

MEETING MINUTES RECORD

Meeting: Board of Directors

Date: March 22, 2018 Location: Conference Center Start time: 6:30 pm Adjourn time: 9:15 pm

Members present: Lynn Clayton, Charlie Kyte, CC Linstroth, Charlie Mandile, Steve O'Neill, Rhonda Pownell, Fred Rogers, Pete Sandberg

Members excused: Michelle Muench, MD

Members absent:

Staff Present: Steve Underdahl, Scott Edin, Jeff Meland, MD, Betsy Spethmann, Jerry Ehn, Vicki Stevens, Laura Peterson, Ben Flannery, MD, Bobbi Jenkins (Recorder)

Others present: David Emery (LWV), Ben Martig (City), Rob Schile (CLA), Bill Bojan (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 Charlie Mandile at 6:30 p.m.	A motion was made by Fred Rogers and second by Lynn Clayton to call the meeting to order and approve the agenda as presented. Motion carried.	Closed.						
2. Consent Agenda	Supporting documentation was included in the packet for all items on the Consent agenda: <ul style="list-style-type: none"> 02/22/18 Board Meeting Minutes 02/22/17 Budget & Finance Committee Minutes Disclosure: Communicating Outcomes to Patient 	A motion was made by Charlie Kyte and seconded by Lynn Clayton to approve the Consent agenda as presented. Motion carried.	Closed.						
3. Reports									
<ul style="list-style-type: none"> Hospital Chief of Staff Report 	Dr. Jeff Meland reported in Dr. Reister's absence. Charlie Mandile attended the MEC meeting in March, which was well received by the committee. Charlie will be attending on a quarterly basis to give the committee an opportunity to interact with the board and give the Charlie exposure to physician leadership on a regular basis.	Information only.	Closed.						
<ul style="list-style-type: none"> ✓ Motion to Approve Applications for Medical Staff Membership/ Privileges (separate mailing) 	<p>Applications for medical staff membership / privileges were presented. Dr. Meland noted that there were no issues with any of the files:</p> <p><u>Appointment:</u></p> <table border="1" data-bbox="378 1709 935 1871"> <thead> <tr> <th><u>Prac #</u></th> <th><u>Privilege</u></th> <th><u>Category</u></th> </tr> </thead> <tbody> <tr> <td>3946</td> <td>Internal Medicine</td> <td>Active</td> </tr> </tbody> </table> <p><u>Reappointments</u></p>	<u>Prac #</u>	<u>Privilege</u>	<u>Category</u>	3946	Internal Medicine	Active	A motion was made by Steve O'Neill and seconded by CC Linstroth to accept the recommendations from the Credentials Committee and MEC on the appointment, reappointments and advancement from provisional status. Motion carried.	Closed.
<u>Prac #</u>	<u>Privilege</u>	<u>Category</u>							
3946	Internal Medicine	Active							

Issue/Problem	Discussion/Conclusions				Action	Follow-up/Resolution		
	<u>Prac #</u>	<u>Privilege</u>	<u>Category</u>					
	3366	Teleradiology	Telemedicine					
	3855	Mental Health	AH:I					
	3240	Teleradiology	Telemedicine					
	3562	Teleradiology	Telemedicine					
	3857	Mental Health	AH:I					
	3764	Emergency Medicine	Active					
	7452	Orthopedic Assistant	AH:D					
	7367	Orthopedic Surgery	Active					
	3566	Teleradiology	Telemedicine					
	3553	Teleradiology	Telemedicine					
	7198	Teleradiology	Telemedicine					
	3595	Teleradiology	Telemedicine					
	7089	Orthopedic Surgery	AH:D					
	3841	Nurse Practitioner	AH:I					
	3266	Teleradiology	Telemedicine					
	7144	Refer & Follow	Refer & Follow					
	7142	Anesthesiology	Affiliate					
	<u>Provisional Status</u>							
	<u>Prac #</u>	<u>Privilege</u>	<u>Adv</u>	<u>Ext</u>				
	3905	IM/ Cardiology	X					
<u>No Action Required</u>								
<u>Voluntary Resignations</u>								
<u>Prac #</u>	<u>Privilege</u>	<u>Category</u>						
7240	Teleradiology	Telemedicine						
• CMO Report	No report				None.	Closed.		
• Allina Clinic Report	No report				None.	Closed.		
• NH+C Clinic Report	Dr. Flannery reported on planning for the Northfield Express Care, which is going well. They hope to capture patients in the				Information only.	Closed.		

