UNIVERSITY OF MINNESOTA HOSPITALS AND CLINICS

BOARD OF GOVERNORS

BOARD OF GOVERNORS' MEETING

AND

GOVERNORS' COMMITTEE MEETINGS

FEBRUARY, 1984

OFFICE OF THE BOARD OF GOVERNORS

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University of Minnesota Hospitals and Clinics
Board of Governors
February 22, 1984
1:30 P.M.
555 Diehl Hall
University of Minnesota Campus

Agenda

I. Call to Order - Mr. David Cost, Board Chair

II. Nominating Committee Report - Mr. Robert Latz, Chair (Approval)

III. Chairman's Report (Information

IV. Minutes - January 25, 1984 (Approval)

V. Hospital Director's Report - Mr. C. Edward Schwartz, Hospital Director (Information

1. Regents Action on Hospital Items
   - Unit J Surplus
   - Hospital Purchasing
   - Cost Containment Task Force Report

2. Public Communication on the AWARE Program
   - MAPTH Advertisement
   - Letter to Minnesota Physicians

3. Recruitment Activities
   - Senior Associate Director of Strategic Planning & Marketing
   - Dean of the Medical School

4. Biomedical Ethics Committee

5. MAPTH Graduate Medical Education Cost Study

6. 2000th Kidney Transplant Recognition

7. Washington developments
   - Capital Reimbursement and PPS
   - Baby Doe legislation

8. Special Board of Governor Recognition
   - Mr. Virgil Moline
   - Ms. Timothy Vann

VI. Finance Committee Report - Mr. Al France, Committee Chair

A. Personnel Policies (Endorsement
B. January Year-to-Date Financial Statements (Discussion)
C. Cost Containment Task Force (Information
D. Audit Letter Recommendations (Information

VII. Medical Staff Bylaw Changes - Dr. Paul Quie (Approval)

VIII. Adjournment

Minutes

Board of Governors

University of Minnesota Hospitals and Clinics

January 25, 1984

CALL TO ORDER: Chairman David Cost called the January 25, 1984 meeting of the Board of Governors to order at 1:40 p.m., in Room 555 Diehl Hall.

ATTENDANCE:

Present: David Cost, Chair
Phyllis Ellis
Al France
Lynn Hornquist
Robert Latz
David Lilly
J. E. Meilahn
Virgil Moline
Barbara O'Grady
Ed Schwartz
Neal Vanselow, M.D.

Absent: Robert Goltz, M.D.
Al Hanser
Paul Quie, M.D.

CHAIRMAN'S REPORT: Chairman David Cost welcomed Ms. Phyllis Ellis and Ms. Lynn Hornquist as new Board members. He also congratulated Mr. Virgil Moline on his reappointment to the Board of Governors.

Chairman Cost also welcomed Ms. Elisabeth White, Hospital Personnel Director, and Ms. Delores Lutz, of the Minnesota Daily, as guests to the Board of Governors meeting.

Chairman Cost reported on the resignation of Dean Lawrence Weaver, noting that Dean Weaver will be assuming the Vice Presidency for Professional Relations at the Pharmaceutical Manufacturers Association in Washington, D. C. Chairman Cost also announced that the Governors have contributed $1,320 to the annual patient fund and that a nominating committee comprised of Mr. Al Hanser, Mr. Robert Latz, and Dr. Neal Vanselow, had been appointed and are expected to nominate a Board Chair and Vice Chair at the February 22nd meeting.

HOSPITAL DIRECTOR'S REPORT:

Mr. C. Edward Schwartz updated the members of the Board on the recruitment of a Senior Associate Director for Planning and Marketing, noting that a national search is being conducted this Spring with the assistance of an executive search firm. Board discussion followed reinforcing the importance and timeliness of the development of a strategic planning and marketing philosophy for the Hospitals.

Mr. Schwartz reported on the progress of the Medical School Deanship Search, noting that the pool of candidates had been narrowed to five and that an eleven member search committee, with Dean Oliver as Chair, has also been appointed to identify a replacement for Dean Weaver as the Dean of the School of Pharmacy.

Following up on Chairman Cost's announcement regarding Board contributions to the annual patient fund, Mr. Schwartz added that the Administrative staff will be contacted for giving in the near future and that two firms have been asked to submit proposals to study Unit J development potential.

Mr. Schwartz highlighted several upcoming Regents agenda items of special interest to the Hospitals. They included the appointment of a fourth Board member, the allocation of Unit J surplus, the new Hospital Purchasing Policies and an information item on the Cost Containment Task Force. Mr. Schwartz also reported on three recent meetings he had attended including an Association of American Medical Colleges DRG/Capital Reimbursement Committee, a meeting of the Consortium for the Study of University Hospitals where Academic Health Center and local linkage potentials were discussed, and an outreach trip taken to Hibbing and Virginia, Minnesota with Drs., John LaBree and David Brown, and Mr. Russ Farrell.

Lastly, Mr. Schwartz noted that the local newspapers would be carrying a half page advertisement regarding the participation of the MAPTH hospitals in the Blue Cross/Blue Shield of Minnesota AWARE Program.

JOINT CONFERENCE COMMITTEE REPORT:

Ms. Barbara O'Grady reported, on behalf of outgoing Chair, Ms. Timothy Vann, on the January 11th meeting of the Joint Conference Committee where the Committee members reviewed and approved recommendations for Medical/Dental staff appointments. Ms. O'Grady also detailed the Policy on Child Abuse Reporting forwarded to the Committee by the Medical/Staff Hospital Council. The Board endorsed the policy as presented.

(3)

Lastly, Ms. O'Grady reviewed two items presented to the Committee for information including the outcomes of the January 9th Clinical Chief's Retreat and a presentation made by Dr. Ted Thompson, Co-Chair of the Biomedical Ethics Committee on the Baby Doe legislation.

FINANCE COMMITTEE REPORT:

Mr. Al France presented the October through December bad debt totals for Board approval, noting that recoveries during this period were well above anticipated levels. Mr. France moved that the Board approve the net bad debt totals for write-off. The motion was seconded and unanimously passed by the Board. Turning to the issue of refinancing the Series 1982 bonds, Mr. France reported on the Board of Regents action, extending authority to refinance the bonds if an average interest rate of 9.6% could be achieved. Mr. Cliff Fearing added that an average 9.6% interest rate would reduce the total debt outstanding by approximately $35 million. Mr. Fearing also mentioned the Rep. Rostenkowski, (D-Ill) bill presently being considered in Congress which proposes the elimination of tax-exempt status on several categories of bonds. Mr. Fearing explained that, in effect, the bill would limit the supply of available tax-exempt bonds, leaving a more favorable market for those previously issued.

Mr. France also highlighted the year-to-date- financial statements, noting that patient days are running 4.3% under budget, but that the statement of operations shows a favorable balance of $622,899, largely due to a $1.1 million favorable variance in investment income. Mr. David Lilly inquired as to whether the auditors meet directly with the Finance Committee and suggested this option be considered.

Per Mr. France's request, Mr. Greg Hart presented the final draft of the Hospital's Personnel Policies and Procedures, noting that the open meetings were being held to review all changes with Hospital employees and that the document will be presented to the Board of Governors for final approval in February. Mr. Hart described the role of the Hospital Board of Governors as being responsible for setting policies, position classifications and compensation for hospital dominated personnel classification and for policy formulation for hospital employees in University dominated classifications. In an effort to differentiate Board and Management responsibility, Mr. Hart requested that the Board review both policies and procedures at the onset, and once approved, the Board would concentrate its efforts on policy approval, while management would be responsible for procedure upkeep.

(4)

COST CONTAINMENT TASK FORCE:

Dr. John Najarian highlighted the findings of the Hospital Cost Containment Task Force, a committee appointed by Dr. Neal Vanselow in September of 1982. Following a breakdown of expenditures and income generation for the Hospitals, Dr. Najarian detailed the specific recommendations made by the Task Force regarding staffing, physician use of resources, program and patient subsidies and the Patient Monitoring, Nursing, Pharmacy and Respiratory Care Departments.

Discussion following Dr. Najarian's presentation centered around the issue of maintenance of quality as a consideration during cost containment efforts and the role of the Board in ensuring implementation of the Cost Containment Task Force's recommendations.

PLANNING AND DEVELOPMENT COMMITTEE REPORT:

Chairman Cost, reporting on behalf of outgoing Planning and Development Committee Chair Harry Atwood, reported on the Progress of Unit J, noting that severe weather in December caused slight work delays but that the March 1986 substantial completion date remains a reasonable goal. Chairman Cost also reported that the Radiation Therapy portion of the project will be completed in January and that a May dedication is planned. The Planning and Development Committee also heard a presentation in January by Ms. Jeanne Hartnett, of the Chicago based Hartnett and Associates, who reviewed a sampling of the furnishings for Unit J. Lastly, Chairman Cost noted that the Hospitals' annual report will be completed in February.

ADJOURNMENT:

There being no further business, the meeting was adjourned at 4:40 p.m.

Respectfully submitted,

Nancy C. Janda
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Assistant to the Hospital Director

Minutes

Board of Governors

University of Minnesota Hospitals and Clinics

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(REVISED)

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Ms. Barbara O'Grady reported, on behalf of outgoing Chair, Ms. Timothy Vann, on the January 11th meeting of the Joint Conference Committee where Committee members reviewed and approved the Credentials Committee Report and Recommendations for clinical privileges and staff appointments. Ms. O'Grady moved that the Board of Governors approve the Credentials Committee Report and Recommendations. The motion was seconded and unanimously passed. Ms. O'Grady also detailed the Policy on Child Abuse and Reporting forwarded to the Committee by the Medical/Staff Hospital Council. The Board endorsed the policy as presented.

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Respectfully submitted,

Nancy C. Janda
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Assistant to the Hospital Director

UNIVERSITY OF MINNESOTA
TWIN CITIES

University Hospitals and Clinics
420 Delaware Street S.E.
Minneapolis, Minnesota 55455

February 22, 1984

TO: Board of Governors Finance Committee

FROM: Clifford Fearing
Senior Associate Director

SUBJECT: Report of Operations for the Period July 1, 1983 through January 31, 1984.

The Hospitals' operating position for the month of January continues to reflect many of the trends evident through the first six months of the fiscal year. In addition, we experienced a decline in the overall acuity level of our inpatient population. This change contributed to a 10% reduction in the average ancillary service revenue per admission. To highlight our position:

Inpatient Census: During the month of January, admissions totaled 1,743 or 13 below projected admissions of 1,756. Patient days for January totaled 15,524 and were 1,087 days below budget.

We continue to see the largest variances within the General Medical/Surgical areas where we have experienced a reduced average length of stay this fiscal year as well as a decline in admissions. The decline in average length of stay has occured primarily in Dermatology, Neurosurgery, and Surgery. Admissions have declined primarily in Gynecology, Medicine and Surgery.

