

Minutes
Board of Governors
University of Minnesota Hospitals and Clinics
December 13, 1978

Present: Mr. Harry Atwood, Chairman
Mr. Al Hanser, Vice Chairman
Ms. Jo-Anne Barr
Ms. Nicha Coates
Mr. David Cost
Mr. Orville Evenson
Ms. Jeanne Givens
Ms. Debbie Gruye
Ms. Mary Lebedoff
Mr. Dan Notto
Ms. Sally Pillsbury
Dr. Paul Quie
Mr. John Quistgard
Dr. John Tiede
Ms. Timothy Vann
Dean Lawrence Weaver
Dr. Paul Winchell

Absent: Mr. Al France
Mr. Stanley Holmquist
Dr. John Najarian
Mr. John Westerman

The meeting of the Board of Governors of University of Minnesota Hospitals and Clinics was called to order by Chairman Atwood at 1:45 p.m., in Room 555 of Diehl Hall.

I. Minutes - November 15, 1978 Meeting

Chairman Atwood pointed out the correct spelling of Padilla and Speer, Inc., the public relations firm hired to work on the Unit J Project. Ms. Lebedoff then moved for approval of the November Board minutes as corrected. Ms. Givens seconded her motion. It was voted upon and passed.

II. Finance Committee Report - Mr. John Quistgard, Committee Chairman

Mr. Quistgard reported that the Finance Committee did not meet because of the earlier date for the December Board meeting making current financial data unavailable. He

stated that Finance Committee members will be sent the monthly financial statements as soon as they are available.

At Mr. Quistgard's request, Mr. Fearing commented briefly on the current financial status of the Hospitals. Mr. Fearing stated that revenue over expense did drop slightly as anticipated with the Thanksgiving Holiday. Both he and Dr. Winchell commented that current occupancy trends are quite high. It was noted that 170 beds will be closed during the Holiday season to adjust for lower utilization during that time. Mr. Cost asked if consideration would be given to reducing rates with revenues running so much higher than budgeted projections. Mr. Fearing responded that a rate reduction was likely but suggested that that decision would best be made in January.

III. Cost Concerns Task Force - Dean Larry Weaver, Task Force Chairman

Dean Weaver noted that his comments would be brief as most of the Board members had attended the open meeting of the Cost Concerns Task Force. He commented that along with Board members, the Task Force meeting was also attended by all members of the Finance Committee and by members of the Operations Group. He reported that the meeting consisted of a discussion of the draft reports prepared by Mr. Van Hulzen for the Task Force. He stated that the discussion was fruitful and asked that any additional comments pertaining to the draft reports be forwarded to him or Ms. Foley.

Ms. Pillsbury suggested that those not present be reminded to provide in-put to the Task Force. Dean Weaver stated that the minutes of the open meeting will be sent out the following week with such a reminder. He also noted that after all comments are received, a steering committee of the Task Force will work to prepare a final report to be submitted to the Task Force and then on to the Board of Governors.

IV. Board of Regents Report - Mr. Robert Dickler, Senior Associate Director

Mr. Dickler reported that the Board of Regents met on Friday, December 8, 1978, with two agenda items pertaining to the Board of Governors. The first item was that of the proposed amendments to the Bylaws of the Board of Governors. Mr. Dickler

noted that Regent Latz commented that in reviewing the Bylaws he observed certain ambiguities. He then moved that an ad hoc committee of the Board of Regents be created to review in more detail the Governor's Bylaws. Mr. Dickler commented that the discussion which followed indicated that the Regents viewed this as a positive step suggesting that a re-assessment of the Regents - Governors' relationship after four years would be mutually beneficial. It was also stated that this review would occur with Board of Governors participation and especially that of the Board's Bylaws Committee. Mr. Dickler reported that Regent Latz's motion was passed and that Regent Latz was asked to Chair the ad hoc committee with Regents Utz and Schertler being appointed as the other two members. Mr. Dickler also mentioned that Vice President French commented on his support of the idea noting that seven of the Regents are new since the creation of the Board of Governors. It was further noted that with Regent Latz's approval, Mr. John Diehl may be providing staff support to the ad hoc committee.

Mr. Dickler reported that the next item on the Regent's agenda was that of the re-appointment of the five Governors whose terms are to expire on December 31, 1978. This item was presented by Vice President French as an information item to be acted upon in January. Mr. Dickler noted that Mr. Holmquist's resignation was mentioned in light of those Regents from Western Minnesota being consulted with regard to filling his vacancy. Mr. Dickler stated that no reference was made to the subject of Board of Governor's officers.

Chairman Atwood pointed out that the Regents will be meeting prior to the Board of Governors in January, and thus, many of the Governor's-related matters may be finalized by the Regents and reported on to the Board of Governors by that time. He did suggest that the ad hoc committee's review of the Bylaws most likely will not be completed by then. Ms. Pillsbury commented that the ad hoc review is very timely in terms of providing an opportunity for Regents to become more familiar with the Board of Governors and University Hospitals prior to the initiation of discussions of such

important issues as facilities planning. Mr. Evenson suggested that despite the minor delays in the re-appointment process, it be advisable to send out the questionnaire pertaining to Board member's committee preferences. It was noted that this would be done.

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

Mr. Hanser reported that the Joint Conference Committee did not review a medical audit at its meeting this month. He stated that twelve audits have been reviewed and approved this year by the Board and thus, the JCAH requirements on audits has been fulfilled for the year.

Mr. Hanser next reported that Dr. David Hurd presented the critique of the last Orange Alert Disaster Drill which took place on October 26, 1978. Mr. Hanser referred the Board to their copies of the critique. He summarized that the drill went well, identifying only minor problems. He noted that the drill was intended to test only portions of the emergency preparedness plan and thus, response to the drill was mistakenly better than required due to mis-communication. Mr. Hanser moved for acceptance of the critique. His motion was seconded, voted upon, and passed.

At Mr. Hanser's request, Dr. Winchell presented the Credentials Committee Report. He briefly reviewed the backgrounds of the five individuals who were seeking appointment to the Medical Staff of University Hospitals. Dr. Winchell then moved for acceptance of the appointments. His motion was seconded, voted upon, and passed. Dr. Winchell also explained that the current application form for appointment to the Medical Staff requires the names of three references but added that these references are not being contacted. He commented that the Credentials Committee feels that reference letters on file in the Medical School are sufficient. Dr. Winchell noted that those letters are obtained for different purposes and thus, are not applicable to the Hospitals' uses. He reported that both the Medical Staff/Hospital Council and the Joint Conference Committee voted to require the Hospitals' Credentials Committee to obtain

review letters of reference on individuals seeking membership on University Hospitals Medical Staff. A motion to that affect was made, seconded and passed by the Board of Governors.

Mr. Hanser also commented on recent communication from the Foundation for Health Care Evaluation, the local PSRO which reviews medical audit procedures. He explained that the Foundation is now requiring that all deficiencies cited in an audit must show action or justification and all significant deficiencies must be re-studied in one year. It was noted that University Hospitals views these requirements as excessively rigid and hopes to reach compromise or clarification in terms of their interpretation. It was also mentioned that the Foundation was most complimentary regarding the choice of medical audit topics and thoroughness with which they are conducted at University Hospitals. Also, the Hospitals nursing audits were identified as being exemplary. Mr. Hanser then mentioned that Ms. Foley reported to the Joint Conference Committee on a recent meeting with representatives of St. Paul Risk Services, Inc., the company who has been contracted with by the University to provide loss prevention services for the Health Sciences areas. This group will be conducting a needs assessment survey and inspection of University Hospitals to determine its exposure liability.

VI. Facilities Committee Report - Ms. Timothy Vann, Chairperson

Ms. Vann reported that the Facilities Committee heard a staff status report, a request from Dr. Eugene Gedgaudas, Chief of the Department of Radiology, and generally discussed how they might enhance their understanding of and involvement in University Hospitals and Clinics. At her request, Mr. Tom Jones commented that the architects are progressing with the schematic drawings for Unit KEH. He indicated that there appears to be excellent agreement of the plans among users and the architects at this time. Mr. Jones also noted that the moves of those few units which have re-located to Unit B/C have gone very smoothly.

Ms. Vann then commented on Dr. Gedgaudas' request for the replacement of certain x-ray

equipment. She noted that this equipment has far exceeded its lifespan and added that it is dangerous to patients to operate this obsolete equipment as there is the possibility of over-exposure to radiation. She then made the following motion: "Be it so moved that the Facilities Committee recommends to the Board of Governors that they approve the acquisition and installation of replacement radiographic/fluoroscopic equipment in Room B-212 for the Department of Diagnostic Radiology. The estimated cost of \$200,000 has previously been provided for in the approved long range capital expenditure cash flow program." Mrs. Vann's motion was seconded. Mr. Quistgard commented, on behalf of the Finance Committee, that the equipment has been budgeted for. Ms. Vann's motion was then voted upon and passed

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

In Mr. Westerman's absence, Mr. Dickler, Senior Associate Director, presented the General Director's Report. Mr. Dickler reported that the Ophthalmology, Otolaryngology and Audiology units and the Department of Medical Records have moved to Unit B/C. He noted that the moves have gone very smoothly. He also mentioned that volunteers have been extremely helpful in escorting people to the new clinic areas. Further, he noted that the new mechanical transport system installed in Unit B/C has begun to be utilized. Members then discussed when it would be best for the Board of Governors to tour B/C. Ms. Lebedoff commented that she hoped that any arrangements made for such a tour would be to schedule it for the least disruptive time. Chairman Atwood concluded that consideration would be given to having a tour of Unit B/C in conjunction with the January Board meeting.

Mr. Dickler next reported on the activities of the Minnesota Association of Public Teaching Hospitals. He stated that MAPTH is currently considering a proposal with Dr. John Kralewski's Health Services Research Center to study the benefits of multi-hospitals sharing programs, services, and facilities. He noted that MAPTH is also working on a joint response to the East and West Metro Trustee Councils' reports. He suggested that the joint statement will comment on MAPTH's agreement with the

concepts put forth in the reports and will also point out the advantages of MAPTH-type arrangements in dealing with the surplus bed problem. Further, Mr. Dickler noted that members of MAPTH have been involved in the local planning for Perinatal services. Chairman Atwood reminded the Board that \$25,000 has been appropriated for the MAPTH study. He commented on the excellent spirit of the meetings as the member hospitals work together to find a way to better deliver health care and bring economies to their operations.

In terms of the status of various Search Committees, Mr. Dickler reported that the Pediatrics Search Committee has submitted its recommendation to the Dean of the Medical School. That candidate is scheduled to come to Minnesota in January to make his decision. The Ophthalmology Search Committee has completed its work and has recommended an internal candidate to the Dean. The Search Committee for a Chief for the Department of Psychiatry is still involved in preliminary deliberations.

Mr. Dickler then reported that various representatives of University Hospitals' Medical and Administrative Staff will be meeting on the following Monday with members of the Central Officers Group. He stated that the purpose of this meeting is to make this group familiar with the Unit J Project and its cost implications. He commented that he hoped for result of this meeting will be the creation of a special committee to study Unit J issues and to prepare for bringing Unit J plans to the Regents and the Legislature. Relative to this, Mr. Dickler mentioned that several Board members may be contacted by representatives of Padilla and Speer, inc., the public relations agency which has been contracted with to work with the Unit J project. He stated that the purpose of these contacts will be to discuss Board members insights into the communities concerns and reactions regarding Unit J. The Board then briefly discussed the University's retrenchment and re-allocation plans.

In concluding his report, Mr. Dickler noted that Mr. Westerman regretted that he was not able to be at this Board meeting and added that he sends his Holiday greetings from New York.

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

Chairman Atwood commented on the responses which were compiled and distributed to Board members regarding planning preferences for the next Board Retreat. He noted that responses indicated July to be the month of preference with mid-week dates corresponding to the regularly scheduled Board meeting to be favored. He commented that preferences regarding location were less clear and suggested that decision would most appropriately fall to the new administration.

Chairman Atwood then referred the Board to various items before them including the Annual Statistical Report and the latest issue of "The Paper" quoting Mr. Holmquist. Chairman Atwood also commented on Ms. Lebedoff's recognition with WCCO's "Good Neighbor Award", and Ms. Pillsbury's appointment to the committee to recommend the next Commissioner of Health. It was also noted that Mr. Atwood was appointed to the Executive Committee of the National Advisory Council of Hospital Governing Boards of the American Hospital Association.

Ms. Pillsbury commented on her husband's recent hospitalization at University Hospitals and the excellent care which he received.

Ms. Lebedoff, on behalf of the Board of Governors, then presented Chairman Atwood with a tie pin as an expression of gratitude for his four years of service as the Board's Chairman. Chairman Atwood expressed his appreciation for the gift and stated that his successes in leading the Board of Governors can only be attributed to the excellent co-operation and commitment of all Board members.

There being no further business, Chairman Atwood adjourned the meeting of the Board of Governors at 3:30 p.m.

Respectfully submitted,

Jhanelle Foley

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Secretary

Minutes
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University of Minnesota Hospitals and Clinics
November 15, 1978

Present: Mr. Harry Atwood, Chairman
Ms. Jo-Anne Barr
Ms. Nicha Coates
Mr. David Cost
Mr. Orville Evenson
Mr. Al France
Ms. Jeanne Givens
Ms. Debbie Gruye
Ms. Mary Lebedoff
Dr. John Najarian
Mr. Dan Notto
Ms. Sally Pillsbury
Dr. Paul Quie
Mr. John Quistgard
Dr. John Tiede
Ms. Timothy Vann
Dean Lawrence Weaver
Mr. John Westerman
Dr. Paul Winchell

Absent: Mr. Al Hanser, Vice Chairman
Mr. Stanley Holmquist

The meeting of the Board of Governors of University of Minnesota Hospitals and Clinics was called to order by Chairman Harry Atwood at 1:35 p.m., in Room 555 of Diehl Hall.

Introductions

Chairman Atwood introduced Mr. Stephen Geil, the new reporter for The Daily covering University Hospitals' news. Chairman Atwood also thanked Ms. Barbara Reynolds, Acting Director of Hospitals' Public Relations, for the article in The Paper featuring the work of the Board of Governors. Chairman Atwood then informed the Board of Ms. Jo-Anne Lutz's recent marriage and her name change to Ms. Jo-Anne Barr.

I. Minutes - October 18, 1978 Board Meeting

Chairman Atwood called for approval of the October Board minutes. Typographical errors were pointed out on pages 5, 6, 9 and 10. Chairman Atwood asked that the first

paragraph under the IX. Nominating Committee Report be changed to better reflect what occurred as follows:

"Chairman Atwood suggested that the Board dispense with the report of the Nominating Committee for the time being. He explained that the Committee did meet on October 11, 1978, but following the meeting, Regent Mary Schertler, the Regents' liaison appointee to the Board of Governors' Nominating Committee, raised certain procedural questions. As a result, it seemed best to defer the Nominating Committee's report until November, by which time those questions should be cleared up."

Ms. Pillsbury also noted reference in the October minutes to the Rural Hospitals Co-operative Program. She inquired as to the type of arrangements which existed among those hospitals and asked that the Board be provided with a listing of the hospitals which participate in the program. Mr. Diehl explained that the officers of those participating hospitals are members of the non-profit corporation called The Advancement of Health Services Through Co-operation from which they buy services through a contractual arrangement. It was noted that a listing of the member hospitals would be given to the Board.

There being no further corrections of, or comments on, the minutes, Mr. Evenson moved for their acceptance as corrected. His motion was seconded by Mr. France, voted upon, and passed.

II. Cost Concerns Task Force Report, Dean Lawrence Weaver, Task Force Chairman

Dean Weaver reported on his pleasure with what has been accomplished by the Cost Concerns Task Force to date. He noted that with the excellent assistance of Mr. Van Hulzen, the Task Force has had an opportunity to review two very complete study papers which examine cost increases as experienced by University Hospitals over the past seven years. Dean Weaver explained that the first paper was primarily descriptive and Mr. Van Hulzen prepared a second paper which detailed some of the causes

of rising costs.

Dean Weaver reported that the Task Force recommended that the two draft papers be shared with the full Board of Governors and that at the next meeting of the Board, two hours be devoted to a discussion of the papers with the purpose being to initiate recommendation development. He suggested that with the permission of the Finance and Facilities Committees Chairmen, this could be accomplished through a luncheon with the full Board from 11:30 a.m., to 1:30 p.m., in the Dale Shepherd Room of the Campus Club on December 13, 1978. This would necessitate that the two committees hold their meetings earlier that morning. Dean Weaver stated that the two papers will be forwarded to the Board members within the next week. He asked that all members read these papers carefully and come to the December 13, 1978, meeting prepared to discuss them. The Board concurred with this plan and Dean Weaver was asked to proceed with the necessary arrangements. Chairman Atwood referred the Board members to copies of an article before them pertaining to the causes of inflation. He pointed out that medical care had the lowest inflation rate, recently, of all basic necessities

III. Facilities Committee Report - Ms. Timothy Vann, Committee Chairperson

Ms. Vann reported that the Facilities Committee met that morning and reviewed various elements of the long-range master plan. She explained that the focus of today's meeting was centered on the facility deficiencies in terms of a lack of space and the extreme obsolescence of current structures.

Ms. Vann explained that materials pertaining to the Committee's discussion will be attached to their minutes. She specifically asked the Board to review the minutes of the Committee's June 21, 1978, minutes. Ms. Vann also reported that staff presented an excellent summary of the history of studies which have been done in the past on University Hospitals' space needs. She noted that these date back to the 1960's and pointed out the Herman Smith study and its recommendations as being especially significant.

In terms of an up-date, Ms. Vann reported that the Warehouse Project has been completed and added that the Committee plans to tour it in the near future. She stated that the Radiology Project is on schedule and noted that it is anticipated that the Life Safety Project will be completed before the Joint Commission site survey. With regard to Unit B/C, Ms. Vann noted that the Pediatric and Ophthalmology areas of the building have been dedicated. She interjected that the Facilities Committee indicated an interest in having the Board informed when such dedications are to take place. It was pointed out that the dedications generally precede the opening of the areas and are usually handled by the individual departments and not through the Hospitals. Ms. Vann also stated that Ophthalmology, E.N.T., and Audiology are scheduled to move into Unit B/C in mid-December and that all other moves are planned for mid-February. Dr. Tiede commented on the value of these status reports from staff. Ms. Lebedoff commented that she hopes the need for parking facilities is considered as planning is undertaken. Chairman Atwood thanked Ms. Vann for her report to the Board.

IV. Finance Committee Report - Mr. John Quistgard Committee Chairman

Mr. Quistgard reported that the financial operations of University Hospitals continues to be stable. He called upon Mr. Nels Larson to summarize July 1, 1978 through October 31, 1978. Mr. Larson noted that October was an uneventful month in that it continued to reflect trends that developed through the first quarter of the current fiscal year. He stated that overall census continues to run very close to projections. He then reviewed admission figures, the average length of stay at 9.2 days, patient days, and out-patient visits. Mr. Larson explained that while census is close to projections, routine revenues are higher than projections because there continues to be a higher than anticipated utilization of the more expensive beds. He noted that this is coupled with a higher than anticipated level of activity in several of the ancillary departments such as Blood Bank, Chemistry Lab, and Central supply. He further added that certain building costs have not yet been

incurred; repair, maintenance, and remodeling projects have not yet been completed; the January 1, 1979, Pay Plan has not been implemented; and delays in opening Unit B/C. He noted therefore, that operations through October have resulted in a financial position of revenues over expenses of \$1.8 million. Mr. Larson stated that the Finance Committee will continue to monitor this position closely and if necessary, will recommend a reduction in rates in January. He also added that in terms of accounts receivable, days of revenue outstanding is at 76.7, or 3.1 days less than June 30, 1978.

Mr. Quistgard pointed out that the Finance Committee examines more detailed financial statements of the Hospitals. He commented in particular on the Laundry item, noting that as a result of contracting the management of that service out to Servicemaster, a projected savings in salaries of \$109,000 is anticipated. He also mentioned that it is interesting to note that 23% of laundry costs are attributed to isolation gowns. He suggested that this cost was indicative of the severity and uniqueness of the patients served by University Hospitals. He also noted that this was further evidenced by the high use of blood and blood derivatives needed in the treatment of patients with Leukemia and other critical diseases. He commented that the severity of the illnesses of patients at University Hospitals and the advancements made in their treatments here makes budgeting a most difficult task.

Mr. Quistgard also reported that the Finance Committee again discussed the debt capacity evaluation analysis in preparation to, at a later date, present recommendations on facilities financing for transmittal to the Board of Regents. He further stated that Mr. Diehl reported to the Finance Committee on the status of liability suits pending against University Hospitals.

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

In Mr. Hanser's absence, Dr. Winchell presented the Joint Conference Committee report. He stated that the Committee reviewed two medical audits on Acute Non-Lymphocytic Leukemia Induction and Reinduction. Dr. Winchell explained that the disease dealt with a cancer of the blood cells. He indicated that the term "induction" referred to the first administration of chemical treatment and that "reinduction" meant a second application of such treatment after a relapse of the disease. He stated that without treatment, life expectancy with the disease is approximately three months. Chemical treatment expands the life expectancy to twelve to fourteen months. Dr. Winchell noted that the primary symptom of the disease is bleeding. He suggested that there is no standard treatment for Acute Non-Lymphocytic Leukemia and thus, much of what is put forth in the audit is in essence, research protocol. He added that the drug used in treatment of the disease are highly toxic and therefore, the patient tends to lose resistance to infection.

Chairman Atwood reminded the Board that medical audits are confidential and thus, discussion regarding them must be limited. Ms. Pillsbury pointed out that because there is no set treatment for the disease much of the criteria used in the audit were somewhat controversial. Dr. Winchell concurred and suggested that the audit was primarily a process audit. He noted that there were varying schools of thought on the handling of blood loss with transfusions and on the use of antibiotics for infections. Dr. Winchell reported that the audit revealed some missing documentation. He pointed out that this was not an area-wide audit and added that the subject will be re-audited in the future. He also indicated that the examination of Induction and Reinduction did constitute two separate audits. The Board briefly discussed the implications of cost to the treatment of this disease. Dr. Winchell moved that the audit be approved. Ms. Gruye seconded the motion. Ms. Pillsbury noted that Dr. Nesbit who presented the audit to the Committee suggested that the

incidence of Leukemia is decreasing. Dr. Quie asked if longevity with the disease has been increased as a result of treatment. Dr. Winchell stated that the audit did not address that issue. The motion which had been made and seconded to approve the audit was voted upon and passed. Dr. Winchell then reported on other matters covered by the Joint Conference Committee. He noted that during the Holidays 176 beds will be taken out of service as a cost savings measure during this low activity period. He stated that the Committee reviewed an Orange Alert Disaster Critique for a drill which occurred on June 21, 1978. He explained that the critique had been held up in Medical Staff-Hospital Council review. He indicated that it revealed no serious problems. Dr. Tiede asked if improvement is achieved from drill to drill. Dr. Winchell indicated that there has been some progress but commented on the difficulties of re-education with turnover on the staff.

Dr. Winchell next reported on the subject of prescription writing. He stated that the Medications Ordering Policy was revised (see attached) to assure understanding of and compliance with the law. A motion was made, seconded, and passed to approve the policy as revised.

Before concluding the Joint Conference Committee report, Dr. Winchell stated that the Committee learned of the appointment of Dr. Mark Nesbit as the Medical Director of University Hospitals Home Health Department. Dr. Nesbit is a Professor in the Department of Pediatrics.

VI. Nominating Committee Report, Mr. Orville Evenson, Committee Chairman

Mr. Evenson reported that prior to the October 11, 1978 meeting of the Nominating Committee, a letter was sent to each Committee member seeking their comments regarding the re-appointments of the five Board members whose terms are to expire on December 31, 1978. He stated that he received no comments and therefore, at his request, Ms. Foley contacted each of the five to determine their willingness to stay on with the Board. Ms. Foley then reported at the October 11, 1978, Nominating Committee meeting that all of the five had responded positively regarding the continuation of their service on the Board of Governors. Mr. Evenson then read summaries which described positions held by the five Board members: Mr. David Cost, Mr. Al France, Ms. Debbie Gruye, Ms. Jo-Anne Lutz-Barr, and Dr. John Tiede.

Mr. Evenson then reported that Chairperson Wenda Moore, of the Board of Regents, had submitted a name to the Nominating Committee and that Mr. Stanley Holmquist had submitted his resignation from the Board of Governors. Mr. Evenson noted that Mr. Holmquist did agree to extend the effective date of his resignation to December 31, 1978, to facilitate the process of filling his vacancy. Mr. Evenson noted that Mr. Holmquist is a member of the Nominating Committee, that he was in attendance at the October 11, 1978, Committee meeting; and that he did provide the Committee with the names of three individuals from Western Minnesota to be considered for his vacancy.

Mr. Evenson next referred the Board to various excerpts from the Board of Governors' Bylaws pertaining to the geographic and socio-economic mix required in the Board's composition; pertaining to the length of terms of office; the filling of vacancies on the Board; and the Nominating Committees' duties. He went on to report that at its meeting, the Nominating Committee also considered the Chairman and Vice Chairmanship positions of the Board with the knowledge that Chairman Atwood wished not to be considered for another term in office. Mr. Evenson stated that the Nominating Committee

voted to recommend Mr. Al Hanser as Chairman of the Board and Ms. Sally Pillsbury as Vice Chairman. He noted that both were contacted and agreed to be considered for those positions. Mr. Evenson also stated that the Nominating Committee voted to recommend the re-appointments of Mr. Cost, Mr. France, Ms. Gruye, and Ms. Lutz and Dr. Tiede. He went on to report that the Nominating Committee also agreed to recommend the appointment of Mr. Ed La Fave to fill the vacancy of Mr. Holmquist. Mr. Evenson explained that this gentleman's name was submitted by Mr. Holmquist; that he is President of a Bank in Morris, Minnesota; that Regent McQuiggan from the Board of Regents, was consulted regarding the appropriateness of considering him; and that Mr. LaFave was contacted regarding his willingness to serve on the Board to which he expressed a willingness to be considered.

Chairman Atwood suggested that action on the Nominating Committee's report be held pending discussion of events which have occurred subsequent to the Nominating Committee's meeting. He explained that Regent Mary Schertler, who serves as the Regent's liaison appointee to the Nominating Committee, raised certain procedural questions informally with members of the Board of Regents regarding the process used to fill the vacancy of Mr. Stanley Holmquist. As a result of Regent Schertler's inquiries, meetings were arranged to discuss the appropriate process. Chairman Atwood reminded the Board that the discussions revolved around procedure and not individuals or personalities. He went on to say that on November 10, 1978, at the meeting of the Committee of the Whole of the Board of Regents, when he was present to give the Hospitals' Annual Report, Chairperson Wenda Moore read a statement pertaining to the handling of appointments to various boards associated with the Regents (see attached). Basically the statement called for giving the Regents at least 30 days notice when there is an opening on one of the affiliated boards so that the Regents may have in-put into the filling of such vacancies.

