

MEETING MINUTES RECORD

Meeting: Board of Directors

Date: January 25, 2018 Location: Conference Center

Start time: 6:30 pm Adjourn time: 10:10 pm

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

Members excused:

Members absent:

Staff Present: Steve Underdahl, Jeff Meland, MD, Jerry Ehn, Scott Edin, Laura Peterson, Randy Reister, MD, Ben Flannery, MD, Bobbi Jenkins (recorder)

Others present: David Emery (LWV), Brad Ness (City), Keith Olson, MD (Allina), Heather Durenberger (consultant), Quinn Kelly (St. Olaf Student), Patricia Christianson (former Board member)

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 CC Linstroth and seconded by Lynn Clayton to approve the agenda as presented. Motion carried.	Closed.
2. Welcome & Introduction of New Board Members	Charlie Mandile welcomed our new board members to their first meeting: Pete Sandberg: retired Facility Services Director at St. Olaf College. Fred Rogers, CFO at Carleton College. Rhonda Pownell, Northfield Mayor. Charlie will be meeting with each Board member individually over the next few weeks to talk about Board committee assignments, and leadership interests.	Information only.	Closed.
3. Consent Agenda	Supporting documentation was included in the packet for all items on the consent agenda: <ul style="list-style-type: none"> Meeting Minutes: <ul style="list-style-type: none"> ✓ 12/21/17 Board Meeting ✓ 12/21/17 & 01/15/18 Budget & Finance Committee ✓ 12/21/17 Quality Committee LMCIT Tort Liability Waiver ACO Policies 	A motion was made by Steve O'Neill, and seconded by Charlie Kyte to approve the Consent agenda as presented. Motion carried.	Closed
4. Reports			
• Hospital Chief of Staff Report	Dr. Reister reported that the medical staff has been very busy with many elective cases at the end of the year. He also reported on number of patients they are seeing in the clinics and the ED related to influenza.	Information only.	Closed.
✓ Motion to Approve	Applications for medical staff membership / privileges were presented.	A motion was made by Lynn Clayton and	Closed.

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<p>Applications for Medical Staff Membership/ Privileges</p>	<p>Dr. Reister reported that there were no issues with any of the files:</p> <p><u>Appointments:</u></p> <table border="1" data-bbox="386 254 933 548"> <thead> <tr> <th><u>Prac #</u></th> <th><u>Privilege</u></th> <th><u>Category</u></th> </tr> </thead> <tbody> <tr> <td>3939</td> <td>Pathology</td> <td>Affiliate</td> </tr> <tr> <td>3942</td> <td>Teleradiology</td> <td>Telemedicine</td> </tr> <tr> <td>3940</td> <td>Mental Health</td> <td>AH:I</td> </tr> <tr> <td>3938</td> <td>PA</td> <td>AH:D</td> </tr> </tbody> </table> <p><u>Reappointments:</u></p> <table border="1" data-bbox="386 590 933 1115"> <thead> <tr> <th><u>Prac #</u></th> <th><u>Privilege</u></th> <th><u>Category</u></th> </tr> </thead> <tbody> <tr> <td>7080</td> <td>Refer & Follow</td> <td>Refer & Follow</td> </tr> <tr> <td>3760</td> <td>Emergency Medicine</td> <td>Active</td> </tr> <tr> <td>7389</td> <td>Teleradiology</td> <td>Telemedicine</td> </tr> <tr> <td>3806</td> <td>Neuro & Sleep Medicine</td> <td>Active</td> </tr> <tr> <td>2739</td> <td>Ophthalmology</td> <td>Active</td> </tr> <tr> <td>3717</td> <td>IM/Medical Oncology</td> <td>Affiliate</td> </tr> <tr> <td>3762</td> <td>PA</td> <td>AH:D</td> </tr> </tbody> </table> <p><u>Provisional Status</u></p> <table border="1" data-bbox="386 1157 933 1283"> <thead> <tr> <th><u>Prac #</u></th> <th><u>Privilege</u></th> <th><u>Adv</u></th> <th><u>Ext</u></th> </tr> </thead> <tbody> <tr> <td>3899</td> <td>Cardiology</td> <td>X</td> <td></td> </tr> </tbody> </table> <p>No Action Required</p> <p><u>Voluntary Resignation:</u></p> <table border="1" data-bbox="386 1360 933 1780"> <thead> <tr> <th><u>Prac #</u></th> <th><u>Privilege</u></th> <th><u>Category</u></th> </tr> </thead> <tbody> <tr> <td>3878</td> <td>OB/GYN</td> <td>Active</td> </tr> <tr> <td>3897</td> <td>Anesthesia</td> <td>Active</td> </tr> <tr> <td>7031</td> <td>IM/Medical Oncology</td> <td>Active</td> </tr> <tr> <td>7453</td> <td>Teleradiology</td> <td>Telemedicine</td> </tr> <tr> <td>3828</td> <td>Mental Health</td> <td>AH:I</td> </tr> <tr> <td>3719</td> <td>Radiology/ Teleradiology</td> <td>Affiliate</td> </tr> </tbody> </table>	<u>Prac #</u>	<u>Privilege</u>	<u>Category</u>	3939	Pathology	Affiliate	3942	Teleradiology	Telemedicine	3940	Mental Health	AH:I	3938	PA	AH:D	<u>Prac #</u>	<u>Privilege</u>	<u>Category</u>	7080	Refer & Follow	Refer & Follow	3760	Emergency Medicine	Active	7389	Teleradiology	Telemedicine	3806	Neuro & Sleep Medicine	Active	2739	Ophthalmology	Active	3717	IM/Medical Oncology	Affiliate	3762	PA	AH:D	<u>Prac #</u>	<u>Privilege</u>	<u>Adv</u>	<u>Ext</u>	3899	Cardiology	X		<u>Prac #</u>	<u>Privilege</u>	<u>Category</u>	3878	OB/GYN	Active	3897	Anesthesia	Active	7031	IM/Medical Oncology	Active	7453	Teleradiology	Telemedicine	3828	Mental Health	AH:I	3719	Radiology/ Teleradiology	Affiliate	<p>seconded by CC Linstroth to accept the recommendations from the Credentials Committee and MEC on the appointments, reappointments, and advanced from provisional status. Motion carried.</p>	
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<ul style="list-style-type: none"> CMO Report 	<p>Dr. Jeff Meland reported on a lengthy discussion at the last Medical Executive</p>	<p>Information only.</p>	<p>Closed.</p>																																																																				

