

Minutes
Board of Governors
University of Minnesota Hospitals and Clinics
December 17, 1980

Present: Mr. Al Hanser, Chairman
Mr. Harry Atwood
Mr. Larry Baldwin
Ms. Jo-Anne Barr
Mr. Leonard Bienias
Ms. Dionisa Coates
Mr. David Cost
Mr. Al France
Ms. Debbie Gruye
Ms. Fannie Kakela
Mr. Virgil Moline
Dr. Paul Quie
Mr. Jack Quistgard
Ms. Margaret Sandberg
Dr. John Tiede
Ms. Timothy Vann
Dean Lawrence Weaver
Mr. John Westerman
Dr. Paul Winchell

Absent: Ms. Jeanne Givens
Ms. Mary Lebedoff
Mr. Jack Mason
Dr. John Najarian
Ms. Sally Pillsbury

The meeting of the Board of Governors was called to order by Chairman Hanser at 1:40 p.m., in Room 555 Diehl Hall.

I. Announcements & Introductions

Chairman Hanser welcomed Regent Lauris Krenik and Mr. Duane Wilson, Secretary to the Board of Regents, to the Board of Governors meetings.

II. Minutes - November 19, 1980

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

III. Introduction to the Department of Urologic Surgery—Elwin Fraley, M.D., Professor & Head

Dr. Fraley explained that Urologic Surgery is the actual name of his service and indicated that their work primarily involves surgery in cases of kidney disease, male reproductive cancer, and pediatrics. He stated that the Department has one full-time

professor, two associate professors, and one assistant professor along with three Ph.D.'s who serve as researchers at the assistant professor level with joint appointments in the Basic Sciences. He noted that the Department maintains services at both University Hospitals and the V.A. Hospital with University Hospitals averaging approximately 30 patients and the V.A. handling from 50-75. He stated that approximately 1000 patients are admitted per year to University Hospitals with close to 500 surgeries performed.

Dr. Fraley went on to explain that Urology has a very active outreach program and added that it was the first Department to initiate such activities in the community. He commented that today, relationships have been developed with 13 different rural communities. Urology also has over 3000 sq. ft. of laboratory space with 40 people employed in research primarily in the areas of cancer, reproductive biology and diseases of the bladder. Stating that Urology is one of the few services to have its own editorial staff, he indicated that from 50-100 papers per year are published. In terms of future interests, Dr. Fraley indicated that he was interested in hiring a single specialist in the area of male reproductive biology. He also suggested that he wanted to set up a stone clinic and a center for the analysis of hypertension. Another area for which he hoped to see growth was that of pediatric urology.

Dr. Fraley then responded to questions primarily centering on his specific plans in the area of hypertension. In concluding, he added that he hoped the Board was still considering the comments which he made at the Retreat concerning the sponsorship of new programs through developmental grants. He added that the institution needs to continue to grow and noted that new programs could best stimulate such growth.

IV. Planning and Development Committee - Mr. Harry Atwood, Committee Chairman

In Mr. Atwood's absence, Mr. France chaired the meeting of the Planning & Development Committee. He called upon Mr. Dickler to review for the Board activities pertaining to the Renewal Project. Mr. Dickler reported that the Public Hearing for the Certificate of Need application was held by the Metropolitan Health Board on November 19, 1980. He stated that the Health Board indicated that no one was speaking in opposition to the project but three speakers did ask to comment. The speakers included Ms. Mooney, a nurse, speaking to the issue of the Powell Hall structure; Dr. Kaplan, a Health Board member, speaking to the size of the project as it may be impacted by HMO development; and a representative from the Citizens League who raised three questions. The first dealt with the thoroughness of the review of the project by the Health Board. Secondly, how the project is being financed, and third the magnitude of the project. Speaking for the project was Mr. Carl Platou of the Fairview Corporation and Mr. Richard Range of the Rural Co-op Program. Mr. Dickler stated that the Certificate

of Need application was approved by the Metro Health Board on a vote of 14-2.

Next, Mr. Dickler reported that the Health Board recommendation went on to the Human Resources Sub-Committee of the Metropolitan Council where it was reviewed with considerable discussion resulting in a vote of 4 in favor, 4 opposed, and 4 abstentions. Thus, it was forwarded to the Council without recommendation. Because the Council does not see the actual Certificate of Need application, Hospitals' staff did prepare a letter for the Council members outlining the key elements of the Renewal Project. Further, some Board members aided in making phone calls to certain Council members to provide additional information on the project. The vote from the Metropolitan Council was 7 in favor, 4 opposed, and 4 abstaining.

Mr. Dickler reported that activities are now underway to prepare for the review of the Renewal Project by the Legislature. He stated that a bill for the Legislature is in draft form and meetings are underway to determine which Legislative committees will be addressing the bill. He indicated that the target date for beginning construction is July 1, 1981, and added that facility planning activities remain on schedule. He stressed that the feasibility of adhering to the schedules is dependent on legislative action. Powell Hall is to be vacated in mid-March with actual demolition pending until Legislative approval is secured. Mr. Dickler added that the Governor's Office continues to support the project. It was also mentioned that at this time, there appear to be no activities planned for fund-raising surrounding the demolition of Powell Hall because of the costs of salvaging items and because of the tentativeness of the approval schedule.

Mr. France further reported that Ms. Ahlgren reviewed for the Planning & Development Committee a listing of current hospital remodeling and renovation projects totaling approximately \$1.2 million. Further, the Committee discussed the University's long range planning activities.

V. Nominating Committee Report - Mr. Al Hanser, Board Chairman

Chairman Hanser announced that at their December meeting, the Board of Regents formally approved the re-appointments of the following Board members:

Mr. Harry Atwood
 Mr. Al Hanser
 Ms. Mary Lebedoff
 Mr. John Quistgard
 Ms. Margaret Sandberg
 Ms. Timothy Vann

Chairman Hanser indicated that the reappointments were to terms of three years. He also stated that the Regents approved the re-appointments of the Governor's officers for another year.

Chairman Hanser then asked the members of the Board to contact Ms. Foley should they wish to make any comments pertaining to their committee assignments. He noted that he will be reviewing current assignments and discussing them with the Committee Chairmen in preparation for any changes which might be necessary. He explained that any changes would be effective at the January Board meeting.

VI. Finance Committee Report - Mr. David Cost, Committee Chairman

Mr. Cost called upon Mr. Larson to review the year-to-date financial status of the Hospitals'. Mr. Larson reported that positive trends are being maintained. In particular, he noted the higher than anticipated utilization of ancillary services. He pointed out that patient days were above budget but admissions were below projections for November. He also mentioned that the year-to-date clinic visits are ahead of last year. In terms of financial operations, he commented on the fact that revenues are up and expenses are down because certain costs have not yet been incurred and because certain price increases have not yet occurred in medical supplies. In concluding, Mr. Larson suggested that if current trends continue to year end the Hospitals' financial objectives will be achieved. Chairman Hanser inquired about the status of the audit of the last fiscal year. Mr. Larson indicated that Touche Ross has their management letter in draft form and suggested that it will probably be ready for Board review by February.

Mr. Cost then reported that Mr. Fearing reviewed for the Finance Committee various timetables surrounding the Renewal Projects' financing plans. He stated that the feasibility study being conducted by Ernst & Whinney is expected to be completed by early February. Mr. Cost also mentioned the potential impact on the cost of the Renewal Project should there be any delays. He stated that the Finance Committee approved a resolution stating that all efforts should be made to proceed as quickly as possible with the necessary arrangements for Legislative approval of the Project. Further, the resolution noted that the Renewal Project should be handled as a separate piece of business with the Legislature to ensure flexibility in timing to secure the most advantageous position for financing the project.

Next, Mr. Cost reported that he received a copy of the comments made to the Metropolitan Health Board by the Citizen's Leagues' representative who spoke at the Public Hearing. He indicated that copies were shared with the Finance Committee members and discussed

by them. He briefly recapped the content of the Citizen's League comments and the Board further discussed the matter. Mr. Cost stated that the Finance Committee directed staff to go back to the Citizen's League's Committee responsible for the statement to aid them in more clearly understanding the need for University Hospitals'. It was also suggested that Board level discussions should be initiated between the Citizen's League Board and the Board of Governors to further ensure understanding of the Renewal Project. The Board concurred that this was important and that the proposed action was appropriate. Mr. Moline mentioned that the Mpls Central Labor Union Council, AFL-CIO, went on record at its December 10th Delegate meeting to unanimously support the construction of a new University of Minnesota Hospital. He added that the Union consists of approximately 130 locals and 55,000 members.

Chairman Hanser pointed out to the Board that in their packets were lists of the names of the new members of the House and Senate. Also, he stated that there were copies of the Renewal Project information letter which was sent to the members of the Metropolitan Council. He suggested that Board members let Ms. Foley know if they know any of the Legislators. Also, he suggested that it was hoped that the information letter would be helpful to Board members should they happen to see any of the Legislators over the Holidays and have an opportunity to discuss the Renewal Project with them.

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

Mr. Westerman reported that plans are already underway to secure a facilitator for the Board's Retreat in 1981. He indicated that he has initiated discussions with Mr. Duane Scribner of the Dayton-Hudson Corporation who he thinks would be very helpful in assisting the Board as strategic action plans are considered.

Mr. Westerman discussed various activities in which members of his staff are involved. Mr. Kevin Moore has been doing excellent work on researching potential HMO arrangements which could possibly be undertaken by University Hospitals and is now staffing a Task Force which is to prepare recommendations for Board consideration about HMO participation. Mr. Jones spoke briefly about the status of strategic action planning and the monitoring of various programs in process. Mr. Diehl commented on the drafting of the bonding bill for the Renewal Project. It was noted that when the Legislative committees are determined Board member assistance will be request to contact Legislators whom they know to discuss the Renewal Project with them. Mr. France commented on his concern that Renewal Project would become linked in some people's minds to the State's budget

deficit. The Board agreed that this must be kept separate.

Mr. Westerman went on to touch upon other subjects such as the JCAH's activities with regard to considering oral surgeons as members of the hospitals' medical staffs and the discontinuation of mandatory CPR training for all medical staff members. He also mentioned the fact that the State Capitol Credit Union, located in the Health Sciences, was forced to move off site because of space needs. He indicated that Hospitals' employees will be inconvenienced by this move and added that he hoped a mechanism could be found to bring the Credit Union back. Mr. Westerman also commented on some of the findings of his national committee studying the technology surrounding End Stage Renal Disease. In concluding, he also mentioned Mr. Howell's work on a Hospitals' purchasing study and Mr. Werft's activities with the Hospitals Planning Steering Committee.

VIII. Board Concerns - Mr. Al Hanser, Board Chairman

Chairman Hanser reported that a letter will be going to the Metropolitan Health Board from Dr. Quie, Mr. Westerman and himself thanking them for their thoughtful review of the Renewal Project. He also mentioned MAPTH activities and, in particular, commented on how so many issues dealt with by that group seem to center around the University. In terms of the Trustee Councils, both Chairman Hanser and Mr. Atwood noted that the East & West groups are focusing their energies on appropriateness review and the development of the evaluation system for community health planning. Chairman Hanser also informed the Board that discussions have been initiated with Mt. Sinai Hospital in terms of exploring the potential for any mutual benefits. It was noted that Dr. Quie has appointed Dr. David Brown to serve as the liaison representing University Hospitals and Clinics in these discussions.

There being no further business, Chairman Hanser adjourned the meeting of the Board of Governors at 3:15 p.m.

Respectfully submitted,

Johanne Loley
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Secretary

Minutes
Board of Governors
University of Minnesota Hospitals and Clinics
November 19, 1980

Present: Mr. Al Hanser, Chairman
Ms. Sally Pillsbury, Vice Chairman
Mr. Harry Atwood
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Mr. Virgil Moline
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Mr. Jack Quistgard
Ms. Margaret Sandberg
Dr. John Tiede
Dean Lawrence Weaver
Mr. John Westerman
Dr. Paul Winchell

Absent: Mr. David Cost
Ms. Jeanne Givens
Mr. Jack Mason
Dr. John Najarian
Ms. Timothy Vann

The meeting of the Board of Governors was called to order by Chairman Hanser at 2:40 p.m., in 555 Diehl Hall.

I. Announcements & Introductions

Chairman Hanser first introduced Ms. Kim O'Grady Simensen, a student in the Program in Hospital & Health Care Administration who will be assigned to University Hospitals next summer for her Residency. He also introduced Dr. Sharon Tolbert, who has her Doctorate in Organizational Development and will be working on special projects with Mr. Westerman. Next, he introduced Mr. Robert Allison, Associate-to-the-Director, from University of Michigan Hospitals, who was visiting to observe governance relationships at other university hospitals as Michigan considers a change in their own.

Chairman Hanser then called upon Mr. Dave Domaas to come before the Board to accept a Certificate of Appreciation for his year with the Board of Governors as the Health Sciences student representative. Chairman Hanser then asked Mr. Larry Baldwin, the new student representative and a Phase B Medical Student, to describe his background.

II. Minutes - October 15, 1980

Dean Weaver moved for approval of the minutes of the last Board meeting. His motion was seconded and passed.

III. Planning & Development Committee - Mr. Harry Atwood, Committee Chairman

Mr. Atwood reported that the Planning & Development Committee reviewed the progress of the Renewal Project both in terms of movement toward approval of the Certificate of Need application and in terms of actual facility planning. Mr. Atwood noted that to this point, the Project Review Committee of the Metropolitan Health Board had offered only minor recommendations which have little impact on the scope or quality of the Renewal Project. He gave credit for this to a fine team of presentors who have been before the Review Committee to explain various aspects of the Project. He reminded the Board that the Public Hearing on the Certificate of Need Application would be held this evening. From there the application goes to the Human Resources Committee of the Metropolitan Council, then to the Council, and then on to the Commissioner of Health. Final approval of the Certificate of Need is therefore anticipated in early January. With regard to the status of the facility planning, Mr. Atwood indicated that everything appeared to be on schedule including architectural planning and construction management activities.

Other items discussed by the Planning & Development Committee included progress being made on proposal development for a hotel-motel facility and mention was made that the committee heard a report on the Hospital Planning Steering Committee's discussion of the Strategic Action Plan. Mr. Atwood noted that that topic would be covered under the Executive Committee's report.

IV. Joint Conference Committee Report - Ms. Sally Pillsbury, Committee Chairman

Ms. Pillsbury reported that the Joint Conference Committee reviewed the Mechanically Assisted Ventillation Audit. She summarized for the Board the essence of that audit and stated that the Joint Conference Committee recommended a course of action. She indicated that issues regarding significant deficiencies found in the audit and proposed actions were to be sent to the Quality Assurance Steering Committee for further discussion and recommendation. Those recommendations should then be reviewed again by the Utilization-Medical Records Committee and at some appropriate point, by the Medical Staff/Hospital Council. Ms. Pillsbury then moved for approval of the audit and the proposed follow-up steps. Her motion was seconded and passed. and passed.

Ms. Pillsbury then called upon Dr. Quie to report on actions taken with regard to the appointments of two Clinical Chiefs. Dr. Quie explained that first, as a result of

Dr. Paula Clayton being appointed Head of the Department of Psychiatry, she had requested that Dr. Leonard Heston be appointed Clinical Chief for Psychiatry until she can come to the University of Minnesota full-time in July of 1981. Dr. Quie moved for approval of this appointment. His motion was seconded, voted upon and passed. Dr. Quie then explained that Dr. Joseph Resch, Head of the Department of Neurology, had requested that Dr. Arthur Klassen take over as the Clinical Chief for the Department of Neurology. Again, he moved for approval of this appointment. His motion was seconded, and passed. Dr. Quie also reviewed for the Board the Credentials Committee Report and in particular, the backgrounds of those individuals seeking appointment to the Medical/Dental Staff. He moved for approval of the Credentials Committee Report. His motion was seconded, and passed.

Ms. Pillsbury reported that the Joint Conference Committee also heard a presentation about the Hospice Program of the Masonic Cancer Center. She explained that this particular program utilizes a combination of on-going educational programs and Home Health Care Services. She pointed out that the philosophy of the program deals with living with cancer and working with both patients and family. Ms. Sandberg inquired about third-party reimbursement for such services. It was noted that reimbursement for Home Health Services, in particular, were considerably limited while charges for the other services were included in the patient stay.

V. Finance Committee Report - Mr. David Cost, Committee Chairman

In Mr. Cost's absence, Mr. Quistgard presented the Finance Committee Report. He stated first that in a joint session with the Planning & Development Committee the group heard a presentation from representatives of Ernst & Whinney regarding their plans for the Financial Feasibility Study for the Renewal Project. Mr. Quistgard indicated that the focus and approach for the study appears to be appropriate. He stated that the Finance Committee will follow closely the progress of the study. Completion of the feasibility study is targeted for February, in time for presentation in Legislative discussions.

Mr. Quistgard then called upon Mr. Larson to present the year-to-date financial position. Mr. Larson reported that trends identified in the first quarter of the fiscal year appear to be continuing in the fourth month. He stated that there was an increased utilization of Medical-Surgical and Pediatric beds but added that more expensive ICU beds were not being utilized to the extent anticipated because of shortages in staffing for certain units. In response to a question

pretaining to this matter, Ms. Tebbitt indicated that the staffing situation in these units should improve with increased utilization of LPN's in a technical assistant role. Mr. Larson also pointed out a favorable variance in expenditures despite increased utilization of ancillary services. He mentioned especially that X-ray film has not been as expensive as projected because the current purchase contract on that item was negotiated when silver was at a lower cost. In concluding, Mr. Larson reported that year-end projects indicated only a slight reduction from planned cash flow. He noted that this situation will be watched carefully in the next quarter and if necessary, adjustments will be proposed to meet 1980-81 financial objectives.

Mr. Quistgard presented the bad debt report for the first quarter of the fiscal year. He stated that the total amount recommended for bad debt during the first quarter of 1980-81 is \$322,010.65 represented by 879 accounts. Bad debt recoveries during this period amounted to \$28,717.54 leaving a net charge off of \$293,293.11. Mr. Quistgard moved for the approval of writing off this bad debt amount. His motion was seconded and passed.

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

Mr. Westerman reported that his staff is busy. In particular, he cited Mr. Dickler's work on the Renewal Project and Mr. Jones' efforts with the Strategic Option Plans. He also mentioned Mr. William Cleverly from Ohio State who will be contracted with as a consultant for financial planning and Ms. Sharon Tolbert, who was introduced earlier, and will be working on organizational planning.

Mr. Westerman went on to mention that the last issue of Modern Health Care contained an article about the University of Minnesota Hospitals' new warehouse and the innovative systems which are a part of the distribution center. He commented on the new In-Patient Care Management Council which he predicts will be a most effective mechanism for the Medical Staff to in-put into Hospitals' operations. Mr. Westerman noted also that he had another opportunity to appear before the Citizens League to discuss community-wide issues pertaining to health care delivery including planning for the V.A. Hospital and manpower concerns. He also told of his involvement with the national study team examining issues associated with technological advancements in end-stage renal dialysis.

Mr. Westerman called upon Mr. Atwood to comment on his participation at the National Conference on the Future of Hospital Planning sponsored by the American Hospital Association. Mr. Atwood stated that the purpose of the conference was to prepare

for the review of Health Planning Legislation which is scheduled for reconsideration in 1982. He reported general concerns on two points. First, the law is not working as it was meant to as there appears to be too much regulation and too little planning. Second, it is anticipated that health planning and regulation must move to more state control with only broad Federal guidelines. Mr. Atwood added that there was considerable interest in health care delivery activities in the Twin Cities. Also, he mentioned that there would be a summary of the conference proceedings.

Mr. Westerman then asked Mr. Allison if he would comment on his observations while at the University of Minnesota Hospitals. Mr. Allison stated that as in the case of other institutions he had visited, good management was apparent. However, he perceived that management was constrained from doing certain things they wanted to do because of the institution's position as a unit within the University structure. He indicated that this was why his institution, like others, is considering various governance options from complete autonomy to some form of decentralization. He suggested that the University of Minnesota Hospitals is at the point of contemplating change and assessing its strength to do so effectively. In particular, he cited trust in a good Chief Executive Officer and the effectiveness of the Board as being two key ingredients to facilitate action. He concluded that change must occur and added that he was impressed with that which he observed at Minnesota suggesting that the necessary ingredients do exist here.

VII. Executive Committee Report - Mr. Al Hanser, Committee Chairman

As Chairman Hanser was unable to attend the Executive Committee meeting, he called upon Vice Chairman Pillsbury to report on the meeting. Ms. Pillsbury stated that the Executive Committee had an opportunity to review a summary and schedule for the Strategic Action Plan. She cited some of the activities which were listed as making up the plan noting that many are already underway.

Ms. Pillsbury noted that the Executive Committee will continue to consider and monitor the Action Plan and report progress back to the full Board on a regular basis. She added that any elements of the plan which require Board approval, will be brought forward through appropriate channels. She concluded that the plan as presented to the Executive Committee offered some very exciting activities. Mr. France inquired as to when the full Board would see a finished project. Mr. Westerman commented that the Executive Committee will most likely want sufficient time to carefully consider the Strategic Action Plan and will probably defer full presentation until sometime in April or May when most of the Renewal Project approval and financing

matters will be resolve.

VIII. Nominating Committee Report - Mr. Al Hanser, Board Chairman

In the absence of Ms. Givens and Mr. Cost and because Chairman Hanser was unable to attend, Ms. Foley presented the report of the meeting of the Joint Nominating Committee. She first explained that as required in the Bylaws, the Committee is made up of the Chairman of the two Boards and two Regents and two Governors. She listed membership this yeas as Chairmen Moore and Hanser, Regents Latz and Sherburne, and Governors Givens and Cost. She stated that the Committee first appointed Regent Neil Sherburne as its Chairman. Secondly, Mr. Cost explained to the Committee how the Governors prepared a proposed slate for presentation to the Committee through the use of an ad hoc committee which he chaired. Next, the names of the Governors seeking reappointment as members and officers were discussed and the Committee moved their approval as recommendations to go on to the Regents for final approval.

Ms. Foley also reported that the Joint Nominating Committee discussed the appointment of Mr. Larry Baldwin as the new Health Sciences student representative on the Board of Governors and voted to recommend his approval by the Board of Regents. She further stated that the Committee spent considerable time discussing the fact that the time is approaching when certain members of the Board of Governors will have served the allowed three terms and will have to go off the Board. They stressed the fact that it is not too soon to begin considering the replacement of those individuals. In concluding, Ms. Foley reported that at its meeting the previous week, the Regents had received the names of those Governors seeking reappointment as officers and members as an information item for action in December. She added that they did take action on Mr. Baldwin's appointment, approving him as the student representative recommended by CHIP.

IX. Board Concerns - Mr. Al Hanser, Board Chairman

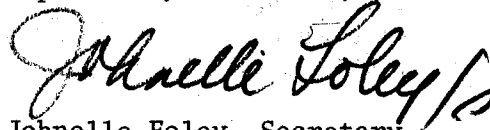
Chairman Hanser first noted that eight members of the Board of Governors had attended the First Annual Twin City Hospital Trustee Conference and had found it to be a very beneficial experience. He also stated that he had made the Annual Report to the Board of Regents on Board of Governors' and Hospitals' activities. He noted that the report was well received and added that a summary of his remarks had been distributed. Also distributed to the members was a consolidated list of Board members' responses to the questionnaire evaluating the last Board Retreat. Chairman Hanser thanked the members for their comments and indicated that they would be used in planning the next Retreat.

Chairman Hanser also reminded the Board that as in the past, a Holiday Gathering will be planned immediately following the December Board meeting. He noted that the event will take place in the Campus Club and added that the Clinical Chiefs will be invited to participate. Chairman Hanser went on to state that progress is being made in the search for an Executive Director for MAPH. Further, he mentioned that the West Metro Trustee Council just elected Mr. John Harris as the new Chairman. Mr. Harris is Chairman of the Board of Methodist Hospital. He added that the Council has decided to target its attention on planning evaluation, appropriateness review, and physician involvement in planning. Another matter which Chairman Hanser mentioned was a discussion with Commissioner Nancy Olkon in which she stated that the care she was receiving at University Hospitals was excellent.

Before concluding the meeting, Chairman Hanser stated that it was with great pleasure that he would announce that Dr. John Tiede was soon to be presented with the University of Minnesota's Outstanding Service Award. The Board expressed their congratulations.

There being no further business, Chairman Hanser called for the adjournment of the Board of Governors meeting at 3:50 p.m.

Respectfully submitted,


Johnelle Foley, Secretary

University of Minnesota Hospitals and Clinics
Board of Governors
Schedule of Terms

Third Successive Terms Expires

December 31, 1981:

John Tiede

December 31, 1982:

Jeanne Givens
Sally Pillsbury

December 31, 1983:

Harry Atwood
Al Hanser
Mary Lebedoff
John Quistgard
Timothy Vann

December 31, 1984:

Jo-Anne Barr
David Cost
Al France
Debbie Gruye

December 31, 1985:

Dionisa Coates

December 31, 1986:

Margaret Sandberg

December 31, 1987:

Virgil Moline

December 31, 1988:

Leonard Bienias
Fannie Kakela
John Mason

University of Minnesota Hospitals & Clinics
Board of Governors
Terms Expire December 31, 1980

Mr. Harry Atwood

Mr. Atwood served as Chairman of the Board of Governors from the time of its inception in January of 1975 until December of 1978. Since that time he has served as the Chairman of the Board's Planning and Development Committee. Mr. Atwood is currently retired. Previously, his position was that of President of the Northwestern National Life Insurance Company. He is a resident of Minneapolis and continues to be active in civic affairs throughout the Twin Cities. Mr. Atwood is seeking re-appointment to a third and final term as the Bylaws of the Board of Governors allows.

Mr. Al Hanser

Mr. Hanser is the current Chairman of the Board of Governors and has so served since January of 1979. Prior to that, Mr. Hanser served as Vice Chairman of the Board and, according to its Bylaws, as Chairman of the Boards' Joint Conference Committee. In 1978, he was a member of the Strategic Planning Task Force of the Board of Governors. Currently, as Chairman of the Board he also chairs its Executive Committee and co-chairs the Governor's and Regents' Nominating Committee for the Board of Governors. In terms of profession, Mr. Hanser is the Chairman and Chief Executive Officer of Resource Trust Co. He lives in Minneapolis. Mr. Hanser was first appointed for a two year term, then served a three year term, and is now seeking re-appointment for a third and final three year term. Concurrently, he is seeking re-appointment as Chairman of the Board of Governors for the third year.

Ms. Mary Lebedoff

In her six years as a member of the Board of Governors, Ms. Lebedoff has served as a member of the Facilities Committee (Planning & Development Committee) for two years, also the Nominating Committee for two years, and the Joint Conference Committee for four years. She also was a member of the Board's Cost Concerns Task Force. Ms. Lebedoff is a home-maker in Minneapolis and active in community affairs. She is seeking re-appointment to a third and final term on the Board of Governors.

Mr. John Quistgard

Mr. Quistgard is a retired pharmacist from Bemidji, Minnesota. In his six years on the Board of Governors he has served as a member, Vice Chairman and Chairman of the Board's Finance Committee. For one year, he also served as a Finance Committee representative on the Facilities Committee (Planning & Development Committee) to provide a liaison relationship between those two groups. Mr. Quistgard is seeking re-appointment to his third and final term with the Board of Governors.

Ms. Timothy Vann

In her six years with the Board of Governors, Ms. Vann has served as a member, Vice Chairman, and Chairman of the Board's Facilities Committee (Planning & Development Committee). She also chaired the Board's Nominating Committee for one year and is currently serving as a member of the Joint Conference Committee of the Board of Governors. Ms. Vann is a resident of St. Paul and the Clinical Director for the

Ms. Timothy Vann cont:

Martin Luther King Center in St. Paul. Ms. Vann is seeking re-appointment to a final three year term with the Board of Governors.

Ms. Margaret Sandberg

Ms. Sandberg is one of the three new additional members appointed to the Board of Governors in 1979. In staggering terms, she was assigned a one year appointment for her first term. During 1980, Ms. Sandberg has served as a member of the Board's Planning and Development Committee. Ms. Sandberg lives in Minneapolis and is employed by the Minnesota Department of Health. She is seeking re-appointment to a second term on the Board for a period of three years.

