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Office of the Minnesota Secretary of State

Minnesota Public Benefit Corporation / Annual Benefit Report

Minnesota Statutes, Chapter 304A

Read the instructions before completing this form
Must be filed by March 31
Filing Fee: $55 for expedited service in-person, $35 if submitted by mail

The Annual Benefit Report covers the 12 month period ending on December 31 of the previous year.
Notice: Failure to file this form by March 31 of this year will result in the revocation of the corporation's public benefit status without further notice from the Secretary of State, pursuant to Minnesota Statutes, Section 304A.301

1. File Number 8349745000 56

2. Corporate Name: (Required) HB Healthcare Safety, SBC

3. The public benefit corporation's board of directors has reviewed and approved this report.

4. In the field below, enter the information required by section 304A.301 subd. 2 or 3 for the period covered by this report, (see instructions for further information): Note: Use additional sheets if needed. (Required)

HB Healthcare Safety, SBC was incorporated on July 30, 2015 as a social benefit corporation under Minnesota's Public Benefit Corp Act. Pursuant to Section 304A.101 of the Act, public benefit purpose as stated in Article of Incorporation to reduce suffering caused by healthcare delivery. With regard to our 2023 report, the period covered is 01/01/2022-12/31/2022.

5. I, the undersigned, certify that I am the chief executive officer of this public benefit corporation. I further certify that I have signed this document no more than 30 days before the document is delivered to the secretary of state for filing, and that this document is current when signed. I further certify that I have completed all required fields, and that the information in this document is true and correct and in compliance with the applicable chapter of Minnesota Statutes. I understand that by signing this document I am subject to the penalties of perjury as set forth in Section 609.48 as if I had signed this document under oath.

Jeanne M. Huddleston
Signature of Public Benefit Corporation's Chief Executive Officer

03-11-2023
Date (Must be dated within 30 days before the report is delivered to the Secretary of State for Filing)

Email Address for Official Notices

Enter an email address to which the Secretary of State can forward official notices required by law and other notices:

huddleston@hbhealthcaresafety.org

☒ Check here to have your email address excluded from requests for bulk data, to the extent allowed by Minnesota law.

List a name and daytime phone number of a person who can be contacted about this form:

Jeanne Huddleston — 507-316-1118
Contact Name — Phone Number

Entities that own, lease, or have any financial interest in agricultural land or land capable of being farmed must register with the MN Dept. of Agriculture's Corporate Farm Program.

Does this entity own, lease, or have any financial interest in agricultural land or land capable of being farmed?
Yes ☐ No ☒

2022 Annual Benefit Report

For HB Healthcare Safety, SBC

A Minnesota Social Benefit Corporation

Prepared in March 2023

DOCUMENT PREPARED BY HB HEALTHCARE SAFETY, SBC
HB HEALTHCARE SAFETY, SBC

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Note:

HB Healthcare Safety was incorporated on July 30, 2015, as a Social Benefit Corporation under Minnesota's Public Benefit Corporation Act. Pursuant to Section 304A.101 of the Act, the purpose of public benefit, as stated in its Articles of Incorporation, is to reduce the suffering caused by healthcare delivery.

Throughout this report, HB Healthcare Safety will be referred to as HBHS or may refer to itself as "we," "our," or "us."

Table of Contents

Company Overview

HB Healthcare Safety (HBHS) believes that no one should ever suffer (emotionally or physically) or die due to care process or system failures. By 'no one', we mean patients, families, and caregivers. Our initial Safety Learning System® methodology evolved this year into a complete organizational learning framework: Continuous Organizational Innovation, Improvement, and Learning, or COI_2L^{TM}. This, paired with our Healthcare Safeware® SaaS technology, enables the design and implementation of lasting quality improvements creating more reliable healthcare delivery.

HBHS was founded through Mayo Clinic Ventures by Dr. Jeanne M. Huddleston and Lacey A. Hart. Taking care of people is part of our DNA, and we are dedicated to caring for those who care for others. Our mission is to end the suffering caused by healthcare delivery. Our commitment is to help organizations design reliable care processes that minimize human error, making it easier for care teams to do their best job every day and, as a result, reduce their burnout. We are invigorated by our God-given gifts and tap into these talents and passions to bring grace and learning to all aspects of society where humans care for humans.

