

# MEETING MINUTES RECORD

Meeting: Board of Directors

Date: September 27, 2018 Location: Conference Center Start time: 6:30 pm Adjourn time: 9:40 pm

Members present: Lynn Clayton, Charlie Kyte, CC Linstroth, Charlie Mandile, Michelle Muench, MD, Steve O'Neill, Rhonda Pownell, Fred Rogers, Pete Sandberg

Members excused:

Members absent:

Staff Present: Steve Underdahl, Scott Edin, Jerry Ehn, Jeff Meland, MD, Vicki Stevens, Laura Peterson, Betsy Spethmann, Bobbi Jenkins (Recorder)

Others present: Brad Ness (City), 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 6:35 p.m.	A motion was made by Fred Rogers and seconded by Lynn Clayton to approve the agenda as presented. Motion carried.	Closed.
2. Consent Agenda	Supporting documentation was included in the packet for all items on the Consent Agenda: <ol style="list-style-type: none"> <li>1. Meeting Minutes (Approve)               <ul style="list-style-type: none"> <li>• 08/30/18 Board Meeting</li> </ul> </li> <li>2. Meeting Minutes (Accept)               <ul style="list-style-type: none"> <li>• 08/30/18 Community Relations Committee</li> <li>• 09/05/18 Special Governance &amp; Planning Committee</li> </ul> </li> <li>3. Annual Review of Quality &amp; Performance Improvement Policy</li> </ol>	Rhonda Pownell requested that the minutes from the 08/30/18 Board meeting be removed from the Consent agenda. A motion was made by Steve O'Neill and seconded by Lynn Clayton to approve the Consent agenda without the August Board meeting minutes. Motion carried.	Closed.
3. 08/30/18 Board Meeting Minutes	Rhonda Pownell suggested a change to the wording in the minutes at the bottom of page 2 under the "Hospital Chief of Staff Report" related to a discussion about board interaction with NH+C staff board members interacting with NH+C staff. She suggested the wording be changed to: "There was caution noted regarding how much <u>staff board</u> interaction is appropriate."	A motion was made by CC Linstroth to accept the change in wording, and seconded by Rhonda Pownell. Motion carried.	Closed.
4. Reports			