Issue/Problem	Discussion/Conclusions	Action	Follow-up/Resolution
	<p>Committee meeting related to the Board and how they function. Physicians are very involved in the community and the direction and leadership of NH+C. It is important that physicians remain engaged and physician retention is a priority as we move forward. Dr. Meland encouraged the board to think about these guiding principles as decisions are made, and how they may impact physicians. It is important to ensure physicians are engaged and have a healthy place to practice.</p> <p>Charlie Mandile inquired about how to better engage physicians. Dr. Meland responded that they may like to be invited to meetings occasionally, and possibly consideration of appointing another physician on the board.</p>		
<ul style="list-style-type: none"> • Allina Clinic Report 	<p>Dr. Keith Olson reported that he and Lindsey Niswanger met this week with Steve Underdahl and Dr. Jeff Meland for their quarterly meeting. They discussed the work the hospital is doing on advanced care planning and parallel work that Alina is promoting to our providers.</p>	Information only.	Closed.
<ul style="list-style-type: none"> • NH+C Clinic Report 	<p>Dr. Ben Flannery report on the following:</p> <ul style="list-style-type: none"> ✓ Hired a new pediatrician for the clinics. They are working on a place for her to work as there is a shortage of space in the clinics. She is a St. Olaf graduate. ✓ Dr. Flannery is taking the lead on a project in the birth center called the baby box. It is a concept started in Finland and has proven to greatly reduce mortality rates. <p>Steve Underdahl thanked Dr. Flannery for everything he does a medical director of the clinics, including an outstanding job working on the Baby Box project, as well as the literacy project.</p>	Information only.	Closed.
<ul style="list-style-type: none"> • City Report 	<p>Brad Ness reported on the City project, including:</p> <ul style="list-style-type: none"> • Northfield city street lights have been changed to LED. • The City Council passed the City ID ordinance. • Working on plans to remodel the fire hall. 	Information only.	Closed.

