



St. Paul-Ramsey Medical Center.
Hospital and Medical Center Records.

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ST. PAUL-RAMSEY MEDICAL CENTER, INC.
St. Paul, Minnesota

Financial Statements for the Years
Ended December 31, 1986 and 1985
and Auditors' Report

ST. PAUL-RAMSEY MEDICAL CENTER, INC.
St. Paul, Minnesota

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Deloitte Haskins + Sells

March 27, 1987

ST. PAUL-RAMSEY MEDICAL CENTER, INC.

BALANCE SHEETS

ASSETS

	December 31,	
	1986	1985
<u>GENERAL FUNDS</u>		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 3,068,148	\$ 6,639,082
Receivables:		
Patients and third-party payors,		
less allowance for doubtful		
accounts of \$3,737,828 and \$3,440,000,		
respectively	12,554,816	12,622,968
State and County support (Note E)	257,812	910,378
Estimated Medicare and Medicaid settlements	4,379,895	1,298,521
Other	1,140,038	1,437,225
	<u>18,332,561</u>	<u>16,269,092</u>
Inventories of drugs and supplies, at cost	612,949	589,343
Prepaid expenses	131,705	95,888
TOTAL CURRENT ASSETS	<u>22,145,363</u>	<u>23,593,405</u>
GENERAL PROFESSIONAL LIABILITY TRUST ACCOUNT (Note H)	2,563,611	2,627,408
DEFERRED COMPENSATION INVESTMENT FUND	3,565,291	2,846,941
RAMSEY HEALTH CARE, INC. INVESTMENT (Note B)	1,000,000	-
LAND, BUILDINGS, AND EQUIPMENT (Note A):		
Cost:		
Land and land improvements	2,149,009	2,149,009
Building and building service equipment	36,748,256	34,891,363
Equipment	29,897,531	25,358,308
	<u>68,794,796</u>	<u>62,398,680</u>
Accumulated depreciation	(33,178,561)	(29,178,243)
	<u>35,616,235</u>	<u>33,220,437</u>
Construction-in-progress	1,956,558	1,170,709
	<u>37,572,793</u>	<u>34,391,146</u>
DEPRECIATION FUND, primarily certificates of deposit	8,857,793	9,055,846
TOTAL GENERAL FUNDS	<u>\$75,704,851</u>	<u>\$72,514,746</u>
<u>RESTRICTED FUNDS</u>		
Grant funds receivable	\$ 842,333	\$ 1,050,737
Due from general funds	379,078	86,207
TOTAL RESTRICTED FUNDS	<u>\$ 1,221,411</u>	<u>\$ 1,136,944</u>

See notes to financial statements.

ST. PAUL-RAMSEY MEDICAL CENTER, INC.

STATEMENTS OF REVENUE AND EXPENSES

LIABILITIES AND FUND BALANCES

	December 31,	
	1986	1985
<u>GENERAL FUNDS</u>		
CURRENT LIABILITIES:		
Accounts payable	\$ 6,212,716	\$ 5,626,615
Payable to University of Minnesota -		
physician salaries	415,863	305,474
Salaries and wages payable	1,638,171	2,119,361
Accrued vacation, holiday, severance pay		
and Workers' Compensation	5,534,973	4,901,615
Due to restricted funds	379,078	86,207
Current portion of equipment purchase		
contracts payable	271,232	229,905
	<u>14,452,033</u>	<u>13,269,177</u>
TOTAL CURRENT LIABILITIES		
DEFERRED MEDICARE AND MEDICAID REVENUE	-	149,972
DEFERRED COMPENSATION PAYABLE	3,565,291	2,846,941
EQUIPMENT PURCHASE CONTRACTS PAYABLE,		
LESS CURRENT PORTION (Note I)	528,750	527,737
BONDS PAYABLE, being repaid by Ramsey County		
and the City of St. Paul (Note D)	7,200,600	8,178,900
COMMITMENT (Note G)		
FUND BALANCE	<u>49,958,177</u>	<u>47,542,019</u>
TOTAL GENERAL FUNDS	<u>\$75,704,851</u>	<u>\$72,514,746</u>
<u>RESTRICTED FUNDS - Fund balance</u>		
	<u>\$ 1,221,411</u>	<u>\$ 1,136,944</u>

See notes to financial statements.

ST. PAUL-RAMSEY MEDICAL CENTER, INC.

