

MEETING MINUTES RECORD

Meeting: Board of Directors

Date: July 28, 2016 Location: Conference Center Start time: 7:30 p.m. Adjourn time: 9:30 PM

Members present: James Schlichting, Charlie Kyte, Charlie Mandile, Virginia Kaczmarek, CC Linstroth, Jonathan Reppe, Bob Murray

Members excused: Steve O'Neill, Michelle Muench MD

Members absent:

Staff Present: (attended all or part of the meeting) Steve Underdahl, Jerry Ehn, Scott Edin, Jeff Meland MD, Laura Peterson, Ben Flannery MD, Betsy Spethmann,

Others present: David Delong (City), David Emery (LWV), Chris Rustad (Mayo)

Issue/Problem	Discussion/Conclusions	Action	Follow-up/Resolution
1. Closed Session	The purpose of the Closed Session was to discuss marketing activity related to the hospital's competitive position with other health care providers that offer similar goods and services pursuant to Minn. Stat 144.581, subd. 5.	Information only.	Closed.
2. Open Meeting- Call to Order and Approval of the Agenda	The open meeting was called to order by James Schlichting at 7:30 pm. There were no changes noted to the agenda and no requests to remove items from the Consent agenda. James apologized for meeting starting late.	A motion was made by CC Linstroth and seconded by Virginia Kaczmarek to approve the agenda as presented. Motion carried.	Closed.
3. Spotlight Report- Supply Chain	Sandra Tietz, Director of Supply Chain, presented an overview of progress made toward a centralized supply chain department. Benefits/progress so far: <ul style="list-style-type: none"> • Verified information on 3000 products in Meditech allowing us to analyze pricing and purchasing trends. • Implemented an electronic recall system to better track and respond to product and medication recalls. • Implemented Product Review Committee in which multidisciplinary team meets monthly to analyze new product requests. • Working with departments to analyze their products, set-up storerooms with PAR levels, and take over the monitoring and ordering of their supplies. • Implementing new DME process to bring added revenue. • Will take on restocking of crash cart for faster turnaround and consistent supply standardization. 	Information only.	Closed.

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	<ul style="list-style-type: none"> Using group purchasing via Premier to get best pricing on products. Now improving process of renewing Purchased Services across departments. Examples of cost savings ranging from \$25K to \$332 – total of \$450K+. <p>Jerry Ehn remarked on the significant effort Sandra and her team make. Dr. Jeff Meland praised Supply Chain for getting supplies that surgeons prefer while reducing costs.</p>																																																																	
4. eports																																																																		
<ul style="list-style-type: none"> Hospital Chief of Staff Report 	No report.	None.	Closed.																																																															
<ul style="list-style-type: none"> Motion to Approve Applications for Medical Staff Membership/ Privileges 	<p>Medical staff files were presented for approval:</p> <p style="text-align: center;"><u>Appointments</u></p> <table border="1" data-bbox="386 783 927 951"> <thead> <tr> <th>Prac #</th> <th>Privilege</th> <th>Category</th> </tr> </thead> <tbody> <tr> <td>3864</td> <td>Pathology</td> <td>Affiliate</td> </tr> <tr> <td>3872</td> <td>Mental Health</td> <td>AH:I</td> </tr> <tr> <td>3873</td> <td>Mental Health</td> <td>AH:I</td> </tr> </tbody> </table> <p style="text-align: center;"><u>Reappointments</u></p> <table border="1" data-bbox="386 1024 927 1871"> <thead> <tr> <th>Prac #</th> <th>Privilege</th> <th>Category</th> </tr> </thead> <tbody> <tr> <td>2696</td> <td>Emergency Med</td> <td>Active</td> </tr> <tr> <td>3687</td> <td>Teleradiology</td> <td>Telemedicine</td> </tr> <tr> <td>3768</td> <td>Emergency Med</td> <td>Affiliate</td> </tr> <tr> <td>7216</td> <td>Family Medicine</td> <td>Active</td> </tr> <tr> <td>3693</td> <td>Teleradiology</td> <td>Telemedicine</td> </tr> <tr> <td>3691</td> <td>Teleradiology</td> <td>Telemedicine</td> </tr> <tr> <td>3771</td> <td>Teleradiology</td> <td>Telemedicine</td> </tr> <tr> <td>3682</td> <td>Teleradiology</td> <td>Telemedicine</td> </tr> <tr> <td>7440</td> <td>Orthopedic Assistant</td> <td>AH:D</td> </tr> <tr> <td>3683</td> <td>Teleradiology</td> <td>Telemedicine</td> </tr> <tr> <td>3686</td> <td>Teleradiology</td> <td>Telemedicine</td> </tr> <tr> <td>7194</td> <td>Ophthalmology</td> <td>Active</td> </tr> <tr> <td>7245</td> <td>CRNA</td> <td>AH:I</td> </tr> <tr> <td>3684</td> <td>Teleradiology</td> <td>Telemedicine</td> </tr> <tr> <td>3236</td> <td>IM/Emergency Medicine</td> <td>Active</td> </tr> <tr> <td>3237</td> <td>Orthopedics</td> <td>Active</td> </tr> </tbody> </table>	Prac #	Privilege	Category	3864	Pathology	Affiliate	3872	Mental Health	AH:I	3873	Mental Health	AH:I	Prac #	Privilege	Category	2696	Emergency Med	Active	3687	Teleradiology	Telemedicine	3768	Emergency Med	Affiliate	7216	Family Medicine	Active	3693	Teleradiology	Telemedicine	3691	Teleradiology	Telemedicine	3771	Teleradiology	Telemedicine	3682	Teleradiology	Telemedicine	7440	Orthopedic Assistant	AH:D	3683	Teleradiology	Telemedicine	3686	Teleradiology	Telemedicine	7194	Ophthalmology	Active	7245	CRNA	AH:I	3684	Teleradiology	Telemedicine	3236	IM/Emergency Medicine	Active	3237	Orthopedics	Active	<p>A motion was made by CC Linstroth and seconded by Jonathan Reppe to approve the appointments, reappointments and extension and advancement of provisional status as recommended by the Credentials Committee and the Medical Executive Committee. Motion carried.</p>	Closed
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<ul style="list-style-type: none"> FamilyHealth Clinic Medical Director Report 	<p>Dr. Flannery reported on the following:</p> <ul style="list-style-type: none"> The clinics are very busy. Currently recruiting for family practice in Lakeville. On press tour for 1,2,3 . . . Read with Me program (Rotary, radio, newspaper). 	Information only.	None																											
<ul style="list-style-type: none"> CMO Report 	<p>Dr. Meland reported on progress of hospitalist program; staff is excited about it as we improve efficiency and incorporate services to better care for patients. Just as Care Operations Group reviewed clinical processes to improve efficiency, used the same process to shape hospitalist program with special attention to transitions and standardized processes. We are seeing good results in patient satisfaction scores (i.e. pain management scores). Dr. Meland, Jerry Ehn and Tammy Hayes are coordinating providers/nursing /administration to remove roadblocks and make collaborative progress.</p>	Information only	None																											
<ul style="list-style-type: none"> Allina Clinic Medical Director Report 	No report.	None.	Closed.																											
<ul style="list-style-type: none"> Mayo Report 	<p>Chris Rustad reported that the Joint Advisory Committee meeting is on July 29th. Dr. Sharma presented Grand Rounds earlier in July. He enjoyed interacting with providers, and is willing to return and help NH&C as hospitalist program evolves.</p>	Information only.	Closed.																											
<ul style="list-style-type: none"> City Business Update 	<p>David DeLong had no details to share from Mayor Graham.</p>	Information only.	Closed.																											

