

THE UNIVERSITY OF MINNESOTA HOSPITAL AND CLINIC

BOARD OF GOVERNORS

JOINT MEETING OF

PLANNING & DEVELOPMENT COMMITTEE

&

FINANCE COMMITTEE

JUNE 24, 1992

JOINT MEETING OF
PLANNING AND DEVELOPMENT COMMITTEE
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FINANCE COMMITTEE
THE UNIVERSITY OF MINNESOTA HOSPITAL AND CLINIC
BOARD OF GOVERNORS
Wednesday, June 24, 1992
12:30 noon - 2:00 p.m.*
The Board Room (8-106), University Hospital

AGENDA

		<u>Page</u>
I.	<u>Approval of the May 27, 1992 Planning & Development Committee Minutes</u>	Approval 1
II.	<u>Approval of the May 27, 1992 Finance Committee Meeting Minutes</u>	Approval 3
III.	<u>Special Capital Project:</u>	
	Sports Medicine	Endorsement 6
	-Mary Ellen Wells	
IV.	<u>1992-93 Capital Budget</u>	Endorsement 20
	-Greg Hart	
V.	<u>Consent Agenda Items</u>	
	Major Capital Expenditure Report: Color Doppler Ultrasound System	Information/ Consent 25
VI.	<u>May 31, 1992 Financial Statements</u>	Information 26
	-Clifford Fearing	
VII.	<u>Other Business</u>	
VIII.	<u>Adjournment</u>	

*Lunch will be served at 12:00 noon in the Board Room.

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

Attendance:

Present: Leonard Bienias
Robert Dickler
S. Albert Hanser
Terence Hill
Clint Hewitt
William Jacott, M.D.
Greg Hart
Ted Thompson

Not Present: Peter Lynch, M.D.

Staff: Giles Caver
Joanne Disch
Jean Harris
John L. LaBree, M.D.
Shannon Lorbiecki
Helen Pitt
Mary Ellen Wells
Elizabeth McGough

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

CALL TO ORDER:

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

CONSENT AGENDA ITEMS

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

SPORTS MEDICINE PROJECT

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

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

Planning and Development Meeting Minutes

Board of Governors

- Page 2 -

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

ADJOURNMENT:

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

Respectfully submitted,

Shannon L. Lorbiecki

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

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

Minutes

Attendance

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

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

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

Call to Order

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

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

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

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

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

April 30, 1992 Financial Statements

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

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

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

Fiscal Year 1993 Budget Projections and Comparative Data

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

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

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

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

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

Fiscal Year 1993 Compensation Plan

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

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

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

Special Capital Project: Sports Medicine

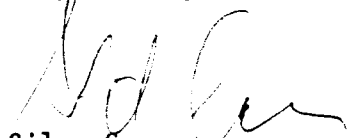
Ms. Mary Ellen Wells and Dr. Elizabeth Arendt presented a business plan to establish an off-site sports medicine clinic. They said the clinic would provide general medical care, orthopaedic surgery, and physical and occupational therapies. Ms. Wells and Dr. Arendt said establishing the clinic would have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

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

Adjournment

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

Respectfully submitted,



Giles Caver
Administrative Fellow

UNIVERSITY OF MINNESOTA

The University of Minnesota Hospital and Clinic

Harvard Street at East River Parkway
Minneapolis, MN 55455

June 18, 1992

MEMORANDUM

TO: Members, Planning and Development Committee
Members, Finance Committee

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

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

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

Since both sites require equivalent rental and leasehold improvement expense, we are presenting a modified summary that reflects the new site options and the resulting financial projections. Also, we will present a marketing plan overview that was requested last month.

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

MEW/sk

SPORTS MEDICINE INSTITUTE

PROPOSAL FOR OFF SITE LOCATION

SUMMARY

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

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

I. BACKGROUND

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

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

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

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

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

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

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

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

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

II. PROGRAM DESCRIPTIONS

A. SPORTS MEDICINE/MEDICAL

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

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

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

B. THERAPIES

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

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

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

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

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

C. PROGRAM BENEFITS

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

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

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

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

Sports Medicine Institute Off-site Location Proposal

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

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

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

III. LOCATION

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

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

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

IV. FINANCIAL PROJECTIONS

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

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

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

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

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

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

V. REQUIRED APPROVAL

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

EXHIBIT A

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

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

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

EXHIBIT B

SPORTS MEDICINE INSTITUTE
BUDGET ASSUMPTIONS

VOLUME

Physician Volume:

Year One: 6,000 visits

Years Two through Five: 7,200 visits

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

STAFFING

Clinic:

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

Therapies:

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

DEDUCTIONS FROM CHARGES

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

LEASE EXPENSES

LEASE COST (PER SQ FT) \$11.50

USABLE SQAURE FEET: 12,000

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

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

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

LEASEHOLD IMPROVEMENTS: \$25.00 per square foot

DEPRECIATION

5 year straight-line depreciation on leasehold improvements

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

10 year straight-line depreciation on X-Ray equipment

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

OTHER ASSUMPTIONS

CLINIC:

FACILITY/PROCEDURES CHARGE

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

X-RAY

Volume: One-third of patient visits

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

LABORATORY SPECIMEN COLLECTIONS

Volume: 5% of patient visits

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

FRINGE BENEFITS

26% of salaries

THERAPIES:

PROCEDURES CHARGES

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

7% increase years two through five

FRINGE BENEFITS

25% of salaries

June 18, 1992

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

**MEDICAL CLINIC
FIVE YEAR FINANCIAL PROJECTION**

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

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

**MEDICAL CLINIC
FIVE YEAR FINANCIAL PROJECTION**

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

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

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

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

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

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

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

UNIVERSITY OF MINNESOTA

The University of Minnesota Hospital and Clinic

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

June 18, 1992

TO: Members of the Board of Governors Finance Committee and
Planning and Development Committee

FROM: Greg Hart
Senior Associate Director

SUBJECT: 1992-1993 Capital Budget

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

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

We are requesting Committee and Board approval for the recommended total \$8,200,000 capital budget at the June meetings. We will be reporting actual capital expenditures compared to budget on a quarterly basis during the fiscal year, consistent with Board policy. Major capital expenditures and special capital projects will be brought forward individually at later dates.

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

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

/th

Attachments

	Prior Years		1993	1994	1995	1996	1997	1998	1999	2000	Total
	1989-1991	1992									
APPROVED PROJECTS											
1. Surgical Pathology	1,043,379	0	0	0	0	0	0	0	0	0	1,043,379
2. Dermatology Clinic	809,018	0	0	0	0	0	0	0	0	0	809,018
3. Replace MRI-I	0	1,920,000	1,080,000	0	0	0	0	0	0	0	3,000,000
4. MRI - II	3,626,628	0	0	0	0	0	0	0	0	0	3,626,628
5. CUHCC	2,223,035	126,965	0	0	0	0	0	0	0	0	2,350,000
6. Cancer Center	0	142,857	142,857	142,857	142,857	142,857	142,857	142,857	0	0	1,000,000
7. Masonic Ill	1,658,141	0	0	0	0	0	0	0	0	0	1,658,141
8. CT Scanner	1,210,000	0	0	0	0	0	0	0	0	0	1,210,000
9. Computer Upgrade	1,378,000	0	0	0	0	0	0	0	0	0	1,378,000
10. Neuroradiology Upgrade	30,000	1,440,000	0	0	0	0	0	0	0	0	1,470,000
11. Heart Cath	13,109	2,066,891	1,000,000	0	0	0	0	0	0	0	3,100,000
12. CV Radiology	800,000	0	0	0	0	0	0	0	0	0	800,000
13. Linear Accelerator	0	450,000	900,000	0	0	0	0	0	0	0	1,350,000
14. Practice Acquisition	0	4,146,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	8,946,000
15. Other Miscellaneous Capital	200,989	0	0	0	0	0	0	0	0	0	200,989
Approved Projects Subtotal	12,992,299	10,312,713	3,722,857	742,857	742,857	742,857	742,857	742,857	600,000	600,000	31,942,155
ANTICIPATED PROJECTS											
1. Replace CT Scanners	0	0	1,369,500	0	1,369,500	0	0	0	0	1,210,000	3,949,000
2. Replace Linear Accel	0	0	520,000	1,583,000	0	0	0	0	0	1,583,000	3,686,000
3. Computer Upgrade	0	2,190,000	2,760,000	2,846,000	2,820,000	2,006,000	2,516,000	4,500,000	2,500,000	2,910,000	25,048,000
4. Neuroradiology Upgrade	0	0	1,440,000	860,000	0	0	0	0	0	0	2,300,000
5. Neurorad Gamma Camera	0	0	800,000	0	0	0	0	0	0	0	800,000
6. Stem Cell Support	0	0	1,281,000	502,000	528,000	0	0	0	0	0	2,311,000
7. Anticipated New Technology/Program Develop	0	0	2,000,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	12,500,000
8. Heart Cath	0	0	2,350,000	1,950,000	0	0	0	0	0	0	4,300,000
9. Laboratories/Mayo 2 Remodeling	0	0	1,400,000	0	0	0	0	0	0	0	1,400,000
10. CV Surgery Replace Room 7	0	0	0	1,500,000	0	0	0	0	0	0	1,500,000
11. BMT/ICU Reconfiguration	89,202	0	0	0	0	0	0	0	0	0	89,202
12. Parking Ramp	0	0	1,000,000	0	0	0	0	0	0	0	1,000,000
13. MTS Overhaul/Replacement	0	0	600,000	0	0	0	0	0	0	0	600,000
14. Practice Acquisition	0	0	7,500,000	7,500,000	0	0	0	0	0	0	15,000,000
15. PACU Remodel	0	0	800,000	0	0	0	0	0	0	0	800,000
16. C-ARM Digital Equipment	0	0	0	1,662,500	0	0	0	0	0	0	1,662,500
Anticipated Projects Subtotal	89,202	2,190,000	23,820,500	19,903,500	6,217,500	3,506,000	4,018,000	6,000,000	4,000,000	7,203,000	76,945,702
ANNUAL EQUIPMENT AND REMODELING PROJECTS											
Actual/Anticipated Expenditures	10,846,446	6,511,000	8,200,000	8,800,000	9,400,000	10,000,000	10,600,000	11,200,000	11,800,000	12,400,000	101,759,446
Net Equipment Rollforward	8,621,745	6,233,575	0	0	0	0	0	0	0	0	14,855,320
Annual Equip and Remod Subtotal	19,470,191	14,744,575	8,200,000	8,800,000	9,400,000	10,000,000	10,600,000	11,200,000	11,800,000	12,400,000	116,614,766
ANNUAL PRINCIPAL & LEASE PAYMENTS											
Fixed Rate Bond Principal Payments	7,375,000	2,490,000	2,650,000	2,830,000	3,015,000	3,230,000	3,455,000	3,705,000	3,975,000	4,270,000	36,995,000
VRDB Principal Payments	0	0	0	0	0	1,681,000	1,681,000	1,681,000	1,681,000	1,681,000	8,405,000
Existing Capital Lease Payments	2,764,302	800,583	609,936	568,883	528,078	0	0	0	0	0	5,271,782
Annual Principal Payments Subtotal	10,139,302	3,290,583	3,259,936	3,398,883	3,543,078	4,911,000	5,136,000	5,386,000	5,656,000	5,951,000	50,671,782
Subtotal	42,690,994	30,537,871	39,003,293	32,845,240	19,903,435	19,159,857	20,494,857	23,328,857	22,056,000	26,154,000	276,174,405
Renewal Project Phase II	1,420,124	1,078,654	8,568,355	10,982,868	0	0	0	0	0	0	22,050,000
Annual Capital Requirement Total	44,111,118	31,616,525	47,571,648	43,828,108	19,903,435	19,159,857	20,494,857	23,328,857	22,056,000	26,154,000	298,224,405

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

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

June 18, 1992

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

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

MAJOR CAPITAL EXPENDITURE REPORT

EQUIPMENT: Color Doppler Ultrasound System

PURCHASE PRICE: \$204,445

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

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

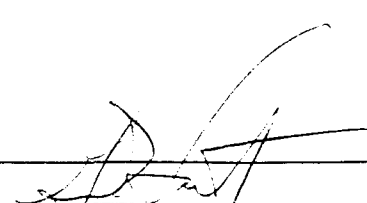
1988-89	9,809	(+25.1%)	
1989-90	10,641	(+ 8.5%)	
1990-91	12,127	(+14.0%)	
1991-92	13,621	(+12.3%)	(est.)

