

1985 BOARD MEETINGS

Meeting Date	Agenda Item	Action	Page
Nov 20	● Credentials Committee Report	Approval	15-17
	● U All Honors Committee Recom.	Endorsement	
	● UMHC Mission Statement	Endorsement	21-23
	● NACHRI Application	Approval	25-31
	● Quarterly Purchasing Report	Approval	32-45
Oct 23	● Credentials Committee Report	Approval	12-16
	● 1985-86 First Quarter Bad Debts	Approval	27
Sept 25	● Credentials Committee Report	Approval	11-14
	● Personnel Policy Change	Approval	48
July 24	● Medical Staff-Hospital Council Committee Chairs	Approval	14-15
	● Fourth Qtr 1984-85 Bad Debts Rep	Approval	22
	● Heart Catherization Equip. Prop.	Approval	23-25
June 26	● Credentials Committee Report	Approval	18-46
	● Clinical Chiefs Appointments	Approval	47-48
	● 85-86 Operating Budget	Approval	
	● 85-86 Capital Budget	Approval	59-60
	● 85-86 Compensation Plan	Approval	61-62
	● Personnel Policy Change Recomm.	Approval	
May 22	● Quarterly Purchasing Report	Approval	12-23
	● Clinical Program Develop Plan	Approval	42-44
	● Medical Staff Malpractice Ins.	Approval	45-46
April 24	● Capital Priorities Campaign	Approval	
	● Comparable Worth Implem. Plan	Approval	
	● Bad Debt Report to Third Qtr.	Approval	40
March	● Purchasing Quarterly Report	Approval	9-21
	● Purchasing Policies and Proced.	Approval	22-28
	● CUHCC Resolution on Restricted Funds	Approval	55
Feb	- Page Missing -		
January	● Credentials Committee Report	Approval	18-20
	● Computer Replacement Project	Approval	31-41
	● Hospital Corporate Membership of BCBS of MN Board	Approval	49-50

University of Minnesota Hospitals and Clinics

Board of Governors

December 18, 1985

TABLE OF CONTENTS

	<u>Page(s)</u>
Agenda	1 - 2
November 20, 1985 Board of Governors Minutes	3 - 7
December 11, 1985 Joint Conference Committee Minutes	8 - 10
December 11, 1985 Planning and Development Committee Minutes	11 - 13
UMHC Market Share Needs	14 - 25
Board Retreat Follow-Up on Community Networking	26
Graduate Medical Education Positions	27 -30
November 20, 1985 Finance Committee Minutes	31 - 33
Report of Operations for the Period July 1, 1985 through November 30, 1985	34 - 35
Statement of Operations for the Period July 1, 1985 Through November 30, 1985	36
Executive Summary of Financial Activity for the Period July 1, 1985 to November 30, 1985	37
Quarterly Report to the Board of Regents	39 -42

Other Enclosures

Fiscal Year 1985 Audited Financial Statements	38 / Enclosed
---	---------------

**University of Minnesota Hospitals and Clinics
Board of Governors**

December 18, 1985
1:30 P.M.
555 Diehl Hall

AGENDA

- | | | |
|------|--|-------------|
| I. | <u>Approval of November 20, 1985 Minutes</u> | Approval |
| II. | <u>Chairman's Report</u>
Ms. Barbara O'Grady | Information |
| III. | <u>Hospital Director's Report</u>
Mr. C. Edward Schwartz | Information |
| IV. | <u>Committee Reports</u> | |
| | A. <u>Joint Conference Committee Report</u>
Ms. Phyllis Ellis | |
| | 1. University of Minnesota Clinical Associates
Update | Information |
| | 2. Outpatient Committee Report | Information |
| | 3. Medical Staff Hospital Council Report | Information |
| | 4. Clinical Chiefs Report | Information |
| | B. <u>Planning and Development Committee Report</u>
Mr. Robert Latz | |
| | 1. UMHC Market Share Needs | Information |
| | 2. Board Community Networking | Discussion |
| | 3. Graduate Medical Education Positions | Information |

C. Finance Committee Report
Mr. Jerry Meilahn

- | | |
|--|-------------|
| 1. Report of Operations for the Period
July 1, 1985 through November 30, 1985 | Information |
| 2. 1984-85 Audited Financial Statements | Information |

V. Other Business

VI. Adjournment to Holiday Gathering, 5th Floor Library, Coffman Union

MINUTES
BOARD OF GOVERNORS
UNIVERSITY OF MINNESOTA HOSPITALS AND CLINICS
November 20, 1985

CALL TO ORDER

Chairman Barbara O'Grady called the November 20, 1985 meeting of the Board of Governors to order at 1:40 p.m. in Room 555 Diehl Hall.

ATTENDANCE

Present: Leonard Bienias
Shelley Chou, M.D.
Phyllis Ellis
George Heenan
Bradley Hillstrom
Kris Johnson
Robert Latz
Jerry Meilahn
James Moller, M.D.
Robert Nickoloff
Barbara O'Grady
C. Edward Schwartz
Neal A. Vanselow, M.D.

Absent: Al Hanser
David Lilly

APPROVAL OF MINUTES

The Board of Governors seconded and passed a motion to approve the minutes of the October 23, 1985 meeting as written.

CHAIRMAN'S REPORT

Chairman Barbara O'Grady introduced Ms. Mary Sumpmann, Head Nurse of the Home Health Program.

Secondly, Chairman O'Grady announced the appointment of the Nominating Committee; they have been asked to recommend candidates for the Chairmanship and Vice Chairmanship of the Board for 1986 at the January 20, 1986 meeting. Mr. Robert Nickoloff will chair the committee. Ms. Kris Johnson and Dr. Neal Vanselow will also serve.

Chairman O'Grady highlighted recent activities of Board members. Mrs. O'Grady had been the presiding host at a conference entitled "The Highs and Lows of High Tech Health Care." George Heenan also participated in a portion of

the same program that explored the costs of high technology. Ms. Kris Johnson had been a panel member in a Spring Hill Conference entitled "Advancing Medical Technology: Problems and Potentials".

Chairman O'Grady noted the availability of the taped proceedings of "The Highs and Lows of High Tech Health Care" conference and distributed a New England Journal of Medicine entitled "Trustees at the Focal Point."

DIRECTOR'S REPORT

Mr. C. Edward Schwartz described our participation in a group of hospitals formulating a position on the management of reimbursement for capital costs under the Medicare Program. Currently, the costs are "pass throughs", or charge based. A national averaging technique for calculating reimbursement of capital costs is under discussion in Washington.

The University Hospital Consortium (UHC), Mr. Schwartz reported, is progressing with plans to do joint purchasing among its members. A corporate structure under which this purchasing arrangement can be executed is being finalized. Mr. Schwartz expects to bring UHC purchasing contracts to the Board in January.

The Hospital's goal for the 1985 United Way Campaign was \$25,000. Mr. Schwartz announced that \$42,000 had been raised.

Lastly, Mr. Schwartz reported the status of the Chairmanship searches. The Radiology search is furthest along, while Dermatology, OB-GYN, and Neurology are at various stages of reviewing applicant pools or interviewing candidates.

JOINT CONFERENCE COMMITTEE REPORT

Ms. Mary Sumpmann overviewed the history and current status of the Home Health Program. The Program was started in 1974 and has undergone a period of rapid growth just recently, largely as a result of perspective payment systems. The Program staff are caring for an average of 80 patients at any given time, many of whom are acutely ill and require highly technical support in the home.

The Governors discussed the quality assurance mechanisms employed in the home care industry. To date, the industry remains unregulated. Ms. Sumpmann volunteered to send the Board of Governors a copy of the Standards For Home Health Care Providers developed by the Minnesota Assembly of Home Health Nursing Agencies.

Ms. Phyllis Ellis reported that the Hospitals received notification by the Joint Commission of the removal of the Medical Records contingency. The J.C.A.H. has asked that a follow-up report on Medical Records be submitted in April of 1986. The next J.C.A.H. site survey is expected in late 1987.

Dr. James Moller reviewed a November 1, 1985 Credentials Committee Report. The report had been reviewed and endorsed by both the Medical Staff Hospital Council and the Joint Conference Committee. The Board of Governors seconded and passed a motion to approve the report as submitted.

PLANNING AND DEVELOPMENT COMMITTEE REPORT

The Board of Governors seconded and passed a motion to endorse the All-University Honors Committee resolution which read:

"Whereas, the Variety Club, Tent 12 has made known its generous intent to make a substantial contribution in support of the programs of the University of Minnesota and the University of Minnesota Hospital and Clinics,

Whereas, the Variety Club, Tent 12 has been a long term supporter of the work of the University of Minnesota and the University of Minnesota Hospitals and Clinics,

Whereas, the Regents of the University, acting on the recommendation of the All-University Honors Committee, have approved the Agreement proposed by the University and Variety Club, Tent 12,

Therefore, the Board of Governors of the University of Minnesota Hospitals and Clinics endorse the agreement proposed by the University and the Variety Club, Tent 12 and direct the Hospital Director to work with the University and the Variety Club, Tent 12 to implement the provisions of the agreement and make known the enthusiastic support and gratitude of the Board at the appropriate time."

The Board of Governors reviewed the recently revised Hospitals' Mission Statement. The Mission Statement, Mr. Latz noted, was last revised in 1978. The fundamental character of the statement remains unchanged; our tripartite mission is clearly conveyed. References to providing care in a cost effective manner and development of strategies which will respond to a changing environment bring the statement up-to-date.

Discussion centered around the name of the Hospitals; several options were examined. The Board of Governors seconded and passed a motion to amend the Mission Statement by renaming the organization "The University of Minnesota Hospitals."

Secondly, the Board seconded and passed a motion to approve the amended Mission Statement with the understanding that it be laid over one month to give Board members an opportunity, after administrative consultation with the Medical Staff Committees, to consider the action. The Governors agreed that in the absence of action to raise the issue again at the December 20, 1985 meeting, the Mission Statement would be endorsed as amended.

Thirdly, Mr. Geoff Kaufmann presented the rationale for making application to the National Association of Children's Hospitals and Related Institutions. The Board of Governors carefully noted that the "implementation of a financial, administrative and governance structure which safeguards the pediatric program's resources" in no way implies preferential treatment would be given to the Children's Hospital above that provided to other units of the University of Minnesota Hospitals and Clinics.

The Board of Governors seconded and passed the following resolution:

WHEREAS UMHC is desirous of becoming an institutional member in the National Association of Children's Hospitals and Related Institutions and has completed an application for submission to the National Association of Children's Hospitals and Related Institutions

WHEREAS the Administration, Department of Pediatrics, and the Planning and Development Committee has reviewed this application and finds it to be acceptable

NOW THEREFORE BE IT RESOLVED that the University of Minnesota Hospitals and Clinics Board of Governors approve the submission of the National Association of Children's Hospitals and Related Institutions application consistent with the public announcement of the naming of the new Children's Hospital. Further, the Board of Governors authorizes the Board Chairman and the Hospital Director to incorporate that new name into the National Association of Children's Hospitals and Related Institutions application prior to submission.

Fourthly, following a brief presentation by Mr. Edward Howell, the Board of Governors seconded and passed a motion to approve the Purchasing Report for the months of August, September, and October of 1985 as presented.

TRANSFER OF BUSINESS CHAIRMANSHIP

Chairman Barbara O'Grady asked that Vice Chairman Robert Latz assume the role of Business Chairman for the remainder of the Board meeting.

FINANCE COMMITTEE REPORT

Mr. Cliff Fearing presented the October Year-to-Date Report of Operations. Admissions are running 2.9% under budget; average length of stay 2.5% over budget; patient days 2.1% under budget. Outpatient Clinics census year-to-date is running 5.1% over budget. Nearly all clinics experienced census levels which exceeded projections for the month of October. The Hospital Statement of Operations year-to-date reflects revenues over expenses that are 3.1 million dollars over budget.

Mr. Fearing also presented a series of fiscal year-end projections which were based on first quarter activities. The Board approved budget did not include cost impacts of occupying Unit J. Projections presented did account for J occupancy in late March. In sum, revenues over expenditures are projected year-end to be 5.4% over budgeted levels.

Mr. Fearing briefly summarized the third phase of the refinancing of the series 1982 bonds that had recently been executed.

UNIT J OPENING/75TH ANNIVERSARY EVENTS

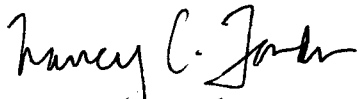
Ms. Mary Hastings summarized plans being made for 6 weeks of public activities to celebrate the opening of the new Hospital. The Celebration Planning Committee has defined audiences that will be invited to tour the building. The opening celebrations will climax on March 7, 1986 with an opening ceremony in the morning and a dinner that same evening. The Governors have been asked to submit suggestions for the March 7 guest list.

Commemorative events for the 75th Anniversary will include lectures for physicians, nurses, a Women's Health Conference, and community programs in several non-metropolitan areas. The actual 75th Anniversary Celebration will take place on September 5, 1986.

ADJOURNMENT

There being no further business, the November 20, 1985 meeting of the Board of Governors was adjourned at 3:50 p.m.

Respectfully submitted,



Nancy C. Janda
Assistant Director and
Executive Secretary to the Board of Governors

**MINUTES
JOINT CONFERENCE COMMITTEE
DECEMBER 11, 1985**

ATTENDANCE: PRESENT:

Phyllis Ellis
Glenn Gullickson, M.D.
George Heenan
Brad Hillstrom
Robert Maxwell, M.D.
James Moller, M.D.
C. Edward Schwartz

Staff:

Jan Halverson
Greg Hart
Nancy Janda

Guests:

Diane Bartels
David Coombes
Amos Deinard, M.D.
Geoff Kaufmann
Roby Thompson, M.D.
Ron Werft

I. Call to Order

Ms. Ellis called the meeting to order at approximately 6:15 p.m.

II. Approval of Minutes

The committee approved the minutes of the November 13, 1985 meeting as submitted.

III. Outpatient Committee Report

Dr. Amos Deinard, Chair of the Outpatient Committee, described the Ambulatory Care program and role of the Outpatient Committee. Dr. Deinard reviewed the volume trends in the Outpatient Clinics,

noting that the changing modes of health care are leading to increasing utilization of our Ambulatory Care programs. Dr. Deinard described the impact of those changing patterns of care on the operation of the clinic, particularly in terms of increasing needs for patient education.

Dr. Deinard also described the Quality Assurance projects which the Outpatient Committee has dealt with over the past year, and described the objectives for the coming year, noting in particular planned improvements in the appointments and registration systems and the referral information process.

The Committee also discussed the evolution of the organization of the Ambulatory Care programs at University Hospitals, and it was noted that this will be a topic for future discussion of the Board of Governors.

IV. University of Minnesota Clinical Associates

Dr. Roby Thompson, Chair of the University of Minnesota Clinical Associates (UMCA), reviewed the history and development of UMCA. He noted that a July, 1984 retreat of the Clinical Chiefs was the stimulus for formation of the new organization, with incorporation occurring February, 1985. Mr. David Coombes was hired as President and Chief Executive Officer of UMCA in September, 1985, after a national search period.

Mr. Coombes then described the more recent activities of UMCA, indicating that efforts have been directed primarily at forming a cohesive and functioning board of directors for the organization and becoming involved in an ongoing and regular basis in HMO contract negotiations. He indicated that a future objective will include a focus on joint ventures as a means of increasing revenue for the corporation.

V. Medical Staff Hospital Council Report

Dr. Moller reported on the most recent meeting of the Medical Staff Hospital Council. He indicated that the primary item of discussion was that of revision of policies for management of vulnerable adults. Dr. Moller also reported on the Council's deliberation for credentialing of an acupuncturist, and Dr. Moller and Dr. Maxwell commented on their view of the Foundation for Health Care Evaluation, now that both have been appointed to the board of that organization.

Page Three

VI. Clinical Chiefs Report

Dr. Glenn Gullickson reported on recent meetings of Clinical Chiefs, noting that substantial discussion has occurred and continues on the subject of clinical academic appointment tracks, clinical medical appointments, and scope of graduate medical education programs.

There being no other business, the meeting was adjourned at approximately 7:45 p.m.

Respectfully,

Handwritten signature of Gregory W. Hart in cursive script.

Gregory W. Hart
Senior Associate Director
Director of Operations

MINUTES
Planning and Development Committee
December 11, 1985

CALL TO ORDER

Committee Chairman, Mr. Robert Latz, called the December 11, 1985 meeting of the Planning and Development Committee to order at 10:12 a.m. in Hospital Dining Room III.

Attendance: Present Robert Latz, Chair
 Leonard Bienias
 Frank Cerra, M.D.
 Clint Hewitt
 B. Kristine Johnson
 Geoff Kaufmann
 John LaBree, M.D.
 C. Edward Schwartz
 I. Dodd Wilson, M.D.

Staff Greg Hart
 Nancy Janda
 Mark Koenig
 Lisa McDonald
 Ken Merwin

Guests: David M. Brown, M.D.
 William Krivit, M.D.

APPROVAL OF MINUTES

The minutes of the November 13, 1985 meeting were approved as submitted.

VARIETY CLUB CHILDREN'S HOSPITAL ADVISORY COMMITTEE

Mr. Schwartz reported that the Variety Club's pledge of \$8 million over a period of ten years was received by the hospital at their press conference on December 8, 1985. As part of the terms of the pledge, Variety Club will have representation on a committee that provides advice in such areas as fund raising, publicity, and program development. Dr. Krivit cited the nutrition work done by Dr. Cerra and their physicians as an example of a joint program that benefits patients, hospitals, and science. Mr. Latz commented that the Variety Club's desire to participate in joint programs and willingness to be a sounding board was a productive concept.

MARKETING/ADVERTISING PLAN 1985-86

Mr. Kaufmann reviewed UMHC's Marketing Communications plan. A discussion followed on the hospitals' positioning. Ms. Johnson recommended that another group (providers) be added to the positioning statement. The proposed positioning to existing and prospective users was also discussed by Mr. Latz. Ms. Johnson commented on the importance of defining the target market. One proposed target audience for the overall campaign consists of adults 25-65+ with a household size of 3+ and income of \$20,000 skewed toward females.

Media alternatives were also discussed. A cost and demographic comparison of the different media will be provided to the committee by the next meeting.

Mr. Kaufmann reviewed the story boards for the follow-up campaign that focused on cancer. Overall objectives were to create awareness and preference for UMHC. The initial reaction to the story board was mixed. It was felt that the story board was warm but did not differentiate UMHC or talk about its technological capabilities.

TWIN CITIES HOSPITAL UTILIZATION DATA

Mr. Kaufmann discussed hospital utilization trends from 1975 through 1984. In looking at three different scenarios he concluded that half the Twin Cities acute beds are not utilized and could be permanently closed. UMHC would have to achieve a market share of 3.8 - 5.0 depending on which scenario was selected to attain 9,000 - 10,000 Twin Cities area admissions. Ms. Johnson stressed the importance of looking at length of stay as well as admissions.

UMHC COMMUNITY NETWORKING

As a follow-up to the Board retreat, Ms. Johnson proposed three objectives for the Board of Governor's and staff's involvement in community networking. She suggested that the following objectives needed to be addressed: 1) enhance UMHC's image; 2) influence debate in community forums; and 3) provide an early warning system for proposed changes or other issues that would affect UMHC.

