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

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

3. 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)

See Attached Report.

4. 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.

Signature of Public Benefit Corporation's Chief Executive Officer

March 19, 2018
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:

hart@hbhealthcaresafety.org

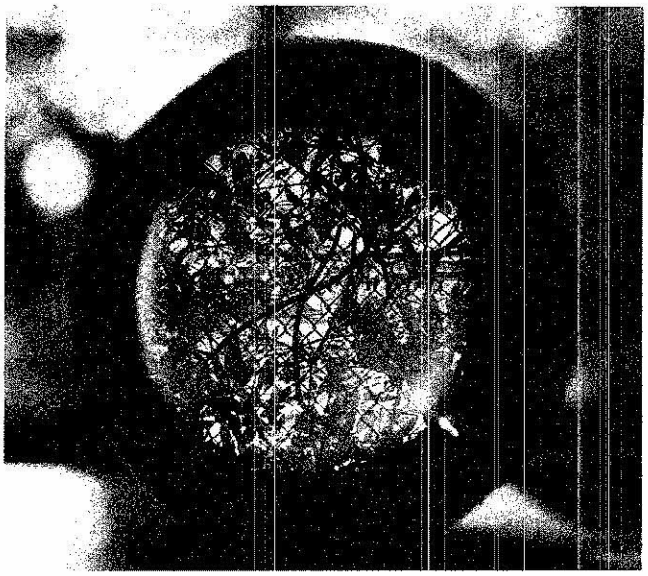
☐ Check here to have your email address excluded from requests for bulk data, to the extent allowed by Minnesota law.

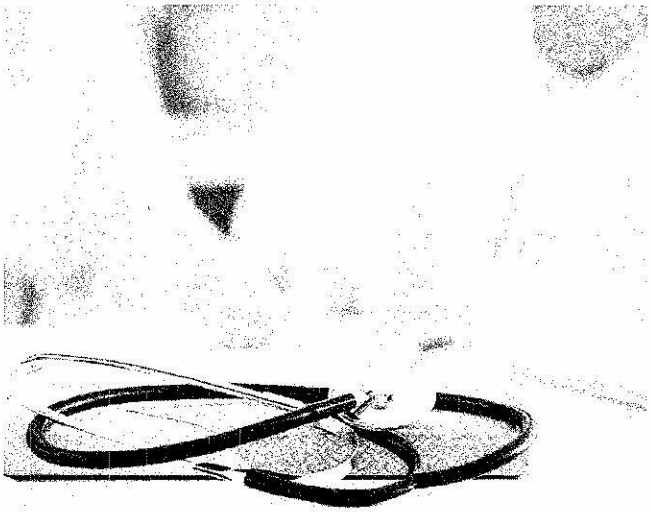
List a name and daytime phone number of a person who can be contacted about this form:

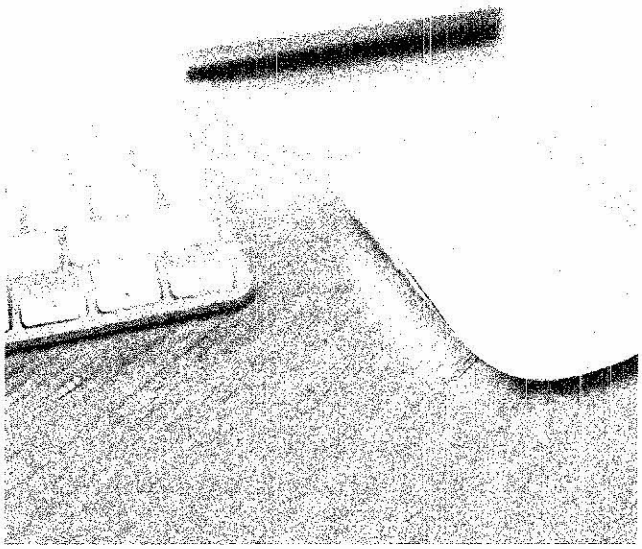
Lacey A. Hart — 507-208-9438
Contact Name — Phone Number

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 ☒







2017 Annual Benefit Report

HB Healthcare Safety, SBC

A Minnesota Social Benefit Corporation

March 2018

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, public benefit purpose as stated in it's Articles of Incorporation to reduce suffering caused by healthcare delivery.

