

MEETING MINUTES RECORD

Meeting: Board of Directors

Date: March 31, 2016 Location: Conference Center Start time: 6:30 p.m. Adjourn time: 8:25 p.m.

Members present: Virginia Kaczmarek, Charles Kyte, CC Linstroth, Charlie Mandile, Michelle Muench, Bob Murray, Steve O’Neill, Jonathan Reppe, James Schlichting

Members excused:

Members absent:

Staff Present: Steve Underdahl, Jerry Ehn, Jeff Meland, MD, Scott Ehn, Ben Flannery, MD, Betsy Spethmann, Janes Narverud, Laura Peterson, Sandy Mulford, Brian Edwards, Bobbi Jenkins (Recorder)

Others present: Tom Holt, MD, Mayor Dana Graham, Chris Rustad, Rob Schile (CLA), Eric Guth (CLA)

Issue/Problem	Discussion/Conclusions	Action	Follow-up/Resolution
1. Call to Order and Approval of the Agenda	The meeting was called to order by James Schlichting at 6:31p.m. James requested deletion of “Election of Recording Secretary” from the agenda for this evening’s meeting.	A motion was made by Jonathan Reppe, seconded by Steve O’Neill. Motion carried.	Closed
2. 2015 Audit Report	Rob Schile, Principal, CliftonLarsonAllen, LLP, presented the 2015 audit report (copy of slides were included in the Board packet). The audit report was presented to the Budget & Finance committee this evening prior to the Board meeting. He commended Scott Edin, Jane Narverud and staff for the excellent work they do all year long, and for the good work they do preparing for the audit. Rob advised the Board that CliftonLarsonAllen issued an unqualified opinion again this year, which is the best an organization can get. Unqualified opinion means there were no material errors or omissions left out of the financial statements. There was one audit adjustment related to the GASB 68. Rob reviewed the financial ratio comparisons and industry trends. Rob also reviewed in detail the GASB 68 accounting and reporting for pension’s effective beginning years ending June 30, 2015. GASB 68 requires participants of multi-employer pension plans to recognize their proportionate share of Net Pension Liability (NPL). The employer share is based on percentage of employer annual contributions compared to total plan annual contributions. Based on the formula, NH&C NPL equals \$30,825,624 12/31/15. The true net impact	Rob Schile will be presenting the 2015 audit to the City Council at an upcoming work Session.	Closed.

Issue/Problem	Discussion/Conclusions	Action	Follow-up/Resolution
	to the 2015 income statement was \$504,000.		
3. Reports			
<ul style="list-style-type: none"> Hospital Chief of Staff Report 	No report.	None/	Closed.
<ul style="list-style-type: none"> FamilyHealth Clinic Medical Director Report 	<p>Dr. Ben Flannery reported on the following:</p> <ul style="list-style-type: none"> Dr. Jack Felland, Family Medicine, will be joining the FamilyHealth Medical Clinic in May. A Provider Comp Committee has been formed and is meeting on a regular basis regarding physician compensation. Continue to recruit for a family medicine provider for the Lakeville clinic. 	Information only.	Closed.
<ul style="list-style-type: none"> CMO Report 	<p>Dr. Jeff Meland reported on the following:</p> <ul style="list-style-type: none"> Work continues, with Allina, on making changes and improving the Hospitalist Program to take care of patients in the hospital. The program will be under the direction of NH&C effective April 1. They continue to discuss how to expand our care in an effort to take care of sicker patients. The MEC approved a Physician Development Scholarship Program. Annual scholarships will be offered from the Medical Staff dues fund of Northfield Hospital for up to two physicians or physician groups each year to advance physician skill, training, or pursuit of a medical area of interest. This is in addition to other donations given from the medical staff, such as to HealthFinders and the YMCA. 	Information only.	Closed.
<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 on the following:</p> <ul style="list-style-type: none"> The April 1 JAC was cancelled due to the NH&C Board Retreat. Dr. Sara Berini will be providing EMG services at the Mayo facility in Northfield this summer. She will be visiting NH&C tomorrow to introduce herself and meet the providers. 	Information only.	Closed.

