

THE UNIVERSITY OF MINNESOTA HOSPITAL AND CLINIC

BOARD OF GOVERNORS

MAY 27, 1992

THE UNIVERSITY OF MINNESOTA HOSPITAL AND CLINIC
BOARD OF GOVERNORS
MAY 27, 1992
2:30 P.M.
555 DIEHL HALL

AGENDA

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C. Joint Conference Committee

-Ms. Margaret Matalamaki

1. No items requiring Board deliberation

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-Ms. Nellie Johnson

- | | | | |
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MINUTES

BOARD OF GOVERNORS The University of Minnesota Hospital and Clinic

April 22, 1992

Call To Order

Mr. David Lentz called the April 22, 1992 meeting of the Board of Governors to order at 2:40 p.m. at the Radisson Hotel Metrodome.

Attendance

Present: Robert Anderson, M.D.
David Brown, M.D.
Robert Dickler
Michael Dougherty
Phyllis Ellis
Robert Erickson
Maria Gomez
S. Albert Hanser
Nellie Johnson
Arthur Kydd
David Lentz
Margaret Matalamaki
Robert Maxwell, M.D.
John Morrison

Not Present: Leonard Bienias
Terrance Hill
Kristine Johnson
Roby Thompson, M.D.
Kristine Zualkernan

Approval of Minutes

The Board of Governors seconded and passed a motion to approve the minutes of the February 26, 1992 meeting as submitted.

Special Presentation: Kamil Ugurbil, Ph.D.

Mr. Robert Dickler introduced Dr. Kamil Ugurbil, Director of the Center for Magnetic Resonance Research. Dr. Ugurbil presented an overview of the University of Minnesota Center for Magnetic Resonance Research.

Chairman's Report

Mr. Lentz encouraged the Board members, who had not already done so, to complete the Board Self-Evaluation form as soon as possible. Results will be presented at the May Board meeting.

Director's Report

Mr. Dickler reported on the legislative session and the Health Right Bill and how this will affect The University of Minnesota Hospital and Clinic. The Health Right Bill will impose a 2.0% provider tax beginning January 1, 1993. While there are provisions for passing this tax through to payors, it is still unclear as to how much of the tax can and will be actually reimbursed.

Mr. Dickler reported that discussions are continuing with Riverside Medical Center.

Consent Agenda

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

- a. Quarterly Purchasing Report
- b. Major Capital Expenditure Reports:
 - Surgical Laser
 - MRI Upgrade Diagnostic Radiology
- c. Third Quarter, 1991-92 Bad Debts

- d. Credentials Committee Recommendations
- e. Annual Review of Home Health Care Services
- f. Quality Assurance Steering Committee Report and Recommendations

Planning and Development Committee

Mr. Lentz called on Dr. Philip McGlave to present the Bone Marrow Transplant Program - Stem Cell Project. Because of the complexity of the project, the presentation to the Board will be divided into two segments over two meetings. Dr. McGlave presented a basic outline of the project, focusing on what this technology is and why it will be important to the future of the Bone Marrow Transplant program. This item will be brought back to the Board at its May meeting to present the business and financial aspects and approval of the project will be sought.

Finance Committee

Ms. Nellie Johnson 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, 1991 through March 31, 1992 shows expenses being greater than revenues by \$1,396,000, an unfavorable variance of \$(5,160,000).

Mr. Fearing reported inpatient admissions for March totaled 1,617 which was 93 above budgeted admissions of 1,524. Overall average length of stay for the month was 8.1 days. Outpatient clinic visits for the month of March totaled 30,972 which was 1,900, or 6.5% more than budgeted visits of 29,072.

Ms. Johnson called on Mr. Dickler to present the 1992-93 Budget to the Board. The 1992-93 Budget will be brought to the Board for approval in May.

Several factors were taken into consideration when drafting the 1992-93 budget. 1) The HealthRight legislation will impose a 2% provider tax which will be passed through to payors whenever feasible. 2) Due to a 3.5% reduction in University appropriations from the State, a \$540,000 reduction in appropriations to UMHC is included in the budget. 3) A \$2,000,000 reduction in cross charges

to the University for such things as fringe benefits, utilities, maintenance and construction, and other goods and services is included in the budget. 4) Staffing reductions of approximately 140 FTE's from current levels by October 1, 1992 and reductions of \$750,000 in various supply and expense categories are also included.

A 2% margin for the Hospital was built into the budget. This margin is necessary to meet the capital needs of the institution on an ongoing basis. It was also recommended that if financial performance exceeds the budget that 20% of the excess be allocated to the academic units that participated in achieving the Hospital's financial goals. In addition, it was recommended that \$2,000,000 be set aside from reserves for one time investments to provide flexible resources to initiate activities emanating from the strategic planning process.

Mr. Dickler updated the Board on the Renewal Project. A total of \$23,000,000 is now being budgeted for the project compared to the previous approved \$37,600,000. The Psychiatry program will be accommodated in a remodeled patient care unit in the main hospital building and remodeled space in the Mayo building. Planning and evaluation of the other programs included in the Renewal Project continues.

Adjournment

There being no further business, the April 22, 1992 business meeting of the Board of Governors was adjourned at 4:55 p.m.

Respectfully submitted,



Gail A. Strandemo
Board of Governors Office

UNIVERSITY OF MINNESOTA

The University of Minnesota Hospital and Clinic

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

May 20, 1992

TO: Members of the Board of Governors

FROM: Shannon Lorbiecki
Secretary to the Board of Governors

We are pleased to welcome Dr. Paul Abramowitz as our enrichment speaker this month. Paul is Director of Pharmaceutical Services.

This is another in a series of presentations designed to broaden or enhance Board of Governors familiarity with issues that impact The University of Minnesota Hospital and Clinic.

/gs

CURRICULUM VITAE

PAUL W. ABRAMOWITZ, PHARM.D.

PERSONAL

Birthdate: September 29, 1950
Married: Elizabeth
Children: Nicole and Sean
Office Address: The Department of Pharmaceutical Services, Box 611
The University of Minnesota Hospital and Clinic
Harvard Street at East River Road
Minneapolis, Minnesota 55455
Home Address: 8408 Amsden Ridge Drive
Bloomington, Minnesota 55438
Office Telephone: (612) 626-3200
Home Telephone: (612) 944-9265

EDUCATION

DEGREE/CERTIFICATE

YEAR

University of Michigan	Doctor of Pharmacy	1979
University of Michigan Hospital Ann Arbor, Michigan	Residency in Hospital Pharmacy (A.S.H.P. accredited)	1979
University of Toledo	Bachelor of Science in Pharmacy (Summa Cum Laude)	1977
Indiana University	Bachelor of Arts (Double Major - Chemistry and Biology)	1972

AWARDS AND HONORS

Distinguished Alumnus Award, College of Pharmacy, The University of Toledo.	1990
Elected to the Board of Directors of the American Society of Hospital Pharmacists.	1989
Fellowship at the Leonard Davis Institute of Healthcare Economics of the Wharton School, University of Pennsylvania.	1989
American Society of Hospital Pharmacist's Award for Achievement in the Professional Practice of Hospital Pharmacy.	1985
Bristol Laboratories Award for Academic Excellence in the Doctor of Pharmacy Program at the University of Michigan.	1979
Roche Hospital Pharmacy Research Award	1978
Merck and Company Award, College of Pharmacy, University of Toledo	1977
Dean's Award, College of Pharmacy, University of Toledo	1977
Kappa Psi Award, College of Pharmacy, University of Toledo	1976
Rho Chi Pharmaceutical Honor Society	1976

EXPERIENCE

1. Director of Pharmaceutical Services
The University of Minnesota Hospital and Clinic, Minneapolis, Minnesota
May, 1986 to Present

Hospital Committee Membership:
 - Committee on Pharmacy and Therapeutics (Secretary) 1986-Present
 - Outpatient Committee 1986-Present
 - Infection Control Committee 1986-Present
A.S.H.P. Residency Director for Residencies in:
 - Clinical Pharmacy
 - Pharmacy Administration
 - Pharmacy Nutrition Support
 - Ambulatory Pharmacy
Associate Professor, Department of Pharmacy Practice, College of Pharmacy,
University of Minnesota May 1986 to Present

Director of Graduate Studies in Hospital Pharmacy, College of Pharmacy,
University of Minnesota January, 1990 to Present

Associate Member, Graduate School, The University of Minnesota January, 1987 to Present

College Committee Membership:
 - Deans and Department Heads Council 1991-Present
 - Executive Committee 1988-Present
 - Educational Policy Committee 1989-1992
 - Scholarships, Fellowships, and Awards Committee 1986-1988
Courses Taught:
 - Pharm 5392, Pharm 5393, Hospital Externship, 7 and 11 credit hours (B.S. and Pharm.D. Students)
 - SAPH 8703, Hospital Pharmacy Administration II, 3 credit hours (Graduate Students)
 - SAPH 8700, Hospital Administration, 2 credit hours (Graduate Students)
2. Associate Director of Pharmaceutical Services, University of Chicago
Medical Center, Chicago, Illinois July, 1981 to April, 1986

Assistant Director of Pharmaceutical Services, University of Chicago
Medical Center, Chicago, Illinois July, 1979 to June, 1981

Hospital Committee Membership:
 - Committee on Pharmacy and Therapeutics 1979-1986
 - Audit/Utilization Review Committee 1979-1986
 - Clinical Investigation Committee 1980-1986
 - Compensation Advisory Committee 1983-1986
 - Cardiopulmonary Resuscitation Committee 1979-1981
Adjunct Assistant Professor of Pharmacy Practice, College of Pharmacy,
University of Illinois January, 1980 to April, 1986
3. Residency in Hospital Pharmacy, University Hospital, Ann Arbor, Michigan
(Chief Pharmacy Resident) July, 1977 to June, 1979 (1978-79)

MINUTES
Planning and Development Committee
Board of Governors
April 22, 1992

Attendance: Present: Robert Dickler
Albert Hanser
Greg Hart
Clint Hewitt
David Lentz
Peter Lynch, M.D.
Ted Thompson, M.D.

Not-present:
Leonard Bienias
Terrance Hill
William Jacott, M.D.

Staff: Giles Caver
Cliff Fearing
Mark Koenig
John LaBree, M.D.
Shannon Lorbiecki
Helen Pitt

Guests: Denny Brennan
Jon Weiner

CALL TO ORDER

Mr. David Lentz called the meeting to order at 11:15 a.m.

RENEWAL PROJECT

Mr. Dickler summarized the revised plan for reducing the scope of the Renewal Project. A decision has been made not to construct additional floors on top of Unit J. The Department of Psychiatry will reconfigure its programs within a bed capacity of 50. The programs will be accommodated in three patient care units: one existing Unit J Medical/Surgical Unit and 2 renovated areas in the Mayo building. A study is underway to determine if the Rehabilitation inpatient unit can be accommodated in Unit J. Potential relocation of the Obstetrics unit is on hold pending the outcome of discussion with Riverside Medical Center.

Adult and Pediatric Rehab therapies would be consolidated on Mayo 4. The planned expansion of operating rooms (OR) to accommodate ambulatory surgery within the inpatient ORs would move forward. The vacated Ambulatory Surgery Center would be remodeled to house Cystoscopy and Urology Clinic.

The Committee discussed the appropriate mechanism for conveying this information to the Board of Regents. A motion was seconded and passed to present this information to the Board of Regents for discussion.

MAJOR CAPITAL EXPENDITURES

Surgical Laser

Mr. Greg Hart Presented two major capital expenditures for information. The YAG surgical laser has a higher degree of both aim accuracy and surgical precision than earlier technology. The laser will provide a significant improvement in Neurosurgery and Otolaryngology.

In response to a question, Mr. Hart indicated that there is probably one hospital in the Twin Cities which has already acquired this technology.

MRI Upgrade Diagnostic Radiology

Mr. Hart also presented the plan to acquire an upgrade for the current 1.5 Tesla MRI system with a VAX 4000 Model 300 coast processor, disc drive, expansion board, and optical disc storage unit. This upgrade will improve patient throughput and image acquisition capabilities.

BMT PROGRAM - STEM CELL PROJECT

Mr. Hart presented the proposal for enhancement of the Bone Marrow Transplant (BMT) program through development and clinical application of stem cell technology. The project began in the basic research area with development of a technique for isolating stem cells from bone marrow and cultivating them for marrow transplantation. The project is currently at the stage of transition from basic research to clinical research. The capital cost of the project include \$350,000 for remodeling (half to be paid by the Hospital), \$527,000 for equipment acquisition, and \$400,000-\$450,000 per year for laboratory staff and supplies.

Mr. Hart informed the Committee that the stem cell project would be brought to the Board for information in April and for approval in May.

ADJOURNMENT

At 12:10 the business meeting was adjourned and a closed meeting was called to order to discuss strategic planning and marketing activities. At 12:35 the business meeting was called to order.

COMMITTEE WORK PLAN

Mr. Lentz briefly discussed the Committee's work plan. The objective for the year is to decrease the amount of time spent on more routine items to allow for more in-depth review of overall hospital strategy, external relations, and marketing.

EXTERNAL RELATIONS

Mr. Dickler reported that discussion continues with Riverside Medical Center regarding Obstetrics and Neonatology but no fundamental decisions have been made. The Hospital continues discussions with a number of physician groups regarding potential relationships.

ADJOURNMENT

There being no further business, the meeting was adjourned at 12:40 p.m.

Respectfully submitted:

Shannon L. Lorbiecki

Shannon L. Lorbiecki
Assistant Director
Secretary to the Board of Governors

UNIVERSITY OF MINNESOTA HOSPITAL AND CLINIC
CAPITAL EXPENDITURES
7-1-91 THRU 3-31-92

<u>RECURRING EQUIP & REMOD</u>	<u>BUDGET</u>	<u>ROLLFORWARD</u> <u>FROM 6-30-91</u>	<u>TOTAL</u>	<u>9-MONTH</u> <u>BUDGET</u>	<u>6-MONTH</u> <u>ROLLFORWARD</u>	<u>TOTAL</u>	<u>91-92</u> <u>ACTUAL</u>	<u>90-91</u> <u>ROLLFORWARD</u>	<u>TOTAL</u>
EQUIPMENT PURCHASES									
91-92 BUDGET	\$6,818,850		\$6,818,850	\$5,100,000		\$5,100,000	\$2,209,208	\$0	\$2,209,208
ROLLFORWARD		\$4,871,763	\$4,871,763		\$3,650,000	\$3,650,000	\$0	\$1,767,694	\$1,767,694
	\$6,818,850	\$4,871,763	\$11,690,613	\$5,100,000	\$3,650,000	\$8,750,000	\$2,209,208	\$1,767,694	\$3,976,902
REMODELING PROJECTS									
91-92 BUDGET	\$1,692,150		\$1,692,150	\$1,200,000		\$1,200,000	\$224,353		\$224,353
ROLLFORWARD		\$1,446,000	\$1,446,000		\$1,000,000	\$1,000,000		\$595,946	\$595,946
	\$1,692,150	\$1,446,000	\$3,138,150	\$1,200,000	\$1,000,000	\$2,200,000	\$224,353	\$595,946	\$820,299
	\$8,511,000	\$6,317,763	\$14,828,763	\$6,300,000	\$4,650,000	\$10,950,000	\$2,433,561	\$2,363,640	\$4,797,201
PRINCIPLE PAYMENTS									
LAB CHEMICAL ANALIZERS	\$126,841		\$126,841	\$94,078		\$94,078	\$88,390		\$88,390
CT SCANNER	\$71,575		\$71,575	\$71,575		\$71,575	\$71,575		\$71,575
COMPUTER EQUIP	\$139,517		\$139,517	\$139,517		\$139,517	\$139,517		\$139,517
MRI 2	\$462,648		\$462,648	\$343,749		\$343,749	\$343,749		\$343,749
	\$800,581		\$800,581	\$648,919		\$648,919	\$643,231		\$643,231
TOTAL:	\$9,311,581		\$15,629,344	\$6,948,919		\$11,598,919	\$3,076,792		\$5,440,432

BOND PAYMENTS: \$2,490,000 (PAYMENTS MADE FEB. 1, 1992)

<u>CAPITAL PROJECTS:</u>	<u>UMHC</u> <u>FUNDS FROM</u> <u>RESERVES</u>	<u>ADDITIONAL</u> <u>FUNDS FROM</u> <u>OTHER SOURCES</u>	<u>TOTAL</u> <u>BUDGET</u>	<u>1st QUARTER</u> <u>EXPEND.</u> <u>1991-92</u>	<u>2nd QUARTER</u> <u>EXPEND.</u> <u>1991-92</u>	<u>3rd QUARTER</u> <u>EXPEND.</u> <u>1991-92</u>	<u>CURRENT &</u> <u>PRIOR YEAR(S)</u> <u>EXPENDITURES</u>
(1) ARCHITECT FEES PH II				\$104,166	\$274,038	\$276,791	\$1,728,260
(1) OFFSITE RELOC.							\$10,516
(1) AUTOPSY	\$415,000		\$415,000	\$86,365	\$32,933	\$56,046	\$358,459
(1) OB INPT. (TEMP)	\$370,000		\$370,000	\$119,782	\$43,721	\$10,224	\$326,956
(1) REHAB THERAPY SAT.	\$240,000		\$240,000			\$6,554	\$6,554
(1) PYSCH. TEMP RENOV.	\$100,000		\$100,000			\$14,476	\$14,476
(1) UROLOGY TEMP.	\$100,000		\$100,000			\$3,618	\$3,618
BMT/ICU 4F	\$100,000		\$100,000	\$1,874	\$1,689		\$89,300
BONE MARROW TRAN. EXP.	\$220,000		\$220,000	\$8,900	\$116,071	\$174,945	\$303,383
NEURO-ANGIOGRAPHY SYST	\$1,900,000		\$1,900,000	\$1,345,114	\$73,928	\$346,988	\$1,796,030
CUHCC	\$1,800,000	\$550,000	\$2,350,000	\$15,036	(\$15,306)	\$46,266	\$2,269,030
COMPUTER UPGRADE	\$4,348,000		\$4,348,000	\$28,338	\$209,219	\$492,294	\$1,470,288
AF15 SOFTWARE LICENSE	\$783,000		\$783,000	\$782,157			\$782,157
HEART CATH ROOM	\$3,100,000		\$3,100,000		\$1,515,073	\$781,603	\$2,309,785
TOTAL	\$13,476,000	\$550,000	\$14,026,000	\$2,491,733	\$2,251,367	\$2,209,805	\$11,468,812

1.) THESE PROJECT COSTS ARE BUDGETED FOR IN THE \$37.62 MILLION RENOVATION PROJECT.

Planning & Dev. Committee Review:	May 27, 1992
Finance Committee Review:	May 27, 1992
Board of Governors Review:	May 27, 1992

MAJOR CAPITAL EXPENDITURE REPORT

EQUIPMENT:

PURCHASE PRICE:

\$200,000 for remodeling the Kidney Dialysis Unit and developing a pediatric area within the Unit.

DESCRIPTION:

Renovation of the Dialysis Unit.

The goals of the project are to create a separate identity for treatment of pediatric patients, to provide flexibility for use of all dialysis beds and to ensure an environment that will enhance the cooperative and effective use of the space.

Electrical, mechanical and patient communication systems will be upgraded, revised or replaced to meet the needs of the patients and code requirements. Aesthetic upgrades are included in the project.

The historical background leading to this project was initiated one year ago when the adult and pediatric dialysis programs were merged in one location. This merger was supported to increase efficiency and provide a cost effective program. As the adult and pediatric patient populations were merged the identified future goal was to develop a family centered care approach. This project responds to that goal.

Submitted By: Jeanne Jacobson
Title: Interim Associate Director

Approved By: *Jeanne Dick*
Title: *Senior Assn Director*
Director of Nursing

MINUTES
Finance Committee
Board of Governors
May 14, 1992

Attendance:	Present:	Edward Ciriacy, M.D. Robert Dickler Michael Dougherty Clifford Fearing Maria Gomez Albert Hanser Nellie Johnson Arthur Kydd Roger Paschke Vic Vikmanis
	Staff:	Giles Caver Joanne Disch, Ph.D. Greg Hart Nels Larson Shannon Lorbiecki

CALL TO ORDER

Ms. Nellie Johnson called the meeting to order at 3:35 p.m.

FISCAL YEAR 1993 OPERATING BUDGET

Mr. Clifford Fearing presented the Hospital's proposed operating budget for fiscal year 1993. Mr. Fearing said the budget proposal had been revised since the last board meeting on April 22. First, University Administration has not accepted UMHC's plan to reduce payment for fringe benefits by \$ 2 Million. Therefore, the 1992 - 93 expense budget will increase by the \$ 2 Million.. Second, University Administration decided not to reduce appropriations support to the Hospital by 3.5 percent, or \$543,000, and therefore, the Hospital decided to maintain support for graduate medical education, other allied health programs, and academic support. Third, the Hospital plans to restructure its debt and investments throughout the University and thus save \$ 2,794,000 annually. The net savings will enable the Hospital to reduce its planned rate increase from 8.0 to 5.9 percent. The budget as revised produces a margin of 2.1% (\$ 6.8 million) and incorporates an expense reduction for 1992 - 93 of \$ 11,250,000 from our 1991 - 92 expense base.

Following Mr. Fearing's presentation, Mr. Robert Dickler discussed the budget proposal. Mr. Dickler said the proposal was responsible and although he also hopes to further reduce expenses, the budget process is not the appropriate mechanism for doing so. He said the strategic planning process should result in strategic and operational changes and subsequent reductions in expenses.

Several members of the Finance Committee believed the Hospital's strategic position warrants further cost and price reduction measures. Mr. Dickler said the Hospital has the highest published rates in the community, with or without

an increase. Mr. Michael Dougherty proposed a 5.9 percent increase for fiscal year 1993 and no increase the following year. He said this measure would provide the requested increase this year and would force reductions next year following the completion of the strategic planning process.

Dr. Edward Ciriacy expressed concern about the Hospital's reliance upon interest income to fund operational expenses. He suggested the Hospital should wean itself off such income. Mr. Dickler reminded the Finance Committee it had promoted use of interest income to reduce the Hospital's reserves, but he agreed the Hospital should now consider ending this practice.

Mr. Dougherty suggested and Ms. Johnson asked Mr. Dickler and Mr. Fearing to present the Finance Committee later in the month with revised budget scenarios, illustrating both a 5.9 percent increase in fiscal year 1993 and no increase the following year, as well as a 3 to 4 percent increase in fiscal year 1993. Mr. Dickler and Mr. Fearing agreed to do so.

BOARD OF GOVERNORS' RESOLUTION ON UNIVERSITY FRINGE BENEFITS

Mr. Fearing presented a Board of Governors' resolution on University fringe benefits. He said University Administration had not accepted the Hospital's planned \$2 Million reduction in payments to the University, but had promised to resolve the issue during the 1992 - 93 final year. The resolution acknowledged the Hospital operates in a cost competitive environment and cannot tolerate excessive charges by University Administration. As such, the resolution encouraged University Administration to address the issue by January 1, 1993 and resolve it on the fiscal year 1994 budget.

Mr. Fearing indicated he would bring the resolution back to the Finance Committee for approval at its next meeting.

DEBT AND INVESTMENT RESTRUCTURING

Mr. Fearing presented the Hospital's plan to restructure its debt and investment. He said he had met with Mr. Roger Paschke, Mr. Michael Dougherty, Mr. Albert Hanser, and Mr. John Morrison to discuss such a restructuring, and they collectively developed the plan. The plan should decrease interest expenses by \$ 1,564,000 and increase interest income by \$ 1,220,000 annually for a net interest savings of \$ 2,794,000.

The Finance Committee endorsed the Hospital's debt and investment restructuring plan.

**ACCOUNTS RECEIVABLE EVALUATION
AND U-CREDIT**

Mr. Fearing provided an update regarding the external evaluation of the Hospital's accounts receivable. He said a consulting firm is assessing the accounts receivable operation and considering alternatives for the future. Specifically, the consultants are evaluating patient registration and admission, insurance billing and follow-up, patient collections, and billing for the Hospital and Interstate Medical Center.


In the area of patient collections, the Hospital is considering the development of what is being termed "U-Credit." U-Credit would establish interest bearing loans for unpaid bills and charge interest on the outstanding balances.

Mr. Fearing said he will continue to keep the Finance Committee informed of the ongoing evaluation of accounts receivable.

ADJOURNMENT

There being no further business, the Finance Committee meeting was adjourned at 5:00 p.m.

Respectfully submitted,


Giles Caver
Administrative Fellow

THE UNIVERSITY OF MINNESOTA HOSPITAL AND CLINIC
BOARD OF GOVERNORS FINANCE COMMITTEE
April 22, 1992

MINUTES

ATTENDANCE:

Edward Ciriacy, M.D.
Robert Dickler
Michael Dougherty
Clifford Fearing
Leo Furcht, M.D.
Nellie Johnson
Maria Gomez
Arthur Kydd
Margaret Matalamaki
John Morrison
Roger Paschke
Vic Vikmanis

Staff: Giles Caver
Greg Hart
Nels Larson
Shannon Lorbiecki
Joanne Disch
Sharon Weiss

CALL TO ORDER:

The meeting of the Board of Governors Finance Committee was called to order by Nellie Johnson, Finance Committee Chairperson, on April 22, 1992 at 12:30 P.M.

APPROVAL OF THE MINUTES:

The Board of Governors Finance Committee seconded and passed a motion to approve the Finance Committee minutes of the March 25, 1992 meeting as written.

JULY 1, 1991 THROUGH MARCH 31, 1992 FINANCIALS:

Mr. Cliff Fearing reported to the Finance Committee the month of March inpatient admissions totaled 1,617 which was 93 over budget; average length of stay was 7.1 days or 0.2 days below budget; patient days totaled 12,680 which were 93 days over budget. The March average daily census was 409, which was above the budgeted level of 406. Clinic visits for the month of March were reported to be 6.5% above budget.

The Hospital's year-to-date Statement of Operations showed expenses being greater than revenues by \$1,396,000, an unfavorable variance of \$5,160,000. Gross patient revenue was 1.6% below budget and operating expenditures through March were reported to be 2.5% below budget.

As of March 31, the balance of accounts receivable totaled \$109,873,000 and represented 101.4 days of revenue outstanding.

THIRD QUARTER, 1991-92 BAD DEBTS

Mr. Fearing reported the bad debts for the third quarter totaled \$530,135.27 represented by 1,749 accounts. Receivables amounted to \$1,782.14, leaving a net charge-off of \$528,353.13. This amount represents 0.56% of gross charges and compares to a budgeted level of 0.79%.

The Finance Committee seconded and passed a motion to endorse the Third Quarter, 1991-92 Bad Debt report as submitted.

1992-93 BUDGET:

Mr. Dickler presented to the Committee, for information, the 1992-93 Operating Budget. The 1992-93 Budget will be brought before the Committee in May for endorsement.

Mr. Dickler highlighted several factors taken into consideration when drafting the 1992-93 budget. 1) The HealthRight legislation will impose a 2% provider tax which will be passed through to payors by increasing our rate increase by an additional 1%. 2) Due to a second legislative item of a 3.5% reduction in University appropriations made by the state, we anticipate a \$540,000 reduction for UMHC. 3) We are seeking a \$2,000,000 reduction in payments to the University for such things as fringe benefits, utilities, maintenance and construction, and other goods and services. This represents 40% of approximately \$5,000,000 that UMHC is over assessed annually for these services. 4) Staffing reductions of approximately 140 FTE's by October 1, 1992 and reductions of \$750,000 to various supply and expense categories.

To provide appropriate margin for change, a 2% net gain for the Hospital was built into the budget. It was also recommended that if financial levels exceed the budget that 20% of the excess be turned over to the various academic units that help the Hospital reach it's financial goals. In addition, it was recommended that \$2,000,000 be set aside from reserves for special projects.

