

University Medical Center of Southern Nevada
Governing Board Audit and Finance Committee Meeting
April 15, 2015

UMC Conference Room I/J
Trauma Building, 5th Floor
800 Rose Street
Las Vegas, Clark County, Nevada
Wednesday, April 15, 2015
3:30 p.m.

The University Medical Center Governing Board Audit and Finance Committee met in Conference Room I/J, UMC Trauma Building, 5th Floor, Las Vegas, Clark County, Nevada, on Wednesday, April 15, 2015, at the hour of 3:30 p.m. The meeting was called to order at the hour of 3:30 p.m. by Committee Chair Eileen Raney and the following members were present, which did not constitute a quorum of the members. At 3:35 p.m. member Harry Hagerty arrived, which did constitute a quorum of the members thereof.

CALL TO ORDER

Board Members:

Present:

Eileen Raney, Chair
Donald Mackay

Absent:

Robyn Caspersen (non-voting member)
Jeff Ellis (Excused)
Harry Hagerty (arrived 3:35 p.m.)
Michael Saltman

Others Present:

Lisa Logsdon, Legal Counsel
Stephanie Merrill, Chief Financial Officer
Mason VanHouweling, Chief Executive Officer
Cindy Dwyer, Board Secretary

SECTION 1. OPENING CEREMONIES

Agenda Items No.1, 2 and 3 were taken after Items No. 4 and 5, when there was a quorum present.

ITEM NO. 1 PUBLIC COMMENT

Chair Raney 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 Audit and Finance Committee meeting on March 18, 2015, and the special meeting on March 4, 2015. (For possible action)

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

ITEM NO. 3 Approval of Agenda (For possible action)

John Liston, Director of Materials Management, noted that Item No. 14 will be for the committee's approval, not ratification.

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

SECTION 2. BUSINESS ITEMS

ITEM NO. 4 Review the results of the follow-up audit of the UMC Medicare Secondary Payor Audit dated June 4, 2014; and direct staff accordingly. (For possible action)

DOCUMENTS SUBMITTED:

- Letter dated April 8, 2015 from Angela Darragh, Clark County Audit Director
- Audit Report UMCSN Medicare Secondary Payer Follow-up, April 2015

DISCUSSION: A follow-up audit of the UMC Medicare Secondary Payer audit dated June 4, 2014 was performed to determine whether appropriate corrective action was taken on findings included in the original audit report. Sixteen patient accounts were reviewed to ensure that the Medicare Secondary Payer Questionnaire was completed as required by CMS. Only one account was missing the questionnaire, which was caught by the Admissions Department self-monitoring procedure, and resulted in the correct insurance carrier being billed. The Audit Department recommended continuous training of employees and continued use of the self-monitoring procedure until an automated process is implemented.

FINAL ACTION: No action taken.

ITEM NO. 5 Review the results of the follow-up audit of the Cash Controls Audit dated January 30, 2014; and direct staff accordingly. (For possible action)

DOCUMENTS SUBMITTED:

- Letter dated April 8, 2015 from Angela Darragh, Clark County Audit Director
- Audit Report UMCSN Cash Controls Follow-up, April 2015

DISCUSSION: A follow-up audit of the Cash Controls audit dated January 30, 2014 was performed to determine whether appropriate corrective action was taken on findings included in the original audit report. Of the six initial findings,

four were corrected, and another has since been corrected, with only one low level finding remaining, which does have other internal controls in place.

ACTION TAKEN: No action taken.

ITEM NO. 6 Review and recommend for approval by the Governing Board the extension of BID No. 2012-04, Laundry Management and Distribution Services; and take action as deemed appropriate. (For possible action)

DOCUMENTS SUBMITTED:

- DRAFT letter – Notice of Option to Extend BID No. 2012-04, Laundry Management and Distribution Services

DISCUSSION: The laundry management contract was awarded to Angelica on May 1, 2012 with a three year term which expires April 30, 2015. Staff recommended exercising the option to extend for an additional two-year period, with no increase in cost.