We reduce the suffering caused by process failures through research, education, quality engineering initiatives, and advocacy involving all organizational stakeholders and beyond. As a Social Benefit Corporation, we have a solid foundation to help human systems pinpoint common opportunities for improvement in their care delivery processes, provide the technology solution that monitors the actions and inactions that lead to harm, and develop strategies addressing failures. We are dedicated to continual learning, improving the experience for all, and innovating systems worldwide by learning together and fostering a research community of support.

Pursuit of Purpose

Regarding the period covered by this report, January 1, 2022, to December 31, 2022, HBHS pursued the specific benefit purpose as follows.

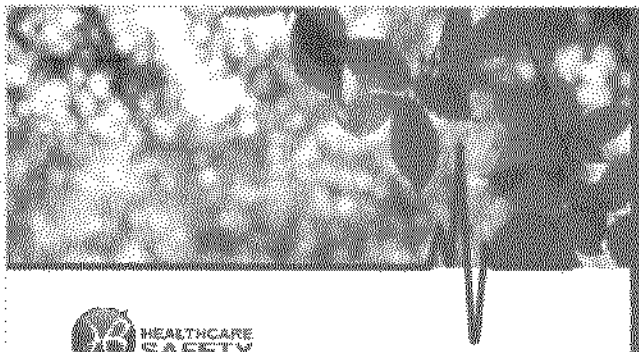
Our purpose remains steady through providing resources and consulting services to our Collaborative members. The various educational, research and support services that fall within our COI_2L™ methodology are in their own cycles of continual improvement as we absorb and disseminate all of the lessons from our Collaborative Members. We provide training and consulting services to assist in identifying opportunities for improvement, training case reviewers, guidance in change management and leadership strategies, facilitating culture change, practical use of technology services, implementing systems improvement projects, and studying outcomes. HBHS continually improves its teaching and training rubric and its technology offering to serve the Collaborative and individual Collaborators best as needed through our research efforts.

Our SLS Collaborative has come a long way since its founding in 2016 and continues to grow with new members joining in 2022 and renewed social benefit commitments from existing members. We are specifically proud to report the addition of a Veteran's Affairs hospital in 2022 to our SLS Collaborative. Serving our veterans in this way is the beginning step for improving their overall health, decreasing morbidity, decreasing mortality, and working toward preventing suicide.

As a part of our commitment to social benefit, 10% of our gross revenue is used to expand our faith-based culture. We do this in two ways:

- Critical Access Hospitals are invited to participate in the Collaborative and use the Safeware® at no financial cost.
- County hospitals are provided a substantial discount and participate in the Collaborative at our cost.
- Donations to faith-based organizations with missions to further education and leadership development across all races and ethnicities. One of our target organizations provides mentoring specifically to college-aged students of color to advance their academic careers and leadership potential.

The following two pages contain the content about our SLS Collaborative that is currently published in a brochure. This is one of the artifacts provided to new members of the Collaborative to assist with socialization across their organizational enterprise.



HEALTHCARE SAFETY

ABOUT THE SAFETY LEARNING SYSTEM® COLLABORATIVE

The Safety Learning System® Collaborative is a growing group of Australian, Canadian and USA medical systems moving beyond mortality review and simply counting and trending adverse events.

We are defining, measuring and improving those process of care and system failures that contribute to the suffering and harm of our patients and providers.

"This Collaborative allows me to feel like I'm doing my best to help improve the care of everyone and it's not just the care of our patients but it's also the care of our providers."

– Shira Wolf, BSE
Collaborative Participant

This is more than just a research and learning collaborative. This a community of practicing providers and quality staff who seek to create a safe space for healthcare workers to research and create practical, meaningful, and lasting change without reprimands or misaligned incentives.

@HBHealthcare | www.hbhealthcaresafety.org

THE SLS COLLABORATIVE PROVIDES:

Training on proven case review methods and system improvement approaches for implementing change

Access to the Healthcare Safeware® Web Based Registry.*

Learning from other Collaborative Member sites through benchmarking reports and monthly webinars

Improve performance by targeting identified process of care and/or system failures

Opportunity for scientific publications and presentations with fellow collaborators

Access to more education from safer now and professional development education through the H2 Foundation

For more information, visit hbhealthcaresafety.org or contact Jeanne Huddleston, MD, MS jhuddleston@hbhealthcaresafety.org | 307.690.1118

No one should ever suffer or die as a result of process or system failures.

WHAT CAN I GET AS A MEMBER?

