

Minutes
University of Minnesota Hospitals and Clinics
Board of Governors
December 14, 1977

Present: Mr. Harry Atwood, Chairman
Mr. Al Hanser, Vice Chairman
Ms. Nicha Coates
Mr. David Cost
Mr. Orville Evenson
Mr. Al France
Ms. Jeanne Givens
Ms. Debbie Gruye
Mr. Stanley ~~Holmquist~~
Ms. Mary Lebedoff
Dr. John Najarian
Mr. Dan Notto
Ms. Sally Pillsbury
Mr. John Quistgard
Ms. Timothy Vann
Mr. John Westerman
Dr. Paul Winchell

Absent: Ms. Jo-Anne Lutz
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 Harry Atwood at 2:35 p.m., in the Terrace of the Campus Club.

Chairman Atwood began the meeting by introducing Regent Wenda Moore, Chairperson of the Board of Regents, and C. Peter Magrath, President of the University of Minnesota. He welcomed them both to the meeting and added that a few months previously in his annual report to the Board of Regents, he had extended an invitation to the Regents to attend Board of Governors' meetings. He noted that due to the Holidays the time, place, and date of this particular meeting was different than that which he had originally reported to the Regents.

Chairman Atwood also took this opportunity to report that the Board of Regents, at their last meeting, had approved the re-appointments of five members to the Board of Governors.

Further, he stated, the Regents had re-appointed Mr. Hanser and himself as Vice Chairman and Chairman of the Board of Governors and had approved the appointment of Dr. Paul Quie to the Board of Governors to fill the vacancy left by Dr. Donald Hastings. Chairman Atwood then asked Dr. Paul Winchell to introduce Dr. Quie to the Board.

Dr. Winchell stated that Dr. Quie is a graduate of St. Olaf's College and the Yale Medical School. He added that Dr. Quie is a Professor of Pediatrics and holds the single endowed American Legion Chair in that department. He mentioned that Dr. Quie has been a long time member of University Hospitals' Medical Staff and has served for some time on the Medical Staff/Hospital Council as well as on other committees of the Medical Staff. Further, he stated that Dr. Quie's specialty is Infectious Diseases and added that Dr. Quie is the immediate-past Vice Chief of Staff of University of Minnesota Hospitals and Clinics. The Board of Governors welcomed Dr. Quie to their membership.

I. Minutes of the November 16, 1977 Meeting - Chairman Atwood

Ms. Givens moved that the minutes of the November Board of Governor's meeting be approved. The motion was seconded and passed.

II. Comments of Regent Wenda Moore, Chairperson of the Board of Regents and C. Peter Magrath, President of the University of Minnesota

Regent Moore began her comments by extending greetings from the Board of Regents. She stated that the Regents are most appreciative of the time and effort which the Board of Governors have put into their service to University Hospitals and Clinics. She added that the Regents are looking forward to continued and strengthened good relations between the two Boards.

President Magrath seconded Regent Moore's comments and suggested that he felt it would be mutually beneficial to continue and even formalize communication between the Board of Regents and the Board of Governors. He noted that the Regents' attitude toward

this venture of delegation of responsibility is very favorable. He stated that the Board of Governors certainly has displayed a good track record in dealing with the many complex issues of hospitals and health care. He commented that the Regents were most satisfied with this performance and added that there was recognition that certain of those complex hospital issues required placement before the Board of Regents as well. He cited the issues of patient care, financing, facility replacement, and bed needs, suggesting that these were shared concerns for both Boards and thus both Boards should be on the same wave length when dealing with them. He noted that in addition to the exchange of meeting minutes and Vice President French's role as liaison for the two Boards, there should be increased communication especially in terms of common interests. He suggested that perhaps the two Board should consider coming together from time to time informally to discuss such matters as planning for the future. He then extended his personal thanks to the Board of Governors for their work and the quality of their governance which he acknowledged as being a model in the Country. Chairman Atwood responded that the Board of Governors recognized that the issues in which they deal are critical and in some cases do ultimately call for the involvement of the Board of Regents. He stated that although they are separate entities, the two Board do need to work together and added that they do so through Vice President French and his office and through committee representation from Central Administration. He agreed with the suggestion for more interaction between the two Boards through occasional informal gatherings. Chairman Atwood thanked Regent Moore and President Magrath for coming to the Board of Governors' meeting and added that some of the health care issues which the President had cited happened to be the subject of the first report to the Board.

Chairman Atwood explained that the appointment of the Strategic Planning Task Force came as a result of discussions held at the Board of Governors' retreat in August where the decision was made to review the fundamentals of University Hospitals'

mission statement and to assure its appropriateness in today's health care setting. He commented that since that appointment, much has happened locally to expand the role of the Task Force. He stated that Mr. France has been kind enough to accept the Chairmanship of the Task Force despite its increased charge.

Chairman Atwood stated that there were two major matters on which the Task Force would be reporting. The first he noted was the draft long range plan for University Hospitals' which the Metropolitan Health Board had requested of all 38 local hospitals to be submitted by January 1, 1978. He explained that although the plan was sizeable it was only a draft and incomplete in terms of finalizing long range goals and objectives. He further explained that the outline format provided by the Health Board for the plan had been followed and added that according to that format, the final plan was not due to the Metropolitan Health Board until October of 1978. Chairman Atwood stated that the second subject of the Task Force report would deal with University Hospitals' response to the planning guidelines developed by the Viable Hospital Task Force of the Metropolitan Health Board. He then introduced Mr. Al France for the Strategic Planning Task Force report.

III. Strategic Planning Task Force Report - Al France, Task Force Chairman

Mr. France began by noting Mr. Hanser's initial leadership of the Task Force and his work in beginning to deal with mission considerations. Mr. France pointed out that public agency requirements have force the Task Force to digress to consideration of other matters.

Stating that there were two action items to come before the Board, Mr. France referred the members to the long range plan being submitted to the Metropolitan Health Board. He stated that although formidable, the plan was also interesting, comprehensive, and educational. He reported that the Task Force reviewed the plan carefully and offered several suggestions especially in terms of strengthen-

ing statements regarding University Hospitals' role as a state-wide and regional resource. He noted that statements reflecting this position will be clearly put forth in the document as they were reflected in the recommendations of the Task Force. He added that in particular he was referring to the final two sections of the plan.

Mr. France then moved that the long range plan be accepted by the Board of Governors and that it go forward to the Metropolitan Health Board as the preliminary draft planning document. Mr. France's motion was seconded. The Board then discussed various aspects of the plan. It was pointed out that the document precisely followed the format provided by the Health Board in that it was essentially a presentation of the current planning for University Hospitals in which the last two sections only outline those matters needing further consideration by the Strategic Planning Task Force and Board before submission to the Metropolitan Health Board in October. Ms. Lebedoff questioned the section dealing with external affiliations. Mr. Jones explained that the Task Force had also identified that section as needing an up-date and he is working with Mr. Preston to see that that was accomplished. Ms. Lebedoff also suggested the inclusion of trustee educational experience, as she felt University Hospitals was unique in terms of providing such opportunities in such depth. Mr. Hanser concurred with this suggestion indicating that the Citizens League Report had suggested that more attention could be paid to trustee education.

Ms. Pillsbury stated that the Task Force had asked for summary introductory comments for certain sections of the plan to make certain that the Health Board would pick up the salient points about University Hospitals. Mr. Hanser complimented Mr. Jones and those who worked with him on the fine job they had done in putting the plan together and added that he doubted if many other hospitals were as thoroughly prepared. Mr. France added that the matter of an exact planning process was still under consideration by the Task Force since a planning approach is a frequently

debated subject. Chairman Atwood then called for the vote on Mr. France's motion to accept the draft plan and forward it on to the Metropolitan Health Board. The motion received unanimous support and was passed.

Mr. France explained that the Viable Hospital Task Force of the Metropolitan Health Board had developed draft guidelines to be considered in co-ordinating and planning the future of the local hospital system. He noted that these guidelines had been distributed to all local area trustees for written comment by December 22, 1977. He mentioned that the guidelines and a staff-prepared response had been sent to all members of the Board. Mr. France stated that the Strategic Planning Task Force had reviewed both the guidelines and the response thoroughly and had made no significant revisions. He did point out that the document had been altered to show that it was a Board document by stating that the Board was putting forth the comments in the first sentence of the response and in the first sentence of the Summary. Mr. France then moved that the Board of Governors accept the written response to the guidelines and forward them on to the Metropolitan Health Board. His motion was seconded.

Mr. Westerman suggested that some time be spent in reviewing the intent of the guidelines. He mentioned that the guidelines and their response had also been examined by the Hospital Planning Steering Committee and acknowledged Dr. Eugene Gedgaudas as a representative of that Committee in attendance. Mr. Westerman stated that the idea for the Viable Hospital Task Force came as a result of the Citizens League's Report which suggested that the local hospital system was obese by 3500 beds. Mr. Westerman commented that the outcomes of that report were seen as reasonable while the methodologies used to reach the conclusions were questionable. He explained that all interested and involved provider and consumer groups were well represented on the Viable Hospital Task Force and added that he was appointed as a member of the Task Force representing the Minnesota Association of Public Teaching Hospitals. He noted that he and Mr. Ed Howell took an active role in participating in the development of the

guidelines which the Task Force put forth.

Mr. Westerman stated that the Viable Hospital Task Force was charged with suggesting solutions for a hospital system with too many beds and/or hospitals. In an effort to grasp this problem, six policies or guidelines were developed to provide a reasonable framework for public policy decisions. Mr. Westerman reviewed the guidelines demonstrating that they touched on costs, size, quality, utilization, services, manpower, and service population. He commented that the present health care environment is in essence threatened and the primary issue appears to be survival. He suggested that now, more than ever, was the time for the health care system to demonstrate that it is capable of working toward resolution of problems in a logical manner.

Mr. Westerman then recognized Dr. Varco as another representative of the Hospital Planning Steering Committee who had reviewed the guidelines and asked him to comment. Dr. Varco stated that issues such as those dealt with in the guidelines are certainly, most critical and complex, and the Board is to be commended for addressing them so well.

grateful for the Board's efforts and ready to assist the Board in whatever way possible.

Chairman Atwood then commented that the University Hospitals' response to the guidelines essentially endorses the principal of developing such guidelines and encourages the Metropolitan Health Board to continue its efforts with additional study and continued communication of its findings. Mr. Holmquist raised a question pertaining to the closing of beds and/or hospitals. Mr. Westerman stated that there was considerable uncertainty as to what the outcome of such closures would be. Chairman Atwood interjected that the following sentence had been added to page 1, paragraph 2, sentence 3 of the response to the guidelines: "Nor have we seen any definitive results or numbers as to what application of the guidelines would result in". He indicated that to this point nothing has been said about what would happen if the guidelines

were implemented. Mr. Westerman pointed out that the advantages which multi-hospital systems have in terms of their flexibility in re-allocating beds. Mr. Holmquist asked specifically to whom the guidelines pertain. It was stated that they apply only to the 38 hospitals in the seven county area. Chairman Atwood then called for a vote on Mr. France's motion to accept the written guidelines response and forward it to the Metropolitan Health Board. The motion was unanimously passed by the Board of Governors.

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

Mr. Westerman reported that this year, as in the last four years, University Hospitals will be closing beds during the holiday period. He explained that 120 beds are to be closed and that for the most part, those staffing the beds will take vacation time. An estimated \$75,000 is expected to be saved through this measure.

Mr. Westerman referred the Board to the letter from the Joint Commission on the Accreditation of Hospitals which stated the results of its survey. He explained that University Hospitals has been awarded another one year accreditation. He added that the citations noted in the letter were those which were anticipated. They deal with the physical facility which was the only area which the JCAH survey covered this year. Corection of those deficiencies is targeted for next Fall when University Hospitals will be surveyed once again. Mr. Westerman also mentioned that at the last JCAH commissioner's meeting resolution was brought to certain questions which had been pending in the area of Emergency Medical Services and Medical Staff requirements. He explained that consideration of a physician's mental status will no longer be a pre-requisite to the Medical Staff membership until an approved method for determining mental status is found.

Mr. Westerman then reviewed for the Board certain changes which had been made throughout University Hospitals in terms of allocating beds to certain services. He commented that his point in mentioning this subject was to demonstrate that the Hospitals'

beds are subject to periodic review. He added that the Medical Staff was most helpful and accommodating in meeting changing bed needs as they arise. Mr. Westerman also reported that the Linen/Laundry project was being pursued and announced that the Computer project had been approved by the Board of Regents.

Ms. Givens inquired if the mental status of a physician could not be considered during the time he is reviewed for reappointment to the Medical Staff. Mr. Westerman responded that this idea was discussed by the JCAH but found to be impossible until a way to prove mental incompetence is developed. Ms. Pillsbury commented that in the re-allocation of beds, it was unfortunate that the minimal care area on Masonic I would be lost. Mr. Westerman suggested that when Unit B/C opens there may be some offering available there that would be similar to the diagnostic care arrangement. Mr. Dickler responded that Federal regulations make it impossible to operate a minimal care unit in an acute care hospital. He stated that this issue may have to be evaluated in terms of University Hospitals providing something similar to a long term care unit. Chairman Atwood then thanked Mr. Westerman for his report.

V. Joint Conference Committee Report - Al Hanser, Committee Chairman

Mr. Hanser reported that the Joint Conference Committee did not review a medical audit this month, but added that two would be reviewed in the following month to assure compliance with the JCAH standard requiring the completion of 12 audits per year. Mr. Hanser then referred the Board to the Credentials Committee report recommending the appointment of three physicians to the Medical Staff. At his request, Dr. Winchell reviewed the backgrounds of the physicians. Mr. Hanser then moved for their acceptance. The motion was seconded and passed.

Mr. Hanser stated that the Committee considered the re-appointment process for Clinical Chiefs. He explained that Chiefs are to be appointed to three year terms but that when they join University Hospitals at different points in the

year, it makes their re-appointments difficult to keep track of. He then referred the Board to the list of 19 Clinical Chiefs. He moved that the Board of Governors reappoint the 15 Clinical Chiefs whose terms are up for consideration and request that the Bylaws Committee be charged with the restructuring of the Bylaws to provide a more consistent process for re-appointing Clinical Chiefs. Ms. Pillsbury seconded the motion and it was passed.

Mr. Hanser stated that the Committee was informed of those subjects covered at the Semi-Annual Medical Staff meeting. They included the handling of investigational drugs, concurrent review, the local planning activities and Medical Staff malpractice insurance. He stated that Dr. Winchell reported that the Medical Staff/Hospital Council covered the Bed Allocation Committee report, Credentials Committee report, and a discussion of long range planning. On behalf of Dr. Najarian, Dr. Goltz had reported to the Committee on their discussions including the admitting practices of physicians with clinical appointments and the membership of University Hospitals' physicians in a health maintenance organization. Mr. Hanser also noted that the Joint Conference Committee review the findings of the Joint Commission survey. He commented that the results only served to emphasize the tremendous physical facility needs of University Hospitals.

In concluding his report, Mr. Hanser informed the Board of a meeting which he had attended in place of Chairman Atwood and which Mr. Jones had attended in Mr. Westerman's stead. He explained that it was a gathering of hospital board chairmen and chief executive officers in the Hennepin County area. Generally, the purpose of the meeting was to determine if there would be any benefit in such a group formalizing into an organization for the purpose of responding jointly to hospital and health care issues. He stated that the meeting's discussions were somewhat frustrating because those present attempted to deal with the issue of an over-bedded local hospital system. He reported that the group did decide to meet again in the future.

VI. Finance Committee Report - Stanley Holmquist, Committee Chairman

Mr. Holmquist began the Finance Committee report by stating that the financial statements for the month of November reflected a decline in the average length of stay from 9.2 days in October to 8.8 days in November. He attributed this decline to utilization review activities and to the Thanksgiving Holiday. He commented that while admissions were high for November, the decline in average length of stay caused the in-patient census to be below projections. He added that the results of these trends showed November's year-to-date expenses to be over revenue by \$18,555. Despite these changes, the overall position of University Hospitals is seen as relatively stable and the occurrence of November do follow historical trends which also call for an increase in activity after the Holidays. Mr. Holmquist suggested that with this in mind and with cost containment measures such as the closing of some beds during the holiday season, there appears to be no need to consider a rate increase at this time. He then called upon Mr. Fearing for comments.

Mr. Fearing noted that management is continuing to work on plans to reduce hospital expenditures. These efforts include the holding of new program implementation, the instituting of departmental productivity improvement programs and leaving vacant positions open. He stated that in January the results of cost reduction efforts can be viewed in studying the year end projections. He also explained that the 1978 cost-of-living increase was 56% over projections and will affect year end results. He added, however, that management continue to recommend a delay in any rate increase discussions until year-end projects are complete in January.

Mr. Holmquist asked if it was possible to institute a minimal rate increase without Rate Review approval. Mr. Fearing responded that rates could be increased without Rate Review Panel involvement up to pre-determined limits. Mr. Holmquist also inquired about the increase in number of days in accounts receivable. Mr. Fearing explained that the increase in the number of revenue days outstanding is a factor of the decline in the average daily revenue during November. At Mr. Holmquist's request, Mr. Fearing

commented that the Hospital's working capital position is strong. Mr. Holmquist then noted that the Facilities Committee will be requesting Board approval to replace Neuro-Radiology equipment. He explained that this equipment need had been budgeted and therefore, funds are available to replace the equipment.

VII. Facilities Committee Report - John Tiede, Committee Chairman

In Dr. Tiede's absence, Mr. Evenson presented the Facilities Committee report. He stated that Mr. Larsen provided the Committee with a review of the results of the Joint Commission survey. He reported that the Life Safety Project is on schedule with completion targeted for September of 1978, in time for University Hospitals to be in compliance for the next JCAH survey.

Mr. Evenson then stated that Dr. Eugene Gedgaudas, Chief of the Department of Radiology, reported on his department, its activities and its needs. The Committee was informed that the life expectancy of Radiology equipment is from 7-10 years and that beyond that, the equipment does not function properly necessitating procedures be done over. Mr. Evenson explained that the cost of the equipment which Dr. Gedgaudas wishes to replace is estimated to be \$350,000 with \$10,000 required for remodeling. He added that this replacement item has been budgeted. He also stated that a Certificate of Need is required to obtain this equipment but noted that staff foresees no difficulties there. Dr. Gedgaudas commented briefly on the work of his department and the sophisticated nature of this particular equipment. He pointed out that the equipment is necessary to respond to the need of Neurology and Neuro-Surgery, the largest such services in the community.

Mr. Evenson then made the following motion:

"The Facilities Committee recommends to the Board of Governors for its approval the acquisition and installation of replacement neuro-radiology equipment at an estimated cost of \$350,000. The funds for this equipment were previously included in the annual equipment budget for the current fiscal year with the understanding

that the project would be reviewed for final approval at a later date. The committee has received a briefing at this time and is satisfied that the project is justified and necessary.

The committee has also reviewed this project in light of the recent resolution passed by the Metropolitan Health Board, our local Health Systems Agency, which requires that any project application for certificate of need demonstrate that the project is of a critical nature and could result in serious or potentially serious consequences if not approved and implemented prior to July 1979. The members of the committee are convinced that this project meets that requirement due to the following factors:

1. This equipment is a replacement for existing equipment and does not increase or expand upon the current scope and scale of patient care services offered by University Hospitals.
2. The existing equipment has exceeded its normal expected life.
3. The quality of results obtained with the existing equipment no longer meets current acceptable standards.
4. The risks posed to the patient by redone procedures through increased catheterization times and exposure to contrast medium is rapidly approaching unacceptable limits."

The motion was seconded. There was some discussion regarding the cost of the equipment versus the cost of remodeling. Mr. Larsen explained that final determination of costs was pending the results of the bidding process. Mr. Evenson's motion was then voted upon and passed.

VIII. Board Concerns - Harry Atwood, Board Chairman

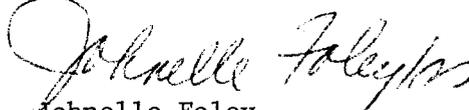
Chairman Atwood announced that the five Board of Governors members whose re-appointments had been approved by the Board of Regents were Albert Hanser, Mary Lebedoff, John Quistgard, Timothy Vann, and himself.

Chairman Atwood then commented that he was in the process of reviewing Board member committee assignments for 1978. He stated that to the best of his ability he will attempt to meet the preferences requested by Board members and still accomplish the rotation necessary to provide Board members with broad exposure. He added that there

had been discussions and concurrence was reached with those involved that there would be changes in standing committee chairmanship positions as the completion of 1977 marks the end of the Board's third year and the point when such changes were seen as appropriate.

Chairman Atwood then noted that the next Board of Governors meeting is scheduled for Wednesday, January 18, 1978 at 2:00 p.m., in Room 555 of Diehl Hall. There being no further business, Chairman Atwood adjourned the Board meeting at 4:30 p.m., and invited those present to participate in the holiday social gathering immediately following the meeting.