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<ul style="list-style-type: none"> <li>Hospital Chief of Staff Report</li> </ul>	<p>Dr. Reister was absent from the meeting. Charlie Mandile reported that he attended the September Medical Executive Committee meeting and inquired about specific items they would like to board to be aware of. They commented that there are no burning issues at this time, but noted the need to grow in order to stay ahead of the game (i.e. clinics, CCIC, WHC and general surgery).</p>	Information only.	Closed.																																																											
<ul style="list-style-type: none"> <li>✓ Motion to Approve Applications for Medical Staff Membership/ Privileges</li> </ul>	<p>Dr. Jeff Meland presented the following applications for approval from the Medical Executive Committee in Dr. Reister's absence. It was noted that expedited files were sent to the Board, separate from the initial packet, but in advance of the board meeting this evening:</p> <p><u>Appointments:</u></p> <table border="1" data-bbox="386 758 943 932"> <thead> <tr> <th>Prac #</th> <th>Privilege</th> <th>Category</th> </tr> </thead> <tbody> <tr> <td>3965</td> <td>Teleradiology</td> <td>Telemedicine</td> </tr> <tr> <td>3967</td> <td>Teleradiology</td> <td>Telemedicine</td> </tr> </tbody> </table> <p><u>Reappointments</u></p> <table border="1" data-bbox="386 978 943 1314"> <thead> <tr> <th>Prac #</th> <th>Privilege</th> <th>Category</th> </tr> </thead> <tbody> <tr> <td>3882</td> <td>Mental Health</td> <td>Telemedicine</td> </tr> <tr> <td>7206</td> <td>H&amp;P Only</td> <td>H&amp;P Only</td> </tr> <tr> <td>7402</td> <td>Emergency Medicine</td> <td>Active</td> </tr> <tr> <td>7234</td> <td>Teleradiology</td> <td>Telemedicine</td> </tr> <tr> <td>3735</td> <td>Teleradiology</td> <td>Telemedicine</td> </tr> </tbody> </table> <p><u>Expedited Reappointments</u></p> <table border="1" data-bbox="386 1360 943 1577"> <thead> <tr> <th>Prac #</th> <th>Privilege</th> <th>Category</th> </tr> </thead> <tbody> <tr> <td>3875</td> <td>Anesthesia</td> <td>AH:I</td> </tr> <tr> <td>2740</td> <td>Pediatrics</td> <td>Active</td> </tr> <tr> <td>3881</td> <td>Anesthesia</td> <td>AH:I</td> </tr> </tbody> </table> <p><u>Provisional Status</u></p> <table border="1" data-bbox="386 1623 943 1875"> <thead> <tr> <th>Prac #</th> <th>Privilege</th> <th>Adv</th> <th>Ext</th> </tr> </thead> <tbody> <tr> <td>3926</td> <td>Mental Health</td> <td></td> <td>X</td> </tr> <tr> <td>3928</td> <td>Mental Health</td> <td></td> <td>X</td> </tr> <tr> <td>3924</td> <td>Nurse Practitioner</td> <td>X</td> <td></td> </tr> <tr> <td>3923</td> <td>Mental Health</td> <td></td> <td>X</td> </tr> </tbody> </table> <p><u>Expedited Provisional Status</u></p>	Prac #	Privilege	Category	3965	Teleradiology	Telemedicine	3967	Teleradiology	Telemedicine	Prac #	Privilege	Category	3882	Mental Health	Telemedicine	7206	H&P Only	H&P Only	7402	Emergency Medicine	Active	7234	Teleradiology	Telemedicine	3735	Teleradiology	Telemedicine	Prac #	Privilege	Category	3875	Anesthesia	AH:I	2740	Pediatrics	Active	3881	Anesthesia	AH:I	Prac #	Privilege	Adv	Ext	3926	Mental Health		X	3928	Mental Health		X	3924	Nurse Practitioner	X		3923	Mental Health		X	<p>A motion was made by Steve O'Neill and seconded by Rhonda Pownell to accept the recommendations from the Medical Executive Committee on the appointments, reappointments, and advancement and extension of provisional status as presented. Motion carried.</p>	Closed.
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	Prac #	Privilege	Adv	Ext		
	3927	Anesthesia	X			
	3723	Anesthesia	X			
	<u>No Action Required</u>					
	<u>Voluntary Resignations</u>					
	<u>Prac #</u>	<u>Privilege</u>	<u>Category</u>			
	7103	Gastroenterology	Affiliate			
<ul style="list-style-type: none"> <li>CMO Report</li> </ul>	<p>Dr. Jeff Meland reported:</p> <ul style="list-style-type: none"> <li>The Annual Medical Staff Meeting/Social is scheduled on December 11, 2018 at the Northfield Golf Club. Board members and a guest are invited. A formal invitation will be forthcoming.</li> <li>Recently attended a MHA Chief Medical Officer meeting, which was very beneficial.</li> </ul>				Information only.	Closed.
<ul style="list-style-type: none"> <li>City Report</li> </ul>	<p>Brad Ness reported:</p> <ul style="list-style-type: none"> <li>The City Council met in emergency session this week and authorized up to \$300,000 spending to help clean up tree branches after the recent storms in the area. Instructions on when and where to leave branches for pick-up are on the City's website. Due to the volume of trees being disposed of at the City Compost Site, the site is closed and the City opened the Rodeo Grounds as the City drop off for tree debris.</li> <li>A preliminary levy of 7%. was approved by the City Council.</li> </ul>				Information only.	Closed.
<ul style="list-style-type: none"> <li>NH+C Report</li> </ul>	Dr. Ben Flannery was absent from the meeting.				N/A	Closed.
<ul style="list-style-type: none"> <li>Allina Clinic Report</li> </ul>	Dr. Kyle Hoffert was absent from the meeting.				N/A	Closed.

