

THE UNIVERSITY OF MINNESOTA HOSPITAL AND CLINIC

BOARD OF GOVERNORS

JULY 24, 1991

TABLE OF CONTENTS

	Page(s)
Agenda.....	1
Board of Governors June 26, 1991 Minutes.....	3
Special Presentation: Albert P. Rocchini, M.D.....	7
Credentials Committee Report and Recommendations.....	24
Major Capital Expenditure: Laser Angioplasty System.....	26
Fourth Quarter, 1990-91 Bad Debts.....	27
1991-92 Capital Budget.....	86
Finance Committee May 22, 1991 Minutes.....	91

THE UNIVERSITY OF MINNESOTA HOSPITAL AND CLINIC
BOARD OF GOVERNORS
JULY 24, 1991
2:30 P.M.
555 DIEHL HALL

AGENDA

- | | | |
|------|---|-------------|
| I. | <u>Approval of the June 26, 1991 Minutes</u> | Approval |
| II. | <u>Chairman's Report</u>
-Ms. Kristine Johnson | Information |
| III. | <u>Hospital Director's Report</u>
-Mr. Robert Dickler | Information |
| IV. | <u>Special Presentation: Albert P. Rocchini, M.D.</u>
-Director, Pediatric Cardiology | Information |
| V. | <u>Special Presentation: MHA Trustee Conference</u>
-Ms. Margaret Matalamaki
-Ms. Barbara O'Grady
-Ms. Trudy Ohnsorg | Information |
| VI. | <u>Committee Reports</u> | |
| | A. <u>Consent Items</u> | |
| | <u>Joint Conference Committee</u> | |
| | 1. Medical Staff-Hospital Council Report
Credentials Committee Recommendations | Approval |
| | <u>Planning and Development Committee</u> | |
| | 1. Major Capital Expenditure:
Laser Angioplasty System | Information |
| | <u>Finance Committee</u> | |
| | 1. Fourth Quarter, 1990-91 Bad Debts | Approval |

B. Joint Conference Committee

-Mr. George Heenan

1. The Joint Conference Committee Did Not Meet

C. Planning and Development Committee

-Mr. Robert Nickoloff

1. 1991-92 Capital Budget Approval

D. Finance Committee

-Mr. Jerry Meilahn

1. Preliminary June 30, 1991
Financial Statements Information

VII. Other Business

VIII. Adjournment

MINUTES

**BOARD OF GOVERNORS
The University of Minnesota Hospital and Clinic**

June 26, 1991

Call To Order

Ms. Kristine Johnson called the June 26, 1991 meeting of the Board of Governors to order at 2:40 p.m. in 555 Diehl Hall.

Attendance

Present: David Brown, M.D.
Paula Clayton, M.D.
Robert Dickler
Michael Dougherty
George Heenan
Kris Johnson
David Lentz
Margaret Matalamaki
Robert Maxwell, M.D.
Jerry Meilahn
Barbara O'Grady
Trudy Ohnsorg
Jerry Olson
Cherie Perlmutter

Not Present: Leonard Bienias
Phyllis Ellis
Bob Erickson
Nellie Johnson
Robert Nickoloff

Approval of Minutes

The Board of Governors seconded and passed a motion to approve the minutes of the May 22, 1991 meeting as submitted.

Special Presentation: Anton (Tony) R. Potami

Dr. David Brown introduced Mr. Tony Potami, Associate Vice President for Research and Technology Transfer. Mr. Potami presented an overview of research and inventions at the University of Minnesota.

The Board thanked Mr. Potami for his presentation.

Chairman's Report

Ms. Johnson welcomed representatives of AFSCME. She also introduced Giles Caver, Administrative Fellow and Becky Jo Lekander, the 1991 Donna Ahlgren award recipient.

Ms. Johnson confirmed the fall Board retreat will be held on September 26 & 27 at Riverwood Conference Center.

Ms. Johnson reported the hospital budget was presented to the Board of Regents in June and would go before the Board of Regents in July for approval. She also reported on a meeting with Regent Kuderer with favorable feedback pertaining to the Board of Governors.

Consent Agenda

A motion was seconded and passed to approve items on the consent agenda which consisted of:

- a. Committee Chairmen Appointments
- b. Safety Committee Report
- c. Cancer Center Support
- d. May 31, 1991 Financial Statements

Director's Report

Mr. Robert Dickler called on Ms. Helen Pitt to introduce Ms. Becky Jo Lekander who is a critical care nurse specialist and the 1991 recipient of the Donna Ahlgren award. Ms. Lekander thanked the Board of Governors for their recognition.

Mr. Dickler reported that the Health Department had contracted with The University of Minnesota Hospital and Clinic to provide an AIDS screening clinic.

Mr. Dickler reported that there was a Volunteers Recognition reception held on June 17 which Ms. Margaret Matalamaki attended as a Board of Governors representative.

Joint Conference Committee Report

Mr. George Heenan called on Dr. Robert Maxwell to present the recommendations of the Credentials Committee which were endorsed by the Medical Staff Hospital Council on June 11 and the Joint Conference Committee on June 20. The recommendations of the Credentials Committee were unanimously approved as presented.

Mr. Heenan indicated that the procedures used for reappraisal and reappointment which were explained in more detail at the Joint Conference Committee meeting.

Dr. Maxwell recommended the names of nineteen individuals to serve as clinical chiefs for the 1991-92 fiscal year. The Board of Governors seconded and passed a motion to approve the appointments of the Clinical Chiefs as recommended.

Mr. Heenan indicated that the HIV Policy was reviewed at the Joint Conference Committee meeting. The policy is being reviewed regularly and governs HIV infection of all medical personnel and medical staff.

Planning and Development Committee and Finance Committee Report

In Mr. Nickoloff's absence, Mr. Jerry Meilahn representing the Planning and Development and Finance Committees called on Mr. Greg Hart to report on the Lithotripsy Program. Mr. Hart presented a proposal to the Board to establish a joint program for mobile lithotripsy with the Department of Urology. A motion was seconded and passed to approve the Lithotripsy Program contingent upon successful execution of a memorandum of understanding with the Department of Urology which meets the criteria established in the proposal.

Mr. Dickler presented the 1991-92 Employee Compensation Plan. The University determines final compensation increases for Hospital employees in "University-dominated classes". The University plans no salary increases for this group. The collective bargaining processes currently underway will determine compensation levels for employees represented by unions.

For Hospital employees in Hospital-dominated classes there will be no overall compensation increases in accord with the University's policy. Compensation increases in accord with the University's policy. Compensation increases for some groups were recommended based on marketplace comparisons and anticipated shortages. For Hospital administrative staff no compensation increase was recommended.

The Board seconded and passed a motion to approve the 1991-92 compensation plan as presented.

Adjournment

There being no further business, the June 26, 1991 business meeting of the Board of Governors was adjourned at 4:20 p.m.

Respectfully submitted,

Gail A. Strandemo

Gail A. Strandemo
Board of Governors Office

CURRICULUM VITAE

Albert P. Rocchini, M.D.

Date of Birth:	December 18, 1946
Birth Place:	Pittsburgh, PA
Marital Status:	Married, Arlene
Children:	Albert James (1976) Michael Edward (1978)
Social Security Number:	[REDACTED]

EDUCATION

B.S., Chemical Engineering, University of Pittsburgh, Pittsburgh, Pennsylvania, Summa cum Laude	1968
M.D., University of Pittsburgh, Pittsburgh, Pennsylvania, Cum Laude	1972
Pediatric Intern, University of Minnesota, Minneapolis, Minnesota	1972-1973
Pediatric Resident, University of Minnesota, Minneapolis, Minnesota	1973-1974
Fellow in Pediatric Cardiology, Children's Hospital Medical Center, Boston, Massachusetts	1974-1977
Research Fellow in Physiology, Harvard Medical School, Boston, Massachusetts	1975-1977

CERTIFICATION

American Board of Pediatrics	1977
American Board of Pediatrics, Sub-Board of Pediatric Cardiology	1979

POSITIONS

Chief of Pediatric Cardiology, Walter Reed Army Medical Center	1977-1979
Assistant Professor, Medicine and Pediatrics, Uniformed Services, University of the Health Sciences	1977-1979
Assistant Director of Cardiac Catheterization Laboratory, Walter Reed Army Medical Center	1977-1979
Assistant Professor of Pediatrics and Communicable Diseases, C.S. Mott Children's Hospital, The University of Michigan Medical School, Ann Arbor, Michigan	1979-1982
Director, Cardiac Catheterization Laboratory, Pediatric Cardiology Service, C.S. Mott Children's Hospital, The University of Michigan Medical School, Ann Arbor, Michigan	1979-1990

Director, Preventive Cardiology Program, Pediatric Cardiology Service, C.S. Mott Children's Hospital, The University of Michigan Medical School, Ann Arbor, Michigan	1980-1990
Associate Professor of Pediatrics and Communicable Diseases, C.S. Mott Children's Hospital, The University of Michigan Medical School, Ann Arbor, Michigan	1982-1987
Professor of Pediatrics and Communicable Diseases, C.S. Mott Children's Hospital, The University of Michigan Medical School, Ann Arbor, Michigan	1987-1990
Associate Director, Clinical Research Center, The University of Michigan Medical School, Ann Arbor, Michigan	1988-1989
Rueben Bentson Professor of Pediatrics, University of Minnesota Medical School, Minneapolis, Minnesota	1990-present
Director of the Division of Pediatric Cardiology, University of Minnesota Medical School, Minneapolis, Minnesota	1990-present

MILITARY SERVICE

Chief of Pediatric Cardiology, Walter Reed Army Medical Center	1977-1979
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HONORS AND AWARDS

Young Investigators Award - Second place, American College of Cardiology	1977
Member and Past President of AOA	
Outstanding Medical School Student in Microbiology	
Outstanding Medical Student in Pediatrics	
Highest Academic Average First Two Years of Medical School	
Highest Academic Average in Graduating Class of Medical School	1972
Tobby Keenan Memorial Lecturer for the Maryland Heart Association	1988

PROFESSIONAL SOCIETIES AND RELATED ACTIVITIES

American Academy of Pediatrics	
American Heart Association	
Society of Pediatric Research	
Michigan Heart Association - Member of the Heart Disease in the Young Committee	1980-1983
Chairman, Subcommittee on Risk Factor Reduction, Heart Disease	1980-1983



UNIVERSITY OF MINNESOTA
TWIN CITIES

The University of Minnesota Hospital and Clinic
Box 707
Harvard Street at East River Parkway
Minneapolis, Minnesota 55455
(612) 626-1945

July 18, 1991

TO: Members of the Board of Governors

FROM: Robert E. Maxwell, M.D., Chief of Staff
Chairman, Medical Staff-Hospital Council

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

The Medical Staff-Hospital Council on July 9 has endorsed the attached Credentials Committee Report and Recommendations. Included in this report is the reappointment of Dr. Konald Prem in Unit I for the years 1991-1993. Because the Joint Conference Committee did not meet in July this reappointment comes to the Board without a recommendation from the Joint Conference Committee.

I am forwarding these recommendations to you for your review and approval on July 24. If you should have any questions, please feel free to call on me.

REM/cf
Attachment

UNIVERSITY OF MINNESOTA

The University of Minnesota Hospital and Clinic

*Harvard Street at East River Parkway
Minneapolis, MN 55455*

July 3, 1991

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

The Credentials Committee having considered the reappointment of the following physician hereby recommends reappointment to the medical staff of The University of Minnesota Hospital and Clinic for 1991-1993.

DEPARTMENT

CATEGORY

OBSTETRICS AND GYNECOLOGY

PREM, KONALD A.

Attending Staff

MAJOR CAPITAL EXPENDITURE REPORT

EQUIPMENT: CORONARY LASER ANGIOPLASTY SYSTEM

PURCHASE PRICE: \$205,000

DESCRIPTION:

The device for purchase consists of a XeCl eximer laser source and appropriate controlling and calibrating mechanisms for use with fiberoptic catheters in coronary angioplasty. Eximer laser angioplasty of coronary arteries has been approved recently by the FDA for the treatment of specified types of coronary arterial stenoses. Clinical studies from the United States and elsewhere have shown that eximer laser energy delivered through fiberoptic catheters can ablate atherosclerotic plaque and other tissue without significant heat generation. The most recent information suggests that eximer laser angioplasty of long or ostial coronary lesions may be safer than balloon angioplasty alone and that eximer laser assisted angioplasty of vein bypass grafts may produce a better long-term result.

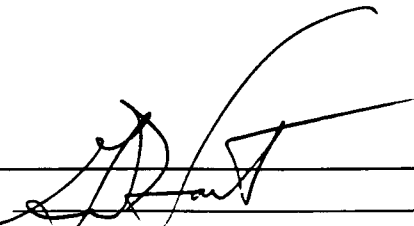
There are two major manufacturers of eximer laser angioplasty systems: AIS and Spectronetics. Both systems employ the same type of laser source (XeCl eximer originated 308nm laser energy) and both have been used extensively in clinical studies. The AIS system has received preliminary FDA approval for general marketing and AIS systems are currently used at the Mayo Clinic and Abbott-Northwestern Hospital.

It is now clear that laser angioplasty is feasible and has use in specific patients undergoing revascularization. After extensive investigation of nearly all US eximer laser clinical centers, our opinion is that the Spectronetics laser has certain advantages for our setting when compared to the AIS device (reliability, size, simplicity of use, cost). The Spectronetics laser system can be used currently in a limited number of centers on an investigational basis and Dr. Robert Wilson, Director of the Heart Cath Lab, has secured a position for UMHC as one of the last investigational sites.

UMHC is currently doing about 450 angioplasty cases per year. It is estimated that use of the laser may be optimal for 15% - 20% of the angioplasty cases. Acquisition of a laser system is important from a competitive position if we are to offer our referring physicians and patients full range of diagnostic and therapeutic capabilities in our cardiac catheterization lab.

Submitted By: _____

Title: _____

Approved By:  _____

Title: Senior Associate Director

UNIVERSITY OF MINNESOTA

The University of Minnesota Hospital and Clinic

*Harvard Street at East River Parkway
Minneapolis, MN 55455*

July 17, 1991

TO: UMHC Board of Governors

FROM: Clifford P. Fearing
Senior Associate Director, UMHC

SUBJECT: Bad Debts - Fourth Quarter
Fiscal Year 1990-91

The total amount recommended for bad debt for Hospital and Clinic accounts receivable during the fourth quarter of 1990-91 is \$1,285,078.53 represented by 2,895 accounts. Bad debt recoveries during the period amounted to \$6,347.84 (38 accounts) leaving a net charge-off of \$1,278,730.69.