Respectfully submitted,


Johnelle Foley
Secretary

Minutes

University of Minnesota Hospitals and Clinics

Board of Governors

November 16, 1977

Present: Mr. Harry Atwood, Chairman
Mr. Al Hanser, Vice Chairman
Ms. Nicha Coates
Mr. David Cost
Mr. Orville Evenson
Mr. Al France
Ms. Jeanne Givens
Ms. Debbie Gruye
Mr. Stanley Holmquist
Ms. Mary Lebedoff
Dr. John Najarian
Mr. Dan Notto
Dr. John Tiede
Ms. Timothy Vann
Mr. John Westerman
Dr. Paul Winchell

Absent: Ms. Jo-Anne Lutz
Ms. Sally Pillsbury
Mr. John Quistgard
Dean Lawrence Weaver

The meeting of the Board of Governors of the University of Minnesota Hospitals and Clinics was called to order by Chairman Harry Atwood at 2:10 p.m., in the Wagensteen Library.

Chairman Atwood explained that today's meeting was being held in the Wangenstein Library, adjoining Room 555 of Diehl Hall, because of a scheduling difficulty with another group. He commented on how pleasant the room was and asked that gratitude be expressed to the appropriate party for allowing the Board to utilize it.

I. Minutes of October 19, 1977 Meeting - Chairman Atwood

It was moved, seconded, and passed that the minutes of the last meeting be approved.

II. Announcements

Chairman Atwood noted the Unit B/C's construction is progressing well and asked Mr. Dickler if it would be possible for those Board members who have not yet done so to tour the building. Mr. Dickler stated that his office would be happy to arrange either group or individual tours for Board members. He suggested that members inform Ms. Sudduth if they have an interest and arrangements will be made.

Ms. Foley introduced Ms. Kathy Kairies and explained that while Ms. Kairies has been with University Hospitals' Personnel Department for some time, she was just recently appointed as University Hospitals' Affirmative Action Officer. Ms. Kairies briefly explained the responsibilities which her position entails. The office is an extension of Affirmative Action Office of the University of Minnesota directed by Mrs. Lillian Williams

Chairman Atwood explained that there will be a change in the agenda order as Mr. Westerman is attending a meeting of the Viable Hospital Task Force of the Metropolitan Health Board and thus, will be late for the Board meeting. Chairman Atwood called on Mr. Dickler to introduce Dr. John Kralewski, the Director of the Health Sciences Research Center.

III. Health Sciences Research Center - Dr. John Kralewski, Director

Dr. Kralewski explained that the Health Sciences Research Center was established in July of 1977. He commended the leadership of such individuals as John Westerman who promoted its development. He described the Center as being an intra-school unit which was created out of a perceived need to co-ordinate selected research activities in the Health Sciences and to encourage research of an interdisciplinary nature. As an academic unit the Center is responsible to the School of Public Health but in essence Dr. Kralewski reports to all the Health Sciences Deans and Directors and to the Office of the Vice President for Health Sciences.

Dr. Kralewski spoke of the goals for which the Research Center was established. He cited the need to develop a capacity for research in the Health Sciences and to

further relationships among the Health Science units. He mentioned the desire to link with other units on campus and to increase linkages with the community in research endeavors. He noted that the Research Center has prepared four research grants in the four months of its existence and listed their topic areas as follows: group practices, mental health manpower needs, nursing manpower in the State, and general health manpower numbers. He explained that to date the Center has some basic funding but that it is hoped that that will be expanded. He added that he is also planning a health policy analysis project with the State Legislature and a rural environment project.

Dr. Kralewski stated that presently the Research Center consists of himself and three researchers. He hopes to expand this number by three more this Summer. His interest is to develop a core research group and then to link up with other researchers on various projects. He added that expansion will be dependent upon funding. In response to questions, Dr. Kralewski stated that the Center is a non-profit organization but explained that it could contract with industry in terms of consulting. He mentioned that sources of funding for the Center include foundations, the Legislature, the Health Science Center and commitments from other University units. He also mentioned that the Research Center plans to be involved in presenting educational seminars. He commented that the health manpower studies are an attempt to develop a mechanism by which manpower needs and changes can be monitored and then properly addressed. Chairman Atwood thanked Dr. Kralewski for his interesting and informative presentation.

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

Dr. Tiede reported that Mr. Dickler provided the Facilities Committee with an up-date on Unit B/C construction progress. He stated that the Medical School is planning to occupy their space in the building in February. Dr. Tiede

suggested that perhaps the Board should consider a group tour of the unit after that time.

Dr. Tiede went on to report that the Fire and Life Safety Project is underway. He added that the Committee was also informed that they will be receiving a request for Neuro-Radiologic equipment in the near future. He stated that they were brought up to date on the status of the equipment and small remodeling projects which appears to be coming in under budget.

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

Mr. Holmquist began his Committee report by complimenting Chairman Atwood on the excellent presentation which he had delivered to the open hearing on the subject of the Certificate of Need moratorium. He encouraged the Board members to read the copy of Chairman Atwood's speech which had been sent to them.

Mr. Holmquist then reported that Vice President for Finance and Development, Mr. Don Brown, had been in attendance at the Finance Committee meeting to inform the members of the University's progress in terms of providing liability coverage. He reported that a captive insurance company has been organized in Bermuda and stated that the name of the company is RUMINCO - Regents of the University of Minnesota Insurance Company. He explained that this arrangement includes a reinsurance policy with RUMINCO through INA - The Insurance Company of North America, for a premium of \$150,000 and a contract with Alexander & Alexander amounting to approximately \$50,000. With this company in place, a cost reduction of \$1 million under the 1976-77 experience seems possible if our experience continues to be good.

Mr. Holmquist noted that the \$1.6 million premium which University Hospitals has paid will not likely be decreased and may even go up should experience prove to be bad. He did point out however, that in time University Hospitals may benefit by recapturing dividends. Mr. Holmquist expressed his pleasure that progress has been made in this. He added that the Finance Committee was informed that although there had been a question

concerning it, the Hospitals' premium is reimburseable even with the captive company arrangement. It was also explained that the Medical Staff physicians are insured by the St. Paul Companies on a private basis. These policies should include the purchase of an endorsement for the University's protection. It was noted that the St. Paul Companies were willing to insure the physicians in any activity while INA would consider only scope of employment. Further, it was cited that a separate policy does exist which provides officers errors and omissions coverage for the Board of Governors and the Board of Regents. In concluding the discussion on insurance, Mr. Holmquist stated that it was INA who had determined University Hospitals share of the University's premium and noted that Chairman Atwood had been most effective in holding the assessment to 40%.

Mr. Holmquist next asked the Board to consider the bad debt report for the first quarter of 1977, (7/1/77-9/30/77). He moved that the Board of Governors recommend to the Board of Regents that a net charge off of \$67,855.43 be approved. The motion was seconded. Mr. Holmquist pointed out that days in accounts receivable were at 83.2, down .4 days from September. He added that progress is being made toward the goal of 75 days. The motion regarding the writing off of credit losses was then voted upon and passed.

The Board was also informed of actions which are being considered to assure University Hospitals continued financial viability and to further reduce its operating costs by approximately \$381,000 to meet its planned financial goals for 1977-1978. The three most significant steps were stated to be 1) to critically evaluate the real need of replacing personnel vacancies; 2) to cancel or delay approved new programs for 1977-78; and 3) to reduce supply expenditures in line with departmental activity. A last alternative would be to raise rates a minimum of 1% on an annualized basis. Mr. Fearing explained that a 1% increase would yield approximately \$696,000 and would not

require going through rate review based on the new Minnesota Department of Health regulations. He added that at this time, management will work toward resolution through cost reductions and will not consider a rate increase unless projections from the end of the second quarter suggest that it is necessary.

In general, the Controller's Report indicated the same trends in October that were experienced in the first quarter. The in-patient census days for October were down .4% below projects, with a year-to-date unfavorable variance from projected days of 2.8%. It was pointed out however, that the year-to-date variance of revenue over expense is equal to 0.3% of total budgeted revenue. This current position continues to reflect the fact that expenditures are further below budget than are patient revenues. One such expenditure, salaries, were pointed out as showing a considerable underbudget status in October with the elimination of summer relief positions. Mr. Holmquist concluded that essentially this was an encouraging report as it indicated a close-to-budget situation with staff planning diligently and watching the Hospitals' financial picture closely. He added that cash flow was up as a result of keeping inventories down.

VI. Joint Conference Committee Report - Mr. Al Hanser, Committee Chairman

Mr. Hanser began the Joint Conference Committee report with information regarding the medical audits which the Committee had considered at its meeting. He reminded the Board that two months prior, the Committee had reviewed a Tonsillectomy and Adenoidectomy Audit which it had sent back pending more appropriate response from the department involved. He reported that the Committee had now received that response, that they were satisfied with it, and recommended the approval of the T&A medical audit. Mr. Hanser added that the Committee has also asked that the procedure be re-audited in the future to assure that the audit recommendations are being carried out. He then moved for acceptance of the audit.

The motion was seconded and passed.

Next, Mr. Hanser reported that Dr. Edward Kaplan, Associate Professor in the Department of Pediatrics had presented a audit on Pediatric Bacterial Meningitis. He explained that this was an areawide audit to compare data from University Hospitals and metropolitan area hospitals by using criteria developed by the Quality Assurance Committee of the Foundation for Health Care Evaluation. He added that as in the past, the areawide audit pointed out the more complex case mix which University Hospitals experiences. Mr. Hanser stated that the audit had received a proper response from Dr. James Moller, Acting Head of Pediatrics, and he moved that it be approved. The motion was seconded and passed.

Mr. Hanser then reported that Dr. David Hurd, Chairman of the Disaster Committee had presented University Hospitals revised disaster plan which was developed to assure compliance with JCAH standards. He noted that the plan pertained to numbers and types of drills. He then moved that the plan be approved. The motion was seconded and passed.

In summarizing other areas covered by the Joint Conference Committee, Mr. Hanser mentioned that Drs. Winchell and Najarian reported on the activities of the Medical Staff/Hospital Council, the Council of Clinical Chiefs and their Program Review Committee. He also noted that Dr. Russell Lucas has been appointed Chairman of the Medical Staff Bylaws Committee. Other issues which were discussed by the Committee included future programs, legal matters, and census trends.

VII. Strategic Planning Task Force - Mr. Al Hanser, Acting Chairman

Because Mr. France has been incapacitated with a broken leg, Mr. Hanser had acted as Chairman for the first two meetings of the Strategic Planning Task Force. At

Chairman Atwood's request, Mr. Hanser reported on the discussion of those two meetings.

Mr. Hanser stated that essentially the first meeting of the Task Force consisted of a brief review of the group's charge. The second meeting began with an examination of the outline which had been prepared for University Hospitals' long range plan submittal to the Metropolitan Health Board required on January 1, 1978. It was noted that the Task Force will be reviewing the plan draft at its next meeting. Chairman Atwood asked if this might also be made available to the full Board. Mr. Hanser went on to say that the Task Force had also been up-dated on the work of the Metropolitan Health Board's Viable Hospital Task Force and had reviewed guidelines which were developed by a sub-committee chaired by Mr. Westerman and are to be considered by the Viable Task Force at its next meeting.

Mr. Hanser then stated that the bulk of the Strategic Planning Task Force's second meeting consisted of a planning model brainstorming session in which the group began to identify external and internal factors of both a positive and negative nature which influence University Hospitals. The group also considered what University Hospitals is today and what it would like to be in the future. He explained that the notes from that meeting will be packaged in a more meaningful manner and that the Task Force can then consider options as to how it may wish to proceed in its planning process. He summarized by stating that in essence the Task Force was underway and ready to further its deliberations under the chairmanships of Mr. France.

Chairman Atwood commented that the Task Force's assignment has expanded with the rapidly moving developments which have occurred in the metropolitan area with regard to hospital planning. He stated that the affects of this planning may influence University Hospitals mission - any changes to which would require Board of Regents approval. He concluded that the Strategic Planning Task Force's charge

is quite involved and may require a good deal of time.

VIII. Nominating Committee Report - Mr. David Cost, Committee Chairman

Mr. Cost began the Nominating Committee report by listing the members of his Committee as follows: Jeanne Givens, Al France, John Westerman, Regent Mary Schertler, Paul Winchell, and John Najarian. He added that according to the Board's Bylaws, Chairman Atwood would normally serve on the Nominating Committee but had this year exempted himself as his was one of the terms which was to be considered by the Nominating Committee. Mr. Cost then listed the names of all those Board members whose terms are to expire on December 31, 1977. He listed them as follows:

Mr. Harry Atwood

Mr. Al Hanser

Ms. Mary Lebedoff

Mr. John Quistgard

Ms. Timothy Vann

Mr. Cost explained that the members of the Nominating Committee were asked to assess the level of involvement and participation which the above mentioned Board members had demonstrated with regard to the Board of Governors. He reported that the Nominating Committee responded with unanimous support for the re-appointment of these Board members. With that information, Mr. Cost then contacted the five members and learned that all were interested in continuing with the Board of Governors. Mr. Cost added that the Nominating Committee was also asked to consider the re-appointments of Mr. Atwood and Mr. Hanser as the Chairman and Vice-Chairman of the Board of Governors and the vacancy left by Dr. Donald Hasting's untimely death. Mr. Cost reported that the Nominating Committee fully endorsed the re-appointment of Mr. Atwood and Mr. Hanser as the Board's Chairman and Vice-Chairman and that both gentlemen stated that they were willing to continue to serve in their officer positions.

Mr. Cost explained that in the case of providing the Board of Governors with a Medical Staff representative to replace Dr. Hastings, Dr. Najarian, as the Chief of the Council of Clinical Services, and Dr. Winchell, as the Chief of Staff, were asked to provide their recommendation to fill this vacancy on the Board. Mr. Cost then read the letter in which Drs. Najarian and Winchell set forth Dr. Paul Quie as their recommendation to replace Dr. Hastings. It was explained that Dr. Hastings had been an ex-officio member of the Board of Governors by virtue of his being the immediate past Chief of Staff. It was then pointed out that Dr. Quie is the immediate past Vice Chief of Staff. Mr. Cost then noted that based on what they had learned about Dr. Quie and his interest in serving on the Board of Governors, the Nominating Committee also supported his appointment to serve out the terms of Dr. Hastings.

With that background information, Mr. Evenson then moved that the Board of Governors recommend to the Vice President for Health Sciences and the Board of Regents the approval of the reappointments to the Board of Governors of Mr. Atwood, Mr. Hanser, Ms. Lebedoff, Mr. Quistgard, and Ms. Vann and the re-appointments of Mr. Atwood and Mr. Hanser as the Board's Chairman and Vice Chairman. The motion was seconded and unanimously passed. Mr. Cost then moved that the Board of Governors recommend that the Vice President for Health Sciences and the Board of Regents approve the appointment of Dr. Paul Quie to fill the position vacated by the death of Dr. Hastings. The motion was seconded and passed.

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

Mr. Westerman reported that he and Ms. Foley had last week attended the final meeting of the Commission on Public General Hospitals. He commented that it was essentially an editorial meeting and that the Commission's final report should be coming out in approximately one month. He added that contained within the second section of the

report will be a paper on State-University Hospitals.

Mr. Westerman then commented on the Viable Hospital Task Force. He explained that the sub-group which he chaired had today presented to the Task Force a list of seven criteria or guidelines to be considered when planning a viable hospital system. He stated that it was his hope that the guidelines be accepted at this meeting and be approved at the Task Force's next meeting next Wednesday. He noted that Mr. Jones was at today's Task Force meeting. Mr. Westerman commented that the Health Board's staff appears to be considering a lengthy review process to test the benefits of the criteria. He added that the rural hospitals are not to be considered in this planning phase but that the small metropolitan hospitals will be carefully examined. Mr. Westerman pointed out how timely the appointment of the Strategic Planning Task Force was in terms of the Metropolitan Health Board's planning activities. He stressed the importance of Mr. France's Task Force conclusions regarding University Hospitals role as part of the state system and thus, standing exempt from considerations concerning the Metropolitan area. Ms. Givens asked if the small hospitals were represented on the task force and Mr. Westerman replied that they were. Ms. Lebedoff asked why the consortium hospitals specifically were represented on the Task Force. Mr. Westerman noted that they represented the teaching hospitals. Mr. Evenson asked if any of the Task Force members were trustees. Mr. Westerman stated that he believed some were. Mr. Evenson commented on the importance of trustee in-put in this process. He added that he was surprised at the lack of trustee representation at the Health Care Symposium put on by the Minnesota Hospital Association and the University's Trustee Education Program. Mr. Westerman stated that this was a good point and added that this is actually the first time that the faculty's fate is, in a sense, in the hands of a public board. Chairman Atwood noted that the work of the Viable Hospital Task Force should be closely followed by the Board of Governors. Mr. Van Hulzen commented that the rationale behind the Task Force's

deliberation involved reduced of the bed supply with the interest to crease utilization of hospitals.

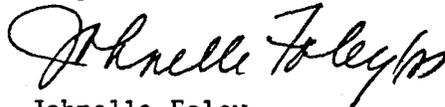
X. Board Concerns - Mr. Harry Atwood, Board Chairman

Chairman Atwood referred to the Health Care Symposium which Mr. Evenson had mentioned earlier. He explained that Ms. Pillsbury, Dr. Tiede, Mr. Jones, Mr. Evenson and he had attended the symposium and that Ms. Pillsbury had written up an account of the program. He said that he would see that it is made available to the Board members.

Chairman Atwood then reminded those present that the December Board of Governor's meeting will be held on December 14, 1977, if that is seen as acceptable. A motion to that affect was made, seconded, and passed. He then stated that the meeting on the 14th will be held in the Campus Club, that it will begin at 2:30 p.m., and that there will be a Christmas social hour immediately following the meeting.

There being no further business, Chairman Atwood adjourned the Board of Governor's meeting at 4:35 p.m.

Respectfully submitted,



Johnelle Foley
Secretary

Minutes
University of Minnesota Hospitals and Clinics
Board of Governors
October 19, 1977

Present: Mr. Harry Atwood, Chairman
Mr. Albert Hanser, Vice Chairman
Mr. David Cost
Mr. Orville Evenson
Ms. Jeanne Givens
Mr. Stanley Holmquist
Ms. Mary Lebedoff
Mr. Dan Notto
Ms. Sally Pillsbury
Mr. John Quistgard
Dr. John Tiede
Ms. Timothy Vann
Mr. John Westerman
Dr. Paul Winchell

Absent: Ms. Nicha Coates
Mr. Al France
Ms. Debbie Gruye
Ms. Jo-Anne Lutz
Dr. John Najarian
Dean Lawrence Weaver

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

Chairman Atwood began the meeting by explaining that there would be a change in the order of the agenda. Mr. Westerman could thus present the General Director's Report first so that he could attend the meeting of the Metropolitan Health Board's Viable Hospital Task Force.

I. General Director's Report

Mr. Westerman referred the Board to the resolution regarding Dr. Donald Hastings. He referred specifically to the last paragraph of the resolution which commits the Board of Governors to the establishment of an appropriate memorial to be further specified after consultation

with Dr. Hastings' family. He explained that the options are not fully explored at this point. Chairman Atwood noted that no action would be required by the Board at this point, but the hope was for feedback regarding the proposed resolution.

Dr. Winchell suggested that contact be made with the Medical Staff because of their similar plans for a memorial.

Chairman Atwood then read a letter from the Hastings family expressing their thanks and appreciation for the floral arrangement sent to Westminster Church.

Mr. Westerman explained that he has the Minnesota Association of Public Teaching Hospitals seat on the Viable Hospital Task Force. He noted that the business before the task force today was regarding a proposed moratorium on certificate of need applications for the Metropolitan area. Mr. Westerman pointed out MAPTH has a strategy to pursue. First is to let the task force decide whether they want a moratorium. Mr. Westerman noted that in discussions with Mr. Atwood several reasons against such a moratorium had risen. Secondly, the moratorium would appear to be an avoidance of the charge to the Health Board in reviewing Certificate of Need applications.

Mr. Westerman explained that two assumptions existed regarding this issue. One is that the use rate is declining precipitously. Also, there is an assumption that there is a significant excess number of beds. He noted that some savings can be made by the closing of beds, but not to the extent that many planners are saying. All the issues are not examined in making this preliminary assessment according to Mr. Westerman.

Mr. Holmquist commented that he felt the Health Board was moving much too quickly on the proposed moratorium. Ms. Pillsbury remarked, in response to a discussion of moving chemical dependency to an ambulatory care treatment basis, that this change is highly inappropriate and defeats the purpose of the programs.

Mr. Westerman concluded his presentation by noting that the future of University Hospitals relies on its being recognized as a State resource and that the appropriate group to carry this message is the Board of Governors. Mr. Atwood agreed with the message that the Board has a great deal of responsibility in this regard.

Mr. Atwood then made several introductions. First, he introduced Ms. Paper from the University Hospitals Volunteer Association. Also introduced was Mr. Rob Cowle from the Minnesota Daily.

