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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 and online filings, \$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)

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

3. Enter the information of your public benefit corporation's specific or general benefit, with regard to the period covered by this report as required by 304A. 201 subd. 2 or 3 in the field below (see instructions for further information): Note: Use additional sheets if needed. (Required)

At HBHS, we've brought together clinical expertise and goal of developing an advanced patient surveillance technology to end the suffering caused by healthcare delivery. Our focus has been to help providers pin point the common causes of patient deterioration, develop processes to address gaps, and provide the design for a technology solution that will monitor—in real-time—the actions and inactions leading to patient harm.

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

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:

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:

<input type="text" value="Lacey Hart"/>	<input type="text" value="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



IMAGINE

**Healthcare Delivery
Free From Harm**



**FIRST ANNUAL BENEFIT REPORT
HB HEALTHCARE SAFETY, SBC**

A Minnesota Social Benefit Corporation.

March 1, 2016



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.

In July 2014, a US Senate hearing declared that 400,000 American lives were lost every year secondary to failures of health care delivery (adverse events & diagnostic errors). For decades people have been counting adverse events, yet very little action has been taken to resolve the process and system failures that lead to the adverse events.

Our focus is to help healthcare systems pin point the common causes of patient harm in their systems and processes, provide technology solution(s) that will monitor the action and inactions that lead to harm, and develop processes to address failures of care delivery.

WHY WE OPTED TO FORM AN SBC

With the mission of HBHS is to **reduce harm associated with healthcare delivery**, a Social Benefit Corporation creates a solid foundation for our long term mission alignment & value creation. It protects our mission through capital raises & leadership changes.



Long-Term Value Creation



Positive Brand & Trust



Strong Governance & Management



Transparency

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 WE DO (IN SUPPORT OF OUR PURPOSE / MISSION)

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 and patient stories to promote meaningful change. It is the goal that our technology support activities that drive continuous safety improvement through an iterative approach that provides immediate insight into performance against known gaps and their common causes. The process is broken down into three key corporate activities:



Accelerated Discovery

We perform qualitative & quantitative accelerated analysis to process failures.



Meliorative Processes

We develop & implement improvement initiatives to address the gaps in care & improve patient safety.



Continuous Surveillance.

Through software, we monitor performance & patient health outcomes.

PURSUIT OF PURPOSE

With regard to the period covered by this report, July 1, 2015 to December 31, 2015, HBHS pursued the specific benefit purpose stated in its articles of incorporation as follows.

At HBHS, we've brought together clinical expertise and goal of developing an advanced patient surveillance technology to end the suffering caused by healthcare delivery. Our focus has been to help providers pin point the common causes of patient deterioration, develop processes to address gaps, and provide the design for a technology solution that will monitor—in real-time—the actions and inactions leading to patient harm.

In 2015, our efforts gathered the learnings of major healthcare systems in the development of a standardized approach to learning about opportunities for improvement (OFI) and necessary support from culture perspective and electronic perspective. Our discovery efforts captured significant interest and clinical support with the following organizations contributing to our discovery efforts: Oslo University of Norway, Bon Secours, Texas Health Resources, UHC-Mortality Review Redesign Collaborative, and Mayo Clinic.

We have derived proprietary methods and best practices to address:

- Meaningful assessment of healthcare delivery process and system failures
- Shift from historical culture of blame to focus on system and process of care failures
- A multi-disciplinary, multi-faceted approach
- Actionable insights from events including both omissions and commissions
- Faster & appropriately scaled improvement initiatives in response to OFI
- Increased transparency across organizations regarding OFI
- Actionable data visualization

SUCSESSES

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

HBHS is located in Rochester, Minnesota, a location providing convenient access to Mayo Clinic expertise for “know-how” and a vigorous environment of entrepreneurial growth. Adding more than a decade of Mayo Clinic expertise, we can assist clients to leapfrog their learnings quickly about which issues are contributing to poor outcomes, increased cost, and loss of market reputation.

Leveraging more than 12 year’s clinical experience focused on reducing patient harm, we have been able to test a qualitative & quantitative accelerated analysis methods to identify actionable opportunities for system improvement including:

What is failing - Where it is failing - Why it is failing.

Through a combination of data gathering, analytics, interpretation and data visualization, we have been able to provide meaningful insights and knowledge for healthcare centers to prioritize their healthcare quality improvement initiatives to make a significant difference in lives of patients. For example, at two different healthcare systems we found in one a 5-fold increase in actionable insight opportunities as opposed to traditional adverse event processes alone resulted and in the other a 9-fold increase in actionable insight opportunities.

