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St. Paul-Ramsey Medical Center

Overview of 1984 Proposed Budget

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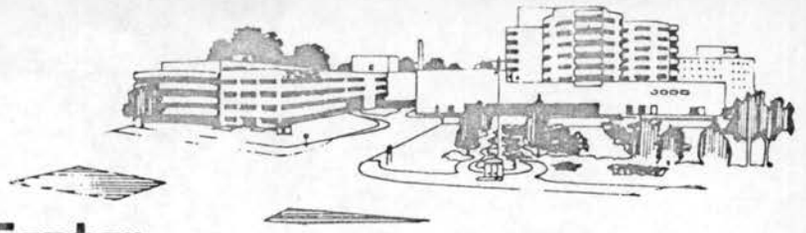


St. Paul-Ramsey Medical Center

640 Jackson Street Saint Paul, Minnesota 55101 (612) 221-3456

September 1, 1983

The Honorable Board of Ramsey County Commissioners
County of Ramsey
316 Courthouse
St. Paul, Minnesota 55102

Commissioners:

Enclosed is the proposed 1984 St. Paul-Ramsey Medical Center budget for your review. The budget is presented in two parts. The first part is the proposed Operating Budget and the second part is the Capital Equipment and Special Projects Budget.

Budget Preparation

These budgets were proposed with the consultation and advice of the administrative and medical department managers and their staff. Reviews have been done by the Medical Center's Budget Review Committee and the Commission's Finance/Personnel Committee and the budget was recommended to the Medical Center Commission for preliminary approval on August 31, 1983. The Commission did give such approval for transmittal to the Ramsey County Board. The Planning Update (Attachment I) presents an environmental assessment reviewed by the Commission's Planning and Development Committee and is a context in which our financial and strategic planning must take place.

In December, 1982 and early 1983, a series of goals and objectives were adopted by the Commission (Attachment II). These were adopted in partial response to the Medical Center's financial and strategic planning.

In June, 1983 the Medical Center Finance/Personnel Committee approved the following guidelines to be used by Medical Center staff in preparing the 1984 budget:

1. Prepare a 1984 Operating Budget based upon the 1983 budget on a "frozen basis" making adjustments for only known or expected inflationary factors.

2. No new positions, programs, nor unusual expenditure increases will be authorized beyond 1983 levels.

3. This budget will provide the operating plan for the first quarter of 1984, or until a more accurate budget preparation can be undertaken on the basis of new revenue forecasts.

4. As soon as the impact/effect of the new Medicare and Medicaid regulations can be determined, the departmental managers will be called upon to prepare a revised 1984 budget based upon these new data. It is anticipated that November and December will be the time schedule for preparation of the revised 1984 budget to be used for the last three quarters of 1984.

1984 Operating Budget

The Operating Budget for 1984 is proposed at $86,999,477.

1984 Proposed Budget	$86,999,477
1983 Approved Budget	$81,685,103
Dollar Increase	$ 5,314,374
Percent Increase	6.5%

The major components of the increases in expenditures are as follows:

Wages and Salaries	$2,869,311
Fringe Benefits	978,790
Fees	268,491
Medical Supplies	1,108,837
Other Supplies	283,202
Fuel and Utilities	404,753
All Other Expense	(821,010)
Depreciation	222,000

The reduction in Other Expenses represents a change in our information system from a purchased service to a medical center unit. The cost reduction is offset by adjusted personnel and depreciation costs.

A summary of the various inflationary factors and other known changes in the 1984 budget are as follows:

1. Wage and Salary adjustments were estimated based upon talks with Civil Service. An overall salary adjustment of 6% was used for 1984; this includes a 4% cost-of-living adjustment and, based on experience, 2% for merit/tenure increases throughout the year.

2. Fringe benefits were adjusted upwards by 11% on an overall basis using current CPI Information as the index.

3. All other areas of expense were adjusted upward from approximately 5% to 27% depending upon the current and expected price increase using available information.

4. The overall medical center expense increase including all salary increases and depreciation is 6.5% and on target with recently reported data of 6.4% by the American Hospital Association. This is well below the projected national hospital inflation (market basket) of 9.0% projected in the August 6 issue of Rate Controls Report.

The increase in budgeted full time equivalent employees from 2,065.37 to 2,070.41 is due to the change in Information Systems from the purchased service to a medical center provided service.

To ensure the continued fiscal viability of the medical center, a working capital requirement of 3.2% of gross patient revenue is being provided. This represents a modification of an earlier objective of 4% in order to moderate proposed rate adjustments. An objective of the November review process will be to restore the 4% working capital target.

An overall rate adjustment of 9.9% is required to fund the proposed budget. This rate adjustment is well within estimated rate adjustments expected nationally for acute care hospitals of 14% and in Minnesota of 11% to 12%.

Ramsey County Support

This limit on rate adjustments is dependent upon the level of support provided by Ramsey County for the support of medically indigent and the General Assistance Medical Care contingency funds. SPRMC is projecting an increase in estimated medically indigent accounts from 4.6% of revenues in 1983 to 5.9% in 1984 due to the unstable economy, changes in governmental programs for the medically indigent, unemployment, etc.

The impact on the Medical Center requested level of support for the medically indigent has been due largely to the General Assistance Medical Care (GAMC) contingency. A comparison is below.

	1983 Approved	1984 Request	Dollar Increase	Percent Increase
Community Service - Paramedics	$ 112,000	$ 112,000	-0-	-0-
Medically Indigent	2,829,906	2,974,628	$ 144,722	5.1%
Total Supported by 1 Mill	$2,941,906	$3,086,628	$ 144,722	4.9%
GAMC Contingency	$2,742,128	$3,900,000	$1,157,872	42.2%
Total Request	$5,796,034	$6,986,628	$1,190,594	20.5%

While the present State Statute specifies that on July 1, 1984 rateable reductions for GAMC will be reduced from 45% to 30% for psychiatric - chemical dependency admissions, 35% to 20% for routine medical - surgical admissions, and 25% to 10% for all other services, eligibility standards are being reinstated on October 1, 1983, which will increase the number of persons covered by GAMC. It is very difficult to determine what the trade-offs will be. A continued improved economy would have a positive impact.

Attachment III displays the trends of write-offs for medically indigent care and uncollectibles. The major concern is in the GAMC contingency demands. Adequate funding of the indigent is required because the new reimbursement programs for Medicare and the medically indigent and an increasingly competive environment in the Twin Cities no longer realistically allows shifting these unfunded costs to other third party payors.

Proposed 1984 Capital Budget

The proposed 1984 Capital Expenditures Budget is contained in the second volume.

Page 1 - 3	Department Equipment Summary
Pages 4 - 87	Department Equipment Detail
Pages 88 - 146	Department Capital Additions (Estimate for 1985 and 1986)

In allocating funds available for equipment to departments, the equipment needs were reviewed on a departmental basis and the absolutely essential items were allowed in total. All other equipment was allocated using 50% as a basis. Items considered as Special Projects were removed from the departmental budgets and included within a "Special Projects" section of the summary.

Total proposed departmental equipment budget	$2,384,257
Total special projects to be considered	4,887,040
Total proposed capital budget	$7,271,197

Funding for the 1984 capital expenditure budget would be as follows:

1984 depreciation expense	$3,394,000
Amount allocated from the funded depreciation account	3,877,797
Total available funds	$7,271,797

Pages 88 - 146 of the Capital Budget presents preliminary reports for 1985 and 1986. Under federal law, the Commission must review and acknowledge this longer range plan.

This proposed 1984 Operation and Capital Expenditures Budget represents our best effort given what we know today. As stated previously, when better information becomes available to more accurately project expected revenues, we will undertake the task of preparing a revised 1984 operational budget.

Respectfully submitted,

Harry Moberg
Chairman
St. Paul-Ramsey Medical Center Commission

David W. Gitch
Executive Director
St. Paul-Ramsey Medical Center

ATTACHMENT I

ST. PAUL-RAMSEY MEDICAL CENTER

PLANNING UPDATE

Introduction

Fundamental changes are occurring in the hospital industry. Powerful external forces will exert influence in an unprecedented way. Dramatic changes in the payment for health care services, intense pressures to reduce inpatient utilization, a persistent demographic transition, and intense competiton in the Twin Cities metropolitan area demand constant attention by the medical center.

The ability to successfully respond to these changes will require enlightened and progressive approaches to the difficult issues facing us today and in the future. Five of the most important factors which may affect the medical center are discussed in this review: (1) financing changes, (2) demographic trends, (3) utilization patterns, (4) competition, and (5) technology.

Financing Changes

Description

Dramatic changes in payment mechanisms constitute the the most important single factor impinging on the hospital industry. Both the federal and state governments are scheduled to transform patient care financing from retrospective cost reimbursement to a prospective payment system.

Today less than 4% of SPRMC's revenue is derived from prepaid/capitation sources. Beginning January 1, 1984, both federal and state payments--approximately 50% of SPRMC revenue sources--will be on a prospective payment basis (subject to gradual implementation over three years.

It is prudent to conclude that commercial health insurance carriers will rapidly follow the pattern established by government payors. Therefore, we should expect that within three years 75% to 85% of all medical center inpatient revenue sources will be based on some sort of prospective payment/capitation basis.

There are also changes regarding outpatient ambulatory care. Medicare reimbursement for hospital-based physicians is being reduced 40% to 60% while the Medicaid and General Assistance medical care program refused to pay the medical center outpatient facility charge as of July 1, 1983.

Discussion

These financing changes will not have a uniform affect on hospital utilization. For example, on the inpatient side, Medicare DRG payments, as well as prospective Medicaid and General Assistance medical care payments provide an incentive to increase admissions and decrease length of stay. On

the other hand, HMO risk-sharing contracts provide an incentive to decrease both admissions and length of stay.

On the outpatient side of the coin, both capitation payment and prospective payment systems will provide an incentive to substitute outpatient utilization for inpatient hospital days. On the other hand, capitation payments will also provide an incentive to reduce the number of specialty consults and referrals. In addition, the Medicaid and General Assistance medical care program refusal to pay facility charges for outpatient visits seriously jeopardizes the ability to provide services for these clients. The table below shows how these financing changes may affect utilization.

Effects of Patient Payment Changes
on Medical Center Utilization

Payor Source	Percent of Total SPRMC Revenue (1982)	Payment Change	Effect on Utilization
Inpatient			
Medicare	23%	DRG prospective payment (3 yr period begins 1-1-84)	Increase admissions(?) Decrease length of stay Decrease ancillary service
Medicaid	14%	Prospective payment	Same as above
GAMC	2%	Prospective payment	Same as above
Commercial Insurance	24%	Anticipate prospective payment	Same as above
HMO	2%	None	Decrease admissions Decrease length of stay Decrease ancillary services
Self Pay	5%	None	None foreseen
Outpatient			
Medicare	9%	Limits for paying hospital-based physicians	Inpatient changes may increase outpatient utilization (?)
Medicaid	6%	Omit facility charge	Financial jeopardy for institution
GAMC	1%	Omit facility charge	Same as above
Commercial	10%	Physicians AWARE Program	Incentives to physician for outpatient surgery
HMO	1%	None	Increase outpatient utilization
Self Pay	4%	None	None

As private hospitals become sophisticated with case mix analysis, there may be a temptation to direct non-profitable cases to St. Paul-Ramsey Medical Center. The challenge for the medical center will be to provide care in an efficient way for cases which other hospitals have judged to be non-profitable.

Finally, these financing changes may exert extreme pressure to reduce costs. If care cannot be provided at the price provided by the payors, a negative income balance will result.

Response

A number of activities are currently underway or recommended to prepare for these financing changes.

- A preliminary pilot study analyzing DRGs has been conducted and a follow-up study is in progress.

- With an increase in prospective/capitation payments, it is recommended that an accurate and timely patient information system be developed to monitor utilization and costs.

- Almost certainly there will be a decline in total patient days. This prompts an increased emphasis on alternative care programs such as occupational health, wellness programs, and ambulatory care as well as continued exploration into diversification such as Senior Health Plan and joint venture efforts.

Demographic Trends

Description

The demography of the St. Paul-Ramsey Medical Center primary service area is gradually and persistently changing to an older population. The age distribution for Ramsey County and Washington County is shown in Tables 1 and 2. These population pyramids show a smaller base among the young as a portion of the total population and an increasing portion of elderly.

Discussion

There are two implications of these population changes. First, the elderly population in St. Paul-Ramsey Medical Center's service area will more than double in the next thirty-five years. Second, as a national average, the elderly represent 11% of the total population, yet consume nearly 30% of the health care resources in the nation. All indications suggest that society, and more specifically the federal government, will demand more efficient ways to treat this population because of the massive amount of expenditures involved.

Purpose

These changing demographic trends present the need to identify new and innovative approaches for serving the health care needs of the elderly. St. Paul-Ramsey Medical Center's involvement in Senior Health Plan represents a major initiative in responding to these changes. Specific interventions include:

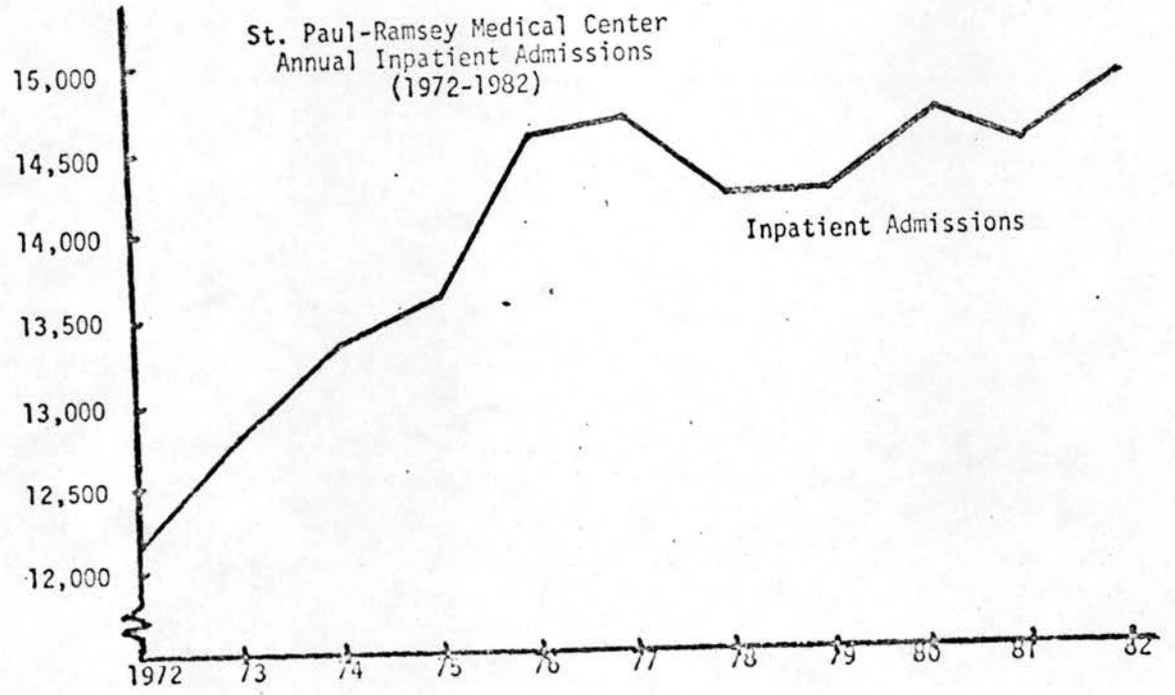
- Continue and expand development of Senior Health Plan,
- Investigate and pursue other alternative forms of health care delivery.
- Monitor hospice legislation and perform additional feasibility studies when payment amounts are known.