II. Strategic Planning Task Force - Al Hanser

Chairman Atwood explained that Mr. Hanser chaired the first meeting of the task force in Mr. France's absence. He explained that Mr. France was the chairman of the Strategic Planning Task Force, but was unable to attend because of a broken leg.

Mr. Hanser described the charge to the task force as one of the re-evaluating and changing, if necessary the mission of University Hospitals. He explained that today's organizational meeting began with Chairman Atwood's review of the charge to the task force. Following that, Mr. Westerman briefed the task force on the current events involving the Health Board and long-range planning. Mr. Hanser said that Mr. David Preston had discussed how the integration of planning efforts might be achieved. Mr. Preston, he explained, is the chairman of the Health Sciences Planning Committee. Mr. Hanser then explained that

Mr. Werft had described a proposed planning process which has two phases. He explained that the task force will be considering this process prior to the next meeting. Part of the process, Mr. Hanser noted, includes the development of a statewide advisory board to enhance outreach and a statewide planning effort.

Mr. Hanser added that one of the ways in which the Board is carrying out its responsibility is by endorsing and getting involved in the consortium study. Ms. Pillsbury pointed out that the Hennepin County Commissioners are delaying the progress of the study by their lack of movement on joining the consortia study.

Mr. Hanser concluded by saying that the current efforts are very important because of the Health Board's requirement for long range plan submission. He then mentioned that suggestions would be very helpful and they should be directed to Mr. France. Finally, Mr. Hanser reminded the Board that the members of the task for are:

Al France, Chairman
 Jeanne Givens
 Debbie Gruye
 Al Hanser
 Sally Pillsbury
 Dave Preston
 Paul Winchell
 Johnelle Foley, Staff Liaison
 Ron Werft, Staff Liaison

III. Minutes of the September 21, 1977 Meeting - Harry Atwood, Chairman

Chairman Atwood informed the Board of one correction in connection with the Joint Conference Committee Report. Mr. Hanser noted that the correction was in reference to the reappointment of the Medical Staff. He explained that temporary privileges were granted to those who had not fulfilled the continuing education documentation requirement. Also, there was a motion that the Board approve the Medical Staff/Hospital

Council's recommendation for reappointment of those who documented their compliance.

Mr. Hanser then moved that the minutes of the Board of Governors meeting of September 21, 1977 be approved as amended. The motion was seconded and passed.

IV. Finance Committee Report

Referring to the bad debts written-off by the Board, Mr. Holmquist reported that the accounts receivable are currently \$17,329,000. He indicated that this represents an increase of \$1,718,000, and the reason for this is the 6.61% budget increase which was approved by the Board and made effective July 1, 1977. Mr. Holmquist indicated that the collection period for accounts receivables was 105 days when the Board was first created, but that it is currently 82.9 days. Mr. Hanser asked why the University was so much higher than other hospitals. Mr. Fearing explained that approximately nine days of the 82.9 were funds tied up with the collection agency, whereas most community hospitals write those off. Also, the transplant program is running roughly 220 days per collection. In addition to this, the gross number of accounts processed, 40-45,000 per month, has created problems in systemization. Mr. Fearing indicated that there is room for improvement and steps are being taken to achieve the objective of 75 days by the end of next year.

Mr. Holmquist referred to a discussion of the Finance Committee regarding occupancy which centered around the issue of how many beds should the hospital have over and above the census. He noted that when considering only the weekdays, occupancy may run as high as 90%. He then referred to an editorial which discussed the average increase in hospital charges

as 14.7% and the need to close excess capacity. Mr. Holmquist then reminded the Board that University Hospitals last increase was 6.61% and that the Board is thereby fulfilling its obligations of trusteeship.

Mr. Holmquist then spoke about the distinction between University Hospitals and other hospitals. He indicated that the case mix is different and the costs of research and education must be considered as well. He concluded by saying that hospitals must be diligent in finding where the law of diminishing returns develop, and that we should prefer to be responsible for solving medical problems and be a little irresponsible in financial matters than to have it the other way around.

Chairman Atwood then welcomed members of the Board of the Variety Club Women's Auxiliary and indicated that they had been meeting with Mr. Merle McGrath. Mr. McGrath introduced each of them and explained that they had just presented checks of \$8,000 and \$5,000 and that in the past four years, they had donated \$50,000.

Mr. Fearing presented the Quarterly Financial Statements to the Board and began by indicating that the census was below the original projections by 3.6%. This indicates a 2.9% decrease in total routine revenue. A substantial change in ancillary service departments decreased this variance to approximately 0.5%. Mr. Fearing indicated that areas of significant changes were in the Kidney Program and Food Service.

Mr. Fearing explained that the hospital was below projection in expenditures by 2.2%. The only significant variance in this area was that of medical supplies, drugs, and blood.

Mr. Fearing added that it remains to be determined whether or not the hospital will require a rate increase in addition to the 6.61% already approved and that a report to the Board will occur in October in regards to this issue. He mentioned that the delay in the start of several new programs was helping to keep expenses down. The expenses will increase in these areas as these programs develop.

Mr. Fearing then referred to the Audited Financial Statements. He pointed out that they correspond to the preliminary figures already reviewed by the Board. No adjustments were made to the financial statements this past year. Mr. Hanser asked if the hospital had yet received a management letter from Ernst and Ernst. Mr. Fearing stated that one was expected November 15, 1977 and the letter with administrations response will go to the Finance Committee.

Chairman Atwood informed the Board that Mr. Dan Notto was confirmed at the student representative to the Board of Governors by the Board of Regents at their last meeting. Mr. Notto recieved a welcome from the Board as the official representative.

V. Nominating Committee - Mr. David Cost

Mr. Cost announced that Ms. Mary Schertler of the Board of Regents is a member of the Board of Governors Nominating Committee. He noted that it would be appropriate for her to have an orientation to the Board of Governors. He added that he had given Ms. Schertler a list of the five Board members who would be up for re-appointment. The list includes: Mr. Harry Atwood, Mr. Al Hanser, Ms. Mary Lebedoff, Mr. John Quistgard, and Ms. Timothy Vann. Mr. Cost reported that he plans on having discussions with each of these members in order to confirm their interest in staying on the Board. He noted that these

confirmations should be at hand by the November Board meeting.

Mr. Cost added that he had discussed the matter of the filling of Dr. Hasting's seat on the Board of Governors with Dr. Winchell, and that this issue should also be resolved by the November meeting.

Ms. Pillsbury brought up the point that the Board of Governors is currently one of the representatives of various constituencies, and that the Board should avoid the formation of a Board of a more political nature. Ms. Lebedoff added that it would be very appropriate to inform Ms. Schertler of the history of the nominations procedures. Mr. Hanser pointed out that a great deal of responsibility rests with the Nominating Committee and that the nominating process is not one of automatic re-appointment, and that the infusion of new members is viewed as a positive step.

VI. Facilities Committee - Dr. John Tiede

Dr. Tiede referred to the motion drafted by the Facilities Committee to the Board of Governors:

Motion
By the Facilities Committee
to the
Board of Governors

Re: Capital Development Program/Computer Hardware Project

"The Facilities Committee recommends to the Board of Governors for its approval and submission to the Vice-President for the Health Sciences, that the Capital Development Program/Computer Hardware Project estimated to cost not more than \$1,053,000 for hardware and software purchases be authorized. This recommendation is made with the knowledge that the current commitment to computer hardware and software is in the amount of \$800,000 and that this new recommendation represents an added commitment of \$253,000 and has been previously identified in the cash flow requirements for Capital Development during fiscal year 1977-1978."

Dr. Tiede then referred to Mr. Don VanHulzen for comments about the motion. Mr. Van Hulzen discussed the history of the use of computers at University Hospitals, and explained that the hospital has outgrown its current Burroughs system. He noted that not only future needs, but current needs are forcing the hospital toward the purchase of a new computer system. He explained that the "extension ladder" concept will allow the hospital to meet the current system demands with a Burroughs 6800. The Burroughs system, he noted, is a highly interactive system which allows for a great deal of on-line equipment. Mr. Van Hulzen explained that there are currently 3500 applications, 25,000 on-line transactions daily, and 65-70 on-line terminals. He added that although this would be a move to a larger system, the hospital would be tied up for 9 months of conversion. It was mentioned that this move should be regarded as an updating of equipment with an upgrade in hardware of \$200,000. Mr. Van Hulzen added that the current lease costs \$20,000/month and the purchase of a new system will cost \$25,000/month, and it should meet the needs for the next 72-84 months. Finally, he stated that the hospital would seek a waiver for Certificate of Need due to the fact that its an upgrade of an existing system.

Mr. Holmquist queried as to the cash flow impact. Mr. Van Hulzen stated that it would be desirable to purchase the equipment all at once, but if there's a need to finance it, the impact will be minimal. The finance charge is 5-6%; the hospital gets 8% on investments, so it may be preferential to a cash purchase. Mr. Fearing explained that the 5-6% carrying charge is a promotional effort.

Ms. Pillsbury indicated the possibility of shared computer services with Hennepin County Medical Center which the consortia study might verify. Mr. Baker added that the hospitals had received a letter from Hennepin County Medical Center indicating their current computer needs and their interest in possible sharing. Following this discussion, the Facilities Committee motion was passed.

Mr. Tom Jones commented on the Warehouse Proposal, and indicated that there had been a legislative subcommittee hearing which was successful. Also, a request had been approved for a waiver of certificate of need for the warehouse. He indicated that there was soon to be a similar request for the computer project and he hoped to get this issue handled prior to any possible action by the Health Board to establish a moratorium on Certificate of Need.

Chairman Atwood then discussed the appropriateness of the Joint Facilities-Finance Committee for dealing with these types of issues.

VII. Joint Conference Committee - Al Hanser, Chairman

Mr. Hanser informed the Board that Dr. Neal Gault, Dean of the Medical School, had given an excellent detailed account of the history, composition, and mission of the Medical School. Mr. Hanser then recommended that the Board read the Joint Conference Committee minutes to learn more about this presentation.

Mr. Hanser then reported the results of the quality assurance report. He indicated that Dr. Winchell had reported last month that the Board had accepted but not approved the T&A audit due to the inappropriateness of the department response. He then reported that Dr. Adcock and Sue Jensen had presented the Hysterectomy Audit, an areawide audit, and

that virtually all results were outside the established criteria. He noted that the cases at University Hospitals were quite different from those in the community. Mr. Hanser stated that Dr. Prem's response was the best response letter that the audit committee had received. He added that the committee accepted the audit, and moved that the Board accept the audit. The motion was seconded and discussion followed. Ms. Pillsbury commented that only 6 of 50 cases were elective hysterectomies and that the remainder were cancer patients. She added that it would be appropriate to forward comments on the tertiary care nature of University Hospitals to the Foundation for Health Care Evaluation. The motion was then passed.

Mr. Hanser reported that Dr. Winchell had reported on the Disaster Drill Compliance Plan and on the Medical Staff-Hospital Council and their approval of the new food service in the hospital.

Mr. Hanser then relayed the information presented by Dr. Goltz from the Council of Clinical Chiefs. He indicated that several University doctors had applied for admission to the Hennepin County Medical Society HMO staff and were excluded because of the cost of University Hospital are excessive and that some staff members are not members of the Society. Mr. Hanser noted that Dr. Goltz had also reported on the potential of a Health Science bargaining unit.

Ms. Vann asked if Dr. Gault discussed the admissions procedure for the Medical School. Mr. Hanser responded that Dr. Gault had given an in-depth report of the process. Ms. Vann added that some say its very difficult to gain acceptance at the University of Minnesota, and she queried whether there were attempts to recruit minority students. Mr. Hanser explained that the criteria for acceptance are quite high

and that it is based on more than simply academic standards. Ms. Vann added that its often very difficult with psychological and social pressures to maintain superior academic standing. She added that only 1% of all physicians are black, and they are needed very badly in many inner-city areas.

VIII. Board Concerns - Harry Atwood, Chairman

Chairman Atwood reported that Mr. Bob Baker would be going through the analysis of the Citizens League Report. Mr. Baker introduced Mr. Ed Howell and noted that he had given substantial time and effort to this analysis. Mr. Howell is the Administrative Fellow at University Hospitals and is a graduate of Ohio State's program in Hospital Administration.

Mr. Baker explained that the primary issue of the day is cost and that we may be focusing too narrowly. He noted that the issues of moratorium, bed reduction, and others are issues of great complexity. Mr. Baker indicated that the Twin Cities area was fortunate to have a group such as the Citizens League and that their goal of stimulating interest and discussion had most certainly been achieved.

Mr. Baker then delivered a historical perspective on the cost of health care. He noted that there is no question that costs are rising rapidly, but he expressed a concern that legislation may be passed without a complete analysis of the issues.

Mr. Baker reported that the increase was due to the expectation of health care as a public demand: everyone has the right to health care. Mr. Baker stated that there has been a tremendous shift in demand. He then

read several news clippings from the early fifties which stated shortages and need for hospital beds in Minneapolis, the upper Midwest, and the nation.

Mr. Baker reported that Hill-Burton solved many problems, but government regulation has caused many also, particularly Medicare-Medicaid.

He remarked that these programs should have been started, but the cost should have been recognized along with the increased utilization.

Other causes of the rise in costs, reported Mr. Baker, is the tremendous building code requirements. Thirdly is the impact of government policy on health manpower provision. The point is that National policy has had an impact on manpower, and the impact of the increased manpower will be greater than we have experienced to date.

Mr. Baker indicated that the incentives to keep costs down do not exist in the traditional setting and that the HMO concept is to provide these incentives. He indicated that there were other problems with HMO's, however.

Other causes are malpractice insurance, rapid technological advances, and third party reimbursement which prevents most from experiencing the cost of health care.

Mr. Baker explained that there are several proposals to alleviate this problem, but they need to focus on demand. Revenue ceilings will have no impact on demand, incentives, or physician practice. Reduction of beds or a moratorium will not impact demand, incentives, physician practice, or cost.

Mr. Baker stated that utilization review, co-insurance and planning

efforts may help the cost problem. He added that it is often difficult for the hospital administrator and physician to be heard. The charge is really for the trustee to carry this message to the public.

Chairman Atwood then posed the rhetorical question of what can we do as a Board to get the message to the public. He indicated that the suggested solutions to the cost problem are simplistic solutions to a complex, inter-related problem. He added that the Board now has the opportunity to study these issues and take some action.

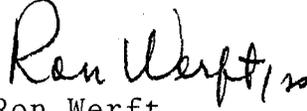
Chairman Atwood suggested that the Analysis of the Citizens League Report be released by the Board of Governors as a means of communicating this message to the public. Ms. Lebedoff added that it may be preferable for the University to concert its efforts with other hospitals in regard to a response to the Citizens League Report.

Mr. Holmquist moved that the report be referred to the Executive Committee of the Board for study and that that committee arrive at a decision as to what action to take regarding release of the response to the Citizens League Report. The motion was seconded and passed.

Chairman Atwood noted and congratulated Dr. Tiede on the fact that he is a candidate for 2nd Vice President of the American Dental Association. He then proposed that the Board consider moving the December 21, 1977 meeting to December 14th because of possible conflicts during the Christmas holidays. He indicated that the Board could confirm this change at the November meeting. He added that the next meeting would be November 16, 1977.

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

Respectfully submitted,



Ron Werft
Administrative Resident

WHEREAS, Donald W. Hastings, M.D. served the University of Minnesota and its students as Professor and Head of the Department of Psychiatry and Neurology for twenty-five years from 1946 to 1971, and

WHEREAS, throughout this illustrious scientific and teaching career, continuing after 1971 as a Professor of Psychiatry at the University of Minnesota Medical School, he was an innovator and leader in medical education and was respected for his contributions to his students, the University and the community, and

WHEREAS, Dr. Hastings further served his fellow man as a Physician and Psychiatrist for the U. S. Army Air Force and ultimately as the Chief Psychiatrist for the U. S. Army Air Force, and

WHEREAS, Dr. Hastings offered sound leadership and guidance to the University of Minnesota Hospitals and Clinics as an informal leader in the Medical Staff, as the Chief of the Clinical Psychiatric Service, as the Chief of the Medical Staff from 1972 to 1974 and since 1975 as a member of the first Board of Governors of the University of Minnesota Hospitals and Clinics, aspiring at all times to contribute to a productive environment for education and patient care at the University Hospitals, and

WHEREAS, Don Hastings, above all else, was a beloved family man, friend and professional colleague, whose passing leaves a heartfelt void with all who knew him, and

WHEREAS, the Board of Governors of the University of Minnesota Hospitals and Clinics is desirous of honoring him and his contributions.

NOW, THEREFORE, BE IT RESOLVED that the Board of Governors of the University of Minnesota Hospitals and Clinics in loving memory hereby commits itself to establish an appropriate memorial to be further specified after consultation with Don's family, and extends to his family the sympathies of the Board of Governors and the entire University Hospital staff with the hope that this expression might somehow ease the sorrow of his sudden passing.

Minutes

University of Minnesota Hospitals and Clinics

Board of Governors

September 21, 1977

Present: Mr. Harry Atwood, Chairman
Mr. Albert Hanser, Vice Chairman
Ms. Nicha Coates
Mr. David Cost
Mr. Orville Evenson
Ms. Jeanne Givens
Ms. Debbie Gruye
Ms. Mary Lebedoff
Ms. Sally Pillsbury
Mr. John Quistgard
Dr. John Tiede
Dean Lawrence Weaver
Mr. John Westerman

Absent: Mr. Al France
Mr. Stanley Holmquist
Ms. Jo-Anne Lutz
Dr. John Najarian
Ms. Timothy Vann
Dr. Paul Winchell

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

Chairman Atwood began the Board meeting with two introductions. First, he introduced Mr. Paul Scholmeyer from the Minnesota Daily. Mr. Scholmeyer will be covering Board of Governor's meetings for the academic year. Next, he introduced Mr. Dan Notto. Mr. Notto is a graduate student in Hospital Pharmacy and a Pharmacy Resident at University Hospitals. He is the CHIP nominee to replace Mr. Ron Werft as the Health Sciences student representative to the Board. Chairman Atwood explained that Mr. Notto's appointment is to be approved at the October meeting of the Board of Regents and invited Mr. Notto to join the Governors at the Board table. Chairman Atwood reminded the members that Mr. Ron Werft's term as the Health Sciences student representative had concluded with his assignment as the Administrative Resident for University Hospitals.

Chairman Atwood then mentioned that it has been three months since the Board last met formally, noting that the retreat had occurred in August. He reflected on the retreat and on Dr. Donald W. Hasting's presentation at that session. He commented on the great loss in the passing of Dr. Hastings and in paying tribute to Dr. Hastings, he added that he was, among so many other things, a valued member of the Board who will be greatly missed. At Chairman Atwood's suggestion a motion was made, seconded, and passed that the Board adopt a memorial resolution to be forwarded to Dr. Hastings family. The Board of Governors then stood for a moment of silence in memory of Dr. Hastings. Chairman Atwood reported that flowers had been sent on behalf of the Board of Governors to the memorial service for Dr. Hastings. He mentioned that a few of the Board members had been present and had heard the memorial message which Dr. Neal Gault, Dean of the Medical School had delivered at the service. It was suggested that if possible, a copy of that message be forwarded to the Board members.

I. Minutes of the June 15, 1977 Meeting - Harry Atwood, Chairman

A motion was made to approve the minutes of the last Board meeting. The motion was seconded and passed.

II. Hospital-Medical Staff Conference - Ms. Mary Lebedoff, Participant

Ms. Lebedoff commented that she was very pleased and grateful to have the opportunity to represent the Board of Governors at the conference sponsored by the University of Colorado. She noted that it was an excellent conference with a format which provided plenary sessions of interest to all and workshops with more specific emphasis on matters of interest to trustees, medical staff members, and administrators.

Ms. Lebedoff referred the Board to a handout from the conference on trusteeship and recommended that the members review it. She added that several complimentary references had been made to University of Minnesota Hospitals governing structure. She then reviewed a list of some of the topics which had been covered during the four days.

Noting that Dr. Winchell had also attended, she suggested that he may wish to comment

further on the conference at the next meeting. Chairman Atwood thanked Ms. Lebedoff for attending and noted that there will be a continued effort to expose Board members to various forms of trustee education.

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

Mr. Westerman began his report by noting that operations appear to be improving, as there seems to be an increase in activity with the census moving up. He commented that progress is being made in the Health Sciences' planning effort with the Perlmutter/Hewitt Committee actively pursuing facility development and the Preston Committee studying programmatic plans. He mentioned that a legislative staff member will be touring some of the Hospitals' facilities in preparation for discussions in the next session. He noted that Mr. Dickler will be following the abortion issue as it is dealt with by the Student Health Service and the Dean of Students. He stated that the Ambulatory Care Management Council is once again gearing up in their planning for Unit B/C operations. He added that construction delays have moved the completion date for the building to possibly July of 1978.

