

Minutes  
Board of Governors  
University of Minnesota Hospitals and Clinics  
December 15, 1976

Members Present: Mr. Harry Atwood, Chairman  
Mr. Albert Hanser, Vice Chairman  
Ms. Lillian Burke  
Mr. David Cost  
Mr. Orville Evenson  
Ms. Debbie Gruye  
Dr. Donald Hastings  
Mr. Stanley Holmquist  
Ms. Sally Pillsbury  
Mr. John Quistgard  
Dr. John Tiede  
Dean Lawrence Weaver  
Mr. John Westerman  
Dr. Paul Winchell

Members Absent: Mr. Al France  
Ms. Jeanne Givens  
Ms. Jo-Anne Lutz  
Dr. John Najarian  
Mr. Ruben Ruiz  
Ms. Timothy Vann

The meeting of the Board of Governors of University of Minnesota Hospitals and Clinic was called to order by Chairman Atwood at 2:10 p.m., in Room 555 Diehl Hall.

Chairman Atwood announced that Ms. Timothy Vann will be having surgery on the following day. He stated that Dr. Winchell had assisted her in seeing Dr. Prem for a second opinion on the advisability of the surgery. He mentioned that at this point, Ms. Vann's hospital was not known but that flowers will be sent to her on behalf of the Board when that information is obtainable.

Chairman Atwood also explained that the packet of newspaper clippings before each members is the most recent to come to the Board office and thus, was made available now rather than mailed.

I. Minutes of the November 17, 1976 Meeting - Harry Atwood, Chairman

Chairman Atwood indicated that the need for a technical correction in the minutes had been brought to his attention. He cited page 9 under Nominating Committee Report where Mr. Evenson moved for approval of the slate of which he was a candidate. Chairman Atwood stated that Mr. Evenson had also recognized that this was not appropriate. He suggested that a change be made stating that Ms. Vann had made the motion. The Board members agreed and Dr. Hasitngs moved that the minutes of the last meeting stand approved as corrected. The motion was seconded and passed.

II. Finance Committee Report - Stanley Holmquist, Chairman

Mr. Holmquist reviewed the November Income Statement with the Board. He explained that although admissions were increasing, patient days were down due to a decline in the average length of stay. He stated that this trend was reflected in the income statement which showed a decline in revenues and expenses. He added that there was also a slight decrease in the occupancy rate. Mr. Holmquist commented that the variance of 1.34% under total budgeted revenue was small.

Mr. Holmquist next reported that the Finance Committee had examined with Staff its recommendation for the next six months of the 1976-1977 fiscal year. He stated that that recommendation involved an annualized rate increase of 2.13% or 4.6% for the last six months. He noted that in adding this to the 9.6% rate increase for the first six months of the 1976-1977 fiscal year, the total annual rate increase is 11.73%. He commented that this was below the current national average of 14%. Mr. Holmquist explained that the reason for the rate increase request was due to the impact of obtaining liability insurance of \$1.5 million and the increase of salaries for cost of living raises at \$500,000. He reminded the Board that although \$.5 million had been budgeted for insurance it did not meet the 40% assessment to the Hospitals for the insurance premium. He added that the Finance Committee had reviewed the liability insurance plan and found the coverage to be adequate and the 40% assessment to the Hospitals by the University for the premium to be equitable. He explained that

funds generated from the rate increase will be placed in reserves to generate interest for a fund to meet the premium requirements. Mr. Holmquist then moved that the Board of Governors approve a 4.26% rate increase to be effective January 1, 1977. Dean Weaver seconded the motion.

Chairman Atwood reminded the Board that they had agreed in July to re-examine the Hospitals financial picture after six months to see if in fact an additional rate increase would be required to meet these then pending financial needs for insurance and salaries. Dr. Tiede asked if the premium included an earlier deposit made to the insurance company. Mr. Fearing explained that in fact the premium will be determined after a three year retroactive evaluation. He added that the \$4 million deposited earlier was a guarantee of future premium payments. Dr. Hastings asked what the per diem rate would now be. Mr. Fearing indicated an amount between \$290-\$305 with community hospitals at \$180-\$190. It was pointed out that malpractice insurance added an additional \$9 to the patient day cost. Comment was made that Chairman Atwood's letter to Dr. French was useful in holding the Hospitals' premium assessment at 40% rather than 45%. Chairman Atwood then questioned how this matter would be handled with the Rate Review Panel. Mr. Fearing explained that a revised letter will be sent to the Panel as the first letter requesting the rate increase was based on estimates. Chairman Atwood called for the vote on the motion requesting Board approval of the rate increase. The motion was passed.

Mr. Holmquist next commented on the Joint Meeting of the Finance and Facilities Committees. He cited the age of many of the buildings and the great need to prepare to investigate the funding alternatives for the capital development program. Chairman Atwood commented that Mr. Holmquist's remarks demonstrated that the present rate increase will not meet the considerable facility and financial needs of the Hospitals in the future.

### III. Facilities Committee Report - John Tiede, Committee Chairman

Dr. Tiede reported on the Joint Meeting of the Finance and Facilities Committees. He reviewed with the Board the various aspects of the ten year capital development plan citing the move of the Business Office and Medical Records to Unit B/C, the occupation of vacated Mayo space, the requirements to meet the Life Safety Codes, the warehousing project and the completion of Unit K/E. He noted that this last item was discussed at their morning meeting in terms of the feasibility of placement of pediatrics units in K/E and expansion of the present surgical suite. Dr. Tiede also mentioned the Committees had discussed such long range plans as the replacement of the Mayo nursing units on the Powell Hall site. The benefits of the joint meeting were pointed out in terms of providing the committees the opportunity to think and plan together, to see the whole picture including the affects of Health Sciences planning, and to get a feel for the future.

Dr. Tiede next reported that that morning the Facilities Committee had considered the radio-paging program. Mr. Larsen explained that originally University Hospitals had planned to lease equipment with Hennepin County General, St. Paul Ramsey, and the V.A. Hospitals to initiate a radio-paging system among the four teaching affiliates. The amount budgeted for this leasing arrangement was \$147,000 and it was planned that the four hospitals would incorporate to solidify this agreement. Mr. Larsen mentioned that the complexities involved in incorporating with a federal hospital were seen as too great to suggest further consideration of that plan. Also, it was learned that if one hospital purchased the equipment and leased to the others, the overall costs to that hospital would be reduced. Mr. Larsen noted therefore, that Staff recommended that University Hospitals' purchase the radio-paging equipment necessitating an amendment to the capital equipment budget. He reiterated that the original amount budgeted for the program was \$147,000, the cost of purchasing the equipment is \$850,000 and thus, a need for approximately \$700,000 must be added to the budget. He explained that the cost of the acquisition and maintenance would be portioned out to the other hospitals. It was noted that this purchase might receive a wiaver to

Certificate of Need, and a non-substantive Federal 1122 review. Further, it was stated that the program could be financed out of reserves.

The benefits of the program in terms of communication for physicians were discussed, as were the cost advantages of this plan over repairing the Hospitals' old equipment. It was pointed out that this new arrangement for the radio-paging system was discussed at the joint meeting. Also noted was the fact that the purchase arrangement would reduce the costs compared to a lease arrangement. Dr. Tiede moved then that the Board of Governors approve the addition of funds estimated to be \$727,000 for the capital equipment budget to purchase radio-paging equipment. The motion was seconded and passed.

Dr. Tiede also reported that the Facilities Committee had been consulted concerning the naming of Unit C. He noted that they had accepted Staff's recommendation and therefore, moved that the Board of Governors recommend through Central Administration to the Board of Regents the name of "University Clinics Building" for Unit C. Mr. Evenson seconded the motion and it was passed. Some members of the Board commented on the lack of originality in the name. Mr. Westerman explained that such a simple name was considered to be of directional assistance to patients.

Dr. Tiede also moved that the Board of Governors recommend approval to Central Administration of the funding of \$1.4 million for the first step of the ten year capital development plan. He explained that that step involved moving Medical Records and the Business Office to Unit B/C. Dean Weaver seconded the motion. Mr. Jones commented that this was part of the space relief program to allow for the expansion of Radiology, Pharmacy, and Laboratory Medicine into the vacated space in the Mayo Building. It was noted that this development was also discussed at the Joint Meeting and that funding for the move would be derived from depreciation reserves. The motion was passed.

At this point, Chairman Atwood introduced Mrs. Jeanette Quast who was in the audience representing the University Hospitals Volunteer Association. He welcomed her to the

meeting, commenting that he was please with the Associations interest in the activities of the Board.

Next, Chairman Atwood presented Ms. Lillian Burke with a plaque expressing appreciation for her service to the Board of Governors over the last year. He noted with regret that as the Health Sciences student representative, her term was for only one year. Chairman Atwood also mentioned that a similar plaque had been presented to Mr. Ruiz, as a departing Board member, by Mr. Hanser the night before at the Joint Conference Committee meeting.

#### IV. General Director's Report - John Westerman, General Director

Mr. Westerman stated that he would be presenting the draft of the Annual Plan. He commented that he would talk about trends over the last two years, highlight areas of interest in the Plan, and indicate budget implications. He mentioned how in listening to the proceedings of the meeting, he had observed that the Board has essentially caught up with the operations of the Hospitals as opposed to attempting to relate to that which had been acted upon in years prior to the Board's appointment. He stated that as the Board has changed so has the development of the Annual Plan. He explained that the time has now come for the Board of Governors to be involved in the process by which the Plan is created. He commented on the various types of programs which had been introduced in the 1975 and 1976 Annual Plan and the trends which they represented in such areas as ambulatory care, personnel resource development, and the external concerns.

In terms of the 1977-78 Annual Plan, Mr. Westerman stated that its development would occur in three phases. First, there will be Board involvement in program development and new program identification. Secondly, budget implication will be addresssed and finally, adjustments for workload and pay plan will be considered. He commented that the Mission of the Hospitals was not for review but added that a committee of the Health Sciences chaired by Dave Preston will be reviewing their mission and this could have implications for the Hospitals. He added that the Plan contained no forward as he was awaiting the in-puput of the various parties who will be reviewing the Plan. At that point, he hoped

to incorporate themes and impressions of the plan into the forward.

Mr. Westerman next examined with the Board specific areas of concentration which were identified in the Plan. He cited the trend to improve productivity in hospitals and the extensive program which University Hospitals has implemented to minimize in-put and maximize out-put. He pointed out the Payroll and the Hospital Information systems as examples of cautious and conservative strives into computer utilization. He mentioned the importance of an infection control program and the value of a reference library. He discussed how the rural co-operative and the Northwest project represented the Hospitals' efforts to meet its mission of out-reach assistance. He indicated how health education, hiring the handicapped, and child care were new directions for University Hospitals. He then quoted an article which described how another University hospital had found its mission to be greatly impaired by a budget slash.

Chairman Atwood pointed out that the Annual Plan and the process for its completion indicated a trend toward bringing the Plan into concert with the fiscal year. He added that he saw this change as beneficial in providing more time and flexibility in examining the Plan. Mr. Westerman noted that the next presentation of the Plan will incorporate dollar impact. To suggest the magnitude of what needs to be considered, he related that 70 new positions were being request for Unit B/C, 10 new House Staff positions, 5 positions for the Northwest project, and 14 new positions for a Department of Psychiatry enhancement program. It was suggested that new positions should be considered only if bed utilization seemed appropriate. Mr. Westerman concluded that the Annual Plan draft will now be brought before various Medical Staff groups. Chairman Atwood stated that the Board could review the Plan and be prepared for a more detailed discussion of its contents in January. Mr. Cost suggested that it would be helpful to have a follow-up report of the accomplishments and discouragements of the two previous annual plans. Mr. Evenson commented that it would be interesting to compare the years. Mr. Westerman noted that these were good suggestions and that he would attempt to respond.

V. Joint Conference Committee Report - Albert Hanser, Chairman

Mr. Hanser reported that the Joint Conference Committee received a Credentials Committee report requesting the appointment of seven physicians to the Medical Staff. Dr. Winchell referred the Board to the list of applicants and as Mr. France had previously suggested, he briefly reported on the background of each physician. Dr. Winchell then moved for approval of the appointments. The motion was seconded and passed. He also explained that attending staff meant full-time practice at University Hospitals while clinical staff were those physicians whose private practices are outside the University.

Dr. Winchell indicated that the number of full-time staff remains approximately 300.

Mr. Hanser then requested that Mr. Baker report on the Bylaws discrepancy. First, Mr. Baker reminded the Board that at their June meeting they had approved the various chairmanships of Medical Staff-Hospital Council sub-committees. He stated that at this time two more chairmanship positions needed Board approval. He explained that in June, the Product Standardization and Evaluation Committee had no chairman but that now Dr. Timothy Bowers was willing to take that position. Also, there was no Medical Risk Management Committee in June, but now that committee has been appointed and Dr. Shelley Chou is seeking approval as its chairman. Mr. Hanser made a motion that these two physicians be approved as Chairmen of the aforementioned committees. Ms. Gruye seconded the motion and it was passed.

Mr. Baker then noted that in preparing for these appointments it was discovered that the Medical Staff Bylaws calls for appointments to be made at the end of the Medical Staff year while the Board Bylaws indicate January. He explained that the Medical Staff was not concerned about how this discrepancy was resolved but suggested that the Board of Governors Bylaws Committee consider the matter and present a recommendation to co-ordinate the approval process. Chairman Atwood stated that the Bylaws Committee was required to review the Bylaws annually. He requested Ms. Foley to see that this matter is brought

before them. Ms. Foley commented that Mr. Diehl was preparing an analysis of the Bylaws in preparation for the Bylaws Committee review. She added that she would suggest incorporation of this discrepancy in his report.

Mr. Baker also reported that because there was no medical audit the Joint Conference Committee considered the re-appointments of the Clinical Chiefs. He explained that this was an annual process and excluded Dr. Thompson, Dr. Prem and Dr. Resch because they are still serving under their 3 year terms of initial appointment. He added that the Joint Conference Committee had neglected to consider the approval of Dr. Najarian as the Chairman of the Council of Chiefs of Clinical Services and asked if the full Board would like to consider that appointment now. Mr. Hanser moved for the approval of the re-appointments of the Clinical Chiefs and the appointment of Dr. Najarian as the Chairman of the Council. The motion was seconded and passed.

Mr. Hanser then referred to Ms. Pillsbury to continue the report of the Joint Conference Committee as he had had to leave the meeting at that point. Ms. Pillsbury reported that Dr. Winchell presented the Medical Staff-Hospital Council report. She stated that in terms of the Quality Assurance Committee, no medical audit was presented to the Joint Conference Committee. She explained that they were informed that the audit had been completed and returned to the departments involved for comment. The Chief of one department had not responded in time for the audit to be submitted for Joint Conference Committee review. Ms. Pillsbury noted that Dr. Winchell indicated will look into this matter to assure that he is informed of such situations in advance. Further, he will investigate tightening the audit process so that there will be no difficulties in completing the annual requirement of medical audits.

Ms. Pillsbury next stated that the Joint Conference Committee had discussed the criteria for determination of brain death as proposed by the Minnesota State Medical Association. She explained that Dr. Chou had been on the committee which developed these criteria and that they were being brought to the Board's attention for the Board's endorsement

to be used by the members of the University Hospitals Medical Staff. Ms. Pillsbury then read the following resolution:

WHEREAS, scientific medical evidence indicates that the human body cannot survive absent any brain function;

WHEREAS, a person whose brain is without life supporting function may nevertheless appear to be alive due to the assistance of modern electronic and mechanical devices that can be attached to and inserted in the human body to create breathing and heart function;

WHEREAS, persons without life supporting brain function who are thus supported are nevertheless dead; and

WHEREAS, the Minnesota State Medical Association as well as other professional groups from throughout the country and, indeed around the world have formally stated the medically accepted criteria for measuring whether a person's brain cannot support life;

NOW THEREFORE, BE IT RESOLVED that the University of Minnesota Hospitals and Clinics hereby adopts the Criteria for the Determination of Brain Death as approved in November, 1976, by the Minnesota State Medical Association, as an acceptable reference for physicians admitted to practice in the Hospitals to use in exercising their medical judgment to determine if a death has occurred.

Considerable discussion then followed on the criteria for brain death determination. Dr. Winchell pointed out that he viewed the criteria as excellent in that it did not mandate any specific procedures but relied upon good clinical judgement. Mr. Diehl commented that the criteria could be a standard practice admissible in court to support the actions of the physician. It was also pointed out that there was no relationship between this issue and the Quinlan case as Ms. Quinlan's brain was not dead. Ms. Burke stated that she had done considerable reading on the subject of brain death and suggested that it was a very complex issue which should be considered at more length. Ms. Pillsbury responded that the subject had had much thought resulting in the development of criteria by medical professionals themselves. Mr. Evenson questioned how the adoption of these criteria would affect the Board of Governors. It was pointed out that Board endorsement would simply represent a provision of guidelines under which Medical Staff members could function. Ms. Burke moved to refer the resolution to the Joint Conference Committee for further consideration. The motion received no second. Another motion was made stating Board of Governors adoption of the resolution.

This motion was seconded and passed with one dissenting vote.

