University Medical Center of Southern Nevada
Governing Board
June 25, 2014

UMC Emerald Room
901 Rancho Lane, Suite 180
Las Vegas, Clark County, Nevada
Wednesday, June 25, 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, June 25, 2014, at the hour of 2:00 p.m. The meeting was called to order at the hour of 2:04 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
Jeff Ellis
Renee Franklin
Harry Hagerty
Laura Lopez-Hobbs
Donald Mackay, M.D.
Eileen Raney, Vice Chair
Michael Saltman
John White

Also Present:
Yolanda King, Clark County Chief Financial Officer
Lawrence Barnard, Chief Executive Officer
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 May 28, 2014. *(Available at University Medical Center, Administrative Office)* [For possible action]

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

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

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

SECTION 2. BUSINESS ITEMS

ITEM NO. 4 Receive a donation from Beverly and Jim Rogers; and direct staff accordingly. [For possible action]

DISCUSSION: On behalf of the Rogers family, Marcia Turner presented a gift of $50,000 to UMC for the purchase of reclining chairs to be used by family members in patient rooms. Throughout his lifetime, Mr. Rogers was very dedicated to making positive changes in the community, including his nurturing of the partnership between NSHE and UMC and their efforts to transform UMC into a robust academic medical center.

FINAL ACTION: A motion was made by Michael Saltman to accept the donation. Motion carried by unanimous vote.

ITEM NO. 5 Receive a report from the Clinical Quality and Professional Affairs Committee; and take any action deemed appropriate. [For possible action]

DISCUSSION: Committee Chair Renee Franklin gave an overview of the June 3, 2014 meeting of the Clinical Quality and Professional Affairs Committee.

- The Committee reviewed an article on high-performing hospital governing boards of academic medical centers, with an emphasis on being a high reliability organization. The Committee discussed reliability and importance of ensuring that each patient receives the best quality care every single time. This will be an ongoing discussion.

- The Committee received a presentation on the Hospital Consumer Assessment of Healthcare Providers & Systems (HCAHPS) patient satisfaction survey, utilized to evaluate the patient experience at UMC. There are a number of pilot programs underway to improve the patient experience. These programs have little or no cost to the hospital, but can have a positive effect on the patient's overall experience. Committee members shared input based on their experiences, and staff is taking those under advisement. There will be ongoing dialogue in the Committee setting.

- The Committee spent time discussing quality dashboard metrics. There are thousands of quality metrics being tracked by the hospital. The Committee is in the process of narrowing down the metrics to be included on a dashboard to be shared with the Board in a public setting.

FINAL ACTION: No action taken.

ITEM NO. 6 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 June 24, 2014 meeting of the Strategic Planning Committee.

- The Committee received the report presented in May to the Finance Committee regarding Medicaid funding opportunities through CMS granted waivers. The State Medicaid agency received a waiver that UMC could request be amended to include a program for UMC to improve patient access to care. The Committee concluded that such a project should be incorporated into the strategic planning process, and that such a project should supplement our planning goals. Staff received direction to look at other programs and see whether they would be adaptable to UMC's environment. The consultant warned staff to be cautious in drawing conclusions as they review projects in other states, noting that California's plan, which was approved some time ago, is no longer seen by CMS as rigorous enough. If the decision is made to participate, we would need to coordinate closely with the State and County, as it would be dependent on Intergovernmental Transfers (IGT), but the Committee felt that the program is worthy of additional consideration.

- The Nevada Health Centers' needs assessment was reviewed by the Committee. The Committee concluded that a more detailed assessment including service lines would better meet UMC's needs, however, with no plans to add services at this time, there is no urgency for such a study. It was also noted that with the expansion of GME, other entities might likely be doing similar assessments in the near future that we might be able to partner with.

- The CEO's transition plan was presented and discussed by the Committee, including the development of a strategic plan, and performance reviews of directors and upper management which have resulted in some changes in performance and personnel. The Committee discussed the difficulty in conducting strategic planning in a public setting. As a consequence, it is the expectation that staff will continue to do strategic planning, but will do so internally and in a very limited fashion, so that trade secrets and strategies are not revealed to competitors. This is a topic that should be discussed by the full board at some time in the future.

