North Shore HEALTH
COOK COUNTY | MINNESOTA

COOK COUNTY HOSPITAL DISTRICT

BOARD MINUTES FOR JULY 23, 2026

Call to Order – Randy Wiitala called the meeting of the Cook County Hospital District Board of Directors to order on July 23, 2026 at 9:00 a.m. in the Board Room at North Shore Health.

Recess to Closed Session – Milan Schmidt made a motion to recess into closed session permitted pursuant to Minn. Stat. §145.64 subd. 1(d) to discuss decisions, recommendations, deliberations or documentation of a Review Organization and pursuant to Minn. Stat. § 13D.05, subd. 2 to discuss not public medical data. Steve Frykman seconded the motion and the motion carried unanimously (5-0).

Closed Session Summary – The Quality Improvement/Peer Review Report from June 17, 2026; the Medical Staff Report from June 17, 2026 and the July 15, 2026 Credentials Committee Report were discussed.

Reconvene - The North Shore Health Board reconvened in regular session at 9:46 a.m.

Roll Call
Members Present: Steve Frykman, Milan Schmidt, Sam Usem, Randy Wiitala and Patty Winchell-Dahl

Members Absent:

Others Present: Kimber Wraalstad; Megan Thurston; Jason Yuhas; Michele Silence; David Muhs; Todd Severnak, MD; Greg Ruberg; Matt Anderson; Karen Schultz; Danielle Hefferan; Cathleen Nevers; Josh Hinke; Amy Yuhas; Jane Shinners; Deirdre Hausnauer; Kia Gruber; Lynn Schulte; Craig Schulte; Patrick O'Neil; Kay Olson

Mission and Values: Randy Wiitala read the North Shore Health Mission and highlighted the organizational value of Service Excellence to begin the meeting.

Public Comments: Jane Shinners and Craig Schulte offered public comment.

Approval of Minutes for June 18, 2026: The Board discussed the appropriate level of detail for meeting minutes. Mr. Usem expressed concern about including selected comments or statements rather than limiting minutes primarily to formal actions. Dr. Schmidt supported minutes that summarize meaningful discussion and provide sufficient background for public

understanding, particularly because the District values transparency and community engagement. Mr. Wiitala noted that minutes should be a distillation rather than a verbatim transcript but should include enough context to explain Board decisions. Milan Schmidt made a motion to approve the minutes from the June 18, 2026 meeting as distributed and Steve Frykman seconded the motion. The motion carried with a vote of 4-1. (Ayes - Steve Frykman, Milan Schmidt, Randy Wiitala and Patty Winchell-Dahl. Nays – Sam Usem.)

Board Presentation – Wilderness Health Update –
Cassandra Beardsley – Executive Director

Cassandra Beardsley, Executive Director of Wilderness Health, provided an overview of the organization and North Shore Health's participation in the collaborative. Wilderness Health is a nonprofit, member-led rural healthcare collaborative consisting of hospital and health system members in northeastern Minnesota and northwestern Wisconsin. Each member has one vote and member organizations collectively establish the collaborative's priorities. Ms. Beardsley reviewed Wilderness Health's strategic priorities, which include:

- Workforce development;
- Shared services;
- Care coordination;
- Access to and delivery of healthcare services;
- Value-based care;
- Grant development and implementation support;
- Data and reporting support; and
- Education and leadership development.

North Shore Health participates in Wilderness Health roundtables, educational programs, pilot projects, value-based care initiatives, and shared-service opportunities. Workforce development, Scrubs Camps, mental-health support for healthcare professionals, grant support and the transition toward value-based care are also initiatives of Wilderness Health. Ms. Beardsley discussed the Integrated Health Partnership program for Medicaid patients and Wilderness Health's plans to implement a shared care-coordination model for high-risk patients with diabetes. The model is expected to include registered nurses, pharmacy support, community health workers, standardized screening protocols, care plans, and reporting tools. The potential impact of federal Medicaid funding decisions on the program was discussed. Ms. Beardsley stated that Wilderness Health is monitoring the matter and has reserves available to address possible interruptions. She also clarified that Wilderness Health's current agreement does not expose members to downside financial risk. The Board thanked Ms. Beardsley for her presentation.