Mr. Fearing presented the UMHC 1992-93 Budget Letter explaining the assumptions used in developing the budget. The 1992-93 projections for admissions levels, length of stay and average daily census will decrease slightly from the current fiscal year while outpatient encounters are expected to increase. There is a reduction in ancillary service revenue due to a projected decline in inpatient admissions. It is projected that there will be an increase of 1.8% in expenditures for salaries, supplies and expenses.

Final approval of the 1992-93 Operations Budget will be sought from the Board of Governors in May and the Board of Regents in June.

BONE MARROW TRANSPLANT - STEM CELL PROJECT

Mr. Greg Hart presented to the Committee, for information, a proposal for enhancement of UMHC's Bone Marrow Transplant (BMT) program through development and clinical application of stem cell technology. The presentation of this proposal to the Board will be done in two segments over the next two months with business and financial aspects to be discussed at the May meeting.

It is probable that this project will be viewed both as an enhancement of a major patient care program and an investment in development of a proprietary technology. It was recommended that a special sub-committee be appointed to provide guidance to the potential commercialization of technology development opportunities of this nature.

MAJOR CAPITAL EXPENDITURES:

MRI Upgrade Diagnostic Radiology

Mr. Hart reported to the Committee, for information, a proposal to purchase a SP400 upgrade, to the current 1.5 Tesla System in the MRI Section of Diagnostic Radiology at a cost of \$115,000.

This upgrade will improve patient throughput and image acquisition capabilities of this system which will allow the Department to increase scheduled patients by at least one per day, as well as allow the Department to perform more complex, time consuming MRI scans.

The cost of this acquisition is included in this year's budget.

Surgical Laser

Mr. Hart reported to the Committee, for information, a proposal to purchase a 100 Watt ND YAG/20 Watt 532 Green Combination Surgical Laser at a cost of \$114,000.

Mr. Hart stated this laser will enhance the application of laser technology in several surgical specialties in the areas of Neurosurgery and Otolaryngology. In addition, this device would enable the O.R. to provide needed back-up for the older ND:YAG laser.

RENEWAL PROJECT:

Mr. Dickler presented to the Committee, for information, a detailed report of the reconfiguration of the Renewal Project as it will be presented for information to the Board at this month's meeting. Information was provided describing the components of the project, the previous and new budgets for each of the components, and a schedule for the project.

A total of \$23,000,000 is now being budgeted for the project compared to the previous approved \$37,600,000.

UMHC DEBT & INVESTMENT RESTRUCTURING:

Mr. Fearing presented to the Committee, for information, two recommendations for debt and investment restructuring.

It was decided to have several committee members meet with Mr. Fearing to look at restructuring options before a final presentation at the May meeting.

There being no further discussion, the April 22, 1992 meeting was adjourned at 2:15 P.M.

Respectfully submitted,

Clifford Fearing / SL

Clifford Fearing
Senior Associate Director

MINUTES
Joint Conference Committee
Board of Governors
April 21, 1992

Attendance:	Present:	Debbie Day, M.D. Phyllis Ellis Maria Gomez Margaret Matalamaki Robert Maxwell, M.D. Richard Price, M.D.
	Absent:	Amos Deinard, M.D. Robert Dickler Kristine Zualkernan
	Staff:	Giles Caver Joanne Disch, Ph.D. Keith Dunder Jean Harris, M.D. Shannon Lorbiecki
	Guests:	Bev Dorsey Nancy Green Sally Huntington Carol Letourneau Deb Spindler

CALL TO ORDER

Ms. Margaret Matalamaki called the meeting to order at 4:36 p.m.

APPROVAL OF THE FEBRUARY 25, 1992 MINUTES

The minutes of the February 25, 1992 meeting were approved as submitted.

QUALITY ASSESSMENT EDUCATION SESSION

Dr. Jean Harris introduced Ms. Carol Letourneau and Ms. Sally Huntington to review activities related to quality assessment education. Ms. Letourneau and Ms. Huntington are co-directors of the quality assurance services department. Dr. Harris said reactive, past approaches to quality assurance are being replaced by quality improvement processes.

Ms. Letourneau said quality assurance has become a continuous process of monitoring and evaluating health care delivery, and of addressing variances when they occur. She also said UMHC is involved in numerous interdisciplinary clinical research projects to evaluate physiological and quality of life outcomes. Furthermore, Ms. Letourneau said utilization review activities help clinicians evaluate the appropriateness of care for individual patients and supports UMHC's relationship with private, managed care payers.

Ms. Huntington then presented the report on "Total Quality Management and Continuous Quality Improvement at UMHC" dated November 1991. She said TQM and CQI are compatible with academic medicine and its mission to investigate, assess, and promote the results of clinical research. Ms. Huntington also discussed UMHC's TQM/CQI activities and results in cardiovascular services, solid organ transplantation, bone marrow transplantation, wound healing, work redesign, and intensive care units.

Dr. Harris promised to keep the Joint Conference Committee informed of future initiatives and results in TQM/CQI.

ANNUAL REVIEW OF HOME HEALTH CARE SERVICES

Ms. Bev Dorsey, director of ambulatory care, presented the annual review of home health care services. Ms. Dorsey said UMHC has experienced dramatic growth in home health care services during fiscal year 1992. In fact, visits have increased 19 percent since fiscal year 1991 and have increased in every department except one. Ms. Dorsey also said the clinics have increased referrals substantially.

Ms. Dorsey then presented the goals and objectives for home health care services during fiscal year 1993. Goals and objectives relate to increasing referrals, implementing a management information system, increasing productivity, expanding the geographic service area, working closer with Managed Care Initiatives, and proving the department's financial benefit to UMHC. Ms. Dorsey also presented recommended changes to some of the department's policies.

The Joint Conference Committee endorsed the proposed goals and objectives, and policy changes for home health care services.

MEDICAL STAFF-HOSPITAL COUNCIL REPORT: CREDENTIALS COMMITTEE RECOMMENDATIONS

Dr. Robert Maxwell presented the Credentials Committee recommendations. The recommendations were for approval of provisional status and clinical privileges, addition of clinical privileges and change in staff category, approval of leave of absence, reappraisal and reappointment following leave of absence, and acceptance of resignations.

The Joint Conference Committee endorsed the recommendations of the Credentials Committee.

QUALITY ASSURANCE STEERING COMMITTEE REPORT AND RECOMMENDATIONS

Dr. Harris presented the Quality Assurance Steering Committee report. She first reviewed the recommendations of last year's Quality Assurance Steering Committee Task Force. Then, Dr. Harris recommended changes to the quality management structure, emphasizing the need to improve management oversight.

The Joint Conference Committee endorsed the recommendations of the Quality Assurance Steering Committee.

UNIVERSITY HOSPITAL CONSORTIUM PATIENT-CENTERED CARE SURVEY

Ms. Nancy Green presented the University Hospital Consortium (UHC) Patient-Centered Care Survey Report. The survey was coordinated by UHC and involved 18 participating member hospitals. Ms. Green said the report's results reflected a generally positive patient impression of UMHC, though additional work must be done.

Ms. Green also said Hospital Administration is evaluating its future participation in similar surveys. She said she and Ms. Shannon Lorbiecki will visit with other participants later this month and solicit their opinions of the survey, its process, and results.

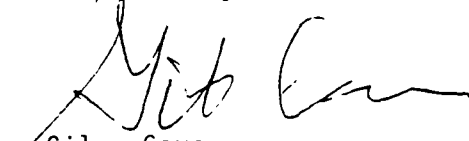
CLINICAL CHIEFS REPORT

Dr. Richard Price presented the Clinical Chiefs Report. Dr. Price said the Council of Clinical Chiefs has been paying considerable attention to state government's Health Right access legislation, and its expected impact on the Hospital and Medical School. He also said the Council has committed substantial amounts of time and energy to the joint Hospital-Medical School strategic planning process.

ADJOURNMENT

There being no further business, the Joint Conference Committee meeting was adjourned at 6:11 p.m.

Respectfully submitted,


Giles Caver
Administrative Fellow

UNIVERSITY OF MINNESOTA

The University of Minnesota Hospital and Clinic

Office of the Chief of Staff

*Box 707
Harvard Street at East River Parkway
Minneapolis, MN 55455
612-626-1945*

May 13, 1992

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 May 12 endorsed the attached Credentials Committee Report and Recommendations and forwarded this report to the Joint Conference Committee for their consideration on May 26.

I am forwarding these recommendations to you for your review and approval on May 27. I will report the outcome of the Joint Conference Committee's action at that time. If you should have any questions, please feel free to call on me.

REM/cf
Attachment

cred/BOG

UNIVERSITY OF MINNESOTA

The University of Minnesota Hospital and Clinic

Harvard Street at East River Parkway
Minneapolis, MN 55455

May 7, 1992

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.

<u>Department of Laboratory Medicine and Pathology</u>	<u>Category</u>
Killeen, Anthony A.	Attending Staff
<u>Department of Medicine</u>	
Niknam, Jamshid	Attending Staff-ER
Turner, Gail B.	Attending Staff
<u>Department of Neurology</u>	
Day, John W.	Attending Staff
<u>Department of Radiology</u>	
Andersen, Calvin F.	Attending Staff
Herrera, Marcos A.	Clinical Staff
Wadsworth, Deborah T.	Attending Staff

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

<u>Department of Laboratory Medicine and Pathology</u>	<u>Category</u>	<u>Jt. Appointment</u>
Ferrieri, Patricia	Attending Staff	Pediatrics

Delete: Department of Pediatric privileges: newborn blood exchange,
umbilical artery catheter, umbilical venous catheter

Addition and/or deletion of clinical privileges continued:

Department of Obstetrics
and Gynecology

Category

Fowler, Jeffrey M.

Attending Staff

Add: laparoscopic procedures: bilateral tubal salpingectomy, ovarian cystectomy, oophorectomy, salpingo-oophorectomy, salpingostomy, partial salpingectomy, adhesiolysis, appendectomy, peritoneal biopsies, pelvic and para-aortic lymphadenectomy, laparoscopic assisted vaginal hysterectomy.

LaValleur, June

Attending Staff

Add: laparoscopic procedures: bilateral tubal salpingectomy, ovarian cystectomy, oophorectomy, salpingo-oophorectomy, partial salpingectomy, adhesiolysis, appendectomy, peritoneal biopsies, pelvic and paraaortic lymphadenectomy, laparoscopic-assisted vaginal hysterectomy

Department of Pediatrics

Goodman, Denise M.

Attending Staff

Add: Diagnostic Tests: Subspecialty: Clinical Pharmacology-interpretations of adverse drug reactions; Pulmonary - bronchospasm evaluation
Therapeutic Procedures: General Peds - Shaldon's catheter placement; Subspecialty: Endocrinology - management of diabetic ketoacidosis, hyper-ammonemia, inborn errors of carbohydrate and amino acid metabolism, insulin-dependent diabetes mellitus; Intensive Care, Newborn - orotracheal/nasotracheal intubation, pericardiocentesis, respiratory assistance therapy, resuscitation; Pulmonary - assisted respiration, chronic respiratory insufficiency management; Renal - peritoneal dialysis

Moller, James H.

Attending Staff

New privilege form submitted

O'Dea, Robert F.

Attending Staff

Add: diagnose and treat inborn errors of metabolism, perform skin biopsies for fibroblast culture

Thompson, Theodore R.

Attending Staff

Delete: diagnostic tracheoscopy

Addition and/or deletion of clinical privileges continued:

Department of Radiology

Category

Day, Deborah L.

Attending Staff

Delete: aortography-all forms; hysterosalpingography; mammography; myelography; Nuclear Medicine-diagnostic and therapeutic; sialography

Goldberg, Marvin E.

Attending Staff

Delete: privileges relating to air studies, angiography, bronchography, discography, myelography, thermography, Nuclear Medicine

Hunter, David W.

Attending Staff

Add: percutaneous interventional-biopsies, fluid drainage, stone extration; angioplasty

Department of Surgery

Goodale, Robert L.

Attending Staff

Add: laparoscopic colectomy

Ward, Herbert B.

Clinical Staff

Add: therapeutic thoracoscopy

The following medical staff member has submitted an application and supporting documentation requesting change in staff category. The Committee has reviewed and considered this request and hereby recommends approval.

Department of Radiology

Present Category

Requested Category

Myers, Mark E.

Attending Staff

Clinical Staff

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.

Department of Anesthesiology

Category

Stuckey, Mark W.

Attending Staff

March 26, 1992

Regular appointments continued:

Department of Dermatology

Category

Meighan, Mary E.	Attending Staff	March 26, 1992
Rest, Ellen B.	Attending Staff	March 26, 1992

Department of Laboratory Medicine
and Pathology

Abenzoza, Pascual	Attending Staff	March 26, 1992
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Department of Medicine

Ginder, Gordon D.	Attending Staff	November 22, 1991
Glauber, James G.	Attending Staff	November 22, 1991
Hirsch, Alan T.	Attending Staff	November 22, 1991
Miller, Jeffrey S.	Attending Staff	November 22, 1991
Radford, James E.	Attending Staff	November 22, 1991
Verfaillie, Catherine M.	Attending Staff	December 26, 1991
Winston, Robert D.	Attending Staff	March 26, 1992

Department of Orthopedics

Putnam, Matthew D.	Clinical Staff	March 26, 1992
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Department of Surgery

Caldwell, Michael D.	Attending Staff	March 26, 1992
Horrigan, Terrence P.	Clinical Staff	March 26, 1992
Humphrey, Edward W.	Clinical Staff	March 26, 1992

The following Specified Professional Personnel-Psychology Staff have applied for appointment to the psychology staff and have requested clinical privileges. The Committee hereby recommends approval of these applicants and their requests for privileges.

Department of Neurology

Category

Klein, Kimberly A.	Attending Staff
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Department of Psychiatry

Troutman, Beth R.	Attending Staff
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The Committee recommends acceptance of the resignations of Medical Staff appointments from the following physicians.

Department of Medicine

Johnson, Thomas H. Attending Staff

Department of Pediatrics

McKay, Carolyn J. Clinical Staff
Miller, Laurie C. Attending Staff

Department of Psychiatry

Lentz, Richard D. Clinical Staff

Department of Radiology

Burbidge, Steven J. Attending Staff
Snider, Jon F. Attending Staff

HB/cf

UNIVERSITY OF MINNESOTA

The University of Minnesota Hospital and Clinic

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

May 20, 1992

TO: Members, Board of Governors

FROM: Mary Ellen Wells *M.E. Wells*
Associate Director

During the past year, the Hospital and the Department of Orthopaedics have studied the feasibility of consolidating Sports Medicine services into an off-site facility. At the same time, the Hospital explored the potential of moving related outpatient therapy services off-site to an adjacent location. The attached proposal outlines these efforts and concludes by recommending that the Board approve the leasehold improvements and equipment purchases that total \$650,000.

The proposed site for the programs is the FMC Building located near 35W and Washington Avenue. We recently learned that this space may be unavailable to the Hospital because another University unit could need it. To conserve time, we would like to move forward with your review of the proposal for informational purposes this month, and have approval next month pending the University's decision on the space.

Dr. Elizabeth Arendt and I will present this proposal and answer any questions you may have at your meeting next week. I look forward to seeing you then.

SPORTS MEDICINE INSTITUTE
PROPOSAL FOR OFF SITE LOCATION

SUMMARY

The University of Minnesota Hospital and Clinic proposes to lease 11,500 square feet of space on the fifth floor of the former FMC building to house a Sports Medicine Institute. The building, currently leased in its entirety by the University of Minnesota, gives the Sports Medicine program access and visibility to the University and the greater Twin Cities population, and provides strong links back to University services and operations.

Services provided will include general medical care for the athlete by a generalist and specialist faculty in orthopaedic surgery, physical therapy and occupational therapy. UMHC and the Department of Orthopaedics will continue to provide services to the student athletes of the University of Minnesota, and will continue to expand services to the greater Twin Cities population.

I. BACKGROUND

The University of Minnesota Hospital and Clinic (UMHC) established a Sports Medicine Institute in 1984 in a 2,000 square foot clinic in the Phillips Wangensteen Building (PWB). Because the space is too small to allow both physicians and therapists to practice together, the services there have been limited to physical therapy.

Since 1984, the Department of Orthopaedics (Orthopaedics) has focused its attention on developing expertise in the Sports Medicine arena. Orthopaedics provides medical direction for the University's student athletes. Although UMHC's sport medicine services have been received favorably, the lack of contiguous space for the physicians and therapists results in a disjointed program with limited potential for growth.

In the fall of 1989, the University of Minnesota Men's Intercollegiate Athletic Department indicated an interest in moving the medical care of the athletes from UMHC and Orthopaedics to community physicians. Because management and care of University athletes are important components of Orthopaedics' residency and training programs, and are a key component in marketing Sports Medicine services to the public, both Orthopaedics and the Hospital were greatly concerned about the potential of losing this business. Accordingly, they responded quickly, and instituted a number of changes that improved the way student athletes were handled:

- (1) Orthopaedics assigned a physician to provide medical oversight for all care provided the athletes at UMHC. The lines of communication between the Men's Intercollegiate Athletic Department and UMHC were strengthened, with the lead Sports Medicine physician assigned the task of identifying and correcting any perceived problems, concerns and obstructions to high quality care and service;
- (2) Inpatient units, clinics, the emergency room, and ancillary departments were geared up to handle the special needs of the student athletes; and,
- (3) Athletes were flagged in the Hospital's computer system, so that UMHC staff knew they were working with a student athlete;

To address concerns about accessibility and patient convenience, Orthopaedics and UMHC also began investigating the feasibility of opening a Sports Medicine Institute near the University campus. These actions persuaded the Men's Athletic

**Sports Medicine Institute
Off-site Location Proposal**

Department and University Administration to retain Orthopaedics and the Hospital as the medical provider for University athletes.

At the same time, UMHC's Department of Rehabilitation Services recognized the need for consolidating its outpatient services, and for improving accessibility for patients who needed only outpatient physical or occupational therapy. Since sports medicine necessarily includes rehabilitation therapy, and a significant portion of outpatient therapy referrals are from UMHC's Sports Medicine physicians, the scope of the Sports Medicine Institute investigation was broadened to include adjacent outpatient rehabilitation therapies.

The Hospital asked a firm of health planning consultants to assess existing university sports medicine/fitness programs, and identify programmatic and facility opportunities and needs. Their report recommends that the Hospital and Orthopaedics establish a freestanding Sports Medicine Center, offering consolidated services within that Center. Ideally, the Center would be on or near the Minneapolis University campus.

Based on these recommendations, UMHC and Orthopaedics agreed to continue to plan a Sports Medicine Institute, consisting of a medical clinic and related therapy services.

II. PROGRAM DESCRIPTIONS

A. SPORTS MEDICINE/MEDICAL

The Institute will function as a satellite operation of UMHC. The medical clinic will offer general oversight care related to sports injuries and orthopaedic specialty care. Sports Medicine physicians focus on injuries suffered most often by athletes, but provide services to any patient with such an injury, not only athletes. UMHC's Sports Medicine Institute will provide care for knee, ankle, shoulder and hand injuries.

Given the volume of X-Ray activity, The clinic will provide radiology services on site. The X-Ray unit will accommodate up to 95% of radiographs necessary for Sports Medicine practice. Laboratory specimens will be collected as needed and sent to UMHC Laboratories for testing.

The Institute enhances the Department of Orthopaedic's clinical activities, and will strengthen its residency program as well as its other academic programs. While some of the clinic's volume is activity that will be relocated from the Orthopaedics Clinic currently located in the Phillips Wangensteen Building, most of the activity is new business generated by physicians who are joining the Department during the 1992-93 academic year. Currently, new sports medicine patients are waiting up to six or more weeks to see a physician. As they build their practices, the new physicians will fill an immediate need for relieving over-booked schedules.

B. THERAPIES

Outpatient therapy services will be provided for the sports and other related orthopaedic patients. Currently, these services are provided in the Sports Medicine Institute on the sixth floor of PWB and in the Rehabilitation Services Department on the seventh floor of the Mayo Building. Patients travel back and forth between the sites depending on testing and equipment needs. Space

**Sports Medicine Institute
Off-site Location Proposal**

constraints in the current facility prohibit consolidation of the program into one area.

The therapy services will center around the needs of the sports medicine patient. Equipment and staffing are geared toward responding quickly and completely to the special needs of the injured athlete. However, much of the testing and exercise equipment used by the sports medicine patient is also used by other patients needing rehabilitation services. Therefore, to minimize duplication of equipment and staff, industrial rehabilitation services will be offered at this site. Services will include Functional Capacity Assessments, Special Purpose Assessments, Work Hardening, and Job Site Assessment. These services are now offered on the seventh floor of Mayo.

Outpatient pediatric care and adult neurologic and geriatric therapy will remain in the Health Sciences complex, since these services require specialized equipment also used by the inpatient population. Patients typically are wheelchair-bound, and have access to parking in the Mayo garage.

C. PROGRAM BENEFITS

UMHC and Orthopaedics will benefit substantially from relocation and expansion of the Sports Medicine Institute. The new patient visits generated by the Sports Medicine physicians will result not only in an increased outpatient population, but also in more admissions and surgeries. Typically, one admission or surgery results from every ten clinic visits. Inpatient sports medicine activity covers both direct and allocated indirect hospital costs.

The enhanced program will strengthen an already strong orthopaedic residency and training program. Thirteen percent of total orthopaedic admissions are for sports medicine procedures; 27% of Orthopaedics' metropolitan patients are admitted for sports medicine procedures. In addition, new programs for athletes, such as orthotics, management of knee pain, and gait analysis, can be pursued. The move off-site also will open up much-needed space on campus.

The move of some physicians to the Sports Medicine Institute will not have a negative impact on the Orthopaedics Clinic in the Phillips Wangenstein Building. Historically, the Orthopaedics Department has utilized clinic space to its maximum potential. In addition, the Department of Orthopaedics is adding a minimum of three new physicians to its staff in the next fiscal year. It anticipates that the renovated clinic on campus will not be able to accommodate the new faculty's clinic time requests. The expanded clinic availability, both off-site and on campus, will fill the immediate need to alleviate appointment backlogs and allow the new physicians to build their practices.

Consolidating the therapy and medical programs to one site will improve the quality of care, allow the services to offer extended hours, integrate services, and provide easier access both to physicians and therapists.

Currently, the diverse locations of outpatient services prohibit many staff efficiencies. In addition, the market demand for physical therapists is high nation-wide, making staff retention and recruitment a growing concern. Consolidating the services and related equipment in one location will increase efficiencies, allow the staff to carry a greater and more varied patient load, and provide a comfortable and interesting work site for valued employees.

Sports Medicine Institute
Off-site Location Proposal

III. LOCATION

Two alternatives were researched: leasing space or purchasing land and constructing a facility. Since (1) the program currently is not big enough to support a stand-alone facility, (2) the purchase of land and construction would take a minimum of two years, and space and program constraints dictate a more aggressive time line, and (3) no land or building of adequate size and appropriate purchase price is immediately available near the campus, the rental of space in an existing building is the preferred option.

After a diligent search, the former FMC building on 35W and Washington Avenue has been identified as the most appropriate location for the Sports Medicine facility. It is convenient and accessible, and it offers a good mix of amenities both for the staff and the patients.

The University of Minnesota has leased the building at 1300 South Second Street for five years, with an option to purchase the building or extend the lease for an additional five years. The building is six stories tall, and is used primarily for office space. The Sports Medicine Institute would occupy half of the fifth floor (11,500 square feet).

The building is an excellent blend of high visibility and good access for the general population, and has convenient links back to University services and operations. The building is part of the University's telephone system. An underground parking garage is available for staff at the University's monthly rates. The University operates a cafeteria on the first floor, and a shuttle runs between Mayo and the building every half hour.

Security services staff the building 24 hours a day, seven days a week. Over 100 parking spaces are available for patients and visitors directly adjacent to the building's first floor. Ramps and elevators make the building accessible for the handicapped. A number of conference rooms of varying sizes are available, as well as two large meeting rooms that share a large audio-visual facility.

Total leased space would equal 11,500 square feet: 2,800 square feet of clinic space, and 8,700 square feet of therapy space. Leasehold improvements are estimated at \$25 per square foot for all but the X-Ray room, and \$200 per square foot for the 500 square feet of X-Ray space.

IV. FINANCIAL PROJECTIONS

Financial projections for the two programs are attached. Exhibit A summarizes the assumptions used to develop the plan, including visit projections, staffing, clinic charges, deductions from charges, and leasehold improvement costs. The charges detailed in the exhibits are the clinic fees only, and do not include physicians' professional fees. UMHC and Orthopaedics have agreed that the combined clinic and professional fee will be competitive in the Twin Cities market, and have priced their separate fees accordingly.

Third party payers will see no difference in charging mechanisms from either UMHC or Orthopaedics. The Hospital is moving an already-existing program to a new location, and there is no need to negotiate new pricing structures or develop new contracts with any payer. The new Workers' Compensation legislation and changes in Medical Assistance reimbursement will have a negative impact on the level of reimbursement for approximately 29% of the clinic patients and 18%

**Sports Medicine Institute
Off-site Location Proposal**

of the therapy patients. This impact is reflected in increased deductions from charges detailed in Exhibit A, and reflected in the figures in Exhibits B and C.

Exhibit B is the five year financial projection for the medical clinic. The detailed expenses are UMHC expenses, and do not include physicians' salaries or Orthopaedic overhead. Using conservative estimates, the clinic will break even in the second year of operation. Exhibit C is the five year financial projection for therapy services. Therapies have a small loss in the first year, and achieve a 1% contribution margin (surplus over net revenues) by the second year.

Leasehold improvement expenses total \$375,000 -- \$217,500 for therapy space, and \$157,500 for the clinic. Equipment purchases total \$275,000 -- \$100,000 for radiology, \$100,000 for therapies, and \$75,000 for the clinic. The total initial capital outlay is \$650,000, which will be taken from reserves.

V. REQUIRED APPROVAL

Approval from the Board of Governors is required, since the total project exceeds \$600,000. Regental approval is not specifically required, since the project is included in the Hospital's capital budget.