Issue/Problem	Discussion/Conclusions	Action	Follow-up/Resolution
5. Presentations/ Discussion/ Action Items			
<ul style="list-style-type: none"> <li>Approval of ENT Sinus Navigation System</li> </ul>	<p>Jerry Ehn presented the second look at the Medtronic Sinus Navigation System for surgery (copy of slides included in packet). The total cost to purchase the system is \$81,424, which includes a six-month rental credit of \$75,000.</p>	<p>A motion was made by Lynn Clayton and seconded by Fred Rogers to purchase the Medtronic ENT Sinus Navigation System for \$81,424. Motion carried.</p>	<p>Closed.</p>
<ul style="list-style-type: none"> <li>Revision to Northfield Hospital Foundation Bylaws</li> </ul>	<p>Laura Peterson reviewed revisions to the Northfield Hospital Foundation Bylaws (copy of the revised bylaws, as well as a summary of the changes was included in the packet). Changes include:</p> <p><b>Classes of Directors</b></p> <p><u>Existing Bylaws</u></p> <p>3 classes of Directors:</p> <ul style="list-style-type: none"> <li>Hospital designated directors (3)</li> <li>Ex-officio directors (2) <ul style="list-style-type: none"> <li>Hospital CEO</li> <li>Auxiliary Chair</li> </ul> </li> <li>At-large directors (2)</li> </ul> <p><u>Proposed Bylaws</u></p> <p>2 classes of directors</p> <ul style="list-style-type: none"> <li>Ex-officio (2) <ul style="list-style-type: none"> <li>Hospital CEO</li> <li>Auxiliary Chair</li> </ul> </li> <li>At-large directors (1)</li> </ul> <p><u>Reason for Change</u></p> <p>Hospital board of directors will not have to serve as foundation directors</p> <p><b>Appointment</b></p> <p><u>Existing Bylaws</u></p> <p>Hospital designated and At-large Directors:</p> <ul style="list-style-type: none"> <li>Appointed by hospital board</li> </ul> <p><u>Proposed Bylaws</u></p> <p>At-large directors:</p> <ul style="list-style-type: none"> <li>Initial appointment by foundation incorporator (Charlie Mandile)</li> <li>Subsequent appointments by foundation board</li> </ul> <p><u>Reason for Change</u></p> <p>Hospital board of directors will not have to nominate foundation directors</p> <p><b>Total Number of Directors</b></p> <p><u>Existing Bylaws</u></p> <p>7</p>	<p>Laura Peterson will discuss recommended revisions to the Foundation Bylaws with the attorney that assisted in drafting this document.</p>	<p>Bring back to the Board for final review and approval in October</p>

Issue/Problem	Discussion/Conclusions	Action	Follow-up/Resolution
	<p><u>Proposed Bylaws</u> 3 or more</p> <p><u>Reason for Change</u> Allows foundation board greater flexibility to adjust the number of directors based on their need</p> <p>There was extensive discussion among the board members. The areas of concern were related to the need for the hospital board to approve any changes to the Foundation Bylaws, and they would like to appoint all At Large directors, or at least approve the nominations.</p>		
6. Strategic Discussion			
<ul style="list-style-type: none"> <li>Clinic/ OB Space Challenges- Process/ Methods</li> </ul>	<p>Jerry presented space challenges related to the lack of available space on the Northfield campus that is limiting our options for growth considering numerous projects with limited capital dollars. The top priorities include:</p> <ol style="list-style-type: none"> <li>Clinic expansion</li> <li>Birth center expansion</li> <li>Electronic Health Record</li> <li>Surgery Center</li> </ol> <p>Why the Clinics and Birth Center projects?</p> <ul style="list-style-type: none"> <li>Clinic access is a strategic initiative.</li> <li>Clinics are the main referral source to other services.</li> <li>Space is needed for providers joining the practice.</li> <li>Programs have outgrown their current space.</li> <li>Other options have been exhausted.</li> <li>Space is required for new services.</li> <li>Position the Birth Center for long-term success.</li> </ul> <p>The assumption is \$13-15M could be spent on critical strategic projects. The clinic and birth center projects would be included within this amount.</p> <p>The project management model that maximizes the project dollars is the contractor design and build.</p> <p><u>Next Steps:</u></p> <p>Now:</p> <ul style="list-style-type: none"> <li>Select project management model</li> <li>Finalize financial models</li> </ul> <p>Near:</p> <ul style="list-style-type: none"> <li>Develop solutions (design phase)</li> <li>Vet solutions</li> <li>Seek approvals</li> </ul>	Information only.	Present more information at the October Board meeting.

