

A non-public meeting of the Board of Governors of the University of Minnesota Health System was held on Wednesday, January 25, 1995 at 4:15 p.m. at the Radisson Hotel Metrodome, pursuant to the following resolution adopted at a public meeting of the Board of Governors.

RESOLVED, that on the recommendation of the President and as provided by Minnesota State Statute, a non-public meeting of the Board of Governors be held on Wednesday, January 25, 1995, at the Radisson Hotel Metrodome for the purpose of discussing specific marketing and contracting matters.

Board members present: P. Bowlin, S. Chou, S. Edwardson, R. Erickson, R. Fagerstrom, M. Fay, A. Givens, M. Goldberg, S. Hansen, A. Hanser, G. Hart, N. Johnson, D. Knopman, A. Kydd, P. Lynch, D. MacMillan, P. Madel, T. Madison, E. Malkerson, A. Michael, J. Morrison, A. Page, P. Rapp, H. Smith, D. Sudor, R. Thompson, B. VanderKooi

Staff present: K. Dunder, C. Fearing, G. Strandemo, P. Board, A. Deinard, C. McComb

The meeting was adjourned at 4:43 p.m.

Gail Strandemo
Board of Governors

**THE UNIVERSITY OF MINNESOTA
HEALTH SYSTEM**

BOARD OF GOVERNORS

JANUARY 25, 1995

2:30 P.M.

**RADISSON UNIVERSITY
METRODOME**

HUMPHREY BALLROOM

**THE UNIVERSITY OF MINNESOTA HEALTH SYSTEM
BOARD OF GOVERNORS
January 25, 1995
2:30 P.M.
Radisson Hotel Metrodome**

AGENDA

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	Lung & Heart Lung Transplantation: The University of Minnesota Experience	
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VI.	<u>Consent Items</u>	
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VII. Committee Reports

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-Mr. John Morrison

- | | | | |
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- | | | | |
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| 2. | 1995 Annual Quality Work Plan
(To be distributed at the meeting) | Approval | |

C. Human Resource Committee

No items requiring Board deliberation

VIII. Resolution to conduct Non-Public Meeting of the Board of Governors to Discuss:

1. Specific Marketing and Contracting Matters

IX. Other Business

X. Adjournment

UNIVERSITY OF MINNESOTA HEALTH SYSTEM

BOARD OF GOVERNORS NOMINATING COMMITTEE

JANUARY 18, 1995 MINUTES

VIA CONFERENCE CALL

PRESENT ON LINE: Art Kydd, Chair,
John Morrison
Greg Hart
Cliff Fearing (Staff)
Vaman Pai (Staff)

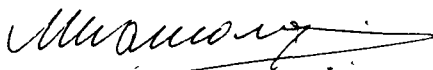
Mr. Art Kydd called the meeting of the Board of Governors Nominating Committee to order.

The names of Mr. Michael Dougherty and Ms. Nellie Johnson were submitted for reappointment as chair and vice-chair of the University of Minnesota Health System Board of Governors for the calendar year 1995.

After discussion the Nominating Committee unanimously approved the names of Mr. Dougherty and Ms. Johnson as chair and vice-chair of the Board. Mr. Art Kydd, chair of the Nominating Committee will make this recommendation to the full Board and place their names in nomination at the January 1995 meeting for approval.

There being no other agenda items, the meeting was adjourned.

Submitted by,



Vaman Pai
(Staff)

MINUTES**BOARD OF GOVERNORS
The University of Minnesota Health System****December 14, 1994****Call To Order**

The December 14, 1994 meeting of the Board of Governors was called to order at 2:40 p.m. at the Radisson Hotel Metrodome.

Attendance

Present:

- Larry Bentson
- Paul Bowlin, M.D.
- William Brody, M.D.
- Michael Dougherty
- Sandra Edwardson, PhD
- Robert Erickson
- Rose Fagerstrom
- Michael Fay
- Archie Givens
- Marvin Goldberg, M.D.
- Steve Hansen
- Albert Hanser
- Gregory Hart
- David Knopman, M.D.
- Arthur Kydd
- Ronald Lund
- Peter Lynch, M.D.
- Duncan MacMillan
- Peter Madel
- Tom Madison
- Teresa McCarthy, M.D.
- Al Michael, M.D.
- John Morrison
- Peter Rapp
- Donald Sudor
- Roby Thompson, M.D.
- Benjamin Vander Kooi

Not Present: Leonard Bienias
Shelley Chou, M.D.
Nellie Johnson
Elizabeth Malkerson
Barbara Neubauer

Approval of Minutes

The Board of Governors seconded and passed a motion to approve the minutes of the October 26, 1994 meeting as submitted.

Chairman's Report

Mr. Mike Dougherty informed the Board of Governors of the Board of Regents Nominating Committee recommendation to re-appoint Governors Mike Dougherty and Art Kydd; appoint new members W. James Corbett, Henry T. Smith, M.D., and Kathryn Tunheim; and appoint new student member Alison Page.

Mr. Dougherty encouraged all the Board members to attend the holiday reception following the Board meeting.

Executive Report

Dr. William Brody reported on the Academic Health Center and Minnesota ISN's.

Mr. Greg Hart provided the Board with some comparative data on progress in UMHS price-competitive goals.

Mr. Peter Rapp commented on a number of items, including an update on several facilities improvement projects.

Consent Agenda

A motion was made and seconded to approve the consent agenda.

Finance, Planning and Development Committee

Mr. John Morrison called on Mr. Cliff Fearing to present the Interstate Medical Center 1995 fiscal year Budget. A motion was made and seconded to approve the Interstate Medical Center Budget.

Mr. Morrison called on Mr. Peter Rapp to present the 1995 Capital Budget Plan. A motion was made and seconded to approve the 1995 Capital Budget Plan.

Mr. Morrison called on Ms. Joanne Jackson to present the Medical School Support request. A motion was made and seconded to approve this support with the

understanding that the Medical School will find ways to balance their budgets, and will report back to the Board.

Mr. Morrison called on Mr. Pat Board to present the UMCA Common Billing financing proposal. A motion was made and seconded to approve the UMCA Common Billing financial proposal with an interest rate to be determined at a later date.

Mr. Morrison called on Mr. Cliff Fearing to present the November 30, 1994 financial report. Mr. Fearing reported that the Hospital's Statement of Operations for the period of July 1, 1994 thru November 30, 1994 shows year to date revenues being greater than expenses by \$5,843,000. This is a favorable variance of \$1,454,000.

Mr. Fearing reported that admissions for the month of November totaled 1,395 which were 74 greater than the budgeted admissions of 1,321. Outpatient clinic visits for the month of November totaled 33,640 which was 3,396, or 11.2%, above budgeted volumes of 30,244.

Quality Management Committee

Mr. Albert Hanser called on Dr. Marvin Goldberg to present the recommendations of the Quality Management Committee as to physician credentials. The recommendations of the Quality Management Committee were unanimously approved as presented.

Mr. Hanser presented the CUHCC Community Board bylaws. A motion was made and seconded to approve the CUHCC Community Board bylaws.

Audit Committee

Mr. Art Kydd presented the 1993-94 Audit Report. A motion was made and seconded and approve the 1993-94 Audit Report.

Adjournment

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 to discuss specific marketing and contract matters. The meeting was reopened at 4:55 p.m. The meeting was adjourned at 4:56 p.m.

Respectfully submitted,



Gail Strandemo
Board of Governors Office

CURRICULUM VITAE

R. Morton Bolman, III M.D.

Date of Birth: December 6, 1946

Place of Birth: Fort Wayne, Indiana

Social Security Number:

Marital Status: Married Ceeya Patton, October 10, 1975
daughters Paige and Melissa

Pre-Medical Education: B.A. 1969 - Williams College,
Williamstown, Massachusetts

Medical Education: M.D. 1973 - St. Louis University
School of Medicine, St. Louis, Missouri
(Magna cum laude)

Graduate Clinical and Research Experience:

First year resident in Surgery, Duke University Medical Center, Durham, North Carolina, 1973-1974.

Junior Assistant Resident in Surgery, Duke University Medical Center, Durham, North Carolina, 1974-1975.

Research Fellow in Department of Surgery, Duke University Medical Center, Durham, North Carolina, 1977-1979.

Senior Assistant Resident in Department of Surgery, Duke University Medical Center, Durham, North Carolina, 1977-1979.

Chief Resident in Surgery, Department of Surgery, Duke University Medical Center, Durham, North Carolina, 1979-1980

Fellow in Cardiovascular Surgery, University of Minnesota Hospital, Minneapolis, Minnesota, 1980-1982.

Academic Positions:

Assistant Professor of Surgery and Director of Cardiac Transplantation, University of Minnesota Hospital, Minneapolis, Minnesota, July 1982-October 1984.

Assistant Professor of Surgery and Director of Cardiac Transplantation, Washington University School of Medicine, St. Louis, Missouri, November 1984-May 1986.

Associate Professor of Surgery and Director of Cardiac Transplantation, Washington University School of Medicine, St. Louis, Missouri, June 1986-September 1987.

Associate Professor of Surgery and Head of Section, Heart and Heart-lung Replacement and Clinical Perfusion, Division of Cardiothoracic Surgery, Washington University School of Medicine, St. Louis, Missouri, October 1987-December 1988.

Professor of Surgery and Chairman, Division of Cardiovascular and Thoracic Surgery, Department of Surgery, and Director, Minnesota Heart and Lung Institute, University of Minnesota Hospital and Clinic, Minneapolis, Minnesota, January, 1989-August, 1989.

C. Walton and Richard C. Lillehei Professor of Cardiovascular and Thoracic Surgery, Chairman, Division of Cardiovascular and Thoracic Surgery, Department of Surgery, and Director, Minnesota Heart and Lung Institute, University of Minnesota Hospital and Clinic, Minneapolis, Minnesota, August, 1989-Present.

Hospital Appointments:

University of Minnesota Hospital and Clinic
Minnesota Veterans Administration Hospital
Saint Paul, Ramsey Hospital
Riverside Medical Center
Hennepin County Medical Center
United Hospital of St. Paul

Licensure: Minnesota 026767 8, 1988
Missouri, R4E56, 1984

Certification: American Board of Surgery, 1981.
American Board of Thoracic Surgery, 1984.

Grants:

Research Training for Surgical Scientists
National Institutes of Health
John S. Najarian, M.D., Principal Investigator
R. Morton Bolman III, M.D., Co-Investigator 5% effort
July 1988 - June 1993 \$646,945

Studies in Cardiac Xenotransplantation
National Institutes of Health Program Project Grant
Fritz H. Bach, M.D. - Principal Investigator
Project 5 Cardiac Xenograft Transplantation
R. Morton Bolman III, M.D., Co-Principal Investigator for Project 5 25% effort
December 1990 - November 1995 \$5,301,205

Anti IgM Immunophoresis Column in the Xenotransplantation of Primates
Baxter Healthcare Corporation
R. Morton Bolman III, M.D., Principal Investigator
November 1991 - Present \$265,000

Nonlinear Techniques for Detecting Organ Transplantation in Human Heart Transplant
Recipients
Minnesota Supercomputer Institute Resource Grant
R. Morton Bolman III, M.D., Principal Investigator
Project date started 1991. Awarded 45 Super Units (no monetary amount) approximate cost per
unit is \$400

Studies of Organ Transplantation in Animals and Man
National Institutes of Health
John S. Najarian, M.D., Principal Investigator
R. Morton Bolman III, M.D., Co-Investigator 15% effort
September 1992 - September 1997 \$5,138,046

Obliterative Bronchiolitis Post Lung Transplantation
Cystic Fibrosis Foundation (Submitted 1993)
Vibhu Kshetry, M.D., Principal Investigator
R. Morton Bolman III, M.D., Sponsor 5% effort
Project date April 94-May 95 requested \$64,554

● Research Interests/Ongoing Work:

1. Xenograft transplantation of heart, lung
- ongoing small animal (rodent) and large animal (pig-to-baboon) models
2. Obliterative bronchiolitis after lung transplantation
- ongoing large animal model (porcine)
3. Lung preservation for transplantation
4. Novel immunosuppression after lung transplantation (rapamycin study in porcine lung transplant model)
5. Lobar lung transplantation
6. Mathematical (chaos) modeling of cardiac rejection

THE UNIVERSITY OF MINNESOTA HOSPITAL AND CLINIC
BOARD OF GOVERNORS FINANCE,
PLANNING & DEVELOPMENT COMMITTEE
December 14, 1994

MINUTES

ATTENDANCE:

Members: John Morrison, Chair
Tom Madison
Larry Bentson
Stephen Hansen
Greg Hart
JoAnne Jackson
David Knopmann, M.D.
Arthur Kydd
Peter Madel
Alfred Michael, M.D.
Roger Paschke
Peter Rapp

Guests: Michael Fay, Board Member
Pete Mitsch
Tom Seidel
Donald Sudor, Board Member

Staff: Beth Beyer
Pat Board
Joanne Disch
Wayne Drehmel
Keith Dunder
Cliff Fearing
Mark Koenig
Nels Larson
Carter McComb
Vaman Pai
Ted Thompson, M.D.

CALL TO ORDER:

The meeting of the Finance, Planning & Development Committee was called to order by John Morrison, Committee Chairman, on December 14, 1994 at 12:35 P.M.

APPROVAL OF THE MINUTES:

The Board of Governors Finance, Planning & Development Committee seconded and passed a motion to approve the Finance, Planning & Development Committee minutes of the October 26, 1994 meeting as written.

NOVEMBER 30, 1994 FINANCIAL STATEMENTS:

Mr. Cliff Fearing reported to the Committee, for information, the November, 1994 financial statements. For the month of November, the inpatient admissions totaled 1,395, which were 74 greater than budgeted admissions; average length of stay was 7.1 days; patient days totaled 10,004 and were 123 days below budget.

Outpatient encounters through November totaled 33,640 which were 11.2% more than budgeted volumes.

Mr. Fearing indicated that the Hospital's Statement of Operations shows year to date revenues being greater than expenses by \$5,843,000 and a favorable variance of \$1,454,000. Operating expenditures through November totaled \$127,243,000 and were 1.6% below budgeted levels of \$129,329,000.

INTERSTATE MEDICAL CENTER BUDGET:

Mr. Morrison called on Mr. Fearing to present the Interstate Medical Center Budget for approval. A motion was made and seconded by the Committee to approve this item.

UMHC CAPITAL BUDGET:

Mr. Morrison called on Mr. Peter Rapp to present the UMHC Capital Budget. He submitted, for information only, major projects over \$250,000, still in development, but likely to be presented to the Committee and to the Board within the next several months.

The Committee seconded and passed a motion to approve the \$7,800,000 recurring budget. These recurring funds are for items of a replacement nature that are less than \$250,000.

MEDICAL SCHOOL SUPPORT:

Ms. JoAnne Jackson was called on to present the Medical School Support of the Department of Medicine and Pediatrics for \$2.7 Million to cover through June 30, 1994 departmental deficits. A motion was made and seconded by the Committee to approve this item with the understanding that this was not an approval of continuous support for these departments, and that the Medical School must find ways to balance their budgets.

UMCA COMMON BILLING SYSTEM:

Mr. Morrison called on Mr. Pat Board and Mr. Tom Seidel to present the UMCA Common Billing System to the Committee. The Committee seconded and passed a motion to approve an \$805,000 operating loan for common billing implementation expenses with an interest rate of 8.5% equivalent to the prime rate.

There being no further discussion, the December 14, 1994 meeting was adjourned at 2:10 P.M.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Beth Beyer".

Beth Beyer
Recording Secretary

/bb

UNIVERSITY OF MINNESOTA

The University of Minnesota Hospital and Clinic

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

Date: January 17, 1995

TO: UMHC Board of Governors Finance Committee

FROM: Clifford P. Fearing
Senior Associate Director, UMHC

SUBJECT: Bad Debts - Second Quarter
Fiscal Year 1994-95

The total amount recommended for bad debts for Hospital and Clinic accounts receivable during the second quarter of 1994-95 is \$384,931.86 represented by 1361 accounts. Bad debt recoveries during the period amounted to \$2,865.25 (67 accounts) leaving a net charge-off of \$382,066.61.

The net bad debts of \$382,066.61 for the quarter were .4% of gross charges. This compares to a budgeted level of bad debts of .7% (\$639,906).

For the fiscal year, the net bad debts to-date of \$817,606.19 were .4% of gross charges. This compares to a budgeted level of bad debts of .7% (\$1,293,274).

A statistical summary is attached along with a detailed description of losses \$10,000 and higher and recoveries \$10,000 and higher for each month of the second quarter.

