

MEETING MINUTES RECORD

Meeting: Board of Directors

Date: July 25, 2019

Location: Conference Center

Start time: 6:30 pm

Adjourn time: 9:10 pm

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

Members excused: CC Linstroth, Jessica Peterson White, Bob Shepley, MD

Members absent:

Staff Present: Steve Underdahl, Jerry Ehn, Scott Edin, Laura Peterson, Tom Holt, MD, Vicki Stevens, Bobbi Jenkins (recorder)

Others present: David Emery (LWV), Mayor Rhonda Pownell, Ben Martig (City), Sam Wilmes (Northfield News)

Issue/Problem	Discussion/Conclusions	Action	Follow-up/Resolution																																	
1. Call to Order and Approval of the Agenda	<p>The meeting was called to order by Steve O'Neill at 6:30 pm. There will be a Closed Session at the end of the regular session this evening. Steve thanked Fred Rogers for chairing the June Board meeting in his absence.</p> <p>Items from the consent agenda were included on the portal:</p> <ul style="list-style-type: none"> • Meeting minutes (approved) <ul style="list-style-type: none"> ○ 06/27/19 Board Meeting • Meeting minutes (accepted) <ul style="list-style-type: none"> ○ 06/19/19 Quality Committee • Enterprise Risk Management Policy 	A motion was made by Sarah Carlsen and seconded by Lynn Clayton to approve the agenda as presented. Motion carried.	Closed.																																	
2. Reports																																				
1. Hospital Chief of Staff Report	No report.	None.	Closed.																																	
✓ Motion to Approve Applications for Medical Staff Membership/ Privileges	<p>Dr. Tom Holt presented the applications for membership and privileges (copies included on the portal):</p> <p><u>Appointments:</u></p> <table border="1" data-bbox="386 1304 932 1898"> <thead> <tr> <th>Prac #</th> <th>Privilege</th> <th>Category</th> </tr> </thead> <tbody> <tr> <td>3998</td> <td>Radiation Oncology</td> <td>AH: Dependent</td> </tr> <tr> <td>3795</td> <td>Urology</td> <td>Active</td> </tr> <tr> <td>3988</td> <td>Teleradiology</td> <td>Telemedicine</td> </tr> <tr> <td>3990</td> <td>Teleradiology</td> <td>Telemedicine</td> </tr> <tr> <td>3986</td> <td>Teleradiology</td> <td>Telemedicine</td> </tr> <tr> <td>3994</td> <td>Anesthesia</td> <td>Active</td> </tr> <tr> <td>3992</td> <td>Neonatology</td> <td>AH: Independent</td> </tr> <tr> <td>4002</td> <td>Anesthesia</td> <td>Active</td> </tr> <tr> <td>3997</td> <td>Oncology</td> <td>Active</td> </tr> <tr> <td>4004</td> <td>Internal Medicine</td> <td>Active</td> </tr> </tbody> </table>	Prac #	Privilege	Category	3998	Radiation Oncology	AH: Dependent	3795	Urology	Active	3988	Teleradiology	Telemedicine	3990	Teleradiology	Telemedicine	3986	Teleradiology	Telemedicine	3994	Anesthesia	Active	3992	Neonatology	AH: Independent	4002	Anesthesia	Active	3997	Oncology	Active	4004	Internal Medicine	Active	A motion was made by Pete Sandberg and seconded by Charlie Mandile to accept the recommendations from the Medical Executive Committee. Motion carried.	Closed.
Prac #	Privilege	Category																																		
3998	Radiation Oncology	AH: Dependent																																		
3795	Urology	Active																																		
3988	Teleradiology	Telemedicine																																		
3990	Teleradiology	Telemedicine																																		
3986	Teleradiology	Telemedicine																																		
3994	Anesthesia	Active																																		
3992	Neonatology	AH: Independent																																		
4002	Anesthesia	Active																																		
3997	Oncology	Active																																		
4004	Internal Medicine	Active																																		