Ms. Sally Pillsbury *

In 1975, Ms. Pillsbury chaired the Board of Governor's Nominating Committee. Starting in 1976, she served as a member of the Joint Conference Committee of the Board and beginning in 1979, she assumed the Chairmanship of that Committee by virtue of her appointment as Vice Chairman of the full Board of Governors. Other involvements of Ms. Pillsbury include the Bylaws Committee in 1977, and the Strategic Planning Task Force in 1978. As Vice Chairman of the Board, Ms. Pillsbury now also meets with the Executive Committee. She is an active consumer representative from Minneapolis. Ms. Pillsbury is currently in her third term as a Board member having been re-appointed in 1979. She is now seeking re-appointment as Vice Chairman of the Board of Governors for the third year.

*Ms. Pillsbury's final terms expires 12/31/82. She was included on this list because of seeking re-appointment as Vice Chairman.

Resume of Larry Baldwin

PERSONAL

Richard Lawrence (Larry) Baldwin

Social Security Number:

Telephone Number: (612) 926-3589

Date of Birth: August 22, 1956

Address: 4854 Thomas Avenue South
Minneapolis, MN 55410

EDUCATION AND ACTIVITIES High School

Breck School, 4200 West River Road, Minneapolis, Minnesota, 55406. 13 years of attendance (k-12).

Scholastics

Honor Roll 8,9; High Honor Roll 10,11,12; Master's Award (highest grades in class) Biology 10, Geometry 10; Scholastic Award 11 (highest grade average in junior class); Bausch and Lomb Honorary Science Award 11 (usually given to the senior who has shown the greatest achievement and interest overall in the sciences); National Honor Society; Class Rank 4/53.

Athletics

Soccer: C-Squad 7,8,9; Junior Varsity 8,9, (Captain 9); Varsity 9,10,11,12 (Captain 12); Most Valuable Player 12; All MISSL Conference (Minnesota Independent School Soccer League) 12; Track 7,8,9; Basketball 7,8; Wrestling 8,9,10,11.

Extracurricular Activities

Library Committee 8,9,10,11; Audio-Visual Committee 9,10,11; Yearbook Photographer 9,10,11,12; Photography Club 10,11,12 (Vice President 10, President 12); Volunteer work helping mentally handicapped children with their classroom work at Emerson School. Teaching children to swim at Michael Dowling School for the Mentally Handicapped 11,12 (coordinator for this volunteer program 12).

Quest Activities

Quest is a one-month program set aside by Breck School for students in grades 9-12 who wish to work on special, approved projects outside of school work.

Grade 9: I developed a voice pattern recording device that utilizes electrolysis. This involved chemistry and physics.

Grade 10: I worked at the Cargill Research Center Laboratory in Wayzata, Minnesota on the cursory studies of processing molasses-urea cattle feed mixtures with microwave energy using a new continuous process method instead of the batch method. This project involved chemistry (most organic), physics, biology, and economics.

Grade 11: Through Dr. Craid Freeman, M.D. (chief pathologist) and Mrs. Lia Ozols (head of hospital laboratory) I observed and helped in many of the departments at Abbott Hospital, Minneapolis, Minnesota. The departments included in this study were: Surgery, Pathology, Hospital Laboratory, Immunology, Nuclear Medicine, Radiology, Emergency Department, Pharmacy, Physical Therapy, Nursing Care on the Wards, and Central Service.

Grade 12: I went with the German class to West Germany for one month.

HIGH SCHOOL SUMMER ACTIVITIES

1970: Concordia College German Language Camp in Alexandria, Minnesota.

1971: Twin City Institute for Talented Youth at Macalaster College, Saint Paul, Minnesota. Classes and camp in Itasca County studying molecular geometry.

1973: I received a National Science Foundation Grant for a six-week course in Inorganic, Organic, and Protein Biochemistry at Luther College in Decorah, Iowa. The course included classes, laboratory work and an independent research project. I studied the chemistry of alcohols, aldehydes, ketones, and esters through gas chromatography.

1970,71,72,73,74: I was involved in the varsity summer soccer program and vacationed at my grandmother's house on Deer Lake in Northern Minnesota near Grand Rapids, Minnesota.

EDUCATION AND ACTIVITIES College

The Johns Hopkins University, 34th and Charles Avenue North, Baltimore, Maryland 21218. Four years of attendance, premedicine/chemistry major for three years and graduated as premedicine/natural science major.

Year 1: Junior Varsity Soccer (Captain); Yearbook Photography Editor; Student Advising Committee; JHU Organization Against Hunger (public awareness, sponsored speakers and coordinated fund raising); Alpha Tau Omega Fraternity (4 years).

Year 2: Junior Varsity Soccer; JHU Newspaper Production Staff; Research with Dr. Emil H. White (Professor Chemistry-Chair) on the organic synthesis of benzoxazines; Dean's List - Spring.

Year 3: Men's Amateur Soccer (National Soccer Federation, Maryland State Soccer Association); Newspaper Production Staff, Red Cross Volunteer coordinating and helping at blood drives; Research with Dr. Kenneth Schuberth, M.D. (Chief Resident of Pediatrics) in the Harriet Land Pediatric Clinic and Pediatric Trauma Unit at Johns Hopkins Hospital, Baltimore, Maryland. The study used a questionnaire-interview with patient guardians and observation of the doctor-patient interaction to learn about the correlation between patient knowledge and patient satisfaction and the importance of a good doctor-patient relationship. Dean's List - Spring.

Year 4: Men's Amateur Soccer, Washington, D.C.; Intramural Squash; Outdoors Club; Red Cross Volunteer at the Greater Baltimore Medical Center Emergency Department; Tutorial in Correlative Neurosurgery with Dr. George B. Udvarhelyi, M.D. (Neurosurgery Service at Johns Hopkins Hospital) emphasizing the correlation of observations of the patient with test results, the care of the total patient, and the doctor-patient relationship; Medical Sociology Research with Dr. Geoffrey Gibson (Johns Hopkins Hospital Health Services Research and Development Center) looking at Patient Knowledge, Satisfaction, and Compliance and how they are correlated, with the JHH Emergency Department patients as a data source (characterization of the Patient Exit Interview followed by telephone interviews of the patients). This study was designed to improve the existing health care delivery system in the emergency room. Dean's List - Spring.

COLLEGE SUMMER ACTIVITIES

1975: Drove to Alaska, mountain climbing, hiking, camping, fishing, house painting job, summer soccer program.

1976: Tree trimmer at Cargill, Inc., Wayzata; worked on farm in Palmyra, Michigan; mined Pipestone in Southern Minnesota; Deer Lake Men's Amateur Soccer- PUMAS (Minnesota State Soccer Association).

1977: Physical Chemistry course at the University of Minnesota; Emergency Medical Technician Training at 916 A.V.T.I. in White Bear Lake, MN; Standard First Aid Training; Construction at the Post Office in Waconia, MN; Deek Lake, Pipestone Craftsmanship; Soccer for PUMAS; Red Cross Volunteer for the Boy's Club of Minneapolis.

COLLEGE SUMMER ACTIVITIES
CONTINUED:

1978 - 1979: Truck driver for Emrich's Baking Company (3 1/2 months). Seven week trip to Europe (Netherlands, W. Germany, Denmark, Sweden, Austria, Italy, France, Spain, Morocco, Portugal). Junior Scientist for Dr. Thomas Choi, Center for Health Services Research (4 1/2 months).

University of Minnesota (Projects):

- Evaluation of Paramedics - published and presented at the 1979 American Public Health Association Meeting - New York City. Dr. Brian Campion, M.D. Dr. Thomas Choi
- Study on Patient Self Care - Dr. Lois Maimon
- Primary Care vs. Total Care Nursing - Marsha Anderson
- Study on Hospital Mergers - Dr. Thomas Choi
- Environmental Contingencies Impacting the Future of the Metropolitan Public Teaching Hospitals - Dr. John Kralewski, Dr. Thomas Choi (for MAPTH).

Two week study with Dr. Steve Zuckerman -- Advancement of Health Services Through Cooperation, Inc.-- Ability to Decentralize Medical Specialty Services to Rural Areas. Onamia, Minnesota. Dr. Dennis Jacobson.

1979 to Present: Enter University of Minnesota - Minneapolis Medical School. Student representative to the Advisory Committee of the Rural Physicians Associate Program. Student advisor on Phase B Student as Physician Program. Play soccer.

HOBBIES:

Soccer, Scuba Diving, Sailing, Water Skiing, Cross Country Running, Rock Climbing, Squash, Canoeing, Hiking, Camping, Ski Touring, Snowshoeing, Fishing, Farm Work, Working on Tree Farm, Lumberjack Work, Surface Mining, Light Construction, Collecting Books, Working with People, and, Playing Guitar & Cornet.

Minutes
Board of Governors
University of Minnesota Hospitals and Clinics
October 15, 1980

Present: Mr. Al Hanser, Chairman
Ms. Sally Pillsbury, Vice Chairman
Mr. Harry Atwood
Ms. Jo-Anne Barr
Mr. Leonard Bienias
Ms. Dionisa Coates
Mr. David Cost
Mr. David Domaas
Ms. Jeanne Givens
Ms. Debbie Gruye
Ms. Fannie Kakela
Ms. Mary Lebedoff
Mr. Jack Mason
Mr. Virgil Moline
Mr. Jack Quistgard
Ms. Margaret Sandberg
Ms. Timothy Vann
Dean Lawrence Weaver
Mr. John Westerman
Dr. Paul Winchell

Absent: Mr. Al France
Dr. Paul Quie
Dr. John Najarian
Dr. John Tiede

I. Announcements/Introductions

Chairman Hanser first introduced Mr. Duane Wilson, Secretary of the Board of Regents. He thanked him for attending the meeting on behalf of the Regents and for their interest in Board of Governor's activities.

Chairman Hanser also acknowledged Ms. Estelle Sell who attends Board meetings on behalf of the University Hospitals Volunteers Association. Next, he introduced Ms. Marcia Anderson and Ms. Helen Pitt and explained that they are second year Nursing Administration candidates currently working full-time with Ms. Barbara Tebbitt, Director of Nursing Services to complete their Nursing Administration residency requirements.

Chairman Hanser then called upon Mr. David Domaas to make the next introduction. Mr. Domaas introduced Mr. Larry Baldwin and explained that Mr. Baldwin is the student who the Council for Health Interdisciplinary Participation (CHIP) will be recommending to the Board of Regents through Vice President French to serve the next term as the student representative

to the Board of Governors. Mr. Domaas explained that Mr. Baldwin is a Phase B Medical Student and added that he also served as a junior scientist with Dr. Kralewski's Health Services Research Center when they conducted the MAPTH study. Mr. Domaas went on to explain that he himself had hoped to serve a second term as the student representative on the Board and had therefore so applied, but the Council for Health Interdisciplinary Programs, in one of its first actions as a newly re-vitalized group, voted to require that the term of the CHIP representative on the Board rotate annually among the schools of the Health Sciences so that more students have an opportunity to experience the education benefits of Board membership. He indicated that he felt this decision was fair and that although he regretted leaving the Board he was glad that Mr. Baldwin could experience this most interesting involvement. Chairman Hanser welcomed Mr. Baldwin and suggested that a more formal welcome and farwell to Mr. Domaas occur at the November Board of Governor's meeting following the Regent's action on CHIP's recommendation.

II. Minutes - September 18, 1980

A motion was made, seconded, and voted upon that the September minutes of the Board of Governor's meeting be approved. The motion passed.

III. Ad-Hoc Nominating Committee Report - Mr. David Cost, Committee Chairman

Chairman Hanser explained that because of amendments to the Board's Bylaws which changed the composition of the Nominating Committee to include the Chairs of the Regents and the Governors and two other members from each body, it was necessary to appoint an ad-hoc Nominating Committee to present recommendations to the Board of Governors to be carried on to the Joint Nominating Committee because he, himself, is one of the individuals whose term is to be considered for re-appointment both as a member and as an officer of the Board. This process was seen as one which would maintain the integrity of the system.

Mr. Cost reported that the first matter which he, Ms. Barr, and Mr. Moline discussed was that of attendance. He stated that the ad-hoc Committee reviewed all members' attendance for the last year. In so doing, he indicated that certain Board members had missed one-third or more of the meetings. He explained that the Committee used this fraction as a standard and suggested that Mr. Cost talk to those who had reached or exceeded that

point. He reminded the Board that attendance is important and must continue to be considered so as to maintain the effectiveness of the Board's operation. He also explained that the attendance records of Board members at committee meetings were sent to the respective chairs of those committees with a note suggesting that that information be handled as the Chairman felt appropriate.

Mr. Cost then stated that the following individuals terms are to expire on December 31, 1980:

Mr. Harry Atwood
Mr. Al Hanser
Ms. Mary Lebedoff
Mr. Jack Quistgard
Ms. Margaret Sandberg
Ms. Timothy Vann

He explained that each had been contacted with regard to their interest in continuing with the Board of Governors and reported that each indicated a desire to do so. (For all but Ms. Sandberg, the next three year term is their final term according to Board Bylaws). Mr. Cost stated that they discussed the list of individuals and unanimously agreed to recommend their re-appointment to the Board of Governors. Mr. Cost then moved that the Board of Governors approve the recommendation to the Joint Nominating Committee of the re-appointment of the six Board members to another three year term. His motion was seconded, voted upon, and passed.

Mr. Cost then reported that the ad-hoc Nominating Committee considered the positions of the Chairman and Vice Chairman of the Board of Governors. He noted that Mr. Hanser and Ms. Pillsbury had been contacted regarding their interest in serving as officers for another year. He stated that both were willing to do so and added that the Committee wished to recommend that the Board approve a recommendation of re-appointment and forward it on to the Joint Nominating Committee. Mr. Cost so moved. His motion was seconded, voted upon, and passed.

Mr. Cost concluded his report by remarking that the cycle of terms is nearing a point where, according to the Bylaws, members will no longer be eligible for re-appointment. He suggested that this be kept in mind as the challenges of the future are great and the Board composition must be appropriate to face them. Mr. Moline also stressed the importance of maintaining a certain degree of continuity for the Board to function properly.

Chairman Hanser thanked the ad-hoc Committee for their work. It was noted that the Joint Nominating Committee will be meeting on November 11, 1980, at which time the actions of the Board will be forwarded for their consideration.

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

Mr. Cost first reported that the Finance Committee spent considerable time discussing the Renewal Project. He noted that the Committee is grappling with the financial implications of the Project and the many variables that are involved. He stated that they reviewed an analysis of the Hospitals' sensitivity to volume changes and how that would affect financing the Renewal Project. They also talked about rate maximums and debt coverage if the loan were to be increased. He noted that they determined the most important variables affecting the Project to be its size, patient day trends, interest rates, and the timing of events. He added that the Finance Committee felt that because of the important working being done by Ernst & Whinney in their financial studies of the Project, they wished to meet directly with representatives of the company for purposes of further clarification. Mr. Cost mentioned that it was also suggested that the Planning & Development Committee consider attending that session. Mr. Atwood commented that that could probably be worked out.

Mr. Cost then called upon Mr. Larson to summarize that which the Finance Committee had reviewed in terms of the year-to-date financial position of the Hospitals. Mr. Larson reported that at the conclusion of the first quarter of the fiscal year the budget position is very close to projections. He commented that Admissions are only 11 below the budgeted figure. The Average Length of Stay had increased by only .1 and Patient Days and the Percent Occupancy are both 1.3% above projections. He added that Clinic Visits are 2.4% above budget. In terms of the Hospitals' financial position, he reported that revenues are \$2.9 million over expenses. He attributed this to favorable variances in patient care charges and operating expenses. Mr. Larson cited a higher than anticipated ancillary service utilization, primarily within the Blood Bank, Central Supply, Pharmacy, and outpatient clinics. He noted that the favorable variance in expenses is primarily caused by the fact that certain costs for periodic purchases have not yet been incurred, expenses associated with certain equipment purchases and minor remodeling have not yet been recognized, and anticipated price increases

for some medical supplies have not been experienced, particularly in X-Ray film.

Mr. Larson also pointed out that the financial statements reflect a change in the reporting of the malpractice settlement made during the current fiscal year. He explained that the Hospitals' public accountants, Touche Ross and Company suggested that accepted accounting practices require adjustment to the financial statement if the litigation existed at the balance sheet date and the outcome becomes known prior to the date of the audit report. As a result, the 1979-80 financial statements will be adjusted to reflect this settlement. Mr. Larson went on to comment on certain monies which have been placed in temporary investment pools as part of planned strategies for the financing of the Renewal Project. In concluding, he stated that the Hospitals' position is a positive one but one which is being tracked closely. He stated that at next month's meeting, year end projections should be available and added that a status report regarding the \$3.5 million budget reduction program will be presented.

Mr. Cost commented on the importance of the Patient Day figure holding at its current rate to assure fulfillment of financial objectives. Dr. Winchell cautioned that Blue Cross' current financial difficulties will certainly give rise to their concern over excessive patient days and possibly the re-institution of utilization review. Ms. Pillsbury pointed out the improved utilization of the out-patient clinics and mentioned too, the upcoming Viking's Children Fund Dinner, the contributions from which go to the Medical School's Department of Pediatrics. A question was raised concerning gifts and endowment with the explanation that while most endowments are restricted, gifts for unrestricted use in the purchase of equipment, etc., are primarily provided to the Variety Club Heart Center.

V. Introduction to the Department of Ophthalmology - Dr. Donald Doughman, Professor & Head

Chairman Hanser reminded the Board that in the past, as a part of their continuing education program, they had from time to time, invited various Clinical Chiefs to Board meetings to review the activities in their Departments. He noted that priority business involving the Renewal Project has caused those presentations to be set aside. He noted however, that at this meeting he was please to introduce Dr. Donald Doughman, Professor and Head of the Department of Ophthalmology. He added that because certain members

of the Board had been recipients of the Department of Ophthalmology's Newsletter, an interest had been expressed in having Dr. Doughman present to the Board. Mr. Westerman then introduced Dr. Doughman, outlining a most impressive background of experiences.

Dr. Doughman commented that he was surprised and pleased with the response his Department's newsletter had received both in terms of the Board's reaction and the reaction from physicians. In describing the Department of Ophthalmology, he began by stating that they have nine full-time physicians, all of whom specialize in various parts of the eye, as well as in such areas as pediatric ophthalmology, and neuro-ophthalmology. He noted that the Department is large and thus, frequently interacts with the Hospitals and Clinics and especially with the Operating Rooms. He spoke of one of his Department's primary missions as being that of providing service to the referring community. He noted that the service is primarily tertiary in nature and thus, it provides an excellent base for the other two missions of research and teaching. In terms of research, he mentioned Dr. Herbert Cantill's work in retina research (recently described on "PM Magazine") and the research into exploratory work being done in the correction of near-sightedness. In terms of teaching, he spoke of a varied program with students constantly rotating.

Dr. Doughman indicated that his philosophy is to maintain an active clinical program as patients do serve as a real source of income for research. He referred to this as the hard money of the future and also expressed an interest in pursuing endowments. He explained that the new implemented program of inviting practicing Ophthalmologist back to the Department for a course of study has proven to be most successful. With one physician coming in for one week per month, they enjoy the return to Campus and become more confident in referring patients to the University. Dean Weaver asked Dr. Doughman if he was receiving endowments from graduates to which Dr. Doughman replied that he has been able to fund a Visiting Professorship and hopes to obtain an endowed Chair.

Dr. Doughman then accepted other questions from the Board including one from Chairman Hanser inquiring as to Ophthalmology's difficulties in accessing the Hospitals' operating rooms. Dr. Doughman explained that of the 9500 surgical procedures done per year at University Hospitals, 1200 of those were conducted by the Department of Ophthalmology. He indicated that their

surgical schedule is busy enough to actually require the exclusive use of two operating rooms - one for scheduled procedures and one for emergencies. Because such an arrangement is not currently feasible at University Hospitals, they have made arrangements with the Metropolitan Medical Center to handle the Departments' overflow cases. Dr. Doughman added that University Hospitals has been most helpful in attempt to solve his Department's difficulties in terms of the operating rooms. Mr. Westerman noted that everyone remembers the prior crowded clinic space occupied by Ophthalmology on the 3rd floor of the Mayo Building. He asked how their new clinic in Unit B/C was working. Dr. Doughman praised the new clinic space and in particular, spoke of its added comfort it brings to the patients.

Ms. Pillsbury inquired into new advances in Ophthalmology through research. In particular, Dr. Doughman described the Radial Keratotomy, a Russian advance to remove the condition of being near-sighted. He explained that no work, to this point, has been done on the long term effects of this surgical procedure and stressed the importance of the academic health center's role in investigating the credibility of this procedure. Ms. Coates inquired if much of the surgery done in Ophthalmology could not be done on an out-patient basis. Dr. Doughman responded that many of their cases could be handled in the ambulatory surgery facility.

Ms. Gruye shared with Dr. Doughman and the Board copies of an article from the Worthington, Minnesota, paper describing the successful results of eye surgery for a woman from that area. The surgery was performed by a University physician and Ms. Gruye commented on her pleasure in seeing recognition of University accomplishments in her part of the State. Chairman Hanser thanked Dr. Doughman for coming and sharing his interesting involvements with the Board.

VI. Joint Conference Committee Report - Ms. Sally Pillsbury, Committee Chairman

As Ms. Pillsbury was unable to attend the Joint Conference Committee meeting, she had asked Mr. Domaas to chair the meeting for her. Mr. Domaas first reported that as a result of certain questions from Board representatives on the Joint Conference Committee at its previous meeting, Mr. Diehl spoke to the group regarding their role and responsibilities in the acceptance of medical audits. Mr. Domaas explained that some of the Committee members did not feel that they had sufficient time to truly understand the audits and wondered if they could not be sent to their homes in advance of the meetings.

Mr. Domaas noted that Mr. Diehl informed the Committee that according to State law, the confidentiality of the audits must be protected and thus, they should not be distributed through the mail. Mr. Diehl also commented to the Committee that their role in reviewing and accepting medical audits was primarily one of assuring that problems which are identified are managed to a point of follow-up and solution. Mr. Domaas stated that Mr. Diehl suggested that the actual medical aspects of the audits must be entrusted to the Medical Staff groups which review them in terms of their accuracy, etc. Mr. Domaas also mentioned that it was decided that in the future summaries of the audits will be provided for the Board outlining the description of procedure, its purpose, pertinent issues in the audit, outcome, and follow-up processes.

Next, Mr. Domaas reported that the Joint Conference Committee reviewed the Credentials Committee report. He referred the members to their handout in which the backgrounds of the physicians were described. Mr. Domaas then moved for approval of the report. His motion was seconded. Ms. Barr asked if physicians seeking appointment to University Hospitals Medical Staff were checked in terms of involvement in any pending malpractice suits. Dr. Winchell responded that such a question is asked on the application form. It was also suggested that any knowledge of such involvement by someone else should be reported to Dr. Quie as Chief of Staff. Mr. Domaas' motion to approve the Credentials Committee report was voted upon and passed.

Mr. Domaas then reported that the Mechanically Assisted Ventillation Audit which was to be reviewed by the Joint Conference Committee, was not forwarded to the Committee because the Medical Staff/Hospital Council had suggested that it first be forwarded to the Council of Clinical Chiefs for further discussion. He then called upon Mr. Van Hulzen to report on the next item covered by the Joint Conference Committee which was the approval of the appointment of a new Chairman for the Credentials Committee. Mr. Van Hulzen explained that Dr. Charles McKahn is leaving the University for Yale University and thus, must relinquish his position as Chairman of this sub-committee to the Medical Staff/Hospital Council. Mr. Van Hulzen noted that the Council was recommending the appointment of Dr. Leonard Heston, Associate Director, Department of Psychiatry a long time member of the Credentials Committee, as its new Chair. Mr. Domaas moved for approval of this appointment. His

motion was seconded, voted upon, and passed. Mr. Domaas also mentioned that the Joint Conference Committee also covered such topics as Intensive Care Unit utilization and nurse recruitment. He stated that the meeting adjourned at 7:00 p.m.

VII. Planning and Development Committee, Mr. Harry Atwood, Committee Chairman

Mr. Atwood reported that the Planning and Development Committee met this month at the Ellerbe Offices on Central and University Ave. He indicated that this allowed the Committee the opportunity to see the model of the Renewal Project. He stated that the model is most impressive and added that it is hoped that eventually it will be made portable so that it can be transported to such places as Morrill Hall and the State Capital. Mr. Atwood then called upon Mr. Dickler to share with the Board a set of slides which show the model of exterior drawings through schematic development. In doing so, Mr. Dickler pointed out such features as the public entrances and the structuring of the building to assure that all patient rooms have windows as required.

Mr. Atwood then asked Mr. Dickler to bring the Board up-to-date on the meetings with the Project Review Committee of the Metropolitan Health Board. Mr. Dickler announced that the public hearing on University Hospitals' Certificate of Need application is scheduled for the evening of November 19, 1980. He indicated that action by the Metropolitan Council is anticipated is anticipated by December 4, 1980. He commented that to date the meetings with the Project Review Committee have been unstructured. He added, however, that in up-coming meetings they have been asked to be prepared to discuss such areas as Psychiatry, Surgery, Radiology, Dialysis, and Physical Medical & Rehabilitation. He indicated that he hoped we would be provided with a list of issue questions for response. Mr. Dickler also mentioned that he understands that Health Board staff may suggest that some portions of the Renewal Project be set aside for review at a later date (which involve renovation.) He noted that this approach will be discouraged as the Project presentation in total is seen as the most efficient and effective path. Mr. Dickler reported that at today's meeting with the Review Committee issues of patient trends and financing were discussed.

Mr. Atwood indicated that it was the P&D Committee's assessment that there is no reason to alter the Certificate of Need application at this point until the Health Board can be more specific. One question which appears to be surfacing is the appropriateness of the number of operating rooms proposed for the Project. The number currently being planned does not match the calculating formula used by the Health Board. Although their formula is designed for community hospitals and does not University Hospitals. Mr. Atwood commented on the P&D Committee's commitment to assist in the resolution of such issues in whatever way possible. Mr. Atwood also mentioned that the Board should be aware that a movement is underway by a small group to save Powell Hall from demolition. He indicated that this activity will be followed. The Board then discussed the public hearing scheduled for November 19, 1980. It was pointed out that this is the same day as the next Board meeting and special arrangements may be needed to accommodate attendance at the session.

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

Mr. Westerman commented on the importance of the Board being able to respond to the various issues which will be apart of the Renewal Project. He suggested in particular that they stand strong regarding the timing of the complete Renewal Project as any delays - even in portions of the Project could have very significant financial implications.

Mr. Westerman then went on to report on various staff activities. He mentioned that Mr. Werft presented a paper to the Consortium for the Study of University Hospitals on University hospitals and their involvements in multi-institutional arrangements. He reminded the Board that the Consortium is a study group of 8 University hospitals using three research centers to investigate University hospital issues. Mr. Westerman noted that Mr. Werft's paper was very well received and added that he also shared it with the American Hospital Association's group which is also looking at multi-institutional arrangements. Next, Mr. Westerman reported that Messrs. Van Hulzen, Jones, and Moore attended the Fall Meeting of the University Hospitals Executive Council at the University of Indiana. Subjects covered there included quality assurance, manpower, and marketing. Mr. Westerman also commented on the excellent background work which Mr. Moore has been doing in the area of HMO development. This work has led to the appointment of a Task Force which will study the policy implications for University Hospitals' involvement in HMO's.

Mr. Westerman then called upon Mr. Jones to provide a status report on the Strategic Action Plans. Mr. Jones stated that considerable work is being done in the action areas of marketing, finance, and organization to flush out complete plans. He indicated that both internal and external resources are being utilized. He stated that completion of the plans is anticipated for sometime in November with their first presentation being to the Board of Governor's Executive Committee and then to the full Board.

Other items which Mr. Westerman covered included the upcoming Consortium conference in January to discuss governance issues as they pertain to University hospitals and Mr. Atwood's involvement in that conference presenting the Minnesota study as a case study. Also, he mentioned that Dr. John Kralewski and the Health Services Research Center recently signed a contract with a United Kingdom agency to consult with them regarding credentialing and accreditation processes. Further, he mentioned that Ms. Foley attended a meeting at the New York Academy of Medicine where the future of academic physicians was discussed and their impact on the future of academic health centers. Finally, it was mentioned that Mr. Atwood will be attending an AHA sponsored meeting on the Health Planning Act which is soon to come up for review.

IX. Board Concerns - Mr. Al Hanser, Board Chairman

Chairman Hanser first remarked that he will be delivering the Board of Governor's Annual Report to the Board of Regents on Friday, October 17, 1980. He also reminded the Board that the Trustee Conference which is being sponsored by the East & West Metro Council will be held on October 27, 1980, and any Board members interesting in attending should contact Ms. Sudduth. Next, he reported that the search continues for an Executive Director for MAPTH. He mentioned that the Search Committee is now considering the concept of placing a retired executive in this position. Chairman Hanser further commented on activities of the West Metro Hospital Trustee Council and their interaction with physician groups claiming competition with hospitals.

