

MEETING MINUTES RECORD

Meeting: Board of Directors

Date: August 31, 2017

Location: Conference Center

Start time: 6:30 pm

Adjourn time: 9:30 pm

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

Members excused:

Members absent:

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

Others present: Brad Ness (City Liaison)

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 6:32 p.m. Charlie reported that David Koenig resigned from the Board effective immediately due to changes in his professional life that has made it difficult to commit the appropriate time to this Board. Charlie and Steve Underdahl are meeting with the Mayor next week to review the board development plan and discuss areas of expertise needed on the Board. Board members who know of individuals interested in serving on the Board were asked to channel the names through Charlie and he will communicate to the Mayor. Charlie also commented on a letter sent to all Northfield City Boards from the Northfield Human Rights Commission related to the makeup of Boards and Commissions and the importance of ensuring all populations are represented. Charlie will be responding to the letter on behalf of NH+C Board. Board members interested reviewing the letter should contact Charlie.	A motion was made by Lynn Clayton and seconded by Steve O'Neill to approve the agenda as presented. Motion carried.	Closed.
2. Consent Agenda	Supporting documentation was included in the packets for items on the Consent Agenda: <ul style="list-style-type: none"> • Meeting Minutes: <ul style="list-style-type: none"> ✓ 07/27/18 Board Meeting ✓ 07/27/17 Governance & Planning Committee 	A motion was made by Virginia Kaczmarek and seconded by Patricia Christianson to approve the consent agenda as presented. Motion carried.	Closed.
3. Reports			
• Hospital Chief of Staff Report	No report.	None.	Closed.

