

Minutes  
Board of Governors  
University of Minnesota Hospitals and Clinics  
December 12, 1979

Present: Mr. Al Hanser, Chairman  
Ms. Sally Pillsbury, Vice Chairman  
Mr. Harry Atwood  
Ms. Jo-Anne Barr  
Ms. Dionisa Coates  
Mr. David Cost  
Mr. Dave Domaas  
Mr. Orville Evenson  
Mr. Al France  
Ms. Jeanne Givens  
Ms. Debbie Gruye  
Mr. Ed La Fave  
Mr. John Mason  
Dr. John Najarian  
Mr. Jack Quistgard  
Ms. Margaret Sandberg  
Dr. John Tiede  
Ms. Timothy Vann  
Dean Lawrence Weaver  
Mr. John Westerman  
Dr. Paul Winchell

Absent: Ms. Mary Lebedoff  
Mr. Virgil Moline  
Dr. Paul Quie

The meeting of the Board of Governors of the University of Minnesota Hospitals and Clinics was called to order by Chairman Hanser at 1:40 p.m., in Room 555 of Diehl Hall.

I. Announcements & Introductions

Chairman Hanser reminded the Board that following the meeting there would be a Holiday Party in the Campus Club.

Chairman Hanser also mentioned that reprints are being made of the Nutrition Manuals requested by certain Board members. He stated that they are expected to be available in January.

II. Minutes - November 14, 1979

The November minutes of the Board of Governors meeting were placed before the Board for approval. A motion to accept the minutes as distributed, was made, seconded, voted upon, and passed.

III. Finance Committee Report - Mr. David Cost, Committee Chairman

Mr. Cost first referred the Board to the Operations Report and called upon Mr. Larson to present that report. Mr. Larson indicated that there were no new factors influencing activities at University Hospitals and Clinics in October. He stated that because of the Board meeting being scheduled a week early for the Holidays, the November statements were not yet prepared. In describing October, he reported that admissions were slightly below projection, as were patient days. A slight increase was experienced in the average length of stay. He pointed out that clinic visits were especially good in October. The year-to-date clinic visit total remains below projections but is ahead of last year's October YTD clinic experience.

Mr. Larson further reported that the year-to-date revenues over expenses for October is \$1,140,060. He noted that both revenues and expenses are below budget and added that revenues are been most impacted by declining volumes in the Blood Bank and Operating Room. He concluded that the overall financial positions of the Hospital has remained stable. He suggested that no consideration will be given to a rate change unless projections from the end of the second quarter indicate that it is necessary.

Mr. Cost then reported that the Finance Committee discussed guidelines for budgeting. He stated that the AHA National Voluntary Effort Cost Containment limit of a 12.9% increase in costs has been adopted. He explained that that figure has factors of 10.9% for cost inflation, 1% for new programs, and 1% for intensity and acuity. He added that the other budgeting guideline being adhered to is that of the Minnesota Rate Review Council limit of a 11.2% increase in revenues.

IV. Planning and Development Committee Report - Mr. Harry Atwood, Committee Chairman

Mr. Atwood stated that he had one action item to bring before the Board of Governors. He reminded the members that they had all had an opportunity to review and comment on the updated planning documents being prepared for submission to the Health Board and to the University President's Office. He explained that the documents have since been revised to incorporate Board and staff suggestions. He noted that the documents were due in to the respective parties by the end of December. He then made a motion to approve the planning documents subject to any comments from the President's Office suggesting change after his review of the University document. Mr. Atwood's motion was seconded, voted upon and passed.

Mr. Atwood also mentioned that the Planning and Development Committee members were updated on progress being made in terms of the Renewal Project. He noted that on Friday, January 11, 1970, a joint meeting of the Governor's Planning and Development Committee and the Board of Regents has been scheduled to acquaint the Regents with the latest developments in the Renewal Project. Mr. Atwood then asked Mr. Hanser to comment on a similar briefing meeting which was held with Metropolitan Health Board representatives.

Mr. Hanser stated that Drs., Quie and Goltz, Ms. Ahlgren, Mr. Dickler, and Mr. Werft accompanied him to a meeting with Health Board members and staff who will be involved in the Certificate of Need process for the Renewal Project. He stated that the meeting provided an opportunity to surface issues and concerns regarding the project. He indicated that those from the Health Board raised the matter of the V. A. Hospital's proposal to build a new facility and the impact that would have on the University's project. Mr. Hanser stated that they explained University Hospitals' attempt to co-ordinate planning with the V.A. through the MAPTH project although the V.A. was denied the right to fully participate in MAPTH by its Central Office. He suggested that this issue will probably be studied further in the future and concluded that generally speaking, those present seemed to support the project. Mr. Hanser added that Metro Health Board representatives will continue to be briefed as appropriate on the project.

V. Joint Conference Committee Report - Ms. Sally Pillsbury, Committee Chairman

Ms. Pillsbury reported that the Joint Conference Committee heard presentations on two audits. She stated that the first was a re-study of Coronary Artery Bypasses as presented by Dr. Robert Anderson, Professor of Surgery. She explained that Dr. Anderson initially had some concerns that the re-study was conducted too soon following the original audit. He indicated that criteria was difficult to establish for the procedure as technical changes were constantly being added to improve the surgery. He indicated however, that the re-study indentified some interesting issues such as debates surrounding the appropriateness of stress testing proceeding the surgery. Ms. Pillsbury reviewed some findings of the audit and commented on the questionable benefits of the Coronary Bypass. She concluded that the audit was done well and made a motion seeking its approval. Ms. Pillsbury's motion was seconded, voted upon, and passed.

Next, Ms. Pillsbury referred to the audit on the use of Prophylactic Antibiotics In Surgery. She stated that Dr. Joseph Solomkin, Surgical Fellow in Infectious Diseases presented the audit. She noted that Dr. Solomkin questioned the criteria

for case selection on the audit in that most of the patients selected were of an age group in which surgery was not difficult and few complications were suffered. She pointed out that the criteria was developed by the Foundation for Health Care Evaluation since this was an area-wide audit. Ms. Pillsbury explained that prophylactic antibiotics are used in surgery to avoid infection at a time when bacteria can get into the blood stream. She commented that the audit was viewed as worthwhile and noted that interesting guidelines were developed as a result of the audit. Ms. Pillsbury moved for acceptance of the audit. Her motion was seconded, voted upon and passed.

It was brought to the Board's attention that the JCAH no longer requires a certain number of audits from each hospital per year. Mr. Jones explained that the JCAH has shifted its interest and orientation to the concept of having a plan or program of integrated quality assurance activities. He stated that such an approach is in the process of being implemented at University Hospitals. He added however, that PSRO's still require that audits be conducted and University Hospitals will continue to meet that requirement.

Ms. Pillsbury then reported that the Joint Conference Committee reviewed a listing of all the Area-Wide Audits which have been completed in conjunction with the Foundation for Health Care Evaluation. She pointed out the tremendous amount of lag time between the completion of an audit by University Hospitals and the time the area-wide summaries are received from the Foundation. She reported that Dr. Kronenberg made a motion referring this item back to the Quality Assurance Committee for further review and possible action. Mr. Cost inquired as to why University Hospitals did not choose to participate in all area-wide audits. Dr. Winchell explained that hospitals are not expected to do all area-wide audits but rather, are asked to choose those which are most pertinent to the institution's case mix.

Ms. Pillsbury then asked Dr. Winchell to present the Credentials Committee report to the Board of Governors. Dr. Winchell stated that the Joint Conference Committee reviewed the recommended appointments to provisional status on University Hospitals' Medical Staff. He briefly reviewed the backgrounds of the 10 physicians seeking clinical and attending positions from Internal Medicine and 2 physicians seeking attending appointments from Pediatrics. He then moved for their acceptance. His motion was seconded, voted upon, and passed. It was pointed out that the number of Internal Medicine appointments were due to the efforts to enhance the quality of the Emergency Room services. It was suggested that it would be helpful to if the Board

could be provided with an update on the Emergency Room, its status, and the benefits of enhancements made to it.

Ms. Pillsbury continued her report by noting that the Committee was made aware of Dr. Robert Anderson's appointment as the permanent Medical Director of the Intensive Care Unit. She also mentioned that they learned of consideration which is being given to development of a procedure for discharging patients and the possible creation of a holding area to accommodate patients awaiting discharge. She added that mention was made of the fact that plans again are proceeding to close certain nursing stations during the Holidays because of the expected decline in census. Further, Ms. Pillsbury noted that Dr. Goltz presented a Clinical Chiefs report indicating that discussions in that group have been centering around House Staff affairs.

Ms. Pillsbury then called upon Mr. Ed Howell who co-ordinated the recent JCAH site visit to comment on that event. Mr. Howell stated that the three site surveyors were on the premises on December 5, 6, and 7, 1979. He commented that they conducted a thorough review which went very well. He explained that in approximately 3 to 4 months a written report will be received from the Joint Commission indicating an accreditation status of either nothing, one, or two years. He noted that the report will contain recommendations which are non-substantive in nature, and citations, which are comments on aspects of the services provided which are said to affect patient care. Mr. Howell noted that in reviewing the tape of the Summation Conference, he could find only recommendations which he numbered at 24. He pointed out that this was a considerable improvement over the 71 recommendations received at the last visit in the area of Life Safety Code considerations alone. He concluded that the Board will be further informed on this subject when the actual JCAH report is received.

VI. General Director's Report - Mr. John Westerman, General Director

Mr. Westerman commented that Mr. Howell is not only to be praised for his good work in co-ordinating the JCAH visit, but added, that he has received recognition for his excellent contributions to teaching efforts in the Program in Hospital and Health Care Administration. In terms of the JCAH, he mentioned that the Commissioners will be meeting this weekend to consider some weighty issues in terms of their Board membership. He indicated that he will unfortunately be out of town for that meeting. Mr. Westerman also commented on such subjects as a General Mills study on Families in an Era of Stress, on the debates going on over the

appropriateness of University hospitals involvement in multi-hospital systems, and the annual reports put together by the Hospitals' departments for Mr. Van Hulzen as the Chief Operating Officer.

Mr. Westerman then stated that the present seemed an appropriate time to reflect on 1979 and to anticipate 1980. He commented that since the Board's initial years in orientation, momentum has been building to lead them to a point of crucial decision making. He commented on their work with the Hospitals' mission and their efforts in cost consciousness. He noted that they are now at a point where important strategic options for the future of University Hospitals must be considered and acted upon. He outlined these options in terms of first, proceeding co-operatively or standing alone. Second, if a co-operative approach is chosen, with whom would it be and how would it be financed. Third, he raised the issue of the Hospitals providing a tertiary care package or an HMO arrangement. Fourth, he raised the many considerations revolving around the Renewal Project. Fifth, he commented on the need to determine direct outreach activities, and sixth, he stressed the importance of all planning statements. He concluded by saying that the 1980's will be a pivotal point for University Hospitals and Clinics and a time of intense debate by the Board of Governors.

VII. Nominating Committee Report - Mr. Al Hanser, Board Chairman

Mr. Hanser reported that the Nominating Committee met the previous day. He reminded the Board that since the last amendments made to the Bylaws, the Committee is now made up of three Regents and three Governors. He listed the membership as including Regent Neil Sherburne, as Committee Chairman; Regent Chairman Wenda Moore, substituted for by Regent David Lebedoff; Regent Robert Latz; Governors Jo-Anne Barr, Harry Atwood and himself. He reported that the first order of business undertaken by the Committee was that of the re-appointments of Ms. Dionisa Coates, Ms. Jeanne Givens, and Ms. Sally Pillsbury. Chairman Hanser reported that the Nominating Committee moved to recommend the re-appointment of the three Governors to additional terms of three years.

Mr. Hanser went on to explain that the other two Board members whose terms expire on December 31, 1979, have chosen not to seek-reappointment. He stated that they were Mr. Orville Evenson and Mr. Ed La Fave. He also reminded the Board that their three new members had been appointed to staggered terms of 1 1/2 years, 2 1/2 years, and 3 1/2 years, thus, none of their terms will be considered until December of 1981.

Chairman Hanser reported that the Nominating Committee devoted the rest of its meeting to consideration of candidates to fill the two vacancies on the Board of Governors. He commented on the fact that the Administrator Surveyor from the Joint Commission had pointed out the importance of maintaining the integrity of the selection process for members and the importance of ensuring appropriate representation which takes into account the portion of rural population served by University Hospitals.

Chairman Hanser then reviewed with the Board the backgrounds of some of the individuals being considered by the Nominating Committee for Board appointment. He pointed out that the Committee felt that more candidates should be sought for consideration. They identified needs in terms of representation from labor and the referring physician community. Also, they suggested representation from the St. Cloud area or the Range. Chairman Hanser asked that if any Governor should know any one fitting that criteria, they should submit the name as soon as possible.

In concluding his report, Chairman Hanser noted that the Nominating Committee also moved to recommend the re-appointments of Ms. Pillsbury as Vice Chairman and himself as Chairman of the Board of Governors.

#### VIII. Board Concerns - Al Hanser, Board Chairman

Mr. Hanser presented both Mr. Evenson and Mr. La Fave with plaques expressing appreciation for their service to the Board of University Hospitals and Clinics. He also extended farewell to Mr. Irving Sawyers, an Administrative Fellow, whose term has concluded. Further, he recognized Dr. Paul Winchell who was responsible for much of the preparatory work for the JCAH visit on behalf of the Medical Staff. Chairman Hanser then called upon Mr. Jones to comment on progress made with the Strategic Options Study. Mr. Jones reported that Dr. John Kralewski, Director of the Health Services Research Center, has assigned two researchers to the project. Also he noted that Mr. Ron Werft will be working on the study. He commented that data is already being gathered and added that the Executive Committee will soon be convened to review the progress.

Chairman Hanser then reported that he will be making the annual report to the Board of Regents on Friday, December 14, 1979. He noted that his comments will be summarized for distribution to the Board of Governors. He also mentioned that Regent McGuiggan will be attending the March meeting of the Board of Governors. Other matters which Chairman Hanser raised included the fact that questionnaires will be sent to the Board members seeking their preferences in terms of committee

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Absent: Ms. Jo-Anne Barr  
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Mr. Ed LaFave  
Mr. Virgil Moline  
Dr. John Najarian  
Mr. Jack Quistgard  
Ms. Timothy Vann

The meeting of the Board of Governors of the University of Minnesota Hospitals and Clinics was called to order by Chairman Hanser at 1:40 p.m., in Room 555 of Diehl Hall.

I. Announcements and Introductions

Chairman Hanser welcomed Mr. Greg Savitt, Minnesota Daily reporter; Ms. Estelle Sell, UHVA representative; and Mr. Robert Spano, Department Head, to the Board of Governors meeting.

Chairman Hanser announced that Mr. Dave Domaas' appointment to the Board of Governors as the Health Sciences student representative was formally approved by the Board of Regents at their November meeting.

## II. Minutes - October 17, 1979

Chairman Hanser called for approval of the minutes of the last Board meeting. A motion was made, seconded, voted upon, and passed to accept the minutes of the October meeting of the Board of Governors.

## III. Introduction of External Consultants to Hospitals Renewal Project

Mr. Merlin Olson, Project Manager and Senior Vice President for Robert Douglas and Associates, the management consultant firm for the Renewal Project spoke first. Mr. Olson reminded the Board that he had spoken before them once before approximately three years ago when he was the CEO for the University of Colorado Hospital. He noted that at that time he spoke on plans in the Denver metro area to merge the University and County hospitals the Governors were then considering MAPTH. He reported that three years later, no further progress has been made in Denver.

Mr. Olson went on to explain that he is now a consultant with Robert Douglas and Associates. He described the firm as being based in Houston, is 6 1/2 years old, has a staff of 30, concentrates in program development and has considerable experience in working with university centers. He listed some of these previous involvement as follows: Michigan, Oklahoma, Chicago, Pennsylvania, Pittsburgh, and others. He explained that of the 30 staff members, 12 have been committed to the Minnesota project. He noted that the firm is especially unique in that many members of the group are double degreed with Masters in both architecture and health management. He also indicated that three are graduates of the Minnesota Program in Health Care Administration. In terms of how they work, Mr. Olson explained that they initiate their work with three questions. First, asking what activities are done in a certain area; second, asking how often these activities are done; and third, asking if any change is foreseen in the area or the amount of activity in the future? He stated that from this information functional descriptions are prepared for the architect who then interprets programs into space.

Next, Mr. Ron Cannamore, Project Manager with Ellerbe/HLK, the architect and engineering firm, spoke regarding their involvement in the Renewal Project. He indicated that he too, was glad to be back with University Hospitals and reminded the Board that Ellerbe was the firm that did the architectural planning for the Unit H Project. He stated that much of the work resulting from that Project involvement can and will be adapted into plans for the Hospitals Renewal Project. Mr. Cannamore reported that Ellerbe/HLK's efforts will take place in three phases - the current pre-design phase of investigation, the pre-schematic phase of site consideration, and the final schematic phase when actual drawings are presented. He noted that he

anticipates completion of the last phase to be mid-year.

Ms. Pillsbury asked Mr. Olson to elaborate on what is meant by programming. Mr. Olson explained that he and his staff have reviewed all planning documents pertinent to University Hospitals dating back to 1967. He stated that the documents have been analyzed for historic consistency and for consistency with the direction of like institutions. He noted that they also require each hospital department to complete elaborate questionnaires which delve into the details of the three basic questions he mentioned before. He then commented that the questionnaires are analyzed and the department heads are interviewed. From all of this information, he concluded that functional program descriptions are then written which speak to needs in terms of numbers of rooms, their size, their contents, and their location. He added that these recommendations are reviewed by a myriad of task forces and committees.

Chairman Hanser thanked Mr. Olson and Mr. Cannamore for their remarks. He pointed out that as the external consultants to the Renewal Project, the two firms have and will continue to be helpful in terms of asking the difficult, probing and objective questions.

#### IV. Finance Committee Report - Mr. David Cost, Committee Chairman

Mr. Cost first reported that Ms. Barbara Tebbitt, Director of the Department of Nursing Services, presented a report to the Finance Committee on the Nursing Department. He stated that the presentation was excellent and noted that Ms. Tebbitt provided very interesting information on the functions of nursing and the trends and issues facing the Department of Nursing at University Hospitals and Clinics. Mr. Cost explained that the request for this presentation evolved from the Finance Committee discussions on the costs of nursing. He noted that Ms. Tebbitt clearly demonstrated that the increasingly high acuity level of the patient population and continued incorporation of highly technical care procedures have impacted heavily on nursing staff needs. He explained that Ms. Tebbitt showed the impact of changes by nursing care area. He cited the example of the number of kidney transplants almost doubling in five years. He also mentioned the current shortages of nurses have forced the Department to develop positions specializing in recruiting, counseling, educating and staff. In concluding his comments on Ms. Tebbitt's presentation, he strongly urged that time be taken at some point for all Board members to hear the Nursing report.

Mr. Cost next presented the bad debt report for the first four months of fiscal year 1979-1980. He explained that during the first quarter, staff conducted an indepth

review of the Hospitals accounts receivable billing system. He stated that the review identified some problems requiring immediate correction. He noted that the corrections have been made but added that the activities delayed presentation of the bad debt report by one month. He then stated that the total amount recommended for bad debt during the first four months of fiscal year 1978-1979 is \$199,748.16 and of that amount \$14,067.65 was recovered leaving a net charge off of \$185,680.51. He moved that this amount be approved as a write-off. His motion was seconded, noted upon and passed. Mr. Cost pointed out that the total bad debts for the first four months are .6% of total charges compared to the budgeted level of 1.25%.

Ms. Gruye asked Ms. Tebbitt to comment on the pay range for nurses and the affect on University Hospital's budget. Ms. Tebbitt noted that nurses beginning salaries in Minnesota are \$4-5,000 below the South and West portions of the country. She also stated that the Department of Nursing Services' total budget is approximately \$30 million compared to a total Hospitals' budget of approximately \$100.3 mil. She added that her staff makes up 40% of the employee population.

V. Planning and Development Committee - Mr. Harry Atwood, Committee Chairman

Mr. Atwood first reported that Mr. Olson and Mr. Cannamor also met with the Planning and Development Committee to similarly review their activities.

Mr. Atwood went on to report that Mr. Dickler provided the Committee with draft up-dated versions of two planning documents - one for the University-wide planning effort as requested by President Magrath and one required by the Metropolitan Health Board. Mr. Atwood explained that copies of these drafts will be shared with the full Board for everyone's review prior to the December Board meeting. He asked that comments regarding those documents be submitted directly to Mr. Dickler. Mr. Atwood interjected that no drastic changes have been made from the earlier planning statements.

Next, Mr. Atwood reported on the 1979-1980 Annual Equipment and Remodeling Budget. He reminded the Board that in September, it was suggested that this budget be increased from \$3.35 million to \$3.5 million for purposes of completing certain projects dealing with Pediatrics, Bone Marrow Program and Operating Room space. No formal action however was taken so that a reassessment of previously approved projects could be completed. Mr. Atwood stated that the review has taken place and reported that projects totaling \$86,443 have been identified for elimination. He explained that the projects which can be eliminated were identified from two sources - those planned for Powell Hall and those considered to be necessary if

there was to be no Renewal Project. With Powell Hall's demolition date being accelerated and planning proceeding on the Renewal Project, it was then possible to eliminate the project. Mr. Atwood reported then that the recommendation for the 1979/80 Equipment and Remodeling Budget is to increase the budget to \$3.5 million so that the Pediatrics, etc., projects can be completed and there will still be funds of \$55,000 for contingencies. Mr. Atwood moved for approval of the increase. His motion was seconded by Dean Weaver, voted upon and passed.