Medical Center Utilization

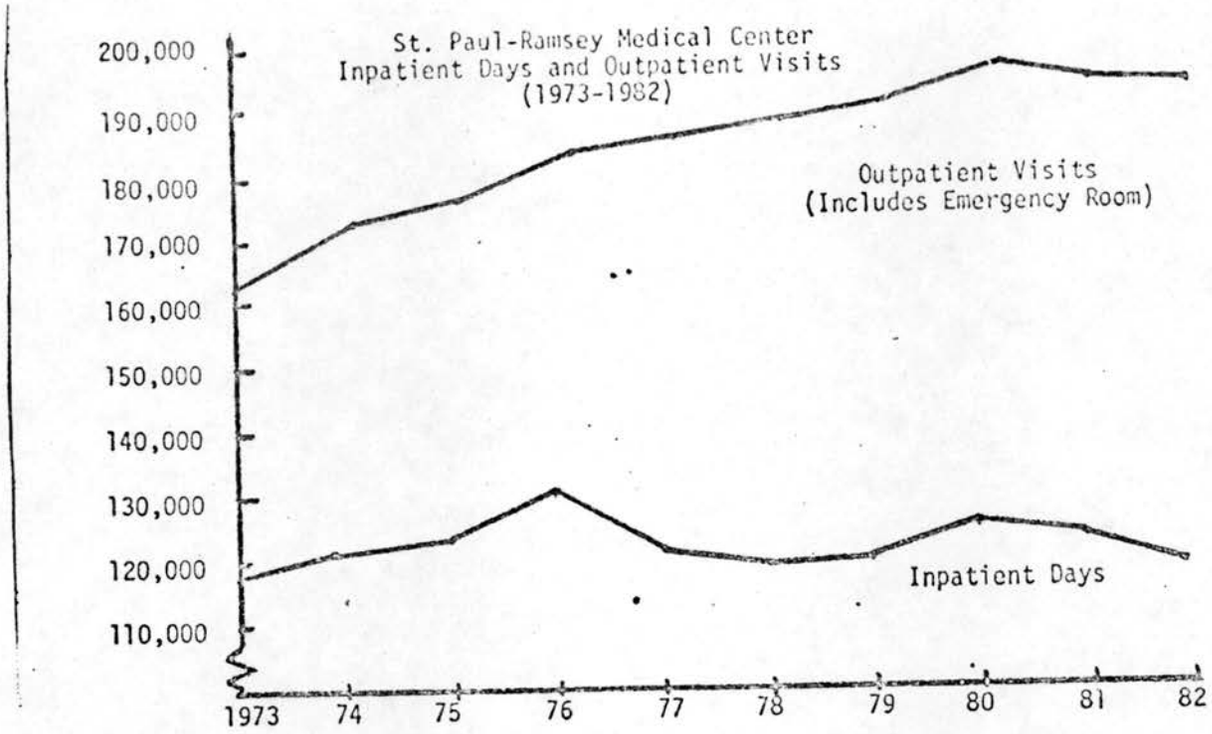
Description

Inpatient admission to Twin Cities metropolitan area hospitals has decreased rapidly during the last decade. There are many reasons for this trend: (1) changing medical opinion about the need for hospitalization, (2) outpatient care is being substituted in physician offices and other outpatient settings, and (3) Medical opinion about the need for surgery has changed.

However, unlike the metropolitan-area trend, admissions to St. Paul-Ramsey Medical Center have not decreased. The graph below shows that a fairly steady movement for medical center admissions over the last ten years.



On the other hand, total inpatient days have been declining on a fairly steady downward curve over the last ten years. This trend has been offset by the increase in outpatient visits. The graph below shows these trends.



Discussion

Many forces will continue to push for substituting inpatient care with outpatient care (e.g., DRGs, Medicaid changes, capitation contracts, PPOs and the AWARE Program for physicians). All indications suggest the demand for inpatient care will steadily decrease. As a result, it is unlikely that any Twin Cities hospital will experience a growth in patient days. This forecast could be revised if hospital closures occurred through an inability to compete in the marketplace; an event which some observers predict is likely to happen.

Response

There is a pattern of decreasing inpatient care and St. Paul-Ramsey Medical Center is confronted with conflicting currents regarding outpatient care. On one hand, there are strong incentives to substitute inpatient care with less costly outpatient care. On the other hand, beginning July 1, 1983, the Medicaid and General Assistance Medicare Care programs refused to reimburse the hospital for outpatient facility charges. Current activities and recommended actions include the following:

- A committee is evaluating the affects of Medicaid/General Assistance Medicare Care programs

- Plans are underway to reconsider and re-evaluate the Phase III remodeling plan.

- A study is underway for developing alternative methods of organizing inpatient psychiatric care for the chronic and indigent population,

- It is recommended to investigate and explore continued opportunities for emergency referrals, specialty referrals and third tier referrals.

- Explore alternatives for obtaining specialist contracts for HMOs.

- Facilitate continued expansion of Coordinated Health Care,

- Using sound financial analysis, explore possibility of closer arrangements with community agencies such as St. Paul Rehabilitation Center; and diversification ventures such as an ambulance and transport services, and home health care service.

COMPETITION

Description

Competition among health care facilities and providers is a very potent force in the Twin City Metropolitan area. On the positive side, SPRMC is in a very good competitive position because of its reputation as a trauma center/ specialty referral center.

On the negative side, as other hospitals define and identify market segments, there may be a tendency to retain profitable cases while referring unprofitable cases to St. Paul-Ramsey Medical Center. The changes in financing mechanisms discussed above may prompt this pattern at an accelerated pace.

The prevalence of HMOs and emergence of PPOs (Preferred Provider Organizations) is also a competitive factor. Currently, 26% of the Twin City population is enrolled in HMOs. However, less than 4% of SPRMCs revenues were from HMO sources in 1982. The HMO threshhold for the Twin Cities is debatable, but enrollment is probably not likely to exceed 35% of the population (slightly higher if campaigns to enroll seniors are successful) since this appears to be the maximum penetration in areas which have had HMOs over a long period of time.

Discussion

Competition is enevitable when there are excess beds and the supply of physicians grows faster than the population. Whenever supply exceeds demand, the price of goods and services is lowered and competitive forces act to reduce the number of suppliers available.

Competition will also heighten as hospital financing moves from cost reimbursement to prospective payment. The incentives will be to reduce costs and Twin City hospitals might decide to discontinue services in unprofitable areas. In a worse case scenario hospitals may develop profiles of financial high-risk cases which will be referred elsewhere (i.e. SPRMC) for treatment.

Response

Enduring the first wave of change is the immediate challenge for SPRMC in this competitive environment. There is a serious possibility of hospital failures during this initial period. The medical center enjoys a good competitive, posture, and with proper planning and programming, can thrive. Activities for responding to competitive forces include the following:

- Initiate formal strategic formal planning for the medical center.
- Analyze ways to transform unprofitable services from other hospitals to profitable services at SPRMC.
- Analyze the DRG caseload to innumerate all costs and outliers. Develop profiles of high cost outliers. Study possible ways to lower these costs.
- Analyze possibility of specialty referral contracts with large hospital chains.

- o Conduct comprehensive assessment of ambulatory care, primary care, and alternative care programs at the medical center. Consider all financial changes and changing utilization patterns.

TECHNOLOGY

Description

The influence of technology on medical care in the hospital industry has always been a double-edged sword. On one hand, rapid technological innovation has been a hallmark of medical advances in this nation. On the other hand, medical technology is extremely costly. In most industries new technology tends to decrease labor requirements. In the hospital industry, however, new technology tends to increase labor requirements, as long as specific procedures and tests were reimburseable by Medicare and other payors, the cost of technology were passed through to third party payors. With the change to DRG payments and other prospective strategies, however, the excessive use of technology will increase costs and decrease profits.

Financing changes will provide an incentive for a reduction in the use of technology. As a consequence, developers of technology may begin to focus priorities on those kinds of technology which will be labor saving and therefore reduce production costs.

Discussion

As a research, teaching and trauma center, St. Paul-Ramsey Medical Center must maintain superior technology. At the same time, ways must be found to lower ancillary service costs and technology acquisition must be carefully scrutinized.

Response

Some possible activities include the following:

- -- Determine the proportion of costs for ancillary services for DRG case mix.
- -- Examine the cost-effectiveness of replacing disposable equipment with reusable equipment.
- -- Establish equipment acquisition protocols that include payback periods and net present value analysis as part of the decision making criteria.
- -- Examine feasibility of mobile equipment and/or contracting with other institutions for sophisticated technology.

TABLE 1

POPULATION PYRAMID FOR RAMSEY COUNTY

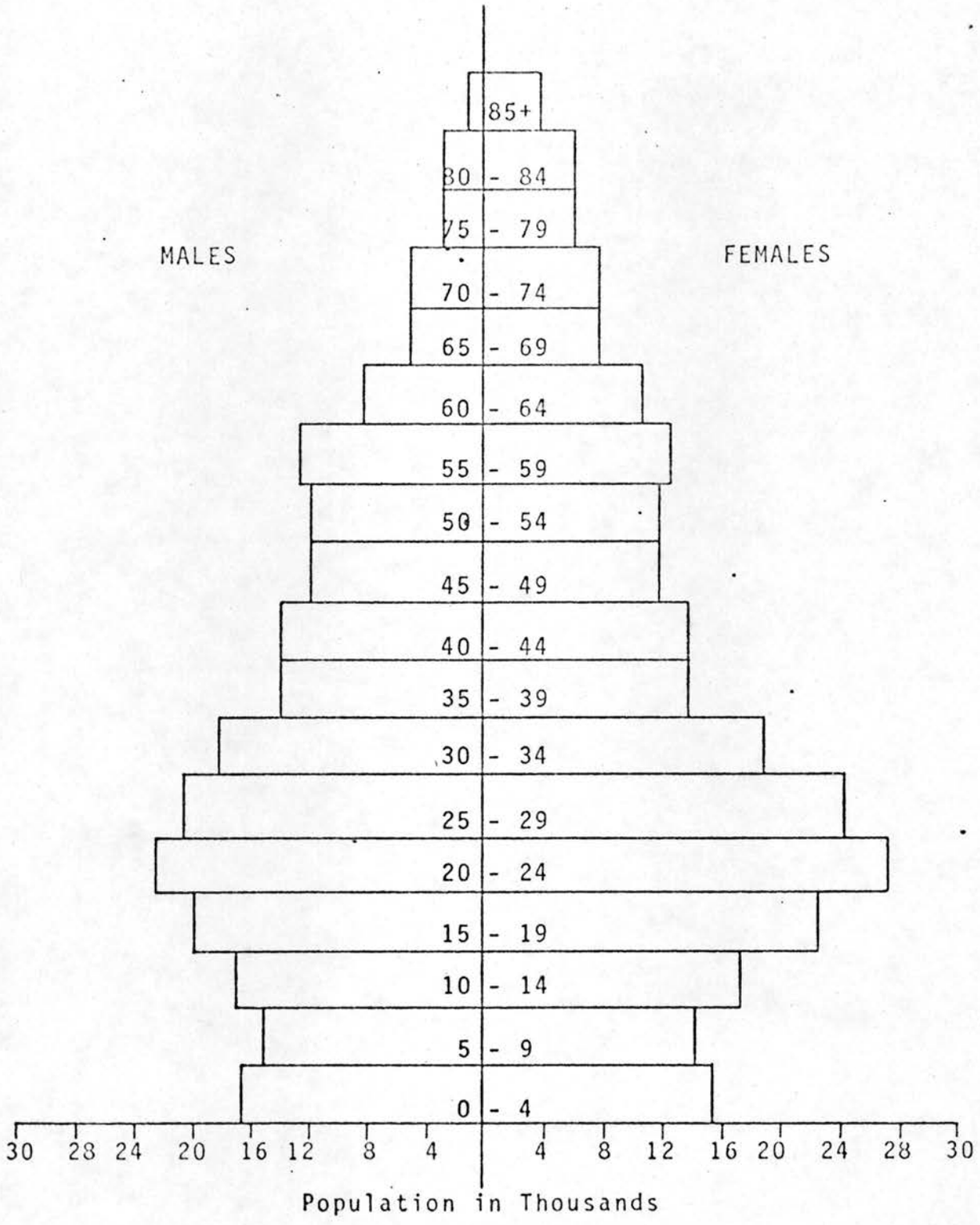
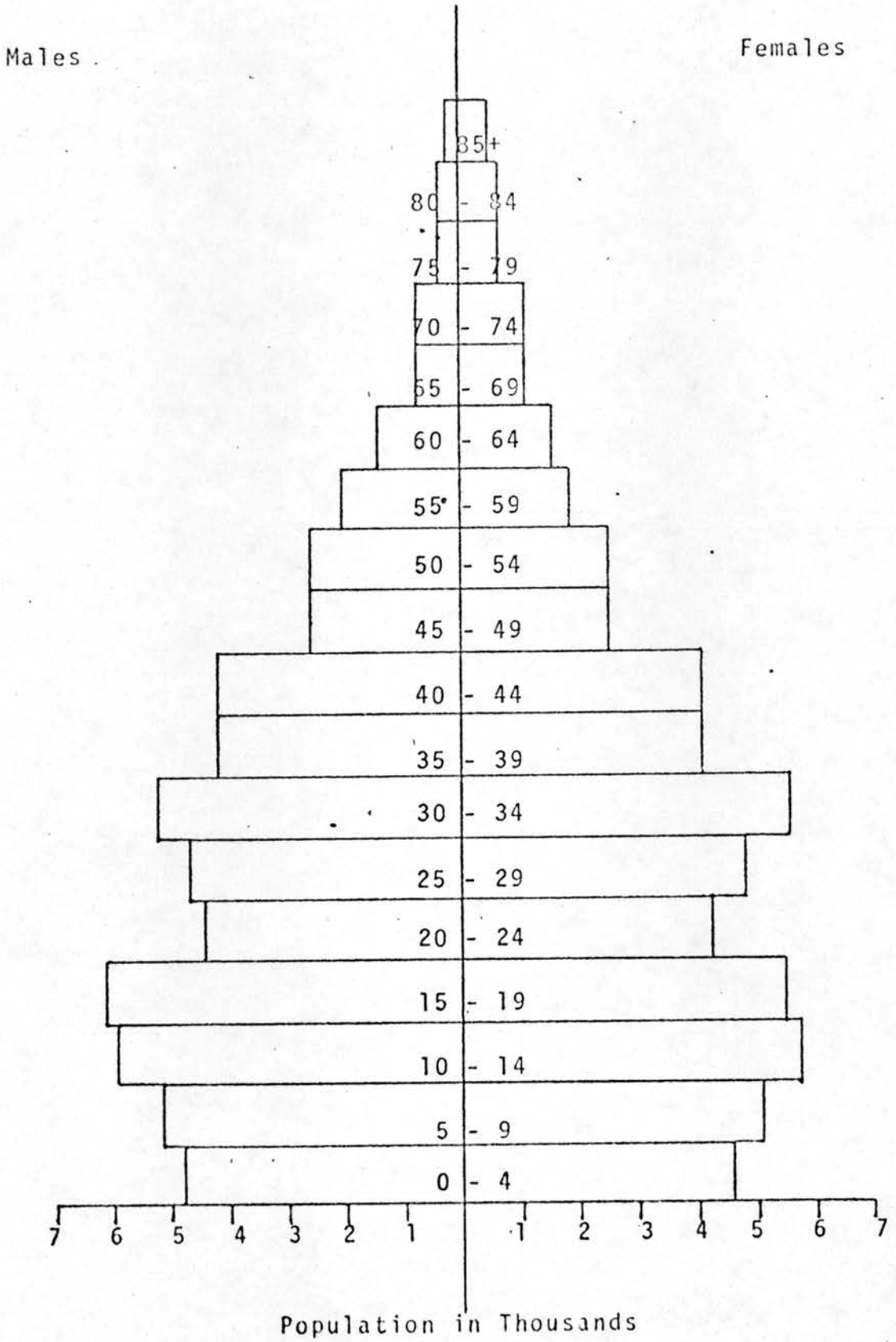