Issue/Problem	Discussion/Conclusions	Action	Follow-up/Resolution																																																													
<ul style="list-style-type: none"> ✓ Motion to Approve Applications for Medical Staff Membership/Privileges 	<p>Applications for medical staff membership/privileges were presented. There were no issues with any of the files:</p> <p style="text-align: center;"><u>Appointments</u></p> <table border="1" data-bbox="386 296 927 417"> <thead> <tr> <th><u>Prac #</u></th> <th><u>Privilege</u></th> <th><u>Category</u></th> </tr> </thead> <tbody> <tr> <td>3921</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="386 459 927 953"> <thead> <tr> <th><u>Prac #</u></th> <th><u>Privilege</u></th> <th><u>Category</u></th> </tr> </thead> <tbody> <tr> <td>3470</td> <td>Family Medicine</td> <td>Active</td> </tr> <tr> <td>3753</td> <td>Orthopedics</td> <td>Active</td> </tr> <tr> <td>7096</td> <td>Dermatology</td> <td>Affiliate</td> </tr> <tr> <td>3789</td> <td>OB/GYN</td> <td>Active</td> </tr> <tr> <td>7002</td> <td>Refer and Follow</td> <td>Refer and Follow</td> </tr> <tr> <td>3785</td> <td>Family Medicine</td> <td>Active</td> </tr> <tr> <td>3487</td> <td>Family Medicine</td> <td>Active</td> </tr> </tbody> </table> <p style="text-align: center;"><u>Provisional Status</u></p> <table border="1" data-bbox="386 995 927 1304"> <thead> <tr> <th><u>Prac #</u></th> <th><u>Privilege</u></th> <th><u>Category</u></th> <th><u>Adv</u></th> <th><u>Ext</u></th> </tr> </thead> <tbody> <tr> <td>3793</td> <td>OB/GYN</td> <td>Active</td> <td>X</td> <td></td> </tr> <tr> <td>3879</td> <td>Tele-radiology</td> <td>Tele-medicine</td> <td>X</td> <td></td> </tr> <tr> <td>3871</td> <td>NP</td> <td>AH:I</td> <td></td> <td>X</td> </tr> <tr> <td>3876</td> <td>Mental Health</td> <td>AH:I</td> <td></td> <td>X</td> </tr> </tbody> </table> <p style="text-align: center;"><u>No Action Required</u></p> <p style="text-align: center;"><u>Voluntary Recognition</u></p> <table border="1" data-bbox="386 1388 927 1539"> <thead> <tr> <th><u>Prac #</u></th> <th><u>Privilege</u></th> <th><u>Category</u></th> </tr> </thead> <tbody> <tr> <td>3751</td> <td>Emergency Medicine</td> <td>Active</td> </tr> </tbody> </table>	<u>Prac #</u>	<u>Privilege</u>	<u>Category</u>	3921	Mental Health	AH:I	<u>Prac #</u>	<u>Privilege</u>	<u>Category</u>	3470	Family Medicine	Active	3753	Orthopedics	Active	7096	Dermatology	Affiliate	3789	OB/GYN	Active	7002	Refer and Follow	Refer and Follow	3785	Family Medicine	Active	3487	Family Medicine	Active	<u>Prac #</u>	<u>Privilege</u>	<u>Category</u>	<u>Adv</u>	<u>Ext</u>	3793	OB/GYN	Active	X		3879	Tele-radiology	Tele-medicine	X		3871	NP	AH:I		X	3876	Mental Health	AH:I		X	<u>Prac #</u>	<u>Privilege</u>	<u>Category</u>	3751	Emergency Medicine	Active	<p>A motion was made by Virginia Kaczmarek and seconded by Steve O'Neill to approve the appointments, reappointments, and advancements and extensions from provisional status as recommended by the Credentials Committee and the MEC. Motion carried.</p>	<p>Closed.</p>
<u>Prac #</u>	<u>Privilege</u>	<u>Category</u>																																																														
3921	Mental Health	AH:I																																																														
<u>Prac #</u>	<u>Privilege</u>	<u>Category</u>																																																														
3470	Family Medicine	Active																																																														
3753	Orthopedics	Active																																																														
7096	Dermatology	Affiliate																																																														
3789	OB/GYN	Active																																																														
7002	Refer and Follow	Refer and Follow																																																														
3785	Family Medicine	Active																																																														
3487	Family Medicine	Active																																																														
<u>Prac #</u>	<u>Privilege</u>	<u>Category</u>	<u>Adv</u>	<u>Ext</u>																																																												
3793	OB/GYN	Active	X																																																													
3879	Tele-radiology	Tele-medicine	X																																																													
3871	NP	AH:I		X																																																												
3876	Mental Health	AH:I		X																																																												
<u>Prac #</u>	<u>Privilege</u>	<u>Category</u>																																																														
3751	Emergency Medicine	Active																																																														
<ul style="list-style-type: none"> • CMO Report 	<p>No report</p>	<p>None.</p>	<p>Closed.</p>																																																													
<p>4. Presentations/ Discussion/Action Items</p>																																																																
<ul style="list-style-type: none"> • Video Tower-Preview 	<p>Michelle Nolander, Director of Surgical Services, reviewed a recommendation from the surgery department to purchase a video tower used in compilation with camera heads, light cords, scopes, monitor screens, and insufflation devices to see into the body (copy of</p>	<p>A motion was made by Virginia Kaczmarek and seconded by Michelle Muench, MD to approve the purchase of a video tower and associated</p>	<p>Closed.</p>																																																													

