

Board of Governors

University of Minnesota Hospitals and Clinics

December 15, 1982

Minutes

CALL Chairman Sally Pillsbury called the December 15, 1982
TO meeting of the Board of Governors to order at 1:35 p.m.
ORDER: in Room 555 Diehl Hall.

ATTENDANCE: Present: Ms. Sally Pillsbury, Chairman
Mr. David Cost, Vice Chairman
Ms. Jo-Anne Barr
Ms. Dionisa Coates
Mr. Al France
Mr. Steve Gerberding
Dr. Robert Goltz
Ms. Debbie Gruye
Mr. Al Hanser
Ms. Fannie Kakela
Ms. Mary Lebedoff
Dr. Paul Quie
Mr. Jack Quistgard
Ms. Margaret Sandberg
Mr. Don Van Hulzen
Ms. Timothy Vann
Dean Lawrence Weaver
Dr. Paul Winchell
Dr. George Winn

Absent: Mr. Harry Atwood
Mr. Leonard Bienias
Mr. Jack Mason
Mr. Virgil Moline

MINUTES It was moved and seconded that the minutes of the meeting held
APPROVED: held November 17, 1982 be approved as submitted. The motion
was passed unanimously.

CHAIRMANS Chairman Sally Pillsbury acknowledged the efforts of
REPORT: Mr. Donald Van Hulzen who has acted as interim hospital director
since February, 1982. Mr. C. Edward Schwartz will take his position
on January 15, 1983. She mentioned among Mr. Van Hulzen's accomplish-
ments an improved budget process and analyses of Regents' policies
for the Study Committee on Governance. Ms. Pillsbury further
announced that Mr. Tom Jones had been appointed as Executive Vice
President of Miami Childrens Hospital and would assume his new
duties February 1, 1983.

Chairman Pillsbury reported on a Trustee Conference on Price Disclosure
indicating that the trustees should be aware of implications of this
competitive approach to the health care cost problem.

PLANNING
AND
DEVELOPMENT
COMMITTEE
REPORT:

Dean Lawrence Weaver reported on the construction schedule for University Hospitals Renewal Project. (attached)

FINANCE
COMMITTEE
REPORT:

Mr. Al France reported on the meeting of the Finance Committee. Mr. Don Van Hulzen reported on financial statements through October 31, 1982 indicating an overall 3% positive variance from budget and census. He further reported an increase in clinics of 2.9% over the same period last year.

Mr. Cliff Fearing reported on the process of the Bond Sale for University Hospitals Renewal Project which took place December 8, 1982. He reported that 156,340,000 dollars in tax exempt bonds had been put up for sale. He further reported that Standard and Poors had rated the Bonds AA-minus and that Moody's had rated the Bonds A-1. He further reported the debt service was estimated to be approximately \$83.00 per patient day.

Chairman Pillsbury acknowledged the tremendous effort devoted to Financial Feasibility studies for University Hospitals Renewal Project by Mr. Cliff Fearing and his staff indicating that he had been working on the project from its inception in 1979 through the sale of the bonds. Mr. Al France then presented a Regents chair to Mr. Fearing in recognition of the efforts devoted to the renewal project on behalf of the Board of Governors.

JOINT
CONFERENCE
COMMITTEE
REPORT:

Mr. David Cost reported on the meeting of the Joint Conference Committee indicating that the committee had received a report from the Medical Staff/Hospital Council, the Clinical Chiefs, and the Psychologists Standards Committee. Mr. Cost recommended that approval of the Credentials Committee Report. The motion was seconded and passed unanimously.

Mr. Cost further added that an interim report would be submitted to the Joint Commission on Accreditation of Hospitals in January outlining progress made on recommendations of the Site Visit Team made in 1981.

GENERAL
DIRECTORS
REPORT:

Mr. Don Van Hulzen reported on the legislation and implementation of price disclosure by the Council of Community Hospitals indicating that hospitals specific data would be released in December for six diagnoses. He further examined the intent and difficulties behind price disclosure as a response to the problem of increasing health care expenditure.

Mr. Van Hulzen also reviewed the current policy on hospital admissions with regard to high cost services indicating the policy would be further examined in light of increasing appeals for sponsorship.

Chairman Pillsbury indicated that the Patients Fund had received 100% support from members of the Board of Governors. She thanked the Board of Governors for their support of this fund, raising project. Mr. Ken Merwin reported that University Hospitals had received a single donation of \$25,000 for kidney treatment and a second \$25,000 donation for general purposes.

GOVERNANCE
STUDY
COMMITTEE:

Chairman Pillsbury reported that the Study Committee on University Hospitals Governance comprised of Regents Unger, Schertler and Casey and Governors Cost, Sandberg, and Pillsbury had completed its review of the governance and organization of University Hospitals. She indicated that the report had been completed and she recommended approval of the following resolution.

RESOLVED, that the Report of the Study Committee on University of Minnesota Hospitals Governance is hereby approved; and

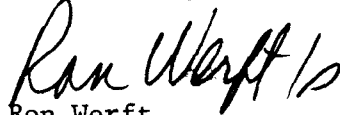
RESOLVED FURTHER, that the members of the Study Committee shall be and hereby are commended for their efforts in the study project, and that the Board of Regents and those who will be responsible for carrying out the Committee's Recommendations are encouraged to act with dispatch.

She added that it was anticipated that report recommendations if approved by the Board of Regents would be implemented no later than June, 1983.

ADJOURNMENT:

There being no further business, the meeting was adjourned at 3:40 p.m.

Respectfully submitted,



Ron Werft

Executive Assistant
to the Board of Governors

December 15, 1982

BID AWARD SUMMARY

DESCRIPTION	BID PACK #	ESTIMATE	LOW BID	VARIANCE
Construction Fence	1		27,753	0
Preconstruction Work	2		123,665	0
Apartment Building Demolition	3		9,240	0
Powell Hall Demolition	4		376,457	0
Mass Excavation	5		931,638	0
Cancelled	6		-	-
Cancelled	7		-	-
Temporary Power Substation	8		51,166	0
Radiation Therapy Masonic Tower - Civil, Structural	9		1,971,800	0
Radiation Therapy, Masonic Tower - Electrical	10	562,934	308,668	(254,266)
Radiation Therapy Masonic Tower - Mechanical	11	1,119,016	682,000	(437,016)
Radiation Therapy Masonic Tower - Architectural	12	444,233	468,440	24,207
TOTALS			4,950,827	(667,075)

GILBANE-MORTENSON

ISSUE DATE November 1, 1982

REVISION #

PROJECT # 4637

LOCATION Minneapolis, Minnesota

DESCRIPTION	1982			1983									1984													
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov
HOSPITAL BUILDING																										
BID & AWARD CAISSONS																										
CAISSONS																										
BID & AWARD EARTHWORK																										
EARTHWORK																										
BID & AWARD FTG'S & FOUNDATIONS																										
FOOTINGS & FOUNDATIONS																										
BID & AWARD STRUCTURES																										
SHOP DWG'S., FAB & DELIVER																										
STRUCTURAL STEEL																										
ERECT STRUCTURAL STEEL																										
WATERPROOFING																										
BRICK																										
WINDOWS																										
ROOFING																										
SOFFITS																										
ELEVATORS																										
DRYWALL																										
WALL FINISHES																										
CEILING FINISHES																										
CASEWORK																										
BUILDING EQUIPMENT																										
MISCELLANEOUS SPECIALTIES																										
PLUMBING (IN-WALL)																										
PLUMBING (ABOVE CEILING)																										
PLUMBING (FIXTURE & TRIM)																										
HEATING (IN WALL)																										
HEATING (ABOVE CEILING)																										
HEATING (TRIM & FINISHES)																										
VENTILATION (IN WALL)																										
VENTILATION (ABOVE CEILING)																										
VENTILATION (TRIM & FINISHES)																										
BUILDING AUTOMATION																										
ELECTRICAL (POWER)																										
ELECTRICAL (LIGHTING)																										
ELECTRICAL (SYSTEMS)																										
LINKS AERIAL																										
N.W. CORNER																										
SITWORK & LANDSCAPING																										
PURCH LIST																										

- 1 RECEIVE ARCHT. DWGS. 7
 - 1 RECEIVE MECH/ELEC. DWGS. 7

BOARD OF GOVERNORS

University of Minnesota Hospitals and Clinics

November 17, 1982

Minutes

CALL
TO
ORDER:

Chairman Sally Pillsbury called the November 17, 1982 meeting of the Board of Governors to order at 1:40 p.m., in Room 555 Diehl Hall.

Present: Ms. Sally Pillsbury, Chairman
Mr. David Cost, Vice Chairman
Mr. Harry Atwood
Ms. Jo-Anne Barr
Mr. Leonard Bienias
Mr. Al France
Mr. Steve Gerberding
Dr. Robert Goltz
Ms. Debbie Gruye
Mr. Al Hanser
Ms. Fannie Kakela
Ms. Mary Lebedoff
Mr. Virgil Moline
Dr. Paul Quie
Mr. Jack Quistgard
Ms. Margaret Sandberg
Mr. Don Van Hulzen
Dr. Paul Winchell
Dr. George Winn

Absent: Ms. Dionisa Coates
Mr. John Mason
Ms. Timothy Vann
Dean Lawrence Weaver

CHAIRMANS
REPORT:

Chairman Pillsbury reported on the Study Committee on Governance and Organization indicating that a final report would be completed by March, 1983. She also noted that seventeen governors had contributed to the Patients Fund in response to the initiation of a fundraising campaign. She encouraged remaining members to contribute in order to achieve full support of the Board of Governors.

Ms. Pillsbury reported that the West Metro Trustees Council had elected new officers and that this group was working principally on price disclosure.

She further reported on the meeting of the Executive Committee of the Board of Governors discussing progress of the Study Committee, bylaws revisions passed by the Board of Regents, and responsibilities of involvement in the West Metro Trustees Council.

Ms. Pillsbury announced that a Director of Services for referring physicians had been completed and was being distributed to all physicians in the State of Minnesota. She then suggested that the Board consider moving its meeting dates to better coincide with meetings of the Board of Regents and asked Mr. Ron Werft to investigate implications. Ms. Pillsbury added that Governors Kakela, Coates, and Vann had attended a trustee conference on price disclosure.

REPORT
ON
RENEWAL
PROJECT
FINANCING:

Vice President for Finance Fred Bohlen reported that twenty seven proposals for bond management had been received and were currently being evaluated by staff. He added that the Touche Ross study indicated that the project was feasible. Mr. Bohlen further indicated that he expected a decision on bond issuance on December 7 or 8, 1982 and that a final decision would depend on bond rating and interest rates at that time. Mr. David Cost asked Mr. Bohlen to circulate copies of the prospectus to the Board of Governors.

Chairman Pillsbury moved that the following resolution be approved by the Board of Governors:

RESOLUTION
ON
RENEWAL
FINANCING:

WHEREAS, the Board of Governors has long recognized the critical need for renewed University Hospitals facilities; and

WHEREAS, the Board of Governors has reviewed the work of the President's Advisory Committee on Hospital Renewal and has supported this work, resulting in a proposed physical facility plan which meets the guidelines established by the President and the Board of Regents; and

WHEREAS, the Board of Governors has recommended to the President and the Board of Regents that facilities for Radiation Therapy be constructed as an early phase of renewal and such construction has begun; and

WHEREAS, the Board of Governors has been briefed on renewal project financing alternatives;

NOW, THEREFORE, BE IT RESOLVED, that the Board of Governors recommends to the President and the Board of Regents that the most appropriate financing package as defined by the responsible University officers and their advisors, working with the Board of Regents, be approved and implemented, and that the plan for the remainder of renewed facilities as recommended by the President's Advisory Committee on Hospital Renewal be completed on as rapid a schedule as possible.

The motion was seconded and passed unanimously.

Vice President Vanselow reported that Mr. Robert Derzon had endorsed the Touche Ross findings. He also discussed the need for Unit J, but indicated a concern over hospital costs. He reported on the appointment of a hospital cost task force to be chaired by Dr. John Najarian whose charge would be to compare costs with comparable hospitals, evaluate the impact of Medicare and Medicaid changes, and make recommendations on cost control through tests ordered, staffing, zero-based budgeting, and reimbursement.

PLANNING
AND
DEVELOPMENT
COMMITTEE
REPORT:

Mr. Harry Atwood reported on the progress of the Renewal Project indicating that Phase 1 would be completed by January, 1984. Ms. Johnelle Foley reported on the Minnesota Association of Public Teaching Hospitals and added that the 1983 work plan would be sent to the Board of Governors. Mr. Atwood reported that the Planning and Development Committee had received a report from Mr. Clint Hewitt on a proposed campus hotel which would be privately developed on University land. Ms. Kim Simensen updated the Board of Governors on utilization of the General Medical Surgical Station.

FINANCE
COMMITTEE
REPORT:

Mr. Al France introduced the report of the Finance Committee which addressed first quarter 1982-83 trends, bad debt, and adjustments to the 1981-82 financial statements. Mr. Cliff Fearing reported that the first quarter trends indicate a favorable variance of revenue over expense of \$3,920,307 which is \$2,469,604 above budget. Patient care revenue totaled \$45,314,443 (9.3% above budget). Mr. Fearing reported that both inpatient and outpatient volume were over budget and that the balance of accounts receivable as of September 30, 1982 represented 76.4 days.

Mr. France moved that the Board of Governors write-off as a bad debt \$868,185.98 for the quarter ending September 30, 1982.

REPORT
ON
MINNESOTA
HEALTH
CARE
EXPENDITURES:

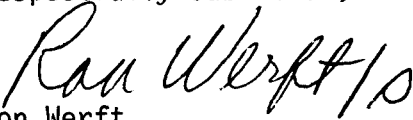
Chairman Pillsbury introduced Dr. John Kralewski, Ms. Janet Shapiro, and Ms. Laura Pitt from the Center for Health Services Research who presented a detailed analysis of health care expenditures in the State of Minnesota, 1975-1981.

GENERAL
DIRECTORS
REPORT:

Mr. Don Van Hulzen reported on administrative matters including a report on the annual Association of American Medical Colleges (AAMC) meeting and the University Hospitals Executive Council (UHEC) meeting. He also reported that Ms. Kim Simensen had accepted a position with Dain-Bosworth in Minneapolis and would begin employment there in December.

ADJOURNMENT: There being no further business, the meeting adjourned at 3:45 p.m.

Respectfully submitted,


Ron Werft
Executive Assistant
to the Board of Governors

BOARD OF GOVERNORS RESOLUTION

WHEREAS, the Board of Regents has established a special committee to study hospital operation and consider, among other things, the possible reorganization of the Board of Governors, and therefore it is reasonable that the Regents be able to effect whatever changes it wishes to adopt as a result of this study, and

WHEREAS, this committee may not finish its work until after the expiration of the terms of office of five members of the Board of Governors, including the Chairman (who is also a member of the Regents' committee) and therefore it is desirable to delay the expiration of the current Governors' terms of office and continue the terms of the current Board of Governors' Chairman and Vice Chairman;

NOW, THEREFORE, BE IT RESOLVED, that the Hospital Bylaws be amended as follows:

ARTICLE I - Board of Governors

Section 1. Board of Governors. The governing board of the University Hospitals of the University of Minnesota (hereafter called hospital) shall be known as the Board of Governors, which shall consist of no less than fifteen (15) nor more than twenty-four (24) individuals who shall be appointed by the Board of Regents of the University of Minnesota or who shall be ex officio voting members of this Board as provided in these Bylaws. Ex officio members shall include the Vice Chairman of the Council of Deans and Directors, the General Director, the Chairman of the Council of Chiefs of Clinical Services, the Chief of Staff of the hospital, and the immediate past Chief of Staff of the hospital. A Health Sciences student shall be selected by the Board of Regents after reviewing the recommendations of the Board of Governors. Members shall be geographically and otherwise representative and members of the medical staff shall not be excluded from consideration.

The term of office of each Governor (hereinafter called member) shall commence as of January 1 of the year, unless a member is appointed to complete an unexpired term, and shall be for a period of three years, except for the Health Sciences student, whose term shall be yearly and provided that persons appointed to fill vacancies shall serve the unexpired portion of the term of the office that was vacated. No members except ex officio members shall serve longer than three successive terms and persons who are appointed to fill the unexpired portions of vacated positions

shall be considered to have served a term only if the vacated position has at least 18 months remaining at the time of the appointment. Members shall continue to serve until their successors are selected and appointed.

The terms of all members of the Board of Governors are further subject to any action by the Board of Regents to effect a reduction in size or change in composition of the Board of Governors or other Regental action to reorganize the Board.

RESOLVED, FURTHER, that Ms. Sally Pillsbury is reappointed to serve as Chairman and Mr. David Cost is reappointed to serve as Vice Chairman of the Board of Governors; provided, however, that these terms shall expire June 30, 1983, or such earlier date that the Board of Regents adopts Board of Governors' Bylaws amendments or takes other final action implementing the recommendations of the Regents' special committee studying hospital organization, at which time new appointments shall be made. Incumbent officers, if otherwise eligible to serve, may be reappointed at that time, and the appointment process shall then return to the schedule provided in the Bylaws unless otherwise modified.

Adopted by the
Board of Regents
November 12, 1982

Minutes

Planning and Development Committee

Board of Governors

11:30 A.M.

November 17, 1982

ATTENDANCE:

Present: Harry Atwood, Chairman
Joseph Buckley, M.D.
Don Erickson, M.D.
Al Hanser
Clint Hewitt
Tom Jones
Don Van Hulzen
Paul Winchell, M.D.

Absent: Jo-Anne Barr
Leonard Bienias
Dionisa Coates
Cheri Perlmutter
Lawrence Weaver

Staff: Mark Koenig
Ron Werft

Guests: Johnelle Foley
John Hamby
Jerry Pitzrick
Kim Simensen

RADIATION
THERAPY
CONSTRUCTION
PROGRESS:

Mr. Mark Koenig introduced Mr. John Hamby and Mr. Jerry Pitzrick, members of the Gilbane-Mortenson construction management team. He reported that two construction contracts have been awarded for Radiation Therapy. These were equivalent to the pre-bid estimates of approximately \$2,000,000. The remaining \$2,000,000 would be awarded shortly. The bidding climate looked good. Construction is on schedule with completion set at January 1984.

RENEWAL
PROJECT
PROGRESS:

Mr. Harry Atwood reported that the Board of Regents reviewed the Touche-Ross financial feasibility study on November 12. The Regents authorized University officers and a Regents sub-committee to put together a bonding package as a result of the positive feasibility recommendations. Long term University bonds or a mix of short term and long term bonding were possibilities depending on the state of financial markets during the early December sales period. The Board of Regents will act on formal bonding authority at their December 10 meeting.

MOTEL
PROGRESS:

Mr. Clint Hewitt reported that construction of the 325 room motel on Washington avenue, adjacent to the health sciences complex, was still scheduled for start in March 1983. Completion would be early in 1984. Construction of a parking ramp for 300 cars to support the motel would be completed on the same schedule. Plans for an additional 400 car ramp were still under consideration. Mr. Atwood commented that the Board of Governors has three main hospital patient related interests concerning this project:

- (1) that the motel be completed on schedule with the planned 125 economy rooms
- (2) that parking in the 700 car range be completed
- (3) that a physical connection to the health sciences complex be constructed if financially feasible.

MINNESOTA
ASSOCIATION
OF
PUBLIC
TEACHING
HOSPITALS:

Ms. Johnelle Foley, Executive Director of the Minnesota Association of Public Teaching Hospitals, reported on program development. MAPTH recently held a one day retreat with Board of Governor members Mr. Al Hanser, Mr. Don Van Hulzen, and Dr. Paul Quie participating along with representatives from all MAPTH hospitals. Three standing committees and a task force reported. The Fiscal Enterprise Committee commented on an analysis of the MAPTH Hospitals care of the medically indigent and financing of such care. The Data Task Force reported on work with the Council of Community Hospitals charge disclosure project. The Clinical and Educational Affairs Committee prepared a paper on financing medical education. MAPTH's role for the future was explored by the Strategic Options Committee. The Executive Committee of MAPTH has taken the retreat discussion and is preparing a work plan for 1983. Ms. Foley stated that the work plan would be mailed to the Board of Governors.

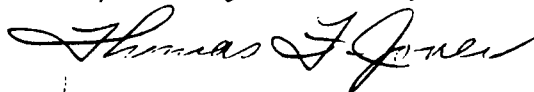
GENERAL
MEDICAL-
SURGICAL
UNIT:

Ms. Kim Simensen reported that the month of October showed an average daily census of 8.33 with patient activity still increasing on the general medical-surgical unit. Orthopedics, Medicine and ENT were heavy use services. The station had an average daily census of 11.0 during the first two weeks of December. New-to-hospital patient activity, charge analysis for the station, and further census development is being explored by staff and the Policy Advisory Committee.

ADJOURNMENT:

The meeting adjourned at 1:05 p.m.

Respectfully submitted,



Thomas F. Jones

~~Handwritten scribble~~

minnesota hospital ASSOCIATION

November 24, 1982

MEMORANDUM

REPRESENTING nonprofit hospitals

TO: President of the Hospital Board of Trustees
FR: Virginia Greenman, Manager of Trustee Services
RE: MHA's Trustee Conference on New Medicare Regulations

The changes in Medicare regulations raise some significant policy issues for trustee consideration. The following questions are intended to be used as a guide to help focus the thinking of trustees on the relevant policy issues involved in these regulations. It is not an all inclusive list but is provided as a catalyst to developing issues and questions of your own to be raised at the December conferences on the new Medicare regulations. (New regulations related to these issues are noted under each question with an asterisk*.)

- What will the effect of these regulations be on your hospital over the next 3 years?

Financial posture of your hospital?

*223 Limits and Target Rates will affect reimbursement.

Programs and services that your hospital provides?

*Case-mix changes will affect reimbursement.

Medical staff at your hospital?

*Reimbursement changes for physicians under contract.

The administration of your hospital?

*Internal reporting systems are affected (eg: medical records)

The competitive position of your hospital?

*Reimbursement changes for physicians under contract.

The community that your hospital serves?

*Reimbursement changes for physicians under contract.

The long-range planning activities of your hospitals?

*Case-mix changes and reimbursement of physicians.

How will these regulations relate to the prospective payment legislation that will be proposed to Congress in 1983?

How do these changes affect Board/CEO/Medical Staff relations?

PLEASE SHARE THESE QUESTIONS WITH YOUR TRUSTEES.

VG:lt

cc: Administrator/CEO



UNIVERSITY OF MINNESOTA
TWIN CITIES

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

December 3, 1982

TO: Medical Staff-Hospital Council
Joint Conference Committee

FROM: Henry Buchwald, M.D.
Chairman, Credentials Committee

SUBJECT: Credentials Committee Report and Recommendations

The Credentials Committee after examining all pertinent information provided to them concerning the applicant's professional competence and qualifications, hereby recommend the approval of the following applicants' requests for clinical privileges and Medical/Dental Staff appointment. The Committee also recommends that the Provisional appointment requirement be waived for Dr. Vanselow, given his experience and role at the University of Minnesota Hospitals and Clinics.

DEPARTMENT OF MEDICINE

CATEGORY

David A. Plut

Attending

Neal A. Vanselow

Attending

The following Psychologists have submitted applications and privileges requests to be considered for appointment as Specified Professional Personnel. The applications have been reviewed and approved by the Psychologists' Standards Committee and the Chief of Clinical Service in which they function, when appropriate. The Credentials Committee hereby recommends their approval.

FAMILY PRACTICE

NEUROLOGY

Donald R. Houge

Elsa S. Greenberg

Harold R. Ireton

Donald L. Pastor

Jane S. Rozsnafsky

NEUROSURGERY

PEDIATRICS

Manfred J. Meier

Pi-Nian Chang

PHYSICAL MEDICINE
& REHABILITATION

Gary Athelstan
Garland K. Meadows
Marvin L. Logel

PUBLIC HEALTH

Eric E. Anderson
James L. Ayers
Thomas E. Beniak
Sue V. Petzel
Robert S. Thomas
Carolyn L. Williams
John H. Hung

PSYCHIATRY

John P. Brantner
Susan E. Erbaugh
Roy W. Pickens
William Schofield
Lloyd K. Sines

HB/cf

APPLICANTS TO MEDICAL/DENTAL STAFF

DECEMBER 1982

<u>NAME & DEPARTMENT</u>	<u>CATEGORY</u>	<u>FACULTY RANK</u>	<u>SPECIALITY</u>	<u>MEDICAL SCHOOL-COMPLETION DATE</u>	<u>INTERNSHIP, RESIDENCY & FELLOWSHIP-COMPLETION DATES</u>	<u>LAST POSITION</u>
<u>DEPARTMENT OF MEDICINE</u>						
David A. Plut	Attending	Instructor	Emergency Medicine General Medicine	University of Illinois College of Medicine, Chicago, Illinois 1979	<u>Internship & Residency</u> Internal Medicine University of Minnesota & Affiliated Hospitals June 24, 1979 - June 30, 1982	St. Paul Ramsey Hospital Assoc. Staff Physician, ER 1980-present Midway Hospital St. Paul, MN Urgent Care Clinic SHARE, House Physician, 1981-present Veterans Admin. Hospital, Staff Physician July 1, 1982 to present
Neal A. Vanselow	Attending	Professor	Allergy Immunology	University of Michigan Ann Arbor, Mich. 1958	<u>Internship</u> - University of Minnesota, Minneapolis General Hospital 1958-1959 <u>Residency</u> - Medicine University of Michigan Hosp. 1959-1962 <u>Allergy Fellowship</u> - Univ. of Michigan Hospital 1962-1963	Instructor to Assoc. Professor Internal Medicine Univ. of Michigan Medical School Attending Staff 1963-1974 Professor Internal Medicine, Univ. of Arizona, Tucson Attending Staff 1974-1977 Professor of Intern Medicine, Univ. of Nebraska College of Medicine, Omaha Attending Staff 1977-1982

Bond sale clears way for new University hospital

By Gregor W. Plasey
Staff Writer

The University of Minnesota sold about \$157 million worth of bonds in New York Wednesday, apparently clearing the way for construction of a 432-bed main hospital for its medical complex.

Clifford Fearing, associate hospital director, said in a telephone interview from New York that the bonds sold at interest rates ranging from about 8 percent to 11 percent, bringing them within the limit set last month by the board of regents.

He said that the rates, more favorable than expected, will mean that patient fees will be raised by about \$83 a day to pay off the bonds; the regents had set a maximum of \$92. As of March, the average daily per-patient cost was \$668.

Fearing said he expects bids to be requested later this month and construction to begin in January or early February. That would be a year later than once planned. Project Manager John Hamby said he expects "no problem" finding contractors willing to do the work for the money available.

Work already is under way at the site, though not on the full hospital. A huge hole was dug last winter. And work began last month on the basement, where a radiation therapy unit will be housed. The regents decided to undertake that work last July and have paid for it with about \$15 million in short-term borrowing while they decided on long-term financing for the bulk of the building.