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

Table of Contents

Company Overview

HB Healthcare Safety, SBC (HBHS) believes that no one should ever suffer (emotional or physical or mental) or die as a result of process of care or system failures and by no one, we mean patients & families as well as the care teams.

Our mission is to reduce harm associated with healthcare delivery. As a Social Benefit Corporation, we have a solid foundation for our long-term mission alignment & value creation as it protects our mission through capital raises and leadership changes.

We believe that the pain, harm and death caused by failures in healthcare delivery are a societal issue and a public health problem. We have a moral obligation to learn as much as possible about what needs to be fixed to end this suffering caused by healthcare delivery. The expense caused by these failures is prohibitive (more than one billion dollars per year spent treating the infection that hospitals give people).

Our focus is to help healthcare systems to pin point the common causes of patient harm in their systems & processes, provide technology that monitors the actions and inactions that lead to harm, and develop processes addressing failures of care delivery – dollars and lives saved.

We believe **NO ONE** should suffer or die as a result of healthcare delivery process or system failures

VISION

Healthcare Delivery

Free from Harm

PURPOSE

To reduce the suffering caused by healthcare delivery through research, education, initiatives and advocacy involving all stakeholders in the healthcare system.

What does the HB Stand For?

Honey Badger! That's right, that small carnivore which has a reputation for being Africa's most fearless animal despite its small size. Thank you Dr. Taunya Lowe for accurately capturing the spirit of our Wholly Women Owned and Operation Honey Badger leadership team:

Relentless,

Tenacious,

Determined to Succeed,

And Never Afraid of Larger Than Life Challenges!

What We Do (In Support of Our Purpose / Mission)

The healthcare industry has taken steps toward improving patient safety and quality but has narrowed its attention on rare commissions (what healthcare providers do to cause harm such as prescribing the wrong medication or in-hospital infections). The traditional peer review methods have been ineffective as it prohibits learning as information is restricted to single disciplines or specialties and second victim experience is exacerbated as blame is place on individual care providers. HBHS has been combating ineffective peer review and other processes of review by broadening our focus to identify omissions (what we don't do to cause harm such as delayed diagnosis or failure to diagnose) and to examine process of care and system failures. Refocusing our attention on high reliability review methods enables healthcare providers to identify systematic causes of harm to better create and implement *real* quality improvement initiatives.

HBHS delivers the case for change by working with clients to: 1) identify opportunities for improvement (OFI) in care delivery; 2) aggregate, reconcile, analyze and trend data to create actionable information; and 3) integrate data & patient stories to promote meaningful change.

Healthcare providers are further encouraged to share experiences will all disciplines and specialties within hospital systems within our Multi-Center Collaborative. Our aim is to lessen secondary victim burden and increase knowledge to enhance physician and hospital system performance leading to a better patient experience and more positive outcomes. To achieve this culture shift, HBHS continually improves its teaching and training rubric and its technology offering to best serve clients and their individual needs.

Pursuit of Purpose

With regard to the period covered by this report, January 1, 2017 to December 31, 2017, HBHS pursued the specific benefit purpose as follows.

At HBHS, we've brought together clinical expertise and a goal of developing an advanced patient surveillance technology to end the suffering caused by healthcare delivery. Throughout 2017, our Multi-Center collaborative has continued to study and identify healthcare system improvement opportunities and their common causes of process failures. Organized in cooperation with Academic Research led by Mayo Clinic Rochester, participating medical centers: 1) elucidated and categorized types of process of care failures; 2) quantified the prevalence of process of care failures; 3) defined the common causes of process of care failures; 4) quantified and described the differences in findings between institutions.

After on-site training, each participating hospital reviewed process of care for consecutive patients selected from a prior specified cohort (e.g. sepsis, resuscitation calls, mortalities, surgical events, etc). The goal for each hospital site was to review 100 cases using mixed method (qualitative & quantitative) reviews entered into the web-based safety learning system. Monthly multidisciplinary case discussions were held locally for those cases with any findings.

De-identified data & descriptive statistics illustrated process of care issues identified along with their common cause failures. Benchmarking reports between sites were distributed with academic publications currently in embargo with anticipated print in 2018.