Issue/Problem	Discussion/Conclusions	Action	Follow-up/Resolution
	20-40 age range who don't have a primary care provider. The clinic will open on April 9 th .		
<ul style="list-style-type: none"> • City Report 	<p>Rhonda Pownell reported in the absence of Brad Ness:</p> <ul style="list-style-type: none"> • Thanked board member who attended the Northfield State of the City Address earlier this week at Carleton College. • Assessments on the Washington Avenue and Division Street road project is moving forward. • The City was not satisfied with the bids received for the Fire Station project and will be seeking additional bids. 	Information only.	Closed.
4. Audit Report	<p>Rob Schile, Principal, CliftonLarsonAllen, LLP, presented the 2017 audit report (copy of slides and audit were included in the Board packet). The audit report was presented to the Budget & Finance committee this evening prior to the Board meeting. Rob 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.</p> <p>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.</p> <p>Rob reviewed the audit overview and outcomes, financial ratio analysis, GASB 68 update and industry trends. He commented that we are moving into a new era where revenues growth is hard to come by. He recommended that we continue to challenge ourselves and confirmed the rebasing efforts are important.</p>	Information only.	Closed.
5. Big Question	How do we manage our risk?		

Issue/Problem	Discussion/Conclusions	Action	Follow-up/Resolution
<ul style="list-style-type: none"> Enterprise Risk Management 	<p>Bill Bojan, CliftonLarsonAllen, presented information on Enterprise Risk Management (ERM) to help build it into the culture of the organization. ERM is a process effected by an entity's board of directors, management and other personnel, applied in strategy-setting and across the enterprise, designed to identify potential events that may affect the entity, and manage risk to be within its risk appetite to provide reasonable assurance regarding the achievements of entity objectives.</p> <p>Improving ERM outcomes and capabilities:</p> <ul style="list-style-type: none"> Step 1 – assess ERM outcomes – current vs desired Step 2 – Assess ERM capabilities – current vs desired Step 3 – continuous ERM monitoring and improvement <p>The administrative team took a survey on risks; where we are today, where we want to be, and by when. Currently the gaps are being assessed, and are setting priorities for ERM outcomes improvement. Bill noted that risks change and we will have risks today that we won't have tomorrow.</p>	Information only.	During the second quarter, 2018, Bill will work with Laura Peterson to assess the gaps identified in the RiskVitalSigns survey and set priorities for addressing the gaps. Strategies will be implemented over the next year and a half.
<ul style="list-style-type: none"> Presentations/ Discussion/ Action Items 			
<ul style="list-style-type: none"> Approval of 3D Breast Tomosynthesis Mammography 	<p>A full presentation on the purchase of a 3D Breast Tomosynthesis was presented at the February Board meeting. Charlie Mandile commented on the conversation at the Board meeting last month when the question was raised about the need for the two-step review process when items are included in the budget. Charlie commented that he does not want to make a process change without the full board weighing in on it, and suggested it be discussed at the board retreat.</p> <p>Vicki Stevens reviewed the request to purchase the 3D mammography at a price not to exceed \$358,000. \$425,000 was included in the 2018 budget (SBAR was included in the packet). There were no questions from the Board.</p>	A motion was made by Charlie Kyte and seconded by Fred Rogers to approve the purchase of a Hologic Selenia Dimension 3D mammography system at the group price of \$353,552 and a total project cost not to exceed \$358,000. Motion carried.	Closed.
<ul style="list-style-type: none"> Relocation of Cardiac Stress Tests 	A full presentation on relocating the cardiac stress tests was presented at the February Board meeting. Jerry reviewed the request (SBAR was included in the	A motion was made by Lynn Clayton and seconded by Pete Sandberg to approve	Closed.

