



HealthPartners*
GOVERNANCE PRINCIPLES
(Revised: June 2019)

HealthPartners Governance Principles

Introduction – A Message from the Boards of Directors

The mission of HealthPartners (“HealthPartners” or the organization) is to improve health and well-being in partnership with our members, patients and the community. To achieve our mission, we are guided by a set of four values; excellence, compassion, partnership and integrity. These values support the trusting relationships we need with our members, patients, employers, employees and the communities we serve that allow us to accomplish our mission.

As member, patient and community representatives, we know that we set the tone and play a clear role in developing, maintaining and leading the culture of the organization. We believe that excellence, compassion, partnership and integrity apply not only to the care you receive and to how we manage the financial aspects of your health but also to how we govern our organization. To that end, we have developed these Governance Principles so that you can see and understand what our role is and how we work. We have also developed these principles so that we can hold ourselves accountable and be worthy of the trust you place in us.

TABLE OF CONTENTS

I.	The Role and Organization of the Board	5
II.	Board Culture	5
III.	Board Selection and Composition	6
	1. Board Needs Assessment and Membership Criteria	
	2. Selection of New Directors	
	3. Extending the Invitation to a Potential Director	
	4. Election Process	
	5. Orientation of New Board Members and Board Education	
IV.	Board Leadership	8
	6. Selection of Chair	
	7. Other Board Officers	
V.	Board Size, Composition and Performance	8
	8. Composition and Size of the Board	
	9. Mix of Management and Member Directors	
	10. Term Limits	
	11. Board Compensation	
	12. Executive Sessions of Directors	
	13. Assessing the Board's Performance	
	14. Board Interaction with Members	
	15. Board's Interaction with Press and Business Constituencies	
VI.	Board Relationship to Senior Management	10
	16. Regular Attendance at Board Meetings	
	17. Board Access to Senior Management	
VII.	Meeting Procedures	11
	18. Selection of Agenda Items for Board Meetings	
	19. Board Materials Distributed in Advance	
	20. Participation and Attendance	
VIII.	Committee Matters	11
	21. Number and Structure of Committees	
	22. Appointment of Committee Members	
	23. Frequency and Length of Committee Meetings	
	24. Committee Agenda	
IX.	Leadership Development	12
	25. Evaluation of the President/Chief Executive Officer	
	26. Succession Planning	
	27. Management Development	

X.	Ethics and Corporate Integrity	13
28.	Conflict of Interest	
29.	Code of Conduct	
30.	Corporate Integrity Program	
31.	Internal Audit	
32.	Principles of Corporate Governance	

I. The Role and Organization of the Board

The HealthPartners Board of Directors (the “Board”) represents members and patients in fulfilling the organization’s mission to improve health and well-being in partnership with our members, patients and the community. The Board is responsible for policy and strategic leadership to ensure that the organization advances its mission. This is an active not a passive responsibility. The Board’s role includes the selection of the President/Chief Executive Officer who is charged with the conduct of the organization’s business. Having selected the President/Chief Executive Officer, the Board acts as an advisor and counselor to the President/Chief Executive Officer and monitors the achievement of the mission. This includes supporting and challenging management to continue to transform the health care system into one that simultaneously improves the health of the population we serve, the experience of the individual patient or member and the affordability of care and coverage, and, monitoring the effectiveness of management policies and decisions including the execution of strategies.

In addition, the Board supports and guides the organization’s efforts to strengthen relationships with members, patients and the communities we serve. The Board also fosters a climate and culture that is supportive of employees. All of these responsibilities are aimed at the successful continuation of the organization.

The same people who are elected or appointed to the Board of HealthPartners, Inc. also serve as the members of the boards of directors of Park Nicollet Health Services, Park Nicollet Methodist Hospital, Park Nicollet Clinic, TRIA Orthopaedic Center, LLC, Park Nicollet Health Care Products, PNMC Holdings and Park Nicollet Enterprises. The persons elected or appointed to the board of directors of Group Health Plan, Inc. also are members of the HealthPartners Board. Meetings of all of these boards occur at the same time. These Governance Principles apply to all of these entities collectively referred to in this document as “the organization.”