STATEMENTS OF REVENUES AND EXPENSES

	<u>Year Ended December 31,</u>	
	<u>1986</u>	<u>1985</u>
REVENUES		
Inpatient	\$ 72,025,502	\$ 70,114,451
Outpatient	23,025,624	20,045,560
County support for community services (Note E)	112,000	112,000
State of Minnesota allocation (Note E):		
Undergraduate medical education	824,242	786,815
Family practice training	651,470	588,393
Other operating revenues, including interest income of \$416,420 and \$579,744, respectively	3,869,188	3,229,766
	<u>100,508,026</u>	<u>94,876,985</u>
Provision for contractual adjustments and uncollectible accounts, net of \$2,399,727 and \$3,913,752, respectively, reimbursed from the County (Notes C, E, and G)	(10,356,406)	(7,237,968)
	<u>90,151,620</u>	<u>87,639,017</u>
Reimbursement of costs of special programs	3,335,342	3,145,160
	<u>93,486,962</u>	<u>90,784,177</u>
EXPENSES		
Nursing services	16,922,931	16,084,770
Other professional services	34,936,284	32,723,185
Medical and nursing education	8,335,696	8,473,455
General services	11,326,113	11,427,833
Administrative and fiscal services	13,094,099	12,426,745
Special programs	3,335,342	3,145,160
Depreciation	4,879,009	4,573,108
Interest	394,109	400,336
Less interest payments made by Ramsey County and the City of St. Paul (Note D)	(304,888)	(341,635)
	<u>92,918,695</u>	<u>88,912,957</u>
INCOME FROM OPERATIONS	<u>568,267</u>	<u>1,871,220</u>
NONOPERATING REVENUE		
Investment income - depreciation fund	602,400	735,617
Investment income - malpractice fund	264,560	312,755
	<u>866,960</u>	<u>1,048,372</u>
EXCESS OF REVENUES OVER EXPENSES	<u>\$ 1,435,227</u>	<u>\$ 2,919,592</u>

See notes to financial statements.

ST. PAUL-RAMSEY MEDICAL CENTER, INC.

STATEMENTS OF CHANGES IN FUND BALANCES

	<u>General Funds</u>	<u>Restricted Funds</u>
BALANCES at December 31, 1984	\$43,159,056	\$ 1,097,880
Excess of revenues over expenses	2,919,592	-
Funds and equipment donated by Medical Education and Research Foundation	507,271	-
Contributions and transfers designated for hospital construction	3,400	-
Bond payments (Note D)	952,700	-
Restricted contributions and grants	-	5,948,108
Restricted funds expenditures	-	(5,909,044)
BALANCES at December 31, 1985	<u>47,542,019</u>	<u>1,136,944</u>
Excess of revenues over expenses	1,435,227	-
Bond payments (Note D)	978,300	-
Contributions and transfers designated for hospital construction	2,631	-
Restricted contributions and grants	-	5,956,970
Restricted funds expenditures	-	(5,872,503)
BALANCES at December 31, 1986	<u>\$49,958,177</u>	<u>\$ 1,221,411</u>
ADDITIONS TO FUND BALANCES		
Additions to land, buildings, and equipment - net	8,060,656	7,360,029
Increase in receivables	2,063,469	-
Increase in depreciation fund	-	1,004,309
Bond principal payments made by Ramsey County and City of St. Paul	978,300	952,700
Increase in deferred compensation investment fund	718,350	739,698
Increase in general professional liability trust account	-	376,963
Investment in Ramsey Health Care, Inc.	1,000,000	-
Decrease in due to restricted funds	-	289,019
Other	59,423	-
	<u>12,880,198</u>	<u>11,142,918</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(3,570,934)	1,204,566
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>6,639,082</u>	<u>5,434,516</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 3,068,148</u>	<u>\$ 6,639,082</u>

See notes to financial statements.

ST. PAUL-RAMSEY MEDICAL CENTER, INC.

STATEMENTS OF CHANGES IN FINANCIAL POSITION
OF GENERAL FUNDS

SOURCE OF FUNDS	Year Ended December 31,	
	1986	1985
Operations:		
Excess of revenues over expenses	\$ 1,435,227	\$ 2,919,592
Add (deduct) items not requiring the use of funds:		
Depreciation	4,879,009	4,573,108
Deferred Medicaid and Medicare revenue	(149,972)	(46,651)
Increase in payables and accruals	848,658	509,451
Funds and equipment donated by Medical Education and Research Foundation	-	507,271
Bond principal payments made by Ramsey County and City of St. Paul	978,300	952,700
Increase in deferred compensation liability	718,350	759,698
Increase in due to restricted funds	292,871	-
Decrease in receivables	-	1,369,340
Decrease in general professional liability trust account	63,797	-
Decrease in depreciation fund	198,053	-
Increase in equipment purchase contracts payable, net	42,340	652,110
Decrease in inventory	-	144,037
Other	2,631	6,828
	<u>9,309,264</u>	<u>12,347,484</u>
APPLICATION OF FUNDS		
Additions to land, buildings, and equipment - net	8,060,656	7,560,029
Increase in receivables	2,063,469	-
Increase in depreciation fund	-	1,004,509
Bond principal payments made by Ramsey County and City of St. Paul	978,300	952,700
Increase in deferred compensation investment fund	718,350	759,698
Increase in general professional liability trust account	-	576,963
Investment in Ramsey Health Care, Inc.	1,000,000	-
Decrease in due to restricted funds	-	289,019
Other	59,423	-
	<u>12,880,198</u>	<u>11,142,918</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(3,570,934)	1,204,566
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>6,639,082</u>	<u>5,434,516</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 3,068,148</u>	<u>\$ 6,639,082</u>