The net bad debts of \$1,278,730.69 for the quarter were 1.4% of gross charges. This compares to a budgeted level of bad debts of 0.90% (\$753,329). This increase in the quarterly level of bad debts is due in part to a concerted effort by the Hospital and our collection agencies to review old accounts with no active collection effort. Also, there is one large account for \$233,986.29.

A statistical summary is attached along with a detailed description of losses over \$2,000.00 and recoveries over \$200 for each month of the fourth quarter.

Total fiscal year bad debts have amounted to \$2,426,085.63 represented by 6,910 accounts. Recoveries during the fiscal year amounted to \$73,165.75 (172 accounts), leaving a net charge-off of \$2,352,919.88.

The net bad debts of \$2,352,919.88 for the fiscal year were 0.67% of gross charges. This compares to a budgeted level of bad debts of 0.90% (\$3,015,000).

Along with the quarter attachments, we have also included a fiscal year statistical summary and a breakdown of bad debts by residence and admitting clinical services.

CPF:slw

Attachments

UMHC Hospital Billing Department

**Bad Debt Statistics: April 1991 through June 1991
In five ranges of account size**

	Less Than \$100	# of Accounts	\$100 - \$999	# of Accounts	\$1000 - \$1999	# of Accounts	\$2000 - \$9,999	# of Accounts	\$10,000 +	# of Accounts	Total Amount	Total # of Accounts
Inpatient												
Bad Debt (701) Write-Offs	\$1,911.10	41	\$31,134.11	77	\$44,175.75	30	265,270.86	68	\$323,203.57	7	\$665,695.39	223
Bad Debt (702) Charity Care	\$703.69	15	\$4,255.69	12	\$5,681.63	4	\$31,405.57	8	\$35,815.29	2	\$77,861.87	41
Total	\$2,614.79	56	\$35,389.80	89	\$49,857.38	34	\$296,676.43	76	\$359,018.86	9	\$743,557.26	264
Recoveries	(\$75.00)	2	(\$390.32)	1	(\$3,383.63)	2					(\$3,848.95)	5
Net Total	\$2,539.79	56 *	\$34,999.48	89 *	\$46,473.75	34 *	\$296,676.43	76 *	\$359,018.86	9 *	\$739,708.31	264 *
Outpatient												
Bad Debt (701) Write-Offs	\$51,641.07	1289	\$260,673.22	992	\$60,434.97	44	\$64,512.26	19	\$11,761.69	1	\$449,023.21	2345
Bad Debt (702) Write-Offs	\$6,103.26	135	\$39,473.28	128	\$15,691.22	12	\$31,230.30	11			\$92,498.06	286
Total	\$57,744.33	1424	\$300,146.50	1120	\$76,126.19	56	\$95,742.56	30	\$11,761.69	1	\$541,521.27	2631
Recoveries	(\$449.72)	25	(\$2,049.17)	8							(\$2,498.89)	33
Net Total	\$57,294.61	1424 *	\$298,097.33	1120 *	\$76,126.19	56 *	\$95,742.56	30 *	\$11,761.69	1 *	\$539,022.38	2631 *
Total IP and OP Bad Debt												
Bad Debt (701) Write-offs	\$53,552.17	1330	\$291,807.33	1069	\$104,610.72	74	\$329,783.12	87	\$334,965.26	8	\$1,114,718.60	2568
Bad Debt (702) Charity Care	\$6,806.95	150	\$43,728.97	140	\$21,372.85	16	\$62,635.87	19	\$35,815.29	2	\$170,359.93	327
Total	\$60,359.12	1480	\$335,536.30	1209	\$125,983.57	90	\$392,418.99	106	\$370,780.55	10	\$1,285,078.53	2895
Recoveries	(\$524.72)	27	(\$2,439.49)	9	(\$3,383.63)	2	\$0.00	0	\$0.00	0	(\$6,347.84)	38
Total Net Bad Debt	\$59,834.40	1480 *	\$333,096.81	1209 *	\$122,599.94	90 *	\$392,418.99	106 *	\$370,780.55	10 *	\$1,278,730.69	2895 *
Dollars Budgeted											\$753,329.00	

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* Net total of accounts does not include recoveries

UMHC Hospital Billing Department
Bad Debt Statistics: April 1991 through June 1991
In five ranges of account size

	Less Than \$100	# of Accounts	\$100 - \$999	# of Accounts	\$1000 - \$1999	# of Accounts	\$2000 - \$9,999	# of Accounts	\$10,000 +	# of Accounts	Total Amount	Total # of Accounts
Inpatient												
Medicare Bad Debt (710)			\$1,330.86	3							\$1,330.86	3
Recoveries											\$0.00	0
Net Total	\$0.00	0 *	\$1,330.86	3 *	\$0.00	0 *	\$0.00	0 *	\$0.00	0 *	\$1,330.86	3 *
Outpatient												
Medicare Bad Debt (710)	\$429.54	14	\$2,012.75	9							\$2,442.29	23
Recoveries											\$0.00	0
Net Total	\$429.54	14 *	\$2,012.75	9 *	\$0.00	0 *	\$0.00	0 *	\$0.00	0 *	\$2,442.29	23 *
Total IP and OP Bad Debt												
Medicare Bad Debt (710)	\$429.54	14	\$3,343.61	12	\$0.00	0	\$0.00	0	\$0.00	0	\$3,773.15	26
Recoveries	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0
Total Net Bad Debt	\$429.54	14 *	\$3,343.61	12 *	\$0.00	0 *	\$0.00	0 *	\$0.00	0 *	\$3,773.15	26 *

* Net total of accounts does not include recoveries.

UMHC Hospital Billing Department

Bad Debt Statistics: April 1991 through June 1991

In two ranges of account size

	Under \$2000	# of Accounts	Over \$2000	# of Accounts	Total Amount	Total # of Accounts
Inpatient						
Bad Debt (701) Write-Offs	\$77,220.96	148	\$588,474.43	75	\$665,695.39	223
Bad Debt (702) Charity Care	\$10,641.01	31	\$67,220.86	10	\$77,861.87	41
Total	<u>\$87,861.97</u>	<u>179</u>	<u>\$655,695.29</u>	<u>85</u>	<u>\$743,557.26</u>	<u>264</u>
Recoveries	(\$3,848.95)	5	\$0.00	0	(\$3,848.95)	5
Net Total	<u>\$84,013.02</u>	<u>179 *</u>	<u>\$655,695.29</u>	<u>85 *</u>	<u>\$739,708.31</u>	<u>264 *</u>

Outpatient						
Bad Debt (701) Write-Offs	\$372,749.26	2325	\$76,273.95	20	\$449,023.21	2345
Bad Debt (702) Write-Offs	\$61,267.76	275	\$31,230.30	11	\$92,498.06	286
Total	<u>\$434,017.02</u>	<u>2600</u>	<u>\$107,504.25</u>	<u>31</u>	<u>\$541,521.27</u>	<u>2631</u>
Recoveries	(\$2,498.89)	33	\$0.00	0	(\$2,498.89)	33
Net Total	<u>\$431,518.13</u>	<u>2600 *</u>	<u>\$107,504.25</u>	<u>31 *</u>	<u>\$539,022.38</u>	<u>2631 *</u>

Total IP and OP Bad Debt						
Bad Debt (701) Write-offs	\$449,970.22	2473	\$664,748.38	95	\$1,114,718.60	2568
Bad Debt (702) Charity Care	\$71,908.77	306	\$98,451.16	21	\$170,359.93	327
Total	<u>\$521,878.99</u>	<u>2779</u>	<u>\$763,199.54</u>	<u>116</u>	<u>\$1,285,078.53</u>	<u>2895</u>
Recoveries	(\$6,347.84)	38	\$0.00	0	(\$6,347.84)	38
Total Net Bad Debt	<u>\$515,531.15</u>	<u>2779 *</u>	<u>\$763,199.54</u>	<u>116 *</u>	<u>\$1,278,730.69</u>	<u>2895 *</u>
Dollars Budgeted					\$753,329.00	

* Net total of accounts does not include recoveries.

UMHC Hospital Billing Department
Bad Debt Statistics: April 1991 through June 1991
In two ranges of account size

	Under \$2000	# of Accounts	Over \$2000	# of Accounts	Total Amount	Total # of Accounts
Inpatient						
Medicare Bad Debt (710)	\$1,330.86	3	\$0.00	0	\$1,330.86	3
Recoveries	<u>\$0.00</u>	0	<u>\$0.00</u>	0	<u>\$0.00</u>	0
Net Total	\$1,330.86	3 *	\$0.00	0 *	\$1,330.86	3 *
Outpatient						
Medicare Bad Debt (710)	\$2,442.29	23	\$0.00	0	\$2,442.29	23
Recoveries	<u>\$0.00</u>	0	<u>\$0.00</u>	0	<u>\$0.00</u>	0
Net Total	\$2,442.29	23 *	\$0.00	0 *	\$2,442.29	23 *
Total IP and OP Bad Debt						
Medicare Bad Debt (710)	\$3,773.15	26	\$0.00	0	\$3,773.15	26
Recoveries	<u>\$0.00</u>	0	<u>\$0.00</u>	0	<u>\$0.00</u>	0
Total Net Bad Debt	\$3,773.15	26 *	\$0.00	0 *	\$3,773.15	26 *

UMHC Patient Accounting

Bad Debt Statistics: July 1990 through June 1991
In five ranges of account size

	Less Than \$100	# of Accounts	\$100 - \$999	# of Accounts	\$1000 - \$1999	# of Accounts	\$2000 - \$9,999	# of Accounts	\$10,000 + Accounts	Total Amount	Total # of Accounts	
Inpatient												
Bad Debt (701) Write-Offs	\$4,239.01	110	\$79,526.31	187	\$67,421.23	46	340,955.98	89	\$605,604.18	21	\$1,097,746.71	453
Bad Debt (702) Charity Care	\$2,481.44	54	\$35,409.67	88	\$16,330.77	12	\$69,053.09	17	\$87,512.51	6	\$210,787.48	177
Total	\$6,720.45	164	\$114,935.98	275	\$83,752.00	58	\$410,009.07	106	\$693,116.69	27	\$1,308,534.19	630
Recoveries	(\$305.72)	7	(\$528.58)	2	(\$3,383.63)	2	(\$3,620.83)	1	(\$10,084.79)	1	(\$17,923.55)	13
Net Total	\$6,414.73	164 *	\$114,407.40	275 *	\$80,368.37	58 *	\$406,388.24	106 *	\$683,031.90	27 *	\$1,290,610.64	630 *
Outpatient												
Bad Debt (701) Write-Offs	\$122,331.73	3425	\$501,378.62	1936	\$83,995.29	60	\$129,240.63	33	\$56,519.07	4	\$893,465.34	5458
Bad Debt (702) Write-Offs	\$17,903.14	428	\$105,823.32	349	\$37,109.87	27	\$52,295.11	17	\$10,954.66	1	\$224,086.10	822
Total	\$140,234.87	3853	\$607,201.94	2285	\$121,105.16	87	\$181,535.74	50	\$67,473.73	5	\$1,117,551.44	6280
Recoveries	(\$2,392.49)	127	(\$7,857.06)	29	(\$1,166.00)	1	(\$2,490.13)	1	(\$41,336.52)	1	(\$55,242.20)	159
Net Total	\$137,842.38	3853 *	\$599,344.88	2285 *	\$119,939.16	87 *	\$179,045.61	50 *	\$26,137.21	5 *	\$1,062,309.24	6280 *
Total IP and OP Bad Debt												
Bad Debt (701) Write-offs	\$126,570.74	3535	\$580,904.93	2123	\$151,416.52	106	\$470,196.61	122	\$662,123.25	25	\$1,991,212.05	5911
Bad Debt (702) Charity Care	\$20,384.58	482	\$141,232.99	437	\$53,440.64	39	\$121,348.20	34	\$98,467.17	7	\$434,873.58	999
Total	\$146,955.32	4017	\$722,137.92	2560	\$204,857.16	145	\$591,544.81	156	\$760,590.42	32	\$2,426,085.63	6910
Recoveries	(\$2,698.21)	134	(\$8,385.64)	31	(\$4,549.63)	3	(\$6,110.96)	2	(\$51,421.31)	2	(\$73,165.75)	172
Total Net Bad Debt	\$144,257.11	4017 *	\$713,752.28	2560 *	\$200,307.53	145 *	\$585,433.85	156 *	\$709,169.11	32 *	\$2,352,919.88	6910 *
Dollars Budgeted											\$2,261,671.00	

* Net total of accounts does not include recoveries.

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UMHC Patient Accounting

Bad Debt Statistics: July 1990 through June 1991
In five ranges of account size

	Less Than \$100	# of Accounts	\$100 - \$999	# of Accounts	\$1000 - \$1999	# of Accounts	\$2000 - \$9,999	# of Accounts	\$10,000 +	# of Accounts	Total Amount	Total # of Accounts
Inpatient												
Medicare Bad Debt (710)	\$359.38	6	\$19,298.54	40	\$1,115.60	1					\$20,773.52	47
Recoveries			(\$1,049.56)	2							(\$1,049.56)	2
Net Total	\$359.38	6 *	\$18,248.98	40 *	\$1,115.60	1 *	\$0.00	0 *	\$0.00	0 *	\$19,723.96	47 *
Outpatient												
Medicare Bad Debt (710)	\$4,463.17	158	\$11,309.19	46							\$15,772.36	204
Recoveries	(\$75.42)	5									(\$75.42)	5
Net Total	\$4,387.75	158 *	\$11,309.19	46 *	\$0.00	0 *	\$0.00	0 *	\$0.00	0 *	\$15,696.94	204 *
Total IP and OP Bad Debt												
Medicare Bad Debt (710)	\$4,822.55	164	\$30,607.73	86	\$1,115.60	1	\$0.00	0	\$0.00	0	\$36,545.88	251
Recoveries	(\$75.42)	5	(\$1,049.56)	2	\$0.00	0	\$0.00	0	\$0.00	0	(\$1,124.98)	7
Total Net Bad Debt	\$4,747.13	164 *	\$29,558.17	86 *	\$1,115.60	1 *	\$0.00	0 *	\$0.00	0 *	\$35,420.90	251 *

* Net total of accounts does not include recoveries.