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

CPF:lmj
Attachments

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UMHC Hospital Billing Department

Bad Debt Statistics

Second Quarter and Year-to-Date Fiscal Year 1995

By Service

Admitting Service	Second Quarter Amount	# of Accounts	Y-T-D Total Amount	Total # of Accounts
Anesthesiology	0.00	0	0.00	0
Clinical Research	0.00	0	3,228.45	2
Dentistry	0.00	0	0.00	0
Dermatology	0.00	0	0.00	0
Family Practice	0.00	0	0.00	0
OB	0.00	0	0.00	0
NB	0.00	0	0.00	0
GYN	3,754.91	2	4,069.29	3
GYN-Oncology	3,497.93	11	13,438.46	30
Hematology	1,439.55	1	10,336.42	6
Medicine-General	414.93	5	7,010.33	11
Medicine-Blue	11,505.28	3	14,230.63	8
Green	1,180.53	7	3,946.33	11
Masonic (Onc)	1,282.76	7	8,019.71	31
Purple	72.00	1	1,803.14	5
Red A	0.00	0	0.00	0
Red B	0.00	0	0.00	0
Rose A	0.00	0	698.48	2
Rose B	0.00	0	0.00	0
White A	19,840.40	8	35,235.65	31
White B	0.00	0	505.00	1
White C	0.00	0	0.00	0
Yellow A	98.00	1	1,659.76	4
Yellow B	234.50	1	5,072.19	6
Neurology	4,830.72	10	5,661.61	14
Neuro-epilepsy	0.00	0	0.00	0
Neurosurgery	4,445.56	6	9,638.49	15
New Born-General	0.00	0	0.00	0
Obstetrics-General	9,045.80	2	10,198.67	3
-Midwife	0.00	0	0.00	0
Ophthalmology	1,077.75	3	2,393.83	5
Oral Surgery	0.00	0	652.00	1
Orthopaedic Surgery	2,268.22	6	11,950.42	17
Otolaryngology	3,305.46	4	6,289.89	15
Pediatrics-General	4,623.96	1	6,716.26	3
BMT	69.17	1	14,208.85	5
Cardiac - OP	42.80	1	42.80	1
Cardiology	1,193.25	1	1,193.25	1
Dentistry	0.00	0	0.00	0
Dermatology	0.00	0	0.00	0
Gastro-Intestinal	0.00	0	796.90	1
Hematology Oncology	1315.48	1	1,365.18	3
Neonatology	0.00	0	21.02	1
Neurology	517.93	2	517.93	2
Neurosurgery	0.00	0	480.00	1
Ophthalmology	0.00	0	0.00	0
Orthopaedics	261.92	1	261.92	1
Otolaryngology	0.00	0	0.00	0
Pulmonary	80.00	1	2,460.75	7
Renal	0.00	0	0.00	0
Surgery Green	372.49	2	2,710.86	3
Surgery Orange	0.00	0	150.54	1

UMHC Hospital Billing Department

Bad Debt Statistics

Second Quarter and Year-to-Date Fiscal Year 1995
By Service

Admitting Service	Second Quarter Amount	# of Accounts	Y-T-D Total Amount	Total # of Accounts
Surg. Transplant	0.00	0	0.00	0
Urology	5,738.66	1	5,738.66	1
Physical Med. & Rehab.	439.14	2	1,711.74	4
Psychiatry-Child	311.45	1	6,570.02	2
-Adult	36,999.17	6	50,442.66	24
Radiology	714.06	1	714.06	1
Surgery-Blue	28,390.52	20	89,335.50	47
Orange	23.20	1	896.36	5
Purple	212.96	1	9,522.18	12
Red	1,083.45	3	2,575.19	8
White	16,449.63	5	20,697.53	11
Therapeutic Radiology	0.00	0	0.00	0
Urology	676.20	3	6,983.87	8
Unknown	2,107.59	1	2,107.59	1
Outpatient	222,078.81	1,140	489,304.67	2,802
Total	391,996.14	1274	873,565.04	3177
Medicare Bad Debt*	(\$16,459.78)	81	(105,023.66)	574
Legal Settlements	6,779.99	3	13,351.87	6
Bad Debt Agcy Und \$50	0.00	0	50.30	1
Bad Debt - Med NC Chgs	2,615.51	3	42,855.42	6
Grand Total	384,931.86	1,361	824,798.97	3,764
Recoveries	(2,865.25)	67	(7,192.78)	115
Net Total	382,066.61	1,361	817,606.19	3,764

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

UMHC Hospital Billing Department

Bad Debt Statistics

Second Quarter and Year-to-Date, Fiscal Year 1995

By State

State	Second Quarter Amount	# of Accounts	Y-T-D Total Amount	Total # of Accounts
Alabama	0.00	0	6,476.50	10
Alaska	0.00	0	30.50	1
Arizona	3,048.88	3	3,048.88	3
Arkansas	0.00	0	0.00	0
California	2,874.01	4	10,151.56	12
Colorado	1,431.96	5	12,664.51	19
Connecticut	0.00	0	0.00	0
Delaware	0.00	0	0.00	0
Dist. of Columbia	0.00	0	0.00	0
Florida	11,077.34	8	24,506.27	28
Georgia	0.00	0	0.00	0
Hawaii	0.00	0	631.44	2
Idaho	0.00	0	0.00	0
Illinois	16,733.70	19	19,328.61	37
Indiana	432.58	5	466.54	6
Iowa	1,074.92	5	4,788.26	23
Kansas	162.32	2	589.42	6
Kentucky	0.00	0	0.00	0
Louisiana	0.00	0	21.20	1
Maine	0.00	0	335.10	1
Maryland	0.00	0	0.00	0
Massachusetts	0.00	0	55.00	1
Michigan	1,611.72	5	12,095.83	61
Minnesota	278,102.83	1,049	599,617.20	2,588
Mississippi	0.00	0	120.35	1
Missouri	50.95	1	3,765.99	3
Montana	2,577.43	3	3,981.65	6
Nebraska	0.00	0	2,045.64	2
Nevada	0.00	0	1,100.00	1
New Hampshire	0.00	0	0.00	0
New Jersey	1,641.87	2	1,705.85	3
New Mexico	0.00	0	32.60	1
New York	194.90	3	1,987.90	4
North Carolina	938.25	1	2,881.53	3
North Dakota	6,066.74	18	18,441.18	49
Ohio	0.00	0	25.00	1
Oklahoma	7,393.58	28	7,393.58	28
Oregon	0.00	0	0.00	0
Pennsylvania	73.80	2	203.61	5
Puerto Rico	0.00	0	0.00	0
Rhode Island	0.00	0	15,198.38	17
South Carolina	0.00	0	0.00	0
South Dakota	2,878.65	14	20,931.04	60
Tennessee	308.78	2	420.33	7
Texas	386.40	1	927.44	5
Utah	0.00	0	0.00	0
Vermont	0.00	0	0.00	0
Virginia	819.50	4	7,330.80	18
Washington	11,826.91	17	12,673.03	25

West Virginia	0.00	0	0.00	0
Wisconsin	28,487.55	67	59,107.09	126
Wyoming	0.00	0	0.00	0
Out-of-Country	11,800.57	6	18,485.23	13
Total	391,996.14	1,274	873,565.04	3,177
Medicare Bad Debt*	(16,459.78)	81	(105,023.66)	574
Legal Settlements	6,779.99	3	13,351.87	6
Bad Debt Agcy Und \$50	0.00	0	50.30	1
Bad Debt - Med NC Chgs	2,615.51	3	42,855.42	6
Grand Total	384,931.86	1,361	824,798.97	3,764
Recoveries	(2,865.25)	67	(7,192.78)	115
Net Total	382,066.61	1,361	817,606.19	3,764

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

UNIVERSITY OF MINNESOTA

The University of Minnesota Hospital and Clinic

Materials Services Department

Box 517
420 Delaware Street S.E.
Minneapolis, MN 55455
612-626-3636

UNIVERSITY OF MINNESOTA HOSPITAL AND CLINIC
REPORT ON PURCHASING ACTIVITY
PERIOD OF JULY 1, 1994 THROUGH DECEMBER 31, 1994

I. CAPITAL PURCHASING:

A. EQUIPMENT \$250,000 and above
(by item)

<u>P.O.#</u>	<u>VENDOR</u>	<u>DESCRIPTION</u>	<u>AMOUNT</u>
H642630	Emtek Health Care Systems	Patient Charting System	\$ 450,189
H643104	Siemens	MRI	\$ 998,000
H645345	Dominator Radiology Systems Inc	MRI Display System	\$ 247,481
H648678	Toshiba America Med	Electropysiology System	\$1,091,620

B. CONSTRUCTION \$250,000 and above
(by contract)

NO ACTIVITY TO REPORT THIS QUARTER

C. TARGETED GROUP BUSINESS AWARDS

<u>VENDOR</u>	<u>PROJECT</u>	<u>AMOUNT</u>
Nakosene Painting	Heart Failure Clinic	\$4,042
Gebert Flooring	Heart Failure Clinic	\$1,033
Electrical Cntrctrs Inc	Heart Failure Clinic	\$30,260
Elliott Contracting	Unit J Expansion	\$42,900
Industrial Roofing	Unit J Expansion	\$8,800
KMSB	Rehab Remodeling	\$824,069
Lance Svc Inc	Mortenson Cntrct for small projects	\$3,341
J & L of America	Mortenson Cntrct for small projects	\$539
TOTAL DOLLARS AWARDED TO TGB VENDORS		\$914,984

D. ARCHITECTS/ENGINEERS \$250,000 and above
(by contract)

<u>CONTRACT</u>	<u>VENDOR</u>	<u>DESCRIPTION</u>	<u>AMOUNT</u>
94-302	BWBR Architects	NICU/Riverside Project	\$ 253,000

II. **NON-CAPITAL PURCHASING:**

A. SUPPLY CONTRACTS \$750,000 and above
(by contract)

<u>CONTRACT</u>	<u>VENDOR</u>	<u>DESCRIPTION</u>	<u>AMOUNT</u>
94-351	Medix	Med Surg Supplies	>\$5,000,000

B. SERVICE CONTRACTS \$250,000 and above
(by contract)

<u>CONTRACT</u>	<u>VENDOR</u>	<u>DESCRIPTION</u>	<u>AMOUNT</u>
94-352	Lake Superior Laundry	Laundry Svc.	\$6,559,000 (7 yrs)

C. CONSULTANT CONTRACTS \$250,000 and above
(by contract)

NO ACTIVITY TO REPORT THIS QUARTER

D. LEASE OR PURCHASE OF
REAL PROPERTY \$250,000 and above
(by contract)

NO ACTIVITY TO REPORT THIS QUARTER

III. **AWARDS TO OTHER THAN LOW BIDDER EXCEEDING \$100,000**

NO ACTIVITY TO REPORT THIS QUARTER

IV. **VENDOR APPEALS 3rd STEP ONLY**

NO ACTIVITY TO REPORT THIS QUARTER

**FY 1995 CAPITAL EXPENDITURE REPORT
CURRENT YEAR PROJECTS AND EQUIPMENT
7/1/94 THRU 12/31/94**

	FY 1995 BUDGET REQUEST	FY 1995 BUDGET APPROVED	6 MONTHS BUDGET	6 MONTHS ACTUAL EXPENSES	ACTUAL OVER/(UNDER) BUDGET
RECURRING CAPITAL EXPENSES					
RECURRING EQUIPMENT PURCHASES	\$5,920,000	\$5,920,000	\$2,960,000	\$101,315	(\$2,858,685)
RECURRING REMODELING PROJECTS	\$1,880,000	\$1,880,000	\$940,000	\$189,329	(\$750,671)
TOTAL RECURRING CAPITAL	\$7,800,000	\$7,800,000	\$3,900,000	\$290,644	(\$3,609,356)
MAJOR AND SPECIAL PROJECTS					
HEART CATH RM 1	\$1,500,000	\$1,500,000	\$1,500,000	\$0	(\$1,500,000)
INPATIENT PEDIATRICS	\$1,250,000	\$1,250,000	\$1,250,000	\$336	(\$1,249,664)
AMBULATORY CARE MASTER PLAN	\$4,000,000	\$0	\$0	\$0	\$0
PACU RENOVATION	\$2,000,000	\$0	\$0	\$17,503	\$17,503
PATIENT MEAL DELIVERY SYSTEM	\$300,000	\$0	\$0	\$0	\$0
SERVICE IMPROVEMENTS	\$300,000	\$0	\$0	\$0	\$0
BUILDING INFRASTRUCTURE	\$650,000	\$0	\$0	\$0	\$0
FINANCIAL SYSTEM SOFTWARE	\$350,000	\$0	\$0	\$0	\$0
HUMAN RESOURCES SOFTWARE	\$250,000	\$0	\$0	\$0	\$0
TOTAL MAJOR AND SPECIAL PROJECTS	\$10,600,000	\$2,750,000	\$2,750,000	\$17,839	(\$2,732,161)
TOTAL PHASE II RENOVATION PROJECTS	\$2,850,000	\$2,650,000	\$1,325,000	\$187,148	(\$1,137,852)
TOTAL CURRENT YEAR EQUIP AND REMODEL	\$21,050,000	\$13,200,000	\$7,975,000	\$495,631	(\$7,479,369)

**FY 1995 CAPITAL EXPENDITURE REPORT
PREVIOUSLY APPROVED PROJECTS AND EQUIPMENT
7/1/94 THRU 12/31/94**

	PREVIOUSLY APPROVED PROJ 1995 BUDGET	6 MONTHS BUDGET	6 MONTHS ACTUAL EXPENSES	ACTUAL OVER/(UNDER) BUDGET
CAPITAL LEASE PAYMENTS				
CHEMICAL ANALYZERS	\$23,401	\$11,518	\$11,518	\$0
MRI 2	\$528,078	\$283,606	\$283,606	\$0
KODAK COPIER	\$12,048	\$5,882	\$1,736	(\$4,146)
TOTAL CAPITAL LEASE PAYMENTS	\$563,527	\$301,006	\$296,860	(\$4,146)
 BOND PAYMENTS				
1985E BOND (PAYMENT 10/1/94)	\$4,500,000.00	\$4,500,000.00	\$4,500,000.00	\$0.00
1986A BOND (DUE 2/1/95)	\$3,015,000.00	\$0.00	\$0.00	\$0.00
TOTAL BOND PAYMENT	\$7,515,000.00	\$4,500,000.00	\$4,500,000.00	\$0.00
 RECURRING BUDGET ROLLFORWARD				
RECURRING EQUIPMENT	\$6,705,832.00	\$3,352,916.00	\$3,215,610.00	(\$137,306.00)
RECURRING REMODELING	\$3,074,397.00	\$1,537,199.00	\$896,943.00	(\$640,256.00)
TOTAL ROLLFORWARD	\$9,780,229.00	\$4,890,115.00	\$4,112,553.00	(\$777,562.00)

**FY 1995 CAPITAL EXPENDITURE REPORT
PREVIOUSLY APPROVED PROJECTS AND EQUIPMENT
7/1/94 THRU 12/31/94**

CAPITAL PROJECTS	UMHC	ADDITIONAL	TOTAL	1st QUARTER	2nd QUARTER	3rd QUARTER	4th QUARTER	CURRENT &	EXPENDITURES
	FUNDS FROM	FUNDS FROM		EXPEND.	EXPEND.	EXPEND.	EXPEND.	PRIOR YEAR(S)	OVER/(UNDER)
	RESERVES	OTHER SOURCES		BUDGET	1994-95	1994-95	1994-95	1994-95	EXPENDITURES
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(Col 8 - Col 3)
(a) PHASE II RENOVATION	\$12,330,000		\$12,330,000	\$636,867	\$419,481			\$7,004,291	(\$5,325,709)
PHARMACY WORKSTATION	\$400,000		\$400,000	\$35,907	\$7,797			\$244,812	(\$155,188)
MATERIAL DISTRIBUTION SYS	\$330,000		\$330,000		\$67,360			\$118,065	(\$211,935)
SHORT STAY	\$2,153,339	\$50,000	\$2,203,339	\$41,360	\$89,354			\$164,131	(\$2,039,208)
COMPUTER UPGRADE	\$3,600,000		\$3,600,000	\$354,171	(\$67,768)			\$2,181,509	(\$1,418,491)
OUTPATIENT REGISTRATION	\$1,374,700		\$1,374,700	\$40,200				\$936,535	(\$438,165)
CONTRACT MGMT - SITE LIC.	\$248,419		\$248,419					\$248,419	\$0
LINEAR ACCELERATOR	\$2,100,000		\$2,100,000					\$1,227,067	(\$872,933)
SPORTS MED	\$825,000		\$825,000	\$9,881	(\$16,835)			\$849,791	\$24,791
GAMMA CAMERA	\$800,000		\$800,000					\$476,850	(\$323,150)
NICU AT RIVERSIDE	\$3,250,000		\$3,250,000	\$521,244	\$1,168,937			\$2,842,796	(\$407,204)
PYXIS MEDSTATION SYSTEM	\$703,306		\$703,306	\$95,585	\$39,593			\$321,306	(\$382,000)
LOUNGE & CHAPEL	\$280,000	\$320,000	\$600,000		\$33,717			\$36,330	(\$563,670)
NEURO ANGIOGRAPHY	\$2,201,830		\$2,201,830	\$1,369,044	\$380,231			\$1,766,964	(\$434,866)
SIMULATOR	\$525,000		\$525,000		\$406,627			\$449,914	(\$75,086)
CT SCANNERS	\$1,820,000		\$1,820,000	\$615,432	\$689,832			\$1,305,264	(\$514,736)
MRI I AND II UPGRADES	\$1,260,000	\$800,000 (b)	\$2,060,000	\$3,732	\$18,608			\$22,340	(\$2,037,660)
EMTEK	\$4,264,810		\$4,264,810	\$1,460,589	\$772,596			\$2,233,185	(\$2,031,625)
TOTAL	\$38,466,404	\$1,170,000	\$39,636,404	\$5,184,011	\$4,009,629	\$0	\$0	\$22,429,569	(\$17,206,835)

a.) PHASE II RENOVATION PROJECTS ARE BUDGETED FOR \$20.48 MILLION WITH \$2,650,000 BUDGETED AS CURRENT ACTIVITY.

b.) FUNDED FROM THE 1994 RECURRING CAPITAL.

**THE UNIVERSITY OF MINNESOTA HEALTH SYSTEM
BOARD OF GOVERNORS
QUALITY MANAGEMENT COMMITTEE**

**DECEMBER 14, 1994
MINUTES**

Attendance

Present: S. Albert Hanser (Chair)
Paul Bowlin, M.D.
Frank Cerra, M.D.
Sandra Edwardson
Rose Fagerstrom
Michael Fay (Vice-Chair)
Marvin Goldberg, M.D.
Peter Lynch, M.D.
Teresa McCarthy, M.D.
Barbara Neubauer
Peter Rapp
Donald Sudor
Benjamin Vander Kooi

Absent:

Guests: Chuck Daniels
Bob Nygren

Staff: Keith Dunder
Jean Harris, M.D.
Sally Huntington

Call to Order

The meeting of the Quality Management Committee was called to order at 9:35 a.m.