Big Rocks/Strategic Plan Discussion:

The Board reviewed progress on the three strategic priorities:

a. Priority 1 - Establish the most effective and useful strategic partnerships and relationships. Ms. Wraalstad reported that North Shore Health continues to engage with several strategic partners, including Headwaters, Sawtooth Mountain Clinic, and Wilderness Health, each of whom has recently presented to the Board. Presentations from key partners will continue to be scheduled to enhance the Board's understanding of the purpose, nature, and value of these relationships. The strategic-partnership tracker remains in use. It was requested that the strategic-partnership tracker be maintained and that periodic updates be provided as relationships are evaluated or added.

b. Priority 1A - Electronic Health Record (EHR) platform selection. Ms. Wraalstad reported that the Rural Health Transformation Program (RHTP) grant application includes foundational work needed to evaluate and prepare for a future EHR transition. This work includes engaging fractional chief information officer resources, conducting a technology and organizational needs assessment, and preparing North Shore Health to evaluate future electronic health record options. North Shore Health has received proposed August meeting dates from the Minnesota Department of Health to continue review of the application. The need to define clinical, operational, interoperability, data, and reporting requirements before selecting a future EHR was discussed. In the interim, issues with the current interface should be measured and addressed as opportunities for quality improvement. Ms. Wraalstad noted that North Shore Health's limited internal technology resources were a key factor in making information technology a significant focus of the RHTP grant application.

c. Priority 2 - Attract and retain the best talent and develop succession plans. Michele Silence and Karen Schultz provided an update on implementation of UKG. The project has entered the testing stage for payroll, timekeeping, and core human resources functions. Employees are expected to receive access to the system shortly, followed by approximately four weeks of parallel timekeeping in the existing system and UKG. The first full payroll processed through UKG is anticipated for October 2, 2026. Recruiting and benefits-administration modules are expected to become available later in the fall, with performance-management and scheduling functions anticipated in December 2026 or January 2027. Ms. Silence also reported that we have begun contacting consulting firms to assist with development of a succession-planning framework. Available services, timelines, and costs will be evaluated before an engagement is finalized. Given the UKG implementation and other organizational priorities, portions of the succession-planning work are expected to extend into 2027.

d. Priority 3 - Update the safety net plan for the care center. Ms. Wraalstad reported that the State Plan Amendment has been approved and that North Shore Health is working with the Minnesota Department of Health to address licensing, engineering, and physical plant requirements associated with the proposed reclassification of a portion of Care Center capacity to hospital swing-bed capacity. North Shore Health is awaiting further guidance and has requested a meeting with the Department of Health. Ms. Wraalstad explained that reimbursement impacts would be reflected through the annual hospital Medicare and Care Center Medicaid cost-reporting processes and would therefore involve a significant look-back period. The proposed reclassification is intended to materially reduce the Care Center's annual operating loss, currently estimated at approximately $2 million, and provide a more sustainable financial foundation for preserving the service. It was also noted that, under Minnesota's current reimbursement structure, increasing census does not necessarily reduce the Care Center's operating loss. The Board discussed whether this strategic priority should be characterized more narrowly as a reimbursement strategy or more broadly as a Care Center sustainability plan. Discussion included staffing, occupancy, state rate-setting, equalization of private-pay and Medicaid rates, grant opportunities, partnerships, community support, and recognition of the Care Center as an essential community service rather than a stand-alone profit center.