A discussion followed on how UMHC could develop a more systematic approach to community outreach. Dr. Cerra said that physicians are asked to fill out a commitment form that lists the staff's involvement in Community Organizations and Societies. Mr. Latz suggested that all of the BOG, staff, and administration's affiliations should be documented and placed on computer.

FACILITY UPDATE

Mr. Koenig reported on the parking facility. The houses have been removed from the parking ramp site. Elevator and concrete bids have been opened and are slightly under budget.

A status update of the link back from the parking lot to Unit J was given by Mr. Koenig. Final recommendations from the architect will be available December 23. The link back could be a combination of under and above ground tunnels. He stressed that additional funds will need to be identified for the tunnel above that which will be absorbed by the ramp's budget.

GRADUATE MEDICAL EDUCATION POSITIONS

Dean Brown discussed the hospital's residency program and stressed that there had been no changes in the last forty years. However, factors that might impact future programs were excess manpower, costs, and foreign students.

Dr. LaBree and Dean Brown reviewed the Graduate Medical Education Affiliations. They reported that UMHC has 19 departments that they supervise directly and 10 departments that the three affiliated programs supervise. The combined programs serve 1,113 residents and fellows. Also, there are 15 hospitals that have direct or indirect limited affiliations where residents may be assigned on a temporary basis. The value of these affiliations is that it allows UMHC to educate more students and is an attractive recruitment tool for residents.

ADJOURNMENT

The Planning and Development Committee adjourned at 12:25 p.m.

Respectfully submitted,



Lisa McDonald
Assistant Director
Planning and Marketing



UNIVERSITY OF MINNESOTA
TWIN CITIES

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

Date: December 13, 1985
To: Board of Governors
From: Geoff Kaufmann
Subject: **UMHC MARKET SHARE NEEDS**

A question at the October Board meeting prompted me to take a hard look at Twin Cities hospital utilization. The attached exhibits summarize my analysis.

Twin Cities area hospital utilization has been falling since 1975 and dramatic declines have occurred since 1980 as shown in Exhibits 1 and 2 (pages 1 through 7). The admission rates in nearly all acute services continues to decline as the result of a number of factors including: outpatient surgery, pre-admission screening, HMO enrollment growth, and other alternative delivery methods.

As a result, the future of many Twin Cities area hospitals seems in question. Data presented in this analysis suggests that nearly half of all Twin Cities area acute hospital beds are not utilized and could be permanently closed.

This analysis projects three scenarios--best, probable, and worst case for admission levels from 1985-90 on Exhibit 3 (page 8). Exhibit 4 (page 9) projects average daily census based on three average length of stay projections for 1985 and 1990. Based on operating beds of about 8,800 in 1983-84, about half the acute beds in Twin Cities hospitals will not be necessary in the future.

Exhibit 5 (pages 10 and 11) indicates the market share necessary for UMHC to maintain selected service volumes at the 1983-84 level and market share necessary to increase volume to a "target" level in each year 1985-90. These market share increases would be difficult to attain with our current method of operation.

It is my opinion that these market share targets can be achieved only through a number of intensive efforts including: successful HMO negotiations; target marketing, packaging, and advertising; new product development; and a large scale guest relations effort. We need to work cooperatively with our medical staff to achieve these patient volumes.

The task is great, but one I believe is achievable. Through medical staff and Board support we can be one of the thriving survivors in the Twin Cities health care environment.

TWIN CITIES ADMISSION RATE TRENDS 1970-1984

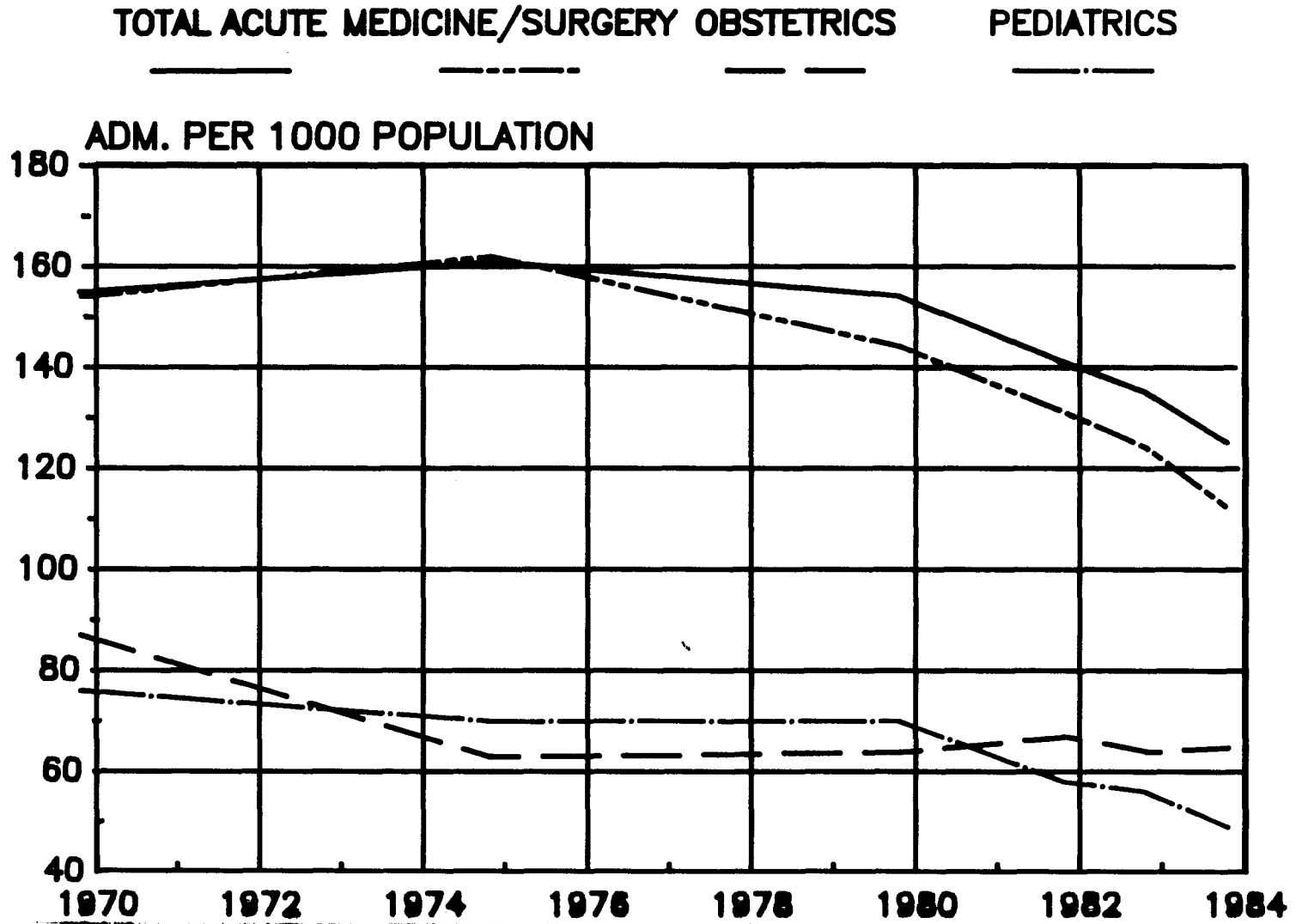
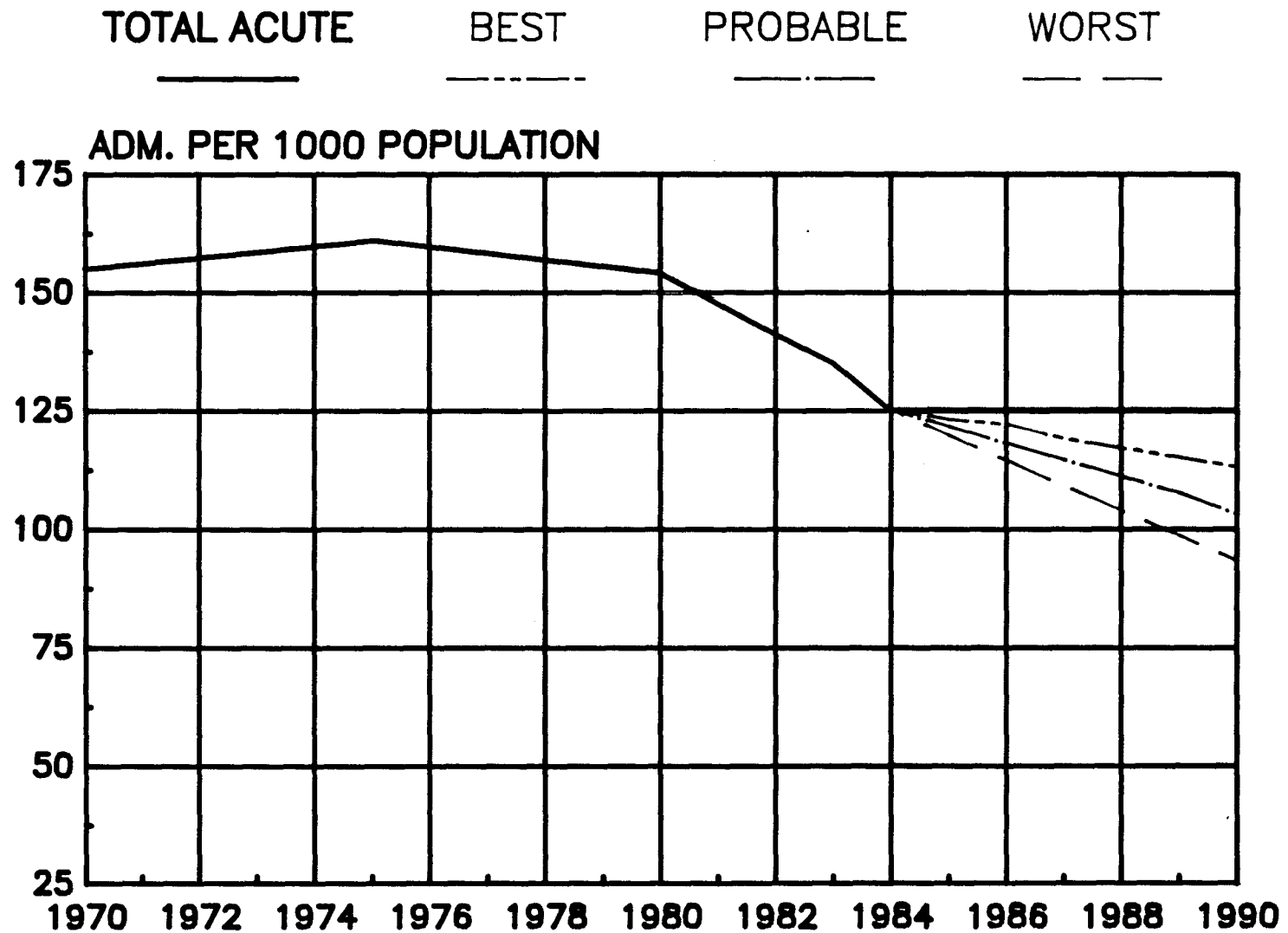


EXHIBIT 1
(1 of 5)

TWIN CITIES AREA ADMISSION RATE TRENDS ACUTE ~ 1970-1990



TWIN CITIES AREA ADMISSION RATE TRENDS MEDICINE/SURGERY ~ 1970-1990

MEDICINE/SURGERY BEST PROBABLE WORST

————— - - - - - - . - . - - - - - -

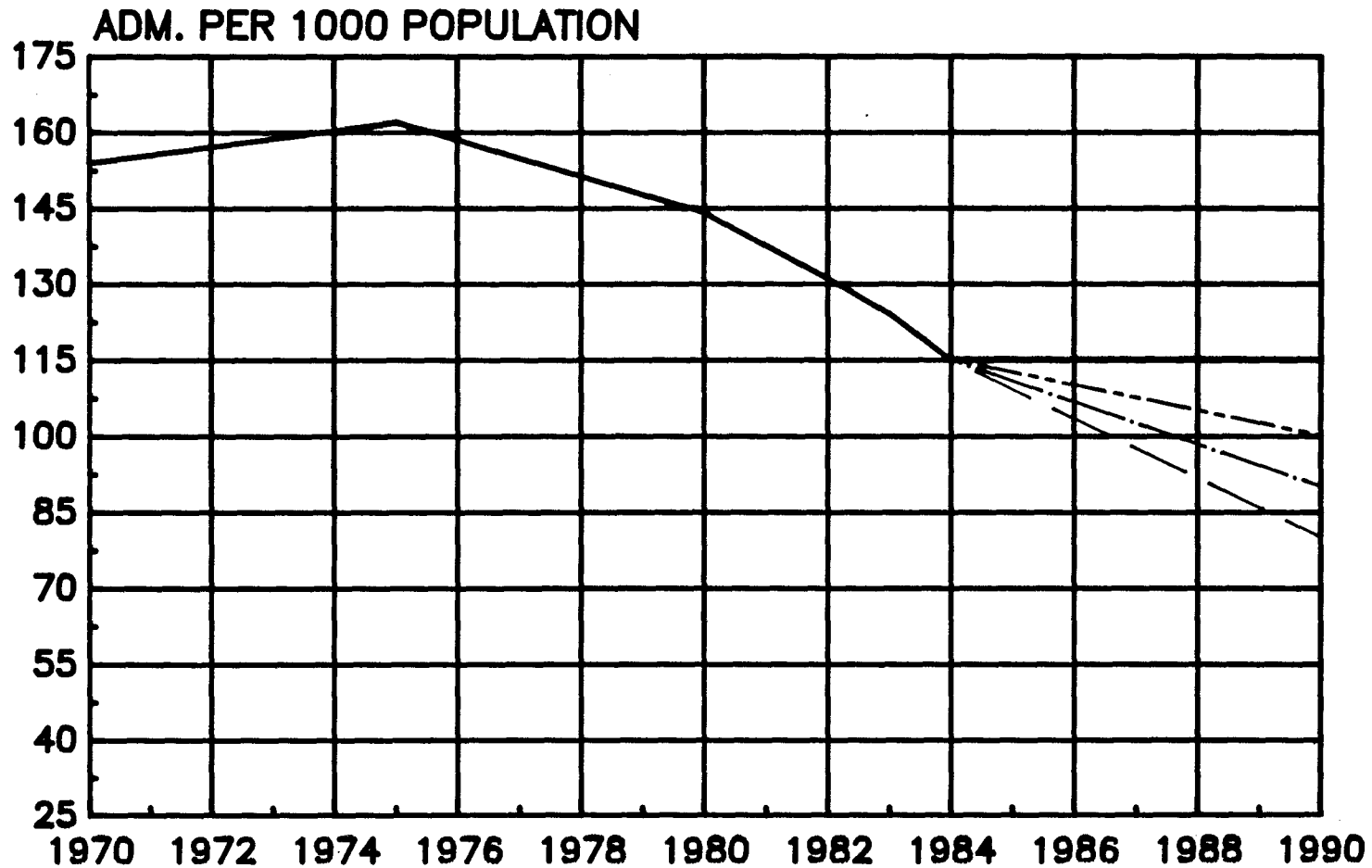


EXHIBIT 1
(3 of 5)

TWIN CITIES ADMISSION RATE TRENDS OBSTETRICS ~ 1970-1990

OBSTETRICS

BEST

PROBABLE

WORST

ADM. PER 1000 POPULATION

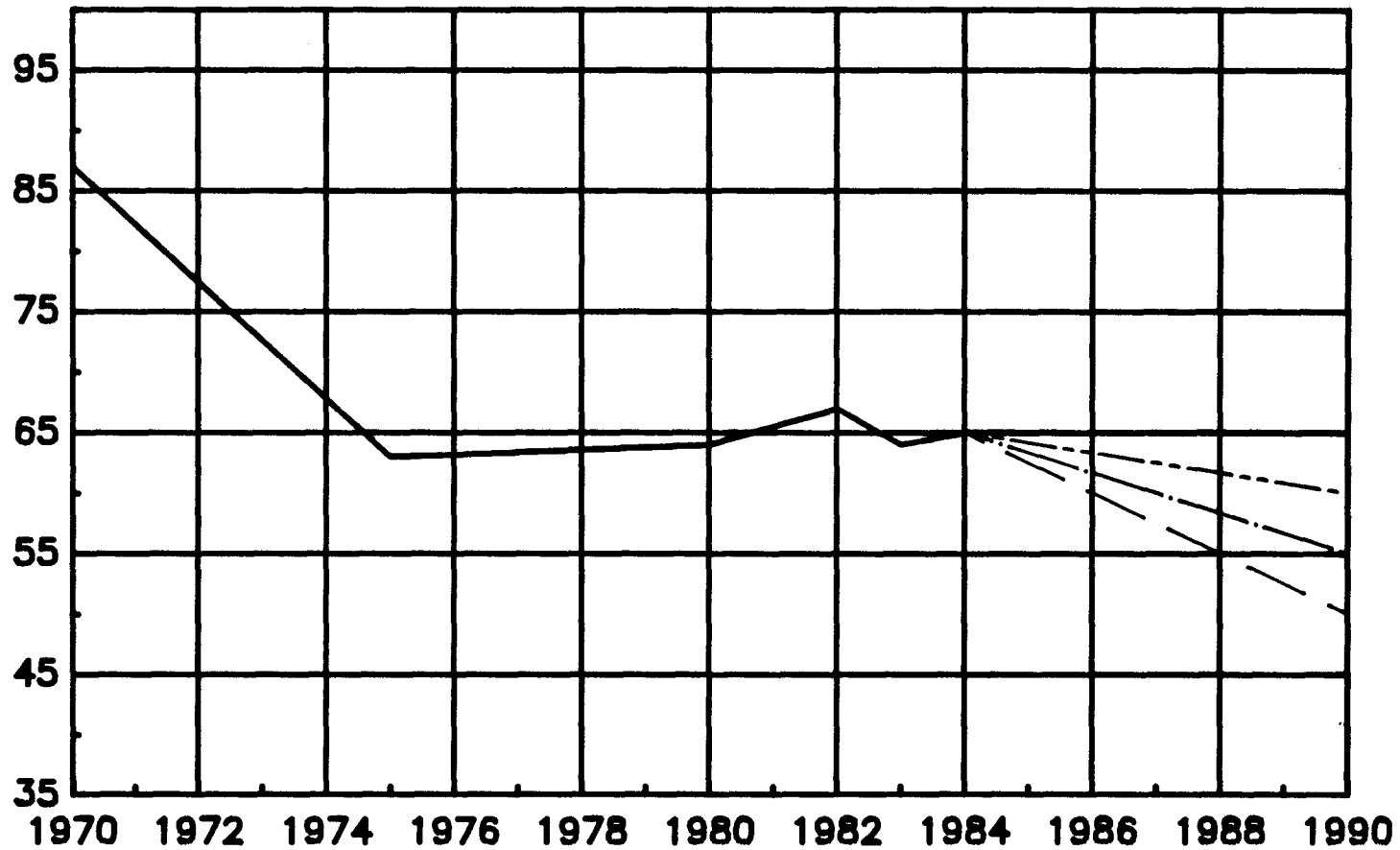


EXHIBIT 1
(4 OF 5)

