University Medical Center of Southern Nevada
Governing Board
March 26, 2014

UMC Emerald Room
901 Rancho Lane, Suite 180
Las Vegas, Clark County, Nevada
Wednesday, March 26, 2014
2:00 p.m.

The University Medical Center Governing Board met in regular session, at the regular place of meeting in the Emerald Room, 901 Rancho Lane, Suite 180, Las Vegas, Clark County, Nevada, on Wednesday, March 26, 2014, at the hour of 2:00 p.m. The meeting was called to order at the hour of 2:00 p.m. by Chairman John O'Reilly and the following members were present, which constituted a quorum of the members thereof:

CALL TO ORDER

Board Members:

Present:
John O'Reilly, Chair
Jeff Ellis
Renee Franklin
Harry Hagerty
Laura Lopez-Hobbs
John White

Absent:
Eileen Raney, Vice Chair (arrived 2:30, Item #7)
Michael Saltman (arrived 2:02, Item #3)

Also Present:
Lawrence Barnard, Chief Executive Officer
Dale Carrison, D.O. Chief of Staff
Thomas Schwenk, M.D., Dean, University of Nevada School of Medicine
Mary-Anne Miller, County Counsel
Lisa Logsdon, Deputy District Attorney
Larry Gage, Consultant
Cindy Dwyer, Board Secretary

SECTION 1. OPENING CEREMONIES

ITEM NO. 1 Approval of minutes of the regular meeting of the UMC Governing Board on February 27, 2014. ***(Available at University Medical Center, Administrative Office) (For possible action)***

FINAL ACTION: A motion was made by Renee Franklin that the minutes be approved as recommended. Motion carried by unanimous vote.

ITEM NO. 2 Approval of Agenda ***[For possible action]***

FINAL ACTION: A motion was made by Harry Hagerty that the agenda be approved as recommended. Motion carried by unanimous vote.

ITEM NO. 3 PUBLIC COMMENT

Chair O'Reilly asked if there were any persons present in the audience wishing to be heard on any item on this agenda.

Speaker: None

Chair O'Reilly announced that Board members will be receiving a monthly publication from the Governance Institute. Larry Gage shared that the Governance Institute is a membership organization, representing several public and non-profit hospitals. Member hospitals receive access to a large number of high-quality educational materials and conferences, with a large focus on patient quality and safety from the governing board perspective. They also conduct a biennial survey of member hospitals and maintain a data base for use by members.

SECTION 2. BUSINESS ITEMS

ITEM NO. 4 Receive a report from the Governing Board Strategic Planning Committee and take any action deemed appropriate. *(For possible action)*

DISCUSSION: Committee Chair John White gave an overview of the first meeting of the Strategic Planning Committee, which was held on March 24, 2014. The main purpose of the meeting was to determine goals and direction for the Committee. They also discussed immediate steps necessary to move toward a comprehensive strategic plan for the hospital. To date, the focus of the hospital as been on fundamentals, and as a consequence the Committee decided on a number of things to be done, the first of which was to immediately focus on a community needs assessment. The Committee will be reviewing a community needs assessment recently conducted by Nevada Health Centers. Additionally, staff will be conducting an assessment of the shift from Clark County Social Services (CCSS) to Medicaid Managed Care, and its affect on the hospital's operations. The CEO was asked to prepare for the Committee's review and discussion a timeline of milestones leading to an eventual Strategic Plan completion. The Committee also discussed short term steps to stay focused on strategic goals, and requested a transition plan from the CEO. Depending on the pace of the work, the Committee may move to quarterly meetings.

FINAL ACTION: No action taken.

ITEM NO. 5 Receive a report from the Human Resources and Executive Compensation Committee, and take any action deemed appropriate. *(For possible action)*

DISCUSSION: Committee Chair Laura Lopez-Hobbs gave an overview of the first meeting of the Human Resources and Executive Compensation Committee, which was held on March 19, 2014. The Committee discussed their goals and plans going forward, as well as the charge given by the Board to evaluate the CEO's compensation compared to market. Two projects were put at the top of the Committee's list, and staff was requested to provide necessary information for these projects. The first project is to initiate a Request for Information (RFI) to determine the cost for a compensation survey for the CEO, as well as C-Suite, management and staff. Once those responses are received the Committee will work with the Budget staff to determine the financial feasibility to pay for the studies. The Committee's work plan will be dependent on the responses received. Staff was also requested to provide the Committee with work force demographics, inclusive of turnover rates, retention, tenure, average age, etc., so plans can be made for the future work force.

FINAL ACTION: No action taken.

ITEM NO. 6 Receive a report from the Audit and Finance Committee, and take any action deemed appropriate. *(For possible action)*

DISCUSSION: Committee Chair Eileen Raney gave an overview of the first regular meeting of the Audit and Finance Committee, which was held on March 6, 2014, as well as a special meeting of the Committee held on March 19, 2014.