To recap our year-to-date inpatient census:

	1982-83 Actual	Budget	Actual	Variance	% Variance
Admissions	12,177	11,867	11,659	(208)	(1.8)
Avg. Length of Stay	9.6	9.6	9.4	(0.2)	(2.1)
Patient Days	116,937	114,941	109,590	(5,351)	(4.7)
Percent Occupancy	73.9	72.5	69.3	(3.2)	(4.4)
Avg. Daily Census	543.9	534.6	509.7	(24.9)	(4.7)

Outpatient Census: January clinic visits totaled 17,699 compared to projected visits of 16,531. Our year-to-date clinic census totals 120,377, or 942 (0.8%) above projected visits of 119,435. The clinic census through January of this fiscal year is 695 visits, or 0.6% below our total of a year ago.

Financial Operations: The Hospitals' Statement of Operations shows total revenues over expense of $5,975,810, a favorable variance of $1,297,096. As in previous months, this favorable variance continues to be due to our investment income being higher than projected by $1,464,000.

Patient care charges through January totaled $107,596,200 and are approximately $2,109,000 (1.9%) below budgeted levels. Routine revenue is 4.1% below budget and reflects our overall patient day variance. Ancillary revenues declined during the month of January reflecting a lower acuity level. Inpatient ancillary charges per admission declined from the December year-to-date average of $4,935 to an average of $4,383 for the month of January.

Operating expenditures through January totaled $94,411,117 and are approximately $952,000 (1.0%) below budget. Overall spending levels during January continue to reflect the same factors and relationships that we have seen through December. While the favorable variance primarily reflects the reduced expenses associated with our lower census levels, we are also beginning to experience some of the reductions resulting from the actions taken by management in November.

Accounts Receivable: The balance in patient accounts receivable as of January 31, 1984 totaled $40,395,843 and represents 81.0 days of revenue outstanding. Total receivables declined approximately $1,150,000 during the month of January with most of the reduction occuring in the commercial insurance categories.

Conclusion: The Hospitals' overall financial position through the end of January remains within the fiscal plan implemented with the earlier decline in census. The changes in acuity level and ancillary service utilization experienced in January are being analyzed at this time to assess their potential impact in future months. If these lower levels of service intensity continue, we will make operational changes that are necessary and appropriate.

/jem

UNIVERSITY OF MINNESOTA HOSPITALS & CLINICS

STATEMENT OF OPERATIONS

FOR THE PERIOD JULY 1, 1983 TO JANUARY 31, 1984

	Budgeted	Actual	Variance Over/-Under Budget	Variance %
Gross Patient Charges	$ 109,705,000	$ 107,596,200	$ -2,108,800	-1.9%
Deductions from Charges	21,144,945	20,513,451	-631,494	-3.0
Other Operating Revenue	1,878,106	2,246,719	368,613	19.6
TOTAL REVENUE FROM OPERATIONS	$ 90,438,161	$ 89,329,468	$ -1,108,693	-1.2%
Expenditures				
Salaries	$ 46,092,630	$ 45,656,103	$ -436,527	-0.9%
Fringe Benefits	8,561,275	9,169,797	608,522	7.1
Contract Compensation	4,390,372	4,692,680	302,308	6.9
Medical Supplies, Drugs, Blood	14,997,359	14,682,741	-314,618	-2.1
Campus Administration Expense	3,069,918	3,069,918		
Depreciation	3,712,614	3,546,428	-166,186	-4.5
General Supplies & Expense	14,539,194	13,593,450	-945,744	-6.5
Total Expenditures	$ 95,363,362	$ 94,411,117	$ -952,245	-1.0%
Net Revenue from Operations	$ -4,925,201	$ -5,081,649	$ -156,448	3.2%
Non-Operating Revenue				
Appropriations	$ 7,296,165	$ 7,296,165	$	
Interest Income on Reserves	1,080,050	2,544,729	1,464,679	
Shared Service	216,893	205,758	-11,135	-5.1%
Investment Income on Trustee Held Assets	1,010,807	1,010,807		
Total Non-Operating Revenue	$ 9,603,915	$ 11,057,459	$ 1,453,544	15.1%
Revenue Over / -Under Expenses	$ 4,678,714	$ 5,975,810	$ 1,297,096	(1)

(1) Variance equals 1.4% of total budgeted revenue.

Preliminary Response to

Cost Containment Task Force Recommendations

I. Staffing

1. Recommendation

Develop a plan for phased in staff reductions throughout the Hospital, including all administrative and support services. Extent of the staffing reductions should be determined based upon analysis of the impact of prospective payment system, with the objective being the avoidance of additional cost shifting.

Comment

Staffing decreases totalling 162 FTE were implemented in December, 1983. Thus, the "phase in" period was substantially shorter than anticipated. The budget process for next year will be utilized in determining the need for and appropriate location of any further staffing decreases.

2. Recommendation

Staffing reductions should also be targeted at areas of most intense cost competition to allow the Hospitals to compete without shifting of costs to other patients or payors.

Comment

The plan being implemented relative to AWARE program patients is consistent with this recommendation. Further, as we begin to market specific services we will need to examine the cost basis supporting the prices being negotiated for these services. This will be incorporated into next year's budgeting process.

3. Recommendation

To the extent possible, any future staffing increases should be offset by cost reductions. Increased department revenues (outside of increased admissions or clinic visits) should no longer be considered a primary justification for increasing staff.

Comment

This recommendation will most directly impact ancillary services such as Laboratories and Radiology, which are demand driven and which have historically been able to justify staffing increases based upon revenue increases. Ability to fully implement this recommendation is thus largely dependent upon success relative to the recommendations on physician use of resources. We are currently working with the Medical Staff to review ancillary usage for appropriateness on a service by service basis. For these areas, as well as Hospital-wide, we will need to look at cost offsets to balance any cost increases.

4. Recommendation

The Task Force recommends the creation of a standing committee consisting of medical staff to work with and advise Hospital Administration in establishing priorities in the development of new programs, major acquisitions, physical plant renovation and staff increases.

Comment

Work toward implementation of this recommendation will begin early in January, 1984. A committee analogous to the Medical Staff Budget Advisory Committee, which was utilized last year, with the committee playing a broader and more active role in the budget process, is envisioned.

II. Physician Use of Resources

1. Recommendation

Educate physicians and house staff regarding the effects of DRG based payment and the need for exercising caution and restraint in the use of ancillary services.

Comment

Implementation will occur in the month of January, with specific actions to be determined by the Clinical Chiefs.

2. Recommendation

Educate physicians and house staff regarding costs of tests, procedures, drugs and other Hospital services and supplies.

Comment

Implementation will take place in two phases. The first phase will be implemented by asking each service or nursing station to identify the key tests, procedures, drugs, etc. for which they would like price information. This will be more economical than submitting to each station a several hundred page list of prices. The first phase should be accomplished in early 1984. The second phase would be to put this information on line, and would be accomplished with the move to Unit J, unless we choose to more aggressively move to on-line systems in the existing patient care areas prior to the move to Unit J.

3 & 4. Recommendations

Provide physicians with daily update of total charge incurred by each patient as well as information relative to possible payment limitations.

Provide physicians with up-to-date comparison of costs of his patients and those of his peers.

Comment

Targeting manual provision of information on BCBSM patients January 1, 1984. Targeting AWARE and Medicare automated system July 1, 1984. Long-range (3 years) recommendation: targeting toward completion during first six months of 1984-85 fiscal year. (Also see #2 above.)

5. <u>Recommendation</u>

Continue present policy of minimizing length of stay whenever possible.

<u>Comment</u>

a) Head nurses and other nursing leadership staff have been educated regarding need to decrease length of stay. Will inform all unit of AWARE and dollar allocations for their units January 18 and set up systems with Medical Staff to monitor the same.

b) Increasing same day surgery and General Care unit admissions will be discussed in January.

c) Discharge planning objectives will be placed into departmental plan for 1984-85.

6. <u>Recommendation</u>

Impose a ceiling on further growth and expansion in Respiratory Therapy and Patient Monitoring services.

<u>Comment</u>

From a staffing perspective, this has been implemented. In fact, a substantial staffing reduction was implemented in these areas in December, 1983. We will be implementing the specific recommendations relative to Respiratory Therapy and Patient Monitoring which should also support this objective. (See sections A and B below.)

7. <u>Recommendation</u>

Develop an ongoing utilization review mechanism for other departments such as Laboratories and Radiology analogous to the review process and/or committee structure now utilized for Respiratory Therapy, Patient Monitoring, Pharmacy and other departments.

<u>Comment</u>

Discussions with Dr. Brown and Dr. Gedgaudas on this subject have been initiated. It is anticipated that the appointment of a medical staff committee along these lines will occur in approximately March, 1984.

8. <u>Recommendation</u>

Analyze alternative models for risk/incentive sharing between the Hospitals and the medical staff as a means of cost containment.

<u>Comment</u>

The hospital has agreed to a program to reduce ancillary utilization and to support those services achieving their goals. The potential of joint ventures between the hospital and certain services is also under active consideration.

Department Recommendations Endorsed by the Task Force

A. Respiratory Therapy

1. Recommendation

Modify the charge to Cardio-Respiratory Advisory Committee to include development of policies aimed at restricting Respiratory Care resources while preserving the essentials.

Comment

Movement has begun in this area. It is anticipated that specific bylaws changes will come forward by approximately February, 1984.

2. Recommendation

Expand the role of the medical directors of Respiratory Care to include responsibility to determine the appropriateness of service requested by medical staff and limitations of such service.

Comment

Implementation of this recommendation is well underway, and will accompany the bylaws changes.

3. Recommendation

Expand existing policy to give medical directors of Respiratory Therapy authority to review and discontinue appropriate therapy.

Comment

See #1 and #2 above.

B. Patient Monitoring

1. Recommendation

Involve ICU medical directors in limiting growth and expansion of Patient Monitoring services.

Comment

In process of implementation.

2. Recommendation

Merge departments of Respiratory Therapy and Patient Monitoring.

Comment

Implemented in October, 1983. Has resulted in savings of two FTE.

C. Pharmacy

1. Recommendation

Expand charge to Pharmacy and Therapeutics Committee to include consideration of cost effectiveness of choice of drugs.

Comment

Implementation in process, completion expected by approximately February, 1984.

2. Recommendation

Establish small work groups in P & T Committee to develop specific recommendations for controlling cost of pharmaceutical therapy.

Comment

See #1 above.

3. Recommendation

Department of Pharmacy will work through P & T Committee to develop mechanisms for controlling cost of pharmacy services.

Comment

See #1 above.

4. Recommendation

Delete 11 positions in Pharmacy upon move to Unit J.

Comment

Unit J move-in plan is consistent with this recommendation. Implementation to occur in 1986.

D. Nursing

1. Recommendation

Develop a plan of action to review the following eight areas for changes resulting in increased work efficiency:

Comment

1. Communication system:
   -Charting Committee is evaluating forms and charting and are to make recommendations for streamlining both by July.

2. Organization of work:
   -Will be addressed after NUMIS standards for indirect care are decreased in March.

3. Administrative and orientation hours:
   -Will be addressed in March with recommendations submitted in July.

4. Leadership responsibilities:
   -Fits with #3. above and will be addressed in same time frame.

5. Education:
   -Relates to orientation hours and will be considered with that item.

6. Nursing Utilization Management Information System (NUMIS):
   -Indirect care hours will be decreased beginning in January to be completed in March.

