

MEETING MINUTES RECORD

Meeting: Board of Directors

Date: June 29, 2017

Location: Conference Center

Start time: 6:30 pm Adjourn time: 9:04 pm

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

Members excused:

Members absent:

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

Others present: Brad Ness (City), David Emery (LWV), Ben Martig (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 Charlie Mandile at 6:33 pm. Ben Martig, Northfield City Administrator, attended the meeting as a visitor. | A motion was made by Lynn Clayton and seconded by Steve O'Neill to approve the agenda as presented. Motion carried. | Closed. |
| 2. Report from May 25, 2017 Closed Session | Charlie Mandile reported on the closed session on May 25, 2017. The Governance and Planning Committee presented the performance evaluation and compensation review for Steve Underdahl, CEO. Walt Flynn, HR Consultant, was involved to assist in establishing a consistent process moving forward. The evaluation consisted of 360 survey feedback from the administration team, board members and physicians in the areas of leadership, organizational strategy, team and staff development, interactions, and business growth. The Board is very pleased with Mr. Underdahl's performance, and approved a merit increase, and management bonus. | Information only. | Closed. |
| 3. Consent Agenda | Supporting documentation was included in the packets for all items on the Consent Agenda: <ul style="list-style-type: none"> • Meeting Minutes <ul style="list-style-type: none"> ✓ 05/25/17 Board Meeting ✓ 05/25/17 Special Governance & Planning Committee ✓ 05/25/17 Community Relations Committee • Annual Review of Government Data Practice Act Policy | A motion was made by CC Linstroth and seconded by Virginia Kaczmarek to approve the consent agenda as presented. Motion carried. | Closed. |
| 4. Reports | | | |