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<ul style="list-style-type: none"> City Business Update 	<p>Mayor Dana Graham reported on the following:</p> <ul style="list-style-type: none"> Moving into the construction season with projects on Third Street and Highway 3, and one on Woodley Street. Upcoming developments downtown Northfield. Northfield Explorer Program, which gives youth hands on experience with the fire, police and EMS is up and running. It is the first of its kind in Minnesota. There are currently about 20 youth involved in the program. 	Information only.	Closed.
<ul style="list-style-type: none"> CFO Report 			
<ul style="list-style-type: none"> ✓ February Financials 	<p>February gross patient revenues were \$1,646,000 over-budget, while deductions from revenue were \$354,000 over-budget. Operating expenses were \$335,000 over-budget. Operating income was \$414,000 vs. a budget of (\$432,000) (year-to-date: -1.7% operating margin vs (3.7%) budgeted).</p> <p>Key positive and negative volumes for January were reviewed, day's cash on hand, payer mix and salary and benefits as % of net revenues.</p> <p>Scott Edin reported on a discussion at the Budget & Finance Committee meeting prior to the Board meeting. The committee discussed refinancing \$25 million of Bond debt which we are currently paying 5.3%. We should be able to reduce the interest rate to 3%. Scott is investigating private financing vs. through bonding, which would be at a lower interest rate. He recently talked with the bank from Iowa that financed our \$8.4 million in December and explained that we reissued our 2015 financial statements due to the GASB 68 accounting rule and pointed out the impact of adding \$31 million to liabilities. The bank was not concerned and noted that they were expecting this from other municipal hospitals as well. The refinancing will be discussed more by the Budget & Finance committee and will come to the Board for final approval in April or May.</p>	Information only.	Closed.

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<ul style="list-style-type: none"> CEO Report 	<p>Steve Underdahl reported on the following:</p> <p><u>Strategic</u></p> <ul style="list-style-type: none"> Behavior health telemedicine started in March and is going well. NH&C will assume responsibility for the Hospitalist Program April 1, 2016. We are moving toward a single billing system. There have been some last minute wrinkles in the ASC. This will be more discussed at the Board Retreat tomorrow. Copies of the business plan will be distributed to the Board at the Retreat. Described the process for the retreat which includes emerging, "big rock" decisions. There is a lot on the agenda and the Board may not get through the entire agenda. Follow-up Closed sessions are likely. <p><u>Operations</u></p> <ul style="list-style-type: none"> The OB/GYN candidate that we were interested in decided to stay at her current practice. Recruiting is ongoing. Volumes are significantly stronger in most service lines compared to the same time last year. This is good news related to financial stability, but does not give staff any rest as this is typically a slower time of the year. DTNRT Banquet is April 5th. This is a time to honor staff and create a tradition. The names of the four staff members honored will be posted on the Ken Bank Memorial Wall when it is finalized. The property in ENM was put on the market. The sale of the property will require both the Board and City Council approval. 	Information only.	Closed.

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<ul style="list-style-type: none"> Budget & Finance Committee Report 	<p>Charlie Kyte summarized discussions at the Budget & Finance Committee from their meeting prior to the Board meeting tonight. Rob Schile presented the audit report. They also discussed refinancing and will be looking at going through a private placement vs. through bonding. This will not require City Council approval but will go to the City as an informational item.</p>	Information only.	Closed.
<ul style="list-style-type: none"> Quality Assurance Committee Report 	<p>Charlie Mandile reported on discussions from the Quality Committee meeting earlier this evening:</p> <ul style="list-style-type: none"> First meeting of the year with new members, Michelle Muench, MD and CC Linstroth. Reviewed the quality dashboard. Reviewed supporting evidence for selected quality activities, including patient advocate rounding results. Received an update on the quality structure. Reviewed a case review summary. Discussed how quality information gets shared with the Board. <p>Dr. Flannery noted that the patient care navigator in the clinic has been a nice enhancement. She is currently concentrating on an issue related to Diabetes care, and the documentation within Meditech.</p>	Information only.	Closed.
4. Consent Agenda	<p>James Schlichting asked if anyone would anything removed from the Consent agenda for discussion. There were no requests. Supporting documentation was included in the packet for the following items on the Consent Agenda:</p> <ul style="list-style-type: none"> ✓ Meeting Minutes: <ul style="list-style-type: none"> ✓ 02/25/16 Board Meeting ✓ 02/25/16 Community Relations Committee ✓ Health Awards Recommendation for 2016 	<p>A motion was made by Charlie Kyte and seconded by Jonathan Reppe to accept the minutes from the Community Relations Committee and approve the other items on the Consent Agenda. Motion carried.</p> <p>Charlie Mandile and Virginia Kaczmarek abstained from voting on the Health Awards recommendation due to conflicts of interest.</p>	Closed.

