

MEETING MINUTES RECORD

Meeting: Board of Directors

Date: April 30, 2020

Location: Virtual Meeting

Start time: 5:00 pm

Adjourn time: 6:42 p.m.

Members: Steve O'Neill, Lynn Clayton, CC Linstroth, Charlie Mandile, Pete Sandberg, Fred Rogers, Sarah Carlsen, Jessica Peterson White, Bob Shepley, MD

Members absent:

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

Issue/Problem	Discussion/Conclusions	Action	Follow-up/Resolution																					
I. Call to Order and Approval of the Agenda	<p>The board meeting was called to order by Steve O'Neill at 5:00 p.m.</p> <p>It was determined that it was not feasible for members of the board of directors to be physically present at the board meeting due to the COVID 19 pandemic. The virtual meeting was held via Webex.</p> <p>Item on the consent agenda was included on the portal:</p> <ul style="list-style-type: none"> • Meeting minutes (approve) <ul style="list-style-type: none"> ✓ Board Meeting – 03/19/20 Electronic <p>Charlie Mandile noted one change to the meeting minutes from the 03/19/20 Board meeting. He abstained from voting on the Health Awards recommendation for 2020 due to a conflict of interest.</p>	<p>A motion was made by Jessica Peterson White and seconded by Fred Rogers to approve the consent and regular agenda with the exception of one change to the Board meeting minutes noted by Charlie Mandile. Motion carried.</p>	<p>Closed.</p>																					
II. Reports																								
<ul style="list-style-type: none"> • Hospital Chief of Staff Report 	<p>Dr. Holt reported that the MEC's main topic of discussion at their meeting this month was related to how we adapt in this time of COVID 19.</p>	<p>Information only.</p>	<p>Closed.</p>																					
1. Motion to Approve Applications for Medical Staff Membership/ Privileges	<p>Dr. Holt presented the applications for membership and privileges (copies included on the portal). There were no issues with any of the medical staff files.</p> <p><u>Appointments</u></p> <table border="1" data-bbox="386 1539 938 1629"> <thead> <tr> <th>Prac #</th> <th>Privilege</th> <th>Category</th> </tr> </thead> <tbody> <tr> <td>4034</td> <td>Oncology</td> <td>AH:D</td> </tr> </tbody> </table> <p><u>Reappointments</u></p> <table border="1" data-bbox="386 1675 938 1967"> <thead> <tr> <th>Prac #</th> <th>Privilege</th> <th>Category</th> </tr> </thead> <tbody> <tr> <td>7178</td> <td>Pathology</td> <td>Affiliate</td> </tr> <tr> <td>7166</td> <td>Family Medicine</td> <td>Active</td> </tr> <tr> <td>2622</td> <td>Teleradiology</td> <td>Telemedicine</td> </tr> <tr> <td>3945</td> <td>Internal; Medicine</td> <td>Active</td> </tr> </tbody> </table>	Prac #	Privilege	Category	4034	Oncology	AH:D	Prac #	Privilege	Category	7178	Pathology	Affiliate	7166	Family Medicine	Active	2622	Teleradiology	Telemedicine	3945	Internal; Medicine	Active	<p>A motion was made by Sarah Carlsen and seconded by Jessica Peterson White to accept the recommendations from the Medical Executive Committee as presented. Motion carried.</p>	<p>Closed.</p>
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Issue/Problem	Discussion/Conclusions			Action	Follow-up/Resolution
	2623	Teleradiology	Telemedicine		
	3943	OB/GYN	Active		
	3844	Oncology	AH:D		
	3949	Plastic Surgery	Active		
	No Action Required				
	<u>Voluntary Resignations</u>				
	<u>Prac. #</u>	<u>Privilege</u>	<u>Category</u>		
	7242	Optometry	AH:I		
	4019	Teleradiology	Telemedicine		
	3956	Oncology	Affiliate		
	3444	Radiology	Active		
	3797	OB/GYN	Affiliate		
III. Presentations/ Discussion/ Action Items					
<ul style="list-style-type: none"> 2019 Audit Report 	<p>Rob Schile, CLA presented a condensed version of the 2019 audit report (copy of slides included on the portal). Rob reviewed the audit overview and outcomes, internal control comments and recommendations.</p> <p>There were no audit adjustments and no passed adjustments. CLA worked with management to update GASB 68. The audit went as planned with no difficulties, no disagreements, and no issues. Rob commended Director, Eric Guth and his staff for the great prep work.</p> <p>Internal control recommendations included payroll and P-card segregation of duties, IT controls, accounts receivable opportunities, new reporting standard for leases, and Northfield Hospital Foundation reporting requirements and guidelines to monitor.</p> <p>There were board questions & discussion regarding internal control recommendations related to payroll segregation of duties and P-Cards.</p>			Information only.	Closed.
IV. Executive and Committee Reports					
<ul style="list-style-type: none"> CEO Report 	<p>Steve Underdahl focused his presentation on the COVID 19 pandemic and how it has impacted NH+C.</p> <p>Where we were:</p> <ul style="list-style-type: none"> We were having a very good Q1 			Information only.	Closed.