TWIN CITIES AREA ADMISSION RATE TRENDS PEDIATRICS ~ 1970-1990

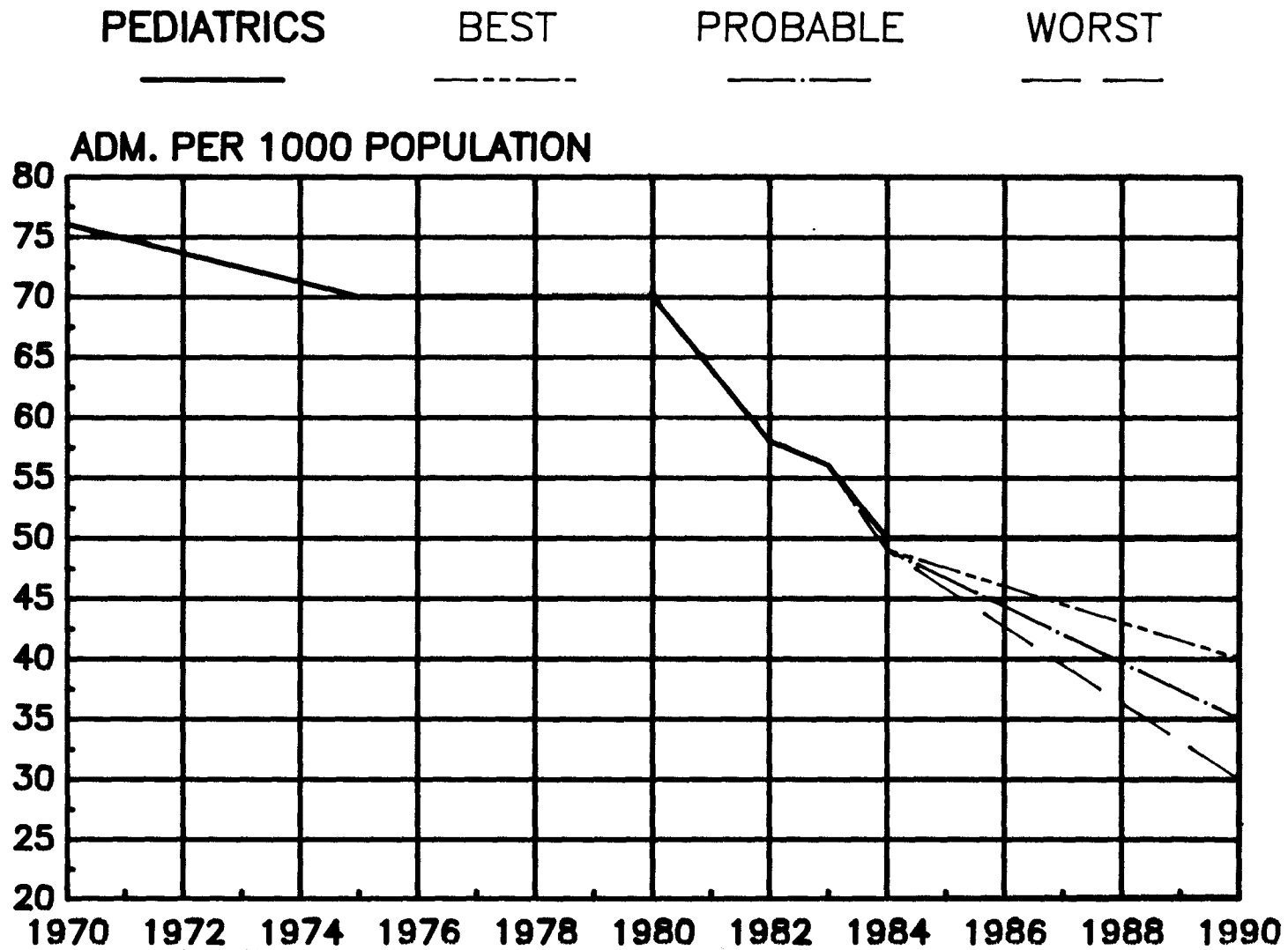


EXHIBIT 1
(5 of 5)

(MINNESOTA) SEVEN COUNTY
TWIN CITIES METROPOLITAN AREA
INPATIENT CARE VOLUMES AND USE RATES ADJUSTED FOR
IN-MIGRATION AND OUT-MIGRATION, 1970-84

	1970	1975	1980	1982	1983	1984
MEDICINE/SURGERY a/ b/						
Population—Ages 15 Years and Older	1,297,303	1,418,861	1,540,408	1,574,154	1,591,027	1,607,900
Discharges	200,154	229,394	221,846	205,974	197,508	179,830
Discharges Per 1,000 Population	154	162	144	131	124	112
Days of Care	1,744,839	1,694,103	1,560,852	1,377,319	1,251,520	995,147
Average Length of Stay	8.7	7.4	7.0	6.7	6.3	5.5
Days of Care Per 1,000 Population	1,345	1,194	1,013	875	787	619
PEDIATRICS b/ c/						
Population—Ages 0-14 Years	577,077	511,273	445,465	443,172	442,026	440,880
Discharges	43,732	35,757	30,973	25,605	24,712	21,395
Discharges Per 1,000 Population	76	70	70	58	56	49
Days of Care	231,089	158,464	151,822	138,141	127,890	115,463
Average Length of Stay	5.3	4.4	4.9	5.4	5.2	5.4
Days of Care Per 1,000 Population	400	310	341	312	289	262
OBSTETRICS b/						
Population—Females Ages 15-44 Years	415,289	460,574	505,856	517,526	523,361	529,196
Discharges	36,064	28,857	32,210	34,505	33,470	34,464
Discharges Per 1,000 Population	87	63	64	67	64	65
Days of Care	152,732	113,327	123,412	115,949	107,946	101,581
Average Length of Stay	4.2	3.9	3.8	3.4	3.2	2.9
Days of Care Per 1,000 Population	368	246	244	224	206	192
PSYCHIATRY d/						
Population—All Ages	1,874,380	1,930,134	1,985,873	2,017,326	2,033,053	2,048,780
Discharges	10,923	11,888	13,025	13,056	12,885	13,507
Discharges Per 1,000 Population	6	6	7	7	6	7
Days of Care	198,271	225,420	252,843	233,851	223,404	220,826
Average Length of Stay	18.2	19.0	19.4	17.9	17.3	16.3
Days of Care Per 1,000 Population	106	117	127	116	110	108
CHEMICAL DEPENDENCY a/ e/						
Population—Ages 15 Years and Older	1,297,303	1,418,861	1,540,408	1,574,154	1,591,027	1,607,900
Discharges	NA	5,043	7,059	5,896	5,960	6,484
Discharges Per 1,000 Population	NA	4	5	4	4	4
Days of Care	NA	112,831	136,823	115,331	109,996	110,165
Average Length of Stay	NA	22.4	19.4	19.6	18.5	17.0
Days of Care Per 1,000 Population	NA	80	89	73	69	64
TOTAL ACUTE						
Population—All Ages	1,874,380	1,930,134	1,985,873	2,017,326	2,033,053	2,048,780
Discharges	290,873	310,939	305,113	285,036	274,535	255,680
Discharges Per 1,000 Population	155	161	154	141	135	125
Days of Care	2,326,931	2,304,145	2,225,752	1,980,591	1,820,756	1,543,182
Average Length of Stay	8.0	7.4	7.3	6.9	6.6	6.0
Days of Care Per 1,000 Population	1,241	1,194	1,121	982	896	753

Use Rates Adjusted for In-and Out-Migration (Twin Cities Area) - 2

- a/For 1970, chemical dependency data are included in medicine/surgery.
- b/Adjusted for in-migration using the total acute service rate.
- c/Pediatrics includes neonatal intensive care.
- d/Adjusted for in-migration using the psychiatric service rate.
- e/Adjusted for in-migration using the chemical dependency service rate.

NOTE: In-migration rates have been compiled by the Metropolitan Health Planning Board. 1970 and 1975 in-migration rates are based on the 1974 Hospital Patient Origin Study. 1980 and 1982 in-migration rates are based on COCH data.

Out-migration for all years is based on the 1981 Minnesota Statewide Patient Origin Study.

1975 and 1982 populations have been interpolated and extrapolated using 1970 and 1980 census figures.

Source: Metropolitan Health Planning Board; Hospital Utilization Reports; Minnesota Population Projections; State Demography Unit; Minnesota Department of Energy, May 1983

**PROJECTED TWIN CITIES ADMISSIONS BY SERVICE
1985-1990**

	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>1990</u>
<u>Medicine/Surgery</u>						
Best (100 Adm/1000 Pop)	162,478	163,672	164,865	166,059	167,252	168,446
Probable (90 Adm/1000 Pop)	146,230	147,305	148,379	149,453	150,527	151,601
Worst (80 Adm/1000 Pop)	129,982	130,938	131,892	132,847	133,801	134,757
<u>Pediatrics</u>						
Best (40 Adm/1000 Pop)	17,589	17,723	17,857	17,991	18,125	18,259
Probable (35 Adm/1000 Pop)	15,390	15,508	15,625	15,742	15,859	15,977
Worst (30 Adm/1000 Pop)	13,192	13,292	13,393	13,493	13,594	13,694
<u>Obstetrics</u>						
Best (60 Adm/1000 Pop)	32,102	32,162	32,221	32,281	32,341	32,400
Probable (55 Adm/1000 Pop)	29,427	29,482	29,536	29,591	29,646	29,700
Worst (50 Adm/1000 Pop)	26,752	26,802	26,851	26,900	26,951	27,000
<u>Total Acute (1)</u>						
Best (113 Adm/1000 Pop)	233,290	235,017	236,744	238,471	240,198	241,925
Probable (103 Adm/1000 Pop)	212,645	214,219	215,793	217,367	218,942	220,516
Worst (93 Adm/1000 Pop)	192,000	193,421	194,842	196,264	197,685	199,106

(1) Includes Psych and Chemical Dependency

**TWIN CITIES TOTAL ACUTE AVERAGE DAILY CENSUS
1985-1990**

Best Case at		
6.0 ALOS	3,835	3,977
5.8 ALOS	3,707	3,844
5.6 ALOS	3,579	3,712
Probable Case at		
6.0 ALOS	3,496	3,625
5.8 ALOS	3,379	3,504
5.6 ALOS	3,262	3,383
Worst Case at		
6.0 ALOS	3,156	3,273
5.8 ALOS	3,051	3,164
5.6 ALOS	2,946	3,055

UMHC TWIN CITIES MARKET SHARE NEEDED TO
ATTAIN SELECTED VOLUMES BY SERVICE
1985-1990

	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>1990</u>
<u>Medicine/Surgery</u>						
Market Share Needed to Attain 5,900 Admissions (1983-84 Actual Level Equaled 3.3% Market Share)						
Best Case	3.6	3.6	3.6	3.6	3.5	3.5
Probable Case	4.0	4.0	4.0	3.9	3.9	3.9
Worst Case	4.5	4.5	4.4	4.4	4.4	4.4
Market Share Needed to Reach 6,500 Admissions						
Best Case	4.0	4.0	3.9	3.9	3.9	3.9
Probable Case	4.4	4.4	4.4	4.3	4.3	4.3
Worst Case	5.0	5.0	4.9	4.9	4.9	4.8
<u>Pediatrics</u>						
Market Share Needed to Attain 1,100 Admissions (1983-84 Actual Level Equaled 5.0% Market Share)						
Best Case	6.3	6.2	6.2	6.1	6.1	6.1
Probable Case	7.1	7.1	7.0	7.0	6.9	6.9
Worst Case	8.3	8.3	8.2	8.2	8.1	8.1
Market Share Needed to Reach 1,500 Admissions						
Best Case	8.5	8.5	8.4	8.3	8.3	8.2
Probable Case	9.7	9.7	9.6	9.5	9.5	9.4
Worst Case	11.4	11.3	11.2	11.1	11.0	10.9
<u>Obstetrics</u>						
Market Share Needed to Attain 700 Admissions (1983-84 Actual Level Equaled 2.2% Market Share)						
Best Case	2.2	2.2	2.2	2.2	2.2	2.2
Probable Case	2.4	2.4	2.4	2.4	2.4	2.4
Worst Case	2.6	2.6	2.6	2.6	2.6	2.6

UMHC Twin Cities Market Share Needed To
Attain Selected Volumes By Service - 2

Market Share Needed to
Reach 1,000 Admissions

Best Case	3.2	3.2	3.2	3.2	3.2	3.2
Probable Case	2.9	2.9	3.0	3.0	3.0	3.0
Worst Case	2.7	2.7	2.7	2.7	2.7	2.7

Total
Market Share Needed to
Attain 9,000 Admissions
(1983-84 Actual Level
Equaled 3.2% Market Share)

Best Cast	3.9	3.8	3.8	3.8	3.7	3.7
Probable Case	4.2	4.2	4.2	4.1	4.1	4.1
Worst Case	4.7	4.7	4.6	4.6	4.6	4.5

Market Share Needed to
Reach 10,000 Admissions

Best Case	4.3	4.3	4.2	4.2	4.2	4.1
Probable Case	4.7	4.7	4.6	4.6	4.6	4.5
Worst Case	5.2	5.2	5.1	5.1	5.1	5.0



UNIVERSITY OF MINNESOTA
TWIN CITIES

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

Date: December 13, 1985
To: Board of Governors
From: Kris Johnson
Subject: **BOARD RETREAT FOLLOW-UP ON COMMUNITY NETWORKING**

During the August Board Retreat, I chaired a group whose task it was to define how the Board of Governors could expand its current role in assisting UMHC in its dealings with its various community constituents. This discussion led to an assignment by the Board to pursue this charge on a more formalized basis.

A prerequisite to a systematic analysis of how we should interact with various constituencies includes a disclosure of existing board and administrative staff membership and participation on various community boards, organizations, agencies, and other community groups. This will allow us to discover coverage gaps and overlaps in UMHC community involvement.

I would also like to suggest some overall objectives of BOG and staff involvement in community networking. UMHC should participate in community affairs to:

1. Enhance UMHC's image.
2. Influence debate in these various forums.
3. Provide an early warning system for proposed changes or other issues that would affect UMHC.

UMHC's response to feedback that we receive as a result of our community participation could be managed in several ways. Depending upon the issue to be addressed, we could use the existing committee structure, assign responsibility to administration, or use task forces specially developed to focus on the particular issue.

I'd like your views on this subject of community networking.

BKJ:GLK:asf

G R A D U A T E M E D I C A L E D U C A T I O N

I. GRADUATE PROGRAMS

A. INTEGRATED WITH UNIVERSITY	- 19
B. AFFILIATED	- 10
1. HENNEPIN COUNTY MEDICAL CENTER	- 5
2. SAINT PAUL RAMSEY	- 4
3. ABBOTT NORTHWESTERN	- 1

II. TOTAL RESIDENTS AND FELLOWS

A. INTEGRATED PROGRAMS	- 839
B. AFFILIATED PROGRAMS	- <u>274</u>
TOTAL	1113

III. OTHER HOSPITALS

A. LIMITED AFFILIATION - I.E. RESIDENTS ASSIGNED ON ROTATION BASIS ONLY	
1. Mt. SINAI	
2. FAIRVIEW - ST. MARY'S	
3. METHODIST	
4. MINNEAPOLIS CHILDREN'S	
5. NORTH MEMORIAL	
6. SHRINER'S	
7. METROPOLITAN MEDICAL CENTER	
8. ST. PAUL CHILDREN'S	
9. UNITED	
10. ST. JOSEPH'S	
11. BETHESDA	
12. ST. JOHN'S	
13. GILLETTE	
14. ST. LUKE'S	- AFFILIATED WITH UMD
15. ST. MARY'S	- AFFILIATED WITH UMD

GRADUATE MEDICAL EDUCATION POSITIONS

	<u>RESIDENTS</u>	<u>FELLOWS</u>	<u>TRANSITIONAL POSITIONS MATCHED THROUGH MEDICAL SCHOOL DEPARTMENTS</u>
<u>ANESTHESIOLOGY</u>			
Integrated	21	0	4
Affiliated	0	0	0
 <u>DERMATOLOGY</u>			
Integrated	15	1	1
Affiliated	0	0	0
 <u>ENT</u>			
Integrated	16	0	0
Affiliated	0	0	0
 <u>FAMILY PRACTICE</u>			
Integrated	132	0	0
Affiliated, HCMC	33	1	0
Affiliated, SPR	24	0	0
 <u>INTERNAL MEDICINE</u>			
Integrated	117	63	0
Affiliated, HCMC & Mt. Sinai	69	12	0
Affiliated, Abbott N-W	33	0	0
 <u>LAB MEDICINE</u>			
Integrated	20	12	0
Affiliated, HCMC	8	1	2*
Affiliated, SPR	6	0	0

NUCLEAR MEDICINE

Integrated	2	5	0
Affiliated	0	0	0

NEUROLOGY/PEDS NEUROLOGY

Integrated	30	0	6
Affiliated	0	0	0

NEUROSURGERY

Integrated	10	0	0
Affiliated	0	0	0

OB/GYN

Integrated	25	4	0
Affiliated, SPR	12	0	0

OPHTHALMOLOGY

Integrated	15	8	1
Affiliated	0	0	0

ORTHOPEDICS

Integrated	28	3	4
Affiliated	0	0	0

PEDIATRICS

Integrated	63	31	0
Affiliated	0	0	0

PHYSICAL MEDICINE &
REHABILITATION

Integrated	18	0	1
Affiliated	0	0	0

PSYCHIATRY

Integrated	25	2	0
Affiliated	0	0	0

RADIOLOGY

Integrated	32	8	3
Affiliated	0	0	0

SURGERY

Integrated	86	13	0
Affiliated, HCMC	38	0	0

THERAPEUTIC RADIOLOGY

Integrated	4-5	0	0
Affiliated	0	0	0

UROLOGY

Integrated	8	2	0
Affiliated, HCMC & SPR	5	0	0

TRANSITIONAL

Matched at HCMC	10	0	0
-----------------	----	---	---

* Matched at Hennepin County Medical Center through Department of Laboratory Medicine and Pathology.

**Minutes
Meeting of the
Board of Governors Finance Committee
University of Minnesota Hospitals & Clinics
November 20, 1985**

**MEMBERS
PRESENT:**

Jerry Meilahn
Clifford Fearing
William Krivit, M.D.
Anton Potami
C. Edward Schwartz
Vic Vikmanis

**MEMBERS
ABSENT:**

Edward Ciriacy, M.D.
Al Hanser
Robert Nickoloff

STAFF:

Greg Hart
Nels Larson
Jane Morris
Barbara Tebbitt
Meredith Wiste

**CALL TO
ORDER:**

The meeting of the Finance Committee was chaired by Mr. Jerry Meilahn and was called to order at 10:15 a.m. in Room 606 of the Campus Club.

**MINUTES
APPROVED:**

The minutes of the October 23, 1985 meeting of the Finance Committee were approved. A correction was made to the minutes of the September 25, 1985 meeting. In the paragraph regarding Primary Care Network, the sentence describing appointment for the PCN Board should read: "The University will have three representatives on the PCN Board, to be appointed by President Keller." A motion was made and approved by the Committee to accept the change to the September 25, 1985 minutes.

**SEPTEMBER YTD
FINANCIAL
STATEMENTS
(INFORMATION):**

Mr. Fearing reviewed the Report of Operations for the period July 1, 1985 through October 31, 1985. He reported that admissions through October of 6,047 were 2.9% below projections and patient days for the period totaling 49,634 were 1,077 below budget. Overall length of stay of 8.3 days was slightly above the projected level of 8.1 days. Outpatient clinic visits for the period were 76,079 or 3,698 (5.1%) above projected visits.