Ms. Pillsbury continued the Joint Conference Committee report. She stated that Dr. Najarian was not in attendance but that Mr. Baker had reported that the Clinical Chiefs were involved in consideration of the problem-oriented medical record and the issue of including nurses' notes with the progress notes of physicians. She also commented that they discussed the plans for an Early Discharge Program which required that departments anticipate a patient's discharge one day in advance and have the patients' discharge plans prepared by 7:00 p.m. She explained that this mechanism would enable patients to leave the hospital earlier the next day. Also beds could then be made more readily available for incoming patients.

VI. Trusteeship Seminiar Sponsored by the Minnesota Hospital Association - John Tiede, Board Member

Because of the lateness of the hour, Dr. Tiede agreed to defer his report on the Mankato seminar until the January meeting.

VII. Nominating Committee Report - Timothy Vann, Chairperson

In Mrs. Vann's absence, Ms. Foley reported that on December 10, 1976, the Board of Regents approved the reappointments of Mr. Evenson, Ms. Givens, Ms. Pillsbury, and Mr. Holmquist to the Board of Governors for terms of three years. She stated that they also approved the re-appointments of Mr. Atwood and Mr. Hanser as Chairman and Vice Chairman of the Board for one year terms. The new appointment of Mrs. Coates and the CHIP appointment of Mr. Ronald Werft were also approved. Ms. Foley explained that Mr. Werft is the Health Sciences student representative. She added that he is a student in the Program in Hospital and Health Care Administration within the School of Public Health. Ms. Foley referred the Board to the Nominating Committee section in their books where they could find biographical sketches of Ms. Coates and Mr. Werft.

VIII. Board Concerns - Harry Atwood, Board Chairman

Chairman Atwood announced that an article about the University of Minnesota Hospitals' Board of Governors was expected to be published in the January issue of Trustee. It was mentioned that the article was written by Ms. Foley, Mr. Van Hulzen, and Mr. Westerman. Mr. Holmquist commented that he hoped Ms. Foley would discuss the issue of patient sensitivity at a future Board meeting. Ms. Foley mentioned that consideration was being given to having Ms. Kathy Countryman, Director of the Patient Relations Department report to the Board on activities in her department and upcoming legislation which will have an impact on patients rights and responsibilities.

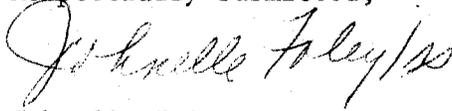
Ms. Susan Stuart-Otto next distributed new University Hospitals' brochures to the members of the Board. Chairman Atwood commented that the Boards' evaluations of the retreat had also been distributed and suggested that each member review the comments. He mentioned that he was considering appointing a task force to develop the next retreat format when that time approaches.

Chairman Atwood then reported that he had reviewed the tabulation of Board responses regarding committee appointments. He indicated that all but 3 or 4 members were generally pleased with their present assignments. He commented that two approaches could be taken in arranging the committees for 1977. The first theory he presented was that of rotating assignments to provide exposure to different committees and subjects. The second theory he mentioned suggested the benefits of experience in one area and the continuity which that provided. He then asked for feedback on those theories from the Board. Mr. Evenson stated that he was an advocate of continuity as it could be difficult to be orientated into a new committee at this time. Mr. Holmquist commented that he would support rotation after one more year. Chairman Atwood stated that he would consider these comments and hope to have the new committee assignment list to the Board

in early January. He added that he would attempt to the best of his ability to accommodate member's requests.

There being no further business, Chairman Atwood adjourned the meeting to the Christmas Party in the Campus Club at 5:00 p.m.

Respectfully submitted,



Johnelle Foley  
Secretary

Minutes  
Board of Governors  
University of Minnesota Hospitals and Clinics  
November 17, 1976

Members Present: Mr. Harry Atwood, Chairman  
Ms. Lillian Burke  
Mr. David Cost  
Mr. Orville Evenson  
Mr. Al France  
Ms. Debbie Gruye  
Mr. Stanley Holmquist  
Ms. Mary Lebedoff  
Ms. Jo-Anne Lutz  
Mr. John Quistgard  
Ms. Timothy Vann  
Mr. John Westerman  
Dr. Paul Winchell

Members Absent: Ms. Jeanne Givens  
Mr. Albert Hanser  
Dr. Donald Hastings  
Dr. John Najarian  
Ms. Sally Pillsbury  
Mr. Ruben Ruiz  
Dr. John Tiede  
Dean Lawrence Weaver

The meeting of the Board of Governors of University of Minnesota Hospitals and Clinics was called to order by Chairman Atwood at 2:05 p.m., in Room 555 Diehl Hall.

I. Minutes of the October 20, 1976 Meeting - Harry Atwood, Chairman

Mr. Quistgard moved that the minutes of the last Board of Governors meeting be accepted.  
Ms. Gruye seconded the motion and it was passed.

II. Finance Committee Report - Stanley Holmquist, Chairman

At Mr. Holmquist's request, Mr. Fearing reviewed the July - October, 1976, Income Statement with the Board. Mr. Fearing indicated the reduction in patient days was affecting a reduction in revenue from operations. He added that other factors such as low activity in the Bone Marrow Transplant Program and reduced ordering of tests were also affecting this trend. He pointed out that a concurrent decline was occurring in expenses and that should the trend continue, a fiscal year end variance over budget revenue of only

\$10-12,000 should exist. He added that the current variance required no adjustment but that final determinations of the cost of insurance and the January 1977 cost of living salary increase will most likely necessitate the rate increase.

Chairman Holmquist commented that the statement reflect the Hospitals' and Medical Staffs' efforts to keep the cost of health care down by shortening lengths of stay and reducing the number of tests ordered. It was further noted that University Hospitals has applied to the Minnesota Hospital Association's Rate Review Panel for a rate increase of 2.6% and that the Board will be required to grant approval of any increase in December for implementation in January, with 2.6% being the allowable maximum.

Chairman Atwood then recognized the noteworthy efforts of Mr. Don Van Hulzen who had successfully chaired the Citizens Leagues Committee on Child Care. Chairman Atwood commented that the report which the task force produced appeared to be of excellent quality.

### III. Joint Conference Committee Report - Albert Hanser, Chairman

In Mr. Hanser's absence, Mr. Evenson presented the report of the Joint Conference Committee. He indicated that Drs., Locke and Drage and Mr. McKee presented to the Committee a report of the last Disaster Drill held in October. He explained that the drill simulated an explosion in Northrup Auditorium affecting 49 victims. He stated that the problems experience in the drill were minor and correctible and that generally, the professionals observing the drill were impressed with its execution. He added that a surprise drill was planned for December.

Mr. Evenson reported that the Credentials Committee had not met and thus, there was no action to be taken in that area. He also mentioned that no medical audits were reviewed. He did state that Mr. Steve Carlton, Director of Protection Services, presented a report on the Hospitals' Safety Program. He noted that the plan met the requirements of the JCAH, OSHA and the Risk Management Committee. He mentioned that the plan included safety training for all employees and safety inspections of all areas of the Hospitals including

double inspections of the Laboratory areas.

Mr. Evenson further stated that Dr. Winchell and Mr. McKee reported on the JCAH site visit. He commented that both found the surveyors to be fair, professional, and helpful. Other areas which Mr. Evenson mentioned as having been discussed by the Joint Conference Committee were the selection process for Clinical Chiefs, the construction schedule of unit B/C, the University's liability insurance program and the abortion situation. Mr. Evenson explained that an 8 point selection process for Department Head/Clinical Chiefs had been agreed upon by the Hospitals and the Medical School. He mentioned that the process had been approved by various key groups and required Board of Governors approval. Mr. Baker read and briefly explained the process to the Board, noting that it would be attached to the minutes. It was decided that the Board would defer action on the approval until December to allow members the opportunity to examine it further.

Ms. Gruye asked who was requesting abortion services at University Hospitals. Mr. Baker stated that the University Feminist Group had appeared before President McGrath and the Board of Regents. He explained that he and Dr. Winchell had met with the group and had pointed out that there existed no known unmet need for abortions in the metropolitan area. He added that the group would be meeting with the President again on December 1, 1976.

Ms. Burke inquired as to whether Medical students were being trained in abortions.

Dr. Winchell responded that they were, that first and second trimester abortions were available at University Hospitals but that there was not a separate clinic. He added that the teaching affiliates also provided this service and that it was essentially Medical School business. Chairman Atwood concluded that the abortion matter was not on the agenda and that at this point its resolution was in the hands of the Board of Regents. He added that future discussion of abortion policy would most appropriately go through the Joint Conference Committee.

General Director's Report - John Westerman, General Director

Mr. Westerman began his report by mention of a security matter. He stated that

security has always been difficult to maintain in a complex the size of University Hospitals. He commented that two years ago Mr. Carlton was hired and the Department of Protection Services was established to develop a security plan. He noted that although much had been accomplished in this endeavor, an incident involving attack with threat to kill had occurred on November 11, 1976. Mr. Westerman described the incident, which involved a female Protection Officer, and the immediate corrective actions which were taken as a result. He added that elements of the security plan will be reassessed and that additional protection measures in such areas as parking ramps will be considered. Mr. Westerman concluded that the women involved was well and that every effort was being taken by the Hospitals to assure her safety and comfort. Ms. Vann noted that health facilities appeared to be a target for such occurrences and requested the sharing of any solutions addressing security.

Mr. Westerman noted that Ms. Stuart-Otto, Director of Public Relations, was present and commended her on her appointment as Vice Chairman of the Public Relations Group of the Association of American Medical Colleges.

Mr. Westerman stated that the State Rate Review regulations are ready for public hearing. He commented that they were stringent but of good quality and carefully prepared. He also mentioned that consideration was being given to requesting that University Hospitals be in a special classification with Ramsey and Hennepin County Hospitals. He noted that certain unique variables of the teaching hospital could justify such a categorization.

Mr. Westerman also reported that progress on the Hospitals' Annual Plan for 1977, would be presented to the Board of Governors in December. He highlighted certain topics which would be covered in the plan such as the application of research to service, the organizing for ambulatory care, and the planning required to meet the impacts of inflation, patient mix and needed services. Chairman Atwood suggested that, if possible, it would be helpful to provide Board members with copies of the plan prior to the December meeting.

V. Professional Liability Insurance Coverage - Donald Brown, Asst. Vice President for Finance

Mr. Brown commented briefly on his shared interest in security. He noted that a recent court decision had found an institution liable in a rape incident for not providing adequate security.

Mr. Brown began his discussion of the University's Liability Insurance Plan by indicating that he would not mention limits but only state that they are substantial. He added that the plan is not totally placed but very close to final completion. He explained that liability in this instance was defined as liability for injuries to third parties as in cases of property damages or personal injury to others. He stated that there were four separate policies with the first two being for the University's aircraft and automobiles. Mr. Brown stated that the third policy would be of particular interest to the Board of Governors. It covers directors and officers errors and omissions, failure to perform, and discrimination. He added that such a policy indemnifies the Board of Governors as in cases of anyone acting in the Regents behalf. He commented that only one insurance company was writing such a policy and that the University purchased the maximum coverage. Mr. Brown also explained that the reason so few insurance companies were willing to provide this type of coverage was because they were unsure as to what exactly they would be covering or what type of suits would arise and how they would be settled by the courts.

The fourth policy which Mr. Brown described as a comprehensive general liability policy which is to cover everything else involving students and faculty who are acting in behalf of the Regents. He noted that this policy was with the Insurance Company of North America and was the most difficult to obtain because of the various considerations for Health Sciences people which involved physicians, students, technicians, hospital employees, etc. He pointed out that the policy is an occurrence form policy which provides coverage when-

ever the suit is filed. He cited the benefits of this type over a claims made form which covers you against suits only while you have the insurance, necessitating the continuous purchase of coverage. He added that the INA policy has a retrospective rating clause which allows for the readjustment of premiums if the experience is good or a doubling of the premium if it is not. He noted that the affect in numbers of suits with the loss of sovereign immunity was an uncertainty. He also added that the program had several layers of excess coverage with several companies with one layer not in place as of yet.

Mr. Brown commented that the cost of the policy was astronomical, that he was not certain it was the best policy and that he would have preferred to self-insure. He noted however, that there were not sufficient resources to do so. He stated that it was imperative to cover the vast resources of the University and that this plan appeared to be the best method for now. He explained that responsibility for the insurance premium would probably be divided according to 40% to the Hospitals, 40% to the clinical faculty, and 20% to the remaining units of the University. He mentioned that this would be studied further but that those involved in the frontiers of medicine created the greatest risk to the University.

Both Mr. Holmquist and Ms. Burke inquired as to how the premium responsibility breakdown was determined. Ms. Burke stated her conviction that the Hospitals portion was too high and that Hospital administration had to this point not been allowed adequate input in the decision making process. Mr. Brown responded that this was not a final decision as the total costs for the insurance package were unknown. He explained that underwriters studied and evaluated the risks and INA suggested this rough breakdown based on the malpractice risk issue. He added that the Hospitals' administration will be closely involved before a final decision is made as to what portion the Hospitals will pay for the coverage.

In response to other questions raised by Board members, Mr. Brown told of the high costs which other institutions were paying for such coverage. He stated that insurance companies simply do not have their reserve to cover the unknown. In terms of the Legislature, he noted that legislation was enacted last Spring in which they assumed

responsibility for the acts of all State employees including the University up to \$100,000. Mr. Brown concluded that this was not seen as sufficient coverage for a corporation such as the University with its own assets.

Mr. Atwood summarized that he realized the Regents were buying what protection is available. He stated that the Governors are concerned that the Hospitals' assessment for the premium is fair with thorough explanation and justification. He concluded that he hoped final figures could be available by December when the Board will be deciding on its rate increase.

VI. Introduction to Clinical Research Center - Frederick Goetz, M.D., Professor, Department of Medicine

Mr. Westerman introduced Dr. Goetz and stated that there were 82 Clinical Research Centers in the United States. He mentioned that only 61 of those centers had Medical School affiliations and that 29 of those were recently terminated. He added that University Hospitals was fortunate to have this center and a director like Dr. Goetz who serves as a catalyst to stimulate investigation.

Dr. Goetz began by mentioning that the center would be reviewed soon and that this was a good time to survey its purposes. He explained that clinical referred to the patient being the subject of study. He noted that patients were admitted to the center only after a scientific care plan had been developed and reviewed and approved by a committee of the center and the University's Committee on Human Subjects. Then, the plan would be explained to and consented to by the patient and he or she would be admitted. He added that lengths of stay in the center varied according to the particular research being conducted.

Dr. Goetz stated that investigators came from all parts of the University and the Health Sciences. He described the center as being located on the second floor of Masonic Hospital with laboratory space in the adjacent VFW wing belonging to the Medical School. He commented that this situation sometimes caused administrative difficulties. He added that one grant covered the entire program.

In terms of the types of investigations which are conducted in the center, he mentioned the study of diet and its affects on teeth and kidney transplantations. He displayed an article recently published in the New England Journal of Medicine on the affects of diabetes in the kindney transplant process. Ms. Burke mentioned that she had read the article and found it to be excellent.

Mr. Westerman asked if Dr. Goetz found that with the reduction in research grants that there is a concurrent reduction in the interest of young people in investigations.

Dr. Goetz responded that there was a need for more young researchers especially for those who share an interest in research and patient care. He noted that the center usually has an occupancy of 85% but that presently there is a lull in activity.

Mr. Westerman also asked if Dr. Goetz concurred that there is a need to more carefully define primary care to assure quality patient care. Dr. Goetz commented that there appears to be difficulties in terms of primary physicians' utilization of drugs and drug interactions and added that this is frequently studied in the research center.

Mr. France asked about the differences involved in basic and applied research. Dr. Goetz noted that it is important to keep basic animal research alive or applied research will become sterile. Mr. Atwood inquired as to where the center's patients come from.

Dr. Goetz explained that there were many sources including the Hospitals' in-patients, other hospitals, and physician referrals. He added that it was the investigator's responsibility to secure patients for study. Dr. Goetz noted that much of his task involved co-ordinating the right physician with the right problem to study. He concluded that the work of the Clinical Research Center was dependent upon the human motivations of both the investigators and the subjects. He added that Board involvement in the review of the Center's activities would be welcomed.

Ms. Lebedoff mentioned the Minnesota Time Capsule which she was involved in working on and which will be opened in the year 2075. She thanked Dr. Winchell for his assistance in pointing out the many unique contributions of University Hospitals to medical sciences.

VII. Nominating Committee Report - Timothy Vann, Committee Chairperson

Ms. Vann reported on the Nominating Committee process and actions to date. She explained that there was a need to fill Mr. Ruiz's vacancy, that a candidate had been contacted, that Mr. Ruiz had supported that candidate as had all Board members. Ms. Vann then submitted the following slate for appointment to three year terms on the Board of Governors:

Ms. Orville Evenson  
Ms. Jeanne Givens  
Mr. Stanley Holmquist  
Ms. Sally Pillsbury  
Ms. Dionisa C. Coates

Mr. Evenson moved that the slate of members of the Board of Governors be accepted for submission to the Vice President for Health Sciences. Ms. Lebedoff seconded the motion and it was approved.

Ms. Vann then moved that the Board of Governors approve the Nominating Committee's recommendation maintaining the current Board officers, Mr. Atwood and Mr. Hanser, in their present positions as Chairman and Vice Chairman. Mr. Holmquist seconded the motion and it was unanimously passed.