The Board discussed at some length how to handle the Nominating Committee's report and how best to transmit their recommendations through appropriate channels to the Board of Regents. Mr. Evenson moved that the Board of Governors recommend the re-appointments of Mr. Cost, Mr. France, Ms. Gruye and Ms. Lutz to their second three year terms, effective January 1, 1979, and the re-appointment of Dr. Tiede to his third term of office effective on the same day. (Dr. John Tiede's first term of office was for one year. He was then re-appointed to a three year term.) Mr. Evenson's motion also stated that the Board of Governors recommend that Mr. Al Hanser be appointed Chairman of the Board of Governors and that Ms. Sally Pillsbury be appointed Vice Chairperson of the Board for 1979. Mr. Evenson asked that the recommendations of his motion be transmitted to Vice President French and if found to be acceptable, that they be forwarded to the Board of Regents. Ms. Gruye seconded his motion. The motion was further discussed. A vote was taken and the motion was unanimously passed. Mr. Quistgard then moved that in the letter of transmittal of the Board's recommendations that the official notice of Mr. Holmquist's resignation be stated and that reference be made to the Board of Governor's willingness to work with the Board of Regents to fill that vacancy. Ms. Coates seconded Mr. Quistgard's motion and it was voted upon and passed. Chairman Atwood thanked Mr. Evenson for his work with the Nominating Committee.

VII. Harvard Conference Report - Ms. Debbie Gruye, Conference Attendee

Ms. Debbie Gruye reported on the conference which she attended in April, in Boston, Massachusetts. She noted that the "Program for Hospital Trustees" was much like a crash course in hospital administration. She stated that there were 29 participants, 9 of which were women and added that all represented teaching hospitals. She discovered that in comparison, University Hospitals' Board was considered to be small in size, but added that all agreed on the importance of a Board composed of diverse backgrounds. She also noted concurrence on the subject of continuing education for Board members and the advantages of bringing speakers to the Board as well as sending members to

conferences. She concluded that the conference was a very good learning experience. She added that she would be happy to share the conference agenda and other materials from the meeting with the Board. (see attached)

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

Mr. Westerman began his report by commenting on the study which Ms. Foley and Dr. Choi plan to undertake. He noted that the study proposal is to compare University teaching hospitals with and without separate governance structures. Mr. Westerman also pointed out Ms. Jan Shapiro in the audience and welcomed her back to the Staff of the Health Systems Research and Development Office. He stated that Ms. Shapiro will be working with Ms. Dachelet on joint projects with the Health Services Research Center.

Mr. Westerman also noted Chairman Atwood's presentation to the Board of Regent's on Friday, November 10, 1978. He stated that Chairman Atwood did an excellent job of delivering the Hospitals' Annual Report. He commented that the report was well received. Mr. Westerman went on to state that he and his staff have been meeting frequently with Vice Presidents French and Brown. He added that these meetings are most helpful in maintaining proper linkages between the Hospitals and University Central Administration. He suggested that a good portion of their discussions center around facilities planning. In terms of this, Mr. Westerman commented that Project KEH should really be considered as Project H because Unit K/E is essentially up and operating. He added that preparations are underway to involve Drs., Najarian and Winchell in the Unit J project and noted that the firm of Padilla and Spears has been hired to assist in the public relations aspects of that project. He also suggested that there is renewed interest in the Legislature regarding Unit D.

Mr. Westerman went on to report that the Metropolitan Health Board has just come out with its annual systems report. He stated that the report will be analyzed from a University Hospitals' perspective. Other topics which Mr. Westerman commented upon

included the upcoming visit of officials from Cuba, the status of Search for Heads in Pediatrics and Opthamology, the involvement of the Health Services Research Center in the MAPTH study, and a plan for consideration of a regional consortium of tertiary care centers with Wisconsin, Iowa and Nebraska.

IX. Board Concerns - Mr. Atwood, Board Chairman

Chairman Atwood noted that Ms. Sudduth had compiled the responses to the questionnaires on the Retreat. He asked the Board to review these for discussion at a future meeting.

Chairman Atwood also incidated that a summary of his report to the Baord of Regents had been prepared. He noted that the Executive Committee of the Board met on November 2, 1978, and reviewed an outline of the report to be presented to the Regents. He added that the Executive Committee also discussed the West Metro Area Trustee Council Report on bed reduction. Chairman Atwood pointed out that University Hospitals reduced its bed size by 42 in July of 1978, as indicated in his report to the Regents. In asking if there was any other business to come before the Board, Ms. Foley noted that the recommended amendments to the Board of Governors' Bylaws are to go to the Regents in December, along with the Hospitals' revised Mission Statement and now, the Board's Nominating Committee report.

There being no further business Chairman Atwood adjourned the meeting of the Board of Governors at 4:05 p.m.

Respectfully submitted,



Johnelle Foley
Secretary



UNIVERSITY OF MINNESOTA

Board of Regents
Office of the Secretary
220 Morrill Hall
Minneapolis, Minnesota 55455
(612) 373-0080

November 14, 1978

TO: Associate Vice President Robert Odegard, University Foundation
Mr. Harry Atwood, Chairman, Hospital Board of Governors
Johnelle Foley, Hospital Board of Governors
Darleen Ulrich, Landscape Arboretum

FROM: Duane A. Wilson
Secretary

Enclosed is a statement Chairman Wenda Moore presented to the Board of Regents on Friday morning, November 10. I believe the statement is self-explanatory; and as I discussed with Mr. Harry Atwood and Associate Vice President Odegard, it would provide no problems for any of the organizations involved.

The Board of Regents would appreciate a short biographical sketch of about one paragraph of each of the nominees.

Enclosure

/jf

We will consider the agenda item of "Regents' Appointees to the Minnesota Arboretum Foundation" as an information item this month and will vote on the item next month. If Regents have further nominations, please forward them to the Board of Regents' Office within the next few days. Allow me to offer the following statement as an explanation.

The Board of Regents has the responsibility of electing some or all of the members of several organizations that are a part of or related to the University of Minnesota. Specifically, the University of Minnesota Foundation and the Minnesota Arboretum Foundation each have By-Laws that provide that the Board of Regents elect some of the members of the Board of Trustees of each Foundation. The Board of Governors of the University of Minnesota Hospitals consists of members elected by the Board of Regents and ex-officio members who serve by virtue of their University responsibility. The By-Laws of the Board of Governors provide that the elected members shall be "geographically and otherwise represented," but contain no further clarification of that phrase.

In the past several years, the nominating committee of each of these organizations has suggested names to the Board of Regents for consideration for election to the respective Board of Trustees or Governors. This has been done as a courtesy to the Board of Regents and has not been intended to preclude any suggestions for nominees by the Board of Regents. In fact, the Board of Regents has been well satisfied with the nominees presented by the respective nominating committees.

In order that the Board of Regents might strengthen communication with these organizations and share some of the responsibility of recruiting nominees for the respective boards, in the future we will ask each organization to notify the Board of Regents at least a month in advance of the time the Nominating Committee will consider nominees for the next election of Trustees or Governors. We will ask Regents who wish to nominate someone for positions on the Boards of any of these organizations to send that nomination to the Board of Regents' Office where it will be forwarded to the appropriate Nominating Committee. The Nominating Committee can consider these nominations prior to providing a nominating report to the Board of Regents.

REVISION POLICY NUMBER: 23.4

POLICY: Ordering Medications - General
REVISION: Guidelines for Writing Prescriptions
for Ambulatory Patients

POLICY

In compliance with State and Federal regulations, only legally authorized prescriptions shall be accepted and processed by the Pharmacy Department.

Guidelines for the writing and processing of prescriptions shall be established and observed.

PROCEDURE

1. Only physicians with an MD degree or dentists with a DDS degree (including interns and residents) having a signature card on file in the Department of Pharmaceutical Services may sign or countersign prescriptions.
 - A. All others writing prescriptions must have that prescription countersigned by an authorized physician or dentist. This would include prescriptions written by medical students, nurses, nurse practitioners, secretaries, and any others.
 - B. When countersigning signatures is necessary they are to be made after the prescription has been written.
 - C. The presigning of prescription blanks is not in keeping with the intent of the state law.
2. Physicians writing prescriptions for ambulatory patients to be filled at University of Minnesota Hospitals Outpatient Pharmacy or an outside pharmacy shall write their prescriptions based upon the following guidelines.
 - A. The name, strength, route of administration, directions for use, and quantity of drug to be dispensed shall be indicated. Addressograph imprint or patient's written name and medical record number shall be included.
 - B. A separate prescription blank for each drug prescription shall be used. (This includes different strengths of the same drug.)

- C. The Metric System of weights and measures shall be used.
- D. The prescriber shall print his/her name on the prescription blank (along with signature) and include DEA number whenever applicable.
- E. Refills shall be indicated. UMH policy limits supplies up to 5 refills or 6 months maximum except for oral contraceptives (1 year). Refill PRN or ad lib designations shall not be honored.
- F. Only abbreviations approved by the Pharmacy and Therapeutics Committee shall be used.
- G. Prescriptions written with the following directions for the patient will not be accepted.
 - a. Vague instructions such as take as directed, should not be used unless the patient has received specific written instructions on a separate form. It should be documented on the prescription that the patient has received auxiliary written instructions.
 - b. The use of the term "PRN" or "Take as needed" should not be used unless the symptoms, indications, or the intended effect of the drug is included. (E.G. Take as needed for pain).
- H. Whenever possible, specific times of the day for drug administration shall be indicated.
- I. If dosing at specific intervals around the clock is therapeutically important this shall specifically be stated on the prescription by indicating appropriate times for drug administration.
- J. All medication orders, including supplemental administration instructions given to the patient will be recorded in the patient's chart.
- K. If a specific brand of a drug is desired by the physician, it can be requested by indicating "dispensed as written" or "DAW" on the prescription.

Minutes
Board of Governors
University of Minnesota Hospitals and Clinics
October 18, 1978

Present: Mr. Harry Atwood, Chairman
Ms. Nicha Coates
Mr. David Cost
Mr. Orville Evenson
Mr. Al France
Ms. Debbie Gruye
Mr. Stanley Holmquist
Ms. Mary Lebedoff
Ms. Jo-Anne Lutz
Mr. Dan Notto
Ms. Sally Pillsbury
Ms. Timothy Vann
Dean Lawrence Weaver
Mr. John Westerman
Dr. Paul Winchell

Absent: Mr. Al Hanser, Vice Chairman
Ms. Jeanne Givens
Dr. John Najarian
Dr. Paul Quie
Mr. John Quistgard
Dr. John Tiede

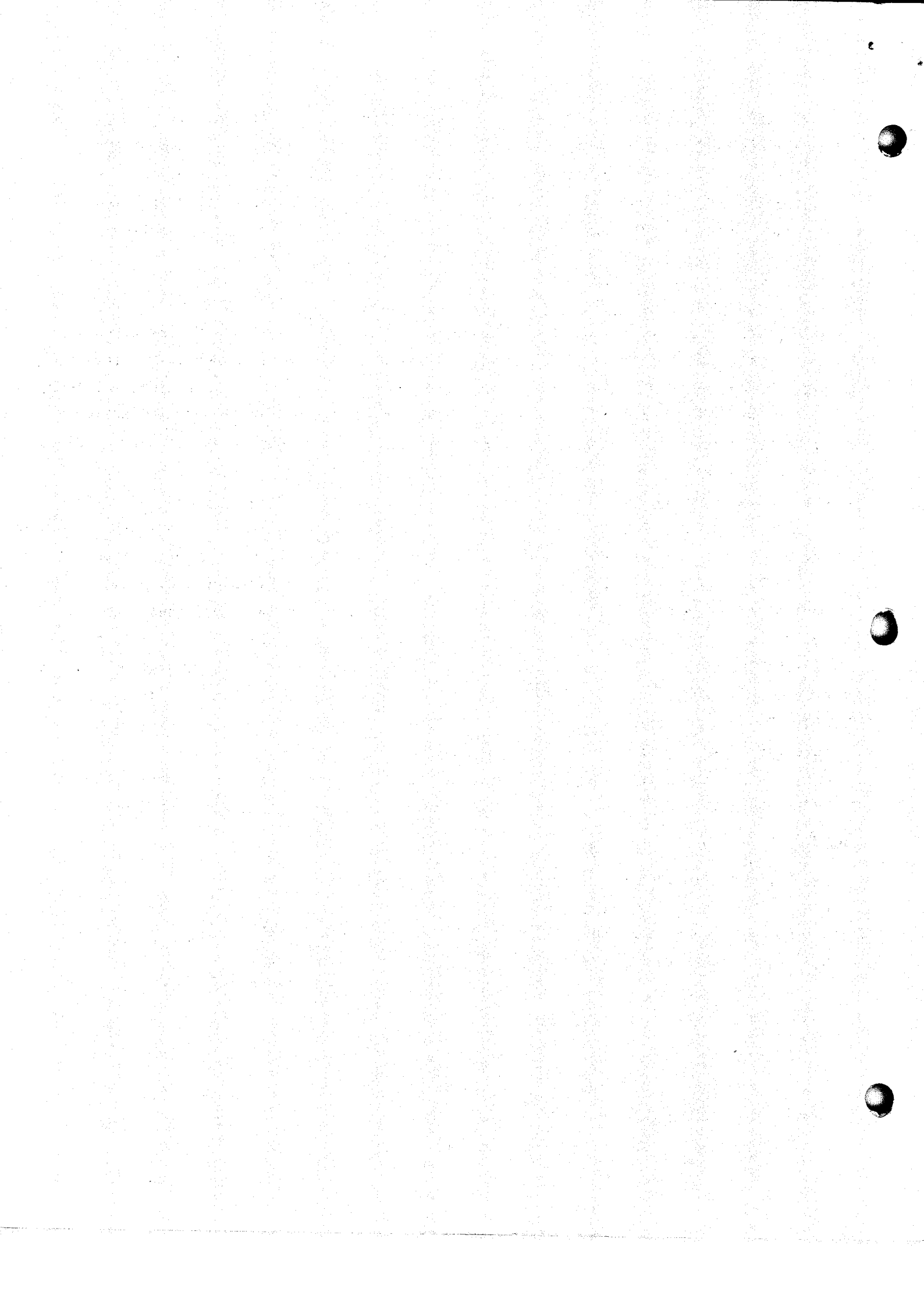
The meeting of the Board of Governors was called to order by Chairman Atwood at 1:45 p.m., in Room 555 of Diehl Hall.

Introductions

Chairman Atwood noted that students from the University's Program in Hospital and Health Care Administration were present in the audience. Mr. Ed Howell explained that the students were interested in listening to the deliberations of a hospital board meeting. On behalf of the Board of Governors, Chairman Atwood welcomed these guests.

I. Minutes, September 20, 1978 Board Meeting

Chairman Atwood called for approval of the September Board minutes. A motion was made and seconded to approve the minutes. Ms. Lebedoff inquired as to the meaning of the first paragraph on page 5 of the minutes. Mr. Larson explained that the paragraph referred to University Hospitals' shortage of space on nursing units. The space available on units is far less than national standards and thus, when a patient room on a unit is available for other uses, those uses should be restricted to nursing unit functions such as storage of their linens, supplies,

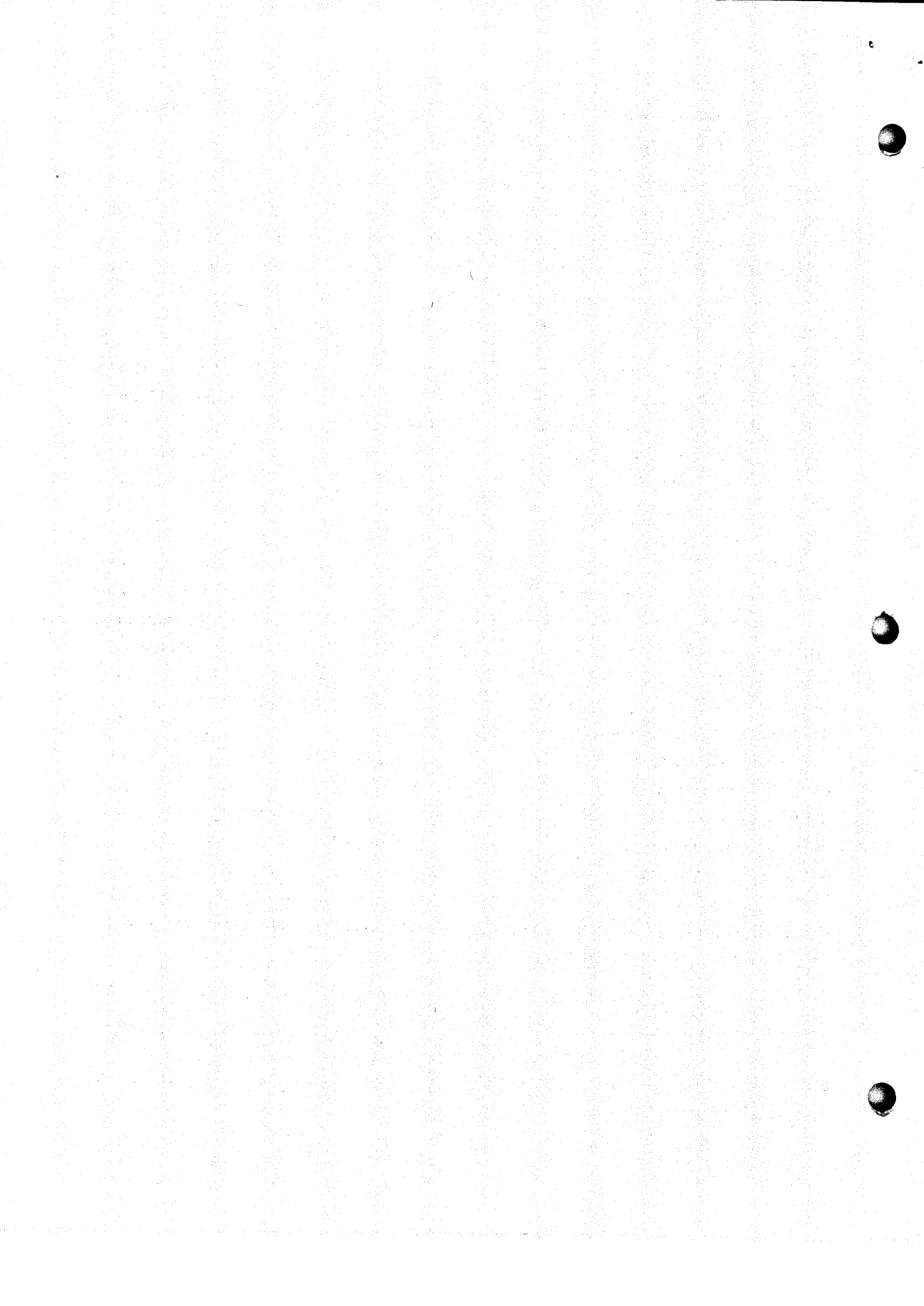


etc. Ms. Pillsbury also inquired as to the meaning of the term "Pay for Performance Obligation" on page 3. Mr. Fearing explained that pay for performance is a merit system by which employees are evaluated by their supervisors and become eligible for various levels of salary increases. Chairman Atwood pointed out that this was different than a cost of living salary increase. The motion to approve the September Board minutes was then voted upon and passed.

II. Finance Committee Report - Mr. John Quistgard Committee Chairman

Reporting for Mr. Quistgard, Mr. David Cost, Finance Committee Vice Chairman, called on Mr. Nels Larson to summarize the fiscal year's first quarter report. Mr. Larson began by noting that while patient days were only slightly above projections (.2%) routine revenue was 2.2% above projections. He attributed this to an increased utilization of higher priced beds by patients requiring more intensive care and ancillary services such as laboratory tests. He added that there was a simultaneous decline in the use of lower priced beds (Medical/Surgical). He pointed out that admissions were slightly below projections, that the average length of stay was up at 9.1 days, that the occupancy rate average was 72.8%, and that out-patient visits were below projections. He concluded that the impact of this type of activity was a variance from projections of 4.4% of revenue over expenses. Mr. Larson indicated that besides changes in the volume, mix, and intensity of patient services, the delay in the opening of Unit B/C and the lag time in recognizing many capital expenditures and minor remodeling projects have also affected this variance, as these expenses, and others like the January 1, 1979, Pay for Performance obligation, have not yet been incurred. In terms of accounts receivable, Mr. Larson suggested that these were up, but added that this was normal considering the increase in rates and revenues. He noted that as of September 30, 1978, the number of days of revenue outstanding was 77.7 days or down 2.1 days from June 30, 1978.

Mr. Larson summarized that given the overall operations of the Hospitals at the end of the first quarter, the financial position appears good. He stated that if the current level of operations is maintained through 1978, consideration could be given to a slight rate reduction in January of 1979. He suggested however, that such a decision be held until that time when staff will either recommend the reduction in rates or maintaining the rate structure for the funding of capital



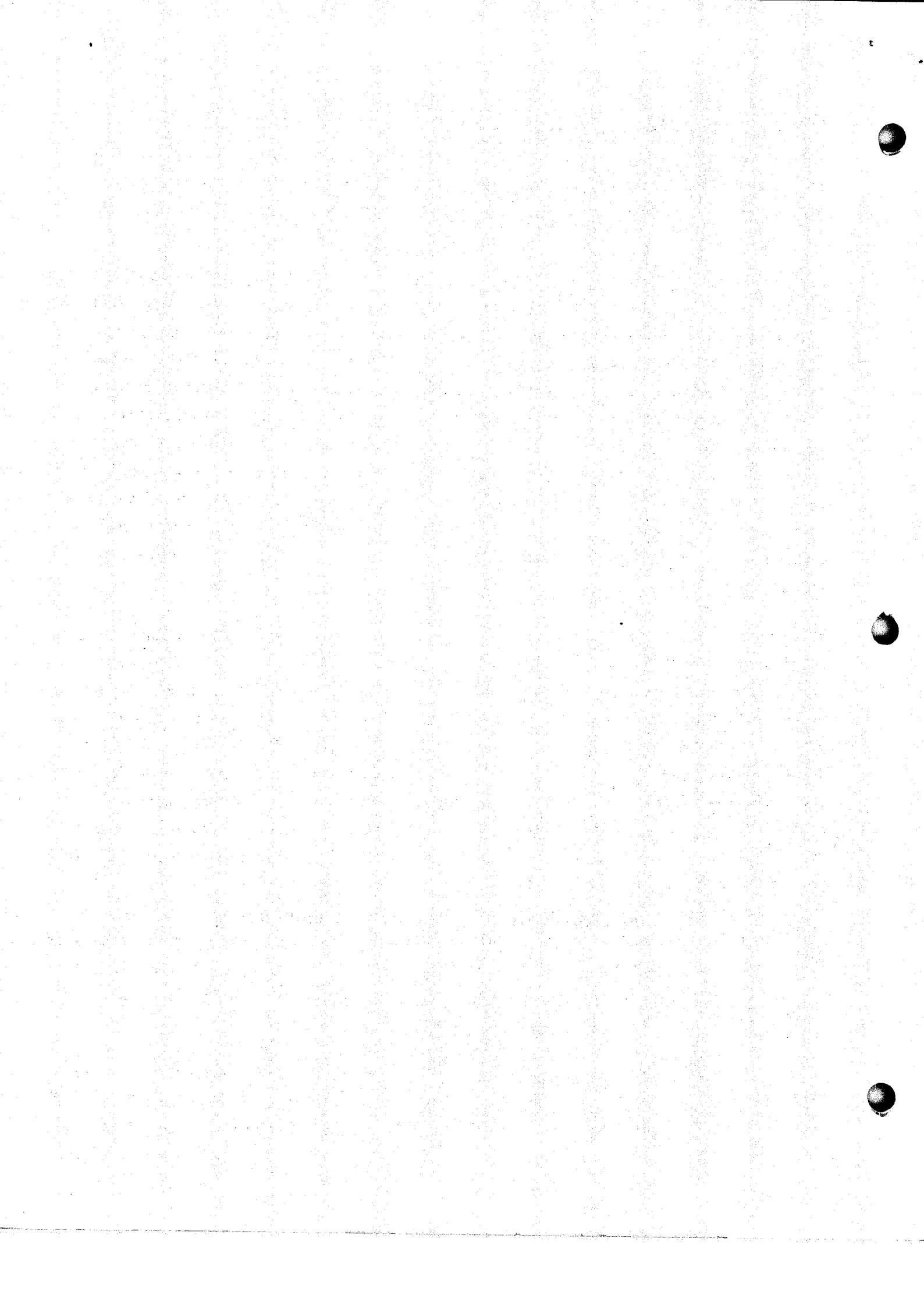
programs. Mr. Larson then reviewed various financial statements with the Board. Members commented on the favorable financial position.

Mr. Cost then presented the Bad Debt Report for 7/1/78 to 9/30.78. He commented that the Finance Committee also re-examined the previous quarters' bad debt report which had already been approved by the Board of Governors. Mr. Cost made a motion that for the first quarter of fiscal year 1978-1979, the Board of Governors recommend to the Board of Regents the charging off of \$298,805.11 to bad debt. His motion was seconded by Mr. France, voted upon, and passed.

At Chairman Atwood's request, Mr. Cost then reported on the Joint Meeting of the Finance and Facilities Committees. Mr. Cost explained that the purpose of the Joint Meeting was to review in more detail the Ernst and Ernst Long-Term Debt Capacity Evaluation which was a study to consider funding alternatives for the building of Units K/E/H/ and J. Mr. Cost stated that the meeting consisted of a review of financial needs, a discussion of funding alternatives and an analysis of those alternatives, a discussion of assumptions for the future, and recommendations as to how to proceed. He stated that the various issues involved in decision-making will be described in more detail by staff and will be sent to Board members prior to the November Board meeting when action will need to be taken on the recommendations. Mr. Cost and others commented on the significance of this item. Ms. Pillsbury asked that Mr. Fearing once again explain the meaning of Medicare/Medicaid cost parity. Mr. Fearing noted that with the future pricing concept, University Hospitals would increase its charges to Medicare patients by a certain percentage each year so that they would equal Medicare's allowable cost level. He added that charges here have always been lower than costs because of the State subsidy which University Hospitals receives. He explained however, that Medicare reimburses only for the lower of costs or charges. With the increase in charges, both costs and charges would be in parity. It was noted that this essentially would be doing as other hospitals have done all along. Mr. Atwood concluded that this and other aspects of the capital funding alternatives will be discussed in more detail at the next Board meeting.