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	<ul style="list-style-type: none"> Working with attorneys and St. Olaf on the development agreement for senior housing. Received results of age friendly survey. Approved an advisory group to explore options to increase the availability of commercial and industrial land in the northwest area, and make a recommendation back to the Council. Cable rates will be increasing slightly. Refinancing the police department building. 		
5. Big Questions			
<ul style="list-style-type: none"> Board Retreat Summary/ Discussion/ Next Steps 	<p>Heather Durenberger facilitated a Board Retreat in December with the purpose of creating space for Board members to invest in the governance activities to drive a high level of performance and impact. Charlie Mandile commented that he felt it went very well and was not an attempt to fix anything, but rather to better define the Board's role to support the organization into the next phase. There are many issues that come before the Board and we want to ensure everyone works well together as a group. The intent for this evening is to help set a direction of the Board's work for the year. Heather reviewed the high-level themes identified at the retreat, as well as the "Big Questions".</p> <p><u>High Level Themes</u></p> <ul style="list-style-type: none"> Importance of how we as a Board work together - behavior and culture Defining shared vision of what success looks like for the Board Mapped high value and meaningful activities of the Board Creating space for Board development Mapped work of the Board and work of committees Vision for how Board and committees can work together - what works, what doesn't Honoring the different types of governance experience Board members bring to NH+C Working within demands of current environment - naming and managing tensions 	Information only.	Touch base in six months to monitor progress and next steps.

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	<ul style="list-style-type: none"> Building strong working relationship with City owners and stakeholders <p><u>Big Questions</u></p> <ol style="list-style-type: none"> Thinking about the retreat conversations & insights - how does this Board choose to create a culture of meaningful and productive participation among Board members? Thinking about defining success (beyond our wildest dreams), how will this Board choose to know how it is doing, and what the most important priorities for improvement are? <p>The Board discussed with the following next steps:</p> <ol style="list-style-type: none"> Consider cover memo from CEO with Board packet to help framing issues and big questions. Consider changing Board meeting seating with the Board members at smaller table with staff sitting in outer ring. Consider Board only portion of the meeting or meetings without staff. Consider reviewing the how we define success with lens of what can the Board influence. Touch base in 6 months to monitor progress of Next Steps. 		
6. Presentations/ Discussion/ Action Items			
<ul style="list-style-type: none"> EHR Update/ Discussion 	<p>Included in the packet was information on the Electronic Medical Record (EHR), including background, current work, and next steps.</p> <p>Scott Edin and Steve Underdahl reviewed the report in detail to help bring the new board members up-to-date on the work that has been ongoing for over a year.</p> <p>The Board discussed and had questions related to:</p> <ul style="list-style-type: none"> The cost of EPIC compared to our current EHR? What is the life expectancy of a new system? Communication between other EHRs. Would like to see the initial analysis done by IT and IS that was presented to the Board at a pervious retreat. 	Information only.	Present more in-depth analysis to the Board at the February Board meeting.

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	<ul style="list-style-type: none"> • Will a new system make us more productive to help offset the cost of the system? • What is the cost to do business now and what will it be going forward? <p>Steve Underdahl commented that we are still vetting and are not ready to make a recommendation to the Board. We also have the option to do nothing at this time. He suggested that more information be brought back to the board summarizing the risks and benefits. It would be a good refresh for the board as it has been a while since the Board has seen this information, and will also help educate the new board members.</p> <p>Rhonda Pownell suggested that it would be helpful for the board to have easy access to background documentation on projects such as this. Steve Underdahl commented that the Board portal may be a resource for this once it is up and running.</p>		
<ul style="list-style-type: none"> • Senior Services Project Update 	<p>Jerry Ehn updated the Board on the Senior Services Project on the hospital's campus, developed by Yanik with services provided by Benedictine Health System (BHS) (copy of the slides included in the packet).</p> <p>Project benefits include:</p> <ul style="list-style-type: none"> • Helps meet a growing community need • Provides additional options for seniors • Increases options for those on the elderly waiver • Services provided by well-established organization • Could benefit in more services being added • Positions NH+C to better address community health care needs <p>Currently the City of Northfield and St. Olaf have agreed on a land lease addendum. The City and Yanik are negotiating a development agreement.</p> <p>Next Steps:</p> <ul style="list-style-type: none"> • The City is scheduled to consider the development agreement in February • Would require NH+C to enter into shared services agreements regarding 	Information only.	Closed.