Approval of the October 26, 1994 Minutes

The Committee recommended approval and forwarded the October 26, 1994 minutes as written.

Joint Commission on Accreditation of Healthcare Organizations

Dr. Harris summarized the JCAHO response to the progress report submitted for type one recommendations from the 1993 survey. All type one recommendations have been resolved.

Safety Report

Mr. Nygren presented the safety report for July through September 1994. Safety management, life safety management, equipment management and utilities management activities were presented and discussed. The committee requested an update on water damage on the seventh floor. Mr. Nygren commented that repairs have been completed and air quality testing is underway. Following discussion of the most significant issues, the committee commended the work of Mr. Nygren and the Safety Program, and endorsed and forwarded the report as submitted.

Medical Staff-Hospital Council Report

Dr. Goldberg presented the Credentials Committee report and recommendations. Following review of the recommended actions and committee discussion of concerns and questions, the recommendations were endorsed as submitted.

The committee also requested a progress report on bylaws changes. Dr. Goldberg reviewed the current status and the committee provided suggestions for consideration. The committee was reminded that formal changes will come forward for their discussion and approval.

1993/94 CQI Education Initiative

Dr. Harris reviewed the CQI education initiative approved by this committee in 1993. She introduced Chuck Daniels, the leader of the CQI team examining systems for providing drugs to the Operating Room. Mr. Daniels summarized the work of the team, describing the flowchart, process for data collection and development of recommendations. Following brief discussion about the work of this specific team, Dr. Harris described what has been learned through the five teams involved in this initiative. The committee reinforced the importance of Board participation, Senior Management support, project prioritization, and developing a customer service mindset.

The committee also discussed the need for the organization to develop a broader quality agenda for the coming year, and indicated strong interest in supporting that agenda. Dr. Harris and Peter Rapp agreed to bring a proposed quality plan to the committee at the January meeting.

Benchmarking Data from the Metropolitan Healthcare Council and the University Hospital Consortium

Ms. Huntington reviewed data comparing UMHC charges and length of stay with benchmarking organizations. The data demonstrates UMHC has made significant progress in reducing costs and enhancing competitiveness, and also identifies patient populations with further cost reduction potential. Committee discussion included the importance of communicating this information, as well as information reflecting the financial strength of the organization, to the state, consumers, and the University community. Mr. Rapp confirmed UMHS leadership has been presenting this information at appropriate opportunities. The committee also recommended UMHS focus cost reduction *initiatives* on all strategic patient populations, regardless of current performance.

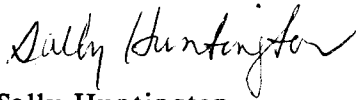
CUHCC Community Board

Mr. Rapp described a federal grant opportunity for CUHCC Clinic. It requires development of a CUHCC community board which is empowered differently than currently described. He presented a proposal which applies the same principals developed for Clinics such as Red Wing to the relationship between the CUHCC Board and the UMHS Board of Governors. The committee endorsed and forwarded the proposal as submitted.

Adjournment

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

Respectfully submitted,



Sally Huntington
Director, Quality Support Services

**The University of Minnesota Hospital and Clinic
Board of Governors
Human Resources Committee
December 14, 1994**

Minutes

ATTENDANCE:

Members Present: Ron Lund
 Don Sudor
 Peter Rapp
 Peter Madel
 Steve Hansen

Staff Present: Helen Pitt

CALL TO ORDER:

The meeting was called to order by the chairperson at 11:10 a.m.

APPROVAL OF THE MINUTES:

The minutes of the October 26, 1994 meeting were amended as follows: Under Performance Appraisal Report add 4. Each manager's and supervisor's annual performance evaluation will include consideration of his/her own timely completion rate of reporting staff's evaluations.

WORKER'S COMPENSATION REPORT:

Points made indicating progress in management of worker's compensation costs were:

- 1) In assuming responsibility for its own worker's compensation costs, rather than paying a fixed annual assessment to the University an annual savings in excess of \$600,000 was realized.
- 2) Management actions decreased the organization's liability.
- 3) The new claims trend is downward, supported by multiple in-house strategies.

Committee members applauded the progress made and suggested setting specific future savings goals of 10-20%. Also, members requested that short and long-term disability programs be added to this report in the future.

EXECUTIVE COMPENSATION:

Peter Rapp reported on work to date with D.C. Stanton consultant, Trent Riley, on development of model. Points discussed were:

- o Total compensation not just base salary
- o Challenge of implementation in a reduction environment
- o Organization's comfort level with the magnitude of incentives
- o Need for competent public relations plan
- o The power of long-term incentives

Suggestions:

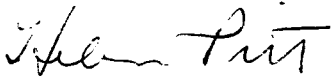
- o Take a portion of this year's bonus and pay incrementally over time
- o Consider a deferred compensation plan
- o Change performance based benchmarks over time
- o If organization does not reach objectives, individual annual incentive is unavailable
- o Market reference may be local for some and national for others

LABOR NEGOTIATION STRATEGIES:

Resolution proposed and approved to go into closed session pursuant to Minnesota Statute 471.705 to discuss labor negotiation strategy.

ADJOURNMENT:

Respectfully submitted,



Helen Pitt
Staff to the Committee

HP/kj

THE UNIVERSITY OF MINNESOTA
HEALTH SYSTEM
BOARD OF GOVERNORS
AUDIT & NOMINATING COMMITTEE
December 14, 1994

MINUTES

ATTENDANCE:

Members: Greg Hart
Arthur Kydd, Chair
John Morrison

Staff: Clifford Fearing
JoAnne Jackson
Nels Larson
Vaman Pai

CALL TO ORDER:

The meeting of the Audit & Nominating Committee was called to order by Arthur Kydd, Committee Chair, on December 14, 1994 at 11:35 A.M.

APPROVAL OF MINUTES:

The Committee seconded and passed a motion to approve the minutes from the November 10, 1994 meeting as submitted.

COOPERS & LYBRAND REPORT ON FINANCIAL STATEMENTS:

Mr. Arthur Kydd called on Mr. Clifford Fearing to discuss the response letter from Coopers & Lybrand. The letter addresses two financial reporting questions that were asked at the last audit committee meeting.

The first question was: "Can investment income be reported as an operating revenue on the Statement of Revenues and Expenses of General Funds?" According to Chapter 12 of the audit and accounting guide entitled Audits of Providers of Health Care Services, the Hospital's reporting policy for investment has been and continues to be in compliance with their standards. Therefore, the presentation of investment income will not change from the draft report presented at the last audit committee meeting.

The second question was: "Can the retroactive adjustments under reimbursement agreements be reported on the Statement of Revenues and Expenses as an extraordinary item rather than included with net patient service revenue?" In order for a transaction to be reported as an extraordinary item, Accounting Principles Board Opinion Number 30 requires that the item be both unusual in nature and infrequent in its occurrence. The nature of the retroactive adjustments does not meet this definition in a

hospital environment.

Coopers & Lybrand, at the request of the Committee, modified the draft report presented at the last audit committee meeting so that these adjustments are presented as a separate line item within the operating revenues section of the financial statement.

There being no further discussion, the December 14, 1994 meeting was adjourned at 11:58 A.M.

Respectfully Submitted,


Vaman Pai
Secretary to the Board

VMP/bb

UNIVERSITY OF MINNESOTA HEALTH SYSTEM
BOARD OF GOVERNORS EXECUTIVE COMMITTEE MEETING

DECEMBER 13, 1994 MINUTES

PRESENT: Mike Dougherty Nellie Johnson Bill Brody, MD
 Art Kydd Tom Madison Stephen Hansen
 Peter Rapp Greg Hart John Morrison

STAFF: Cliff Fearing, Vaman Pai

ABSENT: Shelley Chou, MD, Roby Thompson, MD, Al Hanser

GUESTS: Roger Paschke

Mr. Michael Dougherty, Chair, called the meeting to order at 2:40 pm..

HIBBING

Mr. Michael Dougherty indicated that the Executive Committee of the Board appeared satisfied with the revised UMHS strategic plan and that he would move that the Committee approve signing the letter of intent to enter into negotiations for the acquisition of the Hibbing Hospital. Mr. Dougherty praised the efforts of the UMHS staff in educating each member of the Executive Committee on issues surrounding the Iron Range strategy and providing the necessary data to make an informed decision.

ACADEMIC HEALTH CENTER AND REGENTS STRATEGY

Dr. William Brody said that the past Saturday's strategy session emphasized the need for a strong medical center as an essential piece to support world class education and research at the University of Minnesota. Dr. Brody added that over the next six weeks the Academic Health Center would begin to articulate a plan that will be presented to broader audiences. This plan would outline steps to correct the financial deficiencies and bolster the infrastructure of the Medical School.

Dr. Brody said that the strategy would include information that would correct the general perception that the AHC trained only specialists, while in reality the University of Minnesota Medical School is one of the leading institutions, nationwide, in training primary care physicians.

RESOLUTIONS

After discussion the Board Executive Committee resolved that the Outstate and Metro Strategy, as revised after the Board Retreat is the most viable strategy in today's competitive healthcare market and the Public-Private Partnership Model as presented at the Retreat should continue to be pursued.

The Board Executive Committee also resolved that Hibbing/Iron Range was an integral part of the Outstate Strategy and it would recommend that the full Board approve the following resolutions:

- I: The acquisition of the Mesaba Clinic and following that the construction of the Radiation Therapy Center.
- II: The signing of a letter of intent to enter into negotiations to acquire the Mesabi Regional Medical Center.
- III: The UMHS staff taking the Hibbing Hospital acquisition strategy to the Regents for approval in January 1995.

There being no further items for discussion, the meeting was adjourned.

Submitted by,



Vaman Pai
Staff

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UNIVERSITY OF MINNESOTA

The University of Minnesota Hospital and Clinic

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

January 19, 1995

To: UMHS Board of Governors
From: Peter Rapp
Subject: Proposed Gift from Joseph Labovsky to Benefit the
Community -University Health Care Center (CUHCC)

Mr. Joseph Labovsky desires to make a gift of real estate he owns to benefit CUHCC. The properties are located at 1525-1551 East Franklin Avenue in Minneapolis. This location is immediately across the alley on the north side of the CUHCC building. The properties were appraised in July 1994 by Russell Smith Associates who determined their fair market value to be \$365,000.

The properties would be placed in a charitable remainder annuity trust at the Minnesota Medical Foundation (MMF). Mr. Labovsky would receive a tax deduction and payments of \$25,000 per year for the lives of him, his wife and his brother.

The MMF would sell the properties to UMHC for their appraised value of \$365,000 and invest the proceeds to yield at least 6.8% which is needed to provide the \$25,000 annual payments. Income earned in excess of the payments will be added to the principal. Upon the death of the last survivor of the three, the trust will terminate and the assets of the trust (principal and excess earned income) will be paid to the designated beneficiary, UMHC.

I propose the purchase of these properties by UMHC to assure the availability of land for expansion of the CUHCC facility.

An environmental Phase I analysis was completed in November 1994 by Enecotech Midwest, Inc. University of Minnesota environmental officials are evaluating if the University can accept the properties. The MMF Board of Trustees will decide if they will accept the gift on January 24, 1995.

Preliminary financial forecasts indicate that with just existing demand the expansion of CUHCC is an attractive opportunity and that a more detailed market analysis to be conducted over the next several months will further enhance this option. Any future expansion plans will be brought to the Board of Governors for approval.

ACTION REQUIRED

The Board of Governors of the University of Minnesota Health System approves the purchase of the Labovsky properties from MMF, contingent upon University approval to accept the properties.

UNIVERSITY OF MINNESOTA

The University of Minnesota Hospital and Clinic

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

January 25, 1995

TO: Members, Board of Governors
FROM: Clifford P. Fearing
SUBJECT: Report of Operations for the Period
July 1, 1994 through December 31, 1994

The Hospital's operations for the month of December reflect both inpatient and outpatient census to be greater than budgeted levels. Admissions were 8.3% above budget, but because of lower than expected average length of stay, our patient days were 4.0% below the budgeted level.

INPATIENT CENSUS: For the month of December, inpatient admissions totaled 1,413 which were 108 greater than the budgeted admissions of 1,305. Our overall average length of stay for the month was 6.6 days. Patient days for December totaled 9,682 and were 401 days below budget. Admissions were greater than budgeted levels this month in the areas of Gynecology, Medicine and Pediatrics. These were offset by less than budgeted admissions in the areas Surgery, Urology and Neurology.

OUTPATIENT CENSUS: Ambulatory care encounters (including CUHCC and Home Health) for the month of December totaled 32,614 which was 2,065, or 6.8%, above budgeted volumes of 30,549. Encounters were greater than budgeted levels in Dialysis, Home Health, Family Practice, Medicine, Ophthalmology, Rehab Services, Pediatrics and Surgery. Encounters were slightly under budgeted levels in the areas of Masonic Day Hospital and Neurosurgery.

To recap our census:

Monthly Data					YTD Data					
93/94	94/95	94/95		%	93/94	94/95	94/95		%	
<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>	
1,421	1,305	1,413	108	8.3	Admissions	8,804	8,461	8,365	(96)	(1.1)
10,391	10,083	9,682	(401)	(4.0)	Patient Days	63,904	62,866	60,759	(2,107)	(3.4)
7.0	7.7	6.6	(1.1)	(14.3)	Avg Length of Stay	7.2	7.4	7.2	(0.2)	(2.7)
335.2	325.2	312.3	(12.9)	(4.0)	Avg Daily Census	347.3	341.6	330.2	(11.4)	(3.3)
59.6	61.4	57.6	(3.8)	(6.2)	Percent Occupancy	61.8	63.0	60.3	(2.7)	(4.3)
32,591	30,549	32,614	2,065	6.8	Amb Care Encounters	198,082	192,053	201,863	9,810	5.1

REPORT OF OPERATIONS

December 1994

PAGE 2

FINANCIAL OPERATIONS: The Hospital's Statement of Operations shows year to date revenues being greater than expenses by \$6,691,000. This is a favorable variance of \$3,162,000.

Patient care charges through December totaled \$192,791,000, which was 1.0% less than budget. Ancillary revenue was \$662,000 (.05%) under budget and routine revenue was \$1,334,000 (2.5%) below budget. Inpatient revenue averaged \$17,028 per admission compared to the budgeted average of \$17,248. Outpatient revenue averaged \$249 per encounter compared to the budgeted average of \$254.

Deductions from revenue totaled \$51,110,000 which was \$1,796,000 (3.4%) under budgeted deductions of \$52,906,000. Deductions from revenue were less than anticipated through December primarily due to Minnesota Medicaid Program payments being greater than budgeted. The overall favorable variance created by the Minnesota Medicaid program payments is partially offset by increased contracted allowances for HMO/PPO's as a result of increased volume in this payor group.

Operating expenditures through December totaled \$153,155,000 and were \$2,033,000 (1.3%) below budgeted levels of \$155,188,000. The overall favorable variance is primarily due to less than anticipated spending in almost all expense categories. The largest favorable variance is in supplies and services, where we have experienced lower than anticipated drug utilization, and lower donor acquisition expenses. Insurance expense was greater than budget, due to the unanticipated reinstatement of insurance premiums to RUMINCO.

ACCOUNTS RECEIVABLE: The balance in net patient accounts receivable as of December 31, 1994, totaled \$56,082,000 and represents 72.0 days of net revenue outstanding.

CONCLUSION: Our operating position for the month of December and year-to-date is positive and above budgeted levels. We continue to monitor our activity levels closely and are making operating changes that are necessary and appropriate.