III. Facilities Committee Report - Ms. Timothy Vann, Committee Chairperson

Ms. Vann commented on the excellent quality of the Joint Finance and Facilities Committee meeting. She stated that it was very helpful for the Facilities Committee to be informed of the financial implications of capital projects. She thanked staff on their fine work in putting the meeting together.



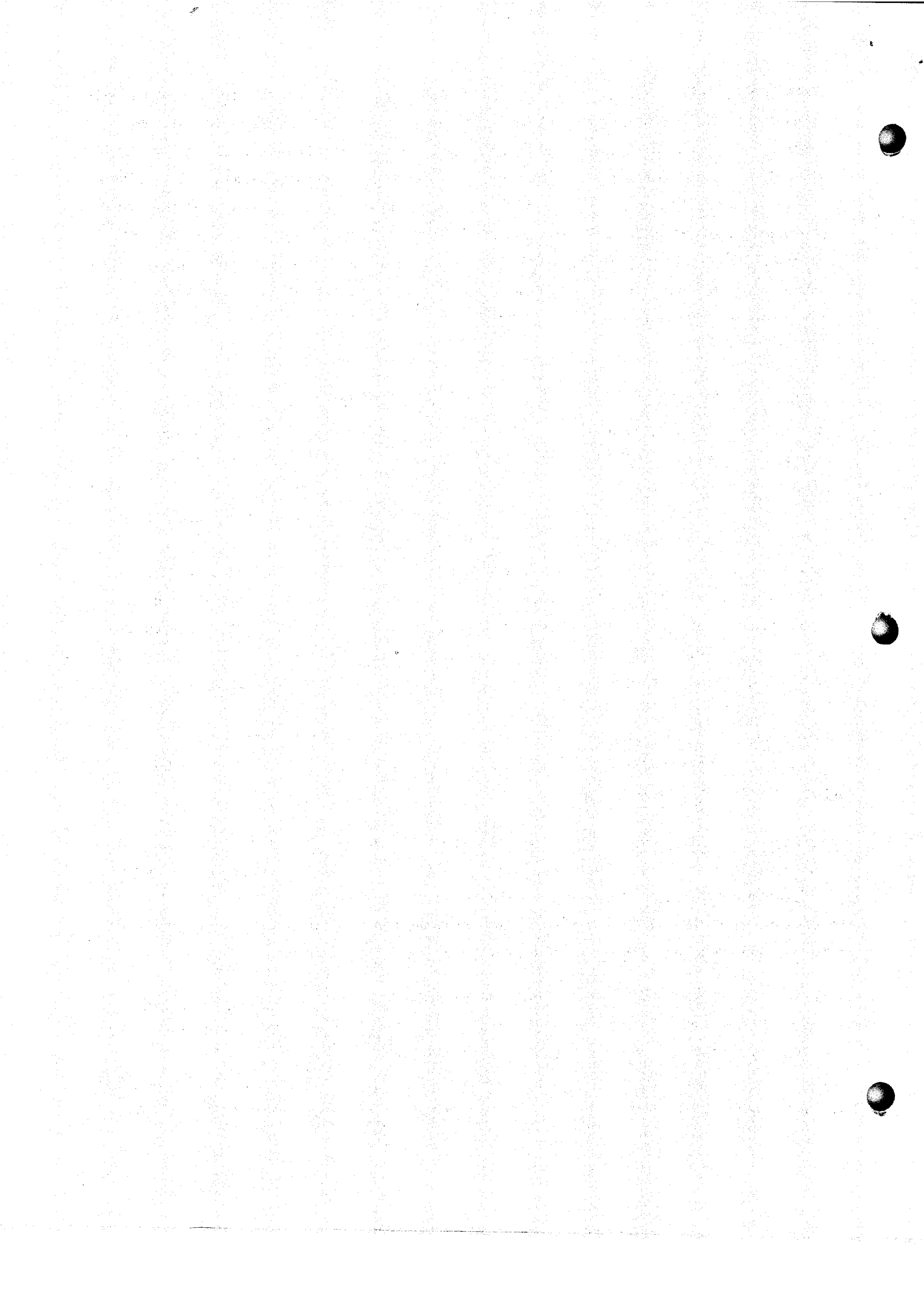
IV. Joint Conference Committee Report - Mr. Al Hanser, Committee Chairman

Chairman Atwood pointed out that Mr. Hanser was absent for the first time in the four years that the Board of Governors has been in existence. He noted that Dr. Winchell would provide the Joint Conference Committee Report.

Dr. Winchell first stated that the Joint Conference Committee heard the report of the Credentials Committee. He briefly reviewed with the Board the backgrounds of the six individuals seeking provisional appointments to University Hospitals' Medical Staff. Dr. Winchell then moved that the Board of Governors after reviewing the recommendations of the Credentials Committee, Medical Staff/Hospital Council and the Joint Conference Committee approve the six applicants for provisional appointment to the medical Staff. His motion was seconded. Mr. Holmquist asked who served on the Credentials Committee and Dr. Winchell responded that according to the Medical Staff Bylaws, the Committee is comprised of four members of the Medical Staff none of which are Clinical Chiefs. There was brief discussion about the Credentials Committee process and then the vote on Dr. Winchell's motion was taken and it passed.

Dr. Winchell next commented on Dr. Jesse Yap's request for additional clinical privileges. He explained that Dr. Yap is requesting permission to do a psycho-social surgical procedure. He noted that both Drs. Yap and Leonard Heston of the Department of Psychiatry have requested University Hospitals' participation in a national program sponsored by HEW to conduct this type of surgery under specific conditions. He stated that the proposal to participate in the national program has gone before the Medical Staff/Hospital Council and the Joint Conference Committee where the recommendation was made that the proposal be taken before the University's Committee on the Use of Human Volunteers in Research because of the research implications of the program. Dr. Winchell reported that Drs., Heston and Yap have not yet done this and thus, the Credentials Committee chose to table Dr. Yap's request for additional clinical privileges until the official approvals are received for University Hospitals to participate in the psycho-social surgery program. Chairman Atwood determined that no action was required by the Board on this matter and noted that the Board will await further information pertaining to the program proposal.

Next, Dr. Winchell reported that the Joint Conference Committee heard a presentation of a critique of an Orange Alert Communications Drill which took place on May 15, 1978, at 8:45 p.m. He explained that such drills are required by the JCAH and must take



place during different shifts. He stated that this drill went very well with only a few minor problem areas identified. Dr. Winchell also commented on another information item pertaining to the Joint Conference Committee's examination of the Foundation for Health Care Evaluation's analysis of an area-wide medical audit on Prostrate Gland Surgery. He reminded the Board that this audit was conducted almost four years ago but that only now is the Foundation reporting its findings. He explained that reports of the area-wide audit were not distributed to the Board to assure the confidentiality of the information reported on other hospitals. Dr. Winchell concluded by stating the University Hospitals compared favorably in the findings.

V. Legal Counsel's Report - Mr. John Diehl, University Hospitals' Attorney

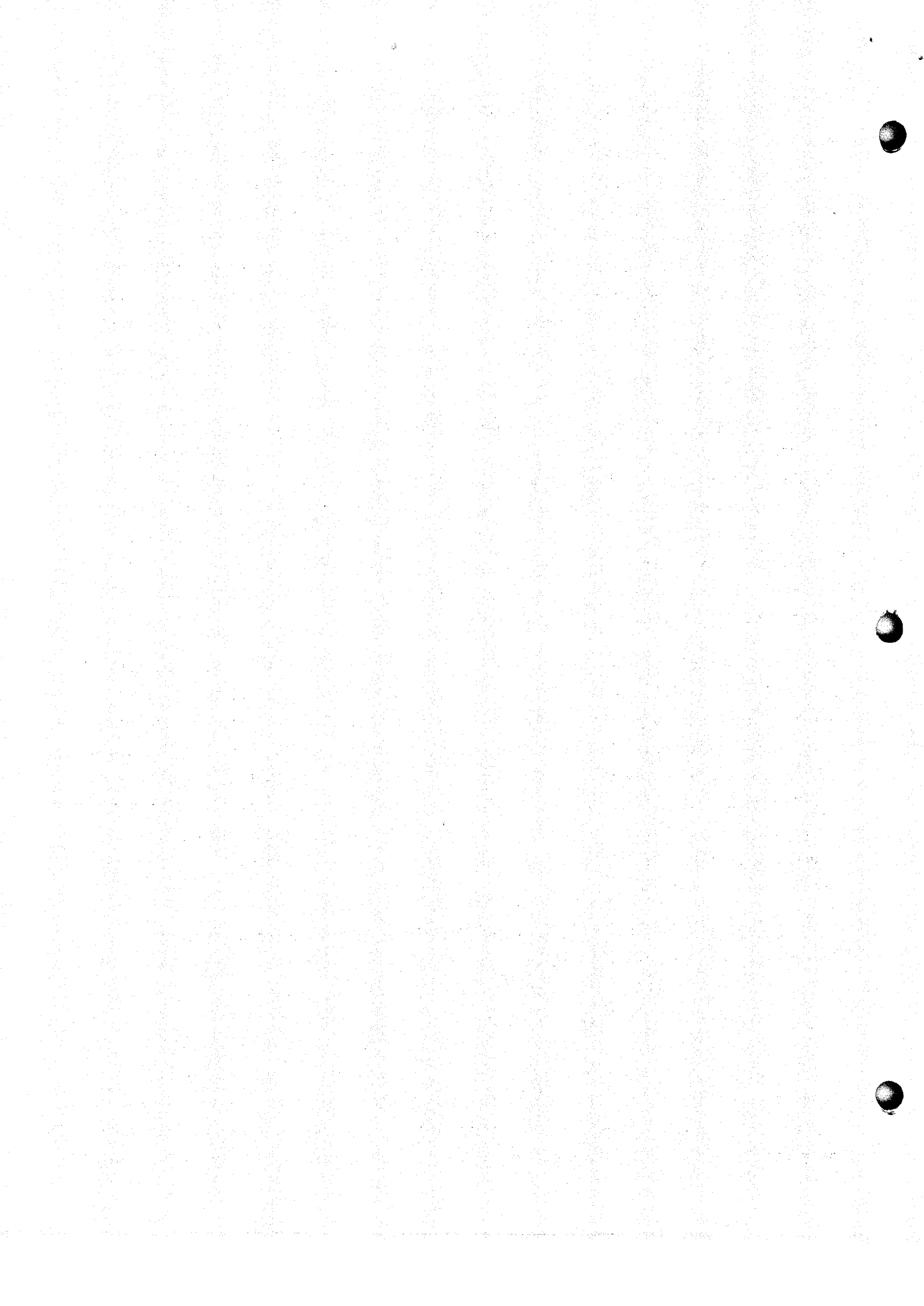
At Chairman Atwood's request, Mr. Diehl briefly reported on the status of the Stein vs. University of Minnesota Hospitals case. Mr. Diehl stated that the papers recently reported the ruling that University Hospitals is to be considered a "proprietary" activity and thus, the sovereign immunity defense would not be permitted. He noted that the court clerk's memorandum on this decision was poorly written and thus, is now in the process of being revised so that the facts of the case are better presented. Mr. Diehl stated that within 60 days it is hoped that the case can be taken to the Supreme Court for appeal with the hope of a decision within 6 months. In response to a question from Mr. France, Mr. Diehl reminded the Board that as of August 1, 1976, the University was no longer protected by sovereign immunity regardless of this decision. He also added that the Stein case has aroused considerable interest from around the country and the ultimate decision will affect our position in sixteen other cases currently pending.

VI. Cost Concerns Task Force Report - Dean Lawrence Weaver, Task Force Chairman

Dean Weaver reported that the Cost Concerns Task Force did not meet in October. He stated that Mr. Van Hulzen is working with the various Hospitals' departments to obtain more detailed financial trend information. He noted that once this data is gathered and compiled, the Task Force will meet again.

VII. Special Presentation to Mr. Stanley Holmquist - Mr. Harry Atwood, Board Chairman

Chairman Atwood read to the Board the letter of resignation from Mr. Stanley Holmquist and Chairman Atwood's letter back to Mr. Holmquist (see attached). A point in question regarding the effective date of Mr. Holmquist's resignation was clarified as being December 31, 1978, although Mr. Holmquist would not be able to attend



the November and December Board meetings because of his move to Arizona.

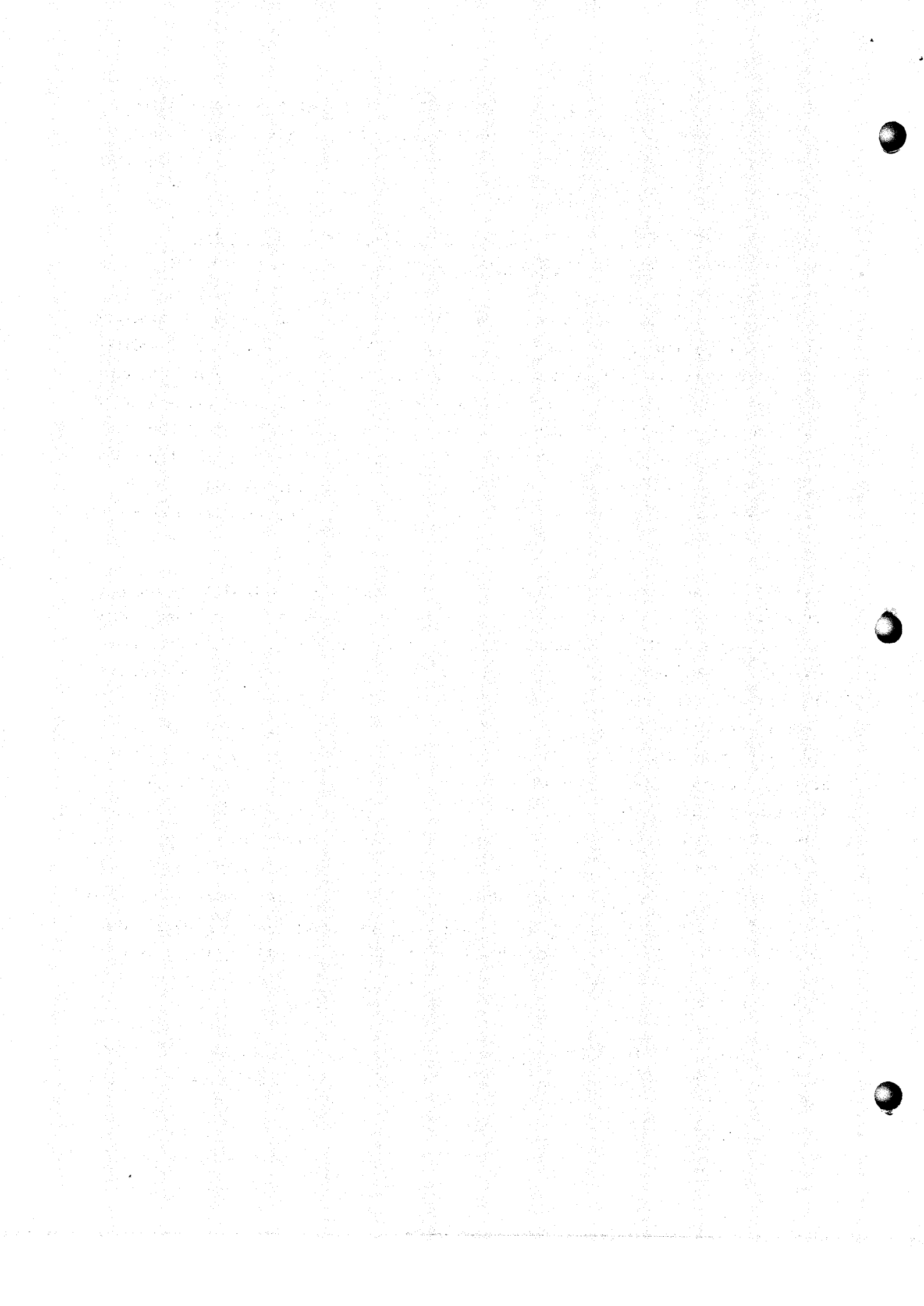
A motion was made that the Board of Governors accept Mr. Holmquist's resignation with regrets and appreciation. The motion was seconded and passed. Chairman Atwood then called Mr. Holmquist to the front for the presentation of a plaque expressing appreciation for the dedication of Mr. Holmquist's service on the Board of Governors. The certificate was signed by Chairman Atwood and Chairperson Wenda Moore of the Board of Regents. Mr. Holmquist commented on the challenges ahead in the health care field and his confidence in the Board's ability to meet those challenges. He then expressed his gratitude to the Board members and the staff of University Hospitals.

VIII. The Department of Medicine - Dr. Thomas Ferris, Clinical Chief of Medicine

Mr. John Westerman introduced Dr. Ferris and described his distinguished background. He also commented that the future of University Hospitals' is close linked to the Department of Medicine where the potential for exciting and innovative programs is most evident. He stated that University Hospitals was fortunate to have an individual like Dr. Ferris at the helm of the Department of Medicine and commended his knowledge of management and marketing practices which he suggested are skills greatly needed in today's health care field.

Dr. Ferris stated that he was pleased to be a part of the University of Minnesota's Department of Medicine. He commented on the Department's distinguished record and excellent reputation in research. He added however, that he too agreed that times have changed for the health care field and other roles such as the provision of service are becoming equally as important. He suggested that he hopes to move the Department of Medicine more into service with a greater emphasis on primary care delivery and investigation. He concluded that he has great respect for his predecessor at Minnesota and added that he has been very happy with his first two months of experience here.

Dean Weaver asked Dr. Ferris to comment further on his thoughts on primary care. Dr. Ferris commented that he feels that medical students should be trained as internists, and should be provided with specialty knowledge so that they can deliver primary care. He added that we need fewer specialists but should be careful not to dilute the field with too many primary care physicians. Ms. Pillsbury inquired as to how the teaching of primary care fit into University Hospitals' role as a tertiary care hospital. Dr. Ferris explained that currently students receive their primary care exposure at Hennepin, Ramsey and the V.A. Hospital. He added that consideration could be given to developing a primary care component at University Hospitals. He noted



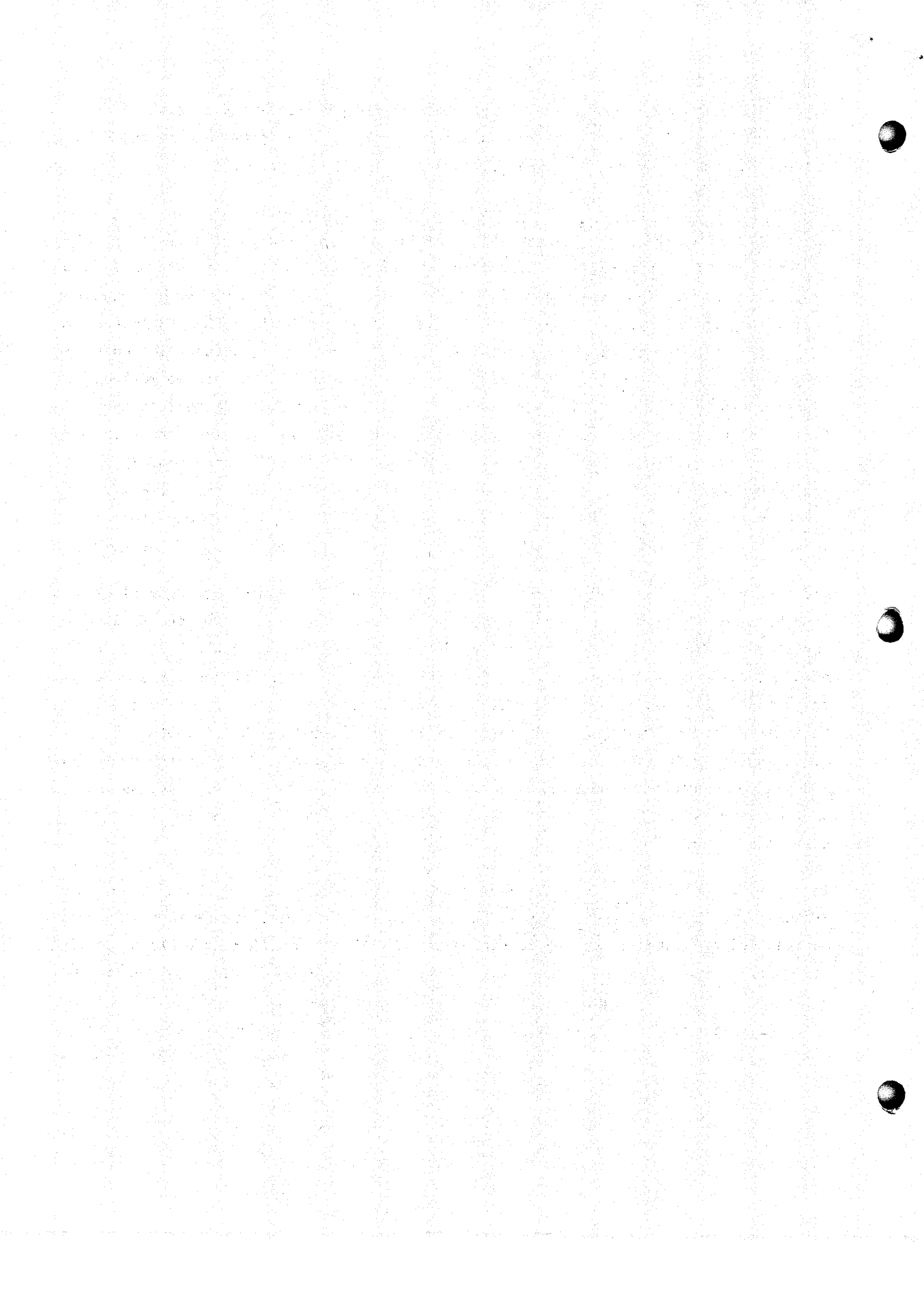
that consideration is being given to the creation of a comprehensive Medicine Clinic which could test whether the patient population exists to support such an endeavor at University Hospitals. There being no further questions, Chairman thanked Dr. Ferris for his time and interesting comments.

IX. Nominating Committee Report - Mr. Orville Evenson, Committee Chairman

Chairman Atwood suggested that the Board dispense with the report of the Nominating Committee for the time being. He explained that the Committee did meet on October 11, 1978, and added that on October 13, 1978, Regent Mary Schertler, the Regents' liaison appointment to the Board of Governors' Nominating Committee, reported the results of that meeting to the Board of Regents. Chairman Atwood commented that certain procedural questions were raised by the Regents and noted that it would be best to defer the Nominating Committee's report until November, by which time those questions should be cleared up. He added that the Nominating Committee was well on schedule and thus, this action represented only a slight delay. Mr. Evenson concurred with the decision to defer the Nominating Committee report.

Chairman Atwood then suggested that the Board take up another matter that was somewhat related to the Nominating Committee. He reminded the Board that at its last meeting a question had been raised regarding the position of the Health Sciences Student Representative to the Board of Governors. He explained that Mr. Dan Notto, the current student representative, had asked permission to serve another term on the Board. At its last meeting, the Board suggested that the appointing body, the Council for Health Interdisciplinary Participation, a Health Sciences student organization, should determine how they wish to handle this situation. Chairman Atwood noted that Mr. Notto had looked into this matter and had some information to report to the Board. Mr. Notto reported that CHIP decided to hold an election and open it only to students in the School of Dentistry as they were the only Health Sciences Unit which had not yet been represented on the Board of Governors. He reported that the election was held last week, but no one was nominated from Dentistry and thus, he was re-elected. Chairman Atwood congratulated Mr. Notto on his re-election and noted that this recommendation of CHIP would be forwarded through appropriate channels to the Board of Regents.

Before leaving the Nominating Committee portion of the agenda Mr. Holmquist asked if he could make an observation. He then commented on the importance of having a



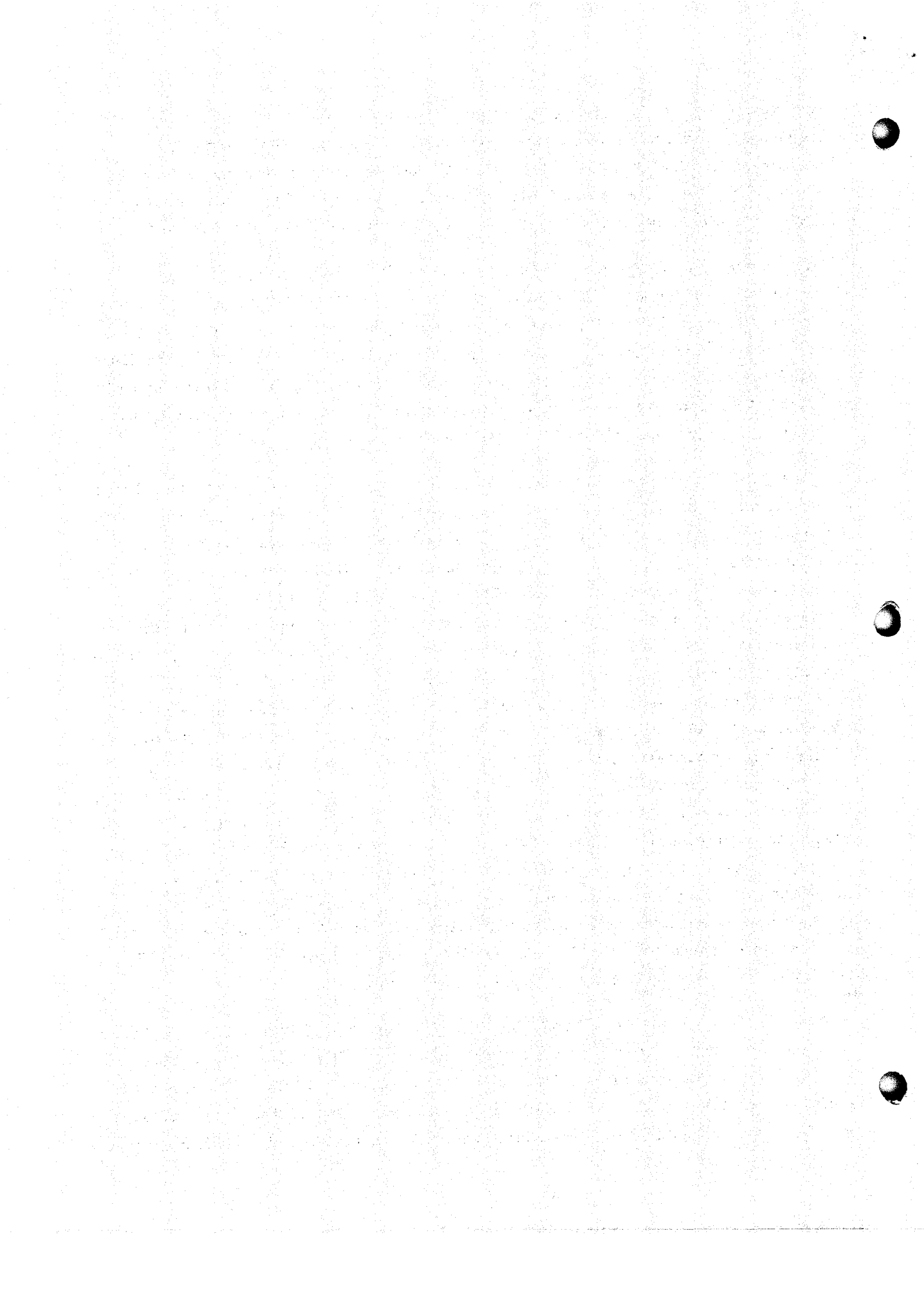
Board of Governors for University Hospitals with geographic representation. He suggested that such representation has and will continue to contribute to the success of University Hospitals' acceptance throughout the state.