Other matters which Mr. Westerman commented upon included the appointment of Mr. Bob Taylor to the position of General Director for Health for Hennepin County. He reported that Mr. Jones is busy with the surveyor from the Joint Commission on the Accreditation of Hospitals and that hopefully there will be word concerning the results of the site visit before the Board meeting is over. He also talked about some organizational restructuring which the American Hospital Association is doing internally so that they may better respond to their constituents. This includes creating divisional centers for multi-hospital systems, rural hospitals, ambulatory centers, and health education concerns. Further, he stated that he and Mr. Baker, representing the Minnesota Association of Public Teaching Hospitals, will be serving on the newly created Viable Hospital Task Force to develop a systems model for hospitals. He mentioned that the task force hopes to establish a response to the issues of number of beds and locations of acute hospital beds in the metropolitan area. He listed

other hospital representatives who have been appointed to the task force.

IV. School of Dentistry - Richard C. Oliver, Dean

Dr. John Tiede introduced Dean Oliver, commenting that he had been involved in the search process to find the replacement for Dean Schaeffer. He stated that the dentists of the State felt quite fortunate that a man such as Dean Oliver would take this position, as he has an excellent national reputation and will well represent private practice along with academic interests. He also noted that Dean Oliver is a Minnesota graduate.

Dean Oliver noted that he was pleased to be invited to the Board of Governor's meeting. He added that he had had the opportunity to be present when Chairman Atwood delivered his report to the Board of Regents and was most impressed with the work of the Governors. He also mentioned that his son had recently been a patient at University Hospitals and noted that he found his care to be excellent. Dean Oliver commented on the advantages to having the hospital in close proximity to the rest of the Health Sciences, which he stated was not the case at his former location, the University of Southern California.

Dean Oliver then discussed the importance of Dentistry as a part of the health care system. He noted that Dentists graduating today have an excellent understanding of that system and of the role they play in the total health of an individual. They also understand the appropriate utilization of various aspects of the health care system, such as the use of the hospital. He mentioned that he was very glad to see Dr. Tiede as a member of the board of University Hospitals, as he so well represents the field. He also mentioned that he was aware of the tremendous responsibilities of trusteeship for such a major institution as University Hospitals and noted that the School of Dentistry is most willing to assist and co-operate in what ever way possible with the efforts of the Board of Governors.

Ms. Givens asked how Dentistry views itself in terms of total health care. Dean Oliver

responded that in terms of training, more time is spent dealing with the inter-relationships of dental and overall health care. He commented that more dentists are aware of and are doing physical assessments on their patients. Thus, dentistry is assuming a role in diagnosis, referral and prevention. As an example, he said that many dentists are taking their patients' blood pressures, and asking them about their medical histories and medication in-take. Chairman Atwood thanked Dean Olivers for his interesting presentation.

V. Joint Conference Committee Report - Al Hanser, Chairman

Mr. Hanser stated that the Joint Conference Committee had met twice since the last Board meeting, once on August 23, 1977, and again on September 20, 1977. He explained that there were Credentials Committee reports at both meeting with a number of new appointments to the Medical Staff which the Joint Conference Committee recommends for approval. With the Board's permission, Mr. Hanser did not review the backgrounds of the new applicants. Ms. Pillsbury pointed out that the reason there were so many at this time was because it is the beginning of the academic year. Dr. Tiede moved that the new appointments to the Medical Staff be approved. Mr. Evenson seconded the motion and it was passed. Mr. Hanser also reminded the Board that at the time of reappointment to the Medical Staff in June, many physicians had not fulfilled the requirement of documenting their continuing education. Because of that situation a two month extension was granted and after that, those still remaining without the requirement fulfilled could choose to go before a hearing panel and present their documentation. That having been accomplished, 5 physicians who did not complete their re-appointment requirements have been dropped from the Medical Staff. He added that they are free to reapply to the Medical Staff at any time.

Mr. Hanser then reported that the Joint Conference Committee had reviewed four audits in its two meetings. The first two audits were Nursing audits on Total Hip Replacements and Out-Patient Pre-Natal Care. He stated that the nurses did an excellent job in

conducting and presenting their audits. He noted that few complications were identified and that the prevalent finding showed need for improved documentation of tasks performed. Another audit reviewed was a medical audit on Acne presented by Dr. William Gentry of Dermatology. He stated that this audit was most interesting, with lack of sufficient documentation again being the only major finding. The Board separately voted upon and passed motions recommending the approval of these three audits. Mr. Hanser then explained that the medical audit which the Committee reviewed the previous night on Tonsillectomies and Adenoidectomies was not being submitted for approval pending additional response to the audit from the Department of Otolaryngology.

Mr. Hanser mentioned that at the previous evening's meeting, Dr. Russell Lucas was present representing Dr. Winchell and that Dr. Seymour Levitt came in Dr. Najarian's place. He then went on to note some of the other topics which had been covered at the two Joint Conference Committee meetings. He mentioned that there were Medical Staff/Hospital Council and Council of Clinical Chiefs reports at the meetings and that they covered census trends, Emergency Room staffing, charting procedures for medical records, the motel unit, and other subjects. Mr. Hanser also stated that Dr. Van Bergen, who will be retiring, had chosen to designate Dr. Joseph Buckley as the Clinical Chief of Anesthesiology. He noted that Dr. Buckley has been an excellent member of the Joint Conference Committee and that the Committee whole-heartedly endorse his designation as Chief. Mr. Hanser then moved for Board approval of this action. The motion was seconded by Ms. Pillsbury and passed.

Next, Mr. Hanser stated that the Committee had heard a report from Dr. Buckley about the last Disaster Drill held on June 28, 1977, involving an explosion with 28 casualties. Mr. Hanser noted that the drill evidently went smoothly with the exception of triage complications and inadequate surgery response. Mr. Evenson informed the Board that he had not voted for approval of the disaster drill because he felt that the issue of poor response to the drill by the surgeons was key and should be followed

up. He added that he did not feel that the Board of Governors should approve the Disaster Drill Report today for that reason. The Board discussed this matter at length. It was noted that Board approval of the report acknowledged that the drill had been conducted and that it was successful in identifying areas which need improvement. Mr. Quistgard moved that the Board of Governors accept the Disaster Drill Report with the stipulation that follow-up measures be taken regarding the identified deficiencies in drill performance. The motion was seconded. Mr. Evenson moved that the motion be amended to state those deficiencies. His motion for amendment was seconded and passed. With a show of hands the Board then passed the main motion as amended to include "triage complications and Surgery response." In response to a question regarding follow-up from Mr. Cost, Mr. Hanser stated that he will meet with Dr. Najarian to discuss the Department of Surgery's participation in the drills.

In concluding his report, Mr. Hanser mentioned that the Joint Conference Committee had also been up-dated on the status of the union situation by Mr. Dickler and that Ms. Susan Stuart-Otto, Director of Public Relations, had reported on her department's activities, the University Hospitals press policy, and Senator Humphrey's hospitalization. Chairman Atwood stated that it would be of interest if Ms. Stuart-Otto could deliver a similar presentation to the full Board of Governors.

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

Dr. Tiede reported that because of the JCAH site visit today, the Facilities Committee held their meeting on Monday. He stated that the Warehouse-Distribution Center was a major item on their agenda. Description of what the project involved was distributed to the Board members. Dr. Tiede explained that warehouse space which the hospital had previously leased would no longer be available. He then moved that the Board approve and submit to the Vice President of the Health Sciences, that the Capital Development Program/Distribution Center estimated to cost not more than \$1.5 million be authorized; and that funding be committed from existing reserves and/or necessary borrowing during

fiscal year 1977-1978. Mr. Evenson seconded the motion. Chairman Atwood pointed out that the Finance Committee had discussed the Warehouse project that morning and were aware of the financing needs. Ms. Lebedoff asked where the warehouse is to be located. Dr. Tiede explained that it is to be on University property near Como Avenue and Highway 280. He added that Mr. Hewitt has contacted community representatives to make sure that these plans are acceptable. The motion was voted upon and passed.

Dr. Tiede continued his Facilities Committee report mentioning that the Committee had been up-dated on other projects such as the Fire and Life Safety Project which is expected to be completed in September of 1978. He noted that the KEH replacement project is presently in limbo pending determination of architect selection. Vice Chairman Hanser asked when the project might be underway. Mr. Van Hulzen explained that the matter is still being considered by Central Administration and that it has not yet been formally presented to the Board of Regents. He noted that it is a critical project in that it involves much needed replacement of Pediatric beds, and surgical suites and is estimated to cost between \$25-30 million. Chairman Atwood noted that he referred to the project in his report to the Regents.

Dr. Tiede went on to report that the project to upgrade computer hardware is underway and that consideration is being given to sharing ECG computer capacity with other hospitals. He stated that the JCAH may possibly revise their fuel oil generator requirement so the acquisition of a generator is pending, awaiting word from them. He also added that a Certificate of Need will be required to replace certain Radiology equipment. Dr. Tiede further reported on a Metropolitan Health Board function which he attended regarding community hospitals' long range planning and concerns for the costs and quality of health care. He stated that representatives of the Council of Community Hospitals were present at the affair and indicated that they may be reconsidering the inclusion of the Minnesota Association of Public Teaching Hospitals into their council. In conclusion, Dr. Tiede again commended staff on their excellent work in keeping the Facilities Committee updated on the various projects.

II. Finance Committee Report - John Quistgard, Vice Chairman

Mr. Quistgard referred the Board members to the blue folders which had been distributed to them. He explained that there were preliminary financial statements for fiscal year 1976-1977 and that the official audited statements, as prepared by Ernst and Ernst, should be available prior to the October Board meeting and will be sent out at that time. He then commented on various trends indicated in the statements. He noted that in-patient census was declining, as average lengths of stay have shortened from 9.9 to 9.2 days. In-patient costs per admission have increased 18% and out-patient activity on the whole has increased. He pointed out that the year-end variance from budget was only .01% and suggested that the Board members may wish to simply review these preliminary statements.

Mr. Quistgard next asked Mr. Nels Larsen to provide the Board members with a report of current fiscal year-to-date activity. Mr. Larsen stated that July and August indicate similar trends to the previous year with the in-patient census continuing to decline and out-patient activity increasing. He suggested that the average length of stay may be stabilizing but noted that admissions were down particularly in adult medical/surgical areas. He pointed out that expenditures are below budget because of this reduction in census and because certain program expenditures have not yet been incurred. He commented that accounts receivable have experience a slight increase, but attributed this to the rate increase. Mr. Larsen concluded that because of current trends, Administration will be carefully studying the budget and may have some recommendations for the next meeting.

Mr. Quistgard then moved that the Board of Governors approve the recommendation of the Finance Committee to write-off \$432,011.27 in bad debts representing 1647 accounts. Mr. Hanser seconded the motion. Mr. Evenson requested that additional

information be provided regarding these accounts so that it may be examined for trends. Mr. Quistgard requested that staff provide such information. The motion was voted upon and passed.

VIII. Retreat Follow-Up and Board Concerns - Mr. Harry Atwood, Board Chairman

Chairman Atwood stated that Dr. Hastings had held the position of Chairman of the Bylaws Committee and asked the Board members for their concurrence with his appointment of Dean Weaver to fill that vacancy. The Board agreed unanimously.

Next, Chairman Atwood referred to his presentation to the Board of Regents on September 9, 1977, concerning the Board of Governors' annual report. He commented that the presentation appeared to go well and that the Regents and President Magrath appeared to be interested, even to the point of wanting to attend a Governor's meeting. He added that arrangements will be made for this and added that other attractive trustee education meetings will be pursued as they come along.

Chairman Atwood next took up the matter of the retreat evaluation. He stated that everyone felt that the retreat was good, that it should be repeated and that some value seemed to be found in every aspect of the retreat. He noted that there were a few suggestions regarding subjects which could be covered and added that they will be utilized in planning the next retreat. Other comments were most positive and complimentary.

Chairman Atwood referred to the digest of the retreat which Ms. Foley had prepared and the conclusion which had been reached at the retreat regarding the appointment of an ad hoc mission statement study committee. He explained that on the basis of this, he has proceeded to select seven individuals to serve. He noted that all have been contacted and have agreed to participate. He listed the following: Al France as Chairman, Jeanne Givens, Debbie Gruye, Al Hanser, Sally Pillsbury, Dave Preston and Paul Winchell. Chairman Atwood noted that since those members

were contacted and accepted appointment, further consideration has been given to the needs of the institution by staff in consultation with himself and a broader charge than mission statement study has been preceived. He stated that this is referred to in the letter of charge which he has prepared. He then read the following:

September 21, 1977

TO: Board of Governor's Strategic Planning Task Force

Al France, Chairman
 Jeanne Givens
 Debbie Gruye
 Al Hanser
 Sally Pillsbury
 Dave Preston
 Paul Winchell

FROM: Harry Atwood, Board Chairman

RE: Task Force Charge

Our second Annual Retreat of the Board of Governors gave rise to many questions as to how various forces are affecting the role of University of Minnesota Hospitals and Clinics now and in the future. In particular these questions focused on the Statement of Mission as enunciated by the Board of Regents. Having reflected on the discussions of the retreat and after giving thought to the responsibilities of the Board of Governors in light of those forces and the Hospitals' future, it became increasingly apparent that there exists a need for much more involvement than a study of mission. If University Hospitals is to continue to function as a viable health care institution for the community we serve in the future, we must prepare for that future, and we must do that in terms of strategic planning, not only for University Hospitals, but in relation to the health care planning scheme for our metropolitan community, and the State of Minnesota as a whole.

Thus what originally was an ad hoc mission study committee has been expanded into a Strategic Planning Task Force. In doing this we hope to provide a mechanism which will allow for a small group of the Board to address issues affecting University Hospitals. This task force can provide the full Board with recommendations pertaining to future directions for University Hospitals and the future allocation of resources to achieve those directions. The Board of Governors can then, with this assistance, make judgements concerning University Hospitals'

Strategic Planning Task Force
September 21, 1977
Page 2

future role. Any recommendations which the Governors may have pertaining to the mission of University Hospitals, will in turn be forwarded to the Board of Regents.

Specifically, the charge to the Strategic Planning Task Force will be as follows:

- 1) to evaluate and propose restructuring as necessary, of University Hospitals' planning process and work toward the development of a five year plan.
- 2) to re-evaluate the appropriateness of University Hospitals' mission and make recommendations for the continued monitoring of that statement.
- 3) to make recommendations regarding future program development in light of the mission statement.
- 4) to maintain adequate communication with the Board of Governors and its operating sub-committees.

With this purpose and these objectives in mind, the Strategic Planning Task Force is challenged to an exciting role in the formulation of University Hospitals' future. The study of internal considerations, external requirements and community concerns will be of great benefit in ensuring the appropriateness of University Hospitals' plans. Your willingness to serve on this task force and participate in this endeavor is greatly appreciated.

HEA/sds

Chairman Atwood commented again that the charge had obviously been expanded and hoped that the logic of this was understood. Mr. Evenson raised concern over the role and power of the task force. It was explained that the purpose of setting up such a group was merely to allow a smaller group of individuals to function temporarily to study a specific subject and make recommendations to the full Board, having no power to act themselves. Dean Weaver asked if it would not be appropriate to have Hospital Administration and Regent representation on the task force. Mr. Westerman responded that Administration will staff the task force and added that Regent involvement might be premature at this stage.

Mr. Cost commented that the appointment of this task force seemed a natural and healthy evolution of the Board into an ownership position regarding mission and preparation for the future. Dr. Tiede suggested that there be a show of hands to ratify Chairman Atwood's action. All hands were raised.

Dr. Tiede asked that staff relate to Mr. McGrath the Board of Governor's pleasure in seeing him up and about again. Dean Weaver commented that all systems are go on Unit F. Mr. Jones reported that the JCAH survey site visit went well and that the surveyor stated that he will be recommending a one year accreditation for University Hospitals.

There being no further business, Chairman Atwood adjourned the meeting of the Board of Governors at 5:00 P.M.

Respectfully submitted,



Johnelle Foley
Secretary

Minutes
University of Minnesota Hospitals and Clinics
Board of Governors
June 15, 1977

Present: Mr. Harry Atwood, Chairman
Mr. Albert Hanser, Vice Chairman
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
Ms. Sally Pillsbury
Mr. John Quistgard
Dr. John Tiede
Ms. Timothy Vann
Mr. Ron Werft
Mr. John Westerman
Dr. Paul Winchell

Absent: Ms. Nicha Coates
Dr. John Najarian
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 of Diehl Hall.

I. Minutes of the May 18, 1977 Meeting - Harry Atwood, Chairman

Mr. Cost moved that the minutes of the last Board meeting be approved. Mr. Quistgard seconded the motion and it was passed.

Introductions

Mr. Atwood introduced Ms. Marilyn Bryant and Ms. Janet Paper from the University Hospitals Volunteer Association. Ms. Susan Stuart-Otto introduced Ms. Barbara Reynolds who has joined the Public Relations Department.

I. Joint Conference Committee Report - Albert Hanser, Chairman

Hanser reported that the Joint Conference Committee reviewed the Intensive Care Unit medical audit which studied 26 patient cases of renal failure. He noted that

Ms. Cindy Nugent, the unit's head nurse, presented the audit which was the first to be conducted in a special care unit and was found to be one of the most difficult audits because of the complexities of the patients' illnesses. He commented that the audit resulted in recommendations dealing with documentation, such as noting the reason for admission to or transfer out of the unit. Further, Mr. Hanser pointed out that appropriate responses regarding the recommendations had been received from Nursing and the Chief of the Department. Ms. Pillsbury mentioned that a concern had been raised that patient and family education was insufficient in this area. Mr. Hanser concluded that the audit was thorough and beneficial to the unit and moved for its acceptance. His motion was seconded and passed.

Mr. Hanser stated that a second part of the Quality Assurance Committee report included the presentation of an outline of the Patient Care Audit Policy and Procedure by Sue Jensen. He pointed out various steps in the outline which assure that complete followup action is taken on audit recommendations.

Next, Mr. Hanser referred the Board to the Credentials Committee report. Dr. Winchell explained that the report contained the annual reappointments of the Medical Staff for fiscal year 1977-1978. He noted that this year the physicians were asked to conform to the requirement of documentation of their continuing medical education required by the JCAH, the Minnesota Medical Association, and the Licensure Board. He pointed out that the report included a list of those physicians who had not complied with that requirement. He stated that the Medical Staff/Hospital Council had voted to extend for one month (to August 1) the deadline for submission of continuing education documentation. Dr. Hastings commented that the Medical Staff has been aware of this requirement for several months. It was pointed out that much of the difficulty in this involved getting the information to the proper party. Dr. Winchell indicated that the Credentials Committee report also included listings of physicians seeking additional privileges, changes in status, and resignations.

Mr. Hanser moved that the report be approved. Ms. Lutz seconded the motion and it passed. It was noted that the Clinical Chiefs have been made aware of the physicians in their departments who have been delinquent in submitting their continuing education. The motion was voted upon and passed. Dr. Winchell then reviewed the backgrounds of the eight physicians applying for appointment to University Hospitals' Medical Staff. Mr. Hanser moved that the new appointments be approved. This motion was seconded and also passed.

Mr. Hanser then announced that Dr. Winchell had been re-elected to the position of Chief of Staff for a two year term and that Dr. Russell Lucas had been elected as Vice Chief of Staff for a term of three years. He moved that these election results be approved by the Board of Governors. Ms. Lebedoff seconded the motion and it was passed. The Board expressed their pleasure and congratulations to Dr. Winchell. Next, Mr. Hanser referred the Board to the list of Medical Staff/Hospital Council sub-committee chairmen and moved that these positions be approved for fiscal year 1977-78. The motion was seconded. Ms. Given pointed out that some of the physicians recommended to be chairmen were on the list of those who are delinquent in submitting their continuing education. It was suggested that these physicians have until August 1, to comply with the requirement and if they have not done so by that time, the committee chairmanship position will be re-appointed. The motion was voted upon and passed.

In concluding his report, Mr. Hanser mentioned that Dr. Robert Goltz represented the Clinical Chiefs at the Joint Conference meeting and reported that the Chiefs are involved in developing plans for the space vacated in the Mayo Building when the clinics are moved to Unit B/C. He also mentioned that Mr. Dickler reported that the labor contract negotiations are going into mediation and that the teamsters are attempting to seek a re-election in the Hospitals.

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

A. Interim Report from the Commission on Public-General Hospitals - John Westerman

Mr. Westerman commented on the Interim Report which had been mailed to all Board members. He explained that the report represented the first year of the Commission's work and suggested that at this point in the study nothing new was revealed. He added that a document discussing aspects of State-owned university hospitals has been drafted and will be reviewed around the country.