UNIVERSITY OF MINNESOTA HOSPITAL AND CLINIC
SUMMARY STATEMENT OF OPERATIONS
FOR THE PERIOD ENDED JULY 1, 1994 TO DECEMBER 31, 1994

1993-94						1993-94				
DECEMBER	DECEMBER	DECEMBER	OVER/(UNDER)	VARIANCE		DECEMBER	YTD	YTD	OVER/(UNDER)	VARIANCE
ACTUAL	BUDGETED	ACTUAL	BUDGET	%		YTD ACTUAL	BUDGETED	ACTUAL	BUDGET	%
\$31,522,000	\$30,629,000	\$31,781,000	\$1,132,000	3.7%	GROSS PATIENT REVENUE	\$186,138,000	\$194,788,000	\$182,791,000	(\$1,997,000)	-1.0%
8,379,000	8,369,000	7,982,000	(387,000)	-4.6%	DEDUCTIONS FROM REVENUE	50,088,000	52,906,000	51,110,000	(1,796,000)	-3.4%
23,143,000	22,260,000	23,778,000	1,519,000	6.8%	NET PATIENT SERVICE REVENUE	136,050,000	141,882,000	141,681,000	(201,000)	-0.1%
					OTHER OPERATING REVENUE					
1,282,000	1,162,000	1,182,000	0	0.0%	APPROPRIATION AND SUPPORT	7,693,000	6,972,000	6,972,000	0	0.0%
1,260,000	1,194,000	1,224,000	30,000	2.5%	OTHER REVENUE	7,143,000	7,541,000	7,931,000	390,000	5.2%
2,542,000	2,356,000	2,386,000	30,000	1.3%	TOTAL OTHER REVENUE	14,836,000	14,513,000	14,903,000	390,000	2.7%
25,685,000	24,616,000	26,186,000	1,549,000	6.3%	TOTAL REVENUE FROM OPERATIONS	150,886,000	156,395,000	156,684,000	189,000	0.1%
					OPERATING EXPENSES					
11,058,000	10,907,000	11,116,000	209,000	1.9%	SALARIES	60,976,000	63,651,000	64,113,000	462,000	0.7%
2,246,000	2,396,000	2,424,000	28,000	1.2%	FRINGE BENEFITS	13,170,000	14,087,000	13,294,000	(793,000)	-5.6%
1,697,000	1,676,000	1,830,000	154,000	9.2%	CONTRACT COMPENSATION	10,036,000	10,057,000	10,448,000	391,000	3.9%
5,774,000	5,626,000	5,507,000	(119,000)	-2.1%	SUPPLIES AND SERVICES	32,887,000	35,887,000	33,933,000	(1,954,000)	-5.4%
1,008,000	1,070,000	901,000	(169,000)	-15.8%	UTILITIES AND MAINTENANCE	6,091,000	6,415,000	6,030,000	(385,000)	-6.0%
1,099,000	1,439,000	1,620,000	181,000	12.6%	GENERAL SUPPLIES AND EXPENSE	7,658,000	8,546,000	8,787,000	221,000	2.6%
14,000	14,000	(75,000)	(89,000)		INSURANCE	148,000	85,000	813,000	528,000	
1,572,000	1,617,000	1,620,000	(97,000)	-6.0%	DEPRECIATION AND AMORTIZATION	9,316,000	9,615,000	9,403,000	(212,000)	-2.2%
616,000	589,000	646,000	57,000	9.7%	INTEREST	3,351,000	3,531,000	3,669,000	138,000	3.9%
331,000	292,000	287,000	(5,000)	-1.7%	MINNESOTA CARE TAX	2,035,000	1,854,000	1,859,000	5,000	0.3%
259,000	233,000	136,000	(97,000)	-41.6%	PROVISION FOR UNCOLLECTIBLES	1,488,000	1,460,000	1,026,000	(434,000)	-29.7%
6,674,000	25,859,000	25,912,000	53,000	0.2%	TOTAL OPERATING EXPENSE	147,156,000	155,188,000	153,155,000	(2,033,000)	-1.3%
11,000	(1,243,000)	253,000	1,496,000		NET REVENUE FROM OPERATIONS	3,730,000	1,207,000	3,429,000	2,222,000	
291,000	383,000	595,000	212,000	55.4%	NONOPERATING GAINS: INVESTMENT INCOME	2,722,000	2,322,000	3,262,000	940,000	40.5%
302,000	(860,000)	848,000	1,708,000		REVENUE AND GAINS IN EXCESS OF EXPENSE BEFORE EXTRAORDINARY ITEM	6,452,000	3,529,000	6,691,000	3,162,000	
0	0	0	0		EXTRAORDINARY GAIN (LOSS)	(442,000)	0	0	0	
302,000	(860,000)	848,000	1,708,000		REVENUE AND GAINS IN EXCESS OF EXPENSE	6,010,000	3,529,000	6,691,000	3,162,000	

1993-94						1993-94				
DECEMBER	DECEMBER	DECEMBER	OVER/(UNDER)	VARIANCE		DECEMBER	YTD	YTD	OVER/(UNDER)	VARIANCE
ACTUAL	BUDGETED	ACTUAL	BUDGET	%		YTD ACTUAL	BUDGETED	ACTUAL	BUDGET	%
1,421	1,305	1,413	108	8.3%	ADMISSIONS	8,804	8,461	8,385	(96)	-1.1%
10,391	10,083	9,682	(401)	-4.0%	PATIENT DAYS	63,904	62,866	60,759	(2,107)	-3.4%
7.0	7.7	6.6	(1.1)	-14.3%	AVERAGE LENGTH OF STAY	7.2	7.4	7.2	(0.2)	-2.7%
335.2	325.2	312.3	(12.9)	-4.0%	AVERAGE DAILY CENSUS	347.3	341.6	330.2	(11.4)	-3.3%
59.6	61.4	57.6	(3.8)	-6.2%	PERCENT OCCUPANCY	61.8	63.0	60.3	(2.7)	-4.3%
32,591	30,549	32,614	2,065	6.8%	AMBULATORY CARE ENCOUNTERS	198,082	192,053	201,883	9,810	5.1%

**UNIVERSITY OF MINNESOTA HOSPITAL AND CLINIC
BALANCE SHEETS
DECEMBER 31, 1994 AND JUNE 30, 1994**

	<u>12/31/94</u>	<u>6/30/94</u>		<u>12/31/94</u>	<u>6/30/94</u>
ASSETS			LIABILITIES AND FUND BALANCES		
<u>General Funds</u>			<u>General Funds</u>		
Current assets:			Current liabilities:		
Cash and cash equivalents	\$47,890,000	\$46,458,000	Current maturities of long-term debt and capital lease obligations	\$8,752,000	\$8,520,000
Receivables:			Accounts payable	26,262,000	25,170,000
Patient services, net of allowances and uncollectible accounts of \$29,752,000 at Dec '94 and \$28,926,000 at June '94	56,082,000	48,723,000	Due to third-party payors	12,116,000	6,873,000
State appropriations	912,000	1,769,000	Accrued liabilities:		
Other	2,768,000	2,721,000	Salaries, wages and employee benefits	25,830,000	25,046,000
Inventories	6,105,000	5,547,000	Interest	1,540,000	1,294,000
Prepaid expenses and other	<u>225,000</u>	<u>200,000</u>	Deferred revenue	<u>1,792,000</u>	<u>299,000</u>
Total current assets	<u>113,982,000</u>	<u>105,418,000</u>	Total current liabilities	<u>76,292,000</u>	<u>67,202,000</u>
Assets whose use is limited:					
By board for property and equipment replacement and expansion	153,730,000	158,899,000			
Under bond indenture agreement held by trustee	<u>10,359,000</u>	<u>10,276,000</u>			
Total assets whose use is limited	<u>164,089,000</u>	<u>169,175,000</u>			
Property and Equipment, net	155,172,000	150,278,000	Long-term debt and capital lease obligations, less current maturities	143,302,000	148,207,000
Other Assets:					
Long-term portion - promissory note	5,559,000	4,806,000			
Deferred third-party reimbursement	3,405,000	3,738,000	Fund Balance	<u>226,867,000</u>	<u>222,522,000</u>
Deferred financing costs	800,000	850,000	TOTAL LIABILITIES AND FUND BALANCE	<u>\$446,461,000</u>	<u>\$437,931,000</u>
Other	<u>3,454,000</u>	<u>3,666,000</u>			
Total other assets	<u>13,218,000</u>	<u>13,060,000</u>	Fund Balances:		
TOTAL ASSETS	<u>\$446,461,000</u>	<u>\$437,931,000</u>	Endowment funds	\$3,499,000	\$3,438,000
			Specific purpose funds	<u>5,769,000</u>	<u>5,711,000</u>
<u>Restricted Funds</u>					
Investments	<u>\$9,268,000</u>	<u>\$9,149,000</u>		<u>\$9,268,000</u>	<u>\$9,149,000</u>

UNIVERSITY OF MINNESOTA HOSPITAL & CLINIC
 ADMISSIONS & AVERAGE LENGTH OF STAY (ALOS) BY SERVICE
 1993/94 AND 1994/95 COMPARISON

CLINICAL SERVICE	ADMISSIONS							AVERAGE LENGTH OF STAY		
	1993/94		1994/95			CHANGE	% CHANGE	1993/94	1994/95	
	DEC YTD ACTUAL	DEC YTD BUDGET	DEC YTD ACTUAL	VARIANCE	% VARIANCE	FROM PRIOR YR	FROM PRIOR YR	DEC YTD ALOS	DEC YTD ALOS	CHANGE
ANESTHESIOLOGY	2	2	0	(2)	-100.0%	(2)	-100.0%	7.5	0.0	(3.0)
CLINICAL RESEARCH	252	180	238	58	32.2%	(14)	-5.6%	3.0	2.4	2.4
DENTISTRY	0	0	2	2		2		0.0	1.0	(0.1)
ORAL SURGERY	33	33	28	(5)	-15.2%	(5)	-15.2%	1.1	1.3	1.3
DERMATOLOGY	0	0	3	3		3		0.0	5.7	1.7
FAMILY PRACTICE	104	147	96	(51)	-34.7%	(8)	-7.7%	4.0	3.0	(1.0)
GYNECOLOGY	597	598	788	190	31.8%	191	32.0%	4.3	4.2	(0.1)
MEDICINE	2,052	1,923	2,050	127	6.6%	(2)	-0.1%	6.2	6.6	0.4
NEUROLOGY	172	183	180	(3)	-1.6%	8	4.7%	4.4	4.4	0.0
NEUROSURGERY	567	555	468	(87)	-15.7%	(99)	-17.5%	6.1	4.9	(1.2)
NEWBORN	172	79	1	(78)	-98.7%	(171)	-99.4%	1.9	1.6	(0.3)
OBSTETRICS	263	123	5	(118)	-95.9%	(258)	-98.1%	2.7	3.1	0.4
OPHTHALMOLOGY	171	166	151	(15)	-9.0%	(20)	-11.7%	1.9	2.3	0.4
ORTHOPEDECS	618	612	551	(61)	-10.0%	(67)	-10.8%	4.7	4.3	(0.4)
OTOLARYNGOLOGY	194	199	209	10	5.0%	15	7.7%	4.2	4.6	0.4
PEDIATRICS	1,494	1,566	1,469	(97)	-6.2%	(25)	-1.7%	8.7	8.0	(0.7)
PHYSICAL MEDICINE & REHAB	107	97	90	(7)	-7.2%	(17)	-15.9%	16.4	20.7	4.3
PSYCHIATRY ADULT	368	367	463	96	26.2%	95	25.8%	13.9	11.5	(2.4)
PSYCHIATRY CHILD	44	51	74	23	45.1%	30	68.2%	28.5	19.2	(9.3)
RADIATION THERAPY	0	0	3	3		3		0.0	3.0	3.0
RADIOLOGY	13	14	6	(8)	-57.1%	(7)	-53.8%	0.4	3.1	2.7
SURGERY	1,397	1,379	1,355	(24)	-1.7%	(42)	-3.0%	8.6	8.1	(0.5)
UROLOGY	184	187	135	(52)	-27.8%	(49)	-26.6%	4.1	3.6	(0.5)
TOTAL	8,804	8,461	8,365	(96)	-1.1%	(439)	-5.0%	7.2	7.2	0.0

UNIVERSITY OF MINNESOTA


The University of Minnesota Hospital and Clinic

Office of the Chief of Staff

*Box 707
420 Delaware Street S.E.
Minneapolis, MN 55455-0392
612-626-1945*

January 25, 1995

TO: Members of the Board of Governors

FROM: Marvin E. Goldberg, 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 January 10, 1995, approved the attached Credentials Committee Report and Recommendations.

I am forwarding these recommendations to you for your review and approval. I will report the outcome of the Medical Staff-Hospital Council and the Quality Management Committee's actions at that time. If you should have any questions, please feel free to call on me.

MEG/dd
Attachment

mshc/cred.bog

UNIVERSITY OF MINNESOTA

The University of Minnesota Hospital and Clinic

Medical Staff Office

*Box 707
420 Delaware Street S.E.
Minneapolis, MN 55455-0392
612-626-1945
Fax: 612-626-3028*

January 10, 1995

TO: Medical Staff-Hospital Council

FROM: Wesley Miller, 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 Family Practice</u>	<u>Category</u>	<u>Temporary Expires</u>
*Kimberly A. Lane	Clinical Staff	February 17, 1995
<u>Department of Laboratory Medicine & Pathology</u>		
Scott Burger	Attending Staff	January 29, 1995
<u>Department of Medicine</u>		
Michael Diehl	Attending Staff	January 20, 1995
Michael E. Long	Attending Staff	February 19, 1995
Naomi R. Uri	Clinical Staff	February 28, 1995
<u>Department of Otolaryngology</u>		
David Hamlar	Attending Staff	January 27, 1995
James D. Sidman	Clinical Staff	February 10, 1995
<u>Department of Pediatrics</u>		
*David E. Brasel	Clinical Staff	February 19, 1995
*Lawrence M Condon	Clinical Staff	February 14, 1995
*Robert J. Couser	Clinical Staff	February 19, 1995
*Thomas B. Ferrara	Clinical Staff	February 19, 1995
*David A. Hendrick	Clinical Staff	February 17, 1995
*Teresa Kovarik	Clinical Staff	February 14, 1995

Requesting addition and/or deletion of Clinical Privileges cont.

Department of Orthopedic Surgery

Matthew D. Putnam

Attending Staff

Add: Management of undisplaced fractures: long bones - cast application, vertebrae, pelvis; Foot: phalanges, metatarsals, tarsals, calcaneus, talus (shaft long bones, fractures of the metaphyseal region of long bones, fracture involving joint), bone graft procedure, closed reduction of joint dislocations, open reduction of joint dislocations; Peripheral nerve surgery of all types: related medical and anesthesia procedures

Department of Pediatrics

Phyllis K. Sher

Attending Staff

Add: Neonatal Class A & B; Privileges - UMHC at FRMC Campus: Venipuncture, lumbar puncture, percutaneous venous line placement, administration of vasoactive agents; Pediatric Neurology: Subdural tap

Robert L. Vernier

Attending Staff

Add: Neonatal Class A, B & C; Privileges - UMHC at FRMC Campus: Pediatric Nephrology: percutaneous renal biopsy, peritoneal dialysis

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

<u>Department of Pediatrics</u>	<u>Category</u>	<u>Date Eligible</u>
Michael P. Pryor	Clinical Staff	October 27, 1994

The following medical staff has requested to return from a Leave of Absence. The Committee has reviewed recommendations concerning their appointment and hereby recommends approval.

<u>Department of Pediatrics</u>	<u>Category</u>
Christopher Meyer	Attending Staff

The Committee recommends acceptance of the suspension of clinical privileges from the following Medical Staff physician.

<u>Department of Pediatrics</u>	<u>Category</u>
David R. Brown	Clinical Staff

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

<u>Department of Medicine</u>	<u>Category</u>
John Raines	Attending Staff
<u>Department of Pediatrics</u>	
Stevan Zimmer	Clinical Staff
<u>Department of Psychiatry</u>	
Barry Garfinkel	Attending Staff
<u>Department of Surgery</u>	
Hovald K. Helseth	Clinical Staff
<u>Department of Urology</u>	
Yuri Reinberg	Attending Staff

WM/dd

CRD\MSHC

ADDENDUM

(These requests for Clinical Privileges were inadvertently omitted from the December 14th meeting.)

Department of Neurology

Category

Kenneth Swaiman

Attending Staff

Add: Neonatal Class A Privileges-UMHC and UMNICU at FRMC Campus: Lumbar puncture.

Beverly Smith Wical

Attending Staff

Add: Neonatal Class A Privileges- UMHC and UMNICU at FRMC Campus: Lumbar puncture.

Department of Pediatrics

William Dobyns

Attending Staff

Add: Neonatal Class A Privileges-UMHC and UMNICU at FRMC Campus:

Alfred Fish

Attending Staff

Add: Neonatal Class B Privileges-UMHC and UMNICU at FRMC Campus: Peripheral arterial puncture, laceration repair-simple, venipuncture, bladder aspiration, blood transfusion, incision and drainage of superficial abscesses, umbilical artery catheterization, umbilical vein catheterization, thoracentesis, administration of vasoactive agents, management of infants with mature tracheostomies on stable ventilator settings, ECMO (renal complications), percutaneous renal biopsy, peritoneal dialysis, hemodialysis, abdominal para-centesis.

Sixto Guiang

Attending Staff

Add: Neonatal Class A, Class B and Class C Privileges-UMHC and UMNICU at FRMC Campus: Peripheral arterial puncture, laceration repair-simple, venipuncture, removal of skin tags, exchange transfusion, bladder aspiration, blood transfusion, incision and drainage of superficial abscesses, umbilical artery catheterization, umbilical vein catheterization, lumbar puncture, percutaneous arterial line placement, percutaneous venous line placement, thoracentesis, chest tube placement, administration of vasoactive agents, amputation of extraneous digits, endotracheal tube placement, management of infants with mature tracheostomies on stable ventilator settings, bone marrow aspiration, pericardiocentesis, bone marrow biopsy, abdominal paracentesis.

1995 QUALITY MANAGEMENT PLAN

I. Goals

- Enhance clinical performance
- Augment system efficiency
- Support marketing goals and strategies
- Create a quality oriented culture

II. Components

1. Improved Information Flow and Priority Setting
2. Clinical effectiveness monitoring
3. Service Improvement Program
4. Outcomes Measurement

III. Plan

1. Improved Information Flow and Priority Setting

- A. Complete organizational review of the information flow and priority setting process by February 15, 1995.
- B. Redefine the Quality Management Steering Committee

1. Charge

The Committee shall define the mission, establish program direction and priorities, assure integration and coordination of all aspects of the Quality Management Program, and provide the resources necessary to develop and sustain the effectiveness of the UMHS quality process.

The Committee shall advise the Board of Governors as to directions which should be taken:

- a) to improve quality of care, UMHS operations, and utilization of resources
- b) to oversee the quality management activities of the organization's governance, management, clinical, and support systems
- c) to evaluate all quality management activities within the system at least annually
- d) to recommend organizational changes in UMHS quality management review systems

The Committee shall develop and submit to the Quality Management Committee of the Board of Governors the UMHS annual quality management plan.

2. Committee Membership

UMCA

Chair, Board of Directors
 Chair, Professional Services Cmte
 Three MDs appointed by UMCA

UMHC

General Director
 Chief of Staff
 Director, Ambulatory Care
 SAD, Medical Affairs
 SAD, Nursing
 SAD, Clinical Services
 SAD, Chief Information Officer

2. Clinical effectiveness monitoring

A. Definiton

- Evaluation of cost effectiveness to target and address specific expense reduction opportunities
- Mechanisms to identify and address system, process and individual performance issues
- Information to support education and behavior change
- Support for the credentialling process

B. Criteria to select high priority activities

- High volume procedures and patient populations
- High cost procedures
- Areas in which UMHS must remain competitive
- Programs of interest to purchasers/payers
- Strategic priorities

C. Data sources which yield information to make decisions

- Comparative UHC/MHC data
- Utilization management data
- QA/QI data
- Pathway data
- Clinical outcomes data
- Consumer feedback
- Contract compliance
- Research databases
- National/local benchmarking data

D. Activities during the next twelve months**1. Cost effectiveness**

- a. **Performance profiles** which identify high priority areas of concern based on length of stay, cost per case or similar variables.