- The Hospital plays a crucial role in Graduate Medical Education (GME) for the state and in the city. With new medical schools coming to the community and inquiries for partnerships, strategic direction from the Board would be timely. The Committee requested that this item be placed on the next Governing Board agenda. Chair White added that the report of the final recommendations from the Governor's Task Force on GME should also be available for review at that time.

Chair O'Reilly asked that the Committee Chairs submit a summary of each Committee's accomplishment over the past six months, as well as their anticipated focus and accomplishments for the next six months.

FINAL ACTION: No action taken.

ITEM NO. 7 Receive a report from the Governing Board Audit and Finance Committee, and take any action deemed appropriate. [For possible action]

DOCUMENT SUBMITTED: Management Discussion & Analysis, May FY 2014 Financials

DISCUSSION: Committee Chair Eileen Raney gave an overview of the June 12, 2014 meeting of the Audit and Finance Committee.

- The hospital's audit firm, BDO, gave a report on the scope and timing of the audit process.
- Rani Gill, from Internal Audit, reported on two internal audits recently conducted.
    - Surgical Implants Inventory Management – Auditors found a high error rate in tracking of implants, which are important for recalls and billing. Staff asked to re-evaluate manual vs. electronic tracking mechanism and report with ROI and analysis at the July meeting.
    - Medicare as a Secondary Payer – Errors were identified during the audit, due mainly to the elimination of a mandatory field completion during the registration process. There have been efforts to modify the process and also a perform 100% manual audit of all Medicare claims. Additionally, there is a McKesson module pending implementation that would facilitate these efforts.

      The Committee requested 6-month follow-up for both of these audits to evaluate effectiveness of action taken.
- The Committee reviewed the top 17 Managed Care contracts to determine which contracts need to be targeted for renegotiation in order to cover, at a minimum, our fixed costs.
- Yolanda King made a presentation on funding/revenue options, which she is going to repeat at today's meeting because the Committee believes it is critically important to the strategic planning process, as well as any opportunities for future revenue generation. The report will cover state laws that would affect bond issues, tax increases, and the establishment of a health district.
- The Committee approved a change to the Resolution to allow CEO signature authority for contracts up to $100,000, as well as contracts that had no cost impact to the hospital or resulted in reductions in cost .
- The Capital budget will be reported in August. Staff is preparing a thorough assessment of needs, regardless of the availability of funding.
- The April financials were reviewed and will be presented again today by Stephanie Merrill, CFO.

Ms. Merrill presented the analysis of the financials for the month of April 2014.

Even as we get more efficient in our operations, the revenue is not reflecting that change in the cost per patient day. As the projected losses steadily increase, the need to explore alternative revenue sources is increasingly important.

ITEM NO. 8 Receive an update from the Hospital CEO, and direct staff accordingly. [For possible action]

DISCUSSION:
Lawrence Barnard, CEO, provided the following updates to the Board:

- Strategic Plan – Mr. Barnard plans to present the Strategic Plan at the July Board meeting. In an effort to convey the Plan without making the details public, it will be presented verbally, and will emphasize the focus and direction of the plan, without tactical details.

- Construction
  - The old apartment complex on UMC property has been demolished and will be converted to 23 parking spaces
  - Facility improvements are underway at Delta Point. Hospital departments will begin moving in August.
  - IT
    - Conversion to remote access for fetal monitoring is underway
    - A contract is before the Board today for approval for third party assessment and roadmap for continued McKesson implementation
    - 50 additional computers have been deployed, and 200 computers have been updated to meet current standards. This will allow our staff to utilize the system more efficiently.
  - The nuclear medicine camera and x-ray machines in the Adult and Pediatric Emergency Departments are being replaced. The new technology will reduce radiation exposure.
  - Planning is underway to renovate the post-partum floor with federal grant funding.

- Laughlin Clinic – The closure date of the Laughlin Clinic was extended through June 30th. The Edgewater is negotiating with several independent providers to take over the clinic space. Mr. Barnard will keep the Board informed as the closing gets closer. Board members encouraged Mr. Barnard to ensure appropriate communication with the local community.

