University Medical Center of Southern Nevada
Governing Board
May 28, 2014

UMC Emerald Room
901 Rancho Lane, Suite 180
Las Vegas, Clark County, Nevada
Wednesday, May 28, 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, May 28, 2014, at the hour of 2:00 p.m. The meeting was called to order at the hour of 2:12 p.m. by Chair 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
Renee Franklin
Harry Hagerty
Laura Lopez-Hobbs
Donald Mackay, M.D.
Eileen Raney, Vice Chair
Michael Saltman
John White

Absent:
Jeff Ellis (Excused)

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

SECTION 1. OPENING CEREMONIES

ITEM NO. 1 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(s): None

ITEM NO. 2 **Approval of minutes of the regular meeting of the UMC Governing Board on April 23, 2014. *(Available at University Medical Center, Administrative Office)* [For possible action]**

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

ITEM NO. 3 **Approval of Agenda [For possible action]**

Item No. 6 to be taken with Item No. 13, and Item No. 10 to be taken at the top of the Business Items.

FINAL ACTION: A motion was made by Renee Franklin that the agenda be approved as recommended, with the noted changes. Motion carried by unanimous vote.

SECTION 2. BUSINESS ITEMS

ITEM NO. 4 **Receive a report from the Governing Board 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 May 12, 2014 meeting of the Human Resources and Executive Compensation Committee.

A Request for Quotes was initiated with the objective of receiving a competitive market range for like hospitals for management and staff. Quotes for a compensation market survey were received and reviewed from three vendors. The Committee requested staff to obtain additional information from the vendors, and subsequent information was received since the last Committee meeting. In an effort to move this item along, the Committee agreed at today's meeting to recommend the selection of Mercer, and recommended that staff proceed to negotiate a contract. If budget allows, the Committee recommended that all salaries of all staff levels be reviewed. Legal Counsel advised that if the quote is less than $50,000, the CEO has delegated authority to proceed without an official recommendation from the Committee.

FINAL ACTION: No action taken.

ITEM NO. 5 **Receive a report from the Governing Board Audit and Finance Committee, and take any action deemed appropriate. [For possible action]**

DISCUSSION: Committee Chair Eileen Raney gave an overview of the May 15, 2014 meeting of the Audit and Finance Committee.

- Barbara Eyman, an expert on Medicaid Waivers, provided the committee with a presentation on 1115 Medicaid Waiver programs. These programs

allow up to $1 billion annually to be dispensed to hospitals and providers that apply under Section 1115 to do special projects designed to lower the overall healthcare costs to Medicaid. This would be a very large undertaking and should be incorporated into the strategic plan. Ms. Eyman will be invited to speak by phone at the next Strategic Planning Committee meeting.

- The Committee received an update on the McKesson electronic health record (EHR) implementation. Proposals were requested and received from two firms to assist with an assessment of the implementation to date and a roadmap to move forward. Staff was directed to meet with project leaders of both firms and to review similar deliverables, before making a recommendation to the Committee.

- Rose Coker, Director of Managed Care, provided the Committee with a presentation on managed care. She was invited to come to the next meeting with de-identified payers to help the Committee understand the profitability of third party payers.

- The Committee approved the staff's recommendation for a 15% price increase July1st, and also suggested and approved an additional 15% price increase in January, since we didn't have a price increase last year. Even with the increases, UMC will still have some of the lowest prices in the County. This recommendation will come before the Governing Board today on the Consent Agenda, and if approved, will then go to the Hospital Board of Trustees for final approval.

- A five year old report from KPMG which addressed the adequacy of internal audit staff was tabled, and will be placed on a future Committee agenda.

- The Committee received a report on cash flow and financials for the month of March, which is also being reported today to the Governing Board. The Committee has developed and is sharing today, a redesign of the monthly financial report. Board members were invited to provide feedback so the report can be refined as needed.

