



UNIVERSITY OF MINNESOTA
TWIN CITIES

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

March 22, 1990

TO: Board of Governors Finance Committee
FROM: Clifford P. Fearing
SUBJECT: Cancellation of the March 28, 1990 Finance Committee

Due to a lack of quorum, the March 28, 1990 Board of Governors Finance Committee will be cancelled.

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The University of Minnesota Hospital and Clinic
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Minneapolis, Minnesota 55455

March 28, 1990

TO: Board of Governors Finance Committee
FROM: Clifford P. Fearing
SUBJECT: Report of Operations for the Period
July 1, 1989 through February 28, 1990

The Hospital's operations for the month of February reflect inpatient admissions, patient days and outpatient visit activity below budget. Both ancillary revenue and routine revenue are below budgeted levels for the month.

INPATIENT CENSUS: For the month of February, inpatient admissions totaled 1,389, which was 61 below budgeted admissions of 1,450. Our overall average length of stay for the month was 8.0 days. Patient days for February totaled 11,180 and were 1,033 days below budget. The decrease in admission levels from budget was primarily in the areas of Medicine, Ophthalmology, Orthopedics, and Urology. The decreases were partially offset by increases in Gynecology, Otolaryngology, and Pediatrics.

To recap our year-to-date inpatient census:

	1988-89 <u>Actual</u>	1989-90 <u>Budget</u>	1989-90 <u>Actual</u>	<u>Variance</u>	<u>% Var</u>
Admissions	12,498	12,361	12,349	(12)	(0.1)
Patient Days	105,907	104,406	99,480	(4,926)	(4.7)
Avg Length of Stay	8.5	8.4	8.1	(0.3)	(3.6)
Avg Daily Census	435.8	429.6	409.4	(20.2)	(4.7)
Percent Occupancy	74.9	73.3	70.6	(2.7)	(3.7)

OUTPATIENT CENSUS: Clinic visits for the month of February totaled 20,079 which was 1,513, or 7.0%, below budgeted visits of 21,592. Visits were significantly below budget in Dermatology, OB/GYN, Adult Psych, Urology, and Ophthalmology. Areas that reported visits considerably above budgeted levels were Radiation Therapy and Emergency Services. Community University Health Care Center (CUHCC) visits for the month of February totaled 4,217 which was 496, or 13.3%, over budgeted visits of 3,721, while Home Health visits of 926 for the month were 21, or 2.3%, above budgeted visits of 905.

REPORT OF OPERATIONS
 FEBRUARY 1990
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To recap our year-to-date outpatient census:

	1988-89 <u>Actual</u>	1989-90 <u>Budget</u>	1989-90 <u>Actual</u>	<u>Variance</u>	<u>% Var</u>
Clinic Visits	177,364	180,631	176,718	(3,913)	(2.2)
CUHCC Visits	30,333	30,699	34,783	4,084	13.3
HHA Visits	7,970	7,856	7,381	(475)	(6.0)

FINANCIAL OPERATIONS: The Hospital's Statement of Operations shows revenues over expenses by \$4,967,348, a favorable variance of \$3,907,004.

Patient care charges through February totaled \$212,448,436, which was 4.8% under budget. Routine revenue was 2.9% under budget and reflects our unfavorable inpatient census variance.

Ancillary revenue was \$8,847,071 below budget (5.6%) and primarily reflected the unfavorable variance in clinic visits. Inpatient ancillary revenue averaged \$8,758 per admission compared to the budgeted average of \$8,922 per admission. Outpatient revenue per clinic visit averaged \$239 compared to the budgeted average of \$271.

Operating expenditures through February totaled \$182,584,873 and were \$10,204,226 (5.3%) below budgeted levels of \$192,789,099. The overall favorable variance relates primarily to the decreased demand for patient services, and is reflected across most expense categories.

ACCOUNTS RECEIVABLE: The balance in patient accounts receivable as of February 28, 1990, totaled \$85,237,318 and represented 94.8 days of revenue outstanding. The overall decrease in our patient receivables in February of 1.9 days occurred primarily in Medicare, Blue Cross Out-of-State, and Commercial Insurance.

CONCLUSION: The Hospital's overall operating position is positive and above budgeted levels for year-to-date February. While we have seen improvement in our expenditure levels, we are continuing to closely monitor our demand for services and make those operating changes that are necessary and appropriate to bring our expense levels into line with net revenues.

UNIVERSITY OF MINNESOTA HOSPITAL & CLINIC

EXECUTIVE SUMMARY OF FINANCIAL ACTIVITY

FOR THE PERIOD JULY 1, 1989 TO FEBRUARY 28, 1990

	1989-90 Budgeted	1989-90 Actual	Variance Over/-Under Budget	Variance %
Patient Care Charges	\$223,164,417	\$212,448,436	(\$10,715,981)	-4.8%
Deductions from Charges	52,324,307	50,832,182	(1,492,125)	-2.9%
Other Operating Revenue	6,533,633	7,029,761	496,128	7.6%
Total Operating Revenue	177,373,743	168,646,015	(8,727,728)	-4.9%
Total Expenditures	192,789,099	182,584,873	(10,204,226)	-5.3%
Net Operating Revenue	(15,415,356)	(13,938,858)	1,476,498	9.6%
Non-Operating Revenue and Expenses	16,475,700	18,906,206	2,430,506	14.8%
Revenue Over/Under Expense	\$1,060,344 =====	\$4,967,348 =====	\$3,907,004 =====	

	1989-90 Budgeted	1989-90 Actual	Variance Over/-Under Budget	Variance %
Admissions	12,361	12,349	(12)	-0.1%
Patient Days	104,406	99,480	(4,926)	-4.7%
Average Daily Census	429.6	409.4	(20.2)	-4.7%
Average Length of Stay	8.4	8.1	(0.3)	-3.6%
Percentage Occupancy	73.3	70.6	(2.7)	-3.7%
Outpatient Clinic Visits	180,631	176,718	(3,913)	-2.2%

UNIVERSITY OF MINNESOTA HOSPITAL & CLINIC
STATEMENT OF OPERATIONS
FOR THE PERIOD ENDED JULY 1, 1989 TO FEBRUARY 28, 1990

ANNUAL BUDGET	PATIENT CARE CHARGES	BUDGETED	ACTUAL	OVER/(UNDER) BUDGET	VARIANCE %
\$96,834,525	ROUTINE	\$63,947,196	\$62,078,286	(\$1,868,910)	-2.9%
243,632,475	ANCILLARY	159,217,221	150,370,150	(8,847,071)	-5.6%
\$340,467,000	GROSS CHARGES	\$223,164,417	\$212,448,436	(\$10,715,981)	-4.8%
	DEDUCTIONS FROM CHARGES				
\$11,479,000	BILLING ADJUSTMENTS	\$7,521,958	\$7,873,428	\$351,470	4.7%
15,080,000	HMO/PPO DISCOUNTS	9,881,620	11,861,865	1,980,245	20.0%
48,573,000	GOVERNMENTAL CONTRACTUAL ADJUST	31,828,907	28,000,151	(3,828,756)	-12.0%
550,000	CHARITABLE CARE	358,650	494,759	136,109	38.0%
4,171,000	PROVISION FOR UNCOLLECTABLES	2,733,172	2,601,979	(131,193)	-4.8%
\$79,853,000	TOTAL DEDUCTIONS	\$52,324,307	\$50,832,182	(\$1,492,125)	-2.9%
	OTHER OPERATING REVENUE				
\$1,627,000	FOOD SERVICES	\$1,063,418	\$1,063,898	\$480	0.0%
714,000	PARKING SERVICES	466,674	600,849	134,175	28.8%
77,000	DEPARTMENT NON-PATIENT	60,470	87,570	27,100	44.8%
1,269,000	GRANT INCOME	846,000	1,069,608	223,608	26.4%
1,958,000	REFERENCE LAB INCOME	1,279,580	1,465,882	186,302	14.6%
2,056,000	PRO FEES--NET REVENUE	1,347,255	1,108,530	(238,725)	-17.7%
40,000	SILVER SALVAGE	26,629	24,474	(2,155)	-8.1%
2,124,684	INCOME FROM BOND PROCEEDS	1,443,607	1,588,450	144,843	10.0%
0	DONATIONS	0	20,500	20,500	
\$9,865,684	TOTAL OTHER REVENUE	\$6,533,633	\$7,029,761	\$496,128	7.6%
\$270,479,684	TOTAL REVENUE FROM OPERATIONS	\$177,373,743	\$168,646,015	(\$8,727,728)	-4.9%
	EXPENDITURES				
\$123,859,000	SALARIES	\$81,698,310	\$76,964,580	(\$4,733,730)	-5.8%
27,976,000	FRINGE BENEFITS	17,970,159	18,144,284	174,125	1.0%
2,235,000	ACADEMIC CONTRACTS	1,490,000	1,456,822	(33,178)	-2.2%
6,242,000	RESIDENT CONTRACTS	4,114,856	4,181,465	66,609	1.6%
3,167,000	PHYSICIAN COMPENSATION	2,111,334	2,085,926	(25,408)	-1.2%
163,479,000	TOTAL SALARY, F.B., & FEES	107,384,659	102,833,077	(4,551,582)	-4.2%
2,395,000	LAUNDRY & LINEN	1,576,665	1,435,903	(140,762)	-8.9%
1,946,000	RAW FOOD	1,282,962	1,210,927	(72,035)	-5.6%
20,366,000	DRUGS	13,367,889	12,342,425	(1,025,464)	-7.7%
11,343,000	BLOOD & BLOOD DERIVATIVES	7,413,857	5,838,634	(1,575,223)	-21.2%
26,628,000	MEDICAL SUPPLIES & SERVICES	17,404,232	17,169,111	(235,121)	-1.4%
6,256,000	UTILITIES	4,251,667	4,133,604	(118,063)	-2.8%
992,000	INSURANCE	584,991	503,146	(81,845)	-14.0%
3,866,000	RENTAL	2,564,934	2,419,316	(145,618)	-5.7%
5,101,000	MAINTENANCE & REPAIR	3,396,009	3,050,256	(345,753)	-10.2%
24,000	NET LOSS ON DISPOSAL OF ASSETS	15,977	63,911	47,934	
282,000	CAMPUS ADMINISTRATION EXPENSE	187,743	187,990	247	0.1%
18,283,000	DEPRECIATION	11,910,240	11,695,755	(214,485)	-1.8%
13,038,000	INTEREST	8,712,077	8,621,787	(90,290)	-1.0%
19,129,000	GENERAL SUPPLIES & EXPENSE	12,735,197	11,079,031	(1,656,166)	-13.0%
\$293,128,000	TOTAL EXPENDITURES	\$192,789,099	\$182,584,873	(\$10,204,226)	-5.3%
(\$22,648,316)	NET REVENUE FROM OPERATIONS	(\$15,415,356)	(\$13,938,858)	\$1,476,498	9.6%
	NON-OPERATING REVENUE				
\$15,579,000	APPROPRIATIONS & SUPPORT	\$10,386,000	\$10,333,337	(\$52,663)	-0.5%
6,906,000	INTEREST INCOME ON RESERVES	4,874,499	5,437,795	563,296	11.6%
181,000	SHARED SERVICES	120,501	116,295	(4,206)	-3.5%
1,484,316	INVESTMENT INCOME HELD BY TRUSTEE	1,008,152	977,563	(30,589)	-3.0%
130,000	OTHER INVESTMENT INCOME	86,548	76,216	(10,332)	-11.9%
0	DIVIDEND DISTRIBUTION	0	1,965,000	1,965,000	
\$24,280,316	TOTAL NON-OPERATING REVENUE	\$16,475,700	\$18,906,206	\$2,430,506	14.8%
\$1,632,000	REVENUE OVER/(UNDER) EXPENSE	\$1,060,344	\$4,967,348	\$3,907,004	

UNIVERSITY OF MINNESOTA HOSPITAL & CLINIC
BALANCE SHEETS

FEBRUARY 28, 1990 AND JUNE 30, 1989

ASSETS	02/28/90	6/30/89	LIABILITIES AND FUND BALANCES	02/28/90	6/30/89
CURRENT ASSETS			CURRENT LIABILITIES		
Operating Cash	\$72,282	\$72,282	Accounts Payable	\$11,306,886	\$8,926,779
Reserve Cash- Third Party Payable	10,800,325	4,994,382	Payable to Third Party Contr. Payors	7,985,325	10,071,821
Reserve Cash- Current Indebtedness	4,701,291	8,484,143	Salaries, Wages and Payroll Taxes	6,254,234	4,820,284
Reserve Cash- Fringe Benefits	0	798,151	Accrued Vacation	8,451,526	8,187,806
Accounts Receivable			Accrued Professional Fees and Physician Compensation	1,844,925	741,071
Patient Receivables	85,237,318	87,672,463	Contracts Payable	1,319,432	40,000
Other Receivables	2,703,808	1,167,188	Construction Retainages	0	215,074
Third Party Receivable	505,066	6,333,531	Interest Payable	1,078,600	5,085,186
Appropriation Receivable	1,344,790	1,235,467	Current Portion of Long-Term Debt	2,651,307	2,724,624
	-----	-----	Promissory Notes Payable	1,300,000	2,500,000
Less Allowances for Losses in Collection	(7,226,011)	(5,933,101)			
Less Allowances for Discounts to Third Party Payors	(24,448,268)	(19,160,666)			
	-----	-----			
	58,116,703	71,314,882			
Inventories of Drugs & Supplies	4,646,109	4,928,266			
Prepaid Expenses	1,061,115	657,135			
	-----	-----			
TOTAL CURRENT ASSETS	\$79,397,825	\$91,249,241	TOTAL CURRENT LIABILITIES	\$42,192,235	\$43,312,645
ASSETS WHOSE USE IS LIMITED					
Board Designated Assets Available for Assignment					
Cash & Investments	\$69,682,362	\$63,557,757			
Accrued Interest	1,535,174	148,244			
	-----	-----			
	71,217,536	63,706,001			
Cash & Invest for Debt Service	13,000,000	13,000,000	LONG-TERM DEBT, LESS CURRENT PORTION	\$165,890,955	\$169,579,548
Cash & Invest for Working Capital	30,146,326	16,000,000			
	-----	-----			
TOTAL	\$114,363,862	\$92,706,001			
PROPERTY, PLANT, & EQUIPMENT					
Land, Buildings & Improvements	\$183,795,229	\$184,168,980			
Equipment	85,279,302	83,089,361			
	-----	-----			
	269,074,531	267,258,341			
Less Accumulated Depreciation	(110,933,821)	(100,371,670)			
	-----	-----			
	158,140,710	166,886,671			
Construction in Progress	11,708,676	9,057,292			
	-----	-----			
TOTAL PROPERTY, PLANT, & EQUIPMENT	169,849,386	175,943,963			
Assigned Cash & Investments for Construction/Equipment	6,798,537	7,006,734			
	-----	-----			
TOTAL	\$176,647,923	\$182,950,697			
INVESTMENTS HELD BY BOND TRUSTEE	\$16,296,697	\$18,870,093			
OTHER ASSETS					
Deferred Third Party Reimbursement	\$7,293,369	\$7,737,794			
Deferred Debt Expense	1,120,268	1,175,980			
Deposits and Other	540,486	675,798			
	-----	-----			
TOTAL	\$8,954,123	\$9,589,572	UNRESTRICTED FUND BALANCE	\$187,577,240	\$182,473,411
TOTAL ASSETS	\$395,660,430	\$395,365,604	TOTAL LIABILITIES & FUND BALANCE	\$395,660,430	\$395,365,604
	=====	=====		=====	=====
RESTRICTED ASSETS			RESTRICTED FUND BALANCES		
			Endowment Funds	\$2,329,034	\$2,161,348
			Gift Funds	4,464,323	3,289,413
				-----	-----
Cash and Investments	\$6,793,357	\$5,450,761		\$6,793,357	\$5,450,761
	=====	=====		=====	=====