Unfinished Business:

a) **Strategic Partnership Discussion:** Matt Anderson joined the meeting and reviewed the proposed summary of the Board's previous closed-session discussion regarding strategic partnerships. The proposed statement reads:

> "*The North Shore Health Board met to discuss the roles strategic partnerships play in today's complex healthcare markets. Prior to the meeting, the board and administration identified examples of existing strategic partnerships augmenting North Shore Health's services and capacities to advance its mission. Based on current conditions, board members expressed a willingness to have a consensus view that North Shore Health's strategic direction is to remain an independently governed Hospital District and continue providing its existing core services. Administration should continue evaluating partnerships that support that strategy on a case-by-case basis.*"

Mr. Anderson explained that the statement is intended to accurately summarize the consensus reached during the closed meeting without providing a detailed, verbatim account. He also recommended maintaining a consistent level of detail when documenting closed session discussions. Support was expressed for the revised language and there was discussion about the importance of preserving North Shore Health's independent governance and local decision-making authority. Patty Winchell-Dahl made a motion to adopt the strategic partnership summary statement. Milan Schmidt seconded the motion and the motion carried unanimously with a vote of 5-0. (Ayes - Steve Frykman, Sam Usem, Milan Schmidt, Randy Wiitala and Patty Winchell-Dahl).

b) **Board Governance Committee:** The Board resumed discussion of a possible governance committee. A written proposal presented by Mr. Usem was reviewed and it was suggested that a committee could address bylaws review, board education, trustee onboarding, self-assessment, committee structure, agenda effectiveness, and administrator evaluation. It was suggested that a governance committee could improve Board effectiveness, reduce the time required for certain discussions during regular meetings and provide focused attention to governance matters, potentially including community or staff participation. Other thoughts included whether a committee was necessary for a five-member Board, whether it would add another organizational layer, and whether its purpose, membership, scope, and measurable outcomes were sufficiently defined. There was also concern that an additional committee could create another organizational layer without first addressing underlying trust, communication concerns, and interpersonal working relationships. Mr. Anderson advised that a committee of the five-member Board could include no more than two Board members without creating a quorum, although additional staff or community members could participate. He stated that committees are most effective when they are assigned specific work that cannot reasonably be completed by the full Board. Sam Usem made a motion to establish a governance committee consisting initially of two Board members, with the committee authorized to recommend additional membership, develop a proposed charter, report monthly to the Board, and operate as a pilot through the end of 2026. Milan Schmidt seconded the motion and the motion failed with a vote of 2-3. (Ayes - Sam Usem and Milan Schmidt. Nays – Steve Frykman, Randy Wiitala and Patty Winchell-Dahl).
Following additional discussion, Milan Schmidt made a motion to establish a one-month pilot workgroup consisting of two Board members and, as appropriate, community

members. The workgroup will evaluate the potential purpose, structure, membership, and objectives of a governance committee and report its recommendations to the Board at the next regular meeting. Sam Usem seconded the motion and the motion carried with a vote of 3-2. (Ayes – Steve Frykman, Sam Usem and Milan Schmidt. Nays – Randy Wiitala and Patty Winchell-Dahl). Board Members Sam Usem and Steve Frykman agreed to serve on the workgroup. They will determine whether additional community participation is appropriate and will bring recommendations back to the Board.

c) **Employee Appreciation:** The employee appreciation cookout will be held on Thursday, August 13, 2026. Board members were asked to assist with grilling and serving and to interact with employees. The cookout is scheduled from approximately 11:00 a.m. to 2:30 p.m. Approximately 150 employee thank-you cards have been obtained for Board members to sign prior to the event so they are available for distribution to employees at the cookout.

