

MEETING MINUTES RECORD

Meeting: Board of Directors

Date: March 30, 2017 Location: Conference Center Start time: 6:30 pm Adjourn time: 9:40 pm

Members present: Patricia Christianson, Lynn Clayton, Virginia Kaczmarek, David Koenig, Charlie Kyte, Michelle Muench, MD, Steve O'Neill

Members excused: CC Linstroth, Charlie Mandile

Members absent:

Staff Present: Steve Underdahl, Jeff Meland, MD, Jerry Ehn, Scott Edin, Randy Reister, MD, Ben Flannery, MD, Tammy Hayes, Laura Peterson, Vicki Stevens, Kathleen Meier, Brian Edwards, Joe Johnson, Ann Reuter, Bobbi Jenkins (Recorder)

Others present: Matt Anderson (Atrede) David Emery (LWV), Keith Olson, MD (Allina), Brad News (City)

Issue/Problem	Discussion/Conclusions	Action	Follow-up/Resolution
1. Call to Order and Approval of the Agenda	The meeting was called to order by Virginia Kaczmarek at 6:30 pm.	A motion was made by Lynn Clayton and second be Steve O'Neill to call the meeting to order. Motion carried.	Closed.
2. Consent Agenda	<p>Supporting documentation was included in the packets for items on the Consent Agenda:</p> <ul style="list-style-type: none"> • Meeting Minutes <ul style="list-style-type: none"> ✓ 02/23/17 Board Minutes ✓ 02/23/17 Community Relations Committee • Revisions to the Emergency Medicine Core Privileges • Health Awards Recommendation for 2017 • Policies: <ul style="list-style-type: none"> ✓ Medical Staff Event and Recognition (revision) ✓ Medical Staff Charge and Delegation of Responsibility (deletion) <p>It was requested that the minutes from the February Board meeting be amended to reflect David Koenig's comment during the PERA Approach Recommendation discussion. David voiced concern over #5 of the recommendations which was not reflected in the minutes. A copy of recommended amended language was distributed at the meeting for review.</p>	A motion was made by Steve O'Neill and seconded by Patricia Christianson to approve the Consent Agenda with the amendment to the minutes from the February Board meeting as presented. Motion carried.	Closed.

