UNIVERSITY OF MINNESOTA
TWIN CITIES

The University of Minnesota Hospital and Clinic
Harvard Street at East River Road
Minneapolis, Minnesota 55455

NOTE TO THE BOARD OF GOVERNORS MEETING MINUTE FILE

The Board of Governors annual fall retreat was held on August 25, 26 and 27, 1986. The Board of Governors did not hold a business meeting during the month of August, 1986.

Nancy C. Janda
Secretary to the Board of Governors
September 1, 1986

THE UNIVERSITY OF MINNESOTA HOSPITAL AND CLINIC

BOARD OF GOVERNORS

SEPTEMBER 24, 1986

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OTHER ATTACHMENT

The University of Minnesota Hospital and Clinic
Board of Governors

September 24, 1986
1:30 P.M.
The Board Room, The University Hospital

AGENDA

I.	Approval of July 23, 1986 Minutes	Approval
II.	Chairman's Report - Ms. Barbara O'Grady	Information
III.	Hospital Director's Report - Mr. C. Edward Schwartz	Information
IV.	Committee Reports	
	A. Planning and Development Committee Report - Mr. Robert Latz	
	1. Quarterly Purchasing Report	Approval
	2. Purchasing Policy and Procedure Changes	Approval
	B. Joint Conference Committee Report - Ms. Phyllis Ellis	
	1. Credentials Committee/Medical Staff-Hospital Council Report and Recommendations	Approval
	2. Medical School Student Survey	Information
	C. Finance Committee Report - Mr. Robert Nickoloff	
	1. July, 1986 Financial Statements	Information
	2. 1985-86 Year-End Financial Statements	Information

3. Computer Projects — Information

4. Merit Pay Plan — Information

VI. Other Business

VII. Adjournment

**THE UMHC 75TH ANNIVERSARY SLIDE SHOW
WILL BE SHOWN IMMEDIATELY AFTER THE BOARD MEETING
IN THE BRIDGES CAFETERIA CONFERENCE ROOM.**

MINUTES

Board of Governors

The University of Minnesota Hospital and Clinic

July 23, 1986

CALL TO ORDER:

Chairman Barbara O'Grady called the July 23, 1986 meeting of the Board of Governors to order at 1:40 P.M. in the Board Room of the University Hospital.

ATTENDANCE:

Present:	Leonard Bienias David Brown, M.D. Shelley Chou, M.D. George Heenan Robert Latz Kris Johnson Jerry Meilahn Barbara O'Grady Nancy Raymond C. Edward Schwartz
Absent:	Phyllis Ellis Al Hanser David Lilly James Moller, M.D. Robert Nickoloff Neal Vanselow, M.D.

APPROVAL OF THE MINUTES:

The Board of Governors seconded and passed a motion to approve the minutes of the June 25, 1986 meeting as written.

CHAIRMAN'S REPORT:

Chairman Barbara O'Grady introduced four visitors to the meeting: Ms. Nancy Green, Director of Patient Relations; Ms. Ann Russell, Associate University Attorney; Ms. Kris Wong, a Hospital Administration Student; and Mr. Ted Yank, the summer Administrative Resident at The University Hospital and Clinic.

Chairman O'Grady outlined the plans for the August 25, 26, and 27, 1986 Board of Governors retreat. The primary purpose of the retreat this year will be to discuss the creation of a mechanism through which the hospital and the medical staff can collaboratively identify, prioritize and examine organizational objectives.

On July 7, 1986, Ms. O'Grady reported, a meeting was held at Spring Hill Conference Center sponsored by the Citizen's League and Senator David Durenberger. The central topic discussed at that session was measuring quality of care and the incorporation of quality considerations into reimbursement policies.

Chairman O'Grady also informed the members of the Board of an October 31, 1986 Metro Hospital Trustee Conference. The conference will be held at the Holiday Inn International Airport in Bloomington and is titled "The Quest for Quality: The Next Competitive Wave."

HOSPITAL DIRECTOR'S REPORT:

Mr. C. Edward Schwartz introduced two special guests to the meeting: Dr. William Thompson, Chairman of the Department of Radiology, and Dr. Bruce Work, Chairman of the Department of Obstetrics and Gynecology. Drs. Thompson and Work each outlined their plans as new chairmen for their respective departments. The members of the Board of Governors extended a warm welcome to both.

Mr. Schwartz reported that the Board of Regents had approved the Hospital's 1985/86 budget. He noted that inpatient and outpatient volumes continue at a higher than anticipated level. These volume levels will likely warrant adjustments to the budget.

On the topic of recruitment, Mr. Schwartz reported that the search for a Chairman for the Department of Neurology is progressing well. The search committee is in the process of conducting a second round of interviews with candidates.

Mr. Schwartz reported that contractual agreements had been signed with PHP and Share. A contract with Group Health, Inc. is expected to be finalized shortly. Mr. Schwartz noted that the UMCA Board and staff had greatly facilitated the establishment of these agreements.

Lastly, Mr. Schwartz reported that the Task Force on Organ Transplantation which was established with the enactment of the National Transplantation Act of 1984, had completed their final report. The mandate given to the Task Force was to conduct comprehensive examinations of the medical, legal, ethical, economic, and social issues presented by human organ procurement and transplantation. Dr. Nancy Ascher, Assistant Professor in the Department of Surgery, was a member of the Task Force. Board members were given a copy of the Task Force report.

PLANNING AND DEVELOPMENT COMMITTEE:

The Planning and Development Committee did not meet in July, 1986.

JOINT CONFERENCE COMMITTEE REPORT:

Ms. Nancy Raymond introduced Ms. Nancy Green, Coordinator of the Patients First Program. Ms. Green reviewed a six month summary of the patient survey results. The survey return rate is statistically high and has been improving on a monthly basis. The responses, in large part, have been very positive. Results also consistently indicate that we have a couple of areas where improvements could be made. Results from the survey are being communicated to the appropriate staff members.

Ms. Green also presented the results of the employee survey. In general, it appears that our employees evaluate our organization somewhat more critically than patients do. All hospital employees will be invited to attend a "Patients First" training program this fall.

FINANCE COMMITTEE REPORT:

The Board of Governors seconded and passed a motion to approve the bad debt write-off for the fourth quarter of the 1985-86 fiscal year of $711,002.80, $5,326.02 of which was bad debt on Home Health Care Service accounts. Total bad debts for the fiscal year, Mr. Fearing reported, were 1.16% of gross charges. This compares to a budgeted level of bad debts of 1.33%.

Following a brief discussion, the Board of Governors seconded and passed the following resolution increasing the University's guarantee of Primary Care Network Management Company's debt:

RESOLUTION

Whereas, in August, 1985, the Board of Regents approved the purchase by the Univeristy of 34% of the stock in Primary Care Network Management Company, and

Whereas, the closing with respect to the acquisition of Primary Care Management Company occurred on September 5, 1985, and,

Whereas, as the total cost to the University included a $50,000 deposit, an equity contribution of $744,000 and a credit line loan guarantee of $190,000,

Whereas, it has become necessary for Primary Care Network Management Company to increase its credit line,

Whereas, Whitehead and Associates has committed to granting its proportionate share of the credit line increment and the University of

Minnesota Clinical Associates has expressed its intent to accept assignment of one third of the University portion of the guarantee,

Now therefore be it resolved, that the Hospital Board of Governors endorse an increase of the University's guarantee of Primary Care Network Management Company debt from the University's current obligation of $190,000 to an amount not to exceed $600,000 and ask the Vice President for Health Sciences to forward the same recommendation to the Board of Regents for approval.

Mr. Cliff Fearing reported that the construction bids for the tunnel connecting the parking ramp to Masonic Hospital and Unit J have been received. The construction cost bids were awarded to the Sheehy Construction Company. Costs plus associated fees, contingencies and landscaping, will bring the total cost of the tunnel to approximately $1,800,000. The original estimate of the total project was $1,500,000. The increased in cost is due primarily to the site work required around the existing utilities under Harvard and Delaware Streets. The tunnel is expected to be completed in early 1987.

Lastly, Mr. Fearing outlined recent developments with regard to Medicare capital reimbursement. On June 3, 1986 HCFA issued proposed capital reimbursement regulations which, in sum, would have meant $41 million in lost payments to UMHC from 1987-1997. On July 2, 1986 President Reagan signed an Urgent Supplemental Appropriations Bill that included an ammendment postponing implementation of the HCFA regulations. In mid-July, Mr. Fearing reported, we were contacted by Senator Durenberger's office and asked to review a bill that would provide capital reimbursement at a more favorable rate than allowed for under the HCFA regulations.

ADJOURNMENT

There being no further business, the meeting of the Board of Governors was adjourned at 3:00 P.M.

Respectfully submitted,

Nancy C. Janda

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

MINUTES
Planning and Development Committee
September 10, 1986

CALL TO ORDER
Committee Chairman, Mr. Robert Latz, called the September 10, 1986 meeting of the Planning and Development Committee to order at 10:02 a.m. in Room 8-106 in the University Hospital.

Attendance:	Present	Robert Latz, Chair Leonard Bienias Frank Cerra, M.D. Clint Hewitt Geoff Kaufmann I. Dodd Wilson, M.D.
	Absent	B. Kristine Johnson John LaBree, M.D. C. Edward Schwartz
	Staff	Fred Bertschinger Nancy Janda Mark Koenig Lisa McDonald
	Guests	Lou Vietti Ted Yank

APPROVAL OF MINUTES
The minutes of the August 13, 1986 meeting were approved as distributed.

QUARTERLY PURCHASING REPORT
Mr. Koenig explained and discussed in detail certain aspects of the Quarterly Purchasing Report. Purchases totaling $11,400,000 were reported for the past purchasing quarter, similar to the previous quarterly reporting period. The nature of the purchasing has changed because of the completion of Unit J and purchases at this time reflect the increase in general volume. Mr. Vietti reported that we expect more group purchasing activity in the future. On one proposed contract he said that the Hospital will save between $250,000 - $300,000 per year. A discussion of group purchasing followed.

UMCA UPDATE
Dr. Wilson distributed a handout listing the contracts that have been signed with the various HMOs.

He said that UMCA is starting to implement the HMO contracts that have been signed with Share and Health Partners and that activity with PHP is up 50 percent since that contract was signed. UMCA and PHP hold monthly meeting to discuss problems that have arisen in both organizations in implementing the contract. Health Partners is making only a small impact at this time because of their small enrollment numbers.

Dr. Wilson said that UMCA and the Hospital need to track patients in the hospital and to coordinate efforts because of the importance of these HMO contracts.

Current activity of UMCA includes meetings with four physician groups, three of them out of state. They are the Dakota Clinic in Fargo, North Dakota, the Marshfield Clinic in Wisconsin, the Sioux Falls Medical School in South Dakota, and informal talks with Hibbing physicians.

Mr. Kaufmann reported that the Hospital is still working on the GHI contract.

PURCHASING POLICY AND PROCEDURE CHANGES

The purchasing Policy and Procedures Manual has been updated and revised in response to the unique needs of the Hospital and the need for rapid response to a changing health care environment.

Mr. Koenig and Mr. Vietti directed the committee's attention to the policy regarding Bids. After some discussion a motion and made and carried that the wording of the policy be changed to clarify the language to read, "It is recognized that, in most cases, competitive bidding provides the best opportunity to obtain a product or service at the best price. Therefore, transactions on material and/or services with an estimated total price that is established by the Hospital Director will be bid. The Hospital has the authority to allow ~~other entities (i.e.,~~ the State of Minnesota and University Hospital Consortium~~)~~ to accept bids on its behalf if the entity follows the basic purchasing policies and practices of the University of Minnesota Hospital and Clinic.. Other significant policy changes that were discussed included Standing Purchase Orders and Purchasing Change Orders, which were approved as revised, and the Set Aside Program which was changed to read in part D under Procedure "D. In order to meet the University (SET ASIDE) requirement, each department with purchases in excess of $5,000 annually will be expected to participate fully in the Set-Aside program. Other changes include the policy on Delegation of Purchasing Responsibility (break section 2 into two sections - one for Buyers Only and one for Buyers and Assistant Buyers); Gifts and Gratuities which reads "Acceptance of gifts, personal loans, entertainment, or other special considerations by an employee from an individual or organization doing business with the University of Minnesota Hospital and Clinic is unacceptable."; and Vendor Retention, part A.2. under Procedure to read "2. Repeated efforts by the vendor to bid lower-priced alternatives which do not meet the product requirements specified in the bid request, or which are ~~ridiculously~~ dissimilar to the items requested as described."

It was decided to remain with the current policy in presenting policy changes for approval.

THE CHILDREN'S MIRACLE NETWORK

Mr. Bertschinger reported on the progress of UMHC's request in May for membership in the Children's Miracle Network. The primary purpose of the Network is to raise money for the three children's hospitals in the Twin Cities. Mr. Schwartz contacted that organization in late summer and was told that they were in the process of personnel changes and because of that no decision had been made on our inquiry about membership.

Mr. Bertschinger also reported that he will include information on the annual drive for solicitation from employees as it relates to the University Fund Drive and the Development Office annual report for the last fiscal year in the next Planning and Development Committee packet.

ADJOURNMENT
The Planning and Development Committee adjourned at 11:17 a.m.

Respectfully submitted,

Ann Frohrip

Ann S. Frohrip
Secretary
Planning and Marketing

UNIVERSITY OF MINNESOTA
TWIN CITIES

University Hospital and Clinic
420 Delaware Street S.E.
Minneapolis, Minnesota 55455

September 18, 1986

TO: Board of Governors

FROM: Mark Koenig
Assistant Hospital Director

SUBJECT: QUARTERLY PURCHASING REPORT

Attached is a copy of the Hospital's Quarterly Purchasing Activity Report for the period May through July, 1986.

This report has been reviewed by the Planning and Development Committee and is being forwarded for your approval.

If you have any questions regarding the report before your meeting, please feel free to call me at 624-2939.

Attachment

UNIVERSITY OF MINNESOTA HOSPITAL AND CLINIC
ADMINISTRATIVE REPORT ON PURCHASING ACTIVITY

PERIOD May - July 1986

I. PURCHASE ORDER ANALYSIS

Range	Number of P.O.'s	Total Dollar Value
$0 - $499	5,335	$ 920,035.75
$500 - $1,999	1,896	$ 1,965,174.50
$2,000 - $4,999	496	$ 1,528,485.00
$5,000 - $9,999	188	$ 1,309,604.02
$10,000 - OVER	218	$ 5,117,755.82
TOTAL PURCHASE ORDERS	8,133	$ 10,841,091.13

II. CONFIRMING ORDERS

Range	Number of P.O.'s	Total Dollar Value
$0 - $99	118	$ 5,962.48
$100 - $499	262	$ 63,465.41
$500 - $999	89	$ 62,672.38
$1,000 - $1,999	75	$ 108,842.31
$2,000 - $OVER	38	$ 319,240.46
TOTAL CONFIRMING ORDERS	582	$ 560,183.04
TOTAL	8,715	$ 11,401,274.17

III. SET ASIDE AWARDS

(Attachment C)

IV. PURCHASE AWARDS TO OTHER THAN APPARENT LOW BIDDER

(Attachment A)

V. SOLE SOURCE

(Attachment B)

VI. VENDOR APPEALS

(Attachment D)

VII. UNIVERSITY HOSPITAL CONSORTIUM ACTIVITY

(Attachment E)

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III. SET ASIDE AWARDS

A. Awarded Bids

	Category	Vendor	Total Dollar Value
1.	Addressograph Tape	Office Machines Sales & Service	$8,104.32
2.	Carpet	Karagheusian, Inc.	$9,483.50
3.	Sequential Compression Device	Halcon	$31,960.00

III. SET ASIDE AWARDS

B. Departmental Purchases

1. May 1986

P.O. Number	Vendor	Total Dollar Value
H310869	Audiovisual Wholesalers	$ 19.70
H310933	Audiovisual Wholesalers	$ 180.20
H310920	Enrica Fish Medical Books	$ 29.95
H045796	Quality Medical	$ 365.15
H311442	Quality Medical	$ 45.61
H045799	Quality Medical	$ 110.75
H311853	Audiovisual Wholesalers	$ 600.75
H048751	Quality Medical	$ 380.70
H048926	Quality Medical	$ 43.55
	MAY TOTAL	$ 1,776.36

2. June 1986

P.O. Number	Vendor	Total Dollar Value
H060186	Quality Medical	$ 674.05
H048761	Quality Medical	$ 276.65
H048764	Quality Medical	$ 93.70
H313529	Enrica Fish Medical Books	$ 328.40
H313687	Budget Paper	$ 44.30
H048953	Quality Medical	$ 43.55
	JUNE TOTAL	$ 1,460.65

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III. SET ASIDE AWARDS

B. Departmental Purchases

3. July 1986

P.O. Number	Vendor	Total Dollar Value
H048774	Quality Medical	$ 660.60
H314812	Sexton Data	$ 114.60
H060224	Quality Medical	$ 196.50
H061377	Quality Medical	$ 242.70
H061378	Quality Medical	$ 86.25
H061381	Quality Medical	$ 128.55
H048974	Quality Medical	$ 43.55
H061720	Metro Profusion	$24,458.43
	JULY TOTAL	$25,931.18

C. Quarterly Grand Total

AWARDED BIDS	$ 49,547.82
MAY 1986 PURCHASES	$ 1,776.36
JUNE 1986 PURCHASES	$ 1,460.65
JULY 1986 PURCHASES	$ 25,931.18
GRAND TOTAL	$ 78,716.01

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

	P.O. Number	Vendor/Item	Total Dollar Value	Dollar Value Low Bidder	Department
1.	86-559	Medline/Women's Scrub Top	$ 8,550.00	$ 7,992.00	Materials
		Reason: Product bid did not have specified set-in sleeves.			
	86-559	Haag Bros./Women's Scrub Top	$ 8,550.00	$ 6,228.00	Materials
		Reason: Vendor bid incorrect style.			
2.	H061711	Curtin Matheson/ Blood Gas Analyzer	$ 24,843.00	$ 16,950.00	Labs
		Reason: Sample size too large, requires an adapter for capillary samples, interface with current system would cost an additional $3,000.00 and unit bid requires the addition of short-term storage and printout at an additional cost of $8,500.00.			
	H061711	Instrumentation Lab/ Blood Gas Analyzer	$ 24,843.00	$ 19,000.00	Labs
		Reason: Unacceptable pH comparisons identified in a 1985 evaluation.			
3.	86-609	Charm-Tex/ Surgical Towels	$ 13,420.00	$ 10,000.00	Materials
		Reason: Fabric deteriorated after twenty washings and was not sufficiently lint free.			
	86-609	Lobdell/Surgical Towels	$ 13,420.00	$ 7,500.00	Materials
		Reason: Product bid did not meet the following specifications: Length, width, two selvaged edges and fabric weight.			

	P.O. Number	Vendor/Item	Total Dollar Value	Dollar Value Low Bidder	Department
	86-609	Shirlike/Surgical Towels	$ 13,420.00	$ 11,450.00 $ 12,310.00	Materials
		Reason: Vendor did not provide samples for testing and evaluation.			
	86-609	Carnegie Textile/ Surgical Towels	$ 13,420.00	$ 11,900.00	Materials
		Reason: Product bid did not have two selvaged edges.			
	86-609	Haag Bros./ Surgical Towels	$ 13,420.00	$ 8,640.00	Materials
		Reason: Towels were white rather than specified green.			
	86-609	Cleveland Cotton/ Surgical Towels	$ 13,420.00	$ 11,890.00	Materials
		Reason: Products bid were seconds and were deemed unacceptable.			
4.	86-557	Whitehouse/ Scrub Shirts & Pants	$ 38,143.00	$ 38,056.80	Materials
		Reason: Thread count did not meet specifications.			
	86-557	Uniforms Mfg./ Scrub Shirts & Pants	$ 38,143.00	$ 36,678.72	Materials
		Reason: Uneven hems, seams puckered, raw edges showing in places, edges not properly caught in seams and the thread count does not meet specifications.			
5.	86-504	Am. Scientific/ Specimen Vials	$ 5,688.00	$ 5,472.00	Materials
		Reason: Cap did not seal tightly and the vial size did not meet height specifications.			

	P.O. Number	Vendor/Item	Total Dollar Value	Dollar Value Low Bidder	Department
6.	86-512	Am. Hosp. Supply/ 4 oz. Specimen Container	$ 22,088.40	$ 13,632.54	Materials
		Reason: Composition of the plastic was to brittle, thus causing cracks and breakage during tests.			
	86-512	Evergreen/ 4 oz. Specimen Container	$ 22,088.40	$ 9,669.60 $ 16,267.68	Materials
		Reason: Product leaked during testing, thus deemed unacceptable for use in the pneumatic tube system.			
	86-512	James Phillips/ 4 oz. Specimen Container	$ 22,088.40	$ 9,735.96 $ 17,793.96	Materials
		Reason: Product leaked during testing, thus deemed unacceptable for use in the pneumatic tube system.			
	86-512	Unimed/ 4 oz. Specimen Container	$ 22,088.40	$ 11,376.00	Materials
		Reason: Literature and test results were not furnished for evaluation.			
	86-512	Medline/ 4 oz. Specimen Container	$ 22,088.40	$ 11,376/00	Materials
		Reason: Literature and test results were not furnished for evaluation.			
	86-512	Gentec/ 4 oz. Specimen Container	$ 22,088.40	$ 9,053.40	Materials
		Reason: Literature and test results were not furnished with evaluation.			

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	P.O. Number	Vendor/Item	Total Dollar Value	Dollar Value Low Bidder	Department
7.	86-531	Cooper Vision/ O.R. Vitrectomy Set	$ 24,960.00	$ 20,160.00	Materials
		Reason: Bottle is not sterile and available for the scrub nurses immediate use.			
8.	86-494	Cobe/Dual (Femoral) Lumen Catheters	$ 6,000.00	$ 5,500.00	Materials
		Reason: Prior usage and experience of the physicians has deemed this product unacceptable.			
	86-494	Impra/Dual (Femoral) Lumen Catheters	$ 6,000.00	$ 5,400.00	Materials
		Reason: Product can not be sutured as securely as the specified product.			
	86-494	Cobe/Dual (Subclavian) Lumen Catheters	$ 7,500.00	$ 6,875.00	Materials
		Reason: Prior usage and experience of the physicians has deemed this product unacceptable.			
	86-494	Argon/Dual (Subclavian) Lumen Catheters	$ 7,500.00	$ 6,230.00	Materials
		Reason: Prior usage and experience of the physicians has deemed this product unacceptable.			
	86-494	Impra/Dual (Subclavian) Lumen Catheter	$ 7,500.00	$ 6,750.00	Materials
		Reason: Product can not be sutured as securely as specified product.			

	P.O. Number	Vendor/Item	Total Dollar Value	Dollar Value Low Bidder	Department
	86-494	Impra/Dual (Subclavian) Lumen Catheter	$ 7,500.00	$ 6,750.00	Materials
		Reason: Product can not be sutured as securely as specified product.			
9.	86-525	Surgical Instruments/ Line #2 Arterial Filter	$ 8,820.00	$ 6,664.00	Cardio/Respiratory
		Reason: Product bid are not compatible with the existing circuits.			
	86-525	Shiley/ Line #2 Arterial Filter	$ 8,820.00	$ 8,400.00	Cardio/Respiratory
		Reason: Product bid are not compatible with the existing circuits.			
10.	86-526	Shiley/ Line #34 Cardioplegia Reservoirs	$ 7,200.00	$ 4,320.00	Cardio/Respiratory
		Reason: Products bib are not compatible with existing equipment.			
11.	86-524	Shiley/ Line #60-61 Oxygenators	$ 65,760.00	$ 58,480.00	Cardio/Respiratory
		Reason: Items do not meet performance requirements and are not compatible with present equipment.			
	86-524	Electromedics/ Line #60-62 Oxygenator, Cardiotomies	$ 83,760.00	$ 77,840.00	Cardio/Respiratory
		Reason: Items do not meet performance requirements and are not compatible with present equipment.			

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	P.O. Number	Vendor/Item	Total Dollar Value	Dollar Value Low Bidder	Department
	86-524	Central Medical/ Line #62 Cardiotomies	$ 18,000.00	$ 14,880.00	Cardio/Respiratory
		Reason: Item does not meet performance requirements and is not compatible with present equipment.			
12.	86-554	Mallinckrodt/ Hexabrix	$ 32,333.53	$ 30,030.00	Materials
		Reason: Product is more painful to the patient and causes more adverse reaction than does the specified product.			
13.	H048849	Vital Signs/ Laerdal Resuscitators	$ 9,742.50	$ 2,215.50	Cardio/Respiratory
		Reason: Product bid is not reusable as was specified.			
	H048849	International Medical/ Laerdal Resuscitators	$ 9,742.50	$ 9,225.00	Cardio/Respiratory
		Reason: Manufacturer does not recommend it's products for use on the patient age rang UMHC requires.			
14.	86-579	Gentec/ Disposable Apparel	$ 6,337.21	$ 3,401.04	Materials
		Reason: Surgeons cap did not have the specified sweat band.			
15.	86-582	AHS/ Disposable Apparel	$ 8,056.80	$ 6,588.00	Materials
		Reason: The bouffant cap was too small to fit UMHC size range.			

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P.O. Number	Vendor/Item	Total Dollar Value	Dollar Value Low Bidder	Department
16. 86-580	Surgikos Disposable Apparel	$ 15,602.50	$ 10,566.72	Materials
	Reason: Product samples were not submitted for testing and evaluation.			
17. 86-588	McGaw/Fluid Dispensing System	$ 11,375.00	$ 9,610.00	Pharmacy
	Reason: Vendor required a forty case minimum per order.			
18. H048491	Office Controls/ Posture Stools	$ 17,256.00	$ 12,633.60 $ 13,343.20 $ 13,353.60 $ 14,125.20	Unit J
	Reason: Product not constructed with solid steel, as specified.			
19. H048491	Haldermann Homme/ Posture Stools	$ 17,256.00	$ 13,967.00 $ 15,046.00	Unit J
	Reason: Product not constructed with solid steel, as specified.			
20. H048491	Wahl & Wahl/ Posture Stools	$ 17,256.00	$ 14,746.80	Unit J
	Reason: Product not constructed with vinyl seats, as specified.			
21. 86-496	James Phillips/Argyle Feeding Tubes	$ 16,740.00	$ 16,740.00	Materials
	Reason: Tubing was too stiff, therefore, increased the risk of patient discomfort and complications.			