Mr. Westerman also commented on the legislation which has terminated the State Board of Health and has established an advisory committee. (Senate File 109 Chapter 305) With this legislation, the Commissioner of Health position has also become one which is filled by gubernatorial appointment. He stated that he was uncertain about the effectiveness of the advisory committee arrangement and added that there was some uncertainty as to whether the act was given full public hearing. Mr. France inquired as to whether it would be appropriate to petition for legislation to reinstate the health board. Mr. Westerman suggested that at this point, it would be best to wait and see how Governor Perpich implements the legislation.

Mr. Westerman next referred the Board members to the description of the functional planning structure for University Hospitals. He explained that the diagram was provided to clarify that which he had once detailed on the blackboard. He mentioned that the task forces which have been set up are ad-hoc and added that the planning activity is progressing rapidly.

Mr. Westerman also referred the Board to a hand-out from the American Hospital Association on the identification, selection, and orientation of new trustees. He suggested that it might be of interest to the members. Mr. Westerman then noted that the Association of American Medical Colleges had testified on President Carter's proposed cost cap legislation. Mr. France suggested that he felt the proposal warranted discussion by the Board. Chairman Atwood

commented that this item will be included in the program for the August retreat.

B. Minnesota Hospital Association Comments on State Health Plan (General Acute In-Patient Services) - Don Van Hulzen

Mr. Van Hulzen stated that as a result of the Planning Bill 93-641 every State must develop a health plan and that plan must filter down to and incorporate aspects of local health planning. He explained that the Minnesota Hospital Association formed a committee to monitor the progress of the development of Minnesota's plan. He mentioned that the plan will most likely be approved by the Minnesota Health Planning Agency and the State Co-ordinating Agency. He commented that the plan could be improved upon but suggested that the time, money and effort required to do so will probably prohibit such a task from being undertaken. He noted that he will keep the Board informed of activities in this area.

C. Gerontology Conference - Psychological Aspects of Aging - Johnelle Foley

Ms. Foley described the conference which she attended in North Dakota on aging. She mentioned that although the program provided a wide spectrum of topics on aging there appeared to be three major themes covering injustices which the elderly face, the need for change in society's attitude toward the elderly and the development of geriatric health care for the elderly. She suggested that geriatric medicine is beginning to be recognized in this country as a specialty and added that it is truly an area where interdisciplinary co-ordination is possible and necessary. She mentioned that the Health Care Systems Research and Development Advisory Committee has prepared a position statement on gerontology for the University of Minnesota Health Sciences. She explained that a one day retreat is being planned for late August to provide individuals interested and active in gerontology with an opportunity to get together and participate in the planning of an organization structure for the

Health Sciences to co-ordinate service, education, and research activities in aging. She noted that she will inform the Board of the outcome of the retreat.

D. Legislative Summary - John Diehl

Mr. Diehl briefly reviewed the final status of various pieces of legislation pertaining to health care. He commented that in general the last legislative session brought closure to few proposed health bills. For instance, he noted that nothing happened in terms of malpractice or right to die legislation. He did report that an act was adopted which would give patients the right to have their medical chart or a written summary of its contents. In concluding, Mr. Diehl mentioned that he had recently attended a conference for hospital attorneys at which time there were approximately 350 in attendance. He noted that such topics as planning legislation, cost containment and anti-trust laws were covered.

IV. Executive Committee Report - Chairman Atwood

Chairman Atwood reported that the Executive Committee had met to discuss the resolution on the formation of the Minnesota Association of Public Teaching Hospitals to study the potential for a consortium involvement. He explained that Mr. Kreykes of Hennepin County General Hospital, Mr. LaVand Syverson of Ramsey Hospital and Mr. Ayers of the V.A. Hospital were in attendance as representatives of the other three institutions comprising the association. He noted that there was considerable discussion of the resolution with the representatives regarding the timeliness, benefits and uniqueness of such a collaboration. He mentioned that the representatives left and the Executive Committee went into regular session. He reported that the Executive Committee moved to recommend approval of the resolution to establish the association for the purpose of studying the potential for a consortium arrangement among the four hospitals. He pointed out that the resolution also included a commitment from each institution to contribute up to \$25,000 to finance

the study for 18 months and the authorization for the Co-ordinating Council to apply for grant support. Ms. Givens moved that the Board approve the resolution. The motion was seconded.

The Board then discussed the resolution. In response to a question from Ms. Lebedoff, it was explained that the study would investigate all types of arrangements and configurations which the hospitals might participate in to improve services and contain costs. Mr. Baker reported that formal action had not as yet been taken by the governing authorities of the other institutions but stated that their meetings to do so were scheduled for the near future. Mr. Evenson commented on the tremendous possibilities in the consortium study for potential sharing of services and reducing costs. Mr. Hanser noted the need to collaborate for the sake of assuring continuation of research and education in the future. Ms. Pillsbury asked about the governance structures of the other three hospitals. Mr. Baker explained that the V.A. is governed from the national agency in Washington, that the Hennepin County Board of Commissioners governs that County Hospital, and that Ramsey County has a separate board for their hospital made up of representatives from the County Commissioners and the nine political districts. Chairman Atwood commented that the Co-ordinating Council for the association will be comprised of representatives from the governing board, medical staffs, and administrative staffs of the four hospitals. He added that consideration is being given to having an additional representative from the University to represent the teaching component. Mr. Werft asked if the study would still be conducted if one of the four institutions did not decide to participate. Chairman Atwood suggested that that matter might necessitate a re-examination of the resolution. Mr. Baker commented that the differences in the four hospitals will probably enhance their ability to work well together and build on each others strengths. Ms. Givens' motion to approve the resolution was then voted upon and passed.

V. Facilities Committee Report - John Tiede, Chairman

Dr. Tiede reported that the Facilities Committee reviewed the long range plans. In terms of the 10 year plan, he stated that they were informed that the warehouse project is still in the thinking stage; that the life safety project is on schedule; that unit K/E remodeling will be underway with the selection of the architect; and that Building F has been approved and construction will start soon. Dr. Tiede also reported that the Facilities Committee had a very interesting tour of three floors of Unit B/C. He thanked all those involved for making the tour arrangements.

Mr. Hanser inquired about the vacated space in Mayo with the clinics move to B/C. He noted that he was aware that the space is badly needed by the Laboratories and Radiology but stated that he understood that it belongs to the University. Mr. Jones explained that it is understood that some of that space will go to the Hospitals. He added that some of the space had been earmarked for the School of Nursing had Unit F not been approved. Now, a University committee will determine how that space is divided. He noted that it was unlikely that the space would go outside of the Health Sciences but mentioned that the School of Public Health and the Medical School have space needs which must be addressed. Mr. Westerman commented that decisions such as this which have implications in terms of future directions are part of what the Board must begin to bring to their constituents for their information and advice.

VI. Finance Committee Report - Stanley Holmquist, Chairman

Mr. Holmquist reported that the year to date variance from budget is slight with revenue under expenses equaling (.1%) of total budgeted revenue. He stated that admissions are up while the average length of stay continues to be reduced. He brought to the Board's attention the fact that days in accounts receivable is down to 83.6 days, a reduction of 16.6 days from December 31, 1976. He commended staff on their accomplishment. He added that the Finance Committee had heard a report of the status of deliberations on the University's insurance situation and noted a sense of impatience with the lack of participation in these discussions allowed to University

Hospitals by Central Administration. He mentioned that the Finance Committee had developed a resolution to that affect. He then asked Mr. Fearing to comment on the summarized financial statement.

Mr. Fearing reported that because of the shortened length of stay, patient days are down 2.3% from the projected. He pointed out that the greatest reductions in lengths of stay have occurred in Neurology and Pediatrics where there have been changes in leadership. He noted however, that the overall variance is small because the accounts receivable have been reduced allowing for a good cash available picture as well.

Mr. Fearing stated that although the overall variance is small, the trends, such as the declining lengths of stay, do raise concerns especially if expenditure levels are not responding concurrently. He noted that this will be watched closely.

Mr. Van Hulzen commented that in the last ten years admissions at University Hospitals have increased 40%. He stressed that the institution is presently strong and growing and should be viewed as a viable organization. It was suggested that response to the present financial situation and future institutional directions will be the types of items discussed at the Board retreat. Mr. Holmquist added that in terms of the present, the Finance Committee has expressed its concern for the need for cost containment and has asked staff to implement economies wherever possible.

VII. Board Concerns - Harry Atwood, Board Chairman

Chairman Atwood reported that he has been invited to a Central Administration meeting on the subject of the University's liability insurance situation. He noted that this will provide an opportunity to express University Hospitals concern over the cost of the present premium. He suggested that because of this, the Finance Committee may wish to hold their resolution until after the meeting. Mr. Holmquist requested that the Finance Committee members meet briefly after the Board meeting for a special meeting to determine what to do with their proposed resolution. It was noted that the Regents have given the Acting Vice President for Finance and Development the go

ahead to investigate the benefits of a captive insurance company approach. Dr. Tiede asked what was meant by a captive. It was explained that a captive is essentially a self-insurance approach. Mr. Atwood concluded that the meeting on Friday would probably be a general discussion of the insurance situation. Ms. Pillsbury commented on the benefit to the Board which Chairman Atwood's experience in insurance brings.

Chairman Atwood next commented on the Board retreat which is scheduled for August 17 and 18. He stated that plans for the retreat are well underway with lodging and meeting rooms available at Madden's and potential program content being worked on by the administrative staff. He mentioned that 3-4 major topics will be considered at the retreat with staff forwarding information regarding these subjects in advance of the retreat to allow Board members to become familiar with the issues. He also mentioned that Dr. French and Mr. Preston have been invited to the retreat to represent the Health Sciences and that there were plans to extend an invitation to Mr. Lauris Krenik as a Board of Regents representative. Chairman Atwood pointed out that this would be a working meeting, that spouses are welcome but should be aware that their partners will be busy.

Chairman Atwood then announced that this is Mr. Ron Werft's last meeting as the CHIP representative on the Board of Governors. He explained that Mr. Werft has been appointed to serve as University Hospitals' Administrative Resident from the University's Program in Hospital and Health Care Administration and this, position would then conflict with membership on the Board. Chairman Atwood stated that the Council for Health Interdisciplinary Programs will be making arrangements for the selection of a new student representative whose term will run from September to August to more closely correspond to the academic school year. On behalf of the Board and the Finance Committee, he thanked Mr. Werft for his participation.

Chairman Atwood also mentioned that he will be making his annual report to the Board of Regents in September. He added that after the meeting, he will be signing the cover letters to the Regents for the 1977-1978 Budget and Annual Plan.

There being no further business, the Board of Governors meeting was adjourned at 4:30 p.m.

Respectfully submitted,

Jhnelle Foley/ss
Jhnelle Foley, Secretary

Minutes
University of Minnesota Hospitals and Clinics
Board of Governors
May 18, 1977

Present: Mr. Harry Atwood, Chairman
Mr. Albert Hanser, Vice-Chairman
Ms. Nicha Coates
Mr. David Cost
Mr. Orville Evenson
Mr. Al France
Ms. Debbie Gruye
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
Dean Lawrence Weaver
Mr. Ron Werft
Mr. John Westerman
Dr. Paul Winchell

Absent: Ms. Jeanne Givens
Dr. John Najarian

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 April 20, 1977 Meeting - Harry Atwood, Chairman

Chairman Atwood commented on mis-spellings and typographical errors which occurred in the text of the minutes and asked staff to make the appropriate corrections to the official copy of the minutes. It was moved, seconded, and passed that the minutes of the last meeting be approved.

Introduction - Chairman Atwood introduced Mr. Bill Souder who will be the Daily reporter for Board of Governors' activities for the summer.

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

Mr. Westerman informed the Board that approximately every three years, changes are made in the assignments of the Administrative staff. He reported that such changes have recently been made and commented upon the timeliness of that occurrence based upon

the need to re-organize and gear up for the challenges which will be affecting University Hospitals in the next few years. He explained that because Unit B/C is nearing completion, Mr. Dickler will be partially relieved of his responsibilities for that project and will team up with Mr. Van Hulzen. Together, they will combine in-patient and out-patient operational activities under their direction, providing Mr. Van Hulzen the opportunity for involvement in operations. He explained that Mr. Baker will then take Mr. Van Hulzen's place as Mr. Westerman's partner tracking such institutional-wide projects as the consortium study. Mr. Jones has been freed of various departmental responsibilities to devote his total energies to facility planning. He added that various other project and departmental responsibility shifts have been made among the assistant directors. Mr. Westerman also noted that Mr. Werft would be joining the administrative staff as the administrative resident.

In terms of long range planning for the Health Sciences, Mr. Westerman commented upon the planning committees which have been set up to facilitate that process and reported that they appear to be up and operating and off to a good start. Mr. Cost requested that the organizational and reporting configuration of those committees be put on paper and distributed to the Board members so that they may have a clearer understanding of the planning structure.

At Mr. Westerman's request, Ms. Foley, who is serving as staff to the Search Committee for the Vice President for Finance and Development for the University, reported on that committee's progress. She stated that 6 names were submitted to President Magrath and that he has decided to bring some candidates in to meet with the Search Committee, the Regents and various other officers of the University. She added that this is expected to occur after the first of June and it is expected that a decision will be made shortly thereafter.

Mr. Westerman then informed the Board that in recent legislation the Minnesota Board of Health has been abolished and the Commissioner of Health has become a position to be

filled by gubernatorial appointment. He commented that he envisions tremendous pressure and stress in the commissioner's position with potential involvement of the Governors office. He noted that he brought this information to the Board because of the future ramifications this change may have for University Hospitals.

III. Finance Committee - Stanley Holmquist, Chairman

Mr. Holmquist reported that the Finance Committee had reviewed in detail the YTD financial statements for April. He pointed out that staff should be commended for having reduced the accounts receivables from 102 to 86.3 days. He then requested that Mr. Fearing relate to the Board other trends shown in the summarized statement of operations for April. Mr. Fearing reported that admissions are up but patient days continue to drop due to the reduction in the average length of stay from 9.2 days to 8.3 days. He noted however, that despite this trend the revenue over expenses variance equals only .8% of total budgeted revenue and attributed this to the fact that ancillary revenues have been stable.

Mr. Fearing then went on to comment on various aspects influencing April's financial standing. He mentioned that increased out-patient activity in kidney dialysis and a change in the reimbursement formula in that area has caused a decline in Deductions from Charges. He attributed the increase in Other Operating Revenue to additional activity in the Reference Laboratory and an adjustment made in that area.

Salaries are below budget because staffing has been responsive to the decline in census. He also mentioned that this month the operating budget was adjusted in the areas of liability insurance and campus administrative expense to reflect actual experience on an annual basis as requested by the Finance Committee. Overall, Mr. Fearing indicated that the financial position of University Hospitals remains on target. Dr. Winchell added that the shortened stays indicates progress toward the objectives of the Professional Standards Review Organization.

Next, Mr. Holmquist moved that the Board of Governors approve the write-off of \$80,686.95 in bad debts for the third quarter of the 1976-1977 fiscal year. He noted that this represented a bad debt ratio below 2% while the average for other similar teaching hospitals is 8%. It was pointed out that this experience is the result of the good collection efforts of staff and the excellent medical assistance programs in the state of Minnesota. Ms. Coates seconded the motion to approve the bad debts and it was passed.

Mr. Holmquist reported that the Finance Committee had again reviewed the budget for fiscal year 1977-1978 and had reconfirmed their recommended approval of that budget and the 6.61% rate increase. Mr. Fearing commented that tentative salary increase in the State's pay plan were close to what had been anticipated but slightly less. He added however, that savings in this area will most likely be off-set by other variables. He stated that if he were to request a rate increase today, he would consider 6.8% but suggested that the changes in the budget projections were so minor that he was confident that a 6.61% increase would support the proposed budget for at least the first 60 to 90 days. Chairman Atwood reminded the Board that last month they had granted tentative approval of the operating and capital budgets and the rate increase for purpose of timely submittal of the request to the Rate Review Panel. Mr. Holmquist then moved that the Board of Governors grant final approval to a FY 77-78 operating budget of \$83,999,791.00 which includes a \$2,032,214 capital equipment and small remodeling project budget. Financing this budget to insure a \$4.0 million cash flow requires a 6.61% rate increase and a planned reduction in operating expense of \$700,000. Dr. Tiede seconded the motion. It was pointed out that the rate increase request was only half of the total request for the last fiscal year. Also, it was noted that if the increase was later viewed as insufficient an additional increase could be sought by October. The motion for final approval was voted upon and passed. Dr. Hastings inquired as to how University Hospitals' rate request compared to those of other hospitals in town. Mr. Fearing commented that other hospital requests are running from a low of 6% to as high as 12-14%.

IV. Consortium Proposal - Mr. Robert Baker, Associate Director

Mr. Westerman commented first that the consortium concept has been considered for some time but that it was only recently that Chairman Atwood and Dr. Winchell, as the Chief of Staff, met with commissioners and officials from Hennepin, Ramsey, and the V.A. Hospitals. He explained that the purpose of the meeting was to determine whether further consideration should be given to the idea and how that consideration should proceed. Mr. Baker stated that the result of that meeting was the consortium study proposal which has been distributed to the Board members of University Hospitals as well as to the appropriate parties representing the other institutions.

Mr. Baker explained that the idea of shared multi institutional efforts is not new. Hospitals have shared services such as laundry and joint purchasing for decades. What is new is that multi institutional arrangements are now considered a cornerstone of hospital management and a top priority of national health policy. He reported that of the nation's hospitals, 28% are involved in cooperative efforts representing 44% of the nations beds. In addition, he indicated that of the 10 National Health Priorities identified in The National Health Planning and Resources Development Act of 1974 (PL-93-641), 4 specifically related to multi institutional arrangements. This national mandate has since filtered down to state and local health systems plans.

Mr. Baker stated that the consortium study proposal resulted out of a long history of strong and growing relationships with Hennepin, Ramsey, and Veterans Hospitals. To date the institutions have conducted joint purchasing, the University has supported the Ramsey Burn Unit and, more recently, the hospitals have embarked on a common radio paging program. He commented that if the respective Boards approve the proposal, the challenge before the hospitals will be to plan not just for each organizations individual needs but to focus on the needs of the health care delivery system. He mentioned that there are several potential outcomes of the study. For instance, on a minimum level there could be an increase in co-operation departmentally. He interjected that the

Directors of Nursing of the various institutions have already begun discussions. A medium outcome could be working on areas to reduce costs and improve delivery through shared services. A maximum outcome could be the commitment to supra-institutional long range planning in such areas as Gerontology which represents a group problem in the health care delivery system. Mr. Baker concluded his remarks by stating that the consortium study proposal is in concert with national health policy and is significant in its potential impact on the future of University Hospitals and health care in the State of Minnesota.

In response to Ms. Pillsbury's question concerning physician status at the affiliated hospitals, Dr. Winchell stated that the Medical staffs of the various hospitals all have Medical School appointments. He also pointed out however, there is not much crossover with the exception of informal educational conferences, referrals, and the rotation of house staff. Ms. Lebedoff inquired as to how the consortium would affect Hennepin County Hospital's arrangement with the Metropolitan Medical Center. Mr. Baker stated that the association would not preclude any of the hospitals from their present or any future agreements with other hospitals. Mr. France questioned the degree to which the hospitals could speak with a common voice and the proposed association governance structure. Mr. Baker noted that the association would be charged with completing a study and reporting the study findings to the respective boards. The group formed to advise on the study would be made up of representatives from the respective boards, medical staff and hospital administration. He added that it was hoped that the association could reach consensus on a great number of issues but that total consensus was not expected.

Mr. Cost asked if the institutions had similar missions. Mr. Baker responded that the hospitals share common service and teaching missions but fulfill those responsibilities differently. Mr. Baker felt that the service differences might strengthen the association. Mr. Evenson also inquired about consolidation among the Medical Staff. Mr. Baker suggested that a more immediate step might be the development of a centralized credentialing system. Mr. Holmquist made the point that the objective of the consortium would be

to reduce costs and improve service but that first, the potential for accomplishing this objective must be studied. Mr. Westerman explained that the proposal was brought to the Board this month for information and discussion. He added that at one time these hospitals were competitive but because they are closer today, combined efforts will be easier. Dr. Tiede pointed out that the study is an examination of feasibility and its recommendation can, if found to be inappropriate, be rejected by the Board. Ms. Lebedoff asked about funding for the study. Mr. Baker explained that each hospital would be asked to contribute \$25,000. In addition, funds may be sought from foundations such as the Robert Wood Johnson Foundation which has expressed interest in assisting such efforts.

Chairman Atwood re-emphasized that the consortium study proposal is being simultaneously presented to the other boards and that concurrent action on the proposal is planned for June. He suggested that if the Board of Governors views the proposal as being worthy of further consideration, that the Executive Committee of the Board be convened to discuss the proposal further. Mr. France suggested that this action should not be over publicized in terms of great expectations. Mr. Holmquist moved that the consortium study proposal be referred to the Executive Committee for further study. Dr. Tiede seconded the motion. Chairman Atwood suggested that for the purposes of this study, the Chief of Staff be invited to meet with the Executive Committee. He noted that as the bylaws now read the Chief of Staff is not a member of the Executive Committee, but added that the Bylaws Committee will be looking at this matter. Dean Weaver pointed out the significance of the consortium study in terms of education in the Health Sciences. The motion was then voted upon and passed.