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3. Reports <ul style="list-style-type: none"> Hospital Chief of Staff Report 	Dr. Randy Reister reported the Medical Executive Committee (MEC) approved the formation of an Oncology Committee with the Chair of the new committee becoming a member of the MEC. This change will require a change to the Medical Staff Manual, which will come to the Board for final approval.	Information only	Closed.																																																													
<ul style="list-style-type: none"> Approve Applications for Medical Staff Membership/ Privileges 	Dr. Randy Reister presented applications for medical staff membership/privileges and reported there were no issues with any of the files: <p style="text-align: center;"><u>Appointment</u></p> <table border="1" data-bbox="378 646 922 831"> <thead> <tr> <th>Prac #</th> <th>Privilege</th> <th>Category</th> </tr> </thead> <tbody> <tr> <td>3905</td> <td>Internal Medicine/ Cardiology</td> <td>Affiliate</td> </tr> </tbody> </table> <p style="text-align: center;"><u>Reappointments</u></p> <table border="1" data-bbox="378 863 922 1163"> <thead> <tr> <th>Prac #</th> <th>Privilege</th> <th>Category</th> </tr> </thead> <tbody> <tr> <td>2773</td> <td>Radiology</td> <td>Affiliate</td> </tr> <tr> <td>7449</td> <td>IM/Cardiology</td> <td>Affiliate</td> </tr> <tr> <td>3786</td> <td>Occupational Medicine</td> <td>Affiliate</td> </tr> <tr> <td>3579</td> <td>Podiatry</td> <td>Affiliate</td> </tr> <tr> <td>7242</td> <td>Optometry</td> <td>AH:I</td> </tr> </tbody> </table> <p style="text-align: center;"><u>Provisional Status</u></p> <table border="1" data-bbox="378 1209 922 1593"> <thead> <tr> <th>Prac #</th> <th>Privilege</th> <th>Category</th> <th>Adv.</th> <th>Ext.</th> </tr> </thead> <tbody> <tr> <td>3855</td> <td>Mental Health</td> <td>AH:I</td> <td>X</td> <td></td> </tr> <tr> <td>3786</td> <td>Occu- pational Health</td> <td>Affiliate</td> <td>X</td> <td></td> </tr> <tr> <td>3857</td> <td>Mental Health</td> <td>AH:I</td> <td>X</td> <td></td> </tr> <tr> <td>3841</td> <td>NP</td> <td>AH:I</td> <td>X</td> <td></td> </tr> </tbody> </table> <p style="text-align: center;"><u>No Action Required</u></p> <p style="text-align: center;"><u>Voluntary Resignations</u></p> <table border="1" data-bbox="378 1675 922 1854"> <thead> <tr> <th>Prac #</th> <th>Privilege</th> <th>Category</th> </tr> </thead> <tbody> <tr> <td>7238</td> <td>CRNA</td> <td>AH:I</td> </tr> <tr> <td>3835</td> <td>Mental Health</td> <td>AH:I</td> </tr> <tr> <td>3784</td> <td>PA</td> <td>AD:D</td> </tr> </tbody> </table>	Prac #	Privilege	Category	3905	Internal Medicine/ Cardiology	Affiliate	Prac #	Privilege	Category	2773	Radiology	Affiliate	7449	IM/Cardiology	Affiliate	3786	Occupational Medicine	Affiliate	3579	Podiatry	Affiliate	7242	Optometry	AH:I	Prac #	Privilege	Category	Adv.	Ext.	3855	Mental Health	AH:I	X		3786	Occu- pational Health	Affiliate	X		3857	Mental Health	AH:I	X		3841	NP	AH:I	X		Prac #	Privilege	Category	7238	CRNA	AH:I	3835	Mental Health	AH:I	3784	PA	AD:D	A motion was made by Patricia Christianson and seconded by Steve O'Neill to approve the appointment, reappointments and advancements from the provisional status as recommended by the Credentials Committee and the MEC.	Closed.
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<ul style="list-style-type: none"> CMO Report 	<p>Dr. Jeff Meland reported on the following:</p> <ul style="list-style-type: none"> Dr. Jose Fulco has agreed to serve as the Chair of the new Oncology Committee. Minneapolis Heart is now seeing cardiology patients in the clinic and it is going well. The MEC is recommending a change in the medical staff meeting schedule for the Active Medical Staff to meet annually instead of quarterly. This change is due to the decreased number of physicians attending the quarterly meetings, which is felt to be due to the increased number of physicians who no longer have a hospital practice. It was also felt that as the hospitalist program matures, we may see even less physician participation. This change will require a bylaws change, which will come back to the Board for final approval. 	Information only.	Closed.
<ul style="list-style-type: none"> FamilyHealth Clinic Medical Director Report 	<p>Dr. Ben Flannery reported on new providers:</p> <ul style="list-style-type: none"> April Fitzloff, PA has accepted a position with WHC. Two new PAs have been hired. One is starting in Farmington in May, and one in Lakeville in June. A NNP/PNP is starting in Northfield in September. She will also be doing the majority of the nursery rounding to free up physicians to see patients in the clinic. 	Information only.	Closed.
<ul style="list-style-type: none"> Allina Clinic Medical Director Report 	<p>Dr. Keith Olson reported on the following:</p> <ul style="list-style-type: none"> Allina is recruiting a family medicine physician in anticipation of a future retirement in 2018. Allina has purchased land adjacent to the Northfield clinic for future expansion. Quarterly meetings continue between Allina and hospital administration. 	Information only.	Closed.
<ul style="list-style-type: none"> City Business Update 	<p>Brad Ness gave an update for the City including, street and sidewalk improvements, the City's strategic planning to begin, and other topics discussed by the City Council.</p>	Information only.	Closed.