Issue/Problem	Discussion/Conclusions				Action	Follow-up/Resolution
	4000	Radiation Oncology	Affiliate			
	<u>Reappointments</u>					
	<u>Prac #</u>	<u>Privilege</u>	<u>Category</u>			
	7163	Gastroenterology	Active			
	3790	Radiation Oncology	Affiliate			
	3454	Teleradiology	Telemedicine			
	3922	Behavioral Health	Allied Health: Independent			
	3749	Family Medicine	Active			
	3657	Telemedicine	Telemedicine			
	<u>Provisional Status</u>					
	<u>Prac #</u>	<u>Privilege</u>	<u>Adv.</u>	<u>Extend</u>		
	3963	Anesthesia	X			
	3941	Pediatrics	X			
	3960	Teleradiology	X			
	<u>No Action Required</u>					
	<u>Voluntary Resignations</u>					
	<u>Prac #</u>	<u>Privilege</u>	<u>Category</u>			
	3912	Behavioral Health	Allied Health: Independent			
	3834	Behavioral Health	Allied Health: Independent			
	3962	Behavioral Health	Allied Health: Independent			
	7002	Family Medicine	Refer & Follow			
	3500	Pediatrics	Active			
	3796	OB/GYN	Active			
3. Strategic Discussion	Defer to Closed Session.				None.	Closed.
4. Presentations/ Discussion/ Action Items						
2. Compliance & Ethics Program Updte	<p>Laura Peterson reviewed the following: <u>Elements of the Compliance and Ethics Program:</u></p> <ol style="list-style-type: none"> 1. Compliance Plan, Policies and Code of Conduct ✓ No changes 2. Oversight 				Information only.	Closed.

Issue/Problem	Discussion/Conclusions	Action	Follow-up/Resolution
	<ul style="list-style-type: none"> ✓ Finance ✓ Coding ✓ Emergency Management ✓ Long Term Care ✓ Accounting ✓ Safety <ul style="list-style-type: none"> ✓ Information Security Office ✓ Privacy Officer ✓ Human Resources ✓ Health Information Management ✓ Patient Financials Services <p>3. Education and Training, including who will receive education and training, timeframes and method.</p> <p>4. Reporting Mechanism and Reports Hotline: No calls or website submissions</p> <p>5. Disciplinary standards</p> <p>6. Auditing and monitoring including 2018 internal audits – good results</p> <p><u>New Regulations:</u></p> <ol style="list-style-type: none"> 1. Requirement that clinics post the 25 most frequent charges 2. Support for Patients & Communities Act, which is related to opioid overdoses <p><u>Focus in 2019</u></p> <ol style="list-style-type: none"> 1. Contractual relationships 2. Vendor monitoring and oversight 3. Enterprise Risk Management 		
<p>7. Approval of Birth Center and Northfield Clinic Expansion Final Design and Budget</p>	<p>Jerry Ehn presented the final design pricing and funding for the Birth Center and Northfield Clinic Expansion (copy of slides included on the portal).</p> <p>No changes were made to the design for either the birth center or the clinic, however, there was an increase in pricing for the HVAC system, earthwork to address soil conditions and obtaining bids vs estimates. The original budget was set at \$13 million. The first estimate in May came in at \$14.5 million. Even after value engineering in May and June, the July estimate rose to \$14.7 million.</p> <p>The following options were reviewed and considered:</p> <ul style="list-style-type: none"> • Delay components of the projects • Eliminate components of the projects • Complete only one project • Shift funds to this project <p>Based on the original goals of the projects and analysis of capital needs, the proposed recommendation is to:</p>	<p>A motion was made by Fred Rogers and seconded by Pete Sandberg to proceed with the current project scope at the higher cost estimate of not to exceed \$14.7 million.</p>	<p>Present to the City Council on August 5th.</p>

