

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 or online, \$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

2. Corporate Name: (Required)

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 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 its Articles of Incorporation to reduce suffering caused by healthcare delivery. With regard to the period covered by our 2024 Annual Benefit Report,

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.

Handwritten signature of Jeanne Huddleston in cursive script.

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:

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 ☒

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INSTRUCTIONS

This form is intended merely as a guide for filing and is not intended to cover all situations. Retain the original signed copy of this document for your records and submit a legible image for filing with the Office of the Secretary of State.

Before April 1, a public benefit corporation must file an annual benefit report covering the 12 month period ending on December 31 of the previous year. If a public benefit corporation fails to file, before April 1 of any calendar year, the corporation's status as a public benefit corporation will be revoked by the Office of the Minnesota Secretary of State. The report must be in the possession of the Office of the Secretary of State on or before March 31.

1. File Number: Provide the file number issued by the Minnesota Secretary of State.
2. Corporation Name: (Required) List the business name on file with the Office of the Minnesota Secretary of State.
3. Statement that board of directors has reviewed and approved this report.
4. Enter your information for the public benefit corporation's specific or general benefit corporation in this section. Please provide an attachment if there is not enough room to complete this section.

For a specific benefit corporation, the annual benefit report must contain:

- (1) with regard to the period covered by the report, a narrative description of:
 - (i) the ways in which the corporation pursued and created the specific public benefit stated in its articles;
 - (ii) the extent to which that specific public benefit purpose was pursued and created; and
 - (iii) any circumstances that hindered efforts to pursue or create the specific public benefit; and
- (2) a certification that its board of directors has reviewed and approved the report.

For a general benefit corporation, the annual benefit report must:

- (1) certify that its board of directors has:
 - (i) chosen the third-party standard designated pursuant to clause (2), item (i);
 - (ii) determined that the organization that promulgated the third-party standard is independent; and
 - (iii) approved the report;
- (2) with regard to the period covered by the report:
 - (i) identify a third-party standard determined by the board; and
 - (ii) with reference to that third-party standard, describe:
 - (A) how the corporation has pursued general public benefit;
 - (B) the extent to which and the ways in which the corporation has created general public benefit; and
 - (C) any circumstances that hindered efforts to pursue or create general public benefit;
- (3) if the report is the first delivered for filing by the general benefit corporation, explain how and why the board chose the third-party standard identified under clause (2), item (i);
- (4) if the third-party standard identified under clause (2), item (i), is the same third-party standard identified in the immediately prior report:
 - (i) state whether the third-party standard is being applied in a manner consistent with the third-party standard's application in the prior reports; and
 - (ii) if the third-party standard is not being so applied in a consistent manner, explain why;
- (5) if the third-party standard identified under clause (2), item (i), is not the same as the third-party standard identified in the immediately prior report, explain how and why the board chose a different third-party standard; and
- (6) if the general benefit corporation has also stated a specific public benefit purpose in its articles, the information required in subdivision 2, clause (1).

5. A signature is required by the Public Benefit Corporation's chief executive officer.

Email Address for Official Notices. This email address may be used to send annual renewal reminders and other important notices that may require action or response. Check the box if you wish to have your email address excluded from requests for bulk data, to the extent allowed by Minnesota law.

List a name and daytime telephone number of a person who can be contacted about this form.

Filing Fee payable to the Minnesota Secretary of State: There is a filing fee for filing the annual benefit report of \$55 for expedited service in-person or online and \$35 if submitted by mail.

A corporation that has had their public benefit status revoked by our office for failure to file an annual renewal, may reinstate the public benefit status by filing the current year's annual benefit report within 30 days of when we issue the revocation and paying a \$500 fee if submitted by mail and \$520 for expedited service in-person.

Note: The second time the public benefit's status is revoked, the corporation will be unable to reinstate for three years.

NOTE: After revocation of public benefit status, failure to reinstate coupled with failure to change the name to conform to chapter 302A results in automatic expiration of corporate duration 30 days after revocation of public benefit status.