The bond sale brings an apparent end to two years of political wrangling and financial struggling over the hospital proposal. The project once was priced at \$233 million, for a 10-story hospital with 520 beds. It was challenged by critics who said it was too large and too expensive, particularly in an area in which hospitals have surplus space.

Meanwhile, interest rates rose, federal and state medical welfare subsidies dropped and overall hospital demand declined. Finally, last March, the project was suspended so that its size and financing could be reconsidered. Eventually it was scaled down to \$202 million, for an eight-story building with 432 beds. And plans for new laboratories and other support services were cut back, meaning that much of the support activity will remain in the present buildings.

The new hospital will house patients and the first-line facilities to care for them. It will include units such as surgery, intensive care, radiation therapy, pediatrics and a bone marrow transplant section.

It will replace much of the present hospital, which has 720 beds, though more than 200 beds will be retained. The final hospital complex will probably be smaller than at present. It will be built on the site of the former Powell Hall, which was demolished more than a year ago.

Advocates of the Hospital Renewal Project, as it is called, said it is needed because facilities are crowded and outdated. The university hospitals are a teaching institution, and officials have said that medical students sometimes have to stand in hallways while observing bedside care because the rooms are so cramped.

In the spring of 1981, the Minnesota Legislature authorized \$190 million in general obligation bonds, backed by the credit of the state, to finance the project. But because of the state's current financial difficulties, the university instead issued revenue bonds of its own, to be paid back over 30 years from patient fees. If that source proves inadequate, the debt will fall back on other university funds.

The \$202 million price includes about \$125 million for the physical plant and equipment, some of which already has been spent for the site work and basement construction. And it includes bond sale expenses, interest payments during construction and the first year's reserve for paying off the bonds. In a sense, it will cost far more than \$202 million because of the interest payments over the next 30 years.

The \$202 million will come from the \$157 million bond issue plus \$25 million in interest the university will draw on money before it is used and from a \$19 million fund the hospitals have available.

The transactions yesterday in New York were handled by Fearing and university Vice President Frederick Bohlen. They got a rating from Standard and Poor of AA-minus, which is on the low side of that firm's second-highest rating, said Fearing. Then Bohlen got approval for the sale by phone from a majority of the regents. They later got an A-1 rating from Moody's Investors Service, which is the high side of Moody's third-highest rating.

The full 12-member board of regents is expected to give formal approval on Friday, Fearing said.

The bonds were underwritten by a group of financial companies headed by Merrill Lynch and including such Twin Cities firms as Miller & Schroeder, Dain Bosworth, First National Bank of St. Paul and Piper Jaffray.

BOARD OF GOVERNORS RESOLUTION

WHEREAS, the Board of Regents has established a special committee to study hospital operation and consider, among other things, the possible reorganization of the Board of Governors, and therefore it is reasonable that the Regents be able to effect whatever changes it wishes to adopt as a result of this study, and

WHEREAS, this committee may not finish its work until after the expiration of the terms of office of five members of the Board of Governors, including the Chairman (who is also a member of the Regents' committee) and therefore it is desirable to delay the expiration of the current Governors' terms of office and continue the terms of the current Board of Governors' Chairman and Vice Chairman;

NOW, THEREFORE, BE IT RESOLVED, that the Hospital Bylaws be amended as follows:

ARTICLE I - Board of Governors

Section 1. Board of Governors. The governing board of the University Hospitals of the University of Minnesota (hereafter called hospital) shall be known as the Board of Governors, which shall consist of no less than fifteen (15) nor more than twenty-four (24) individuals who shall be appointed by the Board of Regents of the University of Minnesota or who shall be ex officio voting members of this Board as provided in these Bylaws. Ex officio members shall include the Vice Chairman of the Council of Deans and Directors, the General Director, the Chairman of the Council of Chiefs of Clinical Services, the Chief of Staff of the hospital, and the immediate past Chief of Staff of the hospital. A Health Sciences student shall be selected by the Board of Regents after reviewing the recommendations of the Board of Governors. Members shall be geographically and otherwise representative and members of the medical staff shall not be excluded from consideration.

The term of office of each Governor (hereinafter called member) shall commence as of January 1 of the year, unless a member is appointed to complete an unexpired term, and shall be for a period of three years, except for the Health Sciences student, whose term shall be yearly and provided that persons appointed to fill vacancies shall serve the unexpired portion of the term of the office that was vacated. No members except ex officio members shall serve longer than three successive terms and persons who are appointed to fill the unexpired portions of vacated positions

shall be considered to have served a term only if the vacated position has at least 18 months remaining at the time of the appointment. Members shall continue to serve until their successors are selected and appointed.

The terms of all members of the Board of Governors are further subject to any action by the Board of Regents to effect a reduction in size or change in composition of the Board of Governors or other Regental action to reorganize the Board.

RESOLVED, FURTHER, that Ms. Sally Pillsbury is reappointed to serve as Chairman and Mr. David Cost is reappointed to serve as Vice Chairman of the Board of Governors; provided, however, that these terms shall expire June 30, 1983, or such earlier date that the Board of Regents adopts Board of Governors' Bylaws amendments or takes other final action implementing the recommendations of the Regents' special committee studying hospital organization, at which time new appointments shall be made. Incumbent officers, if otherwise eligible to serve, may be reappointed at that time, and the appointment process shall then return to the schedule provided in the Bylaws unless otherwise modified.

Adopted by the
Board of Regents
November 12, 1982

WHEREAS, the Board of Governors has long recognized the critical need for renewed University Hospitals facilities; and

WHEREAS, the Board of Governors has reviewed the work of the President's Advisory Committee on Hospital Renewal and has supported this work, resulting in a proposed physical facility plan which meets the guidelines established by the President and the Board of Regents; and

WHEREAS, the Board of Governors has recommended to the President and the Board of Regents that facilities for Radiation Therapy be constructed as an early phase of renewal and such construction has begun; and

WHEREAS, the Board of Governors has been briefed on renewal project financing alternatives;

NOW, THEREFORE, BE IT RESOLVED, that the Board of Governors recommends to the President and the Board of Regents that the most appropriate financing package as defined by the responsible University officers and their advisors, working with the Board of Regents, be approved and implemented, and that the plan for the remainder of renewed facilities as recommended by the President's Advisory Committee on Hospital Renewal be completed on as rapid a schedule as possible.

Minutes
Finance Committee
University of Minnesota Hospitals & Clinics
November 17, 1982

Present: Al France, Chairman
David Brown, M.D.
Clifford Fearing
Steve Gerberding
David Preston
John Quistgard
Margaret Sandberg
Don Van Hulzen
George Winn, D.D.S.

Staff: Steve Grygar
Nels Larson
Jane Morris

Guests: Al Dees
John Diehl
Gregory Hart
Edward Howell
Tom Jones
Sally Pillsbury
Kim Simensen
Barbara Tebbitt
Ron Werft

Call to Order: The meeting of the Finance Committee was chaired by Mr. Al France and was called to order at 9:45 a.m. in room 626 of the Campus Club.

Minutes Approved: The minutes of the October 20, 1982 meeting of the Finance Committee were approved.

Financial Statements for Period Ending September, 1982: Mr. Van Hulzen reviewed the Report of Operations for the period July 1, 1982 through September 30, 1982. He stated that total inpatient admissions are above those for the first quarter of 1982 by approximately 20, and is considerably above what was budgeted. The length of stay has also increased as have patient days and occupancy rates. Mr. Werft added that the outpatient census has decreased for patients new to the Hospital, but increased significantly for return visits. Mr. Van Hulzen stated that revenues over expense for the first quarter are \$3,920,307 which is \$2,469,604 above budget.

In regard to accounts receivable, Mr. Fearing reported that it is at its lowest level in 2 years.

Projections for
Fiscal Year 83:

Mr. Larson introduced the Projected Comparative Statement of Operations with Operating Cash Flow for fiscal year 1983. General assumptions on activity levels were based on indepth studies of the first quarter figures and assumed that this current position would continue through the year. Using these assumptions, gross patient charges for 82-83 are projected at \$171,710,103 or 6.9% above budget, and revenue over expenses is projected to be \$7,499,265. In response to a question by Mr. France, Mr. Fearing stated that any more changes that would be made in 1983 regarding federal reimbursement regulations would not effect the Hospital in the next fiscal year.

October
Financial
Statements:

Mr. Larson reported that the financial position for the fiscal year through October 31, 1982 has not changed significantly from that of the first quarter. Gross patient charges are down slightly from the first quarter as a result of billing changes made in response to federal regulations that went into effect October 1, 1982. The Hospitals are continuing to experience the same mix in intensity levels. He added that accounts receivable remains at 76 days for October. Overall, the financial position improved over first quarter figures with revenue over expense totaling \$4,563,491, which is \$2,910,337 over budget.

Audited
1981-82
Financial
Statements:

Mr. Fearing pointed out that the Report on Examination of Financial Statements by Touche Ross does not include the management letter. With the upcoming bond issue, there would not be time to respond to a management letter, so that portion of the report will be deferred until January. He added that there is a reconciliation statement attached to the audited statements. In the past, adjustments to the audited statements have been immaterial, however this year there are some significant adjustments that require description. The preliminary figure for revenue over expense was \$1,950,000, however,

this reconciliation statement shows revenue to be under expense by \$4,908,531. The primary reason for this is that planning costs of \$8.8 million that went into the original Renewal Project design are considered to have no accounting value to the new project. From a Medicare reimbursement perspective, this cannot be written off in a single fiscal year, rather it must be capitalized, added to the value of the project, and depreciated over the life of the project; resulting in future income from Medicare/Medicaid. The result is a \$5.6 million net write off on the 1981-82 statements.

The other major discrepancy is due to the adjustment that the University made in the fringe benefit area when it was found that they had not charged units enough for this expense over the last two years. The University has determined the Hospitals' portion to be \$1,907,595 but the Hospitals' own recalculation of that amount shows it to be \$1.3 - \$1.4 million. There is tentative informal agreement from the University to re-evaluate this figure.

Bad Debts,
July through
September, 1982:

Mr. Fearing stated that bad debts for the first quarter amounted to \$877,812.10 (represented by 1,525 accounts) and \$271.50 of Home Health Services accounts.

A motion was made and approved by the committee to accept the report and recommend it to the full Board of Governors.

Financing
Renewal Project
Update:

Mr. Fearing reported that Merrill Lynch has been retained as senior underwriter/investment banking firm, with Lehman Brothers Kuhn Loeb as the associate underwriters. Indentures and the official statement are currently being prepared. The pricing and marketing of the long-term bonds will take place on the 6th, 7th and 8th of December in New York. The Board of Regents are scheduled to sign the bond purchase agreement on December 10, 1982. On November 16, 1982, \$25,000,000 in 90-day notes were issued at 4.8% interest.

Touche Ross
Feasibility
Study:

Mr. Fearing highlighted a prepared outline of the Feasibility Study findings. He stated that there was a basic philosophical difference in the studies done by Touche Ross and the one prepared by Ernst & Whinney in that the Ernst & Whinney study was very conservative in its approach, but that Touche Ross has attempted not to be conservative or liberal in any of their judgements, but to consider what the most "reasonable" outcome would be. Touche Ross has also taken into account the impact of the October 1, 1982 Medicare/Medicaid regulation changes.

Pending
Malpractice
Litigations:


Mr. Diehl introduced an outline of pending Hospital malpractice litigation as of September 30, 1982 showing patients involved, descriptions of incidents, amount of claim paid, status of claims, etc. These summaries are updated and put out quarterly. Mr. Diehl stated that the number of lawsuits has stabilized at 20 - 25 cases pending -- a level that does not present a problem. He added that with all cases, it is attempted to circumvent problems before they become lawsuits.

Another handout that Mr. Diehl summarized was one regarding open discrimination claims. He stated that there have been no new discrimination cases this year, and that the pending cases will probably be closed without any adverse consequences to the Hospitals.

Adjournment:

There being no further business, the meeting of the Finance Committee was adjourned at 12:00 p.m.

Respectfully submitted,


Jane E. Morris
Recording Secretary

UNIVERSITY OF MINNESOTA HOSPITALS AND CLINICS
STATEMENT OF OPERATIONS
FOR PERIOD JULY 1, 1982 TO OCTOBER 31, 1982

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance Over/ (Under) Budget</u>	<u>Variance %</u>
Gross Patient Charges	\$55,176,523	\$59,678,573	\$4,502,050	8.2
Deductions from Charges	8,633,741	11,352,423	2,718,682	31.5
Other Operating Revenue	<u>811,663</u>	<u>904,638</u>	<u>92,975</u>	11.5
TOTAL REVENUE FROM OPERATIONS	\$47,354,445	\$49,230,788	\$1,876,343	4.0
 Expenditures				
Salaries	\$24,293,142	\$24,058,924	\$ (234,218)	(1.0)
Fringe Benefits	4,385,422	4,408,846	23,424	0.5
Contract Compensation	3,536,993	3,305,250	(231,743)	(6.6)
Medical Supplies, Drugs, Blood	7,226,334	8,010,509	784,175	10.9
Campus Administration Expense	1,761,090	1,761,090	-0-	-
Depreciation	1,833,817	1,802,846	(30,971)	(1.7)
General Supplies & Expense	<u>7,209,509</u>	<u>6,543,834</u>	<u>(665,675)</u>	(9.2)
Total Expenditures	\$50,246,307	\$49,891,299	\$ (355,008)	(0.7)
Net Revenue from Operations	\$(2,891,862)	\$ (660,511)	2,231,351	
 Non-Operating Revenue				
Appropriations/Univ. Support	\$ 4,036,836	\$ 4,036,836	-0-	-
Accrued Interest Income	373,717	1,088,468	714,751	-
Shared Services	<u>134,463</u>	<u>98,698</u>	<u>(35,765)</u>	(26.6)
Total Non-Operating Revenue	\$ 4,545,016	\$ 5,224,002	\$ 678,986	14.9
Revenue Over/(Under) Expenses	\$ 1,653,154	\$ 4,563,491	\$ 2,910,337	(1)

(1) Variance equals 6.2% of total budgeted revenue.

UNIVERSITY OF MINNESOTA HOSPITALS AND CLINICS
PRELIMINARY STATEMENT OF OPERATIONS
FOR PERIOD JULY 1, 1982 TO NOVEMBER 30, 1982

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance Over/(Under) Budget</u>	<u>Variance %</u>
Gross Patient Charges	\$ 67,757,747	\$ 73,635,230	\$ 5,877,483	8.7
Deductions from Charges	10,681,684	14,081,705	3,400,021	31.8
Other Operating Revenue	<u>1,008,079</u>	<u>1,170,687</u>	<u>162,608</u>	16.1
TOTAL REVENUE FROM OPERATIONS	\$ 58,084,142	\$ 60,724,212	\$ 2,640,070	4.5
Expenditures				
Salaries	\$ 30,584,531	\$ 30,028,398	\$ (556,133)	(1.8)
Fringe Benefits	5,521,269	5,567,187	45,918	0.8
Contract Compensation	4,399,675	3,987,770	(411,905)	(9.4)
Medical Supplies, Drugs, Blood	8,988,858	10,115,860	1,127,002	12.5
Campus Administration Expense	2,190,624	2,190,624	-0-	-
Depreciation	2,281,094	2,253,356	(27,738)	(1.2)
General Supplies & Expense	<u>8,967,967</u>	<u>8,490,504</u>	<u>(477,463)</u>	(5.3)
Total Expenditures	\$ 62,934,018	\$ 62,633,699	\$ (300,319)	(0.5)
Net Revenue from Operations	\$ (4,849,876)	\$ (1,909,487)	\$ 2,940,389	-
Non-Operating Revenue				
Appropriations/Univ. Support	\$ 5,021,430	\$ 5,021,430	\$ -0-	-
Accured Interest Income	464,867	1,574,056	1,109,189	-
Non-Operating Shared Services	<u>167,259</u>	<u>135,595</u>	<u>(31,664)</u>	(18.9)
Total Non-Operating Revenue	\$ 5,653,556	\$ 6,731,081	\$ 1,077,525	19.1
Revenue Over/(Under) Expenses	\$ 803,680	\$ 4,821,594	\$ 4,017,914 (1)	

(1) Variance equals 6.9% of total budgeted revenue.

Board of Governors

University of Minnesota Hospitals and Clinics

October 20, 1982

Minutes

CALL
TO
ORDER:

Chairman Sally Pillsbury called the meeting to order at
1:40 P.M., October 20, 1982

ATTENDANCE:

Sally Pillsbury, Chairman
David Cost, Vice Chairman
Harry Atwood
Jo-Anne Barr
Leonard Bienias
Dionisa Coates
Al France
Stephen Gerberding
Robert Goltz, M.D.
Debbie Gruye
Al Hanser
Fannie Kakela
Richard Kronenberg, M.D. (for Paul Quie, M.D.)
Virgil Moline
John Quistgard
Margaret Sandberg
Timothy Vann
Lawrence Weaver
Paul Winchell, M.D.
George Winn, D.D.S.

ABSENT:

Mary Lebedoff
John Mason
Don Van Hulzen

MINUTES:

It was moved, seconded, and unanimously passed that the minutes
of the meeting held September 10, 1982 be approved.

ANNOUNCEMENTS:

Chairman Pillsbury reported that the Study Committee on Governance
and Organization had suggested postponing the meeting of the
Nominating Committee normally held in November due to their
continuing study of board organization and size. It was also
suggested that the Council for Health Interdisciplinary Partici-
pation proceed with the recommendation of a student representative
to the Regents. Ms. Pillsbury indicated that the Study Committee
planned on presenting its report in March, 1983.

FINANCE
COMMITTEE
REPORT:

Mr. Al France reported that the Finance Committee had discussed the August financial statements, the Touche Ross feasibility study, and Renewal Project financing alternatives.

Mr. Cliff Fearing reported that for the period July 1 through August 31, 1982 inpatient volume was 2% over budget, outpatient volume was 2.2% over budget, and total revenue over expense was \$2,678,473 or \$1,618,502 over budget. He also reported that accounts receivable had decreased to 78.5 days.

In regard to the Renewal Project, Mr. Fearing further reported that the Touche Ross preliminary financial feasibility study report was expected to be completed on November 1, 1982. He also indicated that the financing option of University bonds appeared most favorable at the present time.

JOINT
CONFERENCE
COMMITTEE
REPORT:

Mr. David Cost introduced Dr. George Tagatz, Professor of Obstetrics and Gynecology, who presented a report on a proposed in vitro fertilization program at University Hospitals. Dr. Tagatz reported on the history of the development of embryonic transfer, discussed a national committee report on the ethics of the procedure, and commented on funding for the program. He described the series of procedures which include ultrasound and may include laparoscopy. Dr. Tagatz noted that two-hundred couples had indicated a desire to enroll in the program in response to a press conference held September 24, 1982.

Mr. Cost made reference to a letter from the Minnesota Citizens Conferenced for Life (MCCL) which was distributed and discussed. Dr. Tagatz responded to the questions contained therein indicating that all viable zygotes would be implanted and that no zygotes would be frozen for purposes of research.

Mr. Cost then moved that the Board of Governors approve the following resolution:

RESOLUTION
ON
IN VITRO
FERITILIZATION:

WHEREAS, thousands of couples in the upper midwest region who desire to have children are in need of competent, sophisticated medical services in order to achieve pregnancy; and

WHEREAS, the University of Minnesota Hospitals and Clinics' mission embraces public service and the advancement of medical practice for the betterment of mankind; and

WHEREAS, the University of Minnesota Hospitals and Clinics has been asked by Dr. George Tagatz from the Hospital's Department of Obstetrics and Gynecology to approve an in vitro fertilization service as an addition to the existing medical services in that department; and

WHEREAS, earlier work in this field has developed in vitro fertilization to the point where this procedure holds promise of helping couples achieve pregnancy, and patient care activities of this sort will allow Dr. Tagatz and his colleagues to strive for even further advancement in this important service; and

WHEREAS, Dr. Tagatz has demonstrated, through the Board of Governors' physician credentialing process, his ability to properly perform this procedure; the Medical Staff Hospital Council's Biomedical Ethics Committee has decided, with certain recommendations, that the procedure is ethically appropriate; the Medical Staff Hospital Council has given unanimous approval of this new service; and the University Committee on the Use of Human Subjects in Research has indicated approval of the initiation of the procedure;

NOW, THEREFORE, BE IT RESOLVED, that, subject to budget and resource consideration and approval, the Board of Governors hereby approves the development of the proposed in vitro fertilization program.

The motion was seconded and passed unanimously.

PLANNING
AND
DEVELOPMENT
COMMITTEE
REPORT:

Mr. Harry Atwood reported on the October 20 meeting of the Planning and Development Committee indicating that the committee had discussed The General Medical Surgical Station, the Renewal Project, and other planning developments.

Ms. Kim Simensen reported that the General Medical Surgical Station had opened October 4, 1982 and had been utilized principally by Orthopedics and ENT for low acuity patients. She added that the priority for admission was for patients from Boynton Health Service, health maintenance organizations, outpatient clinics, and transfers in that order.

Mr. Atwood reported that the Board of Regents had approved the new schematic designs for the Renewal Project at their October meeting and that a financing option would be presented for approval at the November meeting. He added that the key variables to be considered include the feasibility study report, the analysis of federal reimbursement forecasts, and interest rates. He concluded by reporting that the Metropolitan Council had approved a Certificate of Need amendment allowing for a private financing alternative.

CHAIRMANS
REPORT:

Ms. Pillsbury announced that a Hospital Trustee Conference on "Health Care Equity: Economics or Excellence", would be held at the Sheraton Midway in St. Paul, Minnesota on Saturday, October 30, 1982, and that interested Board members should contact Ms. Shirley Sudduth. She also announced that Dr. John Najarian would receive the Great American Award from B'Nai B'rith. She added that Mr. John Diehl had joined the law firm of Larkin, Hoffman, Daly, and Lindgren and has been engaged to render services to University Hospitals as its hospital attorney.

Mr. Al Hanser reported on the recent MAPTH retreat which focused on strategic planning and information systems.

DEVELOPMENT
OFFICE
REPORT:

Ms. Pillsbury introduced Mr. Ken Merwin, Director of Development for University Hospitals. Mr. Merwin reported on the establishment of a development office and on the development of an annual giving program; an honor, memorial, and appreciation donation program; and fund-raising efforts for a Sports Medicine Program.

ADJOURNMENT: There being no further business, the meeting adjourned at 3:45 p.m.

Respectfully submitted,

Ron Werft

Ron Werft
Executive Assistant
to the Board of Governors

Board of Governors
University of Minnesota Hospitals and Clinics

October 20, 1982

Minutes

CALL Chairman Sally Pillsbury called the meeting to order at
TO
ORDER: 1:40 P.M., October 20, 1982

ATTENDANCE: Sally Pillsbury, Chairman
David Cost, Vice Chairman
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Jo-Anne Barr
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Dionisa Coates
Al France
Stephen Gerberding
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Debbie Gruye
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Virgil Moline
John Quistgard
Margaret Sandberg
Timothy Vann
Lawrence Weaver
Paul Winchell, M.D.
George Winn, D.D.S.

ABSENT: Mary Lebedoff
John Mason
Don Van Hulzen

MINUTES: It was moved, seconded, and unanimously passed that the minutes of the meeting held September 10, 1982 be approved.

ANNOUNCEMENTS: Chairman Pillsbury reported that the Study Committee on Governance and Organization had suggested postponing the meeting of the Nominating Committee normally held in November due to their continuing study of board organization and size. It was also suggested that the Council for Health Interdisciplinary Participation proceed with the recommendation of a student representative to the Regents. Ms. Pillsbury indicated that the Study Committee planned on presenting its report in March, 1983.

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Mr. Al France reported that the Finance Committee had discussed the August financial statements, the Touche Ross feasibility study, and Renewal Project financing alternatives.

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Mr. Cost made reference to a letter from the Minnesota Citizens Conferenced for Life (MCCL) which was distributed and discussed. Dr. Tagatz responded to the questions contained therein indicating that all viable zygotes would be implanted and that no zygotes would be frozen for purposes of research.

Mr. Cost then moved that the Board of Governors approve the following resolution:

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The motion was seconded and passed unanimously.

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ADJOURNMENT: There being no further business, the meeting adjourned at 3:45 p.m.

Respectfully submitted,

Ron Werft

Ron Werft
Executive Assistant
to the Board of Governors

Minutes
Finance Committee
University of Minnesota Hospitals & Clinics
October 20, 1982

Present: Al France, Chairman
Clifford Fearing
Steve Gerberding
Seymour Levitt, M.D.
John Quistgard
Don Van Hulzen
George Winn, D.D.S.

Absent: David Brown, M.D.
Jack Mason
Virgil Moline
David Preston
Margaret Sandberg

Staff: Nels Larson
Jane Morris

Guests: Greg Hart
Tom Jones
Kim Simensen
Barbara Tebbitt
Ron Werft

Call to Order: The meeting of the Finance Committee was chaired by Mr. Al France and was called to order at 10:45 a.m. in room 626 of the Campus Club.

Minutes Approved: The minutes of the September 9, 1982 meeting of the Finance Committee were approved.

Financial Statements for Period Ending August 31, 1982: Mr. Van Hulzen summarized the Report of Operations for the period July 1, 1982 through August 31, 1982. Overall, the Hospital is in a positive financial position for the period 7/1/82 to 8/31/82. Mr. Van Hulzen reported on the inpatient census statistics, noting that in both Pediatrics and the Medical/Surgical areas, admissions are above budget. He stated that in looking toward next year, with the change in federal reimbursements, the desirable situation would be to have an increase in the number of admissions, and a reduction in the average length of stay. The basic change in the concept of reimbursement will be that payments will be made on a per case rather than a per day basis. There was some discussion regarding possible effects of the federal regulations and possible actions which UMH&C could take to minimize the effect of these changing regulations.

Mr. Hart said that the AHA is pushing perspective reimbursement; other options are disease related group (DRG) reimbursement, or a carry forward of the reimbursement system now being used based on an acuity index. Mr. Van Hulzen added that Vice President Vanselow is planning on appointing a Task Force to look into this problem. (Report of Operations for period July 1, 1982 to August 31, 1982 is attached.)

Reimbursements
and Feasibility
Study:

Mr. Fearing stated that one of the most difficult underlying issues within the Feasibility study is how to best predict the impact of the new and future federal regulations on UMH&C. Of primary importance to UMH&C are the regulations limiting Medicare/Medicaid reimbursement to a per case level of cost. The approximate assumed loss in reimbursements to the Hospital could be \$1,000 per case for Medicare/Medicaid patients, which will lead to larger cost shifts and/or cost cutting. Dr. Levitt suggested options that may have to be considered in cutting costs, i.e., reducing quality of care, treatment by residents and limiting indigent care.

Status of
Feasibility
Study:

Mr. Fearing announced that an interim management meeting with Hospital staff and Touche Ross would be held later in the afternoon to present preliminary views regarding the Feasibility Study. The demand forecasts of this study are coming out between the predictions of the earlier Ernst & Whinney and the Lewin studies. Other issues to be discussed include revenue deductions and how HMO growth and how other competition will effect the Hospital. The Feasibility Study is proceeding on schedule and will be complete by November 1, 1982.

