UNIVERSITY OF MINNESOTA
TWIN CITIES

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

CANCELLATION NOTICE

The September, 1988 Board of Governors meeting was cancelled because of close proximity timewise to the Board of Governors fall retreat.

Nancy C. Janda
Secretary
Board of Governors

THE UNIVERSITY OF MINNESOTA HOSPITAL AND CLINIC

BOARD OF GOVERNORS

OCTOBER 26, 1988

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The University of Minnesota Hospital and Clinic
Board of Governors
October 26, 1988
555 Diehl Hall

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MINUTES

BOARD OF GOVERNORS

THE UNIVERSITY OF MINNESOTA HOSPITAL AND CLINIC

OCTOBER 4, 1988

CALL TO ORDER:

Chairman Robert Latz called the October 4, 1988 meeting of the Board of Governors to order at 9:00 A.M. at the Riverwood Conference Center.

ATTENDANCE:

Present:	Sally Booth David Brown, M.D. Carol Campbell Paula Clayton, M.D. Robert Dickler Phyllis Ellis Kris Johnson Robert Latz Jerry Meilahn James Moller, M.D. Robert Nickoloff Barbara O'Grady Neal Vanselow, M.D.
Not Present:	Leonard Bienias Al Hanser George Heenan

DERMATOLOGY EXPANSION PROJECT:

Mr. Greg Hart reviewed the Dermatology Expansion project. The project was presented to the Board of Governors for information in February, 1988. This facility expansion will be used primarily for dermatology micrographic removal of cancer, laser procedures, and other dermatologic surgery. The cost estimate in February was $631,000. The cost of the project, after completion of the bid process, is $612,410. This is above the $600,000 threshold, thus requiring Board of Governors approval.

The Board of Governors seconded and passed a motion to approve the Dermatology Expansion project at a cost not to exceed $612,410.

ADJOURNMENT:

There being no further business, the October 4, 1988 meeting of the Board of Governors was adjourned at 9:06 A.M.

Respectfully submitted,

Kay F. Fuecker
Board of Governors Office

MINUTES

BOARD OF GOVERNORS

THE UNIVERSITY OF MINNESOTA HOSPITAL AND CLINIC

AUGUST 24, 1988

CALL TO ORDER:

Chairman Robert Latz called the August 24, 1988 meeting of the Board of Governors to order at 2:35 P.M. in 238 Morrill Hall.

ATTENDANCE:

Present:
Leonard Bienias
Sally Booth
David Brown, M.D.
Carol Campbell
Paula Clayton, M.D.
Robert Dickler
Phyllis Ellis
Al Hanser
George Heenan
Kris Johnson
Robert Latz
Jerry Meilahn
James Moller, M.D.
Robert Nickoloff
Barbara O'Grady
Neal Vanselow, M.D.

SPECIAL PRESENTATION:

Mr. Robert Dickler introduced Dr. Michael Popkin. Dr. Popkin is a Professor in the Department of Psychiatry and a Professor in the Department of Medicine.

Dr. Popkin reported that the Psychiatry staff provides psychiatry services/intervention to 600 medical/surgical inpatients at The University of Minnesota Hospital and Clinic a year. Approximately 25% of the patients seen are assigned a diagnosis of depression. Dr. Popkin explained that depression can be a primary mood disorder or secondary affective disorder in the medically ill patients. As a secondary affective disorder it is secondary to other psychological phenomena, associated with or present with a major medical illness or can follow an illness. Dr. Popkin described primary depression as occurring in 5-6% of the population, affecting women twice as frequently as men, has genetic association and has an onset in later years. Seventy - eighty-five percent of the patients respond to medication. Medical

depression can be described as: prevalent in 20-40% of patients, not gender predominant, no genetic predisposition, onset in later life, normal REM, low REM density, and is less treatment responsive.

APPROVAL OF THE MINUTES:

The Board of Governors seconded and passed a motion to approve the minutes of the July 27, 1988 meeting as written.

CHAIRMAN'S REPORT:

Mr. Robert Latz reported that three topics will be discussed at the October 3-4, 1988 retreat. They include Human Resource Management, Quality of Care, and a Review of Strategic and Operational Issues.

Mr. Latz reported the cancellation of the September 28, 1988 Board of Governors meeting. A short business meeting will be held during the retreat.

Lastly, Mr. Latz reported that three Hospital items are on the September Board of Regents Agenda. These items were the Hospital Renewal Project, Phase II, the Quarterly Report to the Regents, and the CUHCC Land Acquisition.

HOSPITAL DIRECTOR'S REPORT:

Mr. Robert Dickler reported the hospital continues to run at a very high census. Average daily census for the first 21 days of August was 458. UMHC bed capacity is 580, but for all practical purposes beds are filled at 500 patients. On two occasions admissions to the hospital have been restricted. Eight beds have been temporarily opened on the second floor of Masonic and five temporary intensive care beds will be added in Mayo about September 1. Mr. Dickler reported that Mr. Jan Halverson and Dr. James Moller have been honored recently. Mr. Halverson has been appointed to the Advisory Board of the Minnesota Institute of Legal Education. Dr. Moller has been elected to a one year term as Vice President of the American Heart Association and appointed to the Public Education Program Committee of the American Heart Association for one year, both effective June 1, 1988.

Lastly, Mr. Dickler reported that a dinner will be held on September 22, 1988 as part of the Centennial Activities marking the 100th anniversary of the Medical School. Information will be forthcoming.

PLANNING AND DEVELOPMENT COMMITTEE REPORT:

Ms. Kris Johnson reported that the Committee had reviewed the University Hospital Renewal Project, Phase II. This project includes relocation and upgrading of inpatient units, upgrading of direct patient care programs that do not include beds, replacement space for clinical support departments and upgrading of space for general support and administrative departments. The

total project cost is estimated, with inflation, at $62 million. The Planning and Development Committee had unanimously endorsed the project.

The Board of Governors seconded and passed a motion to endorse the following Renewal Project, Phase II Resolution:

> "**Whereas**, the long range facility plans for The University Hospital and Clinic have for a number of years anticipated the need to provide improved facilities for a wide range of clinical programs and other departments, and
>
> **Whereas** the Hospital's administrative staff, in consultation with appropriate medical staff, has developed a specific set of facility recommendations known collectively as 'Renewal Project-Phase II', generally involving the remodeling of components of the Mayo complex and other facilities and adding two floors to Unit J at an estimated cost of $62 million, and
>
> **Whereas**, the Board of Governors has reviewed the Renewal Project-Phase II recommendations and found them to be appropriate and financially feasible,
>
> **Now therefore be it resolved** that the Board of Governors endorses Renewal Project-Phase II as presented in the proposal to the Board of Governors, and
>
> **Be it further resolved** that the Board of Governors requests that appropriate officials seek the approval of the Board of Regents for approval of the project, and that the Board of Governors instructs hospital management to provide periodic updates on project progress to the Board of Governors."

Additionally, Mr. Latz commended the work of Mr. Dickler and the administrative staff who developed the project proposal. A special commendation was given to Ms. Ann Frohrip, for scheduling the Strategic Planning Committee meetings.

JOINT CONFERENCE COMMITTEE REPORT:

The Joint Conference Committee did not meet in August, 1988.

FINANCE COMMITTEE REPORT:

Mr. Robert Dickler reviewed the proposed Capital Expenditure Policy. The policy was endorsed by the Finance Committee on August 24, 1988. The policy divides capital activity into three major categories: 1) those projects costing $500 - $100,000; 2) projects costing $100,000 - $600,000 and 3) projects costing over $600,000. This policy calls for additional reviews related to projects between $100,000 - $600,000 and those over $600,000, referred to as special projects. In addition, the policy identifies those types of capital expenditures that require review by the Board of Regents.

Changes made to the policy at the August 24, 1988 Finance Committee meeting were reviewed and the policy will be submitted for approval at the next Board meeting.

Mr. Cliff Fearing summarized progress on the development of the new CUHCC facility. Negotiations for the land acquisition have concluded with a price of $300,000 and includes about $35,000 of equipment that will be sold. This amount is within the budget that was endorsed by the Board of Governors.

Mr. Robert Dickler introduced a series of issues related to the proposed CUHCC/Health, Etc. consolidation. Dr. Amos Deinard compared and contrasted services provided by CUHCC and Health, etc. Both facilities serve similar populations but Health, Etc. does not provide pediatric, obstetric or psychiatric services. Health, Etc. is not maintaining a positive financial position and is interested in ensuring continued service to their patients.

Dr. Deinard replied affirmatively to a question about the potential to accommodate growth in the new CUHCC facility. Dr. Deinard also discussed the potential for transferring Health, Etc. grants to CUHCC. Preliminary discussions ensued regarding grant stability, the legal implications of a merger vs. an acquisition and the position of the Health, etc. Board on the merger. This agenda item will be reconsidered at the October Board of Governors meeting.

CENSUS

Mr. Cliff Fearing reported the following fiscal year 1987-88 activity levels: admissions were 900 over budgeted level; patient days were 1% above budget; a decline in the length of stay from 8.3 to 8.0 days was seen; and finally, the UMHC occupancy level for the fiscal year was 73%.

Mr. Fearing reported that the end-of-year financials would be available in the near future. The audit is due October 21. The audit management letter is expected shortly and the Finance Committee will meet independently with the auditors.

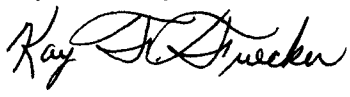
OTHER BUSINESS

Ms. Barbara O'Grady summarized the highlights of the Trustee Conference she attend July 8-10, 1988 at Cragun's Resort and Conference Center in Brainerd, MN. Three approaches to quality assurance discussed at the meeting: 1) focus on organizational leadership to include the Governing Board, Administration and the Medical Staff interaction; 2) monitoring of the current competency of all care providors; and 3) identification of indicators regarding specific aspects of care by each department or service.

ADJOURNMENT

There being no further business, the August 24, 1988 meeting of the Board of Governors was adjourned at 4:00 P.M.

Respectfully submitted,



Kay F. Fuecker
Board of Governors Office

UNIVERSITY OF MINNESOTA
TWIN CITIES

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

October 19, 1988

TO: Members of the Board of Governors

FROM: Nancy C. Janda
Associate Director and
Secretary to the Board of Governors

Peter J. Lynch, M.D. joined The University of Minnesota Hospital and Clinic in 1986. Dr. Lynch is currently the Professor and Head of the Department of Dermatology. He will be speaking to the Board of Governors about the future of Dermatological practice.

This presentation is another in a series of presentations designed to broaden or enhance the Board of Governors familiarity with current issues at The University of Minnesota Hospital and Clinic.

NCJ/kff

Attachment

CURRICULUM VITAE

NAME: Peter J. Lynch, M.D.
ADDRESS: 863 Osceola
St. Paul, Minnesota 55105

SSN:

BIRTH DATE: October 22, 1936
BIRTH PLACE: Minneapolis, Minnesota
MARRIED: Barbara Lanzi, 1964
CHILDREN: Daughter, Deborah
Son, Timothy

EDUCATION:

Elementary education in the local schools of Saint Paul, Minnesota

Graduated from St. Thomas Military Academy, June 1954

College: St. Thomas College, St. Paul, Minnesota, September 1954 through June 1957

Medical School: University of Minnesota School of Medicine
September 1957 to July 1961
B.S. Degree: 1959
M.D. Degree: 1961

Internship: University of Michigan Hospital, July 1961 to July 1962

Residency Training: University of Michigan Medical Center, Department of Dermatology, July 1962 to July 1965

OTHER TRAINING:

Summer Fellowship: Stanford University, Palo Alto, California, summer 1959. Project in physiology under Dr. Eugene Farber, Department of Dermatology.

Externship: University of Utah Hospital, Salt Lake City, Utah, spring 1961. Department of Internal Medicine.

Six week study trip for tropical dermatology: Colombia, South America. Dermatology Departments at University of Antioquia (Medellin) and Caldas (Manizales).

ACADEMIC APPOINTMENTS:

Clinical Instructor in Dermatology, Department of Dermatology, University of Minnesota, 1965-66.

Assistant Professor of Dermatology, Department of Dermatology, University of Michigan, May 1968 to July 1970.

CADEMIC APPOINTMENTS continued:

Associate Professor of Dermatology, Department of Dermatology, University of Michigan, July 1970 to July 1973.

Associate Professor of Internal Medicine (Dermatology), University of Arizona, July 1973 to July 1975.

Professor of Internal Medicine (Dermatology), July 1975 to June 1986.

Professor of Dermatology, University of Minnesota, July 1986 to Present.

ADMINISTRATIVE APPOINTMENTS:

Chief, Section of Dermatology, University of Arizona	1973 - 1986
Director, Dermatology Residency Training Program, University of Arizona	1976 - 1986
Vice Chairman, Medical Service Plan, University of Arizona	1976 - 1985
Associate Head, Department of Internal Medicine, University of Arizona	1977 - 1986
Director, Hospital Department of Medical Outpatient Clinics, University of Arizona	1979 - 1985
Head, Department of Dermatology, University of Minnesota	1986 -

CONSULTING POSITIONS:

Dermatology Consultant, Fort Rucker Hospital, Fort Rucker, Alabama	1966 - 1968
Dermatology Consultant, Redstone Arsenal, Huntsville, Alabama	1966 - 1968
Dermatology Consultant, Wayne County Hospital, Eloise, Michigan	1971 - 1973
Dermatology Consultant, Veterans Hospital, Tucson, Arizona	1973 -
Dermatology Consultant, Pima County General Hospital, Tucson, Arizona	1973 -

CERTIFICATION:

Basic Science Certificate:	Minnesota No. 14, 934	1960
Medical License:	Minnesota No. 15, 991	1961
	Arizona No. 7, 465 (Reciprocity)	1973

CERTIFICATION continued:

Diplomate American Board of Dermatology	1966
Diplomate American Board of Dermatopathology	1975

MILITARY SERVICE:

Captain MC USAR assigned as Chief, Dermatology Service and Chief, Venereal Disease Clinic, Martin Army Hospital, Fort Benning, Georgia, 1966-1968.

Awarded Certificate of Achievement and Army Commendation Medal, 1968.

HONORS:

Distinguished Service Award for Faculty, University of Michigan	1970
Senior Class Award for Teaching by University of Michigan Medical School Senior Class	1970
Recognition for Teaching Excellence: Inclusion in Senior Class picture "M"	1969 - 1973
University of Michigan Junior Class Award for Teaching	1972
University of Arizona Senior Class Award for Clinical Teaching	1975
Alpha Omega Alpha - Honor Medical Society	1977
Distinguished Faculty Award, University of Arizona Alumni Association	1982
Who's Who in America	1982
Top Ten Clinical Teachers Award, University of Arizona Health Sciences Center	1981, 1982, 1985
Who's Who in the World	1984

MEMBERSHIPS:

Society of Investigative Dermatology	1965 -
American Academy of Dermatology	1966 -
Sociedad Colombiana de Dermatologia y Sifilografia (Corresponding Member)	1966 -
Michigan Dermatological Society	1968 - 1973
American Federation for Clinical Research	1969 - 1980
International Society for the Study of Vulvar Disease (Founding Fellow, President 1983-85)	1971 -
Sigma XI	1971 - 1980
American Association for Advancement of Science	1971 -

.EMBERSHIPS continued:

American Association of Medical Colleges	1971 -
American Dermatologic Association	1971 -
Association of Professors of Dermatology	1973 -
Gougerot Society	1973 -
Sonoran Dermatological Society (President 1983-84)	1973 -
Pacific Dermatologic Society	1974 -
Southwestern Dermatological Society	1976 -
American Society of Dermatopathology	1976 -
American Venereal Disease Association	1977 -
Tucson Dermatologic Society	1978 -
Minnesota Dermatologic Society	1986 -

COMMITTEE AND ADMINISTRATIVE SERVICE:

Local:

Chief of Dermatology Clinic, University of Michigan Hospital	1968 - 1973
Admissions Committee, University of Michigan Medical School	1968 - 1973
Outpatient Committee, University of Michigan Medical Center	1968 - 1973
Bed Utilization Review for Dermatology, University of Michigan Hospital	1968 - 1973
Intern Advisory Committee, University of Michigan Medical Center	1968 - 1973
Resident Achievement Award Committee, University of Michigan Medical Center	1970 - 1973
Junior Student Advisor for the Senior Year, University of Michigan Medical Center	1970 - 1973
Faculty Advisor for Galen's Medical Society, University of Michigan Medical Center	1970 - 1973
Dean's Ad Hoc Committee on Planning, University of Michigan	1970
Physician's Liaison Council, University of Michigan Hospital	1971 - 1973
Dean's Ad Hoc Committee on Housestaff Stipends, University of Michigan (Chairman 1971, 1972)	1971 - 1972
Dean's Ad Hoc Committee on Curriculum Review, University of Michigan	1971 - 1972
Furstenberg Student Study Center Fund Raising Drive, University of Michigan (Chairman)	1972
Search Committee for Chief of Clinical Affairs, University of Michigan Medical Center (Chairman)	1972
Postgraduate Course for Family Practitioners, University of Michigan (Co-Chairman)	1972
Teaching Aids Committee, University of Arizona Health Sciences Center	1973 - 1982

)MMITTEE AND ADMINISTRATIVE SERVICE continued:

Local:

Department of Medicine Intern-Resident Committee University of Arizona Health Sciences Center	1973 - 1974
Department of Medicine Medical Service Plan Committee, University of Arizona Health Sciences Center (Chairman)	1974 - 1985
University of Arizona Health Sciences Center Medical Service Plan Committee (Vice Chairman)	1974 -
Referee, Human Subjects Committee, University of Arizona Health Sciences Center	1974 - 1975
Department of Surgery Review Committee, University of Arizona Health Sciences Center	1974
Committee of Nine, University of Arizona Health Sciences Center	1975 - 1978
Student Career Advisor, University of Arizona Health Sciences Center	1976 -
Department of Physiology Review Committee (Chairman) University of Arizona	1978
Ambulatory Care Committee, University of Arizona	1979 - 1984
Family Practice Chairmanship, Search Committee University of Arizona	1980
Office of Medical Education Review Committee, (Chairman), University of Arizona	1981
Office Medical Education, Search Committee Univrsity of Arizona	1981
Promotion and Tenure Committee, University of Arizona (Chairman 1983-84)	1981 - 1984
Office of Medical Education Search Committee	1982
Parking Utilization Committee, University of Arizona	1983 - 1985
Hill Foundation, Director	1983
Strategic Planning Committee, University of Arizona	1984 - 1986
Group Practice Plan Committee, University of Arizona	1984 - 1985
Task Force of Faculty Voting Status, University of Arizona	1984
University Medical Center Corporation, Director University of Arizona	1984
University of Arizona Vice Provost Search Committee, University of Arizona	1985
Review Committee, Chair, Department of Family Community Medicine, University of Arizona	1985
Tenure and Promotion Committee, University of Minnesota (Alternate)	1986 -
Ambulatory Care Management Council, University of Minnesota	1986 -
Representative from University of Minnesota Clinical Associates to University of Minnesota Hospital Board of Governors	1987 -
Board of Directors, University of Minnesota Clinical Associates	1986

COMMITTEE AND ADMINISTRATIVE SERVICE continued:

National and Regional:

Michigan Dermatological Society Committee on Scientific Investigation and Research Aid	1970 - 1973
Committee for Faculty Education, National Program for Dermatology	1970 - 1974
Director, Tumor Symposium, American Academy of Dermatology	1971 - 1975
American Academy of Dermatology Committee on Health Insurance	1971 - 1975
Committee on Programs - South Central Dermatologic Congress	1972 - 1974
Society of Investigative Dermatology Committee on Goals (Chairman 1972)	1972 - 1973
National Program for Dermatology, Deputy Director of Division of Education and Communication	1972 - 1975
Central Registry for Dermatology Applicants, Association of Professors of Dermatology	1973 - 1976
Residency Availability Tabulations, Association of Professors of Dermatology	1973 - 1980
Committee on Constitution and Bylaws, Association of Professors of Dermatology	1973 - 1976
Advisory Committee on Program Development, Association of Professors of Dermatology	1973 - 1977
Committee for Graduate Medical Education, Association of Professors of Dermatology (Chairman 1976)	1973 - 1976
Committee on Programs, Pacific Dermatological Association (Chairman 1976)	1974 - 1976
Committee for Manpower, Association of Professors of Dermatology	1974 - 1975
Nominations Committee for Association of Professors of Dermatology (Chairman)	1974 - 1977
Public Relations Committee, American Academy of Dermatology	1974
Case Consultation Committee, International Society for the Study of Vulvar Disease	1975 - 1981
Committee on Dermatology for Schools Without Full Time Dermatology Programs, Association of Professors of Dermatology (Chairman)	1976 - 1980
Committee on Reorganization of the American Academy of Dermatology (Chairman)	1977
Committee on Residents, Society for Investigative Dermatology	1977 - 1980
Council on Long Range Planning, American Academy of Dermatology	1977 -
Carcinoma-in-situ-Registry Committee, International Society for the Study of Vulvar Disease	1978 - 1981
Council for the Annual National Meeting, American Academy of Dermatology (Chairman 1982)	1978 - 1982

OMMITTEE AND ADMINISTRATIVE SERVICE continued:

National and Regional:

Awards Committee, American Venereal Disease Association	1980 - 1981
Membership Committee, American Venereal Disease Association	1981
Membership Committee, American Society of Dermatopathology (Chairman 1982-83)	1982
Nomenclature Committee (Chairman), International Society for the Study of Vulvar Disease	1982 -
Medical Knowledge Self Assessment Program (MKSAP), Dermatology Section (Chairman)	1983 - 1985
Committee for Immunodermatology (Certificate for Special Competency), American Board of Dermatology	1984 -
Committee on Governance, American Academy of Dermatology	1984
Oversite Committee on Computer Use American Academy of Dermatology	1984 -
Committee on Organizational Structure, American Academy of Dermatology	1987 -

DITORIAL ACTIVITIES:

Editorial Board, Archives of Dermatology	1984 -
Manuscript Reviewer, Archives of Dermatology and Journal of the American Academy of Dermatology	1984

ELECTED OFFICES:

Board of Directors, National Program for Dermatology	1974 - 1976
Board of Directors, American Academy of Dermatolo	1974 - 1978
Board of Directors, International Society for the Study of Vulvar Disease	1976 - 1979
Board of Directors, Association of Professors of Dermatology	1976 - 1979
Secretary, Southwestern Dermatology Society	1981 - 1982
President Elect and President, International Society for the Study of Vulvar Disease	1982 - 1985
Board of Directors, American Board of Dermatology	1983 -
Board of Directors, Hill Foundation	1983 - 1986
President, Sonoran Dermatologic Society	1983 - 1984
Board of Directors, University Medical Center Corporation	1984 - 1986
Nominee, President Elect and President, American Academy of Dermatology (not elected)	1984
Treasurer, University of Minnesota Clinical Associates	1986 -

MINUTES
Planning and Development Committee
September 15, 1988

CALL TO ORDER
Ms. B. Kristine Johnson, Chair, called the September 15, 1988 meeting of the Planning and Development Committee to order at 1:40 p.m. in Room 8-106 in the University Hospital.

