University Medical Center of Southern Nevada
Governing Board Audit and Finance Committee Meeting
*December 10, **2014***

UMC Conference Room I/J
Trauma Building, 5th Floor
800 Rose Street
Las Vegas, Clark County, Nevada
Wednesday, December 10, 2014
3:00 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, December 10, 2014, at the hour of 3:00 p.m. The meeting was called to order at the hour of 3:04 p.m. by Jeff Ellis and the following members were present, which constituted a quorum of the members thereof:

CALL TO ORDER

Board Members:

Present:

Robyn Caspersen (non-voting member)
Jeff Ellis
Harry Hagerty
Donald Mackay
Michael Saltman

Absent:
Eileen Raney, Chair (Excused)

Others Present:
Stephanie Merrill, Chief Financial Officer
Mason VanHouweling, Interim Chief Executive Officer
Lisa Logsdon, Deputy District Attorney
Cindy Dwyer, Board Secretary

SECTION 1. OPENING CEREMONIES

ITEM NO. 1 PUBLIC COMMENT

Jeff Ellis 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 November 12, 2014. *(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 Donald Mackay that the agenda be approved as recommended. Motion carried by unanimous vote.

SECTION 2. BUSINESS ITEMS

ITEM NO. 4 Receive the Fiscal Year 2014 Audit Report from BDO USA, LLP, Certified Public Accountants for University Medical Center of Southern Nevada; and direct staff accordingly. *(For possible action)*

DOCUMENTS SUBMITTED:
- Audit Wrap-Up, June 30, 2014
- Management Letter
- Basic Financial Statements and Single Audit Information

DISCUSSION: Kevin Karo, Nikki Knight, Steve Schill, and John Barry, of BDO were present and available by phone to provide an overview of the audit of the FY 2014 Financials and answer any questions of the Committee.

Ms. Caspersen noted that our deficit will increase relative to the GASB pension pronouncement effective June 30, 2015. It is unknown at this time what the financial impact will be.

BDO will officially issue their management letter to the Board of Governors following today's meeting.

FINAL ACTION: A motion was made by Jeff Ellis to recommend acceptance by the Governing Board of the audit as presented by BDO. Motion carried by unanimous vote.

ITEM NO. 5 Review and recommend for approval by the Governing Board additional software licenses, hardware upgrade, software support and associated staff training to the Clinical Computer Systems Inc. (CCSI) OBIX Perinatal System; and authorize the Chief Executive Officer to sign the agreement. *(For possible action)*

DOCUMENTS SUBMITTED:
- Clinical Computer Systems Inc Price Quote
- Clinical Computer Systems Inc Disclosure of Ownership
- Clinical Computer Systems Inc Disclosure of Relationship
- Clinical Computer Systems Inc Disclosure of Ownership
- CDW-G Sales Quote
- Dell Quote
- Dell Disclosure of Ownership
- Extreme Networks Quote
- Extreme Networks Disclosure of Ownership

- Extreme Networks Disclosure of Relationship
- KMJ Communications Quote
- KMJ Disclosure of Ownership
- KMJ Disclosure of Relationship

DISCUSSION: The recommended purchase is an upgrade to a full perinatal monitoring system. The vendor will provide the upgrade, additional software modules and training at no cost to UMC with the agreement for UMC to continue support for all existing and new licenses for an additional five year term. Other required hardware components are a net one-time cost of $78,836.67.

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. 6 **Review and recommend for approval by the Governing Board, Amendment Three to the Agreement for Physician Professional Services for On-call Oral and Maxillofacial Surgery Services, between Daniel L. Orr II, D.D.S., M.S., LTD. and the University Medical Center of Southern Nevada; and take action as deemed appropriate. *(For possible action)***

DOCUMENTS SUBMITTED:
- Amendment to Agreement for Physician Medical Directorship and Physician Professional Services between Daniel L. Orr II, DDS, MS, LTD and UMCSN

DISCUSSION: The requested Amendment would extend the original contract term to June 20, 2015, as staff considers options for coverage and/or prepares an RFP.

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

ITEM NO. 7 **Review and recommend for approval by the Governing Board the Settlement Agreement and Release of Claims between MultiPlan, Inc. (MPI) and University Medical Center of Southern Nevada to settle underpaid claims made by MPI; and take action as deemed appropriate. *(For possible action)***

DOCUMENTS SUBMITTED:
- Settlement Agreement and Release of Claims between MultiPlan Inc. and UMCSN

DISCUSSION: The request is to approve a Settlement Agreement and Release of Claims for underpayment made on all outpatient primary care claim services rendered from July 1, 2013 through December 21, 2013.

ACTION TAKEN: 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. 8 Review and recommend for approval by the Governing Board, Amendment One to the Agreement for Physician Professional Services for Neurosurgery On-call Services, between the Western Regional Center for Brain & Spine Surgery and the University Medical Center of Southern Nevada; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Amendment One to Agreement for Physician Professional Services between Western Regional Center for Brain & Spine Surgery and UMCSN

DISCUSSION: This requested Amendment would extend the original contract term to June 20, 2015, as staff considers options for coverage and/or prepares an RFP.

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

ITEM NO. 9 Review and recommend for approval by the Governing Board the Partial Termination Agreement from McKesson for services not delivered related to Meaningful Use Stage (1) One and accept the credit; and authorize the Chief Executive Officer to sign the agreements. *(For possible action)*

DOCUMENTS SUBMITTED:
- Partial Termination Agreement between McKesson and UMCSN
- Disclosure of Ownership
- Disclosure of Relationship

DISCUSSION: Because the hospital will not be able to attest for Meaningful Use Stage 1 under the 2011 rules, a credit from McKesson in the amount of $60,059.01 for related services will be issued to UMC to be used toward any outstanding and undisputed invoices.