See notes to financial statements.

ST. PAUL-RAMSEY MEDICAL CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 1986 and 1985

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Land improvements, buildings, and equipment are being depreciated using the straight-line method over estimated useful lives as follows:

Land improvements	5 to 40 years
Building and building service equipment	10 to 40 years
Equipment	5 to 20 years

A depreciation fund for expansion and replacement of buildings and equipment has been established in compliance with applicable third-party regulations and, accordingly, these funds are classified as other assets.

Contractual adjustments relating to Medicare, Medicaid, and Ramsey Care are estimated each year and a charge to operations is made. Differences between the amounts accrued and the amounts ultimately settled are recorded in operations in the year of settlement.

Funds received that are restricted by donors or grantors as to use are recorded in restricted funds. As such funds are used for their intended purpose, they are transferred to revenues of general funds.

NOTE B - ORGANIZATION - Through September 2, 1986, St. Paul-Ramsey Medical Center, Inc. facilities were operated, administered, and managed by the St. Paul-Ramsey Medical Center Commission, which was created under laws enacted by the legislature of the State of Minnesota. Under such laws, the Commission had authority to maintain necessary accounts, including those for reserves, depreciation, and working capital in order to operate on an accrual basis. The Commission had the authority to borrow for working capital funds. The Commission was required to submit an annual budget to the Ramsey County Board of Commissioners. If construction funds were required, the Commission requested such funds jointly from the City of St. Paul and Ramsey County. The Ramsey County Board of Commissioners was authorized to provide funds for the operation of the Medical Center when operational income of the Medical Center was insufficient to meet operational expenses.

Under an act of the Minnesota legislature in April 1986, a public benefit corporation was created to operate the Medical Center and certain related functions. This new corporation, called Ramsey Health Care, Inc., came into existence on September 3, 1986. Simultaneously, a new nonprofit corporation, St. Paul-Ramsey Medical Center, Inc., was created to assume the responsibilities of the former St. Paul-Ramsey Medical Center Commission. The assets, liabilities, and operations of the Medical Center passed to the jurisdiction of the new St. Paul-Ramsey Medical Center, Inc., which is a subsidiary of Ramsey Health Care, Inc. This statute providing for this new organization, in addition to making available the usual rights

ST. PAUL-RAMSEY MEDICAL CENTER, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED
For the Years Ended December 31, 1986 and 1985

NOTE B - (continued)

and obligations of a nonprofit corporation, continues many of the rights and obligations of the former St. Paul-Ramsey Medical Center Commission, but it does relieve the new corporation of certain governmental procedures and processes.

In connection with this reorganization, the Board of Directors of St. Paul-Ramsey Medical Center, Inc. authorized \$1,000,000 to be available to fund Ramsey Health Care, Inc.

Indebtedness for construction of existing Medical Center facilities continues to be retired as provided in the Laws 1957, Chapter 938, and continues to be jointly financed by the City of St. Paul and Ramsey County in accordance with the applicable provisions of such laws.

NOTE C - MEDICARE AND MEDICAID CONTRACTUAL ADJUSTMENTS - A substantial portion of medical center revenues is derived from services to patients covered by various governmental payment programs. The major portion of revenues from Medicare is based on pre-established payment rates based on patient diagnoses. A similar payment method was adopted by Medicaid effective August 1, 1985. A portion of revenues for hospital services to patients under various governmental programs remains subject to annual cost finding procedures.

A summary of approximate revenues and provisions for contractual adjustments for Medicare, Medicaid, Ramsey Care (effective July 1986), and General Assistance Medical Care (GAMC) is as follows:

	1986	1985
Revenues	\$51,115,685	\$47,134,183
Contractual adjustments (net of Ramsey County GAMC support - Note E)	\$ 3,195,629	\$ 2,091,869

Final settlement has been completed through the year ended December 31, 1984 for Medicare and through December 31, 1982 for Medicaid and GAMC.

