

UNIVERSITY OF MINNESOTA HOSPITALS AND CLINICS

BOARD OF GOVERNORS

BOARD OF GOVERNORS' MEETING

AND

GOVERNORS' COMMITTEE MEETINGS

APRIL, 1984

OFFICE OF THE BOARD OF GOVERNORS

B-390 MAYO

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Board of Governors

April 25, 1984

1:30 P.M.

555 Diehl Hall

University of Minnesota Campus

Agenda

- I. Minutes - March 28, 1984 (Approval)
- II. Chairman's Report - Mr. David Cost, Board Chair (Information)
- III. Hospital Director's Report - Mr. C. Edward Schwartz, Hospital Director (Information)
- IV. Committee Reports
 - A. Joint Conference Committee, Ms. Barbara O'Grady, Committee Chair.
 - 1. Credentials Committee Report & Recommendations (Approval)
 - 2. Medical Staff Election Status (Information)
 - B. Planning & Development Committee, Mr. Al Hanser, Committee Chair
 - 1. Extracorporeal Lithothripter Proposal (Information)
 - 2. Report on Fundraising (Information)
 - 3. Purchasing Update (Information)
 - 4. NMR Update (Information)
 - 5. Unit "J" Progress Report (Information)
 - 6. Foundation Proposal Endorsement (Endorsement)
 - C. Finance Committee, Mr. Al France, Committee Chair
 - 1. March YTD Financial Statements (Information)
 - 2. Third Quarter Bad Debts (Approval)
- V. Other
- VI. Adjournment

Minutes
Board of Governors
University of Minnesota Hospitals and Clinics
March 28, 1984

CALL TO ORDER: Chairman David Cost called the March 28, 1984 meeting of the Board of Governors to order at 1:40 p.m., in Room 555 Diehl Hall.

ATTENDANCE: Present: David Cost, Chair
Mary Des Roches (for David Lilly)
Phyllis Ellis
Al France
Robert Goltz, M.D.
Lynn Hornquist
J. E. Meilahn
Virgil Moline
Barbara O'Grady
Paul Quie, M.D.
C. Edward Schwartz
Neal Vanselow, M.D.

Absent: Carl Drake
Al Hanser
Robert Latz
David Lilly

INTRODUCTION: Chairman David Cost welcomed Ms. Mary Des Roches, Associate Vice President for Finance and Treasurer, to the board meeting as Vice President David Lilly's representative. Chairman Cost welcomed Ms. Dee Ryan, a first year student in the Pharmacy Administration Program, as an observer to the meeting.

APPROVAL OF MINUTES: The Board seconded and unanimously passed a motion to approve the minutes of the February 22nd meeting as written.

CHAIRMAN'S REPORT: Chairman David Cost announced that with the exception of the Bylaws Committee, all Board Committee Assignments had been finalized. Chairman Cost did indicate that Mr. Robert Latz agreed to chair the Board of Governors Bylaws Committee and that two additional Board members would be asked to serve with Mr. Latz and Mr. C. Edward Schwartz, who will be a member by virtue of his position.

Secondly, Chairman Cost noted the March 9, 1984 presentation made by Vice Chair Barbara O'Grady to the University Board of Regents. Following brief discussion regarding the nature of the questions asked by the Regents the Board congratulated Mrs. O'Grady on a job well done.

Thirdly, Chairman Cost asked that the Board members reserve the evening of April 24, 1984 for a dinner at East Cliff hosted by President and Mrs. C. Peter Magrath and Vice President and Mrs. Neal Vanselow.

Lastly, Chairman Cost reminded the Board that the Semi-Annual Report on Malpractice Litigation would be presented in an executive session immediately following the regularly scheduled meeting that day.

HOSPITAL
DIRECTOR'S
REPORT:

Mr. C. Edward Schwartz called the Board's attention to the freshly printed Hospital Annual Report before them. Mr. Schwartz thanked Mr. Ron Werft, Ms. Joan Halgren and the Public Relations staff for their efforts in putting together the document, which represents the Hospitals very first annual report. In response to a question as to who would be receiving copies, Mr. Schwartz listed the proposed recipients and encouraged Board members to call the Board office if there were additions to that list.

Mr. Schwartz updated the Board on the status of the bill being considered in the United States Senate proposing the inclusion of a statement on the treatment of vulnerable infants in the Child Abuse and Treatment Re-authorization Act, commonly referred to as the Baby Doe Amendment. He noted that consideration of this Bill had been delayed and that he had sent, on behalf of the Board of Governors, a letter to Senators Rudy Boschwitz and David Durenberger expressing opposition to that Bill.

On the topic of recruitment, Mr. Schwartz reported that the Medical School Deanship Search Committee had narrowed its consideration to a short list of candidates and was in the process of conducting final interviews. He also reported that the application period for the Hospitals Senior Associate Director for Planning and Marketing will be closing on March 31, 1984 and that Board representatives would be asked to interview candidates in the near future. Lastly, Mr. Schwartz reported on the searches for the Health Sciences Public Relations Director and for the Deanship of the School of Public Health, noting that both were expected to be concluded within the next few weeks.

Mr. Schwartz apprised the Board of the Hospitals effort to obtain a Medicare sub-provider status for Psychiatry and Rehabilitation noting that applications had been made for both and that a site visit team was expected to review Psychiatry that afternoon. Mr. Schwartz also reported on the recent site of a Medicare certifying agency for the End Stage Renal Disease (ESRD) service, noting that initial comments of that surveying team had been positive.

Mr. Schwartz also announced by the appointment by Dr. Paul Quie of a nominating committee to recommend a successor as Chief of Staff, noting that Dr. Pat Ferrieri had agreed to chair that nominating committee and to make recommendations at the April Medical Staff/Hospital Council meeting.

Lastly, Mr. Schwartz updated the Board on current events at the Council of Community Hospital (COCH), the Council on Teaching Hospitals (COTH), and the Consortium for the Study of University Hospitals (CSUH). He indicated that Mr. Allan Johnson had been appointed the Director of COCH, that a COTH Subcommittee was actively studying capital financing, and that the CSUH group is conducting a linkage study to access potential joint efforts between members of that group. *

JOINT
CONFERENCE
COMMITTEE
REPORT:

Mrs. Barbara O'Grady summarized a series of policy changes relative to the Kidney Dialysis Program, noting that annual approval of the Board of Governors is necessary for Hospital participation in the End Stage Renal Disease (ESRD) Program. The Board seconded and passed a motion to accept those policies as written.

Secondly, Mrs. O'Grady outlined two proposed amendments to the Medical Staff Bylaws. The first recommended the establishment of a Utilization Management Committee, with Dr. Donald Doughman as chair, to replace the existing Utilization Medical Records Committee. The Board seconded and passed a motion to approve that Bylaw change as written. The seconded Bylaw amendment involved the conduct of review functions within medical staff sub-committees. Mrs. O'Grady assured the Board that following substantial Joint Conference Committee discussion as to whether this amendment in any way limits the information currently available to consumers of health care that the committee was comfortable in recommending this change for Board approval. The Board seconded and passed a motion to approve this Bylaw change as written.

Lastly, Mrs. O'Grady reported, for Board information, the highlights of the 1984 Quality Assurance Work Program, noting that examination of DRG reimbursement, particularly in those areas where Medicare reimbursement differed substantially from University Hospital costs, would be a major focus for the coming year. Discussion followed regarding the incentives in the new Medicare reimbursement system to consider the financial and clinical aspects of medical care delivery simultaneously.

PLANNING
AND
DEVELOPMENT
COMMITTEE
REPORT:

Mr. Virgil Moline, reporting on behalf of Committee Chairman Al Hanser, asked Mr. Ken Merwin to summarize contributions to the University of Minnesota Hospitals and Clinics from July 1, 1983 to February 29, 1984. Mr. Merwin reported that current giving levels amounted to \$612,852.00, approximately \$300,000 of which has been in cash, while the remainder has been in deferred giving. That \$612,000, he added, represents approximately 61% of the \$1 million annual Hospital goal for the 1983-84 fiscal year.

Per Mr. Moline's request, Mr. Schwartz summarized the plans for utilization of Unit "J" Savings, noting recent Regental action approving \$3.4 million of the \$9.6 million Unit "J" Savings for the improve efficiencies and for the completion of unfinished shell space in the new hospital building. Mr. Schwartz detailed the schedule for planning of that work and indicated that discussion to engage the assistance of consulting firm of Robert Douglass & Assoc., and the architectural firm for Ellerbe & Associates were in their final stages. He also noted that he is planning to meet with representatives of the Variety Club to discuss the use of the Heart Hospital.

Lastly, Mr. Schwartz updated the Board on the progress of the feasibility study to evaluate the fundraising potential for Unit "J". He indicated the consulting firm of Bentz, Whaley and Flessner had been engaged to assist in this feasibility study and that representatives of that firm would be interviewing approximately 25 community leaders foundation executives, University officials and medical staff members

to ascertain their ideas about the feasibility of giving and giving levels.

FINANCE
COMMITTEE
REPORT:

Mr. France introduced the Finance Committee items and asked Mr. Fearing to recap the year to date statement of operation. Mr. Fearing reported that February admissions were slightly over budget but with a decrease length of stay for the month, the patient day total was 547 days below budget. The year to date inpatient census, he explained, reflect an admission level that is about 1.3% below budget, an average length of stay that is about 3.1% below budget and patient day level that is about 4.5% below budget. Turning to outpatient census levels, Mr. Fearing reported a year to date clinic census level of 137,254 which is 1.8% over budget. Financially, Mr. Fearing reported a variance from budgeted levels of revenue over expense of 2.3 million dollars, approximately 77% of which is attributable to higher than expected invested income levels. In sum, Mr. Fearing concluded, that the hospitals' overall position through the end of February remains within the fiscal plan implemented in November of 1983.

Lastly Mr. France asked Mr. Greg Hart to present a modification to the Hospital Personnel Policies for Board approval. The amendment, Mr. Hart explained, involved the handling of employee grievances that alleged discrimination. As previously stated, a grievance alleging discrimination would automatically move to the third step of the grievance process. Mr. Hart explained that the proposed amendment would allow a grievance alleging discrimination to be considered as a third step grievance at the employees option, rather than moving to the third step automatically. Secondly, Mr. Hart explained that the proposed amendment clarified the relationship between the University and the Hospitals' Affirmative Action Offices, noting that they should be considered as one, the Hospitals office being a satellite to the main University office. The Board seconded and unanimously passed a motion to approve the above amendment to the Hospital Personnel Policies.

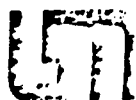
ADJOURNMENT:

There being no further business, the Board meeting was adjourned at 3:00 p.m.

Respectfully submitted,

Nancy C. Janda

Nancy C. Janda
Executive Assistant
to the Board of Governors



UNIVERSITY OF MINNESOTA
TWIN CITIES

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

March 28, 1984

TO: Medical Staff-Hospital Council
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.

<u>Hospital Dentistry</u>	<u>Category</u>
Graeme A. Browne	Clinical
Chester J. Schultz, Jr.	Clinical
<u>Laboratory Medicine & Pathology</u>	
Michael W. Chopek	Attending
<u>Pediatrics</u>	
David J. Klein	Attending
Joseph L. Rigatuso	Clinical
Douglas Y. Tate	Clinical
<u>Physical Medicine & Rehabilitation</u>	
Ronald M. Bateman, D.O.	Clinical

The following individuals are completing provisional appointments and are eligible for regular appointments. The Credentials Committee have reviewed recommendations from their clinical chiefs and hereby recommend approval of regular staff appointments.

<u>Hospital Dentistry</u>	<u>Category</u>	<u>Date Eligible</u>
Richard T. Ford	Clinical	December 16, 1983
James R. Jensen, Jr.	Clinical	December 16, 1983

Recommendations for Regular Medical/Dental Staff Appointments Continued:

<u>Internal Medicine</u>	<u>Category</u>	<u>Date Eligible</u>
Charles F. Moldow	Clinical	November 18, 1983
<u>Neurology</u>		
Phyllis K. Sher	Attending	December 16, 1983
<u>Otolaryngology</u>		
John Huff	Clinical	December 16, 1983
<u>Physical Medicine & Rehabilitation</u>		
Mark Moret	Attending	November 18, 1983
<u>Surgery</u>		
William D. Payne	Clinical	December 16, 1983

The following members of the Medical/Dental Staff have submitted applications requesting additional clinical privileges. The Credentials Committee have reviewed their requests and hereby recommends approval.

Department of Medicine

Kathryn Rice

All requests with the following exceptions:

Bronchial brushing, pulmonary function testing,
and pleural biopsy.

Bruce A. Schwartz

The Credentials Committee received letters of resignation from the Medical Staff from the following individuals and hereby recommends their acceptance.

<u>Internal Medicine</u>	<u>Neurosurgery</u>	<u>Radiology</u>
John R. Hoidal	John R. Mawk	Susan Roux
Phillip K. Peterson		
Carolyn Rosenberg		
Phillip H. Stoltenberg		
Stanley J. Tillinghast		

APPLICANTS TO THE MEDICAL/DENTAL STAFF

APRIL 1984

<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>DENTISTRY</u>						
Graeme A. Browne	Clinical	Assistant Professor	Oral Surgery	Dunden Otago New Zealand School of Dentistry Otago, New Zealand 1969	<u>Rotating Dental Internship</u> McGill University, Canada 1970-1971 <u>Oral & Maxillofacial Surgery Residency</u> McGill University, Canada 1972-1976	VA Medical Center Mpls., MN 1978-present
Chester Schultz, Jr.	Clinical	Assistant Professor	Dentistry	Northwestern University School of Dentistry, Chicago, Illinois 1955	<u>Naval Graduate Dental School-Certification</u> Bethesda, Md 1960-1961	U of M Dental School Mpls., MN 1979-Present
<u>LABORATORY MEDICINE & PATHOLOGY</u>						
Michael Chopek	Attending	Assistant Professor	Blood Banking Coagulation	University of Rochester Rochester, N.Y. 1974	<u>Internship & Residency</u> University of Minnesota Hospitals & Clinics 1974-1979	Dept. of Biochemistry Univ. of Seattle Seattle, Wash. 1979-1983
<u>PEDIATRICS</u>						
David J. Klein	Attending	Instructor	Endocrinology Metabolism	Albert Einstein College of Medicine Bronx, NY 1977	<u>Internship, Residency, Postdoctoral Fellow in Peds. Endocrinology</u> Univ. of Minn. Hospitals & Clinics 1977-1983	Instructor University of Minn. 1/1/84 - present
Joseph Rigatuso	Clinical	Clinical Assistant Professor	Pediatrics	University of Minnesota 1973	<u>Internship & Residency</u> University of Minnesota 1973-1976	Group Health, Inc. St. Paul, MN 1976-present

APPLICANTS TO THE MEDICAL/DENTAL STAFF

PAGE 2

APRIL 1984

<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>PEDIATRICS CONTINUED:</u>						
Douglas Y. Tate	Clinical	Clinical Instructor	Hematology Oncology	University of Minnesota 1976	<u>Internship, Residency, Fellowship-Pediatric Hematology/Oncology</u> University of Minnesota Hospitals & Clinics 1976-1982	Private Practice Metropolitan Pediatric Spec. P.A. Southdale Medical Bldg. Edina, MN 1982-present
<u>PHYSICAL MEDICINE AND REHABILITATION</u>						
Ronald Bateman	Clinical	Clinical Instructor	Physical Medicine & Rehabilitation	College of Osteopathic Medicine Des Moines, IA 1972	<u>Internship</u> Detroit Osteopathic Hospital Detroit, Michigan 1972-1973 <u>PM&R Fellowship</u> University of Minnesota Hospitals & Clinics 1975-1979	Private Practice Golden Vally, MN 1979-present

UNIVERSITY HOSPITALS RENEWAL PROJECT

PROGRESS REPORT

APRIL 1, 1984

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Project Budget	20
Budget Distribution Report	21 - 25
Budget Control Report	26 - 29

Cover Photo: Installation of the new 25 MeV Linear Accelerator,
Therapeutic Radiology,
March 20, 1984

OVERVIEW

BID PACKAGE STATUS

Contracts awarded to date	27
Bid packages cancelled	2
Bid packages currently out for bid	3
Bid packages left to bid	2
<hr/> Total packages to be bid	<hr/> 34

SCHEDULE STATUS

	Original Substantial Completion Date	Original Certified Completion Date	Approved Schedule Extension (Days)	Current Substantial Completion Date	Current Certified Completion Date
Radiation Therapy	Jan.1,1984	Jan.1,1984	58	Feb.29,1984	Feb.29,1984
Unit J	Mar.1,1984	Dec.1,1986	0	Mar.1,1986	Dec. 1,1986

BUDGET STATUS

	Total Budget	Estimated Work/Fee to Date	Committed to Date	Percentage of Budget Committed	Paid to Date	Percentage of Budget Paid	Over(Under) Estimate	Percentage Over(Under) Estimate
Building Costs	\$ 92,386,505	\$ 83,628,995	\$ 73,289,053	79.3%	\$ 22,371,248	24.2%	(\$10,339,942)	(12.4%)
Non-Building Costs	\$ 32,916,061	\$ 13,471,132	\$ 13,471,132	40.9%	\$ 11,701,459	35.5%	-	-
TOTAL	\$125,302,566	\$ 97,100,127	\$ 86,760,185	69.2%	\$ 34,072,707	27.2%	(\$10,339,942)	-

UNIVERSITY HOSPITALS RENEWAL PROJECT

PROGRESS REPORT

APRIL 1, 1984

CONSTRUCTION ACTIVITIES

- . The Trade Contractors for Bid Packages #9, #10, #11 and #12 have received a Certificate of Substantial Completion from the Construction Manager. Several Owner requested change orders are outstanding, as is the finish work in areas restricted due to equipment installation.

Installation of equipment in the Simulator Room and the two Linear Accelerator rooms continues.

- . A one week extension of bids for Packages #22, #23, and #24 was granted. Bids will be opened on Wednesday, April 4, 1984 at 2:00 P.M. Award of these contracts is scheduled to occur within thirty days.

- . Brick work nears the 50 percent mark:

The east face of Unit J is being readied for brick laying to start in April.

Brick laying continues on the eastern portion of the south face. The western portion was completed in March.

- . The Trade Contractors were given construction documents for the NMR suite located on Level One, Unit J. Shop drawings were prepared and construction began in March.
- . Two trailer loads of windows were delivered during March. Installation began and will continue through June.
- . Interior wall layout has progressed to within 5 percent of completion.
- . Average on-site manpower throughout March was 160 persons.
- . The roof drainage system installation was completed in March.
- . Duct riser installation is now 50 percent complete.
- . Electrical work progressed on risers and the main runs in the basement.
- . Roofing is 50 percent complete and progressing on schedule.
- . Well drilling is completed, pumping is scheduled to begin in April.

UNIVERSITY HOSPITALS RENEWAL PROJECT

CONTRACT AWARD SUMMARY

DESCRIPTION	BID PACK #	ESTIMATE	LOW BID	VARIANCE	S.E.D. FIRMS	MINORITY FIRMS	CONTRACTOR
Construction Fence	1	\$ 26,571	\$ 25,168	\$ (1,403)	A-1 Excavating \$ 760		Crowley Fence Company St. Paul, Mn.
Preconstruction Work	2	240,487	126,300	(114,187)	SACO \$ 3,800		Sheehy Construction Company St. Paul, Mn.
Apartment Building Demolition	3	9,240	9,240	-0-	Roy-A1 \$ 300		A. Kamish & Sons St. Paul, Mn.
Powell Hall Demolition	4	365,936	348,975	(16,961)	Roy-A1 \$11,000		Controlled Demolition Baltimore, Maryland
Mass Excavation	5	1,358,671	935,050	(423,621)	Texture Master \$29,000	A-1 Excavating M.A.C. Trucking Jewat Trucking	Carl Bolander & Sons Minneapolis, Mn.
Cancelled	6						
Cancelled	7						
Temporary Power Substation	8	61,768	51,166	(10,602)	Gombolt Electric Inc. \$51,166		Gombolt Electric, Inc. Minneapolis, Mn.