Finally, Mr. Atwood reported that a letter was prepared and signed by Mr. Hanser and himself to Regent Moore providing her with an update on activities of the Hospitals' Renewal Project. He said that as of yet no response has been received from the Regents but noted that Dr. Tiede has seen Regent Moore and she commented on the letter, stating that she was pleased that they would be kept well informed on the Project.

Mr. Domaas then asked Mr. Olson if arrangements had been made for student in-patient into planning for the Renewal Project. Mr. Olson stated that such arrangements had not yet been made but added that they certainly should and will. Ms. Tebbitt added that there are 263 students involved in the Department of Nursing. She suggested that some involvement could probably be arranged for through that organization.

VI. Joint Conference Committee Report - Ms. Sally Pillsbury, Committee Chairman

Ms. Pillsbury first reported that Dr. Doug Cameron, Assistant Professor of Ophthalmology and Chairman of the Audit Team presented the Medical Audit on Cataract Extraction. She noted that Dr. Cameron gave an interesting description of the history of this surgical procedure. She then explained that a Cataract Extraction is generally elective surgery which is done on healthy patients and added that for those reasons it was probably chosen as an area wide audit and the criteria so established. Ms. Pillsbury then pointed out that the criteria was somewhat difficult to apply to the University Hospitals situation because cataract patients here usually are older, have additional complications, and come from further away. Ms. Pillsbury stated that the audit revealed the usual difficulties with incomplete documentation. She stated that these concerns were already being addressed and moved for approval of the audit. Her motion was seconded, voted upon, and passed.

Next, Ms. Pillsbury announced that the Joint Commission for the Accreditation of Hospitals will be coming to University Hospitals and Clinics on December 5, 6, and 7th, 1979, for a full site survey. She explained that the surveyor team will

be composed of a physician, a nurse, and an administrator. She noted that Mr. Ed Howell described to the Joint Conference Committee, the schedule of events which usually takes place during a JCAH visit. She stated that on Thursday, December 6, 1979, from 1:00 - 2:30 p.m., in Dining Room II an open conference will be held on the governance portion of the survey. She noted that Board members are encouraged to attend the meeting.

Ms. Pillsbury next reported on matters of the Medical Staff Hospital Council as presented by Dr. Quie. She stated that a policy has been approved setting the numbers of days allowed before discharge summaries are due at 21 days. She commented that this was a compromise agreement. Also, she mentioned that the Department of Nutrition Services for the Hospitals presented new Nutrition Manuals for use by the Medical Staff in ordering diets for patients. Ms. Pillsbury commented that the Council commented on how they would like to somehow have other hospital information consolidated into one manual they could carry with them. The last item which the Medical Staff/Hospital Council dealt with was that of a proposed name change for the Masonic Memorial Hospital. She explained that the Clinical Chiefs have suggested that the new name be Masonic Memorial Hospital and Cancer Center, while the Hospital Council endorsed the name Masonic Cancer Center.

Ms. Pillsbury indicated that the name change is being proposed by Dr. B. J. Kennedy on behalf of the Masons as they feel it more clearly describes the work being done in the building. Ms. Pillsbury indicated that the matter will be addressed by the Board when agreement is reached by the Medical Staff as to which name they wish to recommend.

Ms. Pillsbury also reported that in response to a question previously raised by Dr. Tiede regarding accident insurance coverage for Board members in transit on Board business, Mr. Diehl stated that such coverage does exist through the Board of Regents of the University. Mr. Diehl stated that he will send each Board member a letter so indicating and a description of the specific benefits. Finally, Ms. Pillsbury reported that at the October meeting of the Board, Mr. Evenson asked if the cost of malpractice insurance could not be identified on each patient's bill. She stated that the matter was referred to the Executive Committee and went on to report that at the Executive Committee meeting of the previous day a letter from Ms. Fearing on this issue was reviewed. She stated that both the Executive Committee and later, the Joint Conference Committee concurred with the findings and recommendation of Mr. Fearing's letter which indicated that it would be prohibitively expensive to so identify this cost and thus, the project should not be undertaken.

Ms. Gruye inquired as to the use of the Nutrition Manual and asked if she could obtain a copy. It was noted that the manual speaks to recommended diets for various disease conditions. It was suggested that any member of the Board desiring a copy of the manual contact Ms. Foley.

VII. General Director's Report - Mr. John Westerman, General Director

Mr. Westerman first commented on the importance of the upcoming JCAH visit to University Hospitals and Clinics. He indicated that much effort has gone into assuring compliance with and response to previously identified concerns.

Mr. Westerman went on to state that there is on-going monitoring of Metropolitan Health Board activities. In particular he commented on the handling of such proposals as those coming from Midway Hospital and Fairview Hospital. In terms of expansion projects, he also commented on the 400 bed project for Yale. Mr. Westerman next mentioned his meeting with the Hospital Association of Appalachia. He stated that this was the last of his series of meetings with University Hospitals. He suggested that of the 64 approximately 6 - 12 will endorse a new organizational arrangement.

Mr. Westerman also commented on such matters as the need to do crisp forecasting on supply expenses as legislation is being proposed which would place caps on such expenditures. He next referred to personnel management problems which he is currently encountering but added that the difficulties did not require Board policy decisions. On the subject of the Masonic Hospital name change, he stated that management's position is that any name change should be deferred until the facility planners have completed master zoning and determined what activities will be placed in what building.

Other matters which Mr. Westerman raised included the subject of marketing and the current trend in hospitals to hire consultants' the subject of HMO's and their conflict with education objectives; the subject of MAPTH and the starts and stops encountered by that organization; the need to meet with individuals who have worked on major building project proposals and their encounters with external agencies; the upcoming presentation of the CAT Scanner Certificate of Need request to the Metropolitan Health Board; and the planned examination of appropriations uses and their impact of the Renewal Project.

VIII. Board Concerns - Al Hanser, Board Chairman

Chairman Hanser began his comments with the Executive Committee report. He stated that the Committee reviewed the proposed Strategic Options Study as presented by Dr. John Kralewski, whose Health Services Research Center staff will be conducting the study. Chairman Hanser called on Mr. Jones, lead staff on the study to explain the proposal. Mr. Jones reminded the Board that the Retreat was the catalyst for the study as it was felt there that the health care environment should be studied and University Hospitals' future positioning should be planned for. Mr. Jones indicated that the proposed study is a suggested two phased approach with the first phase concentrating on data gathering and the second phase being devoted to the development on scenarios. He suggested that a time frame for completion of the study is being set at six months so that the study findings can be the topic of discussion for the 1980 Board of Governor's Retreat. Chairman Hanser commented that the study is certainly timely in that it tests the mission of University Hospitals and Clinics and the legitimacy of the Hospitals' Renewal Project.

Next, Chairman Hanser stated that as a result of his letter to Dr. Quie and the attached Fortune magazine article on John Hopkins, a pilot study is to be conducted in two departments in which members of the Medical Staff will be asked to review patient bills. It is anticipated that there will be a reduction in costs to the patient as a result of this exercise. It was pointed out that a student in Health Care Administration will be working on the study as an academic project.

Chairman Hanser also reported that the Nominating Committee of the Regents and Governors is scheduled to meet on November 19, 1979, to consider replacements for Mr. Orville Evenson and Mr. Ed LaFave. He explained that names will then go to the Regents for information in December and action in January. He added that because of the timing, Governors' acceptance will probably have to be obtained through the mail. Several Board members then commented on their hope that the matter of geographic representation is upheld and that there are therefore, candidates from outstate Minnesota. Chairman Hanser assured them that every effort will be made to assure that such integrity is maintained.


Moving on to other items, Chairman Hanser commented on the fine letter that Mr. Cost sent to Congressman Sabo on the subject of cost containment legislation. Chairman Hanser suggested that Ms. Foley could supply interested individuals with copies of the letter. Mr. Cost added that he could not be totally credited with the contents of the letter as staff had assisted him preparing it.

Chairman Hanser reminded the Board that he will be delivering the annual report of the Board of Governors to the Board of Regents on Friday, December 14, 1979. He also mentioned that following the next Board of Governors meeting, on December 12, 1979, there will be a Holiday gathering in the Campus Club to which the Clinical Chiefs have been invited. Chairman Hanser then inquired as to Board members interests in having tours of the facility. He added that Ms. Foley is willing to arrange for such tours but is first interested in the degree of Board interest in such tours. General response from those present indicated support of the idea especially if tours could be arranged for in conjunction with a Board meeting. Next, Chairman Hanser mentioned that the Roster Books which contain the membership lists of various organizations and associations are in the process of being updated.

Other items which Chairman Hanser touched upon included noting that November 14, 1979 had been declared Operating Room Nurse Day; second, that the East Metro Trustee Group is working on evaluative techniques to assess the impact of bed reduction; and third, that the West Metro Group is meeting with various leaders from the health care field. The final item which Chairman Hanser announced was the fact that now that construction projects have been completed, the Mayo Garage is once again open to Board member parking on the day of Board meetings.

There being no further business, the meeting of the Board of Governors was adjourned at 3:30 p.m.

Respectfully submitted,

  
Johnelle Foley  
Secretary

Minutes  
Board of Governors  
University of Minnesota Hospitals and Clinics  
September 19, 1979

Present: Mr. Al Hanser, Chairman  
Ms. Sally Pillsbury, Vice Chairman  
Mr. Harry Atwood  
Ms. Jo-Anne Barr  
Ms. Dionisa Coates  
Mr. David Cost  
Mr. Orville Evenson  
Ms. Jeanne Givens  
Ms. Debbie Gruye  
Ms. Mary Lebedoff  
Mr. John Mason  
Dr. John Najarian  
Mr. Dan Notto  
Dr. Paul Quie  
Mr. Jack Quistgard  
Dr. John Tiede  
Ms. Timothy Vann  
Dean Lawrence Weaver  
Mr. John Westerman

Absent: Mr. Al France  
Mr. Ed La Fave  
Mr. Virgil Moline  
Ms. Margaret Sandberg  
Dr. Paul Winchell

The meeting of the Board of Governors of the University Hospitals and Clinics was called to order by Chairman Hanser at 1:40 P.M., in Room 555 Diehl Hall.

I. Announcements/Introductions

Chairman Hanser first introduced Mr. Dave Domaas, a Health Sciences student in his second year with the School of Dentistry. Chairman Hanser explained that Mr. Domaas has been nominated by the Council for Health Interdisciplinary Programs, the Health Sciences' student organization, to replace Mr. Dan Notto as the Health Sciences' student representative on the Board of Governors. Chairman Hanser noted that that matter would be further discussed later on the agenda.

Chairman Hanser then also re-introduced Mr. Ron Werft, who was formerly University Hospitals' Administrative Resident. Chairman Hanser explained that Mr. Werft has spent the last year in London, England, at St. Thomas Hospital as their Administrative Fellow. He welcomed Mr. Werft back to the staff of University Hospitals.

II. Minutes - August 15, 1979, Meeting

Chairman Hanser called for the approval of the August minutes of the Board of Governors. A motion was made and seconded to accept the minutes as distributed. The motion was voted upon and passed.

III. Planning and Development Committee Report - Mr. Harry Atwood, Committee Chairman

Mr. Atwood first reported that the Planning and Development Committee heard further from Dr. William Krivit regarding the Pediatric's Department proposal. Mr. Atwood explained that that proposal involves the remodeling of Stations 40 and 41 so that they may be upgraded to handle the Bone Marrow Program and Pediatric cases requiring special care. He reminded the Board that last month the Planning and Development Committee granted tentative approval for the remodeling. He stated that now, more detailed information was available regarding the cost of the project. He referred to Mr. Dickler for those details.

Mr. Dickler explained that the remodeling of Station 40 would facilitate the consolidation of care programs for acutely ill children. The total cost of this effort is estimated at \$86,000 or \$56,000 for remodeling and \$30,000 for equipment. Mr. Dickler stated that the remodeling of Station 41 would permit consolidation of the Pediatric and Adult Bone Marrow Transplant Programs. He noted that costs for this component is estimated at \$23,000, all of which is for remodeling.

Mr. Atwood reminded the Board that the Pediatric's proposal was developed as an interim arrangement to assist that Department in its facilities needs until the Renewal Project is completed and long-term facility difficulties can be alleviated. He noted that corrective measures being proposed are viewed as vital if the Pediatric's Department is to carry on in its work. Mr. Atwood noted that the Planning and Development Committee endorses the project and moved that the Board so authorize the remodeling. His motion was seconded, voted upon and passed.

Mr. Atwood next presented information regarding the Clinical Laboratory Project. He explained that this proposal is not a part of the Renewal Project as all planned facilities changes are to take place in the Mayo Complex and in the new University Clinics Building. He added that no action is required on the project at this time, but noted that the Board will have an opportunity to review the

draft Certificate of Need application for the Lab project when it comes out with the minutes. Mr. Atwood then called upon Mr. Jones to summarize the proposals intent.

Mr. Jones explained that the Clinical Laboratory project involves both quality maintenance through the correction of environmental deficiencies such as heat, light, and ventilation, as well as expansion of the Department by 15,000 sq. ft. He noted that the areas affected by the project will be floors 5, 7 and 15 of the Clinics Building and the 2nd floor of the Mayo Building. He stated that the total cost of the project is estimated at \$7.4 million.

Mr. Atwood reminded the Board that they have seen reference to the Laboratory project in capital forecasting documents and in the Ernst and Ernst Debt Capacity Study. He noted that the project will be brought to the Board in October with more detail and for final approval. Ms. Givens, a member of the Planning and Development Committee, commented on the timeliness of this project in terms of its costs now, compared to a later inflated rate and also, suggested that slides of the current Laboratory space were quite convincing in terms of their demonstration of severely crowded conditions.

The final item which Mr. Atwood presented referred to University Hospitals' response to the Metropolitan Health Board's plan for reduction of hospital beds in the Twin Cities area. He read the letter which Mr. Westerman had sent to the Health Board on this matter (see attached).

IV. Finance Committee Report - Mr. David Cost, Committee Chairman

Mr. Cost first reported that the Finance Committee heard a presentation regarding the Ambulatory Care Management Council. The presentation was made by Dr. Tom Ferris, Chief of the Department of Medicine and Chairman of the Council, and Mr. Greg Hart, of the Administrative Staff. Mr. Cost explained that the presentation was requested by the Finance Committee so that they could learn more about the budgeting process for the clinics and so that they could also investigate the matter of a 25% rate in patients not returning for scheduled follow-up appointments. Mr. Cost reported that the clinics are financed on a breakeven basis in terms of both the aggregate and individual clinics. He stated that it is necessary that clinic rates be competitive within the market. He noted that while new patient visits are projected to increase, there remains uncertainty regarding the "no shows" in return visits. Mr. Cost suggested that this matter will be further studied by the Ambulatory Care Management Council and periodically monitored by the Finance Committee.

Mr. Cost next commented that the Finance Committee briefly reviewed the Year-to-Date August patient activity and financial position report. He stated that the first two months of the new fiscal year reflected an increase in the average length of stay, a decrease in clinic visits and a decrease in planned expenditure levels. Mr. Cost then referred the Board to their copies of the Statement of Operations which showed a resulting excess of revenue over expense of \$1,303,165 or a favorable variance equaling \$701,102 or 4.2% of Total Budgeted Revenue. He indicated that a thorough evaluation of the current budget will be made at the end of the first quarter of this fiscal year.

Mr. Cost then reported on the Finance Committee agenda item dealing with an update on general financial concerns. In particular, he referred to recent federal regulation (PL92-6411 Section 223) limiting reimbursement for routine service costs for Medicare patients. He explained that the Committee considered the potential financial impact of this legislation on University Hospitals should an exception not be granted for the Hospitals. He noted that the Finance Committee will be discussing this item further.

Mr. Cost next referred the Board to handouts regarding a need to restructure the Hospitals' rates (see attached). He explained that this restructuring is necessary because of a change in the method used by Medicare and Medicaid to calculate their level of reimbursement for malpractice insurance premiums. Mr. Cost then made a motion stating that the Board approve the Finance Committee's recommendation that the rates be restructured on October 1, 1979 to recover the reduction in Federal reimbursement of \$393,434 for malpractice insurance by restructuring the rates to recover these revenues from the other non-federal payors. Mr. Cost's motion was seconded. Mr. Fearing was then asked to explain how this restructuring and recovery would occur. Mr. Fearing noted that technically a rate increase will be implemented for room and board rates for all patients and then at the end of the year the Hospitals will pay back Medicare and Medicaid what was overcharged according to their regulations. In response to Ms. Vann's inquiry regarding the fairness of this approach, Mr. Fearing suggested that the money which federal regulations are withholding must somehow be recovered for hospitals to continue to operate. Mr. Cost's motion regarding the rate restructuring was then voted upon and passed.

Mr. Cost then called upon Mr. Larson to review for the Board the preliminary year end financial picture for Fiscal Year 1978-79. Mr. Larson reported that admissions were down 2.6% from the previous year but added that the average length of stay had increased from 8.9 days to 9.2 days. He stated that out-patient clinic visits were fairly stable or down only .6% from the previous year despite the closing of the clinics for 2-3 days during the February relocation to Unit BC. He pointed out that patient revenues increased approximately 13%, or 7% as a result of the Board approved price increase and 6% as a result of a more acute patient mix and the more intense use of ancillary services by those patients. Mr. Larson explained that expenditures for the year were below budget. He attributed this occurrence primarily to delays in project completion such as Unit BC. He commented that this information was further detailed in a narrative he prepared to accompany these preliminary statements. He then referred the Board to the Statement of Operations on page 17 of the green book and to the Statement of Cash Flow. He concluded by commenting that the statements are being reviewed by the public accountants and should be finalized by the November Board meeting.

V. Joint Conference Committee Report - Ms. Sally Pillsbury, Committee Chairman

Ms. Pillsbury first reported that the Joint Conference Committee heard a presentation of a medical audit on Anesthesia Care for Cholecystectomies. She explained that the audit involved 50 cases with patients being both male and female and 16 years and older. She explained that the primary area of difficulty revealed through the audit was in documentation of procedures. Ms. Pillsbury indicated that the Anesthesiology Department is planning weekly meeting and will be conducting test sampling of records to assure correction of the documentation problem. She also indicated that a re-audit of the same subject will be conducted in twelve months. Ms. Pillsbury then commented on the fact that the Foundation for Health Care Evaluation, as the PSRO, had designated this audit topic as an area-wide audit. She noted that the Foundation has been very remiss in getting the comparative results of the area-wide audits back to the hospitals. She stated that Kim Werner of the Medical Records Department will be looking into this matter further. Ms. Pillsbury then moved for approval of the Anesthesia Care for Cholecystectomy Audit. Her motion was seconded, voted upon, and passed.

The next item which Ms. Pillsbury dealt with in her Committee report was that of the Medical Staff Hospital Council Report as presented by Dr. Paul Quie. She noted that this was his first such report as Chief of Staff. She explained that the Council had met in July and September since the last Joint Conference Committee meeting. At the July meeting the matter of the re-appointment of one of the physicians in the Family Practice Department was clarified in terms of a misunderstanding which had occurred and the re-appointment was approved. Ms. Pillsbury noted that other matters dealt with by the Council included the audits, credentialing, consideration of a name change for the Masonic Hospital and referral of the matter of timely completion of patient discharge summaries to the Quality Assurance Committee. She then called upon Dr. Quie to present to the Board the Credentials Committee Report. Dr. Quie then reviewed the backgrounds of those 24 physicians seeking provisional appointments to University Hospitals and Clinics' Medical Staff. The Board also reviewed the listings of those individuals seeking regular appointments, those seeking appointments to the Emergency Room, those changing category, those resigning, and the one physician finalizing his annual re-appointment. It was pointed out that Dr. Richard Sotomora who was listed as requesting a regular appointment has since left University Hospitals for another position. Dr. Quie moved for approval of the Credentials Committee Report. His motion was seconded, voted upon and passed.

Ms. Pillsbury next stated that Ms. Foley reported to the Joint Conference Committee on the status of investigations into a system for proper telephone access into University Hospitals for referring physicians and the suggestion that there be a policy regarding uniform written responses to referring physicians regarding the status of their patients.

At this point, Dr. Tiede was recognized by the Chair and made the following comments:

"Mr. Chairman:

I have repeatedly remarked that this Board is the most interesting mix of people I have ever served with. It's mix is it's great strength. Each of us has something unique to offer and the dedication of all the individuals demonstrates his or her willingness to do so. Personally, I believe that I have more contacts with organized medicine in the State and "out State physicians" than any of the "lay" persons on the Board. I have also had the privilege of serving at a national level as sub-chairman for a massive multi-million dollar public relations effort of the American Dental Association.

My perspective tells me that we must examine our relations with the medical staff before we attempt to bring to the physicians of the State the slide presentation we were shown at the last meeting. My training from Burson Marsteller tells me that more damage than good comes from presenting information which is not true. I heard reference to the fine communication between the staff and the referring physician. My comments are quotes from physicians around the State.

"When you refer a patient to the University you never hear from them again, unless they come back voluntarily."

(A very high officer in the Minnesota Medical Association.)

"Patient reports are almost non-existent."

There were many others but I shall rest my remarks with these two and cite a personal example. You are well aware of my concern about the young lad who lost an arm and was turned down here. Well, after all of these months, Dr. McCarthy as of yesterday had not heard one word of explanation.

Again quoting the officer of the Minnesota Medical Association "Good for you! Keep fighting for communication--but it won't do any good!"

Mr. Chairman I would like to move that these comments be a part of the minutes and they be sent to Department Heads so that our concerns be carried down to all attending physicians."