7. Assignment of Nursing Personnel (Non-professional):
   -6 NA/NSA positions were eliminated in recent layoffs.
   -Material Services and Radiology will be contacted to determine an effective program for patient transportation. This could effect role of non-professional nursing staff. Recommendations to be completed by July.

8. Linen and nutrition services:
   -Linen problems have been addressed. Linen shortage was due to machine malfunction during the time of consultant observations.
   -Nutrition is undertaking a study to determine if nutritional needs of patients are being met in timely manner without excessive intervention by the nursing staff. If this question cannot be answered to the satisfaction of both nutrition and nursing by March a request will be made to bring in a consultant to objectively assess nutritional support required.

2. Recommendation

Develop plans to delete two assistant directors and eight head nurses.

Comment

To be completed prior to the move to Unit J and will take place by attrition. We are confident this goal can be met in the allocated timeframe.

3. Recommendation

Review and determine future role of Clinical Nurse Specialist positions.

Comments

National review of CNS roles has been completed.
Recommendations will be considered and decision made by January 30.

4. Recommendation

Review number of office staff following initiation of computer terminal for maintaining employee records.

Comment

This item will be addressed with #7. as they are interrelated.

5. Recommendation

Explore computerized scheduling to decrease planning time.

Comment

Will need to make major philosophical changes in scheduling with elimination of requests and implementation of block or cyclical systems. Recommendations on how to best proceed will be completed in June.

6. Recommendation

Evaluate workload of assistants and administrators following establishment of autonomous purchasing practices.

Comment

.2FTE was eliminated in fall 1983. An additional .2FTE will be eliminated in spring, 1984.

7. Recommendation

Evaluate role of Resource office to explore streamling in scheduling to reduce hours worked.

Comment

A .3 Resource Office Coordinator position will be eliminated January 1.

8. Recommendations

Effective January 1, 1984, cease transportation of research materials to physicians' private labs.

Comment

Joint memo to this effect sent to Medical/Dental Staff from Ms. Barbara Tebbitt and Dr. Paul Quie January 9, 1984. Impact of this action on staffing will be assessed 3 months after this change in service.

III. Program and Patient Subsidies

1. Recommendation

To address the annual losses in patient care cost centers such as Obstetrics, Physical Medicine, Psychiatry and others; the task force recommends:

1. Thorough review of the current practices in allocating educational subsidies and underwriting operating losses to the hospital departments and clinics.

Comments

Targeting review within next six months of major departments; Obstetrics, Psychology, Rehabilitation.

2. Development of a comphrehensive plan for future allocations of educational support funds based on total hospital wide needs and goals.

Comment

Targeting educational support allocation plan completion by 6/15/84 for implementation with 1984-85 rate setting.

2. Recommendation

Renegotiate Indian Health Service program reimbursement rate.

Comment

1983-84 contract renegotiated 10/1/83 at Medicare rate of 82%. Suggest best approach for future is to negotiate DRG type reimbursement.

3. Recommendation

Continue discussions with City of Minneapolis regarding future of Community University Health Care Center.

Comment

Several elements of "acquisition analysis" currently underway likely take three to six months to come to completion.

4. Recommendation

The task force strongly urges that in the future, prior to implementation of any university wide policies affecting UMHC, the hospital administration analyze and inform the Board of Regents and Central Administration of the immediate financial effect of such policies on UMHC as well as the potential affect on its future ability to remain competitive in the market place of health care delivery.

Comment

Hospital Administration will employ this perspective before those considering institutional wide policies.

Summary of Hospital Management's Response

to the

Recommendations of the Hospital Cost Containment Task Force

	Recommendations	Accomplished	In Process	Future
I.	Staffing			
1.	Develop a plan for phased in staff reductions throughout Hospital	X		X
2.	Target staff reductions at areas of most intense cost competition to allow Hospitals to compete without cost shifting			X
3.	Future Staffing increases should be offset by cost reductions			X
4.	Create standing Medical Staff Committee to advise Administration in the prioritization of new programs, major acquisitions, plant renovation and staffing increases		X	
II.	Physician Use of Resources			
1.	Educate physicians and house staff regarding effects of DRG based payment		X	
2.	Educate physicians and house staff regarding costs of tests, procedures, drugs, ect.		X	
3 & 4.	Provide physicians with daily update of total charges incurred, applicable charge limits and up to date comparision of costs of their patients verses patients of peers	X		X
5.	Continue present policy of minimizing length of stay whenever possible	X	X	
6.	Impose ceiling on growth of Respiratory Therapy and Patient Monitoring services	X	X	
7.	Develop ongoing utilization review process for other departments analogous to that presently used in Respiratory Care, Patient Monitoring and Pharmacy		X	

	Accomplished	In Process	Future
8. Analyze alternative models for risk/incentive sharing between Hospitals and Medical Staff		X	
Department Recommendations Endorsed by the Task Force			
A. Respiratory Therapy			
1. Modify charge to Cardio-Respiratory Advisory Committee to include development of policies aimed at restricting resources		X	
2. Expand Respiratory Care medical directors' role to include responsibility for determination of appropriateness of service		X	
3. Give Respiratory Care medical directors authority to review and discontinue inappropriate therapy		X	
B. Patient Monitoring			
1. Involve ICU medical directors in limiting growth and expansion of Patient Monitoring services.		X	
2. Merge departments of Respiratory Therapy and Patient Monitoring	X		
C. Pharmacy			
1. Expand charge to Pharmacy and Therapeutics Committee to include consideration of Cost effectiveness of drugs		X	
2. Establish small work groups in P & T Committee to recommend ways to control costs of pharmaceutical therapy		X	
3. Department of Pharmacy will work through P & T Committee to develop mechanisms for controlling costs of services		X	
4. Delete eleven positions in Pharmacy upon move to Unit J			X
D. Nursing			
1. Develop plan to review following eight areas for changes resulting in increased work efficiency:			

	Accomplished	In Process	Future
Communication system		X	
2. Organization of work			X
3. Administrative and orientation hours			X
4. Leadership responsibilities			X
5. Education			X
6. Nursing Utilization Management Information System		X	
7. Assignment of Nursing Personnel	X	X	
8. Linen and Nutrition services	X	X	
2. Develop plan to delete two assistant directors and eight head nurse positions	X		X
3. Review and determine future role of Clinical nurse specialist positions		X	
4. Review number of office staff following installation of computer terminal		X	
5. Explore computerized scheduling to decrease planning time			X
6. Evaluate workload of assistants and administrators following establishment of autonomous purchasing practices			X
7. Evaluate role of Resource office to explore streamlining in scheduling to reduce hours worked	X		
8. Cease transporation of research materials to physicians' private labs	X		

III. <u>Program and Patient Subsidies</u>

	Accomplished	In Process	Future
1. Address annual losses in patient care cost centers such as Obstetrics, Physical Medicine, Psychiatry			X
2. Renegotiate Indian Health Service program reimbursement rate.	X		X
3. Continue discussions with City of Minneapolis regarding future of Community University Health Care Center		X	

4. The task force strongly urges that in the future, prior to implementation of any university wide policies affecting UHH&C, the hospital administration analyze and inform the Board of Regents and Central Administration of the immediate financial effect of such policies on UMH&C as well as the potential effect on its future ability to remain competitive in the market place of health care delivery.

Hospital Administration will employ this perspective before those considering institutional wide policies

(Approved by Medical Staff/Hospital Council & Council of Chiefs of Clinical Services on February 14, 1984)

ARTICLE II Appointment to the Medical Staff

PART B: CATEGORIES AND CONDITIONS OF APPOINTMENT

Section 4. Emeritus Staff:

~~At the age of 68 years, or u~~Upon ~~substantial~~ retirement ~~from active practice,~~ as a faculty member of the University of Minnesota, and substantial retirement from active pratice, distinguished members of the medical staff who have long served the hospital shall be eligible for Emeritus membership on the ~~Emeritus~~ medical staff. Such physicians and dentists shall have the privilege of ~~caring for private~~ treating patients in the hospital, shall have all of the other privileges of members of the Attending Staff, including the right to vote, and shall be excused from required attendance at medical staff meetings.

ARTICLE VI Committees of the Medical Staff

PART A: COMMITTEES GENERALLY

Section 3. Duties Generally:

(a) All committees appointed under provisions of this Article report to and make recommendations to the Medical Staff-Hospital Council. The committees shall perform in whole or part, the functions of a review organization, as defined in Minnesota Statutes § 145.61.

ARTICLE VI Committees of the Medical Staff

PART G: NOMINATING COMMITTEE

Section 2. Duties:

This Committee shall present no later than at the May meeting of the Medical Staff-Hospital Council one or more nominees for the offices of Chief of Staff and Vice-Chief of Staff, and two or more nominees for each vacant position on the Medical Staff-Hospital Council. It shall develop a ballot with space for write-in candidates and conduct the election by mail ballot. It shall determine the results of the election and report the results at the Spring semi-annual medical staff meeting.

ARTICLE VI Committees of the Medical Staff

PART I: PHARMACY AND THERAPEUTICS COMMITTEE

Section 2. Duties:

(c) make recommendations in relationship to the quality and costs of drug therapy and associated practice within the hospital;

~~(c)~~ (d)

~~(d)~~ (e)

~~(e)~~ (f)

~~(f)~~ (g)

ARTICLE VI Committees of the Medical Staff

PART L: CARDIO-RESPIRATORY ADVISORY COMMITTEE

Section 2. Duties:

The Committee shall be responsible for advising the institution as to directions the involved services should take in developing ~~and expanding its service program.~~, expanding or limiting related service programs.

ARTICLE VI Committees of the Medical Staff

PART P: EMERGENCY DEPARTMENT COMMITTEE

Section 1. Composition:

The Emergency Department Committee shall consist of six or more members of the medical staff, one of whom will be the Medical Director of the Emergency Department, and representatives of nursing services and hospital management. ~~The Committee shall be chaired by the Medical Director of the Emergency Department.~~

MINUTES
JOINT CONFERENCE COMMITTEE
January 11, 1984

ATTENDANCE:

Present: Timothy Vann, Chair
Paula Clayton, M.D.
Glenn Gullickson, M.D.
Robert Maxwell, M.D.
Barbara O'Grady
Paul Quie, M.D.
C. Edward Schwartz

Absent: Robert Latz

Guest: Theodore Thompson, M.D.

Staff: Jan Halverson
Greg Hart
Ron Werft

APPROVAL OF MINUTES:

The minutes of the December 14, 1983 meeting were approved as submitted.

MEDICAL STAFF/ HOSPITAL COUNCIL REPORT:

Dr. Quie reported on the recent meeting of the Medical Staff Hospital Council. He submitted for the Joint Conference Committee's approval recommendations from the Credentials Committee. These included recommendations for provisional medical staff appointment, for regular medical staff appointment, for appointment as specified professional personnel, and for termination. The Joint Conference Committee approved the recommendations of the Credentials Committee.

Dr. Quie also reported that the Medical Staff Hospital Council reviewed and approved revisions to the Child Abuse Reporting Policy at the January meeting. Dr. Quie noted that the recommendations to the Council came from a task force of staff involved in child abuse cases. Dr. Quie indicated that the highest priority when considering the policy revisions was the need to reflect the legal mandate for appropriate health professionals to report suspected cases of child abuse.