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

Mr. Westerman reported on a variety of activities that he and members of his staff are involved in. He noted that Ellerbe has begun working on the architectural considerations for Unit KEH and that Mr. Jones and Mr. Dickler are already beginning individual conferences with the Clinical Chiefs regarding Unit J. He stated that Mr. McGrath is working with the Rural Hospitals Co-operative to which three more hospitals have been added for a total of 13 and that Mr. McGrath is also working closely with the Variety Club. Mr. Westerman commented on his concern that the Variety Club is currently considering funding cardiovascular research rather than patient care services. He went on to say that Mr. Farrell is working closely with the community Board which is governing the Northwest Project and that Ms. Foley has been working to put together the Hospitals' Five Year Planning Prospectus which is soon to be reviewed by the Executive Committee of the Board of Governors.

Mr. Westerman also mentioned that he and his staff have been meeting regularly with Vice Presidents Brown and French regarding various University systems and Hospitals' operations. He commented then on the draft regulations for Section 227, a piece of legislation which calls for limiting reimbursement to teaching hospitals. He noted that the Association of American Medical Colleges has taken a position on this matter and he suggested that their report be attached to these minutes. Mr. Westerman noted that Dr. Kralewski has begun to work with MAPTH on the consortium and that Mr. Taylor, Mr. Syverson and himself are meeting to get that process underway. He also referred to some editorials which he had written with the assistance of Mr. Greg Hart.

In terms of upcoming meetings, Mr. Westerman mentioned that the AHA Multi-Hospital Systems Committee will be meeting in Chicago, that the Association of American Medical Colleges annual meeting is coming up, and that the JCAH is soon to have an important re-organization meeting. Mr. Westerman concluded that the pace in the health industry has quickened and added that there is considerable activity in such areas as cost containment, financing, and mergers. He pointed out that economics dominate the scene. He also referred the Board to three articles which had recently been published in local newspapers.



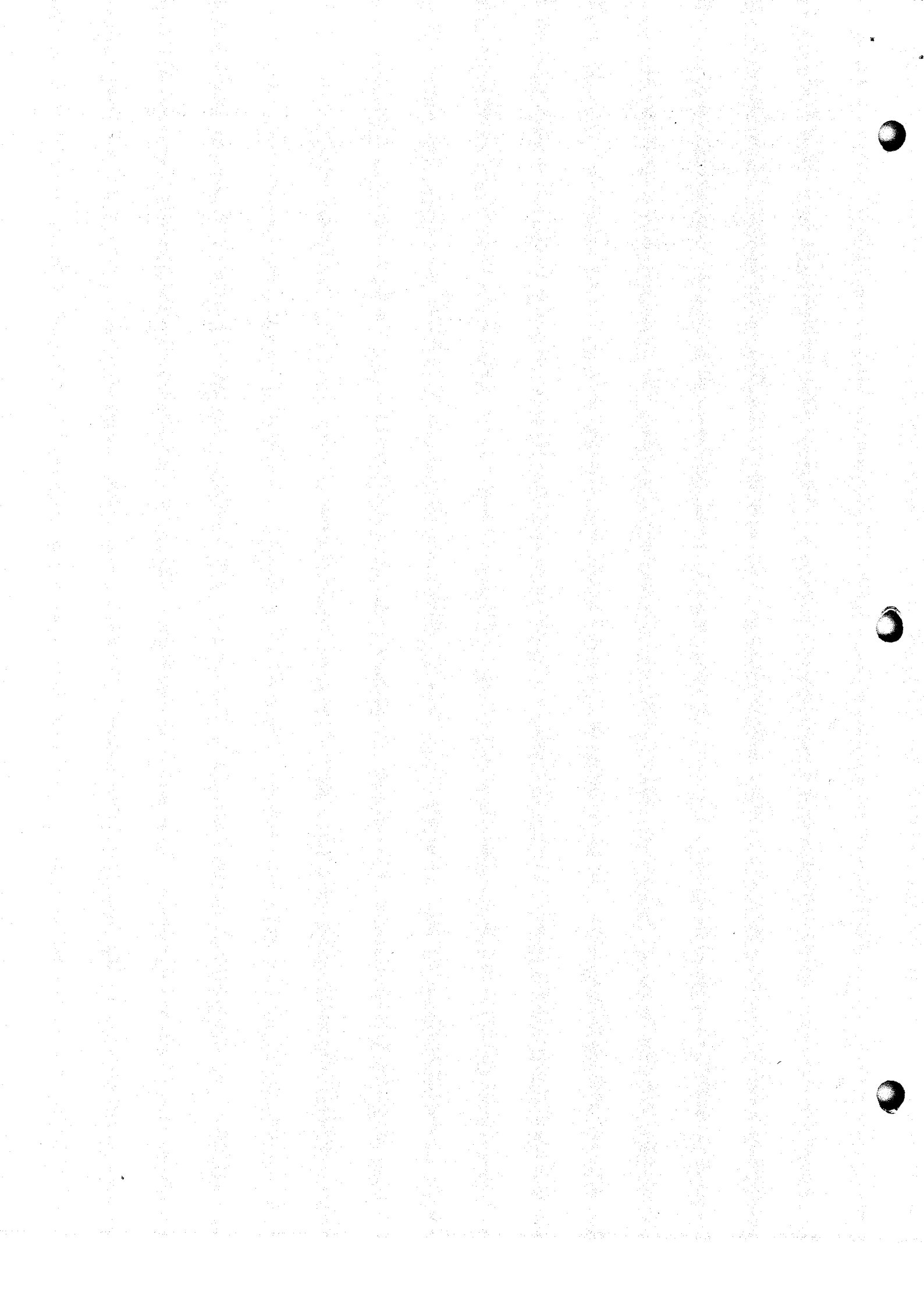
X. Board Concerns - Mr. Harry Atwood, Board Chairman

Chairman Atwood first thanked Board members for filling out their retreat questionnaires. Ms. Foley commented that the questionnaires response had not yet been compiled but would be available at the next meeting. She stated that the responses she had reviewed indicated a desire to continue the annual retreat.

Chairman Atwood then reminded the Board members that they have been invited to have dinner with the Board of Regents on Thursday, November 9, 1978. Ms. Foley reported that more information will be forthcoming but that to this point, plans for the evening appears to include a social hour beginning at 6:00 p.m., with dinner following at the Campus Club. Chairman Atwood commented that the evening is to be informal. He also mentioned that on the following day he will be presenting the Board of Governors' Annual Report to the Board of Regents.

Chairman Atwood next reported on the status of the deliberations of the West Metro Area Trustees Council. He reminded the Board that the East and West Metro Trustee Groups were founded as a result of the pressures put forth by the Citizen's League and the Viable Hospital Task Force of the Metropolitan Health Board. He stated that both groups are expected to submit a report to the Metro Health Board by November 1, 1978, pertaining to their recommendations regarding the overbedded situation in the Twin Cities Area. He explained that the West Metro Council has been compiling information and is close to reporting its recommendations. He interjected that this endeavor has been approached gingerly because of the possible anti-trust implications which exist with such a situation. Mr. Atwood then generally commented on the proposed process which the West Metro Council will be recommending for the phasing out of excess hospital beds through stages. He noted that he was providing this information to the Board now because the report will be released prior to the next Board meeting and he wanted members to have an understanding of its prior to newspaper articles. He concluded that he was confident that the Council's approach to phasing out excess hospital beds was economically appropriate. He added that any voluntary measures taken in this direction would probably be more appropriate than regulated mandates. He also stated that he was certain that the unique role of University Hospitals would not be forgotten in this process.

Mr. Evenson asked what savings could be expected from reducing the number of hospital beds. Mr. Van Hulzen commented that health is a fixed cost industry and added that he feared the benefits of bed reductions will be minimal. It was pointed out that public expectations regarding the advantages of fewer hospital beds is overstated. Mr. Westerman commented that this is indeed a difficult issue. Mr. France suggested



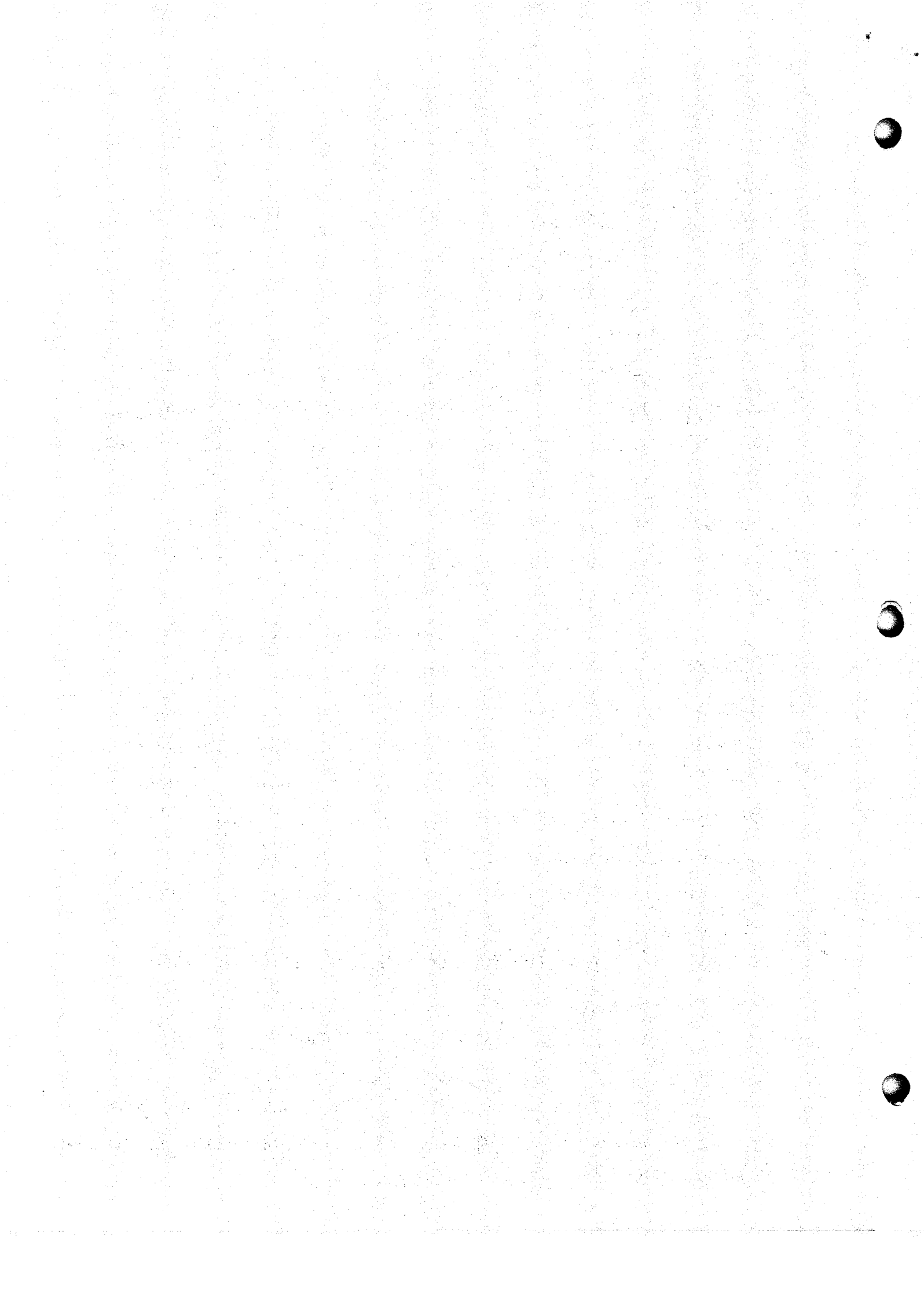
that he would be interested in hearing more about what can be done in terms of formalizing referrals. It was decided that this matter could be taken up at the next Board meeting.

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

Respectfully submitted,

Jhnelle Foley

Jhnelle Foley
Secretary



9/25/78

Mr. Harry Atwood
Pres. Board of Governors
U. of M. Hospital
Mpls., Minn.

Dear Harry:

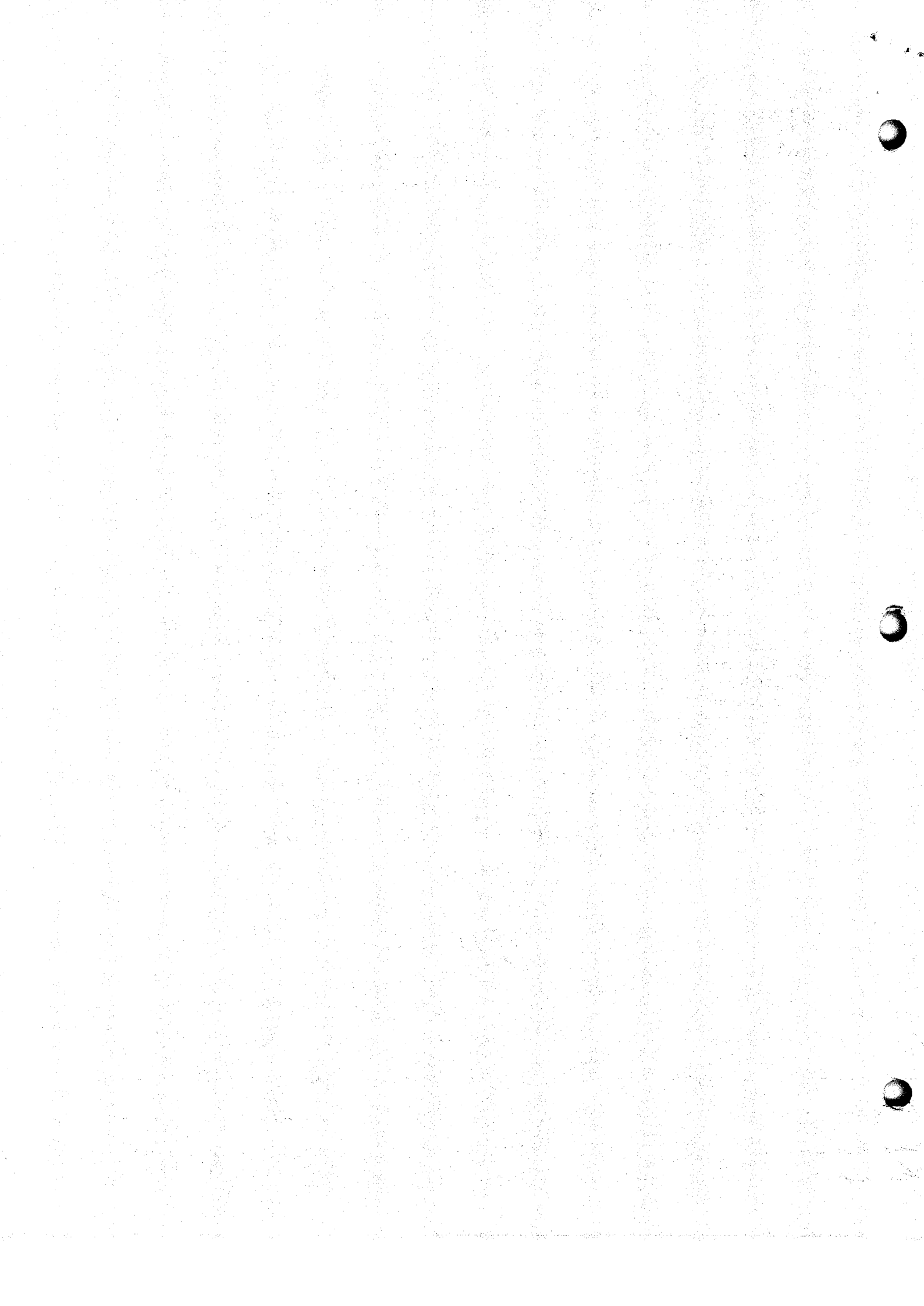
Mrs. Holmquist and I will be leaving for our home in Scottsdale, Arizona Oct. 25, 1978. Since we plan to stay there for six months, I feel that I should resign as a member of the Board of Governors immediately following our October meeting.

It has been a pleasure to be a member of one of the first Teaching and University Hospital Boards in the nation. Your fine leadership as President together with the excellent interest and cooperation of each board member has in my judgement resulted in an effective governing unit that is attracting attention Nation wide.

The splendid preparation and clear presentation of the hospital's operational role, needs, and facts by the staff and their able director is most commendable.

It was a great honor and I am quite fond to have had the opportunity to serve as a member of the team for almost 4 years.

Best wishes
Stanley W. Holmgren





UNIVERSITY OF MINNESOTA

Hospitals and Clinics
Board of Governors
Box 502
Minneapolis, Minnesota 55455

October 3, 1978

Mr. Stanley Holmquist
Grove City, Minnesota 56243

Dear Stanley:

It was with great regret that I received your letter of resignation from the Board of Governors of University Hospitals and Clinics. Your contributions to our Board since its creation have been invaluable. The leadership which you provided the Finance Committee set a precedent of excellence which we shall strive to continue.

I feel that I understand the reasoning behind and timing of your resignation as you prepare to leave for Arizona, but I ask that you consider serving out the remainder of this calendar year. The Nominating Committee has recently been activated as it begins to consider those Board members whose terms of office are to expire on December 31, 1978. It would be most helpful if they could have the time to fill your position effective January, 1979. Please give this some thought and let me know of your decision.

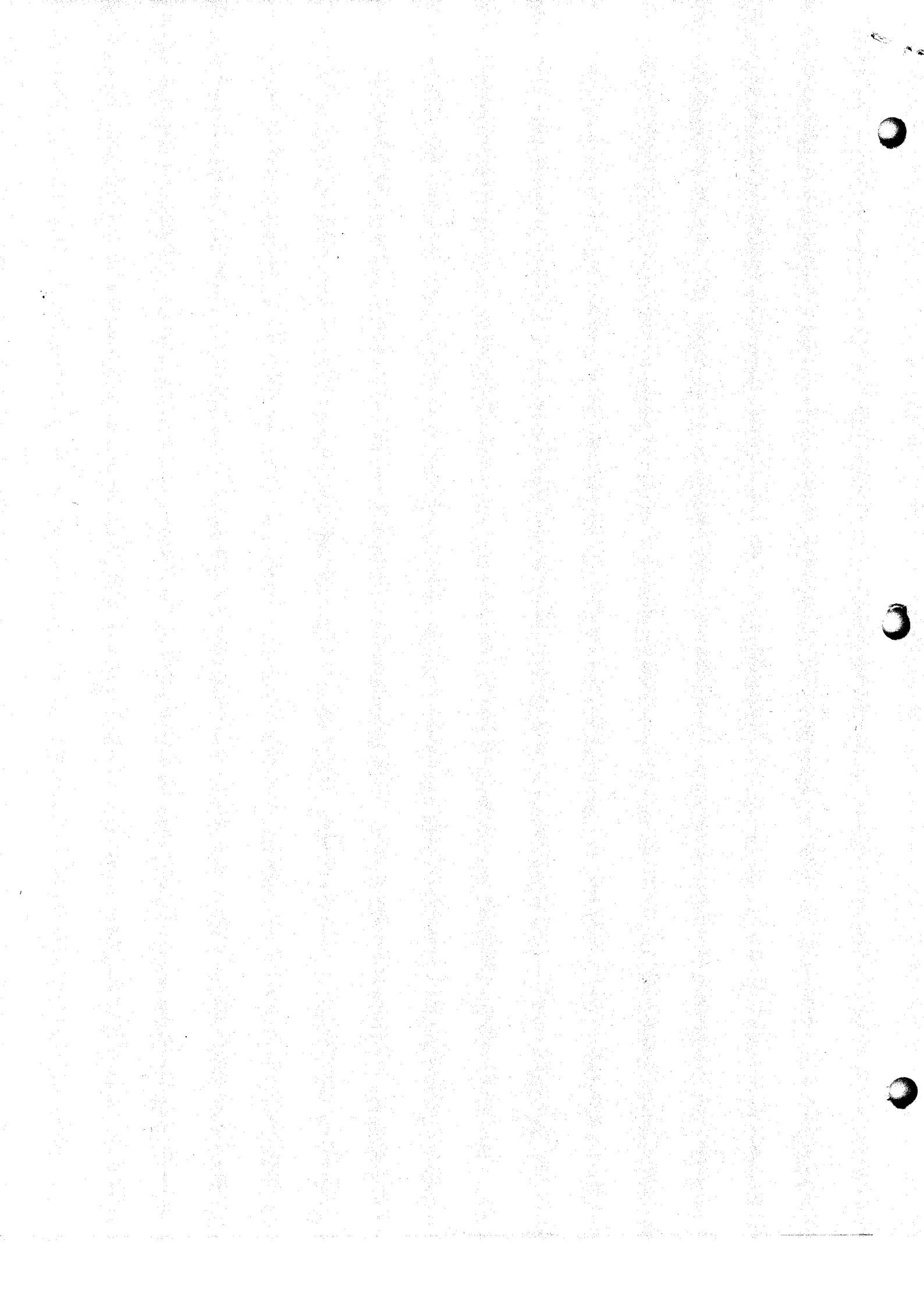
Again, I know that I speak for the entire Board when I state that you will be sorely missed. I personally have felt it an honor to work with you. The Board of Governors would not be the respected body it is today without the dedication of Board members such as yourself.

Sincerely,

Harry E. Atwood
Chairman

HEA/sds

As much as you are a member of the Nominating Committee, I'm sure they would appreciate suggestions as to who from your area might be candidates for replacing you. Also, I assure you you'll be at the Oct. 18 Board meeting.



Minutes
University of Minnesota Hospitals and Clinics
Board of Governors
September 20, 1978

Present: Mr. Harry Atwood, Chairman
Mr. Al Hanser, Vice Chairman
Ms. Nicha Coates
Mr. David Cost
Mr. Orville Evenson
Mr. Al France
Mr. Stanley Holmquist
Ms. Jo-Anne Lutz
Dr. John Najarian
Mr. Dan Notto
Ms. Sally Pillsbury
Dr. Paul Quie
Mr. John Quistgard
Ms. Timothy Vann
Dean Lawrence Weaver
Mr. John Westerman

Absent: Ms. Jeanne Givens
Ms. Debbie Gruye
Ms. Mary Lebedoff
Dr. John Tiede
Dr. Paul Winchell

The meeting of the Board of Governors was called to order by Chairman Atwood at 1:35 p.m., in Room 555 of Diehl Hall.

Announcements and Introductions

Chairman Atwood informed the Board that Ms. Barbara Reynolds, Acting Director of Hospital Public Relations, was planning an article on the Board of Governors for the Hospital Paper and therefore, would be taking pictures of Board members during the course of the meeting.

Mr. Westerman introduced Ms. Christie Dachelete to the Board. He explained that Ms. Dachelete will be working jointly with Dr. Kralewski and himself as a research specialist in Health Systems Research and Development. Mr. Westerman also mentioned that Ms. Janet Shapiro will be returning to work with Ms. Dachelete on November 1, 197

Next, Mr. Westerman introduced Dr. Tom Choi who is a full-time researcher on Dr. Kralewski's staff of the Health Services Research Center. Mr. Westerman commented that Dr. Choi is one of the leading researchers in the field of multi-hospital systems. Dr. Choi commented briefly on his background and also mentioned a study proposal which he and Ms. Foley were working on dealing with Board decision-making and its subsequent policy impact. Mr. Westerman noted that because our Board of Governors was one of the first University hospital boards such studies are very useful.

Chairman Atwood next commented on two handouts distributed to the Board. One was a list of acronyms frequently used in the health field. The other was an up-dated listing of the Metropolitan Health Board membership to be added to the Roster Books previously distributed to the Board.

I. Minutes July 19, 1978 Board Meeting

Mr. Hanser moved that the minutes of the July meeting be approved. Mr. France seconded the motion and it was passed.

II. Harvard Conference Report

Chairman Atwood noted that Ms. Gruye was unable to attend the Board meeting and therefore, her report on the Harvard Conference would be deferred to a later date.

III. Finance Committee Report - Mr. John Quistgard, Committee Chairman

Mr. Quistgard stated that the Finance Committee had a lengthy meeting in which they dealt with the 1977-78 year-end financial data, the July-August financial Statements, the Fourth Quarter Bad Debt Report, and the Ernst & Ernst Debt Capacity Report. He called upon Mr. Nels Larson to review with the Board the year-end financial information for Fiscal Year 1977-78.

Mr. Larson referred the Board to the blue books which had been distributed containing the year-end financial report. He briefly reviewed with them the descriptive

narrative which he had prepared outlining the activity of the last fiscal year and suggested that members, on their own, examine the graphs which depict trends in activity over the last few years. In concluding his review, Mr. Larson noted that comparative research found University Hospitals not only to be below the national average of cost increase, but also to have a reduction in the rate of increase of 3.4% which is above the national goal of 2%. Mr. Larson suggested the Board review the blue book materials and possibly further discuss the year-end financial report at the next Board meeting when the Ernst and Ernst audited report of the fiscal year should also be available. Members of the Board commended staff on the excellent year-end results.

Next, Mr. Larson commented briefly on the Statement of Operations for July and August, 1978, which was distributed to the Board. He noted that the data reflect a small change in the inpatient census levels but a significant change in the utilization of some ancillary services creating a large revenue variance. He attributed this utilization to more intensive care type patients. He suggested that although the excess of revenue over expenses through August is \$888,485, many large expenditures are yet unrealized. These included depreciation on other non-Unit B/C building projects and equipment purchases, seasonal and random building and equipment repair and maintenance, and a January 1, 1979 Pay for Performance obligation. Mr. Larson concluded that an evaluation of financial status can better be made at the end of the first quarter of the new fiscal year.

Mr. Quistgard then presented the Board with the Bad Debt Report for April 1, 1978 to June 30, 1978. He moved that the Board of Governors recommend to the Regents the charging off of \$250,707.90 to bad debt for the fourth quarter of 1977-78. Ms. Coates seconded his motion. Mr. Evenson inquired if the recovery of \$6,000 was not rather low. Mr. Fearing commented that for unknown reasons, the recovery figure varies greatly from quarter to quarter. Mr. Quistgard's motion was then voted upon and passed.