Issue/Problem	Discussion/Conclusions	Action	Follow-up/Resolution
	<ul style="list-style-type: none"> • Patient volumes were stable and generally good • Financial performance was ahead of plan and promising • The mitigations of late 2019 and early 2020 seemed to be working <p>Where we are:</p> <ul style="list-style-type: none"> • Stood-down much of our enterprise, and stood-up in its place, an emergency response center • Established an Incident Command System <ul style="list-style-type: none"> ✓ Prepared the organization for a sustained state of emergency <p>What has changed:</p> <ul style="list-style-type: none"> • Emergency Room 2 • Med/Surg 2 • Temporary Respiratory Clinic • No visitors • Extra protections for long term care • Eliminated non urgent surgeries • Closed most of our clinic locations • Responding to rapidly changing guidance <ul style="list-style-type: none"> ✓ Testing ✓ PPE <p>Received great support from the community, including the City, law enforcement, community mask makers, and from St. Olaf and Carleton colleges.</p> <p>Have made building adaptations, including a respiratory clinic, temporary barriers, café shield, and temporary donning and doffing area.</p> <p>Financial Implications:</p> <ul style="list-style-type: none"> • Burning through approximately \$1 million per week • Implications from Minnesota healthcare is approximately \$3 billion for 90 days <p>Mitigation Steps:</p> <ul style="list-style-type: none"> • Furloughed approximately 108 FTEs, impacting approximately 220 individuals • FTE reduction is 18% of workforce and saves \$280K per pay period • Temporary salary reductions of 10% were put in place for all administrators and directors • Video visits/digital health visits implemented <p>Government programs and cash:</p>		

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	<ul style="list-style-type: none"> • \$100,000 received from the State of Minnesota • Two separate payments of approximately \$1 million received from the Federal Government • Cash reserves and relatively high liquidity investments are key to our ability to make it past the moment <p>The Northfield clinic remodel and expansion of the Birth Center construction projects are ongoing during this time.</p> <p>Where are we going</p> <ul style="list-style-type: none"> • We are working on plans to reopen certain services • May not be the same as before, and some things may be indelibly changed • There are two groups working on this issue: <ul style="list-style-type: none"> ✓ Group 1 is focused on the logistics of standing up the things we closed down ✓ Group 2 is working on strategic issues focusing on how things may be different going forward <ul style="list-style-type: none"> ✓ Example: what percentage of our patient encounters are going to be provided by digital health in the future • Communication plans have been developed and are being enacted to help our community and patients understand how to safely interact with us, and to reassure them we can care for them safely • There will never be a “no risk” situation at a medical center, however, we will endeavor to make it as safe and comfortable as humanly possible • Understanding limitations <ul style="list-style-type: none"> ✓ Testing ✓ PPE ✓ Time sensitive surgeries <p>Potential opportunities</p> <ul style="list-style-type: none"> • Wound Care/Hyperbaric Oxygen Program – business plan is expected to come to the board in May <p>There were board questions related to:</p> <ul style="list-style-type: none"> • Furloughs vs layoffs, which will be reevaluated at the end of May, • How the cash impact is calculated, • Experiences with births during this time • Planning related to restarting elective surgeries, and 		