-Profiles for the 20% of the DRGs accounting for 80% of the charges by December 1994. Responsible: Sally Huntington

-Profiles for strategically important programs by January 1995. Responsible: Sally Huntington

-Provider profiles for capitated or risk-shared populations by June 1995. Responsible: Pat Board, Paul Zenner

- b. **Intervention plans** for three high priority areas of concern designed and begun by June 1995 for phase one, and December 1995 for phase two. Responsible: designated clinical leadership in consultation with Quality Support Services. Proposed areas:

Phase one:

-Bone Marrow Transplant
-Vascular Surgery
-Cystic fibrosis

BMT Program Leadership
Frank Cerra, M.D.
Michael Shannon, M.D.

Phase two:

-Kidney Transplant
-Pancreas Transplant

Solid Organ Prog. Ldrshp
Solid Organ Prog. Ldrshp

- c. **A case management system** which maximizes communication, coordination, efficiency and reimbursement.
Responsible: Joanne Disch

-Workgroup appointed December 1994

-Initial pilot in at least one patient population by April 1995

-Second stage redesigned process described by July 1, 1995

2. Key indicators of performance

- a. **A Performance Report** for the Board of Governors providing a snapshot of how the organization is performing. Routine reporting to begin February 1995. Responsible: Sally Huntington

Routinely reported (examples):

- Payment denials
- % patients reporting they would return to UMHS
- % patients seen within 30 minutes in clinic
- % clinic visits with medical record
- Surgical wound infection rate
- Readmissions to ICU within 24 hours

Reported as studies (examples):

- Pediatric immunization rate
- Outpatient appointment availability

Review report card literature, including HEDIS and United Healthcare, to identify other measures. Determine which should be implemented at UMHC by May 1995. Responsible: Clinical Outcomes Research Center.

- b. **Two performance measures in each major department** by June 30 1995. Responsible: UMCA and UMHC departmental leadership in consultation with Quality Support Services.

These measures are distributed across the dimensions of quality, used for exception reporting and process improvement, valid and relevant, and compared to benchmarks.

Examples:

- Appropriateness: use of ionic vs. nonionic contrast agents
- Continuity: admission within 48 hours of ER visit
- Effectiveness: postoperative complications, pain management
- Efficiency: outpatient Pharmacy turn around time

3. Service Improvement Program

A. Definition

- Based on consumer and customer feedback
- Maintains a customer focus
- Encourages change at lower levels in the organization
- Data driven
- Promotes teamwork and interdisciplinary participation

B. Criteria to select high priority activities

- Impacts patient/consumer/customer satisfaction
- Enhances efficiency
- Key process area
- Strategically important

C. Data sources which yield information to make decisions

- Patient satisfaction surveys
- Patient complaint data
- Focus groups
- Marketing survey data
- Payer feedback
- Referring physician survey
- Clinical pathway data
- QA/QI data

D. Activities during the next twelve months

1. **A focused consumer feedback program** which identifies, clarifies and prioritizes consumer issues; integrates marketing, patient, and other key customer information; and produces valid data which can be used to improve internal operations and is used for public relations and marketing.
 - Plan, including assignment of responsibility, completed January 1995
 - Revision of written Patient Satisfaction Survey accomplished first quarter 1995.
 - Implementation of service improvement focus groups, clinic and service specific telephone surveys by April 1995.
 - Data analysis and communication of physician and service specific data beginning second quarter 1995.
 - Two high priority areas of concern identified and intervention plans begun by July 1, 1995
2. **Improvement in priority Ambulatory Care systems.**
Responsible: Peter Lynch, Sue Weber
 - Ambulatory Care Plan completed February 1995
 - High priority activities defined by March 1995
 - Interventions identified and begun by July 1995
3. **Clinical pathways implemented in ten populations which have clear cost savings opportunity.**
 - a. Phase two of the document defining organization wide standards for pathway implementation developed by May 1, 1995 (addresses pathway format, integration with the process of care, data management, integration with documentation). Responsible: Work Group Co-Chairs Marshall Hertz, M.D. and Bobbie Ballot, R.N.

- b. Sub-populations with cost savings potential identified by April 1995. Responsible: Clinical leadership with support from Quality Support Services.

One pathway related to each of the following groups:

Bone Marrow Transplant
Gyn Oncology
Vascular Surgery
Cystic fibrosis
Kidney transplant
Pancreas transplant
Psychiatry
PM&R
Neonatal Intensive Care
One more to be determined

- c. The above ten pathways implemented following organizational standards by September 1995. Responsible: Clinical leadership in consultation with Quality Support Services.

4. Systems Improvement Teams

- Six pilot teams complete work by February 15, 1995
- Evaluate and begin to implement recommendations by March 31, 1995
- Assess the lessons learned through pilot teams; use outside consultants to initiate discussions with the Board of Governors and Senior Management related to the philosophical tenets of CQI and where the organization is relative to those tenets February - April 1995
- Operational plan identified and in place by July 1, 1995
- Responsible: Senior Management

4. Outcomes Measurement

A. Clinical Outcomes Research Center

1. Goals

- Produce strategically relevant studies which evaluate the effectiveness of UMHS services
- Advise UMHS regarding infrastructure decisions
- Provide leadership and serve as a community-wide resource for the generation and interpretation of clinical outcomes data
- Conduct significant (publishable) research
- Facilitate outcomes research by UMHS faculty
- Provide assistance and training for UMHS staff and faculty in applying outcomes analysis methods
- Identify useful, valid measures defining quality outcomes
- Integrate outcomes research into medical student education

2. Criteria to establish priorities

- The extent to which the project supports UMHS quality improvement goals
- The long-term impact of research findings on the provision of healthcare in general, and the identification of useful outcomes
- The contribution to improving the state of the art of health services research

3. Plan to be completed by June 1995.

Responsible: CORC Steering Committee

B. UMHS outcomes measurement**1. Definition**

- Studies focusing on single, priority patient populations
- Typically include a combination of clinical, cost, satisfaction and quality of life data
- CORC provides consultative support

2. Activities during the next twelve months

- a. Identify existing department-based resources and initiatives by April 1995. Responsible: Clinical Outcomes Research Center.
- b. Complete pilot of Cardiovascular outcomes database for PTCA patients, including data and analyses, by July 1, 1995. Responsible: Carl White, M.D. and Sally Huntington
- c. Based on what is learned in (a) and (b), and with CORC consultation define a UMHC outcomes assessment program which supplements and/or initiates studies in strategically important areas by August 1995. Responsible: Jean Harris, M.D.

**PROPOSED
MEDICAL STAFF
BYLAWS CHANGES**

Approved by:
Medical Staff-Hospital Council - 1/10/95
Council of Clinical Chiefs - 1/24/95

**THE UNIVERSITY OF MINNESOTA
HEALTH SYSTEM**

BOARD OF GOVERNORS

FEBRUARY 22, 1995

2:30 P.M.

555 DIEHL HALL

PARK

PATIENT/VISITOR RAMP

ON DELAWARE

(SEE MAP)

**THE UNIVERSITY OF MINNESOTA HEALTH SYSTEM
BOARD OF GOVERNORS
February 22, 1995
2:30 P.M.
555 Diehl Hall**

AGENDA

			<u>Page</u>
I.	<u>Approval of the December 14, 1994 Minutes</u>	Approval	1
II.	<u>Chairman's Report</u>	Information	
III.	<u>Executive Report</u>	Information	
IV.	<u>Special Presentation:</u> Mr. Richard Pfitzenreuter Associate V.P. for Budget & Finance University Legislative Overview	Information	
V.	<u>Consent Items</u>		
	A. <u>Finance, Planning and Development Committee</u>		
	1. January 25, 1995 Minutes of the Finance, Planning and Development Committee	Information	4
	2. January 31, 1995 UMCA Financials	Information	7
	3. January 31, 1995 Financials	Information	12
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	C. <u>Human Resource Committee</u>		
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VI.	<u>Committee Reports</u>		
	A. <u>Finance, Planning and Development Committee</u>		
	No items requiring Board deliberation		
	B. <u>Quality Management Committee</u>		
	1. Medical Staff-Hospital Council Report Credentials Committee Recommendations	Approval	20
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	C. <u>Human Resource Committee</u>		
	No items requiring Board deliberation		

VII. Resolution to conduct Non-Public Meeting of the Board of Governors to Discuss:

1. Specific Marketing and Contracting Matters

VIII. Other Business

IX. Adjournment

MINUTES**BOARD OF GOVERNORS
The University of Minnesota Health System****January 25, 1995****Call To Order**

The January 25, 1995 meeting of the Board of Governors was called to order at 2:40 p.m. at the Radisson Hotel Metrodome.

Attendance

Present: Paul Bowlin, M.D.
Shelley Chou, M.D.
Sandra Edwardson, PhD
Robert Erickson
Rose Fagerstrom
Michael Fay
Archie Givens
Marvin Goldberg, M.D.
Steve Hansen
Albert Hanser
Gregory Hart
Nellie Johnson
David Knopman, M.D.
Arthur Kydd
Peter Lynch, M.D.
Duncan MacMillan
Peter Madel
Tom Madison
Elizabeth Malkerson
Al Michael, M.D.
John Morrison
Alison Page
Peter Rapp
Henry Smith, M.D.
Donald Sudor
Roby Thompson, M.D.
Benjamin Vander Kooi

Not Present: Larry Bentson
William Brody, M.D.
James Corbett
Michael Dougherty
Ronald Lund
Kathy Tunheim

Audit and Nominating Committee

Mr. Arthur Kydd, Chair of the Nominating Committee, requested that the Board of Governors approve the recommendation that Mr. Michael Dougherty be elected to the position of Chair and Ms. Nellie Johnson be elected to the position of Vice Chair for the term January 1, 1995 through December 31, 1995. A motion was seconded and passed to approve the Nominating Committee recommendations.

Approval of Minutes

The Board of Governors seconded and passed a motion to approve the minutes of the December 14, 1994 meeting as submitted.

Chairman's Report

Ms. Nellie Johnson welcomed new Board of Governors members, Alison Page and Dr. Henry Smith.

Executive Report

Mr. Greg Hart reported that UMHS met with Hibbing community leadership on Friday, January 20, 1995.

Mr. Peter Rapp commented on a number of items, including February is employee recognition month.

Special Presentations

Dr. Chip Bolman and Dr. Marshall Hertz presented an overview of the Lung Transplant Department to the Board.

Dean Ron Franks, University of Minnesota Duluth Medical School, gave a presentation on proposed curriculum changes of the University of Minnesota Duluth Medical School.

Dean Shelley Chou provided his perspective on the proposed University of Minnesota Duluth Medical School changes.

Consent Agenda

A motion was made and seconded to approve the consent agenda.

Finance, Planning and Development Committee

Mr. John Morrison called on Mr. Peter Rapp to present the property acquisition for CUHCC. A motion was made and seconded to approve the property acquisition for CUHCC with the understanding that the environmental issue would be resolved prior to the completion of this acquisition.

Mr. Morrison called on Mr. Cliff Fearing to give the financial report. Due to the lateness of the hour, Mr. Fearing indicated he would be available to respond to any questions from the Board members.

Quality Management Committee

Mr. Albert Hanser called on Dr. Marvin Goldberg to present the recommendations of the Quality Management Committee as to physician credentials. The recommendations of the Quality Management Committee were unanimously approved as presented.

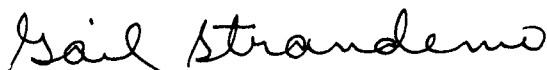
Dr. Marvin Goldberg presented proposed changes to the Medical Staff Bylaws to the Board. A motion was made and seconded to approve these changes to the Medical Staff Bylaws.

Dr. Marvin Goldberg presented the Quality Management Plan to the Board. A motion was made and seconded to approve the Quality Management Plan.

Adjournment

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 to discuss specific marketing and contract matters. The meeting was reopened at 4:43 p.m. The meeting was adjourned at 4:44 p.m.

Respectfully submitted,



Gail Strandemo
Board of Governors Office

THE UNIVERSITY OF MINNESOTA HOSPITAL AND CLINIC
BOARD OF GOVERNORS FINANCE,
PLANNING & DEVELOPMENT COMMITTEE
January 25, 1995

MINUTES

ATTENDANCE:

Members: John Morrison, Chair
Tom Madison, Vice-Chair
Stephen Hansen
Greg Hart
JoAnne Jackson
Arthur Kydd
Duncan MacMillan
Peter Madel
Alfred Michael, M.D.
Roger Paschke
Peter Rapp

Guests: Fred Bertschinger
Pat Board
Michael Fay, Board Member
Don Sudor, Board Member

Staff: Beth Beyer
Joanne Disch
Wayne Drehmel, M.D.
Keith Dunder
Cliff Fearing
Mark Koenig
Nels Larson
Carter McComb
Ted Thompson, M.D.

CALL TO ORDER:

The meeting of the Finance, Planning & Development Committee was called to order by John Morrison, Committee Chairperson, on January 25, 1995 at 12:40 P.M.

APPROVAL OF THE MINUTES:

The Board of Governors Finance, Planning & Development Committee seconded and passed a motion to approve the Finance, Planning & Development Committee minutes of the December 14, 1994 meeting as written.

DECEMBER 31, 1994 FINANCIAL STATEMENTS:

Mr. Cliff Fearing reported to the Committee, for information, the December 31, 1994 financial statements. The inpatient admissions totaled 1,413, which were 108 greater than budgeted admissions; average length of stay was 6.6 days; patient days totaled 9,682 and were 401 days below budget.

Outpatient encounters through December 31, 1994 totaled 32,614, which was 6.8% above budgeted volumes.

Mr. Fearing indicated that the Hospital's Statement of Operations show revenues being greater than expenses by \$6,691,000 and a favorable variance of \$3,162,000. Operating expenditures through December totaled \$153,155,000 and were 1.3% below budgeted levels of \$155,188,000.

SECOND QUARTER CAPITAL EXPENDITURE REPORT:

Mr. Nels Larson reported to the Committee, for approval, the second quarter capital expenditure report from July 1, 1994 through December 31, 1994. UMHC spent \$290,644 out of a budgeted \$3,900,000 for the six month period and six month rollforward.

The Committee seconded and passed a motion to approve this item.

SECOND QUARTER 1994-95 BAD DEBT REPORT:

Mr. Cliff Fearing reported the bad debts for the second quarter 1994-95 totaled \$384,931.86 represented by 1,361 accounts. Recoveries amounted to \$2,865.25 leaving a net charge-off of \$382,066.61. This represents 0.4% of gross charges and compares to a budgeted level of 0.7%.

The Finance, Planning & Development Committee seconded and passed a motion to endorse the Second Quarter 1994-95 Bad Debt Report as submitted.

QUARTERLY PURCHASING REPORT:

Mr. Mark Koenig presented the Quarterly Purchasing Report for approval. A motion was seconded and passed to approve the Quarterly Purchasing Report.

AUDIT COMMITTEE MINUTES:

This item was passed over by the Committee. This item should no longer be included on the Finance, Planning and Development Committee agenda, since the Audit Committee is a separate Committee.

PROPERTY ACQUISITION:

Mr. Morrison called on Mr. Peter Rapp to present this item to the Committee for CUHCC. This property land acquisition was approved pending the results from the environmental impact assessment that will be done on the property and the environmental issue be resolved prior to the completion of this acquisition.

There being no further discussion, the January 25, 1995 meeting was adjourned at 1:13 P.M. A motion was seconded and passed to convene a non-public session of the Finance, Planning and Development Committee. A non-public session of the Finance, Planning & Development was called at 1:15 P.M. to discuss specific marketing and labor contract matters.

Respectfully submitted,



Beth Beyer
Recording Secretary

/bb

**UNIVERSITY OF MINNESOTA CLINICAL ASSOCIATES
BOX 126 UMHC
420 DELAWARE STREET, S.E.
MINNEAPOLIS, MN 55455
(612) 626-3003**

TO: UMHS Finance Committee

**FROM: Pat Board
Greg Hart**

SUBJECT: UMCA Financials

DATE: February 15, 1995

Attached is a copy of UMCA's December 1994 month and year-to-date financial statements. As a vital and evolving component of the Health System we felt it important to begin the process of familiarizing the Finance Committee and Board with UMCA's financial picture.

As you review these statements we wished to provide you some information so that you understand the background behind these statements, as well as how these fit within the Health System.

- UMCA was formed in 1985 as a private, taxable, not for profit entity.
- UMCA's strategic role is to coordinate the clinical and business functions of the private practice.
- UMCA's business role is to provide management services for the private practice groups.
- UMCA's financials reflect the costs/funding associated with provision of these management services.
- As a service organization, funded primarily through clinical revenue generated by the physicians, our financial goal is secure only enough revenue to cover budgeted expenses.
- UMCA financials, at this point, do not contain the income/expense of the private practices.

We hope this helps provide some context to our initial discussions on these financial statements. We look forward to your feedback and comments.

UNIVERSITY OF MINNESOTA CLINICAL ASSOCIATES

FINANCIAL STATEMENTS FOR
THE PERIOD ENDED DECEMBER 31, 1994
AND THE FISCAL YEAR TO DATE

**UNIVERSITY OF MINNESOTA CLINICAL ASSOCIATES
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1994**

Summary: December was an important transition month, during which final preparations for implementation of the Common Billing Organization were accomplished. The UMCA billing staff and support services staff moved to new facilities in the Columbia Heights Business Center, the first major addition of staff occurred, and necessary equipment and furnishings were added. The budget for December is based on the approved budget for the CBO, and the year-to-date budget estimates are a combination of the original UMCA (non-CBO) budget and the new forecasts.