UMHC Patient Accounting

Bad Debt Statistics: July 1990 through June 1991
In two ranges of account size

	Under \$2000	# of Accounts	Over \$2000	# of Accounts	Total Amount	Total # of Accounts
Inpatient						
Bad Debt (701) Write-Offs	\$151,186.55	343	\$946,560.16	110	\$1,097,746.71	453
Bad Debt (702) Charity Care	\$54,221.88	154	\$156,565.60	23	\$210,787.48	177
Total	\$205,408.43	497	\$1,103,125.76	133	\$1,308,534.19	630
Recoveries	(\$4,217.93)	11	(\$13,705.62)	2	(\$17,923.55)	13
Net Total	\$201,190.50	497 *	\$1,089,420.14	133 *	\$1,290,610.64	630 *
Outpatient						
Bad Debt (701) Write-Offs	\$707,705.64	5421	\$185,759.70	37	\$893,465.34	5458
Bad Debt (702) Write-Offs	\$160,836.33	804	\$63,249.77	18	\$224,086.10	822
Total	\$868,541.97	6225	\$249,009.47	55	\$1,117,551.44	6280
Recoveries	(\$11,415.55)	157	(\$43,826.65)	2	(\$55,242.20)	159
Net Total	\$857,126.42	6225 *	\$205,182.82	55 *	\$1,062,309.24	6280 *
Total IP and OP Bad Debt						
Bad Debt (701) Write-offs	\$858,892.19	5764	\$1,132,319.86	147	\$1,991,212.05	5911
Bad Debt (702) Charity Care	\$215,058.21	958	\$219,815.37	41	\$434,873.58	999
Total	\$1,073,950.40	6722	\$1,352,135.23	188	\$2,426,085.63	6910
Recoveries	(\$15,633.48)	168	(\$57,532.27)	4	(\$73,165.75)	172
Total Net Bad Debt	\$1,058,316.92	6722 *	\$1,294,602.96	188 *	\$2,352,919.88	6910 *
Dollars Budgeted					\$2,261,671.00	

* Net total of accounts does not include recoveries.

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UMHC Patient Accounting

Bad Debt Statistics: July 1990 through June 1991
In two ranges of account size

	Under \$2000		Over \$2000		Total	
	Amount	# of Accounts	Amount	# of Accounts	Amount	# of Accounts
Inpatient						
Medicare Bad Debt (710)	\$20,773.52	47	\$0.00	0	\$20,773.52	47
Recoveries	<u>(\$1,049.56)</u>	<u>2</u>	<u>\$0.00</u>	<u>0</u>	<u>(\$1,049.56)</u>	<u>2</u>
Net Total	\$19,723.96	47 *	\$0.00	0 *	\$19,723.96	47 *
Outpatient						
Medicare Bad Debt (710)	\$15,772.36	204	\$0.00	0	\$15,772.36	204
Recoveries	<u>(\$75.42)</u>	<u>5</u>	<u>\$0.00</u>	<u>0</u>	<u>(\$75.42)</u>	<u>5</u>
Net Total	\$15,696.94	204 *	\$0.00	0 *	\$15,696.94	204 *
Total IP and OP Bad Debt						
Medicare Bad Debt (710)	\$36,545.88	251	\$0.00	0	\$36,545.88	251
Recoveries	<u>(\$1,124.98)</u>	<u>7</u>	<u>\$0.00</u>	<u>0</u>	<u>(\$1,124.98)</u>	<u>7</u>
Total Net Bad Debt	\$35,420.90	251 *	\$0.00	0 *	\$35,420.90	251 *

UMHC Patient Accounting

Bad Debt Statistics: Fourth Quarter and Year-to-Date, Fiscal Year 1991
By State

State	Fourth Quarter Amount	# of Accounts	Y-T-D Total Amount	Total # of Accounts
Alabama			0.00	0
Alaska	176.66	1	485.59	4
Arizona	3,597.79	22	5,305.50	34
Arkansas	1,064.48	4	1,237.47	5
California	5,208.26	21	10,045.25	53
Colorado	4,290.31	5	7,705.07	10
Connecticut			829.94	3
Delaware			0.00	0
Dist. of Colombia			0.00	0
Florida	9,075.71	12	15,091.26	23
Georgia	2,999.30	2	3,141.46	3
Hawaii			0.00	0
Idaho			0.00	0
Illinois	2,811.88	16	17,738.63	54
Indiana	9.40	1	829.85	6
Iowa	10,562.32	16	15,869.98	34
Kansas			443.34	8
Kentucky	158.30	1	749.60	13
Louisiana	1,013.17	2	1,041.46	4
Maine	407.60	1	480.60	2
Maryland			19,322.83	1
Massachusetts	1,005.59	7	2,237.16	14
Michigan	6,877.52	20	10,816.63	37
Minnesota	821,121.26	2,490	1,597,782.76	6116
Mississippi			0.00	0
Missouri	593.96	2	2,510.54	14
Montana	19,790.41	5	24,179.94	10
Nebraska	7,550.42	2	8,255.95	5
Nevada	536.02	3	536.02	3
New Hampshire			0.00	0
New Jersey			422.17	3
New Mexico	72.83	1	1,912.77	4
New York	17,237.23	19	22,285.95	51
North Carolina	249.47	2	499.97	4
North Dakota	19,684.49	41	47,489.09	86
Ohio	881.84	3	3,887.05	13
Oklahoma	116.90	1	125.65	2
Oregon			97,076.92	40
Pennsylvania	1,473.56	9	1,649.97	15
Puerto Rico			97.00	1
Rhode Island			100.00	1
South Carolina			203.41	3

UMHC Patient Accounting

Bad Debt Statistics: Fourth Quarter and Year-to-Date, Fiscal Year 1991
By State

State	Fourth Quarter Amount	# of Accounts	Y-T-D Total Amount	Total # of Accounts
South Dakota	25,277.44	39	56,720.53	114
Tennessee	515.90	3	921.68	7
Texas	857.93	10	17,557.54	30
Utah			0.00	0
Vermont			0.00	0
Virginia	6,610.23	6	6,632.23	7
Washington	9,356.27	6	11,557.03	14
West Virginia	51.20	1	51.20	1
Wisconsin	55,981.81	129	102,504.38	266
Wyoming			127.03	3
Out-of-Country	236,033.99	12	236,580.98	17
Total	1,273,251.45	2,915	2,355,039.38	7,138
Medicare Bad Debt*	(3,773.15)	(26)	(36,545.88)	(251)
Legal Settlements	12,614.88	3	70,881.64	12
Bad Debt Agcy Und \$50			0.00	0
Bad Debt - Med NC Chgs	2,985.35	3	36,710.49	11
Grand Total	1,285,078.53	2,895	2,426,085.63	6,910
Recoveries	(6,347.84)	38	(73,165.75)	172
Net Total	1,278,730.69	2,895	2,352,919.88	6,910

* NOTE: Medicare Bad Debts are included in the State Breakdown but are no longer included as a Bad Debt.

UMHC Patient Accounting

Bad Debt Statistics: Fourth Quarter and Year-to-Date, Fiscal Year 1991
By Service

Admitting Service	Fourth		Y-T-D Total Amount	Total # of Accounts
	Quarter Amount	# of Accounts		
Anesthesiology			0.00	0
Clinical Research-Adult	3,209.95	4	3,412.01	6
-Child			0.00	0
Dentistry	3,110.93	1	3,574.02	3
Oral Surgery			0.00	0
Dermatology	200.25	1	340.57	2
Family Practice			1,868.82	2
-NB	801.19	1	801.19	1
-OB	2,402.64	2	2,536.34	3
-Pediatric			0.00	0
GYN	18,729.60	5	23,339.64	8
GYN-Oncology	4,011.54	4	41,097.41	27
Medicine-Blue	13,860.77	6	20,587.42	19
Gold			0.00	0
Green	1,026.86	2	15,112.30	13
Masonic (Onc)	14,937.64	19	25,841.63	45
Orange	53,189.39	19	62,371.72	35
Purple			89.70	2
Red			960.14	2
Red A	238,822.83	4	241,598.90	9
Rose A	155.80	1	21,542.95	14
Rose B	54.32	1	54.32	1
White A	22,091.83	13	48,156.94	30
White B	14,211.50	2	53,413.19	18
White C	34.60	1	543.10	4
Yellow	5,416.02	6	8,332.10	11
Neurology	22,108.84	9	32,416.45	19
Neuro-epilepsy	574.72	2	574.72	2
Neurosurgery	33,942.60	16	54,192.52	34
Newborn-General	10,101.13	5	11,920.40	9
Nuclear Medicine			0.00	0
Obstetrics-General	27,275.89	14	44,606.80	22
-Midwife			0.00	0
Ophthalmology	4,469.48	4	9,025.49	15
Orthopaedic Surgery	41,460.15	13	45,639.20	28
Otolaryngology	14,102.03	3	21,989.48	11
Pediatrics-General	20,428.36	21	47,156.02	51
BMT	2,770.73	1	2,770.73	1
Cardiology	846.97	4	846.97	4
Dentistry			0.00	0
Dermatology			0.00	0
Gastro-Intestinal			431.30	1
GYN			0.00	0
Hem/Oncology	9.79	1	9.79	1
Immunology			0.00	0

UMHC Patient Accounting

Bad Debt Statistics: Fourth Quarter and Year-to-Date, Fiscal Year 1991
By Service

Admitting Service	Fourth		Y-T-D Total Amount	Total # of Accounts
	Quarter Amount	# of Accounts		
Infect Disease			0.00	0
Neonatology			0.00	0
Neurology	5,723.77	1	6,093.95	3
Neurosurgery	256.93	1	256.93	1
Ophthalmology	3,282.57	1	3,364.97	2
Orthopaedics			275.96	1
Otolaryngology	2,450.34	1	2,450.34	1
Pulmonary	2,671.03	2	2,995.23	3
Renal			458.43	1
Surgery Cardiovascular	4,976.46	2	4,976.46	2
Surgery Green			32,508.94	3
Surgery Purple			0.00	0
Surgery Red			0.00	0
Surg. Transplant	54.95	1	755.98	4
Urology			1,689.60	5
Physical Med. & Rehab.	7,814.56	3	7,814.56	3
Psychiatry-Adult	67,819.14	22	134,886.11	50
Child			6,144.01	4
Radiology			0.00	0
Surgery-Blue	3,917.32	1	159,683.16	34
Cardiovascular	4,683.77	6	20,571.41	14
Purple	31,785.14	11	38,236.55	21
Red	6,472.67	7	11,109.85	23
White	10,371.03	9	15,928.76	20
Therapeutic Radiology			0.00	0
Urology	16,500.94	12	29,961.00	26
Unknown	1,749.15	2	1,991.23	3
Outpatient	528,363.33	2,648	1,025,731.67	6,461
Total	1,273,251.45	2,915	2,355,039.38	7,138
Medicare Bad Debt*	(3,773.15)	(26)	(36,545.88)	(251)
Legal Settlements	12,614.88	3	70,881.64	12
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Net Total	1,278,730.69	2,895	2,352,919.88	6,910

* NOTE: Medicare Bad Debts are included in the Service Breakdown but are no longer included as a Bad Debt.

UNIVERSITY OF MINNESOTA

The University of Minnesota Hospital and Clinic

*Harvard Street at East River Parkway
Minneapolis, MN 55455*

July 18, 1991

TO: Members of the Board of Governors
FROM: Greg Hart
Senior Associate Director
RE: 1991-1992 Capital Budget

Enclosed please find the proposed 1991-92 capital budget. Our operating budgets assumed cash flow for equipment and remodeling of \$8,511,000.

As the attached summary indicates, we are recommending an equipment and remodeling budget next year of \$8,511,000. Of this amount, \$6,818,850 is for equipment purchases. The remainder is for equipment installation and remodeling. A departmental breakdown of the equipment budget and the capital remodeling budget are attached.

We are requesting Committee and Board approval for the recommended total \$8,511,000 capital budget at the July meetings. We will be reporting actual capital expenditures compared to budget on a quarterly basis during the fiscal year, consistent with Board policy. Major capital expenditures and special capital projects will be brought forward individually at later dates.

This material will be reviewed by the Clinical Chiefs Capital Budget Advisory Committee on July 23rd.

We will be happy to answer any questions you may have on July 24.