Final rates for Medicaid and GAMC inpatient services, based on the DRG-based payment system effective August 1, 1985, have not yet been issued. The amounts due from Medicaid and GAMC for inpatient admissions subsequent to August 1, 1985 are based on estimated payment rates. Any

ST. PAUL-RAMSEY MEDICAL CENTER, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED
For the Years Ended December 31, 1986 and 1985

NOTE C - (continued)

difference between final rates (which will be effective retroactively to August 1, 1985) and rates used in the estimation process will be reflected in the income statement when final rates are issued.

NOTE D - BONDS PAYABLE - The bonds payable were issued by the City of St. Paul and Ramsey County to finance the construction of the Medical Center. Repayment of these bonds is to be made by the city and county (see Note B).

A summary of outstanding bonds is as follows:

	December 31,	
	1986	1985
Ramsey County:		
Three separate series of bonds, 3% to 3-1/2%, payable in annual installments increasing from \$470,000 in 1985 to \$505,000 in 1992 (\$555,000 in 1990), with the final installment of \$350,000 due in 1993	2,399,727	1,911,732
	113,000	113,000
	\$ 3,440,000	\$ 3,930,000

One bond series, 4.75% to 5.75%, payable in annual installments of \$300,000 with the final installment of \$200,000 due in 1994 and callable at the option of the county after 1984 (less unamortized discount of \$18,400 and \$28,400, respectively)	2,281,600	2,576,900
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City of St. Paul:

Five separate series of bonds, 3-1/4% to 4%, payable in annual installments ranging from \$188,000 in 1985 to \$160,000 in 1993 (\$223,000 in 1989) with the final installment of \$60,000 due in 1994	1,479,000	1,672,000
	\$ 7,200,600	\$ 8,178,900

Aggregate annual maturities of bonds payable for the next five years are as follows:

1987	\$ 1,008,000
1988	\$ 1,028,000
1989	\$ 1,058,000
1990	\$ 1,075,000
1991	\$ 980,000

ST. PAUL-RAMSEY MEDICAL CENTER, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED
For the Years Ended December 31, 1986 and 1985

NOTE E - STATE AND COUNTY SUPPORT - For the year ending June 30, 1987, the State of Minnesota has allocated funds aggregating \$829,206 for undergraduate instruction of medical students and on-site administration, planning, and development of medical education programs at the Medical Center, and \$631,343 for family practice training. These appropriations cover primarily salary costs and are being recognized as revenue on a pro rata basis over the fiscal year.

NOTE F - The Medical Center has received appropriations from Ramsey County in order to support the cost of services for the benefit of the community, as follows:

	Year Ended December 31,	
	1986	1985
Uncollectible accounts	\$ 1,800,000	\$ 2,811,743
GAMC programs	599,727	1,102,009
	2,399,727	3,913,752
Community services	112,000	112,000
	<u>\$ 2,511,727</u>	<u>\$ 4,025,752</u>

NOTE F - PENSION PLAN - Prior to September 3, 1986, substantially all full-time employees of the Medical Center were covered by the Public Employees Retirement Association of the State of Minnesota, a contributory defined benefit retirement plan. Subsequent to September 3, 1986 such employees continue participation in the Public Employees Retirement Association under temporary provisions of the Minnesota state statute affecting the governance of the Medical Center. Contributions by the Medical Center to this plan are based on a percentage of salaries of eligible employees. The Medical Center's relative actuarial position and relative net assets available for benefits are not determinable. Costs and expenses include contributions to this plan of approximately \$1,587,000 in 1986 and \$1,549,000 in 1985.

The Medical Center is developing a new pension plan for employees hired subsequent to September 3, 1986. The new plan may also provide for participation by employees currently covered by the Public Employees Retirement Association. As of December 31, 1986 the Medical Center has provided for expenses and contributions to the plan of approximately \$59,000.

ST. PAUL-RAMSEY MEDICAL CENTER, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED
For the Years Ended December 31, 1986 and 1985

NOTE G - HILL-BURTON ACT - In 1966, 1975, and 1976 the Medical Center received payments aggregating \$2,532,180 under a Hill-Burton grant. The acceptance of these funds carried with it a requirement to provide uncompensated services for persons unable to pay (\$252,000 in 1986 and \$372,000 in 1985). The Medical Center has annually provided such uncompensated services in excess of these requirements.

NOTE H - SELF-INSURANCE - The Medical Center is self-insured for general and professional liability claims and has established a trust fund into which self-insurance payments are made. Medical Center payments to the fund are based on actuarial estimates of funding levels. The Medical Center accrues a provision for related losses based on its estimate of future claims.