The motion was approved.

Ms. Pillsbury, who at this point was now chairing the meeting as Chairman Hanser had to leave, commented on Joint Conference Committee discussions regarding the need to formalize the sending of letters to referring physicians following the treatment of their patients. She reported that the Committee voted to refer this matter to the Quality Assurance Committee for study and recommendations. Ms. Givens then cited a specific example of a communications problem in which a patient-friend of hers had been involved. She too stressed the need to expedite corrective action in the area of communications as it impacts on the quality of care delivered. Ms. Gruye and Mr. Evenson also commented on their concern regarding this issue. Ms. Vann cited a recent example of praise which she had received regarding the health care delivered at University Hospitals. She suggested that the Board should do whatever possible to help with the communications problem so that the great reputation of University Hospitals is not discredited. Dr. Quie noted that the concerns raised are not new to the Medical Staff. He indicated that progress is being made to correct the problems and suggested that Board discussions will surely stimulate further action. He noted that he will be attending the Quality Assurance Committee meeting on September 29, 1979, where the subject will be further discussed. He stated

that a report will be brought back to the Board at the October meeting.

At his point, Ms. Pillsbury returned to her report of the Joint Committee meeting. She stated that that Committee also discussed the need for physicians to have clinical appointments to the Medical Staff when many do not utilize those appointments. She noted that this matter will be re-surfaced at re-appointment time next year.

The next subject which Ms. Pillsbury presented was that of the proposed Hospitals' policy eventually requiring cardiopulmonary resuscitation training for all members of University Hospitals Medical Staff. She explained that this policy establishes a schedule for bringing the Medical Staff into compliance with the new Joint Commission standard recommending such training. She then moved that the Board approve the policy. Her motion was seconded, voted upon and passed.

Ms. Pillsbury then referred the Board to a set of proposed amendments to the Medical Staff Bylaws. She stated that Ms. Foley presented the amendment, which pertain to Credential Committee and Chief of Staff duties. Ms. Foley indicated that the amendments had been endorsed by the Medical Staff Bylaws Committee and the Medical Staff-Hospital Council. Ms. Pillsbury moved that the Joint Conference Committee similarly recommends the acceptance of the amendments by the Board. Her motion was seconded, voted upon and passed.

Ms. Pillsbury's last item was that of a recap of Mr. Russ Farrell's presentation to the Joint Conference Committee regarding the status of certain Hospitals' outreach programs. Mr. Farrell is an Assistant Director for the Hospitals and also the Coordinator of Out-Reach for the Hospitals. Further, he has recently been appointed as Acting Vice-President for Health Sciences Affiliations replacing Dr. Joseph Resch who has returned to full-time work in the Department of Neurology. Ms. Pillsbury indicated that Mr. Farrell's report highlighted activities of the Community University Health Care Clinic, the Universities Hospitals' Home Health Care Program, and the Hospitals' Child Bearing-Child Rearing Program.

VI. Home Care for the Child with Cancer - Dr. Ida Martinson, Project Director, Professor and Director of Research, School of Nursing.

Dr. Martinson introduced her program by explaining that it originated as a research project funded for a period of two years. She noted that the project has since been incorporated as a part of University Hospitals' Home Health Care Program. She described the intent of the program as being a plan by which children 17 years of age and younger with cancer, and in whose cases hospitalization would have no affect, could be cared for at home with the aid of on-call nurses and other health professionals. Through a series of slides Dr. Martinson showed the research results which indicated among other things, a high degree of satisfaction with the program as expressed by families who have participated. At the conclusion of the presentation, Ms. Pillsbury commented on the national acclaim received by the dying child program and noted it as an example of the model program concept referred to in University Hospitals and Clinics Mission Statement. Dr. Martinson was thanked for her good work and interesting presentation.

VII. General Director's Report - Mr. John Westerman, General Director

Mr. Westerman first introduced Ms. Chris Mayer, Mr. Diehl's assistant, and commented on the fact that she recently passed her Bar examination. Mr. Diehl noted that Ms. Mayer will be joining him full-time and will be working in the area of risk management. Mr. Westerman also introduced Mr. Ron Werft, former Administrative Resident; Mr. John Herman, current Administrative Resident from the Minnesota Program; and Mr. Kevin Moore, current Administrative Fellow from Duke University.

Mr. Westerman then commented on previous remarks made regarding communication difficulties with referring physicians. He noted that he and Drs. Quie and Najarian will be reporting back with additional information. He also suggested that should Board members be made aware of difficulties encountered in the treatment of a patient at University Hospitals, they should contact the Hospitals' Patient Relations Department at 373-8982. He noted the importance of getting factual information in such cases and in considering the policy implications necessary for corrective action. He stressed the importance of Board members becoming involved in the identification of patient amenities for the future. Mr. Westerman noted that soon the Governors will be reporting to the Board of Regents suggesting future directions. He talked of directions

being taken by other University hospitals with regard to ownership relationships. He commented that a meeting of trustees of some of these institutions is being planned for February for the purpose of discussing shared concerns.

Mr. Westerman then called upon Mr. Diehl to present, in Mr. Atwood's absence, the current question regarding the future of the Minnesota Association of Public Teaching Hospitals. Mr. Diehl commented that MAPTH is now at a stage where the question of its continuation must be considered. He explained that the MAPTH Board is asking the Boards of the member institutions to consider formalizing MAPTH through a process of incorporation. He then referred the Governors to a draft set of Bylaws designed for that purpose. Mr. Diehl commented on recent proposed changes to the draft dealing with matters of representation and quorum. While Mr. Diehl had cited reasons for incorporation, such as creating a tax exempt entity for grant funding purposes, Mr. Mason raised concerns as to whether such objectives could not be handled through a less permanent arrangement. Following Mr. Mason's and Mr. Diehl's discussion, Board members generally agreed that they endorsed MAPTH's proposal but felt that more study was in order to determine how best the organization should be structured for the future. Mr. Diehl stated that he would so investigate the matter and report back to the Board in October.

VIII. Board Concerns - Mr. Al Hanser, Board Chairman

In Chairman Hanser's absence, Vice Chairman Pillsbury commented on general items of interest to the Board. First she stated that Chairman Hanser, in his role as a member of the West Metro Trustee Council had an opportunity to meet with Senator Durenberger to discuss issues regarding health care delivery. She also commented that Chairman Hanser will be meeting with the Board of Regents in November to deliver the Board of Governor's annual report to the Regents. Other future events which Ms. Pillsbury cited included the upcoming tour of the Hospitals' Distribution Center and a presentation by Dr. William Krivit, newly appointed Chief of the Department of Pediatrics, regarding his Department. Both of these items will be held in conjunction with the October Board meeting.

Ms. Pillsbury then presented Mr. Dan Notto with a plaque stating appreciation for his two years of service on the Board of Governors as the Health Sciences Student Representative. Mr. Notto commented on how he enjoyed the experience of working on the Board. Ms. Pillsbury then called for a vote approving the nomination of Mr. Dave Domaas to succeed Mr. Notto as the student representative.

Minutes  
Board of Governors  
University of Minnesota Hospitals and Clinics  
August 15, 1979

Present: Mr. Al Hanser, Chairman  
Mr. Harry Atwood  
Ms. Jo-Anne Barr  
Ms. Dionisa Coates  
Mr. Al France  
Ms. Jeanne Givens  
Ms. Debbie Gruye  
Mr. Ed La Fave  
Mr. John Mason  
Mr. Virgil Moline  
Mr. Dan Notto  
Mr. Jack Quistgard  
Ms. Margaret Sandberg  
Dr. John Tiede  
Mr. John Westerman  
Dr. Paul Winchell

Absent: Ms. Sally Pillsbury, Vice Chairman  
Mr. David Cost  
Mr. Orville Evenson  
Ms. Mary Lebedoff  
Dr. John Najarian  
Dr. Paul Quie  
Ms. Timothy Vann  
Dean Lawrence Weaver

The meeting of the Board of Governors of the University of Minnesota Hospitals and Clinics was called to order by Chairman Hanser at 1:40 P.M., in Room 555 Diehl Hall.

I. Minutes of the June 20, 1979 Meeting

Ms. Gruye moved for approval of the June Board meeting minutes. Her motion was seconded, voted upon and passed.

II. Planning and Development Committee Report - Mr. Harry Atwood, Committee Chairman

Mr. Atwood stated that the Planning and Development Committee first considered the request to proceed with the submission of a Certificate of Need application for a new C.T. Scanner. He reported that Dr. Gedgaudaus, Chief of the Department of Radiology, presented the proposal to the Committee. Mr. Atwood reminded the Board that they have seen the new C.T. Scanner item on the Equipment and Remodeling Budget for 1979-80, and that it was policy that items requiring Certificate of Need application come back to the Board for further review before being submitted to the Metropolitan Health Board. He commented that of a \$2.9 million Equipment

and Remodeling Budget, the C.T. Scanner was approximately \$865,000 and that \$90,000 of that amount was for necessary remodeling to house the new unit. Mr. France pointed out that the remodeling costs had previously been stated as \$70,000. Mr. Jones explained that the initial amount was a projection and that additional information plus rising inflation had brought the remodeling figure up.

Mr. Atwood went on to explain that the C.T. Scanner item is a replacement item. In response to the question from Ms. Gruye he noted that the estimated life of a scanner is five years, the age of the unit being replaced. He explained that technology on the equipment has improved in that the old scanner completed its scan in approximately six minutes while the new one operates in under five seconds. Mr. Atwood then moved for acceptance of the Planning and Development Committee's recommendation that the application for the Certificate of Need for the new C.T. Scanner be submitted. The motion was voted upon and passed by the full Board of Governors.

Mr. Atwood next reported on a proposal from the Department of Pediatrics as presented by Dr. William Krivit, Chief of Pediatrics. He explained that the proposal involved a two-phase remodeling project which was not included on the Equipment and Remodeling Budget for 1979-1980. The first step of the project was a move of the four bed Bone Marrow Program to a new station involving remodeling costs of approximately \$40,000. Mr. Atwood reminded the Board that the Department of Pediatrics suffered great disappointment when the KEH project was terminated for the single approach Hospital Renewal Project. Many of that Departments much needed facilities plans had been considerably delayed by that decision. He stated that for that reason, the Planning and Development Committee endorsed proceeding with the Pediatric's facilities planning. Mr. Atwood stated that this was only an information item for the Board at this time.

In continuing his Committee report, Mr. Atwood also commented on the status of the Metropolitan Health Board's efforts to reduce beds in the Twin Cities area. He reminded the Board of Governors that this undertaking was the result of the Metro-area Trustees dealing with and making recommendations regarding the over-bedding issue in both Minneapolis and the St. Paul hospitals. He stated that the Health Board is requesting an agreement that University Hospitals reduce its licensed bed compliment by 121 beds or from 825 beds to 704 beds by December 31, 1979. It was noted that the Hospitals are currently operating with 690 beds so the reduction of licensed beds will have little impact. It was also noted that the Health Board request for agreement does not include Rehabilitation beds (40)

or bassinets (20) so the resulting licensed bed count for University Hospitals will actually be 764 total. Mr. Atwood explained that a response indicating willingness to comply with the request to reduce licensed beds is expected by September, 1979. He indicated that Administration viewed the request as reasonable and recommends compliance as does the Planning and Development Committee. Mr. Atwood then moved that the Board of Governors approve the reduction of 121 licensed beds. His motion was seconded, voted upon and passed.

In concluding his report, Mr. Atwood also mentioned that Ms. Ahlgren updated the Committee on the Hospitals Renewal Project. She reported that the Project is in the hands of the State in terms of architect selection with that process to be completed by October 1, 1979. It is also estimated that a Program Consultant for the Project is expected to be selected by September 24, 1979.

III. Finance Committee Report - Mr. David Cost, Committee Chairman

Because Mr. Cost was unable to stay for the full Board meeting, Mr. Quistgard, the Vice Chairman of the Finance Committee, presented that Committee's report. Mr. Quistgard first stated that the Finance Committee did not review a monthly Statement of Operations because July is the first month of the new fiscal year and the Budget Office is currently busy preparing year end figures. Mr. Quistgard then called upon Mr. Fearing to report on the status of deliberations with the State Rate Review Panel.

Mr. Fearing reported that on July 19, 1979, University Hospitals' representatives met with the Minnesota Rate Review Panel to consider the Hospitals' request for a 10% increase in rates. He stated that the Panel reacted to two aspects of the financial data provided them. First, they felt that the Hospitals' accounts receivable should be reduced by 5% or from 82.9 days to 78.6 days. Mr. Fearing suggested that this item would not be difficult to achieve as accounts receivable were conservatively budgeted. Secondly, the Rate Review Panel recommended a \$1.3 million reduction in operating costs. The rationale by which this figure was calculated involved a ratio of patient days to new positions. The Rate Review Panel felt that 76 new position requests should be eliminated. In essence, however, the Panel allowed for recapturing of the \$1.3 million in whatever way necessary. Mr. Fearing commented that the Board's decision in January not to reduce rates, provided an overage in last year's budget which will ease the impact of the Panel's decision on the Hospitals.

Mr. Fearing stated that there existed three alternatives in dealing with the Rate Review Panel's ruling. These included complying with the decision, appealing

the decision, or refusing to comply. He reported that the Finance Committee felt that University Hospitals should comply with the decision without appeal. A motion was made to accept the Finance Committee's recommendation to comply with the Rate Review Panel's decision. The motion was seconded and passed.

Mr. Quistgard then presented the Bad Debt Report for 4/1/79 to 6/30/79. He stated that the total amount recommended for bad debt during the fourth quarter of 1978-79 is \$307,207.78 represented by 2,255 accounts. Bad debt recoveries during this period amounted to \$6,219.24 leaving a net charge off of \$300,988.54. He moved that this amount be written off. Mr. Quistgard's motion was seconded and passed. Mr. Quistgard also commented on the Year End Bad Debt Report which showed a net charge off equivalent to 1.1% of total charges as compared to the 1.5% budgeted.

In concluding his Finance Committee Report, Mr. Quistgard commented that the September meeting of the Committee will be devoted to reviewing new Medicare reimbursement regulations and their impact on the Hospitals Renewal Project. Also, follow-up efforts regarding the Cost Concerns Task Force Report and the discussion of the cost containment and reimbursement issues from the Retreat in Bemidji will be pursued.

IV. Bone Marrow Transplant Program - Dr. Norma Ramsey, Assistant Professor, Pediatrics, and Dr. John Kersey, Professor, Laboratory Medicine and Pathology

Dr. Kersey began his presentation by distributing a map of the U.S. showing the locations of the Major Marrow Transplant Centers. The map showed the University of Minnesota Program to be one of six such centers and the only program centrally located. Dr. Kersey pointed out the advantage of a large referral area with this location.

Dr. Kersey explained that bone marrow transplantation is a unique form of therapy for patients with severe blood problems. He noted that the number of transplants are growing by approximately 100% each year. Dr. Kersey went on to explain that an element of the program is devoted to clinical research with a grant from the National Institute of Health to support that activity. He commented on the complexity of the procedure and suggested that the research being done at University Hospitals would some day allow for the same therapy to be received in community hospitals. He noted how exciting it has been to be in the forefront of research

in this area. Dr. Kersey stated that his area of particular interest has been Acute Leukemia, a condition previously felt to be fatal before the introduction of marrow transplant. He added that Aplastic Anemia is another condition successfully impacted by bone marrow transplant. He indicated that this was the area of special interest for Dr. Norma Ramsey, Director of Pediatrics Bone Marrow Program.

Dr. Ramsey described the use of drugs to repress the immune system so that bone marrow can then be accepted. She also noted that they are hopeful that transplantation work currently being done in Pediatrics with bone marrow can soon be extended to adults. It was also mentioned that they hope to be able to conduct a combined transplantation of a kidney and bone marrow. Dr. Kersey explained that the process used to transplant bone marrow is very similar to a blood transfusion.

Chairman Hanser thanked Drs. Kersey and Ramsey for their very interesting report. He noted that the Board was aware of the significance of this Program and supportive of its good work.

V. General Director's Report - Mr. John Westerman, General Director

Mr. Westerman first introduced Mr. John Herman. He explained that Mr. Herman has recently joined the Administrative staff as the Administrative Resident from the University of Minnesota's Graduate Program in Hospital and Health Care Administration. Mr. Westerman reminded the Board that last year the Hospitals did not take a student in administration from the Minnesota Program. He then stated that a Mr. Kevin Moore will also soon be joining the staff as an Administrative Fellow from Duke University.

Mr. Westerman commented briefly on the Certificate of Need application submitted by the Fairview Corporation for their hospital facility to be built in Burnsville. He noted that it is an interesting process to follow, as the results may carry over to University Hospitals and the Renewal Project next summer. He added that the public relations aspects of the process will be watched closely. He also suggested that the University of Michigan Hospitals, who recently completed a similar building project, will also be consulted with regarding their experiences.

Mr. Westerman stated that there continues to be interest from other University hospitals regarding the Minnesota governance structure. He reported that Dr. William Vanderment, Vice President for Finance and Planning for Ohio State

University will be meeting later this week with Drs. French, and Winchell, Vice President Brown, Mr. Atwood, Mr. Hanser, Ms. Foley and himself regarding the Minnesota model.

With regard to University Hospitals Renewal Project, Mr. Westerman reported that Requests for Proposals were sent to over 800 architectural firms by the State Designers Selection Board. He noted that a general orientation session was held for interested firms in which the basic scope of the project was described. He interjected that the firms seem to be refreshingly interested in patient amenities.

Mr. Westerman referred the Board's attention to the books placed before them entitled Multihospital Arrangments Public Policy Implications published by the American Hospital Association. He explained that the book was a summation of the proceedings of a conference held in Washington on multihospital system. He stated that the overview by Monty Brown was of most interest. He indicated that the book serves as an excellent primer on a subject on which not much has been written or studied. He stated that multihospital arrangements are a reality for the future and therefore, Board members should be familiar with the concept.

Other items which Mr. Westerman touched upon included a study of the Hospitals' Personnel Department functions, a meeting with Hennepin and Ramsey County Hospitals regarding open heart surgery programs, Mr. Tom Jones' assignment in quality assurance, and a proposed conference of University hospitals trustees scheduled for Janaury of 1980. Mr. Westerman then called upon Mr. Diehl to comment on certain subjects.

Mr. Diehl reported that the MAPH organization will be voting next week regarding whether or not to incorporate. He also reported that the ruling stating that the stipend for graduate medical fellows should be taxable is being appealed. He talked about the consequences of this decision as it would impact on recruiting residents and the financial burden the hospitals would bear if that expense had to be picked up. Mr. Diehl then commented on the status of pending malpractice suits and the court's recent ruling regarding the proprietary nature of University Hospitals' activities.

VI. Orientation to Department of Obstetrics and Gynecology - Dr. Konald Prem,  
Professor and Head, OB/GYN

Dr. Prem distributed a handout describing the organization structure of the Department of Obstetrics and Gynecology. He indicated that it is a rather small department in that personnel total 89. He then listed the general categories of those individuals.

Dr. Prem first focused on the patient care function of the Department. He explained that there are nine Gynecology clinics in such areas as family planning, female incontinence and artificial insemination. He reported the University to be the only center in the state for the later procedure and commented on the popularity of artificial insemination with adoption becoming increasingly difficult. He also explained that there are five OB clinics and commented on the increasing number of visits experienced there. Further, he mentioned the departments involvement with a Brooklyn Center satellite Family Practice Clinic, the Community-University Health Care Center and a clinic in Onamia. He pointed out that all of these outreach involvements have helped to increase the departments activity. He reported that the number of deliveries have increased markedly and noted that there are three inpatient services for OB/GYN as well as a large Pathology service in the Department for the interpretation of pap smears, etc. Dr. Prem commented on how the OB/GYN department is organized for training and research and indicated some of the educational sessions and investigational work being done.

Dr. Prem in responding to questions from Ms. Gruye and Ms. Sandberg regarding abortions explained that abortions generally are not done at University Hospitals any more because the physicians doing that procedure have left and because their exist sufficient numbers of programs in the community who do abortions and at a lesser cost to the patient. In particular he described his very positive impressions of the Meadowbrook Clinic. He also went on to explain that anyone wishing training in abortions could receive that training at Meadowbrook or the Ramsey County Hospital. Dr. Tiede inquired into the legal implications of artificial insemination and Dr. Prem described the precautions taken in that program to maintain confidentiality. Dr. Prem also commented on the Child-bearing/Child-rearing (or midwifery) Program. He noted that Program is currently experiencing difficulties because of facilities. He explained that the consumers are requesting birthing rooms that the Hospitals have consented to provide, but that no space is currently available. He indicated that the problem is currently being looked at by the Hospital and the Medical School.

Chairman Hanser thanked Dr. Prem for his interesting report and for taking the time to meet with the Board of Governors.

VII. Board Concerns and Executive Committee Report - Mr. Al Hanser, Board Chairman

Chairman Hanser referred the Board to their copies of the Executive Committee minutes. He explained that the Committee met to determine necessary follow-up to the Board of Governors' Retreat. He explained that the item of most importance seemed to be the suggestion to conduct an assessment of University Hospitals' strengths and weaknesses and the opportunities and threats of the environment. Chairman Hanser indicated that further consideration of how to organize for such a study indicated an expansion of the Executive Committee to be the best approach. He added that a Medical Staff task force might also work with the Committee and announced that Mr. Tom Jones will staff the project. He also suggested that the outcomes of the study will probably be forwarded eventually to the Planning and Development committee for implementation.