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	<p>the road, utilities, and storm water facilities</p> <ul style="list-style-type: none"> • Yanik and BHS to finalize their agreements • Construction could start in early June <p>Questions:</p> <ul style="list-style-type: none"> • What financial impact will this project have on NH+C, and is there financial benefit to NH+C? Jerry replied that there is no cash investment by the hospital (facilitators, not owners). This project allows us to meet one of our strategic initiatives for providing senior care moving forward. We may see some revenues from this, but nothing substantial. Asking for a donation/fee from the developer would stop the project. This new service will benefit the community and the hospital in the future as the demand for traditional nursing home services continues to decline or if offering the service become financially unsustainable. • Who pays for road maintenance? Will be discussed. It is anticipated that it will be divided appropriately based on use. 		
7. Executive and Committee Reports			
<ul style="list-style-type: none"> • CEO Report 	<p>Steve Underdahl presented the CEO report. He commented, for the new Board members, that he splits it up into three sections: Strategic, Operations and Policy:</p> <p><u>Strategic</u></p> <ul style="list-style-type: none"> • Currently preparing for the board's spring Strategic Plan refresh in Q2. We are in year one of a three-year plan. • New benefits broker (Associated Benefits and Risk Consulting) onboarding and implementation complete. It was a result of an RFP and vetting process. • Reviewed staff turnover metrics/ analysis, including turnover rate compared to benchmark. The HR team is developing a dashboard and tools to be finalized at the end of Q1. • The Accountable Care Organization (ACO) launch was rescheduled due 	Information only.	Closed.

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	<p>to inclement weather. It is in the process of begin rescheduled.</p> <ul style="list-style-type: none"> • A Patient and Family Advisory Council (PFAC) has been established to assist us with the eyes and voice of our customers. In the process of selecting projects, and beginning new work. • Establishing criteria and approaches for evaluating current and future strategic relationships. There will be a document to react to at the February Board meeting. <p><u>Operations</u></p> <ul style="list-style-type: none"> • December financials results were good, but below previous years. 2017 is likely our new normal. Institutional rebasing of expenses is underway. The expense reduction target is \$2.5 million. • A new OB/GYN physician has been hired. Currently interviewing hospitalist candidates, and Express Care providers. • Emergency preparedness planning underway for the Super Bowl, as well as the recent impact on operations due to a recent snow storm. There is always a risk of being a medical island in the case of storms if we are unable to transport patients due to weather. • 35 RNs are currently in the Clinical Ladder Program. 29 have achieved RNII and 6 achieved the RNIII status. • Currently out of space at the Northfield clinic and it is becoming a rate limiting factor to growth and recruitment. Continuing to evaluate all potential solutions, including an addition. A more detailed discussion will occur at the February Board meeting. • We are entering year two of a two-year agreement with Summit Orthopedics, and are exploring strategic and business options. <p><u>Policy</u></p> <ul style="list-style-type: none"> • The Children’s Health Insurance Program (CHIP) was reauthorized for six years as part of the budget continuing resolution last week. It impacts about 9 million children nationally and approximately 127,000 in Minnesota. 		

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	<ul style="list-style-type: none"> • Working with Northfield Health Community Initiative to identify funding to grow our capacity to serve more opioid addicted patients. Currently we are maxed out at the number of patients that can be treated by one provider. • A meeting was held with Senators Julie Rosen and Rich Draheim regarding exploring options for a migration away from a defined benefit plan to a defined contribution plan for new hires. The impact for NH+C for 2017 improved, still \$43.1M negative impact to the balance sheet. The operational impact is \$3.4M. • A legislative meeting was held on 01/19/18 with Representative David Bly. • Working on price/cost transparency. Price and cost are not the same thing. institutions that provide a vast array of services and safety net features to their communities will always lose on price. We will do better when evaluated on value. 		
<ul style="list-style-type: none"> • Financial Report 			
<ul style="list-style-type: none"> • Budget & Finance Committee Report 	<p>Scott Edin presented the December financial highlights (copy of financials and highlights were included in the mailed board packet).</p> <p>December Key Drivers:</p> <ul style="list-style-type: none"> • Hospice days were 29.1% over budget • ED visits were 7.7% over budget • Ambulance runs were 4.3% over budget • Cancer Care & Infusion Center (CCIC) were 4.8% over budget • Surgery cases were 1.0% over budget • Favorable payor mix <p>December Financial Outcomes:</p> <ul style="list-style-type: none"> • Net operating revenues were \$58K over budget • Operating expenses were \$620K over budget • Net operating income was \$528K, but was \$562K under budget. <p>For the month of December, there was a decrease in the government payor mix. Days cash on hand is 223.</p>	Information only.	Closed.