TABLE 2

POPULATION PYRAMID FOR WASHINGTON COUNTY



ATTACHMENT II
GOALS & OBJECTIVES 83-84

EXISTING PROJECTS

ARCHITECTURAL PLANNING AND CONSTRUCTION

GOALS	OBJECTIVES	ASSIGNMENT
To accomplish the renovation and improvement of existing physical facilities	1. To decorate and improve current inpatient units.	1. Mr. Dixon Ms. Marschall
	2. To engage architects and commence design, construction of remodeled vacant inpatient areas by 8-31-83.	2. Mr. Dixon
	3. To engage architects and commencement of design for major renovation of inpatient areas and new construction of intensive care units.	3. Mr. Dixon Mr. Culbertson
	4. To prepare for and undertake first phases of conversion to district heating program.	4. Mr. Dixon

All priorities to be undertaken with review/approval of Remodeling Committee.

91-16

EXISTING PROJECTS

INFORMATION SYSTEMS

GOALS	OBJECTIVES	ASSIGNMENT
To design and implement the new information system at SPRMC to replace existing HSS program.	1. To recruit a Director of EDP and Staff by 3-1-83. (Director) and 6-1-83 (rest of staff).	Mr. Culbertson, Mr. McClary (to also assist in Objectives 2-5)
	2. To prepare computer systems and system design by 12-31-83.	EDP Director, Consultant
	3. To install new computing equipment on-site by 6-30-83.	EDP Director, Consultant
	4. To complete phase-out from HSS system by 1-31-84.	EDP Task Force
	5. To continue assessment of patient care applications concluding in a report to Commission by 12-1-83.	EDP Task Force

NOTE: All priorities to occur with appropriate review/ approval of Finance/ Personnel Committee.

MARKE[illegible] PROGRAM

GOALS	OBJECTIVES	ASSIGNMENT
1. To adopt an integrated marketing function to improve awareness of marketing opportunities, improve satisfaction of target markets, and improve cost-effectiveness in marketing activities.	1. To establish in conjunction with Ramsey Clinic Associates, P.A., four priority areas for inital marketing concentration. They will include the Emergency Medicine Department, the Occupational Health Program, Emergency Medical Services and the Satellite Clinic System, all under the umbrella of corporate institutional identity.	1. Mr. Suwinski, Mr. Gitch
2. To adopt a marketing approach to major product/service decisions, considering the effects and reprocussions of competitive response, changes in consumer needs and changes in reimbursement.	2. To implement the institutional identity and graphic standards program, with the hospital as the main system component and plans for integration of affiliated organizations.	2. Ms. Rainford
	3. To employ marketing representative and implementation of marketing function by 4-1-83.	3. Mr. Suwinski Mr. Gitch

NOTE: All priorities to occur under appropriate review/ approval of Planning/ Development Committee.

EMERGENCY MEDICAL SERVICES

GOALS	OBJECTIVES	ASSIGNMENT
1. To develop and implement a specific set of techniques for promoting St. Paul-Ramsey emergency medical and critical care capabilities directly to the public.	1. To promote EMS/critical care capabilities directly to the public and maintaining and strengthening relationships with ambulance services.	1. Mr. Meyer Dr. Campion
2. To seek out a hospital and physician group in the "third tier" referral area for development of a broad based relationship, that will lead to the referral of patients requiring critical and tertiary care.	2. To promote EMS/critical care capabilities to "third tier" referral area physicians.	2. Mr. Meyer Dr. Campion
3. To maintain and strength relationships with area ambulance services.	3. To promote EMS/critical care capabilities to outstate physicians.	3. Mr. Meyer Dr. Campion
	4. To implement ReadyCare concept on campus at SPR by 2-1-83 and to public by 3-15-83.	4. Dr. Cicero, Ms. Schmidt, Ms. Ales, Ms. Marschall

NOTE: All priorities to occur under appropriate review/approval of Planning/Development Committee.

CAPITAL FORMATION

GOALS	OBJECTIVES	ASSIGNMENT
1. To reaffirm SPRMC's commitment to provde a high quality environment for rendering patient care.	1. To analyze funding alternatives resulting in identification of ways to raise capital to meet future needs. To develop a plan to meet the needs shown by this analysis.	Mr. Gitch, Mr. Culbertson, and Mr. McClary in conjunction with appropriate financial consultants
2. To formulate plans which ensure that capital funds will be adequate to cover needed expansion, remodeling and equipment purchasing.	2. Plan to be developed by 11-1-83 to Finance/Personnel Committee.	Finance/Personnel Committee
3. To evaluate the appropriateness and extent of urgency for developing relations with organizations which can provide access to capital.		

All priorities to be undertaken with appropriate review/approval of the Finance/Personnel Committee.

FUND DEVELOPMENT

GOALS

1. To actively pursue development efforts in order to obtain financial support for the medical center's missions, aims and programs.

2. To utilize fund development for a substantial portion of its long-term capital needs.

3. To undertake corporate image building in the creation of greater awareness, understanding and acceptance of the medical center and its objectives among the public it serves or would like to serve.

OBJECTIVES

1. To organize and staff a Development Office to serve as the foundation of the major effort in image and fund development.

ASSIGNMENT

Primary responsibility rests with M.E.R.F. Board
(Staff - Mr. Landis,
Mr. Suwinski of R.C.A.)

Secondary responsibility for Coordination - Mr. Gitch
Finance/Personnel Committee

AFFILIATION WITH OTHER PROVIDERS

GOALS	OBJECTIVES	ASSIGNMENT
1. To continue a policy of independence and self-governance in relation to other hospitals and health care systems; but will aggressively pursue opportunities for cooperation with any and all of these organizations in specific programmatic areas.	1. To consider through MAPTH establishment of an equipment pooling and servicing program by 9-1-83.	1. Mr. Dixon
	2. To consider through MAPTH establishment of a cooperative hospice care program involving the member institutions, feasibility assessed by 6-30-83.	2. Messrs. Riley & Culbertson
2. To pursue, in cooperation with RCA, development of its own "vertically" integrated system, involving a range of providers of non-hospital services as well as other hospital services.	3. To consider through MAPTH development of a data system which can be specifically used to measure the effectiveness of our teaching hospitals and potentially be used as an educational tool for students.	3. Ms. Giovannini
	4. To consider through MAPTH after further clarification, the potential establishment of a "technology center" to monitor and evaluate for acquisition or sharing by the member institutions new forms of medical and health care technology.	4. Mr. Dixon, Mrs. Marschall
	5. To consider through MAPTH assessment of public relations effort on a joint basis involving the image of the teaching hospitals.	5. Ms. Rainford
	6. To consider through MAPTH establishment of the personnel training program in management for middle managers within the MAPTH institutions by 9-1-83.	6. Ms. Lawrence

All priorities to be undertaken under review/approval of Planning and Development Committee.

SERVICE MANAGEMENT CORPORATION

GOALS	OBJECTIVES	ASSIGNMENT
1. To pursue ongoing exploration and development of innovative forms of relating to other health and human service organizations in order to ensure its long-term viability and fulfillment of mission.	1. To organize to commit its technical resources to serve a major role in program development of SMC, Inc.	1. Mr. Nye, Mr. Gitch
2. To serve as a leader in the development of new and innovative forms of health care services, education and research.	2. To conduct the necessary financial feasibility studies to minimize the risk incurred in this project.	2. Mr. Nye, Mr. Gitch
3. To evaluate the appropriateness and effectiveness of its relationships with other organizations in order to maximize program development, share of marketplace, access to capital, educational programs and research.	3. To recruit staff of SMC. President appointed by 1-15-83.	3. Completed with selection of George Halvorson

Priorities to be undertaken with review/approval of Planning and Development Committee.

MEDICAL CENTER RESTRUCTURING

GOALS	OBJECTIVES	ASSIGNMENT
1. To organize/structure the Commission in a way that most efficiently and effectively achieves its responsibilities of: a. specifying institutional mission, philosophy, goals b. establish policies c. appoint and evaluate management and its strategies d. protect and enhance assets e. assure quality	1. To complete agenda for accomplishment of items 1 a-e by 12-1-83	1. (General) Legislative Committee a. P & D b. Various Committees c. Finance/Personnel d. Finance/Personnel e. JCC
2. To enhance communications with the various constituencies regarding the mission, goals, plans, programs and services of the medical center.	2. To develop a plan to accomplish this goal by 4-1-83.	2. Commission as a whole
3. To assume a leadership position in joint planning efforts with other organizational units on the medical center campus and with the County Board.	3. To form this agenda by 5-1-83.	3. Planning and Development Committee
4. To provide Commission membership that is representatives of the constituencies served and dedicated to the mission and goals of the medical center.	4. To develop a program for current legislative session by 2-15-83.	4. Legislative Committee, Mr. Gitch

ATTACHMENT III

TRENDS OF WRITE-OFFS FOR MEDICALLY INDIGENT CARE AND UNCOLLECTABLES

The attached charts demonstrate trends in uncollectibles (excluding Hill-Burton which is authorized free care, not uncollectibles):

1) Numbers of inpatient accounts

2) Amounts of inpatient accounts

3) Numbers of outpatient accounts

4) Amounts of outpatient accounts

On each chart the straight line combines SPRMC and Ramsey County uncollectibles less credits from collection agencies. The lines of dashes show losses from General Assistance Medical Care due to changes in state law.

Chart #1 shows that the number of inpatient uncollectible accounts (straight line), remains about the same over time, but the number of G.A.M.C. inpatient accounts have dramatically increased during the last six months.

Chart #2 indicates that although the number of uncollectible inpatient accounts are about the same, the loss per case is steadily increasing. This is due to:

1. Annual increases in our rates (about 11% each year).

2. Higher unemployment means higher percentage of our patients have less or no insurance.

3. No fault coverages required by state law has not been raised although the cost of medical care continues to rise. Thus a larger portion of each bill is left after no-fault payments, disproportionally increasing such losses.

Also, Chart #2 shows increasing write-offs in GAMC monthly inpatient losses.

Chart #3, numbers of outpatient accounts, shows that uncollectibles average about 1,300 cases per month, (ranging from 1,000 to 1,600). GAMC outpatient cases now average about 1,100 cases per month.

Chart #4 shows uncollectible dollar losses stable at about $120,000 per month. G.A.M.C. outpatient amounts are fairly low at about $25,000 per month.

In Summary:

A. Our collection process continues to be effectively managed since the number of uncollectible cases remains stable over time.

B. Continued increases in cost per case can be expected due to rate increases and reductions in insurance coverages.

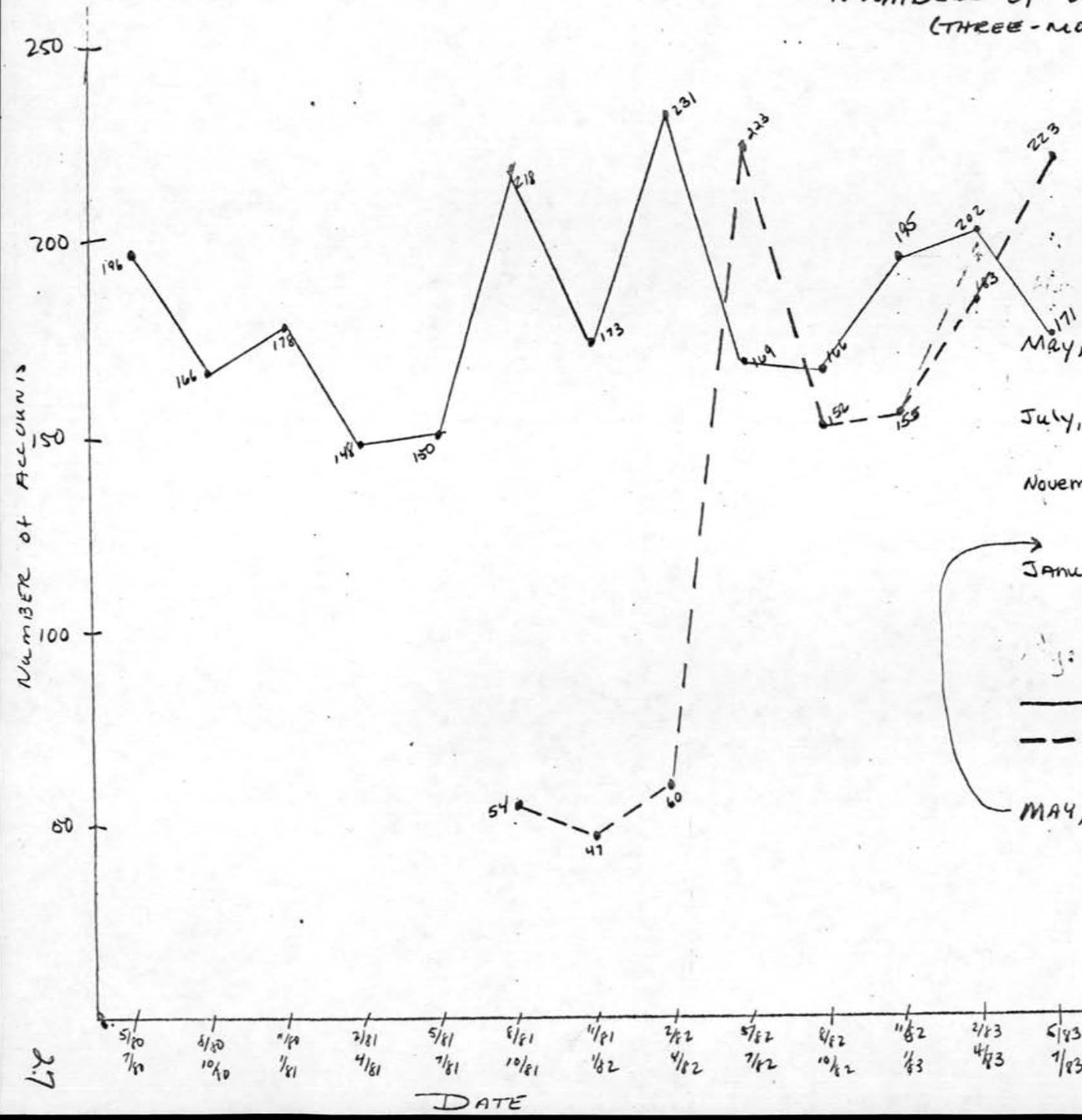
C. There is a sharp increase in losses from inpatient G.A.M.C. cases. Recent changes in eligibility limits will push such losses even higher.

