

MEETING MINUTES RECORD

Meeting: Board of Directors

Date: November 17, 2016 Location: Conference Center

Start time: 6:30 pm Adjourn time: 8:22 pm

Members present: Virginia Kaczmarek, Charles Kyte, CC Linstroth, Charlie Mandile, Bob Murray, Steve O'Neill, James Schlichting

Members excused: Jonathan Reppe (resigned), Michelle Muench, MD

Members absent:

Staff Present: Steve Underdahl, Jerry Ehn, Jeff Meland, MD, Scott Edin, Betsy Spethmann, Ben Flannery, MD, Tom Holt, MD, Bobbi Jenkins (recorder)

Others present: Adam Berry, Dr. Jack Drogt, Dr. Robert Shepley, David Emery (LWV),

Issue/Problem	Discussion/Conclusions	Action	Follow-up/Resolution
<p>Before the meeting started, Julie Nikolai-Sullivan, Senior Marketing Strategist, showed the Board a new Women's Health Center (WHC) television commercial. She noted that the first radio advertisement in Spanish is coming soon. Charlie Mandile suggested that we include people of color in future advertisements. Betsy responded that she anticipated a Hispanic person in the WHC commercial, however, it didn't work out in the end.</p>			
<p>1. Call to Order and Approval of the Agenda</p>	<p>The meeting was called to order by James Schlichting at 6:35 pm. James reported that we have a quorum with seven members present. Michelle Muench, MD is excused. Jonathan Reppe resigned from the Board effective immediately due his busy schedule and not being able to devote enough time as he would like to devote to the Board. There were no requests to remove items from the Consent agenda.</p>	<p>A motion was made by CC Linstroth and seconded by Charlie Kyte to approve the agenda has presented. Motion carried.</p>	<p>Closed</p>
<p>2. Summit Orthopedics</p>	<p>Steve Underdahl reported that there are confidentiality agreements in place that limits our conversation in a public meeting. Dr. Robert Shepley, Orthopaedic & Fracture Clinic (OFC), Dr. Jack Drogt, Summit Orthopedics President, and Adam Berry, Summit Orthopedics CEO shared information with the Board on plans for the transition from OFC to Summit Orthopedics expected to take place on January 1, 2017. Dr. Shepley shared his experience working with NH&C since 1989 and how much OFCs practice has grown over the years. The five physicians from OFC made the decision to work for Summit Orthopedics as they felt being part of a larger group would help them have access to a larger patient base, and the way of the future is to compete and grow in the southern market. Summit Orthopedics is interested in growing in the southern market, has the same vision as</p>	<p>Information only.</p>	<p>Closed.</p>