Total revenues over expense through October 31, 1985 are \$8,210,410, a favorable variance of \$3,415,547 reflecting both a favorable variance in net operating and non-operating revenues. Patient care charges through September totaled \$65,885,507 (2.3% above budget). Operating expenditures for the period were \$57,264,800, or \$463,000 below budgeted levels.

The balance in patient accounts receivable as of October 31, 1985 totaled \$49,510,220 representing 88.8 days of revenue outstanding. The decline of 2 days this month of revenue outstanding is primarily due to increased payments from commercial payors, and a \$1,200,000 advance from Medical Assistance.

Mr. Fearing gave a detailed review of the October financial statements. In regard to the cash flow, he stated that total operating cash available of \$6,484,125 plus transfers to plant of \$838,341 equals cash generated from operations of \$7,322,466. An additional \$7,597,713 of prior year cash received this year brings the total cash increase to \$14,920,179.

In response to a question by Mr. Schwartz, Mr. Fearing explained changes to the Balance Sheet that will occur when Unit J is occupied beginning in March, 1986. Construction costs of approximately \$125,000,000 plus \$73 million in other financing and debt service reserve costs will be capitalized. Offsetting this will be reductions to the construction in process account and the trustee held asset account of \$173 million. The \$25 million difference is Hospital equity contribution which has already impacted the Balance Sheet. Depreciation will increase about \$6 million per year, and roughly \$12 million of interest expense will be incurred.

**YEAR END FINANCIAL
PROJECTIONS
(INFORMATION):**

Mr. Fearing stated year end projections were made using data from the first four months of the fiscal year. Admissions are projected at 17,075 compared to a budgeted 17,935, and patient days originally budgeted at 144,885 are being projected down to 140,179. He explained that in addition to the continuing downward decline in admissions and patient days, more losses are to be expected during the move to Unit J. Clinic visits are projected at 215,000, up from the budgeted 211,000. Mr. Fearing also gave details of financial data that has been projected for year end. Year end revenues over expense are projected to be \$9,255,000; slightly higher than the original estimate of \$8,785,000. The \$470,000 increase in net revenues over expense is generated by an increase in investment income of \$2,100,000, offset by a decrease in net revenues from operations of \$1,630,000.

**REFINANCING
UPDATE
(INFORMATION):**

Mr. Fearing reported that the refinancing has been completed as outlined in the memo of November 6, 1985 sent to the members of the Board of Governors. He informed the Committee of potential legislative changes that may provide additional opportunities for improving debt management.

**PARKING RAMP
UPDATE
(INFORMATION):**

Mr. Fearing informed the Committee that the parking ramp is coming in under budget, and tunnel options are still being evaluated. Preliminary cost projections for the ramp are approximately \$1.3 million.

Property negotiations are continuing with the church. In the event that the negotiations are unsuccessful, the ramp will need to be slightly redesigned to more specifically conform to University property lines.

The Committee discussed connecting tunnel/skyway options and routes. Dr. Krivit expressed a preference for a skyway to better orient patients and visitors directionally. The skyway options presently under consideration however, would route the visitor to a non-advantageous position once inside the building.

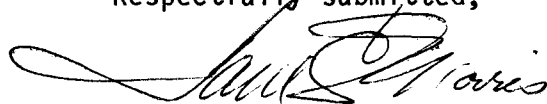
**COMPARABLE WORTH
UPDATE
(INFORMATION):**

Mr. Hart informed the Committee that the University has decided to delay a pay equity plan recommendation to the Board of Regents until January, rather than December. Earlier in the year, the Board of Governors decided not to act on comparable worth until the Board of Regents took action on the issue. The set of principles for comparable worth approved by the Board of Governors earlier in the year remain intact and will presumably form the basis for final Board of Governors action, dependent upon the action taken by the Board of Regents.

ADJOURNMENT:

There being no further business, the meeting of the Finance Committee was adjourned at 11:45 a.m.

Respectfully submitted,



Jane E. Morris
Recording Secretary



UNIVERSITY OF MINNESOTA
TWIN CITIES

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

December 18, 1985

TO: Members, Board of Governors
FROM: Clifford P. Fearing
Senior Associate Director
SUBJECT: Report of Operations for the Period
July 1, 1985 through November 30, 1985.

The Hospitals' operations for November reflects inpatient census levels that are below budget and an outpatient census that continues to be above budgeted levels. We also continue to experience ancillary service utilization that is higher than anticipated. To highlight our position:

Inpatient Census: For the month of November, inpatient admissions totaled 1,273 or 143 below projected admissions of 1,416. Our overall average length of stay for the month was 8.3 days. Patient days for November totaled 11,432 and were 365 days below projections.

Nearly all service areas experienced admission levels below budget this month. The year-to-date decrease in admission levels continues to be primarily in the areas of Medicine, Otolaryngology, and Urology.

To recap our year-to-date inpatient census:

	1984-85 Actual	1985-86 Budget	1985-86 Actual	Variance	% Variance
Admissions	8,120	7,644	7,320	<324>	<4.2>
Avg. Lgth. of Stay	8.5	8.1	8.3	0.2	2.5
Patient Days	69,455	62,508	61,066	<1,442>	<2.3>
Percent Occupancy	66.2	68.3	67.2	<1.1>	<1.6>
Avg. Daily Census	454.0	408.5	399.1	<9.4>	<2.3>

Outpatient Census: Clinic visits for the month of November totaled 17,350 or 588 (3.5%) above projected visits of 16,762. The November year-to-date clinic census totaled 93,429 visits and is 4.8% (4,286 visits) above budget and 4.2% (3,782 visits) above our November total of a year ago.

Financial Operations: The Hospitals Statement of Operations shows total revenues over expenses of \$9,305,470, a favorable variance of \$4,126,498. This overall variance reflects both a favorable variance in net revenues from operations of \$2,913,000 and a favorable variance in non-operating revenue of \$1,213,000 due primarily to our investment income being higher than anticipated.

Patient care charges through November totaled \$80,837,106 and is 2.1% above budget. Routine revenue is essentially equal to budget and differs somewhat from our patient day variance which is 2.3% below budget. This difference is due to a change in the mix of our bed utilization whereby we have experienced a slightly higher proportion of patient days in our higher priced beds (Intensive Care Units and Psychiatry). Ancillary revenue is approximately \$1,643,000 (3.0%) above budget and relates to the fact that (1) outpatient clinic visits are above projections, and (2) the utilization of ancillary services per patient are higher than anticipated. Inpatient ancillary revenue has averaged \$5,901 per admission compared to the budgeted average of \$5,570 per admission. Outpatient revenue per clinic visit is averaging \$142 compared to the budgeted average of \$136.

Operating expenditures through November totaled \$71,237,850 and are approximately \$576,000 (0.8%) below budgeted levels. The overall favorable variance is due primarily to favorable variances within the supply and expense categories and generally reflects the fact that (1) we have not yet experienced all of the price increases that were anticipated, and (2) we have not yet incurred the cost of various periodic purchases.

Accounts Receivable: The balance in patient accounts receivable as of November 30, 1985 totaled \$49,990,640 and represents 91.6 days of revenue outstanding. The increase in accounts receivable this month of \$450,000 is primarily in the commercial insurance category.

Conclusion: The Hospitals' overall operating position through November remains positive and above budgeted levels. We continue to monitor our position closely and make those operational changes that are necessary and appropriate.

/jem

UNIVERSITY OF MINNESOTA HOSPITALS & CLINICS

STATEMENT OF OPERATIONS

FOR THE PERIOD JULY 1, 1985 TO NOVEMBER 30, 1985

	Budgeted	Actual	Variance Over/-Under Budget	Variance %
	-----	-----	-----	-----
Gross Patient Charges	\$79,202,929	\$80,837,106	\$1,634,177	2.1%
Deductions from Charges	12,573,083	12,113,215	-459,868	-3.7%
Other Operating Revenue	1,774,605	2,017,343	242,738	13.7%
Total Revenue from Operations	\$68,404,451	\$70,741,234	\$2,336,783	3.4%
Expenditures				
Salaries	\$33,706,923	\$33,769,598	62,675	0.2%
Fringe Benefits	5,991,843	6,310,301	318,458	5.3
Contract Compensation	3,635,656	3,639,026	3,370	0.1
Medical Supplies, Drugs, Blood	11,092,444	11,296,064	203,620	1.8
Campus Administration Expense	2,484,108	2,484,108	0	
Depreciation	3,111,305	3,168,297	56,992	1.8
General Supplies & Expense	11,791,972	10,570,456	-1,221,516	-10.4
Total Expenditures	\$71,814,251	\$71,237,850	-576,401	-0.8%
Net Revenue from Operations	-3,409,800	-496,616	\$2,913,184	
Non-Operating Revenue				
Appropriations	\$5,865,718	\$5,865,718	0	
Interest Income on Reserves	1,798,974	2,967,763	\$1,168,789	
Shared Service	167,515	198,062	30,547	18.2
Investment Income on Trustee Held Assets	756,565	770,543	13,978	1.8
Total Non-Operating Revenue	\$8,588,772	\$9,802,086	\$1,213,314	14.1%
Revenue Over / -Under Expenses	\$5,178,972	\$9,305,470	\$4,126,498	(1)

(1) Variance equals 6.0% of total budgeted revenue.

UNIVERSITY OF MINNESOTA HOSPITALS & CLINICS

EXECUTIVE SUMMARY OF FINANCIAL ACTIVITY

FOR THE PERIOD JULY 1, 1985 TO NOVEMBER 30, 1985

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance Over/-Under Budget</u>	<u>Variance %</u>
Patient Care Charges	\$79,202,929	\$80,837,106	\$1,634,177	2.1%
Deductions from Charges	-12,573,083	-12,113,215	459,868	3.7%
Other Operating Revenue	1,774,605	2,017,343	242,738	13.7%
Total Operating Revenue	68,404,451	70,741,234	2,336,783	3.4%
Total Expenditures	-71,814,251	-71,237,850	576,401	0.8%
Net Operating Revenue	-3,409,800	-496,616	2,913,184	0.0%
Non-Operating Revenue	8,588,772	9,802,086	1,213,314	14.1%
Revenue Over Expense	\$5,178,972	\$9,305,470	\$4,126,498	(1)

(1) Variance equals 6.0 % of total budgeted revenue.

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance Over/-Under Budget</u>	<u>Variance %</u>
Admissions	7,644	7,320	-324	-4.2%
Patient Days	62,508	61,066	-1,442	-2.3%
Average Daily Census	408.5	399.1	-9.4	-2.3%
Average Length of Stay	8.2	8.3	0.1	1.2%
Percentage Occupancy	68.3%	67.2%	-1.1%	-1.6%
Outpatient Clinic Visits	89,143	93,429	4,286	4.8%



UNIVERSITY OF MINNESOTA
TWIN CITIES

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

December 18, 1985

TO: Members, Board of Governors
FROM: Clifford P. Fearing
Senior Associate Director
SUBJECT: 1984-85 Audited Financial Statements.

Enclosed for your information are the audited financial statements for 1984-85 prepared by Peat, Marwick, Mitchell & Co.

In our preliminary financial statements presented to you in September 1985, we showed a \$15,954,621 net revenue over expense. During the course of the audit, Peat, Marwick, & Mitchell located the following items which required adjustment to our preliminary financial statements:

Increased Expenses (results in a reduction of net revenues over expense)	\$304,929
Third Party Liabilities (results in a reduction of net revenues over expense)	\$166,659
Elimination of a malpractice insurance liability related to a 1977 insurance policy with Insurance Co. of North America (results in an increase to net revenues over expense)	\$762,623

After detail review of the adjustments, we felt they were in order and properly reflected activity for fiscal 1984-85. The net effect of the adjustments is an increase in net revenues over expense of \$291,035 which increases the net revenue over expense for 1984-85 to \$16,245,656.

These adjustments will be discussed at the Finance Committee, and should you have any questions we will be happy to address them at the meeting of the Finance Committee or Board of Governors.

CPF/jem

UNIVERSITY OF MINNESOTA HOSPITALS AND CLINICS

BOARD OF GOVERNORS

QUARTERLY REPORT TO THE REGENTS

DECEMBER 13, 1985

Chairman McGuiggan, members of the Board of Regents, I am pleased to summarize the activities of the Board of Governors for the months of September, October and November, 1985.

Board of Governors Objectives for the Coming Year

At the August, 1985 Board of Governors Retreat several areas were identified as being in need of increased attention by the Board. Examples include enhanced participation by Board members in local community groups, enhancement of the Hospitals philanthropic contributions and, to cite a more specific example, the development of a mechanism to allow Board members to disclose potential conflicts of interest. Individual Board members have been asked to assume leadership roles in each of the areas identified.

A series of objectives that are more appropriately guided by the Hospitals' administrative staff were also reviewed at our retreat. Many of these objectives are reflective of an increased emphasis on positioning the Hospitals to grow in an increasingly competitive environment. Examples include improved communication with referring physicians and expansion of the amenities available to patients. The Governors have assumed an oversight role in monitoring this category of objectives.

Mission Statement Review

Our Planning and Development Committee recently forwarded a revised Hospitals Mission Statement to the Board of Governors for review. You may recall that the Board of Regents last reviewed our Mission Statment in 1978. The fundamental framework of the statement remains unchanged; our tripartite mission is clearly conveyed. New references to providing high quality services in a cost effective manner and references to strategies which will respond to the changing health care system and environment, for example, bring the statement up-to-date.

The Governors will be forwarding that document to you for approval after the first of the year.

National Association of Children's Hospitals and Related Institutions Application

The University of Minnesota Hospitals and Clinics operate the largest pediatric program in the State of Minnesota. In the past, we have not sought public recognition of the pediatric program as a separately identifiable specialty service. Consequently, we have not participated in the national association for children's hospitals that coordinates annual fund raising events and acts as an advocacy group in influencing public policy regarding the treatment of pediatric institutions. The consolidated physical layout of the pediatric stations in Unit J, however, does represent a new opportunity for increased recognition of this strong specialty service and participation in the national organization.

In November, the Board of Governors approved the application by the Hospitals to the National Association of Children's Hospitals and Related Institutions (NACHRI). The filing of this application will affect only minor modifications operationally, but does represent a step toward recognition of our pediatric service as a children's hospital and avails us of the multiple benefits of NACHRI membership.

Financial Position

The fiscal year ending June 30, 1985 was the second year of rather significant declines in the number of admissions to the Hospitals and the average length of time that individual patients stayed in the hospital. Total admissions for the year were 8.3% below the budgeted level of 19,676 while the average length of stay was 5.5% below the targeted 9.1 days. The Hospitals' outpatient clinic census remained stable in 1984-85. The appropriate reductions were made in the level of operating expenditures. The overall financial objectives for the fiscal year were met.

Compensation and Personnel Policy

In June of 1985 the Board of Governors approved a 3% increase in salary ranges and salaries for individuals in Hospital dominated classifications. Given additional information on the settlement of the AFSCME and Teamsters contracts and the University's Civil Service Plan, the Governors approved an additional .75% increase for the majority of these classifications. The Governors also approved the implementation of a merit based compensation plan for Hospital employees in University dominated classifications that closely resembles that approved by the Board of Regents. The Governors also followed your lead in granting an eleventh holiday for Hospital employees.

Purchasing

Purchasing volumes for the months of August, September and October of 1985 were consistent with that experienced in recent reporting periods. However, the dollar value associated with these purchases was substantially inflated due primarily to the acquisition of capital equipment items for the new hospital.

Other

The Hospitals' extracorporeal lithotripter became operational, as scheduled, in mid-November. A press conference announcing this new technology will be held on Thursday, December 5, 1985.

The Primary Care Network recently hired a chief executive officer. Enrollment in this HMO will be offered in early 1986. Discussions of the national counterpart to the Primary Care Network are now underway.

Plans for opening and occupying the new hospital are progressing well. Six weeks of community events are being planned. Approximately 10,000 people will be invited to tour Unit J from late January to early March, 1986. It is with great enthusiasm that the Board of Governors look forward to hosting a celebration of the opening for the Regents.

Respectfully submitted,

Barbara O'Grady
Barbara O'Grady

Chairman of the Board of Governors

University of Minnesota Hospitals and Clinics

Board of Governors

November 20, 1985

TABLE OF CONTENTS

	<u>Page(s)</u>
Agenda	1-2
October 23, 1985 Board of Governors Minutes	3-6
November 13, 1985 Joint Conference Committee Minutes	7-9
Home Health Program Report	10-12
J.C.A.H. Update	13-14
Credentials Committee Report	15-17
November 13, 1985 Planning and Development Committee Minutes	18-20
UMHC Mission Statement	21-23
Graduate Medical Education Affiliations	24
NACHRI Application	25-31
Quarterly Purchasing Report	32-45
October 23, 1985 Finance Committee Minutes	46-48
Report of Operations for the Period July 1, 1985 through October 31, 1985	49-51
Executive Summary of Financial Activity for the Period July 1, 1985 through October 31, 1985	52

Year End Financial Projections	53
Public Events Celebrating the Opening of J	54

**University of Minnesota Hospitals and Clinics
Board of Governors**

November 20, 1985
1:30 P.M.
555 Diehl Hall

AGENDA

- | | | |
|------|--|-------------|
| I. | <u>Approval of October 23, 1985 Minutes</u> | Approval |
| II. | <u>Chairman's Report</u>
Ms. Barbara O'Grady | Information |
| III. | <u>Hospital Director's Report</u>
Mr. C. Edward Schwartz | Information |
| IV. | <u>Committee Reports</u> | |
| | A. <u>Joint Conference Committee Report</u>
Ms. Phyllis Ellis | |
| | 1. Home Health Program Report | Discussion |
| | 2. J.C.A.H. Update | Information |
| | 3. Medical Staff Hospital Council Report | |
| | • Credentials Committee Report | Approval |
| | B. <u>Planning and Development Committee Report</u>
Mr. Robert Latz | |
| | 1. University All-Honors Committee Recommendation | Endorsement |
| | 2. UMHC Mission Statement | Endorsement |
| | 3. NACHRI Application | Approval |
| | 4. Quarterly Purchasing Report | Approval |

C. Finance Committee Report
Mr. Jerry Meilahn

- | | |
|--|-------------|
| 1. October Year-to-Date Financial Statements | Information |
| 2. Year End Financial Projections | Information |
| 3. Refinancing Update | Information |

V. Public Events Celebrating the Opening of J
Ms. Mary Hastings

Discussion

VI. Other Business

VII. Adjournment

MINUTES
BOARD OF GOVERNORS
UNIVERSITY OF MINNESOTA HOSPITALS AND CLINICS
October 23, 1985

CALL TO ORDER

Chairman Barbara O'Grady called the October 23, 1985 meeting of the Board of Governors to order at 1:40 p.m. in Room 555 Diehl Hall.

ATTENDANCE

Present: Leonard Bienias
Shelley Chou, M.D.
Phyllis Ellis
Al Hanser
George Heenan
Bradley Hillstrom
Kris Johnson
Robert Latz
Jerry Meilahn
James Moller, M.D.
Robert Nickoloff
Barbara O'Grady

Absent: David Lilly
C. Edward Schwartz
Neal Vanselow, M.D.