D. Since Ramsey County is unlikely to adjust appropriations sufficiently to cover these increases, the medical center will have to absorb more of such losses and/or modify its credit policies.

St Paul Ramsey Medical Center

Numbers of Uncollectable Inpatient Accounts

(Three-month averages)



May, 1981: CHEPP discontinued
GAMC limit on assets reduced

July, 1981: GAMC mandated reductions established and enforced at 50% level

November, 1981: GAMC reductions fully enforced
SE Asian coverage reduced to 18 months
Eligibility standards for disability revised

January, 1983: State restriction on allowable rate increase: diminishes GAMC payments

——— OTHER INPATIENT (1 mill funding)

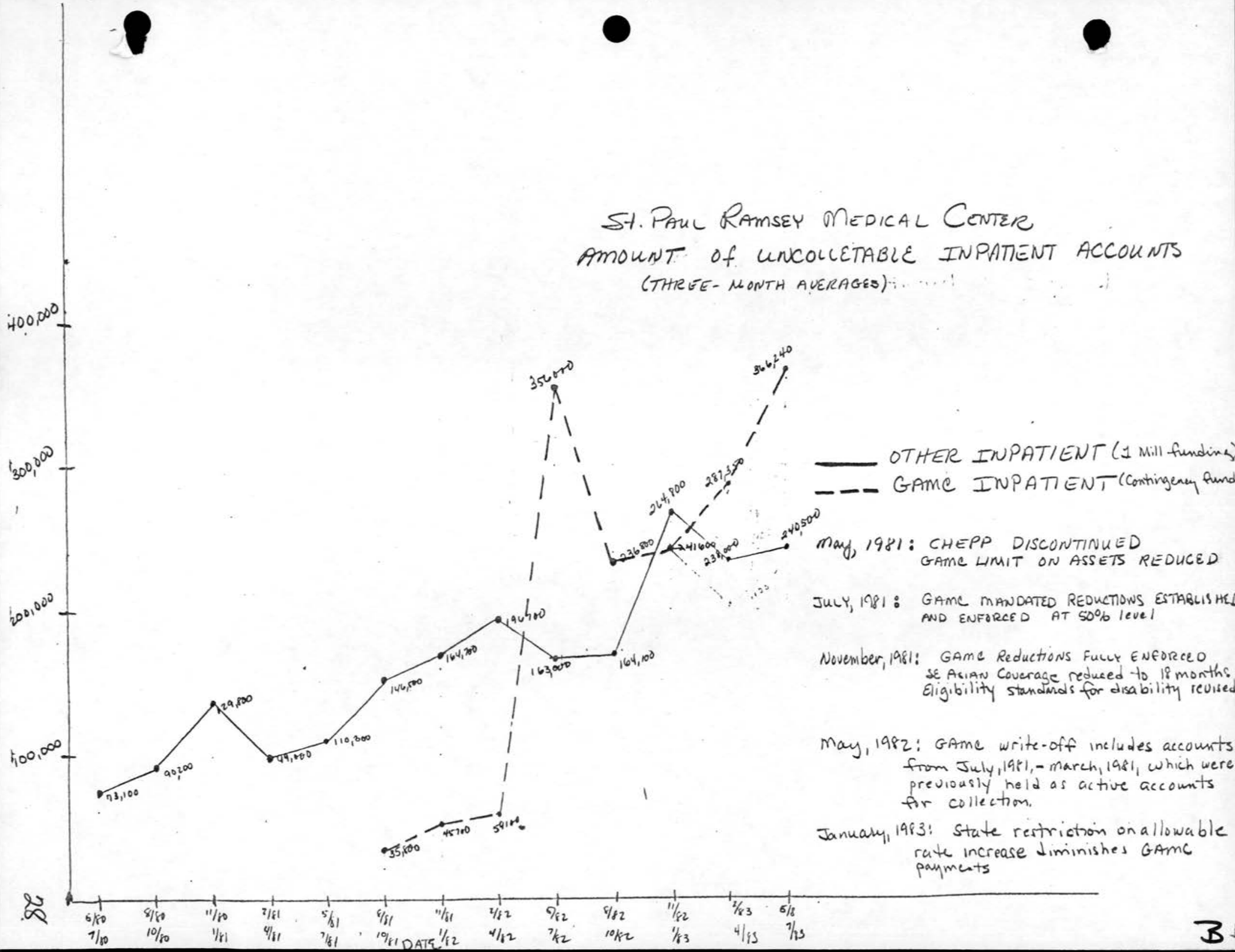
– – – GAMC INPATIENT (Contingency fund)

MAY, 1982: GAMC write-off includes accounts from JULY1, 1981 – MARCH, 1981, which were previously held as active accounts for collection.

Liz

A

ST. PAUL RAMSEY MEDICAL CENTER
AMOUNT OF UNCOLLECTABLE INPATIENT ACCOUNTS
(THREE-MONTH AVERAGES)



May, 1981: CHEPP DISCONTINUED
GAMC LIMIT ON ASSETS REDUCED

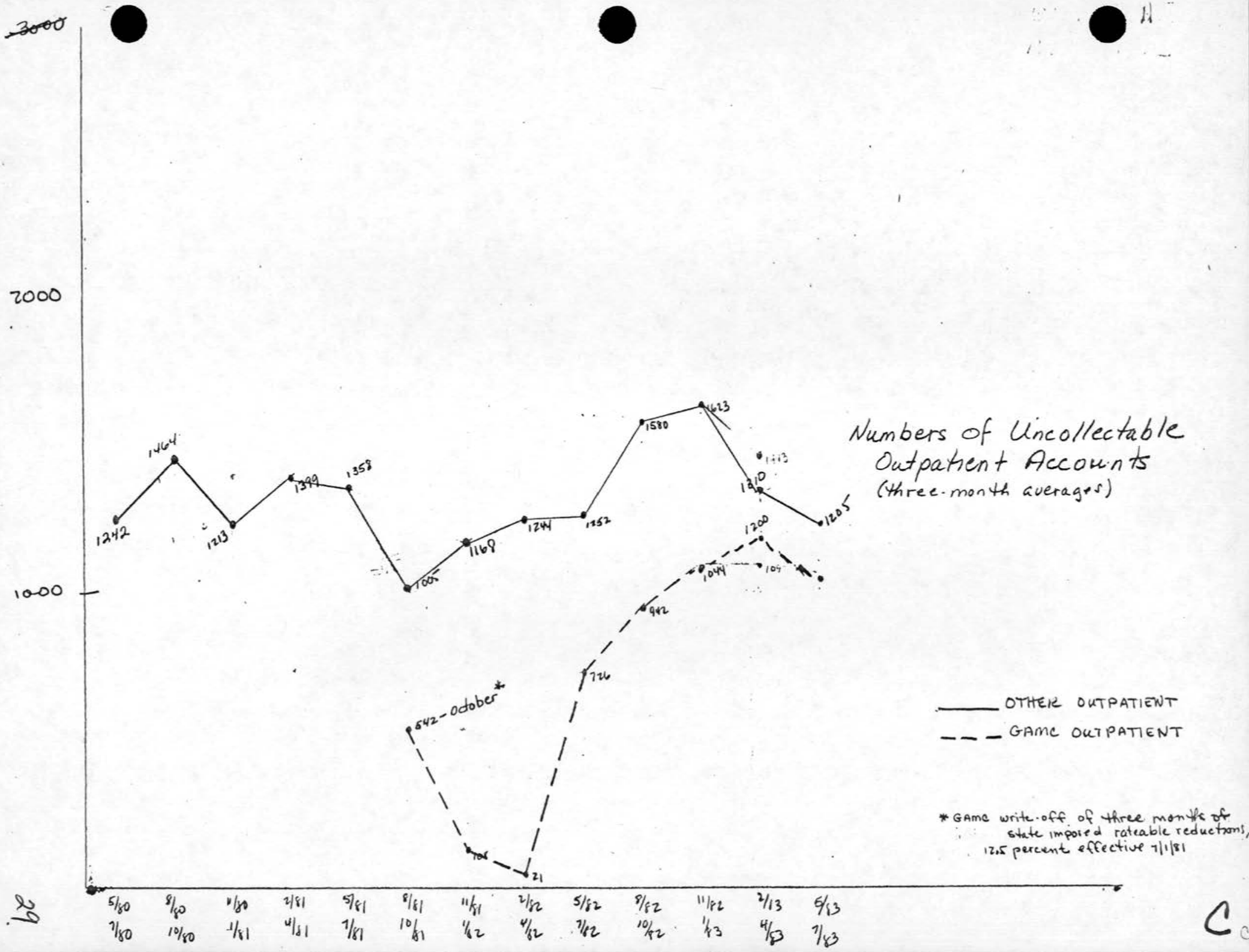
JULY, 1981: GAMC MANDATED REDUCTIONS ESTABLISHED AND ENFORCED AT 50% level

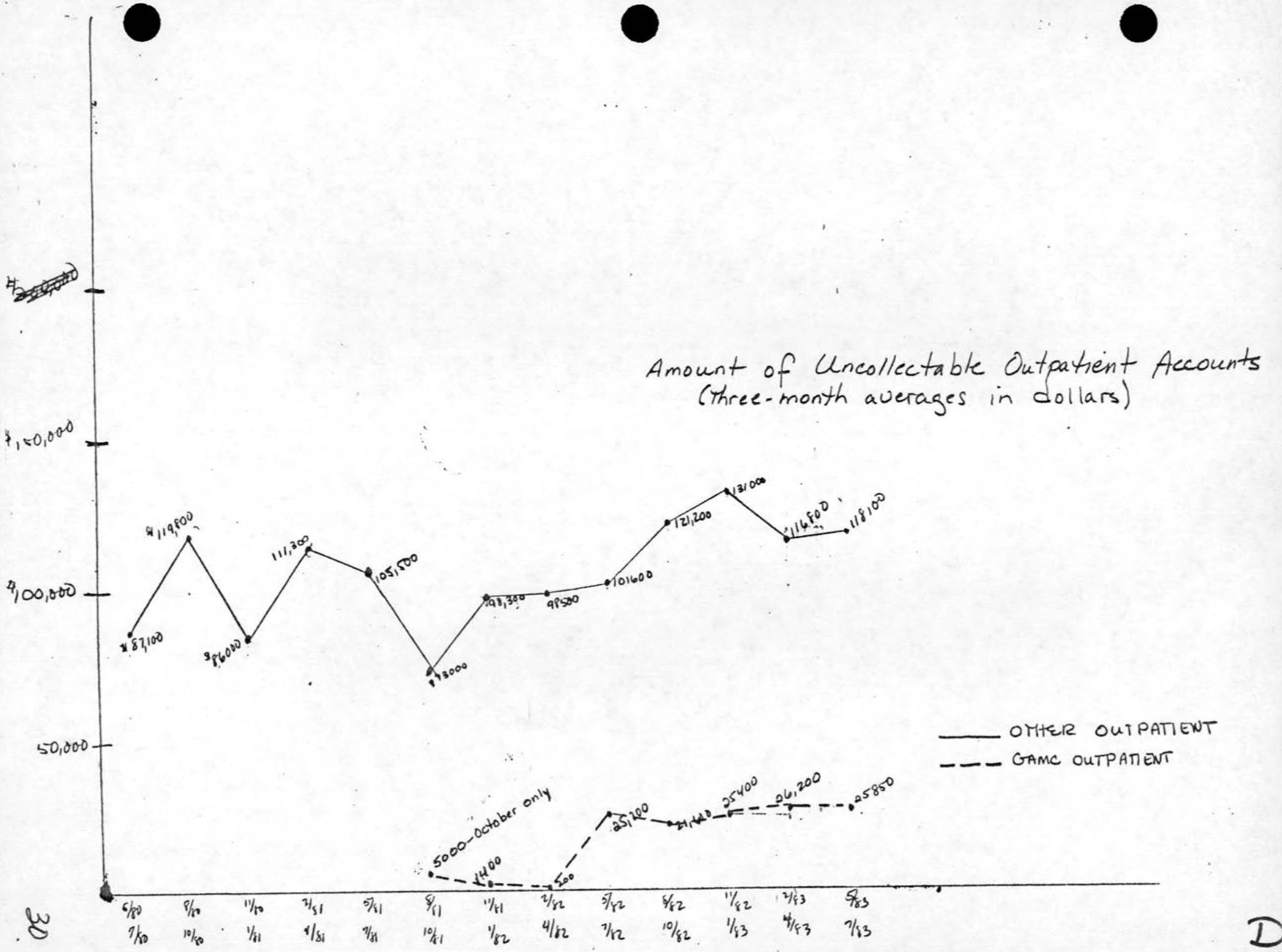
November, 1981: GAMC Reductions FULLY ENFORCED
SE ASIAN Coverage reduced to 18 months
Eligibility standards for disability revised

May, 1982: GAMC write-off includes accounts from July, 1981, - March, 1981, which were previously held as active accounts for collection.

January, 1983: State restriction on allowable rate increase diminishes GAMC payments

B


3000
2000
1000
1242
1464
1213
1399
1358
1005
1168
1244
1252
1580
1623
1210
1205
542 - October *
706
21
726
942
1044
1200
Numbers of Uncollectable Outpatient Accounts
(three-month averages)
OTHER OUTPATIENT
GAME OUTPATIENT
* GAME write-off of three months of state imposed rateable reductions, 12.5 percent effective 7/1/81
5/80
7/80
8/80
10/80
11/80
1/81
2/81
4/81
5/81
7/81
8/81
10/81
11/81
1/82
2/82
4/82
5/82
7/82
8/82
10/82
11/82
1/83
2/83
4/83
5/83
7/83


Amount of Uncollectable Outpatient Accounts
(three-month averages in dollars)
$150,000
$100,000
50,000
$87,100
$119,800
$86000
111,300
105,500
$73000
98,300
98500
101600
121,200
131000
116,800
118,100
5000-October only
14400
500
25,200
21,400
25400
26,200
25850
OTHER OUTPATIENT
GAMC OUTPATIENT
5/80
8/80
11/80
2/81
5/81
8/81
11/81
2/82
5/82
8/82
11/82
2/83
5/83
7/80
10/80
1/81
4/81
7/81
10/81
1/82
4/82
7/82
10/82
1/83
4/83
7/83

30

D

ATTACHMENT IV

DEPARTMENT: 43901 - ST. PAUL-RAMSEY MEDICAL CENTER

ACTIVITY: 43900 - ST. PAUL-RAMSEY MEDICAL CENTER

DEPARTMENT HEAD: David Gitch

LOCATION: 640 Jackson Street
St. Paul, Minnesota

PHONE: 221-2184

MISSION

To provide leadership and high quality programs in traditional and innovative forms of health care education, research, and delivery, including emergency care, ambulatory care inpatient care, mental health, preventive care, and health maintenance.