Issue/Problem	Discussion/Conclusions	Action	Follow-up/Resolution
	<p>Far:</p> <ul style="list-style-type: none"> <li>Posture NH+C as a viable provider for clinic and OB services</li> </ul> <p>Target:</p> <ul style="list-style-type: none"> <li>Groundbreaking in June 2019</li> </ul> <p>Project requires approval from the City, as well as St. Olaf (exterior design). It is anticipated that the first look will come to the Board in October, approval by the Board in November, followed by approval from the City and St. Olaf in December.</p> <p><u>Comments/Questions:</u></p> <ul style="list-style-type: none"> <li>Interested in seeing the master site plan and the vision for the next ten plus years? Who are we competing with? What are others doing? Would like to see a market analysis.</li> <li>Consider utilizing the expertise from Fred Rogers, Pete Sandberg and Charlie Kyte who have experience with building projects.</li> <li>Caution against the aggressive time schedule. If the Board approves at the November 29<sup>th</sup> meeting, it only leaves one City Council one meeting in December to make a decision. Consider holding a special board meeting in earlier November so it can be presented to the City Council sooner than December.</li> </ul>		
<ul style="list-style-type: none"> <li>Midwifery Program</li> </ul>	<p>Jerry Ehn updated the board on Midwifery planning (slides included in packet). He noted that 20% of those who use a midwife end up in the traditional program. Program deliverables are to add a desired service, grow the Women's Health Center, and position for bundled payments.</p> <p><u>Now</u></p> <ul style="list-style-type: none"> <li>Evaluating consumer demand.</li> <li>Providers and staff are defining the service.</li> <li>Hired Dr. Calvin as a consultant.</li> <li>Financial analysis.</li> </ul> <p><u>Near</u></p> <ul style="list-style-type: none"> <li>Making the decision to add the service.</li> <li>If adding, recruit a midwife to start in early 2019.</li> </ul> <p><u>Far</u></p> <ul style="list-style-type: none"> <li>Growth in midwife program: add more midwives.</li> </ul>	Information only.	Closed.

Issue/Problem	Discussion/Conclusions	Action	Follow-up/Resolution
	<ul style="list-style-type: none"> <li>• Program growth to drive Birth Center growth.</li> <li>• Evaluate business case for free-standing birth house.</li> <li>• Be well positioned for bundled payments.</li> </ul> <p>Question/comments:</p> <ul style="list-style-type: none"> <li>• There are other hospitals much smaller than ours that have successful midwife programs.</li> <li>• Have Dr. Steve Calvin, consultant, present his work to the board and respond to questions.</li> <li>• The WHC providers are supportive of this program.</li> </ul>		
7. Executive and Committee Reports			
<ul style="list-style-type: none"> <li>• CEO Report</li> </ul>	<p>Steve Underdahl reported on the following:</p> <p><u>Strategic</u></p> <ul style="list-style-type: none"> <li>• The EHR team visited an integrated medical center utilizing the new Meditech platform.</li> <li>• Ongoing discussion with Sanford IT regarding their Community Connect EPIC product.</li> <li>• Continue to make progress on orthopedic services. Additional details will be provided in Closed Session this evening.</li> <li>• Refining clinic and OB space options and related budgets.</li> <li>• A work team on patient facing technology has been formed and is setting priorities.</li> <li>• Caravan ACO board meeting was held this week. Annual visit encounters have progressed from 0% to 13.5%. We are building systems and making progress.</li> <li>• Annual one-on-one meetings are taking place with the CEO and providers.</li> <li>• Hospital/City Governance team continues to meet as a committee and in small groups. Working on communication and trust issues.</li> </ul> <p><u>Operations</u></p> <ul style="list-style-type: none"> <li>• Financials were good in August and weak in September</li> <li>• Working on incorporating "Now, Near, Far" thinking into our planning and work.</li> </ul>	Information only.	Closed.