UNIVERSITY OF MINNESOTA HOSPITAL & CLINIC

OPERATING CASH FLOW

FOR THE PERIOD JULY 1, 1989 TO FEBRUARY 28, 1990

Source of Funds

Beginning Operating Cash Balance		\$72,282
Net Income from Operations	(13,938,858)	
Dividend Distribution	1,965,000	
Non-Operating Revenue	16,941,206	

Excess of Revenue over Expense		4,967,348
Items not Requiring the Outlay of Cash		
Depreciation		11,695,755
University Support: G & A		187,990
Loss on Disposal of Assets		63,911
Deferred Third Party Reimbursement		444,425
Renewal Project Interest Expense		6,889,951
Increase in Accrued Expenses		6,444,830
Transfer from Fringe Benefit Reserve		798,151
Decrease in Accounts Receivable		9,015,657
Decrease in Third Party Receivable		5,828,465
Decrease in Inventory		282,157

Total Funds Provided from Operations		\$46,690,922

Funds Applied

Transfer Third Party Reserve	5,805,943
Decrease in Third Party Payable	2,086,496
Increase in Prepaid Expenses	268,668
Increase in Other Receivables	1,536,620
Capital Expenditures	4,369,541
Appropriation Receivable	109,323
Investment Income - Trustee-held Assets	977,563
Transfers to Reserves - Bond Retirement	8,228,932

Total Funds Applied	\$23,383,086

Operating Cash Made Available from Operations	\$23,307,835
	=====

Total Operating Cash Available:	23,307,835
Transfers for Bond Retirement:	8,228,932
Transfers to Plant:	4,369,541

Total Cash Generated from Operations:	35,906,309
	=====

Current Cash Summary

Operating Cash	\$23,307,835
Operating Cash to Working Capital Reserve	(17,796,667)
Reserve Cash for Liability to Third Party Payors	10,800,325
Reserve Cash for Short Term Debt Retirement	2,500,000
Reserve Cash for Bond Principal & Interest Payment	2,201,291

	21,012,784
Less Interest Income on Reserves and Grant	(5,438,886)

Total Current Cash	\$15,573,898
	=====

University of Minnesota Hospital & Clinic
Statement of Changes in Fund Balance
For the Period July 1, 1989 through February 28, 1990

	OPERATING FUND	CURRENT DEBT SERVICE FUND	BOARD DESIGNATED FUND	PLANT FUND	TRUSTEE FUND	TOTAL UNRESTRICTED FUNDS
UNRESTRICTED FUNDS						
Beginning Balance	\$42,910,800	\$8,484,143	\$92,706,001	\$19,502,374	\$18,870,093	\$182,473,411
Net Income						
Excess of Revenue over Expense	8,870,634					
Interest Income on Reserves			5,437,795			
Interest Income on Nursing Grant			1,091			
Depreciation Expense				(11,695,755)		
Loss on Disposal of Assets				(63,911)		
Interest Income on Trustee Held Fund					977,563	
Amortization of Deferred Bond Expense				(148,519)		
Interest Income on Bond Proceeds					1,588,450	
Total Income						4,967,348
Less Expense						
University Support: G & A	187,990					187,990
Transfers Between Funds						
Major Building Projects- Hosp. Capital Expenditures	(4,029,824)		(2,993,651)	2,993,651		
Major Equipment Requisition	(339,717)			4,029,824		
Adjustment to Shared Buildings				339,717		
Bond Interest Payment	12,320,235	(9,914,408)		(61,407)		(61,407)
Bond Interest Expense Funding	(6,741,432)	8,059,055			(2,405,827)	
Bond Principal Payment	2,215,000	(2,215,000)			(1,317,623)	
Bond Principal Funding	(1,487,500)	1,487,500				
Decrease in Short Term Note Funding		(1,200,000)		1,200,000		
Trustee Income held by Campus			1,415,959		(1,415,959)	
Res. Gift Fund Commitment to Plant				9,898		9,898
Funding Working Capital	(17,796,667)		17,796,667			
Ending Balance	\$36,109,519	\$4,701,290	\$114,363,862	\$16,105,872	\$16,296,697	\$187,577,240

	GIFT	ENDOWMENT	TOTAL
RESTRICTED FUNDS			
Beginning Balance	\$3,289,413	\$2,161,348	\$5,450,761
Income	1,222,723	167,979	1,390,702
Disbursements	(47,813)	(293)	(48,106)
Ending Balance	\$4,464,323	\$2,329,034	\$6,793,357

UNIVERSITY OF MINNESOTA HOSPITAL & CLINIC
STATEMENT OF OPERATIONS
FOR THE PERIOD ENDED JULY 1, 1989 TO FEBRUARY 28, 1990

FEBRUARY BUDGETED	FEBRUARY ACTUAL	FEBRUARY VARIANCE	VARIANCE %		BUDGETED	ACTUAL	OVER/(UNDER) BUDGET	VARIANCE %
\$7,480,350	\$7,077,469	(\$402,881)	-5.4%	ROUTINE	\$63,947,196	\$62,078,286	(\$1,868,910)	-2.9%
18,786,112	17,600,916	(1,185,196)	-6.3%	ANCILLARY	159,217,221	150,370,150	(8,847,071)	-5.6%
\$26,266,462	\$24,678,385	(\$1,588,077)	-6.0%	GROSS CHARGES	\$223,164,417	\$212,448,436	(\$10,715,981)	-4.8%
				DEDUCTIONS FROM CHARGES				
\$885,542	\$999,900	\$114,358	12.9%	BILLING ADJUSTMENTS	\$7,521,958	\$7,873,428	\$351,470	4.7%
1,163,340	1,633,994	470,654	40.5%	HMO/PPO DISCOUNTS	9,881,620	11,861,865	1,980,245	20.0%
3,747,141	3,737,077	(10,064)	-0.3%	GOVERNMENTAL CONTRACTUAL ADJUST	31,828,907	28,000,151	(3,828,756)	-12.0%
43,129	72,549	29,420	68.2%	CHARITABLE CARE	358,650	494,759	136,109	38.0%
321,770	301,502	(20,268)	-6.3%	PROVISION FOR UNCOLLECTABLES	2,733,172	2,601,979	(131,193)	-4.8%
\$6,160,922	\$6,745,022	\$584,100	9.5%	TOTAL DEDUCTIONS	\$52,324,307	\$50,832,182	(\$1,492,125)	-2.9%
				OTHER OPERATING REVENUE				
\$125,312	\$135,917	\$10,605	8.5%	FOOD SERVICES	\$1,063,418	\$1,063,898	\$480	0.0%
54,992	74,614	19,622	35.7%	PARKING SERVICES	466,674	600,849	134,175	28.8%
3,794	10,761	6,967	183.6%	DEPARTMENT NON-PATIENT	60,470	87,570	27,100	44.8%
105,750	89,652	(16,098)	-15.2%	GRANT INCOME	846,000	1,069,608	223,608	26.4%
150,978	184,204	33,226	22.0%	REFERENCE LAB INCOME	1,279,580	1,465,882	186,302	14.6%
158,609	129,035	(29,574)	-18.6%	PRO FEES--NET REVENUE	1,347,255	1,108,530	(238,725)	-17.7%
3,068	2,494	(574)	-18.7%	SILVER SALVAGE	26,629	24,474	(2,155)	-8.1%
156,104	166,170	10,066	6.4%	INCOME FROM BOND PROCEEDS	1,443,607	1,588,450	144,843	10.0%
0	0	0		DONATIONS	0	20,500	20,500	
\$758,607	\$792,847	\$34,240	4.5%	TOTAL OTHER REVENUE	\$6,533,633	\$7,029,761	\$496,128	7.6%
\$20,864,147	\$18,726,210	(\$2,137,937)	-10.2%	TOTAL REVENUE FROM OPERATIONS	\$177,373,743	\$168,646,015	(\$8,727,728)	-4.9%
				EXPENDITURES				
\$9,542,380	\$8,707,811	(\$834,569)	-8.7%	SALARIES	\$81,698,310	\$76,964,580	(\$4,733,730)	-5.8%
2,257,597	2,020,456	(237,141)	-10.5%	FRINGE BENEFITS	17,970,159	18,144,284	174,125	1.0%
186,250	182,103	(4,147)	-2.2%	ACADEMIC CONTRACTS	1,490,000	1,456,822	(33,178)	-2.2%
531,772	541,394	9,622	1.8%	RESIDENT CONTRACTS	4,114,856	4,181,465	66,609	1.6%
263,917	254,638	(9,279)	-3.5%	PHYSICIAN COMPENSATION	2,111,334	2,085,926	(25,408)	-1.2%
12,781,916	11,706,402	(1,075,514)	-8.4%	TOTAL SALARY, F.B., & FEES	107,384,659	102,833,077	(4,551,582)	-4.2%
184,844	145,889	(38,955)	-21.1%	LAUNDRY & LINEN	1,576,665	1,435,903	(140,762)	-8.9%
150,006	147,149	(2,857)	-1.9%	RAW FOOD	1,282,962	1,210,927	(72,035)	-5.6%
1,574,989	1,308,232	(266,757)	-16.9%	DRUGS	13,367,889	12,342,425	(1,025,464)	-7.7%
873,639	681,447	(192,192)	-22.0%	BLOOD & BLOOD DERIVATIVES	7,413,857	5,838,634	(1,575,223)	-21.2%
2,050,892	2,143,430	92,538	4.5%	MEDICAL SUPPLIES & SERVICES	17,404,232	17,169,111	(235,121)	-1.4%
489,555	496,183	6,628	1.4%	UTILITIES	4,251,667	4,133,604	(118,063)	-2.8%
101,741	25,469	(76,272)	-75.0%	INSURANCE	584,991	503,146	(81,845)	-14.0%
312,221	289,801	(22,420)	-7.2%	RENTAL	2,564,934	2,419,316	(145,618)	-5.7%
391,310	406,404	15,094	3.9%	MAINTENANCE & REPAIR	3,396,009	3,050,256	(345,753)	-10.2%
1,841	(4,591)	(6,432)		NET LOSS ON DISPOSAL OF ASSETS	15,977	63,911	47,934	
21,633	21,662	29	0.1%	CAMPUS ADMINISTRATION EXPENSE	187,743	187,990	247	0.1%
1,569,394	1,502,772	(66,622)	-4.2%	DEPRECIATION	11,910,240	11,695,755	(214,485)	-1.8%
1,081,525	1,012,544	(68,981)	-6.4%	INTEREST	8,712,077	8,621,787	(90,290)	-1.0%
1,467,430	1,411,701	(55,729)	-3.8%	GENERAL SUPPLIES & EXPENSE	12,735,197	11,079,031	(1,656,166)	-13.0%
\$23,052,936	\$21,294,494	(\$1,758,442)	-7.6%	TOTAL EXPENDITURES	\$192,789,099	\$182,584,873	(\$10,204,226)	-5.3%
(\$2,188,789)	(\$2,568,284)	(\$379,495)	-17.3%	NET REVENUE FROM OPERATIONS	(\$15,415,356)	(\$13,938,858)	\$1,476,498	9.6%
				NON-OPERATING REVENUE				
\$1,298,250	\$1,344,789	\$46,539	3.6%	APPROPRIATIONS & SUPPORT	\$10,386,000	\$10,333,337	(\$52,663)	-0.5%
512,107	660,713	148,606	29.0%	INTEREST INCOME ON RESERVES	4,874,499	5,437,795	563,296	11.6%
13,885	10,952	(2,933)	-21.1%	SHARED SERVICES	120,501	116,295	(4,206)	-3.5%
126,065	115,722	(10,343)	-8.2%	INVESTMENT INCOME HELD BY TRUSTEE	1,008,152	977,563	(30,589)	-3.0%
9,973	10,000	27	0.3%	OTHER INVESTMENT INCOME	86,548	76,216	(10,332)	-11.9%
0	0	0		DIVIDEND DISTRIBUTION	0	1,965,000	1,965,000	
\$1,960,280	\$2,142,176	\$181,896	9.3%	TOTAL NON-OPERATING REVENUE	\$16,475,700	\$18,906,206	\$2,430,506	14.8%
(\$228,509)	(\$426,108)	(\$197,599)		REVENUE OVER/(UNDER) EXPENSE	\$1,060,344	\$4,967,348	\$3,907,004	



UNIVERSITY OF MINNESOTA
TWIN CITIES

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

**MEETING OF THE
BOARD OF GOVERNORS FINANCE COMMITTEE
Wednesday, April 25, 1990
12:00 - 2:00 p.m.*
8-106 University Hospital**

COMMITTEE MEMBERS

Jerry Meilahn, Chair
Carol Campbell
Edward Ciriacy, M.D.
Robert Dickler
Clifford Fearing
Elwin Fraley, M.D.
Margaret Matalamaki
Barbara O'Grady
Vic Vikmanis

A G E N D A

- | | | |
|-------|-----------------------------------------------------------------------------------------------------------|----------------------|
| I. | Opening of Meeting and Approval of Minutes of Finance Committee meeting held 2/28/89 (Approval) pp. 1 - 4 | Mr. Jerry Meilahn |
| II. | March 31, 1990 Financial Statements (Information) pp. 5 - 11 | Mr. Clifford Fearing |
| III. | Peat Marwick Management Letter (Information) pp. 12 - 20 | Mr. Nels Larson |
| IV. | 1990-91 Budget (Information) pp. 21 - 36 | Mr. Clifford Fearing |
| V. | Cardiovascular Radiology Equipment (Endorsement) pp. 37 - 39 | Mr. Al Dees |
| VI. | Third Quarter, 1989-90 Bad Debts (Endorsement) pp. 40 - 76 | Mr. Clifford Fearing |
| VII. | Red Wing Update (Information) | Mr. Clifford Fearing |
| VIII. | Other | |

*A buffet lunch will be served at 11:30 p.m. in the Board Room.

THE UNIVERSITY OF MINNESOTA HOSPITAL AND CLINIC
BOARD OF GOVERNORS FINANCE COMMITTEE
February 28, 1990

MINUTES

ATTENDANCE:

Present: Carol Campbell
Edward Ciriacy, M.D.
Robert Dickler
Clifford Fearing
Elwin Fraley, M.D.
Margaret Matalamaki
Jerry Meilahn

Not Present: Barbara O'Grady
Vic Vikmanis

Staff: Al Dees
Greg Hart
Teri Holberg
Nancy Janda
Mark Koenig
Nels Larson
Helen Pitt
Wm. Thompson, M.D.

CALL TO ORDER:

The Finance Committee was called to order by Mr. Jerry Meilahn on February 28, 1990 at 12:05 P.M.

APPROVAL OF THE MINUTES:

The Board of Governors Finance Committee seconded and passed a motion to approve the minutes of the January 24, 1990 meeting as written.