APPROVAL OF MINUTES

The Board of Governors seconded and passed a motion to approve the minutes of the September 25, 1985 meeting as written.

CHAIRMAN'S REPORT

Chairman Barbara O'Grady welcomed Charles F. McGuiggan, D.D.S., Chairman of the Board of Regents, to the Board of Governors meeting.

Secondly, Chairman O'Grady highlighted her September presentation to the Board of Regents. The Regents had inquired as to the room rate being charged to UMHC patients at the University Radisson. The Governors received a copy of a letter authored by Dr. Neal Vanselow responding to that question; a nightly rate of \$31.95 had recently been negotiated with the Radisson. A list of local accommodations was also distributed.

Chairman O'Grady also noted that the terms of four Governors expire on December 31, 1985. The Regents are expected to review appointments to the Board of Governors for information in November and approval in December. Concurrently, Chairman O'Grady will be appointing a Board of Governors Nominating Committee, charged with the responsibility for recommending candidates for the Chair and Vice Chair of the Board for 1986.

DIRECTORS REPORT

In the absence of Mr. C. Edward Schwartz, Mr. Greg Hart presented the Directors Report. During the months of July, August and September, 1985 the BMRA Life One Minnesota helicopter made 77 flights; a volume very close to projected levels. Twenty-seven of those flights came to UMHC. Patients, by service, included Neonatal (8), Neurosurgery (5), Cardiac (3), Pediatrics (3), Transplant (3), Obstetrics (2), Ophthalmology (1), and General Trauma (3), a distribution close to that planned for. Geographic origin of patients appears to be consistent with established referral patterns.

Secondly, Mr. Hart reported that on October 5, 1985 a physicians recognition event organized by Dr. John LaBree and Mr. Russ Farrell had been very successful. Guests included about 70 referring physicians and Rural Physicians Associates Program (RPAP) participants.

Mr. Hart noted the November 10, 1985 Rocco Altobelli sponsored Soire '85, a benefit for the Transplant Assistance Fund.

The Association of Academic Health Centers (AAHC), Mr. Hart reported, is studying the relationship between universities and their hospitals; specifically, why some universities choose to divest themselves of their hospitals. Dr. Fred Munson of the University of Michigan is the lead researcher on the project. Mr. Latz had been interviewed by Dr. Munson.

Lastly, Mr. Hart reported that the extracorporeal lithotripter had arrived and is expected to be operational in late November.

JOINT CONFERENCE COMMITTEE REPORT

Committee Chair Phyllis Ellis presented the recommendations of the Credentials Committee, which had been endorsed by the Joint Conference Committee on October 9, 1985. The Board of Governors seconded and passed a motion to approve the Credentials Committee report as submitted.

Ms. Ellis also reported that the survey designed to elicit patient evaluations of several aspects of the Hospitals' care had been finalized. The survey will be sent to all patients discharged after November 1, 1985. The Joint Conference Committee will review findings of this Patient Evaluation Project. Mr. Latz suggested that statistical information summarizing where patients go after they are discharged from UMHC would be helpful.

Dr. Shelley Chou reported that the stipend level for medical residents and fellows for 1986-87 would be frozen at current year levels, a decision also reached by the VA, Hennepin County Medical Center, and St. Paul Ramsey Medical Center. Dr. Chou also reported that the methodology used in determining funding sources for resident positions is being reevaluated.

Dr. Frank Rhame, Infection Control Committee Chair and Infection Control Officer, reported on the recent activities of the Infection Control Committee. A majority of the Committee's efforts over the last several months have been related in one way or another to AIDS.

Dr. Rhame discussed safety implications for Hospital staff and public perceptions of hospitals treating AIDS patients. He noted numerous revisions to isolation and other policies made by the Infection Control Committee, many of which have preceded recommendations of the Center for Disease Control.

FINANCE COMMITTEE REPORT

Mr. Jerry Meilahn and Mr. Cliff Fearing highlighted the Statement of Operations for the period of July 1, 1985 through September 30, 1985. Admissions September year to date are running 4.3% under budget. The average length of stay is running 2.5% over budget, resulting in 1,054 fewer patient days than anticipated (2.8% below budget). Outpatient census for the same period is 3.7% over budget.

The Hospitals Statement of Operations shows a total revenue over expenses of \$6,258,400, \$2,367,050 greater than anticipated. Mr. Fearing explained that this is largely the result of higher than expected ancillary revenues and greater than expected investment income.

Secondly, Mr. Meilahn recommended the Board of Governors write off \$576,028.18 in bad debts for the period July 1, 1985 through September 30, 1985. This write off included \$897 in Home Health Service accounts. The Board seconded and passed a motion to approve the write off of \$576,028.18.

The Primary Care Network, Mr. Greg Hart reported, has recently selected Mr. Allen J. Reilly as CEO. Mr. Reilly comes to Minnesota from Boston, where he directed the Tufts HMO Plan. Dr. Neal Vanselow, Dr. Roby Thompson, and Mr. C. Edward Schwartz have been named as PCN Board Members. The enrollment for the plan should begin in early 1986. Discussions of the national counterpart to PCN are beginning.

Mr. Hart also reported that the Regents' Faculty, Staff and Student Affairs Committee is planning to discuss the Hospitals Job Evaluation Plan at the November meeting. That discussion is a prelude to the Regents final action on comparable worth.

BOARD OF GOVERNORS RETREAT FOLLOW UP

Chairman O'Grady reported that four individual Board members have agreed to assume leadership roles in addressing four Board Retreat follow-up issues.

Those areas and responsibilities include:

- enhancement of community networking Ms. Kris Johnson
- enhance Hospitals philanthropic contributions Mr. George Heenan
- develop a mechanism to disclose affiliations Mr. Bob Latz
- monitor the development of a fact sheet or booklet addressing myths Mr. Brad Hillstrom

The following individual or committee responsibilities were also designated:

- Chairman O'Grady reactivated the Board of Governors Bylaws Committee and charged them with evaluating the addition of the Dean of the Medical School as an ex officio non-voting member of the Board of Governors.
- Chairman O'Grady asked the Finance Committee to be responsible for evaluating the potential for unbundling costs and developing a more standardized industry format for comparing hospitalization costs.
- Chairman O'Grady asked that the Joint Conference Committee be responsible for monitoring the achievement of patient and guest relations objectives and improving the amenities available to our patients.
- Chairman O'Grady asked that the Planning and Development Committee continue to oversee the improved communication with the referring physicians.
- Mr. Al Hanser accepted responsibility to work personally with Dr. Vanselow and Mr. Schwartz in continuing to seek affiliations with HMO's.
- Lastly, Chairman O'Grady noted her invitation to become a member of of the Health Sciences Advisory Committee; Mrs. O'Grady accepted that membership.

ADJOURNMENT

There being no further business, the October 23, 1985 meeting of the Board of Governors was adjourned at 3:30 p.m.

Respectfully submitted,



Nancy C. Janda
Assistant Director and
Executive Secretary to the Board of Governors

MINUTES
Joint Conference Committee
Board of Governors
November 13, 1985

ATTENDANCE: Present: Dr. Paula Clayton
Phyllis Ellis
George Heenan
Bradley Hillstrom
Dr. Robert Maxwell
C. Edward Schwartz

Absent: Dr. Glenn Gullickson
Dr. James Moller

Staff: Greg Hart
Jan Halverson
Nancy Janda

Guest: Dianne Bartels
Beverly Dorsey
Russell Farrell
Dr. Robert Howe
Geoff Kaufmann
Mary Sumpmann

APPROVAL OF MINUTES

The minutes of the October 9, 1985 meeting of the Joint Conference Committee were approved as submitted.

HOME HEALTH PROGRAM REPORT

Ms. Beverly Dorsey, Associate Director, Nursing Services and Ms. Mary Sumpmann, Head Nurse, Home Health Department reported on the history and current status of the University Hospitals Home Health Program. Ms. Dorsey indicated that the program was initiated in 1974, and has grown gradually since that time. In the past year, activities levels in the department grew by nearly 25%, largely due to the impact of new prospective payment systems. Ms. Dorsey described the type of staff involved in the program, noting in particular the movement toward more "high tech" services being delivered in the home. Ms. Dorsey also reviewed the impact of the program from the point of view of reimbursement, outlining the reductions in patient length of stay enabled by the availability of home health resources.

Ms. Sumpmann then reviewed several current issues and projects in the program. She described for the committee the kind of services which are now being provided by the department. Ms. Sumpmann also discussed the growing number of home health providers and the concerns that have been raised regarding the quality of care provided by that broad range of agencies. She noted that the number of home health agencies which are certified by Medicare has nearly doubled in the past six years. She also noted that there are many more agencies which are not Medicare certified.

The committee expressed its enthusiasm regarding the Hospital Home Health Program and thanked Ms. Sumpmann and Ms. Dorsey for their presentation.

JCAH UPDATE

Ms. Ellis and Ms Janda reported that the formal notice from the Joint Commission has been received removing the Medical Record completion contingency placed on the hospitals accreditation. Ms. Janda indicated that the joint Commission has asked that a follow-up report on Medical Records be submitted in six months. The next site visit by the JCAH will be in late 1987.

MEDICAL STAFF HOSPITAL COUNCIL REPORT

Dr. Robert Howe reported on the behalf of Dr. Moller on the Medical Staff Hospital Council meeting. Dr. Howe recommended the report of the Credentials Committee for approval; the Joint Conference Committee endorsed this recommendation.

CLINICAL CHIEFS REPORT

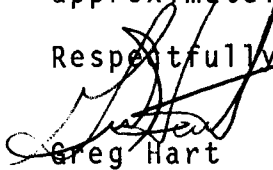
Dr. Paula Clayton reported on recent activities of the Clinical Chiefs. She noted that an upcoming discussion will address the important issue of faculty designations and academic "tracks", in particular for those members of the faculty which practice primarily at other institutions. It was

Page three

noted that this discussion could have impact on the medical staff bylaws, and Dr. Clayton indicated that she would report to the Joint Conference Committee on this subject next month. It was also noted that a report from the University of Minnesota Clinical Associates is tentatively scheduled for the December meeting of the Joint Conference Committee.

There being no further business, the meeting was adjourned at approximately 7:30 p.m.

Respectfully submitted,



Greg Hart

GH/sr



UNIVERSITY OF MINNESOTA
TWIN CITIES

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

November 14, 1985

TO: Members of the Board of Governors

FROM: Russell Farrell
Associate Hospital Director

Bev Dorsey
Associate Director of Nursing

Mary Sumpmann
Head Nurse, Home Health Services

REGARDING: Home Health Services Presentation

At the November 13, 1985 Joint Conference Committee meeting we overviewed the services being provided through the Hospitals' Home Health Program. We will be reviewing that information in a more abbreviated fashion at your Board meeting on November 20, 1985 and will look forward to answering any questions that you may have related to our program at that time.

Two statistical reports are attached for your review.

Thank you.

RF/BD/MS/kf

Attachments

Home Health Services
Annual Statistical Report
Fiscal Year 1984 - 1985

CONTINUED GROWTH IN BREAKOUTS OF HOME VISITS

MONTH	HOME VISITS				WEEKENDS/EVENINGS				RT VISITS ***			
	FISCAL YEAR 84/85	83/84	CHANGE	% CHANGE	FISCAL YEAR 84/85	83/84	CHANGE	% CHANGE	FISCAL YEAR 84/85	83/84	CHANGE	% CHANGE
JULY	300	245	53	25.7%	20	3	17	566.7%	49	0	49	100.0%
AUGUST	286	285	1	0.4%	17	11	6	54.5%	40	0	40	100.0%
SEPTEMBER	271	252	19	7.5%	48	17	31	182.4%	35	0	35	100.0%
OCTOBER	345	267	78	29.2%	40	12	28	233.3%	85	0	85	100.0%
NOVEMBER	320	213	107	50.2%	36	12	24	200.0%	42	0	42	100.0%
DECEMBER	283	243	40	16.5%	40	34	6	17.6%	67	0	67	100.0%
JANUARY	332	209	123	58.9%	44	28	16	57.1%	89	0	89	100.0%
FEBRUARY	332	223	109	48.9%	45	28	17	60.7%	81	0	81	100.0%
MARCH	350	273	85	31.1%	63	30	33	110.0%	82	52	30	57.7%
APRIL	432	296	136	45.9%	54	24	30	1.25	136	83	53	63.9%
MAY	462	342	120	35.1%	70	35	35	100.0%	221	78	143	183.3%
JUNE	393	305	88	28.9%	81	29	52	179.3%	174	62	112	180.6%
TOTALS	4122	3153	969	30.7%	550	263	285	112.2%	1101	275	825	300.4%

***RESPIRATORY THERAPY PROGRAM INITIATED 2/7/84

HOSPITAL DAYS INDICATED ABOVE ON CLIENT REFERRALS:
UNMAC HOME HEALTH SERVICES PATIENTS: 341

TOTAL MILES TRAVELED IN MAKING VISITS: 56,950**
TRANSPORTATION COSTS REIMBURSABLE TO INDIVIDUALS: \$14,872
TOTAL REBURSED TO CONTRACT AGENCIES (MEDICAL PERSONNEL POOL AND NURSING SUPPORT SERVICES) \$1,352
TOTAL DOLLARS CHARGED BY HHS FOR RESPIRATORY THERAPY SERVICES: \$38,595
TOTAL DOLLARS PAID TO TWO CONTRACTED RESPIRATORY THERAPISTS: \$21,141

AVERAGE PERCENTAGE OF PATIENTS BY REIMBURSEMENT

MEDICARE 53%
MEDICAL ASSISTANCE 17%
PRIVATE INSURANCE 29%
PRIVATE FUNDS 1%

TOTAL 100%

BREAKOUT BY AGE/SEX

AGE	MALE	FEMALE
0-16	11	14
17-65	42	77
66+	41	85
TOTAL	94	176

** EXCLUDES MILES TRAVELED BY CONTRACTED RESPIRATORY THERAPISTS

HOME HEALTH SERVICES

QUARTERLY STATISTICAL REPORT
JULY, 1985 - SEPTEMBER, 1985

	CURRENT QUARTER- JULY, AUG, SEPT	LAST QUARTER- APRIL, MAY, JUNE	LAST YEAR- JULY, AUG, SEPT
1. TOTAL # HOME VISITS (ALL INCLUSIVE)	1867	1387	926
2. HOME VISITS BY HHS PHN'S	818	716	691
3. HOME VISITS BY- RESPIRATORY THERAPY	837	531	124
4. HOME HEALTH AIDE VISITS	115	100	61
5. HOME HEALTH AIDE HOURS	202	175	120
6. WEEKEND EVENING VISITS	315	205	85
7. NEW PATIENTS	94	73	65
8. BREAKDOWN OF NEW PAT- IENTS BY AGE/SEX	<u>M</u> <u>F</u>	<u>M</u> <u>F</u>	<u>M</u> <u>F</u>
0-16	2 7	3 5	4 3
17-65	24 28	14 20	9 18
66+	5 28	4 27	15 16
9. REVENUE	\$ 89,847.00	\$ 69,987.00	\$ 52,666.00
10. % PTS BY REIMBURSEMENT			
MEDICARE	40%	49%	51%
MA	24%	17%	24%
PRIV INS	35%	32%	24%
PRIV FUNDS	1%	2%	1%
11. METRO UMH&C HOSP DAYS SAVED	113	115	NO DATA
12. NON METRO HOSP. DAYS SAVED	213	152	NO DATA



UNIVERSITY OF MINNESOTA
TWIN CITIES

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

November 13, 1985

TO: Members of the Board of Governors

FROM: James H. Moller, M.D.
Chief of Staff

Nancy C. Janda
Assistant Director

REGARDING: Joint Commission on Accreditation of Hospitals

You will recall that following our November, 1984 site visit, we received a three year accreditation contingent upon reducing our number of incomplete medical records. In May of 1985 we sent in a progress report noting an improvement in the delinquency rate of records. On October 31, 1985 we received the attached notification that the J.C.A.H. has removed our contingency. We have been asked to submit additional documentation in April of 1986 that evidences continued compliance with medical records standards.

We will look forward to answering any accreditation related questions that you may have at Wednesday's Board meeting.

Thank you.

JHM/NCJ/kf

JCAH

Joint Commission on Accreditation of Hospitals

875 North Michigan Avenue
Chicago, Illinois 60611
312/642-6061

John E. Affeldt, MD
President

October 18, 1985

C. Edward Schwartz
Hospital Director
University Hospital & Clinics - Mayo Memorial Hospital
420 Delaware Street Southeast
Minneapolis, MN 55455

Dear Mr. Schwartz:

The Accreditation Committee of the JCAH Board of Commissioners is pleased to remove the contingency placed on your accreditation requiring a written progress report addressing delinquent medical records. To monitor your continuing compliance, however, the Accreditation Committee would like to receive an additional report addressing medical records delinquency. This report should be submitted six months from the date of this letter and should be forwarded to the Progress Report Coordinator, Department of Standards.

If other contingencies requiring written progress reports or focused visits are involved, each will have to be satisfied individually to maintain your accreditation.

This decision is confidential on the part of JCAH; the further release of this information is for your consideration and decision.

Thank you for your continued support of voluntary accreditation and your participation in the process.

Sincerely,

Donald W. Avant

Donald W. Avant
Senior Director
Accreditation Development

cc: James H. Moller, M.D., President of the Medical Staff
David W. Cost, Chairman of the Governing Body



UNIVERSITY OF MINNESOTA
TWIN CITIES

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

November 17, 1985

TO: Board of Governors

FROM: James H. Moller, M.D., Chief of Staff
Chairman, Medical Staff Hospital Council

SUBJECT: Credentials Committee/Medical Staff Hospital Council
Report and Recommendations

The attached Credentials Committee report has been reviewed and endorsed by both the Medical Staff Hospital Council and the Joint Conference Committee. The report is being presented for your November 20, 1985 approval.

I will be available to answer any questions that you may have at that time.

Thank you.

Attachment

November 1, 1985

TO: Medical Staff-Hospital Council
FROM: Henry Buchwald, M.D.
Chairman, Credential Committee
SUBJECT: Credentials Committee Report and Recommendations

The following physician has completed his provisional status and is eligible for regular appointment as a member of the medical staff of the University of Minnesota Hospitals and Clinics. The Credentials Committee have reviewed recommendations concerning his appointment and hereby recommends approval.

<u>Laboratory Medicine & Pathology</u>	<u>Category</u>	<u>Date Eligible</u>
Leo Furcht	Attending	April 24, 1985

The following physicians have submitted applications and supporting documentation requesting additional clinical privileges. The Committee have reviewed and considered their requests and hereby recommend approval.

<u>Department of Medicine</u>	<u>Category</u>
Stephen E. Silvis	Clinical
<u>Department of Urology</u>	
Pratap K. Reddy	Attending

The Credentials Committee having received and considered additional information from Dr. Edward Ciriacy, Professor and Head, Department of Family Practice and Community Health, concerning the intended practice and qualifications of the applicant, hereby recommend the approval of the remainder of the clinical privileges requested by the following physician in his initial application for clinical privileges.