Financing
Options:

Mr. Fearing reported that short-term financing for the Renewal Project will continue until next Spring. Options for subsequent financing include issuing either University Hospital bonds or a combination of Hospital bonds and short-term notes. It is not known what the rating of the bonds would be.

Action Taken
on 223 Issue:

Mr. Fearing, stated that the letter sent to the Finance Committee regarding the Section 223 regulations was in response to the question raised by Mr. Mason at the last meeting of this committee. His letter outlines the issues on which the exception requests were filed and the appeals that have been started. Once the appeals have gone

to the Provider Reimbursement Board, it is likely that a decision could take up to six years. After this step, the appeal can be taken through the Judicial system.

Mr. Fearing said that there will be a full report on regulation changes and the Feasibility Study at the next month's meeting.

September
Trends:

Mr. Fearing stated that the trends for September continue to look very good. Preliminary figures indicate that the net bottom line is up to \$2,678,000 or a 6.7% positive variance compared to total budgeted revenue for July and August.

Federal
Regulations
Effective
October 1, 1982:

New federal regulations effecting University Hospitals' Radiologists and Pathologists became effective October 1, 1982. Mr. Fearing explained that Laboratory Medicine & Pathology has billed in the past on a combined billing basis (combining professional fee and hospital fee), but new regulations limit reimbursement to 80% of the professional fee. Because of the difficulty of separating out a percentage component on each one of the procedural tests, it was decided to move Laboratory Medicine & Pathology to an item by item contract. In anticipation of the 80% limit on reimbursement, a charge adjustment was made to both Diagnostic Radiology and Laboratory Medicine and Pathology to provide some flexibility until a solution is worked out.

Current Month's
Financial
Statements:

Mr. France requested that the current month's financial statements be made available to the committee at the time of their meetings, as was the practice in the past.

In Vitro
Fertilization
Program:

Mr. Hart described the In Vitro Fertilization program that will be started at University of Minnesota Hospitals & Clinics' department of Obstetrics and Gynecology. Although the financial analysis of the program has not been completed, preliminary financial data looks good. Mr. Hart introduced a resolution in concept (attached) endorsing the program that will hopefully be accepted at the meeting of the full Board of Governors. Actual financial data should be available by December. He added that since third party reimbursement for this

procedure is nonexistent, it will be provided on a cash only basis, and charges would probably run between \$3,000 - \$10,000 per case.

Adjournment: There being no further business, the meeting of the Finance Committee was adjourned at 12:15 p.m.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Jane Morris".

Jane Morris
Recording Secretary



UNIVERSITY OF MINNESOTA
TWIN CITIES

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

October 12, 1982

TO: Dr. Neal Vanselow
Vice President for Health Sciences

FROM: Donald Van Hulzen
Hospital Director (Interim)

SUBJECT: Report of Operations for the Period July 1, 1982 through August 31, 1982.

The Hospitals' operations through the first two months of fiscal year 1983 show a continuation of the general trends experienced in the second half of fiscal year 1982. Census is slightly above our projections. Ancillary utilization is also above budgeted levels.

Inpatient Census - Through July and August the inpatient census was 667 days or 2% above budget. This results from a combination of admissions being over budget, and an increase in the average length-of-stay. The areas experiencing this favorable position in patient days are Pediatrics, Rehabilitation and the Intensive Care units.

To recap our year-to-date inpatient census:

	<u>Actual</u> <u>FY 82</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>%</u> <u>Variance</u>
Admissions	3,640	3,574	3,609	35	1.0
Avg. Length-of-Stay	9.3	9.5	9.6	0.1	1.0
Patient Days	34,428	33,863	34,530	667	2.0
Percent Occupancy	75.7	74.2	75.7	1.5	2.0
Avg. Daily Census	555.6	546.2	556.9	10.7	2.0

Outpatient Census - Clinic visits through July and August totaled 36,240 and are 2.2% (793 visits) above budget and 3.4% (1,199 visits) above our August year to date position for fiscal year 1982.

Financial Operations - The Hospitals operating position at the end of August shows revenues over expense of \$2,678,473, or \$1,618,502 over budget.

Patient care revenue totaled \$30,362,869 through August or 8.5% above budget. Both routine and ancillary revenues are higher than anticipated. Routine revenue is 5.1% above budget and reflects the 2.0% over budget in patient days as well as increased use of higher priced care units, i.e., the Intensive Care, Pediatrics, Rehabilitation and the new Level II Nursery.

Ancillary revenue is 10.4% over budgeted levels and again reflects the increase in census, both inpatient and outpatient, and the increase in intensity.

Operating expenditures through August totaled \$24,843,295 or 1.7% below budget. Factors contributing to this position are associated with supply and expense categories where we (1) have not yet experienced all of the price increases that we anticipated and (2) have not yet incurred the cost of many periodic purchases. Salary costs are also slightly below budget. The one significant variance is in Fringe Benefit costs where the rate billed by the University increased more than budgeted. The primary increase was because of health insurance premiums.

Accounts Receivable - The balance in patient accounts receivable as of August 31, 1982 totaled \$37,167,568 and represents 78.5 days of revenue outstanding, a 2.5 day reduction from June 30, 1982. The two categories experiencing the most significant reductions were Medicare and Medical Assistance.

Conclusion - In summary, the Hospitals overall operating position is good. Our position at the end of the first quarter will undergo a thorough review. From that review we will project our position as of June 30, 1983 utilizing any changes in patient volume, case mix and service intensity that we have experienced during the first quarter that can be expected to continue through the end of fiscal year 1983.

/jem

cc: Administrative Staff
Council of Clinical Chiefs
Board of Governors

Board of Governors Resolution

October 20, 1982

In Vitro Fertilization

WHEREAS, thousands of couples in the upper midwest region who desire to have children are in need of competent, sophisticated medical services in order to achieve pregnancy; and

WHEREAS, the University of Minnesota Hospitals and Clinics' mission embraces public service and the advancement of medical practice for the betterment of mankind; and

WHEREAS, the University of Minnesota Hospitals and Clinics has been asked by Dr. George Tagatz from the Hospital's Department of Obstetrics and Gynecology to approve an in vitro fertilization service as an addition to the existing medical services in that department; and

WHEREAS, earlier work in this field has developed in vitro fertilization to the point where this procedure holds promise of helping couples achieve pregnancy, and patient care activities of this sort will allow Dr. Tagatz and his colleagues to strive for even further advancement in this important service; and

WHEREAS, Dr. Tagatz has demonstrated, through the Board of Governors' physician credentialing process, his ability to properly perform this procedure; the Medical Staff Hospital Council's Biomedical Ethics Committee has decided, with certain recommendations, that the procedure is ethically appropriate; the Medical Staff Hospital Council has given unanimous approval of this new service; and the University Committee on the Use of Human Subjects in Research has indicated approval of the initiation of the procedure;

NOW, THEREFORE, BE IT RESOLVED, that, subject to budget and resource consideration and approval, the Board of Governors hereby approves the development of the proposed in vitro fertilization program.

JOINT CONFERENCE COMMITTEE
UNIVERSITY OF MINNESOTA HOSPITALS & CLINICS

October 19, 1982

Minutes

ATTENDANCE: Present: David Cost, Chairman
Edward Ciriacy, M.D.
John Delaney, M.D.
Debbie Gruye
Fannie Kakela
Arthur Klassen, M.D.
William Krivit, M.D.
Richard Kronenberg, M.D.
Robert Maxwell, M.D.
Don Van Hulzen

Staff: John Diehl
Greg Hart

Guests: Jan Brockway
Tom Jones
George Tagatz, M.D.
Ron Werft

Absent: Mary Lebedoff
Paul Quie, M.D.
John Quistgard
Timothy Vann

MINUTES APPROVAL: The minutes of the September 9th meeting of the Joint Conference Committee were approved as submitted.

CREDENTIALS COMMITTEE REPORT: Dr. Kronenberg submitted for the committee's approval the recommendations of the Credentials Committee.

A motion was made, seconded and approved that the report of the Credentials Committee be approved.

CLINICAL CHIEFS REPORT: Dr. Klassen reported on behalf of the Clinical Chiefs, noting that recent agenda items at the Chiefs' weekly meetings have included discussions of the Renewal Project and monthly educational presentations. Dr. Klassen also noted that Dr. Neal Vanselow, Vice President for Health Sciences, has been attending the weekly Chiefs' meeting.

IN VITRO
FERTILIZATION:

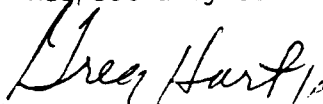
The committee heard a presentation from Dr. George Tagatz on the development of the program in In Vitro Fertilization and Embryo Transfer. Dr. Tagatz reviewed the history of the in vitro fertilization technique, noting that success rates with the procedure have recently reached approximately 20% in other centers. Because of these success rates and the evolving sophistication of the technique, the Department of OB/Gyn is currently in the process of developing such a program at the University of Minnesota.

Dr. Tagatz also described the clinical procedure and process planned for patients in the program at the University of Minnesota Hospitals. Dr. Tagatz described the population eligible for the procedure, the potential risks involved, and the potential issues related to the program.

Dr. Kronenberg reported on the discussion of the Medical Staff Hospital Council concerning the procedure. He indicated that the Council heard a report from the Biomedical Ethics Committee, which had discussed the program in depth. Dr. Kronenberg indicated that the Medical Staff Hospital Council had moved to unanimously endorse the development of the program. After further questions and discussion, a motion was made, seconded and approved that the Joint Conference Committee endorse continued development of the program, and that a resolution so indicating be presented to the full Board of Governors.

ADJOURNMENT: There being no further business the meeting was adjourned at approximately 7:20 p.m.

Respectfully submitted,


Greg Hart



UNIVERSITY OF MINNESOTA
TWIN CITIES

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

October 15, 1982

TO: Medical Staff - Hospital Council
Joint Conference Committee

FROM: Henry Buchwald, M.D.
Chairman, Credentials Committee

SUBJECT: Credentials Committee Report and Recommendations

The Credentials Committee after examining all pertinent information provided to them concerning the applicant's professional competence and qualifications, hereby recommend the approval of the following applicants requests for clinical privileges and Provisional Medical/Dental Staff appointments:

DEPARTMENT OF ANESTHESIOLOGY

CATEGORY

Eugene R. Lucier

Clinical

DEPARTMENT OF MEDICINE

Brian C. Barnes

Attending

Patrick J. Flynn

Attending

Roger L. Gebhard

Clinical

Marshall I. Hertz

Attending

Charles A. Herzog

Attending

Thomas H. Hostetter

Attending

Rubin R. Maiden

Attending

Brian H. Rank

Attending

Stephen C. Riendl

Attending

Carolyn A. Rosenberg

Attending

Peter T. Silberstein

Attending

Stanley J. Tillinghast

Attending

Dace L. Trence

Clinical

DEPARTMENT OF NEUROLOGY

Hal M. Corwin

Attending

Clinical privileges and Provisional Medical/Dental Staff appointments Continued:

DEPARTMENT OF OBSTETRICS & GYNECOLOGY

Shaila A. Phansey	Attending
Roger C. Toffle	Attending

DEPARTMENT OF ORTHOPEDICS

Edward V. Craig	Attending
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DEPARTMENT OF PEDIATRICS

Margaret K. Hostetter	Attending
Joseph J. Sockalosky	Clinical

DEPARTMENT OF PHYSICAL MEDICINE & REHABILITATION

Jeffrey S. Cameron	Attending
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DEPARTMENT OF RADIOLOGY

Jeffrey R. Crass	Attending
Deborah L. Day	Attending

The following staff members have submitted applications requesting additional clinical privileges. The Credentials Committee have reviewed the requests and supporting information and hereby recommend the approval of the requests for the additional clinical privileges as submitted.

DEPARTMENT OF MEDICINE

Bruce Schwartz

DEPARTMENT OF OBSTETRICS & GYNECOLOGY

George E. Tagatz

DEPARTMENT OF PEDIATRICS

Alexandra Filipovich

William Krivit

Norma K.C. Ramsay

Applications for Change in Staff Category from the following members of the Medical/Dental Staff have been reviewed by the Credentials Committee and are hereby recommended for approval.

DEPARTMENT OF MEDICINE

Athanasios Theologides

DEPARTMENT OF PHYSICAL MEDICINE & PATHOLOGY

Rita Bistevins

FROM

Attending

Attending

TO

Clinical

Clinical

The following member of the Medical/Dental Staff has requested a leave of absence. The Credentials Committee have reviewed the request and the letter of support from the Clinical Chief and hereby recommend approval of the request for leave of absence.

DEPARTMENT OF MEDICINE

Jonathan S. Bishop

The following staff currently have Provisional staff appointments and are eligible for Regular appointments. The Credentials Committee reviewed letters of recommendation from their Clinical Chief and recommend approval of Regular Staff appointments.

<u>DEPARTMENT OF MEDICINE</u>	<u>CATEGORY</u>	<u>DATE ELIGIBLE</u>
Thaddeus Chao	Clinical	August 17, 1982
Masanao Takahashi	Clinical	" " "

DEPARTMENT OF LABORATORY MEDICINE
& PATHOLOGY

Robert J. Bowman	Clinical	August 17, 1982
Larry C. Lasky	Attending	" " "

DEPARTMENT OF NEUROSURGERY

Stephen J. Haines	Attending	August 17, 1982
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DEPARTMENT OF OTOLARYNGOLOGY

Norman T. Berlinger	Attending	April 12, 1982
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The Credentials Committee have reviewed letters of resignation from the following members of the Medical/Dental Staff and hereby recommend their acceptance.

DEPARTMENT OF LABORATORY MEDICINE
& PATHOLOGY

Phyllis Warkentin

DEPARTMENT OF OTOLARYNGOLOGY

William L. Meyerhoff

DEPARTMENT OF RADIOLOGY

Roger R. Stenlund

DEPARTMENT OF SURGERY

Ronald M. Ferguson

HB/cf



University of Minnesota Hospitals photo via Associated Press

A surgical team led by Dr. John Najarian, second from right, performed the transplant Friday.

They gave their son's liver

1987 Minneapolis Star and Tribune Company
By Gordon Slovut
Staff Writer

Her baby in Utah was dead and another baby in Minneapolis needed his liver.

Leann and Lared Bellon talked it over as they came to accept the idea that their son's brain had stopped functioning.

They decided on Wednesday to let Jamie Fiske have the liver of their

10-month-old Jess, but on one condition: Leann wanted to see Jess one more time before the surgeons opened his abdomen, removed his liver and disconnected his life-support system.

Leann, 25, had been injured in the same accident that had fatally injured Jess on Tuesday, and she had to have plastic surgery on her face. It wasn't until Thursday that her doctors decided she was well enough to be driven the 30 miles from her hospital bed in American Fork,

Utah, to Jess's bed at the Primary Children's Medical Hospital in Salt Lake City.

Leann walked into Jess's room and said good-by.

Then she returned to American Fork, and the Bellons awaited word about Jamie Fiske.

They had seen Jamie's father on TV a few nights before the accident,

Jess continued on page 7A



Associated Press

After the successful operation, Jamie's parents, Charles and Marilyn Fiske, talked to reporters.

'Our baby has a chance to live'

By Jim Klebuchar
Staff Writer

From Jamie Fiske's 2-month-old cousin came a bouquet of helium balloons, wishing her love and kisses from Keri and all the clan in Massachusetts.

And from her parents came a torrent of emotions released by the sight of their child lying in a hospital bed, eyes hooded and groggy, but with a shining new chance to live.

"How can we tell the world the joy we are feeling tonight?" her father asked. "We came here as strangers. Because of another family's tragedy, in Utah, and the skills in a great hospital here, our child can have a future, an opportunity to live. We've come so close to losing her, possibly just a week and a half from that, and now she might be home for Christmas. Isn't that beautiful?"

Fifteen feet away from where Marilyn and Charles Fiske sat in the family lounge at University of

Minnesota Hospitals, their 71-month-old daughter slept. The operation in which surgeons gave her the liver of a brain-dead child was successful almost beyond their expectations.

It's no guarantee of permanent recovery for the girl, and neither Marilyn nor Charles Fiske indulged themselves in any illusions about that.

But they had not struggled as hard as

Fiskes continued on page 6A

Jamie

Continued from page 1A

train accident, making his liver available.

The organ was suitable for Jamie. But that was only the first step in a dramatic series of events, all of which had to come together just right. And they did, although the timing was very tight.

The liver is the body's "chemical factory" and its largest organ, doing many jobs. One job is making a factor that allows normal clotting of blood. Without such clotting, a person undergoing surgery would bleed to death.

Since Jamie's own liver was hardly working, it wasn't making much clotting factor. So starting Thursday night, when first word of a possible donor organ became known, the blood in Jamie's body was totally replaced four times. The transfusions finally built up the clotting factor to a level that allowed surgery.

The donor liver could have been seriously damaged if it had been out of the donor's body more than eight hours before being hooked up to its new blood supply in Jamie's body, Najarian said.

So the operation on Jamie began at 5 a.m. yesterday. The team of four surgeons (a fifth joined later) opened her abdomen to remove her dying liver and make space for the new one. The new liver, packed in ice to preserve it, was then aboard a chartered jet plane coming from Utah.

The plane landed at 5:45 a.m., the liver reached the operating room at 6:15 a.m. and the first blood vessel connection was completed by 7:45 a.m. That was a little less than six hours after the organ had been removed from the donor.

The next hurdle was to complete the connection of four other blood vessels to supply the liver. The bile duct also had to be hooked up. With all this, the donor liver from the 22-pound boy had to fit into 15.4-pound Jamie.

Najarian wore loupes, similar to a jeweler's eyepiece, to make the delicate connections with the baby's tiny blood vessels. Dr. Nancy Ascher, a member of the two-doctor team that had gone to Utah to retrieve the donor liver, joined Najarian for this critical phase.

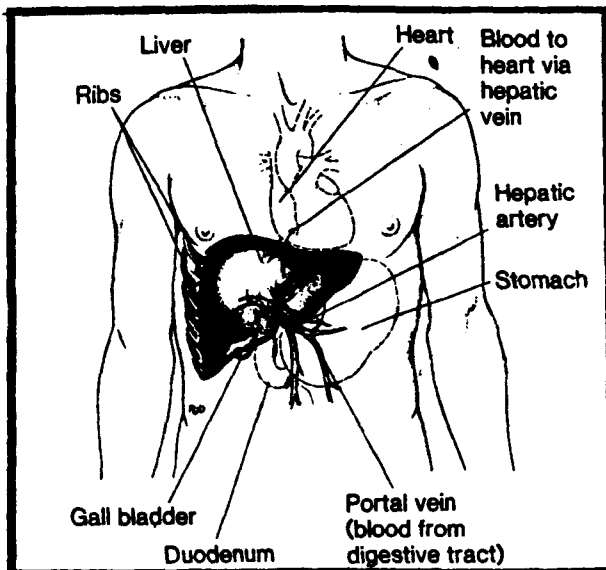
"The fit was just perfect," Najarian said. The donor organ that went into Jamie was about the size of a grapefruit; an adult liver stretches almost all the way across your abdomen.

The donor liver already was changing color, turning from a weak pink to a healthy dark red.

The surgery was completed at 11 a.m. Najarian rushed to give the good news to Jamie's parents, Charles and Marilyn Fiske, in a nearby waiting room.

"I got a nice hug and a kiss," Najarian later recalled, his face beaming.

The two major concerns over the



Dr. John Najarian

next two weeks are the possibilities of rejection or infection. Jamie is receiving drugs designed to reduce the risk of rejection — the threat of the body attacking the new liver, thinking it is a foreign invader. But the drugs can weaken the body's resistance to some infections.

The risk will continue at a reduced rate for about 90 days, and then the concerns will drop off appreciably, Najarian said.

Jamie is in a pediatric intensive care unit, with a respirator helping her breathe. But Najarian said he expects that the respirator can be disconnected soon, maybe today. Jamie is being fed through injections into her veins, but he said she should be able to eat again within about five days.

He said the over-all success rate for liver transplants is 30 percent survival at five years after the transplant — the point at which continued survival for a long life is expected. The reason that Jamie's chances are about 50 percent for living a normal life span now is that she has passed the most critical stage, the surgery itself, without any problems, he said.

He said all tests indicate that Jamie will be perfectly healthy now that she has a working liver. She had become very jaundiced, her skin turning yellowish-orange from the buildup of impurities in her blood. Najarian said that this already is beginning to clear, and that tests show no permanent damage from the jaundice.

"She was caught in time," he said.

Jamie was born with biliary atresia, a rare birth defect in which the normal flow of bile from the liver is backed up into the liver, causing inflammation and damage in the organ. This occurs in only about one out of every 10,000 births, by one estimate.

Some of these youngsters die before reaching the age of six months, the earliest they can be considered for transplants. In some cases their problem can be corrected by conventional surgery, so the number of children who will get liver transplants for this problem is very small, Najarian said.

But liver transplants can be used for a variety of other ailments, Najarian said. These range from cirrhosis (although alcoholics with cirrhosis aren't considered good candidates)

to one type of liver cancer.

Most of the successes in liver transplants have occurred in the past five years. About 30 transplant recipients, mostly adults, are now alive, Najarian said. He said available national records showed only one reported case of a liver transplant in a child younger than Jamie, and that by only one month.

The nation's two liver transplant programs are at the University of Pittsburgh, which has the largest program, and University of Minnesota Hospitals. However, the University of Minnesota is noted for its kidney transplant program for very young children, so the surgeons have the expertise for caring for infant transplant patients in general.

Two people are waiting for liver transplants at the University of Minnesota, no infants but one a 6-year-old boy. Neither is in critical condition yet. Fifty-one people are on the University of Pittsburgh's list, mostly adults and none of them infants.

The names of these patients, and others waiting for other types of transplants, are in computerized national "hot line" systems. Different networks keep the lists for people needing new kidneys (the most common type of transplants) and other types of transplants. The doctors in Utah contacted the liver-heart "hot line" when the donor organ became available, although in this case the donor boy's parents had heard of Jamie on their own.

Typical cost of a liver transplant is about \$60,000, not including the \$8,000 for the chartered jet that rushed the liver to Jamie. Massachusetts Blue Cross-Blue Shield will cover most of the medical cost, most of which is for hospitalization. It's not clear if the insurance will cover the chartered jet.

Jamie's father is an associate director of a rehabilitation program in a Boston hospital. Her mother quit her job as a teacher to withdraw pension money for expenses to stay in Minneapolis with Jamie.

Speaking of Jamie before the transplant, Marilyn Fiske said, "She was terrific. She played and laughed and did her peek-a-boo games right through all the pretests. It was very tough on her mother. And her father."

(Staff Writer Greg Pinney contributed to this article.)

Fiskes

Continued from page 6A

because this was a hospital where the surgery she needed could be performed. But they have gone way beyond the medical services, and they have given us a different kind of family."

The 36-year-old hospital administrator had gone before hundreds of doctors, appealing for their help in locating a donor. "We couldn't afford to pass up any hope," he said. "We just decided to leave no stone unturned. So many people offered to help us, but in the end it came down to finding a donor, and how can we ever thank them enough?"

Their messages at the hospital included a telegram from townspeople in Bridgewater, Mass., a community of 15,000 south of Boston where Jamie Fiske Day will be celebrated Nov. 12 with games, fundraising and prayers of gratitude. The telegram read: "Jamie's town is ecstatic. Our prayers continue."

Her father reflected on the supreme act of his daughter's life, the willingness of people in Utah to allow doctors to remove the liver of their doomed child to save another child.

"It's almost impossible to imagine how they felt. We've come close to losing Jamie, close enough to realize what must be the actual grief of losing a child. Even in that grief, they thought about another."

That sense of wonder in the generosity under duress of people about to lose a child was shared by the man who led the surgical team, Dr. John Najarian. He has used his prestige and forum as an internationally known surgeon to dramatize the need for such donations, and has solicited them.

"But when you are face to face with such a donation," he said, "you learn more about humanity. Donations under the circumstances that existed in Jamie's case are the most difficult. Probably the most tragic thing that can happen to people is the death of a child. At that point in one's grief it's very hard to do anything that would seem rational a week later. Under those conditions, to go out of your way to extend the life of a stranger is pretty remarkable."

"But people who are capable of doing that do experience a reward, I think. It is a kind of way to extend the life, or at least the gifts, of a person who can no longer live. Something of that child in Utah lives now in another child. It takes special people to think that through at a time of tragedy. And that may be the most redeeming quality in human beings on the face of the earth."

Jamie doing well

Nine days after receiving a new liver at University Hospitals, 11-month-old Jamie Fiske is "doing just beautifully," said Dr. John Najarian, head of the surgical team that performed Jamie's transplant.

Jamie was taken off her respirator last Friday and has started to take liquid foods, Najarian said. The six-hour transplant operation had left her too weak to eat or breathe on her own.

Jamie is not completely out of danger, however. The first critical two-week period for Jamie will be up this Friday, Najarian said. Until then, her physicians will be closely watching her for signs of infection or rejection—the two greatest dangers to a transplant patient.

"We hope to pull her out of intensive care in a day or so," Najarian said. "She's making excellent progress."

Maria
Wiley Monday
Najarian
16, 1982

Regents to seek funding for new U hospitals building

By Claudia Lustig

Plans for construction of a new University Hospitals building got a shot in the arm Friday when the Board of Regents voted to seek financing for the \$125 million hospitals renewal project.

If favorable financing can be arranged, construction will begin within the next two months, and the hospital should be finished in 1986.

The method of financing will be decided in early December by Vice President for Finance and Operations Fred Bohem and by an ad hoc committee of four regents. Financing will either involve issuing \$157 million worth of long-term 30-year bonds or an equivalent combination of long-

and short-term bonds. The University will have some obligation to back the bonds if hospital revenue is not sufficient to meet costs.

Because the bonds will be issued by the hospital, which is a state agency, they will be tax-exempt. Their interest rate will be lower than on bonds that require taxes on interest.

Long-term bonds involve a set interest rate for the duration of the issue. Because the rise and fall of interest rates over a long period of time is unpredictable, interest rates for long-term bonds tend to be higher than for short-term bonds, making the risk more palatable for investors.

The decision on which method to use will depend on interest rates at the beginning of December. The regents

will have to approve the committee's proposal before they can sell the bonds.

University President C. Peter Magrath said he would prefer to finance the project through sale of long-term bonds, which, with their pre-determined interest rates, involve less risk for the University. But Magrath said he would support a decision to arrange short-term financing as well if December interest rates for tax-exempt bonds are not favorable.

The interest rate that the University would have to pay on the issue of long-term bonds is dependent on the market for tax-exempt bonds. In recent months, however, interest rates have been erratic, making the prediction of December rates difficult.

Interest rates are important because higher rates can be directly translated into added costs for hospital patients. "Some of what each patient pays would be used to pay the bonds," explained Dr. Neal Vanselow, vice president of health sciences. Higher interest rates will mean higher charges for hospital patients. The regents have set \$92 as the maximum amount of debt-per-patient-day, or added cost, that the University should undertake.

If long-term financing with a \$92 maximum debt burden can't be arranged, the option of short-term financing will be pursued. Although the option initially could pose a higher debt-per-patient-day, it also presents the opportunity for the

Finance to 4

Finance from

bonds to be converted into long-term bonds later, when rates might be more favorable.