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P.O. Number	Vendor/Item	Total Dollar Value	Dollar Value Low Bidder	Department
22. 86-494	Whittaker/Superior Feeding Tubes	$ 16,740.00	$ 12,398.76	Materials
	Reason: Tubing was too stiff, therefore, increased the risk of patient discomfort and complications.			
23. 86-496	James Phillips/ Seamless FeedingTubes	$ 16,740.00	$ 10,416.00	Materials
	Reason: Tubing was too stiff, therefore, increased the risk of patient discomfort and complications.			
24. 86-496	Whittaker/Superior Feeding Tubes	$ 16,740.00	$ 10,215.12	Materials
	Reason: Tubing was too stiff, therefore, increased the risk of patient discomfort and complications.			
25. 86-498	Sandoz Nutrition/ Admin. Set (Kangaroo Feeding Pump)	$ 27,349.92	$ 17,241.12	Materials
	Reason: Product samples submitted for evaluation required separated tubing, thus, requiring additional nursing time to assemble. Also, the staff had difficulty reading the numbers on the sets.			
26. 86-498	Corpak Co./ Admin. Sets	$ 27,349.92	$ 21,060.00	Materials
	Reason: The product was constructed with excess space between the bag and the outlet, which creates a reservoir and the potential for bacteria growth. The product was deemed unacceptable for long term use.			

	P.O. Number	Vendor/Item	Total Dollar Value	Dollar Value Low Bidder	Department
27.	86-547	Medsurg/ Procedure Tray	$ 17,280.00	$ 13,280.00	Materials

Reason: The pack did not contain an ultrasonic decoupling sleeve needed for existing equipment.

28.	H061710	Rapid Electric Co./ Regulator	$ 25,641.00	$ 10,235.61	Therapeutic Radiology

Reason: The regulator's technology is not current, making the response time slow. The power factor is inadequate, therefore, the department would incur additional costs for the installation of circuit breakers.

ATTACHMENT B

V. SOLE SOURCE

Vendor	Contract/P.O.#	Value	Department	Product
C.R. Bard	H061721	$ 3,097.60	Outpatient	Crash Cart
Physio Control	H061867	$ 6,800.00	Labs	Defibrillator
Castle	H314859	$ 3,531.56	Materials	Parts
Mn. Dept. Health	H315260	$ 3,600.00	Labs	Lab Tests
Serving-Software Inc.	H048310	$ 43,046.00	I.S.D.	O.R. Schedule System
I.C.C.	H311130	$ 2,100.00	I.S.D.	Concatenating Cards
Castle	H311128	$ 2,896.00	Materials	Sterilizer Shelving
Central Med	H311933	$ 5,566.10	Cardio/Resp.	Profusionist Supplies
J & J	H311929	$ 7,005.00	Cardio/Resp.	Profusionist Supplies
Sarns	H311926	$ 2,220.00	Cardio/Resp.	Profusionist Supplies
C.R. Bard	H312010	$ 27,893.75	Cardio/Resp.	Profusionist Supplies
Zimmer	H048489	$ 15,860.00	O.R.	Sternal Saw
Stryker	H312572	$ 5,501.00	O.R.	Drill Accessories
Chick	H048846	$ 28,535.00	O.R.	Neuro Table
Sandoz	86-509	$ 61,340.17	Nutrition	Formulas and Supplements
Milupa	86-508	$ 813.00	Nutrition	Formulas and Supplements
Mead Johnson	86-507	$ 10,711.08	Nutrition	Formulas and Supplements
Amsco	86-511	$ 47,040.00	Materials	Detergents
Squibb	86-516	$ 13,482.00	Materials	Contrast Media
Winthrop	86-515	$ 40,569.60	Materials	Contrast Media
Ameridata	H048828	$ 300.00	Nutrition	Teleprinter
I.B.M.	H042066	$ 8,123.60	C.U.H.C.C.	Software
Edward Weck	86-586	$ 31,440.00	Materials	O.R. Instruments
Pie Data Medical	H061876	$121,740.00	Labs/ Heart Cath	Cardiovascular Analysis Systems
Narco	H061862	$108,080.00	Cardio/Resp.	Monitoring Equipment
Travenol	86-621	$ 4,618.80	Nutrition	Nutritional Formulas and Supplements
Delmed	86-629	Open	Nursing Serv.	PD Solutions and Supplies
Travenol	86-630	Open	Nursing Serv.	PD Solutions and Supplies
Medtronics	H061863	$ 4,800.00	CSP	Pacemakers
Medtronics	H061877	$ 9,720.00	CSP	Pacemakers
Zimmer	H316176	$ 5,440.00	O.R.	Extension Hose Connector
Frigitronics	H061864	$ 3,285.00	O.R.	Retinal Freezer Probes
Storz Instr.	H314862	$ 5,764.00	O.R.	Ophthamology Inst.
Chick Orthopedic	H060997	$ 22,900.00	O.R.	Ortho O.R. Table
Stryker	H061275	$ 9,468.00	O.R.	Stryker Saws, Accessories
Zimmer	H315194	$ 4,600.00	O.R.	Drill Burs
Scaletronix	H048499	$ 9,150.00	Nursing	Bed Scales

ATTACHMENT B
Page Two

Vendor	Contract/P.O.#	Value	Department	Product
Sencore	H060353	$ 4,349.95	Bio-Med Engr.	Video Analyzing System
General Electric	H060360	$ 8,900.00	Radiology	Rad-Video Formatter
McDonnell Douglas	H060389	$132,483.00	Comp. Serv.	Purchasing Computer Hardware

ATTACHMENT D

VI. Vendor Appeal

1. Vendor Name: Griffis Oxygen
   Nature of Purchases: Lithotripter Nitrogen Tanks
   Amount of Award $1,559.52
   Reason for Appeal: Griffis disputed the manufacturer's letter indicating tank size. Upon researching the situation, the award was made to Griffis.

2. Vendor Name: Accurate Computer Forms
   Nature of Purchase: Lab Labels
   Amount of Award: Rebid
   Reason for Appeal: There was a contradiction in the original specifications.

3. Vendor Name: Control Corporation
   Nature of Purchase: Med. Lab Computer Maintenance
   Amount of Award: $136,380.00
   Reason for Appeal: The vendor was of the opinion they were not given an adequate opportunity to demonstrate their ability to perform the Contract.

4. Vendor Name: Upper Midwest Sales
   Nature of Purchase: Polyethylene Bags
   Amount of Award: $8,900.00
   Reason for Appeal: The vendor disputed the instructions given for the submission of samples.

ATTACHMENT E

VII. University Hospital Consortium Activity

1.	Nature of Purchase:	Defibrillators
	Consortium Vendor Name:	Hewlett-Packard
	Purchase Order #:	H061722
	Value of Purchase:	$9,090.90
	Value of Next Lowest Vendor:	Estimated, $10,200.00
	Savings:	$1,109.10
2.	Nature of Purchase:	Defibrillators
	Consortium Vendor Name:	Hewlett-Packard
	Purchase Order #:	H060370
	Value of Purchase:	$4,545.45
	Value of Next Lowest Vendor:	
	Savings:	

UNIVERSITY OF MINNESOTA
TWIN CITIES

University Hospital and Clinic
420 Delaware Street S.E.
Minneapolis, Minnesota 55455

September 17, 1986

TO: Members of the Board of Governors

FROM: Greg Hart
Senior Associate Director

SUBJECT: Purchasing Policy and Procedure Changes

Attached please find a series of recommended changes to our Purchasing Policies and Procedures. On September 10, 1986 the Planning and Development Committee reviewed and made some minor modifications to the document. They are being presented for your approval.

Mark Koenig has assumed administrative responsibility (since Ed Howell's departure) for our Materials Services Department (and thereby for purchasing activities), and presented these recommended changes to the Committee on September 10, 1986.

A brief summary of the specific changes is outlined in the September 18 memo preceding the revised policies and procedures. The actual changes are reflected in the engrossments in the manual. Because of the relatively large number of recommended changes, we have reproduced and attached revised copies of the entire manual. This may also give the Board members a better context for the changes.

The large majority of the recommended changes are procedural in nature. I would point out in particular the addition recommended to the policy on bids, on page 16. This change is being recommended to make explicit our probable increase in purchasing activity through the University Hospital Consortium.

Thank you for your attention to this matter.

GH/kff

Attachments

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

September 18, 1986

TO: Members of the Board of Governors

FROM: Lou Vietti

SUBJECT: Purchasing Policy & Procedure Manual Revision
- Summary of Changes

This is a summary of the tentative revisions and additions to the Hospital Purchasing Policy and Procedure Manual.

LV:lkb

PREFACE

Based upon the unique needs of the Hospital and the need for rapid response to a changing health care environment, the University of Minnesota has embarked on a course of action that will allow it to more effectively manage its purchasing functions.

During these times of advancing technology and ever-increasing reimbursement pressures, it is vital that the purchasing function be responsive and actively managed within the Hospital environment.

With this in mind, the Board of Regents, in August of 1983, delegated the responsibility for University of Minnesota Hospital and Clinic purchasing to the Board of Governors of the Hospital.

The Policies set forth in this manual have been approved by the Board of Governors with the responsibility for carrying them out as assigned by the Board of Governors delegated to the General Director of the University of Minnesota Hospital and Clinic.

The Policy statements contained in this manual represent the purchasing intentions and goals of the University of Minnesota Hospital and Clinic. They constitute the permanent foundation upon which the purchasing activity of the Hospital and Clinic operates.

The fundamental purpose of the procedures adopted in this manual is not to restrict the effectiveness of the individuals involved with the procurement process, but to provide a foundation for effective, consistent, and complete consideration of all aspects of the purchasing process, with the expected result being a positive, professional relationship between the Hospital and the suppliers serving the Hospital.

This manual is designed to serve as a users' reference guide in order to explain and facilitate understanding of the University of Minnesota Hospital and Clinic purchasing activity and responsibilities. This manual is to be kept current and should include all Purchasing Policy and Procedure updates issued by the University of Minnesota Hospital and Clinic.

SECTION	
Page 1 of 2	
VOL.	POLICY NUMBER

SUBJECT	EFFECTIVE
CONTENTS	1/3/84
	REVISION 1/2/86
SOURCE MATERIALS SERVICES	REVIEWED 12/31/85

Title **Page**

APPROVED BOARD OF GOVERNORS	DATE
TITLE	

UNIVERSITY OF MINNESOTA HOSPITALS AND CLINICS

POLICY AND PROCEDURES MANUAL

SECTION	Page 1 of 1
VOL.	POLICY NUMBER
SUBJECT: PURCHASING AUTHORITY	EFFECTIVE: 1/3/84
	REVISION: 1/2/85
SOURCE: MATERIALS SERVICES	REVIEWED: 12/31/85

Policy

The Board of Regents of the University of Minnesota has delegated to the Board of Governors the authority to conduct all purchasing activity within the University of Minnesota Hospital and Clinic.

Procedure

In fulfilling its purchasing responsibility, the Board of Governors may, on a quarterly basis, request reports from the Hospital Director regarding purchasing activity conducted by the University of Minnesota Hospital and Clinic. This report may include any purchasing activity related to awards made to minority vendors participating in the set aside program, and purchasing activity resulting in cost savings to the Hospital.

The above subjects are not to be construed as all inclusive as the Board of Governors may wish to seek additional purchasing-related information as it deems appropriate.

APPROVED: BOARD OF GOVERNORS	DATE
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SUBJECT	EFFECTIVE
DELEGATION OF AUTHORITY	1/3/84
	REVISION 1/2/85
SOURCE	REVIEWED
MATERIALS SERVICES	12/31/85

Policy

The authority to procure needed supplies, equipment, and services for the University of Minnesota Hospital and Clinic has been delegated to the Board of Governors from the Board of Regents and subsequently to the Hospital Director.

Procedure

A. Purchasing Policy grants the Hospital Director the authority and responsibility for the procurement of all materials, equipment, supplies, and services necessary to support the Hospital. Within this authority, the Director may delegate to other specific individuals the responsibility for the performance of the procurement duties.

B. Delegation of commitment authority for Purchasing activity is listed below. The individuals identified below are responsible for initiating purchase transactions within the guidelines and procedures set forth in this Policy and Procedure Manual.

Categories	Individual Delegation
1. Materials and Supplies	
a. All materials and supplies	Responsible Department Head
b. After hours/emergency purchases	Responsible Department Head
2. Capital Equipment	Responsible Department Head and Appropriate Administrator

APPROVED	DATE
BOARD OF GOVERNORS	
TITLE	

3. Services

a. Service & Maintenance Contracts, related to Hospital Materials & Acquisitions	Responsible Department Head

C. The procedure, Approval Requirements for Purchases, requires certain approvals of a transaction prior to commitment. All delegations of authority are subject to the Approval's Requirement. See approval requirements for purchasing policy.

D. Emergency transactions requiring approvals can be completed as needed, subject to approval on the next working day.

UNIVERSITY OF MINNESOTA HOSPITALS AND CLINICS

POLICY AND PROCEDURES MANUAL

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SUBJECT	EFFECTIVE
DELEGATION OF PURCHASING RESPONSIBILITY	1/3/84
	REVISION 1/2/86
SOURCE	REVIEWED
MATERIALS SERVICES	12/31/85

Policy

In order to insure compliance with approved purchasing policies and procedures, the University of Minnesota Hospital and Clinic, through the Hospital Director, delegates purchasing responsibility to the Director of Materials Services.

Procedure

A. Definition of responsibilites:

1. Director of Materials Services will be responsible for:

   a. The Hospital's adherence to the stated policies and procedures.

   ~~b. The review of all annual and blanket contracts of $50,000 or more.~~

   eb. The coordination of all purchasing activity at the University of Minnesota Hospital and Clinic.

   dc. The actions and conduct of buyers within the department and the assurance that those buyers transact business within the guidelines and spirit of the University of Minnesota Hospital's and Clinic's policy and procedure manual.

2. The Materials Services Buyers will be responsible for:

   a. Bidding of inventoried items.

   b. Reviewing requisitions and payment requests prior to release.

   c. Reviewing all capital equipment purchases.

   d. Reviewing of all annual and blanket contracts. ~~of $49,999 or less.~~

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3. The Materials Services Buyers and Assistant Buyers will be responsible for:
   a. Assisting hospital departments with the purchasing function.
   b. Reviewing all purchase orders.
   c. Coordinating all initial vendor contracts.
   d. Tabulating bids.
   e. Entering data into the computer.
   f. Assigning and logging all purchase order numbers.
   g. Ordering stock items into inventory.
   h. Screening sales representatives.
   i. Expediting all vendor returns.
   j. Expediting past due orders.
   k. Updating vendor list.

4. The Product Evaluation and Standardization Committee or its appropriate subcommittee will be responsible for:
   a. Providing evaluations on non-pharmaceutical products.
   b. Standardization of non-pharmaceutical products within the Hospital wherever possible.
   c. Reviewing general use inventoried item contracts prior to re-bidding or renewal.
   d. Providing product guidance for hospital departments.

UNIVERSITY OF MINNESOTA HOSPITALS AND CLINICS

POLICY AND PROCEDURES MANUAL

SECTION	
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SUBJECT	EFFECTIVE
APPROVAL REQUIREMENT FOR PURCHASING	1/3/84
	REVISION 1/2/86
SOURCE MATERIALS SERVICES	REVIEWED 12/31/85

Policy

In order to achieve appropriate purchasing accountability, the University of Minnesota Hospital and Clinic shall have defined approval requirements for purchase commitments.

Procedure

A. All designated purchasing personnel shall obtain the required approval prior to the issuance of the purchase order. The following table provides levels of required approval based on the dollar amount of the order.

Amount of Order or Contract	Departmental Purchaser	Department Head Or Designee	Director of Materials Or Designee	Hospital Administration
$500 or less	X	X		
More than $500			X	
Capital Equipment		X	X	X

B. In situations where one or more of the persons whose approval is required in accordance with the above table is not available, the approval of the next higher level of authority will be obtained.

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C. If a purchase order change is issued to correct or supplement an open order to contract, and it is apparent additional expenditures will exceed the previously approved amount by 20% ~~or more~~ and the total difference (by line) is $50.00 or more, then the change order must be approved by the appropriate approval level identified in the table above. This does not apply to capital equipment. (See Capital Equipment Policy).

D. Signature cards for all authorized Purchasers must be on file in Hospital Accounts Payable.

SUBJECT
PURCHASING PROTOCOL

EFFECTIVE
1/3/84

REVISION
1/2/86

SOURCE
MATERIALS SERVICES

REVIEWED
12/31/85

Policy

In order to assure appropriate documentation flow of information and compliance with established Purchasing Policy, all non-inventoried supplies and equipment shall be procured by utilizing established Purchasing Protocol.

Procedure

A. University Hospital's Form #26930, "Requisition-Order/Payment Request," is to be used by Hospital departments for ordering all non-contract supplies and equipment and for making payments to persons or organizations not involving contractual or bid agreements.

Instructions for filling out the Requisition-Order/Payment Request:

1. Sub-Acct: Completed by Hospital Accounting only after thorough audit of the document as filled out by the department. This audit will include correct account number, class number, vendor reference number (optional), extension of unit price times quantity, total extension of funds, and authorized signature.

2. Account No.: Fund, account, and budget number completed by originating department.

3. Class No.: Classification of funds to be completed by originating department. (Complete listing of classification numbers available from Hospital Accounting.)

4. Bid No.: Number assigned by Materials for purchases requiring bidding. This same number will be referenced on the Request for Quotation (the document for requesting bid quotations).

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5. Vendor Reference No.: To be completed by the ~~originating~~ accounting department on the order/payment request form when being used to make payment to a vendor. This reference number refers to the vendor's invoice number.

~~6. Purchase Order No.: Number assigned by Materials. This same number will be referenced on the Purchase Order form.~~

~~7~~6. Sequence No.: Individual line item number to be completed by originating department.

~~8~~7. Quantity: Amount to be ordered. Unit of issue is also to be included (i.e., 2. box/10 or 10 cases). To be completed by originating department.

~~9~~8. Description: Full description of products to be purchased (including manufacturer's product number) or full explanation of payment to be made, completed by originating department.

~~10~~9. Unit Price: Price per unit of issue, to be completed by ordering department. This must be up-to-date and exact. ~~If pricing has not been obtained, department should leave blank and the Materials buyer will obtain.~~

~~11~~10. Extension: A total figure per line item obtained by multiplying quantity ordered times individual unit price. This is to be completed by originating department.

~~12~~11. Total: A grand total figure of the extensions of the line items. To be completed by originating department. An exception is made for annual contracts: $00.00 is filled in for the total amount.

~~13~~12. Source/Payee: Originating department is to specify source(s) to be purchased from or sent bids, or the payee to receive payment. If the total is over $2,000.00, the department should list all known competitive sources or appropriate bid list category to be specified; or if only one source is known and only one source is known to be acceptable, a sole source letter should accompany the requisition; OR if only one source is known, a specific description of the type of equipment/product to be bid should be offered in the requisition, allowing the Materials Buyer enough information to research other sources. Any payee receiving payment should be listed with home address for mailing of the check.

~~14~~13. Social Security Number: Any payee designated to receive payment for salary expenses must list Social Security number for reporting to Internal Revenue Service.

~~15~~14. Deliver to: The originating department should specify exact delivery instructions. The first box should be checked for all deliveries to be received at the Hospital's main receiving dock at 425 East River Road. In addition, the building and room number should be designated so that receiving dock employees are able to deliver to an exact location. The second box will be used for deliveries to the Hospital's Distribution Center. The third box should be checked for those locations off-site not serviced by the hospitals' main receiving dock. Persons at these off-site locations must forward receiving packing slips to Materials Services.

~~16~~15. Hospital Department, Prepared By, Authorized Signature: Originating department should list the department name and the person responsible for the preparation of the document who can answer questions regarding the purchase or payment. The Authorized Signature must be filled in by the authorized person on the particular account number used.

~~17~~16. Check Request: In order for payment to accompany the purchase order, a check must be placed in the box in this area and a signature of the department head or designee is required. ~~The department copy of the purchase order will be returned to the department after processing and will have the accounting invoice number stamped on it for reference.~~

~~18~~17. Reference: In order to aid the Materials Services Buyer in processing the order or contract request, the originating department is to list previous contracts or orders. If it is a new request, it should be designated as "new".

B. The Requisition - Order/Payment Request Form is a ~~four~~ three-part form processed as follows:

~~Part 4: Gold - Retained by originating Department.~~

Part 3: Pink - ~~Returned to the department with the bid or purchase order number noted on the copy.~~ Retained by the originating department.

Part 2:Yellow - If a purchase order is generated, this part is forwarded to Financial Accounting.
If a bid is generated, this part is filed at the Distribution denter by bid number.

Part 1: White - If a purchase order is generated, this part is ~~stamped with the~~ assigned a purchase order number and filed by account number ~~in purchase order number sequence~~ in the Materials Department.
If a bid is generated, this part is filed in bid number sequence in Materials.

C. Abbreviations

The following abbreviations for unit purchase are recommended:

Symbol	Definition	Symbol	Definition
BB	Barrel	LT	Lot
BTL	Bottle	LF	Linear Foot
BG	Bag	M	Thousand
BX	Box	OZ	Ounce
BF	Board Feet	MF	Per 1,000 Ft
C	Hundred	PC	Piece
CD	Card	PD	Pad
CF	Cubic Foot	PG	Page
CI	Cubic Inch	PK	Package
CS	Case	PR	Pair
CW	Hundred Weight	PT	Pint
CY	Cubic Yard	QT	Quart
DM	Drum	RL	Roll
DZ	Dozen	RM	Ream
EA	Each	SF	Square Ft.
FT	Foot	SH	Sheet
GA	Gallon	SI	Square In.
GM	Gram	SP	Spool
GR	Gross	ST	Set
HF	Hundred Feet	SY	Square Yd.
IN	Inch	TU	Tube
KG	Kilogram	TN	Ton
LB	Pound	TO	Troy Ounce
LG	Length	UN	Unit

UNIVERSITY OF MINNESOTA HOSPITALS AND CLINICS

POLICY AND PROCEDURES MANUAL

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SUBJECT	EFFECTIVE
BID THRESHOLD REQUIREMENTS	1/3/84
	REVISION 1/2/86
SOURCE	REVIEWED
MATERIALS SERVICES	12/31/85

Policy

In order to remain responsive to the changing Health Care Environment, the University of Minnesota Hospital and Clinic has established bid thresholds for the purchases of supplies, equipment, and services.

Procedure

$0 - $1,999	May or may not be bid. The individual department may request written or telephone bids. The Materials Department may solicit written bids, take phone quotes, or place orders immediately, depending on the competitive nature of the items on the requisition and benefits to the individual departments.
$2,000 - $4,999	Should have at least three bids, either written or telephoned, depending upon the competitive nature of the items.
$5,000 - And Up	Must obtain three or more competitive written bids. These bids must be sealed and will be opened publicly and read to any interested parties.

All telephone bids must be confirmed in writing within five working days ~~prior to an award~~.

Use of multiple requisitions is expressly forbidden where the result would be a possible avoidance of review, formal bidding, or other abridgement of these policies.

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VOL.	POLICY NUMBER

SUBJECT	EFFECTIVE
BIDS	1/3/84
	REVISION 1/2/86
SOURCE	REVIEWED
MATERIALS SERVICES	12/31/85

Policy

It is recognized that, in most cases, competitive bidding provides the best opportunity to obtain a product or service at the best price. Therefore, transactions on material and/or services with an estimated total price that is established by the Hospital Director will be bid. The Hospital has the authority to allow ~~other entities (i.e.,~~ the State of Minnesota and University Hospital Consortium~~)~~ to accept bids on its behalf if the entity follows the basic purchasing policies and practices of the University of Minnesota Hospital and Clinic.

Procedure

A. The individual departments have the option of establishing a bidding requirement of less than the $2,000 limit.

B. Bid requests should be typed by the Requestor using the standard Requisition/Payment Request form. Complete information must be provided including, but not limited to, quantity, description, bidding period, delivery requirements, special conditions, drawings, specifications, suggested vendors and date information required. If replies are to conform to a certain format, this should be clearly stated.

C. An attempt shall be made to obtain a minimum of three bids, providing that the Purchaser is familiar with the market and the prices of the material in question. In the case of sole source items, more than one price is not possible and should be so noted on the Requisition (see Sole Source pp. ~~20~~ 23-24).

D. The Purchaser, when obtaining bids, should keep in mind other departments of the Hospital or University that may be able to provide the desired material or service. This interaction will be coordinated by the Materials Services Department.

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BOARD OF GOVERNORS	
TITLE	

E. Bids will be solicited only from vendors whom the Purchaser knows are qualified or can be qualified to meet all requirements. Examinations of the financial condition of a company, its ability to perform, and its facilities should be part of the criteria for an acceptable vendor. The Materials Department will maintain and publish, on a quarterly basis, an acceptable vendor list.

F. Answers to technical questions arising during the bidding process should be provided by the requestor. The Purchaser must coordinate the reply and ensure all potential suppliers are provided with consistent information.

G. All bids, unless obtained verbally such as in the case of phone bids, must be sealed and must arrive prior to bid closing date and time. All verbal bids must be confirmed in writing prior to an award or purchase commitment.

1. Phone Quotes From Vendors

a. Phone quotes should be directed to the ~~Buyer whose name is on~~ RFQ Buyer at the Distribution Center. If the said person is unavailable, another Buyer or an Assistant Buyer should take the quote.

b. The quote should be written out on a blank RFQ noting the following:

1. Bid number
2. Company name and address
3. Bid closing date
4. Products offered with prices
5. Person's name offering quote
6. F.O.B.
7. Delivery
8. Discount Terms
9. Time and date of quote

c. The vendor will be required to submit written confirmation of the phone quote within five (5) days.

2. Instructions For Departmental Use Of Phone Quotes

a. A minimum of three vendors should be contacted for the following minimal information:

1. Company name and address;

2. Company person's name who supplied the phone quote;

3. Date the phone quote was supplied and the date, if any, when the phone quote expire;

4. F.O.B. (who pays for freight and the type of freight: ie. Air, UPS, Common Carrier, etc.);

5. Cash discount, where applicable; and,

6. Price obtained.

b. Once the three or more phone quotes have been obtained, recommend the vendor who best complies and reasons why (ie. low bid, vendor's ability to ship immediately, etc.).

c. List all the above information on the "Requisition Order/Payment Request Form" and process through the appropriate channel as described in the Hospital Purchasing Policy and Procedure Manual.

H. Bids from vendors that do not comply with applicable Federal and State laws and regulations relating to equal opportunity of employment or the applicable University of Minnesota Hospital and Clinic policies relating to affirmative action and equal opportunity of employment, or the applicable regulations relating to the Set Aside Program, will not be accepted.