Issue/Problem	Discussion/Conclusions	Action	Follow-up/Resolution								
	<p>1. Proceed with both projects at the higher dollar amount (\$14.7 million), and</p> <p>2. Keep total capital spending the same by shifting routine capital dollars to this strategic capital project. It was felt that we can still meet our upcoming capital needs and not impact the project, and cash on hand.</p> <p>Jerry reviewed the capital budget/cashflow, as well as the revised proposed schedule:</p> <table border="1" data-bbox="386 548 932 831"> <tr> <td data-bbox="386 548 573 627">July 25</td> <td data-bbox="573 548 932 627">Final documents to the board</td> </tr> <tr> <td data-bbox="386 627 573 707">August 5</td> <td data-bbox="573 627 932 707">Final documents to the City Council</td> </tr> <tr> <td data-bbox="386 707 573 787">September 3</td> <td data-bbox="573 707 932 787">City to award contracts</td> </tr> <tr> <td data-bbox="386 787 573 831">October</td> <td data-bbox="573 787 932 831">Start construction</td> </tr> </table> <p>He also noted that we continue to value engineer and hope to reduce some of the project costs. Included in the budget is approximately \$750,000 for contingencies.</p> <p>There were questions from the board related to the how cash on hand and growth were calculated. There was also extensive discussion about the reasoning behind the City awarding the contracts for the projects; specifically related to the City not having any liability. Jerry explained that the hospital will recommend the contracts, and the City will give final approval. Both parties are signatories on the contracts.</p> <p>It was noted that the City Charter outlines the City's reserve powers related to constructing additional hospitals or additions to hospitals, and City ordinances define it further. Throughout the years there have been variations on how this was handled. In advance of this project, there were in-depth discussions between the hospital and the City regarding how much the City should be involved, and the role of the hospital. A matrix was developed, including checks and balances. Discussions included input from both the hospital and City attorneys. The goal is to develop a process that is repeatable in the future.</p>	July 25	Final documents to the board	August 5	Final documents to the City Council	September 3	City to award contracts	October	Start construction		
July 25	Final documents to the board										
August 5	Final documents to the City Council										
September 3	City to award contracts										
October	Start construction										

Issue/Problem	Discussion/Conclusions	Action	Follow-up/Resolution
	<p>Steve Underdahl explained that these processes can be difficult at times because on one hand we are an extension of the unit of government, and on the other we are defined by the Charter as being separate. Because of this, from time to time we have to create separate processes that outline how certain things are handled.</p> <p>Following board discussion, it was agreed that this be discussed further by the City/Hospital Governance Committee. This committee was developed to ensure we function well together, navigate issues as they come up, and also to develop processes to support them. Questions for the committee to discuss: What does it mean to award the contracts? Does the City have any liability, or is it only the hospital? It was suggested that they compare how other government-owned hospitals function.</p> <p>Steve Underdahl commented that if the City were to suggest modifications to contracts, it would be brought back to the board for further discussion.</p>		
8. Approval of Elko New Market Property Sale	<p>In 2011 NH+C purchased a 4.08-acre property in Elko New Market for \$710,900 as a potential clinic location. A decision was made in 2015 to put the property on the market. We recently received a purchase offer of \$800,000 for the property, with a 180-day due diligence period. The property was appraised in 2014 for \$780,000. Steve Underdahl presented a recommendation to the board to accept the purchase offer and present the offer to the City Council in August.</p>	<p>A motion was made by Lynn Clayton and seconded by Sarah Carlsen to approve the recommendation to accept the purchase offer of \$800,000.</p>	<p>Present to the City Council in August.</p>
5. Executive and Committee Reports			
<ul style="list-style-type: none"> CEO Report 	<p>Steve Underdahl reported on the following:</p> <p><u>Strategic</u></p> <ul style="list-style-type: none"> A presentation was made to the City Council on July 23rd regarding the what and why regarding an ASC. Positive feedback was received from the City Council. Sanford Health has responded to our letter related to EHR. A more detailed contract review is underway. 	<p>Information only.</p>	<p>Closed.</p>

Issue/Problem	Discussion/Conclusions	Action	Follow-up/Resolution
	<ul style="list-style-type: none"> • Jerry Ehn presented an update on the clinic and OB project, and permission to proceed earlier this evening. • The first Northfield Hospital Foundation meeting is scheduled on August 21, 2019. • Continuing to refine our expense rebasing efforts. <p><u>Operations</u></p> <ul style="list-style-type: none"> • Our supply chain leadership and related process is getting national exposure. The department director is presenting along-side the Cleveland Clinic at a national conference regarding our supply chain methodology and technology. • Blue Cross Blue Shield is arbitrarily making changes to where individuals can have certain surgical interventions. In general, if there is an ASC within 25 miles of a hospital, Blue Cross Blue Shield patients will not be covered in the hospital. Additionally, they have made it more difficult for medical centers to help pre-certify patients' eligibility to receive a covered service. Minnesota Hospital Association has articulated a formal complaint to state authorities on behalf of its members. • Shared pictures of marketing presence at the Rice County Fair. <p><u>Policy</u></p> <ul style="list-style-type: none"> • Legislative session is over with mixed results for healthcare. New requirements to post most common charges as of July 1, 2019. Provider tax maintained to support MinnesotaCare and Medical Assistance. No mandatory ratios. Physician non-compete legislation will likely return. Minnesota government agency leadership changes create bureaucratic uncertainty. • Shared pictures of the senior housing project progress on the Northfield campus. It is expected to open the end of November 2019. 		
<ul style="list-style-type: none"> • Financial Report 	<p>Scott Edin reported on the June financials:</p> <p><u>June Key Drivers</u></p> <ul style="list-style-type: none"> • Observation days were 26% over budget 	Information only.	Closed.

