

# MEETING MINUTES RECORD

Meeting: Board of Directors

Date: January 31, 2019 Location: Conference Center

Start time: 6:30 pm Adjourn time: 9:40 pm

Members present: Lynn Clayton, Steve O'Neill, Jessica Peterson White, Fred Rogers, Pete Sandberg

Members excused: Sarah Carlsen, CC Linstroth, Bob Shepley, MD, Charlie Mandile

Members absent:

Staff Present: Steve Underdahl, Scott Edin, Jeff Meland, MD, Betsy Spethmann, Laura Peterson, Tom Holt, MD, Scott Norman, Julie Nikolai-Sullivan, Bobbi Jenkins (Recorder)

Others present: David Emery, LWV

Issue/Problem	Discussion/Conclusions	Action	Follow-up/Resolution
1. Call to Order and Approval of the Agenda	The meeting was called to by Steve O'Neill, Vice Chair, in the absence of Chair, Charlie Mandile at 6:30 p.m.	A motion was made by Lynn Clayton and seconded by Pete Sandberg to approve the agenda as presented. Motion carried.	Closed.
2. Welcome New Members & Thank You to Members Retiring	Steve O'Neill welcomed Jessica Peterson White to her first board meeting. Other board members appointed who were not able to attend this evening are Sarah Carlsen and Bob Shepley MD. He also wanted to publicly thank Charlie Kyte and Rhonda Pownell for their service on the board through the end of 2018. The appointments for 2019 were made after the NH+C December board meeting. Steve reminded everyone to please use the microphones on the tables when speaking.	Information only.	Closed.
3. City Board Member Assignments/ Board Orientation	A link was provided to the board via the portal for the City's Board and Commission video. Upcoming dates to be reminded of: <ul style="list-style-type: none"> <li>• State of the City – 03/18/19</li> <li>• Board &amp; Commission Recognition: 04/17/19</li> </ul>	Information only.	Closed.
4. Consent Agenda	Supporting documentation was included in the packet for all items on the Consent Agenda: <ul style="list-style-type: none"> <li>• Meeting Minutes (approved): <ul style="list-style-type: none"> <li>o 12/20/18 Board Meeting</li> </ul> </li> <li>• Meeting Minutes accepted) <ul style="list-style-type: none"> <li>o 12/20/18 Quality Committee</li> </ul> </li> </ul> The Governance & Planning Committee was scheduled to meet this evening, but did not meet due to lack of a quorum. Charlie Mandile, Board Chair, communicated with each board member regarding their interest in board	A motion was made by Pete Sandberg and seconded by Lynn Clayton to approve the Consent agenda. Motion carried.	Closed.