Our Successes

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

We are a self-certified WOSB in the process of filing with the state. Our approach in fostering healthcare free from harm leverages "systems thinking" meaning to realize that the hospital is a system and that the system can and must be designed to compensate for the errors that are likely to be made by any of its components. We have successfully collaborated with hospitals spanning across the United States within our Multi-Center Collaborative research study. Through a combination of data gathering, analytics, interpretation and data visualization, we have been able to provide actionable insights and meaningful knowledge for these participating sites to prioritize their healthcare quality improvement initiatives to ultimately make a significant difference in the lives of patients.

Identifying Acts of Omission Key to Future Healthcare Delivery

Data from the collaborative illustrates that of the patient journeys studies, 80% of the Opportunities for Improvement (OFIs) are all "acts of omission" as opposed to the commission more commonly reported and studied. These findings solidify our claims and overall purpose in achieving healthcare free from harm.

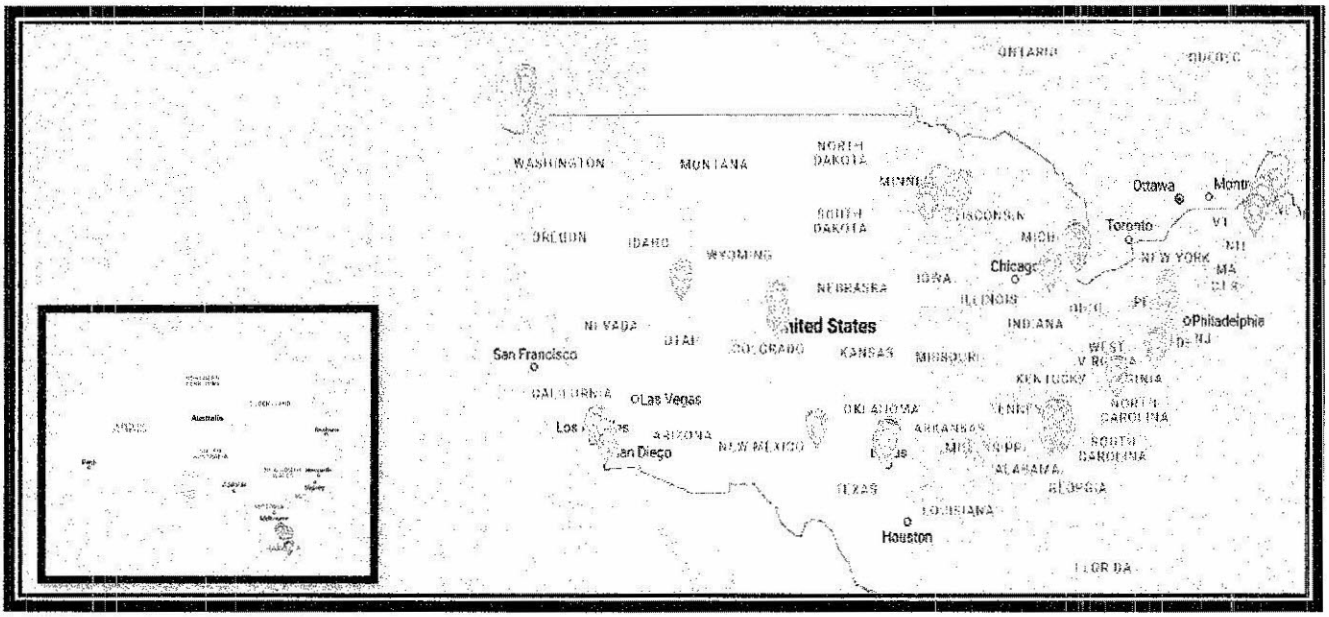
Why have these errors been overlooked for so long? With traditional quality monitoring, system or procedural errors are invisible or hard to recognize, but more important is the culture shift required to no longer view omissions as just inherent characteristics of our systems of care.

HBHS is driven to change because of these findings, and will continue to track new OFI learning, iterate its development and testing of technology support, and leverage our unique and proven "systems thinking" methodology that captures the complete patient story and their hospital journey resulting in the capture of actionable insights for system improvements in healthcare delivery.