Partial short-term financing also would leave room for possible donations from private corporations, members of the public, and the state government.

Bohem and his staff will meet with national credit agencies Nov. 30 to secure a credit rating for the project in the financial markets. A lower rating, implying greater risk for the investor, would result in a higher interest rate for the bonds.

Bohem and the ad hoc committee, consisting of regents Wenda Moore, Lauris Krenik, David Lebedoff, and William Dosland, will decide on the method of financing in the first week of December, and the full board will be contacted by telephone to approve or delay the bond sale.

The board voted to approve financing the project after reviewing a feasibility study by the Touche Ross accounting firm. Touche Ross predicted that demand for hospital services will decline gradually from 196,335 patient days in 1982 to 184,966 in 1987, then level off. The hospital is expected to serve greater numbers of patients from outstate and fewer from the metropolitan region, and it will focus mainly on more complicated health cases.

The firm also predicted that charges-per-patient-day will rise from \$649 in 1983 to \$1,119 in 1987 because of inflation, revenue losses resulting from more stringent rules for federal reimbursement for Medicare and Medicaid, increases in "bad debts," and construction costs.

Minnesota
Daily
November 15, 1982

Pro-life speakers question test-tube conception ethics

by Delores Lutz

Is it moral to conceive a child in a laboratory dish, "outside the physical embrace of man and woman?" Is it ethical to implant three or four embryos in a woman's womb, knowing that only one of them may survive? Do the risks of being a test-tube baby violate that baby's human rights?

Test-tube baby programs have developed too fast and with too little discussion of those issues, a pro-life lawyer and a Roman Catholic priest said Saturday. The men spoke at an in-vitro fertilization seminar at the annual convention of the Minnesota Citizens Concerned for Life (MCCL), an anti-abortion group.

In-vitro fertilization, commonly called the test-tube baby technique, involves removing eggs from a woman's ovaries, fertilizing them in a laboratory dish, and implanting the embryos in the mother's uterus.

The first test-tube baby, Louise Brown, was born in England in 1978.

The technique's proponents regard it as a boon for a couple unable to have children because the woman's fallopian tubes are blocked, preventing egg and sperm from meeting.

An in-vitro fertilization clinic will open at the University early next year. MCCL already has expressed its concerns about the program in a letter to the University's Board of Governors and the University Board of Regents.

"In-vitro doctors confidently predict that in the future every American hospital will have a program. But we have not yet fully debated the moral, ethical, and legal issues," said Patrick Trueman, former general counsel for Americans United for Life, the legal arm of the anti-abortion movement.

And although the federal government has refused to fund in-vitro fertilization programs, that policy probably will change, Trueman predicted.

"With each new (test-tube) birth, the press talks about it in such positive terms that the attitude of the American public is changing," he said.

Pro-life groups became involved in the discussion of in-vitro fertilization in 1979, Trueman said, because they were concerned that the technique was being developed too quickly, without adequate animal experiments.

But Dr. George Tagatz, director of the Division of Reproduction Endocrinology at the University Medical School, said in an interview that while animal experiments would have been desirable five years ago, doctors could not be sure of the technique until it was used in humans, "because there is no perfect animal model for human pregnancy."

To date 100 babies have been born using the in-vitro fertilization procedure, and only one had a defect, he said. Moreover, the procedure has a 20 percent pregnancy rate, which is

the normal fertility rate.

In his speech before MCCL, Trueman warned that in-vitro fertilization might lead to "embryo banks" for tissue and organ transplants. He also predicted that test-tube techniques might lead to the gestation of babies completely outside the human body. "The uterus would become almost appendix-like," he said.

In-vitro fertilization may carry a

greater risk of producing a handicapped child, and doctors may destroy defective embryos or urge women to abort handicapped fetuses, he said.

There is a lack of informed consent on the part of the children (conceived in the laboratory)," Trueman said.

The Rev. Leo Tibesar, a St. Paul seminary librarian and MCCL board member, discussed the "moral ambi-

guity" of the in-vitro fertilization procedure.

"There is value in the assistance provided by technology that outweighs the disvalue of artificiality when the intent is to promote human life," Tibesar said.

But in-vitro fertilization raises important moral questions, he said. For ex-

MCCL to 15

MCCL from 5

ample, some moralists might approve the procedure only if the sperm could be gathered "after a normal act of marital union," he said. Others might accept the procedure only if one embryo were fertilized and implanted at a time, to assure that no others would be wasted, he said.

In the future, the procedure may raise other ethical issues, such as genetic manipulation, Tibesar said.

But some philosophers might reject in-vitro fertilization altogether because there are other ways of overcoming infertility, such as the repair or surgical bypass of blocked fallopian tubes, he said.

In addition to the moral questions, there are also social issues to discuss, Tibesar said.

"The prevalence of in-vitro fertilization in a society that has movements to limit population seems to be at variance with population control," Tibesar said.

He added that feminists might criticize the laboratory procedure for placing human reproduction under the control of "male-dominated science."

Minnesota Daily

Member 15, 1982

WCCO RADIO good neighbor award

An outstanding United Way volunteer for today's WCCO Radio Good Neighbor. He's a Minneapolis man ... co-chairman of the Labor Participation Committee for the 1982 Minneapolis United Way campaign ... organizing labor in all phases for this year's United Way fund-raising. He's a Minneapolis native ... South High graduate ... member of the Merchant Marine in World War II ... worked for the Minneapolis Public Schools until 1965, when he started as a business representative for the Service Employees Local 63. Nine years ago he was elected president of the Minneapolis Central Labor Union Council of the AFL-CIO and vice president of the Minnesota AFL-CIO ... offices he still holds. He was president of the United Way board in 1979 ... and serves on the boards of the University of Minnesota Hospitals, the Minnesota Orchestral Association and the Delta Dental Plan of Minnesota. He's also been active in the Minneapolis Children's Hospital, the Minneapolis Charter Commission, the Aquatennial, and the United Way Handicapped Federation. Today's WCCO Radio Good Neighbor: Virgil D. Moline of Minneapolis.

FEATURED September 23, 1982 ON WCCO RADIO

 **NORTHLAND
FORD DEALERS**

PRESENTED BY

**NORTHWEST
ORIENT** 

UNIVERSITY OF MINNESOTA HOSPITALS & CLINICS
RECONCILIATION OF PRELIMINARY STATEMENT OF OPERATIONS
TO AUDITED STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1982

Preliminary Revenue Over/(Under) Expense	\$ 1,913,456
Unrecovered Planning Costs - Net of Deferred Third Party Reibmursement of \$3,200,000	(5,600,000)
Capitalized Interest Income - FASB 62 Restatement	(114,392)
Campus Fringe Benefit Adjustment	(1,907,595)
Decrease in Provision for Uncollectibles	<u>800,000</u>
Audited Revenue Over/(Under) Expense	\$(4,908,531)

Touche Ross & Co.

October 29, 1982

Board of Regents
University of Minnesota
Minneapolis, Minnesota

We have examined the balance sheets of the University of Minnesota Hospitals and Clinics (an entity within the University of Minnesota) as of June 30, 1982 and 1981, and the related statements of revenues and expenses, changes in fund balances and changes in financial position for the years then ended. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the financial statements referred to above present fairly the financial position of the University of Minnesota Hospitals and Clinics at June 30, 1982 and 1981, and the results of its operations and the changes in its fund balances and financial position for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

Touche Ross & Co.

Certified Public Accountants

UNIVERSITY OF MINNESOTA

BALANCE

ASSETS

	<u>June 30</u>	
		<u>1981</u>
CURRENT ASSETS:		
Cash	921	\$ 3,424,511
Accounts receivable:		
Receivable for patient services	961	9,982,699
Other receivables	336	3,044,790
	830	3,596,700
Less allowance for losses in collection	623	639,875
	543	449,576
Inventories of drugs and supplies (Note A)	875	272,191
Prepaid expense	537	440,894
TOTAL CURRENT ASSETS	626	21,851,236
BOARD DESIGNATED ASSETS (Notes A and B)		
Board designated assets available for assignment:		
Cash and investments	000	10,000,000
Accrued interest	626	31,851,236
Cash and investments assigned to construction projects	924	981,433
TOTAL BOARD DESIGNATED ASSETS		
DEFERRED THIRD PARTY REIMBURSEMENTS (Note G)	844	86,071,373
LAND, BUILDINGS AND EQUIPMENT (Notes A and C)	<u>394</u>	<u>\$118,904,042</u>
Cash and investments (Note B)	514	\$ 9,667,682
	438	971,361
	538	(57,548)
	<u>414</u>	<u>\$ 10,581,495</u>

See notes to financial statements

UNIVERSITY OF MINNESOTA HOSPITALS AND CLINICSSTATEMENTS OF REVENUES AND EXPENSES

	Year ended June 30	
	1982	1981
REVENUES:		
Patient service revenue	\$144,678,349	\$125,658,232
Less revenue deductions (Notes A and G)	<u>17,678,064</u>	<u>17,329,371</u>
	127,000,285	108,328,861
Other operating revenues	<u>2,170,872</u>	<u>2,195,513</u>
	129,171,157	110,524,374
EXPENSES:		
Salaries and wages, including fringe benefits and contract compensation	91,123,377	79,470,063
Supplies, drugs and other expenses	39,085,154	33,635,908
Unrecovered planning costs (Note G)	8,800,000	
Provision for University general and administrative services and expenses (Note A)	4,990,249	4,247,000
Depreciation	<u>4,805,516</u>	<u>4,084,900</u>
	148,804,296	121,437,871
LOSS FROM OPERATIONS	(19,633,139)	(10,913,497)
NONOPERATING REVENUES AND EXPENSES:		
State appropriations and support	11,596,030	10,239,971
Investment income	2,730,398	2,125,802
Loss from sale of investments (Note B)		(736,186)
Shared services	398,180	340,462
	<u>14,724,608</u>	<u>11,970,049</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	<u>(\$ 4,908,531)</u>	<u>\$ 1,056,552</u>

See notes to financial statements.

UNIVERSITY OF MINNESOTA HOSPITALS AND CLINICS

STATEMENTS OF CHANGES IN FUND BALANCES

	<u>Year ended June 30</u>	
	<u>1982</u>	<u>1981</u>
UNRESTRICTED FUND:		
BALANCE AT BEGINNING OF YEAR	\$86,071,373	\$78,530,511
Excess (deficiency) of revenues over expenses	(4,908,531)	1,056,552
Unreimbursed University general and administrative services and expenses	4,990,249	4,247,000
Capitalization of and adjustments to hospital-shared facilities (Notes A and C)	(3,858,351)	1,658,048
Decrease in net unrealized loss on marketable debt and equity securities		385,067
Purchase of equipment by restricted funds	40,219	45,038
Other additions and transfers, net	(200,115)	149,157
BALANCE AT END OF YEAR	<u>\$82,134,844</u>	<u>\$86,071,373</u>
RESTRICTED FUNDS:		
BALANCE AT BEGINNING OF YEAR	\$10,581,495	\$ 9,787,880
Investment income	1,019,919	821,839
Restricted contributions received	244,081	125,457
(Increase) decrease in net unrealized loss on marketable debt and equity securities	(56,990)	148,958
Purchase of equipment for unrestricted fund	(40,219)	(45,038)
Other deductions and transfers, net	(36,872)	(257,601)
BALANCE AT END OF YEAR	<u>\$11,711,414</u>	<u>\$10,581,495</u>

See notes to financial statements.

UNIVERSITY OF MINNESOTA HOSPITALS AND CLINICS

STATEMENTS OF CHANGES IN FINANCIAL POSITION
OF UNRESTRICTED FUND

	<u>Year ended June 30</u>	
	<u>1982</u>	<u>1981</u>
SOURCE OF FUNDS:		
Operations:		
Loss from operations	(\$19,633,139)	(\$10,913,497)
Unreimbursed University general and administrative services and expenses	4,990,249	4,247,000
Depreciation	4,805,516	4,084,900
Funds used in operations	(9,837,374)	(2,581,597)
Nonoperating revenue	14,724,608	11,970,049
Funds provided from operations and nonoperating revenue	4,887,234	9,388,452
Proceeds from long-term borrowings	578,742	284,628
Restricted funds purchase of equipment	40,219	45,038
	<u>5,506,195</u>	<u>9,718,118</u>
APPLICATION OF FUNDS:		
Net additions to land, buildings and equipment, excluding net capitalization of and adjustments to hospital-shared facilities of (\$3,858,351) and \$1,658,048, respectively	7,260,893	14,031,459
Deferred third party reimbursement	3,200,000	
Increase in board designated assets, net of change in unrealized loss on marketable debt and equity securities of (\$385,067) in 1981	1,243,423	9,077,289
Payments and current maturities on long-term debt	311,251	413,750
Other	200,115	(149,157)
	<u>12,215,682</u>	<u>23,373,341</u>
DECREASE IN WORKING CAPITAL	<u>(\$ 6,709,487)</u>	<u>(\$13,655,223)</u>
CHANGES IN COMPONENTS OF WORKING CAPITAL:		
Increase (decrease) in current assets:		
Cash	(\$ 103,601)	(\$ 398,728)
Accounts receivable	2,977,244	8,502,503
Prepaid expense	274,148	772,340
Inventories of drugs and supplies	600,112	129,607
	<u>3,747,903</u>	<u>9,005,722</u>
Increase (decrease) in current liabilities:		
Promissory notes payable	10,000,000	10,000,000
Accounts payable and insurance premiums	4,158	1,601,888
Payable to third party contractual payors	(2,440,738)	10,186,574
Salaries, wages and payroll taxes and accrued vacation	3,046,676	1,564,311
Litigation claim settlement		(964,000)
Accrued professional fees and physicians' compensation	129,967	(216,517)
Interest payable	(79,316)	272,191
Current portion of long-term debt	(203,357)	216,498
	<u>10,457,390</u>	<u>22,660,945</u>
DECREASE IN WORKING CAPITAL	<u>(\$ 6,709,487)</u>	<u>(\$13,655,223)</u>

See notes to financial statements.

UNIVERSITY OF MINNESOTA HOSPITALS AND CLINICSNOTES TO FINANCIAL STATEMENTSYEARS ENDED JUNE 30, 1982 AND 1981

The University of Minnesota Hospitals and Clinics (the Hospital) is located on the Minneapolis campus of the University of Minnesota. To ensure observation of limitations and restrictions placed on the use of certain resources available to the University of Minnesota (the University), the accounts of the University are maintained in accordance with the principles of fund accounting. Net resources are classified for accounting and reporting purposes by the University into funds in accordance with defined objectives with separate accounts maintained for each fund. The Hospital's financial statements include assets, liabilities and fund balances of those University funds identified with the Hospital and are presented in conformity with the "Hospital Audit Guide" issued by the American Institute of Certified Public Accountants.

A. Summary of significant accounting policies:

Buildings and equipment are carried at cost or at appraised value when received as gifts. Depreciation is determined using the straight-line method. Estimated useful lives of assets are generally consistent with American Hospital Association guidelines and are as follows:

Buildings and improvements	8 - 62 years
Equipment	3 - 20 years

The allocation of buildings and improvements to the Hospital and the applicable depreciation on those allocated assets is determined annually based on square footage of University buildings occupied by the Hospital. Adjustments to the cost basis of buildings and improvements occupied by the Hospital are recorded through an adjustment of unrestricted fund balance.

Board designated assets are unrestricted funds which have been set aside for specific purposes by the Hospital's Board of Governors or the Board of Regents of the University. Board designated assets assigned to construction projects represent amounts specifically encumbered for construction or amounts in University plant funds.

Funds received that are restricted by the donor are accounted for in accordance with the restrictions of the donor and are included in restricted funds in the balance sheets. Income from

C. Land, buildings and equipment:

The Hospital shares facilities with other departments of the University. A summary of the Hospital controlled and occupied buildings and equipment is as follows:

	June 30	
	1982	1981
Land	\$ 295,672	\$ 232,750
Buildings and improvements	58,526,188	53,468,059
Equipment	29,640,861	24,823,610
	<u>88,462,721</u>	<u>78,524,419</u>
Less accumulated depreciation	33,912,737	28,980,255
	<u>54,549,984</u>	<u>49,544,164</u>
Construction in progress	10,256,212	16,665,006
	<u>\$64,806,196</u>	<u>\$66,209,170</u>

On shared construction projects the Hospital makes cash contributions to University plant funds which are not reflected in the Hospital's financial statements. The Hospital's fund balance is reduced by the amount of such contributions. Both Hospital and University non-hospital cash is accumulated in these plant funds from which disbursements for construction are made. Upon completion of a shared construction project, the Hospital capitalizes their allocated portion and fund balance is increased.

D. Long-term debt:

The Hospital has several installment contracts payable relating to capital equipment, the unpaid balance of which, including current portion, was \$1,486,461 and \$1,422,327 at June 30, 1982 and 1981, respectively. The contracts have interest rates ranging from 5 to 8-1/2% and have due dates from August 1984 to April 1989. The maximum monthly installment is approximately \$27,800.

E. Medicare and Medical Assistance discounts:

Revenues for hospital services provided to patients under provisions of Title XVIII (Medicare) and Titles V and XIX (Medical Assistance) of the Social Security Act are subject to annual cost finding procedures. Agreements with the Hospital provide for payment of covered services at interim rates with annual settlement based on the lower of charges or reimbursable cost, as defined. The Hospital's cost reimbursement reports are subject to audit before final settlement. Cost reimbursement reports for all programs have been finalized by the respective third party contractual payors and accepted by the Hospital through 1974. Cost reimbursement reports have been finalized by Medicare and Medicaid through 1981 and 1978, respectively. However, the Hospital has not accepted these settlements and has filed appeals with the Provider Reimbursement Review Board.

As a result of the Medicare cost report settlement adjustments for 1980 and prior years, an additional \$2,980,000 provision was included in revenue deductions in the year ended June 30, 1981.

A summary of approximate revenues and provisions for discounts for Medicare and Medical Assistance included in revenue deductions are as follows:

	Year ended June 30	
	1982	1981
Revenues	\$50,030,000	\$40,350,000
Discounts	7,199,000	6,990,000

F. Pension expense:

All employees of the Hospital meeting age and length of service requirements participate in Civil Service (Minnesota State Retirement System) or faculty (University of Minnesota) pension plans. The plans require contributions by both the employer and employee. Pension expense of the Hospital for the years ended June 30, 1982 and 1981 was approximately \$4,717,000 and \$3,380,000, respectively, which includes amortization of prior service costs through 2009.

At June 30, 1981, the date of the latest actuarial valuation, net assets available for benefits were \$2,073,000 and \$676,060,000 for the Faculty Retirement Supplement and MSRS plans, respectively. The actuarial present value of accumulated plan benefits was not calculated. Amounts specifically applicable to the Hospital were not determinable.

G. Contingencies and commitments:

During 1981, the State of Minnesota authorized the sale of approximately \$190,000,000 of State General Obligation Bonds to finance the construction of new Hospital facilities. In 1982, it was determined the project should be scaled-down and alternative methods of financing explored. It is estimated project costs will be approximately \$125,000,000. Various methods of funding are currently being examined with long-term financing being the ultimate intended result. At June 30, 1982, approximately \$5,740,000 of construction in progress related to the new facilities and was financed by promissory notes, backed by letters of credit, at an interest rate of 8%.

In connection with the scaling-down of the project, approximately \$8,800,000 of planning costs incurred in conjunction with the initial project (primarily architecture and construction management fees) were determined to be of no value to the new project. Consequently, these planning costs have been charged to operations, net of estimated additional reimbursement to be received from third party payors in the amount of \$3,200,000.

The Hospital is a part or could become a party to various lawsuits and administrative proceedings incidental to its activities. It is impossible, at this time, to estimate what the ultimate legal and financial liability will be; however, management believes, based on the information available to date and the resolution of prior proceedings, that the ultimate liability of all litigation and proceedings will not have a material impact on the financial condition of the University.

The Hospital has contracts with the University Medical Schools for the services and stipends of residents and medical school staff in direct patient care, in-service education and administrative duties within the Hospital. Total expense for such services and stipends for the years ended June 30, 1982 and 1981 were approximately \$5,130,000 and \$4,803,000, respectively. The contract commitments are reviewed annually and are estimated at approximately \$5,562,000 for the year ending June 30, 1983.

Minutes

Planning and Development Committee

11:30 A.M.

October 20, 1982

ATTENDANCE: Present: Harry Atwood, Chairman
Jo-Anne Barr
Joseph Buckley, M.D.
Leonard Bienias
Dionisa Coates
Tom Jones
Don Van Hulzen
Lawrence Weaver
Paul Winchell, M.D.

Absent: Don Erickson, M.D.
Al Hanser
Clint Hewitt
Cheri Perlmutter

Staff: Ron Werft

Guests: Dave Preston
Kim Simensen

Mr. Harry Atwood opened the meeting by commenting on the deep sense of loss all felt over the death of Ms. Donna Ahlgren. She was an important member of the Planning and Development Committee and will be greatly missed.

MOTEL
PROGRESS:

Tom Jones reported for Mr. Hewitt that architectural planning was proceeding satisfactorily, with drawings to be completed early in 1983. University staff and lawyers representing the developer are working out details of the land lease agreement.

GENERAL
MEDICAL/SURGICAL
UNIT:

Ms. Kim Simensen distributed admission statistics for the first two weeks of unit operation. Average daily census on the 16 bed unit has been 9 with the second week showing an increase over the first. The Policy Advisory Committee is meeting and will update admission criteria, review treatment pattern differences between this station and other stations, and guide development of a marketing plan directed toward HMO's and other user groups.

RENEWAL
PROJECT:

Mr. Atwood referred to his letter written to the Hospital Renewal Advisory Committee dated October 12, 1982 (attached). This letter, circulated to all members of the Board of Governors outlined Regents actions on approval of schematic-drawings for Unit J, authorization of short-term borrowing to complete the Radiation Therapy project, and the next steps toward development of a financing package. Mr. Dave Preston added that the Certificate of Need amendment regarding Renewal financing had been approved by the Metropolitan Council; the financial feasibility study will be ready by November 1; the construction manager will have a guaranteed maximum price, based on design development drawings, ready shortly; the Board of Governors and Board of Regents will be requested to approve financing for the Renewal Project in November.

ADJOURNMENT: The meeting adjourned at 12:50 p.m.

Respectfully submitted,


Thomas Jones



UNIVERSITY OF MINNESOTA

Office of the Vice President for the Health Sciences
A-306 Mayo Memorial Building, Box 501
420 Delaware Street S.E.
Minneapolis, Minnesota 55455

373-7615

TO: HOSPITAL RENEWAL ADVISORY COMMITTEE

FROM: Harry Atwood 

DATE: October 12, 1982

The purpose of this letter is to bring you up-to-date on recent major steps which have been taken toward construction of the new University Hospital.

At the October 8th meeting of the Board of Regents, we presented a complete review of the Hospital program and building plans, including a review of all our Committee activities, e.g., criteria for allocation of space, actual allocation, numbers of beds, support services located in the new building versus those remaining in existing facilities, etc. In addition, the schematic designs were presented. As you probably know by now, the Regents took final action approving building plans. This approval included a maximum project cost of \$125 million as recommended but is contingent on final action by the Board regarding the financing of the project.

Second, the Board of Regents took final action to authorize a short-term loan in the amount of \$5 million to fund construction of the Therapeutic Radiology Department. Bids on the first part of that project in the amount of approximately \$1.6 million were recently received (within \$20,000 of the estimate). All approvals have now been received and we anticipate the beginning of construction within the next two weeks.

The third item of discussion at the Regents meeting was on Hospital financing, including alternatives for financing of the project. For reasons having primarily to do with potential reimbursement problems, the private investment sale-lease-back plan no longer appears to be the most advantageous alternative and has been set aside, barring unforeseen changes in reimbursement regulations, at least for the time being.

Primary alternatives remaining are the sale of University long-term bonds for the total financing of the project, or a combination of short-term bond funding with a guaranteed take-out, with the option of longer term bonds being sold at a later date. While the question of financing is, of course, a concern to our Committee, staff, under the leadership of Vice President Bohlen, is actively pursuing these alternatives.

Because of market considerations, the plan is that final Regents' approval of the most desirable financing option will come sometime in November, either at the November Board meeting, or a special meeting of the Board later in November called for that purpose.

Since there have been no actions required of the Advisory Committee, we have not called a meeting in the past few weeks. We will continue to keep you informed and will call a meeting if needed for any special issues which may arise regarding the project. At the present time we plan to keep the committee in being, at least until such time as final approvals for all aspects of the project are made and construction has actually begun.

slj

Board of Governors
University of Minnesota Hospitals and Clinics

September 10, 1982

Minutes

Call to Order: Chairman Pillsbury called the meeting to order at 7:45 a.m., on September 10, 1982, in the East Wing of the Campus Club.

Attendance: Present: Ms. Sally Pillsbury, Chairman
Mr. Harry Atwood
Ms. Jo-Anne Barr
Mr. Leonard Bienias
Ms. Dionisa Coates
Mr. Al France
Mr. Stephen Gerberding
Dr. Robert Goltz
Ms. Debbie Gruye
Ms. Fannie Kakela
Ms. Mary Lebedoff
Mr. John Mason
Mr. Virgil Moline
Dr. Paul Quie
Mr. Jack Quistgard
Mr. Don Van Hulzen
Ms. Timothy Vann
Dr. George Winn

Absent: Mr. David Cost
Mr. Al Hanser
Ms. Margaret Sandberg
Dean Lawrence Weaver
Dr. Paul Winchell

Introductions: Ms. Pillsbury introduced Dr. Neal Vanselow, Vice President for Health Sciences; Mr. Fred Bohlen, Vice President for Finance and Administration; Dr. Robert Goltz, Chairman of the Council of Chiefs of Clinical Services; Mr. Ken Merwin, Director of Development; Mr. Merlin Olson, Robert Douglass Associates; and Mr. Don Denzer, Ellerbe Associates.

Renewal Project Progress Report: Mr. Harry Atwood, Chairman of the Renewal Project Advisory Committee, introduced Mr. Fred Bohlen, who reported on the proposed options for financing the Renewal Project. He reported that the revised project had reduced by 37% the square footage include in the original plans reducing the

number of beds by 17%. He added that the criteria presented by Robert Derzon of 175,000 patient days and less than \$100 debt service per patient day could be met by each of the three alternatives. The options presented by Mr. Bohlen included short term financing, a University of Minnesota bond issue, and a partnership with private investors. He indicated that it was not anticipated that the short term economic health of state of Minnesota would recover in time for a single issue of state general obligation bonds to finance the project.

Mr. Bohlen identified the risks of short term financing and reported on the nature of the private investment alternative. He also reported that he would recommend to the Board of Regents that the University pursue the private investment alternative while preparing for an issue of University bonds. He added that recent federal tax regulations which become effective after December 31, 1982 reduce the viability of the private investment alternative after that date.

Mr. Atwood suggested that the Board of Governors Finance Committee evaluate the financing alternatives. He also reported on the progress made toward design development indicating that space for a cafeteria had been provided on the eighth (top) floor of the building.