1. Service Fee Income was all the result of existing UMCA billing and collection activities related to managed care contracts. The first departments to become part of the Common Billing Organization will be added on January 16, 1995.

2. Other Revenue It should be noted that revenue from the UMHC service contract and from UMCA departmental dues ended in November 1994.

3. Employee Salaries and Employee Benefits Most staff additions for the CBO were effective on December 19th, rather than the full month of December as originally forecast.

4. Occupancy Costs were less than budget because UMCA did not occupy its new space in the Columbia Heights facility until several days into the month.

5. Supplies expense was over budget due the expense of outfitting new staff members and also because of photocopying services purchased from UMHC during the month.

6. General and Administrative Expense for both the month and the fiscal year to date have been in excess of budget because of the level of fees paid for legal services and outside accounting fees, and consultants assisting in development of capitation products.

UNIVERSITY OF MINNESOTA CLINICAL ASSOCIATES
INCOME STATEMENT
PERIOD #6 ENDING 12/31/94 AND FISCAL YEAR TO DATE

	Current Month- Actual	Current Month- Budget	Variance in \$\$'s	Year-to Date- Actual	Year-to Date- Budget	Variance in \$\$'s
REVENUE:						
Service Fee Income	\$ 105,557	\$ 108,479	\$ (2,922)	\$ 770,559	\$ 786,479	\$ (15,920)
GHI Capitation Fees	13,159	13,357	(198)	83,489	80,142	3,347
Hospital Services	0	0	0	53,525	53,525	0
Interest Income	1,269	1,600	(331)	6,534	9,600	(3,066)
Clinical Department Dues	0	0	0	44,231	44,230	1
Miscellaneous Income	0	0	0			0
Scheduling/Registration	4,167	4,167	0	25,002	25,002	0
SUB-TOTAL: OPERATIONAL REVENUE	124,153	127,603	(3,450)	983,340	998,978	(15,638)
Special Assessment				248,000	0	248,000
TOTAL REVENUE	124,153	127,603	(3,450)	1,231,340	998,978	232,362
EXPENSE:						
Employee Salaries	119,971	192,424	72,453	534,853	626,985	92,132
Employee Benefits	25,706	53,879	28,173	147,783	180,467	32,683
Other Personnel Costs	4,176	4,200	24	28,819	12,950	(15,869)
Occupancy Costs	15,643	19,300	3,657	36,471	39,420	2,949
Data Processing	12,992	33,700	20,708	79,331	98,660	19,329
Supplies	5,481	1,000	(4,481)	28,476	13,800	(14,676)
Communications	2,763	4,677	1,914	14,822	16,562	1,740
Equipment	2,486	2,500	14	11,808	14,700	2,892
Insurance	238	3,333	3,096	3,669	10,833	7,164
General & Administrative	24,544	7,930	(16,614)	172,143	33,623	(138,520)
Interest Expense	7,487	10,000	2,513	17,920	15,393	(2,527)
TOTAL EXPENSE	221,486	332,943	111,456	1,076,095	1,063,393	(12,702)
NET INCOME BEFORE INCOME TAXES	(97,334)	(205,340)	108,006	155,245	(64,415)	219,659
PROVISION FOR INCOME TAXES				146		
NET INCOME	\$ (97,334)	\$ (205,340)	\$ 108,006	\$ 155,099	\$ (64,415)	\$ 219,659

UNIVERSITY OF MINNESOTA CLINICAL ASSOCIATES
BALANCE SHEET
DECEMBER 31, 1994

(UNAUDITED)

ASSETS:	OPERATIONS	REIMBURSE- MENT	TOTAL
Current Assets:	-----	-----	-----
Cash	\$ 139,608	\$ 504,640	\$ 644,249
Service Fees Receivable	372,585		372,585
Due from UMHC	10,057		10,057
Departmental Dues Receivable	21,140		21,140
Advances to Departments-Medica	49,264		49,264
Special Assessment Receivable	27,255		27,255
A/R - Departmental Fees	130,123		130,123
Prepaid Expenses	41,827		41,827
Other Current Assets	9,472		9,472
	-----	-----	-----
Total Current Assets	801,331	504,640	1,305,972
	-----	-----	-----
Property and Equipment:			
Office Equipment	58,689		58,689
Computer Equipment	112,884		112,884
(Accumulated Depreciation)	(119,628)		(119,628)
	-----	-----	-----
Total Property and Equipment	51,945	0	51,945
	-----	-----	-----
Total Assets	\$ 853,275	504,640	1,357,916
	=====	=====	=====
 LIABILITIES AND FUND BALANCE			
Current Liabilities:			
Notes Payable	\$ 79,611	\$	\$ 79,611
Departmental Loans	177,261		177,261
Accounts Payable	148,359		148,359
Accrued Salaries and Benefits	113,905		113,905
Weekly Disbursement Payable		174,059	174,059
Medica Advance	0		0
Transplant "Other" Liability		40,673	40,673
Due to Vendors/Payors (Refunds, etc.)		283,667	283,667
Medica Reserve		1,151	1,151
Other Liabilities	21,985	5,091	27,075
	-----	-----	-----
Total Current Liabilities	541,119	504,640	1,045,760
	-----	-----	-----
Fund Balance	312,156		312,156
	-----	-----	-----
Total Liabilities and Fund Balance	\$ 853,275	\$ 504,640	\$ 1,357,916
	=====	=====	=====

01/20/95
04:15 PM

UNIVERSITY OF MINNESOTA

The University of Minnesota Hospital and Clinic

Harvard Street at East River Parkway
Minneapolis, MN 55455

February 22, 1995

TO: Members, Board of Governors

FROM: Clifford P. Fearing

SUBJECT: Report of Operations for the Period
July 1, 1994 through January 31, 1995

The Hospital's operations for the month of January reflect both inpatient and outpatient census to be greater than budgeted levels. Both admissions and average length of stay were above the expected levels, which contributed favorably to our patient days.

INPATIENT CENSUS: For the month of January, inpatient admissions totaled 1,517 which were 103 greater than the budgeted admissions of 1,414. Our overall average length of stay for the month was 8.2 days. Patient days for January totaled 11,308 and were 545 days above budget. Admissions were greater than budgeted levels this month in the areas of Gynecology, Medicine and Adult Psychiatry. These were partially offset by less than budgeted admissions in the areas Neurosurgery, Urology and Ophthalmology.

OUTPATIENT CENSUS: Ambulatory care encounters (including CUHCC and Home Health) for the month of January totaled 33,733 which was 1,993, or 6.3%, above budgeted volumes of 31,740. Encounters were greater than budgeted levels in Dialysis, Emergency Room, Medicine, Rehab Services, CUHCC and Surgery. Encounters were slightly under budgeted levels in the areas of Psychiatry and Radiation Therapy.

To recap our census:

Monthly Data					YTD Data					
93/94	94/95	94/95		%		93/94	94/95	94/95		%
<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	1,414	1,517	103	7.3	Admissions	10,278	9,875	9,882	7	0.1
10,873	10,763	11,308	545	5.1	Patient Days	74,777	73,629	72,067	(1,562)	(2.1)
7.6	7.6	8.2	0.6	7.9	Avg Length of Stay	7.3	7.5	7.3	(0.2)	(2.7)
350.7	347.2	364.8	17.6	5.1	Avg Daily Census	347.8	342.5	335.2	(7.3)	(2.1)
62.2	65.5	67.3	1.8	2.7	Percent Occupancy	61.9	63.4	61.3	(2.1)	(3.3)
30,671	31,740	33,733	1,993	6.3	Amb Care Encounters	228,753	223,793	235,596	11,803	5.3

REPORT OF OPERATIONS
December 1994
PAGE 2

FINANCIAL OPERATIONS: The Hospital's Statement of Operations shows year to date revenues being greater than expenses by \$7,378,000. This is a favorable variance of \$3,648,000.

Patient care charges through January totaled \$226,863,000, which was 0.3% less than budget. Ancillary revenue was \$180,000 or .01% above budget and routine revenue was \$794,000 (1.3%) below budget. Inpatient revenue averaged \$17,021 per admission compared to the budgeted average of \$17,278. Outpatient revenue averaged \$249 per encounter compared to the budgeted average of \$254.

Deductions from revenue totaled \$61,073,000 which was \$765,000 (1.2%) under budgeted deductions of \$61,838,000. Deductions from revenue were less than anticipated through January primarily due to Minnesota Medicaid Program payments being greater than budgeted. The overall favorable variance created by the Minnesota Medicaid program payments is partially offset by increased contracted allowances for HMO/PPO's as a result of increased volume in this payor group.

Operating expenditures through January totaled \$179,869,000 and were \$1,685,000 (0.9%) below budgeted levels of \$181,554,000. The overall favorable variance is primarily due to less than anticipated spending in almost all expense categories. The largest favorable variance is in supplies and services, where we have experienced lower than anticipated drug utilization, and lower donor acquisition expenses. Insurance expense was greater than budget, due to the unanticipated reinstatement of insurance premiums to RUMINCO.

ACCOUNTS RECEIVABLE: The balance in net patient accounts receivable as of January 31, 1995, totaled \$59,987,000 and represents 73.7 days of net revenue outstanding.

CONCLUSION: Our operating position for the month of January and year-to-date is positive and above budgeted levels. We continue to monitor our activity levels closely and are making operating changes that are necessary and appropriate.

**UNIVERSITY OF MINNESOTA HOSPITAL AND CLINIC
SUMMARY STATEMENT OF OPERATIONS
FOR THE PERIOD ENDED JULY 1, 1984 TO JANUARY 31, 1985**

1993-94					1993-94					
JANUARY	JANUARY	JANUARY	VARIANCE	VARIANCE	JANUARY	YTD	YTD	VARIANCE	VARIANCE	
ACTUAL	BUDGETED	ACTUAL	OVER/(UNDER)	%	YTD ACTUAL	BUDGETED	ACTUAL	OVER/(UNDER)	%	
			BUDGET					BUDGET		
\$31,741,000	\$32,689,000	\$34,072,000	\$1,383,000	4.2%	GROSS PATIENT REVENUE	\$217,878,000	\$227,477,000	\$228,863,000	(\$614,000)	-0.3%
8,190,000	8,932,000	9,963,000	1,031,000	11.5%	DEDUCTIONS FROM REVENUE	58,278,000	61,838,000	61,073,000	(765,000)	-1.2%
23,551,000	23,757,000	24,109,000	352,000	1.5%	NET PATIENT SERVICE REVENUE	159,600,000	165,639,000	165,790,000	151,000	0.1%
					OTHER OPERATING REVENUE					
1,282,000	1,162,000	1,162,000	0	0.0%	APPROPRIATION AND SUPPORT	8,976,000	8,134,000	8,134,000	0	0.0%
1,233,000	1,235,000	1,442,000	207,000	16.8%	OTHER REVENUE	8,375,000	8,777,000	9,373,000	596,000	6.8%
2,515,000	2,397,000	2,804,000	207,000	8.6%	TOTAL OTHER REVENUE	17,351,000	16,911,000	17,507,000	596,000	3.5%
26,066,000	26,154,000	26,713,000	559,000	2.1%	TOTAL REVENUE FROM OPERATIONS	176,951,000	182,550,000	183,297,000	747,000	0.4%
					OPERATING EXPENSES					
10,548,000	10,829,000	11,089,000	260,000	2.4%	SALARIES	71,524,000	74,480,000	75,201,000	721,000	1.0%
2,310,000	2,474,000	2,332,000	(142,000)	-5.7%	FRINGE BENEFITS	15,479,000	16,561,000	15,627,000	(934,000)	-5.6%
2,505,000	1,676,000	1,861,000	(15,000)	-0.9%	CONTRACT COMPENSATION	12,541,000	11,733,000	12,109,000	376,000	3.2%
5,959,000	6,024,000	5,888,000	(138,000)	-2.3%	SUPPLIES AND SERVICES	38,846,000	41,911,000	39,819,000	(2,092,000)	-5.0%
1,094,000	1,121,000	1,257,000	136,000	12.1%	UTILITIES AND MAINTENANCE	7,185,000	7,536,000	7,288,000	(248,000)	-3.3%
1,308,000	1,439,000	1,706,000	267,000	18.6%	GENERAL SUPPLIES AND EXPENSE	8,966,000	9,985,000	10,472,000	487,000	4.9%
4,000	14,000	112,000	98,000	700.0%	INSURANCE	152,000	99,000	725,000	626,000	632.3%
1,582,000	1,640,000	1,557,000	(83,000)	-5.1%	DEPRECIATION AND AMORTIZATION	10,898,000	11,255,000	10,980,000	(295,000)	-2.6%
617,000	589,000	619,000	30,000	5.1%	INTEREST	3,968,000	4,120,000	4,288,000	168,000	4.1%
283,000	311,000	307,000	(4,000)	-1.3%	MINNESOTA CARE TAX	2,319,000	2,166,000	2,166,000	0	0.0%
247,000	248,000	188,000	(60,000)	-24.2%	PROVISION FOR UNCOLLECTIBLES	1,735,000	1,708,000	1,214,000	(494,000)	-28.9%
1,457,000	26,365,000	26,714,000	349,000	1.3%	TOTAL OPERATING EXPENSE	173,613,000	181,554,000	178,869,000	(1,685,000)	-0.9%
(391,000)	(211,000)	(1,000)	210,000		NET REVENUE FROM OPERATIONS	3,338,000	996,000	3,428,000	2,432,000	
100,000	412,000	689,000	277,000	67.2%	NONOPERATING GAINS: INVESTMENT INCOME	2,822,000	2,734,000	3,950,000	1,216,000	44.5%
(291,000)	201,000	688,000	487,000		REVENUE AND GAINS IN EXCESS OF EXPENSE BEFORE EXTRAORDINARY ITEM	6,160,000	3,730,000	7,378,000	3,648,000	
0	0	0	0		EXTRAORDINARY GAIN (LOSS)	(442,000)	0	0	0	
(291,000)	201,000	688,000	487,000		REVENUE AND GAINS IN EXCESS OF EXPENSE	5,718,000	3,730,000	7,378,000	3,648,000	

1993-94					1993-94					
JANUARY	JANUARY	JANUARY	OVER/(UNDER)	VARIANCE	JANUARY	YTD	YTD	OVER/(UNDER)	VARIANCE	
ACTUAL	BUDGETED	ACTUAL	BUDGET	%	YTD ACTUAL	BUDGETED	ACTUAL	BUDGET	%	
1,474	1,414	1,617	103	7.3%	ADMISSIONS	10,278	9,875	9,882	7	0.1%
10,873	10,763	11,308	545	5.1%	PATIENT DAYS	74,777	73,629	72,067	(1,562)	-2.1%
7.6	7.6	8.2	0.6	7.9%	AVERAGE LENGTH OF STAY	7.3	7.5	7.3	(0.2)	-2.7%
350.7	347.2	364.8	17.6	5.1%	AVERAGE DAILY CENSUS	347.8	342.5	335.2	(7.3)	-2.1%
62.2	65.5	67.3	1.8	2.7%	PERCENT OCCUPANCY	61.9	63.4	61.3	(2.1)	-3.3%
30,671	31,740	33,733	1,993	6.3%	AMBULATORY CARE ENCOUNTERS	228,753	223,793	235,586	11,803	5.3%

**UNIVERSITY OF MINNESOTA HOSPITAL AND CLINIC
BALANCE SHEETS
JANUARY 31, 1995 AND JUNE 30, 1994**

	<u>1/31/95</u>	<u>6/30/94</u>		<u>1/31/95</u>	<u>6/30/94</u>
ASSETS			LIABILITIES AND FUND BALANCES		
<u>General Funds</u>			<u>General Funds</u>		
Current assets:			Current liabilities:		
Cash and cash equivalents	\$48,280,000	\$46,458,000	Current maturities of long-term debt and capital lease obligations	\$8,655,000	\$8,520,000
Receivables:			Accounts payable	26,954,000	25,170,000
Patient services, net of allowances and uncollectible accounts of \$31,442,000 at Jan '95 and \$28,926,000 at June '94	60,087,000	48,723,000	Due to third-party payors	14,271,000	6,873,000
State appropriations	912,000	1,769,000	Accrued liabilities:		
Other	2,877,000	2,721,000	Salaries, wages and employee benefits	27,062,000	25,046,000
Inventories	5,894,000	5,547,000	Interest	1,769,000	1,294,000
Prepaid expenses and other	<u>334,000</u>	<u>200,000</u>	Deferred revenue	<u>1,542,000</u>	<u>299,000</u>
Total current assets	<u>118,384,000</u>	<u>105,418,000</u>	Total current liabilities	<u>80,253,000</u>	<u>67,202,000</u>
Assets whose use is limited:					
Board for property and equipment replacement and expansion	153,816,000	158,899,000			
Under bond indenture agreement held by trustee	<u>10,416,000</u>	<u>10,276,000</u>			
Total assets whose use is limited	<u>164,232,000</u>	<u>169,175,000</u>			
Property and Equipment, net	155,418,000	150,278,000	Long-term debt and capital lease obligations, less current maturities	143,299,000	148,207,000
Other Assets:					
Long-term portion - promissory note	5,527,000	4,806,000			
Deferred third-party reimbursement	3,349,000	3,738,000			
Deferred financing costs	792,000	850,000			
Other	<u>3,410,000</u>	<u>3,666,000</u>			
Total other assets	<u>13,078,000</u>	<u>13,060,000</u>	Fund Balance	<u>227,560,000</u>	<u>222,522,000</u>
TOTAL ASSETS	<u>\$451,112,000</u>	<u>\$437,931,000</u>	TOTAL LIABILITIES AND FUND BALANCE	<u>\$451,112,000</u>	<u>\$437,931,000</u>
Restricted Funds			Fund Balances:		
Investments	<u>\$9,345,000</u>	<u>\$9,149,000</u>	Endowment funds	\$3,550,000	\$3,438,000
			Specific purpose funds	<u>5,795,000</u>	<u>5,711,000</u>
				<u>\$9,345,000</u>	<u>\$9,149,000</u>

**THE UNIVERSITY OF MINNESOTA HEALTH SYSTEM
BOARD OF GOVERNORS
QUALITY MANAGEMENT COMMITTEE**

**January 25, 1995
Minutes**

Attendance

Present: S. Albert Hanser (Chair)
Paul Bowlin, M.D.
Frank Cerra, M.D.
Sandra Edwardson
Rose Fagerstrom
Michael Fay (Vice Chair)
Marvin Goldberg, M.D.
Peter Rapp
Donald Sudor
Benjamin VanderKooi

Absent: Peter Lynch, M.D.
Barbara Neubauer

Guest: Greg Hart

Staff: Keith Dunder
Jean Harris, M.D.
Sally Huntington

Call To Order

The meeting of the Quality Management Committee was called to order at 9:40 a.m.

