University Medical Center of Southern Nevada
Governing Board Audit and Finance Committee Meeting
February 18, 2015

UMC Conference Room I/J
Trauma Building, 5th Floor
800 Rose Street
Las Vegas, Clark County, Nevada
Wednesday, February 18, 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, February 18, 2015, at the hour of 3:30 p.m. The meeting was called to order at the hour of 3:40 p.m. by Committee Chair Eileen Raney and the following members were present, which constituted a quorum of the members thereof:

CALL TO ORDER

Board Members:

Present:
Eileen Raney, Chair
Robyn Caspersen (non-voting member)
Harry Hagerty
Donald Mackay

Absent:
Jeff Ellis
Michael Saltman

Others Present:
Stephanie Merrill, Chief Financial Officer
Mason VanHouweling, Chief Executive Officer
Cindy Dwyer, Board Secretary

SECTION 1. OPENING CEREMONIES

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 January 21, 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)*

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 and recommend for approval by the Governing Board the Fifth Amendment to Participating Provider Agreement between Amerigroup Nevada, Inc. d/b/a Amerigroup Community Care and University Medical Center of Southern Nevada; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Fifth Amendment; Participating Provider Agreement between UMCSN and Amerigroup
- Disclosure of Ownership

DISCUSSION: Ms. Merrill explained that this Amendment addresses the enhanced payment program for Medicaid Managed Care, and will allow Clark County to make intergovernmental transfers that will result in additional revenue to UMC through the Medicaid Managed Care providers. Additional revenue to UMC for Amerigroup and Sierra Medicaid Managed Care patients combined will be approximately $20 million for calendar year 2014 and $40 million for the current calendar year.

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

ITEM NO. 5 Review and recommend for approval by the Governing Board Amendment Eleven to Letter of Agreement between Health Plan of Nevada, Inc., Sierra Health and Life Insurance Company, Inc., Sierra Healthcare Options, Inc., and Prime Health, Inc. (hereinafter referred to as SIERRA) and University Medical Center of Southern Nevada; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Letter of Agreement Amendment between UMCSN and HPN
- Disclosure of Ownership

DISCUSSION: Ms. Merrill explained that this Amendment addresses the enhanced rates for Sierra/HPN Medicaid Managed Care (as discussed in previous agenda item), as well as new rates for the non-Medicaid Sierra business. The new rates will cover direct costs immediately, and over the next three years will come close to covering total costs.

ACTION TAKEN: 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. 6 Review and recommend for ratification by the Governing Board the Clinical Trial Agreement between Quintiles, Inc. and University Medical Center of Southern Nevada; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Clinical Trial Agreement between UMCSN, Alaa-Eldin A. Eldemerdash, MD and Quintiles, Inc.
- Disclosure of Ownership
- Disclosure of Relationship

DISCUSSION: This Agreement is for a clinical trial to be conducted on an investigational treatment for newborns with hyperbilirubinemia. The estimated revenue of $13,534 per participant covers the hospital's expenses, leaving a $2000-$3000 profit per patient. Administration anticipates more clinical trial agreements with other manufacturers in the future. All Agreements will be vetted by Finance staff to ensure financial viability prior to coming before the Committee.

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

ITEM NO. 7 Review and recommend for approval by the Governing Board the Provider Agreement between Carpi and Carpi, Ltd. and University Medical Center of Southern Nevada for Optometry Services for Ryan White participants; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Provider Agreement between UMCSN and Carpi and Capri, Ltd.

DISCUSSION: This Agreement is for the provision of optometry services for HIV patients at UMC's Wellness Center. All expenses are reimbursed by Ryan White grants.

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

ITEM NO. 8 Review and recommend for approval by the Governing Board the Provider Agreement between Community Counseling Center and University Medical Center of Southern Nevada for Mental Health Services for Ryan White participants; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Provider Agreement between UMCSN and Community Counseling Center

DISCUSSION: This Agreement is for the provision of mental health services for HIV patients at UMC's Wellness Center. All expenses are reimbursed by Ryan White grants.