Finance
Committee
Report:

Mr. Al France reported on the preliminary 1981-82 financial statements, the 1982-83 budget, and anticipated regulations for Section 223 (Medicare). He indicated that the potential impact of federal regulation changes could be very significant. He also reported on a potential reduction in reimbursement for home health services.

Joint
Conference
Committee:

Ms. Mary Lebedoff reported on the September 9th meeting of the Joint Conference Committee. She indicated that Dr. Christina Shih, Medical Director of the Emergency Department, had reported on the Emergency Department Committee and emergency services at University Hospitals.

Credentials
Report
Approved:

Ms. Lebedoff moved that the Board of Governors approve the report of the Credentials Committee. The motion was seconded and unanimously passed.

Dr. Paul Quie reported on the activities of the Medical Staff/Hospital Council indicating that the council had approved a bed allocation plan for Unit J and that the General Medical Surgical Station was scheduled to open October 4, 1982.

Ms. Lebedoff added that Dr. Robert Goltz had been elected Chairman of the Council of Chiefs of Clinical Services and Dr. Michael Paparella had been elected Chairman of the Council of Clinical Sciences - Medical School.

Chairman's
Report:

Chairman Pillsbury reported on discussions to merge the East and West Metro Trustees Councils and on progress of the Study Committee on University Hospitals Governance. She reported that Regent Emeritus Elmer Anderson met with the committee to discuss the history of the Board of Governors. She added that Dean Neal Gault and Dean Lawrence Weaver also met with the committee to present their perspectives on governance. She indicated that Mr. Cliff Fearing and Mr. Don Van Hulzen had also presented governance issues to the committee. She reported further that the committee plans to solicit input from representatives of central administration and local hospital executives.

There being no further business, Chairman Pillsbury adjourned the meeting at 10:40 a.m.

Respectfully submitted,

Ron Werft

Ron Werft
Executive Assistant
to the Board of Governors

MINUTES

JOINT CONFERENCE COMMITTEE

September 9, 1982

PRESENT: Mary Lebedoff, Vice Chairman
Richard Kronenberg, M.D.
Arthur Klassen, M.D.
Fannie Kakela
Debbie Gruye
Robert Maxwell, M.D.
William Krivit, M.D.
Paul Quie, M.D.
Jack Quistgard
Don Van Hulzen

Guests: Jan Brockway
Rom Jones
Christina Shih, M.D.
Ron Werft

Staff: John Diehl
Greg Hart

ABSENT: David Cost
Edward Ciriacy, M.D.
John Delaney, M.D.
Timothy Vann

Minutes Approved: The minutes of the previous meeting of the Joint Conference Committee were approved as submitted.

Emergency Department Committee Report: Ms. Lebedoff introduced Dr. Christina Shih, Medical Director of the Emergency Department. Dr. Shih described for the Joint Conference Committee the role of the Emergency Department Committee and the functioning of the Emergency Department at University Hospitals.

She noted that the Emergency Department Committee is multi-disciplinary in membership, and that its primary role is to set policy for the interaction of clinical services related to the Emergency Department activities.

In describing the role of the Emergency Department, Dr. Shih indicated that the county hospitals serve as the primary trauma centers within the cities, and the University Hospitals serves in a trauma referral role and as a primary service provider to the University community. She noted the evolution of services and medical staff coverage within the Emergency Department, noting that full-time medical staff coverage was instituted in 1977. Dr. Shih also discussed the educational role of the Emergency Department.

In discussing quality assurance, Dr. Shih indicated that improved timing and responsiveness of services will be a primary goal for 1982-83.

The committee thanked Dr. Shih for her informative presentation.

Credentials
Committee
Report
Motion:

The report of the Credentials Committee was presented by Dr. Quie. A motion for approval was made, seconded, and passed by the Joint Conference Committee.

Medical
Staff
Hospital
Council
Report:

Dr. Quie noted two items discussed at the most recent meeting of the Medical Staff Hospital Council. These included the admissions and transfer criteria for the general medical surgical station, which is scheduled to open on October 4, 1982. The second item related to bed allocation in Unit J.

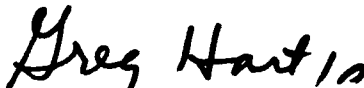
Clinical
Chiefs
Report:

Dr. Klassen reported on the election of new officers for the Clinical Chiefs. Dr. Robert Goltz will be chairing the Council of Chiefs of Clinical Services, with Dr. Roby Thompson acting as vice-chairman. Dr. Michael Paparella was elected as chairman of the Council of Clinical Sciences.

Adjournment:

There being no further business, the meeting adjourned.

Respectfully submitted,



Greg Hart

Minutes

Finance Committee
University of Minnesota Hospitals & Clinics

September 9, 1982

Present: Al France, Chairman
Clifford Fearing
Steve Gerberding
Jack Mason
Virgil Moline
John Quistgard
Don Van Hulzen
George Winn, D.D.S.

Absent: David Brown, M.D.
Seymour Levitt, M.D.
David Preston
Margaret Sandberg

Staff: Nels Larson
Jane Morris

Guests: Gregory Hart
Ed Howell
Tom Jones
Sally Pillsbury
Kim Simensen
Barbara Tebbitt
Ron Werft

Call to order: The meeting of the Finance Committee was chaired by Mr. Al France and was called to order at 4:00 p.m. in room 626 of the Campus Club.

Minutes Approved: The minutes of the July 21, 1982 meeting of the Finance Committee were approved.

Preliminary Year End Financial Statements: An information packet including the Preliminary Financial Statements for the fiscal year ending 6-30-82 that had been previously received by the members of the committee was the source of Mr. Fearing's report. Mr. Fearing explained the various bar and pie graphs illustrating 5 year trends. Mr. Fearing noted that the 5 year trends show a continuing decline in admissions and patient days similar to those predicted in the financial planning which was prepared for the Renewal Project. These trends will be used as part of the demand projection being completed for the Touche Ross

Feasibility Study which is scheduled for completion on November 1, 1982.

The reduction in percentages of cash received by Medicare and Medicaid compared to total cash is a result of Medicare's reduction of their interim payment rate from 94% in 1981 to 85% in 1982. This is indicative of the results of requiring the non-federal payors to pick up the expenses incurred for Medicare/Medicaid patients which are not paid for by the Medicare/Medicaid program.

Mr. Fearing gave a detailed account of items in the financial statements that showed a significant variance over or under the 1981 budgeted levels. Highlights include:

- A 3% favorable variance over budgeted revenue of patient care revenue, which reflects the continued increase in the utilization and intensity of ancillary services.
- A variance of 32.4% over budget in third party contracts adjustments. This adjustment was made last April to offset the increase in ancillary charges and utilization by Medicare and Medicaid payor groups.
- The \$187,137 variance over budget of charitable care is reflective of the completion of the Hill Burton requirement and is not an indication of any increase in accounts receivable.
- An increase in other contract adjustments was due to an increase in kidney acquisition costs because of an increase in the number of kidney transplants during FY 1982, and an increase in write-offs associated with the Indian Health Service contract which were caused primarily by high cost patients during FY 1982.
- Personnel costs were under budget primarily due to the internal retrenchment program instituted by management in response to the Board of Governors concerns over increasing costs between 1981 and 1982.
- Maintenance and repair expenditures were over budget, reflecting an increasing need for repairs in Radiation Therapy. Repair expenses will continue to be high in this area until the new Radiation Therapy department is complete.
- In summary, overall revenue objectives for 1981-82 were achieved.

Anticipated
Regulation
changes & their
impact on the
Hospital:

Mr. Fearing identified some legislative changes to Medicare and Medicaid that are most likely to affect University of Minnesota Hospitals and Clinics and the predicted impact they will have on the Hospital. A change in Section 223 limitations will be

the provision to most dramatically affect UMH&C. Mr. Fearing reported that while it is not possible to calculate an exact dollar impact, UMH&C's reduction in reimbursement could range from \$4.5 to \$18 million. This regulation change is likely to affect hospitals across the country and will indicate a much more dramatic cost shift to non-federal payors. Mr. Fearing said that an update on these changes will be provided at the next meeting.

Adjournment: There being no further business, the meeting of the Finance Committee was adjourned at 5:30 p.m.

Respectfully submitted,



Jane E. Morris
Recording Secretary

JUL 27 1982

Ear surgery to aid hearing also results in temporary nickname

By MILDRED KOVAR
Staff Writer

Five-year-old Jeremy Crosby of Hutchinson had bilateral PE tubes inserted and underwent a myringotomy, a tympanoplasty, a stapediopexy and an adenoidectomy, all in a four-hour period. Despite all of this, he can smile broadly.

Jeremy, son of Bruce and Anita Crosby, had been having occasional problems with ear infection which responded to treatment.

"But about three months ago, I noticed that if I asked a question such as 'Did you shut the door?' Jeremy would respond, 'What's on the floor?'" Anita Crosby said.

Jeremy's parents also noticed that he'd turn the sound up to watch television.

Surgery was suggested and was performed at University of Minnesota Hospitals due to the availability of the needed equipment.

Bilateral PE tubes are ventilating tubes to relieve fluid built up due to eustachian tube dysfunction.

A myringotomy is a small slit made in the ear drum so the tubes can be inserted. A stapediopexy involves moving the incus (second bone of hearing) down to make contact with the other bones of hearing.

In the tympanoplasty, the ear drum is laid back and a membrane covering on a muscle is basically used as a replacement. The adenoidectomy, a more familiar process, involves the removal of the adenoids.

The surgery was performed by Dr. Michael Paperella, assisted by Dr. Rene Boothby. Paperella, the founder of that type of surgery, indicated to the parents that the type of surgery done on Jeremy was not that unusual as 2,000 such operations are done each year.

Paperella is a professor and chairman of

otolaryngology at the University and sees patients in Hutchinson on a once-a-month basis.

"When we first got to see him after the surgery, he looked awful — both sides of his head covered with bandages and a bloody nose," Anita recalls. "He was hooked up to an IV as children dehydrate easily.

"When he awoke he enjoyed some green jello and by eight that evening, I read him a story and he walked about a little. Not long after that he slept."

"When neighbors and friends saw him for the first time, they asked, 'What happened to him?' and his young friends like to call him 'Mickey Mouse' because of the ear coverings," she added.

The pads are to be removed each day and a wad of gauze taken out to bare the skin and give it a chance to heal.

"No swimming is allowed and he must be extremely careful in the meantime — even to staying inside during a windy, dusty day," Jeremy's mother noted.

When the stitches were removed, Jeremy asked to see one and then asked that it be put in his baby book.

In about six months, an evaluation will be made of the healing process. The ear coverings will be replaced by ear plugs.

The Crosbys reside at 879 Main St. Anita is a teacher of kindergarten through 12th grade and librarian at Brownton and Bruce's most recent employment was with Hutchinson Technology Inc.

Concerned about the youngster's surgery are two sets of grandparents, Mr. and Mrs. Russell Crosby of Glencoe and Mr. and Mrs. Harold Kruetzer of Menominee, Wis., and great-grandmother, Lulu Suckow of Knapp, Wis.

- over -

Jeremy Crosby smiles broadly as he poses in his family home. The youngster underwent ear surgery involving the placing of bilateral tubes, a tympanoplasty, a myringotomy, stapediopexy and an adenectomy.



File 8/20/82

Anti-rejection drug is best found so far

By Lewis Cope
Staff Writer

An experimental anti-rejection drug given to heart, kidney and other transplant patients has been found to be "the best drug for transplants so far" in a two-year study at the University of Minnesota Hospitals, the hospital's surgery chief said Thursday.

The new drug not only helps prevent the body from attacking a transplanted organ, but also reduces the risk of infection and cuts hospital costs, Dr. John Najarian added.

More than 120 kidney, heart, liver and pancreas transplant recipients have been treated with the drug, cyclosporin, at University Hospitals, providing the largest study of the drug by any hospital in the world, he said.

In the main part of the study, 70 kidney transplant patients received cyclosporin while 70 others were given conventional anti-rejection drugs. In a preview of the transplants' results to be presented next week at the International Congress of the Transplantation Society in Brighton, England, Najarian said:

■ The success rate in the group treated with cyclosporin is 84 percent, versus 83 percent in the other group. Najarian noted that the University of Minnesota Hospitals had the highest success rate for kidney transplants in the nation before this new drug became available. He said cyclosporin should help other hospitals reach that success rate.

The survival rate in both groups was 92 percent, since not all transplant failures ended in death. Some patients were able to get artificial-kid-

Drug continued on page 4C

Drug Continued from page 1C

ney-machine treatments while awaiting a second transplant.

■ Not every "rejection episode" ends in the patient losing a transplanted organ, since the body's tendency to attack a donor organ often can be reversed with other drugs. The group treated with the new drug had only a third as many rejection episodes, indicating more potential for the drug as doctors learn better how to use it, he said.

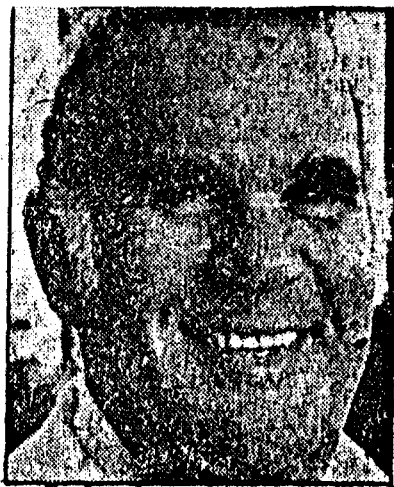
■ Anti-rejection drugs tend to increase a patient's risk of developing infections, but cyclosporin is much less of a problem. The transplant patients who got it had less than half as many infections.

■ Reducing the risk of rejection and infections meant shorter hospital stays and fewer readmissions. The result was that the average medical costs for the patients in the new-drug group was \$28,585, versus \$45,128 for those receiving conventional treatment.

This does not include the cost of cyclosporin, since as an experimental drug it is provided free by the Swiss drug firm Sandoz, Ltd. When the drug is marketed, it is expected to cost a transplant patient about \$4,000 a year. Like other transplant drugs, it must be taken for life. But by reducing the risk of infections, Najarian said, it still should more than pay for itself over the years.

The drug also appears to offer the same benefit with heart and other transplants, Najarian said. It has made possible a successful liver transplant in a 64-year-old man, who in the past would have been considered too old to get a transplant, he said.

The drug was developed in Europe, but some of the early laboratory testing was done four years ago at University Hospitals by Dr. John Rynasiewicz, who died of leukemia Wednesday at age 32. Najarian said Rynasiewicz had been scheduled to go to England this weekend to present a report on his research. Instead, memorial services will be held at 4 p.m. today at Grace University Lutheran Church on the campus.



John Najarian

Irbune 8/20/82

Smallest transplant recipient is 'doing well'

By Lewis Cope
Staff Writer

Aaron McCausland, who weighs only 8.8 pounds, got a new kidney Thursday that was transplanted from his aunt.

Surgeons at the University of Minnesota Hospitals said they believe he is the smallest person ever to get an adult organ in any type of transplant.

The new kidney was implanted in the 10-month-old baby in a four-hour operation at University Hospitals, where surgeons have pioneered kidney transplants in babies.

Aaron, of Tacoma, Wash., "is doing very well" and his new kidney already is doing its job of turning out urine, said Dr. John Najarian, who headed the four-surgeon transplant team. If all continues to go well, the baby should be able to go home in two weeks, Najarian added.

"This is the 10th kidney transplant in a child under 1 year of age at University Hospitals in the past four

Transplant continued on page 4C

years, and all 10 are alive and doing well," he said. The youngest recipient was 5 months old; the smallest previous recipient weighed 10 pounds.

Aaron was born with kidney and related problems that five major, but nontransplant, operations were unable to correct. His kidneys failed to do their vital job of removing impurities from the bloodstream and passing them out as urine.

Aaron then began receiving treatments on an artificial kidney machine, but this prevented him from growing, Najarian said. So he probably would have lived only a few more months at most without the transplant, the doctor said.

In infants, the donor kidney needs to come from a living relative to reduce the risk of rejection. But Aaron's parents, Stewart and Debbie, had the wrong blood type to give a kidney to their son.

So Ethel Hughes, Aaron's aunt, gave one of her kidneys for the transplant. A kidney is about the size of the person's fist; since the aunt was an average-size adult in her early 20s, the kidney she donated was a little over 4 inches long.

It was a tight fit to get the donor kidney in with Aaron's other internal organs, Najarian said. But one unusual thing was in the transplant surgeons' favor: Aaron's kidneys were not formed properly because of what is called "prune belly syndrome." Not only does this cause the kidney problems, but the syndrome also leaves the muscle and skin on the abdomen wrinkled like a prune, which means the skin could expand to accept the new kidney.

Judging by the experience with the nine earlier transplants in babies, Najarian said, Aaron's new kidney

will shrink in the next two months to about two-thirds of its present size. "Then when Aaron grows older, the kidney will grow with him," Najarian said.

Assuming that all continues to go well, Aaron should be able to look forward to a full and normal life, the doctor said.

Health board votes to allow lease option for 'U' hospital

By Lewis Cape
Staff Writer

The Metropolitan Health Planning Board voted Wednesday to allow the University of Minnesota Hospitals the option of having private investors build the planned \$125 million main hospital building.

The health board approved construction in November 1980, based on the university using bonds to finance it. The board voted unanimously yesterday

to amend the certificate of need so that the university could lease the hospital from private investors, provided this approach doesn't cost more. University financial officials say they believe it could save money.

The investors would finance construction, taking advantage of various tax breaks. They would then lease the building to University Hospitals for at least 15 years. After that, the hospital would have the option of buying the building or extending the lease.

The amended certificate of need still must be approved by the Metropolitan Council and the state commissioner of health. The health board's recommendations usually are followed in such cases.

The university's Board of Regents has authorized study of the lease approach, but has remained non-committal.

The private investors would have to borrow money at higher interest rates than the tax-free governmental bonds the university could use. But tax laws give breaks for depreciation of new buildings, for interest payments during construction and for leasing arrangements.

"This is our preferred option now," Clifford Fearing, senior associate director of University Hospitals, said of the lease plan. He said calculations show that the cost to patients

would be practically the same regardless of which approach was used. He calculated that the lease plan would add \$84 to \$85 a day to the average daily charge of a hospital patient. Depending on the type of government bonds used, the cost would be between \$84 and several dollars higher, with the higher figure more likely, he said.

The lease plan also would save some money by allowing the university to avoid paying interest on borrowed

money during construction, he added. And the lease plan would avoid any bonded indebtedness, therefore protecting the state's and university's credit ratings, advocates say.

The disadvantage to the lease plan is its complexity, he acknowledged. Investors would have to be lined up before some of the tax laws change Jan. 2. The regents are expected to question whether the university's interests would be protected fully.

"I'm for creative financing, whether by a homeowner or by the university," said Dr. Lawrence Kaplan, a health board member who in the past has questioned the size of the project.

Construction was delayed last year when interest rates soared. Hospital officials have expressed hopes of getting major construction under way by early next year. They have made some cutbacks in the size of the building during the delay, cutting about \$55 million off the price.

The new hospital building will have 432 beds, plus support services. Several existing buildings will remain, resulting in a total of between 650 and 720 beds, depending on need. The hospital now operates 720 beds.

New heart brings new purpose

GLENCOE, Minn. (AP) — James Feehan displays his scar with pride, although the thin white trace down the middle of his chest is hardly noticeable two years after a heart transplant.

On Saturday, Feehan held forth at Lindy's, the cafe he owns in Glencoe, as friends celebrated the second anniversary of his heart transplant at University of Minnesota Hospitals.

Feehan, 52, received the heart of a 26-year-old woman on July 10, 1980.

"It was a miracle," said Feehan. "I'm in the world's most exclusive club — and probably the most expensive."

But expense isn't something

Feehan worries about any more.

"WHEN ALL my heart problems started, I was a dungheap of emotions," he recalled. "I had a lot of fear, despair, loneliness and a whole big mountain of self pity."

"My own priorities have changed; things that were important several years ago are not so now. I'm not interested in being the richest guy in town, and I'm not into postponing things, either."

"There's not one day that I live that I don't think about that young lady who donated her heart for me."

In 1979, doctors told Feehan his heart was running on borrowed time. Myocardiopathy, a disease which turns heart

muscle to fibrous tissue, had weakened him, leaving him short of breath, even in his hospital bed.

His only chance of survival was to wait for a heart donor with the right blood type.

TWO YEARS ago, doctors came to Feehan and said they thought they had a good match in an auto accident victim whose purse contained a note asking that, in the event of her death, her organs be used for transplants.

"I obviously wanted desperately to live, but I also did a lot of praying for the unknown person who was dying, too," Feehan said.

That afternoon, the surgeon called and told him the oper-

ation was on.

"I was delighted, of course, to wake up the next morning and realize, my God, I'm alive and I feel great!" Feehan said.

Two years later, he still feels great and is active as ever.

He wears a bright red blazer in appearances as the Minnesota Heart Ambassador for the American Heart Association. He also is head of fund-raising for the association in three counties and spends several days a week volunteering time, lecturing about the organ-donor program and visiting cardiac patients.

"I'm almost afraid to say how euphoric I am every day," said Feehan. "I don't have time to have a bad time."

JUL 22 1982

By Edelson



Amber Caputo and her mother, Sharon—waiting until youngster is strong enough for surgery.

Big plans to save a little girl

69170

By EDWARD EDELSON
Science Editor

University of Minnesota doctors will use an experimental technique to help save Amber Caputo's life when and if the 11-month-old Brooklyn girl has a bone marrow transplant there.

Amber suffers from osteopetrosis, a rare and potentially fatal bone disease. The Daily News reported on Sunday that Amber's parents, Neal and Sharon Caputo of Bay Ridge, could not afford the \$65,000 marrow transplant operation. On Tuesday, Leonard Tose, the owner of the Philadelphia Eagles football team, said he would cover the medical costs.

Amber's parents are waiting until she is stronger to go to Minnesota.

Dr. Norma Ramsay, director of pediatric transplants at the University of Minnesota, cautioned that the operation will be done only after doctors are certain that Amber is strong enough to survive it and that there is a close enough match between her cells and those to be transplanted.

The experimental technique uses newly discovered plant substances to destroy immune killer cells that endanger the success of the transplant. Ramsay said that it has been used on only two patients there.

IN A MARROW transplant, the patient is first given whole-body radiation and drugs to kill all bone marrow cells. A pint of bone marrow cells is removed from the hip of the donor and is given to the patient intravenously. The cells migrate to the bone marrow cavities, where they grow.

For Amber, a step would be added. The donor marrow would be treated to kill T lymphocytes, immune cells that attack foreign tissue.

The special treatment is needed because a bone marrow transplant requires the closest possible match between the donor and the recipient. Ideally, transplant surgeons want either a brother or a sister of the patient as the donor.

In most transplants, the problem is that the body tries to reject the transplanted organ. A marrow transplant is different because the bone marrow produces the cells that cause rejection. In a marrow transplant, it is the transplanted cells that attack the patient's body, in what is called a graft vs. host reaction.

JUL 28 1982

County to pay University hospital bill for infant's birth defect

By Jim Robins

209
A newborn baby with the birth defect commonly known as water on the brain received special attention by the Carver County Board of Commissioners Tuesday. The board decided to take advantage of little-used state law allowing the infant's parents to use the University of Minnesota Hospital.

The county is liable to pay only the first \$1,500 of the cost to treat the client over the period of a year. Remaining costs will be picked up at the state level. Bob Sullivan, community social services director, described this special provision as a "quirk in the law."

Sullivan made no recommendation on the case because the family would not normally be eligible for any assistance based on new laws in the areas of catastrophic health and general medical assistance.

He noted that the family has \$40,000 in liquid assets and both parents are employable, however they have no insurance to cover the costs of hospital treatments.

Board Chair Joe Neaton of Watertown noted that hospital costs could deplete the family's resources, forcing them to draw public assistance at a later date.

"You're going to force these people down to ground zero, then maybe we can help them," Neaton said.

"The assets and employability are so much above our normal limits," Sullivan reiterated. "Yet, you feel you have to do something in these catastrophic instances."

"If it is at all possible, we should help them," said Wallace Ess, commissioner from Chaska.

After Sullivan reassured the board that the county's maximum liability would be \$1,500, county participation was unanimously approved.

The name of the family involved is legally withheld from publication as a routine procedure for community social service clients.

Sullivan reviewed the broad plan proposed for 1983-84 community social services with the board. The goal of the department is to "maintain existing programs at responsible levels," according to Sullivan.

"We will strive to achieve this objective in spite of reduced staff and fiscal resources in both 1983 and 1984," Sullivan added.

He emphasized that the need to take these projections with a grain of salt. "The whole plan can be made obsolete by changes in state and federal funding," Sullivan said.

Sullivan reported some good and bad news concerning a federal grant to the county CARE center. The county requested funding at \$63,000 a year. The Metropolitan Council, which administers the grant, questioned the extent of administrative cost involved at the county level and reduced the grant to \$44,574 a year. The good news is the grant is extended to six years, twice the length of time of the previous contract.

Buy-back plan favored for U Hospital financing

By Karla Brungardt

The hole is dug, the designs are ready, and construction is scheduled to begin next month. But University officials still aren't exactly sure how they are going to pay for the \$125 million University Hospitals renewal project.

A precedent-setting arrangement between the University and a group of private investors is an option favored by Fred Bohlen, vice president for finance and operations.

The University would sell the tax breaks associated with the new hospital to the investor group, which would lease the completed hospital back to the University. The University could buy the hospital back or renew the lease every 15 years.

The new Health Sciences Unit J will have eight floors and 432 patient beds. The project's budget has been shaved by 34 percent since initial approval by the Legislature in 1981.

Bohlen favors the sale/lease-back option because it would be a one-shot deal at a fixed interest rate. The

other possibilities all leave room for the uncertain economy to hurt or improve the University's situation.

This would be the first public-private arrangement in the hospital field, Bohlen said, "especially with a project this large."

The other options are:

- Financing through state-sold general obligation (GO) bonds—meaning the state (the taxpayers) would be responsible if the University missed payments.
- Financing through long-term bonds issued by the University.
- Financing on a short-term basis for 12 to 36 months, and establishing long-term financing later.

The Board of Regents originally intended to use state GO bonds—the traditional method of financing for a public project. But Gov. Al Quie has put a moratorium on sales of GO bonds for the remainder of his term.

If the state would agree to sell the needed bonds all in one issue over the next six months, "I would firmly

Hospital to 10

Hospital from 1

recommend it now as the clearly preferred course of action for the regents to pursue," Bohlen wrote in an Aug. 31 memo to the regents.

"But I just was bluntly told that's not going to happen in the current administration," Bohlen said in an interview last week. "And probably not in the next, either."

The best verbal commitment Bohlen said he could get from state officials was three state bond issues sold over the next 2½ years.

At their September meeting, the regents authorized Bohlen to continue spending money to investigate the sale/lease-back option, but encouraged him to keep looking into all options.

Regent David Roe expressed his concern that the University would lose control of what went on in the hospital: "What real hold would the University have on the hospital if we have private investors?"