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. 10 Review and recommend for approval by the Governing Board, a Memorandum of Understanding, to financially fund one UNSOM Cardiology Faculty Member, between the Board of Regents of the Nevada School of Medicine, Department of Internal Medicine (UNSOM), Nevada Heart & Vascular Center (NHVC) and the University Medical Center of Southern Nevada (UMC); and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Memorandum of Understanding between the Board of Regents of the Nevada School of Medicine and UMCSN

DISCUSSION: The proposed MOU is to document the agreement for the funding of a third Cardiology faculty member with UNSOM, via a deduction from UMC's monthly payments to Nevada Heart and Vascular Center.

ACTION TAKEN: A motion was made by Donald Mackay to approve and make a recommendation to the Governing Board to approve the Memorandum of Understanding. Motion carried by unanimous vote.

ITEM NO. 11 Review and recommend for approval by the Governing Board the Settlement Agreement for additional California Medi-Cal reimbursement; and authorize the Chief Executive Officer to sign the Agreement. ***(For possible action)***

DOCUMENTS SUBMITTED:
- Settlement Agreement (SB 239) UMCSN between California Hospital Association and UMCSN

DISCUSSION: The proposed settlement provides for additional payments for the period January 1, 2014 through December 31, 2016 to UMC as a result of the continuation and extension of the Quality Assurance Fee program in the State of California. Settlement payments are based on actual payments for future dates of service, but are estimated to be $1 million (less attorney fees) over a three year period.

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. 12 Review and recommend for approval by the Governing Board the settlement in the matter of Beatrice Weed, and authorize the Chief Executive Officer to execute the necessary settlement documents. ***(For possible action)***

DOCUMENTS SUBMITTED:
- Settlement Agreement and Release between Beatrice Weed and UMCSN

DISCUSSION: The $10,000 negotiated settlement is related to a fall, with the allegation that UMC was negligent and failed to ensure a safe environment.

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

ITEM NO. 13 Receive an update on the McKesson System optimization; and direct staff accordingly. ***(For possible action)***

DISCUSSION: Ernie McKinley, Chief Information Officer, reported that the IHS consultants have been on site for a few weeks. They have identified, prioritized, and issued several reports. They are working on iForms and order sets for the physicians, beginning with the Emergency Department, Radiology and Lab. They are working with Pharmacy and Nursing on flow sheets and care alerts, and they are working the board in the Emergency for transition of care. The IHS Project Manager believes they are on track to complete their scope of work by the end of January or beginning of February. Staff is maintaining a list of additional requests, which will be addressed upon the completion of the contracted items.

ACTION TAKEN: None

ITEM NO. 14 Review the hospital's prioritized capital requests; and direct staff accordingly. *(For possible action)*

DISCUSSION: Mr. VanHouweling requested that this item be tabled until January meeting.

ACTION TAKEN: None

ITEM NO. 15 Receive monthly financial report for October 2014; and direct staff accordingly. [For possible action]

DOCUMENTS SUBMITTED:
- Management Discussion and Analysis, October 2014 Financials

DISCUSSION:

Stephanie Merrill, Chief Financial Officer reviewed the Management Discussion and Analysis for October 2014. Resulting explanations and discussions included the following:

- The October report continues to compare actual to budget. The November report will switch comparison from "budget" to "forecast".

- All expenses, except Salary & Benefits, are below budget for October and year to date. Salary & Benefits are high compared to budget, but should drop in future months, based on reduction in force

- The payor mix is consistent. Staff is working on reports that will show net revenue by payor, so the Committee can better understand which payors are more profitable and what the shifts mean to the overall revenue.

- In response to an inquiry about the effect of billing and late charges on revenue, Ms. Merrill explained review at the department level of gross revenues, budget, expenses, and timeliness of charges. She noted that late charges have improved with the physician order entry module. There is currently conversation about management evaluations for calendar year 2016 and these metrics may be included in management goals which will be tied to managers' merit increases.

ACTION TAKEN:

ITEM NO. 16 Receive an update from the Chief Financial Officer; and direct staff accordingly

Ms. Merrill reported that the Finance staff has spent a tremendous amount of time on the audit. Staff is very pleased with BDO's work, and feels that their healthcare experience was very beneficial.

ITEM NO. 17 Discuss Committee accomplishments for 2014 and determine focus for 2015; and direct staff accordingly. ***(For possible action)***

<u>DISCUSSION</u>: Tabled until January meeting.

<u>ACTION</u>: No action taken.

ITEM NO. 18 Identify financial issues that have the potential to impact the hospital strategic plan; and take action as deemed appropriate. ***(For possible action)***

None identified.

ITEM NO. 19 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)***

Mr. VanHouweling announced that we have the DaVinci robot on site, and several doctors who are on staff at UMC and already trained in the technology, will be credentialed on December 18th. In addition, a couple of non-staff physicians have expressed interest in joining the UMC staff in order to utilize the robot. Staff is being trained and the DaVinci experts will be on-site for the initial cases. Managing block time and turnover will be key. A steering committee with physician involvement has been established to ensure success.

No additional issues identified for future Committee agenda items.

COMMENTS BY THE GENERAL PUBLIC:

At this time, Jeff Ellis 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 4:40 p.m., Jeff Ellis adjourned the meeting.

APPROVED:

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Jeff Ellis, Committee Member

ATTEST:

Cindy Dwyer

Cindy Dwyer, Board Secretary