FINAL ACTION: A motion was made by Eileen Raney 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 Provider Agreement for Endocrinology, Gastroenterology, Maternal and Child Fetal Medicine/Ob-Gyn, Neurology and Rheumatology Services between University of Nevada School of Medicine Integrated Clinical Services, Inc. and University of Nevada School of Medicine Multispecialty Group Practice South, Inc. d/b/a MedSchool Associates South (hereinafter referred to as UNSOM) and University Medical Center of Southern Nevada; and take action as deemed appropriate. ***(For possible action)***

DOCUMENTS SUBMITTED:
- Provider Agreement between UMCSN and UNSOM Integrated Clinical Services, Inc and UNSOM Multispeciality Group Practice South (MedSchool Associates South)

DISCUSSION: This Agreement is for the provision of specialty services for HIV patients at UMC's Wellness Center. All expenses are reimbursed by Ryan White grants.

Is there an opportunity to recognize UMC's role as the State's largest provider in HIV Wellness care? Mason will f/u ask Danita to pursue.

FINAL ACTION: A motion was made by Dr, Mackay 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 the Agreement between Innovative Healthcare Solutions, Inc. and University Medical Center of Southern Nevada for Services to complete items found for efficiency from the Health Check on the McKesson Electronic Health Record System; and take action as deemed appropriate. ***(For possible action)***

DOCUMENTS SUBMITTED:
- Letter of Proposal - Innovated Healthcare Solutions - McKesson Systems Optimization Continuations
- Clark County Business License
- Disclosure of Ownership

DISCUSSION:

Item 11 was addressed prior to Item 10.
Staff is requesting an additional 1,408 service hours at the cost of $235,650 for IHS to complete five main focus areas for Horizon Emergency Care, Horizon

Expert Order Forms, Horizon Expert documentation/Admin RX, Pathways Healthcare Scheduling and Project Management for reporting, nursing system documentation and iForms.

Chair Raney requested that Mr. McKinley provide a narrative for her Committee report to the Governing Board regarding the measurement of progress of implementation, utilization and satisfaction with the McKesson system.

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

ITEM NO. 11 Receive an update on the McKesson System optimization; and direct staff accordingly. *(For possible action)*

Ernie McKinley, Chief Information Officer, provided a detailed update on IHS's progress with the McKesson improvement plan. The second engagement included 60 of 225 items to be addressed by IHS, with UMC handling the other items as possible. A list of items completed by in-house IT staff was provided to the Committee, as well as an overview of the work completed by IHS by focus area, which is 90% complete and signed off by staff. All of the HIS items will be complete by the end of February, including some additional items they were able to complete with additional hours not utilized in the original scope.

There was a lengthy discussion regarding the measurement of successful implementation vs. utilization. Mr. McKinley reported that in an attempt to better understand usage and user satisfaction, a survey was recently distributed to physicians and nurses using the Horizon system. Unfortunately because of an 11% return of the surveys, it cannot be considered statistically valid. While staff was able to report on numerous milestones met, and that compared to a year ago we were do significantly better, the Committee requested a more concrete measurement. Staff was given direction to prepare a detailed statement of objectives, with regular status reports.

Mr. McKinley also reported on Meaningful Use. UMC's last opportunity to attest to Year One Stage One is April 1-June 30, 2015. This deadline must be met to avoid the loss of Medicare reimbursement and UPL funds. He reiterated that everything has been technically implemented that is necessary for Meaningful Use, but we fall short in the adoption rate. We have a full-time, experienced, Meaningful Use Coordinator hired to begin employment March 30, 2015. Staff was given direction to provide an update at the March meeting on status of compliance with the parameters previously established for measuring Meaningful Use.

Staff apprised the Committee that McKesson has announced that the Horizon system is scheduled to sunset on March 31, 2018, ending all support and updates. McKesson will be moving all of their resources to Paragon, and is offering free licensing of Paragon to its customers. The larger users have left McKesson for other EHR providers. The IT Strategic Committee will be thoroughly vetting the impact and options available to UMC.

FINAL ACTION: No action taken.

ITEM NO. 12 Receive an update report on liability coverage; and direct staff accordingly. *(For possible action)*

DOCUMENTS SUBMITTED: UMCSN Summary of Insurance – August 1, 2014

DISCUSSION: At the request of the Committee, Shaunda Phillips, Director of Risk Management, provided a review of liability insurance coverage in place, With the exception of the crime liability policy, which is part of the County's policy, all policies are purchased by UMC. Ms. Phillips reported that a recent triennial on-site survey found no major risks, with very few items requiring follow-up. Based on the feedback from the survey, she is confident that the current coverage is adequate.