Stephanie Merrill, CFO, presented the financials for the month of March 2014. In response to an inquiry about the historical comparison of the current net deficit for operations of ($420) per adjusted patient day (APD), Ms. Merrill stated that we have been at a deficit for the past 10-12 years. The first target for improvement would be somewhere in the 300's. Mr. Barnard commented that retro payment of UPL had a positive impact on 2013; we will see a drop in revenue per APD this year and next year.

Accounts Payable outstanding days are assumed to be up because of timing of expenditures and the fact that Accounts Receivable is backed up. Cash receipts are slightly improved, probably as a result of the push on Accounts Receivable that had been backed up from the September EHR implementation go-live.

In reviewing payor mix, the self pay category went from 34% in July to 26% in March, with most of those patients shifting to Medicaid or Pending categories. The increase in Medicare is thought to be seasonal.

Staff was directed to consider an appendix to the monthly financial report to include historical data for comparison and trending.

FINAL ACTION: No action taken.

ITEM NO. 6 Receive an update from the Hospital CEO, and direct staff accordingly. [For possible action]

DISCUSSION: Included in Item No. 13.

FINAL ACTION: No action taken.

ITEM NO. 7 Receive presentation on Clark County funding, and direct staff accordingly. [For possible action]

DOCUMENT SUBMITTED: Funding Overview, May 28, 2014 (PowerPoint presentation)

DISCUSSION: Yolanda King, Clark County Chief Financial Officer, gave an overview of Clark County's funding of UMC. She explained the County revenue framework, including property taxes, consolidated taxes, license and permits, and fines and forfeits. She also reviewed General Fund expenditures, the County's Capital Budget process and the pay-as-you-go program, and mandated Intergovernmental Transfers.

The Board inquired about the $46 million in indigent care tax revenues previously spent on Clark County Social Services medical care, which no longer exists. Ms. King explained that those tax revenues are required to be spent on the medically indigent, and cannot be used to supplement the care of insured patients. The County is now using those funds toward the IGT's, which still benefit UMC's indigent population. Recognizing that although patients previously covered by CCSS will now be covered through Medicaid or the Affordable Care Act, there would be a transition period for UMC shifting from CCSS to Medicaid, the County replaced the $46 million with a $30 million subsidy for that purpose. There was continued discussion about the perception that UMC received the $30 million subsidy because of poor operation, rather than the fact that there is a shift in the way the hospital is funded. Ms. King explained that it was called a subsidy, based on reporting requirements of the State Budget Office.

The Chair asked that staff prepare a schedule of contributions each year from all funds, so we the Board could better understand what had been received this year.

Chairman O'Reilly called for a brief recess at 3:35 p.m.
The regular meeting of the UMC Governing Board was reconvened at 3:47 p.m.

Ms. King outlined the County's budget process and the pay-as you-go capital program. There was discussion about the capital program being dependent on an increase in revenue, with very modest projections in revenues for the near future.

Ms. King stated that at their next meeting, the Board of County Commissioners will be discussing a potential County-wide property tax rate increase to establish a dedicated funding stream for UMC.

Clark County provides the entire State share of funding for the UPL program and the State retains $16 million for use elsewhere in the State budget. No other County in the state of Nevada is required to make contributions to the State UPL program, even though other public hospitals benefit from the program. The County also provides virtually all of the contributions for the State DSH program, which makes payments to both public and private hospitals. The State makes a net benefit of $26 million from the DSH contributions, which it uses for the statewide Medicaid program.

In the interest of time, Ms. King was asked to come to the June meeting to complete her presentation on County funding.

FINAL ACTION: No action taken.

ITEM NO. 8 Approve Bill Draft Requests for 2015 legislative session for consideration by the Board of County Commissioners, and take any action deemed appropriate. [For possible action]

DISCUSSION: Gail Yedinak, Intergovernmental Relations, briefly reviewed two proposed bill draft requests for the upcoming legislative session. Clark County is allowed four unsponsored bills for introduction and advocacy in the session, and has solicited input from County Departments. UMC staff has two requests for the County's consideration; one requests a change to the open meeting law to consider allowing public hospitals to discuss "trade secrets" in closed session, and the second request is regarding interfacility transfers for specialty care between hospital emergency departments. Staff was directed to keep the Board informed of all legislative issues.