Before the meeting was adjourned, it was pointed out that Ms. Timothy Vann was recently appointed to the Arts & Science Board of St. Paul.

There being no further business, Chairman Hanser adjourned the Board of Governor's meeting at 4:10 p.m.

Respectfully submitted,

Johnelle Foley
Johnelle Foley, Secretary

Police and Press at Odds over Data Release

The sharply differing opinions of press and police about what information properly belongs before the public was in evidence at the September 23 CL

CL Meetings

Breakfast in Minneapolis. Speaker Chief Ovid "Butch"

LaBerge of the Hopkins Police Department said before the session that he thought the two sides were in agreement on about 80 percent of the privacy-access issues which had been discussed by them in informal meetings taking place during the last few months, but no such consensus was apparent once the meeting began.

LaBerge outlined the laws which require police to make some sorts of information—such as time and circumstance of arrest—available, and added that there had been past abuses by both police and press. LaBerge said the availability of radio scanners which pick up police frequencies had made newspaper reporters able to find out more about police activities, but a recently passed law intended to protect the identity of those making complaints on property matters (zoning laws), had been interpreted by police as protection from having to release information in all property cases.

LaBerge said the police feel they are

responsible to the public through elected officials, while the press is not, and therefore do not have to give out any more information than they are absolutely required to do by law, a view challenged by some reporters and a Minnesota Press Association lawyer who were on hand for the breakfast.

The media people insisted that all police information was public information, and should be available, unless expressly excluded from public view by state law.

LaBerge did say he would favor committees not made up of police or press people to review police information and to release that which they felt was proper, but added that he doubted the press would accept such a system.

Andersen, Roe Disagree over Advisability of Initiative Measure

If the public debate about initiative referendum is shaping up in the same manner as the positions taken at a September 25 CL Breakfast in Saint Paul, the two sides are saying roughly this: give the people a greater say in their government, they will use it wisely or learn to live with the consequences; and things work well here as it is—don't tamper with success.

Former Governor Elmer Andersen, chairman of the committee promoting initiative and referendum across the state, spoke in favor of the amendment, saying it would have two beneficial effects: it would offer citizens another method of gain desired persons from government, and it would have the positive psychological result of making people feel they have a more responsive government.

State AFL-CIO President David Roe countered by saying that if, as most people agree, government works well here, there is a high voter turnout, and government officials are already accountable to the public through elections, what is the need for initiative and referendum. He pointed out that this particular proposal has only recently surfaced, so its need must not be widely felt.

Andersen was asked if he thought public understanding of important issues would really increase initiative campaigns. Opponents of the measures have said that because ballot issues are likely to be debated through advertisements, the campaigns are not likely to be conducted on a high level of public understanding. Andersen's reply to the question was that even if the public's factual knowledge about certain issues did not increase, public awareness would grow, and that along would be of benefit.

Another question from the audience concerned the manner in which measures could be initiated or repealed. Since only five percent of the voting public need sign petitions under the proposal, does that not, in effect allow five percent of the people to "elect" a committee which can then go and bargain with the senators and representatives in Saint Paul? Andersen's response was that any initiative or referendum issue would have to gain a majority at the polls at some point to become a law, so there is little danger of a tyranny of the minority.

'U' Official for Hospital Building

New hospitals for the University of Minnesota and the Veterans Administration should be built, despite the community's drive to hold down health care

CL Meetings

costs, according to John Westerman, general director of the University of Minnesota Hospitals.

Speaking at a CL Breakfast in Minneapolis on September 16, he said he sees no conflict between the new construction, with each facility to cost roughly \$230 million, and the oversupply of hospital beds in the area.

He expressed surprise that the community has not supported the VA proposal, saying it would bring people into the area and stimulate business. The new university hospital is necessary, Westerman said, to insure the medical school's presence in the top rank of medical schools nationally.

Conceding an oversupply of medical schools nationally, and hospitals and health professionals locally, he insisted the new building is needed to replace old and worn out facilities.

CL News

Published every two weeks.
Second class postage paid at Minneapolis, MN. \$20 per year.

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Ms. Margaret Sandberg
Dr. John Tiede
Dean Lawrence Weaver
Mr. John Westerman

Absent: Mr. Virgil Moline
Dr. John Najarian
Dr. Paul Quie
Ms. Timothy Vann
Dr. Paul Winchell

The meeting of the Board of Governors of University of Minnesota Hospitals and Clinics was called to order by Chairman Hanser at 1:40 p.m., in Room 555 of Diehl Hall.

I. Minutes - August 20, 1980

Chairman Hanser called for approval of the minutes of the last meeting of the Board. A motion was made and seconded to approve the August minutes as distributed. The motion was voted upon and passed.

II. Announcements/Introductions

Chairman Hanser commented on the new agenda format for Board meetings. The new format lists the items which will probably be covered in each committee meeting. He asked if the Board members found this new format to be helpful and if they wanted it continued. Board members commented that they were pleased with the

new agenda and there was agreement that they should be continued.

Chairman Hanser then introduced Ms. Chris Mayer, Assistant Hospital Attorney, who was present in Mr. John Diehl's absence.

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

Mr. Cost began the Finance Committee report by commenting that the Committee only spent a short time discussing financial aspects of the Renewal Project. He explained that in October, Mr. Fearing will be presenting an analysis of various financial considerations for the Renewal Project. He added that the Committee is interested in a continuous tracking of the Renewal Project in terms of its reasonableness and the feasibility of financing it. Mr. Cost then called upon Mr. Larson to highlight the report of operations for the fiscal year ended June 30, 1980.

Mr. Larson referred the Board members to their brown folders containing the preliminary year-end financial statements and descriptive narrative. He stated that while the statements are preliminary, no changes were anticipated from the auditors' review which is expected to be completed by the end of September. He reported that the 1979-1980 fiscal year ended successfully. He stated that the number of patients days was 1.5% above budgeted projections and added that the average length of stay exceeded the projected by 5.6%. He pointed out that while admissions did not meet budget, the average daily census was higher than projections and higher than last year. He did mention that admissions were primarily down in the medical-surgical area. In terms of out-patient activity, he noted that while budget was not met in terms of number of visits, they did exceed the previous years experience. He commented that the areas experiencing the most significant growth were Ambulatory Surgery, the General Medicine Clinic, Family Practice, Orthopedics, and Psychiatry.

In discussing fiscal operations for the 1979-1980 year, Mr. Larson reported the revenue created was 2.8% below the budgeted amount. He attributed this primarily to a decline in the utilization of ancillary services especially as experienced by the Blood Bank and Operating Rooms. He explained that the decline in the use of the Operating Rooms was related to opening the Ambulatory Surgery Center and a temporary staffing shortage. He suggested that less cardiovascular surgery and improved oncology treatment protocols impacted on blood utilization. He did note that the favorable variance in routine revenues was a direct result of the increased average length of stay.

In terms of expenditures, Mr. Larson presented a favorable variance of 1.8%. He then cited lower fringe benefit costs; lower utilization of drugs, blood, and medical supplies; lower than expected utilities fees; fewer rental costs; less maintenance and repair activity; and reduced communications expenses that all attributed to the favorable variance in expenditures. He pointed out that the most significant unfavorable variances related to capitalization of Unit B/C depreciation, the writing off of Campus Inventory Reserve as an expense, and the KEH project development costs.

In reviewing operating expenses, Mr. Larson pointed out an increase over the previous year of almost 14% and noted salaries, fringe benefits, physician compensation, medical supplies, depreciation, and general supplies as contributing factors to this increase. Mr. Larson also commented on experience during the fiscal year in accounts receivable. He stated that it is increasingly difficult to receive payment from Federal programs and pointed out that this was especially true in terms of the charges associated with Renal Transplant patients. At Chairman Hanser's request, he explained that Medicare payments come to the Hospital in weekly lump sum checks and at Ms. Coates request, he described new Hill-Burton regulations which allow institutions to meet their obligation earlier. In discussing the Reserve Fund, Mr. France inquired as to why there was not advance knowledge about the Stein Case settlement, Ms. Mayer noted that the case was settled unexpectedly out-of-court. She added that Mr. Diehl could provide the Board with more detailed information on the case.

Mr. Cost reflected on Mr. Larson's report by commenting that the Finance Committee is closely watching trends and is cognizant of the requirements for in-patient activity to breakeven. He noted that patient volume is now holding and not increasing. He added however, that the Hospitals' position is positive. The financial implications of the Renewal Project are ever-present concerns of the Committee.

A brief report was then given on the August 31, 1980, year-to-date financial position. The Hospitals' position is favorable with few significant variances. Ancillary services showed an increase in utilization particularly in the area of the Blood Bank. Expenses for the period are below budget primarily because anticipated price increase in the area of Medical Supplies will occur at a later date. Reflected in the financial statement is the extra-ordinary item of the \$964,000 out-of-court settlement of the Stein malpractice suit. Mr. Atwood commented that the 1980-81 budget is based on the approved rate

increase. Mr. Cost commented that the Finance Committee did review the letter from the Minnesota Rate Review Panel approving University Hospitals' rate increase.

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

Mr. Westerman stated that the Administrative Staff has been very busy with such matters as the Renewal Project, year-end financial accounting, and the strategic option plans. He added that the outline of the plan is being printed and suggested that a product for Board review will be available by the October meeting.

In terms of external involvements of the Staff, Mr. Westerman reported that Mr. VanHulzen, Mr. Jones and Mr. Dickler will be attending the Association of American Medical Colleges meeting in Washington, D.C. He explained that the AAMC is also putting together a special program on what academic health centers are doing in the area of HMO development. Mr. Hart and Mr. Moore will be attending that session. He reported that Mr. Farrell and Mr. McGrath are currently attending the Minnesota Hospital Association's meeting in Brainard and a rural co-op meeting to be held in conjunction with the MHA session. Mr. Westerman also mentioned that Ms. Foley will be attending a conference sponsored by the New York Academy of Medicine on The Academic Physician: An Endangered Species. Mr. VanHulzen, Mr. Jones, and Mr. Moore will represent us at the annual University Hospitals Executive Council meeting in October. He added that Mr. Atwood will be presenting a paper to a special session of that group dealing with issues of governance. Mr. Westerman also stated that he was pleased to accept an invitation to serve on a national panel which will study the public policy questions involved with the expenses and technology of end stage renal dialysis.

Mr. Westerman then called upon Mr. Mason to comment on the presentation which Mr. Westerman gave to the Citizen's League on the Renewal Project. Mr. Mason indicated that the report appeared to be enthusiastically received with no opposition to the Project identified. It was explained that the Citizens League holds breakfast meetings with guest speakers for the purpose of discussing current issues of general interest. Mr. Cost asked if plans existed to meet with local business community leaders to inform them of the Renewal Project. Chairman Hanser explained that there are no formal plans but added that the Executive Co-ordinating Council discussed encouraging the Board and others to discuss the Renewal Project with their local political candidates. Chairman Hanser also mentioned that the Renewal Project is getting good exposure through the HSA meetings and the East & West

Metro Trustee Councils. Mr. Atwood stated that the Renewal Project was on the agenda of the East Metro group as an information item. He commented that it was interesting that the assumption existed there that University Hospitals was going to the Legislature for the total funding of the Project. Dr. Tiede suggested that the Board be assisted in identifying people they should contact and information they should share. Mr. Westerman indicated that staff could prepare a fact briefing sheet on the Renewal Project. He added that other organizational details for such an information sharing effort could be worked out later. Ms. Pillsbury suggested that the easiest way to explain University Hospital's intent in financing the Renewal Project is to say that University Hospitals is simply borrowing the State's credit rating.

With the conclusion of Mr. Westerman's report, Chairman Hanser expressed on behalf of the Board their sympathy to Mr. Westerman at the loss of his father.

V. Planning and Development Committee Report - Mr. Harry Atwood, Committee Chairman

Mr. Atwood reported that the P&D Committee discussed the progress of the Renewal Project. He indicated that he had no action items to present. He stated that the Committee had a good discussion of strategies should further analysis of the project indicate that other options must be explored. He called upon Mr. Dickler to report on the meetings with the study committee of the Metropolitan Health Board.

Mr. Dickler stated that the first meeting with the Project Review Committee was devoted to backgrounding the group on the Hospitals and its relationship to the University. University President Macgrath, Vice President French, Chairman Hanser, and Mr. Westerman spoke at that meeting. At the second meeting Director of Nursing, Ms. Tebbitt reported on current facility inadequacies; Planning Director, Ms. Ahlgren, described general plans for the new facility; and Mr. Dickler reviewed the Certificate of Need application. Mr. Dickler indicated that these two meetings went very well. At the next session we have been asked to present details on financing the Project and plans with respect to Obstetric services and Neonatal Intensive Care. Mr. Dickler noted the disappointly low turnout at the last two sessions by members of the Review Committee. In response to a question, he explained that a decision on the Certificate of Need by the Metropolitan Council is expected December 4, 1980. He added that this would mean that the public hearing for the Project will probably occur sometime in mid-November. Until that time Project

Review Committee meetings will continue to be held. Mr. Dickler welcomed Board members to attend these sessions should they desire to do so. Chairman Hanser asked Mr. Dickler if he was able to identify an opposition to the Renewal Project. Mr. Dickler responded that we are not aware of opposition at this time and added that we did not anticipate any.

Next, Mr. Atwood reported that the Committee reviewed schematic designs for the Renewal Project. The Project planners are now working on design development. He explained that this phase of planning involves more detail in terms of mechanical space, electrical wiring and room design. He reported that facility planning is on schedule. Mr. Atwood also mentioned that the HSA meeting at Grand Forks went well. He further stated that a meeting was held with the Board of Mt. Sinai Hospital and commented on a meeting which Regent Casey is planning in Red Wing with the Kiwanis Club.

Mr. Atwood then called upon Mr. Werft to summarize the presentation which he made to the P&D Committee. Mr. Werft noted that a non-facility-related planning committee known as the Hospital Planning Steering Committee meets and considers some of the developmental activities occurring with University Hospitals. He stated that the group follows such involvements as the work of the Consortium for the Study of University Hospitals; investigations into Diagnostic Related Groupings; sharing potentials with Fairview Corporation and Health Central; and HMO development in terms of tertiary care needs.

VI. Joint Conference Committee Report - Ms. Sally Pillsbury, Committee Chairman

Ms. Pillsbury first reported that official action had not been taken on the Quality Assurance Plan for 1980-81 as presented in August. She indicated that the Joint Conference Committee recommended its acceptance and made a motion for its approval by the Board. Her motion was seconded, voted upon, and passed.

Ms. Pillsbury then reported that the Joint Conference Committee reviewed two medical audits pertaining to Vaginal and Abdominal Hysterectomies. She explained that one was an area-wide audit while the other was a re-audit comparing data obtained in 1978-79 and 1975-76. She noted that one identified difference in University Hospitals cases was a longer length of stay. She explained that this was ususally attributed to the severity of the cases, the complications beyond the one diagnosis, and the fact that the cases were often referred in from out-of-town. In particular, she commented on the re-audit which showed a marked

improvement in documentation in the patient's medical record. She added that Dr. Leon Adcock gave an excellent presentation regarding the procedure. Ms. Pillsbury moved that the two audits be approved by the Board. Her motion was seconded. She did comment on the fact the Board will be seeing fewer medical audits of this sort because the Joint Commission has dropped the audit requirement and instead has asked that institutions individually develop programs for evaluated quality of their care as in University Hospitals' Quality Assurance Plan for 1980-81. Ms. Pillsbury's motion to approve the audits was then voted upon and passed. She also noted that the Committee discussed various ways that they could be better prepared to review audits. She mentioned that they tabled that discussion until they could confer with Mr. Diehl regarding the legalities of information being sent out in advance.

Ms. Pillsbury next reported that Dr. Kronenberg provided the Committee with the Medical Staff/Hospital Council report. She stated that he indicated that they reviewed the two aforementioned audits and also a third which was sent back for additional information. Further, with regard to Dr. Resch's request to appoint Dr. Klassen the Clinical Chief of Service for Neurology, the Council chose to refer that matter to the Medical Staff Bylaws Committee. Also, Dr. Kronenberg reported that the Council had approved the appointments of Dr. Theodore Thompson as Chairman of the Thanatology Committee and Dr. Edward Seljoskog as Chairman of the Tissue & Procedure Review Committee. Ms. Pillsbury moved that the Board of Governors also approve those appointments. Her motion was seconded, voted upon, and passed. She added that Ms. Lebedoff had suggested that the Committee be up-dated on the work being done with regard to Thanatology and in particular, Hospices.

Ms. Pillsbury also mentioned that Ms. Foley informed the Committee that Dr. Paula Clayton will be named head of Psychiatry. Dr. Clayton is from Washington University in St. Louis. She will not be coming to Minnesota full-time until July 1, 1981. In the interim, Dr. Leonard Heston will be serving as the Associate Director. Her appointment as Head of the Medical School Department will be going to the Regents for approval in October and then to the Governors in November for approval as a Clinical Chief. Ms. Pillsbury pointed out the fact that Dr. Clayton will be the first woman to hold this office.

Ms. Pillsbury did add to her report that the Committee did discuss other matters such as the complexities of setting up a co-ordinated referral network within the Hospitals when there are so many specialties and sub-specialties. She also indicated that the Committee discussed recommending some changes to the format

of the Board meeting to increase the effectiveness of the time devoted to the meeting. Such changes might include distributing some standard report items in written form rather than taking the time for verbal presentations.

VII. Board Concerns - Mr. Al Hanser, Board Chairman

Chairman Hanser first called upon Ms. Foley to present information regarding the Fire Management System at University Hospitals. Ms. Foley described the system explaining that it was installed to increase fire safety and to meet JCAH and Life Safety Code requirements. Since implementation, the system has set off numerous nuisance alarms. She noted that the complexity and sensitivity of the system has forced on-going education of patients, visitors, and staff about the system. Further she described corrective efforts which have and are to be adopted to modify the system so that its disruptive affects are lessened. She listed those individuals and groups who have been involved in working with this problem. She concluded that every effort is being made to manage the situation.

Chairman Hanser next raised with the Board the matter of re-appointments. He noted that the terms of Mr. Atwood, Ms. Lebedoff, Mr. Quistgard, Ms. Vann, Ms. Sandberg, and his own all expire on December 31, 1980. He explained that each is eligible to serve another term and that each one has been polled and has indicated a willingness and desire to continue on the Board. Chairman Hanser reminded the members of the amendments to their Bylaws which created a new Nominating Committee format with the Chairs of both the Regents and the Governors serving on the Committee and appointing two additional members from each Board. Chairman Hanser indicated that he would like to ask Mr. Cost and Ms. Givens to serve with him on the Nominating Committee. He explained that he would also like to appoint an ad hoc committee to assist in developing the Board of Governor's recommendations. He pointed out that his term as a Board member and as an officer are both to be considered this year and thus, felt the ad hoc group could serve to maintain the integrity of the process. He asked that Mr. Cost chair that ad hoc group and that Mr. Moline and Ms. Barr also serve. He stated that he has discussed this matter with Regent Moore and she feels it is appropriate. The schedule will involve submission of the slate to the Regents in November for action in December.

Chairman Hanser next asked Ms. Foley to describe the mailing schedule which is use for Board-related agendas and minutes. She reported that Board meeting agendas are mailed 13 calendar days before the meeting. The minutes and other committee agendas are mailed 10 calendar days before those meetings. Chairman Hanser stated that if there was no opposition, this schedule would continue to be

followed when possible.


Chairman Hanser next reported that he is scheduled to present the Annual Report to the Board of Regents on October 17, 1980, at the Committee of the Whole meeting in the Regents Room at 9:00 a.m. He noted that the report will be coupled with an update on the Renewal Project. He indicated that Ms. Pillsbury, as Vice Chairman, will also be present for that meeting. He also mentioned the informal dinner which was hosted by the Board of Regents on September 4, 1980, and thanked those Governors who were able to attend.

Chairman Hanser reminded the Board that on October 27, 1980, the East & West Metro Trustee Councils are sponsoring "The First Annual Twin City Hospital Trustee Conference." He encouraged the members to attend this session and suggested that they contact Ms. Foley or Ms. Sudduth to assist with the arrangements.

Chairman Hanser also up-dated the Board on MAPTH activities and he and Mr. Atwood reported on East & West Metro Trustee Council meetings. Ms. Lebedoff inquired if there would be a change in the Board meeting schedule in November and December because of the Holidays. Ms. Foley indicated that no change was seen as necessary. The Board agreed. Ms. Gruye asked if it would be interesting to have Dr. Doughman report to the Board on his outreach activities in Opthamology. Dr. Tiede suggested that because the program is so new, they may wish to wait before inviting Dr. Doughman to a meeting.

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

Respectfully submitted,


Johnelle Foley
Secretary

Minutes
Board of Governors
University of Minnesota Hospitals and Clinics
August 20, 1980

PRESENT: Mr. Al Hanser, Chairman
Ms. Sally Pillsbury, Vice Chairman
Mr. Harry Atwood
Ms. Jo-Anne Barr
Mr. Leonard Bienias
Mr. David Cost
Mr. Dave Domaas
Mr. Al France
Ms. Jeanne Givens
Ms. Debbie Gruye
Ms. Fannie Kakela
Ms. Mary Lebedoff
Mr. Jack Mason
Mr. Virgil Moline
Dr. Paul Quie
Mr. Jack Quistgard
Ms. Margaret Sandberg
Dr. John Tiede
Ms. Timothy Vann
Mr. John Westerman
Dr. Paul Winchell

ABSENT: Ms. Dionisa Coates
Dr. John Najarian
Dean Lawrence Weaver

The meeting of the Board of Governors of University of Minnesota Hospitals and Clinics was called to order by Chairman Hanser at 1:40 P.M. in Room 555 of Diehl Hall.

I. Minutes - June 18, 1980

A motion was made, seconded, voted upon, and passed to approve the last minutes of the Board of Governor's meeting.

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

Mr. Westerman referred the Board to their copies of a document containing management's outline of an approach to action planning. He reminded the Board that as a result of the July Retreat, they had charged management with the development of a process by which planning could be undertaken in the strategic areas of competitive marketing, finance, and organization. He noted that the examination of the institution's strengths, weaknesses, opportunities and threats, as identified at the Retreat, led the Board to certain conclusions which suggested that change must occur and processes for that change could best be

organized in the three areas of marketing, finance and organization. He explained that the document before them was Draft IV and it attempted to capture the intent of the Board's charge. He indicated that many individuals had an opportunity to in-put into the document including Clinical Chiefs, the Medical Staff, and the Administrative staff. Mr. Westerman mentioned that time was short while the approval process was long and expressed his regrets at not being able to distribute the document to the Board beforehand.

In introducing the framework of the planning process, Mr. Westerman spoke of the fact that the Board of Governors has achieved more than had been hoped for. He reviewed some of the reasons for creating the Board and mentioned that for the most part, the Board of Governors has served only in an advisory function with Medical Staff affairs being the single area where complete power and authority has been delegated. He suggested that with all the work the Board of Governors has done and with the maturing which has been achieved because of those efforts, it is not surprising that the Board is now thinking about its next level of growth--the undertaking of more or full responsibility for University Hospitals & Clinics.

Mr. Westerman asked that upon completion of his review of the planning process, that Board members discuss the document and indicate whether or not management is on target with this approach. He noted that Chairman Hanser will probably be making his annual report to the Board of Regents in September. He suggested that the action plan could be mentioned at that time and then perhaps be brought to the Regents in full or in part upon its completion around December.

Mr. Westerman then proceeded through the planning process document page by page explaining why various sections were included and their importance with regard to outlining the need for change. He called upon Mr. Jones to review his section on competitive marketing. Mr. Jones noted that in terms of process, three steps would be used: 1) an explanation of current systems and how they affect marketing, 2) a description of future activities which could be developed with potential for market impact, and 3) a program for implementation of agreed upon marketing activities. Mr. Fearing commented on the finance strategy section by stating that its purpose was to outline alternatives and game plans to best position University Hospitals to meet its mission for the 1980's. He indicated that his section would tie in closely with the marketing section and added that it corresponds with a similar three step process. Mr. Diehl spoke to the organization section and the need to first examine some of the basic principles of organization. He indicated that various organizational alternatives will be

developed and assessed regarding their ability to serve as an enabling or facilitating tool for marketing and fiscal strategies.

The meeting was then opened for comments regarding the planning process. Mr. France suggested that page six be changed to indicate that, "unless a number of things are done including the Renewal Project, a number of ..." Ms. Vann complimented staff on its good work in putting together such a complete response in such a short period of time. Ms. Pillsbury suggested that the planning process be discussed further at the September meeting after everyone has had a chance to further review the document and refresh their memories with the summary of the proceedings of the Retreat. Mr. Atwood reflected on Mr. Westerman's statement about the Board of Governors serving in an advisory capacity. He indicated that at first he did not feel the statement was valid but with further consideration, he agreed that the proper balance of authority and responsibility does not exist with the Governors relationship to the Regents influencing control of decisions made regarding University Hospitals. Mr. Mason suggested that the language of the document could be improved by more clearly and concisely stating the intent of various phrases. Mr. Domaas noted his pleasure with the fact that the document presented a process which reflected "planning toward" instead of "planning from". He suggested that Board growth is an appropriate objective of planning. Mr. Westerman expressed appreciation for the comments made and indicated that he and his staff would begin work on the plan assuming that the process approach has indicated that they are essentially on the right track. Chairman Hanser suggested that any comments, concerns, or suggestions regarding the planning process document be forwarded to Ms. Foley.

III. Planning and Development Committee Report - Mr. Harry Atwood, Committee Chairman

Mr. Atwood began his report by indicating that he had also attended the Finance Committee meeting that morning. He reiterated with the Board, as he did with the Planning and Development Committee, some of his thoughts regarding the Renewal Project. Mr. Atwood noted that the debt service for the Renewal Project will be substantial. While the debt capacity study indicates that the Project is financially viable, it does so basing its conclusion on a number of assumptions which provide little room for unforeseen developments. Many of the assumptions call for a status quo situation with regard to admissions and patient days.

He reported that the Finance Committee did agree to the need to examine financing alternatives and to also consider the Project in terms of something less or smaller than plans currently call for. He added that the Finance Committee did feel that the Renewal Project should proceed on schedule with the submission of the Certificate of Need application but that these other areas should be studied simultaneously.

Mr. Atwood reported that the Planning and Development Committee received portions of the Certificate of Need application to review in advance of their meeting. He then explained that Mr. Ron Werft reviewed for the Committee the contents of the application. Mr. Atwood indicated that some suggestions were made but added that the Committee did act to recommend submission of the application.

Mr. Atwood then called upon Mr. Werft who was responsible for co-ordinating preparation of the Certificate of Need application. Mr. Werft reviewed each chapter of the application for the Board and summarized the approval process thru which the application must flow before a final determination is made in mid-December of 1980. Mr. Atwood suggested that previously identified corrections and changes to the application will be made. In particular, he noted that a line was missing from the text of Chapter V. He then moved on the recommendation of the Planning & Development Committee that the Board authorize forwarding the application to the Metropolitan Health Board. His motion was seconded.

Mr. Dickler was called upon to comment on other aspects of the Renewal Projects' progress. He explained that HSA meetings have been attended in Rochester, St. Cloud, Redwood Falls, and Duluth to explain the Renewal Project. He indicated that the reception has been very good at these meetings and added that the Duluth HSA even plans to send a letter of support to the Health Board. He also commended Mr. Werft and all the other individuals who have contributed many man-hours to the preparation of the Certificate of Need application. He suggested that Board members take their copies of the applications home and the corrected pages will be sent to them. Mr. Mason raised questions regarding the difference in figures on the Renewal Project such as those pertaining to total cost and interest rate. Mr. Dickler explained that studies on the Project are constantly being re-assessed as assumptions change so that the most current figures can be used. He added that changes are being watched very closely. Chairman Hanser then called for a vote on Mr. Atwood's motion. The motion was unanimously approved with Mr. Mason abstaining from the vote.

Mr. Dickler reported further on the Renewal Project by stating that it is on schedule with designs being reviewed and cost estimates being checked. He also stated that a meeting is scheduled for next week with a division of the

House Appropriations Committee to further review the intent of the Renewal Project.