Issue/Problem	Discussion/Conclusions	Action	Follow-up/Resolution
	packet). Relocating the room used for cardiological stress tests improves the patient experience, returns an emergency department exam room to the ED and provides a new patient education office.	the purchase of capital dollars to complete the project at a cost of \$223,000 as outlined in the SBAR. Motion carried.	
<ul style="list-style-type: none"> Approval of Investment Policy 	<p>The investment policy was presented at the February Board meeting. The policy was approved by the Board knowing that additional changes would come back to the board in March related to:</p> <ul style="list-style-type: none"> Liquidity needs/reserve funds Long term investments Approved security dealers <p>Charlie Kyte reviewed the additional revisions to the policy recommended by the Budget & Finance Committee which were highlighted on the policy included in the board packet. The Budget & Finance Committee also recommended that the investment advisor limit investments in the "compliment" category until we better understand the risk/reward for the investments in that category.</p>	<p>A motion was made by Steve O'Neill and seconded by CC Linstroth to approve the policy as presented in the packet. Motion carried.</p>	<p>Closed.</p>
<ul style="list-style-type: none"> Executive and Committee Reports 			
<ul style="list-style-type: none"> CEO Report 	<p>Steve Underdahl presented the following:</p> <p><u>Strategic</u></p> <ul style="list-style-type: none"> The ACO kick-off meeting, that was rescheduled twice due to weather, is rescheduled on March 30. Emerging data is coming out about how big is big enough. Data is suggesting that the organization assumptions about how big the aggregated groups need to be is too small. Caravan is looking at getting some of the smaller group groups together to form larger co-op groups. NH+C may have the potential to recast our cohort for 2019 into a larger group with still no risk. The session will be video-taped for those who are not able to attend. The board requested that the video-tape be put on the board portal. Continue to have discussions with Olmsted Medical Center regarding cost and governance of an EHR. An executive summary and support analysis materials are included in the retreat manual under tab 8. 	<p>Information only.</p>	<p>Closed.</p>

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	<ul style="list-style-type: none"> • Four staff members were recognized at the annual “Do the Next Right Thing” banquet on March 13th at St Olaf College. Charlie Mandile and Steve O’Neill represented the board at the banquet. • Enterprise Risk Management presentation was presented to the Board this evening. Assessment and operational work is beginning. • Phase one of the Process Improvement Program is underway. Staff training and orientation is currently ongoing. The initial projects and scope of work has been identified. • The board Planning Retreat is scheduled on May 4th at St. Olaf College. The retreat will focus on three sets of questions: <ul style="list-style-type: none"> ✓ Issues of vulnerability and success ✓ Direction and prioritization regarding key tactics ✓ Strategic relationships Retreat Manuals are available to all Board members this evening. <p><u>Operations</u></p> <ul style="list-style-type: none"> • Mayo dermatology services will be discontinued the last week of March. Great service and physician, but financially it was unsustainable. Letters are going out to patients this week. We will continue to assist patients needing a dermatologist to find a provider. The current provider will be working part-time in Cannon Falls. • Better volumes and payor mix than anticipated so far in March. • In the process of re-examining worker’s comp contracts resulting in repayment favorable to the medical center. • Express Care will have a soft opening with hours Monday – Friday starting on April 9th. Extended hours will begin once it is fully staffed. Marketing is working on advertising and a more high-profile grand opening/ community open house once it is fully staffed. <p>CC Linstroth inquired whether we can expand the book giveaways that we do in the clinics through the reading program sponsored by Healthy Communities Initiative to Express Care.</p>		

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	<p>Steve Underdahl felt this is a good idea.</p> <p><u>Policy</u></p> <ul style="list-style-type: none"> • Pending legislation regarding worker's comp could have a significant impact on NH+C • Conversations with legislators regarding a potential PERA Bill continue. Currently working with the staff from Senator Draheim's office. Met with CEO's from two similarly situated medical centers. • Federal Spending Bill will not include a provision to reinstate premium cost savings support for the ACA. • Ben Martig, City Administrator, will be presenting the City of Northfield's Strategic Plan and related priorities at the April Board meeting. 		
<ul style="list-style-type: none"> • Financial Report 	<p>Scott Edin presented the February financial highlights (copy of financial and highlights were included in the board packet).</p> <p>February 2018 Key Drivers:</p> <ul style="list-style-type: none"> • Inpatient days were 6% over budget • Birth were 15% over budget • Clinic RVU's were 10% under budget • Surgical cases were 22% under budget • Home Health visits were 14% over budget • Cancer Care & Infusion Center (CCIC) were 9% over budget <p>February 2018 Financial Outcomes:</p> <ul style="list-style-type: none"> • Net operating revenues were \$242K over budget • Operating expenses were \$135K under budget • Net operating income was \$29K (\$377K better than the budgeted loss of \$348K) <p>Patient volumes were mixed for the month of February. We saw fewer governmental patients (payer mix) which allowed us to collect more of the billed charges for the month. This results in our net Revenue to be \$250,000 better than plan. We also controlled expenses and spent \$100k less than budget, resulting in a profit of \$29k for the month.</p> <p>There was discussion about how we budgeted in 2018 vs. how it was done in previous years. In the past we budgeted more conservatively and almost always</p>	Information only.	Closed.