- Joint Commission Readiness – Teams have been formed hospital-wide and staff is prepared and ready for the triennial Joint Commission survey.

Vice-Chair Raney inquired about the Lied Clinic. Mr. Barnard responded that the Executive Director and COO are currently evaluating the services provided at the Clinic, and he will keep the Board members informed.

FINAL ACTION: No action taken.

ITEM NO. 9 Receive presentation on Clark County funding and funding sources, and direct staff accordingly. [For possible action]

DOCUMENT SUBMITTED:
- Summary of Funding Provided by the County's General Fund
- Funding Overview, May 28, 2014 (PowerPoint presentation)
- UMC Revenue/Financing Options, June 12, 2014 (PowerPoint presentation)

DISCUSSION:

Clark County Funding of UMC:

Yolanda King, Clark County Chief Financial Officer, continued her presentation of the County funding of UMC, which she began at the June Board meeting. She reviewed a spreadsheet summary of the $123 million in County General Fund budgeted for UMC in FY 2015. She also reviewed non-mandated and mandated contributions to UMC, including the County's IGT payments resulting in money coming back to UMC. She explained that as a result of the Affordable Care Act (ACA), most of the previous CCSS clientele are now funded through Medicaid, so that amount has been reduced to zero for FY 2015, and instead those tax dollars are being utilized for IGT payments. She also anticipates that because of ACA, UMC will have a decreasing disproportionate share of indigents to serve, resulting in a decline of County IGT payments. In FY 2014 the County funded approximately 50% of all operating costs incurred by UMC. This percentage is expected to increase to 53% in FY 2015. UMC's operating loss with ACA is anticipated to be $147 million in 2018, and the County will be unable to sustain those increases in subsidy.

There was a lengthy discussion about the way the County subsidy is portrayed through the media. In FY 2014 the County provided $221.5 million to UMC and has budgeted $174.9 million for FY 2015, a reduction of $46.6 million. While the funding from the County is actually decreasing, because of the way it is reported, it appears to the public that the subsidy is increasing. This adds to the difficulty in philanthropic efforts, as well as the hospital's ability to support efforts for other revenue sources. Ms. King explained that the subsidy discussed in the media is direct cash money out of the general fund, that otherwise could have been used for priority capital projects throughout the County.

There was also discussion about the County's assumption that everyone is insured under the ACA and there is no longer an indigent obligation. Ms. King explained that the County does still have an obligation to provide indigent care to the extent that NRS provides, but ACA covers the majority of the medically indigent. Indigent tax revenue will continue to be available, as long as patients meet the definition of "indigent" by statute. By statute, indigent tax revenue can only be used toward indigent care or for IGT's. It was noted that undocumented individuals would not be eligible for either ACA or indigent care, but they remain a significant part of UMC's patient population. As this is an issue faced across the community and across the nation, the Chair suggested that this be a future agenda item for further discussion.

The Committee members requested that in the best interests of UMC and the public perception, County staff simplify the reporting format of County funding of UMC,

Chairman O'Reilly called for a brief recess at 4:51 p.m.
The regular meeting of the UMC Governing Board was reconvened at 5:01 p.m.

Revenue/Financing Options:

Ms. King provided an overview of various revenue and financing options that the County could address through special taxes and bonds, as allowed by State Statute.

In summary, any tax increase subject to the property tax abatement would not generate enough revenue. The only option that would provide a significant revenue source to the hospital is to place a ballot question asking voters to levy a tax rate for the hospital, which includes language to exempt the tax levy from the property tax abatements. In the current economic environment, it may be difficult to get a majority vote for an increase in property taxes.

A suggestion was made that while the Board continues to pursue tax revenue streams that they consider a tax that does not affect local residents, i.e., the rental car tax utilized to fund the construction of the Smith Center.

When questioned about the County Commissioners' support of the hospital, Don Burnette, Clark County Manager, assured the Governing Board that the Commissioners' current focus is to do everything in their power to help UMC get through this difficult transitional time. Closing the hospital would be an option of last resort.