There being no further business, Chairman Atwood adjourned the meeting at 4:45 p.m.

Respectfully submitted,



Jonnelle Foley  
Secretary

Medical School/University Hospitals

Departmental Chairman/Clinical Chief

Selection Process

1. In accord with present practice, a Medical School search committee is established by the Dean to identify the best qualified candidates for the position of Department Head in the Medical School. Hospital Administration is represented on that search committee and participates in its deliberations. The search committee remains sensitive through its deliberations of the probability that the Department Head will also serve as the chief of the clinical service in the Hospitals.
2. In accord with present practice, the search committee develops and forwards their recommendations to the Dean of the Medical School. The Dean, in consultation with the Faculty Advisory Council, the General Director and search committee determines the candidate with whom final negotiations will be pursued.
3. The ~~Dean and~~ General Director of ~~the Hospitals~~ shall advise the Hospitals' Joint Conference Committee of their choice. The Board of Governors shall review the applicant's credentials and advise the General Director regarding their findings.
4. The Dean will present his nomination to the Board of Regents via the Vice-President for Health Sciences and the President's Office.
5. The Regents shall consider the recommendation for appointment as the Head of the Medical School Department.
6. Assuming that the person appointed by the Board of Regents as the Medical School Department Head decides to be chief of clinical services, and in accord with previous Board of Governors endorsement, the Board of Governors shall appoint the Department Head as the chief of clinical service in the Hospital in accord with Medical Staff Bylaws, Article III, Section 4 (a).
- 6.B. If the Medical School Department Head is housed in another institution, or, regardless of its location, if the Medical School Department Head chooses not to be chief of the clinical service in the University Hospitals, the Department Head appointed by the Regents in consultation with the Dean and General Director shall make a nomination to the Hospitals' Board of Governors for the position of chief of the clinical service as provided in the Medical Staff Bylaws, Article III, Section 4 (a). Such nomination shall be accompanied by a detailed description of the nominee's credentials and qualifications to hold this position. This nominee shall be reviewed by the Joint Conference Committee, which shall make a recommendation to the Board of Governors. The Board of Governors, in turn, shall decide whether or not to appoint the nominee as chief of the clinical service in accord with Medical Staff Bylaws, Article III, Section 4 (b).
7. If the person appointed by the Board of Governors as the chief of clinical service is not the head of the Medical or Dental School clinical department, such person shall be subject to annual reappointment pursuant to the process described in 6 (b) above, and Article III, Section 4 (c).

Minutes

Board of Governors

University of Minnesota Hospitals and Clinics

October 20, 1976

Members Present: Mr. Harry Atwood, Chairman  
Ms. Lillian Burke  
Mr. Orville Evenson  
Mr. Al France  
Ms. Jeanne Givens  
Ms. Debbie Gruye  
Mr. Albert Hanser  
Dr. Donald Hastings  
Mr. Stanley Holmquist  
Ms. Mary Lebedoff  
Ms. Sally Pillsbury  
Mr. John Quistgard  
Ms. Timothy Vann  
Dean Lawrence Weaver  
Mr. John Westerman  
Dr. Paul Winchell

Members Absent: Mr. David Cost  
Ms. Jo-Anne Lutz  
Dr. John Najarian  
Mr. Ruben Ruiz  
Dr. John Tiede

The meeting of the Board of Governors of University of Minnesota Hospitals and Clinics was called to order by Chairman Atwood at 2:40 p.m., in Room 555 Diehl Hall.

I. Minutes of the September 15, 1976 Meeting - Harry Atwood, Chairman

Ms. Vann moved that the minutes of the September meeting of the Board of Governors be accepted. Ms. Gruye seconded the motion and it was passed.

Chairman Atwood introduced Ms. Diane Egnar, who would be sitting in on the meeting as a reporter for the Minnesota Daily newspaper.

II. Report of the JCAH Summation Conference - Harry Atwood, Chairman and Robert Baker, Associate Director

Chairman Atwood stated that surveyors from the Joint Commission on the Accreditation of Hospitals had been site visiting University Hospitals for the last three days. He explained that they had just held their Summation Conference which he and Vice-Chairman Hanser had attended along with the Committee Chairmen. He noted that Mr. Quistgard had taken Dr. Tiede's place representing the Facilities Committee. Chairman Atwood also mentioned that he and Vice Chairman Hanser had been present for the survey kick-off and that Ms. Pillsbury had attended the Medical Care Conference of the JCAH representing the Joint Conference Committee. He further explained that the accreditation decision is not known at this time and that the Summation Conference was essentially a discussion of first impressions by the surveyors. Chairman Atwood commented on Mr. Westerman's position as a Commissioner on the JCAH Board.

Mr. Baker explained that the survey team consisted of a physician interested in clinical services, Medical Staff Bylaws and committees quality assurance, and special care units'; a nurse interested in nursing services and ancillary services; and an administrator interested in governance, facilities, and finance. He commented that the quality of the team members was exceptional and that they had made their site visit an interesting and educational experience for the Hospitals.

Mr. Baker reiterated that the summation conference was only a verbal summarization and that he would hold comment of the actual recommendations until the written report is received. He added, however, that the number of recommendations appeared to be reduced by 75% from last year. Mr. Baker also explained that the previous years survey had been conducted using 1967 National Fire Protection Association codes and that in the interim

the 1973 codes had been adapted by the Joint Commission on Accreditation of Hospitals resulting in many new standards. He mentioned that this caused no surprises as the facilities planning staff have been close to these new codes and had documented plans for addressing them. He mentioned that the administrator team member had suggested that he was willing to go to the JCAH's main offices in Chicago to assist in explaining University Hospital's plans to their staff technicians. Mr. Baker commented that the potential did exist for another 1 year accreditation because of the difficulties in achieving compliance with construction codes.

Dr. Winchell commented that this survey demonstrated that many of the citations of last year were based on lack of understanding on the part of the survey team. Ms. Pillsbury inquired into the conflict between the JCAH and the Bureau of Health Insurance. Mr. Westerman explained that the JCAH was reluctant to adopt the 1973 NFPA codes because of the impracticality of immediate implementation for hospitals with older facilities. He stated that the BHI then resurveyed **selected** hospitals which had been previously surveyed by JCAH and found the hospitals out of compliance. The Commission has since then accepted certain elements of the codes but has also taken the issue to court challenging that the BHI released confidential information. Mr. Westerman concluded that this situation essentially demonstrated government's interest in taking over the JCAH role. Chairman Atwood concluded that the administrator team member was considerably impressed with the Board's record of attendance. It was noted that it would be approximately 120 days before the Hospitals would receive its written report from the JCAH.

### III. Joint Conference Committee Report - Albert Hanser, Committee Chairman

Mr. Hanser referred the Board to the list of four (4) applicants seeking University Hospitals' Medical Staff appointments. He noted that these appointments were recommended by the Credentials Committee. Dr. Winchell

moved for their acceptance. The motion was seconded by Ms. Lebedoff and passed.

Mr. Hanser explained that Ms. Jan Schindler had provided the Joint Conference Committee with a status report on the number of medical audits completed. It was demonstrated in the report that with a reclassification of the audits, the required 12 audits had been accomplished for the year. Mr. Hanser also noted that the Committee had reviewed audits on surgical and non-surgical pediatric blood transfusion. Mr. Evenson moved that the audits be accepted and the motion was seconded.

Mr. France raised concern as to the procedure for accepting Medical Staff appointments and medical audits. He suggested that biographical sketches on applicants and brief synopsis of audits be provided to the Board members. Mr. Atwood suggested that the Board move ahead with the acceptance of this audit and requested Mr. Diehl to investigate the confidentiality issue in terms of reviewing medical audits.

Mr. Evenson's motion was accepted and passed.

Mr. Hanser referred to Mr. Westerman to report on the appointment of Dr. James Moller as Interim Chief of the Department of Pediatrics.

Mr. Westerman explained that there does exist a search committee to find a replacement for the retiring Dr. John Anderson and that until such a replacement is found for Pediatrics, Dean Gault had suggested the appointment of Dr. Moller as Interim Department Chairman.

He explained that the Regents has already accepted Dr. Moller's appointments as an academic department chairman and that it was now up to the Board of Governors to accept his clinical appointment. Dr. Winchell, Ms. Burke, and Mr. Westerman commented on Dr. Moller's outstanding qualifications. Mr. Hanser moved that Dr. Moller be appointed Interim Chief of the Department of Pediatrics.

Ms. Lebedoff seconded the motion and it was passed.

Mr. Hanser also reported that Mr. McKee had given the Joint Conference Committee an update on preparations for the JCAH visit. He noted that Dr. Winchell had reported on discussions regarding the procedure for Medial Staff reappraisal. Dr. Winchell interjected that University Hospitals had evidently been in compliance on this matter all along.

Mr. Hanser also reported that Ms. Foley had provided the Committee with a summarization of patient questionnaire findings. At Mr. Hanser's request, Mr. McKee commented on the Hospitals' disaster drill of October 14, Thursday night. He noted that there were 49 mock casualties and that the response time appeared good. He added that a written report of the drill would be presented to the Joint Conference Committee in November, and thanked Mr. Hanser for his support and participation in the drill.

#### IV. Finance Committee - Stanley Holmquist, Committee Chairman

Mr. Holmquist reported that the Finance Committee reviewed various in-patient census data for the first quarter of fiscal year 1976-1977. He noted that patient days, occupancy, and average length of stay were slightly down from projected estimates, and that clinic visits and admissions were slightly up. He noted that the Committee also reviewed the first quarter income statement and found the variance from total budget revenue to be only 0.64%.

Mr. Holmquist also explained that the Finance Committee would be considering the necessity of a rate increase on January 1, 1977. He commented that the Minnesota Hospital Association Rate Review Program requires that any intention to raise rates be submitted to them by October 31, 1976. Mr. Holmquist suggested that decreased activity, a cost of living pay increase due January 1, 1977, and the impact of premiums

for insurance coverage may necessitate that a rate increase to be recommended by the Finance Committee to the Board in November with action in December. Mr. Holmquist further mentioned that the question of difficult accessibility by car to University Hospitals was raised as a possible deterrent and caused for reduced utilization. He added that this matter would be discussed with the Facilities Committee in November.

Ms. Burke noted that Mr. Don Brown, Asst. V. P., for Finance had described the present status of negotiations for professional liability insurance for the University. She announced that Mr. Brown will be coming to the November Board of Governors meeting to report on the Hospitals involvement in providing insurance coverage. In response to a question from Mr. Evenson, Dr. Winchell concurred that some hospitals do indicate on their patients' bill the proportion which is required to support insurance costs. Mr. Atwood commented that he hoped there was room for negotiating the portion of the University's premium for which the Hospitals' would be responsible. Mr. Holmquist concluded that the Finance Committee has also chosen to incorporate what University Hospitals is presently doing to minimize its risk of suits.

V. Facilities Committee Report - Mr. Lee Larson, Planning Associate, for Dr. John Tiede, Chairman

Mr. Larson reported that the Facilities Committee reviewed the Hospitals standing in terms of the JCAH site visit. He noted that out of 104 codes used by the Commission, 47 were new standards. He explained that almost all of these points were being addressed by the facilities staff under 4 projects. He commented on such projects as the air-conditioning project, the plan for sprinklers, and the question on the required autonomy of emergency generators. He reported that the Life Safety Project was proceeding and that two reports had been submitted, one on general deficiencies and the other specifically on doors. Mr. Larson

explained that Phase II of this project would involve determining means to address deficiencies and the determination of cost. Drawing would be completed in May of 1977, with bids taken in July and then a one year construction period.

Mr. Larson further noted that Mr. Evenson had raised a concern pertaining to the method by which the University awards contracts. He stated that Mr. Clint Hewitt would be responding to that question more directly at the November Facilities meeting. Mr. Larson also added that the Facilities Committee will soon be considering the completion of shelled space in Unit B/C.

Mr. Quistgard complimented Mr. Larson and Mr. Jones on the apparent quality of the plans which they submitted to the JCAH.

Nominating Committee Report - Timothy Vann, Committee Chairperson

Chairman Atwood stated that the Nominating Committee had met to discuss those terms of office which are to expire on December 31, 1976. Chairman Atwood also mentioned that as well as proceeding with this activity, he will be considering committee assignments for the coming year. He asked the Board members to begin thinking about their interests and to indicate to the Chair their committee preferences for the next year.

Ms. Vann began by thanking the Board for the plant which was sent to her during her hospitalization. She reported that the Nominating Committee had met to consider the terms of Ms. Givens, Ms. Pillsbury, Mr. Evenson, Mr. Holmquist, and Mr. Ruiz. She noted that each of these members had been contacted and that each had consented to reappointment to the Board of Governors. Ms. Vann further explained that Ms. Lillian Burke's term would also expire in December and that the Council for Health Interdisciplinary Programs will be holding an

election shortly to determine the Health Sciences student representative to the Hospitals' Board of Governors.

Ms. Vann stated that the Committee also reviewed the attendance records of all the Board members for Board and Committee meetings. She added that the attendance of Mr. Ruiz was questioned and that the Nominating Committee had recommended that he be contacted to determine if his attendance could be improved. Ms. Vann reported that Mr. Ruiz had been contacted and had stated that due to his employment situation, he would not be able to attend Board meetings and that he was willing to relinquish his seat on the Board of Governors. Mr. Ruiz made a recommendation for his replacement and Ms. Vann reviewed that individual's qualifications with the Board. She added that she will be seeking other recommendations to fill this vacancy and emphasized the importance of attendance capabilities when considering suggestions. It was noted that the Nominating Committee will then forward its recommendations for Board appointment and re-appointment to the Board of Governors for consideration and then to the Vice President for Health Sciences and then forward it to the Regents for final approval.

VII. Board of Governors' Legal Role and Responsibilities - John Diehl, Hospitals' Legal Counsel

Mr. Diehl began by noting that he would discuss his role as legal counsel, the Board of Governors' relationship to the Board of Regents, and the legal responsibilities of Trusteeship as well as present legal involvements of University Hospitals.

Mr. Diehl stated that one primary function of legal counsel is to advise the Board of Governors in legal matters, including consultation with Board Committees. Another substantial effort is made in counseling the staff on the various legal problems that it confronts. He noted that

he was presently involved in approximately 75 such projects ranging from matters involving establishing the legal context for policy making, to responding to patients' complaints. The Associate University Attorney represents the Hospitals in disputes in administrative proceedings and deals directly with many of the regulatory agencies which impact the Hospitals. Mr. Diehl explained that special defense counsel is retained for matters in litigation and that he serves as liaison between the Hospitals and that counsel. He added that he also reviews new legislation and advises on their implications in the Hospitals.

In terms of the Board of Governors' relationship to the Board of Regents, Mr. Diehl mentioned that the organizational chart discussed at the retreat (and reproduced for the members) clearly diagrammed the communication channels of the Regents, the other Health Sciences units, and the Hospitals. He noted that a concise statement of the Governors' role is contained within the Board Bylaws which state that the Board of Governors has primary responsibility in all patient care matters. Fiscal and management affairs are also the responsibility of the Board, but final approval on these matters rests with the Regents through the University's President or his designee (who will most often be the Vice President for the Health Sciences).

Mr. Diehl next discussed the legal responsibilities of the Board of Governors and potential situations for which they might be individually liable: failure to exercise due diligence, and breach of loyalty. He explained that, as required in the Bylaws, the Board does have insurance coverage for such occurrences.

In terms of corporate liability, it was indicated that the hospital could be held accountable for the negligence of its employees, could be liable for disregarding the maintenance of buildings, and breach of product

warranty, as well as corporate negligence in not identifying, avoiding or correcting problem areas.

Mr. Diehl further advised that the hospital faces such other issues as consent to treatment, patient rights, human rights, and confidentiality of records. He concluded that the trend in court cases appears to be less strict in measuring the duties of directions and more strict in cases involving injury.

Mr. Diehl then briefly described the status of national and local legislation dealing with the malpractice situation and reported that the University is in the process of negotiating the purchase of liability insurance, including malpractice.

Mr. Diehl mentioned that University Hospitals is presently involved in six civil rights cases which are pending and thirteen malpractice cases. He noted that the malpractice cases are also pending and that Supreme Court appeal is in process because these incidents occurred before August 1st, when the University was still covered by sovereign immunity. He stated that the cases individually ranged from \$30,000 to several million and totaled approximately \$20 million. He commented that he believed there was no negligence in these cases.

The Board then discussed their ability to exercise due diligence with confidence. Comments were made pertaining to the amount of reliance which could be put on the Board's committees. It was noted that the committees inquire strenuously into their affairs and that the Medical Staff committees also work through an exacting system of checks and balances. Mr. Diehl noted that the Board of Governors displayed an impressive amount of involvement and concern in Hospitals' matters. It was concluded that Mr. Diehl would investigate further into what

information, in terms of audits and Medical Staff appointments, should and could be presented to the full Board of Governors.