The Medical Center is also self-insured for Workers' Compensation claims up to \$350,000 per loss occurrence (its retention limit with the Workers' Compensation Reinsurance Association), and includes an appropriate provision in current liabilities.

NOTE I - EQUIPMENT PURCHASE CONTRACTS PAYABLE

	December 31,	
	1986	1985
9.00%, payable in varying amounts through May 1988	\$ 44,292	\$ 74,197
11.00% payable in varying annual amounts through February 1988	544,085	683,445
10.90% payable in varying annual amounts through June 1991	211,605	-
	<u>799,982</u>	<u>757,642</u>
Less current portion	<u>271,232</u>	<u>229,905</u>
	<u>\$528,750</u>	<u>\$527,737</u>

Aggregate annual maturities of equipment purchase contracts payable for the next five years are as follows:

1987	\$271,232
1988	\$398,606
1989	\$ 47,864
1990	\$ 53,352
1991	\$ 28,928

ST. PAUL-RAMSEY MEDICAL CENTER, INC.

STATISTICAL DATA

Summary of beds open and staffed, average length of stay, patient days, percent of occupancy, and number of inpatient admissions:

	Beds open and staffed	Average length of stay	Patient days	Percent of occupancy	Number of inpatient admissions
1986	304	6.14 days	83,786	75.5%	13,637
1985	304	6.34 days	88,681	79.9%	13,997
1984	343	6.33 days	91,163	72.2%	14,406
1983	418	7.44 days	109,033	71.4%	14,382
1982	418	7.98 days	118,991	78.0%	14,908
1981	418	8.47 days	122,433	80.3%	14,408

Patient days (exclusive of newborn):

Year Ended December 31,

SUPPLEMENTAL SCHEDULES

1986 1985

	1986	1985
January	7,280	8,263
February	6,134	7,217
March	6,783	7,237
April	6,732	7,312
May	7,072	7,433
June	6,610	7,333
July	7,321	8,030
August	7,216	6,743
September	6,729	7,034
October	6,844	7,290
November	7,123	7,321
December	7,720	7,466

83,786 88,681

Emergency room and outpatient clinics visits:

	Emergency room	Outpatient clinics	Total visits
1986	64,822	220,216	285,038
1985	63,217	207,338	270,555
1984	62,909	207,090	269,999
1983	62,283	192,553	254,836
1982	58,408	190,653	249,061
1981	60,766	177,607	238,373

ST. PAUL-RAMSEY MEDICAL CENTER, INC.

STATISTICAL DATA

Summary of beds open and staffed, average length of stay, patient days, percent of occupancy, and number of inpatient admissions:

	<u>Beds open and staffed</u>	<u>Average length of stay</u>	<u>Patient days</u>	<u>Percent of occupancy</u>	<u>Number of inpatient admissions</u>
1986	304	6.14 days	83,786	75.5%	13,637
1985	304	6.34 days	88,681	79.9%	13,997
1984	345	6.33 days	91,163	72.2%	14,406
1983	418	7.44 days	109,033	71.4%	14,582
1982	418	7.98 days	118,991	78.0%	14,908
1981	418	8.47 days	122,483	80.3%	14,408

Patient days (exclusive of newborn):

	<u>Year Ended December 31,</u>	
	<u>1986</u>	<u>1985</u>
1986	\$95,051,126	\$51,113,585 (1)
1985	\$90,180,011	\$47,134,183 (1)
1984	\$94,367,439	\$47,836,237 (1)
January	\$91,747,373	\$50,117,328
February	\$83,739,329	\$44,475,078
March	\$71,941,328	\$37,065,761
April		
May		
June		
July		
August		
September		
October		
November		
December		
	<u>83,786</u>	<u>88,681</u>

Emergency room and outpatient clinics visits:

	<u>Emergency room</u>	<u>Outpatient clinics</u>	<u>Total visits</u>
1986	64,822	220,216	285,038
1985	63,217	207,338	270,555
1984	62,909	207,090	269,999
1983	62,255	192,655	254,910
1982	58,408	190,655	249,063
1981	60,766	177,607	238,373

ST. PAUL-RAMSEY MEDICAL CENTER, INC.