At their first meeting, the Committee discussed their charter. They requested a calendar of key financial dates for the hospital, so that agendas items can be planned appropriately. The Committee spent a significant amount of time reviewing the proposed FY 2015 budget. Because of the limited time and involvement of the Committee in the budget process, they opted not to move for "approval" of the budget, though they were satisfied and supportive of staff's submission. The Committee will be more involved in the budget process for next fiscal year. The Committee also discussed the ongoing problems associated with McKesson's implementation of the electronic health record, and requested that the CEO provide a status report at the April Audit and Finance Committee meeting.

At the special meeting, several contracts were reviewed and recommended for approval on today's Consent Agenda. The Committee discussed cash flow and will continue to discuss this as a standing agenda item. They also received a presentation on the different types of Medicaid payments, and discussed in detail the impact of Medicaid backlog on hospital operations. Based on the County's decision today to decrease UMC's funding, the Committee will likely be discussing cost reduction opportunities at their next meeting. At today's budget hearing the County announced that there is a total of $2.3 million in capital for the entire County. UMC was anticipating capital funding for expansion of the electronic health record implementation. This will be discussed further at the next Audit and Finance Committee meeting.

FINAL ACTION: No action taken.

ITEM NO. 7 Receive a report on the submission of the 2015 Operating Budget and direct staff accordingly. *(For possible action)*

DOCUMENTS SUBMITTED: County Funding of UMC

DISCUSSION: Mr. Barnard gave an overview of this morning's County Budget Hearing. In an attempt to maintain the same budget from last year, UMC requested $194 million, including $91 million in general subsidy. County staff recommended to the Board of County Commissioners to fund the general subsidy at $71 million, a reduction of $20 million compared to last year. They also briefly discussed UMC's cash flow and the need for potential loan of $13 to $25 million to deal with the cash flow problems as a result of the Affordable Care Act.

There was discussion clarifying that although the General Fund went from a request of $61 million to $91 million, it is not an increase in County subsidy. The total County subsidy requested was $194, compared to $196 the previous year, and with the suggested $20 million cut, it will be $174 million. It was the consensus of the Board that we need to educate the media and the public that the subsidy is not an increase as it appears, but rather a $20 million decrease.

There was a long discussion regarding the shift from CCSS to Medicaid Managed Care, and its affect on UMC's volume and budget, and the reality that although the State has taken over the indigent population previously covered by CCSS, the patient population still exists and we are still caring for them, but at a 30% reduction in reimbursement. It was also noted that UMC is still caring for a large number of those "willfully" uninsured with less government subsidy.

It was the consensus of this Board that there should be discussion at the Joint meeting of the Hospital Board of Trustees and Governing Board regarding UMC's obligation to serve the uninsured and the necessity of service lines.

FINAL ACTION: No action taken.

ITEM NO. 8 Receive a report on cash flow and potential need for increase to Clark County inter-fund loan and direct staff accordingly. *(For possible action)*

DOCUMENTS SUBMITTED:
- UMC FYE 2014 Cash Flow
- UMC Cash Flow Unknowns

DISCUSSION: There is potential for an inter-fund loan from the County to get the hospital through the current fiscal year. It is anticipated it will be between $13 million and $25 million, but the exact amount is not yet known. The "unknowns" affecting the exact amount range from the extent of enrollment issues unknown, timing and amount of County Indigent Incurred But Not Reported (IBNR) claims, and the potential of a cash advance from the State of Nevada for Medicaid pending claims.

FINAL ACTION: No action taken.

ITEM NO. 9 Discuss recommendations for filling the ninth member vacancy, and take such action as deemed appropriate. *(For possible action)*

DISCUSSION: Chair O'Reilly stated that many talented, experienced and respected physicians have expressed interest in the Governing Board's vacant, ninth position. He stressed the need for someone without conflicts, and recommended Donald Mackay, MD, a retired physician with previous privileges at UMC, and well respected by his peers. It was suggested that Larry Gage thoroughly vet any recommendation being sent to the Board of Trustees.

FINAL ACTION:
A motion was made by Renee Franklin to nominate Donald Mackay, M.D. to fill the current vacancy on the Governing Board. The motion was seconded by Eileen Raney, subject to background vetting. The motion was unanimously approved.

ITEM NO. 10 Receive a presentation on the UMC Foundation and direct staff accordingly. *(For possible action)*

DOCUMENT SUBMITTED: UMC Foundation Presentation to UMC Governing Board

DISCUSSION: Harry Hagerty, Foundation Board President, gave an overview of the UMC Foundation's historical background, membership, financial profile. fundraising activities, and 501(c)(3) status tax exempt status.

Mr. Hagerty commented that it is difficult to fundraise for a government entity, though he is hopeful this will change as the Governing Board and the hospital demonstrate that the hospital's direction has changed and that philanthropic dollars will be used for a good cause.