VIII. Board of Governor's Retreat Evaluation - Harry Atwood, Board Chairman

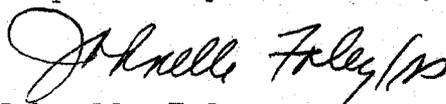
Chairman Atwood stated that fifteen Board members attended the September Board of Governors' Retreat and that he received 11 responses to the questionnaire which was sent out pertaining to the retreat. He reported that all responses indicated that the retreat was worthwhile and that it should be repeated. He noted that basic comments indicated that the retreat provided an opportunity to become better acquainted in a relaxed atmosphere with open discussion. Specifically, he stated that mention was made of issues which were not covered and could perhaps be addressed in the future. Mr. Atwood mentioned that the information from the questionnaires would be summarized and compiled in a written document.

Board Concerns - Harry Atwood, Chairman

It was announced that the Finance and Facilities Committees will be meeting jointly in November, if possible. Chairman Atwood also reminded the members that the next Board of Governors' meeting will be on November 17, 1976, and that Mr. Don Brown, a member of the Finance Committee will be present to discuss the liability insurance matter.

There being no further business, Chairman Atwood adjourned the meeting at 4:50 p.m.

Respectfully submitted,



Johnelle Foley  
Secretary

Board of Governors

University of Minnesota Hospitals and Clinics

September 15, 1976

Andromeda - Chapel of the Open Door

Long Lake, Minnesota

Members Present: Mr. Harry Atwood  
Ms. Lily Burke  
Mr. David Cost  
Mr. Orville Evenson  
Ms. Jeanne Givens  
Ms. Debbie Gruye  
Mr. Albert Hanser  
Dr. Donald Hastings  
Mr. Stanley Holmquist  
Ms. Mary Lebedoff  
Ms. Sally Pillsbury  
Mr. John Quistgard  
Dr. John Tiede  
Dean Lawrence Weaver  
Mr. John Westerman

Members Absent: Mr. Alfred France  
Ms. Jo-Anne Lutz  
Dr. John Najarian  
Mr. Rubin Ruiz  
Ms. Timothy Vann  
Dr. Paul Winchell

The meeting was called to order at 9:40 a.m., by Chairman Atwood at Andromeda-Chapel of the Open Door. The minutes of the last meeting were accepted as mailed.

Mr. Atwood noted that Ms. Vann was unable to attend due to recent illness and that Mr. Quistgard would be arriving shortly.

I. Joint Conference Committee Report - Mr. Albert Hanser, Committee Chairman

Mr. Hanser reported that the Joint Conference Committee had accepted the report of the Credentials Committee and referred the Board to the list of new applicants to the Medical Staff. He moved that these applicants be appointed to the Medical Staff, the motion was seconded and it was passed by the Board.

Extensive discussion by the Joint Conference Committee on Medical Audits and quality of care was summarized. Chairman Hanser stated that the audit that was to be presented

to the Joint Conference Committee was found to be incomplete and had been referred back to the Audit Committee by the Medical Staff-Hospital Council. Mr. Hanser also stated that we have done 5 audits to this point this year and will probably complete 10 for the year which is in substantial compliance with the Joint Commission on Accreditation of Hospitals requirements of 12.

The Joint Conference Committee heard an up-date presented by Mr. Michael McKee in which he covered three areas of interest to the JCAH.

Mr. Hanser then referred to Mr. Baker who gave the Medical Staff Hospital Council report. Mr. Baker stated that the State Health Department had primary responsibility for the inoculation of the residents of the State against Swine Flu and added that University Hospitals will make facilities available to inoculate 50,000 students, staff, and patients.

At Mr. Hanser's request Ms. Foley brought the Joint Conference Committee up to date on the work of the Patient Sensitivity Committee. She explained the Committee's task and also stated that they had divided into two groups, a Planning Group and a Action Group; each of which are involved in corrective measures to assure that patient needs are met by a responsive University Hospitals staff.

Mr. John Diehl then provided the Joint Conference Committee with an update on his activities as Legal Counsel.

Mr. Hanser went on with his report by stating that Mr. Darryl Mayfield, the Hospital summer administrative resident from Northwestern University was present at the meeting and gave the Committee a report of his observations of the Hospitals and explained his main summer project which was analyzing linen and productivity improvement. It was also noted that Mr. Royce May, from Fisk University in Nashville, was involved in a summer project consisting of review of storage areas in Materials Management and that Mr. John Schlieff, University of Iowa, did work in the Out-Patient area and on the

upcoming move to unit B/C.

Discussion ensued pertaining to University Hospitals lawsuits. Mr. Atwood made mention of a report that Mr. Diehl had sent him pertaining to the suits against the Hospital. Mr. Diehl will be asked to give a report to the full Board at one of the future meetings.

## II. Finance Committee - Mr. Stanley Holmquist, Committee Chairman

Mr. Holmquist stated that the Finance Committee had not held a September meeting. He then requested that Mr. Fearing review the Income Statement for August year to date. The statement reflected gross patient charges below budget due primarily to a half-day reduction in average length of stay and a small variance in budgeted admissions for the period. However, deductions from revenue and total expenditures were also under budget resulting in Net Operating Revenue consistent with the Annual Financial Plan. An analysis of item variances was being conducted to judge the accuracy of some budget estimates, especially the actual inflation impact versus budget estimates. Any material variances will be reviewed at the October meeting when first quarter results will be available.

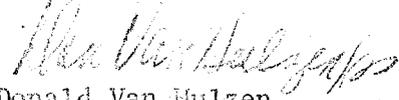
The budget for professional and legal liability insurance premiums was questioned. No new information was available because the total program is not in place and premium allocations to the Hospital have not been made by Central Administration. The current budget has made provision for \$478,000 but this is expected to be far short of full costs.

## III. Board Concerns - Mr. Harry Atwood, Board Chairman

Dr. Tiede mentioned the September 24th Open House of the School of Dentistry to which the entire Board has been invited. Announcements were handed out to each member present.

There being no further business, Chairman Atwood adjourned the meeting at 10:15 A.M.

Respectfully submitted,



Donald Van Hulzen

714  
Minutes

Board of Governors

University of Minnesota Hospitals and Clinics

August 18, 1976

Members Present: Mr. Harry Atwood, Chairman  
Mr. David Cost  
Mr. Orville Evenson  
Mr. Al France  
Ms. Jeanne Givens  
Mr. Albert Hanser  
Dr. Donald Hastings  
Mr. Stanley Holmquist  
Ms. Jo-Anne Lutz  
Ms. Mary Lebedoff  
Dr. John Najarian  
Mr. John Quistgard  
Dr. John Tiede  
Ms. Timothy Vann  
Dean Lawrence Weaver  
Mr. John Westerman  
Dr. Paul Winchell

Members Absent: Ms. Lillian Burke  
Ms. Debbie Gruye  
Ms. Sally Pillsbury  
Mr. Ruben Ruiz

The meeting of the Board of Governors of University of Minnesota Hospitals and Clinics was called to order by Chairman Atwood at 2:10 p.m., in Room 555 Diehl Hall.

Introductions

Chairman Atwood welcomed two new members to the Board of Governors. He introduced Lawrence Weaver, Dean of the College of Pharmacy who is replacing Dean Erwin Schaffer as the Vice Chairman of the Council of Deans and Directors, and Dr. John Najarian who is replacing Dr. Michael Paparella as the Chairman of the Council of Chiefs of Clinical Services. Chairman Atwood also noted that James Brinkerhoff, Vice President for Planning and Development was in the audience and welcomed his attendance.

Mr. Westerman introduced Mr. Royce May from Fisk University, Mr. John Schlieff from the University of Iowa and Mr. Darrell Mayfield from Northwestern University as the three summer residents involved in health services administration. He noted that Mr. Greg Hart, the former administrative resident with the University of Minnesota Hospitals, will be staying on the staff and introduced Ms. Judy Keagy as the new administrative resident. Mr. Westerman also introduced Ms. Mary Hastings who has joined the staff as a research specialist in the Office of Health Care Systems Research and Development for the Health Sciences. Further, Mr. Westerman introduced Ms. Marilyn Bryant, former president of the University Hospitals Volunteer Association.

I. Minutes of the June 16, 1976 Meeting - Harry Atwood, Board Chairman

Mr. France moved that the minutes of the June Board of Governors meeting be accepted. Dr. Hastings seconded the motion and it was passed.

II. Facilities Committee - John Tiede, Committee Chairman

Dr. Tiede reported on the Facilities Committee's tour of the new Hennepin County Medical Center. He stated that the Committee was impressed with the expansiveness of the new building. He commented on the fact that the center was color-coded and added that the emergency room area was most impressive.

Ms. Lebedoff commented on the advantage which Hennepin County had in starting completely from scratch with their building project. She agreed that the facility had large, uncluttered corridors but added that it was difficult to obtain access to the facility. Ms. Vann reflected on the technological advances contained within the structure but felt that the facility was lacking in personal warmth. Mr. Evenson cited the excellent X-ray facilities but questioned the use of nursing stations based on the team center approach. He suggested that if the tour were to be made again it would be of benefit to include someone who could analyze the efficiency of

the building's design. Dr. Tiede noted that another tour of the Medical Center might be appropriate as there remained certain areas which the Committee had not viewed. He added that consideration was being given to a tour of Building A by the Facilities Committee in the Fall when the building would be occupied by students returning to school.

### III. Joint Conference Committee - Albert Hanser, Committee Chairman

Mr. Hanser reported that the Joint Conference Committee in its last two meetings had been discussing such matters as the Department Head - Clinical Chief selection process, the progress of the Ambulatory Care Management Council, the Medical Risk Management Task Force findings, the Chemical Dependency Clinical Research Program, the University's planning for liability insurance coverage and the physicians' retirement program.

Mr. Hanser stated that at their most recent meeting, the Committee had heard the results of the Blood Transfusion Audit. Dr. Winchell explained that this audit was initiated because of a JCAH recommendation suggesting more careful monitoring of transfusions. He stated that the audit revealed no complications but did demonstrate a need to improve bookkeeping procedures. He also commented that the Blood Bank received most of its blood from the St. Paul Red Cross and the Minneapolis War Memorial Blood Bank and noted that this involved complicated record keeping. Dr. Winchell added that the transfusion audit would continue as an on-going monitoring process. Mr. Hanser commented on University Hospitals' Blood Bank's ability to meet large and unique blood demands. He then moved for acceptance of the transfusion audit by the Board. The motion was seconded and passed.

Mr. Hanser asked Dr. Winchell to present the Credentials Committee report.

Dr. Winchell referred the Board to the Committee's report list and noted that Dr. Shan under Surgery would be seeking additional privileges in Oral Surgery because of additional plastic surgery procedures which he wishes to conduct.

He also explained that the Joint Commission had recommended that Family Practice Department members have joint appointments with other departments to secure specialty privileges beyond those available in their home department. He mentioned that the Credentials Committee had devised a definition plan for Family Practice which was acceptable to Dr. Ciriacy and would mean that any activities performed outside of that defined line would require a joint appointment. Mr. Hanser moved that the recommendations of the Credentials Committee concerning the applicants requests for privileges and appointment to the University Hospitals Medical Staff be approved. Dr. Hastings seconded the motion and it was passed.

At Mr. Hanser's request, Dr. Winchell also commented on the request for financial assistance made by the Foundation for Health Care Evaluation, which is the local Professional Standards Review Organization. He explained that last year University Hospitals had been asked to pay \$20,000 and that that amount was expected to have increased as the Foundation's budget was now up to \$400,000. Dr. Winchell added that there was uncertainty as to what this money was used for and noted that University Hospitals had not provided this financial support in the past nor did it plan to do so this year. Dr. Winchell also explained that the Minnesota Hospital Association was holding consideration of supporting the Foundations request until it was determined how the addition of Northern Minnesota hospitals to the PSRO would affect its need for financing.

Mr. Hanser continued his Joint Conference Committee report by stating that Mr. Baker had provided the Committee with a statistical review of the last year's patient activity and noted that the summary showed a considerable increase in surgical procedures. Mr. Hanser also mentioned that Dr. Najarian reported for the Clinical Chiefs and discussed the progress of the Ambulatory Care Management Council. Further, he reported that the union contract which had involved negotiations and arbitrations

over a 17 month period was about to be signed.

Mr. Hanser next referred the Board to the Memorandum of Understanding Between University Hospitals and the Foundation for Health Care Evaluation. Dr. Winchell explained that this was a statement to formalize the relationship which already exists between the Foundation and University Hospitals providing delegated review status to the hospital. Chairman Atwood stated that the memorandum required his signature and asked for a motion stating that the agreement had received the Board of Governors approval and that it should then be signed by Chairman Atwood. Mr. Evenson made such a motion which Dr. Hastings seconded and the motion was passed. It was noted that a copy of the Memorandum would be attached to the Board minutes.

Mr. Cost asked for further clarification concerning the assignment of 4 psychiatric beds for chemical dependency clinical research. Ms. Foley responded by stating that investigations had shown that it was within the area of research that the University of Minnesota could make the most unique contribution to the field of chemical dependency and added that funding for such research was expected to increase. She explained that the community was well supplied with service facilities for the chemically dependent but that there was little being done in researching the causes of and the treatment for chemical dependency. Ms. Foley added that the objectives of the program would be dependent upon the particular research being conducted within the program. She noted that the establishing of an inter-disciplinary advisory committee was being considered to monitor the program's progress and to evaluate its results.

Mr. Dickler next commented briefly on the labor contract which is soon to be signed with the American Federation of State, County and Municipal Employees Local 1164. He noted that the contract involved comprise resulting in a wage increase of 11% for for two years plus any January cost of living increase.

In concluding his report, Mr. Hanser thanked the members of the Joint Conference Committee for their excellent involvement and participation.

IV. Finance Committee - Stanley Holmquist, Committee Chairman

Mr. Holmquist reported that the Finance Committee recommended the writing-off of \$116,372.46 as uncollectible accounts for the fourth quarter, April 1, 1976 through June 30, 1976 and moved that the Board of Governors approve this transaction.

Mr. Quistgard seconded the motion and it was passed.

At Mr. Holmquist's request, Mr. Van Hulzen explained the changed circumstances which will affect the timing of the budget preparation for the coming year. He noted that 1977-78 will be the first year of a new biennium which will mean that the level of state appropriations will not be known immediately nor will the impact of the state pay plan. He also informed the Board that the new State Review Law required the submission of a detailed budget and proposed rate change plan 60 days in advance of putting new rates into affect. He further indicated that Medicare and Medicaid reimbursement regulations may be modified to restrict revenue and/or require changes in rate structuring but that the timing of such a decision and changes was unknown.

Mr. Van Hulzen explained that these changed circumstances involved speeding up the decision making sequence in terms of the budget. He stated that major program changes would have to be identified by December for inclusion in the Annual Plan by January. He noted that volume estimates would have to be made by January, followed by workload and productivity estimates in February. Inflationary increases would then have to be dealt with in March and April. Mr. Van Hulzen explained that this timetable would allow for the submission of the budget estimates and required rate changes to the Rate Review Program by May 1st. He then added that the Board of Governors could take May and June to study the rates for possible reductions. Final Regents and University Administration approval would be sought in June.

Mr. Van Hulzen also mentioned that consideration should be given to establishing general budget guidelines by September and incorporating the Council of Clinical Chief's Program Review Committee into the budget preparation process.

Chairman Atwood commented that this plan for early Board involvement in the budget process was consistent with interests expressed by Board members.

It was then noted that the Finance Committee was recommending review and consideration of the budget preparation timetable which Mr. Van Hulzen had presented and asking for final action on its appropriateness in September. (Outline attached)

Discussion followed concerning the new State Rate Review Law and the Minnesota Hospital Association's role within that law. It was explained that the Association was expected to meet the requirements of the law but that statutory authority was given to the Minnesota Board of Health to review hospital rates. The Rate Review Panels which the Association has created were said to consist of four consumers, one administrator, one hospital financial person, and one independent accountant. The forms which they have created to review hospitals' financial structure are considered to be well developed. It was noted that the new law became effective August 1, 1976 and that hospitals can submit rate increases as often as necessary.

Mr. Westerman introduced the discussion of the Year-End Financial Review. He noted that the dynamics of what was about to be reviewed is important in determining some of the policy issues which will be facing the Board in the future. He mentioned that Dean Weaver, as a member of the Council of Deans and Directors, and Dr. Najarian, as a member of the Council of Clinical Chiefs will be providing this information to their respective groups.

Mr. Fearing then reviewed with the Board the Governors the various statistics and preliminary financial statements for 1975-76. In terms of expense and revenue,

he pointed out that ancillary services such as the labs, radiology, and the operating rooms were the greatest source of revenues. In analyzing a summary of expenses, Mr. Westerman indicated the costs which the hospital incurs to keep on the research and development edge nationally. He also noted in reviewing revenues, sources of cash, census and occupancy data how such policy decision as the future of obstetrics and the hospital's future as a free standing institution were raised. Mr. Fearing explained how the percent of occupancy and patient day census were affected in 1973-1974 by a leveling out of the trend to shorter average length of stay. He also noted that a change in tabulating Radiation Therapy visits had distorted the graphing of such out-patient visits but added that the clinics were experiencing a growth pattern in their activity.

Mr. Fearing then examined with the Board the Preliminary Statement of Operations. He explained certain variances such as the Third Party Contractual Adjustments under Deductions from Charges which represented retroactive adjustments. He also indicated that the Allowance for Uncollectible Accounts had been reduced. Under Expenditures, Mr. Fearing mentioned that the adjustment for the union contract was included in the 1.2% variance. He commented that Laundry, Linen, and Food were down because of the unexpected decrease in the inflation trend, while drugs and blood were up due to increased utilization. In conclusion, he noted that there was an excess of \$1,244,684 of revenue over expenses resulting in a 1.48% over Total Budgeted Revenue. Mr. Holmquist added that July and August figures would be available by September.