II. Board Culture

In order to better ensure the effectiveness of the Board, the Board has developed a Board Culture Statement. This statement defines the organization’s behavioral expectations of each Board member as well behavioral expectations of the Board as a whole. We believe that being intentional about our expectations in recruitment, in orientation and in action will help us best achieve our mission and vision. Our Board Culture Statement is as follows:

“We, the HealthPartners Board of Directors, strive to ensure the achievement of our mission as experienced by our members, patients and the community. We embrace our vision and values in our decisions. We foster respectful dialogue and collaboration to inspire creativity, encourage innovation, and accelerate our strategic priorities.

As individual board members, we prepare, actively contribute our thoughts, encourage differing opinions, listen with curiosity, and constructively challenge each other and leadership. We have disciplined focus, speak with one voice once a decision is made, foster trusting relationships and accept reasonable risk to advance our vision.”

The Board holds itself accountable to this statement through annual self-evaluation.

III. Board Selection and Composition

1. Board Needs Assessment and Membership Criteria

Each year, the Governance Committee reviews with the Board the skills and characteristics needed for the successful operation of the Board. This review includes an assessment of the make-up of the Board, and the current and future needs of the Board. It also includes an assessment of the Board's functional competencies, e.g., finance, law, human resources, and a review of the Board's diversity, e.g., age, gender, race/ethnicity, and health plan market segment representation. In addition, the Governance Committee also considers criteria for board membership that have been established either by state law or the organization's Bylaws, including requirements that except for provider directors (persons licensed to provide healthcare services), board members generally must be covered by plans offered or administered by the organization.

2. Selection of New Directors

Each year, the Governance Committee recommends to health plan members candidates for election to the open Board positions. In developing the slate of candidates, the Governance Committee seeks nominations from members, who are encouraged to nominate themselves in addition to developing possible candidates on its own. The Governance Committee seeks input from the Board, the Chair of the Board and the President/Chief Executive Officer. In developing the slate of candidates that will be elected by the members, the Governance Committee's role is to ensure that the Board has the best possible skills to effectively carry out its duties and that the Board reflects the broader membership of the organization.

All nominees are interviewed by the Governance Committee. The Governance Committee independently selects the best candidate or candidates for any open position. As part of this determination, the Governance Committee also considers the Board Culture Statement and the nominee's ability to abide by it. The Governance Committee determines whether all or a portion of the open seats will be filled through a contested election (more nominees than open seats) or through a non-contested election (one candidate for each open seat). The Governance Committee also determines whether the election will be a general election in which the candidates receiving the highest number of votes will be elected or a seat specific election in which the candidate receiving the most votes for a specific seat is elected or a combination of both. The Board's preference is to hold contested elections; however, the Board's highest priority is to ensure that the Board is well balanced and reflects all of the skill sets needed on the Board.

If there is a vacancy on the Board due to death, resignation, removal or expansion of the Board, the Governance Committee nominates a candidate to fill the vacancy for election by the full Board. In the case of a vacancy, the candidate so elected will fill the unexpired term of that seat.

3. Extending the Invitation to a Potential Director

The invitation to be a nominee for election to the Board is extended by the Chair of the Board and/or the Chair of the Governance Committee and the President/Chief Executive Officer.

4. Election Process

The Governance Committee will ensure that the election of Directors is conducted consistent with the bylaws of the organization. Members eligible to vote are “contract holders” meaning those individuals who hold a health maintenance contract for health care services or who receive health care services through a self-insured contract administered by the organization (dependents do not qualify as “contract holders”). Mail and electronic voting are the only methods used for member voting. The Chair of the Governance Committee appoints a teller committee to validate the results of the election. The teller committee is provided with such outside and/or staff help as may be required. The teller committee reports election results to the Governance Committee Chair who reports the results to the Board and membership. Vote tallies are not shared. Ballots are destroyed 60 days after the election.

5. Orientation of New Board Members and Board Education

The Board has a complete orientation program for new Directors that includes background material, conflict of interest process, a criminal background check, the HealthPartners Code of Conduct, expectations and duties of a director including the Board Culture Statement, meetings with senior management, discussions on the organization’s business, goals, strategies and challenges. The orientation may include visits to HealthPartners facilities at various times.

The Governance Committee supports and encourages continuing Board education to ensure that Board members continue to learn about the organization, governance and the health care industry. As a guide, Board members strive towards completing fifteen hours of education each year with at least five hours focused on the member or patient experience.