Personalized online learning channels

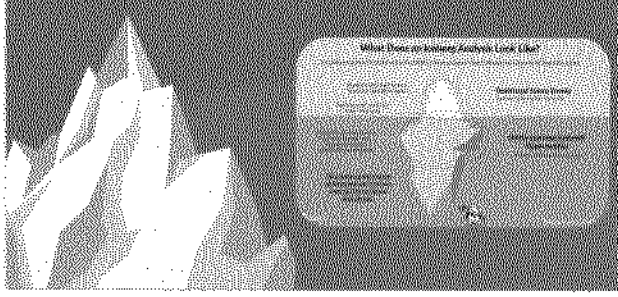
Virtual training for Collaborative members is conducted through the learning management system Thinkific. Members have the option to receive a personalized channel on Thinkific for their site.

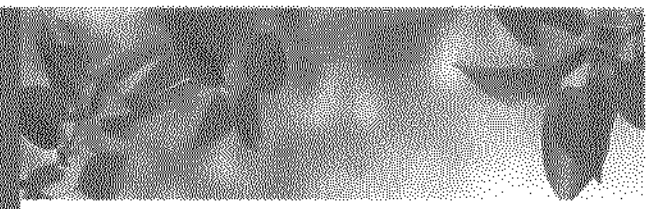
Members also have access to recorded monthly Collaborative Conversation webinars every month through Thinkific.

Personalized benchmarking

Members will receive an annual benchmarking report outlining current collaborative data, learning & improvements. Across analysis, HBHS will provide a random benchmarking report as a special topic of benefit for members.

Members will also learn how to conduct annual iceberg reports. These reports allow you to highlight the hidden causes of harm that our Safety Learning System identifies to inspire & influence your leadership.





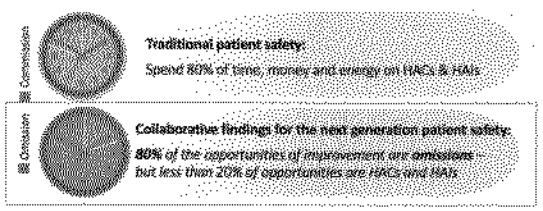
WHAT IS THE SAFETY LEARNING SYSTEM®?

Our Safety Learning System® is a holistic methodology designed to identify the vulnerabilities in the systems and processes of care delivery creating daily challenges for care providers.

Using a continuous loop of organizational innovation and learning, these system vulnerabilities and provider challenges are translated into Opportunities for Improvement (OFIs).

This system creates meaningful (understandable, measurable and improvable) knowledge, which is then used to inspire and influence leadership for lasting change. *HBHS provides further training on how to inspire and influence leadership exclusively for Collaborative members.*

SLS Collaborative Aggregate Learning:



95-100% of opportunities are NOT found in existing patient safety reporting mechanisms

Members of our research and learning Collaborative have found that more than 80% of the failures they identify are omissions in care or latent errors - the things we don't do to cause harm. Less than 20% of the harm caused can be attributed to HACs and HAIs.

Our Successes

The following is a description of how we believe we succeeded in achieving the goals of our specific benefit purpose.

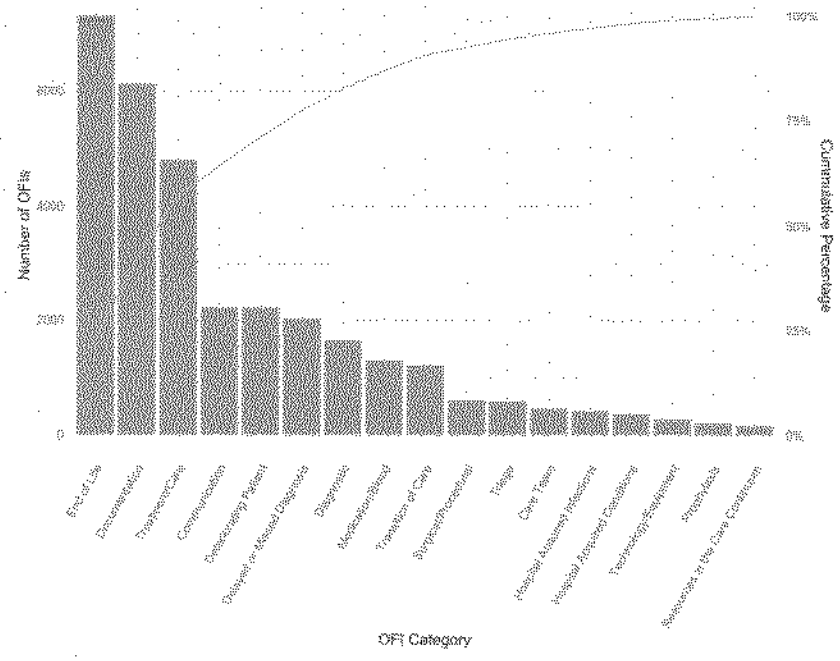
Opportunities for Improvement

This year marks the 7th year of the well-tested Safety Learning System® (SLS), a modified Delphi approach to clinical case-based organizational learning. This methodology is a primary phase in our Continuous Organizational Innovation, Improvement, and Learning (CO_I2L™) lifecycle. This phase allows our Collaborators to identify, name, define, measure, and analyze opportunities for improvement (OFI™) in the broken processes and systems of care delivery where humans care for other humans.