Attendance:	Present	B. Kristine Johnson, Chair Leonard Bienias Robert Dickler S. Albert Hanser Clint Hewitt Ted Thompson, M.D.
	Absent	William Jacott, M.D. Geoff Kaufmann Peter Lynch, M.D.
	Staff	Cliff Fearing Jan Halverson Greg Hart Nancy Janda John LaBree, M.D. Mary Ellen Wells
	Guests	Amos Deinard, M.D. Sue Weber

APPROVAL OF MINUTES
The minutes of the August 15, 1988 meeting were approved as distributed.

CAPITAL EXPENDITURE POLICY
Mr. Dickler informed the committee that some of the technical language in the policy has been changed and the paragraph on Approval of Special Projects, which deals with monitoring and reporting information to the Board in a timely manner, has been modified. When costs exceed the lesser of 10% or $250,000 the expenditure will be presented to the Board for information. However, if a project will be delayed, consultation from the Chairs of the Board, the Planning and Development Committee, and Finance Committee shall be sought to keep the project moving in a timely manner. The expenditure will then be reported through regular channels.

A motion was made and seconded to approve the Capital Expenditure Policy.

CUHCC-HEALTH ETC. PROPOSAL
Mr. Hart reported that the Planning and Development Committee would not be asked to take any action on this proposal this month. He elaborated on information contained in the packet and Dr. Deinard and Ms. Weber shared further information.

Mr. Hart noted that Health Etc. had approached CUHCC regarding some type of consolidation to make certain that its patients still receive care, given Health Etc's financial difficulties. Health Etc. is the recipient of various grants that CUHCC has been assured, to the extent possible, will continue if it takes over the responsibility for Health Etc. programs.

Mr. Hart said that benefits of potentially acquiring the Health Etc. population, in addition to the grant support, are that the missions of Health Etc. and CUHCC are consistent; it would improve CUHCC's payer mix; it would give CUHCC the opportunity to serve patients with grant monies; and Health Etc. patients would probably go to CUHCC for care in the event Health Etc. closes and that plans should be made accordingly.

Concerns had been expressed by the Board of Governors previously regarding the nature of the consolidation. An asset acquisition approach is now being pursued.

The areas of risk of this proposal include: 1) the percentage of patients who would move to CUHCC; 2) the continued availability of the grants; and 3) the potential write-offs for referrals to the clinics and hospital. These risks have been assessed in development of the proposal. The estimates are that even after write-offs that CUHCC can assume responsibility for these patients in a manner which is not financially disadvantageous.

The committee discussed the risks and benefits of the proposal, particularly the grant transfer. Dr. Deinard and Ms. Weber answered questions and addressed concerns of the Committee members. Mr. Hart said that this proposal will be on next month's agenda fir endorsement.

DERMATOLOGY EXPANSION PROJECT

Mr. Hart explained to the committee that this project had been reviewed by the Board in February 1988. Since then, bids have been received and the total estimated project cost will be $612,410. Because this figure is above the $600,000 threshold, endorsement by the Planning and Development Committee is required.

A motion was made and seconded to approve the Dermatology Expansion Project.

OTHER BUSINESS

Dr. Lynch provided a written UMCA Update to the Committee. Mr. Dickler reported that further meetings between UMCA and UMHC are on hold pending the outcome of a review of UMCA by Deloitte, Haskins, and Sells.

ADJOURNMENT

Ms. Johnson adjourned the Planning and Development Committee at 2:45 p.m.

Respectfully submitted,

Ann S. Frohrip
Principal Secretary
Planning and Marketing

MINUTES
Planning and Development Committee
October 10, 1988

CALL TO ORDER
Mr. Robert Dickler, Acting Chair, called the October 10, 1988 meeting of the Planning and Development Committee to order at 1:35 p.m. in Room 8-106 in the University Hospital.

Attendance:	Present	Leonard Bienias Robert Dickler William Jacott, M.D. Geoff Kaufmann Ted Thompson, M.D.
	Absent	B. Kristine Johnson, Chair S. Albert Hanser Clint Hewitt Peter Lynch, M.D.
	Staff	Al Dees Greg Hart Nancy Janda John LaBree, M.D. Mary Ellen Wells
	Guests	Amos Deinard, M.D.

APPROVAL OF MINUTES
The minutes of the September 15, 1988 meeting were approved as distributed.

CUHCC-HEALTH ETC. PROPOSAL
Mr. Hart presented the consolidation proposal between CUHCC and Health Etc. He described the proposed arrangement as an asset acquisition which would involve the purchase of assets without assuming the full legal implications of a merger. The financial analysis indicates a positive bottom line when the move to a single site occurs. Ted Thompson, M.D. moved and Bill Jacott, M.D. seconded approval of the program proposal which passed unanimously. The financial portion of this request will be presented to the finance committee at its next meeting.

CAPITAL EXPENDITURE REPORT
Two capital purchases were presented for information. Both projects exceeded the $100,000 threshold for board information in the proposed board policy. The purchase of a high resolution color doppler ultrasound system ($256,870) and an NEC computer and software ($104,281) to improve outpatient pharmacy processing were favorably reviewed by the committee.

DEVELOPMENT UPDATE

Fred Bertschinger presented the last quarter's information on development annual gifts for FY 1988 which exceeded the goal of $800,000 by more than two to one with total gifts equaling $1,696,345. Over $500,000 in bequests were included in the last quarter. Mr. Bertschinger also reported on Variety Club pledge funds and development office activities for FY 1988. A number of development projects and issues were presented by Mr. Bertschinger that included the decentralization of the University's development program, computerization of donor records, a new tribute program, major special event planning for FY 1990, a national gift to life campaign and a major donor recognition event.

ADJOURNMENT

Mr. Dickler adjourned the Planning and Development Committee at 2:15 p.m.

Respectfully submitted,

Geoff Kaufmann
Acting Secretary

UNIVERSITY OF MINNESOTA
TWIN CITIES

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

DATE: October 19, 1988

TO: Members of the Board of Governors

FROM: Robert Dickler
General Director

REGARDING: Board of Governors Policy on Capital Expenditures

At the August 24, 1988 Board of Governors meeting some changes were made to the Policy on Capital Expenditures. Changes were made primarily to the section on approval of special projects. The need to provide the Board of Governors with timely information on expected overages to special project budgets was emphasized.

This policy was endorsed by the Planning and Development Committee on September 15, 1988, the Finance Committee on September 27, 1988 and is being presented for Board of Governors approval at the October 26, 1988 meeting.

RD/kff

Attachment

Proposed Policy
August 31, 1988

BOARD OF GOVERNORS
POLICY ON CAPITAL EXPENDITURES

DEFINITIONS

Recurring Capital Expenditures are those construction or remodeling projects or equipment purchases/leases which involve expenditures of $500 to $100,000 and have a depreciable life of three years or longer.

Major Capital Expenditures are those construction or remodeling projects or equipment purchases/leases which involve expenditures of $100,000 to $600,000 and have a depreciable life of three years or longer.

Special Projects are those construction or remodeling projects or equipment purchase/leases which involve expenditures of over $600,000 and have a depreciable life of three years or longer.

LONG-RANGE CAPITAL PLAN

Between April and June of each year the Hospital Director shall provide a long-range capital expenditure plan to the Board of Governors. This plan shall be reviewed by the Planning and Development Committee and the Finance Committee. The plan should identify total capital expenditures anticipated for each of the next five fiscal years, and should also identify anticipated special projects on an item-by-item basis.

The long-range capital plan is provided to the Board for use in financial and program planning. No specific action on the long range capital plan is required. Authorization to proceed with any element of the plan shall not be considered to have been provided until approval of the annual capital budget has occurred.

ANNUAL CAPITAL BUDGET

Between April and June of each year the Hospital Director shall recommend an annual capital budget. This capital budget shall be presented for endorsement to the Planning and Development Committee, the Finance Committee and to the full Board of Governors. The annual capital budget is a component of the total operating budget which is submitted annually to the Board of Regents for final approval.

The annual capital budget shall include all capital expenditures, and shall identify major capital expenditures and special projects on an item-by-item basis.

APPROVAL OF RECURRING AND MAJOR CAPITAL EXPENDITURES

Board of Governors endorsement of the annual capital budget shall authorize the expenditure of up to 105% of the approved budget limit for recurring and major capital expenditures in aggregate. The Board shall be informed of each major capital expenditure as it occurs during the fiscal year prior to the commitment of funds.

A report of year-to-date aggregate capital expenditures and projected year-end capital expenses shall be provided to the Planning and Development Committee and the full Board of Governors each quarter.

If quarterly trends indicate that the approved capital budget will be exceeded by more than 5%, a revised capital expense projection shall be submitted for Board information.

APPROVAL OF SPECIAL PROJECTS

Board of Governors endorsement of the annual capital budget shall constitute conceptual approval only for all special projects. Each special project shall be presented individually to the Planning and Development Committee, the Finance Committee and the full Board of Governors for final approval. No commitment of funds for special projects, other than planning costs, shall occur without final Board approval.

Any expenditure that is expected to cause a special project budget to be exceeded by the lesser of 10% or $250,000 will be presented to the Board for information. Where possible, that information will be presented prior to the authorization of expenditure. Consultation from the Chair of the Board, the Chair of the Planning and Development Committee, and the Chair of the Finance Committee shall be sought when presentation to the full Board prior to expenditure authorization is not feasible.

GUIDELINES FOR PRESENTING PROJECTS TO THE BOARD OF REGENTS

The Board of Governors shall comply fully with terms and conditions outlined in the "Guidelines for Presenting Projects to the Physical Planning and Operations Committee of the Board Regents." Those guidelines reaffirm the Board of Governors authority to review and approve capital projects for The University of Minnesota Hospital and Clinic with four categorical exceptions

requiring approval by the Board of Regents. Categories of capital projects requiring approval by the Board of Regents include:

1. Projects with legislative funding

2. Projects which require an increase in capital indebtedness (i.e., sale of bonds, bank loans, etc.)

3. Projects to construct new facilities with an estimated cost in excess of $100,000

4. Increases in project cost over $100,000 for any projects approved pursuant to the above.

UNIVERSITY OF MINNESOTA
TWIN CITIES

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

October 19, 1988

TO: Members of the Board of Governors

FROM: Gregory W. Hart
Senior Associate Director
Director of Operations

Board of Governors approval of the Capital Expenditure Policy is requested at the October 26, 1988 meeting. This policy had been presented to the Board of Governors in August, 1988 for information. This policy was approved by the Planning and Development Committee on September 15, 1988 and the Finance Committee on September 27, 1988.

We are anticipating two purchases this month, one from Radiology and one from the Pharmacy, that are within the dollar range defined as major capital expenditures ($100,000 - $600,000). Although the policy has not yet been approved by the Board, we thought it best to abide by the process set forth in the draft policy for major capital expenditures.

The attached purchases were planned for as part of the 1988-89 capital budget. In accordance with the capital expenditure policy, they are being presented for informational purposes.

Thank you.

GWH/kff

Attachments

THE UNIVERSITY OF MINNESOTA HOSPITAL AND CLINIC
BOARD OF GOVERNORS

MAJOR CAPITAL EXPENDITURE REPORT

EQUIPMENT: High Resolution Color Doppler Ultrasound System

PURCHASE PRICE: $256,870 (budgeted)

DESCRIPTION:

The Department of Diagnostic Radiology is in the process of specifying and purchasing an enhanced replacement of a vascular ultrasound imaging system currently located in J2-472. This new high resolution color doppler ultrasound unit will be used for abdominal, obstetrical, endorectal, endovaginal and vascular ultrasound imaging. This will be a multi-faceted piece of equipment updating our present limited model. This unit will have the capability of imaging in linear, sector, conventional doppler and color doppler, thereby providing total body ultrasound imaging in organ and vascular procedures.

The existing Acuson unit was purchased in 1985 and will continue to be used beyond full depreciation, given the 22.6% increase in dedicated ultrasound procedure volume since 1984-85. The existing system cannot provide the state of the art features specified above that current hospital patient protocols and medical staff require. An upgrading of the current model is neither feasible nor cost-effective with respect to image quality and function.

This system will be purchased in 30 to 60 days.

Planning and Development Committee Review: 10/10/88

Finance Committee Review: 10/26/88

Board of Governors Review: _____

Senior Associate Director
and Director of Operations

THE UNIVERSITY OF MINNESOTA HOSPITAL AND CLINIC
BOARD OF GOVERNORS

MAJOR CAPITAL EXPENDITURE REPORT

EQUIPMENT: NEC Computer Hardware/GCC Solution Software (Outpatient Pharmacy Computer System)

PURCHASE PRICE: $104,281.00

The Department of Pharmaceutical Services and the Information Systems Department are recommending the purchase of a new outpatient pharmacy computer system. The system currently in use was designed in-house and implemented in 1981. Since that time workload in the outpatient pharmacy has nearly doubled to 420 prescriptions per day. Increased workload, coupled with increasingly complex third party billing requirements, the need for a system which can expediently handle cash sales, and additional patient-oriented therapeutic requirements have rendered the present computer system inadequate. The present system requires that many of the above activities be performed manually.

The computer system proposed for purchase will combine NEC hardware with software developed by General Computer Corporation of Rosemont, Illinois. This system was chosen among many available systems after thorough evaluation. It features enhanced third party billing to allow immediate electronic verification of patient eligibility for medication. The system also will allow cash handling of prescriptions which we expect to approach up to 50% of all prescriptions filled. This is expected to significantly decrease days in accounts receivable for outpatient prescriptions. Currently, prescriptions are billed to patients through UMHC patient accounting resulting in significant delays in payment. This system also offers drug interaction, therapeutic duplication and allergy screening which will help ensure that patients receive proper medications with proper instructions. Efficiencies projected from use of the system will allow a decreased turnaround time, thus reducing patient waiting time and increasing our ability to fill more prescriptions from our clinics. This should increase revenues and enhance the profitability of the Outpatient Pharmacy. The computer system selected offers the capabilities of systems most frequently used nationally.
The system will be purchased within 30 days and implemented in 30-60 days.

Date of Planning and Development Committee Review: October 10, 1988

Date of Finance Committee Review: October 26, 1988

Date od Board of Governors Review: October 26, 1988

Senior Associate Director and Director of Operations

MINUTES
Joint Conference Committee
Board of Governors
September 14, 19888

CALL TO ORDER:

Chairman Heenan called the September 14, 1988 meeting of the Joint Conference Committee to order at 4:35 p.m. in Room 8-106 in the University Hospital.

Attendance:

Present:	Sally Booth Robert Dickler Phyllis Ellis Patricia Ferrieri, M.D. George Heenan James Moller, M.D. Bruce Work, M.D.
Absent:	Michael Popkin, M.D.
Staff:	Jan Halverson Nancy Janda Greg Hart Barbara Tebbitt Ted Yank
Guests:	Nancy Green Sue Jensen

APPROVAL OF MINUTES:

The minutes of the July 13, 1988 meeting were approved as submitted.

MEDICAL STAFF HOSPITAL COUNCIL REPORT

Dr. James Moller presented the recommendations of the Credentials Committee. A motion to endorse the recommendations was made, seconded and passed by unanimous vote.

JCAH PROGRESS REPORT - QUALITY ASSURANCE

Mr. Greg Hart took the opportunity to introduce Ms. Susan Jensen, the new Director for the Department of Quality Assurance.

Ms Jensen described the progress which had been made to date on eight JCAH contingencies that deal with quality assurance. She noted that the Hospital should be in substantial compliance with all contingencies by December when a follow up report will be sent to the JCAHO.

Discussion ensued concerning: the difficulties in facilitating compliance in ambulatory care areas, the need for clinical services to review the summaries of their departmental minutes, difficulties that certain clinical departments were having in meeting standards, and what the Joint Conference Committee should expect from clinical departments.

Chairman Heenan in concert with the Committee indicated that the expectation of the Committee is that substantial compliance with the recommendations will be acheived and that a status report will be made at the November Joint Conference meeting.

PATIENTS RIGHTS AND RESPONSIBILITIES

Greg Hart introduced Ms Nancy Green, Director of Patient Relations, who presented to the committee the newly printed "Rights and Responsibilities" handbook that is presented to each of the patients at the UMHC.

Ms Green noted that the book is written in a much more readable format than the previous hand out and also stresses patient responsibities as well as rights which is invisioned to foster more of a partnership between the patient and care giver. In the past the document given out has focused on informing patients of their rights as contained in Minnesota Statute. Ms Green noted that all inpatients will be given the hand book and it will probably also be given to all new outpatients.

CLINICAL CHIEFS REPORT:

Dr. Bruce Work noted that the topics on the the recent Clinical Cheifs agenda have included: the Regents and Budget, security issues, the high census, ancillary utilization, relative value scales, national board results, animals in patient care areas, Medical School admission trends, the station 41 opening, the first day of new classes with a class that is 44% women, MAPTH, and Insurance for residents. He also noted that at the executive sessions on the 2 and 15th of August, remodeling and departmental space concerns as well as governance and operational issues were discussed

BOARD OF GOVERNOR'S RETREAT - QUALITY ASSURANCE

Greg Hart outlined the agenda for the quality assurance discussion that will be held on the Monday morning of the Board retreat. The discussion will be focused around four key areas: An overview of UMHC QA programs, Medical Staff Monitors, QA and the Credentialing process and the Board's role in QA.

The Committee noted that the presentation should set the stage for some productive discussions. Chairman Heenan noted that it was his desire that UMHC become a leader in the measurement of quality and that we do much more than just comply with Joint Commission standards.

ADJOURNMENT:

There being no further business, the meeting was adjourned at 6:10 P.M.

Respectfully submitted:

Theodore J. Yank
Administrative Fellow

MINUTES
Joint Conference Committee
Board of Governors
October 12, 19888

CALL TO ORDER:

Chairman Heenan called the October 12, 1988 meeting of the Joint Conference Committee to order at 4:35 p.m. in Room 8-106 in the University Hospital.

Attendance:	Present:	Sally Booth Robert Dickler Phyllis Ellis George Heenan Bruce Work, M.D.
	Absent:	Patricia Ferrieri, M.D. James Moller, M.D. Michael Popkin, M.D.
	Staff:	Jan Halverson Greg Hart Nancy Janda Barbara Tebbitt Ted Yank
	Guests:	Nancy Green

APPROVAL OF MINUTES:

The minutes of the Septeber 14, 1988 meeting were approved as submitted.

FOLLOWUP DISCUSSION OF BOG RETREAT

Chairman Heenan inititated a discussion of the Quality Assurance Presentation at the Board of Gorvernor's retreat. It was genarally agreed that the presentation made the group aware of the ovewhelming scope of activities that are now taking place to assure quality at UMHC. Chairman Heenan also indicated that at this time the Committee felt comfortable with it's QA monitoring role that was outlined at the retreat.

During the insuing dicussion, there was concensus that UMHC should not become "activity driven" in trying to maintain compliance to JCAHO QA accreditation

standards, but should always strive to improve its ability to actually monitor and improve quality. The Chairman also indicated that he believed there would be great benefit for UMHC if it were to make significant institutional investments in becoming a nationally recognized high profile leader in defining quality health care.

PATIENT SURVEY RESULTS/STATUS REPORT

Greg Hart introduced Ms Nancy Green, Director of Patient Relations, who presented to the committee the latest results from the inpatient survey. In general the results indicate that patients are satisfied with the service that is provided to them at the UMHC. Of particular note was the fact that 81 percent of patients indicated that they were satisfied with parking arrangements. This was constrasted to a pre-parking ramp survey which indicated that only 50% had been satisfied.

Discussion ensued centering around the "appropriate level" of these satisfaction indicators, and the need for setting goals in certain areas. There was also concern expressed that patients who have a long relationship with UMHC because of chronic illness may not be answering the survey honestly or at all because they do not want to jeapordize their care.

CLINICAL CHIEFS REPORT:

Dr. Bruce Work noted that the topics on the the recent Clinical Cheifs' agenda have revolved around Mr. Dickler's presentation of UMHC's Goals and Objectives, and the Board of Governors's retreat

ADJOURNMENT:

There being no further business, the meeting was adjourned at 5:55 P.M.

Respectfully submitted:

Theodore J. Yank
Administrative Fellow

UNIVERSITY OF MINNESOTA
TWIN CITIES

The University of Minnesota Hospital and Clinic
Box 707
Harvard Street at East River Road
Minneapolis, Minnesota 55455
(612) 626-1945

October 6, 1988

TO: Members of the Board of Governors

FROM: James H. Moller, M.D., Chief of Staff
Chairman, Medical Staff-Hospital Council

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

The Medical Staff-Hospital Council on September 13 and the Joint Conference Committee on September 14 have endorsed the attached Credentials Committee Report and Recommendations.

I am forwarding this report to you for your review and approval on October 26. If you should have any questions, please feel free to call on me.

JHM/cf
Attachment

UNIVERSITY OF MINNESOTA
TWIN CITIES

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

September 6, 1988

TO: Medical Staff-Hospital Council

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

SUBJECT: Credentials Committee Report and Recommendations

The Credentials Committee after examining all pertinent information provided to them concerning the professional competence and other necessary qualifications, hereby recommend the approval of provisional status and clinical privileges to the following applicants to the Medical Staff of The University of Minnesota Hospital and Clinic.

Department of Anesthesiology	Category
David S. Beebe	Attending Staff
Department of Dermatology	
Janellen Smith	Clinical Staff
Department of Laboratory Medicine and Pathology	**Category**
Jay Brooks Jackson	Attending Staff
Department of Medicine	
Scott F. Davies	Clinical Staff
Conrad Iber	Clinical Staff
Theodore W. Marcy	Clinical Staff
Richard M. Warhol	Clinical Staff
Leslie A. Baken	Attending Staff - ER/General Medicine
Donald L. Bodenner	Attending Staff - ER/General Medicine
Paul D. Savage	Attending Staff - ER/Oncology

Provisional status and clinical privileges continued:

Department of Neurology	Category
Dinesh Talwar	Attending Staff
Department of Pediatrics	
Terence L. Zach	Attending Staff
Department of Psychiatry	
Carrie M. Borchardt	Attending Staff
Department of Surgery	
Arthur J. Matas	Attending Staff
Department of Urology	
John A. Souchery	Clinical Staff

The following physicians have submitted applications and supporting documentation requesting the addition of clinical privileges or change in staff category. The Committee has reviewed and considered their requests and hereby recommend approval.

Addition of Clinical Privileges:

Department of Medicine	Category
Kenneth Baran	Attending Staff-ER

Privileges: Add-Invasive and noninvasive cardiac procedures. Arterial puncture, arteriography, cardiac catheterization, cardiac monitoring, cardiac pacemaker (transvenous), cardiopulmonary stress testing interpretation, cardioversion, coronary angiography, echocardiographic interpretation, electrocardiographic interpretation, electrophysiologic testing, exercise stress testing, holter monitor interpretation, myocardial biopsy (percutaneous) percutaneous transluminal coronary angioplasty, swan ganz catherization.