There was then discussion of the proposed revisions by the members of the Joint Conference Committee. Ms. O'Grady noted in particular the need for inservice education relative to this policy. It was also suggested that the policy be amended slightly through the removal of time oriented references in section #1 and section #5 of the procedure. With these amendments, the revised Child Abuse Policy was approved by the Joint Conference Committee.

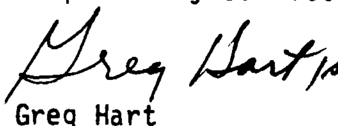
"BABY DOE" HISTORY AND CURRENT STATUS: Dr. Ted Thompson, Director of the Neonatal Intensive Care Unit and co-chair of the Biomedical Ethics Committee, reviewed the history of the "Baby Doe" case, legislation, and regulations. He noted that the issue became raised most directly in April, 1982 following a case in Bloomington, Indiana. In March, 1983 the initial set of regulations were published, mandating signage in patient care areas and setting up a system for potential Federal government intervention in some cases when requested. In May, 1983 the regulation was rescinded by a court order. In July, 1983 a modified regulation was published and since that time the rules have been under revision. It is anticipated that the revised rules will be published shortly.

Dr. Thompson reported that while the revised rules are not yet available, it is expected that they will incorporate a different manner of signage and a more local effort toward insuring appropriate treatment for involved infants. Dr. Thompson also noted that it is expected that the revised rules will call for the creation of hospital based committees to support the family members and clinicians involved in such cases. Dr. Thompson indicated that this direction would be consistent with the recommendations made by a local group, the American Academy of Pediatrics, and the University Hospitals concerns and current operation.

CLINICAL CHIEF'S REPORT: Dr. Gullickson reported on the January 7 day-long retreat of the Clinical Chiefs. He indicated that the retreat was preceded by the work of a number of task forces, and the retreat itself consisted largely of discussion of these task force reports. The morning session of the retreat focused on recommendations from the task forces on the development of an "in-house PRO", ancillary service utilization, and medical staff education on prospective payment. The recommendations from the work groups in these areas, which were largely consistent with the recommendations from the Cost Containment Task Force, were approved by the Clinical Chiefs. In the afternoon session of the retreat, the focus was on longer range planning, marketing, and public relations. A number of items were presented and discussed here, and there was agreement that the Hospitals should move forward with a public relations campaign, utilizing the resources of a consulting company. In addition, the Chiefs supported further work on a number of long-range planning related issues, including developing new structures for new program ventures.

ADJOURNMENT: There being no further business the meeting was adjourned.

Respectfully submitted,



Greg Hart

Minutes

Finance Committee
University of Minnesota Hospitals & Clinics

January 25, 1984

MEMBERS PRESENT: Al France, Chair
David Brown, M.D.
Clifford Fearing
Jerry Meilahn
David Preston
Mary Des Roches
C. Edward Schwartz

MEMBERS ABSENT: Shelley Chou, M.D.
Lori Ann Stieber

STAFF: Greg Hart
Nels Larson
Jane Morris
Barb Tebbitt
Ron Werft

GUEST: Nancy Janda

CALL TO ORDER: The meeting of the Finance Committee was chaired by Mr. Al France and was called to order at 9:20 a.m. in the Dale Shepard Room of the Campus Club.

MINUTES APPROVED: The minutes of the December 21, 1983 meeting of the Finance Committee were approved.

DECEMBER YTD FINANCIAL STATEMENTS (INFORMATION): Mr. Fearing reviewed the Report of Operations for the period July 1, 1983 through December 31, 1983. Overall census levels for the month of December are below budget and reflect the impact of the holiday period. The decline in clinic visits however, is less severe than the decline in inpatient census.

Revenue over expenses for the same period totaled $4,570,357, a favorable variance of $622,899, which is due to the higher than expected interest income. Patient care charges, routine revenue, and operating expenditures all fall below budget for December reflecting the lower census levels. In addition, cost reduction efforts by management began to take effect in mid-December and have produced a slight reduction in the expense base. Mr. Hart added that further reductions will be considered in preparing the Hospitals' budget for 1984-85.

Mr. Fearing stated that the balance in Accounts Receivable for the year to date totaled $41,549,104 represented by 83.2 days of revenue outstanding. This is an increase of 3.4 days from the previous month, but is consistent with the lower census levels experienced during the holidays.

The Operating Cash Flow statement for the year to date shows total operating cash available of $1,644,370. Transfers Renewal Project of $2,000,000 short term debt retirement fund of $1,400,000 plus transfers to plant of $2,389,263 equals cash generated from operations of $7,442,633.

2ND QUARTER BAD DEBTS (APPROVAL):

Mr. Fearing reported that bad debts for the second quarter of 1983-84 amounted to $396,266.01 (represented by 1,814 accounts). Additional bad debts of $6,362.80 for Home Health Services were also reported. He stated that the year-to-date total for bad debts was $965,180.76 which was 1.04% of gross charges (compared to a budgeted level of 3.1%).

A motion was made and approved by the Committee to endorse the report and recommend it to the full Board of Governors.

FINAL DRG REGULATIONS (INFORMATION):

Mr. Fearing announced that final prospective payment regulations have been published in the January 3, 1984 Federal Register. He reviewed for the Committee an outline of the most significant changes to the regulations and gave explainations of their anticipated impact. A few of the new regulations will produce favorable changes for University Hospitals and some will effect negative changes. However, many of the regulations are unclear and final interpretation will be dependent on future analysis and contacts with HCFA.

REGENTS ACTIONS (INFORMATION):

Mr. Schwartz stated that alternatives for allocation of Unit J savings were dicsussed at the last Regents meeting on January 12th and that it will again be brought to the Regents as an agenda item for action in February. One alternative calls for a portion of the savings to be used towards an equity contribution to the Renewal Project, which would enhance an advanced refunding of the 1982 Series Bonds as well. Mr. Fearing stated that the advanced refunding became a current issue again after the first of the year as tax-exempt rates started to fall. With this in mind, Vice President David Lilly went to the Regents last month to re-activate their previous approval to proceed with the refunding under the same terms that were approved last spring. Although interest rates are not yet at the previously imposed Regents guidelines of 9.6%, the market is continuing to improve and the prospect of an advanced refunding looks favorable.

BUDGET RESCHEDULING (INFORMATION):

Mr. Fearing presented a preparation schedule for the 1984-85 Hospital Budget. Because of the current fluctuations in the census, more time is being allowed in preparation of the budget in order to produce a reasonable forecast of demand and AWARE impacts. The schedule calls for a preliminary review of the financial model by the Board of Governors at the March meeting, final approval of the detail budget by the Board of Governors in May, and presentation to the Board of Regents in June.

Mr. France asked that the Committee be supplied with a summary of the current year informaiton as well as the budgeted information on a departmental basis.

1982-83 UMH&C AUDITED FINANCIAL STATEMENTS (INFORMATION):

Mr. Fearing announced that the 1982-83 audited statements are complete and have been mailed to the full Board of Governors. No adjustments have been made to the year-end statements initially presented to the Board of Governors in September.

In response to a question by Mr. Meilahn, Mr. Fearing stated that Touche Ross and Company will prepare the audit for University Hospitals for one more year before a new audit firm is solicited.

UNION CONTRACT SETTLEMENT (INFORMATION):

Mr. Hart informed the Committee that AFSCME and Teamsters contract negotiations have been concluded. The contracts have been radified by both memberships and approved by the Board of Regents. The financial outcome of the final contracts is as expected, though the AFSCME contract will run slightly higher due to the comparable worth issue. In addition, the University has signed a supplementary letter of agreement with AFSCME to do a further study of the comparable worth issue.

Mr. Hart stated that the Minnesota Nurses Association has initiated an organizing attempt and will report on this to the Committee as the effort develops.

PERSONNEL POLICIES (INFORMATION):

Mr. Hart distributed a draft of the Personnel Policies and Procedures that have been developed for the Hospital over the last 6 - 8 months. These policies eminate from and closely follow existing University of Minnesota Policies and Procedures with modifications to these policies based on the principles earlier agreed upon by the Board of Governors and Board of Regents. He also presented a summary letter which noted areas of the greatest departure from previous practice. Mr. Hart asked that the members of the Committee review the packet of Personnel Policies and Procedures in detail so that action can be taken on this item at next month's meeting of the full Board of Governors.

ADJOURNMENT:

There being no further business, the meeting of the Finance Committee was adjourned at 12:15 p.m.

Respectfully submitted,

Jane E. Morris
Recording Secretary

Hennepin County Medical Center
St. Paul-Ramsey Medical Center
University of Minnesota Hospitals

AWARE patients now have full contract coverage at any of these hospitals.

Did you know: that any consumer can be cared for at any of these hospitals simply by making an appointment to see a physician?

Did you know: that none of these hospitals receives more than 6 to 13 percent of its operating budget from direct government support!

Did you know: that these hospitals, with the Veteran Administration Medical Center, are members of the Minnesota Association of Public Teaching Hospitals (MAPTH), which exists to coordinate quality care for Minnesotans?

This announcement is placed and paid for by the Minnesota Association of Public Teaching Hospitals.

UNIVERSITY OF MINNESOTA HOSPITALS AND CLINICS

BOARD OF GOVERNORS

BOARD OF GOVERNORS' MEETING

AND

GOVERNORS' COMMITTEE MEETINGS

JANUARY, 1984

OFFICE OF THE BOARD OF GOVERNORS

B-390 MAYO

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University of Minnesota Hospitals and Clinics

Board of Governors

ANNUAL MEETING

January 25, 1984

1:30 P.M.

555 Diehl Hall

University of Minnesota Campus

Agenda

I. Minutes - December 21, 1983 (Approval)

II. Chairman's Report - Mr. David Cost, Board Chair (Information)

- A. Introduction of new Board Members
- B. Appointment of Nominating Committee

III. Hospital Director's Report - Mr. C. Edward Schwartz, Hospital Director

- A. Purchasing Policies Update (Information)

IV. Cost Containment Task Force Recommendations, Dr. John Najarian (Information)

V. Committee Reports

- A. Joint Conference Committee, Ms. Timothy Vann, Committee Chair
  1. Medical Staff/Hospital Council Report (Approval)
  2. Clinical Chiefs Retreat Report (Information)
- B. Planning & Development Committee, Mr. David Cost, Chair
  1. Unit "J" Surplus Allocation (Information)
- C. Finance Committee, Mr. Al France, Committee Chair
  1. 2nd Quarter Bad Debts (Approval)
  2. Regents Actions - Advanced Refunding (Information)
  3. Budget Rescheduling (Information)
  4. December YTD Financial Statements (Information)
  5. 1982-83 University of Minnesota Hospitals & Clinicals Audited Financial Statements (Information)
  6. Personnel Policies (Information)

VI. Adjournment

Minutes

Board of Governors

University of Minnesota Hospitals and Clinics

December 21, 1983

CALL TO ORDER: Chairman David Cost called the December 21, 1983 meeting of the Board of Governors to order at 1:55 p.m., in Room 555 Diehl Hall.