JULY 1, 1989 THROUGH JANUARY 31, 1990 FINANCIALS:

Mr. Nels Larson reported to the Finance Committee for the month of January inpatient admissions totaled 1,626, which was 57 above budget; average length of stay was 8.3 days; patient days totaled 12,503, which were 836 days below budget; and the average daily census was 403. The first three weeks of February were reported to have an average daily census of 398 and admissions were approximately 3% under budget. Clinic visits were reported to be 2.8% over budget.

Mr. Larson stated ancillary revenue was 5.5% under budget and operating expenditures were reported to 5.0% below budget. The Hospital's year-to-date

Statement of Operations showed revenues over expenses by \$5,393,456, a favorable variance of \$4,104,602. Mr. Larson reported this months statement of operations reflects a dividend distribution of \$1,965,000 from RUMINCO LTD. The Hospital will receive an additional RUMINCO dividend distribtuion of \$655,000 on December 31, 1990.

Lastly, Mr. Larson stated as of January 31 the balance of accounts receivable totaled \$86,131,643 and represented 96.7 days of revenue outstanding.

HOSPITAL ADMISSIONS POLICIES:

Mr. Clifford Fearing submitted to the Committee the Hospital Admissions Policy for endorsement. The Admissions Policy had been presented to the Committee for information at the January 24, 1990 meeting.

The Finance Committee seconded and passed the motion to approve the Hospital Admissions Policy.

CT SCANNER:

Mr. Al Dees presented to the Committee, for endorsement, a proposal to acquire a new CT scanner. Mr. Dees reviewed the proposal, which had been presented to the Committee for information at the January 24, 1990 meeting. The total estimated cost of the CT scanner and installation would be \$1,217,000.

The Finance Committee passed a motion to endorse the acquisition of a new CT scanner at a cost of \$1,217,000.

MAJOR CAPITAL EXPENDITURES:

Frontal Plan Image Chain Upgrade

Mr. Dees presented to the Committee, for information, a proposal to purchase a Frontal Plan Image Chain Upgrade for Room 2 in the Heart Cath Lab at a cost of \$120,000.

Mr. Dees stated the need for the equipment came about because of an increase in the number of coronary angioplasty procedures, and the fact that the current equipment does not provide adequate images for those procedures. The Image Chain Upgrade would upgrade the fluoroscopic x-ray equipment in Room 2 of the Heart Cath Lab. Mr. Dees stated that if this upgrade proves successful, a similar upgrade will be recommended for Room 3 of the Heart Cath Lab.

Heart Cath Remodeling

Mr. Greg Hart presented to the Committee, for information, a proposal to remodel the Heart Cath Lab at a total cost of \$166,471, which includes both remodeling and equipment.

The remodeling will create a four bed holding area which will be used for patient reception and preparation, care after catheterization, and reception and post-catheterization monitoring for outpatient cardiac catheterization.

Remodeling is needed because the number of procedures in the Heart Cath Lab has increased from 3500 procedures in 1985 to 9500 procedures in 1989.

ICU INFORMATION SYSTEM:

Ms. Helen Pitt presented to the Committee, for endorsement, a proposal to acquire the EMTECK Critical Care Clinical Information Management System at a cost of \$718,000. The proposal had been presented to the Committee for information at the January 24, 1990 meeting.

The Finance Committee passed a motion to endorse the proposal to acquire the EMTECK Critical Care Clinical Information Management System at a cost of \$718,000.

CHC WASTE DISPOSAL PROJECT:

Mr. Hart brought before the Committee, for endorsement, a proposal by Council of Hospital Corporations to build and operate a medical waste incinerator. Mr. Hart reviewed the proposal that Mr. Robert Dickler had presented to the Committee for information on January 24, 1990. Mr. Hart stated UMHC's initial cash contribution to this project would be up to \$107,416. If the project were brought to fruition, a total financial commitment from the Hospital/University would be up to \$625,000.

This proposal will require Regents approval, which will be sought after Board of Governors endorsement.

The Finance Committee passed a motion to endorse Hospital participation in the Council of Hospital Corporations proposed project.

RENEWAL PROJECT UPDATE:

Mr. Hart presented to the Committee a status report on the Renewal Project II. Three options have been developed for Renewal Project II.

Option A2 - The original Phase II renovation proposal. Two floors would be added on to Unit J, one for Inpatient Psychiatry and one for shell space. Floors 1-7 of the Mayo Building would undergo major mechanical system upgrade and renovated to varying degrees. The project cost would be \$58,200,000 with relocation/rental cost at \$2,500,000 to bring the total cost of this option to \$60,700,000. Of the \$58,200,000, \$12,300,000 would go to upgrading the Mayo Building.

Option A2 Modified - Unit J expansion would occur as in Option A2 to accommodate Psychiatry inpatient. OB would move to the 7th floor of Unit J in 1991, and the inpatient rehab unit would not be moved to a new location. Cysto renovation on Mayo 4 and Rehab therapies on Mayo 5-7 occur as in A2. The project cost would be \$51,700,000 with relocation/rental cost at \$1,120,000 to bring the total cost of this option to \$52,800,000. Of the \$51,700,000, \$7,400,000 would go to upgrading the Mayo Building.

Option C3 - Southwest wing of the Mayo Building would be demolished and a new nine story building would be constructed in that space. The new building would house Pharmacy, Rehab Therapies, Rehab Inpatient, OB, Cysto-Urology, ICU, Psychiatry, and shell space. In this option there would be 40% less Mayo Building upgrade and 30% less non-clinical remodeling than in Option A2. The project cost would be \$61,400,000 with relocation/rental cost at \$3,800,000 to bring the total cost of this option to \$65,200,000. Of the \$65,200,000, \$7,400,000 would go to upgrading the Mayo Building.

Mr. Hart stated these options have been presented to the various department that will be directly effected, and to the Clinical Chiefs. It was reported Rehab, Psychiatry, Clinical Chiefs, and Management prefer Option C3. OB would prefer A2 and then C3. Urology Clinic/Cysto felt any option would work for them.

Mr. Hart stated if it is decided to proceed with Option C3, Option C3 will be brought before the Committee for endorsement. Endorsement would be needed because the Renewal Project II would be taking a change in facility direction from what was originally approved by the Board of Governors, even though the budget and sources of financing for the project do not change.

Mr. Clifford Fearing reported to the Committee how each option would effect the 10 Year Capital Plan. In 1998 the minimum reserve balance for Option A2 would be \$37,300,000, for Option A2 Modified \$49,826,000, and for Option C3 \$35,000,000.

There being no further discussion, the February 28, 1990 meeting was adjourned at 1:25 P.M.

Respectfully submitted,

Teri Holberg

Teri Holberg
Recording Secretary



UNIVERSITY OF MINNESOTA
TWIN CITIES

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

April 25, 1990

TO: Board of Governors Finance Committee
FROM: Clifford P. Fearing
SUBJECT: Report of Operations for the Period
July 1, 1989 through March 31, 1990

The Hospital's operations for the month of March reflect inpatient admissions, patient days and outpatient visit activity below budget. Both ancillary revenue and routine revenue are below budgeted levels for the month.

INPATIENT CENSUS: For the month of March, inpatient admissions totaled 1,496, which was 143 below budgeted admissions of 1,639. Our overall average length of stay for the month was 7.8 days. Patient days for March totaled 12,159 and were 1,658 days below budget. The decrease in admission levels from budget was seen in almost all areas with the most significant ones being in Medicine, Urology, Surgery, and Orthopedics. Increases in admissions were reported in Gynecology and Pediatrics.

To recap our year-to-date inpatient census:

	1988-89	1989-90	1989-90		%
	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Var</u>
Admissions	14,105	14,000	13,845	(155)	(1.1)
Patient Days	119,838	118,223	111,639	(6,584)	(5.6)
Avg Length of Stay	8.5	8.4	8.0	(0.4)	(4.8)
Avg Daily Census	437.4	431.4	407.4	(24.0)	(5.6)
Percent Occupancy	75.2	73.6	70.2	(3.4)	(4.6)

OUTPATIENT CENSUS: Clinic visits for the month of March totaled 22,331 which was 1,864, or 7.7%, below budgeted visits of 24,195. Visits were significantly below budget in Adult Psych, OB/GYN, Urology, Dermatology, Dentistry, and Ophthalmology. Areas that reported visits above budgeted levels were Otolaryngology, Psychology, and Masonic Day Hospital. Community University Health Care Center (CUHCC) visits for the month of March totaled 5,074 which was 981, or 24.0%, over budgeted visits of 4,093, while Home Health visits of 1,138 for the month were 136, or 13.6%, above budgeted visits of 1,002.

REPORT OF OPERATIONS
MARCH 1990
PAGE 2

To recap our year-to-date outpatient census:

	1988-89	1989-90	1989-90		%
	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Var</u>
Clinic Visits	200,852	204,826	199,330	(5,496)	(2.7)
CUHCC Visits	35,073	34,792	39,857	5,065	14.6
HHA Visits	9,083	8,858	8,519	(339)	(3.8)

FINANCIAL OPERATIONS: The Hospital's Statement of Operations shows revenues over expenses by \$4,861,853, a favorable variance of \$3,556,742.

Patient care charges through March totaled \$240,166,525, which was 5.0% under budget. Routine revenue was 3.3% under budget and reflects our unfavorable inpatient census variance.

Ancillary revenue was \$10,243,683 below budget (5.7%) and primarily reflected the unfavorable variance in clinic visits. Inpatient ancillary revenue averaged \$8,832 per admission compared to the budgeted average of \$8,922 per admission. Outpatient revenue per clinic visit averaged \$240 compared to the budgeted average of \$271.

Operating expenditures through March totaled \$205,982,438 and were \$12,057,173 (5.5%) below budgeted levels of \$218,039,611. The overall favorable variance relates primarily to the decreased demand for patient services, and is reflected across most expense categories.

ACCOUNTS RECEIVABLE: The balance in patient accounts receivable as of March 31, 1990, totaled \$86,920,980 and represented 94.6 days of revenue outstanding. The overall decrease in our patient receivables in March of .2 days occurred primarily in Medicare and Medical Assistance-Michigan.

CONCLUSION: The Hospital's overall operating position is positive and above budgeted levels for year-to-date March. While we have seen improvement in our expenditure levels, we are continuing to closely monitor our demand for services and make those operating changes that are necessary and appropriate to bring our expense levels into line with net revenues.

UNIVERSITY OF MINNESOTA HOSPITAL & CLINIC

EXECUTIVE SUMMARY OF FINANCIAL ACTIVITY

FOR THE PERIOD JULY 1, 1989 TO MARCH 31, 1990

	1989-90 Budgeted	1989-90 Actual	Variance Over/-Under Budget	Variance %
Patient Care Charges	\$252,804,406	\$240,166,525	(\$12,637,881)	-5.0%
Deductions from Charges	59,275,298	58,297,826	(977,472)	-1.6%
Other Operating Revenue	7,372,429	7,906,432	534,003	7.2%
Total Operating Revenue	200,901,537	189,775,131	(11,126,406)	-5.5%
Total Expenditures	218,039,611	205,982,438	(12,057,173)	-5.5%
Net Operating Revenue	(17,138,074)	(16,207,307)	930,767	5.4%
Non-Operating Revenue and Expenses	18,443,185	21,069,160	2,625,975	14.2%
Revenue Over/Under Expense	\$1,305,111 =====	\$4,861,853 =====	\$3,556,742 =====	

	1989-90 Budgeted	1989-90 Actual	Variance Over/-Under Budget	Variance %
Admissions	14,000	13,845	(155)	-1.1%
Patient Days	118,223	111,639	(6,584)	-5.6%
Average Daily Census	431.4	407.4	(24.0)	-5.6%
Average Length of Stay	8.4	8.0	(0.4)	-4.8%
Percentage Occupancy	73.6	70.2	(3.4)	-4.6%
Outpatient Clinic Visits	204,826	199,330	(5,496)	-2.7%

UNIVERSITY OF MINNESOTA HOSPITAL & CLINIC
STATEMENT OF OPERATIONS
FOR THE PERIOD ENDED JULY 1, 1989 TO MARCH 31, 1990

ANNUAL BUDGET	PATIENT CARE CHARGES	BUDGETED	ACTUAL	OVER/(UNDER) BUDGET	VARIANCE %
\$96,834,525	ROUTINE	\$72,409,673	\$70,015,475	(\$2,394,198)	-3.3%
243,632,475	ANCILLARY	180,394,733	170,151,050	(10,243,683)	-5.7%
\$340,467,000	GROSS CHARGES	\$252,804,406	\$240,166,525	(\$12,637,881)	-5.0%
	DEDUCTIONS FROM CHARGES				
\$11,479,000	BILLING ADJUSTMENTS	\$8,521,138	\$9,066,479	\$545,341	6.4%
15,080,000	HMO/PPO DISCOUNTS	11,194,247	13,511,436	2,317,189	20.7%
48,573,000	GOVERNMENTAL CONTRACTUAL ADJUST	36,056,903	32,243,041	(3,813,862)	-10.6%
550,000	CHARITABLE CARE	406,776	535,448	128,672	31.6%
4,171,000	PROVISION FOR UNCOLLECTABLES	3,096,234	2,941,422	(154,812)	-5.0%
\$79,853,000	TOTAL DEDUCTIONS	\$59,275,298	\$58,297,826	(\$977,472)	-1.6%
	OTHER OPERATING REVENUE				
\$1,627,000	FOOD SERVICES	\$1,204,770	\$1,206,118	\$1,348	0.1%
714,000	PARKING SERVICES	528,706	678,222	149,516	28.3%
77,000	DEPARTMENT NON-PATIENT	64,670	95,953	31,283	48.4%
1,269,000	GRANT INCOME	951,750	1,212,198	260,448	27.4%
1,958,000	REFERENCE LAB INCOME	1,449,778	1,646,457	196,679	13.6%
2,056,000	PRO FEES--NET REVENUE	1,526,218	1,241,533	(284,685)	-18.7%
40,000	SILVER SALVAGE	30,026	27,237	(2,789)	-9.3%
2,124,684	INCOME FROM BOND PROCEEDS	1,616,511	1,778,214	161,703	10.0%
0	DONATIONS	0	20,500	20,500	
\$9,865,684	TOTAL OTHER REVENUE	\$7,372,429	\$7,906,432	\$534,003	7.2%
\$270,479,684	TOTAL REVENUE FROM OPERATIONS	\$200,901,537	\$189,775,131	(\$11,126,406)	-5.5%
	EXPENDITURES				
\$123,859,000	SALARIES	\$92,297,221	\$86,630,476	(\$5,666,745)	-6.1%
27,976,000	FRINGE BENEFITS	20,504,773	20,461,289	(43,484)	-0.2%
2,235,000	ACADEMIC CONTRACTS	1,676,250	1,638,925	(37,325)	-2.2%
6,242,000	RESIDENT CONTRACTS	4,646,628	4,722,859	76,231	1.6%
3,167,000	PHYSICIAN COMPENSATION	2,375,250	2,347,538	(27,712)	-1.2%
163,479,000	TOTAL SALARY, F.B., & FEES	121,500,122	115,801,087	(5,699,035)	-4.7%
2,395,000	LAUNDRY & LINEN	1,785,598	1,603,074	(182,524)	-10.2%
1,946,000	RAW FOOD	1,451,880	1,357,843	(94,037)	-6.5%
20,366,000	DRUGS	15,144,115	13,923,782	(1,220,333)	-8.1%
11,343,000	BLOOD & BLOOD DERIVATIVES	8,399,331	6,636,520	(1,762,811)	-21.0%
26,628,000	MEDICAL SUPPLIES & SERVICES	19,717,657	19,530,696	(186,961)	-0.9%
6,256,000	UTILITIES	4,768,504	4,627,760	(140,744)	-3.0%
992,000	INSURANCE	686,732	556,574	(130,158)	-19.0%
3,866,000	RENTAL	2,893,522	2,674,927	(218,595)	-7.6%
5,101,000	MAINTENANCE & REPAIR	3,829,244	3,441,762	(387,482)	-10.1%
24,000	NET LOSS ON DISPOSAL OF ASSETS	18,015	74,555	56,540	313.8%
282,000	CAMPUS ADMINISTRATION EXPENSE	211,693	211,972	279	0.1%
18,283,000	DEPRECIATION	13,479,634	13,193,412	(286,222)	-2.1%
13,038,000	INTEREST	9,793,712	9,546,430	(247,282)	-2.5%
19,129,000	GENERAL SUPPLIES & EXPENSE	14,359,852	12,802,044	(1,557,808)	-10.8%
\$293,128,000	TOTAL EXPENDITURES	\$218,039,611	\$205,982,438	(\$12,057,173)	-5.5%
(\$22,648,316)	NET REVENUE FROM OPERATIONS	(\$17,138,074)	(\$16,207,307)	\$930,767	5.4%
	NON-OPERATING REVENUE				
\$15,579,000	APPROPRIATIONS & SUPPORT	\$11,684,250	\$11,622,641	(\$61,609)	-0.5%
6,906,000	INTEREST INCOME ON RESERVES	5,397,473	6,175,661	778,188	14.4%
181,000	SHARED SERVICES	135,874	135,617	(257)	-0.2%
1,484,316	INVESTMENT INCOME HELD BY TRUSTEE	1,127,999	1,079,754	(48,245)	-4.3%
130,000	OTHER INVESTMENT INCOME	97,589	90,487	(7,102)	-7.3%
0	DIVIDEND DISTRIBUTION	0	1,965,000	1,965,000	
\$24,280,316	TOTAL NON-OPERATING REVENUE	\$18,443,185	\$21,069,160	\$2,625,975	14.2%
\$1,632,000	REVENUE OVER/(UNDER) EXPENSE	\$1,305,111	\$4,861,853	\$3,556,742	
=====		=====	=====	=====	
\$1,632,000					