Thomas Hostetter — Attending Staff

Privileges: Add-Arterial puncture, cardiac monitoring, needle biopsy of kidney, paracentesis--diagnostic abdominal tap and therapeutic decompression, peritoneal dialysis, pneumothorax, renal dialysis, therapy of cardiac failure, therapy of diabetic coma, therapy of hepatic failure, therapy of renal failure, thoracentesis--aspiration only, venous pressure and circulation time, chemotherapy--use of "chemotherapeutic drugs" such as cyclophosphamide, and other alkylaters, cyclosporin, azathioprine, etc. in case of kidney diseases.

Addition of Clinical Privileges continued:

Department of Medicine	Category
Douglas J. Rausch	Attending Staff-ER

Privileges: Add-Oncology. Bone marrow aspiration and needle biopsy, bone marrow transplantation, cancer chemotherapy by protocol, CNS chemotherapy, infusion pump filling, lumbar puncture, thoracentesis with aspiration, chemotherapy, and/or chest tube insertion.

Christopher J. Sullivan	Attending Staff-ER

Privileges: Add-General Internal Medicine and Infectious Diseases. Arterial puncture, arthrocentesis, bone marrow aspiration, lumbar puncture, paracentesis, thoracentesis, aspiration only/chest tube insertion.

Department of Otolaryngology

Robert H. Maisel	Attending Staff

Privileges: Add-Yag Laser for laryngeal surgery, tracheobronchial surgery a. rigid, b. flexible, oropharyngeal surgery, perioral, cutaneous lesions (head and neck), oral pharyngeal.

Department of Urology

John C. Hulbert	Attending Staff

Privileges: Add-Transurethral laser treatment of stones of the urinary tract using the Candela Lasertripter MDL-1

Change in Staff Category:

Department of Hospital Dentistry	Present Category	Requested Category
Karl D. Self	Clinical Staff	Attending Staff
Department of Ophthalmology		
Robert C. Ramsay	Attending Staff	Clinical Staff

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

Department of Anesthesiology	Category	Date Eligible
Robert L. Gauthier	Attending Staff	July 27, 1988
John M. Jackson	Attending Staff	July 27, 1988
Department of Dermatology		
Richard S. Kalish	Attending Staff	July 27, 1988
Department of Family Practice and Community Health		
Stephen L. Hanson	Clinical Staff	July 27, 1988
William E. Jacott	Attending Staff	July 27, 1988
Maurice L. Lindblom	Attending Staff	July 27, 1988
Department of Medicine		
Barbara S. Daniels	Attending Staff	April 28, 1988
Mark L. Gilberstadt	Attending Staff	April 28, 1988
Jeanne E. Gose	Clinical Staff	July 27, 1988
John A. Hitt	Attending Staff	April 28, 1988
John P. Jones	Attending Staff	July 27, 1988
David D. Laxson	Attending Staff	July 27, 1988
Kathleen M. Ogle	Attending Staff	April 28, 1988
Linda S. Snyder	Attending Staff	April 28, 1988
Richard J. Sveum	Clinical Staff	July 28, 1988
John C. Winkelmann	Attending Staff	July 28, 1988
Anthony C. Woolley	Attending Staff	April 28, 1988
Stevan D. Zimmer	Attending Staff	July 27, 1988
Department of Neurology		
Michele E. Metrick	Clinical Staff	July 27, 1988
Department of Otolaryngology		
Edward H. Szachowicz	Clinical Staff	April 28, 1988
Department of Pediatrics		
Peter S. Hesslein	Attending Staff	July 27, 1988
Clifford E. Kashtan	Attending Staff	July 27, 1988

Regular Appointments continued:

Department of Physical Medicine and Rehabilitation		
Elizabeth A. Davis	Clinical Staff	April 28, 1988
John Speed	Attending Staff	April 28, 1988
Department of Psychiatry		
Daniel R. Hanson	Attending Staff	July 27, 1988
Department of Radiology		
Flavio Castaneda-Mendoza	Attending Staff	July 27, 1988
David H. Epstein	Attending Staff	July 27, 1988
Robert A. Halvorsen	Attending Staff	July 27, 1988
Glenn P. Moradian	Attending Staff	July 27, 1988
Department of Surgery	**Category**	**Date Eligible**
Jerome H. Abrams	Attending Staff	July 27, 1988
Jolene M. Kriett	Attending Staff	July 27, 1988
Westley D. Wong	Clinical Staff	July 27, 1988

The Committee has approved the following leave of absence

Department of Family Practice and Community Health	Category	LOA Dates
John E. Verby	Attending Staff	7/1/88 - 6/30/89

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

Department of Anesthesiology	Category
Eugene R. Lucier	Clinical Staff
Department of Hospital Dentistry	
Hak-Joo Kwon	Attending Staff
John R. Biorn	Attending Staff

Resignations continued:

Department of Medicine	
Steven Pletcher	Attending Staff
John T. Strony	Attending Staff
Reinhard von Roemeling	Attending Staff

Department of Obstetrics and Gynecology	
Julius C. Butler	Attending Staff
Thomas M. Julian	Attending Staff
Theodore C. Nagel	Attending Staff

Department of Radiology	
Bennett A. Alford	Attending Staff
David R. Eckmann	Attending Staff
Steven D. Johnson	Attending Staff
Paul R. Rosel	Attending Staff
Bertrand W. Schlam	Attending Staff
Joseph Tashjian	Attending Staff

The following Specified Professional Personnel (Psychologist) has applied for appointment to the psychology staff and clinical privileges. The Committee hereby recommends approval of this applicant and his request for privileges.

Department of Psychiatry	Category
Harry M. Hoberman	Attending Staff

HB/cf

THE UNIVERSITY OF MINNESOTA HOSPITAL AND CLINIC
Board of Governors Finance Committee
August 24, 1988

MINUTES

ATTENDANCE:

Present:	Robert Dickler Clifford Fearing Elwin Fraley, M.D. Jerry Meilahn Robert Nickoloff Barbara O'Grady Roger Paschke Vic Vikmanis
Not Present:	Edward Ciriacy, M.D.
Staff:	Kay Fuecker Nancy Janda Barbara Tebbitt
Guests:	Amos Deinard, M.D. Susan Weber Bruce Work, M.D.

CALL TO ORDER:

On August 24, 1988 the Finance Committee was called to order by Mr. Cliff Fearing at 1:05 P.M.

ANNOUNCEMENT:

Mr. Fearing reminded Board members that the August 24, 1988 Board of Governors meeting will be in the Regents Room in Morrill Hall. Mr. Jerry Meilahn assumed the Chair position.

APPROVAL OF THE MINUTES:

The Board of Governors Finance Committee seconded and passed a motion to approve the minutes of the July 20, 1988 meeting as written.

CUHCC FACILITY UPDATE:

Mr. Cliff Fearing reported that negotiations for the land acquisition have concluded with a price of $300,000 and includes about $35,000 of equipment and will be sold. This amount is within the budget endorsed by the Board of Governors. This information does not require further action by the Finance Committee.

CUHCC - HEALTH ETC. CONSOLIDATION PROPOSAL:

Mr. Robert Dickler reported that Health etc. approached CUHCC about a potential consolidation of Health Etc. with CUHCC approximately a year ago. This proposal has not been discussed with AFSCME members or the Internal Advisory Group from the Council of Clinical Chiefs due to timing. This will be done in the near future.

Dr. Amos Deinard, Director of CUHCC, reviewed the financial history and circumstances leading to this proposal. CUHCC and Health etc. serve the same population but Health etc. does not have pediatrics, OB/GYN, and psychiatry. Dr. Deinard emphasized several advantages of a consolidation. These are: 1) a greater percentage of the Health Etc. patient population is covered by insurance than within the CUHCC population; and 2) provides CUHCC access to up to $135,000 in grants that are not now available to CUHCC. The legal issues regarding the type of consolidation have not been worked out as yet. Dr. Deinard emphasized that Health etc. must either consolidate or close in 2-3 months. Mr. Dickler reported that this item is for discussion only and will be brought back to the Committee for endorsement.

UNIVERSITY HOSPITAL RENEWAL PROJECT:

Mr. Robert Dickler presented the University Hospital Renewal Project, Phase II to the Committee for endorsement. This project includes relocation and upgrading of inpatient units for Psychiatry, Obstetrics, and Rehabilitation along with Cystoscopy renovation and replacement space for clinical and general support departments and administrative departments. This project proposes meeting these needs through a utilization of existing facilities and a vertical expansion of the new hospital. The total project cost is estimated, with inflation, at $62 million.

The Finance Committee seconded and passed a motion to endorse the University Hospital Renewal Project, Phase II as presented.

CAPITAL EXPENDITURE POLICY:

Mr. Robert Dickler reviewed the proposed Capital Expenditure Policy. This policy divides our capital activity into three major segments: 1) those projects costing $500 - $100,000; projects costing $100,000 - $600,000; and 3)

projects costing over $600,000. It also calls for additional reviews related to projects between $100,00 - $600,000 and those over $600,000, referred to as special projects. The policy also identifies those types of capital expenditures to be forwarded to the Board of Regents.

The following changes were incorporated into the written policy at the meeting. Those changes include:

1) Change the phrase "will be submitted" to "shall be submitted" in the 4th paragraph on page 2;

2) Replacement of the second paragraph in the section entitled "Approval of Special Projects" with the following:

   "Any expenditure that is expected to cause a special project budget to be exceeded by the lesser of 10% or $250,000 will be presented to the Board for information. Where possible, that information will be presented prior to the authorization of expenditure. Consultation from the Chairman of the Board, the Chairman of the Planning and Development Committee, and the Chairman of the Finance Committee shall be sought when presentation to the full Board prior to expenditure authorization is not feasible."

Mr. Dickler reported that this policy is presented for information this mon endorsement will be sought in September.

ADJOURNMENT:

There being no further business, the August 24, 1988 meeting of the Board of Governors Finance Committee was adjourned.

Respectfully submitted,

Kay F. Fuecker

Kay F. Fuecker
Board of Governors Office

THE UNIVERSITY OF MINNESOTA HOSPITAL AND CLINIC
BOARD OF GOVERNORS FINANCE COMMITTEE
September 28, 1988

MINUTES

ATTENDANCE:

Present:	Edward Ciriacy, M.D. Robert Dickler Clifford Fearing Jerry Meilahn Robert Nickoloff Barbara O'Grady Roger Paschke
Not Present:	Elwin Fraley, M.D. Vic Vikmanis
Staff:	Kay Fuecker Greg Hart Nancy Janda Dan Rode Barbara Tebbitt Susan Weber Meredith Wiste
Guests:	Steven Laible Timothy Franz

CALL TO ORDER:

On September 28, 1988 the Finance Committee was called to order by Chairman Robert Nickoloff at 12:10 P.M.

APPROVAL OF THE MINUTES:

The Board of Governors Finance Committee seconded and passed a motion to approve the minutes of the August 24, 1988 meeting as written.

JULY 1, 1987 THROUGH JUNE 30, 1988 FINANCIALS:

Mr. Clifford Fearing reviewed the operations report for the 1987-88 fiscal year. Admissions for 1987-88 increased .4%. Patient days increased by .2%

over 1986-87 and the overall average length of stay declined from 8.1 days in 1986-87 to 8.0 days in 1987-88. Outpatient census increased 6.6% over 1986-87 levels and a 3.5% increase over the budgeted 1987-88 level. Patient care revenue for 1987-88 totaled $260,613,481 and is an increase of 9.5% over 1986-87 and approximately $10,995,700 above budget, resulting in an overall favorable variance of 4.4%. Deductions from charges totaled $36,745,656 for the fiscal year and represent an overall favorable variance of $8,555,744. Other operating revenue increased 13.1% over the prior year and is an increase of 8.9% over the budgeted revenue for 1987-88.

Operating expenses for 1987-88 increased 10.0% over 1986-87 or approximately $11,545,800 over the 1987-88 budget. Personnel costs were over budget by $6,610,200. The increased salary costs were the result of higher staffing levels. The average FTE's for 1987-88 were 4,002, an increase of 205 over the budgeted total of 3,797. Supplies and expenses directly related to patient care activities were $3,609,500 over budget and directly relate to the increase in ancillary revenues. Expenses related to buildings, building services and equipment were $783,200 over budget. Insurance expense for 1987-88 totaled $1,198,727 and was $191,000 over budget.

Non-operating revenues totaled $26,158,549 in 1987-88 and represent a favorable variance from budget of $4,035,849. Accounts Receivable balance on June 30, 1988 totaled $79,340,120 and represented 98.7 days of revenue outstanding; this is a decrease of 2.7 days and an increase of $6,973,344 from June 30, 1987.

1988 PEAT MARWICK MAIN AUDIT SCOPE:

Mr. Cliff Fearing introduced Mr. Steve Laible and Mr. Tim Franz from Peat Marwick Main & Co. Mr. Laible reviewed the kinds of audits the University undertakes: external, internal, and State Legislative audits. In addition to those, Mr. Laible noted, that the three are different types of audits respectively: 1) Financial and compliance audits determine whether the financial statements fairly present the financial position and results of financial operations in accordance with generally accepted accounting principles; 2) Economy and efficiency audits to determine whether the entity is managing and utilizing its resources economically and efficiently; and 3) program result audits to determine if the audit might yield the desired results at a lower cost. Mr. Laible explained that this audit is intended to be of the first type while the legislative audit is the third type. The University's internal audit is of the second type. Each has their own purpose and each can be expected to have different results. Mr. Laible informed the Committee that the only way to be prepared for each audit is to know their purpose and to know the areas that are being audited and have the appropriate management and financial systems in place to respond to the audit inquiries.

JULY 1, 1988 THROUGH AUGUST 31, 1988 FINANCIALS:

Mr. Cliff Fearing reported that admissions for August totaled 1,683, which were 3.5% above budgeted levels of 1,576. The average length of stay was 8.4 days and patient days were 2,947 over budget. Clinic visits in August totaled

25,147 which was 3,286 (15%) above budgeted levels. Patient care charges through August were 10.9% over budget. Routine revenue was 15.4% over budget and ancillary revenue was 9.3% over budget and reflected the favorable variance in both admissions and clinic visits. The Hospital's Statement of Operations shows total expenses over revenues of $5,169,076 for a favorable variance of $3,839,478.

Accounts receivable through August totaled $86,565,819 and represented 99.0 days of revenue outstanding. The overall days of revenue outstanding increased by .3 from June.

VARIABLE RATE BOND RATES:

Mr. Roger Paschke reported that the Schedule of Bond Debt included in the packet will be updated and forwarded to the Board of Regents regularly. This will list the fixed rate bonds as well as the variable rate bonds. The University will be watching this closely to ensure the University receives the lowest possible rates.

CUHCC - HEALTH, ETC. PROPOSAL:

Mr. Greg Hart reported this item has been returned to the Committee for information this month. It was discussed at the Planning and Development Committee in September and was approved by the Clinical Chiefs on September 27, 1988.

Mr. Hart indicated that the transaction is now being approached as an asset acquisition. The characteristics of such a transaction were described. The dollar value of the potential acquisition will be assessed in October, with recommendations presented to the Board at the October meeting.

Mr. Hart outlined the potential risks associated with the consolidation, including volume, grant funding and possible write-offs. Each of the variables has been assessed. Mr. Hart noted that the financial analysis indicates that the financial objectives set for CUHCC can be accomplished, and likely enhanced, as a result of this acquisition.

CAPITAL EXPENDITURE POLICY:

Mr. Robert Dickler briefly noted the policy had been discussed in detail at a number of Finance Committee and Board of Governors meetings. The Committee noted no discussion was necessary.

The Board of Governors Finance Committee seconded and passed a motion to approve the Capital Expenditure Policy as proposed.

DERMATOLOGY EXPANSION PROJECT:

Mr. Greg Hart noted that this project had been approved by the Finance Committee in March. Now that the bidding process has been completed, the project cost is estimated at $612,410. Board of Governors approval will be sought at their meeting as part of the Board of Governors Retreat on October 3 & 4, 1988.

ADJOURNMENT:

There being no further business, the September 27, 1988 meeting of the Board of Governors Finance Committee was adjourned at 1:59 P.M.

Respectfully submitted,

Kay F. Fuecker

Kay F. Fuecker
Board of Governors Office

UNIVERSITY OF MINNESOTA
TWIN CITIES

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

September 28, 1988

TO: Board of Governors

FROM: Clifford P. Fearing
Senior Associate Director

SUBJECT: Report of Operations for the Period
July 1, 1987 through June 30, 1988

The 1987-88 fiscal year for University of Minnesota Hospital and Clinic has shown an increase in inpatient admissions and outpatient clinic visits over the prior two years. Our levels of staffing and operating expenses increased during the year as the demand for services went up. Below is a brief summary of major factors which have contributed to our 1987-88 financial position.

Inpatient Census: Admissions for the 1987-88 fiscal year totaled 19,246 compared to 19,169 for the previous year, an increase of 77 (.4%). Patient days for the year totaled 154,537, up by 255 (.2%) from 154,282 days in 1986-87. The hospital overall average length of stay declined from 8.1 days last year to 8.0 days in the current year.

We budgeted for a decline in our inpatient census levels in 1987-88 which was consistent with industry trends. However, we experienced slightly higher than anticipated inpatient admissions and patient days. Areas in which admissions increased from the prior year were Medicine, Surgery, and Orthopedics. Contributing to this increase were factors such as additions to medical staff, increased efforts in the area of planning and marketing, and the start-up of new programs. Of the services with major increases, the most noteworthy continue to be in the areas of organ transplants and oncology. Average length-of-stay declined slightly as a result of our continuing efforts at better discharge planning and scheduling of same-day admissions.

To recap our inpatient census for the 1987-88 fiscal year:

	1986-87 Actual	1987-88 Budget	1987-88 Actual	Variance	% Variance
Admissions	19,169	18,350	19,246	896	4.9
Avg. Lgth. of Stay	8.1	8.3	8.0	-.3	-3.6
Patient Days	154,282	153,000	154,537	1,537	1.0
Percent Occupancy	72.2	71.8	72.9	1.1	1.5
Avg. Daily Census	422.7	418.0	422.2	4.2	1.0

Outpatient Census: The Hospital's outpatient clinic census showed a significant increase over the 1986-87 levels, going from 248,137 visits in 1986-87 to 264,505 in 1987-88. This represents a 6.6% increase over the prior year levels and a 3.5% increase (8,845) over the budgeted 1987-88 total of 255,660. The increase in clinic census occurred in nearly all clinic areas. The most significant increases occurred within Medicine, Ophthalmology, Orthopedics, Therapeutic Radiology, and Clinical Psychology.

To recap our outpatient census for the 1987-88 fiscal year:

	1986-87 Actual	1987-88 Budget	1987-88 Actual	Variance	% Variance
Clinic Visits	248,137	255,660	264,505	8,845	3.5
CUHCC Visits	47,202	48,000	48,305	305	.6
HHA Visits	9,011	9,269	9,409	140	1.5

Operations - Revenue: Patient care revenue for the 1987-88 fiscal year totaled $260,613,481 and is an increase of $22,568,056 (9.5%) over the 1986-87 fiscal year. The increase in revenue is approximately $10,995,700 above budget and results in an overall favorable variance of 4.4%. This overall variance is due to higher than anticipated patient days and higher than anticipated ancillary utilization for both inpatient and outpatient populations.

Routine revenue totaled $70,192,099, and represents a favorable variance of approximately $167,000. Ancillary service revenue totaled $190,421,392, and was approximately $10,829,100 (6.0%) above budget. The overall ancillary variance reflects a utilization level per patient that was higher than anticipated. Inpatient ancillary revenue per admission averaged $7,270 compared to the budgeted average of $7,220. Outpatient revenue per clinic visit averaged $191 compared to the budgeted average of $184. Nearly all ancillary areas experienced revenues above budget, with the greatest increases occurring in the operating room, clinical labs, cardio-respiratory

areas, patient monitoring and central sterile processing. In addition, we saw an increase in revenue as the result of new programs, specifically Home Nutrition and Wound-Healing.

Deductions from Charges: Deductions from charges totaled $36,745,656 for the fiscal year and represent an overall favorable variance of $8,555,744. This overall variance reflects a substantial favorable variance in third party deductions primarily due to better than anticipated reimbursement levels in both Medicare and Medical Assistance and favorably finalizing several prior period settlements for those programs. Offsetting this favorable variance is an unfavorable variance of almost $4,000,000 for higher than anticipated write-offs for out-of-state Medical Assistance and Minnesota MA Outpatient.

Other Operating Revenues: Other operating revenue totaled $6,413,368 for the 1987-88 fiscal year, an increase of $744,500 (13.1%) over the prior year total of $5,668,918. The increase is $523,200 (8.9%) over the budgeted revenue of $5,890,200, and reflects volume variances for food services and parking services. In addition, we've reported over $250,000 for the salvage of silver from old radiology films.

Operations - Expenditures: Operating expenses for the 1987-88 fiscal year totaled $250,842,729 and was an increase of $22,901,513 (10.0%) over the 1986-87 fiscal year. The increase in expense was approximately $11,545,800 over budget and resulted in an overall variance of 4.8%. Most of this variance was associated with the increase in demand for patient services.

Personnel costs (salaries and fringe benefits) were over budget by $6,610,200. The increased salary costs were the result of higher staffing levels. During the 1987-88 fiscal year we averaged 4,002 full-time equivalents (FTE's), which was an increase of 205 over the budgeted total of 3,797. The increase in staffing levels is largely attributed to the increased census levels experienced throughout the year, with patient-related services accounting for 75% of the FTE increase. The unfavorable variance in fringe benefit expenses relates to the higher salary costs and a significant increase in our health insurance costs.

Supplies and expense directly related to patient care activities were $3,609,500 over budget in aggregate. These expenses relate almost directly to the increase in ancillary revenues. They include such things as drugs, blood and blood derivatives, laboratory and medical supplies, laundry and food services, services related to kidney and bone marrow acquisitions, rental of patient care equipment, and patient care contracted services.

Expenses related to buildings, building services, and equipment were $783,200 over budget. These costs include utilities, maintenance and repair, communications, building rental, and depreciation. Depreciation expense accounted for $638,700 of the total variance. This is the result of accelerating our depreciation expense to provide for a more rapid recovery of capital costs by Medicare.

Insurance expense for 1987-88 totaled $1,198,727 and was $191,000 over budget. This variance is primarily the result of a one-time retroactive payment adjustment for completed operations coverage related to the Hospital Renewal Project insurance.

Finally, we experienced a net unfavorable variance in our general supply and expense categories totaling $352,100. The major portion of this variance relates to payments for physician compensation due to ancillary volume increases and the hospital's share of the Emergency Room physicians' increased liability insurance.