/gs

attachments

1991/1992 CAPITAL BUDGET

EQUIPMENT

BUDGET

Equipment Requests \$6,649,401.00

Contingency \$169,449.00

TOTAL EQUIPMENT \$6,818,850.00

REMODELING

Projects under \$5000 \$402,000.00

Projects over \$5000 \$1,290,150.00

TOTAL REMODELING \$1,692,150.00

CAPITAL BUDGET TOTAL

Total Equipment \$6,818,850.00
Total Remodeling \$1,692,150.00

TOTAL \$8,511,000.00

**THE UNIVERSITY OF MINNESOTA HOSPITAL AND CLINIC
CAPITAL EQUIPMENT BUDGET FOR FISCAL YEAR 91/92**

<u>DEPARTMENT</u>	<u>BUDGET</u>
Ambulatory Care	\$338,010.00
Biomedical Engineering	\$18,175.00
Cardio-Respiratory Services	\$660,000.00
Central Sterile Processing	\$401,250.00
Chaplaincy	\$4,400.00
Closed Circuit TV	\$45,000.00
Communication Center	\$23,250.00
Diagnostic Radiology	\$1,715,475.00
Environmental Services	\$72,000.00
Facilities Office	\$14,400.00
Finance	\$104,757.00
Healthcare Network	\$19,500.00
Hospital Administration	\$5,000.00
Hospital Attorney	\$7,000.00
Human Resources	\$26,910.00
Infection Control	\$1,765.00
Information Services	\$661,300.00
Laboratories	\$1,139,494.00
Maintenance & Operations	\$124,350.00
Materials Services	\$90,300.00
Medical Records	\$297,780.00
Neurology Lab	\$64,000.00
Nursing Services	\$194,870.00
Nutrition Services	\$22,250.00
Operating Room	\$441,640.00
Patient Transport	\$6,000.00
Pharmacy	\$18,200.00
Planning & Marketing	\$5,175.00
Protection Services	\$21,400.00
Quality Assurance	\$5,535.00
Rehabilitation Center	\$47,595.00
Therapeutic Radiology	\$52,620.00
Grand Total	\$6,649,401.00

**THE UNIVERSITY OF MINNESOTA HOSPITAL AND CLINIC
CAPITAL REMODELING BUDGET FOR FISCAL YEAR 91/92**

<u>DIRECTOR</u>	<u>DEPARTMENT</u>	<u>PROJECT DESCRIPTION</u>	<u>PROJECT COST</u>
Fearing	Admissions	Paint & carpet 2-100 PWB	\$13,700.00
Wells	Ambulatory Care	Remodel ENT/Psychology clinic	\$60,500.00
Wells	Ambulatory Care	Remodel Neurology clinic	\$135,000.00
Dees	Diagnostic Radiology*	Install radio. fluoroscopic equip.	\$31,400.00
Dees	Diagnostic Radiology*	Install tomographic equipment	\$31,400.00
Koenig	Facilities Office	General interior improvements	\$70,000.00
Koenig	Facilities Office	Equipment installation	\$61,000.00
Wells	Family Practice Clinic	Remodel Family Practice Clinic	\$100,000.00
Hart	Laboratories	Remodel PWB bloodbank area	\$7,700.00
Koenig	Maintenance & Operations	Return air from lab court	\$54,500.00
Koenig	Maintenance & Operations	Access panels to service WAN doors	\$7,350.00
Koenig	Maintenance & Operations	Replace hot water heater	\$28,750.00
Koenig	Maintenance & Operations	Bypass for J cooling tower	\$33,500.00
Koenig	Maintenance & Operations	Lab court electrical stabilization	\$144,500.00
Koenig	Maintenance & Operations	Replace S1 steam preheat coil	\$17,250.00
Koenig	Maintenance & Operations	Energy efficient lamps & ballasts	\$16,300.00
Koenig	Maintenance & Operations	Replace steam absorption chiller	\$100,000.00
Koenig	Maintenance & Operations	Mayo elevator upgrade for controls	\$103,500.00
Pitt	Nursing Services	Remodel PCU 3C	\$5,000.00
Pitt	Nursing Services	Remodel Dialysis	\$125,600.00
Pitt	Nursing Services	Remodel PCU 68	\$75,000.00
Pitt	Nursing Services	Remodel C245 Mayo	\$14,500.00
Pitt	Nursing Services	Remodel space for lounge on 5A	\$7,300.00
Wells	Protection Services	Upgrade CCTV security system	\$10,000.00
Wells	Protection Services	Re-key Mayo building	\$10,500.00
Wells	Protection Services	Remodel rooms C138 & C139 Mayo	\$14,900.00
Wells	Protection Services	Construct smoking shelter	\$11,000.00
GRAND TOTAL			\$1,290,150.00

UNIVERSITY OF MINNESOTA HOSPITAL AND CLINIC
ANNUAL CAPITAL REQUIREMENTS

	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	Total
APPROVED PROJECTS												
Surgical Pathology.....	813,623	222,864	7,750	0	0	0	0	0	0	0	0	1,044,237
Dermatology Clinic.....	655,064	151,774	2,180	0	0	0	0	0	0	0	0	809,018
MRI - II.....	2,737,725	888,903	0	0	0	0	0	0	0	0	0	3,626,628
CUHCC.....	346,000	52,006	1,951,994	0	0	0	0	0	0	0	0	2,350,000
Masonic III.....	533,277	1,068,213	75,100	0	0	0	0	0	0	0	0	1,676,590
CT Scanner.....	0	0	1,210,000	0	0	0	0	0	0	0	0	1,210,000
Computer Upgrade.....	0	324,000	0	0	0	0	0	0	0	0	0	324,000
Neuroradiology Upgrade.....	0	0	1,900,000	0	0	0	0	0	0	0	0	1,900,000
Heart Cath.....	0	0	3,100,000	0	0	0	0	0	0	0	0	3,100,000
CV Radiology.....	0	0	800,000	0	0	0	0	0	0	0	0	800,000
Linear Accelerator.....	0	0	0	2,168,000	0	0	0	0	0	0	0	2,168,000
Other Miscellaneous Capital.....	115,234	33,963	0	0	0	0	0	0	0	0	0	149,197
Approved Projects Subtotal.....	5,200,923	2,741,723	9,047,024	2,168,000	0	0	0	0	0	0	0	19,157,670
ANTICIPATED PROJECTS												
Replace CT Scanners.....	0	0	0	1,210,000	0	1,206,000	0	0	0	0	0	2,416,000
Replace Linear Accel.....	0	0	0	0	1,583,000	520,000	1,583,000	0	0	0	0	3,686,000
Replace MRI-I.....	0	0	0	1,500,000	1,500,000	0	0	0	0	0	0	3,000,000
Computer Upgrade.....	0	0	1,054,000	3,753,000	1,877,000	2,498,000	1,506,000	1,016,000	7,200,000	3,000,000	2,500,000	24,404,000
Neuroradiology Upgrade.....	0	0	0	2,300,000	0	0	0	0	0	0	0	2,300,000
Anticipated New Technology/Program Development	0	0	0	3,600,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	14,100,000
Heart Cath.....	0	0	0	1,500,000	0	0	0	0	0	0	0	1,500,000
BMT/ICU Reconfiguration.....	0	0	300,000	400,000	0	0	0	0	0	0	0	700,000
Practice Acquisition.....	0	0	0	6,300,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	10,500,000
Anticipated Projects Subtotal.....	0	0	1,354,000	20,563,000	7,060,000	6,324,000	5,189,000	3,116,000	9,300,000	5,100,000	4,600,000	62,606,000
ANNUAL EQUIPMENT AND REMODELING PROJECTS												
Actual/Anticipated Expenditures.....	4,231,883	3,221,708	7,000,000	8,511,000	8,200,000	8,800,000	9,400,000	10,000,000	10,600,000	11,200,000	11,800,000	92,964,591
Net Equipment Rollforward.....	2,397,525	2,692,203	6,224,875	0	0	0	0	0	0	0	0	11,314,603
Annual Equip and Remod Subtotal.....	6,629,408	5,913,911	13,224,875	8,511,000	8,200,000	8,800,000	9,400,000	10,000,000	10,600,000	11,200,000	11,800,000	104,279,194
ANNUAL PRINCIPAL & LEASE PAYMENTS												
Fixed Rate Bond Principal Payments.....	2,815,000	2,215,000	2,345,000	2,490,000	2,650,000	2,830,000	3,015,000	3,230,000	3,455,000	3,705,000	3,975,000	32,725,000
VRDB Principal Payments.....	0	0	0	0	0	0	0	1,681,000	1,681,000	1,681,000	1,681,000	6,724,000
Existing Capital Lease Payments.....	1,011,783	828,785	927,628	989,222	813,089	787,675	763,713	253,781	0	0	0	6,375,676
Annual Principal Payments Subtotal.....	3,826,783	3,043,785	3,272,628	3,479,222	3,463,089	3,617,675	3,778,713	5,164,781	5,136,000	5,386,000	5,656,000	45,824,676
Subtotal.....	15,657,114	11,699,419	26,898,527	34,721,222	18,723,089	18,741,675	18,367,713	18,280,781	25,036,000	21,686,000	22,056,000	231,867,540
Renewal Project Phase II.....	0	299,509	3,206,087	13,299,846	15,241,662	5,872,405	0	0	0	0	0	37,919,509
Annual Capital Requirement Total.....	15,657,114	11,998,928	30,104,614	48,021,068	33,964,751	24,614,080	18,367,713	18,280,781	25,036,000	21,686,000	22,056,000	269,787,049

THE UNIVERSITY OF MINNESOTA HOSPITAL AND CLINIC
BOARD OF GOVERNORS FINANCE COMMITTEE
June 26, 1991

MINUTES

ATTENDANCE:

Present: Edward Ciriacy, M.D.
Robert Dickler
Clifford Fearing
Leo Furcht, M.D.
David Lentz
Margaret Matalamaki
Jerry Meilahn
Vic Vikmanis

Staff: Giles Caver
Greg Hart
Teri Holberg
Nels Larson
Shannon Lorbiecki
Helen Pitt
Sharon Weiss

CALL TO ORDER:

The Finance Committee was called to order by Mr. Jerry Meilahn on June 26, 1991 at 12:30 P.M.

APPROVAL OF THE MINUTES:

The Board of Governors Finance Committee seconded and passed a motion to approve the minutes of the May 22, 1991 meeting as written.

JULY 1, 1990 THROUGH MAY 31, 1991 FINANCIALS:

Mr. Fearing reported to the Finance Committee the month of May inpatient admissions totaled 1,474, which was 9 above budget; average length of stay was 8.0 days; patient days totaled 12,010, which were 734 days above budget. The May average daily census was 400, which was above the budgeted level of 379. Clinic visits for the month of May were reported to be 1.7% over budget.

The Hospital's year-to-date Statement of Operations showed revenues over expenses by \$12,316,666 a favorable variance of \$12,724,298. Gross patient revenue was 4.9% above budget and operating expenditures through May were reported to be 1.1% above budget.

As of May 31, the balance of accounts receivable totaled \$95,966,356 and represented 94.8 days of revenue outstanding.

Mr. Fearing introduced Giles Caver, who will be replacing Shannon Lorbiecki as Administrative Fellow, and Sharon Weiss, who will replace Teri Holberg as the Finance Committee's Recording Secretary.

LITHOTRIPSY PROGRAM:

Mr. Greg Hart presented to the Committee, for endorsement, a proposal to establish a mobile lithotripsy program. This proposal was presented to the Committee for information at the May 22, 1991 meeting.

The lithotripsy program will be organized as an internal University venture between the Hospital and the Department of Urology, both equally sharing risks and rewards, including equal sharing of the financial risks. A management committee will be created, with equal representation, to make policy decisions. The vendor, Medstone, has agreed to charge \$800 per case. A minimum of 450 cases, or \$360,000 is guaranteed by the University to the vendor.

Mr. Hart reported a letter has been received from Dr. Fraley, Chair of the Department of Urology, indicating his concurrence with the proposed approach to the program. A formal internal memorandum of agreement is being developed and will be signed by the Hospital and the Department of Urology before an external contract with Medstone is finalized.

This proposal has been reviewed and endorsed by the Medical School Dean's office, the Vice President for Health Sciences, and the Clinical Chiefs' Capital Budget Advisory Committee. Mr. Hart stated the key issue discussed at the Capital Budget Advisory Committee was the organizational and financial concept of the shared risk/reward and shared financing between the Hospital and the department.

The Finance Committee seconded and passed a motion to endorse the proposal establish a mobile lithotripsy program.

A motion was made that the Board request the Medical School, Vice President for Health Science, and Clinical Chiefs work with the Hospital to develop an institutional policy for these types joint projects. The Finance Committee seconded and passed the motion.

RED WING:

Mr. Fearing reported to the Committee, for information, an agreement of acquisition of the Interstate Medical Center by UMHC at a cost of \$9,100,000. The agreement is subject to approval of each organization's respective Boards.

Mr. Fearing reported UMHC will purchase the IMC land and buildings at the Red Wing, MN and Elsworth, WI facilities at a price of approximately \$4,000,000,

which will be leased back to a new non-profit corporation. The remaining \$5,100,000, which will be paid out over eight years, will be directed towards the purchase of the goodwill and ongoing business value of the clinic.

Mr. Fearing stated the University will be the sole member of this new corporation. The operation of this corporation will be controlled by a Board of Directors consisting of three members chosen by the Clinic, and three by the University. A Physician's Committee, whose members will be chosen from among the IMC physicians, would be set up for the day to day management of the clinic. The Physician's Committee will not engage in any non-budgeted capital expenditure of more than \$50,000 without specific approval of the Board of Directors, and the budget itself.

It is anticipated that the Red Wing proposal will be brought before the Board of Governors for approval in September or October, 1991, and then brought before the Board of Regents the first part of 1992.

CANCER CENTER SUPPORT:

Mr. Robert Dickler presented to the Committee for endorsement, a proposal that UMHC pledge \$1,000,000, to be paid over a seven year time period, to the Cancer Center for facility development. The proposal had been presented to the Committee for information at the May 22, 1991 meeting.

The Finance Committee seconded and passed a motion to endorse the Hospital committing \$1,000,000, over seven years, to the Cancer Center.

COMPENSATION PLAN:

Mr. Dickler presented to the Committee, for endorsement, the 1991-92 Employee Compensation Plan.

Mr. Dickler stated the Board of Governors has delegated authority over 60% of the Hospital employees. Of the remaining 40%, 10% consists of University-dominated classes, whose compensation plan is determined by the University, and 30% are employees represented by a union, whose compensation levels will be determined by the collective bargaining process.

For the Hospital-dominated classes it was recommended compensation increases be given to staff in professional/technical job families including radiologic technologists, medical technologists, social work, nursing, pharmacy, cardio-respiratory services, and rehabilitation. These adjustments may vary based upon marketplace and shortage conditions. General staff nurses would receive a 7% increase, while the rest would receive approximately 4% increase. It is estimated 21 of the 143 Hospital-dominated classes would receive increases based upon this criteria.

Compensation increases for 38 classes will be determined after further analysis. It was recommended no adjustments be made for the remaining classifications.

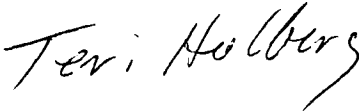
The recommended increases would be effective July 1, 1991. In situations where a community contract increase goes into effect later than July 1, the UMHC increases would be timed to that later date.

It was further recommended that the Hospital Administrative Staff classification not receive a compensation increase for 1991-92.

The Finance Committee seconded and passed a motion to endorse the 1991-92 Employee Compensation Plan.

There being no further discussion, the June 26, 1991 meeting was adjourned at 2:00 P.M.

Respectfully submitted,



Teri Holberg
Recording Secretary



July 24, 1991

TO: Board of Governors
FROM: Clifford P. Fearing
SUBJECT: Report of Operations for the Period
July 1, 1990 through June 30, 1991

The Hospital's operations for the month of June reflect both inpatient admissions and outpatient clinic visits activity below budget; inpatient days are over budget. Both ancillary revenue and routine revenue are above budgeted levels for the month.

INPATIENT CENSUS: For the month of June, inpatient admissions totaled 1,441 which was 7 below budgeted admissions of 1,448. Our overall average length of stay for the month was 8.0 days. Patient days for June totaled 11,833 and were 988 days above budget. The areas in which admissions were less than budget were in Gynecology, Urology, Pediatrics, and Physical Medicine and Rehabilitation. These were somewhat offset by increases in Medicine, Neurosurgery, Neurology, and Otolaryngology.