Next, Chairman Hanser pointed out to the Board members, their copies of a digest of the proceedings of the Bemidji Board Retreat. He asked the members to review the digest and provide comments on interpretation of the discussions if not accurate.

Chairman Hanser also reported on the status of the West Metro Trustee Council's activities. He stated that the group has created a Public Policy Committee and designated him as Chairman.

Chairman Hanser then introduced Ms. Barbara Reynolds, Director of Hospitals' Public Relations and Mr. John Beardsley from Padilla and Speer, who were present to show the slide show presentation developed by Russell Manning as the first phase of the Communications Program for the Hospitals Renewal Project.

Following the viewing of the slide show, Board members commented on their impressions. It was suggested that a single slide show approach to the project will be better in that there may not be time to approach community groups twice on the subject of the Renewal Project. It was suggested that a map indicating referral patterns might have impact. It was also suggested that more minorities be shown in the photographs. It was noted that these suggestions will be addressed.

There being no further business, Chairman Hanser adjourned the Board of Governors' meeting at 4:30 P.M.

Respectfully submitted,

A handwritten signature in cursive script that reads "Johnelle Foley". The signature is written in dark ink and is positioned above the printed name and title.

Johnelle Foley  
Secretary

Minutes  
Board of Governors  
University of Minnesota Hospitals and Clinics  
June 20, 1979

Present: Mr. Al Hanser, Chairman  
Ms. Sally Pillsbury, Vice Chairman  
Mr. Harry Atwood  
Ms. Dionisa Coates  
Mr. Orville Evenson  
Ms. Jeanne Givens  
Ms. Debbie Gruye  
Ms. Mary Lebedoff  
Mr. John Mason  
Mr. Virgil Moline  
Mr. Dan Notto  
Mr. Jack Quistgard  
Ms. Margaret Sandberg  
Dr. John Tiede  
Ms. Timothy Vann  
Dean Lawrence Weaver  
Mr. John Westerman  
Dr. Paul Winchell

Absent: Ms. Jo-Anne Barr  
Mr. David Cost  
Mr. Al France  
Mr. Ed La Fave  
Dr. Paul Quie  
Dr. John Najarian

The meeting of the Board of Governors of University of Minnesota Hospitals and Clinics was called to order by Chairman Hanser at 1:35 p.n., in Room 555 Diehl Hall.

I. Announcements/Introductions

Chairman Hanser introduced and welcomed the three new members of the Board of Governors - Ms. Margaret Sandberg, Mr. John Mason, and Mr. Virgil Moline. He also welcomed Regent Michael Unger who was present in the audience.

II. Minutes of the May 16, 1979 Meeting

Chairman Hanser called for acceptance of the minutes of the last meeting of the Board. Ms. Gruye moved approval of the May minutes. Ms. Pillsbury seconded the motion. It was voted upon and passed.

III. Planning and Development Committee Report - Mr. Harry Atwood, Committee Chairman

Mr. Atwood commented on the new name for the Facilities Committee. Chairman Hanser explained that the new name was viewed as better reflecting the work of the Facilities Committee. He noted that the name will be formally changed with

an amendment to the Board Bylaws when the idemnification clause of those Bylaws is finally approved through the Board of Regents. Mr. Diehl indicated that this should occur in the near future.

Mr. Atwood reminded the Board that at their May meeting they were presented with the proposed Annual Equipment and Remodeling Budget for 1979-80. He explained that the Planning and Development Committee did approve this budget in May and then presented it to the Board allowing time for review before final action in June. He noted that the equipment portion of the budget equaled approximately \$2.9 million and that remodeling totaled approximately \$400,000. He commented that these amounts were consistent with previous years. He also added that some of the equipment items will require Certificates of Need. Mr. Atwood then moved for approval of the budget. His motion was seconded by Dean Weaver, voted upon, and passed.

Next, Mr. Atwood updated the Board on the status of University Hospital's Renewal Project. He explained that during the previous week efforts were undertaken to gain from the Board of Regents their authorization to proceed with securing architect and program consultant services to conduct preliminary studies on the project. He stated that on Thursday of last week the Regents were taken on a tour of University Hospitals to allow them an opportunity to see first hand the condition of the facility. The next day, Friday, he explained that a rather long meeting was held with the Regents in which many representatives of the Hospitals backgrounded the Regents on the intent of the new building project. Mr. Atwood reported that the Regents did grant the Hospitals permission to proceed. He explained that we will now present a proposal to the State Architect & Design Selection Board who will then select the architect. Mr. Atwood added that the Regents questioned the cost of an architect to conduct the preliminary studies on the project but did not specify an amount of money for the studies. Mr. Atwood went on to say that he felt that the reception to the project was positive and that the Regents were fully aware of the magnitude of this undertaking. He noted that this action was just the first of many approvals which the project will require.

Mr. Dickler commented that a letter has already been drafted for the State Architect Selection Board and is currently being reviewed by Vice President Brown and Mr. Clint Hewitt. He indicated that he hoped that architect selection could occur by the end of August and that a contract with the architect could be negotiated by early Fall. Mr. Atwood noted that following last weeks meeting with the Regents, Chairman Wenda Moore had suggested that from time to time, the Planning and Development Committee of

the Board of Governors meet with the Physical Plant and Investment Committee of the Board of Regents for information sharing purposes. Mr. Atwood explained that his committee approved a motion formally directing him as Chairman to contact Regent Moore and express our willingness to have such meetings. He indicated that he would do so.

Next, Mr. Atwood informed the Board that the Planning and Development Committee reviewed staffs update of five year projects for Certificate of Need equipment and remodeling projects. He indicated that the Committee does review this list on a periodic basis. He added that the projects will not be lessening in number and noted that it was an interesting collection of items representing new technologies and replacement needs. He noted that as these items are needed, they will come before the Board for final approval.

IV. Finance Committee Report - Mr. John Quistgard, Committee Vice Chairman

Mr. Quistgard explained that he was presenting the Finance Committee Report on behalf of Mr. Cost.

Mr. Quistgard explained that the Finance Committee has requested additional information on two subjects - the Bone Marrow Project and the Ambulatory Care Management Council. In particular, he commented that the Committee was made aware of the fact that a "no-show" rate of 25% is being experienced in the out-patient clinics. He indicated that it was felt that the full Board would probably be most interested to learn about these two very important areas.

Mr. Quistgard then called upon Mr. Nels Larson to present the year-to-date financial picture to the Board. Mr. Larson reported that the overall financial position of the Board remains stable and positive. He noted that the Statement of Operations indicates a favorable variance in gross patient charges of 1.6% and that operating expenses are below budget by 4.1%. He stated that the net result is revenues over expenses of \$1.7 million or a favorable variance equaling 3.6% of total budgeted revenue. He commented that the reason for this position continues to be the higher utilization of more expensive beds and ancillary services. He also pointed out that clinic visits continue to run below budgeted projections but are equal to last year's level. Mr. Larson added that there continues to be some delays in realizing certain anticipated expenses. In terms of accounts receivable, he explained that their balance represent 77.5 days of revenue outstanding. He suggested that this number will be brought down when

county paper payments are made at the end of the quarter. In concluding, he stated that with only one month remaining, there is optimism that the financial objectives for fiscal year 1978-1979 will be met.

Mr. Atwood inquired as to why fringe benefits were below projections. It was explained that Blue Cross has given the University a rebate on health insurance for employees. The Hospitals have realized a portion of this rebate and the Hospitals had anticipated an increase in the cost of this fringe benefit.

Mr. Quistgard interjected that the new Board members should be made aware that excess funds accumulated by the Hospitals are invested and earning interest.

Mr. Quistgard indicated that the Finance Committee also discussed certain new government regulators which may cost \$300,000 - \$500,000 for the Hospitals to meet. He noted that these regulations are being opposed. He also added that the Committee discussed a study which Dr. Kralweski's Health Services Research Center will be conducting to aid University Hospitals in categorizing admissions. Ms. Pillsbury referred back to the comment on "no-shows" being experienced in the clinics. She asked if telephone follow-up calls were being made to patients to remind them of their appointments. It was noted that such calls are not made and suggested that measures which are being taken to improve clinic visits will be discussed when the Ambulatory Care Management Council speaks to the Board.

V. Joint Conference Committee Report - Ms. Sally Pillsbury, Committee Chairman

Ms. Pillsbury reported that Dr. Keith Sperling, Assistant Professor in Physical Medicine and Rehabilitation, presented a medical audit on Spinal Cord Injuries. Ms. Pillsbury backgrounded the Board on the occurrences, causes, and treatment of spinal cord injuries. She noted that because these cases are so complicated, and usually involve multiple traumas, a multi-disciplinary team is required to treat them. She explained that the audit reviewed sixteen cases from January of 1977, through December of 1978. She reviewed for the Board the significant findings of the audit and concluded that it was well done and well presented. Ms. Pillsbury then moved for approval of the audit. Her motion was seconded. Ms. Gruve commented on the shorter length of stay at University Hospitals for spinal cord injury patients than other institutions. Dr. Winchell noted that steps now taken to prevent urinary tract infections for these patients have been most helpful. Ms. Givens noted that a reduction in stay at University Hospitals from 4.2 months compared to the national average of 4.5 created a savings to the patient of \$8,000. Dr. Winchell stated that spinal cord injury patients are paralyzed from the neck or waist down and thus require very intense and expensive care. The motion to approve

the Spinal Cord Injury Audit was voted upon and passed.

Ms. Pillsbury next reported that the Joint Conference Committee reviewed the Critique of an Orange Alert Drill. She stated that the drill took place on May 1, 1979, at approximately 1:55 p.m., and explained that the disaster was a simulated tornado touch down at Coffman Union. She noted that this drill was unique in that casualties arrived at multiple entrances and was further complicated by the simultaneous occurrence of a Green Grass (fire alarm) and Mr. Blue (cardiac arrest). She further indicated that this drill was the first to test the new Emergency Preparedness Plan and the first to utilize Unit B/C. Ms. Pillsbury stated that the Critique was presented by Ms. Johnell Foley who is the Administrative liaison to the Hospitals Disaster Committee. Ms. Pillsbury added that at a later date, the Critique will be finalized with documentation of specific action steps. She then moved for approval of the Critique. Her motion was seconded. Mr. Quistgard inquired as to whether the Surgery Call List being outdated was not a continuous occurrence. He was informed that the last drill had an over response from the Department of Surgery but it was noted that they have had poor responses in the past. Ms. Coates commented on the benefit of adding confusion to the drill with unexpected happenings. The motion to approve the Orange Alert Disaster Drill Critique was then voted upon and passed.

Ms. Pillsbury stated that the Medical Staff-Hospital Council report to the Joint Conference Committee contained information related to changes in the medical record system for completion of charts, changes in the development of discharge summaries and letters to referring physicians, and changes in procedures to assure infection control.

At Ms. Pillsbury's request, Dr. Winchell reported on the annual re-Appointment of the Chiefs of Clinical Services. He referred the Board to the memo from Mr. Westerman listing those Clinical Chiefs who are to be re-appointed and those whose initial term of three years has not yet expired. He also noted that Drs., Doughman and Krivit have been appointed Heads of their respective Medical School departments (Ophthalmology and Pediatrics) and are now seeking approval of their appointments as Chiefs of their Clinical Services. He noted that their Curriculum Vitae's were attached. Dr. Winchell then moved for approval of the re-appointments of the Clinical Chiefs so listed and for the appointment of Drs., Doughman and Krivit as Clinical Chiefs. His motion was seconded, voted upon and passed.

Next, Dr. Winchell referred the Board to the Credentials Committee report. He reminded the Board that June is the time for the annual re-appointment of the Medical Staff. He explained that pages 1-24 contained the listings of routine re-appointments. He noted that the one non-reappointment on page 25 had been referred back to the Medical Staff/Hospital Council by the Joint Conference Committee for further review. He further explained that the non-reappointments on page 26 were due to failure of those physicians to show documented evidence of having the appropriate malpractice insurance in place. He stated that these physicians should have their re-appointments approved contingent on their producing this evidence by July 1, 1979. He noted that page 27 contained resignations from the Medical Staff and page 28 listed physicians seeking appointment to University Hospitals' Medical Staff. Page 29 stated the names of those physicians seeking provisional appointments to the staff and page 30 showed requests for changes in category (clinical vs. attending), while page 31, indicated those seeking additions or deletions to their privileges. Dr. Winchell went back to page 29 and briefly reviewed the backgrounds of those physicians seeking provisional appointment. He then moved for approval of the Credentials Committee report. His motion was seconded, voted upon and passed.

In concluding her comments, Ms. Pillsbury reported that Dr. Paul Quie was elected Chief of Staff and that Drs., Richard Kronenberg, Louis Dehner and Preston Williams won seats on the Medical Staff/Hospital Council. She moved for approval by the Board of the election results. Her motion was seconded, voted upon, and passed. Ms. Pillsbury then commented on Dr. Winchell's service as the Chief of Staff for five years and his excellent work with the Joint Conference Committee and the Board. She noted how fortunate it was that Dr. Winchell will be staying on the Board by virtue of his ex-officio position as Immediate Past Chief of Staff.

#### VI. General Director's Report - Mr. John Westerman, General Director

Mr. Westerman first referred the Board to the copies of the Bylaw's Amendments which had been distributed to them. He indicated that these were supplements to their original Bylaws and contained the changes made by the Regents in March. He noted that new Bylaws books will be printed as soon as the indemnification clause is approved by the Regents.

Mr. Westerman also commented that Mr. Irving Sawyers experience as an Administrative Resident is reaching it's half-way point and as soon as Mr. Sawyers completes his rotation of Hospital departments and other institutions, he will begin project assignments.

Mr. Westerman next mentioned the stressful situation which is occurring in the field of nursing. He noted that university hospitals, in particular, are finding nursing recruitment difficult because of the high occupancies and the severity of the cases. He explained that nurses are expressing dissatisfaction with work shifts and are, therefore, turning to nursing pools (employment-type agencies) which can secure for them the types of hours they wish to work. Hospitals now are being forced to utilize these pools. Mr. Westerman stated that Ms. Tebbitt, the Hospitals' Director of Nursing, is looking into this problem.

Mr. Westerman then commented on a broad range of subjects. He stated that a MAPTH Retreat was held to review the findings of the Kralewski study. He indicated that this examination of public teaching hospitals is the first such study of its kind. He also commented on a recent conference which he attended of university hospitals. He noted that the 65 university hospitals are viewed as being in a perilous state with Minnesota being fortunate to be among the top five. He suggested that university hospitals are struggling to posture themselves for the future while the rest of the industry is moving quickly to multi-hospital arrangements. He stated that unfortunately universities, and their administrators, are being more conservative when university hospitals should be showing innovation and creativity. He added that university hospitals are realizing that they should be meeting community needs and thus, many are following the Minnesota model and forming community Boards.

Mr. Westerman called upon Mr. Dickler to report on Metropolitan Health Board activities. Mr. Dickler stated that the Health Board is having a public hearing on its plan to reduce beds in the area. He indicated that the Board, in Phase II of its plan, will soon be calling for a re-examination of each institution's long-range plan.

Mr. Westerman went on to talk about the Joint Commission on the Accreditation of Hospitals and its change in approach to quality assurance. He explained that the JCAH has become less interested in medical audits, because of their lack of applicability in small hospitals, and more interested in seeing that systems to assure quality of care are in place throughout all hospitals. He noted that Mr. Tom Jones will be looking at that issue for University Hospitals as well as the issues of cost containment and the impact of technology.

Mr. Westerman concluded his remarks by commenting that it has become apparent that the time is here for university hospitals to become involved in sophisticated

marketing and the development of solid referral systems. He stated that university hospitals must be more accessible. He suggested that the next ten years will be strenuous for these hospitals and their Boards. He indicated however, that it is an exciting time and added that the Retreat will provide a valuable opportunity to discuss these most interesting issues.

Following Mr. Westerman's comments, the Board discussed two subjects in particular. The first dealt with investigating the possibility of a child care center to assist nurses and other employees. Here, it was suggested that Mr. Robert Spano, Director of Hospitals' Social Services, report back to Mr. Atwood's Planning and Development Committee on the findings of a joint Nursing and Social Services task force examining employee needs in this area.

The second subject dealt with University Hospitals accessibility and receptivity to referring physicians. On this matter, it was decided that Dr. Tiede should provide the details of a particular case for further investigation and that a letter be sent to Mr. Westerman requesting resolution of problems in this area.

#### VI. Board Concerns - Mr. Al Hanser, Board Chairman

Chairman Hanser announced that there will be an August Board meeting instead of the usual summer break. It was also determined that the November and December meetings will be held a week early so as not to conflict with the Holidays.

Chairman Hanser also reminded the Board that the Retreat questionnaires should be filled out and returned to Ms. Foley. He further pointed out to the Board that they have been given new Board rosters and copies of the new committee assignments. He explained that Mr. LaFave is now a member of the Finance Committee and that Mr. Mason and Dr. Quie are now on the Joint Conference Committee. He also noted that Ms. Sandberg, Dr. Winchell, and Mr. Moline have been placed on the Planning and Development Committee. He then pointed out that Ms. Barr will be chairing the Bylaws Committee. Another handout which Chairman Hanser referred to was that of a memo from Mr. John Diehl to the new Board members discussing some of the legalities of trusteeship for their orientation. Chairman Hanser then commented on the quality of the orientation session which was arranged for the new members.

Chairman Hanser noted that the West Metro Trustee Council specifies that its membership be that of the Chairman of each hospital board. Therefore, he indicated that he will begin working with that group. He added however, that Mr. Atwood will continue his work with the MAPTH group. Mr. Atwood commented

briefly on these two organizations and pointed out that the community involvement facilitated by the West Metro Council and the potential innovations being suggested by MAPH should both indicate that University Hospitals is in the forefront of shaping a positive future and hopefully avoiding a premature requiem.

Before adjourning the meeting Chairman Hanser thanked Regent Unger for attending and announced that Ms. Barbara Tebbitt was available to take any Board members, so wishing, on a tour of the Hospitals.

There being no further business, the meeting of the Board of Governors was adjourned at 3:50 p.m., by Chairman Hanser.

Respectfully submitted,

*Johnelle Foley*  
Johnelle Foley  
Secretary



UNIVERSITY OF MINNESOTA  
TWIN CITIES

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

June 11, 1979

To: Board of Governors Orientation Participants

From: John E. Diehl, Associate University Attorney  
Legal Counsel, University Hospitals and Clinics

Subject: Board Orientation

This is to present an outline of some broad legal considerations that you will be dealing with as a member of the Board of Governors of the University of Minnesota Hospitals and Clinics.

#### DUTIES OF GOVERNORS

As a member of the Board, you will be assigned certain specific committee responsibilities and other tasks; and there are meetings of the Board and the committees and other events which you will be expected to prepare for and attend, and in which you will no doubt actively participate. These, however, are not the "duties" addressed here. Rather, we wish to point out the duties Governors assume the way they go about these matters and the objectives that must be foremost in the decision-making process.

The basic duties of a member of the Board of Governors are loyalty and the exercise of due diligence.

These concepts are basic to corporation law and, while the public nature of the University creates a slightly different environment, these standards still apply.

A brief word about each.

Due diligence will be exercised if you do as indicated above. That is, prepare for and attend assigned events, including Board and committee meetings, and participate in these activities.

As a legal concept, the duty to exercise due diligence is flexible and acknowledges that certain organizations and enterprises are more complex than others. Thus with a large, extremely complex organization, especially in a complex field of endeavor, which describes the University Hospitals, this concept does not preclude reliance on a strong committee system and does not require each Governor to have detailed or "technical" knowledge about each area of hospital operations.

This is especially true of a new member of the Board. You should participate, either in meetings or outside of the formal process, and you should ask questions to become better informed. You should give careful attention to your assigned committee and the substantive matters it deals with; and in other areas, you should be satisfied that your colleagues are effectively dealing with the details of their assignments ("process" analysis, if you will).

This concept does not require Board members to be hospital managers, and it does not require that you routinely take issue with management. The Board, however, should know what management is seeking to accomplish and should be aware of management's success in such endeavors.

Loyalty is a somewhat more elusive legal concept in the context of the University of Minnesota, a "constitutional corporation" or state agency. In a business corporation this concept operates to preclude directors from diverting corporate assets, including their own business ideas, to competitive enterprises.

This certainly would apply in your setting, but the public service emphasis in service as a hospital trustee makes it less likely that this would be a practical problem.

In the context of the University Hospitals your duty of loyalty probably relates most practically to your constructive involvement in the fulfillment of the Hospitals' mission. That mission is to provide health care services as the State General Hospital; to do so with a standard of excellence, mix of services and other qualities so as to be an integral part of the education of students in the health sciences; and to provide an environment and facilities for medical and health science research.

This duty does not preclude disagreement or debate. It does not require unanimity or acquiescences to the majority. But, it does require that once a lawful policy has been established or an action has been taken in an appropriate way that all members support the corporate decision, especially in dealings with competitors, other external bodies, and outside authorities. And, of course, a Governor must devote his ideas and creativity relative to hospitals and the delivery of health care services to the University Hospitals, and not a competing enterprise.

#### BUSINESS JUDGMENT VS STRICT TRUSTEE

Another, somewhat esoteric, issue is in the standard by which a director of a hospital will be judged in the event of a dispute over the propriety of directors' action. At one time there was a school of thought that directors of charitable institutions should be held to strict fiduciary (trustee) duties. However, it is well settled that directors of non-profit corporations in Minnesota are subject only to the more flexible "business judgment" rule.

