

MEETING MINUTES RECORD

Meeting: Board of Directors

Date: December 21, 2017 Location: Conference Center Start time: 6:30 pm Adjourn time: 8:54 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, Jeff Meland, MD, Scott Edin, Tammy Hayes, Stacie Rice, Bobbi Jenkins (Recorder)

Others present: Brad Ness (City), Mayor Rhonda Pownell, 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 6:31 p.m. Charlie Mandile announced that the Mayor informed him that she is expecting to make appointments to the Board by January 3 rd . Election of officers will occur after the appointments are made.	A motion was made by Lynn Clayton and seconded by Virginia Kaczmarek to approve the agenda as presented.	Closed.
2. Consent Agenda	Supporting documentation was included in the packets for items on the consent agenda: Meeting Minutes: <ul style="list-style-type: none"> • 11/28/17 Joint City Council/Board Meeting • 11/30/17 Board Meeting • 11/30/17 Community Relations Committee • 11/30/17 Budget & Finance Committee • 12/11/17 & 12/14/17 Special Budget & Finance Committee • Revisions to the Medical Staff Manual 	A motion was made by Steve O'Neill and seconded by Charlie Kyte to approve the Consent Agenda as presented.	Closed.
3. Reports			
• Hospital Chief of Staff Report	Dr. Randy Reister was absent. Dr. Jeff Meland thanked Board members for attending the annual medical staff meeting / social on December 12 th .	Information only.	Closed.
✓ Motion to Approve	Applications for medical staff membership / privileges were presented.	A motion was made by Patricia	Closed.

Issue/Problem	Discussion/Conclusions	Action	Follow-up/Resolution																																																										
Applications for Medical Staff Membership/ Privileges	<p>Dr. Meland reported that there were no issues with any of the files:</p> <p><u>Appointments:</u></p> <table border="1" data-bbox="386 254 922 516"> <thead> <tr> <th><u>Prac #</u></th> <th><u>Privilege</u></th> <th><u>Category</u></th> </tr> </thead> <tbody> <tr> <td>3935</td> <td>Family Medicine</td> <td>Affiliate</td> </tr> <tr> <td>3930</td> <td>IM/Oncology</td> <td>Active</td> </tr> <tr> <td>3934</td> <td>IM</td> <td>Affiliate</td> </tr> <tr> <td>3936</td> <td>Mental Health</td> <td>AH:I</td> </tr> </tbody> </table> <p><u>Reappointments:</u></p> <table border="1" data-bbox="386 558 922 894"> <thead> <tr> <th><u>Prac #</u></th> <th><u>Privilege</u></th> <th><u>Category</u></th> </tr> </thead> <tbody> <tr> <td>3808</td> <td>Family Medicine</td> <td>Active</td> </tr> <tr> <td>7127</td> <td>Fam Med/EM</td> <td>Active</td> </tr> <tr> <td>7334</td> <td>CRNA</td> <td>AH:I</td> </tr> <tr> <td>3761</td> <td>Fam Med/EM</td> <td>Active</td> </tr> <tr> <td>3759</td> <td>Pathology</td> <td>Affiliate</td> </tr> </tbody> </table> <p><u>Provisional Status</u></p> <table border="1" data-bbox="386 936 922 1146"> <thead> <tr> <th><u>Prac #</u></th> <th><u>Privilege</u></th> <th><u>Adv</u></th> <th><u>Ext</u></th> </tr> </thead> <tbody> <tr> <td>3895</td> <td>NP</td> <td>X</td> <td></td> </tr> <tr> <td>3892</td> <td>NP</td> <td>X</td> <td></td> </tr> <tr> <td>3894</td> <td>Mental Health</td> <td>X</td> <td></td> </tr> </tbody> </table> <p>No Action Required</p> <p><u>Voluntary Resignation:</u></p> <table border="1" data-bbox="386 1230 922 1398"> <thead> <tr> <th><u>Prac #</u></th> <th><u>Privilege</u></th> <th><u>Category</u></th> </tr> </thead> <tbody> <tr> <td>3885</td> <td>CRNA</td> <td>AH:I</td> </tr> <tr> <td>7401</td> <td>CRNA</td> <td>AH:I</td> </tr> </tbody> </table>	<u>Prac #</u>	<u>Privilege</u>	<u>Category</u>	3935	Family Medicine	Affiliate	3930	IM/Oncology	Active	3934	IM	Affiliate	3936	Mental Health	AH:I	<u>Prac #</u>	<u>Privilege</u>	<u>Category</u>	3808	Family Medicine	Active	7127	Fam Med/EM	Active	7334	CRNA	AH:I	3761	Fam Med/EM	Active	3759	Pathology	Affiliate	<u>Prac #</u>	<u>Privilege</u>	<u>Adv</u>	<u>Ext</u>	3895	NP	X		3892	NP	X		3894	Mental Health	X		<u>Prac #</u>	<u>Privilege</u>	<u>Category</u>	3885	CRNA	AH:I	7401	CRNA	AH:I	Christianson and seconded by Virginia Kaczmarek to approve the appointments, reappointments and advanced from provisional status as recommended by the Medical Executive Committee. Motion carried.	
<u>Prac #</u>	<u>Privilege</u>	<u>Category</u>																																																											
3935	Family Medicine	Affiliate																																																											
3930	IM/Oncology	Active																																																											
3934	IM	Affiliate																																																											
3936	Mental Health	AH:I																																																											
<u>Prac #</u>	<u>Privilege</u>	<u>Category</u>																																																											
3808	Family Medicine	Active																																																											
7127	Fam Med/EM	Active																																																											
7334	CRNA	AH:I																																																											
3761	Fam Med/EM	Active																																																											
3759	Pathology	Affiliate																																																											
<u>Prac #</u>	<u>Privilege</u>	<u>Adv</u>	<u>Ext</u>																																																										
3895	NP	X																																																											
3892	NP	X																																																											
3894	Mental Health	X																																																											
<u>Prac #</u>	<u>Privilege</u>	<u>Category</u>																																																											
3885	CRNA	AH:I																																																											
7401	CRNA	AH:I																																																											
<ul style="list-style-type: none"> CMO Report 	No report.	None.	Closed.																																																										
4. Presentations/ Discussion/ Action Items																																																													
<ul style="list-style-type: none"> ACO Launch 	<p>Steve Underdahl introduced Stacie Rice, Accountable Care Organization (ACO) Champion / Project Manager. Stacie, Steve Underdahl, Scott Edin and Kathleen Meir recently attended a national ACO conference sponsored by Caravan Health.</p> <p>NH+C will become an Accountable Care Organization (ACO) on January 1, 2018 and will participate in the Medicare Shared Savings Program (SSP). It is a</p>	The Board requested a report at the end of the first year to get an update on how it is going to ensure it makes sense financially.	Closed.																																																										