Issue/Problem	Discussion/Conclusions	Action	Follow-up/Resolution
	<p>presentation was included in the packet). This equipment is used by general surgery, ENT, urology, podiatry, OBGYN and orthopedics. Our current towers are outdated, and the recommended system has additional features, including digital image capture with central storage, and a patient portal, which has shown to improve patient satisfaction. The total cost is \$642,621.51 (\$625,200 was included in the budget). The difference would come out of the contingency fund.</p> <p>Michelle requested expedited approval vs the board's two step approval process because we currently have one of the four towers out of commission, as well as light cords and camera heads. The cost to repair/replace is approximately \$40,000.</p> <p>Virginia Kaczmarek suggested that the Board consider in the future the need for the two-step approval process when items are in the budget.</p>	<p>equipment as outlined in the presentation from Arthrex at a cost of \$625,200.</p>	
<ul style="list-style-type: none"> Approval of Digital Retrofit System for Diagnostic Imaging 	<p>Sandy Mulford presented the Digital Retrofit System for diagnostic imaging at the July Board meeting (copy of SBAR was included in the packet). This equipment was included in the capital budget. There were no additional questions from the Board.</p>	<p>A motion was made by Charlie Kyte and seconded by Lynn Clayton to approve the purchase of Siemens Thales ArtPix Digital Retrofit system and a Siemens Mobilett Mira Max digital portable at a total project cost not to exceed \$200,644. Motion carried.</p>	<p>Closed.</p>
<ul style="list-style-type: none"> Foundation Recommendation 	<p>Laura Peterson presented the foundation final recommendations from the board's foundation subcommittee (Charlie Kyte, Lynn Clayton, Steve O'Neill, Steve Underdahl, Scott Edin, and Laura Peterson) A copy of presentation was included in the packet. The recommendations included the name and purpose, structure, leadership, initial appointments/terms, removals, vacancies, officers and budget.</p> <p>Next steps are:</p> <ul style="list-style-type: none"> Choose one or two people to sign the Articles of Incorporation File the Articles with the Minnesota Secretary of State Get an EIN from the IRS 	<p>The Board was supportive of a Foundation, but requested copies of the Articles of Incorporation and the Bylaws before giving final approval.</p>	<p>Bring back for final approval in September.</p>

Issue/Problem	Discussion/Conclusions	Action	Follow-up/Resolution
	<ul style="list-style-type: none"> File the Articles with the Minnesota Attorney General <p>There were questions about meeting frequency, how Board members are replaced/removed, number of terms, etc. A suggestion was made to have the Board consider giving upfront direction to the Foundation Board on investment strategies, and perhaps receive an annual or semiannual report from the Foundation Board to the Hospital Board. There was some reluctance in allowing the Foundation Board to make decisions without full support from the whole NH+C board. Laura reminded the Board that, of the seven directors, five will from NH+C (three NH+C hospital board members on the foundation Board, and 2 ex officio members (NH+C CEO and Auxiliary Chair)). Once the Foundation is established as a 501(c)3, it is no longer an extension of the NH+C Board.</p> <p>The Board requested review of the Articles of Incorporation and the bylaws before giving final approval.</p>		
<ul style="list-style-type: none"> Sterling Clinic-Preview 	<p>Kathleen Meier, Clinic Administrator, presented information on a new partnership with Sterling Pharmacy and HealthFinders (copy of presentation was included in the packet). A clinic would be located in downtown Northfield with easy access, convenient hours, including nights and weekends, and no appointments needed. It would be staffed by an associate provider (physician assistant/nurse practitioner). NH+C would share an entrance, waiting area and nurses station with HealthFinders, and have separate offices and exam rooms with the ability to flex space based on need. The clinic would have a limited scope of practice with point of care testing only, and no imaging.</p> <p>The requests this evening are:</p> <ul style="list-style-type: none"> Approval to move forward with the new clinic in the Sterling building. Approval to enter into a lease agreement with Sterling. Approval to sublease to HealthFinders. <p>The Board discussed and had questions related to staffing and recruitment, background on the planning, patient</p>	<p>Individual motions were taken by the Board:</p> <ul style="list-style-type: none"> A motion was made by Charlie Kyte and seconded by Steve O’Neill to move forward with a new clinic in the Sterling building. Motion passed. A motion was made by Lynn Clayton and seconded by Steve O’Neill to enter into a lease agreement with Sterling Pharmacy. Motion passed. A motion was made by CC Linstroth and seconded by Steve O’Neill to approve a sublease with 	<p>Take to the City Council for approval on September 5th.</p>

