University Medical Center of Southern Nevada
Governing Board Audit and Finance Committee Meeting
November 10, 2015

UMC ProVidence Suite
Trauma Building, 5th Floor
800 Rose Street
Las Vegas, Clark County, Nevada
Tuesday, November 10, 2015
3:00 p.m.

The University Medical Center Governing Board Audit and Finance Committee met in the ProVidence Suite, UMC Trauma Building, 5th Floor, Las Vegas, Clark County, Nevada, on Tuesday, November 10, 2015, at the hour of 3:00 p.m. The meeting was called to order at the hour of 3:01 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)
Donald Mackay
Michael Saltman (via phone)

Absent:
Harry Hagerty (excused)
Jeff Ellis (excused)

Others Present:
Stephanie Merrill, Chief Financial Officer
Susan Pitz, Legal Counsel
Mason VanHouweling, Chief Executive Officer
Terra Lovelin, 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 October 14, 2015. ***(For possible action)***

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

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

DISCUSSION: Chair Raney noted that Item No. 12, Agreement between ZS Pharma, Dr. David Slattery and UMCSN will be pulled from the agenda.

ACTION TAKEN: A motion was made by member Mackay that the agenda be approved as recommended. Motion carried by unanimous vote.

SECTION 2. BUSINESS ITEMS

ITEM NO. 4 Receive the Fiscal Year 2015 Audit Report from BDO USA, LLP, Certified Public Accountants for University Medical Center of Southern Nevada; and direct staff according. *(For possible action)*

DOCUMENTS SUBMITTED:
-Audit Wrap –Up, Dated June 30, 2015

DISCUSSION: Kevin Karo, Engagement Partner, introduced Nikki Knight, Audit Manager, Kristy Vandermolen, Senior Manager (via conference call) Steven Shill, Concurring Partner (via conference call) and John Barry, Senior Manager (via conference call.

Objective of the audit was to obtain a reasonable but not absolute assurance about whether the financial statements are free from material misstatements.

Managements' cooperation was excellent. They received full access to all information that they requested while performing the audit.

Kristy added that every municipality in the US also implemented GASB 68 and has the same large liability on their financial statements.

There were no items that they needed to take to the Governance Board as there were no issues. There were also no disagreements with management or difficulties encountered.

Kevin said that the issue of cyber security will come up more in future audits.

ACTION TAKEN: A motion was made by member Mackay to accept the report. Motion carried by unanimous vote.

ITEM NO. 5 Review the results of the audit of 2014 HIPAA Rounds Audit dated October 29, 2015; and direct staff accordingly *(For possible action)*

DOCUMENTS SUBMITTED:
- Audit response from UMC dated October 5, 2015
- Letter from Clark County dated October 29, 2015

DISCUSSION: Rani Gill explained that this Audit was done to determine the employees' level of awareness and understanding of UMC's privacy policies and their use of appropriate safeguards in accordance with HIPAA.

The Audit team interviewed managers and staff at selected business units, reviewed policies and procedures, and conducted observations in UMC departments. They categorized their observations into three main HIPAA areas:

1. Notice of Privacy Practices and Patient's Rights
2. Privacy and Security Policies and Procedures
3. Safeguard Practices

This audit included 23 total departments: 13 clinical or direct patient contact units, 2 ambulatory care units, and 8 non-direct patient care support service units.

Ms. Gill noted that in direct response to this report being issued, Administration, the Privacy Office and IT Security Office have been working to address every finding and put a resolution in place.

The Privacy Officer and Security Officer will develop materials and a training plan for educating all UMC Departments addressing the identified knowledge deficits as well as ensuring all UMC Departments receive specific education.

CEO VanHouweling announced that, effective Monday, Keith Slade, our Privacy Officer, will be working full time for UMC. This will be a great way to address the issues identified and be pro-active moving forward.

Chair Raney asked a question about records retention, specifically in storage. She would like to revisit this as part of the transition into the new program.