Mr. Quistgard then reported to the Board that the Finance Committee spent considerable time discussing the Ernst and Ernst Debt Capacity Evaluation for University Hospitals. He commented that it was suggested that a special presentation be made to the full Board in October on the Ernst and Ernst study. Chairman Atwood explained that the implications of the study are quite complex and therefore, it was felt that the full Board should be given sufficient time to understand its meaning before any recommendations pertaining to it are forwarded to the Board of Regents.

IV. Facilities Committee Report - Ms. Timothy Vann, Committee Chairperson

Ms. Vann noted that the Facilities Committee reviewed a lengthy status report on the various facility-related activities occurring at University Hospitals. She reported that Ellerbe had been hired as the architectural firm to work on unit KEH and noted that this selection was well received because of the firm's excellent reputation. She stated that the Warehouse Project is on schedule with an anticipated completion date of November 1, 1978. She mentioned that the Fire and Life Safety Project is one month behind schedule because of the strike earlier this summer and added, however, that it was hoped that the project would be completed before the JCAH arrives for their site survey. She commented that there exists some uncertainty as to when the surveyors are to arrive but that it is believed that they will survey after January 1, 1979. She then called on Mr. Jones to comment on the Hospital's Long-Range Plan which is to be submitted to the Metropolitan Health Board in October.

Mr. Jones noted that members of the Board, the Medical Staff, and Administration have met with a task force of 6 members of the Metropolitan Health Board on two occasions with one meeting being held at University Hospitals and including a tour of the Pediatric and Operating Room areas. He noted that the Hospital's plan appears to be well received by the task force and added that their only

inquiry is to the timing of the applications for Certificates of Need to get underway the work of adding University Hospitals' facility needs. Mr. Jones also reported on the results of a Nursing Station Space Report which compared University Hospitals available in-patient bed space to standards used locally, regionally, and nationally. He concluded that the report suggested that none of University Hospitals' bed space could be allocated to other uses now or in the future as it is essentially 20% below or less than national nursing averages.

Mrs. Vann then went on to report that the Unit B/C project is considerably behind schedule because of the construction strike and because of a delay in obtaining furnishings for the building. She noted that plans now anticipate occupying the building in February of 1979.

Ms. Vann also reported that Drs., Levitt and Kahn from the Department of Therapeutic Radiology met with the Facilities Committee to present their department's need for a new linear accelerator. Ms. Vann explained that the accelerator is used in the treatment of cancer patients. She noted that by the time it is replaced it will have exceeded its estimated life span by about 4 years. She added that the Committee had an opportunity to tour the Therapeutic Radiology area and view the equipment. Ms. Vann then moved that the Facilities Committee recommends to the Board of Governors that they approve the acquisition of a 20 MEV Linear Accelerator for the Department of Therapeutic Radiology with the estimated cost of \$1,050,000.00, having been previously provided for in the approved long range capital expenditures cash flow program. The motion was seconded by Dean Weaver. Mr. Quistgard commented on behalf of the Finance Committee that the accelerator has been budgeted for. Ms. Lutz inquired as to the average life span of the new accelerator. Mr. Jones noted that it could last from 10-12 years. Mr. Cost inquired if other hospitals had such equipment. Mr. Jones explained that the

20 MEV Accelerator would be the only one of its size in the Metropolitan area and added that the Health Board was aware that a request for the purchase of this equipment is forthcoming from University Hospitals. Ms. Vann's motion was then voted upon and passed.

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

Mr. Hanser stated that he would be reporting on two meetings of the Joint Conference Committee because the Committee did meet in August as well as September. Because of this, Mr. Hanser reported the findings of two medical audits to the Board. The first audit dealt with Adenocarcinoma of the Colon and Rectum. Mr. Hanser described the audit's results and follow-up measures. He then moved for its approval. His motion was seconded and passed. Next, Mr. Hanser commented on the second medical audit involving the Lumbar Laminectomy procedure. Here again, he described the significant findings and corrective actions were recommended. He moved that this audit also be accepted by the Board. This motion was also seconded and passed. Mr. Hanser then reminded the Board of the confidentiality of these audits and noted that the Joint Conference Committee recommended that they be so marked. Ms. Pillsbury commented on the quality of the patient education which is being conducted throughout the Hospital, noting however, that frequently audits reveal that the education is not documented. Mr. Westerman suggested that someday it may be of interest to have the Hospitals' Patient Educator speak to the Board about activities in that area.

Other items which Mr. Hanser reported on included discussions of the Medical Staff/Hospital Council and the Council of Clinical Chiefs, two Memorandums of Agreement to continue the working relationship with the Foundation for Health Care Evaluation, criteria and procedures established for the employ at University Hospitals of non-professional personnel working with physicians on research projects, and the implementation of a Psychosurgery Program at University Hospitals which currently

requires further clarification before Board action need be taken.

Mr. Hanser then called upon Mr. Westerman to present, in Dr. Winchell's absence, the last two Credentials Committee reports. Mr. Westerman then briefly described the backgrounds of the applicants seeking clinical privileges or membership on the Medical Staff of University Hospitals and Clinics. The motion was then made to approve the applicants. The motion was seconded and passed. Mr. Hanser added that the Joint Conference Committee has recommended that the Credentials Committee actually check those references provided by the applicants to the Medical Staff.

VI. External Activities Report - Chairman Atwood and Mr. Westerman

Chairman Atwood explained that this agenda item was arranged because of the many diverse activities which are currently occurring which impact on University Hospitals and the Board. With regard to Board members, Chairman Atwood specifically mentioned a recent article which appeared in the Minneapolis paper about the excellent movie which Ms. Coates produced about Mexicans in Minnesota. Ms. Coates commented that at some point she would like to have the Board view the movie. Chairman Atwood also congratulated Ms. Pillsbury on her recent appointment to the Advisory Committee of the National Arthritis Foundation.

Chairman Atwood next commented on some Board housekeeping matters. He mentioned that the Board parking arrangement in Ramp B is a trial situation for Board meeting days to determine its acceptability. He encouraged Board members to park in the Mayo Garage for meetings on other than Board days. He also mentioned that today's meeting was scheduled to start at 1:30 to test the acceptability of that arrangement. Chairman Atwood explained that there seemed to be a mid-day gap on Board days between morning committee meetings and the actual Board meeting. He also noted that because members frequently had to leave Board meetings early because of

other commitments at the end of the day, it was felt that an earlier starting time would avoid having those members miss part of the Board meeting. He asked the Board if a 1:30 starting time from now on would be acceptable. The Board concurred. Next, Chairman Atwood inquired if the December Board meeting date could be changed to December 13, 1978, so that it would not conflict with Christmas plans. The Board also agreed that this change was advisable.

Chairman Atwood then reported that he had recently represented the Minnesota Hospital Association at the American Hospital Association's Convention in California. He explained that at the Convention he met with the National Advisory Council on Hospital Governance which is composed of trustee representatives from each of the 50 states. Chairman Atwood briefly described that meeting and other sessions which he attended while at the Convention.

Chairman Atwood also up-dated the Board on the current status of the activities of the West and East Metro Trustee Groups of which he is a member. He explained that these groups plan to submit separate reports of recommendations to the Metropolitan Health Board by the end of October. He noted that the reports will deal primarily with the excess hospital bed situation in the Metropolitan area. He commented that according to legal opinion as long as both groups limit themselves to recommendations to the Health Board rather than action, they will avoid anti-trust complications. He stated that the West Metro Group appears to be more advanced in its preparation of its report and attributed this to the fact that the group had hired a consultant to assist them. He also commented that he felt that the formation of these groups has been advantageous in the fact that they have provided a forum for trustees to interact and in some cases this interaction has led to sharing and joint arrangements. He stated that the reports will be shared with the Board of Governors as soon as they are available and also mentioned that he foresees no adverse implications for University Hospitals coming forth in the reports because of the Hospitals' unique role.

Next, Chairman Atwood commented on the Minnesota Association of Public Teaching Hospitals, the organization comprised of Hennepin and Ramsey County Hospitals, the University Hospitals, and the V.A. Hospital as an associate member. He explained that Mr. Robert Taylor, the Administrator from Hennepin County is Chairman, that Mr. Le Vand Syverson, Administrator from Ramsey County Hospital is Secretary, that Mr. Richard Moore, a Board Member from the Ramsey County Hospital and Sanitarium Commission, is Treasurer, and that he is Vice Chairman of MAPTH. Chairman Atwood noted that this group is currently working on providing a response to the Metropolitan Health Board on the issue of Perinatal Services in the Metro area. Also, he noted that the group is discussing with Dr. Kralewski how best it might proceed in undertaking its study of joint involvements.

Chairman Atwood's last item pertained to his annual report to the Board of Regents which he announced is scheduled for Friday, November 10, 1978. He stated that through Chairman Moore, the Board of Regents have extended an invitation to the Board of Governors to join them for dinner on Thursday evening, November 9, 1978. Chairman Atwood commented that this is purely to be a social event without formal presentations. Ms. Pillsbury inquired if the Hospitals' Mission Statement has been approved by the Board of Regents. Chairman Atwood commented that it was being deferred until the December Regents meeting.

Chairman Atwood then gave the floor to Mr. Westerman for his comments. Mr. Westerman began his presentation with a review of the period between 1967 and 1974. He stated that early in those years this Health Services Administration identified certain problem areas for University Hospitals. These included a lack of Medical Staff involvement, deficient out-patient services, inadequate resource allocation, and a poor policy making structure. He stated that for the most part those problems have been rectified with University Hospitals having one of the more organized Medical Staffs in the country, with the building of Unit B/C, with the upgrading of Hospital personnel

resources, and with the creation of the Board of Governors.

Mr. Westerman suggested that because of these changes there now exists an environment which is better for even more improvements. He stated that with the Board and the communication linkages with the Vice Presidents and the Regents, there now exists a forum to examine options for the future and to provide University Hospitals with direction. He listed various future options such as the MAPH organization, tertiary care contracts, extending the rural co-operative programs, and developing regional consortiums. He added that these options would require that Administration of the Hospitals have certain management prerogatives. He suggested that in considering this, Central University may have deal with the question of whether or not the University should be in the health care business.

Mr. Westerman noted that in the coming months the Board of Governors has many crucial issues to deal with. He listed KEH, Unit J, the Ernst and Ernst report, and the Central University and Hospitals management prerogatives. He commented that the decisions made regarding these issues will shape the future of University Hospitals for years to come. He stated that he was grateful that the Board of Governors existed to help shape that future and added that he was confident that that excellent judgement will prevail.

VII. Cost Concerns Task Force - Dean Larry Weaver, Task Force Chairman

Dean Weaver reviewed for the Board the past activities of the Cost Concerns Task Force noting that Ms. Foley has assisted in conducting a literature search into the subject of rising hospital costs and that Dr. Kralewski had provided a presentation on trends in hospital and health care costs.

Dean Weaver reported that at the last meeting of the Task Force, Mr. Don Van Hulzen presented preliminary findings from a comparative study he is conducting on University Hospitals' costs. He explained that Mr. Van Hulzen has done considerable

work in comparing costs which University Hospitals experienced in 1970-1971 and in 1977-1978. Dean Weaver commented on some of Mr. Van Hulzen's findings, but added that the study is still being conducted with more information needed pertaining to changes in activity levels, personnel requirements, and technological advances. He noted that when completed the study will become a part of a report from the Task Force to the Board and will include proposed recommendations and guidelines for Administration to follow in the management of the Hospitals.

Chairman Atwood commented that he had attended the Cost Concerns Task Force meeting and had found Mr. Van Hulzen's information to be intriguing. He added that the data should be most helpful in understanding the past and in making judgements for the future. Mr. Quistgard asked when the Task Force anticipated completion of its report. He added that it most likely could serve as an aid to the Finance Committee in preparing the budget. Dean Weaver suggested that the Cost Concerns report would probably not be ready until early 1979, but added that Mr. Cost serves as a liaison between the Task Force and the Finance Committee and thus, can make both groups aware of the other's activities and deliberations.

VIII. Bylaws Committee Report - Dean Weaver, Committee Chairman

Dean Weaver reviewed with the Board of Governors proposed amendments to the Board Bylaws dealing with the following needs:

- I. Change the Board's operating year to coincide with the medical staff year (change from a calendar year to the "academic year").

Amend Article V, Section 5(b) to read:

After consultation with the Joint Conference Committee, at its ~~January~~ June meeting each year, the Board of Governors shall appoint the chief of each clinical service of the Medical Staff to serve at the discretion of the Board for an initial term of three years. Reappointment thereafter by the Board of Governors shall be yearly. Vacancies in the office of chief of a clinical service may be filled at any time by the Board.

Amend Article V, Section 6(b) to read:

At its ~~January~~ June meeting each year, the Board of Governors shall appoint committee chairmen of all Medical Staff committees except Medical Staff Hospital Council, The Council of Chiefs of Clinical Service and the Nominating Committee to serve at the discretion of the Board for an initial term of two years. These appointments shall be made after receiving recommendations from the Medical Staff Hospital Council through the Joint Conference Committee. Thereafter, committee chairmen may be reappointed by the Board from year to year for no more than three additional years in succession. Members of each Medical Staff committee with the exception of the Medical Staff Hospital Council and the Council of Chiefs of Clinical Services shall be appointed yearly by the Chief of Staff with no limitation in the number of terms they may serve.

2. Re-establish a review process of the Medical Staff Bylaws on an "as needed" basis.

Amend Article IV, Part A, Section 2, to read:

Section 2. Duties. The committee shall be responsible for an annual review of the Bylaws of the Board of Governors of University Hospitals and shall make a report of its review with appropriate recommendation to the Board at its annual meeting. In addition, the committee may make such additional periodic reviews of the Board of Governors' Bylaws and the Medical Staff Bylaws and recommendations to the Board of Governors as deemed necessary, and make recommendations on their findings. Recommendations relative to the Board of Governors' Bylaws shall be made to the Board, and recommendations relative to Medical Staff Bylaws shall be transmitted to the Medical Staff Hospital Council through the Joint Conference Committee.

3. Establish a probationary medical staff membership for new members of the staff and, possibly, for staff members subject to some scrutiny relative to membership for privileges.

Amend Article V, Section 3, to read:

Section 3. Appointment to the Medical Staff and Assignment of Clinical Privileges. The Board of Governors shall appoint graduates of recognized medical and dental schools meeting the minimum personal and professional qualifications prescribed in the Medical Staff Bylaws to membership on the Medical Staff of the hospital and shall assign clinical privileges to them. Physicians so appointed shall have full responsibility for the treatment of the individual hospital patient subject only to such limitations as the Board of Governors and its designees may impose, and to the Bylaws, rules and regulations of the Medical Staff as adopted by the Board of Governors. Initial appointments shall be provisional staff appointments. During provisional appointments the physicians shall serve in their designated service under the observation of designated members of the attending staff as to their clinical competence and other qualifications under the Medical Staff Bylaws, provided, that the provisional appointment requirement may be waived by the Board of Governors in the case of certain physicians whose experience or proposed role at the hospital warrant such a waiver, as determined in the sole discretion of the Board. A physician shall be eligible for regular appointment to membership on the attending staff after serving a provisional appointment of at least six months. Regular appointments to the attending staff shall be for one year only, renewable each year in accordance with the reappointment procedures and promotion procedures set forth in the Medical Staff Bylaws. Reappointments to the Medical Staff shall be made at the regular June meeting of the Board of Governors, and shall be for one year only.

4. Extend "due process" procedural rights to medio-administrative personnel who may be relieved of their responsibilities.

Amend Article V, Section 4, to add a clause to read, as follows

- (g) Any member of the medical staff whose engagement in an administrative role in the hospital requires membership in the medical staff shall not have his or her medical staff membership or privileges terminated or limited without being afforded full access to the procedural rights provided in the Medical Staff Bylaws, Article VII.

5. Amend the re-appointment schedule for the Chiefs so that it occurs at a common time each year.

Amend Article V, Section 5(b), to read, as follows:

After consultation with the Joint Conference Committee, at its January June meeting each year, the Board of Governors shall appoint the chief of each clinical service of the Medical Staff to serve at the discretion of the Board for an initial term of three years. Reappointment thereafter by the Board of Governors shall be yearly. Vacancies in the office of chief of a clinical service may be filled at any time by the Board. In the event that a chief of a clinical service is appointed at some time other than the June meeting, and if the appointment is made by no later than December, for purposes of determining the time of reappointment the appointment shall be deemed to have commenced the preceding June. In the event that the appointment is made after December, for purposes of determining the time of reappointment the computation of time shall be deemed to commence at the next succeeding June.

6. Adopt procedural clarifications to assure that disciplinary action relative to a member of the medical staff is carried out exclusively under the Board and Medical Staff Bylaws, and that it cannot be appealed to or reviewed separately by the faculty senate.

Amend Article V, Section 4(d), as follows:

When the Board finally acts in the matter it shall send notice of such decision through the General Director by certified or registered mail, return receipt requested, to the applicant or staff member involved as well as to the Chief of Staff of the hospital and the Credentials Committee of the Medical Staff and the clinical service concerned. The procedure provided for above and in the Medical Staff Bylaws, Article VII, shall be the exclusive procedure for review and appeal, and the applicant or staff member shall not have recourse to a review of the matter by any other body or review tribunal.

7. Provide for the Chief of Staff to be a member of the Board Executive Committee.

Amend Article III, Part A, Section 1, to read as follows:

Composition. The Executive Committee shall consist of the Chairman of the Board, the Vice-Chairmen Chairman, the General Director, the Chairman of the Council of Chiefs of Clinical Services, the Chief of Staff and the Chairmen of the Standing Committees of the Board. Any standing committee chairman may, in his absence, designate a member of his committee to represent him, with vote, at any meeting of the Executive Committee. The secretary or his designee shall attend all meetings of the Executive Committee and act as its secretary.

8. Define legal status of credential materials in terms of public access.

Amend Article V, Section 3, to read as follows:

Section 3. Appointment to the Medical Staff and Assignment of Clinical Privileges. The Board of Governors shall appoint graduates of recognized medical and dental schools meeting the minimum personal and professional qualifications prescribed in the Medical Staff Bylaws to membership on the Medical Staff of the hospital and shall assign clinical privilege to them. Physicians so appointed shall have full responsibility for the treatment of the individual hospital patient subject only to such limitations as the Board of Governors and its designees may impose, and to the Bylaws, rules and regulations of the Medical Staff as adopted by the Board of Governors. Appointments shall be for one year only, renewable each year in accordance with the reappointment procedures and promotion procedures set forth in the Medical Staff Bylaws. Reappointments to the Medical Staff shall be made at the regular June meeting of the Board of Governors, and shall be for one year only. Materials provided by an applicant for medical staff membership and privileges and other information which is gathered in the credentialing process shall be available for review by the applicant, the Board, the hospital administrative staff, medical staff officers, members and committees, and their representatives for use in conducting their official duties, but shall not be released to any other person unless required or authorized by law or by the authorization of the medical staff member or applicant.

9. Clarify the provisions relating to terms of office of members of the Board of Governors.

Amend Article I, Section 1, to read, as follows:

Section 1. Board of Governors. The governing board of the University Hospitals of the University of Minnesota (hereafter called hospital) shall be known as the Board of Governors, which shall consist of no less than fifteen (15) nor more than twenty-one (21) individuals who shall be appointed by the Board of Regents of the University of

Minnesota or who shall be ex officio voting members of this Board as provided for in these Bylaws. Ex officio members shall include the Vice Chairman of the Council of Deans and Directors, the General Director, the Chairman of the Council of Chiefs of Clinical Services, the Chief of Staff of the hospital and the immediate past Chief of Staff of the hospital. A Health Sciences student shall be selected by the Board of Regents after reviewing the recommendations of the Board of Governors. Members shall be geographically and otherwise representative and members of the medical staff of the hospital shall not be excluded from consideration.

The term of office of each Governor (hereafter called member) shall be for a period of three years ~~from the date of appointment~~, except for the Health Sciences student whose term shall be yearly and ~~except that members appoint to the initial Board, shall, as nearly as practicable be appointed one-third to one-year terms, one-third to two-year terms, and one-third to three-year terms by the Board of Regents~~. provided, that persons appointed to fill vacancies shall serve only the unexpired portion of the term of the office that was vacated. No members except ex officio members shall serve longer than three successive terms and persons who are appointed to fill the unexpired portions of vacated positions shall be considered to have served a term only if the vacated position has at least 18 months remaining at the time of the appointment.

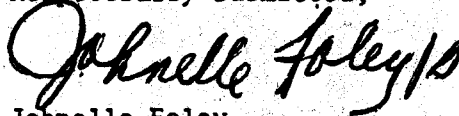
Dean Weaver moved that the Board of Governors recommend to the Board of Regents that the nine amendments to the Governors Bylaws be adopted. His motion was seconded, voted upon, and passed.

Dean Weaver also reported on other subjects discussed by the Bylaws Committee. These included efforts which are being made to bring Board and Medical Staff Bylaws into sync on the matter of appointing Clinical Chiefs and preparation of a Medical Staff Bylaw's amendment dealing with providing for a review of the non-ethical practices of Medical Staff members. Another Board amendment being prepared has to do with the wording of the Board's provision for liability coverage.

The last item which Dean Weaver reported on dealt with Mr. Notto's request to amend a Board Policy Statement dealing with the Health Sciences student representative to allow the student to serve a second term if willing to do so. The Board members discussed this matter at some length and finally resolved that the CHIP student organization which appoints the Health Sciences student representative should determine how they would like this matter handled and that CHIP recommendation should then go to the Board's Nominating Committee for their consideration. Mr. Notto agreed to see that this process is followed.

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

Respectfully submitted,



Johnelle Foley
Secretary

Minutes
University of Minnesota Hospitals and Clinics
Board of Governors
July 19, 1978

Present: Mr. Harry Atwood, Chairman
Mr. Al Hanser, Vice Chairman
Ms. Nicha Coates
Mr. David Cost
Mr. Al France
Ms. Jeanne Givens
Ms. Debbie Gruye
Ms. Mary Lebedoff
Ms. Jo-Anne Lutz
Mr. Dan Notto
Ms. Sally Pillsbury
Dr. Paul Quie
Mr. John Quistgard
Ms. Timothy Vann
Mr. John Westerman
Dr. Paul Winchell

Absent: Mr. Orville Evenson
Mr. Stanley Holmquist
Dr. John Najarian
Dr. John Tiede
Dean Lawrence Weaver

The meeting of the Board of Governors was called to order by Chairman Atwood at 11:30 a.m., in the Kirby Student Center on the University of Minnesota - Duluth Campus.

I. Minutes of June 21, 1978 Meeting

Ms. Vann moved that the minutes of the June meeting be approved. Mr. Quistgard seconded the motion. It was suggested that corrections be made of various typographical errors which appeared in the text of the minutes. The motion to approve the minutes was then voted upon and passed.

II. Minnesota Association of Public Teaching Hospitals

Chairman Atwood referred Board members to the June meeting minutes in which

Mr. Westerman reported on the first meeting of the Minnesota Association of Public Teaching Hospitals. In that report it was stated that each of the three

member institutions was to have five representatives to serve on the MAPTH Board. Drs., Moller, Benson, and Winchell, Chairman Atwood, and Mr. Westerman had been designated to represent University Hospitals. Chairman Atwood called for a motion to officially authorize these individuals to represent University Hospitals. Mr. Quistgard so moved. Dr. Quie seconded the motion and it was passed.

III. Medical Staff Appointments

A. Acting Chief of Pediatrics

Dr. Winchell explained that after eighteen months Dr. Moller has relinquished his position as the acting Head of the Department of Pediatrics. Dr. Winchell announced that Dr. Robert L. Vernier has been asked to take over the acting-Chief position. Dr. Winchell moved that Dr. Vernier's appointment be approved by the Board of Governors. Dr. Quie seconded the motion. It was noted that the Search Committee, chaired by Dr. Najarian, for a head of Pediatrics has been reactivated. Dr. Quie noted that the Committee is scheduled for a key meeting on July 24. The motion to appoint Dr. Vernier as acting Chief of Pediatrics was then voted upon and passed.

B. Medical Staff/Hospital Council Sub-Committee Chairmen Appointments

Dr. Winchell referred the Board to the list of proposed Chairmen for the various sub-committees of the Medical Staff/Hospital Council. He pointed out that Dr. Richard Varco has been asked to Chair two of these sub-committees. He explained that Dr. Varco is on a leave of absence but has agreed to return to University Hospitals once each month to see to the work of his committees. Dr. Winchell then moved that the chairmanship positions be approved by the Board of Governors. His motion was seconded, voted upon and passed.

IV. Statement of Mission and Goals

Chairman Atwood noted that time had been provided during the Retreat to discuss in detail the Statement of Mission and Goals for University Hospitals. He asked if there were any additional comments regarding the Statement. There being none, Mr. France moved for approval of the Statement and for permission to forward it through the appropriate channels to the Board of Regents for their final approval. Ms. Givens seconded the motion and it was passed.

V. Metropolitan Health Board Planning Document

Similarly Chairman Atwood called for any additional comments on the Metropolitan Health Board Planning Document. There being none, he called for a motion to officially authorize the submission of the Planning Document to the Health Board on or before October 1, 1978. Ms. Lebedoff so moved and Ms. Coates seconded his motion. It was then voted upon and passed.

VI. University Hospital On-Going Planning

Mr. Al France moved that the Board of Governors approve the recommendation of the Strategic Planning Task Force to charge the Executive Committee of the Board with responsibility for co-ordinating, monitoring, and responding to on-going long range planning activities of University Hospitals and Clinics, recognizing that planning is an integral and essential activity of all Board Committees. Ms. Pillsbury seconded the motion and it was passed.

Mr. France also referred the Board to the statements in the Retreat Briefing Book providing the rationale for the on-going planning recommendations. He pointed out that one provision of the recommendation suggested that the Executive Committee utilize the planning strategies provided by the Strategic Planning Task Force as guidelines in their planning endeavors. Following discussion the

following change was made to the last planning strategy - Page 3, D 3 -

"To identify and facilitate opportunities for individual Board members to pursue their interest in and to catalyze improvement of health care in the State of Minnesota including preventive aspect of health care."

VII. Discharge of Strategic Planning Task Force

Having completed its work, Mr. Al France moved that the Strategic Planning Task Force be discharged. Ms. Pillsbury seconded the motion. Several comments of appreciation were made on behalf of the efforts and accomplishments of the Task Force. Chairman Atwood thanked the following individuals for their work on the Task Force:

Mr. Al France, Chairman

Ms. Jeanne Givens

Ms. Debbie Gruye

Mr. Al Hanser

Ms. Sally Pillsbury

Mr. Dave Preston

Dr. Paul Winchell

The motion to discharge the Strategic Planning Task Force was then voted upon and passed.