UNIVERSITY HOSPITALS RENEWAL PROJECT

CONTRACT AWARD SUMMARY

DESCRIPTION	BID PACK #	ESTIMATE	LOW BID	VARIANCE	S.E.D. FIRMS	MINORITY FIRMS	CONTRACTOR
Radiation Therapy & Masonic Tower, Civil, Structural and Building Enclosure	9	\$2,000,000	\$1,971,800	\$(28,200)	Bay Mills \$16,900 Economy Concrete Placer \$12,510 Allied Steel \$11,127.28	Dunsheath Construction \$50,000	Arkay Construction Co. Minneapolis, Mn.
Radiation Therapy & Masonic Tower, Electrical	10	\$ 546,884	\$ 308,668	\$(238,216)	Barber Electric Company \$529.72 Reco Supply Lampco Supply \$733.00 M&M Electric, Inc \$14,736.48 Total-\$16,000	Barber Electric Company \$1,992.27 M&M Electric Company \$4,373.52 Total-\$6,365.79	Hayes Contractors, Inc. Minneapolis, Mn.
Radiation Therapy & Masonic Tower Mechanical	11	\$1,119,016	\$ 682,000	\$(437,016)	Sarah, Inc. \$35,000	Sarah, Inc. \$39,342.11	Axel Newman Heating & Plumbing Company St. Paul, Mn.
Radiation Therapy & Masonic Tower Architectural	12	\$ 444,233	\$ 468,440	\$+ 24,207	TCM Construction \$25,840		Knutson Construction Minneapolis, Mn.
Drilled Piers	13	\$ 117,450	\$ 271,991	\$+154,541	Allied Steel & Engineering \$9,100 Infield Welding \$4,825.00		Layne Minnesota Company Minneapolis, Mn.
Structural Steel	14	\$5,720,738	\$4,600,000	\$(1,120,738)	S.L.K. Construc. Co., Inc. \$242,950.00	S.L.K. Construc. Co., Inc. \$485,389.00	L.L. LeJeune Co. Minneapolis, Mn.

UNIVERSITY HOSPITALS RENEWAL PROJECT

CONTRACT AWARD SUMMARY

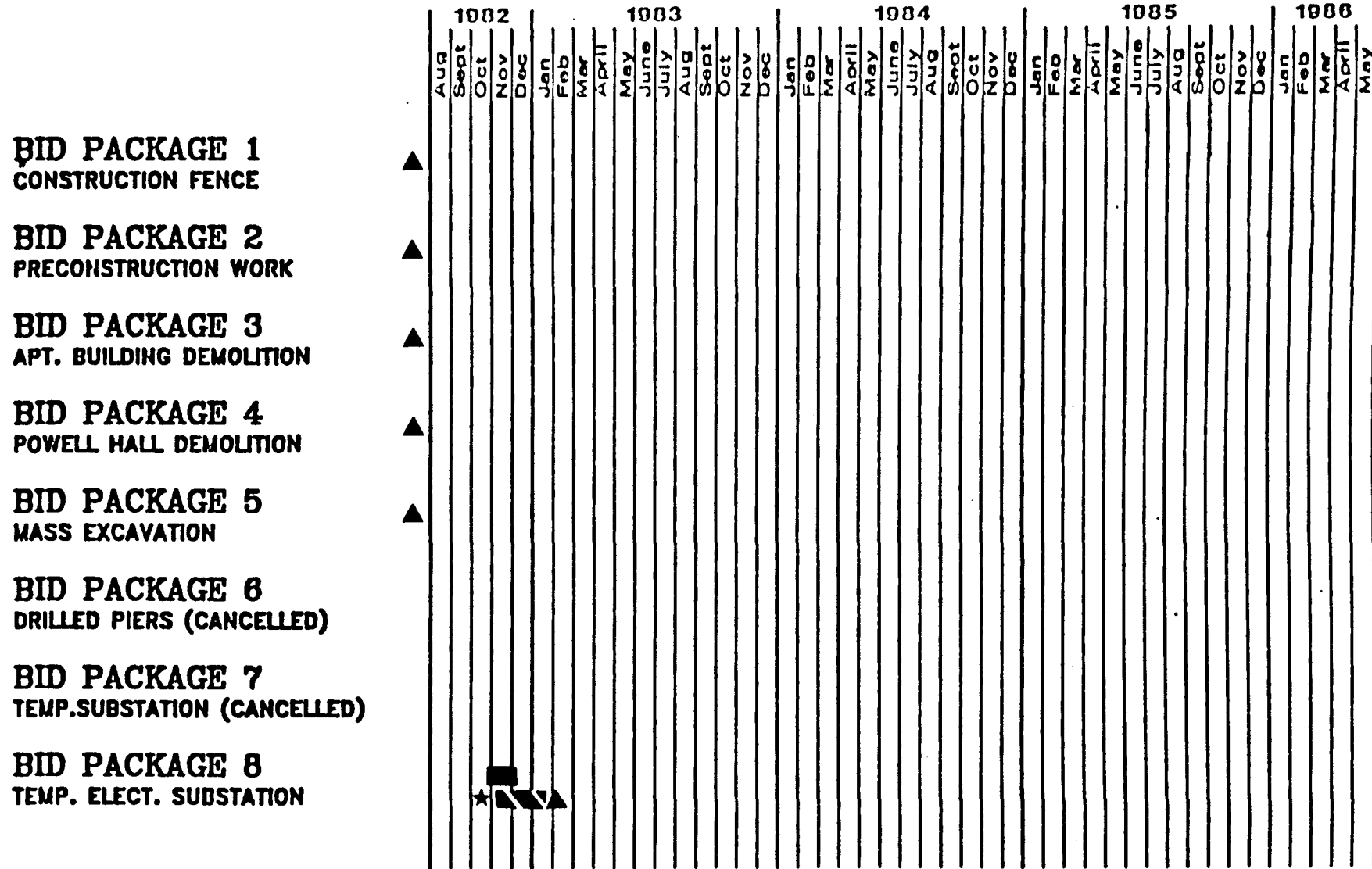
DESCRIPTION	BID PACK #	ESTIMATE	LOW BID	VARIANCE	S.E.D. FIRMS	MINORITY FIRMS	CONTRACTOR
Foundations and Concrete "	15	\$4,142,700	\$3,529,700	\$ (613,000)	Allied Steel \$56,500 E-Con Placer \$65,000 Infield Welding \$165,000 Battle Electric \$ 4,797 Bay Mills Construction & Supply \$ 15,600 Thermal & Moisture Protection \$ 95,000		Lovering Associates, Inc. St. Paul, Mn.
Elevators	16	\$1,591,451	\$1,610,000	\$ + 13,549			Gust Lagerquist & Sons, Inc. Minneapolis, Mn.
Construction Hoisting	17	\$ 150,108	\$ 129,344	\$ (20,764)	Infield Welding \$ 22,500		Advance Equipment Company Minneapolis, Mn.
Building enclosure	18	\$5,375,243	\$5,061,600	\$ (313,643)	Quality Materials, Inc. \$91,000 Battle Crane Service \$30,000 Infield Welding \$20,000 So. Side Plumbing & Heating \$125,000		Lovering Associates, Inc. St. Paul, Mn.

UNIVERSITY HOSPITALS RENEWAL PROJECT

CONTRACT AWARD SUMMARY

DESCRIPTION	BID PACK #	ESTIMATE	LOW BID	VARIANCE	S.E.D. FIRMS	MINORITY FIRMS	CONTRACTOR
Structural Studs, Insulation, Drywall & Plaster	19	\$ 4,754,374	\$4,289,310	\$ (465,064)	Reyes Drywall System \$215,000		Olympic Wall Systems. Minnetonka, Mn.
Interior General Construction	20	\$ 5,087,767	\$4,708,500	\$ (379,267)	Lance Service, Inc. \$53,000 T.C.M. Construction \$262,500	Allied Steel & Engineering \$800.00 S.L.K. \$97,544.00	Knutson Construction Minneapolis, Mn.
Acoustical Ceilings	21	\$ 598,065	\$ 497,720	\$ (127,231)	Glanton Construction \$25,000		Acoustics Associates Minneapolis, Mn.
Contract not yet awarded	22						
Contract not yet awarded	23						
Contract not yet awarded	24						
Kitchen Equipment	25	\$ 922,159	\$1,236,450	\$ 314,291	Lang Custom Metals \$65,898.00		Aslesen's Minneapolis, Mn.
Pneumatic Tube System (PTS)	26	\$ 500,000	\$ 441,000	\$ (59,000)	Wilson Electric \$22,200.00		Quantum Industries, Inc. Santa Rosa, Ca.
Material Transport System (MTS)	27	\$1,500,000	\$1,350,000	\$ (150,000)	Wilson Electric \$55,000.00		Mosler-An American Standard Company Wayne, New Jersey

UNIVERSITY OF MINNESOTA HOSPITALS AND CLINICS UNIT J CONSTRUCTION SCHEDULE



Construction Schedule
 Work in Progress
 Schedule Revision
 Contract Awarded
 Work Completed

UNIVERSITY HOSPITALS RENEWAL PROJECT

CONTRACT AWARD SUMMARY

DESCRIPTION	BID PACK #	ESTIMATE	LOW BID	VARIANCE	S.E.D. FIRMS	MINORITY FIRMS	CONTRACTOR
Plumbing, Medical Gas	28	\$4,074,994	\$4,125,000	\$ 50,006	Sarah Incorporated \$ 88,500.00 Ed Anderson Insulation \$ 241,200.00		Harris Mechanical St. Paul, Mn.
H.V.A.C.	29	\$13,442,531	\$9,083,000	\$(4,359,531)	A-1 Excavating, Inc. \$260,082.00 R&S Heating & A/C, Inc. \$195,595.97	Ed Lacy, Inc. \$293,807.00 Environmental Systematics \$353,571.00	Axel Newman Heating & Plumbing St. Paul, Mn.
Fire Protection Sprinklers	30	\$ 966,885	\$ 706,716	\$(260,169)		Sarah Contracting, Inc. \$70,000	Carlson Auto Fire Protection Co. St. Paul, Mn.
Building Automation	31	\$ 3,400,000	\$2,526,336	\$(873,664)	Tim's Electric, Inc. \$ 40,000.00 Ed Barber Electric Supply, Inc. \$ 86,350.00		Minneapolis Honeywell, Inc. Mpls., Mn.
Electric & Temporary Electric	32	\$ 9,787,301	\$6,392,800	\$(3,394,501)	Wilson Electric		Commonwealth Electric, Mpls., Mn.

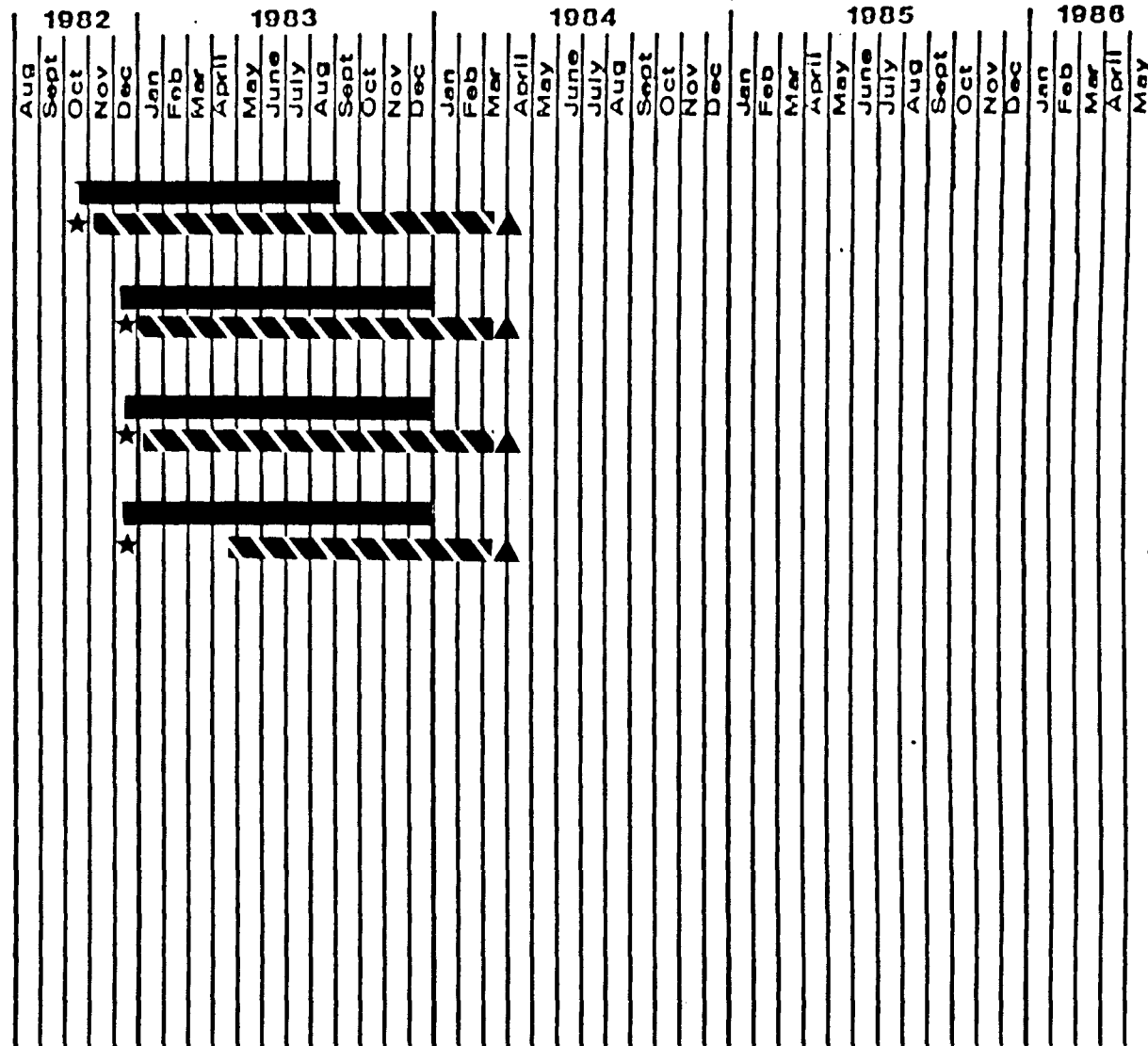
UNIVERSITY OF MINNESOTA HOSPITALS AND CLINICS RADIATION THERAPY CONSTRUCTION SCHEDULE

BID PACKAGE 9
STRUCTURE, BLDG. ENCLOSURE

BID PACKAGE 10
ELECTRICAL WORK

BID PACKAGE 11
MECHANICAL WORK

BID PACKAGE 12
INTERIOR CONSTRUCTION

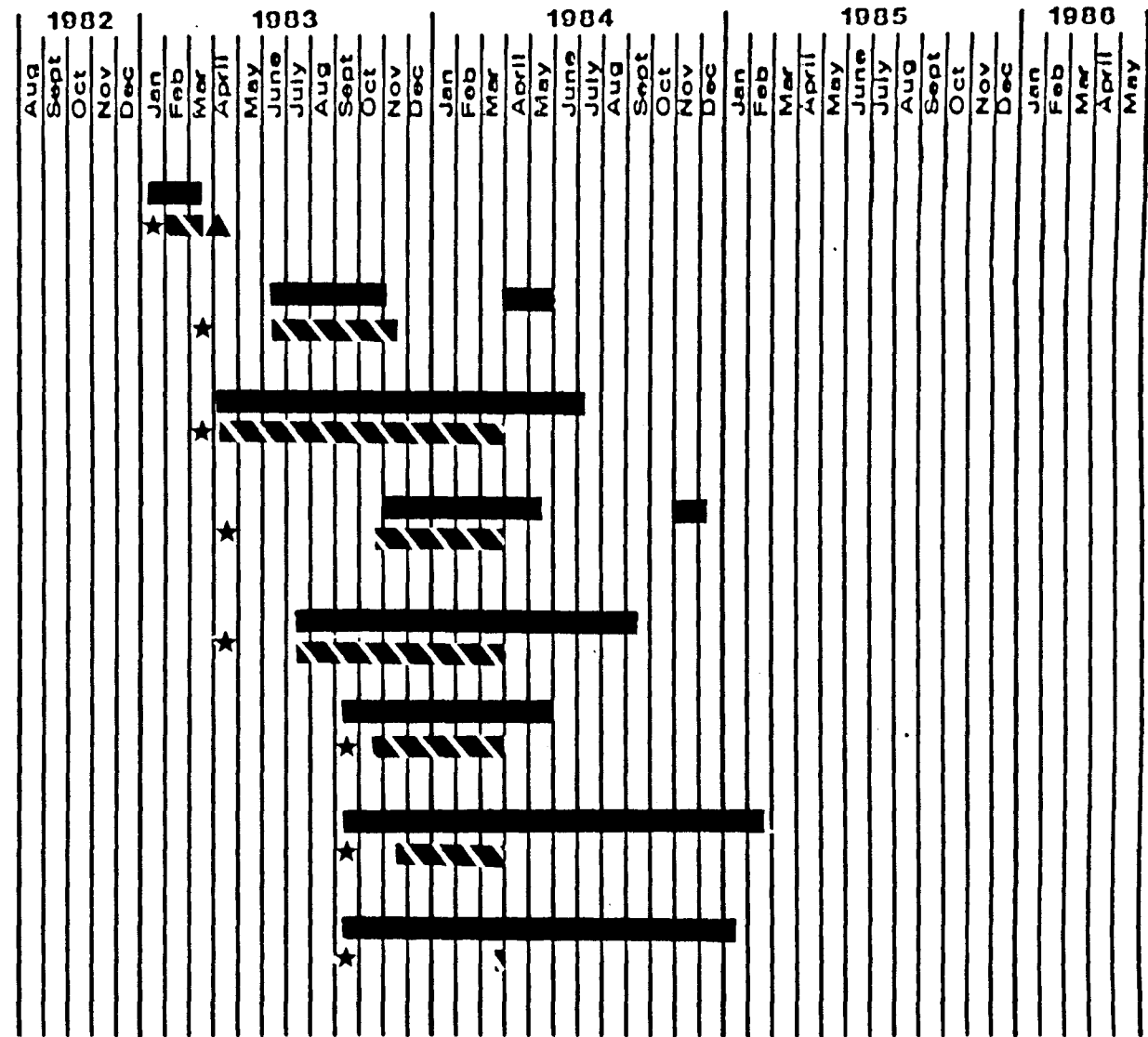


Construction Schedule
 Work in Progress
 Schedule Revision

Contract Awarded
 Work Completed

UNIVERSITY OF MINNESOTA HOSPITALS AND CLINICS UNIT J CONSTRUCTION SCHEDULE

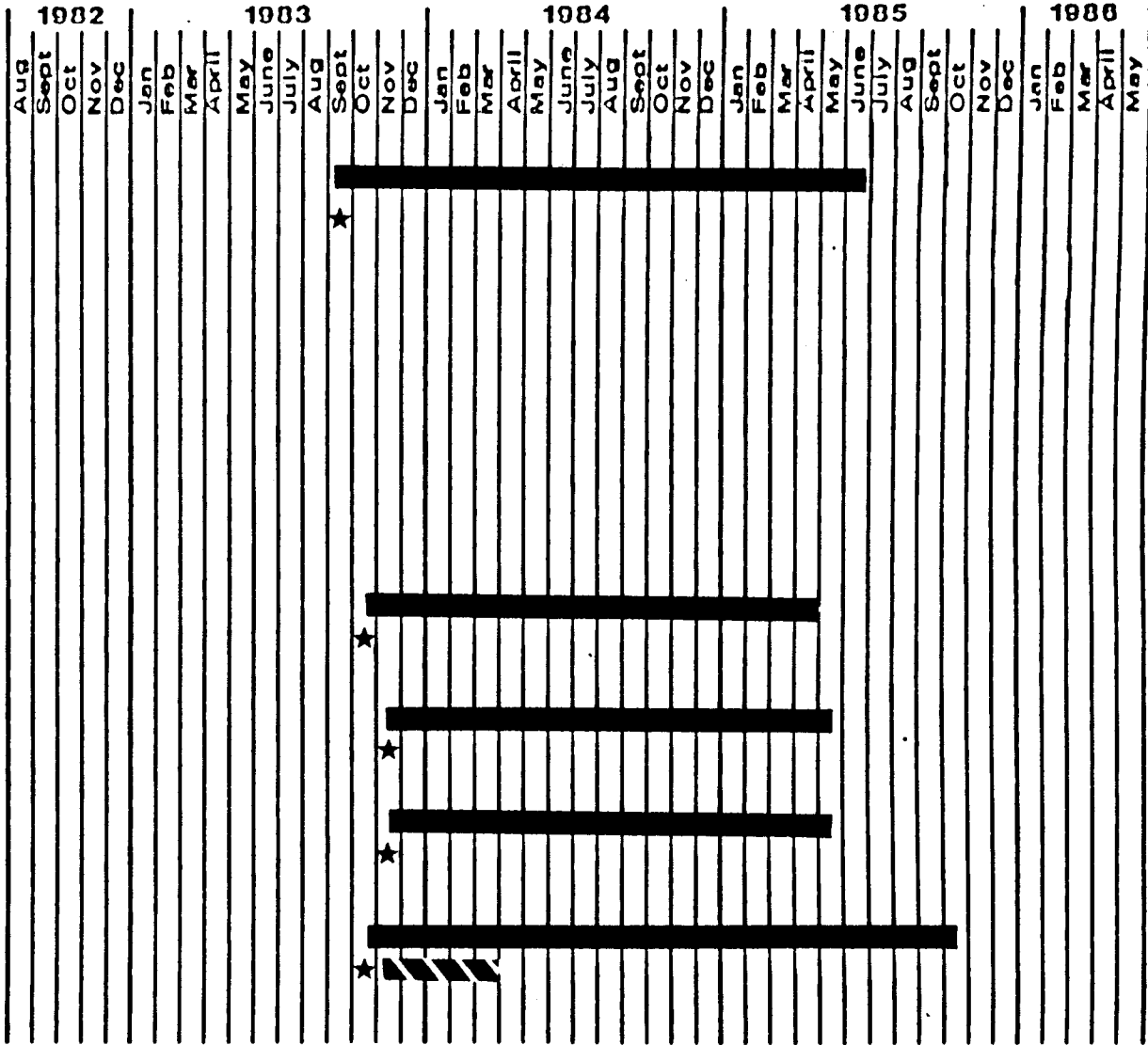
- BID PACKAGE 13**
DRILLED PIERS
- BID PACKAGE 14**
STRUCTURAL STEEL
- BID PACKAGE 15**
FOUNDATIONS & CONCRETE
- BID PACKAGE 18**
ELEVATORS
- BID PACKAGE 17**
MATERIAL/PERSONNEL HOISTS
- BID PACKAGE 18**
BUILDING ENCLOSURE
- BID PACKAGE 19**
EXT. STUDS, DRYWALL, PLASTER
- BID PACKAGE 20**
INTERIOR GENRL CONSTRUCTION