Our shredding service through Opportunity Village came up and it was discussed that perhaps staff will do a ride a long soon to see the process of shredding our documents from start to finish.

ACTION TAKEN: No action taken.

ITEM NO. 6 **Review and recommend for approval to the Governing Board the Agreement for STAT Testing Services between BioReference Laboratories, Inc. and University Medical Center of Southern Nevada and authorize the Chief Executive Officer to sign future amendments; and take action as deemed appropriate. *(For possible action)***

DOCUMENTS SUBMITTED:
- Disclosure of Ownership

- Disclosure of Relationship
- STAT testing Services Agreement

DISCUSSION: This minimal annual revenue is estimated at $25, 000 for this three year agreement. They are purchasing lab services from UMC.

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

ITEM NO. 7 **Review and recommend the ratification of the Integrated Care Notes Agreement with Truven Health Analytics, Inc.; and take action as deemed appropriate. *(For possible action)***

DOCUMENTS SUBMITTED:
- Truven Health Analytics Order Form

DISCUSSION: Shelly Russell explained that this piece of software is required within McKesson in order to record UMC giving out patient education. It will record all electronic education and bring us up to compliance for Meaningful use for compliance next year.

ACTION TAKEN: A motion was made by member 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 the Medical Student Affiliation Agreement between The Board of Regents of the Nevada System of Higher Education on behalf of the University of Nevada School of Medicine (UNSOM) and University Medical Center of Southern Nevada (UMC) (which includes an MOU between UNSOM and UMC to memorialize the participation of medical students enrolled at clinical programs from July 25, 2013 to November 17, 2015); and take action as deemed appropriate. *(For possible action)***

DOCUMENTS SUBMITTED:
- Medical Student Affiliation Agreement
- MOU

DISCUSSION: We did not have a contract in place in 2013 so an MOU was done to cover this time period instead of doing a retroactive contract. This is for the medical students, not the residents.

ACTION TAKEN: A motion was made by member 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, new "Professional Services Agreements (Individual and Group Physician On-Call Coverage)" for Ophthalmology and Gastroenterology; and take action as deemed appropriate. *(For possible action)***

DOCUMENTS SUBMITTED:
- Professional Services Agreement (Group Physician On-Call Coverage)
- Professional Services Agreement (Individual Physician On-Call Coverage)

DISCUSSION: Mr. Liston explained that this agreement is for Professional Services for on-call coverage specifically for Ophthalmology and Gastroenterology.

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

Mr. VanHouweling explained that these agreements lay the foundation for the new providers coming in.

ITEM NO. 10 **Review and recommend for approval by the Governing Board Amendment One to the Partnership Agreement between University Medical Center and FocusOne Solutions, LLC; and take action as deemed appropriate. *(For possible action)***

DOCUMENTS SUBMITTED:
- Amendment One (Partnership Agreement)

DISCUSSION: Mr. Liston explained that this would increase the rates for RN Specialty I, II and III. We need to attract more nurses at UMC, agency and traveling nurses.

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

ITEM NO. 11 **Review and recommend for approval by the Governing Board the Network Participation Agreement between OneHealth and University Medical Center of Southern Nevada; and take action as deemed appropriate. *(For possible action)***

DOCUMENTS SUBMITTED:
- Network Participation Agreement

DISCUSSION: Rose Coker, Director of Managed Care explained that this agreement is for the Primary Cares.

Chair Raney asked Ms. Coker if she works with our transplant services.

Ms. Coker replied that she has been working with the transplant service group for over 7 years. She will be meeting with Gwenda, Director of Transplant Services, to see how they can work on improving UMC's reimbursements for transplants.