To recap our year-to-date inpatient census:

	1989-90	1990-91	1990-91		%
	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Var</u>
Admissions	18,331	17,350	18,161	811	4.7
Patient Days	147,484	137,800	145,665	7,865	5.7
Avg Length of Stay	8.0	8.0	8.0	0.0	0.0
Avg Daily Census	404.1	377.5	399.1	21.6	5.7
Percent Occupancy	69.6	65.1	69.3	4.2	6.5

OUTPATIENT CENSUS: Clinic visits for the month of June totaled 22,889 which was 452, or 1.9%, less than budgeted visits of 23,341. Visits were below budget in Radiation Therapy, Dermatology, OB/GYN, Surgery, Orthopedics, Child Psych, and Psychology. These were only partly offset by increases in Medicine, Endoscopy, Family Practice, and the Emergency Room. Community University Health Care Center (CUHCC) visits for the month of June totaled 4,587 which was 355, or 8.4%, above budgeted visits of 4,232, while Home Health visits of 1,092 for the month were 170, or 18.4%, above budgeted visits of 922.

REPORT OF OPERATIONS
 June 1991
 PAGE 2

To recap our year-to-date outpatient census:

	1989-90 <u>Actual</u>	1990-91 <u>Budget</u>	1990-91 <u>Actual</u>	<u>Variance</u>	<u>% Var</u>
Clinic Visits	270,756	263,000	277,036	14,036	5.3
CUHCC Visits	53,062	53,112	50,009	(3,103)	(5.8)
HHA Visits	11,255	11,222	11,489	267	2.4

FINANCIAL OPERATIONS: The Hospital's Statement of Operations shows revenues over expenses by \$12,086,819 a favorable variance of \$11,988,819. Patient care charges through June totaled \$350,978,116, which was 4.8% over budget.

Routine revenue was 4.4% above budget and reflects our favorable inpatient census variance. Ancillary revenue was \$11,761,177 above budget (4.9%) and primarily reflected the favorable variance in both inpatient and outpatient census. Inpatient ancillary revenue averaged \$9,770 per admission compared to the budgeted average of \$9,810 per admission. Outpatient revenue per clinic visit averaged \$265 compared to the budgeted average of \$262.

Operating expenditures through June totaled \$293,931,156 and were \$3,613,156 (1.2%) above budgeted levels of \$290,318,000. The overall unfavorable variance is primarily due to increased demand for patient services, which is reflected in higher personnel costs and patient care supplies (blood and medical supplies and services). Insurance expense was also adjusted in June to reflect a \$454,000 anticipated loss related to open claims from 1985-86 that could conceivably pay more than the policy aggregate limits under an excess liability policy written by Evanston Insurance Company.

ACCOUNTS RECEIVABLE: The balance in patient accounts receivable as of June 30, 1991, totaled \$95,679,101 and represented 94.9 days of revenue outstanding. The overall increase in our patient receivables in June of 0.1 day occurred with several transplant contracts, including Blue Cross/Blue Shield, Group Health, United Health Care and Med Centers.

CONCLUSION: The Hospital's overall operating position is positive and above budgeted levels for 1990-91 fiscal year.

The June financial statements presented today are preliminary in that the University and the Hospital have not completed the year-end closing process. Even though these are preliminary statements, we do not anticipate any material changes to them as a result of the closing process. Financial statements reflecting the final close will be presented at the October meeting of the Board.

PRELIMINARY

UNIVERSITY OF MINNESOTA HOSPITAL & CLINIC
 EXECUTIVE SUMMARY OF FINANCIAL ACTIVITY
 FOR THE PERIOD JULY 1, 1990 TO JUNE 30, 1991

	1990-91 Budgeted	1990-91 Actual	Variance Over/-Under Budget	Variance %
Patient Care Charges	\$335,005,000	\$350,978,116	\$15,973,116	4.8%
Deductions from Charges	80,483,000	84,654,002	4,171,002	5.2%
Other Operating Revenue	25,982,000	27,401,690	1,419,690	5.5%
Total Operating Revenue	280,504,000	293,725,804	13,221,804	4.7%
Total Expenditures	290,318,000	293,931,156	3,613,156	1.2%
Net Operating Revenue	(9,814,000)	(205,352)	9,608,648	97.9%
Non-Operating Revenue and Expenses	9,912,000	12,292,171	2,380,171	24.0%
Revenue Over/Under Expense	<u>\$98,000</u>	<u>\$12,086,819</u>	<u>\$11,988,819</u>	

	1990-91 Budgeted	1990-91 Actual	Variance Over/-Under Budget	Variance %
Admissions	17,350	18,161	811	4.7%
Patient Days	137,800	145,665	7,865	5.7%
Average Daily Census	377.5	399.1	21.6	5.7%
Average Length of Stay	8.0	8.0	0.0	0.0%
Percentage Occupancy	65.1	69.3	4.2	6.5%
Outpatient Clinic Visits	263,000	277,036	14,036	5.3%

RESOLUTION

IT IS HEREBY RESOLVED, that on July 24, 1991 the Board of Governors of the University of Minnesota Hospital and Clinic shall convene in closed session pursuant to Minnesota Statutes § 471.705, Subd. 1(a) (1990) to discuss a personnel matter.

THE UNIVERSITY OF MINNESOTA HOSPITAL AND CLINIC

BOARD OF GOVERNORS

SEPTEMBER 26, 1991

TABLE OF CONTENTS

	Page(s)
Agenda.....	1
Board of Governors July 24, 1991 Minutes.....	2
Joint Conference Committee August 14, 1991 Minutes.....	5
Joint Conference Committee September 11, 1991 Minutes.....	8
Credentials Committee Report and Recommendations.....	11
Committee Chairman Appointment.....	18
Major Capital Expenditure Report: Outpatient Laboratory Remodeling.....	19
Major Capital Expenditure Report: Replacement of Disk System for UNISYS A15 and A9 Computers.....	21
Interstate Medical Center Proposal.....	23

THE UNIVERSITY OF MINNESOTA HOSPITAL AND CLINIC
BOARD OF GOVERNORS
SEPTEMBER 26, 1991
3:00 P.M.
RIVERWOOD CONFERENCE CENTER

AGENDA

- I. Approval of the July 24, 1991 Minutes Approval
- II. Consent Items
1. Medical Staff-Hospital Council Report
Credentials Committee Recommendations Approval
 2. Appointment of Medical Staff-Hospital
Council Committee Chairman Approval
 3. Major Capital Expenditure Report:
Outpatient Laboratory Remodeling Information
 4. Major Capital Expenditure Report:
Replacement of Disk System for
UNISYS A15 and A9 Computers Information
- III. Committee Reports
- A. Finance Committee
Mr. J.E. Meilahn
1. August 31, 1991 Financial Statements Information
- B. Planning and Development Committee
Mr. Robert Nickoloff
1. Interstate Medical Center Proposal Information
- IV. Other Business
- V. Adjournment

MINUTES

**BOARD OF GOVERNORS
The University of Minnesota Hospital and Clinic**

July 24, 1991

Call To Order

In Chairman Johnson's absence, Mr. David Lentz called the July 24, 1991 meeting of the Board of Governors to order at 2:45 p.m. in 555 Diehl Hall.

Attendance

Present: David Brown, M.D.
Paula Clayton, M.D.
Robert Dickler
Michael Dougherty
Phyllis Ellis
Bob Erickson
George Heenan
David Lentz
Margaret Matalamaki
Robert Maxwell, M.D.
Jerry Meilahn
Barbara O'Grady
Trudy Ohnsorg
Jerry Olson
Cherie Perlmutter

Not Present: Leonard Bienias
Kris Johnson
Nellie Johnson
Robert Nickoloff

Approval of Minutes

The Board of Governors seconded and passed a motion to approve the minutes of the June 26, 1991 meeting as submitted.

Chairman's Report

Mr. Lentz welcomed representatives of AFSCME.

Mr. Lentz reported that the Regents Nominating Committee has been appointed.

Mr. Lentz presented Paula Clayton, M.D., who has completed her term as Chair of the Council of Chiefs of Clinical Services, with a plaque to thank her for service to the Board.

Special Presentation: Albert P. Rocchini, M.D.

Mr. Robert Dickler introduced Dr. Albert Rocchini, Director, Pediatric Cardiology. Dr. Rocchini presented an overview of the strengths and weaknesses of the Pediatric Cardiology division.

The Board thanked Dr. Rocchini for his presentation.

Director's Report

Mr. Robert Dickler reported that the Board of Regents approved the Board of Governors 1991-92 operating budget.

Mr. Dickler commented that The University of Minnesota Hospital and Clinic HIV policy for health professionals is a very aggressive policy but is being reviewed in light of guidelines released by the Centers for Disease Control.

Mr. Dickler reported that labor negotiations are in process. He will keep the Board advised as this process evolves.

Consent Agenda

A motion was seconded and passed to approve items on the consent agenda which consisted of:

- a. Credentials Committee Recommendations
- b. Major Capital Expenditure: Laser Angioplasty System
- c. Fourth Quarter, 1990-91 Bad Debts

Special Presentation: MHA Trustee Conference

Ms. Margaret Matalamaki, Ms. Barbara O'Grady and Ms. Trudy Ohnsorg reported on the Minnesota Hospital Association Trustee Conference they attended at Cragun's in Brainerd July 12-14, 1991.

Planning and Development Committee and Finance Committee Report

In Mr. Nickoloff's absence, Mr. Jerry Meilahn representing the Planning and Development and Finance Committees called on Mr. Cliff Fearing to give the monthly financial report. Mr. Fearing reported that the Hospital's Statement of Operations for the period July 1, 1990 through June 30, 1991 shows revenues over expenses by \$12,086,819, a favorable variance of \$11,988,819. Patient care charges through June totaled \$350,978,116, which was 4.8% over budget.

Mr. Fearing reported inpatient admissions for June totaled 1,441 which was 7 below budgeted admissions of 1,448. Overall average length of stay for the month was 8.0 days. Outpatient clinic visits for the month of June totaled 22,889 which was 452, or 1.9%, less than budgeted visits of 23,341.

Mr. Fearing presented the 1991-1992 Capital Budget to the Board. A \$8,511,000 equipment and remodeling budget is recommended for next year. Of this amount, \$6,818,850 is for equipment purchases. The remainder is for equipment installation and remodeling. Actual capital expenditures compared to budget will be reported to the Board on a quarterly basis during the fiscal year, consistent with Board policy. A motion was seconded and passed to approve the 1991-1992 Capital Budget.

Adjournment

There being no further business, the July 24, 1991 business meeting of the Board of Governors was adjourned at 3:50 p.m. A closed executive session of the Board of Governors was called at 3:55 p.m. to discuss a personnel matter.

Respectfully submitted,

Gail A. Strandemo

Gail A. Strandemo
Board of Governors Office

MINUTES
Joint Conference Committee
Board of Governors
August 14, 1991

Attendance: Present: Amos Deinard, M.D.
Robert Dickler
Phyllis Ellis
George Heenan
Barbara O'Grady
Richard Price, M.D.

Absent: Debbie Day, M.D.
Robert Maxwell, M.D.
Gerald Olson

Staff: Keith Dunder
Greg Hart
Sally Huntington
Carol Letourneau
Shannon Lorbiecki
Helen Pitt

Guest: Frank Rhame, M.D.

CALL TO ORDER

Chairman Heenan called the meeting to order at 4:42 p.m.

APPROVAL OF MEETING MINUTES

The minutes of the June 12, 1991 meeting were approved as submitted.

HIV AND HEPATITIS B IN HEALTHCARE WORKERS

Dr. Frank Rhame provided an update on the Hospital's policy concerning Human Immunodeficiency Virus (HIV) infection in healthcare workers. Revisions in the Hospital's policies for preventing transmission of HIV and Hepatitis B (HBV) virus to patients will be proposed in response to recommendations recently published by the Centers for Disease Control (CDC). The guidelines provide recommendations for dealing with healthcare workers who are HIV positive or Hepatitis B carriers but do not provide specific guidance for

determining which procedures are "exposure-prone" for HIV or HBV. These determinations will be made by the clinical departments who may work with their respective medical organizations.

A survey will be conducted of medical staff, residents, nursing staff and medical students to ascertain current opinion about testing of healthcare workers for HIV and Hepatitis B. The categories and number of healthcare workers affected by a policy change will be dependent upon which procedures are classified as exposure-prone.

This item will be brought back to the Committee with a more definitive recommendation.

QUALITY ASSURANCE PLAN

Mr. Greg Hart presented a draft of the Quality Assurance Steering Committee work group report. Following a successful JCAHO survey of the Hospital's QA program in 1990, the work group was formed to make recommendations for establishing future directions for the Quality Assurance program.

Ms. Sally Huntington discussed the background work done by the group on outcomes measurement and continuous quality improvement. Ms. Carol Letourneau presented an overview of the Hospital's current quality assurance program. Significant progress has been made over the last couple of years in creating forums on all services and special/intensive care units for quality assurance discussions.

Mr. Hart summarized the short-term and long-term goals recommended by the group. Possibly the most important goal is to develop quality assurance programs which are clinically relevant and integrated with clinical research programs. The long-term goals are also very important in setting future direction.

The report will be presented to the Council of Chiefs of Clinical Services and the Medical Staff Hospital Council and then it will be brought back before the Committee.

SEARCH FOR SENIOR ASSOCIATE DIRECTOR, DIRECTOR OF MEDICAL AFFAIRS

Mr. Robert Dickler informed the Committee that the search committee for a Senior Associate Director and Director of Medical Affairs has completed its work and forwarded a list of finalists to Mr. Dickler. He will be meeting with each of the candidates over the next couple of weeks.

CLINICAL CHIEFS REPORT

Dr. Richard Price reported that Dr. Roby Thompson will begin his term as Chair of the Council of Chiefs of Clinical Services in September. The clinical chiefs have discussed University and Hospital budget issues, the Vice President for Health Sciences position, and labor negotiations.

MEDICAL STAFF HOSPITAL COUNCIL REPORT

Due to the late hour, this item was deferred to the next meeting.

ADJOURNMENT

The committee meeting was adjourned at 6:32 p.m.