"Naturally, we would be wary and careful about getting involved with an authority group outside the University," Bohlen said. "We would negotiate for absolute, total control of operations." Such agreements are common between private organizations, he added.

Regents Mary Schertler and Verne Long later said they intended to reserve judgment until further details of the possible contracts are presented at the next regents meeting, on Oct. 7 and 8.

They will be examining the proposals under some pressure, as the University's short-term funds are nearly gone.

"We want to know whether we're going with the sale/lease-back option by Thanksgiving," Bohlen said. "We want to have this project moving by the first of the year."

Bohlen is comparing the debt-per-patient day—the estimated amount of the patient's daily bill that would have to go toward paying off the debt—generated by each plan.

This figure is slightly lower for the GO bonds (\$84) than for the sale/lease-back option (\$88.50). But the first figure assumes the bonds can be

sold at 10½ percent interest or lower. Although interest rates are decreasing, they may not continue to do so, Bohlen told the regents.

The bond sale offer that state officials gave Bohlen indicates they are betting interest rates will continue to decrease over the next 2½ years, according to Timothy Nantell, associate professor in the finance and insurance department of the School of Management. That would mean payments would be lower and the overall cost less.

"Bohlen is in a sense disagreeing with them (the state), saying, 'I'd rather lock in now.' Either of them could turn out to be right," Nantell said.

"The state is clearly losing something with the sale/lease-back option," Nantell said. The tax breaks given to the hospital's backers mean less revenue for the state government.

There is another comparison that should be made, Nantell said.

The GO bonds would require the University to make a large payment after 20 years—Bohlen's estimate is \$108 million.

Nantell said that should be compared with the cost of buying back the hospital building when the lease runs out (every 15 years up to 60 years). That cost will depend on the market worth of the hospital at that time, and is uncertain.

Minnesota
Daily

Wednesday

September 29, 1982

Mpls Star & Tribune Wednesday
Sept 22, 1982



Metro news

Marketplace section inside

Medical Center management may be changed

By Lewis Cope
Staff Writer

Hennepin County will investigate turning over the operation of its Medical Center to a private management firm.

The county board voted 5 to 2 on Tuesday to invite hospital management firms to offer proposals. The county would continue to own the facility.

Commissioner Randy Johnson, who offered the proposal, said after the meeting that he's "skeptical about whether it would be advantageous." But he added that it's "something we should take a look at" in an effort to curb rising costs.

Johnson said he would expect a management company to keep "almost all" of the hospital's staff. Two out-of-town hospital management organizations have expressed some interest in such a contract, he added.

Hospital management firms, including two based in the Twin Cities area, have been taking over executive responsibility for a growing

number of hospitals across the nation, offering what they describe as "expertise" in hospital management. They generally put a few top executives into each hospital.

But most such hospitals have been small, private institutions, as opposed to those like the 430-bed medical center, with its doctor-training program. Johnson noted that the county turned down such a change several years ago, but added that it's time to take a new look.

Hospital Administrator Thomas Mattison said that any outsiders who examine the hospital's operation would "come away with complimentary attitudes." But he said he would work with the county administrative staff in coming up with a list of hospital management firms.

Commissioner Richard Kremer spoke out strongly against the proposal. "I think we have basically a good setup now," he said. "I think this will be counterproductive" by hurting the staff's morale. Commissioner John Debus also voted against it; voting for it were Johnson, Jeff Spartz, E. F. Robb, Sam Sivanich and



Randy Johnson

Nancy Olkon

The board previously decided to consider the possibility of changing the way the hospital bills its patients and pays its doctors. It is the only hospital in the Twin Cities area that gives patients a single bill covering both hospital and physician charges. Under the plan being considered, patients would be billed separately for hospitalization and doctor care, presumably allowing the hospital to collect more from Medicare and Medicaid.

Doctors at the hospital are now paid on a straight salary basis. Under the approach being considered, part of their income would come from patient fees.

New VA hospital is not needed

I am a veteran and I do not object to providing care for legitimate, service-related needs of veterans; but I believe this could be provided by the veteran's private physician and by his local hospital, in most cases.

If the veteran needs sophisticated special care, he could be referred to an existing center for that care. The University of Minnesota and Mayo Clinic can provide a complete spectrum of specialized care. There would be no need to duplicate these facilities at a new veterans hospital. The overall cost of veteran's care would decrease.

Long-term rehabilitation services, nursing home facilities or alcohol and drug treatment programs can be made available near the veteran's home or at the University of Minnesota.

I believe some people who support the rebuilding of the Veterans Hospital are some of the same people who tell us that we have excess hospital beds in the metro area and that these beds and the duplication of sophisticated medical equipment are causes for escalating medical costs. This would be a grand opportunity to eliminate some of those extra beds and costs.

I strongly support a reasonable building and renovation program at the Uni-

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Your opinions are important to us. Send us your letters; we will print as many as possible. To be published, a letter must be an original and carry a full signature. Short letters will receive preference. Longer letters may be trimmed to accommodate other views. For verification, please list your address and phone number. We won't publish that information, but will reject letters that lack it. Write to: Letters to the Editor, St. Paul Dispatch, 55 East Fourth St., St. Paul, Minn. 55101.

versity of Minnesota Medical Center. Any special needs for veterans, if they exist, could be integrated with this program. Minnesota has a real opportunity to be a model for the nation. We care for all our citizens, veterans and non-veterans, and want all of them to have the same excellent medical care available to them.

I suspect that a new veterans hospital will be built, but I do wonder at the silence of my colleagues, the Citizen's League and other organizations, including the political parties and various industries who constantly appear to be looking for ways to reduce the cost of health care delivery.

St. Paul THOMAS W. VOTEL, M.D.

UNIVERSITY OF MINNESOTA HOSPITALS AND CLINICS

File

BOARD OF GOVERNORS

September 10, 1982

7:30 A.M.

East Wing - Campus Club - Coffman Union

Agenda

- I. Minutes - July 21, 1982 (Approval)
- II. Renewal Project Progress Report (Information)
 - Mr. Harry Atwood
 - Mr. Frederick Bohlen
 - Mr. David Preston
- III. Committee Reports
 - A. Finance Committee (Approval)
 - B. Joint Conference Committee (Approval)
- IV. Chairman's Report - Sally Pillsbury, Board Chairman (Information)
- V. Other

MINUTES

Joint Conference Committee

July 20, 1982

Present:	David Cost, Chairman John Delaney, M.D. Fannie Kakela Arthur Klassen, M.D. William Krivit, M.D. Mary Lebedoff Robert Maxwell, M.D. Paul Quie, M.D. John Quistgard Don Van Hulzen	Absent:	Edward Ciriacy, M.D. Debbie Gruye Richard Kronenberg, M.D. Timothy Vann
		Staff:	John Diehl Greg Hart
		Guests:	Jan Brockway Cindy Hart Tom Jones Mike Ladevich Barbara Tebbitt Ted Thompson, M.D. Ron Werft

1. The minutes of the June 15, 1982 meeting of the Joint Conference Committee were approved as submitted.
2. Biomedical Ethics (Thanatology) Committee

Mr. Cost welcomed Dr. Robert Maxwell, representative of the Medical Staff Hospital Council, as a new member of the Joint Conference Committee. Mr. Cost also introduced Mr. Mike Ladevich, who is serving an administrative clerkship at University Hospitals this summer as a graduate student from the University of Minnesota Program in Hospital and Health Care Administration.

Mr. Cost introduced Dr. Ted Thompson and Ms. Cindy Hart, who co-chair the Biomedical Ethics Committee. Dr. Thompson traced the history of the committee, noting that it was formed in 1976. Over the past six years the committee (which was formerly known as the Thanatology Committee) was involved in issues of death and dying as its primary mission. In fulfilling that mission, the committee conducted a series of conferences and in-services, and also served as a consultant to members of the medical staff and other health professionals.

In the last year, the committee has been involved in three major activities. The first involved a revision of the do not resuscitate (DNR) policy. The new policy, which has been approved by the Medical Staff Hospital Council, incorporates the recommended guidelines of the Minnesota Medical Association and focuses in large part upon family consent.

The second area of involvement over the past year has related to the role of the committee. The committee has recommended, and the Medical Staff Hospital Council has approved, a name change for the committee reflecting a change in role. The new name for the committee will be Biomedical Ethics, which is intended to reflect an expanded scope of educational and consultative activities, beyond that of death and dying.

Ms. Hart spoke to the third major activity of the committee over the past year. This involved revision of the guidelines for continuing care services for people with end stage disease, developed by the Subcommittee on Hospice Concepts. Dr. Quie noted the positive response of the Medical Staff Hospital Council to these revised guidelines.

Following the report, the Joint Conference Committee took action to endorse the revised policy on resuscitation of the terminally ill patient. Mr. Cost thanked Dr. Thompson and Ms. Hart for their report.

3. Medical Staff Hospital Council Report

Dr. Quie reported on the July meeting of the Medical Staff Hospital Council. Items discussed included a report from the Biomedical Ethics Committee and the efforts of the Nurse Strike Task Force (see below). In addition the Council approved a new policy on reuse of single use medical-surgical devices and approved a report from the Bed Allocation Committee relative to expansion of Station 40 (Pediatrics Intensive Care Unit).

The Credentials Committee report was also approved by the Medical Staff Hospital Council and presented by Dr. Quie to the Joint Conference Committee. The committee approved the Credentials report.

Dr. Quie also reported on his follow-up efforts relative to a letter received from an out-state physician regarding a member of the medical staff.

4. Recommendation for Interim Clinical Chief - PM&R

Mr. Van Hulzen transmitted Dr. Glenn Gullickson's name for an appointment as interim clinical chief for the Physical Medicine and Rehabilitation Department. He noted that Dr. Kottke had, over one year ago, expressed a desire to step down from his post. He also noted that an individual from outside of the University is currently being recruited for the position of head of the department, however negotiations with this individual may yet take several months.

The committee approved the recommendation of Dr. Gullickson as interim chief for the PM&R service.

5. Nurses Strike Task Force

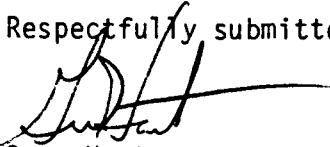
Dr. Quie reported that several staff members at University Hospitals had formed an ad-hoc task force to prepare for the community nurses strike should one have occurred. Dr. Quie particularly stressed the communications between the University and the Hennepin County Medical Society on this subject and the good will which resulted. Ms. Tebbitt also commented on the short-term staffing plans which had been developed and the discussions among the directors of nursing among the MAPTH hospitals.

6. Clinical Chief Report

Dr. Klassen and Dr. Krivit reported on behalf of the Clinical Chiefs, noting that recent agenda items have included a revision of the medical student curriculum, resident stipends, and a presentation on the status of the Bone Marrow Transplant Program.

There being no further business the meeting adjourned at 7 p.m.

Respectfully submitted,



Greg Hart

MINUTES

Finance Committee
University of Minnesota Hospitals & Clinics

July 21, 1982

Members Present:	Al France	Guests:	Greg Hart
	Clifford Fearing		Tom Jones
	Steve Gerberding		Mike Ladevich
	Seymour Levitt, M.D.		Barbara Tebbitt
	Virgil Moline		Sally Pillsbury
	John Quistgard		Kim Simensen
	Don Van Hulzen		Ron Werft
	George Winn, D.D.S.		
Members Absent:	David Brown, M.D.	Staff:	Nels Larson
	Clinton Johnson		Jane Morris
	Jack Mason		
	Dave Preston		
	Margaret Sandberg		

The meeting of the Finance Committee was chaired by Mr. Al France and was called to order at 10:30 a.m. in room 626 of the Campus Club.

The minutes of the June 16, 1982 meeting of the Finance Committee were approved.

I. May Year-to-Date Financial Statements

Mr. Fearing reported that financial data for the month of May shows no significant changes from prior months, although there was an improvement in inpatient revenues as a result of increased inpatient census levels. In his review of the statements for May he explained that, as in prior months, salaries are slightly under budget and medical supplies are somewhat over budget. Accrued interest income is at a higher level than was expected and the variance in maintenance & repair is partially due to a number of equipment breakdowns in the department of Therapeutic Radiology.

The fulfilment of the Hill Burton requirement is evident in the amount shown for bad debts, although the actual amount of bad debts has not increased.

Mr. Fearing explained that June financial statements are not yet available. He did report however, that the data for the month of June looks good from

patient activity and revenue perspectives. Expenses did not show a significant change from previous months, and there continues to be a high utilization of ancillary services.

II. Reassessment of 1982-83 Budget Objectives

This agenda item was included as a response to a concern raised at the June meeting of this committee regarding the dollar amount of the Excess of Revenue over Expense line on the financial statements. Mr. Fearing presented a Comparative Income Statement and Cash Flow for Budget Year 1982-83 which contrasted the budget including campus general administration expense with the budget excluding this expense. The current practice is to show the \$5,226,000 campus general administrative expense as an expenditure in the Income statement and then to include it back on the Change of Fund statement as a non-cash outlay.

The consensus of the committee was to not change this current practice and to not restructure the financial statements. In addition, it was decided to defer any decision on increasing the net revenue budget until at least the end of September, 1982, when actual operating results could be reviewed.

III. Bad Debts - April 1, 1982 through June 30, 1982

Mr. Fearing stated that bad debts for the fourth quarter amounted to \$664,610.30 (represented by 1,587 accounts); also \$6,170.50 of Home Health Services, and \$1,436.70 of Powell Hall Accounts.

A motion was made and approved by the committee to accept the report and recommend it for approval by the full Board of Governors.

There being no further business, the Finance Committee was adjourned at 11:30 a.m.

Respectively submitted,



Jane E. Morris
Recording Secretary

Keeping up

Izaak Walton League of America from 1968 to 1971, a member of the Quetico Superior Committee from 1967 to 1973, a member of the Arctic Environmental Council from 1973 to 1977 and a member of the U.S. Water Pollution Advisory Board from 1964 to 1967.

2 on United Way labor panel

Jack Jorgensen Sr. of Burnsville, president of Minnesota Teamsters Joint Council 32, and Virgil Moline of Minneapolis, president of the Minneapolis Central Labor Union Council, AFL-CIO, have been named cochairmen of the Labor Participation Committee for the 1982 United Way campaign.

William Bastien of Minneapolis, supervisor of technical publications for Graco, Inc., has been named chairman of the Business Development Division of the United Way. He will direct telephone and mail solicitation of businesses with 25 or fewer employees.



Virgil Moline



Jack Jorgensen



William Bastien

Construction To Begin on Part of U Hospitals

Construction of one floor of a new University Hospitals building will begin in October as the result of action taken by the Board of Regents in July.

This portion of the proposed \$125 million building will house the therapeutic radiology department, which hospital officials say badly needs upgraded facilities.

"We have very serious operating problems in the department because the equipment for the treatment of patients is very old, and some is no longer manufactured," said David Preston, associate vice president for health sciences. New equipment cannot be installed in the facilities currently occupied by the department because of space limitations and the need to shut down old equipment while the new is being installed, Preston said.

As a result, hospital officials asked the board to approve construction of new space for the department so that it could continue to operate in the old space while the new is being readied.

The therapeutic radiology department is an important part of the cancer programs at University Hospitals, and this past year served 702 patients with more than 14,200 radiation therapy treatments. The volume of treatments is expected to increase.

Space for the department will cost \$3.9 million. Hospital officials are currently exploring methods of financing the total building, but say they expect full financing to be available by November. First payments on the initial segment of the building would not be due until late November.

Scaled-down plans for a new University Hospitals building 37 percent smaller than first proposed were presented to the board at its June meeting. The revised plans for the building include eight floors, 264,000 net square feet and 432 beds. Earlier plans called for ten floors, 420,420 net square feet and 520 beds.

Plans were adjusted downward after a report by Robert Derzon, a Washington, D.C. health care consultant, questioned the financial feasibility of the project because of current economic conditions. Total cost of the project had been estimated at \$154 million.

Merlin Olson, a consultant from Robert Douglas Associates, told the board that even if the rest of the building project is delayed, the space for the therapeutic radiology department could stand alone. Occupancy of the new department space is scheduled for January 1984, about two years earlier than scheduled completion of the total building.

"Update"
Summer 1982
Volume 9
Number 3



Neal A. Vanselow, chancellor of the University of Nebraska Medical Center, Omaha, has been named vice president for health sciences. His appointment was approved in May by the Board of Regents.

Vanselow succeeds Lyle A. French, who has held the position since it was created in 1970. His appointment is effective September 1.

President C. Peter Magrath called Vanselow "a first-class educator and leader with proven credentials. He comes to Minnesota at a time of transition and opportunity, as we face the need to improve our University Hospitals while simultaneously responding to the changing health care trends of the 1980s."

Infant lives with kidney from mother

By Walter Parker
Staff Writer

Even by Adam Hess's standards, it's been a tough week.

And he's spent more of his life in hospitals than the most hardened crooks spend behind bars.

It was a week ago today that University of Minnesota Hospitals doctors opened 6-month-old Adam's belly and gave him one of his mother's kidneys. His own kidneys had stopped working four months ago.

Adam has been in the hospital here since early March, hooked to dialysis machines that do the blood-purification tasks his kidneys couldn't. Doctors were waiting for him to gather strength for surgery, but by early this month it was time to move, said Dr. John Najarian, University Hospitals chief of surgery, who performed the transplant in a five-hour operation.

"We essentially had no alternative. He was running out of sites for dialysis," he said.

Adam is one of about a dozen kidney transplant recipients under 1 year old in the country. Most of the operations have been done at the university, Najarian said. First attempted in the early 1970s, the procedure was abandoned for infants because it wasn't working. But more recent, successful efforts in the past year have been encouraging, he said.

"We'll do more of them, but it's pretty rare. The difficulty at less than a year is that their vessels are so small," he said.

At the time of surgery, Adam weighed all of 9½ pounds, making him a record-holder of sorts.

"He's not the youngest (transplant recipient), but he's the smallest," said his 25-year-old mother, Kim, of Carthage, Mo.

Adam has responded "beautifully" to his operation, said Najarian. "He has normal kidney function, he's eating and he looks great."

Kim Hess and her husband, Bob, 25, are understandably excited and happy. Still, they're trying hard not to get "too 'up'" she said, because they've

Please see **Transplant/2A**



Bob Hess

Transplant

Continued from Page 1A

been told the critical recovery period for their son is 90 days.

The parents learned caution the hard way after riding an emotional roller coaster linked to the peaks and valleys of Adam's delicate condition.

"It seems like we've lived a day-to-day life for so long. One day you're high and then all of a sudden you're so depressed you don't think you'll ever feel okay again," Kim said.

The Hesses' intimate acquaintance with the world of hospitals and renal disease began four days after Adam's Dec. 7 birth. His father said his kidneys were damaged by either high blood pressure or antibiotic drugs administered to control an infection the boy got after surgery to correct an undescended testicle.

Adam was in the hospital until he was a month old. He then went home to Carthage, a southwestern Missouri town of about 10,000, 90 miles from Kansas City, where his parents owned a bakery. He was only home for a month, punctuated by twice-weekly visits to a Kansas City hospital, when his faltering kidneys failed completely, his father said.

The infant was flown to Kansas City, where his doctors referred him to University Hospitals in Minneapolis, one of the country's top kidney transplant centers and the most experienced in dealing with infants.

When they came here, they didn't know a transplant was in store for Adam or even if it would be possible, Kim said. Once that was decided, it didn't take long to determine she would be the donor, and not her husband, because he had the wrong blood type.

Moving about gingerly on Wednesday, with an incision stretching from her navel to her back bone, she said she had no hesitation about going ahead with the donation to save her son.

"It was nothing for me. I knew I'd come out fine. You know a person can maintain with only one-quarter of a kidney if he has to. The hardest thing to accept about it is I can't carry him and mother him like he should be mothered for another month or so," she said.

But her husband noted that Adam, an apple-cheeked lad with enormous, curious dark eyes, hasn't lacked for cuddling by him, grandparents and a host of nurses, despite the tubes trailing from his abdomen. "He's quite spoiled actually. Very used to being held and rocked."

Two months after Adam's birth his father, who has a business degree, sold his bakery. "A business ties you down and I could see this was going to demand a lot of time. I was lucky to get a good offer at the right time."

Insurance covered Adam's and his mother's surgery, but the family's attendant living, medical and transportation expenses have been heavy. Fund raising rummage sales, raffles and a softball tournament have been held or are planned in their hometown and in neighboring Joplin, Mo.

The parents have lived off and on with nurses' families since they arrived March 8, but they also spent a month sleeping in chairs in a hospital lounge. Every morning, Kim recalled, they would creep down to hospital locker rooms to shower and change clothes.

The family hopes to be able to go home in a month, where their 3-year-old daughter, Abby, awaits them. In the meantime, after their own experience and getting to know others much worse off, Bob said, they have developed a new appreciation for the value of good health.

"People take a lot for granted. Like Abby, she was fine from the day she was born. We didn't even think of something like this, just that it was time for No. 2. We thought it would be easy," he said.



Robert T Smith

Will Kitchen, 28, and his 5-year-old daughter, Megan, didn't win the third annual Father-Child Fun Run Saturday. In fact, they came in dead last. But they didn't care at all.

The story begins more than two years ago in the home of Kitchen, his wife, Karen, and Megan, then 3, in Cambridge, Minn. Megan, a bright child, was able to memorize the short children's books she had. She was a healthy, normal child.

One day Karen put Megan in for a bath. There was about two inches of water in the tub.

A phone rang. Karen left to answer it, was gone less than two minutes. In the meantime, Megan had a seizure and went face-down into the shallow water.

She was taken to University of Minnesota Hospitals and the prognosis was dim indeed.

Megan was blind and deaf, insensitive to all stimuli. She was paralyzed and had brain damage. She just lay in a fetal position. A vegetable. She'd always be that way, the doctors said.

Enter the people of Children's Rehabilitation Center at University of Minnesota Hospitals. For eight months they worked with Megan. They employed physical therapy and speech therapy and tender loving care and prayer and whatever else was needed.

There followed a lot of work and care from Kitchen, media director of Braham School District 314, and Karen, a teacher at Rush City, Minn. They went through the usual guilt problems, the *why us?* syndrome, and came out with the commitment to do whatever they could for Megan. And they became very close to this special child.

"It was like losing a child and gaining another," said Kitchen.

Megan had to be taught everything all over again—even how to eat. Amid the problems, Kitchen read about the 1980 Father-Child Run, sponsored each year by Donaldson's and Munsingwear. He decided to enter it with Megan.

Smith continued on page 3B



Staff Photo by Tom Sweeney

Megan Kitchen, 5, shown with her father, Will, didn't need the wheelchair to finish Saturday's Father-Child Fun Run.

Smith

Continued from page 2B

The money went to a charity, but Kitchen and Megan competed, at least in sentiment, for the Children's Rehabilitation Center.

"There's no way to make up to them what they did for Megan," Kitchen said.

And he wanted others to see that handicapped kids can do what normal children can. Not exactly, of course.

In that first Run, Kitchen pushed Megan in her small wheelchair. They did the half-mile alone because no way could they be in the group that ran.

Megan still was blind and deaf. There was no expression on her face. A special board was attached to her wheelchair to enable her to rest her head on it, because she couldn't raise it at all.

The thousands of spectators knew the story, or at least part of it, and they gave Kitchen and Megan a standing ovation all the way.

There followed another year of working with Megan, another year of love and patience and perseverance.

"The handicapped is the only minority you can become a member of in two minutes," said Kitchen. "We learned you can no longer say it happens to the other guy. The accident could have destroyed our family, both the emotional and financial strains. (Their first hospital bill was \$130,000.) But we decided to do what we could to be positive for Megan."

Last year Kitchen and Megan were back at the Fun Run. Her sight and hearing were beginning to return. She could stand alone for 10 seconds—that in itself some would call a miracle. Even some doctors.

And she could hold her head up. But she still was in a wheelchair. They got a special plaque for being in the competition, but they still had to do it alone.

After the race, Kitchen told the race officials: "Next year, no wheelchair."

"It's funny, but we deal with Megan day by day and we don't notice the improvement in the way those who see her at the race only once a year do," said Kitchen. "Their realization of her progress reassures us."

Yesterday Kitchen and Megan joined the regular bunch of dads and kids, from 3 through 6. Proceeds this time went to the Big Brothers organizations in the Twin Cities, and among those on hand were Curt Giles of the Minnesota North Stars, and Minnesota Vikings Ahmad Rashad and Greg Coleman.

This time there was no wheelchair for Megan, who now can see and hear well and is able to say a few simple words.

Megan, wearing a T-shirt that said, *My Dad's a Star*, took her father's hand and they walked the half-mile at the Lake Nokomis site. She smiled at the crowd and held her head high.

The father and daughter who finished last received an ovation normally reserved for winners.

Surgical Treatment Offers Hope

Pancreas transplants may be the answer University of Minnesota researchers have been seeking for almost 20 years in the quest for a surgical treatment for diabetes. Since the mid-1960's, researchers and clinicians have been looking for a safe and effective surgical treatment for diabetes, a disease which affects nearly 10,000,000 Americans. Although limited to a few patients (primarily those who have undergone a kidney transplant), doctors say pancreas transplants may someday be offered as an alternative treatment for patients who have severe diabetes.

"Our ultimate goal is to cure diabetes," says university surgeon David Sutherland. "Pancreas transplantation is still a developing therapeutic procedure, but more and more evidence is accumulating that a successful pancreas transplant can provide control of diabetes. We feel that we are on the verge of being able to do this with a pretty high rate of success."

The pancreas, a pear-shaped organ located behind the stomach, produces insulin, the vital hormone that allows the body to turn food into energy. A diabetic's pancreas either delivers no insulin or an insufficient amount of insulin. By replacing the pancreas, doctors hope to restore the body's normal insulin-producing function and, as a result, avoid the serious complications of diabetes, which include blindness, kidney failure, and heart disease.

Minnesota surgeons Richard C. Lillehei and William Kelly performed the world's first pancreas transplant at University Hospitals in 1966. Since then, approximately 200 transplants—54 at Minnesota—have been attempted in the world, making the procedure rarer than heart transplantation. In their pioneering work, Lillehei and his associates transplanted whole cadaver pancreases in 14 patients between 1966 and 1973. While most of the organ grafts functioned for a while—one for a year—there were technical complications in some cases and rejection in others. Most of the patients eventually died from complications of diabetes after the transplanted pancreases ceased to function.

Between 1974 and 1978, Minnesota doctors, under the direction of surgery chief John Najarian, turned their attention to a new method of controlling diabetes by transplanting only the islets of Langerhans, tiny clumps of cells amid the ordinary cells of the pancreas. These million or so cells, weighing only about a

YOUR HEALTH

single gram, produce insulin. Eighteen such transplants were performed in 13 patients, but it was difficult to extract enough islets from donor pancreases, and the cells were extremely susceptible to rejection. None of the patients was cured of diabetes.

In 1978, Sutherland and Najarian returned to pancreas transplants, but this time, instead of transplanting the whole organ, only part of the pancreas—the lower third, called the tail—was placed in the patient's abdominal cavity. This new technique, called the segmental pancreas transplant, has given doctors renewed optimism in their quest to conquer diabetes.