Non-Operating Revenue: Non-operating revenues totaled $26,158,549 in 1987-88 and represent a favorable variance from budget of $4,035,849. The overall variance is primarily the result of three factors. First, higher than anticipated interest income was received on our reserve funds as a result of increasing interest rates early in the fiscal year. Secondly, we enjoyed a significant gain on the sale of a treasury bill. The third factor was the July refinancing of the 1985 BCD bonds by the University which resulted in increasing our income from invested bond proceeds.

Accounts Receivable: The balance in patient accounts receivable as of June 30, 1988 totaled $79,340,120 and represents 98.7 days of revenue outstanding; this is a decrease of 2.7 days and an increase of $6,973,344 from June 30, 1987. Factors contributing to this increase include the overall increase in patient volume coupled with the higher charge levels per patient, and continuing changes in third party billing requirements.

Capital Expenditures: During the 1987-88 fiscal year, UMHC expended $11,719,700 from hospital operating funds, $13,298,400 from our reserve funds, and $2,931,900 from the hospital plant and trustee funds for current year capital expenditures. The major components of our capital spending were: (1) $11,150,500 for recurring equipment, remodeling, and renovation, (2) $1,001,100 in principal payments for computer hardware and the lithotripter, (3) $2,500,000 in principal payments on short-term debt, and (4) $13,298,400 in principal and interest payments on bonds.

Conclusion: The 1987-88 fiscal year was one of notable changes for University of Minnesota Hospital and Clinic. For the second

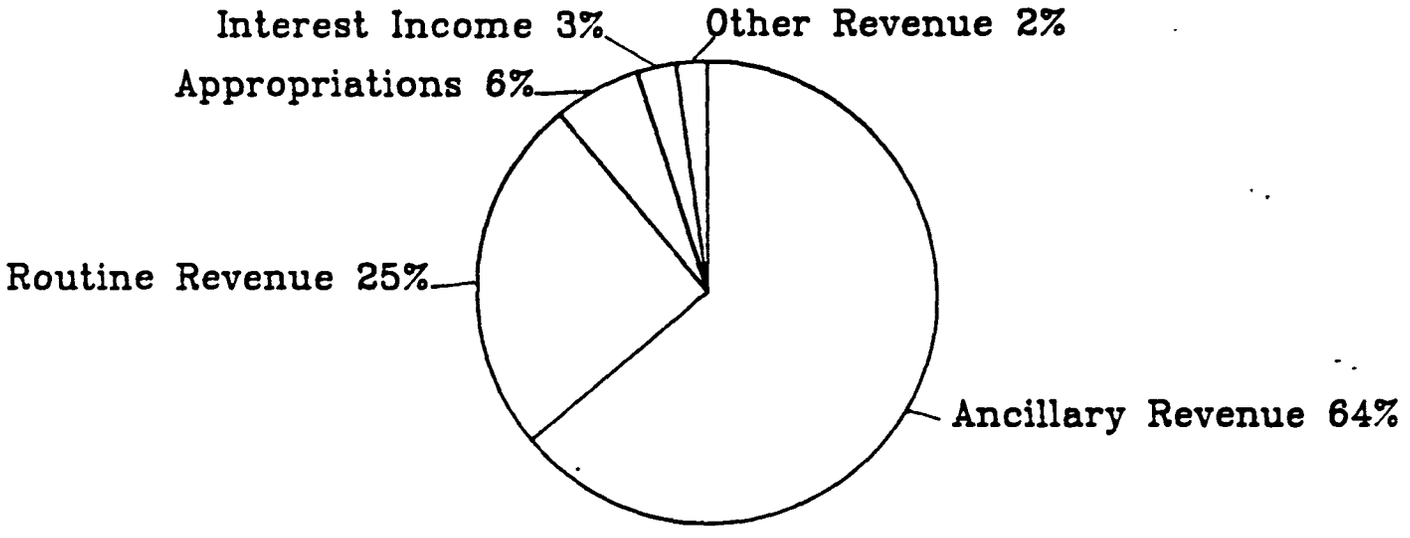
consecutive year we experienced increases in our admission levels and our patient days. These increases reflected our increased marketing efforts and the start-up or expansion of several programs and services. While our admissions and patient days went up, we saw a slight drop in the average length of stay. This can be attributed to our continuing efforts at cost reductions through greater use of same day surgery and improved discharge planning.

UMHC continued to experience increasing pressure from third party payors as HMO's, insurance companies, and self-insured companies moved to contract for specific services, and more governmental agencies moved towards prospective payment systems. These activities are continuing to force UMHC, as well as other providers, away from fee-for-service pricing and toward negotiated fixed fee pricing. UMHC must keep working with the HMO's, PPO's, and other insurers to develop pricing strategies which will enhance our competitive position while enabling us to meet our financial goals and objectives.

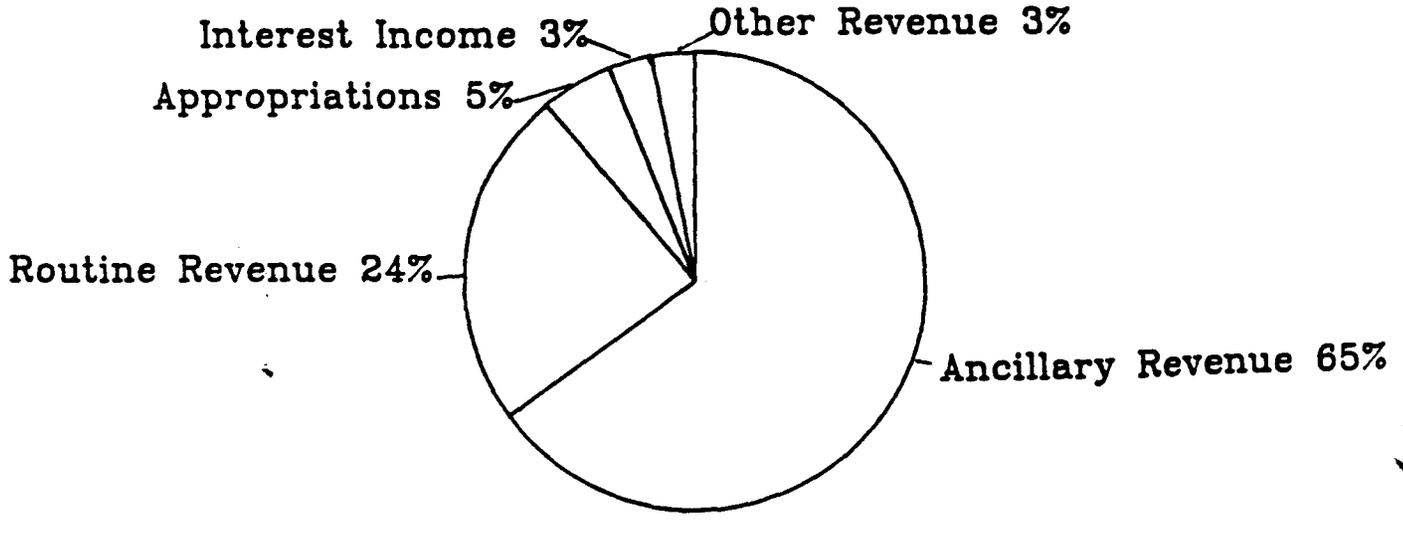
The competitive and cost conscious environment we are in will continue, and will challenge us to find new sources of revenue and ways to reduce costs. Market penetration, program diversification and expansion, program affiliation, and possible program divestiture, where appropriate, may be required for UMHC to sustain its mission of patient service, education, and research.

University of Minnesota Hospital and Clinic

86/87 Revenue Summary

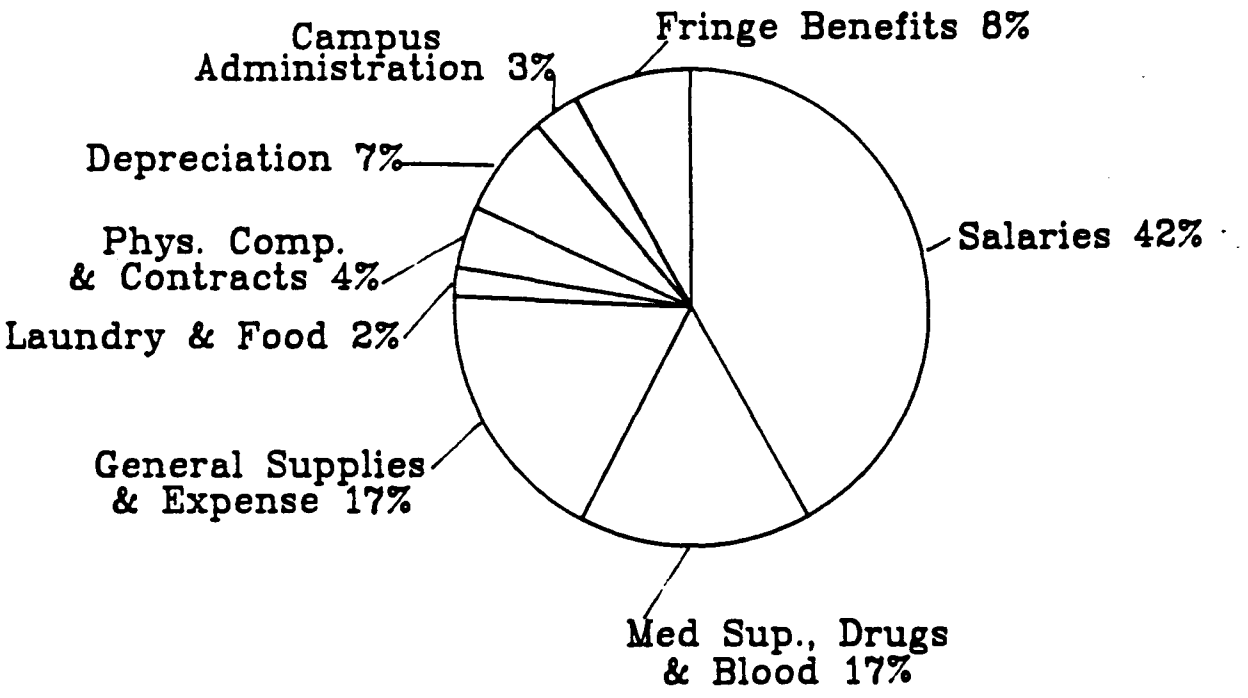


87/88 Revenue Summary

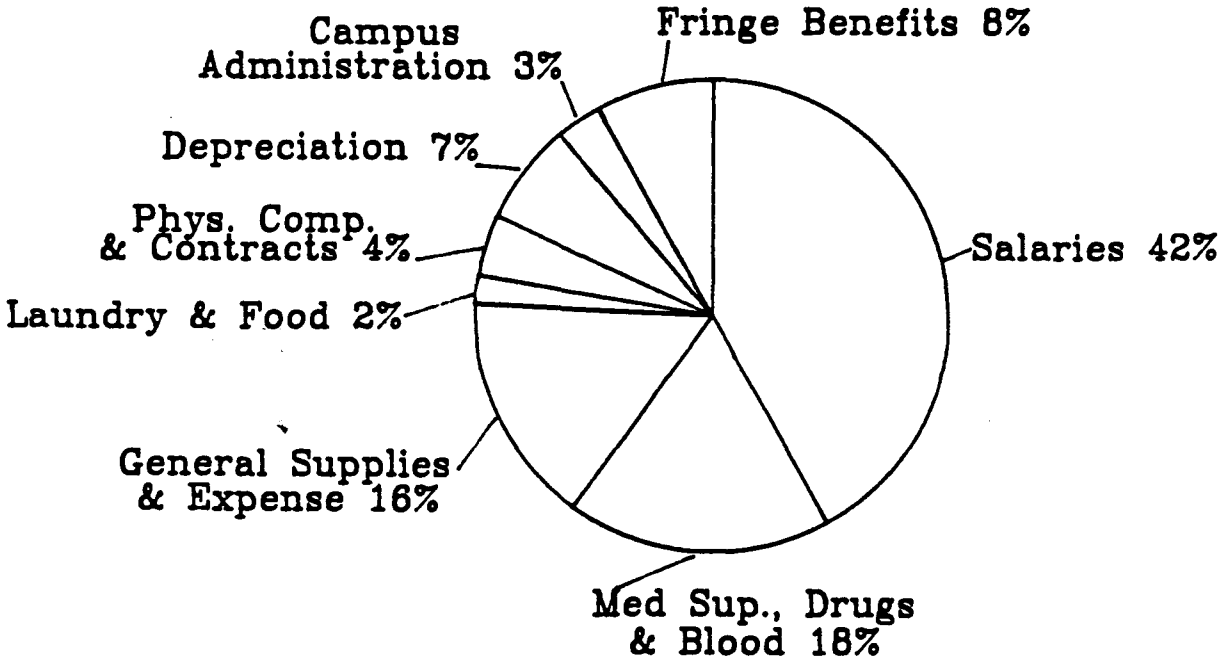


University of Minnesota Hospital and Clinic

86/87 Expense Summary



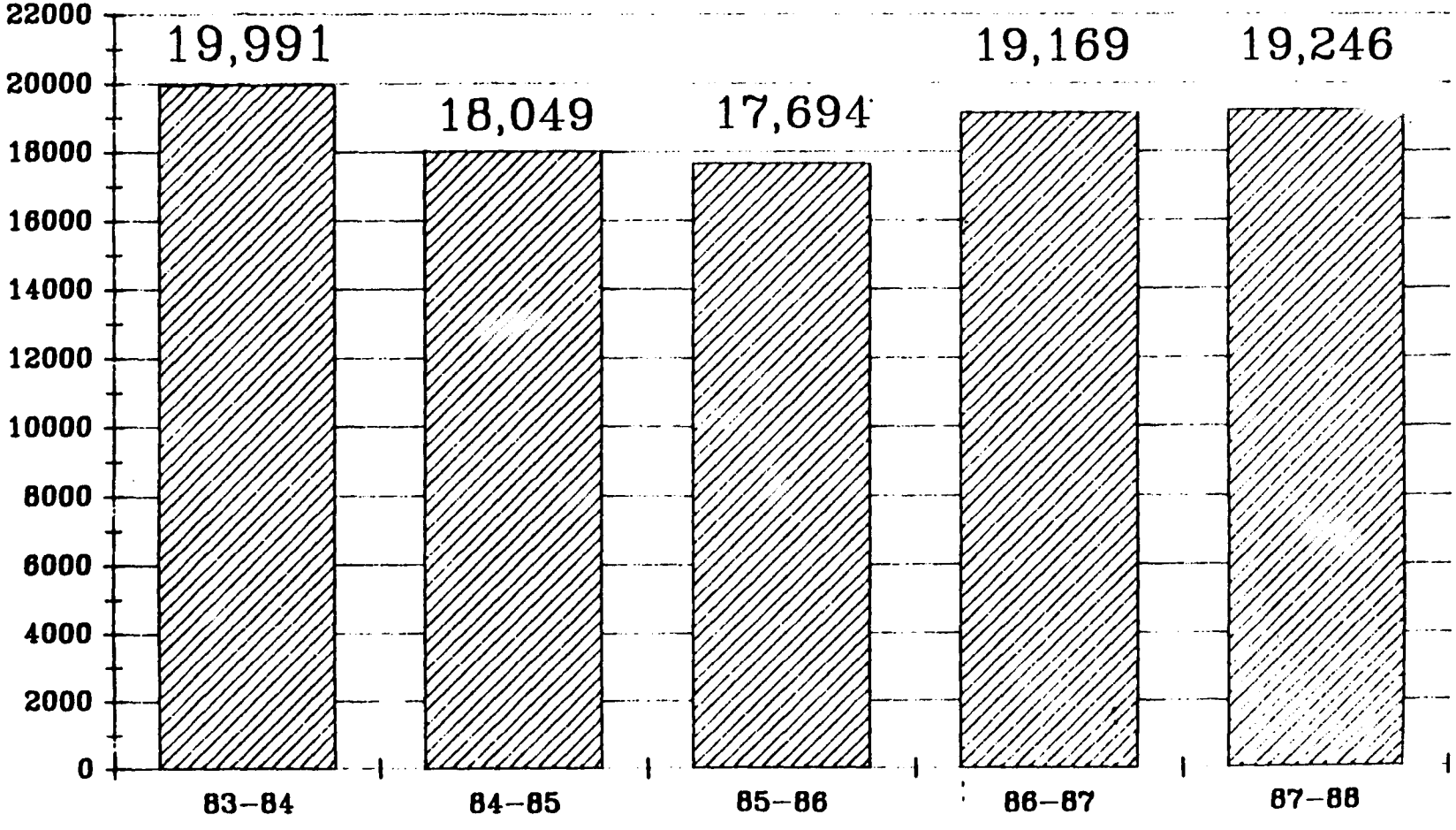
87/88 Expense Summary



University of Minnesota Hospital and Clinic

Admissions

1983–84 through 1987–88



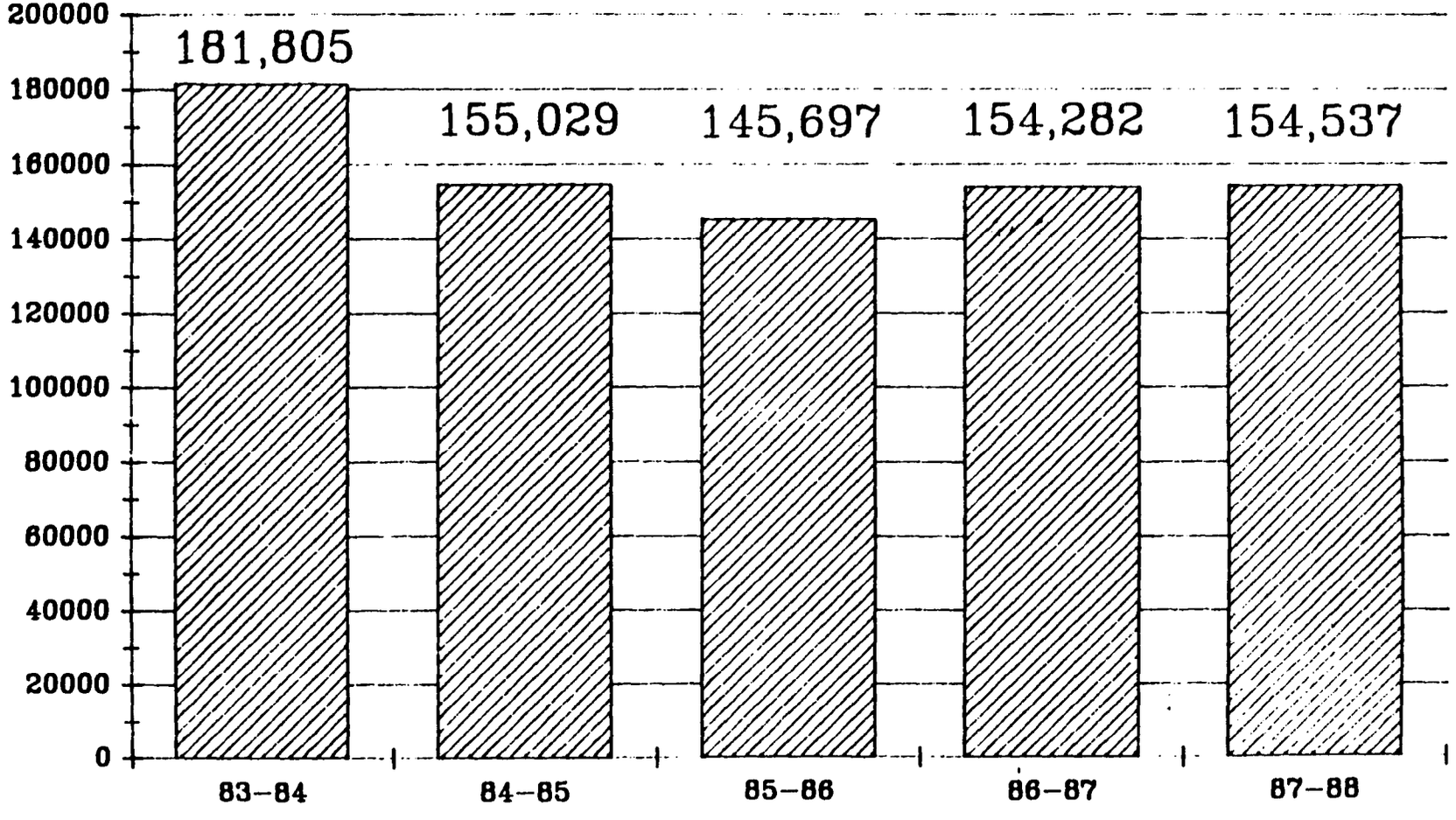
University of Minnesota Hospital and Clinic
Inpatient Admissions by Clinical Service
For FY 1983-84 through 1987-88

Admissions	1983-84	1984-85	1985-86	1986-87	1987-88
Clinical Research	409	370	359	482	434
Dentistry	165	97	74	70	56
Dermatology	105	52	30	23	24
Family Practice	57	49	33	27	27
Gynecology	1,368	1,390	1,325	1,476	1,336
Medicine	3,597	3,473	3,297	3,981	4,354
Neurology	772	627	634	431	367
Neurosurgery	1,068	996	919	878	898
Newborn	787	453	318	346	345
Obstetrics	1,083	654	508	594	575
Ophthalmology	876	1,015	994	990	968
Orthopaedics	1,017	1,057	979	1,020	1,193
Otolaryngology	941	569	502	459	447
Pediatrics	3,423	3,075	3,097	3,322	3,080
PM & R	246	300	197	163	173
Psychiatry - Adult	615	619	728	783	827
Psychiatry - Child	85	91	83	90	95
Surgery	2,594	2,456	2,678	2,931	3,093
Urology	776	697	933	1,099	943
Other	7	9	6	4	11
Total	19,991	18,049	17,694	19,169	19,246