FINAL ACTION: A motion was made by Renee Franklin to approve the Bill Draft Requests for consideration by the Board of County Commissioners. Motion carried by unanimous vote.

ITEM NO. 9 Receive a presentation on The Joint Commission survey process and direct staff accordingly. [For possible action]

DOCUMENT SUBMTITED: The Joint Commission; Governing Board Meeting 5/28/2014 (PowerPoint presentation)

DISCUSSION: UMC is expecting its unannounced triennial survey sometime in the next two months. Mary Brann, RN, PhD, Executive Director of Center for Patient Quality and Safety, gave an overview of Joint Commission accreditation

including standards, survey process, possible survey findings, scoring, CMS deemed status, and top ten deficiencies cited by Joint Commission. Ms. Levy emphasized the importance of the institution being in a constant state of readiness, which will require additional resources. The Governing Board will have a role in the survey, and some of the members will be invited to participate during the leadership component.

FINAL ACTION: No action taken.

ITEM NO. 10 Receive a presentation on the Board's role in appellate review of actions of the Medical Executive Committee and take any action deemed appropriate. [For possible action]

DISCUSSION: Mark Wood, Deputy District Attorney, gave an overview of the Fair Hearing Plan, which is available to credentialed practitioner's whose privileges are limited or suspended by the Medical Executive Committee. He explained the role of the Medical Executive Committee (MEC), the ad hoc Hearing Committee, and the Appellate Review Board.

If the practitioner does not agree with the recommendations of the ad hoc Hearing Committee and the ultimate decision of the MEC, he has the option of requesting an Appellate Review Hearing with the Governing Board. In the Appellate Review Hearing, the parties can submit written statements, which is limited to ten pages. The Board can hear only the facts on record, but can allow additional evidence or facts at their discretion. The Board is not to substitute its judgment for that of the MEC or the Fair Hearing Committee as to the weight of the evidence on questions of medical fact. Oral arguments are limited to 20 minutes per side. Decisions of the Board are final for the hospital, though the practitioner can pursue through district court, if he feels his due process rights have been violated.

The hospital has to be cognizant of providing due process in order to comply with the Healthcare Quality Improvement Act, which provides immunity to medical staffs, hospitals, those involved in process, as long as due process is provided as define in statute.

Although the Medical Staff Bylaws, including the Fair Hearing Plan, are currently being updated, they are currently compliant with all laws and standards. The goal is to have the Bylaws updated by the end of the year.

Dr. Carrison shared his concern with his ability to assemble future ad hoc hearing committees, based on past cases under the former Chief of Staff, where the Committee members were named in a lawsuit.

FINAL ACTION: No action taken.

ITEM NO. 11 Receive a presentation on Corporate Compliance for Healthcare Leaders and direct staff accordingly. [For possible action]

DOCUMENT SUBMTITED: Corporate Compliance (PowerPoint presentation)

DISCUSSION: Tabled.

FINAL ACTION: No action taken.

ITEM NO. 12 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 5/28/14)

DISCUSSION: The updated Orientation Checklist was reviewed. All orientation items are on track to be completed by July 1st.

FINAL ACTION: No action taken.

ITEM NO. 13 Receive and discuss a report on the State of UMC from the Chief Executive Officer and direct staff accordingly. [For possible action]

DISCUSSION: Mr. Barnard gave a verbal report on the State of UMC. Highlights included:

TOP ISSUES CURRENTLY FACING UMC:
- Reduction in Subsidy
- Declining Revenues
- Lack of Capital Funding
- Staffing
- Competition for GME Funds
- Lack of Mental Health Community Resources
- Profitability of Managed Care Contracts
- Philanthropy
- Master Plan
- HCAHPS Scores
- Compensation

AREAS OF FOCUS FOR FY 2015:
- UNLV Medical School
- Redesigning the Healthcare Delivery System and Enhanced Medicaid Opportunities
- Uncompensated Care for Undocumented Patients
- Service Lines
- Leapfrog Reporting
- Accreditation
- Leadership
- McKesson Implementation

FINAL ACTION: No action taken.