Mr. Atwood reported that the Planning and Development Committee also reviewed two other Certificate of Need applications because the Metropolitan Health Board has requested that they be included with the Renewal Project so that they can all be dealt with in one package for convenience sake. He explained that both of the applications involve the relocating of clinics into Unit B/C. He noted that one project was that of moving the Hospitals' Dental Clinic to the 7th floor linkage with Unit A. He mentioned that Dean Oliver of the School of Dentistry and others were present at the Planning & Development Committee meeting to represent that project. The other involved the Masonic Clinic which is to be moved to the 5th floor of Unit B/C. Dr. B. J. Kennedy, Head of Oncology, was present to elaborate on that project. Mr. Atwood then called upon Mr. Dickler to further explain the two projects in Mr. Hart's absence. Mr. Dickler first noted that both projects had been planned for in terms of long range capital plans and financing. In terms of the Dental Clinic, their current location on the third floor of the Mayo Building has long been too small. Costs of the relocation to the new clinic will be shared with the School of Dentistry and thus, University Hospitals' commitment will be approximately \$500,000. Currently, the Masonic Clinic is located in the basement of the Masonic Cancer Center in very cramped quarters. Its move to the 5th floor Unit B/C will include an overpass to the Cancer Center. Total cost of the project is estimated at \$800,000, all of which will be assumed by the Mason's of Minnesota. Mr. Dickler concluded by noting that both clinics are very significant in terms of their patient populations and thus, most worthy of the proposed new facilities. Mr. Atwood acted on the recommendation of the Planning and Development Committee that the Board authorize submission of Certificate of Need applications on these two projects. Mr. Quistgard seconded his motion. It was voted upon and passed.

IV. Joint Conference Committee Report - Ms. Sally Pillsbury, Committee Chairman

Ms. Pillsbury reported that Dr. Richard Pyle, Director of Out-Patient Psychiatry, attended the Joint Conference Committee meeting to introduce the group to the new Behavior Health Clinic. With an approach that emphasizes wellness, the Clinic primarily focuses on substance abuse and stress management. Ms. Pillsbury also indicated that the Clinic functions with a unique financing mechanism called contingency contracting which requires a deposit payment from patients portions of which are returned if the patient stays actively involved in their program.

Ms. Pillsbury also reported that Dr. Quie introduced the Committee to the new Quality Assurance Program. He explained that the JCAH is now suggesting a more congregational approach to assuring quality care with each institution being responsible for identifying their own problem-lists and conducting their own follow-up programs. As a part of this program change, Dr. Quie explained the staff and committee structure changes which have occurred. In particular, he noted that a Quality Assurance Steering Committee has been formed and contains all the Chairmen of the Medical Staff/Hospital Council sub-committees. He reported that the Committee has already agreed upon nine problem areas for which they will be working toward solution over a period of the next year. It was noted that medical audits may still be used but other methods of problem identification will also be utilized.

According to Ms. Pillsbury, Dr. Quie also reported the results of the Medical Staff/Hospital Council elections with Dr. Richard Kronenberg now being positioned as Vice Chief of Staff and Dr. Patricia Ferrieri and Dr. Philippe L'Heureux added to the Council. He also stated that a special task force of the Council has been created to examine nursing practices and recruitment. The task force is to be chaired by Ms. Diane Bartels, Associate Director Staff Services, Department of Nursing. A further item on which Dr. Quie commented was that of the progress which has been made in ensuring the completion of discharge summaries and letters of follow-up. He indicated that the Medical Staff is doing a good job in terms of following policies and procedures in this area.

Finally, Ms. Pillsbury reported that the subject of Dr. Resch's request to appoint Dr. Arthur Klassen as Chief of the Neurology Service was discussed. Dr. Resch is suggesting that he would maintain his position as Head of the Department of Neurology of the Medical School. Ms. Pillsbury indicated that the Joint Conference Committee tabled the question and referred the matter to the Medical Staff Bylaws Committee for further clarification.

V. Finance Committee Report - Mr. David Cost, Committee Chairman

Mr. Cost first reported that the Finance Committee reviewed a report from Mr. Westerman regarding the status of the Board of Governor's resolution of April 16, 1980. He called upon Mr. Fearing to summarize the report. Mr. Fearing first spoke to the matter of management's progress in achieving an increase of \$3.5 million in net operating revenue. He indicated through page 2 of the report that approximately \$700,000 remained before the goal would be achieved. He stated that management will continue toward that end and then referred to section B of

the report which described the process which will be put into place to review program subsidies and faculty support on a continuing basis. Dr. Winchell inquired as to how practical action item #3 on page 3 would be. It was noted that the action items had not yet been deemed policy. Dr. Winchell suggested that more flexibility be built into that particular item. Mr. Fearing also spoke to the third section of the report which addressed the matter of identifying options for obtaining an exception to Federal cost limits (223) and achieving increased Legislative support. He noted that approval for increased Legislative support has gone through Central University Administration and will go to the Regents next and then on to the Legislature. It was suggested that the current financial situation of the State may affect the progress and success of the request. Mr. Fearing concluded that because of the Board's resolution an impetus has developed which should be continued and will be continued through various methods of program review. He noted that today's report was only one of progress and thus, required no action. He stated that further reports will be presented on the resolution only as significant changes occur.

Mr. Cost then called for Board action on the bad debt report for the last quarter of the 1979-80 fiscal year. He stated that the total amount recommended for bad debt during the months of April, May, and June, of 1980, is \$445,941.66 and \$2,385.40 of Home Health Care activity. Bad debt recoveries during this period amounted to \$4,102.25 leaving a net charge off of \$441,839.41. Mr. Cost moved for approval of the write-off. His motion was seconded, voted upon and passed.

Mr. Cost then spoke to the Finance Committee's discussions regarding the Renewal Project. He noted that uncontrollable variables affect the Hospitals' ability to self-finance the Project. He stated that while planning must proceed on the Project, the variables must and will be watched very closely. In particular, he referred to patient volume changes and assumptions regarding interest rates and the pricing environment. With regard to these, he stated that the Finance Committee directed staff to prepare a listing of the Projects financial risks and the status of each and also to look at contingency planning with regard to the Renewal Project's size. He indicated that another feasibility study will be conducted by Ernst & Whinney and should be available by March of 1981.

Mr. Cost asked Mr. Fearing to report on the results of the Rate Review hearing. Mr. Fearing stated that thanks to the good work of Ms. Barbara Tebbitt, Director of Nursing Services, and her staff, the requested rate increase was approved by the panel. He noted that the presentation on nursing costs and the impact of high patient acuity levels at University Hospitals did much to aid in developing a

better understanding by the Rate Review panel of University Hospitals. He added, however, that the panel of course requested that the Hospitals continue to pursue cost effectiveness.

Mr. Mason inquired as to a report on fiscal operations through June 30, 1980. Mr. Fearing explained that the year-end statements have not yet been finalized but added that the institution remains solvent.

VI. General Director's Report - Part 2 - Mr. John Westerman, General Director

Mr. Westerman commented on a number of matters currently in progress involving himself and his staff. He noted that the Hospitals is considering participating in a systems examination process sponsored by the American Hospital Association known as PIER. The Medical Staff is currently investigating whether or not it will participate in a malpractice insurance program being developed by the Minnesota Medical Association. Progress continues to be made in working toward solutions in problem areas involving the Operating Rooms and Housekeeping. A search process has been initiated to recruit a medical director for the Emergency Room.

Mr. Westerman reported that he did attend a Retreat of the Council of Health Sciences' Deans and Directors. He commented that the Retreat was timely in terms of preparation to be made should Vice President French announce his retirement. In terms of the Vice President for Finance, Mr. Westerman reported that there are three final candidates being considered for the University-wide position. He also mentioned that the new House Staff is in and functioning, that July was a very high census month, and that the Hospitals' Operations Analysis Department soon plans to submit its long range plan. Further, Mr. Westerman announced that Dr. Paula Clayton, from Washington University in St. Louis, Missouri has accepted the position as Head of Psychiatry. He mentioned that she will not be starting on a full-time basis immediately.

VII. Board Concerns - Mr. Al Hanser, Board Chairman

As Chairman Hanser had to leave the meeting early, Mr. Atwood presided over this portion of the agenda. First, reference was made to the Regents' invitation to the Board of Governor's for an informal dinner to be held at the Campus Club on September 4, 1980. All Board members were encouraged to attend this event. Mr. Atwood commented that many of the Regents have participated actively in the HSA meetings in their areas on the Renewal Project. He noted that their involvement has been most helpful.

Mr. Mason apologized for being late to the Board meeting and explained that his tardiness was caused by a Green Grass alert in the Mayo Building. He indicated that he was informed that these alerts were a common occurrence and asked that management prepare a report to explain the Green Grass situation to the Board at its September meeting. Secondly, he expressed his concern regarding the Board being placed in situations where they must address subjects on which they have had no advance notification or information. Mr. Westerman explained the difficulties involved in being responsive and timely with certain reports where internal approval mechanisms are so complex. Mr. Cost and Mr. Atwood suggested that certain items may appear to be dealt with lightly at the Board meeting when in fact, much study and background review of information has occurred at the committee level. Mr. Westerman noted that staff would look into possibly developing policies with regard to the early distribution of materials to the Board of Governors. Ms. Givens suggested that the Board agendas be expanded to include a list of items each committee will be addressing. If a Board member then wishes to prepare himself for discussion of a certain item, he will have time to do so.

There being no further business, Mr. Atwood moved for adjournment of the Board of Governor's meeting at 4:25 p.m.

Respectfully submitted,

Jhanelle Foley
Jhanelle Foley, Secretary

UNIVERSITY OF MINNESOTA
TWIN CITIES

University Hospitals and Clinics
420 Delaware Street S.E.
Minneapolis, Minnesota 55455

August 20, 1980

TO: Board of Governors

FROM: John H. Westerman

SUBJECT: Status Report April 16, 1980 Board of Governors
Budget Resolution

In response to the 4/16/80 budget resolution, two action reports were provided to the Board of Governors. These reports at the May and June meetings provided a summary of preliminary results in achievement of the \$3,500,000 resolution. The report which follows identifies the results of our efforts over the last four months, identifies the impact these changes will have on the 1980-81 budget, and includes our recommendations for future actions.

In response to the May action plan, the Board of Governors Finance Committee requested for the August 20, 1980 meeting the following reports:

- A. Prepare a report of the results of management's review process regarding the \$3,500,000 resolution.
- B. Define the process which will be put into place to review program subsidies and faculty support on a continuing basis.
- C. Identify a plan of how the exception to cost limitations and increased legislative requests will be approached and devise a strategy for legislative action both through our Senators/Representatives and through national organizations such as AAMC and others against Section 223 limits on teaching hospitals.

In accordance with your request, the following are the results of our review and analysis pertaining to the April 16, 1980 budget resolution as of August 18, 1980.

- A. Report of the results of management action to achieve increase of \$3,500,000 in net operating revenues

HEALTH SCIENCES

ACTION TAKEN TOWARD
APRIL 16, 1980 BOARD OF GOVERNORS
BUDGET RESOLUTION

Report A

	Estimated Affect on Operating Budget 1980-81
Expense Reductions to Original Plan	\$1,553,330
Increase Nonoperating and Other Operating Revenue	318,000
Revenue Increase - Increase in Intensive Care Units	800,000
Decrease in Deductions from Revenue	<u>75,000</u>
	\$2,746,330
Third Party Changes	
Section 223 Limit	\$1,330,000
Excess Revenue Attributable to Section 223 Limit Changes	<u>831,000</u>
	2,161,000
Contractual Adjustment due to Malpractice Insurance	<u>(138,600)</u>
Total Changes	\$4,768,730
Original Excess of Revenue over Expenditures	<u>170,000</u>
Projected Excess of Revenue over Expenditures	\$4,938,730

- B. Define the process which will be put in place to review program subsidies and faculty support on a continuing basis.

In conjunction with the Joint Program Review/Budget Monitoring Committees, the following actions have been taken during the last two months.

Action - An executive patient care management council responsible for final budget recommendations to the Board of Governors has been created. This council is comprised of the General Director (chairman of council), Chairman of the Council of Clinical Chiefs, Chairman of the Council of Clinical Sciences, Chief of Staff, Deans Office representative, Vice President for Health Sciences representatives.

Action - Developed a hospital policy that all operational subsidies and faculty support must be justified annually by each receiving unit.

- Action - Developed a hospital policy that subsidy (operational and capital) and faculty support allocations should not exceed appropriations designated for these uses by the Board of Governors.
- Action - Developed specific appropriation allocation criteria for program subsidy and faculty support such as, but not necessarily limited to: developmental needs, research and education needs, and marketplace subsidies.
- Action - Recommended a hospital policy to the Medical Staff Hospital Council requiring that any patient requiring six (6) or more hours of nursing care per shift be placed in an intensive care bed. This practice would be limited only by the availability of appropriate beds or staff. This action step was the basis for the projected increase in ICU revenues shown earlier.
- Action - Established a hospital policy limiting the 1980-81 contractual revenue deductions to 1979-80 levels by the end of the 1980-81 fiscal year. This policy was the base for the write off reduction shown earlier.

These policies have been initiated during the 1980-81 fiscal year, with no increases in program subsidy or faculty support allowed until program reviews have been completed.

Initial program subsidy and faculty support materials are being developed. Initial meetings will be held in the next 30 days to begin this process. The principal criteria which will be used in the program review are:

1. Financial - Programs will be selected on a priority basis based on the size of subsidy required to support these programs.
2. Mission - Shaping, high priority and developmental programs will receive highest consideration for distribution of subsidy from appropriation base.
3. Appropriation Allocation - Agreement on objectives of allocation scheme will be employed.
4. Planning - Programs which are consistent with the strategic option study outcomes will receive highest priority for subsidization when necessary.

Based on the above criteria, the following programs will receive initial review.

	<u>1980-81 Subsidy</u>
1. Psychiatry - Child/Adult	1.5 million
2. Obstetrics	2.0 million
3. Rehabilitation	2.25 million
4. Ambulatory Care	3.5 million
5. Deans Contract	1.3 million

- C. Identify option for obtaining exception to federal cost limits and achieving increased legislative support.

Exception Request - In order to achieve an exception to the federal routine cost limits, the following steps must be taken.

1. Identify areas where exceptions can or should be requested, i.e., analyze departmental cost comparisons with other institutions to determine areas where exception efforts should be concentrated. Estimated completion date - 12/31/80.
2. Develop data for exception request based on outcome of Item 1 above. Estimated completion date - March-April, 1981.
3. Request exception - May 1, 1981.
4. Expected response from federal government (unknown).

Increased Legislative Request - UMH&C has initiated a request for a \$3,000,000 increase in the biennial legislative requests beginning in 1981. This request is based on educational and developmental costs at UMH&C. In order to ensure receipt of this legislative request in future years, detailed studies of educational, research and developmental costs are being initiated. These studies include but are not necessarily limited to:

- Disease related group analysis.
- Direct/indirect educational cost identification.
- Ancillary service utilization.
- Patient acuity comparisons.

The planning in the area of educational, research, and developmental costs is directly tied to the strategic plan and will be coordinated within those efforts.

Impact on Financial Statements of Board of Governors April 16, 1980
Budget Resolution

Addendum A and B, the revised Budgeted 1980-81 Income Statement and Cash Flow, include the adjustments to budget attained as of 8/18/80.

The preliminary budget presented to the Board of Governors on April 16, 1980 and the basis for the budget resolution had net revenues of \$170,000 with a total revenue increase of 19.7%. Although there were numerous changes to nursing salaries and corresponding increases to patient revenues to offset these increases, Report A above outlines the key variables which have led to a \$4,938,000 expected net revenue position based on data available through 8/18/80.

Management Recommendation

Although net revenues of more than \$3,670,000 should be earned in 1980-81 thereby achieving the goal of the budget resolution, \$2,161,000 of the increase in net revenues was achieved due to changing (less restrictive) federal regulations. In addition, numerous review processes initiated in conjunction with the budget resolution are in process and may provide further increases to net revenues.

Most importantly, it is imperative that cost containment and appropriate resource allocation continue as a high priority if we are to secure the financing necessary to complete the Renewal Project. In addition, Rate Review will suggest in their review letter that, as the largest teaching hospital in Minnesota, it is our responsibility to create new ideas in cost control and effectiveness.

Therefore, it is management's recommendation that we continue with Phase III of the budget resolution and strive toward achievement of the \$3,500,000 without consideration of the federal regulation impacts discussed earlier. To achieve this, we propose to maintain our efforts toward cost reduction in 1980-81 and continue the efforts underway to secure the longer term (one to two years) program review outlined earlier.

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UNIVERSITY OF MINNESOTA HOSPITALS AND CLINICS
 ADJUSTED STATEMENT OF OPERATIONS
 FOR BUDGET YEAR ENDING JUNE 30, 1981

ADDENDUM A

	Operating Budget As Adjusted <u>8/20/80</u>
<u>Patient Care Charges</u>	
Routine	\$ 52,433,586
Ancillary	<u>71,918,645</u>
Gross Charges	\$124,352,231
<u>Deductions from Charges</u>	
Third Party Contract Adj.	\$ 7,225,936
Billing Adjustments/Empl. Ben.	2,114,726
Charitable Care	1,119,561
Other Contract Adjustments	1,552,234
Allowance for Uncollectibles	<u>1,368,352</u>
Total Deductions	\$ 13,380,809
<u>Other Operating Revenue</u>	
Food Services	\$ 1,023,483
Powell Hall Motel	168,056
Dept - Nonpatient	143,450
Reference Lab	560,000
Pro Fee - Net Revenue	<u>126,406</u>
Total Other Operating Rev	\$ 2,021,395
Total Revenue from Operations	\$112,992,817
<u>Expenditures</u>	
Salaries and Wages	\$ 57,721,059
Fringe Benefits	10,307,235
Academic Contract	1,372,286
Resident Contract	3,452,635
Physicians Compensation	<u>4,432,803</u>
Total Salaries, F.B., and Fees	77,286,018
Laundry and Linen	1,779,978
Raw Food	1,398,592
Drugs	6,148,782
Blood & Blood Derivatives	2,897,406
Medical Supplies	7,754,719
Utilities	1,564,380
Insurance	1,379,748
Rental	685,792
Maintenance & Repair	1,729,523
Communications	1,013,943
Campus Gen & Admin	4,165,500
Depreciation	3,900,208
Interest	177,944
General Supplies & Exp.	<u>7,990,090</u>
Total Expenditures	\$119,872,623
Net Revenue from Operations	\$ (6,879,806)
<u>Non-Operating Revenue</u>	
Appropriations and Support	\$ 10,474,652
Accrued Interest in Approp	376,932
Accrued Interest on Reserves	752,152
Shared Service Revenue	<u>214,800</u>
Total Non-Oper Revenue	\$ 11,818,536
Excess of Revenues over Expenditures	\$ 4,938,730

Minutes
Board of Governors
University of Minnesota Hospitals and Clinics
June 18, 1980

Present: Mr. Al Hanser, Chairman
Ms. Sally Pillsbury, Vice Chairman
Mr. Harry Atwood
Mr. Leonard Bienias
Ms. Dionisa Coates
Mr. David Cost
Mr. Dave Domaas
Ms. Debbie Gruye
Ms. Fannie Kakela
Ms. Mary Lebedoff
Mr. Jack Mason
Mr. Virgil Moline
Mr. Jack Quistgard
Ms. Margaret Sandberg
Dr. John Tiede
Ms. Timothy Vann
Dean Lawrence Weaver
Mr. John Westerman
Dr. Paul Winchell

Absent: Ms. Jo-Anne Barr
Mr. Al France
Ms. Jeanne Givens
Dr. John Najarian
Dr. Paul Quie

The meeting of the Board of Governors of University of Minnesota Hospitals and Clinics was called to order by Chairman Hanser at 1:30 P.M., in Room 555 of Diehl Hall.

I. Announcements/Introductions

Chairman Hanser introduced Mr. Phil Schroeder representing the "Minnesota Daily". He also commented on a packet of information on the Renewal Project which is being used as background for briefing meetings with the media. Finally, he mentioned that Ms. Sandberg and Mr. Atwood had attended the AHA sponsored Third Annual AHA Trustee Forum which was held in Detroit. He suggested that they could comment on that meeting at a later point.

II. Minutes - May 21, 1980

Chairman Hanser called for approval of the May Board minutes. A motion was made, seconded and passed to approve the minutes of the last meeting.

III. Planning and Development Committee Report - Mr. Harry Atwood, Committee Chairman

Mr. Atwood stated that the principal order of business for the Planning and Development Committee was a review of progress on the Renewal Project. He noted the significance of the timing of this Project as it relates to inflationary considerations. He stated that extensive planning is going on internally with activities being coordinated by Mr. Robert Dickler. Mr. Atwood added that while the Project necessitates decision making along the way, these decisions are flexible and do allow for changes should they be necessary. He reported that block schematic designs are now available for the Boards examination in total, noting that last month, only the plans for the new building were reviewed by the Committee. He stated that today's presentation would allow the Board to get a feel for the relationships which have been created for various departmental functions. He reported that the Planning and Development Committee felt that the designs were appropriate and would be requesting approval by the Board of Governors for forwarding them to the Board of Regents in July.

Mr. Atwood then called upon Mr. Dickler to present the schematic design plans to the Board. Before he began, Mr. Dickler introduced Ms. Donna Ahlgren who, with her staff, is coordinating all internal planning for the Renewal Project, and Mr. John Waugh, who represents the Ellerbe/HOK architectural firm. With the use of slides Mr. Dickler then proceeded through a set of sketches depicting each floor for both the new facility and each adjacent existing building.

Following his presentation, Mr. Dickler called for questions or comments from the Board. Ms. Gruye and Ms. Lebedoff raised concerns regarding parking. Ms. Sandberg commented that at the AHA Conference she had attended, parking was rated as a priority marketing concern. Mr. Dickler explained that the new facility is being planned to provide additional space and that additional people flow or parking needs is not expected to be a problem. Mr. Atwood noted that parking concerns are being examined as a campus-wide issue by Central Administration as they relate to other projects such as a hotel-motel facility, an alumni center, and other developments. Ms. Gruye asked if the midwife program was being given a location in the new facility. Mr. Dickler explained that that service prefers to remain off-site in a home-like setting as such an environment is part of the overall philosophy of the midwife approach.

Mr. Atwood stated that the Planning and Development Committee had reviewed and approved the schematic decisions and recommend their approval by the Board of Governors. He then made a motion stating that the Board so approve this

phase of the Renewal Project planning and forward it on for Regents' approval. Ms. Coates seconded his motion. Mr. Dickler was then called upon to review the upcoming time schedule for the Project. He stated that the block schematic designs will be taken to the Board of Regents in July. Simultaneously planning has begun on full schematics, which will provide room by room design and is scheduled for completion by August 11, 1980. He added that the Certificate of Need is being targeted for submission to the Metropolitan Health Board by August. Mr. Mason asked about the cost implications of decisions which are being made along the way. Mr. Dickler noted that decisions being made now contain great flexibility. He stated that the dollar figure which will be used with the Certificate of Need application is to be \$232 million.

Mr. Quistgard asked at which point the decision on the financing mechanism would be made for the Project. It was explained that it had generally been determined that State General Obligation Bonds were the most desirable approach and these would be sought from the Legislature during their 1981 session. Mr. Dickler added that meetings are being scheduled with the Education Subcommittee of the Senate Finance Committee and with the House Appropriations Committee to update them on Renewal Project progress. Chairman Hanser then called for a vote on Mr. Atwood's motion. His motion was voted upon and passed.

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

Mr. Cost reported that the Finance Committee covered three major issues: 1) planning for the \$3.5 million cost reduction; 2) budget related considerations; and 3) the year-to-date financial picture. With regard to the first matter of the \$3.5 million cost reduction planning, Mr. Cost referred the Board to the memo from Mr. Westerman dated June 18, 1980. He stated that management's approach to this situation, as outlined in the memo, is one of targeting in on actual symptoms rather than trying to address only near term problems. He noted that the plan has various phases but that running through all phases will be an attempt to target in on the routine cost limitations problem. He explained that the legalities of the situation will be examined and other hospitals will be contacted with regard to their approach to the problem. Mr. Cost also indicated that later phases included plans for an in-depth evaluation of certain programs which are subsidized.

Mr. Fearing commented on the cost reduction plan by noting that it contained essentially two approaches, the short-term and the longer term review of subsidized

programs with the Clinical Chiefs. He concluded that additional information regarding progress in the plan will be available to the Board by the August meeting and added that certain aspects of this planning will be addressed at the Board Retreat in July. Chairman Hanser asked about the degree of Medical Staff commitment to this planning and was assured that they were most supportive. Ms. Pillsbury asked about the Dean's Contract and wondered if its educational aspects did not make it a suitable appropriations item. Mr. Westerman cautioned against over reliance on the Legislature for assistance as the Hospitals comprise only one component of the University package. In conclusion, it was pointed out that the planning to date for the \$3.5 million Board resolution contained no proposed reductions which would impact on operating assumptions or clinical care.

Mr. Cost then directed the Board's attention to the second order of business dealt with by the Finance Committee. He reminded the Board that in April they had given tentative approval to the 1980-81 budget with its proposed 19.7% rate increase. He noted that the plan was to continue to review the budget and to bring issues before the Board of Governors which may require an adjustment to it. He then stated that further examination of information regarding requirements to improve nursing compensation necessitated a 5.7% additional rate increase to be added to the 19.7% increase for a total of 25.4%. Mr. Fearing reviewed with the Board a two page explanation of the changes related to nursing compensation and their related costs. Mr. Fearing pointed out that 40% of the patient population will be passing these increased costs on to the other 60% because of federal non-allowable costs. Mr. Atwood asked if Rate Review would accept a rate increase of this magnitude. Mr. Fearing noted that the initial 19.7% rate increase came in below limits because of the third party contractual adjustment clause. Mr. Cost then moved for approval of the following resolution:

- A. That UMH&C Board of Governors adopt and recommend to the Board of Regents the 1980-81 budget consisting of:

	<u>1980-81</u> <u>Budget</u>	<u>1979-80</u> <u>Projected</u>	<u>%</u> <u>Change</u>
Expenditures	\$120,821,792	\$103,776,777	16.4%
Gross Patient Charges	\$123,552,731	\$ 98,530,179	25.4%

This resolution includes the preliminary budget approval of 19.7% and an additional 5.7% for nursing salary adjustments which were not included in the preliminary budget presented in April and May.

His motion was seconded, voted upon, and passed.

Mr. Cost also moved for approval of the following additional resolution:

- B. That the UMH&C Board of Governors Finance Committee continue to pursue Board policy questions regarding passing on federal non-allowable costs to other payors. The 1980-81 potential affect of this could be up to an additional \$3,300,000 in rate increases to recapture these costs from third party payors.

Again, Mr. Cost's motion was seconded, voted upon, and passed.

Next, Mr. Cost called upon Mr. Larson to present the year-to-date financial picture. Mr. Larson stated that the variances that have developed through the fiscal year did not change significantly during the month of May. He noted that the patient day variance continues to be favorable because of the increasing average length of stay in Medical/Surgical areas. He added that with regard to clinic visits, they continue to run ahead of last year at this time but remain under-budget. In terms of financial operations, he indicated a continued below budget position in patient charges because staffing shortages have necessitated a reduction in available operating room time, and because blood utilization is down. He attributed this situation to changes in volume brought about by reduced cardiovascular surgery activity and changes in standard surgical blood ordering protocols and because of improved techniques and protocols in managing oncology patients and in treating hemophilia patients. Mr. Larson also spoke to accounts receivable which are now at 86.5 days of outstanding revenue. In conclusion, Mr. Larson indicated that while the overall operating position is positive and improving, the projected year-end position will not be achieved and will fall short of projections by \$2 million. He suggested that the variance is due primarily to the continued decline in ancillary service utilization. He added that the operating cash flow will also fall short of projections and listed the causes for this but added that the situation will not impact on the Hospitals' long range cash flow position.

Mr. Larson indicated that a thorough analysis of the June year-end financial position will be conducted with emphasis on changing patient utilization levels and accounts receivables. He added that such an analysis could impact adjustments to the 1980-81 budget as activity projections were based on experiences of the first half of the last fiscal year. Mr. Larson was asked what impact the nurse shortage has had on the Hospitals' budget. He noted that in particular, May and June showed affects of the shortage as it was necessary to close two operating rooms. Further, Mr. Fearing was asked to comment on the increasing number of days in accounts receivable. He explained that the problem is most perplexing as

Medicare and Medicaid and Blue Cross continue to delay in their reimbursements. He noted that efforts are currently underway to set up a direct on-line computer hook-up with these agencies to improve turn around time on accounts.