ATTENDANCE:

Present: David Cost, Chair
Robert Goltz, M.D.
Al Hanser
Robert Latz
Virgil Moline
Barbara O'Grady
C. Edward Schwartz
Timothy Vann
Neal Vanselow, M.D.

Absent: Harry Atwood
Al France
David Lilly
J. E. Meilahn
Paul Quie, M.D.
Lori Ann Stieber

MINUTES APPROVED: It was moved that the minutes of the meeting held November 21, 1983 be approved as submitted. The motion was seconded and passed unanimously.

REPORT OF THE CHAIR: Mr. David Cost, Chair, Board of Governors, reported that the Board of Regents are expected to fill Board of Governors vacancies at the January meeting. He added that a Board of Governors nominating committee will be appointed in January to nominate candidates for the chair and vice chair of the Board of Governors. He added that elections were expected to be held in February. Mr. Cost reported on the first quarterly report to the Board of Regents which included information on on-going board business, new projects, the Renewal Project, and the Board of Governors Retreat. Mr. Cost further reported on University Hospitals Renewal Project Topping Off Ceremony at which the final steel beam was put into place.

FINANCE COMMITTEE REPORT: Mr. Cliff Fearing reported on the November monthly financial statements and the November year-to-date 1983-84 financial statements. Mr. Fearing reported that the YTD patient day variance was 4.5% below budget at 79,680. Admissions were reported at 1.4% below budget at the end of November. YTD clinic census through the end of November was reported at 87,790 visits for a favorable variance of 1.0% above projections. Mr. Fearing further reported that YTD patient care charges through November were approximately 1.2% below budget and

operating expenditures are approximately $340,000 or 0.5% below budget. Mr. Fearing indicated that the favorable variance reflects reduced expenses associated with lower census levels and do not yet reflect actions taken by management to further reduce expenses. He indicated that these further reductions will become effective during December, 1983.

Mr. Fearing also reported on the AWARE contract signed December 9, 1983 and effective January 1, 1984 indicating that all hospitals in the Twin Cities are included. He further provided a detailed account of the negotiated changes with Blue Cross/Blue Shield of Minnesota.

JOINT CONFERENCE COMMITTEE REPORT:

Ms. Timothy Vann reported on the December 14th meeting of the Joint Conference Committee. Ms. Barbara Tebbitt summarized her report on nursing which included reports on the National Council on Nursing, the Institute of Medicine, and the Minnesota Governors Task Force on Nursing. She further reported on nursing activities at University Hospitals. The report included findings on job satisfaction, education, compensation, and cost containment.

Dr. Paul Quie and Mr. Greg Hart reported on proceedings of the Clinical Chiefs indicating that the majority emphasis had been placed on the AWARE negotiations and planning for a Clinical Chiefs retreat to be held January 7, 1984. It was further indicated that the chiefs had discussed the Child Abuse article which had received media attention, and that the hospitals' policy in this regard were being revised and will be forwarded to the Board of Governors Joint Conference Committee in January.

Discussion followed on other business of the Joint Conference Committee. Mr. Jan Halverson indicated that was preparing a report on cases pending against the University of Minnesota Hospitals and Clinics which will be presented to the Board of Governors within two months.

PLANNING AND DEVELOPMENT COMMITTEE REPORT:

Mr. Ken Merwin reported on the Unit J Fundraising Feasibility Study and the Annual Giving Program. indicating a need for special equipment funding for Unit J. He reported that the process would be managed by the Planning and Development Committee and that a goal of $1 million had been established. Discussion followed on the willingness of the corporate community to donate funds to University Hospitals. Mr. Al Hanser referenced the study conducted by Mr. Jim McDermid suggesting that a higher goal may be justifiable. Mr. Virgil Moline indicated that it was important to get the average citizen involved in fundraising efforts in addition to the corporate community and noted that competition for fundraising did exist with the group such as the

Minnesota Orchestra and the United Way. Mr. Ken Merwin reported on the feasibility study commissioned by the Planning and Development Committee to determine community attitudes towards University Hospitals. Mr. Robert Latz emphasized the need for the identity for fundraising with specific items.

Mr. Ed Schwartz reported on the plan for the utilization of Unit J surplus recommending that the Board of Governors endorse the allocation of $1 million of Unit J surplus to design efficiences, $2.4 million to completion of Unit J shell space, and the remainder be allocated to renovation of existing facilities. Mr. Schwartz and Mr. Cliff Fearing reported on the process used for considering alternative solutions. Mr. Fearing indicated that alternatives included a reduction in debt service, completion of shell, design efficiencies, other plant enhancements, and other projects. He further reported on the financial analysis and reported the conclusion that current borrowed funds are very competitive. He indicated that if University Hospitals assumes that remodeling is required, the use of surplus for funding necessary projects is the appropriate business decision particularly with regard to capital pass-throughs associated with DRG reimbursement. Mr. Schwartz reported that the recommendation for Board endorsement of the plan which will be presented to the Board of at their January, 1984 meeting.

UNIT J SURPLUS ENDORSEMENT:

It was moved that the Board of Governors endorse the allocation of $1 million of Unit J surplus toward design efficiencies, $2.4 million for completion of shell space in Unit J, and that the Hospital Director be authorized to develop a plan for renovation of existing facilities. The motion was seconded and passed unanimously.

PURCHASING POLICY:

Mr. Ed Schwartz introduced University Hospitals Purchasing Policies. Mr. Ed Howell reviewed the comments received from members of the Board of Governors and Central Administration. Discussion followed on the Product Endorsement Policy and concerns noted by Mr. Duane Wilson, Secretary, Board of Regents. Mr. Wilson's comments included the omission of reference to individual policies being consistent with Regents policy, a notation on advertising, and the variance of bid threshold from University procedures. Mr. Ed Howell explained the rationale for a variance in bid threshold for University Hospitals due to the large number of items purchased costing between $500 and $2,000.

PURCHASING POLICIES AMENDMENT AND APPROVAL:

Mr. Latz moved that the policies be amended to prohibit the endorsement or advertisement of products or services by Hospital staff. The motion was seconded and passed. It was then moved that the University of Minnesota Hospitals Purchasing Policies be approved as amended. The motion was seconded and passed unanimously. Chairman Cost congratulated

Mr. Ed Howell on his efforts in the development of University Hospitals Purchasing Policies.

HOSPITAL DIRECTOR'S REPORT:

Mr. Ed Schwartz reported that the next major item for Board consideration would be University Hospitals Personnel Policies. He further reported that the lay-off plans reported at the November meeting had been implemented and that of 55 lay-off notices issued, 7 individuals had resigned for other reasons and that subsequently 48 individuals had been laid off. He further reported that the Certificate of Need application for nuclear magnetic resonance had been submitted to the Metropolitan Health Planning Board and that the project review would occur during January 1984.

ADJOURNMENT:

There being no further business the meeting was adjourned at 4:15 p.m.

Respectfully submitted,

Ron Werft/s

Ron Werft
Executive Secretary

UNIVERSITY OF MINNESOTA
TWIN CITIES

University Hospitals and Clinics
420 Delaware Street S.E.
Minneapolis, Minnesota 55455

December 15, 1983

TO: Medical Staff-Hospital Council

FROM: Henry Buchwald, M.D.
Chairman, Credentials Committee

SUBJECT: Credentials Committee Report and Recommendations

The Credentials Committee after examining all pertinent information provided to them concerning the applicant's professional competence and qualifications, hereby recomend the approval of the following applicants requests for clinical privileges and Medical/Dental Staff appointment.

Hospital Dentistry	Category
Mohamed ElDeeb	Attending
Family Practice & Community Health	
John E. Sutherland	Attending
Medicine	
William C. Duane, Jr.	Clinical
Laboratory Medicine & Pathology	
Elizabeth H. Perry	Attending
Edward P. Scott	Attending
Mark R. Wick	Attending

Neurology

Ruy Mireles	Attending

Psychiatry

Barry D. Garfinkel	Attending

Urology

Rei-Kwen Chiou	Attending
John C. Hulbert	Attending

The following physician is completing a provisional appointment and is eligible for regular appointment. The Credentials Committee reviewed a letter of recommendation from the clinical chief and hereby recommends approval of regular staff appointment.

Pediatrics	Category	Date Eligible
Gregory R. Elliott	Attending	November 18, 1983

The following Psychologists have submitted applications and privileges requests to be considered for appointment as Specified Professional Personnel. The applications have been reviewed and approved by the chief of clinical service in which they function and the Psychologists Standards Committee. The Credentials Committee have completed it's review of the applicants and hereby recommend their approval.

Family Practice

Edmond (Eli) Coleman

Physical Medicine & Rehabilitation

Marianne O'Carroll

The Credentials Committee is recommending the termination of medical staff appointment of the following physician. His faculty appointment was terminated June 30, 1983 when he accepted a position in Omaha, Nebraska and the Bylaws of the medical staff state "Loss of appointment on said faculty shall immediately terminate membership on the medical staff and no procedural due process shall apply." Medical and Dental Staff Bylaws, Article II, Part B:.

Surgery	Category
James N. Karnegis	Attending

APPLICANTS TO THE MEDICAL/DENTAL STAFF

NAME & DEPARTMENT	CATEGORY	FACULTY RANK	SPECIALITY	MEDICAL SCHOOL-COMPLETION DATE	INTERNSHIP, RESIDENCY & FELLOWSHIP-COMPLETION DATES	LAST POSITION
HOSPITAL DENTISTRY						
Mohamed E.N. ElDeeb	Attending	Asst. Professor	Oral and Maxillofacial Surgery	Cairo University Giza, Cairo Egypt School of Dentistry May 1972	General Practice Resident Cairo University School of Dentistry 1972-1973 Post Graduate Training-Oral Surgery Azhar University-School of Dentistry Cairo, Egypt 1972-1973 Residency University of Minnesota School of Dentistry 1976-1979	Asst. Professor University of Minnesota 1980-Present
FAMILY PRACTICE						
John E. Sutherland	Attending	Asst. Professor	Family Practice	University of Minnesota 1962	Internship Bethesda Lutheran Medical Center, St. Paul, MN. 1962-1963	Mayo Medical Center, Rochester, MN 1980-1983
MEDICINE						
William C. Duane,Jr.	Clinical	Assoc. Professor	Gastroenterology	Univeristy of Minnesota June 1970	Internship/Residency University of Minnesota 1970-1972 1974-1975 Clinical Associate NIH Phoenix Clinical Research Section, Phoenix AZ 1972-1974 Fellowship University of Minnesota Gastroenterology 1975-1977	VA Medical Center - Staff Physician 1977-Present