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<ul style="list-style-type: none"> Strategic Planning Process and Discussion 	<p>Matt Anderson continued laying the groundwork for the Board Retreat in April (copy of slides were included in the Board packet).</p> <p>He reflected on open questions from the February Board meeting:</p> <ul style="list-style-type: none"> ✓ Do Mission & Vision still articulate purpose and aspiration? ✓ Is a three-year event horizon for strategic planning appropriate? ✓ Any elements of the current plan that are relevant going forward? Any we do not want to keep? <p>Matt noted that he had intended to focus the Affordable Care Act, but decided not to after all the changes that occurred in Washington last week. He noted that high quality care with price sensitivity is going to continue regardless of federal policy changes.</p> <p>Matt then proceeded with environmental scanning, part 2, including policy/politics, economic, social, technology, education and legal components.</p> <p>He introduced the Board to three scenarios – hypothetical stories to think about strategic needs under different pressures. The objective is to consider what NH+C needs to do to succeed under each scenario. These scenarios will be discussed more at the April Board retreat.</p>	Information only.	Closed.
4. Presentations/ Discussion/ Action Items			
<ul style="list-style-type: none"> Quality Dashboard Report 	<p>Ann Reuter presented the 2016 year-end quality dashboard report: Quality / Safety / Service Priorities.</p> <p><u>Triple aim:</u></p> <ul style="list-style-type: none"> • Better Care: Improve the quality of care • Healthy People / Communities: Improve the health of the population. • Affordable Care: Reduce the cost of quality healthcare. <p><u>Presentation Highlights:</u></p> <ul style="list-style-type: none"> • Year-end quality data specific to: <ul style="list-style-type: none"> ✓ Publicly reported data / reimbursement implications ✓ Internal reports / safety • Findings <ul style="list-style-type: none"> ✓ What we do well 	Information only.	Closed.

Issue/Problem	Discussion/Conclusions	Action	Follow-up/Resolution
	<ul style="list-style-type: none"> ▪ Preventing infections and complications ▪ Patient and staff safety ▪ Patient experience: most dimensions ▪ Resource use: Medicare spending ✓ Where we can improve <ul style="list-style-type: none"> ▪ Patient experience, specific to setting ▪ Readmissions in heart failure patients ▪ Adult optimal (perfect) care in clinics <p>Ann noted that this information is shared in more detail on a regular basis with the Board Quality Committee.</p>		
<ul style="list-style-type: none"> • Replacement Ambulance: Step one review 	<p>Joe Johnson, EMS Assistant Chief, reviewed a planned request to purchase a replacement ambulance at a cost of \$203,550. \$220,000 was included in the 2017 budget for this replacement. The ambulance it is replacing was purchased in 2006 and is at end-of-life for typical gas powered ambulances. The proposed ambulance is safer for both for the crew and patients. It will take 6 months from the time of the order to receive. The current ambulance is expected to be kept for EMS education and training as it has very little salvage value.</p> <p>The new ambulance also includes a power load to lift patients into the ambulance vs. staff lifting the patient manually. The lift is expected to reduce the number of staff back injuries.</p>	Information only.	A formal request for approval will come to the Board in April.
<ul style="list-style-type: none"> • Foundation Update 	<p>Laura Peterson presented a high-level update on Foundations. At a previous meeting, the Board recommended that we move forward with a Foundation, but requested more information on structures. Laura described the two options:</p> <ul style="list-style-type: none"> • 501(c)3 • Community Foundation <p>Laura inquired whether the Board is ready to decide on a structure tonight, or delegate for a future recommendation. She suggested that a special committee could be created of the Board, to talk in greater depth about the details, or the work could be assigned to an existing committee, such as</p>	A committee will be put together to include staff, and at least one Board member to review options in more detail.	Bring back with a recommendation for the full Board to consider.