Issue/Problem	Discussion/Conclusions	Action	Follow-up/Resolution
	<p>navigating between NH+C and HealthFinders, marketing, naming, and the business plan, Charlie Kyte noted that there will be major construction on the streets next year in the spring near the clinic.</p>	<p>HealthFinders. Motion carried. Charlie Mandile and Michelle Muench, MD abstained from voting on all three motions due to a conflict of interest.</p>	
<ul style="list-style-type: none"> MACRA/MIPs, APM's & ACO's 	<p>Steve Underdahl and Scott Edin shared information with the Board on MACRA / MIPS / APM's and ACO's as we enter into the risk mitigation environment. They reviewed definitions of common acronyms (definitions page and slides were distributed at the meeting). Medicare is trying to save money and impact quality by aligning incentives and sharing risk. In the past, Medicare addressed physician payments for Medicare with the sustainable growth rate (SGR) mechanism. MACRA (Medicare Access and Chip Reauthorization Act) was passed in 2015. It repeals the SGR formula and replaces SGR with a Quality Payment Program (QPP). The idea was to move from a volume system to a value based system. There are two methods for paying physicians in a QPP: Merit-based Incentive Program System (MIPS), and Advanced Alternative Payment Model (APM). They explained the differences between the two programs. Currently, the focus in on the public sector.</p> <p>There are limitations of ACO's (Accountable Care Organizations). Only large organizations can meet the covered lives requirements (5,000 Medicare attributed lives, excluding Medicare Advantage Program). NH+C joined a rural hospital partnership, with ten other communities, and contracted with Caravan Health. The 11 communities aggregate data to meet the 5000 covered lives. We can use Caravan's expertise to establish an appropriate framework and infrastructure. Advantages of ACO track one are upside sharing potential and no downside risk. The disadvantage is we must still participate in MIPS. Our ACO will launch on 01/01/2018. WE are looking for a board member to represent NH+C on the Advisory Board. The qualification is</p>	<p>Information only.</p>	<p>Board members qualified and interested in serving on the ACO Advisory Board should contact Scott Edin or Steve Underdahl.</p>

Issue/Problem	Discussion/Conclusions	Action	Follow-up/Resolution
	<p>he/she must be a Medicare fee for service recipient and be able to commit to one meeting per quarter.</p> <p>Charlie Mandile commented that he would like to our quality dashboard that gets reported to the board quarterly.</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"> Continuing to explore discussions with Athena regarding an EHR, as well as exploring an emerging EPIC option. Have fully communication our intention to continue the current Long Term Care practice. A meeting was held with the City and St. Olaf College. Progress is being made with the developer for senior housing services. Space demands for the Northfield clinic and the emergency department have been analyzed and will be advanced for formal consideration of options. The Lakeville clinic is expected to have more space issues within the next two years. Northfield rehabilitation services clinic options have been developed and are being advanced for consideration. Given the status of the nursing home practice. Additional options for OB are being considered. Continue to evaluate the Zipnosis products. We are learning from Olmsted Medical Center’s experience with Zipnosis implementation. A PERA sub-committee of the Board met with MHA representatives and are exploring legislation and other options. Consulted with outside counsel regarding structural options. Expect investment results for the fiscal year ending in July to be good. Voice of the Customer structure has been developed. Volunteers are being identified and vetted. A process improvement (PI) team is in place and the PI workbook is online. Cultivating relationship with a peer 	Information only.	Closed.