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

<u>Exams¹</u>	<u>Marginal \$</u>
Selective Echography	\$22,331.10
Hepatic Echography	27,424.60
Renal Biopsy	28,440.00
Gallbladder Echography	57,736.00
Renal Echography	75,792.50
Carotid Ultrasound	91,769.10

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

Submitted By: Helen Pitt
 Title: Associate Director

Approved By: 
 Title: Senior Associate Director

UNIVERSITY OF MINNESOTA

The University of Minnesota Hospital and Clinic

Harvard Street at East River Parkway
Minneapolis, MN 55455

June 24, 1992

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

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

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

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

To recap our census:

Monthly Data					YTD Data					
90/91	91/92	91/92		%	90/91	91/92	91/92		%	
<u>Actual</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Var</u>	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Var</u>	
1,474	1,529	1,432	(97)	(6.3)	Admissions	16,720	16,830	16,518	(312)	(1.9)
12,010	12,129	11,003	(1,126)	(9.3)	Patient Days	133,832	136,105	128,241	(7,864)	(5.8)
8.0	7.9	7.4	(0.5)	(6.3)	Avg Length of Stay	8.0	8.1	7.8	(0.3)	(3.7)
387.4	391.2	354.9	(36.3)	(9.3)	Avg Daily Census	399.5	405.0	381.7	(23.3)	(5.8)
68.0	67.9	63.3	(4.6)	(6.8)	Percent Occupancy	69.4	70.3	67.4	(2.9)	(4.1)
28,811	30,661	30,356	(305)	(1.0)	Outpt Encounters	309,966	318,268	320,515	2,247	0.7

REPORT OF OPERATIONS

May 1992

PAGE 2

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

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

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

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

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

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

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

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

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

UNIVERSITY OF MINNESOTA HOSPITAL & CLINIC
BALANCE SHEETS

MAY 31, 1992 AND JUNE 30, 1991



ASSETS	05/31/92	6/30/91	LIABILITIES AND FUND BALANCES	05/31/92	6/30/91
CURRENT ASSETS			CURRENT LIABILITIES		
Operating Cash	\$5,720,000	\$13,611,000	Accounts Payable	\$13,160,000	\$11,539,000
Reserve Cash- Third Party Payable	23,813,000	21,246,000	Payable to Third Party Contr. Payors	20,998,000	18,431,000
Reserve Cash- Current Indebtedness	4,654,000	5,721,000	Salaries, Wages and Payroll Taxes	9,890,000	9,833,000
Accounts Receivable			Accrued Vacation	9,271,000	9,233,000
Patient Receivables	105,812,000	95,679,000	Accrued Professional Fees and Physician Compensation	1,449,000	2,171,000
Other Receivables	2,061,000	1,795,000	Contracts Payable	1,966,000	522,000
Third Party Receivable	1,427,000	2,145,000	Construction Retainages	139,000	307,000
Appropriation Receivable	1,511,000	1,325,000	Interest Payable	3,770,000	4,684,000
Promissory Notes Receivable	211,000	0	Current Portion of Long-Term Debt	3,110,000	3,157,000
	111,022,000	100,944,000			
Less Allowances for Losses in Collection	(8,335,000)	(7,805,000)			
Less Allowances for Discounts to Third Party Payors	(28,022,000)	(24,620,000)			
	74,665,000	68,519,000			
Inventories of Drugs & Supplies	4,706,000	4,723,000			
Prepaid Expenses	548,000	1,061,000			
TOTAL CURRENT ASSETS	\$114,106,000	\$114,881,000	TOTAL CURRENT LIABILITIES	\$63,753,000	\$59,877,000
ASSETS WHOSE USE IS LIMITED					
Board Designated Assets Available for Assignment					
Cash & Investments	\$52,517,000	\$44,819,000			
Accrued Interest	1,353,000	148,000			
	53,870,000	44,967,000			
Cash & Invest for Debt Service	13,000,000	13,000,000	LONG-TERM DEBT, LESS CURRENT PORTION	\$162,222,000	\$165,282,000
Cash & Invest for Working Capital	16,000,000	16,000,000			
TOTAL	\$82,870,000	\$73,967,000			
PROPERTY, PLANT, & EQUIPMENT					
Land, Buildings & Improvements	\$192,129,000	\$191,909,000			
Equipment	107,153,000	98,495,000			
	299,282,000	290,404,000			
Less Accumulated Depreciation	(150,113,000)	(133,650,000)			
	149,169,000	156,754,000			
Construction in Progress	9,309,000	5,581,000			
TOTAL PROPERTY, PLANT, & EQUIPMENT	158,478,000	162,335,000			
Assigned Cash & Investments for Construction/Equipment	38,414,000	45,136,000			
TOTAL	\$196,892,000	\$207,471,000			
INVESTMENTS HELD BY BOND TRUSTEE	\$17,493,000	\$19,108,000			
PROMISSORY NOTES RECEIVABLE	\$4,407,000	\$0			
OTHER ASSETS					
Deferred Third Party Reimbursement	\$5,793,000	\$6,404,000			
Deferred Debt Expense	932,000	1,009,000			
Deposits and Other	1,216,000	374,000			
TOTAL	\$7,941,000	\$7,787,000	UNRESTRICTED FUND BALANCE	\$197,734,000	\$198,055,000
TOTAL ASSETS	\$423,709,000	\$423,214,000	TOTAL LIABILITIES & FUND BALANCE	\$423,709,000	\$423,214,000
RESTRICTED ASSETS			RESTRICTED FUND BALANCES		
Cash and Investments	\$8,127,000	\$7,416,000	Endowment Funds	\$2,787,000	\$2,553,000
	\$8,127,000	\$7,416,000	Gift Funds	5,340,000	4,863,000
	\$8,127,000	\$7,416,000		\$8,127,000	\$7,416,000

UNIVERSITY OF MINNESOTA HOSPITAL & CLINIC

CASH FLOW

FOR THE PERIOD JULY 1, 1991 TO MAY 31, 1992

OPERATING ACTIVITIES AND NONOPERATING REVENUES:

Excess of operating revenues over operating expenses:	(\$9,190,000)
Noncash revenues and expenses included in operating activity:	
Depreciation and amortization	\$17,582,000
Unreimbursed University G & A services	202,000
Provision for uncollectible accounts	2,939,000
Change in patient receivable and other receivables	(9,591,000)
Change in due from third party reimbursement program	717,000
Change in due to third party reimbursement programs	2,567,000
Change in accounts payable	1,621,000
Change in accrued expenses	(265,000)
Other, net	(312,000)

Net cash provided by operating activities \$6,270,000

Nonoperating revenues \$8,654,000

Net cash provided by operating activities and nonoperating revenues \$14,924,000

INVESTING ACTIVITIES:

Acquisition of property, plant and equipment	(\$12,915,000)
Funds transferred from other sources	13,000
Cash outflows for property & plant	(12,902,000)
Increase in promissory notes receivable	(4,618,000)
Increase in assets whose use is limited	(565,000)
Net cash used in investing activities	(\$18,085,000)

FINANCING ACTIVITIES:

Repayment of long-term debt	(\$2,490,000)
Repayment of notes payable	(740,000)

(\$3,230,000)

Decrease in cash and equivalents (\$6,391,000)

Cash and cash equivalents at June 30, 1991 \$40,577,000

Cash and equivalents at May 31, 1992 \$34,186,000

University of Minnesota Hospital & Clinic
Statement of Changes in Fund Balance
For the Period July 1, 1991 through May 31, 1992

	OPERATING FUND	CURRENT DEBT SERVICE FUND	BOARD DESIGNATED FUND	PLANT FUND	TRUSTEE FUND	TOTAL UNRESTRICTED FUNDS
UNRESTRICTED FUNDS						
Beginning Balance	\$53,120,000	\$5,721,000	\$73,967,000	\$46,139,000	\$19,108,000	\$198,055,000
Net Income						
Excess of Revenue over Expense	6,753,000					
Interest Income on Reserves			7,161,000			
Depreciation Expense				(16,773,000)		
Gain on Disposal of Assets				1,000		
Interest Income on Trustee Held Fund					1,269,000	
Amortization of Deferred Bond Expense				(199,000)		
Amort of Deferred 3rd Party Reimb.				(611,000)		
Interest Income on Bond Proceeds			1,735,000		128,000	
Total Income						(536,000)
Less Expense						
University Support: G & A	202,000					202,000
Transfers Between Funds						
Major Building Projects- Hosp.	(1,128,000)			1,128,000		
Capital Expenditures	(5,218,000)			5,218,000		
Major Equipment Requisition	(740,000)			740,000		
Bond Interest Payment	11,409,000	(10,887,000)			(522,000)	
Bond Principal Payment				2,490,000	(2,490,000)	
Bond Interest Expense Funding	(9,974,000)	9,974,000				
Bond Principal Funding	154,000	(154,000)				
Dermatology Loan Payment	(7,000)		7,000			
Transfer from Gift Fund to Plant				13,000		13,000
Ending Balance	\$54,571,000	\$4,654,000	\$82,870,000	\$38,146,000	\$17,493,000	\$197,734,000

	GIFT	ENDOWMENT	TOTAL
RESTRICTED FUNDS			
Beginning Balance	\$4,863,000	\$2,553,000	\$7,416,000
Income	674,000	234,000	908,000
Disbursements	(184,000)		(184,000)
Transfer to Plant Fund for Capital Exp.	(13,000)		(13,000)
Ending Balance	\$5,340,000	\$2,787,000	\$8,127,000

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

CLINICAL SERVICE	ADMISSIONS								AVERAGE LENGTH OF STAY		
	1990/91		1991/92		CHANGE % CHANGE			1990/91	1991/92		
	MAY YTD ACTUAL	MAY YTD BUDGET	MAY YTD ACTUAL	MAY YTD VARIANCE	% VARIANCE	FROM PRIOR YR	FROM PRIOR YR	MAY YTD ALOS	MAY YTD ALOS	CHANGE	
ANESTHESIOLOGY	0	0	1	1		1		0.0	1.5	1.5	
CLINICAL RESEARCH	338	368	280	(88)	-23.9%	(58)	-17.2%	3.4	3.1	(0.3)	
DENTISTRY	6	6	3	(3)	-50.0%	(3)	-50.0%	0.5	2.3	1.8	
ORAL SURGERY	52	45	70	25	55.6%	18	34.6%	1.6	1.5	(0.1)	
DERMATOLOGY	13	13	15	2	15.4%	2	15.4%	4.1	7.3	3.2	
FAMILY PRACTICE	34	22	116	94	427.3%	82	241.2%	4.3	3.3	(1.0)	
GYNECOLOGY	1,229	1,318	1,040	(278)	-21.1%	(189)	-15.4%	4.9	4.8	(0.1)	
MEDICINE	4,101	4,119	4,341	222	5.4%	240	5.9%	6.4	6.4	0.0	
NEWBORN	323	332	300	(32)	-9.6%	(23)	-7.1%	2.4	1.9	(0.5)	
NEUROLOGY	322	299	334	35	11.7%	12	3.7%	6.3	6.3	0.0	
NEUROSURGERY	940	898	1,079	181	20.2%	139	14.8%	6.0	6.3	0.3	
OBSTETRICS	512	515	469	(46)	-8.9%	(43)	-8.4%	3.1	3.0	(0.1)	
OPHTHALMOLOGY	439	430	359	(71)	-16.5%	(80)	-18.2%	2.9	2.7	(0.2)	
ORTHOPEDICS	1,029	1,012	1,059	47	4.6%	30	2.9%	5.6	5.4	(0.2)	
OTOLARYNGOLOGY	375	375	348	(27)	-7.2%	(27)	-7.2%	4.4	4.2	(0.2)	
PEDIATRICS	2,865	2,966	2,634	(332)	-11.2%	(231)	-8.1%	10.0	9.0	(1.0)	
PHYSICAL MEDICINE & REHAB	184	195	160	(35)	-17.9%	(24)	-13.0%	18.3	18.6	0.3	
PSYCHIATRY ADULT	752	722	695	(27)	-3.7%	(57)	-7.6%	13.9	14.7	0.8	
PSYCHIATRY CHILD	69	57	83	26	45.6%	14	20.3%	23.2	24.4	1.2	
RADIATION THERAPY	0	0	1	1		1		0.0	1.0	1.0	
RADIOLOGY	27	23	17	(6)	-26.1%	(10)	-37.0%	1.4	1.4	0.0	
SURGERY	2,593	2,653	2,622	(31)	-1.2%	29	1.1%	9.5	9.4	(0.1)	
UROLOGY	517	462	492	30	6.5%	(25)	-4.8%	4.7	4.9	0.2	
TOTAL	16,720	16,830	16,518	(312)	-1.9%	(202)	-1.2%	8.0	7.8	(0.2)	

UNIVERSITY OF MINNESOTA

The University of Minnesota Hospital and Clinic

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

September 2, 1992

TO: Board of Governors

FROM: Clifford P. Fearing
Senior Associate Director

SUBJECT: Report of Operations for the Period
July 1, 1991 through June 30, 1992

The 1991-92 fiscal year for The University of Minnesota Hospital and Clinic has shown a decline in inpatient admissions for the fourth straight year. At the same time, however, we experienced a continued increase in our outpatient encounters over prior year levels. Below is a brief summary of major factors which have contributed to our 1991-92 financial position.

Inpatient Census: Admissions for the 1991-92 fiscal year totaled 18,073 compared to 18,161 for the previous year, a decrease of 88, or (0.5%). Patient days for the year totaled 139,183, down by 6,482 (4.4%) from 145,665 days in 1990-91. This decline was largely due to the drop in average-length-of-stay from 8.0 days in 1990-91 to 7.7 days in the current year.

We budgeted for a slight increase in our inpatient census levels in 1991-92. However, we experienced overall declines in both inpatient admissions and patient days. While admissions in many areas increased from the prior year or remained fairly constant, admission levels in Gynecology, Ophthalmology, Pediatrics, Physical Medicine and Rehabilitation, and Otolaryngology showed decreases.