University of Minnesota Hospital and Clinic

Patient Days

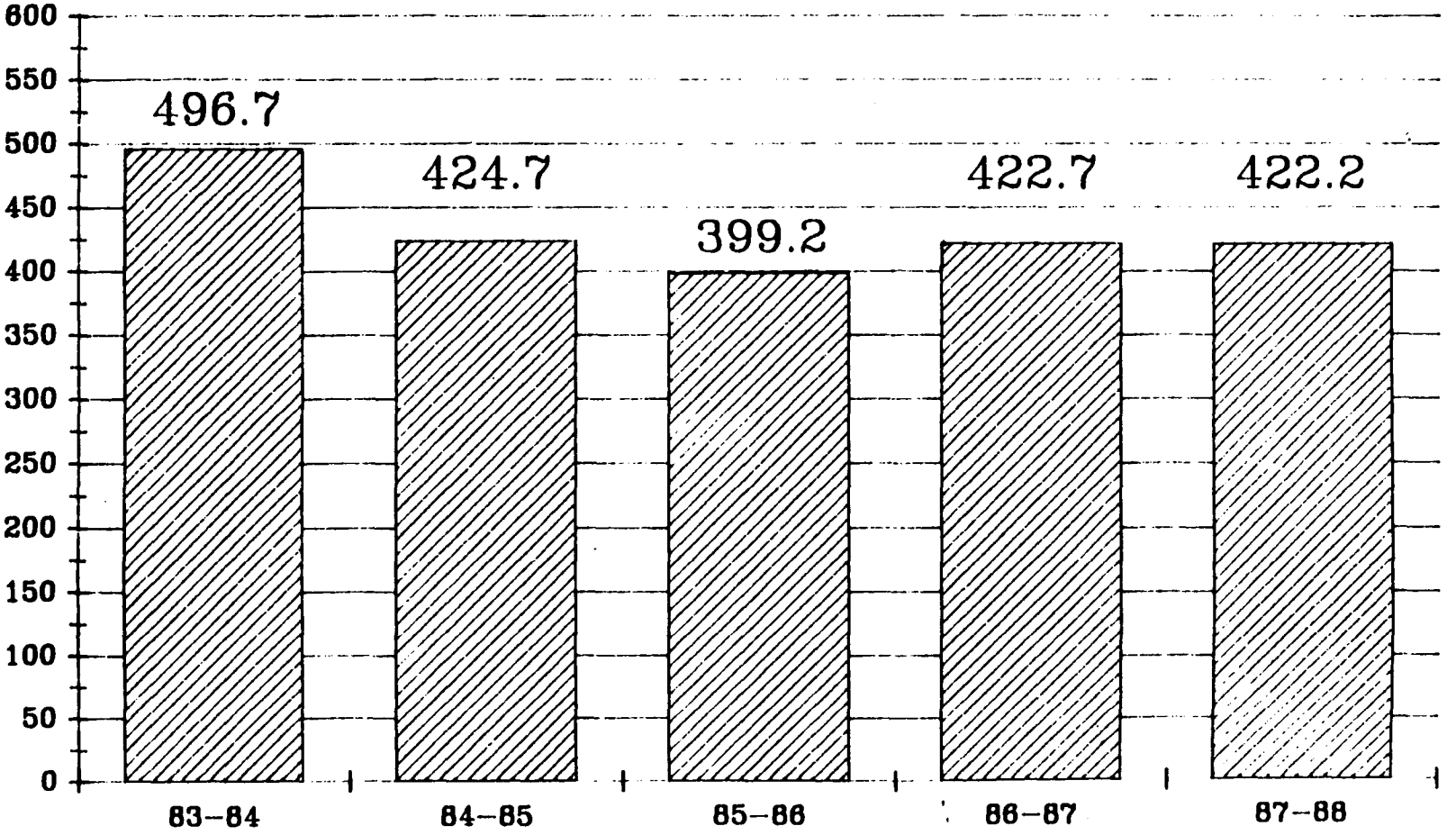
1983–84 through 1987–88



University of Minnesota Hospital and Clinic

Average Daily Census

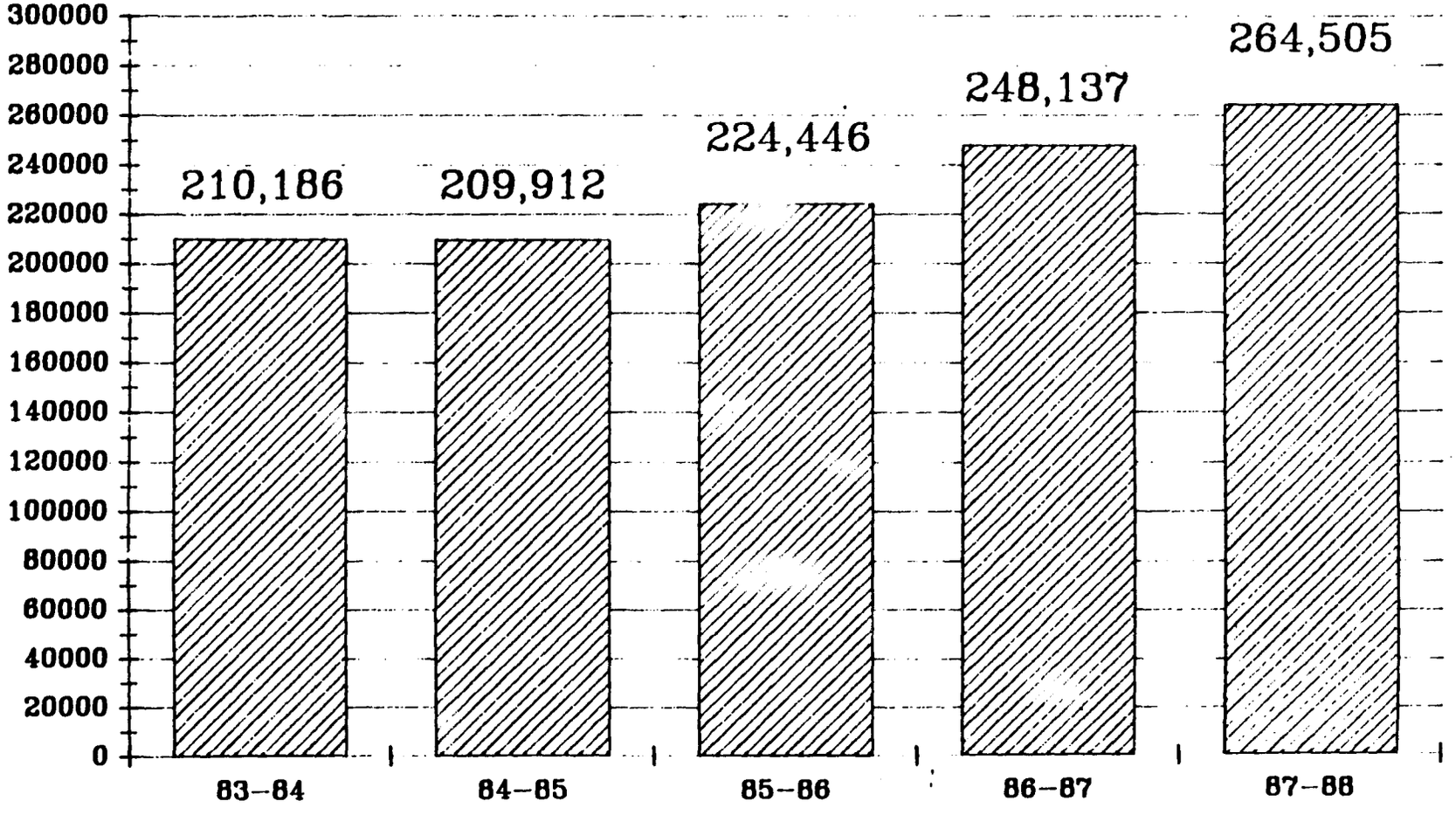
1983–84 through 1987–88



University of Minnesota Hospital and Clinic

Outpatient Clinic Visits

1983–84 through 1987–88



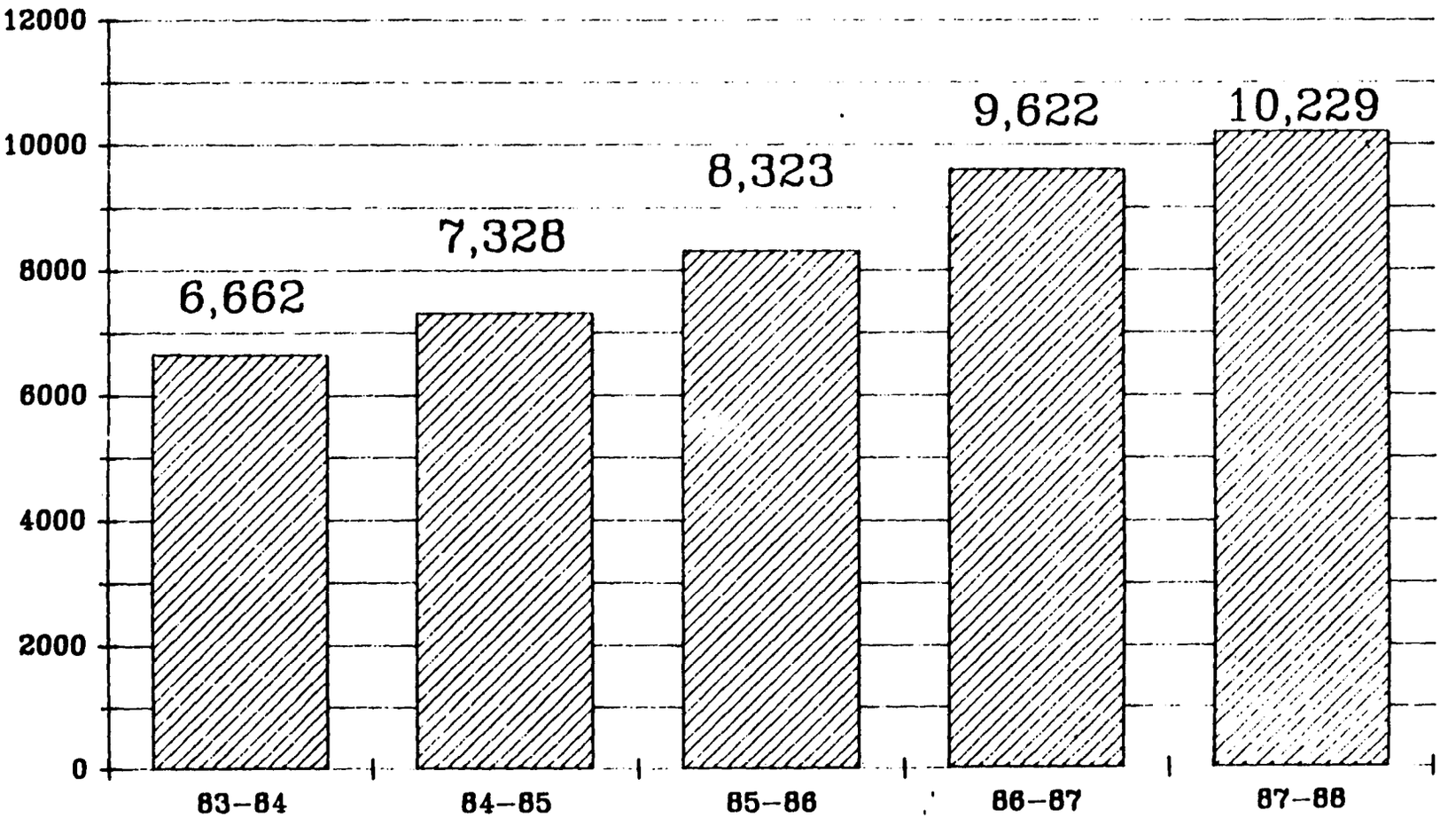
.versity of Minnesota Hospital and Clinic
Outpatient Clinic Visits by Clinical Services
For FY 1983-84 through 1987-88

Clinic Visits	1983-84	1984-85	1985-86	1986-87	1987-88
Ambulatory Surgery	2,786	3,136	3,725	3,750	3,631
Dentistry	5,827	4,096	3,941	4,102	5,270
Dermatology	12,874	11,742	11,922	13,517	13,854
Emergency Room	14,884	13,396	14,551	16,119	15,401
Family Practice	7,405	8,737	8,779	8,970	9,882
Gynecology	17,438	17,284	16,713	17,328	17,886
Medicine	24,104	25,988	28,923	38,623	45,400
Neurology	4,884	4,848	4,833	4,667	4,595
Neurosurgery	3,341	3,283	3,425	3,373	3,982
stetrics	3,473	2,681	2,316	2,303	2,595
Ophthalmology	22,478	23,340	23,950	25,526	26,905
Orthopaedics	8,519	10,983	14,597	15,187	16,640
Otolaryngology	15,755	11,984	10,296	10,651	9,985
Pediatrics	13,909	13,732	13,863	14,593	14,600
PM & R	2,088	1,505	1,459	1,512	2,039
Psychiatry	17,314	20,107	22,715	24,793	24,405
Clinical Psych	2,851	1,822	2,609	3,173	4,215
Radiation Therapy	15,943	16,345	17,031	16,728	18,953
Surgery	9,445	10,285	12,465	14,041	14,731
Urology	4,868	4,618	6,333	9,181	9,536
Total	210,186	209,912	224,446	248,137	264,505