In concluding the Finance Committee report, Mr. Cost reminded the Board members that committee meetings are open and that all are welcomed to attend Finance meetings as Mr. Mason did that morning.

V. Joint Conference Committee Report - Ms. Sally Pillsbury, Committee Chairman

Ms. Pillsbury began her report by mentioning that at the Committee meeting the previous evening, Ms. Lebedoff had treated the membership to champagne in honor of her grandson's birth. Ms. Pillsbury noted that the entire Board sends their best wishes to the Lebedoff family at this joyous time.

Ms. Pillsbury then noted that Dr. Russell Lucas, Vice Chief of Staff, would present to the Board the Medical Staff appointments in Dr. Quie's absence.

Dr. Lucas referred the Board to their copies of the Credentials Committee Report and Recommendations. He began with page one of the report and reviewed the background of those physicians seeking provisional appointments to the Medical Staff. He moved for their acceptance. His motion was seconded, voted upon and passed. He then went on to those seeking regular Medical Staff appointments, those seeking changes in their categories, privileges, and clinical departments, and those resigning from the Medical Staff. In each case, his motions for approval were seconded, voted upon and passed. In the case of those physicians lacking required evidence of proficiency in CPR he explained that subsequent to publication of the Credentials Report evidence has been obtained from those individuals. He also noted that with regard to the physician for which non-reappointment has been recommended, he will be so notified of this recommendation and the due process procedure will be applied. Dr. Lucas then explained that pages 8 through 31 of the Credentials Committee Report contained the names of those seeking their annual re-appointment to the Medical Dental Staff. He added that these individuals have been reviewed by their Clinical Chiefs, the Medical Staff-Hospital Council and the Joint Conference Committee and all have produced evidence of CPR training. He further explained that those whose names were preceded by an asterix had not, as of yet, met the malpractice insurance coverage requirements but were being given an extension until September 1, 1980, to meet this requirement. With that provision he moved for approval of the re-appointments to the Medical/Dental Staff of those individuals listed on pages 8-31 of the June, 1980, Credentials Committee Report. His motion was seconded, voted upon and passed.

Next, Dr. Lucas brought to the Board's attention the need to formally act on the annual appointment of Dr. Carl Kjellstrand as the Medical Director of the Kidney Dialysis Unit and Dr. John Najarian as Medical Director of the Transplantation Center. He noted that this was a requirement of the End Stage Renal Disease Program and moved for their approval. His motion was seconded, voted upon, and passed. Dr. Lucas then referred the Board to their copies of the list of Chairmen of the subcommittees of the Medical Staff-Hospital Council. He indicated that Dr. Quie was currently negotiating to fill the two vacant positions with the Operative Review Committee and the Thanatology Committee. He moved for the approval of these appointments. His motion was seconded, voted upon, and passed. With regard to the annual reappointment of the Clinical Chiefs, Dr. Lucas referred to Mr. Westerman who reminded the Board that Clinical Chiefs, according to the Bylaws, are initially appointed to three year terms. Thereafter, each Chief is re-appointed annually each June. He moved for approval of the re-appointments of the 16 Chiefs listed on the handout before them. His motion was seconded, voted upon and passed.

Ms. Pillsbury also reported that the Joint Conference Committee reviewed the results of an area-wide audit on Anesthesia Care for Cholecystectomy Patients. She explained that a cholecystectomy was essentially gall bladder surgery and added that this particular audit, which was actually conducted in September of 1979, dealt with the anesthesia procedures involved in such surgery. She noted that Dr. Ian Gillmore presented the audit to the Committee and added that Dr. Joseph Buckley, Head of Anesthesiology, served on the Foundation's committee which reviewed the findings. Ms. Pillsbury commented that there were 32 hospitals involved in the area-wide study and pointed out that this was one of the fastest turn-around time in terms of receiving results. She indicated that as with other area-wide audits, the uniqueness of University Hospitals in terms of the severity of their patient's illnesses was once again pointed out. After reviewing some of the more significant findings of the audit, Ms. Pillsbury moved for its approval. Her motion was voted upon, seconded and passed.

Next, Ms. Pillsbury reviewed the critique of the latest Orange Alert Disaster Drill. She reported that the drill took place on May 23, 1980, at 5:45 A.M. She explained that the simulated situation was an elevator accident in Coffman Student Union in which 23 people were injured. She commented that while some of the problems which were identified through the drill seem to reoccur from drill to drill, this is primarily caused by turnover. She added that the problems are minor however, and do not jeopardize the life-saving measures being taken. She

listed some of these problems and moved for acceptance of the drill critique. Her motion was seconded, voted upon and passed. Mr. Westerman noted that efforts are underway to secure an educational director position in the Medical School for a program in Emergency Medicine.

Ms. Pillsbury again called upon Dr. Lucas to speak to the subject of a proposed name change for the Variety Club Heart Hospital. Dr. Lucas explained that the actual Hospital no longer accurately defines the clinical and research facilities supported by the Variety Club of the Northwest. He indicated that substitution of the Variety Club Heart Center for the Variety Club Heart Hospital, The Ray Amberg Clinic and Laboratories, The Paul F. Dwan-Variety Club Cardiovascular Research Center, and The Jimmy Stewart Laboratories simplifies identification and communication. He noted that the proposed name change was being brought forward at the request of the Board of the Variety Club and the Board of the Variety Club Heart Hospital Association. Ms. Pillsbury moved that the Board of Governors approve the proposed name change to Variety Club Heart Center and forward their recommendation on to the Office of the Vice President for Health Sciences. Her motion was seconded, voted upon and passed.

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

Mr. Westerman first reported that Mr. Irving Sawyers, an Administrative Resident, has accepted a position with Humana Corporation, a hospital management organization, and will be leaving the Twin Cities in early August. Mr. Sawyers spoke of his appreciation to University Hospitals for the experience he has gained and the Board wished him success in his future endeavors.

Mr. Westerman noted that Mr. Pierson is filling in for Mr. Van Hulzen as Director of Operations. He stated that the entire staff has been very busy with the Renewal Project and the revenue adjustment efforts. In particular, he also spoke to Mr. Dickler's involvement with Search Committees for a University Vice President for Finance and a Head for the Department of Psychiatry and Mr. Jones' efforts with the Strategic Options Study.

Mr. Westerman called upon Ms. Barb Tebbitt, Director of Nursing Services, to update the Board. Ms. Tebbitt noted that her department has been extremely busy in their efforts to recruit new nurses. She stated that 120 new nurses were to start on Monday and added that between now and mid-August, a total of 208 new nurses would enter the system. She indicated however, that vacant positions still total 148 and stressed that marketing efforts to recruit nurses were continuing. She mentioned that University Hospitals has gotten a tremendous

amount of press on their four hour work day program. She stated that the program is being well received, especially by those women who are just thinking about getting back into nursing. She also mentioned that various nursing-related systems like admitting and discharging patients are being examined for changes which would enhance efficiency and free nursing time.

Mr. Westerman mentioned that Mr. Richard Epstein, Group Vice President and Senior General Counsel for the American Hospital Association will be in to speak to legal and regulatory threats to the hospital environment and organizational trends to cope with these threats. Other subjects which Mr. Westerman touched upon included proposed planning for a public auction of Powell Hall artifacts and auxillian involvement in the project; the up-coming Deans and Director's Retreat to be held July 31 - August 1, 1980; dissatisfaction with the cleanliness of the Hospitals and the Servicemaster contract; and discussions with the Fire Department regarding the frequency of fire alarms since the implementation of the new fire management system. Mr. Westerman called upon Mr. Diehl to speak to possible legal measures which will be taken with regard to Section 223 and obtaining an exception for University Hospitals from its reimbursement limitations. He also asked Ms. Foley to comment on measures being taken to protect employees and visitors in the parking ramp areas. She noted that a task force has prepared a report of recommendations to improve security in the parking ramps and stated that that report has been forwarded to Central Administration where responsibility for University parking structures is held.

VII. Executive Committee Report - Mr. Al Hanser, Committee Chairman

Chairman Hanser reported that the Executive Committee was given a status report on the Strategic Options Study by Dr. John Kralewski. He noted that as the data comes in projections continue to be fuzzy. He noted however, that Mr. Tom Smith, President of the Yale New Haven Hospital will be present for the Retreat to serve as a facilitator and perhaps aid in the interpretation of the data. Chairman Hanser stated that Mr. Tom Jones also reviewed the proposed Retreat agenda with the Committee. He indicated that the first half day could be spent reviewing the findings of the Strategic Options Study while the second half day could be devoted to discuss a set of recommended action options for posturing for the future. Chairman Hanser stated that Briefing Books for the Retreat should be available for participants in early July. He encouraged members to be conscientious in preparing for the Retreat discussions.

VIII. Board Concerns - Mr. Al Hnaser, Board Chairman

Chairman Hanser reminded the Board that the dates for their annual Retreat are July 23 and 24, 1980. He asked that participants return their questionnaires regarding their Retreat plans as soon as possible.

Chairman Hanser also mentioned that the MAPTH organization has been active in its search for an Executive Director. He commented that the Search Committee has been fortunate to have a most impressive group of candidates to interview.

In closing, Chairman Hanser announced that the film for which Ms. Pillsbury's daughter won an Academy Award is to be shown on Channel 2 at 7:30 P.M. on July 7, 1980

There being no further business, the meeting of the Board of Governors adjourned at 3:55 P.M.

Respectfully submitted by,

Johnelle Foley

Johnelle K. Foley



UNIVERSITY OF MINNESOTA
TWIN CITIES

University Hospitals and Clinics
420 Delaware Street S.E.
Minneapolis, Minnesota 55455

June 3, 1980

TO: The Board of Governors
FROM: John H. Westerman, General Director *John H. Westerman*
RE: Annual Reappointments of Chiefs of Clinical Services

The Bylaws of the Board of Governors - University of Minnesota Hospitals and Clinics were amended in March, 1979, requiring the following:

Article V, Section 5 (B)

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 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 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 reappointment 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.

The above amendment was made to the Bylaws in order to adjust the re-appointment schedule for Clinical Chiefs so that it occurs at a common time each year.

The following persons are subject to re-appointment at this meeting:

<u>Name</u>	<u>Department</u>
Dr. Ellis Benson	Laboratory Medicine & Pathology
Dr. Joseph Buckley	Anesthesiology
Dr. Shelly Chou	Neurosurgery
Dr. Edward Ciriacy	Family Practice
Dr. Elwin Fraley	Urology
Dr. Eugene Gedguadas	Radiology
Dr. Robert Goltz	Dermatology

<u>Name</u>	<u>Department</u>
Dr. William Hausman	Psychiatry
Dr. Frederic Kottke	Physical Medicine & Rehabilitation
Dr. Seymour Levitt	Therapeutic Radiology
Dr. John Najarian	Surgery
Dr. Michael Paparella	Otolaryngology
Dr. Konald Prem	Obstetrics & Gynecology
Dr. Joseph Resch	Neurology
Dr. Roby Thompson	Orthopedic Surgery
Dr. Daniel Waite	Dentistry

Other Chiefs of Service have been appointed subsequent to the initial organization of the Board, and their reappointments will be timely upon the completion of their initial term of three years. Those Chiefs and the date of their re-appointments are as follows:

Dr. Donald Doughman	Ophthalmology 6/20/82
Dr. Thomas Ferris	Medicine 6/21/81
Dr. William Krivit	Pediatrics 6/20/82

Attached is a listing of the duties of the Chiefs of Clinical Services.

JHW/sds

Enclosure

FUNCTION OF CLINICAL CHIEFS*

- 1. Be accountable for all professional and administrative activities within his service.**
- 2. Be a member of the Council of Chiefs of Clinical Services giving guidance on the overall medical policies of the hospital and making specific recommendations and suggestions regarding his own service in order to assure a high quality of patient care.**
- 3. Maintain continuing review of the professional performance of all individuals with clinical privileges in his service and report thereon to the Credentials Committee as necessary.**
- 4. Be responsible for enforcement within his service of the hospital bylaws, policies and directives and of these medical staff bylaws, rules and regulations.**
- 5. Be responsible for implementation within his service of actions taken and policies set by the Board, the Council of Chiefs of Clinical Services and the Medical Staff-Hospital Council.**
- 6. Transmit to the Credentials Committee his recommendations concerning the appointment, reappointment, and delineation of clinical privileges for all individuals in and applicants to his service.**
- 7. Participate in every phase of administration of his service with the hospital management in matters affecting patient care, including personnel, supplies, special regulations, standing orders and techniques.**
- 8. Assist in the preparation of such annual reports, including budgetary planning, pertaining to his service as may be required by the Chief of Staff or the Board.**

* Article 3, Section 5 of the Bylaws of the Medical and Dental Staff - University of Minnesota Hospitals and Clinics.



UNIVERSITY OF MINNESOTA
TWIN CITIES

Office of the Director
Paul F. Dwan-Variety Club
Cardiovascular Center
Box 433 Mayo Memorial Building
420 Delaware Street S.E.
Minneapolis, Minnesota 55455
(612) 376-5396

May 12, 1980

Paul Quie, M.D.
Chief of Staff
University of MN Hospitals
Box 483 - Mayo

RE: VARIETY CLUB HEART CENTER

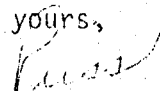
Dear Paul:

The Board of the Variety Club and the Board of the Variety Club Heart Hospital Association have asked me to petition the University of Minnesota officials to authorize the name "Variety Club Heart Center" so as to incorporate the Variety Club Heart Hospital, The Ray Amberg Clinic and Laboratories, The Paul F. Dwan-Variety Club Cardiovascular Research Center, and The Jimmy Stewart Laboratories into a single identifiable unit. The reasons for this request are:

1. The name Variety Club Heart Hospital no longer accurately defines the clinical and research facilities supported by the Variety Club of the Northwest.
2. Substitution of the Variety Club Heart Center for the Variety Club Heart Hospital, The Ray Amberg Clinics and Laboratories, The Paul F. Dwan-Variety Club Cardiovascular Research Center, and The Jimmy Stewart Laboratories simplifies identification and communication.
3. Providing the cover term Variety Club Heart Center allows the members of the Variety Club more flexibility in their charitable endeavors and provides them the feeling that their smaller efforts in other portions of the medical complex are being recognized.
4. The University of Minnesota Hospitals Renewal Project will almost certainly change the function of the beds now located in the Variety Club Heart Hospital. I believe the men and women of the Variety Club of the Northwest will find the proposed new uses of the present Variety Club Heart Hospital objectionable. I anticipate it will be easier to obtain their acceptance if the Variety Club enterprise at the University of Minnesota carries the more general name, Variety Club Heart Center.

I would be most pleased if you would forward this request from the Board of the Variety Club and the Variety Club Heart Hospital Association to the Hospital Staff Council, the Council of Clinical Chiefs, and to the University of Minnesota Hospital Board of Governors.

Sincerely yours,


Russell V. Lucas, Jr., M.D.
President, Variety Club
Heart Hospital Association
Director, Cardiovascular Center

RVL:sdv

HEALTH SCIENCES

MEDICAL STAFF-HOSPITAL COUNCIL COMMITTEE CHAIRMEN APPOINTMENTS

1980/1981

1. Bed Allocation Committee
I. Dodd Wilson, M.D.
2. Transfusion Therapeutics Committee
Jeffrey McCullough, M.D.
3. Bylaws Committee
Russell V. Lucas, Jr., M.D.
4. Cardio-Respiratory Advisory Committee
Russell H. Larsen, M.D.
5. Credentials Committee
Charles F. McKhann, M.D.
6. Emergency Room Committee
David Hurd, M.D.
7. External Disaster Committee
Daniel G. Hankins, M.D.
8. Infection Control Committee
Leon D. Sabath, M.D.
9. Operating Room Committee
Roby Thompson, M.D.
10. Operative Review Committee
11. Outpatient Committee
Amos S. Deinard, M.D.
12. Pharmacy & Therapeutics Committee
William C. Gentry, Jr., M.D.
13. Product Evaluation & Standardization Committee
Bradley P. Fuhrman, M.D.
14. Quality Assurance Steering Committee
Paul G. Quie, M.D.
15. Thanatology Committee
16. Utilization-Medical Records Committee
George Tagatz, M.D.

Minutes
Board of Governors
University of Minnesota Hospitals and Clinics
May 21, 1980

Present: Mr. Al Hanser, Chairman
Ms. Sally Pillsbury, Vice Chairman
Ms. Jo-Anne Barr
Ms. Dionisa Coates
Mr. David Cost
Ms. Jeanne Givens
Ms. Debbie Gruye
Ms. Fannie Kakela
Ms. Mary Lebedoff
Mr. Jack Mason
Mr. Jack Quistgard
Ms. Margaret Sandberg
Dr. John Tiede
Ms. Timothy Vann
Dean Lawrence Weaver
Mr. John Westerman
Dr. Paul Winchell

Mr. Harry Atwood
Mr. Leonard Bienias
Mr. Dave Domaas
Mr. Al France
Mr. Virgil Moline
Dr. John Najarian
Dr. Paul Quie

The meeting of the Board of Governors of University of Minnesota Hospitals and Clinics was called to order by Chairman Hanser at 1:30 p.m., in Room 555 of Diehl Hall.

I. Announcements/Introductions

Chairman Hanser called upon Ms. Barbara Reynolds, Director of Hospitals Public Relations, to make an introduction. Ms. Reynold introduced Mr. Ralph Heussner who has joined the University of Minnesota News Service as the Health Sciences writer, replacing Mr. Bob Lee. She explained that Mr. Heussner will be officed adjacent to the Hospitals' Public Relations Department and the Health Sciences Public Relations Co-ordinator. Mr. Heussner explained that he is a native of Cleveland, Ohio, and that for the last eight years he has worked as a reporter and editor with newspapers in Georgia and Florida. Chairman Hanser welcomed Mr. Heussner on behalf of the Board.

II. Minutes - April 16, 1980

Ms. Gruye moved that the minutes of the last Board of Governor's meeting be approved. Her motion was seconded by Ms. Coates, voted upon, and passed.

III. Planning and Development Committee Report - Mr. Harry Atwood, Committee Chairman

Chairman Hanser first announced that Dr. Najarian had nominated Dr. Joseph Buckley, Professor and Head of the Department of Anesthesiology, to serve on the Planning and Development Committee as one of the representatives of the Clinical Chiefs. Mr. Hanser explained that Dr. Buckley will be taking Dr. Resch's place on that Committee and reminded the Board that Dr. Buckley previously served on the Joint Conference Committee.

In Mr. Atwood's absence, Ms. Sandberg presented the Planning and Development Committee report. She indicated that the Committee covered four primary areas. The first area was a report regarding discussions with the V.A. Hospital following the A95 review. This formal review had suggested that University Hospitals and the V.A. should consider joint arrangements with certain services such as Renal Transplantation and Radiation Therapy. The second area which the Committee covered dealt with determining the number of beds for the Renewal Project. Ms. Sandberg indicated that preliminary findings from the Strategic Options Study suggested that a range of beds be considered at this point to coincide with the range of predictions of patient activity in the future. Ms. Sandberg reported that the third area discussed was that of the most recent cost estimates for the Renewal Project. She reported that the projected cost now stands at \$232.5 million. The fourth item she noted was a review by the Committee of block schematics for the Renewal Project. Ms. Sandberg then called upon Mr. Dickler to elaborate on her report.

Mr. Dickler commented that discussions with the V.A. Hospital on joint efforts is only at the stage of identifying areas where additional information should be gathered. He added that he has some concerns with regard to any joint efforts in the area of Radiation Therapy. With regard to the Renewal Project, he explained that the block schematics viewed by the Planning and Development Committee contained substantial changes from the master zoning configurations viewed in January. He suggested that further review of departmental placement will be undertaken at the June meeting when the schematics will be brought to the Board for comment and endorsement. Mr. Mason asked why cost projections for the Renewal Project had increased. Mr. Dickler explained that the bed compliment was adjusted to meet the utilization predictions of the strategic options study. He went on to explain that cost reductions for the Project are not being considered yet because it is believed that it is more advantageous to consider such cut backs all at once thus lending more continuity to program planning.

In concluding the Planning and Development Committee report, Ms. Sandberg added that Mr. Bill Herrick, Director of the Hospitals' Operations Analysis Department, presented the Committee with an up-date on progress and planning for the Hospitals' information system.

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

In Mr. Cost's absence, Mr. Quisgard began the Finance Committee's report. He first stated that the Committee spent considerable time dealing with Mr. Westerman's and staffs response to the request from the last Board meeting that consideration be given to ways in which \$3.5 million could be removed from the budget. Mr. Quistgard explained that a list of possible approaches to such a budget cut had been presented and reviewed. He noted that the list was divided into efforts which could be undertaken with immediate short-term (30-60 days) results, intermediate (6 months) results, and longer term (one year) results. He stated that the Committee asked that staff provide further detail on these approaches for the June meeting. In particular, he noted that dates and estimated dollar amounts were being requested for each approach. Chairman Hanser restated the importance of this undertaking. Mr. Quistgard read the motion from the April meeting, "Mr. Mason noted that the 19.7% increase is still \$3.5 million short of meeting budget requirements and thus, he moved that a list be developed to remove \$3.5 million in expense from the budget or to return with a rate increase proposal which would meeting of \$3.5 million shortfall. Mr. Mason's motion was seconded, voted upon and passed." Mr. Westerman added that the Program Review and Budget Monitoring Committees with Clinical Chief participation were involved in developing the approaches which were presented to the Finance Committee. Chairman Hanser stated that the Board was committed to addressing this budget concern.

Mr. Quistgard then called upon Mr. Larson to review budget changes with the Board. Mr. Larson referred the Board to their 9 page handout which displayed the revisions made to the various budget schedules as a result of the decision on the 19.7% rate increase and the incorporation of the nursing salary and fringe benefit adjustment. Mr. Mason inquired further about the Section 223 routine cost limitations and its impact on University Hospitals versus others. Mr. Fearing noted that the Committee did discuss Section 223 and University Hospitals' compliance with it as a policy question. Mr. Quistgard added that the Finance Committee charged staff with conducting a survey of other University hospitals to see how they were dealing with the limitations or whether exceptions were being sought and how. Ms. Pillsbury commented that she assumed this was a subject of discussion for the Consortium.

Mr. Cost, the Finance Committee Chairman, asked for an opportunity to comment on the Finance Committee's action regarding the \$3.5 million budget issue, as he had not been present for the earlier discussion. He indicated that staff presented ideas on target areas which should result in decreasing expenses varying periods of time. He explained that staff will be providing the details of estimated dollars to be saved and dates by which savings should take place. He noted that those suggestions with forecasted longer range results will be incorporated into the strategic options discussions at the Board's July Retreat. Mr. Cost then asked Mr. Larson to provide the year-to-date financial report.

Mr. Larson stated that patient activity through April was holding well. He noted that patient days were 2% above budgeted projections but added that admissions were lagging behind by 3.2%. He did point out that clinic activity was very good in April. He explained that the number of year-to-date visits is 8,000 behind projections but added that April year-to-date visits are 6,000

ahead of last year at this time. Mr. Larson noted that the Hospitals' operating position changed little through the month. He reported that revenues over expense for the month totaled \$136,197, bringing the April year-to-date revenue over expense position to \$1,139,587. He added that there was slight improvement in ancillary revenues and attributed this to the increase in out-patient activity. He then reported that expenditures are \$1,571,282 or 1.8% below budget and suggested that this may be due to patient service utilization. With regard to accounts receivable, he stated that there existed a balance of \$23,730,256 representing 84.9 days of revenue outstanding. He explained that this was up 4.2 days from June 30, 1979, and explained that delays in payment from Medicare and Medicaid continue to be the problem.

Mr. Mason inquired about the Blood and Blood Derivatives item on the Statement of Operations asking why that item seemed to be so over budgeted. No immediate answer could be given to his question but staff stated that they would examine the matter further and provide a response at the next meeting.

V. Joint Conference Committee Report - Ms. Sally Pillsbury, Committee Chairperson

Ms. Pillsbury reported that the previous evening's meeting was primarily an information session as there were no action items. She stated that Dr. Russell Lucas, Professor of Pediatrics, told the Board about the Jimmy Stewart Research Laboratories as they relate to the Variety Club Heart Center. Dr. Lucas was present and briefly commented on the fund raising activities involved in the project to be located on the 13th and 14th floors of the clinics building.

Ms. Pillsbury also stated that Dr. William Krivit, Professor and Head of the Department of Pediatrics, updated the Committee on current activities in the area of Bone Marrow Transplantation. Ms. Pillsbury mentioned that the Nursing Clinical Director for Pediatrics and the Head Nurse on the Bone Marrow Transplant Unit were also present for the presentation, as was Ms. Barbara Tebbitt, Director

of Nursing Services. In her report of both items, Ms. Pillsbury reflected on the historical development of the two programs and the many "firsts" achieved at University Hospitals in both fields.

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

Mr. Westerman reported that staff has been extremely busy in a number of different project areas. As examples, he cited Mr. Jones and the strategic options study, Mr. Moore and a study regarding tertiary care, Ms. Shapiro and her work in wellness and Mr. Howell and his evaluation of supply utilization.

Mr. Westerman called upon Mr. Jones to comment on the strategic options study. Mr. Jones indicated that the report is in its final stages of development.

He noted that the study will be circulated internally for reaction before it is placed in a briefing book for distribution to the Board prior to the Retreat. Mr. Westerman suggested that consideration may be given to bringing in a consultant for the Retreat to evaluate directions and strategies.

Mr. Westerman then called upon Ms. Tebbitt, Director of Nursing Services, to comment on Nursing activities. Ms. Tebbitt reported that there are 179 vacant positions in the Department totalling approximately 86 FTE'S. She stated that all types of creative strategies are being implemented to aid in recruiting and retention efforts. She noted that the nursing staff has been involved in the problem-solving process. With regard to the Nursing salary situation, she commented on her gratitude to the Board of Regents for approving the clinical laddering concept. In response to questions, she suggested that competitive salaries caused the loss of some nurses. She explained that because of the shortage, six surgical beds have been closed but added that that number was very small compared to what other hospitals were being forced into. She also reported that her Department now has two full-time recruiters and further mentioned that various nursing procedures and shift arrangements were being changed to accommodate the shortage and facilitate the workload for those nurses on duty.

Mr. Westerman then called upon Mr. Diehl to comment on the Legislative up-date materials which he had sent to the Board. Mr. Diehl asked that Board members peruse the materials and contact him should they have any questions.

Ms. Sandberg indicated that a bill granting \$500,000 in development funds to Home Health Care Programs was passed. Mr. Diehl also commented on Mill-Burton regulations and their impact.

Other items touched upon by Mr. Westerman included the community's reaction to Divine Redeemer Hospital going private' activities of the Blue Cross/Blue Shield with regard to appropriateness review of Chemical Dependency & Psychiatric Programs; the Faculty Women's Club Hospital Auxiliary's 50th Anniversary luncheon; a retreat scheduled for the Health Sciences Deans and Directors' meetings regarding Personnel concerns; the up-coming Laboratories Conference; and the search currently being conducted for an Executive Director for the MAPTH organization.

VII. Board Concerns - Mr. Al Hanser, Chairman of the Board of Governors


Chairman Hanser pointed out that directories had been distributed which listed the names and addresses of all the trustees for all the hospitals in the West Metro area. He also referred the members to a blue flyer announcing the lecture to be given by the Commissioner of the Food & Drug Administration on Tuesday, May 29, 1980.

Chairman Hanser then announced that the Board of Governors' Retreat is to take place on Wednesday and Thursday, July 23 and 24, 1980. He stated that it is to be held at Minnesuing Acres, the private conference center belonging to Mr. Curt Carlson. He stressed that the Retreat is to be a working session. Spouses may be included if desired. Chairman Hanser indicated that Ms. Sudduth will be contacting Board members regarding numbers, schedules, and methods of transportation.

Chairman Hanser concluded the meeting with mention of the outcome of the Regents meeting held in Morris, Minnesota. He noted that at that meeting the Regents gave the go-ahead to proceed with Renewal Project planning.

There being no further business, Chairman Hanser adjourned the meeting of the Board of Governors at 3:35 p.m.

