

APPENDIX M-1

INDIAN STREAM HEALTH CENTER

Minutes of the Meeting of the Board of Directors

February 3, 2021

A special meeting of the Board of Directors of Indian Stream Health Center ("ISHC") was held via video conference at 4:00 p.m. on February 3, 2021. A video conference meeting was necessitated by COVID-19 and the procedures put in place by ISHC to protect the health and safety of Board members.

The following Board members (constituting a quorum of the Board) were present by video conference:

Gail Fisher, Chair; Suzanne Phinney, Michael Burtnick, Secretary, Dave Thatcher, Treasurer, Myriam Beauchesne, Amber Dodge, Maggie Fitzgerald, and Frank Sawicki.

The following were absent with excuse: None.

The following were absent without excuse: None.

Sergio Zullich, CEO of ISHC and Robert McLeod, CEO of Midstate, an FQHC in Plymouth, NH, were also present for the first part of the meeting. Scott Colby, President and CEO of Upper Connecticut Valley ("UCVH"), Rona Glines and Celeste Pitts of Weeks Medical Center attended the second part of the meeting. Also, Katherine M. Hanna of Sheehan Phinney Bass & Green, counsel to ISHC, attended the entire meeting and was asked by Board Chair Gail Fisher to take the minutes.

Board Chair Gail Fisher chaired the meeting, and called the meeting to order at 4:04 p.m. Ms. Fisher made introductions.

Ms. Fisher explained that the purpose of the meeting was to address the severe financial condition of ISHC and to determine whether, under the circumstances, it is better for the patients of ISHC and the community to have ISHC remain as an FQHC aligned with other FQHC's in the area such as the Coos FQHC in Berlin or the Midstate FQHC in Plymouth or to pursue the option of entering into a merger or combination with Upper Connecticut Valley Hospital whereby UCVH would merge with ISCH, continue as the surviving entity, and operate a Rural Health

Clinic ("RHC") that would incorporate ISHC's patients. Ms. Fisher conveyed that the presentations are the culmination of many months of diligence and hard work performed by several working committees appointed by the Board to explore possible options for the future of ISHC. Ms. Fisher stated that the meeting would commence with presentations by CEO Sergio Zullich and Bob McLeod about the first option, followed by a presentation by Scott Colby, CEO of UCVH regarding the second option.

Ms. Fisher called upon Sergio Zullich to present the findings of ISHC's working group regarding the first option, i.e. having ISHC remain an FQHC and combine resources with other north country FQHC's, including perhaps becoming a satellite of Midstate in Plymouth.

Sergio Zullich proceeded to present the option of ISHC's remaining as an FQHC and combining with other FQHC's in the north country. Mr. Zullich gave a short presentation regarding the differences between an FQHC and an RHC. He emphasized that FQHC's offer a "sliding scale" for services which helps the uninsured and underinsured of the community. Those who do not qualify for Medicaid can still avail themselves of the sliding scale system. Mr. Zullich also emphasized that, under the FQHC model, the "outreach" for the community is local and not centralized. He stated that with respect to behavioral health issues, he thought that an alignment with the Coos FQHC in Berlin and Midstate in Plymouth would be favorable. Mr. Zullich stated that as an FQHC, pharmacy services with a sliding scale and 340B discount program treatment saves patients up to \$745,000 per year. He emphasized that the sliding scale for pharmacy services is a "constant" for patients. He expressed a concern about whether such a saving for patients would be present if ISHC merged with UCVH. Mr. Zullich expressed concerns about the RHC model as part of a hospital, focusing on productivity and potentially having only 15 minutes for a provider to spend with a patient. Mr. Zullich noted that 40% of ISHC's revenue is from grants, while only 33% of the RHC's revenue would be from grants. Mr. Zullich stated that the FQHC could change its legal structure to make the organization more profitable, e.g. by having a Medical Service Organization ("MSO") for shared services. For example, the FQHC's could share billing and credentialing responsibilities that may save a half-million dollars per year. Mr. Zullich ended his presentation by acknowledging that last year ISHC was \$580,000 "in the red", so there is a need to take

immediate steps to shore up the financials of ISHC. Finally, Mr. Zullich indicated that he was very concerned about trying to convert to an RHC and in the meanwhile, lose many “key” employees.

Ms. Fisher then opened up the forum to questions of Mr. Zullich.

Board member Amber Dodge commented that she thanked Mr. Zullich for his compassion for the community, and thanked him for his hard work.

Bob McLeod, CEO of Plymouth NH’s FQHC, Midstate, was introduced by Gail Fisher for his presentation. Mr. McLeod stated that he had run hospitals in NH for a number of years, and that if he could do anything at all to maintain an FQHC in Colebrook, he would do it. Mr. McLeod was asked by Board member Suzanne Phinney if he had had an in-depth conversation with his Board at Midstate about aligning with ISHC and having it become a “satellite” of Midstate. Mr. McLeod responded that he had had informal conversations with the President and Vice President of his Board at Midstate and that there had been “no push-back” but that he had not presented a formal proposal to his Board at Midstate. Sergio Zullich and Bob McLeod departed the meeting.