University of Minnesota Hospital and Clinic

Inpatient Cost Per Admission

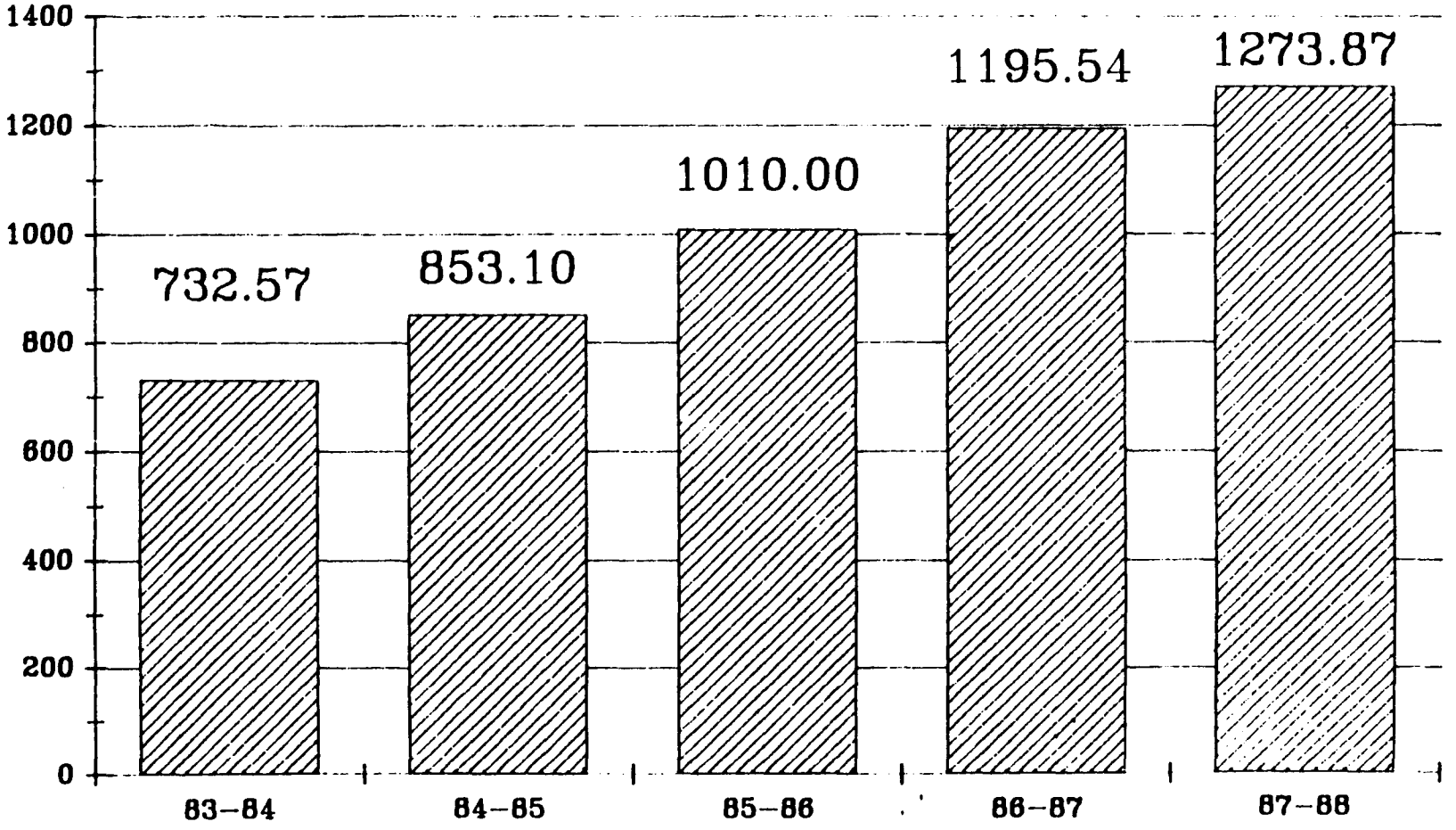
1983–84 through 1987–88



University of Minnesota Hospital and Clinic

Inpatient Cost Per Patient Day

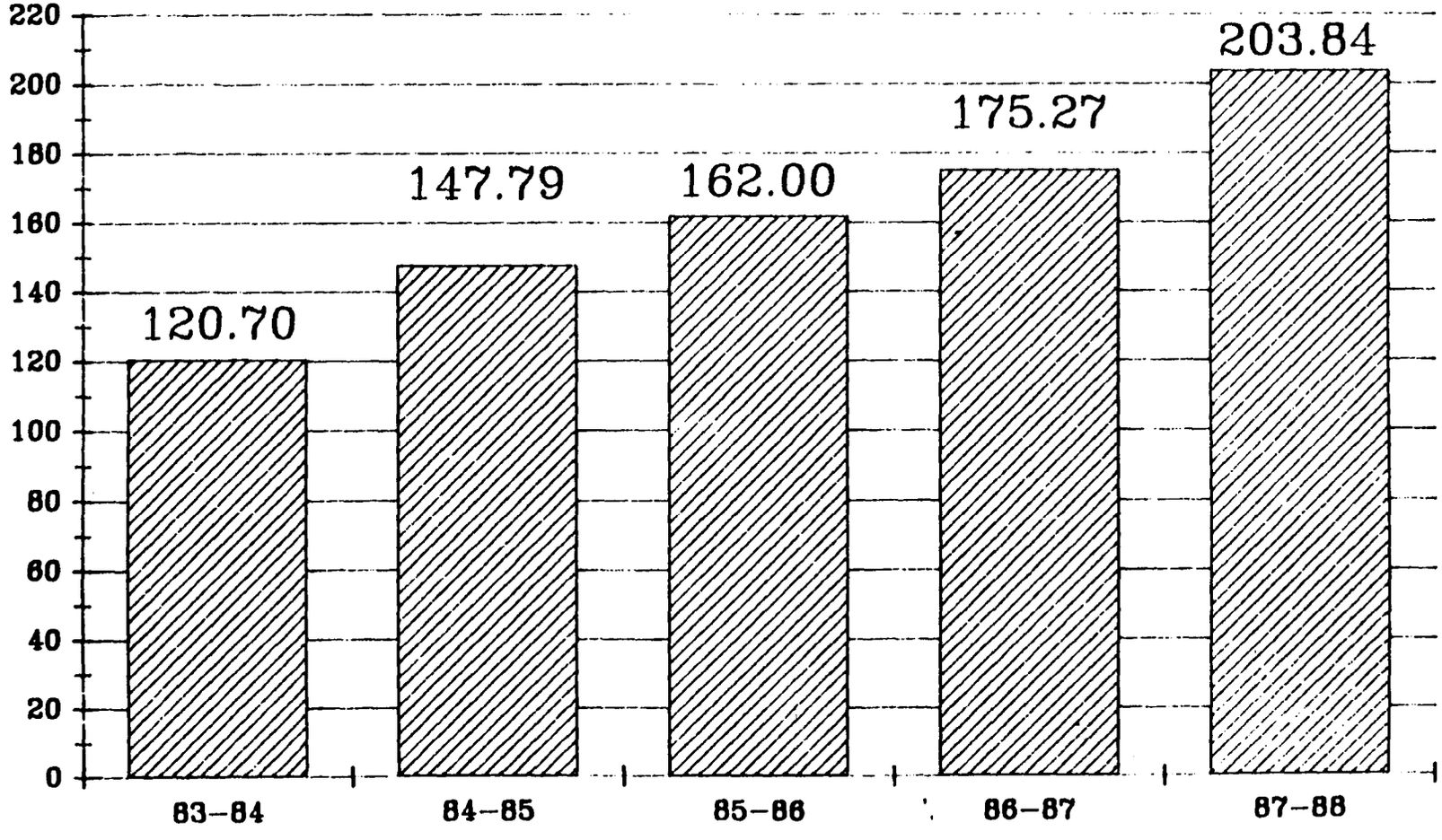
1983–84 through 1987–88



University of Minnesota Hospital and Clinic

Outpatient Cost Per Visit

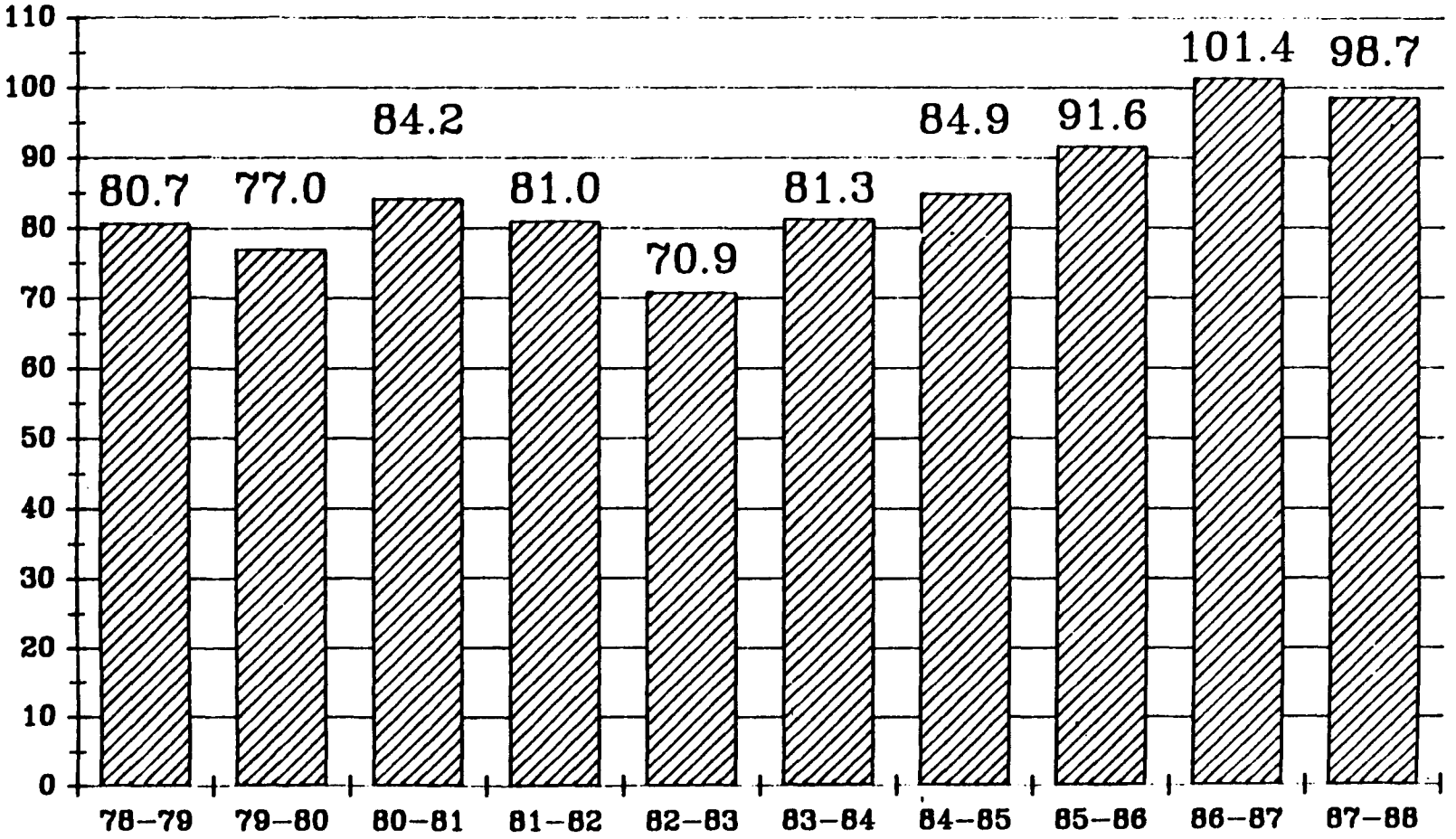
1983–84 through 1987–88



University of Minnesota Hospital and Clinic

Revenue Days in Accounts Receivable

1978–79 through 1987–88



UNIVERSITY OF MN HOSPITAL AND CLINIC

SOURCE OF RECEIPTS

1984 TO 1988

	1984		1985		1986		1987		1988	
	AMT. IN 1,000'S	% OF TOTAL	AMT. IN 1,000'S	% OF TOTAL	AMT. IN 1,000'S	% OF TOTAL	AMT. IN 1,000'S	% OF TOTAL	AMT. IN 1,000'S	% OF TOTAL
MEDICARE	$36,437	19.8	$39,556	20.7	$39,984	20.5	$44,949	19.7	$47,513	18.5
MEDICAL ASSISTANCE & FEDERAL CRIPPLED CHILDREN	15,227	8.3	12,983	6.8	12,181	6.2	19,526	8.6	26,883	10.5 *
BLUE CROSS	19,281	10.5	20,203	10.6	18,185	9.3	28,578	12.5	28,385	11.0
OTHER COMMERCIAL INSURANCE	70,545	38.4	71,879	37.5	78,602	40.1	89,312	39.2	93,167	36.2
HMO	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	12,556	4.9 **
PATIENT LIABILITY	8,897	4.8	9,567	5.0	9,288	4.8	9,817	4.3	8,657	3.4
MISC. AGENCY ACCOUNTS	10,435	5.7	12,383	6.5	10,144	5.2	9,182	4.0	11,488	4.5
COUNTY	1,647	0.9	994	0.5	1,318	0.7	825	0.4	779	0.3
STUDENT HEALTH SERVICE	118	0.1	36	0.0	12	0.0	N/A	N/A	N/A	N/A
COLLECTION AGENCIES	557	0.3	687	0.4	729	0.4	811	0.4	776	0.3
OTHER	1,303	0.7	1,040	0.5	261	0.1	810	0.4	885	0.3
REFUNDS	(4,531)	(2.5)	(3,948)	(2.1)	(3,340)	(1.7)	(4,860)	(2.1)	(4,925)	(1.9)
SUBTOTAL: PATIENT CARE RECEIPTS	$159,916	87.0	$165,380	86.4	$167,364	85.6	$198,950	87.4	$226,164	88.0
APPROPRIATIONS/SUPPORT	12,421	6.8	12,939	6.7	13,106	6.7	13,860	6.1	14,409	5.6
INVESTMENT INCOME	7,600	4.1	8,580	4.5	9,756	5.0	8,771	3.8	9,861	3.8
OTHER INCOME	3,830	2.1	4,549	2.4	5,201	2.7	6,145	2.7	6,788	2.6
TOTAL	$183,767	100.0	$191,448	100.0	$195,427	100.0	$227,726	100.0	$257,222	100.0

* In 1987-88, Crippled Children receipts were recorded in the Misc. Agency Accounts.

** In 1987-88, the HMO receipts were removed f[illegible]ommercial Insurance and Blue Cross into a separate category.

UNIVERSITY OF MINNESOTA HOSPITAL & CLINIC

EXECUTIVE SUMMARY OF FINANCIAL ACTIVITY

FOR THE PERIOD JULY 1, 1987 TO JUNE 30, 1988

	1986-87 Actual	1987-88 Budgeted	1987-88 Actual	Variance Over/-Under Budget	Variance %
Patient Care Charges	$238,045,425	$249,617,800	$260,613,481	$10,995,681	4.4%
Deductions from Charges	37,847,317	45,301,400	36,745,656	($8,555,744)	-18.9%
Other Operating Revenue	5,668,918	5,890,200	6,413,368	$523,168	8.9%
Total Operating Revenue	205,867,026	210,206,600	230,281,193	20,074,593	9.5%
Total Expenditures	227,941,216	239,297,000	250,842,729	11,545,729	4.8%
Net Operating Revenue	(22,074,190)	(29,090,400)	(20,561,536)	8,528,864	29.3%
Non-Operating Revenue and Expenses	21,972,363	22,122,700	26,158,549	4,035,849	18.2%
Revenue Over/Under Expense	($101,827)	($6,967,700)	$5,597,013	$12,564,713	

	1986-87 Actual	1987-88 Budgeted	1987-88 Actual	Variance Over/-Under Budget	Variance %
Admissions	19,169	18,350	19,246	896	4.9%
Patient Days	154,282	153,000	154,537	1,537	1.0%
Average Daily Census	422.7	418.0	422.2	4.2	1.0%
Average Length of Stay	8.1	8.3	8.0	-0.3	-3.6%
Percentage Occupancy	72.2	71.8	72.9	1.1	1.5%
Outpatient Clinic Visits	248,137	255,660	264,505	8,845	3.5%

UNIVERSITY OF MINNESOTA HOSPITAL AND CLINIC

STATEMENT OF OPERATIONS

FOR THE PERIOD JULY 1, 1987 TO JUNE 30, 1988

	1986-87 ACTUAL	1987-88 BUDGETED	1987-88 ACTUAL	VARIANCE OVER/UNDER BUDGET	VARIANCE %
Gross Patient Charges	$238,045,425	$249,617,800	$260,613,481	$10,995,681	4.4%
Deductions From Charges	37,847,317	45,301,400	36,745,656	(8,555,744)	-18.9%
Other Operating Revenue	5,668,918	5,890,200	6,413,368	523,168	8.9%
Total Revenue From Operations	$205,867,026	$210,206,600	$230,281,193	$20,074,593	9.5%
Expenditures					
Salaries	$95,950,578	$101,075,300	$105,504,268	$4,428,968	4.4%
Fringe Benefits	17,987,902	19,139,500	21,320,749	2,181,249	11.4%
Contract Compensation	9,059,159	10,176,700	10,499,114	322,414	3.2%
Medical Supplies, Drugs, Blood	39,097,778	42,191,500	45,022,622	2,831,122	6.7%
Campus Administration Expense	6,261,334	6,471,400	6,471,400	0	0.0%
Depreciation and Amortization	16,417,549	16,693,600	17,332,299	638,699	3.8%
General Supplies and Expense	43,166,916	43,549,000	44,692,277	1,143,277	2.6%
Total Expenditures	$227,941,216	$239,297,000	$250,842,729	$11,545,729	4.8%
Net Revenue From Operations	($22,074,190)	($29,090,400)	($20,561,536)	$8,528,864	29.3%
Non-Operating Revenues and Expenses					
Appropriations	$14,618,233	$14,414,300	$14,733,171	$318,871	2.2%
Interest Income on Reserves	6,167,728	5,517,900	6,797,364	1,279,464	23.2%
Shared Services	475,990	382,500	374,978	(7,522)	-2.0%
Investment Income on Trustee Held Assets	1,793,698	1,808,000	2,674,850	866,850	47.9%
Loss on Writeoff of Other Assets	(1,083,286)	0	0	0	0.0%
Extraordinary and Other Investment Income	0	0	1,578,186	1,578,186	100.0%
Total Non-Operating Revenue and Expenses	$21,972,363	$22,122,700	$26,158,549	$4,035,849	18.2%
Revenue Over/ - Under Expenses	($101,827)	($6,967,700)	$5,597,013	$12,564,713	

UNIVERSITY OF MINNESOTA HOSPITAL AND CLINIC
DETAIL INCOME STATEMENT
FOR THE PERIOD JULY 1, 1987 TO JUNE 30, 1988

	1986-87 ACTUAL	1987-88 BUDGETED	1987-88 ACTUAL	OVER/(UNDER) BUDGET	%
PATIENT CARE CHARGES					
ROUTINE	$67,354,752	$70,025,500	$70,192,099	$166,599	0.2%
ANCILLARY	170,690,673	179,592,300	190,421,382	10,829,082	6.0%
GROSS CHARGES	$238,045,425	$249,617,800	$260,613,481	$10,995,681	4.4%
DEDUCTIONS FROM CHARGES					
THIRD PARTY CONTRACTUAL ADJUSTMENTS	$18,897,961	$27,750,800	$13,716,469	($14,034,331)	-50.6%
BILLING ADJUSTMENTS AND EMPLOYEE BENEFITS	9,644,292	9,219,200	13,169,790	3,950,590	42.9%
CHARITABLE CARE	713,871	663,800	608,930	(54,870)	-8.3%
OTHER CONTRACTUAL ADJUSTMENTS	5,170,041	4,355,300	5,759,560	1,404,260	32.2%
PROVISIONS FOR UNCOLLECTABLES	3,421,152	3,312,300	3,490,907	178,607	5.4%
TOTAL DEDUCTIONS	$37,847,317	$45,301,400	$36,745,656	($8,555,744)	-18.9%
OTHER OPERATING REVENUE					
FOOD SERVICES	$1,396,893	$1,348,500	$1,479,399	$130,899	9.7%
PARKING SERVICES	223,973	500,000	628,679	128,679	25.7%
DEPARTMENT NON-PATIENT	181,910	78,700	18,896	(59,804)	-76.0%
CUHCC GRANTS	1,160,856	1,066,700	1,091,904	25,204	2.4%
REFERENCE LAB INCOME	1,358,564	1,543,700	1,459,628	(84,072)	-5.4%
PRO FEES - NET REVENUE	1,311,613	1,352,600	1,472,219	119,619	8.8%
X-RAY SILVER SALVAGE	0	0	262,643	262,643	100.0%
DONATIONS TO OPERATIONS FROM RESTRICTED FUNDS	35,109	0	0	0	100.0%
TOTAL OTHER REVENUE	$5,668,918	$5,890,200	$6,413,368	$523,168	8.9%
TOTAL REVENUE FROM OPERATIONS	$205,867,026	$210,206,600	$230,281,193	$20,074,593	9.5%
EXPENDITURES					
SALARIES	$95,950,578	$101,075,300	$105,504,268	$4,428,968	4.4%
FRINGE BENEFITS	17,987,902	19,139,500	21,320,749	2,181,249	11.4%
ACADEMIC CONTRACTS	1,868,150	1,960,300	2,041,424	81,124	4.1%
RESIDENT CONTRACTS	4,644,141	5,533,100	5,533,848	748	0.0%
PHYSICIAN COMPENSATION	2,546,868	2,683,300	2,923,842	240,542	9.0%
TOTAL SALARY, F.B., & FEES	$122,997,639	$130,391,500	$137,324,131	$6,932,631	5.3%
LAUNDRY & LINEN	2,080,423	2,106,000	2,192,921	86,921	4.1%
RAW FOOD	1,621,696	1,688,200	1,653,426	(34,774)	-2.1%
DRUGS	15,637,904	18,560,100	16,597,698	(1,962,402)	-10.6%
BLOOD & BLOOD DERIVATIVES	5,748,524	5,853,500	7,430,189	1,576,689	26.9%
MEDICAL SUPPLIES	17,711,350	17,777,900	20,994,735	3,216,835	18.1%
UTILITIES	5,402,442	5,730,300	5,554,639	(175,661)	-3.1%
INSURANCE	2,115,636	1,007,900	1,198,727	190,827	18.9%
RENTAL	2,640,762	2,902,200	3,450,512	548,312	18.9%
MAINTENANCE & REPAIR	4,242,258	4,252,100	4,463,721	211,621	5.0%
NET LOSS ON DISPOSAL OF ASSETS	161,408	0	(3,662)	(3,662)	-100.0%
CAMPUS ADMINISTRATION EXPENSE	6,261,334	6,471,400	6,471,400	0	0.0%
DEPRECIATION AND AMORTIZATION	16,417,549	16,693,600	17,332,299	638,699	3.8%
INTEREST	9,975,524	10,428,000	10,231,507	(196,493)	-1.9%
GENERAL SUPPLIES AND EXPENSE	14,926,767	15,434,300	15,950,486	516,186	3.3%
TOTAL EXPENDITURES	$227,941,216	$239,297,000	$250,842,729	$11,545,729	4.8%
NET REVENUE FROM OPERATIONS	($22,074,190)	($29,090,400)	($20,561,536)	$8,528,864	29.3%
NON-OPERATING REVENUE AND EXPENSES					
APPROPRIATIONS & SUPPORT	$13,860,002	$14,414,300	$14,409,152	($5,148)	0.0%
ACCRUED INTEREST ON APPROPRIATION	758,231	0	324,019	324,019	100.0%
INTEREST INCOME ON RESERVES	6,167,728	5,517,900	6,797,364	1,279,464	23.2%
SHARED SERVICES	475,990	382,500	374,978	(7,522)	-2.0%
INVESTMENT INCOME HELD BY TRUSTEE	1,793,698	1,808,000	2,674,850	866,850	47.9%
EXTRAORDINARY INCOME (LOSS)	0	0	1,513,125	1,513,125	100.0%
OTHER INVESTMENT INCOME	0	0	65,061	65,061	100.0%
LOSS ON WRITE-OFF OF OTHER ASSETS	(1,083,286)	0	0	0	0.0%
TOTAL NON-OPERATING REVENUE AND EXPENSES	$21,972,363	$22,122,700	$26,158,549	$4,035,849	18.2%
REVENUE OVER/-UNDER EXPENSE	($101,827)	($6,967,700)	$5,597,013	$12,564,713	

UNIVERSITY OF MINNESOTA HOSPITAL & CLINIC

OPERATING CASH FLOW

FOR THE PERIOD JULY 1, 1987 TO JUNE 30, 1988

Source of Funds		
Beginning Operating Cash Balance		$34,475
Net Income from Operations	(20,561,536)	
Non-Operating Revenue	26,158,549	
Excess of Revenue over Expense		5,597,013
Items not Requiring the Outlay of Cash		
Depreciation		17,332,299
University Support: G & A		6,371,400
Disposal of Assets		25,459
Decrease in Other Receivables		642,472
Third Party Liability Transfer		6,791,534
Deferred Third Party Reimbursement		1,651,613
Renewal Project Interest Expense		9,648,555
Transfer for PCN Liability Payment		1,058,268
Prior Year CIP Expensed in Current Year		40,586
Extraordinary Loss on Bonds		515,510
Total Funds Provided from Operations		$49,709,184
Funds Applied		
Transfers to Plant:		
Increase in Capital Expenditures	$9,386,096	
Decrease in Capital Encumbrances	(338,755)	
Total transfers to Plant from Operations		9,047,341
Increase in Accounts Receivable		7,218,674
Increase in Inventory		214,034
Increase in Prepaid Expenses		583,975
Decrease in Accrued Expenses		7,456,606
Gain on Disposal of Assets		3,662
Investment Income - Trustee-held Assets		2,674,850
Transfer to Reserves - Bond Retirement		2,707,083
Transfer to Reserves - Bond Interest		9,371,059
Year End Closing Transfer to Reserve		1,073,076
Extraordinary Gain on Bonds		2,028,635
Total Funds Applied		$42,378,996
Operating Cash Made Available from Operations		$7,330,188

Total Operating Cash Available of $7,330,188 plus Transfers for Bond Retirement of $2,707,083; plus Transfers for Bond Interest Payment of $9,371,059; plus Transfers to Plant of $9,047,341 equals Cash Generate from Operations of $28,455,672.

Current Cash Summary	
Operating Cash	$7,330,188
Reserve Cash for Liability to Third Party Payors	7,514,214
Unrealized Appropriation Cash	0
Reserve Cash for Short Term Debt Retirement	2,500,000
Reserve Cash for Bond Prinicipal & Interest Payment	6,063,351
	23,407,753
Less Interest Income on Reserves	(7,121,383)
Total Current Cash	$16,286,370

UNIVERSITY OF MINNESOTA HOSPITAL & CLINIC
BALANCE SHEETS

JUNE 30, 1988 AND JUNE 30, 1987

ASSETS	6/30/88	6/30/87
CURRENT ASSETS		
Operating Cash	$208,805	$34,475
Reserve Cash- Third Party Payable	7,514,214	14,305,751
Unrealized Appropriation Cash	0	0
Reserve Cash- Short Term Debt	2,500,000	2,500,000
Reserve Cash- Bond Int. & Prin. Pay.	6,063,351	4,214,376
Accounts Receivable		
Patient Receivables	79,340,120	72,366,775
Other Receivables	1,946,002	2,018,472
	81,286,122	74,385,247
Less Allowances for Losses in Collection	(5,608,829)	(5,578,000)
Less Allowances for Discounts to Third Party Payors	(13,347,702)	(13,623,861)
	62,329,591	55,183,386
Trustee Held Assets	0	1,020,755
Inventories of Drugs & Supplies	4,749,698	4,863,369
Prepaid Expenses	977,119	393,145
Silver Deposits	262,643	0
TOTAL CURRENT ASSETS	$84,605,421	$82,515,257
BOARD DESIGNATED ASSEST:		
rd Designated Assets		
ailable for Assignment		
Cash & Investments	$67,965,416	$56,442,424
Accrued Interest	148,240	605,020
	68,113,656	57,047,444
Assigned Cash & Investments	10,098,464	8,508,004
TOTAL BOARD DESIGNATED ASSETS	$78,212,120	$65,555,448
DEFERRED THIRD PARTY REIMBURSEMENT	$8,520,626	$10,172,239
OTHER ASSETS	$323,251	$258,189
LAND, BUILDINGS & EQUIPMENT		
Land, Buildings & Improvements	$183,083,996	$180,359,060
Equipment	77,311,402	68,008,620
	260,395,398	248,367,680
Less Accumulated Depreciation	(83,775,058)	(67,640,664)
	176,620,340	180,727,016
Construction in Progress	5,249,789	8,210,281
TOTAL LAND, BUILDINGS & EQUIPMENT	$181,870,129	$188,937,297
TRUSTEE HELD ASSETS	$42,433,460	$51,195,164
DEFERRED DEBT EXPENSE	$1,360,345	$2,023,259
	$397,325,352	$400,656,853

LIABILITIES AND FUND BALANCES	6/30/88	6/30/87
CURRENT LIABILITIES		
Accounts payable	$7,620,725	$6,107,767
Payable to Third Party Contr. Payors	7,514,214	14,305,751
Salaries, Wages and Payroll Taxes	4,550,262	7,080,113
Accrued Vacation	7,359,638	6,706,162
Accrued Professional Fees and Physician Compensation	1,335,461	1,619,648
Contracts Payable	434,993	2,369
Construction Retainages	171,434	918,366
Interest Payable	4,927,542	4,263,163
Current Portion of Long-Term Debt	3,826,673	3,796,447
Promissory Notes Payable	2,500,000	2,500,000
TOTAL CURRENT LIABILITIES	$40,240,942	$47,299,786
LONG-TERM DEBT, LESS CURRENT PORTION	$174,669,486	$182,896,914
UNRESTRICTED FUND BALANCE	$182,414,924	$170,460,153
	$397,325,352	$400,656,853

RESTRICTED ASSETS		
Cash and Investments	$5,955,185	$4,856,396

RESTRICTED FUND BALANCES		
Fund Balances		
Endowment Funds	$1,977,422	$1,846,730
Gift Funds	3,977,763	3,009,666
	$5,955,185	$4,856,396

University of Minnesota Hospital & Clinic

Statement of Changes in Fund Balance

For the Period July 1, 1987 to June 30, 1988

	OPERATING FUND	BOARD DESIGNATED FUND	TRUSTEE & PLANT FUND	TOTAL UNRESTRICTED FUNDS
UNRESTRICTED FUNDS				
Beginning Balance	$33,976,173	$57,047,446	$79,436,534	$170,460,153
Net Income				
Excess of Revenue over Expense	11,224,110			
Interest Income on Reserves		6,797,364		
Accrued Interest on Appropriations		324,019		
Depreciation Expense			(17,332,299)	
Gain on Disposal of Assets			1,154	
Interest Expense			1,905,307	
Interest Income on Trustee Held Fund			2,674,850	
Total Income				5,597,013
Less Expense				
University Support: G & A	6,371,400			6,371,400
Transfers Between Funds				
Major Building Projects- Hospital Only	(98,500)	(4,904,597)	5,003,097	0
Capital Expenditures	(8,557,334)	0	8,557,334	0
Capital Encumbrance Change	338,755		(338,755)	0
Major Equipment Requisition	(1,001,158)	7,225,366	(6,224,208)	0
Bond Interest Payment	10,877,804	(10,668,397)	(209,407)	0
Bond Principal Sinking Fund	(1,534,166)	1,534,166		0
Short Term Note Funding	2,500,000		(2,500,000)	0
Bond Interest Expense Funding	(4,480,624)	4,480,624		0
Prior Year End Bond Interest Transfer	(4,214,376)	4,214,376		0
Reimbursement from Trustee- Bond Interest		4,841,928	(4,841,928)	0
PCN liability payment	1,058,268	(1,058,268)		0
Increase in Restricted Gift Fund Committment to Plant			155,560	155,560
Unrestricted Donation			50,000	50,000
Adjustments to Hospital Shared Buildings	0	271	(53,247)	(52,976)
Orthopaedic Surgery loan	570,000		(570,000)	0
Bond Principal Payment	0	(2,630,000)	2,630,000	0
Year End Closing Transfer	(1,073,076)	1,073,076		0
Lipid Research Space		(163,718)		(163,718)
Ending Balance	$45,957,276	$68,113,656	$68,343,992	$182,414,924

RESTRICTED FUNDS	GIFT	ENDOWMENT	TOTAL
Beginning Balance	3,009,666	1,846,730	4,856,396
Income	1,602,370	153,873	1,756,243
Disbursement	(634,274)	(23,180)	(657,454)
Ending Balance	$3,977,762	$1,977,423	$5,955,185

UMHC Board Designated Fund Activity
6-30-87 through 6-30-88

	Unspecified	Specified	Total
Balance at 6-30-87	$57,047,444	$ 8,508,004	$65,555,448
Interest Income on Reserves and Appropriations	7,121,382	-0-	7,121,382
Net Transfers from Trustee for Equipment, Renovation Expenses, and Debt Service Costs	9,874,425	-0-	9,874,425
Payment of Primary Care Network Loan Guarantees	<1,058,268>	-0-	<1,058,268>
Reimburse Campus for Lipid Research Space	< 163,718>	-0-	< 163,718>
Refund of Insurance Premium Cost for Unit J Construction	174,521	-0-	174,521
Transfer of Cash for Abandonment Cost Note Payable	-0-	<2,500,000>	<2,500,000>
Transfers for:			
Community University Health Care Center	<1,350,000>	1,350,000	-0-
MRI-2	<3,600,000>	3,600,000	-0-
Dermatology Clinic	< 630,000>	630,000	-0-
Eye Clinic	< 40,000>	40,000	-0-
Architect Fees	< 490,000>	490,000	-0-
Orthopaedic Surgery Loan	-0-	< 570,000>	< 570,000>
Closed Plant Funds	154,794	< 154,794>	-0-
Transfer from Operations - Capital Encumb.	-0-	56,436	56,436
Expenditures Against Equipment Rollforward Reserve	-0-	< 490,064>	< 490,064>
Expenditures Against Plant Funds	-0-	< 861,118>	< 861,118>
Year End Closing from Operations	1,073,076	-0-	1,073,076
Balance at 6-30-88	$68,113,656	$10,098,464	$78,212,120

UNIVERSITY OF MINNESOTA
TWIN CITIES

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

October 26, 1988

TO: Board of Governors

FROM: Clifford P. Fearing

SUBJECT: Report of Operations for the Period
July 1, 1988 through September 30, 1988

The Hospital's operations through the month of September reflect both inpatient admissions and outpatient visit activity that were above budgeted levels. Ancillary and routine revenue were also above budgeted levels.