| Issue/Problem | Discussion/Conclusions | Action | Follow-up/Resolution | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|--|-------------------|----------------------|-----------------|------|---------------|--------------|------|--|--|------|---------------|--------------|------|---------------|--------------|------|---------------|------|------|-------------------|--------|------|---------------|--------------|---------------|------------------|-----------------|------|---------------|--------------|------|---------|--------|------|------------|--------|------|--------------------------------|--------|---|---------|
| <ul style="list-style-type: none"> Hospital Chief of Staff Report | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <ul style="list-style-type: none"> ✓ Credentialing Process for Physicians | <p>Dr. Randy Reister reviewed the credentialing process used for practitioners seeking membership and privileges at Northfield Hospital. The process includes a Minnesota uniform application. The information, along with several supporting documents (e.g. proof of identify, professional licensure, DEA registration, education and training, etc.) are primary source verified. The information is then reviewed by the area services chief(s), the Credentials Committee and the Medical Executive Committee prior to seeking Board approval. Once a provider is granted privileges, he/she is on provisional status for a period of 12 months, or longer if they don't have a minimum of 10-cases, including at least five cases for each hospital service. A similar process is done on each practitioner every two years. This process is outlined in the Medical Staff Manual.</p> | 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>Appointments</u></p> <table border="1" data-bbox="386 1161 930 1585"> <thead> <tr> <th><u>Prac #</u></th> <th><u>Privilege</u></th> <th><u>Category</u></th> </tr> </thead> <tbody> <tr> <td>3909</td> <td>Teleradiology</td> <td>Telemedicine</td> </tr> <tr> <td>3891</td> <td></td> <td></td> </tr> <tr> <td>3919</td> <td>Teleradiology</td> <td>Telemedicine</td> </tr> <tr> <td>3911</td> <td>Teleradiology</td> <td>Telemedicine</td> </tr> <tr> <td>3920</td> <td>Mental Health</td> <td>AH:I</td> </tr> <tr> <td>3918</td> <td>Internal Medicine</td> <td>Active</td> </tr> <tr> <td>3908</td> <td>Teleradiology</td> <td>Telemedicine</td> </tr> </tbody> </table> <p style="text-align: center;"><u>Reappointments</u></p> <table border="1" data-bbox="386 1627 930 1917"> <thead> <tr> <th><u>Prac #</u></th> <th><u>Privilege</u></th> <th><u>Category</u></th> </tr> </thead> <tbody> <tr> <td>3711</td> <td>Teleradiology</td> <td>Telemedicine</td> </tr> <tr> <td>3795</td> <td>Urology</td> <td>Active</td> </tr> <tr> <td>3710</td> <td>Pediatrics</td> <td>Active</td> </tr> <tr> <td>7031</td> <td>Internal Medicine/ Oncology</td> <td>Active</td> </tr> </tbody> </table> | <u>Prac #</u> | <u>Privilege</u> | <u>Category</u> | 3909 | Teleradiology | Telemedicine | 3891 | | | 3919 | Teleradiology | Telemedicine | 3911 | Teleradiology | Telemedicine | 3920 | Mental Health | AH:I | 3918 | Internal Medicine | Active | 3908 | Teleradiology | Telemedicine | <u>Prac #</u> | <u>Privilege</u> | <u>Category</u> | 3711 | Teleradiology | Telemedicine | 3795 | Urology | Active | 3710 | Pediatrics | Active | 7031 | Internal Medicine/ Oncology | Active | <p>A motion was made by Patricia Christianson and seconded by Charlie Kyte to approve the appointments, reappointments, advancements from provisional status, and change in medical staff category as recommended by the Credentials Committee and the MEC. Motion carried.</p> | Closed. |
| <u>Prac #</u> | <u>Privilege</u> | <u>Category</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 3909 | Teleradiology | Telemedicine | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 3891 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 3919 | Teleradiology | Telemedicine | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 3911 | Teleradiology | Telemedicine | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 3920 | Mental Health | AH:I | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 3918 | Internal Medicine | Active | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 3908 | Teleradiology | Telemedicine | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <u>Prac #</u> | <u>Privilege</u> | <u>Category</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 3711 | Teleradiology | Telemedicine | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 3795 | Urology | Active | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 3710 | Pediatrics | Active | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 7031 | Internal Medicine/ Oncology | Active | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| Issue/Problem | Discussion/Conclusions | | | Action | Follow-up/Resolution |
|---------------|---|--------------------|------------------|--------------|----------------------|
| | 3444 | Radiology | Active | | |
| | 3447 | Teleradiology | Telemedicine | | |
| | 3427 | Internal Medicine | Active | | |
| | 3750 | Family Medicine | Active | | |
| | 3776 | Emergency Medicine | Active | | |
| | 3748 | Pediatrics | Active | | |
| | 3752 | Pathology | Affiliate | | |
| | 3791 | NP | AH:I | | |
| | 3747 | Emergency Medicine | Active | | |
| | 2900 | Teleradiology | Telemedicine | | |
| | 3430 | Teleradiology | Telemedicine | | |
| | 3653 | Podiatry | Active | | |
| | 3400 | Urology | Active | | |
| | 3655 | Teleradiology | Telemedicine | | |
| | <u>Provisional Status</u> | | | | |
| | <u>Prac #</u> | <u>Privilege</u> | <u>Categor y</u> | <u>Ad v.</u> | <u>Ext .</u> |
| | 3861 | Tele-radiology | Tele-medicin e | X | |
| | 3869 | Mental Health | AH:I | X | |
| | 3858 | Teleradiol ogy | Tele-medicin e | X | |
| | 3870 | Mental Health | AH:I | X | |
| | 3866 | Patholog y | Affiliate | X | |
| | 3860 | Teleradiol ogy | Tele-medicin e | X | |
| | 3865 | Patholog y | Affiliate | X | |
| | <u>Change in Medical Staff Category</u> | | | | |
| | <u>Prac #</u> | <u>From</u> | <u>To</u> | | |
| | 3763 | Active | Affiliate | | |
| | <u>No Action Required</u> <u>Voluntary Recognition</u> | | | | |