<p>■ Construction Schedule</p> <p>▨ Work in Progress</p> <p>□ Schedule Revision</p>	<p>★ Contract Awarded</p> <p>▲ Work Completed</p>
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UNIVERSITY OF MINNESOTA HOSPITALS AND CLINICS UNIT J CONSTRUCTION SCHEDULE

- BID PACKAGE 21**
ACOUSTICAL CEILINGS
- BID PACKAGE 22**
TILE, TERRAZZO, EPOXY FLOORS
- BID PACKAGE 23**
VINYL FLOORING, CARPET
- BID PACKAGE 24**
PAINT, VINYL FABRIC
- BID PACKAGE 25**
KITCHEN EQUIPMENT
- BID PACKAGE 26**
PNEUMATIC TUBE SYSTEM
- BID PACKAGE 27**
MATERIALS TRANSPORT SYSTEM
- BID PACKAGE 28**
PLUMBING, MEDICAL GASES



Construction Schedule
 Work in Progress
 Schedule Revision

 ★ Contract Awarded
 ▲ Work Completed

UNIVERSITY OF MINNESOTA HOSPITALS AND CLINICS UNIT J CONSTRUCTION SCHEDULE

BID PACKAGE 29
HEAT, VENT, AIR CONDITIONING

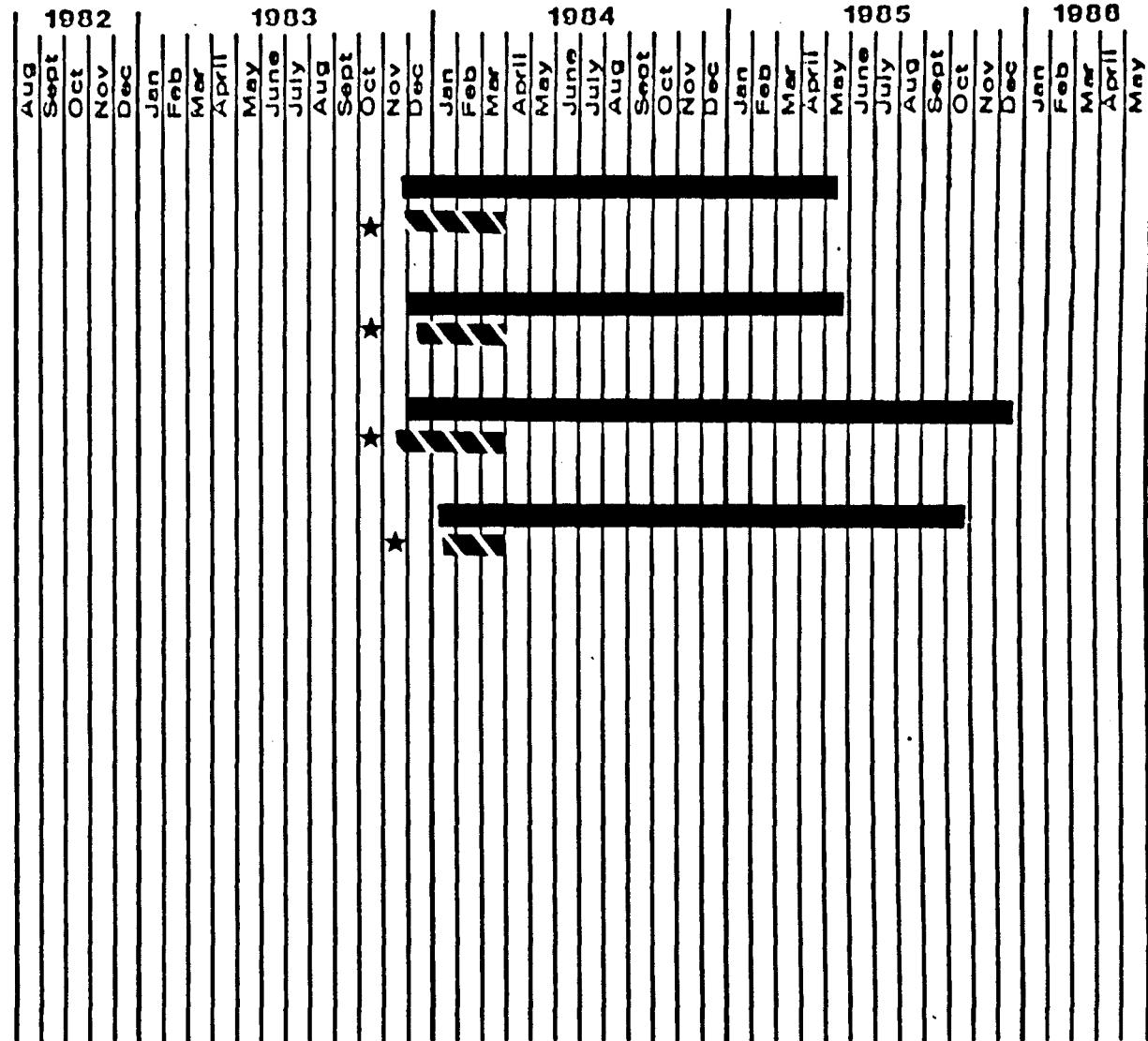
BID PACKAGE 30
FIRE PROTECTION SYSTEM

BID PACKAGE 31
BUILDING AUTOMATION SYSTEM

BID PACKAGE 32
ELECTRICAL

BID PACKAGE 33
SITEWORK

BID PACKAGE 34
FINAL CLEAN UP



Construction Schedule
 Work in Progress
 Schedule Revision

Contract Awarded
 Work Completed

UNIVERSITY HOSPITALS RENEWAL PROJECT

CONSTRUCTION PROGRESS REPORT

Bid Package #1 - 7

Contract Awards	\$1,460,887.00	
Cost To Date	1,460,887.00	100% Complete

- Bid Package #1 - Project Fence
- Bid Package #2 - Modifications to K/E Unit, Mayo Unit, Masonic Memorial Hospital, Diehl Hall and Site Work to accommodate new construction.
- Bid Package #3 - Demolition and removal of apartment building.
- Bid Package #4 - Implosion of Powell Hall and adjustments at interface points.
- Bid Package #5 - Mass excavation, sheeting and shoring, removal and modification of site utilities.
- Bid Package #6 - Drilled Piers - (Cancelled).
- Bid Package #7 - Temporary Electrical Sub-station - (Cancelled).

Bid Package #8 - Temporary Electrical Substation Installation

Contractor: Gombold Electric, Incorporated, St. Paul, Mn.

Contract Award:	\$51,166.00	Cost To Date: \$55,036.00
Total Cost:	55,036.00	100% Complete

Scope of Work: To provide a Temporary Electrical Sub-station to expand power source for construction with specific power station points for Trade Contractors.

This work is complete.

Bid Package #9 - Radiation Therapy - Civil and Structural

Contractor: Arkay Construction Company, Minneapolis, Minnesota

Contract Award:	\$1,971,800.00	Cost To Date: \$2,020,721.00
Net Changes:	51,479.00	99.5% Complete
Total Cost	2,023,279.00	

Scope of Work: This Contract is Drilled Piers, Foundations, Concrete Walls, Masonic Tower, Nuclear Slabs, Slabs on Grade and Supported Slabs, Demolition and Modifications to connect new Masonic Tower to existing and adding elevators at Masonic Tower.

Seventeen Change Orders have been issued to Arkay Construction Company making a total adjustment of \$51,479.00 to the Contract amount. The adjustments include balancing of all allowance items.

The Work under Bid Package #9 is complete except for adjusting the Neutron Doors. Final inspection has been completed and Certification of Substantial Completion issued.

Bid Package #10 - Radiation Therapy - Electrical

Contractor: Hayes Electrical Division, Minneapolis, Minnesota

Contract Award:	\$308,666.00	Cost To Date: \$385,740.00
Net Changes:	82,747.00	98.5% Complete
Total Cost:	391,413.00	

Scope of Work: Electrical installation for Radiation Therapy.

Sixty-four (64) Change Estimates have been issued to date of which thirty-four (34) have resulted in Change Orders to Bid Package #10 Contract, totaling \$82,747.00.

The work under Bid Package #10 is complete except for punch list items and numerous changes that the Owner has requested. Final inspection has been completed and Certificate of Substantial Completion issued.

Bid Package #11 - Radiation Therapy - Heating and Plumbing

Contractor: Axel Newman Heating and Plumbing Co., Minneapolis, Minnesota

Contract Award:	\$682,000.00	Cost To Date: \$742,713.00
Net Changes:	64,745.00	99% Complete
Total Cost:	746,745.00	

Scope of Work: Heating and plumbing for Radiation Therapy.

Forty-nine (49) Change Estimates have been issued to date of which thirty-two (32) have resulted in Change Orders totaling \$64,745.00.

The work under Bid Package #11 is complete except for punch list items and changes that the Owner has requested. Final inspection has been completed and Certificate of Substantial Completion issued.

Bid Package #12 - Radiation Therapy - Architectural and Specialties

Contractor: Knutson Construction Company, Minneapolis, Minnesota

Contract Award:	\$468,440.00	Cost To Date: \$554,015.00
Net Changes:	107,594.00	96.2% Complete
Total Cost:	576,034.00	

Scope of Work: Furnish and install interior finishes and specialty architectural items within Radiation Therapy.

Seventy-three (73) Change Estimates have been issued to date of which fifty (50) have resulted in Change Orders to Bid Package #12 Contract, totaling \$107,594.00. The remaining Change Estimates are awaiting quotations from Knutson or Owner action.

The Work under Bid Package #12 is complete except for punch list items and numerous changes that the Owner has requested. There also remains a question as to whether or not 20 of the wood doors are acceptable. Knutson is pursuing a standard of acceptability for wood doors through other door manufacturers. Certificate of Substantial Completion has been issued.

Bid Package #13 - Drilled Piers (Main Structure)

Contractor: Layne Minnesota, Minneapolis, Minnesota

Contract Award:	\$271,991.00	Cost To Date: \$276,288.00
Net Changes:	4,237.50	100% Complete
Total Cost:	\$276,228.50	

This Contract is complete and final payment has been made.

Bid Package #14 - Structural Steel (Main Structure)

Contractor: L.L. LeJeune Company, Minneapolis, Minnesota

Contract Award:	\$4,600,000.00	Cost To Date:\$4,693,257.00
Net Changes:	129,056.00	99% Complete
Total Cost:	4,729,056.00	

Scope of Work: Furnish, fabricate and erect all structural steel and metal deck for the Project.

Twenty-seven (27) Change Estimates have been issued to date. Twenty-one (21) Change Estimates have resulted in a net increase totaling \$129,056.00.

The work under Bid Package #14 is complete with the exception of the new construction work at the northwest corner of Unit J. Reduction of retention has been approved. In process of issuing Certificate of Substantial Completion.

Bid Package #15 - Foundations and Concrete (Main Structure)

Contractor: Lovering Associates, Incorporated, Minneapolis, Minnesota

Contract Award:	\$3,561,700.00	Cost To Date:\$3,528,427.00
Net Changes:	457,170.00	87.8% Complete
Total Cost	4,018,870.00	

Scope of Work: To furnish materials and labor to install Foundations and Concrete remaining for Unit J. Includes Drilled Piers, Pile Caps, Grade Beams, Reinforcing Steel, Concrete, Forms, Slabs on Grade and Concrete Slabs on Deck, Ramps, Excavation, Backfill and Renovations at K/E Building.

Seventy (70) Change Estimates have been issued to Bid Package #15. Fifty-five (55) Change Estimates resulted in Change Orders increasing their contract by \$457,170.00.

The Work under Bid Package #15 is nearing substantial completion. Remaining work would be as follows: (1) complete the remaining topping at Level Two, (2) complete the fireproofing, (3) new construction work that will take place at the northwest corner of Unit J. (where the old Radiation Therapy exists) and (4) repair light-weight slab surfaces as necessary.

Bid Package #16 - Elevators

Contractor: Gust. Lagerquist & Sons, Inc., Minneapolis, Minnesota

Contract Award:	\$1,610,000.00	Cost To Date: \$914,244.00
Net Changes:	3,802.00	56.6% complete
Total Cost:	1,613,802.00	

Bid Package #16 - Elevators (cont'd)

Scope of Work: Furnish and install all elevators and lifts in Unit J.

The installation of elevator cars #15 and #16 is nearing completion. Elevator motors and equipment have been installed in the penthouse for the cars mentioned above. Temporary use of the elevators is scheduled for April. Rails and equipment for the balance of the elevators began arriving on site with installation to follow. Elevator equipment for remaining elevators is being installed.

Bid Package #17 - Material/Personnel Hoists

Contractor: Advance Equipment Company, Minneapolis, Minnesota

Contract Award:	\$129,344.00	Cost To Date:	\$43,875.00
Net Changes:	-0-	34% Complete	
Total Cost:	\$129,344.00		

Bid Package #18 - Building Enclosures

Contractor: Lovering Associates, Incorporated, St. Paul, Minnesota

Contract Award:	\$5,170,600.00	Cost To Date:	\$1,079,900.00
Net Changes:	6,328.00	20.8% Complete	
Total Cost:	5,176,928.00		

Scope of Work: Building Enclosure.

The work under Bid Package #18 is progressing very well. Brick is now complete from Level Four to Eight roof, from Grid 2 to 13 south elevation, and from Level Four to Eight roof, from Grid 1 to 7 north elevation. Brick is also being installed from Level Four to Eight roof, from Grid 7 to 14 north elevation. Roofing has started.

Level Four, Five and Eight roofs west, are complete. Roof is now being installed on Level Nine west and penthouse. Block walls are being installed in basement and Level One as other Trade Contractors complete their work. Window delivery and installation has started.

Bid Package #19 - Structural Studs

Contractor: Olympic Wall Systems, Minnetonka, Minnesota

Contract Award:	\$4,302,110.00	Cost To Date:	\$978,660.00
Net Changes:	15,000.00	22.7% Complete	
Total Cost:	4,317,110.00		

Scope of Work: Structural Studs, Insulation, Drywall and Plaster.

The work under Bid Package #19 is showing improved progress. The installation of the exterior wall panels is now completed from Level Four to Eight roof, Grids 1 to 14 south elevation. Also, panels from Level Four to Eight roof, Grids 1 to 13 north elevation have been completed. Panels are now being installed from Level Four to Eight roof, Grids 13 to 15 north elevation. East elevation panels will start shortly. The shaft walls for elevators 15, 16 and 17 have been completed. The wall layout is now 95% complete on all floors. Wall header track is complete on Levels One, Four, Five and Six. Installation of wall header track is now

Bid Package #19 - Structural Studs (cont'd)

taking place on Levels Seven and Eight. Are also installing electrical room walls on Level One, Two and Three.

Bid Package #20 - Interior General Construction

Contractor: Knutson Construction Company, Minneapolis, Minnesota

Contract Award:	\$4,719,875.00	Cost To Date: \$52,460.00
Net Changes:	12,347.00	1% Complete
Total Cost:	4,732,222.00	

Scope of Work: Interior General Construction

Submittal process and shop drawings continue. Hollow metal door frames are scheduled for delivery. Door frame layout is progressing with wall layout.

Bid Package #21 - Acoustical Ceilings

Contractor: Acoustics Associates, Minneapolis, Minnesota

Contract Award:	\$499,220.00	Cost To Date: \$1,872.00
Net Changes:	-0-	1% Complete
Total Cost:	\$499,220.00	

Scope of Work: Acoustical Ceilings

Submittal process and shop drawings are complete.

Bid Package #22, #23, and #24 - Interior Finishes were prepared and issued for bidding on February 27, 1984. Bid date is April 4, 1984 for all three packages. Budget and Bid Package Estimates are currently being prepared.

Bid Package #25 - Food Service Equipment

Contractor: Aslesen Company, Minneapolis, Minnesota

Contract Award:	\$1,236,450.00	Cost To Date: \$ -0-
Net Changes:	-0-	0% Complete
Total Cost:	1,236,450.00	

Shop drawings have been submitted and approved for equipment on Level One. Balance of shop drawings are in process.

Bid Package #26 - Pneumatic Tube System

Contractor: Quantum Industries, Incorporated, Santa Rosa, California

Contract Award:	\$526,200.00	Cost To Date: \$ -0-
Net Changes:	-0-	0% Complete
Total Cost:	526,200.00	

Preparing and submitting shop drawings.

Bid Package #27 - Material Transport System

Contractor: Mosler Systems Division, Wayne, New Jersey

Contract Award:	\$1,105,932.00	Cost To Date:	\$ -0-
Net Changes:	-0-	0% Complete	
Total Cost:	1,105,932.00		

Preparing and submitting shop drawings.

Bid Package #28 - Plumbing and Medical Gases

Contractor: Harris Mechanical Contracting, St. Paul, Minnesota

Contract Award:	\$4,125,950.00	Cost To Date:	\$661,939.00
Net Changes:	10,830.00	16% Complete	
Total Cost:	4,136,780.00		

The Work under Bid Package #28 is continuing - the installation of rain water piping is complete. Roof drains are being hooked up as the roof areas are completed. The installation of the sanitary leaders and branches are well ahead of other trades. Core drilling is in continuous operation behind wall layout. The well is drilled, and casing is being installed (450' - 0").

Bid Package #29 - Heating, Ventilation and Air Conditioning

Contractor: Axel Newman Heating and Plumbing Co., St. Paul, Minnesota

Contract Award:	\$9,105,400.00	Cost To Date:	\$501,804.00
Net Changes:	77,026.00	5.5% Complete	
Total Cost:	9,182,426.00		

The Work under Bid Package #29 is proceeding at a very good pace. Duct risers are now complete from basement up through Level Seven. The installation of horizontal duct work has started in the Basement and Level One. The installation of heating and cooling risers in the pipe shaft at Stair "F" is nearly complete. The condensate pipe runs are also being installed in the trenches at Basement Level. The heating and cooling mains are also being installed at Level One ceiling. The delivery of the VanPaker stack has started and installation begun.