FINAL ACTION: A motion was made by Don Mackay to approve and make a recommendation that the Governing Board approve the Option to Extend. Motion carried by unanimous vote.

ITEM NO. 7 Review and recommend for award by the Governing Board RFP No. 2014-11 Patient Satisfaction/Experience Tool to Avatar International, LLC d/b/a Avatar Solutions; and take action as deemed appropriate. (For possible action)

DOCUMENTS SUBMITTED:

- Master Services and License Agreement between UMCSN and Avatar Solutions
- Business Associates Agreement between UMCSN and Avatar
- Disclosure of Ownership/Principals

DISCUSSION: The notice of RFP to provide a survey tool to measure patient experience and perception was sent to 19 companies and was also appropriately published in the Las Vegas Review Journal and on the Clark County Website. Five responses were received and the top three respondents were invited to conduct oral presentations before an ad hoc selection committee. The Committee recommended the selection of and contract approval with Avatar Solutions. The contract term is through June 30, 2020. Following the first year, UMC may terminate the Agreement without cause with a 180-day written notice. Chair Raney suggested that staff also report the results of the RFP to the Clinical Quality Committee meeting for their information.

ACTION TAKEN: A motion was made by Harry Hagerty to approve and make a recommendation to the Governing Board to approve the Agreement. Motion carried by unanimous vote.

ITEM NO. 8 Review and recommend for approval by the Governing Board the Interlocal Agreement for Occupational Medicine Services at Enterprise Physicals

between University Medical Center of Southern Nevada (UMC) and Clark County Water Reclamation District (CCWRD) and authorize the Chief Executive Officer to sign the amendment; take action as deemed appropriate. (For possible action)

DOCUMENTS SUBMITTED:

- Letter of Agreement between UMCSN and Clark County Water Reclamation District

DISCUSSION: Staff recommended entering into an Interlocal Agreement to provide CDL and Respiratory Physicals for the Clark County Water Reclamation District. The Agreement would be in effect for one year, with an automatic renewal for an additional year, unless either party provides written notice to the other.

FINAL ACTION: A motion was made by Don Mackay to approve and make a recommendation to the Governing Board to approve the Agreement. Motion carried by unanimous vote.

ITEM NO. 9 Review and recommend for approval by the Governing Board, a new Agreement for Physician Professional Services with Children's Urology Associates for Pediatric Urology Services; and take action as deemed appropriate. (For possible action)

DOCUMENTS SUBMITTED:

- Agreement for Physician On-Call Services between UMCSN and Children's Urology Associate

DISCUSSION: Staff has negotiated a new agreement to provide pediatric urology consultative emergency and on-call services 24 hours a day, 7 days a week for UMC's pediatric inpatients, outpatients and ER patients. The Agreement is for a two year term, through April 30, 2017, with 30-day written notice for termination. CEO VanHouweling noted that the current contracted Urology group has been unable to reliably provide the pediatric service required. This agreement will ensure continuous quality care to the pediatric patient population.

FINAL ACTION: A motion was made by Harry Hagerty to approve and make a recommendation to the Governing Board to approve the Agreement. Motion carried by unanimous vote.

ITEM NO. 10 Review and recommend for ratification by the Governing Board, a new Provider Agreement for Outpatient Orthopedic Clinic Services with Eugene Libby DO; and take action as deemed appropriate. (For possible action)

DOCUMENTS SUBMITTED:

- Provider Agreement between UMCSN and Eugene Libby, D.O.
- Disclosure of Relationship

DISCUSSION: This provider agreement for outpatient orthopedic clinic services is to cover one-half of the clinical sessions currently covered by another

physician who is retiring. The Agreement is through January 31, 2016, and can be ended with a 30 day written notice by either party. It is anticipated that this Clinic would be staffed by the School of Medicine once the orthopedic residency program starts.

FINAL ACTION: A motion was made by Don Mackay to approve and make a recommendation to the Governing Board to approve the Ratification. Motion carried by unanimous vote.