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<ul style="list-style-type: none"> • CFO Report ✓ June Financials 	<p>June gross patient revenues were \$2,410,000 over-budget, while deductions from revenue were \$1,582,000 over-budget. Operating expenses were \$642,000 over-budget. Operating income was \$206,000 vs. a budget of (\$141,000) (year-to-date: 3.8% operating margin vs. (0.5%) budgeted).</p> <p>Key positive and negative volumes for June were reviewed, as well as day's cash on hand, payer mix and salary and benefits as % of net revenues.</p>	Information only.	Closed.
<ul style="list-style-type: none"> ✓ Pricing Council Update 	<p>Scott Edin reported that a Pricing Council was formed in April/May with revenue cycle departments and department directors. They established a charter for consistent, defensible pricing. Pricing transparency is a hot topic as high deductibles become more common (and consumers are more price-sensitive). Goals: compare our charges to other hospitals and develop competitive prices; engage directors; identify departments to fine-tune pricing (based on patient feedback, and shoppable services like MRI, etc.). Have begun with MRI; will next work on Sleep Studies. Discussed how/where consumers compare prices; how to give accurate information; competitors cost/fees; patient/consumer education.</p>	Information only.	Closed.
<ul style="list-style-type: none"> • CEO Report 	<p>Steve Underdahl presented a new dashboard for Strategic Plan and tactical updates, which will be reported monthly. Also introduced worksheet with bullet points for items in CEO report, and room to take notes.</p> <p><u>Strategic:</u></p> <ul style="list-style-type: none"> • Process Improvement leadership structure now in place for clinical quality; now developing PI for business operations, creating formal leadership structure. • Respiratory therapy on track to expand by Q4; will enable us to keep/care for sicker patients rather than transfer. • ASC partners continue to be reviewed. • Analytics: Have implemented Rycan to analyze that claims are paid appropriately. Will improve 2017 	Information only.	Closed.