HBHS continued to expand its business utilizing 2017 to invest and develop our Healthcare Safeware® into a marketable product. We are further pleased to say that Healthcare Safeware® is now a registered trademark as of April, 2017.

An International Journey to Healthcare Delivery Free from Harm

In 2017, 530 new healthcare staff were trained in our safety learning system method and fourteen healthcare systems joined the Multi-Center Collaborative. HBHS went international serving hospitals in the United States, Canada, and Australia (Tasmania).



Alpha Collaborative Member Hospitals | Beta Collaborative Member Hospitals

Our Collaborative Member Systems as of December 31, 2017:

- Beaumont Health
- Bon Secours Health System
- Eastern Main Healthcare Systems
- HealthPartners
- Hoag Health Network: Newport Beach, CA
- Mayo Clinic
- Mayo Clinic Care Network: Methodist Health System
- Mayo Clinic Care Network: WellStar Health System
- Mayo Clinic Health System: Mankato, MN
- Mayo Clinic Health System: Eau Claire, WI
- MedStar Health
- Parkview Health
- Penn State Health
- Providence Health Care
- Sharp Healthcare
- Tasmanian Health Service
- UMC Health System
- University of Colorado Health
- University of Mississippi Medical Center
- University of Utah Health
- University of Washington Medical Center
- UT Southwestern Medical Center
- Wake Forest Baptist Health

Challenges

The unforgiving social and political environment of healthcare continues to be a challenge for our business. Achieving the necessary culture shift from an adversarial to cooperative environment is difficult to accomplish in that every hospital system is independent with its own instituted rules and procedures. This problem is existent in every hospital system to varying degrees making a structured teaching rubric difficult to design as new obstacles arise with each new client. However, the appeal of financial reimbursement and the desire to improve patient care has opened minds to learn and inspired determination towards our cause. HBHS continues to develop its health technology to better serve health care providers in the dynamic landscape of healthcare by promoting efficient opportunity for improvement data capture. HBHS has further developed its training model to facilitate diverse healthcare system making for an easier transition into our safety learning system.

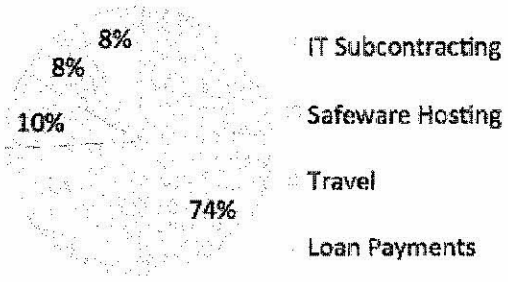
Looking Ahead

Our Healthcare Safeware® has evolved over 2017 to become a cognitive system capable of identifying contributing factors that lead to harm in healthcare delivery. In future, we hope to develop predictive technology with our ultimate goal being to have created prescriptive technology capable of automating decisions.

HBHS will continue to enlist hospitals across the county & worldwide in a commitment to implementing changes in care that enhance process improvement through case review, recording qualitive and quantitative information, tracking new OFI learning shared within the hospital and corporate level structures, and creating the ability to track resultant projects and their impact on clinical care. HBHS will continue to partner with collaborators with a focus on academic research to explore the system failures causing potential or inflicted harm but also expand its reach to examining harm/potential inflicted on care providers as secondary victims of system failures. Lastly, our company's expansion now requires the need for a larger staff and in actively planning to hire in early 2018.

Finances

HBHS continues to finance efforts with nominal support from its collaboration and significant founder investment. Net income at year end close for 2017 was sitting at negative $45K. Expenses were again largely devoted to software investments with over 84% in development, support & hosting. The outlook for 2018 illustrates the ability to recoup and pay-back start-up funding.



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 2017 Annual Report.

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

Lacey A. Hart, MBA, PMP
Chief Operations and Financial
Officer/Treasurer

SUBMISSION:

I, the undersigned, certify that I am the President and Secretary 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, M.D.
Chief Executive Officer/President and Secretary

Work Item 1008403800035
Original File Number 834974500056

STATE OF MINNESOTA
OFFICE OF THE SECRETARY OF STATE
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Steve Simon
Secretary of State