VIII. Board Concerns

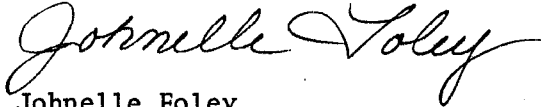
Chairman Atwood commented on the Board of Governors taking a summer break. Following some discussion it was determined that the Board would not meet in August but would hold its next meeting in September.

Before conclusion of the meeting Vice President French commended the Board of Governors on another excellent Retreat. He voiced his appreciation of the good

leadership of Chairman Atwood.

There being no further business, Chairman Atwood adjourned the July meeting of the Board of Governors at 12:30 p.m.

Respectfully submitted,



Johnelle Foley
Secretary

Minutes
University of Minnesota Hospitals and Clinics
Board of Governors
May 17, 1978

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
Mr. Dan Notto
Mr. John Quistgard
Dr. John Tiede
Ms. Timothy Vann
Mr. John Westerman
Dr. Paul Winchell

Absent: Ms. Jo-Anne Lutz
Dr. John Najarian
Ms. Sally Pillsbury
Dr. Paul Quie
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 April 19, 1978 Meeting

It was moved and seconded that the minutes of the last meeting be approved. Chairman Atwood commented that in the minutes, Mr. Nels Larson's last name was spelled both with an "o" and with an "e". There being no further comments regarding the minutes, they were approved.

Announcements - Chairman Atwood reported that Ms. Debbie Gruye had attended a trustee conference at Harvard University in Boston and added that she will report to the Board on the conference at the June meeting.

Chairman Atwood also mentioned that several Board members have not been receiving their Trustee magazine due to an AHA computer error, but added that all should have received those missed back issues of magazines by now.

III. Finance Committee Report - John Quistgard, Chairman

At Mr. Quistgard's request, Mr. Nels Larson provided the Board with a report of the April YTD financial experience. Mr. Larson commented that April continued to reflect a moderate improvement in University Hospitals operating position. He stated that overall operations have remained relatively stable, with only a slight decrease in both patient revenues and operating expenses. He noted, however, that April's operations did result in revenues in excess of expenses of \$162,231 which reduced the year-to-date total of expenses over revenues to \$224,820, or a variance of (0.3%) of total budgeted revenue. He mentioned that occupancy through April has averaged 70.3% and that the average length of stay had dropped from 8.8 days in March to 8.6 days in April. In terms of out-patient activity, he stated that there was a slight decline, but added that visits are running ahead of last year. He also reported that there was a decline in the number of days of revenue outstanding of 0.9 days resulting in a total of 80.8 days in accounts receivable. He mentioned that the Hospital had received a favorable decision regarding the status of GAMC accounts and will begin to bill those accounts to the State in May. He estimated that this should bring about a 2 day reduction in revenue days outstanding. In summary, Mr. Larson stated that if activity continues at current levels, projected financial goals should be achieved by the end of the fiscal year. Mr. Quistgard added that the Finance Committee is monitoring the declining average length of stay. He suggested that if this trend continues into the next fiscal year there may be a need to re-assess or possibly to re-adjust the operating budget at the end of the first quarter of the new fiscal year.

Mr. Quistgard next presented the Board with the bad debt report for the third quarter of fiscal year 1977-1978. He stated that the total amount recommended for bad debt

during this quarter is \$433,073.99 represented by 1,108 accounts. Added to this total is \$1,405.73 in Powell Hall accounts bringing the total amount recommended for bad debt recoveries during this period amounted to a net of \$430,595.56 after bad debts recovery of \$3,884.15. Mr. Quistgard moved that these accounts be charged off and his motion was seconded. Mr. Quistgard noted that there was a lengthy discussion at the Finance Committee meeting regarding these bad debt accounts. He noted that Mr. Evenson was a guest at that meeting and Mr. Evenson indicated his satisfaction with the degree of attention which the Finance Committee gave this matter. The motion was voted upon and passed.

Mr. Quistgard next reported on the Finance Committee's other discussions.

He explained that Mr. Dickler presented a detailed report of the Emergency Room Staffing item on next year's budget and Mr. Quistgard reiterated this this matter involves the setting aside of \$100,00 should it be needed to upgrade the staffing level for University Hospitals' Emergency Room to meet standards set for referral specialty centers. He added that this amount will not be expended until the matter is again brought before the Finance Committee and the Board for approval.

Mr. Quistgard also mentioned that Mr. Dickler reviewed a summary of cost reduction/cost savings for fiscal year 1977-1978 and added that Board members were given copies of that summary. Mr. Quistgard noted that this summary was put together at the request of the Board and added that had these savings not been instituted University Hospitals would have been \$1 million over budget in expenses. Ms. Lebedoff inquired as to why the Northwest Project was deferred. It was noted that the monies earmarked for the project during the last year were not used and therefore, the project has been re-instated in the 1978-1979 budget. Ms. Givens asked about program terminations. Mr. Dickler explained that these were primarily bed reconfigurations which resulted in reduced staffing. He also noted that the Patient Services Management Program and an Administrative Library Program were other items in this category which were not implemented.

Mr. Quistgard then explained that at the April meeting the Board of Governors had granted tentative approval to the budget for fiscal year 1978-1979 for reasons of rate review processing. He added that Board members were then asked to review the budget between the April and May meetings and to refer any questions or comments regarding its contents to Ms. Foley. Ms. Foley indicated that she had received none. He then asked if there were any questions on the budget at this time. There being none, Mr. Quistgard moved for adoption of the operating budget for fiscal year 1978-1979 of \$93,049,177, for University of Minnesota Hospitals and Clinics, added that the budget reflects the need for a 7.06% rate increase. Ms. Gruye seconded the motion and it was passed.

Introduction - Mr. Westerman introduced Mr. Irving Sawyer, a student in Hospital Administration from the University of Indiana, who is visiting the University of Minnesota in search of a residency position following his academic course work at Indiana.

III. Facilities Committee Report - Ms. Timothy Vann, Committee Chairperson

Ms. Vann reported that staff provided the Facilities Committee with an up-date on the various facilities projects. She noted that despite a workers' strike, the Fire and Life Safety Project is currently on schedule. She stated that the Metropolitan Health Board approved the Certificate of Need for the Neuro-Radiology equipment and that that item is being forwarded on to the State Department of Health for their approval. She mentioned that the Warehouse construction contract has been awarded and added that that project is expected to be completed by November. She indicated that annual savings as a result of the new warehouse are projected to be approximately \$82,000 a year. In terms of the KEH project, Ms. Vann announced that the Regents have approved the hiring of an architect for the building planning. Ms. Vann also

reported that the Facilities Committee reviewed and discussed a five year projected plan for Certificate of Need requests. She stated that a copy of the plan will be attached to the minutes of the Facilities Committee meeting for the Board to review. She added that most of the requests deal with the replacement of equipment as it become antiquated. She noted each item in the plan will be brought before the Facilities Committee and the Board for approval as it is needed.

Ms. Vann then reminded the Board that at the April meeting they had also granted tentative approval of the Annual Equipment and Renovation Budget for fiscal year 1978-1979. She then moved that the Board of Governors grant final approval to \$2,329,900 as expenditures for equipment and renovations to be made during fiscal year 1978-1979, and that the Board approve an additional \$501,000 for Certificate of Need equipment cash flow purposes noting that the acquisition of this equipment is anticipated at this time, but that actual approval for expenditure and acquisition will be made in the future. Her motion was seconded. It was pointed out that this amount is 3% of the total operating budget which is an appropriate proportion according to standards. The motion was then voted upon and passed.

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

Mr. Hanser reported that the Joint Conference Committee reviewed the Anesthesiology Medical Audit. He explained that this audit was conducted in conjunction with patients undergoing Coronary Artery By-passes. He stated that there were approximately 200 cases during the year from which 50 were selected randomly for the audit. He also added that the audit dealt with blood transfusions. He indicated that the audit revealed deficiencies in documentation but no deaths occurred and Dr. Buckley provided written response as to his department's plans to rectify documentation problems. Mr. Hanser stated that the Joint Conference Committee approved the audit and agreed with the Medical Staff/Hospital Council that the audit should be re-conducted in 6 months. He then moved for Board approval of the Anesthesia Services Audit. Ms. Vann

seconded the motion and it was passed.

Mr. Hanser next reported that the Joint Conference Committee reviewed a set of changes to the Medical Staff Bylaws as required by the Joint Commission on the Accreditation of Hospitals. He noted that there were six such changes dealing with provisional appointments, medico-administrative personnel privileges, procedural rights, credentials materials, legal status, the addition of the Chief of Staff to the Executive Committee of the Board and monthly department reports. Mr. Hanser explained the meaning of each Medical Staff Bylaws change and moved for their approval. His motion was seconded and passed.

Mr. Hanser next reported on the discussions of the Medical Staff/Hospital Council and the Council of Clinical Chiefs. At Ms. Givens request, Dr. Winchell elaborated on a discussion the Hospital Council had had regarding the need to sensitize the medical staff to patients with chemical dependency problems. Mr. Cost and Ms. Givens expressed particular interest in the handling of physicians on the staff with such problems. Dr. Winchell noted that such cases are directed to counseling for their problem and in some instances, privileges are reduced or removed.

Announcement - Chairman Atwood made mention of the fact that Ms. Coates has been involved in the production of a documentary film on Mexicans in the State of Minnesota. Ms. Coates commented that filming is just being completed.

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

Mr. France reported that the Task Force worked on draft IV of the Statement of Mission and Goals for University of Minnesota Hospitals and Clinics. He indicated that Board comments, as well as those of the Medical Staff and the Department Head groups, have, to the extent possible, been incorporated into this draft. He added that this draft will be sent to the Board with other materials prior to the Retreat in July. Mr. France

also mentioned that the Task Force began its review of the sections in the Metropolitan Health Board Planning Document which has been changed since the draft submittal in January. He noted that this item will also be dealt with at the Retreat. He also indicated that at its June meeting, the Task Force will be taking up planning strategies and approaches to meet those strategies for Board consideration at the July Retreat.

VI. Cost Concerns Task Force - David Cost, Task Force Vice Chairman

Chairman Atwood stated that following approval of the Board for the creation of a Cost Concerns Task Force the following individuals were appointed: Dean Lawrence Weaver-Chairman, David Cost, Orville Evenson, Mary Lebedoff, Don Van Hulzen, Paul Winchell, Donna Ahlgren, Ed Ciriacy, and Paul Quie. He asked in Dean Weaver's absence, that Mr. Cost as Vice Chairman of the Task Force, report on the group's first meeting.

Mr. Cost stated that the Task Force discussed the relationship of itself to the Finance Committee agreeing that Mr. Cost, as a member of both groups, should serve in a liaison role between the two. He noted that they also discussed the National Voluntary Effort Cost Containment Program and the Task Force's need to gain more information on and a better understanding of the cost containment issue.

Mr. Cost stated that in terms of the Voluntary Effort, the Task Force was bringing to the Board for approval a resolution in support of the national cost containment program. He explained that as a response to President Carter's proposed cost caps for hospitals, the American Hospital Association, the American Medical Association, and the Federation of American Hospitals had joined forces to create a national voluntary effort cost containment program with the goal of reducing the rate of hospital inflation by 2% each year. To show support of the program, each hospital is being asked to have its Boards and Medical Staffs adopt resolutions of support so that they may receive provisional certifications as cost containment hospitals from their state hospital associations.

Mr. Cost then moved for adoption of the resolution and Mr. Evenson seconded his motion. The Board then began to discuss wording of the resolution. Mr. France moved that the last paragraph of the resolution be reworded to show that cost containment efforts are an on-going practice of University Hospitals. Ms. Lebedoff suggested another wording addition with the same intent in mind which Mr. France accepted. Mr. Holmquist seconded Mr. France's motion for amendment of the resolution. It was suggested that staff incorporate the intent of the wording changes into the resolution. This motion was then voted upon and passed. Mr. Cost reworded his original motion to ask that the Board adopt the resolution in principle with the understanding that the aforementioned amendments would be made by staff. Ms. Lebedoff seconded this motion and it was passed with Mr. Evenson abstaining. Chairman Atwood noted that he was confident that staff will make the requested changes and will transmit the required materials on to the Minnesota Hospital Association. (The resolution as amended is attached to these minutes).

VII. Medical Risk Management Program - John Diehl, Hospital Legal Counsel

Mr. Diehl began his report by commenting that the term "medical risk management" is becoming a meaningless buzz term in health care circles because of its broad application to almost all forms of hospital activity dealing with quality health care. He suggested that a more narrowly defined interpretation of the term would involve improving the activities of health care delivery for the sake of patient satisfaction. He noted that there are six components that make up University Hospitals' Medical Risk Management Program which involve:

- 1) the Hospitals' control over the in-puts of the delivery system such as the quality of staff
- 2) the gathering of information on activities conducted by the staff
- 3) the development of standards by which to measure the performance of activities

- 4) a system for follow-up or monitoring of activities
- 5) the implementation of corrective action where needed, and
- 6) the evaluation of all efforts toward good medical risk management.

Mr. Diehl explained that there are essentially five exposures which a hospital faces in terms of liability. These include:

- 1) corporate negligence
- 2) the condition of facilities
- 3) being the seller of goods
- 4) being the employers of staff, and
- 5) the acceptance of general corporate risks

He stated that University Hospitals does essentially 3 things to limit its level of exposure to liability. First, he noted, that through the credentialing and re-appointment process a careful review is made to see that University Hospitals' Medical Staff is of the highest quality. Secondly and similarly, nurses and other hospital employees are hired carefully and provided with good initial and on-going training programs pertaining to patient care. Third, there is careful information gathering through a number of sources to monitor the quality of care and treatment provided patients.

As a part of this last item, Mr. Diehl elaborated on the incident reporting system. He stated that pertinent information regarding any unusual occurrence is documented through this system. He then explained in detail the process by which incident reports are handled and the individuals involved in their follow-up. He interjected that a requirement of the system calls for follow-up on all incident reports within a 36 hour time period. He stated certain matters are taken to the Medical Risk Management Committee for resolution through policy or procedure changes or some other form of

corrective action.

In conclusion, Mr. Diehl stated that efforts are always being made to improve the Medical Risk Management Program, but he added that throughout University Hospitals it is reviewed as a good and important program with all employees diligently respecting its requirements.

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

Mr. Westerman began his report by commenting that Chairman Atwood has been invited to speak before the newly created Board for the University of Washington Hospitals. He mentioned that Ms. Foley will be accompanying Chairman Atwood to that meeting. He also mentioned that Chairman Atwood had also been asked to speak to the Public-General Hospitals Commission in New York, but because of a conflict, will be substituted for by a Regent from the University of Colorado. Mr. Westerman then explained that the Commission on Public-General Hospitals has completed its report. He added that University of Minnesota Hospitals is well represented by many individuals who contributed papers to the report. He noted that he will attempt to get copies of the summarized report for the Board.

Mr. Westerman next announced that Dr. John Kralewski, Director of the Health Services Research Center, has been appointed as a consultant to the Joint Commission on the Accreditation of Hospitals. He also stated that Mr. Ed Connors has been appointed to the National Committee for Quality Health Care (see attached article).

Mr. Westerman noted that on the following Monday, he will be attending University Hospital and (MAPTH's) first meeting with the Council of Community Hospitals since 1968. He reported that the Minnesota Association of Public Teaching Hospitals is about to initiate the consortium study. He stated that the Board to direct the study will consist of five representatives from Ramsey County Hospital, Hennepin County Hospital and University Hospitals with its representatives being three members of the Medical Staff, Chairman Atwood and himself. He noted that on June 20, 1978, the group will review

the background and objectives of the study, as well as the study process, and will formally sign the Memorandum of Agreement for the study.

Mr. Westerman next reported that the Medical School has appointed a committee to study the question of proposed locations for the V.A. Hospital should the determination be made that a new V.A. Hospital is to be built. Mr. Westerman explained that the University is interested in providing the V.A. with a site for location on campus but realize that the decision regarding a location must be that of V.A.'s. Mr. Westerman added that a letter outlining this position will be provided to the Board. (see attached).

Other announcements which Mr. Westerman made included the appointment of Dr. Bernard Merkin as the new Director of the Clinical Research Center, the appointment of Barbara Reynolds as acting Director of Public Relations, and the appointment of Andrew Roberts as Director of Pharmacy Services. He also mentioned that search committees were working on the appointments of directors for Nursing Services and Protection Services. He noted that the Medical School has been active in the area of mental health program planning and that Drs., Goltz and Thompson have been appointed as co-chairmen of a task force to undertake Unit J planning. He mentioned that as well as the Regents approval of an architect for Unit KEH, there appears to be good sentiment among the Regents for Unit J funding.

Mr. Westerman also commented on re-organization planning which is going on in the area of Health Services Administration as a result of Mr. Baker's leaving. He noted that he is concerned that Administration is somewhat thinly staffed at this time. Mr. Cost agreed with Mr. Westerman as to the problems such a situation can create. Mr. Westerman also mentioned that Mr. Werft will be taking a fellowship in London next year.

IX. Board Concerns - Harry Atwood, Board Chairman

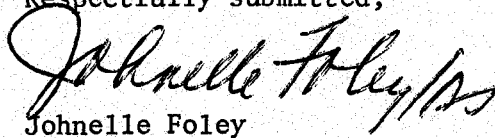
Chairman Atwood reported to the Board on the activities of the West Area Metro Hospital Trustee Council. He reminded the Board that the Council was created as a response to

the concerns of the Citizen's League, the Metropolitan Health Board and its Viable Hospital Task Force regarding the issues of local hospital costs and excess hospital beds. He mentioned that an East Metro Council has also been formed to address such concerns for the St. Paul area hospitals. He went on to state that the West Metro Council is interested in addressing the excess bed issue as well as other non-bed related issues. To do this, the Council would like to engage a consultant or hire staff. Thus, Chairman Atwood explained, the Council is asking each hospital to contribute \$5000 to underwrite the budget required to provide such assistance. He indicated that the request is actually for \$2,500 now and the other \$2,500 being contingent upon the Council's ability or inability to secure grant funding from other sources. He stated all other hospitals in the Council have pledged their support with only University Hospitals and two others remaining due to the timing of their Board meetings. Ms. Givens moved that the Board of Governors approve the allocation of \$5000 to the West Metro Trustee Council. Her motion was seconded. Mr. Diehl asked if the Council was aware of the anti-trust implications of their activities. Chairman Atwood responded that they were and noted that Mr. John French, an attorney, has been assigned responsibility for providing a legal determination on the matter. He added that the Council plans to take no action until the anti-trust issue is resolved. Following additional discussion on this subject, Chairman Atwood called for a vote on the motion for authorization for the disbursement of \$5000 to the West Metro Council. The motion was voted upon and passed.

Chairman Atwood also mentioned that plans are underway for the Board of Governor's Retreat to be held on July 18 and 19, 1978 in Duluth, at the University of Minnesota - Duluth Campus. Also, he stated that Mr. Quistgard is currently considering representing University Hospitals' Board at the American Hospital Association's First Annual Trustee Conference to be held in Chicago on June 17 and 18, 1978.

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

Respectfully submitted,

A handwritten signature in cursive script that reads "Johnelle Foley". The signature is written in black ink and is positioned above the printed name and title.

Johnelle Foley
Secretary

Minutes
University of Minnesota Hospitals and Clinics
Board of Governors
April 19, 1978

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
Mr. Dan Notto
Ms. Sally Pillsbury
Dr. Paul Quie
Mr. John Quistgard
Dr. John Tiede
Ms. Timothy Vann
Dean Lawrence Weaver
Mr. John Westerman
Dr. Paul Winchell

Absent: 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.

I. Minutes of the March 15, 1978, Meeting

Mr. France moved that the minutes of the last meeting be approved. Mr. Evenson seconded the motion and it was passed.

II. Finance Committee Report - John Quistgard, Chairman

Mr. Quistgard began the Finance Committee Report by commenting that the Committee had met three times for the purpose of reviewing the budget for fiscal year 1978-1979.

He stated that the tentative budget package will be presented to the Board at this meeting in order to obtain its tentative approval. He explained that the tentative approval is being sought at this time so that the budget can be submitted to, the Minnesota Rate Review System by May 1, 1978, to allow for the required 60 days before implementing a rate increase on July 1, 1978, the beginning of the new fiscal year. He asked that Mr. Nels Larsen present the March financial report before proceeding with budget review.

Mr. Larsen stated that the average length of stay in March was 8.8 days, compared to a year-to-date average of 9.0 days. In March, there were 1,925 admissions which is 1.7% above the projected number and there was an in-patient census of 17,353 days or 167 days above projections. He added that out-patient visits were slightly down but running ahead of last year's experience. He stated that given patient revenues and that the level of expenditure has remained relatively stable, the operating position of the Hospital continues to improve with the March year-to-date total of expense over revenue being \$387,141, or an operating variance of only 0.2% of total budgeted revenue. He added that days of revenue outstanding are at 81.7 with is down 1.2 days from June 30, 1977. He noted that this trend should continue and the goal of 75 days may be reached by the end of the year.

Mr. Larsen referred the Board to a series of graphs showing seasonal trends in admissions, patient days, occupancy, and length of stay. With regard to the Statement of Operations, he indicated only one significant variance occurring during March, with the purchase of anti-rejection serums in the drug category. He pointed out that the Statement of Cash Flow showed improvement with an increase in accrued expenses primarily pertaining to salaries. He stated that the last two schedules provided more detailed information. He did note that the change in capital expenses in the Statement of Changes in Fund Balances is due to the transfer of funds for Unit B/C. He then responded to questions from the Board.

Mr. Quistgard thanked Mr. Larsen for his report and expressed his appreciation to Mr. Cost for taking over the chairmanship of the Finance Committee during his absence. In initiating the discussion of the budget, Mr. Quistgard referred the Board to the organizational flow charts in their budget packets representing the approval process for budget items. He commented on the thoroughness of the process and the resulting tight budget with increases due primarily to inflation. He added that during the 30 day interim period between tentative and final approval of the budget, comments and questions pertaining to the budget should be directed to Ms. Foley. He then called upon Mr. Fearing to review with the Board the contents of the budget package.

Mr. Fearing first explained that this budget is being presented in its entirety because of the time constraints placed on the budget office by the rate review process. He first referred the Board to page 6 of the budget which points out that a 7.06% rate increase is required to fund the proposed budget due to a 13.0% increase in projected expenses. He then reviewed on page 46 a summary of the projected expenditures for fiscal year 1978-1979. On page 51, he demonstrated that the inflation increase as a percent of total expense change is 52.7% with 66% of the change occurring in salary related categories. Through discussion of pages 1 and 5, Mr. Fearing explained that a negative outcome of \$1,365,755 projected for fiscal year 1978-1979 is actually a positive cash gain of 2.3 million dollars because the Campus G/A item on page 5 is a non-cash lay-out item but must be reflected as it is for accounting purposes.

Mr. Fearing also commented that page 2-4 provide a narrative explanation of each category in the budget and pages 50-54 were added at the request of the Finance Committee to provide additional information pertaining to projected admissions, length of stay, inflationary increases, deductions from revenue, and interest expense.

Throughout Mr. Fearing's report Board members asked questions pertaining to items on the various schedules. They discussed such subjects as the lack of waste in drug inventories, the increase in interest expense to fund building projects once reserves are exhausted, and the continuation of the insurance expense until the University's captive company builds its reserve. The Board members then agreed that they were pleased that the budget demanded only a reasonable rate increase and commended staff on their efforts in bringing rate increases down in the last four years. Mr. Fearing urged Board members to contact anyone on his staff should they have any questions pertaining to the budget during the next 30 days.

Next, Mr. Dickler presented the new program portion of the budget package. He began with page 7, explaining that Effective Budget Year Expenses are those which have been included for fiscal year 1978-1979, but will not be incurred immediately on July 1, 1978. He then referred the Board to page 8 which defines the various categories used to group new programs. Here he indicated that the majority of the programs fell into Categories I and II or expenditures which are required or will have positive financial impacts. He added that expenditures in Categories III and IV would be difficult to justify in the current era of cost containment. He pointed out that each new program, their benefits and consequences, are described on page 13-31. In particular, he referred the Board to page 29 which describes the need to establish a fund to support the hiring of physicians trained in emergency care should such physicians be required for hospitals designated as referral specialty centers. Mr. Evenson inquired about the need for such an expenditure. It was explained that University Hospitals' emergency room is not currently staffed with such specially trained physicians. If the decision is made by those planning the Emergency Medical System for the community and the State to require emergency trained physicians in referral specialty centers, it is imperative that University Hospitals comply and be designated as such a center to maintain the viability of its spinal cord injury, cardiac, and neonatal programs, as well as others. It was also noted that

because this requirement has not been finalized and thus, the item is being placed in the budget only in anticipation of its need, an actual expenditure will not be made until the subject is again brought before the Board and approved.

Following questions from Board members regarding the status of other programs, Mr. Quistgard made the motion that the Board of Governors grant tentative approval to the preliminary budget for fiscal year 1978-1979. His motion was seconded.

Mr. Evenson asked if staff would provide the Board with a listing of areas in which savings are anticipated for in 1978-1979. Chairman Atwood then called for the question and Mr. Quistgard's motion was passed.

III. Joint Conference Committee Report, Al Hanser, Chairman

Mr. Hanser stated that Dr. Lucas provided the Medical Staff/Hospital Council report to the Joint Conference Committee, noting that they had reviewed the privileges of clinical psychologists and had referred the subject to the Bylaws Committee of the Medical Staff. Also, they had discussed the decrease in autopsies due to the rising costs of such procedures. Dr. Goltz reported that the Council of Clinical Chiefs had also discussed the psychologist matter as well as patient sensitivity, informing medical students of the costs of hospital care, and the determining of hospital-wide dress codes.

Mr. Hanser noted that both, the Medical Staff Council and the Clinical Chiefs had reviewed the Quality Assurance Committee report as did the Joint Conference Committee. The report consisted of a presentation of an areawide audit on Cerebrovascular Accidents or strokes. He stated that the audit was general in nature and did not involve critical cases. The audit demonstrated good nursing care, but no significant findings resulted. Mr. Hanser stated that this audit was felt to be time consuming and of little use as comparative analysis could not be made because the Foundation for Health Care Evaluation (the local PSRO) is one year behind in providing such data. Ms. Pillsbury pointed out that the broad criteria for the audit, established

by the Foundation, also made it of little value. She asked that the Board be aware that these area-wide audits, which serve little purpose to the institution, are required and are expensive to conduct. Mr. Hanser moved that the Cerebrovascular Accident Audit be approved. His motion was seconded and passed.