Changes in medical staff resulted in the declines in Ophthalmology and Physical Medicine and Rehabilitation, and intense competition from metropolitan area providers was the major reason for the drop in Gynecology and Pediatrics.

To recap our inpatient census for the 1991-92 fiscal year:

	<u>1990-91</u> <u>Actual</u>	<u>1991-92</u> <u>Budget</u>	<u>1991-92</u> <u>Actual</u>	<u>Variance</u>	<u>%</u> <u>Var</u>
Admissions	18,161	18,335	18,073	(262)	(1.4)
Avg. Lgth. of Stay	8.0	8.1	7.7	(0.4)	(4.9)
Patient Days	145,665	147,862	139,183	(8,679)	(5.9)
Percent Occupancy	69.3	70.1	67.2	(2.9)	(4.1)
Avg. Daily Census	399.1	403.9	380.3	(23.6)	(5.8)

Outpatient Census: The Hospital's outpatient clinic census showed an increase from the 1990-91 levels, going from 338,534 encounters in 1990-91 to 353,769 in 1991-92. This represents a 4.5% increase over the prior year levels and a 1.5% increase (5,332) over the budgeted 1991-92 total of 348,437. The increase in encounters was primarily due to significant growth in Home Health and CUHCC activity levels. In addition, the clinic areas of Sports Medicine, Family Practice, Ambulatory Surgery, and Neurology showed strong increases. Areas that experienced decreases in activity included Radiation Therapy, Child Psychiatry, Medicine, Orthopedics, and Obstetrics/Gynecology.

To recap our outpatient census for the 1991-92 fiscal year:

	<u>1990-91</u> <u>Actual</u>	<u>1991-92</u> <u>Budget</u>	<u>1991-92</u> <u>Actual</u>	<u>Variance</u>	<u>%</u> <u>Var</u>
Clinic Visits	277,036	287,215	285,438	(1,777)	(0.6)
CUHCC Visits	50,009	50,719	54,945	4,226	8.3
HHA Visits	<u>11,489</u>	<u>10,503</u>	<u>13,386</u>	<u>2,883</u>	<u>27.5</u>
Total Encounters	338,534	348,437	353,769	5,332	1.5

Operations - Revenue: Patient care revenue for the 1991-92 fiscal year totaled \$370,507,000 and is an increase of \$19,523,000 (5.6%) over the 1990-91 fiscal year. The increase in revenue is approximately \$5,062,000 below budget and results in an overall unfavorable variance of (1.3%).

Routine revenue totaled \$101,727,000, and represents an unfavorable variance of approximately (\$6,995,000). This variance is due to the combined impact of lower admissions and a reduced average length of stay. Ancillary service revenue totaled \$268,780,000, and was approximately \$1,933,000 (0.7%) above budget. The overall ancillary variance is due to higher utilization of services for both inpatient and outpatient populations. Inpatient revenue per admission averaged \$16,108 compared to the budgeted average of \$16,322. Outpatient revenue per encounter averaged \$224 compared to the budgeted average of \$219. The ancillary areas experiencing the greatest increases included clinical labs, diagnostic radiology, transplants, and the operating rooms.

Clinical Laboratories experienced greater than anticipated revenue

due to greater volume in the Heart Catheterization Laboratory, more testing related to the high transplant volume experienced, and also the set-up of the new Molecular Diagnostic Laboratory. Diagnostic Radiology experienced increases in MRI services and Cardiovascular exams. Transplant volumes were greater than anticipated in all transplant types.

Deductions from Charges: Deductions from charges totaled \$98,200,000 for the fiscal year and represent an overall unfavorable variance of \$5,578,000. The overall variance relates to billing adjustments and contracts, charity care, and governmental contractual adjustments.

Billing adjustment and contract write-offs were over budget by approximately \$3,000,000, and were primarily the result of increased prompt payor discounts, increased patient activity with the V.A. Hospital and workers compensation, and increased laboratory outreach activity.

The unfavorable variance in charity care of \$598,000 is primarily the result of having to reclassify \$809,000 from the provision for uncollectibles included within expenses. The reclassification is the result of AICPA accounting policy changes. The accounting change did not have an overall impact on our operations but only changed where we report these write-offs.

The \$2,208,000 (4.5%) unfavorable variance in governmental write-offs was due to several factors. While the average charge per case for Medicare was over the budgeted levels, increased reimbursement for both direct and indirect medical education, and prior period adjustments resulted in a net favorable variance of \$2,875,000 for this program. In addition, we experienced more favorable reimbursement than anticipated in other government programs, principally MA Out-of-State (\$1,246,000). Offsetting these favorable variances was an unfavorable variance of \$5,985,000 in our Medical Assistance and GAMC programs. This was due to both our charges per case being higher than anticipated, and reimbursement per case being below budgeted levels.

Other Operating Revenue: Other operating revenue totaled \$25,212,000 for the 1991-92 fiscal year, a decrease of \$2,333,000 (8.5%) from the prior year total of \$27,545,000. The decrease is \$109,000 (0.4%) below the budgeted revenue of \$25,321,000, and reflects minor unfavorable variances in several of the revenue categories.

Operations - Expenditures: Operating expenses for the 1991-92 fiscal year totaled \$305,825,000 and was an increase of \$11,734,000 (4.0%) over the 1990-91 fiscal year. The increase in expense was approximately \$8,781,000 under budget and resulted in an overall favorable variance of 2.8%.

Personnel costs (salaries and fringe benefits) were under budget by \$4,520,000. The lower salary costs were the result of lower than

anticipated pay plans. During the 1991-92 fiscal year, we averaged 3,717 FTE's, which was comparable to the budgeted total of 3,715. However, pay plan increases were restricted to a very few groups of employees, and awarded primarily on the basis of market forces. The favorable variance in fringe benefit expenses is because of lower than anticipated increases in benefit rates during the year, as well as the lower salary base upon which they're charged.

Supplies and expense directly related to patient care activities were \$1,791,000 under budget in aggregate. Many of these expenses relate directly to the decrease in census. In addition, costs for some drugs were below budget because anticipated FDA approval of them was not received during the fiscal year. Blood expense was impacted favorably by changes in protocol for treatment of some bone marrow patients. Offsetting these favorable variances was an unfavorable variance of \$1,826,000 in medical supplies and services. Primary reasons for this were increased costs of transplant contracts because of higher volumes, and increased costs of implantable devices due to both volume and price increases.

Expenses related to buildings, building services, and equipment were \$1,126,000 over budget. These costs include utilities, maintenance and repair, communications, building rental, and depreciation. The unfavorable variance is due to expensing \$1,427,000 of architectural and contract management fees for the Phase II Renewal Project, and to extensive painting and refurbishing of different areas of the Hospital.

For the balance of our expenses, we had a favorable variance of \$3,596,000 in the aggregate. Insurance costs were \$346,000 below budgeted levels, and our provision for uncollectibles was \$1,560,000 under budget. The reduction in our provision for uncollectibles was the result of reclassing \$809,000 to deductions from charges and a \$750,000 reduction in our accounts receivable allowance that reflects an improvement in the overall quality of our receivables. Other major variances include reductions in advertising, contracted services, consulting, and general office and miscellaneous supplies.

Non-Operating Revenue: Non-operating revenues totaled \$9,254,000 in 1991-92 and represent an unfavorable variance from budget of (\$2,303,000). The overall variance is mainly due to decreased interest rates earned on the reserve funds and the investments held by the trustee.

Accounts Receivable: The balance in net patient accounts receivable as of June 30, 1992 totaled \$72,209,000 and represents 87.2 days of revenue outstanding; this is an decrease of 7.7 days and a decrease of \$2,053,000 from June 30, 1991. The majority of the decrease was seen in Medicare, Minnesota Medical Assistance, and Blue Cross AWARE. In addition, we saw a significant decrease in receivables due to increased collection agency efforts.

Capital Expenditures: During the 1991-92 fiscal year, UMHC expended \$7,856,000 from hospital operating funds, and \$10,417,000 from the hospital plant and trustee funds for current year capital expenditures. The major components of our capital spending were: (1) \$7,070,000 for recurring equipment, remodeling, and renovation, (2) \$7,927,000 for major capital projects (Neuro-Angiography System, Heart Cath Room, etc.), and (3) \$3,276,000 in principal payments on debt and capital leases.

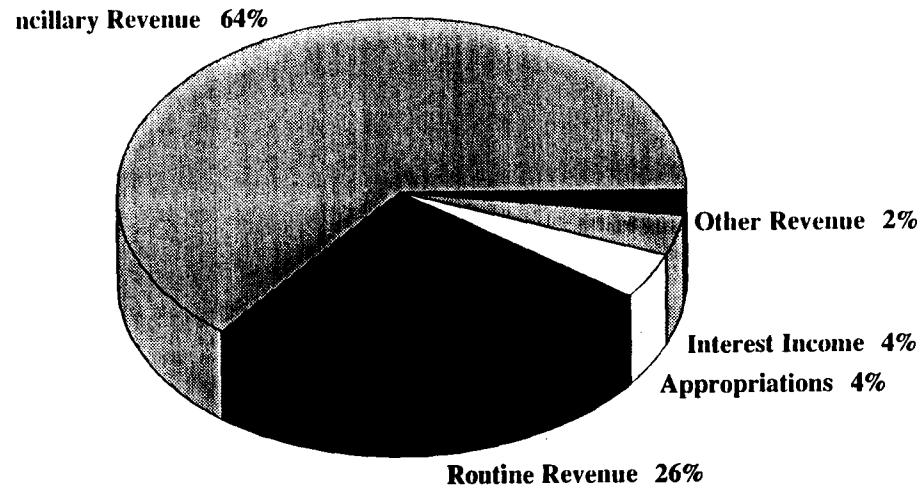
Conclusion: For the fourth straight year UMHC experienced a decline in our admission levels. At the same time, our average length of stay decreased and our outpatient encounters increased. While a shift from inpatient activity to an outpatient venue is consistent with the industry, the continued decline in admissions is of concern. Although we appear to be retaining our share of the seven-county metropolitan market for most clinical services, we have experienced a decline in referrals from out-state Minnesota. We must work towards not only regaining our share of the healthcare market, but expanding it in order to help maintain the integrity of UMHC's financial position.

UMHC continued to experience increasing pressure from third party payors as HMO's, insurance companies, and self-insured companies moved to contract for specific services. Coalitions of major companies within the state have begun looking at new ways of managing their own health insurance costs, thereby applying increased pressure on the providers of healthcare to be more effective on both a cost and quality basis. At the same time, new state and federal regulations are forcing UMHC, as well as other providers, to reduce operating expenses while maintaining high quality of care. UMHC must keep working with the HMO's, PPO's, and other insurers to develop pricing strategies which will enhance our competitive position while enabling us to meet our financial goals and objectives.

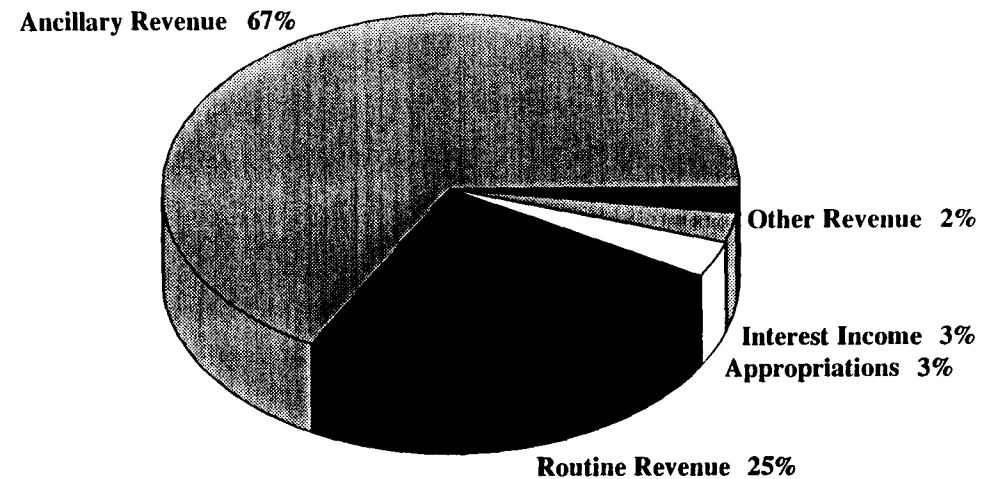
The competitive and cost conscious environment we are in will continue, and will challenge us to find new sources of revenue and ways to reduce costs. Over the past fiscal year, UMHC has continued its numerous efforts aimed at reducing costs, increasing efficiency and productivity, and minimizing the number of unnecessary or duplicative procedures performed while maintaining a high quality of patient care. Many of these efforts have been incorporated into the strategic planning initiatives currently underway, with specific focus on cost reductions, service enhancements, and market strategies. We completed our first acquisition of an out-state clinic, and continue to strengthen our affiliations with referring physicians and clinics. In addition, we have initiated discussion with other external parties and healthcare providers to establish new affiliations or joint ventures. We are exploring new avenues for market penetration, and program diversification and expansion in order to continue to sustain UMHC's mission of patient service, education, and research.