GENERAL FINANCIAL DATA

A comparison of patient revenue before provisions for contractual adjustment and uncollectible accounts for the past two years and a six-year summary of revenue subject to third-party reimbursement is as follows:

	<u>Year Ended December 31,</u>	
	<u>1986</u>	<u>1985</u>
Inpatient revenue	\$ 72,025,502	\$ 70,114,451
Outpatient revenue	23,025,624	20,045,560
Total	<u>\$ 95,051,126</u>	<u>\$ 90,160,011</u>

	<u>Total patient revenue</u>	<u>Revenue subject to third- party reimbursement</u>	<u>Percent to total</u>	<u>All other revenue</u>	<u>Percent to total</u>
1986	\$95,051,126	\$51,115,585 (1)	53.8%	\$43,935,541	46.2%
1985	\$90,160,011	\$47,134,183 (1)	52.3%	\$43,025,828	47.7%
1984	\$94,367,439	\$47,856,237 (1)	50.7%	\$46,511,202	49.3%
1983	\$91,747,373	\$50,117,328	54.6%	\$41,630,045	45.4%
1982	\$83,739,329	\$44,475,078	53.1%	\$39,264,251	46.9%
1981	\$71,941,328	\$37,065,761	51.5%	\$34,875,567	48.5%

- (1) Revenues subject to Medicaid, General Assistance Medical Care, and Ramsey Care reimbursements in the amounts of \$22,021,202, \$19,368,873 and \$19,891,700 are estimated for 1986, 1985, and 1984, respectively. Substantially all the remaining revenue is subject to Medicare reimbursement. Effective January 1, 1984, Medicare reimburses for inpatient operating costs on the basis of pre-established rates based on diagnosis. Inpatient capital and medical education costs, and all outpatient costs, continue to be reimbursed by Medicare on the basis of actual costs incurred. Effective August 1, 1985, a similar payment system for inpatients was adopted by the Medicaid and General Assistance Medical Care programs. Effective July 1986, revenues from GAMC-covered Ramsey County patients are reimbursed under the Ramsey Care contract which provides payments on a capitation basis.

ST. PAUL-RAMSEY MEDICAL CENTER, INC.

ADDITIONAL INFORMATION ON REVENUES

	Year Ended December 31,					
	1986			1985		
	Inpatient	Outpatient	Total	Inpatient	Outpatient	Total
Day rate services:						
Medical and surgical	\$11,525,132		\$11,525,132	\$12,785,729		\$12,785,729
Pediatrics	1,310,590		1,310,590	1,338,890		1,338,890
Psychiatry	5,196,135		5,196,135	5,377,282		5,377,282
Obstetrics	1,055,950		1,055,950	1,107,740		1,107,740
Chemical dependency rehabilitation	489,330		489,330	420,840		420,840
Burn unit	1,576,391		1,576,391	2,138,109		2,138,109
Coronary care unit	1,659,010		1,659,010	1,643,211		1,643,211
Intensive care - adult	5,959,033		5,959,033	4,762,398		4,762,398
Intensive care - neonatal	2,470,425		2,470,425	2,830,434		2,830,434
Newborn nursery	429,408		429,408	456,024		456,024
	<u>31,671,404</u>		<u>31,671,404</u>	<u>32,860,657</u>		<u>32,860,657</u>
Ancillary services:						
Laboratory	7,789,578	\$ 4,138,759	11,928,337	7,460,741	\$ 3,545,768	11,006,509
Radiology	3,370,793	2,706,249	6,077,042	3,195,829	2,551,808	5,747,637
Pharmacy	6,954,623	3,615,214	10,569,837	6,202,637	2,441,887	8,644,524
Physical medicine	1,204,263	731,289	1,935,552	1,230,684	749,355	1,980,039
Inhalation therapy	3,886,983	214,418	4,101,401	2,962,281	189,954	3,152,235
Cardiac catheterization laboratory	581,328	20	581,348	310,729	7,584	318,313
Operating rooms	5,051,321	1,428,328	6,479,649	4,880,278	1,077,552	5,957,830
Post anesthesia recovery	243,120	160,717	403,837	263,878	161,616	425,494
Central supply service	5,468,465	669,215	6,137,680	5,407,310	826,699	6,234,009
Emergency medicine	1,094,954	2,791,360	3,886,314	1,011,952	2,587,783	3,599,735
Anesthesiology	1,996,029	364,808	2,360,837	1,932,235	322,727	2,254,962
Psychiatric treatment	488,956	18,259	507,215	439,982	110,819	550,801
Electrocardiology	466,904	351,100	818,004	428,999	282,471	711,470
Labor and delivery	872,335	93,185	965,520	870,490	75,564	946,054
Kidney dialysis	203,901	759,844	963,745	175,282	744,492	919,774
Electroencephalography	97,442	193,847	291,289	116,997	211,629	328,626
Probate court	31,852		31,852	16,075		16,075
Outpatient chemical dependency	2,116	350,067	352,183	5,070	274,527	279,597
Family practice clinic		605,404	605,404		284,715	284,715
Outpatient clinics	180,071	3,705,172	3,885,243	206,941	3,482,776	3,689,717
Dentistry		99,935	99,935		109,977	109,977
Medical transport services	281,929	12,654	294,583	119,671	1,406	121,077
Dietary	87,135	15,780	102,915	15,733	4,451	20,184
	<u>40,354,098</u>	<u>23,025,624</u>	<u>63,379,722</u>	<u>37,253,794</u>	<u>20,045,560</u>	<u>57,299,354</u>
TOTAL	<u>\$72,025,502</u>	<u>\$23,025,624</u>	<u>\$95,051,126</u>	<u>\$70,114,451</u>	<u>\$20,045,560</u>	<u>\$90,160,011</u>