Issue/Problem	Discussion/Conclusions	Action	Follow-up/Resolution
	<p>paradigm shift away from fee-for-service payments to value (quality) based payment models. Every provider who bills under NH+C Tax Identification Number (TIN) becomes a participating provider under the ACO. Dr. Jack Felland will be NH+C's ACO "Provider Champion".</p> <p>The top 3 priorities will be to:</p> <ul style="list-style-type: none"> • Launch Medicare Annual Wellness Visits, • Chronic Care Management, • and Transitional Care Management Services <p>The "ACO Launch Meeting" is scheduled for January 23, 2018 in the Conference Center with a Caravan Health representative on site. Board members were invited to attend.</p> <p>There was a question from the Board related to the partnership we have with the other hospitals in our ACO, and whether we might be able to work with other hospitals in Minnesota vs out-of-state in the future. Stacie and Steve Underdahl explained that after the first year, we may have the opportunity to partner with others closer. Stacie also pointed out that for the first year there is no financial risk to the hospital. There are scheduled weekly webinars and other meetings throughout the year organized by Caravan to assist the hospitals to work together.</p>		
<ul style="list-style-type: none"> • Home Care Quality 	<p>Tammy Hayes updated the Board on Home Care Quality, including the NRC health scores which are publicly reported (copy of slides are included in the packet). She reported scores in the following home care areas:</p> <ul style="list-style-type: none"> • Quality Assessment • Care Planning • Care Planning Implementation • Quality (including fall prevention, drug education) <p>She also reported on the home care outcome and assessment information set (OASIS) submissions, which we are at 100% for the third quarter.</p>	Information only.	Closed.
<ul style="list-style-type: none"> • Approval of Nurse Call/Code Blue System 	<p>Tammy Hayes presented on the Nurse Call/Code Blue System at the November Board meeting. A copy of the SBAR was</p>	A motion was made by Charlie Kyte and seconded by Lynn	Closed.