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	<p>the OFC physicians, are interested in providing excellent patient care at an affordable cost, have excellent leadership, and want to see NH&C succeed and grow into the future.</p> <p>Dr. Drogt, President, has been a managing partner for almost 30 years. Their leadership lives in the communities they serve and patients come first. They are eager to start this new relationship with the five physicians and know them both professionally and personally. Summit promotes an excellent patient experience, high value of care, with significant cost savings.</p> <p>Adam Berry, CEO, commented that Summit Orthopedics looks forward to working with the hospital as well and does not want to disrupt orthopedic services. They want to build on what already exists, and join forces and talk about how to grow business vs. being competitors.</p> <p>NH&C and Summit Orthopedics are on a fairly aggressive timetable expected be done with negotiations by the middle of December.</p>																							
3. Reports																								
<ul style="list-style-type: none"> Hospital Chief of Staff Report 	<p>Dr. Holt reported that he is the outgoing Medical Staff President and has also been nominated by the Medical Executive Committee as the upcoming Vice President of the Medical Staff for a two-year term starting in 2017. The election will occur at the December 1, 2016 annual medical staff meeting.</p>	<p>Ratifications of medical staff officers occurs at the January Board meeting.</p>	<p>Closed.</p>																					
<ul style="list-style-type: none"> Motion to Approve Applications for Medical Staff Membership/ Privileges 	<p>Medical staff files were presented for approval:</p> <p style="text-align: center;"><u>Appointments</u></p> <table border="1" data-bbox="386 1444 928 1621"> <thead> <tr> <th><u>Prac #</u></th> <th><u>Privilege</u></th> <th><u>Category</u></th> </tr> </thead> <tbody> <tr> <td>3893</td> <td>Tele-radiology</td> <td>Tele-medicine</td> </tr> <tr> <td>3878</td> <td>OB/GYN</td> <td>Active</td> </tr> </tbody> </table> <p style="text-align: center;"><u>Reappointments</u></p> <table border="1" data-bbox="386 1663 928 1911"> <thead> <tr> <th><u>Prac #</u></th> <th><u>Privilege</u></th> <th><u>Category</u></th> </tr> </thead> <tbody> <tr> <td>3733</td> <td>IM/Oncology</td> <td>Affiliate</td> </tr> <tr> <td>3734</td> <td>Teleradiology</td> <td>Tele-medicine</td> </tr> <tr> <td>3331</td> <td>Emergency Medicine</td> <td>Active</td> </tr> </tbody> </table>	<u>Prac #</u>	<u>Privilege</u>	<u>Category</u>	3893	Tele-radiology	Tele-medicine	3878	OB/GYN	Active	<u>Prac #</u>	<u>Privilege</u>	<u>Category</u>	3733	IM/Oncology	Affiliate	3734	Teleradiology	Tele-medicine	3331	Emergency Medicine	Active	<p>A motion was made by Virginia Kaczmarek and seconded by Steve O'Neill to approve the appointments, reappointments, and advancement from provisional status as recommended by the Medical Executive Committee. Motion carried.</p>	<p>Closed.</p>
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3893	Tele-radiology	Tele-medicine																						
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	3605	Emergency Medicine	Active			
	<u>Provisional Status</u>					
	<u>Prac #</u>	<u>Privilege</u>	<u>Adv.</u>	<u>Ext.</u>		
	3807	Tele- medicine	X			
	<u>No Action Required</u>					
	<u>Voluntary Resignation</u>					
	<u>Prac #</u>	<u>Privilege</u>	<u>Category</u>			
	3794	Otolaryn- gology	Affiliate			
<ul style="list-style-type: none"> CMO Report 	<p>Dr. Jeff Meland reported that the Medical Executive Committee accepted nominations from the medical staff, and made a decision on who should receive the Physician of the Year award this year. The recipient will be announced at the December 1, 2016 Medical Staff Annual Meeting at the Grand Event Center. Board members were encouraged to attend.</p>				Information only.	Close.
<ul style="list-style-type: none"> FamilyHealth Clinic Medical Director Report 	<p>Dr. Ben Flannery reported on the following:</p> <ul style="list-style-type: none"> Continue to interview for a family practice physician for the Lakeville clinic. The Northfield Clinic is getting started with the team based care, which has been well-received. This concept allows staff and providers to work of the top of their licenses. 				Information only.	Close.
<ul style="list-style-type: none"> Allina Clinic Medical Director Report 	No report				None.	None.
<ul style="list-style-type: none"> Mayo Report 	No report				None.	None.
<ul style="list-style-type: none"> City Business Update 	No report				None.	None.
<ul style="list-style-type: none"> CFO Report 						
<ul style="list-style-type: none"> ✓ October Financials (separate mailing) 	<p>October patient revenues were \$1,446,000 over-budget, while deductions from revenue were \$545,000 over-budget. Operating expenses were 707,000 over-budget. Operating income was \$605,000 vs. a budget of \$486,000 (year-to-date: 4.1% operating margin vs. 0.2% budgeted).</p> <p>Key positive and negative volumes for October were reviewed, as well as day's</p>				Information only.	Closed.

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	<p>cash on hand, payer mix and salary and benefits as % of net revenues.</p> <p>Patient volumes continue to be strong as we begin the 4th quarter. Inpatient admissions and days are in line with the budget while we exceed our projected levels in most all outpatient areas.</p>		
<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"> • The strategic plan dashboard is looking good. There were no areas where work has stopped (red), less challenges (yellow), and much of the work has been completed (blue). • Post-election ACA is unknown. It may take a few months before we understand implications. • Administration is spending a lot of time and effort on orthopedics to ensure we are approaching negotiations with Summit Orthopedics in a thoughtful way. • Pope Architects have been chosen as the architect for the OB project. The Board will receive an update at the December Board meeting. • Work continues on the Pricing Council. We continue to identify high impact services work and informing the 2017 budget process. Examples of reductions are in the lab and MR. • We are seeing the impact of ortho bundles, which is payment for episodes of care. Medicare pilot demonstration to move out of the pilot stage. There will be a full report to the Board in December. • Have taken a purposeful pause on real estate acquisition during the orthopedic negotiation process. • Mental health demands are ongoing. Exploring possible remodeling in the Emergency Department to accommodate patients until we are able to transfer them to a psych facility, and reduce the necessity to move them to Med/Surg. Dr. Jennifer Fischer is doing an excellent job in leading this process, including networking with larger facilities, development of protocols, etc. <p><u>Operations</u></p>	Information only.	Closed.

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	<ul style="list-style-type: none"> • Currently have an OB provider on leave. Are accommodating volumes with current team and the assistance from locums. A new provider has accepted offer to join the team and is starting in March. • We continue to have strong volumes well into the fourth quarter. • Tammy Hayes is doing some operational reengineering / modernization in Home Care & Hospice. She will give an update at the December Board meeting. • Shared an example of staff "Doing the Next Right Thing". OR staff took it upon themselves to provide fun hats for pediatric patients going into surgery to wear and take home with them in an effort to reduce anxiety. It has been well received by the children and their parents. • NH&C Board recently approved a grant to the Northfield Public Schools for wrist wearable heart monitors to monitor heart rates for track and personal fitness levels. The check was presented to the high school earlier this week. A picture of the device was shared with the Board. • TED MED Live 2016 is November 30 – December 2 and will take place at the Northfield High School. Board members were encouraged to attend. Contact Betsy Spethmann to reserve a spot. • The Ken Bank Memorial Wall Dedication Ceremony and Reception is scheduled on December 13 from 4-6:00 pm. Invitations will be sent to Board members. 		
<ul style="list-style-type: none"> • Community Relations Committee Report 	<p>Steve O'Neill reported on the Community Relations Committee meeting held prior to the Board meeting this evening:</p> <ul style="list-style-type: none"> • James Schlichting attended in the absence of Jonathan Reppe. • The committee discussed edits to the Donations to Non-Profits policy. The policy will be coming to the full Board for final approval. • Julie Nikolai Sullivan gave an update on the logo branding and showed the WHC commercial to the committee. <p>Virginia Kaczmarek questioned whether Board members can purchase NH&C</p>	Information only.	Closed.