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5. Presentations/ Discussion/ Action Items			
<ul style="list-style-type: none"> Preview: Direct Digital 	<p>Sandy Mulford, Director of Diagnostic Services, presented information to replace the equipment in radiology room 1, including updating the technology to direct digital. The current equipment is past its life expectancy, key components have failed multiple times and the technology is outdated.</p> <p>Input has been gathered from Clinical Equipment Services, they have conducted site visits on the top three vendors, sent and received back RFPs from all three vendors, and they are currently evaluating and weighing the scoring of responses, site visit scores and pricing.</p> <p>The estimated cost \$290,000. \$315,000 was included in the budget.</p>	Information only.	The final proposal will come to the Board in April.
<ul style="list-style-type: none"> Ambulance Monitors & Defibrillators 	<p>Jerry Ehn previewed the ambulance monitors and defibrillators for the Board at the February meeting.</p> <p>Tonight, Brian Edwards, Director of Emergency Medical Services (EMS) presented information regarding the recommended purchase of replacement equipment, which is essential for advanced life support. He reviewed the capabilities that our current equipment does not have, as well as the advantages, including real time viewing of 12-lead EKG, enhanced algorithm for STEMI interpretation, allows for cloud storage, etc.</p> <p>\$159,000 was included in the budget. The cost to replace 5 Zoll X-series units is \$143,533.</p>	A motion was made by Charlie Kyte and seconded by Virginia Kaczmarek to approve the purchase of 5 Zoll X-series units is \$143,533. Motion carried.	Closed.
<ul style="list-style-type: none"> Compliance Plan Update 	<p>Laura Peterson, Compliance Officer, presented the annual Compliance and Ethics Program update, including the following seven elements, which are the same elements recommended by the Office of Inspector General (OIG):</p> <ul style="list-style-type: none"> • Compliance Plan and Code of Conduct • Oversight • Education and Training • Reporting Mechanism • Response to Reports • Disciplinary Standards 	Questions should be directed to Laura Peterson.	Closed.

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	<ul style="list-style-type: none"> Auditing and Monitoring Laura will be giving quarterly compliance updates to the Governance & Planning Committee and continue to give annual updates to the full Board. Laura referred the Board to the Conflict Statement included in the Board packet. Laura and James Schlichting prepared this statement to assist Board members to recognize conflicts, and understand how they should be handled. A hard copy was also distributed at the meeting. Board members were asked to complete the statement and return it to Bobbi Jenkins. Laura and James are also working on minor revisions to the hospital bylaws. The revisions will go to the Governance & Planning Committee prior to coming to the full Board for approval. 																																												
<ul style="list-style-type: none"> Applications for Medical Staff Membership/ Privileges 	<p>Dr. Holt presented the following medical staff applications and noted there were no issues with any of the application presented, and they have been reviewed and approved by the Credentials Committee and the Medical Executive Committee (MEC):</p> <p style="text-align: center;"><u>Appointments</u></p> <table border="1" data-bbox="386 1136 938 1367"> <thead> <tr> <th>Prac #</th> <th>Privilege</th> <th>Category</th> </tr> </thead> <tbody> <tr> <td>3855</td> <td>Mental Health</td> <td>AH:I</td> </tr> <tr> <td>3857</td> <td>Mental Health</td> <td>AH:I</td> </tr> <tr> <td>3856</td> <td>Mental Health</td> <td>AH:I</td> </tr> <tr> <td>3841</td> <td>Nurse Practitioner</td> <td>AH:I</td> </tr> </tbody> </table> <p style="text-align: center;"><u>Reappointments</u></p> <table border="1" data-bbox="386 1451 938 1917"> <thead> <tr> <th>Prac #</th> <th>Privilege</th> <th>Category</th> </tr> </thead> <tbody> <tr> <td>3366</td> <td>Teleradiology</td> <td>Telemedicine</td> </tr> <tr> <td>3240</td> <td>Teleradiology</td> <td>Telemedicine</td> </tr> <tr> <td>3562</td> <td>Teleradiology</td> <td>Telemedicine</td> </tr> <tr> <td>3171</td> <td>Teleradiology</td> <td>Telemedicine</td> </tr> <tr> <th>Prac #</th> <th>Privilege</th> <th>Category</th> </tr> <tr> <td>3295</td> <td>Teleradiology</td> <td>Telemedicine</td> </tr> <tr> <td>3764</td> <td>Emergency Medicine</td> <td>Active</td> </tr> <tr> <td>7452</td> <td>Orthopaedic Assistant</td> <td>AH:D</td> </tr> </tbody> </table>	Prac #	Privilege	Category	3855	Mental Health	AH:I	3857	Mental Health	AH:I	3856	Mental Health	AH:I	3841	Nurse Practitioner	AH:I	Prac #	Privilege	Category	3366	Teleradiology	Telemedicine	3240	Teleradiology	Telemedicine	3562	Teleradiology	Telemedicine	3171	Teleradiology	Telemedicine	Prac #	Privilege	Category	3295	Teleradiology	Telemedicine	3764	Emergency Medicine	Active	7452	Orthopaedic Assistant	AH:D	<p>A motion was made by Steve O'Neill and second be Michelle Muench, MD to approve the appointment, reappointments and extension of provisional status as recommended by the Credentials Committee and the MEC. Motion carried.</p>	<p>Closed</p>
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<ul style="list-style-type: none"> Nomination & Election of Secretary 	<p>At the February meeting, the Board nominated Charlie Kyte at the Treasurer for 2016. The treasurer is traditionally the Chair of the Budget & Finance Committee. Charlie was the only nomination.</p>				<p>A motion was made by Michelle Muench, MD and seconded by Steve O'Neill to elect Charlie Kyte as Treasurer for 2016. Motion carried.</p>	<p>Closed.</p>																																																					
<ul style="list-style-type: none"> Election of Recording Secretary 	<p>Removed from the Agenda.</p>				<p>None</p>	<p>Closed.</p>																																																					