UNIVERSITY OF MINNESOTA HOSPITAL & CLINIC
BALANCE SHEETS

MARCH 31, 1990 AND JUNE 30, 1989

	03/31/90	6/30/89	LIABILITIES AND FUND BALANCES	03/31/90	6/30/89
CURRENT ASSETS			CURRENT LIABILITIES		
Operating Cash	\$72,282	\$72,282	Accounts Payable	\$11,079,295	\$8,926,779
Reserve Cash- Third Party Payable	13,116,489	4,994,382	Payable to Third Party Contr. Payors	8,166,489	10,071,821
Reserve Cash- Current Indebtedness	3,669,087	8,484,143	Salaries, Wages and Payroll Taxes	7,439,184	4,820,284
Reserve Cash- Fringe Benefits	0	798,151	Accrued Vacation	8,468,603	8,187,806
Accounts Receivable			Accrued Professional Fees and		
Patient Receivables	86,920,980	87,672,463	Physician Compensation	1,707,865	741,071
Other Receivables	3,079,253	1,167,188	Contracts Payable	1,864,160	40,000
Third Party Receivable	505,066	6,333,531	Construction Retainages	0	215,074
Appropriation Receivable	1,281,378	1,235,467	Interest Payable	1,986,692	5,085,186
	91,786,677	96,408,649	Current Portion of Long-Term Debt	2,626,675	2,724,624
Less Allowances for Losses in Collection	(7,361,480)	(5,933,101)	Promissory Notes Payable	1,300,000	2,500,000
Less Allowances for Discounts to Third Party Payors	(26,192,456)	(19,160,666)			
	58,232,741	71,314,882			
Inventories of Drugs & Supplies	4,590,400	4,928,266			
Prepaid Expenses	901,771	657,135			
TOTAL CURRENT ASSETS	\$80,582,770	\$91,249,241	TOTAL CURRENT LIABILITIES	\$44,638,963	\$43,312,645
ASSETS WHOSE USE IS LIMITED					
Board Designated Assets					
Available for Assignment					
Cash & Investments	\$68,208,495	\$63,557,757			
Accrued Interest	2,436,999	148,244			
	70,645,494	63,706,001			
Invest for Debt Service	13,000,000	13,000,000	LONG-TERM DEBT, LESS CURRENT PORTION	\$165,884,887	\$169,579,548
Invest for Working Capital	32,067,950	16,000,000			
TOTAL	\$115,713,444	\$92,706,001			
PROPERTY, PLANT, & EQUIPMENT					
Land, Buildings & Improvements	\$183,795,229	\$184,168,980			
Equipment	88,839,107	83,089,361			
	272,634,336	267,258,341			
Less Accumulated Depreciation	(112,409,492)	(100,371,670)			
	160,224,844	166,886,671			
Construction in Progress	8,597,414	9,057,292			
TOTAL PROPERTY, PLANT, & EQUIPMENT	168,822,258	175,943,963			
Assigned Cash & Investments for Construction/Equipment	6,607,428	7,006,734			
TOTAL	\$175,429,686	\$182,950,697			
INVESTMENTS HELD BY BOND TRUSTEE	\$17,388,089	\$18,870,093			
OTHER ASSETS					
Deferred Third Party Reimbursement	\$7,237,816	\$7,737,794			
Deferred Debt Expense	1,113,304	1,175,980			
Deposits and Other	554,756	675,798			
TOTAL	\$8,905,876	\$9,589,572	UNRESTRICTED FUND BALANCE	\$187,496,015	\$182,473,411
TOTAL ASSETS	\$398,019,865	\$395,365,604	TOTAL LIABILITIES & FUND BALANCE	\$398,019,865	\$395,365,604
RESTRICTED ASSETS			RESTRICTED FUND BALANCES		
Cash and Investments	\$6,814,751	\$5,450,761	Endowment Funds	\$2,329,035	\$2,161,348
	\$6,814,751	\$5,450,761	Gift Funds	4,485,716	3,289,413
	\$6,814,751	\$5,450,761		\$6,814,751	\$5,450,761

UNIVERSITY OF MINNESOTA HOSPITAL & CLINIC

OPERATING CASH FLOW

FOR THE PERIOD JULY 1, 1989 TO MARCH 31, 1990

Source of Funds

Beginning Operating Cash Balance		\$72,282
Net Income from Operations	(16,207,307)	
Dividend Distribution	1,965,000	
Non-Operating Revenue	19,104,160	

Excess of Revenue over Expense		4,861,853
Items not Requiring the Outlay of Cash		
Depreciation		13,193,412
University Support: G & A		211,972
Loss on Disposal of Assets		74,555
Deferred Third Party Reimbursement		499,978
Renewal Project Interest Expense		7,625,961
Increase in Accrued Expenses		7,827,647
Transfer from Fringe Benefit Reserve		798,151
Decrease in Accounts Receivable		9,211,652
Decrease in Third Party Receivable		5,828,465
Decrease in Inventory		337,866

Total Funds Provided from Operations		\$50,543,794

Funds Applied

Transfer Third Party Reserve		5,987,107
Decrease in Third Party Payable		1,905,332
Increase in Prepaid Expenses		123,594
Increase in Other Receivables		1,912,065
Capital Expenditures		4,816,151
Appropriation Receivable		45,911
Investment Income - Trustee-held Assets		1,079,754
Transfers to Reserves - Bond Retirement		8,871,136

Total Funds Applied		\$24,741,050

Operating Cash Made Available from Operations		\$25,802,744
		=====

Total Operating Cash Available:	25,802,744
Transfers for Bond Retirement:	8,871,136
Transfers to Plant:	4,816,151

Total Cash Generated from Operations:	39,490,031
	=====

Current Cash Summary

Operating Cash	\$25,802,744
Operating Cash to Working Capital Reserve	(19,553,591)
Reserve Cash for Liability to Third Party Payors	13,116,489
Reserve Cash for Short Term Debt Retirement	2,500,000
Reserve Cash for Bond Principal & Interest Payment	1,169,087

	23,034,729
Less Interest Income on Reserves and Grant	(6,176,871)

Total Current Cash	\$16,857,858
	=====

University of Minnesota Hospital & Clinic
Statement of Changes in Fund Balance
For the Period July 1, 1989 through March 31, 1990

	OPERATING FUND	CURRENT DEBT SERVICE FUND	BOARD DESIGNATED FUND	PLANT FUND	TRUSTEE FUND	TOTAL UNRESTRICTED FUNDS
UNRESTRICTED FUNDS						
Beginning Balance	\$42,910,800	\$8,484,143	\$92,706,001	\$19,502,374	\$18,870,093	\$182,473,411
Net Income						
Excess of Revenue over Expense	9,261,896					
Interest Income on Reserves			6,175,661			
Interest Income on Nursing Grant			1,210			
Depreciation Expense				(13,193,412)		
Loss on Disposal of Assets				(74,555)		
Interest Income on Trustee Held Fund					1,079,754	
Amortization of Deferred Bond Expense				(166,915)		
Interest Income on Bond Proceeds			1,566,694		211,520	
Total Income						4,861,853
Less Expense						
University Support: G & A	211,972					211,972
Transfers Between Funds						
Major Building Projects- Hosp. Capital Expenditures	(4,434,302)		(2,878,951)	2,878,951		
Major Equipment Requisition	(381,849)			4,434,302		
Adjustment to Shared Buildings				381,849		
Bond Interest Payment	12,320,235	(9,914,408)			(2,405,827)	(61,119)
Bond Interest Expense Funding	(7,188,219)	8,966,433	(1,566,694)		(211,520)	
Bond Principal Payment	2,215,000	(2,215,000)				
Bond Principal Funding	(1,682,917)	1,682,917				
Transfer funding of Bond Principal	2,135,000	(2,135,000)				
Decrease in Short Term Note Funding		(1,200,000)		1,200,000		
Trustee Income held by Campus			155,932		(155,932)	
Res. Gift Fund Commitment to Plant				9,898		9,898
Funding Working Capital	(19,553,591)		19,553,591			
Ending Balance	\$35,814,025	\$3,669,085	\$115,713,444	\$14,911,373	\$17,388,088	\$187,496,015

	GIFT	ENDOWMENT	TOTAL
RESTRICTED FUNDS			
Beginning Balance	\$3,289,413	\$2,161,348	\$5,450,761
Income	1,259,339	167,979	1,427,318
Disbursements	(63,036)	(292)	(63,328)
Ending Balance	\$4,485,716	\$2,329,035	\$6,814,751

UNIVERSITY OF MINNESOTA HOSPITAL & CLINIC
STATEMENT OF OPERATIONS
FOR THE PERIOD ENDED JULY 1, 1989 TO MARCH 31, 1990

MARCH BUDGETED	MARCH ACTUAL	MARCH VARIANCE	VARIANCE %	PATIENT CARE CHARGES	BUDGETED	ACTUAL	OVER/(UNDER) BUDGET	VARIANC %
\$8,462,477	\$7,937,189	(\$525,288)	-6.2%	ROUTINE	\$72,409,673	\$70,015,475	(\$2,394,198)	-3.3%
21,177,512	19,780,900	(1,396,612)	-6.6%	ANCILLARY	180,394,733	170,151,050	(10,243,683)	-5.7%
\$29,639,989	\$27,718,089	(\$1,921,900)	-6.5%	GROSS CHARGES	\$252,804,406	\$240,166,525	(\$12,637,881)	-5.0%
				DEDUCTIONS FROM CHARGES				
\$999,181	\$1,193,051	\$193,870	19.4%	BILLING ADJUSTMENTS	\$8,521,138	\$9,066,479	\$545,341	6.4%
1,312,627	1,649,571	336,944	25.7%	HMO/PPO DISCOUNTS	11,194,247	13,511,436	2,317,189	20.7%
4,227,999	4,242,890	14,891	0.4%	GOVERNMENTAL CONTRACTUAL ADJUST	36,056,903	32,243,041	(3,813,862)	-10.6%
48,126	40,689	(7,437)	-15.5%	CHARITABLE CARE	406,776	535,448	128,672	31.6%
363,061	339,443	(23,618)	-6.5%	PROVISION FOR UNCOLLECTABLES	3,096,234	2,941,422	(154,812)	-5.0%
\$6,950,994	\$7,465,644	\$514,650	7.4%	TOTAL DEDUCTIONS	\$59,275,298	\$58,297,826	(\$977,472)	-1.6%
				OTHER OPERATING REVENUE				
\$141,353	\$142,220	\$867	0.6%	FOOD SERVICES	\$1,204,770	\$1,206,118	\$1,348	0.1%
62,032	77,373	15,341	24.7%	PARKING SERVICES	528,706	678,222	149,516	28.3%
4,200	8,383	4,183	99.6%	DEPARTMENT NON-PATIENT	64,670	95,953	31,283	48.4%
105,750	142,590	36,840	34.8%	GRANT INCOME	951,750	1,212,198	260,448	27.4%
170,197	180,575	10,378	6.1%	REFERENCE LAB INCOME	1,449,778	1,646,457	196,679	13.6%
178,963	133,003	(45,960)	-25.7%	PRO FEES--NET REVENUE	1,526,218	1,241,533	(284,685)	-18.7%
3,397	2,763	(634)	-18.7%	SILVER SALVAGE	30,026	27,237	(2,789)	-9.3%
172,904	189,764	16,860	9.8%	INCOME FROM BOND PROCEEDS	1,616,511	1,778,214	161,703	10.0%
0	0	0		DONATIONS	0	20,500	20,500	
\$838,796	\$876,671	\$37,875	4.5%	TOTAL OTHER REVENUE	\$7,372,429	\$7,906,432	\$534,003	7.2%
\$23,527,791	\$21,129,116	(\$2,398,675)	-10.2%	TOTAL REVENUE FROM OPERATIONS	\$200,901,537	\$189,775,131	(\$11,126,406)	-5.5%
				EXPENDITURES				
\$10,598,911	\$9,665,896	(\$933,015)	-8.8%	SALARIES	\$92,297,221	\$86,630,476	(\$5,666,745)	-6.1%
2,534,614	2,317,005	(217,609)	-8.6%	FRINGE BENEFITS	20,504,773	20,461,289	(43,484)	-0.2%
186,250	182,103	(4,147)	-2.2%	ACADEMIC CONTRACTS	1,676,250	1,638,925	(37,325)	-2.2%
531,772	541,394	9,622	1.8%	RESIDENT CONTRACTS	4,646,628	4,722,859	76,231	1.6%
263,917	261,612	(2,305)	-0.9%	PHYSICIAN COMPENSATION	2,375,250	2,347,538	(27,712)	-1.2%
14,115,464	12,968,010	(1,147,454)	-8.1%	TOTAL SALARY, F.B., & FEES	121,500,122	115,801,087	(5,699,035)	-4.7%
208,933	167,171	(41,762)	-20.0%	LAUNDRY & LINEN	1,785,598	1,603,074	(182,524)	-10.2%
168,917	146,916	(22,001)	-13.0%	RAW FOOD	1,451,880	1,357,843	(94,037)	-6.5%
1,776,227	1,581,357	(194,870)	-11.0%	DRUGS	15,144,115	13,923,782	(1,220,333)	-8.1%
985,473	797,886	(187,587)	-19.0%	BLOOD & BLOOD DERIVATIVES	8,399,331	6,636,520	(1,762,811)	-21.0%
2,313,425	2,361,585	48,160	2.1%	MEDICAL SUPPLIES & SERVICES	19,717,657	19,530,696	(186,961)	-0.9%
516,836	494,156	(22,680)	-4.4%	UTILITIES	4,768,504	4,627,760	(140,744)	-3.0%
101,741	53,428	(48,313)	-47.5%	INSURANCE	686,732	556,574	(130,158)	-19.0%
328,587	255,611	(72,976)	-22.2%	RENTAL	2,893,522	2,674,927	(218,595)	-7.6%
433,236	391,506	(41,730)	-9.6%	MAINTENANCE & REPAIR	3,829,244	3,441,762	(387,482)	-10.1%
2,038	10,644	8,606	422.3%	NET LOSS ON DISPOSAL OF ASSETS	18,015	74,555	56,540	313.8%
23,951	23,982	31	0.1%	CAMPUS ADMINISTRATION EXPENSE	211,693	211,972	279	0.1%
1,569,394	1,497,657	(71,737)	-4.6%	DEPRECIATION	13,479,634	13,193,412	(286,222)	-2.1%
1,081,525	924,643	(156,882)	-14.5%	INTEREST	9,793,712	9,546,430	(247,282)	-2.5%
1,624,655	1,723,013	98,358	6.1%	GENERAL SUPPLIES & EXPENSE	14,359,852	12,802,044	(1,557,808)	-10.8%
\$25,250,402	\$23,397,565	(\$1,852,837)	-7.3%	TOTAL EXPENDITURES	\$218,039,611	\$205,982,438	(\$12,057,173)	-5.5%
(\$1,722,611)	(\$2,268,449)	(\$545,838)	-31.7%	NET REVENUE FROM OPERATIONS	(\$17,138,074)	(\$16,207,307)	\$930,767	5.4%
				NON-OPERATING REVENUE				
\$1,298,250	\$1,289,304	(\$8,946)	-0.7%	APPROPRIATIONS & SUPPORT	\$11,684,250	\$11,622,641	(\$61,609)	-0.5%
522,974	737,866	214,892	41.1%	INTEREST INCOME ON RESERVES	5,397,473	6,175,661	778,188	14.4%
15,373	19,322	3,949	25.7%	SHARED SERVICES	135,874	135,617	(257)	-0.2%
119,847	102,191	(17,656)	-14.7%	INVESTMENT INCOME HELD BY TRUSTEE	1,127,999	1,079,754	(48,245)	-4.3%
11,041	14,271	3,230	29.3%	OTHER INVESTMENT INCOME	97,589	90,487	(7,102)	-7.3%
0	0	0		DIVIDEND DISTRIBUTION	0	1,965,000	1,965,000	
\$1,967,485	\$2,162,954	\$195,469	9.9%	TOTAL NON-OPERATING REVENUE	\$18,443,185	\$21,069,160	\$2,625,975	14.2%
\$244,874	(\$105,495)	(\$350,369)		REVENUE OVER/(UNDER) EXPENSE	\$1,305,111	\$4,861,853	\$3,556,742	