ITEM NO. 11 Review and recommend for approval by the Governing Board the Agreement between McKesson Technologies, Inc. and University Medical Center of Southern Nevada for Executive Project Management Services connected to the McKesson Electronic Health Record System; and take action as deemed appropriate. (For possible action)

DOCUMENTS SUBMITTED:

- McKesson Order Form
- UMCSN Executive Program Executive Statement of Work
- Disclosure of Ownership
- Disclosure of Relationship

DISCUSSION: Staff requested an additional one-year extension to the Agreement with McKesson for Executive Project Management Services for continuation of application implementations.

FINAL ACTION: A motion was made by Harry Hagerty to approve and make a recommendation to the Governing Board to approve the Agreement. Motion carried by unanimous vote.

ITEM NO. 12 Review and recommend for approval by the Governing Board the Option to Exercise a 3 year Extension for the On-Site Branch Banking Services, to U.S. Bank National Association; and authorize the Chief Executive Officer to sign the amendment and take action as deemed appropriate. (For possible action)

DOCUMENTS SUBMITTED:

- Letter dated November 25, 2014 from U.S. Bank acknowledging desire to extend Agreement for one year

DISCUSSION: In 2010 UMC awarded the RFP for On-Site Branch Banking Services to US Bank, resulting in a 5-year Agreement with an option to extend for an additional three years. US Bank has requested to exercise the option to extend the Agreement through July 11, 2018. CEO VanHouweling noted that US Bank covered all the costs required to improve the space, they have been a good business partner, and provide a great service to our staff.

FINAL ACTION: A motion was made by Don Mackay to approve and make a recommendation to the Governing Board to approve the Amendment. Motion carried by unanimous vote.

- ITEM NO. 13 Review and recommend for approval by the Governing Board Amendment Six to Hospital Services Agreement between Connecticut General Life Insurance Company d/b/a CIGNA Healthcare and University Medical Center of Southern Nevada signed by the Chief Executive Officer; and take action as deemed appropriate. (For possible action)**

DOCUMENTS SUBMITTED:

- Letter dated April 8, 2015 from UMCSN to CIGNA Healthcare
- Disclosure of Ownership
- Sixth Amendment to Hospital Agreement between UMCSN and CIGNA

DISCUSSION: Staff requested an Amendment to extend this Agreement through June 10, 2015, while UMC and CIGNA finish negotiations. Rose Coker reported that any rate changes will be annualized on the back-end.

FINAL ACTION: A motion was made by Harry Hagerty to approve and make a recommendation to the Governing Board to approve the Amendment. Motion carried by unanimous vote.

- ITEM NO. 14 Review and recommend ratification of Amendment Five 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; and take action as deemed appropriate. (For possible action)**

DOCUMENTS SUBMITTED:

- Amendment to Agreement between UMCSN and INOTherapy Services

DISCUSSION: Staff requested to extend the term of this Agreement for one year through March 31, 2016, and to update the pricing to a net hourly price on an as-needed basis. UMC switched the adult population to another product which significantly reduced the use of INOMAX, however this service is critical for the Neonatal and pediatric units and must be kept available on an as-needed basis.

FINAL ACTION: A motion was made by Don Mackay to approve and make a recommendation to the Governing Board to approve the Amendment. Motion carried by unanimous vote.

Chair Raney called for a recess at 4:13 p.m.

The meeting was reconvened at 4:18 p.m. by Member Harry Hagerty.

Chair Raney left the meeting ill, which did not constitute a quorum of the members thereof. The remaining items were reviewed without a quorum, but no action was taken.

- ITEM NO. 15 Receive a presentation on the contract bidding and RFP process; and direct staff accordingly. (For possible action)**

DOCUMENTS SUBMITTED:

- PowerPoint – Clark County/UMC Contracting Process Overview
- Implementation Schedule

DISCUSSION: John Liston, Director, Materials Management, provided an overview of the Nevada Revised States related to purchasing, public works, Group Purchasing Organizations (GPO), and the competitive bid exceptions. He also provided an overview of steps involved in the internal Bid/RFP process.

Mr. Liston reported that the management of hospital contracts is being moved to an electronic process, which will improve efficiency in track and renewing of contracts. His goal is to have the process implemented by August 18th, but there is a lot of preparation underway, including data base configuration, scanning, file abstracting, quality assurance, and training.