FINAL ACTION: No action taken.

ITEM NO. 10 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 6/25/14)

DISCUSSION: The updated Orientation Checklist was reviewed. The only outstanding item is a Risk Management presentation to the Audit & Finance Committee. The Chair requested that the presentation be made to the Board as a whole. Lisa Logsdon and Mary-Anne Miller received direction to review the Checklist for completion.

FINAL ACTION: No action taken.

ITEM NO. 11 Approve the Services Agreement between Innovative Healthcare Solutions, Inc. and University Medical Center of Southern Nevada for Services to complete a Health Check on the McKesson Electronic Health Record

System; and authorize the Chief Executive Officer to sign the agreement. [For possible action]

DOCUMENTS SUBMITTED:
- Contract for Professional Services with Innovative Healthcare Solutions
- Disclosure of Ownership
- Disclosure of Relationship

DISCUSSION: Staff recommends the approval of a contract with Innovative Healthcare Solutions to conduct a third party assessment of McKesson implementation, which will result in a road map going forward. Of the two proposals received, Innovative was considered to have significantly more experience with McKesson implementations. Timelines and expectations are clearly outlined in the contract and staff gave assurances that they would have appropriate internal resources assigned to the project.

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

ITEM NO. 12 Award RFP No. 2014-05 Contract for Collection Agency Services to Aaron Agency, Inc. d/b/a Aaron Collection Agency and Windham Professionals, Inc.; and authorize the Chief Executive Officer to sign the agreements and exercise any renewal options. [For possible action]

DOCUMENTS SUBMITTED:
- For Collection Services for Aargon Collection Agency and Windham Professionals
  - Contract for Collection Agency Services
  - Certificate of Liability Insurance
  - Certificate of Property Insurance
  - Business Associate Agreement
- Disclosure of Ownership
- Disclosure of Relationship

DISCUSSION: A competitive bid process resulted in 12 responses. An ad hoc committee reviewed the proposals and recommended the selection of, and contract negotiation with, the top three proposers, resulting in two contracts. The Chair suggested that staff may want to consider including law firms in the future. Deputy District Attorney Lisa Logsdon, asked that the record reflect the company name of ARGON Collection Agency, not ARON Collection Agency.

FINAL ACTION: A motion was made by Michael Saltman to approve as recommended, with the change noted above. Motion carried by unanimous vote.

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. 13 Approve changes to the Resolution delegating authority of certain agreements to the Chief Executive Officer's regarding professional services contracts, renewals, extensions and changes to contracts; and take action as deemed appropriate. [For possible action]

DOCUMENT SUBMITTED: RESOLUTION to delegate authority to executive contracts on behalf of UMC

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

ITEM NO. 14 Approve the Interlocal Agreement for Child and Adolescent Psychiatry Program between Clark County and University Medical Center of Southern Nevada; and authorize the Chief Executive Officer to sign the agreement. [For possible action]

DOCUMENTS SUBMTITED:
- Interlocal Agreement between UMC and Clark County
- Master Affiliation Agreement between the Board of Regents of NSHE and Clark County

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

ITEM NO. 15 Approve Amendment One to Agreement for Out-of-State Medicaid Billing Services between Convergent Revenue Cycle Management, Inc, and University Medical Center of Southern Nevada; and authorize the Chief Executive Officer to sign the amendment. [For possible action]

DOCUMENTS SUBMITTED:
- Amendment One to Agreement for Out-of-State Medicaid Billing Services between UMC and Convergent Revenue Cycle Management, Inc.
- Disclosure of Ownership

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

ITEM NO 16 Approve Amendment One to Agreement for Workers' Compensation Collection Services between Convergent Revenue Cycle Management Inc and University Medical Center of Southern Nevada; and authorize the Chief Executive Officer to sign the amendment. [For possible action]

DOCUMENTS SUBMITTED:
- Amendment One to Agreement for Worker's Compensation Collection Services between UMC and Convergent Revenue Cycle Management, Inc.
- Disclosure of Ownership