Issue/Problem	Discussion/Conclusions	Action	Follow-up/Resolution
	<p>organization who is ahead of us in the process.</p> <ul style="list-style-type: none"> The last of our branding signs are now in place. A process for testing market penetration is being developed. Rural outreach strategy is making progress. <p><u>Operations</u></p> <ul style="list-style-type: none"> July financial results were soft. The team did a great job of controlling expenses. August looks strong. Budgeted for a modest margin and had stronger than anticipated volumes. Congestive Heart Failure Program (CHF) was designed to address readmission on CHF patients. Readmissions for the last three years: <ul style="list-style-type: none"> ✓ 2015: 10 ✓ 2016: 4 ✓ 2017 (year to date): 2 Interventions employed are discharge kits for each patient include a scale, and two follow-up phone calls are made to patients to evaluate status and provide guidance. 		
<ul style="list-style-type: none"> Financial Report 			
<ul style="list-style-type: none"> ✓ July Financials 	<p>Scott Edin presented the July financials:</p> <p><u>Key Drivers:</u></p> <ul style="list-style-type: none"> Hospital outpatient visits were down 6% from budget and 4% from June <ul style="list-style-type: none"> ✓ rehab services and outpatient surgeries were lower than budget and June ✓ ED visits, imaging and CCU were higher than budget and June Hospital inpatient days were 2% lower than budget, but 2% higher than June Clinic visits and RVUs were lower than budget and June <p><u>July 2017 Financial Outcomes:</u></p> <ul style="list-style-type: none"> \$164K net operating loss vs \$68K net income budgeted for month <ul style="list-style-type: none"> ✓ Gross revenue was \$439K below budget ✓ Deductions were \$215K above budget due mainly to higher government volume ✓ Expenses were \$740K below budget (salaries were \$309K below budget, and supplies were \$161K below budget) 	Information only.	Closed.

Issue/Problem	Discussion/Conclusions	Action	Follow-up/Resolution
	<ul style="list-style-type: none"> ✓ Year-to-date operating income of \$147K vs \$35K budget 		
<ul style="list-style-type: none"> • Community Relations Committee Report 	<p>Steve O'Neill reported on the Community Relations Committee meeting, which met this evening prior to the Board meeting. The committee:</p> <ul style="list-style-type: none"> • Reviewed elements of the Strategic Plan that the committee should be engaged in. • Reviewed the NH+C magazine distribution and are looking at adding Faribault. • New process underway for donation requests. Requests are due by September 30. Requests are starting to come in. The committee will be looking at allocation of funds at the next meeting. • Received an update on Long Term Care. • Looking at creating relationships with legislators. CC Linstroth and Patricia Christianson are taking the lead on this project. Letters including invitations to meet will be sent. 		
<p>6. Roundtable, Announcements and Questions</p>			
<ul style="list-style-type: none"> • Potential for Governance Focused Retreat 	<p>Charlie Mandile commented that he would like to schedule a Closed Session of the Board to discuss Board processes by which the Board makes decisions, what needs to go to the full Board, committees, etc. He suggested that this be a retreat type setting, off campus.</p> <p>The Board discussed and was supportive of scheduling a retreat. It was suggested that a facilitator be engaged for this meeting, and that there be clear objectives, and questions the Board will be asked in advance of the meeting so Board members have a chance to reflect prior to the meeting. It was also suggested that the facilitator meet with Board members in advance of the retreat to get some background from the board.</p>	<p>The Board was supportive of scheduling a retreat.</p>	<p>Bobbi Jenkins will poll the Board for a date for the retreat.</p>
<p>7. Pending Items</p>	<p>NA</p>	<p>NA</p>	<p>NA</p>

Issue/Problem	Discussion/Conclusions	Action	Follow-up/Resolution
8. Closed Session	The Board went into Closed Session at 9:05 pm 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 services, <i>and the annual evaluation of the performance of NH&C President/CEO Steve Underdahl (pursuant to Minn. Stat 13D.05, Subd.3(a))</i>	A motion was made by Virginia Kaczmarek and seconded by Lynn Clayton to move into Closed session. Motion passed.	Closed.
9. Adjourn	The meeting was adjourned at 9:30 p.m.	A motion was made by Steve O'Neil and seconded by Virginia Kaczmarek to adjourn the meeting. Motion carried.	Closed.