UNIVERSITY OF MINNESOTA
TWIN CITIES

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

April 25, 1990

TO: Board of Governors Finance Committee

FROM: Clifford P. Fearing
Senior Associate Director

SUBJECT: KPMG Peat Marwick Letter of Comments and Recommendations

The enclosed letters of comments and recommendations regarding internal control were provided by KPMG Peat Marwick in conjunction with their audit of the June 30, 1989 financial statements.

The first letter, addressed to the Board of Governors, provides comments and recommendations that would be categorized as "significant" under the Board of Regents Audit Committee Policy for Implementation of Audit Recommendations. Significant, in this context, means that the recommendation is "unique to a particular unit, involves a difficult issue, and may take more than six (6) months to implement."

The second letter, addressed to my attention, provides comments and recommendations that would be categorized as "useful," that is recommendations that are "usually common to many units, involve a basic issue, and normally are easily correctable within six (6) months."

Following each of the KPMG Peat Marwick letters is our response.



Peat Marwick

Certified Public Accountants

4200 Norwest Center
90 South Seventh Street
Minneapolis, MN 55402

Telephone 612 341 2222

Telecopier 612 341 0202

February 16, 1990

The Board of Governors
University of Minnesota Hospital and Clinic

Dear Board Members:

We are presenting for your consideration our comments and recommendations regarding certain matters that came to our attention during the course of our examination of the financial statements of the University of Minnesota (the Hospital and Clinics) for the year ended June 30, 1989.

At the request of the audit committee of the University of Minnesota we have placed our comments in categories to indicate relative importance. The categories are the same as those used by the University of Minnesota Department of Audits as follows:

<u>Category</u>	<u>Description</u>
Essential	Resolution would help avoid a <u>potentially critical impact</u> involving loss of material assets, reputation, critical financial information, or ability to comply with the most important laws, policies or procedures.
Significant	Resolution would help avoid a <u>potentially significant negative impact</u> on the unit's assets, financial information, or ability to comply with important laws, policies or procedures.
Useful	Resolution would <u>help improve controls and avoid problems</u> in the unit's operations.

We would like to take this opportunity to express our appreciation for the courtesy and assistance extended to us by your personnel during the course of our examination. In addition, we would be most pleased to provide assistance in implementing any of our recommendations.

Very truly yours,

KPMG Peat Marwick



Member Firm of
Klynveld Peat Marwick Goerdeler

UNIVERSITY OF MINNESOTA HOSPITAL AND CLINIC

Independent Auditors' Comments

ESSENTIAL COMMENTS

During the course of our examination there were no matters that came to our attention which we considered to be essential comments.

SIGNIFICANT COMMENTS

COMPUTER DISASTER RECOVERY PLAN

Computer disaster recovery plans are designed to minimize or eliminate lost time in reestablishing data processing service and in processing critical applications after a computer disaster. Currently, no written computer disaster recovery plan has been established. We recommend the Hospital develop a written computer disaster recovery plan. We would be pleased to assist in this process.

USEFUL COMMENTS

Two useful comments and recommendations have been sent to Mr. Clifford P. Fearing in a letter dated February 16, 1990.

UNIVERSITY OF MINNESOTA HOSPITAL AND CLINIC

Scope of Internal Accounting Control Review

As part of an examination of the financial statements, we perform a study and evaluation of the Hospital's system of internal accounting control to the extent we consider necessary to evaluate the system as required by generally accepted auditing standards. The purpose of our study and evaluation, which did not extend beyond October 20, 1989, was to determine the nature, timing and extent of the auditing procedures necessary for expressing an opinion on the financial statements. Our study and evaluation was more limited than would be necessary to express an opinion on the system of internal accounting control taken as a whole.

Management is responsible for establishing and maintaining a system of internal accounting control. In fulfilling this responsibility, estimates and judgments made by management are required to assess the expected benefits and related costs of control procedures. The objectives of a system are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles.

Because of inherent limitations in any system of internal accounting control, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

A study and evaluation made for the limited purpose described above would not necessarily disclose all material weaknesses in the system. Accordingly, an expression of an opinion on the system of internal accounting control taken as a whole cannot be made.

UMHC Response: KPMG Peat Marwick Letter of Comments and
Recommendations.

Computer Disaster Recovery Plan

We concur fully with the recommendation made by KPMG Peat Marwick. We would also like to note that the development of a written computer disaster recovery plan was initiated by our computer services department prior to the issuance of KPMG Peat Marwick's management letter because of our own concerns regarding this issue. Our computer services department began development work on a plan in November, 1989. We have subsequently sent out a Request for Proposal to engage a consultant to assist us. Development of a written plan is under way, and we are progressing as expeditiously as possible.

Certified Public Accountants

4200 Norwest Center
90 South Seventh Street
Minneapolis, MN 55402

Telephone 612 341 2222

Telecopier 612 341 0202

February 6, 1990

Mr. Clifford P. Fearing
Senior Associate Director and
Director of Finance
University of Minnesota Hospital and Clinic

Dear Mr. Fearing:

We are presenting, for your consideration, our comments and recommendations regarding internal accounting control and other operating matters. These came to our attention during the course of our examination of the financial statements of University of Minnesota Hospital and Clinic (Hospital) for the year ended June 30, 1989 which we reported upon as of October 20, 1989.

As a result of our examination we did not identify any condition that we believed to be a material weakness in internal accounting control. This information, however, should be considered in light of Exhibit II which describes the purpose of our study and evaluation of internal accounting controls as part of our examination.

The comments and recommendations presented in Exhibit I are intended to improve the system of internal accounting control or result in other operating efficiencies. It should be noted that this letter, by its nature, primarily contains our comments and recommendations for improving such systems and does not include our observations on the many strong features of the Hospital's financial systems. The factual accuracy of our comments has been discussed with the management personnel responsible for the areas impacted by our comments and recommendations.

We would like to take this opportunity to express our appreciation for the courtesy and assistance extended to us by your personnel during the course of our examination. In addition, we would be most pleased to provide assistance in implementing any of our recommendations.

Very truly yours,

KPMG Peat Marwick



Steven W. Laible, Partner

UNIVERSITY OF MINNESOTA HOSPITAL AND CLINIC

Comments and Recommendations

ACCOUNTING FOR NEW FINANCIAL CODES

During 1989 patient accounting personnel established new financial codes for certain third party accounts receivable. The existence of these new financial codes was not promptly reacted upon by the third party accounting personnel, as a result contractual allowances for the new financial codes were not established on a timely basis. We recommend that changes in accounts receivable financial codes be promptly reacted upon by third party accounting personnel, or other departments as applicable, to facilitate timely accounting for such changes.

BILLING AND COLLECTIONS FOR UNIVERSITY
OF MINNESOTA CLINICAL ASSOCIATES

The Hospital has an agreement with the physicians of the University of Minnesota Clinical Associates to act as a billing and collecting agent. Under the terms of this agreement, the Hospital is liable to the physicians for the entire balance of the physician's receivable once partial payment has been received by the Hospital. The Hospital remains liable for the entire receivable even if the total balance is not collected. Currently, the Hospital does not recognize the liability to the physicians for the entire balance until it is paid. We recommend that the Hospital review the terms of this agreement to determine if it is appropriate to fully reimburse physicians when the Hospital only receives partial payment. If these circumstances are determined to be appropriate, the liability to the physician should be recognized on an accrual basis.

UNIVERSITY OF MINNESOTA HOSPITAL AND CLINIC

Scope of Internal Accounting Control Review

As part of an examination of the financial statements, we perform a study and evaluation of the Hospital's system of internal accounting control to the extent we consider necessary to evaluate the system as required by generally accepted auditing standards. The purpose of our study and evaluation, which did not extend beyond June 30, 1989, was to determine the nature, timing and extent of the auditing procedures necessary for expressing an opinion on the financial statements. Our study and evaluation was more limited than would be necessary to express an opinion on the system of internal accounting control taken as a whole.

Management is responsible for establishing and maintaining a system of internal accounting control. In fulfilling this responsibility, estimates and judgments made by management are required to assess the expected benefits and related costs of control procedures. The objectives of a system are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles.

Because of inherent limitations in any system of internal accounting control, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

A study and evaluation made for the limited purpose described above would not necessarily disclose all material weaknesses in the system. Accordingly, an expression of an opinion on the system of internal accounting control taken as a whole cannot be made.

UMHC Response: KPMG Peat Marwick Letter of Comments and Recommendations.

Accounting for New Financial Codes

We concur with the need to communicate the establishment of new financial codes to all appropriate accounting personnel on a timely basis. In fact, prior to the issuance of this letter of recommendations, we had already set up a routing procedure to communicate financial code changes. We believe the procedure currently in place addresses KPMG Peat Marwick's concern. The perceived communication problem did not result in any year-end audit adjustments.

Billing and Collections for University
of Minnesota Clinical Associates

The Hospital has a professional fee billing agreement with the University of Minnesota Clinical Associates (UMCA) to act as a billing agent for certain combined billed organ transplant contracts. Under the terms of these agreements, which we have reviewed and believe to be appropriate, the Hospital becomes liable to UMCA for negotiated professional fee reimbursement values when various services have been completed for the transplant recipient. The Hospital makes a contractual payment to UMCA only after the Hospital has been fully paid for the care by the third party payor. The liability to UMCA will be recognized on an accrual basis. For 1988-89 this was \$45,000.



UNIVERSITY OF MINNESOTA
TWIN CITIES

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

April 20, 1990

TO: Board of Governors
Finance Committee

FROM: Robert Dickler
General Director

SUBJECT: 1990-91 Budget

Enclosed for your consideration are the narrative and schedules outlining our proposed 1990-91 operating budget.

We are providing two rate increase scenarios, one assuming a 7.5% rate increase, and one assuming 9.9% effective July 1, 1990. Due to the uncertainties of Federal and State reimbursement levels, we believe it is prudent to seek your approval for a 9.9% rate increase for next fiscal year so we may submit this to the rate review program for approval. We will only increase our rates over 7.5% if final Federal and State reimbursements are such that the higher rates become necessary. Should that occur, we will come back to you for approval of the additional increase.

Over the last eight weeks, we have seen a significant drop in admission levels which are not incorporated in the 1990-91 Budget assumptions. Should these lower admission levels persist, it will be necessary to revise the 1990-91 Budget.

We look forward to discussing this with you on April 25, 1990. If you have questions in the interim, please contact us at your convenience.

**UNIVERSITY OF MINNESOTA HOSPITAL AND CLINIC
BUDGET LETTER
1990-91 BUDGET**

The 1990-91 Budget has been developed with the following set of assumptions:

1989-90 Budget Base

In projecting the 1990-91 fiscal year budget elements, the current experience in each category was used as the starting point to determine expected 1990-91 results. As described below and shown in the attached schedules, forecast admissions, patient days, clinic visits, expenses, revenues, and revenue deductions have been based on current year experience. Current year experience has then been adjusted for changes in projected volume, mix, and intensity of services, and new and pending reimbursement regulations. The following are general descriptions of how the major elements in the 1990-91 budget were projected:

*** Demand Analysis:**

For the 1989-90 fiscal year we had developed a budget of 18,860 admissions and 158,100 patient days. Using our actual experience through March, 1990, we are projecting 18,419 admissions and 147,464 patient days. The decrease in admission levels occurred in more than two thirds of the clinical service areas, with the most significant decreases occurring in Medicine, Urology, and Neurology. Several areas experienced increases in admissions, including Pediatrics, Gynecology, and Otolaryngology. The 6.7% decrease in patient days also reflects our decline in the overall average length of stay from 8.3 days to 8.0.

The 1990-91 census projections reflect an overall stable level of demand but with continued declines in specific services, such as Ophthalmology, Urology, Obstetrics, and Medicine. These declines reflect changes in clinical staff or programs. They are partly offset by expected increases in Neurosurgery, Surgery, and Orthopedics. Inpatient census for 1990-91 has been budgeted at 18,414 admissions and 147,580 patient days.

Schedules I, II, and III summarize the demand forecasts for 1989-90 and 1990-91.

*** Ancillary Service Utilization**

The 1990-91 budget for ancillary service revenue reflects the projected stable level in inpatient admissions with a slight upward shift in case-mix. In the 1990-91 budget year we anticipate continued growth in a few programs and services, including Bone Marrow Transplants and Cardiovascular Surgery. In addition, we expect continued expansion in several new programs in the outpatient clinics, specifically, Cutaneous Surgery, Low Back Functional Restoration, and Eating Disorders.