Respectfully submitted,


Johnelle Foley
Secretary

Minutes
Board of Governors
University of Minnesota Hospitals and Clinics
April 16, 1980

Present: Mr. Al Hanser, Chairman
Ms. Sally Pillsbury, Vice Chairman
Ms. Dionisa Coates
Mr. David Cost
Mr. Dave Domaas
Mr. Al France
Ms. Debbie Gruye
Ms. Fannie Kakela
Ms. Mary Lebedoff
Mr. Jack Mason
Mr. Virgil Moline
Dr. John Najarian
Dr. Paul Quie
Ms. Margaret Sandberg
Dr. John Tiede
Ms. Timothy Vann
Dean Lawrence Weaver
Mr. John Westerman
Dr. Paul Winchell

Absent: Mr. Harry Atwood
Ms. Jo-Anne Barr
Mr. Leonard Bienias
Ms. Jeanne Givens
Mr. Jack Quistgard

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

I. Minutes - March 19, 1980

A motion was made and seconded to approve the minutes of the March meeting of the Board of Governors. Ms. Gruye made corrections to page 10 of the minutes with regard to her comments on energy audits. Specifically, it should have read: "She told of the possibilities of obtaining Federal Funding for an energy audit on existing buildings, and an important thing to do would be to also do an energy audit on new construction".

Dr. Tiede commented that the attendance listing included with the March minutes of the Planning and Development Committee listed himself as being absent. He explained that he is no longer on that Committee and suggested that perhaps the old membership roster was still being used by mistake. There being no further comments, the March Board of Governors minutes were accepted as corrected.

II. Planning and Development Committee Report - Mr. Harry Atwood, Committee Chairman

Mr. Al France presented the Planning & Development Committee Report in Mr. Atwood's and Ms. Given's absence. He first stated that Mr. Dickler reported to the Committee on a number of external meetings relating to the V.A. Hospital Project. The Metropolitan Health Board has initiated it's A95 review of the project. The sessions to date have indicated that it is unlikely that any definitive recommendation will come forward regarding University Hospitals' relationship with the V.A. Hospital project. Mr. Dickler suggested that perhaps only a statement regarding the investigation of joint programmatic planning will be proposed.

Mr. Dickler also reported on a meeting held in Washington, D.C., with the staff of the Senate Committee on Veteran's Affairs regarding the V.A. Hospital Project. He noted that Chairman Hanser was present at that meeting representing the West Metro Hospital Trustee Council. He listed other local groups who were in attendance but indicated that there appeared to be no major opposition to the project. Mr. Dickler did however, add that he sensed that there may be a delay of one year in funding the Minneapolis V.A. Hospital project. He next reported that a briefing session was held with President C. Peter Magrath at the President's request to familiarize him about the V.A. project. He also stated that the Regents will be informed of the V.A. matter probably at their June meeting. In summary Mr. Dickler indicated that the V.A. Hospital Project apparently is in no way adversely affecting University Hospitals' project. Suggestions of co-operative interactions between the two institutions have not been raised formally.

Mr. Dickler then reported on the Renewal Project's status stating that the planners are currently in the block schematics phase. He suggested that certain issues are surfacing at this time with regard to building capacity, number of beds, and cost estimates. He reported that the inflation rates have raised the estimated cost of the project to 229 million dollars.

Mr. France then continued the P&D Committee report with a presentation of the Annual Equipment & Renovation Budget for 1980-1981. He noted that a preliminary budget had been reviewed last month and added that this finalized budget was \$132,000 less than the previous submission. He stated that the budget is consistent with the long range financial plan of the Hospitals which sets ceilings with regard to equipment and remodeling. Mr. France mentioned that none of the budget items required Certificate of Need review. He reported that the P&D Committee supported the action of staff in sending forth letters to the Metropolitan Health Board requesting waivers for certain equipment and remodeling projects dealing with computer facilities for the Hospitals. It was felt that these items could be excluded from Certificate of Need review because they were not related to direct patient care as defined by applicable law and regulation. A motion was then moved and seconded to approve the 1980-1981 Capital Equipment & Renovation Budget. The motion was voted upon and passed.

Mr. France also reported that Mr. Westerman commented on activities occurring with the University teaching hospitals consortium. Mr. Westerman noted that the group is considering closing their membership at 16 institutions. He also added that research topics are being considered and include at this point, interest in governance issues and work being done with Diagnostic Related Groupings.

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

Mr. Cost noted that the Finance Committee had been meeting for the last two days in preparation for the presentation of the 1980-1981 budget. He first however, called upon Mr. Nels Larson to present the Year-to-Date financial status of University Hospitals. Mr. Larson commented that Board members were provided with a complete set of financial statements and activity graphs. He suggested that for the most part conditions were stable with patient days continuing to run over projections because of an increasing average length of stay to 9.7 days. He noted that the additional days primarily appear to be occurring in Psychiatry and Rehabilitation. He also pointed out that a decrease in the amount of Operating Room time due to staffing problems has affected activity in the Medical-Surgical areas and the utilization of ancillary services. Mr. Larson stated that the Hospitals operating position

through the end of March shows year-to-date revenue over expense of \$1,003.390. He indicated that this was a slight improvement over the previous month because of the March 1, 1980, rate increase. He explained that the year-to-date expenditure variance continues to be favorable for a number of reasons including a change in the plant fund account which reflects less depreciation expense because the Hospital has given up certain portions of the Mayo Building to the School of Public Health. Mr. Larson also reported a two day decrease to 84.5 days in accounts receivable from last month. He attributed this reduction to some improvement in receipt of payments from Medical Assistance.

Next, Mr. Cost referred to the Bad Debt Report for January through March, 1980. He reported that the total amount recommended for bad debt during this quarter is \$404,894.84 and \$3,184.10 of Home Health Care activity. He noted that recoveries during the period totaled \$3,211.26 leaving a net charge off of \$404,867.68. He added that the total bad debts for the fiscal year-to-date as of March 31, 1980, are 1.0% of total charges or .25% below the budgeted level of bad debts. He suggested that this appeared to be most reasonable and moved for approval of the write-off. Ms. Gruye seconded the motion. It was voted upon and passed.

Mr. Cost then began the presentation of the proposed budget for Fiscal Year 1980-1981. He reported that the Finance Committee reviewed the budget in detail. He commented that the process leading to the development of the budget appears to be very sound and that this year indicated even more discipline in that considerably fewer new program requests were presented. He suggested that inflation appears to be the greatest contributor to the increased budget. Mr. Cost referred the Board members to various pages of their green budget books to set the stage for the budget requirements. He then commented on various issues which were identified as impacting on this year's budget. He mentioned the Renewal Project and the Hospitals' desire to maintain a cash flow sufficient so that the project can be self-financed. He noted the Nursing situation with regard to improving their salary plan for better incentives and community comparability. He spoke to the caps on Federal reimbursements and the possible need to contest their applicability to University Hospitals and he mentioned general future needs of the institution versus that which Rate Review will allow. He then called upon Mr. Fearing to present the details of the budget for 1980-1981.

Mr. Fearing concurred with Mr. Cost's assessment of the issues and added that they made this year's budget the most complicated ever presented. He explained that the 1980-81 base budget would require a 25.9% increase in total revenues and added that additional information only just identified in the last few days could bring that figure up as high as 32.7%.

He mentioned that the budget included certain assumptions such as the desire to continue efforts toward attaining cost-charge parity and the passing on of those costs not allowed for Federal reimbursement to non-Federal patients. Mr. Fearing pointed out that the budget projects an \$118,000,000 expense base. He stated that this alone would lead to a 13.8% increase for base expenditures increases. He added that this was not out of line but pointed out that a problem would exist in terms of cash flow which could impact on the Renewal Project. He commented further on the implications of the new Federal regulations setting limitations on allowable costs and pointed out that concerns regarding this had been addressed at the Board Retreat last summer. Mr. Fearing then presented the Finance Committee's position as distributed:

UNIVERSITY OF MINNESOTA HOSPITALS AND CLINICS
BOARD OF GOVERNORS BUDGET RESOLUTION
1980-81

Finance Committee Position

The 1980-81 base budget would require a 25.9% increase in total revenues plus other increases for costs which were not included in the base budget. These increases are based on current hospital pricing policies where were developed to insure UMH&C's ability to self finance the renewal project. Due to the magnitude of the increases expected for 1980-81 and the many implications associated therewith, several elements of the budget have been deferred for action in subsequent meetings. However, due to the need to request rate increases from Rate Review by May 1, 1980 for July 1, 1980 implementation, the Finance Committee recommends that an initial increase for 1980-81 be approved by the Board of Governors that allows for:

- 13.8% Increase for base expenditures increases.
- (.8)% Less .8% decrease related to nursing positions which may not be filled in 1980-81.
- 3.2% Increase for working capital increases associated with the expense increases.
- 2.0% To continue the charge/price parity concept established to allow for self financing of the renewal project.
- 1.5% Increase for pending compensation adjustments.
- 19.7% Increase in Revenue

The Finance Committee will continue to review the other elements of the proposed 1980-81 budget in future meetings. When recommendations regarding these issues have been made, they will be brought to the Board of Governors for approval. Rate change actions which are required by these recommendations will be taken through Rate Review subsequent to their approval by the Board of Governors.

Mr. Fearing explained the need to approve a rate increase now in order to follow the Rate Review approval sequence for implementation on July 1, 1980. He described the components of the 19.7% proposed rate increase. In particular, he referred to the 1.5% item listed as an increase for pending compensation adjustments. He reported that this dealt with the career ladder proposal for improved incentives for nurses. Next, Mr. Fearing referred the Board to issues raised on page 39 of their green books. To the existing four questions he added the need for University Hospitals to examine its relationship with Rate Review and to study with Central University Administration, the position regarding compensation level for employees.

Discussion followed regarding the budget and proposed rate increase. Mr. Larson commented that rate increase requests from other hospitals to Rate Review have range from 13% to 30%. Mr. Fearing explained that there was no inclusion of a cushion in the budget for the new Minnesota Nurses Association salary plan. He indicated that it was believed that Rate Review would allow adjustments to meet the requirements of the contract as a pass through because of the community-wide impact of MNA.

Mr. Mason pointed out that the proposed rate increase did not appear to be sufficient in that it reduced the amount of the short term money available and increased the need to borrow for the Renewal Project. On page 6 of the green book he pointed out a \$3.5 million short fall. Mr. Fearing suggested that with certain policy decisions made, the Rate Review could be approached again during the fiscal year for additional increases. Dr. Najarian proposed an examination of current expenses and suggested that Board endorsement of such a review would be most effective. More discussion followed and Mr. France moved for approval of the resolution proposing the 19.7% increase. His motion was seconded and passed. Mr. Mason noted that the 19.7% increase is still \$3.5 million short of meeting budget requirements and thus, he moved that a list be developed to remove \$3.5 million in expense from the budget or to return with a rate increase proposal which would meet the \$3.5 million shortfall. Mr. Mason's motion was seconded, voted upon, and passed. Ms. Sandberg inquired about the existence of guidelines to aid in the examination of areas considered for cut backs. Mr. Westerman pointed out various documents previously prepared by the Board such as the Policy on Financial Statements, the Mission Statement, and the Long Range Plan. Mr. Domaas noted his concern regarding any adverse impact proposed budgetary cuts may have on the teaching mission of University Hospitals.

IV. Joint Conference Committee Report - Ms. Sally Pillsbury, Committee Chairman

Ms. Pillsbury first reported that the Joint Conference Committee reviewed a two part medical audit on the use of tricyclic anti-depressants for in-patients and for out-patients. She described what were considered to be situations of depression requiring treatment with medication and she commented on problems identified through the audit with regard to documentation of patients charts regarding in-take of the drug. She then moved for approval of the audit. Her motion was seconded and following some discussion was voted up and passed. With regard to the audit Ms. Pillsbury also reported that the Joint Conference Committee recommended that the Quality Assurance Committee consider examination of the use of anti-depressants by physicians outside of Psychiatry. Further, she added that the Committee also asked that the Quality Assurance Committee examine the current flow of information regarding medical audits to make certain that findings are properly communicated, especially to those in training. Because of the broader implications of this second issue dealing with integration into the teaching problem, Ms. Pillsbury moved for Board support, her motion was seconded and following discussion was passed with two dissenting votes cast by Drs., Najarian and Winchell.

Ms. Pillsbury then noted that Dr. Quie reported on Medical Staff/Hospital Council activities. She reminded the Board that in the previous month the Council had dealt with the issue of reviewing non-hospital ancillary personnel who are hired by physicians to aid them in their research. She indicated that this month, the Council dealt with the handling of specified professional personnel working in University Hospitals and gave examples of such personnel such as psychologists and audiologists. She explained that the Joint Commission on the Accreditation of Hospitals had cited University Hospitals three times for not having a mechanism in place to see that such individuals are properly prepared for their work. Ms. Pillsbury reported that the Medical Staff/Hospital Council and the Joint Conference Committee had supported charging the Credentials Committee with responsibility for specified professional personnel. She moved for Board approval of that plan and her motion was seconded. Dr. Najarian raised concerns that the matter required further examination and in particular Council of Clinical Chiefs review. He moved that the motion be tabled and returned to the Clinical Chiefs. His motion was voted upon and passed.

Next, Ms. Pillsbury mentioned that Dr. Krivit was present to comment on Clinical Chief activities. She described his comments and concerns regarding issues surrounding nurses' compensation at University Hospitals. The Board then discussed measures being taken to improve salaries and incentives. Inclusion of funds in the

80-81 budget for career laddering was mentioned and there was clarification regarding an overall salary increase for nurses July 1, 1980, with settlement of the MNA contract.

V. General Directors Report - Mr. John Westerman, General Director

Mr. Westerman touched on a number of subjects including a meeting of the Alliance currently underway in Minneapolis with representatives present from London and Saudi Arabia. He suggested that the group is considering some very interesting cross cultural studies. He also spoke to a recent University Hospitals Executive Council meeting in New Orleans where much time was spent examining the use of DRG's (diagnostic related groupings) in rate setting and trending. He noted that of late, the JCAH is concentrating on issues of malpractice and quality assurance.

Mr. Westerman then called upon Mr. Diehl to provide the Board with a summary of the 71st Legislative session. Mr. Diehl commented briefly noting that little of substance with regard to health related matters was passed this session. Instead, he pointed out those bills which were not passed such as one combining the accrediting and licensing activities for hospitals and one dealing with the proper operating of nursing pools. He indicated that he would prepare a written summary of the Legislative session for attachment to the minutes of this meeting.

VI. Board Concerns - Mr. Al Hanser, Board Chairman

Chairman Hanser first mentioned that Ms. Margaret Sandberg will be attending the AHA Trustee Forum Conference in Detroit. He added that Mr. Atwood will also be present for that session as a member of the AHA Board on Hospital Trustees, the sponsoring organization.

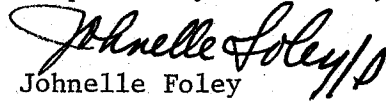
Chairman Hanser then reported on a meeting of the Executive Committee. He stated that the primary purpose of the meeting was to review a status report of the Strategic Options Study. He then summarized for the Board some of the preliminary trends, findings, and recommendations of the study. These are contained in summary fashion in the attached report.

Other matters which Chairman Hanser covered included the Retreat. He suggested that the membership be polled regarding their availability during the third week of July. He also reported that the Masonic Hospital name change had in fact occurred and stated that Masonic Cancer Center is now the official title. He mentioned that Mr. Mason had been so thoughtful as to forward a suggestion regarding fund raising and added that the matter is currently being looked into. Chairman Hanser

also raised the subject of the V.A. Hospital Project noting that the Executive Committee discussed it with regard to the need for University Hospitals to take a position concerning its location or planning. He indicated that any statement would probably be premature and inappropriate as formal review of the project is now underway and there has been no request of University Hospitals for such a statement. Mr. Mason again raised concerns that the Regents will be considering the V.A. Hospital Project without recommendation from the Governors. Chairman Hanser explained that the Regents would be discussing the V.A. issue only in terms of a briefing with no action being planned. He suggested that a show of hands on the subject of a position statement could be conducted at the May Board meeting.

There being no further business, the Board of Governors meeting was adjourned at 4:25 p.m.

Respectfully submitted,


Johnelle Foley
Secretary

Minutes
Board of Governors
University of Minnesota Hospitals and Clinics
March 19, 1980

Present: Mr. Al Hanser, Chairman
Ms. Sally Pillsbury, Vice Chairman
Ms. Leonard Bienias
Mr. Dave Domaas
Mr. Al France
Ms. Jeanne Givens
Ms. Debbie Gruye
Ms. Fannie Kakela
Ms. Mary Lebedoff
Mr. Jack Mason
Mr. Virgil Moline
Dr. Paul Quie
Ms. Margaret Sandberg
Dr. John Tiede
Ms. Timothy Vann
Mr. John Westerman
Dr. Paul Winchell

Absent: Mr. Harry Atwood
Ms. Jo-Anne Barr
Ms. Dionisa Coates
Mr. David Cost
Dr. John Najarian
Mr. Jack Quistgard
Dean Lawrence Weaver

The meeting of the Board of Governors of University of Minnesota Hospitals and Clinics was called to order by Chairman Hanser at 1:40 p.m., in Room 555 of Diehl Hall.

I. Announcements & Introductions

Chairman Hanser acknowledged the presence of Regent Charles McGuiggan in the audience and thanked him for his interest in taking the time to sit in on the Board of Governor's meeting.

Next, Chairman Hanser announced that Ms. Jo-Anne Barr had given birth to an 8 lb. 14 oz., baby girl, Nicole Noel, on March 4, 1980. He noted that a greeting will be sent to the Barr's on behalf of the Board of Governors.

II. Minutes - February 20, 1980

Ms. Givens moved for approval of the minutes of the last Board meeting. Her motion was seconded. Ms. Pillsbury referred to page seven of the minutes and noted that the Masonic name change preference of the Clinical Chiefs and the Medical Staff/Hospital

Council was reversed. With that correction, the motion approving the February minutes was voted upon and passed.

III. Planning & Development Committee Report - Ms. Jeanne Givens, Committee Vice Chairman

Ms. Givens noted that Mr. Atwood had presided over the P & D Committee meeting but was unable to stay for the Board meeting. She noted that the Committee took up three items - a Renewal Project update, the 1980-81 capital budget, and the computer equipment and facilities waiver process. She first reported that Mr. Atwood told of the presentation updating the Regents on the Renewal Project on March 14, 1980. She indicated that Mr. Atwood felt that the Regents were most receptive to the Renewal Project and its progress.

Next, Ms. Givens called upon Mr. Westerman to describe other external meetings which have been held on the Project. Mr. Westerman told of a meeting with representatives of the local organized health care system. This included individuals from the Foundation, the Medical Societies, the Hospital Association, and the Council of Community Hospitals. He reported that the group discussed the V.A. Hospital's plans for a new facility and basically agreed that the V.A. should participate in the formal Certificate of Need process. He added that the group was aware of joint planning efforts between University Hospitals and V.A. They were also familiar with MAPTH, the fact that the two institutions share one Medical Staff and one House Staff and appeared comfortable that joint programmatic planning would occur despite locations. Mr. Westerman added that hope was expressed that the V.A. plans would not place the University's Renewal Project at risk as it was apparent that the bed facility needed replacing. Mr. Westerman also mentioned that a meeting to update the chief executive officers of the local hospitals was held the following day.

Ms. Givens then summarized Mr. Dickler's report on the Renewal Project's progress. She stated that everything appears to be on schedule with the completion of block schematics planned for May. She indicated that these drawings will give more specific locations for various hospital departments. She added that the Certificate of Need application should be submitted to the Metropolitan Health Board in July with a decision being granted before the end of 1980.

Ms. Givens next reported that the P & D Committee began its review of the Proposed Annual Equipment and Renovation Budget for 1980-81. She stated that current figures indicate a budget of \$3,183,218 for equipment and \$383,575 for renovation. She commented that these figures are only slightly off from projections and added that they are preliminary. A finalized budget proposal will be examined in April for

action in May.

Ms. Pillsbury referred back to the discussion regarding the V.A. project and inquired as to what review process the V.A. could be required to participate in. It was noted that they were not bound by State or Federal review requirements but were required through A-95 legislation to seek review and comment on their building project from the local health board. It was reported that this process was already underway. Chairman Hanser then deferred further discussion regarding the V.A. for later in the agenda under Board Concerns.

IV. Finance Committee Report - Committee Chairman

In Mr. Cost's absence, Ms. Gruye presented the Finance Committee report. She first noted that three new committee members were present for the meeting - Ms. Fannie Kakela, Mr. Virgil Moline, and Dr. John Tiede. She then called upon Mr. Nels Larson to present the Year-to-Date Financial Report.

Mr. Larson began by stating that trends and relationships previously seen continued through February. He stated that there was an occupancy rate of 77.3%, with patient days being above budget and admissions totaling only 6 more than anticipated for February. He suggested that the additional patient days were created through the increased average length of stay which is up .8 days above projections. He reported that out-patient visits in February were over budget. He added that clinic visits are below year-to-date projections but are ahead of last year's numbers at this time.

Mr. Larson then referred the Board to the Statement of Operations. He indicated that the overall operation position changed very little through the month of February with revenues over expense totaling \$93,046 for the month, bringing the February year-to-date revenue over expense position to \$628,203. He stated that patient charges were down because of the decreased utilization of ancillary services such as the Blood Bank, Operating Rooms, and the Labs. He went on to state that the year-to-date expenditure variance continues to be favorable as expenses vary directly with patient service utilization - drugs, blood and medical supplies and interest expense is unrealized with the deferring of certain remodeling projects. Mr. Larson added that accounts receivable are up to 87.2 days of outstanding revenue or 6.5 days more than in June of 1979. He attributed this situation to the increased time taken by Medicare and especially Medical Assistance. He indicated that officials of these agencies have been contacted and work is being done with them to remedy this problem.

Ms. Gruye then reported that the Finance Committee was led through a preliminary review of the New Program Requests for 1980-81 by Mr. Van Hulzen. She added that the programs

will be reviewed in more depth at future meetings but called upon Ms. Foley to comment on one new program in particular because of its general interest and benefits. Ms. Foley referred to the Vehicle Escort Service and explained that the program had been piloted for six months during the current fiscal year. She explained that the program provides for the transportation of staff and visitors to their cars located in area lots, ramps, and nearby on-street parking and to nearby residences. She indicated that the service is provided between 9 p.m., and 7 a.m., by the Hospitals' Department of Protection Services through the use of a van leased from the University. She stated that the pilot was most successful, adding that employee morale was greatly increased and public relations were also impacted. In response to a question, she commented that efforts are underway throughout the University to help assure safety and security around the campus area.

Next, Ms. Gruye called upon Mr. Fearing to introduce the subject of Administration's evaluation of the impact of a reduction of \$609,000 to operating expenses during the period March - June, 1980. Mr. Fearing reminded the Board that this evaluation was requested as part of the resolution acted upon at the last meeting in which the Board moved to increase rates by an annualized 1.8% to recover \$1,740,000 during the period March to June, 1980. Mr. Fearing explained that this matter was examined on three levels by looking at the F.T.E., and revenue situations in Routine, Ancillary, and Administration and General Services areas. He indicated that budgetary adjustments are on-going and added that an across-the-board cut of \$609,000 would be most difficult. He stated that the only area over budget is the Department of Nursing Services and called upon Ms. Barbara Tebbitt, Director of Nursing Services to describe why that situation exists.

Ms. Tebbitt explained that Nursing Services has been working with a computerized system which examines the amount of time nursing tasks take and the acuity of the patients they care for. This system known as NUMIS is used to aid the Department in staffing its various areas. Ms. Tebbitt noted that for some time staffing adjustments were made from a bank of nursing positions maintained in the Department. In terms of patient acuity she noted that there were five categories which explained various degrees of care needed based on the patients problem. She added that a "0" category eventually had to be added because of the increased frequency with which they were seeing patients needing great than one on one care. She then explained that in looking at the NUMIS system records from 1976-1979, the indication was that 1/2 hour of patient care per patient per year should have been added, or that 600 patients today need 300 hours more care than they did in 1976. This means that each year, 54.3 FTE

should have been added.

Ms. Tebbitt explained that these additions were not made to the nursing staff and described the current situation. She noted that nurses are currently working over their appointments and stated that the utilization rate for the Department has been running 108-120%. She indicated that this type of staffing leads to burn out and increased turn-over. She noted that the turn-over rate has, in fact, increased by 10% in the last year. Ms. Tebbitt then went on to comment further on what changes have taken place. She noted that, as described earlier, there are more patient days than anticipated and it so happens that most of those days are in intensive care areas where one-on-one nursing is required. She also said that the average length of stay is increasing primarily in Peds-ICU where babies weighing 2-2 1/2 lbs. require one-on-one care twenty-four hours a day. She pointed out that certain difficult procedures are being done more often and require much closer nurse management. She stated that because turnover has increased, overtime has to be used until vacancy is filled and until orientation period is over. She indicated that in the past, the benefits of sick leave, vacations, and holidays have not been budgeted for. She also commented that more nurses are taking winter vacations making those months most difficult to deal with and added that few schools graduate new nurses during these months. Finally, she simply stated that the NUMIS report clearly indicates that the acuity level of the patients cared for at University Hospitals has increased greatly. She concluded that if cuts were to be made in the Nursing budget, she was uncertain as to where they could possibly occur.

Next, Ms. Tebbitt displayed the working hours of eight random nurses, demonstrating the over-utilization of their time. She reported that the Department has recently hired a full-time nurse recruiter, and added that another nurse with a MA in Psychiatry has been re-assigned to work with the nursing stations where burn-out is most likely to occur. She also mentioned that the Department recently conducted an organization climate study in which they surveyed the Nursing Staff to determine why nurses were working at University Hospitals and why they would consider leaving. Ms. Tebbitt noted that there is a serious shortage of nurses, a shortage which is expected to continue for the next 5-10 years. She indicated that much creative planning will be required to solve this problem.

Chairman Hanser asked if pools were used to secure nursing personnel for University Hospitals. Ms. Tebbitt indicated that even the pools cannot supply the nurses for the shifts needed. He added that a committee of the West Metro Trustee Council has been examining the nursing shortage and other issues. He asked Ms. Tebbitt to comment

on the reasons for the shortage. Ms. Tebbitt explained that societal values have changed. Today, the emphasis is on bread and butter, the need for professionalism and upward mobility. In Nursing the salaries are low, the hours are not considered professional and there is no career ladder. Chairman Hanser commented on how difficult this issue is in light of hospitals being asked to contain costs. Ms. Lebedoff asked if any progress was being made in the area of child care for hospital employees. It was noted that a task force is looking into a day care center for children of employees. Ms. Gruye pointed out the unbelievable difference between nurses' salaries and the new salaries for grocery store checkout people. Ms. Pillsbury asked if the primary care method of nursing used at University Hospitals was helpful in recruiting nurses. Ms. Tebbitt explained that while that method originated here it is now used throughout the community and the nation. Chairman Hanser asked if more new grads in nursing would help the situation. Ms. Tebbitt noted that all hospitals are experiencing increased acuity in their patients and the affects of the nursing shortage. Ms. Givens asked if certain groups of hospitals could not form their own pools. Ms. Tebbitt noted that such an arrangement is being discussed with the MAPTH organization. Ms. Givens also asked what is being done internally and what the Board can do to aid in this grave situation. Ms. Tebbitt indicated that she and Dr. Quie are looking at future program planning that steps are already being taken to establish career steps in nursing, and that a child care arrangement must be set up. In terms of Board activities, she stated that it was helpful to have their understanding of the problem and support in budgeting strategies. Dr. Winchell added that it will be important for the Board to remember the nursing situation when they consider the implementation of new programs.

In concluding, Mr. Fearing commented that he hoped that the previous discussion was helpful in demonstrating the difficulties of a \$600,000 cut. He reiterated appropriate adjustments are on-going and added that the fiscal year can be completed with only a small deviation from the planned buget.

V. Joint Conference Committee Report - Ms. Sally Pillsbury, Committee Chairman

Ms. Pillsbury reported that the Joint Conference Committee also had new members present. She noted Ms. Timothy Vann, Mr. Dave Domaas, and Dr. William Krivit. She also added that Dr. Seymour Levitt has also joined the Committee but was not present at the meeting. Ms. Pillsbury stated that the Committee's first order of business was the review of the first set of results from an area-wide audit. She noted that the audit of Cerebrovascular Accidents was conducted in April of 1978 as proposed by the Foundation for Health Care Evaluation. Ms. Pillsbury commented that Dr. Myoung Lee presented the audit noting that a CVA is also called a stroke. In essence, the Committee concluded that the area-wide audit proved to be of limited value. She noted that it demonstrated that both the community and the University did well in the care of patients suffering from this condition. She added that it was learned that there are more Neurologists in the Twin City area per capita than anywhere else in the country. Dr. Lee explained that situation as being attributed to the fact that many people came to the University to train under Dr. A. B. Baker and then settled in the community. Ms. Pillsbury then moved for acceptance of the Hospitals' response to the audit. Her motion was seconded, voted upon, and passed.