Issue/Problem	Discussion/Conclusions	Action	Follow-up/Resolution
	included in the packet. The current system is at the end of life and requires updating to keep functioning. This system is used to communicate to our patient needs to the staff for both routine and in an emergency.	Clayton to approve upgrading the Rauland 4 nurse call system to the Rauland 5 nurse call system at a cost of \$515,035.	
<ul style="list-style-type: none"> Foundation Funding 	<p>Charlie Mandile reviewed the proposal for a one-time donation to the Northfield Hospital Foundation (NHF) of \$5,000 to create an account with Northfield Shares, community foundation partner (copy of SBAR was included in the packet).</p> <p>Charlie reminded the Board of the need to appoint three NH+C Board members to the NHF Board. The terms are staggered so not everyone departs at the same time. CC Linstroth and Patricia Christianson have volunteered. We are still looking for one more volunteer.</p>	<p>A motion was made by Virginia Kaczmarek and seconded by Michelle Muench, MD to approve a one-time donation to the NHF of \$5,000. Motion carried.</p>	<p>Board members interested in serving on the Foundation Board should contact Charlie Mandile.</p>
<ul style="list-style-type: none"> Annual Donations Pool 	<p>Charlie Kyte reviewed the memo sent to the Board and distributed at the meeting including the Budget & Finance Committee's recommendation on the annual donations pool.</p> <p>The Community Relations committee requested that the Health Award budget, now set at \$70,000 be considered for an increase in 2018 as requests significantly outstripped the budget allowance. In light of the tight 2018 general fund budget, the committee is not recommending an increase in 2018, but will look at the possibility of increasing this budget line for 2019.</p> <p>HealthFinders requested an increase from a \$20,000 Award to a \$50,000 Award and further asked that this request be moved to the general fund budget as an ongoing allocation. The B&F Committee felt that this is not the time to move the HealthFinders request to become a regular general fund budget item.</p> <p>Charlie Mandile and Virginia Kaczmarek, members of the Budget & Finance Committee, abstained from voting due to a conflict of interest.</p> <p>The Community Relations Committee asked the administration for a better understanding of the support NH&C provides to HealthFinders. The results are as follows:</p> <ul style="list-style-type: none"> In 2017 the support to HealthFinders is approximately \$100,000 which includes 	<p>Information only.</p>	<p>Closed.</p>

Issue/Problem	Discussion/Conclusions	Action	Follow-up/Resolution
	<p>the \$20,000 Health Award within the Community Relations Committee budget and 'in-kind' reduction of fees for lab work for clients in the approximate amount of \$80,000.</p> <ul style="list-style-type: none"> In 2018, NH&C is also providing a subsidized lease to HealthFinders for the Sterling Drug location in the amount of \$16,000. In total, assuming a similar Health Award and 'in-kind' contributions as in 2017, the total support would be \$116,000 		
<ul style="list-style-type: none"> Recommendation on Investment Advisor 	<p>Charlie Kyte reviewed discussions at recent Budget & Finance Committee meetings related to an investment advisor,</p> <p>In November, the Board adopted an investment policy template that did not specify investment parameters. The Budget & Finance Committee called for RFP's from investment firms. About ten were received. The committee narrowed the list of those responding to the RFP to four firms which were then interviewed on December 11th. The committee met again on the 14th to discuss on December 14th. The committee met again tonight and recommend moving forward with Cleary Gull. The next step is to meet with representatives from Cleary Gull in early January to structure a process for the Board to determine investment parameters. The investment advisor will most likely begin this process with a survey of each board member. We are then anticipating that the investment advisor will meet with the Board at the regularly scheduled January meeting. Once the Board agrees on investment parameters, the Budget & Finance Committee and CFO will begin the slow process of transferring the hospitals investment portfolio to the new investment advisor. Charlie Kyte confirmed that we will be signing a contract with Cleary Gull, and can make changes at any time going forward with a 30-day out clause. We will continue to work with Gary Walen, BPS Capital Management, on government securities, as he only works with bonds.</p>	<p>Lynn Clayton made a motion to accept the Budget & Finance Committee's recommendation to move forward with Cleary Gull as our investment advisor. Steve O'Neill seconded the motion. Motion carried.</p>	<p>Closed.</p>
<ul style="list-style-type: none"> Operating and Capital Budget for 2018 	<p>Scott Edin presented the 2018 operating budget, which has been fully vetted by the Budget & Finance Committee. The budget achieves an increase in net</p>	<p>A motion was made by Virginia Kaczmarek and seconded by Steve O'Neill to</p>	<p>Closed.</p>