It should be noted, though, that most of your final responsibility relates to quality of medical care; and whatever the test is called, you have a collective responsibility to be aware of the standards for quality in the hospital, to be sure that they are consistent with proper medical care, and to take action when necessary to correct any deviations from those standards.

#### CONFLICT OF INTEREST

Conflicts of interest may be either inherent in one's entire relationship with the hospital, or a person may be well qualified to serve but have occasional conflicts arise.

Note that one can have a conflict of interests with either an affirmative act or a failure to act; and, of course, the conflict can be presented with either a possible gain or a detriment to the director resulting from the hospital's action or failure to act on a given matter.

Note also that for there to be a conflict one must have an opportunity and authority to make a decision or participate in a decision leading to the beneficial/detrimental result. With the University Hospitals Board this might be considered a "loophole" on many issues since the Regents have not delegated the final capital and fiscal decisions to the Board of Governors, and those are areas where conflicts often arise. However, the Board of Governors plays an advisory role in these matters, and conflicts could create an appearance of impropriety. Accordingly, it is desirable to be cautious in all areas, even where the technical decision-making authority is not vested in the Board of Governors.

In the case of inherent, ongoing conflicts, the director ought not serve at all. An example of this would be having the president of Ford sit on the board of General Motors. The inherent competitive relationship would, I believe, preclude such a director from fulfilling his/her duty to one entity or the other.

If one's interests are generally consistent with the hospital, but an incidental conflict arises, the courts suggest that the director should: (1) disclose the situation to the rest of the board and (2) refrain from any participation relative to the issue in conflict.

#### CONCLUSION

The foregoing describes the general principles that apply to your role as a member of the Board of Governors. In a succeeding memo, I will address some more specific matters, including the powers of the Board, the relationship with the medical staff, the quality assurance system, and principles governing handling of "government data" and the open meeting laws.

Minutes  
Board of Governors  
University of Minnesota Hospitals and Clinics  
May 16, 1979

Present: Mr. Al Hanser, Chairman  
Ms. Sally Pillsbury, Vice Chairperson  
Mr. Harry Atwood  
Mr. David Cost  
Mr. Orville Evenson  
Mr. Al France  
Ms. Jeanne Givens  
Ms. Debbie Gruye  
Mr. Ed LaFave  
Ms. Mary Lebedoff  
Mr. Dan Notto  
Dr. Paul Quie  
Mr. Jack Quistgard  
Mr. John Tiede  
Dean Lawrence Weaver  
Mr. John Westerman  
Dr. Paul Winchell

Absent: Ms. JoAnne Barr  
Ms. Nicha Coates  
Ms. Tomothy Vann  
Dr. John Najarian

The meeting of the Board of Governors of University of Minnesota Hospitals and Clinics was called to order by Chairman Hanser at 1:35 P.M., in Room 555 of Diehl Hall.

I. Minutes of the April 18, 1979, Meeting.

It was pointed out that Mr. Quistgard's and Dr. Tiede's names were omitted from the listing of Board members present at the April meeting. A motion was then made, seconded, and approved to accept the minutes of the meeting as corrected.

II. General Director's Report - Mr. John Westerman, General Director

Mr. Westerman first referred the Board to a handout outlining the status of the status of energy conservation measures undertaken at University Hospitals and Clinics. He commented that similar measures are being achieved on a University-wide basis.

Mr. Westerman then reported on the status of the capital development program. He explained that the Physical Plant and Investment Committee of the Board of Regents voted to approve the

consolidation of the Unit H project into the Medical-Surgical bed replacement project. He added however, that the following day the full Board of Regents deferred action on the project until June. He commented that this is common practice with the Regents who prefer a month's time for further study of an issue before acting upon it. He noted that during this interim, time will be spent familiarizing the Regents with the project's intent through meetings and tours. He mentioned that the issue before the Regents is not that of going ahead with the project but only proceeding with developmental planning regarding its feasibility. He added that the delay in acting on the project was most unfortunate in terms of the inflationary impact on the projects costs.

Mr. Westerman next touched on a number of subjects including discussions taking place with Central Administration to exempt Nurses and other similar hospitals' employees from certain vacation limitations in order to make their situations more equitable with the local community. He mentioned that agenda planning for the Board Retreat in July is underway. He stated that the first phase MAPTH study is soon to be completed and added that discussions have already taken place with Iowa, Wisconsin, and Nebraska regarding a regional consortium.

III. Finance Committee Report - Mr. David Cost, Finance Committee Chairman

Mr. Cost called upon Mr. Larson to review the year-to-date report of operations. Mr. Larson reported that financial statements for the month of April continue to reflect a stable and positive operating position. He noted that there was a moderate increase in the utilization of inpatient beds; that the average length of stay was 9.6 days; that admissions were close to projections; and that the occupancy rate was 76%. Mr. Larson did indicate a decline in out-patient visits but he noted that clinic activity is still equal to last year's levels and out-patient revenue continues to be approximately 12% of the total patient revenue base.

In reviewing the Statement of Operations, Mr. Larson indicated that patient care charges remain slightly above budget showing a favorable variance of 1.7%. Operating expenses also remain below budget with a favorable variance of 1.0%. April's operations therefore, resulted in revenues in excess of expenses of \$180,912 increasing the YTD total of revenues over expenses to \$1,390,347. Mr. Larson commented that this stable position continues to reflect the same mix and utilization factors that have been evidenced over the last several months and provides confidence that financial objectives for 1978-79 fiscal year will be achieved.

Mr. Cost then reminded the Board that at their last meeting they granted tentative approval to the Budget for fiscal year 1979-1980. He noted that the purpose of the tentative approval last month was to allow staff to proceed with submission of the proposed rate increase to the Minnesota Rate Review Council by May 1, 1979. This provides for the 60 day advance notice required by the Council before implementing an increase. It was noted that staff has made the submission and anticipates a hearing with the Council during the first week in June.

Mr. Cost reported that the Finance Committee spent this month's meeting re-examining the Budget. He noted that the Budget is viewed as being very conservative. He indicated that the Committee did look more closely at the inflation factor which suggests a greater than projected impact. He added however, that the Committee felt that the financial objectives for the coming fiscal year can be met with the Budget as proposed last month through good, sound management practices. Mr. Cost then moved that the Budget for 1979-1980 of \$103,670,774 with a cost increase of 11.4% and a price increase of 10.08% be approved. Mr. Quistgard seconded his motion. The motion was voted upon and passed.

IV. Facilities Committee Report - Mr. Harry Atwood, Committee Chairman

Mr. Atwood reported that the first matter of business which the Facilities Committee considered was that of the Regent's decision to defer action on the consolidation of the capital development projects into the Hospitals' Renewal Project. He indicated that the Committee stands ready to meet with the Regents or assist in whatever way necessary to assure their understanding of the project.

Mr. Atwood noted that the second piece of business for the Facilities Committee was their examination of the proposed Annual Equipment and Remodeling Budget. He explained that the Committee did vote to approve the budget but added that the Budget is being brought to the full Board only for consideration this month and action in June. He commented that the Facilities Committee felt that the Board should have a month to familiarize themselves with the items proposed in the Budget. By way of review, Mr. Atwood noted that the Budget is in line with past years. He pointed out that there are three items exceeding \$100,000 and therefore, requiring Certificate of Need approval but added that all three are replacement items. He stated that the Facilities Committee is confident that the Equipment and Remodeling Budget is appropriate.

Mr. Jones was asked to comment on the Budget. He explained that the major item listed was that of a new CAT Scanner. He commented that the Hospitals' present scanner is obsolete and not functioning properly. Ms. Lebedoff and Ms. Givens questioned the reliability of CAT Scanners in general. Mr. Jones explained that initially there were problems with the equipment but these problems have been alleviated since the production of the machine has been taken over by larger, more reputable companies. Again, Mr. Atwood noted that action on the Equipment and Remodeling Budget will be requested in June. He added that the items requested in the Budget are almost equally divided between new and replacement needs.

Mr. Atwood reported that the final item on the Facilities Committee agenda was a Staff progress report on planning which is taking place for the utilization of vacated space in the Mayo Building.

V. Joint Conference Committee Report - Ms. Sally Pillsbury,  
Committee Chairperson

Ms. Pillsbury first commented that Mr. Diehl reminded the Committee of the need to exercise caution in the reporting of, or discussion of, medical audits because of their confidential status. She added that the Committee did not review an audit at this month's meeting but will be doing so next month.

Ms. Pillsbury reported that this month the Joint Conference Committee heard a very interesting report from Ms. Nancy Goldstein, Patient Education Specialist. Ms. Pillsbury stated that Ms. Barbara Tebbitt, the newly appointed Director of Nursing Services, introduced Ms. Goldstein and explained how nursing audits had identified a need to enhance and co-ordinate patient education practices throughout the institution. Ms. Goldstein was then hired in 1977. It was noted that she is not a nurse but, rather, has her Master's Degree in Public Health Education. Ms. Pillsbury stated that Ms. Goldstein reviewed with the Committee an outline (see attached) of patient education projects which have been developed since her arrival. Ms. Pillsbury passed around some of the teaching materials used in these programs which Ms. Goldstein distributed at the meeting. She explained that Ms. Goldstein has had good success in marketing some of the materials and hopes to do more marketing and use the funds acquired to develop more patient education projects and perhaps a patient education library. Ms. Pillsbury added that the patient education program has been met with considerable enthusiasm from patients and staff alike.

Ms. Pillsbury next reported that Dr. Winchell presented a Medical Staff-Hospital Council report. Items in that report included the development of a slate of nominees for the position of Chief of Staff and three positions on the Council. Also, a forms control policy was approved for medical record's forms and proposed revisions to the Medical and Dental Staff Bylaws were considered.

Ms. Pillsbury explained that the proposed Bylaw's changes dealt with how best to incorporate allied health professionals such as Psychologists, Audiologists, Respiratory Therapists, etc., into the Medical Staff organization at University Hospitals and make them accountable to that organization. It was mentioned that in the case of the Psychologists in particular, certain legal issues and precedents have made it especially necessary that this subject be addressed. She noted that the decision to revise the Bylaws for the professionals acceptance into the organization was seen as the most appropriate step. She listed certain criteria which were being considered as necessary for the allied health professionals to gain acceptance to the Medical-Dental Staff. It was pointed out that this was only an information item at this point, and when finalized the proposed revisions would follow an approval trail through the Medical Staff-Hospital Council, the Council of Clinical Chiefs, the Joint Conference Committee and the Board of Governors.

Ms. Pillsbury concluded her report by noting that Dr. Goltz on behalf of Dr. Najarian, reported on the Council of Clinical Chiefs noting that the majority of their discussions are currently revolving around the Hospital's Renewal Project.

VI. Board Concerns - Mr. Al Hanser, Board Chairman

Chairman Hanser commented on a number of matters of interest to the Board. He mentioned that Mr. Atwood will be Chairing a session in June at the Roles Options Workshop sponsored by the Minnesota Hospital Association on Cooperative Arrangements.

He stated that the Regents did not act on the appointment of the three nominees to the Board of Governors but will be doing so at their June meeting. He added that plans for an orientation session for the three new members and Mr. LaFave are underway. He stated that June 11, 1979, is being considered for the orientation in conjunction with the dedication of the Phillips-Wangenstein Building. Chairman Hanser noted that invitations to

the dedication festivities will be sent to all Board of Governors members and encouraged them to attend if possible. He also added that certain Board members may be called upon to assist with the new member orientation and their help will be appreciated.

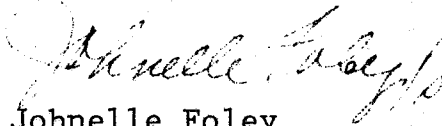
Chairman Hanser then called upon Ms. Foley to review the findings of Mr. Bill Powell's experiment with the Delphi process. Ms. Foley reminded the Board that at their last meeting, Mr. Powell conducted a session on futurism and the health care system. At the conclusion of his session, he asked the Board members to react to statements outlining possible future events in health care and to send their responses in. Ms. Foley stated that she and Chairman Hanser had the opportunity to meet with Mr. Powell last week and review his findings. She reported that there were twelve respondents to the survey and noted that an examination of the summary indicated that there was general consistency in that most events were viewed as desirable but there was less certainty as to their likelihood of occurring. She noted that Mr. Powell viewed this exercise as only a scratching of the surface and offered his assistance should the Board ever wish to explore further the use of the Delphi system in planning for the future. She also added that Mr. Powell hopes to conduct similar exercises with such institutions as the Mayo Clinic or a community hospital for purposes of comparing varied perspectives on the future of health care.

At Chairman Hanser's request, Mr. Diehl commented on his investigation into insurance coverage for Board members during their Board related travel. Mr. Diehl reported that no policies of the sort the Board is interested in currently exist. Chairman Hanser instructed Mr. Diehl to present to the Joint Conference Committee a listing of appropriate policies, their benefits, and premiums. Mr. Diehl agreed to do so. Mr. Atwood commented that he would investigate insurance coverage which the AHA carries for its members.

Before the meeting was adjourned, Mr. Westerman briefly commented on an article by Mr. Jim Rice of Health Central, Inc. He stated that the article reflects the very competitive market for health care delivery which exists in the Metropolitan area.

There being no further business, Chairman Hanser adjourned the meeting of the Board of Governors of University Hospitals and Clinics at 3:10 P.M. He invited those able to do so to stay for a slide show presentation on Minnesota's success in containing hospital costs. Ms. Barbara Reynolds, Director of Hospital Public Relations, introduced the slide show noting that it was jointly produced by the Minnesota Hospital Association and the Minnesota Council for Hospital Public Relations.

Respectfully submitted,

  
Johnelle Foley  
Secretary

Minutes  
Board of Governors  
University of Minnesota Hospitals and Clinics  
April 18, 1979

Present: Mr. Al Hanser, Chairman  
Ms. Sally Pillsbury, Vice Chairperson  
Ms. Jo-Anne Barr  
Ms. Nicha Coates  
Mr. David Cost  
Mr. Orville Evenson  
Mr. Al France  
Ms. Jeanne Givens  
Ms. Debbie Gruye  
Mr. Ed La Fave  
Ms. Mary Lebedoff  
Mr. Dan Notto  
Dr. Paul Quie  
Ms. Timothy Vann  
Dean Lawrence Weaver  
Mr. John Westerman  
Dr. Paul Winchell

Absent: Mr. Harry Atwood  
Dr. John Najarian

The meeting of the Board of Governors of University of Minnesota Hospitals and Clinics was called to order by Chairman Hanser at 1:35 p.m., in Room 555 of Diehl Hall.

I. Minutes of the March 21, 1979 Meeting

A motion was made, seconded, and approved to accept the March minutes of the Board of Governors' meeting.

II. "Managing the Future" - Mr. William Powell, President - Johnson, Powell, & Co.

Chairman Hanser introduced Mr. Powell and provided the Board members with information pertaining to Mr. Powell's background and his progression in the field of futurism. He explained that Mr. Powell's firm serves as management consultants in long term strategies and new business developments.

Mr. Powell's presentation consisted of an overview on forecasting the future of health care delivery. He asked the Board members to participate in a delphi exercise and indicated that articles which he had gathered on the subject of the future of health care could be obtained from Ms. Foley. Attached to the minutes is the compilation of copies of the slides Mr. Powell used in his presentation.

### III. Nominating Committee Report - Mr. Al Hanser, Board Chairman

Chairman Hanser reminded the Board that as a result of the Regents review of the Board of governor's Bylaws certain ammendments were made. In particular, he referred to the increase in the Board's size by three and the new composition of the Nominating Committee. He explained that the Nominating Committee is now made up of the Chairpersons of the Board of Regents and the Board of Governors and two additional members from each Board. He indicated therefore, that the current Committee had as its membership Regent Wenda Moore, Chairperson of the Board of Regents' Regent Neil Sherburne; Regent Robert Latz; Governor Jeanne Givens; Governor Orville Evenson, (for Governor Harry Atwood) and himself. Chairman Hanser stated that as the Bylaws dictated, he convene the first meeting of the Nominating Committee and that Regent Sherburne was then elected to chair the Committee. Chairman Hanser reported that the Committee had met twice and is now prepared to present a slate of candidates to the Board of Governors for acceptance. He added that Mr. Westerman, Dr. Winchell, and Dr. Najarian had been contacted regarding the slate as required by the Bylaws.

Chairman Hanser referred the Board to the memo from Ms. Foley indicating the slate of candidates for the three new Board positions with their resume's attached. (exception - Mr. Virgil Moline) He commented that a number of nominees were reviewed and that there was discussion regarding particular criteria for selection in terms of needs which the Board of Governors may have. He then reviewed with the Board the backgrounds of the three individuals on the slate and the two alternates.

A motion was made by Ms. Coates and seconded by Ms. Barr to accept the slate of candidates and to forward their names through Vice President French to the Board of Regents for their final approval. The Board members then began their discussion of the slate. Ms. Gruye indicated her concern that all of the candidates were from the Metropolitan area. It was pointed out that the Board of Governors has no representation from the 1st District. Ms. Pillsbury commented on the statewide mission of University Hospitals and Clinics and inquired as to whether that was addressed in the selection of this slate. Mr. Evenson quoted the Board of Governors' Bylaws noting that the Board is to be socio-economically and geographically representative of the State of Minnesota. He indicated that he found the Board to be moving toward an over-abundance of health professionals without sufficient representation from true consumers.

The motion to accept the slate of candidates and forward it on through appropriate channels to the Board of Regents was then voted on and passed with one dissenting vote cast by Mr. Orville Evenson

IV. Finance Committee Report - Mr. David Cost, Committee Chairman

Mr. Cost first called upon Mr. Nels Larson to present the year-to-date financial report. Mr. Larson stated that operations continues to reflect a stable and positive position through the third quarter. He noted that mix and intensity of services have varied little and the financial statements therefore show few significant changes. In terms of in-patient activity he indicated that although patient days are below projections, higher priced beds are being utilized placing routine revenues above budget. He reported that while out-patient visits are also below projections by 4.5%; they have reached the normal seasonal level following the opening of Unit B/C.

In operations Mr. Larson noted a March YTD position of revenues over expense of \$1,209,435 or a variance of 3.2% of total budgeted revenue. He added that this positive position continues to reflect the change in mix of bed utilization, the utilization of more ancillary services and a delay in realizing certain capital costs. Relative to operating expenditures, Mr. Larson pointed out that with Unit B/C's opening in February, certain costs are now being realized. In particular, he noted that depreciation expenses has now increased by approximately \$250,000 during the month of March. Mr. Larson also mentioned that total operating cash is at 4.8 million. With great pleasure, he then announced that patients accounts receivable totaled \$17,990,149, a balance which represent 74.7 days of revenue outstanding. He commented that this was achieved through a refinement of the collection process and indicated that staff will continue to work diligently to maintain days of revenue outstanding below 75.

Mr. Cost then reported that the Finance Committee reviewed the third quarter bad debt report for 1978-1979. He stated that the total amount recommended for bad debt during this period is \$177,019.25 represented by 656 accounts. He added that the net write-offs for the fiscal year-to-date are equivalent to .93% of total charges. He compared this to the 1.5% budgeted bad debt accumulation and commended staff for their good work. Mr. Cost also explained that the Finance Committee, having been made aware of certain large unpaid accounts held by Iranian patients, asked that staff contact proper authorities in the Federal government concerning these accounts. Dean Weaver then suggested that other area hospitals be contacted to see if they have had similar experiences with Iranian patients so that perhaps a group letter can be sent for more impact. Mr. Cost then moved that with this stipulation, \$177,019.25 be written off

as bad debt for the third quarter of fiscal year 1978-1979. His motion was seconded and voted upon and passed.

Mr. Cost next began the presentation of the 1979-1980 budget package. He commented that the budgeting process continues to be improved as reflected in this new budget. He explained that budgeting begins at the Department Head level, that it is then reviewed by the Operations Group and sent on to the General Director's Group. From there it is approved by the Program Review Committee of the Clinical Chiefs who send it on to the Board of Governors. Mr. Cost commented that Medical Staff involvement throughout the process has also improved and in particular, he noted the contribution of Drs., Levitt and Brown as members of the Finance Committee.

Mr. Cost referred the Board to their copies of the Planned Budget for Fiscal Year 1979-1980. He noted on page 4 that projected expenses equaled \$103,670,774. He stated that this budget would require a price increase of 10.08%. Mr. Cost explained that at today's meeting only tentative approval of the budget was being sought for purposes of taking the proposed rate increase to the Minnesota Rate Review Panel by May 1, 1979, so that the rate increase can be implemented on July 1, 1979. Mr. Cost went on to explain that the Finance Committee had a most spirited meeting relative to the budget. He noted that they were pleased that the budget met current rate review guidelines and added that although Federal guidelines were not met, this was seen as justifiable based on University Hospitals patient mix and volume. He noted further that the Committee found the budget to be most conservative with only a 6.7% inflation factor incorporated. He added that the Committee asked that staff closely monitor this inflation factor.

Mr. Cost then called upon Mr. Fearing to further review the budget package. Mr. Fearing first commented that the major effort in compiling the budget was devoted to staying within the guidelines of the Voluntary Effort. He indicated that that program allows an 11.6% increase in projected expenses and pointed out that University Hospitals only increased by 11.4%. He also explained that just in the last week, the Minnesota Rate Review Panel changed from 9.0% to 10% the allowable revenue increase limit per adjusted admission. Mr. Fearing stated that University Hospitals' budget has a total revenue increase per adjusted admission of 10%. Mr. Fearing then reviewed the budget packet page by page, highlighting certain items. He concluded that he was confident the 10.08% price increase would be sufficient to meet University Hospitals and Clinics' budgetary goals unless further review in the next month revealed problems relative to the inflation factor.