The SLS™ portion of our CO_I2L™ is foundational for participating organizations to actualize real and sustainable change because of its roots in principles of high reliability. The OFI™s are identified by frontline multidisciplinary team members – nurses, doctors, pharmacists, and other allied health. Organizations with the highest degrees of process reliability recognize that those who do the work know what is broken and will have the best ideas for fixing what is broken.

We have learned a great deal from the extensive time commitments made by the SLS™ Collaborative frontline team members. In aggregate, since the end of 2015, our Collaborators' frontline care team members honoured the lives and care experiences of 24,290 individuals residing in their own communities. 64% of these care episodes reviewed were found to have one or more OFI™.

There is quite a bit of variation of the proportion of cases reviewed that are noted to have one or more opportunities (17.6% to 100%). We statistically evaluated many factors to understand this wide variation, including size of the facility, patient demographics, number of cases reviewed, proportions of OFI™ in other hospitals of the same healthcare system, teaching status, year joining the Collaborative, etc. The key will be understanding the organizational learning culture regarding a willingness to discuss failures. Our theory is that if a facility's leadership is openly discussing failures and praising individuals for pointing out opportunities, then the front-line reviewers involved in SLS will be much more likely to identify opportunities in the cases they review.

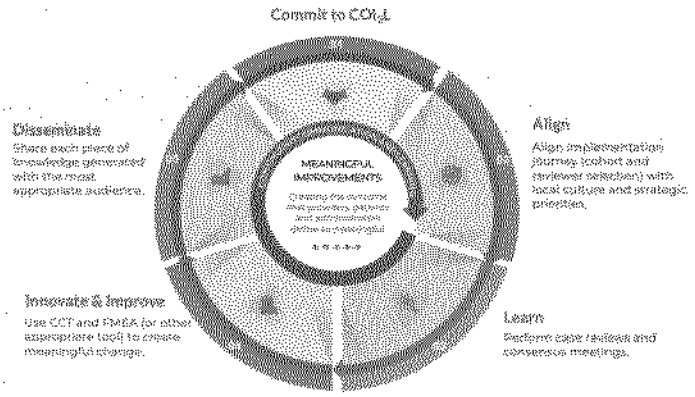


The types of OFI™ identified in these case reviews are depicted in a graph on the left side of this page. The most common OFI™ found by front-line care team members across the Collaborative are categorized as End-of-Life OFI™. These, along with Documentation, Treatment/Care, Communication, Deteriorating Patient Recognition, and Delayed or Missed Diagnosis make up 80% of the OFI™ identified. Examples of each of these categories are noted in the table below.

OFI™ Category	OFI Category Example(s)
End of Life OFI™	The care team did not understand the patient's wishes for end-of-life care.
Documentation OFI™	Vital signs are missing from the electronic health record. Required forms are not completed.
Treatment OFI™	Patient requires a surgical procedure that is not performed at their current hospital. The patient then requires transfer to a specialty hospital resulting in a delay for the needed procedure.
Communication OFI™	The care team is not all on the same page for understanding the patient's current clinical condition.
Delayed or Missed Diagnosis OFI™	Patient is seen in outpatient setting for a cough and treated for bronchitis. Patient later presents to the ED with shortness of breath and is found to have a tumor in their lungs.

Continuous Organizational Innovation, Improvement, and Learning (COI_2L™)

We consider the further vetting and implementation of COI2L™ to be a major success this year. We reorganized all organizational knowledge and artifacts for the consulting and educational curriculum into these 5 phases of the COI2L™. Two key discoveries lead to the creation of this proprietary organizational learning and change framework. First, the hardest part of making change is actually starting. Facilities and institutions that do not move from collecting data and learning from cases to the innovation and improvement phase, do not stick with the Collaborative and ultimately do not make any meaningful change for their frontline teams. Success has been creating the needed curriculum and support system for Collaborators to move from data collection to action. The second hurdle we were able to overcome is the recognition that disseminating new knowledge within an organization is a complex endeavor and relying on non-communications trained frontline teams to communicate to the right people at the right time spontaneously was crazy. We created artifacts for training, live training sessions and provided coaching to facilities to leverage their existing communication channels and professionals.