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	<p>leadership for 2019; Vice Chair and Secretary/Treasurer. Steve O'Neill encouraged board members to reach out to Charlie with their interest. The Governance &amp; Planning Committee will make nominations for board officers. Nominations and the election will occur at the February Board meeting.</p>																																					
5. Reports																																						
<ul style="list-style-type: none"> <li>Hospital Chief of Staff Report</li> </ul>	<p>This is Dr. Holt's first meeting as the new Medical Staff President for 2019-20. He presented the following:</p> <ul style="list-style-type: none"> <li>Commended staff for their hard work this past week dealing with several challenges related to computers and the weather. They worked through it as though nothing was out of the ordinary.</li> <li>There are no major issues to report from the MEC at this time. In the process of finalizing details of the new orthopedic group, as well as general surgery. Both services will have an impact on the medical staff, patients and staff. Looking forward to the new year.</li> </ul>	Information only.	Closed.																																			
<ul style="list-style-type: none"> <li>✓ Motion to Approve Applications for Medical Staff Membership/ Privileges</li> </ul>	<p>Dr. Holt presented the applications for membership and privileges:</p> <p><u>Reappointments:</u></p> <table border="1" data-bbox="386 1144 933 1581"> <thead> <tr> <th><u>Prac #</u></th> <th><u>Privilege</u></th> <th><u>Category</u></th> </tr> </thead> <tbody> <tr> <td>2717</td> <td>Teleradiology</td> <td>Telemedicine</td> </tr> <tr> <td>7410</td> <td>Teleradiology</td> <td>Telemedicine</td> </tr> <tr> <td>7414</td> <td>Teleradiology</td> <td>Telemedicine</td> </tr> <tr> <td>7415</td> <td>Teleradiology</td> <td>Telemedicine</td> </tr> <tr> <td>7417</td> <td>Teleradiology</td> <td>Telemedicine</td> </tr> <tr> <td>3619</td> <td>Radiology</td> <td>Affiliate</td> </tr> <tr> <td>7252</td> <td>Teleradiology</td> <td>Telemedicine</td> </tr> <tr> <td>7372</td> <td>Teleradiology</td> <td>Telemedicine</td> </tr> </tbody> </table> <p><u>Provisional Status</u></p> <table border="1" data-bbox="386 1627 933 1717"> <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>3942</td> <td>Teleradiology</td> <td>X</td> <td></td> </tr> </tbody> </table> <p>The board requested a high-level refresher for the board, as well as for the new board members on how medical staff applications are vetted by the Credentials Committee and MEC prior to coming to the board for final approval.</p>	<u>Prac #</u>	<u>Privilege</u>	<u>Category</u>	2717	Teleradiology	Telemedicine	7410	Teleradiology	Telemedicine	7414	Teleradiology	Telemedicine	7415	Teleradiology	Telemedicine	7417	Teleradiology	Telemedicine	3619	Radiology	Affiliate	7252	Teleradiology	Telemedicine	7372	Teleradiology	Telemedicine	<u>Prac #</u>	<u>Privilege</u>	<u>Adv</u>	<u>Ext</u>	3942	Teleradiology	X		<p>A motion was made by Fred Rogers, and seconded by Jessica Peterson White to accept the recommendations from the Medical Executive Committee on the reappointments and advancement from provisional status. Motion carried.</p>	<p>At a future meeting, present high-level refresher for the board on how medical staff applications are processed.</p>
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<ul style="list-style-type: none"> <li>CMO Report</li> </ul>	<p>Dr. Jeff Meland welcomed Jessica Peterson White and offered to meet with her regarding any questions she has related to the medial staff.</p>	Information only.	Closed.
<ul style="list-style-type: none"> <li>NH+C Clinic Report</li> </ul>	<p>Dr. Ben Flannery reported:</p> <ul style="list-style-type: none"> <li>Dr. Suzanne Schaefer is starting in April to replace Dr. Alice Mann; and Dr. David McIntyre joined the Northfield practice this week. Both are family practice physicians.</li> <li>Staff are looking forward to the clinic expansion project.</li> <li>Express Care is doing well. Staffing was an issue, but after next week they are fully staffed.</li> </ul>	Information only.	Closed.
<ul style="list-style-type: none"> <li>City Report</li> </ul>	<p>Brad Ness was absent from the meeting. Jessica Peterson White reported that the City is working on orientation for the new City Council member related to rules of business, etc. Other bigger projects the City is working on are the First Street project, and affordable housing.</p>	Information only.	Closed.
<p>6. Presentations/ Discussion/ Action Items</p>			
<ul style="list-style-type: none"> <li>Energy Saving Project</li> </ul>	<p>Scott Norman, Director of Facility Services, presented information on an energy saving project (copy of slides included in the packet). The purpose of the project is to identify a self-funding energy savings strategy to reduce operating costs, minimize capital expenditures, and reduce our carbon footprint. We have engaged a national company, Ameresco, to develop energy savings options. They have completed a preliminary assessment and presented us detailed project options to consider, which Scott shared with the board. The project guaranteed an annual savings of \$61,000 with a \$301,000-\$356,000 capital contribution. The payback on the capital contribution would be no longer than 20 years. Because we are a municipal entity, the State has guidelines for bidding, and to ensure a payback on our investment.</p> <p>The goal is to continue to evaluate options and hope to select the best option within the next few weeks.</p> <p>It was noted that capital is tight this year, and this would be an unbudgeted</p>	Information only.	Bring back to the board for final approval before moving forward.

Issue/Problem	Discussion/Conclusions	Action	Follow-up/Resolution
	expense. The board was supportive exploring options.		
7. Strategic Discussion			
<ul style="list-style-type: none"> <li>Birth Center and Clinic Expansion Project: Request to negotiate with Contractor</li> </ul>	<p>The Board and City Council previously approved moving forward with planning for a Birth Center and Northfield clinic expansion project, with a budget not to exceed \$13 million.</p> <p>Scott Norman, Director of Facility Services, presented an update on the birth center and clinic expansion project to the board, including a summary of the RFP selection process, recommended architect and construction manager, and an outline of next steps (copy of slides included in packet).</p> <p>A Request for Proposal (RFP) was sent to eight construction companies with six of the eight submitting proposals. All six were interviewed by an interview team who then selected RJM partnering with BWBR Architects as their first choice. The interview team included representatives from NH+C administration and Board, and the City.</p> <p>Schedule:</p> <p><u>Now</u></p> <ul style="list-style-type: none"> <li>Permission to enter an agreement with RJM for architectural and construction manager services</li> </ul> <p><u>Near</u></p> <ul style="list-style-type: none"> <li>Design and bid phase (Feb-May)</li> <li>Construction phase starting summer 2019</li> </ul> <p><u>Far</u></p> <ul style="list-style-type: none"> <li>NH+C is a viable provider for clinic and OB services</li> </ul> <p>There were a variety of comments from the board related to the experience of the contractor and architects, codes and requirements, and the bidding process. Steve Underdahl comments that we have worked with RJM when we added on the surgery center. RJM has extensive healthcare experience, and good cultural etiquette. They have a reputation for putting the patients and staff first.</p>	<ul style="list-style-type: none"> <li>A motion was made by Pete Sandberg and seconded by Lynn Clayton to negotiate a professional services agreement with RJM for the Birth Center and the Northfield Clinic expansion</li> <li>The City granted permission in December 2018 to negotiate and enter into a contract for architectural and construction manager services.</li> </ul>	<p>The award of subcontracts will require approval from the Board and City Council.</p>
<ul style="list-style-type: none"> <li>Brand Awareness</li> </ul>	<p>Julie Nikolai-Sullivan, Director of Marketing, presented the results of the Brand Awareness Survey for the clinics</p>	<p>Information only.</p>	<p>Closed.</p>

