

MEETING MINUTES RECORD

Meeting: Board of Directors

Date: April 27, 2017

Location: Conference Center

Start time: 6:30 pm Adjourn time: 8:35 pm

Members present: Patricia Christianson, Lynn Clayton, Virginia Kaczmarek, Charlie Kyte, CC Linstroth, Charlie Mandile, Michelle Muench, MD, Steve O'Neill

Members excused: David Koenig

Members absent:

Staff Present: Steve Underdahl, Jerry Ehn, Scott Edin, Jeff Meland, MD, Betsy Spethmann, Randy Reister, MD, Bobbi Jenkins (recorder)

Others present: Rob Schile (CliftonLarsonAllen), 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 6:40 p.m.	A motion was made by Steve O'Neill and seconded by Michelle Muench, MD to call the meeting to order. Motion carried.	Closed.
2. Consent Agenda	Supporting documentation was included in the packets on the Consent Agenda: <ul style="list-style-type: none"> • Meeting Minutes <ul style="list-style-type: none"> ✓ 03/30/17 Board minutes ✓ 03/30/17 Budget & Finance Committee minutes ✓ 03/30/17 Quality Committee minutes • Revisions to the Medical Staff Certification policy 	A motion was made Virginia Kaczmarek and seconded by Lynn Clayton to approve the Consent agenda as presented. Motion carried.	Closed.
3. Reports			
<ul style="list-style-type: none"> • Annual Audit Report 	<p>Rob Schile, Principal, CliftonLarsonAllen, LLP, presented the 2016 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 financial ratio comparisons and industry trends, and gave an update on the GASB 68. There was discussion among the Board related</p>	Information only.	The audit report will be presented to the City later in May.

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	to PERA and the difficulty to manage given the unknowns going forward, and the fact that we don't know the annual impact until after the fiscal year. The estimate vs. actual was significant again this year. Rob noted that the impact is unpredictable and outside our control.																																																																		
<ul style="list-style-type: none"> Hospital Chief of Staff Report 	Dr. Randy Reister reported that the MEC has approved rolling out more access to patient records on the NH+C patient portal. information will be rolled out slowly.	Information only.	Closed.																																																																
<ul style="list-style-type: none"> ✓ Motion to Approve Applications for Medical Staff Membership/ Privileges (enc.) 	<p>Dr. Randy Reister presented applications for medical staff membership/privileges and reported there were no issues with any of the files:</p> <p style="text-align: center;"><u>Appointment</u></p> <table border="1" data-bbox="386 737 930 947"> <thead> <tr> <th>Prac #</th> <th>Privilege</th> <th>Category</th> </tr> </thead> <tbody> <tr> <td>3902</td> <td>Teleradiology</td> <td>Telemedicine</td> </tr> <tr> <td>3910</td> <td>IM/Cardiology</td> <td>Affiliate</td> </tr> <tr> <td>3906</td> <td>Mental Health</td> <td>AH:I</td> </tr> </tbody> </table> <p style="text-align: center;"><u>Reappointments</u></p> <table border="1" data-bbox="386 982 930 1734"> <thead> <tr> <th>Prac #</th> <th>Privilege</th> <th>Category</th> </tr> </thead> <tbody> <tr> <td>3638</td> <td>OB/GYN</td> <td>Affiliate</td> </tr> <tr> <td>3746</td> <td>Teleradiology</td> <td>Telemedicine</td> </tr> <tr> <td>7398</td> <td>Teleradiology</td> <td>Telemedicine</td> </tr> <tr> <td>3702</td> <td>Radiology/Rad Oncology</td> <td>Affiliate</td> </tr> <tr> <td>3645</td> <td>H&P Only</td> <td>AH:I</td> </tr> <tr> <td>3745</td> <td>CRNA</td> <td>AH:I</td> </tr> <tr> <td>3740</td> <td>Nurse Practitioner</td> <td>AH:I</td> </tr> <tr> <td>3706</td> <td>Teleradiology</td> <td>Telemedicine</td> </tr> <tr> <td>3743</td> <td>CRNA</td> <td>AH:I</td> </tr> <tr> <td>7380</td> <td>Internal Med (Cardiology)</td> <td>Affiliate</td> </tr> <tr> <td>7224</td> <td>EM/FM</td> <td>Active</td> </tr> <tr> <td>3744</td> <td>Teleradiology</td> <td>Telemedicine</td> </tr> <tr> <td>7090</td> <td>Orthopedic Surgery</td> <td>Active</td> </tr> </tbody> </table> <p style="text-align: center;"><u>Provisional Status</u></p> <table border="1" data-bbox="386 1776 930 1894"> <thead> <tr> <th>Prac #</th> <th>Privilege</th> <th>Category</th> <th>Adv.</th> <th>Ext.</th> </tr> </thead> <tbody> <tr> <td>3797</td> <td>OB/GYN</td> <td>Affiliate</td> <td>X</td> <td></td> </tr> </tbody> </table>	Prac #	Privilege	Category	3902	Teleradiology	Telemedicine	3910	IM/Cardiology	Affiliate	3906	Mental Health	AH:I	Prac #	Privilege	Category	3638	OB/GYN	Affiliate	3746	Teleradiology	Telemedicine	7398	Teleradiology	Telemedicine	3702	Radiology/Rad Oncology	Affiliate	3645	H&P Only	AH:I	3745	CRNA	AH:I	3740	Nurse Practitioner	AH:I	3706	Teleradiology	Telemedicine	3743	CRNA	AH:I	7380	Internal Med (Cardiology)	Affiliate	7224	EM/FM	Active	3744	Teleradiology	Telemedicine	7090	Orthopedic Surgery	Active	Prac #	Privilege	Category	Adv.	Ext.	3797	OB/GYN	Affiliate	X		A motion was made by Steve O'Neill and seconded by Virginia Kaczmarek to approve the appointments, reappointments, advancements from the provisional status, and granting additional privileges as recommended by the Credentials Committee and the MEC. Motion carried.	Closed.
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	3844	PA	AH:D	X			
	<u>Request for Additional Privileges</u>						
	<u>Prac #</u>		<u>Privilege</u>		<u>Category</u>		
	7338		Ultrasound Guided and Tenex Procedures		Active		
	<u>No Action Required</u>						
	<u>Voluntary Resignations</u>						
	<u>Prac #</u>	<u>Privilege</u>		<u>Category</u>			
	3676	IM/Cardiology		Affiliate			
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	3787	Teleradiology		Telemedicine			
	3820	Mental Health		AH:I			
	3420	IM/Cardiology		Affiliate			
	3842	IM/Cardiology		Affiliate			
	3830	Mental Health		AH:I			
	3856	Mental Health		AH:I			
	3832	Mental Health		AH:I			
	3387	IM/Cardiology		Affiliate			
	3417	IM/Cardiology		Affiliate			
	3838	Mental Health		AH:I			
	3450	IM/Cardiology		Affiliate			
<ul style="list-style-type: none"> • CMO Report 	No report					N/A	N/A
4. Presentations/ Discussion/ Action Items							
<ul style="list-style-type: none"> • Approval of Replacement Ambulance 	<p>Joe Johnson and Brian Edwards presented a first look at the replacement of an ambulance at the March board meeting. Jerry Ehn reviewed the slides, which were included in the Board packet. The recommendation is to purchase a new ambulance of a cost of \$203,550. \$220,000 was included in the budget. The current ambulance will be kept for education and training purchases (one other ambulance has had to be pulled from service and will be salvaged).</p>					<p>A motion was made by Charlie Kyte and seconded by Lynn Clayton to approve the purchase of a replacement ambulance at a cost of \$203,550. Motion carried.</p>	<p>Approved.</p>