"Pancreas transplantation is making a comeback," Sutherland notes. "It is clearly more efficient than islet transplantation, and it is safer than before." Of 40 segmental pancreas transplants, 12 are still functioning after periods of one month to three years. While the Minnesota doctors acknowledge that these results are not outstanding statistically, they do illustrate the procedure's potential to control diabetes. "We do them too late," Sutherland says. "Our patients are already at risk with severe problems. Our goal is to work with younger patients and to develop better immunosuppressive drugs. Widespread application will not be possible until better immunosuppression is available."

The university limits the pancreas transplant program to patients whose risks from diabetic complications are greater than the risk posed by rejection-preventing drugs. Most of the patients who received transplants were already on these drugs for previous kidney grafts.

Islet cell transplantation research has also been renewed at Minnesota. Sutherland and his colleagues have returned to laboratory experiments with animals in an attempt to perfect the technique. "A major problem is islet yield. Ultimately, however, it should be possible to transplant several diabetic recipients with islet tissue prepared from one donor. This potential does not exist with pancreas transplantation."



Sutherland: "More and more evidence is accumulating that a successful pancreas transplant can provide control of diabetes."

USA TODAY
NEW YORK, N.Y.
MONTHLY \$9.100

JUN

1982

Byfield

204
The University of Minnesota was chartered in 1851 by the federal government, the State of Minnesota was authorized in 1857. The first health sciences unit was established in 1888; the College of Dentistry in 1892; the College of Pharmacy in 1891; and the first nursing school to be established under university auspices was authorized in 1909.

The University Hospitals were founded to serve as a facility for education, patient care, and research activities, in 1909, also. Health sciences grew again in 1918 with the beginnings of the School of Public Health, the College of Veterinary Medicine, and in 1922 with the development of a department of preventative medicine and public health.

In 1969 the State Legislature authorized funds for the planning of a two-year medical program in Duluth, and in 1971 it endorsed an additional medical school in Rochester, to be named the Mayo Medical School of the University of Minnesota.

In mid-1970 a unified Health Sciences unit was established, and a vice president to be in charge of all the health science programs of the University, wherever they are located within the state.

The Statement of Mission of the unified health sciences says that "The mission of the health sciences is to enhance the health of the people through teaching, research and service. While the primary focus is on citizens of the state, the health sciences also contributes as fully as resources permit to both national and international health." (June 1979)

The Mission Statement goes on with a mission-related goal in the area of education, to "prepare health professionals in appropriate numbers and disciplines to meet the health needs of the people at the state, and, as resources permit, the regional, national and international levels." This may come as a surprise to many people in rural communities within the state.

It certainly draws us to ask some interesting questions, doesn't it. For one, if the University is committed to turning out appropriate numbers of people to fill the health needs of the state, why are so many communities in need of medical personnel in almost every area imaginable? Why do some cities offer to support students through school in return for a guarantee of service, or guarantee incomes to prospective medical practitioners? Why are many towns in the southwest region of Minnesota advertising for nurses? Why, indeed.

It might be questioned whether the

Health Sciences of the University are really catering to the health needs of the people of the state or to the nation at large. I don't mean to take anything away from the U. I'm going there. In terms of quality of education, prestige, depth of research, and the size of programming, the U. Health Sciences rate second to none, in the nation or the world. But are they serving Minnesota?

It's an interesting question to ponder. A person could think of it like this, how much medical bang is the Minnesota taxpayer getting for his buck? The questions could go on and on, but are there any possible solutions to the problem of medical attention in rural Minnesota settings?

One solution could be to expand the program of grant monies in return for services after graduation. A student could accept grant money from the state, and in return work within a rural Minnesota setting for some period of time. Or, if the U. were to truly serve the needs of the state in this regard, they could require service within the state before awarding diplomas to graduates.

Now, that's pretty strong, and also not feasible. But there must be something that could be done to balance medical distributions in the state. I do have one idea to offer, if only there were some way to implement it. Students are exactly effective in implementation.

In most of the health science programs there are times when students will work in community settings. It is called by different names, internships, clinicals, practicals, whatever - the idea is the same - the students work in different settings that are "real life". At some places these practicals go on in far away places from the confines of the school.

So, why couldn't we create agreements with small-community hospitals and clinics outside of the metro area to allow students to work there. There are all sorts of variations that could be shaped from this basic idea. The out-state setting could be an optional experience for students, with those going paying no tuition for that quarter. Perhaps the small hospital would be prepared to pay tuition costs for those students.

A lot of students say that they will not go to small towns because they lack the "action" of bigger cities, but most are speaking their prejudice without any experience. There are things a small town can't offer, but there are also invaluable things that the small town can and does offer to its residents.

It's an interesting thought.

on the
Nature of
Things
by Al Johnson



MAY 26 1972

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Minutes
Board of Governors
University of Minnesota Hospitals and Clinics
July 21, 1982

Call to order: Chairman Sally Pillsbury called the meeting to order at 1:35 p.m. Ms. Pillsbury introduced Mr. Don Denzer, Ellerbe Architects, Mr. Don Berry, HOK, and Mr. Mike Ladevich, summer administrative intern from the Program in Hospital and Health Care Administration.

Attendance: Members Present: Sally Pillsbury, Chairman
Harry Atwood
Jo-Anne Barr
Dionisa Coates
David Cost
Al France
Steve Gerberding
Al Hanser
Fannie Kakela
Mary Lebedoff
Virgil Moline
Paul Quie, M.D.
John Quistgard
Margaret Sandberg
Don Van Hulzen
Timothy Vann
George Winn

Members Absent: Leonard Bienias
Debbie Gruye
Jack Mason
John Najarian, M.D.
Lawrence Weaver
Paul Winchell, M.D.

Minutes Approved: It was moved and seconded that the minutes of June 16, 1982 meeting be approved as submitted. The motion was passed unanimously.

Chairman's Report: Chairman Pillsbury reported on the meetings of the West Metro Trustees Council, the General Director Search Committee, and the Joint Task Force on Governance and Organization. She also announced that Mr. Ken Merwin had been appointed as the Director of Development for University Hospitals.

Planning
and
Development
Committee
Report:

Mr. Harry Atwood reported that the Board of Regents had approved the Motel Project allowing for private development of a multi purpose, on-campus facility of approximately 325 rooms. He also reported that the General Medical Surgical Station was scheduled for implementation in October and that the station would open with 16 beds with potential expansion to 22 beds.

Ms. Donna Ahlgren reported on the plans for Unit J and introduced Mr. Don Denzer, Ellerbe Architects, who presented the block schematic drawings.

Mr. David Preston, Associate Vice President for Health Sciences, reported on financing alternatives for the project. He added that the financing package would be presented to the Board of Regents for information in September and for action in October.

Finance
Committee
Report:

Mr. Al France reported on the meeting of the Finance Committee. He moved that the Board of Governors approve a bad debt write-off of \$664,610.30, which includes \$6,170.50 of Home Health Services, and \$1,436.70 of Powell Hall Accounts. The motion was seconded and unanimously passed.

Joint
Conference
Committee
Report:

Mr. David Cost reported on the meeting of the Joint Conference Committee. He reported that Dr. Robert Maxwell, representative of the Medical Staff Hospital Council was appointed to the committee to replace Dr. Philippe L'Heurux who is no longer on staff of University Hospitals. He also reported that Dr. Ted Thompson presented a report on the Biomedical Ethics Committee. The Board of Governors then considered and endorsed a DNR Policy (Do Not Resuscitate).

Dr. Paul Quie reported that the Medical Staff Hospital Council had approved recommendations from the Bed Allocation Committee and had approved a policy on the re-use of sterile catheters from the Infection Control Committee. He also presented the Credentials Committee Report and moved its approved. The motion was seconded and passed unanimously.

Mr. Don Van Hulzen moved that Dr. Glenn Gullickson be appointed as Interim Clinical Chief of Services for the Department of Physical Medicine and Rehabilitation. The motion was seconded and passed unanimously.

General
Director's
Report:

Mr. Don Van Hulzen reported on MAPTH, the Deans and Directors Retreat, Medicare regulations, and the Kidney Foundation which is starting a Ronald McDonald concept for pediatric kidney patients. He also reported on the Council of Community Hospitals annual meeting and on his meeting with the Budget Executive Committee.

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

Respectfully submitted,



Ron Werft
Executive Assistant
to the Board of Governors

Minutes
Planning and Development Committee
Board of Governors
University of Minnesota Hospitals and Clinics
11:30 A.M.
July 21, 1982

Present: Harry Atwood, Chairman
Jo-Anne Barr
Dionisa Coates
Tom Jones
Don Van Hulzen

Absent: Joseph Buckley, M.D.
Leonard Bienias
Don Erickson, M.D.
Al Hanser
Clint Hewitt
Cheri Perlmutter
Lawrence Weaver
Paul Winchell, M.D.

Staff: Donna Ahlgren
Ron Werft

Guests: Don Barry
Don Denzer
Mike Ladevich
Sally Pillsbury
Dave Preston
Kim Simensen

Motel Progress: Mr. Jones reported, on behalf of Mr. Hewitt, that the Board of Regents had authorized the University administration to proceed with final negotiations on development of a 325 room motel to be located on University property east of the parking ramp on Washington avenue. 125 of the rooms would be economy priced and intended for priority use by hospital patients and relatives. University lawyers are working out final details with the developer, Maddux Properties. Architectural, circulation, and parking planning is now underway. Construction could start as early as January 1983 with opening 18-24 months later. The Radisson Management Corporation will operate the motel as the Raddison University Inn. Developers and architects will meet with hospital representatives during the next few weeks to discuss specific needs of patients and visitors.

General Medical - Surgical Unit: Ms. Kim Simensen reported that plans to open a new general medical-surgical nursing unit with a low nurse to patient staffing ratio were proceeding on schedule. The unit will serve students referred from the Boynton Health Service, H.M.O patients and others who require less acute levels of nursing care. A policy advisory committee has been formed representing nursing, medical staff and management. This Committee, chaired by Dr. John LaBree, will guide development, working with the medical director and head nurse of the unit. The unit will

open in late September and will have a competitively priced routine service charge. It represents a unique departure from tradition as it is non-service specific.

Development Officer: Ms. Pillsbury announced the appointment of Mr. Ken Merwin as Director of Development for University Hospitals and Clinics (see attached announcement). Mr. Merwin will begin work on July 26, 1982 and will first implement a program of annual giving. He will work closely with the Board of Governors and the University of Minnesota Foundation on all development plans.

Renewal Project: Mr. Atwood reported that the Regents had approved construction of new facilities for Radiation Therapy. The recommendation to proceed with construction had been made by the Board of Governors to the Board of Regents in June. Ms. Ahlgren reported that architectural development was on schedule, meetings with hospital departments were frequent and productive, and task forces on intensive care, operating rooms, bed modules, and child care were operative. The target date for completion of schematic drawings by August 1, will be met. Mr. Preston commented that financial planning was proceeding concurrently and satisfactorily. Mr. Denzer detailed architectural development to date. Suggestions regarding cafeteria and gift shop requirements were noted by the planners.

The meeting adjourned at 1:00 p.m.

Respectfully submitted,


Thomas F. Jones

July 26, 1982

General Director's Release

University of Minnesota Hospitals and Clinics is pleased to announce the appointment of Mr. Kenneth Merwin as Director of Development, effective July 26, 1982.

Mr. Merwin will have responsibility for planning and implementation of a complete development program working closely with the Board of Governors and the University of Minnesota Foundation.

Ken Merwin is a native of Woodstock, Illinois and a graduate of Millikin University, Decatur, Illinois. He has had over 20 years of fund raising experience. Mr. Merwin and his family will be moving to the Twin Cities from Marshfield, Wisconsin where he was Director of Development of the Marshfield Medical Foundation.

Minutes

Board of Governors

University of Minnesota Hospitals and Clinics

June 16, 1982

Call Chairman Sally Pillsbury called the meeting to order at 2:50 p.m.
to Wednesday, June 16, 1982 at her delightful home at Bracketts
Order: Point, Wayzata.

Attendance: Present: Sally Pillsbury, Chairman
David Cost, Vice-Chairman
Harry Atwood
Jo-Anne Barr
Dionisa Coates
Stephen Gerberding
Debbie Gruye
Al Hanser
Fannie Kakela
Mary Lebedoff
John Mason
Paul Quie, M.D.
John Quistgard
Margaret Sandberg
Don Van Hulzen
Lawrence Weaver
Paul Winchell, M.D.
George Winn, D.D.S.

Absent: Leonard Bienias
Al France
Virgil Moline
John Najarian, M.D.
Timothy Vann

Guests: Dr. John Tiede

Minutes

Approved: After noting that Ms. Fannie Kakela had also attended the
Twin Cities Metro Trustee Conference, Ms. Pillsbury moved
that the minutes of the May 3 Executive Committee, May 19
Board of Governors meeting, and June 11 Special Meeting of the
Board of Governors be approved. The motion was seconded
and passed unanimously.

Chairman's
Report:

Chairman Pillsbury reported that recruitment of a development officer was proceeding on schedule. She also reported on the meeting of the Joint Task Force on Governance and Organization indicating that Regent Mary Shertler had replaced Regent Dr. Charles McGuiggan due to his conflicting schedule. She added that the task force would meet bi-weekly.

Ms. Pillsbury noted that Ms. Johnelle Foley had been appointed to the Board of Directors of Third Northwestern Bank; Dr. Najarian will receive the Great American Award from B'nai B'rith; Ms. Timothy Vann will receive the Family of the Year Award by the St. Paul Urban League; and Ms. Staci Sudduth had been named Miss Minnesota Talented Teen.

Finance
Committee
Report:

Mr. Jack Quistgard introduced the report of the Finance Committee which had addressed April financial statements and 1982-83 budget. Mr. Cliff Fearing reported on the April 30 year to date statements indicating a positive variance over budgeted revenue. He reported that although inpatient census and outpatient visits are below projections, revenue is 1.6% over budget. He added that preliminary May 31 statements suggest a \$2 million excess of revenue over expense by June 30, 1982 for the 1981-82 fiscal year.

Mr. Don Van Hulzen presented an Executive Summary of the 1982-83 operating budget which includes an 11.4% price increase, approximately \$160 million gross patient charges, and operating expenses of approximately \$154 million. Mr. Van Hulzen indicated that the capital budget proposed was consistent with past practices and current needs. He reported that the budgeting process began in December, 1981, that all levels of hospital management had been intensively involved, and that each department planned for their own budget using no hospital averages.

Mr. Van Hulzen reported that the 1982-83 budget was based on stability in demand forecasts with no new programs, and was consistent with the guidelines recommended by Ernst and Whinney. Mr. Atwood moved approval of the 1982-83 operating budget with the following resolution:

BOARD OF GOVERNORS

BUDGET RESOLUTION FOR F.Y. 1983

June 16, 1982

WHEREAS, the Board of Governors continues to be committed to a thorough review of rising health care costs; the efficient delivery of services; and improvement in facilities;

WHEREAS, this requires great economy in use of resources for current programs and services; and

WHEREAS, the 1982-83 budget must reflect these needs and circumstances;

THEREFORE BE IT RESOLVED that the Board of Governors Finance Committee recommends that the Board of Governors endorse a budget of \$160,555,217 for 1982-83 that necessitates a 11.4% price increase; that current budgeted costs be maintained at or below inflation levels during 1982-83; and that enhancement of programs and services not be undertaken when such new commitments would necessitate increases in prices to patients not receiving these services.

The motion was seconded.

Mr. Mason moved that the resolution be amended by adding "achieve a net revenue of \$1 million through reduction of expenses". The motion to amend was seconded, then defeated, 1 aye, 17 nays.

Discussion followed on the need to review existing programs with the medical staff. It was agreed that management would evaluate programs with the Inpatient Care Management Council and present findings to the Board Finance Committee.

The motion to approve the 1982-83 operating budget was passed unanimously.

Joint
Conference
Committee
Report:

Mr. David Cost reported on the June 15 meeting of the Joint Conference Committee. He moved that Dr. Paul Quie be appointed upon recommendation of the Joint Conference Committee to a two year term as Chief of Medical Staff. The motion was seconded and passed unanimously.

Mr. Cost presented the Report of the Credentials Committee and moved that the Credentials Committee recommendations for reappointment, reappointment pending submission of additional documentation, regular medical staff appointments, changes in staff categories, additional clinical privileges, joint appointments, provisional medical and dental staff appointments, and resignations be approved. The motion was seconded and unanimously passed.

Mr. Cost moved that the following medical staff members be appointed to a one-year term as chairmen of Medical Staff Hospital Council committees:

MEDICAL STAFF-HOSPITAL COUNCIL COMMITTEE CHAIRMEN APPOINTMENTS
1982/1983

- | | |
|--|--|
| 1. <u>Bed Allocation Committee</u>
I. Dodd Wilson, M.D. | 9. <u>Outpatient Committee</u>
Amos S. Deindard, M.D. |
| 2. <u>Bylaws Committee</u>
Glenn Gullickson, M.D. | 10. <u>Pharmacy & Therapeutics Committee</u>
William C. Gentry, Jr., M.D. |
| 3. <u>Cardio Respiratory Advisory Committee</u>
Russell H. Larsen, M.D. | 11. <u>Product Evaluation & Standardization Committee</u>
Bradley P. Fuhrman, M.D. |
| 4. <u>Credentials Committee</u>
Henry Buchwald, M.D. | 12. <u>Quality Assurance Steering Committee</u>
Paul G. Quie, M.D. |
| 5. <u>Disaster Committee</u>
Michael Daly, M.D. | 13. <u>Thanatology Committee</u>
Theodore Thompson, M.D.
Co-Chairman, Cynthia Hart, R.N. |
| 6. <u>Emergency Room Committee</u>
David Hurd, M.D. | 14. <u>Tissue & Procedure Review Committee</u>
Clara Bloomfield, M.D. |
| 7. <u>Infection Control Committee</u>
Frank Rhame, M.D. | 15. <u>Transfusion Therapeutics Committee</u>
Jeffrey McCullough, M.D. |
| 8. <u>Operating Room Committee</u>
Roby Thompson, M.D. | 16. <u>Utilization-Medical Records Committee</u>
George Tagatz, M.D. |

The motion was seconded and passed unanimously.

Mr. Cost moved that the following medical staff members be appointed to a one-year term as Clinical Chief of Service:

<u>NAME</u>	<u>DEPARTMENT</u>
Dr. Ellis Benson	Laboratory Medicine & Pathology
Dr. Joseph Buckley	Anesthesiology
Dr. Shelley Chou	Neurosurgery
Dr. Edward Ciriacy	Family Practice
Dr. Donald Doughman	Ophthalmology
Dr. Thomas Ferris	Medicine
Dr. Elwin Fraley	Urology
Dr. Eugene Gedgaudas	Radiology
Dr. Robert Goltz	Dermatology
Dr. Arthur Klassen	Neurology
Dr. Frederic Kottke	Physical Medicine & Rehabilitation
Dr. William Krivitz	Pediatrics
Dr. Seymour Levitt	Therapeutic Radiology
Dr. John Najarian	Surgery
Dr. Michael Paparella	Otolaryngology
Dr. Konald Prem	Obstetrics & Gynecology
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. Paula Clayton	Psychiatry 6/20/84
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The motion was seconded and passed unanimously.

Bylaws

Committee:

Ms. Joanne Barr presented the recommendation of the Bylaws Committee for amendments(attached)to the Bylaws of the Board of Governors. Ms. Barr's motion for approval was seconded and passed unanimously.

Planning and
Development
Committee:

Mr. Harry Atwood reported on Renewal progress, on the Board of Governors Special Meeting, and on the June 11 presentation to the Board of Regents. He added that he, Mr. Dave Preston, and Mr. Merlin Olson had presented current master zoning plans to Hospitals Department Heads and to the medical staff. Mr. Preston summarized the planning assumptions of the Renewal Project Advisory Committee indicating that redesign was necessary.

Mr. Atwood moved adoption of the following resolution providing for the construction of facilities for Radiation Therapy:

WHEREAS, the Board of Governors has long recognized the critical need for renewed University Hospitals facilities; and

WHEREAS, new planning assumptions have preliminarily shown that a redesigned facility of approximately \$125,000,000 in cost will be financially feasible and will meet the highest priority renewal needs; and

WHEREAS, of these renewal needs, new facilities for Radiation Therapy have a critical priority for construction because of requirements for new equipment installation not possible in existing facilities, and these new facilities can be completed at a cost estimated at \$4,000,000; and

WHEREAS, under an accelerated schedule, construction of Radiation Therapy facilities can begin in October 1982 and be completed in January, 1984, approximately two years prior to scheduled completion of the total Unit J facility;

NOW, THEREFORE, BE IT RESOLVED, that the Board of Governors recommend to the President and the Board of Regents that facilities for Radiation Therapy be constructed as an early phase of renewal on as rapid a schedule as possible.

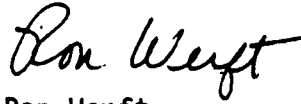
The motion was seconded and passed unanimously.

Mr. Atwood then moved approval of a \$4,328,000 capital equipment and renovation budget indicating that it was consistent with past performance, with the guidelines of the Ernst & Whinney Report, and was within planned funded depreciation.

The motion was seconded and passed unanimously.

Adjournment: There being no further business the meeting was adjourned.

Respectfully submitted,



Ron Werft
Executive Assistant
to the Board of Governors

Board of Governors

University of Minnesota Hospitals and Clinics

SPECIAL MEETING

June 11, 1982

Minutes

CALL
TO
ORDER:

Chairman Sally Pillsbury called the meeting to order at 8:05 a.m., Friday, June 11, 1982 in the West Wing of the Campus Club.

Present:

Absent:

ATTENDANCE:

Sally Pillsbury, Chairman
David Cost, Vice Chairman
Harry Atwood
Jo-Anne Barr
Leonard Bienias
Dionisa Coates
Steve Gerberding
Debbie Gruye
Al Hanser
Fannie Kakela
Mary Lebedoff
Virgil Moline
Paul Quie, M.D.
Margaret Sandberg
Don Van Hulzen
Timothy Vann
Paul Winchell

Al France
John Mason
John Najarian, M.D.
John Quistgard
Dean Lawrence Weaver
George Winn, D.D.S.

RENEWAL
PROJECT
ADVISORY
COMMITTEE:

Chairman Pillsbury announced that the purpose of the special meeting was to inform the Board of Governors of progress made by President Magrath's Advisory Committee on the Renewal Project chaired by Mr. Harry Atwood. She indicated that the conceptual development would be presented by Mr. Atwood, Mr. David Preston, Associate Vice President for Health Sciences, and Mr. Merlin Olson of Robert Douglass Associates. Mr. Atwood indicated that the presentation would be given to the Board of Regents immediately following the meeting of the Board of Governors.

Mr. Atwood reported that the Advisory Committee had met weekly since April 2, 1982 to respond to President Magrath's charge to scale down and redesign the new University Hospital, Unit J. He added that he and three other members of the Board of Governors, Ms. Sally Pillsbury, Dr. Paul Quie, and Mr. Don Van Hulzen, were represented on the Advisory Committee, and that committee efforts had been

combined with University Hospitals administration and medical staff, the central officers designated, hospitals' planning staff, and consultants to achieve the objective in a timely fashion.

Mr. David Preston presented updated planning assumptions based on the committee's review of the report by Robert Derzon. He reported that such assumptions include 432 acute inpatient beds in Unit J, a 1.9 to 1.0 gross to net square foot ratio, 179,036 patient days including obstetrics, and 37% reduction in net square feet from the previous proposal, a reduction from 10 to 8 floors, and a maximum \$125 million total project cost. He added that the development of therapeutic radiology facilities was viewed as a primary objective due to its essential support of clinical programs in oncology and transplant, and that the department site and construction plans were developed such that delay in Unit J will not affect construction, scheduled to begin in October, 1982.

Mr. Merlin Olson described the facility planning process from functional programming through conceptual design to schematic design and design development. He then presented the conceptual design currently as planned which includes 2 levels of mechanical space, 2 levels of ancillary and support space, one level of operating rooms, PAR, and neonatal ICU, one level of medical-surgical-pediatric ICU, and three levels of medical-surgical beds with four nursing units on each level. He added that the planning objectives included flexibility to accommodate varying patient day volume and expansion potential for a second phase of construction. He also reported that the current plan reduces the number of departments with some space in Unit J from 28 to 18.

Mr. Atwood expressed appreciation to members of the Board and staff for their support and assistance over the past two months in revising the Unit J plan and reported that an account of the Board of Regents meeting would be presented at the June 16, 1982 meeting.

ADJOURNMENT:

Ms. Pillsbury adjourned the special meeting at 9:10 a.m.

Respectfully submitted,

Ron Werft
Ron Werft, Executive Assistant
to the Board of Governors

Minutes

Board of Govenors

University of Minnesota Hospitals and Clinics

May 19, 1982

Call to Order: Chairman Sally Pillsbury called the meeting to order at 1:45 p.m., Wednesday, May 19, 1982 in Room 555, Diehl Hall.

Attendance: Present: Sally Pillsbury, Chairman
David Cost, Vice-Chairman
Harry Atwood
Jo-Anne Barr
Dionisa Coates
Stephen Gerberding
Debbie Gruye
Al Hanser
Fannie Kakela
Virgil Moline
John Najarian, M.D.
John Quistgard
Margaret Sandberg
Don Van Hulzen
Timothy Vann
Lawrence Weaver
George Winn, D.D.S.

Absent: Al France
Mary Lebedoff
John Mason
Paul Quie, M.D.
Paul Winchell, M.D.

Minutes Approved: It was moved that the minutes of the April, 1982 meeting be approved as submitted. The motion was seconded and unanimously passed.

Chairman's Report: Ms. Pillsbury reported on current efforts to evaluate trustee organizations in the Twin Cities. Mr. Atwood noted recommendations of the East Metro Trustees Task Force which would consolidate the East and West Metro Trustees Councils. Ms. Pillsbury also reported on the Twin Cities Metro Trustees Conference attended by Governors Atwood, Gerberding, Gruye, and Pillsbury. She also commented on the General Director Search Committee indicating applicants had been screened to less than twelve.

Planning and Development Committee: Mr. Atwood reported on presentations received by the Planning and Development Committee. He reported on the study of a Development Program conducted by Mr. James McDiarmid which recommends the recruitment of a Development Officer, the establishment of an annual giving program, and the identification of major donor propsects. Mr. Ron Werft reported on a study conducted by Brum and Anderson, Inc., which recommends the

Planning
and
Development
Committee
Cont:

recruitment of a Communications Director, investment in an external marketing program, and maintenance of a distinct hospital communications program with good coordination with Health Sciences Public Relations and University News Service. It was suggested that consideration be given to recruiting one individual with skills in the areas of development and communications.

It was moved that the Board of Governors endorse the recommendations of the McDiarmid and Brum and Anderson reports and that recruitment efforts be initiated. The motion was seconded and passed.