Issue/Problem	Discussion/Conclusions	Action	Follow-up/Resolution
Surveys for Clinics	<p>(copy of slides included in packet). The purpose of the survey was to help determine the effectiveness of the work done in 2014-2018 related to rebranding. There was no consistency in how brands were used, there were two distinct marketing looks for the hospital and clinics, signage and naming conventions exacerbated the problem, FamilyHealth Medical Clinic brand had little equity, sub-brands were causing confusion, and there was not clear connection with NH+C.</p> <p><u>Questions to answer:</u></p> <ul style="list-style-type: none"> <li>• Has NH+C, as a brand, taken traction?</li> <li>• Any effect in removing FamilyHealth Medical Clinic?</li> <li>• Are people using the clinics more?</li> <li>• Are they using us as their primary clinic?</li> <li>• Have the factors in choosing a clinic changed between 2014 and 2018?</li> <li>• Are people aware of the new Express Care Clinic?</li> <li>• Are people selecting our Urgent Care as an option?</li> </ul> <p><u>About the Research:</u></p> <ul style="list-style-type: none"> <li>• Completed in October 2018</li> <li>• Conducted by Consumer Research Corporation</li> <li>• 300 telephone surveys conducted (mobile and land-line)</li> <li>• Based on 2016 census population estimates – 150 south metro, 75 Northfield, and 75 rural</li> <li>• Age quotas</li> <li>• More females interviewed</li> </ul> <p>Steve Underdahl acknowledged Julie for her commitment to this project and noted it was a big cultural evolution for the organization and for staff.</p> <p><u>Highlights of the Survey</u></p> <ul style="list-style-type: none"> <li>• Overall awareness of NH+C clinics went from 33% in 2014 to 91% in 2018. Awareness went up from 50% to 89% in South Metro, 48% to 96% in Northfield area and is at 91% for the rural markets.</li> <li>• Overall choice of NH+C as the person's primary clinic went from 4% in 2014 to 11% in 2018. Most significant was a rise in Northfield from 1% to 23%.</li> </ul>		

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	<ul style="list-style-type: none"> <li>• Usage of a NH+C clinic over the past 12 months increased over from 15% to 40%. Most significant was a rise in Northfield from 17% to 63%.</li> <li>• 16% of people in the South Metro said they would use our Urgent Care clinic if they needed one. Second only to Fairview at 35%.</li> <li>• 85% of people in the Northfield area are aware of our new Express Care Clinic in only the first 7 months.</li> </ul> <p>It was suggested that the Community Relations Committee review the results in more detail at their May committee meeting.</p>		
8. Executive and Committee Reports			
<ul style="list-style-type: none"> <li>• CEO Report</li> </ul>	<p>Steve Underdahl presented his monthly CEO report:</p> <ul style="list-style-type: none"> <li>• Welcomed new board members, Sarah Carlsen, Sarah Peterson White, and Dr. Bob Shepley, and thanked those whose services ended at the end of 2018 (Charlie Kyte, Rhonda Pownell, Dr. Michele Muench).</li> <li>• The Lonsdale Clinic building was damaged on Wednesday night when a pipe burst in the severe cold weather. Water flooded sections of the building and damaged some equipment. The building was empty at the time; no one was injured. The building is now closed to patient care. Patients are being seen of one of our other clinics while the clinic is being repaired.</li> </ul> <p><u>Strategic:</u></p> <ul style="list-style-type: none"> <li>• Reviewed the calendar of events between now and the May annual planning retreat. The date has not yet been confirmed.</li> <li>• Reviewed progress on the key deliverables – 2018/19 priorities (progress report was distributed at the meeting), including: <ul style="list-style-type: none"> <li>✓ Electronic Health Record (EHR)</li> <li>✓ Ambulatory Surgery Center (ASC)</li> <li>✓ Orthopedic services</li> <li>✓ Clinic and OB space</li> <li>✓ Patient-facing technology</li> <li>✓ Social determinants of health</li> </ul> </li> </ul>	Information only.	Closed.