Bid Package #30 - Fire Protection System

Contractor: Carlson Automatic Fire Protection, Burnsville, Minnesota

Contract Award:	\$706,947.00	Cost To Date:	\$79,321.00
Net Changes:	-0-	11.2% Complete	
Total Cost:	706,947.00		

Stand pipes adjacent to all stairwells will be complete by the 3rd week of April. Branch mains, branch lines and heads in Chiller Room, Basement Level are now complete. Mains on 2nd floor are now being installed. Detailed installation plans are complete and awaiting approval by Ellerbe.

Bid Package #31 - Building Automation System

Contractor: Honeywell Incorporated, Edina, Minnesota

Contract Award:	\$2,526,336.00	Cost To Date:	\$14,080.00
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Bid Package #31 - Building Automation System (cont'd)

Net Changes:	\$ -0-	Cost To Date: \$14,080.00
Total Cost:	2,526,336.00	5% Complete

Preparing shop drawings. Hoffman Electric has moved onto the site and have started running conduit for Honeywell.

Bid Package #32 - Electrical

Contractor: Commonwealth Electric Company, Minneapolis, Minnesota

Contract Award:	\$6,413,400.00	Cost To Date: \$515,178.00
Net Changes:	-0-	8% Complete
Total Cost:	\$6,413,400.00	

All branch circuit for lighting and power, in open areas as well as unfinished spaces, are now being installed. Feeder conduits are still progressing and some final connections to panel back boxes are being made. Receptacle and lighting panel back boxes and stepdown transformers are being set in place on the first and second floors. Installation of trench duct along 11 line on the second floor will begin in a few days.

Bid Package #33 - Sitework (sidewalk pavers, bike racks, driveways, planters), finish grading, removal of site fence, patch asphalt.

Bid Package #34 - Final clean up.

UNIVERSITY HOSPITALS RENEWAL PROJECTPROJECT BUDGET

<u>CERTIFIED CONSTRUCTION PRICE</u>	<u>ORIGINAL BUDGET</u>	<u>REVISIONS TO BUDGET</u>	<u>CURRENT BUDGET</u>
Building Costs	\$ 69,671,681	\$ 3,176,355	\$ 72,848,036
Construction Manager General Conditions	5,561,780	(1,240,620)	4,321,160
General Manager Contingency	5,269,250	(89,675)	5,179,575
Construction Manager Non-Building Costs	1,444,050	(388,000)	1,056,050
Construction Manager Reimbursables	788,230	92,652	880,882
Contracted Radiation Therapy Work	1,971,800	(1,971,800)	0
Construction Manager Fee/Personnel Expense	7,460,000	105,847	7,565,847
Construction Manager Bond	525,000	0	525,000
Revisions to Bid Packages	0	9,995	9,955
TOTAL CERTIFIED CONSTRUCTION PRICE	\$ 92,691,791	\$ (305,286)	\$ 92,386,505
 <u>NON-BUILDING COSTS</u>			
Owner's Contingency	\$ 2,257,004	\$ 305,286	\$ 2,562,290
Site Work	2,139,764		2,139,764
Architect/Engineering Fee	7,260,327		7,260,327
Owner Consultants	1,938,539		1,938,539
Insurance, Fees, Permits, Expenses	2,535,336	150,000	2,685,336
Communication Systems	1,000,000		1,000,000
Moveable Equipment & Furniture	13,250,000		13,250,000
Remodeling Costs	1,677,000		1,677,000
Prior Construction manager Fee	500,000	(150,000)	350,000
Prior Worker's Compensation	52,805		52,805
TOTAL NON-BUILDING COST	\$ 32,610,775	\$ 305,286	\$ 32,916,061
TOTAL PROJECT BUDGET	\$ 125,302,566	\$ 0	\$ 125,302,566

UNIVERSITY HOSPITALS RENEWAL PROJECT II
BUDGET DISTRIBUTION REPORT *

PAGE 1

BUDGET ITEM	ORIGINAL CCP	REVISIONS	REVISED CCP	B.P. # 1-5	B.P. #8	B.P. #9	B.P. #10	B.P. #11	B.P. #12
Excavation	1,437,615		1,437,615	935,000					
Foundations	930,237		930,237						
Structure	8,410,710	2,608	8,413,318						
Exterior	5,761,165	(136,606)	5,624,559						
Moisture Protection	614,395	10,970	625,365						
Carpentry	347,745		347,745						21,225
Misc. Metals	871,650		871,650						10,000
Int. Subdivision	6,416,114	(94,732)	6,321,382						232,157
Finishes	3,003,337	(184,160)	2,819,177						80,645
Equipment	3,572,015	(65,000)	3,507,015						107,440
Conveying Systems	3,429,821	(160,630)	3,269,193						
Plumbing	4,760,760	112,000	4,872,760					288,960	
Fire Protection	1,064,680	(1,150)	1,063,530					66,452	
HVAC	14,965,440	(564,500)	14,400,940					841,390	
Building Automation	2,800,000	600,000	3,400,000						
Electrical	10,067,282		10,067,282				586,018		
Link Connections	276,000		276,000						
Sitework	659,000	57,550	707,550						
Renovations	292,715		292,715	123,665					
General Conditions	5,561,780	(417)	5,561,363	27,753	63,600				
Contingency	5,269,250	(89,675)	5,179,575						
Non-Building	1,444,050		1,444,050	388,000					
Reimbursables	788,230	92,652	880,882						
Bid Package #9	1,971,800		1,971,800			1,971,800			
C.H. Fee & Expenses	7,460,000	105,847	7,565,847						
C.H. Bond	525,000		525,000						
TOTAL BUDGET	92,691,791	(315,241)	92,376,550	1,474,418	60,000	1,971,800	546,884	1,119,009	428,667
Workmans' Comp.	--			-0-	3,600	-0-	39,134	77,793	29,800
Revisions to B.P.'s			9,955	--	--	131,360	42,358	52,297	83,639
Revised CCP			92,386,505	1,474,418	60,000	2,103,160	589,242	1,171,306	512,306

*Information obtained from Gilbane-Mortenson Monthly Report, April 1, 1984

UNIVERSITY HOSPITALS RENEWAL PROJECT II
BUDGET DISTRIBUTION REPORT *

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BUDGET ITEM	ORIGINAL CCP	REVISIONS	REVISED CCP	D.P. #13	D.P. #14	D.P. #15	D.P. #16	D.P. #17	D.P. #18
Excavation	1,437,615		1,437,615	38,000		446,549			
Foundations	930,237		930,237	67,060		843,177			
Structure	8,410,710	2,608	8,413,318		5,772,397	2,605,921			
Interior	5,761,165	(136,606)	5,624,559						4,299,676
Moisture Protection	614,395	10,970	625,365			68,580			492,789
Carpentry	347,745		347,745						72,966
Misc. Metals	871,650		871,650		396,000				45,000
Int. Subdivision	6,416,114	(94,732)	6,321,382						293,931
Finishes	3,003,337	(184,160)	2,819,177						139,882
Equipment	3,572,015	(65,000)	3,507,015						
Conveying Systems	3,429,821	(160,620)	3,269,193				1,637,061		
Plumbing	4,760,760	112,000	4,872,760			91,200			
Fire Protection	1,064,680	(1,150)	1,063,530						
HVAC	14,965,410	(564,500)	14,400,910						
Building Automation	2,800,000	600,000	3,400,000						
Electrical	10,067,282		10,067,282						
Link Connections	276,000		276,000						
Sitework	650,000	57,550	707,550			73,261			
Renovations	292,715		292,715			109,050			
General Conditions	5,561,780	(417)	5,561,363	20,000	12,500	123,000	20,700	154,750	10,500
Contingency	5,269,250	(89,675)	5,179,575						
Non-Building	1,444,050		1,444,050						
Reimbursables	788,230	92,652	880,882						
Bid Package #9	1,971,800		1,971,800						
C.M. Fee & Expenses	7,460,000	105,847	7,565,847						
C.M. Bond	525,000		525,000						
TOTAL BUDGET	92,691,791	(315,241)	92,376,550	117,450	5,717,330	4,142,700	1,591,451	150,108	5,133,135
Workmans' Comp.	--			7,810	463,567	218,038	66,310	4,642	211,609
Revisions to D.P.'s			9,955	69,257	126,837	320,746	730	52,297	115,328
Revised CCP			92,386,505	186,707	5,844,167	4,463,446	1,592,181	150,108	5,248,463

*Information obtained from Gilbane-Mortenson Monthly Report, April 1, 1984

UNIVERSITY HOSPITALS RENEWAL PROJECT II
BUDGET DISTRIBUTION REPORT *

PAGE III

BUDGET ITEM	ORIGINAL CCP	REVISIONS	REVISED CCP	B.P. #19	B.P. #20	B.P. #21	B.P. #22	B.P. #23	B.P. #24
Excavation	1,437,615		1,437,615						
Foundations	930,237		930,237						
Structure	8,410,710	2,608	8,413,318						
Exterior	5,761,165	(136,606)	5,624,559	1,310,226	14,657				
Moisture Protection	614,395	10,970	625,365						
Carpentry	347,745		347,745	12,823	219,933				
Misc. Metals	871,650		871,650	20,000	323,800				
Int. Subdivision	6,416,114	(94,732)	6,321,382	3,406,112	2,163,337				
Finishes	3,003,337	(184,160)	2,819,177	320,248		638,999			
Equipment	3,572,015	(65,000)	3,507,015		2,147,260				
Conveying Systems	3,429,821	(160,620)	3,269,193						
Plumbing	4,760,760	112,000	4,872,760						
Fire Protection	1,064,680	(1,150)	1,063,530						
HVAC	14,965,440	(564,500)	14,400,940						
Building Automation	2,800,000	600,000	3,400,000						
Electrical	10,067,282		10,067,282						
Link Connections	276,000		276,000						
Sitework	650,000	57,550	707,550						
Renovations	292,715		292,715						
General Conditions	5,561,780	(417)	5,561,363	35,000	127,000	15,000			
Contingency	5,269,250	(89,675)	5,179,575						
Non-Building	1,444,050		1,444,050						
Reimbursables	788,230	92,652	880,882						
Bid Package #9	1,971,800		1,971,800						
C.M. Fee & Expenses	7,460,000	105,847	7,565,847						
C.M. Bond	525,000		525,000						
TOTAL BUDGET	92,691,791	(315,241)	92,376,550	4,906,427	4,790,219	624,951			
Workmans' Comp.	--			197,982	205,768	29,048			
Revisions to B.P.'s			9,955	(219,253)	23,722	(25,386)			
Revised CCP			92,386,505	4,767,174	4,813,941	599,565			

*Information obtained from Gilbane-Mortenson Monthly Report, April 1, 1984

UNIVERSITY HOSPITALS RENEWAL PROJECT II
BUDGET DISTRIBUTION REPORT *

PAGE IV

BUDGET ITEM	ORIGINAL CCP	REVISIONS	REVISED CCP	B.P. #25	B.P. #26	B.P. #27	B.P. #28	B.P. #29	B.P. #30
Excavation	1,437,615		1,437,615						
Foundations	930,237		930,237						
Structure	8,410,710	2,608	8,413,318						
Exterior	5,761,165	(136,606)	5,624,559						
Maintenance Protection	614,395	10,970	625,365						
Carpentry	347,745		347,745				14,595		
Misc. Metals	871,650		871,650					20,000	
Int. Subdivision	6,416,114	(94,732)	6,321,382						
Finishes	3,003,337	(184,160)	2,819,177						
Equipment	3,572,015	(65,000)	3,507,015	920,159			128,330		
Conveying Systems	3,429,021	(160,628)	3,269,193		526,200	1,105,932			
Plumbing	4,760,760	112,000	4,872,760				4,000,080		
Fire Protection	1,064,600	(1,150)	1,063,530						997,078
HVAC	14,965,440	(564,500)	14,400,940					13,559,550	
Building Automation	2,800,000	600,000	3,400,000						
Electrical	10,067,282		10,067,282						
Link Connections	276,000		276,000						
Sitework	650,000	57,550	707,550						
Renovations	292,715		292,715						
General Conditions	5,561,780	(417)	5,561,363	2,000			71,000	420,000	10,000
Contingency	5,269,250	(89,675)	5,179,575						
Non-Building	1,444,050		1,444,050						
Reimbursables	788,230	92,652	880,882						
Bid Package #9	1,971,800		1,971,800						
C.M. Fee & Expenses	7,460,000	105,847	7,565,847						
C.M. Bond	525,000		525,000						
TOTAL BUDGET	92,691,791	(315,241)	92,376,550	922,159	526,200	1,105,932	4,074,994	13,442,531	966,885
Workmans' Comp.	--			41,706	-0-	-0-	139,011	557,019	40,193
Revisions to B.P.'s			9,955	80,775	--	--	15,043	45,341	225
Revised CCP			92,386,505	1,002,934	526,200	1,105,932	4,090,037	13,487,872	967,110

*Information obtained from Gilbane-Mortenson Monthly Report, April 1, 1984

**UNIVERSITY HOSPITALS RENEWAL PROJECT II
BUDGET DISTRIBUTION REPORT***

PAGE V

BUDGET ITEM	ORIGINAL CCP	REVISIONS	REVISED CCP	B.P. #31	B.P. #32	B.P.	B.P.	B.P.	BUDGET REMAINING
Excavation	1,437,615		1,437,615						10,066
Foundations	930,237		930,237						20,000
Structure	8,410,710	2,600	8,413,310						35,000
Exterior	5,761,165	(136,606)	5,624,559						-0-
Moisture Protection	614,395	10,970	625,365						63,996
Carpentry	347,745		347,745						6,201
Misc. Metals	871,650		871,650						56,850
Int. Subdivision	6,416,114	(94,732)	6,321,382						130,814
Finishes	3,003,337	(104,160)	2,899,177						1,639,403
Equipment	3,572,015	(65,000)	3,507,015		83,335				120,491
Conveying Systems	3,429,821	(160,624)	3,269,197						-0-
Plumbing	4,760,760	112,000	4,872,760		385,000				107,520
Fire Protection	1,064,600	(1,150)	1,063,450						-0-
HVAC	14,965,440	(564,500)	14,400,940						-0-
Building Automation	2,800,000	600,000	3,400,000	3,400,000					-0-
Electrical	10,067,282		10,067,282		9,305,491				95,771
Link Connections	276,000		276,000						276,000
Sitework	650,000	57,550	707,550						614,207
Renovations	292,715		292,715						60,000
General Conditions	5,561,780	(417)	5,561,363		127,400				4,321,160
Contingency	5,269,250	(89,675)	5,179,575						5,179,575
Non-Building	1,444,050		1,444,050						1,056,050
Reimbursables	780,230	92,652	880,882						880,882
Bid Package #9	1,971,800		1,971,800						-0-
C.M. Fee & Expenses	7,460,000	150,847	7,610,847						7,565,847
C.M. Bond	525,000		525,000						525,000
TOTAL BUDGET	92,691,791	(315,241)	92,376,550	3,400,000	9,579,450				
Workmans' Comp.	--			-0-	401,776				
Revisions to B.P.'s			9,955	(873,664)	20,600				22,800,950
Revised CCP			92,386,505	2,526,336	9,600,050				

*Information obtained from Gilbane-Mortenson Monthly Report, April 1, 1984

GILBANE-MORTENSON
 UNIVERSITY OF MINNESOTA
 BUDGET CONTROL REPORT *
 MARCH, 1984

<u>CONTRACTOR</u>	<u>ORIGINAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>GROSS COMPLETED TO DATE</u>	<u>COMMITTED</u>	<u>ESTIMATED TO COMPLETE</u>	<u>PREDICTED FINAL COST</u>	<u>(OVERRUN) UNDERRUN</u>
MP #1 thru #7 Initial Construction Phase I	1,474,418	1,474,418	1,460,887	1,474,418	-0-	1,460,887	13,531
MP #8 - Temp. Elec. Sub. Installation Gombold Elec., Inc.	60,000	60,000	55,036	55,036	-0-	55,036	4,964
MP #9 - Rad. Ther. & Has. Tower, Civ. Struct. & Bldg. Enc. Arkay Const. Co.	1,892,928	2,062,614	2,020,721	2,024,621	13,900	2,034,621	27,993
MP #10 - Rad. Ther. Masonic Tower-Elec. Hayes Cont., Inc.	546,884	609,294	385,740	391,413	5,673	391,413	217,881
MP #11 - Rad. Ther. Masonic Tower-Mech. Axel Newman Heating & Plumbing Co.	1,119,009	1,174,472	742,713	746,745	4,032	746,745	427,727
MP #12 - Rad. Ther. Masonic Tower-Arch. Knutson Const. Co.	428,667	505,875	554,015	560,725	6,710	560,725	(54,850)
MP #13 - Drilled Piers Wayne Minnesota Co.	117,450	188,118	276,229	276,229	-0-	276,229	(88,111)

*Information obtained from Gilbane-Mortenson Monthly Report, April 1, 1984

GILBANE-MORTENSON
UNIVERSITY OF MINNESOTA
BUDGET CONTROL REPORT*
MARCH, 1984

<u>CONTRACTOR</u>	<u>ORIGINAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>GROSS COMPLETED TO DATE</u>	<u>COMMITTED</u>	<u>ESTIMATED TO COMPLETE</u>	<u>PREDICTED FINAL COST</u>	<u>(OVER/UN- DER) RUN</u>
NP #14 - Unit J Structural Steel L. L. LeJeune Steel	5,717,330	5,841,073	4,693,257	4,729,056	35,799	4,729,056	1,112,017
NP #15 - Foundations and Concrete Lovering Assoc., Inc.	4,142,700	4,514,176	3,528,427	4,018,870	490,443	4,018,870	495,306
NP #16 - Unit J Elevators Gust. Lagerquist & Sons, Inc.	1,591,451	1,592,181	914,244	1,613,802	699,558	1,613,802	(21,621)
NP #17 - Unit J Material/Personnel Hoists Advance Equip. Co.	150,108	150,108	43,875	129,344	85,469	129,344	20,764
NP #18 - Building Enclosure Lovering Assoc., Inc.	5,133,135	5,242,135	1,079,900	5,176,928	4,097,028	5,176,928	65,207
NP #19 - Struct. Studs Insul, Drywall & Plaster Olympic Wall Systems, Inc.	4,986,427	4,782,174	978,660	4,317,110	3,338,450	4,317,110	465,064
NP #20 - Interior General Const. Knutson Const. Co.	4,790,219	4,807,354	52,460	4,725,635	4,673,175	4,725,635	81,719

*Information obtained from Gilbane-Mortenson Monthly Report, April 1, 1984

GILBANE-MORTENSON
 UNIVERSITY OF MINNESOTA
 BUDGET CONTROL REPORT *
 MARCH, 1984

<u>CONTRACTOR</u>	<u>ORIGINAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>GROSS COMPLETED TO DATE</u>	<u>COMMITTED</u>	<u>ESTIMATED TO COMPLETE</u>	<u>PREDICTED FINAL COST</u>	<u>(OVERRUN) UNDERRUN</u>
NP #21 - Acoustical Ceilings Acoustics Assoc., Inc.	624,951	599,565	1,872	499,220	497,348	499,220	100,345
NP #25 - Food Service Equip. Aslesen Co.	922,159	1,002,934	-0-	1,236,450	1,236,450	1,236,450	(233,516)
NP #26 - Pneumatic Tube System Quantum Ind., Inc.	526,200	526,200	-0-	526,200	526,200	526,200	-0-
NP #27 - Material Transport System Mosler Systems Div.	1,105,932	1,105,932	-0-	1,105,932	1,105,932	1,105,932	-0-
NP #28 - Plumbing & Medical Gases Harris Mechanical Contracting Co.	4,074,994	4,079,207	661,939	4,125,950	3,464,011	4,125,950	(46,743)
NP #29 - HVAC Axel Newman Htg. & Plumbing Co.	13,442,531	13,487,872	501,804	9,182,426	8,680,622	9,182,426	4,305,446
NP #30 - Fire Protection System Carlson Auto. Fire Protection Co.	966,805	967,110	79,321	706,941	627,620	706,941	260,169

*Information obtained from Gilbane-Mortenson Monthly Report, April 1, 1984

GILBANE-MORTENSON
 UNIVERSITY OF MINNESOTA
 BUDGET CONTROL REPORT*
 MARCH, 1984

<u>CONTRACTOR</u>	<u>ORIGINAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>GROSS COMPLETED TO DATE</u>	<u>COMMITTED</u>	<u>ESTIMATED TO COMPLETE</u>	<u>PREDICTED FINAL COST</u>	<u>(OVERRUN) UNDERRUN</u>
DP #31 - Bldg. Automation System Honeywell, Inc.	2,526,336	2,526,336	14,080	2,526,336	2,512,256	2,526,336	-0-
DP #32 - Electrical Commonwealth Elec.	9,579,450	9,600,050	515,178	6,413,400	5,898,222	6,413,400	3,186,650
Insurance Workmans' Comp.	2,823,678	2,823,678	435,466	2,823,678	2,388,212	2,823,678	-0-
Subtotals	68,743,842	69,722,876	18,995,824	59,386,465	40,387,110	59,382,934	10,339,942
Gen.Cond. & Reim.	6,350,010	6,350,010	941,254	6,350,010	5,408,756	6,350,010	-0-
Personnel & Fee	7,403,233	7,556,109	2,434,170	7,556,109	5,121,939	7,556,109	-0-
TOTALS	<u>82,497,085</u>	<u>83,628,995</u>	<u>22,371,248</u>	<u>73,292,584</u>	<u>50,917,805</u>	<u>73,289,053</u>	<u>10,339,942</u>

*Information obtained from Gilbane-Mortenson Monthly Report, April 1, 1984



UNIVERSITY OF MINNESOTA
TWIN CITIES

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

TO: Planning and Development Committee DATE: April 5, 1984
FROM: Ken Merwin, Director of Development *K.M.*
SUBJECT: Endorsement of Foundation Proposal

Recently we have been working with the Community Services section of the Resources Network of University Hospitals and Clinics in seeking funding for a program they have proposed to provide continuing education programs for Nursing Assistants in rural health care settings.