Approval of the December 14, 1994 Minutes

The Committee recommended approval and forwarded the December minutes as written.

Medical Staff-Hospital Council Report

Dr. Goldberg presented the Credentials Committee report and recommendations approved by the Medical Staff-Hospital Council January 10, 1995. Included were requests for provisional status, addition and/or deletion of clinical privileges, regular appointments, and

resignations. Following review of the report the Committee requested further information and clarification for three of the recommendations. Dr. Goldberg and Mr. Dunder provided further information. The Committee discussed related issues and approved and forwarded the report as submitted.

Medical Staff Bylaws

Dr. Goldberg presented medical staff bylaws modifications approved by both the Medical Staff-Hospital Council and the Council of Clinical Chiefs. He identified one typographical error for correction prior to Committee review. Dr. Goldberg provided the background leading to these proposed revisions and focused discussion on the sections related to mandatory reporting and investigation procedures. The Committee discussed the actions which might be taken for failure to report and also reviewed the provisions for due process. It was suggested that flow charting the process would promote understanding and clarity.

Dr. Goldberg requested the Committee endorse the bylaws modifications. The Committee approved and forwarded the recommendations with the typographical correction.

1995 Quality Management Plan

Dr. Harris presented the 1995 Quality Management Plan. The goals are to enhance clinical performance, augment system efficiency, support marketing goals and strategies, and create a quality oriented culture. She reviewed the components of the plan including improved information flow and priority setting, clinical effectiveness monitoring, service improvement, and outcomes measurement. Discussion centered on integrating this information into the management structure, the importance of physician leadership and participation, and the need for an external communication and marketing plan.

The Committee endorsed and forwarded the plan as submitted.

Adjournment

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

Respectfully Submitted



Sally Huntington
Director, Quality Support Services

**The University of Minnesota Hospital and Clinic
Board of Governors
Human Resources Committee
January 25, 1995**

Minutes

ATTENDANCE:

Members Present: Steve Hansen
Peter Madel
Peter Rapp
Don Sudor

Staff Present: Helen Pitt

CALL TO ORDER:

The meeting was called to order by Steve Hansen, Chair, at 11:10 a.m.

APPROVAL OF MINUTES:

The minutes of the December 14, 1994 meeting were approved.

1995 PAY PLAN: COMPENSATION PHILOSOPHY AND PRINCIPLES

The review of the current compensation philosophy and principles raised the following questions for management:

Given the current climate, does anything in the philosophy or principles restrain us?

Does it provide room for looking at units/departments differently?...for paying for initiatives which contribute to cost savings?

Should we define our "market" more specifically?...our philosophy around the midpoint as a target?

Is productivity an element to be included for consideration in select areas?

Mr. Sudor suggested that management add the following statement: Whenever possible pay will be linked with performance.

PAY PLAN PROCESS STEPS:

Upon considering the issues around the timelines for finalizing the pay plan the committee strongly supported management leading with creative incentive based programs tied to performance in developing its pay plan proposal.

The committee unanimously endorsed the chair's motion that the Human Resource Committee take an aggressive stand with the Board of Governors in support of new approaches to link pay with performance.

AFFIRMATIVE ACTION/EQUAL EMPLOYMENT PROGRAM REVIEW:

Staff will present statistics which reflect how the organization is doing with its goal positions and what is being done to improve performance in goal achievement at the March meeting.

EXECUTIVE COMPENSATION UPDATE:

Peter Rapp updated the committee on the development of an executive compensation plan. Information was provided which documented the trend toward incentive bonus plans in health care organizations confirming the direction being taken in our planning. Additional work will be done to meet an implementation target of next fiscal year.

SENIOR HUMAN RESOURCES POSITION:

Peter Rapp outlined the reasons for creating a new senior level Human Resources position. The committee voiced support for the decision.

ADJOURNMENT:

The meeting was adjourned at 12:10 p.m.

Respectfully submitted,



Helen Pitt
Staff to the Committee

HP/kj

UNIVERSITY OF MINNESOTA

The University of Minnesota Hospital and Clinic

Office of the Chief of Staff

*Box 707
420 Delaware Street S.E.
Minneapolis, MN 55455-0392
612-626-1945*

February 15, 1995

TO: Members of the Board of Governors

FROM: Marvin E. Goldberg, M.D., Chief of Staff
Chairman, Medical Staff-Hospital Council *MEG*

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

The Medical Staff-Hospital Council on February 14, 1995, approved the attached Credentials Committee Report and Recommendations.

I am forwarding these recommendations to you for your review and approval. I will report the outcome of the Medical Staff-Hospital Council and the Quality Management Committee's actions at that time. If you should have any questions, please feel free to call on me.

MEG/dd
Attachment

mshc/cred.bog

UNIVERSITY OF MINNESOTA

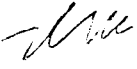
The University of Minnesota Hospital and Clinic

Medical Staff Office

Box 707
420 Delaware Street S.E.
Minneapolis, MN 55455-0392
612-626-1945
Fax: 612-626-3028

February 7, 1995

TO: Medical Staff-Hospital Council

FROM: Wesley Miller, 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 Family Practice</u>	<u>Category</u>	<u>Temporary Expires</u>
*Kevin M. Kelly	Clinical Staff	February 17, 1995

Department of Medicine

Elizabeth Sonnier	Attending Staff	March 17, 1995
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Department of Ophthalmology

*William K. Engel	Clinical Staff	March 8, 1995
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Department of Pediatrics

*Mary M. Conroy	Clinical Staff	February 14, 1995
*Richard M. Fraser	Clinical Staff	February 14, 1995
*Teresa F. Kovarik	Clinical Staff	February 14, 1995
*Debra D. Johnson	Clinical Staff	February 17, 1995
*Robert M. Larson	Clinical Staff	February 14, 1995

Department of Radiology

*Lorraine L. LaRoy	Clinical Staff	February 20, 1995
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*This physician also has the new Neonatal Privileges - The University of Minnesota Hospital and Clinic and University of Minnesota Newborn Intensive Care Unit Fairview Riverside Medical Center.

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

Department of Hospital Dentistry

Category

James E. Hinrichs

Clinical Staff

Add: Laser Privileges: oral cavity - CO₂

Department of Pediatrics

Catherine M. Bendel

Add: Neonatology Class A, B, C Privileges - UMHC at FRMC Campus: Simple fracture and/or dislocation, peripheral arterial puncture, peripheral venous cutdown, laceration repair-simple, venipuncture, exchange transfusion, bladder aspiration, blood transfusion, incision and drainage of superficial abscesses, umbilical artery catheterization, umbilical vein catheterization, lumbar puncture, percutaneous arterial line placement, percutaneous venous line placement, thoracentesis, chest tube placement, administration of vasoactive agents, endotracheal tube placement, management of infants with mature tracheostomies on stable ventilator settings; Neonatal - Perinatal Medicine: Peritoneal dialysis, pericardiocentesis, abdominal paracentesis

Gregory J. Gepner

Clinical Staff

Add: Neonatology Class A, B, C Privileges - UMHC at FRMC Campus: Simple fracture and/or dislocation, laceration repair-simple, newborn circumcision - including dorsal penial block, venipuncture, removal of skin tags, bladder aspiration, incision and drainage of superficial abscesses, umbilical artery catheterization, umbilical vein catheterization, lumbar puncture, percutaneous venous line placement, amputation of extraneous digits, endotracheal tube placement, management of infants with mature tracheostomies on stable ventilator settings,

Theodore Thompson

Attending Staff

Add: Neonatology Class C Privileges - UMHC at FRMC Campus: Peripheral arterial puncture, peripheral venous cutdown, laceration repair-simple, newborn circumcision, venipuncture, removal of skin tags, exchange transfusion, bladder aspiration, blood transfusion, incision and drainage of superficial abscesses, umbilical artery catheterization, umbilical vein catheterization, lumbar puncture, percutaneous arterial line placement, percutaneous venous line placement, thoracentesis, chest tube placement, administration of vasoactive agents, amputation of extraneous digits, endotracheal tube placement, management of infants with mature tracheostomies on stable ventilator settings, positive pressure ventilator; Neonatal - Perinatal Medicine: use of chemotherapeutic agents, pericardiocentesis, bone marrow biopsy, abdominal paracentesis, subdural tap, ventricular tap

Applications for Change in Clinical Privileges cont.

<u>Department of Pediatrics</u>	<u>Category</u>
Warren Regelmann Add: Pediatric Fiberoptic Bronchoscopy	Attending 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.

<u>Department of Otolaryngology</u>	<u>Category</u>	<u>Date Eligible</u>
Jeanne T. Larson	Attending Staff	October 27, 1994

The Committee recommends the reappointment, with certain restrictions, of the following physician:

<u>Department of Psychiatry</u>	<u>Category</u>
James A. Halikas	Attending Staff

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

<u>Department of Anesthesiology</u>	<u>Category</u>
Robert D. Roettger	Attending Staff

<u>Department of Radiology</u>	<u>Category</u>
William R. Austin	Attending Staff

<u>Department of Medicine</u>	<u>Category</u>
William C. Duane	Clinical Staff
Brendan McGuire	Attending Staff
Valerie Ulstad	Attending Staff

Quality Management Plan

Executive Summary

January 19, 1995

Each year UMHS completes and presents an annual plan for quality management to the Board of Governors. In developing the plan past achievements are reviewed along with barriers inhibiting and factors facilitating achievement. Using information and data from a variety of external and internal sources areas requiring special attention or focus in the coming year are identified. These initial findings are reviewed and evaluated against areas of identified UMHC strategic interest or special initiative. The result of this process in 1995 is a plan of targeted activities directed towards the goals of enhancing clinical performance, augmenting system efficiency, supporting marketing goals and strategies and creating a quality oriented culture.

The plan is comprehensive, integrates a complex array of ongoing activities in both UMCA and UMHC, identifies areas for special attention, creates a system wide focus and encompasses contributions of the School of Public Health in supporting system wide quality management.

IMPROVED INFORMATION FLOW AND PRIORITY SETTING

An important step in achieving the articulated goals is realignment and repositioning of the existing Quality Management Steering Committee. The large number of activities and programs directed to quality improvement currently underway at UMHS largely occur in four administrative silos or columns of independent activity within UMHC and UMCA. There currently exists no clearly identified point where the impact or product of these activities come together in a manner facilitating decision making related to quality management policy and/or allocation of resources. The current plan proposes to address this deficiency by realigning and repositioning the existing Quality Management Steering Committee which is currently constituted in the medical staff bylaws. Under the purposed new structure the existing QMSC will be disbanded, membership will be expanded to include leadership and representation from UMCA and UMHC, and the committee will assume the role of coordination and integration of quality management activities conducted under the aegis of the respective components.

Realignment and repositioning does not remove the responsibility or authority to initiate program, conduct studies, analyze data or implement corrective actions normally carried out under the purview of the respective parties. Rather, it provides a point for coordination and integration of outcomes and implementation of strategies which are the product of these activities and provides a forum for strategic direction as required by the Health System.

CLINICAL EFFECTIVENESS MONITORING

The plan also addresses the increasing need to demonstrate the value added of UMHS services and programs requested by health plans and insurers. In 1995 we purpose to measure UMHS costs and clinical effectiveness benchmarked against national, regional and local norms and best practices; to design plans which improve cost efficiencies (e.g. by length of stay, cost per case or resource utilization) for strategic areas; to design and implement an institution wide case management system; and report to the Board of Governors on a monthly basis key indicators of institutional performance e.g. readmission to I.C.U. within 24 hours, percentage of patients seen within 30 minutes in clinic.

In conjunction with UMHC departments we will continue, but refine and focus, our current quality assurance program with a goal of identifying and measuring the dimensions of quality benchmarked against national and local norms where ever possible.

SERVICE IMPROVEMENT PROGRAM

Like the Clinical Effectiveness Monitoring Program, service improvement activities now require integration and coordination across institutions. The heart of the service improvement program is a consumer feedback program which identifies, clarifies and prioritizes consumer issues; integrates marketing, patient and other key customer information; and produces valid data which can be used to improve internal operations, public relations, and marketing.

The plan includes an expanded panoply of options for obtaining information which will make UMHS more user friendly, including a written patient survey, focus groups, telephone surveys and market research. Data obtained from these activities will be analyzed and communicated internally to physicians, clinical services and programs.

A minimum of two priority areas of concern will be identified and intervention plans implemented by midyear.

The service improvement program also includes attention to priority ambulatory care systems. The ambulatory care plan is to be completed by February 1995 with the initiation of corrective interventions beginning March of this year.

Further the service improvement program encompasses the use of clinical pathways in ten populations which have cost savings potential. The selection of the subpopulations will be completed by April 1995 in conjunction with clinical leadership supported by staff from Quality Support Services.

Lastly, six quality improvement educational teams were empaneled in 1994. The work was designed as an interdisciplinary experience providing tools for critical by thinking through a UMHC quality improvement problem. The recommendations of the teams and an evaluation of the process will be completed April 1995. An operational plan for further educational quality improvement initiatives will be completed by July 1995.

OUTCOMES MEASUREMENT

The need for data on the outcomes of services and programs will be addressed through two mechanisms. The Clinical Outcomes Research Center, a jointly funded partnership between UMHC, UMCA the medical school, and the school of Public Health, creates a unique resource capable of large scale epidemiological studies as well as a resource available to support the needs of outcomes research and management at UMHC.

A steering committee has been identified and the plan for achieving the plan for achieving the promise of CORC will be completed June 1995.

Not all outcomes studies require the resources of CORC. UMHC has traditionally conducted small scale studies focused on priority patient populations. Existing department/service based initiatives and resources will be identified by April 1995 and a UMHC outcomes assessment program which supplements and/or supports studies in strategically important areas initiated by August 1995.

qulmanp

1995 QUALITY MANAGEMENT PLAN

I. Goals

- Enhance clinical performance
- Augment system efficiency
- Support marketing goals and strategies
- Create a quality oriented culture

II. Components

1. Improved Information Flow and Priority Setting
2. Clinical effectiveness monitoring
3. Service Improvement Program
4. Outcomes Measurement

III. Plan

1. Improved Information Flow and Priority Setting

A. Complete organizational review of the information flow and priority setting process by February 15, 1995.

B. Redefine the Quality Management Steering Committee

1. Charge

The Committee shall define the mission, establish program direction and priorities, assure integration and coordination of all aspects of the Quality Management Program, and provide the resources necessary to develop and sustain the effectiveness of the UMHS quality process.

The Committee shall advise the Board of Governors as to directions which should be taken:

- a) to improve quality of care, UMHS operations, and utilization of resources
- b) to oversee the quality management activities of the organization's governance, management, clinical, and support systems
- c) to evaluate all quality management activities within the system at least annually
- d) to recommend organizational changes in UMHS quality management review systems

The Committee shall develop and submit to the Quality Management Committee of the Board of Governors the UMHS annual quality management plan.

2. Committee Membership

UMCA

Chair, Board of Directors
Chair, Professional Services Cmte
Three MDs appointed by UMCA

UMHC

General Director
Chief of Staff
Director, Ambulatory Care
SAD, Medical Affairs
SAD, Nursing
SAD, Clinical Services
SAD, Chief Information Officer

2. Clinical effectiveness monitoring

A. Definiton

- Evaluation of cost effectiveness to target and address specific expense reduction opportunities
- Mechanisms to identify and address system, process and individual performance issues
- Information to support education and behavior change
- Support for the credentialling process

B. Criteria to select high priority activities

- High volume procedures and patient populations
- High cost procedures
- Areas in which UMHS must remain competitive
- Programs of interest to purchasers/payers
- Strategic priorities

C. Data sources which yield information to make decisions

- Comparative UHC/MHC data
- Utilization management data
- QA/QI data
- Pathway data
- Clinical outcomes data
- Consumer feedback
- Contract compliance
- Research databases
- National/local benchmarking data

D. Activities during the next twelve months

1. Cost effectiveness

- a. Performance profiles which identify high priority areas of concern based on length of stay, cost per case or similar variables.**

-Profiles for the 20% of the DRGs accounting for 80% of the charges by December 1994. Responsible: Sally Huntington

-Profiles for strategically important programs by January 1995. Responsible: Sally Huntington

-Provider profiles for capitated or risk-shared populations by June 1995. Responsible: Pat Board, Paul Zenner

- b. Intervention plans for three high priority areas of concern designed and begun by June 1995 for phase one, and December 1995 for phase two. Responsible: designated clinical leadership in consultation with Quality Support Services. Proposed areas:**

Phase one:

-Bone Marrow Transplant	BMT Program Leadership
-Vascular Surgery	Frank Cerra, M.D.
-Cystic fibrosis	Michael Shannon, M.D.