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	<ul style="list-style-type: none"> <li>✓ Accountable Care Organization (ACO)</li> <li>✓ Enterprise Risk Management (ERM)</li> <li>✓ Recruitment / retention/ succession planning</li> <li>✓ Northfield Hospital Foundation</li> <li>✓ Master facilities framework</li> <li>✓ Rebasing target</li> <li>✓ Quality improvement structure and training</li> </ul> <p><u>Operations</u></p> <ul style="list-style-type: none"> <li>• December financials were softer relative to volumes and revenue. Q4 was about on target. We did not meet our 3% hurdle rate, but it was a profitable year. The PERA impact will be better for at least one year</li> <li>• Dr. David McIntyre, family physician, started this week and will be working primarily in the Northfield clinic.</li> <li>• Readers' Choice Magazine Farmington &amp; Rosemount recognized the following: <ul style="list-style-type: none"> <li>✓ Best Clinic Farmington – NH+C</li> <li>✓ Best Emergency Room – NH+C</li> <li>✓ Best Hospital – NH+C</li> <li>✓ Best OB/GYN – Dr. Dana Olson - NH+C</li> </ul> </li> </ul> <p><u>Policy</u></p> <ul style="list-style-type: none"> <li>• Legislation: provider tax is scheduled to sunset. MHA opposes sunset (key funding mechanism for MinnesotaCare).</li> <li>• MinnesotaCare for All: Several new legislators have sponsored a Bill that advances this concept. If payment rate stays the same and the participation level increases, it would have a significantly negative financial impact on most medical centers.</li> </ul>		
<ul style="list-style-type: none"> <li>• Financial Report</li> </ul>	<p>Scott Edin reported on the December financials:</p> <p><u>December Key Drivers</u></p> <ul style="list-style-type: none"> <li>• Hospice days were 19% over budget</li> <li>• Endo procedures were 9% over budget</li> <li>• ED visits were 8% over budget</li> <li>• Births were 4% over budget</li> <li>• Surgeries were 14% under budget</li> <li>• Clinic visits were 12% under budget</li> <li>• Inpatient days were 6% under budget</li> </ul> <p><u>December 2018 Financial Outcomes</u></p>	Information only.	Closed

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	<ul style="list-style-type: none"> <li>• Net operating revenues were \$842K under budget</li> <li>• Operating expenses were \$54K over budget</li> <li>• Net operating income was \$148K (\$788K under budget) YTD margin 2.1%</li> </ul> <p>Volumes were lighter in many areas, which was felt to be due to a busier October than budgeted. Self-funded insurance claims were significantly higher than expected (\$290,000 for the month of December). Most years the self-funded insurance had a positive impact, with the exception of this year and last year.</p> <p>We currently have 238 days cash on hand, which is good going into a capital project. We are also seeing the impact of our rebasing efforts from 2018.</p> <p>Scott reviewed the GASB 68 accounting and reporting for pensions for the entire state, as well as how it impacts NH+C. He also reviewed the PERA impact on the December income statement. The PERA plan is currently under funded; however, because of good investment returns in 2018 the amount of underfunding was reduced. This also reduced the amount of our Pension Liability by \$5.7 million.</p> <p>Steve Underdahl reminded the board that he is working on a PERA Whitepaper, along with other municipal hospitals, to propose legislation that would maintain the defined benefit model for existing employees, while establishing a defined contribution option for new hires.</p>		
9. Roundtable, Announcements and Questions	Those who attended the MHA Trustee Conference in January agreed that the information provided was rigorous and more useful than other recent meetings.	Information only.	Closed.
10. Pending Items	None	None	None
11. Closed Session	The board took a short break at 8:40 pm before moving into Closed Session for the purpose of Strategic Planning pursuant to Minn. Stat 144.581, subd 5 for the purpose of discussion of marketing activity related to the hospital's competitive position with other health care providers that offer similar goods and services.	Information only.	Closed.
12. Adjourn	The meeting was adjourned at 9:40 pm.	A motion was made by Fred Rogers and	Closed.

<b>Issue/Problem</b>	<b>Discussion/Conclusions</b>	<b>Action</b>	<b>Follow-up/Resolution</b>
		seconded by Lynn Clayton to adjourn the meeting. Motion carried.	