I. If the products offered by each of the bidding vendors are of substantially equal quality, if each vendor can provide the same delivery date, and if there were no other pertinent considerations, the award/contract should go to the lowest bidder. For conditions to award to other than low bidder, see policy "Acceptance of Other-Than-Low Bid". (pp ~~21~~-22 21-22).

J. Weighing the Importance of Delivery, Quality, and Price:

In many cases the relative importance of delivery, quality, and price have already been established and documented on a prior order. In such cases, the available information should be reviewed to establish that it is still current and relevant and if so the information may be used as a basis for the award.

K. After all bids have been received and examined for completeness, a summary sheet is to be prepared noting all the pertinent data and deviations from specifications. Determination of the lowest bidder and award of the order will be made by the Purchaser only after all aspects have been considered.

L. In order to ensure that vendor contracts have responded to a bid request, Materials will identify on the Request for Quotation all vendors solicited and the responses.

M. For all bids, the unsuccessful low ~~vendors~~ bidders will be notified in writing ~~within 10 days, but~~ prior to bid award that the bid has been closed, and the specific reason for rejecting the vendor's bid.

N. Supplier quotations should be in response to a request from Hospital Purchasing. However, unsolicited bids will be considered if the vendor complies with all requirements after reviewing the open bid board located at the Hospital Distribution Center.

O. When a supplier is given the opportunity to re-bid, all competing suppliers must also be given an equal opportunity to re-bid. Those conditions in which it is in the Hospital's best interest to allow re-bidding include, but are not limited to, changes in requirements, changes in state-of-the-art concepts, new vendors on the market, drastic price changes, and lack of response from a sole source vendor.

P. It is imperative that the supplier knows that:

1. Precontract discussions should be considered informational;

2. Any agreements reached are tentative until the Purchase Order is awarded.

3. The Hospital assumes no contractual obligation to the supplier until a formal purchase order or letter of agreement is executed.

4. The Hospital is not under any obligation to procure the items for which the discussions are conducted, and any cost incurred by the supplier prior to the placing of the order is at the supplier's expense unless otherwise agreed to in advance by the Hospital and supplier.

Q. The Request for Quotation form will be used for all bid requests. Utilization of this method will provide necessary documentation and efficient communication pertinent to competitive transactions.

R. The quote number will be cross-referenced to the contract or purchase order number. All communications or correspondence must reference the quotation number.

S. Bids will be opened on Tuesday and Thursday at 1:00 PM at the University of Minnesota Hospital and Clinic Distribution Center located at 883 29th Avenue SE. All bid openings are public knowledge and any interested parties may attend.

T. Departments involved in specification drafting are encouraged to use various Hospital resources such as Hospital Engineering to help provide adequate technical support.

U. All bidders must comply with the University of Minnesota Policy as it relates to Buy USA.

V. If any bids are equal in all aspects, then the decision will be made by a coin flip. All concerned vendors will be invited to witness the flip and will sign a statement that they will abide by the decision of the flip.

SUBJECT
ACCEPTANCE OF OTHER THAN LOW BID

EFFECTIVE
1/3/84

REVISION
1/2/86

SOURCE
MATERIALS SERVICES

REVIEWED
12/31/85

Policy

University of Minnesota Hospital and Clinic desires to obtain the necessary goods and services at the lowest possible cost. However, in a competitive bidding situation, there may be concerns regarding product quality and/or availability. When these concerns exist, the University of Minnesota Hospital and Clinic may make an award to a vendor who is not the lowest bidder.

Procedure

A. An award may be made to a vendor who is not the apparent lowest bidder under the following conditions:

1. The low bid product is of inferior quality and may adversely affect the quality of care the Hospital seeks to maintain.

2. The low bid product cannot be delivered in the time frame required by the Hospital.

3. The low bid product cannot be supplied in the quantity required by the Hospital.

4. The low bidder's performance record is below the Hospital's acceptable standard, as determined by Material Services and the using department and written documentation exists in the vendor performance file.

5. The low bidder does not comply with the given specifications.

6. The above conditions are not all-inclusive as at times there may be reasons that are particular to a given Purchaser or product.

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B. In the event that a Purchaser decides to award a contract to a vendor whose price is not the lowest, the Purchaser shall:

1. Make a spread sheet listing all objective elements of the decision. (Refer to spread sheet in sample section.)

2. Write a brief explanation of those factors that lead to the decision to award to other than the lowest bidder.

3. Have both the spread sheet and the explanation reviewed and approved by the appropriate Department Head or designee prior to placement of the order through Materials Services.

4. Concerns regarding conflict of purchasing practice will be resolved by the Hospital Administrator responsible for the department accepting other than low bid.

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SUBJECT	EFFECTIVE
SOLE SOURCE	1/3/84
	REVISION 1/2/85
SOURCE	REVIEWED
MATERIALS SERVICES	12/31/85

Policy

Due to the unavailability of competitive sources, the University of Minnesota Hospital and Clinic may purchase items on a sole source basis where circumstances warrant.

Procedure

A. The University of Minnesota Hospital and Clinic may purchase equipment, supplies, or services on a sole source basis when either of the following conditions are met:

1. The product or service to be purchased is unique and is not available from any other source.

2. The requesting department has conducted a recent, thorough search for acceptable alternate products or services and has been unsuccessful.

B. Requisitions requesting sole source purchasing must be accompanied by a supporting letter which identifies:

1. The specific features of a product or service which make it unique and the benefit to the Hospital of these features.

OR

2. The alternate sources investigated, the date on which they were contacted, and the reason(s) the alternate product or service, if available, would be unacceptable.

C. Hospital buyers may waive the sole source letter on service agreements for unique items at their discretion.

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D. Specific Departmental Administrator retains final approval authority on all sole source requests.

E. All sole source purchases will be reported to the Hospital Board of Governors each quarter.

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SUBJECT	EFFECTIVE
ANNUAL PRODUCT CONTRACTS	1/3/84
	REVISION
SOURCE	REVIEWED
MATERIALS SERVICES	12/31/85

Policy

In an effort to assure availability of needed products and maintain predictable pricing, the University of Minnesota ospitals and Clinic will issue annual contracts when marketing conditions warrant.

Procedure

A. The issuance of annual contracts should be considered when the Hospital will:

1. Purchase repetitive, specified services or items or categories of items from the same vendor over the period of a year.
2. Order standard materials or maintenance supplies which require numerous shipments.
3. Enable the Purchaser to obtain more favorable pricing through volume commitments and firm pricing guarantees.

B. Annual contracts generally should not be used when:

1. No benefit will be derived over and above a regular purchase order.
2. Prices are unknown at ordering time, or subject to change later without notice.
3. Quality of product or services is questionable.
4. Substantive product changes are imminent.
5. Product or service delivery time is not enhanced.
6. Purchase volume cannot be ascertained for specified period of time.

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C. Annual contracts are prepared using the formal requisition/payment request form and shall include the following information:

1. The period to be covered (normally, not to exceed one year).

2. An extension clause, if applicable. (Provided all terms and conditions remain the same)

3. Items and/or categories of items included.

4. Minimum or maximum quantities, if any.

5. Product or service description.

6. Terms and billing arrangements.

7. Personnel authorized to order from the contract.

8. A cancellation clause.

9. A "ship as called for," or standing order clause, if applicable.

10. Manufacturer's catalog number and specifications, if applicable.

D. In all cases, annual contracts must have the approval of the Director of Materials Services or designee prior to their placement.

E. Price, F.O.B. terms, and quantity must be established before issuance of the annual contract. Specified quantities result in a contract for that quantity. Occasionally, where an order is intended to cover any item handled by the supplier, commodity, price, and quantity are not covered. Instead of the exact price, the manner or method of computing price should be agreed upon at the time the annual contract is drawn (i.e., list percentage of discount for price list).

F. Annually, the appropriate user area will review all contracts specifically assigned to them and re-bid as required.

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SUBJECT: **BLANKET CONTRACTS**	EFFECTIVE: 1/3/84
	REVISION: 1/2/85
SOURCE: MATERIALS SERVICES	REVIEWED: 12/31/85

Policy

In an effort to facilitate the purchasing process, obtain favorable prices, assure product availability, and obtain multiple items from an individual vendor, the University of Minnestoa Hospital and Clinic may issue blanket contracts based upon the following procedures.

Procedure

A. Blanket contracts are to be used when:

1. Varied items from the same vendor are purchased over the period of a year.
2. Total individual orders will not exceed $2000.
3. Volume commitments will enable the Purchaser to obtain more favorable pricing.

B. Blanket contracts generally should not be used when:

1. No benefit will derive over and above a regular purchase order.
2. Prices are unknown at ordering time, or subject to change later without notice.
3. Quality of vendor or service is questionable.

C. A blanket contract is prepared using the formal Requisition form and shall include the following information:

1. The period to be covered (not to exceed one year).
2. Items and/or categories of items included.

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3. Maximum quantities, if any.

4. Prices and pricing arrangements.

5. Terms and billing arrangements.

6. Personnel authorized to order from the contract.

D. In all cases, blanket contracts must have the approval of the Director of Materials or designee prior to their placement.

E. Price, F.O.B. terms, and quantity should be established when possible before issuance of the blanket contract. When an order is intended to cover any item handled by the supplier, commodity, price, and quantity are not covered. Instead of the exact price, the manner or method of computing price should be agreed upon at the time the blanket contract is drawn.

F. Annually, the Department of Materials Services will review and re-bid all blanket contracts. A list of all effective blanket contracts will be issued to Hospital users each year and will be updated as changes occur.

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SUBJECT: CONSIGNMENT CONTRACTS	EFFECTIVE: 1/2/85
	REVISION:
SOURCE: MATERIALS SERVICES	REVIEWED: 12/31/85

Policy

In order to minimize purchasing related cash flow commitment, the University of Minnesota Hospital and Clinic may accept consignment stock through the Department of Materials Services.

Procedures:

A. The use of consignment contracts by departments will be encouraged and supported when the inventory item(s) to be consigned can be described by one or more of the following criterion:

1. High bulk
2. High individual acquisition cost
3. High risk of obsolesence
4. Long acquisition lead time

B. Under a consignment contract a vendor delivers to the Hospital a quantity of product as specified by the agreement at no charge to the Hospital. The product remains the property of the vendor. The Hospital is responsible for safeguarding the inventory and ordering replacement stock as the product is used. Contract language should address, but may not be limited to, the following issues:

1. Control
2. Audit
3. Renewal/extension
4. Cancellation

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5. Wear/tear

6. Defective products

7. Reprocessing (if required)

8. Insurance

9. Volume

C. For Processing Consignment Contracts refer to Annual Products Contracts.

D. All consignment contracts must so state in the body of the Requisition/Order Payment.

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SUBJECT	EFFECTIVE
PURCHASE ORDERS	1/3/84
	REVISION 1/2/86
SOURCE	REVIEWED
MATERIALS SERVICES	12/31/85

Policy

In order to provide the appropriate safeguards over Hospital resources, all legal procurement transactions must be codified through the utilization of an official University of Minnesota Hospital and Clinic Purchase Order.

Procedure

A. All formal purchase orders for non-contract purchases shall be prepared from a properly completed requisition. The requisition is designed to contain all of the necessary information and signatures. The completion of the requisition by the Purchaser is the principal document used to prepare a formal purchase order.

All purchase orders for contract purchases will be prepared by the user department based upon a properly awarded contract.

B. The formal purchase order will be distributed as follows:

1st white copy is mailed to the vendor by Materials Services.

2nd green and 3rd yellow copies are held in Hospital Accounts Payable.

4th blue copy is filed in the Materials master file

5th pink copy is routed to Hospital Receiving.

6th gold copy is returned to, or retained by the Hospital department placing original order.

C. The formal purchase order is used as a written order to a vendor and may be either an original order or may confirm a verbal order. This form may also serve as a written change order. This form is typed from information supplied by a properly completed requisition as follows:

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1. Account Number: The department being charged for the purchase.
2. Class: The category of the expense.
3. Bid Contract Number: The number of the annual contract, or bid, if applicable.
4. Purchase order number
5. The date the order was placed, not when it was typed.
6. To: Name and mailing address of vendor.
7. Ship To: The Hospital location where goods are to be delivered or the service performed.
8. Bill To: Hospital Accounts Payable preprinted.
9. Address Questions To: Ordering Department, contact Person.
10. Phone Number: Number of contact person
11. F.O.B. Point: Point where the Hospital assumes responsibility for the merchandise.
12. Cash Discount: Vendor terms per contract.
13. Delivery Due: The date that the goods are to be delivered or the service performed.
14. Sequence Number: Each separate line item on the order should be numbered consecutively.
15. Quantity: How many are being purchased on the order.
16. Unit of Measure: What is the vendors sale quantity.
17. Part Number and Description: What is the item being ordered including special conditions of the purchase.
18. Unit Price: What is the individual price of the item being ordered.
19. Total Extension: Unit price x quantity.

20. Buyer Signature: Name of person authorizing the purchase.

21. Originators Name: Name and Department of individual originating purchase.

22. Confirming: Check confirming box if this is a confirming order. Also insert the date the order was placed.

D. Purchase order numbers will be issued in numerical sequence and must be carefully controlled. Purchasing will keep a master log of all numbers issued.

This log is to include:
- Date of Order
- P.O. Number (in numerical sequence)
- Vendor Name
- Department originating document

E. Additions or changes to an order are made by preparing a letter indicating what changes are being made. The same purchase order number will be cited on the order.

When initiation and/or confirmation of a change necessitates preparing a second purchase order form, the following applies:

1. Maintain the original purchase order number and refer to it by date and number. Indicate change order across body of purchase order.

2. Follow the usual distribution steps for purchase orders and attach a copy to the purchase requisition.

3. Request that the supplier acknowledge the change in writing if the change is not acceptable to the vendor.

F. Written confirmation, plus the following steps, are required for all order "Cancellations".

1. Refer to the original purchase order by date and number.

2. Follow the usual distribution steps for purchase order, and attach a copy to the purchase order.

3. Request the supplier's acknowledgement of the cancellation in writing.

G. Purchasers are encouraged to negotiate freight into the material cost F.O.B. Destination.

H. It is recognized that requirements will arise whose urgency will dictate immediate processing (i.e., E.P.O.'s). In such cases, the department may contact the Purchasing Department to receive an emergency purchase order. The Purchasing Department will complete the requisition and send to the ordering department for authorized signature if the purchase is for $500.00 or more. If the order is for less than $500.00, a purchase order will be issued and processed. No requisition will be required. Under these circumstances the department will give the Materials Buyer:

1. The ordering Department Account Number
2. Class Number
3. The quantity to be purchased
4. A description of the item or service
5. The exact unit price
6. The extended price
7. The vendor ~~requested~~ name and address
8. ~~Vendor terms and FOB point~~ Delivery address
9. ~~The name and phone number of the individual requesting the emergency purchase order~~ FOB point
10. Invoicing terms
11. The name and phone number of the individual requesting the emergency purchase order.

Upon receiving the above information, a purchase order number will be given to the department. The department will then call in the order.

It is up to the discretion of the Buyer or the Assistant Buyer if a situation warrants an emergency purchase order. Emergency purchase orders cannot be issued for capital equipment items.

Every effort should be made by departments to minimize "emergency" transactions.

I. In order to accomplish prompt receipt of materials as required by the user and efficient purchase request closure, Purchasing shall:Review the open order report weekly and:

1. Examine all orders past due. Past due is defined as any order not received by the delivery date.

2. Check with requestor to ascertain:

   a. The material is still outstanding

   b. The material is still required

3. If requestor states that material has not been received but is no longer required:

   a. In "Description" area, write "Cancel" on Purchase Order and have requestor sign and date.

   b. Have requestor call vendor and advise that purchase order has been cancelled.

4. If requestor states that material has not been received and is still required:

   a. Call vendor and ascertain shipping date.

   b. Note expected date of receipt on an open order report copy along with any other pertinent information derived from vendor.

5. If vendor states order has been shipped:

   a. Obtain shipping date and carrier.

b. If shipment overdue, call carrier; or if vendor responsibility, have vendor trace and advise status.

c. If vendor states that material has been delivered, obtain name of receiver and date delivery slip was signed.

d. Trace such receipt.

6. If vendor states material has not been shipped and accepts cancellation:

a. Initial "Cancel" in "Description" section.

b. Forward cancelled order copy to Accounts Payable.

7. If vendor states that material has not been shipped but was special-ordered and a charge levied for cancellation:

a. Ask vendor to delay cancellation notice.

b. Advise vendor of Purchaser's decision.

c. Make appropriate notation on Open Order Report.

8. Make copy of open order report with all notations and send to requestor.

9. On receipt of follow-up request from user or purchaser:

a. Examine appropriate order in file.

b. Contact vendor to determine status of order and liability to expedite.

c. Notify user of findings.

d. Depending upon results, complete transaction per instructions above.

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SUBJECT: STANDING PURCHASE ORDERS	EFFECTIVE: 1/2/86
	REVISION:
SOURCE: MATERIALS SERVICES	REVIEWED: 12/31/85

Policy

In order to gain additional purchasing flexibility and reduce unnecessary paper work, standing purchase orders may be issued if certain conditions are met.

Procedure

A. In order for a standing purchase order to be issued, one of the following conditions must exist:

1. A contractual agreement must exist whereby a shipment of the same quantity is to be delivered at regular intervals.

2. A contractual agreement must exist for labor or repair costs whereby no shipments are delivered to the receiving dock;

3. A contractual agreement must exist for rental of equipment billed on a monthly basis; no shipments of supplies or parts (that will pass through the receiving dock) are to be involved on this standing purchase order.

B. All standing purchase orders will be issued through the Materials Services Department.

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SUBJECT: **PURCHASING CHANGE ORDERS**

SOURCE: MATERIALS SERVICES

Policy

In order to gain additional flexibility in expediting appropriate changes to an issued purchase order, a purchasing change order will be issued.

Procedure

A. A purchasing change order to a purchase order will be required whenever any of the following conditions occur:

1. When an item is added to the order or the quantity of a line is increased.

2. When a price increases such that the new price of a line item exceeds the old price by 20 percent or more, and the total difference (by line) is greater than $50.00.

3. When a vendor item number has changed.

B. For purchase orders not on a contract, a department must submit a requisition referencing the original purchase order number with the changes to be made indicated. In the event of a price or quantity increase, the supplemental amount only should be indicated.

C. For purchase orders on a contract, departments must send a memo to the appropriate Materials buyer indicating the change(s) to be made. A copy of the original purchase order must accompany the memo.

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SUBJECT	EFFECTIVE
CAPITAL EQUIPMENT	1/3/84
	REVISION
SOURCE	REVIEWED
MATERIALS SERVICES	12/31/85

Policy

In order to effectively control capital cost, the University of Minnesota Hospital and Clinic will provide Hospital departments with procedures for the funding and purchasing of capital items.

Procedure

A. Any item of equipment of $500 or more, with a three (3) year or greater life span, shall be considered capital equipment.

B. All capital equipment purchases will comply with the Hospital current Policy on the Funding of Capital Equipment.

C. Upon final approval by Financial Accounting, the Bid and Purchase Order Policies will apply.

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SUBJECT
RESTRICTED PRODUCT/SERVICE PURCHASES

EFFECTIVE
1/3/84

REVISION
1/2/86

SOURCE
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Policy

Due to the potential implications and nature of certain purchases, the University of Minnesota Hospital and Clinic has established a listing of products and services which will be acquired consistent with the University procedures for purchasing such items or services.

Procedure

The following are to be regarded as restricted products/services purchases.

A. Consultants

A consultant is defined as "an individual or organization" who is engaged to give professional advice or services, for a fee, but not as an employee for the party that engages for consultant. This includes paid guest lecturers (and other paid guest speakers) when not acting as employees of the department or unit that engages them.

If the cost of the service to be provided by the consultant will be more than $600, or is to be paid from sponsored program funds, the department utilizing the service must prepare and process a Memorandum of Agreement (BA Form 206) or a Contract for Services for Corporations or Partnerships (BA Form 757). This must be reviewed and endorsed by the Senior Associate Hospital Director for Finance, prior to forwarding to the University Vice president for Finance for final approval.

If the cost of the service to be provided by the consultant will be less than $600 and is to be paid from non-sponsored funds, the consultant may perform the service without a written aggreement. After the consultant has performed the service, prepare a combined requisition/invoice or a Requisition/Order Payment Request ~~(type 36)~~ to initiate payment to the consultant; include on the payment request a "Certification of Services Statement".

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B. Radioactive Material

1. User contacts radiation protection indicating need to purchase radioactive material.

2. Radiation protection will contact the Materials Buyer indicating approval of the specific amount of radioactive material authorized to purchase.

3. The Materials Buyer contacts the user department with a confirming purchase order number and obtain all of the information indicated on the P.O.

4. Type the user's NRC (Nuclear Regulation Number) license number in the body of the Hospital purchase order.

   NOTE: Users must have approved copies of the Application for Radioisotope Use in their possession.

5. Clearly specify unit of measure as mc. (millicurie) or uc. (microcurie).

6. In the "Deliver To" space, type address stated below:

   Receiving Room, 118 Boynton Health Service
   410 Church Street
   Mpls., Mn. 55455
   Attn:

   Attention: (Give name and location of approved radioisotope user)

   NOTE: The Health Physicist must approve the order. It is required by the University's radiation protection program.

When the shipment arrives, it will be delivered to the Boynton Health Service, which is the central receiving point at the University for all radioactive materials. After it is logged in and checked for damage by the Health Physicists, it will be delivered to the department without delay.

C. Controlled Substance

1. Complete a Hospital Requisition/Payment Request Form.

2. Have the user fill out and sign either a BNDD (U.S. Bureau of Narcotics and Dangerous Drugs) form 222 for schedule I and II substances or a DEA (Drug Enforcement Administration) form 336 for all schedule III, IV, and V substances.

3. Staple the BNDD form 222 or the DEA form 336 to the Requisition/Payment Form.

4. Send the forms to Materials Services. If the cost of the order will exceed $2000, the BNDD or the DEA form should be held in the department until a vendor is selected from the bids.

   Any user (doctor, research investigator) who wants authorization to use controlled substances must have a DEA registration number. This registration number requires an approved application of BNDD form 224 or 225, available from:

   Department of Justice
   Drug Enforcement Administration
   Room 402 U.S. Courthouse
   110 S. 4th Street
   Minneapolis, Minnesota 55401
   Tel: 725-2783

   The address entered on the application form must be the address to which the drug will be shipped; it will not be shipped elsewhere.

   The user should complete the form through item 4. The user's immediate supervisor must sign item 5. The form should then be sent to the address noted on the upper right corner of the form.

D. Alcohol

1. Register with the Chemical Storehouse the names of two staff members who will sign orders and be responsible for the use of alcohol in the department.

2. Complete an Order for Alcohol. The form is supplied by the Chemical Storehouse along with the billing of the previous order.

   Ethyl alcohol may be ordered only by departments having proper storage facilities and prior approval from the University police.

3. Use the Alcohol Requisition (BA Form 434) for withdrawing alcohol from the department's supply. Complete this each time an individual withdraws alcohol.

   Accurate, complete, and current records must be kept by the department to account for all alcohol received from the Chemical Storehouse.

4. Complete and send a Monthly Alcohol Report (BA Form 435) along with copies of form 434 to the Chemical Storehouse on the first working day of each month. Report all quantities in gallons or portions thereof to two decimal places.

   The Monthly Alcohol Report is required by the United States Treasury. It shows how much alcohol was used during the month and how much the department has left at the end of the month.

   These forms must be received by the Storehouse no later than the 5th of each month, whether or not any alcohol has been used.

E. Travel

1. All travel documents must be processed by Hospital Accounts Payable, once all required approvals have been obtained.

2. All travel documents must be accompanied by a completed Travel Authorization (type 06) and/or advance request.

3. All requests must be signed by the appropriate administrator.

4. Guidelines for travel are published in a pamphlet entitled "University of Minnesota Travel Regulations."

5. Upon completion of the requested travel, a "Travel Expense Voucher" must be prepared and returned to University of Minnesota Travel, 1919 University Avenue, after obtaining the appropriate administrative signature.

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SUBJECT	EFFECTIVE
SET ASIDE PROGRAM	1/3/84
	REVISION 1/2/86
SOURCE MATERIALS SERVICES	REVIEWED 12/31/85

Policy

In order to extend an opportunity to small and minority firms, the University of Minnesota Hospital and Clinic will institute a set aside program adopted by the Board of Regents.

Procedure

A. The Set-Aside Program was mandated by Regents' Resolution dated October 12, 1979, which adopted Chapter 86 of the 1979 Laws as University policy.

Regents Policy States:

> "To specifically seek out through a Set Aside program, within the needs,and framework of the University of Minnesota, small business firms, as well as firms owned by socially and economically disadvantaged persons; and involve them directly or indirectly in the University of Minnesota's procurement program."

B. The Hospital will seek to identify and buy from minority or small business vendors that have completed and have on file a current form certifying them as a minority or small business vendor.

C. The Hospital will assign an individual as Set Aside Coordinator and establish an annual program for submission to the University of Minnesota Set Aside Coordinator.

D. In order to meet the University (SET-ASIDE) requirement, each department with purchases in excess of $5,000 annually will be expected to participate fully in the Set-Aside program.

E. The individual department will report on a quarterly basis its Set-Aside purchases to the Director of Materials for incorporation into the Board of Governors Quarterly Report (see report format).

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SUBJECT	EFFECTIVE
PRODUCT EVALUATION	1/3/84
	REVISION 1/2/85
SOURCE	REVIEWED
MATERIALS SERVICES	12/31/85

Policy

In order to assure appropriate quality and maintain cost awareness, all general use medical/surgical supplies, excluding pharmaceuticals and food, must be screened by and formally evaluated through the Product Review Sub-Committee (a sub-committee of the Hospital Product Evaluation Committee).

Procedure

A. User-Generated Request

1. Following the receipt of appropriate input within the department, contact the Secretary of Product Review Subcommittee with the request.

2. The item will be placed on the sub-committee agenda following input from other appropriate resources, and the protocol on the Hospital Policy for Product Evaluation 13.6 will be followed.

B. Vendor-Generated Request

1. The Vendor will contact a Materials or Departmental Purchasing representative with a request for a product evaluation.

2. The Materials or Departmental Purchasing representative will contact the Secretary of the Product Review Subcommittee to place the item for consideration on the sub-committee's agenda.

3. The protocol on the Hospital Policy for Product Evaluation 13.6 will be followed.

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SUBJECT	EFFECTIVE
PRODUCT RECALL	1/3/84
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SOURCE	REVIEWED
MATERIALS SERVICES	12/31/85

Policy

In order to provide a safeguard for patients and/or staff, the University of Minnesota Hospital and Clinic shall maintain a Product Recall Program.