OBJECTIVE

To identify and respond to community health care needs; to further leadership role in community health programs and health education including both professional providers and the community; to evaluate existing programs and generate resources to support new ones; and to develop and implement a plan for primary and emergency services accessible to the entire population serviced.

FUNCTION

To provide primary, secondary, tertiary, and emergency care to all segments of the population of the Medical Center's service area, with special provision for the catastrophically injured, the critically ill, state and county prisoners, and the indigent; and to provide education for medical and allied health students and the community.

ORGANIZATION

The Medical Center is organized under Laws of Minnesota 1974, Chapter 435, as amended in 1978, Chapter 545, and is governed by the Medical Center Commission, which appoints an Executive Director, a Medical Director, and a medical staff to carry out its mission.

BUDGET SUMMARY

Code	Title	1982 Expended	1983 Budget	1984 Request	1984 Proposed	1984 Approved
090000	Intergovernmental Payments	5,506,352	5,684,034	6,986,628	6,173,256	

ANTICIPATED REVENUE - None

1984 BUDGET DIRECTIVE
10% LEVY REDUCTION

	1983 Budget	1984 Request	1984 Proposed
Departmental Budget	5,684,034	6,986,628	6,173,254
Less: Estimated Revenue	500,000	-	-
Levy	5,184,034	6,986,628	6,173,254
Increase (Decrease) Over 1983 Levy		1,802,594	989,920
10% LEVY REDUCTION	518,403	518,403	518,403
Total Levy Reduction Needed		2,320,997	1,508,323

List below in priority order (i.e., the first item listed being the most desirable to be implemented) your preference of those projects/programs that will result in a net decrease in the 1983 tax levy of at least 10%.

These items may be in the form of revenue generating ideas, personnel changes in number and type, changes in methods or procedures, etc. Also indicate the consequences of each levy reduction on the CONSEQUENCES OF LEVY REDUCTIONS worksheet.

SUMMARY
DEPARTMENTAL RANKING OF SERVICES AND PROGRAMS
MANDATED/DISCRETIONARY

Mandated Services

(1)	(2)	(3)	Service or Program	Next Year's Requested Budget: Current Programs	Next Year's Requested Budget: New or Expanded Programs	% of Current Year's Budget	Next Year's Proposed Budget
		1	Community Service Paramedics	112,000		1.97	112,000
X			Uncollectible Accounts	2,974,628		52.33	2,974,628
			Estimated Revenue General by 1 Mill	3,086,628		54.30	3,086,628
X			Uncollectibles due to State Program Charges	3,900,000		68.61	3,086,628
			TOTAL CURRENT PROGRAMS	6,986,628		122.91	6,173,256
			TOTAL NEW OR EXPANDED PROGRAMS				
			TOTAL DEPARTMENT SERVICES OR PROGRAMS (Must agree with next year's Budget Request)	6,986,628		122.91	6,173,256
			SUMMARY: Mandated Services	6,874,628		120.94	6,061,256
			Discretionary (Level or Method Mandated)	112,000		1.97	112,000
			Discretionary (Level and Method)				
			Total Department Services or Programs	6,986,628		122.91	6,173,256

DEPARTMENTAL RANKING OF SERVICES AND PROGRAM DETAIL

Priority #____ of Discretionary Service

DIVISION _____ SERVICE OR PROGRAM PARAMEDICS

[ ] Mandated Service
Statute # _____

	Mandated	Discretionary
Level	_____	_____
Method	_____	_____

[X] Discretionary Service (Level or Method Mandated)
Statute # _____
Level Mandated _____
Method Mandated _____

[ ] Discretionary Service (Both Level and Method are Discretionary)

[X] Current Program

[ ] New or Expanded Program

PROGRAM OR SERVICE GOALS: (What services, provided to whom, and with what intended results)

Key Program Objectives	Measures	Performance: Last Year Expected	Last Year Actual	Current Year Expected	Next Year Expected
Paramedics Program	To provide for estimated Paramedic calls during 1982	15,000	14,000	15,000	15,000

	Last Year	Current Year	Next Year
Personnel Complement - Permanent Full Time			
Permanent Part Time (FTE)			
Temporary (FTE)			
Funded Thru Other Programs (FTE)			
TOTAL FTE	None	None	None

DETAIL OF NEXT YEAR'S BUDGET FOR SERVICE OR PROGRAM	Next Year Requested	Next Year Proposed
010000 PERSONAL SERVICES		
020000 OTHER SERVICES & CHARGES		
030000 SUPPLIES		
040000 CAPITAL OUTLAY		
090000 INTERGOVERNMENTAL PAYMENTS	112,000	112,000
TOTAL PROGRAM COST	112,000	112,000
TOTAL PROGRAM REVENUE	None	-
NET PROGRAM COST	112,000	112,000

DEPARTMENTAL RANKING OF SERVICES AND PROGRAM DETAIL

Priority #____ of Discretionary Service

DIVISION _____ SERVICE OR PROGRAM UNCOLLECTABLE ACCOUNTS

[X] Mandated Service
Statute # _____

	Mandated	Discretionary
Level	____	____
Method	____	____

[ ] Discretionary Service (Level or Method Mandated)
Statute # _____
Level Mandated ____
Method Mandated ____

[ ] Discretionary Service (Both Level and Method are Discretionary)

[X] Current Program

[ ] New or Expanded Program

PROGRAM OR SERVICE GOALS: (What services, provided to whom, and with what intended results)

Key Program Objectives	Measures	Performance: Last Year Expected	Last Year Actual	Current Year Expected	Next Year Expected
Provide Funding of Uncollectable Accounts	To maintain or reduce the percent of patient fees necessary to fund uncollectable accounts	5.00	5.40	6.32	6.50

Personnel Complement -	Last Year	Current Year	Next Year
Permanent Full Time			
Permanent Part Time (FTE)			
Temporary (FTE)			
Funded Thru Other Programs (FTE)			
TOTAL FTE	N/A	N/A	N/A

DETAIL OF NEXT YEAR'S BUDGET FOR SERVICE OR PROGRAM

		Next Year Requested	Next Year Proposed
010000	PERSONAL SERVICES		
020000	OTHER SERVICES & CHARGES		
030000	SUPPLIES		
040000	CAPITAL OUTLAY		
090000	INTERGOVERNMENTAL PAYMENTS	2,974,628	2,974,628
	TOTAL PROGRAM COST	2,974,628	2,974,628
	TOTAL PROGRAM REVENUE	None	None
	NET PROGRAM COST	2,974,628	2,974,628

DEPARTMENTAL RANKING OF SERVICES AND PROGRAM DETAIL

Priority #____ of Discretionary Service

DIVISION_____ SERVICE OR PROGRAM UNCOLLECTABLE ACCOUNTS

[X] Mandated Service
Statute #_____

	Mandated	Discretionary
Level	_____	_____
Method	_____	_____

[ ] Discretionary Service (Level or Method Mandated)
Statute #_____
Level Mandated _____
Method Mandated _____

[ ] Discretionary Service (Both Level and Method are Discretionary)

[ ] Current Program

[ ] New or Expanded Program

PROGRAM OR SERVICE GOALS: (What services, provided to whom, and with what intended results)

Key Program Objectives	Measures	Performance: Last Year Expected	Last Year Actual	Current Year Expected	Next Year Expected
Provide funding to St. Paul Ramsey Medical Center due to the effect of the Omibus appropriation bill.	To maintain or reduce percent of patient fees necessary to fund uncollectable accounts		See Attached Support Schedules		

	Last Year	Current Year	Next Year
Personnel Complement - Permanent Full Time			
Permanent Part Time (FTE)			
Temporary (FTE)			
Funded Thru Other Programs (FTE)			
TOTAL FTE	None	None	None

DETAIL OF NEXT YEAR'S BUDGET FOR SERVICE OR PROGRAM

	Next Year Requested	Next Year Proposed
010000 PERSONAL SERVICES		
020000 OTHER SERVICES & CHARGES		
030000 SUPPLIES		
040000 CAPITAL OUTLAY		
090000 INTERGOVERNMENTAL PAYMENTS	3,900,000	3,900,000
TOTAL PROGRAM COST	3,900,000	3,900,000
TOTAL PROGRAM REVENUE	None	-
NET PROGRAM COST	3,900,000	3,900,000

1982 AND ESTIMATED 1983 UNCOLLECTABLE ACCOUNTS/GAMC CONTINGENCY

	SPRMC UNCOLLECTABLES	SPRMC HILL BURTON	SPRMC TOTAL	RAMSEY COUNTY CONTINGENCY	NET RAMSEY COUNTY UNCOLLECTABLES →	TOTAL UNCOLLECTABLES	PATIENT REVENUE
Allocated 1982	1,578,048	280,800	1,858,848	2,550,952	2,676,000	7,085,800	
To Be Paid In 1982					(621,000)		
Transferred to 1983					(500,000)		
1982 Adjusted Allocation	1,578,048	280,800	1,858,848	2,550,952	2,849,000	7,258,800	
SPRMC ACTUAL	546,115	505,694	1,052,009	2,090,920	3,170,203	7,113,132	
	225,094 ←	225,094					
	339,968 ←			339,968			
	321,203 ←				321,203		
1982 Uncollectable Accts.	1,432,380	280,800	1,713,180	2,550,952	2,849,000	7,113,132	83,000,000
% Patient Revenue			2.03%	3.03%	3.39%		
Allocated 1983	1,470,996	350,000	1,820,996	2,742,128	2,829,906	7,393,030	
SPRMC ESTIMATED ACTUAL	642,000	614,000	1,256,000	3,760,000	3,640,060	8,656,060	
	264,000 ←	264,000					
	1,017,872 ←			1,017,872			
	810,094 ←				810,094		
	2,733,966	350,000	3,083,966	2,742,128	2,829,906	8,656,060	93,500,000
% Patient Revenue			3.29%	2.93%	3.03%		

The above indicates the change (increase) in uncollectable accounts funded by SPRMC. It should be noted that a private institution's uncollectable accounts has increased from 1% to approximately .2%, where as SPRMC's uncollectable burden will increase to over 3% during 1983 and possibly higher during 1984.

BUDGET DETAIL - COMMENTS AND DATA

090000 - INTERGOVERNMENTAL PAYMENTS

Code	Title	1982 Expended	1983 Budget	1984 Request	1984 Proposed	1984 Approved
(A)090201	Community Service-Paramedic Program	106,400	112,000	112,000	112,000	
(B)090202	Uncollectible Accounts	2,550,952	2,829,906	2,974,628	2,974,628	
(C)090206	Projected MA-GAMC Shortfall	2,849,000	2,742,128	3,900,000	3,086,628	
	TOTAL	5,506,352	5,684,034	6,986,628	6,173,256	

CODE NO. 090201 TITLE OF ACCOUNT COMMUNITY SERVICE PARAMEDICS

(A)

	1982 Last Year Expended	1983 Current Year Budget	1984 Next Year's Budget Request	Proposed	Approved
Existing Operation	106,400	112,000	112,000	112,000	

EXPLANATION:

Request is for continued funding of the Paramedic Program at the same level as 1983. The Paramedic Program had 14,800 calls during 1982 an estimated 15,000 calls for 1983, and as estimated 15,000 calls to continue during 1984. In addition to the actual Paramedic Program, there is a hypertension screening program wherein any individual may have his/her blood pressure checked in any St. Paul department fire station. St. Paul is the largest user as service is provided to a significant number of people who work in, or travel through, St. Paul but are not St. Paul residents.

The Paramedic Program first approved as an identifiable cost center in the 1975 budget appropriation. An annual appropriation has been made since 1975.

CODE NO. 090202 TITLE OF ACCOUNT UNCOLLECTABLE ACCOUNTS

(B)

	1982 Last Year Expended	1983 Current Year Budget	1984 Next Year's Budget Request	Proposed	Approved
Existing Operation	2,550,952	2,829,906	2,974,628	2974,628	

EXPLANATION:

R.C

To provide funding for medical service to all patients regardless of ability to pay.

It is estimated that approximately 6.50% of patient revenue has to be considered as uncollectable due to (a) the inability of the near poor to meet their obligations; (b) bad debts resulting from patients mis-management of their own funds: (c) also due to the state of the economy. In contrast, the non-public community hospitals' bad debt expense rarely exceeds 1-2%.

Commencing with the 1971 appropriation through 1982, the County has appropriated $12,778,644 for the reimbursement of uncollectible accounts. During this same period of time, the Medical Center has certified to the County $15,563,907 of uncollectible accounts. This has resulted in a deficit of $2,785,263 as of January 1, 1983. This deficit cannot be recovered by increasing the rate structure; therefore, other functions of the Medical Center must be curtailed to finance the deficit.