APPLICANTS TO THE MEDICAL/DENTAL STAFF

NAME & DEPARTMENT	CATEGORY	FACULTY RANK	SPECIALITY	MEDICAL SCHOOL-COMPLETION DATE	INTERNSHIP, RESIDENCY & FELLOWSHIP-COMPLETION DATES	LAST POSITION
LABORATORY MEDICINE & PATHOLOGY						
Elizabeth H. Perry	Attending	Instructor	Pediatrics Coagulation	University of Minnesota June 1979	Internship University of New Mexico Albuquerque, New Mexico 1979 - 1980 Residency University of New Mexico Albuquerque, New Mexico 1980-1981 University of Minnesota Pediatrics 1981-1982 Chief Resident 7/1982 - 12/1982 Post Doctoral Associate University of Minnesota Coagulation Lab. Dept of Laboratory Medicine & Pathology 2/1983-Present	
Edward P. Scott	Attending	Asst. Professor	Blood Bank/ Hematology	University of Mississippi Jackson, Mississippi May 1973	Internship Kern Medical Center Bakersfield, Calif Internal Medicine 1973-1974 Residency University of Mississippi Jackson, Miss. Internal Medicine 1974-1976 Fellowship City of Hope Medical Center Duarte, CA, Hematology 1976-1977	City of Hope National Medical Center, Duarte, CA. Staff Physician Hematology/Bone Marrow Transplanatio 1979-Present

APPLICANTS TO THE MEDICAL/DENTAL STAFF

NAME & DEPARTMENT	CATEGORY	FACULTY RANK	SPECIALITY	MEDICAL SCHOOL-COMPLETION DATE	INTERNSHIP, RESIDENCY & FELLOWSHIP-COMPLETION DATES	LAST POSITION
LABORATORY MEDICINE & PATHOLOGY						
Mark R. Wick	Attending	Instructor	Anatomic & Clinical Pathology	University of Wisconsin Madison, WI May 1978	Internship Mayo Clinic Rochester, MN 1978-1979 Residency/Anatomic & Clinical Pathology Mayo Clinic Rochester, MN 1978-1982 Fellowship/Immunohematology Mayo Clinic Rochester, MN 1982-1983	
NEUROLOGY						
Ruy Mireles	Attending	Research Fellow	Neurology	Universidad Autonoma Monterrey, Mexico 1977	Residency University of Ottawa Ottawa, Ontario, Canada July 1979-June 1983	
PSYCHIATRY						
Barry D. Garfinkel	Attending	Assoc. Professor	Psychiatry Psychopharmacology	University of Manitoba Winnipeg, Manitoba, Canada 1971	Internship Toronto General Hospital Toronto, Ontario, CA 1971-1972 Residency Clarke Institute of Psychiatry Toronto, Ontario, CA 1972-1974 Hospital for Sick Children Toronto, Ontario, CA 1974-1975	Bradley Hospital Providence, R.I. 1979-Present

APPLICANTS TO THE MEDICAL/DENTAL STAFF

NAME & DEPARTMENT	CATEGORY	FACULTY RANK	SPECIALITY	MEDICAL SCHOOL-COMPLETION DATE	INTERNSHIP, RESIDENCY & FELLOWSHIP-COMPLETION DATES	LAST POSITION
UROLOGY						
Rei-Kwen Chiou	Attending	Instructor	Urology	China Medical College Taichung, Taiwan June 1975	Residency/Surgery Jen Ji Hospital, Taipei, Taiwan - 1975-1976 Mackay Memorial Hospital Taipei, Taiwan 1976-1977 Internship/Surgery Methodist Hospital Brooklyn, NY 1978 (6 months) Residency/Surgery Maimonides Medical Center Brooklyn, NY 1978-1979 Residency/Urology University of Minnesota 1979-1983	
John C. Hulbert	Attending	Instructor	Urology	Middlesex Hospital Medical School, Londaon, England 1975	Internship Middlesex Hospital London, England 8/1979 - 1/1976 Internship/House Physician Ipswich Hospital Ipswich, London 1/1976-7/1976 Resident Surgical Officer Cheltenham General Hospital London, England 11/1978-2/1980 Residency/Urology University of Wisconsin Madison, WI 7/1980-6/1983	

POLICY NUMBER: 29.3 - Revision

SUBJECT: Child Abuse & Neglect Policy

CHILD ABUSE & NEGLECT POLICY

The policy of the University of Minnesota Hospitals and Clinics is "to protect children whose health or welfare may be jeopardized through physical abuse, neglect, or sexual abuse; to strengthen the family and to make the home, school, and community safe for children by promoting responsible child care in all settings..." (Reporting of Maltreatment of Minors Act - Minn. Stat. § 626.556 - amended 6/15/83 and effective August 1, 1983.)

IDENTIFICATION AND REPORTING

Because of their contact with children and families in the health care delivery system, certain health (and other) professionals are legally mandated to identify physically and sexually abused and neglected children. Minnesota State Law (Minn. Stat. § 626.556) provides that any "professional or his delegate who is engaged in the practice of the healing arts, social services, hospital administration, psychological or psychiatric treatment, child care, education, or law enforcement who has knowledge of or reasonable cause to believe a child is being neglected or physically or sexually abused shall immediately report the information to the local welfare agency, police department or the county sheriff." The State, through its legal and child protective services, is required to do the "investigation of such reports and to provide protective and counseling services in appropriate cases."

As identified above any professional at the University of Minnesota Hospitals and Clinics who has "knowledge of or reasonable cause to believe that a child is being physically or sexually abused and/or neglected" is responsible for making a report to the local county welfare agency.

PROCEDURE

To assist persons manadated to report and to facilitate appropriate patient care, the following procedures have been developed:

1. The responsible staff physician for any patient seen in University of Minnesota Hospitals and Clinics should be notified immediately (within 24 hours) of the situation. At the same time, the Pediatric attending staff, in the case of an off-service (e.g., surgery) patient on a pediatric ward, should also be notified. The responsible physician and, where indicated, the Pediatric attending staff, must discuss the situation with the housestaff, social work staff, and nursing staff within 24 hours and document a care plan in the chart.

2. The University of Minnesota Hospitals and Clinics will maintain a Medical Staff Child Abuse and Neglect (CA/N) Consultative Committee, whose members, nominated by Chiefs of Service and appointed by the Chief of Staff of UMH/C, will include staff physicians from the Departments of Pediatrics, Psychiatry, Neurosurgery, and other appropriate specialities. An on-call list of the consultative members with office and home telephone numbers will be prepared and circulated by the Chief of Staff's office to appropriate medical departments, protective services, and the University Police. The members of the CA/N Consultative Committee are available for consultation as appropriate on individual cases.

3. The responsible physician (and attending staff physician, when indicated - see #1) and social worker, and other professionals, as needed, will discuss the situation and decide and establish a comprehensive plan relative to the possible abuse and neglect. A plan for the child and family will be communicated by the responsible physician to the referring physician.

4. The responsible physician (and attending staff physician, when indicated - see #1) will discuss with the parent or guardian or other person responsible for the child's care (§ 626.556, Subd 2b) the basis of the concern and inform that person of the professional, legally mandated responsibility to make a report to the "appropriate police department, the county sheriff or local welfare agency" (§ 626.556, Subd 7). The patients care plan will also be discussed for further investigation and assistance.

5. The hospital social worker assigned to the patient's hospital or clinic service area or the social worker on-call should be contacted for assistance with these procedures. A social worker may be reached after 4:30 p.m. and on weekends and holidays through the page operator.

    a. A telephone report to the local county welfare agency (county of residence) will be made immediately (within 24 hours after determining that there is reasonable cause to believe that a child has been abused or neglected).

    b. A telephone report may also be made to the University police in those cases where there is reasonable cause to believe that a child is being physically or sexually abused, e.g., more severe cases.

    c. A written medical report (using the University Hospitals' "Child Maltreatment Reporting Form") will be completed within one working day by the responsible physician (or attending staff physician, when indicated - see #3) confirming the telephone report and forwarded to the local welfare agency and the law enforcement agency if it received a phone call. A copy will also be placed in the patient's medical record, and a copy will be transmitted appropriately to the referring physician.

6. The responsible physician (or attending physician, when indicated - see #1) working with other hospital staff is responsible for the discharge plan, supervision, and follow-up.

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

AGENDA ITEM FOR PHYSICAL PLANT AND INVESTMENT COMMITTEE

I. Title: Unit "J" Surplus Allocation

II. Administration Recommendation:

Resolved that, on the recommendation of the Vice President for Health Sciences and the Vice President for Finance, the Regents approve the expenditure of $1 million of the $9.6 million Unit "J" surplus to improve design efficiency and an additional $2.4 million to complete undeveloped space within Unit "J".

III. Purpose of Intent of the Item:

The Unit "J" Hospital project is 95% under contract and 9% or a hospital share of $9.6 million under budget. There are several ways to utilize this savings and before a proposal is presented to the Regents in mid-1984, a detailed planning effort must be completed relative to the renovation portion of the project budget. Because of the construction schedule it is however urgent that any consideration involving new construction occur at this time. Hence, the Regents are requested to approve $3.4 million in contract change orders, holding the balance of $6.2 million awaiting further recommendations. The Hospital Board of Governors has endorsed this proposal in their December 21, 1983 meeting.

IV. Previous Board Action:

The Unit "J" construction project was approved by the Regents in November, 1982.

V. Presented by Neal A. Vanselow, M.D. and David Lilly

VI. Date: January 12, 1984

UNIT "J" SURPLUS ALLOCATION

A REPORT TO

THE BOARD OF REGENTS

PHYSICAL PLANT AND INVESTMENT COMMITTEE

JANUARY 12, 1984

Prepared By:

NEAL A. VANSELOW, M.D.

17

I. BACKGROUND

The Unit "J" construction and renovation project began, most recently, in December of 1982. Currently, approximately 95% of the new construction is under contract and a savings of 9% of the $125 million project is now assured. Twenty-nine of thirty-five bid packs have been awarded with a total savings (actual versus estimated contract dollar amounts) of $11,600,000. Consistent with the construction management contract, Gilbane-Mortenson will realize $2,000,000 in savings, leaving the hospital with $9,600,000 available for allocation. It is projected that hospital and construction manager contingencies will be adequate to cover unforeseen construction complications; hence, the savings can now be safely allocated.

In considering allocation, the primary concern of the hospital is to minimize the cost of operation and to enhance the efficiency of patient care over the life of the building. Operating cost include debt service, or the cost of paying for the building, and expense of employing staff and purchasing materials and supplies. Both aspects of operating cost must be evaluated.

The environment of health care in the next decade may best be characterized by competition with a strong emphasis on the cost of services from the patient's perspective. For this reason the foundation for recommendations must be to reduce the cost to patients and to cause our services to be provided with consistent quality but with improved efficiency.

The purpose of this paper is to identify alternatives that should be considered, estimate their cost, and recommend the first steps in a course of action relative to Unit "J" surplus allocation.

II. ALTERNATIVES FOR ALLOCATION OF UNIT "J" SURPLUS

The following alternatives are being considered for the allocation of Unit "J" surplus dollars. The essential factors of each alternative are discussed briefly.

A. Reduction of Total Borrowing

The hospital is responsible for servicing debt related to the Unit "J" project. The size of the debt was a major concern to the hospital, university, and the public. All or part of the project savings could be used to increase the equity contribution of the hospital when refinancing occurs or by calling the long bonds at the earliest call date.

It is estimated that an enhancement of the hospitals' equity contribution in the amount $9.6 million would reduce the hospitals' debt service per patient day from $83.70 to $72.80. The earliest call date for long bonds (the most expensive in terms of interest) would occur in 1992.