EXHIBIT A

SPORTS MEDICINE INSTITUTE
BUDGET ASSUMPTIONS

VOLUME

Physician Volume:

Year One: 6,000 visits

Years Two through Five: 7,200 visits

Therapy Volume:

	<u>Yr 1</u>	<u>Yr 2</u>	<u>Yr 3</u>	<u>Yr 4</u>	<u>Yr 5</u>
Sports Medicine	8,247	8,904	9,076	9,250	9,428
Hand & Spine	4,913	5,172	5,275	5,381	5,488
Industrial Rehab	396	396	396	396	396
Industrial Consulting	72	96	96	96	96

STAFFING

Clinic:

Job Classification

Full Time Equivalent

	<u>Yr 1</u>	<u>Yr 2</u>	<u>Yr 3</u>	<u>Yr 4</u>	<u>Yr 5</u>
Manager	0.10	0.10	0.10	0.10	0.10
Clerical	1.20	1.20	1.20	1.20	1.20
Gen Staff Nurse	1.00	1.00	1.00	1.00	1.00
Lic Prac Nurse	1.00	1.00	1.00	1.00	1.00
Radiology Technician	1.00	1.20	1.20	1.20	1.20

Therapies:

Job Classification

Full Time Equivalent

	<u>Yr 1</u>	<u>Yr 2</u>	<u>Yr 3</u>	<u>Yr 4</u>	<u>Yr 5</u>
Manager	0.60	0.70	0.80	1.00	1.00
Physical Therapists	6.00	6.25	6.45	6.50	6.50
Occupational Ther	4.00	4.25	4.15	4.25	4.50
Clerical/Support	3.00	3.30	3.40	3.80	3.80

DEDUCTIONS FROM CHARGES

	<u>Yr 1</u>	<u>Yr 2</u>	<u>Yr 3</u>	<u>Yr 4</u>	<u>Yr 5</u>
Clinic:	30.37%	31.01%	31.64%	32.27%	32.90%
Therapies:	22.81%	23.20%	23.58%	23.97%	24.35%
Ind Rehab:	5.00%	7.00%	9.00%	11.00%	13.00%

LEASE EXPENSES

<u>LEASE COST (PER SQ FT)</u>	<u>Yr 1</u>	<u>Yr 2</u>	<u>Yr 3</u>	<u>Yr 4</u>	<u>Yr 5</u>
	\$13.13	\$13.51	\$13.91	\$14.33	\$14.77

COMMON SPACE SURCHARGE: 34% of lease

CLINIC SPACE: 2,800 square feet

THERAPY SPACE: 8,700 square feet

LEASEHOLD IMPROVEMENTS: \$25.00 per square foot

X-Ray (500 square feet) -- \$200 per square foot

DEPRECIATION

5 year straight-line depreciation on leasehold improvements

5 year straight-line depreciation on all equipment except X-Ray

10 year straight-line depreciation on X-Ray equipment

Depreciation expense increases 5% per year in anticipation of recurring equipment purchases

OTHER ASSUMPTIONS

CLINIC:

FACILITY/PROCEDURES CHARGE

Average Charge: \$36.00 year one; 7% increase yrs 2 through 5

X-RAY

Volume: One-third of patient visits

Average Charge: \$86.00 year one; 7% increase yrs 2 through 5

LABORATORY SPECIMEN COLLECTIONS

Volume: 5% of patient visits

Charge: \$7.00 year one; 7% increase years two through five

FRINGE BENEFITS

26% of salaries

THERAPIES:

PROCEDURES CHARGES

Average Charge, Year One:	Sports Medicine	\$ 65
	Biomechanical	\$ 106
	Hand	\$ 65
	Spine	\$ 85
	Ind Rehab	\$ 340
	Ind Consult	\$ 110

7% increase years two through five

FRINGE BENEFITS

25% of salaries

May 20, 1992

**SPORTS MEDICINE INSTITUTE
OFF-SITE CLINIC
FIVE YEAR FINANCIAL PROJECTION**

	<u>YEAR ONE</u>	<u>YEAR TWO</u>	<u>YEAR THREE</u>	<u>YEAR FOUR</u>	<u>YEAR FIVE</u>
<u>REVENUE</u>					
VISIT CHARGES	216,000	280,800	302,400	324,000	345,600
LAB (SPECIMEN COLLECTING)	2,100	2,646	2,790	2,934	3,082
RADIOLOGY	<u>172,000</u>	<u>220,848</u>	<u>232,848</u>	<u>252,845</u>	<u>270,544</u>
TOTAL GROSS REVENUE	390,100	504,294	538,038	579,779	619,226
DEDUCTIONS FROM CHARGES	(118,473)	(156,382)	(170,235)	(187,095)	(203,725)
SUBTOTAL NET REVENUE	271,627	347,912	367,803	392,684	415,500
HEALTH RIGHT TAX RECOVERY	<u>1,358</u>	<u>3,479</u>	<u>3,678</u>	<u>3,927</u>	<u>4,155</u>
<u>TOTAL NET REVENUE</u>	<u>272,985</u>	<u>351,392</u>	<u>371,481</u>	<u>396,611</u>	<u>419,655</u>
<u>EXPENSES</u>					
CLINIC PERSONNEL	139,241	154,962	162,706	170,851	179,411
FRINGE BENEFITS	<u>36,203</u>	<u>40,290</u>	<u>42,304</u>	<u>44,421</u>	<u>46,647</u>
<u>TOTAL PERSONNEL EXPENSES</u>	175,444	195,252	205,010	215,272	226,057

**SPORTS MEDICINE INSTITUTE
OFF-SITE CLINIC
FIVE YEAR FINANCIAL PROJECTION**

	<u>YEAR ONE</u>	<u>YEAR TWO</u>	<u>YEAR THREE</u>	<u>YEAR FOUR</u>	<u>YEAR FIVE</u>
NON-PERSONNEL EXPENSES					
Temporary Personnel	5,173	5,432	5,703	5,988	6,288
Rent	36,764	37,828	38,948	40,124	41,356
Surcharge on Common Space	12,500	12,862	13,242	13,642	14,061
Moving Expenses	2,475	0	0	0	0
Office Supplies	600	630	662	695	729
Medical/Linen Supp/Equip	6,600	8,316	8,732	9,169	9,627
Radiology Supplies	10,000	14,969	15,717	16,503	17,328
Continuing Education	500	525	551	579	608
Advertising/Marketing	2,500	2,625	2,756	2,894	3,039
Journals/Subscriptions	500	525	551	579	608
Educational Materials	500	525	551	579	608
Mail/Copy/Courier	5,400	5,670	5,953	6,251	6,564
Phone	1,600	1,680	1,764	1,852	1,945
Pager	300	315	331	347	365
Depreciation-- Equipment	25,000	26,250	27,563	28,941	30,388
Depreciation-- Leasehold Improvements	31,500	31,500	31,500	31,500	31,500
HealthRight Tax	<u>2,716</u>	<u>6,958</u>	<u>7,356</u>	<u>7,854</u>	<u>8,310</u>
TOTAL NON-PERSONNEL EXPENSES	144,628	156,610	161,880	167,496	173,325
TOTAL EXPENSES	<u>320,072</u>	<u>351,862</u>	<u>366,890</u>	<u>382,768</u>	<u>399,382</u>
SURPLUS/(DEFICIT)	(47,087)	(471)	4,591	13,843	20,273
CONTRIBUTION MARGIN	<u>-17.34%</u>	<u>-0.14%</u>	<u>1.25%</u>	<u>3.53%</u>	<u>4.88%</u>

**THE UNIVERSITY OF MINNESOTA HOSPITAL AND CLINIC
OFFSITE CLINIC**

**OUTPATIENT PHYSICAL THERAPY AND REHABILITATION
FIVE YEAR FINANCIAL PROJECTION**

	<u>YEAR ONE</u>	<u>YEAR TWO</u>	<u>YEAR THREE</u>	<u>YEAR FOUR</u>	<u>YEAR FIVE</u>
<u>REVENUE & VOLUME</u>					
<u>ACTIVITY</u>					
SPORTS MEDICINE THERAPY	546,937	634,824	682,588	749,360	809,866
HAND THERAPY	208,221	236,040	254,486	280,640	304,130
SPINE FITNESS THERAPY	145,350	163,800	178,092	194,792	212,010
MEDICAL EQUIPMENT AND SUPPLIES	<u>20,000</u>	<u>21,000</u>	<u>22,050</u>	<u>23,152</u>	<u>24,310</u>
TOTAL REVENUE -- THERAPY	920,508	1,055,664	1,137,216	1,247,944	1,350,316
INDUSTRIAL REHABILITATION	146,040	149,772	160,212	171,456	183,288
DEDUCTIONS FROM CHARGES -- THERAPY	(209,968)	(244,914)	(268,156)	(299,132)	(328,802)
DEDUCTIONS FROM CHARGES -- IND REHAB	<u>(7,302)</u>	<u>(10,484)</u>	<u>(14,419)</u>	<u>(18,860)</u>	<u>(23,827)</u>
SUBTOTAL NET REVENUE	849,278	950,038	1,014,853	1,101,408	1,180,975
HEALTH RIGHT TAX RECOVERY	<u>4,246</u>	<u>9,500</u>	<u>10,149</u>	<u>11,014</u>	<u>11,810</u>
<u>NET REVENUE</u>	<u>853,524</u>	<u>959,538</u>	<u>1,025,002</u>	<u>1,112,422</u>	<u>1,192,785</u>
<u>EXPENSES</u>					
PERSONNEL					
Manager	30,488	38,424	46,109	60,528	63,565
Physical Therapy	217,974	242,897	262,812	277,458	290,922
Occupational Therapy	134,597	154,441	158,382	170,314	189,379
Clerical and Office Staff	<u>72,181</u>	<u>82,002</u>	<u>88,287</u>	<u>103,192</u>	<u>108,364</u>
TOTAL SALARIES	455,240	517,764	555,590	611,492	652,230
FRINGE BENEFITS	<u>113,810</u>	<u>129,545</u>	<u>139,120</u>	<u>153,423</u>	<u>163,710</u>
TOTAL PERSONNEL EXPENSES	569,050	647,309	694,710	764,915	815,940

**THE UNIVERSITY OF MINNESOTA HOSPITAL AND CLINIC
OFFSITE CLINIC**

**OUTPATIENT PHYSICAL THERAPY AND REHABILITATION
FIVE YEAR FINANCIAL PROJECTION**

	<u>YEAR ONE</u>	<u>YEAR TWO</u>	<u>YEAR THREE</u>	<u>YEAR FOUR</u>	<u>YEAR FIVE</u>
NON-PERSONNEL					
Rent	114,231	117,537	121,017	124,671	128,499
Common Space Surcharge	38,839	39,963	41,146	42,388	43,690
Moving Costs	5,025	0	0	0	0
Office Supplies	2,500	2,678	2,869	3,012	3,226
Medical Supplies	32,000	34,272	36,705	39,311	41,245
Cont Ed & Travel	9,000	9,639	10,121	10,627	11,158
Marketing & Advertising	6,000	6,300	6,615	6,946	7,293
Journals & Subscriptions	1,500	1,575	1,654	1,736	1,823
Postage & Mailing	1,000	1,050	1,103	1,158	1,216
Courier Service	500	525	551	579	608
Phones	3,200	3,360	3,528	3,704	3,890
Pager	420	441	463	486	511
Depreciation on Equipment	20,000	21,000	22,050	23,153	24,311
Dep on Leasehold Improvements	43,500	43,500	43,500	43,500	43,500
Linen	600	630	662	695	729
Uniform Allowance	500	563	591	621	652
HealthRight Tax	<u>8,493</u>	<u>19,001</u>	<u>20,297</u>	<u>22,028</u>	<u>23,620</u>
TOTAL NON-PERSONNEL EXPENSES	287,308	302,034	312,872	324,615	335,971
<u>TOTAL EXPENSES</u>	<u>856,358</u>	<u>949,343</u>	<u>1,007,582</u>	<u>1,089,530</u>	<u>1,151,911</u>
SURPLUS/(DEFICIT)	(2,834)	10,195	17,420	22,892	40,874
<u>CONTRIBUTION MARGIN</u>	<u>-0.33%</u>	<u>1.06%</u>	<u>1.70%</u>	<u>2.06%</u>	<u>3.43%</u>

UNIVERSITY OF MINNESOTA

The University of Minnesota Hospital and Clinic

Harvard Street at East River Parkway
Minneapolis, MN 55455

May 20, 1992

TO: Board of Governors
FROM: Clifford P. Fearing
SUBJECT: Report of Operations for the Period
July 1, 1991 through April 30, 1992

The Hospital's operations for the month of April reflect inpatient census and outpatient encounters to be greater than budgeted levels.

INPATIENT CENSUS: For the month of April, inpatient admissions totaled 1,519 which was 14 over budgeted admissions of 1,505. Our overall average length of stay for the month was 7.3 days. Patient days for April totaled 11,325 and were 827 days under budget. The areas in which admissions were most significantly over budget were Medicine, Neurosurgery, and Family Practice. Admissions were significantly under budget in the areas of Gynecology, Pediatrics and Surgery.

OUTPATIENT CENSUS: Outpatient encounters (including CUHCC and Home Health) for the month of April totaled 32,213 which was 2,375, or 8.0%, more than budgeted visits of 29,838. CUHCC was 446 or 10.1% over budget and Home Health was 490 or 56.9% over budget. Other areas in which encounters were significantly over budget include Adult Psych, Ambulatory Surgery, Neurology, Sports Medicine, Family Practice, Heart Cath Lab (not budgeted for), and Rehabilitation. Rehabilitation includes Cardiac and Speech Rehab which were not budgeted for. Areas which were significantly under budget were Child Psych, Medicine/Endoscopy, and Radiation Therapy.

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>	
1,549	1,505	1,519	14	0.9	Admissions	15,246	15,301	15,086	(215)	(1.4)
11,824	12,152	11,325	(827)	(6.8)	Patient Days	121,822	123,976	117,238	(6,738)	(5.4)
8.2	8.1	7.3	(0.8)	(9.9)	Avg Length of Stay	8.0	8.1	7.8	(0.3)	(3.7)
394.1	405.1	377.5	(27.6)	(6.8)	Avg Daily Census	400.7	406.4	384.4	(22.0)	(5.4)
68.4	70.3	67.3	(3.0)	(4.3)	Percent Occupancy	69.5	70.6	67.8	(2.8)	(4.0)
30,160	29,838	32,213	2,375	8.0	Outpt Encounters	281,155	287,607	290,159	2,552	0.9

REPORT OF OPERATIONS
April 1992
PAGE 2

FINANCIAL OPERATIONS: The Hospital's Statement of Operations shows expenses being greater than revenues by \$662,000, an unfavorable variance of \$(5,056,000).

Patient care charges through April totaled \$309,632,000, which was 1.1% under budget. Ancillary revenue was \$1,928,000 (0.9%) above budget and routine revenue was \$5,314,000 (5.8%) below budget and reflects both our unfavorable inpatient and outpatient census variance. Inpatient revenue averaged \$16,202 per admission compared to the budgeted average of \$16,350. Outpatient revenue per outpatient encounter averaged \$225 per visit compared to the budgeted average of \$219.

Deductions from charges totaled \$82,871,000, which was \$5,675,000 (7.4%) over budgeted deductions of \$77,196,000. The variance is largely due to the Medicare and Medical Assistance programs where the average charges per case are higher than projected, thus resulting in higher than anticipated deductions. Other factors contributing to the variance include increased activity with Laboratory Outreach programs, increased write-offs associated with an increase in transplant activity, and increased contract activity from the Veterans Administration Hospital.

Operating expenditures through April totaled \$256,106,000 and were \$6,199,000 (2.4%) below budgeted levels of \$262,305,000. The overall favorable variance was primarily due to lower patient related costs (personnel, drugs and blood) and anticipated expenses that will not be incurred.

ACCOUNTS RECEIVABLE: The balance in patient accounts receivable as of April 30, 1992, totaled \$110,016,000 and represented 98.7 days of revenue outstanding. The overall decrease in patient receivables in April of 2.7 days is reflective of the decreased balance in Discharged but not Final Billed totals. This decrease is mainly due to the more efficient operation of the Outpatient Encounter Billing System.

CONCLUSION: The Hospital's overall operating position for the month of April was positive. Both increased patient volumes and reduced expenditure levels contributed to our favorable month outcome. We will continue to take appropriate actions with regard to our expenditure base to ensure at least a break-even financial position for the fourth quarter of the 1991/92 fiscal year.

**UNIVERSITY OF MINNESOTA HOSPITAL & CLINIC
SUMMARY STATEMENT OF OPERATIONS
FOR THE PERIOD JULY 1, 1991 TO APRIL 30, 1992**

	1991-92 Budgeted	1991-92 Actual	Variance Over/(Under) Budget	Variance %
Gross Patient Revenue	\$313,018,000	\$309,632,000	(\$3,386,000)	-1.1%
Deductions From Revenue	77,196,000	82,871,000	5,675,000	7.4%
Net Patient Service Revenue	235,822,000	226,761,000	(9,061,000)	-3.8%
Other Operating Revenue				
Appropriation & Support	11,150,000	10,966,000	(184,000)	-1.7%
Other Revenue	9,952,000	9,698,000	(254,000)	-2.6%
Total Other Revenue	21,102,000	20,664,000	(438,000)	-2.1%
Total Revenue From Operations	256,924,000	247,425,000	(9,499,000)	-3.7%
Operating Expenses:				
Salaries	105,799,000	103,210,000	(2,589,000)	-2.4%
Fringe Benefits	25,592,000	24,823,000	(769,000)	-3.0%
Contract Compensation	16,683,000	16,732,000	49,000	0.3%
Supplies And Services	58,871,000	57,747,000	(1,124,000)	-1.9%
Utilities And Maintenance	9,726,000	10,235,000	509,000	5.2%
General Supplies & Expense	15,811,000	14,060,000	(1,751,000)	-11.1%
Insurance	1,559,000	1,558,000	(1,000)	-0.1%
Depreciation & Amortization	16,192,000	15,244,000	(948,000)	-5.9%
Interest	9,587,000	9,830,000	243,000	2.5%
Provision For Uncollectibles	2,485,000	2,667,000	182,000	7.3%
Total Operating Expenses	262,305,000	256,106,000	(6,199,000)	-2.4%
Net Revenue From Operations	(5,381,000)	(8,681,000)	(3,300,000)	
Nonoperating Gains: Investment Income	9,775,000	8,019,000	(1,756,000)	-18.0%
Revenue And Gains In Excess Of Expense	<u>\$4,394,000</u>	<u>(\$662,000)</u>	<u>(\$5,056,000)</u>	
	1991-92 Budgeted	1991-92 Actual	Variance Over/(Under) Budget	Variance %
Admissions	15,301	15,086	(215)	-1.4%
Patient Days	123,976	117,238	(6,738)	-5.4%
Average Length Of Stay	8.1	7.8	(0.3)	-3.7%
Average Daily Census	406.5	384.4	(22.1)	-5.4%
Percentage Occupancy	70.6	67.8	(2.8)	-4.0%
Outpatient Encounters	287,607	290,159	2,552	0.9%

UNIVERSITY OF MINNESOTA HOSPITAL & CLINIC
 ADMISSIONS & AVERAGE LENGTH OF STAY (ALOS) BY SERVICE
 1990/91 AND 1991/92 COMPARISON

CLINICAL SERVICE	ADMISSIONS						AVERAGE LENGTH OF STAY			
	1990/91		1991/92		CHANGE % CHANGE		1990/91	1991/92	CHANGE	
	APR YTD	APR YTD	APR YTD	APR YTD	%	FROM	FROM	APR YTD		APR YTD
ACTUAL	BUDGET	ACTUAL	VARIANCE	VARIANCE	PRIOR YR	PRIOR YR	ALOS	ALOS		
ANESTHESIOLOGY	0	0	1	1		1		0.0	1.5	1.5
CLINICAL RESEARCH	313	335	250	(85)	-25.4%	(63)	-20.1%	3.4	3.0	(0.4)
DENTISTRY	5	5	3	(2)	-40.0%	(2)	-40.0%	0.6	2.3	1.7
ORAL SURGERY	48	41	63	22	53.7%	15	31.3%	1.5	1.5	0.0
DERMATOLOGY	12	12	12	0	0.0%	0	0.0%	4.2	6.4	2.2
FAMILY PRACTICE	32	20	100	80	400.0%	68	212.5%	4.3	3.4	(0.9)
GYNECOLOGY	1,130	1,198	945	(253)	-21.1%	(185)	-16.4%	4.9	4.6	(0.3)
MEDICINE	3,733	3,745	3,974	229	6.1%	241	6.5%	6.5	6.4	(0.1)
NEWBORN	290	302	275	(27)	-8.9%	(15)	-5.2%	2.4	1.9	(0.5)
NEUROLOGY	282	272	292	20	7.4%	10	3.5%	6.4	6.4	0.0
NEUROSURGERY	850	816	972	156	19.1%	122	14.4%	6.0	5.8	(0.2)
OBSTETRICS	462	468	431	(37)	-7.9%	(31)	-6.7%	3.0	3.0	0.0
OPHTHALMOLOGY	405	391	333	(58)	-14.8%	(72)	-17.8%	2.9	2.6	(0.3)
ORTHOPEDICS	920	920	978	58	6.3%	58	6.3%	5.6	5.4	(0.2)
OTOLARYNGOLOGY	342	341	309	(32)	-9.4%	(33)	-9.6%	4.4	4.2	(0.2)
PEDIATRICS	2,647	2,697	2,423	(274)	-10.2%	(224)	-8.5%	10.1	9.0	(1.1)
PHYSICAL MEDICINE & REHAB	171	177	155	(22)	-12.4%	(16)	-9.4%	18.0	19.1	1.1
PSYCHIATRY ADULT	679	656	634	(22)	-3.4%	(45)	-6.6%	13.8	14.7	0.9
PSYCHIATRY CHILD	64	52	70	18	34.6%	6	9.4%	22.8	25.9	3.1
RADIATION THERAPY	0	0	1	1		1		0.0	1.0	1.0
RADIOLOGY	27	21	16	(5)	-23.8%	(11)	-40.7%	1.4	1.4	0.0
SURGERY	2,370	2,412	2,382	(30)	-1.2%	12	0.5%	9.4	9.5	0.1
UROLOGY	464	420	467	47	11.2%	3	0.6%	4.8	4.9	0.1
TOTAL	15,246	15,301	15,086	(215)	-1.4%	(160)	-1.0%	8.0	7.8	(0.2)

UNIVERSITY OF MINNESOTA

The University of Minnesota Hospital and Clinic

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

May 20, 1992

TO: Members, Board of Governors

FROM: Robert Dickler *RJZ*
Hospital Director

SUBJECT: 1992-93 Employee Compensation Plan

Each year at this time we request Board approval of the employee compensation plan for the upcoming fiscal year. The purpose of this memo is to outline our recommendations for 1992-93, and to request your approval of these recommendations.

You will recall that our employees fall into several groups:

- (a) Our support service, health care nonprofessional, and clerical staff are represented by unions. We will be in the second year of existing collective bargaining agreements for these groups; thus no Board action is required for these employees.
- (b) Approximately 10% of our staff are in University dominated classes, that is, job classes where most of the employees in that class work elsewhere in the University. Pay plans for this group are set by the University. This group of employees will receive increase of 5.1% in 1992-93. Of this amount, 3% will be in the form of movement in salary ranges, and 2.1% will be in the form of progression increases.
- (c) We are recommending that increases for staff in Hospital-dominated classes generally average 5%. This includes both range changes and progression or "step" increases. There will be some classes which will receive slightly more than 5%, and some slightly less, based upon the marketplace.

The above 5% recommendation is made with several reference points in mind, including the Hospital marketplace, the University, and the existing collective bargaining agreements. The above recommendation can be financed within the assumptions built into the 1992-93 budget.

These increases would be effective July 1, 1992.

- (d) The Hospital's administrative staff were placed into a new system last year, the Hospital Administrative Personnel System (HAPS). We are also recommending that the increases for the HAPS group average 5% for 1992-93. We are currently in the process of developing 1992-93 performance criteria related to the potential bonus component of the HAPS plan, which would not be finalized until the first quarter of 1993.

We will likely be bringing additional compensation-related recommendations to the Board late this summer. We are currently reviewing possible changes in our sick leave and vacation systems. We are also considering recommendation of broader application of incentive based compensation systems, for 1993-94. Both would require Board approval prior to announcement or implementation.

Thank you for your attention to these recommendations.

/kj


UNIVERSITY OF MINNESOTA

The University of Minnesota Hospital and Clinic

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

May 22, 1992

TO: Board of Governors

FROM: Robert Dickler 
General Director

SUBJECT: 1992 - 93 Operating Budget for The University of Minnesota
Hospital and Clinic.

Enclosed for your review are summary operating budget schedules that show the effect of a change in our recommended rate increase for the 1992 - 93 fiscal year. The reconciliation schedule outlines the adjustments made to the budgeted operating statement presented to the Board of Governors for information on April 22, 1992.

Since the April 22, 1992 Board of Governors meeting, we have been informed by University Administration that the \$2,000,000 budgeted reduction in payments to the University is not feasible and that we will continue to be charged based on the current mechanisms for 1992 - 93. With that cost added back to our expense base, we now believe it is necessary to look at other expenditure reductions in order to maintain a desired total margin.

In last month's budget presentation, we had assumed that our appropriations support would be reduced by 3.5 percent along with all other University appropriation reductions. We have since learned that UMHC will not have its appropriations reduced by 3.5 percent (or approximately \$543,000) for 1992 - 93. While we will not incur any reduction in our appropriation levels, we also will not see any increase to cover inflationary costs. Because of this we believe it is necessary to hold our 1992 - 93 academic support at 1991 - 92 levels.

An additional factor with regard to next year's budget is the opportunity to restructure our debt and investments through the University. At the April Board of Governors Meeting, the Board asked management to adjust the budget for the proposed debt and investment restructuring. Since that time, a number of the members of the Finance Committee and Planning and Development Committee met and developed a debt and investment restructuring proposal. We have projected the interest expense savings to be approximately \$1,564,000 and the increase in investment earnings to be approximately \$1,220,000 from this proposal. For a combined benefit of \$2,794,000. Rather than having these savings to add to the bottom line, we believe they offer the opportunity to reduce our rate increase for 1992 - 93. The effect of these savings on our proposed rate increase is to reduce it from the 8.0 percent presented last month to 5.9 percent.

The changes outlined above, together with a 5.9 percent rate increase, will necessitate expense reductions for 1992 - 93 of \$ 11,250,000 from a normative roll forward 1991 - 92 expense base in order to yield a total margin of approximately 2.1 percent. We believe this level of price increase in conjunction with the reduced expenditures is prudent and achievable.

Given the changes outlined above it is our recommendation that the Board of Governors approve a 5.9 percent rate increase for 1992 - 93 to be implemented on July 1, 1992.

University of Minnesota Hospital and Clinic
 Budget Year Ending June 30, 1993
 Reconciliation Schedule

	1992/93 Budget
Revenue Over/(Under) Expenses @ 8% Rate Increase (April 22, 1992 BOG)	\$6,384,000
Increase in appropriations	543,000
Increase in academic/medical staff support	(140,000)
Debt and investment restructuring	2,794,000
Revised Revenue Over/(Under) Expenses Before Rate Reductions	\$9,581,000
Reduce rate increase to 5.9% to offset debt and investment restructuring gains	(2,794,000)
Revised Revenue Over/(Under) Expenses After Rate Reductions	\$6,787,000
Increase in fringe benefits expense payments to University of Minnesota	(2,000,000)
Cost reductions necessary to offset budgeted change in payments to the University of Minnesota	2,000,000
Revenue Over/(Under) Expense @ 5.9% Rate Increase	\$6,787,000

UNIVERSITY OF MINNESOTA HOSPITAL & CLINIC
SUMMARY STATEMENT OF OPERATIONS AND DETAILED OPERATING CASH FLOW

	1991/92 BOARD BUDGET	1991/92 SEASONALIZED PROJECTIONS	VARIANCE	% VAR	1992/93 BUDGET @ 5.9% RATE INCREASE	CHANGE	% CHANGE
Gross Patient Charges	\$375,569,000	\$368,884,000	(\$6,685,000)	-1.8%	\$381,972,000	\$13,088,000	3.5%
Deductions from Charges	92,622,000	96,815,000	4,193,000	4.5%	100,712,000	3,897,000	4.0%
Other Operating Revenue	25,321,000	25,278,000	(43,000)	-0.2%	27,482,000	2,204,000	8.7%
Total Operating Revenue	\$308,268,000	\$297,347,000	(\$10,921,000)	-3.5%	\$308,742,000	\$11,395,000	3.8%
Expenditures							
Salaries	\$126,698,000	\$123,907,000	(\$2,791,000)	-2.2%	121,561,000	(2,346,000)	-1.9%
Fringe Benefits	30,675,000	29,871,000	(804,000)	-2.6%	31,079,000	1,208,000	4.0%
Contract Compensation	20,030,000	20,250,000	220,000	1.1%	19,944,000	(306,000)	-1.5%
Medical Supplies, Drugs, Blood	66,583,000	64,477,000	(2,106,000)	-3.2%	69,569,000	5,092,000	7.9%
Campus Administration Expense	311,000	311,000	0	0.0%	327,000	16,000	5.1%
Depreciation	19,548,000	18,569,000	(979,000)	-5.0%	18,942,000	373,000	2.0%
Provisions for Uncollectables	2,982,000	3,179,000	197,000	6.6%	3,298,000	119,000	3.7%
General Supplies & Expense	47,779,000	46,572,000	(1,207,000)	-2.5%	46,608,000	36,000	0.1%
Total Expenditures	\$314,606,000	\$307,136,000	(\$7,470,000)	-2.4%	\$311,328,000	4,192,000	1.4%
Net Revenue from Operations	(\$6,338,000)	(\$9,789,000)	(\$3,451,000)	54.4%	(\$2,586,000)	\$7,203,000	-73.6%
Total Non-Operating Revenue							
Investment Income	11,557,000	9,531,000	(2,026,000)	-17.5%	9,373,000	(158,000)	-1.7%
Total Non-Operating Revenues	\$11,557,000	\$9,531,000	(\$2,026,000)	-17.5%	\$9,373,000	(\$158,000)	-1.7%
Revenue Over/-Under Expenses	\$5,219,000	(\$258,000)	(\$5,477,000)		\$6,787,000	\$7,045,000	
Add Non-Cash Outlays:							
Depreciation	19,548,000	18,569,000			18,942,000		
Campus Administration Expense	211,000	211,000			227,000		
Loss on Disposal of Assets	64,000	18,000			18,000		
Increase in Accrued Interest	(165,000)	25,000			(716,000)		
Increase in Accrued Expense	5,162,000	1,356,000			1,874,000		
Decrease in Other Receivables	90,000	(3,990,000)			323,000		
Transfer from Reserves for Interstate Medical Loans		4,268,000			0		
Total Funds Provided	30,129,000	20,199,000			27,455,000		
Funds Applied							
Increase in Accounts Receivable	2,673,000	4,917,000			(1,861,000)		
Increase in Appropriations Receivable	(14,000)	(191,000)			159,000		
Increase in Prepaid Expense	90,000	(44,000)			127,000		
Increase in Inventories	565,000	402,000			423,000		
Increase in Investments	779,000	911,000			1,035,000		
Capital Obligations:							
Principal Payments on Debt and Equipment	3,555,000	3,367,000			3,336,000		
Recurring Equipment and Renovation	8,511,000	8,511,000			8,200,000		
Interest Income Committed to Capital Plan	8,909,000	7,911,000			7,651,000		
Total Funds Applied	25,068,000	25,784,000			19,070,000		
Total Cash Available from Operations	\$5,061,000	(\$5,585,000)			\$8,385,000		

UNIVERSITY OF MINNESOTA

The University of Minnesota Hospital and Clinic

Harvard Street at East River Parkway
Minneapolis, MN 55455

May 21, 1992

TO: Members, Board of Governors

FROM: Robert Dickler *RD*
Hospital Director

SUBJECT: Stem Cell Project

The Board of Governors heard a presentation last month from Dr. Philip McGlave on a project to initiate a laboratory for stem cell selection and cultivation and to begin stem cell transplantation as part of the bone marrow transplant program at UMHC. We are requesting Board approval for initiation of the project this month.