Respectfully submitted,

Shannon Lorbiecki
Shannon Lorbiecki
Assistant Director

MINUTES
Joint Conference Committee
Board of Governors
September 11, 1991

Attendance: Present: Debbie Day, M.D.
Amos Deinard, M.D.
Phyllis Ellis
George Heenan
Robert Maxwell, M.D.
Barbara O'Grady
Richard Price, M.D.

Absent: Robert Dickler
Gerald Olson

Staff: Giles Caver
Keith Dunder
Greg Hart
Shannon Lorbiecki
Helen Pitt

CALL TO ORDER

Chairman Heenan called the meeting to order at 4:38 p.m.

APPROVAL OF MEETING MINUTES

The minutes of the August 14, 1991 meeting were approved as submitted.

HIV AND HEPATITIS B IN HEALTHCARE WORKERS

Dr. Robert Maxwell provided an update regarding internal discussion of the Hospital's policy concerning Human Immunodeficiency Virus (HIV) and Hepatitis B Virus (HBV). The medical staff is considering either reaffirming or amending the Hospital's policies and procedures in this arena.

Dr. Maxwell also said that Dr. Frank Rhame had presided over a "balanced" discussion regarding HIV/HBV policy at August's Semi-Annual Medical and Dental Staff meeting. Although no definitive conclusions or recommendations were reached, some members of the medical staff expressed concern regarding national discussion of mandatory testing and expressed the need for strict measures to ensure confidentiality.

Mr. George Heenan then advised Maxwell to consider how the Hospital might maintain its leadership in the area of HIV/HBV policy. Mr. Heenan also suggested that the Hospital should either reaffirm or amend its policy soon, as this would better assure internal unity in the midst of continuing external debate.

This item will be brought back to the Joint Conference Committee with a more definitive recommendation.

APPOINTMENT OF MEDICAL STAFF-HOSPITAL COUNCIL COMMITTEE CHAIRMEN

Dr. Maxwell presented the recommendations of the Medical Staff-Hospital Council that Dr. Stevan Zimmer become chairman of the Emergency Department Committee and that Dr. Roberto Heros become chairman of the Operating Room Committee. Both appointments are for one year terms.

The Joint Conference Committee endorsed the recommendations of the Medical Staff-Hospital Council.

MEDICAL STAFF-HOSPITAL COUNCIL CREDENTIALS COMMITTEE REPORT AND RECOMMENDATIONS

Dr. Maxwell presented the Credentials Committee recommendations. The recommendations concerned extension of provisional status and clinical privileges, addition and/or deletion of clinical privileges, regular appointment, and resignations.

The Joint Conference Committee endorsed the recommendations of the Medical Staff-Hospital Council.

QUALITY ASSURANCE PLAN

Dr. Maxwell informed the Committee that the report of the Quality Assurance Steering Committee was being circulated. The report had been presented to the Medical Staff-Hospital Council. It is expected that the report will be presented to the Clinical Chiefs on September 24.

The report will be returned to the Joint Conference Committee in October.

CLINICAL CHIEFS REPORT

Dr. Richard Price presented the Clinical Chiefs Report. Dr. Price informed the Committee that Dr. Roby Thompson has been elected chair of the Clinical Chiefs.

Dr. Price also informed the Committee the chiefs are enthusiastic about the appointment of Dr. Robert Anderson to be the Vice President of Health Sciences. Dr. Anderson is Chief of Pathology at the University of New Mexico and is nationally recognized for his expertise in research, education, and patient care.

ADJOURNMENT

There being no further business, the Committee meeting was adjourned.

Respectfully submitted,


Giles Caver
Administrative Fellow



UNIVERSITY OF MINNESOTA
TWIN CITIES

The University of Minnesota Hospital and Clinic
Box 707
Harvard Street at East River Parkway
Minneapolis, Minnesota 55455
(612) 626-1945

September 12, 1991

TO: Members of the Board of Governors

FROM: Robert E. Maxwell, M.D., Chief of Staff
Chairman, Medical Staff-Hospital Council

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

The Medical Staff-Hospital Council on September 10 and the Joint Conference Committee on September 11 have endorsed the attached Credentials Committee Report and Recommendations.

I am forwarding these recommendations to you for your review and approval on September 26. If you should have any questions, please feel free to call on me.

REM/cf
Attachment



August 26, 1991

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

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

Department of Anesthesiology

Category

Mark W. Stuckey

Attending Staff

Department of Dermatology

Category

Mary E. Meighan
Ellen B. Rest

Attending Staff
Attending Staff

Department of Family Practice
and Community Health

David C. Current

Clinical Staff

Laboratory Medicine
and Pathology

Pascual Abenzoza

Attending Staff

Department of Medicine

Srinivas K. Janardan
Susan E. Kline
Gregory L. Miller
Robert D. Winston

Attending Staff-ER
Attending Staff-ER
Attending Staff-ER
Attending Staff-ER

Department of Orthopedic

Matthew D. Putnam

Clinical Staff

Provisional status and clinical privileges continued:

<u>Department of Pediatrics</u>	<u>Category</u>
Catherine M. Bendel	Attending Staff
Elsa N. Keeler	Attending Staff
Jane M. Laco	Attending Staff
Mark G. Roback	Attending Staff
Homer D. Venters	Clinical Staff
John E. Wagner	Attending Staff

<u>Department of Radiology</u>	
Steven J. Burbidge	Attending Staff
Janine L. Carson	Attending Staff
Martin R. Crain	Attending Staff
Helmut C. Diefenthal	Attending Staff
Kevin D. Gustafson	Clinical Staff
Kenneth P. Korte	Clinical Staff
Jon F. Snider	Attending Staff
James W. Walsh	Attending Staff

<u>Department of Surgery</u>	<u>Category</u>
Michael D. Caldwell	Attending Staff
Terrence P. Horrigan	Clinical Staff
Edward W. Humphrey	Clinical Staff

<u>Therapeutic Radiology</u>	
Maureen C. Holasek	Attending Staff

<u>Department of Urology</u>	
Jon L. Pryor	Attending Staff

The following medical staff have submitted applications and supporting documentation requesting change in staff category or addition and/or deletion of clinical privileges. The Committee has reviewed and considered their requests and hereby recommends approval.

<u>Department of Medicine</u>	<u>Present Category</u>	<u>Recommended Category</u>
Timothy D. Henry	Attending Staff	Clinical Staff

<u>Department of Hospital Dentistry</u>	<u>Category</u>
Christopher Blixrud	Attending Staff

Add: removal of teeth both surgical and non-surgical

Addition/deletion of clinical privileges continued:

<u>Department of Ophthalmology</u>	<u>Category</u>	<u>Joint Appointment</u>
Jonathan D. Wirtschafter	Attending Staff	Neurology

Add: Neurology: spinal tap; muscle biopsy; nerve biopsy; injection therapy of nerves, muscles and joints; caloric testing; visual field perimetry; electroretinography;

<u>Department of Pediatrics</u>	<u>Category</u>
Robert A. Ulstrom	Emeritus Staff

Delete: all clinical privileges

<u>Department of Surgery</u>	
Henry Buchwald	Attending Staff

Add: laparoscopy; laproscopic cholecystectomy; laproscopic biopsy

The following medical staff 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 recommends approval.

<u>Department of Laboratory Medicine and Pathology</u>	<u>Category</u>	<u>Date Eligible</u>
Howard Clark	Attending Staff	June 19, 1991

Department of Medicine

Pablo Denes	Clinical Staff	April 24, 1991
Joan M. Fox	Attending Staff	April 24, 1991
Ralph J. Katsman	Attending Staff-ER	April 24, 1991
Nigel S. Key	Attending Staff	April 24, 1991
Jane C. Pederson	Attending Staff-ER	April 24, 1991
Georgia L. Wiesner	Attending Staff-ER	April 24, 1991

Department of Obstetrics and Gynecology

Deborah A. Thorp	Clinical Staff	June 19, 1991
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Department of Orthopedics

Timothy A. Garvey	Attending Staff	June 19, 1991
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Regular medical staff appointments continued:

Department of Psychiatry

Sheila M. Specker	Attending Staff	June 19, 1991
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Department of Radiology

Lenore I. Everson	Attending Staff	June 19, 1991
David E. Finlay	Attending Staff	April 24, 1991
William J. Ford	Clinical Staff	June 19, 1991
Arthur E. Stillman	Attending Staff	June 19, 1991

Department of Surgery

Edgar A. Pineda	Attending Staff	June 19, 1991
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Department of Therapeutic Radiology

Karthryn E. Dusenbery	Attending Staff	June 19, 1991
Kathryn E. Farniok	Attending Staff	June 19, 1991

The Committee recommends acceptance of the resignations of Medical Staff appointments from the following physicians.

<u>Department of Laboratory Medicine and Pathology</u>	<u>Category</u>	<u>Joint Appointment</u>
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Evan George	Attending Staff	
James M. Greenberg	Attending Staff	Pediatrics

<u>Department of Medicine</u>	<u>Category</u>
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Edward C. Clark	Attending Staff
Robert J. Helgren	Attending Staff
Teresa C. McCarthy	Attending Staff

Department of Neurology

Michael J. Glantz	Attending Staff
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<u>Department of Orthopedics</u>	<u>Category</u>
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Serena S. Hu	Attending Staff
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Department of Pediatrics

David M. Steinhorn	Attending Staff
Robin H. Steinhorn	Attending Staff

Resignations from the medical staff continued:

Department of Radiology

Richard N. Aizpuru	Attending Staff
Sandra J. Althaus	Attending Staff
David M. Drees	Attending Staff
Bertrand L. Gallet	Attending Staff
Kathleen A. Goossens	Attending Staff
Keith M. Horton	Attending Staff
Timothy M. Skopec	Attending Staff

HB/cf



UNIVERSITY OF MINNESOTA
TWIN CITIES

The University of Minnesota Hospital and Clinic
Box 707
Harvard Street at East River Parkway
Minneapolis, Minnesota 55455
(612) 626-1945

September 12, 1991

TO: Board of Governors

FROM: Robert E. Maxwell, M.D., Chief of Staff
Chairman, Medical Staff-Hospital Council

SUBJECT: Appointment of Medical Staff-Hospital Council
Committee Chairman

The Medical Staff-Hospital Council on September 10 and the Joint Conference Committee on September 11 have endorsed the appointments of Stevan D. Zimmer, M.D. as chairman of the Emergency Department Committee and Roberto Heros, M.D. as chairman of the Operating Room Committee for 1991/1992, and are forwarding these recommendations to you for your approval.

The Bylaws of the Medical and Dental Staff, Article VI, Part A, Section 1, (s), sets forth the requirement that the appointment of all Medical Staff-Hospital Council committee chairmen be made by the Board of Governors after receiving recommendations from the Medical Staff-Hospital Council.

Thank you.

REM/cf

MAJOR CAPITAL EXPENDITURE REPORT

EQUIPMENT: Outpatient Laboratory Remodeling

PURCHASE PRICE: \$216,033

DESCRIPTION:

The UMHC outpatient laboratory service was one of the first in the country designed to accommodate only outpatients with on-site testing for common tests. Its goal has been and continues to be a minimum waiting time and rapid reporting of results to the clinics.

Although growth was anticipated when the building opened in 1979, more recent demands have exceeded the capacity to provide the best possible service. The marked rise in test volume and processing has created a need for expansion and remodeling.

The need for remodeling and expansion results from the continued shift of patient care to the outpatient setting. The total volume of outpatient tests has increased more than expected, rising from 10% of inpatient tests when the lab opened to 36% of inpatient tests in 1990/91. For the year ending June 1991 there were 825,389 outpatient tests, compared to 275,000 in 1984. About 90% of test specimens for all of these outpatient tests are processed through the outpatient laboratory for on-site testing or for distribution to other UMHC laboratories. Continued increase in total outpatient testing creates a need for additional processing space, to improve turn-around time, decrease patient waiting, and relieve staff congestion.

Increases in on-site testing result not only from the rising number of patient visits but also the introduction of new procedures such as EKG tests, tests on small infants, and blood drawing from indwelling lines.

The principle objectives in remodeling are:

1. Expand the blood drawing area to accommodate more patients at one time, and decrease waiting times.
2. Expand and rearrange the working space to alleviate overcrowding of technical staff.

The following changes in the laboratory are planned:

1. In the blood drawing area--an increased number of stations, better patient flow, better handicapped facilities, semi-private stations, private areas for infants and small children. To accomplish this, space has been expanded 4½ feet into the waiting area.

Submitted By: _____

Title: _____

Approved By:  _____

Title: Senior Associate Director

2. In the reception area--a larger window to easily accommodate two patients and two staff members at one time.
3. In the laboratory area--expand the specimen processing space, rearrange the lab testing area to reduce crowding resulting from a staff increase from 13 to 22.6 FTEs, move microscope work away from a vibrating wall (due to the escalators), meet new code requirements involving doorways, install emergency power sources to offset black-out periods.

In planning the remodeling, careful consideration has been given to the use of available adjacent space to minimize effect on other outpatient activities. Part of a rear corridor between current laboratory spaces and also a rear sparingly-used storage area will be converted to lab space. Current space is 3,212 square feet. Proposed additional space totals 665 square feet. The design for remodeling will enable the Outpatient Laboratory to further improve service to the patients of UMHC now and for some time in the future.

Total project cost is estimated at \$216,033.
This amount was originally included in the capital budget for 1990-91.

MAJOR CAPITAL EXPENDITURE REPORT

EQUIPMENT: Replacement of Disk System for UNISYS A15 and A9 Computers

PURCHASE PRICE: \$500,000

DESCRIPTION:

A significant increase in the maintenance contract cost for the disk data storage system for UMHC's UNISYS A9 and A15 mainframe computers caused the Information Service Department's staff to analyze various alternatives. Their findings indicate that over a 5 year period the least expensive alternative is acquisition of a new, state-of-the-art disk system. As displayed below, this is due to reduced operating costs, because of lower power consumption and reduced air conditioning requirements, coupled with significantly lower maintenance costs.

	PROJECTED 5 YEAR COSTS		
	CURRENT SYSTEM	PROPOSED NEW SYSTEM	PROPOSED OVER/(UNDER) CURRENT
Acquisition	\$ 0	\$500,000	\$500,000
Maintenance	578,000	117,000	(461,000)
Electrical Energy			
System Operation	160,000	37,000	(123,000)
Air Conditioning	46,000	13,000	(33,000)
TOTALS	\$784,000	\$667,000	(\$117,000)

Sale of the existing disk system will increase the projected cost savings somewhat. The amount is difficult to project as it varies significantly depending upon market demand at the time the sale is formally advertised.