V. Joint Finance and Facilities Committee Meeting

Mr. Van Hulzen stated that the purpose of the Joint Committees meeting had been to report where University Hospitals is in its planning program for capital development. He mentioned that the debt capacity study involves determining patient demands, defining staffing patterns, setting priorities and translating this information into facility requirements. Once the preliminary data collection is completed, Ernst and Ernst will provide a spectrum

of alternatives to finance our facility requirements. He further explained that much of the study has been accomplished but more of the detail work remains to be done. He suggested that the study will be discussed further at the retreat in August. Chairman Atwood noted that joint meetings of the Finance and Facilities Committees will continue to be held periodically as issues affecting both committees arise. Dr. Tiede interjected that the Nutrition project was the last of the facilities projects that was planned prior to the Board and the Facilities Committee formation.

VI. Joint Conference Committee - Albert Hanser, Chairman

Mr. Hanser reported that his committee had reviewed a repeat medical audit on Depressive Neurosis. He explained that this was the first repeat audit and added that it proved to be quite informative in that it revealed some problems which will be dealt with in the formation of new policies. He mentioned that it was suggested that another audit of depressive neurosis be conducted in one year. Mr. Hanser moved that the audit be approved. Mr. France seconded the motion and it was passed. Mr. Hanser also mentioned that Dr. Winchell had reported on the Medical Staff/Hospital Council and mentioned such items as their Nominating Committee's activities and bed re-allocation discussions.

At Mr. Hanser's request, Dr. Winchell gave the Credentials Committee report. He briefly reviewed the backgrounds of the six physicians seeking appointment and privileges with University Hospitals' Medical Staff. He moved that the six physicians be approved. The motion was seconded and passed.

Mr. Hanser then reported that Mr. Baker informed the Joint Conference Committee of the Council of Clinical Chiefs meetings, mentioning that they discussed malpractice insurance, ambulatory care and bed allocation. Also, he stated that the Committee reviewed the operating statistics report showing the increase in admissions and the decrease in patient days and length of stay. Mr. Hanser further mentioned that Mr. Evenson had reported on the

seminar which he and Ms. Foley had attended on the new standards of the Joint Commission for the Accreditation of Hospitals. Mr. Evenson stated that he found the meeting to be very interesting and beneficial in terms of viewing the JCAH in a more friendly light for the assistance which they provide the industry. He remarked on Mr. Westerman's excellent opening remarks and the good historical perspective of the JCAH which was provided at the session. Mr. Evenson commented upon some of the specific new standards which were discussed. Ms. Pillsbury pointed out the impressiveness of the fact that Mr. Evenson was the only trustee representing a hospital at the seminar.

VII. Board Concerns - Harry Atwood, Chairman of the Board

Chairman Atwood explained that along with the budgets for fiscal year 1977-1978, final approval is required for the Annual Plan. Mr. Westerman noted that the plan remains the same as previously drafted and reviewed except for a new section on long range planning and added that the plan may change form in the coming years as planning becomes more detailed. Mr. Hanser asked if there is an evaluation of the progress of the projects reported in the plan. It was noted that interim reports are provided. Mr. Quistgard moved that the Annual Plan for 1977-1978 be approved. Ms. Gruye seconded the motion and it was passed.

Chairman Atwood also mentioned that on behalf of the Board of Governors, he had made the opening remarks and welcome at the Health Alert sponsored by the University Hospitals Volunteer Association. Further, he asked Ms. Foley to comment on the Upper Midwest Hospital Conference and mentioned that she will also be attending a conference on Gerontology.

VIII. Cooks Tour - Newly Remodeled Cafeteria Facilities - Merle McGrath, Associate Director

Mr. Westerman introduced Mr. Robert Parry, Department Head for Nutrition Services and asked Mr. McGrath to comment on the Nutrition project. Mr. McGrath stated that since November of last year patients have been receiving their meals from an outside vendor during the remodeling project. He reported that the kitchens, and cafeteria are to

open soon with new systems in place to improve the meal service. He mentioned that with a reduction in personnel of over 50 people, the cost of remodeling is expected to be repaid in 4 years. He then invited the Board members to participate in a tour of the new facilities.

The Board of Governors adjourned at 4:30 p.m., to the Nurtition Service area.

Respectfully submitted,

A handwritten signature in cursive script that reads "Johnelle Foley / ss". The signature is written in dark ink and is positioned above the typed name.

Johnelle Foley
Secretary

UNIVERSITY OF MINNESOTA HOSPITALS
STATEMENT OF OPERATIONS
FOR PERIOD JULY 1, 1976 TO APRIL 30, 1977

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance Over/(Under) Budget</u>	<u>Variance %</u>
Gross Patient Charges	\$58,001,865	\$57,522,287	\$(479,578)	(0.8)
Deductions from Charges	3,812,424	3,670,917	(141,507)	(3.7)
Other Operating Revenue	<u>909,678</u>	<u>1,061,763</u>	<u>152,085</u>	16.7
Total Revenue from Operations	\$55,099,119	\$54,913,133	\$(185,986)	(.3)
Expenditures				
Salaries	\$30,521,485	\$29,923,535	\$(597,950)	(2.0)
Fringe Benefits	4,932,276	4,944,974	12,698	.3
Contract Compensation	5,357,220	5,146,339	(210,881)	(3.9)
Med Supplies, Drugs, Blood	8,529,986	8,352,322	(177,664)	(2.1)
Campus Admin Expense	3,248,214	3,248,214	-	-
Depreciation	1,360,072	1,399,777	39,705	2.9
General Supplies & Expense	<u>8,941,309</u>	<u>9,266,365</u>	<u>325,056</u>	3.6
Total Expenditures	\$62,890,562	\$62,281,526	\$(609,036)	(.9)
Revenue Over/(Under) Expense	\$(7,791,443)	\$(7,368,393)	\$ 423,050	5.4
Non-Operating Revenue				
Appropriations/Univ Support	\$ 6,695,663	\$ 6,695,663	\$ -0-	-
Accrued Interest Income	837,457	837,457	-	-
Shared Services	-	29,675	29,675	-
Total Non-Oper Rev	<u>\$ 7,533,120</u>	<u>\$ 7,562,795</u>	<u>\$ 29,675</u>	.4
Revenue Over/(Under) Expenses	\$ (258,323)	\$ 194,402	\$ 452,725 (1)	-

(1) Variance equals .8% of Total Budgeted Revenue

Minutes
University of Minnesota Hospitals and Clinics
Board of Governors
April 20, 1977

Present: Mr. Harry Atwood, Chairman
Mr. Albert Hanser, Vice-Chairman
Mr. David Cost
Mr. Orville Evenson
Ms. Jeanne Givens
Ms. Debbie Gruye
Dr. Donald Hastings
Mr. Stanley Holmquist
Ms. Mary Lebedoff
Ms. Sally Pillsbury
Mr. John Quistgard
Dr. John Tiede
Ms. Timothy Vann
Dean Lawrence Weaver
Mr. Ron Werft
Mr. John Westerman
Dr. Paul Winchell

Absent: Ms. Nicha Coates
Mr. Al France
Ms. Jo-Anne Lutz
Dr. John Najarian

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 of Diehl Hall.

Announcements

Mr. Atwood reminded the Board of the Health Alert Program sponsored by the University Hospitals Volunteer Association which will be held on April 28, 1977. He noted that the topic of the session is "Lifestyles in a Stressful World" with Dr. Harold Benson of the Harvard Medical School as the keynote speaker. He invited the Board members to attend and mentioned that he would be delivering the greeting on behalf of University Hospitals.

Mr. Atwood also mentioned that the Joint Commission for the Accreditation of Hospitals is holding an educational program on May 16th and 17th at the Radisson South to discuss their various accreditation standards. He noted that hospital board members were encouraged to attend and suggested that a representative from the Facilities and Joint Conference Committees might wish to consider participating in the sessions along with representatives from administration.

I. Minutes of March 16, 1977 Meeting - Harry Atwood, Chairman

Dean Weaver moved that the minutes of the last meeting be approved. Ms. Lebedoff seconded the motion and it was passed.

II. Board of Governors and Future of University Hospitals and Clinics
- Lyle A. French, M.D., Vice President of Health Sciences

Dr. French began his presentation by commenting that the Health Sciences were developed to co-ordinate efforts in education, research, and service to better meet the needs of the State. He noted that the Health Sciences are different than other sections within the University in that they consist of a group of professional schools that need to fulfill a professional responsibility. He commented that the Health Sciences relate directly to the needs of the State but receive only approximately 30% of their funding from State sources, with the remaining provided by private and federal resources. He added that the Health Sciences can flourish in the large University setting and thus, no attempts have been made to become more autonomous. He also mentioned that of the 57,000 students in the University system, 5,500 are in the Health Sciences - a number which is equivalent to the Duluth or St. Paul campuses, this justifies the considerable building which is being done in this area because rapid increases in enrollment have been experienced.

Dr. French explained that the Health Sciences were organized under the Board of Regents and the President of the University. He mentioned that his Health Sciences office consists of three lead people: Dave Preston, Associate President, Cheri Perlmutter, Assistant Vice President; and the office's secretary, Charlene Thompke. He commented that the rest of the University views the Health Sciences and its appropriations jealously but added that too often they are unaware of the fact that Health Sciences enrollment has doubled in the last six years, and that education in this division is expensive because patient contact demands a small student-faculty ratio.

Dr. French stated that a re-evaluation of the Health Sciences Vice President's office is being conducted because President Magrath has decided to conduct such re-evaluations of all Vice-Presidential and Administrative Offices when he came on board. Dr. French noted that this process was beginning with the Health Sciences because he has maintained a vice-presidential position longer than anyone else presently serving in that capacity. He listed the Schools and Colleges of the Health Sciences, noting that each was headed by a Dean except for University Hospitals which is under a General Director. He stated that University Hospitals is the most important unit in that it provides educational support for all the schools. He added that his office works to co-ordinate the budgets, educational programs, and outreach efforts of all the schools and explained that this is accomplished through Co-ordinators such as Dr. Manfred Meier who heads Allied Health. He mentioned that Allied Health professionals were those paramedical personnel who are trained within the various professional schools. He also cited Dr. Joseph Resch who co-ordinates Affiliated Hospital Programs involving relationships with over 400 health units in the State to provide clinical sites for teaching in the community and Dr. William Hodapp who co-ordinates Continuing Education Programs.

Dr. French stated that shortly after the Health Sciences were formed in 1970, thought was given to forming a board for University Hospitals. He remarked that he had hoped the board could be separate from the Regents but explained that according to the Constitution by which the University was founded, the Regents must retain legal and fiscal responsibilities. He added that as a forerunner, Minnesota is viewed curiously and enviously by other Universities around the country who have heard of this organizational structure and are examining their own.

He also mentioned that the Regents are most comfortable with this arrangement and appreciative of the efforts of the Board of Governors.

In terms of the Health Sciences planning process, Dr. French mentioned that the University has a Planning Council and that there exists a subsidiary council for the Health Sciences.

In budgeting for the future, Dr. French mentioned that one of his jobs is to present the Health Sciences budget request to the State Legislature. He explained that the total University budget is \$460 million, of which \$260 million comes from the State resources and tuition and \$200 million comes from earning units such as the cafeterias, the dorms, and the Hospitals. Of the Hospitals' funding, the State contributes about 10% which off-sets some of the academic support costs. This \$7 million also supports special programs including Psychiatry and Rehabilitation as well as other special services. He commented that he feels the Legislature has been supportive of the Health Sciences and reported that presently requests for increased dollars for enrollment related activities, such as 305 new students and 60 new positions, have been made.

In terms of the Hospitals, he mentioned that county papers earnings for welfare patients will probably amount to \$2 million. He noted that the educational support request for the Hospitals involved no increment and will most likely be approved. He added that if cuts are to be made in the University budget they most likely will not occur in the Health Sciences at this time. In terms of Family Practice, the Rural Physician Program and research programs he felt we had assured funding. Dr. French commented that a contingency fund was included in the budget request to pick up educational grants if the federal government should discontinue them.

In responding to questions, Dr. French commented tht University Hospitals represents an educational support unit in the same sense that a library does.

At Dean Weaver's request, he explained the history of Unit F noting that what was once to be a Pharmacy only building, was changed to a shared arrangement with Nursing because of changes in Federal construction support dollars. He noted that the University was awarded \$8.2 million Federally but that the State request for \$11 million in matching funds for the project was denied last year because of questions concerning the supply of pharmacists and their changing role, as well as the changing role of Nursing. He mentioned that alternatives to the plan were requested by the Legislature for consideration at this session but noted that essentially the same plan evolved. He did state that he felt the chances of Legislative acceptance this year are 80% because nurses, pharmacists and the Deans have worked hard to present a clearer understanding of the educational needs which this building program can meet.

Mr. Cost asked if student enrollment will continue to increase in the Health Sciences. Dr. French commented that this appears to be leveling off as will the need for student educational facilities but added that a new hospital is necessary and will be the next project for consideration. Ms. Pillsbury inquired as to where University Hospitals would fit in a merger with Hennepin and Ramsey County Hospitals and the V.A. Hospital. Dr. French responded that such a merger would take place only in terms of a sharing of services not a physical arrangement unless the V.A. Hospitals were to continue and change site to this location, again only to share. He emphasized that there is a need for a new University Hospitals facility and added that he was aware of discussions with the Minnesota Council of Teaching Hospitals concerning a study of joint arrangement. He stated that he believes that this is something that should be looked into. Dr. Tiede asked about the future of small rural hospitals and University Hospitals role in support. Dr. French suggested that the small community should not be underestimated in terms of its ability to supply the resources to maintain local care. He added that we may see a change in the concept of what a hospital is

as regionalized planning is established to reduce duplication and local control is maintained with a core support unit. He concluded that University Hospitals will remain the general hospital with unique services and resources and agreed with Dr. Tiede, stating that the Board's future role will be to see that those services and resources are commensurate with what is needed in Minnesota.

III. Facilities Committee - John Tiede, Chairman

Dr. Tiede reported that the Facilities Committee reviewed the annual equipment and small remodeling project budget at its last meeting. He explained that before that budget reaches the Facilities Committee it is thoroughly examined by several parties and narrowed to true necessities. Mr. Jones summarized the handout at Dr. Tiede's request. He noted that page 2 demonstrated that the budget was developed well within pre-planning guidelines as established with approval from the Joint Finance and Facilities Committee meeting. He noted also that the budget totals were consistent with the previous year's budget and within national hospital industry standards as being an appropriate portion of the annual operating budget.

Mr. Hanser asked if any portion of the Life-Safety project for the JCAH was contained within this budget. Mr. Jones responded that major projects requiring a certificate of need are not included. Dr. Tiede moved that the equipment and small remodeling project budget be tentatively approved. Chairman Atwood stated that this would be appropriate in terms of tracking this budget with the Finance Committee and operations budget which is to be given final consideration in May. The motion was seconded. Ms. Lebedoff asked how this budget was separate from the University's capital budget. Mr. Westerman outlined that under the All-University Planning Council there exists a Health Sciences Planning Council and under that a Health Sciences Facilities Committee. He explained that the Board of Governors Facilities Committee deals with Hospital issues under the Board and a Hospitals Planning Group, which he chairs

co-ordinates the efforts of task forces dealing with pediatrics planning, ICU and OR planning and Unit. J. He explained that this charts an organized reporting system which provides the opportunity for appropriate individuals to have in-put into planning issues. It was pointed out that this particular budget would be taken by Mr. Westerman, through Vice President French and on to the Regents. Chairman Atwood inquired as to whether the \$2 million are available to fund this budget. It was noted that the equipment and remodeling budget would be financed from funded depreciation. A vote on Dr. Tiede's motion for tentative approval was taken and the motion passed.

Dr. Tiede concluded the Facilities Committee report by stating that the Committee also discussed the Unit F situation, were given a status report on unit B/C by Mr. Dickler, were told that they will be considering plans for a new hospital facility and were informed that the Life Safety Code project is on target.

Ms. Pillsbury inquired as to what the building near the entrance to the Mayo Garage is for and what the hole between the hospitals and Unit B/C is for. Mr. Dickler first noted that the towers across from B/C are mechanical towers for basic sciences buildings and not related to the hospitals. He explained that the hole will house and underground animal lab facility over which there will be a pedestrian plaza. He also added that there will be several tunnels connecting Mayo to B/C, B/C to K/E, Masonic to Mayo and animal lab tunnels. Mr. Evenson remarked on the excellent job the School of Pharmacy has done in maintaining its operation in such an old facility.

IV. Joint Conference Committee Meeting - Al Hanser, Committee Chairman

Mr. Hanser began his comments by reporting that Ms. Carol Brauer presented the medical audit on Transurethral Resections. He commented that the Medical Staff-Hospital Council had approved the audit, that it was an area-wide audit in which all community hospitals participated, and that the audit was conducted totally within the Department of Urologic Surgery. Mr. Hanser moved for acceptance of

the audit. His motion was seconded and passed. Mr. Hanser stated that Dr. Winchell reported on behalf of the Medical Staff-Hospital Council noting that they also reviewed the audit, discussed out-patient policies and the diet manual, and are preparing for the upcoming election of their officers. Mr. Hanser mentioned that Mr. Baker reported on the Council of Clinical Chief's discussions which cover such subjects as the Department of Psychiatry's enhancement request, space allocation in Unit B/C, and the Annual Plan. Mr. Hanser further reported that the Joint Conference Committee moved to make a formal request to the Finance Committee to ask staff for information on cost reduction measures and their effects as instituted at University Hospitals. He noted that Mr. Diehl commented on a recent State Supreme Court decision which indicated support of hospital trustees undertaking credentialing responsibility. In terms of progress in meeting JCAH environmental standards, Mr. Larsen and Mr. McKee reported to the Joint Conference Committee that the status of those projects were on target. Mr. Baker explained a new pre-admission testing program which is being piloted and will hopefully reduce the length of stay. He also commented on the Interstudy Report which deals with hospital costs. Mr. Hanser concluded his report by adding that the Committee was informed that contract negotiations with the union are once again underway and porceeding well at this point.

V. General Director's Report

A. General Director's Report - John Westerman

Mr. Westerman announced that by the next meeting of the Board, the new kitchen facility will be completed and Mr. McGrath and Ms. Foley will arrange for a tour of the area. Mr. McGrath stated that the contractors have scheduled actual completion for May 20th and added that the Board could better see the facility before cooking begins. He noted that the cost of the project was approximately \$1.8 million and added that it will accomplish a long term objective of improved and more efficient Hospitals' food service.

Mr. Westerman stated that information will be forwarded to the Board concerning the Upper Midwest Hospital Conference as there may be a trustee section during the three day program on May 11-13. He also stated that a report will be given at the next Board meeting describing the re-organization in administrative staff assignments which is taking place to prepare for an intense period involving a number of objectives such as operating Unit B/C efficiently, preparing for a Children's Center, improving cost containment, and working with the Board on mission accomplishment.

B. "A Practical Approach to Preventive Medicine", Paul Winchell, M.D.

Dr. Winchell commented on an article dealing with the cost effectiveness of the annual physical. He referred the members to their copies and mentioned that it presented a new approach in terms of looking at a persons position in five year groups and their ability to meet the health goals established for each group. He mentioned that the subject pertained more to the family physicians than to practitioners in a teaching hospital but encouraged the Board to read the article at their leisure for their own information. The Board then discussed other approaches to physicals and their effectiveness.

C. Legislative Update - John Diehl, University Hospitals and Clinics Attorney

Mr. Diehl reported that there are seven areas of legislation of relative interest to University Hospitals' operations and added that there was very little conclusive action taken in any of those areas. Under general health, he commented on an abortion bill which would require parental consent in the case of minors or if refused, a court decision. In terms of physician licensing he mentioned one bill which would grant limited licenses to practice in underserved areas to physicians who could not quite pass their boards and another which would provide for reciprocal licensure for foreign and Canadian physicians.

In the area of living wills, Mr. Diehl stated that a bill dealing with the determination of brain death was going nowhere. He indicated much activity in dealing with issues of business and medical records especially in terms of data privacy. He reported that although there were many bills in this area, one in particular is progressing and that involves the physician reviewing the medical record with the patient. In financing, Mr. Diehl mentioned treatment for hemophiliacs, technical amendments in the Comprehensive Health Act and legislation to reduce the Blue Cross surplus requirement from 25% to 16%. Of particular interest relationship to this is a bill which would require 51% of the Blue Cross Board to be non-providers. Under administrative laws, he viewed little progress in the sunset law which would require periodic rejustification of agency existence and other bill requiring zero based budgeting. Legislation in terms of personnel, dealt primarily with public employees and their unemployment compensation system. He stated that an amendment has been enacted here which would disqualify employees who voluntarily quit from receiving early compensation.