Following the attached narrative project proposal is a financial analysis of the potential investment in the project. This analysis tests out the project investment using conservative assumptions against a target 8% return on investment rate over a five year period. The conclusion of the analysis is that the project meets this investment threshold.

The opportunities and risks of this investment, beyond those specifically identified in the proposal and analysis, are summarized in the following paragraphs.

The analysis is conservative, and thus there are additional opportunities for return on investment, from the following perspectives:

1. The volume experienced could be substantially above that estimated. For example, there are 50,000 new cases of Stage IV breast cancer each year. The analysis assumes a maximum of 20 transplants per year are done. If the volume projections in the analysis are exceeded, the return on investment increases dramatically.
2. The expense estimates for the additional transplant procedures are "fully loaded", and assume 100% variable or incremental expense increases for both direct and indirect costs of the BMT program. This level of actual expense increase is unlikely.
3. There is no positive spillover effect in other volumes assumed from the enhanced reputation the stem cell project will hopefully bring to the BMT program.
4. There is no financial benefit assumed from the potential commercialization of the technology. If potential commercial value were to be realized, it would add significantly to the investment return.

The primary risks associated with the project include:

1. The stem cell selection and cultivation techniques may not work, and the investment in the laboratory would be lost.
2. The volumes projected may not be achieved, and/or reimbursability of the procedure may not be established.
3. The clinical application of the technology, i.e., actual stem cell transplantation, may prove to be unsuccessful.
4. Other institutions may establish themselves earlier or with greater effectiveness.

Our recommendations are that the Board of Governors approve the project as follows:

- A. The initial capital expenditures for equipment and remodeling, should be approved in the amounts of \$ 527,000 for equipment and \$ 350,000 for remodeling. (of the latter amount, 50% will be provided from non-hospital sources.)
- B. The operating expenses for the lab (salaries, supplies, etc.) be authorized for 1992 through early 1994, as outlined in the schedule on projected research expenditures.
- C. Hospital administration and Dr. McGlave should provide the Board with a project status report in early 1994, addressing the status of the technology, clinical application and outcomes, and financial status.
- D. Hospital administration should seek advise from some of the Board members on commercialization strategies and should provide the Board with updates on the status of possible commercialization of the technology over the coming months.

Because of the strategic and marketing implications of this project, and because of the potentially trade secret nature of the technology, this material is sent to you under confidential cover and will be discussed in closed session at the committee meetings and the full Board meetings. We look forward to answering your questions at that time.

HUMAN BONE MARROW STEM CELL PROJECT

Philip McGlave, M.D.

INTRODUCTION

The human bone marrow stem cell has the capability to produce red blood cells which carry oxygen throughout the body, white blood cells which defend the body against infection and platelets which facilitate blood clotting. The stem cell also has the unique capacity to replicate itself, thereby providing a long lasting reservoir of stem cells to sustain blood production throughout the human life span. The stem cell represents only approximately one in one million cells in the human bone marrow. We have recently developed laboratory methods to select human bone marrow stem cells. After further development of this technology, stem cell selection can be applied to the treatment of human diseases under several different circumstances . General application of stem cell selection technology include:

Stem Cell Transplantation. In a variety of lethal human diseases including acute leukemias, chronic leukemias, lymphomas, metastatic breast cancer and other cancers, normal human stem cells co-exist with malignant cells in the bone marrow. Selection and storage of benign stem cells permits treatment of the patient with very high doses of chemotherapy and radiation. Subsequently the patient is "rescued" by reinfusion of the patient's own stem cell population in a procedure termed "stem cell transplantation." Stem cell transplantation has several advantages over currently available donor bone marrow transplant approaches: It is unnecessary to locate a donor, older patients can be transplanted, side effects, inpatient hospital stay and mortality are markedly diminished. These features of stem cell transplantation will dramatically increase the number of patients eligible for potentially life saving therapy and will reduce the cost of the procedure. The number of patients presenting with diseases potentially aided by stem cell transplantation therapy exceeds 100,000 per year in the United States.

Cultivation of stem cell products in the laboratory. Human stem cells have the capacity to differentiate into formed, mature blood cells. With the development of laboratory stem cell cultivation techniques, it can be envisioned that stem cells will be used not only for stem cell transplantation, but to serve as a "blood factory" in which relatively small numbers of stem cells properly stimulated, supported and cultivated in the laboratory will provide a never ending source of "stem cell products" such as red cells, white blood cells and platelets suitable for transfusion therapy. Cultivation of a small number of an individual's own stem cells in the laboratory for subsequent transfusion therapy will markedly reduce the expensive, inconvenient and sometimes futile effort to locate properly ABO-matched blood donors and will eliminate the risk of HIV (AIDS), hepatitis virus and other infections currently associated with transfusion therapy. Stem cell products will last longer in the body than blood products currently obtained from donors. Stem cell products will also have an indefinite shelf life since, unlike blood products currently obtained from donors, they can be frozen. The number of red blood cell and platelet transfusions administered in 1991 at the University of Minnesota hospital using current donor sources is 78,500. Ultimately, the stem cell selection and cultivation technique may obviate the need to locate donors as a source for many of these blood products.

Gene therapy. In a number of lethal diseases, strategies have been developed in which gene insertion into stem cells will either correct the underlying condition directly or will provide a survival advantage for stem cells which will indirectly facilitate therapy. Well known examples of such conditions include sickle cell anemia, thalassemia, the leukemias, the lymphomas, metastatic breast cancer and a variety of other metastatic malignancies. Further development of such treatment strategies is dependent on the ability to select human stem cells which can then be subjected to gene insertion technology.

Summary. We have already developed and published pioneering methods for the selection of human bone marrow stem cells. These studies have been performed in a basic research laboratory using small numbers of cells. In order to continue our lead in the development of stem cell selection techniques for clinical purposes, it is necessary to "scale-up" the stem cell selection methods. This "scale-up" effort is the object of this proposal and is intended to develop safe, efficient means for the selection of human stem cells in sufficient quantities to perform stem cell transplantation as innovative, curative therapy for leukemias, breast cancer and other conditions described above. The specific project as well as a budget and time table for the development of the large scale stem cell selection and initiation of clinical trials are described below.

PROPOSAL

Introduction. We have developed a laboratory method for the selection of stem cells from human bone marrow. We propose to modify these current techniques in order to provide a safe, efficient, reproducible, laboratory-based method for the selection of sufficient numbers of stem cells which can be used for human therapy.

Specific Project. Benign stem cells will be obtained from the bone marrow of patients with chronic myelogenous leukemia or breast cancer in sufficient quantities to allow stem cell transplantation therapy for these lethal diseases. The project will have three components which will be performed in parallel:

Project I: Scale-up of stem cell selection. A series of modifications of our current small scale, laboratory-based technique for selection of benign stem cells from the bone marrow of patients with CML or breast cancer will be performed to increase the yield of benign stem cells suitable for transplantation. As each modification is made, laboratory tests will be performed to ascertain that a viable benign stem cell population is being preserved.

Project II: Laboratory cultivation of mature blood cells from benign stem cells. Benign stem cells will be selected and cultivated in the laboratory to produce large numbers of blood cells suitable for infusion into the patient following stem cell transplantation. These cultivated stem cells will provide a large population of white blood cells needed to sustain the patient in the early course of the transplant. Modifications in our current methods for cultivation of such blood cells from the stem cell population will be made in order to scale-up the procedure. As each modification is made, the resultant stem cell products will be tested for their viability and benign nature.

Project III: Production of monoclonal antibodies to recognize human stem cells. Mouse antihuman monoclonal antibodies which recognize human stem cells will be manufactured. The characterization of one or more such monoclonal antibodies will greatly increase the efficiency of future stem cell selection approaches and may have great proprietary value.

Time course: We anticipate that the first human transplants using stem cell selection will be performed within 6–12 months after funding of the project, occupation of the stem cell laboratory and procurement of all necessary equipment. Should initial stem cell transplants be performed successfully, we anticipate pilot studies testing the efficacy of stem cell transplantation in the therapy of CML and, subsequently, breast cancer will be well underway within 24 to 36 months after initiation of the project.

Additional use of stem cell selection techniques. We anticipate that the stem cell selection and cultivation approaches described above will be applicable not only to therapy of chronic myelogenous leukemia and breast cancer with stem cell transplantation as described in Project I above, but to therapy of a variety of other cancers as well. Preliminary discussions are underway to initiate a similar study in the treatment of malignancies such as small cell cancer of the lung. These stem cell selection techniques will also be useful for clinical studies testing the efficacy of gene insertion currently in the early planning stages within the University of Minnesota Bone

Marrow Transplantation group. We anticipate that the stem cell cultivation techniques also to be developed in the project described above (Project II) will be applicable in a variety of transfusion therapy settings to be tested on our inpatient bone marrow transplantation unit and on the hematology/oncology inpatient treatment units.

IMPACT ON THE UNIVERSITY OF MINNESOTA MEDICAL CENTER

As described above, stem cell selection techniques may lend themselves to innovative therapy for a variety of diseases. Three examples in which stem cell selection might have a major impact on the visibility of the University of Minnesota Medical Center as well as a direct impact on patient accrual are presented below:

Stem cell transplantation therapy for CML. Approximately 46 patients received bone marrow transplantation therapy for CML at the University of Minnesota in 1991. The majority of these patients received related or unrelated donor transplantation. It has been estimated that only 50% of patients referred with CML are candidates for donor bone marrow transplantation because of restrictions in donor availability and applicability of donor transplantation to older recipients. Autologous bone marrow transplantation using stem cell selection techniques obviates the need for matched donors and considerably increases the recipient age limit. After adjustment for these factors, it is anticipated that within two to four years an additional 25–50 patients per year would be eligible for stem cell transplant relying solely on our current referral sources. Additional accrual might be expected if implementation of stem cell transplantation therapy and publication of results increased awareness of the University of Minnesota Bone Marrow Transplantation Program. After scale-up of the stem cell selection process, clinical trials of stem cell transplantation therapy for CML will be performed at the University of Minnesota.

Stem cell transplantation therapy for breast cancer. A second use for stem cell selection therapy would be in the case of stem cell transplantation for breast cancer. Here, selection of the benign

stem cell population coupled with high dose chemotherapy and radiation might prove to be highly effective therapy for this otherwise lethal condition. Approximately 40,000 women per year are diagnosed with stage IV breast cancer. Currently, no curative therapy exists for this condition. Implementation of clinical trials testing the efficacy of this novel and promising approach would be expected to increase visibility of the University of Minnesota Medical Center and Bone Marrow Transplantation Program markedly throughout the nation and to provide a virtually unlimited number of referrals for transplantation therapy as well spill over for other forms of therapy for breast cancer. Preliminary discussions are currently underway to initiate stage IV breast cancer stem cell transplant trials at the University of Minnesota.

Cultivation of stem cells in the laboratory for transfusion therapy. Development of methods for the cultivation of immature blood cells from a small stem cell population ("stem cell products") in the laboratory has important ramifications for transfusion support of patients undergoing high dose chemotherapy. Under such circumstances, a small population of stem cells could be selected from the bone marrow or peripheral blood of patients anticipating subsequent chemotherapy. Large numbers of cultivated stem cell products could be frozen and stored. Following high dose chemotherapy, the stem cell products could be thawed and reinfused to support patients during the period of anemia, low white count and low platelet counts. This would decrease dramatically the need for blood transfusions from donors. This benefit, in turn, would diminish the risk of infection from HIV (AIDS), hepatitis and other blood borne virus infections, would diminish dependency on the Red Cross blood donor network and might markedly diminish the length of hospital stay for patients receiving chemotherapy in the bone marrow transplant or anticancer setting. These stem cell products could be used by many of the approximately 1000 patients per year who receive marrow suppressive chemotherapy for a variety of malignancies at the University of Minnesota.

Proprietary interests. The funding and implementation of the proposed stem cell project for selection and cultivation of human hematopoietic stem cells will most probably result in the development of novel devices and biological substances with proprietary value. These devices may fall into at least two categories: 1) Devices for cultivation of stem cells in the laboratory may be invented. One novel device call the "Transwell system" has already been developed in our laboratory and will allow efficient cultivation of stem cells and stem cell products. Development of this device may lead to more efficient methods for the cultivation of blood products in the laboratory and for gene insertion. A patent application has been filed by our research group for this invention. 2) Our ability to isolate and cultivate human hematopoietic stem cells will allow us to apply conventional monoclonal antibody production techniques in order to create novel monoclonal antibodies which recognize receptors on the surface of human hematopoietic stem cells. We anticipate that one or more such novel monoclonal antibodies will be produced over the next 3 years if the proposed stem cell project is funded. Such monoclonal antibodies may allow us to develop a "one step" selection method for human hematopoietic stem cells to replace our current "four step" method. This would be a significant improvement in stem cell selection technology. Such novel monoclonal antibodies would be patented and would be expected to have a very high proprietary value.

COMPETION FOR STEM CELL TRANSPLANTATION

Introduction

Several bone marrow transplantation centers in the United States are developing the capability to perform stem cell transplantation. A brief description of these programs is provided:

M.D. Anderson Cancer Center (Houston). The M.D. Anderson Cancer Center is now rapidly developing a stem cell transplantation program based on basic research observations made at the University of Minnesota. They have developed their own monoclonal antibodies to recognize human stem cells and have actually begun a pilot study testing efficacy of a partially purified stem

cell population in autologous bone marrow transplantation. A more complete stem cell selection process similar to the one which is envisioned at the University of Minnesota will not be put in place at M.D. Anderson for at least 12–18 months. We can anticipate that the bone marrow transplantation program at M.D. Anderson will provide vigorous competition for us in the area of stem cell transplantation. This effort has been aided by their ability to focus a great deal of support on the development of stem cell transplantation over the last 12 months. This bone marrow transplantation program is rapidly becoming a major competitor for the University of Minnesota.

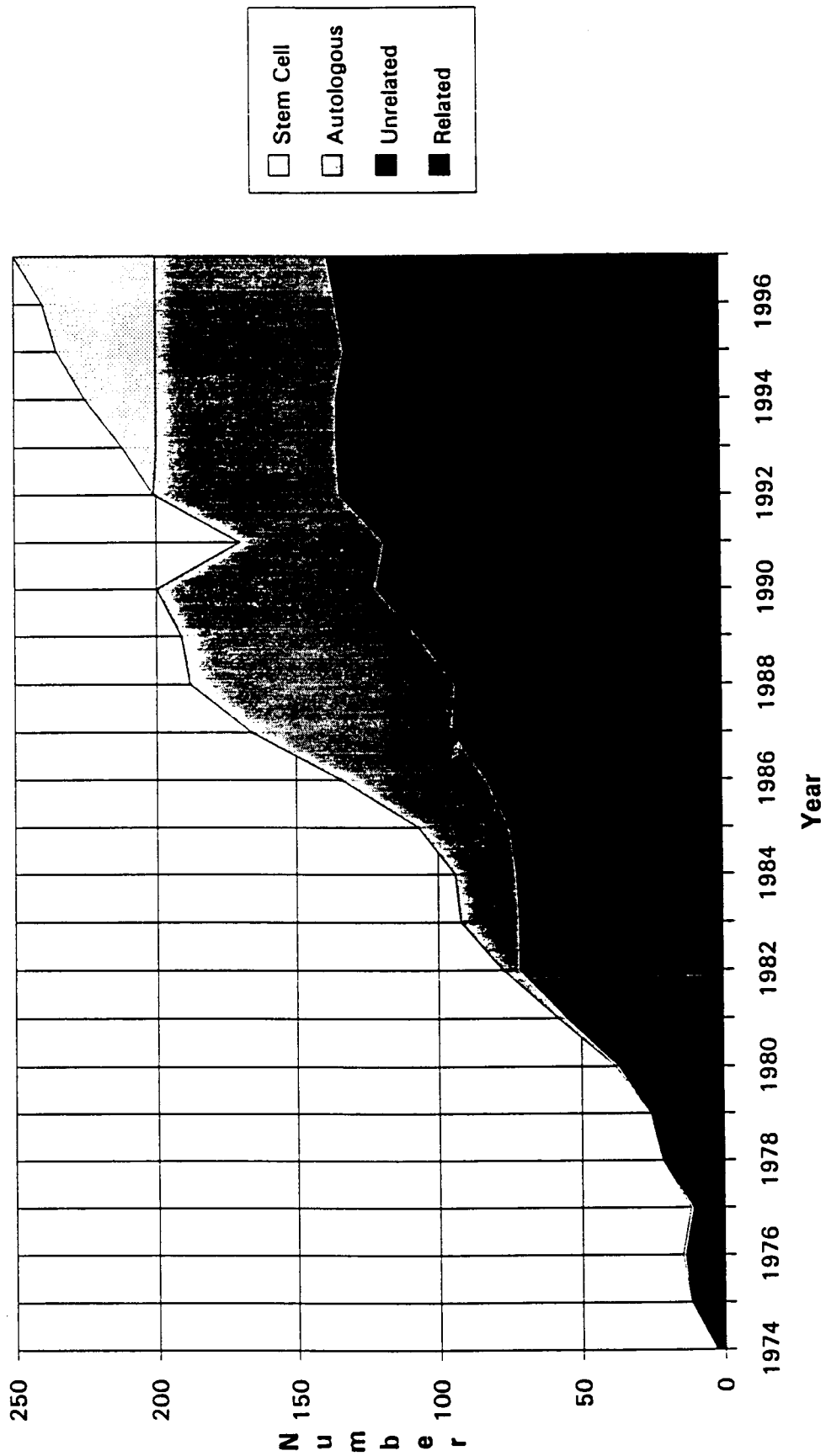
Stanford University Bone Marrow Transplantation Program (Palo Alto). The Stanford group has been a leader in the development of stem cell selection in the mouse model. They have recently focused their efforts on selection of a human stem cell. With the advent of a viable bone marrow transplantation program at Stanford over the last three years, basic and clinical researchers at Stanford have united in a common attempt to perform human stem cell transplants. We can anticipate that Stanford will perform a small number of well publicized stem cell transplants within the next 12–18 months. Should these transplants be successful, Stanford will become a major competitor in the area of stem cell transplantation.

Memorial Sloan Kettering Cancer Center (New York). The Memorial Sloan Kettering group has been interested in stem cell selection for at least three years. They are currently developing a method for selection of human bone marrow stem cells for subsequent stem cell transplantation and will undoubtedly initiate clinical stem cell transplant pilot studies.

Fred Hutchinson Cancer Research Center (Seattle). The Seattle bone marrow transplantation program has been interested in basic stem cell research for over five years. They are quite capable of developing clinical stem cell transplantation approaches. They have already performed a small pilot study testing the efficacy of transplantation therapy using partially purified stem cells in the treatment of advanced breast cancer. It can be anticipated that the Seattle group will initiate stem

cell transplantation within the next three to five years, if not sooner. The Seattle transplantation program is our chief competitor in the area of related and unrelated donor bone marrow transplantation and is the only bone marrow transplant program in the world which is larger than our own.

Projected Bone Marrow Transplants by Donor Type



**STEM CELL PROJECT
PROJECTED RESEARCH EXPENDITURES**

19 - May - 92

	1992	1993	1994	1995	1996	1997	Total
Personnel:							
Senior Scientist (1 FTE)	\$18,375	\$38,588	\$40,517	\$42,543	\$44,670	\$46,903	\$231,595
Junior Scientists:							
CML (3 FTE)	\$37,800	\$79,380	\$83,349	\$87,516	\$91,892	\$96,487	\$476,425
Breast Cancer (1 FTE)	\$12,600	\$26,460	\$27,783	\$29,172	\$30,631	\$32,162	\$158,808
FACS (1 FTE)	\$12,600	\$26,460	\$27,783	\$29,172	\$30,631	\$32,162	\$158,808
Total Salary	\$81,375	\$170,888	\$179,432	\$188,403	\$197,824	\$207,715	\$1,025,636
Fringe Benefits	\$24,006	\$51,266	\$54,727	\$57,463	\$60,336	\$63,353	\$311,151
Total Payroll	\$105,381	\$222,154	\$234,159	\$245,867	\$258,160	\$271,068	\$1,336,787
Supplies							
Laboratory Supplies	\$102,675	\$217,671	\$230,731	\$244,575	\$259,250	\$274,805	\$1,329,707
FACS Supplies:							
Inventory	\$10,000	\$0	\$0	\$0	\$0	\$0	\$10,000
Miscellaneous	\$5,000	\$5,300	\$5,618	\$5,955	\$6,312	\$6,691	\$34,877
Other Supplies	\$500	\$1,060	\$1,124	\$1,191	\$1,262	\$1,338	\$6,475
Total Supplies	\$118,175	\$224,031	\$237,473	\$251,721	\$266,825	\$282,834	\$1,381,059
Depreciation							
Building Remodeling	\$17,500	\$35,000	\$35,000	\$35,000	\$35,000	\$35,000	\$192,500
FACS	\$22,000	\$44,000	\$44,000	\$44,000	\$44,000	\$22,000	\$220,000
Elutriator	\$6,000	\$12,000	\$12,000	\$12,000	\$12,000	\$6,000	\$60,000
Other Equipment	\$9,813	\$19,625	\$19,625	\$19,625	\$19,625	\$19,625	\$107,938
Office Furniture	\$337	\$674	\$674	\$674	\$674	\$674	\$3,704
Total Depreciation	\$55,649	\$111,299	\$111,299	\$111,299	\$111,299	\$83,299	\$584,142
Other Expenses							
FACS	\$3,500	\$0	\$0	\$0	\$0	\$0	\$3,500
Service Contracts:							
FACS	\$0	\$22,245	\$22,245	\$22,245	\$25,000	\$25,000	\$116,735
Elutriator	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$36,000
Other	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$12,000
Total Other Expenses	\$11,500	\$30,245	\$30,245	\$30,245	\$33,000	\$33,000	\$168,235
Total Expenditures	\$290,705	\$587,728	\$613,175	\$639,131	\$669,283	\$670,200	\$3,470,223

**STEM CELL PROJECT
FINANCIAL SUMMARY
CML & BREAST CANCER**

19 - May - 92

	1992	1993	1994	1995	1996	1997	Total
PROJECT INVESTMENT	\$290,705	\$587,728	\$613,175	\$639,131	\$669,283	\$670,200	\$3,470,223
Return on Investment at : 8.00%	\$139,538	\$235,091	\$196,216	\$153,392	\$107,085	\$53,616	\$884,938
Total Return Requirement	\$430,243	\$822,820	\$809,391	\$792,523	\$776,368	\$723,816	\$4,355,161
STATEMENT OF OPERATIONS:							
<u>Patient Care Charges:</u>							
Pre-Transplant Inpatient	\$0	\$152,704	\$320,678	\$505,068	\$687,454	\$928,063	\$2,593,966
Pre-Transplant Outpatient	\$0	\$186,222	\$391,067	\$615,931	\$838,350	\$1,131,773	\$3,163,344
Transplant Stay	\$0	\$1,879,006	\$3,354,025	\$4,661,108	\$5,365,052	\$6,103,157	\$21,362,348
Stem Cell (Blood Bank) Charges	\$0	\$180,000	\$378,000	\$595,350	\$810,337	\$1,093,956	\$3,057,643
Post-Transplant Inpatient	\$0	\$217,432	\$456,608	\$719,158	\$978,854	\$1,321,452	\$3,693,504
Post-Transplant Outpatient	\$0	\$98,596	\$310,577	\$625,036	\$1,014,551	\$1,484,732	\$3,533,490
Total Gross Charges	\$0	\$2,713,960	\$5,210,955	\$7,721,651	\$9,694,598	\$12,063,132	\$37,404,296
Third Party Contractual Adjustment	\$0	\$363,873	\$723,718	\$1,119,990	\$1,459,426	\$1,885,808	\$5,552,814
Net Revenue From Operations	\$0	\$2,350,088	\$4,487,237	\$6,601,661	\$8,235,172	\$10,177,324	\$31,851,482
<u>Expenditures:</u>							
Pre-Transplant Inpatient	\$0	\$113,154	\$237,622	\$374,255	\$509,403	\$687,694	\$1,922,129
Pre-Transplant Outpatient	\$0	\$141,529	\$297,211	\$468,107	\$637,146	\$860,147	\$2,404,141
Transplant Stay	\$0	\$1,337,852	\$2,388,066	\$3,318,709	\$3,819,917	\$4,345,447	\$15,209,991
Stem Cell (Blood Bank) Cost	\$0	\$142,200	\$298,620	\$470,326	\$640,167	\$864,225	\$2,415,538
Post-Transplant Inpatient	\$0	\$153,072	\$321,452	\$506,287	\$689,113	\$930,302	\$2,600,227
Post-Transplant Outpatient	\$0	\$80,158	\$252,499	\$508,154	\$824,830	\$1,207,087	\$2,872,728
Total Patient Care Expenditures	\$0	\$1,967,965	\$3,795,470	\$5,645,840	\$7,120,576	\$8,894,903	\$27,424,755
Revenue Over/(Under) Expense	\$0	\$382,122	\$691,767	\$955,821	\$1,114,596	\$1,282,421	\$4,426,727
Gain/(Loss) Relative to Investment	(\$430,243)	(\$440,697)	(\$117,624)	\$163,299	\$338,228	\$558,604	\$71,566
Cumulative Gain/(Loss) to Investment	(\$430,243)	(\$870,941)	(\$988,565)	(\$825,266)	(\$487,038)	\$71,566	