The Foundation Board reviewed the Finance Committee's request to use the $700,000 in United Healthcare restricted funds for the Cath Lab. They determined it would meet the requirements of the grant, and will submit to Dr. Marlon for approval. The Foundation Board also discussed "short" money to fund their fundraising efforts. The Foundation Board is also currently discussing the idea of seeking new Board members, which would include an expectation of individual donations. They continue to recruit for a full-time philanthropy director.

Chair O'Reilly requested that Mr. Hagerty provide the Board updates on the Foundation every three to four months.

FINAL ACTION: No action taken.

ITEM NO. 11 Receive a report on physician credentialing and medical staff, and direct staff according. *(For possible action).*

DOCUMENTS SUBMTITED:
- UMC Medical Staff Service Credentialing Activities

- Greeley Evolving Credentialing Report
- Medical and Dental Staff Code of Conduct
- Medical Staff Conflict of Interest Statement
- Conflict Management (Medical Staff Policy)
- Peer Review OPPE and FPPE (Medical Staff Policy)
- Impaired Physician and Other Licensed Independent Practitioner (Medical Staff Policy)

DISCUSSION: The Board received an overview of the Credentialing Process from Shana Tello, Director of Medical Staff and Deputy District Attorney Mark Wood. The presentation included an overview of ongoing peer review, breakdown of physicians and advance practice providers by specialty, Medical and Dental Staff Bylaws, Joint Commission requirements, Code of Conduct, Conflict Management and Impaired Physician policies.

There was a brief discussion regarding the distribution of staff physicians by specialty. The Board was cautioned that physicians on courtesy staff may see as few as 12 UMC inpatients a year. It was agreed that this information should be included in future strategic planning, as a needs analysis for both the community and the hospital, in addition to financial considerations. Mr. Barnard commented that we need to look at the appropriate compensation we are paying for Emergency and Clinic coverage, and specifically which specialties we actually need going forward, given the effects of ACA.

Ms. Logsdon apprised the Committee that medical staff credentialing is a retained power of the Board of Trustees. Based on timing issues, the credentialing items won't be brought to the Governing Board before going to the Board of Trustees. Instead, a summary of actions taken by the Board of Trustees will be distributed to the Governing Board members.

Mr. Wood clarified that one of the powers delegated to the Governing Board is to hear and make decisions on the appeals of physician discipline cases, based on the Medical Staff Fair Hearing Plan. Chair O'Reilly requested that the Board understand the process and responsibilities of the Board in the appellate review, and then determine if this would be the responsibility of the Quality Committee or the entire Board.

Dean Schwenk provided a brief update on the pathway for the creation of a medical school in Las Vegas, and the role of UNSOM. Board Member John White briefing described the role of statewide Steering Committee as well.

The Chair requested a list of acronyms to be made available to Board members.

FINAL ACTION: No action taken.

Chairman O'Reilly called for a brief recess at 4:00 p.m.
The regular meeting of the UMC Governing Board was reconvened at 4:10 p.m.

ITEM NO. 12 Receive a report on performance metrics and direct staff accordingly. *(For possible action)*

DOCUMENT SUBMTITED: UMC Hospital Wide Organizational Dashboard

DISCUSSION: Mr. Barnard presented a list of metrics that are normally used to determine if a hospital is successful. Due to implementation issues, McKesson is still working to confirm some of the data provided today. Most metrics will be reported monthly, though quality would probably remain quarterly.

Ms. Raney requested that the metrics be more actionable and appropriate to the responsibilities of the Governing Board rather than management focused. Mr. Barnard will work with the Committee Chairs to refine the metrics to be brought to the Board and Committees.

FINAL ACTION: No action taken.

ITEM NO. 13 Receive a status report on the implementation and orientation plan and direct staff accordingly. *(For possible action)*

DOCUMENT SUBMTITED:
- UMC Governing Board Education Checklist (Updated 3/17/14)

DISCUSSION: The updated Orientation Checklist was reviewed. Ms. Logsdon has confirmed that some of the items can be assigned to the Committees, and the checklist reflects that change. All orientation items are on track to be completed by July 1st.

FINAL ACTION: No action taken.

ITEM NO. 14 Receive a report on top issues facing UMC, and direct staff accordingly. *(For possible action)*

DOCUMENT SUBMTITED:
- Top Issues Facing UMC

DISCUSSION: Mr. Barnard presented a list of top issues facing UMC, some of which have the potential for generating revenue, some for expense reduction, and those necessary for the smooth operation of the hospital. Mr. Barnard verbally added the Affordable Care Act and managed care contracts to the list. Emergency dialysis was also discussed. Mr. Barnard did not include issue this on the list, as the State has just recently agreed to pay for these patients' chronic dialysis under an emergency Medicaid provision, which he anticipates will relieve the Emergency Department from caring for as many as 90-120 patients they have see regularly in the past. It is estimated that the hospital has expended approximately $10 million on these patients in the past year. Chair O'Reilly requested that staff prioritize these top issues, and refer to committees, as appropriate.