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	<ul style="list-style-type: none"> Approach for allowing families to come back into the hospital to be with their loved ones. 		
<ul style="list-style-type: none"> Financial Report 	<p>Scott Edin presented the March financials (copy available on portal):</p> <p>March Key Drivers:</p> <ul style="list-style-type: none"> RVUs were 7% over budget, while Clinic Visits were 31% under budget (RVU's & Visits don't go hand in hand due to coding lag) Surgery Cases were 36% under budget Rehab Services were 34% under budget Inpatient Days were 32% under budget Endo Procedures were 29% under budget Outpatient Hospital Visits were 26% under budget All of these were on budget through March 15 <p>March 2020 Financial Outcomes:</p> <ul style="list-style-type: none"> Net Operating Revenues were \$976K under budget Operating Expenses were \$114K under budget Net Operating Loss was \$386K (\$862K under budget) <p>March 2020 Financial Notes:</p> <ul style="list-style-type: none"> Clinic Revenue (& thus RVU's) is not "charged" until it's coded; thus, it is recorded approximately 0-14 days after service is performed. Gross Clinics revenue was actually 3% over budget for March. \$171k IRS Penalty accrued in 2019 was abated in March which resulted in \$171k increase in net income. Investment losses were \$1.9M for March <p>Days cash on hand is 236, the drop was largely due to the drop in Stock market.</p> <p><u>Capital Expenditures:</u></p> <p>The board approved \$3.5 million in operating capital budget for 2020. Operating capital expenditures through the end of March is \$7,198 with an additional \$352,865 committed but not yet received. Uncommitted operating capital for the year is \$3,129,937</p> <p>The board approved \$13 million in strategic expenses for the year. Strategic expenses through the end of March is</p>	<p>Information only.</p> <p>Going forward Scott will differentiate the government bonds, from stocks in our portfolio so the board can see what is liquid cash and what is not.</p>	<p>Closed.</p>

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	<p>\$1,639,137 related to the remodel of the birth center and the Northfield clinic expansion. There is a remainder of \$9,500,052 for the year.</p> <p>There was a question from the board related to how Days Cash was calculated with both stocks and bonds included in our portfolio. It was suggested that now that we are allowed to invest in stocks that going forward, we should differentiate the bonds from stocks so we can see what is liquid cash and what is not. Scott agreed this would be a good practice going forward.</p> <p>Scott also shared information on COVID 19 financial model assumptions developed by CLA. Scott input the information we have, and it will update as we get more real information. It starts with a hypothesis and then becomes more tangible as we get real data.</p> <p>Scott has reached out to debt holders (three banks that we work with) with our audited financials to be proactive regarding what might trigger a bond covenant default. The two covenants are Days Cash on hand, and the Coverage ratio. He received positive feedback from all three banks, and they appreciated the initiation of a discussion of financial concerns.</p> <p>Scott suggested that we consider scheduling a Budget & Finance Committee meeting in the next 30 to 60-days to discuss financing for the building projects.</p>		
V. Roundtable, Announcements and Questions	Steve O'Neill commented on his appreciation for hospital leadership, staff and providers for their hard work during these difficult circumstances.	Information only.	Closed.
VI. Pending Items	NA	NA	NA
VII. Adjourn	The meeting was adjourned at 6:42 pm.	A motion was made by Fred Rogers and seconded by CC Linstroth to adjourn the meeting. Motion carried.	Closed.