*** Deductions from Charges**

Schedule IV is a summary of the expected deductions from revenue for fiscal years 1989-90 and 1990-91. The fiscal 1990-91 projection is based on current experience as well as pending legislative and regulatory changes relating to the Medicare and Medicaid Programs.

o Medicare Prospective Payment System (PPS)

Assumptions affecting UMHC payments include the following:

- 1) A 4.1% payment rate increase (5.6% market basket less 1.5%) on the DRG rate, effective October 1, 1990.
- 2) A reduction in the indirect medical education factor from 7.7% to 6.0%, effective October 1, 1990.
- 3) Capital costs are reduced from a 15% reduction to a 20% reduction effective October 1, 1990.

These assumptions are, of course, subject to change and will be monitored closely.

o Medical Assistance (Medicaid) and General Assistance Medical Care (GAMC)

Payments will continue to be based on the 39 diagnostic categories set up by the State Department of Human Services (DHS). We are assuming a continued distinction in payment rates between AFDC and non-AFDC patients, with a 5.0% increase in those rates effective July 1, 1990. In addition, we are projecting a significant decrease in inpatient reimbursement (approximately \$900,000) as a result of anticipated legislative changes currently being discussed in the Health and Human Services Joint Conference Committee.

o HMO/PPO Discounts

The major contracts with HMO's and PPO's include the Blue Cross and Blue Shield AWARE and Blue Plus contracts, Group Health, Med Centers, Share, and Physicians Health Plan (PHP). For the budget year we are assuming that our payment to charge ratios will worsen slightly as the expected increases in our payment levels (4.0% - 5.0%) fall behind our required overall rate increase of 7.5%.

o Provision for Uncollectables

The budgeted provision for uncollectables reflects the current year's experience for bad debts, which is significantly lower than UMHC has recognized in the past. This can be partly attributed to a change in payor mix and partly to more aggressive collections efforts by UMHC.

*** Other Operating Revenue**

Schedule V is a summary of projected operating revenues from sources other than patient care. The increase in other operating revenue projected for the 1989-90 fiscal year is primarily due to increases in the reference lab and grant revenues over the original 1989-90 budget levels. The only major change expected in the 1990-91 budget year is a decrease in the interest income earned on the bond proceeds as we spenddown the principal balance during the Renewal Project II. This accounts for a \$665,000 decrease in revenue.

*** Expenditure Summary**

Schedule VI is a comparative summary of expenditures projected for 1989-90 and budgeted for 1990-91. The expenditure levels have been determined using January, 1990, year-to-date

actual experience as a basis for projection. Although all pay plans for employees have not been finalized, we have incorporated salary and wage increases that appear consistent with those in the community and the University pay plans. The following inflationary assumptions were used in budgeting 1990-91:

	<u>Inflation %</u>
Salaries:	7.3%

This budget incorporates a planned 7% increase for nursing classes, consistent with community increases. We are in the second year of existing union contract settlements, which have a base increase of 5%. Other employee classes are budgeted with a 5% base increase. Also included in the salary projection are adjustments for step increases, pay equity, and marketplace range moves. Specific pay plans have not yet been determined; these will be presented to the Board in May or June.

	<u>Inflation %</u>
Fringe Benefits	4.9%
Academic Contract (Salary only)	5.9%
Resident Contract	5.6%
Physician Compensation	6.1%
Laundry & Linen	5.5%
Raw Food	6.0%
Drugs	7.0%
Blood & Derivatives	9.1%
Medical Supplies	5.9%
Utilities	4.8%
Insurance	3.1%
Rental	3.9%
Maintenance & Repair	4.8%
Campus G & A	5.0%
General Supplies & Expenses	5.8%

* **Non-Operating Revenue**

Schedule VII is a summary of expected appropriations and other non-patient revenues for fiscal years 1989-90 and 1990-91. The increase in non-operating revenue projected for the 1989-90 fiscal year is primarily due to an increase in interest income on reserves over the original 1989-90 budget levels and the receipt of a dividend distribution from RUMINCO LTD, in the amount of \$1,965,000. In the budget year 1990-91 we are expecting an overall decrease of \$1,877,000. Although we're assuming a net increase in appropriations of 4%, we're budgeting significant reductions in the interest earned on our reserves and the second annual dividend distributed by RUMINCO LTD.

Fiscal Year 1990-91 Price and Revenue Increases

The price increase proposed for 1990-91 is 7.5% and results in an increase in patient charges

of approximately \$24,324,000. It brings total patient charges to \$348,641,000. The Comparative Statement of Operations and Operating Cash Flow on Schedule VIII summarizes our projected position for the 1990-91 fiscal year assuming the 7.5% rate increase. As indicated on Schedule VIII, if we raise our rates 9.9%, it will result in an increase in patient charges of an additional \$8,107,000, and an increase in cash available from operations of \$2,682,000.

Based on the assumptions outlined above, implementing a rate increase of 7.5% effective July 1, 1990, will result in a net operating margin of \$1,583,000 and cash available from operations of (\$1,712,000). In comparison, raising rates by 9.9% gives us a net operating margin of \$5,273,000 and generates \$970,000 of cash from operations.

Capital Expenditures

Capital expenditures that will be provided from operating cash flows in 1990-91 for recurring equipment replacement and minor remodeling will be \$8,445,000. In addition, \$3,563,000 will be spent for debt service on equipment and the bonds, capital lease payments, and parking ramp amortization.

In addition to those capital expenditures provided from operating cash flow, we are projecting that we will spend \$11,544,000 from Hospital reserves. Within this total is \$2,244,000 for the completion of projects that have received Board of Governors approval (CUHCC, Neuroradiology upgrade, and the Digital Acquisition/Processing System), and \$9,300,000 for renovation/equipment projects that have yet to be brought to the Board for approval (Neuroradiology upgrade expansion, computer upgrade, Linear Accelerator replacement, and Heart Cath remodeling and equipment upgrade).

Schedules IX, X, and XI summarize the Board-Designated Fund Activity for the current year 1989-90 and the budget year 1990-91. The specified activity includes the capital expenditures mentioned above, and transfers of income and other funds. As the schedules indicate, the balance at July 1, 1989, was \$70,713,000. We are projecting a balance of \$90,045,000 at June 30, 1990, and a balance of \$76,971,000 by June 30, 1991.

Finally, we are planning on spending \$13,626,000 from the Construction Fund for the Remodeling Project II. This total includes construction costs of \$6,904,000, costs related to Mayo of \$2,938,000, and non-building costs, such as architectural fees, of \$3,784,000.

UNIVERSITY OF MINNESOTA HOSPITAL AND CLINIC
 FOR FISCAL YEARS 1989/90 AND 1990/91
 COMPARATIVE DEMAND ANALYSIS
 INPATIENT ADMISSIONS

SCHEDULE I

	<u>1989/90 PLANNED ADMITS</u>	<u>1989/90 PROJECTED ADMITS</u>	<u>1990/91 BUDGET ADMITS</u>
ANESTHESIOLOGY	0	3	2
CLINICAL RESEARCH	439	414	408
DENTISTRY	43	38	47
DERMATOLOGY	70	28	21
FAMILY PRACTICE	34	15	23
GYNECOLOGY	1,267	1,482	1,442
MEDICINE	4,594	4,203	4,171
NEWBORN	357	344	325
NEUROLOGY	401	298	314
NEUROSURGERY	926	954	1,125
OBSTETRICS	614	555	501
OPHTHALMOLOGY	543	453	300
ORTHOPEDICS	1,282	1,149	1,250
OTOLARYNGOLOGY	275	382	410
PEDIATRICS	3,083	3,359	3,298
PM&R	209	186	180
PSYCHIATRY-ADULT	856	821	800
PSYCHIATRY-CHILD	109	69	60
RADIATION THERAPY	4	0	0
RADIOLOGY	10	19	32
SURGERY	2,872	2,967	3,080
UROLOGY	<u>872</u>	<u>680</u>	<u>625</u>
TOTAL HOSPITAL	<u>18,860</u>	<u>18,419</u>	<u>18,414</u>

UNIVERSITY OF MINNESOTA HOSPITAL AND CLINIC
 FOR FISCAL YEARS 1989/90 AND 1990/91
 COMPARATIVE DEMAND ANALYSIS
 PATIENT DAYS

SCHEDULE II

	1989/90 PLANNED <u>DAYS</u>	1989/90 PROJECTED <u>DAYS</u>	1990/91 BUDGET <u>DAYS</u>
ANESTHESIOLOGY	0	10	7
CLINICAL RESEARCH	1,759	1,405	1,378
DENTISTRY	94	101	82
DERMATOLOGY	674	151	131
FAMILY PRACTICE	217	49	64
GYNECOLOGY	7,025	8,497	8,526
MEDICINE	35,366	30,016	28,811
NEWBORN	1,144	996	915
NEUROLOGY	2,978	1,944	2,041
NEUROSURGERY	6,459	6,459	7,213
OBSTETRICS	2,323	2,009	1,941
OPHTHALMOLOGY	1,660	1,266	924
ORTHOPEDICS	7,294	6,497	7,318
OTOLARYNGOLOGY	995	1,740	2,228
PEDIATRICS	33,351	33,093	33,116
PM&R	4,404	3,479	3,622
PSYCHIATRY-ADULT	15,624	14,038	13,710
PSYCHIATRY-CHILD	3,186	2,288	2,160
RADIATION THERAPY	8	0	0
RADIOLOGY	42	22	38
SURGERY	30,191	30,474	31,013
UROLOGY	<u>3,306</u>	<u>2,930</u>	<u>2,342</u>
TOTAL HOSPITAL	<u>158,100</u>	<u>147,464</u>	<u>147,580</u>

**UNIVERSITY OF MINNESOTA HOSPITAL AND CLINIC
 FOR FISCAL YEARS 1989/90 AND 1990/91
 COMPARATIVE DEMAND ANALYSIS
 CLINIC VISITS**

SCHEDULE III

	1989/90 PLANNED VISITS	1989/90 PROJECTED VISITS	1990/91 BUDGET VISITS
CLINIC VISITS	240,360	225,604	223,808
EMERGENCY ROOM VISITS	17,457	19,114	19,000
RADIATION THERAPY VISITS	16,803	18,823	19,803
AMBULATORY SURGERY VISITS	<u>3,580</u>	<u>3,471</u>	<u>3,483</u>
TOTAL	<u>278,200</u>	<u>267,012</u>	<u>266,094</u>
COMMUNITY UNIVERSITY HEALTH CARE CENTER	46,700	45,448	45,448
HEALTH ETC	0	7,666	7,666
HOME HEALTH	11,800	11,222	11,222

UNIVERSITY OF MINNESOTA HOSPITAL AND CLINIC
 DEDUCTIONS FROM CHARGES
 FOR FISCAL YEARS 1989/90 AND 1990/91

SCHEDULE IV

	1989/90 PLANNED BUDGET	1989/90 PROJECTED	1990/91 BUDGET @ 7.5%	1990/91 BUDGET @ 9.9%
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BILLING ADJUSTMENTS	\$11,479,000	\$11,798,000	\$12,959,000	\$13,260,000
HMO/PPO DISCOUNTS	15,080,000	17,897,000	20,501,000	21,668,000
GOVERNMENT CONTRACTUAL ADJUSTMENTS	48,573,000	42,678,000	50,786,000	53,662,000
CHARITABLE CARE	550,000	600,000	600,000	600,000
PROVISION FOR UNCOLLECTABLES	4,171,000	3,026,000	3,138,000	3,211,000
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TOTAL	\$79,853,000	\$75,999,000	\$87,984,000	\$92,401,000
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**UNIVERSITY OF MINNESOTA HOSPITAL AND CLINIC
OTHER OPERATING REVENUE SUMMARY
FOR FISCAL YEARS 1989/90 AND 1990/91**

SCHEDULE V

	<u>1989/90 BUDGET</u>	<u>1989/90 PROJECTED</u>	<u>1990/91 BUDGET</u>
Food Services	\$1,627,000	\$1,566,000	\$1,559,000
Parking Services	714,000	884,000	884,000
Grant Revenue	1,269,000	1,607,000	1,664,000
Reference Lab Income	1,958,000	2,297,000	2,393,000
Pro Fees -- Net Revenue	2,056,000	1,744,000	1,742,000
Interest Income on Remaining Construction Fund Bond Proceeds	2,125,000	2,290,000	1,625,000
Other	<u>117,000</u>	<u>219,000</u>	<u>115,000</u>
TOTAL	<u>\$9,866,000</u>	<u>\$10,607,000</u>	<u>\$9,982,000</u>

UNIVERSITY OF MINNESOTA HOSPITAL & CLINIC
 EXPENDITURE SUMMARY: 1989/90 PROJECTION VS 1990/91 BUDGET
 FOR FISCAL YEARS 1989/90 AND 1990/91

SCHEDULE VI

	1989/90 PLANNED BUDGET	1989/90 PROJECTION	VARIANCE	PERCENT VARIANCE	1990/91 BUDGET	INCREASE/ DECREASE	PERCENT CHANGE
EXPENDITURES:							
SALARIES	\$123,859,000	\$116,351,000	(\$7,508,000)	-6.1%	\$121,372,000	\$5,021,000	4.3%
FRINGE BENEFITS	27,976,000	27,440,000	(536,000)	-1.9%	29,401,000	1,961,000	7.1%
ACADEMIC CONTRACTS	2,235,000	2,185,000	(50,000)	-2.2%	2,328,000	143,000	6.5%
RESIDENT CONTRACTS	6,242,000	6,345,000	103,000	1.7%	7,203,000	858,000	13.5%
PHYSICIAN COMPENSATION	3,167,000	3,015,000	(152,000)	-4.8%	3,199,000	184,000	6.1%
TOTAL SALARIES, FRINGES & FEES	\$163,479,000	\$155,336,000	(\$8,143,000)	-5.0%	\$163,503,000	\$8,167,000	5.3%
LAUNDRY AND LINEN	2,395,000	2,159,000	(236,000)	-9.9%	2,279,000	120,000	5.6%
RAW FOOD	1,946,000	1,791,000	(155,000)	-8.0%	1,919,000	128,000	7.1%
DRUGS	20,366,000	18,781,000	(1,585,000)	-7.8%	20,906,000	2,125,000	11.3%
BLOOD AND BLOOD DERIVATIVES	11,343,000	8,855,000	(2,488,000)	-21.9%	10,648,000	1,793,000	20.2%
MEDICAL SUPPLIES AND SERVICES	26,628,000	25,760,000	(868,000)	-3.3%	27,325,000	1,565,000	6.1%
UTILITIES	6,256,000	6,055,000	(201,000)	-3.2%	6,148,000	93,000	1.5%
INSURANCE	992,000	748,000	(244,000)	-24.6%	771,000	23,000	3.1%
RENTAL	3,866,000	3,624,000	(242,000)	-6.3%	3,159,000	(465,000)	-12.8%
MAINTENANCE AND REPAIR	5,101,000	4,687,000	(414,000)	-8.1%	5,022,000	335,000	7.1%
NET LOSS ON DISPOSAL OF ASSETS	24,000	84,000	60,000	250.0%	48,000	(36,000)	-42.9%
CAMPUS ADMINISTRATIVE EXPENSES	282,000	282,000	0	0.0%	296,000	14,000	5.0%
DEPRECIATION	18,283,000	17,546,000	(737,000)	-4.0%	19,497,000	1,951,000	11.1%
INTEREST	13,038,000	12,898,000	(140,000)	-1.1%	12,690,000	(208,000)	-1.6%
GENERAL SUPPLIES AND EXPENSES	19,129,000	17,804,000	(1,325,000)	-6.9%	20,565,000	2,761,000	15.5%
TOTAL SUPPLIES AND EXPENSES	\$129,649,000	\$121,074,000	(\$8,575,000)	-6.6%	\$131,273,000	\$10,199,000	8.4%
TOTAL EXPENDITURES	\$293,128,000	\$276,410,000	(\$16,718,000)	-5.70%	\$294,776,000	\$18,366,000	6.6%