IV. Board Leadership

6. Selection of Chair

The role of the Chair of the Board is separate from the role of the President/Chief Executive Officer. The Chair of the HealthPartners Board is elected by and from among the members of the Board. The Board Chair has a two-year term. The Governance Committee oversees the Board's election of the Board Chair.

7. Other Board Officers

The other Board officers are the Vice Chair and the Treasurer. These officers are elected by and from among the members of the Board. The Governance Committee oversees the election of Board officers. These officers also serve two-year terms. The Secretary of the organization is not a Board member. This role is performed by the General Counsel of the organization.

V. Board Size, Composition and Performance

8. Composition and Size of the Board

The HealthPartners Board currently consists of fifteen members. Eight members are elected by the HealthPartners membership. The three member-elected directors of the Group Health Board also serve on the HealthPartners Board. Four provider directors are appointed by the Board. The Group Health Board consists of five members, three elected by the Group Health membership, the Chair of the HealthPartners Board, and, a provider appointed by the President/Chief Executive Officer of Group Health. The President/Chief Executive Officer is an *ex officio* nonvoting member of the Boards.

9. Mix of Management and Member Directors

HealthPartners is member-governed and employee participation as Directors on the Board is limited. The President/Chief Executive Officer is a nonvoting *ex officio* Director. As a care system, HealthPartners values the voice of providers (physicians and other person licensed to provide healthcare services). In order to have this voice in the organization, the Board appoints four providers to the HealthPartners Board

10. Term Limits

Generally, Directors elected by the membership have terms of three years. Directors may be elected to three successive three-year terms. The Board believes that term limits help ensure that there are fresh ideas and viewpoints available to the Board. Term limits also maximize consumer-involvement. The Governance Committee Chair will review with each Director his or her continuation on the Board at the end of each term. This will give each Director the opportunity to confirm his/her desire to continue as a Director and provides

the Board with the opportunity to give feedback about Director performance. Director terms are staggered to promote continuity and experience on the Board.

11. Board Compensation

Directors who are not otherwise HealthPartners employees are paid for their time on the Board. Periodically the Board Compensation Committee will review the compensation of these Directors for their Board and Committee service in relation to compensation by other like organizations nationally and locally. Changes in Board compensation, if any, are proposed by the Compensation Committee and decided by the Board after full discussion.

12. Executive Sessions of Directors

The Board may choose to meet in Executive Session at any time. At a minimum, the Directors meet in Executive Session at the end of each quarterly Board meeting.

13. Assessing the Board's Performance

The Governance Committee regularly conducts an assessment of the Board's performance and reports the results to the full Board. The purpose of the assessment is to increase the effectiveness of the Board.

14. Board Interaction with Members

The Board values the views of HealthPartners members and is committed to effective two-way communication. The Board maintains a variety of means to allow for members to directly communicate with the Board, including through HealthPartners' website. Board members and officers attend the HealthPartners annual meeting and are available to answer any questions pertaining to their office or Committee. In addition, Board members serve on the Member Appeals Committee.

15. Board's Interaction with Press and Business Constituencies

The Board expects management to speak for the organization. In instances where comments from the Board are appropriate, they should, in most circumstances, come from the Chair.

VI. Board Relationship to Senior Management

16. Regular Attendance at Board Meetings

In addition to the President/Chief Executive Officer, the Board welcomes the regular attendance at each Board meeting of the organization's senior management (generally this includes the Chief Administrative Officer, the Chief Financial Officer, the Plan Medical Director, and the General Counsel). As noted above, the General Counsel also serves as the Secretary of the organization. The Chair or the President/Chief Executive Officer may invite additional attendees on a regular or ad hoc basis, as appropriate.

17. Board Access to Senior Management

Board members have direct access to HealthPartners senior management, and senior management attends both Board and Committee meetings. Furthermore, the Board encourages senior management, from time to time, to bring other leaders into Board and Committee meetings when appropriate.

VII. Meeting Procedures

18. Selection of Agenda Items for Board Meetings

The Chair of the Board and the President/Chief Executive Officer establish the agenda for each Board meeting. Board members are invited to suggest the inclusion of items on the agenda.

19. Board Materials Distributed in Advance

Information and data that is important to the Board's understanding of the organization and its activities is distributed to the Board before the Board meets. Management makes this material as concise as possible while still providing the desired information. Board members are expected to review this material prior to the meeting. As a general rule, presentations on specific subjects are sent to Board members for review in advance of the meeting. When the subject matter is highly sensitive, materials may be disseminated and discussed at the meeting.

