

# MEETING MINUTES RECORD

Meeting: Board of Directors

Date: February 28, 2019 Location: Conference Center

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

Members present: Sarah Carlsen, Lynn Clayton, CC Linstroth, Charlie Mandile, Steve O'Neill, Fred Rogers

Members excused: Pete Sandberg, Bob Shepley, MD, Jessica Peterson White

Members absent:

Staff Present: Steve Underdahl, Jerry Ehn, Scott Edin, Jeff Meland, MD, Laura Peterson, Tom Holt, MD, Betsy Spethmann, Bobbi Jenkins (recorder)

Others present: Brad Ness (City), Ben Martig (City), Mayor Rhonda Pownell (City), Matt Anderson, MHA, 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 order by Charlie Mandile at 6:31 p.m. There will be a Closed Session of the board following the regular meeting this evening. Board members were reminded to turn on their microphone before speaking at the meeting.	A motion was made by CC Linstroth and seconded by Lynn Clayton to approve the agenda as presented. Motion carried.	Closed.
2. Consent Agenda	Supporting documentation was included in the packet for one item on the Consent Agenda: <ul style="list-style-type: none"> <li>Board meeting minutes - 01/31/19.</li> </ul>	A motion was made by Lynn Clayton and seconded by Steve O'Neill to approve the Consent agenda. Motion carried.	Closed.
3. Nomination and Election of Board Officers	The Governance & Planning Committee met earlier this week and nominated officers for 2019, and finalized 2019 Committee Assignments. <u>Nominations:</u> Board Chair – Steve O'Neill Board Vice Chair – Fred Rogers Treasurer – Lynn Clayton Secretary – Bobbi Jenkins The Chair and Vice Chair serve two-year terms. The Vice Chair moves into the role of the Board Chair after he/she serves two years as Vice Chair. Prior to the committee nominating the officers, Charlie Mandile solicited input from board members regarding their interest in serving as an officer. In the past the Chair of the Budget & Finance Committee has also served as the Treasurer. Since Fred Rogers is the Chair of the Budget & Finance Committee, and nominated at Board Vice Chair, the committee felt he should not also serve as the Treasurer. Therefore, the committee nominated Lynn Clayton as the Treasurer.	A motion was made by CC Linstroth and second by Lynn Clayton to approve the nominations from the Governance and Planning Committee, and to elect the officers as presented. Motion carried.	Closed.

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	There were no additional nominations from the board.																																
4. Recognition	Steve Underdahl presented Charlie Mandile with a service plaque for the time he served as Board Chair, and thanked him for his dedication and service.	Information only.	Closed.																														
5. Introduction	Sarah Carlsen was welcomed to the Board. The board introduced themselves.	Information only.	Closed.																														
6. Board Committee Assignments	The 2019 board committee assignments were distributed at the meeting.	Information only.	Closed.																														
7. Reports																																	
<ul style="list-style-type: none"> <li>Hospital Chief of Staff Report</li> </ul>	Dr. Tom Holt reported that the MEC began talking about how we could provide opportunities for medical students/residents to work at NH+C. Physicians are ore likely to return and practice to the community their trained. Laura Peterson is currently investigating and will report back to the MEC in the next month or two.	Information only.	Closed.																														
<ul style="list-style-type: none"> <li>✓ Motion to Approve Applications for Medical Staff Membership/ Privileges</li> </ul>	<p>Dr. Tom Holt presented the applications for membership and privileges:</p> <p><u>Appointments: None</u></p> <p><u>Reappointments</u></p> <table border="1" data-bbox="386 1087 928 1291"> <thead> <tr> <th><u>Prac #</u></th> <th><u>Privilege</u></th> <th><u>Category</u></th> </tr> </thead> <tbody> <tr> <td>3901</td> <td>Teleradiology (CDI)</td> <td>Telemedicine</td> </tr> <tr> <td>3900</td> <td>Teleradiology</td> <td>Telemedicine</td> </tr> </tbody> </table> <p><u>No Action Required</u></p> <p><u>Temporary Privileges</u></p> <table border="1" data-bbox="386 1375 928 1459"> <thead> <tr> <th><u>Prac #</u></th> <th><u>Privilege</u></th> <th><u>Category</u></th> </tr> </thead> <tbody> <tr> <td>3971</td> <td>Teleradiology</td> <td>Telemedicine</td> </tr> </tbody> </table> <p><u>Voluntary Resignations</u></p> <table border="1" data-bbox="386 1507 928 1816"> <thead> <tr> <th><u>Prac #</u></th> <th><u>Privilege</u></th> <th><u>Category</u></th> </tr> </thead> <tbody> <tr> <td>3926</td> <td>BHP Mental Health</td> <td>Telemedicine</td> </tr> <tr> <td>3855</td> <td>BHP Mental Health</td> <td>Telemedicine</td> </tr> <tr> <td>3841</td> <td>Neonatology</td> <td>AH:I</td> </tr> <tr> <td>3836</td> <td>BHP Mental Health</td> <td>Telemedicine</td> </tr> </tbody> </table>	<u>Prac #</u>	<u>Privilege</u>	<u>Category</u>	3901	Teleradiology (CDI)	Telemedicine	3900	Teleradiology	Telemedicine	<u>Prac #</u>	<u>Privilege</u>	<u>Category</u>	3971	Teleradiology	Telemedicine	<u>Prac #</u>	<u>Privilege</u>	<u>Category</u>	3926	BHP Mental Health	Telemedicine	3855	BHP Mental Health	Telemedicine	3841	Neonatology	AH:I	3836	BHP Mental Health	Telemedicine	A motion was made by CC Linstroth and seconded by Fred Rogers to accept the recommendations from the Medical Executive Committee on the reappointments. Motion carried.	Closed.
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<ul style="list-style-type: none"> <li>CMO Report</li> </ul>	Dr. Jeff Meland reported that the MEC approved a change in the committee's roles and responsibilities that allows the	Information only.	Closed.																														