**UNIVERSITY OF MINNESOTA HOSPITAL AND CLINIC
NON-OPERATING REVENUE SUMMARY
FOR FISCAL YEARS 1989/90 AND 1990/91**

SCHEDULE VII

	<u>1989/90 BUDGET</u>	<u>1989/90 PROJECTED</u>	<u>1990/91 BUDGET</u>
APPROPRIATIONS & SUPPORT	\$15,579,000	\$15,491,000	\$16,122,000
INTEREST INCOME ON RESERVES	6,906,000	8,341,000	7,193,000
SHARED SERVICES	181,000	179,000	179,000
INVESTMENT INCOME HELD BY TRUSTEE	1,484,000	1,446,000	1,400,000
OTHER INVESTMENT INCOME	130,000	175,000	171,000
DIVIDEND DISTRIBUTION	<u>0</u>	<u>1,965,000</u>	<u>655,000</u>
TOTAL	<u>\$24,280,000</u>	<u>\$27,597,000</u>	<u>\$25,720,000</u>

UNIVERSITY OF MINNESOTA HOSPITAL AND CLINIC
SUMMARY STATEMENT OF OPERATIONS AND CASH FLOW
FOR FISCAL YEARS 1989/90 AND 1990/91

SCHEDULE VIII

	ANNUAL BUDGET	CURRENT YEAR PROJECTION	1990/91 BUDGET @ 7.5%	1990/91 BUDGET @ 9.9%
Gross Patient Charges	\$340,467,000	\$318,203,000	\$348,641,000	\$356,748,000
Deductions from Charges	79,853,000	75,999,000	87,984,000	92,401,000
Other Operating Revenue	9,866,000	10,607,000	9,982,000	9,982,000
Total Operating Revenue	\$270,480,000	\$252,811,000	\$270,639,000	\$274,329,000
Expenditures				
Salaries	\$123,859,000	\$116,351,000	\$121,372,000	\$121,372,000
Fringe Benefits	27,976,000	27,440,000	29,401,000	29,401,000
Contract Compensation	11,644,000	11,545,000	12,730,000	12,730,000
Medical Supplies, Drugs, Blood	58,337,000	53,396,000	58,879,000	58,879,000
Campus Administration Expense	282,000	282,000	296,000	296,000
Depreciation	18,283,000	17,546,000	19,497,000	19,497,000
General Supplies & Expense	52,747,000	49,850,000	52,601,000	52,601,000
Total Expenditures	\$293,128,000	\$276,410,000	\$294,776,000	\$294,776,000
Net Revenue from Operations	(\$22,648,000)	(\$23,599,000)	(\$24,137,000)	(\$20,447,000)
Total Non-Operating Revenue				
Appropriations	\$15,579,000	\$15,491,000	\$16,122,000	\$16,122,000
Interest Income on Reserves	6,906,000	8,341,000	7,193,000	7,193,000
Shared Services	181,000	179,000	179,000	179,000
Investment Income on Trustee Held Assets	1,484,000	1,446,000	1,400,000	1,400,000
Other Investment Income	130,000	175,000	171,000	171,000
Dividend Distribution	0	1,965,000	655,000	655,000
Total Non-Operating Revenues	\$24,280,000	\$27,597,000	\$25,720,000	\$25,720,000
Revenue Over/-Under Expenses	\$1,632,000	\$3,998,000	\$1,583,000	\$5,273,000
Add Non-Cash Outlays:				
Depreciation	18,283,000	17,546,000	19,497,000	19,497,000
Campus Administration Expense	182,000	182,000	196,000	196,000
Loss on Disposal of Assets	24,000	84,000	48,000	48,000
Increase in Accrued Interest	94,000	35,000	(70,000)	(70,000)
Increase in Accrued Expense	2,310,000	615,000	2,183,000	2,183,000
Decrease in Other Receivables	719,000	113,000	825,000	825,000
Total Funds Provided	23,244,000	22,573,000	24,262,000	27,952,000
Funds Applied				
Increase in Accounts Receivable	3,051,000	(7,953,000)	4,175,000	5,183,000
Increase in Prepaid Expense	82,000	98,000	54,000	54,000
Increase in Inventories	396,000	(491,000)	466,000	466,000
Increase in Investments	130,000	175,000	171,000	171,000
Capital Obligations:				
Principal Payment on Fixed-Rate Bonds	2,215,000	2,215,000	2,345,000	2,345,000
Principal Payment on Equipment	840,000	579,000	1,142,000	1,142,000
Recurring Equipment and Renovation	7,876,000	8,200,000	8,445,000	8,445,000
Parking Ramp Sinking Fund	76,000	76,000	76,000	76,000
Interest Income Committed to Capital Plan	5,550,000	5,550,000	6,800,000	6,800,000
Operations Cash Funding for Capital Plan	2,069,000	2,069,000	2,300,000	2,300,000
Total Funds Applied	22,285,000	10,518,000	25,974,000	26,982,000
Total Cash Available from Operations	\$959,000	\$12,055,000	(\$1,712,000)	\$970,000

SCHEDULE IX

University of Minnesota Hospital and Clinic
Board Designated Fund Activity
6-30-89 through 2-28-90

	<u>Unassigned</u>	<u>Assigned for Construction & Equipment</u>	<u>Total</u>
Balance at 6-30-89	\$63,706,000	\$ 7,006,735	\$70,712,735
Investment Income on Reserves and Appropriations	5,438,885	-0-	5,438,885
Transfer from Trustee to U of M Bursar's Office	155,930	-0-	155,930
Transfer of Cash to Current Assets for Abandonment Cost Note Payable	-0-	< 1,300,000>	< 1,300,000>
Transfer of Income to Working Capital Reserve	17,796,670	-0-	17,796,670
Transfers for:			
MRI II	< 50,000>	50,000	-0-
Masonic Hospital Remodeling	< 235,000>	235,000	-0-
C.U.H.C.C.	250,000	< 250,000>	-0-
Equipment Rollforward Reserve: Net Transfer for 1988-89 Reserve	< 2,954,015>	2,954,015	-0-
Expenditures:			
C.U.H.C.C.	-0-	< 6,175>	< 6,175>
MRI II	-0-	< 877,545>	< 877,545>
Dermatology Clinic	-0-	< 31,500>	< 31,500>
Surgical Pathology	-0-	< 147,050>	< 147,050>
Masonic Hospital	-0-	< 813,880>	< 813,880>
Plant Funds	-0-	< 21,060>	< 21,060>
Balance at 2-28-90	\$84,108,470	\$ 6,798,540	\$90,907,010*

*In addition to the 2-28-90 balance for Board Designated Funds, there is cash and investments of \$13,000,000 for Debt Service Reserves, and \$16,000,000 for Working Capital Reserves.

SCHEDULE X

University of Minnesota Hospital and Clinic
Board Designated Fund Activity
Projected 2-28-90 through 6-30-90

	<u>Unassigned</u>	<u>Assigned</u>	<u>Total</u>
Balance at 2-28-90	\$84,108,470	\$ 6,798,540	\$90,907,010
Investment Income on Reserves	2,487,000	-0-	2,487,000
Transfer of Investment Income to Working Capital Reserve	1,877,410	-0-	1,877,410
Funding for Plant Projects	<3,962,410>	3,962,410	-0-
Projected Expenditures:			
I.C.U.		< 718,000>	< 718,000>
MRI II	2,505,000		2,505,000
C-ARM		< 1,600,000>	< 1,600,000>
Surgical Pathology		< 68,645>	< 68,645>
Masonic Hospital Remodeling		< 269,410>	< 269,410>
Computer Upgrade		< 1,136,000>	< 1,136,000>
Planning & Architecture Fees		< 1,089,000>	< 1,089,000>
Equipment Rollforward Reserve:			
Projected Expenditures against 1988-89 Reserve		< 2,850,300>	< 2,850,300>
Transfer of Unexpended 1988-89 Reserve	800,000	< 800,000>	-0-
Transfer for Unexpended 1989-90 Capital Budget	<2,273,650>	2,273,650	
Projected Balance at 6-30-90	\$85,541,820	\$ 4,503,245	\$90,045,065*

*In addition to the 6-30-90 projected balance for Board Designated Funds, there is cash and investments of \$13,000,000 for Debt Service Reserves, and \$16,000,000 for Working Capital Reserves.

SCHEDULE XI

University of Minnesota Hospital and Clinic
Board Designated Fund Activity
Projected 7-1-90 through 6-30-91

	<u>Unassigned</u>	<u>Assigned</u>	<u>Total</u>
Projected Balance at 6-30-90	\$85,541,820	\$ 4,503,245	\$90,045,065
Investment Income on Reserves	6,186,120	-0-	6,186,120
Transfer of Investment Income to Working Capital Reserve	7,388,000	-0-	7,388,000
Funding for Plant Projects	<23,465,000>	23,465,000	
Projected Expenditures:			
C.U.H.C.C.		< 1,000,000>	< 1,000,000>
Neuroradiology Upgrade	-0-	< 1,809,000>	< 1,809,000>
Computer Upgrade		< 2,000,000>	< 2,000,000>
Linear Accelerator		< 1,700,000>	< 1,700,000>
Heart Catheterization		< 4,700,000>	< 4,700,000>
Renewal Project II		<13,165,300>	<13,165,300>
Equipment Rollforward Reserve - Expenditure Against 1989-90 Reserve		< 2,273,650>	< 2,273,650>
Projected Balance at 6-30-91	\$75,650,940	\$ 1,320,295	\$76,971,235*

*In addition to the 6-30-91 projected balance for Board Designated Funds, there is cash and investments of \$13,000,000 for Debt Service Reserves, and \$16,000,000 for Working Capital Reserves.



UNIVERSITY OF MINNESOTA
TWIN CITIES

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

April 18, 1990

TO: Board of Governors
Finance Committee

FROM: Greg Hart 
Senior Associate Director

SUBJECT: Cardiovascular Radiology Equipment Replacement

UMHC acquired the radiology equipment in one of its two Cardiovascular Radiology rooms in 1975. This equipment is physically worn out and no longer provides the quality images or capabilities required for procedures being performed today.

This proposal is being presented this month for endorsement.

**PROPOSAL FOR CARDIOVASCULAR RADIOLOGY EQUIPMENT REPLACEMENT
DIAGNOSTIC RADIOLOGY DEPARTMENT
THE UNIVERSITY OF MINNESOTA HOSPITAL AND CLINIC**

INTRODUCTION

The Diagnostic Radiology Department has two rooms which are utilized primarily for cardiovascular radiology procedures. The procedures performed include angiograms of extremities, cardiac cines, nephrostograms, and catheter insertions.

The fluoroscopic image and cine film systems in one of the two rooms, J2-468 (D.R. Rm. 22), were purchased in 1975.

PROPOSAL

Purchase new cardiovascular angiographic and cine film systems for Room J2-468.

RATIONALE

- A. The volume of cardiovascular radiology procedures continues to warrant two appropriately equipped rooms in the Diagnostic Radiology Department.

The volume of vascular procedures performed has increased steadily during the past four years:

	NO. PROCEDURES -----	% CHANGE -----
1985-86	3417	-
1986-87	3852	12.7%
1987-88	5031	30.6%
1988-89	5791	15.1%

Annualization of the volume for the first six months of the current fiscal year indicates that the total for the year will be similar to 1988-89.

- B. Providing timely, high quality images and performing vascular interventional procedures safely requires state-of-the-art equipment.

The image quality achievable with the existing fifteen year old equipment is less than optimal in that resolution or detail visibility is at a minimum. Therefore, it is difficult for radiologists to visualize small vessels.

The current equipment is not well designed for imaging lower extremities. Imaging a patient's entire leg is very difficult and requires placing him/her at the end of the x-ray table in a position which significantly increases the chance for a fall from the table.

The only hardcopy film production capability in this room currently is the cine modality. Coupling the proposed new equipment with the Digital Acquisition System presented to the Board last October will enable production of hard-copy film in other modalities, significantly increase the variety of procedures which can be performed in the room, and improve the ability to meet procedure scheduling demands.

ESTIMATED COST

Peripheral Vascular Angiographic System	\$863,000
-----------------------------------------	-----------

FINANCING

Replacement of this equipment was included in the capital equipment budget for the current fiscal year. In light of the lengthy projected useful life, it is recommended that the equipment be purchased.



UNIVERSITY OF MINNESOTA
TWIN CITIES

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

April 18, 1990

TO: UMHC Board of Governors Finance Committee

FROM: Clifford P. Fearing
Senior Associate Director, UMHC

SUBJECT: Bad Debts - Third Quarter
Fiscal Year 1989-90

The total amount recommended for bad debt for Hospital and Clinic accounts receivable during the third quarter of 1989-90 is \$541,038.68 represented by 1,777 accounts. Bad debt recoveries during the period amounted to \$2,900.36 (50 accounts) leaving a net charge-off of \$538,138.32.

The net bad debts of \$538,138.32 for the quarter were 0.68% of gross charges. This compares to a budgeted level of bad debts of 1.22% (\$1,028,811).

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

Total fiscal year bad debts have amounted to \$1,548,892.50 represented by 4,627 accounts. Recoveries during the fiscal year amounted to \$35,848.54 (143 accounts), leaving a net charge-off of \$1,513,043.96.

The net bad debts of \$1,513,043.96 for the fiscal year were 0.63% of gross charges. This compares to a budgeted level of bad debts of 1.22% (\$3,096,233).

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

CPF:slw

Attachments

UMHC Hospital Billing Department

Bad Debt Statistics: January 1990 through March 1990
In two ranges of account size

	Under \$2000	# of Accounts	Over \$2000	# of Accounts	Total Amount	Total # of Accounts
Inpatient						
Bad Debt (701) Write-Offs	\$35,508.50	94	\$151,995.10	17	\$187,503.60	111
Bad Debt (702) Charity Care	\$11,438.11	28	\$76,407.79	10	\$87,845.90	38
Total	\$46,946.61	122	\$228,402.89	27	\$275,349.50	149
Recoveries	(\$869.60)	6	\$0.00	0	(\$869.60)	6
Net Total	\$46,077.01	122 *	\$228,402.89	27 *	\$274,479.90	149 *
Outpatient						
Bad Debt (701) Write-Offs	\$172,080.94	1464	\$56,083.30	10	\$228,164.24	1474
Bad Debt (702) Write-Offs	\$29,891.51	152	\$7,633.43	2	\$37,524.94	154
Total	\$201,972.45	1616	\$63,716.73	12	\$265,689.18	1628
Recoveries	(\$2,030.76)	44	\$0.00	0	(\$2,030.76)	44
Net Total	\$199,941.69	1616 *	\$63,716.73	12 *	\$263,658.42	1628 *
Total IP and OP Bad Debt						
Bad Debt (701) Write-offs	\$207,589.44	1558	\$208,078.40	27	\$415,667.84	1585
Bad Debt (702) Charity Care	\$41,329.62	180	\$84,041.22	12	\$125,370.84	192
Total	\$248,919.06	1738	\$292,119.62	39	\$541,038.68	1777
Recoveries	(\$2,900.36)	50	\$0.00	0	(\$2,900.36)	50
Total Net Bad Debt	\$246,018.70	1738 *	\$292,119.62	39 *	\$538,138.32	1777 *
Dollars Budgeted					\$1,028,811.00	

* Net total of accounts does not include recoveries.