While no recommendation on this alternative is being made at this time, it is obvious that further consideration must be given to the value of reduced debt service compared with the opportunities for reduced cost that could be derived from increased operating efficiency.

B. Finish Unit "J' Undeveloped Space

To assure that the Unit "J" construction project was accomplished within budget, several departments or functions were removed in the last weeks of planning. Cardiopulmonary labs and Endoscopy are examples of such cuts. Quite unrelated to those specific cuts, an opportunity to gain additional square footage within the building presented itself as the excavation phase of the project proceeded, as a result 24,000 square feet of space within the envelope of the building was left as undeveloped. The vast majority of this space is on the first level of the building which houses Radiation Therapy, Dietetics, Central Supply, and other departments.

One alternative would be to allocate savings dollars to finish the shell space to make it suitable for housing a few of the departments and functions deleted late in planning.

It is estimated that finishing the undeveloped space would cost approximately $100 per square foot for a total of $2,400,000.

C. Improve the Efficiency of Design in Patient and Public Areas in Unit "J"

A second series of deletions were made in Unit "J" in the last weeks of planning to assure that the project would be completed within budget. These deletions eliminated one patient and one staff elevator (there are currently five patient and five staff elevators in the project), an enclosure for the emergency room entrance, and downgraded wall finishes and floor coverings. These items are currently estimated to cost $1 million to construct. The elevators and emergency entrance enclosure are items that relate to staff efficiency and patient convenience. Upgrading the public and patient areas would reduce maintenance (vinyl wall covering rather than paint) and do much to avoid an institutional appearance.

D. Supplement Existing Hospital Facility Renovations

Perhaps the single largest reduction in funding in any area of the Unit "J" project happened in the area of Mayo and related building renovations. In the end, only $1.6 million was provided to plan and renovate approximately 200,000 net assignable square feet ($8 per square foot). This is a very modest sum.

The patient care functions that will move to Unit "J" once it is opened, vacate space on practically every level of Mayo and related buildings. Those functions that will remain in Mayo are scattered and in some cases poorly located in relationship to Unit "J". Many of the functions remaining in the Mayo facility must either deliver supplies to the patient care units in Unit "J" or bring patients into the Mayo facility to perform tests or procedures. The current renovations budget allows for very few of those inefficiencies to be reduced or eliminated with a resultant increase in operating cost.

The need to relocate functions and improve functional efficiency dwarfs the funds put in the Unit "J" budget ($1.6 million). The Hospital Facilities staff has estimated that it would require approximately $10 million to accomplish reasonable and efficient departmental arrangements ($50 per square foot). Because detailed planning has not been completed, it is impossible to validate these estimates and it will require between six and eight months to complete the necessary design. As that is completed, the impact on operating costs will be made more apparent and quantifiable.

E. Reallocate the Savings to Other Hospital Projects

There are a number of projects that were known at the time Unit "J" planning was finalized (nuclear magnetic resonance), or have been raised as potential projects since Unit "J" was begun (patient parking facility or aerial link to the new hotel). Whatever their number or nature, they would be external to the project; hence, funding would have to be delayed until the successful completion of the basic project (construction of a new building and renovation of Mayo and related buildings) is guaranteed. Once that guarantee is apparent the provisions of the bonding would permit the funding of other hospital projects that could be demonstrated to enhance patient revenues that support debt service.

III. CONCLUSION

The total cost of the Unit "J" project, including new construction and renovations, is fixed at $125 million and that cap must and will be met. As the bid award process has proceeded relative to new construction it is apparent that related estimates are higher than actual cost. This variance is most directly attributable to an extremely favorable bid environment. It is equally apparent that the amount required for renovating existing facilities has been underestimated. However, since the hospital has not yet completed a specific renovation plan it is not possible to project the impact on overall operating cost and to compare that with the reduction in operating cost that would result from lowering the debt service.

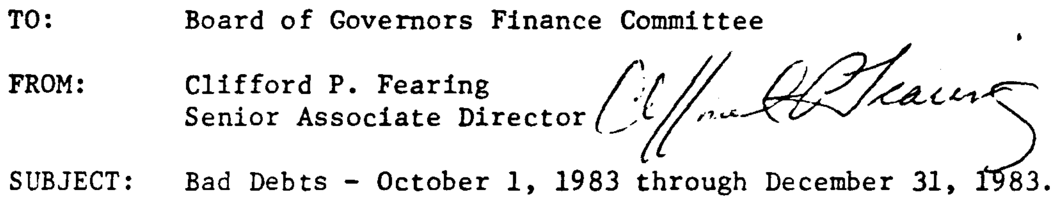
The benefit of finishing the undeveloped space in Unit "J" and improving design efficiency is obvious in terms of increasing operating efficiency in patient services. The hospital, thus, proposes to utilize $3.4 million of the $9.6 million available from Unit "J" surplus to incorporate these two items into the project.

It is essential that detailed planning be completed on the renovation portion of the project in order that a recommendation be made that assesses the best manner to reduce operating costs, either by supplementing the funds available for renovations or by reducing the debt service and hence the overall cost of the project. To accomplish this the Hospital Board of Governors has instructed the Hospital Director to complete the renovations planning process with a maximum cost cap of $8 million and to return in six to eight months with the results of that effort including estimates of the impact on operating cost. The Board of Governors will then consider that proposal together with the impact of reducing debt service before making recommendations as to how the balance of the $9.6 million ($6.2 million) should be allocated.

UNIVERSITY OF MINNESOTA
TWIN CITIES

University Hospitals and Clinics
420 Delaware Street S.E.
Minneapolis, Minnesota 55455

January 25, 1984



TO: Board of Governors Finance Committee

FROM: Clifford P. Fearing
Senior Associate Director

SUBJECT: Bad Debts - October 1, 1983 through December 31, 1983.

The total amount recommended for bad debt of Hospital accounts receivable during the second quarter of 1983-84 is $396,266.01, represented by 1,814 accounts. Bad debt recoveries during this period were $147,404.10, leaving a net charge off of $248,821.91. A statistical summary, a detailed description of losses over $2,000, and a description of recoveries over $200 are attached.

Total bad debts for the first two quarters of the fiscal year 1983-84 are $965,180.76, which is 1.04% of gross charges. This compares to a budgeted level of bad debts of 3.1%.

Also enclosed for your approval are $6,362.80 of Home Health Services accounts.

CPF/jem

enc.

UNIVERSITY OF MINNESOTA
TWIN CITIES

University Hospitals and Clinics
420 Delaware Street S.E.
Minneapolis, Minnesota 55455

January 25, 1984

TO: Board of Governors Finance Committee

FROM: Clifford Fearing
Senior Associate Director

SUBJECT: Report of Operations for the Period July 1, 1983 through December 31, 1983.

The Hospitals' operating position for the month of December reflects the usual seasonal decline in patient census levels. The December year-to-date operating position continues to be positive even though our overall census levels are not as high as we originally anticipated. Higher than expected ancillary utilization and higher than expected investment income continue to contribute to that positive position. To highlight our position:

Inpatient Census: During the month of December, admissions totaled 1,432 or 73 below projected admissions of 1,505. Patient days for December totaled 14,386 and were 521 days below budget. While we continue to experience lower than projected census levels, the decline during December is typical and reflects the seasonal impact of the holiday period.

To recap our year-to-date inpatient census:

	1982-83 Actual	Budget	Actual	Variance	% Variance
Admissions	10,347	10,111	9,916	(195)	(1.9)
Avg. Length of Stay	9.5	9.6	9.3	(0.3)	(3.1)
Patient Days	99,874	98,330	94,066	(4,264)	(4.3)
Percent Occupancy	73.7	72.5	69.5	(3.0)	(4.1)
Avg. Daily Census	542.8	534.4	511.2	(23.2)	(4.3)

Outpatient Census: December clinic visits totaled 14,888 compared to projected visits of 15,962. Our year-to-date clinic census totals 102,678, or 226 (0.2%) below projected visits of 102,904. Our clinic census through the first half of the 1983-84 fiscal year is 1,684 visits, or 1.6% below our total of a year ago. This decline is occuring throughout the clinics and is consistent with, but less severe than the decline in the inpatient census.

Financial Operations: The Hospitals' statement of operations shows total revenues over expense of $4,570,357, a favorable variance of $622,899. As in previous months, this favorable variance continues to be due to our investment income being higher than projected by $1,152,409.

Patient care charges through December totaled $92,511,876 and are approximately $1,208,000 (1.3%) below budgeted levels. Routine revenue continues to remain 3.7% below budget and reflects our overall patient day variance. Ancillary revenue continues to be right at budgeted levels and reflects higher than anticipated utilization levels given our patient census.

Operating expenditures through December totaled $80,902,548 and are approximately $632,000 (0.8%) below budget. The favorable variance continues to reflect reduced expenses associated with our lower census levels. In addition, we began to experience some of the reductions resulting from the actions taken by management in November to reduce our expense base.

Accounts Receivable: The balance in patient accounts receivable as of December 31, 1983 totaled $41,549,104 and represents 83.2 days revenue outstanding. While total receivables increased by only $13,462 during the month of December, the number of days of revenue outstanding increased by 3.4 for the month due to a decline in our average daily revenue. The decline in the average daily revenue at this time of year is typical, and reflects the lower census levels over the holidays. As census levels return to normal levels in January, the days of revenue in receivables should return to normal levels of 76 to 78 days.

The problems cited the last two months regarding Medicare ESRD (End-Stage Renal Disease) billings have been resolved and we received our first interim payment on these billings in December. We anticipate that it will be two to three months before the total impact in receivables has been felt and the problem totally resolved.

Conclusion: As of the end of the second quarter, the Hospitals' overall financial position remains in line with the fiscal plan implemented with the decline in census levels. We will continue to closely monitor our position and make operational changes that are necessary and appropriate.

/jem

UNIVERSITY OF MINNESOTA HOSPITALS & CLINICS

STATEMENT OF OPERATIONS

FOR THE PERIOD JULY 1, 1983 TO DECEMBER 31, 1983

	Budgeted	Actual	Variance Over/(Under) Budget	Variance %
Gross Patient Charges	$93,719,817	$92,511,876	$(1,207,941)	(1.3%)
Deductions from Charges	18,063,922	18,336,971	273,049	1.5
Other Operating Revenue	1,606,428	1,925,790	319,362	19.9
TOTAL REVENUE FROM OPERATIONS	$77,262,323	$76,100,695	$(1,161,628)	(1.5%)
Expenditures				
Salaries	$39,461,748	$39,118,368	$ (343,380)	(0.9%)
Fringe Benefits	7,329,651	7,893,426	563,775	7.7
Contract Compensation	3,757,340	4,096,308	338,968	9.0
Medical Supplies, Drugs, Blood	12,834,956	12,723,821	(111,135)	(0.9)
Campus Administration Expense	2,627,278	2,627,278	0	0.0
Depreciation	3,136,917	3,039,801	(97,116)	(3.1)
General Supplies & Expense	12,386,237	11,403,546	(982,691)	(7.9)
Total Expenditures	$81,534,127	$80,902,548	$ (631,579)	(0.8%)
Net Revenue from Operations	$(4,271,804)	$(4,801,853)	$ (530,049)	12.4%
Non-Operating Revenue				
Appropriations	$ 6,244,160	$ 6,244,160	$ 0	0.0%
Interest Income on Reserves	924,320	2,076,729	1,152,409	124.7
Shared Service	185,622	186,161	539	0.3
Investment Income on Trustee Held Assets	865,160	865,160	0	
Total Non-Operating Revenue	$ 8,219,262	$ 9,372,210	$ 1,152,948	14.0%
Revenue Over / (Under) Expenses	$ 3,947,458	$ 4,570,357	$ 622,899	(1)

(1) Variance equals 0.8 % of total budgeted revenue.