Procedure

A. Any department receiving a notice or product recall should notify the Department of Materials Services immediately.

B. All devices internally identified as posing a threat to patient or staff safety shall be recorded by the user department through the use of the Incident Report Procedure.

C. The Materials Services Department will maintain a central log of all recalls and will send duplicate copies to the user department(s). Initial entries shall include:

1. Manufacturer's name;

2. Item code number (if any);

3. Lot number (if any);

4. Class or recall:

   a. Urgent - life threatening; Note: Class I devices involved in any recall shall be placed in immediate quarantine by the user or Materials Services and use immediately discontinued;

   b. Serious - corrective action required;

   c. Advisory;

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5. Manufacturer's suggested action;

6. Date initiated, received, and in what manner; and

7. Action taken.

D. Materials Services will notify all affected Hospital and Clinic areas. A written record will be maintained by Materials Services of all product recalls.

E. Materials Services will coordinate the collection and disposal of all non-pharmaceutical recall merchandise. Devices to be returned to the manufacturer for credit/replacement must be properly logged and handled with applicable shipping and freight regulations.

F. All medical device alert records will be retained centrally in Materials Services for the duration of legal liability. All injuries concerning product recalls should be directed to Materials Services.

G. Materials Services will subscribe to the "FDA Enforcement Report" or other appropriate recall notification services and communicate any product recalls to the appropriate department in a timely manner.

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SUBJECT: **PRODUCT ENDORSEMENT**	EFFECTIVE: 1/3/84
	REVISION: 1/2/85
SOURCE: MATERIALS SERVICES	REVIEWED: 12/31/85

Policy

The Board of Governors of University Hospital & Clinic prohibits endorsement or advertisement of products or services by Hospital staff. However, in order to maintain credibility in the health care field, all requests for approval of a news release or statements stating that the Hospital, or any of its operating units or personnel, uses a product made or service offered by another firm shall be referred to Hospital Administration for approval.

Procedure

A. The vendor, through Materials Services, must obtain approval from Hospital Administration prior to associating their product with the University of Minnesota Hospital and Clinic for advertising purposes.

B. This request should be made in writing to the Department of Materials Services whose responsibility it will be to forward the request to Hospital Administration for approval.

C. Approved product endorsements will be reported to the Board of Governors on a quarterly basis.

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SUBJECT: CONFLICT OF INTEREST	EFFECTIVE: 1/3/84
	REVISION:
SOURCE: MATERIALS SERVICES	REVIEWED: 12/31/85

Policy

Employees engaged in the purchasing function are expected to be free of interests or relationships which are actually or potentially detrimental to the best interests of the Hospital, and shall not engage or participate in any commercial transaction involving the Hospital, its affiliates, or divisions in which they have a significant financial interest.

Procedure

A conflict of interest is determined to exist where an employee:

Has a direct or indirect interest in or relationship with an outside party that might make possible personal gain due to the employee's ability to influence dealings; render the employee partial toward the outside party for personal reasons; or otherwise inhibit the impartiality of the employee's business judgement.

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UNIVERSITY OF MINNESOTA HOSPITALS AND CLINICS

POLICY AND PROCEDURES MANUAL

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VOL.	POLICY NUMBER
SUBJECT: GIFTS AND GRATUITIES	EFFECTIVE: 1/3/84
	REVISION: 1/2/86
SOURCE: MATERIALS SERVICES	REVIEWED: 12/31/85

Policy

Acceptance of gifts, personal loans, entertainment, or other special considerations by an employee from an individual or organization doing business with the University of Minnesota Hospital and Clinic is unacceptable.

Procedure

Any employee not complying with this policy is subjected to appropriate disciplinary action.

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UNIVERSITY OF MINNESOTA HOSPITALS AND CLINICS

POLICY AND PROCEDURES MANUAL

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VOL.	POLICY NUMBER
SUBJECT: PURCHACES BY EMPLOYEES	EFFECTIVE: 1/3/84
	REVISION:
SOURCE: MATERIALS SERVICES	REVIEWED: 12/31/85

Policy

In order to avoid any conflict of interest and maintain adequate control of purchasing activity, employees may not purchase through the Hospital any materials purchased or used by the Hospital without following the procedure stated below.

Procedure

A. Items being scrapped by the Hospital and sent to University inventory may be purchased via the Sealed Bid System employed by University Property Accounting.

B. Information concerning the University of Minnesota Property Accounting Sealed Bid System may be obtained by contacting that department at 3-2118.

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UNIVERSITY OF MINNESOTA HOSPITALS AND CLINICS

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SUBJECT	EFFECTIVE
PURCHASES FROM EMPLOYEES	1/3/84
	REVISION
SOURCE	REVIEWED
MATERIALS SERVICES	12/31/85

Policy

In order to avoid any conflict of interest, the Hospital shall not purchase any goods or service from any employee or immediate family member of employee without the prior consent of the Hospital Director.

Procedure

A. If a department wishes to purchase an item or service from an employee or immediate family member of an employee, the department shall submit in writing, through the appropriate administrator to the Hospital Director, the department's reasons for such purchases.

B. All documentation of such purchases will be on file in the Materials Services Department.

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UNIVERSITY OF MINNESOTA HOSPITALS AND CLINICS

POLICY AND PROCEDURES MANUAL

SECTION	Page 1 of 2
VOL.	POLICY NUMBER
SUBJECT: VENDOR CONTROL	EFFECTIVE: 1/3/84
	REVISION: 1/2/85
SOURCE: MATERIALS SERVICES	REVIEWED: 12/31/85

Policy

In order to facilitate patient and employee safety, the activities of representatives of all companies with products within the University of Minnesota Hospital shall be governed by procedures approved by the Product Evaluation and Standardization Committee and Hospital Administration.

Procedure

A. All representatives wishing to promote their company's products within the University of Minnesota Hospital shall be registered with the Department of Materials Services. Registration is accomplished by completing the Registration Form. The form shall be given to the Materials Assistant Buyer when completed. Notification to the Department of Materials of any change in the information contained on this form will be the continued responsibility of the representative. All pharmaceutical representatives will register with the Department of Pharmaceutical Services and follow the appropriate protocol.

B. The representative should consult with a Materials representative prior to any visit into the institution and will be issued a badge identifying the individual as a vendor representative. The badge will be returned to the Materials Services Department at the end of the visit.

C. Representatives may be seen at the Department of Materials Services by appointment only. Each representative may call between 8:00 AM and 4:30 PM on Monday, Wednesday, and Friday. Appointments should be scheduled through the Materials representative (telephone 376-4460 or 376-3590). Urgent or pertinent information concerning products stocked by the Department of Materials Services may be communicated by phone at any time. The Department reserves the right to contact representatives when necessary.

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D. The following shall be accomplished during the scheduled appointments:

1. Discussion of the latest product(s) released by the representative's company since the last visit, and having the representative leave or mail two (2) copies of literature concerning the product to the Department of Materials Services. When available, technical bulletins, publications, or reprints shall be provided.

2. Advisement as to product changes, price changes, etc.

3. Assistance in the processing of all return goods for credit requested.

E. Representatives' activities must be confined to non-patient care areas. Representatives are not permitted to conduct their business in clinics. Appointments with physicians must be held in physicians' offices.

F. Company catalogues shall be supplied by the vendor.

1. One copy of each company's catalogue shall be located in the Purchasing library.

2. Each catalogue should contain the name, address, and telephone number of the representative. The representative shall assure that updates are being sent to the Materials Services Department.

G. Displays are prohibited in the University of Minnesota Hospital without the consent of Hospital Administration.

H. Any infraction or abuse of the above Policy and Procedure will be reviewed by the Product Evaluation and Standardization Committee and may result in the withdrawal of vendor privileges at the University of Minnesota Hospital and Clinic.

UNIVERSITY OF MINNESOTA HOSPITALS AND CLINICS

POLICY AND PROCEDURES MANUAL

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VOL.	POLICY NUMBER

SUBJECT	EFFECTIVE
VENDOR SAMPLES	1/3/84
	REVISION 1/2/85
SOURCE	REVIEWED
MATERIALS SERVICES	12/31/85

Policy

In order to assure access to new products and control the flow of products, the University of Minnesota Hospital and Clinic will accept vendor samples for evaluation under conditions stated in this procedure.

Procedure

When vendors provide samples for evaluation, they will be accepted only under the following considerations:

1. The product is one which is of a type presently in use or is of potential use to the Hospital. Samples of goods not likely to be purchased will not be accepted.

2. The quantity or size of the sample is relatively small and of low value. The object of a sample is the examination of its fitness for Hospital use.

3. If vendor supplied samples are accepted, they shall be promptly conveyed to the appropriate department for evaluation.

4. If a vendor sample is an item of equipment, the item must be inspected and approved by BioMedical Engineering prior to delivery to the area requesting the sample.

5. Any manufacturer warranty and liability will be in effect for any product samples being formally evaluated by the Hospital.

6. The vendor may follow up with the appropriate buyer on any samples left for evaluation.

7. All devices must be tested for safety, and labelled as such, by Bio-Medical Engineering prior to any clinical use.

APPROVED	DATE
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SUBJECT
VENDOR RETENTION

EFFECTIVE
1/3/84

REVISION
1/2/86

SOURCE
MATERIALS SERVICES

REVIEWED
12/31/85

Policy

In order to assure adequate vendor performance, the University of Minnesota Hospital and Clinic may under certain defined situations remove a vendor from the Approved Vendor List.

Procedure

It is inevitable that some vendors will not perform in the best interests of the Hospital, and it will be necessary to address these problems in a swift and equitable manner for all concerned. In addition, varying degrees of vendor misconduct can cause irreparable harm to the Hospital and its departments. It is therefore recognized that penalties for poor vendor performance must be addressed.

A. Removal from a vendor list may be considered for the following vendor infractions.

1. Repeated failure on the part of the vendor to respond to ~~repeated~~ bid requests in a timely fashion.

2. Repeated efforts by the vendor to bid lower-priced alternatives which do not meet the product requirements specified in the bid request, or which are ~~ridiculously~~ dissimilar to the items requested as described.

3. Repeated failure on the part of the vendor to meet promised and/or required delivery dates.

4. Delivery by the vendor of unacceptable substitutes in lieu of the item(s) specified on the approved bid and/or purchase order.

5. Repeated failure on the part of the vendor to meet EEOC and other requirements mandated by public legislation or the Board of Governors.

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6. Violation of existing "vendor control policies".

7. Problems created by the vendor regarding incorrect or inappropriate billing and adjustment for goods or services furnished.

8. Failure to support purchased products by not supplying necessary information, required maintenance and/or parts.

B. Where vendor performance (or lack of performance) falls under the category of criminal violation, or civil liability (including without limiting product failure liability, EEOC violations, etc.), such vendors will be disallowed from continuing to do business with University of Minnesota Hospital & Clinic.

C. The Materials Services Department will maintain an updated vendor performance file.

UNIVERSITY OF MINNESOTA HOSPITALS AND CLINICS

POLICY AND PROCEDURES MANUAL

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VOL.	POLICY NUMBER

SUBJECT	EFFECTIVE
VENDOR RETURNS	1/3/84
	REVISION
SOURCE	REVIEWED
MATERIALS SERVICES	12/31/85

Policy

Occasionally it becomes necessary to return materials ordered because the goods are no longer required, excess materials was ordered, or the material as received is not acceptable. Therefore, the University of Minnesota Hospital and Clinic will establish a procedure for the return of unwanted merchandise.

Procedure

1. The requestor is responsible for the identification and return to Central Receiving of all items requiring return. The requestor will prepare a Return Request identifying each item to be returned. The original purchase order number will be identified as well as the original vendor. The Return Request and the material will be returned to the Shipping Division of Materials.

2. The Shipping Division will verify the items, complete the Return Request, properly care for the items, and notify the appropriate Buyer if applicable.

3. The Purchaser or Buyer will negotiate the return of the item. Any restocking charges or other damages due the vendor will be charged to the account number and cost center of original purchase.

4. If a negotiated return can be made, the Shipping Division will be provided appropriate return instructions. A Buyer will work with the user department to determine where to charge any costs.

5. If a negotiated return cannot be made, the items will be charged to the original purchaser and marked as surplus sales for disposition.

6. The completed return request will be forwarded to Accounts Payable with the appropriate disposition information noted on it.

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UNIVERSITY OF MINNESOTA HOSPITALS AND CLINICS

POLICY AND PROCEDURES MANUAL

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VOL.	POLICY NUMBER

SUBJECT	EFFECTIVE
VENDOR REVIEW	1/3/84
	REVISION
SOURCE	REVIEWED
MATERIALS SERVICES	12/31/85

Policy

All awards for contracts are binding. However, in certain instances, the University of Minnesota Hospital and Clinic may allow a vendor to have an award reviewed.

Procedure

A. Vendors may ask for a review of

1. Removal from the acceptable vendor list.

2. Awards in which all of the requirements, including low bid, have been met.

B. Process of Review

1. The vendor should, in writing, explain the reason for the review to the Director of Materials Services or designee. The vendor may also be asked to respond orally. A copy of the letter will be forwarded to the affected department(s).

2. The Director of Materials Services or designee will review the vendor's position as well as the Hospital decision and rule on the review. The decision must be in writing to the vendor.

APPROVED	DATE
BOARD OF GOVERNORS	
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MINUTES
Joint Conference Committee
Board of Governors
September 10, 1986

ATTENDANCE: Present: Phyllis Ellis, Committee Chair
George Heenan
Dr. Michael Popkin
Nancy Raymond

Absent: Dr. Jack Duvall
Dr. Seymour Levitt
Dr. James Moller
C. Edward Schwartz

Staff: Jan Halverson
Greg Hart
Nancy Janda
Geoff Kaufmann

Guests: Marjorie Carey
Dr. Robert McCollister

APPROVAL OF MINUTES

The minutes of the July 9, 1986 meeting of the Joint Conference Committee were approved as submitted.

MEDICAL STAFF-HOSPITAL COUNCIL REPORT

Mr. Hart reported on behalf of Dr. Moller on the most recent meeting of the Medical Staff-Hospital Council. The Credentials Committee report was first presented for Joint Conference Committee endorsement. As part of the Credentials Committee discussion, a question was raised regarding whether or not the Medical Staff Bylaws ought to include a requirement for board certification or board eligibility for University Hospital's medical staff. Mr. Hart agreed to carry this question back to the Credentials Committee and the Bylaws Committee for their consideration. The Credentials Committee report was then endorsed as submitted.

Mr. Hart and Mr. Halverson then reported on the Medical Staff-Hospital Council discussion of a policy on patients' rights and

the withdrawal of treatment, developed by the Biomedical Ethics Committee. This policy is meant to serve as a guideline for the medical staff and other clinical staff relative to this sensitive subject. The policy in particular emphasizes the role of and need for patient and family involvement in such decisions.

MEDICAL SCHOOL STUDENT SURVEY

Ms. Raymond presented a survey which she and Geoff Kaufmann had developed on medical student response to their rotations at UMHC. The results of the survey indicate generally that the clinical rotations at University Hospital are of high quality, and also offered some suggestions for improvement. Mr. Kaufmann noted that one of the motivations for this survey relates to the need to view medical students as potential referring physicians in the future.

Another question asked in the study related to the medical students' perceptions of the impact of prospective payment systems on their educational experience. Specifically, is the decreasing length of stay viewed as an impediment to the student's ability to learn about the patients and their cases. The overwhelming response from the medical students was that this is not a concern.

Mr. Kaufmann and Ms. Raymond indicated that they would continue to pursue data collection and follow up on a number of items identified in the survey, and it was agreed that collection of similar data from residents would be of value.

There being no further business the meeting adjourned at approximately 5:30 p.m.

Respectfully submitted,

Greg Hart

GH/kj

UNIVERSITY OF MINNESOTA
TWIN CITIES

University Hospital and Clinic
420 Delaware Street S.E.
Minneapolis, Minnesota 55455

September 18, 1986

TO: Board of Governors

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

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

The Credentials Committee of the Medical Staff-Hospital Council has transmitted two reports and recommendations to the Medical Staff-Hospital Council since July. The Medical Staff-Hospital Council approved the committee's recommendations at its August 12, 1986 meeting and acted on these recommendations at its September 9, 1986 meeting. The attached report and recommendations have been combined to include recommendations approved in August and September, 1986.

I am forwarding these recommendations to you for your review and consideration at the September 24, 1986 meeting of the Board of Governors.

If you have any questions regarding these recommendations, please don't hesitate to contact me.

Thank you.

Attachments

UNIVERSITY OF MINNESOTA
TWIN CITIES

University Hospital and Clinic
420 Delaware Street S.E.
Minneapolis, Minnesota 55455

September 4, 1986

TO: Joint Conference Committee

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

SUBJECT: Credentials Committee Report and Recommendations

The Credentials Committee after examining all pertinent information provided to them concerning the professional competence and other necessary qualifications, hereby recommend the approval of provisional status and clinical privileges to the following applicants to the medical staff of The University of Minnesota Hospital and Clinic.

Hospital Dentistry	Category
Karl D. Self	Clinical
Dermatology	
Peter J. Lynch	Attending
Family Practice and Community Health	
Patricia M. Cole	Clinical
John Foxen	Clinical
Gregory J. Gepner	Clinical
Medicine	
Neal P. Christiansen	Attending
Robert L. Colbert	Attending
Spencer H. Kubo	Attending
Frak Linn	Attending - ER
Randall S. Moore	Attending - ER/Medicine Clinic
Michael J. Shaw	Attending
Carl W. White	Attending
Obstetrics and Gynecology	
Mark L. Jutras	Attending
William R. Phipps	Attending
Klaus J. Staisch	Clinical
Bruce Work	Attending

Provisional status and clinical privileges recommendations continued:

Otolaryngology	Category
Samuel C. Levine	Attending

Psychiatry	
Frederick G. Hicks	Attending
Barry R. Rittberg	Attending

Radiology	
Andrew H. Cragg	Attending
David G. Drake	Attending
Rene P. du Cret	Attending
William J. Ford	Attending
Timothy L. Larson	Attending
William M. Thompson	Attending

Surgery	
John G. Buls	Clinical
David J. Dunn	Attending
Stuart W. Jamieson	Attending
David A. Rothenberger	Clinical
John G. Shearen	Clinical

Urology	
George A. Haikel	Clinical
Harold J. Hoppmann	Clinical
Keith W. Kaye	Clinical

The following physicians are completing their provisional status and are eligible for regular appointments as members of the medical staff of The University of Minnesota Hospital and Clinic. The Committee has reviewed recommendations concerning their appointment and hereby recommend approval.

Family Practice and Community Health	Category
John Halvorsen	Attending
Nancy Richardson	Clinical

Regular Appointment recommendations continued:

Medicine	
Kenneth W. Baran	Attending - ER
Peter B. Bitterman	Attending
Brian T. Lew	Attending - ER
Peter B. Meier	Clinical
Andrew G. McGinn	Attending - ER
John R. Raines	Clinical
Gregroy L. Silvis	Attending
Coleman I. Smith	Attending
Randall P. Stark	Attending - ER
Christopher Sullivan	Attending - ER

Otolaryngology	
James I. Cohen	Clinical

Physical Medicine and Rehabilitation	
Rita Bistevins	Clinical

The Committee reviewed a leave of absence from the following physician

Obstetrics and Gynecology	Category
Julius Butler	Attending

The following Specified Professional Personnel (Psychologists) have applied for appointment to the psychology staff and have requested clinical privileges. The Committee hereby recommends approval of these applicants and requests for privileges.

Family Practice and Community Health	Category
Margretta Dwyer	Attending
Michael Metz	Attending

Psychiatry	
William Grove	Attending

The Committee recommends acceptance of the resignations of medical staff appointments from the following physicians.

Family Practice and Community Health	Category
John E. Sutherland	Attending
Laboratory Medicine and Pathology	
Richard K. Sibley	Attending
Medicine	
Adrian Almquist	Attending
T. Barry Levine	Attending
Peter Reissmann	Attending
Joel Taurog	Attending
Neurology	
Allan P. Ingenito	Attending
Radiology	
Bradford Allan	Attending
Dean A. Elias	Attending
Surgery	
Santhat Nivatvongs	Attending

HB/cf

UNIVERSITY OF MINNESOTA
TWIN CITIES

University Hospital and Clinic
420 Delaware Street S.E.
Minneapolis, Minnesota 55455

September 8, 1986

TO: Joint Conference Committee Members

FROM: Geoff Kaufmann
Nancy Raymond

SUBJECT: Student/Resident Attitudes of UMHC

Many physicians who have either completed medical school at the University of Minnesota or completed residencies at UMHC do not refer patients to UMHC upon leaving this setting and establishing practices in Minnesota. If they do refer, any pattern of referral takes years rather than months to develop.

There is a growing concern by a number of individuals that negative experiences during the training years here, from any number of source contribute to this lack of referral behavior.

Our goal should be to change the experience so that students and residents feel committed to UMHC after graduation and so that referrals flow earlier as a result.

The major questions we believe need to be answered include:

- Do students and residents have negative experiences at UMHC that affect post-graduation referral patterns?
- What are these negative experiences?
- What can be done to resolve any major problems?
- How can we monitor and support necessary changes?

We conducted a small pilot study of third-year medical students who had completed rotations at UMHC, the results of which are attached for your review. It should be noted that while the Hospital and Medical School share the implications of medical students' experiences, it is the Medical School which has the leadership responsibility for structuring the students' education and experience. The Hospital needs to play a supportive role, largely in terms of organization of patient care, hospital staff interactions, and facility/logistical matters. The Joint Conference Committee discussion should keep those responsibilities in mind; Dr. McCollister and Dean Brown will attend the meeting to discuss the Medical School's perspectives.

/kj

attachment

THE UNIVERSITY OF MINNESOTA HOSPITAL AND CLINIC
Third-Year Medical School Student Questionnaire

As noted in the cover letter, your individual responses will be kept confidential. Your responses to this questionnaire will help us to create a broader survey tool that will measure our progress in insuring the quality of rotations and residencies at The University of Minnesota Hospital and Clinic. Thank you for your candid responses.

We are requesting information in 3 major areas: the physical environment of the facilities, the quality of interaction with personnel, and the overall educational quality of the program. Based on your experiences in the rotation you are just completing, please give 3 major strengths and weaknesses regarding each area listed below and then rate each area on the following rating scale:

1 = excellent 2 = very good 3 = fairly good 4 = fair 5 = poor

1. Educational quality (e.g., lectures, rounds, and tutoring from attending staff, etc.)

Strengths	Weaknesses
1.	1.
2.	2.
3.	3.

Overall Rating (1-5) 2.7

2. Physical environment in the new University Hospital (e.g., student work space, on call rooms, food in the cafeteria, patient areas, etc.)

Strengths	Weaknesses
1.	1.
2.	2.
3.	3.

Rating 2.75

3. Physical environment in the Mayo building (e.g., lecture halls, purposed on call rooms, etc.)

Strengths	Weaknesses
1.	1.
2.	2.
3.	3.

Rating 3.76

OVER

4. Working relationships with attending staff physicians. (List ways in which your interactions had a positive or negative effect on your experience?)

Positive	Negative
1.	1.
2.	2.
3.	3.

Rating 3.1

5. Working relationships with residents and fellows.

Positive	Negative
1.	1.
2.	2.
3.	3.

Rating 2.5

6. Working relationship with other UMHC staff (nurses, technicians, etc.).

Positive	Negative
1.	1.
2.	2.
3.	3.

Rating 2.42

7. Regarding the weaknesses you mentioned above what do you think are the most important improvements needed in the rotation you are just completing.

8. Will you recommend this rotation at UMHC to other students?

Yes 13 No 8 Undecided ____

9. How did your rotations at UMHC compare overall with rotations at other area hospitals? (Please elaborate)

10. University Hospital, like others, is responding to the current economic environment by shortening length of patient stays. Do you feel this is affecting the quality of education on your clinical rotations, and do you have any recommendations in this regard?

Yes - 1

No - 17

11. If you wish to give me your comments on any other rotations you have done at the UMHC please feel free to do so.

Thanks again for taking the time to complete this form.

Question 1 (Educational quality (e.g., lectures, rounds, and tutoring from attending staff, etc.)
The major strengths of the educational quality were the interested residents, the wide variety of cases, a knowledgeable staff and the availability of experts to consult with and question. Lectures and department conferences were listed as very good, but should be held more frequently. Finally, the responsibility given to students was appreciated by many.

The two major weaknesses listed by almost everyone were that there was too much emphasis on rare and unusual diseases, rather than common ones; there was not enough contact with the attending staff, either because they were too busy or were not interested in teaching the medical students. Other weaknesses were that students felt they were being used for many menial tasks and as errand boys, rounds were too long; lack of time to read and study.

Question 2 (Physical environment in the new University Hospital (e.g., student work space, on call rooms, food in the cafeteria, patient areas, etc.)
The new University Hospital is often described as clean, bright, organized, and having a great view. The patient rooms and resident work rooms were well praised (specifically the resident work rooms with computers at each station).

The most common weakness was lack of space: storage space (lockers), more call rooms, more resident work rooms, private space to study and read. Everyone complained that the food was of poor quality and much too expensive. It was felt that students should at least get meals at a discount price, if not for free. Other weaknesses were lack of parking space, inefficient elevators, and its distance from the library.

Question 3 (Physical environment in the Mayo bulding (e.g. lecture halls, purposed on call rooms, etc.)
The strengths of the Mayo building were the Todd and Eustis lecture halls, available lockers (although in poor condition), multiple skyway connections, and quiet call rooms in Masonic. Other things that were appreciated were clinical lab results on the computer and the accessibility to the medicine room.

The Mayo building was described by most students as run-down, dark, unorganized, dirty, too big, depressing, cramped, etc. It was generally felt that it is hard to get your bearings in the Mayo building and that it was too far for lectures. They also thought that there was a lack of privacy (only curtain dividers) in the patient's rooms and that the call rooms are too far from the wards.

Question 4 (Working relationships with attending staff physicians. (list ways in which your interactions had a positive or negative effect on your experience.)
The most frequent compliment given attending staff physicians was that they were good role models for doctor/patient relationships. Some were described as open and responsive to talking with students, receptive to questions, friendly, and good lecturers. Others were seen as distant, arrogant, and providing little or no feedback.

Question 5 (Working relationships with residents and fellows).
Residents and fellows were considered good teachers and role models (very industrious and methodical). They were receptive to the students' needs and allowed students to formulate patient care plans. They were willing to challenge students and provide them with positive criticism.