The program, as projected, will present a series of four sessions in four to six pilot communities where such an opportunity has been requested. Total cost of the preparation and presentation of the series is projected at \$11,400.

Among the foundations we have made proposals to is The Otto Bremer Foundation. One of the requirements of proposals which they consider is that they be endorsed by the governing board of the applying organization.

I would appreciate the Committee's consideration of an endorsement recommendation to the April meeting of the Board of Governors.

Program Manager for the project is Cleo Issendorf-Brown. Ms. Brown works under the direction of Russ Farrell.

HEALTH SCIENCES



UNIVERSITY OF MINNESOTA
TWIN CITIES

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

April 25, 1984

TO: Board of Governors Finance Committee

FROM: Clifford Fearing
Senior Associate Director

SUBJECT: Report of Operations for the Period July 1, 1983
through March 31, 1984.

The Hospitals' operating position for the month of March reflects a decline in both inpatient and outpatient activity levels. In addition to the decline in census levels we continue to experience reduced ancillary service utilization within our inpatient population. To highlight our position:

Inpatient Census: During the month of March, admissions totaled 1,621 or 219 below projected admissions of 1,840. Admissions this month were below budgeted levels in all areas except Obstetrics and Newborn. Due to the lower admission levels and a lower overall length of stay for the month, the patient day total of 14,200 was 2,670 days below the budgeted level of 16,870. The overall length of stay for the month of March was 8.2 days compared to the year-to-date average through February of 9.3 days.

To recap our year-to-date inpatient census:

	1982-83			%	
	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Variance</u>
Admissions	15,670	15,248	14,853	(395)	(2.6)
Avg. Length of Stay	9.5	9.6	9.2	(0.4)	(4.2)
Patient Days	149,301	146,852	138,284	(8,568)	(5.8)
Percent Occupance	74.0	72.3	68.3	(4.2)	(5.8)
Avg. Daily Census	544.9	534.0	502.9	(31.1)	(5.8)

Outpatient Census: March clinic census totaled 17,002 compared to projected visits of 18,659. Nearly all clinic areas experienced acuity levels that were below budget during March. Our year-to-date clinic census total of 154,256 visits is 748 visits, or 0.5% above projected visits of 153,508. However, the clinic census through March of this fiscal year is 833 visits below our total of a year ago.

Financial Operations: The Hospitals Statement of Operations shows total revenues over expense of \$7,565,932, a favorable variance of \$1,043,443. This favorable variance continues to be due to our investment income being higher than projected by approximately \$2,031,000. However, net revenue from operations through March shows a net loss of \$6,749,442 which is nearly \$989,000 greater than the budgeted loss of \$5,760,816.

Patient care charges through March totaled \$136,171,688 and are \$4,442,000 (3.2%) below budgeted levels. Routine revenue is 5.1% below budget and reflects the overall patient day variance. Ancillary revenues declined during the month of March reflecting the reduced level of admissions and clinic visits and are now 2.0% below budget March year-to-date.

Operating expenditures through March totaled \$119,765,786 and are approximately \$2,143,000 (1.8%) below budget. Overall spending levels continue to reflect the same factors and relationships that we have seen through February and continue to be in line with the actions taken by management in November.

Accounts Receivable: The balance in patient accounts receivable as of March 31, 1984 totaled \$40,960,516 and represents 81.5 days of revenue outstanding. Total receivables declined nearly \$945,000 during the month of March with the decline occurring in almost all payor categories.

Conclusion: The month of March represented the second significant decline in patient census that UMH&C has incurred this fiscal year. The drop in census in September resulted in a drop in the average inpatient census of 4.5% which was made up of a 1.3% decline in admissions and a 3.2% decline in the average length of stay. The drop in March is related to an admissions decline and to a further reduction in the average length of stay. March admissions were 11.9% below budget while the March average length of stay of 8.2 days was 9% below that of February.

Preliminary data analysis does not show any major shift in payor mix although Blue Cross revenues appear to be down 0.5% from March 1983 and Medicare appears to have declined by 0.8% over the same time period.

The geographical distribution of patients for March 1984 was 43.6%, 34.3% and 22.1% for metro, outstate and out-of-state respectively. This compares to February 1984 where 45.2% of the patients were from the metro area, 32.3% from outstate, and 22.4% were from out-of-state. This would appear to indicate that the drop was primarily related to the metro area admissions.

The drop in metro area admissions is consistent with many other area hospitals and is due in part to much more stringent pre-admission screening and utilization review processes by insurance companies, Medical Assistance and Medicare. Although these review procedures have been in place for sometime, they are beginning to impact both admissions and average length of stay.

April census data through 4/18/84 indicates an average daily census of 470 patients up from 456 in March. Gross Revenues through 4/14/84 were \$6,509,368 or \$464,955 per day down from \$491,683 in the first 14 days of March.

Report of Operations

April 25, 1984

Page three

Financial projections using March year-to-date data and projecting year end using the March census and revenue levels indicate that our net revenues over expenses will be \$8,080,000 or \$1,570,000 below budget. In cash terms this will result in a cash below budget of between \$1.3 million and \$2.1 million, depending on final year end accounts receivable status. Offsetting this is the \$1.2 million in 1983 fringe benefit savings which reduces our projected cash below budget from \$.1 million to \$.9 million. We will continue to emphasize our collection of receivables to bring the receivables down as far as possible to minimize our cash variances.

We are continuing to refine our projections and will establish expense reductions to achieve a cash position consistent with our 1984 fiscal year targets.

As you can understand, this drop in census levels will impact our budget projections for fiscal year 1984-85. We are currently reassessing these variables and will keep you informed as to how we intend to proceed.

CPF/jem

UNIVERSITY OF MINNESOTA HOSPITALS AND CLINICS

STATEMENT OF OPERATIONS

FOR THE PERIOD JULY 1, 1983 TO MARCH 31, 1984

	BUDGETED	ACTUAL	VARIANCE OVER/-UNDER BUDGET	VARIANCE %
	-----	-----	-----	-----
Gross Patient Charges	\$140,613,700	\$136,171,688	\$-4,442,012	-3.2
Deductions from Charges	26,871,134	25,813,760	-1,057,374	-3.9
Other Operating Revenue	<u>2,404,923</u>	<u>2,658,416</u>	<u>253,493</u>	<u>10.5</u>
TOTAL REVENUE FROM OPERATIONS	\$116,147,489	\$113,016,344	\$-3,131,145	-2.7
Expenditures				
Salaries	\$ 58,834,958	\$ 57,832,581	\$-1,002,377	-1.7
Fringe Benefits	10,928,042	11,576,154	648,112	5.9
Contract Compensation	5,615,593	5,993,030	377,437	6.7
Medical Supplies, Drugs, Blood	19,182,776	18,537,982	-644,794	-3.4
Campus Administration Expense	3,926,638	3,926,638	-	-
Depreciation	4,714,153	4,563,920	-150,233	-3.2
General Supplies & Expense	<u>18,706,145</u>	<u>17,335,481</u>	<u>-1,370,664</u>	<u>-7.3</u>
Total Expenditures	\$121,908,305	\$119,765,786	\$-2,142,519	-1.8
Net Revenue from Operations	\$ -5,760,816	\$ -6,749,442	\$ -988,626	17.2
Non-Operating Revenue				
Appropriations	9,332,305	9,332,305	-	-
Interest Income on Reserves	1,381,458	3,412,200	2,030,742	-
Shared Service	277,423	278,750	1,327	0.5
Investment Income on Trustee Held Assets	<u>1,292,119</u>	<u>1,292,119</u>	<u>-</u>	<u>-</u>
Total Non-Operating Revenue	\$ 12,283,305	\$ 14,315,374	\$ 2,032,069	16.5
Revenue Over/-Under Expenses	<u>\$ 6,522,489</u>	<u>\$ 7,565,932</u>	<u>\$ 1,043,443</u>	(1)

(1) Variance equals 0.9% of total budgeted revenue.



UNIVERSITY OF MINNESOTA
TWIN CITIES

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

April 18, 1984

TO: Board of Governors Finance Committee

FROM: Clifford P. Fearing
Senior Associate Director

SUBJECT: Bad Debts - January 1, 1984 through March 31, 1984.

The total amount recommended for bad debt of Hospital accounts receivable during the third quarter of 1983-84 is \$547,950.30, represented by 1,497 accounts. Bad debt recoveries during this period were \$27,587.18, leaving a net charge off of \$520,363.12. A statistical summary, a detailed description of losses over \$2,000, and a description of recoveries over \$200 are attached.

Total bad debts for the first three quarters of the fiscal year 1983-84 are \$1,513,131.06, which is 1.1% of gross charges. This compares to a budgeted level of bad debts of 3.1%.

Also enclosed for your approval are \$2,282.00 of Home Health Services accounts.

CPF/jem

enc.

Minutes
Planning and Development Committee
Board of Governors
University of Minnesota Hospitals and Clinics
April 11, 1984

CALL
TO
ORDER:

Committee Chairman Al Hanser called the meeting of the Planning and Development Committee to order at 10:45 a.m., Wednesday April 11, 1984, in Hospital Dining Room III.

ATTENDANCE:

Present: Al Hanser, Committee Chairman
Clint Hewitt
Lynn Hornquist
William Krivit, M.D.

Absent: John LaBree, M.D.
Virgil Moline
C. Edward Schwartz
I. Dodd Wilson, M.D.

Staff: Greg Hart
Ed Howell
Nancy Janda
Mark Koenig

Guests: David Cost, Board Chairman
Elwin Fraley, M.D.

EXTRACORPOREAL
LITHOTRIPTER
PROPOSAL:

Dr. Elwin Fraley, Chairman of the Department of Urology, presented for the committee's information background on a new piece of technology developed in Munich, Germany called the extracorporeal lithotripter, which provides a non-invasive method for the treatment of stones in the kidney. He explained that the patient is immersed in a waterbath and receives shock waves directed at the stone causing the stone to disintegrate.

Dr. Fraley explained that the machine had been used on approximately 2,000 patients in Germany over the course of the past 3 1/2 years. There are presently five machines in the United States, serving as test sites for Federal Drug Administration review. Dr. Fraley indicated that F.D.A. approval of the machine is expected in late 1984 or early 1985.

Dr. Fraley also elaborated on the types of patients currently being treated at the University of Minnesota Hospitals and the potential uses, and expected limits to the application of this technology. In response to a question about the available reimbursement, Dr. Fraley used the example of the current Medicare DRG scheme for paying the cost of kidney stone treatment. He noted the great dichotomy between the payment for the medical and the surgical treatment of stones. He added that as the service is relatively new in the United States, that the reimbursement waters had not been fully tested.

Dr. Fraley indicated that the Medical Staff Budget Advisory Committee would be reviewing a proposal for the acquisition of this technology next week and that the formal proposal, including a thorough financial

analysis, would be presented to the Planning and Development Committee for their consideration in April.

UNIT "J"
SPACE
ALLOCATION:

Committee Chairman Al Hanser asked that Mr. Mark Koenig review for the committee the available shell space in Unit "J" and the options presently being considered for utilization of that space. Mr. Koenig detailed the locations and square footage of the respective unfinished areas in the new hospital building, the vast majority of which is located on level 1. He noted that Endoscopy and the Cardiopulmonary Labs were being evaluated for occupancy of the two largest areas and that a couple of smaller pockets of space could probably be best utilized by Nutrition and the Materials Management, two of the departments already slated for occupancy in that immediate area.

Mr. Koenig indicated that the architect would be starting preliminary drawing for utilization of the unfinished space and that the committee could expect to review those proposed drawings in May.

REPORT
ON
FUNDRAISING:

Per Committee Chair Al Hanser request, Mr. Ken Merwin presented four separate items to the Committee, the first of which was an announcement of the current distribution of the Hospitals' Annual Report. Secondly, Mr. Merwin noted that in 1983, 4,350 patients had been asked to contribute to the University of Minnesota Hospitals and Clinics. He noted in reference to patient solicitation, that his experience indicated that solicitation of persons who are younger had not proven to be cost effective, and that his office would therefore be concentrating its efforts on those born prior to 1940. Thirdly, Mr. Merwin reported on the increased utilization of the Transplant Assistance Fund, noting that families are being given the opportunity of accumulating community donations for a specific patient in the transplant assistance fund.

Lastly, Mr. Merwin presented a foundation proposal for committee endorsement. Mr. Merwin explained that his office had been working with the Community Services section of the Resources Network of the University Hospitals and Clinics in seeking funding for a program they have proposed to provide continuing education for programs for Nursing Assistants in rural health care settings. The program, as projected, will present a series of four sessions in 4-6 pilot communities where such an opportunity has been requested. The total cost of the preparation and presentation of the series is projected at \$11,400. The Planning and Development Committee seconded and unanimously passed the motion to endorse the foundation proposal.

PURCHASING
UPDATE:

Per Committee Chair Al Hanser's request, Mr. Edward Howell distributed and detailed for the committee the Quarterly Administrative Report on Hospital Purchasing Activities, noting that the format presented would be used on a regular basis for both the Board of Governors and the Board of Regents. Mr. Howell highlighted the four divisions of the document: the purchase order analysis, the confirming orders, the set-aside awards and purchase awards to other than apparent low bidder and indicated that as this first report does not encompass a full three months, that the numbers stated would typically be higher. Mr. Clint Hewitt responded to Mr. Howell's request for format recommendations by suggesting that in cases where purchase awards were made to other than the low bidder, that the

reason for non-selection of the low bidder be listed.

NMR
UPDATE:

Mr. Greg Hart announced that the Certificate of Need for the Nuclear Magnetic Resonance had been approved by the Commissioner of the State Department of Health. He noted that a bill under temporary consideration by the Minnesota State Legislature which would have placed a three year moratorium on capital equipment expenditures in excess of \$600,000 was of concern in this case but that the bill had since had since been amended to address bed additions only. Mr. Hart also noted that the Certificate of Need law is expected to sunset in June of 1984.

UNIT "J"
UPDATE:

Mr. Mark Koenig updated the committee on recent Unit "J" activities. He noted that three of the remaining five bid packages had been awarded for tile, vinyl flooring and carpeting and paint and miscellaneous wall finishes. Mr. Koenig summarized the total cost of each of those bid packages noting that together, these three packages were \$342,000 under budget, largely due to the award made for the paint and miscellaneous wall furnishings which was \$322,000 under budget.

Lastly Mr. Koenig made mention of the reformatting of the Unit "J" construction schedule presented to the committee each month. He noted that the schedules had been modified so that each bid pack is now listed separately.

ADJOURNMENT:

There being no further business the meeting was adjourned at 12:35 p.m.

Respectfully submitted,

Nancy C. Janda

Nancy C. Janda
Executive Assistant
to the Board of Governors

Minutes
Finance Committee
University of Minnesota Hospitals & Clinics
March 28, 1984

MEMBERS
PRESENT: Al France, Chair
Shelley Chou, M.D.
Mary Des Roches
Clifford Fearing
Richard Kronenberg, M.D.
Jerry Meilahn
David Preston
C. Edward Schwartz

MEMBER
ABSENT: Carl Drake

STAFF: Greg Hart
Nancy Janda
Nels Larson
Jane Morris
Barbara Tebbitt

GUEST: Lynn Hornquist

CALL TO
ORDER: The meeting of the Finance Committee was chaired by Mr. Al France and was called to order at 9:40 a.m. in the Dale Shepard Room of the Campus Club.

MINUTES
APPROVED: The minutes of the February 22, 1984 meeting of the Finance Committee were approved.

FEBRUARY YTD
FINANCIAL
STATEMENTS
(INFORMATION): Mr. Fearing reviewed the Statement of Operations for the period July 1, 1983 through February 29, 1984. Inpatient admissions were slightly higher than budgeted at 1,573 or 32 above projected admissions for the month of February, and outpatient clinic visits of 16,877 were 1,463 over projected visits. Mr. Fearing noted that the decline in patient days overall reflects the reduced average length of stay, and that the general decline in inpatient census has remained on a consistent level since last September. Outpatient activity however, shows a slow upward trend in agreement with projections done in the feasibility studies.

Total revenues over expense are \$7,203,432, a positive variance of \$2,306,511 over the projected position. The favorable variance continues to be due in most part to income on reserve accounts.

Patient care charges and routine revenues are both below budget for February reflecting the overall patient day variance. Improvement was seen however, in inpatient ancillary revenues per admission during the month of February.

Operating expenditures of \$106,756,219 are running 1.3% below budget and continue to reflect changes made by management last November.

The balance in patients accounts receivable as of February 29, 1984 totaled \$41,905,349, representing 83.4 days of revenue outstanding. Mr. Fearing stated that the goal is to bring days of revenue outstanding to below 80 days by fiscal year end.

In his review of the financial statements, Mr. Fearing stated that in future months, amounts for General Assistance Medical Care rateable reductions and AWARE discounts will not be included in provisions for uncollectables in order to more accurately reflect the bad debt factor. The Operating Cash Flow statement shows total operating cash available for the year-to-date of \$890,296. Mr. Fearing stated the financial data indicates UMH&C is on target and in good position to achieve the cash flow requirements for the year.

YEAR END
FINANCIAL
PROJECTIONS
(INFORMATION):

Mr. Fearing reviewed a Projected Comparative Statement of Operations with Operating Cash Flow noting that the new 1983-84 projected total cash available from operations is \$16,134,507 or a variance of \$231,627 under budget. This is an improvement from previous projections that showed an approximate \$1 million variance under budget. This is the approximate budget that will be submitted to Rate Review as a base line for 1983-84.

PRELIMINARY
REVIEW OF
1983-85
FINANCIAL MODEL
(INFORMATION):

Mr. Fearing introduced a schedule of Global Census Indicators giving data that was used to make the new 1983-84 projections for admissions, patient days, clinic visits and ancillary intensity. The projected decline in ancillary intensity is consistent with 1) the Cost Containment Task Force recommendation, and 2) the agreement with the Clinical Chiefs to control utilization to the 5% level in order to reduce AWARE discounts.

LEGISLATIVE
ISSUES
(INFORMATION):

Mr. Fearing informed the Committee of two bills that are pending for action during this legislative session. The first of these would prohibit any provider of services to discriminate with regard to discounts to payors. This bill will probably not be taken to the Senate during this session.