In addition to the direct savings, the decreased air conditioning requirements will help alleviate the current deficit of air conditioning capacity in the main computer room and help to avoid the expense of increasing capacity. The current deficit was highlighted as a significant concern by a disaster recovery consultant last year.

Maintenance of adequate computer support has become an increasing concern as the failure rate of components of the existing disk system have begun to increase with age. The simplified design of new disk systems makes them less failure prone -- a major reason for the significantly lower maintenance costs.

Submitted By: Al Dees
 Title: Associate Director

Approved By: [Signature]
 Title: _____

Replacement of the disk system is included in the hospital's long range capital budget for the 1991/92 and 1992/93 fiscal years. An interest free, two installment payment plan, 50% upon delivery and 50% on July 1, 1992, to correspond with the budget will be a condition in the bid request.




UNIVERSITY OF MINNESOTA

The University of Minnesota Hospital and Clinic

*Harvard Street at East River Parkway
Minneapolis, MN 55455*

September 17, 1991

TO: Board of Governors

FROM: Robert Dickler 
Hospital Director

SUBJECT: Acquisition of Red Wing Medical Center

I am writing to you at this time to request that you approve UMHC acquiring the Interstate Medical Center (IMC) physician practice in Red Wing, Minnesota. It is our intent to make this presentation to you for information during the retreat on September 26 and 27, 1991. We will seek your endorsement of this proposal at the October Board of Governors meeting.

Should you approve this proposal, we will request the Board of Regents approval during November and December.

While the actual acquisition documents are still being developed, the expected future structure of IMC will be a new nonprofit corporation.

The price for the acquisition is \$9,074,600 subject to adjustment for any issues discovered during the due diligence process.

We request that you review the attached proposal so we can answer any of your questions at the retreat, or as usual you may call either Mr. Fearing or myself at 626-0966 or 626-5003 if you have questions or concerns.

RD:sw

Attachment

PROPOSAL
UNIVERSITY OF MINNESOTA HOSPITAL AND CLINIC
ACQUISITION OF
INTERSTATE MEDICAL CENTER
RED WING, MINNESOTA

(Much of the following are excerpts from the Bylaws and Articles of Incorporation of the New Corporation.)

Existing Physician Practice Description:

Interstate Medical Center (IMC) is a multiple specialty clinic of twenty-eight physicians, and related staff, which operates primarily out of a facility in Red Wing, Minnesota. IMC also owns a clinic building in Elsworth, Wisconsin, and has satellite office space in Zumbrota, Minnesota. IMC is the only major clinic in Red Wing and is the major physician provider in this geographic area.

IMC is a healthy and viable clinic with a patient volume of approximately 150,000 patient encounters per year. It's yearly gross revenues are approximately \$14 million, and it has demonstrated a consistent pattern of growth over the last several years.

The Red Wing facility consists of two buildings, containing a total of approximately 42,000 gross square feet, and parking space for 205 cars. The main clinic building is twenty years old and consists of two floors of about 16,000 gross square feet each. The therapy building, which is about five years old, also houses storage. The Elsworth facility was constructed in 1984, and comprises approximately 3,000 gross square feet.

New Corporation:

The name of the new corporation will continue to be Interstate Medical Center. We are proposing, with concurrence of our legal counsel, that the new organization be established as a non-profit organization and seek tax exempt status from the Internal Revenue Service. It is our belief that this type of organizational structure best fits the mission of the University and the new organization.

Mission of New Corporation:

The mission of the corporation will be to engage in, and assist and contribute to, the support of charitable, scientific, and educational activities and projects, within the meaning of Section 501(c)(3) of the Internal Revenue Code.

In support of the mission, the main activities of the corporation shall include:

- A. To operate a multi-specialty medical clinic providing health care services and promoting health in Red Wing, Minnesota and the surrounding areas.

- B. To operate programs for medical education including medical residency and continuing medical education, as well as community health education and specialty outreach programs.
- C. To engage in clinical research and scientific investigation related to health and medicine.
- D. To do any and all other acts and things, and to exercise any and all other rights and powers which may be necessary, advisable, desirable or expedient in the accomplishment of any of the foregoing purposes.

Corporate Authority:

The corporation shall have authority to do any and all acts and things and carry on and conduct all other activities as may be necessary, advisable, desirable or expedient to accomplish its purposes, to the full extent permitted by the laws of the State of Minnesota.

All activities of the corporation shall be carried on, and all of its funds shall be used and applied exclusively for, the purposes for which this corporation was organized.

No part of the net earnings of the corporation shall inure to the benefit of any member, officer, director or any other individual (except that reasonable compensation may be paid for services rendered to or for the corporation in furtherance of one or more of its purposes, and except that individuals may benefit from grants, and similar payments or contributions made for the purposes for which this corporation was organized, in furtherance of the purposes of the corporation).

No substantial part of the activities of the corporation shall be the carrying on for propaganda or otherwise attempting to influence legislation, and the corporation shall not participate or intervene in any political campaign on behalf of any candidate for public office, by publishing or distributing statements or otherwise.

The corporation shall not carry on any other activities not permitted to be carried on by a corporation exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

The corporation shall not afford pecuniary gain or profit, incidentally or otherwise, to its members or its employees.

This corporation will be formed under Chapter 317A of Minnesota Statutes.

Governance:

Sole Member -

The sole member of the corporation shall be the Regents of the University of Minnesota, a corporation established and operating in accordance with Minnesota Statutes, Section 158. The rights and obligations of the sole member shall be fulfilled by the University of Minnesota Hospital and Clinic, by and through its Board of Governors and management.

Notwithstanding anything to the contrary herein, the sole member shall reserve and retain certain powers to manage the affairs of the corporation. No action may be taken by the corporation inconsistent with the mission of the corporation, nor shall any amendment to such corporate purposes occur, without the specific written approval of the sole member.

In addition, the sole member shall be notified of any proposal for the Corporation to enter into a provider agreement with any third party payor, and the Corporation shall not enter into any such provider agreement without the approval of the sole member; provided, that the sole member may only withhold such approval if the terms of the proposed agreement materially conflict with the mission or corporate purposes of the University of Minnesota Hospital and Clinic.

The Corporation's annual budget shall be formulated for the purpose of maintaining first-rate medical clinic, education and research programs. All revenues generated by the Corporation shall be devoted to the maintenance of its programs and other corporate operations. The annual operating and capital budgets shall be formulated by the Board of Directors or its designee and shall be approved in writing by the Board of Directors not later than the end of the first month of the new fiscal year to which the budget applies. Subsequent to such approval, the annual budget shall be submitted for approval to the sole member and shall be subject to the written approval of such member.

The prior written consent of the sole member shall also be required for:

- A. Any merger, consolidation, or substantial transfer of the property of the corporation to any other entity; or
- B. Any modification or amendment of the corporate capital or operating budget in excess of \$50,000 or in excess in the aggregate of 10% of the budget; or
- C. Any action that might, in the reasonable judgement of the member, jeopardize the non-profit status of the corporation.

The University of Minnesota Hospital and Clinic shall not be removed as a member of the Board. In addition, the sole member of the corporation shall have the sole vote on or in respect of any matter on which members of the corporation have the right to vote under law, the Articles of Incorporation or Corporation Bylaws. The sole member may not voluntarily or involuntarily transfer or assign its membership or any right arising therefrom, except to another entity controlled by the University of Minnesota and acceptable to the majority of the Board of Directors of the corporation. Consent of the Board of Directors shall not be unreasonably withheld.

In the event of liquidation, dissolution or winding up of the corporation, whether voluntary or involuntary or by operation of law, the remaining property and assets of the corporation, after provision has been made for the payment of debts, obligations and liabilities of the corporation in accordance with M.S.A. 317A.701 et seq., shall be distributed to the University of Minnesota.

Finally, no amendment to the Articles of Incorporation may be made which has material impact on the powers reserved to the sole member.

Board of Directors -

The management of the corporation shall be vested in a Board of Directors, subject to the reservation of certain powers for the sole member. The number of directors shall be fixed by the Bylaws of the corporation, and may be altered by amending the Bylaws.

The first Board of Directors shall consist of two classes of directors. Three directors shall be the "University Directors". The Board of Governors of the University of Minnesota Hospital and Clinic shall appoint the University Directors based on recommendation of the Hospital Director.

The remaining three directors shall be the "Physician Directors". The physicians shall appoint the Physician Directors by election of the entire physician group.

The term of office of the members of the first Board of Directors shall be for the periods of 1, 2, or 3 years for University and Physician Directors. Each such director shall hold office until the end of the term of his or her office or until his or her successor has been elected and qualified.

Except as provided otherwise in the Articles of Incorporation of the corporation, the business and affairs of the corporation shall be managed by or under the direction of the Board of Directors.

Each director, except members of the first Board of Directors, whose terms of office are specified in the Articles of Incorporation of the corporation, shall serve for a three year term and until his or her successor is elected and qualified.

Any director may resign at any time by giving written notice to the Secretary. Such resignation shall take effect without acceptance upon receipt of the notice, unless a later date is specified in the notice.

Vacancies in the Board of Directors shall be filled by a new appointment or election, as the case may be, as set forth in the Bylaws. A person so elected to fill a vacancy shall serve as a director for the remainder of the term whose vacancy has been filled, and until his or her successor has been elected and qualified.

Any Physician Director may be removed at any time by a majority vote of the physicians eligible to vote for a Physician Director. Any University Director may be removed at any time by the University. Any Physician Director shall be removed as a director of the corporation should he or she cease employment with the corporation. In such circumstances, either the presiding officer of the Board or the corporation's President shall provide immediate written notice of such removal, which removal shall be effective upon the earlier of either (i) the date the notice is received; or (ii) the date the director to be removed ceases employment with the corporation.

A majority of the directors currently holding office shall constitute a quorum for the transaction of business, except under no circumstances shall a quorum be deemed to exist if fewer than two Physician Directors and two University Directors are present. In the absence of a quorum, a majority of the directors present may adjourn a meeting from time to time until a quorum is present, provided, that notice of a meeting's adjournment by less than a quorum of directors shall be provided to the absent directors. Except as otherwise required by law or the Bylaws, the acts of a majority of the directors present at a duly held meeting shall be the acts of the Board of Directors; provided, that if fewer than six directors are present at a meeting, a unanimous action by the directors shall be required for the Board of Directors to act.

If the Board is unable to reach a decision on an issue because of a deadlock and such deadlock continues for a period of 90 days then mediation shall be mandatory upon the written request of any Director. If such deadlock is not resolved by mediation, the Directors may agree to submit the issue to binding arbitration by a mutually agreeable arbitrator. If a deadlock is not resolved by mediation and is not submitted to binding arbitration, any Director may ask a court of competent jurisdiction to resolve the issues.

Bylaw Amendments. The power to adopt, amend, or repeal the Bylaws is vested in the Board of Directors, provided, that no amendment shall be made to the Bylaws which has a material impact on the reservation of powers to the sole member. Any amendment to the Articles of Incorporation or Bylaw changes must be approved by 3/4 of the members of the Board of Directors.

Board Meetings:

The Board of Directors shall hold an annual meeting for the purpose of electing officers and transacting any other business coming before it. The Board may hold such other meetings as it may from time to time determine. The meetings shall be held at any place within or without the State of Minnesota that the Board may designate. Absent such designation, Board meetings shall be held at the registered office of the corporation. The President or any director may call a special Board meeting.

An action required or permitted to be taken at a Board meeting may be taken by written action signed by all of the directors.

Directors shall receive no compensation, but may be reimbursed for reasonable expenses as shall be determined from time to time by resolution of the Board of Directors. Nothing herein shall be construed to preclude any director from serving this corporation in any other capacity and receiving proper compensation therefor.

At either the annual meeting or a special meeting, the Board of Directors shall consider the annual budget for the corporation. At least ten days prior to such meeting all directors shall be provided with the proposed annual budget, as approved by the Physician's Committee. Such meetings shall occur at least 30 days prior to the commencement of the fiscal year of the corporation for which the budget is proposed. Simultaneous with the delivery of the proposed budget to the directors, such budget shall also be delivered to the member.

The following matters shall require specific approval by the Board of Directors:

- A. Non-budgeted capital expenditures of more than \$50,000;
- B. The merger or consolidation of the corporation with, or transfer of more than 25% of the assets of the corporation to, any entity;
- C. The incurring or guaranteeing by the corporation of indebtedness in excess of \$50,000 in aggregate during any fiscal year, as defined in generally accepted accounting principles to include notes, bonds, debentures, capital leases and otherwise, except purchase money indebtedness incurred in connection with the purchase or construction of a capital asset included in the budget and except indebtedness incurred by the corporation's drawing down on any line of credit approved by the Board of Directors;
- D. The purchasing or acquiring by the corporation of stock or other securities or evidences of indebtedness, or the making of loans or advances to, or any investment in, any corporation, partnership or other entity, except for the regular investment of funds (in accordance with the corporation's investment policies) including, without limitation, clinic revenues and employee benefit plan funds, and except for investments in joint ventures in the amount of \$25,000 or less.
- E. The adoption or termination of any lease for space or equipment with annual costs in excess of \$50,000.
- F. The Board shall be informed of, but need not approve, termination of the employment of any physician.
- G. Grants or gifts in excess of \$5,000.

Officers:

The corporation shall have at least two natural persons exercising the functions of the office of President and Treasurer. The Board of Directors may elect or appoint such other officers or agents as it deems necessary, each of who shall have the powers, rights, duties and responsibilities set forth in these Bylaws unless otherwise determined by the Board. Any of the offices or functions of those offices may be held by the same person. Officers shall receive no compensation, but may be reimbursed for reasonable expenses as determined from time to time by resolution of the Board.

At the annual meeting of the Board of Directors, the Board shall elect officers, who shall hold office until their successors are elected and qualified; provided, however, that any officer may be removed with or without cause by the affirmative vote of the directors in accordance with the Bylaws (without prejudice, however, to any contract rights of such officer).

Any officer may resign at any time by giving written notice to the corporation. The resignation is effective without acceptance when notice is given to the corporation, unless a later date is specified in the notice.

If a vacancy in any office of the corporation occurs for any reason, such vacancy may, or in the case of a vacancy in the office of President or Treasurer shall, be filled for the unexpired part of the term by the Board of Directors.