INPATIENT CENSUS: For the month of September, inpatient admissions totaled 1,599, which was 45 above budgeted admissions of 1,554. Our overall average length of stay for the month was 8.2 days. Patient days for September totaled 13,137 and were 1,755 days over budget. The increase in admission levels over budget was primarily in the areas of Medicine, Obstetrics, and Pediatrics.

To recap our year-to-date inpatient census:

	1987-88 Actual	1988-89 Budget	1988-89 Actual	Variance	% Var
Admissions	5,003	4,748	4,906	158	3.3
Patient Days	39,165	36,317	41,019	4,702	12.9
Avg Length of Stay	7.8	7.6	8.3	0.7	9.2
Avg Daily Census	425.7	394.8	445.9	51.1	12.9
Percent Occupancy	73.1	68.4	76.5	8.1	11.8

OUTPATIENT CENSUS: Clinic visits for the month of September totaled 22,420 which was 683, or 3.1%, above budgeted visits of 21,737. Areas which experienced actual visits with large increases over budget were Dermatology, Orthopedics, Adult Psych, and Masonic Day Hospital. Community University Health Care Center (CUHCC) visits for the month of September totaled 3,454, which was 713, or 17.1%, under budgeted visits of 4,167, while Home Health visits of 876 for the month were 87, or 11.0%, above budgeted visits of 789.

To recap our year-to-date outpatient census:

	1987-88 Actual	1988-89 Budget	1988-89 Actual	Variance	% Var
Clinic Visits	65,875	66,318	69,375	3,057	4.6
CUHCC Visits	12,852	12,698	10,745	(1,953)	(15.4)
HHA Visits	1,995	2,420	2,609	189	7.8

FINANCIAL OPERATIONS: The Hospital's Statement of Operations shows total revenue over expense of $5,609,108, a favorable variance of $4,147,619.

Patient care charges through September totaled $78,769,805, which was 10.8% over budget. Routine revenue was 16.2% over budget and reflects our year-to-date favorable patient day variance.

Ancillary revenue was $4,733,200 above budget (9.0%) and reflected the favorable variance in both admissions and clinic visits. Inpatient ancillary revenue has averaged $8,660 per admission compared to the budgeted average of $7,982 per admission. Outpatient revenue per clinic visit has averaged $218 compared to the budgeted average of $225.

Operating expenditures through September totaled $66,131,269 and were $1,053,059 (1.6%) over budgeted levels of $65,078,210. The overall unfavorable variance relates primarily to the increased demand for patient services, and is reflected in higher personnel costs and patient care supplies (drugs, medical supplies).

ACCOUNTS RECEIVABLE: The balance in patient accounts receivable as of September 30, 1988, totaled $89,162,976 and represented 96.8 days of revenue outstanding. The overall decrease in our patient receivables in September of 2.2 days occurred primarily in Medical Assistance and General Assistance Medical Care.

CONCLUSION: The Hospital's overall operating position is positive and above budgeted levels. Both inpatient and outpatient census levels are above budget. We continue to monitor our demand for service closely and make those operating changes that are necessary and appropriate.

UNIVERSITY OF MINNESOTA HOSPITAL AND CLINIC

BAD DEBT STATISTICS

JULY 1988 THROUGH SEPTEMBER 1988

	Less Than $2000	# of Accounts	More Than $2000	# of Accounts	TOTAL AMOUNT	TOTAL # of ACCOUNTS
INPATIENT						
Medicare (610) Non-Recoverable	$ --	--	$ --	--	$ --	--
Bad Debt (701) Write-Offs	50,814.59	116	72,417.84	17	123,232.43	133
Bad Debt (702) Charity Care	13,511.58	33	85,134.50	12	98,646.08	45
Total	64,326.17	149	159,552.34	29	221,878.51	178
Recoveries	(557.00)	5	(4,208.46)	1	(4,765.46)	6
Net Total	$ 63,769.17	149*	$ 153,343.88	29*	$ 217,113.05	178*
OUTPATIENT						
Medicare (610) Non-Recoverable	$ 4,706.47	16	$ 242,096.84	11	$ 246,803.31	27
Bad Debt (701) Write-Offs	118,829.96	1031	22,772.22	4	141,602.18	1035
Bad Debt (702) Charity Care	25,943.81	146	5,225.56	1	31,169.37	147
Total	149,480.24	1193	270,094.62	16	419,574.86	1209
Recoveries	(7,900.24)	51	(000.00)	0	(7,900.24)	51
Net Total	$ 141,580.00	1193*	$ 270,094.62	16*	$ 411,674.62	1209*
INPATIENT AND OUTPATIENT TOTAL	$ 205,349.17	1342*	$ 423,438.50	45*	$ 628,787.67	1387*
MEDICARE BAD DEBTS						
Inpatient (710)	$ 000.00	0	$ 000.00	0	$ 000.00	0
Outpatient (710)	45.00	2	000.00	0	45.00	2
Total	45.00	2	000.00	0	45.00	2
Recoveries	(000.00)	0	(000.00)	0	(000.00)	0
Net Total	$ 45.00	2*	$ 000.00	0*	$ 45.00	2*
TOTAL NET BAD DEBT	$ 205,394.17	1344*	$ 423,438.50	45*	$ 628,832.67	1389*

NOTE: More than $2,000 amount includes legal settlements totaling $20,000.40

DOLLA BUDGETED **$1,008,475.00**

UNIVERSITY OF MINNESTOA HOSPITAL AND CLINIC

BAD DEBT STATISTICS

JULY 1988 THROUGH SEPTEMBER 1988

	LESS THAN $100	# OF ACCOUNTS	$100 - $999	# OF ACCOUNTS	$1000 - $1999	# OF ACCOUNTS	$2000 - $9,999	# OF ACCOUNTS	$10,000 +	# OF ACCOUNTS	TOTAL AMOUNT	TOTAL # OF ACCOUNTS
INPATIENT												
Medicare (610) Non-Recoverable	$0.00	0	$0.00	0	$0.00	0	$0.00	0	$0.00	0	$0.00	0
Bad Debt (701) Write-Offs	$1,930.92	45	22,317.34	53	26,566.33	18	50,901.51	16	21,516.33	1	123,232.43	133
Bad Debt (702) Charity Care	$352.02	7	$12,003.50	25	$1,156.06	1	$45,744.15	10	$39,390.35	2	$98,646.08	45
Total	$2,282.94	52	$34,320.84	78	$27,722.39	19	$96,645.66	26	$60,906.68	3	$221,878.51	178
Recoveries	($65.00)	4	($492.00)	1	$0.00	0	($4,208.46)	1	0.00	0	($4,765.46)	6
Net Total	$2,217.94	52 *	$33,828.84	78 *	$27,722.39	19 *	$92,437.20	26 *	$60,906.68	3 *	$217,113.05	178
OUTPATIENT												
Medicare (610) Non-Recoverable	$294.04	6	$3,148.23	9	$1,264.20	1	$32,267.80	8	$209,829.04	3	$246,803.31	27
BAD DEBT (701) WRITE-OFFS	$23,966.66	661	$85,056.78	363	$9,806.52	7	$22,772.22	4	$0.00	0	$141,602.18	1035
Bad Debt (702) Charity Care	$2,697.58	63	$20,818.76	81	$2,427.47	2	$5,225.56	1	$0.00	0	$31,169.37	147
Total	$26,958.28	730	$109,023.77	453	$13,498.19	10	$60,265.58	13	$209,829.04	3	$419,574.86	1209
Recoveries	($1,011.56)	36	($3,713.26)	13	($3,175.42)	2	$0.00	0	$0.00	0	($7,900.24)	51
Net Total	$25,946.72	730 *	$105,310.51	453 *	$10,322.77	10 *	$60,265.58	13 *	$209,829.04	3 *	$411,674.62	1209
INPATIENT AND OUTPATIENT TOTAL	$28,164.66	782 *	$139,139.35	531 *	$38,045.16	29 *	$152,702.78	39 *	$270,735.72	6 *	$628,787.67	1387
MEDICARE BAD DEBTS												
Inpatient (710)	$0.00	0	$0.00	0	$0.00	0	$0.00	0	$0.00	0	$0.00	0
Outpatient (710)	$45.00	2	$0.00	0	$0.00	0	$0.00	0	$0.00	0	$45.00	2
Total	$45.00	2	$0.00	0	$0.00	0	$0.00	0	$0.00	0	$45.00	2
Recoveries	$0.00	0	$0.00	0	$0.00	0	$0.00	0	$0.00	0	$0.00	0
Net Total	$45.00	2 *	$0.00	0 *	$0.00	0 *	$0.00	0 *	$0.00	0 *	$45.00	2
TOTAL NET BAD DEBT	$28,209.66	784 *	$139,139.35	531 *	$38,045.16	29 *	$152,702.78	39 *	$270,735.72	6 *	$628,832.67	1389
DOLLARS BUDGETED											$1,008,475.00	

* Net total of accounts do not include recoveries

BAD DEBT WRITEOFF (CONTROL) ACCOUNTS
1ST HALF 1988-89

610 MEDICARE NON-RECOVERABLE

ACCT #	NAME OF ACCOUNT	JULY	AUGUST	SEPTEMBER	1ST QTR TOTAL	OCTOBER	NOVEMBER	DECEMBER	2ND QTR TOTAL
6901987	MEDI: DIALYSIS N/A RAD	56.50			56.50				
6901995	MEDI: DIALYSIS N/A CL FEE	28.50	15.50		44.00				
6902092	MEDI: DIALYSIS N/A PHARM	4,765.61	2,669.83	3,422.59	10,858.03				
6907950	MED DENIED - HOSP LIABLE	691.27	2,413.40	79.84	3,184.51				
6914337	MEDI: CAPD N/A CLINIC FEE	22.50		107.50	130.00				
6914485	MEDI: DIALYSIS N/A SUPP	391.85		91.20	483.05				
6915169	MEDI: PMR-NO RECORD	115.20			115.20				
6916639	MED - ESRD FUND	3,736.27			3,736.27				
6916761	MEDI:DIAL JUSTIF UNVAILABL	369.41			369.41				
6919336	MEDI: DIALYSIS N/A ECG			690.00	690.00				
6919914	HHCS-MEDICARE DENIAL W/O		160.80		160.80				
6925093	MED-DIALYSIS:ROUTINE LAB	4,475.50	6,526.60	4,258.00	15,260.10				
6925101	MED-DIALYSIS:COMPOSITE	60,769.31	83,466.92	65,592.81	209,829.04				
6925119	MED-DIALYSIS:OXYGEN	150.50	1,264.20	471.70	1,886.40				
701 BAD DEBT WRITEOFFS					0.00				
6906549	LEGAL SETTLEMENTS	7,840.58	9,437.72	2,722.10	20,000.40				
6910301	BAD DEBT ACCT UND $50		26.33	118.77	145.10				
6912802	REFUNDS - UNLOCATABLE	-196.18	-522.00		-718.18				
6910608	BAD DEBT - MED MC CHGS		164.87	-1,847.33	-1,682.46				
	TOTAL	83,216.82	105,624.17	75,707.18	264,548.17	0.00	0.00	0.00	0.00

2ND HALF 1988-89

610 MEDICARE NON-RECOVERABLE

ACCT#	NAME OF ACCOUNT	JANUARY	FEBRUARY	MARCH	3RD QTR TOTAL	APRIL	MAY	JUNE	4TH QTR TOTAL
6901987	MEDI: DIALYSIS N/A RAD								
6901995	MEDI: DIALYSIS N/A CL FEE								
6902092	MEDI: DIALYSIS N/A PHARM								
6907950	MED DENIED - HOSP LIABLE								
6914337	MEDI: CAPD N/A CLINIC FEE								
6914485	MEDI: DIALYSIS N/A SUPP								
6915169	MEDI: PMR-NO RECORD								
6916639	MED - ESRD FUND								
6916761	MEDI:DIAL JUSTIF UNVAILA								
6919336	MEDI: DIALYSIS N/A ECG								
6919914	HHCS-MEDICARE DENIAL W/O								
6925093	MED-DIALYSIS:ROUTINE LAB								
6925101	MED-DIALYSIS:COMPOSITE								
6925119	MED-DIALYSIS:OXYGEN								
701 BAD DEBT WRITEOFFS									
6906549	LEGAL SETTLEMENTS								
6910301	BAD DEBT ACCT UND $50								
6912802	REFUNDS - UNLOCATABLE								
6910608	BAD DEBT - MED MC CHGS								
	TOTAL	0.00	0.00	0.00	0.00				

		CREDITS	TOTAL
	1ST QUARTER TOTAL	264,548.17	2,565.51	267,113.68
	2ND QUARTER TOTAL	0.00	0.00	0.00
	3RD QUARTER TOTAL	0.00	0.00	0.00
	4TH QUARTER TOTAL	0.00	0.00	0.00
	TOTAL	264,548.17	2,565.51	267,113.68

FIRST QUARTER FISCAL YEAR - 1989
and YEAR-TO-DATE BAD DEBTS

BY STATE

STATE	FIRST QUARTER NUMBER	FIRST QUARTER AMOUNT	TOTAL FSY 89 NUMBER	TOTAL FSY 89 AMOUNT
Alabama				
Alaska	3	284.40	3	284.40
Arizona	1	140.80	1	140.80
Arkansas	1	626.25	1	626.25
California	15	1,805.92	15	1,805.92
Colorado	3	473.06	3	473.06
Connecticut				
Delaware				
Dist. of Colombia	1	706.80	1	706.80
Florida	6	4,459.78	6	4,459.78
Georgia	2	245.48	2	245.48
Hawaii				
Idaho	2	130.71	2	130.71
Illinois	9	1,296.69	9	1,296.69
Indiana	2	187.18	2	187.18
Iowa	6	1,062.74	6	1,062.74
Kansas				
Kentucky				
Louisiana				
Maine				
Maryland				
Massachusetts	1	338.65	1	338.65
Michigan	17	10,519.13	10	10,519.13
Minnesota	1135	294,251.00	1137	298,215.92
Mississippi				
Missouri	2	665.30		665.30
Montana	4	143.23	4	143.23
Nebraska	4	179.45	4	179.45
Nevada				
New Hampshire				
New Jersey				
New Mexico	1	131.00	1	131.00
New York	4	510.13	4	510.13
North Carolina	1	184.31	1	184.31
North Dakota	28	3,647.64	28	3,647.64
Ohio	5	1,150.62	5	1,150.62
Oklahoma				
Oregon	4	27,079.55	4	27,079.55
Pennsylvania	3	1,269.60	3	1,269.60
Puerto Rico				

continued on next page

FIRST QUARTER FISCAL YEAR - 1989
and YEAR-TO-DATE BAD DEBTS

BY STATE/Page Two

STATE	FIRST QUARTER NUMBER	FIRST QUARTER AMOUNT	TOTAL FSY 89 NUMBER	TOTAL FSY 89 AMOUNT
Rhode Island				
South Carolina	1	18.13	1	18.13
South Dakota	12	12,967.66	12	12,967.66
Tennessee				
Texas	4	495.45	4	495.45
Utah				
Vermont				
Virginia				
Washington	2	218.35	2	218.35
West Virginia	1	52.50	1	52.50
Wisconsin	47	4,029.43	47	4,029.43
Wyoming			2	182.12
Out-of-Country	1	22.89	1	22.89
Total	1356	374,384.69	1356	374,384.69
Control		267,113.68		267,113.68
GRAND TOTAL		641,498.37		641,498.37

FIRST QUARTER FISCAL YEAR - 1989
and YEAR-TO-DATE BAD DEBTS

BY SERVICE

ADMITTING SERVICE	FIRST QUARTER NUMBER	FIRST QUARTER AMOUNT	TOTAL FSY 89 NUMBER	TOTAL FSY 89 AMOUNT
Anesthesiology				
Clinical Research				
Dentistry				
Dermatology				
Family Practice				
OB	1	991.30	1	991.30
NB	3	1,322.45	3	1,322.45
GYN	4	4,366.36	4	4,366.36
GYN-Oncology	6	1,517.65	6	1,517.65
Lab Medicine & Pathology				
Medicine-Blue	5	3,635.13	5	3,635.13
Green	4	8,616.79	4	8,616.79
Masonic (Onc)	11	10,624.00	11	10,624.00
Purple	1	34.69	1	34.69
Red A	8	6,120.22	8	6,120.22
Red B	2	297.24	2	297.24
Rose A	1	215.38	1	215.38
Rose B				
White A	8	4,290.75	8	4,290.75
White B	2	507.29	2	507.29
Yellow A	1	1,156.06	1	1,156.06
Yellow B				
Neurology	3	3,332.55	3	3,332.55
Neuro-epilepsy				
Neurosurgery	9	9,588.96	9	9,588.96
New Born-General	3	1,587.66	3	1,587.66
Obstetrics-General	9	5,266.35	9	5,266.35
-Midwife				
Opthamology	6	6,425.50	6	6,425.50
Orthopaedic Surgery	11	27,759.65	11	27,759.65
Otolaryngology	3	22.99	3	22.99
Pediatrics-General	12	11,021.30	12	11,021.30
Neurology				
Neurosurgery	1	3,647.54	1	3,647.54
Opthalmology				
Orthopaedics	1	130.10	1	130.10
Otolaryngology				
Surgery Green	3	2,128.49	3	2,128.49
Surgery Orange				
Surg. Transplant				
Urology	1	394.82	1	394.82
Physical Med. & Rehab.				
Psychiatry-Child	3	1,061.04	3	1,061.04
-Adult	10	10,964.73	10	10,964.73
Radiology				

continued on next page

FIRST QUARTER FISCAL YEAR - 1989
and YEAR-TO-DATE BAD DEBTS

BY SERVICE/Page Two

ADMITTING SERVICE	FIRST QUARTER NUMBER	FIRST QUARTER AMOUNT	TOTAL FSY 89 NUMBER	TOTAL FSY 89 AMOUNT
Surgery-Blue	10	32,008.00	32	32,008.00
Orange	1	255.26	1	255.26
Purple	5	4,620.15	5	4,620.15
Red	6	6,027.89	6	6,027.89
White	7	28,864.15	7	28,864.15
Therapeutic Radiology				
Urology	10	11,565.12	10	11,565.12
Unknown	7	11,510.95	7	11,510.95
Outpatient	1178	152,506.18	1178	152,506.18
Total	1356	374,384.69	1356	374,384.69
Control Accounts		267,113.68		267,113.68
GRAND TOTAL		641,498.37		641,498.37

UNIVERSITY OF MINNESOTA
TWIN CITIES

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

October 21, 1988

MEMO TO: Members, Board of Governors

FROM: Robert M. Dickler RD

REGARDING: Health Etc. Asset Acquisition

Over the past two months, the Board of Governors has discussed the proposal that calls for the consolidation of Health Etc., a neighborhood clinic in south Minneapolis, with the Community University Health Care Center (CUHCC). These discussions have been very beneficial in our development of a final recommendation for the Board. We have identified three major issues that have been clarified and addressed that we will review with you. These issues are program compatibility, the structure of the consolidation agreement, and the risks associated with this venture. Attached is a summary of these issues and the proposal. This proposal has been reviewed and approved by the Council of Chiefs of Clinical Services.

The asset evaluation was still in progress at the time of the Planning and Development Committee meeting earlier this month. As a result, that committee endorsed the acquisition, pending a review and approval of the specific arrangements by the Finance Committee. Assuming endorsement by the Finance Committee, this proposal is being presented to you for approval.

Amos Deinard, M.D., Mary Ellen Wells, and Susan Weber will be available at the meeting for your questions. Thank you for your consideration.

Attachment

Consolidation Proposal
Community University Health Care Center
and
Health Etc.

I. INTRODUCTION

Approximately twelve months ago, the Board of Directors of Health Etc., a community clinic that provides medical and dental services in south Minneapolis, contacted the CUHCC staff regarding their desire to explore a consolidation of Health Etc. into CUHCC. The board believes the clinic cannot continue to operate independently and must affiliate with another provider. They believe CUHCC is the most attractive alternative and have asked that UMHC consider consolidating the programs. UMHC agreed to study this proposal based in part on the fact that Health Etc. offers the opportunity to strengthen CUHCC's financial position.

We have reviewed program compatability, the legal and financial structure of the consolidation, and the risks associated with the proposal. Following is summary of these issues.

II. HEALTH ETC. PROGRAM DESCRIPTION

Health Etc. is a community clinic with a similar mission to CUHCC's of providing health care to the corridor poor of south Minneapolis. It is located in leased space on Lake Street near Bloomington Avenue, less than one mile south of CUHCC. Exhibit I identifies the number and types of patients who are served by Health Etc. and compares these figures to CUHCC's population.

The majority of Health Etc. patients are young, healthy, single individuals who use the clinic for episodic medical and dental care. Health Etc. has approximately one-third of CUHCC's medical visits, the same number of dental visits, and does not offer mental health services. 35% of Health Etc. patients have health insurance as compared to 3% of the CUHCC patients.

Although there are differences in the patient mix between the clinics, the programs are compatible and the health care needs of Health Etc. patients can be met by CUHCC.

III. LEGAL AND FINANCIAL STRUCTURE OF THE CONSOLIDATION

After careful review of the various approaches that can be taken regarding a consolidation, we have concluded that the most effective manner to structure this arrangement is to acquire Health Etc.'s assets. Under this approach, UMHC will purchase Health Etc's assets, and Health Etc. will then be responsible for taking care of any of the organization's outstanding liabilities.

There are three key points to this asset acquisition. First, the name "Health Etc." will no longer be used. Second, the current lease will be dissolved and we will negotiate a lease for the current location, that will remain until the new CUHCC facility is finished next fall. Third, the employees will not automatically transfer, and all positions that remain will be posted through normal personnel practice.