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	<ul style="list-style-type: none"> <li>• Continue to have mental health patient challenges.</li> <li>• Productivity system rollout continues. Each department leader is receiving training on the new tool.</li> <li>• The budget process is underway. Focus on not eroding gains from rebasing.</li> </ul> <p><u>Policy</u></p> <ul style="list-style-type: none"> <li>• Meeting took place with Senator Smith and staff, including several board members. Follow-up information sent to Senator Smith with a nice response from her office.</li> <li>• Healthcare is on the election ballot in many ways. Continue repeal and replace ACA. The shape of the electorate has changed significantly – middle group has been largely vacated.</li> <li>• Working with Matt Anderson, MHA, and completed a draft of a “White Paper” that is being vetted and edited by other organization CEOs.</li> </ul>		
<ul style="list-style-type: none"> <li>• Financial Report</li> </ul>	<p>Scott Edin reported on the August financials:</p> <p><u>August Key Drivers:</u></p> <ul style="list-style-type: none"> <li>✓ Hospice days were 47% over budget</li> <li>✓ Endo procedures were 30% over budget</li> <li>✓ Births were 12% over budget</li> <li>✓ Inpatient days were 10% over budget</li> <li>✓ Rehab Services were 10% over budget</li> <li>✓ CCIC procedures were 8% over budget</li> </ul> <p><u>August Financial Outcomes:</u></p> <ul style="list-style-type: none"> <li>✓ Net operating revenues were \$394K over budget</li> <li>✓ Operating expenses were \$124K over budget</li> <li>✓ Net operating Income was \$525K (\$270K over the budgeted profit of \$255K)</li> </ul> <p>Days cash on hand is 232 compared to 236 last month.</p>	Information only.	Closed.



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<ul style="list-style-type: none"> <li>Budget &amp; Finance Committee Oral Report</li> </ul>	<p>Charlie Kyte reported on the Budget &amp; Finance Committee meeting held earlier this evening. The committee:</p> <ul style="list-style-type: none"> <li>Approved meeting minutes from the last committee meeting.</li> <li>Reviewed the August financials.</li> <li>Reviewed the Budget &amp; Finance Committee Dashboard.</li> <li>Reviewed the committee job description with minor changes. Charlie reviewed changes with the full board. The job description will come back to the full board for approval in October.</li> <li>Discussed the budget timeline.</li> <li>Discussed revision to the Capital Expenditure policy, to increase the capitalization threshold from \$1,000 to \$5,000.</li> <li>Suggested changes in the committee meeting schedule in 2019 to accommodate annual work of the committee.</li> <li>Reviewed days cash on hand and the comfort level of the committee.</li> <li>Planning for a special committee meeting in October related to the annual investment review. The investment advisor is expected to present to the full board after the end of the year.</li> </ul>	Information only.	Closed.
<ul style="list-style-type: none"> <li>✓ Revision to Capital Expenditures Policy</li> </ul>	<p>Charlie Kyte reported that the committee reviewed and made recommendations for a change in the Capital Expenditure policy to increase the capitalization threshold from \$1,000 to \$5,000. This would mean that equipment costing between \$1,000 and \$4,999 would become a supply expense rather than capitalized.</p>	Policy will come to the full board for approval in October.	Closed.
<ul style="list-style-type: none"> <li>Quality Committee Oral Report</li> </ul>	<p>Charlie Mandile reported the Quality Committee meeting held earlier this evening. The committee:</p> <ul style="list-style-type: none"> <li>Approved minutes from the last committee meeting.</li> <li>Reviewed the quality dashboards for the committee, and the board. The Board dashboard will be included in the October Board packet with time allowed at the meeting for discussion.</li> <li>Received an update on the Include Always Program / Patient Family Advisory Council.</li> </ul>	Information only.	Closed.

