University Medical Center of Southern Nevada
Governing Board Audit and Finance Committee Special Meeting
March 4, 2015

UMC Conference Room I/J
Trauma Building, 5th Floor
800 Rose Street
Las Vegas, Clark County, Nevada
Wednesday, March 4, 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, March 4, 2015, at the hour of 3:30 p.m. The meeting was called to order at the hour of 3:34 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)
Jeff Ellis
Harry Hagerty
Donald Mackay

Absent:
Michael Saltman

Others Present:
John O'Reilly (by phone until 4:00 p.m.)
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 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. 3 Review and provide feedback on the FY 2016 budget to be submitted to Clark County for consideration; and direct staff accordingly *(For possible action)*

DOCUMENTS SUBMITTED: Proposed FY 2016 Budget

DISCUSSION: The tentative FY 2016 budget was presented to the Committee for review. FY 2015 budget was included for the purposes of the Committee's discussion. Items resulting in Committee discussion include the following.

- Board Chair O'Reilly suggested that the budget should reflect all possible operational needs, and that the submission should not ask for a reduction in subsidy.

- Patient volume was discussed. The budget does not include any projected increase in patient volume. Anticipated volume increase in Surgery will most be outpatient volume, not inpatient. Budgeted revenue adjustments are accredited to the Medicaid Managed Care rate adjustments, and not patient volume.

- The change in UPL revenue was discussed. UPL is projected at $73 million, an increase of $22 million from earlier discussions. CFO Merrill explained that the State made some calculation adjustments to reflect changes in Medicaid patient volume, which has resulted in increases for FY15 and an additional $23 million for FY16. The Committee discussed the possibility of using these funds to re-pay the County loans, which the County would earmark for capital for UMC to be used towards replacing the sunsetting McKesson Horizon Clinicals. The Chair asked if there could be something specific in the budget regarding this arrangement. CFO Merrill anticipates that the funds could be put into a restricted fund specifically for EHR use.

- Estimate for DSH funds, and whether the estimate should be more conservative was discussed. Peter Tibone reminded the Committee that CMS audits for "trueing up" DSH payments runs three years behind, leaving a chance that we might have to pay back part of the DSH payments three years in the future. lobbying efforts that affect this as well, so it's hard to determine

- The budgeted $31 million County subsidy was discussed. CFO Merrill explained that the County's subsidy is based on the net cash loss, which does not include depreciations or bond debt service.

- There was discussion about COLA and merit adjustments. CFO Merrill stated that vacant positions were not included in that figure. The Chair was concerned that the current run rate was not utilized for those calculations.

- There was consensus that the budget presentation needed to highlight recent accomplishments and challenges ahead, including the EHR.

It was the consensus of the Committee, and staff was given direction to move forward with submitting the budget, with the following provisions:

- Reduce total patient revenue to $273 to reflect the current trend
- Utilize the current run rate for COLA and Merits
- Request a $41 million subsidy from the County
- Ensure $23 million loan repayment to the County is set aside for HER Capital

Staff will provide new draft budget with Indebtedness Statement and Statement of Cash Flow before sending to the County. Any input should be directed to Chair Raney.

FINAL ACTION: No action taken.

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 4:52 p.m. Chair Raney adjourned the meeting.

MINUTES APPROVED: April 15, 2015