Vice President Brinkerhoff commented on how University Hospitals was considered to be the best University operating group with a fundamental sense of objectives. The

Board then discussed various aspects of the financial report. It was pointed out for instance that the Indian Health Service, although based in the Dakotas, is a Federal Program serving Minnesota residents. Also, discussion concerning funds available for facility planning indicated that reserves are insufficient to complete projects through the K/E phase.

V. General Director's Report - John Westerman, General Director

Because of the late hour, Mr. Westerman deferred his report and requested that Mr. Diehl briefly describe the present status of the University's efforts to obtain liability insurance for the institution. Mr. Diehl noted that a policy providing \$3,000,000 in coverage had been purchased by the University. He explained that the University's eventual goal was to obtain \$25,000,000 in coverage but that the market for such coverage was very limited.

VI. Board Concerns - Harry Atwood, Board Chairman

Mr. Atwood reported that the Board of Governor's Bylaw Amendments had been ratified by the Board of Regents. He then reminded the Board that Ms. Pillsbury had made the suggestion that at some point the Board should consider having a "rap" session to allow for more time to discuss some of the issues now facing the Board. Mr. Atwood then suggested that the Board consider devoting its September 15th Board meeting to an all day general discussion seminar. Ms. Foley commented that Andromeda or The Chapel of the Open Door was available for such a session. The Board members agreed that such discussion would be beneficial and that September would be a good time of year for a seminar. Mr. Atwood stated that he would entertain a motion for adjournment of this meeting to Andromeda on September 15, 1976, at 9:30 a.m. The motion was so made, seconded, and passed.

Respectfully submitted,

*Jhnelle Foley*

Jhnelle Foley  
Secretary

Minutes

Board of Governors

University of Minnesota Hospitals and Clinics

June 16, 1976

Members Present: Mr. Harry Atwood, Chairman  
Ms. Lillian Burke  
Mr. David Cost  
Mr. Orville Evenson  
Mr. Al France  
Ms. Debbie Gruye  
Mr. Albert Hanser  
Dr. Donald Hastings  
Mr. Stanley Holmquist  
Ms. Jo-Anne Lutz  
Ms. Mary Lebedoff  
Ms. Sally Pillsbury  
Mr. John Quistgard  
Dr. John Tiede  
Ms. Timothy Vann  
Mr. John Westerman  
Dr. Paul Winchell

Members Absent: Ms. Jeanne Givens  
Dr. Michael Paparella  
Mr. Ruben Ruiz  
Dr. Erwin Schaffer

The meeting of the Board of Governors of University of Minnesota Hospitals and Clinics was called to order by Chairman Atwood at 2:15 p.m., in Room 555 Diehl Hall.

I. Minutes of the May 19, 1976 Meeting

Chairman Atwood noted that the statement at the top of page 8 of the last meeting's minutes should be corrected to state, "that the Board of Governors recommends to the Board of Regents- University Administration a rate increase of 9.6%..." With that correction, Chairman Atwood moved that the minutes of the last meeting be accepted as corrected. Dr. Hastings seconded the motion and it was passed.

II. General Director's Report - John H. Westerman, General Director

Mr. Westerman brought to the attention of the Board the article entitled, "Research, The Lifeline of Medicine," which had been distributed with the agenda for the meeting. He commented on the devotion to research at University Hospitals and suggested that at

some future date, the Board be oriented to the efforts of the Hospitals' Clinical Research Center. He added that the Center's research was only one component of the investigational activities which were conducted through the Health Sciences Center.

Mr. Westerman next referred the Board to the Interim Report of the Annual Plan explaining that it was provided to the Board as an up-date or progress report of the projects presented in the Annual Plan. He asked the members if there were any questions pertaining to the Interim Report. In regard to Patient Discharge Information, Ms. Pillsbury inquired into the frequency of requests from patients to see their medical records.

Mr. Baker responded that such requests were not frequently made but that the Medical Staff did have a policy regarding such occurrences, suggesting that the attending physician be with the patient when examining the medical record to explain any details.

Ms. Pillsbury also asked if the four chemical dependency beds would be used for detoxification. Ms. Foley explained that the four beds would be used primarily for treatment and clinical research. She added that the specific activities of the program would be dependent upon the types of research proposals suggested for the beds and concluded that she would be happy to supply the Board with more information concerning the program and the Chemical Dependency Counselor as the program is more thoroughly defined. Mr. Cost suggested that an accounting of the program's goals would be of interest to the Board. Mr. France inquired into the financial involvement of the Hospitals in the Northwest Hennepin County Health Care Program Project.

Mr. Farrell responded that such involvement to this point included his time, Ms. Foley's and the time of several other individuals working on the project. He explained that considerable time was presently being spent on investigating the resources of the area and the interest of the local practitioners in participating in the program.

Mr. Farrell concluded that the program's emphasis would not necessarily be on medical services nor would there necessarily be a facility and that this was dependent upon the health needs ascertained by the community.

Mr. Westerman then reported that the Hospitals had recently served as a pilot site for an investigation by the Commission on Public-General Hospitals. He explained that he was a member of the Commission which was sponsored by the Johnson and Kellogg Foundations and the Health Research and Educational Trust of the American Hospital Association. Mr. Westerman commented that the Commission was researching the role which public -general hospitals will be playing the future. He mentioned that many such hospitals today are in serious financial difficulties and added that a report on the Commission's findings and recommendations will probably suggest methods to avoid this occurrence and efficiently maintain such institutions in the health care system. Mr. Westerman noted that the Commission was interested in county and state-owned rural hospitals as well as University teaching hospitals and added that the site visit team had an opportunity to visit with representatives of the two county hospitals as well as legislators and other health care-related leaders in the community. He concluded that the team appeared to be very impressed with the general climate of the community and having visited with Mr. Atwood, were most impressed and interested in the new governance structure of University Hospitals. Mr. Westerman mentioned that Art Hess, former director of the Social Security Administration, and Dr. Russell Nelson, President Emeritus of Johns Hopkins Medical School were two members of the site-visit team.

In concluding his report, Mr. Westerman stated that Mr. Atwood had made an excellent presentation to the Board of Regents. Mr. Hanser added that Mr. Atwood had informed the Regents of the Governors' composition, activities, and interests and had led them to consideration of the Hospitals' inadequate facilities. He noted that the Regents expressed comfort in knowing that such talented individuals as the Governors were so dedicated to the effective operation of the Hospitals. Mr. Atwood commented that one Regent even suggested consideration of developing similar boards to govern other University activities.

III. Rights and Responsibilities of Trusteeship Seminar - Sally Pillsbury, Board Member

Ms. Pillsbury reported that she and Ms. Foley had attended a trustee conference sponsored by the Minnesota Hospital Association for hospitals in the Metropolitan area. She expressed considerable disappointment with the poor turn out for the seminar, noting that much of the conference was of good quality and would have been beneficial for any trustee. Ms. Pillsbury suggested that Mr. Diehl might want to meet with Mr. Ted Heimark, an attorney in hospital administration, who was one of the very interesting presentors at the seminar. She commented on the various topics which were discussed by the group such as the importance of trustee involvement in the careful credentialing of Medical Staff members. Ms. Pillsbury concluded that it would be of considerable benefit for University Hospitals to meet with boards of similar institutions. Mr. Atwood commented that such a conference was being considered as more such similar boards were being created.

IV. Joint Conference Committee Report - Mr. Albert Hanser, Committee Chairman

Mr. Hanser began his report by commenting on the excellent participation of Board members in the Committee's activities. He then referred the Board to the Credentials Committee's report of annual reappointments, reclassifications, and resignations. Mr. Hanser moved that with three reservations cited by Dr. Winchell, the report be approved. Mr. Evenson seconded the motion and following discussion concerning the small number of women physicians, the motion was passed.

Mr. Hanser then reported that the Joint Conference Committee had examined a medical audit on Depressive Neurosis which Sue Gustafson and Dr. Hastings had presented. Dr. Hastings explained that the audit had found 48 such cases during 1975, but that only 14 records were audited as being truly representative of the selection criteria. He stated that the audit experience provided the Psychiatry Department with excellent teaching materials to improve the management of patient care. It was noted that copies of the audit would be provided to Board members upon request.

Mr. Hanser also mentioned that Mr. Baker had not as of yet received a formal statement from the Dean of the Medical School concerning the Governors' involvement in the selection process for Departmental Chairmen and Clinical Chiefs. Mr. Hanser stated that Dr. Winchell had reported to the Committee that the Medical Staff-Hospital Council was considering such matters as the utilization of the problem-oriented method of recording in medical records and the report of the Medical Risk Management Task Force. Mr. Hanser then moved for approval of the appointments of the members and Chairmen for the Medical Staff committees. The motion was seconded and passed following questions concerning the committee's activities and evaluation process.

Mr. Hanser also discussed Mr. Baker's report of the Clinical Chief's interests. He mentioned that the Chief's were preparing for involvement in the management of ambulatory care service and that they had already initiated their review of the Hospitals annual budget. He further stated that the Chiefs were about to consider the appointment of new officers for the Council of Chiefs of Clinical Services. Mr. Hanser also reported that attendance by representatives of the Clinical Chiefs at Joint Conference Committee meetings had been extremely poor and that the matter would be brought up with those individuals.

In conclusion, Mr. Hanser noted that Mr. McKee had provided the committee with an update on his involvement with the Infection Control Program and that Ms. Foley had done likewise with the Patient Sensitivity Program.

Mr. Westerman interjected that back issues of Trustee magazine had been sent to Board members because the Board's subscription had been inadvertently cancelled with the Student Health Services cancellation.

V. Finance Committee Report - Mr. Stanley Holmquist, Committee Chairman

Mr. Holmquist began his report by congratulating Chairman Atwood on his presentation to the Board of Regents. Mr. Holmquist then reported that the Finance Committee had spent much time examining the Hospitals' revenues and expenditures and discussing

means to bring the two into parity. He explained that as the Committee members become more sophisticated in their knowledge of the Hospitals' financial operations, they will be bringing graphic presentation of financial trends in the Hospitals to the full Board.

Mr. Holmquist then pointed out that based on 770 beds, the average occupancy rate for May was 78.4%. He added that the year-to-date occupancy rate was 76.5%. He noted that the account receivables had increased by over \$2 million with total receivables equal to 98.2 revenue days. Mr. Holmquist also stated that salaries and fringe benefits comprised 65.4% of the total budget. He explained that the excess of revenue over expenses for May equaled \$1,113,974 or a variance of 1.96% from total budget revenue. Mr. Holmquist noted that this variance would be reduced once a settlement was reached on the union employee contract. He further mentioned that the return on investments of non-operating revenue was running at 7%.

At Mr. Holmquist's request, Mr. Fearing explained that Third Party Contract Adjustments under Deductions from Charges had previously been affected by writing off large amounts last September due to a change in reimbursement mechanisms for the kidney transplant program. He stated that the Third Party Contract Adjustment item now showed an additional variance because of a retroactive settlement with Medicaid and the Counties on cases in 1972-1973 for which the Hospitals must now pay back approximately \$100,000. Mr. Holmquist concluded the Finance Committee's report by stating his pleasure over the Hospitals' careful scrutiny of the utilization of its beds.

VI. Facilities Committee Report - Dr. John Tiede, Committee Chairman

Dr. Tiede reported that Mr. Larson had provided the Facilities Committee with an up-date on the progress toward receiving Cancer Foundation grant money for the funding to the Radiation Therapy Center. He stated that Mr. McKee had reported on the joint radio paging program, presenting details on the program which demonstrated a potential annual cost recovery for the Hospitals of approximately \$20,000. Dr. Tiede reported that

Mr. Dickler had presented a thorough description of the plans for Unit B-C, explaining that it was more economical to complete the building now with some shelled space until more funding was available to complete and occupy that space. Dr. Tiede also mentioned that the Committee was informed of the space evaluation which was being conducted in Unit K/E and of the Hospitals' warehousing problems which were now being considered jointly with the University.

Dr. Tiede noted that the Facilities Committee had discussed the possibility of touring Unit A in the Fall. He stated that because Unit A was designed by the same architects who also designed Unit B/C, it would be helpful in conceptualizing the new building.

Dr. Tiede also mentioned that Ms. Lebedoff had suggested a public relations effort when Unit B/C is topped out. He added that the Committee had felt that such an effort was important, especially in terms of the rural areas. In conclusion, Dr. Tiede announced that the Facilities Committee recommended an all morning meeting with the Finance Committee on the day of the October Board meeting. He explained that the purpose of the joint meeting would be to familiarize both committees with the Hospitals' financial and physical concerns and considerations toward future planning. The Board agreed that this was a good recommendation.

VII. Home Health Care - Mr. Russ Farrell, Assistant Director

Mr. Westerman introduced the Home Health Care Program presentation by commenting on the industry's view of such programs as being an attempt to keep patients at home and to reduce health care costs.

Mr. Farrell explained that University Hospitals' Home Health Care Program was one of three certified hospital based programs in the state, the other two being at St. John's Hospital and North Memorial Hospital. He mentioned that a task force was formed three years ago to discuss the feasibility of developing a home care program at the Hospitals, that the program has now been in operation for one year, and that the program is accredited by the Joint Commission and certified by the State Health Department.

Mr. Farrell then introduced Ms. Helen Kretchmer, in charge of Social Services for the program, Ms. Beverly Dorsey, Clinical Director, Ms. Jeanne Smith, Nurse Co-ordinator, and Ms. Atashi Acharya, Social Services.

Ms. Smith and Ms. Acharya explained various aspects of the Home Health Care Program to the Board. It was noted that home care is seen as a new approach to health care which provides more continuity of care in planning and preparing the patient for discharge and in co-ordinating the patients' care once outside the hospital. The importance of planning was pointed out as the key to the success of the care and it was explained that standards of care are set for home care programs. Mention was also made of the fact that the entire health care team is often used in home care cases. Two particular cases were presented to the Board as examples of how the program functions.

The benefits of being able to observe the patient in his home environment were discussed. It was mentioned that the initial visit was used to evaluate the need for home care. Also, it was explained that to preserve continuity, the Hospitals' staff who had cared for the patient while in the hospital were the individuals who were trained, supervised, and scheduled to provide the home care services. The comment was made that many members of the Hospitals' staff were visiting patients at home prior to the development of the program but that there was no co-ordination or documentation of these activities.

In response to questions from the Board, Mr. Farrell explained that the charge to a patient for a home visit is \$35.00, third parties reimburse \$30, and the costs to the Hospitals per visit is \$200. In its first year of operation 276 visits had been made in the seven county Metropolitan area. It was noted that most referrals to the program were made through the nursing staff and that doctor's orders were required for participation in the program. Cancer patients, patients who were terminally ill, and chronically ill children were said to be the most frequent users of the Home Health Care Program.

VIII. Board Concerns - Mr. Harry Atwood, Board Chairman

Dr. Hastings announced that Mr. John Diehl will be involved in a symposium on Civil Rights as they relate to Psychiatric care. He noted that the symposium will be on June 30th, from noon to 1:30 in room C-608 of the Mayo Building and invited all interested Board members to attend.

Chairman Atwood mentioned that he had asked Ms. Sudduth to prepare an account of Board member attendance. He stated that he had found that there was an average of 17 members at each Board meeting and commended the Board on its dedication.

Chairman Atwood raised the question as to whether the members of the Board wish to schedule a July meeting. Ms. Burke commented that she felt time was needed to discuss some of the general issues which have confronted the Board in the past. Ms. Vann moved that there be no meeting of the Board of Governors in July and that Committee meetings of the Board be held during that month only at the discretion of the Committee Chairmen. Ms. Pillsbury suggested that the Board might want to consider having a "rap session" in place of an orientation session at some future meeting to discuss issues of concern to the members. Ms. Vann's motion was seconded and passed.

Chairman Atwood inquired as to the Board's perception of the adequacy of their exposure to the Hospitals Annual Budget. Mr. Holmquist stated that all Board members were invited to any meetings of the Finance Committee. Ms. Burke stressed the need for early involvement in the budget process. Mr. Westerman suggested that such involvement be initiated through the development of the Annual Plan. Dr. Tiede moved that all Board members be provided with a list of committee meeting times and locations. Ms. Lebedoff seconded the motion. Mr. France suggested that a future rap session be devoted to the role of the Board of Governors with regard to administration, policy-making and advisory activities. Dr. Tiede's motion concerning the notification of

of committee meetings to all Board members was voted upon and passed.

Mr. Holmquist and Dr. Tiede announced that, having consulted with their members and staffs, there will be no meetings of the Finance or Facilities Committees in July.

There being no further business, Chairman Atwood adjourned the meeting at 4:45 p.m.