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	<ul style="list-style-type: none"> <li>Reviewed the committee's annual calendar of work.</li> <li>Reviewed the committee's job description.</li> </ul>		
<ul style="list-style-type: none"> <li>Governance &amp; Planning Special Meeting Oral Report</li> </ul>	<p>The Governance and Planning Committee held a special meeting for the purpose of making recommendations on documents related to the CEO evaluation process:</p> <ul style="list-style-type: none"> <li>CEO Performance Evaluation policy</li> <li>Change in Control Addendum</li> <li>Short Term Disability / Salary Continuation.</li> </ul>		
<ul style="list-style-type: none"> <li>✓ Approval of CEO Performance Evaluation Policy</li> </ul>	<p>Feedback on the CEO performance Evaluation policy was received from the Board at a previous meeting, primarily related to feedback received from exiting Board members related to input on the annual CEO evaluation. The policy and a summary of the revisions were included in the packet. No additional changes were made to the policy, however, the committee agreed on a practice change (not policy) that would include an exit interview including providing feedback on the CEO evaluation. The feedback would go to the Governance &amp; Planning Committee along with 360 feedback from current board members. The feedback from exiting board members would not be included in the weighting toward CEO goal achievement. This year, there are three board members with terms ending. Because we do not know the 2019 appointment status, exit interviews will be done on all three.</p>	<p>A motion was made by Charlie Kyte and seconded by Lynn Clayton to approve the CEO Performance Evaluation policy. Motion carried.</p>	<p>Closed.</p>
<ul style="list-style-type: none"> <li>✓ Change in Control Addendum &amp; Short-Term Disability/Salary Continuation</li> </ul>	<p>Charlie Mandile reviewed two retention items the committee is recommending to incorporate into the CEO process:  <u>Change in Control Addendum</u> (copy included in packet):  Contract addendum that would provide the CEO protection in the form of severance wages in the event NH+C's ownership would change and the CEO's conditions of employment would materially change or the CEO would be separated.  There was a change noted at the board meeting in section 1.2 "Obligation of Executive". The last word in the sentence should be "Board" to include NH+C Board. There was a question on "Obligation of Executive" regarding the consequence if they did not stay through the transition of control.</p>	<p>Information only.</p>	<p>Bring back at the October Board meeting for approval.</p>

Issue/Problem	Discussion/Conclusions	Action	Follow-up/Resolution
	<p><u>Short Term Disability / Salary Continuation</u> (copy included in packet): Recommendation for 90 days as a bridge to long term disability.</p> <p>It was suggested that it would be helpful to compare the current language in the CEO contract to the recommended changes for the Board to see next month when the board will be asked to approve both documents.</p>		
8. Roundtable, Announcements and Questions	<ul style="list-style-type: none"> <li>• Charlie Kyte commended Vicki Stevens for her assistance in helping find education resources for members of the Torch Group. The Torch Group works with Latino kids in the community.</li> <li>• Rhonda Pownell alerted the board of an upcoming Boards &amp; Commissions Training Event on October 17<sup>th</sup> from 5:30pm to 7:00pm at the Armory in Northfield. Board members should be receiving an invitation. There is another event scheduled in April.</li> </ul>	Information only.	Closed.
9. Pending Items	None	None.	Closed.
10. Closed Session	The board took a short break before moving into Closed Session for the purpose of 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.	<ul style="list-style-type: none"> <li>• A motion to go into Closed Session was made by Steve O'Neill and seconded by Lynn Clayton. Motion carried.</li> <li>• Michelle Muench, MD excused herself from the Closed Session due to a conflict of interest related to the discussion.</li> </ul>	Closed.
11. Adjourn	The meeting was adjourned at 9:40 pm	A motion was made by Steve O'Neill and seconded by Rhonda Pownell to adjourn the meeting. Motion carried.	Closed.