<u>Family Practice and Community and Community Health</u>	<u>Category</u>
John G. Halvorsen, M.D.	Attending

MINUTES
Planning and Development Committee
November 13, 1985

CALL TO ORDER

Committee Chairman, Mr. Robert Latz, called the November 13, 1985 meeting of the Planning and Development Committee to order at 10:07 a.m. in Hospital Dining Room III.

Attendance:	Present	Robert Latz Leonard Bienias Geoff Kaufmann John LaBree, M.D. C. Edward Schwartz I. Dodd Wilson, M.D.
	Staff	Cliff Fearing Greg Hart Ed Howell Nancy Janda Mark Koenig Lisa McDonald Ken Merwin
	Guests	Jeannie Kant Rob West

APPROVAL OF MINUTES

The minutes of the October 9, 1985 meeting were approved as distributed.

Mr. Latz suggested that because so much time had elapsed since the Board Retreat the Planning and Development Committee could dispense with a summary and a specific list of tasks to be accomplished. He said that assignments have been made and matters that need to be dealt with as a result of the Retreat will be pursued by those assigned.

Mr. Latz also requested that an outline summarizing all of UMHC's current affiliations, including residencies, be given to the Board of Governors to provide background for discussion of the hospital's mission statement.

UMHC TELEVISION ADS STORY BOARDS

Mr. Kaufmann introduced Rob West and Jeannie Kant from Harris Advertising and gave a brief overview of what goals they would be working toward.

Mr. West said that the University of Minnesota Hospitals and Clinics are well positioned and well respected. In order for UMHC to grow they will have to build awareness and preference among consumers and referring physicians. Preference will be achieved by humanizing our technical/specialist image.

Thought is being given of continuing to use the phrase, "There is only one you" and the symbol of the "U" that is on the television ads to build off the awareness generated by the initial campaign.

Ms. Kant previewed the lithotripter ad that will run in the Minneapolis and St. Paul newspapers in two weeks. Discussion followed on points that different committee members felt should be incorporated into the ad.

Mr. Latz asked that at the next P & D meeting the advertising plan be discussed in concept rather than specifics of any one campaign. He also requested that the time frame showing what is being done, along with a budget, be shared with the committee.

NACHRI APPLICATION

On a motion by Dr. LaBree, seconded by Dr. Wilson, the Planning and Development Committee gave its endorsement for the University of Minnesota Hospitals and Clinics to join the National Association of Children's Hospitals and Related Institutions.

QUARTERLY PURCHASING REPORT

Mr. Howell said that the dollar value of purchases was up during the most recent quarter and that the number of items bid to other than low bidders was higher than usual due to the purchase of capital equipment for Unit J.

The process for awarding bids was discussed and Mr. Howell explained the process for awarding bids to other than the lowest bidder.

Mr. Latz requested that the number of appeals from unsuccessful bidders be incorporated into the next quarterly report.

On a motion by Mr. Schwartz, seconded by Dr. Wilson, the Quarterly Purchasing Report was approved.

DEVELOPMENT UPDATE

Mr. Merwin reported that contributions received by the Development Office of \$91,563 year to date are considerably higher than at the same time last year. He also said the Altobelli Benefit was a success but that no dollar amounts are available at this point. Finally, the Consolidated Fund Drive has far exceeded the goal of \$25,000 that was set for this year. So far over \$40,000 has been contributed.

UNIT J MOVE COMMUNICATIONS AND PUBLIC EVENTS

Ms. Janda said that March is still the projected occupancy date for Unit J. Ed Howell, Ron Werft, and Mark Koenig head committees working on details of the actual move with Ms. Janda coordinating the overall effort. She says they are planning two days to move the patients, but that the departments will move more slowly and will be in place when the patients are transferred.

Ms. Janda said that Mary Hastings is coordinating the event planning and that they expect to have 10,000 people tour Unit J between January and the opening

in March. Groups will include construction workers, the general public, hospital employees, Board of Governors, Regents, legislators, and others.

UMHC On the Move, the Unit J planning newsletter, goes out bi-weekly to nursing stations, administrators, and anyone who has internal or external public contact to update them on the status of Unit J.

HOSPITALS RENEWAL PROJECT PROGRESS REPORT

Mr. Bienias expressed concern about the number of change orders in the bids. Mr. Schwartz explained that many of the changes were changes in the program rather than changes on the items bid. Mr. Koenig said three floors have been signed off on and will be closed off until final cleaning before the opening. He said they are monitoring contractor progress to assure that they will complete their work before opening. As of now there are two areas that are behind schedule--landscaping, due to inclement weather, and the transport system. He is in contact with the transport company's officers and a committee is determining the impact of the potential delay on the opening.

PARKING FACILITY UPDATE

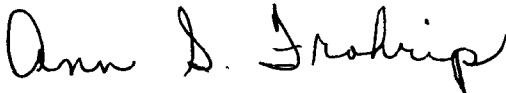
Mr. Koenig discussed traffic patterns and potential problems that are being reviewed. Consideration is being given to widening the narrow section of Delaware Street to ease the flow of traffic. Land negotiations are still underway with the church. The architects' sketch of the five level, 580 space, parking ramp were presented. Modifications may have to be made if the church negotiations are not favorable. The ramp is scheduled to be completed in mid June.

Mr. Koenig showed potential tunnel linkages to Unit J and the clinic buildings which are under investigation. Mr. Fearing stated that up to \$800,000 could be used for the tunnels since the parking lot project is estimated to cost \$4.2 million whereas \$5 million had been planned.

ADJOURNMENT

The Planning and Development Committee adjourned at 12:10 p.m.

Respectfully submitted,



Ann S. Frohrip
Senior Secretary
Planning and Marketing



UNIVERSITY OF MINNESOTA
TWIN CITIES

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

November 14, 1985

TO: Members of the Board of Governors

FROM: Robert Latz
Chairman, Planning and Development Committee

C. Edward Schwartz
Hospital Director

REGARDING: The University of Minnesota Hospitals and Clinics
Mission Statement

After several months of review and revision, the attached University of Minnesota Hospitals and Clinics Mission Statement is being presented for your endorsement.

The statement was endorsed by the Planning and Development Committee on October 9, 1985. Recent revisions to the document are underlined or interlineated to give you a feel for the focal points of recent discussions.

As you may know, the Board of Regents retain the authority for approval of our Mission Statement. The document will be forwarded to the Regents for review as soon as you are comfortable that it is in final form.

Thank you.

RL/CES/kf

THE UNIVERSITY OF MINNESOTA
HOSPITAL AND CLINICS

Statement of Mission and Roles

The mission and roles of The University Hospital are based on a tradition of service, education, and research for the benefit of Minnesotans. This tradition originates in legislative mandate in the early 1900s to create a teaching hospital for the University Medical School and to care for the indigent in the state. Today, The University Hospital is consistently ranked as one of the leading medical centers in the country and serves as a major health care provider for Minnesota and beyond. We are a valued state resource and are proud that we train the vast majority of Minnesota physicians. We believe that the high quality of life in Minnesota is important and that we contribute to that quality through our health care activities.

**Mission and Roles of The University of Minnesota
Hospital and Clinics**

Mission

The University Hospital strives to provide high quality patient services, in a cost effective manner, diverse educational programs, and an environment supportive of research for the benefit of all Minnesotans and for others who need our services.

Roles

Patient Service

The University Hospital is committed to providing the highest quality patient care programs and services. Our services span the spectrum of care from primary to tertiary levels. These services are provided in ambulatory, inpatient, community, and home care settings. To assure adequate patient care volumes, The University Hospital will develop strategies which will create flexibility in responding to the greater changing health care system and environment.

Emphasis is placed on the method of care most appropriate for the patient's ~~medical~~ health and personal needs. Outpatient alternatives to hospitalization are selected whenever possible. Patient services are provided at the University Hospital, at affiliated clinics throughout Minnesota, and in patients' homes. The special needs of patients and their families are met through the combined efforts of physicians, nurses, and other hospital staff. The University Hospital is dedicated to providing cost-effective care. We work both within the institution and externally to contain the cost of care for our patients while assuring the highest quality of care.

UNITED STATES GOVERNMENT
DEPARTMENT OF AGRICULTURE
BUREAU OF BUREAU OF

UNITED STATES GOVERNMENT
DEPARTMENT OF AGRICULTURE
BUREAU OF BUREAU OF

DEPARTMENT OF AGRICULTURE
BUREAU OF BUREAU OF

DEPARTMENT OF AGRICULTURE
BUREAU OF BUREAU OF

UNITED STATES GOVERNMENT
DEPARTMENT OF AGRICULTURE
BUREAU OF BUREAU OF

UNITED STATES GOVERNMENT
DEPARTMENT OF AGRICULTURE
BUREAU OF BUREAU OF

UNITED STATES GOVERNMENT
DEPARTMENT OF AGRICULTURE
BUREAU OF BUREAU OF

UNITED STATES GOVERNMENT
DEPARTMENT OF AGRICULTURE
BUREAU OF BUREAU OF

UNITED STATES GOVERNMENT
DEPARTMENT OF AGRICULTURE
BUREAU OF BUREAU OF

UNITED STATES GOVERNMENT
DEPARTMENT OF AGRICULTURE
BUREAU OF BUREAU OF

UNITED STATES GOVERNMENT
DEPARTMENT OF AGRICULTURE
BUREAU OF BUREAU OF

UNITED STATES GOVERNMENT
DEPARTMENT OF AGRICULTURE
BUREAU OF BUREAU OF

UNITED STATES GOVERNMENT
DEPARTMENT OF AGRICULTURE
BUREAU OF BUREAU OF

DEPARTMENT OF AGRICULTURE
BUREAU OF BUREAU OF

UNITED STATES GOVERNMENT
DEPARTMENT OF AGRICULTURE
BUREAU OF BUREAU OF

UNITED STATES GOVERNMENT
DEPARTMENT OF AGRICULTURE
BUREAU OF BUREAU OF

UNITED STATES GOVERNMENT
DEPARTMENT OF AGRICULTURE
BUREAU OF BUREAU OF

UNITED STATES GOVERNMENT
DEPARTMENT OF AGRICULTURE
BUREAU OF BUREAU OF

UNITED STATES GOVERNMENT
DEPARTMENT OF AGRICULTURE
BUREAU OF BUREAU OF

UNITED STATES GOVERNMENT
DEPARTMENT OF AGRICULTURE
BUREAU OF BUREAU OF

Education

The University Hospital is an active participant in the education of health care professionals, patients, and the broader community. The University Hospital is the primary educational site for the University's medical and health sciences professional schools. Providing continuing education to all health care professionals in Minnesota is also a priority. Programs are directed toward helping patients and their families better understand disease processes, treatment methods, and appropriate lifestyle adjustments.

Research

The University Hospital ~~supports research~~ emphasizes discovery and innovation by its clinical faculty and staff for the benefit of patients and for the advancement of the health sciences. Successful application of research advances distinguishes patient care at The University Hospital. By developing and disseminating new knowledge and techniques, the quality of patient care world wide is enhanced.

G R A D U A T E M E D I C A L E D U C A T I O N

I. GRADUATE PROGRAMS

A. INTEGRATED WITH UNIVERSITY	- 19
B. AFFILIATED	- 11
1. HENNEPIN COUNTY MEDICAL CENTER	- 6
2. SAINT PAUL RAMSEY	- 4
3. ABBOTT NORTHWESTERN	- 1

II. TOTAL RESIDENTS AND FELLOWS

A. INTEGRATED PROGRAMS	- 839
B. AFFILIATED PROGRAMS	- <u>274</u>
TOTAL	1113

III. OTHER HOSPITALS

A. LIMITED AFFILIATION - I.E. RESIDENTS ASSIGNED ON ROTATION BASIS ONLY	
1. Mt. SINAI	
2. FAIRVIEW - ST. MARY'S	
3. METHODIST	
4. MINNEAPOLIS CHILDREN'S	
5. NORTH MEMORIAL	
6. SHRINER'S	
7. METROPOLITAN MEDICAL CENTER	
8. ST. PAUL CHILDREN'S	
9. UNITED	
10. ST. JOSEPH'S	
11. BETHESDA	
12. ST. JOHN'S	
13. GILLETTE	
14. ST. LUKE'S	} - AFFILIATED WITH UMD
15. ST. MARY'S	

Date: November 14, 1985
To: Board of Governors
From: Geoff Kaufmann
Subject: **FINAL DRAFT OF THE NACHRI APPLICATION**

Attached is the final draft of the NACHRI application for approval at the November 20, 1985 Board of Governors meeting. This draft has gone through a number of administrative and Planning and Development Committee revisions and is ready for your approval having been endorsed at the November 13 Planning and Development Committee meeting.

We would like your approval of this application based on the following:

UMHC RESOLUTION ON THE NATIONAL ASSOCIATION OF CHILDREN'S HOSPITALS AND RELATED INSTITUTIONS APPLICATION

BACKGROUND

A special committee composed of physicians from the Department of Pediatrics and Hospital Administration have been working on an application to the National Association of Children's Hospitals and Related Institutions since early spring. UMHC is requesting in this application to become an institutional member of the National Association of Children's Hospitals and Related Institutions. This application has been discussed twice at the Planning and Development Committee level in the past. The motion below asks for approval to submit this application to the National Association of Children's Hospitals and Related Institutions.

RESOLUTION

WHEREAS UMHC is desirous of becoming an institutional member in the National Association of Children's Hospitals and Related Institutions and has completed an application for submission to the National Association of Children's Hospitals and Related Institutions

WHEREAS the Administration, Department of Pediatrics, and the Planning and Development Committee has reviewed this application and finds it to be acceptable

NOW THEREFORE BE IT RESOLVED that the University of Minnesota Hospitals and Clinics Board of Governors approve the submission of the National Association of Children's Hospitals and Related Institutions application consistent with the public announcement of the naming of the new Children's Hospital. Further, the Board of Governors authorizes the Board Chairman and the Hospital Director to incorporate that new name into the National Association of Children's Hospitals and Related Institutions application prior to submission.

DRAFT

Mr. Robert H. Sweeney
President
NACHRI
325 1st Street
Alexandria, VA 22314

Dear Mr. Sweeney:

The University of Minnesota Hospital and Clinics would like to formally submit our application to NACHRI. We believe that NACHRI membership is both appropriate and justified for our pediatric program.

We would appreciate the Board's consideration of our application for Institutional Membership and look forward to your response.

Please contact me if you have any questions or comments concerning our application. Thank you for your consideration.

Sincerely,

C. Edward Schwartz
Hospital Director

GLK:asf

NACHRI Application

The University of Minnesota Hospitals and Clinics and the Children's Hospital are applying for Institutional Membership in NACHRI under section D of your application form.

D. Children's programs that are a part of a large not-for-profit medical institution.

1. The Children's Hospital is the primary teaching site for the Department of Pediatrics of the University of Minnesota Medical School. General, specialty, and subspecialty pediatrics are the major focus of undergraduate and graduate medical education. Although the Department of Pediatrics also uses several other Twin City Hospitals for teaching experience, the overwhelming majority of pediatric training occurs at the Children's Hospital.

The Children's Hospital will be the primary site of pediatric education for the Department of Pediatrics, University of Minnesota. This department is responsible for the undergraduate teaching of pediatrics to over 300 medical students each year. In addition, this department has approximately 60 pediatric residents and 40 pediatric subspecialty fellows in training each year. The undergraduate and graduate pediatric education program is the only such program in the Minneapolis-St. Paul area of Minnesota. All pediatric training in this community is under the aegis of the Department of Pediatrics whether conducted at the University of Minnesota Hospitals and Clinics, the major locus of this department's faculty, or at other teaching sites in the region. Of the 60 total pediatric resident positions in the community, 46-48 of them are full-time positions at the University of Minnesota Hospitals and Clinics. Twelve to fourteen positions rotate at four other affiliated teaching hospitals in the Twin Cities.

2.

A. Organizational Structure

1.)

a.) The Children's Hospital will be fully operational in March of 1986 when the current programs move from several buildings to the new hospital facility. By March of 1986 there will be a financial administrative and governance structure which safeguards the pediatric program's resources. This system will include a cost and revenue accounting system, an assigned administrator and nursing director, and a process which provides for community input and fund-raising.

As these safeguards, systems, and people become operational we will inform NACHRI with specifics and names of participants.

2.

- A. Over 75 members of the clinical medical staff are members of the faculty of the Department of Pediatrics of the University of Minnesota. The Clinical Chief of Pediatrics is the Head of the Department of Pediatrics. In addition, members of other clinical departments will provide services to children in this hospital.
- B. The full range of pediatric subspecialties is represented in the faculty of the Department of Pediatrics. Nearly every member of this faculty has a subspecialty orientation and provides both patient care and student or resident training in their subspecialty as well as in general pediatrics. (See the appended listing.) The faculty of this department establish and oversee the general rules and policies for the care of children in this hospital. A full range of other subspecialty care physicians is available for consults and services for children.
- C. The medical staff has a very extensive and highly productive clinical and basic research program. In the past three years (1982-84) members of the faculty of pediatrics published 759 papers in refereed journals or books. Faculty members have a significant commitment to research, and are well supported financially at a local and/or national level in this work.

- D. The Pediatric Residency Program of the University of Minnesota is accredited by the Accreditation Council of Graduate Medical Education, as are our other numerous residency programs. The most recent accreditation review was held June 19-20, 1985. The pediatric program accepts 20 or more first year residents each year and has had in excess of 60 residents in the program each year for over a decade.
- E. The University of Minnesota Hospitals and Clinics maintain a full range of primary and subspecialty pediatric clinics, and a 24 hour/day emergency room service. All pediatric patients in the emergency room are seen by a member of the pediatric residency program and are reviewed with a member of the pediatric faculty.
- F. The present average daily census of the pediatric service of the University of Minnesota Hospitals and Clinics is 70 general pediatric patients, 22 surgical pediatric patients, and 6 normal newborns. The general policy of this hospital is to admit all patients under 18 years of age to a pediatric service.

3.

- A. An administrator will be selected to be responsible for the Children's Hospital. This person will report to the Hospital Director or designee. A nursing administrator will also be selected for the Children's Hospital. Nurses will be assigned specifically to the pediatric services and report to pediatric supervisors and the pediatric nursing administrator, who in turn will report to the Director of Nursing at University Hospitals. The administrator, nursing director, and clinical chief of Pediatrics will work closely together to provide overall direction for the Hospital.
- B. Resource Allocation
 - 1.
 - a.)
 - 1. There will be separate identification of both income and expense at the new Children's Hospital.

b.)

1. The financial systems will include discrete cost centers for the accumulation of direct costs for all Pediatric services provided and will provide for the allocation or assignment of all overhead and indirect costs.
2. Separate staffing will occur in nursing and for other departments directly associated with pediatric care. Support staff such as dietary, maintenance and housekeeping will be centralized services for the whole University Hospital.

C. Community Identity

1. a.) The name of this pediatric institution will be displayed prominently on the building.
- b.) The Children's Hospital will have its own physical identity. In March of 1986 when we open the new hospital, the Children's Hospital will have its own distinct floors, intensive care areas, waiting areas, etc. Signage will reflect entrance to the Children's facility.
- c.) The Children's Hospital will have several major fund raising associations including the Variety Club, the Children's Cancer Research Fund, and the Viking's Children's Fund. These efforts will continue to be coordinated through those associated with the Hospital.
- d.) The pediatric services now have their own publications. We envision that this will expand and that a formal annual report will be added to the existing list.