Issue/Problem	Discussion/Conclusions	Action	Follow-up/Resolution
<ul style="list-style-type: none"> Approval of Orthopedic Clinic Remodel 	<p>Steve Underdahl presented the first look at remodeling the orthopedic clinic at the March Board meeting.</p> <p>Jerry Ehn reviewed the request this evening in detail. The current building design of the orthopedic clinic does not promote efficiency or allow for expansion of services. To prepare for the future expansion of services, a new design would be required (copy of SBAR and supporting documentation was included in the Board packet). The current design supports only one orthopedist and one physician assistant. With the new relationship with Summit, there is strong potential to add new services and increase patient volume for current services. The proposal is for remodeling only; not an expansion project. Jerry noted minor changes to the drawing that were factored into the expense. The plans have been reviewed with Summit Orthopedics and they are supportive of the plans. If approved, it could be ready as early as late July. The project does not meet the threshold to require public bids, and was not included in the budget. It would come out of the strategic capital budget.</p> <p>The Board inquired whether a return on investment (ROI) was done. An ROI was not done, however, Jerry commented that this is a strong service line and will take very little time to recoup the cost.</p>	<p>Due to a conflict of interest, Michelle Muench, MD abstained from voting.</p> <p>A motion was made by Virginia Kaczmarek and seconded by CC Linstroth to approve administration to spend up to \$241,000 for a remodeling project of the Northfield orthopedic clinic.</p>	<p>Closed.</p>
<ul style="list-style-type: none"> Vacuum Pump Replacement- First Review 	<p>Jerry Ehn reviewed a request that will come to the Board in May to replace the vacuum pump in the hospital (copy of the SBAR was included in the packet). The vacuum provides suction for all patient care areas within the hospital and is a mission critical piece of equipment for providing care to patients. The current pump is 14 years old, nearing end of life. The option to rebuild was considered (\$40,000 vs. \$142,300), but not recommended because it would have a shorter life span, no reduction in energy usage, and no extra capacity for added patient care services.</p> <p>The total project cost to purchase and install a new vacuum pump is \$142,300. The project cost exceeds the budget of \$110,000. The costs exceeds the budget because the exhaust piping does not</p>	<p>Information only.</p>	<p>A formal request for approval will come to the Board in May.</p>