University of Minnesota Hospital and Clinic

1990-91 Actual Revenue Summary

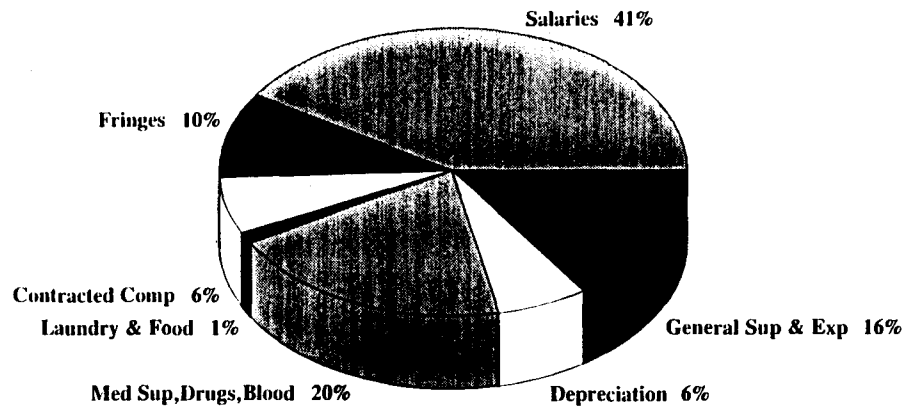


1991-92 Preliminary Revenue Summary

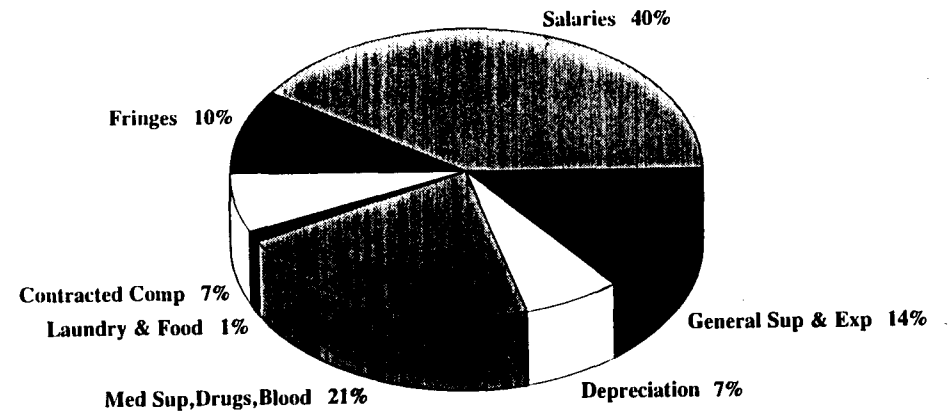


University of Minnesota Hospital and Clinic

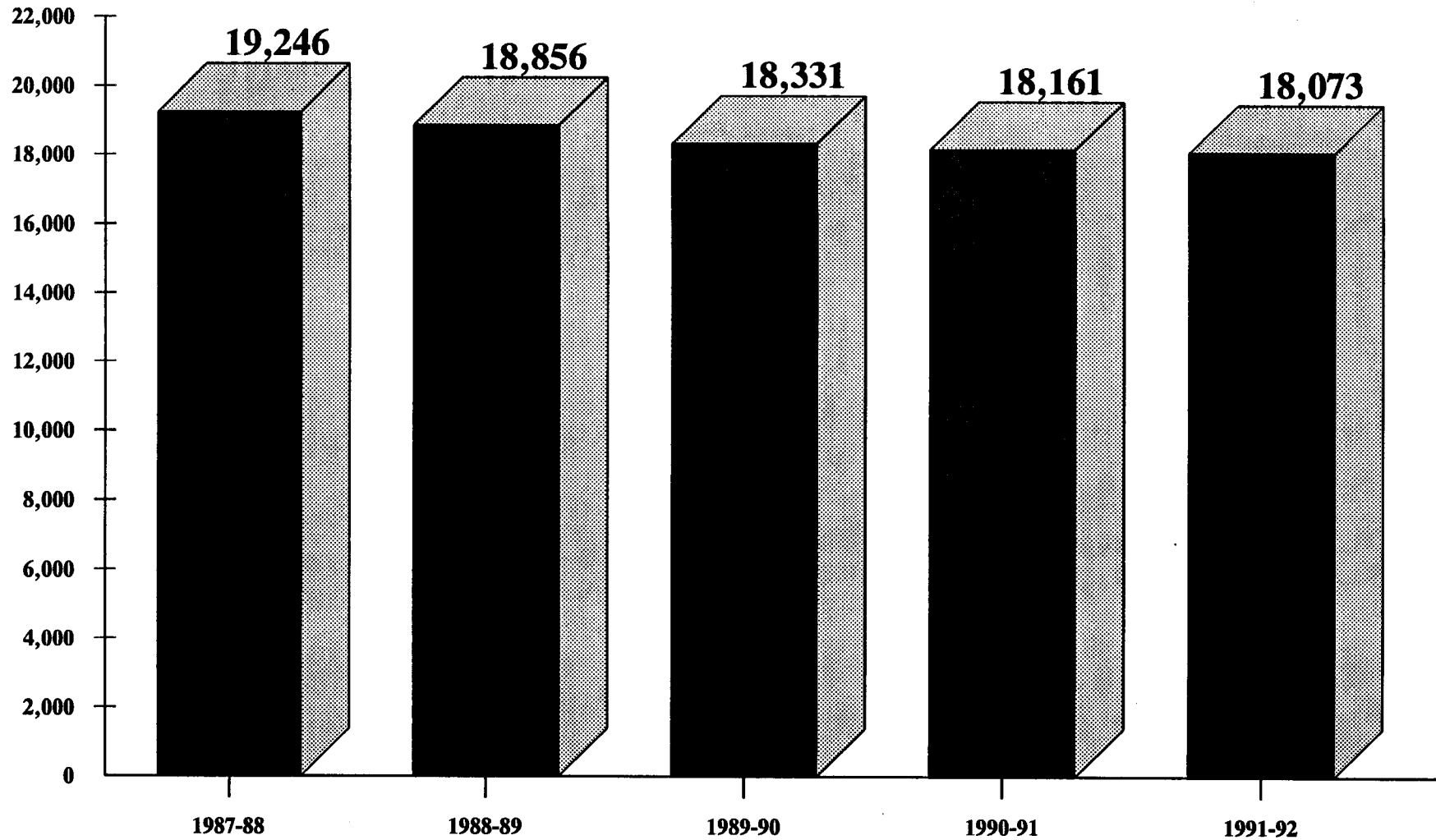
1990-91 Actual Expense Summary



1991-92 Preliminary Expense Summary



University of Minnesota Hospital and Clinic Admissions 1987-88 through 1991-92



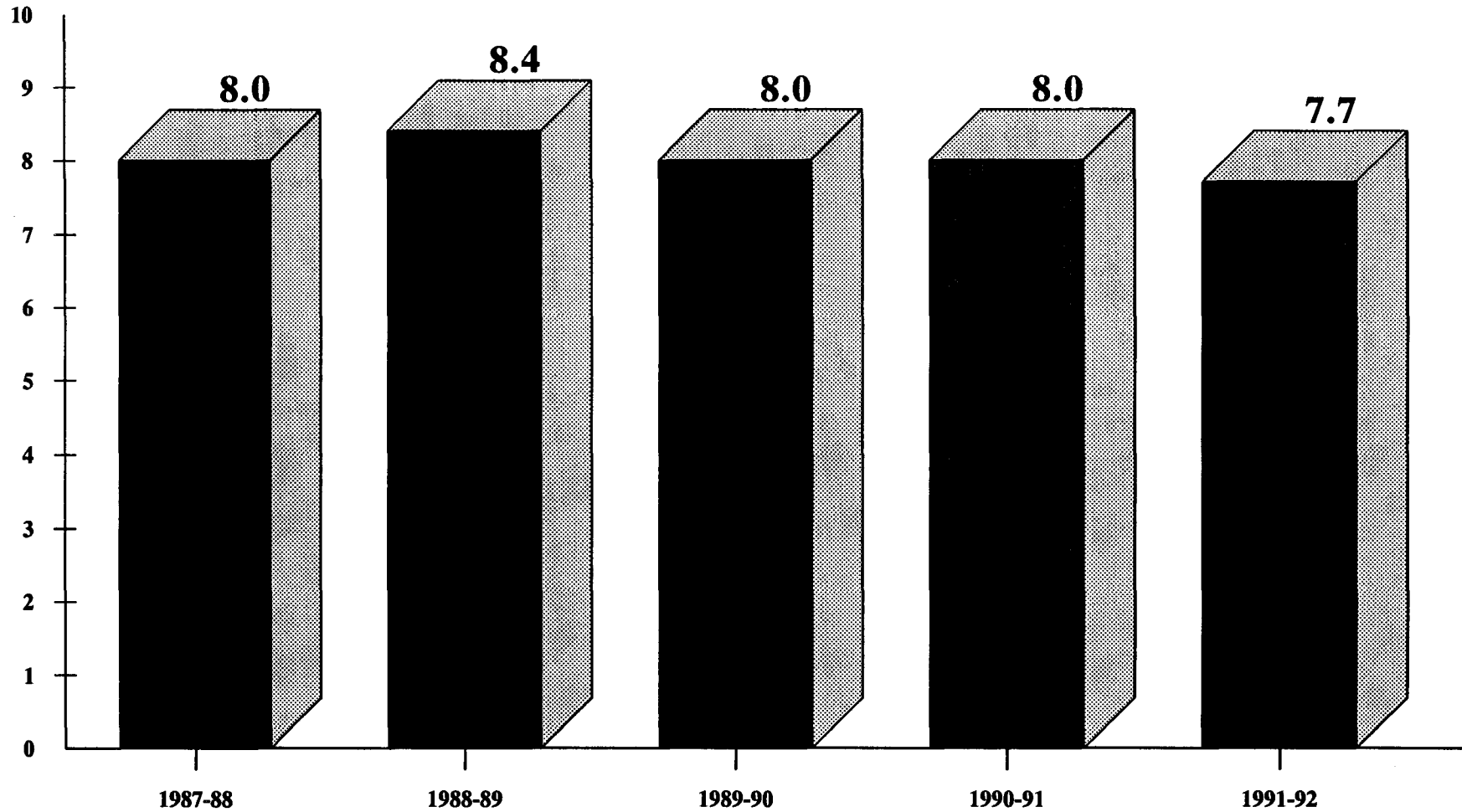
University of Minnesota Hospital & Clinic
 Inpatient Admissions by Clinical Service
 For Fiscal Years 1987-88 through 1991-92

Admissions	1987-88	1988-89	1989-90	1990-91	1991-92
Clinical Research	434	416	360	361	321
Dentistry	56	47	39	66	81
Dermatology	24	32	21	13	15
Family Practice	27	24	26	36	130
Gynecology	1,336	1,249	1,477	1,330	1,128
Medicine	4,354	4,660	4,226	4,462	4,756
Neurology	367	357	294	359	365
Neurosurgery	898	937	946	1,027	1,169
Newborn	345	354	358	349	328
Obstetrics	575	586	560	552	512
Ophthalmology	968	574	443	464	401
Orthopedics	1,193	1,205	1,107	1,116	1,143
Otolaryngology	447	415	403	412	374
Pediatrics	3,080	3,024	3,314	3,122	2,894
PM & R	173	206	206	192	177
Psychiatry - Adult	827	854	824	806	757
Psychiatry - Child	95	91	56	76	93
Surgery	3,093	2,960	2,956	2,831	2,862
Urology	943	839	688	557	546
Other	<u>11</u>	<u>26</u>	<u>27</u>	<u>30</u>	<u>21</u>
Total	19,246	18,856	18,331	18,161	18,073