FINAL ACTION: No action taken.

ITEM NO. 15 Receive a report on calendaring systems used within the hospital, and direct staff accordingly. ***(For possible action)***

DISCUSSION: In follow-up to a request from the Board Chair at the February meeting, Mr. Barnard reported that the hospital is currently using calendaring systems for Plant Operations and Biomed for equipment repairs and maintenance. Staff is also looking at some calendaring options specific to contracts. Chair O'Reilly referenced a master calendar program used in law practices, and encouraged staff to continue to look at hospital-wide calendaring options, and bring back to the Board as appropriate.

FINAL ACTION: No action taken.

SECTION 3. CONSENT AGENDA

All matters of this section were considered to be routine and were acted upon in one motion. For all items, the action taken was the recommendation of staff and the Audit and Finance Committee as indicated on the item.

ITEM NO. 16 Ratify the Letter of Agreement between the Board of Regents of the Nevada System of Higher Education (NSHE) on behalf of the College of Southern Nevada (CSN) and University Medical Center of Southern Nevada for dental care services. ***(For possible action)***

DOCUMENTS SUBMITTED:
- Letter of Agreement for Claims Payment between UMC and Board of Regents
- Disclosure of Ownership
- Disclosure of Relationship

FINAL ACTION: A motion was made by Mike Saltman to approve as recommended. Motion carried by unanimous vote.

ITEM NO. 17 Ratify an agreement for Laboratory Services to Valley Hospital; and authorize the Chief Executive Officer to sign the Agreement and authorize the signature of future amendments. ***(For possible action)***

DOCUMENTS SUBMITTED:
- Laboratory Services Agreement between UMC and Valley Hospital
- Disclosure of Ownership
- Disclosure of Relationship

FINAL ACTION: A motion was made by Mike Saltman to approve as recommended. Motion carried by unanimous vote.

ITEM NO. 18 Ratify an agreement for Laboratory Services to Clinical Pathology Laboratories, Inc.; and authorize the Chief Executive Officer to sign the

Agreement and authorize the signature of future amendments. *(For possible action)*

DOCUMENTS SUBMITTED:
- Laboratory Services Agreement between UMC and Clinical Pathology Laboratories

FINAL ACTION: A motion was made by Mike Saltman to approve as recommended. Motion carried by unanimous vote.

ITEM NO. 19 Ratify Amendment Two to the Hospital Services Agreement between Teachers Health Trust and University Medical Center of Southern Nevada for managed care services. *(For possible action)*

DOCUMENTS SUBMITTED:
- Second Amendment Hospital Services Agreement between UMC and Teachers Health Trust
- Disclosure of Ownership
- Disclosure of Relationship

FINAL ACTION: A motion was made by Mike Saltman to approve as recommended. Motion carried by unanimous vote.

ITEM NO. 20 Approve a contract for a Cath Lab upgrade between Philips Healthcare and University Medical Center of Southern Nevada; and authorize the Chief Executive Officer to sign the agreement and any amendments not to exceed 15% over the awarded amount. *(For possible action)*

DOCUMENTS SUBMTITED:
- Amendment between UMC and Philips Healthcare
- Disclosure of Ownership
- Disclosure of Relationship

FINAL ACTION: A motion was made by Mike Saltman to approve as recommended. Motion carried by unanimous vote.

ITEM NO. 21 Award RFP No. 2013-22 Contract for Auditing Services to BDO USA, LLP; and authorize the Chief Executive Officer to sign the agreement and execute any future renewals. *(For possible action)*

DOCUMENTS SUBMTITED:
- UMC Audit Firm Selection (PowerPoint presentation)
- Letter of Agreement to Provide Services between UMC and BDO USA
- Letters of Reference
- Disclosure of Ownership

FINAL ACTION: A motion was made by Mike Saltman to approve as recommended. Motion carried by unanimous vote.

SECTION 4. EMERGING ISSUES:

ITEM NO. 22: That the Governing Board identify emerging issues to be addressed by staff or by the Board at future meetings; and direct staff accordingly. ***(For possible action)***

None

COMMENTS BY THE GENERAL PUBLIC:

At this time, Chair O'Reilly asked if there were any persons present in the audience wishing to be heard on any items not listed on the posted agenda.

SPEAKERS(S): None

There being no further business to come before the Board at this time, at the hour of 4:45 p.m., Chairman O'Reilly adjourned the meeting.

APPROVED:

John O'Reilly, Chairman

ATTEST:

Cindy Dwyer

Cindy Dwyer, Board Secretary