ST. PAUL-RAMSEY MEDICAL CENTER, INC.

ADDITIONAL INFORMATION ON REVENUES - CONTINUED

	Year Ended December 31,	
	1986	1985
Other operating revenues:		
Cafeteria	\$ 1,107,732	\$ 1,010,257
Emergency paramedic fees	6,457	11,668
Interest income	416,420	579,744
Space rental	408,595	532,642
Parking revenue	373,438	379,821
Medical records fees	145,406	129,909
Purchase discounts	24,909	40,444
Ramsey Clinic	867,000	-
Other	519,231	545,281
TOTAL	\$ 3,869,188	\$ 3,229,766

ST. PAUL-RAMSEY MEDICAL CENTER, INC.

ADDITIONAL INFORMATION ON EXPENSES

	Year Ended December 31,					
	1986			1985		
	Salaries and wages	Other	Total	Salaries and wages	Other	Total
Nursing services:						
Medical and surgical	\$ 5,248,468	\$ 978,953	\$ 6,227,421	\$ 5,167,499	\$ 956,214	\$ 6,123,713
Pediatrics	581,480	229,387	815,867	582,116	203,500	785,616
Psychiatry	1,772,689	284,204	2,056,893	1,800,256	276,729	2,076,985
Obstetrics	426,075	83,907	509,982	397,678	76,531	474,209
Chemical dependency rehabilitation	328,650	63,012	391,662	310,047	56,744	366,791
Burn unit	593,864	197,106	790,970	668,900	238,822	907,722
Coronary care unit	660,710	117,936	778,646	571,657	100,045	671,702
Intensive care - adult	2,312,870	471,191	2,784,061	1,826,327	381,640	2,207,967
Intensive care - neonatal	862,073	179,048	1,041,121	870,722	184,336	1,055,058
Newborn nursery	209,017	47,899	256,916	222,258	48,489	270,747
Nursing administration	1,079,320	195,072	1,274,392	940,435	203,825	1,144,260
	<u>14,075,216</u>	<u>2,847,715</u>	<u>16,922,931</u>	<u>13,357,895</u>	<u>2,726,875</u>	<u>16,084,770</u>
Other professional services:						
Laboratory	4,149,438	3,009,291	7,158,729	4,022,249	2,793,413	6,815,662
Radiology	1,579,129	1,067,236	2,646,365	1,580,452	1,149,978	2,730,430
Pharmacy	1,337,269	4,382,762	5,720,031	1,196,651	3,505,087	4,701,738
Physical medicine	718,304	224,673	942,977	783,223	249,501	1,032,724
Inhalation therapy	544,316	486,532	1,030,848	522,005	316,587	838,592
Cardiac catheterization laboratory	145,092	294,931	440,023	85,541	181,771	267,312
Operating rooms	1,503,150	2,264,275	3,767,425	1,413,822	1,979,237	3,393,059
Post anesthesia recovery	165,907	48,710	214,617	177,966	56,402	234,368
Central supply service	129,293	1,739,739	1,869,032	261,017	1,891,051	2,152,068
Emergency medicine	1,926,634	496,224	2,422,858	1,922,172	497,090	2,419,262
Anesthesiology	743,985	439,055	1,183,040	834,609	436,459	1,271,068
Psychiatric treatment	133,306	62,231	195,537	197,595	108,108	305,703
Electrocardiology	197,956	64,866	262,822	191,782	66,813	258,595
Labor and delivery	428,143	136,520	564,663	421,535	121,981	543,516
Kidney dialysis	308,923	251,110	560,033	284,733	265,096	549,829
Electroencephalography	127,147	52,698	179,845	161,985	58,207	220,192
Probate court	119,163	21,008	140,171	182,921	34,511	217,432
Outpatient chemical dependency	225,827	45,921	271,748	211,445	52,531	263,976
Family practice clinic	254,115	408,435	662,550	239,225	143,687	382,912
Outpatient clinics	2,429,980	671,805	3,101,785	2,132,243	502,920	2,635,163
Dentistry	26,646	70,650	97,296	93,361	92,065	185,426
Social service	473,777	75,282	549,059	478,801	79,997	558,798
Medical transport services	135,455	819,375	954,830	128,887	616,473	745,360
	<u>17,802,955</u>	<u>17,133,329</u>	<u>34,936,284</u>	<u>17,524,220</u>	<u>15,198,965</u>	<u>32,723,185</u>

ST. PAUL-RAMSEY MEDICAL CENTER, INC.