It was generally felt that the residents were overworked, which took away from their time to teach and provide feedback.

Question 6 (Working relationship with other UMHC staff - nurses, technicians, etc.)
The nurses were very helpful and friendly. They were very receptive to questions and willing to bring you in and make you a part of the team. They could be serious and fun. Only a few had pre-conceived notions about medical students, making them defensive and unwilling to take initiative.

Question 8 (Will you recommend this rotation at UMHC to other students?)
Yes 13
No 8

Question 9 (How did your rotations at UMHC compare overall with rotations at other hospitals?)
It is generally felt that the quality of the staff and residents is the best. The UMHC is seen as a more formal and academic institution that provided good lectures and interested patients.

Many of the students felt that the residents at UMHC are over worked and treated poorly, resulting in a lower morale than at other hospitals. The attending staff physicians were scattered through the hospital and harder to locate. It also seems that there is less space here than at other hospitals for the students to work. Finally, it has been said that food and parking are provided free of charge or at a discount rate for students at other hospitals.

Some students went as far as saying, "It is the worst rotation I have ever had," because the hours were excessively long (100 hours/week), lack of general information (mostly obscure cases), an excess of "scut" work and poor communication between attending staff physicians and students.

Question 10 (University Hospital, like others, is responding to the current economic environment by shortening length of patient stays. Do you feel this is affecting the quality of education on your clinical rotations, and do you have any recommendations in this regard?
Yes 1
(Medicine - don't get much of a chance to do a work up on patients)

No 17
"It's better for patient recovery to get home as soon as possible"

Creates a higher patient turnover and students get to see more patients per round, as well as a wider variety.

Minutes
Meeting of the
Board of Governors Finance Committee
University of Minnesota Hospitals & Clinics
July 23, 1986

MEMBERS PRESENT:
Jerry Meilahn
Carol Campbell
Edward Ciriacy, M.D.
Clifford Fearing
William Krivit, M.D., Ph.D.
C. Edward Schwartz
Vic Vikmanis

MEMBERS ABSENT:
Al Hanser
Robert Nickoloff

STAFF:
Greg Hart
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 10:50 a.m. in The Dale Shepherd Room of the Campus Club.

MINUTES APPROVED:
It was suggested that the minutes of the Finance Committee meeting held on 6/25/86 be changed under the section referring to the Reserve Fund Proposal. The changed sentence now reads: "Dr. Ciriacy felt, and Dr. Krivit concurred, that consideration should be given to further support for graduate medical education, and Mr. Nickoloff suggested that the problem of resident support be addressed at a future Executive Committee meeting." The amended minutes were approved.

1985-86 FOURTH QUARTER BAD DEBTS (ENDORSEMENT):
Mr. Fearing stated that the total amount of bad debts for Hospital accounts receivable during the fourth quarter of 1985-86 was $705,676.77 (represented by 1,579 accounts). Total bad debts for the fiscal year ending 6/30/86 are $2,301,364.21, which is 1.16% of gross charges (compared to a budgeted level of bad debts of 1.33%). A total of $5,326.03 of Home Health Services accounts were also submitted for approval.

Although the Hospital's percentage of bad debts is about average compared to other hospitals, Mr. Fearing explained that solutions are continually being sought for non-payment problems. The Hospital is currently using two collection agencies. Ms. Campbell noted the University and the Hospital are eligible for involvement in a program available to state agencies to intercept tax refunds before they are paid to persons owing money to state agencies.

However, Mr. Fearing stated that no money has been received through that program. Dr. Krivit suggested that in future bad debt reports initials rather than names be used to identify the owing accounts, for obvious privacy concerns.

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

PCN EQUITY CONTRIBUTION (ENDORSEMENT):

A revised copy of a resolution and its accompanying letter sent earlier in the week to the Board of Governors was distributed to members of the Committee. Mr. Schwartz noted the addition of a paragraph in the revised resolution and explained that the purpose of the resolution is to increase UMHC's loan guarantees from $190,000 to $600,000 to provide support to the Primary Care Network Management Company (PCN). The University of Minnesota Clinical Associates have expressed their intent to accept assignment of one-third of the additional $410,000 loan guarantees. UMHC and UMCA will be guaranteeing 40% of a new maximum loan of $1,025,000. Whitehead Associates will absorb the additional 60% of the loan guarantees. The $1,025,000 loans will be taken out in two installments. The first installment of $500,000 is scheduled to occur in August if approved by the Regents, and the second $525,000 is scheduled for early 1987 if needed. Although the future success of PCN is not guaranteed by the infusion of these funds, the members of the Committee agreed that UMHC's participation in PCN should be continued at this time. The proposed resolution reads as follows:

> **Whereas**, in August, 1985, the Board of Regents approved the purchase by the University of 34% of the stock in Primary Care Network Management Company, and
>
> **Whereas**, the closing with respect to the acquisition of Primary Care Management Company occurred on September 5, 1985, and,
>
> **Whereas**, as the total cost to the University included a $50,000 deposit, and equity contribution of $744,000 and a credit line loan guarantee of $190,000,
>
> **Whereas**, it has become necessary for Primary Care Network Management Company to increase its credit line,
>
> **Whereas**, Whitehead and Associates has committed to granting its proportionate share of the credit line increment and the University of Minnesota Clinical Associates has expressed its intent to accept assignment of one third of the University's portion of the guarantee,

Now therefore be it resolved, that the Finance Committee endorse an increase of the University's guarantee of Primary Care Network Management Company debt from the University's current obligation of $190,000 to an amount not to exceed $600,000 and forward the same recommendation on to the Hospital Board of Governors for review.

A motion was made and approved by the Committee to endorse the above resolution and recommend it to the full Board of Governors. The approved resolution will be submitted to the Board of Regents at their August meeting.

PARKING RAMP TUNNEL (INFORMATION):

Mr. Fearing informed the Committee that construction cost bids for the Parking Ramp Tunnel have been awarded to Sheehy Construction. Because of utility locations, cost of the tunnel will be approximately $1,800,000, compared to the original estimate of $1,500,000. Plans for skyway links from the parking ramp to the Phillips Wagensteen Building and Unit J have been rejected because of the significant increased cost. The expected completion date of the project is January, 1987.

The parking ramp's upper decks and exterior are basically completed at this time. However, because of a problem with the mechanical contractor, the parking ramp is not expected to be ready for occupancy until mid-October.

MEDICARE CAPITAL COST REIMBURSEMENT UPDATE (INFORMATION):

Mr. Fearing commented on the current status of proposed changes to Medicare payments for capital costs. On June 3, 1986 HCFA published its proposed capital reimbursement regulations scheduled to become effective October 1, 1986 and which would have meant a loss of about $41 million over a ten year period for UMHC. Congress recently enacted legislation prohibiting HCFA from implementing these regulations until October of 1987. The capital cost payment issue is being reviewed in Congress for inclusion in the forthcoming budget recommendation bill and Mr. Fearing stated that he would keep the Committee informed of progress on this issue.

RESERVE FUND PROPOSAL (INFORMATION):

Further discussion was held regarding the use of existing reserve funds. Mr. Schwartz reported that he and Mr. Fearing had met with the Executive Committee of UMCA to describe the Hospital's proposed position on use of the reserves. As a result of this meeting, the Council of Clinical Chiefs were going to meet with

Mr. Schwartz and discuss recommendations that they may have for use of existing reserves. Continuing discussion of this topic will be held at future Committee meetings.

ADJOURNMENT: There being no further business, the meeting of the Finance Committee was adjourned at 12:15 pm.

Respectfully submitted,

Jane E. Morris

Jane E. Morris
Recording Secretary

UNIVERSITY OF MINNESOTA
TWIN CITIES

University Hospital and Clinic
420 Delaware Street S.E.
Minneapolis, Minnesota 55455

September 24, 1986

TO: Board of Governors

FROM: Clifford P. Fearing
Senior Associate Director

SUBJECT: Report of Operations for the Period July 1, 1986 through July 31, 1986.

The Hospital's operations through the first month of the 1986-87 fiscal year reflect census activity that is above budgeted levels. The overall activity levels experienced in July are comparable to those experienced during May and June since Unit J opened. To highlight our position:

Inpatient Census: For the month of July, inpatient admissions totaled 1,611 and represent a favorable variance from budget of 3.0%. This favorable variance in admissions was primarily evident in the areas of Medicine, Orthopedics, Psychiatry and Urology. Our overall average length of stay of 8.7 days is significantly above the projected level of 8.2 days. Patient days for July totaled 13,391 and were 590 days above projections.

To recap our inpatient census:

	1985-86 Actual	1986-87 Budget	1986-87 Actual	Variance	% Variance
Admissions	1,562	1,565	1,611	46	3.0
Avg. Lgth. of Stay	8.3	8.2	8.7	0.5	6.1
Patient Days	12,652	12,801	13,391	590	4.6
Percent Occupancy	66.9	68.8	72.0	3.2	4.6
Avg. Daily Census	408.1	412.9	432.0	19.1	4.6

Outpatient Census: Clinic census for the month of July totaled 21,141 and is 12.3% (2,310 visits) above budget and 9.1% (1,768 visits) above our July total of a year ago. Nearly all clinic areas were above budget in July.

Financial Operations: The Hospital's Statement of Operations shows total revenues over expense of $618,145, a favorable variance of $1,025,438.

Patient care charges for July totaled $19,764,490 and is 9.0% above budget. Routine revenue is 4.1% above budget and reflects our favorable patient day variance. Ancillary revenue is approximately $1,400,000 above budget and reflects the favorable variance in both admissions and clinic visits.

Operating expenditures for July totaled $18,576,222 and are approximately $394,000 (2.2%) above budgeted levels. The overall unfavorable variance is essentially due to increased personnel costs that relate to increased census levels.

Accounts Receivable: The balance in patient accounts receivable as of July 31, 1986 totaled $60,294,828 and represents 93.3 days of revenue outstanding. The increase seen in July of 1.7 days continues to reflect the impact of the increased census levels as well as the impact of the July 1, 1986 rate increase.

Conclusion: The Hospital's operating position is positive and above budgeted levels. The inpatient census levels experienced through the months of May, June and July continued throughout most of August but declined sharply just before the Labor Day weekend. While our census level has since increased through the middle of September, it has not increased as rapidly as it declined. We continue to monitor our demand for service closely and make those operating changes that are necessary and appropriate.

UNIVERSITY OF MINNESOTA HOSPITAL & CLINIC

EXECUTIVE SUMMARY OF FINANCIAL ACTIVITY

FOR THE PERIOD JULY 1, 1985 TO JUNE 30, 1986

	Budgeted	Actual	Variance Over/-Under Budget	Variance %
Patient Care Charges	$18,138,694	$19,764,490	$1,625,796	9.0%
Deductions from Charges	-2,825,273	-2,982,016	-156,743	-5.5%
Other Operating Revenue	422,483	483,970	61,487	14.6%
Total Operating Revenue	15,735,904	17,266,444	1,530,540	9.7%
Total Expenditures	-18,182,080	-18,576,222	-394,142	-2.2%
Net Operating Revenue	-2,446,176	-1,309,778	1,136,398	
Non-Operating Revenue and Expenses	2,038,883	1,927,923	-110,960	-5.4%
Revenue Over Expense	-$407,293	$618,145	$1,025,438	(1)

(1) Variance equals 5.8 % of total budgeted revenue.

	Budgeted	Actual	Variance Over/-Under Budget	Variance %
Admissions	1,565	1,611	46	3.0%
Patient Days	12,801	13,391	590	4.6%
Average Daily Census	412.9	432.0	19.1	4.6%
Average Length of Stay	8.2	8.7	0.5	6.1%
Percentage Occupancy	68.8%	72.0%	3.2%	4.6%
Outpatient Clinic Visits	18,831	21,141	2,310	12.3%

UNIVERSITY OF MINNESOTA HOSPITAL & CLINIC

STATEMENT OF OPERATIONS

FOR THE PERIOD JULY 1, 1986 TO JULY 31, 1986

	Budgeted	Actual	Variance Over/-Under Budget	Variance %
Gross Patient Charges	$18,138,694	$19,764,490	$1,625,796	9.0%
Deductions from Charges	2,825,273	2,982,016	156,743	5.5%
Other Operating Revenue	422,483	483,970	61,487	14.6%
Total Revenue from Operations	$15,735,904	$17,266,444	$1,530,540	9.7%
Expenditures				
Salaries	$7,747,337	$8,109,683	$362,346	4.7%
Fringe Benefits	1,460,587	1,573,278	112,691	7.7
Contract Compensation	730,154	735,304	5,150	0.7
Medical Supplies, Drugs, Blood	2,730,717	2,693,099	-37,618	-1.4
Campus Administration Expense	528,486	528,486	0	
Depreciation	1,197,823	1,212,245	14,422	1.2
General Supplies & Expense	3,786,976	3,724,127	-62,849	-1.7
Total Expenditures	$18,182,080	$18,576,222	$394,142	2.2%
Net Revenue from Operations	- $2,446,176	- $1,309,778	$1,136,398	
Non-Operating Revenues and Expenses				
Appropriations	$1,221,315	$1,221,315		
Interest Income on Reserves	610,454	503,245	- $107,209	
Shared Services	30,941	27,190	-3,751	-12.1%
Investment Income on Trustee Held Assets	176,173	176,173		
Total Non-Operating Revenues and Expenses	$2,038,883	$1,927,923	- $110,960	-5.4%
Revenue Over / -Under Expenses	- $407,293	$618,145	$1,025,438	(1)

(1) Variance equals 5.8% of total budgeted revenue.

UNIVERSITY OF MINNESOTA
TWIN CITIES

University Hospital and Clinic
420 Delaware Street S.E.
Minneapolis, Minnesota 55455

September 18, 1986

TO: Board of Governors

FROM: Clifford P. Fearing
Senior Associate Director

SUBJECT: Report of Operations for the Period
July 1, 1985 through June 30, 1986

The 1985-86 fiscal year for University of Minnesota Hospital and Clinic was the third year showing declines in admissions and length of stay. The decline in census levels, however, turned around with the opening of the new hospital in April. Our levels of staffing and operating expenses remained fairly stable for most of the year, but increased significantly with the rise in census. Below is a brief summary of major factors which have contributed to our 1985-86 financial position.

Inpatient Census: Admissions for the 1985-86 fiscal year totaled 17,694 compared to 18,049 for the previous year, a decline of 355 (2.0%). Patient days for the year totaled 145,697, down by 9,332 (6.0%) from 155,029 days in 1984-85. The hospital overall average length of stay declined from 8.6 days last year to 8.3 days in the current year.

While we budgeted for a decline in our inpatient census levels, the overall change was slightly larger than we anticipated. The decline in patient days continues to be due to both lower admission levels and shorter lengths-of-stay. The reduction in our average length-of-stay was experienced in nearly all clinical services. Where it is appropriate, we continue to see increased scheduling of same-day admissions for both surgical and non-surgical procedures and continued emphasis on discharge planning, thereby shortening the patient's stay in the Hospital.
In addition to the reduced length-of-stay, we have also experienced reduced admission levels from a year ago. Contributing to this reduction were factors such as changing physician referral patterns, increases in the utilization of outpatient services, and expanding requirements for pre-admission certification. The largest declines occurred primarily within three areas: Medicine, Obstetrics/Newborn, and Physical Medicine

and Rehabilitation. There were, however, three notable exceptions to this downward trend. Surgery was up 9% over 84-85 levels, with the greatest increases in transplant and oncology. Psychiatry saw a 14% increase, primarily due to an increase in demand for adolescent services, and Urology increased over 33% with the new lithotripter being in operation.

Although we experienced an overall decline in inpatient census levels for the year, this decline occurred from July through April. With the opening of the new hospital, we saw a substantial increase in our inpatient census levels. Whereas the number of patient days through the month of April showed a decline of 8.9% from the same period in the prior year, patient days in May and June were up 2,286 (9.5%) over 1984-85 levels. Likewise, admissions dropped 4.6% during the first ten months of this year compared to last year and then increased 351 (12.3%) in the last two months of this year over last year. The major increases occurred in Medicine, Pediatrics, Surgery and Urology.

To recap our inpatient census for the 1985-86 fiscal year:

	1984-85 Actual	1985-86 Budget	1985-86 Actual	Variance	% Variance
Admissions	18,049	17,935	17,694	(241)	(1.3%)
Avg. Lgth. of Stay	8.6	8.1	8.3	.2	2.5%
Patient Days	155,029	144,885	145,697	812	.6%
Percent Occupancy	64.7	66.1	67.3	1.2	1.8%
Avg. Daily Census	424.7	396.9	399.2	2.3	.6%

Outpatient Census: The Hospital's outpatient clinic census showed a rather significant increase over the 1984-85 levels, going from 209,912 visits in the prior year to 224,446 in the current year. This represents a 6.9% increase over the prior year levels and a 6.4% (13,446) increase over the budgeted 1985-86 total of 211,000 visits.

The increase in clinic census occurred in nearly all clinic areas. The most significant increases occurred within Ambulatory Surgery, Emergency Services, Medicine, Orthopedics, Psychiatry, Surgery, and Urology. Areas that experienced a decline in clinic census included Dentistry, Obstetrics/Gynecology and Otolaryngology. All of these areas have been affected by changes in medical staff, and in addition, Obstetrics/Gynecology experienced a suspension of their in-vitro fertilization program.

Operations - Revenue: Patient care revenue for the 1985-86 fiscal year totaled $198,970,537 and is an increase of $12,983,000 (7.0%) over the 1984-85 fiscal year. The increase in revenue is approximately $13,493,000 above budget and results in an overall favorable variance of 7.3%. This overall variance is primarily due to higher than anticipated ancillary utilization.

Routine revenue totaled $59,070,744, and represents a favorable variance of approximately $2,291,650. While this variance is 4.0% above budget, our patient day variance was only 0.6% above budget. The difference reflects the fact that we had a higher proportion of patient days within our intensive care units where the daily charges are higher than the overall average. Ancillary service revenue totaled $139,899,793, and was approximately $11,201,200 (8.7%) above budget. The overall ancillary variance reflects a utilization level per patient that was higher than anticipated. Inpatient ancillary revenue per admission averaged $5,983 compared to the budgeted average of $5,570. Outpatient revenue per clinic visit averaged over $151 compared to the budgeted average of over $136. Nearly all ancillary areas experienced revenues above budget, with the greatest increases occurring in the operating room, cardio-respiratory areas, clinical labs, and pharmacy.

Deductions from Charges: Deductions from charges totaled $26,617,386 for the fiscal year and represent an overall favorable variance of $2,822,100. This overall variance is due primarily to changes in reimbursement and adjustments related to prior year third party settlements.

We experienced a $4,800,000 favorable variance in our third party contractual adjustments. The majority of this came from Medicare and Medical Assistance adjustments to prior year cost reports. In addition, we saw a $680,000 favorable variance in other contractual adjustments, primarily a result of a change in reimbursement policy for GAMC patients and a reduction in the GAMC rateable write-off rates. Offsetting this favorable variance was a $2,400,000 unfavorable variance in billing adjustments. Most of the variance occurred in our Medical Assistance--Other States because of changes in their reimbursement methods. The most significant write-offs occurred in South Dakota when that state's Medical Assistance program shifted from reimbursing a percentage of charges to paying us on a prospective payment system.

Operations - Expenditures: Operating expenses for the 1985-86 fiscal year totaled $183,611,314 and was an increase of $20,028,348 (12.2%) over the 1984-85 fiscal year. The increase in expense was approximately $11,666,600 over budget and resulted in an overall unfavorable variance of -6.8%. Much of this variance was associated with the opening of the new hospital in April versus our original budget plan of July, 1986.

Personnel costs (salaries and fringe benefits) were over budget by $3,919,700. The increased salary costs were largely the result of higher staffing levels and a greater than anticipated increase in fringe benefit rates. During the 1985-86 fiscal year we averaged 3,437 full-time equivalents (FTE's), which was an increase of 75 FTE's over the budgeted total of 3,362. Much of the increase in staffing levels/salaries can be attributed to either the move to the new hospital ($335,000), or the high census within the new building experienced since the move ($1,168,000). The unfavorable variance in fringe benefit expenses was due to the higher salary costs and a 21% increase in the rates charged for health insurance.

Supplies and expense directly related to patient care activities were more than $3,351,900 over budget in aggregate. These include drugs, blood and blood derivatives, laboratory and medical supplies, laundry and food services, and critical care equipment rental. Almost $3,000,000 of the variance is due to the increase in drug expense. Drug costs were over budget because of greater utilization in our inpatient services, greater numbers of outpatient visits, and the replacement of older low-cost drugs with newer more costly ones. In addition, the volume of costly transplant drugs went up with our increase in transplants, and we began to pay for some drugs (alpha interferon and Muromonad-CD3) which were previously available to us at no cost through outside funding of investigational drugs.

Laundry, linen, and raw food costs were also over budget. While most of these costs varied with patient census, the unfavorable variance is attributable to the opening of the new hospital. New linens were purchased in order to increase the number of linen carts supplying the nursing stations. The unfavorable variance in raw food costs was due to changes in food preparation during the cafeteria's move to Unit J and increased costs resulting from training staff on new cafeteria equipment.

Expenses related to buildings, building services, and equipment were more than $2,640,000 over budget. These costs include utilities, maintenance and repair, communications, and depreciation. Again, the primary cause of the unfavorable variance was the opening of the new hospital. We saw a $2,544,000 unfavorable variance in depreciation, $2,419,000 of which is attributable to the new building and equipment.

While insurance expense was up significantly from the prior year, the variance from this year's budget was a favorable $13,600. This was primarily due to a slightly lower liability expense than budgeted.

Interest expense for the 1985-86 fiscal year was $1,736,000 over budget. More than $1,500,000 relates to the financing of the new hospital. The balance of the variance is due to slightly higher interest rates on existing debt and the incurrence of financing costs for our lithotripter.

Finally, we experienced a net unfavorable variance in other supply and expense categories totaling $361,000. Major unfavorable variances occurred with contracted services, a result of increased demand for personnel with the rise in census, and patient transportation. Offsetting the unfavorable variances were favorable variances in office supplies, travel, and other miscellaneous services (publications, printing, etc.).

Non-Operating Revenue: The favorable variance in non-operating revenues is the result of higher investment earnings than what was anticipated in the 1985-86 budget. While our appropriations and the earnings on those dollars were less than budgeted because of legislated unallotments, our earnings on investments were significantly higher than budgeted as we were able to maintain a higher average cash balance than we had anticipated. The higher average cash balance occurred primarily because expected payments on prior year liabilities to our Medicare intermediary did not occur, and we received over $7,597,000 from the Medicare intermediary for the successful appeals of the Section 223 Routine Cost Limitations for the fiscal years 1981, 1982, and 1983.

Extraordinary Item - Loss on Refinancing of Long-term Debt: The expense associated with advanced refunding of the Series 1985A Fixed Rate Bonds is being reflected in the 1985-86 financial

statements and nets to approximately $9,927,000. While these expenses reduce our total revenue over expense on the Statement of Operations, they do not affect our operating cash flow; the expense was paid by cash from the refinancing and will be repaid over the life of the new bonds (25 years). The projected savings from the refinancing was $5,740,163; this savings is net of the $9,927,000 in expense associated with the refinancing.

Accounts Receivable: The balance in patient accounts receivable as of June 30, 1986 totaled $55,896,815 and represents 91.6 days of revenue outstanding; this is an increase of $11,033,257 and 6.7 days from June 30, 1985. The main reason for the increase is due to the high volume of activity we experienced in our census in the months of May and June. In addition, the implementation of the Medical Assistance prospective reimbursement system has caused its receivables to increase 23 days from June of 1985, representing a $2,700,000 increase. Also, Blue Cross AWARE reduced their periodic interim payment (PIP) in 1986 to recover the prior year's overpayment of $2,000,000 to equate the PIP to actual claims processed. These factors do not affect the ultimate collectability of our accounts, but have increased the length of time it takes to receive payment.

Capital Expenditures: During the 1985-86 fiscal year, the Hospital expended $8,394,600 from operating funds for current year capital expenditures. The primary components of our capital spending were: (1) $7,866,000 for recurring equipment and remodeling, (2) $528,600 related to the lithotripter, and minor miscellaneous support projects.

Conclusion: Although the 1985-86 fiscal year was one of significant change in a dynamic and competitive environment, UMHC achieved its financial objectives. Increasing pressure on providers to reduce the cost of health care services was evidenced by both lower admission levels and reduced lengths of stay. Increased utilization of outpatient clinical services and more stringent admission approvals by most third party payors caused the number of our admissions to decline by almost 2% during the fiscal year. Further reductions in the average length of stay came as a result of wider use of same day surgery and early discharge planning. Other cost reductions in the average length of stay came as a result of wide use of same day surgery and early discharge planning. Other cost reduction efforts also became more evident as HMO's, insurance companies and many self-

insured companies moved to contract with specific providers for specific services. These activities continue to force UMHC, as well as other providers, away from fee-for-service medicine and toward negotiated fixed fee pricing. UMHC continues to work with numerous HMO's, PPO's and other insurers to develop pricing strategies which will enhance our competitive position. Continued efforts directed at cost control are also a part of UMHC's management objectives.

The competitive and cost conscious environment we are in will continue, and will challenge us to find new sources of revenue and ways to reduce costs. Market penetration, program diversification, program affiliation, and possible program divestiture, where appropriate, may be required for UMHC to sustain its mission of patient service, education and research.

A major step in accomplishing our goals was achieved with the opening of our new hospital in April. The state-of-the-art building and technology and our medical personnel will help enhance the quality of our patient care while maintaining cost efficiencies.