	1993 Year 1	1994 Year 2	1995 Year 3	1996 Year 4	1997 Year 5
Year 1 Group					
Pre-Transplant Inpatient	6	0	0	0	0
Pre-Transplant Outpatient	6	0	0	0	0
Transplant	6	0	0	0	0
Post-Transplant Inpatient	6	0	0	0	0
Post-Transplant Outpatient	6	6	6	6	6
Annual Outpatient Follow-up Factor	0.00%	100.00%	75.00%	50.00%	25.00%
Year 2 Group					
Pre-Transplant Inpatient	0	12	0	0	0
Pre-Transplant Outpatient	0	12	0	0	0
Transplant	0	12	0	0	0
Post-Transplant Inpatient	0	12	0	0	0
Post-Transplant Outpatient	0	12	12	12	12
Annual Outpatient Follow-up Factor	0.00%	0.00%	100.00%	75.00%	50.00%
Year 3 Group					
Pre-Transplant Inpatient	0	0	18	0	0
Pre-Transplant Outpatient	0	0	18	0	0
Transplant	0	0	18	0	0
Post-Transplant Inpatient	0	0	18	0	0
Post-Transplant Outpatient	0	0	18	18	18
Annual Outpatient Follow-up Factor	0.00%	0.00%	0.00%	100.00%	75.00%
Year 4 Group					
Pre-Transplant Inpatient	0	0	0	20	0
Pre-Transplant Outpatient	0	0	0	20	0
Transplant	0	0	0	20	0
Post-Transplant Inpatient	0	0	0	20	0
Post-Transplant Outpatient	0	0	0	20	20
Annual Outpatient Follow-up Factor	0.00%	0.00%	0.00%	0.00%	100.00%
Year 5 Group					
Pre-Transplant Inpatient	0	0	0	0	25
Pre-Transplant Outpatient	0	0	0	0	25
Transplant	0	0	0	0	25
Post-Transplant Inpatient	0	0	0	0	25
Post-Transplant Outpatient	0	0	0	0	25
Annual Outpatient Follow-up Factor	0.00%	0.00%	0.00%	0.00%	0.00%

	1993 Year 1	1994 Year 2	1995 Year 3	1996 Year 4	1997 Year 5
Year 1 Group					
Pre–Transplant Inpatient	3	0	0	0	0
Pre–Transplant Outpatient	3	0	0	0	0
Transplant	3	0	0	0	0
Post–Transplant Inpatient	3	0	0	0	0
Post–Transplant Outpatient	3	3	3	3	3
Annual Outpatient Follow–up Factor	0.00%	100.00%	75.00%	50.00%	25.00%
Year 2 Group					
Pre–Transplant Inpatient	0	6	0	0	0
Pre–Transplant Outpatient	0	6	0	0	0
Transplant	0	6	0	0	0
Post–Transplant Inpatient	0	6	0	0	0
Post–Transplant Outpatient	0	6	6	6	6
Annual Outpatient Follow–up Factor	0.00%	0.00%	100.00%	75.00%	50.00%
Year 3 Group					
Pre–Transplant Inpatient	0	0	9	0	0
Pre–Transplant Outpatient	0	0	9	0	0
Transplant	0	0	9	0	0
Post–Transplant Inpatient	0	0	9	0	0
Post–Transplant Outpatient	0	0	9	9	9
Annual Outpatient Follow–up Factor	0.00%	0.00%	0.00%	100.00%	75.00%
Year 4 Group					
Pre–Transplant Inpatient	0	0	0	15	0
Pre–Transplant Outpatient	0	0	0	15	0
Transplant	0	0	0	15	0
Post–Transplant Inpatient	0	0	0	15	0
Post–Transplant Outpatient	0	0	0	15	15
Annual Outpatient Follow–up Factor	0.00%	0.00%	0.00%	0.00%	100.00%
Year 5 Group					
Pre–Transplant Inpatient	0	0	0	0	20
Pre–Transplant Outpatient	0	0	0	0	20
Transplant	0	0	0	0	20
Post–Transplant Inpatient	0	0	0	0	20
Post–Transplant Outpatient	0	0	0	0	20
Annual Outpatient Follow–up Factor	0.00%	0.00%	0.00%	0.00%	0.00%

RESOLUTION

WHEREAS, University Hospital has recognized that it must become more cost competitive, and

WHEREAS, cost reductions have become a key element in the Hospital's strategic planning process, and

WHEREAS, recommendations from the strategic planning process will be coming forward in the next several months,

THEREFORE, be it resolved that the Board of Governors instructs hospital administration to do operational and financial planning for fiscal year 1993-94 targeting cost reductions sufficient to allow a 0% price increase for 1993-94.

Be it further resolved that the administration provide periodic reports, and in no event later than December, 1992, regarding these efforts to the Finance Committee.

THE UNIVERSITY OF MINNESOTA HOSPITAL AND CLINIC

BOARD OF GOVERNORS

JUNE 24, 1992

THE UNIVERSITY OF MINNESOTA HOSPITAL AND CLINIC
BOARD OF GOVERNORS
JUNE 24, 1992
2:30 P.M.
555 DIEHL HALL

AGENDA

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I. <u>Approval of the May 27, 1992 Minutes</u>	Approval	1
II. <u>Chairman's Report</u>	Information	
III. <u>Hospital Director's Report</u>	Information	
IV. <u>Committee Reports</u>		
A. <u>Consent Items</u>		
<u>Planning and Development Committee</u>		
1. May 27, 1992 Minutes	Information	5
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<u>Finance</u>		
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B. <u>Planning and Development Committee & Finance Committee</u>		
-Ms. Nellie Johnson		
1. Special Capital Project: Sports Medicine	Approval	14
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C. <u>Joint Conference Committee</u>		
-Ms. Margaret Matalamaki		
1. Medical Staff-Hospital Council Report o Credentials Committee Recommendations	Approval	37
o Committee Chairman Appointments	Approval	64
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V.	<u>1992/93 Institutional Performance Indicators and Objectives</u>	Approval	69
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	-Ms. Shannon Lorbiecki		
VII.	<u>Strategic Planning Update</u>	Discussion	
	-Mr. Robert Dickler		
VIII.	<u>Other Business</u>		
IX.	<u>Adjournment</u>		

MINUTES

BOARD OF GOVERNORS The University of Minnesota Hospital and Clinic

May 27, 1992

Call To Order

Ms. B. Kristine Johnson called the May 27, 1992 meeting of the Board of Governors to order at 2:40 p.m. in 555 Diehl Hall.

Attendance

Present: Robert Anderson, M.D.
Leonard Bienias
David Brown, M.D.
Robert Dickler
Michael Dougherty
Phyllis Ellis
Robert Erickson
S. Albert Hanser
Terence Hill
Kristine Johnson
Nellie Johnson
Arthur Kydd
David Lentz
Margaret Matalamaki
Robert Maxwell, M.D.
John Morrison
Kristine Zualkernan

Not Present: Maria Gomez
Roby Thompson, M.D.

Approval of Minutes

The Board of Governors seconded and passed a motion to approve the minutes of the April 22, 1992 meeting as submitted.

Special Presentation: Paul Abramowitz

Mr. Robert Dickler introduced Paul Abramowitz, Director of Pharmaceutical Services. Dr. Abramowitz presented an overview of Biotechnology drugs in clinical use and research at The University of Minnesota Hospital and Clinic.

Chairman's Report

Ms. Kristine Johnson reported that possible dates are being explored for the Board of Governors Retreat in September or October.

Ms. Johnson encouraged Board members to attend the Minnesota Hospital Association Trustee Conference at Cragun's Conference Center on July 10-12.

Director's Report

Mr. Dickler reported that he will be leaving The University of Minnesota Hospital and Clinic in July. He has accepted the position of Vice President of Clinical Services with the Association of American Medical Colleges in Washington, D.C.

Mr. Dickler reported that the Hospital and UMCA submitted a joint proposal to provide Centers of Excellence Services to the Business Health Care Action Group membership. The coalition is expected to select an administrator and a provider network.

Mr. Dickler reported that discussions are continuing with Riverside Medical Center to develop a joint program in Obstetrics and Neonatology.

Consent Agenda

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

- a. Quarterly Capital Expenditure Report

- b. Major Capital Expenditure Reports:
-Dialysis Remodeling
- c. Credentials Committee Recommendations

Planning and Development Committee

Mr. Lentz called on Ms. Mary Ellen Wells and Dr. Elizabeth Arendt to give the special capital project report on Sports Medicine. The University of Minnesota Hospital and Clinic and the Department of Orthopaedics proposal of developing an off-site Sports Medicine Program along with moving related outpatient therapy services off-site to an adjacent location. The leasehold improvements and equipment purchases to establish the program are expected to be \$650,000. The site being considered is no longer available, therefore, alternative sites are under consideration. The proposal was presented for information and will be brought back to the Board for approval.

Finance Committee

Ms. Nellie Johnson 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, 1991 through April 30, 1992 shows expenses being greater than revenues by \$662,000, an unfavorable variance of \$5,056,000.

Mr. Fearing reported inpatient admissions for April totaled 1,519 which was 14 above budgeted admissions of 1,505. Overall average length of stay for the month was 7.3 days. Outpatient clinic visits for the month of April totaled 32,213 which was 2,375 or 8.0% more than budgeted visits of 29,838.

Mr. Greg Hart presented the 1992-93 Compensation Plan to the Board. Effective July 1, 1992, the Hospital is recommending compensation increases averaging 5% for employees in hospital-dominated classes. For employees in the AFSCME and Teamsters bargaining units, salary increases are determined by the collective bargaining process. The Board seconded and passed the employee compensation plan as recommended.

Mr. Dickler presented the 1992-93 Budget to the Board. Management is recommending a 5.9% rate increase rather than the 8% presented to the Board in April. He also said the recommended budget includes expense reductions of \$11,250,000, and the strategic planning process should produce further cost reductions in future years.

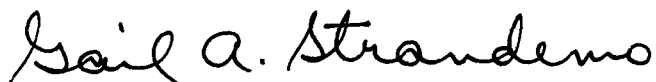
Two solutions were passed which relate to the 1993/94 budget: 1) The Board of Governors requested that University Administration determine the appropriate mechanism for charging the Hospital for fringe benefits and other expenses and 2) Hospital Administration achieve cost reductions which would allow for no rate increase for fiscal year 1993/94.

The Board seconded and passed a motion to approve the 1992-93 Budget.

Adjournment

There being no further business, the May 27, 1992 business meeting of the Board of Governors was adjourned at 4:00 p.m. A motion was seconded and passed to convene a non-public session of the Board of Governors. A non-public session of the Board of Governors was called at 4:05 p.m. to discuss a proprietary and a marketing matter. A motion was seconded and passed

Respectfully submitted,



Gail A. Strandemo
Board of Governors Office

MINUTES
Planning and Development Committee
BOARD OF GOVERNORS
May 27, 1992

Attendance:

Present:	Leonard Bienias Robert Dickler S. Albert Hanser Terence Hill Clint Hewitt William Jacott, M.D. Greg Hart Ted Thompson	Not Present:	Peter Lynch, M.D.
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Staff: Giles Caver
Joanne Disch
Jean Harris
John L. LaBree, M.D.
Shannon Lorbiecki
Helen Pitt
Mary Ellen Wells
Elizabeth McGough

Guests: Elizabeth Arendt, M.D.
David Anderson
Denny Brennan
Phillip McGlave, M.D.

CALL TO ORDER:

Mr. David Lentz called the meeting to order at 11:12 a.m..

CONSENT AGENDA ITEMS

Mr. Greg Hart briefly described the dialysis remodeling project and the quarterly capital expenditure report. These items were recommended for the Board of Governors consent agenda.

SPORTS MEDICINE PROJECT

Ms. Mary Ellen Wells introduced and described the proposal for development of an off-campus sports medicine facility. Ms. Wells indicated that due to the University's space needs, the west-bank site which had been planned will not be available and a number of alternatives are being pursued. Dr. Elizabeth Arendt described the sports medicine program and enumerated the advantages of an off-site location. The major advantages will be patient access and centralization of all program components. Ms. Wells summarized the financial projections for the outpatient program.

The proposal was presented for information and will be presented for approval at the June Committee and Board of Governors meetings

Planning and Development Meeting Minutes
Board of Governors
- Page 2 -

Mr. Lentz asked for a motion to hold a closed meeting to discuss a marketing matter and a proprietary matter. A motion was seconded and passed to hold a closed meeting.

ADJOURNMENT:

There being no further business, the meeting was adjourned at 11:35 a.m..

Respectfully submitted,

Shannon L. Lorbiecki

Shannon L. Lorbiecki
Assistant Director
Secretary to the Board of Directors

MAJOR CAPITAL EXPENDITURE REPORT

EQUIPMENT: Color Doppler Ultrasound System

PURCHASE PRICE: \$204,445

DESCRIPTION: The Department of Radiology wishes to act on the budgeted replacement and upgrade of a Biosound peripheral vascular ultrasound unit originally purchased in 1987. The amount of \$150,000 was allocated and approved in the department's 1991-92 capital budget. The purchase of a replacement upgraded unit will cost the department \$204,445. The marginal difference is financially supported from budgeted funds initially designated for ultrasound transducers no longer required as a result of purchasing this system.

The need to replace and upgrade this ultrasound unit is documented by the continued growth in all ultrasound imaging by this department.

1988-89	9,809	(+25.1%)	
1989-90	10,641	(+ 8.5%)	
1990-91	12,127	(+14.0%)	
1991-92	13,621	(+12.3%)	(est.)

The purchase of a color doppler system to replace the Biosound unit will allow the department to expand our ultrasound imaging capabilities in order to better address the growth in the type of ultrasound exams reflected in the volumes referenced above. For example:

<u>Exams</u> ¹	<u>Marginal \$</u>
Selective Echography	\$22,331.10
Hepatic Echography	27,424.60
Renal Biopsy	28,440.00
Gallbladder Echography	57,736.00
Renal Echography	75,792.50
Carotid Ultrasound	91,769.10

¹reflects marginal growth and gross billable charges for the period 1988-1992.

Submitted By: Helen Pitt
 Title: Associate Director

Approved By: [Signature]
 Title: Senior Associate Director

THE UNIVERSITY OF MINNESOTA HOSPITAL AND CLINIC
BOARD OF GOVERNORS FINANCE COMMITTEE
May 27, 1992

Minutes

Attendance

Members: Edward Ciriacy, M.D.
Robert Dickler
Michael Dougherty
Leo Furcht, M.D.
Albert Hanser
Nellie Johnson
Arthur Kydd
Margaret Matalamaki
John Morrison
Roger Paschke
Vic Vikmanis

Staff: Giles Caver
Joanne Disch, Ph.D.
Stephen Grygar
Greg Hart
Nels Larson
Shannon Lorbiecki
Mary Ellen Wells

Guests: Elizabeth Arendt, M.D.
Philip McGlave, M.D.
Elizabeth McGough

Call to Order

Ms. Nellie Johnson called the Finance Committee meeting to order at 12:40 p.m.

Approval of the April 22, 1992 and May 14, 1992 Meeting Minutes

The Finance Committee approved the minutes of the April 22, 1992 and May 14, 1992 meetings as written.

**Special Capital Project:
Bone Marrow Transplantation Program - Stem Cell Project**

The Finance Committee closed the meeting to discuss the Stem Cell Project proposed by the Bone Marrow Transplantation Program. After some discussion, the Finance Committee endorsed the Stem Cell Project proposal.

April 30, 1992 Financial Statements

The Finance Committee reopened the meeting to discuss the April 30, 1992 financial statements. Mr. Nels Larson presented the April 30, 1992 financial statements. He said April inpatient admissions totaled 1,519 or 14 admissions over budget; average length of stay was 7.3 days or 0.8 days under budget; and patient days totaled 11,325 or 827 days under budget. The April average daily census was 377.5, which was below the budgeted level of 405.1. April clinic visits were 8.0 percent above budget.

The year-to-date Statement of Operations showed expenses exceeding revenues by \$662,000, an unfavorable variance of \$5,056,000. Gross patient revenue was 1.1 percent below budget and operating expenditures were 2.4 percent below budget.

As of April 30, the balance of accounts receivable totaled \$110,016,000 and represented 98.7 days of revenue outstanding.

Fiscal Year 1993 Budget Projections and Comparative Data

Mr. Robert Dickler presented fiscal year 1993 budget projections and comparative data. He recommended the Finance Committee adopt a budget with a 5.9 percent rate increase and 2.0 percent total margin.

Mr. Dickler acknowledged the Board's concerns about any rate increase, but assured the Finance Committee the recommended rate increase is necessary and responsible. He said the Hospital has had the lowest, recent cumulative rate increase relative to its local competitors. Moreover, the Hospital's profitability, liquidity, and capital structure ratios are well positioned relative to the competition. Finally, a large number of Hospital patients are covered by insurance which pays charges versus negotiated rates.

Mr. Dickler also assured the Finance Committee the Hospital will pursue additional cost containment. He said the recommended budget includes expense reductions of \$11,250,000, and the strategic planning process should produce further cost reductions in future years.

The Finance Committee discussed the recommended budget and considered two additional resolutions. The first resolution requested University Central Administration determine the appropriations to which it currently charges the Hospital for fringe benefit and other expenses. The second resolution requested Hospital Administration achieve cost reductions so no rate increase will be requested or required for fiscal year 1994.

The Finance Committee endorsed the recommended budget and the two attached resolutions.

Fiscal Year 1993 Compensation Plan

Mr. Greg Hart presented the Hospital's employee compensation plan for fiscal year 1993. First, he said unionized employees are covered by the second year of existing collective bargaining agreements, and University dominated classes will receive 5.1 percent increases established by University Central Administration. As such, Mr. Hart said the Finance Committee did not need to address the compensation of those two groups.

However, Mr. Hart did recommend 5 percent pay increases for Hospital-dominated classes and for employees in the Hospital Administrative Personnel System. He also reminded the Finance Committee these employees did not receive pay increases during fiscal year 1992.

The Finance Committee endorsed the Hospital's employee compensation plan for fiscal year 1993.

Special Capital Project: Sports Medicine


Ms. Mary Ellen Wells and Dr. Elizabeth Arendt presented a business plan to establish an off-site sports medicine clinic. They said the clinic would provide general medical care, orthopaedic surgery, and physical and occupational therapies. Ms. Wells and Dr. Arendt said establishing the clinic would have several benefits. They include: improving patient access and public visibility, generating additional visits and admissions, enhancing resident training in orthopaedic surgery, freeing limited on-site clinic space, improving quality of care, and integrating services better.

Ms. Wells said she and Dr. Arendt will seek approval for the plan in June. She also said the FMC building space they had planned to use is no longer available, and she will identify an alternate site before the June meeting.

Adjournment

There being no further discussion, the Finance Committee adjourned the meeting at 2:34 p.m.

Respectfully submitted,


Giles Caver
Administrative Fellow

MINUTES
Joint Conference Committee
Board of Governors
May 26, 1992

Attendance:	Present:	Amos Deinard, M.D. Robert Dickler Phyllis Ellis Margaret Matalamaki Kristine Zualkernan
	Absent:	Debbie Day, M.D. Maria Gomez Robert Maxwell, M.D. Richard Price, M.D.
	Staff:	Giles Caver Joanne Disch, Ph.D. Keith Dunder Jean Harris, M.D. Shannon Lorbiecki
	Guests:	Carol Letourneau

CALL TO ORDER

Ms. Margaret Matalamaki called the meeting to order at 4:42 p.m.

APPROVAL OF THE APRIL 21, 1992 MINUTES

The minutes of the April 21, 1992 meeting were approved, following the corrected spelling of Ms. Kristine Zualkernan's name.

**QUALITY ASSESSMENT EDUCATION SESSION:
SUMMARY OF THIRD PARTY PAYOR DENIALS, FY 1991 TO FYTD 1992**

Dr. Jean Harris introduced Ms. Carol Letourneau to provide a summary of third party payor denials for fiscal year 1991 and fiscal year to date 1992. Mr. Letourneau said third party payors concurrently or retrospectively deny payments for service according to predetermined criteria. She then presented a summary of recent payor denials and noted the high number of denials for Psychiatry and Red Surgery.

Ms. Letourneau said payors have rigid and occasionally debatable standards for Psychiatry admissions and prefer patients to be seen on an outpatient basis. Nonetheless, Psychiatry overturns about half of the denials. She said Red Surgery also experiences a large number of payor denials because the surgeons admit patients the day prior to surgery and refuse to alter their practice.

Ms. Letourneau said third party payor denials have increased in recent years and will likely continue to rise. She also said Quality Assurance Services regularly informs physicians of denials, and the Medical Staff uses internal peer review to assess such denials.

**QUALITY ASSESSMENT EDUCATION SESSION:
ROLE OF HOSPITAL LEADERSHIP IN CONTINUOUS QUALITY IMPROVEMENT**

Dr. Harris also discussed the role of hospital leadership in continuous quality improvement. She presented the American Hospital Association's January 1992 report entitled "The Role of Hospital Leadership in the Continuous Improvement of Patient Care Quality." Dr. Harris said the goals of quality assurance and continuous quality improvement are compatible, though not interchangeable. Whereas traditional quality assurance is constrained in focus, reactive, and punitive, continuous quality improvement is not.

Dr. Harris said the Quality Assurance Steering Committee Task Force issued a report calling for an institutional commitment to continuous quality improvement following the last Joint Commission for Accreditation of Healthcare Organizations in 1990. She said the success of continuous quality improvement depends upon the commitment of the Hospital's leadership, including the Joint Conference Committee and Board of Governors.

Finally, Dr. Harris promised to regularly update the Joint Conference Committee regarding progress in continuous quality improvement and to seek its input.

**MEDICAL STAFF-HOSPITAL COUNCIL REPORT:
CREDENTIALS COMMITTEE RECOMMENDATIONS**

Mr. Robert Dickler presented the Credentials Committee recommendations. The recommendations were for approval of provisional status and clinical privileges, addition and deletion of clinical privileges and change in staff category, approval of regular staff appointments, and acceptance of resignations.

The Joint Conference Committee endorsed the recommendations of the Credentials Committee.

CLINICAL CHIEFS REPORT

Mr. Dickler also presented the Clinical Chiefs report. He said the Council of Clinical Chiefs has been largely involved in strategic planning discussions and activities. The Council has also helped develop and promote the Hospital and Medical Staff's response to a request for proposal from the Business Health Care Action Group, a consortium of 14 of Minnesota's largest employers.

ADJOURNMENT

There being no further business, the Joint Conference Committee meeting was adjourned at 5:31 p.m.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Giles Caver', written in a cursive style.

**Giles Caver
Administrative Fellow**

UNIVERSITY OF MINNESOTA

The University of Minnesota Hospital and Clinic

Harvard Street at East River Parkway
Minneapolis, MN 55455

June 18, 1992

MEMORANDUM

TO: Members, Board of Governors
FROM: Mary Ellen Wells *MELW*
Associate Director

Last month, Dr. Elizabeth Arendt and I presented a proposal to the Board of Governors that consolidates and expands the UMHC Sports Medicine program and relocates it to an off-site facility.

As you know, the building that was identified as the preferred site is not available. During the last month, other options were explored and there are two viable alternatives. A final decision on the preferred location will be made after further negotiations with the building managers.

Since both sites require equivalent rental and leasehold improvement expense, we are presenting a modified summary that reflects the new site options and the resulting financial projections.

We recommend that the Board approve the leasehold improvements and equipment purchases that total \$620,000. We look forward to presenting this next week.

MEW/sk

SPORTS MEDICINE INSTITUTE
PROPOSAL FOR OFF SITE LOCATION

SUMMARY

The University of Minnesota Hospital and Clinic proposes to lease approximately 12,000 square feet of space in an offsite location to house a Sports Medicine Institute. The Institute will be located at one of two sites: Minneapolis Business and Technology Center, located at the edge of downtown near the Metrodome, or 2610 University Avenue, located one block west of the intersection of Highway 280 and University Avenue. Both options give the Sports Medicine program access and visibility to the University and the greater Twin Cities population, and are within a one mile radius of the Twin Cities campus.

Services provided will include general medical care for the athlete by generalist and specialist faculty in orthopaedic surgery, physical therapy and occupational therapy. UMHC and the Department of Orthopaedics will continue to provide services to the student athletes of the University of Minnesota, and will continue to expand services to the greater Twin Cities population.

I. BACKGROUND

The University of Minnesota Hospital and Clinic (UMHC) established a Sports Medicine Institute in 1984 in a 2,000 square foot clinic in the Phillips Wangensteen Building (PWB). Because the space is too small to allow both physicians and therapists to practice together, the services there have been limited to physical therapy.

Since 1984, the Department of Orthopaedics (Orthopaedics) has focused its attention on developing expertise in the Sports Medicine arena. Orthopaedics provides medical direction for the University's student athletes. Although UMHC's sport medicine services have been received favorably, the lack of contiguous space for the physicians and therapists results in a disjointed program with limited potential for growth.

In the fall of 1989, the University of Minnesota Men's Intercollegiate Athletic Department indicated an interest in moving the medical care of the athletes from UMHC and Orthopaedics to community physicians. Because management and care of University athletes are important components of Orthopaedics' residency and training programs, and are a key component in marketing Sports Medicine services to the public, both Orthopaedics and the Hospital were greatly concerned about the potential of losing this business. Accordingly, they responded quickly, and instituted a number of changes that improved the way student athletes were handled:

**Sports Medicine Institute
Off-site Location Proposal**

- (1) Orthopaedics assigned a physician to provide medical oversight for all care provided the athletes at UMHC. The lines of communication between the Men's Intercollegiate Athletic Department and UMHC were strengthened, with the lead Sports Medicine physician assigned the task of identifying and correcting any perceived problems, concerns and obstructions to high quality care and service;
- (2) Inpatient units, clinics, the emergency room, and ancillary departments were geared up to handle the special needs of the student athletes; and,
- (3) Athletes were flagged in the Hospital's computer system, so that UMHC staff knew they were working with a student athlete.

To address concerns about accessibility and patient convenience, Orthopaedics and UMHC also began investigating the feasibility of opening a Sports Medicine Institute near the University campus. These actions persuaded the Men's Athletic Department and University Administration to retain Orthopaedics and the Hospital as the medical provider for University athletes.

At the same time, UMHC's Department of Rehabilitation Services recognized the need for consolidating its outpatient services, and for improving accessibility for patients who needed only outpatient physical or occupational therapy. Since sports medicine necessarily includes rehabilitation therapy, and a significant portion of outpatient therapy referrals are from UMHC's Sports Medicine physicians, the scope of the Sports Medicine Institute investigation was broadened to include adjacent outpatient rehabilitation therapies.

The Hospital asked a firm of health planning consultants to assess existing university sports medicine/fitness programs, and identify programmatic and facility opportunities and needs. Their report recommends that the Hospital and Orthopaedics establish a freestanding Sports Medicine Center, offering consolidated services within that Center. Ideally, the Center would be on or near the Minneapolis University campus.

Based on these recommendations, UMHC and Orthopaedics agreed to continue to plan a Sports Medicine Institute, consisting of a medical clinic and related therapy services.

II. PROGRAM DESCRIPTIONS

A. SPORTS MEDICINE/MEDICAL

The Institute will function as a satellite operation of UMHC. The medical clinic will offer general oversight care related to sports injuries and orthopaedic specialty care. Sports Medicine physicians focus on injuries suffered most often by athletes, but provide services to any patient with such an injury, not only athletes. UMHC's Sports Medicine Institute will provide care for knee, ankle, shoulder and hand injuries.

Given the volume of X-Ray activity, The clinic will provide radiology services on site. The X-Ray unit will accommodate up to 95% of radiographs necessary for Sports Medicine practice. Laboratory specimens will be collected as needed and sent to UMHC Laboratories for testing.

The Institute enhances the Department of Orthopaedic's clinical activities, and will strengthen its residency program as well as its other academic programs. While some of the clinic's volume is activity that will be relocated from the Orthopaedics Clinic currently located in the Phillips Wangensteen Building, most of the activity is new business generated by physicians who are joining the Department during the 1992-93 academic year. Currently, new sports medicine patients are waiting up to six or more weeks to see a physician. As they build their practices, the new physicians will fill an immediate need for relieving over-booked schedules.