Please submit all items together and mail to the address below:

FILE IN-PERSON OR MAIL TO:

Minnesota Secretary of State - Business Services

First National Bank Building

332 Minnesota Street, Suite N201

Saint Paul, MN 55101

(Staffed 8 a.m. – 4 p.m., Monday - Friday, excluding holidays)

Phone Lines: (9 a.m. - 4 p.m., M-F) Metro Area 651-296-2803; Greater MN 1-877-551-6767

All of the information on this form is public. Minnesota law requires certain information to be provided for this type of filing. If that information is not included, your document may be returned unfiled. This document can be made available in alternative formats, such as large print, Braille or audio tape, by calling (651)296-2803/voice. For a TTY/TTD (deaf and hard of hearing) communication, contact the Minnesota Relay Service at 1-800-627-3529 and ask them to place a call to (651)296-2803. The Secretary of State's Office does not discriminate on the basis of race, creed, color, sex, sexual orientation, national origin, age, marital status, disability, religion, reliance on public assistance or political opinions or affiliations in employment or the provision of service.

PBCAnnualBenefitReportRev01/17/2025



HEALTHCARE SAFETY
SBC

2024 Annual Benefit Report

For HB Healthcare Safety, SBC
A Minnesota Social Benefit Corporation

Prepared March 2025

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 public benefit purpose, 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."



Company Overview

HB Healthcare Safety (HBHS) is unwavering in its belief that no one should endure emotional or physical suffering or even lose their life due to care processes or system shortcomings. When we say “no one,” we encompass patients, families, and caregivers alike. Over the last two years, our original Safety Learning System® methodology has evolved into a comprehensive organizational learning framework called Continuous Organizational Innovation, Improvement, and Learning (COI2L™). Paired with our Healthcare Safeware® SaaS technology, this framework empowers designing and implementing enduring quality enhancements, fostering more dependable healthcare delivery.

HBHS was established through Mayo Clinic ventures by Dr. Jeanne M. Huddleston and Lacey A. Hart. Our mission is clear: to eradicate the suffering caused by healthcare delivery. We are committed to aiding organizations in creating reliable systems that mitigate burnout and enable teams to provide exceptional care. Our passion lies in leveraging our talents and dedication to infuse compassion and learning into every facet of human interactions where care is extended.

We tackle the suffering stemming from process failures through research, education, improvement initiatives, and advocacy, engaging all organizational stakeholders and reaching beyond. As a Social Benefit Corporation, we stand on a strong foundation to help human systems identify common improvement opportunities in care delivery. Our technology solution monitors actions and inactions that may lead to harm while our process development addresses failures. Our unwavering commitment to continuous learning enhances the experience for all, fostering global innovation by building a supportive research community.

Pursuit of Purpose

Regarding the period covered by this report, January 1, 2024, to December 31, 2024, 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 COI2L™ methodology are in their continual improvement cycles as we absorb and disseminate all of the lessons from our Collaborative members. Our training and consulting services assist in identifying opportunities for improvement, training case reviewers, guidance in change management and leadership strategies, facilitating culture change, effective 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 2015. It continues to grow as we seek to reach beyond traditional healthcare and encourage 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 toward improving their overall health, decreasing morbidity and mortality, and working toward preventing suicide.

As a part of our commitment to social benefit, 10% of our net 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 the 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 pages contain the content about our SLS Collaborative 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.



Our Successes

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

Opportunities for Improvement

This year marks the 10th 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 (COI₂L™) lifecycle. This phase allows our Collaborators to identify, name, define, measure, and analyze opportunities for improvement (OFIs) in the broken processes and systems of care delivery where humans care for other humans.