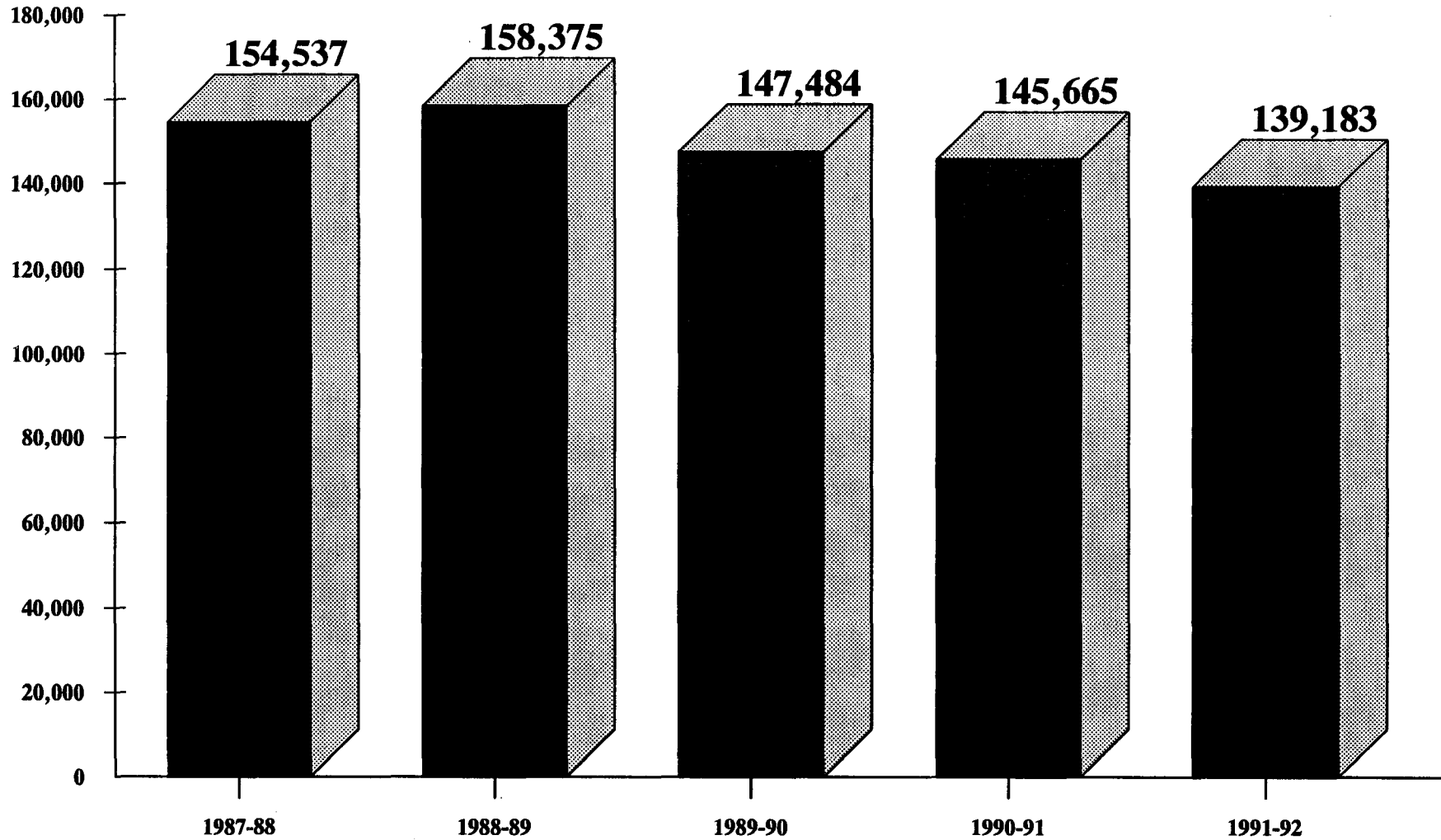
University of Minnesota Hospital and Clinic

Average Length of Stay

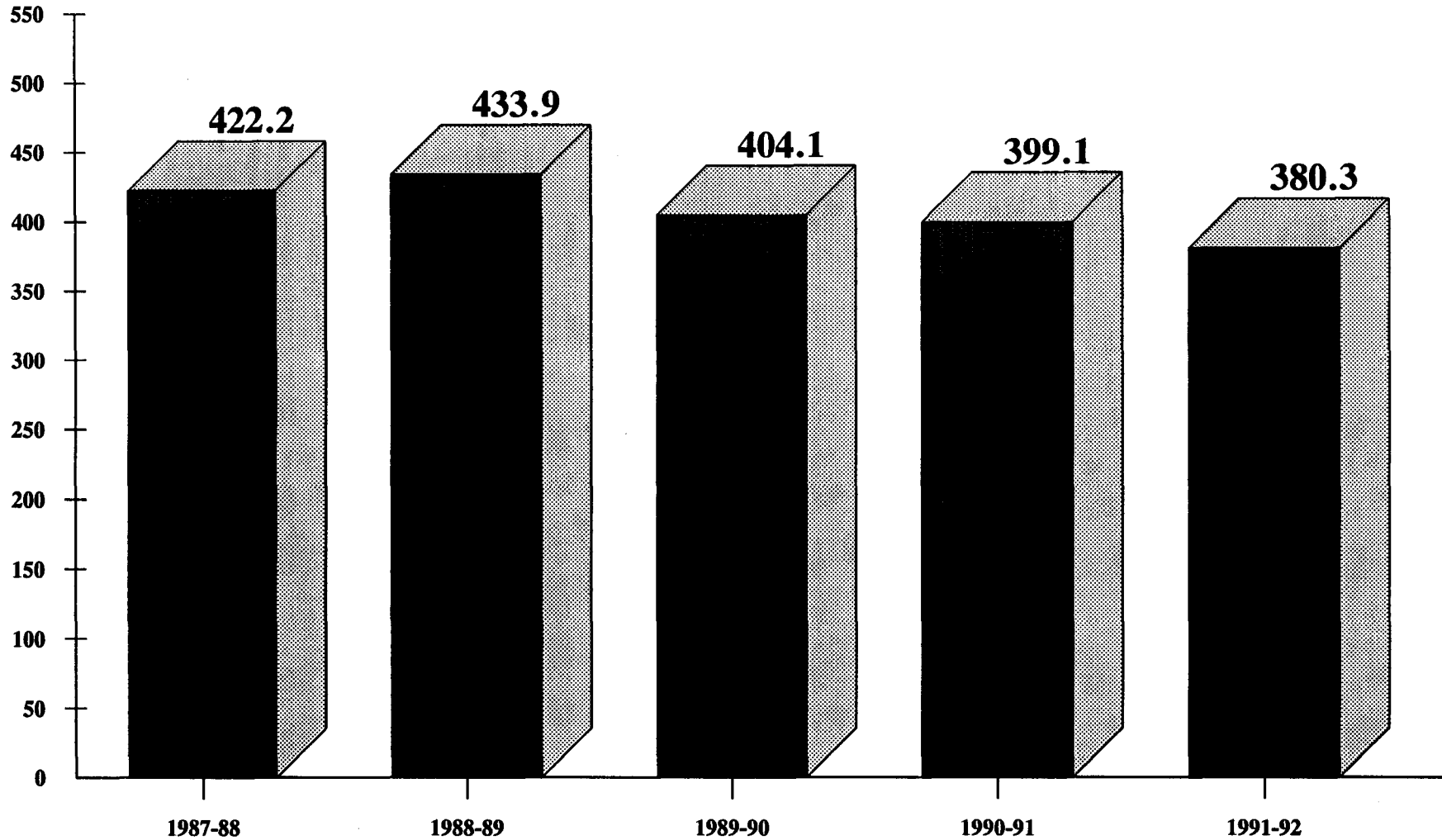
1987-88 through 1991-92



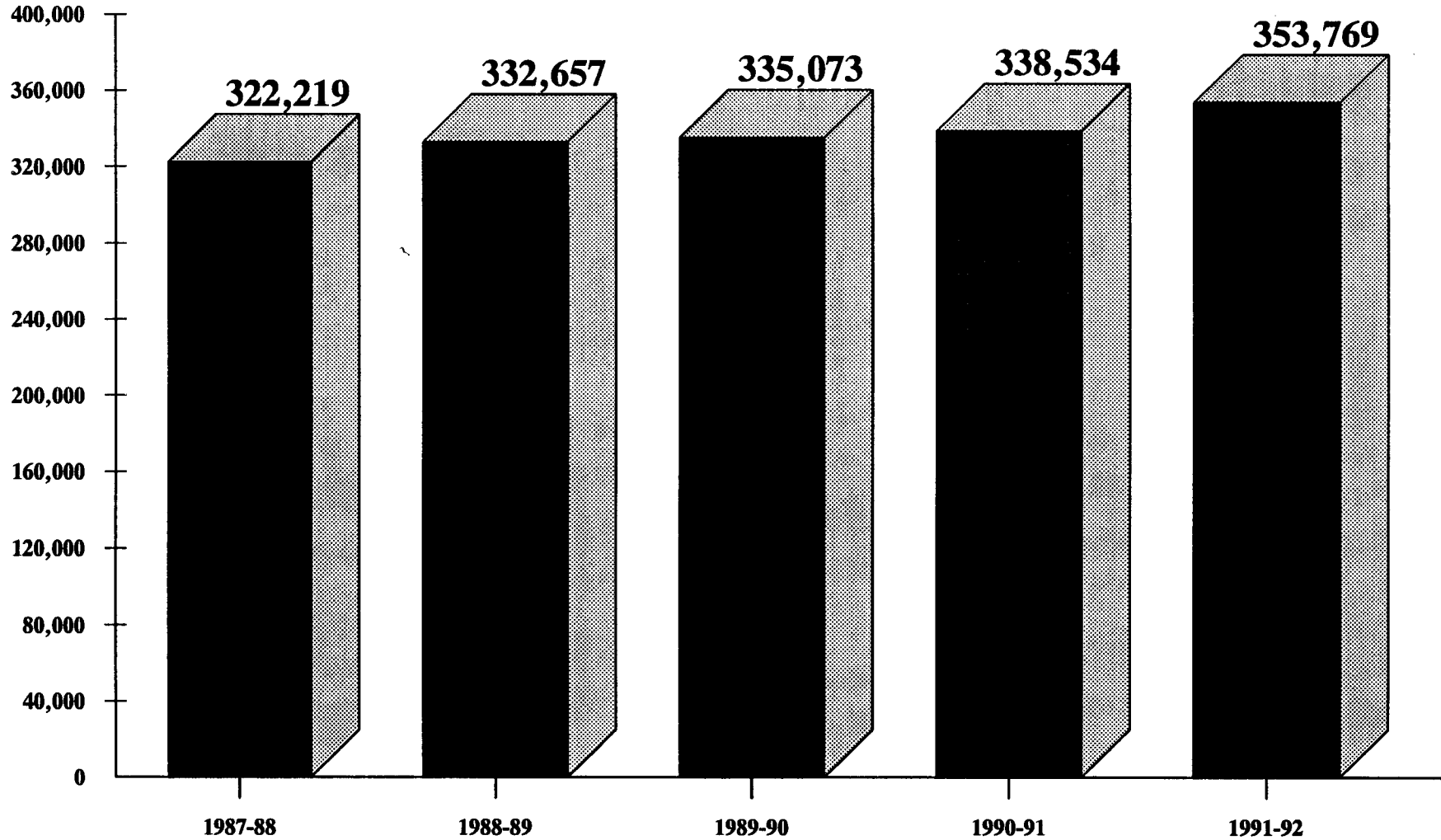
University of Minnesota Hospital and Clinic Patient Days 1987-88 through 1991-92



University of Minnesota Hospital and Clinic Average Daily Census 1987-88 through 1991-92



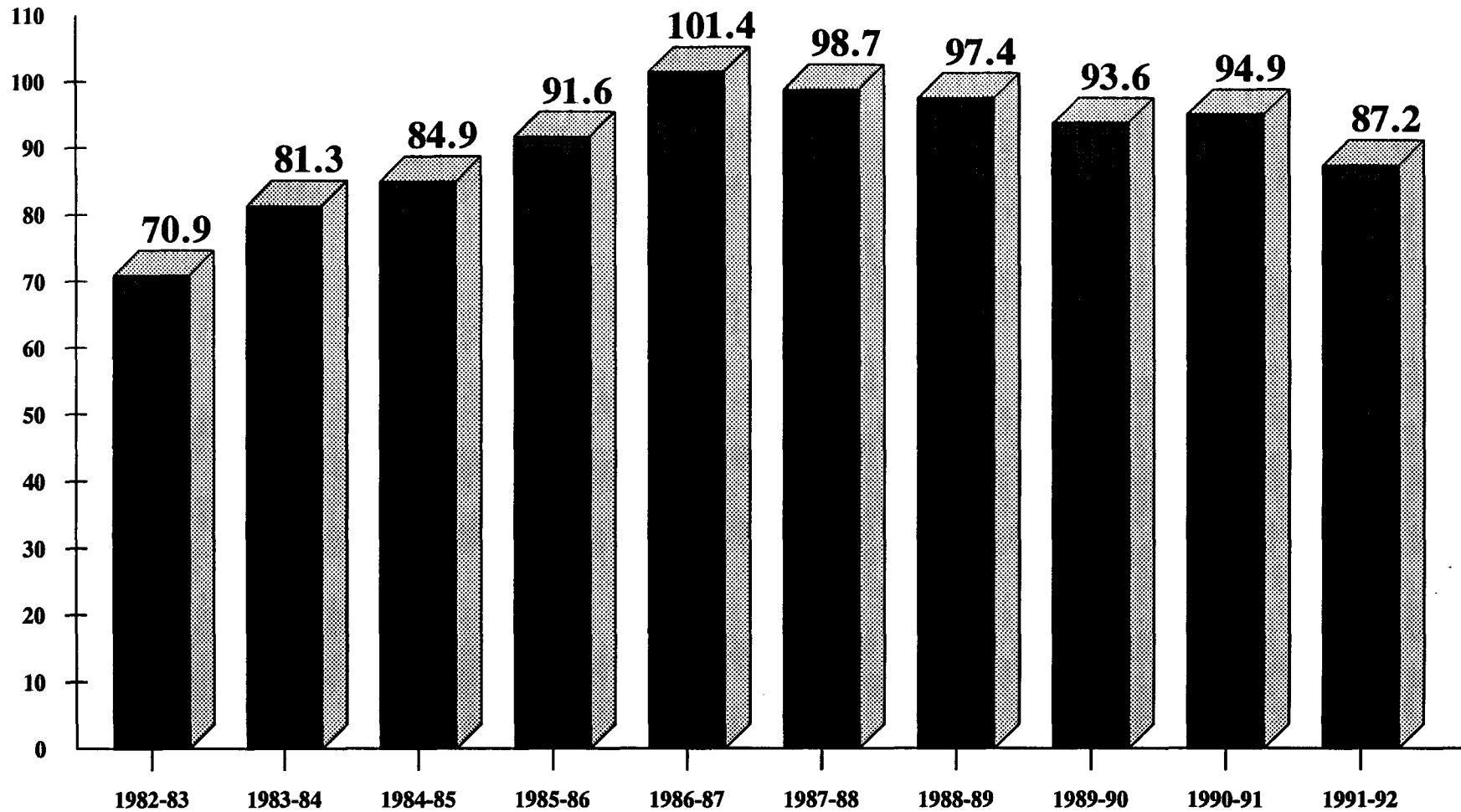
University of Minnesota Hospital and Clinic Outpatient Encounters 1987-88 through 1991-92