Our efforts have received greater than expected social media response with a soft launch of linked-on conversations and tweets; with the later reaching 5.7K impressions over our six month period. The highest interest focused on transparency in healthcare with a focus on system improvement rather than a culture of blame. Through social media, we have also made strides in the support of patient advocacy & support for the ‘second victims’ of adverse events, our healthcare professionals.



CHALLENGES

The following is a description of what prevented us from achieving the specific benefit purpose, to the extent that we did not pursue or create the specific benefit purpose in this reporting year.

Currently healthcare systems are reeling from the Accountable Care Act, Electronic Medical Record conversions, and the burden of federally mandated reporting. They are desperate for solutions that offer actionable insights. Yet, Healthcare is a complex with an unforgiving social and political environment. Addressing hospital safety is a highly multifaceted issue requiring a shift in culture and systems to capture opportunities for improvement in a dynamic landscape. The problem currently is plentiful with little ability to prioritize where to start and rightsizing.

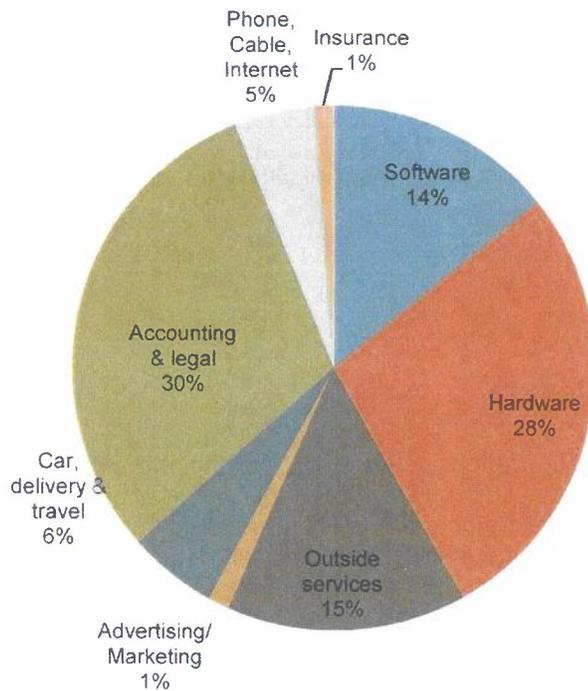
To sustain improvement initiatives and promote efficient opportunity for improvement surveillance requires a robust technology solution. While we made significant progress in the business requirements and technical design, start-up funds were not sufficient this year to begin programming efforts.

LOOKING AHEAD

HBHS will focus in the next year the development and testing of technology that facilitates process improvement through case reviews, recording qualitative and quantitative information, tracking new OFI learnings shared within the hospital and corporate level structures, and creating the ability to track resultant projects and their impact on clinical care. Leveraging our unique and proven methodology it will capture the patient story and their hospital journey and results in the capture of actionable insights for system improvements. The tool is intended to be integrated with other hospital systems to allow for automatic entry of demographic and relevant clinical information. With nursing shortages and anticipated increase in hospital demands with aging population (which display process failures more readily); we offer the ability to decrease FTE demands while addressing core issues.

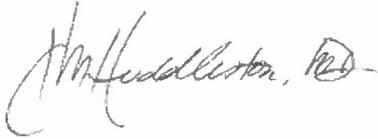
FINANCES & MARKET

HBHS received private seed cash flow from its founders on a monthly basis to cover expenses for a total of \$23,500. Starting 2016, it is expected this will shift to a mix of client revenue and angel funding. Early efforts in 2016 are anticipated to be funded by early adopters willing to test out the pilot software. The target market for HBHS includes multi-facility healthcare systems (hospitals, outpatient and skilled nursing facilities), acute care hospital facilities > 200 beds, and long-term care facilities. Early traction indicates higher cultural readiness in academic medical centers. Additional capital may be sought via social impact investors. Current trends illustrate that Benefit corporations are attractive to a large and growing market for socially responsible and impact investments. As an SBC, we can provide Social investors 1) high social impact; 2) structure to maintain the mission after the next financing or sale and 3) can command higher valuations.



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 First Annual Report.



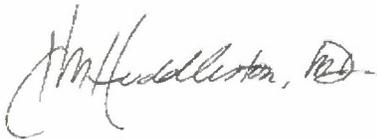
Jeanne M. Huddleston, M.D.
Chief Executive Officer/President and Secretary



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



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STATE OF MINNESOTA
OFFICE OF THE SECRETARY OF STATE
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Steve Simon

Steve Simon
Secretary of State