ADDITIONAL INFORMATION ON EXPENSES - CONTINUED

	Year Ended December 31,					
	1986			1985		
	Salaries and wages	Other	Total	Salaries and wages	Other	Total
Medical and nursing education:						
Medical education - principally doctors' salaries and fees	\$ 6,612,439	\$ 1,437,998	\$ 8,050,437	\$ 6,871,910	\$ 1,292,600	\$ 8,164,510
Nursing education	87,734	39,117	126,851	107,390	42,793	150,183
Medical nursing library	79,143	79,265	158,408	78,878	79,884	158,762
	<u>6,779,316</u>	<u>1,556,380</u>	<u>8,335,696</u>	<u>7,058,178</u>	<u>1,415,277</u>	<u>8,473,455</u>
General services:						
Dietary	1,737,095	1,443,698	3,180,793	1,719,121	1,438,344	3,157,465
Building and grounds	1,545,870	3,119,568	4,665,438	1,401,780	3,423,152	4,824,932
Housekeeping	1,862,683	605,363	2,468,046	1,898,725	622,230	2,520,955
Laundry	105,047	906,789	1,011,836	99,588	824,893	924,481
	<u>5,250,695</u>	<u>6,075,418</u>	<u>11,326,113</u>	<u>5,119,214</u>	<u>6,308,619</u>	<u>11,427,833</u>
Administrative and fiscal services:						
Administrative office	705,127	712,088	1,417,215	658,473	827,460	1,485,933
Medical records	1,024,678	300,034	1,324,712	949,586	265,186	1,214,772
Business office	831,521	667,532	1,499,053	828,407	875,009	1,703,416
Admitting	372,169	86,495	458,664	326,180	64,711	390,891
Information desk, mail, telephone and switchboard	276,061	830,804	1,106,865	300,656	852,259	1,152,915
Communications and development	13,940	121,341	135,281	-	186,356	186,356
Accounting	433,707	125,266	558,973	394,658	115,275	509,933
Personnel	310,063	418,451	728,514	262,379	379,374	641,753
Data processing	811,934	719,142	1,531,076	690,758	738,053	1,428,811
Materials management	504,989	1,163,340	1,668,329	365,621	1,225,637	1,591,258
Employee benefits not allocated to departments	25,135	1,389,695	1,414,830	91,203	1,247,222	1,338,425
Insurance	-	558,959	558,959	-	770,622	770,622
Cost review program	-	92,593	92,593	-	11,660	11,660
Marketing	108,249	490,786	599,035	-	-	-
	<u>5,417,573</u>	<u>7,676,526</u>	<u>13,094,099</u>	<u>4,867,921</u>	<u>7,558,824</u>	<u>12,426,745</u>
TOTAL, excluding special programs, depreciation and interest	<u>\$49,325,755</u>	<u>\$35,289,368</u>	<u>\$84,615,123</u>	<u>\$47,927,428</u>	<u>\$33,208,560</u>	<u>\$81,135,988</u>

ST. PAUL-RAMSEY MEDICAL CENTER, INC.

ADDITIONAL INFORMATION ON BALANCE SHEETS

Comparative accounts receivable by type of accounts

	December 31,	
	1986	1985
Discharged patients:		
Medicare	\$ 1,969,894	\$ 2,742,805
Medicaid and welfare	4,535,132	3,449,861
Blue Cross	1,069,546	1,004,003
Other	7,221,905	7,248,299
	<u>14,796,477</u>	<u>14,444,968</u>
In-house accounts	<u>1,496,167</u>	<u>1,618,000</u>
	16,292,644	16,062,968
Total		
	<u>(3,737,828)</u>	<u>(3,440,000)</u>
Less allowance for doubtful accounts		
	<u>\$12,554,816</u>	<u>\$12,622,968</u>
Net		

Comparative statistics on patient accounts receivable

	December 31,	
	1986	1985
Days revenue in accounts receivable before allowance for doubtful accounts	73.97 days	73.91 days
Days revenue in accounts receivable after allowance for doubtful accounts	54.1 days	55.6 days
Accounts receivable charge-offs, less recoveries	\$3,945,988	\$6,228,222
Percentage of net charge-offs to patient charges	4.15%	6.91%