ACTION TAKEN: A motion was made by member Mackay to approve the Agreement 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 Clinical Trial Agreement between ZS Pharma, Dr. David Slattery and University Medical Center of Southern Nevada (UMC) (which includes an MOU between Dr. Slattery and UMC in connection with the services of the Principal Investigator); and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Clinical Trail Agreement
- MOU between David Slattery, MD (Investigator) and UMCSN

DISCUSSION:
THIS ITEM WAS PULLED FROM THE AGENDA

ACTION TAKEN: None

ITEM NO. 13 Receive monthly update on the Electronic Health Record (EHR) System Replacement and direct staff accordingly. *(For possible action)*

DOCUMENTS SUBMITTED:
-EHR Update Audit and Finance Committee

DISCUSSION: Brian Rosenberg, consultant gave a brief update on where we are at with the EHR system.

Over the past month the committee has reduced the number of potential vendors to two, Cerner and Epic. The last two weeks have been spent in detailed demonstrations. There was very good participation with 130 staff from the hospital participating, these were all invited individuals. Each vendor visited UMC for three days and completed demonstrations in two rooms for about 50 hours of demonstrations each.

All staff was required to attend one of the three patient overview sessions. They were then asked to complete one survey for each vendor. They have received about 100 surveys back from each vendor so far.

Next steps include; implementation strategy calls, results of surveys to be compiled and answers to any remaining questions. There will also be follow-up demonstrations and discussions.

The recommended site visit for Epic was identified as the University of Utah and the recommended site visit for Cerner was identified as Adventist Health. The primary committee will discuss who will participate in these site visits.

Chair Raney asked about an Information Technology Strategy and CIO Ernie McKinley said that part of Information Technologies long term strategy is to make sure that all of this works together in the future.

Chair Raney suggested that CEO VanHouweling present the calendar for Don Burnett regarding dates.

CEO VanHouweling said he would discuss the calendar and dates in his CEO update at the Governing Board meeting on November 18.

Chair Raney asked Mr. Rosenberg if he was comfortable with the support from the physicians.

Mr. Rosenberg replied that the physicians that are involved are extremely engaged and will most likely be champions of the project. He also stated that Resident involvement is really good.

ACTION TAKEN: None Taken

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

DOCUMENTS SUBMITTED:
-September FY 2016 Financials

DISCUSSION: Chief Financial Officer, Stephanie Merrill gave a review of the financials for September FY 2016.

-Three Consecutive months with positive operating income.
-Continued volume and payor mix improvements have helped to contribute to the favorable variance over budget.
-Occupancy remains at about 90% of capacity.
-Outpatient surgeries are still exceeding prior year's volumes.
-Outpatient clinics continue to outperform prior years.
-Cash flow exceeded projections in September.
-Net Revenue was better than budget by $5.4 million.
-Total Operating expense were better than budget by $1.2.

Chair Raney asked how we show our unfunded depreciation on this financial overview.

Robyn Caspersen had suggestions for additional language and Ms. Merrill asked Robyn to send her some examples to include on the next report.

CEO VanHouweling commented that the self pay percentage in Nevada will be at best, 9% due to non qualifying individuals or those choosing to take the penalty.

……….*continuance of financial data*
-Operating costs are under budget by $1.2 million.
-Overtime is at 5.1%, a bit higher than we would like.
-Average daily census, 376.
-ED volumes are right on track.
-Endo and Robotics have dropped due to an issue with the GI doctors.

CEO VanHouweling said that he expects to see increases in both of these categories in the future. UMC is also looking at bringing on Urology robotics.

ACTION TAKEN: None Taken

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

DOCUMENTS SUBMITTED:
-None

DISCUSSION: With regards to the contract implementation, we are on track. Also, with regards to ICD 10, we are not seeing any dip in billing or growth in charts waiting to be coded and all major payers have paid us on ICD 10 claims.

ACTION TAKEN: None Taken

SECTION 3: EMERGING ISSUES

ITEM NO. 24 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)*

No issues.

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 4:50 p.m., Chair Raney adjourned the meeting.

MINUTES APPROVED: December 9, 2015

MINUTES TAKEN BY: Terra Lovelin