| Issue/Problem | Discussion/Conclusions | | | Action | Follow-up/Resolution |
|--|---|-------------------|-----------------|---|----------------------------------|
| | <u>Prac #</u> | <u>Privilege</u> | <u>Category</u> | | |
| | 3813 | Mental Health | AH:I | | |
| | 3916 | Mental Health | AH:I | | |
| | 3825 | Mental Health | AH:I | | |
| | 3654 | Internal Medicine | Active | | |
| | 3872 | Mental Health | AH:I | | |
| | 3779 | Neurology | Affiliate | | |
| <ul style="list-style-type: none"> CMO Report | <p>Dr. Jeff Meland reported that the Clinic Executive Committee (CEC) is not on track to meeting monthly after a short break. The committee was reformatted to mirror the Medical Executive Committee (MEC) in the hospital. The committee is very well represented, and well attended.</p> | | | Information only. | Closed. |
| 5. Presentations/ Discussion/ Action Items | | | | | |
| <ul style="list-style-type: none"> Open Meeting Law | <p>Laura Peterson reviewed the Open Meeting Law (OML) which ensures the public's right to be informed, and gives the public an opportunity to present its views and detect improper influences. She reviewed when the law applies and when it does not, as well as exceptions, and the process followed for closing meetings. She reminded the Board the when in doubt to keep the meeting open as long as the open meeting doesn't harm the competitive position of the hospital or engender public trust. She also emphasized the need to stay on topic. Laura is always available for questions. Copy of slides were included in the packet.</p> | | | Information only. | Closed. |
| <ul style="list-style-type: none"> Senior Care Options Feasibility Study and Next Steps | <p>Jerry Ehn reviewed senior care options that have been researched over the past couple of years, including senior trends, community needs, nursing home funding, top options and a recommendation (copy of feasibility study was included in the packets).</p> <p><u>Senior Care Trends</u></p> <ul style="list-style-type: none"> Shift from traditional nursing home services to a more home-like setting, Fewer skilled nursing facility (SNF) beds in Minnesota, Lower SNF utilization, and Projected lower SNF demand. | | | Administration will provide additional financial information around the SNF funding 1-5 years out. Include best and worst case scenarios, as well as what happens after option C. | Bring back in July for approval. |

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| | <p><u>Community Needs</u> Study indicates a need for 158 senior housing units, 20 memory care units, ability to expand in 5-8 years, and less need for long-term care beds.</p> <p><u>Nursing Home Funding</u> Total reimbursement has not covered the salary and benefit costs for the direct care staff for many years. When the costs related to food, housekeeping, human resources, cooks and facility expenses are added in, the annual losses climb to between \$750,000 - \$1,000,000 per year. In 2016, a payment system change provided relief; however, this positive impact is already declining and expected to continue.</p> <p><u>Summary of Findings</u></p> <ul style="list-style-type: none"> • Lower need for long-term nursing home stays • Greater need to settings allowing aging in place • Hospital attached nursing homes struggle financially • Community concern over loss of beds and options for those on assistance <p><u>Top Options</u></p> <p>A. Full transition from nursing home services to alternative services (would require partnership with other organizations)</p> <p>B. Maintain the nursing home and offer no alternative services</p> <p>C. Maintain the nursing home and offer alternative services (would require partnership with other organizations)</p> <p><u>Recommendation</u> Options C: Maintain then nursing home and move towards offering alternative services through partnerships.</p> <p><u>Impact</u></p> <p><i>Operational</i></p> <ul style="list-style-type: none"> • Minimal impact for current residents and staff • Allows for limited proof of concept, future opportunity • Requires a lease revision <p><i>Financial</i></p> <ul style="list-style-type: none"> • No required capital investment • May require other capital projects to meet space needs • Stay in current payment model (losses) and as the most expensive option | | |

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| | <p><i>Community</i></p> <ul style="list-style-type: none"> • Helps fill the gap in senior services • Keeps a safety net for those on MA • May open the door for even more services <p><u>Board Discussion/Questions</u></p> <ul style="list-style-type: none"> • Like a safety net for the community to continue to provide MA beds. • Want to ensure the community will provide for 158 senior housing units • Is there an option over time with option C to decrease the number of beds if we can't fill them? • Will staffing change? Can we can keep the same staff? • Concern over the financial trends. • Like to see more clarity with a plan laid out, both financially and in terms of care. Need more information before making a decision. • Troubling to see the loss of nursing home care. • Is there an expectation from the City's standpoint to underwrite loses? • Consider financial support to other community providers to keep them appropriate number of beds in the community. • Yanik will need a decision from us before the end of the summer or we will need to find another developer. • Are alternative uses for the space factored into the cost? • What are the other service lines? <p><u>Next Steps</u></p> <ul style="list-style-type: none"> • Share findings with stakeholders • Respond to board member requests • Formal proposal to the Board in July | | |
| 6. Executive and Committee Reports | | | |
| <ul style="list-style-type: none"> • CEO Report | <p>Steve Underdahl reported on the following:</p> <ul style="list-style-type: none"> • New investment rules established for public hospitals allow expanded investment options. • Continue exploring options with Enterprise Risk Assessment for risk management. Looking at what issues may threaten our existence that require the focus of governance and management? Interviewing external resources. | Information only. | Closed. |