Assuming this method, UMHC has been reviewing Health Etc.'s financial statements to identify a fair market price for their assets. Exhibit II provides a summary of their assets as of August 31, 1988. After discussions with Health Etc., we have determined that UMHC should expect to pay no more than $35,000 for these assets. An asset purchase agreement has been prepared, and the final, exact amount for the purchase would be determined on the day of closing.

IV. POTENTIAL RISKS

There are three potential risks that have been identified that could create difficulties for CUHCC and UMHC. All are financial in nature, and action has been taken to minimize any negative impact.

First, Health Etc's grants, which are approximately 35% of their total revenue (see Exhibit III), could be subject to reductions or loss as a result of the consolidation. We have discussed this thoroughly with each granting agency, and have received their assurance that the grants will not be reduced if this consolidation takes place. Attached are letters of support from the agencies (Exhibit IV). There is certainly the possibility that in the future, grants may be reduced if, for example, federal and state programs are cut. However, if this should occur, CUHCC is prepared to reduce its expenses accordingly to maintain a balanced budget.

Second, the patients who use Health Etc. may not choose to continue to receive their care at a clinic operated by UMHC, or to move to the new CUHCC facility when it opens. We believe this outcome is unlikely, since 99% of patients surveyed recently indicated that they would continue to use the new clinic. Nevertheless, financial projections (Exhibits V and VI) have been prepared assuming a 10% reduction in volume when the patients move to the new location on Franklin. Even with this decline, the consolidation proves financially favorable. Here again, if volume does not transfer, expenses will be reduced accordingly.

Third, we have analyzed the results of opening the prepaid program to the Health Etc. patients. Exhibit VI includes a conservative estimate of the write-offs the Hospital would incur as a result of the increased prepaid volume. This projection shows that even if the program were extended, the Hospital's financial position would remain positive. This consolidation does not assume that the prepaid program is opened up. That decision will be made over the next year.

V. OTHER ISSUES

Members of the Board of Health Etc. have been contacted, and there is agreement in concept to the asset acquisition structure that is presented above. Also, city and neighborhood support is very positive, and they view this effort as UMHC's continued commitment to the community. The new building has been planned to be able to handle the increased volume.

Health Etc.'s Board members have asked that one or more of them serve on CUHCC's Community Advisory Committee. CUHCC has for some time, had a community advisory group. The function of this group needs to be improved, and Health Etc.'s request would be consistent with CUHCC's need for a community advisory function. The advisory group has served and will continue to serve purely in an advisory capacity to CUHCC, and thus we would recommend that the group be appointed by the leadership at CUHCC.

VI. RECOMMENDATION

Given that a)CUHCC's mission and that of Health Etc. are compatible, and b)the acquisition will serve to allow CUHCC to fulfill that mission consistent with the financial expectations that have been developed for CUHCC, and c)risks associated with program consolidation are minimized through the asset acquisition approach, it is recommended that the Board of Governors approve the acquisition of Health Etc.'s assets at a cost not to exceed $35,000.

EXHIBIT 1

Table 1

HEALTH ETC. PATIENT VISITS, 1984-1988

	1984	1985	1986	1987	Projected 1988
Medical	5,278	5,368	5,432	5,564	6,295
Dental	4,299	5,396	5,581	4,347	4,500
Sub-Total	9,577	10,764	11,013	9,911	10,795
Health Education	2,360	1,899	2,446	1,924	2,000
TOTAL	11,937	12,663	12,459	11,835	12,795

CUHCC PATIENT VISITS, 1984-1988

	1984	1985	1986	1987	Projected 1988
Medical	12,009	11,228	11,964	12,146	12,300
Dental	3,556	3,808	3,651	4,269	4,400
Sub-Total	15,565	15,036	15,615	16,415	16,700
Mental Health					
Scheduled	4,922	6,047	7,268	9,450	10,000
Unscheduled	21,973	20,609	23,173	22,011	21,300
TOTAL	42,460	41,692	46,056	47,876	48,000

EXHIBIT 1

Table 2

CUHCC/HEALTH ETC.

1987 PATIENTS BY AGE

Age Group	Health Etc	%	CUHCC	%
0 - 4	158	4%	819	17%
5 - 14	361	9%	924	19%
15 - 24	891	22%	796	16%
25 - 44	2,306	56%	1,876	38%
45 - 64	307	7%	435	9%
65 - 84	72	2%	37	1%
85 and over	4	-	2	-
Unknown	15	-	-	-
TOTAL	4,114	100%	4,889	100%

EXHIBIT 1

Table 3

CUHCC/HEALTH ETC. PAYOR MIXES

Payor	Health Etc.	CUHCC
Self-Pay		
Pre-Paid	---	48%
Uninsured	40%	11%
Medical Assistance	25%	38%
HMO's	15%	---
Insurance	20%	3%
TOTAL	100%	100%

Exhibit 2
Health Etc. Financial Analysis
(August 31, 1988)

Cash vs Liabilities			
Cash and Cash Equivalents		$ 27,107	
Liabilities (Excluding Deferred Grant Rev)		<34,554>	
Additional Cash Needed to Pay Liabilities			<$7,447>
Receivables			
Net Patient Receivables (Less 50%)		$ 52,127	
Grant Receivables			
Grant Receivables	$14,120		
Grant Payable	< 6,902>	7,218	
Other Receivables		595	
Total Net Receivables			59,940
Inventories			7,112
Equipment	Cost $79,179		
	Acc Dep <58,471>		20,708
Total Assets			**$ 80,313**

EXHIBIT 3

HEALTH ETC. OPERATING BUDGET
JANUARY 1 - DECEMBER 31, 1988

Revenue		
Grants		
State of Minnesota	$21,480	
Hennepin County	59,952	
City of Mpls--CDBG	75,997	
United Way of Minneapolis	15,990	
Foundations/Corporations	3,000	
TOTAL GRANTS		$176,419
Patient Fees		306,444
Miscellaneous		12,500
Total Revenue		**$495,363**
Expenses		
Salaries	280,688	
Fringe Benefits	39,196	
Contract Services	18,200	
TOTAL PERSONNEL		338,084
Staff Training	300	
Accounting/Audit	5,900	
Office Supplies	6,348	
Medical Supplies	9,316	
Medical Lab	19,010	
Pharmacy	15,170	
Dental Supplies	12,000	
Dental Lab	25,000	
Janitorial Supplies	1,677	
Telephone	3,500	
Office Rent	26,400	
Dues	2,100	
Insurance	12,000	
Job Search	250	
Equipment Maintenance	6,000	
Depreciation	22,368	
Ads/Promotion	500	
Books, Subscriptions	200	
Printing/Copying	1,500	
Postage/Mailing	3,800	
Meeting Expenses	700	
Bad Debt	23,641	
Local Travel	1,000	
Bank Charges	1,500	
Miscellaneous	500	
TOTAL NON PERSONNEL		199,980
Total Expenses		**$538,064**
EXCESS (DEFICIT)		**$(42,701)**

COMMUNITY HEALTH DEPARTMENT
4th Floor, McGill Building
501 Park Avenue
Minneapolis, Minnesota 55415

EXHIBIT 4

July 8, 1988

Ms. Sue Weber
Community University Health Care Center
2016 16th Avenue South
Minneapolis, MN 55407

Dear Sue,

I am pleased that the merger of Health Etc. Clinic and Community University Health Care Center continues to make progress. The Hennepin County Board of Commissioner's view the merger as a positive step for the two health care organizations and to the benefit of their clients. The Board has approved $15,000 in additional funding in 1988 for Health Etc. in order to facilitate an orderly merger.

While I am unable to make specific guarantees as to the future level of County funding for community clinics, I can assure you that the merger of Health Etc. and Community University Health Care Center will not in itself impact the level of funding available to that combined organization. The future funds available will reflect the funding status of the community clinics as a whole.

Please keep me informed on the status of the merger.

Sincerely,

Sue Zuidema

Sue Zuidema
Director

SZ:lkl

cc: Ellen Wuertz

EXHIBIT 4 (CONT'D)

Community Clinic Consortium
450 N. Syndicate Suite 5
St. Paul, Minnesota 55104
644-1555

September 28, 1988

Susan Weber
Senior Administrative Director
Community University Health Care Center
2016 16th Avenue South
Minneapolis, Mn 55404

Dear Sue:

I am documenting the decision reached by the Board of Directors of the Community Clinic Consortium concerning CUHCC's participation in the Community Development Block Grant (CDBG) funding after Health Etc. consolidates with CUHCC.

It was agreed by the Board that monies received by Health Etc. from CDBG would flow to the consolidated entity. As you understand, funding equity amongest the participants in CDBG has been an issue and will be addressed by that subcommittee in the future. If it is determined that patient volume is the method whereby an equity formula is established, the 1988 Health Etc. volume will be used specifically to avoid any increase in volume that might occur as a result of the consolidation.

Sincerely,

Sue Hamblin

Sue Hamblin
Chairman
Board of Directors
Community Clinic Consortium

minnesota department of health
717 s.e. delaware st. p.o. box 9441 minneapolis 55440
(612) 623-5000

EXHIBIT 4 (CONT'D)

September 26, 1988

Susan Weber
Sr. Administrative Director
Community-University Health Care Center
2016 - 16th Avenue South
Minneapolis, MN 55405

Dear Sue:

As we discussed in our recent telephone conversation, this letter is reinforce Ruth Curwen Carlson's letter of July 6, 1988 to Ellen Wuertz about the effect of the merger of Health Etc. and CUHCC on Family Planning Special Project grants.

As stated by Ms. Carlson, the merger should not jeopardize the grant funds. Contracts will, however, need to be amended after the merger In addition, future grant awards will be limited to an amount close to the combined award.

If you have any further questions, please do not hesitate to contact me.

Sincerely,

Deidre Richards, MSN, RNC
Maternal Infant Nurse Consultant

DR:sjj

EXHIBIT 5

HEALTH ETC. PROFORMA BUDGETS

1989 AND 1990

	1989: Two Sites	1990: One Site
REVENUE		
Patient Fees (Net)	$293,378	$264,040
Miscellaneous Income	12,500	12,500
Grants	159,970	162,600
TOTAL REVENUE	$465,848	$439,140
EXPENSES		
Salaries	$279,563	$206,995
Fringe Benefits	52,132	35,902
Non-Personnel	143,130	80,558
TOTAL EXPENSES	$474,825	$323,455
EXCESS/(DEFICIT)	$(8,977)	$115,685

EXHIBIT 6

HEALTH ETC. PROFORMA BUDGETS

1989 AND 1990

	1989: Two Sites	1990: One Site
REVENUE		
Patient Fees (Net)	$293,378	$333,496
Miscellaneous Income	12,500	12,500
Grants	159,970	162,600
TOTAL REVENUE	$465,848	$508,596
EXPENSES		
Salaries	$279,563	$206,995
Fringe Benefits	52,132	35,902
Non-Personnel	143,130	80,558
TOTAL EXPENSES	$474,825	$323,455
EXCESS/(DEFICIT)	$(8,977)	$185,141
UMHC WRITE-OFF		
- Inpatient	0	$ 22,403
- Outpatient	0	110,818
Total Write Off	0	133,221
EXCESS/(DEFICIT)	$(8,977)	$ 51,920

ANNOUNCING

THE 103rd NATIONAL

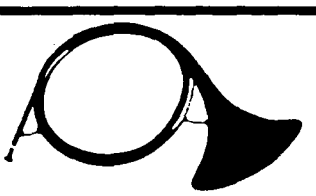
HOSPITAL MEDICAL STAFF

and

TRUSTEE CONFERENCE

at

NAPLES, FLORIDA
DECEMBER 4-8, 1988



"Where emerging issues are treated."

ESTES PARK INSTITUTE
PRESENTS

THE 103rd NATIONAL

HOSPITAL MEDICAL STAFF AND TRUSTEE CONFERENCE

NAPLES, FLORIDA
DECEMBER 4-8, 1988

Who Should Attend?

The six national four-day Hospital Medical Staff and Trustee Conferences are presented by the Estes Park Institute (EPI) each year to provide a comprehensive overview of social, legal, medical and managerial trends affecting healthcare organizations. A unique founding principle among all EPI conferences is their appeal to the conjoint participation of the hospital leadership team, i.e., chief executive officers, board members and medical staff leaders. Each of the six national conferences typically includes several hundred leaders representing as many as 80 to 100 healthcare organizations across the United States.

How Does the Hospital Benefit?

EPI's mission is to provide physicians, trustees and managers who are in leadership positions in community hospitals with key background knowledge and practical methods to improve and enhance their function as medical staff leaders and to promote an understanding of their relationship and responsibilities within the institution.

In addition to basic discussions about day-to-day hospital operations, the major objectives of these conferences continues to be the definition of current and emerging issues that affect the field of healthcare delivery.

What Topics are Discussed?

Current and emerging issues are presented in intensive plenary sessions from such disciplines as law, business, finance, quality of care and organizational development. Many concurrent sessions for instruction and discussion include topics especially designed for members of the medical staff, governing board and management team. Discussions range from interpersonal relationships and group dynamics to strategic and financial planning; from malpractice and antitrust considerations to credentialing and staff development plans; from Joint Commission standards to internal sanctioning and discipline. The sessions are diverse enough to appeal to both beginning and advanced levels of expertise.

Who are the Faculty?

Certain members of the faculty participate in each conference and constitute a cadre of professionals who present the core curriculum common to all meetings in a given year:

William R. Fifer, M.D.
Minneapolis, MN

Sandra L. Gill
Westmont, IL

Hugh P. Greeley
Salem, WI

Linda Haddad, J.D.
Pittsburgh, PA

John Horty, LL.B.
Pittsburgh, PA

Leland R. Kaiser, Ph.D.
Brighton, CO

Spence Meighan, M.D.
Portland, OR

Eric W. Springer, LL.B.
Pittsburgh, PA

Richard YaDeau, M.D.
St. Paul, MN

A second group of eminent individuals comprise the "issues" faculty and participate several times each year with pertinent new topics:

Andre L. Delbecq, DBA
Santa Clara, CA

Richard Hoerl, Ph.D.
Denver, CO

Bruce Perry
Washington, DC

and others

Where is This Conference?

Naples is located on the less hectic southwest coast of Florida by the Gulf of Mexico. All sessions will be held at the new Ritz-Carlton hotel, a lovely beach resort with a well-appointed conference center and many recreational amenities such as swimming, golf, tennis, water sports, and the interesting natural wetlands of Pelican Bay.

Naples is served by the new Southwest Florida Regional Airport at Fort Myers 25 miles away. This airport is a destination for all major airlines and charter service.

A bock of rooms has been reserved for our registrants with rates of $170 per night single or double occupancy. Housing reservation forms will be sent with the acknowledgment of registration.

Registrants and hospital groups are expected to make their own housing reservations unless otherwise specified. Blocks of rooms are reserved for our registrants, but the hotel imposes a reservation deadline beyond which rooms are not held. **THE DEADLINE IS NOVEMBER 4, 1988.**

Registration Information

Registration tends to reach capacity at an early date; therefore application for admission should be made early. Estes Park Institute reserves the right to limit registration.

The tuition fee for the Hospital Medical Staff and Trustee Conferences is $500 per person including a nonrefundable registration fee of $50.

The refund policy is as follows:

- All cancellations must be made in writing. Cancellations received by Estes Park 21 or more days prior to the opening of the seminar are eligible to receive a full refund except for the registration fee of $50.
- Cancellations received by Estes Park within 20 days of the opening of the seminar are not eligible for a refund.
- There is no refund for "no-shows."

Registration may be transferred to other Estes Park conferences offered within 12 months provided space is available at the time. It is to the hospital's benefit to transfer or seek substitutes rather than to request cancellation.

Special Meeting Saver Airfares

Special Meeting Saver Airfare discounts are available for round-trip travel to Fort Myers, Florida on American Airlines and United Airlines. The discounts range from 5% off a promotional fare for which you qualify or up to 45% off regular day coach airfare with a 7-day advance ticket purchase requirement.

Further details on discounted airfares will be sent with the acknowledgment of registration.

Conference Schedule

The Conference registration will be open on Sunday afternoon, December 4. The conference begins with the Sunday evening session and will adjourn at 12:00 noon on Thursday, December 8. In addition to the plenary sessions, multiple concurrent sessions for instruction and discussion will be offered.

A conference symposium will be held from 6:30 p.m. to 7:30 p.m. on Monday so that registrants and their spouses may participate in informal conversations and exchange ideas with the faculty and other registrants.

Healthcare Seminar for Spouses

A Healthcare Seminar designed especially for spouses is offered in conjunction with the Hospital Medical Staff and Trustee Conferences. The Spouses' session runs concurrently with the large conference on Monday, Tuesday, and Wednesday. Topics are taken from the healthcare field and are of broad general interests. There is no fee.

Conference Founder

The founder of these Conferences is C. Wesley Eisele, M.D., President Emeritus of the Estes Park Institute. He is Emeritus Professor of Medicine and Former Associate Dean for Postgraduate Medical Education at the University of Colorado School of Medicine. He originated the annual Hospital Medical Staff Conference at Estes Park in 1964.

Credit

Council for Continuing Medical Education to sponsor continuing medical education for physicians. These activities meet the criteria for 30 Category I credits which may be submitted to any organization that recognizes Category I credit.

If you have any questions about this or other conferences, please contact our office at 303/761-7709 or 800/223-4430 outside Colorado.

Application

The Hospital Medical Staff and Trustee Conference

Naples, Florida
December 4 - 8, 1988

Name of Hospital _____ (no. beds)

Address _____ (Street)

_____ (City) (State) (Zip) (Telephone)

Person in charge of arrangements _____

Name of CEO _____ Length of Tenure _____

Is the hospital part of a Multi-Hospital system? _____ How long? _____

Which one? _____

Use separate sheet for other registrants.

Name _____

Position _____

Name _____

Position _____

Name _____

Position _____

Name _____

Position _____

Tuition Fee Per Person . . . $500

I enclose $ _____ (check payable to Estes Park Institute) in payment of tuition for _____ individuals.

NOTE: Deadline for Housing Reservations is November 4, 1988.

Signed _____

Date _____

Detach and mail with amount indicated to:

Estes Park Institute
P.O. Box 400
Englewood, Colorado 80151

303/761-7709
800/223-4430
(Outside Colorado)

FLA 88

Handout at
October 26, 1988 Mtg.

UNIVERSITY OF MINNESOTA
TWIN CITIES

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

October 26, 1988

TO: Board of Governors

FROM: Robert M. Dickler
General Director

SUBJECT: University of Minnesota Hospital and Clinic/University of Minnesota Clinical Associates Relationships

For a number of months representatives of UMHC and UMCA have had extensive discussions regarding relationships between our two organizations. These discussions have included the working relationships between UMHC and UMCA, the respective roles of both organizations, potential financial support by the Hospital of UMCA, and other related matters. During this same period of time UMCA has undertaken intensive internal review of its organization and budget, including an outside review by Deloitte Haskins & Sells.

These efforts have recently manifested an agreement between Hospital Administration and UMCA regarding appropriate levels of financial support. The criteria for these discussions have been that the Hospital should appropriately reimburse UMCA for services performed by UMCA for the Hospital's benefit in areas such as outreach, marketing, contracting, data processing, and case management. Information obtained as an outgrowth of the Deloitte Haskins & Sells study has provided assistance in helping to establish the appropriate parameters of services and benefits accruing to the Hospital from UMCA activity.

Based upon these efforts the agreement reached envisions partial support of certain key personnel and functions, as well as some general support costs, at either a predetermined dollar level or a percentage of activity. Specific support includes funding for the efforts of certain officers and executive personnel in joint outreach, marketing, and contracting as well as partial support of the personnel and information systems involved in case management.

Levels of support have been developed for Hospital fiscal years 1986/87, 1987/88, 1988/89, and through the completion of the UMCA fiscal year on November 30, 1989. While retroactive contracts going back over two years are not common we believe it is appropriate in this instance since the Hospital received direct service and benefits from these activities. The magnitude of these negotiated levels of support is attached.

It is important to note that UMCA is also experiencing financial and cash flow difficulties. While the financial support from the Hospital is not predicated on UMCA's financial needs it is an important component in the substantial organizational and financial changes UMCA is undertaking.

This proposed agreement between the Hospital and UMCA is being brought to the Board of Governors for review and approval since it has a significant retroactive component and was not contemplated as part of this year's budget. The principles of a financial relationship between the Hospital and UMCA are also important from a governance perspective. All expenses related to the agreement will be reflected in the 1988/89 or 1989/90 Hospital financial statements, as appropriate. Board review and approval of this agreement is requested in October to facilitate planning, to permit UMCA to adequately resolve cash flow issues, and to facilitate UMCA planning for their 1988/89 fiscal year, which begins on December 1, 1988.

Finally, UMHC and UMCA have also agreed to actively pursue discussions over the next 3-4 months which address in-depth the long-term functions of our respective organizations, potential restructuring of the roles and relationships of UMCA, and our joint business activities. These efforts will be facilitated through a joint consulting contract with Deloitte Haskins & Sells. Depending upon the outcome of these discussions the support agreements for 1989 may be subject to renegotiation.

UMHC Support - UMCA

7/1/86 - 6/30/87	$ 73,992*
7/1/87 - 6/30/88	$126,152*
7/1/88 - 6/30/89	$131,665
7/1/89 - 11/30/89	$ 53,525

* $25,000 in each of these two years represents old budgeted commitments where funds were not transferred.

Handout at
October 26, 1988
Meeting

Exhibit 2
Health Etc. Assets
for
UMHC Purchase
(August 31, 1988)

Receivables			
Net Patient Receivables (Less 50%)		$ 52,127	
Grant Receivables		$ 14,120	
Other Receivables		595	
Total Net Receivables			$ 66,842
Inventories			$ 7,112
Equipment	Cost	$79,179	
	Acc Dep	<58,471>	$ 20,708
Total Assets			**$ 94,662**

Handout at
October 26, 1988
Meeting

THE UNIVERSITY OF MINNESOTA HOSPITAL AND CLINIC
BOARD OF GOVERNORS

RESOLUTION
OCTOBER 26, 1988

On the basis of the information outlined in the October 26, 1988 memorandum from Robert M. Dickler to the Board of Governors Finance Committee regarding University of Minnesota Hospital and Clinic (UMHC)/University of Minnesota Clinical Associates (UMCA) relationships, the Board of Governors approves a payment for services to UMCA from UMHC for the period of July 1, 1986 through November 30, 1989 in an amount not to exceed $385,334.

Continuation of contracting for services beyond November 30, 1989 shall be determined based upon recommendations presented to the Board of Governors by early 1989, addressing, at a minimum, the appropriate legal, organizational, and financial relationships between the two organizations, including Hospital involvement in planning and decision-making processes, selection and expectations of key personnel, and on-going reporting and evaluation.

Handout at
October 26, 1988 Mtg

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Handout at the October 26, 1988 M

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