B. THERAPIES

Outpatient therapy services will be provided for the sports and other related orthopaedic patients. Currently, these services are provided in the Sports Medicine Institute on the sixth floor of PWB and in the Rehabilitation Services Department on the seventh floor of the Mayo Building. Patients travel back and forth between the sites depending on testing and equipment needs. Space constraints in the current facility prohibit consolidation of the program into one area.

The therapy services will center around the needs of the sports medicine patient. Equipment and staffing are geared toward responding quickly and completely to the special needs of the injured athlete. However, much of the testing and exercise equipment used by the sports medicine patient is also used by other

**Sports Medicine Institute
Off-site Location Proposal**

patients needing rehabilitation services. Therefore, to minimize duplication of equipment and staff, industrial rehabilitation services will be offered at this site. Services will include Functional Capacity Assessments, Special Purpose Assessments, Work Hardening, and Job Site Assessment. These services are now offered on the seventh floor of Mayo.

Outpatient pediatric care and adult neurologic and geriatric therapy will remain in the Health Sciences complex, since these services require specialized equipment also used by the inpatient population. Patients typically are wheelchair-bound, and have access to parking in the Mayo garage.

C. PROGRAM BENEFITS

UMHC and Orthopaedics will benefit substantially from relocation and expansion of the Sports Medicine Institute. The new patient visits generated by the Sports Medicine physicians will result not only in an increased outpatient population, but also in more admissions and surgeries.

Exhibit A reflects the 1991 Sports Medicine inpatient activity that is used to project the impact of new volume. Typically, one admission results from every eleven clinic visits. Assuming a similar admission/visit ratio, the new Sports Medicine physicians will add 230 inpatient admissions in the first year. This results in additional net revenue of \$1,398,984 and additional net income of \$23,661 (based on no marginal savings, i.e. fully loaded direct and indirect expense allocations).

The enhanced program will strengthen an already strong orthopaedic residency and training program. Thirteen percent of total orthopaedic admissions are for sports medicine procedures; 27% of Orthopaedics' metropolitan patients are admitted for sports medicine procedures. In addition, new programs for athletes, such as orthotics, management of knee pain, and gait analysis, can be pursued. The move off-site also will open up much-needed space on campus.

The move of some physicians to the Sports Medicine Institute will not have a negative impact on the Orthopaedics Clinic in the Phillips Wangenstein Building. Historically, the Orthopaedics Department has utilized clinic space to its maximum potential. In addition, the Department of Orthopaedics is adding a minimum of three new physicians to its staff in the next fiscal year. It anticipates that the renovated clinic on campus will not be able to accommodate the new faculty's clinic time requests. The expanded

**Sports Medicine Institute
Off-site Location Proposal**

clinic availability, both off-site and on campus, will fill the immediate need to alleviate appointment backlogs and allow the new physicians to build their practices.

Consolidating the therapy and medical programs to one site will improve the quality of care, allow the services to offer extended hours, integrate services, and provide easier access both to physicians and therapists.

Currently, the diverse locations of outpatient services prohibit many staff efficiencies. In addition, the market demand for physical therapists is high nation-wide, making staff retention and recruitment a growing concern. Consolidating the services and related equipment in one location will increase efficiencies, allow the staff to carry a greater and more varied patient load, and provide a comfortable and interesting work site for valued employees.

III. LOCATION

Two alternatives were researched: leasing space or purchasing land and constructing a facility. Since (1) the program currently is not big enough to support a stand-alone facility, (2) the purchase of land and construction would take a minimum of two years, and space and program constraints dictate a more aggressive time line, and (3) no land or building of adequate size and appropriate purchase price is immediately available near the campus, the rental of space in an existing building is the preferred option.

Research is progressing on two alternative locations. One alternative is the Minneapolis Business and Technology Center, located at 511 Eleventh Avenue South, near the southeast corner of the Metrodome. Situated as it is on the edge of downtown directly across from the West Bank campus, the building has high visibility from downtown and the expressways, and good access for the general population. The second alternative is 2610 University Avenue, one block west of the intersection of Highway 280 and University Avenue.

The criteria being used to evaluate the sites are: the benefit of a downtown location versus a University Avenue location, convenience for patients, parking availability, accessibility for the disabled, and attractiveness of the building and the surrounding area.

IV. FINANCIAL PROJECTIONS

Financial projections for the clinic and therapies are attached. Because lease rates and the cost of leasehold improvements for the two site options are equivalent, one set of financial projections is applicable to either location.

Exhibit B summarizes the assumptions used to develop the plan, including visit projections, staffing, clinic charges, deductions from charges, and leasehold improvement costs. The charges detailed in the exhibits are the clinic fees only, and do not include physicians' professional fees. UMHC and Orthopaedics have agreed that the combined clinic and professional fee will be competitive in the Twin Cities market, and have priced their separate fees accordingly.

Third party payers will see no difference in charging mechanisms from either UMHC or Orthopaedics. The Hospital is moving an already-existing program to a new location, and there is no need to negotiate new pricing structures or develop new contracts with any payer. The new Workers' Compensation legislation and changes in Medical Assistance reimbursement will have a negative impact on the level of reimbursement for approximately 29% of the clinic patients and 18% of the therapy patients. This impact is reflected in increased deductions from charges detailed in Exhibit B, and reflected in the figures in Exhibits C and D.

Exhibit C is the five year financial projection for the medical clinic. The detailed expenses are UMHC expenses, and do not include physicians' salaries or Orthopaedic overhead. Using conservative estimates, the clinic will break even in the second year of operation and will realize a 13% margin in the fourth year. After the third year, margins increase dramatically since leasehold improvements are recovered in the first three years. Exhibit D is the five year financial projection for therapy services. Therapies have a small loss in the first year, achieve a 1% contribution margin (surplus over net revenues) by the second year, and 9.6% contribution margin by the fourth year.

Leasehold improvement expenses total \$345,000, and equipment purchases total \$275,000. The total initial capital outlay is \$620,000, which is scheduled to be taken from reserves.

**Sports Medicine Institute
Off-site Location Proposal**

V. REQUIRED APPROVAL

Approval from the Board of Governors is required, since the total project exceeds \$600,000. Regential approval is not specifically required, since the project is included in the Hospital's capital budget, and the lease does not exceed three years.

EXHIBIT A

**THE UNIVERSITY OF MINNESOTA HOSPITAL AND CLINIC
SPORTS MEDICINE INSTITUTE**

INPATIENT ACTIVITY

	<u>1991 ACTIVITY</u>	<u>PROJECTED ADDITIONAL ACTIVITY</u>
NUMBER OF VISITS	1,635	2,441
NUMBER OF ADMISSIONS	154	230
<u>Patient Care Charges</u>		
Laboratory	\$41,137	\$61,438
Operating Room	295,742	441,693
Pharmacy	91,020	135,939
Miscellaneous	67,839	101,318
Room & Board	289,367	432,171
Supply	253,888	379,183
Take Home	4,041	6,035
X Ray	19,035	28,429
Professional Fees	<u>31,035</u>	<u>46,351</u>
TOTAL	\$1,093,104	\$1,632,557
Deductions from Charges	<u>(156,393)</u>	<u>(233,573)</u>
NET REVENUE	\$936,711	\$1,398,984
<u>Expenditures</u>		
Direct	573,428	856,418
Indirect	<u>347,441</u>	<u>518,905</u>
TOTAL	\$920,869	\$1,375,323
NET INCOME	\$15,842	\$23,661

** Revenue and expense increases are proportional to volume increases.

EXHIBIT B

SPORTS MEDICINE INSTITUTE
BUDGET ASSUMPTIONS

VOLUME

Physician Volume:

Year One: 6,000 visits

Years Two through Five: 7,200 visits

Therapy Volume:

	<u>Yr 1</u>	<u>Yr 2</u>	<u>Yr 3</u>	<u>Yr 4</u>	<u>Yr 5</u>
Sports Medicine	8,247	8,904	9,076	9,250	9,428
Hand & Spine	4,913	5,172	5,275	5,381	5,488
Industrial Rehab	396	396	396	396	396
Industrial Consulting	72	96	96	96	96

STAFFING

Clinic:

<u>Job Classification</u>	<u>Full Time Equivalent</u>				
	<u>Yr 1</u>	<u>Yr 2</u>	<u>Yr 3</u>	<u>Yr 4</u>	<u>Yr 5</u>
Manager	0.10	0.10	0.10	0.10	0.10
Clerical	1.20	1.20	1.20	1.20	1.20
Gen Staff Nurse	1.00	1.00	1.00	1.00	1.00
Lic Prac Nurse	1.00	1.00	1.00	1.00	1.00
Radiology Technician	1.00	1.20	1.20	1.20	1.20

Therapies:

<u>Job Classification</u>	<u>Full Time Equivalent</u>				
	<u>Yr 1</u>	<u>Yr 2</u>	<u>Yr 3</u>	<u>Yr 4</u>	<u>Yr 5</u>
Manager	0.60	0.70	0.80	1.00	1.00
Physical Therapists	6.00	6.25	6.45	6.50	6.50
Occupational Ther	4.00	4.25	4.15	4.25	4.50
Clerical/Support	3.00	3.30	3.40	3.80	3.80

DEDUCTIONS FROM CHARGES

	<u>Yr 1</u>	<u>Yr 2</u>	<u>Yr 3</u>	<u>Yr 4</u>	<u>Yr 5</u>
Clinic:	30.37%	31.01%	31.64%	32.27%	32.90%
Therapies:	22.81%	23.20%	23.58%	23.97%	24.35%
Ind Rehab:	5.00%	7.00%	9.00%	11.00%	13.00%

LEASE EXPENSES

LEASE COST (PER SQ FT) \$11.50

USABLE SQAURE FEET: 12,000

COMMON SPACE SURCHARGE: Add 15% to the usable square footage

CLINIC SPACE: 3,800 square feet (3,300 usable)

THERAPY SPACE: 10,000 square feet (8,700 usable)

LEASEHOLD IMPROVEMENTS: \$25.00 per square foot

DEPRECIATION

5 year straight-line depreciation on leasehold improvements

5 year straight-line depreciation on all equipment except X-Ray

10 year straight-line depreciation on X-Ray equipment

Depreciation expense increases 5% per year in anticipation of recurring equipment purchases

OTHER ASSUMPTIONS

CLINIC:

FACILITY/PROCEDURES CHARGE

Average Charge: \$36.00 year one; 7% increase yrs 2 through 5

X-RAY

Volume: One-third of patient visits

Average Charge: \$86.00 year one; 7% increase yrs 2 through 5

LABORATORY SPECIMEN COLLECTIONS

Volume: 5% of patient visits

Charge: \$7.00 year one; 7% increase years two through five

FRINGE BENEFITS

26% of salaries

THERAPIES:

PROCEDURES CHARGES

Average Charge, Year One:	Sports Medicine	\$ 65
	Biomechanical	\$ 106
	Hand	\$ 65
	Spine	\$ 85
	Ind Rehab	\$ 340
	Ind Consult	\$ 110

7% increase years two through five

FRINGE BENEFITS

25% of salaries

June 18, 1992

**THE UNIVERSITY OF MINNESOTA HOSPITAL AND CLINIC
SPORTS MEDICINE INSTITUTE**

**MEDICAL CLINIC
FIVE YEAR FINANCIAL PROJECTION**

	<u>YEAR ONE</u>	<u>YEAR TWO</u>	<u>YEAR THREE</u>	<u>YEAR FOUR</u>	<u>YEAR FIVE</u>
<u>REVENUE</u>					
VISIT CHARGES	216,000	280,800	302,400	324,000	345,600
LAB (SPECIMEN COLLECTING)	2,100	2,646	2,790	2,934	3,082
RADIOLOGY	<u>172,000</u>	<u>220,848</u>	<u>232,848</u>	<u>252,845</u>	<u>270,544</u>
TOTAL GROSS REVENUE	390,100	504,294	538,038	579,779	619,226
DEDUCTIONS FROM CHARGES	<u>(118,473)</u>	<u>(156,382)</u>	<u>(170,235)</u>	<u>(187,095)</u>	<u>(203,725)</u>
SUBTOTAL NET REVENUE	271,627	347,912	367,803	392,684	415,500
HEALTH RIGHT TAX RECOVERY	<u>1,358</u>	<u>3,479</u>	<u>3,678</u>	<u>3,927</u>	<u>4,155</u>
<u>TOTAL NET REVENUE</u>	<u>272,985</u>	<u>351,392</u>	<u>371,481</u>	<u>396,611</u>	<u>419,655</u>
<u>EXPENSES</u>					
CLINIC PERSONNEL	139,241	154,962	162,706	170,851	179,411
FRINGE BENEFITS	<u>36,203</u>	<u>40,290</u>	<u>42,304</u>	<u>44,421</u>	<u>46,647</u>
<u>TOTAL PERSONNEL EXPENSES</u>	175,444	195,252	205,010	215,272	226,057

**THE UNIVERSITY OF MINNESOTA HOSPITAL AND CLINIC
SPORTS MEDICINE INSTITUTE**

**MEDICAL CLINIC
FIVE YEAR FINANCIAL PROJECTION**

	<u>YEAR ONE</u>	<u>YEAR TWO</u>	<u>YEAR THREE</u>	<u>YEAR FOUR</u>	<u>YEAR FIVE</u>
NON-PERSONNEL EXPENSES					
Temporary Personnel	5,173	5,432	5,703	5,988	6,288
Rent	43,700	43,700	43,700	48,070	48,070
Moving Expenses	2,475	0	0	0	0
Office Supplies	600	630	662	695	729
Medical/Linen Supp/Equip	6,600	8,316	8,732	9,169	9,627
Radiology Supplies	10,000	14,969	15,717	16,503	17,328
Continuing Education	500	525	551	579	608
Advertising/Marketing	2,500	2,625	2,756	2,894	3,039
Journals/Subscriptions	500	525	551	579	608
Educational Materials	500	525	551	579	608
Mail/Copy/Courier	5,400	5,670	5,953	6,251	6,564
Phone	1,600	1,680	1,764	1,852	1,945
Pager	300	315	331	347	365
Depreciation-- Equipment	25,000	26,250	27,563	28,941	30,388
Depreciation-- Leasehold Improvements	31,667	31,666	31,666	0	0
HealthRight Tax	2,716	6,958	7,356	7,854	8,310
TOTAL NON-PERSONNEL EXPENSES	139,231	149,786	153,556	130,300	134,478
TOTAL EXPENSES	<u>314,675</u>	<u>345,038</u>	<u>358,566</u>	<u>345,572</u>	<u>360,535</u>
SURPLUS/(DEFICIT)	(41,690)	6,353	12,915	51,039	59,120
CONTRIBUTION MARGIN	-15.35%	1.83%	3.51%	13.00%	14.23%



**THE UNIVERSITY OF MINNESOTA HOSPITAL AND CLINIC
SPORTS MEDICINE INSTITUTE**

**OUTPATIENT PHYSICAL THERAPY AND REHABILITATION
FIVE YEAR FINANCIAL PROJECTION**

	<u>YEAR ONE</u>	<u>YEAR TWO</u>	<u>YEAR THREE</u>	<u>YEAR FOUR</u>	<u>YEAR FIVE</u>
<u>REVENUE & VOLUME</u>					
	<u>ACTIVITY</u>				
SPORTS MEDICINE THERAPY	546,937	634,824	682,588	749,360	809,866
HAND THERAPY	208,221	236,040	254,486	280,640	304,130
SPINE FITNESS THERAPY	145,350	163,800	178,092	194,792	212,010
MEDICAL EQUIPMENT AND SUPPLIES	<u>20,000</u>	<u>21,000</u>	<u>22,050</u>	<u>23,152</u>	<u>24,310</u>
TOTAL REVENUE -- THERAPY	920,508	1,055,664	1,137,216	1,247,944	1,350,316
INDUSTRIAL REHABILITATION	146,040	149,772	160,212	171,456	183,288
DEDUCTIONS FROM CHARGES -- THERAPY	(209,968)	(244,914)	(268,156)	(299,132)	(328,802)
DEDUCTIONS FROM CHARGES -- IND REHAB	<u>(7,302)</u>	<u>(10,484)</u>	<u>(14,419)</u>	<u>(18,860)</u>	<u>(23,827)</u>
SUBTOTAL NET REVENUE	849,278	950,038	1,014,853	1,101,408	1,180,975
HEALTH RIGHT TAX RECOVERY	<u>4,246</u>	<u>9,500</u>	<u>10,149</u>	<u>11,014</u>	<u>11,810</u>
<u>NET REVENUE</u>	<u>853,524</u>	<u>959,538</u>	<u>1,025,002</u>	<u>1,112,422</u>	<u>1,192,785</u>
<u>EXPENSES</u>					
PERSONNEL					
Manager	30,488	38,424	46,109	60,528	63,565
Physical Therapy	217,974	242,897	262,812	277,458	290,922
Occupational Therapy	134,597	154,441	158,382	170,314	189,379
Clerical and Office Staff	<u>72,181</u>	<u>82,002</u>	<u>88,287</u>	<u>103,192</u>	<u>108,364</u>
TOTAL SALARIES	455,240	517,764	555,590	611,492	652,230
FRINGE BENEFITS	<u>113,810</u>	<u>129,545</u>	<u>139,120</u>	<u>153,423</u>	<u>163,710</u>
TOTAL PERSONNEL EXPENSES	569,050	647,309	694,710	764,915	815,940

**THE UNIVERSITY OF MINNESOTA HOSPITAL AND CLINIC
SPORTS MEDICINE INSTITUTE**

**OUTPATIENT PHYSICAL THERAPY AND REHABILITATION
FIVE YEAR FINANCIAL PROJECTION**

	<u>YEAR ONE</u>	<u>YEAR TWO</u>	<u>YEAR THREE</u>	<u>YEAR FOUR</u>	<u>YEAR FIVE</u>
NON-PERSONNEL					
Rent	115,000	115,000	115,000	126,500	126,500
Moving Costs	5,025	0	0	0	0
Office Supplies	2,500	2,678	2,869	3,012	3,226
Medical Supplies	32,000	34,272	36,705	39,311	41,245
Cont Ed & Travel	9,000	9,639	10,121	10,627	11,158
Marketing & Advertising	6,000	6,300	6,615	6,946	7,293
Journals & Subscriptions	1,500	1,575	1,654	1,736	1,823
Postage & Mailing	1,000	1,050	1,103	1,158	1,216
Courier Service	500	525	551	579	608
Phones	3,200	3,360	3,528	3,704	3,890
Pager	420	441	463	486	511
Depreciation on Equipment	20,000	21,000	22,050	23,153	24,311
Dep on Leasehold Improvements	83,334	83,333	83,333	0	0
Linen	600	630	662	695	729
Uniform Allowance	500	563	591	621	652
HealthRight Tax	8,493	19,001	20,297	22,028	23,620
TOTAL NON-PERSONNEL EXPENSES	289,072	299,367	305,542	240,556	246,782
TOTAL EXPENSES	858,122	946,676	1,000,252	1,005,471	1,062,722
SURPLUS/(DEFICIT)	(4,598)	12,862	24,750	106,951	130,063
CONTRIBUTION MARGIN	-0.54%	1.34%	2.41%	9.61%	10.90%

UNIVERSITY OF MINNESOTA

The University of Minnesota Hospital and Clinic

Harvard Street at East River Parkway
Minneapolis, MN 55455

June 24, 1992

TO: Board of Governors
FROM: Clifford P. Fearing
SUBJECT: Report of Operations for the Period
July 1, 1991 through May 31, 1992

The Hospital's operations for the month of May reflect inpatient census and outpatient encounters to be less than budgeted levels.

INPATIENT CENSUS: For the month of May, inpatient admissions totaled 1,432 which was 97 under budgeted admissions of 1,529. Our overall average length of stay for the month was 7.4 days. Patient days for May totaled 11,003 and were 1,126 days under budget. The areas in which admissions were most significantly under budget were Pediatrics, Urology, and Gynecology. Admissions were significantly over budget in the areas of Neurosurgery, Neurology, and Family Practice.

OUTPATIENT CENSUS: Outpatient encounters (including CUHCC and Home Health) for the month of May totaled 30,356 which was 305, or 1.0%, less than budgeted visits of 30,661. CUHCC was 493 or 12.3% over budget and Home Health was 293 or 32.9% over budget. Other areas in which encounters were significantly over budget include Surgery, Sports Medicine, Heart Cath Lab (not budgeted for), and Rehabilitation. Rehabilitation includes Cardiac and Speech Rehab which were not budgeted for. Several areas were under budget, the most significant ones being Child Psych, Dermatology, Medicine, Ophthalmology, Orthopedics, and Radiation Therapy.

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>
1,474	1,529	1,432	(97)	(6.3)	Admissions	16,720	16,830	16,518	(312)	(1.9)
12,010	12,129	11,003	(1,126)	(9.3)	Patient Days	133,832	136,105	128,241	(7,864)	(5.8)
8.0	7.9	7.4	(0.5)	(6.3)	Avg Length of Stay	8.0	8.1	7.8	(0.3)	(3.7)
387.4	391.2	354.9	(36.3)	(9.3)	Avg Daily Census	399.5	405.0	381.7	(23.3)	(5.8)
68.0	67.9	63.3	(4.6)	(6.8)	Percent Occupancy	69.4	70.3	67.4	(2.9)	(4.1)
28,811	30,661	30,356	(305)	(1.0)	Outpt Encounters	309,966	318,268	320,515	2,247	0.7

REPORT OF OPERATIONS

May 1992

PAGE 2

FINANCIAL OPERATIONS: The Hospital's Statement of Operations shows expenses being greater than revenues by \$536,000, an unfavorable variance of \$(5,226,000).

Patient care charges through May totaled \$339,772,000, which was 1.4% under budget. Ancillary revenue was \$6,206,000 (6.2%) below budget and routine revenue was \$1,308,000 (0.5%) above budget. Inpatient revenue averaged \$16,209 per admission compared to the budgeted average of \$16,339. Outpatient revenue per outpatient encounter averaged \$225 per visit compared to the budgeted average of \$219.

Deductions from charges totaled \$90,168,000, which was \$5,166,000 (6.1%) over budgeted deductions of \$85,002,000. The variance is largely due to the Medicare and Medical Assistance programs where the average charges per case are higher than projected, thus resulting in higher than anticipated deductions. Other factors contributing to the variance include increased activity with Laboratory Outreach programs, increased write-offs associated with an increase in transplant activity, and increased contract activity from the Veterans Administration Hospital.

Operating expenditures through May totaled \$281,771,000 and were \$7,112,000 (2.5%) below budgeted levels of \$288,883,000. The overall favorable variance was primarily due to lower patient related costs (personnel, drugs and blood) and anticipated expenses that will not be incurred.

ACCOUNTS RECEIVABLE: The balance in patient accounts receivable as of May 31, 1992, totaled \$105,812,000 and represented 98.3 days of revenue outstanding. The overall decrease in patient receivables in May is 0.4 days.

CONCLUSION: The Hospital's overall operating position for the month of May was positive. We continue to take appropriate actions with regard to our expenditure base to ensure at least a break-even financial position for the fourth quarter of the 1991/92 fiscal year.

**UNIVERSITY OF MINNESOTA HOSPITAL & CLINIC
SUMMARY STATEMENT OF OPERATIONS
FOR THE PERIOD JULY 1, 1991 TO MAY 31, 1992**

	1991-92 Budgeted	1991-92 Actual	Variance Over/(Under) Budget	Variance %
Gross Patient Revenue	\$344,669,000	\$339,772,000	(\$4,897,000)	-1.4%
Deductions From Revenue	85,002,000	90,168,000	5,166,000	6.1%
Net Patient Service Revenue	259,667,000	249,604,000	(10,063,000)	-3.9%
Other Operating Revenue				
Appropriation & Support	12,265,000	12,289,000	24,000	0.2%
Other Revenue	10,958,000	10,688,000	(270,000)	-2.5%
Total Other Revenue	23,223,000	22,977,000	(246,000)	-1.1%
Total Revenue From Operations	282,890,000	272,581,000	(10,309,000)	-3.6%
Operating Expenses:				
Salaries	116,558,000	113,365,000	(3,193,000)	-2.7%
Fringe Benefits	28,192,000	27,260,000	(932,000)	-3.3%
Contract Compensation	18,357,000	18,389,000	32,000	0.2%
Supplies And Services	64,855,000	63,655,000	(1,200,000)	-1.9%
Utilities And Maintenance	10,627,000	11,236,000	609,000	5.7%
General Supplies & Expense	17,412,000	15,535,000	(1,877,000)	-10.8%
Insurance	1,716,000	1,731,000	15,000	0.9%
Depreciation & Amortization	17,902,000	16,849,000	(1,053,000)	-5.9%
Interest	10,527,000	10,812,000	285,000	2.7%
Provision For Uncollectibles	2,737,000	2,939,000	202,000	7.4%
Total Operating Expenses	288,883,000	281,771,000	(7,112,000)	-2.5%
Net Revenue From Operations	(5,993,000)	(9,190,000)	(3,197,000)	
Nonoperating Gains: Investment Income	10,683,000	8,654,000	(2,029,000)	-19.0%
Revenue And Gains In Excess Of Expense	<u>\$4,690,000</u>	<u>(\$536,000)</u>	<u>(\$5,226,000)</u>	

	1991-92 Budgeted	1991-92 Actual	Variance Over/(Under) Budget	Variance %
Admissions	16,830	16,518	(312)	-1.9%
Patient Days	136,105	128,241	(7,864)	-5.8%
Average Length Of Stay	8.1	7.8	(0.3)	-3.7%
Average Daily Census	405.0	381.7	(23.3)	-5.8%
Percentage Occupancy	70.3	67.4	(2.9)	-4.1%
Outpatient Encounters	318,268	320,515	2,247	0.7%

UNIVERSITY OF MINNESOTA

The University of Minnesota Hospital and Clinic

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

June 18, 1992

TO: Members of the Board of Governors

FROM: Greg Hart
Senior Associate Director

SUBJECT: 1992-1993 Capital Budget

Enclosed please find the proposed 1992-93 capital budget. Our operating budgets assumed cash flow for equipment and remodeling of \$8,200,000.

As the attached summary indicates, we are recommending an equipment and remodeling budget next year of \$8,200,000. While slight modifications in specific allocation may occur, the \$8,200,000 total capital budget will remain constant. Of this amount, \$6,427,868 is for equipment purchases. The remainder is for remodeling. A departmental breakdown of the equipment and remodeling budgets are attached.

We are requesting Committee and Board approval for the recommended total \$8,200,000 capital budget at the June 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.

A preliminary draft of this material was reviewed by the Clinical Chiefs Capital Budget Advisory Committee on June 18th. Final review, relative to the departmental allocations, will occur in July.