- In follow-up to a previous discussion regarding cyber security liability, Ms. Phillips reported because of the enormous expense, neither the County nor UMC has not purchased coverage in the past. The Committee requested that staff report back to the Committee on the security risk associated with out IT system and that Ms. Phillips obtain a quote for coverage, and that she speak with County Risk Management to determine their interest, which could possibly reduce the rate for UMC.

FINAL ACTION: No action taken.

ITEM NO. 13 Receive a financial analysis of the Quick Cares and Primary Cares, and their financial impact on the organization; and direct staff accordingly. *(For possible action)*

DOCUMENTS SUBMITTED: Primary Care/Quick Care Operations Overview – February 18, 2015.

DISCUSSION: Andrew Chung provided a financial analysis of UMC's Primary Cares and Quick Cares. Mr. VanHouweling commented that that are some strategic initiatives related to this line of business, and mentioned that there are opportunities to reduce expenses through interpretation of the EMTALA laws, provision of lab/x-ray services, and skill mix in staffing, all of which are being addressed by Administration.

There was discussion about the overall impact on hospital revenue through patient referrals and transfers from the Primary Cares and Quick Cares. Mr. Chung reported that in FY 2014 there were over 22,000 encounters at the hospital as a result of Primary Care and Quick Care referrals, which resulted in approximately $31.5 million in direct payments. The Committee was in agreement that staff needs to determine the net revenue of the business being referred to the hospital from the Care Centers. Once it is determined whether they have a positive effect on hospital revenue, then the leakage of admissions to other hospitals should be addressed. Staff was requested to provide an update to the Committee in six months to reflect on the impact of recently renegotiated managed care contracts, changes in skill mix, changes in the EMTALA interpretation, and the net revenue of transfers.

FINAL ACTION: No action taken.

ITEM NO. 14 Receive monthly financial report for January 2015; and direct staff accordingly. *(For possible action)*

DOCUMENTS SUBMITTED: Management Discussion & Analysis; January 2015

DISCUSSION: Ms. Merrill reported the January financials in a revised format, utilizing information that staff is currently using for their monthly review of trends with management staff. Discussion and input on new format were as follows:

- Reporting format:
  - Separate favorable and unfavorable comments on Income Statement slide
  - Include number of "operational beds" on Average Daily Census slide
  - Limit slides for Governing Board review to 4-5 slides – include length of stay/acuity and surgery, delete patient days without observation, (Chair to provide additional input to CFO)
  - Add measure to reduce expenses for IS redundancy, as McKesson system is optimized
  - Include length of stay and acuity.

- Surgery volume was discussed. Mr. VanHouweling reported that the change in volume was largely related to the decrease in endoscopy cases. He believes that the recent purchase of updated endoscopic equipment will bring the volume back up. He also that there have been 41 robotic cases to date, and the "halo" affect of that business is estimated to be about ten non-robotic surgical cases that wouldn't have otherwise come to UMC. Staff has been out in the community talking about our program, and we've had at least one surgeon bring their business back to UMC since adding the robot and making changes in the OR. We are exploring opportunities to be a training/host sight for Davinci. A new OR Director has been recently hired, and we have a good management team in place.

- There was discussion about the IS Redundancy expense, which is the maintenance of systems because McKesson is not fully implemented. The Committee suggested that staff include an objective to reduce redundancy of systems as McKesson implementation continues.

FINAL ACTION: None

ITEM NO. 15 Receive an update from the Chief Financial Officer; and direct staff accordingly. *(For possible action)*

DISCUSSION: No updates provided.

FINAL ACTION: None

ITEM NO. 16 Review and make recommendations for modifications of 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)*

DOCUMENTS SUBMITTED:
- Schedule B Performance Objectives; Mason VanHouweling

DISCUSSION:
Chair Raney asked that Committee members provide input to be discussed at the March meeting.

FINAL ACTION: No action taken.

ITEM NO. 17 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)*

- Six month update on Quick Cares/Primary Cares to get more clarity on total financial contribution
- Report on security/risk associated with our IT system (March Agenda)
- Staff to provide McKesson statement of objectives (March Agenda)
- Staff to make recommended changes to Financial Analysis for the Governing Board presentation
- Future discussions about strategy for sunsetting of McKesson Horizon Clinicals

COMMENTS BY THE GENERAL PUBLIC:

At this time, Chair Raney 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 5:58 p.m.,Chair Raney adjourned the meeting.

MINUTES APPROVED: March 18, 2015