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	<p>Community Relations or the Governance Committee.</p> <p>Overall, the Board supported more investigation on the 501(c)3 B community foundation option:</p> <ul style="list-style-type: none"> • NH&C creates restricted fund at a community foundation • NH+C owns the money • Donor contribute to restricted fund • NH+C decides when/if, and how much \$ NH+C receives. <p>It was noted that it would function much like NH+C Auxiliary. There was discussion about the need for marketing to educate potential donors on our mission and what the money is used for.</p>		
<ul style="list-style-type: none"> • Update on Special Committee of the Board Re: PERA 	<p>Virginia Kaczmarek updated the Board on the activities related to PERA:</p> <ul style="list-style-type: none"> • CliftonLarsonAllen is establishing a stakeholders' meeting with other public hospitals impacted by PERA. • A Board Work Team has been established to explore additional PERA information and options to report to the Budget & Finance Committee, and ultimately to the full Board. Charlie Mandile (Board Chair), Charlie Kyte (Budget & Finance Chari) and Steve Underdahl (CEO) met to establish a scope and purpose of the Work Team. Charlie Mandile will approach another Board member about participating on the Work Team. • Regular reports / updates will be presented to the Budget & Finance Committee and the Board. 	Information only.	Continue to keep the full Board updated
5. Executive and Committee Reports			
<ul style="list-style-type: none"> • CEO Report 	<p>Steve Underdahl reported on the following:</p> <p><u>Strategic/Tactical</u></p> <ul style="list-style-type: none"> • Board Retreat prep books were distributed to the Board, which included background information for the Board to prepare for the April 28th meeting. • Shared pictures from the "Do the Next Right Thing" (DTNRT) annual banquet was held in March where five employees were recognized for going above and beyond. 	Information only.	Closed.

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	<ul style="list-style-type: none"> Rebranding / signage is underway. A detailed discussion on the Electronic Health Record (EHR) will take place at the Board retreat. Scott Edin will give a brief update later in the agenda this evening. Steve participated in discussions about the ACA, including a recent discussion at HealthFinders in Faribault with Senator Al Franken. <p><u>Operations</u></p> <ul style="list-style-type: none"> High hospital census with acute and chronic staffing difficulties. We are in the process of implementing a nurse pool system that can be utilized throughout the hospital wherever they are needed. There is a need to create more space at our orthopedic clinic in Northfield. The goal is to increase the number of exam rooms and our capacity to see patients on the Northfield campus. The projected budget is \$200,000. NH+C has been approached by several solar garden providers. We are currently vetting a group of nine with the intention of selecting one that best fits the needs of the organization. The NH+C Auxiliary Book Fair is April 20-25 Board members should expect to receive more information via email next week regarding details for the Board Retreat. The retreat is expected to conclude by 2:30 p.m. 	<ul style="list-style-type: none"> The second step formal request will occur at the April Board meeting. 	
<ul style="list-style-type: none"> Financial Report 			
<ul style="list-style-type: none"> February Financials/EHR Process Update 	<p>February patient revenues were \$1,405,000 over-budget, while expenses were \$86,000 under-budget, resulting in an operating income of \$135,000 vs. a budgeted operating loss of \$270,000 (operating income as a percent of net revenue was -1.7% vs -3.5% budgeted). Key positive and negative volumes for February were reviewed, as well as day's cash on hand, payer mix, and salary and benefits as % of net revenues. Cash was lower due to capital expenses from December that were paid in February.</p> <p>Nursing home admissions are significantly over budget, and patient days are much higher. Jerry Ehn noted that this is reflective of short rehab stays. There is a</p>	Information only.	Closed.

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	<p>significant amount of work involved with the short stays.</p> <p>There was a decrease in rehab services, which was discussed at the Budget & Finance Committee meeting. Hospice was also below budget, which was felt to be due to a number of recent deaths. Clinic RVUs were also below budget even though visits exceeded budget. Scott reminded the Board about the lag in billing after the end of the year to ensure physicians get credit for all the work done in 2016. It should even out within a short time as we focus on 2017 billing.</p>		
<ul style="list-style-type: none"> EHR Update 	<p>Scott Edin reviewed the EHR project background, vendor feedback, and the project timeline. A formal recommendation will be brought to the Board at the retreat on April 28th.</p>	<p>Information only.</p>	<p>Closed.</p>
<ul style="list-style-type: none"> Budget & Finance Committee Report 	<p>Charlie Kyte reported on the Budget & Finance Committee meeting from earlier this evening:</p> <ul style="list-style-type: none"> Approved meeting minutes from previous two committee meetings. Reviewed February financials Discussed rehab services, which has been below budget for several months. The committee requested more information. The majority of the meeting was devoted to a recommendation on the all employee bonus. The committee reviewed the organizational goals that were implemented in 2016, related to patient experience, quality and safety, and finance. The financial threshold was achieved, and 97% of the established bonus goals for patient experience, quality and safety. 	<p>Information only.</p>	<p>Closed.</p>
<ul style="list-style-type: none"> Annual Employee Bonus Recommendation 	<p>Charlie Kyte reviewed the Budget & Finance Committee's recommendation to the full board for an all employee bonus and management incentive plan bonuses for 2016. Per the direction of the Board of Directors not to consider the PERA adjustments as a factor in the all employee bonus, the Budget & Finance Committee recommend moving forward with the bonus program. Given the accomplishments and the hard work of the staff in 2016, the committee recommends a 2.0% bonus. 2.0% represents an increase over last year of 1%</p>	<p>A motion was made by Lynn Clayton and seconded by Steve O'Neill to approve the 2% all employee bonus and Management Incentive Bonus as presented. Motion carried.</p>	<p>Closed.</p>