UNIVERSITY OF MINNESOTA HOSPITAL & CLINIC

STATEMENT OF OPERATIONS

FOR THE YEAR JULY 1, 1985 TO JUNE 30, 1986

	Budgeted	Actual	Variance Over/-Under Budget	Variance %
Patient Care Charges				
Routine	$56,779,100	$59,070,744	$2,291,644	4.0%
Ancillary	128,698,600	139,899,793	11,201,193	8.7
Gross Charges	$185,477,700	$198,970,537	$13,492,837	7.3%
Deductions from Charges				
Third Party Contractual Adjustments	$17,626,700	$12,796,743	-4,829,957	-27.4%
Billing Adjustments & Employee Benefits	5,519,300	7,937,992	2,418,692	43.8
Charitable Care	501,100	412,472	-88,628	-17.7
Other Contractual Adjustments	3,330,300	2,647,252	-683,048	-20.5
Provisions for Uncollectables	2,462,100	2,822,927	360,827	14.7
Total Deductions	$29,439,500	$26,617,386	-2,822,114	-9.6%
Other Operating Revenue				
Food Services	$1,006,639	$1,080,991	74,352	7.4%
Department Non-Patient	179,199	155,014	-24,185	-13.5
CUHCC Grants	827,464	947,083	119,619	14.5
Reference Lab Income	1,133,734	1,426,343	292,609	25.8
Pro Fees - Net Revenue	1,054,800	1,141,052	86,252	8.2
Donations to Operations from Restricted Funds	0	34,971	34,971	
Total Other Revenue	$4,201,836	$4,785,454	$583,618	13.9%
Total Revenue from Operations	$160,240,036	$177,138,605	$16,898,569	10.5%
Expenditures				
Salaries	$80,688,210	$83,621,300	$2,933,090	3.6%
Fringe Benefits	14,399,890	15,386,480	986,590	6.9
Academic Contracts	1,783,682	1,783,682	0	0.0
Resident Contracts	4,609,123	4,582,387	-26,736	-0.6
Physician Compensation	2,436,252	2,128,642	-307,610	-12.6
Total Salary, F.B. & Fees	$103,917,157	$107,502,491	$3,585,334	3.5%
Laundry & Linen	2,093,128	2,237,746	144,618	6.9%
Raw Food	1,327,434	1,438,856	111,422	8.4
Drugs	11,662,183	14,444,095	2,781,912	23.9
Blood & Blood Derivatives	4,750,266	4,767,746	17,480	0.4
Medical Supplies	9,615,684	9,728,319	112,635	1.2
Utilities	2,491,538	2,309,234	-182,304	-7.3
Insurance	1,637,797	1,624,166	-13,631	-0.8
Rental	2,146,883	2,084,417	-62,466	-2.9
Maintenance & Repair	3,229,422	3,377,102	147,680	4.6
Communications	1,230,390	1,347,392	117,002	9.5
Net Loss on Disposal of Assets	0	19,446	19,446	
Campus Administration Expense	5,926,200	5,926,200	0	
Depreciation	7,422,395	9,966,366	2,543,971	34.3
Interest	1,062,979	2,798,996	1,736,017	163.3
General Supplies & Expense	13,431,261	14,038,742	607,481	4.5
Total Expenditures	$171,944,717	$183,611,314	$11,666,597	6.8%
Net Revenue from Operations	-11,704,681	-6,472,709	5,231,972	
Non-Operating Revenue and Expenses				
Appropriations & Support	$13,326,884	$13,105,884	-221,000	-1.7%
Accrued Interest on Appropriation	666,342	611,710	-54,632	-8.2
Interest Income on Reserves	4,291,746	7,314,176	3,022,430	
Shared Services	399,630	415,480	15,850	4.0%
Investment Income Held by Trustee	1,804,876	1,829,961	25,085	1.4
Unrealized Loss on Writedown of Other Assets	0	-217,080	-217,080	
Total Non-Operating Revenue and Expenses Before Extraordinary Item	$20,489,478	$23,060,131	$2,570,653	12.5%
Revenue Over Expense Before Extraordinary Item	$8,784,797	$16,587,422	$7,802,625	
Extraordinary Item				
Loss on Refinancing of Long Term Debt	0	-9,926,891	-9,926,891	
Revenue Over Expense After Extraordinary Item	$8,784,797	$6,660,531	-2,124,266	(1)

(1) Variance equals 4.3 % of total budgeted revenue.

UNIVERSITY OF MINNESOTA HOSPITAL & CLINIC

OPERATING CASH FLOW

FOR THE YEAR JULY 1, 1985 TO JUNE 30, 1986

Source of Funds			
Beginning Operating Cash Balance			$6,845
Net Income from Operations	-6,472,709		
Non-Operating Revenue	23,060,131		
Net Loss on Refinancing of Long Term Debt	-9,926,891		
Excess of Revenue over Expense		6,660,531	
Items not Requiring the Outlay of Cash:			
Depreciation		9,966,366	
University Support: G & A		5,926,200	
University Support: KE Utilities		135,299	
Net Loss on Refinancing of Long Term Debt		9,926,891	
Decrease in Prepaid Expenses		135,336	
Decrease in Other Receivables		6,774,159	
Increase in Accrued Expenses		1,522,646	
Renewal Project Interest Expense		1,947,943	
Transfer from Reserves- CCSI Notes Receivable		503,908	
Miscellaneous Sources		794,690	
Total Funds Provided from Operations		$44,300,814	
Funds Applied			
Transfers to Plant:			
Increase in Capital Expenditures	$7,992,306		
Decrease in Capital Encumbrances	-126,663		
Total Transfers to Plant from Operations		7,865,643	
Increase in Accounts Receivable		8,662,940	
Increase in Inventories		957,199	
Deferred Third Party Reimbursement		63,119	
Third Party Liabilities Transfer		126,787	
Investment Income - Reserves		7,925,886	(1)
Investment Income - Trustee Held Assets		1,829,961	
Transfer to Reserves - Debt Retirement		7,000,000	
Transfer to Reserves - Bond Retirement		1,315,000	
Transfer to Reserves - Bond Interest Payable		2,932,262	
Transfer to Reserves From Operations		7,597,713	(2)
Total Funds Applied		$46,276,510	
Total Operating Cash Available		($1,975,696)	(3)

(1) Investment Income included in Non-Operating Revenue available for Board designation (Reserves).

(2) $7,597,713 earned in fiscal year ended June 30, 1985 was received in current year and transferred to Reserves.

(3) Total Operating Cash Available of -$1,975,696; plus Transfers to Plant of $7,865,643; plus Transfers to Reserves for debt retirement and interest payable of $11,247,262 equals Cash Generated from Operations of $ 17,137,209.

Current Cash Summary

Operating Cash	($1,975,696)
Reserve Cash for Liability to Third Party Payors	9,235,197
Reserve Cash for Short Term Debt Retirement	8,800,000
Total Current Cash	$16,059,501

UNIVERSITY OF MINNESOTA HOSPITAL & CLINIC

BALANCE SHEETS

JUNE 30, 1986 AND 1985

ASSETS	6/30/86	6/30/85
CURRENT ASSETS		
Operating Cash	($1,975,696)	$6,845
Reserve Cash- Third Party Payable	9,235,197	12,889,843
Reserve Cash- Short Term Debt	8,800,000	8,800,000
Accounts Receivable		
Patient Receivables	55,896,815	44,863,558
Receivable from Medicare	0	7,597,713
Other Receivables	1,813,378	989,824
	57,710,193	53,451,095
Less Allowances for Losses in Collection	-4,710,000	-4,121,874
Less Allowances for Discounts to Third Party Payors	-9,622,191	-7,840,000
	43,378,002	41,489,221
Trustee Held Assets	6,549,469	7,431,304
Inventories of Drugs & Supplies	4,670,632	3,713,433
Prepaid Expenses	617,873	753,209
Silver Flake	138,004	166,472
TOTAL CURRENT ASSETS	$71,413,481	$75,250,327
BOARD DESIGNATED ASSETS:		
Board Designated Assets Available for Assignment		
Cash & Investments	$56,877,615	$41,970,466
Accrued Interest	749,059	624,901
	57,626,674	42,595,367
Cash & Investments Assigned to Construction Projects	3,772,540	9,451,858
TOTAL BOARD DESIGNATED ASSETS	$61,399,214	$52,047,225
DEFERRED THIRD PARTY REIMBURSEMENT	$10,890,571	$5,438,989
OTHER ASSETS	590,663	285,734
LAND, BUILDINGS & EQUIPMENT		
Land, Buildings & Improvements	$154,648,101	$69,581,104
Equipment	61,909,656	41,332,677
	216,557,757	110,913,781
Less Accumulated Depreciation	-55,384,931	-49,376,828
	161,172,826	61,536,953
Construction in Progress	31,154,867	96,867,547
TOTAL LAND, BUILDINGS & EQUIPMENT	$192,327,693	$158,404,500
TRUSTEE HELD ASSETS	$50,143,723	$72,238,436
Deferred Debt Expense, Less Amortization of $ 173,064 and $ 38,434 for Periods ended 6/30/86 and 6/30/85, respectively.	$1,388,100	$3,478,680
	$388,153,445	$367,143,891
RESTRICTED ASSETS		
Cash and Investments	$4,243,247	$3,367,441

LIABILITIES AND FUND BALANCES	6/30/86	6/30/85
CURRENT LIABILITIES		
Accounts Payable	$3,089,977	$3,425,193
Payable to Third Party Contr. Payors	9,235,197	12,889,843
Salaries, Wages and Payroll Taxes	4,948,805	4,301,870
Accrued Vacation	5,957,248	5,295,058
Accrued Professional Fees and Physician Compensation	2,468,184	1,876,182
Contracts Payable	2,750,007	5,594,284
Interest Payable	2,407,435	3,659,987
Current Portion of Long-Term Debt	3,655,057	797,013
Current Liabilities Excluding Promissory Notes Payable	34,511,910	37,839,430
Promissory Notes Payable	8,800,000	8,800,000
TOTAL CURRENT LIABILITIES	$43,311,910	$46,639,430
LONG-TERM DEBT, LESS CURRENT PORTION	$178,813,344	$165,970,328
UNRESTRICTED FUND BALANCE	$166,028,191	$154,534,133
	$388,153,445	$367,143,891
RESTRICTED FUND BALANCES		
Fund Balances		
Endowment Funds	$1,656,445	$1,570,180
Gift Funds	2,586,802	1,797,261
	$4,243,247	$3,367,441

UNIVERSITY OF MINNESOTA HOSPITAL & CLINIC

STATEMENT OF CHANGES IN FUND BALANCE

FOR THE YEAR JULY 1, 1985 TO JUNE 30, 1986

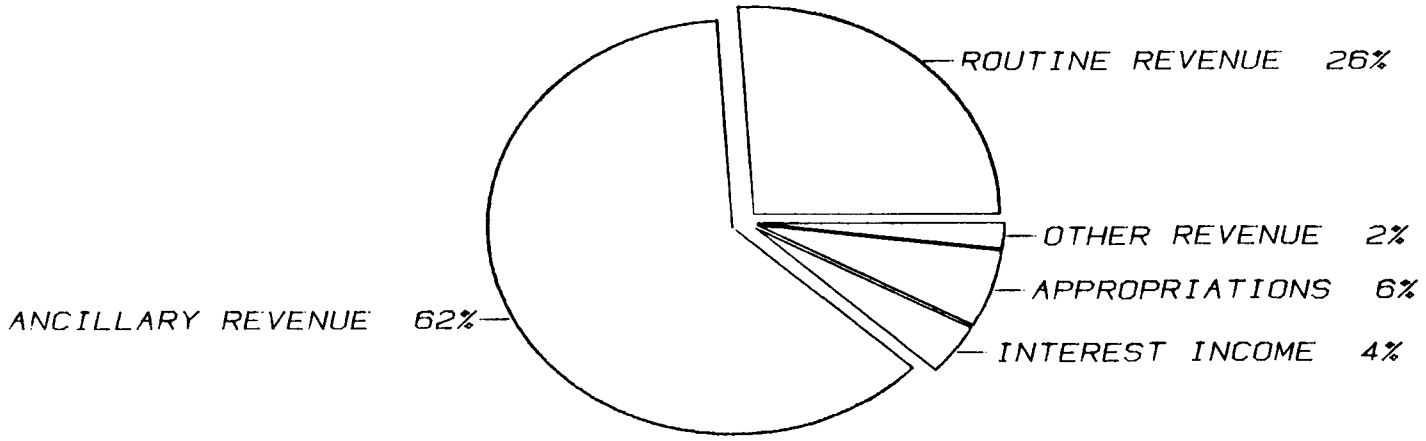
	OPERATING FUND	BOARD DESIGNATED FUND	PLANT FUND	TOTAL UNRESTRICTED FUNDS
UNRESTRICTED FUNDS				
Beginning Balance	$37,916,213	$42,595,367	$74,022,553	$154,534,133
Net Income				
Excess of Revenue over Expense	16,817,387			
Interest Income on Reserves		7,314,176		
Accrued Interest on Appropriations		611,710		
Depreciation Expense			-9,966,366	
Loss on Sale of Assets			-19,446	
Interest Income on Trustee Held Fund			1,829,961	
Loss on Refinancing of Long Term Debt			-9,926,891	
Total Income				6,660,531
Less Expense				
University Support: G & A	5,926,200			5,926,200
K/E Utilities	135,299			135,299
Transfers Between Funds				
Major Building Projects (Hospital only)		-528,615	528,615	
Capital Expenditures	-10,890,070		10,890,070	
Capital Encumbrance Change	126,663		-126,663	
Equipment Budget Rollforward	2,897,764	-2,897,764		
Increase in Restricted Fund Committment to Plant			14,245	14,245
Major Equipment Purchase		-993,468	993,468	
Miscellaneous	58,091	30,788	-1,241,096	-1,152,217
Purchase of Primary Care Network	744,000	-744,000		
Transfer to Pediatrics		-90,000		-90,000
Transfer to Reserves from Operations	-7,597,713	7,597,713		
Transfer to Reserves- Debt Reserve	-7,000,000	7,000,000		
Transfer to Reserves- Debt Sinking Fund	-1,315,000	1,315,000		
Transfer to Reserves- Bond Interest	-2,932,262	2,932,262		
Transfer to Reserves from Trustee		10,315,816	-10,315,816	
Transfer to Trustee from Reserves		-13,019,088	13,019,088	
Transfers from Reserves- Bond Interest		-3,409,315	3,409,315	
Receivable from CCSI	403,908	-403,908		
Ending Balance	$35,290,480	$57,626,674	$73,111,037	$166,028,191

	Gift	Endowment	Total
RESTRICTED FUNDS			
Beginning Balance	$1,797,261	$1,570,180	$3,367,441
Income	803,786	86,265	890,051
Increase in Committment to Plant	-14,245		-14,245
Ending Balance	$2,586,802	$1,656,445	$4,243,247

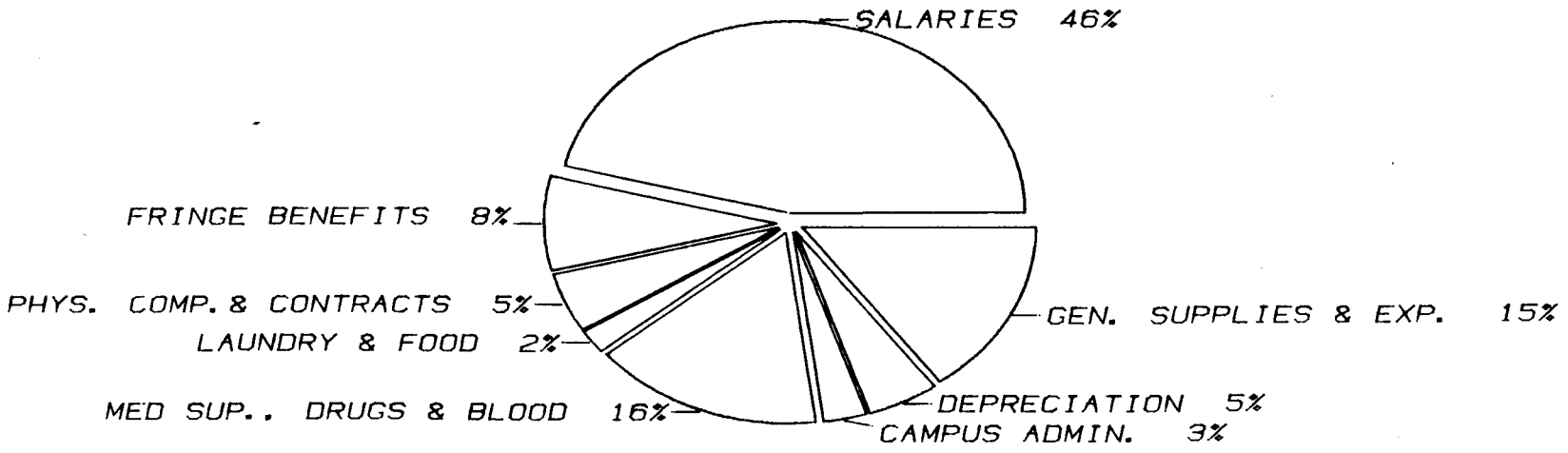
UNIVERSITY OF MINNESOTA HOSPITAL AND CLINIC