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	<p>Scott also reviewed GASB 68 accounting and reporting for pensions, including MN PERA and NH+C PERA information.</p> <p>Challenges for PERA:</p> <ul style="list-style-type: none"> • 2017 total contribution = \$884 million • Benefits paid to retirees - \$1,450 million • Good investment results offset this shortfall in 2017 = 15.1% return <p>Scott also reviewed the impact on NH+C income statement for 2017 pre-PERA and with PERA. NH+C income was \$1.48 million, but the PERA adjustment reduces that to \$2.0 million loss. He commented that recently the StarTribune featured an article on 2016 profitability of Minnesota hospitals and it included the expense of PERA (\$4.3 million) which reduced our operating income to \$1.6 million. Steve Underdahl added that this is concerning as it identifies us as potentially vulnerable. This can also impact recruitment. In our annual report, we reflect both with and without PERA. It was suggested that we may want to consider meeting with the newspaper to tell our story. There was also discussion about trying to manage the impact of PERA in our financials. Charlie Kyte commented that PERA is expected to increase both the employer and employee contribution next year and slowly begin to correct the shortfall. PERA is something the Budget & Finance Committee is watching and discussing.</p>		
<ul style="list-style-type: none"> • Budget & Finance Committee Report 	<p>Charlie Kyte gave an update on the work of the Budget & Finance Committee related to the investment decision process. A memo was sent to the Board summarizing the process. An anonymous survey was sent to each board member from the investment firm, Cleary Gull, related to portfolio goals and objectives, investment knowledge and experience, and risk and return assumptions. Once this information is returned, they will have a better understanding of our board and will use the information to report back on how to collectively view investing NH+C money over the long term.</p> <p>Representatives from Cleary Gull will meet with the Budget & Finance Committee prior to the February board meeting and will attend the February board meeting to share their findings and recommend an investment management strategy. The</p>	Information only.	Closed.

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	board will then need to discuss and adopt a strategy going forward, and amend the NH+C policy to reflect that direction.		
<ul style="list-style-type: none"> Quality Dashboard 	Charlie Mandile reviewed the Board's quality dashboard (copy was included in the mailed packet).	Questions should be directed to Charlie Mandile.	Closed.
8. Roundtable, Announcements and Questions			
<ul style="list-style-type: none"> Roundtable 	<ul style="list-style-type: none"> Board members who attended the MHA Trustee Conference in early January shared their learnings, including topics on: <ul style="list-style-type: none"> ✓ Accountable Care Organizations; interesting and confusing. ✓ Ongoing opioid crisis in Minnesota. Very interested in getting more involved. ✓ One new board member attended the new trustee training camp. Found it to have strong governance focus but did not get a good understanding of hospital operations. ✓ Trustee accountability and oversight of the work of the Credentials Committee on credentialing our providers. It was also suggested the new board member orientation include the work of the medical staff committee related to provider credentialing. CC Linstroth and Fred Rogers expect to be absent from the February Board meeting. Charlie Mandile will reach out to each board member to meet individually during the next few weeks to talk about committee membership and Board leadership. Charlie Kyte would like the board to recognize and acknowledge the service of both Virginia Kaczmarek and Patricia Christianson as board members, both of who were willing to continue on the board, but were not reappointed. <p>Virginia served as the Board's Vice Chair and was in-line to become the Chair after Charlie Mandile finished his</p>	<p>Information only.</p> <p>Charlie Kyte made a motion to acknowledge the contributions of Virginia Kaczmarek and Patricia Christenson as NH+C Board members and direct a 'thank you' to them for their service to this institution and</p>	<p>Closed.</p> <p>Steve Underdahl and Charlie Kyte will draft a letter to both Virginia and Patricia and express the board's gratitude for their service. CC Linstroth suggested that it be from the whole board with the names listed.</p>

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	<p>term at the end of this year. She sat in on all the pre-board agenda setting sessions with the administration. She also served on both the Governance and Planning and Budget and Finance committees. She has excellent financial skills and was a strong member of that committee.</p> <p>Patricia probably had an excellent understanding of ACO's and the reimbursement and payment functions of CMS as they relate to government and insurance payments to hospitals. She was an expert voice in guiding the board as we move into the uncharted waters of government regulation ahead. She also served on the Quality Committee and has a strong understanding of the quality metrics that are being required of hospitals and clinics. She co-led the effort to reach out to political representatives at both the state and national levels.</p>	<p>to the Northfield community. The motion was seconded by CC Linstroth. Motion carried.</p>	
9. <u>Pending Items</u>	NA	NA	NA
10. <u>Adjourn</u>	Meeting adjourned at 10:10 p.m.	A motion was made Steve O'Neill and seconded by Lynn Clayton to adjourn the meeting.	Closed.