Phase two:

-Kidney Transplant	Solid Organ Prog. Ldrshp
-Pancreas Transplant	Solid Organ Prog. Ldrshp

- c. A case management system which maximizes communication, coordination, efficiency and reimbursement. Responsible: Joanne Disch**

-Workgroup appointed December 1994

-Initial pilot in at least one patient population by April 1995

-Second stage redesigned process described by July 1, 1995

2. Key indicators of performance

- a. **A Performance Report for the Board of Governors providing a snapshot of how the organization is performing. Routine reporting to begin February 1995. Responsible: Sally Huntington**

Routinely reported (examples):

- Payment denials
- % patients reporting they would return to UMHS
- % patients seen within 30 minutes in clinic
- % clinic visits with medical record
- Surgical wound infection rate
- Readmissions to ICU within 24 hours

Reported as studies (examples):

- Pediatric immunization rate
- Outpatient appointment availability

Review report card literature, including HEDIS and United Healthcare, to identify other measures. Determine which should be implemented at UMHC by May 1995. Responsible: Clinical Outcomes Research Center.

- b. **Two performance measures in each major department by June 30 1995. Responsible: UMCA and UMHC departmental leadership in consultation with Quality Support Services.**

These measures are distributed across the dimensions of quality, used for exception reporting and process improvement, valid and relevant, and compared to benchmarks.

Examples:

- Appropriateness: use of ionic vs. nonionic contrast agents
- Continuity: admission within 48 hours of ER visit
- Effectiveness: postoperative complications, pain management
- Efficiency: outpatient Pharmacy turn around time

3. Service Improvement Program

A. Definition

- Based on consumer and customer feedback
- Maintains a customer focus
- Encourages change at lower levels in the organization
- Data driven
- Promotes teamwork and interdisciplinary participation

B. Criteria to select high priority activities

- Impacts patient/consumer/customer satisfaction
- Enhances efficiency
- Key process area
- Strategically important

C. Data sources which yield information to make decisions

- Patient satisfaction surveys
- Patient complaint data
- Focus groups
- Marketing survey data
- Payer feedback
- Referring physician survey
- Clinical pathway data
- QA/QI data

D. Activities during the next twelve months

1. **A focused consumer feedback program** which identifies, clarifies and prioritizes consumer issues; integrates marketing, patient, and other key customer information; and produces valid data which can be used to improve internal operations and is used for public relations and marketing.

- Plan, including assignment of responsibility, completed January 1995

- Revision of written Patient Satisfaction Survey accomplished first quarter 1995.

- Implementation of service improvement focus groups, clinic and service specific telephone surveys by April 1995.

- Data analysis and communication of physician and service specific data beginning second quarter 1995.

- Two high priority areas of concern identified and intervention plans begun by July 1, 1995

2. **Improvement in priority Ambulatory Care systems.**
Responsible: Peter Lynch, Sue Weber

- Ambulatory Care Plan completed February 1995

- High priority activities defined by March 1995

- Interventions identified and begun by July 1995

3. **Clinical pathways implemented in ten populations which have clear cost savings opportunity.**

- a. **Phase two of the document defining organization wide standards for pathway implementation developed by May 1, 1995** (addresses pathway format, integration with the process of care, data management, integration with documentation). Responsible: Work Group Co-Chairs Marshall Hertz, M.D. and Bobbie Ballot, R.N.

- b. Sub-populations with cost savings potential identified by April 1995. Responsible: Clinical leadership with support from Quality Support Services.

One pathway related to each of the following groups:

- Bone Marrow Transplant
- Gyn Oncology
- Vascular Surgery
- Cystic fibrosis
- Kidney transplant
- Pancreas transplant
- Psychiatry
- PM&R
- Neonatal Intensive Care
- One more to be determined

- c. The above ten pathways implemented following organizational standards by September 1995. Responsible: Clinical leadership in consultation with Quality Support Services.

4. **Systems Improvement Teams**

- Six pilot teams complete work by February 15, 1995
- Evaluate and begin to implement recommendations by March 31, 1995
- Assess the lessons learned through pilot teams; use outside consultants to initiate discussions with the Board of Governors and Senior Management related to the philosophical tenets of CQI and where the organization is relative to those tenets February - April 1995
- Operational plan identified and in place by July 1, 1995
- Responsible: Senior Management

4. Outcomes Measurement

A. Clinical Outcomes Research Center

1. Goals

- Produce strategically relevant studies which evaluate the effectiveness of UMHS services
- Advise UMHS regarding infrastructure decisions
- Provide leadership and serve as a community-wide resource for the generation and interpretation of clinical outcomes data
- Conduct significant (publishable) research
- Facilitate outcomes research by UMHS faculty
- Provide assistance and training for UMHS staff and faculty in applying outcomes analysis methods
- Identify useful, valid measures defining quality outcomes
- Integrate outcomes research into medical student education

2. Criteria to establish priorities

- The extent to which the project supports UMHS quality improvement goals
- The long-term impact of research findings on the provision of healthcare in general, and the identification of useful outcomes
- The contribution to improving the state of the art of health services research

3. Plan to be completed by June 1995.

Responsible: CORC Steering Committee

B. UMHS outcomes measurement

1. Definition

- Studies focusing on single, priority patient populations
- Typically include a combination of clinical, cost, satisfaction and quality of life data
- CORC provides consultative support

2. Activities during the next twelve months

- a. Identify existing department-based resources and initiatives by April 1995. Responsible: Clinical Outcomes Research Center.
- b. Complete pilot of Cardiovascular outcomes database for PTCA patients, including data and analyses, by July 1, 1995. Responsible: Carl White, M.D. and Sally Huntington
- c. Based on what is learned in (a) and (b), and with CORC consultation define a UMHC outcomes assessment program which supplements and/or initiates studies in strategically important areas by August 1995. Responsible: Jean Harris, M.D.

**University of Minnesota Health System Board of Governors
Quality Management Committee**

1995 QUALITY MANAGEMENT PLAN REPORTING TIMELINE

1994

December

Cost effectiveness performance profiles for the 20% of the DRGs accounting for 80% of the charges

1995

January

Cost effectiveness performance profiles for strategically important programs

Consumer Feedback Program Plan

February

Redefined Quality Management Steering Committee, and information flow and priority setting process

The first monthly Performance Report

March

Priority issues to be examined through the consumer feedback process. Inpatient survey revised to focus on inpatient issues.

Ambulatory Care Assessment Report including identification of high priority areas for improvement.

Summary of the status of six CQI Team implementation plans.

April

Defined consumer feedback methodologies for continuous sampling and targeted studies.

Summary of UMHS department based clinical outcomes studies.

Overall quarterly progress report

May

Clinical Outcomes Research Center recommendations for additional performance report measures

First reports from the revised consumer feedback process.

Clinical pathway work group recommendations establishing standards for pathway format, integration with the process of care, data management, and integration with documentation.

Summary of the results and conclusions of the organization-wide CQI assessment

Quality Management Committee
1995 Quality Management Plan Reporting Timeline
Page two

June	Provider profiles for capitated or risk shared populations Intervention plans designed to improve cost effectiveness for Bone Marrow Transplant, Vascular Surgery, and Cystic Fibrosis Summary of performance measures assessed by major UMHS departments Operational plan based on the conclusions of the organization-wide CQI assessment Clinical Outcomes Research Center Work Plan
July	Case Management System development progress report describing pilot results and the status of work redesign Intervention plans for two high priority issues identified from consumer feedback data. Intervention plans for high priority issues identified by Ambulatory Care. Summary of PTCA pilot clinical outcomes study Overall quarterly progress report
August	Recommendations for development of a UMHC outcomes assessment program
September	Summary of the status of ten clinical pathways compared to the organization-wide standards
October	Overall quarterly progress report
December	Intervention plans designed to improve cost effectiveness for Kidney Transplant and Pancreas Transplant
<u>1996</u> January	Overall quarterly progress report

UNIVERSITY OF MINNESOTA

Biennial Budget Partnership Proposal

Updated Information Including Governor's Recommendation

February 22, 1995

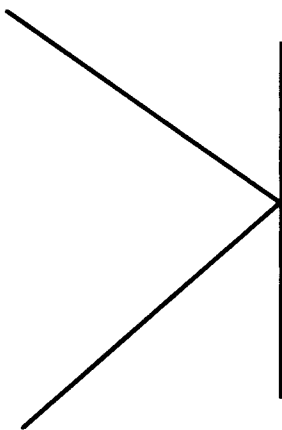
University of Minnesota Biennial Budget Partnership Proposal FY 1996-1997 (\$'s in millions)

	<u>FY96</u>	<u>FY97</u>	<u>Biennial</u>	<u>% Share</u>
<u>Investments & Financial Needs</u>	\$55.1	\$88.6	\$143.7	100.0%
<u>Partnership Proposal</u>				
State @ 6.0% per year	\$32.0	\$55.7	\$87.7	61.0%
Tuition @ 4.8% per year	\$ 8.5	\$17.8	\$26.3	18.3%
Other Revenue Increases	\$ 0.5	\$ 1.0	\$ 1.5	1.0%
University Reallocation	\$14.1	\$14.1	\$28.2	19.6%

NOTE: Other Revenue Increases includes modification of current tuition waiver programs

Defining the Biennial Budget Partnership Proposal FY1996-1997 (O&M and State Specials)

(\$'s in millions)

<i>U2000 Investments & Financial Needs</i>	<u>Biennial</u>	
• Maintain Current Performance Levels	\$16.2	
• Investment in U2000 / 1994 Suppl.	\$ 9.4	
• Investment in U2000 Critical Initiatives	\$33.7	
• Salary and Fringe Pool	\$51.4	
• Utilities and Building Maint Inflation	\$ 6.0	
• New Buildings Operation	\$ 6.8	
• Building Maintenance	\$14.0	
• Capital Debt	<u>\$ 6.2</u>	
TOTAL NEEDS	\$143.7	<div style="border: 1px solid black; padding: 10px; width: fit-content; margin: 0 auto;"> <p style="text-align: center;"><i>Strategic Investments</i></p> <p style="text-align: center;">↓</p> <p style="text-align: center;">Benefits to the University Community</p> </div>

Highlights from Governor's Recommendation

"The University has taken bold steps to address the challenge facing all institutions of higher education: maintaining excellence in an environment of increasing costs and slower growth in public resources. It has closed a campus, made significant internal reallocations among its colleges, controlled salary growth, and crafted a strategic plan - University 2000 - to guide future decision making.

The Governor commends President Hasselmo, the Board of Regents and the University community for their effort and accomplishments."

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"In its budget request for the 1996-97 biennium, the University has made a serious commitment to achieving the goals set forth in University 2000. To support the University in its efforts to strengthen the quality of research and teaching, The Governor recommends one-time appropriations of \$53.8 million."

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"In total, the Governor's recommendations will fund \$60,756,000 or 69% of the university's \$87,700,000 appropriations request."

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University of Minnesota Partnership Proposal vs. Governor's Recommendation

University of Minnesota State Partnership Proposal				<i>State 61.0% -- UM Community 39.0%</i>	
		FY96	FY97	Biennial	
<u>BUDGET PROPOSAL</u>		\$55.1	\$88.6	\$143.7	PERCENT SHARE
Line 1	State @ 6.0% / 6.0%	\$32.0	\$55.7	\$87.7	61.0%
Line 2	Tuition @ 4.8% / 4.8%	\$8.5	\$17.8	\$26.3	18.3%
Line 3	Other U of M Revenue Increases	\$0.5	\$1.0	\$1.5	1.0%
Line 4	University Responsibility	\$14.1	\$14.1	\$28.2	19.6%

Governor's Recommendation				<i>State 42.3% -- UM Community 57.7%</i>	
		FY96	FY97	Biennial	
<u>BUDGET PROPOSAL</u>		\$55.1	\$88.6	\$143.7	PERCENT SHARE
Line 5	State - Recurring	\$3.5	\$3.5	\$7.0	4.9%
Line 6	- Non-recurring	\$18.1	\$35.7	\$53.8	37.4%
Line 7	Tuition @ 3% / 3%	\$5.4	\$11.0	\$16.4	11.4%
Line 8	Other U of M Revenue Increases	\$0.3	\$0.6	\$0.9	0.6%
Line 9	University Responsibility	\$27.8	\$37.8	\$65.6	45.7%

NOTES: Governor's recommendation converts ALL state specials to O&M funding.
Tuition Restriction / if the UM increases undergraduate tuition beyond 3% annually, any increase to state grant costs will be assessed against the University.

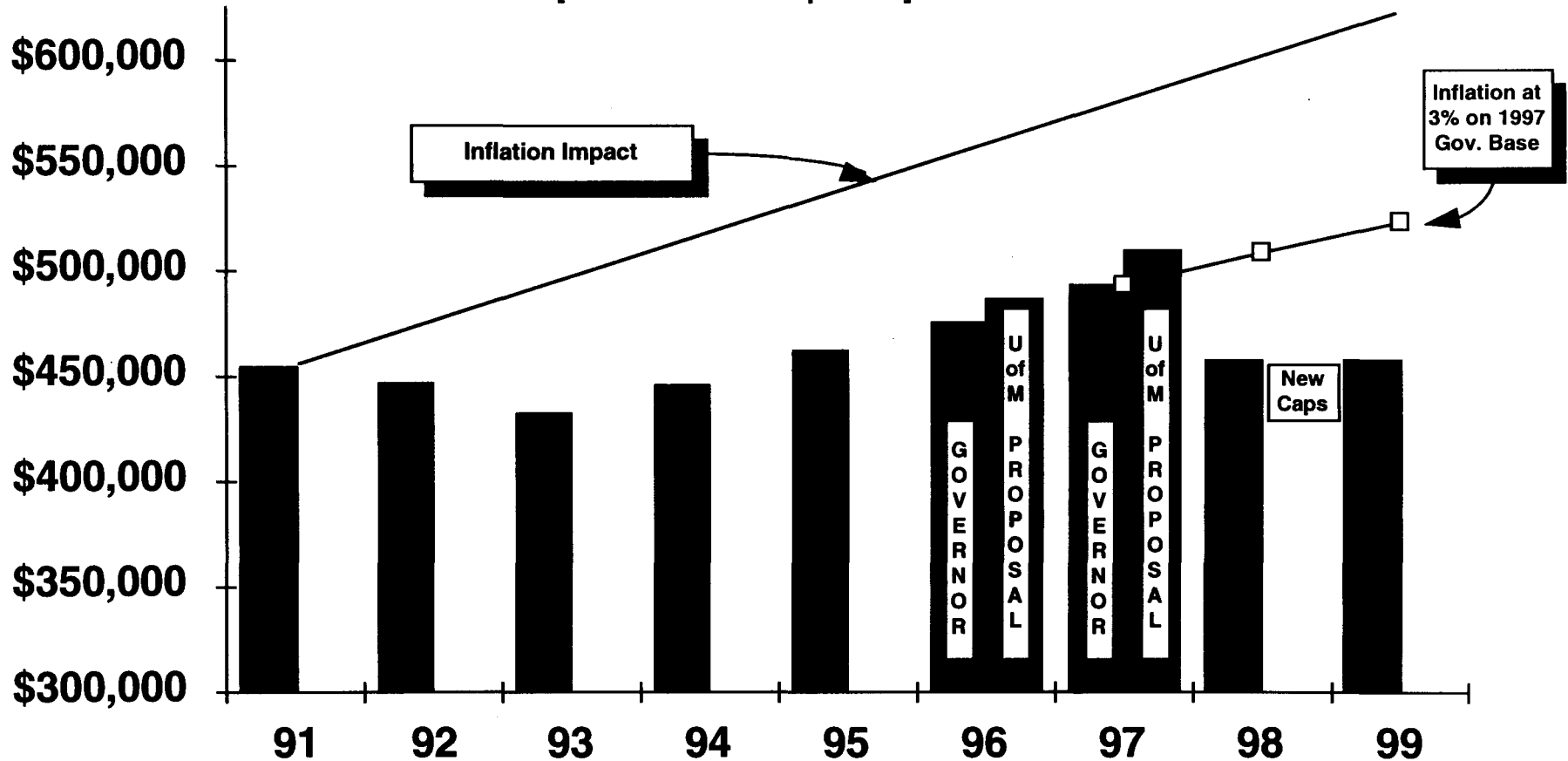
Financial Choices Assuming No Increase or Decrease in State Funds Beyond the Governor's Budget

		FY 1996-97
Line 1	Partnership Investments	\$143.7
Line 2	Governor's Recurring Funds	\$7.0
Line 3	Governor's One-Time Funds	\$53.8
Line 4	Governor's Other Income Recs.	\$0.9
Line 5	Remaining Investment Need	\$82.0

		FY96	FY97	Biennial	<i>Difference to Partnership Proposal</i>
Option A	Tuition @ 3.0% / 3.0%	\$5.4	\$11.0	\$16.4	(\$9.9)
	University Responsibility	\$27.8	\$37.8	\$65.6	\$37.4
Option B	Tuition @ 4.8% / 4.8%	\$8.5	\$17.8	\$26.3	\$0.0 * Note
	University Responsibility	\$24.7	\$31.0	\$55.7	\$27.5
Option C	Tuition @ 7.5% / 7.5%	\$13.5	\$28.1	\$41.7	\$15.3 * Note
	University Responsibility	\$19.7	\$20.7	\$40.4	\$12.2
Option D	Tuition @ 10.6% / 7.75%	\$19.1	\$34.7	\$53.9	\$27.5 * Note
	University Responsibility	\$14.1	\$14.1	\$28.2	\$0.0

* Note: Tuition Revenue not adjusted for cost of state grant program attributable to undergraduate tuition above 3% per Govs Rec.

**University of Minnesota
Actual and Projected State Appropriations
FY 1991 to FY 1999
[O & M and State Specials]**



Governor's Recommendation is \$26.2 million short in FY 1996 - 97

FY1996 - 97 One Time Appropriations will leave a \$116.0 million gap in FY 1998 - 99
[assuming 3% inflation per year]