YEAR ENDING 6/30/86

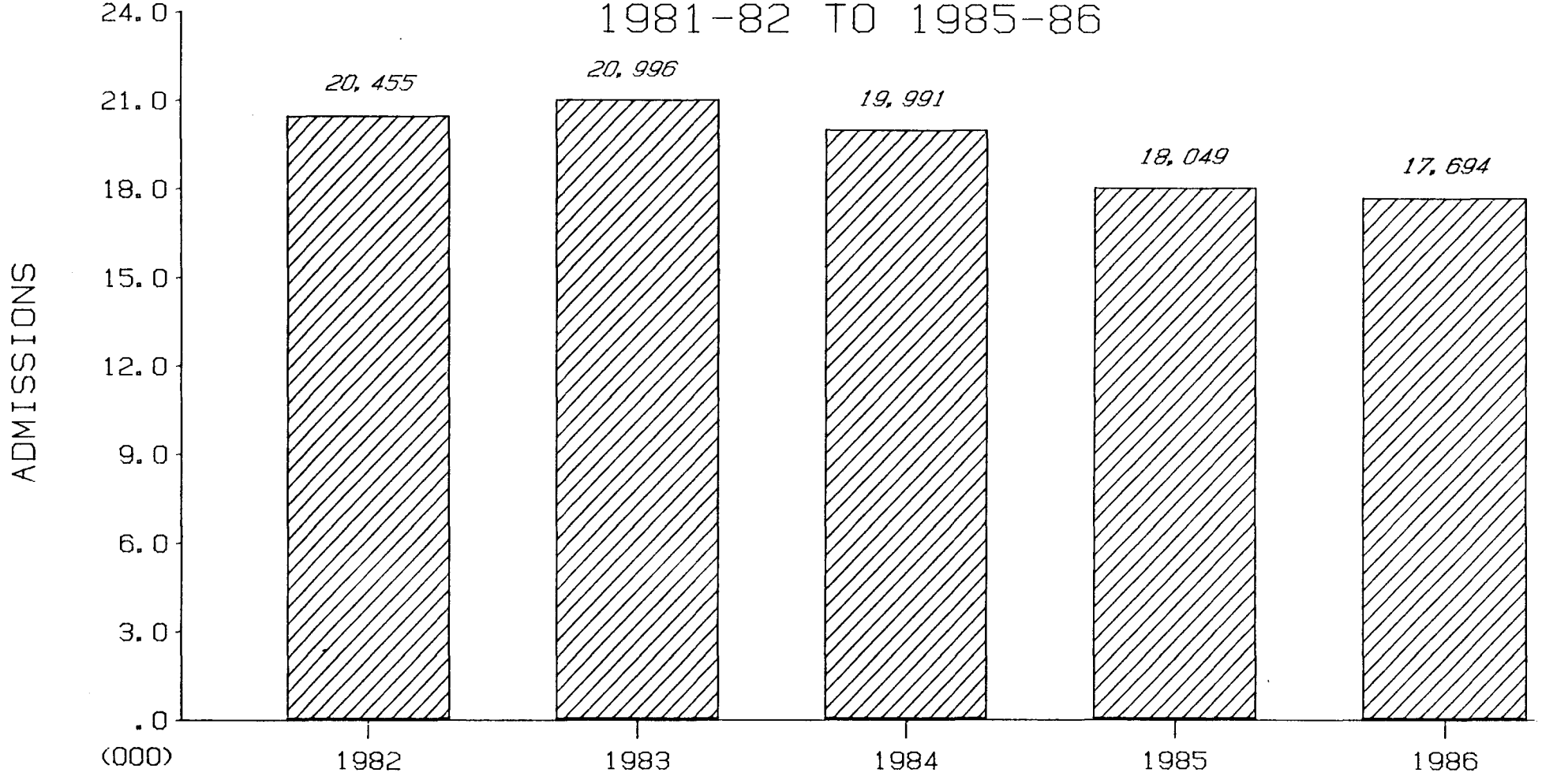
REVENUE SUMMARY



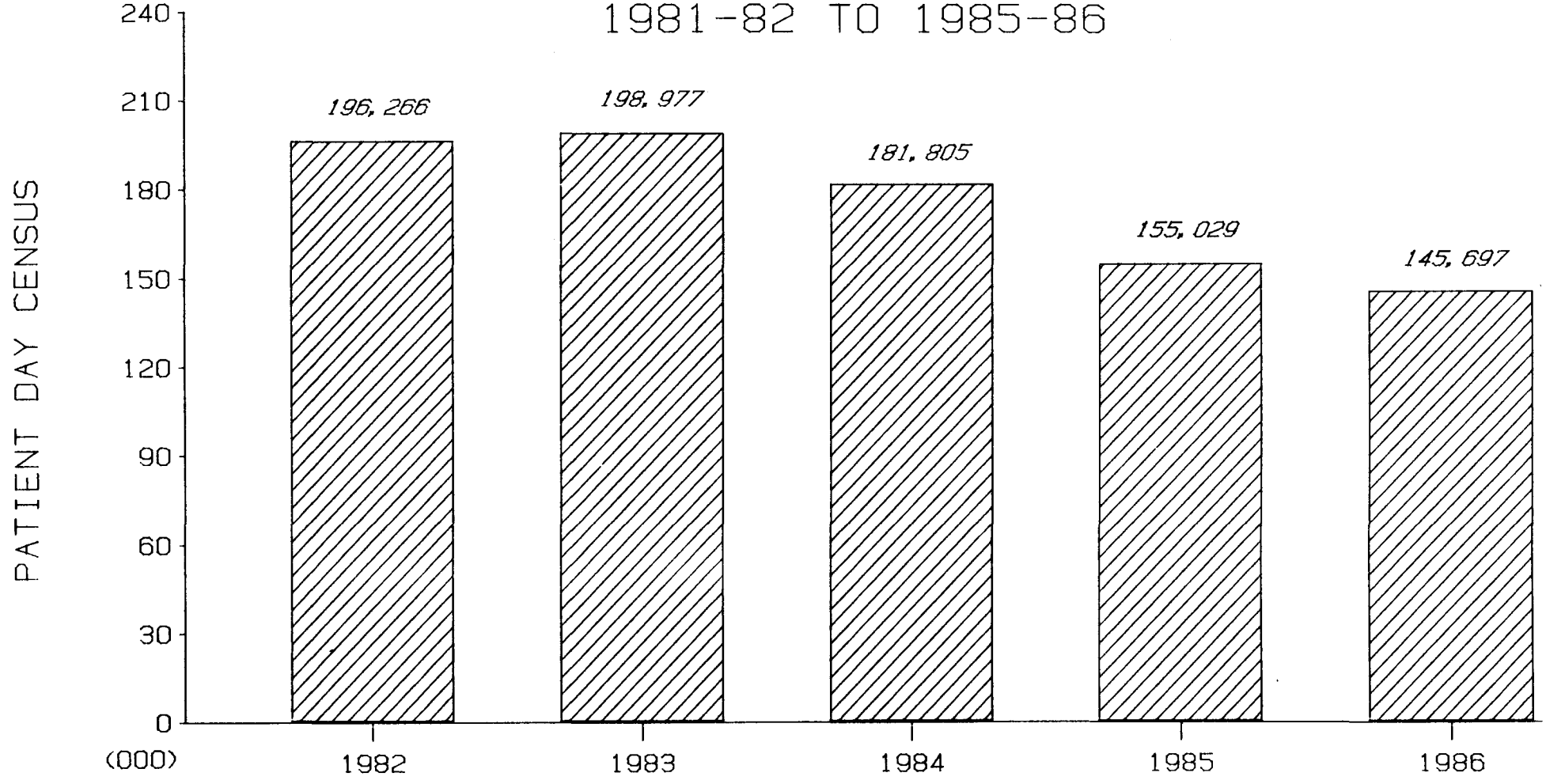
EXPENSE SUMMARY

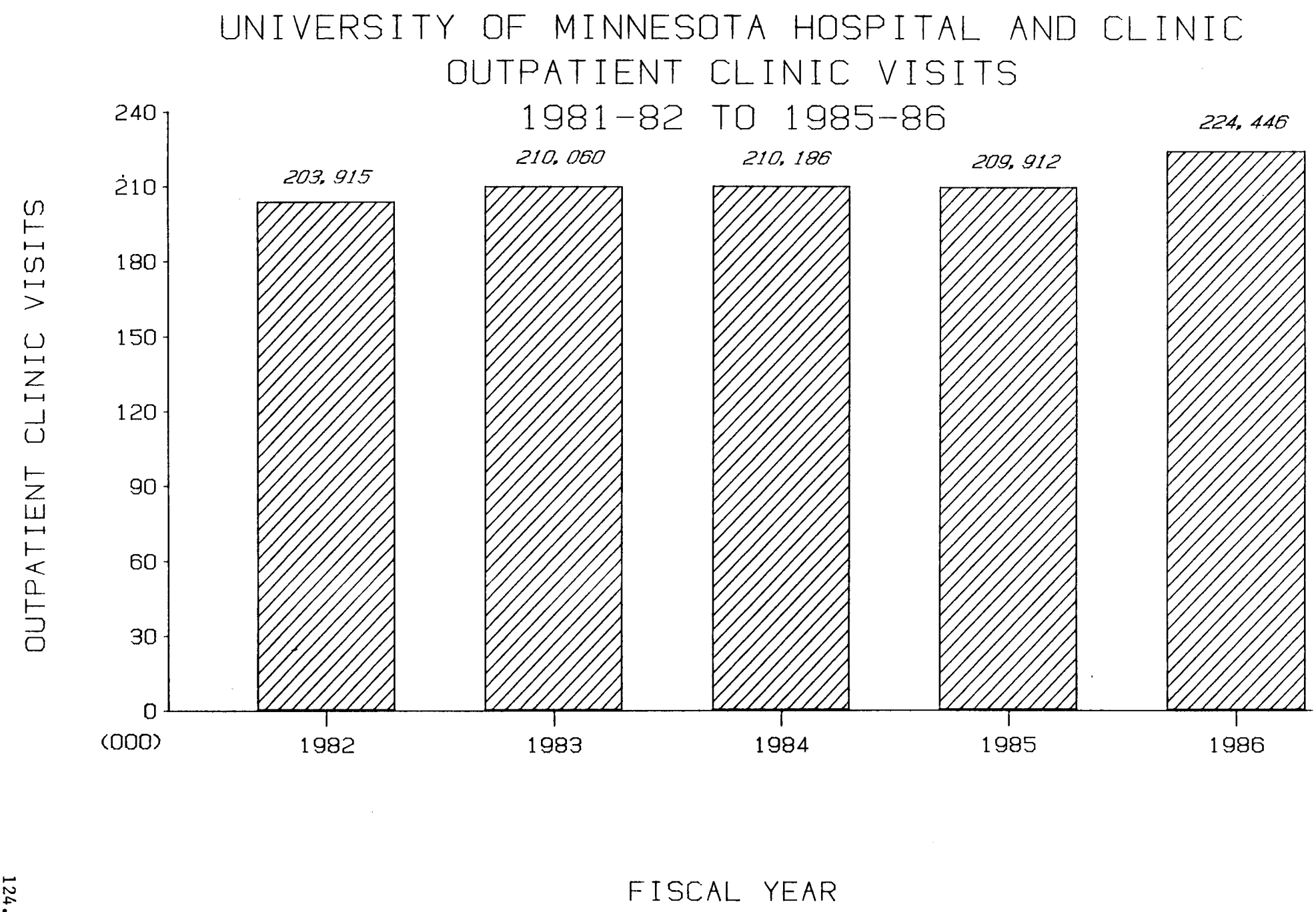


UNIVERSITY OF MINNESOTA HOSPITAL AND CLINIC
NUMBER OF ADMISSIONS
1981-82 TO 1985-86

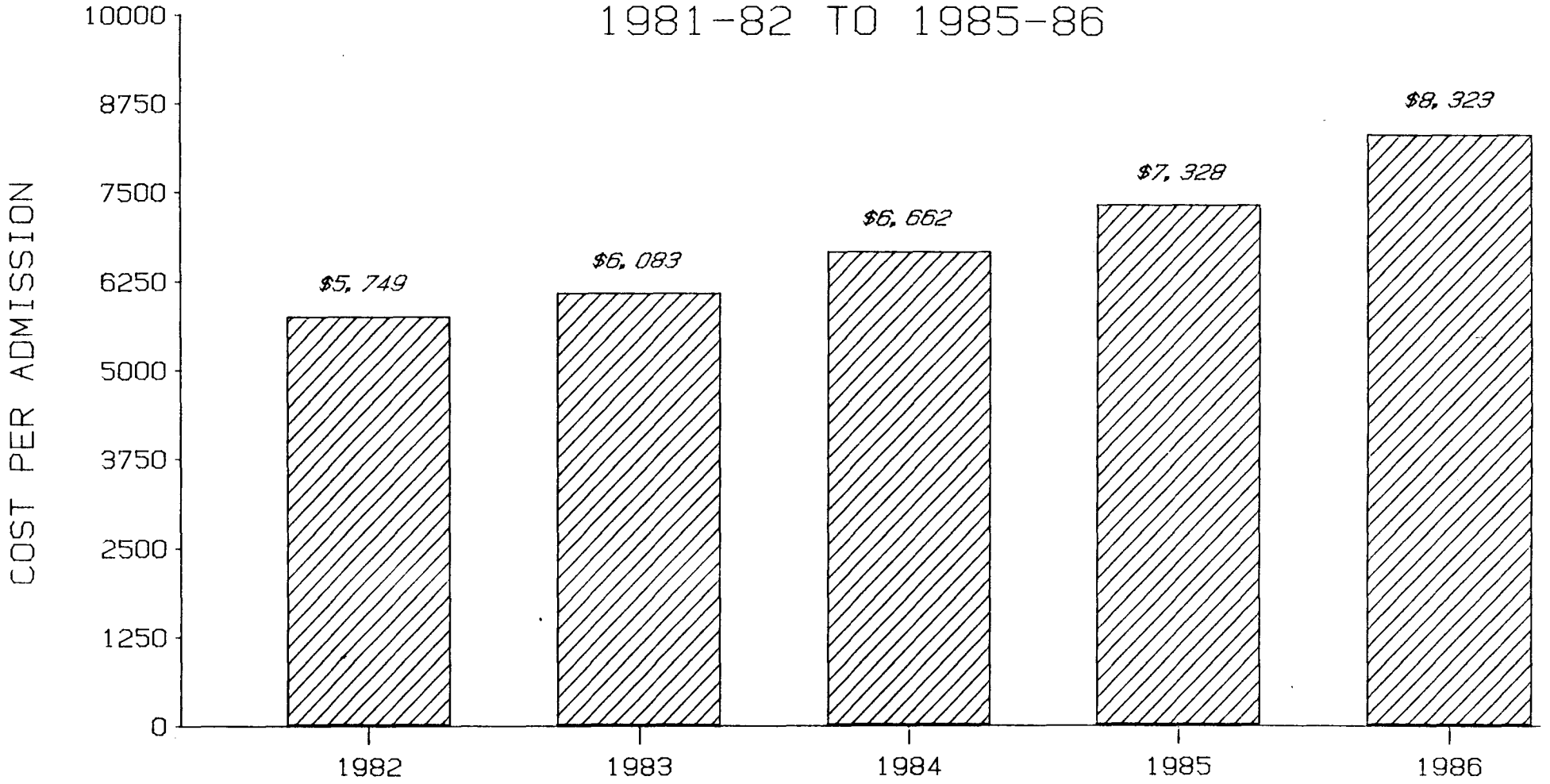


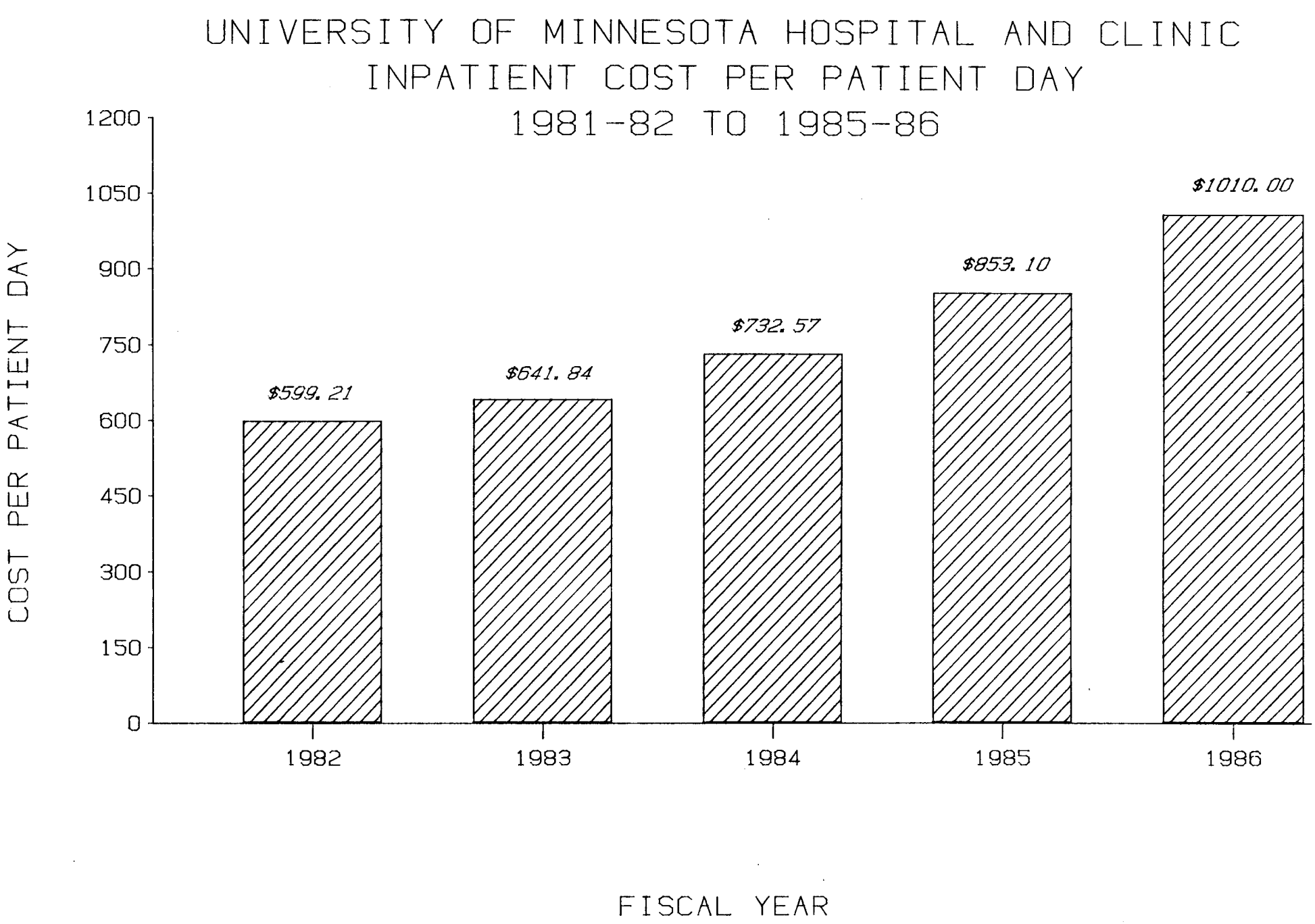
UNIVERSITY OF MINNESOTA HOSPITAL AND CLINIC
PATIENT DAY CENSUS
1981-82 TO 1985-86



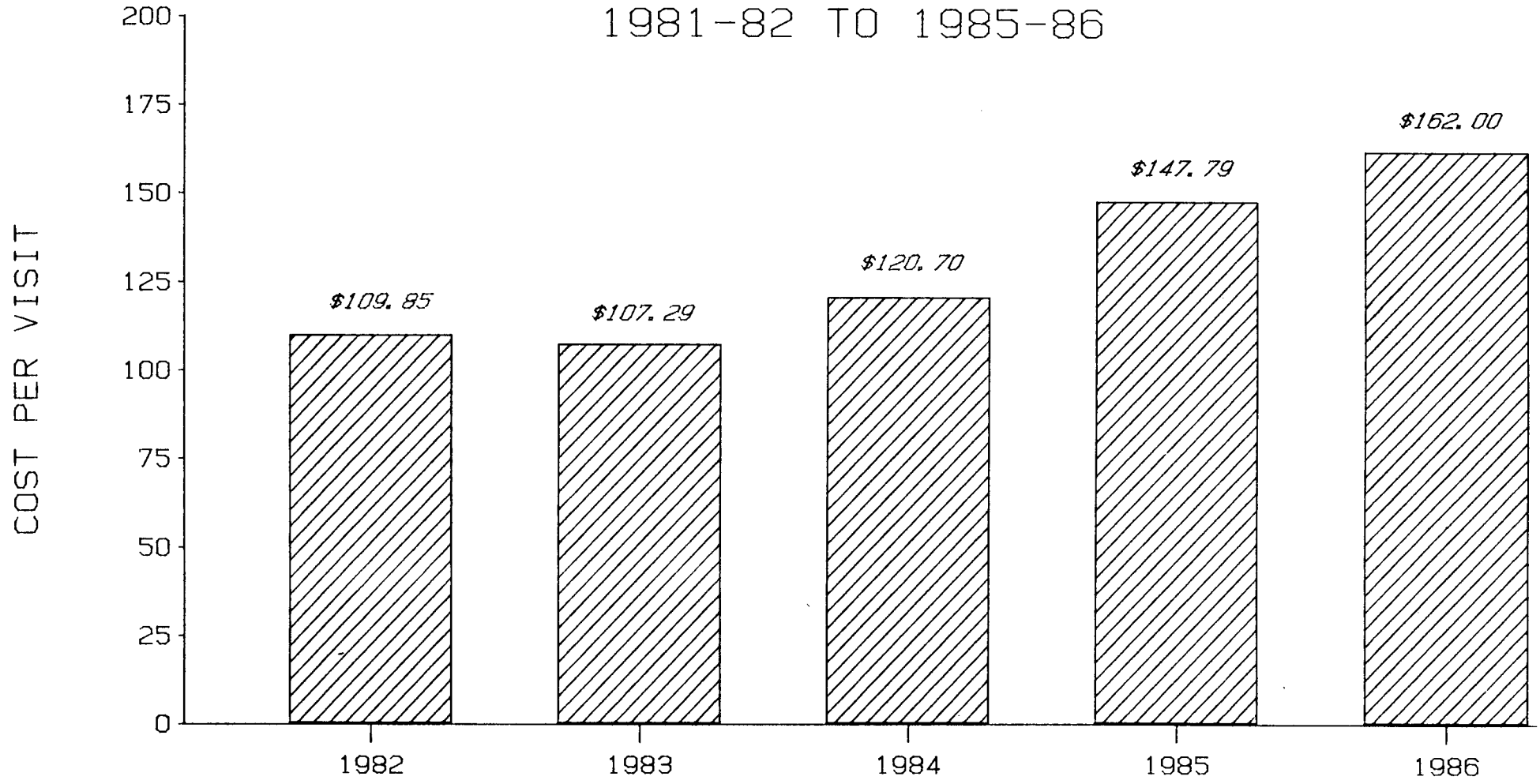

UNIVERSITY OF MINNESOTA HOSPITAL AND CLINIC
OUTPATIENT CLINIC VISITS
1981-82 TO 1985-86
OUTPATIENT CLINIC VISITS
240
210
180
150
120
90
60
30
0
(000)
203, 915
210, 060
210, 186
209, 912
224, 446
1982
1983
1984
1985
1986
FISCAL YEAR

UNIVERSITY OF MINNESOTA HOSPITAL AND CLINIC
INPATIENT COST PER ADMISSION
1981-82 TO 1985-86

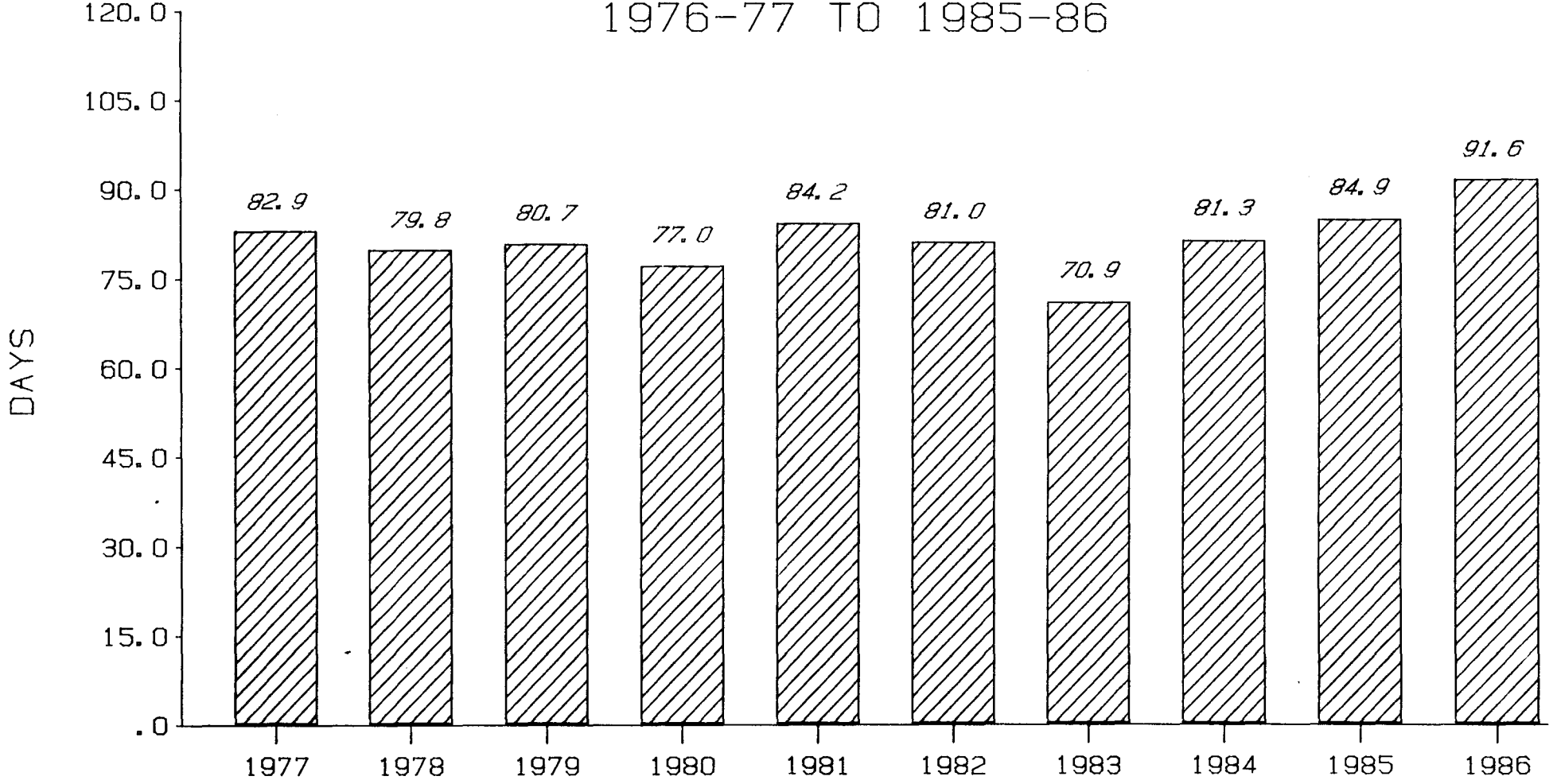



UNIVERSITY OF MINNESOTA HOSPITAL AND CLINIC
INPATIENT COST PER PATIENT DAY
1981-82 TO 1985-86
COST PER PATIENT DAY
1200
1050
900
750
600
450
300
150
0
$599.21
$641.84
$732.57
$853.10
$1010.00
1982
1983
1984
1985
1986
FISCAL YEAR

UNIVERSITY OF MINNESOTA HOSPITAL AND CLINIC
OUTPATIENT COST PER VISIT
1981-82 TO 1985-86



UNIVERSITY OF MINNESOTA HOSPITAL AND CLINIC
REVENUE DAYS IN ACCOUNTS RECEIVABLE
1976-77 TO 1985-86



UNIVERSITY OF MINNESOTA HOSPITAL AND CLINIC
INPATIENT CENSUS BY MAJOR CATEGORY
JUNE 30, 1986 YEAR TO DATE

	AVERAGE BEDS	INPATIENT DAYS BUDGET	INPATIENT DAYS ACTUAL	ADMISSIONS BUDGET	ADMISSIONS ACTUAL	OCCUPANCY RATE BUDGET	OCCUPANCY RATE ACTUAL	AVERAGE STAY PRIOR YR	AVERAGE STAY CURRENT YR
MEDICAL/SURGICAL	299.8	71,984	75,357	11,815	11,723	65.7%	68.9%	6.6	6.5
PEDIATRICS	73.0	18,333	16,742	2,289	2,343	63.6%	62.8%	7.7	7.2
PSYCHIATRY	63.0	16,805	18,081	709	818	73.1%	78.6%	26.0	22.2
REHABILITATION	26.7	6,481	3,942	333	187	98.6%	40.4%	18.0	20.4
OBSTETRICS	22.0	2,400	2,272	600	499	29.9%	28.3%	4.3	4.6
NEWBORN	13.5	3,131	2,242	498	322	47.7%	45.5%	6.8	6.9
INTENSIVE CARE-ADULT	62.7	15,429	17,786	1,164	1,252	66.0%	77.7%	15.1	14.2
INTENSIVE CARE-PEDS	32.1	10,322	9,275	527	550	78.6%	79.2%	19.6	17.0
TOTAL HOSPITAL	592.8	144,885	145,697	17,935	17,694	66.1%	67.3%	8.6	8.3
TOTAL - EXCLUDING PSYCH & REHAB	503.1	121,599	123,674	16,893	16,689	64.2%	67.3%	7.6	7.5

UNIVERSITY OF MINNESOTA HOSPITAL AND CLINIC
SOURCE OF RECEIPTS
1982 TO 1986

	1982		1983		1984		1985		1986	
	AMT. IN 1,000'S	% OF TOTAL	AMT. IN 1,000'S	% OF TOTAL	AMT. IN 1,000'S	% OF TOTAL	AMT. IN 1,000'S	% OF TOTAL	AMT. IN 1,000'S	% OF TOTAL
MEDICARE	$27,877	20.1	$37,470	21.4	$36,437	19.8	$39,556	20.7	$39,984	20.5
MEDICAL ASSISTANCE & FEDERAL CRIPPLED CHILDREN	16,632	12.0	19,503	11.2	15,227	8.3	12,983	6.8	12,181	6.2
BLUE CROSS	19,765	14.2	21,362	12.2	19,281	10.5	20,203	10.6	18,185	9.3
OTHER COMMERCIAL INSURANCE	44,439	32.0	60,743	34.7	70,545	38.4	71,879	37.5	78,602	40.2
PATIENT LIABILITY	7,414	5.3	8,942	5.1	8,897	4.8	9,567	5.0	9,288	4.8
MISC. AGENCY ACCOUNTS	6,105	4.4	8,450	4.8	10,435	5.7	12,383	6.5	10,144	5.2
COUNTY	1,746	1.3	2,555	1.5	1,647	0.9	994	0.5	1,318	0.7
STUDENT HEALTH SERVICE	144	0.1	172	0.1	118	0.1	36	0.0	12	0.0
COLLECTION AGENCIES	241	0.2	467	0.3	557	0.3	687	0.4	729	0.4
OTHER	1,019	0.7	852	0.5	1,303	0.7	1,040	0.5	261	0.1
REFUNDS	-3,401	-2.4	-4,416	-2.5	-4,531	-2.5	-3,948	-2.1	-3,340	-1.7
SUBTOTAL: PATIENT CARE RECEIPTS	$121,981	87.8	$156,100	89.3	$159,916	87.0	$165,380	86.4	$167,364	85.6
APPROPRIATIONS/SUPPORT	11,596	8.3	11,557	6.6	12,421	6.8	12,939	6.8	13,106	6.7
INVESTMENT INCOME	2,845	2.0	3,587	2.1	7,600	4.1	8,580	4.5	9,756	5.0
OTHER INCOME	2,569	1.8	3,581	2.0	3,830	2.1	4,549	2.4	5,201	2.7
TOTAL	$138,991	100.0	$174,825	100.0	$183,767	100.0	$191,448	100.0	$195,427	100.0

UNIVERSITY OF MINNESOTA
TWIN CITIES

University Hospital and Clinic
420 Delaware Street S.E.
Minneapolis, Minnesota 55455

September 17, 1986

TO: Members, Board of Governors

FROM: Greg Hartig
Senior Associate Director

SUBJECT: Computer Projects

We will be bringing three computer-related projects to the Board of Governors for approval in the next several months. Two of the projects - a laboratory computer replacement and new computer hardware to support our financial systems - will be brought forward in September for information and in October for the Board's approval. The third project - an upgrade of our current central mainframe hardware - is still undergoing management analysis and will be presented two to three months later than the other two proposals. Each of these projects was anticipated in the Hospital's 1986-87 budget.

Attached please find supporting materials for the laboratory computer replacement and the financial systems project. The first page is a schematic of our computer systems. As you can see, we have developed a highly sophisticated and diversified set of integrated computer networks and information systems. As is true with most modern-day organizations, we find ourselves increasingly dependent upon automated information systems, and need to make capital commitments accordingly.

The other attachments address the need, hardware plan, and financing for the two projects. Several of our staff will be sharing the presentation of this material.

Again, this information is being presented to the Finance Committee and Board of Governors this month for information. It will be presented to the Planning and Development Committee, Finance Committee and full Board in October, at which time we will be requesting your approval to proceed with $2,625,000 in expenditures for the two projects.

We will be happy to answer any questions which the Committee members or Board members may have next week.

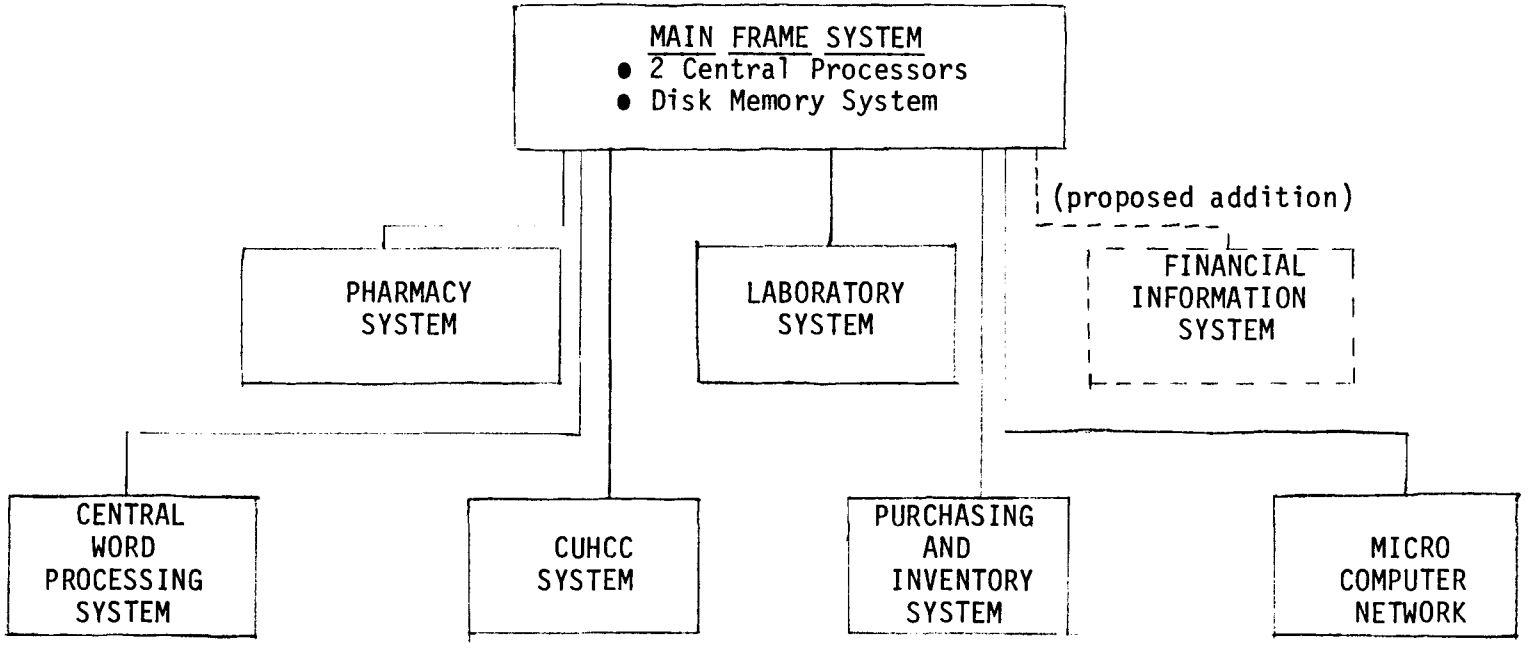
/kj

attachments

UNIVERSITY OF MINNESOTA HOSPITAL AND CLINIC

COMPUTER SYSTEM DIAGRAM

September 1986



LABORATORY COMPUTER SYSTEM REPLACEMENT PROJECT

I. Introduction and Historical Development

The current Laboratory computer system was originally installed in April of 1975 to provide a more efficient and effective patient results reporting system. Previous to this time, results reporting was done manually. The Laboratory computer was then upgraded in June of 1981 to accommodate expanding workload and the need to add other laboratories such as Blood Bank, Microbiology and Immunology to the computer. The upgrade included new software and an additional central processing unit (CPU).