Mr. Cost then moved that tentative approval be granted to the budget for 1979-1980 and its required 10.08% rate increase. His motion was seconded and Chairman Hanser commented upon the quality of the Finance Committee's review of the budget and careful consideration of various budgeting alternatives. The Cost motion was then voted upon and passed.

Mr. Cost also asked if it would be possible to provide the Board with a thorough explanation of the Bone Marrow Program and its expansion because of its considerable impact. It was agreed that this was an excellent idea and it was suggested that Dr. Kersey, who heads the Program, be asked to come to speak to the Board at the May meeting.

V. Facilities Committee Report - Ms. Timothy Vann, Committee Vice Chairperson

Ms. Vann reported that the Facilities Committee heard a status report from Mr. Ron Klemz pertaining to the status of the 1979-1980 Annual Remodeling and Equipment Budget. She noted that Mr. Klemz informed the Committee that the budget is being re-reviewed for further refinements and that once finalized it will be mailed to the Facilities Committee in advance of their next meeting.

Ms. Vann then reminded the Board that a review of the Unit H project was initiated in late February, 1979, when cost estimates and schematics were completed. The intent of this reassessment was threefold:

1. To review the cost estimates, functional layouts, operational impact, external review implications, etc., of the Unit H project.
2. To reconsider the advisability of continuing to proceed with a two-phased construction scenario (i.e. Unit H and Medical/Surgical Replacement) vs. a partial or total incorporation of the Unit H program elements into the Medical/Surgical Replacement projects.
3. To assess the financial feasibility of the various options considered above.

She then called upon Mr. Westerman to comment further.

Mr. Westerman reflected on the history of planning for the Health Sciences facilities and noted how in the early '70's prudent judgement suggested facility construction in stages based on priority needs thus, the plan for first addressing Pediatrics, ICU, P.A.R, and O.R. facility needs. He pointed out however, that now a different climate exists and added that with the overrun on the estimates for the H project re-consideration of a two phase building project was required. He reported that the Council of Clinical Chiefs have conducted such a re-assessment and have voted to recommend to the Board of Governors that the Medical/Surgical Replacement Project should be incorporated into a single capital project so that the Certificate of Need

and other required approvals need be sought only once. Mr. Westerman added however, that this plan of incorporation does have certain disadvantages in terms of the delays it inflicts on the high need areas of Pediatrics and Surgery.

Dr. Quie as a representative of the Pediatrics Department was called upon to comment. Dr. Quie noted that currently the Pediatrics Service has the worst facilities in the hospital but added that there is understanding of the University's position. He noted that the problem in Pediatrics is primarily one of low morale as ten years of planning have gone into the Unit H project. He noted that with consolidation into the Medical Surgical Replacement Project completion of new facilities will be delayed from 1982-1986. He added that he further fears the affects this decision will have on the recruitment for a new Chief of the Department of Pediatrics.

Ms. Vann then made a motion stating that with Dr. Quie's comments in mind, the Facilities Committee recommends that the University Hospitals capital development program be amended to proceed with a single construction project which includes both Unit H and J program elements. In so recommending, the Committee requests that every consideration be given to early completion and interim remodeling of pediatrics, intensive care, and operating rooms, recognizing the critical needs of these programs. Ms. Vann's motion was seconded. Mr. Cost asked how this change in strategy is reflected in the budget. Mr. Dickler responded that there will be a reassessment of remodeling plans for the short-term. Mr. Westerman also commented that Vice President Brown wished to appoint a task force to monitor the financial implications of the single project. It was noted that there will be Board representation on this task force. Dr. Quie asked what would happen if the single project is denied. Mr. Westerman commented that it is always easier to work back down to a smaller component. Ms. Vann's motion was then voted upon and passed.

VI. Joint Conference Committee - Ms. Sally Pillsbury, Committee Chairperson

Ms. Pillsbury reported that the Joint Conference Committee reviewed two audits. She explained that the first was an audit of Coronary Angiography. She indicated that the audits sample size was expanded from 50 to 197. She explained that an Angiograph is a complicated procedure conducted by several technicians, involving two laboratories, and a team of physicians. She indicated that the audit of the procedure revealed a need for better inter-service communication. She stated that there were frequent complications as a result of the procedure but added that these were primarily attributable to the high risk cases involved. Ms. Pillsbury stated that it was a good audit in terms of identifying certain difficulties. She noted that as a result

of the audit a task force is to be appointed to develop appropriate protocols for patients having a Coronary Angiograph. Ms. Pillsbury then moved for acceptance of the Angiography Audit. Her motion was seconded by Ms. Coates, voted upon and passed.

Ms. Pillsbury reported that the second audit which the Joint Conference Committee reviewed was that of an audit of the use of Gentamicin. She explained that this audit was sponsored by the Pharmacy and Therapeutics Committee for the purposes of studying the use of this particular drug and for developing an audit process for general drug use review. She commented that Gentamicin is an antibiotic used for life-threatening infections. Ms. Pillsbury noted that the audit revealed only minor problems in documentation. She then called upon Mr. Dan Notto, who was the audit co-ordinator, to comment further. Mr. Notto explained that he was involved in the audit in terms of a graduate school project. He explained that such audits will be helpful in cases where a particular drugs usage has been increased and complications have been experienced. Ms. Pillsbury explained that as a result of the audit, information will be placed in the Hospitals' Pharmacy Bulletin advising physicians on how to appropriately perscribe the drug. Ms. Pillsbury then moved that the Board of Governors accept the Gentamicin Audit. Her motion was seconded, voted upon, and passed.

Ms. Pillsbury next called upon Dr. Winchell to present the Credentials Committee report. Dr. Winchell stated that the Credentials Committee, the Medical Staff/Hospital Council, and the Joint Conference Committee, after examining all pertinent information provided to them concerning the applicant's professional competence and qualifications, hereby recommend the approval of the following applicants request for clinical privileges and Provisional Medical Staff appointments. He then reviewed the backgrounds of the following individuals:

HOSPITAL DENTISTRY

Michael E. Kantor\*

CATEGORY

Attending

INTERNAL MEDICINE

Frank S. Rhame

Attending

OBSTETRICS & GYNECOLOGY

Peter E. Fehr

Clinical

OPHTHALMOLOGY

James S. Allen

CATEGORY

Clinical

\*Dr. Winchell explained that the recommendation of Provisional Medical Staff appointment of Michael E. Kantor, D.D.S, is made with the stipulation that the required malpractice coverage which names the Regents of the University of Minnesota be acquired by the time the acceptance of provisional appointment letter is signed and submitted by the applicant. Dr. Kantor must indicate at that time that he has fulfilled the malpractice insurance requirements.

Dr. Winchell went on to state that the following physicians completed their Provisional Medical Staff appointments and were eligible for Regular appointments as of March 20, 1979. The Credentials Committee reviewed letters of recommendation from their Clinical Chiefs and recommended the approval of Regular Medical Staff appointments.

ANESTHESIOLOGY

Josephine N. Lo

CATEGORY

Attending

NEUROLOGY

L. William McLain, Jr.

Attending

Robert I. Roelofs

Attending

NEUROSURGERY

Phudiphorn Tienprasit

Attending

OPHTHALMOLOGY

Herbert L. Cantrill

Attending

PEDIATRICS

Richard Mathis

Attending

PSYCHIATRY

William B. Hosfield

Attending

Steven J. Lari

Attending

Richard Pyle

Attending

George M. Realmuto

Attending

The following physician's request for change in staff category is recommended for approval.

INTERNAL MEDICINE  
Daniel R. Hathaway

FROM  
Attending

TO  
Clinical

Dr. Winchell then moved that the Board of Governors approves the Credentials Committee report as accepted by the Joint Conference Committee. His motion was seconded by Ms. Givens, voted upon, and passed.

Ms. Pillsbury went on to state that the Joint Conference Committee was informed of other matters discussed by the Medical Staff-Hospital Council. She noted that these items included the approval by the Council of a program to provide Cardio-Pulmonary Resuscitation training to all members of the Hospitals' Medical Staff. She explained that such training is a requirement of the JCAH and added that it is estimated that this requirement may cost University Hospitals \$100,000. Other items covered by the Council included the development of new discharge summary letters, the revision of the Hospitals' policy on release of information to meet Minnesota law, and the Foundation's requirements to investigate all deviations in practice. Dr. Winchell commented that a letter has been sent to the Foundation for Health Care Evaluation suggesting that deviations can be both good and bad and that without the good no innovations in practice will be made. Dr. Winchell also commented that the process of obtaining reference letters for Medical Staff appointments is going smoothly. He further informed the Board that the Psycho-Surgery Program previously approved by the Board may be in jeopardy as it was planned that the procedure would be conducted at the V.A. Hospital where the appropriate equipment exists. However, Medicare and Medicaid will not reimburse for services received at the V.A. and the majority of Psycho-Surgery cases have only that form of coverage.

Ms. Pillsbury concluded that there were no representatives at the Joint Conference Committee meeting from the Clinical Chiefs group but added that she understood that the Chiefs had devoted their meeting to a discussion of the single capital project issue.

VII. General Director's Report - Mr. John Westerman, General Director

Mr. Westerman deferred his report to the May meeting due to the length of the meeting.

VIII. Board Concerns

During the course of the meeting Mr. Westerman introduced Ms. Barbara Tebbitt to the Board. It was explained that Ms. Tebbitt is the recently appointed Director of Nursing Services for University Hospitals and Clinics.

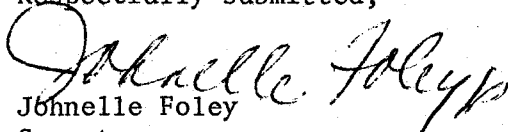
Chairman Hanser informed the Board that June 11, 1979, has been chosen as the date for the official University dedication of the Phillips/Wangensteen Building (Unit B/C). He commented that more information concerning this event will be forthcoming.

Chairman Hanser also reminded the Board to complete their exercises for Mr. Powell. Ms. Gruye commented on how much she enjoyed Mr. Powell's presentation on futurism and added that she hopes that there will continue to be programs of an educational nature injected into various Board meeting agendas.

Chairman Hanser further noted that Mr. Diehl continues to look into the matter of accident insurance coverage for Board members and added that Mr. Diehl plans to report on his findings and recommendations at the May Board meeting.

There being no further business, Chairman Hanser adjourned the meeting of the Board of Governors at 5:00 p.m.

Respectfully submitted,

  
Johnelle Foley  
Secretary

Minutes  
Board of Governors  
University of Minnesota Hospitals and Clinics  
March 21, 1979

Present: Mr. Al Hanser, Chairman  
Ms. Sally Pillsbury, Vice Chairperson  
Mr. Harry Atwood  
Ms. Jo-Anne Barr  
Ms. Nicha Coates  
Mr. Orville Evenson  
Ms. Jeanne Givens  
Ms. Debbie Gruye  
Mr. Edward LaFave  
Ms. Mary Lebedoff  
Dr. John Najarian  
Dr. John Tiede  
Ms. Timothy Vann  
Dr. Paul Winchell

Absent: Mr. David Cost  
Mr. Al France  
Mr. Dan Notto  
Dr. Paul Quie  
Mr. John Quistgard  
Dean Lawrence Weaver  
Mr. John Westerman

The meeting of the Board of Governors of University Minnesota Hospitals and Clinics was called to order by Chairman Hanser at 1:45 p.m., in Room 555 of Diehl Hall.

I. Minutes of the February 21, 1979, Meeting

Chairman Hanser first introduced Mr. Ed LaFave, the new member of the Board of Governors who was appointed to fill the unexpired portion of Mr. Stanley Holmquist's term. Chairman Hanser explained that Mr. LaFave is from Morris, Minnesota, where he is President of the Citizen's Bank.

Ms. Gruye then moved for approval of the February 21, 1979, minutes. Her motion was seconded by Ms. Coates, voted upon and passed.

## II. Facilities Committee Report - Mr. Harry Atwood, Committee Chairman

Mr. Atwood reported that the Facilities Committee had no action items to present to the Board but added that the Committee spent considerable time discussing new and important information relative to building projects. He then called upon Mr. Jones to summarize the information relative to Unit H.

Mr. Jones explained that the cost estimates on Unit H have been received are 15% above the mid-point of the range of earlier projections. He noted that in situations such as this University procedure calls for a re-evaluation of the project through a three pronged approach. The first step involves a review of the schematics and cost estimates by University engineers. The second step is a re-examination of the project, its placement in terms of overall capital priorities, and alternatives which may exist in terms of the project. The third step is a study of how the current cost estimates would impact debt capacity considerations. Mr. Jones commented that these procedures were in process and added that information obtained will be brought to the Facilities Committee in April.

At Mr. Atwood's request, Mr. Dickler also commented on the subject. He noted that the end product of the total re-evaluation process will be a discussion document for the reassessment of the project by multiple parties. He indicated that everything possible is being done to expedite the re-evaluation process so that a decision on the Unit H project can be made in April. Mr. Dickler suggested that a wide range of options is being considered in terms of Unit H, including combining it with the Medical Surgical Replacement project.

Mr. Atwood next reported that Mr. Klemz presented the Facilities Committee with a status report of the on-going equipment and small capital remodeling budget. Mr. Atwood summarized that the budget which contained \$3.7 million on June 30, 1978 was underspent by \$278,000 or 7 1/2%. He stated that this is a normal occurrence with this particular

budget. Chairman Hanser inquired if the Life Safety Project was completed. Mr. Jones stated that the project is 98% complete with only areas currently being remodeled left to be incorporated. It was also mentioned that further steps are being taken to bring University Hospitals into compliance with the Clean Indoor Air Act through proper designation of hallway lounge areas as smoking or non-smoking areas.

III. Finance Committee Report - Mr. David Cost, Committee Chairman

In Mr. Cost's absence, Mr. Fearing reported that because so many Finance Committee members would not be present today the Committee instead met on March 5, 1979, and will meet again on April 11, 1979. He explained that at the first meeting new program requests were reviewed and at the next meeting activity level requests for the 1979-80 budget will be examined. He noted that the results of those two meetings will be reported on at the April Board meeting. He added that action on the budget will not be required until the May Board meeting. Mr. Fearing was asked about his department's involvement in the evaluation of the Unit H project. He explained that they are currently working with the previously completed Ernst and Ernst Debt Capacity Evaluation Study by restructuring it with the new cost estimates and with new activity level data to determine the impact of the project.

Mr. Fearing then called on Mr. Larson to present the year-to-date financial picture. Mr. Larson reported that overall operations of the Hospitals continue to remain stable. He noted that census was close to projections but slightly below with admissions in February 2.8% below projections and patient days under by .5%. He added however, that average length of stay has increased to 9.2 days in contrast to the projected 8.9 days. In terms of outpatient activity, Mr. Larson explained that clinic visits were 4.2% below projections. He stated that the reduction was caused by the closing of clinics for 2-3 days during the move to Unit B/C. Mr. Larson concluded that the overall affect of the Hospitals activity resulted in a decline in the favorable revenue variance. He indicated with the Statement of Operations a position of \$2,390.574 in revenue over

expenses or a variance of 4.4% of total budgeted revenue. Mr. Larson also pointed out that the current receivables balance represented 76.4 days of revenue outstanding which is the lowest in recent history.

IV. Joint Conference Committee Report - Ms. Sally Pillsbury, Committee Chairperson

Ms. Pillsbury reported that this month's Joint Conference Committee meeting was devoted to a discussion of medical audits and their impact on the quality and costs of care. She explained that Mr. Al Dees, Director of Medical Records for University Hospitals and Clinics was present at that meeting to describe how his department functions and in particular, how it is involved in the medical audit process. She noted that Ms. Kim Werner, who heads the medical audit section, presented a summary of all the audits which have been conducted in the last two years and those which are in progress in 1979. Ms. Pillsbury referred the Board to their copies of the report. She commented that audit topics were originally selected by most common diagnosis but that now the audits are targeted toward identified problem areas. She also stated that other departments, like Nursing and Social Services, conduct their own internal audits.

Ms. Givens asked for an explanation of the medical audit review process with emphasis on follow-up procedures to assure that corrective actions are taken. Dr. Winchell explained that the Quality Assurance Committee appoints a medical audit team to determine the audit criteria. Records are then pulled and examined by the audit division of the Medical Records Department and deviations from the criteria are reported to the Quality Assurance Committee. This group notifies the appropriate Clinical Chiefs and others of the findings and responses are solicited. Findings and responses are then forwarded to the Medical Staff/Hospital Council, the Joint Conference Committee, and more general information is forwarded to the Board of Governors because of confidentiality considerations. It was pointed out that in the past, audits have been sent back for more information, further review, or a larger sampling. Ms. Pillsbury commented that the most frequent findings is that of lack of documentation. Dr. Winchell noted that

concurrent review on the stations has helped to improve documentation and serves as a good follow-up procedure. Other forms of follow-up include re-audits or re-studies. Currently, these are found to be difficult in that patterns of disease, personnel, and techniques change. Ms. Pillsbury indicated that future discussions on audit processes will center on concurrent review and focused review.

Ms. Pillsbury also noted that Mr. Dickler reported to the Committee on data being shared by the Foundation for Health Care Evaluation with the Metropolitan Health Board. He explained that University Hospitals did authorize the release of this information but cautioned the users on its validity. He indicated that the data dealt with length of stay and noted that it presented a distorted view of University Hospitals' experience because of the severity of the cases treated here.

Next, Ms. Pillsbury asked Dr. Winchell to comment on the Memorandum of Understanding with the Foundation which is annually renewed. Dr. Winchell noted that three problem areas were identified in terms of the agreement. These included - 1) that an appeal process be established; 2) that there be a method of commenting on any proposed policy changes made; and 3) that follow-up not be required on all deficiencies cited for audits, but only on those which we would consider to be significant. He indicated that the Foundation did recognize these problems and are now allowing for an appeal to HEW, a 30 day comment period on policy changes, and the follow-up on significant deficiencies only.

Dr. Winchell also reported that the Medical Staff Hospital Council was informed of the Program Review Committee's decision to implement the unit dose drug distribution system throughout the hospital. He explained that the pilot project conducted on this system was very successful. The benefits of the system include increased accuracy and cost savings in terms of nursing time and drugs not lost.

Ms. Pillsbury reported on other items covered at the Joint Conference Committee meeting including the implementation of the JCAH standard requiring the designation of medical director for all Intensive Care Units. She also mentioned that Dr. Winchell and Dr. Lucas will be appointing a Nominating Committee to work with the positions of three members of the Medical Staff/Hospital Council whose terms expire and to suggest replacements for Dr. Winchell's position as Chief of Staff. Ms. Pillsbury also mentioned that the Program Review Committee of the Council of Clinical Chiefs continues to meet to review new programs. She then asked Mr. Dickler to comment on current Metro Health Board activities.

Mr. Dickler explained that the Health Board has recently released its annual plan for the Metropolitan area as required of all Health System Agencies. He commented that the plan proposes the cutting back of services in such areas as Obstetrics, Open Heart Surgery, Neonatology, etc. He noted that there will be a hearing on the plan and indicated that the Health Sciences will be providing testimony regarding the lack of recognition of the fact that certain institutions serve a patient population from beyond the Metropolitan area. He also mentioned that the Health Board is also required to prepare an implementation plan. He stated that a hearing has also been scheduled for that plan.

Ms. Pillsbury concluded her report by commenting on the improved participation by the Medical Staff in Joint Conference Committee meetings.

V. Bylaws Committee Report, Dean Weaver, Committee Chairman

In Dean Weaver's absence, Mr. Dickler reported that on March 9, 1979, the Board of Regents adopted without modification the report of its Ad Hoc Committee which reviewed the Board of Governors' Bylaws. He stated that this did, therefore, mean that the Board size would be increased by three new members. Mr. Dickler indicated that there was some discussion of the letter which Chairman Hanser sent to the Board

Regents on the subject of Board size (see attached), but added that the Regents continued to find the expansion appropriate.

Chairman Hanser stated that he had just received a communication from Mr. Duane Wilson, on behalf of the Board of Regents, suggesting that the newly constituted Nominating Committee meet as soon as reasonably possible to initiate the process for the appointment of the three new members. He noted that the communique also mentioned that Chairman Wenda Moore was asking that Regents' nominations for the new positions be submitted to Mr. Wilson by March 23, 1979. Chairman Hanser asked that members of the Board of Governors similarly submit names to Ms. Foley as soon as possible. The question was raised as to whether the terms of the three new members would be for three years or be staggered to one, two and three year terms. Mr. Diehl was asked to seek clarification of this matter. Chairman Hanser stated that he will soon appoint the other two Governor members of the Nominating Committee and convene a meeting of that Committee as soon as possible.

Mr. Diehl also commented on the indemnification clause which the Board of Governors had approved at their last meeting. He stated that the clause had been forwarded to Dr. French and thus, routed to Mr. Joel Tierney, the University Attorney. He added that he and Mr. Tierney will be working with the Board of Regents to determine the appropriateness of that clause being approved and similarly incorporated into the Regents' Bylaws.

VI. General Director's Report - Mr. John Westerman, General Director

In Mr. Westerman's absence, Mr. Dickler presented the General Director's Report. He first commented on a meeting recently held of the University Hospitals' Executive Committee. He noted the quality of the conference and added that articles of interest from the proceedings will be distributed to the Board of Governors. Mr. Dickler also mentioned that union negotiations with AFSCME are currently underway with Mr. Van Hulzen leading the discussions for the Hospitals. Another item which Mr. Dickler brought

to the Board's attention was a Bill in the Legislature brought forth by Senator Jerry Anderson to place a moratorium on all health facilities building in the metropolitan area. Mr. Dickler suggested that he believes the Bill to have little support but added that its progress will be watched closely.