In order to insure that sufficient funding will be available to finance the functions of the Medical Center, which cannot be financed through the rate structure, the County Board, at the 1981 budget hearing, approved a policy to establish an annual appropriation equal to one (1) mill of the County's assessed taxable valuation. For the taxable year of 1984, the estimated assessed valuation (as of 3/14/83) is $3,086,627,912. Therefore, one mill will raise $3,086,628 and is allocated as follows:

Paramedic Program	$ 112,000
Uncollectible Accounts	2,974,628
	$3,086,628

090206 - PROJECTED MA-GAMC SHORTFALL

(C)

	1982 Expended	1983 Budget	1984 Request	Proposed	Approved
Existing Operation	2,849,000	2,742,128	3,900,000	3,086,628	

EXPLANATION:

The administrative decision by DPW to change the method by which the Medical Center will receive reimbursement for MA and GAMC patient care and the financial effect on the Medical Center is explained and calculated as follows:

090206 - PROJECTED MA-GAMC SHORTFALL (Continued)

1982 Total Patient Revenue	84,000,000	84,000,000
% GAMC	x 5.9	
% Medical Assistance		x 17.5
	4,956,000	14,700,000
Estimated Revenue Increase 1983	x 112	x 112
	5,550,720	1,646,400
Estimated Revenue Increase 1984	x 112	x 112
	6,217,000	18,439,000

GAMC RATEABLE REDUCTIONS

DPW legislation allows for a rateable reduction in the following services:

a. Chemical Dependency/Mentally Ill	45%	
b. All other Inpatient Care	35%	
c. Outpatient Care	25%	

a. Psych - 45%		
1984 Est. I.P. Revenue 82% x $6,217,000	5,098,000	
% Considered Psych & ADAP	43%	
	2,192,000	
Rateable Reduction	45%	
		986,000
b. All Other Inpatient Care - 35%		
	5,098,000	
% Considered all other I.P.	57%	
	2,906,000	
Rateable Reduction	35%	
		1,017,000
c. Outpatient Care - 25%		
GAMC Est. O.P. Care 18% x 6,217,000	1,119,000	
Rateable Reduction	25%	
		280,000

1984 APPROPRIATION ESTIMATE
GAMC CONTINGENCY

GAMC Contractual Reduction		
Est Inpatient Care	5,098,000	
GAMC Reduction (Includes 8% Cap)	20.4%	
		1,040,000
Volume Increase of Inpatient Care		
Increase in Number of Inpatient Cases		
Aug.-Jan. Comparison 1982 to 1983 per Analysis		
1983 Inpatient Revenue 1,906,416 / 1982 Inpatient Revenue 1,435,519 = 32.8% Increase		
Inpatient Related Items		
Psych 45% Reduction	986,000	
All Other I.P. 35% Reduction	1,017,000	
	2,003,000	
Increase Volume	32.8%	
	657,000	657,000
		3,980,000
Requested for 1984		3,900,000

At the budget hearing, the Medical Center was asked what portion of the Uncollectibles and the losses in state payments was due to legislation resulting from medical care provided to patients residing outside of Ramsey County. Following is the experience related to 1982:

090206 - PROJECTED MA-GAMC SHORTFALL (Continued)

The losses from out of county residents in 1982 due to legislative change (mainly general assistance patient care) totalled $323,445 which was about 11.1% of such losses. Please note that the Medical Center absorbed $339,968 of these losses. Thus the county contingency fund did not cover all of such losses for Ramsey County residents, therefore provided no support for out of county residents.

The uncollectibles during 1982, excluding the general assistance shortfalls noted above, averaged 23.8% out of county dollar losses. This average relates both to accounts forwarded to the county for reimbursement and accounts absorbed by the Medical Center. Again, the appropriated amounts from county tax dollars did not fully cover aggregate losses from Ramsey County residents.

The overall average for both categories of support for out of county losses in 1982 was 17.6%, fully absorbed by the Medical Center. This percentage may differ in 1983 and 1984 but the use of a full year of experience for 1982 should increase accuracy and its projectability for future years.

As we noted during our presentation, the Medical Center is absorbing a greater percentage of the uncollectables during 1983 than it did in 1982. Again, the County tax dollars are not supporting out of county losses.

If the County Board approves the Medical Center's requested level of support for 1984 without change, the Medical Center is still projected to absorb an amount greater than the total losses expected from care provided out of county residents. This absorption level is anticipated at 2.2% of revenues which exceeds bad debt losses by community hospitals in this area averaging from 1.7% to 2.0%.

The Medical Center requested $3,900,000 for 1984. However, due to budget limitations, it is proposed that a one (1) mill policy be established for the MA-GAMC Shortfall similar to the regular uncollectible accounts.

1984 OPERATING BUDGET

BY DIVISION

ST. PAUL RAMSEY MEDICAL CENTER

1984 BUDGET SUMMARY

PAGE NO.	DEPT. NO.	DEPARTMENT TITLE	1983 $	1983 BUDGET F.T.E.	1984 $	1984 BUDGET F.T.E.	1984 REVENUE PROJECTED
		* NURSING SERVICES					
1	6100	NURSING SERVICE OFFICE	1339014	43.50	1387000	43.50	0
4	6110	INFECTION CONTROL	76357	2.50	79270	2.50	0
7	6120	9W REHABILITATION	727631	28.10	751069	28.10	1955670
11	6150	9S ORTHOPEDICS	827015	31.90	854000	31.90	2548755
15	6160	6E SURGERY	600928	22.50	620420	22.50	1318822
19	6170	6S INFECTED SURGERY	500380	18.60	516960	18.60	1560375
23	6180	6W SURGERY	728219	27.50	752420	27.50	1930830
27	6190	7E MEDICINE - PCCU	585285	21.80	604540	21.80	1560375
31	6200	7S MEDICINE	606687	23.20	626400	23.20	1477520
35	6210	7W MEDICINE	772830	32.50	798270	32.50	2392575
39	6220	6S DETENTION	106512	4.25	110080	4.25	392284
43	6240	9E NEUROLOGY - ICU	208019	7.20	214850	7.20	371722
46	6250	9E NEUROLOGY	579397	23.50	598810	23.50	1643595
50	6260	5W GYN/UROLOGY	678715	26.50	701270	26.50	1846900
54	6300	4E PEDIATRICS - ICU	188926	5.50	196110	5.50	240900
57	6310	4E PEDIATRICS	499782	18.20	518700	19.20	1248300
61	6390	7S MEDICINE - ICU	621831	23.40	643090	23.40	1425280
65	6400	5E BURN UNIT	872761	32.90	903160	32.90	2606100
69	6410	7E CCU	581382	20.30	601090	20.30	1398556
73	6420	6E SURGERY - ICU	1070196	36.90	1105290	36.90	2190400
77	6430	8E PSYCHIATRY	483478	19.20	498940	19.20	1372480
81	6440	8S PSYCHIATRY	654290	27.90	675770	27.90	1824414
85	6450	8W PSYCHIATRY	580347	22.80	599550	22.80	1814050
89	6460	5S OBSTETRICS	452895	17.00	468180	17.00	1259250
93	6470	ALCOHOL & DRUG	348008	13.60	359260	13.60	1073100
97	6500	5S NEWBORN NURSERY	259477	9.10	267990	9.10	547509
101	6510	5S NEWBORN - ICU	876979	30.70	907250	30.70	2213950
105	6700	LABOR & DELIVERY	460292	15.90	476680	15.90	998520
109	6930	INSERVICE EDUC.	169823	3.70	176780	3.70	7700
		SUB-TOTAL	16457056	610.65	17013219	610.65	39219945

PAGE NO.	DEPT. NO.	DEPARTMENT TITLE	1983 $	1983 BUDGET F.T.E.	1984 $	1984 BUDGET F.T.E.	1984 REVENUE PROJECTED
		* OUTPATIENT SERVICES					
113	6050	OUTPATIENT SERVICE	2023263	79.20	2098360	79.20	2878900
117	6780	EMERGENCY MEDICINE	2119964	77.00	2193520	77.00	2759725
121	6800	UROLOGY CLINIC	165429	5.60	172350	5.60	311350
125	6810	KIDNEY DIALYSIS	641734	14.80	672180	14.80	581500
129	6820	FERTILITY CONTROL	119857	4.20	124360	4.20	220886
133	7920	FAMILY PRACTICE	355779	10.20	374170	10.20	496871
138	7700	DENTISTRY	210836	6.00	220790	6.00	185428
142	7820	OUTPATIENT ADAP	164995	5.70	171530	5.70	325480
		SUB-TOTAL	5801862	202.70	6027260	202.70	8060540
		* ANCILLARY SERVICES					
146	6400	OPERATING ROOMS	2752440	45.50	2905670	45.50	5168387
150	6630	GASTROENTEROLOGY	58044	1.60	60330	1.60	165456
154	6650	P.A.R.	262286	9.10	271230	9.10	527879
158	6770	PARAMEDICS	222787	4.00	235290	4.00	38930
---	6730	AMBULANCE	204600	0.00	220968	0.00	226000
162	7130	EKG	266791	9.00	279050	9.00	592373
166	7140	CARDIAC CATH. LAB.	181425	2.20	191860	2.20	399609
170	7150	NEURO. DIAG. LAB.	196805	5.00	207780	5.00	299557
174	7300	PHARMACY	3662304	33.80	4386290	33.80	6540900
178	7310	ANESTHESIOLOGY	1123257	22.00	1173590	22.00	2524664
182	7320	SCHOOL OF ANESTH.	134150	2.00	141370	2.00	0
185	7370	PULMONARY/RESP.	691688	24.46	720590	24.46	2313246
189	7380	MONITORING SERVICE	163879	5.00	171510	5.00	400000
191	7400	CSR/MATERIALS MGMT	3746600	52.80	3971020	52.80	6760082
194	7410	SOCIAL SERVICES	604733	17.45	624340	17.45	0
200	7500	LABORATORIES	7556448	133.60	7919000	133.60	11190988
205	7510	RADIOLOGY	2790499	75.95	2936970	75.95	5664077
209	7530	PHYSICAL MEDICINE	1163022	35.05	1191340	35.05	2251375
213	7440	PSYCH. TREATMENT	389903	12.50	404260	12.50	306805
217	7900	PROBATE COURT	176850	5.79	184045	5.79	281070
		SUB-TOTAL	26040511	496.80	28196503	496.80	45672078

PAGE NO.	DEPT NO.	DEPARTMENT TITLE	[----- 1983 -----] $	BUDGET F.T.E.	[----- 1984 -----] $	BUDGET F.T.E.	1984 REVENUE PROJECTED
		* PROFESSIONAL SERVICES					
221	7670	AUDIT & UTILIZATION	68664	2.00	71450	2.00	12000
225	7680	MEDICAL RECORDS	1222174	57.80	1260830	57.80	70000
229	7690	MEDICAL LIBRARY	150286	3.00	157680	3.00	0
233	7710	DERMATOLOGY	138103	5.00	146480	5.00	0
237	7720	MEDICINE	2332136	64.25	2467110	64.25	0
241	7730	NEUROLOGY	649544	17.75	683370	17.75	0
245	7740	OB/GYN	742144	23.80	776420	23.80	0
249	7750	OPHTHALMOLOGY	260067	9.70	272010	9.70	0
253	7760	ORTHPEDICS	446339	13.75	464750	13.75	0
257	7770	OTOLARYNGOLOGY	212859	5.80	224585	5.80	0
261	7780	PEDIATRICS	892988	20.03	943180	20.03	0
265	7790	PSYCHIATRY	763745	20.23	801460	20.23	0
269	7800	NEURO-SURGERY	178655	4.70	188320	4.70	0
273	7810	SURGERY	805975	26.20	849940	26.20	0
277	7830	UROLOGY	225852	8.50	232930	8.50	0
281	7840	ALCOHOL & DRUG AB.	234878	7.00	243870	7.00	0
285	7850	MED. DIRECTOR OFF.	121225	3.00	127420	3.00	0
288	7860	INSTITUTION REVIEW	16697	0.00	17405	0.00	0
292	7930	FAMILY PRAC. EDUC.	1029250	31.95	1083130	31.95	670320
297	7950	EMS	234306	1.65	123600	1.65	10000
301	7960	CME	25632	0.00	37610	0.00	0
		UNDERGRADUATE MED.	0	0.00	0	0.00	769000
		SUB-TOTAL	10751519	326.11	11173550	326.11	1531320

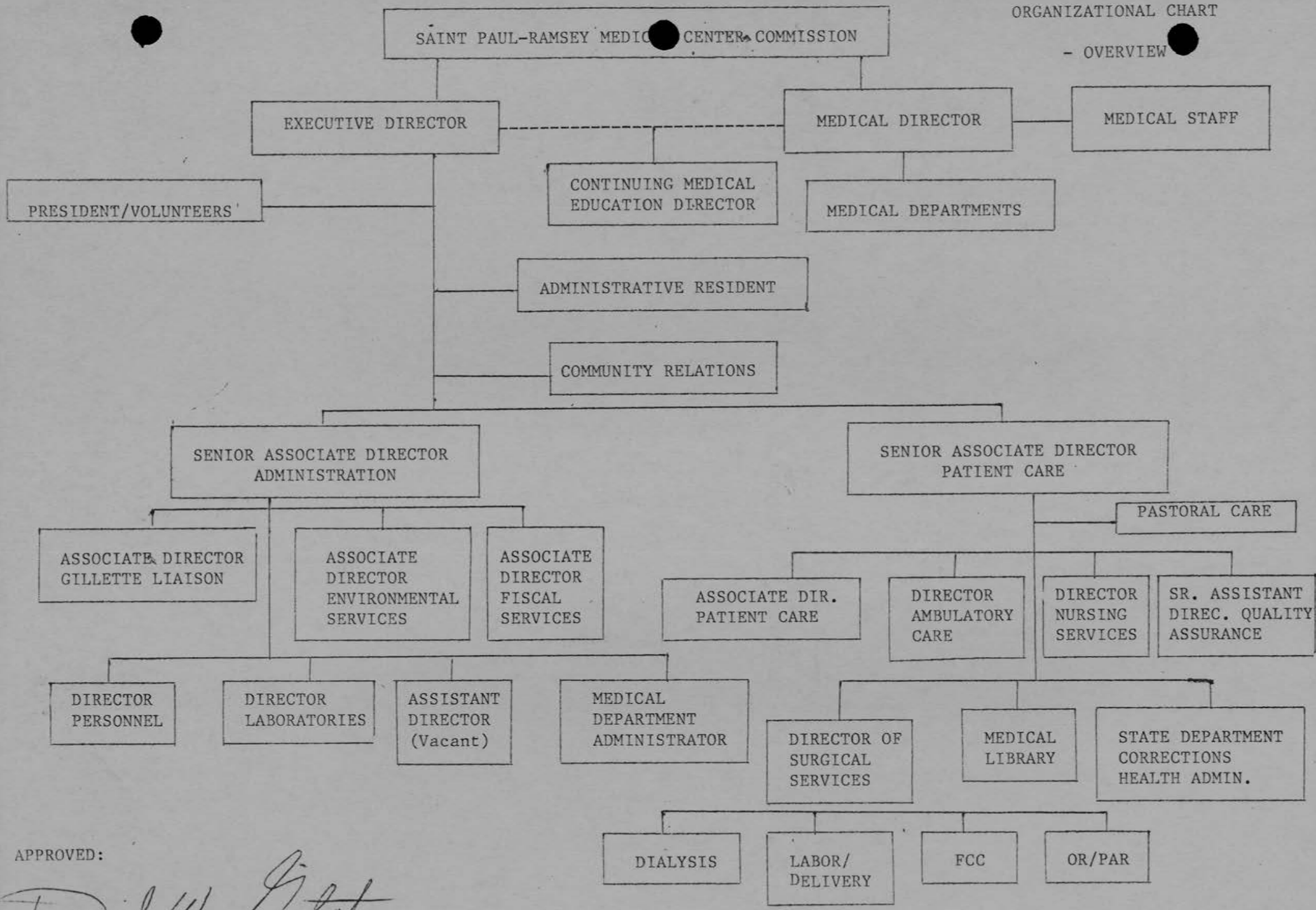
PAGE NO.	DEPT. NO.	DEPARTMENT TITLE	1983 $	1983 BUDGET F.T.E.	1984 $	1984 BUDGET F.T.E.	1984 REVENUE PROJECTED
		* GENERAL SERVICES					
305	8010	DIETARY	3104751	105.50	3260920	105.50	870000
309	8140	DIETARY EDUCATION	56079	1.50	58000	1.50	2000
313	8310	OPER. OF PLANT	3751844	44.50	4088040	44.50	499050
317	8320	SECURITY/GROUNDS	444575	4.10	482730	4.10	238000
321	8500	HOUSEKEEPING	2465709	115.90	2561920	115.90	0
325	8600	LAUNDRY	540048	22.00	563680	22.00	27000
		SUB-TOTAL	10363006	293.50	11015290	293.50	1636050
		* ADMIN. & FISCAL					
329	9010	ACCOUNTING	502295	16.00	524100	16.00	700000
333	9100	BUSINESS OFFICE	737576	35.50	824180	35.50	0
336	9110	CREDIT/COLLECTIONS	748022	15.50	791580	15.50	0
339	9120	ADMITTING	289582	12.60	299870	12.60	0
342	9200	INFORMATION SYSTEMS **	1438750	16.96	1217505	22.00	0
345	9220	INFORM./MAIL ROOM	175354	4.70	196440	4.70	0
348	9260	SWITCHBOARD/TELE.	879735	10.00	980430	10.00	1900
352	9300	ADMINISTRATION	985326	12.00	1052460	12.00	0
355	9410	PERSONNEL	522667	10.00	588790	10.00	0
358	9430	COMMUNITY RELATION	64021	0.00	73920	0.00	0
361	9460	EMPLOYEE HEALTH	54537	1.15	58040	1.15	6000
365	9470	INSUR. & BENEFITS	1690480	0.00	1814940	0.00	0
366	9480	TAKIN' CHARGE	55860	1.20	57400	1.20	6600
		SUB-TOTAL	8194205	135.61	8479655	140.65	714500
		HOSPITAL TOTALS	77916959	2065.37	81905477	2070.41	96834433