Issue/Problem	Discussion/Conclusions	Action	Follow-up/Resolution
	<p>CMO to be a voting member on the MEC. They also recommended a change in the definition of a quorum to 50% vs. more than 50%. The change in the quorum requires a medical staff bylaw change and will go to the medical staff and board for final approval.</p> <p>Dr. Meland distributed a booklet to board members including a summary of surgical and medical procedures available at NH+C.</p> <p>Dr. Ashley Marek recently joined our general surgery practice. She trained with Dr. Katya Ericson at Hennepin Healthcare.</p>		
8. Strategic Discussion			
<ul style="list-style-type: none"> <li>Environmental Scanning Part 1</li> </ul>	<p>Matt Anderson, Sr. VP of Policy and Chief Strategic Officer for Minnesota Hospital Association, presented environmental scanning, part 1, to help educate the board in preparation for the May 3 annual strategic planning retreat. He presented an overview of health care policy, trends and tension (copy of slides included in the packet).</p> <p><u>Major forces and trends:</u></p> <ul style="list-style-type: none"> <li>• Old school HMO tactics</li> <li>• Site-neutral payment policies</li> <li>• Downside financial risk payments</li> <li>• Price transparency</li> <li>• Continued consolidation</li> <li>• Further "retail-ization" of care</li> </ul> <p><u>Overarching themes:</u></p> <ul style="list-style-type: none"> <li>• Build on, leverage your strengths and qualities that offer competitive advantage: <ul style="list-style-type: none"> <li>✓ Public hospital</li> <li>✓ Personal touch</li> <li>✓ Independent</li> <li>✓ Facilities</li> <li>✓ Demographics</li> <li>✓ Quality scores</li> </ul> </li> <li>• Recognize that patients will receive care/services from multiple sources (i.e., don't bet on loyalty over convenience)</li> <li>• MN's Medicare, Medicaid and commercial insurance markets are much more competitive <ul style="list-style-type: none"> <li>✓ Competition pressures flow downhill to providers</li> </ul> </li> </ul>	Information only.	Closed.

Issue/Problem	Discussion/Conclusions	Action	Follow-up/Resolution
	<p>(reimbursement rates, payment conditions, etc.)</p> <ul style="list-style-type: none"> <li>• MN providers will have less negotiating leverage across patient mix as a whole</li> <li>• Explore how to be price competitive on services non-hospital providers can/will offer</li> </ul>		
<ul style="list-style-type: none"> <li>• Enterprise Risk Management Update</li> </ul>	<p>Steve Underdahl gave some background information for new board members to bring them up-to-date on Enterprise Risk Management. We started this journey about two years ago with a consultant, and later decided to continue on our own. The goal is to find a rational starting place for our organization’s framework, and how do we know when things are blinking yellow or red.</p> <p>Laura Peterson, Inhouse Legal/ Compliance Officer, presented an update on the Enterprise Risk Management timeline through the end of 2019, including administrative and leadership team education, risk identification activities, and assessing and prioritizing risk.</p>	Information only.	Closed.
9. Presentations/ Discussion/ Action Items			
<ul style="list-style-type: none"> <li>• Ambulance Replacement- 1<sup>st</sup> Look</li> </ul>	<p>Jerry Ehn, COO, reviewed the “1<sup>st</sup> look” at a replacement ambulance – 315 (copy of slides included in packet). The ambulance being replaced was purchased in 2013 and has 240K miles. Industry data suggests replacing at 175K miles. The recommendation is to purchase a Crestline Icon Type 3 on a Freightliner Chassis at a cost of \$229,466,60, which is included in the 2019 capital budget. It has improved safety features, including resigned cabinet orientation, equipment securement devices, crew seating securement and orientation. The current ambulance would be kept as a reserve vehicle. And utilized when primary trucks are out for maintenance or on long-distance transfers.</p>	Information only.	Bring back at the March Board meeting for approval.
<ul style="list-style-type: none"> <li>• City of Northfield Orientation &amp;</li> </ul>	<p>Ben Martig, Northfield City Administrator, and Mayor Rhonda Pownell reviewed the City of Northfield’s orientation for new</p>	Information only.	Closed.