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

ITEM NO 17 Approve award of RFP No. 2014-06, Contract for Out-of-Country Billing and Collection Services, to Sunbelt Medical Billings, Inc. d/b/a Sunbelt Medical International and authorize the Chief Executive Officer to sign the agreement and exercise any renewal options. [For possible action]

DOCUMENTS SUBMITTED:
- Contract for Out-of-Country Billing and Collection Services between UMC
- Disclosure of Ownership
- Disclosure of Relationship

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

ITEM NO 18 Approve Agreement for Physician Medical Directorship of the HIV Inpatients and HIV Wellness Center between Jerry L. Cade, MD and University Medical Center of Southern Nevada; and authorize the Chief Executive Officer to sign the agreement. [For possible action]

DOCUMENTS SUBMITTED:
- Agreement for Physician Medical Directorship and Physician Professional Services between UMC and Jerry Cade, MD
- Disclosure of Ownership

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

ITEM NO 19 Approve the Software License and Services Agreement between Hyland Software, Inc. and University Medical Center of Southern Nevada for data hosting; and authorize the Chief Executive Officer to sign the agreement. [For possible action]

DOCUMENTS SUBMITTED:
- Statement of Work
- Professional Services Proposal
- Hosting Agreement
- Disclosure of Ownership
- Disclosure of Relationship

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

ITEM NO 20 Approve Amendment to Lease Agreement No. 21237667 between Stryker Finance, a division of Stryker Sales Corporation, and University Medical Center of Southern Nevada; and authorize the Chief Executive Officer to sign the agreement. [For possible action]

DOCUMENTS SUBMITTED:
- Equipment Schedule to Master Lease Agreement between UMC and Stryker
- Disclosure of Ownership
- Disclosure of Relationship

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

ITEM NO 21 Approve Amendment Two to Provider Agreement for Cardiology Services (pre-transplant workups) between Nevada Heart and Vascular Center (Resh), LLP and University Medical Center of Southern Nevada; and authorize the Chief Executive Officer to sign the agreement. [For possible action]

DOCUMENTS SUBMITTED:
- Amendment Two for Provider Agreement between UMC and Nevada Heart and Vascular Center
- Disclosure of Ownership
- Disclosure of Relationship

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

ITEM NO 22 Approve the Contract for Custom Surgical Trays with Medline Industries, Inc.; and authorize the Chief Executive Officer to sign the agreement. [For possible action]

DOCUMENTS SUBMITTED:
- Custom Tray/Module Agreement between UMC and Medline
- Disclosure of Ownership
- Disclosure of Relationship

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

ITEM NO 23 Approve Amendment Nine to Food and Nutrition Management Agreement between Morrison Management Specialists, Inc. and University Medical Center of Southern Nevada; and authorize the Chief Executive Officer to sign the amendment. [For possible action]

DOCUMENTS SUBMITTED:
- Amendment Number Nine to the Food and Nutrition Management Agreement between UMC and Morison Management Specialists, Inc.

- Disclosure of Ownership
- Disclosure of Relationship

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

ITEM NO 24 Approve Attachment Six 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 agreement. [For possible action]

DOCUMENTS SUBMITTED:
- Amendment 6 to the Software License and Services Agreement between UMC and 3M Company
- Disclosure of Ownership
- Disclosure of Relationship

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

SECTION 4. EMERGING ISSUES:

ITEM NO. 25 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]

Items for future agendas:
- Unreimbursed care for undocumented patients
- Board's role in Risk Management
- Interfacility Transfers, including the State's role in regulating transfers
- Update of expense reduction initiatives
- GME Discussion, including final report from Governor's Task Force on GME
- Receive a report from Barbara Atkinson, Planning Dean for the UNLV Medical School
- Review Strategic Plan (focus and direction)
- Continue to discuss revenue options
- Explore potential opportunities resulting from change in State reimbursement for mental health.

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): None.

There being no further business to come before the Board at this time, at the hour of 4:47 p.m., Chairman O'Reilly adjourned the meeting.

APPROVED:

John F. O'Reilly, Chairman

ATTEST:

Cindy Dwyer, Board Secretary