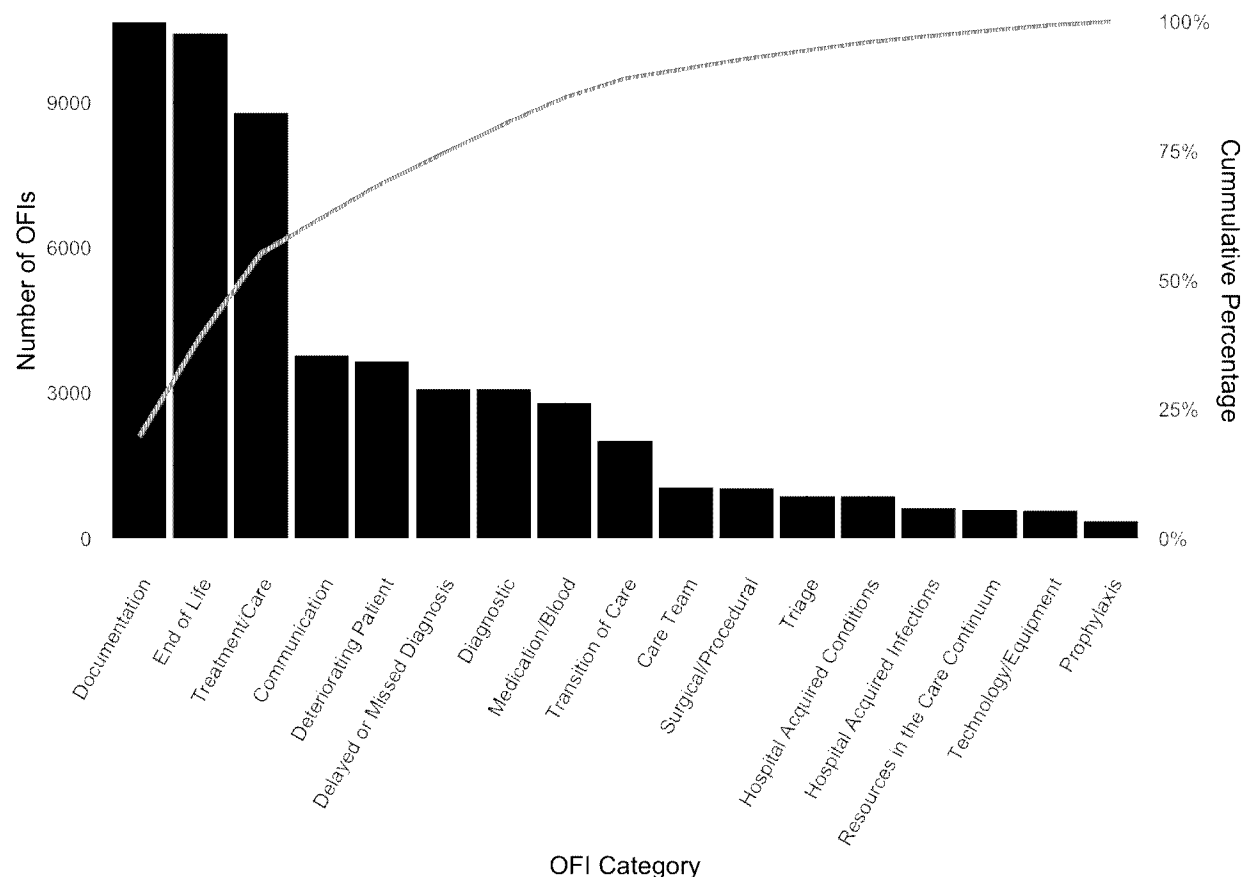
The SLS portion of our COI₂L™ is foundational for participating organizations to actualize real and sustainable change because of its roots in principles of high reliability. The OFIs are identified by frontline multidisciplinary team members – nurses, doctors, pharmacists, and other allied health. Organizations 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 lot from the extensive time commitments made by the SLS Collaborative frontline team members. Since the end of 2015, our Collaborators' frontline care team members have honored the lives and care experiences of 20,855 individuals in their communities. 67.8% of these care episodes reviewed were found to have one or more OFIs.

There is quite a bit of variation in the proportion of cases reviewed that are noted to have one or more opportunities (17 to 100%). We statistically evaluated many factors to understand this wide variation, including the size of the facility, patient demographics, number of cases reviewed, proportions of OFIs 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 openly discusses failures and praises 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's identified are depicted in the graph above. The most common OFIs found by front-line care team members across the Collaborative are categorized as End-of-Life OFIs. These, along with Documentation, Treatment/Care, Communication, Deteriorating Patient Recognition, and Delayed or Missed Diagnosis, comprise 74% of the OFIs 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.

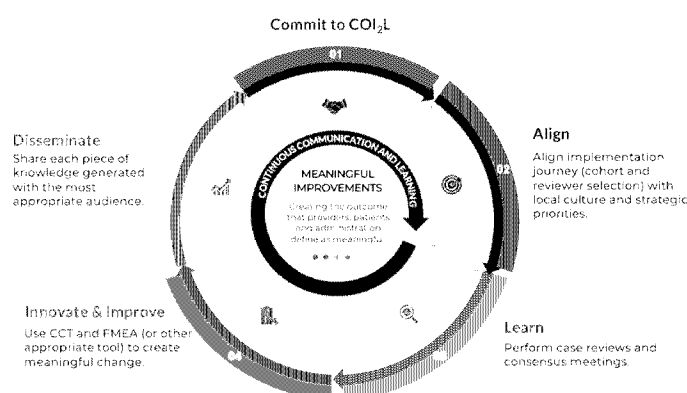
Continuous Organizational Innovation, Improvement, and Learning (COI₂L™)