FINAL ACTION: No action taken.

ITEM NO. 16 Receive quarterly update on managed care contracts; and direct staff accordingly. (For possible action)

DISCUSSION: Rose Coker, Director of Managed Care, reported that her staff is in the process of reviewing and renegotiating eight managed care contracts between now and August. Two of the contracts will require language changes, while the others are only rate changes.

Ms. Coker also announced that UMC has received its first Medicaid MCO enhancement payment in the amount of \$12.5 million, which covers the first four months of the current calendar year.

FINAL ACTION: No action taken.

ITEM NO. 17 Review timeline for replacing Electronic Health Record clinical module; and direct staff accordingly. (For possible action)

DOCUMENTS SUBMITTED:

- EHR Replacement Timeline
- PowerPoint - Why we Need to Start Now

DISCUSSION: CEO VanHouweling announced that a 16-month timeline will be required to begin to implement a new solution for the sunseting of Horizon Clinicals in March 2018. The 16-month timeline would include the selection of a vendor, identification of funding, negotiation of a contract and getting Board approvals. This would then allow for a 20-month implementation timeline. He also reviewed the key objectives of the new system, the role of the consultant in a compressed timeframe, the project approach/role, and key success factors.

CEO VanHouweling commented on the importance of engaging the resources of a consultant for this process. He noted that this would be an unbudgeted expense for the remainder of FY 2015 and possibly FY 2016. He will provide additional information at the next meeting, with an estimated cost for this service.

FINAL ACTION: No action taken.

ITEM NO. 18 Receive monthly financial report for March 2015; and direct staff accordingly. (For possible action)

DOCUMENTS SUBMITTED: Management Discussion & Analysis; March 2015

DISCUSSION: The Management Discussion & Analysis was noted as “preliminary” because staff is continuing to confirm the data.

- Net revenue exceeded budget by \$7 million for the month. Most of the amount is contributable to the UPL rate increase, with the remainder due to improvement in payor mix and gross revenue.
- Total operating expenses were below budget by \$800,000, with a net operating gain of \$1.1 million.
 - o Salary and benefits were about \$400,000 under budget, Overtime was at 4%, and productivity was at 107%.
 - o Supplies were \$600,000 under budget, primarily due to closed services.
 - o Depreciation was \$200,000 over budget, based on assets we’ve put into service.
- The Average Daily Census was below budget and below prior year, but the Adjusted Patient Days were in line with last year and current budget.
- Surgery volume increased from the prior month, though CFO Merrill is still reviewing the data and will provide any changes at the Governing Board meeting. There were 28 robotic cases in March, totaling 81 year to date, with 256 additional cases within the “halo” affect.

FINAL ACTION: No action taken.

ITEM NO. 19 Receive an update from the Chief Financial Officer; and direct staff accordingly. (For possible action)

DISCUSSION: CFO Merrill reported that in addition to the Medicaid MCO enhanced rates, updated UPL payments will begin in April. She anticipates being able to set aside those funds for the anticipated EHR replacement.

FINAL ACTION: No action taken.

ITEM NO. 20 Make recommendations for performance metrics to be included in the Chief Executive Officer’s employment agreement, as it pertains to discretionary salary increases and bonuses, for approval by the Governing Board; and direct staff accordingly. (For possible action)

DISCUSSION: Tabled.

FINAL ACTION: No action taken.

ITEM NO. 21 Identify emerging issues to be addressed by staff or by the Audit and Finance Committee at future meetings; and direct staff accordingly. (For possible action)

- Monthly update on McKesson Implementation
- Monthly update on replacement of sunseting Horizon Clinicals
- Consider Quarterly update to the Governing Board on replacement of sunseting Horizon Clinicals

COMMENTS BY THE GENERAL PUBLIC:

At this time, Member Harry Hagerty 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 Committee at this time, at the hour of 5:08 p.m., Member Hagerty adjourned the meeting.

MINUTES APPROVED: May 20, 2015