Mr. Atwood reported on the progress of the Renewal Project Task Force indicating that recommendations on a revised master zone would be submitted to the Board of Governors and Board of Regents in June for information and July for action. He then moved approval of the following resolution in order to clarify the role of the Board of Governors with regard to the Renewal Project:

WHEREAS, the critical need for renewed University Hospitals facilities has been long recognized, and extensive plans have been developed for the design and construction of these needed facilities; and

WHEREAS, early planning assumptions have been questioned in light of possible changes in governmental funding regulations, possible change in demand for inpatient hospital services and disadvantageous financing costs; and

WHEREAS, these potential problems have prompted a review of the previous planning, and that, in turn, has suggested that certain new assumptions be used in planning the new facility; and

WHEREAS, the Chairman of the Board of Governors Planning and Development Committee has been appointed Chairman of a special committee comprised of Board members, medical staff, hospital and central administration management staff, and this committee has been charged with the responsibility for making a comprehensive review of the proposed hospital and for making recommendations for new design proposals, if indicated; and

WHEREAS, the Board of Regents, in the Board of Governors' Bylaws, has delegated to the Board of Governors the responsibility for hospital planning and making recommendations on capital projects to the Board of Regents;

NOW, THEREFORE, BE IT RESOLVED, that the Board of Governors hereby recognizes the President's Advisory Committee on Hospital Renewal, working in conjunction with the Board's Planning and Development Committee, as the appropriate body to undertake the project re-evaluation on behalf of the Board of Governors and the Board of Regents; and

RESOLVED FURTHER, that this special committee is charged to pursue its work with all due speed and report its recommendation to the Board of Governors for its review and recommendations to the President and the Board of Regents at the earliest possible time.

The motion was seconded and unanimously passed.

Finance
Committee
Report:

Mr. Jack Quistgard presented the report of the Finance Committee which included an overview of the April, 1982 year-to-date financial statements and a review of the 1982-83 preliminary budget. Mr. Nels Larson reported that April 30, 1982 statements indicated an excess of revenue over expense of \$1,023,088 which is \$806,000 below that projected or a variance of 0.8% to budgeted revenue. It was reported that the 1982-83 budget would be recommended for approval at the June, 1982 meeting.

Joint
Conference
Committee
Report:

Mr. David Cost reported on the May 18th meeting of the Joint Conference Committee. He noted that Dr. Jeffrey McCullough had presented a report on the Therapeutics and Thanatology Committee of the Medical Staff. Mr. Ed Howell reported on the End Stage Renal Disease Manual indicating that review and approval of the manual by the Board of Governors was required by the State Board of Health in certifying accreditation. The following resolution was recommended:

RESOLVED, that the End Stage Renal Disease Policy Manual as explained and presented, and as recommended by the Joint Conference Committee, shall be and hereby is approved and adopted in its entirety.

The motion was seconded and unanimously passed.

Mr. Cost moved approval of the Credentials Committee Report as follows:

The Credentials Committee after examining all pertinent information provided them concerning the applicant's professional competence and qualifications, hereby recommend the approval of the following applicants requests for clinical privileges and Provisional Medical Staff appointments:

<u>FAMILY PRACTICE & COMMUNITY HEALTH</u>	<u>CATEGORY</u>
Sharon S. Allen	Clinical
<u>INTERNAL MEDICINE</u>	
Christina H. Y. Shih	Attending
<u>LABORATORY MEDICINE & PATHOLOGY</u>	
Dale C. Snover	Attending
<u>PEDIATRICS</u>	
Steven A. Seelig	Attending

The following staff currently have Provisional staff appointments and are eligible for Regular appointments. The Credentials Committee reviewed letters of recommendation from their Clinical Chiefs and recommend approval of Regular staff appointments:

DATE ELIGIBLE: January 28, 1982

<u>INTERNAL MEDICINE</u>	<u>CATEGORY</u>
Robert C. Ash	Attending
Vincent R. Collins	Attending
Dennis L. Confer	Attending

Joint
Conference
Committee
Report
cont:

Recommendations for Regular Staff Appointments Continued:

<u>INTERNAL MEDICINE</u>	<u>CATEGORY</u>
William T. Hession	Attending
David C. Homans	Attending
Katherine A. Huffman	Attending
Thomas J. Rose	Clinical
 <u>OBSTETRICS & GYNECOLOGY</u>	
Harry F. Farb	Clinical
John D. Farr	Clinical
John E. Savage	Attending
Robert J. George	Attending
 <u>OPHTHALMOLOGY</u>	
John Daniel Nelson	Attending
 <u>PEDIATRICS</u>	
D. Woodrow Benson, Jr.	Attending
 <u>PSYCHIATRY</u>	
John R. Hughes	Attending

The following staff members have submitted applications requesting addition clinical privileges. The Credentials Committee have reviewed the requests and supporting information and hereby recommend the approval of the request for the additional clinical privileges as submitted:

- INTERNAL MEDICINE
- Philip B. McGlave
 - Wesley J. Miller

The motion was seconded and unanimously passed.

Executive
Committee
Report:

Ms. Pillsbury reported that the Executive Committee had decided to schedule a special Board of Governors meeting in June to discuss the Renewal progress with master zoning. She added that the regular June meeting would be held at 2:30 p.m., Wednesday, June 16, 1982 at her home at Brackett's Point.

General
Directors
Report:

Mr. Don Van Hulzen reported on the meeting of the Council of Teaching Hospitals and the Consortium for the Study of University Hospitals held in Boston indicating that the study on governance and organization would be available early next year.

Adjournment: There being no further business the meeting adjourned at 4:05 p.m.

Respectfully submitted,



Ron Werft
Executive Assistant
to the Board of Governors

Board of Governors
University of Minnesota Hospitals and Clinics

April 21, 1982

Minutes

Call to Order: Chairman Sally Pillsbury called the April 21, 1982 meeting of the Board of Governors to order at 1:45 p.m. in Room 555 Diehl Hall.

Attendance: Present: Sally Pillsbury, Chairman
Harry Atwood
Leonard Bienias
Dionisa Coates
David Cost
Al France
Stephen Gerberding
Debbie Gruye
Fannie Kakela
Mary Lebedoff
Jack Mason
Virgil Moline
Paul Quie, M.D.
Margaret Sandberg
Don Van Hulzen
Timothy Vann
Lawrence Weaver
George Winn, D.D.S.

Absent: Jo-Anne Barr
Al Hanser
John Najarian, M.D.
John Quistgard
Paul Winchell, M.D.

Minutes Approved: It was moved and seconded that the minutes of the March 16, 1982 meeting be approved as submitted. The motion was passed unanimously.

Chairman's Report
Chairman Pillsbury reported that Ms. Margaret Sandberg, Mr. Steve Gerberding, and she would be attend the Twin Cities Metro Trustee Conference. She also encouraged Board members interested in attending the Upper Midwest Hospital Conference to be held May 12-14, 1982 to notify Ms. Kim Simensen. Ms. Pillsbury also reported on a meeting of the West Metro Trustees Council which focused on the future of health planning. Mr. Don Van Hulzen reported on the MAPTH Committee progress and Ms. Barbara Tebbitt discussed joint efforts in nursing among the four MAPTH institutions. The four committees established by the MAPTH Board of Directors include (1) Fiscal Enterprises, (2) Strategic Options, (3) Executive Committee, and (4) Clinical and Educational Affairs Committee.

Ms. Pillsbury also reported on the Regents-Governors Study Committee established by Regent Chairperson Wenda Moore in response to the request for a joint task force on governance and organization. She announced that Regent Michael Unger would chair the committee and would be joined by Regents Charles Casey and Charles McGuiggan and Governors David Cost, Al France, and Sally Pillsbury. She also reported that the committee was asked to submit findings and recommendations by October 1, 1982.

Joint
Conference
Committee:
Report:

Mr. David Cost reported on the April 20, 1982 meeting of the Joint Conference Committee indicating approval by the Medical Staff/Hospital Council of a pilot low acuity station for low intensity patients with less than 6 hours/day of nursing care required. He also reported approval of a plan for the monitored use of antibiotics. He then reported on the committee's receipt of a report by Dr. Russel Larsen on the activities of the Cardiovascular Respiratory Advisory Committee. He added that Dr. Edward Ciriacy reported on the activities of the Chiefs of Clinical Services indicating that representatives were planning on meeting with President Magrath on their concerns with Renewal Project delays.

Finance
Committee
Report:

Mr. Al France introduced the Finance Committee report. Mr. Cliff Fearing reported on improvement in admissions and patient days for March 31, 1982 year-to-date relative to February year-to-date data. He added that outpatient clinic visits for March were 5.8% over budget bringing the year-to-date census to 149,248 or 2.2% below projections. Total financial operations were reported at \$1,337,827 of revenue over expense for an unfavorable variance of \$17,757.

Bad
Debt
Report
Approval:

Mr. France moved that the Board of Governors approve for bad debt of hospital accounts receivable for the third quarter of fiscal year 1981-82 an amount equal to \$460,953.15. The motion was seconded and passed unanimously.

Mr. France reported on the preliminary budget for 1982-83 indicating that the Finance Committee would consider the proposed budget in detail at the May meeting.

Mr. Cliff Fearing reported on current efforts to evaluate Renewal Project financing alternatives to State G/O Bonds.

Planning
& Development
Committee
Report:

Mr. Harry Atwood reported on the April 21, 1982 meeting of the Planning and Development Committee. He reported that Mr. Clint Hewitt informed the committee that a proposal from Maddox Properties to construct a hotel on Washington Avenue across from Unit F with access to the Health Sciences was now under review by University officials. The proposed facility would include 300 units, 125 of which would be low cost rooms. It would be managed by the Raddison Corporation. A proposal to proceed with planning would be presented to the Board of Regents in May, 1982. Mr. Atwood also reported on a report on HMO utilization of University Hospitals conducted by Ms. Kim Simensen.

Mr. Atwood reported on the Renewal Project Committee established by President Magrath to recommend a viable project using certain assumptions in the report of Lewin & Associates, Inc. He added that he had accepted the role of chairing the committee and that the hospital was well represented with Governors, medical, and administrative staff. He also reported that the first meeting was scheduled for next week.

Ms. Pillsbury suggested that the June 16, 1982 meeting be held at her home.

There being no further business the meeting was adjourned.

Respectfully submitted,



Ron Werft
Executive Assistant
to the Board of Governors

Board of Governors
University of Minnesota Hospitals and Clinics

March 17, 1982

Minutes

CALL TO ORDER: Chairman Sally Pillsbury called the March 17, 1982 meeting of the Board of Governors to order at 1:40 PM.

ATTENDANCE: Present: Sally Pillsbury, Chairman
Harry Atwood
Jo-Anne Barr
Dionisa Coates
David Cost
Al France
Stephen Gerberding
Debbie Gruye
Al Hanser
Fannie Kakela
Mary Lebedoff
Virgil Moline
John Najarian, M.D.
Paul Quie, M.D.
Margaret Sandberg
Don Van Hulzen
Timothy Vann
Paul Winchell, M.D.
George Winn

Absent: Leonard Bienias
Jeanne Givens
John Mason
Jack Quistgard
Lawrence Weaver

CHAIRMANS
REPORT:

Chairman Pillsbury announced that Ms. Jeanne Givens had resigned from the Board of Governors due to increasing commitments. Mr. Hanser and Dr. Quie expressed their appreciation for Ms. Givens' 7 years of trusteeship as one of the founding members of the Board of Governors. Ms. Pillsbury also reported on a meeting of the West Metro Trustee Association and on the scheduled Twin Cities Metro Trustee Conference. Chairman Pillsbury also announced that, through her appointment, she, Mr. David Cost, and Mr. Al France would serve on the Regents/Governors Task Force on Governance and Organization.

REIMBURSEMENT
ENVIRONMENT:

Ms. Pillsbury introduced Mr. Fred Sattler, Director, Health Care Management, Northwestern National Life Insurance Company, who presented an assessment of the reimbursement and regulatory environment. In general, Mr. Sattler predicted increased restrictions on Section 223 limitations of Medicare, inclusion of ancillary care reimbursement under Section 223, greater shifts to ambulatory care, increased scrutiny by private insurers, and continued HMO growth.

JOINT MEETING:
FINANCE COMMITTEE
PLANNING
& DEVELOPMENT
COMMITTEE

Mr. Al France reported that a preliminary budget for fiscal year 1982-83 would be presented to the Board in May.

Mr. Cliff Fearing reported that February year to date financial statements indicate no significant change from budget. He added that patient care charges reflect an increase in acuity and ancillary utilization, and that expenditures are slightly under budget.

JOINT
CONFERENCE
COMMITTEE:

Mr. David Cost, Vice Chairman moved that the following Medical and Dental Staff Bylaws be amended as follows:

Article III, Part: C, Section 2. Clinical Privileges for Dentists
The scope and extent of surgical procedures that each dentist may perform shall be specifically delineated and granted in the same manner as all other surgical privileges. Surgical procedures performed by oral surgeons shall be under the overall supervision of the Clinical Chief of Surgery. A medical history and physical examination of the patient shall be made and recorded by a physician qualified member of the medical staff before oral surgery shall be performed and a designated physician member of the medical staff shall be responsible for the medical care of the patient throughout the period of hospitalization.

The motion was seconded and passed.

Mr. Cost also reported that the Joint Conference Committee had received a report from Dr. Frank Rhame, University of Minnesota Hospitals and Clinics Epidemiologist, on the role of the Infection Control Committee.

Mr. Cost also reported that the Joint Commission on Accreditation of Hospitals had granted a two-year accreditation status to University of Minnesota Hospitals and Clinics. He added that recommendations received from the Joint Commission on Accreditation of Hospitals were being reviewed by staff for response or implementation.

RENEWAL
PROJECT:

Ms. Pillsbury stated that Vice President for Finance Fred Bohlen reported on the Lewin Associates Study conducted by Mr. Robert Derzon indicating that President Magrath was committed to the Renewal Project within the parameters recommended by Mr. Derzon. After discussion regarding the parameters of net to gross square footage and cost per square foot, Mr. Fearing reported on financial alternatives.

Chairman Pillsbury reported that the members of the Executive Coordinating Committee overseeing the project includes:
Mr. Don Van Hulzen Chairman, Mr. Fred Bohlen, Mr. John Diehl, Ms. Donna Ahlgren, Mr. Clint Hewitt, Dr. Lyle French, Mr. Stan Kegler, Mr. David Preston, Dr. Paul Quie, Ms. Laura Willars, Mr. Cliff Fearing, Mr. Al Hanser, Mr. Clint Johnson, and Ms. Sally Pillsbury.

ADJOURNMENT:

There being no further business, the meeting was adjourned at 3:40.

Respectfully submitted,

Ron Werft
Ron Werft

Board of Governors
University of Minnesota Hospitals and Clinics

February 17, 1982

Minutes

Call to order: Chairman Sally Pillsbury called the meeting to order at 1:40 p.m.,
Wednesday, February 17, 1982

Attendance: Members Present: Sally Pillsbury, Chairman
Harry Atwood
Dionisa Coates
David Cost
Al France
Stephen Gerberding
Debbie Gruye
Mary Lebedoff
Virgil Moline
Paul Winchell, M.D.
George Winn
Don Van Hulzen

Members Absent: Jo-Anne Barr
Leonard Bienias
Jeanne Givens
Al Hanser
Fannie Kakela
John Mason
John Najarian, M.D.
Paul Quie, M.D.
John Quistgard
Margaret Sandberg
Timothy Vann
Lawrence Weaver

Chairman's
Report

Chairman Pillsbury reported on the West Metro Trustees Council meeting and the status of the Task Force on Governance and Organization Report. She reported that a joint task force would be established by Regent Chairman Wenda Moore, and that the report had been presented to the Chiefs of Clinical Services on February 16, 1982. She also reported that a list of administrative staff and their responsibilities would be distributed for Board members' assistance. Finally, Chairman Pillsbury reported that the General Director Search Committee is in the process of meeting with hospital chief executives to outline appropriate qualifications.

Don Van Hulzen reported that major hospital issues are currently being managed by the General Directors Groups composed of Don Van Hulzen, Tom Jones, Greg Hart, Barbara Tebbitt, Cliff Fearing, Ed Howell, and Al Dees. He also reported that the CSUH report would be completed in the August or September, and that this report on the governance of state-university-owned hospitals would be available to the Board toward the end of the year. He also reported on the work of the MAPTH Board and committees.

Mr. John Diehl reported on several bills currently being considered by the State Legislature. He reported on bills proposed in the areas of welfare reimbursement, planning (Certificate of Need changes), regulation (amendment of patients bill of rights with regard to treatment of breast cancer), monitoring of acupuncture, regulation of home health services, public health (screening for side effects of diethylstilbesterol), and liability for handling of hazardous wastes, and medical records ownership.

Joint
Conference
Committee
Report

Mr. David Cost reported on the February 16th meeting of the Joint Conference Committee and moved approval of the report of the Credentials Committee. The motion was seconded and unanimously passed. He also reported on activities of the Medical Staff/Hospital Council with regard to the development of a low-acuity station, access to University Hospitals in winter, and the autopsy request procedure. He also reported on Dr. William Gentry's report on the role of the Pharmacy and Therapeutics Committee of the Medical Staff/Hospital Council.

Planning and
Development
Committee
Report

Mr. Harry Atwood reported on the development of a low-acuity station, the hospital rural cooperative, and the Referral Information Center. Ms. Kim Simensen provided additional information on the general-medical-surgical unit. Mr. Atwood indicated that the Referral Center had been established in November to facilitate referring physicians information and referral needs.

Finance
Committee
Report

Mr. Cliff Fearing reported on the 1981-82 year-to-date financial statements indicating a positive variance of \$277,817 representing 0.5% of total budgeted revenue. He reported also that actual excess revenue over expense amounted to \$1,182,884 and that year-end projections show that the Board-budgeted \$1.8 million excess of revenue over expense should be met by June 30, 1982.

Mr. Al France moved that the Board of Governors approve a bad debt write-off equal to \$510,571.58 for the period, October 1, 1981 -- December 31, 1981. Mr. Fearing reported that the bad debt recommended amounted to 1.50% of total charges compared to a budgeted 2.68%. The motion was seconded and unanimously passed.

Mr. John Diehl reported on a lawsuit against the University of Minnesota indicating that the University defense had been upheld by the Supreme Court.

Mr. Al France moved that the following resolution be adopted by the Board of Governors:

RESOLUTION:

RESOLVED that the Board of Governors recommend to the Board of Regents that the long-term financing of the Renewal Project be initiated as soon as possible based on the analysis and conclusions contained in the December 1981 "Financial Feasibility Study of Proposed Construction Project" conducted by the firm of Ernst & Whinney; and

BE IT FURTHER RESOLVED that the Board of Governors recommend to the Board of Regents no change in the current schedule for construction; and

BE IT FURTHER RESOLVED that the Board of Governors recommend to the Board of Regents that the schedule for completion of the entire Renewal Project be maintained consistent with fiscal prudence based upon ongoing results of operations, actual cost of contracts for construction and the availability of other sources of funds.

The motion was seconded and unanimously passed.

ADJOURNMENT: There being no further business, Chairman Pillsbury adjourned the meeting at 3:30 p.m.

Respectfully submitted,

Ron Werft
Executive Assistant
to the Board

Board of Governors
University of Minnesota Hospitals and Clinics

Annual Meeting

January 20, 1982

CALL: Chairman Pillsbury called the meeting to order at 2:00 p.m.,
Wednesday, January 20, 1982.

ATTENDANCE: Present: Sally Pillsbury, Chairman
Jo-Anne Barr
Debbie Gruye
Steve Gerberding
Al Hanser
Paul Quie, M.D.
Lawrence Weaver
John Westerman
George Winn

Absent: Harry Atwood
Leonard Bienias
Dionisa Coates
David Cost, Vice Chairman
Al France
Jeanne Givens
Fannie Kahela
Mary Lebedoff
Virgil Moline
John Mason
John Najarian
John Quistgard
Margaret Sandberg
Timothy Vann
Paul Winchell

CHAIRMAN'S REPORT: Chairman Pillsbury indicated that due to lack of quorum,
no action would be taken. She then thanked Mr. Al Hanser for
the valuable contribution he made to the Board and to the
University through three years as chairman. Ms. Pillsbury
reported that the Task Force on Governance and Organization
would be meeting with the Clinical Chiefs to discuss the report
prior to the next Board meeting. Dean Weaver suggested a similar
meeting take place with the Deans and Directors group. Ms.
Pillsbury also indicated that she would be contacting Regent
Chairman Wenda Moore to discuss the appointment of a joint task
force on governance and organization.

GENERAL DIRECTOR'S
REPORT:

John Westerman reported that the Consortium for the Study of
University of Minnesota Hospitals was completing its research
on the governance of University Hospitals and that the CSUH

Board of Directors would meet January 22 to consider proposals for research in the area of financing teaching hospitals. He also reported that MAPTH was proceeding with the development of a committee structure to address in a more formal manner issues of mutual interest.

FINANCE COMMITTEE
REPORT:

Mr. Cliff Fearing presented the financial statements for July through December, 1981, indicating total revenues over expense of \$1,803,039 reflecting a favorable variance of \$1,402,556.

JOINT CONFERENCE
COMMITTEE REPORT:

Dr. Paul Quie reported that the Joint Conference Committee had discussed a quality assurance report on aminoglycosides and discussed the report on operating room utilization done by Operating Room Committee for the Medical Staff/Hospital Council.

ADJOURNMENT:

There being no further business, Chairman Pillsbury adjourned the meeting at 3:15 p.m.

Respectfully submitted,



Ron Werft
Executive Assistant
to the Board of Governors

Board of Governors

University of Minnesota Hospitals and Clinics

Executive Committee

January 25, 1982

ATTENDANCE:

Members

Present: France
Pillsbury
Quie
Van Hulzen

Others Present: Timothy Vann
John Mason
Lawrence Weaver

Members

Absent: David Cost
Harry Atwood
John Najarian

Staff: Cliff Fearing
Greg Hart
Tom Jones
Kim Simensen
Ron Werft

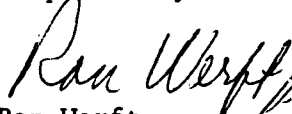
Guest: George Johnson

GENERAL DIRECTOR'S
SEARCH PROCESS:

Chairman Pillsbury called the meeting to order for the purpose of discussing Board of Governors involvement in the General Director Search Committee. Greg Hart reported that March 15, 1982 was the final date for applications, that an advertisement had been placed in the New York Times, Wall Street Journal, New England Journal of Medicine, Hospitals, and the Minnesota Daily. He also indicated that he and George Johnson, Director, Program in Hospital and Health Care Administration, University of Minnesota, had been asked to develop a matrix for evaluation of candidates. George Johnson suggested that there are four categories of applicants: senior level administrators, young, new chief executives, promising associate directors, and those from the private sector. He added that the administrative search process was generally an informal one, and he indicated that governance, reporting relationships, status of the building program, and salary would be of primary interest to applicants.

Discussion followed on points of salary negotiations, the need for a contract, and the need for applicants to be aware of governance issues. It was decided that Chairman Pillsbury would submit a letter to Dr. Robert Goltz, Chairman, General Director Search Committee, indicating the Board's position with regard to governance and organization as well as the negotiation of salary limitations.

Respectfully submitted,



Ron Werft
Executive Assistant
to the Board of Governors

Board of Governors

University of Minnesota Hospitals and Clinics

Special Meeting

West Wing - Campus Club - Coffman Union

January 7, 1982

CALL: Chairman Pillsbury called the meeting to order at 8:20 a.m.

ATTENDANCE: Present: Sally Pillsbury, Chairman
Jo-Anne Barr
Leonard Bienias
Dionisa Coates
David Cost, Vice Chairman
Stephen Gerberding
Jeanne Givens
John Mason
Virgil Moline
Paul Quie, M.D.
Margaret Sandberg
Don Van Hulzen (for John Westerman)
Lawrence Weaver
George Winn
Paul Winchell, M.D.

Absent: Harry Atwood
Al France
Debbie Gruye
Al Hanser
Fannie Kakela
Mary Lebedoff
John Najarian, M.D.
John Quistgard
Timothy Vann
John Westerman

INTRODUCTIONS: Chairman Pillsbury introduced new Board of Governors members Dr. George Winn, New Prague, Minnesota and Stephen Gerberding, the student representative from the School of Public Health.

UNIT "J"
SCHEDULE
MODIFICATION

Ms. Donna Ahlgren presented a summary of the criteria for evaluation of options and the costs savings resulting from a proposed deferral of Unit J tenth floor construction. She indicated the renewal project cost would be reduced to \$154,000,000 as a result of approval of deferral of construction.

It was moved and seconded that the following resolution be adopted:

RESOLUTION:

WHEREAS, it has been determined that there is a need for a renewed facility for the University of Minnesota Hospitals and Clinics providing a total capacity of 719 beds (exclusive of bassinets); and

WHEREAS the hospitals renewal project provides for this capacity using existing facilities and new facilities; and

WHEREAS, the renewal project has repeatedly been found to be financially feasible, but the current economic environment has reduced the margin of financial safety; and

WHEREAS, the cost of new construction should be reduced to enhance the margins of safety in financing the project; and

WHEREAS, the construction schedule should be maintained to avoid the cost increases that will be caused by delay;

NOW, THEREFORE BE IT RESOLVED, that the schedule of the University Hospitals and Clinics Renewal Project be modified by the deferral of construction of the 10th floor of Unit J; and

FURTHER RESOLVE, that the evaluation of financial feasibility based upon this modification and consideration of alternative sources of funding shall continue; and a presentation be made at the February meeting of the Board of Governors.

The motion was passed by a vote of 13 to 1. Those voting in favor of the motion were: Governors Barr, Bienias, Coates, Cost, Gerberding, Givens, Moline, Pillsbury, Quie, Sandberg, Weaver, Winchell, and Winn.

Those voting against the resolution were: Governor Mason.

DECEMBER, 1981
FINANCIAL
FEASIBILITY
STUDY

Mr. Ven Houts, Ernst & Whinney, reported that Ernst & Whinney has re-evaluated the project feasibility based on schedule modifications previously presented. He reported that Ernst & Whinney concludes that the project is feasible, and that the hospital can generate sufficient revenue to meet debt service requirements of the project.

Mr. Cliff Fearing presented an analysis of financial ratios and assumptions comparing the original \$233,000,000 project with the current \$154,000,000 project. He reported that assumptions had changed regarding bond interest rate (8.5% to 10.5%) salary inflation (8% to 9%), projected patient day demand (197,500 to 190,600 in 1987 exclusive of newborn), and reduced operating costs associated with the deferral of tenth floor construction. Mr. Fearing reported that the results of these changes included the elimination of need for short-term financing, an improvement in debt-coverage ratio, and an increase in operating cash available.

Mr. Fearing also presented an outline of sources and uses of funds comparing the February, 1981 plan and assumptions with the December, 1981 plan and assumptions.

Ms. Pillsbury reported that the Ernst & Whinney report would be considered for approval at the next meeting of the Board of Governors.

ADJOURNMENT

There being no further business, Chairman Pillsbury adjourned the meeting at 9:30 a.m.

Respectfully submitted,

Ron Werft

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Executive Assistant
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