Issue/Problem	Discussion/Conclusions	Action	Follow-up/Resolution
Strategic Plan/Work Plan	<p>board members, and refresher course for experienced members (copy of slides included in the packet).</p> <p><u>Objectives.</u></p> <ul style="list-style-type: none"> <li>• Review key documents of the city and the applicable hospital enabling provisions.</li> <li>• Understand the board’s role in supporting the city.</li> <li>• Consider factors that influence the ability to make consistent reasoned decisions that support the city’s strategic vision.</li> <li>• Articulate norms and behaviors that are valued to successfully lead and achieve community goals.</li> </ul> <p><u>Dates to remember:</u></p> <ul style="list-style-type: none"> <li>• State of the City Address – March 18<sup>th</sup>, Carleton College, Weitz Center - 6:30 pm</li> <li>• Board and Commission Recognition Event – April 17, Carleton College, Weitz Center - 5-6:30 pm</li> <li>• Board and Commission Training Event – October 23, location pending - 5-6:30 pm</li> <li>• Holiday social and city council appreciation banquet – December, date and location to be determined.</li> </ul>		
10. Executive and Committee Reports			
<ul style="list-style-type: none"> <li>• CEO Report</li> </ul>	<p>Steve Underdahl, CEO reported on the following:</p> <p><u>Strategic</u></p> <ul style="list-style-type: none"> <li>• Continuing to vet Faribault options for ortho, and are working with CliftonLarsonAllen around practice optimization.</li> <li>• An update was presented the Northfield City Council on the clinic and Ob expansion last week. Design meetings are underway.</li> <li>• An EHR contract was received from Sanford Health and is currently being reviewed.</li> <li>• Rebasing efforts continue to focus on the labor footprint.</li> <li>• Enterprise Risk Management process and related calendar was reviewed by Laura Peterson this evening.</li> <li>• Continue to explore patient-facing technology.</li> </ul>	Information only.	Closed.

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	<ul style="list-style-type: none"> <li>New hospitals were added to our ACO through Caravan Health. The group met this week and is making progress.</li> <li>Reviewed the planning calendar for preparing for the annual strategic planning retreat.</li> </ul> <p><u>Operations</u></p> <ul style="list-style-type: none"> <li>Gave an update on past projects, including the lower level remodel, and the senior housing project.</li> <li>Commended Dr. Meland for the idea of developing a booklet outlining surgical and medical procedures we do here titled "Do we do that here?" (distributed earlier in the meeting).</li> <li>Commended incredibly committed staff who made it to work and stayed overnight when needed during the recent winter storms.</li> </ul> <p><u>Policy</u></p> <ul style="list-style-type: none"> <li>There are many new transparency efforts proposed rules and regulations.</li> <li>Concern about ratio legislation.</li> <li>Steve Underdahl will assume the role as Chair of the Minnesota Hospital Association Policy / Advocacy Committee.</li> </ul>		
<ul style="list-style-type: none"> <li>Financial Report</li> </ul>	<p>Scott Edin reported on the January financials:</p> <p><u>January Key Drivers</u></p> <ul style="list-style-type: none"> <li>Endo procedures were 27% over budget</li> <li>Births were 7% over budget</li> <li>Rehab services were 2% over budget</li> <li>Inpatient days were 12% under budget</li> <li>ED visits were 14% under budget</li> <li>Surgeries were 10% under budget</li> </ul> <p><u>January 2018 Financial Outcomes</u></p> <ul style="list-style-type: none"> <li>Net operating revenues were \$142K under budget</li> <li>Operating expenses were \$308K under budget</li> <li>Net operating loss was \$42K (\$166K over budget)</li> </ul>	Information only.	Closed.
<ul style="list-style-type: none"> <li>Board Quality Dashboard Report</li> </ul>	<p>Charlie Mandile, Quality Committee Chair, reviewed the Board quality dashboard. The report was reviewed by the Quality Committee at their last meeting. He encouraged feedback from the board regarding the format and content. The report is tied to the Strategic</p>	Information only.	Closed.