The next matter which Ms. Pillsbury brought before the Board was that of the Masonic Hospital name change. She reminded those present that the matter had been referred at the last Board meeting back to the Joint Conference Committee for further consideration and recommendation. She explained that Dr. B. J. Kennedy, Head of Oncology, and Mr. Don Severson, President of the Masonic Memorial Hospital Fund were in attendance to present their case. She then read to the Board a letter from Dr. Kennedy and Dr. Nesbitt, Chairman of the Cancer Committee, proposing that the name be changed to Masonic Cancer Center (see attached). Ms. Pillsbury described the discussion which occurred on this subject at the Committee level and presented the Joint Conference Committee's recommendation. She moved that the Masonic Hospital name be changed to the Masonic Cancer Center. Ms. Lebedoff seconded the motion. Ms. Sandberg inquired as to who makes the final determination on this name change. Mr. Westerman explained that the Board of Governors recommendation will go to Dr. French and added that it is possible that Dr. French may finalize the decision as it is not a complete name change. He added that ususally such changes are made by the University's Honors Committee. Ms. Pillsbury's motion was then voted upon and passed. Mr. Domaas pointed out that he was pleased with the Board's decision as Dr. Kennedy had made it quite clear that patients were being lost to institutions that had "cancer centers".

Next, Ms. Pillsbury called upon Mr. Ed Howell to report the official results of the JCAH survey. Mr. Howell stated that the Joint Commission did grant University Hospitals and Clinics a two year accreditation. He noted that accompanying their letter were 22 recommendations, none of which were substantive. He added that a plan is already in place by which each recommendation will be addressed by the responsible person. He explained that an interim report will be required of the Hospitals to describe progress in meeting the recommendation. Chairman Hanser congratulated all involved for the successful accreditation visit.

Ms. Pillsbury then called upon Dr. Quie to present the Credentials Committee report to the Board of Governors. Dr. Quie reviewed the backgrounds of those individuals seeking appointment to University Hospitals' Medical and Dental Staff. A motion was made, seconded, and passed to approve the appointments described.

Ms. Pillsbury briefly summarized other topics considered by the Joint Conference Committee. She noted that the Medical Staff/Hospital Council approved a plan for the review of non-hospital ancillary personnel and that they also heard various sub-committee reports including one from the Infection Control Committee recommending a program be piloted by which siblings come in contact with new infants more immediately. In terms of the Council of Clinical Chiefs, Ms. Pillsbury noted that much of their time has been spent on the Renewal Project. She noted that other matters covered in Committee included the Nursing shortage, MAPTH proceedings, and the Hospitals monthly environmental report.

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

Mr. Westerman began his report by commenting on the importance of the Board's decision last month to sponsor the first Conference on Clinical Decision Making and Utilization of Laboratory Services. He noted that funding for the conference has been obtained from the National Center for Health Services Research and the Kaiser Foundation. He mentioned the dates of the conference as being June 9-11, 1980.

Mr. Westerman went on to touch upon a number of other items. He mentioned that the Budget Monitoring Committee has been meeting regularly and dealing with some difficult issues. He stated that the Search Committee - looking for an Assistant Vice President for Outreach for the Health Sciences-has submitted three names to Vice President French for his consideration. Mr. Westerman noted

the importance of this new position in terms of improvements that can be made in marketing the Health Sciences with external publics.

Mr. Westerman also reported that he is working with the AHA on a proposal for strategic planning for the JCAH Hospitals, especially small, rural hospitals who are complaining about the expense and regulatory tone of JCAH accreditation. He added that he is also helping to secure new sources of funding for the JCAH. It appears that the organization is insufficiently funded depending too heavily on grants, etc. Mr. Westerman stated that he continues to enjoy his work with the AHA multi-hospital system group. He told of a session spent with that group in which they concentrated on the development of a common glossary of terms.

Other items which Mr. Westerman mentioned included a meeting with the Dental faculty, quarterly meetings with Vice President Hasselmo and Director of Personnel Thomas on hospital personnel matters, and progress being made in examination of the possible development of a wellness center or clinic. He noted that Commissioner of Health, George Peterson, had lunch with the Clinical Chiefs that week. He then suggested that it might be best to hold the legislative report until the session is over. He commented on one bill in particular which would recognize JCAH accreditation as sufficient for State licensure by the State of Minnesota. He indicated that he would investigate the status of that bill.

VII. Board Concerns - Mr. Al Hanser, Board Chairman

Chairman Hanser commented on a number of matters of general interest. In particular, he noted that the West Metro Trustee Council has become involved in a concern raised by Mt. Sinai Hospital in which their Certificate of Need request will be considered favorably by the Metropolitan Health Board if certain conditions are met. The Trustee Council is taking serious issue with the appropriateness of this conditioning approach.

Next, Chairman Hanser commented on the most recent meeting of the MAPTH organization. He indicated that it was a most harmonious meeting with the Bylaws gaining approval and the Board being appointed. He noted that while the V.A. Hospital could not participate financially in MAPTH, they will be represented on the Board and they have offered to provide a meeting place and to house the executive director.

Chairman Hanser, who chairs the Search Committee for the executive director, reported that 22 individuals have been contacted regarding the position. He added that Mr. Cooney, Director of the V.A. Hospital, gave an up-date on the institution's progress with their building project.

Chairman Hanser then referred the Board of Governors to Mr. Westerman's memo of March 10, 1980, containing the proposed Renewal Project resolution and supporting material regarding the V.A. Hospital issue. Mr. France moved for approval of the resolution. His motion was seconded. Chairman Hanser proposed that the resolution be amended to include the words "to be" before the word "determined" in the second to the last line of the resolution. Mr. France accepted Chairman Hanser's amendment to the resolution and inquired as to how the resolution is to be used. Dr. Tiede expressed concern that there appears to be confusion among the Legionnaires population as to the intent of the V.A. and University projects. Mr. Diehl suggested that the resolution could be made ready for public dissemination if the proper preamble and "whereas's" were to be included. Mr. France's motion to approve the resolution as amended and re-drafted was voted upon and passed.

With regard to the V.A. Hospital project issue, the Board agreed to deal with this matter as a separate piece of business to be reviewed again at the April meeting of the Board. Mr. Mason asked staff to develop a set of possible alternative arrangements with the V.A. Hospital that would fall somewhere between no co-operation to total co-operation with the V.A.

As a final item, Ms. Gruye asked if consideration is being given to assure that the Renewal Project's new facility is energy efficient. She told of the possibilities of obtaining Federal funding for an energy audit of new construction. Mr. Dickler informed her that as a requirement of their contract, Ellerbe, the architects for the Renewal Project, must conduct an energy evaluation of the facility. Mr. Bienias added that he was happy to see that the architect for the Renewal Project is a local firm. He noted a past situation where a firm not familiar with the climate condition of the area planned inadequately for the cold.

Before adjourning the meeting, Chairman Hanser called for a show of hands of those new members and others interested in touring the facility. At 4:18 p.m., Chairman Hanser then adjourned the March 19, 1980, meeting of the Board of Governors of University of Minnesota Hospitals and Clinics.

Respectfully submitted,

Johnelle Foley

Johnelle Foley
Secretary

Minutes
Board of Governors
University of Minnesota Hospitals and Clinics
February 20, 1980

Present: Mr. Al Hanser, Chairman
Ms. Sally Pillsbury, Vice Chairman
Mr. Harry Atwood
Ms. Jo-Anne Barr
Mr. Leonard Bienias
Mr. David Cost
Mr. Dave Domaas
Mr. Al France
Ms. Debbie Gruye
Ms. Fannie Kakela
Ms. Mary Lebedoff
Mr. Jack Mason
Mr. Virgil Moline
Dr. Paul Quie
Ms. Margaret Sandberg
Dean Lawrence Weaver
Mr. John Westerman
Dr. Paul Winchell

Absent: Ms. Dionisa Coates
Ms. Jeanne Givens
Dr. John Najarian
Mr. Jack Quistgard
Dr. John Tiede
Ms. Timothy Vann

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

I. Announcements/Introductions

Chairman Hanser first welcomed Ms. Fannie Kakela and Mr. Leonard Bienias as the two new members to the Board of Governors. Ms. Kakela stated that she is from Mountain Iron, Minnesota, and commented on her twenty years of service with the St. Louis County Health Board. Mr. Bienias indicated that he is from Minneapolis Building and Construction Trades Council.

Chairman Hanser also acknowledged Ms. Estelle Sell, the UHVA representative to the Board; Ms. Laura Willers, the newly appointed Co-ordinator of Health Sciences Public Relations; Ms. Barbara Reynolds, the Director of Hospitals' Public Relations, Ms. Robbie Collins, the Director of Hospitals' Volunteer Services, and her Assistant, Ms. Connie Bicanich.

II. Minutes - January 16, 1980

Ms. Lebedoff stated that the information in the minutes regarding the three patients who were present for the 10th Anniversary Celebration of the Clinical Research Center on page 9 was inaccurate and provided the correct details. Chairman Hanser also noted on page 1 that Ms. Vann not Ms. Givens, was the Vice Chairman of the Planning and Development Committee. He also indicated on page 10 that his meet with Commission Chairman Nancy Olkon was a breakfast meeting. Chairman Hanser then moved for acceptance of the minutes as corrected and commended Mr. Irving Sawyers on his thorough drafting of the January minutes. His motion was seconded and passed.

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

Mr. Cost reported that the Finance Committee examined the January year-to-date financial statements, year-end projections, rate restructuring strategies, the bad debt report, the debt capacity re-study and the Touche Ross management letter. He then called upon Mr. Nels Larson to summarize the Hospitals' year-to-date and year-end financial position.

Mr. Larson discussed the Statement of Operations for the period July 1, 1979 to January 31, 1980. He noted that the statement demonstrated a continuation of trends experienced during the first six months. He reported that admissions are below projections by 3.2%, that the average length of stay is up from the 9 days projected to 9.5 days, that patient days are 1.5% above budgeted projections, and that clinic visits are below budget by 201 visits but 2.0% above last January's year-to-date visits. Mr. Larson stated that as a result of this level of activity revenue over expenses was \$535,157 or a variance of .7% of total budgeted revenue. The major factors which he suggested impacted on this situation were lower than anticipated ancillary revenues especially from the Blood Bank, Operating Rooms, and Out-Patient Clinics. In terms of expenditures being below budget he cited reduced supply expenses that vary directly with patient utilization such as drugs, blood, and medical supplies.

Mr. Larson then referred to year-end projections and commented that they were calculated through using the first half of the fiscal year census and utilization trends. Also factored in were such known events as the MNA Contract, Nursing Parity and Medical Technologist Adjustments. He noted that projections indicate a revenue over expense outcome of \$2 million rather than the \$4 million planned for. The major factor causing this projected outcome appears to be a decrease in patient charges and an increase in salary expenses because of the three items

listed above. Mr. Larson also pointed out that non-operating revenue is expected to be higher than originally anticipated due to an acquisition of a higher interest rate on investment. However, in referring to the Cash Flow Statement, he did demonstrate that the total cash available will still be approximately \$2 million less than originally projected.

Mr. Cost then indicated that the Finance Committee carefully considered several alternatives to aid in dealing with this projected shortfall situation. He called upon Mr. Fearing to further explain. Mr. Fearing reiterated that the \$2.35 million shortfall from the planned position in revenue over expenses is primarily caused by the \$1.3 million which will be required to meet the MNA Contract, Nursing Parity, and Medical Technologist Adjustments. Also, he mentioned that there had been an over-estimation of revenues from the Laboratories and an increase in personnel in the Nursing Department due to increased acuity in the patient case mix. Mr. Fearing explained that the Minnesota Rate Review Panel has allowed an across the board increase to all hospitals because of the MNA Contract increase. He stated that regulations allow a hospital to implement an interim rate increase without filing an interim Rate Revenue and Expense Report so long as the aggregate annualized increases do not exceed the allowable increase limitations established by the Commissioner of Public Welfare. We do, however, have to notify Rate Review in writing of interim rate increases within the established limitations prior to their implementation. Mr. Fearing reported that the Finance Committee recommends a 1.8% annualized rate increase effective March 1, 1980 to generate a projected revenue increase of \$1,740,000 during the 1979-80 fiscal year. This amount would be sufficient to provide for the increased salary expenses and fringe benefit costs resulting from the three items previously listed. He further reported that the Finance Committee recommend that Administration evaluate the impact of a reduction of \$609,000 to operating expenses during the period March - June, 1980.

The Board discussed various aspects of the recommendation and the Hospitals relationship with the Rate Review Panel. Mr. France suggested that Rate Review be made aware of the Hospitals' problem with third party payors being late with their reimbursements. Ms. Lebedoff inquired as to the impact of HMO's on the Hospitals' financial standing. She was told that while the impact is difficult to discern,

consideration will be given to the subject by the Strategic Options Study. Mr. France then moved for approval of the following resolution:

"To increase Hospital rates an annualized 1.8% effective 3/1/80 to recover \$1,740,000 during the period March to June, 1980, and to have Administration evaluate the impact of a reduction of the \$609,000 to operating expenses during the period March - June, 1980."

His motion was seconded, voted upon, and passed.

Next, Mr. Cost reported that the Finance Committee reviewed the Bad Debt Report for November and December, 1979. He stated that the total amount being recommended for bad debt for this period is \$49,999.29 and moved that this amount be written off. He added that the amount is .29% of total charges which compares favorably to a budgeted level of bad debts of 1.25%. He also mentioned that the Finance Committee did have, and to review, a five year analysis of bad debt charges and days in accounts receivable. He noted that the trends indicated were very favorable. Mr. Cost's motion was then seconded, voted upon, and passed. It was noted that while accounts receivable days are up to 86.5 from 79.7 in June, 1979, this can be attributed to delays in receiving payment primarily from Medicare and Medicaid. Mr. Moline inquired as to when an account is considered uncollectable. Mr. Fearing explained that the time period is approximately six months but pointed out that there are exceptions to that time frame in cases such as renal transplant where the bills are so high and it takes time for the paperwork to be processed to determine whether or not a patient is eligible for aid.

IV. Planning and Development Committee Report - Mr. Harry Atwood, Committee Chairman

Mr. Atwood first reported that the Planning & Development Committee briefly reviewed the Minor Equipment and Remodeling Budget for 1980-81. He explained that this budget is generally maintained at a level of approximately \$3.5 million each year and added that they will be bringing the details of the new budget before the Board in the near future.

Next, Mr. Atwood reported on the subject of computer equipment. He explained that with the expansion of computer activities and the eventual demolition of Powell Hall, the Hospitals' computer will have to be relocated

on the first floor of the Children's Rehabilitation Hospital. This new space will then have to be remodeled at an estimated cost of \$400,000. Further, an additional hardware purchase is required for the Hospitals' clinical laboratory data processing system to provide computer support to the microbiology and blood bank divisions. The estimated cost for this addition is \$212,000 with a cost savings payback time of 4 years. Also, Mr. Atwood added that a purchase of a computerized system to support the Electrocardiography Laboratory is necessary and estimated to cost \$180,000 with payback estimated at five years. Mr. Atwood stated that the Planning and Development Committee is recommending that a letter be written to the Metropolitan Health Board requesting a waiver from the requirement for review of these projects under the Minnesota Certificate of Need law and Federal 1122. He explained that the total capital costs for the three items are estimated at \$792,000 which is a capital expenditure of less than 3% (actually 0.7%) of the 1979 University Hospitals' annual operating budget and are an expenditure for services not related to direct patient care as defined by applicable law and regulation. Mr. Atwood added that when the time comes for the actual spending on these projects, they will again come before the Board for final approval and that at that time projected costs should be more accurate. He then moved for approval to send the letter of waiver request. His motion was seconded, voted upon, and passed.

Mr. Atwood then informed the Board that the P&D Committee had been provided with a progress report on the Renewal Project and had endorsed the Interim Master Zoning Report and had encouraged planning to continue on the Project. He stated that the Committee felt that it would be beneficial to also up-date the entire Board on the Renewal Project for purposes of gaining additional in-put and because this information will also be going on to the Board of Regents for their information. He mentioned that Mr. Westerman and Mr. Dickler have met with the Regents, Physical Plant Committee and added that a meeting similar to the one held in January involving the Governors P&D Committee and the full Board is Regents is being scheduled for March 14, 1980. Mr. Atwood then called upon Mr. Dickler to summarize the status of the Renewal Project for the Board.

Mr. Dickler referred the Board to the booklets before them entitled "University Hospitals Renewal Project - Master Zoning Interim Report", prepared by Robert Douglas Associates. He explained that the booklet contained the detailed information which he would summarize. In his presentation he used graphics similar to those contained in the booklet. He explained that Master Zoning is the conceptual

placement of functional areas and their relationships to each other. Following his presentation, Mr. Dickler responded to questions and comments regarding energy considerations in the new structure, single versus double patient rooms, and Variety Club Heart Hospitals plans. Mr. Atwood thanked Mr. Dickler for his report.

V. Joint Conference Committee Report - Ms. Sally Pillsbury, Committee Chairman

Ms. Pillsbury reported that the Joint Conference Committee did not meet in February as there were no audits to be reviewed nor was there a Credentials Committee Report. She did then ask Mr. Tom Jones to briefly up-date the Board on the progress that is being made in the area of Quality Assurance.

Mr. Jones reported that three areas have been identified as being necessary to meet the new JCAH quality assurance standard. First, a written quality assurance plan must be developed annually by medical and management staff and approved by the Board of Governors. Second, an expanded program of quality assurance data monitoring must be implemented to assure appropriate follow-up on identified problems. Third, a central documentation resource must be developed. Mr. Jones stated that to facilitate implementation of these staff activities certain organizational changes have taken place.

Mr. Jones explained that on February 1, 1980, Mr. Ron Klemz was assigned as the Hospitals' Risk Manager with responsibility for management of the incident reporting system and the Hospitals' safety and security functions. He noted that Mr. Klemz reports to Ms. Johnelle Foley. Also, an expanded quality assurance program staff support role has been assigned to Ms. Jan Schindler-Brockway and her staff of evaluation specialists effective March 1, 1980. Ms. Brockway and her staff will report to Mr. Jones during development of the quality assurance program plan and will be working on the data monitoring and documentation aspects of the program. Mr. Jones stated that activities in quality assurance will be developed in conjunction with the Medical Staff/Hospital Council. He mentioned that there are currently six audits in various stages of readiness and added that focused review activities will also continue with the PSRO. Mr. Jones concluded that January 1, 1981, has been set as the time by which it is hoped that all Quality Assurance Program elements will be in place and operating effectively.

Ms. Pillsbury also reported that at a previous meeting of the Joint Conference Committee the subject of a proposed name change for the Masonic Memorial Hospital had been raised. She explained that Dr. B. J. Kennedy, Professor of Oncology, was requesting that the term "Cancer Center" be incorporated into the Masonic name.

He indicated that such designation would be of benefit when funding for cancer research is being sought. Ms. Pillsbury explained that this matter has also been before the Clinical Chiefs and the Medical Staff Hospital Council. The Clinical Chiefs recommended "Masonic Cancer Center" while the Council suggested "Masonic Memorial Hospital and Cancer Center". The Board discussed the matter raising various questions as to accuracy of the name in terms of the functional use of the Masonic Hospital and appropriateness in terms of patient sensitivity. Mr. France suggested amending the recommendations to include the word "Treatment" as a more positive term. Mr. Mason suggested that the matter be tabled to the next meeting allowing more time for further consideration. Chairman Hanser asked that it be referred back to the Joint Conference Committee for further study.

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

Mr. Westerman appraised the Board of a number of activities of interest. He mentioned that a grant had been awarded within the Department of Medicine for \$450,000 for a three year period of aid in assuring medical students' training in geriatric medicine. He reminded the Board that this project is in consort with the interests and goals of University Hospitals as Ms. Foley had spoken to previously in her work with the Health Sciences and the co-ordination of their interests in the delivery of health care to the aged. Mr. Westerman also told of the organization of a group of University Hospitals - "The Consortium for the Study of University Hospitals" - who will be engaging in joint research projects. He indicated that one of the initial areas of study will probably be governance. Mr. Westerman mentioned that Dean Weaver is currently chairing a Search Committee to fill the position of Assistant Vice President for Outreach and Affiliations for the Health Sciences. Dean Weaver commented that the Committee is considering some excellent candidates and hopes to complete its work by April 1, 1980.

Next, Mr. Westerman talked about his involvement and that of Mr. Dickler, Mr. Hart, and Mr. Howell in the accreditation survey of the School of Public Health's Program in Hospital and Health Care Administration. He noted that these members of the Administrative Staff actively participate in that Program's teaching efforts. Mr. Westerman went on to comment on the excellent work of Mr. Kevin Moore, Administrative Fellow, in his project for the Hospital Budget Monitoring Committee in which he investigated the impact on the Hospitals of certain surgeons leaving. Mr. Westerman suggested that Mr. Moore's study indicated the Hospitals as being the last to be affected. Mr. Westerman then reported that he and Mr. Merlin Olson attended a meeting of the National Advisory Committee for the Clinical Research

Centers. He noted that they are proposing that the research accomplishments of the 76 centers be packaged. He also commented on the decline in numbers of M.D. researchers and referred to the copy of the article which Ms. Pillsbury supplied on clinical research. Next, Mr. Westerman reported that the Minnesota Association of Public Teaching Hospitals has now officially become a corporation with the Articles of Incorporation having been signed by Hennepin and Ramsey County Hospitals and University Hospitals. He also stated that recruiting is underway for an executive direction with Chairman Hanser chairing the Search Committee for that purpose.

Mr. Westerman then spoke to the subject of the Veteran's Administration Hospital. He told the Board that University Hospitals has long supported co-operative efforts with the V.A. Hospital and noted that they have met monthly since 1967. He explained that through the years the two hospitals have exchanged reports, budgets, and plans. He also reminded the Board of the close affiliation between the two institutions in terms of teaching and added that the Dean's Committee has discussed education-related matters relating to the two hospitals since 1946. Mr. Westerman went on to say that while the hospitals have been aware of their capital plans for several years, at no point has the V.A. requested a University site nor have they been able to receive authorization for MAPTH membership. He added that as of late, they have been authorized by their Central Administration to invest some resources into the MAPTH organization. Mr. Westerman stated that now that the two hospitals' plans have become public, there is renewed interest in combining the two projects. He noted that he assumed the Board would want discussions with the V.A. Hospital and others to continue. He added that while there is some flexibility in the building plans which Mr. Dickler outlined, there is no flexibility in University Hospitals' timetable for the Renewal Project and nothing should occur which would deter that Project from proceeding on schedule.

The Board discussed Mr. Westerman's comments regarding the V.A. at some length. Mr. France suggested that, with regard to University Hospitals' Renewal Project, a position paper outlining the rationale for that Project would be most helpful. Mr. Atwood concurred that such a statement would be helpful in clarifying understanding of University Hospitals' needs and how they are to be met through the Renewal Project. He then went on to outline his concerns with a joint University - V.A. Project. Mr. Mason stated that regardless of University Hospitals' position on the V.A. Hospital matter, the institution should not be acquiescent but rather should also state how we feel on that subject as well. Chairman Hanser asked staff

to prepare position papers on the Renewal Project and on joint V.A. Hospital Planning. It was noted that these statements could possibly be consolidated at a later point. Mr. Westerman stated that the documents would be prepared and sent to the Board members prior to the March meeting.

VII. Executive Committee Report - Mr. Al Hanser, Board Chairman

Chairman Hanser reported that the Executive Committee met the previous day. He stated that the members utilized the first part of the meeting as an orientation session for the Board's two new members. He went on to say that the Committee was then provided with a status report from Mr. Tom Jones on the Strategic Options Study. Chairman Hanser explained that the study is being phased with data accumulation occurring first and being followed by interviews with the Clinical Chiefs to aid in the interpretation of the data on patient trends. From this information, strategic options will be formulated for consideration at the Board's 1980 Retreat.

Next, Chairman Hanser reported that the Executive Committee discussed the matter of a Lab Utilization Conference. Mr. Jones explained that with current interest and concern regarding hospital costs, the utilization of laboratories for tests and procedures has been identified as an area worthy of scrutiny. He stated that the University's Department of Laboratory Medicine and Pathology and the Health Services Research Center have received funding from the Kaiser Foundation and others to put on a conference to gather individuals in the field for the purpose of stimulating research on lab utilization. He indicated that sponsorship for the conference is being sought and explained that sponsorship would involve a guarantee commitment of up to \$4000 if there should be any over-run in conference expenses. Chairman Hanser pointed out that the conference is to be held June 9, 10, and 11, 1980, and added that sponsorship would certainly be in keeping with the Board's interest in health care costs. He then moved for approval of the sponsorship. His motion was seconded, voted upon, and passed.

VIII. Board Concerns - Mr. Al Hanser, Board Chairman

Chairman Hanser first referred the Board to the green brochures before them for the "Winter Institute for Hospital and Health Care Trustees" sponsored by the Alternative Studies Trustee Education Program of the University of Minnesota. He noted that the conference is to be held in Minneapolis, on March 14, 1980. He asked that Board members wishing to attend to contact Ms. Foley so that she may assist in making arrangements.

Next, Chairman Hanser referred the members to the memo before them which included the new committee assignments for 1980 and new membership rosters including the two new Board members names and addresses. He commented with regard to committee appointments, that Mr. France will serve as a liaison between the Finance and the Planning and Development Committee. He suggested that this will aid in bringing continuity to the work of the two committees especially in light of the Renewal Project. Chairman Hanser also stated that new member listings will be sent out as those before them include a mis-spelling of Mr. Bienias' name.

Chairman Hanser then concluded his remarks with a brief up-date on hospital related activities occurring in the Twin Cities. He commented on projects of the East and West Metro Trustee Councils, the Metropolitan Health Board, and the Midway Hospital Project. There being no further business, Chairman Hanser moved for adjournment of the Board of Governor's meeting at 4:30 p.m.

Respectfully submitted,

Jonnelle K. Foley

Jonnelle Foley
Secretary

UNIVERSITY OF MINNESOTA HOSPITALS
STATEMENT OF OPERATIONS
FOR PERIOD JULY 1, 1979 TO JANUARY 31, 1980

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/(Under) Budget</u>	<u>Variance %</u>
Gross Patient Charges	\$59,000,182	\$57,485,078	\$(1,515,104)	(2.6)
Deductions from Charges	3,530,461	3,125,448	(405,013)	(11.5)
Other Operating Revenue	<u>1,205,759</u>	<u>1,166,468</u>	<u>(39,291)</u>	(3.3)
Total Revenue from Operations	\$56,675,480	\$55,526,098	\$(1,149,382)	(2.0)
Expenditures				
Salaries	\$28,487,376	\$28,683,961	\$ 196,585	0.7
Fringe Benefits	5,254,850	5,119,494	(135,356)	(2.6)
Contract Compensation	4,912,192	4,991,232	79,040	1.6
Med. Supplies, Drugs, Blood	9,222,709	8,858,376	(364,333)	(4.0)
Campus Admin. Expense	2,286,871	2,286,871	-0-	
Depreciation	1,960,688	2,158,420	197,732	10.1
General Supplies & Expense	<u>9,767,306</u>	<u>9,042,989</u>	<u>(724,317)</u>	(7.4)
Total Expenditures	\$61,891,992	\$61,141,343	\$ (750,649)	(1.2)
Net Revenue from Operations	\$(5,216,512)	\$(5,615,245)	\$ (398,733)	(7.6)
Non-Operating Revenue				
Appropriations/Univ. Support	\$ 5,686,719	\$ 5,705,219	\$ 18,500	0.3
Accrued Interest Income	<u>445,183</u>	<u>445,183</u>		
Total Non-Oper. Rev.	\$ 6,131,902	\$ 6,150,402	\$ 18,500	0.3
Revenue Over/(Under) Expenses	\$ 915,390	\$ 535,157	\$ (380,233)	(1)

(1) Variance equals (0.7)% of Total Budgeted Revenue.