University of Minnesota Hospital & Clinic
Outpatient Encounters
For Fiscal Years 1987–88 through 1991–92

Clinical Service	1987–88	1988–89	1989–90	1990–91	1991–92
Ambulatory Surgery	3,631	3,030	2,777	2,710	3,288
Dentistry	5,270	5,524	3,759	4,747	4,563
Dermatology	13,854	16,313	15,721	15,426	15,322
Emergency Room	15,401	16,938	19,300	20,677	20,954
Family Practice	9,882	11,646	11,196	12,123	15,816
Gynecology	17,886	15,127	13,939	13,563	13,831
Heart Cath Lab	0	0	0	0	2,145
Medicine	45,400	49,859	51,985	54,272	54,160
Neurology	4,595	4,569	4,987	5,962	6,464
Neurosurgery	3,982	3,991	4,099	3,998	4,339
Obstetrics	2,595	2,429	2,194	2,003	1,568
Ophthalmology	26,905	23,576	22,382	21,260	21,789
Orthopedics	16,640	19,337	18,508	18,458	20,714
Otolaryngology	9,985	9,758	10,368	11,381	10,918
Pediatrics	14,600	15,547	15,967	15,969	16,310
PM & R	2,039	2,102	1,833	1,620	1,488
Psychiatry	24,405	26,368	24,881	27,055	25,375
Clinical Psych	4,215	4,182	4,923	4,531	5,111
Radiation Therapy	18,953	17,487	18,349	17,992	14,950
Rehabilitation	0	0	0	0	1,870
Surgery	14,731	15,458	15,433	15,825	16,856
Urology	<u>9,536</u>	<u>9,081</u>	<u>8,155</u>	<u>7,464</u>	<u>7,607</u>
	264,505	272,322	270,756	277,036	285,438
CUHCC	48,305	48,265	53,062	50,009	54,945
Home Health	<u>9,409</u>	<u>12,070</u>	<u>11,255</u>	<u>11,489</u>	<u>13,386</u>
Total	322,219	332,657	335,073	338,534	353,769

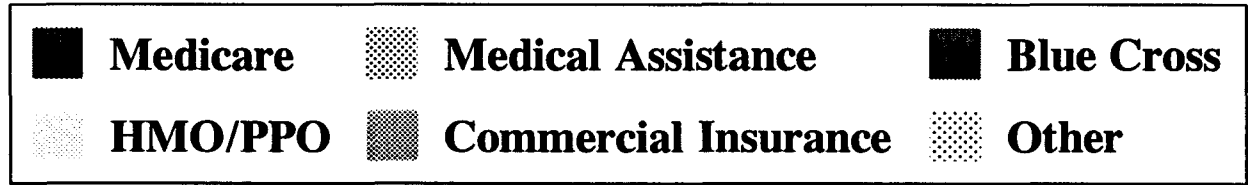
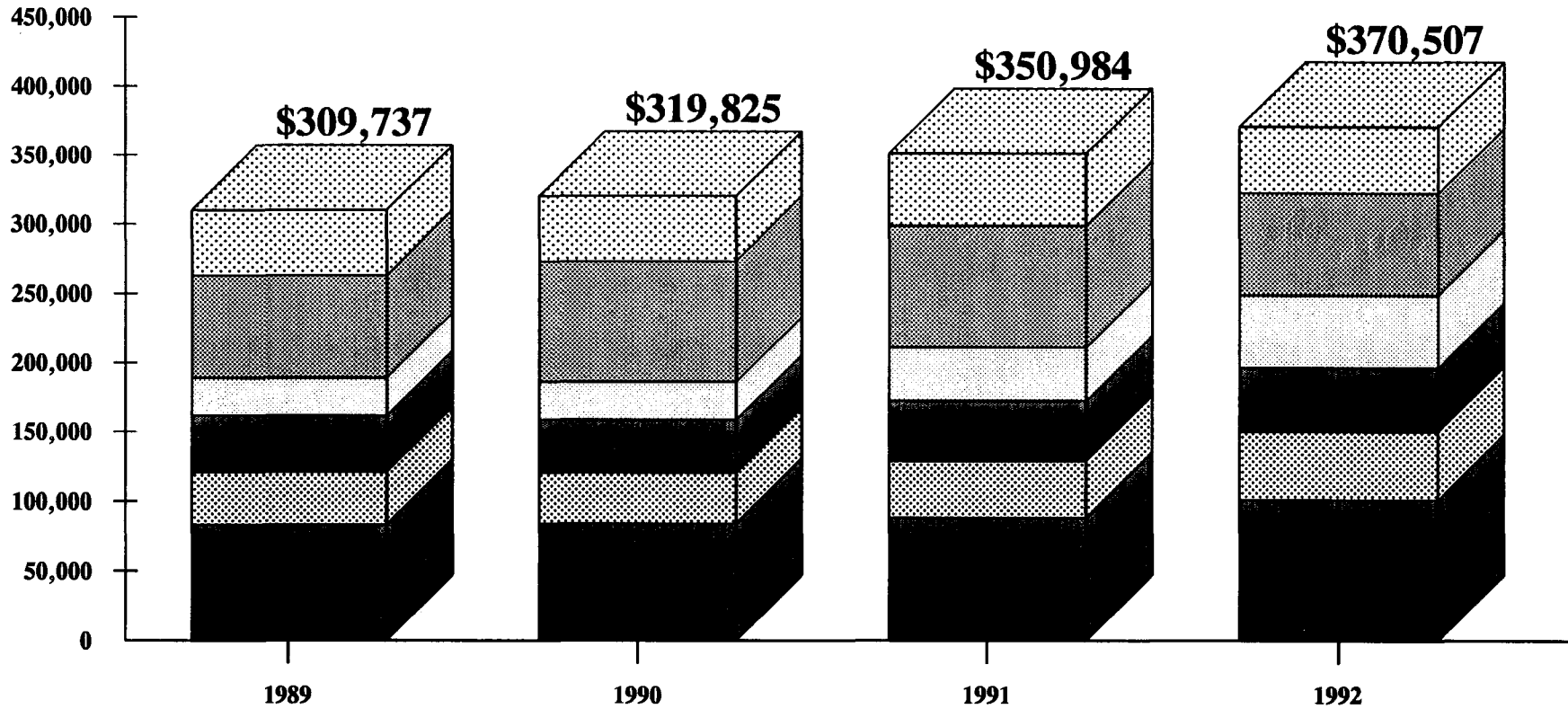
University of Minnesota Hospital and Clinic Revenue Days in Accounts Receivable 1982-83 through 1991-92



University of Minnesota Hospital and Clinic

Revenue by Payor (in 000s)