Scott Colby, President and CEO of UCVH, joined the video conference at 4:30 p.m. He introduced Rona Glines of Weeks Medical Center and Celeste Pitts of Weeks Medical Center to assist him with his presentation to the Board. Mr. Colby indicated at the outset that he had heard the ISHC Board “loud and clear” about the need to create a program to obtain pharmaceuticals at a favorable rate comparable to that enjoyed by current patients of ISHC. He indicated that UCVH was prepared to offer patients: a) free samples; b) vouchers to local pharmacies; c) potential access to the UCVH hospital pharmacy; and, d) an individual medication assistance program. Mr. Colby indicated that if a family income is under 200% of the Federal Poverty level, that family would be required to apply for Medicaid Expansion benefits, and subsequently the hospital would incorporate income and asset testing and income qualification. He indicated that the prescription dispensing fees now charged by an FQHC could be much lower under the RHC/hospital system. In short, Scott Colby indicated that UCVH was prepared to operate an RHC in Colebrook that would offer stable primary care services to residents to Colebrook.

Mr. Colby then addressed the reduction in force issues faced by ISHC if they were to merge with UCVH. He acknowledged that only 20 of the 43 FTE's at ISHC would probably be incorporated into the fold at UCVH after the merger. However, he also offered that UCVH's parent, North County Healthcare ("NCH"), named by Modern Healthcare as "One of the Best Places to Work in 2020," would be interested in stemming job losses if ISHC were to merge with UCVH. NCH, according to Scott Colby, would take active steps to mitigate job losses. He indicated that UCVH and North Country Healthcare would sponsor a job fair in the spring for ISHC employees who need jobs.

Ms. Fisher then opened the forum to questions from Board members. Amber Dodge asked Mr. Colby if Dr. Liz Sweeney and Mary Judd, NP, who had left ISHC to work at Weeks Medical Center and who would be returning to Colebrook to work at the RHC of UCVH, would have the capacity to take on more patients if they start seeing people in Colebrook. Mr. Colby responded that that is one of the reasons they are recruiting other providers.

Board Member Michael Burtnick wanted to explore the terrain for employees, asking a) how does NCH handle HR representation for employees within their RHC's?; b) Does NCH offer EAP? Scott Colby responded that all employees are offered EAP, and that each of the hospitals has HR on their own campuses; but there is excellent outreach to the RHC's.

Mr. Colby was asked by Board Chair Gail Fisher if there could be an arrangement whereby UCVH would step in with a Management Services Agreement in the event that ISHC was flailing prior to the merger. Mr. Colby responded that they would be happy to extend any legally allowable assistance to ISHC in that event.

Mr. Colby and his team then left the meeting and the Board entered deliberations.

Amber Dodge wanted the Board to consider two factors: 1) If we presented this merger to the community tomorrow, would we feel good about it and have a clear conscience? And 2) Once a "monopoly" is formed, what do we have to say about prices?

Mike Burtnick addressed the Board about Sergio Zullich's request to give him more time, as the new CEO as of a few days ago, to address these issues. Board

Treasurer Dave Thatcher responded that at this point we cannot afford to allow any more “trys”. He reviewed the financials for ISHC and indicated that during the last couple of years ISHC was at any moment threatening to “go under.” He indicated that “we are not sustainable for long.”

Gail Fisher indicated that although she has great respect for Bob McLeod, she did not hear from him how he intended to “recruit” new providers for ISHC, which is the critical failure of the organization at this point. Suzanne Phinney stated that if we do not take a major step, we’ll be battling our former providers, Dr. Moran, Dr. Sweeney, Mary Judd, etc. who will suddenly be at UCVH next door in an RHC that UCVH intends to run, whether or not they merge with ISCH. They will undoubtedly attract former patients from ISHC such that the number of patients and patient visits at ISHC will continue to decline, causing further financial problems. Maggie Fitzgerald stated that she agreed, that Peter Moran, Liz Sweeney, and Mary Judd will now be competing in our back door.

Board Chair Gail Fisher summarized the presentations as follows: When you look at the presentation of Scott Colby versus Bob McLeod, the latter does not have the level of commitment and sense of urgency that Scott Colby has.

Board Chair Gail Fisher indicated that she would accept a motion regarding further action by ISHC on these proposals. Prior to the motion, at the suggestion of general counsel, Katherine Hanna, the Board was asked to consider whether any Board member had a potential conflict of interest pursuant to NH RSA 7:19-A in engaging in discussion about or a vote on the proposals. The Board members expressed no conflicts of interest. Board member Mike Burtnick moved:

MOTION: “That the Board of Directors of ISHC pursue negotiations with UCVH to potentially merge with UCVH so that the latter would ultimately operate an RHC that would provide primary care to the citizens of Colebrook, and that such Motion was based on providing sustainable healthcare and primary care and pharmacy services in the future to ISCH’s patients and to the citizens of the Town of Colebrook and its area; and that given the financial condition of ISHC, this was the most prudent way to continue to serve the community and its patients.”

Dave Thatcher seconded the Motion.

Discussion followed. Dave Thatcher, Treasurer, stated that he was in favor of the Motion because Scott Colby and his team presented a cogent presentation and offered a well thought-out plan. He indicated that Scott Colby seemed to grasp the sense of urgency required in this situation, and that we need to act until it is too late to do so.

Mike Burtnick indicated that he thought that the vague sense of “shared services” provided by Bob McLeod was not sufficient to carry the day. It did not show a sense of commitment for a sustainable future.

The Board took a vote on the Motion presented by Mike Burtnick and seconded by Dave Thatcher and voted 7 in favor of the Motion and 1 against.

The Chair accepted a Motion to Adjourn the meeting and the meeting was adjourned.

Respectfully submitted,

A handwritten signature in black ink, reading "Katherine M. Hanna". The signature is written in a cursive, flowing style.

Katherine M. Hanna, Legal Counsel
Secretary pro temp