VI. Finance Committee - Stanley Holmquist, Chairman

Mr. Holmquist pointed out that the Finance Committee is aware of cost containment practices which are in effect at University Hospitals and added that they will become evident in the presentation of the proposed budget. He mentioned that the Committee is confident in staff's direction and pleased with their progress as in the case of reducing the number of days in accounts receivable from 98 to 88.5 this month. He added that examination of trends show decreases in occupancy rates, patient days, and average lengths of stay to which hospital staffing is responsive. He reiterated that the budget has been examined honestly and openly and consideration has been given directly to such issues as the movement toward self-insurance against liability.

Mr. Fearing reported that the year to date financial statement represents the culmination of a somewhat reduced census level under what was anticipated and an increased expenditure level. He indicated that the (2.3%) variance of expenses over revenue to total budgeted revenue was within target and does not suggest a problem or need for change. He pointed out a considerable decline in accounts receivable which he attributed to a seasonal payment from Medicaid, but most particularly to better follow-up by hospital personnel on the status of outstanding claims with agencies. He encouraged the Board to review the third quarter financial statements which were provided them and the Controller's Report which speaks directly to the trends. In response to questions and comments Mr. Fearing stated that bad debts were running at 2% and charitable care at 3%. He mentioned that the greatest number of bad debts are small accounts and that more small accounts are written off as in many cases, it would be more costly to pursue them. He further explained that different collection methods are used at different stages in the age of accounts but in no case does the hospital refuse to readmit a poor financial risk patient.

Mr. Fearing presented the proposed budget to the Board. He informed them that there still has been no information received pertaining to the state pay plan. He stated that the only changes made in the budget from last month are reflected in a somewhat different approach to projected cash flow. He reminded them that a \$4 million cash flow position had previously been shown which resulted in \$690,000 that would have to be generated by cost reductions under budget. This time, he stated, the budget is based on a 6.61% rate increase and a cash flow of \$3.3 million. Mr. Fearing noted that to bring this up to the \$4 million position which is felt necessary to meet capital financing needs, four areas have been identified where savings are expected to approximate \$700,000. He referred the Board to page 5 showing the cash flow position and pages 6 and 7 which describe the cost saving programs which include laundry and linen,

biomedical engineering, forms design, and admission systems redesign.

At Chairman Atwood's request, Mr. Fearing explained that the 6.61% rate increase is to cover the full fiscal year, unlike the preceding year when a supplemental increase was made in January. He explained that the change was made to avoid any problems should the Carter administration place caps on revenue. He mentioned that several hospitals were caught unprepared during the Economic Stabilization Program and added that the 6.61% rate increase was calculated to protect University Hospitals from such an occurrence. He also pointed out that the rate increase being requested for 1977-78 fiscal year is approximately half the total rate increases made in each of the two previous years. Mr. Fearing further indicated that some of the positions included in the proposed budget require further evaluation by administration but final decisions should be made prior to May. Mr. Cost commented on the importance of salaries as a primary area where modifications could be made. Mr. Fearing gave a break down of the percentage increase in salaries needed for 1977-78 which demonstrated that the major cause for the increase is based on the expected requirements of the State Pay Plan which hopefully will be finalized by May. Mr. Fearing also provided an explanation of the Campus Administrative Expense item. He stated that it involves an allocated cost from the University which does not require a cash outlay by the hospital but is included in the budget for purposes of 3rd party reimbursement which is the lowest of costs or charges. He added that University Hospitals charges have always been lower than costs.

Mr. Atwood explained that today, only tentative approval of the budget was being sought so that staff could forward the rate increase request to the rate review panel in accord with their 60 days advance notice requirement.

He stated that final approval of the budget will be sought in May when the pay plan information is available. Mr. Holmquist then moved that the budget be approved contingent upon Legislative, Finance Committee, and Board adjustments.

The motion was seconded and passed.

VII. Board Concerns - Harry Atwood, Board Chairman

Chairman Atwood commented on the efficient response of hospital personnel during the Green Grass which had occurred that morning. He went on to report on the meeting which he had attended with Dr. Winchell, Mr. Van Hulzen and Mr. Baker in which they met with Board of Hennepin County Commissioners and the Ramsey County Hospital Board to share information about University Hospitals Board of Governors and to discuss other alternatives for responsive governance. He mentioned that an outgrowth of the meeting may be consideration of a consortium of study of some shared service arrangement. He added that a proposal is being developed to outline a study which could be conducted to analyze the feasibility of a consortium among the three institutions plus the Veterans Administration Hospital but that no specifics were discussed at that time. Mr. Westerman commented that such a study seems appropriate in terms of the need to study whether the institutions can survive as free-standing entities and is further appropriate in that the four function with one House staff and one curriculum. He mentioned that each institution will be asked to contribute financially to the study and added that Mr. Baker will serve as liaison to the project.

Chairman Atwood also asked the Board for their reaction to having an out-of-town retreat in August. He commented that contact has been made with Madden's Resort in Brainerd and that the dates would be Wednesday and Thursday, August 17 and 18. He mentioned that everyone had reacted favorably to the first retreat at Minnetonka and explained that the purpose of this retreat would be directed at long range planning for mission accomplishment in the future. He also commented that meetings prior to the retreat would be directed toward presenting alternatives to ways to respond to health care in Minnesota in the future. He did mention that further consideration will have to be given to whether or not there will be

a Board meeting in July. The board members generally appeared to react favorably to the idea and Mr. Atwood stated that further details will be provided to them when available.

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

Respectfully submitted,



Johnelle Foley
Secretary

Minutes
University of Minnesota Hospitals and Clinics
Board of Governors
March 16, 1977

Present: Mr. Albert Hanser, Vice Chairman
Ms. Nicha Coates
Mr. David Cost
Mr. Orville Evenson
Mr. Al France
Ms. Jeanne Givens
Ms. Debbie Gruye
Mr. Stanley Holmquist
Ms. Mary Lebedoff
Ms. Timothy Vann
Dean Lawrence Weaver
Mr. John Westerman
Dr. Paul Winchell

Absent: Mr. Harry Atwood, Chairman
Dr. Donald Hastings
Ms. Jo-Anne Lutz
Dr. John Najarian
Ms. Sally Pillsbury
Dr. John Tiede
Mr. Ron Werft
Mr. John Quistgard

The meeting of the Board of Governors of University of Minnesota Hospitals and Clinics was called to order by Vice Chairman Hanser at 2:15 p.m., in Room 555 of Diehl Hall. Vice Chairman Hanser introduced the following individuals: Mr. Rick Dietman from KSJN Radio, Ms. Jan Klaus from the University Hospitals Volunteer Association, Ms. Virginia Rybin of the St. Paul Dispatch, Ms. Leslie Martin from the Daily, Mr. Bruce McFadden from the University of Maryland Hospital and Mr. Merlin Olson from the University of Colorado Hospitals.

I. Minutes of February 16, 1977 - Al Hanser, Vice Chairman

Dean Weaver moved that the minutes of the last meeting be approved. Mr. Holmquist seconded the motion and it was passed.

II. Child Bearing/Child Rearing Center - Sharon Reising, Director

Mr. Russ Farrell, Assistant Director in charge of outreach programs, commented that the Child Bearing/Child Rearing Center was developed through the efforts of Mr. Richard Pierson,

Assistant Director and Ms. Sharon Reising, the Center's Director, whom he introduced. Ms. Reising, explained that she is with the School of Nursing and the Department of Obstetrics and Gynecology. She began her presentation on the Center by describing its location as being as Delaware Street near the Imperial 400 Motel. She commented that the program began in the Fall of 1972 and moved to its off-campus site in October of 1976. She noted that the intent of the move was to get away from the sickness orientation of the hospital and into a more home-like environment. She explained that the center is operated by nurse midwives and pediatric nurse practitioners who serve as primary care givers for healthy mothers, providing them complete prenatal care, labor support, delivery of the baby, postpartum follow-up, plus on-going interconceptional care. The pediatric nurse practitioners assist in demonstrating child care, feeding, and responding to other questions or concerns regarding pediatric care. She noted that within the limits of safety, these nurses provide all the care with a pediatrician and obstetrician "on call." Ms. Reising went on to say that the program is a family oriented experience which emphasizes the positive healthy aspects of birth. She added that new special programs are being considered for the center such as a single mother program.

In response to questions, Ms. Reising commented on other aspects of the Center. She mentioned that training was being provided for nurse midwives but had temporarily been discontinued due to a change in the School of Nursing. She noted that generally people have learned of CB/CR through friends, or CUHCC or social agencies. She explained that the program's capacity is presently for 6 mothers per week and added that she would like to see the program expand as interest in it increase as it has. She commented that the actual deliveries are performed at University Hospitals where an effort is being made to make the delivery rooms more home-like. She explained that the cost of the program is moderately priced and noted that its primary objective is to create a climate so that the birth can be fully experienced by the family and individually controlled by the mother. She indicated that the majority of the participants in the CB/CR program are white, middle-class, well-educated professional types who seem to favor the more natural and personalized contribution of a nurse mid-wife. She added that an

obstetrician is always on the floor during the delivery.

Vice Chairman Hanser thanked Ms. Reising for her presentation and commented on the innovativeness of the program.

III. Comments from Visitors

At Mr. Westerman's request, Mr. Bruce McFadden, Director of the University of Maryland Hospital commented on his visit to Minnesota. Mr. McFadden explained that he was here to observe University Hospitals' Board of Governors as consideration may be given to the development of such a board at Maryland. He described the Maryland setting commenting that it is faced with the transitional problems of the industry. He mentioned that University of Minnesota Hospitals, with its new governance system, reminded him of the private sector and was demonstrative of a sophisticated delivery system. He commented that Baltimore was expected to be overbedded by 2000 beds in 1980 and therefore planning must be accomplished and that planning will require leadership such as the Board of Governors and Mr. Westerman provide here.

Mr. Merlin Olson, Director of the University of Colorado Hospitals, explained that he was in Minnesota as a member of an NIH survey team looking at the Clinical Research Center. He commented that the center was one of the best he has seen. Mr. Olson also mentioned that the University of Colorado Medical Center may be acquiring the Denver city hospital. He commented that such an acquisition would require a revision in their governance structure and commended the Board of Governors for their foresight and for the excellent model which they provide.

IV. Joint Conference Committee Report - Al Hanser, Chairman

Mr. Hanser reported that Dr. James Locke presented his committee with a critique of the last disaster drill. He mentioned that Dr. Locke also raised an issue concerning the cost justification of the JCAH drill requirement. Mr. Hanser noted that the Disaster Committee, which Dr. Locke chairs, will be providing the Joint Conference Committee with a recommendation regarding future disaster drill policy. Then, at Mr. Hanser's request

Dr. Winchell reported on the Credentials Committee report and briefly described the four physicians who were seeking new appointments or changes in status. In response to Ms. Given's question, he explained that emeritus is a status with limits because of age. Dr. Winchell moved that approval be granted to the applicants requests, Mr. Westerman seconded the motion and it was passed.

Mr. Hanser mentioned that an audit on newborns was presented by Dr. Patricia Ferrieri showing basically only difficulties in terms of documentation. It was also pointed out that the audit demonstrated no differences in the quality of care given to the new-born by different services and programs. Dr. Winchell reported on follow-up information obtained regarding the cataract audit. He explained that Dr. Harris responded that the two physicians who performed only one cataract operation in a year had a great deal of experience in procedures similar to cataracts and thus were most competent to do them. Dr. Harris had also stated that these operations were not done on an out-patient basis because of the risk of infection, because they were ususally complex cases, and because there are not adequate out-patient housing facilities.

Mr. Hanser went on to report that Mr. McKee will be keeping his Committee abreast of the progress toward meeting JCAH survey recommendations through a flow chart and quarterly reports. He also announced that the next site visit will be a one day visit to examine facility considerations only. Mr. Hanser further mentioned that they reviewed the status of various Clinical Chief Search Committees and heard the Medical Staff/Hospital Council Report.

At Mr. Hanser's request, Mr. Baker explained that a new state agency has been developed to monitor dialysis units with surveys being conducted by the state health department. He noted that at the recent site visit University Hospitals was sited for not having Board approval of the dialysis unit policies. Mr. Hanser moved that the policies be approved. The motion was seconded and passed.

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

Mr. Westerman referred to Dean Weaver who mentioned that he continues to be optimistic regarding Legislative approval for Building F. Dean Weaver stated that the Governors recommendation, which will be key, is expected by Friday. Mr. Westerman also commented on up-coming Board meetings and noted that Dr. French will be before the Board in April to set the tone for developing discussions on options for meeting the Hospitals' mission and goals in the future. Further, Mr. Westerman commented on Blue Cross' debates over their board's composition and the consumer majority issue.

In response to a question from Mr. Evenson, Dean Weaver mentioned that Dr. Tiede had been very helpful in writing letters to Legislators concerning Unit F. He added that other Board members, if they desired, could similarly let their Legislators know their preferences. The Dean added that resolution of the issue was hoped to be obtained by May 15th. He concluded by announcing that the new Dean of Dentistry is Richard C. Oliver, and added that he is looking forward to working with him.

VI. Finance Committee Report - Stanley Holmquist, Chairman

At Mr. Holmquist's request, Mr. Fearing reported on the current financial status of the Hospitals. He stated that the February financial statements continue to reflect the stability which was brought about by the January 1, 1977 rate increase. He commented that patient days were behind projected estimates but added that these are usually picked up near the end of the fiscal year. He said that the rate increase has also affected an increase in accounts receivables but noted that by the end of June, days in receivables are expected to be reduced by 7 from 102.1 to 95 days. He concluded that based on these trends the Hospitals are on game plan or only 1.6% below it. He added that this will be made if the census levels, which are key, continue as they currently are.

Mr. Holmquist stated that the Finance Committee is today presenting a tentative preliminary budget to the Board for 1977-78. He asked Mr. Fearing to describe the budget to the Board. Mr. Fearing explained that this should be viewed as a first-cut

examination of the budget. He noted that it is comprised of estimates because of such unknowns as the affects on salaries of any changes in the state pay plan. He further mentioned that there are certain areas within the budget which require additional investigation and indicated that this was due to the requirement of the state rate review panel calling for an earlier preparation of the budget, 60 days in advance rate increase thus, it must be submitted on April 30, 1977. Mr. Fearing said that tentative approval or understanding of the budget will be sought from the Board in April with final approval desired in May.

Having referred the Board to the first page of the blue budget booklets, Mr. Fearing began by stated that a 6.61% rate increase is seen as necessary. He added that a carry over of 2% from last years increase annualized and increased volume will bring the total requirement for 1977-78 to 10.9%. He then reviewed the Comparative Statement of Operations category by category mentioning that Deductions from Charges primarily represented the affects of inflation. The significant areas which he pointed out under Other Operating Revenue, were Food Service which indicated the affects of re-opening the cafeteria and Departmental Non-Patient revenue which contains charges for drugs for research, the costs of which is increasing considerably. In terms of Expenditures such as Salaries and Fringe Benefits, he mentioned that certain assumptions must be made involving cost of living and merit increase as proposed in the state pay plan. He noted that the Physician Comensation item includes an assumed Lab-Medicine-Pathology increased contract agreement.

Mr. Fearing continued describing the Expenditure items, and explained that the increase in Laundry and Linen is caused by inflation and the need for additional linen. He interjected that the budget office is uncomfortable with some items and will be looking at them more closely in terms of a downward adjustment. He mentioned this in terms of drugs which needs closer examination. He explained that the decrease in Raw Foods is the reflection of opening the cafeteria and discontinuing the service purchase contract, while the increase in Blood involves a new hemophiliac program. Medical Supplies has

to do with the acquisition of new devices and Utilities are a Central Administration estimation. He commented that Insurance is viewed as a middle of the road because of uncertainty as to the future of the program. Mr. Fearing explained that Rental Expense is for computer components and warehouse space while Maintenance and Repair is for Powell Hall renovation and Communications is essentially an inflationary increase. The Campus Administration item was described by Mr. Fearing as Central Administration miscalculation which necessitates an adjustment. He mentioned that Depreciation is a general increase with capital projects under construction and General Supplies and Expense contains a variety of programs. He concluded the Expenditure category by pointing out again that the figures were ball park and thus, subject to a possible downward adjustment. Non Operating Revenue, he explained, also involved similar inflationary trends.

Mr. Fearing cited a negative net revenue of \$165,389 which he added could be more clearly understood by examining cash flow on page 5. There he pointed out the need for \$4 million and demonstrated that there existed a need for \$690,757 worth of new program needs which have not been carried out of the budget. He explained that the Finance Committee will continue to examine this item and determine how best to present it. Thus, he reiterated that the budget as presented is strictly inflationary and does not include new programs so the 6.61% increase also does not take into consideration new programs. He also referred the Board to page 6 and mentioned that this year's excess will reduce the amount of deficit the next year. He concluded that the remaining pages could be individually reviewed and involved Annual Plan detail.

Mr. Holmquist summarized Mr. Fearing's comments and reported that staff has been requested to scrutinize the budget and present information on areas where costs can be reduced or held to maintain the rate increase at its current projected reasonable level. It was also mentioned that final approval will be required on the budget in May so that it can be presented to the Board of Regents in June. Mr. Holmquist reminded the Board that the

budget information was being shared with them per their request of last year for more information.

VII. Board Concerns

The Methodist Hospital Certificate of Need proposal denile and the lack of faculty to train Physical Therapist were briefly discussed.

There being no further business, Vice Chairman Hanser adjourned the meeting at 4:15 p.m.

Respectfully submitted,

A handwritten signature in cursive script that reads "Johnelle Foley/ps".

Johnelle Foley
Secretary

Minutes
University of Minnesota Hospitals and Clinics
Board of Governors
February 16, 1977

Members Present: Mr. Harry Atwood, Chairman
Mr. Albert Hanser, Vice Chairman
Mr. David Cost
Mr. Al France
Dr. Donald Hastings
Mr. Stanley Holmquist
Ms. Mary Lebedoff
Ms. Jo-Anne Lutz
Dr. John Najarian
Ms. Sally Pillsbury
Dr. John Tiede
Ms. Timothy Vann
Dean Lawrence Weaver
Mr. Ron Werft
Mr. John Westerman
Dr. Paul Winchell

Members Absent: Ms. Nicha Coates
Mr. Orville Evenson
Ms. Jeanne Givens
Ms. Debbie Gruye
Mr. John Quistgard

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 of Diehl Hall. Chairman Atwood introduced Mr. Hoffman and Mr. Hesberg from the Minnesota Daily and also Ms. Ann Frakington who was in attendance as a requirement of a Communications Class. Chairman Atwood also welcomed Ms. Vann.

I. Minutes of the January 19, 1977 Meeting - Harry Atwood, Chairman

Chairman Atwood pointed out a typographical error on page 4 of the minutes where "Medical" should replace "Mechanical". Dr. Hastings moved that the minutes of the last meeting should be approved as corrected. Dr. Tiede seconded the motion and it was passed.

Chairman Atwood commented that the agenda would be re-ordered. He explained that Mr. Westerman had just arrived and had requested a few minutes to collect his thoughts. As Dr. Tiede had left his notes from the Trustee Seminar at home, he had suggested commenting on the seminar at a later date.

II. Joint Conference Committee Report - Albert Hanser, Chairman

At Mr. Hanser's request, Dr. Winchell presented the Credentials Committee Report to the Board. He referred the Board to the attached list of applicants to the Medical Staff and described each physician's background and qualifications. He also discussed the two physicians requesting changes in privileges and moved for acceptance of the report. The motion was seconded and passed. Mr. Holmquist asked if the number of Medical Staff members remained constant. Dr. Winchell responded that the number seems to remain around 300. Ms. Pillsbury inquired as to why so many physicians appeared to be applying for privileges in Oncology. Dr. Winchell suggested that this was due to the extensive cancer research which is occurring at University Hospitals.

Mr. Hanser referred the Board to the summaries of the two audits which the Joint Conference Committee had reviewed. He noted that the first audit was on Pediatric Transfusions and commented that because of the many audits on transfusions, progress was being shown in improved quality assurance. He explained that the JCAH requires that transfusions be monitored and thus, University Hospitals is accomplishing this through audits. Mr. Hanser moved for approval of the audit. His motion was seconded and passed. Mr. Hanser also commented that the JCAH has changed to a calendar year for the conducting of 12 audits, rather than the former survey to survey year. He then reported that Ms. Carol Brauer, a member of the audit team, presented the second audit on Cataract Extractions which noted deficiencies in documentation. Mr. Hanser moved for Board approval of this audit also Ms. Pillsbury added that the Committee had requested Dr. Winchell to write a letter to Dr. Harris, the Chief of Ophthalmology, to inquire as to why none of the procedures were done on an out-patient basis and why two physicians had performed only 2 cataract extractions in a year. Dr. Winchell mentioned that this latter point raises the question of a physician's ability to maintain his skill in that procedure. Mr. Holmquist asked about the audit process. It was explained that the findings and recommendations of an audit are sent to the appropriate Clinical Chief who prepares a response which is examined by the Medical Staff/Hospital Council and the Joint Conference Committee. Mr. Hanser commented on Dr. Winchell's excellent assistance

in helping his Committee to identify the important audit issues. Mr. Hanser's motion for approval of the Cataract Audit was seconded and passed.