Minutes

PLANNING AND DEVELOPMENT COMMITTEE

Board of Governors

University of Minnesota Hospitals and Clinics

January 11, 1984

CALL TO ORDER: Mr. David Cost, Board of Governors Chair, called the meeting to order at 10:42 a.m. January 11, 1984 in Hospital Dining Room III.

ATTENDANCE:

Present: David Cost, Chair
Al Hanser
William Krivit, M.D.
John LaBree, M.D.
Virgil Moline
C. Edward Schwartz
I. Dodd Wilson, M.D.

Absent: Harry Atwood
Clint Hewitt

Staff: Mark Koenig
Ron Werft

Guests: Cliff Fearing
Jeanne Hartnett
Ed Howell
Nancy Janda
Ken Merwin

UTILIZATION OF UNIT "J" SURPLUS: Mr. Ed Schwartz reported on the plan for utilization of Unit "J" surplus which is being presented to the Board of Regents later this week. Discussion focused on the December Board recommendation to proceed with design efficiences and shell space. Dr. William Krivit pointed out that no State funding had been solicited nor utilized in the construction of Unit "J" and indicated the uniqueness of this situation among academic health centers. Discussion followed on the need to proceed with the development of Unit "J" shell space. Mr. Schwartz reported that the information will be presented to the Board of Regents Physical Plant and Investment Committee on January 12th, and it is anticipated that it will be presented to the Board of Regents on January 13th for approval of the expenditure of up to $3.4 million.

RENEWAL PROJECT UPDATE:

Mr. Mark Koenig reported on the progress and completion of Unit J. He noted that there were no significant changes in savings nor schedule since the December presentation to the Planning and Development Committee. Mr. Koenig reported that Therapeutic Radiology space would be completed later this month and would be open for patient care in the late spring or early summer. Discussion followed on the potential delays to the project due to severe weather. It was pointed out that weather delays were built into the construction estimate and it was not anticipated that weather would have a negative impact on final completion date. Mr. Koenig reported that the potential total savings on the Unit J project remains at $11.6 million plus contingencies.

UNIT "J" INTERIORS:

Mr. Ron Werft introduced Ms. Jeanne Hartnett of Hartnett & Associates, the interior design consultant to the University Hospitals Renewal Project. Mr. Werft reported that the interior designs had been developed since April, 1981 and that the process for review included an Interiors Task Force comprised of hospital department heads and an administrative review group. He added that other groups had provided input on specific departmental applications. Mr. Werft noted that the general criteria established by the task force included operational impact, asthestics, patient comfort and safety, cost, and infection control. He noted that the majority of interior design recommendations had been established for walls, floors, and ceilings, and for the vast majority furnishings. Mr. Werft added that remaining items to be considered by the task force included patient room cubicle curtains and window dressings and the consideration of add alternatives pending Regents approval of the utilization of surplus recommendation.

Ms. Jeanne Hartnett presented the interior design and furnishing recommendations for Unit J to the committee. Her report included public spaces including the central lobby, family waiting areas, and patient day rooms, surgery waiting, patient rooms, the Board of Governors room, the cafeteria finishes, and consultation/on-call rooms. It was suggested that an overview of the interior finishes and color schemes be presented to the full Board of Governors at a future date as well as more detailed perspectives on the Board Room.

UNIVERSITY HOSPITALS PURCHASING POLICIES:

Mr. Ed Howell and Mr. Ed Schwartz reported on University Hospitals Purchasing Policies approved by the Board of Governors at their December meeting indicating that the policies would be presented to the Board of Regents later this week. It was indicated that the changes endorsed by the Board of Governors in December had been incorporated into the current set of adopted policies.

Board of Governors

University of Minnesota Hospitals and Clinics

SPECIAL MEETING

December 5, 1983

Minutes

CALL TO ORDER: Mr. David Cost, Chair, Board of Governors called the special meeting of the Board of Governors to order at 2:10 p.m., December 5, 1983 in Room 555 Diehl Hall.

ATTENDANCE: Present:
David Cost, Chair
Harry Atwood
Al France
Al Hanser
David Lilly
Virgil Moline
Paul Quie, M.D.
Ed Schwartz
Lori Ann Stieber
Roby Thompson, M.D. (for Robert Goltz, M.D.)
Timothy Vann

Absent:
Robert Latz
J. E. Meilahn
Barbara O'Grady
Neal Vanselow, M.D.

AWARE PARTICIPATION: Mr. David Cost introduced the topic of University of Minnesota Hospitals and Clinics participation in the Blue Cross/Blue Shield of Minnesota AWARE Program. Mr. Ed Schwartz reviewed the background of the hospitals participation. Mr. Cliff Fearing estimated that participation in 1983 would have cost University of Minnesota Hospitals & Clinics approximately $6 million in lost revenue. Mr. Fearing summarized previous discussion regarding the rationale for non-participation in 1983.

In regard to 1984 participation in the AWARE Program, Mr. Fearing reported that Blue Cross/Blue Shield had excluded Inter-Bank and federal employees from participation, had offered to establish a separate pediatric contract rate, and had introduced an outlier concept. He estimated that the existing proposal for 1984 participation will cost $2-3 million in lost reimbursement.

Mr. Cliff Fearing reviewed the risks and advantages of alternatives for full participation, non-participation, and acceptance of AWARE rates for AWARE patients only.

He indicated that negotiations were currently taking place for rehabilitation patients and for the inclusion of additional specialty categories. In response to a Board questions regarding medical staff support, Dr. Roby Thompson noted that the medical staff had been well informed and that awareness was increasing among members of the medical staff in regard to the necessity of cost reductions and changes in medical practice.

It was pointed out that most if not all metropolitan area hospitals were expected to participate in 1984. It was noted that the Rochester, Minnesota hospitals were not participating in the AWARE Program because they are outside the metropolitan area.

Discussion emphasized Board concern over participation in a program expected to incur losses, but recognized the risk of non-participation and the impact upon patient days. Discussion followed on how participation could best be managed, Mr. Ed Schwartz presented a management plan which had been endorsed by the Clinical Chiefs for full participation in the AWARE Program for 1984. Responsibilities of the Clinical Chiefs to manage medical care and of the hospital to reduce the cost of such care were highlighted in the report.

It was moved that the Board of Governors of University of Minnesota Hospitals and Clinics authorize the Hospital Director to enter into a full participation agreement with the Blue Cross/Blue Shield AWARE Program, effective January 1, 1984 for a period of 12 months. The motion was seconded and passed unanimously.

Adjournment: There being no further business the meeting was adjourned at 3:15 p.m.

Respectfully submitted,

Ron Werft/p

Ron Werft
Executive Secretary

Mpls Star & Tribune
Wednesday, Jan 18, 1984

Report: U.S. longevity up, but so are health costs

By Betty Anne Williams
Associated Press

Washington, D.C.
Americans are living longer but paying more than ever for health care — an average of $1,365 per person in 1982, or more than 10 percent of the gross national product — the government reported Tuesday.

In its yearly report on U.S. health, the Department of Health and Human Services said infant mortality has dropped while life expectancy has risen.

At the same time, however, the cost of health care has continued to escalate rapidly, the report said. Health care expenditures in the U.S. totaled $322.4 billion in 1982, due largely in part to higher costs for hospital care, medicines and medical equipment.

Overall, the mortality rate for heart disease fell 25 percent since 1970, but it remained the leading cause of death, accounting for about a third of all deaths in 1982. The death rate for strokes since 1970 dropped 40 percent.

The statistics appeared in the federal government's annual assessment of U.S. health progress, "Health United States" that Health and Human Services Secretary Margaret Heckler released to reporters.

"This is, in a sense, my department's report card on health progress and I would say the news is exceptionally good," Heckler said at a press conference. "Our national health is better than ever."

Life expectancy rose to its highest point ever in 1982 when it reached 74.5 years. Women (78.2 years) continued to live longer than men (70.8 years). But life expectancy for blacks was 69.3 years compared with 75.1 years for whites in 1982, the report showed.

Blacks not only suffer proportionately more from cancer, heart disease, stroke and hypertension, they also, on average, live six years fewer than whites. As a result of that disparity, Heckler said, she is forming a task force on Black-Minority Health to review the differences and make recommendations about how they can be minimized. Dr. Thomas E. Malone, deputy director of the National Institutes of Health, will head the task force.

The federal health officials said that the infant mortality rate for blacks continues to be about twice that of whites, but disputed claims by several private groups that the gap between black and white infant mortality is widening.

"I don't think things are getting better, but there was no evidence that they are getting worse," said Joel Kleinman of the National center for Health Statistics.

The report concluded that the best hope all Americans have for making further significant improvements in their health is by shedding unhealthy life styles and exercising more.

"The American life style is still relatively sedentary," the report said. Only about one third of each age group surveyed (35 percent of adults 18 to 65; 33 percent of children and 36 percent of adults over 65) participate in regular exercise.

The 394-page report said that Americans in four out of five of the major stages of life are meeting the surgeon general's goals for improved health status.

Infant mortality fell from 14.1 deaths per 1,000 live births in 1977 to 11.2 per 1,000 in 1982. The death rate for children aged one to 14 dropped from 43 per 100,000 in 1977 to 36 per 100,000 in 1982. The death rate for adolescents and young adults 15 to 24 years of age declined from 117 per 100,000 to 105 per 100,000. The death rate for those 25 to 64 fell from 540 per 100,000 to 463 per 100,000.

The study made these other points:

- Provisional data for 1981 and 1982 show that the fertility rate may be stabilizing after showing a slight, previous increase. Women 30 to 34 years of age had experienced the largest increase.
- The supply of health practitioners has increased greatly over the past two decades both in absolute numbers and in relation to the population. The largest increase was in the number of registered nurses (1.3 million in 1980 compared to 335,000 in 1950).
- In 1980, women were 52 percent of the population and accounted for 58 percent of the health care spending.

David Lilly

Lilly named vice president

David Lilly was named vice president for finance and operations by the University Board of Regents Friday, Dec. 9.

Lilly, 66, has filled the position as an acting vice president since last May, when then-Vice President Fred Bohen left the University to become senior vice president for finance and administration at Brown University in Rhode Island.

Lilly came to the University in 1978 as the School of Management's dean. Before that, Lilly had been on the Federal Reserve System board of governors and was chairman and president of the Toro Co. of Minneapolis. Lilly now is on the board of directors at Honeywell.

"I cherish the opportunity and the challenge to be of assistance to such an important institution to our state and nation," Lilly said.

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