Respectfully submitted,

*Johnelle Foley*

Johnelle Foley  
Secretary

Minutes

Board of Governors

University of Minnesota Hospitals and Clinics

May 19, 1976

Members Present: Mr. Harry Atwood, Chairman  
Ms. Lillian Burke  
Mr. David Cost  
Mr. Orville Evenson  
Mr. Al France  
Ms. Jeanne Givens  
Ms. Debbie Gruye  
Mr. Albert Hanser  
Dr. Donald Hastings  
Mr. Stanely Holmquist  
Ms. Mary Lebedoff  
Ms. Sally Pillsbury  
Mr. John Quistgard  
Dr. John Tiede  
Ms. Timothy Vann  
Mr. John Westerman  
Dr. Paul Winchell

Members Absent: Ms. Jo-Anne Lutz  
Dr. Michael Paparella  
Mr. Rubin Ruiz  
Dr. Erwin Schaffer

The meeting of the Board of Governors of University of Minnesota Hospitals and Clinics was called to order by Chairman Atwood at 2:15 p.m., in Room 555 Diehl Hall.

Mr. Atwood introduced Ms. Beth Heim to the Board. Ms. Heim is the newly assigned reporter for the Health Sciences Center from the Minnesota Daily.

Ms. Vann related a story to the Board members of the prompt and considerate dental care received by a patient whom she knew.

II. Orientation to Laboratory Medicine and Pathology - David M. Brown, M.D., Director of Clinical Labs

Dr. Brown initiated his discussion of the Laboratories by commenting on their unique capability to combine bench work investigation with service and the organizational

framework which had been constructed to accomplish this. He noted that Laboratory Medicine was the parent section which combined research, education, and service for the Medical School and dealt with all aspects of patient applied lab work. He mentioned the ability of experts in this area to generate information on the relation of laboratory medicine to clinical care. Dr. Brown also discussed Immunology as it relates to diagnosis and treatment for kidney disease and cancer. He noted the efforts of the Blood Bank in the support of transplant and other major surgical procedures and the Department of Pathology which has made considerable progress in gaining maximum data from autopsies. He also cited Medical Technology and the computer component of the Laboratories and the excellence of the patient information system which was being developed internally. In conclusion, he commented on the considerable involvement of University Hospitals' Laboratories in the decision-making process for patient care.

In response to a question from Ms. Burke concerning the overutilization of laboratory procedures by clinicians, Dr. Brown commented on his departments awareness of this issue and their efforts to limit tests when indicated. He mentioned that he knew of few benefits involved with lab screening systems and noted that University Hospitals could not provide this service. Dr. Brown added that University Hospitals' internal audit procedure was comparatively better than most hospitals because of its teaching mission. Concerning a question on autopsies, Dr. Brown noted that the Hospitals far exceeded the minimum requirement for this program. He explained that permission for an autopsy was required from the spouse, parents, or next of kin. He added that the majority of the patients who die at University Hospitals do have autopsies. It was noted that the cost of autopsies was built into the Hospitals' overhead. In terms of Mr. Westerman's question about the future interests of the Laboratories, Dr. Brown mentioned that the study of proteins and their abnormalities within the human system was beginning to prove helpful in the diagnosis of cancer. Dr. Brown noted the entrepreneurial nature of some mobile screening units

which Dr. Tiede inquired about.

Chairman Atwood thanked Dr. Brown for his informative presentation on the Hospital's Laboratories and the wonderful work which they were doing.

III. Joint Conference Committee - Albert Hanser, Committee Chairman

Mr. Hanser reported that the Joint Conference Committee had accepted the report of the Credentials Committee and referred the Board to the list of applicants to the Medical Staff and those requesting new privileges. He moved that those requests for Medical Staff privileges be granted. The motion was seconded and passed.

Mr. Hanser then reported that Mr. Mc Kee had provided the Joint Conference Committee with an update of the implementation program for Joint Commission recommendations.

He mentioned that Mr. Baker had reported on third quarter statistics which indicated that University Hospital was experiencing a peak situation in terms of occupancy. In noting that the Committee had discussed the Board's involvement in the selection process for Clinical Chiefs, Mr. Hanser referred to Mr. Baker for comment. Mr. Baker explained that a process statement had been developed by the Executive Steering Committee and that the Joint Conference Committee had requested that the statement be returned to the Dean of the Medical School for consideration before final approval by the Board of Governor

Mr. Hanser explained that he had been forced to leave the meeting early and that Ms. Pillsbury had chaired the meeting from that point. Ms. Pillsbury reported that the Joint Conference Committee had passed a motion recommending Board approval of the First and Second Trimester Abortion Audits and the Appendectomy Audit. She noted that the Appendectomy Audit was conducted in conjunction with the Foundation for Health Care Evaluation as a part of their areawide audit program. She added that this audit demonstrated some interesting points about the type of patient mix which University Hospitals experiences in terms of comparatively few appendectomies and the varying degrees of thoroughness discovered among the other institutions participating. Mr. Hanser

moved that these three audits be approved by the Board of Governors. Mr. Evenson seconded the motion and it was passed.

IV. Facilities Committee - Dr. John Tiede, Committee Chairman

Dr. Tiede reported that the Facilities Committee had discussed the fact that many of the projects which they were now studying were initiated prior to the formation of the Board of Governors. In citing other topics which were discussed by the Committee, he mentioned Mr. Kerkow's presentation on the planning process involved to meet the requirements of the Joint Commission and the Life Safety Code in terms of electrical devices. Mr. Kerkow, he noted, is in charge of the University's Electrical Planning Office. Dr. Tiede also mentioned that Mr. Mc Kee presented a description of some of the considerations which were being examined in terms of providing the Hospitals with adequate storage capabilities.

Dr. Tiede explained that basically, the Facilities Committee was directing its attention to the three year capital projects plan and long-range planning. He indicated that Committee had discussed the University purchasing process and the acquisition of such gifts as the new ACTA Scanner. In concluding the Facilities Committee's report, Ms. Lebedoff pointed out that staff will note in the future those projects which were approved or initiated prior to the Board's creation.

V. Finance Committee - Mr. Stanley Holmquist, Committee Chairman

Mr. Holmquist began his Finance Committee report with comments on the Hospitals' Year-to-Date financial and occupancy status. He explained that the 1.99% variance over total budget revenue was not significant enough to require a re-examination of rates, as once the labor contract is settled this variance is expected to be reduced. He reported that the present occupancy rate was 78.4% based on 770 beds and that the YTD occupancy rate was 75.% with an average length of stay of 10 days. Mr. Holmquist added that the average cost per patient day was \$260.30, while the average revenue was only \$241.90. He further mentioned that accounts receivable were

at 96 revenue days. It was noted that in terms of occupancy, unrestricted beds were running at a 90% rate.

Mr. Holmquist next reported that the Finance Committee recommended that the Board of Governors authorize the writing-off of \$171,189.69 of credit losses identified during the third quarter of the fiscal year 1975-1976. He explained that this indicated a total write-off for the first nine months of 1.8% of actual gross charges compared to the budget allowance of 2.9%. He commented that \$58,000 of previously bad debted accounts had been recovered and that the decision had been made to reduce the budget allowance for bad debts to 2.5%. Mr. Holmquist then made a motion stating that the Board of Governors recommends to the Board of Regents that \$171,189.69 identified as credit losses for the Hospitals during the third quarter be written off. Ms. Givens seconded the motion and it was approved.

Mr. Holmquist then called for Mr. Westerman's presentation of the 1976-1977 Budget. Mr. Westerman explained that Mr. Baker would provide the Board with an explanation of new position requests as documented. In initiating his review of the document entitled "New Position Request - Budget Year 1976-1977," Mr. Baker noted that 122 positions were being requested but that Nutrition and Environmental Services would accomplish a reduction of 56 employees by attrition. As Mr. Baker explained the various departmental position requests he responded to questions from the Board.

Mr. Baker explained that the Epilepsy Center was funded by a National Institute of Health Grant for the research elements of the program and that reimbursement for patient care would come from participants in the program. In terms of the Air Transport Program, he explained that reimbursement was available for patients using the service but that the third parties required that patients be taken to the nearest appropriate facility.

It was noted that the air service provided approximately a 15 minute response time. In discussing Management Services, Mr. Baker commented that there would be a reduction of software employee support after a few years. In Anesthesiology, he mentioned the need to provide that service with management support. Mr. King explained that Pharmacy positions were being requested to up-grade the level of that service. In conclusion, Mr. Baker stated that the budget was viewed as a flexible planning tool which does not necessitate spending. Dr. Hastings commented on the obvious influence of government regulations which were demonstrated in many of the position request

At Mr. Westerman's request, Mr. Fearing responded to questions concerning the 1976-1977 Budget. Mr. Fearing explained that a 9.6% rate increase was required to support the Budget and that an additional rate increase would be considered in January to cover the Cost of Living salary increases. In terms of the net addition of 66.26 positions in 1976, it was asked if the Hospitals could continue adding staff. Mr. Westerman noted that nurse staffing was generally prescribed according to the acuity level of patients. He added that University Hospitals was required to respond to its unique mission of serving, teaching, and research within the Health Sciences.

Mr. Holmquist moved that the Board of Governors recommend to the Board of Regents the approval of the 1976-1977 Budget for University of Minnesota Hospitals and Clinics. Ms. Givens seconded the motion.

Mr. Hanser requested clarification as to the steps which would be taken for final approval of the Budget. It was explained that a Budget Letter would be sent from Chairman Atwood to Vice Presidents French and Brinkerhoff and that they in turn would transmit the Budget to the Board of Regents within the context of the entire University budget. It will also be presented to the Minnesota Hospitals Association's Rate Review Panel for consideration.

Chairman Atwood then called for a vote on the motion. He clarified that this motion involved only the acceptance of the 1976-77 Budget and that a separate motion would be made concerning the rate increase. Mr. Holmquist's motion passed with one dissenting vote by Mr. Evenson.

At Chairman Atwood's request, Mr. Evenson explained that he did not feel that he had been provided with sufficient information to make a judgement on the appropriateness of the Budget. He also expressed concern that the Budget did not demonstrate adequate cut backs in light of rising health care costs.

A discussion then ensued on various measures which had been taken to assure a thorough review process of the Budget. It was pointed out that there would be now and in the future a process by which the Clinical Chiefs would have additional in-put into the budget review. Ms. Givens noted that as a member of the Finance Committee, she was comfortable with the on-going evaluation of old and new programs. Mr. Atwood indicated the need which the Hospitals had to meet rising costs outside of their control and added the importance of the Hospitals mission in doing teaching and research and providing charitable care. Ms. Pillsbury questioned whether the Hospitals could use less highly trained personnel. Mr. Westerman explained that even these individuals were expensive. Mr. Holmquist pointed out that several of the new positions requested were part of programs which would operate to reduce costs. Mr. Baker noted that the Hospitals were very much involved in a program of education for managers to increase productivity. Ms. Vann cited the need to determine the difference between cost and human benefits in health care programs. Mr. Evenson explained that he did not feel that two hours per month were sufficient to make decisions concerning the Hospitals budget. Ms. Burke commented that her vote on the Budget related to her faith in Administration's ability to advise based on thorough examination.

Chairman Atwood concluded the discussion and entertained a motion stating that the Board of Governors recommends to the Board of Regents a rate increase of 9.6% to be effective July 1, 1976 subject to the Minnesota Hospital Association's Rate Review Program. The motion was seconded and passed with one dissenting vote by Mr. Evenson.

Chairman Atwood then noted that the Capital Equipment and Remodeling Budget which had been presented last month had been held for final action with the total Hospitals' budget. Dr. Tiede moved that the \$2.236 million Capital Equipment and Remodeling Budget be accepted by the Board of Governors and that the Board recommend the approval of same by the Board of Regents. Ms. Vann seconded the motion. There was discussion concerning a separate matter which would require funds for JCAH and Life Safety Code recommendations regarding structural concerns. It was noted that funding for remodeling and equipment would be derived from depreciation reserves. The motion was voted upon and passed.

VI. Board Concerns - Harry Atwood, Board Chairman

In lieu of a General Director's Report, an editorial written by Mr. Westerman was distributed to the Board members.

Chairman Atwood expressed his gratitude for the thorough work which the sub-committees were doing. Mr. France commented on how healthy discussions such as the one today are for the Board in terms of the Board defining its role and priorities. Mr. Atwood also noted how interesting the press releases were which the members had received and added that he hope that that practice would continue. Ms. Pillsbury asked if at a future date there could be a discussion on the Governors role in lobbying with the Legislature. Mr. Westerman noted that such a discussion could be taken up in a Joint Conference Committee meeting.

There being no further business, Chairman Atwood adjourned the meeting at 4:55 p.m.

Respectfully submitted,

*Johanne Folley*  
Johanne Folley  
Secretary

Minutes

Board of Governors

University of Minnesota Hospitals and Clinics

April 21, 1976

Members Present: Mr. Harry Atwood, Chairman  
Mr. David Cost  
Mr. Orville Evenson  
Ms. Jeanne Givens  
Ms. Debbie Gruye  
Mr. Albert Hanser  
Dr. Donald Hastings  
Mr. Stanley Holmquist  
Ms. Mary Lebedoff  
Ms. Jo-Anne Lutz  
Ms. Sally Pillsbury  
Mr. John Quistgard  
Dr. John Tiede  
Ms. Timothy Vann  
Mr. John Westerman  
Dr. Paul Winchell

Members Absent: Ms. Lillian Burke  
Mr. Al France  
Dr. Michael Paparella  
Mr. Rubin Ruiz  
Dr. Erwin Schaffer

The meeting of the Board of Governors of University of Minnesota Hospitals and Clinics was called to order by Chairman Atwood at 2:00 p.m., in Room 555 of Diehl Hall.

I. Minutes of the March 17, 1976 Meeting - Chairman Atwood

Ms. Lebedoff moved that the minutes of the last meeting be accepted. The motion was seconded and passed.

II. Finance Committee - Stanley Holmquist - Committee Chairman

Chairman Atwood stated that the Finance Committee had reviewed the proposed budget and was bringing it to the full Board prior to final action which would be taken in May.

Mr. Holmquist deferred to Mr. Fearing for a summarization of the YTD financial statement. Mr. Fearing briefly noted that a 1.3% variance over budgeted revenue appeared reasonable and did not require an adjustment of rates. He encouraged the Board to examine the statement and refer any questions to him. Mr. Holmquist added that it would be helpful if any concerns or recommendations pertaining to the proposed budget which was to be presented could be directed to Staff prior to the May meeting.

Mr. Westerman began his presentation of the Annual Budget with a discussion of some of the major policy issues which were identified by the Finance Committee. He noted the need to determine the appropriate amount of capital development financing in which University Hospitals should become involved. He cited the identified need to abolish the inequities of the Civil Service Pay Plan. He explained the reason for developing a budget in two stages based on the uncertainties of the future. After introducing the budget preparation team, Mr. Westerman explained that a 9.6% rate increase was being recommended for July 1, 1976 and that the Board would be asked to consider the appropriateness of a rate increase in January of 1977.

In familiarizing the Board with some of the background considerations which affect the development of the budget, Mr. Westerman cited Senate File #60 which gave recognition to the Minnesota Hospital Association's Rate Review Program as the designated review plan to be utilized in lieu of a state program. He added that it was at the suggestion of this program that budget estimates were made for 6 months rather than for the entire year.

Mr. Westerman also noted such factors as the University's Central Administration requirements which placed heavy demands on the Hospitals' budget. He specifically pointed out an 8% pay increase which would be required in July of 1976, with more such increases expected in the future. Similarly, he stated concerns over the

placement of caps on rates which was being considered by Medicare and Medicaid and the affect such caps would have on the Hospitals without corresponding caps on supplies, other expenses, and wages. He also suggested that in comparing University Hospitals to other community hospitals based on a Blue Cross/Blue Shield study, it was clear that the mission of teaching and research placed unique demands on the operations of University Hospitals. Futher, he indicated that rates for malpractice coverage were expected to increase.

Mr. Westerman requested that the Board members study the proposed budget with these questions in mind. In referring the Board to the listing of new programs in the budget summary packet, Mr. Westerman explained that the Mission Statement of University Hospitals demands change and the investigation of new ideas. He pointed out however, that these new programs were examined carefully for their affects on the financial viability of the institution.

Mr. Westerman then reviewed the new positions with the Board. Please refer to the enclosed attachment for a summary description of the new programs.

Following Mr. Westerman's presentation of new programs, Mr. Fearing referred the Board to page 10 of the budget summary. Mr. Fearing stated that the Summary of Expenditures indicates where money is spent to continue the operation of the Hospitals. On page 11, he demonstrated the necessity for a 9.6% rate increase by reviewing with the Board the Major Patient Charge Increase Summary. He cited the reduction of positions on page 12 with the Summary of FTE Changes, demonstrating Nutrition and Environmental Services' anticipated reduction of 56.19. On the final page, he pointed out a statistical summary and commented that the Clinical Chiefs were most helpful in providing their perspective of anticipated activities in the various departments.

Mr. Fearing next reviewed with the Board the Statement of Operations on the first page of the budget summary. He noted such factors as the inflationary affects on items such as raw food, medical supplies, x-ray film, and utilities. He explained that the proposed budget provided \$1.1 million excess of revenue over expenses. On page 4, he demonstrated how that excess would be used in terms of Projected Cash Flows. At Mr. Holmquist's request, Mr. Fearing explained that based on the present physical facility, he did not believe that the Hospitals could operate on a break even basis. He indicated that sole reliance could not be placed on legislative appropriations and that it was imperative that the Hospitals partially fund capital development.