D. Building and Facilities

1.

b.) The Children's Hospital will be juxtaposed to other units in the new hospital building to open in March of 1986. The pediatric inpatient nursing stations occupy space totally distinct from other adult units and services. We now have and will continue to provide specialty pediatric clinics. These clinics have their own dedicated space and staff in the Phillips Wangenstein Building. Our pediatric research labs are also separate from other research facilities and will remain so in the future.

We plan to provide NACHRI with further documentation of our efforts as we move through this transition to our new facilities. It is our intent to have in place all of the requirements for NACHRI membership on or before March of 1986.



UNIVERSITY OF MINNESOTA
TWIN CITIES

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

November 15, 1985

TO: Board of Governors

FROM: Ed Howell *Ed Howell*
Associate Hospital Director

SUBJECT: Quarterly Purchasing Report

Attached is a copy of the Hospitals Quarterly Purchasing Activity Report for the period August through October, 1985. Please note that the volume of purchases is consistent with that experienced in previous reporting periods. However, the dollar value is substantially higher than normal. This is due primarily to the acquisition of capital equipment items to support Unit J.

This report was endorsed by the Planning and Development Committee on November 13, 1985 and is being presented for your November 20, 1985 approval. Please do not hesitate to contact me if you have questions or concerns regarding this report.

REH/kf

Attachment



UNIVERSITY OF MINNESOTA
TWIN CITIES

University Hospitals and Clinics
Materials Management Department
Box 517 Mayo Memorial Building
420 Delaware Street S.E.
Minneapolis, Minnesota 55455

(612) 376-4460

UNIVERSITY OF MINNESOTA HOSPITALS & CLINICS

ADMINISTRATIVE REPORT ON PURCHASING ACTIVITY

PERIOD August, September, October 1985

I. PURCHASE ORDER ANALYSIS

<u>Range</u>	<u>Number of P.O.'s</u>	<u>Total Dollar Value</u>
\$0 - \$499	2845	\$ 391,698.96
\$500 - \$1,999	648	\$ 672,296.66
\$2,000 - \$4,999	209	\$ 686,342.21
\$5,000 - \$9,999	79	\$ 568,748.29
\$10,000 - OVER	144	\$ 7,574,212.18
TOTAL PURCHASE ORDERS	3925	\$ \$9,893,298.30

II. CONFIRMING ORDERS

<u>Range</u>	<u>Number of P.O.'s</u>	<u>Total Dollar Value</u>
\$0 - \$99	203	10,371.40
\$100 - \$499	259	68,798.19
\$500 - \$999	53	36,421.40
\$1,000 - \$1,999	37	54,139.63
\$2,000 - OVER	30	259,248.17
TOTAL CONFIRMING ORDERS	582	428,978.79
TOTAL	4,507	10,322,277.69

III. SET ASIDE AWARDS

(ATTACHMENT C)

IV. PURCHASE AWARDS TO OTHER THAN APPARENT LOW BIDDER

(ATTACHMENT A)

V. SOLE SOURCE

(ATTACHMENT B)

ATTACHMENT A

IV. Purchase Award to Other Than Low Bidder, \$5,000.00 or More

<u>P.O. Number</u>	<u>Vendor/Item</u>	<u>Total Dollar Value</u>	<u>Dollar Value Low Bidder</u>	<u>Department</u>
1. H35799 Line #1	Toshiba/Room 2-352 GI R/F System	\$ 330,956.00	\$ 186,120.00	Radiology
	Phillips/Room 2-352 GI R/F System	\$ 330,956.00	\$ 241,410.00	Radiology
	Picker/Room 2-352 GI R/F System	\$ 330,956.00	\$ 322,547.00	Radiology
	Northern X-Ray/Room 2-352 GI R/F System	\$ 330,956.00	\$ 256,796.00	Radiology
	Elscint/Room 2-352 GI R/F System	\$ 330,956.00	\$ 235,582.00	Radiology
	Arrowhead/Room 2-352 GI R/F System	\$ 330,956.00	\$ 163,700.00	Radiology

Reason: All the above were rejected because they did not comply with the following specifications: 90/90 tilt table; spotfilm device of at least three cassette sizes; 12" image intensifier and x-ray generator of at least 80 KW.
(Awarded to General Electric)

2. H35800 Line #2	Arrowhead/2-355 Radiology Rooms	\$ 336,860.00	\$ 289,685.00	Radiology
	Elscint/2-355 Radiology Rooms	\$ 336,860.00	\$ 235,582.00	Radiology
	Northern X-Ray/2-355 Radiology Rooms	\$ 336,860.00	\$ 254,296.00 (CGR)	Radiology
	Toshiba/2-355 Radiology Rooms	\$ 336,860.00	\$ 320,000.00	Radiology

<u>P.O. Number</u>	<u>Vendor/Item</u>	<u>Total Dollar Value</u>	<u>Dollar Value Low Bidder</u>	<u>Department</u>
2. (Continued)	General Electric/2-355 Radiology Rooms	\$ 336,860.00	\$ \$297,000.00	Radiology
	Picker/2-355 Radiology Rooms	\$ 336,860.00	\$ 275,612.00	Radiology

Reason: Proposal for Room #2-490 (Line #5) was awarded for Room #2-355 in order to provide flouoroscopic and radiographic imaging cross-table (lateral) and AP, as well as any angle in between, with a single system. Thus, the above proposals would require two separate systems; one for A/P projection and one for lateral projection. This would not provide the capability of imaging continuously from one projection to the other and is very cumbersome.
(Awarded to Northern X-ray for Fisher brand).

3. H35795 Line #3	Northern X-Ray/2-359 Radiology Rooms	\$ 280,870.00	\$ 225,000.00	Radiology
	Phillips/2-359 Radiology Rooms	\$ 280,870.00	\$ 225,000.00	Radiology
	Toshiba/2-359 Radiology Rooms	\$ 280,870.00	\$ 212,771.00	Radiology
	Elscint/2-359 Radiology Rooms	\$ 280,870.00	\$ 254,318.00	Radiology
	Arrowhead/2-359 Radiology Rooms	\$ 280,870.00	\$ 188,135.00	Radiology

Reason: All the above were rejected because they did not comply with the following specifications: 90/30 degree tilt table; spotfilm device of at least three cassette sizes; 9" or larger image intensifier and an x-ray generator of at least 70 KW.
(Awarded to Siemens).

4. H35796 Line #5	Arrowhead/2-490 Radiology Rooms	\$ 311,870.00	\$ 212,870.00	Radiology
	Elscint/2-490 Radiology Rooms	\$ 311,870.00	\$ 278,254.00	Radiology
	Northern X-Ray/2-490 Radiology Rooms	\$ 311,870.00	\$ 245,000.00 (Fisher) \$ 265,796.00 (CGR)	Radiology
	Toshiba/2-490 Radiology Rooms	\$ 311,870.00	\$ 239,620.00	Radiology

P.O. Number

Vendor/Item

Total
Dollar Value

Dollar Value
Low Bidder

Department

4. (Continued)

Reason: All the above were rejected due to non-compliance with the following specifications: 90/90 degree tilt table; spotfilm device with minimum of three cassette sizes; 11" or larger image intensifier and x-ray generator of at least 70 KW.
(Awarded to Siemens).

5. H35797 Line #6	Toshiba/1-516 Endoscopy R/F System	\$ 311,870.00	\$ 239,620.00	Radiology
	Northern X-Ray/1-516 Endoscopy R/F System	\$ 311,870.00	\$ 245,000.00 (Fisher) \$ 265,796.00 (CGR)	Radiology
	Elscint/1-516 Endoscopy R/F System	\$ 311,870.00	\$ 278,254.00	Radiology
	Arrowhead/1-516 Endoscopy R/F System	\$ 311,870.00	\$ 212,870.00	Radiology

Reason: All the above were rejected for non-compliance with the following specifications: 90/90 degree tilt table; three sizes of spotfilm device cassettes; 11" or larger image intensifier and an x-ray generator of at least 70 KW.
(Awarded to Seimens).

6. H35791 Line #7	Toshiba/2-322 Inpatient Radiographic System	\$ 137,800.00	\$ 81,900.00	Radiology
	Siemens/2-322 Inpatient Radiographic System	\$ 137,800.00	\$ 129,500.00	Radiology
	Picker/2-322 Inpatient Radiographic System	\$ 137,800.00	\$ 96,181.00	Radiology
	Phillips/2-322 Inpatient Radiographic System	\$ 137,800.00	\$ 118,118.00	Radiology
	General Electric/2-322 Inpatient Radiographic System	\$ 137,800.00	\$ 110,039.00	Radiology

<u>P.O. Number</u>	<u>Vendor/Item</u>	<u>Total Dollar Value</u>	<u>Dollar Value Low Bidder</u>	<u>Department</u>
6. (Continued)	Arrowhead/2-322 Inpatient Radiographic System	\$ 137,800.00	\$ 86,310.00	Radiology

Reason: The above were rejected for non-compliance with the following specifications: 90/90 degree tilt table; Linear Tomography and 14" x 36" vertical bucky stand.
(Awarded to Northern X-Ray).

7. H35793 Line #9	Arrowhead/2-314 Trauma Radiographic System	\$ 225,100.00	\$ 76,350.00	Radiology
	General Electric/2-314 Trauma Radiographic System	\$ 225,100.00	\$ 110,039.00	Radiology
	Picker/2-314 Trauma Radiographic System	\$ 225,100.00	\$ 96,181.00	Radiology
	Phillips/2-314 Trauma Radiographic System	\$ 225,100.00	\$ 91,222.00	Radiology
	Siemens/2-314 Trauma Radiographic System	\$ 225,100.00	\$ 206,905.00	Radiology

Reason: All the above offered a conventional system not suited for trauma treatment.
(Awarded to Northern X-Ray).

8. H35798 Line #11	Arrowhead/Portable C-Arm	\$ 119,300.00	\$ 86,350.00	Radiology
	Elscent/Portable C-Arm	\$ 119,300.00	\$ 57,865.00	Radiology
	General Electric/Portable C-arm	\$ 119,300.00	\$ 54,948.00	Radiology
	Picker/Portable C-Arm	\$ 119,300.00	\$ 58,232.00	Radiology
	Northern X-Ray/Portable C-Arm	\$ 119,300.00	\$ 70,000.00	Radiology
	Phillips/Portable C-Arm	\$ 119,300.00	\$ 87,997.00	Radiology
	Siemens/Portable C-Arm	\$ 119,300.00	\$ 78,700.00(3K-U)	Radiology

<u>P.O. Number</u>	<u>Vendor/Item</u>	<u>Total Dollar Value</u>	<u>Dollar Value Low Bidder</u>	<u>Department</u>	
8.	(Continued)				
	Reason: The above proposals do not meet the following specifications: Ability to store 25 images for future imaging on film; medium frequency generator that produces A k V p wave shape for greater penetration of the body part. (Awarded to Siemens).				
9.	H35789 Line #4	Northern X-Ray/Heart Cath. Radiology	\$ 591,312.00	\$ 559,400.00	Radiology
	Reason: Fisher Cine System is not clinically proven.				
		Arrowhead/Heart Cath. Radiology	\$ 591,312.00	\$ 517,023.10	Radiology
	Reason: Bid does not provide triple focus X-ray table and high heat storage x-ray tube. (Note: Awarded to Northern X-Ray).				
10.	H35793 Line #1-3	Carmac/Surgical Lights	\$ 228,007.00	\$ 191,641.00	Radiology
	Reason: While the initial purchase price is lower, the deciding factor for rejection was a 15 year life cycle cost of maintenance. Thirty (30) lighthoods were bid with an estimated use of 2000 hours/year or a \$9,619.20 annual difference between Carmac and the awardee, Amsco. Life cycle savings over 15 years is \$73,000.00				
11.	85-704 Line #2	Narco/Peds Electrodes	\$ 13,986.00	\$ 12,390.00	Materials
	Reason: High recovery time, aggressive gel and not labelled as silver/silver chloride.				
		Bard/Peds Electrodes	\$ 13,986.00	\$ 12,390.00	Materials
	Reason: Harsh on patients skin and bunches up over time.				
		Graphic Control/Peds Electrodes	\$ 13,986.00	\$ 11,655.00	Materials
	Reason: Specified one per package. Three per package were bid.				

<u>P.O. Number</u>	<u>Vendor/Item</u>	<u>Total Dollar Value</u>	<u>Dollar Value Low Bidder</u>	<u>Department</u>
11. (Continued)				
	Bard (Alternate)/Peds Electrodes	\$ 13,986.00	\$ 11,970.00	Materials
	Reason: Product not individually packaged as specified.			
	Consolidated/Peds Electrodes	\$ 13,986.00	\$ 9,978.00	Materials
	Reason: Product #103-3003 bid was not submitted for evaluation and product #183-3390 was not individually packaged, as specified.			
12. 85-751	C-Cor Electronics/Data Modems	\$ 97,425.00	\$ 75,250.00	Computer Services
	Reason: Bid does not meet following specifications: Rack mounted; sync/async selection switch and frequency agile.			
13. 85-719	American Hospital Supply/ Washcloths	\$ 10,080.00	\$ 5,670.00	Materials
	Reason: Pakistan imported samples were inferior quality, stained and dirty.			
	White Knight/Wash Cloths	\$ 10,808.00	\$ 6,090.00	Materials
	Reason: Weight was .10 lbs. per dozen less than specified and very thin.			
	Shirlike/Washcloths	\$ 10,080.00	\$ 6,450.00	Materials
	Lintex/Washcloths	\$ 10,080.00	\$ 6,480.00	Materials
	Medline/Washcloths	\$ 10,080.00	\$ 6,840.00	Materials
	Am. White Goods/Washcloths	\$ 10,080.00	\$ 7,470.00	Materials
	Reason: Samples were not submitted for evaluation, per bid specifications.			

<u>P.O. Number</u>	<u>Vendor/Item</u>	<u>Total Dollar Value</u>	<u>Dollar Value Low Bidder</u>	<u>Department</u>
14. H037503	Hewlett Packard/C.C.U. 201 System	\$ 339,808.00	\$ 332,186.30	Cario/Resp. Care
Reason: Hewlett Packard is not fully compatible with existing Space Labs Alpha System, duplicate parts inventory is cost prohibitive and the free standing computer is not provided for in new facility.				
	Marquette Electronics/C.C.U. 201 System	\$ 339,808.00	\$ 226,758.50	Cario/Resp. Care
Reason: Quotation does not meet the following specifications: Sixteen mainframes; telemetry units for 8 joint beds and 4 201 beds; C.C.U. central station monitoring and display of 4 C.C.U. and 8 joint beds and be fully compatible with existing system.				
(Note: Awarded to Narco for Space Lab brand).				
15. 85-664	Beirsdorf/Lotion	\$ 6,500.00	\$ 2,720.00	Materials
Reason: Vendor quoted incorrect size.				
16. H037455	Gopher State Litho/UMSCIS Brochure	\$ 11,669.00	\$ 11,668.00	Planning & Marketing
Reason: Brochure cover was not comparable to the specified product.				
17. H035586	Kontron/Intra-Aortic Balloon Pump	\$ 26,600.00	\$ 20,500.00	Cariod/Resp. Care
Reason: Bid product not compatible and interchangeable with existing DataScope IABP's, does not have beat-to-beat timing and difficult to maneuver.				
	SMEC Inc./Intra-Aortic Balloon Pump	\$ 26,600.00	\$ 24,000.00	Cario/Resp. Care
Reason: Bid product does not provide adjustable deflation point and is not compatible or interchangeable with existing DataScope IABP's.				

<u>P.O. Number</u>	<u>Vendor/Item</u>	<u>Total Dollar Value</u>	<u>Dollar Value Low Bidder</u>	<u>Department</u>
18. 86-43	Surgikos/ Steri Drapes	\$ 64,670.82	\$ 36,844.80	Materials
Reason: Bidder unable to provide all sizes specified.				
19. 86-23	Travenol/Dialysis Concentrate	\$ 34,463.60	\$ 32,172.16	Materials
Reason: Formula composition does not meet specifications.				
20. 85-702	Am. Edwards/Invasive Pressure Monitoring Kit	\$ 186,000.00	\$ 141,600.00	Cardio/Resp. Care
Reason: Flush device flow rate may be adjusted accidentally; dome diaphragm not silastic; luer fittings of dome diaphragm is not tinted for air bubble detection.				
	Bio Instruments/Invasive Pressure Monitoring Kit	\$ 186,000.00	\$ 180,000.00 (Norton) \$ 157,800.00 (BMD)	Cardio/Resp. Care
Reason: Norton brand difficult to flush and obtain snap test. BMD dome has no luer fittings, no tint for bubble detection, does not fit flush with sensing diaphragm and flush device is not single piece construction.				
	Gould/Invasive Pressure Monitoring Kit	\$ 186,000.00	\$ 93,960.00 (A.) \$ 157,320.00 (B.) \$ 132,720.00 (C.)	Cardio/Resp. Care
Reason: Products A and B do not fit Bell and Howell transducers. Product C does not have a damping device and has Linden fittings.				
	Key Medical/Invasive Pressure Monitoring Kit	\$ 186,000.00	\$ 177,600.00	Cardio/Resp. Care
Reason: Configuration of entire kit and components do not comply with a majority of the specifications.				
	Sorenson/Invasive Pressure Monitoring Kit	\$ 186,000.00	\$ 166,800.00	Cardio/Resp. Care
Reason: Damping device is not tinted for air bubble detection and difficult to regulate. Domes have improper fittings and are not tinted for air bubble detection.				

<u>P.O. Number</u>	<u>Vendor/Item</u>	<u>Total Dollar Value</u>	<u>Dollar Value Low Bidder</u>	<u>Department</u>
21. H037472	Kontron/Transcutaneous Monitor	\$ 15,345.00	\$ 12,925.00	Cardio/Resp. Care
Reason:	Does not meet the following specifications: Response time of T90% < 7 seconds; temperature accuracy of -/+ 0.1° C over operating range of 42° to 45° C; monitor display range of 0-999 mmHg and inadequate temperature range of 37°, 42°, 42.5°, 44°, 44.5°, 45°.			
22. 85-760	Key Medical/Disposable Draping	\$ 8,450.00	\$ 4,375.00	Materials
Reason:	Product does not have irrigation pouch and loops for holding cords.			
23. H037515	American/Gastroscope	\$ 18,200.00	\$ 12,560.00	Outpatient
Reason:	Physicians preference and equipment compatibility.			
24. H038619	Radiation Therapy Resources	\$ 14,598.75	\$ 12,042.00	Therapeutic Radiology
Reason:	Does not meet the specifications regarding the color coding of the sources. Color bands are needed on the sides for visual identification when the sources are placed linearly in the plastic fletcher tandem insert.			
25. 85-784	Cooking/Guidewires	\$ 24,740.00	\$ 18,660.00	Materials
Reason:	No samples received as requested.			
26. 85-004	Aslesens/Hall China	\$ 12,283.20	\$ 11,905.76	Materials
Reason:	Terms of warehousing a specific amount for the contract period are not acceptable to Nutrition Services due to Unit J usage.			
27. H039327	Critikon/Blood Pressure Monitors	\$ 14,950.00	\$ 13,450.00	Sterile Processing
Reason:	Does not meet specifications of Blood Pressure Monitor only.			
28. H039326	Northern X-ray/2-364 Radiology Room	\$ 237,500.00	\$ 214,620.00	Radiology
Reason:	Vendors not able to provide anatomic programming on the generator or a spot film device capable of handling a 14"x14" cassette.			