ITEM NO. 14 Discuss issues brought forward regarding UMC's sustainability at the April 22, 2014 joint meeting with the Board of Trustees, and take any action as deemed appropriate. [For possible action]

DISCUSSION: The Board was reminded that the funding alternatives briefly mentioned at the Joint meeting included: medical taxing district, county wide tax, redevelopment funds, and bonding for equipment. Mr. Barnard mentioned that two additional ideas have been mentioned publicly by the Board of Trustees, including a city-based payment system, and a marijuana lab at UMC. Members were in agreement that each of these ideas bears study and incorporation into the strategic plan. Ms. Raney recommended that the Audit and Finance Committee vet and discuss each of these funding alternatives and their financial implications, with a comprehensive report back to the Governing Board for their consideration, prior to the next joint meeting with the Board of Trustees. Though there has been some discussion with County Counsel about the marijuana dispensary, the Audit and Finance Committee was asked to include that option in their review.

ACTION TAKEN: 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 consent items, the action taken was the recommendation of staff and the Audit and Finance Committee as indicated on the items.

ITEM NO. 15 Review the proposed increase to the room/bed rates and other service charges of University Medical Center of Southern Nevada; and take action as deemed appropriate for presentation and final approval by the Board of Hospital Trustees. [For possible action]

DOCUMENTS SUBMITTED: Hospital Charge Comparison - 4 Quarters Ending 9-30-2013

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

ITEM NO. 16 Approve Amendment Five to Software License and Services Agreement between 3M Company and University Medical Center of Southern Nevada for patient coding system; and authorize the Chief Executive Officer to sign the amendment. [For possible action]

DOCUMENT SUBMTITED:

- Amendment 5 to Software License and Services Agreement between 3M Company and UMC
- Disclosure of Ownership
- Disclosure of Relationship

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

ITEM NO. 17 Approve the Fourth Amendment to Participating Hospital Agreement between Coventry Health and Life Insurance Company and University Medical Center of Southern Nevada for managed care services; and authorize the Chief Executive Officer to sign the agreement. [For possible action]

DOCUMENTS SUBMITTED:
- Fourth Amendment to Participating Hospital Agreement between Coventry Health and Life Insurance Company and UMC
- Disclosure of Ownership
- Disclosure of Relationship

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

ITEM NO 18 Approve the contract for Healthcare Cost Accounting Services between Willow River Enterprises, Inc. d/b/a Cost Accounting Partners and University Medical Center of Southern Nevada; and authorize the Chief Executive Officer to sign the agreement and execute any future revisions. [For possible action]

DOCUMENTS SUBMITTED:
- Contract for Healthcare Cost Accounting Services between Willow River Enterprises and UMC
- Disclosure of Ownership

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

ITEM NO 19 Ratify the agreement for Transplant Services between Nevada Donor Network, Inc. and University Medical Center of Southern Nevada signed by the Chief Executive Officer. [For possible action]

DOCUMENTS SUBMITTED:
- Agreement for Transplant Services between Nevada Donor Network and UMC
- Disclosure of Ownership
- Disclosure of Relationship

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

ITEM NO 20 Approve the agreement for Histocompability Testing Services to Nevada Donor Network, Inc.; and authorize the Chief Executive Officer to sign the agreement. [For possible action]

DOCUMENTS SUBMITTED:
- Laboratory Services Agreement between Nevada Donor Network and UMC

- Disclosure of Ownership
- Disclosure of Relationship

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

ITEM NO 21 Approve the award for Supply Distribution to Medline Industries, Inc.; and take action as deemed appropriate for presentation and final approval by the Board of Trustees. [For possible action]

DOCUMENTS SUBMITTED:
- Corporate Program Agreement between Medline Industries and UMC
- Disclosure of Ownership
- Disclosure of Relationship

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

ITEM NO 22 Approve the agreement for Urology On-Call Services to Urology Specialists of Nevada; and authorize the Chief Executive Officer to sign the agreement. [For possible action]