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

/th

Attachments

	Prior Years 1989-1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	Total
APPROVED PROJECTS											
1. Surgical Pathology	1,043,379	0	0	0	0	0	0	0	0	0	1,043,379
2. Dermatology Clinic	809,018	0	0	0	0	0	0	0	0	0	809,018
3. Replace MRI - I	0	1,920,000	1,080,000	0	0	0	0	0	0	0	3,000,000
4. MRI - II	3,626,628	0	0	0	0	0	0	0	0	0	3,626,628
5. CUHCC	2,223,035	126,965	0	0	0	0	0	0	0	0	2,350,000
6. Cancer Center	0	142,857	142,857	142,857	142,857	142,857	142,857	142,857	0	0	1,000,000
7. Masonic III	1,658,141	0	0	0	0	0	0	0	0	0	1,658,141
8. CT Scanner	1,210,000	0	0	0	0	0	0	0	0	0	1,210,000
9. Computer Upgrade	1,378,000	0	0	0	0	0	0	0	0	0	1,378,000
10. Neuroradiology Upgrade	30,000	1,440,000	0	0	0	0	0	0	0	0	1,470,000
11. Heart Cath	13,109	2,086,891	1,000,000	0	0	0	0	0	0	0	3,100,000
12. CV Radiology	800,000	0	0	0	0	0	0	0	0	0	800,000
13. Linear Accelerator	0	450,000	900,000	0	0	0	0	0	0	0	1,350,000
14. Practice Acquisition	0	4,146,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	8,946,000
15. Other Miscellaneous Capital	200,989	0	0	0	0	0	0	0	0	0	200,989
Approved Projects Subtotal	12,992,299	10,312,713	3,722,857	742,857	742,857	742,857	742,857	742,857	600,000	600,000	31,942,155
ANTICIPATED PROJECTS											
1. Replace CT Scanners	0	0	1,369,500	0	1,369,500	0	0	0	0	1,210,000	3,949,000
2. Replace Linear Accel	0	0	520,000	1,583,000	0	0	0	0	0	1,583,000	3,686,000
3. Computer Upgrade	0	2,190,000	2,760,000	2,848,000	2,820,000	2,006,000	2,516,000	4,500,000	2,500,000	2,910,000	25,048,000
4. Neuroradiology Upgrade	0	0	1,440,000	860,000	0	0	0	0	0	0	2,300,000
5. Neurorad Gamma Camera	0	0	800,000	0	0	0	0	0	0	0	800,000
6. Stem Cell Support	0	0	1,281,000	502,000	528,000	0	0	0	0	0	2,311,000
7. Anticipated New Technology/Program Develop	0	0	2,000,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	12,500,000
8. Heart Cath	0	0	2,350,000	1,950,000	0	0	0	0	0	0	4,300,000
9. Laboratories/Mayo 2 Remodeling	0	0	1,400,000	0	0	0	0	0	0	0	1,400,000
10. CV Surgery Replace Room 7	0	0	0	1,500,000	0	0	0	0	0	0	1,500,000
11. BMT/ICU Reconfiguration	89,202	0	0	0	0	0	0	0	0	0	89,202
12. Parking Ramp	0	0	1,000,000	0	0	0	0	0	0	0	1,000,000
13. MTS Overhaul/Replacement	0	0	600,000	0	0	0	0	0	0	0	600,000
14. Practice Acquisition	0	0	7,500,000	7,500,000	0	0	0	0	0	0	15,000,000
15. PACU Remodel	0	0	800,000	0	0	0	0	0	0	0	800,000
16. C-ARM Digital Equipment	0	0	0	1,662,500	0	0	0	0	0	0	1,662,500
Anticipated Projects Subtotal	89,202	2,190,000	23,820,500	19,903,500	6,217,500	3,506,000	4,016,000	6,000,000	4,000,000	7,203,000	76,945,702
ANNUAL EQUIPMENT AND REMODELING PROJECTS											
Actual/Anticipated Expenditures	10,848,446	8,511,000	8,200,000	8,800,000	9,400,000	10,000,000	10,600,000	11,200,000	11,800,000	12,400,000	101,759,446
Net Equipment Rollforward	8,621,745	6,233,575	0	0	0	0	0	0	0	0	14,855,320
Annual Equip and Remod Subtotal	19,470,191	14,744,575	8,200,000	8,800,000	9,400,000	10,000,000	10,600,000	11,200,000	11,800,000	12,400,000	116,614,766
ANNUAL PRINCIPAL & LEASE PAYMENTS											
Fixed Rate Bond Principal Payments	7,375,000	2,490,000	2,650,000	2,830,000	3,015,000	3,230,000	3,455,000	3,705,000	3,975,000	4,270,000	36,995,000
VRDB Principal Payments	0	0	0	0	0	1,681,000	1,681,000	1,681,000	1,681,000	1,681,000	8,405,000
Existing Capital Lease Payments	2,764,302	800,583	609,936	568,883	528,078	0	0	0	0	0	5,271,782
Annual Principal Payments Subtotal	10,139,302	3,290,583	3,259,936	3,398,883	3,543,078	4,911,000	5,136,000	5,386,000	5,656,000	5,951,000	50,671,782
Subtotal	42,690,994	30,537,871	39,003,293	32,845,240	19,903,435	19,159,857	20,494,857	23,328,857	22,056,000	26,154,000	276,174,405
Renewal Project Phase II	1,420,124	1,078,854	8,566,355	10,982,868	0	0	0	0	0	0	22,050,000
Annual Capital Requirement Total	44,111,118	31,616,525	47,571,648	43,828,108	19,903,435	19,159,857	20,494,857	23,328,857	22,056,000	26,154,000	298,224,405

June 18, 1992

1992/1993 CAPITAL BUDGET

	<u>BUDGET</u>
Equipment	\$6,427,868
Remodeling	\$1,772,132
GRAND TOTAL	\$8,200,000

Board1

June 18, 1992

THE UNIVERSITY OF MINNESOTA HOSPITAL AND CLINIC CAPITAL EQUIPMENT BUDGET FOR FISCAL YEAR 92/93

<u>DEPARTMENT</u>	<u>BUDGET</u>
Ambulatory Care	\$418,173
Biomedical Engineering	\$14,600
Cardio-Respiratory	\$1,070,755
Closed Circuit TV	\$40,017
Communications	\$50,300
CUHCC	\$26,100
Environmental Services	\$65,100
Finance	\$79,469
Healthcare Network	\$30,500
Home Health	\$28,068
Hospital Administration	\$85,500
Hospital Facilities	\$2,700
Human Resources	\$4,025
Information Services	\$894,539
Laboratories	\$960,282
Maint. & Operations	\$24,725
Materials/CSP	\$217,600
Medical Records	\$25,345
Neurology Lab	\$76,000
Nursing Services	\$187,621
Nutrition Services	\$12,172
Operating Room	\$524,220
Patient Relations	\$12,325
Pharmacy	\$32,901
Protection Services	\$1,500
Quality Assurance	\$10,188
Radiology	\$1,378,422
Rehabilitation Center	\$42,746
Social Work	\$4,000
Therapeutic Radiology	\$107,975
Grand Total	\$6,427,868

Board2

June 18, 1992

THE UNIVERSITY OF MINNESOTA HOSPITAL AND CLINIC CAPITAL REMODELING BUDGET FOR FISCAL YEAR 92/93

<u>DEPARTMENT</u>	<u>BUDGET</u>
Ambulatory Care	\$255,000
Biomedical Engineering	\$6,000
Bone Marrow Transplant	\$82,000
Environmental Services	\$20,000
Hospital Facilities	\$256,457
Information Services	\$34,500
Laboratories	\$97,800
Neurology Lab	\$150,000
Maint. & Operations	\$434,250
Materials/CSP	\$19,300
Medical Records	\$27,100
Nursing Services	\$120,300
Nutrition	\$34,925
Parking Services	\$68,500
Pharmacy	\$31,500
Protection Services	\$14,000
Radiology	\$120,500
GRAND TOTAL	\$1,772,132

UNIVERSITY OF MINNESOTA

The University of Minnesota Hospital and Clinic

Office of the Chief of Staff

*Box 707
Harvard Street at East River Parkway
Minneapolis, MN 55455
612-626-1945*

June 10, 1992

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 June 9 has endorsed the attached Credentials Committee Report and Recommendations and forwarded this report to the Joint Conference Committee for their consideration on June 23. Included in this report is the reappointment of Medical Staff in Unit II and Specified Professional Personnel-Psychology Staff for the years 1992-1994.

I am forwarding these recommendations to you for your review and approval on June 24. I will report the outcome of the Joint Conference Committee's action at that time. 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*

June 3, 1992

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

The Credentials Committee having considered medical staff in Unit II eligible for reappointment for 1992 through 1994, hereby recommend all those included in the Credentials Committee report (pages 1-17) for reappointment to the medical staff and recommendations for discontinuation of medical/dental staff appointment (page 18).

Also included are the Credentials Committee's recommendations for regular medical staff appointments (page 19); addition and/or deletion of clinical privileges (page 20); change in staff category (page 21); provisional medical staff appointments (page 22); and resignations from the medical staff (page 23).

The Credentials Committee has also considered the reappointment of Specified Professional Personnel-Psychology Staff eligible for reappointment for 1992 through 1994 and hereby recommend all those included in the report (pages 24-25).

HB/cf
Attachment
reapt/MS.II

THE UNIVERSITY OF MINNESOTA HOSPITAL AND CLINIC

Recommendations for Reappointment
to the Medical and Dental Staff

July 1, 1992 - June 30, 1994

<u>DEPARTMENT</u>	<u>CATEGORY</u>	<u>JOINT APPOINTMENT</u>
LABORATORY MEDICINE AND PATHOLOGY		
AMSDEN, THOMAS W.	Clinical Staff	
ARTHUR, DIANE C.	Attending Staff	Pediatrics
BALFOUR, HENRY	Attending Staff	Pediatrics
BENSON, ELLIS	Emeritus Staff	
BOWMAN, ROBERT J.	Clinical Staff	
BRADLEY, G.MARY	Attending Staff	
BROOKER, DORIS C.	Attending Staff	Obstetrics & Gynecology
BROWN, DAVID M.	Attending Staff	Pediatrics
BRUNNING, RICHARD	Attending Staff	
BURKE, BARBARA	Attending Staff	
CLARK, HOWARD B.	Attending Staff	
CONNELLY, DONALD P.	Attending Staff	
DALMASSO, AGUSTIN P.	Clinical Staff	
EASTLUND, D. TED	Clinical Staff	
ECKFELDT, JOHN H.	Attending Staff	
EDSON, J. ROGER	Attending Staff	
ERICE, ALEJO	Attending Staff	

Continued on next page.....

THE UNIVERSITY OF MINNESOTA HOSPITAL AND CLINIC

Recommendations for Reappointment
to the Medical and Dental Staff

July 1, 1992 - June 30, 1994

<u>DEPARTMENT</u>	<u>CATEGORY</u>	<u>JOINT APPOINTMENT</u>
LABORATORY MEDICINE AND PATHOLOGY		
ESTENSEN, RICHARD D.	Attending Staff	
FERRIERI, PATRICIA	Attending Staff	Pediatrics
FURCHT, LEO T.	Attending Staff	
GAJL-PECZALSKA, K.	Attending Staff	
GARRY, VINCENT F.	Attending Staff	
KERSEY, JOHN	Attending Staff	Pediatrics
LASKY, LARRY C.	Attending Staff	
LITZ, CRAIG E.	Attending Staff	
MANIVEL, JUAN C.	Attending Staff	
MCCULLOUGH, JOHN J.	Attending Staff	
O'LEARY, JAMES J.	Attending Staff	
OKAGAKI, TAKASHI	Attending Staff	Obstetrics & Gynecology
PERRONE, THERESA L.	Attending Staff	
PERRY, ELIZABETH H.	Attending Staff	
SNOVER, DALE C.	Attending Staff	
STEFFES, MICHAEL W.	Attending Staff	
STRONCEK, DAVID F.	Attending Staff	
SUNG, JOO HO	Attending Staff	Neurology
WATTENBERG, LEE W.	Attending Staff	
WHITE, JAMES G.	Attending Staff	Pediatrics

THE UNIVERSITY OF MINNESOTA HOSPITAL AND CLINIC

Recommendations for Reappointment
to the Medical and Dental Staff

July 1, 1992 - June 30, 1994

<u>DEPARTMENT</u>	<u>CATEGORY</u>	<u>JOINT APPOINTMENT</u>
ORTHOPEDICS		
ARENDT, ELIZABETH	Attending Staff	
CHENG, EDWARD, Y.D.	Attending Staff	
CRAIG, EDWARD V.	Attending Staff	
GARVEY, TIMOTHY A.	Attending Staff	
HOUSE, JAMES H.	Attending Staff	
MCGARVEY, SCOTT R.	Clinical Staff	
OGILVIE, JAMES W.	Attending Staff	
PRIEST, JAMES D.	Clinical Staff	
ROBINSON, HARRY J.	Attending Staff	
SMITH, J. PATRICK	Clinical Staff	
THOMPSON, ROBY C.	Attending Staff	
TRANSFELDT, ENSOR E	Attending Staff	

THE UNIVERSITY OF MINNESOTA HOSPITAL AND CLINIC

Recommendations for Reappointment
to the Medical and Dental Staff

July 1, 1992 - June 30, 1994

<u>DEPARTMENT</u>	<u>CATEGORY</u>	<u>JOINT APPOINTMENT</u>
OTOLARYNGOLOGY		
ADAMS, GEORGE	Attending Staff	
DUVALL, ARNDT J.	Attending Staff	
GODING, GEORGE S.	Clinical Staff	
HILGER, PETER A.	Attending Staff	
HOM, DAVID B.	Clinical Staff	
HUFF, JOHN S.	Clinical Staff	
KOOP, SEVERIN H.	Clinical Staff	
LEVINE, SAMUEL C.	Attending Staff	
LISTON, STEPHEN L.	Clinical Staff	
MAISEL, ROBERT	Attending Staff	
MALONE, BARBARA N.	Clinical Staff	
MARENTETTE, LAWRENCE	Clinical Staff	
SIEGEL, LEIGHTON G.	Clinical Staff	
SIGEL, MELVIN E.	Clinical Staff	
SZACHOWICZ, EDWARD H.	Clinical Staff	

THE UNIVERSITY OF MINNESOTA HOSPITAL AND CLINIC

Recommendations for Reappointment
to the Medical and Dental Staff

July 1, 1992 - June 30, 1994

<u>DEPARTMENT</u>	<u>CATEGORY</u>	<u>JOINT APPOINTMENT</u>
PEDIATRICS		
ANDERSON, ARNOLD S.	Emeritus Staff without privileges	
ANDERSON, PETER M.	Attending Staff	
AREY, STUART L.	Emeritus Staff without privileges	
BASS, JOHN	Attending Staff	
BECKER, LOWELL L.	Clinical Staff	
BERRY, SUSAN A.	Attending Staff	
BESSINGER, F. BLANTON	Clinical Staff	
BLAZAR, BRUCE R.	Attending Staff	
BLOOM, DAVID	Clinical Staff	MEDICINE
BLUM, ROBERT WM.	Attending Staff	
BOSTROM, BRUCE C.	Attending Staff	
BRAUNLIN, ELIZABETH	Attending Staff	
BRENNAN, CARROLL A.	Attending Staff	
BROWN, DAVID R.	Clinical Staff	
CHIVERS, BLANCHE M.	Attending Staff	
CHUN, KARL H.	Attending Staff	
CICH, JOHN A.	Clinical Staff	
CLAWSON, C. CARLYLE	Attending Staff	
CROSSON, JANE E.	Attending Staff	
DEINARD, AMOS	Attending Staff	

Continued on next page.....

THE UNIVERSITY OF MINNESOTA HOSPITAL AND CLINIC

Recommendations for Reappointment
to the Medical and Dental Staff

July 1, 1992 - June 30, 1994

<u>DEPARTMENT</u>	<u>CATEGORY</u>	<u>JOINT APPOINTMENT</u>
PEDIATRICS		
DUNNIGAN, ANN C.	Attending Staff	
ETZWILER, DONNELL D.	Clinical Staff	
FERENCI, DAVID A.	Clinical Staff	
FILIPOVICH, ALEXANDRA	Attending Staff	
FISCH, ROBERT O.	Attending Staff	
FISH, ALFRED J.	Attending Staff	
FISH, LLOYD	Clinical Staff	
FREESE, DEBORAH K.	Attending Staff	
GEORGIEFF, MICHAEL K	Attending Staff	
GIEBINK, G. SCOTT	Attending Staff	
GOODMAN, DENISE M.	Attending Staff	
GRAFT, DAVID F.	Clinical Staff	
GREEN, THOMAS P.	Attending Staff	
HEISEL, MARGARET A.	Clinical Staff	
HESSLEIN, PETER S.	Attending Staff	
HORROBIN, J. MARGARET	Clinical Staff	
HOSTETTER, MARGARET	Attending Staff	
JOHNSON, DANA	Attending Staff	
KAPLAN, EDWARD L.	Attending Staff	
KASHTAN, CLIFFORD E.	Attending Staff	

Continued on next page.....

THE UNIVERSITY OF MINNESOTA HOSPITAL AND CLINIC

Recommendations for Reappointment
to the Medical and Dental Staff

July 1, 1992 - June 30, 1994

<u>DEPARTMENT</u>	<u>CATEGORY</u>	<u>JOINT APPOINTMENT</u>
PEDIATRICS		
KIM, YOUNGKI	Attending Staff	
KOSINA, HELENA B.	Clinical Staff	
KRABILL, KIMBERLY A.	Attending Staff	
KRIVIT, WILLIAM	Attending Staff	
LEONARD, STANLEY A.	Clinical Staff	
LUCAS, RUSSELL V.	Attending Staff	
MAUER, S. MICHAEL	Attending Staff	
MAYNARD, ROY C.	Attending Staff	
MICHAEL, ALFRED F.	Attending Staff	
MOERTEL, CHRISTOPHER L.	Clinical Staff	
MOLLER, JAMES H.	Attending Staff	
MORAN, ANTOINETTE M.	Attending Staff	
NEGLIA, JOSEPH P.	Attending Staff	
NESBIT, MARK E.	Attending Staff	
NEVINS, THOMAS	Attending Staff	
O'DEA, ROBERT	Attending Staff	

Continued on next page.....

THE UNIVERSITY OF MINNESOTA HOSPITAL AND CLINIC

Recommendations for Reappointment
to the Medical and Dental Staff

July 1, 1992 - June 30, 1994

<u>DEPARTMENT</u>	<u>CATEGORY</u>	<u>JOINT APPOINTMENT</u>
PEDIATRICS		
SOCKALOSKY, JOSEPH J.	Clinical Staff	
SPENCER, MARTHA L.	Clinical Staff	
STONE, FREDERIC M.	Clinical Staff	
TENBENSEL, ROBERT W.	Attending Staff	
THOMPSON, THEODORE R.	Attending Staff	
TUCHMAN, MENDEL	Attending Staff	
ULSTROM, ROBERT A.	Emeritus Staff without privileges	
VACCARELLA, R. JAMES	Clinical Staff	
VERNIER, ROBERT L.	Attending Staff	
WAHLSTROM, JOHN G.	Clinical Staff	
WARWICK, WARREN J.	Attending Staff	
WEISDORF, SALLY A.	Attending Staff	
WHITLEY, CHESTER B.	Attending Staff	
WINTER, SARAH L.	Attending Staff	
WOODS, WILLIAM	Attending Staff	

THE UNIVERSITY OF MINNESOTA HOSPITAL AND CLINIC

Recommendations for Reappointment
to the Medical and Dental Staff

July 1, 1992 - June 30, 1994

<u>DEPARTMENT</u>	<u>CATEGORY</u>	<u>JOINT APPOINTMENT</u>
PEDIATRICS		
ORCHARD, PAUL	Attending Staff	
PESCOVITZ, ORA H.	Attending Staff	
PIERPONT, MARY ELLA	Attending Staff	
PLATT, JEFFREY L.	Attending Staff	
POKORA, THOMAS J.	Clinical Staff	
PRIEST, JOHN R	Clinical Staff	
QUIE, PAUL G.	Attending Staff	
RAMSAY, NORMA KC	Attending Staff	
REGELMANN, WARREN E.	Attending Staff	
REMAFEDI, GARY J.	Attending Staff	
ROCCHINI, ALBERT P.	Attending Staff	
SANE, KUMUD S.	Clinical Staff	
SATRAN, LEON	Attending Staff	
SCHWARZENBERG, SARAH	Attending Staff	
SHANNON, MICHAEL C.	Attending Staff	
SHAPIRO, RALPH S.	Attending Staff	
SHARP, HARVEY L.	Attending Staff	
SINAIKO, ALAN R.	Attending Staff	
SMITH, CLARK M.	Attending Staff	
SMITH, THEODORE S.	Emeritus Staff without privileges	

Continued on next page.....

THE UNIVERSITY OF MINNESOTA HOSPITAL AND CLINIC

Recommendations for Reappointment
to the Medical and Dental Staff

July 1, 1992 - June 30, 1994

<u>DEPARTMENT</u>	<u>CATEGORY</u>	<u>JOINT APPOINTMENT</u>
PHYSICAL MEDICINE AND REHABILITATION		
AWAD, ESSAM A.	Attending Staff	
BATEMAN, RONALD M.	Clinical Staff	
BENSMAN, ALAN S.	Clinical Staff	
DOUCETTE, MARGARET M	Attending Staff	
DYKSTRA, DENNIS D.	Attending Staff	
GULLICKSON, GLENN	Emeritus Staff without privileges	
KOTTKE, FREDERIC	Emeritus Staff without privileges	
ROEHR, CHARLOTTE L.	Clinical Staff	
RYAN, KAREN S.	Clinical Staff	
SNOW, LEANN M.	Attending Staff	

THE UNIVERSITY OF MINNESOTA HOSPITAL AND CLINIC

Recommendations for Reappointment
to the Medical and Dental Staff

July 1, 1992 - June 30, 1994

<u>DEPARTMENT</u>	<u>CATEGORY</u>	<u>JOINT APPOINTMENT</u>
PSYCHIATRY		
BERNSTEIN, GAIL A.	Attending Staff	
BORCHARDT, CARRIE M.	Attending Staff	
CHRISTENSON, GARY A.	Attending Staff	
CHUNG, JOYCE Y.	Attending Staff	
CLAYTON, PAULA J.	Attending Staff	
COLON, EDUARDO A.	Attending Staff	
ECKERT, ELKE	Attending Staff	
GARFINKEL, BARRY D.	Attending Staff	
GREENBERG, LAWRENCE	Attending Staff	
HALIKAS, JAMES A.	Attending Staff	
HANSON, DANIEL R.	Attending Staff	
HARTMAN, BOYD K.	Attending Staff	
JENSEN, JONATHAN B.	Attending Staff	
KOLAR, ANNE F.	Attending Staff	
KROLL, JEROME L.	Attending Staff	
MACKENZIE, THOMAS B.	Attending Staff	
MELLER, WILLIAM H.	Attending Staff	
MITCHELL, JAMES E.	Attending Staff	
POPKIN, MICHAEL K.	Attending Staff	

Continued on next page.....

THE UNIVERSITY OF MINNESOTA HOSPITAL AND CLINIC

Recommendations for Reappointment
to the Medical and Dental Staff

July 1, 1992 - June 30, 1994

<u>DEPARTMENT</u>	<u>CATEGORY</u>	<u>JOINT APPOINTMENT</u>
PSYCHIATRY		
PYLE, RICHARD L.	Attending Staff	
REALMUTO, GEORGE M.	Attending Staff	
SPECKER, SHEILA M.	Attending Staff	

THE UNIVERSITY OF MINNESOTA HOSPITAL AND CLINIC

Recommendations for Reappointment
to the Medical and Dental Staff

July 1, 1992 - June 30, 1994

<u>DEPARTMENT</u>	<u>CATEGORY</u>	<u>JOINT APPOINTMENT</u>
RADIOLOGY		
AMPLATZ, KURT	Attending Staff	
BOUDREAU, ROBERT J.	Attending Staff	
CARPENTER, BECKY L.	Attending Staff	
CASTANEDA, WILFRIDO	Attending Staff	
DAY, DEBORAH L.	Attending Staff	
DUCRET, RENE P.	Attending Staff	
EVERSON, LENORE I.	Attending Staff	
FINLAY, DAVID E.	Attending Staff	
FORD, WILLIAM J.	Clinical Staff	
GOLDBERG, MARVIN E.	Attending Staff	
GRIFFITHS, HENRY (HARRY)	Attending Staff	
HUNTER, DAVID W.	Attending Staff	
KUNI, CHRISTOPHER	Attending Staff	
LARSON, DAVID A.	Clinical Staff	
LETOURNEAU, JANIS G.	Attending Staff	
LOES, DANIEL J.	Clinical Staff	
LOKEN, MERLE	Emeritus Staff without privileges	
LONGLEY, DEBORAH G.	Attending Staff	

Continued on next page.....

THE UNIVERSITY OF MINNESOTA HOSPITAL AND CLINIC

Recommendations for Reappointment
to the Medical and Dental Staff

July 1, 1992 - June 30, 1994

<u>DEPARTMENT</u>	<u>CATEGORY</u>	<u>JOINT APPOINTMENT</u>
RADIOLOGY		
MYERS, MARK E.	Attending Staff	
REMLEY, KENT B.	Clinical Staff	
STILLMAN, ARTHUR E.	Attending Staff	
THOMPSON, WILLIAM M.	Attending Staff	
TRENKNER, STEPHEN W.	Attending Staff	
TUBMAN, DAVID E.	Clinical Staff	
YEDLICKA, JOSEPH W.	Clinical Staff	

THE UNIVERSITY OF MINNESOTA HOSPITAL AND CLINIC

Recommendations for Reappointment
to the Medical and Dental Staff

July 1, 1992 - June 30, 1994

<u>DEPARTMENT</u>	<u>CATEGORY</u>	<u>JOINT APPOINTMENT</u>
SURGERY		
ABRAMS, JEROME H.	Attending Staff	
AHRENHOLZ, DAVID H.	Clinical Staff	
ALDRIDGE, JEFFREY H.	Clinical Staff	
BOLMAN III, R. MORTON	Attending Staff	
BUCHWALD, HENRY	Attending Staff	
BULS, JOHN G.	Clinical Staff	
CERRA, FRANK B.	Attending Staff	
CHRISTENSEN, MARIE	Clinical Staff	
CUNNINGHAM, BRUCE L.	Clinical Staff	
DELANEY, JOHN P.	Attending Staff	
DUNN, DAVID L.	Attending Staff	
FOKER, JOHN E.	Attending Staff	
GOLDBERG, STANLEY	Clinical Staff	
GOODALE, ROBERT L.	Attending Staff	
GORES, PAUL F.	Attending Staff	
GRAGE, THEODOR B.	Attending Staff	
HELSETH, HOVALD K.	Clinical Staff	
KNIGHTON, DAVID R.	Attending Staff	
LEONARD, ARNOLD S.	Attending Staff	
LOVAAS, MARK E.	Clinical Staff	

Continued on next page.....

THE UNIVERSITY OF MINNESOTA HOSPITAL AND CLINIC

Recommendations for Reappointment
to the Medical and Dental Staff

July 1, 1992 - June 30, 1994

<u>DEPARTMENT</u>	<u>CATEGORY</u>	<u>JOINT APPOINTMENT</u>
SURGERY		
MATAS, ARTHUR J.	Attending Staff	
MCPARLAND, FELIX A.	Clinical Staff	
MOLINA, J.ERNESTO	Attending Staff	
NAJARIAN, JOHN S.	Attending Staff	
PAYNE, WILLIAM D.	Attending Staff	
PINEDA, EDGAR A.	Attending Staff	
ROTHENBERGER, DAVID	Clinical Staff	
SHEAREN, JOHN G.	Clinical Staff	
SHUMWAY, SARA J.	Attending Staff	
SUTHERLAND, DAVID	Attending Staff	
WARD, HERBERT B.	Clinical Staff	
WONG, WESTLEY D.	Clinical Staff	

THE UNIVERSITY OF MINNESOTA HOSPITAL AND CLINIC

Recommendations for Reappointment
to the Medical and Dental Staff

July 1, 1992 - June 30, 1994

<u>DEPARTMENT</u>	<u>CATEGORY</u>	<u>JOINT APPOINTMENT</u>
THERAPEUTIC RADIOLOGY		
DUSENBERY, KATHRYN E.	Attending Staff	
FARNIOK, KATHRYN E.	Attending Staff	
KIM, TAEHWAN	Clinical Staff	
LEE, CHUNG KYU KIM	Attending Staff	
LEVITT, SEYMOUR	Attending Staff	
PAST, LARRY R.	Clinical Staff	
POTISH, ROGER A.	Attending Staff	

REAPT/CRED.11.92

UNIVERSITY OF MINNESOTA HOSPITAL AND CLINIC

Recommendations for Discontinuation
of Medical/Dental Staff Appointments

NO REAPPRAISAL REAPPOINTMENT APPLICATION OR EVIDENCE OF REQUIRED INSURANCE SUBMITTED

DEPARTMENT

CATEGORY

JOINT APPOINTMENT

OTOLARYNGOLOGY

GOYCOOLEA, MARCOS V.

