and strategic regional planning.	
<u>Partnership Planning/Collaboration/ Public Relations</u>	Provides partnership vision and initiates and participates in critical contacts.	
<u>Board Association</u>	Serves as the primary contact for communications to the Board Association regarding membership status, public policy advocacy, etc.	

Role/Authority	Chief Executive Officer(CEO) Role/ Responsibility	Interim-Acting CEO
<u>Staff Supervision</u>	Responsible for hiring/termination of all staff.	
<u>Contract Oversight</u>	Provides oversight to key contracts; approves final contract documents including negotiated rates. Seeks Board approval for Revenue and Expenditure Contracts exceeding \$25,000 as part of overall budget approval.	
<u>Financial Planning</u>	With the CFO: recommends an annual budget and appropriate budget; recommends policy and procedures that assure good financial management and accounting practices; Assures development and implementation of an annual financial risk management plan; provides routine updates of MSHN's financial position to the Operations Council and the Full Board; secures an annual audit. The CEO's purchasing authority is limited buy Board action to \$25,000.	
<u>Compliance & Reporting</u>	The CEO is ultimately responsible for all compliance activity and required reporting. The CEO assures assignment of these duties and effective monitoring to assure accurate and timely response.	
<u>Other Day-to-Day Operations</u>	Sets direction through development of the strategic plan and provides consultation. First-point-of contact for Legal, Human Resources, External Compliance Findings and reports, and Board Relations.	