Mr. Hanser then referred to Dr. Winchell to present the Credentials Committee report. Dr. Winchell briefly described the backgrounds of eight physicians seeking attending and clinical appointments to University Hospitals' Medical Staff. He moved for approval of their appointments. His motion was seconded and passed.

IV. Facilities Committee Report - Timothy Vann, Chairperson

Ms. Vann commented that it was evident to all, by the work going on in the hallways of University Hospitals, that the Life Safety Project is underway and requirements of the Joint Commission such as fire doors, are being met.

Ms. Vann reported that the Facilities Committee reviewed the proposed annual equipment and renovation budget for fiscal year 1978-1979. She noted that the review process for this budget was equally as extensive as the financial operations budget. She presented to the Board a summary outline of the budget's breakdown showing that the total equipment budget is projected at \$2,333,800 and renovations are at \$497,100. She explained that contained within the equipment budget are three items requiring Certificate of Need equaling \$501,000. She stated that the total proposed budget for equipment and renovation is \$2,830,900 for 1978-1979. She pointed out that this total is approximately 3% of the total operating budget which is consistent with industry standards suggesting that capital expenditures be between 2.5% and 4.0% of the annual operating budget. Ms. Vann asked that the Board review this budget and the accompanying materials describing it so that final action may be taken at the May Board meeting.

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

Mr. France distributed to the Board Draft III of University Hospitals' Mission Statement. He explained that this draft represents changes made to accommodate the suggestions of those Board members who provided in-put regarding Draft II. He noted that significant changes included more specific reference to University Hospitals' original legislated charge and the consolidation of certain goals. He asked again that Board members review this draft and relate their comments and suggestions to Ms. Foley prior to the May Task Force meeting. He added that this draft will also be distributed to various key Medical Staff committees for their feedback. Further, he noted that the finalized mission statement is targeted for the July Retreat.

Mr. France reported that the Task Force also discussed planning assumptions pertaining to the future of University Hospitals and possible strategies to meet future trends, needs, and directions. He commented on the complexity of these discussions as they touched upon ambitious goals while recognizing the constraints of reality. He stated that as the Task Force works toward closure of its assignment, such strategies will be incorporated into the long range plan to be submitted to the Metropolitan Health Board. He noted that this plan will be discussed in detail at the July Retreat of the Board of Governors.

VI. Legislative Report - John Diehl, Hospital Legal Counsel

Mr. Diehl stated that he will provide an outline summary of those bills introduced at the last Legislative Session dealing with health related issues for distribution with the minutes of this meeting. Briefly, he noted that there were over 200 such pieces of legislation which he categorized as falling under administrative law, regulatory provisions, planning, financing, public health, and miscellaneous. He stated that approximately 21 of those bills were actually enacted for the 1977 session and 18 for the 1978 session. Again he noted that the bills will be described

in the summary which he will provide. He noted that of most interest were those bills which failed enactment, including one dealing with the privileges of chiropractors, another expanding Certificate of Need requirements to HMO's and Home Health Programs, and another consolidating the inspections of various licensing agencies.

Mr. Diehl also commented on University Hospitals' current status in liability. He reported that there are presently 19 lawsuits pending against the Hospitals, all of which pre-date the loss of sovereign immunity. He noted that 19 witnesses have testified to University Hospitals' public purpose in an effort to make a complete public record of University Hospitals' stance. He stated that the ruling on this case is expected to be made by May 3, 1978. Mr. Holmquist inquired about the size of the various lawsuits. Mr. Diehl responded that there were no cases of significant size against University Hospitals. Dr. Tiede asked if the insurance company provides legal aid in defending these suits. Mr. Diehl commented that it does not, but added that consultants have been provided to assist in the structuring of the Hospitals medical risk management program. He added that at some point, the Board may be interested in a presentation about that program and its benefits.

VII. Board Concerns - Harry Atwood, Board Chairman

Chairman Atwood first reported on the Pauma Valley Conference. He explained that the conference was a meeting attended by representatives of the Universities of Colorado, Michigan, and Minnesota, brought together for the purpose of discussing their various medical centers and the issues which face them in governance, planning, financing, and legislative relations. He listed those representing Minnesota as including Vice Presidents Brown and French, Dave Preston, Dr. Winchell, Sally Pillsbury, John Westerman and Johnelle Foley. He stated that the conference was valuable in providing similar institutions an opportunity to discuss issues and share experiences

from the same decision-making level. Mr. Westerman explained that similar meetings have been held in the past because of their benefits. He added that this particular meeting grew out of discussion of the Commission on Public General Hospitals where it was recognized that these three institutions had particular areas of interest in common. Dr. Quie asked if proceedings of the conference are to be published.

Mr. Westerman noted that this particular meeting did not lend itself to a publication because of the confidentiality of some of the matters discussed. He did offer to make available the agenda from the conference and added that there was an extensive briefing book prepared in advance of the conference which could be studied on request.

Chairman Atwood then commented on two communications sent to Board members. The first was the letter of appreciation from the Director of Volunteer Services recognizing the volunteered time of the Board members. The second was a letter from Mr. Hart seeking Board support in contesting the proposed Hennepin County ordinance restricting medical control of ambulances to hospitals other than University Hospitals.

Next, Chairman Atwood reported on the Executive Committee meeting which had been called at the request of the Board to discuss what formal approach the Board might wish to take to more directly address the issue of rising hospital costs.

Chairman Atwood explained that he discussed with the Committee various levels at which he sees this issue surfacing. He noted that in the student study by Robert Cowle in which he interviewed various Board members, 8 of the 10 questioned identified costs as the major issue facing hospital boards. Also, in documents prepared by the Strategic Planning Task Force, cost containment is put forth as a pressing concern and on the national level, a resolution has been prepared by the AMA and AHA and the Federation of American Hospitals seeking endorsement by all hospitals of voluntary methods of control costs. Chairman Atwood stated that at the conclusion of its meeting the Executive Committee approved the idea of creating a task force to further investigate the totality of the rising hospital costs issue

and the impact of the problem on University Hospitals. He commented that such a task force would give visibility to University Hospitals' public posture on the issue and asked the Board for authorization to proceed with its creation. He added that he has contacted Dean Weaver regarding his willingness to serve as chairman of the task force and noted that Dean Weaver has accepted the assignment. Mr. Holmquist then moved that Chairman Atwood proceed with the appointment of the task force. Ms. Lebedoff seconded the motion. Mr. Cost inquired as to the relationship of this task force to the Finance Committee. Chairman Atwood responded that he views the task force as dealing with more broad issues while the Finance Committee is more involved in the monitoring of daily financial operation. Ms. Givens commended Chairman Atwood on the foresight demonstrated in the appointment of such a task force. Mr. Holmquist's motion was then voted upon and passed.

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

Mr. Westerman reported that since the Hennepin County Board of Commissioners granted approval to the consortium study, Mr. Diehl has been working to tie together the legalities of the structure. He commented that a board will be created to oversee the study with five representatives from each institution with University Hospitals being represented by Chairman Atwood, himself, and three members of the Medical Staff.

Mr. Westerman related that the presentation team seeking Regent's approval for hiring an architect for Unit KEH has made appearance before various Board of Regents' committees. He noted that the project should come to the point of Certificate of Need application in 1979, when the moratorium on building projects is to be lifted.

Mr. Westerman also commented on an invitational conference planned for June in Chicago for the purpose of discussing multi-hospital systems. He stated that trends indicate that the 7,000 hospitals in the U.S. may soon become 1,500 multi-hospital arrangements. He added that at present, 42% of the nation's hospital beds are part of such systems.

Mr. Westerman next reported that plans are already underway to incorporate the operating budget, capital development plans, and the new programs for fiscal year 1978-1979 into a new annual plan format which will comprise Chairman Atwood's annual report to the Board of Regents in September and will be considered as an annual "state of the hospital" report or annual strategic plan report for the Regents.

Mr. Westerman next called upon Ms. Foley to comment on current activities in the area of Gerontology. Ms. Foley stated that since she last reported to the Board on the subject of Gerontology, and as a result of a Health Sciences Retreat on Gerontology, a task force has been appointed by Vice President French to study how best the Health Sciences might organize to facilitate and co-ordinate teaching, service, and research activities pertaining to the health care of the aged. She stated that the Task Force to date, has developed a mission statement which calls for collaboration with the All-University Council on Aging. Ms. Foley also noted that the AUCA is sponsoring a conference on "Frontiers in Aging" to be held on April 27 and 28 at the Radisson Hotel in St. Paul.

In concluding his report, Mr. Westerman briefly mentioned the progress taking place in various Medical School and Hospitals' search committee. These included Pediatrics, Anesthesiology, Ophthalmology, Security, Pharmacy, Nursing, and Public Relations.

Chairman Atwood commented that he regreted not having been able to acknowledge Susan Stuart-Otto's presence earlier at the meeting. Dr. Tiede commented on the pleasant humor Ms. Stuart-Otto had applied to the April issue of "The Paper" and suggested that a Board response in the same vein may be in order to Ms. Stuart-Otto before her departure.

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

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Jennelle Foley". The signature is written in dark ink and is positioned above the printed name and title.

Jennelle Foley
Secretary

Minutes
University of Minnesota Hospitals and Clinics
Board of Governors
March 15, 1978

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
Ms. Mary Lebedoff
Ms. Jo-Anne Lutz
Ms. Sally Pillsbury
Dr. Paul Quie
Ms. Timothy Vann
Dean Lawrence Weaver
Mr. John Westerman
Dr. Paul Winchell

Absent: Mr. Stanley Holmquist
Dr. John Najarian
Mr. Dan Notto
Mr. John Quistgard
Dr. John Tiede

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

I. Minutes of the February 15, 1978 Meeting

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

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

Mr. Westerman reported that on March 9, 1978, he and members of a management/medical staff team including Drs., Winchell, Varco, Michaels, Cliff Fearing, Tom Jones, and Don Van Hulzen appeared before the Physical Facilities and Investments Committee of the Board of Regents to request the hiring of an architect for Units KEH. He stated that with the assistance of Vice President Don Brown, the request was well received. He added that along with unit KEH which will house Pediatric beds, an intensive care

unit, post anesthesia recovery rooms, and operating rooms, the Regents were also informed of the Unit J plans to replace the antiquated in-patient beds in the Mayo complex. Mr. Westerman commended the advance work of Vice President French and Mr. Dave Preston which facilitated the acceptance by the Regents of University Hospitals' report. He added that on April 14, 1978, the request will be taken before the Committee of the Whole of the Board of Regents for approval.

Mr. Westerman stated that he had hoped that Mr. John Diehl would be present to give the Board of Governors a status report on health-related legislation. He noted however, that Mr. Diehl was attending a hearing.

Mr. Westerman then reported on the status of various search committees which have been appointed for the replacement of retiring Clinical Chiefs. He noted that search committee deliberations are on-going in the areas of Pediatrics and Anesthesiology. He stated that Dr. John Harris, Chief of Ophthalmology, has announced that he will resign effective January 1, 1979, and thus, a search committee has been appointed to find his replacement. The committee is to be chaired by Dr. Michael Paparella and Mr. Robert Dickler will serve on the committee representing Hospital Administration.

Mr. Westerman announced that effective in July, Mr. Dickler will be taking over the duties formerly handled by Mr. Baker. He commented, however, that before then, Mr. Dickler will be taking responsibility for the developments in the consortium study. Mr. Westerman reported that the Hennepin County Commissioners have recently approved Hennepin County General Hospital's participation in the study. At Mr. Westerman's request, Mr. Dickler commented on the study plans, noting that the three hospitals involved, plan to meet to reconfirm the initial intent and direction of the study and will probably be six to eight weeks away from hiring staff for the study.

In continuing his discussion regarding search committee activity, Mr. Westerman called upon Dean Weaver to comment on the status of the search for a director of the Hospitals' Pharmacy. Dean Weaver reported that the position has been offered to an excellent candidate and they are anxiously awaiting word of his acceptance. Mr. Westerman also reported that an announcement is about to be made regarding the appointment of a search committee for a new director of Nursing Services and that plans are pending regarding the handling of the vacancy which will occur in the position of director of Public Relations in April.

Mr. Westerman again called on Mr. Dickler to report on recent developments in the area of Emergency Medical Services planning. Mr. Dickler commented that planning in this area has been going on since 1969. He stated that University Hospitals' has not been successful in attaining appropriate classification in the metropolitan emergency system. He then explained that Hennepin County is preparing an ordinance to restrict the medical control of ambulances to six hospitals of which University Hospitals is not one. He stated that there will be a hearing on this ordinance on March 29, 1978, and added that members of the Board of Governors will be asked to assist in modifying the ordinance. He stated that materials regarding the ordinance and University Hospitals' position on it will be sent to the Board of Governors, the Regents, and others. Mr. Dickler explained that the ordinance is contrary to the co-operative communications network needed for emergency services and premature in that there has not been clarification of emergency room designations. Mr. Hanser stressed the gravity of this situation and its possible impact on University Hospitals ability to appropriately handle emergency situations.

Mr. Westerman continued his report by noting that Mr. Merle McGrath and the Variety Club will be hosting Mr. Eric Morley, International President of the Variety Club, at a dinner that evening. He added that there does exist a potential for additional funding from the Variety Club and noted that there are a number of attractive options

for placement of those funds.

Mr. Westerman also commented on plans in April, for a joint meeting between the University Hospitals of Michigan, Colorado, and Minnesota. He stated that all three institutions are involved in similar planning and governance issues and thus view this meeting as an opportunity to share experiences. He added that such meetings are good vehicles for constructive interchange of ideas and added that it was from a similar meeting that initiatives to form a Board of Governors took shape.

Mr. Westerman then stated that, although University Hospitals' internal management operations work hard to function efficiently, the national concern over rising hospital costs has raised questions regarding how these concerns can best be responded to by Board members. He stated that Chairman Atwood has initiated discussions on this matter. Chairman Atwood noted that he sensed a need to assist Board members in getting more involved in this important issue. He pointed out that evidence of concern existed in a number of arenas and suggested that the task force approach which is working so well in strategic planning might also prove effective in addressing rising hospital costs. He stated that as an initial step regarding this matter, an Executive Committee meeting will be called to consider various approaches to address this issue. Board members expressed approval of the plan to consider mechanisms to deal with concern for rising hospital costs.

III. Finance Committee Report - Mr. David Cost, Committee Vice Chairman

Mr. Cost reported that the Finance Committee first took final action to approve the Ernst and Ernst payroll audit. He stated that the Committee had received and reviewed the audit at its February meeting. He noted that Ernst and Ernst found University Hospitals' payroll procedures to be sound and appropriate. Only a few minor items were mentioned as needing tighter control. Mr. Cost stated that this audit had been requested by the Finance Committee and concluded that they were pleased with its results.

Mr. Cost then reported on the Committee's examination of the February year-to-date financial picture. He stated that although admissions were slightly down, the length of stay had increased resulting in patient days only 560 days below the projection. He commented that essentially University Hospitals appeared to be doing well and added that the current average length of stay of 9 days is above the stay of 8.8 days budgeted.

Next, Mr. Cost reported that the Finance Committee began their review of proposed new programs for fiscal year 1978-1979. He stated that the cost of those new programs is approximately \$550,000. He noted that staff has been asked to prioritize the new programs for further consideration by the Finance Committee at its next meeting. He added that a special meeting of the Finance Committee is scheduled for April 14, 1978, when they will further examine the new programs and begin their review of other aspects of the proposed budget for the coming year.

Mr. Cost then called upon Mr. Nels Larson to provide the Board with more detailed information regarding the February year-to-date Statement of Operations. Mr. Larson reported that the total revenue under expenses represented a loss of \$560,000, a variance of \$75,000 from budgeted net revenue. He commented that the improvement in the financial picture from January was the result of a more stable census and the restructuring of rates which became effective February 1, 1978. He noted that out-patient visits were 4% ahead of last year. The average occupancy rate was 70%. Length of stay was up to 9 days and accounts receivables have improved slightly at 85.6 revenue days outstanding. He added that last year that figure was 102 days. He then referred to various trends impacting on the income statement and concluded that University Hospitals' is expected to meet its financial objectives for the fiscal year.

IV. Joint Finance and Facilities Committee Report - David Cost and Timothy Vann,
Committee Chairpersons

Mr. Cost reported to the Board regarding the joint meeting of the Finance and Facilities Committees. He stated that Mr. Lee Larsen reviewed with the Committees the plans for Units KEH and Unit J. He noted that Mr. Fearing then reported on plans for determining financing for these projects. Mention was made that the Ernst and Ernst debt capacity study results are expected to be available later this Spring. Further, Dr. Levitt commented on his need for a new linear accelerator at the joint meeting.

Mr. Cost commented that the joint meeting provided an opportunity for good discussion concerning the long range considerations which University Hospitals must begin to address. Chairman Atwood noted that the meeting's discussions were somewhat general because the matters being addressed were long-range in nature. Mr. Westerman stated that, with regard to comments made at the meeting about preventative medicine, he has been asked by the Minnesota Department of Health to prepare a paper on the limitations of such an approach to health care. Ms. Pillsbury also commented that she hoped that consideration will be given to looking to the private sector and foundations in the financing options for capital projects. She mentioned that health care is a top priority involvement for many foundations and suggested that the University's Foundation may be interested in providing support once they have completed their work on the Hubert Humphrey Institute for Public Affairs.

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

Mr. Hanser stated that the Quality Assurance Committee report was given to the Joint Conference Committee. Dr. Theodore Thompson who presented the medical audit conducted on Birth Asphyxia. Mr. Hanser noted that this was an area-wide audit and that Dr. Thompson had participated with the Foundation on Health Care Evaluation in developing the criteria for the audit. Mr. Hanser explained that the audit reviewed 27 cases all of which were very high risk pertaining to anticipated breathing problems for infants at birth. He stated that in examining the audit, other matters were

discussed such as the number of deliveries performed at University Hospitals and the role of the Minneapolis' Children's Hospital in handling high risk births. Dr. Quie commented that in a recent discussion with Dr. Prem of Obstetrics he had been told of projected deliveries at University Hospitals in excess of 1000 for the next year. Mr. Hanser commented that this audit of birth asphyxia revealed high quality care being delivered. He then moved for approval of the audit. His motion was seconded and passed.

Mr. Hanser then reported that the Joint Conference Committee reviewed with Dr. David Hurd the Disaster Drill Critique. Mr. Hanser noted that the simulated disaster took place on November 19, 1977. He commented that the critique indicated that triage went well, that the public address was audible, and that response by physicians to surgery was much improved. He then made a motion for acceptance of the critique. The motion was seconded and passed. Mr. Hanser added that there are now plans to have a drill to test University Hospitals' ability to handle a disaster in which all victims are suffering from the same problem, such as would be caused by a gas leak.

Mr. Hanser stated that in Dr. Winchell's Absense, Dr. Richard Kronenberg reported that the Medical Staff/Hospital Council also reviewed the birth asphyxia audit and the disaster drill critique. Further they discussed the handling of Mr. Blue cases in which a non-patient has a medical emergency in the Hospitals. He stated that in such situations, it was determined that the head of the Mr. Blue team becomes the responsible physician and admits the individual if an admission is seen as necessary. Mr. Hanser then noted that there had been no business meeting of the Clinical Chiefs.

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

Mr. France reported that Mr. David Preston, Associate Vice President for Health Sciences, provided the Task Force with a presentation on the Health Sciences planning process and progress. Mr. France noted that planning at this level is viewed as umbrella to the planning which is being conducted by the various units of the

Health Sciences. He stated that Mr. Preston's remarks pointed out the need for University Hospitals to plan in parallel with the Health Sciences and in concert with Health Sciences' goals and objectives. Mr. France indicated that the Task Force is confident that appropriate parallels do exist in planning processes being utilized by the Hospitals and the Health Sciences and that directions are corresponding.

Mr. France stated that the Task Force also examined planning assumption statements which are to be used both as mechanisms to guide in outlining the long range plan to be submitted to the Metropolitan Health Board in October, and as communication tools for relating projections and concerns to the Health Sciences and its units. He informed the Board also that Mr. Jones reported to the Task Force on his meeting with Metropolitan Health Board staff regarding University Hospitals' draft long range plan submitted in January. At Mr. France's request, Mr. Jones reported that the meeting went well and that the staff appears to have an excellent understanding of the uniqueness of University Hospitals and its physical facility needs and sees those as being in line with the Health Board's health systems area planning guidelines. Mr. Jones indicated that he feels that the moratorium on facility building will most likely be lifted after the final form long range plans are submitted to the Health Board in October.

Mr. France then provided members of the Board with the Task Force's draft of University Hospitals Mission Statement and Goals. He explained that the Task Force had been charged with the re-evaluation of the mission statement in light of its appropriateness in these times. He explained that the Task Force's rewrite of the statement is essentially an attempt to make it more broadly understandable. Mr. Westerman commented that he and Mr. Jones had written the previous statement and that therefore, it contained much managerial and health care jargon. It was noted that a copy of the former statement is contained in the long range planning document.

Mr. France then asked that each Board member review the mission statement draft

and submit their comments to Ms. Foley by April 14, 1978. He stated that those comments will then be incorporated into Draft III which will be examined in April. He added that final consideration of an approval of the mission statement is targeted for the Board of Governors Retreat to be held in July.

Chairman Atwood commented that he feels the Strategic Planning Task Force is doing an excellent and thorough job. He reminded the Board that the end product of their efforts, with respect to mission and long range planning will ultimately be submitted to Board of Regents for their final approval. He noted, however, that the Task Force's report package will first be presented in total to the Board of Governors for their approval in July at the Retreat. He added that at this time in-put regarding the mission statement will be welcomed. Dr. Winchell commented that the Task Force may want to consider the Medical School's directions in continuing medical education. Mr. Evenson asked what was different about this mission statement. Mr. France responded that generally its contents is similar to the original mission statement but that along with attempting to make it more readable, the Task Force has attempted to point out University Hospitals' uniqueness in terms of its origin and legislative mandate.

VII. Facilities Committee Report - Timothy Vann, Committee Chairperson

Ms. Vann reported that the Facilities Committee heard a report from Mr. Klemz regarding the capital budgeting process and progress. She stated that Mr. Lee Larsen then reviewed with them an analysis of projected capital needs. She explained that these needs were categorized into three groups with the first being Recurring Needs which included such items as equipment and remodeling. The second category was Short Term Support Projects and it included elements of Unit B/C, the warehouse, computer needs, and others.

Ms. Vann pointed out that some of the items in this category had Board approval and some did not. She stated that the third category was entitled Major Facility Replacement and included Unit KEH and Unit J. Ms. Vann then referred to Mr. Larsen to respond to

questions regarding the proposed capital projects.

Mr. Larsen briefly reviewed with the Board the purposes and the locations of the units proposed under Major Facility Replacements and indicated the timing for those various projects. Ms. Vann then noted that in its planning and facility development University Hospitals does demonstrate sensitivity to community needs and concerns. She referred to revisions which were made to the Hospitals' warehouse project to accommodate the wishes of nearby residents. Ms. Vann then referred to Ms. Givens and the question she had raised regarding University Hospitals plans in the area of preventative medicine. The Board discussed for some time various aspects of this approach to health maintenance. Chairman Atwood concluded that further discussions will be held on this matter such as in the deliberations of the Strategic Planning Task Force.

VIII. Public Relations Department - Susan Stuart-Otto, Director

Ms. Susan Stuart-Otto introduced her two assistants Marlene Schmidt and Barbara Reynolds. She then distributed to the Board a report which she had prepared describing University Hospitals' Public Relations Department. Ms. Stuart-Otto explained that she was originally hired as the director of Volunteer Services and that job evolved into a function of both public relations and volunteer services. Eventually, she stated, the two were separated and she became the Director of Public Relations. She commented that originally the department served primarily as a resource in the preparation and production of printed materials but has since expanded into a department with a much broader mission. She explained that she reports to Mr. Tom Jones and has contact with virtually all departments in the health center complex. She stated that public relations projects fall into the three categories of public relations counseling, publications, and special events. She noted that page 2 of her handout lists and describes the various activities of her department.

Ms. Stuart-Otto then explained that the next six months will emphasize preparations for the opening of Unit B/C. She commented briefly on some of the plans for the opening and noted that the Board will be kept informed as planning progresses. She also suggested that considerable Board involvement will be sought in conjunction with the festivities planned for the opening. Ms. Stuart-Otto also commented on the upcoming visit of a Chinese delegation to University Hospitals. She then stated that it is her hope to have a thorough objective evaluation made of the Department of Public Relations in the near future. She noted that the public relations needs of University Hospitals should be assessed because the next few years may be crucial and further directions should be determined. She suggested that public relations efforts should be better planned and less reactionary.

Mr. France commended Ms. Stuart-Otto on her office's handling of Senator Humphrey's hospitalization. He also inquired about her department's relationship with the University's News Service and the lack of press coverage regarding University Hospitals in the out-state areas and concurred that such coverage is important. Mr. France noted that the Strategic Planning Task Force will be looking into this matter. Following additional questions and comments, Chairman Atwood thanked Ms. Stuart-Otto for her excellent presentation.

IX. Board Concerns - Harry Atwood, Board Chairman

Chairman Atwood referred the Board to folders which had been distributed containing the membership rosters of various committees and councils of interest to the Board of Governors. He stated that these were being provided as a result of a request made by Ms. Pillsbury. He noted that they are for Board members' information and individual uses. Chairman Atwood explained that the lists are accurate to the extent possible but added that memberships will change.

Other items which the Board discussed included the recent heart transplant operation at University Hospitals and the interviews conducted by the Health Sciences student doing a project on trustee attitudes. It was suggested that in the future, information be sent to Board members regarding such student needs and plans in advance. Mention was also made of the plans to hold the Board of Governors' Retreat in Duluth on July 18 and 19, 1978, and of Ms. Gruye's upcoming attendance at a trustee conference sponsored by Harvard University.

Chairman Atwood noted that the next meeting will be on April 19, 1978. there being no further business, he adjourned the meeting of the Board of Governors at 4:15 p.m.

Respectfully submitted,


Jhannelle Foley

Minutes
University of Minnesota Hospitals and Clinics
Board of Governors
February 15, 1978

Present: Mr. Harry Atwood, Chairman
Mr. Al Hanser, Vice Chairman
Ms. Nicha Coates
Mr. David Cost
Mr. Orville Evenson
Mr. Al France
Mr. Stanley Holmquist
Ms. Mary Lebedoff
Dr. John Najarian
Mr. Dan Notto
Ms. Sally Pillsbury
Dr. Paul Quie
Ms. Timothy Vann
Dean Lawrence Weaver
Mr. John Westerman
Dr. Paul Winchell

Absent: Ms. Jeanne Givens
Ms. Debbie Gruye
Ms. Jo-Anne Lutz
Mr. John Quistgard
Dr. John Tiede

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

I. Minutes of the January 18, 1978 Meeting

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

Chairman Atwood introduced Ms. Estelle Sell, President of the University Hospitals Volunteer Association, who was in the audience.