Mr. Dickler also reported that MAPTH has prepared a position paper on the subject of bed reductions in response to the Trustee Councils reports and the Metropolitan Health Board's planning. He noted that the paper speaks to an aggregate bed reduction for the three teaching hospitals. He added that there would be no new impact on University Hospitals as a significant bed reduction had already taken place here last Spring. Mr. Dickler went on to discuss the status of current search activities. He stated that the position of Director of Nursing Services has been offered to the top candidate and resolution of that matter should occur soon. He mentioned that the search for a Director of the Operations Analysis Department continues. In terms of the search for a Head of the Department of Psychiatry, he commented that two candidates are to be interviewed in the coming weeks. Mr. Dickler also reported that Dr. Doughman's appointment as the Head of the Department of Ophthalmology is to go before the Board of Regents next month for final approval. In concluding the General Director's report, both Mr. Dickler and Mr. Hart commented on the success of the move to Unit B/C.

VII. Board Concerns - Mr. Al Hanser, Board Chairman

Ms. Lebedoff commented on a recent editorial regarding health care costs. She suggested that the hospitals could and should let the media know of their efforts and successes with voluntary cost containment. Mr. Fearing informed the Board that the Minnesota Rate Review Council has asked the MHA to have financial figures published which demonstrate the success of the rate review program. He indicated that there should be something in the papers soon. Dr. Tiede commented on an article comparing health care costs and government spending. He also informed the Board of Dr. Najarian's recent publicity surrounding National Kidney Month. Dr. Najarian commented that he

had the opportunity to speak on the Boone and Erickson show and inform the public about the kidney work being done at University of Minnesota Hospitals and Clinics. He stated that more transplants have been done at University Hospitals than any place else in the world, with a higher success rate, and with the development of more technological advancements in kidney transplants than any where else. Discussion followed on the benefits of public relations and the public's awareness of such happenings at University Hospitals. Mr. Dickler pointed out that Padilla and Speer, Inc., have been retained not only to work with the Hospitals' capital projects but to generally inform the State about University Hospitals.

Chairman Hanser then commented on a number of matters. He mentioned that Drs., Kralewski and Choi of the Health Services Research Center have been interviewing various Board members in relation to their work on the MAPTH project. He called upon Ms. Sudduth to inform the Board of the status of Trustee magazine. Ms. Sudduth indicated that computer difficulties have once again interrupted circulation but added that she is working with AHA to correct the situation. At Chairman Hanser's request, Mr. Diehl spoke of his investigations into the coverage of Board members during travel to and from meetings. Mr. Diehl reported that there does not appear to be such coverage and added that he plans to confirm that and work toward its development if necessary.

Also at Chairman Hanser's request, Ms. Foley commented on plans which are already underway for the Board of Governors' Annual Retreat in July. It was noted that Mr. Quistgard has been kind enough to agree to participate in the planning of the Retreat. Ms. Foley reported that the Retreat will be held in Bemidji, Minnesota, on July 17, and 18, 1979, at the Ruttger Birchmont Resort on Lake Bemidji. Ms. Foley also interjected that she was aware that the movie on Hispanics in Minnesota, which Ms. Coates had been so intimately involved in producing is to be shown on T.V. on Channel 2. Ms. Coates noted that the date of the showing is May 3, 1979, at 8:00 p.m.

Chairman Hanser thanked the Board for their participation last month in the dedication of Unit B/C. He also commented on the fact that Mr. William Powell of Johnson, Powell & Co., a futurist, will be speaking at the April Board meeting on "Managing the Future".

There being no further business, Chairman Hanser adjourned the Board of Governors meeting at 3:40 p.m.

Respectfully submitted,

A handwritten signature in cursive script that reads "Johnelle Foley". The signature is written in dark ink and is positioned above the printed name.

Johnelle Foley, Secretary

Minutes  
Board of Governors  
University of Minnesota Hospitals and Clinics  
February 21, 1979

Present: Mr. Al Hanser, Chairman  
Ms. Sally Pillsbury, Vice Chairperson  
Ms. Nicha Coates  
Mr. David Cost  
Mr. Orville Evenson  
Mr. Al France  
Ms. Jeanne Givens  
Ms. Mary Lebedoff  
Mr. Dan Notto  
Dr. Paul Quie  
Dr. John Tiede  
Dean Lawrence Weaver  
Mr. John Westerman  
Dr. Paul Winchell

Absent: Mr. Harry Atwood  
Ms. Jo-Anne Barr  
Ms. Debbie Gruye  
Mr. Edward LaFave  
Dr. John Najarian  
Mr. John Quistgard  
Ms. Timothy Vann

The meeting of the Board of Governors of University of Minnesota Hospitals and Clinics was called to order by Chairman Hanser at 1:35 p.m., in Room 555 of Diehl Hall.

I. Announcements - Mr. Al Hanser, Chairman

Chairman Hanser asked if all members of the Board received the listing of new committee assignments for 1979. He asked that any comments or concerns regarding the assignments be brought to his attention.

Chairman Hanser then introduced guests in the audience including Mr. Steve Gield, reporter from the Minnesota Daily, Mr. Irving Sawyer, Administrative Resident, and Mr. Dennis McGrath, representative from Padilla and Speer.

Chairman Hanser also reported that at the February 9, 1979, meeting of the Board of Regents action was taken on the Statement of Mission and Goals

for University of Minnesota Hospitals and Clinics. This document was approved as was the appointment of Mr. Edward LaFave to fill the unexpired portion of Mr. Stanley Holmquist's term on the Board of Governors. Chairman Hanser explained that Mr. LaFave was not able to attend this meeting of the Board of Governors but will be present at the March meeting. Chairman Hanser also noted that the Regents heard a report from Regent Latz, Chairman of the Ad Hoc Committee to review Board of Governors Bylaws. He stated that that item would be discussed further under the Bylaws Committee Report.

II. Minutes of the January 17, 1979, Meeting

It was moved, seconded, and passed that the minutes of the January Board of Governors meeting be approved.

III. Cost Concerns Task Force Report - Dean Lawrence Weaver, Task Force Chairman

Dean Weaver, Chairman of the Cost Concerns Task Force reminded the Board that it was approximately a year ago that the Cost Concerns Task Force was appointed by the then Chairman of the Board, Mr. Harry Atwood. He listed the Task Force members as including Mr. David Cost, Ms. Mary Lebedoff, Mr. Orville Evenson, Ms. Barb Peickert, Dr. Ed Ciriacy, Dr. Paul Winchell and Mr. Don Van Hulzen with Ms. Johnelle Foley and Mr. John Westerman serving as staff. He noted that the Task Force first met in April of 1978, and that through the months to follow they conducted an extensive literature review and heard presentations such as that given by Dr. John Kralewski, Director of the Health Sciences Research Center. Dean Weaver also pointed out that two initial studies were prepared by Mr. Don Van Hulzen for the Task Force analyzing University Hospitals' cost experience. The studies were entitled: "Multi-Factor Description of Cost Changes from 1970-71 to 1977-78" (9/78) and "Analysis of Cost Changes: Some Reasons for these Changes and Some Recommendations for Future Responses to Needed Cost Containment" (11/78).

He reminded the Board that an open meeting of the Task Force was then held in December to discuss the initial studies and seek full Board of Governors in-put regarding their content.

Dean Weaver explained that a small work group of the Task Force then met to prepare a final report with recommendations. On Thursday, February 15, 1979, the full Task Force met to review the recommendations of the work group and finalize the report. Dean Weaver stated that that report was then sent to the full Board of Governors in advance of this Board meeting for discussion and possible action today. He then referred the members to their copies of the Cost Concerns Task Force Report.

Dean Weaver explained that the first few pages of the report were introductory. He directed them to page 4 of the report (see attached) where the recommendations began. He reviewed for the Board members each recommendation and then moved that the Cost Concerns Task Force Report be approved. His motion was seconded. The Board discussed the recommendations. Mr. France inquired if waiting until the annual Board retreat might not be too long for a plan of implementation considering the importance of some of the recommendations. Mr. Westerman suggested that a status report on processes toward implementation could be presented to the Board of Governors in April. Dr. Tiede asked if certain of the recommendations were not already being done. Dean Weaver agreed that they were and pointed out that in those cases the recommendations were calling for the continuation and improvement of those activities.

The motion was then voted upon and passed to accept the Cost Concerns Task Force Report. Dean Weaver again thanked Mr. Van Hulzen and those involved in helping with the Task Force's work. Chairman Hanser thanked Dean Weaver and commended the Task Force on their excellent results in dealing with a very interesting and challenging subject.

IV. General Director's Report - Mr. John Westerman, General Director

Mr. Westerman announced that a Search Committee has completed its work and that Ms. Barbara Reynolds was offered and has accepted the position of Director of Public Relations for University Hospitals. Mr. Westerman reminded the Board that Ms. Reynolds has been serving as the Acting Director of that department. He also added that Ms. Reynolds was responsible for the planning and preparations surrounding the reception for the opening of Unit BC to be held following the Board meeting.

Mr. Westerman commented that Mr. Van Hulzen and Ms. Foley are currently evaluating the needs of University Hospitals in terms of security protection and risk management to determine how best to organize to see that those functions continue to be effectively met. He noted that this process may lead to a search for leadership in that area. With regard to other searches, he stated that Mr. Van Hulzen is currently seeking a Director for the Operations Analysis Department. Also, Mr. Westerman mentioned that the Search Committee for a Director of Nursing Services has completed its work and has submitted three names to his office. He stated that he will be meeting with one of the three final candidates on Monday.

Mr. Westerman explained that the major move to Unit BC will be taking place this coming weekend. He stated that the planning for this move has gone well to this point with only minor difficulties in terms of problems with the environmental conditions for the ambulatory surgery area and a delay in receiving some of the furnishings. It was noted that unfortunately the University bidding process does not exclude companies with bad track records in delivery from future participation in the bid process. It was suggested that a system should be developed by which only qualified bidders could be considered.

Mr. Westerman also reported on the pilot survey on quality assurance conducted by representatives from the Joint Commission on the Accreditation of Hospitals. He explained that the JCAH is working on developing standards for quality assurance but added that to date their proposed standard is viewed as too loose making compliance almost impossible. He added that he hoped the JCAH found the discussions held at University Hospitals to be constructive and of benefit.

Mr. Westerman next reported on progress being made by the Minnesota Association of Public Teaching Hospitals. He stated that the Health Services Research Center led by Dr. John Kralewski has been contracted with to study the benefits of the consortium arrangement with Hennepin, Ramsey, and Veterans Administration Hospital. He stated that researchers from the Center are currently reviewing various reports, planning documents and other materials from the member hospitals and interviewing key personnel from those institutions.

Mr. Westerman then mentioned that from time to time he feels it important to comment on happenings on a national level with regard to university hospitals. He stated that, with few exceptions, such institutions appear to be in poor financial situations. He suggested the cause of this to be changing patient populations with fewer indigent patients but with the university hospital still being viewed as the institution for the care of only those patients. Mr. Westerman noted that years ago the University of Minnesota Hospitals and Clinics expanded its mission to that of being the general hospital for the State of Minnesota. He commented that that approach, along with the help of a well organized Medical Staff with an institution-wide perspective, have contributed to the success of this institution.

V. Bylaws Committee Report - Dean Lawrence Weaver, Committee Chairman

Dean Weaver reminded the Board that the Bylaws Committee had, some months ago, prepared a set of proposed amendments to the Board of Governors Bylaws. The amendments were accepted by the Governors and sent on through Vice-President French to the Board of Regents for final approval. At the December Regents meeting the Bylaws amendments were tabled and an Ad Hoc Committee of the Board of Regents was established to review in more detail the Bylaws of the Board of Governors in their entirety. It was noted that the Ad Hoc Committee was chaired by Regents Latz and included Regents Schertler and Utz. The intent of this review was to better familiarize the Board of Regents with the Board of Governors and to be sure the Bylaws are in conformity with current Regents policy. Dean Weaver reported that a dinner meeting was held where Ms. Pillsbury, Mr. Atwood, and Mr. Hanser, as officers of the Board of Governors, had an opportunity to meet with the Regents Ad Hoc Committee and discuss the proposed changes to the Bylaws being considered by the Committee. Thereafter, the Ad Hoc Committee finalized its report and presented it to the Regents, the Officers of the Board of Governors, and to the Board of Governors Bylaws Committee. A meeting of the latter two groups was then held to discuss the Ad Hoc Committee Report and then a joint meeting was held with the Regents' Ad Hoc Committee and the Governor's Bylaws Committee for the same purpose.

At this point, Mr. Diehl reviewed with the Board of Governors each of the proposed changes to the Bylaws being suggested by the Ad Hoc Committee. Mr. Diehl also stated that with respect to the clause regarding Indemnification, it was decided by Regent Latz that this matter should be handled at a later date. He noted that he has drafted new language for the indemnification provision and suggested that his proposal be forwarded through Vice-President

French to the Board of Regents for their consideration. Dean Weaver so moved. His motion was voted upon and passed. (See attached draft).

Chairman Hanser then opened the floor to discussion of the Ad Hoc Committee's proposed changes to the Board of Governors Bylaws. Considerable discussion followed. Dr. Tiede moved that Chairman Hanser be directed to send a letter to the Board of Regents expressing the Board of Governors' concern over the proposed increase in the number of Governors. Dr. Tiede's motion was seconded and discussion followed. The point was made that the letter should acknowledge that the Board of Governors exist at the pleasure of the Regents and to serve the Regents in overseeing Hospital operations, but that they have understood that their service has been satisfactory and thus, are uncertain as to how additional Board members will improve performance. Dr. Tiede's motion was then voted upon and passed.

Dean Weaver suggested that he be removed from further consideration as the Chair of the Bylaws Committee of the Board of Governors. He noted that as an ex-officio member of the Board his Chairmanship of that Committee may not have been totally appropriate. Chairman Hanser acknowledged the difficulty of Dean Weaver's position and thanked him for his excellent work with the Bylaws Committee.

Dr. Tiede inquired of Mr. Diehl if Board members were provided insurance coverage while en route to or from a Board of Governors meeting. Mr. Diehl responded that he would look into that matter and report back to the Board at its next meeting.

VI. Finance Committee Report - Mr. David Cost, Committee Chairman

Chairman Hanser explained that along with a Finance Committee meeting there was also a Joint Meeting of the Finance and Facilities Committees. He asked Mr. Cost to report on behalf of both of those meetings.

Mr. Cost reported that with respect to the Finance Committee, the first order of business was an examination of the Operations Report for the period July 1, 1978, through January 31, 1979. He noted that there was little change in activity from December with Admissions running below projections and Average Length of Stay running higher than projections. He then asked Mr. Nels Larson to present the Financial Operations Report in

Mr. Larson stated that the financial statements at the end of January show little overall change from December. He noted that Admission's were 2.2% below the projected level and that the Average Length of Stay was at 9.2 days rather than the anticipated 8.9 days. He noted that these activity levels resulted in a variance of .1% in patient days below projections. In terms of out-patient activity, he stated that clinic visits are running 3.2% below the budgeted figure. Mr. Larson explained however, that there is a continued growth in the utilization of higher priced beds by in-patients (Pediatrics, Psychiatry, and Intensive Care Units) and an off-setting decline in the utilization of lower priced beds (Medical/Surgical). He commented that this coupled with an increased utilization of ancillary services has resulted in total revenue from operations standing at 3.4% above projections. With respect to expenses, they stand below projections by 1.2% because of certain planned expenditures not yet being incurred (Unit BC, equipment costs, and minor remodeling projects). By virtue of the Statement of Operations,

Mr. Larsen showed that University Hospitals has \$2,296,372 in Revenue over Expenses resulting in an overall variance of 4.8% of Total Budgeted Revenue.

Mr. Cost then reported that the Finance Committee also discussed the Ernst and Ernst Management Letter and University Hospitals' response to that letter. He explained that the Ernst and Ernst letter was a result of the audit which they had performed on University Hospitals for the year ending June 30, 1979. He noted that the review did not disclose any weaknesses which they considered significant in relationship to the financial statements. He stated that their letter did address the payroll system procedure audit and third party reimbursement. Mr. Cost called upon Mr. Fearing to describe in more detail the implications of the second subject.

Mr. Fearing explained that the Health Care Financing Administration publishes a Schedule of Limits on Hospital In-patient General Routine Service Costs. He pointed out that University Hospitals' cost for routine care has not been in excess of these limits and therefore no third party reimbursement has been foregone because of these limitations. Now, however, the Minneapolis-St. Paul area hospitals have been reclassified from a Group I to a Group II Standard Metropolitan Statistical Area and this change reduces the published cost limit from \$214 to \$161 per day. (SMSA Group change is due to drop in per capita income). This lower limit will become effective for the hospitals on July 1, 1980. Mr. Fearing stated that based on projections, University Hospitals will be in excess of published limits adjusted upward by the published inflation factor. As a result, the Hospitals will be reimbursed less than the full cost of providing service to cost-based payor patients.

Mr. Fearing pointed out however, that current regulations allow for the upward adjustment of limits if a hospital can demonstrate the added costs flow from

approved educational activities to the extent such costs are atypical for providers in the comparison group. Further, such adjustments are possible only to the extent that the justified costs can be separately identified. Mr. Fearing commented that University Hospitals has been aware of this coming change and has already begun the task of identifying costs associated with co-operation with the Medical School. He noted that additional cost analysis programs will be conducted including an examination of external comparisons. Mr. Fearing concluded his remarks by stating that the recommendations of the Cost Concerns Task Force are very much in line with the activities that must be underway to prepare financially for the future.

VII. Joint Finance and Facilities Committees Meeting Report - Mr. David Cost,  
Finance Committee Chairman

Mr. Cost reported that Mr. Tom Jones and Mr. Lee Larson presented the schematic drawings for the Unit KE and H projects which involved the expansion of space for Operating Rooms, Post Anesthesia Recovery, and Pediatric Intensive Care.

Next, Mr. Cost stated that Mr. Robert Dickler presented the slide show that was shown to the Physical Plant and Investments Committee of the Board of Regents on the subject of the need for the Medical/Surgical Replacement Facility. Mr. Cost explained that the slide show depicted the obsolete facilities and crowded conditions under which University Hospitals currently operates. Further, these slides demonstrated the inflationary impact should the project be delayed and also the necessary approval processes which must be met for the project to be started. Mr. Cost stated that the presentation was well received by the Regents' Committee.

Chairman Hanser asked if Mr. McGrath wished to comment on the Medical Surgical Replacement Project from the perspective of Padilla and Speer as they work on the public relations aspect of the project. Mr. McGrath stated that this firm will soon be presenting a proposed plan of action for the Board to consider and thus, he asked to defer comment until that time.

VIII. Joint Conference Committee Report - Ms Sally Pillsbury, Committee Chairperson

Ms. Pillsbury reported that the Committee first reviewed a medical audit on Deliveries. She explained that this was an audit restudy and the first restudy to be conducted. She noted that Dr. Michael Daly, an Assistant Professor of Family Practice, presented the audit and added that the deliveries studied included those performed by the Family Practice Department, the Child-Bearing/Child-Rearing Center, the C-Section Team, and the Department of Obstetrics and Gynecology. She indicated that the restudy had a smaller sample size but added that the same criteria was used with similar results of minor deficiencies. Ms. Pillsbury noted that there was some feeling that the criteria should have been changed and that perhaps the entire restudy process should be re-evaluated. Ms. Pillsbury moved that the Deliveries Re-Study Audit be approved. Her motion was seconded and passed. Ms. Pillsbury also mentioned that there will be a special presentation at the next Joint Conference Committee meeting on medical audits in general with Dr. Murray, the Chairman of the Quality Assurance Committee. She added further that the Joint Conference Committee also discussed the JCAH pilot survey on quality assurance.

Next, Ms. Pillsbury referred to Dr. Winchell for the Credentials Committee Report. Dr. Winchell described the backgrounds of those individuals seeking provisional appointments to the Medical Staff of University Hospitals.

He then moved that the Joint Conference Committee after reviewing the recommendations of the Credentials Committee, and with the approval of the Medical Staff/Hospital Council concerning the applicant's professional competence and qualifications hereby recommend the following applicants request for clinical privileges and Provisional Medical Staff appointments.

<u>ANESTHESIOLOGY</u>	<u>CATEGORY</u>
James Cumming	Attending
Jorge A. Estrin	Attending
<u>FAMILY PRACTICE &amp; COMMUNITY HEALTH/PHYSICATRY</u>	
Sharon B. Satterfield	Attending
<u>LABORATORY MEDICINE/PEDIATRICS</u>	
Duane Hasegawa	Attending
<u>OBSTETRICS &amp; GYNECOLOGY</u>	
Robert A. Nordland	Clinical
Harry F. Farb	Clinical
<u>PEDIATRICS/NEUROLOGY</u>	
Gerald E. Slater	Attending

Dr. Winchel's motion was seconded, voted upon, and passed.

Dr. Winchell next made a motion that the following physicians who have completed their Provisional Medical Staff appointments be approved for Regular Medical Staff appointments. He noted that the Credentials Committee did review letters of recommendation from the Clinical Chiefs of the following:

<u>INTERNAL MEDICINE</u>	<u>CATEGORY</u>
David G. Benditt	Attending
<u>OBSTETRICS &amp; GYNECOLOGY</u>	
Richard A. Kopher	Attending
<u>OTOLARYNGOLOGY</u>	
Stephen Liston	Attending

PEDIATRICS

Gregory A. Grabowski

CATEGORY

Attending

PHYSICAL MEDICINE & REHABILITATION

Keith B. Sperling

Attending

PSYCHIATRYDavid A. Paulson  
James E. MitchellClinical  
Clinical

Again, Dr. Winchell's motion was seconded, voted upon, and passed.