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| | <ul style="list-style-type: none"> • Showed pictures of the new branding monument signs, and billboard. • Application for a rural ACO was submitted through Caravan Health. We will be combined with a cohort of hospitals similar in size. We expect to find out more information soon. • A decision was made to move forward with Associated Benefits & Risk Consulting for an employee benefits broker. • The Board sub-committee on a Foundation is scheduled to meet in mid-July. • The senate health bill was delayed. • A meeting with Senator Klobuchar was held at the hospital on June 24 at the request of the Senator with only a two-day notice. Steve thanked Board members who attended on short notice. • EHR vetting continues. • Summit Orthopedics is moving into the Faribault location next week and will begin seeing patients on July 10. • Monthly fluctuations in volume and payer mix continues. • Currently evaluating a local option for a Board portal. More information will be forthcoming. • Establishing a meeting with MHA government relations VP regarding public policy, and PERA. • Presentation on the long term care initial evaluation / feasibility study was presented to the Board this evening. | | |
| • Financial Report | | | |
| ✓ May Financials | <p>Scott Edin presented the May financials.</p> <ul style="list-style-type: none"> ✓ Income of \$380,000 in May ✓ Gross revenue \$1.73 million over budget ✓ Discounts up \$1.33 million <p>Key Drivers:</p> <ul style="list-style-type: none"> ✓ Increase in government payer mix (over budget in Medicare and under budget in commercial payers) ✓ Total expenses \$102,000 over budget <ul style="list-style-type: none"> ➤ Salaries managed by controlling staffing levels - \$32,000 under budget ➤ Chemo drugs - \$85,000 over budget | Information only. | Closed. |

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| | <ul style="list-style-type: none"> ➤ Measles vaccine - \$20,000 over budget | | |
| <ul style="list-style-type: none"> ✓ Annual Report on MN Attorney General's Agreement on Hospitals & Debt Collections | <p>Scott Edin presented the Annual Report on Attorney General's Agreement with Hospitals on Debt Collection (copy of slides were included in the Board packet). This information was reviewed in detail with the Budget & Finance Committee prior to the Board meeting this evening. Information included:</p> <ul style="list-style-type: none"> ✓ Debt litigation against hospital patients ✓ Debt collection activity of outside agencies ✓ Debt collection activities of internal collections: ✓ Hospital compliance with Attorney General Agreement <ul style="list-style-type: none"> ○ Zero tolerance of abusive, harassing conduct ○ Debt collection litigation policy ○ Third party collection procedures ○ Hospital collection procedures ○ Application of Charity Care policy ✓ Results of the CEO & CFO reviews of collection activity and agencies ✓ Results of hospital audits of agencies ✓ Hospital Charity Care practices. | Information only. | Closed. |
| <ul style="list-style-type: none"> • Budget & Finance Committee Report | <p>Charlie Kyte reported on discussions at the Budget & Finance Committee meeting earlier this evening:</p> <ul style="list-style-type: none"> • Reviewed meeting minutes from the March regular, and April special committee meetings • Reviewed May financials • Reviewed the annual report on MN Attorney General's Agreement on Hospitals & Debt Collections • Discussed the committee's job description and will revisit at the next meeting. • Reviewed NH+C investment policy and will be scheduling a special meeting of the committee in August to review new investment rules that allow public hospitals expanded investment options before making a recommendation to the full Board on risk tolerance. • Received an update on the EHR. | Information only. | Closed. |
| <ul style="list-style-type: none"> • Quality Committee Report | <p>Charlie Mandile reported on discussions at the Quality Committee meeting earlier this evening:</p> | Information only. | Closed. |

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| | <ul style="list-style-type: none"> • Reviewed minutes from the March committee meeting • Reviewed and worked on refining the quality dashboard • Reviewed supporting evidence for selected quality activities and reviewed an update on the quality structure • Received and update on clinic practice / optimal care • Reviewed Heathgrades (outstanding patient experience) award information • Discussed committee report to the Board | | |
| 7. Roundtable, Announcements and Questions | N/A | N/A | N/A |
| 8. Pending Items | The MHA summer trustee conference is July 14-16. Steve Underdahl commented on his appreciation for the excellent board attendance at conferences, which makes us a stronger board. | Information only. | Closed. |
| 9. Closed Session | The Board went into Closed Session 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, and Pursuant to MSA Section 13D.05, subd. 3(a), the Board also will finalize the performance evaluation of Steve Underdahl. Because the substantive conclusions of the evaluation, announced earlier this evening, will not change, there will be no information provided at the next open session. | Information only. | Closed. |
| 10. Adjourn | The meeting was adjourned at 10:10 p.m. | A motion was made by Lynn Clayton and seconded by Charlie Kyte. Motion carried. | Closed. |