Following Mr. Fearing's presentation, Mr. Holmquist opened the meeting for questions from the Board concerning the proposed budget. Mr. Evenson asked about the 10% increase expected in the cost of drugs. Mr. Jones explained that the estimate was provided by drug suppliers. Ms. Lebedoff requested closer examination of such items as laundry and linens, and raw foods. After further discussion, Mr. Holmquist requested that the Board members submit their comments concerning the budget to Staff prior to the next meeting. He noted that the budget will be reviewed again in May for action to be taken at that time.

III. Facilities Committee - John Tiede, Committee Chairman

At Dr. Tiede's request Mr. Lee Larson explained the proposed capital equipment and remodeling budget. He stated that the increase in the equipment budget for the coming year is accounted for by inflation and the acquisition of an extraordinary item to update the Hospital paging system costing \$150,000. He noted that the decrease in the remodeling budget represents an appropriate response to the minor remodeling needs for the coming year. Mr. Larson then discussed the various categories and breakdown of the remodeling budget. In conclusion, Mr. Larson pointed out that there will be an additional need of \$1.5 million to comply with JCAH requirements and the Fire and Life Safety codes. It was explained that funding for this would come from depreciation reserves. Discussion ensued concerning the point at which compliance must be waived for consideration of a new facility.

Dr. Tiede concluded that the Facilities Committee had thoroughly reviewed the proposed capital equipment and remodeling budget and recommended its adoption by the Board. It was the decision of the Board to correspond final action on this budget with the general budget in May.

IV. Joint Conference Committee - Albert Hanser, Committee Chairman

Mr. Hanser reported that the Joint Conference Committee had accepted the report of the Credentials Committee and referred the Board to the list of new applicants to the Medical Staff. He moved that these applicants be appointed to the Medical Staff. Ms. Lutz seconded the motion and it was passed.

Mr. Hanser explained that the Committee also recommended the appointment of Dr. Joseph Resch as the Clinical Chief for the Department of Neurology and the appointment of Dr. Konald Prem as the Clinical Chief for the Department of Obstetrics and Gynecology. Mr. Evenson moved that the Board approve these appointments. The motion was seconded and passed.

Mr. Hanser stated that the Joint Conference Committee had reviewed for the second time, the medical audit of second trimester abortions. He commented that the audit and recommendations pertaining to it as provided by the Medical Staff-Hospital Council will be reviewed once more by the Committee.

Mr. Hanser also mentioned that the Committee had discussed University Hospitals' designation in the emergency medical services plan.

V. Board Concerns - Harry Atwood, Board Chairman

Ms. Foley informed the Board that they will soon be receiving copies of all press releases pertaining to University Hospitals. She noted that this service was being provided by the Public Relations Department.

Ms. Foley also announced that the Minnesota Hospital Association was sponsoring two trustee seminars on May 26 and 27, in Minneapolis, on the Rights and Responsibilities of Trusteeship and Quality of Care. She explained that she would be sending brochures detailing the seminars to all Board members and asked that she be contacted should a member wish to attend.

There being no further business, Chairman Atwood adjourned the meeting of the Board of Governors at 4:15 p.m., to the Board Dedication of the Kidney Dialysis Center.

Respectfully submitted,



Johnelle Foley  
Secretary

Minutes

Board of Governors

University of Minnesota Hospitals and Clinics

March 17, 1976

Members Present: Mr. Albert Hanser, Acting Chairman  
Ms. Lillian Burke  
Mr. Orville Evenson  
Ms. Jeanne Givens  
Ms. Debbie Gruye  
Mr. Stanley Holmquist  
Ms. Mary Lebedoff  
Dr. Michael Paparella  
Ms. Sally Pillsbury  
Mr. John Quistgard  
Ms. Timothy Vann  
Mr. John Westerman  
Dr. Paul Winchell

Members Absent: Mr. Harry Atwood  
Mr. David Cost  
Mr. Al France  
Dr. Donald Hastings  
Ms. Jo-Anne Lutz  
Mr. Rubin Ruiz  
Dr. Erwin Schaffer  
Dr. John Tiede

The meeting of the Board of Governors of University of Minnesota Hospitals and Clinics was called to order by Acting Chairman Hanser at 2:00 p.m., in Room 555 of Diehl Hall.

I. Minutes of the February 18, 1976 Meeting - Vice Chairman Hanser

Ms. Lebedoff requested that the last sentence on the bottom of page 4 of the Joint Conference Committee meeting minutes of February 17, 1976 be included in the February Board of Governors minutes. It was then moved, seconded, and passed that the minutes of the last Board meeting be accepted as corrected.

Chairman Hanser then introduced Mr. Arnold Stromberg from the Twin City Observer and Mr. Robert Lee of the University Health Sciences News Service.

II. Orientation to Chaplaincy Department - Rev. Neil Herring, Hospital Chaplain

Rev. Herring first explained that University Hospitals' Chaplaincy Department consisted of himself and one other Protestant minister, with both being salaried by the Luthern Social Service Agency. The St. Paul Archdiocese provided two Catholic priests and one nun and an Episcopalian minister was also on the premises on a part-time basis. He noted that a study was presently being conducted to determine the need for a Rabbi at University Hospitals for those patients of the Jewish faith.

In describing the functions of the Chaplaincy Program, Rev. Herring noted that their activities were primarily divided into two areas. For one, they were involved in their priestly duties which included providing worship services and the sacraments. Secondly, they were very much involved in the counseling of patients which included providing guidance and reassurance. Other involvements included working with the clinical pastoral education program, a program for patients with spinal cord injuries, a cancer education program, the Thanatology Committee, and an Alcoholics Anonymous program.

In response to questions from the Board members, Rev. Herring mentioned that the pastors and priests were on-call 24 hours a day and that their on-call schedule was maintained at the Information Desk. Chairman Hanser thanked Rev. Herring for coming to speak to the Board of Governors and extended his gratitude to the Chaplaincy Department for providing this wonderful service to the patients of University Hospitals.

III. Bone Marrow Transplant Program - Dr. William Krivit, Professor, Department of Pediatrics, and Dr. John Kersey, Assistant Professor, Laboratory Medicine and Pathology

Dr. Krivit explained that diseases of the bone marrow were of two types. Either the marrow quits working as in aplastic anemia or it works too well as in leukemia. He mentioned that the transplanting of bone marrow was reinstated as a program at University Hospitals approximately two years ago and that Minnesota's program now

existed as one of five in the country with Seattle being the center of research in the field.

Dr. Kersey explained that the marrow transplant process involved the injection of bone marrow into the vein with the marrow then traveling automatically to the bone area where it accumulates. He added that the donor is able to regenerate bone marrow with little difficulty. Dr. Kersey showed that survival rates indicated transplantation to be the treatment of choice in aplastic anemia and that this was becoming increasingly true for leukemia as well. He added however, that transplantation was only a stop-gap measure and not a cure. Dr. Krivit mentioned that approximately 15 transplants have been performed in the last 2 years and that they expected the program to become increasingly active in the future.

In response to Board members' questions, Drs., Krivit and Kersey informed the Board that the program must be somewhat selective about the types of patients they choose for transplantation but that under no conditions is a patient refused for financial reasons. They indicated that although the treatment costs between \$25,000 to \$50,000, payment assistance can be provided for the patient through research grants, agency support and the hospitals' resources. It was noted that the greatest portion of the expense was due to prolonged intensive care hospitalization lasting as long as 2-3 months. In conclusion, both Doctors commented on their appreciation for the support which the hospitals' administration has given the bone marrow transplant program. Chairman Hanser then thanked Drs., Krivit and Kersey for their interesting presentation and for their efforts in this field.

IV. Joint Conference Committee - Mr. Albert Hanser, Committee Chairman

Mr. Hanser reported that the Joint Conference Committee discussed its involvement in the Clinical Chief appointment process. He explained that the Dean of the Medical School recommends the appointment of a Medical Department Head to the Board of Regents for their approval. If that Medical Department Head is also to be considered for

the Clinical Chief appointment, that recommendation is to go to the Joint Conference Committee of the Board of Governors. Mr. Hanser commented that the Committee agreed that this process should be written into the Medical School's Constitution and also felt that this step of the process should precede the recommendation being submitted to the Board of Regents. Mr. Hanser also reported that although the Board of Governors's in-put was seen as important in the selection process, it did not require a Board members presence on a search committee. Rather, it was felt that the search committee could use criteria for appointment as developed by the Board and that the representative of hospital administration on the search committee could serve as a liaison to the Joint Conference Committee and thus to the Board of Governors. It was noted that should a situation arise where the Board of Governors reject a recommendation for Clinical Chief appointment, it would be necessary for the designated Department Head to present another recommendation.

Mr. Hanser added that Dr. Resch of Neurology and Dr. Prem of Obstetrics and Gynecology would be coming before the Joint Conference Committee in April for consideration on their Clinical Chief appointments. He stated that Mr. Baker, who had served on each search committee, had assured the Joint Conference Committee members that the selection processes had been carefully deliberated. Mr. Hanser concluded that the next appointment which would incorporate the new format for Board involvement would be the appointment of a Department Head and Clinical Chief for the Department of Pediatrics.

Mr. Hanser then referred to Dr. Winchell who reported that the Credentials Committee and the Joint Conference Committee recommend the approval of Dr. Ronald C. Eggert requests for a clinical appointment to the Medical Staff and Dr. Robert A. Vickers's request for an attending appointment to the Medical Staff. Dr. Winchell moved that the Board of Governors approve these appointments. The motion was seconded by Mr. Evenson and passed.

Mr. Hanser also reported that a Task Force has been appointed to discuss the implications of the loss of sovereign immunity. He stated that the Task Force is being chaired by Dr. John Harris and has as its primary objective, the development of means to reduce the Hospitals' exposure to medical malpractice claims. It was noted that Board approval would be required for the implementation of recommendations coming from this Task Force.

V. Finance Committee - Mr. Stanley Holmquist, Committee Chairman

Mr. Holmquist reviewed for the Board the February YTD Financial Statement. He reported that the statement indicated that the excess of revenue over expenses variance to total revenue was 1.06%. He added that this variance was not considered significant and therefore, does not warrant a rate adjustment. Mr. Holmquist further stated that the occupancy rate for February was 75.4% based on 770 beds and that the YTD occupancy rate was 74.8% based on an average of 763 beds. Mr. Evenson suggested that it would be helpful to have the fiscal year's starting date on each financial statement.

Mr. Holmquist then discussed the Finance Committee's examination of the roll-forward budget. He explained the Projected Income Statement which the Committee reviewed and which will be forwarded to the Board members included calculations for 1976-1977 based on inflationary considerations only and did not include added positions, or new programs. He reported that the statement indicated that inflation alone would require approximately a 9% rate increase. Mr. Holmquist then concluded his report by stating that the Finance Committee adjourned to a joint luncheon meeting with the Facilities Committee.

VI. Facilities Committee - Ms. Mary Lebedoff, Acting Committee Chairperson

Ms. Lebedoff reported that the Facilities Committee met jointly with the Finance Committee. She noted that such joint meetings and with Mr. Quistgard serving as liaison to both committees, planning will be greatly facilitated. She also expressed her committee's appreciation of staff's excellent preparation of planning reports

and materials. Ms. Lebedoff then requested that in the interest of brevity and clarity, that Mr. Larson summarize his presentation to the committees for the Board.

Mr. Larson stated that he reviewed with the committees the format of the budget planning process as it originates with individual departments and proceeds through to the budget and planning offices. In terms of the equipment budget, he explained that requests were categorized according to type of need and potential affect on patient revenue. He reported that the preliminary equipment budget indicated an expenditure of \$1.7 million and that this figure will increase with the inclusion of remodeling and other considerations in the overall capital budget. It was noted that the equipment budget as determined by the Facilities Committee was reviewed with the Finance Committee prior to submitting it to the Board of Governors.

In concluding the Facilities Committee report, Ms. Lebedoff commented on the fact that building has begun on Unit B/C and that it is ahead of schedule.

VII. General Director's Report - John Westerman, General Director

Mr. Westerman began his report by commenting that through Ms. Cheri Perlmutter, of the Health Sciences Planning Office, a close watch is being kept on the progress of Building F as efforts are being made to secure additional funding from the state legislature for this facility which is to house the School of Nursing and the College of Pharmacy.

Mr. Westerman informed the Board that the Minnesota Hospital Association has prepared a list of regulations affecting hospitals and nursing homes. He indicated that copies of the inventory would be provided with the minutes of this meeting. He also mentioned that a 24 month study was about to commence which would be examining and planning for health care in the future. He explained that the study was being conducted with a \$450,000 grant from the Robert Wood John Foundation and that he has been appointed to serve on the study committee. He suggested that his involvement

with this study will be helpful in identifying health care issues of the future which University Hospitals' will need to address.

At Mr. Westerman's request, Mr. Diehl commented on the status of Catastrophic Insurance legislation at the State Capital. Mr. Diehl explained that although the House Bill has been defeated, two Senate bills remain viable with one requiring no direct state expenditure. In regard to Malpractice legislation, Mr. Diehl commented that a bill proposing a joint underwriting company has failed. Of more significance however, to the University's loss of its sovereign immunity, is the Legislature's consideration of a State Tort Claims Act. Mr. Diehl informed the Board that this bill is being followed closely to assure that any limitation which are set are at appropriate levels, that a financing mechanism is included, and that employees will be included. Mr. Diehl concluded that the University has other agenda items to deal with its exposure to liability which could be compatible with or independent of a state plan. He noted that these included the development of a risk management program and/or the establishment of an insurance company.

Mr. Westerman mentioned that Mr. Diehl is presently working with Jeffrey O'Connell on a report which will be presented at a conference this Spring with Big 10 hospitals. The report is considering the provision by hospitals of insurance for patients. Other topics to be covered at the conference include multi-hospital arrangements which Mr. Van Hulzen is working on and house staff unionization which Dr. Winchell is co-ordinating.

April 22, 1976, will be the date of the public dedication of the new Kidney Dialysis Center. Mr. Westerman stated that arrangements will be made for a private dedication of the center by the Board of Governors. This dedication will most likely be in conjunction with the April 21st Board meeting.

In concluding his report, Mr. Westerman noted that the plans for the occupation of Unit B/C were progressing favorably with a new and innovative organizational structure for ambulatory care. He mentioned that this involved a partnership of administration and the Medical Staff with both parties delegating authority for the clinics' operations to a joint management council.

Following Mr. Westerman's presentation Ms. Burke raised a concern in regard to the periodic review of Medical Staff appointments. Mr. Westerman responded that this process will be examined by the Risk Management Task Force in an effort to develop an acceptable procedure for the review.

VIII. Board Concerns - Mr. Hanser, Acting Chairman of the Board

Mr. Holmquist informed the Board that the Finance Committee will be meeting at 9:00 a.m., on April 21, 1976, rather than 9:30 a.m., to assure sufficient time at that meeting for a thorough examination of the budget.

There being no further business, the meeting of the Board of Governors was adjourned by Acting Chairman Hanser at 4:10 p.m.

Respectfully submitted,



Johnelle Foley  
Secretary

Minutes  
Board of Governors  
University of Minnesota Hospitals and Clinics  
February 18, 1976

Member Present: Mr. Harry Atwood, Chairman  
Mr. Albert Hanser, Vice Chairman  
Ms. Lillian Burke  
Mr. David Cost  
Mr. Orville Evenson  
Mr. Al France  
Ms. Jeanne Givens  
Ms. Debbie Gruye  
Dr. Donald Hastings  
Mr. Stanley Holmquist  
Ms. Mary Lebedoff  
Ms. Jo-Anne Lutz  
Dr. Michael Paprella  
Ms. Sally Pillsbury  
Mr. John Quistgard  
Ms. Timothy Vann  
Mr. John Westerman  
Dr. Paul Winchell

Members Absent: Mr. Ruben Ruiz  
Dr. Erwin Schaffer  
Dr. John Tiede

The meeting of the Board of Governors of University of Minnesota Hospitals and Clinics was called to order by Chairman Atwood at 2:05 p.m., in Room 555 of Diehl Hall.

I. Minutes of the January 21, 1976 Meeting - Chairman Atwood

Ms. Lebedoff requested that her comment under the Facilities Committee Report of the last meeting be amended to read as follows: "Ms. Lebedoff suggested that perhaps University Hospitals should be considering the Stadium site as a possible location for ~~its in-patient-facilities~~ future development. Mr. Cost moved that the minutes be accepted as corrected. Dr. Hastings seconded the motion and it was passed.

II. General Director's Report - Mr. John Westerman, General Director

Mr. Westerman began his report to the Board by citing that today was the Minnesota Hospital Association's Day at the Capitol. He mentioned that he would be leaving shortly for a meeting with the Governor's Assistant on Health.

Mr. Westerman commented that in terms of ambulatory care activities, work will soon be beginning on the B-C clinic building site. He added that although a recent six month statistical report showed out-patient visits to be down, this could be attributed to a new counting system in Radiation Therapy. He pointed out that six year statistics indicated an increase trend in visits. Mr. Westerman referred to other out-patient efforts such as the Community University Health Care Clinic and the Northwest project which Mr. Farrell reported to be on schedule in terms of planning with the community.