At Mr. Hanser's request, Mr. McKee reported on the Joint Commission for the Accreditation of Hospitals' survey letter. He stated that the JCAH has granted University Hospitals a one year accreditation based on facility and environmental concerns. He explained that all non-environmental items have been assigned to members of the Management Committee for correction and that quarterly reports will be made on the progress of corrective activities. Mr. McKee commented that the environmental items have been thoroughly reviewed by the Facilities Committee in terms of the construction project required to meet the 1973 Life Safety Codes of the National Fire Protection Agency. He briefly described the principles behind those codes and required changes to the facility needed to meet them. Mr. McKee commented that it was unlikely that the project would be completed by the next JCAH site visit in the Fall of 1977. Therefore, another one year accreditation will probably be given before the project is completed in October of 1978.

Chairman Atwood asked if there were any deficiencies which could not be corrected. Mr. Jones responded that there were not but added that the emergency generator standard may be challenged as it conflicts with local codes. He explained that the State Fire Marshall has also sited University Hospitals on these points and added that there would have to be a concern in terms of liability if they failed to meet safety standards. He further noted that the most stringent standards must be met. Mr. Diehl stated that the correction of deficiencies will most likely not affect the premium paid for liability insurance. Mr. Hanser commented on the value of co-operating with the JCAH which represents self-regulation rather than outside regulation. He thanked Mr. McKee for his report and added that a flow chart showing the time schedule of the Life Safety Code project has been promised.

Mr. Hanser concluded the Joint Conference Committee report by mentioning that the Medical Staff/Hospital Council had also reviewed the audits, the JCAH and policy

statements and that the Council of Clinical Chiefs had discussed their outreach efforts, the Annual Plan, and the Hospitals' computer system. He added that Mr. Baker had given a census trend report and that documentation of the last disaster drill is forthcoming.

Chairman Atwood interjected that Mr. Evenson had requested an excused status for this meeting. Chairman Atwood commented on the difficulties involved in determining what represents an excused or unexcused absence and asked if the practice of simply indicating present or absent could not be continued. The Board agreed that this was most practical.

III. Report of the Clinical Chiefs Program Review of the Annual Plan

Mr. Westerman asked that the original paper from which the Trustee article was derived be distributed to the Board. He indicated embarrassment that the published article appeared in such a casual and abbreviated form.

Mr. Westerman mentioned collaboration with Professor Ellis Benson in his efforts on an AAMC Committee to study the future of Laboratories in academic hospitals.

Mr. Westerman also commented that Mr. Diehl is working on a presentation with the Minneapolis Star and Tribune concerning the issue of what is private in terms of medical information to the press. Further, Mr. Westerman commented that he had just attended Minnesota Hospital Association Day activities where he presented his ideas on the importance of setting program objectives, implementing the measurement of those objectives and incorporating an abandonment policy to discontinue those programs which are no longer effective.

Mr. Westerman next referred the Board to the Annual Plan Schedule of Proposed Programs for 1977-1978. He explained that this schedule provides information on the origin, objective, and resources for each program in the Annual Plan. He reminded the Board that programs 4, 6, 7, 10, and 16 were under study and exploratory, that programs 2, 3, 13, 14, 18, 19, 20, and 10 were in the decision making phase, and that programs 1, 5, 8, 9, 11, 12, 15, 17, and 10 involved the implementation of continuing and mandatory programs. He briefly reviewed the schedule with the Board and commented

that on January 26, 1977, the Annual Plan was approved by the Program Review Committee of the Clinical Chiefs and that the Council of Clinical Chiefs accepted this action on February 9, 1977. He added that the schedule of the Annual Plan will be made supplemental to the budget documents. Having concluded his presentation, Mr. Westerman responded to a question from Ms. Lutz regarding the need for additional House Staff. He explained that funds supporting research positions have been cut back requiring a re-allocation of responsibility for the costs of these positions to the hospitals with the hospital questioning its source of financial support for House Staff. Mr. Westerman concluded that he will keep the Board informed of the progress of the Annual Plan's development with the budget.

IV. Facilities Committee - John Tiede, Committee Chairman

Dr. Tiede reported that the Facilities Committee had discussed the JCAH report and thoroughly reviewed the Life Safety Code recommendations as presented by Mr. Kerkow, the Assistant Supervising Engineer on the project. He commented on the projects' timetable which calls for acceptance of bids in May, commencement of construction in June of 1977, and a one year completion date of June 1978. Dr. Tiede indicated that the project demonstrated a realistic approach to meeting the code requirements and moved that the Board of Governors recommend the funding of \$3,715,000 for the Upgrading of the Fire Alarm System and Means of Egress Project at University of Minnesota Hospitals. Ms. Lebedoff seconded the motion. It was noted that funding for the project will be derived from depreciation reserves as planned. It was further noted that a tight time frame could exist for the project dependent upon whether a waiver or Certificate of Need is given. Mr. Holmquist pointed out that originally the project had been estimated at \$3.5 million and noted that the additional \$200,000 is available in reserves. Dr. Tiede's motion for approval of the financing of the Life Safety Project was voted upon and passed.

Finance Committee Report - Stanley Holmquist, Chairman

Mr. Holmquist reported that the budget is being prepared and that a preliminary forecast

will be available in March for review and final approval in April or May. He added that all interested and involved parties will have had an opportunity for in-put at that time. Mr. Holmquist also commented on Mr. Fearings commitment to reduce the revenue days in accounts receivable from 102 to 75 within 18 months. Further, Mr. Holmquist stated that the Finance Committee discussed the auditor's report and managements response. He explained that those documents will be attached to the minutes of the Finance Committee meeting and mailed to the full Board for examination and comment at the March meeting.

Mr. Holmquist then called on Mr. Fearing to describe the Hospitals' current financial status. Mr. Fearing reported that January displayed the expected changes as a result of the rate increase. He added that there had also occurred an increased in census above projections and commented on the difficulty in determining if this reflected a trend which would continue. Mr. Fearing re-examined for the Board the financial plan which called for the elimination of the \$522,000 deficit and the accomplishment of a positive revenue position of \$678,000. He noted that the monthly goal which had been calculated to accomplish this position was surpassed in January with the unexpected volume increase. He added that if this trend continues the Board may have to determine the utilization of surpluses at the end of the year. In response to questions, Mr. Fearing noted that the insurance premium is located within General Supplies and Expenses and explained that the variance in Campus Administrative Expenses is a non-cash item shown for reimbursement purpose. Mr. Holmquist concluded by stating that the Finance Committee carefully questions its staff for good justification of its actions and expenditures.

VI. This is Your College of Pharmacy, Lawrence Weaver, Dean, College of Pharmacy

Dean Weaver began his presentation by commenting on the current status of the Building F project. He reported that last week the Regents passed a resolution reaffirming their position that the construction of Building F provided the best alternative to housing the College of Pharmacy and the School of Nursing on an economic and programmatic basis.

Dean Weaver indicated that the Legislature appeared more receptive this year and suggested that the project appeared to have a good chance for approval. He mentioned that the other alternatives developed by a Task Force at the Legislatures' request included Unit A plaza, the 7th floor of B/C, and the remodeling of the North Clinic. He commented that these alternatives were all close in cost to Bldg. F, but that with Federal support Bldg. F would require only \$13 million from the State while the others would require from \$21-25 million.

In discussing the College of Pharmacy, Dean Weaver stated that it has been ranked 5th in the country. He added that it began in 1892 and has never had a home of its own. Dean Weaver described the history of the various programs offered within the College and the availability of unique programs. He highlighted some of the trends in educational emphasis such as from a total drug orientation to a patient or social orientation. He commented on various areas of specialization such as pharmacy administration and other innovative approaches. Dean Weaver also described the history of the College of Pharmacy's relations with University Hospitals and its model affiliation agreement to provide a clinical site for Pharmacy students. He mentioned the efforts of Tom Jones, Chuck King, and John Westerman toward their goal of a model Pharmacy service at University Hospitals. Dean Weaver further discussed a new educational concept which has been developed by the College of Pharmacy which involves a competency based curriculum. He noted that this approach will be helpful in terms of continuing education for relicensure. He concluded by commenting that the College met all 14 recommendations of a report written on what a college of pharmacy should be accomplishing. Chairman Atwood thanked Dean Weaver for his interesting presentation. Packets of materials about the College of Pharmacy were distributed to the Board members.

VII. Bylaws Committee Report - Dr. Donald Hastings, Chairman

Dr. Hastings referred the Board of the 1st page of the JCAH report where there were stated recommendations pertaining to both the Board and Medical Staff Bylaws. He

mentioned that at this time he is serving as the Chairman of both Bylaws committees.

Dr. Hastings briefly commented on the items which the Bylaws Committee has and will be considering. These items include a provision in the Board Bylaws for the termination of an individual in a medio-administrative position, the inclusion of an initial provisional staff appointment for new members to the Medical Staff, a delineation in the Medical Staff Bylaws of rules and regulations pertaining to specified professional personnel, and a change to bring the Board's and Medical Staff's years into concert. It was noted that these points require further investigation and that recommendations regarding them will be put in report form for consideration by the Board of Governors and approval by the Board of Regents.

VII. Board Concerns - Harry Atwood, Board Chairman

Chairman Atwood noted that Mrs. Vann had brought some candy for the members to express her appreciation for their concern during her hospitalization.

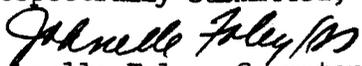
Chairman Atwood stated that in March, Mr. Fearing will be presenting a comparative analysis on University Hospitals' costs. He explained that this evolved from both Board and Clinical Chiefs' concern over the high costs of health care.

Ms. Lebedoff asked what determined during which summer month the Board recessed and expressed her preference for July. Chairman Atwood responded that the recess was dependent upon the timing of availability of the year-end financial figures.

Mr. Holmquist reminded the Board of the preliminary budget forecast which will be forthcoming in March. Ms. Vann suggested that staff keep track of Board members' reasons for not attending meetings. She added that she could attribute excellence to the College of Pharmacy based on her contact with its students at the Martin Luther King Center.

There being no further business, Chairman Atwood adjourned the meeting at 4:20 p.m.

Respectfully submitted,


Johnelle Foley, Secretary

Minutes

Board of Governors

University of Minnesota Hospitals and Clinics

January 19, 1977

Members Present: Mr. Harry Atwood, Chairman
Mr. Al Hanser, Vice Chairman
Mr. Orville Evenson
Mr. Al France
Ms. Debbie Gruye
Dr. Donald Hastings
Ms. Mary Lebedoff
Ms. Jo-Anne Lutz
Dr. John Najarian
Ms. Sally Pillsbury
Mr. John Quistgard
Mr. Ron Werft
Mr. John Westerman
Dr. Paul Winchell

Members Absent: Ms. Nicha Coates
Mr. David Cost
Ms. Jeanne Givens
Mr. Stanley Holmquist
Dr. John Tiede
Ms. Timothy Vann
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 2:10 p.m., in Room 555 of Diehl Hall. Chairman Atwood introduced Mr. Ron Werft, the new Health Sciences student representative to the Board from the Program in Hospital Administration of the School of Public Health. He also stated that Ms. Nicha Coates, the other new member to the Board, was unable to make the meeting because of the weather conditions. Chairman Atwood added that this was also the case with Dr. Tiede. He went on to also introduce Mr. Dan Barnes, the Daily reporter.

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

Ms. Gruye moved that the minutes of the last meeting be accepted. Ms. Lutz seconded the motion. Ms. Lebedoff commented that her name was omitted from the attendance record. The minutes were approved as corrected.

II. Finance Committee Report - John Quistgard, Vice Chairman

Chairman Atwood explained that the General Director's Report, consisting of the follow-up to the Annual Plan, would be incorporated into the Finance Committee Report.

Mr. Quistgard called on Mr. Fearing to review with the Board the Income Statement for the first six months of the fiscal year. Mr. Fearing reported that the net deficit of (\$522,519) in total operating revenue resulted in a variance equaling (3.59%) of total budgeted revenue. He explained that this was primarily the result of the impact of the malpractice insurance premium and campus administrative expense. He noted that projections indicated an insignificant variance at the end of the fiscal year with the application of the rate increase and increased utilization.

Mr. Quistgard reported that the Finance Committee also welcomed two new members, Ms. Gruye and Mr. Werft. He went on to note that action was required in the authorization of bad debts. He stated that the total amount recommended for bad debt during the first half of the fiscal year 1976-1977 is \$451,580.41 represented by 1,856 accounts with the inclusion of \$448.98 for lodging in Powell Hall. He added that bad debt recoveries during this period amounted to \$28,164.99 and moved that the net charge off of \$423,415.42 be approved. The motion was seconded and passed. Mr. Quistgard then referred to Mr. Westerman for his report on the Annual Plan for 1977-1978.

Mr. Westerman commented that in 1975, the Annual Plan was simply presented to the then, new Board. In 1976, the Board raised questions of decision-making involvement regarding that Annual Plan and now, in 1977, the Annual Plan would be created through an evolutionary process which will phase it in with budget considerations for the fiscal year 1977-1978. He interjected that summary status report of programs identified in 1975 and 1976 had been prepared at Mr. Cost's request and has been distributed. He went on to state that it was now important for the Board to evaluate what it is doing to prepare University Hospitals for the future. He added that Annual Plan programs should be considered in that context and in the context of the decisions which the Board must make regarding the budget. He noted that the programs had been divided into three categories to indicate

those programs under study, those requiring decisions, and those which are on-going or have been implemented because of mandatory requirements. He referred the Board to the Forward of the Annual Plan and commented on the need for Board understanding of the uniqueness of University Hospitals in terms of its mission and its high costs. He reflected that in the future it may be necessary to consider diversification through joint venture to create a broader base of services for improved cost effectiveness in the light of public scrutiny. Mr. Westerman added that immediate programs were of less importance than the question of why University Hospitals is so expensive. He called on Ms. Gruye and Mr. France to illustrate the importance of considering the Hospitals' mission in the future and how that might be accomplished with public understanding and support.

Mr. Westerman then reviewed with the Board the various programs listed on the Annual Plan Cost Summary. He noted that Patient Services Management involved co-ordinating patient support service of non-professionals and that Capital Finance Planning was patient care areas. He cited the Warehouse and Library as hospital support programs and Child Care as an employee support program. He explained that the Finance Committee would be making recommendations regarding those programs in category II and mentioned that the Computer System would be invaluable in increasing the time rate for reporting patient information. He mentioned that the Health Education program touched on Ms. Gruye's concern for involvement in preventative health care and pointed to the Rehab Center, House Staff Enhancement, and the Psychiatry Program as direct patient care projects. In examining the third category of programs, Mr. Westerman demonstrated their mandatory status in terms of improving productivity providing Infection Control, assuring Risk Management, meeting outreach commitments in the Rural Co-Operative, the Communication Center, and the Northwest Project, and meeting Affirmative Action requirements. He mentioned Unit B/C as a program with incremental cost under the review of the Ambulatory Care Management Council. Ms. Foley noted for the Board that new programs added to Draft II of the Annual Plan were the Rehab Center, House Staff Enhancement, the Psychiatry Program, and the Communication Center.

Mr. Fearing stated that budget guidelines were being developed with the Finance Committee to coincide with the Statement of Financial Policies and Requirements. He also mentioned that Unit B/C is to be viewed as a separate budget issue. He further reported that he planned to prepare a presentation for February on the cause of University Hospitals' high costs. He mentioned that the cost per patient day was generally \$100 higher at University Hospitals than at other community hospitals and cited educational expenses and special care programs as two of the factors creating this situation.

Mr. Westerman added that in February the Annual Plan will be considered again with budget guidelines and additional Mechanical Staff in-put.

Chairman Atwood questioned how the broad and long range questions can be explored and how the references to cost containment can be actualized. Mr. Westerman commented that the Clinical Chiefs have recommended contracting with an outside consultant to examine the Hospitals' costs. Dr. Hastings and Ms. Pillsbury asked for details regarding the potential of a joint venture with Hennepin and Ramsey County Hospitals. Mr. Westerman responded that the Board of Governors was the only trustee group of a major free-standing hospital. He stated that the feasibility of a consortium was being examined at the management level. Ms. Lebedoff asked if preventative health care could not be incorporated into the Northwest Project. Mr. Farrell responded that in fact, the intent of the project is to improve the health of that community. Dr. Hastings asked how issues of role are surfaced. Mr. Westerman noted that they usually arise out of crisis but should come with an examination of issues and a determination of interest.

II. Introduction to the Epilepsy Program - Robert J. Gumnit, M.D. Program Director

Dr. Gumnit explained that 4 or 5 years ago the National Institute of Health decided to provide funding for epilepsy research and services. A proposal was developed by the University of Minnesota in conjunction with the Mayo Clinic and other parties. The Minnesota proposal was one of the first three to be accepted for funding which amounted to \$1 million for the first year and \$1.5 million in the present second year. Dr. Gumnit further explained that the Epilepsy Program involves the co-ordination of community

services throughout the state. He added that several of the Colleges of the University were participating in the program and that its base location is University Hospitals.

Dr. Gummit related that in other countries special hospitals, communes, and villages were set up for epileptics to provide a protective environment. He noted that state hospitals served this purpose in this country. Today, he commented, the movement is to get epileptics into the community and integrate them into society. He stated that the Center is located on Station 49 where NIH funds have equiped the area with special monitoring devices. He mentioned that elements of the program included surgical intervention, psychiatric evaluation, and rehabilitation and social work services. He explained that the programs's team trains the staffs of living facilites for epileptics and is therefore, able to follow a large group of patients for extended periods of time. He added that the program is experimental and expensive but that NIH and third party insurance covers patients' costs. He commented that the true value of the program was that it would hopefully free epileptics from welfare support and get them into meaningful jobs.

Dr. Gummit invited the Board to the official opening of the Epilepsy Center on Friday, January 28, 1977. He stated that Governor Perpich, President McGrath and several other dignataries would be in attendance. He then responded to several questions about epilepsy. In conclusion, he reported that the center has 11 beds with an average length of stay of 6 weeks and a waiting list of 6 months.

IV. Facilities Committee Report - John Tiede, Committee Chairman

In Dr. Tiede's absence, Mr. Evenson reported on the Facilities Committee meeting. He stated that Dr. Resch was introduced as a new member of the Committee. Mr. Evenson went on to report that the meeting was primarily informational and stated that Ms. Perlmutter explained the alternative proposals which will be taken to the Legislature regarding the location of the Schools of Pharmacy and Nursing. He noted that some of the proposals were more expensive than the original proposal, Bldg. F, previously turned down for funding by the Legislature.

Mr. Evenson also reported that the Metropolitan Health Board had waived the Certificate of Need requirement for the Radio Paging project and had granted a Certificate for the moving of the Medical Records Department and the Business Office to Unit B/C. He mentioned that a request will soon be coming from the Department of Radiology to upgrade their area and added that bids are being reviewed for the Life Safety project.

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

Mr. Hanser stated that most of the Board members had been in attendance at the Joint Conference Committee meeting and thus, he would report only on the item requiring Board action which consisted of the Medical Audit on Deliveries. Chairman Atwood noted that Mr. Evenson had expressed some concerns regarding the completeness of the audit. Dr. Winchell pointed out that the audit was complete, that it had been approved by the Medical Staff-Hospital Council and that it identified no serious problems in deliveries. He added that Mr. Evenson could have access to any additional information pertaining to the audit upon request. Ms. Pillsbury noted that she was confident in Dr. Prem as the Head of Obstetrics and Gynecology as his recent appointment had involved special public scrutiny. Mr. Evenson stated that he found it particularly difficult to approve and audit which precipitated so much disagreement from the physicians of the department being audited. Dr. Hastings explained that such debate was natural and helpful in terms of sharpening the criteria which the audit team develops. Mr. Werft asked where the Board's responsibility lies in terms of reviewing audits. It was explained that the Board's role is to examine outcomes and responses. A motion was made and seconded for acceptance of the Deliveries audit. The motion passed with one dissenting vote from Mr. Evenson.

VI. Board Concerns - Harry Atwood, Board Chairman

Chairman Atwood commented that it had been hoped that Ms. Vann would be attendance at the meeting but that she is still recuperating from her surgery in December.

Ms. Lebedoff inquired into the problems experienced in University Hospitals receiving unrestricted donations. Mr. McGrath described the various vehicles through which gifts are generally donated to the Hospitals and added that few are unrestricted. He mentioned his future hope for an expanded fund-raising mass solicitation program.

There being no further business, the meeting was adjourned at 4:15 p.m.

Respectfully submitted,

Johnelle Foley MS

Johnelle Foley