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	<p>contract negotiations with payers. Tom Richards, analyst, will present to Board next month on Analytics.</p> <ul style="list-style-type: none"> • Application Tracking System in HR helps better manage job applicants; August rollout. • Lakeville real estate options discussed in closed session. • Advisory Board Community Hospital Project provides us valuable data and education. • TV ads are in production. • St. Olaf/senior housing meeting held on July 28th regarding options for housing for seniors /alumni's. More details as the project matures; now in conceptual stage. <p><u>Operations:</u></p> <ul style="list-style-type: none"> • City Council presentation was held on July 19th regarding bond refinancing. Will return on August 2nd after Board decision at tonight's meeting. • Exploring options for enhancing security. One option: training support from Allina, which has a very good hospital security training program. • Patient satisfaction: recognized for "most improved" by Picker nationally. Working to share learnings across departments. Discussed Picker scoring against national averages and best practice standards across several criteria in patient experience/satisfaction. Discussed research that shows non-clinical factors (kindness) matter almost as much as clinical factors in patient satisfaction. Will work on creating a dashboard on patient satisfaction (as part of suite of dashboard reports) for Board for next month. Discussed staffing during extended busy periods; addition of key roles like 24hr supervisors that offer best value and provides best support for over-extended staff; orientation timelines for new hires; impact of volume decreases on flexing staff in sectors beyond nursing (which flexes well) including non-clinical departments. Being mindful of long-term implications of adding staff. 		

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<ul style="list-style-type: none"> Governance & Planning Committee 	<p>Laura Peterson reported on risk assessment; will continue to meet quarterly with the committee as the process develops. Establishing a prospective process to identify hot spots. James Schlichting reported on changes to bylaws based on committee discussion this evening. Changes require a super majority. Revisions will be presented to the Governance & Planning Committee in October and to the Board in November for vote in December. Board members were invited to submit suggestions to committee.</p> <p>The Board handbook is being updated. The committee will review again in October.</p> <p>Board portal has been vetted by IT. Vern Lougheed will present at a future meeting.</p> <p>The committee will be working with Walt Flynn on improving CEO evaluation process.</p>	Information only.	Closed.
5. Consent Agenda	<p>Supporting documentation was included in the packets for items on the Consent agenda.</p> <ul style="list-style-type: none"> Meeting Minutes <ul style="list-style-type: none"> 06/30/16 Board Meeting Revisions to the PA Privilege Form 	A motion by CC Linstroth and seconded by Virginia Kaczmarek to accept the meeting minutes and approve the privilege form as presented. Motion carried.	Closed.
6. Presentations/ Discussion/ Action Items			
<ul style="list-style-type: none"> Approval of Logo Design 	<p>Betsy Spethmann gave an update on the process of new logo design, including concerns from the trademark attorney looking too similar to Fairview's logo. Will continue to work on and keep the Board updated.</p> <p>TV advertising is in production now. Ads are running in theaters and on Pandora radio.</p>	Information only.	Closed.

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<ul style="list-style-type: none"> Approval of Staff Recognition 	<p>Jerry Ehn presented a proposal for a thank you gift for all employees: a garment (jacket, shirt) for each employee, with NH&C new logo on it, at cost of less than \$40 per garment. Cost estimated at \$32,000 (in addition to budgeted recognition events).</p>	<p>A motion was made by Jonathan Reppe and seconded by Charlie Kyte to approve the recognition as presented. Motion carried.</p>	<p>Closed.</p>
<ul style="list-style-type: none"> Approval of Bond Refinancing 	<p>Scott Edin reviewed the resolution of issuance of hospital revenue refunding bond, series 2016A and a hospital revenue bond, series 2016B and authorizing execution of an amended and restated indenture of trust and related documents (copy of resolution and overview summary was included in the packets).</p> <p>TCF requires minimum deposit of \$250K; NH&C needs to transfer \$250K into TCF money market account in order to move ahead with refinancing via TCF.</p> <p>Will pay of \$24.8MM via debt reserve fund; will save \$600K annually on interest expense, total savings of \$5.8MM over 10 years on interest alone.</p>	<p>A motion was made by Charlie Kyte and seconded by Virginia Kaczmarek to approve administration to transfer \$250K to TCF money market. Motion carried.</p> <p>A second motion was made by Charlie Kyte and seconded by Virginia Kaczmarek to approve bond resolution as presented. Motion carried.</p>	<p>Take to the City Council for final approve at their August 2nd meeting. If passed by the City, will close on the bonds on August 4th or August 5th.</p>
<p>7. Roundtable, Announcements and Questions</p>	<p>CC Linstroth requested the following:</p> <ul style="list-style-type: none"> When the Governance & Planning propose revisions to the Hospital Bylaws, she would like the Board to discuss at one meeting and take action at the following meeting. The full Board be engaged in discussions related to changes in the CEO evaluation process before changes are made. 	<p>Information only.</p>	<p>Closed.</p>
<p>8. Pending Items</p>	<p>N/A</p>	<p>N/A</p>	<p>N/A</p>
<p>9. Fill out the Board Evaluation Form</p>	<p>Board members were given time to complete the Board evaluation form.</p>	<p>Information only.</p>	<p>Closed</p>
<p>10. Adjourn</p>	<p>The meeting was adjourned.</p>	<p>A motion was made by Jonathan Reppe and seconded by Virginia Kaczmarek to adjourn the meeting. Motion carried.</p>	<p>Closed.</p>