Mr. Westerman next commented on in-patient statistics. He pointed out that University Hospital's longer length of stay as compared to the national average, was indicative of the severity of the illnesses which bring people to this hospital. With regard to a very good occupancy rate of 81%, he commended the work of Dr. Michael and the Bed Allocation Committee which has done much to make restricted beds more generally available. In response to a question by Ms. Givens concerning the increased utilization of the mid-wife program, Mr. Pierson attributed this to an increased understanding and acceptance of this program as an alternative form of obstetrical care. In further discussing inpatient activities, Mr. Westerman mentioned the efforts to accommodate the epilepsy program, the opening of the kidney dialysis unit, and the investigation into new organizational models for nursing care.

With regard to Health Sciences activities, Mr. Westerman stated that appropriations were presently being considered by the Legislature for Unit F which is to house the School of Nursing and College of Pharmacy. He encouraged the Board to support the funding of this building as it is seen as necessary to uphold the integrity of these Units and the Health Sciences. He assured the Board that he would provide them with written information on this subject before the conclusion of the meeting. Mr. Westerman then concluded by announcing that Blue Cross/Blue Shield had recently approved the decision to move to a consumer majority Board of Trustees and had done so with the support of the Minnesota Medical and Hospital Associations.

Mr. Westerman then called upon Ms. Foley who informed the Board of a new American Hospital Association publication entitled, Governing Hospitals: Trustees and the New Accountabilities, which will be provided to each member of the Board. Ms. Foley went on to explain that "Trustees Magazine", also an AHA publication which each member receives has recently been awarded a grant by the Kellogg Foundation to carry an educational program for trustees within its issues. Ms. Foley encouraged the Board to read the magazine and cited some significant future health care themes which were addressed in one of its recent articles. In conclusion, Ms. Foley related these issues of the future to present investigations which are being carried on in the Hospital today. She added that these areas of study could easily be incorporated into conference for university hospitals with governing boards. She stressed the importance of such boards joining together to examine future health care issues and added her hopes that such a meeting could be arranged for the Summer of 1976.

III. Bylaws Committee - Ms. Jeanne Givens, Committee Chairperson

Ms. Givens referred the Board to a revised draft of the Bylaws Committee Report on Amendments and Policy Statements. She indicated that changes had been made in the report based on the discussion of the last Board meeting. She pointed these changes out as being on page 6, under Section 1, the addition to the last line of "...as the Board may from time to time recognize" and the revision of the wording of Policy Statement Number 3 on page 2 regarding meeting attendance. Ms. Givens further commented that the Bylaws Committee Report had been reviewed by Mr. John Horthy, Legal Counsel involved in the creation of the Bylaws, and was found to be acceptable by him.

Ms. Givens then called upon Mr. John Diehl, University Hospitals Legal Counsel, for his comments. Mr. Diehl reported that he found the Bylaws Committee Report to be appropriate. He suggested that due to a recommendation by the Joint Commission on the Accreditation of Hospitals an additional amendment might be as follows:

The following new amendment to Article V, Section 4 (C):

"(C) Whenever the Board of Governors determines on its own motion and without prior Joint Conference Committee action to decrease the clinical privileges of a member of the Medical Staff or revoke his staff membership, the Board shall refer such determination to the Joint Conference Committee for its consideration and recommendation. Whenever the Board of Governors determines to reject a recommendation of the Joint Conference Committee favorable to an applicant for staff membership, either with respect to membership or to clinical privileges, or determines to reject a recommendation of the Joint Conference Committee favorable to a Medical Staff member with respect to reappointment, promotion in staff category or increase in clinical privileges, or whenever the Board of Governors determines on its own motion and without prior Joint Conference Committee action to decrease the clinical privileges of a member of the Medical Staff or revoke his staff membership, before taking final action the Board shall

notify the applicant or Medical Staff member in writing, sent by certified mail or registered mail, return receipt requested, of this decision of the Board..."

Following discussion of this amendment and other items in the Bylaws Committee Report, Ms. Givens moved that the Board of Governors accept these amendments and recommend their approval by the Board of Regents. The motion was seconded by Dr. Hastings and passed.

IV. Joint Conference Committee - Mr. Albert Hanser, Committee Chairman

Mr. Hanser moved that the Board accept the Acute Myocardial Infarction Audit which was reviewed by the Joint Conference Committee. He explained that the audit would be described in detail following his report. Ms. Pillsbury seconded the motion and it was passed.

Mr. Hanser called upon Dr. Winchell to review his comments on the Foundation for Health Care Evaluation. Dr. Winchell explained that the Foundation had been assigned conditional PSRO status under Public Law 92-603 for the seven county area and that University Hospitals was in the process of negotiating a contract with the Foundation for inclusion in its periodic review process.

At Mr. Hanser's request, Mr. McKee reviewed for the Board the initial responses to the comments and the recommendations of the Joint Commission on the Accreditation of Hospitals' report of its survey. Mr. McKee divided his discussion into four areas including issues which related to the Governing Board, the Medical Staff, risk management or safety and documentation. The Board then discussed the implications of the recommendations in terms of costs and time to bring the hospital up to JCAH standards.

Mr. Hanser went on with his report by commenting that the Joint Conference Conference Committee had also examined the patient statistics of the last six months. He mentioned that there were no appointments to approve as the Credentials Committee had not met. Mr. Hanser informed the Board that labor negotiations had been taken to mediation but that due to a vacation situation, these mediations would be postponed for three weeks. He further explained that a recent article in a Hibbing paper stating that some physicians at University Hospitals were not licensed was true in that according to state law, Residents may practice without a license if officially registered in Medical School. In conclusion, Mr. Hanser mentioned that he had attended an Estes Park Institute Conference on, "Reassessing the Role of the Hospital Trustee," and that a report of the conference would be made available to the members of Board shortly.

V. Medical Audit Presentation - Ms. Janet Schindler, Director, Quality Assurance Program

Ms. Schindler described to the Board members the medical audit process in detail. She explained how an audit team was created to examine a diagnosis, problem, procedure, or process. In doing so, she explained that the team would develop its own criteria for evaluation of justification for admittance, outcomes, and indicators. She noted that these criteria were, in a sense, instructions for her department to know what to look for in Medical Records. Deficiencies in records would then be reported back to the audit team for their review and recommendations. These recommendations would be made by specialists in various aspects of the area being studied and would be reported directly to the appropriate responsible individuals.

Dr. Richard Kronenberg then presented the Board with the findings of a particular audit of acute myocardial infarctions. He explained that only cases with a primary diagnosis of AMI during the last six months of 1974 were reviewed. He indicated such resulting recommendations as the need to uniformly define "primary" diagnosis and to properly document patient education. He concluded that the audit team was planning to repeat the audit of AMI's this year in a prospective rather than retrospective manner.

The Board discussed the complexities of the audit process and commented on its importance as an evaluation tool. Chairman Atwood thanked Ms. Schindler and Dr. Kronenberg for their informative presentations.

VI. Facilities Committee - Mr. Orville Evenson, Acting Committee Chairman

In Dr. Tiede's absence, Mr. Evenson presented the Facilities Committee report to the Board. Mr. Evenson stated that the Committee was reviewing the short term and longer short term plans for the Hospital's physical plant development. He noted that discussions were held as to how and when these plans might be implemented in light of financial and administrative considerations. He further commented on the Committee's awareness of the impact which meeting Joint Commission requirements may have on the future plans. In light of this, Mr. Evenson stated the Facilities Committee's interest in meeting with the Finance Committee. In conclusion, Mr. Evenson reiterated the Facilities Committee's support and understanding of the need for the building of Unit F.

VII. Finance Committee - Mr. Stanley Holmquist, Committee Chairman

Mr. Holmquist reported that the occupancy rate for January was 74%. He mentioned that revenue days in accounts receivable had increased but that February was already showing a downward trend in that

area. Mr. Holmquist then explained that the Finance Committee had carefully examined the credit losses for the second quarter of fiscal year 1975-76. Based on this review, he made a motion that the Board accept the Finance Committees recommendation to approve the writing-off of \$541,352.33 in credit losses. The motion was seconded and passed.

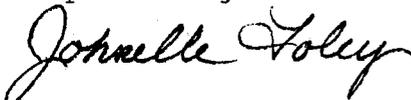
Mr. Holmquist next reviewed with the Board the January Income Statement. Mr. Fearing explained that the overstatement of the Pharmacy budget was caused by cross charges which occurred with Central Sterile Supply during last year. Mr. Holmquist concluded that the statement indicated that the excess of revenue over expenses variance to total budget revenue was .73%. He added that although this variance had increased over last month, it was not a significant increase and did not warrant a rate adjustment. The report of the Finance Committee was then accepted by the Board of Governors.

VIII. Board Concerns - Mr. Harry Atwood, Board Chairman

Chairman Atwood commented that he would not be present at the next meeting of the Board of Governors but that Mr. Hanser, as Vice Chairman, would be directing the meeting.

There being no further business, the meeting of the Board of Governors was adjourned by Chairman Atwood at 4:45 p.m.

Respectfully submitted,



Johnelle Foley  
Secretary

Minutes

BOARD OF GOVERNORS ANNUAL MEETING

University of Minnesota Hospitals and Clinics

January 21, 1976

Members Present: Mr. Harry Atwood, Chairman  
Mr. Albert Hanser, Vice Chairman  
Ms. Lillian Burke  
Mr. David Cost  
Mr. Orville Evenson  
Mr. Al France  
Ms. Jeanne Givens  
Ms. Debbie Gruye  
Dr. Donald Hastings  
Mr. Stanley Holmquist  
Ms. Mary Lebedoff  
Ms. Jo-Anne Lutz  
Dr. Michael Paparella  
Ms. Sally Pillsbury  
Dr. John Tiede  
Ms. Timothy Vann  
Mr. John Westerman  
Dr. Paul Winchell

Members Absent: Mr. John Quistgard  
Mr. Ruben Ruiz  
Dr. Erwin Schaffer

The meeting of the Board of Governors of University of Minnesota Hospitals and Clinics was called to order by Chairman Atwood at 2:07 p.m., in Room 555 of Diehl Hall.

I. Introductions and Announcements

Chairman Atwood introduced Ms. Lillian Burke, Mr. David Cost, Mr. Al France, Ms. Debbie Gruye and Ms. Jo-Anne Lutz as the new members of the Board of Governors. Chairman Atwood also introduced Ms. Kay Kahler to the Board. Ms. Kahler is the new reporter from the Minnesota Daily who will be covering Board affairs.

Chairman Atwood stated that the new committee assignments for 1976 had been distributed to the members of the Board and that the committees had begun to meet with their new members. He added that he hoped all members found their assignments

to be acceptable, but if there were any members who wished their assignments to be changed he would consider such requests.

Chairman Atwood read a letter which he had received from C. Peter McGrath, President of the University of Minnesota. President McGrath's letter was in reference to his recent hospitalization in University Hospitals and the fine care which he received.

Chairman Atwood explained that because this was the Annual Meeting of the Board of Governors, there would be no orientation presentations to the Board.

II. Minutes of the December 17, 1975 Meeting - Chairman Atwood

Dr. Hastings moved that the minutes of the last meeting be approved. The motion was seconded and passed.

III. Finance Committee - Mr. Stanley Holmquist, Committee Chairman

Chairman Holmquist reported that the occupancy rate for December, 1975, Year to Date was 74.8%. He added that admissions were above planned levels by 2.3%, patient days by 3.73%, clinic visits by 2.53%, and ancillary services by 4.06%. He pointed out that according to the December Income Statement, the excess of revenue over expenses variance to total budget revenue was .29% and added that the July rate increase continued to be justified. Mr. Evenson moved for acceptance of the December report. The motion was seconded and passed.

Mr. Fearing reviewed with the Board the Projected Statement of Operations for Fiscal Year 1975-1976. He explained that these projections were based on trend lines which have been identified over the past 3-5 years. He indicated that a 2 - 3% increase in planned volume would be off-set by a 2% increase in planned expenditures. He concluded that the .7% projected excess of revenue over expenses variance to total budgeted revenue for 1976-1976 did not indicate the need to adjust rates at this time and that such an adjustment could be considered when setting next year's rates.

The Board of Governors then reviewed the Statement of Financial Policies and Requirements, as recommended by the Finance Committee. Mr. Van Hulzen explained that the statement was to be used as a guide for management when considering issues of finance and when interrelating with the Rate Review Program, the Legislature, and the University. Following a brief discussion of the statement, Mr. Atwood reminded the Board that it was a working document and could be changed if necessary. Mr. Evenson commented on the usefulness of such a statement and moved for its acceptance by the Board. Ms. Lebedoff seconded the motion and it was passed.

IV. Facilities Committee - Dr. John Tiede, Committee Chairman

Dr. Tiede reported that Mr. Jones had discussed future planning with the Committee and that the Committee will continue definition of the long-range plans.

Dr. Tiede explained that the Facilities Committee had examined the Radiology Department with Dr. Gedgaudas. Dr. Tiede related that the Committee was concerned with the hospitals lack of space for people and equipment.

Ms. Lebedoff suggested that perhaps University Hospitals should be considering the Stadium site as a possible location for its in-patient facilities. Ms. Givens recommended that the hospitals' needs be detailed and made known to the Board of Regents. Dr. Paparella commented on the need to study several sites and assess the benefits of each.

Mr. Westerman explained that discussions on this matter were already being held with Vice Presidents Brinkerhoff and French. He added that in preparation

for this type of planning, the Facilities Committee will be hearing presentations from the consultants and architects working on the Health Sciences and hospital planning.

V. Joint Conference Committee - Mr. Albert Hanser, Committee Chairman

Mr. Hanser reported that the Joint Conference Committee had met with its new members. He explained that the Committee's size had been increased to accommodate the recommendation of the Joint Commission on the Accreditation of Hospitals suggesting equal lay Board member and Medical Staff representation. Mr. Hanser then referred the Board to the list of applicants for Medical Staff appointment and re-appointment. Having been recommended by the Credentials Committee and approved by the Medical Staff-Hospital Council and the Joint Conference Committee, Mr. Hanser moved that these requests be approved by the Board of Governors. The motion was seconded and passed.

Mr. Hanser stated that Ms. Jan Schindler had orientated the new members of the Committee to the Medical Audit process. He added that Ms. Schindler would be presenting a detailed medical audit to the full Board at their February meeting. Mr. Hanser reported that the Committee had reviewed the hospitals' abortion audits and had requested further examination for consideration by the Committee in March.

At the request of Mr. Hanser, Mr. McKee described the Disaster Drill of December 12, 1975, to the Board. Mr. McKee explained that the drill was conducted around a simulated fire-explosion at 3:00 a.m., during an all night rock concert in Williams's Arena. Mr. McKee noted that the drill helped to identify problem areas within the communications system and added that that system would be revised and tested.

Mr. Hanser mentioned that the Joint Conference Committee had also discussed the Annual Plan, union negotiations, and the Thanatology Report. He noted that the

Minnesota Daily had been running a series of articles about Thanatology and that KSTP was planning a special report on the subject featuring University Hospitals.

VI. Bylaws Committee - Ms. Jeanne Givens, Committee Chairperson

Ms. Givens reported that the Bylaws Committee had prepared a document of recommended bylaws' amendments and policy statements for the Board's consideration and referred the Board to that report.

Following some discussion of the report, Mr. Evenson suggested that Policy Statement Number 3 pertaining to an attendance policy be reworked. Chairman Atwood suggested that the term "...as the Board may from time to time recognize" be added to the end of Section 1 under Hospital Auxiliaries. At Dr. Winchell's suggestion, it was decided by the Board that the Bylaws Committee report be reviewed by Mr. Horty, the legal counsel who assisted in developing the Bylaws, and be returned to the Board of Governors at their February meeting.

VIII. General Director's Report - Mr. John Westerman, General Director

Mr. Westerman commented that his report would be devoted to a presentation of the 1976 Annual Plan for University Hospitals. He explained that the plan originated with the Administrative Staff, for approval by the Board of Governors, and to be submitted to the Board of Regents. He explained that the purpose of the plan was to indicate trends of involvement which University Hospitals and its staff would be following in the coming year while in pursuit of its mission of service, education, and research.

Mr. Westerman noted that the Forward of the Annual Plan dealt with current and future issues of health care nationally. He commented that many of the issues discussed in the Forward helped to initiate the projects and programs described within the three sections-- those relating to Patients, to Personnel, and to Their Environment.

Mr. Westerman commented on each project briefly and the Board members discussed elements of the various involvements. He mentioned that priorities would be assigned to the programs as the year progressed and that through his General Director's Report and an Interim Report of the Annual Plan, the Board of Governors would be kept abreast of the activities in each area. Mr. Holmquist moved for acceptance of the Annual Plan for 1976. Ms. Vann seconded the motion and it was passed. Chairman Atwood indicated that the Plan would be transmitted to the Board of Regents.

In conclusion, Mr. Westerman stated that the report of the Joint Commission on the Accreditation of Hospitals had been received by Administration. He added that copies of the report were being sent to the members of the Board and that the report would be discussed at the next meeting of the Board on February 18, 1976.

There being no further business, the meeting of the Board of Governors was adjourned by Chairman Atwood at 4:55 p.m.

Respectfully submitted,  
*Johnelle Foley*  
Johnelle Foley  
Secretary