The Laboratory computer now supports these patient related functions:

- Order entry, logging and billing.
- Specimen receiving, labeling and preparation.
- Specimen processing and distribution.
- Automated and manual results entry.
- Patient results reporting including immediate, ward/clinic, and chart.
- Telephone inquiry reports.
- Quality Control.
- Laboratory Management.
- On-line communication of laboratory results to the Hospital's main computer system.

II. Current System Status

The current Laboratory computer system, whose hardware and software were developed in the early 1970s, is now exhibiting major deficiencies because of its obsolescence and age. The major problems involve:

- Computer system utilization is at maximum capacity.
- Response times during critical periods have increased beyond acceptable levels of two to five seconds. Response times that we are now experiencing are in the unacceptable range of 25-120 seconds (see Attachment A).
- Other Laboratories, such as Surgical Pathology, cannot be added to the current computer system because of its capacity limitations.
- System hardware cannot be expanded to relieve the capacity problem because of its age and obsolete technology.
- The hardware vendor has given formal notice that they will be ending product support by September 30, 1987. Informally, we have been told that this date may be advanced to December 31, 1986.
- The current software is obsolete and is no longer marketed by the vendor.

- The software vendor has announced that they will be phasing out support of the software over the next few years.
- Downtimes have increased due to software errors related to its age, and to hardware that is wearing out.
- Capacity limitations forced the cutback of service in some laboratory areas in order to provide service for Unit J.

III. Recommendation

After thorough evaluation of several alternatives, our recommendation is replacement of the existing computer system with a new system that will provide state of the art software and hardware.

The total cost of a new Laboratory computer system will be $1,500,000. This cost includes:

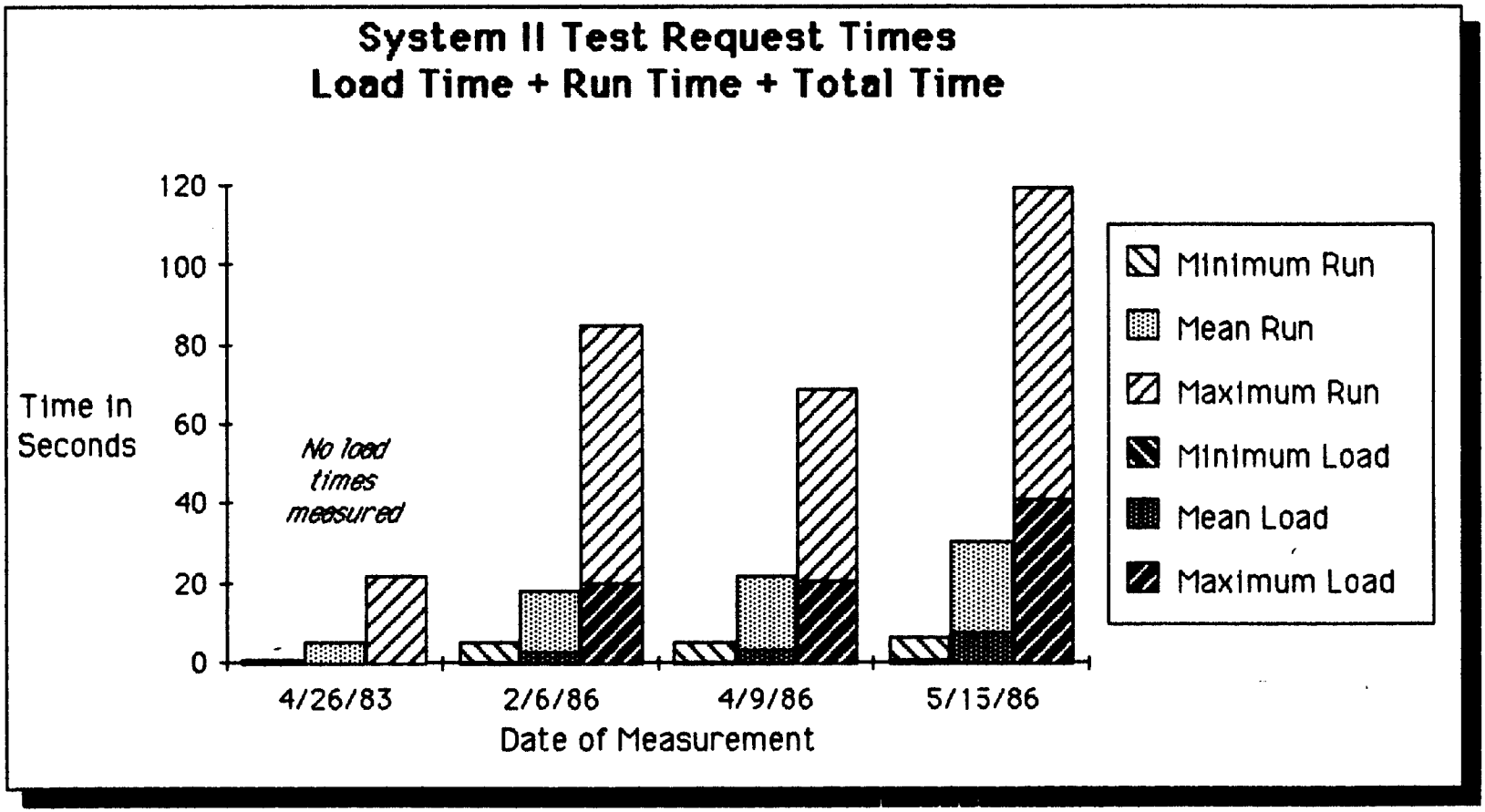
Hardware	1,139,200
Software	360,800
Total	$1,500,000

IV. Budget

When the analysis for this replacement project was begun during 1984-85, the original cost estimate and amount budgeted was $800,000. After formal proposals were received from vendors, however, it became clear that the cost of a system large enough to handle the current and foreseeable future load of UMHC's laboratories would be $1,500,000 or higher. Therefore, the Laboratory administrative staff has withheld purchase of $300,000 of computer related and other equipment during the past year and has included an additional $400,000 in their 1986-87 budget.

V. Financing

The present plan is to finance this purchase through the University's Equipment Loan Fund. The current interest rate is 6 1/8%. However, given the current trend in the financial market, that rate is expected to be reduced to 5-5 1/4% on October 1.


System II Test Request Times
Load Time + Run Time + Total Time
Time in Seconds
120
100
80
60
40
20
0
No load times measured
4/26/83
2/6/86
4/9/86
5/15/86
Date of Measurement
Minimum Run
Mean Run
Maximum Run
Minimum Load
Mean Load
Maximum Load

FINANCIAL INFORMATION SYSTEM REPLACEMENT PROJECT

I. Background

The Hospital's current general ledger system was developed and installed in the early 1970s and is in most respects outdated. The current system does not provide many of the features of more up-to-date systems. The result is that most hospital departments are supplementing the financial reporting they receive with manual analysis to satisfy their information needs.

In 1984, the firm of Ernst & Whinney, who was retained to evaluate our 5 year ISD plan, recommended the replacement of the general ledger system in 1986 and also cited the need to replace other financial sub-systems subsequent to the general ledger. Ernst & Whinney's recommendation was to acquire a commercially available software package to replace the current general ledger system. In addition, it was recommended in the 1985 management letter of the Hospital's auditors, Peat, Marwick, Mitchell & Co., that in replacing the general ledger system, the Hospital, together with the University, work to attain an independent accounting and management reporting system for UMHC which can be integrated to the main University accounting system.

II. Software Evaluation

In conformance with these two independent recommendations, UMHC developed a requirements document outlining the functions and features we felt were necessary in a general ledger system, and in early 1986 began surveying commercial general ledger software. The project team conducted an evaluation of thirteen general ledger systems. After a thorough review of each system, based upon industry software publications and information obtained from each vendor, we concluded that only IBM based systems could meet our key requirements. Those key requirements were in the areas of report writing capabilities, micro-computer downloading, sub-system availability, real time interactive budgeting, and limitations in system interface capabilities.

Looking beyond the replacement of our general ledger system, we also expect to upgrade several financial sub-systems in the near future. They include fixed assets, payroll/personnel, purchasing, accounts payable and inventory control. We are also looking at the needs of our Patient Accounting system and Pharmacy system with regard to where their best fit is within our overall information system. The systems and hardware we are proposing can accomodate all of these systems.

III. Recommendation

After thorough evaluation of application software alternatives for the Hospital's general ledger system, our recommendation is to replace the existing general ledger system in an IBM based environment. This will provide UMHC an opportunity, in replacing its financial information systems, to position itself in a computer environment that will support the systems necessary to meet our needs. Although we have not completed our software vendor selection, the remaining vendors are all IBM systems and therefore we are recommending the acquisition of an IBM computer.

We have reviewed the types and sizes of computers and believe that an IBM 4381-12 would meet our needs today as well as allow room for growth. This size computer would also allow us to utilize a state-of-the-art operating system.

We are presently considering two options with regard to hardware; purchase or lease/purchase. The following is a summary of costs in implementing these options:

	Purchase	Lease/ Purchase
One-Time Costs:		
Hardware	$842,000	$ -0-
System Software	33,000	33,000
Facility Preparation (est.)	50,000	50,000
Application Software	200,000	200,000
	$1,125,000	$283,000
On-Going Costs:		
Hardware Lease	$ -0-	$220,000
Hardware Maintenance	40,000	40,000
System Software Maintenance	72,000	72,000
Staffing	145,000	145,000
	$257,000	$457,000

For our 1986-87 budget we made an assumption that we would utilize the lease/purchase option and had included $720,000 in costs.

Until we make a final selection with regard to application software we wish to leave the method of hardware acquisition open.

IV. Summary

We have been working for nine months to put together a recommendation for a financial system development plan at UMHC and have worked closely with our Information Systems Department in developing these recommendations. In evaluating our systems and needs against the software presently available, only an IBM system environment will give us the available software that will meet our critical needs today and into the future. Based on these factors, we have concluded that if we are to meet our goals and objectives in the development of our financial systems, they must be developed in an IBM environment. The recommendation we are making is based upon the need for better information systems which will provide us with the ability and opportunity to make critical financial decisions on a timely basis that will significantly affect the financial status of UMHC in the foreseeable future.

UNIVERSITY OF MINNESOTA
TWIN CITIES

University Hospital and Clinic
420 Delaware Street S.E.
Minneapolis, Minnesota 55455

September 16, 1986

TO: Members, Board of Governors

FROM: Greg Hart
Senior Associate Director

SUBJECT: Merit Pay

Hospital management has been discussing the possibility of including a merit pay component in our employee compensation plan for 1987-88. We have concluded, for a number of reasons, that a merit pay system would be both a positive management tool and a positive employee incentive and reward. If we are to proceed with a merit pay system, we wish to let our employees know of that intent by November of this year, in order that the compensation plan "ground rules" are known to our supervisors and employees well before the actual implementation date. Before we make any such announcement to our employees, we would request discussion and approval from the Board of Governors, with discussion in September, and action in October.

The notion of pay-for-performance is not an entirely new one at the Hospital, although it has been several years since merit pay has been a major component of our compensation system. In past months, our employees and management staff have increasingly voiced an interest in the subject. You may recall that in our employee survey for "Patients First", there was frequent mention of our need to improve our ability to reward good performance. To more directly test employee opinion relative to merit pay, we sent out the attached survey. The results clearly reflect an employee and management preference that at least a part of our compensation system be merit-based.

It should be noted that we do not anticipate extending the merit pay system to our unionized employees or to our nursing and pharmacy staffs, all of whom currently use seniority or "step" systems in their compensation plans.

There are often differing opinions expressed relative to the concept of merit pay. We thus wish to get a sense at a conceptual level from the Board at an early point, prior to proceeding to specific system design, and prior to a broad employee announcement. If there are questions which the Board members have, we would like to be aware of and hopefully answer them in September. We would then seek your approval in concept of a merit pay plan in October. The exact structure and dollar amounts related to such a program would then be presented next spring as part of our budget and annual compensation plan.

We look forward to hearing your thoughts next week.

GH/kj

attachment

SUMMARY OF RESULTS

The attached questionnaire was sent to 502 employees as follows:

346 randomly selected non-supervisory employees
108 randomly selected supervisors
all 48 department heads and administrators

Total population consisted of 1,616 employees who are not students, not in an organized bargaining unit, and not in a group that is covered by a step-increase compensation plan. The population included all supervisors, department heads and administrators, and employees in data processing, clerical, finance, personnel, medical technology, social work, respiratory therapy, dietetics, radiology, and related occupations in both Hospital- and University-dominated classes.

247 questionnaires (49%) were returned. Of these, 148 were from non-supervisory employees, 65 from supervisors, and 34 from department heads and administrators. The selected group consisted of 69% employees, 21% supervisors, and 10% department heads and administrators. The group of respondents matched the selected group fairly well with 60% employees, 26% supervisors, and 14% department heads and administrators.

Choices were ranked number one (most preferred) in the following order:

	NUMBER OF TIMES SELECTED AS NO. 1
1. B - Partial merit	96
2. D - 100% merit	90
3. A - Across-the-board	39
4. C - Lump sum	20

Supervisors and non-supervisory employees followed this same pattern. The group of department heads and administrators deviated from this ranking in that more (20) chose D as number one than B (6).

Choices were ranked number four (least preferred) in the following order:

	NUMBER OF TIMES SELECTED AS NO. 4
1. B - Partial merit	7
2. D - 100% merit	33
3. C - Lump sum	41
4. A - Across-the-board	109

The groups were almost completely in agreement on this.

Supervisors and managers were also asked if they would like the employees they supervise to be paid in the same way as themselves. 87 out of 99 said yes. Six did not answer the question. Six chose a different option for their employees. Three of these chose one of the merit pay choices for themselves (B, C, or D) and an across-the-board increase for their employees. Two chose a partial merit (B) for themselves and 100% merit (D) for their employees. One wanted an across-the-board increase (A) for himself and a 100% merit for his employees. This is interesting, but hardly significant because of the small numbers. It is important that 88% of the supervisors and managers said they would choose the same options for their employees as for themselves.

Comments were not solicited but were volunteered by 19 individuals. These are attached. They represent 8% of the respondents, and generally expand on why these employees did or did not choose certain options. Most of them express concerns about a merit-based pay system. These also should not be considered as representative of the group as a whole because of the relatively small numbers and because most of this group chose Option A in contrast to the larger group.

CONCLUSION: A partial merit increase as described in the questionnaire is most often the first choice of the group of 247 respondents taken as a whole and also of the non-supervisors as a separate group and supervisors as a separate group. Department Heads and Administrators prefer a full merit plan. A partial merit increase was their second choice.

A 100% merit plan is the second most frequent No. 1 choice of the group as a whole, and of the non-supervisory and supervisory groups individually. Department Heads and Administrators, as noted above, ranked this option as number one most frequently.

The across-the-board increase, Option A, received the third highest number of number one rankings by the group as a whole. It also had the largest number of number four rankings.

Comparative rankings:

	Frequency of No. 1 Rank				Frequency of No. 4 Rank			
	E	S	D&A	TOTAL	E	S	D&A	TOTAL
1	B 62	B 29	D 20	B 96	B 4	B 0	D 1	B 7
2	D 50	D 21	B 6	D 90	D 24	D 8	B 3	D 33
3	A 27	C 8	A 5	A 39	C 29	C 9	C 3	C 41
4	C 9	A 7	C 3	C 20	A 58	A 35	A 16	A 109

Option C, an across-the-board increase with a lump sum for outstanding performers, is the fourth choice of the group as a whole, of the non-supervisory employees as a group and of the department heads and administrators. However, supervisors ranked it as third choice.

The clearest conclusion to be drawn from this survey is that these employees prefer the combination of a small across-the-board increase with a larger pay for performance increase or a total merit plan to the other two options.

The difference between the preference for the D or B option and the preference for A or C is quite noticeable. 39% of the respondents chose Option B as number one and 36% chose Option D as number one, as contrasted to 16% for A and 8% for C. On the other end of the scale, of those responding, only 4% ranked Option B as number four and 18% ranked Option D as number four, as contrasted to 22% for Option C and a surprising 58% for Option A.

To combine, 75% of the employees listed the two merit pay options as their first or only choice, and 80% of those responding listed the two across-the-board options as last choices. A weighted ranking of all the responses repeats the conclusions:

Option B - Partial Merit	1.9
Option D - Full Merit	2.2
Option C - ATB plus Lump Sum	2.8
Option A - Across-the-board	3.2

Dear University Hospital Employee,

In the past few years, we have had a number of different methods of giving salary increases; there have been across-the-board increases, lump sum increases, increases based partially on performance ratings, and combinations of these. In planning for the future, we would like to know which of the available options you would prefer, if you were to have the opportunity to decide how your annual increase would be awarded. (This questionnaire is being sent to a random sample of employees in supervisory and non-supervisory classes, excluding those classes of employees who have a "step" system of compensation or a collective bargaining agreement.)

Please, read the options listed below and mark the one you like the best as No. 1, the next one as No. 2, the next as No. 3, and the one you like the least as No. 4.

(Assume that the Hospital-wide average increase must be the same for all options; let's say 3%, for example).

____ A. The same increase for everyone.
EXAMPLE: All employees receive a 3% increase.

____ B. An increase for everyone that is less than 3%, plus another increase based on performance.
EXAMPLE: All employees receive a 1% increase, and are eligible for an additional increase ranging from 0 to 4%, based on individual performance. Remember that the average increase in our example would remain at 3%.

____ C. An increase for everyone that is less than 3%, plus a one-time lump sum increase for outstanding performers.
EXAMPLE: 2 3/4% increase for everyone and a lump sum payment for outstanding performers of $1,000 or more.

____ D. The entire increase based on individual performance.
EXAMPLE: Each employee is eligible for an increase ranging from 0 to 6%, based on performance rating. Remember that the average increase in our example would remain 3%.

The results of this survey will be reviewed by Hospital Administration and will be considered in planning for future compensation plans.

If you have questions, please, call Elisabeth White at 626-5861, or Kathy Kairies at 376-9686.

PLEASE RETURN THIS QUESTIONNAIRE TO THE HUMAN RESOURCES DEPARTMENT, BOX 500 UMHC BY AUGUST 22, 1986.

Thank you,

Elisabeth White

Elisabeth White
Director, Human Resources Department

EW:kek

SUPERVISORS AND MANAGERS

Would you like the employees you supervise to be paid in the same way?
Yes____ No____

If NO, how would you rank the four options for your employees?
A. ____ B. ____ C. ____ D. ____

"THE QUEST FOR QUALITY: The Next Competitive Wave"

HOSPITAL TRUSTEE XIII CONFERENCE

HOLIDAY INN INTERNATIONAL AIRPORT
BLOOMINGTON, MINNESOTA

Minnesota Hospital Trustee Conference
Sponsored by:
Metro Hospital Trustee Council
Minnesota Hospital Association Trustee Committee

FRIDAY, OCTOBER 31, 1986

FRIDAY, OCTOBER 31, 1986

Conference Objective:

Trustees of hospitals and health care organizations have a special accountability and liability for the preservation of quality in the delivery of health care. There is currently a lack of clarity on our community standard for quality. There is also concern about how quality and other community values are being affected by the growing influence of market forces and by changes in public policy. As price drives decisions, actions can be easily taken in the interest of the health care industry rather than in the interest of the wider community. The hospital trustee must balance both those interests as they are confronted by cost-quality trade-offs.

This conference will consider quality as the next competitive wave in health care. It will explore how our community standard for quality is being affected by competition in health care delivery and by changes in health care reimbursement. The responsibility of trustees and other leaders to assure quality within the hospital and in the community at large will be explored. Current quality concerns and issues that are surfacing in Minnesota will be addressed.

The Conference will address the following questions:

1. Competition currently focuses more on cost rather than quality, and favors a short-term rather than long-term approach. How can quality become an ingredient of competition?
2. Who has the responsibility to assure quality within the hospital? Within the community?
3. What are our unique community standards for quality? How well are these and other community values being addressed? How should hospital trustees contribute to the preservation of community standards and values?
4. How should the information on quality be used by providers, by payers, and by policy makers to improve the health care system and to protect the consumer and the community?
5. What policies should be established at the board level on quality? How are continuity of care and quality being preserved as our hospitals change their roles, structures, and affiliations?
6. Are quality assurance systems in hospitals adequate? What is the Board's appropriate role in quality? What is the Board's legal exposure? Do trustees have adequate information to recertify medical staff?
7. How are hospital trustees going to focus their responsibility to be advocates for quality patient care? Is early discharge a deterrent to quality?
8. What are the important factors in defining and measuring quality? How will we address quality across the continuum of care?

PROGRAM

"The Quest for Quality: The Next Competitive Wave"

8:15 a.m. Registration and Continental Breakfast

8:45 a.m. Welcome and Introduction
Barbara O'Grady, President
Metro Hospital Trustee Council

9:00 a.m. Keynote Address
"The Quest For Quality"
Walter McClure, Ph.D., President
Center for Policy Studies

10:00 a.m. Coffee Break

10:30 a.m. A Panel Discussion on Current Realities
Moderator
Lee Canning, Chairman, Task Force on Quality & Community Values

"Purchasing Quality"
Laird Miller, Corporate Director of Health Systems
Honeywell, Inc.

"Delivering Quality"
Nancy L. Ascher, M.D., Ph.D., Assistant Professor, Department of Surgery
University of Minnesota Hospital & Clinic

"Measuring Quality"
Alan C. Brewster, M.D., President
MediQual Systems, Inc.

12:15 p.m. Lunch

1:15 p.m. Luncheon Presentation
"The Community Dilemma on Quality"
Edward P. Ehlinger, M.D., M.S.P.H., Director, Division of Personal Health Services
Minneapolis Health Department

2:15 p.m. Coffee Break

2:30 p.m. Round Table Discussions

3:30 p.m. Closing Address
"Solving The Price, Access, Quality Equation"
William A. Nolen, M.D.,
Practicing Physician and Author of *The Making of a Surgeon*

4:30 p.m. Reception

Conference Committee Members
Robert E. Christenson, Chairman
Frank Bremer
Vernon Hoium
Geoffrey Kaufmann
Barbara Klemme
LuVerne Molberg, Staff
Barbara Dixon, Staff

Keynote Speakers

Walter McClure, Ph.D.

Walter McClure, Ph.D., is president of the Center for Policy Studies, a policy research organization devoted to improve delivery and financing of healthcare. Dr. McClure has been a consultant to HHS, various Congressional committees and several states.

Edward P. Ehlinger, M.D., M.S.P.H.

Edward P. Ehlinger, M.D., M.S.P.H., is the director, Division of Personal Health Services at the Minneapolis Health Department. Dr. Ehlinger is the current president of the Minnesota Public Health Association.

William A. Nolen, M.D.

William A. Nolen, M.D., is a surgeon in private practice at the Litchfield Clinic and is Chief of Surgery for Meeker County Memorial Hospital, Litchfield, Minnesota. Dr. Nolen is the author of eight books and is published widely in scientific journals and general circulation magazines.

Panelists

Laird Miller

Laird Miller is the corporate director of Health Systems at Honeywell, Inc. Mr. Miller is co-chair for the Community Buyer System.

Nancy L. Ascher, M.D., Ph.D.

Nancy L. Ascher, M.D., Ph.D., is assistant professor, Department of Surgery, University of Minnesota Hospital. Dr. Ascher has been director of the Liver Transplant Program from July 1982 to the present. She is also a staff surgeon at the Veterans Administration Medical Center.

Alan C. Brewster, M.D.

Alan C. Brewster, M.D., is president of MediQual Systems, Inc., Westborough, Massachusetts. Dr. Brewster is the principal developer for the Medical Illness Severity Grouping System (MEDISGRPS) and principal contributor, Intensity of Service, Severity of Illness, Discharge Screens (ISD) Methodology for Concurrent Review.

General Information

Who Should Attend: The Conference is recommended to all trustees, physicians, chief executive officers, and key hospital administrative staff. Community leaders representing health public policy, government, planning, business, labor, third party payers, health professionals and health service organizations are also welcome to attend.

Registration Fee: $95.00 for the first registration and $75.00 for each additional registration from the same institution. Fee includes continental breakfast, luncheon, coffee breaks and conference materials. This fee is refundable in case of cancellation up to 5 working days prior to the conference. Substitutions may be made anytime.

Clock Hours: Clock hours for Nursing Home Administrators have been applied for through the Minnesota Board of Examiners for Nursing Home Administrators.

For Further Information:

Pat Pardun
Conference Coordinator
Minnesota Hospital Trustee Conference
2550 University Avenue West, Suite 221 North
St. Paul, Minnesota 55114
(612) 641-1121

HOSPITAL TRUSTEE XIII CONFERENCE

MEMBERS OF THE BOARD OF GOVERNORS

Please call Kay Fuecker at 626-6222
if you would like to be registered for the conference.

Thanks.

Nancy

The Board of Trustees
of the University of Minnesota
Foundation requests the
pleasure of your company at the
Minnesota National Leadership
Homecoming and the
annual dinner of
The Presidents Club.

Wednesday evening, the
eighth of October,
Nineteen hundred and
eighty-six
Radisson Hotel South
and Plaza Tower
7800 Normandale Boulevard
Bloomington, Minnesota

6:00 p.m. Receptions and Revelry in the Garden Court
7:15 p.m. Grand March
7:30 p.m. Dining in Great Hall
8:30 p.m. "The Future"—President Kenneth H. Keller presiding
Black tie optional
R.S.V.P.
For further assistance call Kathleen Nayman, (612) 624-3333.

Dear Friend of the University:

Please join me for a reception at 6:00 p.m. on the evening of Wednesday, October 8, 1986 preceding the very special Minnesota National Leadership Homecoming and Presidents Club dinner. I would be honored if you would begin the evening by having refreshments with me in my reception cabana, which is indicated for you on the enclosed map. I look forward to seeing you that evening.

Very sincerely,