** Budget change during 1983 to effect the switch from a Service Bureau to an Inhouse EDP System.

	1983 $	1983 BUDGET F.T.E.	1984 $	1984 BUDGET F.T.E.	1984 REVENUE PROJECTED
SUB-TOTALS	77916959	2065.37	81905477	2070.41	96834433
RATE INCREASE (9.9%)					9211874
RESERVE FOR:					
C.O.L. Contingency	546144		1700000		
Reserve for Contingencies	50000		0		
Depreciation	3172000		3394000		
SUB-TOTAL	81685103		86999477		
COUNTY SUPPORT:					
Uncollectables					2974428
Paramedics					112000
County Contingency Appropriation					3900000
CONTRACTUAL ADJUSTMENTS:					
Medicare					(53705970)
Welfare (GAMC/MA)					(43448835)
Other 3.1%					(21493337)
Hill Burton Commitment					(385000)
OTHER ADJUSTMENTS:					
Allowance for Uncollectables @ 5.90%					(6024585)
Working Capital @ 3.2% Patient Revenue			3232533		
Omnibus Tax Bill Effect					(3900000)
Routine Cost Limit					(631000)
* TOTAL *			90232010		90232010

ORGANIZATIONAL CHART

- OVERVIEW



APPROVED:

David W. Gitch

David W. Gitch
Executive Director
October 28, 1981

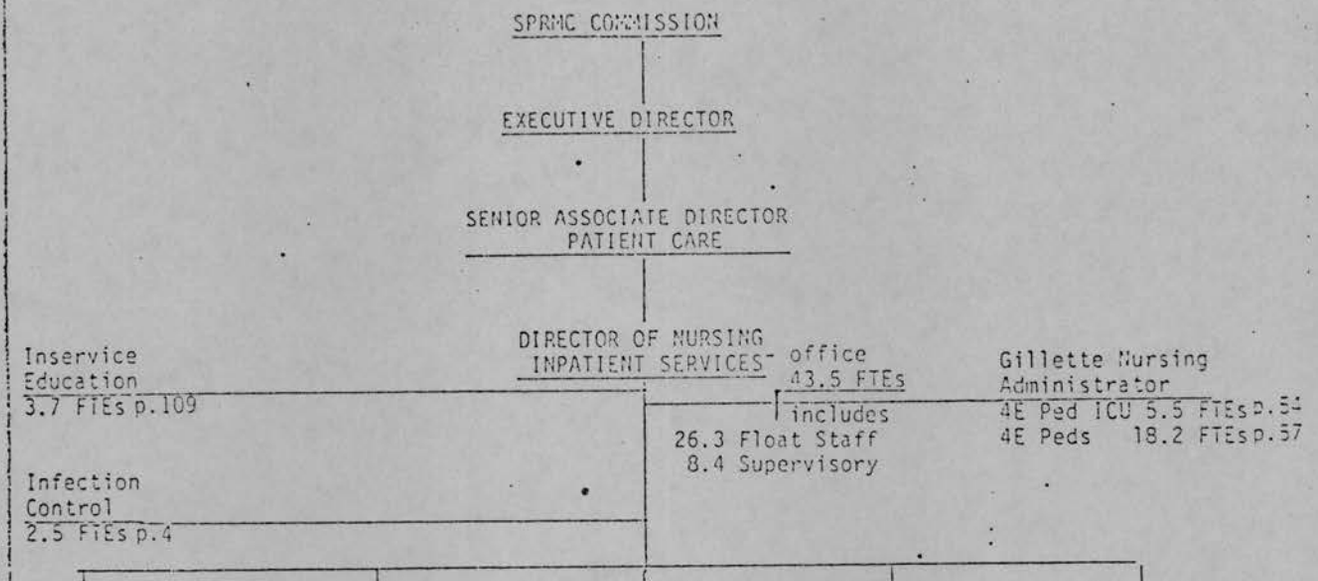
DEPARTMENT: NURSING SERVICES DIVISION

Functions

Primary function is to provide inpatient nursing services for SPRMC patients. Includes supervisory personnel, infection control nursing services, and inservice education. The nursing units provide 24 hour, 7 day week service. Uses a computerized patient classification system which determines the flexible scheduling of nursing staff for times of census fluctuation or intensity of patient needs.

ORGANIZATION

Authorized Personnel
Nursing Services
1983 Approved 610.65
1984 Requested 610.65
pp. 1-112



NURSING SERVICES	1982 ACTUAL	1983 PROJECTED	1983 BUDGET	1984 BUDGET
Salaries	12,243,521	12,898,323	13,589,179	14,444,223
Fringes	1,960,953	2,166,774	2,261,268	2,499,793
Fees	13,070	14,168	14,952	16,150
Supplies	535,018	455,348	489,276	521,800
Purchased Service	86,625	79,336	71,061	76,760
Other	30,215	35,486	32,120	34,310
Total Expense	14,869,462	15,649,435	16,457,856	17,593,036
FTEs	607.50	603.10	610.65	610.65

VIII

DEPARTMENT: OUTPATIENT SERVICES

Functions

Primary function is to provide outpatient care. The largest section is the general primary and specialty outpatient clinics which schedule appointments Monday-Friday, 8:00 A.M. - 4:30 P.M. Patients are seen by the physicians in those clinic facilities.

The Emergency Medicine Department provides for 7 day, 24 hour medical emergencies and trauma care. It is the major emergency facility in the East Metro Area.

Family Practice Clinic is an offsite clinic on Edgerton and Wells in the East side of St. Paul. This neighborhood clinic provides for the major teaching facility of the physicians in the family practice specialty.

Kidney Dialysis unit provides chronic outpatient dialysis as well as home treatment dialysis, and acute dialysis for inpatients.

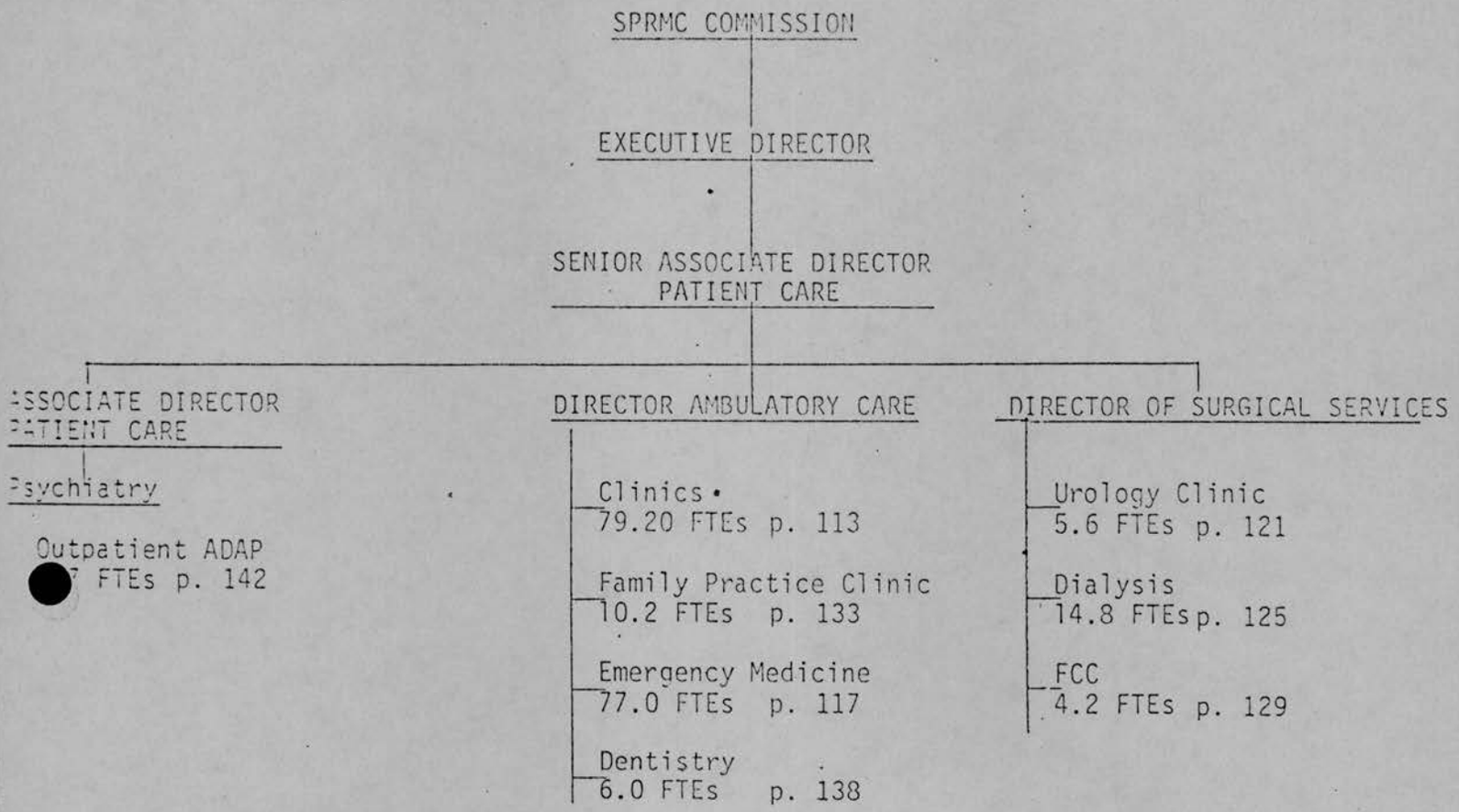
Urology Clinic, Fertility Control, Dentistry, and Outpatient ADAP are specialized clinic facilities providing specific patient needs.

TX

ORGANIZATION

Outpatient Services Authorized Personnel

1983 Approved 202.70 FTEs
1984 Requested 202.70 FTEs
pp. 113-145



OUTPATIENT SERVICES	1982 ACTUAL	1983 PROJECTED	1983 BUDGET	1984 BUDGET
Salaries	4,251,935	4,218,215	4,254,958	4,522,532
Fringes	665,970	708,623	778,666	862,558
Fees	60,009	60,060	61,772	65,290
Supplies	517,828	474,410	575,256	615,820
Purchased Service	87,951	69,971	64,445	70,470
Other	71,649	79,820	66,765	71,740
Total Expense	5,655,342	5,611,099	5,801,862	6,208,410
FTEs	209.40	201.80	202.70	202.70

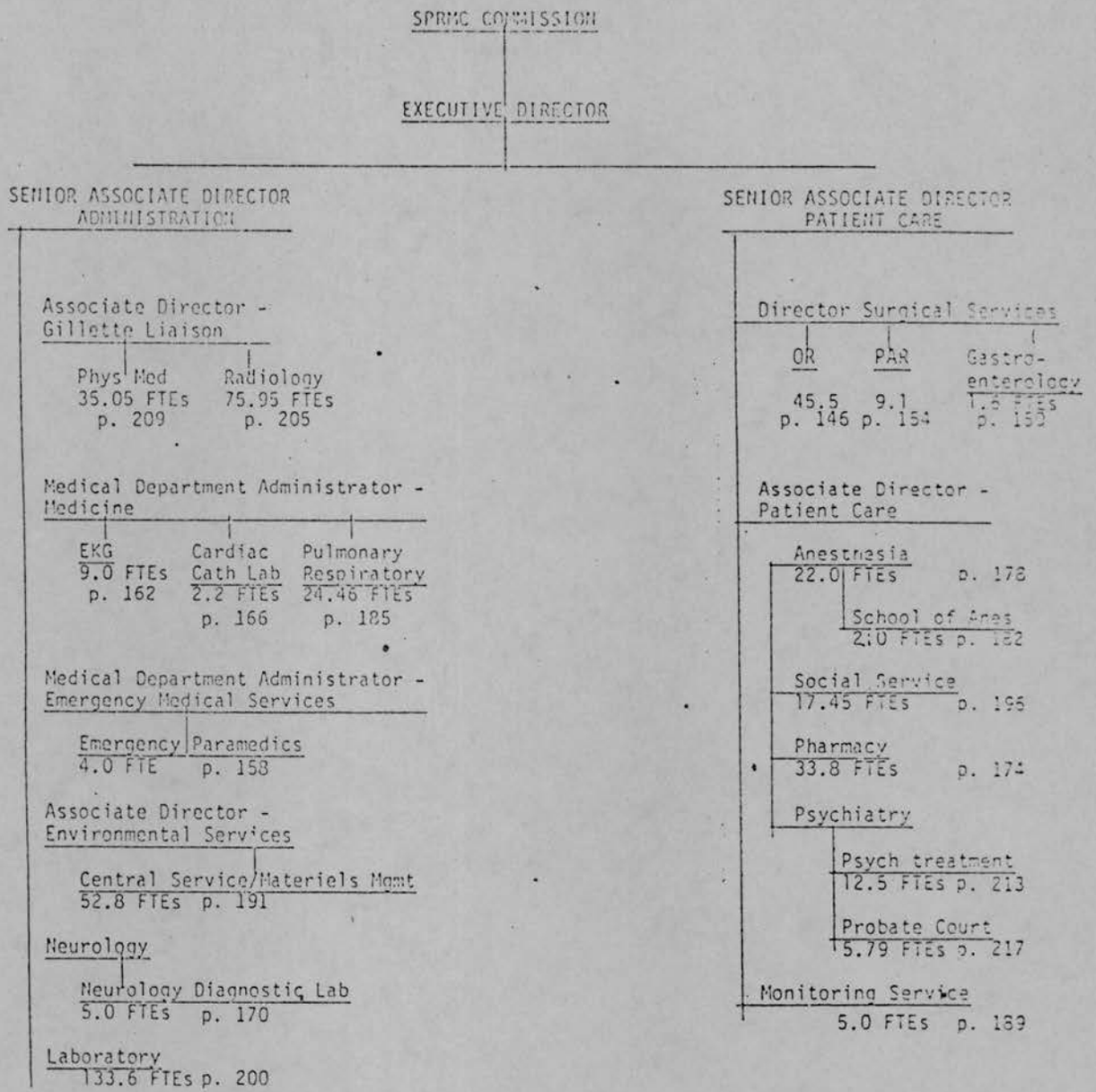
ANCILLARY SERVICES DIVISION

Functions

Primary function is to provide specialized services to both the inpatient and outpatient services. The largest departments are the Operating Room, which is open 24 hours a day, seven days a week in order to provide trauma and emergency surgical services; the Laboratories which perform the major testing and pathological review of patient tests; the Radiology Department which provides for x-rays, CAT scans, ultrasound exams, and nuclear medicine services; Central Services and Materiels Management which provide for the purchase, storage, processing and distribution of the supplies used for patients as well as for the total medical center. Also included in this division is the Physical Medicine Department which provides physical and occupational therapy services; and Pharmacy which provides for the acquisition and distribution of the drugs given to patients.