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	meet current code and needs to be replaced. This was unknown when the budget was created. There is also an additional cost for the added capacity.		
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"> • CliftonLarsonAllen is facilitating a meeting on PERA issues on May 5. The goal is help us better understand issues related to PERA. Steve Underdahl, Scott Edin, Charlie Mandile, Charlie Kyte and David Koenig are attending the meeting. More information will be forthcoming. • Working with Summit Orthopedics on two strategies to maintain their presence. They currently have a shared arrangement with District One that will terminate at the end of June. We are looking at the possibility of utilizing space at the ENT clinic in Faribault. The second is the remodel of the orthopedic clinic in Northfield to prepare for future expansion of services. • We continue to cultivate relationship with colleagues at Olmsted Medical Center. Olmsted Medical Center is similar to size as NH+C, and have similar kinds of issues. • Minneapolis Heart Institute (MHI) practice is in place and going well. MHI gives us the ability to have the outpatient side of our cardiology practice more in-line with our referral lines. The Board had some questions about the transition from Mayo to MHI and the reasons for the change. This is something that can be addressed in more detail at the Board retreat tomorrow. • Two focus groups regarding long term care options were held. One group was community based, and the other was a stakeholder group. • NH+C was recognized by Healthgrades (leading online resource for comprehensive information about physicians and hospitals) as being in 	Information only.	Closed.

Issue/Problem	Discussion/Conclusions	Action	Follow-up/Resolution
	<p>the top 15 medical centers or hospital based on publicly reported quality metrics.</p> <p><u>Operations</u></p> <ul style="list-style-type: none"> • April financials are below budget. Although we have been very busy, the acuity level has generally been lower, combined with a poor government payer mix. • Currently have an acute shortage of surgical technicians, which can become rate limiting. Working on strategies to remedy. • Currently requesting proposal for a broker service for employee benefits. Vetting will occur in May, and we anticipate making a choice this summer. A decision may be to stay with the current broker, but is looked at on a regular basis. • An ad hoc community, including administration and three board members will be meeting to look at foundation options. 		
<ul style="list-style-type: none"> • Financial Report 			
<ul style="list-style-type: none"> ✓ March Financials 	<p>March patient revenues were \$1,919,000 over-budget, while expenses were \$3,000 under-budget, resulting in an operating income of \$565,000 vs. budgeted operating income of \$291,000 (operating income as a percent of net revenue was 6.1% vs 3.2% budgeted). Key positive and negative volumes for March were reviewed, as well as day's cash on hand, payer mix (higher governmental mix this month), and salary and benefits as % of net revenues. Discounts are 2.5% above what we projected.</p>	Information only.	Closed.
<ul style="list-style-type: none"> • Governance & Planning Committee Report 	<p>Virginia Kaczmarek reported on discussions at the Governance & Planning Committee meeting from earlier this evening:</p> <ul style="list-style-type: none"> • Reviewed the 2016 CEO evaluation results with Walt Flynn, Flynn & Associates, from the new three-step process, including 360 evaluations, base compensation and bonus. Vicki Stevens also attended the meeting, and will compile information to be discussed at another special meeting of the committee in May. The evaluation will be reviewed with the full Board in Closed Session in May. 	Information only.	Closed.

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	<ul style="list-style-type: none"> Laura Peterson gave an ethics and compliance update to the committee. She will give a report to the full Board in May. Steve Underdahl gave an update on a PERA round table meeting next week hosted by CliftonLarsonAllen, and will include representatives from NH+C and other municipal hospitals. 		
<ul style="list-style-type: none"> Special Budget & Finance Committee Report 	Charlie Kyte reported on the Special Budget & Finance Committee meeting held prior to the Board meeting to review the 2016 audit, and discuss the upcoming PERA round table meeting.	Information only.	Closed.
6. Roundtable, Announcements and Questions	Information was distributed at the meeting for "The Convenings", a meeting of meaningful conversations about living and dying well. It will take place on May 9 th at St. Dominic's Church, and the community is invited to attend.	Information only.	Closed.
7. Pending Items	<ul style="list-style-type: none"> Strategic Planning Retreat: April 28th MHA Summer Trustee Conference: July 14-16 	Information only.	Closed.
8. Adjourn	The meeting was adjourned at 8:35 p.m.	A motion was made by Charlie Kyte and seconded by Steve O'Neill to adjourn the meeting. Motion carried.	Closed.