Dr. Winchell reminded the Board that a previous request by Dr. Jesse Yap for the addition of stereotaxic psychosurgery privileges had been tabled pending approval of the Psychosurgery Program by the Committee on the Use of Human Subjects. He reported that that approval has been obtained and moved for the approval of Dr. Yap's request for privileges and the Psychosurgery Program. Dr. Winchell was asked to further describe the Psychosurgery Program. He explained that this surgery is used only in cases where conventional treatments fail. He stated that patients considered for such surgery may be suffering from depression or similar problems. He noted that the Program is being planned on a national level with three other institutions besides University of Minnesota participating. He added that there is a consent form for patients or their guardians to sign and a review board has been created to monitor the activities of the program. Further, Dr. Winchell indicated that the Human Subjects Committee has required additional review of the program should it be expanded to other patient groups.

Ms. Givens commented that she is aware that the National Mental Health Association is planning to come out soon with a document against the Psychosurgery procedure. She noted that she will be voting against the implementation of the Psychosurgery Program at University Hospitals and asked that her negative

vote be so recorded. A vote was then taken on Dr. Winchell's motion and it was passed. Dissenting votes were those of Ms. Givens, Ms. Coates, and Mr. France.

Ms. Pillsbury then continued the Joint Conference Committee Report. She noted that the Committee was informed of activities of the Medical Staff/Hospital Council. First, the Council has decided to require a copy of each Medical Staff member's Certificate of Insurance at re-appointment to ensure the fact that each physician has the proper, required coverage. Second, the Council has agreed to furnish the Minnesota Medical Association with the physician code members and license numbers of all Medical Staff members for the Foundation for Health Care Evaluation. The purpose is to protect the confidentiality of individual physicians and also to allow the PSRO to create a practice profile of every physician practicing in the metropolitan area. Third, the Council voted to adhere to the JCAH standard requiring the CPR certification of the attending Medical Staff.

With regard to the Council of Clinical Chiefs, Ms. Pillsbury noted that Dr. Dr. Goltz informed the Committee that the Program Review Committee of the Chiefs has been actively reviewing new program requests for the coming fiscal year. Further, the Clinical Chiefs and others have been considering the bed allocation implications of these new programs.

IX. Board Concerns - Mr. Al Hanser, Board Chairman

Chairman Hanser reminded the Board that at its last meeting the Five Year Prospectus for University Hospitals and Clinics had been presented for their review. He noted that the Board has had a month to examine the document and submit any comments to Ms. Foley. He stated that he would now entertain a

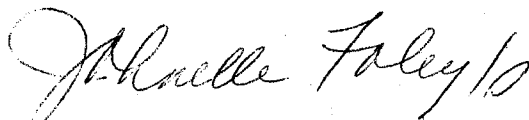
motion for acceptance of the Prospectus by the Board. Ms. Givens so moved. Her motion was seconded, voted upon, and passed.

Chairman Hanser next announced that although he was absent, he wanted to inform the Board that Mr. Harry Atwood was the recent recipient of the Distinguished Service Award presented by the United Way. Chairman Hanser added that another Board member, (Ms. Sally Pillsbury) had distinguished herself by participating as a tour guide of the B/C Building for the University Hospitals Volunteer Association.

Chairman Hanser then mentioned that a number of Board members have in the past, expressed an interest in learning more about the future of health care delivery. To begin to meet that interest Chairman Hanser explained that he has invited Mr. William Powell of Johnson, Powell and Co., to come to the March Board of Governors' meeting to speak on the subject of Managing the Future of Health Care. He explained that Mr. Powell's firm consists of management consultants in long term strategies and new business developments.

There being no further business, Chairman Hanser adjourned the Board of Governors meeting at 3:50 p.m. to the BC Building for the opening reception.

Respectfully submitted,



Johnelle Foley  
Secretary

Minutes  
Board of Governors  
University of Minnesota Hospitals and Clinics  
January 17, 1979

ANNUAL MEETING

Present: Mr. Al Hanser, Chairman  
Ms. Sally Pillsbury, Vice Chairperson  
Mr. Harry Atwood  
Ms. Nicha Coates  
Mr. David Cost  
Mr. Al France  
Ms. Debbie Gruye  
Ms. Mary Lebedoff  
Mr. Dan Notto  
Dr. John Najarian  
Mr. John Quistgard  
Ms. Timothy Vann  
Mr. John Westerman  
Dr. Paul Winchell

Absent: Ms. Jo-Anne Barr  
Mr. Orville Evenson  
Ms. Jeanne Givens  
Dr. Paul Quie  
Dr. John Tiede  
Dean Lawrence Weaver

The meeting of the Board of Governors of University of Minnesota Hospitals and Clinics was called to order by Mr. Harry Atwood at 1:40 p.m., in Room 555 of Diehl Hall.

I. Introductory Remarks

Mr. Atwood read to the Board the contents of a letter received from Mr. Duane Wilson, Secretary of the Board of Regents. The letter stated that the Board of Regents, at their January 12, 1979, meeting approved the re-appointments of the following individuals to the Board of Governors for three year terms, effective January 1, 1979:

Mr. David Cost  
Ms. Debbie Gruye  
Ms. Jo-Anne Barr  
Dr. John Tiede  
Mr. Al France

The letter stated further that the Board of Regents also approved the appointments of the following individuals as officers of the Board of Governors:

Chairman - Mr. Albert Hanser  
Vice Chairman - Ms. Sally Pillsbury

Also noted in the letter was the fact that the Board of Regents received, for their information, the Statement of Mission and Goals for the Hospitals and Clinics and, as is customary, will take action on that item next month. Finally, the letter mentioned that the name of Mr. Ed La Fave was brought before the Regents for their consideration in filling the vacancy left by the resignation of Mr. Stanley Holmquist from the Board of Governors. It was noted that action will also be taken on that item by the Board of Regents at their February meeting.

With that information before the Board of Governors, Mr. Atwood then presented the new Chairman Hanser with his own personal gavel. Mr. Atwood spoke of the Board's good fortune in having two such capable people as Ms. Pillsbury and Mr. Hanser assume the officer positions of the Governors.

Chairman Hanser thanked Mr. Atwood for the excellent leadership he had provided the Board of Governors over the last four years. Several presentations of gifts of appreciation were then made to Mr. Atwood. Chairman Hanser presented him with a Regents' Chair. Mr. Westerman unveiled the picture of Mr. Atwood which will be hung in the central corridor of University Hospitals. Ms. Sudduth presented Mr. Atwood with his gavel properly enscribed and Ms. Foley presented him with a University of Minnesota Hospitals and Clinics T-Shirt. Mr. Atwood expressed his gratitude for being so honored and also noted his appreciation for Staff who had helped him in his work over the four years.

II. Finance Committee Report - Mr. John Quistgard, Committee Chairman

Mr. Quistgard called upon Mr. Larson to present the report of operations for the period July 1, 1978, through December 31, 1978. Mr. Larson stated that the operations of the Hospitals and Clinics remained stable through the second quarter of the fiscal year. He noted that utilization and activity levels have remained high resulting in patient care charges 3.2% above budgeted levels. He added that this coupled with delays in opening Unit B/C, the lag time in recognizing several capital expenditures, and minor remodeling projects yields a positive operating position at the end of December. He then spoke to highlights of the first half of the fiscal year including in-patient and out-patient census data.

Mr. Larson also commented on another factor contributing to the Hospitals positive operating position by pointing out a reduced liability insurance premium. He explained that an analysis of our risk exposure yielded a favorable adjustment to projected premium costs. He further mentioned accounts receivable, noting that the days of revenue outstanding is at 80.6 or .8 days above the June total. He suggested that a slight decline in the average daily revenue over the holiday season served to increase the number of days of revenue outstanding. Mr. Larson referred the Board to charts and graphs depicting patient activity. He then noted that the Income Statement reflected a December year-to-date position of revenues over expenses of \$1,700,183 or a variance of 5.7% of total budgeted revenue. In terms of Cash Flow, he indicated total net operating cash available to be at \$2,173,718. The Statement of Changes in Fund Balances reflected a transfer of \$4 million from the Reserve Fund to the Plant Fund to cover the expense of eight major projects. He noted that this left \$7.2 million in reserves.

Mr. Quistgard thanked Mr. Larson for his report and asked the Board's

consideration of the bad debt report for October 1, 1978 to December 31, 1978. He stated that the total amount recommended for bad debt during the second quarter of 1978-79 is \$173,388.07 representing 747 accounts. Bad debt recoveries during this period amounted to \$8,666.03, leaving a net charge off of \$164,722.04. He noted that this brings the amount recommended for bad debt during the first and second quarters of 1978-79 to \$467,871.95, representing 1,910 patient accounts, and \$4,321.23 in Powell Hall accounts bringing the total amount recommended for bad debt to \$472,193.18. Bad debt recoveries during this period amounted to \$12,726.37 leaving a net charge off of \$459,466.81. This is 1.04% of total charges. For 1978-79, 1.5% of total charges was budgeted for bad debt allowances. He then made a motion to approve the charging off of \$459,466.81 to Bad Debt. His motion was seconded, voted upon, and passed.

Next, Mr. Quistgard stated that the positive operating position of the first six months and the projection of an operating surplus for the fiscal year prompted a discussion on a possible rate reduction. It is the concensus of the Finance Committee that current rates remain in effect for the last five months of this fiscal year and any adjustments required by rate review be reflected in the 1979-80 rate review request.

The decision was based on the following considerations:

1. Revenue levels required to finance the medical/surgical replacement project will require discussion with the central officers and external financial consultants to determine their required levels and short term rate reduction could negatively affect these discussions.

2. Possible government regulations restricting hospital revenues could impair present long range capital plans. The existing surplus provides flexibility in this event.
3. University Hospitals can comply with rate review regulations by reducing next year's rates with any current year surplus.

He noted therefore, that it is the position of the Finance Committee that these factors support a delay in rate decisions concurrent with approval of the 1979-80 hospital budget.

III. Joint Conference Committee Report - Ms. Sally Pillsbury, Committee Chairperson

Ms. Pillsbury explained that the previous night she chaired her first meeting of the Joint Conference Committee for which she now assumes a leadership role based on the Board Bylaws which automatically assigns the Vice Chairperson of the Board, to be the Chairperson of the Joint Conference Committee.

Ms. Pillsbury reported that the Joint Conference Committee first reviewed a medical audit on Total Hip Replacement. She reminded the Board that in 1977, a nursing audit was performed on this same procedure. She stated that Dr. Harry Robinson from the Department of Orthopedics presented the audit and added that Dr. Robinson pointed out the average length of stay of 15.7 for the total hip replacement here to be considerably less than he had previously experienced in the East. Ms. Pillsbury reviewed with the Board the justifications for this type of surgery, its common complications and the significant finding of the audit. Dr. Winchell pointed out that the audit did reveal a higher than normal incidence of dislocation and added that the Department has undertaken a study to investigate this problem. Ms. Pillsbury moved for acceptance of the Total Hip Replacement audit. Her motion was seconded, voted upon, and passed.

Ms. Pillsbury then reported that Dr. David Hurd, Chairman of the Disaster

Committee, presented the Committee with an Orange Alert Communications Drill Critique. She explained that the drill was held on December 29, 1978, in order to test the Hospital's capability to contact needed personnel in the event of a community emergency situation during the reduced staffing normally brought about by the Holiday period. She indicated that the drill demonstrated a misunderstanding of the concept of a communications drill and therefore, certain parties were not called to respond. She noted that as a result, more orientation regarding Orange Alert and communications drills will be provided to members of the House Staff, especially the Surgery House Staff. A motion was made, seconded, and passed to approve the Communications Drill Critique.

Next, Ms. Pillsbury mentioned that a city-wide disaster drill is being planned for the Spring by the Department of Civil Defense. She added that Mr. Wally Caryl, Director of Emergency Preparedness for the University of Minnesota, will be involved in that planning. In light of that, Ms. Pillsbury noted that Dr. Hurd also presented the Committee with a new Emergency Preparedness Plan for the Hospitals and Clinics. She explained that this plan essentially represented the master plan for the Hospitals and added that individual departments have their separate plans as supplements. She noted that Dr. Hurd credited Mr. Ed Howell with the preparation of the plan in this clear and concise form. She asked Mr. Howell to stand and be recognized for his work. Ms. Pillsbury then moved for acceptance of the new plan. Her motion was seconded, voted upon and passed.

Ms. Pillsbury next commented that Dr. Winchell reported to the Committee on the activities of the Medical Staff/Hospital Council noting that that body, among other things, essentially conducts the initial review of the same subjects which go to the Joint Conference Committee. In terms of the Council of Clinical Chiefs, she reported that body to be involved in such issues as reviewing new program requests and following the deliberations surrounding the planning

for Perinatal Services in the Metropolitan area.

With regard to the Clinical Chiefs, Ms. Pillsbury explained that according to the Board Bylaws, January marks the time for the annual re-appointment of the Chiefs by the Board of Governors. She added that an amendment to the Bylaws has been proposed which would adjust the re-appointment schedule for the Clinical Chiefs so that it occurs at a common time each year. That proposed amendment has not yet received Regents approval. Ms. Pillsbury then referred the Board to a listing of those Clinical Chiefs who are due for re-appointment. A motion was made seconded and passed to approve the following re-appointments as Clinical Chiefs:

<u>Name</u>	<u>Department</u>
Dr. Daniel Waite	Dentistry
Dr. Robert Goltz	Dermatology
Dr. Edward Ciriacy	Family Practice
Dr. Ellis Benson	Laboratory Medicine & Pathology
Dr. Shelly Chou	Neurosurgery
Dr. Roby Thompson	Orthopedic Surgery
Dr. Michael Paparella	Otolaryngology
Dr. Frederick Kottke	Physical Meicine & Rehabilitation
Dr. William Hausman	Psychiatry
Dr. Eugene Gedgaudas	Radiology
Dr. John Najarian	Surgery
Dr. Seymour Levitt	Therapeutic Radiology
Dr. Elwin Fraley	Urology

Ms. Pillsbury also explained that the candidate for the Chief of Ophthalmology is serving with an interim appointment in the Medical School, and the Board may wish to appoint him as the interim Chief of the Ophthamology Service in the Hospitals. She called upon Dr. Winchell to review the background of Dr. Donald Doughman, the candidate so mentioned. Ms. Pillsbury then moved that the Board approve the Joint Conference Committees recommendation to appoint Dr. Doughman as interim Chief of Ophthalmology. Her motion was seconded, voted upon, and passed.

In final comment, Ms. Pillsbury mentioned a news-clip announcing the appointment of Dr. Robert Goltz as President of the American Academy of Dermatology.

IV. Report of Vice President Brown - Mr. Donald Brown, Vice President for Finance for the University of Minnesota

Chairman Hanser explained that because of absences and illnesses, the Facilities Committee did not meet. He added however, that in its place on the agenda he was pleased to present Vice President Brown to discuss planning for the Medical-Surgical Replacement Facility.

Vice President Brown announced that in February the project will first be presented to the Physical Plant and Investments Committee of the Regents. Shortly thereafter, he indicated that a similar presentation will be made to the Committee of the Whole of the Regents for their information so that they have an understanding of the project. Mr. Brown noted that President Magrath has appointed an Executive Steering Committee for the Medical/Surgical Replacement Project consisting of Vice Presidents French and Kegler, Mr. Atwood, Mr. Hanser, Mr. Westerman and himself as Chair. He explained that the Committee's charge is to expedite and facilitate the progress of the project. He indicated that they will be working closely with the Padilla and Speer representatives to prepare the presentation materials. Mr. Brown stated that his main concern with the project is that of delay in the review process. He pointed out that such delays, with the current rate of inflation, could have an adverse impact in expanding the costs of the project.

In terms of the Unit H Project, Vice President Brown stated that it will go before the Regents in March. He added that at that time, the architectural firm working on the project, Ellerbe, will have schematics and and cost estimates. He also noted that he was very pleased with the progress of that project.

Chairman Hanser thanked Vice President Brown for his tremendous help and support of the Hospitals with these capital projects and other matters. The Board then raised questions and discussed with Vice President Brown the various financing strategies which are being considered for the Medical/Surgical Replacement Project. Mr. Brown indicated that as the project progresses the assistance of the Board of Governors will be sought in interfacing with the various review groups which will be involved in approving the implementation of the project. He promised to keep the Board of Governors informed of the work of the Executive Steering Committee. Mr. Quistgard added that in preparation for the project's introduction the Finance and Facilities Committees were planning a joint meeting for February. Again, Chairman Hanser thanked Vice President Brown for his time in meeting with the Board.

V. Executive Committee Report - Mr. Harry Atwood, Past Board Chairman

Mr. Atwood presented the Executive Committee report as Chairman Hanser was unable to attend that meeting. He stated that Ms. Foley first provided the Committee with a report of actions taken by the Board of Regents. He noted that those actions were discussed at the beginning of the meeting as they were addressed in the letter from Mr. Duane Wilson.

Next, Mr. Atwood reported that the Committee discussed the progress of the Regents' Ad Hoc Committee to review the Bylaws of the Board of Governors. He explained that he, Ms. Pillsbury and Mr. Hanser had an opportunity to meet with the Ad Hoc Committee and learn of the changes they are proposing to the Bylaws. He then called upon Mr. Diehl to provide any further information pertaining to the Regents activities.

Mr. Diehl stated that he had talked with Regent Latz and was informed that the proposed changes had been drafted and were being typed. Regent Latz indicated that they would then be sent to Regents Schertler and Utz for their review and then on to the rest of the Regents for their information. Next, the

changes will be sent to the officers of the Board of Governors and to the members of the Bylaws Committee of the Board of Governors. At that point, hopefully in early February, a joint meeting will be held of the Ad Hoc Committee, the Officers, and the Bylaws Committee. Mr. Atwood spoke briefly of some of the Bylaws changes being considered by the Regents. He noted that the above outlined process seemed proper and appropriate in this case.

Mr. Atwood then reported that the Executive Committee discussed the idea of the Board sponsoring an opening event for the Hospitals' portion of Unit B/C. He commented that the plans to this point included holding the affair immediately following the next Board meeting on February 21, 1979, at approximately 4:00 p.m., in the Admissions area of the building. There would be a wine and cheese reception from 4:00 to 4:45 p.m., with a brief ceremony and optional tours conducted by auxiliaries starting at 5:00 p.m., and going to 6:00 p.m. Along with the spouses of Board members, external and internal health-related groups would be invited such as:

Trustee Councils

Chief Executive Officers of local hospitals

Chiefs of Staffs of local hospitals

Clinical Chiefs

Medical Staff/Hospital Council

Health Sciences' Deans

Press

Mr. Atwood pointed out that this ceremony would be separate from the much larger event sponsored by the University for the formal dedication of the entire building. He indicated that Board members will be informed as arrangements are further planned.

Mr. Atwood also reported that the Executive Committee has been reviewing a new

planning document for University Hospitals and Clinics entitled the Five Year Prospectus. He indicated tht the Committee did recommend the inclusion of annual objectives to the document so that there would exist a mechanism by which the Board could better monitor the progress of Staff in planning and preparing for the next five years. Mr. Atwood then called upon Ms. Foley to present the Prospectus in more detail.

Ms. Foley explained that she served as co-ordinator and editor of the Prospectus and added that the true authors were Mr. Van Hulzen, Mr. Jones, Mr. Fearing, and Mr. Dickler. In terms of background, she reminded the Board of their decision to delegate on-going planning responsibility to the Executive Committee of the Board. She noted that Staff prepared this document for the Executive Committee to aid them in their planning endeavors and to provide them and the Board with a planning document which could speak to current activities in the context of a broader perspective - the future as current forces describe it. She explained that the Prospectus was being presented to the Board now so that members may have a month to review it and discuss it further at the February meeting. She then briefly described the format of the document and the intent of each of its sections.

VI. General Director's Report - Mr. John Westerman, General Director

Mr. Westerman reported on a number of subjects. In particular he mentioned that on February 12, 1979, representatives from the JCAH will be coming to University Hospitals and Clinics to conduct a pilot study on how medical audits or the quality assurance program in general is managed. He added that perhaps Ms. Pillsbury, as Chairperson of the Joint Conference Committee, might wish to meet with these individuals.

Mr. Westerman also mentioned that the MAPTH group is working together well and looking at a number of issues. In light of that, he commented on Ms. Jan Shapiro's involvement in efforts to create a regional information sharing consortium of the University Hospitals of Wisconsin, Michigan, Iowa, Nebraska and Minnesota.

In concluding his report, Mr. Westerman also referred the Board to their copies of an article on Dean Weaver and the School of Pharmacy and an editorial which he wrote on multi-hospital systems.

VII. Minutes of the December 12, 1978 Meeting

Mr. France reminded the Board that the minutes of the last meeting had not yet been approved. He then so moved. His motion was seconded and passed.

VIII. Board Concerns - Mr. Al Hanser, Board Chairman

Chairman Hanser commented that Board member responses have been received pertaining to preferences in committee assignments. He noted that he will be reviewing them and will send out the new committee listing prior to the next Board meeting.

Other matters mentioned, included the recent marriage of Mr. Dan Notto and Mr. Orville Evenson's illness.

There being no further business, Chairman Hanser adjourned the meeting of the Board of Governors to a tour of Unit B/C at 3:30 p.m.

Respectfully submitted,



Johnelle Foley  
Secretary