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	logo apparel. Steve O'Neill responded that this was discussed by the committee and they are looking into making apparel available to the Board.		
4. Consent Agenda	<p>Supporting documentation was included in the packets for items on the Consent Agenda:</p> <p>Meeting Minutes:</p> <ul style="list-style-type: none"> • 10/27/16 Board Meeting • 10/27/16 Governance & Planning Committee <p>Policy:</p> <ul style="list-style-type: none"> • Board Approval Policies & Practices 	A motion was made by Charlie Kyte and seconded by CC Linstroth to approve the Board meeting minutes, accept the committee meeting minutes and approve the policy as presented.	Closed.
5. Presentations/ Discussion/ Action Items			
<ul style="list-style-type: none"> • Revisions to Hospital Bylaws 	<p>James Schlichting reviewed revisions to the Bylaws which were included in the packet.</p> <p>Questions:</p> <p><u>Article II, Section 3 j</u></p> <ul style="list-style-type: none"> • Question related to what is required from Board members related to financial interests in real property. What does it say in the Code of Ethics? How much information is needed? It was suggested that the question is too broad and difficult for Board members to complete. • What are the consequences if the form is not received by March 31? Should the consequences be included in the Bylaws? <p><u>Article 5, Section 4</u></p> <ul style="list-style-type: none"> • Should the Governance & Planning Committee be the nominating committee of all officers? There was extensive discussion about this, and it was noted that the Board has the option of establish a special nominating committee. It was felt that all Board members should have input in the nomination of officers. James Schlichting reminded the Board of a form that was recently sent to all Board members asking about their interest in Board leadership. 	James Schlichting will investigate answers to the questions raised by the Board, connect with Laura Peterson, in-house legal counsel, and make additional revisions to the Bylaws if needed for the Governance & Planning Committee to consider.	Bring back to the Board for final approval at the December Board meeting.
<ul style="list-style-type: none"> • Board Development Plan 	James Schlichting reviewed the policy included in the packet on the Board Development Plan, which addresses the	Board members were asked to return their completed form by	Share information with the Board at the

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	<p>structure and operation of the Board, identifies weaknesses with regard to board member expertise and defines the desired qualifications of members. A form was sent to each Board member requesting information to assist the Governance & Planning Committee develop a plan to share with the Mayor. James noted that the Governance & Planning Committee is looking for input from the Board, such as skills and talents the Board is looking for, areas of weakness, areas of expertise we are lacking, recommendations regarding minorities, sex, race, etc. He asked the Board not to submit names as we are not lobbying for specific people, but rather categories. The forms should be returned to Bobbi Jenkins by November 28th. Information from the Board will be shared with the Governance & Planning Committee when they meet on November 29th and shared with the full Board at the December Board meeting before sharing with the Mayor Elect. Board appointments require a recommendation from the Mayor and a vote by the City Council.</p> <p>James is currently serving his final term which ends at the end of 2016. Charlie Mandile and CC Linstroth will complete their first full term at the end of 2016.</p> <p>Steve Underdahl commented that over the years the Board has taken different approaches on this the process used for recommending Board appointments. He suggested that from time to time the Board think about it and whether our process should be changed.</p> <p>Board members commented that discussion this evening was healthy for the Board as it offered information that not all Board members were aware of.</p>	<p>November 28th so the Governance and Planning Committee will have this information at their meeting on November 29th.</p>	<p>December Board meeting.</p>
<p>6. Roundtable, Announcements and Questions</p>	<ul style="list-style-type: none"> • The Budget & Finance Committee is holding a special meeting on November 29th to review the budget. • The Governance & Planning Committee is holding a special meeting on November 29th to discuss the following recommendations to the full Board <ul style="list-style-type: none"> ✓ Categories to fill Board vacancies. ✓ CEO evaluation process. ✓ Revisions to Bylaws. 	<p>None.</p>	<p>None</p>

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	<ul style="list-style-type: none"> Charlie Mandile is working on Board committee assignments for next year. He is interested in receiving the completed forms from the Board indicating their committee preference, as well as their interest in leadership on the Board. 		
7. Pending Items	None.	None.	None.
8. Complete Board Evaluation Form	The Board was asked to complete the Board evaluation form and return to Bobbi Jenkins.	Information only.	Closed
9. Adjourn	The meeting was adjourned at 8:22 pm.	A motion was made by Charlie Kyte and seconded by Virginia Kaczmarek to adjourn that meeting at 8:22 p.m. Motion carried.	Closed