Issue/Problem	Discussion/Conclusions	Action	Follow-up/Resolution
	<p>operating income of \$800,000 or 0.74% margin. He reviewed the projected volumes, revenues and expenses for 2018. A 2% increase in overall rates is budgeted for 2018.</p> <p>The budgeted overall merit increase for 2018 is 2%, plus a 1% for market adjustments and recognition awards, including such things as the annual picnic, holiday turkeys, DTNRT awards, etc.</p> <p>Scott noted that our self-funded insurance was flat last year and is expected to be the same next year. There was a question about a cash flow budget. Scott did not have a slide for this, but will forward to the Board following the meeting.</p> <p>There was some discussion about PERA and why we are not budgeting for it. Scott explained that PERA is an adjustment on the books and is much like depreciation. PERA requires we show it on our balance sheet as a liability. We don't make a payment to PERA.</p> <p>[JB-A1] We do not know the amount for 2017 and won't know until after the books for 2017 are closed. It was noted that lenders have not been concerned in the past. Scott noted that operating income does not reflect gains or losses in bonds or PERA.</p> <p>The 2018 Capital budget was distributed at the meeting. It includes \$4 million for capital purchases, and \$6,861,000 in strategic capital. The total budget is \$10,861,000. Approximately \$1.2 million of the 2017 capital budget was not spent.</p>	<p>approve the 2018 operating and capital budget as presented. Motion carried.</p>	
<p>5. Executive and Committee Reports</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 City of Northfield voted to approve moving forward to the next step regarding senior services on the NH+C campus. A development agreement will be established between the City and Yanik. NH+C role is to continue to support our colleagues at the City in the continued vetting. 	<p>Information only.</p>	<p>Closed.</p>

Issue/Problem	Discussion/Conclusions	Action	Follow-up/Resolution
	<ul style="list-style-type: none"> • NH+C and OMC legal teams continue to work on a potential EHR agreement. The key question is contract or separate organizational structure? • Currently evaluating two eICU options. • Market survey plans are scheduled for Q2 in 2018. The rationale is to let the rebranding and marketing efforts gain traction before re-measurement. The movement from landlines to cell phones may alter our research approach. • The ACO go-live is January 1, 2018. Caravan Health's national meeting was held last month. Overview and education for the Board occurred tonight. Continue education in January and February. • Standardizing advanced care planning directive forms and information. New referral process target implementation is 2/1/18, with expanded internal training in January. <p><u>Operations</u></p> <ul style="list-style-type: none"> • Payor mix in the fourth quarter did not shift in a material way (significantly more government payors). Self-funding insurance is breakeven at best. 2017 may be the new normal. Rebasing efforts starting in Q1 2018. • Based on Board Retreat feedback the board agendas will be modified. More time will be devoted to big questions. <p><u>Policy</u></p> <ul style="list-style-type: none"> • Insurance mandate is part of the new tax plan. The impact is uncertain. • A meeting is being arranged with Representative David Bly. • A meeting with Senator Julie Rosen and Senator Rich Draheim is scheduled on January 10th regarding PERA concerns. 		
<ul style="list-style-type: none"> • Financial Report 			

Issue/Problem	Discussion/Conclusions	Action	Follow-up/Resolution
✓ November Financials	<p>Scott Edin presented the November financials.</p> <p>Key Drivers:</p> <ul style="list-style-type: none"> • Home health visits were 21.9% over budget • CCIC volume was 19.4% over budget • Births were 15.4% over budget • Surgery cases were 8.2% over budget • Inpatient days were 6.7% over budget <p>Financial Outcomes:</p> <ul style="list-style-type: none"> • Net operating revenues were \$425K over budget • Operating expenses were \$314K over budget • Net operating income was \$301K (\$111K over budget) <p>December is significantly lower than budget. We expect to finish the year with a 1-1.5% operating margin, which is not as strong as previous years.</p>	Information only.	Closed.
✓ Quality Committee Report	<p>Charlie Mandile reported that the Quality Committee met this evening and reviewed the organization quality dashboard, which will be shared at the January meeting. An offer has been made to a hospitalist and a pediatrician. Working on hiring staff for the new express care.</p>	Information only.	Closed.
✓ Budget & Finance Committee Report	<p>The Budget & Finance Committee met prior to the Board meeting tonight. They reviewed the November financials and the 2018 capital and strategic budgets.</p>	Information only.	Closed.
• Retreat Summary/Next Steps	<p>Charlie Mandile reported that we received positive feedback on the evaluation forms from Board members on the Board Retreat held earlier this month. Heather Durenberger will be attending an upcoming meeting to discuss the results and her findings, and the next steps.</p>	Information only.	Closed.
6. Roundtable, Announcements and Questions	NA	NA	NA
7. Pending Items	<p>The MHA Winter Trustee Conference is January 12-14.</p>	Information only.	Closed.
8. Adjourn	<p>The meeting was adjourned at 8:54 pm.</p>	<p>A motion was made by Steve O'Neill and seconded by Michelle Muench, MD to adjourn the meeting.</p>	Closed.