UMHC Hospital Billing Department

Bad Debt Statistics: January 1990 through March 1990
In five ranges of account size

	Less Than \$100	# of Accounts	\$100 - \$999	# of Accounts	\$1000 - \$1999	# of Accounts	\$2000 - \$9,999	# of Accounts	\$10,000 +	# of Accounts	Total Amount	Total # of Accounts
Inpatient												
Bad Debt (701) Write-Offs	\$1,332.78	35	\$22,481.34	50	\$11,694.38	9	\$64,272.67	15	\$87,722.43	2	\$187,503.60	111
Bad Debt (702) Charity Care	\$240.11	5	\$10,186.27	22	\$1,011.73	1	\$16,994.18	6	\$59,413.61	4	\$87,845.90	38
Total	\$1,572.89	40	\$32,667.61	72	\$12,706.11	10	\$81,266.85	21	\$147,136.04	6	\$275,349.50	149
Recoveries	(\$219.60)	5	(\$650.00)	1							(\$869.60)	6
Net Total	\$1,353.29	40 *	\$32,017.61	72 *	\$12,706.11	10 *	\$81,266.85	21 *	\$147,136.04	6 *	\$274,479.90	149 *
Outpatient												
Bad Debt (701) Write-Offs	\$33,370.44	1051	\$113,338.79	396	\$25,371.71	17	\$36,467.41	9	\$19,615.89	1	\$228,164.24	1474
Bad Debt (702) Write-Offs	\$4,002.42	96	\$15,212.75	48	\$10,676.34	8	\$7,633.43	2	\$0.00	0	\$37,524.94	154
Total	\$37,372.86	1147	\$128,551.54	444	\$36,048.05	25	\$44,100.84	11	\$19,615.89	1	\$265,689.18	1628
Recoveries	(\$1,118.98)	40	(\$911.78)	4							(\$2,030.76)	44
Net Total	\$36,253.88	1147 *	\$127,639.76	444 *	\$36,048.05	25 *	\$44,100.84	11 *	\$19,615.89	1 *	\$263,658.42	1628 *
Total IP and OP Bad Debt												
Bad Debt (701) Write-offs	\$34,703.22	1086	\$135,820.13	446	\$37,066.09	26	\$100,740.08	24	\$107,338.32	3	\$415,667.84	1585
Bad Debt (702) Charity Care	\$4,242.53	101	\$25,399.02	70	\$11,688.07	9	\$24,627.61	8	\$59,413.61	4	\$125,370.84	192
Total	\$38,945.75	1187	\$161,219.15	516	\$48,754.16	35	\$125,367.69	32	\$166,751.93	7	\$541,038.68	1777
Recoveries	(\$1,338.58)	45	(\$1,561.78)	5	\$0.00	0	\$0.00	0	\$0.00	0	(\$2,900.36)	50
Total Net Bad Debt	\$37,607.17	1187 *	\$159,657.37	516 *	\$48,754.16	35 *	\$125,367.69	32 *	\$166,751.93	7 *	\$538,138.32	1777 *
Dollars Budgeted											\$1,028,811.00	

* Net total of accounts does not include recoveries.

UMHC Hospital Billing Department

Bad Debt Statistics: July 1989 through March 1990
In two ranges of account size

	Under \$2000	# of Accounts	Over \$2000	# of Accounts	Total Amount	Total # of Accounts
Inpatient						
Bad Debt (701) Write-Offs	\$102,883.30	269	\$487,907.88	54	\$590,791.18	323
Bad Debt (702) Charity Care	\$59,595.44	121	\$216,357.79	35	\$275,953.23	156
Total	\$162,478.74	390	\$704,265.67	89	\$866,744.41	479
Recoveries	(\$2,826.36)	16	(\$3,031.46)	1	(\$5,857.82)	17
Net Total	\$159,652.38	390 *	\$701,234.21	89 *	\$860,886.59	479 *
Outpatient						
Bad Debt (701) Write-Offs	\$394,030.76	3522	\$131,200.00	26	\$525,230.76	3548
Bad Debt (702) Write-Offs	\$112,997.54	586	\$43,919.79	14	\$156,917.33	600
Total	\$507,028.30	4108	\$175,119.79	40	\$682,148.09	4148
Recoveries	(\$8,610.39)	124	(\$21,380.33)	2	(\$29,990.72)	126
Net Total	\$498,417.91	4108 *	\$153,739.46	40 *	\$652,157.37	4148 *
Total IP and OP Bad Debt						
Bad Debt (701) Write-offs	\$496,914.06	3791	\$619,107.88	80	\$1,116,021.94	3871
Bad Debt (702) Charity Care	\$172,592.98	707	\$260,277.58	49	\$432,870.56	756
Total	\$669,507.04	4498	\$879,385.46	129	\$1,548,892.50	4627
Recoveries	(\$11,436.75)	140	(\$24,411.79)	3	(\$35,848.54)	143
Total Net Bad Debt	\$658,070.29	4498 *	\$854,973.67	129 *	\$1,513,043.96	4627 *
Dollars Budgeted					\$3,096,233.00	

NOTE: More than \$2,000 amount includes legal settlements totaling \$33208.29

* Net total of accounts does not include recoveries.

UMHC Hospital Billing Department
Bad Debt Statistics: July 1989 through March 1990
In five ranges of account size

	Less Than \$100	# of Accounts	\$100 - \$999	# of Accounts	\$1000 - \$1999	# of Accounts	\$2000 - \$9,999	# of Accounts	\$10,000 +	# of Accounts	Total Amount	Total # of Accounts
Inpatient												
Bad Debt (701) Write-Offs	\$2,947.21	85	\$70,987.93	163	\$28,948.16	21	\$194,192.34	43	\$293,715.54	11	\$590,791.18	323
Bad Debt (702) Charity Care	\$1,299.29	28	\$36,358.42	78	\$21,937.73	15	\$94,107.80	28	\$122,249.99	7	\$275,953.23	156
Total	\$4,246.50	113	\$107,346.35	241	\$50,885.89	36	\$288,300.14	71	\$415,965.53	18	\$866,744.41	479
Recoveries	(\$318.04)	11	(\$2,508.32)	5	\$0.00	0	(\$3,031.46)	1	\$0.00	0	(\$5,857.82)	17
Net Total	\$3,928.46	113 *	\$104,838.03	241 *	\$50,885.89	36 *	\$285,268.68	71 *	\$415,965.53	18 *	\$860,886.59	479 *
Outpatient												
Bad Debt (701) Write-Offs	\$82,408.67	2501	\$268,765.66	990	\$42,856.43	31	\$111,584.11	25	\$19,615.89	1	\$525,230.76	3548
Bad Debt (702) Write-Offs	\$13,287.78	324	\$70,797.98	241	\$28,911.78	21	\$43,919.79	14	\$0.00	0	\$156,917.33	600
Total	\$95,696.45	2825	\$339,563.64	1231	\$71,768.21	52	\$155,503.90	39	\$19,615.89	1	\$682,148.09	4148
Recoveries	(\$2,662.17)	106	(\$3,870.21)	16	(\$2,078.01)	2	(\$2,318.79)	1	(\$19,061.54)	1	(\$29,990.72)	126
Net Total	\$93,034.28	2825 *	\$335,693.43	1231 *	\$69,690.20	52 *	\$153,185.11	39 *	\$554.35	1 *	\$652,157.37	4148 *
Total IP and OP Bad Debt												
Bad Debt (701) Write-offs	\$85,355.88	2586	\$339,753.59	1153	\$71,804.59	52	\$305,776.45	68	\$313,331.43	12	\$1,116,021.94	3871
Bad Debt (702) Charity Care	\$14,587.07	352	\$107,156.40	319	\$50,849.51	36	\$138,027.59	42	\$122,249.99	7	\$432,870.56	756
Total	\$99,942.95	2938	\$446,909.99	1472	\$122,654.10	88	\$443,804.04	110	\$435,581.42	19	\$1,548,892.50	4627
Recoveries	(\$2,980.21)	117	(\$6,378.53)	21	(\$2,078.01)	2	(\$5,350.25)	2	(\$19,061.54)	1	(\$35,848.54)	143
Total Net Bad Debt	\$96,962.74	2938 *	\$440,531.46	1472 *	\$120,576.09	88 *	\$438,453.79	110 *	\$416,519.88	19 *	\$1,513,043.96	4627 *
Dollars Budgeted											\$3,096,233.00	

* Net total of accounts does not include recoveries.

UMHC Hospital Billing DepartmentBad Debt Statistics: Third Quarter and Year-to-Date, Fiscal Year 1990
By Service

Admitting Service	Third		Y-T-D Total Amount	Total # of Accounts
	Quarter Amount	# of Accounts		
Anesthesiology				
Clinical Research	5,357.87	2	5,529.19	4
Dentistry				
Dermatology				
Family Practice	8,230.98	1	8,230.98	1
OB			13.50	1
NB	326.22	1	326.22	1
GYN	762.71	2	6,870.89	8
GYN-Oncology	1,263.83	6	37,808.78	26
Lab Medicine & Pathology				
Medicine-Blue	1,163.20	3	8,003.22	10
Green	2,984.10	1	16,441.05	11
Masonic (Onc)	161.64	2	16,302.74	19
Purple	715.26	1	64,600.21	4
Red A	11,550.10	11	48,108.27	21
Red B			3,964.15	2
Rose A			5,566.08	3
Rose B			672.70	2
White A	6,539.31	8	16,728.65	23
White B	30,956.27	6	41,191.82	16
Yellow A	1,654.93	3	7,264.56	9
Yellow B			11,309.14	9
Neurology	2,234.43	3	10,065.33	14
Neuro-epilepsy				
Neurosurgery	17,380.20	10	51,875.31	24
New Born-General	4,612.81	5	8,815.56	10
Obstetrics-General	5,180.49	7	39,295.02	15
-Midwife			751.71	1
Ophthalmology	1,117.41	2	7,680.85	9
Orthopaedic Surgery	5,429.33	10	17,008.97	24
Otolaryngology	3,666.47	2	7,893.65	8
Pediatrics-General	4,370.13	13	57,820.08	48
Dermatology				
Neurology	530.58	1	45,324.21	7
Neurosurgery	2,019.08	1	2,019.08	1
Ophthalmology			10,220.30	4

UMHC Hospital Billing Department

Bad Debt Statistics: Third Quarter and Year-to-Date, Fiscal Year 1990
By Service

Admitting Service	Third		Y-T-D Total Amount	Total # of Accounts
	Quarter Amount	# of Accounts		
Orthopaedics			360.00	1
Otolaryngology	39.48	1	382.50	2
Surgery Green			6,905.67	5
Surgery Orange				
Surg. Transplant	170.89	2	504.23	3
Urology				
Physical Med. & Rehab.	342.00	1	1,811.96	5
Psychiatry-Child			1,523.88	3
-Adult	28,940.01	10	70,288.00	38
Radiology				
Surgery-Blue	78,578.23	13	94,487.92	30
Orange	14,902.40	5	22,702.04	16
Purple	18,812.97	6	30,369.60	18
Red	596.75	2	21,873.26	9
White	1,675.24	3	11,065.71	13
Therapeutic Radiology				
Urology	5,220.86	9	34,034.48	22
Unknown	11,775.19	6	43,886.87	13
Outpatient	255,121.20	1,686	635,765.53	4,282
Total	534,382.57	1,845	1,533,663.87	4,795
Medicare Bad Debt*	(9,280.12)	(74)	(51,517.52)	(191)
Legal Settlements	8,465.77	3	41,674.06	9
Bad Debt Agcy Und \$50	0.00	0	285.91	5
Bad Debt - Med NC Chgs	7,470.46	3	24,786.18	9
Grand Total	541,038.68	1,777	1,548,892.50	4,627
Recoveries	(2,900.36)	50	(35,848.54)	143
Net Total	538,138.32	1,777	1,513,043.96	4,627

* 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: Third Quarter and Year-to-Date, Fiscal Year 1990
By State**

State	Third		Y-T-D Total Amount	Total # of Accounts
	Quarter Amount	# of Accounts		
Alabama			643.13	1
Alaska	24.50	1	73.46	2
Arizona	959.98	6	2,278.15	12
Arkansas				
California	3,419.01	8	8,598.02	40
Colorado	39.00	2	4,200.55	49
Connecticut			172.50	2
Delaware	25.00	1	25.00	1
Dist. of Colombia			74.00	1
Florida	3,894.48	15	5,487.15	23
Georgia			40.60	3
Hawaii				
Idaho			25.66	1
Illinois	2,928.67	6	11,248.73	58
Indiana	62.90	2	1,732.07	17
Iowa	840.32	7	8,950.46	25
Kansas	72.51	1	229.33	3
Kentucky	259.00	1	2,397.85	2
Louisiana	2,775.93	8	2,795.93	9
Maine				
Maryland				
Massachusetts	661.50	5	686.50	6
Michigan	2,377.86	9	4,000.45	21
Minnesota	393,349.75	1,582	1,119,337.86	4051
Mississippi				
Missouri	919.35	5	10,398.70	10
Montana	4,935.52	5	4,935.52	5
Nebraska	8,648.58	22	8,648.58	22
Nevada			605.13	12
New Hampshire	1,128.30	2	1,128.30	2
New Jersey	102.16	2	577.49	3
New Mexico				
New York	442.16	7	6,434.02	24
North Carolina			340.52	1
North Dakota	8,998.83	19	53,460.04	68
Ohio	2,749.60	6	3,823.76	11

UMHC Hospital Billing Department**Bad Debt Statistics: Third Quarter and Year-to-Date, Fiscal Year 1990
By State**

State	Third Quarter Amount	# of Accounts	Y-T-D Total Amount	Total # of Accounts
Oklahoma	51.64	2	7,474.98	6
Oregon	26.00	1	142.30	2
Pennsylvania	71,954.43	4	76,858.39	7
Puerto Rico			68.30	1
Rhode Island			4.50	1
South Carolina				
South Dakota	7,428.62	20	84,600.19	78
Tennessee			54.00	1
Texas	610.00	1	14,633.41	16
Utah	651.03	5	651.03	5
Vermont				
Virginia			23.30	1
Washington	3,261.95	4	3,261.95	4
West Virginia				
Wisconsin	10,271.93	79	67,577.64	180
Wyoming				
Out-of-Country	512.06	7	14,964.42	8
Total	534,382.57	1,845	1,533,663.87	4795
Medicare Bad Debt*	(9,280.12)	(74)	(51,517.52)	-191
Legal Settlements	8,465.77	3	41,674.06	9
Bad Debt Agcy Und \$50	0.00	0	285.91	5
Bad Debt - Med NC Chgs	7,470.46	3	24,786.18	9
Grand Total	541,038.68	1,777	1,548,892.50	4627
Recoveries	(2,900.36)	50	(35,848.54)	143
Net Total	538,138.32	1,777	1,513,043.96	4,627

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