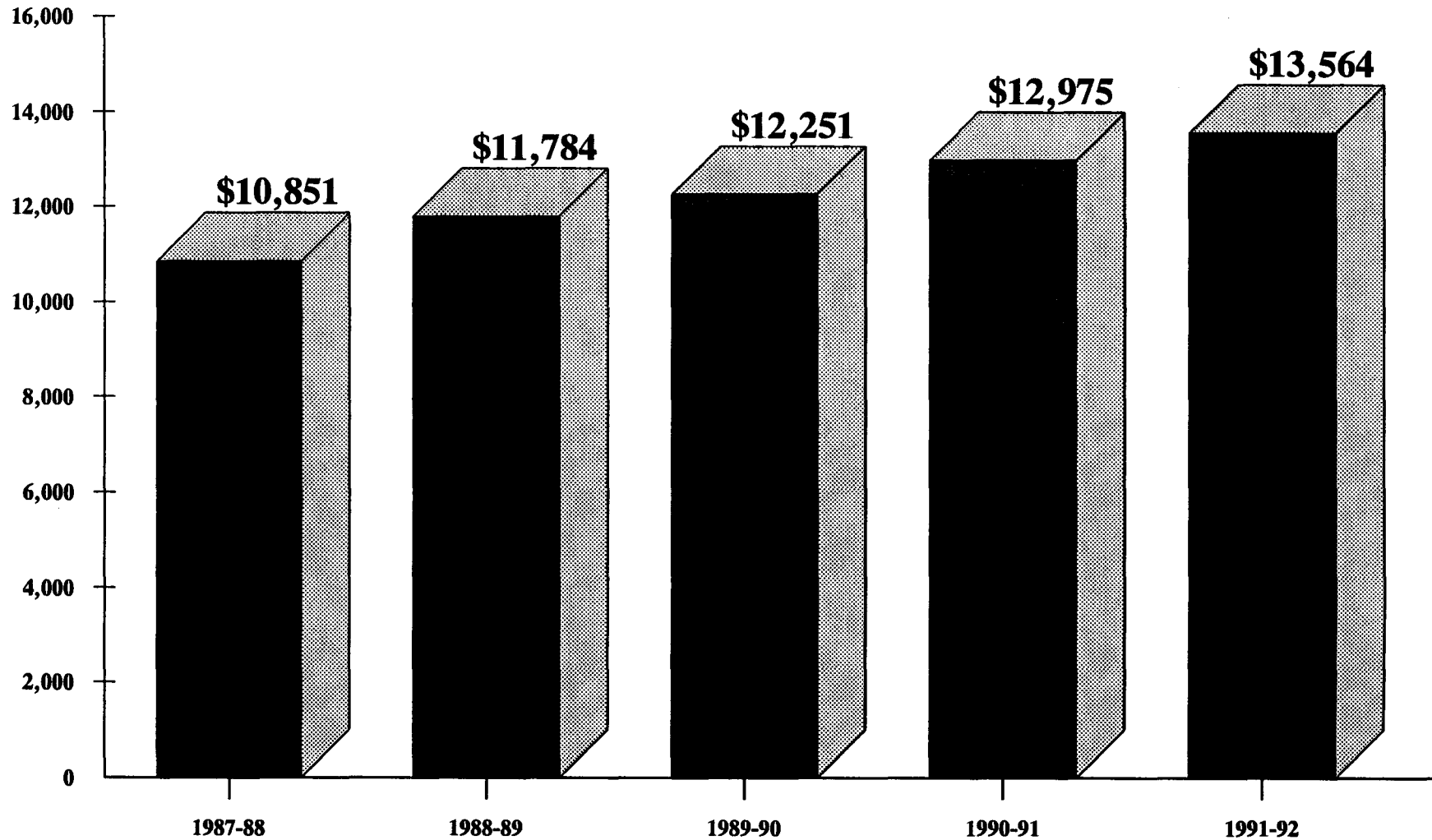
Fiscal Years 1989 through 1992



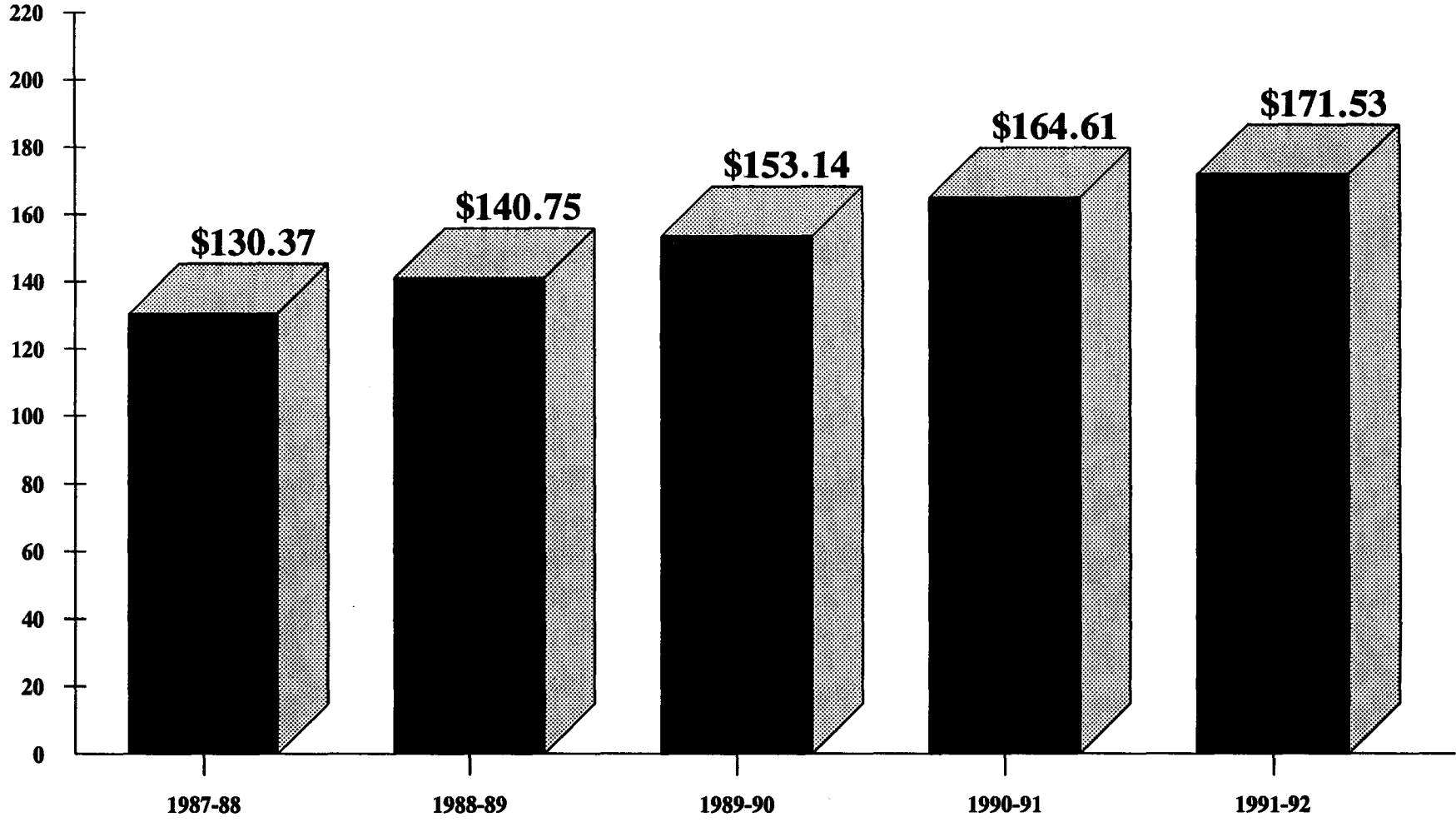
UNIVERSITY OF MINNESOTA HOSPITAL & CLINIC REVENUE BY PAYOR

	1989		1990		1991		1992	
	Amount in 1000s	% of Total	Amount in 1000s	% of Total	Amount in 1000s	% of Total	Amount in 1000s	% of Total
MEDICARE	\$83,229	26.9%	\$84,104	26.3%	\$88,097	25.1%	\$101,014	27.3%
MEDICAL ASSISTANCE	37,689	12.2%	36,305	11.4%	40,775	11.6%	49,054	13.2%
BLUE CROSS	40,637	13.1%	37,998	11.9%	43,207	12.3%	45,892	12.4%
HMO/PPO	27,369	8.8%	27,520	8.6%	38,711	11.0%	52,430	14.2%
COMMERCIAL INSURANCE	74,001	23.9%	86,965	27.2%	87,580	25.0%	73,524	19.8%
OTHER	46,812	15.1%	46,933	14.7%	52,614	15.0%	48,593	13.1%
	<u>\$309,737</u>	<u>100.0%</u>	<u>\$319,825</u>	<u>100.0%</u>	<u>\$350,984</u>	<u>100.0%</u>	<u>\$370,507</u>	<u>100.0%</u>

University of Minnesota Hospital and Clinic Inpatient Cost per Admission 1987-88 through 1991-92



University of Minnesota Hospital and Clinic Outpatient Cost per Encounter 1987-88 through 1991-92



PRELIMINARY

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

	1990-91	1991-92	1991-92	Variance	Variance
	Actual	Budgeted	Actual	Over/(Under) Budget	%
Gross Patient Revenue	\$350,984,000	\$375,569,000	\$370,507,000	(\$5,062,000)	-1.3%
Deductions From Revenue	84,654,000	92,622,000	98,200,000	5,578,000	6.0%
Net Patient Service Revenue	266,330,000	282,947,000	272,307,000	(10,640,000)	-3.8%
Other Operating Revenue					
Appropriation & Support	16,015,000	13,380,000	13,611,000	231,000	1.7%
Other Revenue	11,530,000	11,942,000	11,601,000	(341,000)	-2.9%
Total Other Revenue	27,545,000	25,322,000	25,212,000	(110,000)	-0.4%
Total Revenue From Operations	293,875,000	308,269,000	297,519,000	(10,750,000)	-3.5%
Operating Expenses:					
Salaries	120,762,000	126,698,000	123,184,000	(3,514,000)	-2.8%
Fringe Benefits	27,867,000	30,675,000	29,669,000	(1,006,000)	-3.3%
Contract Compensation	18,572,000	20,030,000	19,945,000	(85,000)	-0.4%
Supplies And Services	62,555,000	70,695,000	68,904,000	(1,791,000)	-2.5%
Utilities And Maintenance	11,454,000	11,600,000	12,213,000	613,000	5.3%
General Supplies & Expense	17,179,000	18,964,000	17,468,000	(1,496,000)	-7.9%
Insurance	2,247,000	1,874,000	1,528,000	(346,000)	-18.5%
Depreciation & Amortization	18,509,000	19,612,000	20,126,000	514,000	2.6%
Interest	12,103,000	11,476,000	11,366,000	(110,000)	-1.0%
Provision For Uncollectibles	2,843,000	2,982,000	1,422,000	(1,560,000)	-52.3%
Total Operating Expenses	294,091,000	314,606,000	305,825,000	(8,781,000)	-2.8%
Net Revenue From Operations	(216,000)	(6,337,000)	(8,306,000)	(1,969,000)	
Nonoperating Gains:					
Investment Income	12,283,000	11,557,000	9,254,000	(2,303,000)	-19.9%
Revenue And Gains In Excess Of Expense	<u>\$12,067,000</u>	<u>\$5,220,000</u>	<u>\$948,000</u>	<u>(\$4,272,000)</u>	

	1990-91	1991-92	1991-92	Variance	Variance
	Actual	Budgeted	Actual	Over/(Under) Budget	%
Admissions	18,161	18,335	18,073	(262)	-1.4%
Patient Days	145,665	147,862	139,183	(8,679)	-5.9%
Average Length Of Stay	8.0	8.1	7.7	(0.4)	-4.9%
Average Daily Census	399.1	403.9	380.3	(23.6)	-5.8%
Percentage Occupancy	69.3	70.1	67.2	(2.9)	-4.1%
Outpatient Encounters	338,534	348,437	353,769	5,332	1.5%

PRELIMINARY

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UNIVERSITY OF MINNESOTA HOSPITAL AND CLINIC

BALANCE SHEETS

JUNE 30, 1992 AND JUNE 30, 1991

ASSETS	6/30/92	6/30/91	LIABILITIES AND FUND BALANCES	6/30/92	6/30/91
<u>General Funds</u>			<u>General Funds</u>		
Current assets:			Current liabilities:		
Cash and cash equivalents	\$ 44,247,000	\$ 40,577,000	Current maturities of long-term debt and capital lease obligations	\$ 3,141,000	\$ 3,157,000
Receivables:			Accounts payable	26,256,000	25,240,000
Patient services, net of allowances and uncollectible accounts of \$32,575,000 in 1992 and \$31,623,000 in 1991.	72,209,000	74,262,000	Due to third-party payors	16,890,000	16,286,000
State appropriations	1,173,000	1,326,000	Accrued liabilities:		
Other	2,274,000	1,795,000	Salaries, wages and employee benefits	19,931,000	19,067,000
Inventories	5,291,000	4,723,000	Interest	4,299,000	4,684,000
Prepaid expenses and other	767,000	1,061,000	Construction retainages	139,000	307,000
Total current assets	<u>125,961,000</u>	<u>123,744,000</u>	Total current liabilities	<u>70,656,000</u>	<u>68,741,000</u>
Assets whose use is limited:					
By board for property and equipment replacement and expansion	118,699,000	119,104,000	Long-term debt and capital leases obligations, less current maturities	166,455,000	165,282,000
Under bond indenture agreement held by trustee	17,612,000	19,108,000	Fund balance	198,513,000	198,055,000
Total assets whose use is limited	<u>136,311,000</u>	<u>138,212,000</u>			
Property and equipment, net	156,556,000	162,335,000			
Other assets:					
Long-term portion promissory note:	4,355,000				
Deferred third-party reimbursement	5,738,000	6,404,000			
Deferred financing costs	925,000	1,009,000			
Other	5,778,000	374,000			
Total other assets	<u>16,796,000</u>	<u>7,787,000</u>			
TOTAL ASSETS	\$ <u>435,624,000</u>	\$ <u>432,078,000</u>	TOTAL LIABILITIES AND FUND BALANCE	\$ <u>435,624,000</u>	\$ <u>432,078,000</u>
<u>Restricted Funds</u>			<u>Fund balances:</u>		
Investments	8,162,000	7,416,000	Endowment funds	2,776,000	2,553,000
	<u>8,162,000</u>	<u>7,416,000</u>	Specific purpose funds	5,386,000	4,863,000
	\$ <u>8,162,000</u>	\$ <u>7,416,000</u>		\$ <u>8,162,000</u>	\$ <u>7,416,000</u>

PRELIMINARY

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UNIVERSITY OF MINNESOTA HOSPITAL & CLINIC
STATEMENT OF CASH FLOWS OF GENERAL FUNDS
FOR THE PERIOD JULY 1, 1991 TO JUNE 30, 1992

OPERATING ACTIVITIES AND NONOPERATING REVENUES:

Revenue and gain in excess of expenses	<u>\$948,000</u>
Adjustments to reconcile revenue and gain in excess of expenses to net cash provided by operating activities and gain:	
Depreciation and amortization	20,126,000
Unreimbursed University general and administrative services	211,000
Decrease in receivables	1,938,000
Increase in accounts payable	652,000
Increase in net amounts due to third-party payors	604,000
Increase in accrued liabilities	311,000
Increase in inventories	(568,000)
Increase in prepaid expenses and other assets	140,000
Decrease in deferred third-party reimbursement	<u>667,000</u>
 Total adjustments	 <u>24,081,000</u>
 Net cash provided by operating activities and gain	 <u>\$25,029,000</u>

INVESTING ACTIVITIES:

Acquisition of property, plant and equipment	(\$14,753,000)
Fund transferred from other sources	<u>17,000</u>
Cash outflows for property & plant	(14,736,000)
 Cash outflows for acquisition	 (5,243,000)
 Decrease in assets whose use is limited	 <u>1,900,000</u>
Net cash used in investing activities	(\$18,079,000)

FINANCING ACTIVITIES:

Repayment of long-term debt	(\$2,490,000)
Repayment of notes payable	<u>(790,000)</u>
	<u>(\$3,280,000)</u>
 Increase in cash and equivalents	 \$3,670,000
 Cash and cash equivalents at June 30, 1991	 <u>\$40,577,000</u>
 Cash and equivalents at June 30, 1992	 <u>\$44,247,000</u>

PRELIMINARY

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UNIVERSITY OF MINNESOTA HOSPITAL AND CLINIC
STATEMENT OF CHANGES IN FUND BALANCES
FOR THE PERIOD JULY 1, 1991 THROUGH JUNE 30, 1992

	General	Donor Restricted Funds	
		Specific	Endowment
Balance at beginning of year	\$198,055,000	\$4,863,000	\$2,553,000
Additions:			
Revenue and gain in excess of expenses	948,000		
Unreimbursed University general and administrative services	211,000		
Adjustment to Shared Building	(718,000)		
Transfer to finance property and equipment additions	17,000	(17,000)	
Gifts and investment income		750,000	271,000
Deductions:			
Disbursements		(127,000)	(6,000)
Transfer for operations		(11,000)	
Fund balance transfer to non-hospital University funds		(72,000)	
Market Evaluation			(42,000)
Balance at end of period	<u>\$198,513,000</u>	<u>\$5,386,000</u>	<u>\$2,776,000</u>

UNIVERSITY OF MINNESOTA HOSPITAL AND CLINIC

CAPITAL EXPENDITURES

7-1-91 THRU 6-30-92

<u>RECURRING EQUIP & REMOD</u>	<u>BUDGET</u>	<u>ROLLFORWARD</u> <u>FROM 6-30-91</u>	<u>TOTAL</u>	<u>91-92</u> <u>ACTUAL</u>	<u>90-91</u> <u>ROLLFORWARD</u>	<u>TOTAL</u>
EQUIPMENT PURCHASES						
91-92 BUDGET	\$6,818,850		\$6,818,850	\$3,488,872	\$0	\$3,488,872
ROLLFORWARD		\$4,871,763	\$4,871,763	\$0	\$2,402,288	\$2,402,288
	<u>\$6,818,850</u>	<u>\$4,871,763</u>	<u>\$11,690,613</u>	<u>\$3,488,872</u>	<u>\$2,402,288</u>	<u>\$5,891,160</u>
REMODELING PROJECTS						
91-92 BUDGET	\$1,692,150		\$1,692,150	\$431,078		\$431,078
ROLLFORWARD		\$1,446,000	\$1,446,000		\$748,339	\$748,339
	<u>\$1,692,150</u>	<u>\$1,446,000</u>	<u>\$3,138,150</u>	<u>\$431,078</u>	<u>\$748,339</u>	<u>\$1,179,417</u>
	<u>\$8,511,000</u>	<u>\$6,317,763</u>	<u>\$14,828,763</u>	<u>\$3,919,950</u>	<u>\$3,150,627</u>	<u>\$7,070,577</u>
PRINCIPLE PAYMENTS						
LAB CHEMICAL ANALIZERS	\$126,841		\$126,841	\$118,467		\$118,467
CT SCANNER	\$71,575		\$71,575	\$71,575		\$71,575
COMPUTER EQUIP	\$139,517		\$139,517	\$135,033		\$135,033
MRI 2	\$462,648		\$462,648	\$461,005		\$461,005
	<u>\$800,581</u>		<u>\$800,581</u>	<u>\$786,081</u>		<u>\$786,081</u>
TOTAL:	<u>\$9,311,581</u>		<u>\$15,629,344</u>	<u>\$4,706,031</u>		<u>\$7,856,658</u>