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	<p>reflecting the additional work while helping to populate our reserves and sustain the practice.</p> <p>In 2016, the all employee bonus was eligible for a financial threshold of 3% or above net operating income, and once the operating income threshold was met, as well as the achievement of Patient Experience and Quality/Safety goals. The financial goal was met, and 97% of the patient experience and quality/safety goals were met.</p> <p>Cash impact of recommended bonus:</p> <ul style="list-style-type: none"> • 2% all employee bonus = \$867,275 • Management Incentive Plan = \$383,500 <p>The management incentive plan is based on management meeting their goals, and may be less than \$383,500 stated above. If approved, the bonus will be paid on April 20th and MIP will be paid May 4th.</p>		
<ul style="list-style-type: none"> • Quality Committee Report 	<p>Michelle Muench gave an update on the Quality Committee meeting from earlier this evening in Charlie Mandile's absence.</p> <ul style="list-style-type: none"> • Reviewed the quality dashboard • Reviewed supporting evidence for selected quality activities <ul style="list-style-type: none"> ✓ Patient experience ✓ Pricing Council • Received an update on clinic practice / optimal care • Discussed the committee report to the Board 	Information only.	Closed.
<ul style="list-style-type: none"> • Legislative Work Group Update 	<p>Steve Underdahl reported in CC Linstroth's absence. At the last Board meeting the Board supported CC and Steve meeting to develop an outline and process to share with the Board regarding cultivating relationships with legislators. CC, Steve and Patricia Christianson met to discuss a strategy under the umbrella of the Community Relations Committee. They would like to find a time to introduce ourselves to the newly elected and develop a relationship. The group would function as a work team with the idea of growing over time. Steve asked for feedback from the Board and questioned whether there were others interested in participating. Lynn Clayton suggested we talk to them about what we do here that has been successful with. Steve commented that we will have talking</p>	Information only.	Continue to keep the Board updated.

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	points ready for discussion if they ask questions. The Board requested that the talking points be shared with the entire Board.		
6. Roundtable, Announcements and Questions	<ul style="list-style-type: none"> • Virginia Kaczmarek reported on de-escalation strategies hosted by the Northfield Police Department. The class was "De-escalation strategies for persons with mental illness or behavioral disorders in crisis," presented by the Upper Midwest Community Policing Institute. Participants were law enforcement agencies from Northfield, Rice County, Mendota Heights, Kenyon, Lonsdale, and others, and local EMS/hospital. Briand Edwards and Andy Yurek attended on behalf of NH+C. • Steve Underdahl noted that the Rice County Community Assessment was distributed at the meeting this evening. • Brian Edwards commented that the new ambulance that was approved last year by the Board and just recently received will be parked in the ED garage after the Board meeting for anyone who wants to tour following the Board meeting this evening. 	Information only.	Closed.
7. Pending Items	<ul style="list-style-type: none"> • Strategic Planning Retreat: April 28th- St. Olaf College • Audit Report- April Board Meeting 	Information only.	Closed.
8. Adjourn	The meeting was adjourned at 9:40 pm	A motion was made by Steve O'Neill and seconded by Lynn Clayton to adjourn the meeting. Motion carried.	Closed.