New Business:

a) **Board/Administration Relationships:** There was a discussion about trust among the Board Members and opportunities to strengthen and restore working relationships. Ms. Winchell-Dahl suggested using a facilitated talking-circle format, drawing on Native American cultural practices, to support open dialogue regarding trust, interpersonal relationships, and how Board Members work together. It was suggested that the session be held in a private, non-business setting, include a shared meal, and allow sufficient time for open discussion, with no Board business conducted. Ms. Winchell-Dahl will contact a facilitator regarding a potential session. Patty Winchell-Dahl made a motion to hold a Board talking circle, including food, at a date, time, and location to be determined. The motion was seconded by Steve Frykman and the motion carried unanimously with a vote of 5-0. (Ayes - Steve Frykman, Sam Usem, Milan Schmidt, Randy Wiitala and Patty Winchell-Dahl).

b) **Board Meeting Length Expectations:** There was discussion about opportunities to streamline regular meetings while preserving necessary governance, education, and fiduciary oversight. Suggestions included alternating general Board education and Big Rock discussions, relying on the Finance Committee for detailed financial review, focusing presentations on key issues and establishing clear time parameters for agenda items. Members expressed a goal of completing routine open-session business in approximately two hours when feasible, while recognizing that closed sessions or special topics may require additional time.

Financial Reports: David Muhs, Interim CFO, presented the June 2026 financial statements. Gross patient service revenue exceeded budget by $87K, and total operating revenue was -$368K below budget. Contractual adjustments were $444K above budget, a 105% negative variance. Mr. Muhs explained that contractual adjustments may fluctuate based on payer mix, changes in accounts receivable, timing of cost-report settlements, and differences between estimated and actual reimbursement. Operating expenses were $90K above budget. There was an operating loss of -$309K for June and a-$107K net loss for the month. The year-to-date net loss is -$874K, a $402K negative variance. Mr. Muhs also reviewed key financial indicators and year-to-date financial performance with the Board. Key financial indicators and year-to-date performance were reviewed. Patty Winchell-Dahl made a motion to accept the June 2026 financial statements. The motion was seconded by Steve Frykman and the motion

carried unanimously, 5-0. (Ayes - Steve Frykman, Sam Usem, Milan Schmidt, Randy Wiitala and Patty Winchell-Dahl).

Mr. Muhs reviewed the patient revenue cycle including: patient scheduling; patient registration; patient services; charge capture; coding and health-information management; billing and patient financial services; payment posting; claims denials; resubmissions and appeals; secondary claims and guarantor billing; accounts-receivable follow-up; and collections. The division of responsibilities between North Shore Health staff and outside vendors was reviewed. Scheduling, registration, patient services, much of charge processing, portions of health-information management and coding, payment posting, accounts-receivable follow-up, and collections are handled internally or through a combination of internal and contracted support. Tegria provides significant business-office support, and TrueBridge is being engaged for selected self-pay and accounts-receivable services.

Management Report:
The Management Report for July 2026, included in the Board materials, was reviewed. Ms. Wraalstad reported that the Minnesota Department of Transportation Aviation Division recently inspected the North Shore Health helipad. Trees near the Blue House may need to be removed if they are determined to encroach upon the designated flight path. North Shore Health will await the formal inspection findings and may consider proactively removing smaller trees as appropriate. It was also reported that a visiting Optometrist will bring the equipment necessary to provide outreach eye clinics in Grand Marais, with North Shore Health providing space for the clinics. Ms. Wraalstad recognized Sue Spies, Resident Care Manager for the Care Center, for her continued outreach and persistence in developing this partnership. An update was provided on the status of Bunkhouse repairs and renovations. The Board was also reminded that the hospital district levy must be submitted by September 15. Unlike county and school district levies, the hospital district levy process does not include a preliminary levy followed by a final levy in December. Kim Hebert's appointment as the permanent Care Center Director of Nursing was highlighted.

Adjourn:
A motion to adjourn the meeting was made by Sam Usem and seconded by Steve Frykman. The motion carried unanimously, 5-0. (Ayes - Steve Frykman, Sam Usem, Milan Schmidt, Randy Wiitala and Patty Winchell-Dahl).

The next regular meeting will be held on August 20, 2026 on the Gunflint Trail with the location to be determined based upon fire activity.

The regular meeting adjourned at 12:35 p.m.

Chair

Clerk