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<ul style="list-style-type: none"> Election of Treasurer 	<p>The Board also needs to nominate and elect a secretary, which is traditionally is the same person as the Treasurer (Charlie Kyte). In the past, the Board has nominated officers at one meeting and done the election the following month. James Schlichting condensed the procedure this year and asked for nominations and the election at the same time. James asked for Board nominations in addition to Charlie Kyte for Secretary. There were none.</p>	<p>A motion was made by Virginia Kaczmarek and seconded by Michelle Muench, MD to nominate and elect Charlie Kyte as Secretary for 2016. Motion carried.</p>	<p>Closed.</p>
<p>6. Roundtable, Announcements and Questions</p>	<ul style="list-style-type: none"> Virginia Kaczmarek announced that the Y Health Kids Day will be held at the YMCA on April 30. She encouraged Board members to attend. Charlie Mandile reported that HealthFinders Gala fundraiser is April 22nd. Tickets are still available. NH&G has sponsored a table. James Schlichting asked that Board members with additional questions about PERA to forward them to Bobbi Jenkins. This will also be discussed at the Board Retreat tomorrow. James Schlichting reported meeting evaluation forms were distributed to the Board members to complete following every meeting to gain input on how the meeting went and to make necessary changes in real time. Completed forms should be returned to Bobbi Jenkins following every meeting. 		<p>Carried</p>
<p>7. Pending Items</p>			
<ul style="list-style-type: none"> Market Strategy Retreat: April 1 	<p>James Schlichting reminded the Board of the Board Retreat tomorrow morning at St. Olaf College beginning at 8:00 a.m. and concluding at 2:00 p.m. Two copies of an assessment worksheet will be distributed at the retreat. One is to be used for notes and the other to submit following the retreat.</p>	<p>Information only.</p>	<p>Closed.</p>

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<ul style="list-style-type: none"> CEO Evaluation Process 	<p>James Schlichting reported that 360s for the CEO evaluation have been distributed to the administrative team, and selected physician and staff. Evaluation packets for the Board to complete will be distributed at the Board Retreat tomorrow and should be returned to Bobbi Jenkins no later than April 11th. The Governance & Planning committee will review all information at their April 28th meeting, and the final evaluation will come to the Board for approval in Closed Session following the May regular Board meeting. James will be meeting with the Director of HR regarding salary and compensation.</p>	Information only.	Closed.
<ul style="list-style-type: none"> Board Self-Assessment 	<p>Due to lack of time, discussion about the Board self-evaluation is deferred to a future meeting.</p>		
<ul style="list-style-type: none"> Conflict Statement 	<p>Discussed under the Compliance Update earlier in the agenda.</p>	Information only.	Closed.
8. Adjourn	<p>The meeting was adjourned.</p>	<p>A motion was made by Jonathan Reppe and seconded Steve O'Neill to adjourn the meeting at 8:25 pm. Motion carried.</p>	Closed.