We consider the further development of COI₂L™ to be a major success this year. We updated 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 a change is taking the first step. 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. The success has been creating the needed curriculum and support system for Collaborators to move from data collection to action. The second hurdle we overcame was recognizing that disseminating new knowledge within an organization is a complex endeavor, and relying on non-communications trained frontline teams to communicate spontaneously to





the right people at the right time was not a wise strategy. We updated artifacts to support live and on-demand training sessions and provided coaching to facilities to leverage their existing communication channels and professionals.

Organizational Transformation

One of the untoward impacts of the COVID pandemic was the emergence and exponential increase in the number of nefarious cyber-attacks targeting healthcare data. Our SaaS holds protected healthcare data. We recognized the business risk facing us and began the pivot to become a highly secure company with high standards of professional policies and procedures. The end of 2024 marked the fourth complete year of the journey to obtain an Agency Authorization to Operate (ATO) from the Veterans Affairs Administration by completing all business and information security requirements of the Federal Risk and Authorization Management Program (FedRAMP). Obtaining and maintaining this certification paves the way for HBHS to work with healthcare sites within the Federal Government, including the Veterans Administration hospitals.

The most exciting portions of our year involved the strategic growth and financial planning necessary to achieve this heavy lift of FedRAMP Certification. More than half of our gross revenue was reinvested in the information system architecture and feature development, professionalizing all business and information security policies and procedures, and the audit with penetration testing by a third party approved by FedRAMP. It was a strategic risk consistent with our social mission to improve the systems of care delivery for some of our nation's most vulnerable patients, our veterans. We are now not only a small business with a social mission, but we are now a small business with a social mission offering healthcare systems confidence in the security of their data.



Our 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 language, training, and promotion of active participation in quality improvement initiatives at all organizational levels for our Collaborators.

Resource limitations remain 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 accomplish daily. Quality improvement 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 increased human error. Organizations are looking for quick fixes and easy solutions. The Safety Learning System™ is not a quick fix but offers a different, more sustainable approach to quality improvement. In response to these ongoing challenges, our strategic priorities have shifted toward Safeware enhancements and efficiencies that leverage new technologies to reduce the burden of case reviews but maximize the impact of analyzing large data sets to identify OFI's. These new initiatives include medical record interoperability and AI to identify OFI themes and trends.

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. In 2022, we hired a full-time Quality and Experience Manager to support our collaborators. In 2023, the individual grew into a fully realized role, allowing us to build even stronger relationships and yield higher engagement with our Collaborators as seen through participation in activities, learnings, case review volume, and on-site engagements.

2024 also afforded us the opportunity to think about how we scale to increase the impact of our services in innovative ways. We have expanded our offerings to allow for maximum flexibility with collaborators that are interested, including



discounted pilot projects and limited free trials. We also expanded access to SLS in the form of individual licenses.

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. Despite the world largely recovering from the COVID pandemic, much of healthcare is still reeling from long-lasting impacts. The nursing staff shortages and tightening margins have led many healthcare systems to terminate positions deemed non-essential to real-time bedside patient care. As stated previously, our learning methodology requires an investment from clinically experienced staff. Unfortunately, these quality and patient safety nurses and their supporting staff are some of the first areas to be cut.

As has become a common practice for HBHS, we granted reprieves and allowed deferred membership fees or discounts. Development funds and vested patient advocates still sponsor some Collaborative members; however, those currently participating are all in the process of making this work as 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 the turmoil in healthcare markets, with hospital closures and high staff and leadership turnover, allowed us only to remain financially neutral again this year.



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 2024 Annual Report.

A handwritten signature in cursive script, reading "Jeanne M. Huddleston MD".

Jeanne M. Huddleston, MD

Chief Executive Officer

President and Secretary

A handwritten signature in cursive script, reading "Lacey A. Hart".

Lacey A. Hart, MBA, PMP

Co-Founder and Member

A handwritten signature in cursive script, reading "Roger W. Marshall".

Roger W. Marshall

Member



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Original File Number 834974500056

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OFFICE OF THE SECRETARY OF STATE
FILED
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A handwritten signature in black ink that reads "Steve Simon". The signature is written in a cursive, flowing style.

Steve Simon
Secretary of State