Issue/Problem	Discussion/Conclusions	Action	Follow-up/Resolution
	Plan and will be updated following the spring board retreat when the refreshed plan is finalized. Charlie thanked Dr. Michelle Muench for her service on the committee, and welcomed new committee members, Sarah Carlsen and Dr. Bob Shepley.		
<ul style="list-style-type: none"> <li>Community Relations Committee Oral Report</li> </ul>	<p>CC Linstroth, Community Relations Committee Chair, reported on the committee meeting earlier this evening. The committee finalized a recommendation for the full board on grant amounts. The recommendation will come to the board for approval at the March board meeting. CC thanked Rhonda Pownell for her service on the committee in 2018, and welcomes Sarah Carlsen and Jessica Peterson White to the committee in 2019.</p>	Information only.	Closed.
<ul style="list-style-type: none"> <li>Governance &amp; Planning Committee Oral Report</li> </ul>	<p>Charlie Mandile reported on the Governance &amp; Planning Committee meeting on February 26. The committee:</p> <ul style="list-style-type: none"> <li>Made nominations for board officers.</li> <li>Reviewed Board committee assignments for 2019.</li> <li>Reviewed the process for the annual CEO evaluation.</li> <li>Reviewed and making changes to the committee job description, which will come to the full board for approval at a future meeting.</li> <li>Reviewed revisions to the policy titled "Board Approval Policies and Procedures", which will come to the Board in March for approval.</li> <li>Reviewed board member education and attendance for 2018.</li> </ul>	Information only.	Closed.
<ul style="list-style-type: none"> <li>Budget &amp; Finance Committee Oral Report</li> </ul>	<p>Scott Edin reported on the Special Budget &amp; Finance Committee meeting on February 27:</p> <p>The committee received reports from our investment advisors, BPS Capital Management, and Johnson Financial Group (formally Cleary Gull). This was the first year we invested in equities (20% equities and 80% revenue bonds).</p>	Information only.	Closed.
<ul style="list-style-type: none"> <li>✓ Annual Bonus Pool/Management Incentive Plan</li> </ul>	<p>The Budget &amp; Finance Committee reviewed and confirmed the bonus pool policy and practice (All Employee Bonus (AEB) and Management Incentive Program (MIP)). Each program has a 3% financial target, a patient experience target, and a quality / safety component.</p>	A motion was made by CC Linstroth and seconded by Lynn Clayton to approve the recommendation from the Budget & Finance Committee	Closed

Issue/Problem	Discussion/Conclusions	Action	Follow-up/Resolution
	<p>The MIP also includes personal and organizational goal accomplishments. The recommendation from the committee for 2018 (paid out in 2019) is:</p> <ul style="list-style-type: none"> <li>• <u>AEB</u> No bonus - the 3% hurdle rate was not met as indicated in the policy</li> <li>• <u>MIP</u> A maximum payout of \$295K</li> <li>• 30% unavailable because the financial hurdle rate was not met</li> <li>• Remaining 70% subject to organizational and personal goal accomplishments.</li> </ul> <p>The MIP payout will be the last journal entry into the 2018 financials and will be presented as an adjusted entry when Rob Schile presents the audit report in March.</p>	as presented. Motion carried.	
✓ Capital Expenditures Policy	<p>The Budget &amp; Finance Committee reviewed the Capital Expenditures Policy and approved a change under Purchasing Authority related to public bidding (copy of policy was distributed at the meeting). The current policy reads "Capital assets costing \$100,000 or more must be put out for public bid pursuant to MSA 471.345." The MSA statute changed, effective January 1, 2019, from \$100,000 to \$175,000. The committee approved the change in the policy from \$100,000 to \$175,000.</p>	A motion was made by Fred Rogers and seconded by CC Linstroth to approve the change to the Capital Expenditures policy as recommended by the Budget & Finance Committee. Motion carried.	Closed.
11. Roundtable, Announcements and Questions	<p>Patients are being seen at the Lonsdale clinic following a burst water pipe during the extreme cold weather. The main reception desk still needs to be replaced. Patient were seen at other clinics while the clinic was being repaired. RJM Construction did an incredible job pulling resources together to assist us.</p>	Information only.	Closed.
12. Pending Items	None	NA	NA
13. Closed Session	<p>The board took a short break 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.</p>	Information only.	Closed.
14. Adjourn	The meeting was adjourned at 9:40 pm	A motion was made by CC Linstroth and seconded by Lynn Clayton to adjourn	Closed.

<b>Issue/Problem</b>	<b>Discussion/Conclusions</b>	<b>Action</b>	<b>Follow-up/Resolution</b>
		the meeting. Motion carried.	