Organizational Growth

The most exciting portions of our year involved growing our team. While we are a completely virtual company, the vast majority of our employees and contractors are Minnesota-based. We expanded to include a director of operations, program managers, bookkeeper, customer experience manager, and a virtual assistant. This growth in personnel reflects the growth in both the number of Collaborators, but also the growth into new verticals. As mentioned previously, a VA has joined the Collaborative. And at the very end of 2022, we began our partnership with the State of California's Department of Corrections and Rehabilitation.

Challenges

Our mission to end the suffering caused by failures in care delivery cannot be accomplished without a fundamental shift in organizational culture from adversarial and hierarchal relationships to collaborative learning and teamwork among supporting colleagues. We continue to pursue this shift through the language, training and promotion of active participation in quality improvement initiatives at all levels of the organization for our Collaborators.

Burnout is prevalent among our Collaborator industries. COVID and the "triple-demic" exacerbated this. Continued staffing shortages and resource reductions due to financial constraints decrease the number of frontline team members available and willing to add case reviews to their long list of things to be accomplished in a day. Quality improvement work requires effort and is often compromised when care teams are stretched thin. Yet, these are critical times when it is important to double down on quality improvement and resources because low staffing, fatigue, and burnout all contribute to increases in human error. Organizations are looking for quick fixes and easy solutions. The Safety Learning System™ is not a quick fix, but it does offer a different, more sustainable approach to quality improvement. Our efforts continue to support our Collaborators with change management and a high level of engagement to ensure success. This requires a high touch, individualized approach from the HBHS team. We recently hired a full-time Quality and Experience Manager to provide additional support for our Collaborators.

Additional lingering impacts of COVID also include the ongoing virtual engagement of our Collaborators. 2022 continued to challenge our efforts to return to in person support as COVID spikes and staffing shortages required Collaborators to focus on the acute needs of their organizations. We have learned much from pre- and post-COVID comparison of in person and virtual support. Our efforts continue to quickly return to in person support, assessment, and training as a proven approach furthering the mission and working toward the success of our Collaborators.

Finances & Market

Members of our learning research Collaborative pay an annual fee according to organization or institution size and services rendered to participate in research. Due to the ongoing impact of COVID, including staffing shortages and expiration of extra federal funds to healthcare systems received during the height of COVID, many members are tightening their budgets. Unfortunately, quality and patient safety departments are some of the first areas to be cut as they are not "essential portions of real-time care provision." In 2021, we needed to grant reprieves and allowed deferred membership fees or discounts. In 2022, there was significantly less need for this. Development funds and vested patient advocates still sponsor some Collaborative members; however, those currently participating are all in the process of making this work part of their operational budget. Conversations with Collaborators are ongoing to ensure flexibility in our service offerings to meet their needs and budget. The reality of continued COVID impacts only allowed HBHS to remain financially neutral.

CERTIFICATION BY THE BOARD OF DIRECTORS

The undersigned, being all the directors of HB Healthcare Safety, SBC, hereby acknowledge and certify that we have reviewed and approved the enclosed 2022 Annual Report.

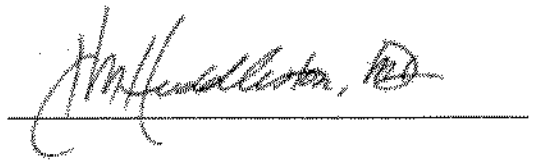
Jeanne M. Huddleston, MD
Chief Executive Officer
President and Secretary

Lacey A. Hart, MBA, PMP
Co-Founder and Member

Roger W. Marshall
Member

SUBMISSION:

I, the undersigned, certify that I am the President and Secretary of this public benefit corporation. I further certify that I signed this document no more than 30 days before the document is delivered to the secretary of state for filing, and that this document is current when signed. I further certify that I have completed all required fields, and that the information in this document is true and correct and in compliance with the applicable chapter of Minnesota Statutes. I understand that by signing this document I am subject to the penalties of perjury as set forth in Section 609.48 as if I had signed this document under oath.



Jeanne M. Huddleston, M.D.
Chief Executive Officer
President and Secretary

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Original File Number 834974500056

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Steve Simon
Secretary of State