President. Unless provided otherwise by a resolution adopted by the Board of Directors, the President shall (a) be the chief executive officer of the corporation, and have general active management of the business of the corporation; (b) preside at all meetings of the Board and of the members; (c) see that all orders and resolutions of the Board are carried into effect; (d) sign and deliver in the name of the corporation any deeds, mortgages, bonds, contracts or other instruments pertaining to the business of the corporation, except in cases in which the authority to sign and deliver is required by law to be exercised by another person or is expressly delegated by the Articles, the Bylaws or the Board to some other officer or agent of the corporation; (e) maintain records of and certify proceedings of the Board and Members; and (f) perform such other duties as may from time to time be prescribed by the Board.

Treasurer. Unless provided otherwise by a resolution adopted by the Board of Directors, the Treasurer shall (a) keep accurate financial records for the corporation; (b) deposit all monies, drafts and checks in the name of and to the credit of the corporation in such banks and depositories as the Board of Directors shall designate from time to time; (c) endorse for deposit all notes, checks and drafts received by the corporation as ordered by the Board, making proper vouchers therefor; (d) disburse corporate funds and issue checks and drafts in the name of the corporation, as ordered by the Board; (e) render to the President and the Board of Directors, whenever requested, an account of all of his or her transactions as Treasurer and of the financial condition of the corporation; and (f) perform such other duties as may be prescribed by the Board of Directors or the President from time to time.

Secretary. The Secretary shall, unless otherwise determined by the Board, be secretary of and attend all meetings of members and Board of Directors, and record the proceedings of such meetings in the minute book of the corporation and, whenever necessary, certify such proceedings. The Secretary shall give proper notice of meetings to members and directors and shall perform such other duties as may be prescribed by the Board of Directors or the President from time to time.

Vice President. Each Vice President shall have such powers and shall perform such duties as may be specified in the Bylaws or prescribed by the Board of Directors. In the event of absence or disability of the President, the Board of Directors may designate a Vice President or Vice Presidents to succeed to the power and duties of the President.

Other Officers. Any other officers appointed by the Board of Directors shall perform such duties and be responsible for such functions as the Board of Directors may prescribe.

Delegation. Unless prohibited by a resolution by the Board of Directors, an officer elected or appointed by the Board may delegate in writing some or all of the duties and powers of his or her office to other persons.

Physicians' Committee:

The Board of Directors shall establish a Physicians' Committee which shall have and exercise the authority of the Board in the day-to-day management of the business of the corporation, including, without limitation, the following matters:

- A. Determination of physician work schedules, call coverage schedules, vacation and leave schedules, staffing, and all issues of a similar nature relating directly to the performance of work and services by physicians employed at the corporation.
- B. Determination of compensation for professional employees, including salaries, bonuses, insurance and other welfare benefits, retirement and other similar benefit plans, and all other aspects of compensation for professional employees of the corporation. In establishing compensation for professional employees of the corporation, the Physicians' Committee shall refer to salary ranges of similarly situated practitioners in comparable clinics which shall be prepared by the corporation's outside accountants. Compensation for professional employees of the clinic shall be competitive with comparable group practices, so as to permit the corporation to retain its professional staff, but shall not exceed a reasonable level of compensation. In accordance with the purposes of the corporation as set forth in its Articles of Incorporation, the compensation system shall not be used as a device to distribute the net profits of the corporation to its professional employees. No action shall be taken by the Physicians' Committee as to compensation that might reasonably be anticipated to jeopardize the tax-exempt status of the Corporation. Compensation and benefit programs must be fully reflected and approved in the annual budget.
- C. All other matters respecting the management and operation of the corporation except those powers retained by the sole member and except as the Board of Directors may otherwise determine by specific resolution adopted by such Board.

The Physicians' Committee shall be composed of the three Physician Directors serving as members of the Board of Directors and three or more additional physicians practicing medicine as employees of Interstate Medical Center.

The Physicians' Committee may, from time to time, appoint such other committees as it may deem proper, and may prescribe the functions and membership of such other committees. The Physicians' Committee shall at all times be subject to the control and direction of the Board.

The degree of local control over the governance and management of the Corporation is intended to maintain the local influence over the medical practice of the Red Wing area and reduce the operating inefficiencies and increased costs that would be associated with direct University control. The separate corporation also allows the University to be isolated for malpractice actions, retirement and other liabilities of the physicians and employees of IMC.

The fiscal year of the corporation shall be established by the Board of Directors.

The corporation shall indemnify such persons, for such expenses and liabilities, in such manner, under such circumstances, and to such extent, as permitted by Minnesota Statutes.

The corporation shall not enter into contracts or transactions between the corporation or a related corporation and a director or member of the Physicians' Committee of the corporation or between the corporation and an organization in which a director or member of the Physicians' Committee of the corporation is a director, officer or legal representative or has a material financial interest, except in accord with the provisions of Minnesota Statutes.

Purchase Price:

The purchase price of IMC that has been agreed to is an aggregate \$9,074,600 subject to change due to new property or equipment acquisitions or any errors or omissions or other issues affecting the purchase price discovered during the due diligence process. Of this amount, \$3,596,600 is directed toward the real property and other assets. Real estate and equipment appraisals have been received which support the \$3,596,000 purchase price. UMHC will loan the new corporation the funds to purchase these assets from existing IMC. The new corporation will in turn repay UMHC for the real estate and other assets. \$5,478,000 is directed toward the purchase of the goodwill and ongoing business value of the clinic, and will be paid out over the course of eight years. The reasonableness of this component of the price was confirmed by an independent accounting firm.

All of these parameters have been reviewed by external consulting and legal firms experienced in the legal and financial issues related to the acquisition of a practice. These efforts have indicated that the aggregate purchase price proposed is within the fair market value of the practice and that the structure and purposes of the acquisition are consistent with the current understanding and interpretations of relevant laws and regulations.

Other:

The University of Minnesota Hospital and Clinic has - throughout it's history - served as a statewide and regional resource. The types of relationships which UMHC and the University have developed with outstate communities has continually evolved over this period of time to both reflect and initiate changes in health care delivery.

The acquisition of IMC provides a significant opportunity for the University and UMHC to geographically expand the base of medical operations, and provide greater opportunities for education, research, and service to the Greater Minnesota community and the Red Wing region. By this acquisition, UMHC will gain a secure relationship with a viable out-state provider. We expect to very quickly expand the residency program in Pediatrics to place residents in Red Wing, and as other departments develop relationships with IMC, further residency arrangements will be instituted. We expect that the relationship with the Rural Physician Apprenticeship Program (RPAP) will be reinforced and potentially expanded. The IMC patient population will be incorporated into appropriate research activity, allowing the expansion of research protocols. We also envision that this relationship will permit the potential development of protocols and models

related to rural health care and expansion of community education and continuing medical education involving a geographic region where this opportunity has not previously existed. These types of changes will, of necessity, take place over a number of years and require the existence of a secure relationship to foster their development.

The Board structure of three physicians and three University directors was negotiated in concert with the sole member retained powers. We believe that the sole member retained powers are adequate to assure that the corporation is acting in the best interest of the University, and at the same time a three to three Board membership provides equal opportunity for maintaining a joint interest in the new corporation's programmatic financial viability.

The purchase of IMC has been discussed with local business leaders and the local Hospital Board. State legislators from the area have been briefed on this issue and we have had numerous discussions with our clinical leadership and faculty. To our knowledge, there is no vocal opposition to this acquisition.

As an investment, the final negotiated price will allow UMHC to provide a return on investment of approximately our historical rate of return on the short term investment portfolio. It will also provide us with education and research opportunities that would not be available should we not proceed.

We hope this proposal provides you the basis for understanding the presentation we will provide during the retreat. As always, should you have any questions or concerns, please contact me or Mr. Fearing at 626-5003 or 626-0966 respectively.



September 25, 1991

TO: Board of Governors Finance Committee
FROM: Clifford P. Fearing
SUBJECT: Report of Operations for the Period
July 1, 1991 through August 31, 1991

The Hospital's operations for the month of August reflect inpatient admissions and days, and outpatient clinic visit activity below budget. Similarly, both ancillary revenue and routine revenue are below budgeted levels.

INPATIENT CENSUS: For the month of August, inpatient admissions totaled 1,552 which was 130 below budgeted admissions of 1,682. Our overall average length of stay for the month was 7.1 days. Patient days for August totaled 12,056 and were 1,287 days below budget. The areas in which admissions were most significantly below budget were Medicine, Gynecology, Pediatrics, Adult Psych, and Ophthalmology.

OUTPATIENT CENSUS: Outpatient encounters (including CUHCC and Home Health) for the month of August totaled 27,897 which was 4,107, or 12.8%, less than budgeted visits of 32,004. Encounters were below budget in virtually all clinical areas with the most significant decreases in Radiation Therapy, OB/GYN, Medicine, Adult Psych, Surgery, Orthopedics, Pediatrics, and Dermatology. Family Practice and Home Health visits were over budgeted levels for August.

Although we are continuing to monitor our decline in census, the cause for the current lower trend is not known. However, for some of the clinical areas, a decline in census was the result of medical staff vacations.

To recap our census:

Monthly Data					YTD Data					
90/91	91/92	91/92		%	90/91	91/92	91/92		%	
<u>Actual</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Var</u>	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Var</u>	
1,671	1,682	1,552	(130)	(7.7)	Admissions	3,302	3,282	3,192	(90)	(2.7)
13,088	13,343	12,056	(1,287)	(9.7)	Patient Days	25,775	26,282	24,720	(1,562)	(5.9)
7.5	7.9	7.1	(0.8)	(10.1)	Avg Length of Stay	7.8	8.0	7.6	(0.4)	(5.0)
422.2	430.4	388.9	(41.5)	(9.6)	Avg Daily Census	415.7	423.9	398.7	(25.2)	(5.9)
73.6	74.7	68.3	(6.4)	(8.6)	Percent Occupancy	72.4	73.6	70.0	(3.6)	(4.9)
30,806	32,004	27,897	(4,107)	(12.8)	Outpt Encounters	59,137	60,860	57,986	(2,874)	(4.7)

REPORT OF OPERATIONS
August 1991
PAGE 2

FINANCIAL OPERATIONS: The Hospital's Statement of Operations shows revenues over expenses by \$632,000, an unfavorable variance of \$2,353,000. Patient care charges through August totaled \$63,037,000, which was 5.6% under budget.

Routine revenue was \$1,775,000 (9.2%) below budget and ancillary revenue was \$1,974,000 (4.2%) below budget and reflects our unfavorable inpatient census variance.

Deductions from charges totaled \$16,660,000, which was \$189,000 (1.1%) over budgeted deductions of \$16,471,000. Billing adjustments and discounts related to contracted services with other providers and commercial payers were over budget. The variance was caused by timing differences in settlement dates, budget versus actual. The moderate variance in the government contractual adjustments was partly caused by an increase in the average charge per case and an increase in Medicare volume, resulting in increased charges written off. This was offset by lower write-offs in Minnesota Medical Assistance because of low patient charge utilization. HMO/PPO discounts have a favorable variance as a result of receiving a better than anticipated reimbursement rate for the Aware contract.

Operating expenditures through August totaled \$51,728,000 and were \$1,948,000 (3.6%) below budgeted levels of \$53,676,000. The overall favorable variance is primarily due to lower patient related costs (medical supplies and services and blood) and anticipated expenses not yet incurred.

ACCOUNTS RECEIVABLE: The balance in patient accounts receivable as of August 31, 1991, totaled \$97,732,000 and represented 94.2 days of revenue outstanding. The overall increase in our patient receivables in August of 1.0 day was reflected in increases in Commercial Insurance, Minnesota Medical Assistance, and BCBSM Organ Transplant contracts.

CONCLUSION: The Hospital's overall operating position is positive through August. Our ongoing efforts are aimed at reducing costs and increasing productivity while still maintaining a high quality of patient care.

UNIVERSITY OF MINNESOTA HOSPITAL & CLINIC
SUMMARY STATEMENT OF OPERATIONS
FOR THE PERIOD JULY 1, 1991 TO AUGUST 31, 1991

	1991-92 Budgeted	1991-92 Actual	Variance Over/(Under) Budget	Variance %
Gross Patient Revenue	\$66,786,000	\$63,037,000	(\$3,749,000)	-5.6%
Deductions From Revenue	16,471,000	16,660,000	189,000	1.1%
Net Patient Service Revenue	50,315,000	46,377,000	(3,938,000)	-7.8%
Other Operating Revenue				
Appropriation & Support	2,230,000	2,171,000	(59,000)	-2.6%
Other Revenue	2,020,000	1,933,000	(87,000)	-4.3%
Total Other Revenue	4,250,000	4,104,000	(146,000)	-3.4%
Total Revenue From Operations	54,565,000	50,481,000	(4,084,000)	-7.5%
Operating Expenses:				
Salaries	21,119,000	20,952,000	(167,000)	-0.8%
Fringe Benefits	5,162,000	5,041,000	(121,000)	-2.3%
Contract Compensation	3,330,000	3,361,000	31,000	0.9%
Supplies And Services	12,559,000	11,831,000	(728,000)	-5.8%
Utilities And Maintenance	1,987,000	1,986,000	(1,000)	-0.1%
General Supplies & Expense	3,634,000	2,811,000	(823,000)	-22.6%
Insurance	334,000	334,000	0	
Depreciation & Amortization	3,094,000	2,969,000	(125,000)	-4.0%
Interest	1,927,000	1,913,000	(14,000)	-0.7%
Provision For Uncollectibles	530,000	530,000	0	
Total Operating Expenses	53,676,000	51,728,000	(1,948,000)	-3.6%
Net Revenue From Operations	889,000	(1,247,000)	(2,136,000)	
Nonoperating Gains: Investment Income	2,095,000	1,878,000	(217,000)	-10.4%
Revenue And Gains In Excess Of Expense	<u>\$2,984,000</u>	<u>\$631,000</u>	<u>(\$2,353,000)</u>	

	1991-92 Budgeted	1991-92 Actual	Variance Over/(Under) Budget	Variance %
Admissions	3,282	3,192	(90)	-2.7%
Patient Days	26,282	24,720	(1,562)	-5.9%
Average Length Of Stay	8.0	7.6	(0.4)	-5.0%
Average Daily Census	423.9	398.7	(25.2)	-5.9%
Percentage Occupancy	73.6	70.0	(3.6)	-4.9%
Outpatient Encounters	60,860	57,986	(2,874)	-4.7%