ORGANIZATION

Authorized Personnel
Ancillary Services
1983 Approved 496.80
1983 Requested 496.80
pp. 146-220



ANCILLARY SERVICES	1982 ACTUAL	1983 PROJECTED	1983 BUDGET	1984 BUDGET
Salaries	10,508,894	11,191,419	11,590,132	12,284,096
Fringes	1,665,010	1,895,158	2,049,063	2,276,596
Fees	1,627,413	1,938,059	1,998,092	1,989,270
Supplies	8,927,502	9,724,943	9,592,437	10,765,620
Purchased Service	296,079	486,159	319,436	344,980
Other	908,743	926,620	799,351	1,081,538
Total Expense	23,933,641	26,162,358	26,348,511	28,642,100
FTEs	480.40	479.40	496.80	496.80

XII

DEPARTMENT: PROFESSIONAL SERVICES DIVISION

Functions

The primary function of these medical departments is to provide for the education and supervision of the patient care given at SPRMC. Multispecialty staff physician residents and other professional health personnel are one of the reasons SPRMC is able to provide the quality of care in this community.

The primary function of Medical Records is to provide the professional service of maintaining and storing the patients' medical records. The legal and accreditation requirements for the patient's record require meticulous attention.

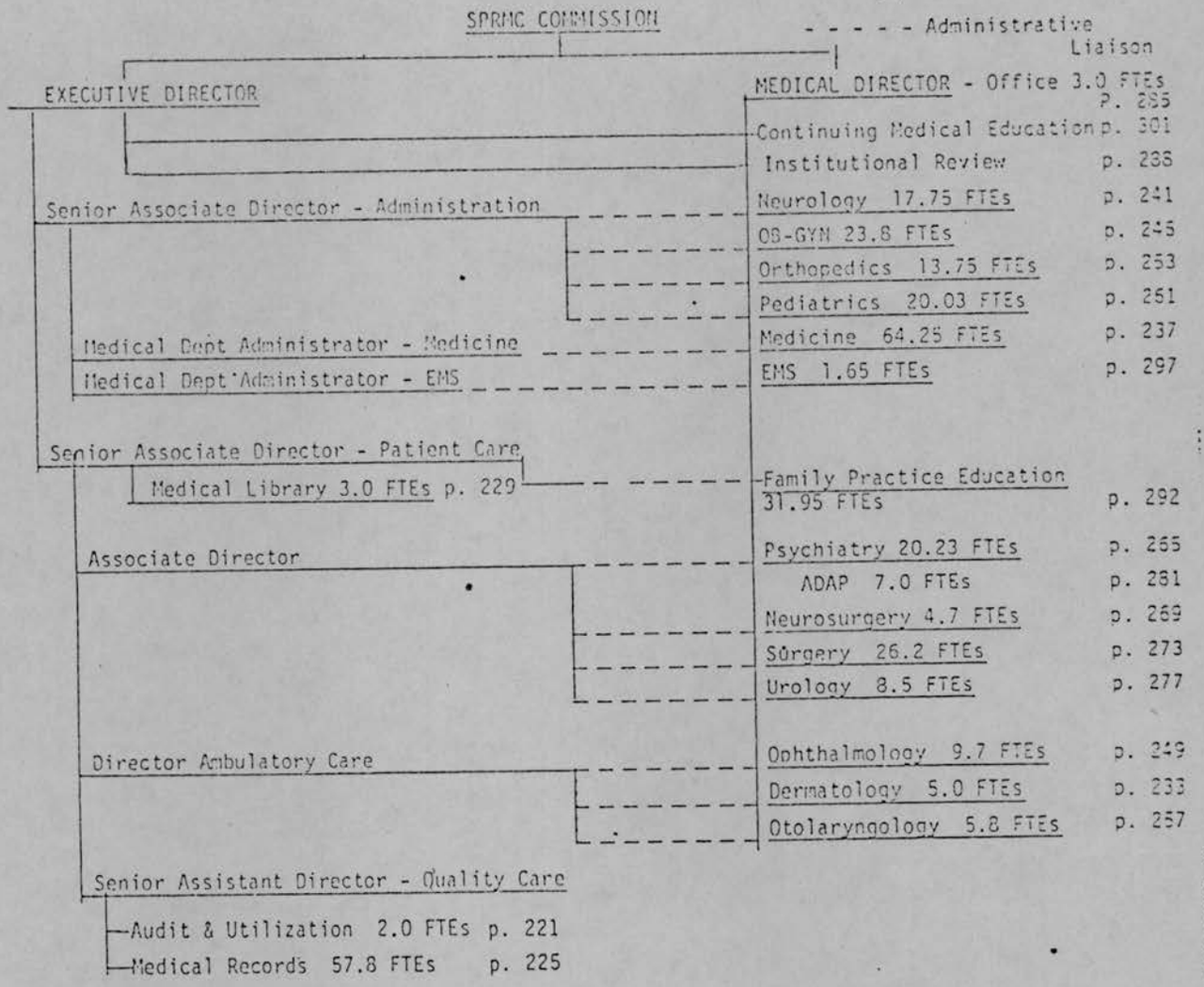
The Audit and Utilization service function is to provide for the review of appropriateness of the patient length of stay in the hospital. In addition, this unit is activity involved in the price reporting activities.

Emergency Medical Service (EMS) is an office which coordinates the paramedic services and the medical control for the East Metro radio system, and maintains a relationship of SPRMC to other emergency care facilities.

The Continuing Medical Education (CME) primary function is to provide for continuing professional education programs for physicians and other health personnel within SPRMC and the professional communities.

Professional Services Div.
Authorized Personnel
1983 Approved 326.11
1984 Requested 326.11
pp. 221-304

ORGANIZATION



PROFESSIONAL SERVICES	1982 ACTUAL	1983 PROJECTED	1983 BUDGET	1984 BUDGET
Salaries	7,942,155	8,310,103	8,952,303	9,264,882
Fringes	919,111	1,018,013	1,245,473	1,352,100
Fees	224,362	204,416	169,501	176,060
Supplies	73,470	60,074	104,201	103,468
Purchased Service	272,358	181,685	182,984	173,310
Other	203,705	239,050	97,057	234,412
Total Expense	9,635,161	10,013,346	10,751,519	11,304,232
FTEs	305.50	310.90	326.11	326.11

DEPARTMENTS: GENERAL SERVICES DIVISION

Functions

The primary function is to provide the basic hotel type services for the patients and the medical center.

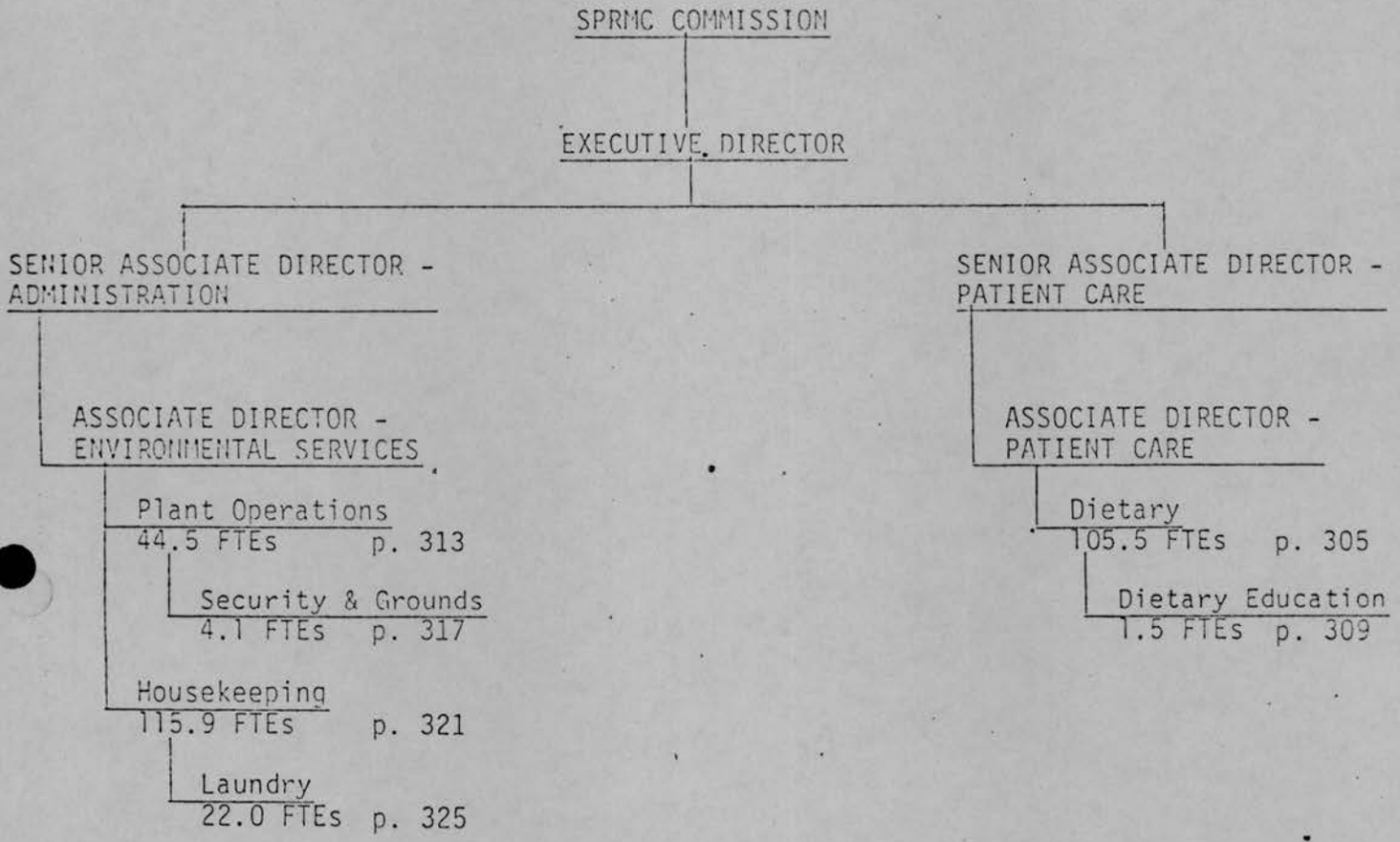
The Dietary Department provides for specialized food preparation for patient needs. These needs often require individualized menu planning and preparation. This department also provides cafeteria services to the employees and the public.

Plant Operations has the responsibility to maintain and modify SPRMC facilities.

Housekeeping and Laundry are responsible to provide a clean, safe environment.

ORGANIZATION

General Services Division
Authorized Personnel
1983 Approved 293.5
1984 Requested 293.5
pp. 305-325



GENERAL SERVICES	1982 ACTUAL	1983 PROJECTED	1983 BUDGET	1984 BUDGET
Salaries	4,893,295	5,253,252	5,210,281	5,538,109
Fringes	869,029	985,681	1,078,793	1,198,890
Fees	8,175	13,077	40,000	43,200
Supplies	1,317,931	1,528,582	1,583,939	1,698,770
Purchased Service	1,977,725	1,722,324	2,295,699	2,586,810
Other	210,763	122,265	154,294	171,810
Total Expense	9,276,918	9,625,181	10,363,006	11,237,589
FTEs	288.20	290.00	293.50	293.50

DEPARTMENTS: ADMINISTRATION AND FISCAL DIVISION

Functions

The primary function of this division is to provide the administrative and fiscal support systems for the medical center. Administration provides the overall direction and management of SPRMC.

The fiscal departments of Business Office, Admitting/Credit and Collections, Accounting, and Information Systems provide for the business functions of the medical center.

Administration & Fiscal
Authorized Personnel
1983 Approved 140.65
1984 Requested 140.65
pp. 329-369

ORGANIZATION

SPRHC COMMISSION

EXECUTIVE DIRECTOR - Office 12.0 FTEs p. 352
- Community Relations p. 358

SENIOR ASSOCIATE DIRECTOR - ADMINISTRATION
- ASSOCIATE DIRECTOR - FISCAL
  - Business Office 35.5 FTEs p. 333
  - Admitting 12.6 FTEs p. 339
  - Credit & Collections 15.5 FTEs p. 336
  - Accounting 16.0 FTEs p. 329
  - Information Systems 22.0 FTEs p. 342
- ASSOCIATE DIRECTOR - ENVIRONMENTAL SERVICES
  - Information & Mail 4.7 FTEs p. 345
  - Switchboard 10.0 FTE p. 348
- MEDICAL DEPARTMENT ADMINISTRATOR - MEDICINE
  - Takin' Charge 1.2 FTES p. 366
- DIRECTOR OF PERSONNEL 10.0 FTEs p. 355
  - INSURANCES AND BENEFITS p. 365

SENIOR ASSOCIATE DIRECTOR - PATIENT CARE
- DIRECTOR OF AMBULATORY SERVICES
  - EMPLOYEE HEALTH 1.15 FTEs p. 361

ADMINISTRATIVE & FISCAL	1982 ACTUAL	1983 PROJECTED	1983 BUDGET	1984 BUDGET
Salaries	2,684,299	2,886,980	3,192,839	3,499,121
Fringes	1,550,702	1,225,250	1,692,665	1,869,254
Fees	887,462	941,668	628,552	983,390
Supplies	81,625	51,862	97,530	123,490
Purchased Service	675,858	704,642	831,297	936,710
Other	1,886,398	1,707,869	1,751,322	1,203,145
Total Expense	7,766,344	7,518,271	8,194,205	8,620,110
FTEs	129.80	130.60	135.61	140.65