20. Participation and Attendance

Board members are expected to attend and actively participate in Board meetings including quarterly Board meetings, assigned Committee meetings, Board update meetings, retreats, special meetings, and the annual meeting and certain Board recognition events. The Governance Committee may establish Director attendance or other guidelines for participation as it deems appropriate and as approved by the Board.

VIII. Committee Matters

21. Number and Structure of Committees

The current Committees of the Board are (1) Executive, (2) Finance, (3) Audit and Compliance, (4) Quality, (5) Methodist Hospital Quality Subcommittee, (6) Innovation in Products and Services, (7) Health Transformation, (8) Governance, (9) Member Appeals and (10) Compensation and Leadership Development. The responsibilities of these Committees are determined by the Board. Each Committee has a formal charter that describes the purpose and role of the Committee. Membership on the Committees may include directors, plan members, and employees. Committees that deal with quality of care, provider network issues, and health agenda issues have physician representation. The Board may form a new Committee or disband a current Committee depending upon the circumstances.

22. Appointment of Committee Members

Committee members are appointed by the Chair, in consultation with the Vice Chair, subject to the approval of the Board. In making these appointments, the Chair will consider each Board member's expertise, interest, Board development and availability.

23. Frequency and Length of Committee Meetings

Major Committees generally meet at least four times per year. The Committee Chair, in consultation with Committee members, will determine the frequency and length of Committee meetings based on the accountabilities of the Committee.

24. Committee Agenda

The Chair of the Committee, in consultation with the appropriate members of the Committee and management, will develop the Committee's agenda. This agenda will be provided to Committee members in advance of the meeting.

IX. Leadership Development

25. Evaluation of the President/Chief Executive Officer

The full Board evaluates the President/Chief Executive Officer annually. This evaluation is coordinated and conducted by the Executive Committee and is communicated to the President/Chief Executive Officer by the Chair. The evaluation is based on both objective and subjective criteria including performance of the organization, accomplishment of short-term objectives, development of long-term strategic objectives, development of management, and other criteria set forth by the Board. The evaluation is used by the Executive Committee in the course of its deliberations when considering the

compensation of the President/Chief Executive Officer. The evaluation is also shared with the full Board.

26. Succession Planning

The President/Chief Executive Officer reports at least biannually to the Board on succession planning for his or her position as well as the other senior management positions. The President/Chief Executive Officer's recommendation as to a successor should he/she die, unexpectedly become disabled, or resign is available on a continuing basis.

27. Management Development

The President/Chief Executive Officer regularly updates the Compensation and Leadership Development Committee and the full Board on the organization's program for management development.

X. Ethics and Corporate Integrity

28. Conflict of Interests

The Board has adopted a conflict of interest policy that requires annual and more frequent disclosure of potential conflicts of interest that may exist with Board members, officers and key employees. The Governance Committee is responsible for this policy. The Conflict of Interest Policy can be found on the organization's web site.

29. Code of Conduct

The Board adopted a Code of Conduct that applies to each Board member, every employee and certain other individuals that perform services for, or on behalf of, the organization. This Code of Conduct can be found on the organization's web site. Each Board member reviews this Code and agrees to abide by it. The Code of Conduct is reviewed by the Board at least every five years.

30. Corporate Integrity Program

HealthPartners maintains a corporate integrity program that identifies the standards for behavior for employees. In addition, the program assists employees in complying with the legal, professional and ethical standards that apply to the organization. This program provides employees with a mechanism to alert management and/or the Board of allegations of misconduct without retribution. The Audit and Compliance Committee receives a quarterly report of the significant activities under that program from the Chief Compliance Officer

31. Internal Audit

Under the direction of the Chair of the Audit and Compliance Committee, HealthPartners maintains an internal auditing function designed to provide the Board with reasonable assurance as to the reliability of financial reporting, the effectiveness of operations and compliance with applicable laws and regulations. The Audit and Compliance Committee receives a quarterly report from the Internal Auditor of significant activities under that program.

32. Governance Principles

These Governance Principles are made available to our members and other constituencies to assure transparency in our governance. The Governance Committee will review these Principles at least every five years.

APPROVED: Governance Committee (May 15, 2019)