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

<u>CAPITAL PROJECTS:</u>	<u>UMHC</u> <u>FUNDS FROM</u> <u>RESERVES</u>	<u>ADDITIONAL</u> <u>FUNDS FROM</u> <u>OTHER SOURCES</u>	<u>TOTAL</u> <u>BUDGET</u>	<u>1st QUARTER</u> <u>EXPEND.</u> <u>1991-92</u>	<u>2nd QUARTER</u> <u>EXPEND.</u> <u>1991-92</u>	<u>3rd QUARTER</u> <u>EXPEND.</u> <u>1991-92</u>	<u>4th QUARTER</u> <u>EXPEND.</u> <u>1991-92</u>	<u>CURRENT &</u> <u>PRIOR YEAR(C</u> <u>EXPENDITURE</u>
(1) ARCHITECT FEES PH II				\$104,166	\$274,038	\$276,791	(\$0)	\$301,55
(1) AUTOPSY	\$415,000		\$415,000	\$86,365	\$32,933	\$56,046	\$382	\$358,84
(1) OB INPT. (TEMP)	\$370,000		\$370,000	\$119,782	\$43,721	\$10,224	(\$910)	\$326,04
(1) REHAB THERAPY SAT.	\$240,000		\$240,000			\$6,554	\$6,708	\$13,26
(1) PYSCH. TEMP RENOV.	\$100,000		\$100,000			\$14,476	\$1,714	\$16,19
(1) UROLOGY TEMP.	\$100,000		\$100,000			\$3,618	\$396	\$4,01
(1) MAYO CODE/ABESTOS	\$2,500,000		\$2,500,000				\$5,528	\$5,52
BMT/ICU 4F	\$100,000		\$100,000	\$1,874	\$1,689		\$0	\$89,30
BONE MARROW TRAN. EXP.	\$220,000		\$220,000	\$8,900	\$116,071	\$174,945	\$0	\$303,38
NEURO-ANGIOGRAPHY SYST	\$1,900,000		\$1,900,000	\$1,345,114	\$73,928	\$346,988	\$9,529	\$1,805,55
CUHCC	\$1,800,000	\$550,000	\$2,350,000	\$15,036	(\$15,306)	\$46,266	\$6,033	\$2,275,06
COMPUTER UPGRADE	\$4,348,000		\$4,348,000	\$28,338	\$209,219	\$492,294	\$205,197	\$1,675,48
AF15 SOFTWARE LICENSE	\$783,000		\$783,000	\$782,157				\$782,15
HEART CATH ROOM	\$3,100,000		\$3,100,000		\$1,515,073	\$781,603	\$392,851	\$2,702,63
LINEAR ACCELERATOR	\$2,100,000		\$2,100,000				\$344,545	\$344,54
MRI	\$3,000,000		\$3,000,000				\$1,820	\$1,82
TOTAL	<u>\$21,076,000</u>	<u>\$550,000</u>	<u>\$21,626,000</u>	<u>\$2,491,733</u>	<u>\$2,251,367</u>	<u>\$2,209,805</u>	<u>\$973,791</u>	<u>\$11,005,38</u>

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

* ARCHITECT FEES AND CONSTRUCTION MANAGER FEES ASSOCIATED WITH PHASE II PLANS TOTAL \$1,728,000. OF THIS AMOUNT \$1,426,704 HAS BEEN ABANDONED AND WRITTEN-OFF IN 1991-92.

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

CLINICAL SERVICE	ADMISSIONS							AVERAGE LENGTH OF STAY		
	1990/91		1991/92		CHANGE % CHANGE			1990/91	1991/92	CHANGE
	JUNE YTD ACTUAL	JUNE YTD BUDGET	JUNE YTD ACTUAL	VARIANCE	% VARIANCE	FROM PRIOR YR	FROM PRIOR YR	JUNE YTD ALOS	JUNE YTD ALOS	
ANESTHESIOLOGY	1	0	1	1		0	0.0%	0.0	1.5	1.5
CLINICAL RESEARCH	361	401	321	(80)	-20.0%	(40)	-11.1%	3.4	3.1	(0.3)
DENTISTRY	6	6	3	(3)	-50.0%	(3)	-50.0%	0.5	2.3	1.8
ORAL SURGERY	60	49	78	29	59.2%	18	30.0%	1.7	1.6	(0.1)
DERMATOLOGY	13	14	15	1	7.1%	2	15.4%	4.1	6.8	2.7
FAMILY PRACTICE	36	24	130	106	441.7%	94	261.1%	4.4	3.4	(1.0)
GYNECOLOGY	1,330	1,436	1,128	(308)	-21.4%	(202)	-15.2%	4.9	4.6	(0.3)
MEDICINE	4,462	4,487	4,756	269	6.0%	294	6.6%	6.4	6.4	0.0
NEWBORN	349	362	328	(34)	-9.4%	(21)	-6.0%	2.3	1.9	(0.4)
NEUROLOGY	359	326	365	39	12.0%	6	1.7%	6.3	6.4	0.1
NEUROSURGERY	1,027	978	1,169	191	19.5%	142	13.8%	6.0	5.7	(0.3)
OBSTETRICS	552	561	512	(49)	-8.7%	(40)	-7.2%	3.0	3.0	0.0
OPHTHALMOLOGY	464	468	401	(67)	-14.3%	(63)	-13.6%	2.9	2.6	(0.3)
ORTHOPEDICS	1,116	1,103	1,143	40	3.6%	27	2.4%	5.6	5.4	(0.2)
OTOLARYNGOLOGY	412	408	374	(34)	-8.3%	(38)	-9.2%	4.4	4.1	(0.3)
PEDIATRICS	3,122	3,231	2,894	(337)	-10.4%	(228)	-7.3%	10.0	8.9	(1.1)
PHYSICAL MEDICINE & REHAB	192	212	177	(35)	-16.5%	(15)	-7.8%	18.9	18.3	(0.6)
PSYCHIATRY ADULT	806	787	757	(30)	-3.8%	(49)	-6.1%	14.3	14.6	0.3
PSYCHIATRY CHILD	76	62	93	31	50.0%	17	22.4%	22.8	25.0	2.2
RADIATION THERAPY	0	0	1	1		1		0.0	1.00	1.0
RADIOLOGY	29	25	19	(6)	-24.0%	(10)	-34.5%	1.4	1.4	0.0
SURGERY	2,831	2,891	2,862	(29)	-1.0%	31	1.1%	9.5	9.4	(0.1)
UROLOGY	557	504	546	42	8.3%	(11)	-2.0%	4.7	4.8	0.1
TOTAL	18,161	18,335	18,073	(262)	-1.4%	(88)	-0.5%	8.0	7.7	(0.3)

UNIVERSITY OF MINNESOTA

The University of Minnesota Hospital and Clinic

Harvard Street at East River Parkway
Minneapolis, MN 55455

August 27, 1992

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

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

INPATIENT CENSUS: For the month of July, inpatient admissions totaled 1,582 which was 65 over budgeted admissions of 1,517. Our overall average length of stay for the month was 7.4 days. Patient days for July totaled 11,808 and were 316 days under budget. The areas in which admissions were most significantly over budget were Pediatrics, Medicine, and Surgery.

OUTPATIENT CENSUS: Outpatient encounters (including CUHCC and Home Health) for the month of July totaled 32,704 which was 2,746, or 9.2%, more than budgeted visits of 29,958. Other areas in which encounters were significantly over budget include Surgery, Sports Medicine, Ophthalmology, and Rehabilitation. Only the Family Practice clinic showed a significant variance under budget.

To recap our census:

Monthly Data					YTD Data					
91/92	92/93	92/93		%		91/92	92/93	92/93		%
<u>Actual</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Var</u>		<u>Actual</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Var</u>
1,640	1,517	1,582	65	4.3	Admissions	1,640	1,517	1,582	65	4.3
12,664	12,124	11,808	(316)	(2.6)	Patient Days	12,664	12,124	11,808	(316)	(2.6)
8.1	8.0	7.4	(0.6)	(7.5)	Avg Length of Stay	8.1	8.0	7.4	(0.6)	(7.5)
408.5	391.1	380.9	(10.2)	(2.6)	Avg Daily Census	408.5	391.1	380.9	(10.2)	(2.6)
71.6	69.7	67.9	(1.8)	(2.6)	Percent Occupancy	71.6	69.7	67.9	(1.8)	(2.6)
30,089	29,958	32,704	2,746	9.2	Outpt Encounters	30,089	29,958	32,704	2,746	9.2

REPORT OF OPERATIONS
July 1992
PAGE 2

FINANCIAL OPERATIONS: The Hospital's Statement of Operations shows revenues being greater than expenses by \$1,309,000, a favorable variance of \$729,000.

Patient care charges through July totaled \$34,592,000, which was 3.0% over budget. Ancillary revenue was \$1,076,000 (4.5%) over budget and routine revenue was \$60,000 (0.6%) below budget. Inpatient revenue averaged \$16,744 per admission compared to the budgeted average of \$17,585. Outpatient revenue per outpatient encounter averaged \$248 per visit compared to the budgeted average of \$230.

Deductions from charges totaled \$9,369,000, which was \$674,000 (7.8%) over budgeted deductions of \$8,695,000. The variance is largely due to increased volume in our HMO/PPO patients. We have seen a significant increase in patient volumes for the Preferred One/Affordable Contract and other transplant contracts.

Operating expenditures through July totaled \$27,005,000 and were \$454,000 (1.7%) below budgeted levels of \$27,459,000. The overall favorable variance was primarily due to general supplies expense being less than anticipated for the month.

ACCOUNTS RECEIVABLE: The balance in net patient accounts receivable as of July 31, 1992, totaled \$73,346,000 and represented 87.37 days of revenue outstanding. The overall decrease in patient receivables in July is 0.2 days.

CONCLUSION: The Hospital's overall operating position for the month of July was positive. The outcome for July was favorable due to patient volumes being above budgeted levels while expenditures were below budget.

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

	1992-93 Budgeted	1992-93 Actual	Variance Over/(Under) Budget	Variance %
Gross Patient Revenue	\$33,577,000	\$34,592,000	\$1,015,000	3.0%
Deductions From Revenue	8,695,000	9,369,000	674,000	7.8%
Net Patient Service Revenue	24,882,000	25,223,000	341,000	1.4%
Other Operating Revenue				
Appropriation & Support	1,293,000	1,293,000	0	0.0%
Other Revenue	1,019,000	1,000,000	(19,000)	-1.9%
Total Other Revenue	2,312,000	2,293,000	(19,000)	-0.8%
Total Revenue From Operations	27,194,000	27,516,000	322,000	1.2%
Operating Expenses:				
Salaries	11,018,000	11,122,000	104,000	0.9%
Fringe Benefits	2,848,000	2,851,000	3,000	0.1%
Contract Compensation	1,662,000	1,666,000	4,000	0.2%
Supplies And Services	6,452,000	6,308,000	(144,000)	-2.2%
Utilities And Maintenance	1,033,000	1,003,000	(30,000)	-2.9%
General Supplies & Expense	1,563,000	1,234,000	(329,000)	-21.0%
Insurance	161,000	159,000	(2,000)	-1.2%
Depreciation & Amortization	1,578,000	1,469,000	(109,000)	-6.9%
Interest	854,000	893,000	39,000	4.6%
Provision For Uncollectibles	290,000	300,000	10,000	3.4%
Total Operating Expenses	27,459,000	27,005,000	(454,000)	-1.7%
Net Revenue From Operations	(265,000)	511,000	776,000	
Nonoperating Gains: Investment Income	845,000	798,000	(47,000)	-5.6%
Revenue And Gains In Excess Of Expense	<u>\$580,000</u>	<u>\$1,309,000</u>	<u>\$729,000</u>	

	1992-93 Budgeted	1992-93 Actual	Variance Over/(Under) Budget	Variance %
Admissions	1,517	1,582	65	4.3%
Patient Days	12,124	11,808	(316)	-2.6%
Average Length Of Stay	8.0	7.4	(0.6)	-7.5%
Average Daily Census	391.1	380.9	(10.2)	-2.6%
Percentage Occupancy	69.7	67.9	(1.8)	-2.6%
Outpatient Encounters	29,958	32,704	2,746	9.2%