The second bill would put a moratorium on Capital expenditures. Different versions of this bill are being considered but basically it would put a three year moratorium on capital expenditures in excess of \$400,000 or \$600,000, depending on the version. Mr. Fearing stated it was his understanding that this latter bill had a chance of passing in some form. He will keep the Committee updated on any developments in the legislature with regard to these bills.

OVER
RETRIEVAL
(INFORMATION):

The Committee was informed by Mr. Fearing that the company that had been hired to extract silver from UMH&C's X-rays has filed bankruptcy under Chapter 11. The Hospital has hired a bankruptcy

lawyer to pursue any recoveries that can be made, but the most likely outcome would be a loss of approximately \$160,000 to UMH&C.

JOB EVALUATION -
CONSULTANT
(INFORMATION):

Recently, increases were given to some University and Hospital employees to adjust for comparable worth. Mr. Hart explained that a "comparable worth" or "job evaluation" study had not yet been undertaken by the Hospital and the recent increases were made to keep in line with those made by the State. University Hospitals has been interviewing consulting firms to perform a job evaluation study focusing on all hospital dominated classifications and is at the point of finalizing a contract with the firm of Arthur Young and Co. Coincidentally, there are bills moving through both the House and the Senate requesting that the University study comparable worth and report back on its study of the issue by January 1, 1985. Depending on the final language of the bill, UMH&C may be restrained from implementing or interpreting the results of the study. Mr. Hart will keep the Committee informed on the progress of this issue.

PERSONNEL POLICY
& PROCEDURE
STATUS AND
DISCRIMINATION
PROCEDURE
AMENDMENT
(ENDORSEMENT):

Mr. Hart reported the Personnel Policies and Procedures that were approved by the Board of Governors last month were recently presented to the Regents' Faculty and Staff Affairs Committee and received a favorable reception. It is expected that these policies and procedures will be approved by the Faculty and Staff Affairs Committee and by the full Board of Regents at their April meetings. He added that proposed changes have been made to the procedure section of the Discrimination and Political Activity Policy. These changes basically 1) will seek agreement from the employee and the Hospital before moving to step three of the grievance process, and 2) will inform the employee to seek assistance from the Hospitals' Affirmative Action Office as it is an extension of the University's Affirmative Action Office.

A motion was made to approve the revised procedure on Discrimination and Political Activity and recommend it for approval to the full Board of Governors. The motion was unanimously approved.

1984-85
BUDGET UPDATE
(INFORMATION):

Mr. Fearing announced that at the next month's meeting, the Committee will be provided with data that will be submitted to Rate Review, projected rate increases, inflationary assumptions, etc. for 1984-85. Final approval from this Committee as well as from the full Board of Governors for the 1984-85 budget will be sought in May. He suggested that a special meeting in May focusing on the budget may be necessary.

ADJOURNMENT:

There being no further business, the meeting of the Finance Committee was adjourned at 11:15 a.m.

Respectfully submitted,



Jane E. Morris
Recording Secretary

UNIVERSITY OF MINNESOTA HOSPITALS AND CLINICS

BOARD OF GOVERNORS

BOARD OF GOVERNORS' MEETING

AND

GOVERNORS' COMMITTEE MEETINGS

MARCH, 1984

OFFICE OF THE BOARD OF GOVERNORS

B-390 MAYO

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Board of Governors

March 28, 1984

1:30 P.M.

555 Diehl Hall

University of Minnesota Campus

Agenda

- I. Minutes - February 22, 1984 (Approval)
- II. Chairman's Report - Mr. David Cost, Board Chair (Information)
- III. Hospital Director's Report - Mr. C. Edward Schwartz, Hospital Director (Information)
- IV. Committee Reports
 - A. Joint Conference Committee, Ms. Barbara O'Grady, Committee Chair
 - 1. End Stage Renal Disease Program Policy Changes (Approval)
 - 2. Medical Staff Bylaw Changes
 - a. Utilization Management Committee (Approval)
 - b. Review Organization/Data Privacy (Approval)
 - 3. 1984 Quality Assurance Work Program (Information)
 - B. Planning & Development Committee, Mr. Al Hanser, Committee Chair
 - 1. Planning Process for Mayo/Heart Renovations (Information)
 - 2. Utilization of Unit J Surplus (Information)
 - 3. Report on Annual Hospital Giving (Information)
 - 4. Update on Unit J Development Feasibility Study (Information)
 - C. Finance Committee, Mr. Al France, Committee Chair
 - 1. February YTD Financial Report (Information)
 - 2. Year-end Financial Projection (Information)
 - 3. Personnel Update
 - A. Discrimination Procedure Amendment (Endorsement)
- V. Other
- VI. Adjournment

Minutes

BOARD OF GOVERNORS

University of Minnesota Hospitals and Clinics

February 22, 1984

CALL TO ORDER: Chairman David Cost called the February 22, 1984 meeting of the Board of Governors to order 1:40 p.m., in Room 555 Diehl Hall.

ATTENDANCE: Present: David Cost, Chair
Carl Drake
Phyllis Ellis
Al France
Robert Goltz, M.D.
Al Hanser
Lynn Hornquist
Robert Howe, M.D. (for Paul Quie, M.D.)
Robert Latz
David Lilly
J. E. Meilahn
Barbara O'Grady
C. Edward Schwartz
Neal Vanselow

Absent: Virgil Moline
Paul Quie, M.D.

INTRODUCTIONS: Chairman David Cost welcomed Mr. Carl Drake, Chairman of the Board and Chief Executive Officer of the St. Paul Companies, as a new member of the Board of Governors. He also welcomed Dr. Robert Howe, Vice Chief of Staff, to the meeting as Dr. Paul Quie's representative.

NOMINATING COMMITTEE REPORT: Mr. Robert Latz, Chairman of the Nominating Committee consisting of Mr. Al Hanser, Dr. Neal Vanselow and himself, reported unanimous support for the election of Mr. David Cost as Chair and Mrs. Barbara O'Grady as Vice Chair of the Hospital Board of Governors for the coming year. The Board seconded and unanimously approved both the motion to elect Mr. David Cost as Board Chairman and the motion to elect Mrs. Barbara O'Grady as Vice Chair.

CHAIRMAN'S REPORT: Chairman David Cost thanked the Board for their vote of confidence and indicated that he would move immediately to make Committee appointments. Chairman Cost also announced the March 1st session to orient Mr. Carl Drake, Mrs. Phyllis Ellis and Ms. Lynn Hornquist as new Board members.

Secondly, Chairman Cost announced the transition of Board Secretary responsibility from Mr. Ron Werft to Ms. Nancy Janda, noting that Ms. Shirley Sudduth would continue to function in her role as secretary in the Board office.

Lastly, Chairman Cost reiterated his commitment to the Board follow up of the recommendations of the Cost Containment Task Force, indicating that Mr. C. Edward Schwartz would be detailing the specific areas of Board responsibility later in the meeting.

APPROVAL
OF
MINUTES:

Prior to calling for approval of the minutes, Chairman Cost turned to Mr. Schwartz for one amendment to the January 25, 1984 minutes. Mr. Schwartz asked that the Board add the following to page three paragraph six:

the Credentials Committee Report and Recommendations for clinical privileges and staff appointments. Ms. O'Grady moved that the Board of Governors approve the Credentials Committee Report and Recommendations. The motion was seconded and unanimously passed.

With that modification, the Board seconded and passed the motion to approve the minutes.

HOSPITAL
DIRECTOR'S
REPORT:

Mr. C. Edward Schwartz summarized three recent Hospital items on the Board of Regents agenda. The first granted approval to utilize \$3.4 million of the \$9.6 million Unit J savings for the improvement of design efficiencies and completion of unfinished space in the new Hospital building and authorized the Hospital Director to proceed with renovation planning. The second item was the final approval of the Hospital Purchasing Policies and the third, for information, was a presentation by Dr. John Najarian and Mr. Schwartz on the findings of the Cost Containment Task Force.

Mr. Schwartz reported on efforts to disseminate information regarding the Hospitals' participation in the Blue Cross/Blue Shield of Minnesota AWARE program that included letters to employees, faculty, physicians, and employer groups and a half page ad in the local newspapers sponsored by the Minnesota Association of Public Teaching Hospitals (MAPTH).

On the topic of recruitment, Mr. Schwartz reported that the pool of applicants for the Medical School Deanship Search had been narrowed to four and that active recruitment for the Hospitals' Senior Associate Director for Planning and Marketing is underway with the assistance of Clapp, Kieffer and Associates of Chicago. He noted that the deadline for receipt of applications for this position is March 31, 1984.

Mr. Schwartz also reported on a recent request by Hennepin County Medical Center to the University of Minnesota Hospitals and Clinics Biomedical Ethics Committee to review and render an opinion on a case at Hennepin. Mr. Robert Latz stressed the need for the Hospitals to indemnify itself in this situation and recommended that the Hospitals evaluate applicable insurance coverage or seek court appointment for an opinion before proceeding. Mr. Schwartz agreed to pursue these recommendations.

Mr. Schwartz also apprised the Board of a bill being considered in the United States Senate proposing the inclusion of a statement on the

treatment of vulnerable infants in the Child Abuse and Treatment Reauthorization Act. The Board seconded and approved a motion to formally express opposition to Senate Bill 1003 in the form of letters to Senators Ruby Boschwitz and David Durenburger.

Mr. Schwartz also mention a MAPTH study presently underway on graduate medical education, an event marking the 2000th kidney transplant at the University of Minnesota Hospitals and Clinics and two special recognition events marking the retirement of Mrs. Timothy Vann and an award for distinguished service received by Mr. Virgil Moline from the United Way.

Lastly, Mr. Schwartz indicated that on Wednesday, March 28, 1984, Mr. Jan Halverson would be presenting the semi annual report on malpractice litigation in an Executive Session immediately following the regularly scheduled meeting of the Board.

FINANCE
COMMITTEE
REPORT:

Mr. Al France introduced the first of four Finance Committee items, the Personnel Policies, and asked Mr. Greg Hart to detail recent revisions those policies. Mr. Hart noted that the revisions represented input from Board members, University officers, the University Personnel and Legal offices as well as Hospital employees. After reviewing the modifications in detail, Mr. Hart responded to a question by Mrs. Barbara O'Grady as to whether the UMH&C benefits are comparable to those offered by other health care organizations in the Twin Cities. Mr. Hart characterized the overall benefit package as competetive.

The Board seconded and unanimously endorsed a motion to accept the following resolution:

BOARD OF GOVERNORS

RESOLUTION

HOSPITAL PERSONNEL POLICIES AND PROCEDURES

FEBRUARY 22, 1984

Whereas, the Study Committee on University Hospitals Governance identified the Personnel function as an area of delegated authority for the Board of Governors in February, 1983, and

Whereas, the Board of Regents and Board of Governors approved an implementation plan for the delegation of the Personnel function in August, 1983, and

Whereas, that implementation plan included the development of Hospital Personnel Policies and Procedures, and

Whereas, such Personnel Policies and Procedures have been developed and duly reviewed by the Hospitals management, the Hospitals employees, and appropriate University officers, as well as the Board of Governors,

Now, therefore be it resolved that the Hospitals Personnel Policies and Procedures receive the approval of the Board of Governors, to become effective on the date of Board of Regents endorsement, and

Be it further resolved that the existing compensation plan, job classification plan, and supplementary personnel-related operating policies and procedures are adopted effective this date, February 22, 1984.

Secondly, Mr. France summarized the Hospitals year-to-date financial position, noting that the February position year-to-date continues to reflect the trends experienced during the first six months. Mr. Fearing reported that patient days are 4.7% under budget, admissions 1.8% under budget and the average length of stay, 2.1% below budgeted levels. He did note that the outpatient census is nearly on target, showing a .8% positive variance from the 119,435 projected visit level. The Hospitals Statement of Operations, he reported, shows a total of revenue over expense of almost \$6 million, a favorable variance of approximately \$1.2 million, primarily due to a higher than expected investment income. Board discussion followed emphasizing the heightened need for accurate and sophisticated data upon which decisions facing the Board and the Hospitals can be made in the coming months.

Thirdly, Mr. France asked Mr. Fearing to review the Touche Ross annual audit letter to management for the fiscal year ending June 30, 1983, which consisted of three recommendations. The first recommendation, Mr. Fearing explained, cited the absence of a quantity of items received entry on receiving documents. The second recommended that the Hospital consider expanding its computerized inventory system and the third encouraged monthly reconciliations between the Hospital and the University Plant Fund Accounts. Formal responses to each of the recommendations were detailed.

Lastly, Mr. France asked Mr. Schwartz to review managements response to the Cost Containment Task Force recommendations. Mr. Schwartz called the Boards attention to the document delineating specific time frames for accomplishing each of the recommendations and highlighted those areas warranting Board consideration. Board discussion followed regarding the importance of reaffirming the Hospitals' mission and responding to the Task Force recommendations in a manner consistent with that general philosophy.

MEDICAL
STAFF
BYLAW
CHANGES:

Per Dr. Paul Quie's request, Mr. Greg Hart introduced and detailed six amendments to the Medical Staff Bylaws, noting that the Board was being asked to address the changes as a Committee of the Whole, in the absence of a Board Bylaws Committee. Substantial Board discussion followed regarding the purpose and appropriateness of the modification to Article VI, Part A, Section 3., on review functions being performed within medical staff committees. The Board agreed that further clarification of this section was necessary and that the Joint Conference Committee would explore this issue at their March meeting.

The Board seconded and passed the motion to approve the other five Medical Staff Bylaw changes.

ADJOURNMENT:

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

Respectfully submitted,

Nancy C. Janda
Nancy C. Janda
Executive Assistant
to the Board of Governors



Metropolitan Council
300 Metro Square Building
Seventh and Robert Streets
St. Paul, Minnesota 55101

Telephone (612) 291-6359

March 9, 1984

Sister Mary Madonna Ashton
Commissioner of Health
State Department of Health
717 Delaware Street S.E.
Minneapolis, Minnesota 55440

RE: University of Minnesota Hospitals and Clinics - Certificate of Need
Proposal:
Purchase of Nuclear Magnetic Resonator
Metropolitan Council Referral File No. 11765-2

Dear Commissioner Ashton:

At its meeting of March 8, 1984, the Metropolitan Council considered the University of Minnesota Hospital and Clinics proposal to purchase a nuclear magnetic resonator.

After review and discussion of the project and the recommendation of the Metropolitan Health Planning Board (certified copy attached), the Metropolitan Council, by roll call vote with 13 members present, voted unanimously, one abstention, to adopt Resolution No. 84-35 and find the proposal substantiates the need for the facility as required by the Certificate of Need and is in conformance with metropolitan planning completed or in process. The Metropolitan Council (HSA) recommends to the Minnesota Commissioner of Health that a Certificate of Need be issued to the University of Minnesota Hospitals and Clinics for this proposal.

Sincerely,

A handwritten signature in cursive script, reading "Gerald J. Isaacs".

Gerald J. Isaacs
Chair

GJI:sb
Attachment

cc: Ron Werft, Associate Director, University of Minnesota Hospitals and
Clinics
John Dilley, Director, State Health Planning and Dev. Agency
Tom Chapel, Metropolitan Council Staff



UNIVERSITY OF MINNESOTA
TWIN CITIES

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

March 1, 1984

TO: Barbara O'Grady and Joint Conference Members

FROM: Barbara Tebbitt, Senior Associate Director and
Director of Nursing Services

The University of Minnesota's Kidney Dialysis Unit undergoes an annual survey by Department of Health staff as part of an ongoing contract with the End Stage Renal Disease Program.

Any changes in policies or procedure which have occurred over the previous year are to be approved by the Board of Governor's prior to the annual visit.

We are anticipating a visit in late April and have attached for Joint Conference Committee and Board approval changes which have occurred in the policies and procedures since our last visit. I will have a pack of changed policies for your review at the March 14 Joint Conference Committee Meeting if you care to review them further. The changes proposed are not substantive practice issues but rather deal with operational and monitoring unit issues except for one new hepatitis policy.

Enclosed for your review are:

- The index with policy changes asterisked
- Summary of the policy changes recommended
- Newly proposed hepatitis policy

Thank you for your consideration of the above.

BVT/11k

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* Facility and Staff Resources

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* Role of Fellows and Residents - Dialysis Unit

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* Non A - Non B Hepatitis Policy

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Checking the ER Cart and Defibrillator

Handling of Emergencies

Drugs and Equipment for Emergency Procedures

Fire Policy

Renal Unit Coordination with Internal and External Disaster Plans

SUMMARY OF POLICY CHANGES - KIDNEY DIALYSIS

Facility and Staff Resources

Changed first sentence to reflect increase in certified stations from 10 to 12.

Role of Fellows and Residents for Renal Unit

Updated list of adult and pediatric attendings to reflect changes in personnel.

Policy for Shunt Service Physicians

Changed the last sentence in the first paragraph to reflect the use of the Minor O.R. for shunt surgery.

Personnel Policies - Dialysis Unit

Changed #2 to reflect the change from restricted on-call to unrestricted on-call. Changed #'s 4, 5, 8, and 10 to reflect our drop from two Senior Dialysis Technicians to one.

Guidelines for On Call Personnel

Changed #3 to reflect the unrestricted on-call pay change.

Permanent Shifts in The Dialysis Unit

Changed to reflect dropping from two Chief Technicians to one. Added last sentence on second page regarding discipline and the awarding of permanent slots.

Gloves

Added #5 to cover protection of staff when caring for Non-A - Non-B patients.

Summary of Policy Changes - Kidney Dialysis (continued page 2)

Unit Vacation Policy

Changed #4a from hospital seniority to unit seniority.

General Policies

#3 - deleted "all standing orders to be signed by the physician yearly", as they are reevaluated every six months.

#10 - added "or on the Dialysis Run Record" to reflect current practice.

Non A - Non B Hepatitis Policy

Entirely new.

POLICY AND PROCEDURES MANUAL

UNIVERSITY OF MINNESOTA HOSPITALS AND CLINICS

Department of Nursing Services

SECTION:

VOL.:

POLICY NUMBER:

EFFECTIVE: March 1, 1984

REVISION:

REVIEWED:



SUBJECT: Non A - Non B Hepatitis Policy

SOURCE: Thomas Ferris, M.D., Medical Dir
Pat Jacobberger, R.N., Head Nurse

Non A - Non B Hepatitis Policy

The following guidelines are to be used when dialyzing patients with Non A - Non B Hepatitis:

1. Isolation is not necessary according to the Center for Disease Control (Atlanta, Georgia). These patients may be dialyzed with negative patients, but not with Hepatitis B patients.
2. When dialyzing a patient with Non A - Non B Hepatitis, gloves and a protective gown are to be worn. When going to care for a negative patient after caring for a Non A - Non B patient, remove and discard the gloves and gowns and thoroughly wash your hands.

APPROVED: *Pat Jacobberger*

TITLE: *Non A - Non B Hepatitis*

DATE: *2/29/84*

UTILIZATION MANAGEMENT COMMITTEE

Section 1. Composition:

The Utilization Management Committee shall consist of the Chief of Staff and at least four Clinical Chiefs and/or senior medical staff members, the General Director, or his/her designee, and the Director of Nursing Services.

Section 2. Duties

The duties of the Utilization Management Committee shall be:

- (a) to develop and implement a written program and annual plan which integrates utilization review activities of the institution. These programs and plans shall conform to existing reimbursement and accreditation standards.
- (b) to monitor utilization of resources by the medical staff and to identify hospital-wide utilization problems and, as indicated, to formulate and implement corrective strategies and monitor their effectiveness.
- (c) to identify, through profile analysis, utilization and resource use variances from norms for specific physicians or clinical departments, with referral of such problems to the appropriate Clinical Chief for resolution and subsequent report to the Committee.
- (d) to recommend policies and procedures intended to provide medical records that are adequately comprehensive to support high quality patient care and historical validity, and to formulate recommendation for resolution of problems related thereto.

- (e) to recommend policies or other actions related to the composition and prompt completion of medical records, including the development and/or review of all forms intended to be included in medical records, and shall enforce the rules and regulations governing these matters;
- (f) to recommend policies related to matters of privileged communication and legal release of information.

Section 3. Meetings:

The Utilization Management Committee shall meet at least quarterly, shall maintain a permanent record of its findings, proceedings and actions, and shall make periodic reports thereof to the Medical Staff-Hospital Council, the Council of Chiefs of Clinical Services and the General Director.