DOCUMENTS SUBMITTED:
- Agreement for Physician On-Call Services between Robert McBeath, MD and UMC
- Disclosure of Relationship

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

ITEM NO 23 Approve an Amendment to the Negative Pressure Wound Therapy Agreement with Universal Hospital Services; and authorize the Chief Executive Officer to sign the agreement. [For possible action]

DOCUMENTS SUBMITTED:
- Amendment to Service Agreement between Universal Hospital Services and UMC
- Disclosure of Ownership
- Disclosure of Relationship

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

ITEM NO 24 Approve an Amendment to the Med Station Enterprise System between CareFusion Solutions, LLC and University Medical Center of Southern Nevada; and authorize the Chief Executive Officer to sign the agreement. [For possible action]

DOCUMENTS SUBMITTED:
- Amendment to Rental and Support Agreement with CareFusion Solutions and UMC

- Disclosure of Ownership
- Disclosure of Relationship

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

ITEM NO 25 Ratify Amendment Four to the INOtherapy Services Agreement between INO Therapeutics, LLC d/b/a Ikaria and University Medical Center of Southern Nevada for nitric oxide gas and delivery devices signed by the Chief Executive Officer. [For possible action]

DOCUMENTS SUBMITTED:
- Amendment to Services Agreement between INOtherapy and UMC
- Disclosure of Ownership
- Disclosure of Relationship

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

ITEM NO 26 Approve Amendment Two to the Physician Medical Directorship and Physician Professional Services Agreement with Daniel L. Orr II, D.D.S., M.S., Ltd. and University Medical Center of Southern Nevada; and authorize the Chief Executive Officer to sign the agreement. [For possible action]

DOCUMENTS SUBMITTED:
- Amendment to Agreement for Physician Medical Directorship between Daniel L. Orr II, DDS and UMC
- Disclosure of Ownership
- Disclosure of Relationship

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

ITEM NO 27 Approve Amendment Two to the Provider Agreement between Ellis, Bandt, Birkin, Kollins & Wong d/b/a Desert Radiologists and University Medical Center of Southern Nevada; and authorize the Chief Executive Officer to sign the agreement. [For possible action]

DOCUMENTS SUBMITTED:
- Amendment Two to Provider Agreement between Desert Radiologists and UMC
- Disclosure of Ownership
- Disclosure of Relationship

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

ITEM NO 28 Approve the award of BID 2014-03 for Workers' Compensation and Out of State (OOS) Medicaid Accounts Receivable to Cardon Outreach; and authorize the Chief Executive Officer to sign the agreement [For possible action]

DOCUMENTS SUBMITTED:
- Bid No. 2014-03 Workers Comp and Out of State Medicaid Accounts Receivable Services
- Disclosure of Ownership
- Disclosure of Relationship
- Business Associates Agreement

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

SECTION 4. EMERGING ISSUES:

ITEM NO. 29 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]

- Board portal will be introduced over the next couple of months, beginning with the Committee meetings.

- Chair directed staff to explore grant funding opportunities with federal delegation

- The newly appointed Chief Operating Officer, Mason Van Houweling, was introduced to the Board.

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.

Speaker(s):

Dale Carrison, D.O., Chief of Staff: Dr. Carrison shared his concerns about the lack of acute care for the mentally ill in the community, placing an undue burden on local emergency departments. He noted that on this day, there were over 250 mentally ill patients being held in the community. 28 of the 44 patients being held at UMC were medically cleared and waiting for placement; one of them had been waiting for placement for six days, and another for five days. Dr, Carrison estimates that UMC spent approximately 850,000 hours and $11.2 million caring for these patients in 2013. The Governor's Council on Mental Health has recently made recommendations for improvements to the Governor.

There being no further business to come before the Board at this time, at the hour of 5:45 p.m., Chairman O'Reilly adjourned the meeting.

APPROVED:

John F. O'Reilly, Chairman

ATTEST:

Cindy Dwyer, Board Secretary