Issue/Problem	Discussion/Conclusions	Action	Follow-up/Resolution
	<p>outperformed. Going forward, we are trying to be more realistic. We are still dealing with the busiest time is the last 6-8 weeks, which is very difficult to sustain.</p>		
<ul style="list-style-type: none"> Budget & Finance Committee Report 	<p>Charlie Kyte, Budget & Committee Chair, reported on the Budget & Finance Committee meeting from earlier this evening. The committee:</p> <ul style="list-style-type: none"> Reviewed minutes from the last committee meeting, Received the annual audit report from Rob Schile, which was more in depth than the report for the full board, Reviewed February financials, and Reviewed and approved revisions to the Investment policy, which was presented to the board this evening. <p>The committee did not have enough time to review their job description, but will review at the next meeting.</p> <p>Rhonda Pownell inquired about NH+C process and best practice related to changing auditors after a period of time to have a fresh set of eyes. Charlie Kyte commented that quality and cost is very important and was discussed by the Budget & Finance Committee and the Board a few years ago. RFP's were sought from four audit firms, and the Board approved the continued use of CLA for three years (2016-2018).</p> <p>The board discussed and it was noted that there are only a few high-quality audit firms that do our specialty audit, and it is typical in businesses to keep the same firm for extended periods of time. It was noted that it may be a good idea to use different partners within a firm. It was unclear if there is a best practice related to auditors, but thought that best practice is not to change every three years as it can be disruptive to the facility to change that often.</p>	<p>A memo outlining more details from the Budget & Finance Committee meeting this evening will be sent to the board in a few days.</p>	<p>Closed.</p>
<ul style="list-style-type: none"> Governance & Planning Committee Report 	<p>Charlie Mandile, Governance & Planning Committee Chair, reported that the main topic discussed by the committee this evening is the process for the annual CEO evaluation. The committee is a little bit behind schedule this year and would like</p>	<p>Charlie Kyte made a motion to engage Flynn & Associates with the CEO evaluation this year and bring back to the</p>	<p>The Board supported moving The Board supported moving forward with</p>

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	<p>to get the evaluation done between now and the April Board meeting. The full Board would review and finalize the evaluation at the April Board meeting in Closed Session.</p> <p>The process has differed the past few years. Walt Flynn has assisted with the process the past two years. The committee discussed and would like to engage Flynn & Associates one more year with the assistance of NH+C HR department. It is anticipated that HR will coordinate beginning with the 2018 evaluation. Charlie noted that we will work harder at getting better physician responses this year. The committee is also working to refine how goals are weighted. The committee would like the Board's support to engage Flynn & Associates with the CEO evaluation again this year, and then transition for future evaluations to the HR department.</p> <p>Charlie Mandile noted that the committee will also be developing a policy on this process going forward.</p> <p>Vicki Stevens recommended a review by an outside consultant every two years to ensure best practice. This will be discussed by the Governance & Planning Committee.</p>	<p>full Board to finalize in April in Closed Session.</p> <p>Some board members voiced discomfort over approving a process without having documentation to react to, and without it appearing on the Board agenda as an action item.</p> <p>The Board discussed further and agreed. It was clarified that the committee is looking for support in moving forward with the same process as last year with the idea of transitioning to HR beginning next year.</p> <p>Charlie Kyte withdrew his motion to approve.</p>	<p>CEO evaluation process as presented.</p>
<ul style="list-style-type: none"> Quality Committee Report 	<p>Charlie Mandile, Quality Committee Chair, gave an overview of discussion at the Quality Committee meeting this evening. Much of the meeting was spent bringing new members up-to-speed. The committee reviewed the quarterly quality dashboard that will be included in the April Board packet for the full board. As part of strategic planning preparation, the committee working on identifying three quality measures and two cost care measures that are reported publicly, and establishing a two-year target for each.</p>	<p>Information only.</p>	<p>Closed.</p>
<ul style="list-style-type: none"> Roundtable, Announcements and Questions 	<p>Rhonda Pownell reported that the City's Boards & Commissions appreciation event is scheduled on April 25th at Carleton College. Details will be shared with the Board.</p>	<p>Information only.</p>	<p>Closed.</p>

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<ul style="list-style-type: none"> Board Retreat Preparation 	Steve Underdahl reminded the Board members to pick up their Planning Retreat Manual before they leave this evening.	Information only.	Closed.
<ul style="list-style-type: none"> Pending Items 	NA	NA	NA
<ul style="list-style-type: none"> Adjourn 	The meeting was adjourned at 9:15 p.m.	A motion was made by Steve O'Neill and seconded by CC Linstroth to adjourn the meeting at 9:15 p.m. Motion carried.	Closed.