Clinical Staff

UNIVERSITY OF MINNESOTA HOSPITAL AND CLINIC

Recommendations for Regular Medical/Dental Appointments

DEPARTMENT

CATEGORY

DATE ELIGIBLE

UROLOGY

PRYOR, JON L.

Attending Staff

March 26, 1992

UNIVERSITY OF MINNESOTA HOSPITAL AND CLINIC

Recommendations for Addition and/or Deletion of Clinical Privileges

DEPARTMENT

CATEGORY

MEDICINE

WINSTON, ROBERT

Attending Staff

Add: Oncology: arterial puncture; arthrocentesis; bone marrow aspiration; cancer chemotherapy by protocol; CNS chemotherapy; lumbar puncture; bone marrow transplantation; needle biopsy of: bone marrow; paracentesis; thoracentesis: aspiration only, aspiration and chemotherapy (Hematology withdrawn)

PEDIATRICS

GREEN, THOMAS P.

Attending Staff

Add: flexible bronchoscopy

THERAPEUTIC RADIOLOGY

LEE, CHUNG KYU KIM

Attending Staff

Add: stereotactic radiosurgery

UNIVERSITY OF MINNESOTA HOSPITAL AND CLINIC

Recommendations for Change in Staff Category

<u>DEPARTMENT</u>	<u>PRESENT CATEGORY</u>	<u>RECOMMENDED CATEGORY</u>
PEDIATRICS		
WINTER, SARAH L.	Attending Staff	Clinical Staff
PSYCHIATRY		
HANSON, DANIEL R.	Attending Staff	Clinical Staff
POPKIN, MICHAEL K.	Attending Staff	Clinical Staff

UNIVERSITY OF MINNESOTA HOSPITAL AND CLINIC

Recommendations for Provisional Medical/Dental Staff Appointments

DEPARTMENT

CATEGORY

HOSPITAL DENTISTRY

BETTES, MARK W.

Clinical Staff

FAMILY PRACTICE AND COMMUNITY HEALTH

BOSTICK, ROBERD M.

Attending Staff

MEDICINE

FLACK, JOHN M.

Attending Staff

OBSTETRICS AND GYNECOLOGY

STASSART, JACQUES P.

Attending Staff

SURGERY

LUM, CALLIANN T.

Clinical Staff

UNIVERSITY OF MINNESOTA HOSPITAL AND CLINIC

Resignations from the Medical/Dental Staff

<u>DEPARTMENT</u>	<u>CATEGORY</u>	<u>JOINT APPOINTMENT</u>
HOSPITAL DENTISTRY		
JENSEN, JAMES R.	Attending Staff	
PAPPAS, TELLY A.	Clinical Staff	
LABORATORY MEDICINE AND PATHOLOGY		
BACH, FRITZ	Attending Staff	
MEDICINE		
BATTISTA, STEPHEN C.	Attending Staff	
JONES, JOHN P.	Attending Staff	
KENDALL, DAVID M.	Attending Staff	
KLINE, SUSAN	Attending Staff	
LOCKE, G. RICHARD	Attending Staff	
MILLER, GREGORY L.	Attending Staff	
STAHNKE, LAURA	Attending Staff	
PEDIATRICS		
KLEIN, DAVID J.	Attending Staff	
MARTIN, DAWN L.	Attending Staff	
PHYSICAL MEDICINE AND REHABILITATION		
DAVIS, ELIZABETH A.	Clinical Staff	
RADIOLOGY		
LARKIN, BRIAN T.	Clinical Staff	

UNIVERSITY OF MINNESOTA HOSPITAL AND CLINIC

Recommendations for Reappointment to the
Specified Professional Personnel-Psychology Staff

July 1, 1992 - June 30, 1994

DEPARTMENT

CATEGORY

HOSPITAL DENTISTRY

HATHAWAY, KATE

Attending Staff

FAMILY PRACTICE AND COMMUNITY HEALTH

COLEMAN, EDMOND

Attending Staff

DWYER, MARGRETTA

Attending Staff

HOUGE, DONALD

Attending Staff

IRETON, HAROLD

Attending Staff

METZ, MICHAEL

Attending Staff

NEUROLOGY

BLACKBURN, LYNN

Attending Staff

SHAPIRO, ELSA

Attending Staff

SIDTIS, JOHN

Attending Staff

NEUROSURGERY

BENIAK, THOMAS

Attending Staff

HUNG, JOHN

Attending Staff

MEIER, MANFRED

Attending Staff

ROBINER, WILLIAM

Attending Staff

PEDIATRICS

CHANG, PI-NIAN

Attending Staff

UNIVERSITY OF MINNESOTA HOSPITAL AND CLINIC

Recommendations for Reappointment to the
Specified Professional Personnel-Psychology Staff

July 1, 1992 - June 30, 1994

DEPARTMENT

CATEGORY

PHYSICAL MEDICINE AND REHABILITATION

ATHELSTAN, GARY	Attending Staff
COHEN, NORMAN	Attending Staff

PSYCHIATRY

AUGUST, GERALD	Attending Staff
ERBAUGH, SUSAN	Clinical Staff
HATSUKAMI, DOROTHY	Attending Staff
HOBERMAN, HARRY	Attending Staff
SCHOFIELD, WILLIAM	Attending Staff

UNIVERSITY OF MINNESOTA

The University of Minnesota Hospital and Clinic

Office of the Chief of Staff

Box 707
Harvard Street at East River Parkway
Minneapolis, MN 55455
612-626-1945

June 11, 1992

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 Chairmen

The Medical Staff-Hospital Council on June 9 endorsed the attached recommendations for committee chairman appointments for 1992/1993 and forwarded these recommendations to the Joint Conference Committee for their consideration on June 23.

The Bylaws of the Medical and Dental Staff, Article VI, Part A, Section 1, (a), 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.

I am forwarding these recommendations to you for your review and approval on June 24. I will report the outcome of the Joint Conference Committee's action at that time.

Thank you.

REM/cf

Attachments
comm/BOG.chair

THE UNIVERSITY OF MICHIGAN SIOUX FALLS HOSPITAL & CLINIC
 MEDICAL STAFF-HOSPITAL COMMITTEE CHAIR APPOINTMENTS
 1992-1993

<u>COMMITTEE</u>	<u>CHAIR</u>	<u>APPOINTMENT</u>	
		<u>INITIAL</u>	<u>EXPIRATION *</u>
1. Bed Allocation Committee	Richard J. Palahniuk, M.D.	1990	1995
2. Biomedical Ethics Committee	Susan Berry, M.D. Kathy Wilde, R.N., Co-Chair	1990 1990	1995 1995
3. Bylaws Committee	Jeffery McCullough, M.D.	1992	1997
4. Cardiorespiratory Advisory Committee	Russell H. Larsen, M.D.	1980	1994
5. Cardiovascular Advisory Committee	Michael W. Steffes, M.D.	1985	1994
6. Credentials Committee	Henry Buchwald, M.D.	1982	1994
7. Emergency Department Committee	Steven Zimmer, M.D.	1992	1997
8. Infection Control Committee	Frank Rhame, M.D.	1981	1994
9. Intensive/Special Care Unit Advisory Committee	Frank Cerra, M.D.	1988	1994
10. Medical Record and Patient Care Information Committee	Marvin Goldberg, M.D.	1987	1994
11. Operating Room Committee	Roberto Heros, M.D.	1992	1997
12. Outpatient Committee	Amos Deinard, M.D.	1979	1994
13. Pharmacy & Therapeutics Committee	Russell Lucas, M.D.	1983	1994
14. Product Evaluation & Standardization Committee	Jon J. Berlaak, M.D.	1987	1994
15. Quality Assurance Steering Committee (Quality Management Steering Committee)	Robert E. Maxwell, M.D.	1989	Chief of Staff
16. Safety Committee	Charles Andres, M.D.	1987	1994
17. Tissue & Procedure Review Committee	Ricardo Gonzalez, M.D.	1989	1994
18. Transfusion Therapeutics Committee	Clark Smith, M.D. Elizabeth Perry, M.D., Co-Chair	1991 1991	1996 1996

*Contingent upon approval

Medical/Dental Staff Bylaws, Article VI, Part A. Section I(b). Appointments will be made by the Board at its first meeting after the end of the medical staff year for an initial term of one year. After serving an initial term a chairman may be reappointed by the Board annually for a maximum of four additional years.

UNIVERSITY OF MINNESOTA

The University of Minnesota Hospital and Clinic

Office of the Chief of Staff

*Box 707
Harvard Street at East River Parkway
Minneapolis, MN 55455
612-626-1945*

June 10, 1992

TO: Joint Conference Committee
Board of Governors

FROM: Robert E. Maxwell, M.D.
Chief of Staff

SUBJECT: Appointment of Chief of Staff and Vice-Chief of Staff

My first term of office as Chief of Staff will come to an end on June 30 as will the term of Dr. Patricia Ferrieri, Vice-Chief of Staff. The Nominating Committee appointed by the Medical Staff-Hospital Council selected me to run for reelection for the office of Chief of Staff and Dr. Elke Eckert to run for election for the office of Vice-Chief of Staff and the Council approved the recommendations.

The Bylaws of the Medical and Dental Staff, Article V, Part A:, Section 3. Chief of Staff: states (a) Election: The Chief of Staff shall be elected by the voting members of the medical staff by a plurality vote of the staff voting by mail ballot. His or her election shall become effective as soon as approved by the Board. The Chief of Staff shall serve a three-year term and is eligible for a second two-year term but in any event shall serve until a successor has been elected and his or her election approved by the Board. If the office of Chief of Staff becomes vacant, the Vice-Chief of Staff shall serve as acting Chief of Staff for the remainder of the term or until a successor is elected.

Section 4. Vice-Chief of Staff: (a) Election: The Vice-Chief of Staff shall be elected by a plurality vote of the staff voting by mail ballot. His or her election shall become effective as soon as approved by the Board. The Vice-Chief of Staff shall serve a three-year term and is not eligible for re-election but in any event shall serve until a successor has been elected and his or her election approved by the Board.

Elections were held in May and the tabulated results indicate that Dr. Robert Maxwell for Chief of Staff and Dr. Elke Eckert for Vice-Chief of Staff have won the election by plurality. I hereby request the Board's approval.

Thank you for your consideration of this request.

REM/cf
nom.jt.conf

UNIVERSITY OF MINNESOTA

The University of Minnesota Hospital and Clinic

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

TO: Joint Conference Committee

FROM: Robert Dickler, General Director
Robert Maxwell, M.D., Chief of Staff

RE: Annual Appointments of Chief of Clinical Services

DATE: June 16, 1992

The bylaws of the Board of Governors of The University of Minnesota Hospital and Clinic were amended in November, 1982, requiring the following:

Article V. Section 5 (B)

After consultation with the Joint Conference Committee, at its June meeting each year, the Board of Governors shall appoint the chief of each clinical service of the Medical Staff to serve at the discretion of the Board for an initial term of three years, except in the case of a chief of a clinical service who is an individual other than the Head of the corresponding medical or dental school clinical department, in which case the initial appointment shall be for one year. Reappointment thereafter by the Board of Governors shall be yearly. Vacancies in the office of the chief of a clinical service may be filled at any time by the Board. In the event that a chief of a clinical service is appointed at some time other than the June meeting, and if the appointment is made no longer than December, for purposes of determining the time of reappointment the appointment shall be deemed to have commenced the preceding June. In the event that the appointment is made after December, for purposes of determining the time of reappointment the computation time shall be deemed to commence at the next succeeding June.

The Hospital Director, in consultation with the Chief of Staff, hereby recommends the appointment of the following Clinical Chiefs for 1992-93:

<u>Name</u>	<u>Department</u>
George Adams, M.D.	Otolaryngology
Edward Ciriacy, M.D.	Family Practice
Paula Clayton, M.D.	Psychiatry
Thomas Ferris, M.D.	Medicine
Edwin Fraley, M.D.	Urology
Roberto Heros, M.D.	Neurosurgery
William Knobloch, M.D.	Ophthalmology
Seymour Levitt, M.D.	Therapeutic Radiology
Peter Lynch, M.D.	Dermatology
Alfred Michael, M.D.	Pediatrics
John Najarian, M.D.	Surgery
Richard Palahniuk, M.D.	Anesthesia
Richard Price, M.D.	Neurology
James Swift, M.D.	Hospital Dentistry
Roby Thompson, M.D.	Orthopaedic Surgery
William Thompson, M.D.	Radiology

Dr. Leo Furcht (Laboratory Medicine & Pathology), and Dr. Leo Twiggs (Obstetrics and Gynecology) are serving in their initial three year terms as Chief of Clinical Services, thus reappointment is not required this year.

We are recommending the appointment of Dennis Dykstra, M.D., as Clinical Chief of Physical Medicine and Rehabilitation.
Thank you.

/gs



UNIVERSITY OF MINNESOTA
TWIN CITIES

The University of Minnesota Hospital and Clinic
Box 604
Room B-313 Mayo Memorial Building
Harvard Street at East River Road
Minneapolis, Minnesota 55455
(612) 626-5003

To: Board of Governors

From: Robert M. Dickler
General Director

Subject: Institutional Performance Indicators and Objectives

Date: June 15, 1991

Enclosed are a preliminary set of performance indicators and institutional objectives for University Hospital and Clinic for fiscal year 1992/1993. These indicators and objectives are similar to those reviewed by the Board during the Spring mini-retreat with updating to reflect the approved budget.

We have labeled these indicators and objectives as preliminary given the strategic planning process which is currently underway. It is our belief that the strategic planning efforts will lead to a substantial revamping of these indicators and objectives. In addition, we also believe that the planning effort will facilitate the development of multiple year objectives and indicators that will permit those for 1992/1993 to be placed in a more coherent context.

I recommend that the Board accept these performance indicators and objectives on an interim basis with an understanding that a revised set of objectives and indicators will be submitted to the board during or before the Fall retreat.

Please feel free to contact me if you have any questions or concerns prior to the Board meeting.

**The University of Minnesota Hospital and Clinic
Preliminary Performance Indicators and Institutional Objectives
1992/1993**

Activity Levels

- To achieve a total admission level of 17,079.
- To achieve a total outpatient visit level of 352,325.

Financial Indicators

- To achieve a total margin for UMHC in the range of 2.1%
- To achieve a level of days in accounts receivable of 83 days.

Productivity Improvement

- To limit salary expenses to \$5,523 per adjusted admission modified for case mix, technology, and other appropriate factors.
- To limit non-salary expenses to \$8,622 per adjusted admission modified for case mix, technology, and other appropriate factors.

Employee Relations

- To implement new or enhanced program initiatives in the areas of compensation, communications, career advancement, recognition, and diversity.

Program and Market Development

- To complete strategic and business plans for the five designated program areas by September, 1992.
- To conclude discussions with Riverside Medical Center regarding OB and Neonatology by September, 1992.
- To increase consultation and outreach activities by 5%.

- To achieve a satisfaction level from referring physicians of 90% as measured by surveys, feedback time, and other appropriate indicators.
- To monitor and maintain/improve customer satisfaction through reviews and surveys of various facets of Hospital activity.

Technology Development

- To develop a philosophy, process, and funding mechanism for UMHC support/investment in faculty initiated new technology development, as a means of supporting the research mission and creating investment opportunities.

Quality and Care Management

- To implement; and review with the Board of Governors at least quarterly; a UMHC specific continuous quality improvement program which assures quality patient care in a cost effective manner.
 - To develop a focused program for measuring, monitoring, and improving clinical outcomes.
 - To establish systems of case management, for selected patient populations, through which continuity of care, improved communications and efficient utilization of resources will be monitored and enhanced.

Ambulatory Care

- To develop an organizational and governance structure, in conjunction with the clinical departments, which will determine the appropriate balance between departmental and institutional direction and financing.
- To initiate, monitor and improve performance as measured by service standards developed prior to September 1, 1992.
- To initiate more effective structures to provide support systems, measure and improve quality, manage and improve

facilities, support education and research efforts, improve financial performance and improve customer satisfaction.

Strategic Planning

- To pursue and report to the Board of Governors; at least quarterly; on strategic relationship development with other health providers, purchasers, and intermediaries.
- To complete the strategic plan, and begin implementation, by Fall, 1992.
- To develop and maintain an ongoing mechanism to support strategic planning.

THE UNIVERSITY OF MINNESOTA HOSPITAL AND CLINIC
BOARD OF GOVERNORS

SELF-EVALUATION SURVEY

1991

ASSESSMENT OF STRUCTURE AND COMPOSITION

- | | | | |
|----|--|------------------|-------------------|
| 1. | Does the Board of Governors consist of a workable number of members to function efficiently and effectively? | <u>13</u>
Yes | <u> </u>
No |
| 2. | Is there currently an appropriate mix of professional talents and skills among Board members? | <u>11</u>
Yes | <u>2</u>
No |
| 3. | Is the Committee structure appropriate for the management of issues? | <u>12</u>
Yes | <u>1</u>
No |

Please describe any changes that you would like to see made to the structure or composition of the Board of Governors or to the Committees.

o sometimes too much repetition on presentations, i.e. to committee & then to Board

o we may need a Personnel Committee or greater participation by Finance or Executive Committee

regarding personnel matters

ASSESSMENT OF PROCESS

- | | | | | |
|----|---|------------------|-------------------|---------------------|
| 4. | Was your orientation to the Board of Governors thorough and useful? | <u>9</u>
Yes | <u> </u>
No | <u>4</u>
Abstain |
| 5. | Are Board meetings scheduled at appropriate intervals? | <u>12</u>
Yes | <u>1</u>
No | |

6.	Are monthly agendas organized in a way that allow priority issues to be discussed at appropriate times?	<u>13</u> Yes	<u> </u> No
7.	Are the Board of Governors business meetings conducted efficiently?	<u>13</u> Yes	<u> </u> No
8.	Is the background material included in the agenda packets clear, concise and relevant?	<u>13</u> Yes	<u> </u> No
9.	Is an appropriate level of information being transmitted from the Committees to the Board?	<u>13</u> Yes	<u> </u> No
10.	Is the level of information about current issues provided at the Board meetings adequate?	<u>10</u> Yes	<u>2</u> No
11.	Are "enrichment" presentations made at Board meetings useful? (i.e., Dr. George Adams on Otolaryngology Department)	<u>13</u> Yes	<u> </u> No
12.	Is the Fall Board of Governors Retreat a useful opportunity for reviewing issues in depth?	<u>13</u> Yes	<u> </u> No
13.	Is the February mini-retreat a useful opportunity for reviewing issues in depth?	<u>10</u> Yes	<u>1</u> No
14.	Are administrative staff members responsive in answering questions and providing necessary information outside of scheduled business meetings?	<u>11</u> Yes	<u> </u> No
15.	Do you receive an adequate amount of information on continuing education opportunities offered by external groups?	<u>10</u> Yes	<u>2</u> No
16.	Are your day to day requests made of the Board office being met?	<u>12</u> Yes	<u> </u> No

Please describe any changes that you would like to see made in the way that the Board of Governors functions.

o There is a need for clarification of the authority and responsibility of the Board of Governors for governing the hospital

ASSESSMENT OF PERFORMANCE

17. The members of the Board are generally familiar with the healthcare Minnesota marketplace and the environmental factors affecting the Hospital and Clinic?

5	4	3	2	1		Mean	
<u>1</u> Strongly Agree	<u>3</u> Somewhat Agree	<u>5</u> Agree	<u>2</u> Somewhat Disagree	<u> </u> Disagree Strongly	<u>1</u> Not Sure	<u> </u> Abstain	3.3

18. The Board and Hospital employ an adequate planning process in charting the direction of the Hospital and Clinic that anticipates and responds to environmental factors.

5	4	3	2	1		Mean	
<u>2</u> Strongly Agree	<u>3</u> Somewhat Agree	<u>4</u> Agree	<u>3</u> Somewhat Disagree	<u> </u> Disagree Strongly	<u>1</u> Not Sure	<u> </u> Abstain	3.3

19. The Board effectively monitors the Hospital's financial position.

5	4	3	2	1		Mean	
<u>4</u> Strongly Agree	<u> </u> Somewhat Agree	<u>7</u> Agree	<u>2</u> Somewhat Disagree	<u> </u> Disagree Strongly	<u> </u> Not Sure	<u> </u> Abstain	3.5

20. The Board makes informed decisions on medical staff appointments, reappointments and clinical privileges that result in fulfillment of its responsibility for ensuring a properly functioning medical staff.

5	4	3	2	1			
<u>1</u> Strongly Agree	<u>3</u> Somewhat Agree	<u>7</u> Agree	<u>2</u> Somewhat Disagree	<u> </u> Disagree Strongly	<u> </u> Not Sure	<u> </u> Abstain	3.2

21. Quality assurance mechanisms are used by the Board in a way that allows it to evaluate the quality of care provided at the Hospital and Clinic.

5	4	3	2	1			
<u>2</u> Strongly Agree	<u>3</u> Somewhat Agree	<u>4</u> Agree	<u>2</u> Somewhat Disagree	<u>1</u> Disagree Strongly	<u> </u> Not Sure	<u> </u> Abstain	3.3

22. The Board makes informed decisions about the Hospital's long term capital expenditure plan.

5	4	3	2	1			
<u>3</u> Strongly Agree	<u>6</u> Somewhat Agree	<u>3</u> Agree	<u> </u> Somewhat Disagree	<u> </u> Disagree Strongly	<u>1</u> Not Sure	<u> </u> Abstain	4.0

23. The Board effectively monitors Hospital personnel policies and compensation plans.

5	4	3	2	1			
<u>1</u> Strongly Agree	<u>3</u> Somewhat Agree	<u>6</u> Agree	<u>1</u> Somewhat Disagree	<u>1</u> Disagree Strongly	<u>1</u> Not Sure	<u> </u> Abstain	3.2

24. The Board effectively monitors Hospital purchasing policies and practices.

5	4	3	2	1			
<u>2</u> Strongly Agree	<u>2</u> Somewhat Agree	<u>8</u> Agree	<u>1</u> Somewhat Disagree	<u> </u> Disagree Strongly	<u> </u> Not Sure	<u> </u> Abstain	3.4

25. The Board strikes an appropriate balance in dealing with governance decisions verses management decisions.

5	4	3	2	1			
<u>2</u> Strongly Agree	<u>1</u> Somewhat Agree	<u>7</u> Agree	<u>1</u> Somewhat Disagree	<u> </u> Disagree Strongly	<u>2</u> Not Sure	<u> </u> Abstain	3.4

26. The Board plays an effective role in evaluating the Hospital's administrative staff.

5	4	3	2	1			
<u> </u> Strongly Agree	<u>4</u> Somewhat Agree	<u>4</u> Agree	<u>3</u> Somewhat Disagree	<u> </u> Disagree Strongly	<u>1</u> Not Sure	<u>1</u> Abstain	3.1

27. Board members handle matters of apparent or potential conflict of interest appropriately.

5	4	3	2	1			
<u>3</u> Strongly Agree	<u>1</u> Somewhat Agree	<u>7</u> Agree	<u> </u> Somewhat Disagree	<u> </u> Disagree Strongly	<u>2</u> Not Sure	<u> </u> Abstain	3.6

28. Board members generally initiate formal and informal opportunities for communicating with constituencies and members of the community, when appropriate.

5	4	3	2	1			
<u>1</u>	<u>1</u>	<u>4</u>	<u>3</u>	<u>1</u>	<u>4</u>	<u> </u>	3.0
Strongly Agree	Somewhat Agree	Agree	Somewhat Disagree	Disagree Strongly	Not Sure	Abstain	

Specific suggestions as to how the Board of Governors can improve its performance would be helpful:

o we need to have a plan for proactive quality assurance

o set up specific operational and strategic goals and objectives which the Board will monitor

o keep the Board informed and involved in the strategic planning process

UNIVERSITY OF MINNESOTA

The University of Minnesota Hospital and Clinic

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

June 23, 1992

TO: Members, Board of Governors

FROM: Shannon Lorbiecki

RE: July 16, 1992

There will be a farewell dinner for Robert Dickler on Thursday, July 16, 1992. Invitations will be mailed next week and I would like to encourage all of you to attend.

SLL/gs

**THE UNIVERSITY OF MINNESOTA HOSPITAL AND CLINIC
BOARD OF GOVERNORS RESOLUTION**

WHEREAS, the University of Minnesota acquired the Interstate Medical Center in Red Wing, MN on March 2, 1992 and;

NOW, THEREFORE, be it resolved that the Board of Governors appoint Greg Hart as a member of Interstate Medical Center's Board of Directors to complete the one year term vacated by Robert Dickler.

THE UNIVERSITY OF MINNESOTA HOSPITAL AND CLINIC

Recommendations for Reappointment
to the Medical and Dental Staff

July 1, 1992 - June 30, 1994

<u>DEPARTMENT</u>	<u>CATEGORY</u>	<u>JOINT APPOINTMENT</u>
PEDIATRICS		
DUNNIGAN, ANN C.	Attending Staff	
ETZWILER, DONNELL D.	Clinical Staff	
FERENCI, DAVID A.	Clinical Staff	
FILIPOVICH, ALEXANDRA	Attending Staff	
FISCH, ROBERT O.	Attending Staff	
FISH, ALFRED J.	Attending Staff	
FISH, LLOYD	Clinical Staff	
FREESE, DEBORAH K.	Attending Staff	
GEORGIEFF, MICHAEL K	Attending Staff	
GIEBINK, G. SCOTT	Attending Staff	
GOODMAN, DENISE M.	Attending Staff	
GRAFT, DAVID F.	Clinical Staff	
GREEN, THOMAS P.	Attending Staff	
HEISEL, MARGARET A.	Clinical Staff	
HESSLEIN, PETER S.	Attending Staff	
HORROBIN, J. MARGARET	Clinical Staff	
HOSTETTER, MARGARET	Attending Staff	
JOHNSON, DANA	Attending Staff	
KAPLAN, EDWARD L.	Attending Staff	
KASHTAN, CLIFFORD E.	Attending Staff	

Continued on next page.....

THE UNIVERSITY OF MINNESOTA HOSPITAL AND CLINIC

Recommendations for Reappointment
to the Medical and Dental Staff

July 1, 1992 - June 30, 1994

<u>DEPARTMENT</u>	<u>CATEGORY</u>	<u>JOINT APPOINTMENT</u>
PEDIATRICS		
ORCHARD, PAUL	Attending Staff	
PESCOVITZ, ORA H.	Attending Staff	
PIERPONT, MARY ELLA	Attending Staff	
PLATT, JEFFREY L.	Attending Staff	
POKORA, THOMAS J.	Clinical Staff	
PRIEST, JOHN R	Clinical Staff	
QUIE, PAUL G.	Attending Staff	
RAMSAY, NORMA KC	Attending Staff	
REGELMANN, WARREN E.	Attending Staff	
REMAFEDI, GARY J.	Attending Staff	
ROCCHINI, ALBERT P.	Attending Staff	
SANE, KUMUD S.	Clinical Staff	
SATRAN, LEON	Attending Staff	
SCHWARZENBERG, SARAH	Attending Staff	
SHANNON, MICHAEL C.	Attending Staff	
SHAPIRO, RALPH S.	Attending Staff	
SHARP, HARVEY L.	Attending Staff	
SINAIKO, ALAN R.	Attending Staff	
SMITH, CLARK M.	Attending Staff	
SMITH, THEODORE S.	Emeritus Staff without privileges	

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UNIVERSITY OF MINNESOTA HOSPITAL AND CLINIC

Recommendations for Discontinuation
of Medical/Dental Staff Appointments

NO REAPPRAISAL REAPPOINTMENT APPLICATION OR EVIDENCE OF REQUIRED INSURANCE SUBMITTED

DEPARTMENT

CATEGORY

JOINT APPOINTMENT

OTOLARYNGOLOGY

GOYCOOLEA, MARCOS V.

Clinical Staff