ARTICLE II Appointment to the Medical Staff

PART B: CATEGORIES AND CONDITIONS OF APPOINTMENT

Section 4. Emeritus Staff:

At the age of 68 years, or ~~or~~ upon substantial retirement from active practice, as a faculty member of the University of Minnesota, and substantial retirement from active practice, distinguished members of the medical staff who have long served the hospital shall be eligible for Emeritus membership on the Emeritus medical staff. Such physicians and dentists shall have the privilege of ~~earing for private~~ treating patients in the hospital, shall have all of the other privileges of members of the Attending Staff, including the right to vote, and shall be excused from required attendance at medical staff meetings.

ARTICLE VI Committees of the Medical Staff

* PART A: COMMITTEES GENERALLY

Section 3. Duties Generally:

- (a) All committees appointed under provisions of this Article report to and make recommendations to the Medical Staff-Hospital Council. The committees shall perform in whole or part, the functions of a review organization, as defined in Minnesota Statutes § 145.61.

1984 QUALITY ASSURANCE WORK PROGRAM

OF

ISSUES REQUIRING EVALUATION

<u>ISSUE</u>	<u>POTENTIAL BENEFIT</u>	<u>ASSIGN TO</u>
Selected DRGs for which UMH's annual projected charges exceed projected Medicare payments by > \$200,000 per DRG	Reductions of financial losses through: <ul style="list-style-type: none">● reduction in costs of services by increasing productivity and improving efficacy of support systems● improve use of alternative levels of care (e.g. Home Health Care, Ambulatory Care)● reduction of inappropriate ancillary services● improved patient care management● improved accuracy of diagnostic and procedure coding resulting in assignment to higher payment DRG● development of an appeal to HCFA for DRGs that do not reflect the severity of illness of the patients treated at UMH&C	Special Task Force(s)
Platelet Transfusion Practices	Decrease unnecessary utilization/Establishment of computerized concurrent monitoring system	Transfusion Therapeutics Committee
Utilization of C.A.T. Scans	Decrease unnecessary utilization	Tissue and Procedure Review Committee
Utilization and complications of Swan Ganz Catheters	Decrease risks and unnecessary utilization	Tissue and Procedure Review Committee

<u>ISSUE</u>	<u>POTENTIAL BENEFIT</u>	<u>ASSIGN TO</u>
Use of General Care Station	Improve compliance with cost reduction objectives of unit	General Care Advisory Committee
System for dealing with defective products	Minimize legal liability through improved control	Product Evaluation and Standardization Committee
Communications with referring physicians	Facilitate continuity of care/ Enhance public relations	Medical Liaison Subcommittee
Coordination of pre-operative workups prior to and during admission	Reduce unnecessary inpatient days/Enhance public relations/ Enhance patient and staff satisfaction	Operating Room Committee Outpatient Committee
Coordination of care for patients who present to the Emergency Department	Enhance patient satisfaction/Reduce treatment time and possible costs/Improve quality	Emergency Room Committee
NR Practices	Improve compliance with medical-legal standards	Biomedical Ethics Committee
Coordination of diabetic care	Improve management of diabetic patients	Special Task Force

jk12-6M345



UNIVERSITY OF MINNESOTA
TWIN CITIES

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

March 8, 1984

MEMORANDUM

TO: Planning and Development Committee
Board of Governors

FROM: Ken Merwin *KEM*
Director of Development

Contributions to University of Minnesota Hospitals and Clinics
from July 1, 1983 through February 29, 1984 are as follows:

Cash received	\$292,851.97*
Deferred gifts	320,000.00
	<hr/>
TOTAL	\$612,851.97

* Includes restricted contributions as follows:

Transplant Assistance Fund	\$ 76,248.63
Patients Fund	5,522.50
Variety Club Heart Hospital	12,242.20
Masonic Cancer Hospital	56,836.87
Research Accounts	16,958.00

As of March 1, contributions to the Patients Fund since its
institution in late 1982 total \$9,722.30.

As of March 1, contributions to the Transplant Assistance
Fund since its institution in late 1982 total \$90,099.95,
of which \$70,934.50 are designated for specific patients or purposes
and \$19,165.45 are undesignated.

/nd



March 28, 1984

TO: Board of Governors Finance Committee

FROM: Clifford Fearing
Senior Associate Director

SUBJECT: Report of Operations for the Period July 1, 1983
through February 29, 1984.

The Hospitals' operating position for the month of February improved as a result of higher than anticipated inpatient admissions and outpatient clinic visits. In addition, expenditure levels continue to show improvement as we experience more of the reductions resulting from the actions taken by management in November. To highlight our position:

Inpatient Census: During the month of February, admissions totaled 1,573 or 32 above projected admissions of 1,541. Admissions this month were at or above budgeted levels in all areas except Surgery, Obstetrics and Newborn. Due to a lower overall length of stay for the month, the patient day total of 14,494 was 547 days below the budgeted level of 15,041. The overall length of stay for the month of February was 9.0 days compared to year-to-date average through January of 9.4 days.

To recap our year-to-date inpatient census:

	1982-83			%	
	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Variance</u>
Admissions	13,759	13,408	13,232	(176)	(1.3)
Avg. Length of Stay	9.6	9.6	9.3	(0.3)	(3.1)
Patient Days	132,031	129,982	124,084	(5,898)	(4.5)
Percent Occupancy	73.8	72.3	69.1	(3.2)	(4.4)
Avg. Daily Census	543.3	532.7	508.5	(24.2)	(4.5)

Outpatient Census: February clinic census totaled 16,877 compared to projected visits of 15,414. Our year-to-date clinic census total of 137,254 visits is 2,405 or 1.8% above projected visits of 134,849. The clinic census through February of this fiscal year is 733 visits above our total of a year ago.

Financial Operations: The Hospitals' Statement of Operations shows total revenues over expense of \$7,203,432, a favorable variance of \$2,306,511. Approximately \$1,785,000 of this variance continues to be due to our investment income being higher than projected.

Patient care charges through February totaled \$122,088,443 and are nearly \$1,863,000 (1.5%) below budgeted levels. Routine revenue is 3.8% below budget and reflects the overall patient day variance. Ancillary revenues improved during the month of February reflecting the increased level of admissions and clinic visits. In addition, inpatient ancillary revenue per admission increased from an average of \$4,383 for the month of January to an average of \$4,753 in February. This level is still below the December year-to-date average of \$4,935.

Operating expenditures through February totaled \$106,756,219 and are approximately \$1,435,000 (1.3%) below budget. Overall spending levels during February continue to reflect the same factors and relationships that we have seen through January and are in line with the actions taken by management in November.

Accounts Receivable: The balance in patient accounts receivable as of February 29, 1984 totaled \$41,905,349 and represents 83.4 days of revenue outstanding. Total receivables increased nearly \$1,510,000 during the month of February with most of the increase occurring in the Medical Assistance category.

Conclusion: The Hospitals' overall financial position through the end of February remains within the fiscal plan implemented in November of this fiscal year. Recognizing our February year-to-date position and projecting our current level of operations through the end of the 1983-84 fiscal year we would experience a shortfall in net cash requirements of \$232,000 and is an improvement from our first quarter projections of approximately \$1,000,000. This change in our projected year-end position is due to our having experienced slightly higher overall census levels than we anticipated after the downturn in September and October. We will continue to make the operational changes that are necessary and appropriate to stay within the present fiscal plan for 1983-84 and that will also serve to position ourselves for the activity levels and fiscal constraints expected in the 1984-85 fiscal year.

/jem

UNIVERSITY OF MINNESOTA HOSPITALS & CLINICS

STATEMENT OF OPERATIONS

FOR THE PERIOD JULY 1, 1983 TO FEBRUARY 29, 1984

	Budgeted	Actual	Variance Over/-Under Budget	Variance %
	-----	-----	-----	-----
Gross Patient Charges	\$123,951,773	\$ 122,088,443	\$-1,863,330	-1.5
Deductions from Charges	23,890,989	23,412,627	-478,362	-2.0
Other Operating Revenue	<u>2,128,673</u>	<u>2,604,835</u>	<u>476,162</u>	<u>22.4</u>
TOTAL REVENUE FROM OPERATIONS	\$102,189,457	\$ 101,280,651	\$ -908,806	-0.9
Expenditures				
Salaries	\$ 52,204,079	\$ 51,537,165	\$ -666,914	-1.3
Fringe Benefits	9,696,419	10,317,622	621,203	6.4
Contract Compensation	4,982,565	5,305,000	322,435	6.5
Medical Supplies, Drugs, Blood	17,020,354	16,574,272	-446,082	-2.6
Campus Administration Expense	3,484,000	3,484,000	-	-
Depreciation	4,250,548	4,053,055	-197,493	-4.6
General Supplies & Expense	<u>16,553,223</u>	<u>15,485,105</u>	<u>-1,068,118</u>	<u>-6.5</u>
Total Expenditures	\$108,191,188	\$ 106,756,219	\$-1,434,969	-1.3
Net Revenue from Operations	\$ -6,001,731	\$ -5,475,568	\$ 526,163	8.8
Non-Operating Revenue				
Appropriations	\$ 8,572,281	\$ 8,572,281	\$ -	-
Interest Income on Reserves	933,749	2,718,585	1,784,836	-
Shared Service	246,150	241,662	-4,488	-1.8
Investment Income on Trustee Held Assets	<u>1,146,472</u>	<u>1,146,472</u>	<u>-</u>	<u>-</u>
Total Non-Operating Revenue	\$ 10,898,652	\$ 12,679,000	\$ 1,780,348	16.3
Revenue Over / -Under Expenses	\$ 4,896,921	\$ 7,203,432	\$ 2,306,511	(1)

(1) Variance equals 2.3% of total budgeted revenue.

UNIVERSITY OF MINNESOTA HOSPITALS AND CLINICS
 PROJECTED COMPARATIVE STATEMENT OF OPERATIONS WITH OPERATING CASH FLOW
 FOR PERIOD JULY 1, 1983 TO JUNE 30, 1984

	1983-84 BUDGETED	1983-84 PROJECTED	VARIANCE OVER/ (UNDER) BUDGET	VARIANCE PERCENT
GROSS PATIENT CHARGES	188,871,500	182,604,863	-6,266,637	-3.3%
DEDUCTIONS FROM CHARGES	36,402,806	35,675,328	-727,478	-2.0%
OTHER OPERATING REVENUE	3,210,457	3,810,338	599,881	18.7%
TOTAL REVENUE FROM OPERATIONS	155,679,151	150,739,873	-4,939,278	-3.2%
EXPENDITURES				
SALARIES	78,110,219	76,710,490	-1,399,729	-1.8%
FRINGE BENEFITS	14,508,242	15,564,888	1,056,646	7.3%
CONTRACT COMPENSATION	7,473,847	8,024,420	550,573	7.4%
MEDICAL SUPPLIES, DRUGS, BLOOD	25,530,532	24,905,021	-625,511	-2.5%
CAMPUS ADMIN. EXPENSE	5,226,000	5,226,000	0	0.0%
DEPRECIATION	6,504,726	6,183,778	-320,948	-4.9%
GENERAL SUPPLIES & EXPENSE	25,026,008	23,591,027	-1,434,981	-5.7%
TOTAL EXPENDITURES	162,379,574	160,205,624	-2,173,950	-1.3%
NET REVENUE FROM OPERATIONS	-6,700,423	-9,465,751	-2,765,328	
APPROPRIATIONS	12,420,450	12,420,450	0	0.0%
INTEREST INCOME	1,838,596	3,981,651	2,143,055	116.6%
SHARED SERVICES	369,224	359,600	-9,624	-2.6%
INVESTMENT INCOME	1,725,000	1,746,000	21,000	1.2%
TOTAL NON-OPERATING REVENUE	16,353,270	18,507,701	2,154,431	13.2%
REVENUE OVER/ (UNDER) EXPENSES	9,652,847	9,041,950	-610,897	-6.3%
ADD NON-CASH OUTLAYS:				
DEPRECIATION	6,504,726	6,183,778	-320,948	
CAMPUS ADMIN. EXPENSE	5,226,000	5,226,000	0	
K.E. UTILITIES	163,456	138,964	-24,492	
INCREASE IN ACCRUED EXPENSE	490,669	663,359	172,690	
INCREASE IN 3RD PARTY PAYABLE	12,486,538	6,013,000	-6,473,538	
DECREASE IN PREPAID EXPENSE	179,854	172,012	-7,842	
INVESTMENT INCOME HELD BY TRUSTEE	-1,725,000	-1,746,000	-21,000	
TOTAL FUNDS PROVIDED	32,979,090	25,693,063	-7,286,027	
FUNDS APPLIED:				
INCREASE IN ACCOUNTS RECEIVABLE	3,303,620	2,740,654	-562,966	
INCREASE IN ACCRUED REVENUE	7,398	470,096	462,698	
INCREASE IN INVENTORIES	815,400	334,806	-480,594	
TRANSFER TO RESERVES - 3RD PARTY	12,486,538	6,013,000	-6,473,538	
TOTAL FUNDS APPLIED	16,612,956	9,558,556	-7,054,400	
TOTAL CASH AVAILABLE FROM OPERATIONS	16,366,134	16,134,507	-231,627	

Personnel

POLICY AND PROCEDURES MANUAL

UNIVERSITY OF MINNESOTA HOSPITALS AND CLINICS



SUBJECT: **Discrimination and Political Activity**

SOURCE: Board of Governors

SECTION:

PERSONNEL

VOL.: 1

POLICY NUMBER:

3

EFFECTIVE:

REVISION:

REVIEWED:

POLICY

The University of Minnesota Hospitals and Clinics shall subscribe to the Equal Opportunity and Affirmative Action guidelines established by the University of Minnesota.

No discrimination shall be exercised, threatened, or promised by any person in Hospital service against or in favor of any employee on the basis of race, creed, religion, color, sex, sexual or affectional preference, marital status, status with regard to public assistance, disability, veteran status, age (except for mandatory retirement age), national origin, ancestry, political opinions, union or other organizational affiliations; nor shall any employee be subject to any form of sexual harassment.

No employee of the University Hospitals shall be required to pay any assessment, make any contribution, or pay any subscription for any political purpose whatsoever; nor shall any employee solicit or receive or be in any manner concerned with soliciting or receiving any assessment, subscription, or contribution for any political purpose whatsoever from any employee in University Hospitals. No officer or employee of the Hospitals shall directly or indirectly use his/her authority or official influence to compel any officer or employee in University Hospitals to apply for membership in or become a member of any political organization; or to pay or promise to pay any assessment, subscription, or contribution; or to take part in any political activity. The services of any person who is found to have violated this provision may be terminated.

PROCEDURE

Employees who feel that they have suffered due to discrimination as defined in this policy have the right to submit a complaint to the Affirmative Action Office. The complaint shall be in writing on a form provided by the Affirmative Action Office, specifically detailing what element of the discrimination policy has been violated, and it will be submitted to the Affirmative Action Office at University of Minnesota Hospitals. As in the case of other grievances, it must be submitted within thirty (30) working days after the aggrieved condition became known or should have become known.

The Affirmative Action Office shall investigate the allegations, and within ten (10) working days respond to the grievant.

If the grievant is not satisfied with the response of the Affirmative Action Office, he/she may file a grievance within ten (10) working days according to the Hospitals grievance procedure, policy number 14. If both parties agree, the grievance may be initiated at step 3.

APPROVED:

TITLE: C. Edward Schwartz, Hospital Director

DATE:

SECTION: PERSONNEL

VOL.: I

POLICY NUMBER: 3

SUBJECT: Discrimination and
Political Activity

Discrimination grievances shall not be subject to arbitration unless the nature of the discrimination grievance is such that these policies apply but no administrative agency review or legal recourse is available. In such cases, the grievance shall be subject to the binding arbitration process consistent with policy number 14.

jk12-P332

Minutes

Finance Committee
University of Minnesota Hospitals & Clinics
February 22, 1984

MEMBERS
PRESENT: Al France, Chair
Shelley Chou, M.D.
Clifford Fearing
Jerry Meilahn
David Preston
C. Edward Schwartz

MEMBERS
ABSENT: David Brown, M.D.
Mary Des Roches

STAFF: Greg Hart
Nancy Janda
Nels Larson
Jane Morris
Barbara Tebbitt

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 the Dale Shepard Room of the Campus Club.

MINUTES
APPROVED: The minutes of the January 25, 1984 meeting of the Finance Committee were approved.

JANUARY YTD
FINANCIAL
STATEMENTS
(INFORMATION): Mr. Fearing reviewed the Statement of Operations for the period July 1, 1983 through January 31, 1984. Inpatient admissions of 1,743 are only slightly below projected admissions and clinic visits of 120,377 are 0.8% above projected visits. The primary areas where admissions have declined are Gynecology, Medicine and Surgery. Mr. Fearing stated that year-end projections made from December data would come very close to the original year-end projections made from first quarter data.

Total revenues over expenses are \$5,975,810, a favorable variance of \$1,297,096. Mr. Fearing explained that as in previous months, the positive variance is attributable to income from investments.

Patient care charges and routine revenues are both below budget for January. A similar decline in ancillary revenues reflects the lower acuity level experienced during the month of January.

Operating expenditures are below budget for January and this favorable variance reflects lower census levels, as well as the cost reduction efforts taken by management last November.

The balance in accounts receivable as of January 31, 1984 totaled \$40,395,843 representing 81.0 days of revenue outstanding. Mr. Fearing stated that efforts are being made to return the receivables level to 76 days by fiscal year-end.

The Operating Cash Flow statement for the year-to-date shows total operating cash available of \$6,224,804. Transfers to Renewal Project of \$2,333,333, transfers to debt retirement of \$1,603,333, plus transfers to plant of \$2,727,466, equals cash generated from operations of \$12,918,936 for the year-to-date.

AUDIT LETTER
OF RECOMMENDATIONS
(INFORMATION):

Touche Ross & Co. listed three suggested improvements in their 6/30/83 Letter of Recommendations for Receiving Documents, Inventory, and Plant Fund Reconciliations and Mr. Fearing addressed these suggestions in his report to the Committee. He explained:

- 1) Steps had already been taken to improve accountability on receiving documents through the new Hospital Purchasing system.
- 2) The planned expansion of the existing inventory system to the Pharmacy and the Operating Room will improve inventory control, and
- 3) Monthly reconciliations of the Plant Fund for July and August are not possible because of the University's accounting system, however, monthly reconciliations are performed for all other months.

Mr. Meilahn questioned whether these concerns should be addressed by the University internal auditor. Mr. Fearing responded that issues such as these had not been a concern of the internal auditors in the past, but that the Regents are considering organizing an audit committee which may change the role of internal audit in the future.

PERSONNEL
POLICIES
(ENDORSEMENT):

Mr. Hart informed the Committee that the completed package of Personnel Policies and Procedures is the result of many open meetings with Hospital employees, consultations with the University's legal office, office of Affirmative Action, the Personnel Department and several Board of Governors members. Mr. Hart reviewed a summary of the changes made to the Personnel Policies and Procedures draft since it was last presented to the Committee. He noted that most of the changes were clarifications or additions to the policies, and that they are now in a form to positively recommend them for approval.

A resolution endorsing the Hospital Personnel Policies and Procedures as reviewed by the Committee was passed by the Committee and recommended for approval to the Board of Governors and Board of Regents (resolution attached).

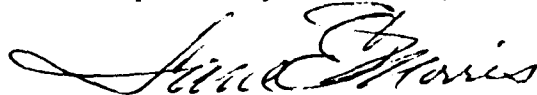
COST CONTAINMENT
TASK FORCE
RESPONSE .
(INFORMATION):

Mr. Schwartz introduced a detailed report of the hospital management's response to the recommendations of the Hospital Cost Containment Task Force. Mr. Schwartz also reviewed a summary of the recommendations and responses noting progress to date in implementing change and steps planned for future changes. He distinguished between items that needed to come to the direct attention of the Board of Governors vs those items that were more the responsibility of hospital management. These items will be reviewed with the full Board of Governors at their afternoon meeting and further reports on the progress of these recommendations are planned in future update reports.

ADJOURNMENT:

There being no further business, the meeting of the Finance Committee was adjourned at 11:50 a.m.