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

Mr. Westerman reported that the Viable Hospital Task Force had approved the report of their small group which presented a methodology for the reduction of excess bed capacity in the metropolitan hospital system. He commented on Mr. Ed Howell's involvement in the development of that methodology and the good effort he had put

forth. Mr. Westerman mentioned that Mr. Hanser would be taking Mr. Atwood's place at a meeting of the West Metro Area Trustee Group where Carole Houle, the Chairperson of the Viable Hospital Task Force, would be presenting the Task Force report.

Mr. Westerman suggested that Dr. John Kralewski, Director of the Health Services Research Center, may be involved in a study to determine how best to implement the Task Force methodology.

Mr. Westerman also reported that completion of portions of Unit B/C which the Hospitals will occupy is expected for September, 1978. He stated that a small internal committee has been appointed to co-ordinate the move of the departments which will be relocating into B/C. In conjunction with this, Mr. Westerman reported that Ms. Susan Stuart-Otto, Director of Public Relations, will be meeting with the Board of Governors in March to present a comprehensive report on the public relations programs for University Hospitals and in particular, the plans for the opening of Unit B/C.

Ms. Pillsbury inquired as to the number of hospitals that had submitted their draft long range plans to the Metropolitan Health Board, how they reacted to the request to do so, and the use to which the plans will eventually be put. Mr. Westerman stated that the number of draft plans submitted was unknown but would be investigated. He added that the general reaction appeared to be that of minimal compliance but suggested that attitude may change depending on what the Health Board decides to do with the first draft.

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

Chairman Atwood commented that he had been present at the Task Force meeting where some well prepared staff papers were presented by Ms. Foley.

Mr. France reported that with respect to the Task Force's first assignment which deals with the evaluation of University Hospitals' Mission Statement, the group is well along with a draft statement that they will be sharing with the full Board at

the March meeting. He commented that the draft will not be presented for action but only for review and advise. He added that the draft is not a large departure from the original statement, but rather a re-statement of the mission in clearer terms for the lay audience.

Mr. France also reported that the Task Force will be reviewing issue questions and planning assumptions as they work toward the development of long range plan. He mentioned that the group is attempting to correlate their planning process with the Health Sciences Planning Council. He added that these efforts are pointing toward the Board Retreat which will be held in July. At that time the Board can study the long range plan as a mechanism to deal with the uncertainties of the future. He noted that a July Retreat for finalizing the long range plan will provide sufficient time to gain Regents approval of the plan and have it to the Metropolitan Health Board by its October 1, 1978 due date.

Chairman Atwood commented that the Strategic Planning Task Force did begin to discuss retreat dates and locations. The dates of July 18th and 19th appeared to be most suitable and a Duluth location was considered.

IV. Finance Committee Report - David Cost, Committee Vice Chairman

Mr. Cost reported that the Finance Committee had examined key indicators pertaining to patient activity. He stated that the January occupancy was up to 70.1% and that the average length of stay had risen to 9.1 days as compared to 8.0 days in December. He added that this experience has led to an increase in patient days. Admissions in December were approximately 2000. Mr. Cost noted in summary that these trends in activity levels began to reach the levels normally expected after the Holidays. Mr. Cost also noted that the Finance Committee discussed the appropriateness of publicizing University Hospitals' response to cost containment pressures in the earlier discharging of patients. He noted that this public relations

approach will be considered further at the next meeting.

In noting the Statement of Operations, Mr. Cost also indicated that University Hospitals expenses were \$751,875 over revenue. He noted that this variance from budget is slight and will be lessened as the Hospitals utilize the rate restructuring plan. Additionally, Mr. Cost mentioned that the Committee examined an audit report prepared by Ernst and Ernst on University Hospitals' payroll system. He explained that this audit had been specially requested and stated that at first glance, the report appeared to be favorable and was seen as a constructive exercise. He added that the audit will be examined in more depth at the next meeting.

At Mr. Costs' request, Mr. Fearing commented in more detail on the January financial statements. Mr. Fearing reported that presently the Hospitals' census is close to the re-projected budget estimates. He stated that variances are expected to be made up by the end of the fiscal year. In terms of particulars, he noted two unusual items of expense above budget i.e., a large purchase of blood for use within the Hemophilia Program and a considerably increased volume for the Reference Laboratory. He mentioned that Accounts Receivable were stable but experienced a significant change within categories. He added that a large payment was received from Medical Assistance and he concluded that an improved situation will be seen in Accounts Receivable in the next five months. It was pointed out that by the end of the fiscal year, University Hospitals' overall financial position should be as planned.

Mr. Fearing stated that he would respond to questions regarding the rate re-structuring letter which had been sent to the Board. Mr. Evenson asked what was meant by University Hospitals' approved financial objective. Mr. Fearing explained that the Board had approved the funding of historical depreciation, price level depreciation and the interest earned on reserves for the purposes of generating a \$4 million annual cash flow. The objectives of University Hospitals' capital development program are dependent on this.

He noted that patient activity projections were overly optimistic thus, creating a need to restructure rates. He commented that this restructuring was allowable as long as it stayed within the 6.6% rate increase approved by the Minnesota Rate Review Panel. He also mentioned that such rate re-structuring would not have been necessary if originally the rate increase had been applied to ancillary charges rather than to room and board. He explained that the shortening length of stay reduced income from room and board. Thus, the rate increase will be transferred to ancillary charges. In essence, the total revenue of University Hospitals will not be affected but will be generated from different sources.

The Board continued to discuss this matter further. Mr. Evenson inquired if perhaps University Hospitals' financial objectives should be re-evaluated. Chairman Atwood suggested that the timing of such re-evaluation would best come with the budget planning for the next fiscal year. He stated that the Finance Committee will most certainly take this matter up as they begin the budget setting process for Fiscal Year 1978-1979.

V. Facilities Committee Report - Timothy Vann, Committee Chairperson

Ms. Vann reported that the Facilities Committee heard a staff report on the progress of Unit B/C and the status of the capital equipment project. She called on Mr. Larson to up-date the Board on those matters before commenting on the Committee's tour of B/C.

Mr. Larson stated that the Facilities Committee did have an opportunity to tour Unit B/C and view the 8th Floor area which has essentially been completed. He mentioned that the Committee saw the patient waiting areas, designed to accommodate approximately 65 patients, and noted how the flow of patients through the clinic will be accommodated. He also commented that future utilization of shelved space was discussed. Mr. Larson reported that the Fire and Life Safety Project is on schedule and should remain so barring any construction strikes. He also reported that the

capital budget process is underway and will be before the Facilities Committee in March for final approval in April.

Mr. Larson mentioned that the matter of the Therapeutic Radiology Unit was discussed with the Facilities Committee. He explained that two years ago federal funding was available for Therapeutic Radiology facilities and University Hospitals applied for such funding to build what would be Unit D. Eventually the University's grant was withdrawn as a result of insufficient funds being allocated. Mr. Larson stated that presently there is a bill in the State Legislature to finance the Unit D project. He commented that the bill appears to have good support and added that the Unit D project was planned for as a part of the Unit J long range plan for a new in-patient facility. He noted that Unit D was to be located underground adjacent to and south of the Masonic Hospital. He said that the Committee will be kept informed of the progress of the bill in the Legislature.

At Ms. Vann's request the Facilities Committee commented on their impressions of the B/C tour. Dr. Quie noted that the building obviously showed careful planning and considerable regard for patient comfort. Ms. Vann noted that she was very impressed with the area which is nationally known. Mr. Holmquist added that University Hospitals showed considerable forethought in securing the funding for the B/C project when it was available, as such funding appears to be non-existent today. In conclusion, Ms. Vann commented on the varied composition of the Facilities Committee which she feels will lend to excellent Committee deliberations.

VI. Joint Conference Committee - Al Hanser Committee Chairman

Mr. Hanser reported that the Joint Conference Committee reviewed two medical audits - one on the Jujunoileal Bypass Work-Up and Procedure, and the other on the Jejunoileal Bypass Out-Patient Follow-Up. He reminded the Board of the letter sent to them by Mr. Diehl regarding the confidentiality of the information contained within medical audits and asked that the Board use discretion in their questioning about the audits.

Mr. Hanser explained that a jejunoileal bypass (JIB) is a surgical procedure which short circuits the small bowel for the purpose of curbing obesity. He noted that University Hospitals does more of these procedures than any other institution. He reported that the audit results showed no incidents of mortality and only minor morbidity or complications. A common complication for this procedure would be liver disease brought on by the rapid loss of weight. Mr. Hanser asked that the two audits be approved in one motion. Dean Weaver seconded the motion. Mr. Hanser also noted that after a recent review of University Hospitals' audit process, the Foundation for Health Care Evaluation (the local PSRO) sent a letter to University Hospitals commending the audit process and quality assurance program. Mr. Holmquist asked about the popularity of the JIB procedure. Dr. Winchell noted that there is a new procedure called a gastric exclusion which reduces the size of the stomach and is seen as very effective. He added that there is a study to investigate the effectiveness of that procedure. The Board then voted upon Mr. Hanser's motion to approve the two audits and it was passed.

Mr. Hanser then reported that the Joint Conference Committee heard reports from Drs. Winchell and Goltz regarding the activities of the Medical Staff/ Hospital Council and the Council of Clinical Chiefs. He noted that the subjects which the two groups were considering included blood drawing procedures, the Infection Control Committee report, Unit D, the feasibility of a motel unit and the financing of Unit B/C. Mr. Hanser also stated that Dr. Gedgudas reported on the Council of Chiefs of Clinical Sciences discussions which included both promotion practices and liability insurance.

Mr. Hanser then asked Dr. Winchell to provide the Board of Governors with the details of the Credentials Committee report. Dr. Winchell did so and described briefly the backgrounds of the two physicians seeking appointment to the Medical Staff and the two physicians, one seeking a change in category and the other seeking additional privileges. He then moved that these requests be approved. Ms. Pillsbury seconded

the motion and it was passed.

VII. Northwest Health Project - Russ Farrell, Health Sciences Community Projects

Mr. Farrell reminded the Board of Governors that the Northwest Health Project was created as a condition of approval for the Certificate of Need for Unit B/C. He commented that the project has been 2 1/2 years in the planning with much work being devoted to studying the area. He stated that together, health providers, community participants, and University representatives have investigated the needs of the community and the needs of Health Sciences students as well.

Mr. Farrell then introduced Ms. Connie Cobb, Director of the Northwest Hennepin Human Services Council, the agency designated by the Metropolitan Health Board to work with the Health Sciences. Ms. Cobb reflected on the history of the Northwest Health Project. She told of the initial misunderstandings of the Northwest health care providers regarding the intent of the Health Sciences. She explained how a series of public hearings help to alleviate provider concerns that the University Health Sciences were coming into the Northwest area to take over the provision of health services. She stated that from the public meetings a group of individuals were identified as being interested in participating in the planning efforts for the Northwest Project. These planning efforts included conducting surveys, doing health need inventories, and attitude assessment studies. She noted that approximately 600 households were polled by a professional survey company regarding their health care concerns. She explained that once these initial studies were accomplished the program planning and implementation phase began. She told how the committee appointed to co-ordinate this plan used the nominal group technique to match community and student needs and to develop programs of benefit to both groups. She concluded that today the various programs of the Northwest project are underway and essentially ready to function under the guidance of their own governance structure. Ms. Cobb reflected that the project to this point has been of

tremendous value in opening communication between the consumers and health care providers of the Northwest Hennepin area. Ms. Pillsbury inquired as to what communities make up the Northwest area. Ms. Cobb stated that the population of the area is approximately 70,000 people living in Robbinsdale, Crystal, Golden Valley, Brooklyn Center, Brooklyn Park, New Hope, Osseo, Champlin, Dayton, Corcorran, and Hassen.

Mr. Farrell next introduced Ms. Idell Silberman and explained that Ms. Silberman was the community leader and driving force who orchestrated the community participation behind the Northwest Health Project. Ms. Silberman commented on what the Project has meant to the Northwest community in terms of teaching its citizens to listen, to communicate, and to be far-sighted enough to see that what is good now can be made even better in the future if people work together and plan for the future. She stated that those who have participated in the Northwest Project have taken more interest and ownership in their community. She concluded that the programs that have been developed to this point are good and even better ideas may be down the road. She stated that she hoped that the Project would continue to have the support and approval of the Board of Governors.

Mr. Farrell then introduced Mr. Jeff Wallace, one of nine Health Sciences students placed in the Northwest community for various forms of clinical experience. Mr. Wallace explained that he is living in the Northwest area adjacent to the Dover Hills Senior High Rise where he provides clinic hours three days a week for the residents of Dover Hills. He commented on how his particular experience has provided mutual benefits in that he feels that he has been able to act as a referral agent with regard to the medical and personal concerns of the Seniors he sees and that he has done some preventative medicine which he feels has affected their life-style habits. For himself, he stated that the experience has been educational, fun, interesting and personally rewarding. In response to questions, Mr. Wallace explained that of the 140 residents of Dover Hills approximately 80% of them are Seniors and the other 20% are handicapped. He noted that programs similar to this have been initiated in Senior High Rises in

St. Paul. He commented in response to Mr. Notto's question that the other Health Sciences students involved in the Northwest Project have found their involvements to be equally as interesting. Dean Weaver suggested that at some point other representatives from CHIP should be brought in to tell about some of the other programs in which they are involved.

Mr. Farrell explained that in the Fall Quarter of 1977, students were placed at nine sites in the Northwest area. He added that by Spring Quarter of 1978, it is hoped that thirty students will be placed in the area. He commented that to this point the co-operation has been excellent. He added however, that if the Project is to be kept alive it is essential that it incorporate and form a local governance structure. He referred the Board to the draft bylaws for the corporation and explained that its membership would include on Medical Staff and one Trustee representative from both the Golden Valley Medical Center and North Memorial Hospital, two nominees from the Vice President for Health Sciences, ten consumer representatives, and four other representatives from the school district and health provider groups. Mr. Farrell explained that interest in the project is high and will be maintained through this local governing board approach. He commented that the Project represents a different model to health, one which is responsive to new ideas and needs as they arise. In response to questions, Mr. Farrell explained that the Northwest Health Project has been financed through all the units of the Health Sciences with each providing both funds and faculty. He added that University Hospitals has contributed approximately \$15,000 in supplies and office space rental. He projected that approximately \$8-10,000 will be budgeted in the next fiscal year to maintain the board. Mr. Diehl explained that the initial governing board will be appointed for a six month period after which there will be an election of board members to succeeding terms. Mr. Evenson commended the Project and particularly the work being done in the Senior High Rises. Mr. Farrell

commented that he hoped such activities will be expanded after the initial High Rise programs are functioning smoothly. Chairman Atwood thanked Mr. Farrell and his guests for their presentations and worthy efforts in the Northwest Health Project.

VIII. Board Concerns - Harry Atwood, Board Chairman

Chairman Atwood commented that Ms. Debbie Gruye had been scheduled to attend a trustee conference at Harvard during the previous week but was unable to get beyond Minneapolis due to the snow storm in Boston. Ms. Foley mentioned that the conference will be rescheduled for late March or early April.

Chairman Atwood then noted that the next meeting of the Board will be on Wednesday, March 15, 1978, at 2:00 p.m., in Room 555 of Diehl Hall. There being no further business, he adjourned the meeting of the Board of Governors at 4:20 p.m.

Respectfully submitted,



Johnelle Foley

Minutes
University of Minnesota Hospitals & Clinics
Board of Governors
January 18, 1978

Present: Mr. Al Hanser, Vice Chairman
Mr. David Cost
Mr. Al France
Ms. Debbie Gruye
Ms. Jo-Anne Lutz
Dr. John Najarian
Mr. Dan Notto
Ms. Sally Pillsbury
Dr. Paul Quie
Mr. John Quistgard
Ms. Timothy Vann
Mr. John Westerman
Dr. Paul Winchell

Absent: Mr. Harry Atwood, Chairman
Ms. Nicha Coates
Mr. Orville Evenson
Ms. Jeanne Givens
Mr. Stanley Holmquist
Ms. Mary Lebedoff
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 Vice Chairman Hanser at 2:10 p.m., in Room 555 of Diehl Hall.

I. Minutes of the December 14, 1977 Meeting

At Vice Chairman Hanser's request, a motion was made to accept the minutes of the last meeting. The motion was seconded and passed.

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

Mr. Westerman referred the Board to their copies of the Interim Report of the Annual Plan for 1978-1979. He explained that since the first Annual Plan in 1975, Staff has provided a mid-year or six-month up-date on the status of the projects listed in the report. As this year's report follows the fiscal year, the interim report comes now rather than in July. He indicated that the annual plan method of approach may change in the coming year as the Strategic Planning Task Force considers alternative approaches to outlining planning. Mr. Westerman then briefly highlighted the information contained within the Interim Report.

Mr. Westerman informed the Board that the first of the three meetings with the Central Officers Group had taken place. He stated that Drs., Winchell, Varco, and Michael were present, as were members of the Administrative Staff. Although expected to be there, President Magrath was absent. He explained that the first of the three meetings to inform this group about University Hospitals' future needs was devoted to presenting the background or history of University Hospitals and its academic support role within the University. He mentioned that the next meeting would be devoted to matters of financing.

Mr. Westerman reported that the meeting of the Viable Hospital Task Force of the Metropolitan Health Board, to take place that afternoon, would be its last, as the group would be taking their final vote on the proposed guidelines before forwarding them to the Health Board. He commented briefly on various articles which had been written on the guidelines and gave his impressions of the outcome of the meeting.

Mr. Westerman then excused himself for the Task Force meeting.

Vice Chairman Hanser next explained that he had suggested that the full Board of Governors be made aware of the current status of the University's insurance package. Ms. Foley noted that Mr. Fearing was prepared to provide that up-date. Mr. Fearing then explained that two years ago University Hospitals only carried malpractice insurance for its residents on a claims-made basis. Then, in August of 1976, the University lost its sovereign immunity in a court ruling and it became necessary for the University to consider a liability insurance package. He noted that this package had a \$3 million base and \$22 million extended coverage and required a premium payment of \$3 million and \$1.5 million. Alexander and Alexander assessed the distribution of the payment of that premium at 40% to the Hospitals, 40% to the Medical Staff, and 20% to the University.

Mr. Fearing explained that the University has worked hard to determine the appropriate of alternatives to this excessively costly insurance package. An alternative which has

implemented is the creation of a captive insurance company. On August 1, 1977, a captive insurance company called RUMINCO (Regents of the University of Minnesota Insurance Company) was formed in Bermuda to reinsure (self-insure) the \$3 million base layer of coverage. Mr. Fearing explained that the use of this company may result in the accumulation of reserves if future claims experience is good or additional funds may be needed if claims experience is bad. Since incorporating that company, Vice President Brown has been pursuing a method to eliminate the physicians from this coverage as they are presently under double coverage and double premiums are being paid, once by the physicians primarily to the St. Paul Companies and again by the University. Mr. Fearing also added that this new arrangement provides for no immediate lessening in the premium but noted that considerable savings are likely if the physicians are eliminated from the policy.

The Board discussed various aspects of the physicians coverage and their concerns in obtaining information regarding it. It was pointed out that the issue is primarily a Medical School matter. Vice Chairman Hanser thanked Mr. Fearing for his informative report.

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

Mr. France commented that the original charge to the Task Force of Mission Statement evaluation has evolved into a more complex undertaking. He reported that the Task Force has begun its examination of the statement and he noted that considerable time was spent at the meeting discussing the purpose of the statement and how it can be used. He explained that the Task Force members were assigned the redrafting of the Mission Statement prior to the next meeting of the group on February 14.

Mr. France also noted that with regard to planning, the Task Force does have an approach and a schedule. He mentioned that the Task Force may be asking the Board to consider taking a Retreat in July to provide that type of time and setting for deliberations on the Metropolitan Health Board plan submittal due in October. This schedule would allow sufficient time for Board of Regents' review and action on the

plan. He concluded his report by stating that the Task Force, as part of the planning process, will also begin considering issues and their impact on University Hospitals at the next meeting.

IV. Finance Committee Report - John Quistgard, Committee Chairman

Mr. Quistgard reported that the decline in occupancy has continued. He stated that the average length of stay continued to decline from 8.8 days in November to 8.0 days in December. He explained that this situation is presenting a problem in that the net operating revenues of the Hospital decreased from a loss of \$18,555 at the end of November to a loss of \$541,774 at December 31, 1977. He noted that the in-patient census is below projections by 3.3% and that admissions are below by 3.9%. He added however, that the out-patient census continues to meet projections through the second quarter. Mr. Quistgard then referred to Mr. Fearing to explain the net results of these trends and how they impact the Statement of Operations.

Mr. Fearing reviewed with the Board the Statement of Operations. He explained that the net result of the decrease in patient days puts patient revenues 1.7% below budget at the end of December. He commented that this primarily consisted of inpatient routine revenues with the rest being ancillary revenue. He pointed out that Deductions From Charges were up because of an increase in charitable care being provided through the Community University Health Care Center and psychiatry and he noted that Other Operating Revenue was below budget as a result of lessened activity in the Reference laboratory. Because the union contract was settled lower than anticipated, Salaries and Fringe Benefits were below budget. Mr. Fearing commented that there was no other significant changes in the statement. He did explain that the number of days in accounts receivable has increased and that there was a decline from projections in the revenue per admission because of the low occupancy. In addition, he noted that the costs per admission have remained fairly constant.

Mr. Fearing explained that these factors couple with a 1.7% larger cost of living increase than expected will require University Hospitals to continue to keep costs at their reduced level and adjust revenues to the 6.6% level originally approved by the Board of Governors for the 1977-78 fiscal year. He added that if expenditures can be held at their present per admission level, with this adjustment, University Hospitals should be able to attain the financial objectives set forth in the original 1977-78 budget. Vice Chairman Hanser commended the low 6.6% and added that it would be excellent if University Hospitals could hold the line at that point.

Next, Mr. Quistgard moved for approval of second quarter (10-1-77 to 21-31-77) credit loss write-offs. He explained that his request included 815 accounts for \$212,194.33. He stated that bad debt recoveries during the quarter were \$9,952.99 leaving a net charge off of \$202,241.44. Mr. Quistgard mentioned that this brings the total credit losses for the period July 1, 1977 to December 31, 1977 to \$308,390.72. He stated that this represents a .83% of gross patient charges for the period and is less than the provision for bad debts for the same period of \$656,411 or 1.75% of gross charges. Mr. Quistgard's motion for approval of the writting-off of \$212,194.33 was seconded, voted upon and passed.

In conclusion, Mr. Quistgard mentioned that he will be missing the next two meetings of the Board but added that the Finance Committee will be ably chaired by its Vice Chairman, David Cost.

V. Facilities Committee Report - Ms. Timothy Vann, Committee Chairperson

Ms. Vann reported that the Facilities Committee meeting was cancelled because so many of its members were unable to attend. She added that she did have an opportunity to meet with Lee Larsen for an up-date on facility projects and she then asked Mr. Larsen if he would briefly present that information to the Board.

Mr. Larsen reported that the capital equipment and remodeling budget process is underway and should be completed by March. He said that the bids for Phase II of Unit B/C have come in and they are under budget. He noted that \$1.4 million was budgeted for Phase II (which consists of Out-patient Admissions and Medical Records on the first and second floors of Unit B/C) but that the bids came in at \$1.2 million. Mr. Larsen further reported that the Life Safety Project is on schedule and preparations are beginning to be made for the Joint Commission site visit in the Fall.

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

Mr. Hanser began his report by commenting that the Joint Conference Committee welcomed three new members - Dr. Richard Kronenberg, Dr. Russell Lucas, and Dean Weaver. He stated that the Committee reviewed two audits, the first of which was a medical audit of Complicated Acute Myocardial Infarctions. He noted that myocardial infarctions had been audited before but not the complicated cases. He mentioned that this was an areawide audit, that it reviewed 38 cases, that there were 5 significant findings and that those findings were appropriately communicated and responses have been received. He mentioned that the audit did reveal debate over the proper location for such patients as to intensive care units or coronary care units. Ms. Pillsbury moved that the audit be approved. Ms. Gruye seconded the motion and it was passed. Mr. Quistgard noted that one finding of the audit involved a physician prescribing inappropriate medication and asked if in such cases, the physician is informed of his mistake. In response, he was told that efforts are made to locate the physician and report the information to him, although in this case they have not been able to do so.

Mr. Hanser stated that the second audit which the Committee reviewed was a nursing audit of Kidney Transplants presented by Ms. Cindy Foresman and Ms. Bev Dorsey.

He reported that it was an excellent audit and very beneficial in the terms of the patient education procedures it initiated. He explained that there does currently exist some confusion as to whether the JCAH will accept a nursing audit as one of the twelve audits required per year because there was no medical staff involvement in this nursing audit. Mr. Hanser recommended that the Board approve the audit now and consider challenging the JCAH to accept it if need be. The Board generally agreed with this action and it was moved that the Kidney Transplant audit be approved. The motion was seconded and passed.

Mr. Hanser then referred to Dr. Winchell to present background information on the eight physicians applying for appointments to University Hospitals' Medical and Dental Staff. In doing so, Dr. Winchell noted that Drs., McMullen and Moore were applying for limited privileges in the Department of Surgery. He noted that neither physician has liability coverage and are only covered under the University-wide I.N.A. policy. Dr. Winchell stated that it is understood that these two physicians' appointments will automatically terminate if the I.N.A. policy is dropped for the Medical Staff in lieu of an arrangement with the St. Paul Companies. Dr. Winchell then moved that the Board of Governors approve the appointments of the eight physicians to the Medical Staff. The motion was seconded and passed.

Mr. Hanser mentioned that along with the audits and the Credentials Committee report, the Joint Conference Committee also reviewed the Safety Committee report and discussed the activities of the Medical Staff/Hospital Council and the Council of Clinical Chiefs.

VIII. Board Concerns - Albert Hanser, Vice Chairman

Vice Chairman Hanser reported that Regent Mary Schertler, who was recently appointed as the Regent's representative to the Board of Governors' Nominating Committee, had

planned on attending this meeting of the Board of Governors but was unable to do so at the last minute. He also mentioned that he had planned to present Mr. Ron Werft with a certificate of appreciation for the period of time he served on the Board of Governors as the Health Sciences student representative. He noted however that Mr. Werft had accompanied Mr. Westerman to the Viable Hospital Task Force meeting. Additionally, Vice Chairman Hanser referred the Board members to the pamphlet which Dr. Tiede had provided for each member concerning the American Cancer Society's stance on Laetrile.

There being no further business, Vice Chairman Hanser adjourned the meeting of the Board of Governors at 3:30 p.m.

Respectfully submitted,

Johnelle Foley
Johnelle Foley