

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

ACTION REQUEST

Subject: University of Michigan Hospitals
University Hospital Operating Room Expansion

Action Requested: Approval to Proceed with Project

Background:

Surgical activity has increased steadily in University Hospital over the last six years. Caseload increased from 15,120 cases in FY93 to 17,384 cases in FY98. An additional increase of 4.2% is expected this year, and activity for FY2000 is projected at 18,904 cases, representing an additional increase of 4.4%. Overall, the twenty-five University Hospital operating rooms are currently functioning at 80% utilization while industry standards indicate that 75% utilization is optimal for attaining maximal operational efficiency.

Such intense utilization leads to minimal flexibility to accommodate emergency cases. Efforts to address the patient demand include extending operating room schedules into the evenings and on weekends. These actions have led to extended overtime assignments for nurses and other staff and long operating days for physicians. Family members frequently exceed the capacity of the waiting areas.

In response to sustained growth in demand, we propose to expand the University Hospital's operating capacity by two rooms. In addition, renovations for functions in support of the surgical activity are proposed, including patient recovery space, family waiting areas, a surgical instrument processing room, a tissue testing laboratory, locker room facilities, faculty offices, and equipment storage space.

The expansion project is based on conversion of two storage rooms which were designed as operating rooms in the original hospital plan. The total project includes the renovation of 18,673 square feet of space for a total cost of \$6.1 million, including approximately \$2.7 million in furniture and moveable equipment. Funding will be provided

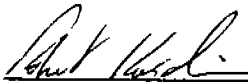
APPROVED BY THE REGENTS ON

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from Hospitals and Health Centers' reserves. A small increase in patient/visitor parking demand will be easily accommodated by existing parking capacity. Albert Kahn Associates will design this project. Design will be completed by the end of 1999, with construction completion anticipated for Spring 2001.

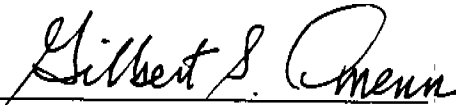
We recommend the Regents approve the project as described.

Respectfully submitted,



Robert Kasdin
Executive Vice President
and Chief Financial Officer

May 1999



Gilbert S. Omenn
Executive Vice President
and Chief Executive Officer,
University of Michigan Health System