UNIVERSITY OF MINNESOTA HOSPITALS
STATEMENT OF OPERATIONS
PROJECTED FOR YEAR ENDING JUNE 30, 1980
2ND QTR

	<u>Budget</u>	<u>Projection</u>	<u>Variance Over/ (Under) Budget</u>	<u>Variance %</u>
Gross Patient Charges	\$101,806,146	\$ 99,305,272	\$(2,500,874)	(2.5)
Deductions from Charges	6,229,074	5,658,894	(570,180)	(9.2)
Other Operating Revenue	<u>1,810,144</u>	<u>1,718,703</u>	<u>(91,441)</u>	(5.1)
Total Revenue from Operations	\$ 97,387,216	\$ 95,365,081	\$(2,022,135)	(2.1)
<u>Expenditures</u>				
Salaries	\$ 47,650,970	\$ 49,730,188	\$ 2,079,218	4.4
Fringe Benefits	8,723,062	8,782,827	59,765	.7
Contract Compensation	8,261,821	8,434,736	172,915	2.1
Med. Supplies, Drugs, Blood	15,902,104	14,875,409	(1,026,695)	(6.5)
Campus Admin. Expense	3,893,000	3,893,000	-0-	-0-
Depreciation	3,339,872	3,472,577	132,705	4.0
General Supplies & Expense	<u>15,899,945</u>	<u>15,299,365</u>	<u>(600,580)</u>	(3.8)
Total Expenditures	\$103,670,774	\$104,488,102	\$ 817,328	.8
Net Revenue from Operations	\$ (6,283,558)	\$ (9,123,021)	\$(2,839,463)	
<u>Non-Operating Revenue</u>				
Appropriations/Univ Support	\$ 9,704,824	\$ 9,723,324	\$ 18,500	.2
Accrued Interest Income	757,851	1,393,000	635,149	83.8
Shared Services	<u>222,678</u>	<u>59,770</u>	<u>(162,908)</u>	(73.2)
Total Non-Operating Revenue	\$ 10,685,353	\$ 11,176,094	\$ 490,741	4.6
Revenue over Expense	\$ 4,401,795	\$ 2,053,073	\$(2,348,722)	

12/31/79 Data
2/12/80

UNIVERSITY OF MINNESOTA HOSPITALS
PROJECTED CASH FLOW
6/30/80

	<u>Planned</u> <u>79-80</u>	<u>Projected</u> <u>79-80</u>	<u>Variance</u>
Excess of Revenue over Expense	\$ 4,401,795	\$ 2,053,073	\$(2,348,722)
<u>Add: Non-Cash Outlays</u>			
Depreciation	\$ 3,339,872	\$ 3,472,577	\$ 132,705
Campus G/A	3,893,000	3,893,000	-0-
Increase in Accrued Expense	1,098,097	788,886	(309,211)
K/E Utilities	68,903	68,903	-0-
Total Non-Cash Outlays	<u>\$ 8,399,872</u>	<u>\$ 8,223,366</u>	<u>\$ (176,506)</u>
Total Cash Provided	\$12,801,667	\$10,276,439	\$(2,525,228)
<u>Cash Applied:</u>			
Incr in Accounts Rec.	\$ 2,272,544	\$ 1,791,483	\$ (481,061)
Incr in Inventory	419,991	419,991	-0-
Incr in Accrued Revenue	(438,240)	(438,240)	-0-
Total Cash Applied	<u>\$ 2,254,295</u>	<u>\$ 1,773,234</u>	<u>\$ (481,061)</u>
Cash Available	\$10,547,372	\$ 8,503,205	\$(2,044,167)

12/31/79 Data

2/12/80

UNIVERSITY OF MINNESOTA HOSPITALS AND CLINICS
PROJECTED STATUS OF HOSPITAL FINANCIAL POSITION
6/30/80

Original Planned 6/30/80 Revenue over Expense	\$4,402,000
Projected 6/30/80 Revenue over Expense	<u>2,053,000</u>
Shortfall	<u>\$2,349,000</u>

Corrective Action:

Rate Increase 3/1/80 at 1.8% Annually	\$1,740,000
Cost Reduction Review	<u>609,000</u>
	<u>\$2,349,000</u>

Resolution:

To increase Hospital rates an annualized 1.8% effective 3/1/80 to recover \$1,740,000 during the period March-June, 1980 and to have Administration evaluate the impact of a reduction of the \$609,000 to operating expenses during the period March-June, 1980.

The Doctor's World

Clinical Research: Key to Advances

By LAWRENCE K. ALTMAN, M.D.

WHEN doctors do tests, make diagnoses, prescribe therapies and render prognoses, their efforts are based on millions of experiments done by generations of scientists in clinical research. The rapid growth of this field in recent decades has created an explosion of knowledge that has had a profound impact on the health of people throughout the world.

The United States is regarded as the international leader in clinical research, and the benefits to the world cannot be measured by the usual economic yardsticks. The sometimes spectacular and more often subtle gains made in this country and elsewhere have spurred public demands for cures for cancer, heart disease and a host of other major killers. Winning the wars against these diseases most likely will depend on the knowledge gained from the clinical research that links the laboratories and the patient.

Yet, at a time when experts contend they are on the threshold of important gains, clinical research is in trouble.

Among the reasons cited are budgetary restraints; changing social and medical priorities and attitudes; complacency among the research community that for many years took for granted the new phenomenon of the Government's generosity in funding biomedical research; the widespread disdain of scientists to communicate with the public; contentions that the structure of the medical research establishment stifles discovery, and the public's oversimplified view of how medicine advances.

Even doctors know very little about how the tests and therapies they use every day became standard and which methodologies led to the achievements. The reason is that few courses in the history of research and medicine are given in medical schools. Indeed, few have traced the history.

Although a precise definition of clinical research is difficult, it generally covers biological investigations that relate to the diagnosis and treatment of sick people. It is a broad field. It can include research done on healthy people for purposes of establishing normal values and control data. Also, clinical research can involve experiments done on animals when they are part of the process of solving the puzzle of what makes people sick and how they can be made better.

For centuries, doctors experimented crudely. In a sense, each time doctors diagnosed conditions or prescribed po-

tions, they were experimenting blindly because standards and knowledge about pharmacology were lacking. The discipline of clinical research is relatively new, but the date of its onset is hard to pinpoint.

Some say it was William Harvey who in 1628 first described the circulation of the blood and recognized that the heart was mainly a pump. Much of our earliest knowledge about how the stomach works came in 1825 from the observations that a United States Army surgeon, Dr. William Beaumont, made over an eight-year period on a hole left from a bullet that wounded the stomach of Alexis St. Martin, a French-Canadian.

Those studies formed the background to the more recent clinical research that produced a drug called cimetidine, or Tagamet, which has eased the healing of many ulcers.

Aided by cardiac catheterization — sliding a thin tube through a vein in the arm or elsewhere and pushing it into the heart — doctors can diagnose heart abnormalities and, when necessary, later correct them surgically.

The techniques of cardiac catheterization were developed by clinical research, as were, for example, the antibiotics that cure a wide variety of infectious diseases, the tests that distinguish the several forms of arthritis, and vaccines against poliomyelitis,

measles and other infectious diseases.

Clinical research is done by doctors in virtually every specialty of medicine. After four years of medical school, most clinical researchers spend several years training to become specialists such as internists, cardiologists, surgeons, gynecologists and dermatologists. Then they spend additional years training as "fellows" learning clinical research.

They work quietly to make discoveries and to fill in voids of knowledge. When doctors cannot answer questions about patients' problems from their own knowledge, they turn to the library, and when the answers are not there, they formulate hypotheses that they test by experiments designed to add another piece in the jigsaw puzzle. It is an axiom of medicine that the solution to one problem leads to even more questions that need to be answered. The enormous gains made in medicine in recent decades have only served to show how ignorant doctors are about the fundamental mechanisms of disease.

World War II was a turning point in clinical research because until then most funding was from private, philanthropic sources and the low salaries meant that full-time clinical research

was mostly limited to doctors who had independent incomes. A few doctors supported their research from their private practices. For many others, clinical research was a hobby. Overall, it was a small enterprise.

Now, medicine has become extraordinarily complex and expensive, with the taxpayer the paymaster. Much research is dependent on costly technology and laboratory equipment. Although a few clinical researchers work in larger community hospitals, the overwhelming majority of those who pursue such a career are based at the National Institutes of Health in Bethesda, Md., and across the country in medical schools, teaching hospitals and academic medical centers where they have become a dominant force.

For several reasons, the percentage of younger doctors interested in research careers has fallen in recent years. Among the reasons cited:

¶ Many medical school graduates who were in college in the turbulent 1960's have channeled their energies into such fields as community medicine instead of research.

¶ Starting incomes in private practice are much more lucrative — by about \$30,000 per year — than those in clinical research, according to Dr.

Thomas C. Chalmers, president of the Mt. Sinai Medical Center. The differential can become even greater in later years.

¶ Although taxpayer support has strengthened clinical research and made it more of a public institution, the lack of a long-term policy and sudden changes in research priorities that reflect emotional whims and fancies more than logical decisions have made it a risky career. Hundreds of research projects deemed important and worthy of support by scientific peers have not been funded because of Federal cutbacks in recent years.

Also, Dr. Vincent P. Dole of Rockefeller University here, among others, contends that medical research possibly is overfunded. Dr. Dole observed that "the limiting factors in medical research today are more related to the structure of the medical research establishment than to financial problems." Dr. Dole also asked: "How much of what goes on is discovery, and how much is the sort of busywork that is required by the system?"

If such criticisms stimulate wider debate and lead to better appreciation of the role of clinical research in battling major diseases, many believe, then their alleviation and prevention may be achieved that much sooner.

Minutes

Board of Governors

University of Minnesota Hospitals and Clinics

January 16, 1980

Present: Mr. Al Hanser, Chairman
Ms. Sally Pillsbury, Vice Chairman
Mr. David Cost
Mr. Dave Domaas
Ms. Jeanne Givens
Ms. Debbie Gruye
Ms. Mary Lebedoff
Dr. Paul Quie
Mr. Jack Quistgard
Ms. Margaret Sandberg
Mr. John Westerman
Dr. Paul Winchell

Absent: Mr. Harry Atwood
Ms. Jo-Anne Barr
Ms. Dionisa Coates
Mr. Al France
Mr. Jack Mason
Mr. Virgil Moline
Dr. John Najarian
Dr. John Tiede
Ms. Timothy Vann
Dean Lawrence Weaver

The meeting of the Board of Governors of the University of Minnesota Hospitals and Clinics was called to order by Chairman Hanser at 1:40 p.m., in Room 555 of Diehl Hall.

I. Announcements/Introductions

Chairman Hanser acknowledged the presence of Regent Lloyd Peterson and welcomed him to the meeting.

II. Minutes - December 12, 1979

The December minutes of the Board of Governors meeting were placed before the Board for approval. A motion to accept the minutes as distributed was made, seconded, voted upon and passed.

III. Joint Meeting of the Finance Committee and the Planning and Development Committee Report
Ms. Jeanne Givens, Vice Chairman, Planning & Development Committee

Chairman Hanser pointed out that the Planning & Development and Finance Committees had met in joint session and deferred to Ms. Givens for the Committee report.

Ms. Givens pointed out that the joint meeting was to allow interaction of the two committees in regards to the University Hospitals' Renewal Project.

Mr. Robert Dickler updated the Committees on the progress of the project and presented visually the scenerios suggested by the master zoning proposition. The various graphics displayed the new building and the tie-ins to existing hospital buildings in terms of utilization and basic floor plan. They were said to be dictated as much as possible by the logical location of different services.

It was mentioned that a discussion of alterations in estimating the cost of the building project based on a decelerated scheduling had been undertaken. It was also mentioned that the plan was for 26 bed units on patient care floors rather than the original figure of 20 beds per unit.

The other major thrust of the joint meeting was Mr. Cliff Fearing's presentation of the Debt Capacity study done by Ernst & Whinney. A copy of that study was issued to the Governors and it was mentioned that there were qualified resource people available for points of clarification to the Board members.

On Friday January 11, 1980 there was a joint meeting of the Board of Regents and the Planning & Development Committee of the Board of Governors in which the Regents showed their strong support of the Renewal Project. All but one of the Regents were present for that meeting and a number of interesting questions were raised. Examples of the questions included: What is the rationale for single occupancy rooms - Is this a trend in new hospitals?, What is the timetable for the Certificate of Need?, How many beds?

Respectively Ms. Givens reported replies to these questions were: Health care rationale for single rooms were privacy, male/female compatibility, age compatibility, smoking - non-smoking problems, and the ability to better administer to the acutely ill. The trend in new hospitals is toward single occupancy rooms. The Certificate of Need will be submitted in September. There will be approximately 500 new beds in the new building leading to an overall decrease in the number of beds. It was also suggested that the renewal project be made a permanent item on the Regent's agenda with, a liaison committee being formed to give monthly reports.

To the question of legislative support it was reported that during initial discussions no one in the legislature, at the Metropolitan Health Board or the Board of Regents has said that the Renwal Project is an impossibility. This has been taken to be a favorable sign.

Chairman Hanser then stated that Ms. Donna Ahlgren would be introducing the Ellerbe/HOK architectural staff who would be giving a presentation of former hospital construction projects in which they have been involved.

Chairman Hanser also stated that there have been ongoing meetings with the Metropolitan Health Board on the Renewal Project and added that recently the issue of the Renewal Project has been surfaced with our partners in the Minnesota Association of Public Teaching Hospitals.

Mr. John Westerman commented on the upbeat ending of the meeting with the Board of Regents in which other kinds of meetings were set in motion and the project was made an ongoing part of their agenda.

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

Mr. David Cost first referred to Mr. Fearing's presentation of the document submitted by Ernst and Whinney for the Debt Capacity study which acted as an update on financial parameters for the Renewal Project and suggested what we will be dealing with these continuously in the future. It was suggested that copies of the summary be sent to all Board members and Mr. Fearing will comply.

The Debt Capacity Study suggests that we must develop cost/charge parity by 1982 and the rates must be restructured to recover money lost through Medicare Medical Assistance, and Malpractice reimbursement changes. New program costs must be recoverable through patient charges and any new program proposed must show how costs will be recovered, (Bone Marrow transplant, which pays for itself was offered as an example.

It was stated that discussion of the bond options was undertaken and the choice between State bonds and university bonds was being studied. Mr. Cost then asked Mr. Fearing for additions to which Mr. Fearing replied that the study surfaced issues which had been discussed previously and that he would see to it that copies were given to each Board member.

Mr. Hanser then suggested that he would like to focus on two activities: First the activities of the Executive Coordinating Committee (Vice Presidents French, Brown and Kegler and Mr. Hanser, Dr. Quie and Mr. Westerman), and secondly the Master Zoning effort.

Mr. Dickler spoke to these two issues saying that the aforementioned committee met the preceding Monday morning (January 14, 1980) and added that it is moving

expeditiously to bring a financial advisor to help in ascertaining how bonding might occur. Also discussed was community planning and more coordination with Central University in support of the Renewal Project. This committee will be keeping us informed about the project as it moves towards completion.

In speaking to Chairman Hanser's second request, Mr. Dickler described the Master Zoning effort as the most exciting effort he has been involved in at University Hospitals. The amount of effort, interest and unity which existed amongst medical and hospital staff showed a commitment far beyond expectations. Everyone made a huge effort but, special thanks go to Drs., Thompson and Goltz who rearranged their schedules to give a considerable amount of time to help in this planning effort.

Chairman Hanser then noted that members of the Executive Coordinating Committee have set about the task of defining their committee responsibilities so that a loss of any committee member will not hamper the forward progression of the project.

Ms. Debbie Gruye asked if the policy of new programs recovering cost would only be applied to new programs. Mr. Cost replied that it was his understanding that this was the case. (However existing programs will be reviewed for continual applicability to mission and effectiveness).

Mr. Cost then reported that efforts would be made during the coming months to identify the effects of various uncertain trends so that appropriate actions may be taken. Mr. Cost then deferred to Mr. Fearing for a report.

Mr. Fearing reported that certain favorable trends of the first four months are starting to show unfavorable changes. The Statement of Operations for the first six months as usual reflects a seasonal decline. The revenue utilization particularly from the ancillary areas continues to show a decline. Should this trend continue, it will have an impact on the hospitals year-end financial position. In-patient admissions are 3.6% below projection and the average length of stay is up 4.4% making the patient days 1.2% above budget. Outpatient census, though up from preceding years, is still 1945 visits below projections. Although we are at \$603,000 of revenue in excess of expenses, this figure represents about \$150,000 below budget. This was caused by the reduction in utilization of ancillary services and the increase of accounts receivable. Accounts Receivable are at

\$22,500,000 representing 86.6 days of revenue. Given that a low of 74.5 days had been reached last year it was studied and found that lag time was up 6 days for Medicare, 10 days for Blue Cross and 55 days for Medical Assistance.

Though we are presently close to budget, should the trends continue, we will have eroded our favorable position. Therefore, we must closely follow financial indicators and be prepared to make decisions. As an example of the new information which would raise the need for decision making, Mr. Fearing referred to Rate Reviews plan to allow 2/3 of the increase of the new nursing contract as a pass through while asking the hospitals to account for the additional 1/3 in cost savings and efficiency.

Chairman Hanser asked if Mr. Fearing had coordinated his activities with the work of Mr. Tom Jones and Dr. John Kralewski on trends? Mr. Fearing replied that he had not but added that his office is working on some elements which will be incorporated in the options study. Chairman Hanser then stated that there must be correlation between the current financial occurrences and the study projecting trends. He stated that the Executive Committee is very interested in the Strategic Options Study being pursued by Mr. Jones. Mr. Cost then added that the study will help with assumptions and decisions as well as answer questions.

Chairman Hanser referred to the impact of Dr. Nicoloff's leaving on the usage of the operating rooms and Mr. Cost indicated that Mr. Westerman is currently looking into this problem and will be getting back to the Board on this issue. Dr. Winchell indicated that the number procedures is down about half due to short staffing because of the departure of the two cardiovascular surgeons.

Continuing with the financial report, Mr. Fearing noted that virtually all Clinical Service inpatient days categories are in the plus position yet the number of Admissions is down in all categories except obstetrics. This is related to the higher acuity level of hospital patients. Mr. Fearing then went on to point out on the summary Statement of Operations that gross patient charges are down 2.5% primarily due to less usage of ancillary services and deductions from charges are down about 12.6%. Total revenue from operations is down 1.8%. Salaries are up .3% (a figure which does not take into account the recent contract settlement of the Minnesota Nursing Association). Fringe benefits are down 1.8%. Contract compensation is up 1.5% because of increase in

resident stipend and house staff compensation. Medical Supplies has experienced a significant drop because of the decrease in the number of cardiovascular procedures and is down 4.8%. Depreciation expense increase of 10.3% is primarily due to the cost of capitalizing Unit B/C. Our program of capital needs has been delayed and consulting expenses are less than projected leaving us 6.7% below projection in General Supplies and Expense. We are, as mentioned before, about \$150,000 under our projected bottom line position as of the end of the year.

As of the end of December we have a net cash flow of \$1,488,000, an operating cash budget of \$2,452,000 (this may have a certain amount of flexibility because of the timing of capital expenditure) and, we have experienced a net working capital increase of \$1,977,000.

The biggest general factor in the receivables area relates to the 55 day increase in the turn-around time in the medical assistance area. It is suspected that more and more of University Hospitals accounts are being pulled out of the main processing stream and being set aside for medical review. Members of the Financial Staff are meeting with the Commissioner's office next week to find out if this is the case. If not, then we will continue to pursue the delay to find out what is wrong and alleviate the problem. Chairman Hanser asked if other hospitals were experiencing such problems. Mr. Fearing replied yes, but not to the same extent we are.

Chairman Hanser then asked where the Hospitals is with regard to reimbursement and our appeal. Mr. Fearing replied that the local intermediary will not accept an appeal on our routine cost base without guidelines from HEW and therefore, there has been no progress. He added that contact with Mr. Schaffer at HCFA indicates that as soon as a draft of the exception process is in place we will receive these regulations. Chairman Hanser then asked whether we are being penalized and Mr. Fearing replied that we are not, though he did not know how long that would continue. Mr. Fearing then pointed out that the hospital has never charged up to the total allowable Medicare cost and we do have a carry over provision which we can use which should negate a majority of the problems this year.

Ms. Pillsbury asked for an explanation of the difference between routine and indirect expense. Mr. Fearing replied that routine costs are those which are assigned to routine nursing stations and indirects are costs such as housekeeping, utilities, administration, etc., which cannot be charged directly to a patient.

Chairman Hanser acknowledge the presence of Ms. Estelle Sell from the University Hospitals Volunteer Association.

V. Nominating Committee Report - Mr. Al Hanser, Board Chairman

Chairman Hanser pointed out that it was noted that there are two areas lacking in geographical representation, those being the Central (St. Cloud) area and The Iron Range. He then stated that the integrity of the Board from a male-female perspective should also be maintained. He stated that half of the requirement was met, as a female from the Iron Range was one of the nominees chosen. He also added that Regent Sherburne, Chairman of the Nominating Committee felt that labor should be represented and therefore a labor leader well known across the State was the other nominee selected by the Committee. Chairman Hanser stated that these are potentially two strong additions and that he was very impressed with the Nominating Committee's process.

The two candidates names are surfaced to the Regents a month prior to their being voted upon therefore, the names will be withheld until they have been approved by the Board of Regents. Chairman Hanser also announced that he and Ms. Pillsbury were re-elected as Chairman and Vice Chairman respectively. It was also suggested that each Governor keep a file of potential nominees to aid the process in the future. Ms. Pillsbury suggested that someone be found from a referring hospital for next year. It was also discussed during the meeting that attendance be stressed further since JCAH does pay attention to that statistic for the Board.

VI. Joint Conference Committee Report - Ms. Sally Pillsbury, Committee Chairman

Ms. Pillsbury stated that the Joint Conference Committee did not meet the previous evening but added that a memo was sent to the members of the Joint Conference Committee regarding the Anniversary of the Clinical Research Center. Ms. Pillsbury also sent invitations to the female members of the Board to

a program of the Community Concerns Section of the Faculty Women's Club. The program featured the new hospital slide show put out by Padilla and Spear and was shown by Ms. Barbara Reynolds. It was noted that the slide show featured, amongst others, Chairman Al Hanser and Dr. John Najarian. The program then centered around a panel discussion phase chaired by Mr. Greg Hart. The issue discussed by the panel was "Alternatives to Hospitalization". Ms. Pillsbury commended Mr. Hart's handling of the discussion and gave a brief description of the proceedings. The panel consisted of Dr. Robert Howe, Department of Medicine, Dr. Mark Nesbit, Pediatric Health Care, Dr. Ida Martinson, Terminally Ill Child Program and Ms. Sharon Rising, Director of the Child Bearing/Child Rearing Program.

Most of the attending group of 2/3 faculty wives and 1/3 community were discovering for the first time that the hospital was trying to get away from the referral hospital image with the opening of the General Medicine Clinic under the Directorship of Dr. Howe. Dr. Mark Nesbit's description of the Home Health Care Program, meanwhile, prompted questions about third party reimbursement. Ms. Rising who came to the meeting with her delightfully behaving four month old child chimed her eagerness to start a birth home for midwives. While Martinson's program was described as international in stature with the world renowned Dr. Martinson going next year with her husband to Hong Kong, Taiwan and Mainland China. Ms. Pillsbury stated that immediately following the program there was a tour of Unit B/C. Ms. Gruye reflected on the sentiments of excitement and interest shown by Ms. Pillsbury and added her own interest in Ms. Rising's program stress of wellness for women, children and the entire family. She also mentioned the Breast Diagnostic Center as one of only two centers doing this type of work. Dr. Winchell commented that this is a breast aspiration technique used for cancer detection and there is some controversy surrounding the technique. He also stated that Drs., Brooker and Okagaki are working on this technique as the principle investigators. Dr. Quie also commented on the single fathers program which is unique in Minnesota.

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

Mr. Westerman commented on the large number of emergency admissions causing the very uncomfortable problem of having to prioritize admissions. Mr. Westerman then stated that we are going through very stressful times in a stable and mature manner which is the sign of a very healthy institution. Mr. Westerman stated that internally a budget monitoring program had been started to study limiting factors mentioned earlier in Mr. Cost's report. The principals in

this program are Dr. David Brown, Dr. Seymour Levitt, Dr. Paul Quie, Mr. Don Van Hulzen, Mr. Cliff Fearing, Mr. Kevin Moore, and himself. He explained that the Committee is trying to formulate what are principles governing applications for legislative funds. Given an understanding of the principles, what areas require changing and reviewing? what recommendations might be made? what is the best fiscal strategy for funding institution? He added that they are also delighted to have Mr. Moore work on the question: How could University Hospitals and Clinics best serve as a Tertiary HMO?

Mr. Westerman then deferred discussion of the MAPTH meeting report to Chairman Hanser in his report but, Mr. Westerman did report that Mr. Hanser was elected Chairman of a committee to search for an executive director of MAPTH. Chairman Hanser indicated that MAPTH is an organization which the Board should be proud to be involved with in that it is the first of its kind in the country. Mr. Westerman then commended Mr. Dickler's effort and leadership in the handling of the Renewal Project.

Mr. Westerman commented that the very existence of the Board to focus the attention of the Clinical Chief's and the Medical Staff on institution decision making has been very important. He then, with the permission of the Chair, deferred to Ms. Lebedoff to report on the 10th Anniversary of the Clinical Research Center. Congressman Sabo appeared and spoke at the ceremony. Ms. Lebedoff explained that three patients were on hand for the ceremony. One was a child of about 9 and the second a young woman who had a kidney transplant, the third was a gentleman who had been cured of cancer. Chairman Hanser then praised Dr. Goetz who heads that program and pointed out that Congressman Sabo came from Washington to officiate over this ceremony honoring this Center which is one of 70 in the country. Chairman Hanser also pointed out that the University Health Sciences is the second largest grant receiver in the country due to the caliber of work done here. Mr. Westerman echoed the praise of Chairman Hanser. Dr. William R, DeCesare, Chief of the General Clinical Research Center Branch, Division of Research Resources, National Institutes of Health was also on hand for the ceremonies.

Mr. Westerman then pointed out that Mr. Ron Werft is staff to the Hospital Planning and Steering Committee and that this will free up a lot more of Mr. Dickler's time in order for him to work on the Renewal Project. Mr. Westerman

then mentioned that Mr. Werft had invited Mr. Carl Platou, President of Fairview Hospital Corporation to speak to the Committee on what he had learned from his recent attempt to receive a Certificate of Need. Mr. Westerman also reported that a meeting of University hospitals will occur next week and that Mr. David Preston will give a paper about the Association of Health Sciences Vice Presidents of the United States, Mr. Eric Munson of Colorado will give a paper on Who are University hospitals, Mr. Robert Baker of Nebraska will give a paper on Governance, Mr. Dave Smiley will give a paper on Organizational Relationships, -- Finance Operation, Finance Capital Regulation will be given by someone at the University of Iowa and Mr. John Westerman will speak on Multihospital Systems and HMO's. Dr. John Kralewski will speak the following day on Research. Mr. Westerman noted that the conference was planned because, in general, university hospitals around the country are not doing well. He stated however that University of Minnesota Hospitals is an exception.

VIII. Board Concerns, Al Hanser, Board Chairman

Chairman Hanser commented on the Tuesday morning meeting of MAPTH. He stated that he was not impressed with the amount of enthusiasm shown by the participants of the meeting initially though he felt better after Mr. Westerman's presentation on institutionalization. Chairman Hanser further stated that should movement not occur on the level of the participants of the meeting, he had had lunch with Commission Chairman Nancy Olkan and they agreed to work from the trustee level since there seemed a lack of camaraderie.

Chairman Hanser then reported that copies of the Report to the Regents had been mailed to the Board of Governors and that new committee assignments will be made after the new members have joined the group.

Chairman Hanser reported on a probably uncirculated report completed December 12, 1979 which is called the Citizen's League Report. The first Citizens League Report prompted the establishment of the Trustee Association two years ago. The new report focuses on financial restrictions as they relate to new building in the State and Metro area in particular. The report tries to accomplish the elimination of all tax free financing meant to eliminate construction.

The Legislative Report with a synopsis of all health related legislation has been published and sent to Chairman Hanser. A copy will be sent to each Board member.

Chairman Hanser also reported that this month, the Governor will appoint members to the State Health Coordinating Committee (SHCC), (three year terms of providers and consumers). Chairman Hanser has made some recommendations to the Governor but, urges each Board member who wishes to recommend someone to do so.

Chairman Hanser reported that the East and West Metro Trustee Association had been working closely with the Metropolitan Health Board to establish a procedure for evaluating future plans and other activities of their respective institutions.

The meeting was adjourned at 3:15 p.m., with the stipulation that it reconvene for the introductions by Ms. Donna Ahlgren of the Ellerbe staff who would be giving a presentation.

Respectfully submitted,

Irving Sawyers

Irving Sawyers