ATTACHMENT B

V. SOLE SOURCE

<u>Vendor</u>	<u>Contract/P.O.#</u>	<u>Value</u>	<u>Dept.</u>	<u>Product</u>
Atwork Corp.	H036537	\$ 3,000.00	I.S.D.	Software
Honeywell	H301593	\$ 4,511.55	Maint & Op.	Fire Alarm
Burroughs	H037464	\$ 126,103.00	I.S.D.	Upgrade Comm. System
North Central Instruments	H037483	\$ 4,436.00	O.R.	Microscope Parts
Frigitronics	H032187	\$ 3,750.00	O.R.	Cryosurgical Probe
Minnesota Scientific	H037132	\$ 3,504.00	O.R.	Bariatric Retractor System
American Medical System	85-284	\$ 14,170.00 (Est.)	O.R.	Prosthesis
Medtronics	H039235	\$ 2,400.00	Materials	External A-V Pacemaker
C.R. Bard	H302532	\$ 2,400.00	O.R.	Universal Coil Stent
Nicolet Inst. Corp.	H302126	\$ 1,980.00	Labs	Service Contract for CA-1000 System
Bio Instruments	H302531	\$ 2,250.00	O.R.	Valued Conduit
Carmac	H301139	\$ 2,470.00	Maint. & Op.	Corner Guards
PMT Corp.	H301414	\$ 2,320.00	CSP	Halo Ring, Head Blocks
Am. Med. Optics	85-761	\$ 23,000.00	O.R.	Intraocular Lenses
Hewlett Packard	H038617	\$ 4,060.00	Therapeutic Radiology	Computer Plotter
Teca Corporation	H037516	\$ 32,250.00	Rehab	Electrophysiological Recording System
mbro	H039267	\$ 28,948.00	Nursing	Dialysis Delivery System

ATTACHMENT B

V. Sole Source

<u>Vendor</u>	<u>Contract/P.O.#</u>	<u>Value</u>	<u>Dept.</u>	<u>Product</u>
Burroughs	H039694	\$ 6,059.00	Computer Serv.	Software License and Service Agreement
Beckman Inst.	H040358	\$ 2,550.00	Labs	Centrifuge Accessary Kit
Lintex	H039268	\$ 3,521.28	Materials	Bath Blankets
Pugleasa	H302769	\$ 2,266.32	Materials	Repair - K-E Dock Shelter

ATTACHMENT C

III. Set Aside Awards

<u>Category</u>	<u>Vendor</u>	<u>Total Dollar Value</u>
Cleaning Services	Combined Minority Maintenance Contract #85-755	\$ 8,100.00 (Est.)
Health and Personal Care Products	Halcon	\$ 1,200.96
TV's Unit J	Don's TV	<u>\$193,908.00</u>
	TOTAL	<u>\$203,208.96</u>

**Minutes
Meeting of the
Board of Governors Finance Committee
University of Minnesota Hospitals & Clinics
October 23, 1985**

**MEMBERS
PRESENT:**

Jerry Meilahn
Edward Ciriacy, M.D.
Clifford Fearing
William Krivit, M.D.
Robert Nickoloff
Anton Potami
Vic Vikmanis

**MEMBERS
ABSENT:**

Al Hanser
C. Edward Schwartz

STAFF:

Greg Hart
Nels Larson
Nancy Janda
Jane Morris
Barbara Tebbitt

**CALL TO
ORDER:**

The meeting of the Finance Committee was chaired by Mr. Jerry Meilahn and was called to order at 10:15 a.m. in the Dale Shepherd Room of the Campus Club.

**MINUTES
APPROVED:**

The minutes of the September 25, 1985 meeting of the Finance Committee were approved.

**SEPTEMBER YTD
FINANCIAL
STATEMENTS
(INFORMATION):**

Mr. Fearing reviewed the Report of Operations for the period July 1, 1985 through September 30, 1985. He reported that admissions through September of 4,506 were 4.3% below projections and patient days for the period totaling 37,062 were 1,054 below budget. Overall length of stay of 8.3 days was slightly above the projected level of 8.1 days. Outpatient clinic visits for the period were 55,986 or 2,021 (3.7%) above projected visits.

Total revenues over expense through September 30, 1985 are \$6,258,400, a favorable variance of \$2,367,050 reflecting both a favorable variance in net operating and non-operating revenues. Patient care charges through September totaled \$49,162,207 (1.4% above budget). Operating expenditures for the period were \$42,872,573, or \$266,000 below budgeted levels.

The balance in patient accounts receivable as of September 30, 1985 totaled \$51,504,305 representing 92.0 days of revenue outstanding. Medicare and Blue Cross receivables have continued to increase and Medical Assistance has not made payment to any hospitals in the state since August.

Mr. Fearing gave a detailed review of the September financial statements. In regard to the cash flow, he stated that total operating cash available of \$1,244,119 plus transfers to reserves of \$7,597,713 plus transfers to plant of \$653,604 equals cash generated from operations of \$9,495,435.

Following the review of the financial statements, Dr. Krivit initiated a discussion of how the Hospital could apply its free reserves and the importance of reducing the debt service. Mr. Fearing will be returning to the Committee with possible options for use of the reserves.

**85-86 FIRST QUARTER
BAD DEBTS
(ENDORSEMENT):**

Mr. Fearing stated that the total amount of bad debt for Hospital accounts receivable during the first quarter of 1985-86 was \$617,281.03 (represented by 1,229 accounts). This amount is 1.26% of gross charges (compared to a budgeted level of bad debts of 1.33%). A total of \$897.00 of Home Health Services accounts were also submitted for approval.

A motion was made and approved by the Committee to endorse the bad debt report and recommend it to the full Board of Governors.

**PRIMARY CARE
NETWORK UPDATE
(INFORMATION):**

Mr. Hart informed the Committee that Allen Reilly was hired as the CEO of Primary Care Network (PCN) and will start full-time in November, 1985. Members for the PCN Board have been selected. Representing UMHC will be C. Edward Schwartz, Dr. Neal Vanselow and Dr. Roby Thompson. Mr. Hart stated that the Hospital has 34% of the stock of PCN in its possession and is in the process of negotiating the loan or sale of a portion of that stock to University of Minnesota Clinical Associates (UMCA).

Enrollment in the plan will most likely begin in January or February of 1986.

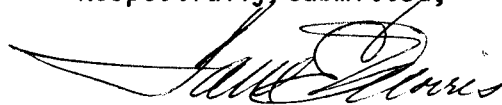
**COMPARABLE WORTH
UPDATE
(INFORMATION):**

Mr. Hart reported that the Board of Regents Staff and Student Affairs Committee has extended an invitation to the Hospital to attend their November meeting to discuss differences between the Hospitals' comparable worth plan and the University's plan. Mr. Hart will keep the Committee informed on further comparable worth developments as they occur.

ADJOURNMENT:

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

Respectfully submitted,



Jane E. Morris
Recording Secretary



November 20, 1985

TO: Members, Board of Governors
FROM: Clifford P. Fearing
Senior Associate Director
SUBJECT: Report of Operations for the Period
July 1, 1985 through October 31, 1985.

The Hospitals' operations for October reflect both inpatient admission and outpatient clinic census levels that are above budget for the month. We also continue to experience ancillary service utilization that is higher than anticipated. To highlight our position:

Inpatient Census: For the month of October, inpatient admissions totaled 1,541 or 22 above projected admissions of 1,519. Our overall average length of stay for the month was 8.5 days. Patient days for October totaled 12,572 and were 23 days below projections.

Service areas contributing to our favorable admissions variance this month were Gynecology, Neurosurgery and Surgery. The year-to-date decrease in admission levels is primarily in the areas of Medicine, Otolaryngology, and Urology.

To recap our year-to-date inpatient census:

	1984-85 Actual	1985-86 Budget	1985-86 Actual	Variance	% Variance
Admissions	6,700	6,228	6,047	<181>	<2.9>
Avg. Lgth. of Stay	8.5	8.1	8.3	0.2	2.5
Patient Days	56,873	50,711	49,634	<1,077>	<2.1>
Percent Occupancy	66.7	68.9	67.7	<1.2>	<1.7>
Avg. Daily Census	462.4	412.3	403.5	<8.8>	<2.1>

Outpatient Census: Clinic visits for the month of October totaled 20,093 or 1,677 (9.1%) above projected visits of 18,416. Nearly all clinic areas experienced census levels above projections this month. The October year-to-date clinic census totaled 76,079 visits and is 5.1% (3,698 visits) above budget and 4.4% (3,230 visits) above our October total of a year ago.

Financial Operations: The Hospitals Statement of Operations shows total revenues over expenses of \$8,210,410, a favorable variance of \$3,415,547. This overall variance reflects both a favorable variance in net revenues from operations of \$2,437,000 and a favorable variance in non-operating revenue of \$979,000 due primarily to our investment income being higher than anticipated.

Patient care charges through October totaled \$65,885,507 and is 2.3% above budget. Routine revenue is 0.1% above budget and differs somewhat from our patient day variance which is 2.1% below budget. This difference is due to a change in the mix of our bed utilization whereby we have experienced a slightly higher proportion of patient days in our higher priced beds (Intensive Care Units and Psychiatry). Ancillary revenue is approximately \$1,454,000 (3.3%) above budget and relates to the fact that (1) outpatient clinic visits are above projections, and (2) the utilization of ancillary services per patient are higher than anticipated. Inpatient ancillary revenue has averaged \$5,852 per admission compared to the budgeted average of \$5,570 per admission. Outpatient revenue per clinic visit is averaging \$140 compared to the budgeted average of \$136.

Operating expenditures through October totaled \$57,264,800 and are approximately \$463,000 (0.8%) below budgeted levels. The overall favorable variance is due primarily to favorable variances within the supply and expense categories and generally reflects the fact that (1) we have not yet experienced all of the price increases that were anticipated, and (2) we have not yet incurred the cost of various periodic purchases.

Accounts Receivable: The balance in patient accounts receivable as of October 31, 1985 totaled \$49,510,220 and represents 88.8 days of revenue outstanding. The decline in accounts receivable this month is primarily due to (1) increased payment levels from commercial insurance payors and (2) an advance of approximately \$1,200,000 from Medical Assistance. The advance from Medical Assistance is in recognition of the state's difficulties in converting their claims processing procedures to new uniform billing claim forms and the impact that is having on hospitals' receivables balances.

Conclusion: The Hospitals' overall operating position through October remains positive and above budgeted levels. We have included, in the Finance Committee mailing, our projections of the 1985-86 fiscal year-end position based on operations through the first quarter. These projections indicate that we will meet our financial objectives for the 1985-86 fiscal year. We will cover these projections with you in greater detail at the Board of Governors Finance Committee meeting.

/jem

UNIVERSITY OF MINNESOTA HOSPITALS & CLINICS

STATEMENT OF OPERATIONS

FOR THE PERIOD JULY 1, 1985 TO OCTOBER 31, 1985

	Budgeted	Actual	Variance Over/-Under Budget	Variance %
	-----	-----	-----	-----
Gross Patient Charges	\$64,406,859	\$65,885,507	\$1,478,648	2.3%
Deductions from Charges	10,220,218	9,730,205	-490,013	-4.8%
Other Operating Revenue	1,431,226	1,436,371	5,145	0.4%
Total Revenue from Operations	\$55,617,867	\$57,591,673	\$1,973,806	3.5%
Expenditures				
Salaries	\$26,988,317	\$27,316,971	\$ 328,654	1.2%
Fringe Benefits	4,816,159	5,059,234	243,075	5.0
Contract Compensation	2,908,525	2,908,525	0	
Medical Supplies, Drugs, Blood	9,034,825	9,045,883	11,058	0.1
Campus Administration Expense	1,997,028	1,997,028	0	
Depreciation	2,501,245	2,499,107	-2,138	-0.1
General Supplies & Expense	9,481,611	8,438,052	-1,043,559	-11.0
Total Expenditures	\$57,727,710	\$57,264,800	\$ -462,910	-0.8%
Net Revenue from Operations	\$ -2,109,843	\$ 326,873	\$2,436,716	
Non-Operating Revenue				
Appropriations	\$4,715,578	\$4,715,578		
Interest Income on Reserves	1,446,240	2,383,883	\$937,643	
Shared Service	134,669	160,926	26,257	19.5%
Investment Income on Trustee Held Assets	608,219	623,150	14,931	2.5
Total Non-Operating Revenue	\$6,904,706	\$7,883,537	\$978,831	14.2%
Revenue Over / -Under Expenses	\$4,794,863	\$8,210,410	\$3,415,547	(1)

(1) Variance equals 6.1% of total budgeted revenue.

UNIVERSITY OF MINNESOTA HOSPITALS & CLINICS

EXECUTIVE SUMMARY OF FINANCIAL ACTIVITY

FOR THE PERIOD JULY 1, 1985 TO OCTOBER 31, 1985

	Budgeted	Actual	Variance Over/-Under Budget	Variance %
	-----	-----	-----	-----
Patient Care Charges	\$64,406,859	\$65,885,507	\$1,478,648	2.3%
Deductions from Charges	-10,220,218	-9,730,205	490,013	4.8%
Other Operating Revenue	1,431,226	1,436,371	5,145	0.4%
Total Operating Revenue	55,617,867	57,591,673	1,973,806	3.5%
Total Expenditures	-57,727,710	-57,264,800	462,910	0.8%
Net Operating Revenue	-2,109,843	326,873	2,436,716	0.0%
Non-Operating Revenue	6,904,706	7,883,537	978,831	14.2%
Revenue Over Expense	\$4,794,863	\$8,210,410	\$3,415,547	(1)
	=====	=====	=====	

(1) Variance equals 6.1 % of total budgeted revenue.

	Budgeted	Actual	Variance Over/-Under Budget	Variance %
	-----	-----	-----	-----
Admissions	6,228	6,047	-181	-2.9%
Patient Days	50,711	49,634	-1,077	-2.1%
Average Daily Census	412.3	403.5	-8.8	-2.1%
Average Length of Stay	8.1	8.3	0.2	2.5%
Percentage Occupancy	68.9%	67.7%	-1.2%	-1.7%
Outpatient Clinic Visits	72,381	76,079	3,698	5.1%

University of Minnesota Hospitals & Clinics
 Summary Statement of Operations and Operating Cash Flow
 For 1985-86 Budget and 1985-86 1st Quarter Projections

	1985-86 Budget	1985-86 Projections	Change from Budget	% Change
Gross Patient Charges	\$ 185,477,700	\$ 185,885,157	\$ 407,457	0.2%
Deductions from Charges	29,439,500	26,832,800	-2,606,700	-8.9%
Other Operating Revenue	4,201,800	4,504,197	302,397	7.2%
Total Revenue from Operations	\$ 160,240,000	\$ 163,556,554	\$ 3,316,554	2.1%
Expenditures				
Salaries	\$ 80,688,210	\$ 81,076,041	\$ 387,831	0.5%
Fringe Benefits	14,399,890	15,024,111	624,221	4.3%
Contract Compensation	8,829,056	8,751,997	-77,059	-0.9%
Medical Supplies, Drugs, Blood	26,028,133	26,413,488	385,355	1.5%
Campus Administration Expense	5,926,200	5,926,200	0	0.0%
Depreciation	7,422,395	8,870,651	1,448,256	19.5%
Interest Expense	1,062,979	4,248,449	3,185,470	299.7%
General Supplies & Expense	27,587,853	26,577,848	-1,010,005	-3.7%
Total Expenditures	\$ 171,944,716	\$ 176,888,785	\$ 4,944,069	2.9%
Net Revenue from Operations	\$ -11,704,716	\$ -13,332,231	\$ -1,627,515	13.9%
Total Non-Operating Revenue	\$ 20,489,494	\$ 22,587,916	\$ 2,098,422	10.2%
Revenue Over/(Under) Expenses	\$ 8,784,778	\$ 9,255,685	\$ 470,907	5.4%
Add Non-Cash Outlays:				
Depreciation	\$ 7,422,400	\$ 8,870,651	\$ 1,448,251	
Campus Administration Expense	5,826,200	5,826,200	0	
K.E. Utilities	161,900	145,899	-16,001	
Increase in Accrued Expense	935,024	1,677,078	742,054	
Increase in 3rd Party Payable	774,800	485,475	-289,325	
Decrease in Prepaid Expenses	138,000	138,000	0	
Investment Income Held by Trustee	-1,804,900	-1,849,300	-44,400	
Total Funds Provided	\$ 22,238,202	\$ 24,549,688	\$ 2,311,486	
Funds Applied:				
Increase in Accounts Receivable	\$ -77,700	\$ 2,321,038	\$ 2,398,738	
Increase in Accrued Revenue	34,300	36,649	2,349	
Increase in Deferred 3rd Party	179,400	179,400	0	
Increase in Inventories	51,558	224,036	172,478	
Increase in Interest Payable	3,633,400	1,182,418	-2,450,982	
Transfer to Reserves - 3rd Party	774,800	485,475	-289,325	
Total Funds Applied	\$ 4,595,758	\$ 4,429,016	\$ -166,742	
Total Cash Available from Operations	\$ 17,642,444	\$ 20,120,672	\$ 2,478,228	

CELEBRATION PLANNING
FOR UNIT J OPENING/75TH ANNIVERSARY

Plans are being made for six weeks of public activities to celebrate the opening of the new University Hospital. The Celebration Planning Committee has defined target audiences that will be invited to tour the building. Refreshments ranging from coffee and cookies to luncheons and dinner will be served along with the tours. Groups to be invited include:

Board of Governors	Medical Staff
U of M Students	Construction Workers
U of M Employees	Architects & Consultants
U of M Staff, Faculty	Media
Alumni	Area Doctors
Foundations	Referring Doctors
Service Clubs	Politicians
Professional Peers	Deans
Community-at-large	Board of Regents
Hospital Employees	

During the days that the hospital is open to the community-at-large, there will be free health screening provided, as well as information, small promotional items, and coffee and cookies served in the cafeteria. The community-at-large will be invited through radio, television, and newspaper announcements.

The opening celebration events will climax on March 7, 1986, with an opening ceremony in the morning, and a gala dinner the same evening. A committee of the Hospital Auxiliary is planning the dinner, which will be hosted by the Board of Governors. The tentative guest list includes business and community leaders in the Twin Cities, along with senior medical staff from the hospital.

Guests will have cocktails in the new hospital, with tours of the building. The Clinical Chiefs have been asked to be stationed in their areas during the tours to explain points of interest to guests. Guests will then be transported to the Radisson University Hotel for a dinner, guest speaker, and entertainment.

To commemorate the 75th Anniversary, there will be lectures for physicians, nurses, a women's health conference, and community programs in several non-metro areas. These will take place during the spring and summer of 1986.

The actual 75th Anniversary celebration will take place on September 5, 1986. That day will feature the dedication of the building (75 years to the day that the first hospital building was dedicated) and a recognition ceremony to pay tribute to those University individuals who have been significant to the hospital over the last 75 years. An Anniversary party will be held in the hospital courtyard with music and refreshments.

The evening will feature a recognition dinner with a guest speaker and entertainment.