Issue/Problem	Discussion/Conclusions	Action	Follow-up/Resolution
	<ul style="list-style-type: none"> • Home Health visits were 32% over budget • Inpatient days were 30% under budget • Clinic Visits were 10% under budget • Surgery cases were 12% under budget • Work RVUs were 15% under budget <p><u>June 2019 Financial Outcomes</u></p> <ul style="list-style-type: none"> • Capital expenditures quarterly update • Operating expenses were \$683K under budget • New operating loss was \$172K (\$267K under budget) <p>With a continued favorable payer mix trend this month, our net revenue was nearly \$1 million less than budget, even though gross revenue was nearly \$3 million less than expected. Expense management also helped, as total expenses were \$700K less than plan. Steve Underdahl commented that work smoothing continues to be difficult with uneven volumes. Days cash on hand increased to 240 days as of June 30th.</p>		
<ul style="list-style-type: none"> • Board Quality Dashboard Report 	<p>Charlie Mandile reviewed the highlights of the quality dashboard. The clinic optimal care measures improved in all measures. The Community Paramedic Program is doing well and is supporting patients recovering at home and helping to prevent readmissions. Charlie also reviewed the ACO measures, which have been added to the dashboard. The good results were felt to be directly related to the hard work of staff and leadership. The committee and entire board extended congratulations and are appreciative of their hard work. Steve Underdahl also thanked the committee for their hard work and rigor on this important effort.</p>	Information only.	Closed.
<ul style="list-style-type: none"> • Governance & Planning Oral Report 	<p>Steve O'Neill reported on the July 23, 2019 Governance & Planning Committee. The committee received the quarterly compliance update from Laura Peterson. Overall, the information was positive. The committee also revisited how some of the decisions are made and the philosophy related to the CEO base salary. Vicki Stevens attended the committee meeting and will follow-up with Walt Flynn to get his perspective. Walt has been part of the CEO process for the past few years. The</p>	Information only.	Closed.

Issue/Problem	Discussion/Conclusions	Action	Follow-up/Resolution
	committee will continue to discuss at their next meeting.		
<ul style="list-style-type: none"> Budget & Finance Committee Oral Report 	<p>Fred Rogers reported on the July 18, 2019 Budget & Finance Committee meeting. The committee reviewed the budget for the birth center and Northfield clinic project, as well as the cashflow projections. They also discussed a proposal from the Northfield Real Estate Fund to invest a small portion of our investment funds into the community. A formal presentation from the investment team was presented to the committee at their May meeting. No decision was made. There was board discussion about whether this is the right thing to do, and whether we have options to request what our investment would be used for (i.e. something related to our mission; possibly social determinants). Steve Underdahl will reach out to his colleagues in the city who may also be considering investing in this to compare their thoughts. We want to ensure this is thoroughly vetted before making any decisions as these are community funds and we want to do what is best for the community.</p> <p>The committee also received an update on investments from Johnson Financial. Scott Edin reviewed a summary of where we are year-to-date. The equity portion of our portfolio is up 18.8% YTD; while the fixed income has grown by 3.3%. We have intentionally kept our bonds in shorter maturities with the upcoming construction projects.</p>	Information only.	Closed.
6. Roundtable, Announcements and Questions	Lynn Clayton and Steve Underdahl attended the Minnesota Hospital Association summer trustee conference in Alexandra earlier in July. Overall, they felt the speakers and content were better than in the past. Conference materials are available for board members who were unable to attend.	Information only.	Closed.
7. Pending Items	There were no pending items.	None	None.
8. Closed Session	The board concluded open session business at 8:30 pm: <i>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.</i>	A motion was made by Pete Sandberg and seconded by Lynn Clayton to go into Closed Session. Motion carried.	Closed.

Issue/Problem	Discussion/Conclusions	Action	Follow-up/Resolution
9. Adjourn	The meeting was adjourned at 9:10 pm.	A motion was made by Fred Rogers and seconded by Lynn Clayton to adjourn the meeting. Motion carried.	Closed.