Respectfully submitted,



Jane E. Morris
Recording Secretary

BOARD OF GOVERNORS

RESOLUTION

HOSPITAL PERSONNEL POLICIES AND PROCEDURES

FEBRUARY 22, 1984

Whereas, the Study Committee on University Hospitals Governance identified the Personnel function as an area of delegated authority for the Board of Governors in February, 1983, and

Whereas, the Board of Regents and Board of Governors approved an implementation plan for the delegation of the Personnel function in August, 1983, and

Whereas, that implementation plan included the development of Hospital Personnel Policies and Procedures, and

Whereas, such Personnel Policies and Procedures have been developed and duly reviewed by the Hospitals management, the Hospitals employees, and appropriate University officers, as well as the Board of Governors,

Now, therefore be it resolved that the Hospitals Personnel Policies and Procedures receive the approval of the Board of Governors, to become effective on the date of Board of Regents endorsement, and

Be it further resolved that the existing compensation plan, job classification plan, and supplementary personnel-related operating policies and procedures are adopted effective this date, February 22, 1984.

Minutes

PLANNING AND DEVELOPMENT COMMITTEE

Board of Governors

University of Minnesota Hospitals and Clinics

March 14, 1984

CALL TO ORDER: In the absence of Committee Chairman Al Hanser, Mr. Virgil Moline called the meeting to order at 10:45 a.m., Wednesday March 14, 1984 in Hospital Dining Room III.

ATTENDANCE: Present: Lynn Hornquist
William Krivit, M.D.
John LaBree, M.D.
Virgil Moline
C. Edward Schwartz

Absent: Al Hanser, Committee Chair
Clint Hewitt
I. Dodd Wilson, M.D.

Staff: Ed Howell
Nancy Janda
Mark Koenig

Guests: David Cost, Board Chair
Ken Merwin

UPDATE ON UNIT J FEASIBILITY STUDY:

Mr. Ken Merwin announced the selection of the Bentz, Whaley, Flessner and Associates consulting firm to assist in a feasibility study to evaluate the University of Minnesota Hospitals and Clinics fund raising potential for Unit J. Mr. Merwin explained that as part of their evaluation, the firm would be interviewing approximately twenty five community leaders, foundation executives, University officials and Medical Staff members to ascertain their ideas about the feasibility of giving and giving levels. Mr. Merwin indicated that an April presentation to the Planning and Development Committee on the findings of the feasibility study is planned.

UTILIZATION OF UNIT J SURPLUS

Mr. Mark Koenig summarized recent Regental action approving \$3.4 million of the \$9.6 million Unit J savings for the improvement of design efficiencies and the completion of unfinished shell space in the new Hospital building. He also indicated that the Regents had, per Board of Governor recommendation, authorized the Hospital Director to proceed with planning of the renovation portion of the project with the objective of reducing operating costs. Mr. Koenig identified October and November as likely months for Board of Governors and Board of Regents review of these plans.

With that background, Mr. Koenig overviewed the locations of unfinished space in Unit J, the majority of which is on the first level which houses Radiation Therapy, Nutrition, and Materials Management, along with some smaller departments. Mr. Koenig also reviewed a listing of those departments presently retained in existing facilities, noting that the Medical Staff Coordinating Committee, chaired by Dr. Roby

Thompson, is reviewing allocation of unfinished space and that the Planning and Development Committee can expect to see final recommendations in April or May.

PLANNING
PROCESS
FOR
MAYO/HEART
RENOVATIONS:

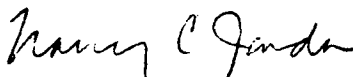
Mr. Koenig summarized the planning process for renovation of existing facilities, noting that the first two tasks to be accomplished include the selection of a programming consultant and selection of an architect. The first of those two tasks, he added, is nearly complete as discussions with Robert Douglass and Associates had included the submission of a proposal for programming that includes three phases: planning and programming, assessment of existing facilities and master zoning. Mr. Koenig also reported that discussions with the architectural firm of Ellerbe and Associates are underway. In terms of timing, Mr. Koenig indicated that an October 1984 presentation of recommendations to the Board of Governors is planned.

Lastly, Mr. Schwartz reported on three current activities including discussions with Abbott Northwestern Hospital on the potential development of a joint air ambulance service, the progress of the Planning & Marketing search, being conducted with the assistance of Clapp, Kieffer and Associates of Chicago, and the current consideration of a Lithotripor purchase, a piece of equipment used for the non invasive treatment of kidney stones.

ADJOURNMENT:

There being no further business, the meeting was adjourned at 12:22 p.m.

Respectfully submitted,



Nancy C. Janda
Executive Assistant
to the Board of Governors

JOINT CONFERENCE COMMITTEE

Board of Governors

University of Minnesota Hospitals and Clinics

March 14, 1984

ATTENDANCE: Present: Barbara O'Grady, Chair
Phyllis Ellis
Robert Latz
Robert Maxwell, M.D.
Paul Quie, M.D.
C. Edward Schwartz

Absent: Paula Clayton, M.D.
Glenn Gullickson, M.D.

Guest: Jan Brockway

Staff: Jan Halverson
Greg Hart
Nancy Janda
Barbara Tebbitt

APPROVAL
OF
MINUTES:

The minutes of the January 11, 1984 meeting of the Joint Conference Committee were approved as submitted.

END STAGE
RENAL DISEASE
PROGRAM
POLICY CHANGES:

Ms. Tebbitt presented for the Committee's endorsement a series of policy changes relative to the kidney dialysis program. The approval of the Board of Governors for such changes is mandated each year as part of the Hospitals' participation in the End Stage Renal Disease (ESRD) Program. A review of this program by the State Department of Health is anticipated later this year.

Mr. Tebbitt summarized the intent of the policy changes, and responded to questions from Committee members. After some discussion, the Joint Conference Committee endorsed the policy changes as recommended.

1984 QUALITY
ASSURANCE WORK
PROGRAM:

Dr. Quie introduced this topic, by noting that the Medical Staff Hospital Council at its March meeting approved the 1984 Quality Assurance Work Program as proposed by the Quality Assurance Steering Committee. Dr. Quie then asked Ms. Brockway to elaborate on the program itself.

1984 QUALITY
ASSURANCE WORK
PROGRAM cont:

Ms. Brockway provided for the group an overview of the Quality Assurance Program at University Hospitals and Clinics. She noted that the program is a combination of efforts, including those by the clinical departments, the operating departments, utilization review activities, work of the Medical Staff committees, and special studies on focused issues. Each year the Medical Staff and management staff work together with the coordinating effort of Quality Assurance Services to produce an annual work program.

Ms. Brockway then discussed the major areas for study in the 1984 work program. She noted that a major area, which will involve a series of studies, relates to DRGs where substantial losses relative to reimbursement are currently projected. Ms. Brockway and the Committee members in particular discussed the potential benefits of such studies. The focus of this discussion related especially to data that may be generated from such studies supporting appeals to HCFA and/or incorporation of severity indexing in future prospective payment plans. The Committee expressed interest in receiving updates on these studies as they become available.

MEDICAL STAFF
BYLAWS CHANGES:

Dr. Quie presented a recommendation from the Medical Staff Hospital Council and the Council of Chiefs of Clinical Services relative to the establishment of the Utilization Management Committee. He indicated that the Utilization Management Committee would replace the existing Utilization Medical Records Committee, with an expanded charge focusing in particular upon coordination of Medical Staff efforts relative to utilization and monitoring of Medical Staff activities related to prospective payment. Dr. Quie indicated that he has asked Dr. Donald Doughman to chair the Utilization Management Committee upon its initial appointment. After some discussion regarding the role of the committee, the Joint Conference Committee endorsed the recommended Bylaws change relative to the Utilization Management Committee, and also endorsed the appointment of Dr. Donald Doughman as chair.

Mr. Halverson then went over background information relative to the recommended Bylaws change specifying that subcommittees perform the function of Hospital review organizations. The conclusion reached by Mr. Halverson was that while the new Medical Staff Bylaws language will not effect the subcommittees legal status, it will provide notice to the members and to the public that these subcommittees do, in fact, so function. Mr. Halverson and the Committee also discussed the Minnesota Open Meeting Law and the Minnesota Data Practices Act. The Joint Conference Committee then endorsed the recommended change to the Medical Staff Bylaws Article VI, part A, section 3.

MEDICAL STAFF
HOSPITAL COUNCIL
REPORT:

Dr. Quie reported on other items discussed at the March Medical Staff Hospital Council meeting. These included a new policy relative to the definition of the time of brain death, presented by Dr. Shelley Chou and the Biomedical Ethics Committee. Dr. Ted Thompson, chair of the Biomedical Ethics Committee, also discussed with the Council the consultation request received from Hennepin County Medical Center. Other Medical Staff Hospital Council items included the appointment of a Nominating Committee, whose role will be to recommend candidates for the Chief of Staff slot and three slots on the Council which are becoming vacant. Ms. Nancy Janda also discussed the recent JCAH changes relative to the composition of the Medical Staff.

"BABY DOE"
FOLLOWUP:

Mr. Schwartz drew the Committee's attention to letters written to Senator Durenberger and Senator Boschwitz as a followup to the Board of Governors' discussion at its February meeting relative to proposed new legislation on "Baby Doe".

ADJOURNMENT:

There being no other business the Committee adjourned at approximately 8:00 p.m.

Respectfully submitted,

Greg Hart
Greg Hart

University of Minnesota Hospitals and Clinics

Board of Governors

Report to the Regents

March 9, 1984

Chairman Krenik, President Magrath, members of the Board of Regents, ladies and gentlemen, I am very pleased to have this opportunity, in the absence of Board Chairman David Cost who is out of the country, to discuss with you some of the major activities of the Board of Governors over the past three months. As you know, we have recently welcomed three new members to our Board. The appointments of Mr. Carl Drake, Mrs. Phyllis Ellis and Miss Lynn Hornquist and the reappointment of Mr. Virgil Moline were enthusiastically received by the Governors. We met as a group for the first time in February. At that time, Mr. David Cost and myself were respectively appointed as Chair and Vice Chair of the Board of Governors for 1984. Shortly afterward, Chairman Cost completed the designation of Committee Chairpersons and Committee members.

My report today covers four major categories. The first covers the on-going responsibilities of the Board of Governors. The second reports new developments which occurred from December 1983 through February 1984. Thirdly, a few summary comments on the status of the Renewal Project, and lastly, a brief comment on the challenges that lie ahead for the University Hospitals.

On-Going Responsibilities

With regard to on-going responsibilities, the Board continues to monitor the 1983-84 operating and capital budgets through the Finance and the Planning and Development Committees. In general, the pattern of slight census decline first experienced by the Hospital in early Fall of 1983, continued to hold through the remainder of the 1983 calendar year into 1984. You will recall, that in anticipation of changes in

federal reimbursement for health care and in response to these slightly depressed census levels, the University Hospitals worked to maintain financial stability through cost reductions. Although that cost reduction was a difficult step, consistent activity levels have indicated to the Board that this reevaluation of expenditures was a prudent one.

The last quarter also marked the completion of the work by the Cost Containment Task Force, chaired by Dr. John Najarian. The Task Force Report touched many aspects of Hospitals functioning and recommended improvements in the cost effectiveness of several facets of Hospitals operations. The Governors will continue to review management activities that are responsive to the report and to be directly involved where major changes are needed.

Perhaps the most notable Clinical practice issue during the past quarter has centered around the care of young people. The Governors approved a revised policy on the reporting of child abuse cases that assures compliance with existing legislation. A second concern related to Pediatrics involved new federal regulations on the care of potentially vulnerable infants, commonly referred to as Baby Doe regulations. The Board of Governors support the recent regulations as developed by the Department of Health and Human Services.

New Developments

In addition to these ongoing activities, the Board of Governors addressed a number of new developments over the course of the last three months. In December of 1983, for example, the Board of Governors authorized the Hospital Director

to enter into a full participating agreement with Blue Cross/Blue Shield of Minnesota for their AWARE program. Negotiations were successfully concluded and effective January 1, 1984 the University Hospitals became an AWARE Hospital for a twelve month period. The Board, through our Finance Committee, will be monitoring the effects of AWARE participation.

The Board of Governors has also devoted substantial effort to the finalization of the Personnel Policies and Procedures. The Board of Governors endorsed a final draft of the policies at its February 22nd meeting. I understand that you are reviewing the policies for information this month and for formal consideration next month. The Board of Governors stand ready to accept the final delegation of this responsibility and remain available to respond to questions.

Similarly, the Governors have devoted substantial effort to the review and endorsement of the Purchasing Policies. The Governors were extremely pleased with your January approval of those policies. We have expanded the responsibility of the Planning and Development Committee to monitor the management of the Purchasing function from this point forth. We will be keeping you abreast of that progress on a regular basis.

The Project

As you know, the Renewal Project is tracked very carefully by the Executive Coordinating Committee, which is comprised of representatives of the Hospital, the Board of Governors, and University Administration. Because this project is so important to the University Hospitals, the Board of Governors is extremely involved in monitoring the project through its Planning, Purchasing and Development Committee.

I am pleased to report to you that the project continues to progress well; on schedule and under budget. The final beam of steel was put into place on December

13, 1983 and the external brick work began in January. A drive down East River Road these days will give you a very good idea of what the final product will look like.

As you will recall, the Therapeutic Radiology portion of the project, which is approximately 3% of the total square feet, was being constructed on an accelerated basis. Construction of that portion of the project is now complete. Final interior touches are being worked on this month and several pieces of large but delicate equipment are being moved in and fine tuned. A May dedication is being planned.

As follow up to the Regents action last month on the utilization of Unit J surplus, the Governors will oversee the final planning activities on facility upgrade and finishing off of Unit J shell space. We expect to give final consideration to the utilization of this shell space within sixty days. We have also taken the necessary steps to begin Mayo renovation planning and anticipate a recommendation to the Regents in early fall. The Board of Governors also continues to monitor the potential of refinancing the Bonds on the Unit J Project.

Lastly, it is my pleasure to report that the Metropolitan Health Planning Board unanimously endorsed our application for Certificate of Need on the Nuclear Magnetic Resonance Unit and forwarded the application to the Metropolitan Council for their review. The Council is expected to consider the issue at their March 14th meeting. Final decision making authority for the Certificate of Need rests with the Commissioner of Health, who will have thirty days for review.

Challenges Ahead

In conclusion, the coming months will be very challenging ones for the University Hospitals and the Board of Governors. On July 1, 1984 the phase in period begins

for the new Medicare payment system called Diagnosis Related Groups or DRG's. This lump sum payment for a given diagnosis substantially alters the incentives hospitals once had under a system for reimbursement by costs. Adaptation to this new system of reimbursement will require complex budgeting for the 1984-85 fiscal year. The Board will review the Hospitals' draft budget in May.

A second focal point for the upcoming months will be the development of a strategic planning and marketing function for the Hospitals. As the health care environment becomes an increasingly competitive one, the Board of Governors has become more acutely aware of the need for such a function. The Hospitals are presently recruiting for a Senior Associate Director for Planning and Marketing and hope to have this person in place by early summer.

Thank you very much for this opportunity to share with you the accomplishments of the University Hospitals Board of Governors. I will be pleased to respond at this time to any questions that you might have.

U Hospitals director decries health-cost cuts

By Delores Lutz

Health-care cost-cutting efforts threaten to create a class system for patients and an ethical disaster for professionals, the director of University Hospitals said Thursday.

Recent government and insurance-company limits on hospital reimbursements could foster a return to a health-care system like that of the early 1960s, and that "would represent a disastrous ethical occurrence in this country," C. Edward Schwartz said. "It makes me wonder what people in the health professions are thinking of when they refer to those as 'the good old days.'"

Before the advent of Medicare and Medicaid in the mid-1960s, "we used to have what were called 'service patients' and 'private patients' in teaching hospitals," Schwartz told about 100 people attending a discussion in Moos Tower on biomedical ethics. "And whatever you want to say, the private patients were the ones who received all the services without regard to cost, and the service patients were the second-class citizens in the health-care system."

Many Americans received better health care after employers began offering health insurance during the 1950s, Schwartz said. A decade later, federal Medicare and Medicaid programs were aimed at giving the elderly and the poor equal access to quality health care, he added.

But as health-care expenditures climbed from 4 percent of the gross national product to 12 percent, pressure mounted for the current reimbursement limits, Schwartz said. Under the new system of Diagnosis Related Groups (DRGs), the govern-

ment has determined how much it will repay hospitals for treating Medicare patients. If the bill exceeds the established limit, the hospital must absorb the extra costs itself.

"Now the ethical dilemma is how to maintain the access (to quality health care)—gained in the '60s—that I believe is fundamentally good," Schwartz said.

Cost-consciousness could inspire doctors to scrimp on diagnostic tests, and that would raise the possibility of malpractice suits, said Jan Halverson, a University Hospitals attorney.

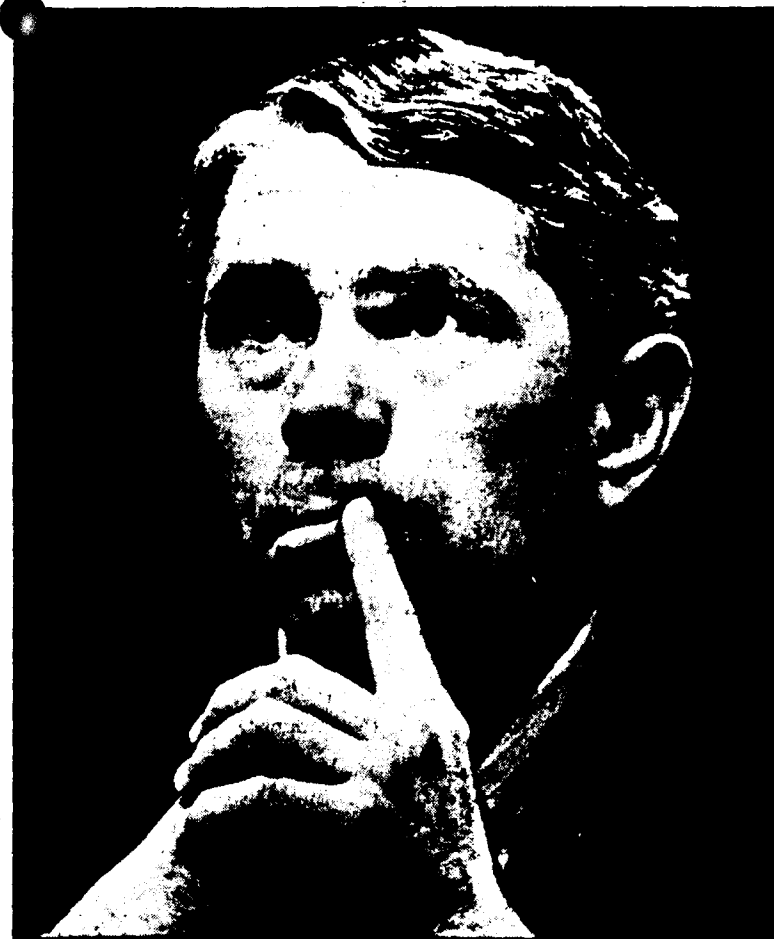
"If public money is going to be unavailable for certain lab tests, someone might question whether the care deviates from the standard," he said.

"But fewer funds do not necessarily mean a reduction in the quality of care," he said, adding that the malpractice panic of the mid-1970s may have provoked doctors to overuse laboratory services.

Limiting health-care funds will not reduce the standard of patient care, Halverson predicted. "The public is just not going to permit that to happen," he said.

Dr. Paul Quie, University Hospitals chief of staff, agreed that economic change doesn't necessarily mean a change in quality.

"You'll hear much that's negative about the prospects in the medical scene," he told the audience, composed mostly of students. "But my advice is 'Don't inhale too deeply.' Changes can take place without there being a marked change in the excellence of health care."



Photo/Karl Gehring

C. Edward Schwartz

Medical care has undergone a great deal of change during the past two centuries, and that is one of the reasons that in recent decades "American society gathered the medical profession to its heart," Quie said.

Despite efforts to control costs, University Hospitals can't abandon its unique role, Schwartz said.

"Our hospital is the type of hospital that provides R and D for the whole health industry. We are in research, we are in education, and we are in specialty care," Schwartz said.

As professionals gain experience with new procedures, however, the costs decline, he said. When kidney transplants were developed in the 1960s, the operation's total cost was \$100,000; today the average cost is \$40,000, partly because patients are able to leave the hospital earlier, he said.

"We have to continue to develop these types of procedures because they benefit humanity," Schwartz said.