University Medical Center of Southern Nevada
Governing Board Audit and Finance Committee Meeting
October 14, 2015

UMC ProVidence Suite
Trauma Building, 5th Floor
800 Rose Street
Las Vegas, Clark County, Nevada
Wednesday, October 14, 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 Wednesday, October 14, 2015, at the hour of 3:00 p.m. The meeting was called to order at the hour of 3:18 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
Jeff Ellis (via phone)

Absent:
Michael Saltman (excused)

Others Present:
Stephanie Merrill, Chief Financial Officer
Susan Pitz, Legal Counsel
Kurt Houser, Chief Operating 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 September 16, 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)*

Item number 20 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 Review the results of the audit of UMC DRG Coding Stroke Intracranial Hemorrhage; and direct staff accordingly. *(For possible action)*

DOCUMENTS SUBMITTED:
- Letter from Clark County dated October 07, 2015

DISCUSSION: Rani Gill, explained that this audit was conducted to make sure UMC was in compliance with the Federal Standards. UMC ranked in the 80 percentile for a higher payment level for the strokes. The time period of the testing occurred January 1, thru July 31 of 2015. They tested all 20 patient encounters and found no problems at all.

ACTION TAKEN: No action taken.

ITEM NO. 5 Review the results of the audit of UMC Inhaler Charges; and direct staff accordingly. *(For possible action)*

DOCUMENTS SUBMITTED:
- Letter from Clark County dated October 7, 2015
- Audit Report

DISCUSSION: They tested 100 percent of the population of Medicare patients that were charged for inhalers during a three month period from February 1, 2015 to April 15, 2015, to assess whether the internal controls and process were functioning properly. They reviewed a total of 11 patient encounters that included a total of 30 charges for inhalers. They also interviewed nursing staff from two different units, one from Medical/Surgical unit and the other from Trauma Critical Care unit, to review their processes for missing inhalers. There was 1 minor instance where a patient was charged for two inhalers and his account was credited.

ACTION TAKEN: No action taken.

ITEM NO. 6 Review the results of the audit of UMC Public Safety; and direct staff accordingly. *(For possible action)*

DOCUMENTS SUBMITTED:
- Letter from Clark County dated September 9, 2015
- Audit Report

DISCUSSION: As of Feb 2015, the Public Safety Department was responsible for maintaining badges for approximately 5,600 volunteers, employees, contractors, students, instructors, and physicians needing access to UMC facilities.

The objective of this audit was to determine whether UMC maintained proper internal controls surrounding the issuance, deactivation and collection of badges. Staff sampled 162 terminations for the period of October through December 2014, to ensure that the status of badges was set to "inactive."

They found that there was no formal documentation for badge access request. Of the badges that they tested; they found 32 instances where the swipe badges were still active, 44 where proximity badges were still active. In all instances, (100%) badges could not be verified as collected when the employee terminated employment.

The report also noted that employees should be charged for replacement badges per UMC policy, and that was not being done.

There were numerous recommendations that came out of the audit. There is now a UMC Access Request form that is required for all personal that require badges for hospital access and it must be signed by the department requesting the access. All badges need to be collected up on an employee leaving and this process is being refined currently by Human Resources.

Chair Raney asked who the business owner of this is.

Chief Operations Officer, Kurt Houser replied that badging is with Public Safety.

Associate Administrator, Carissa Rey explained that the badging process moved back to Public Safety back in August. We no longer use Social Security numbers anymore but instead use employee numbers called PRNR's.

Chief Financial Officer, Stephanie Merrill, explained that Human Resources (HR) used to have the badging process but systematically it didn't work so it went back to Public Safety.

Member Hagerty asked for further explanation as to why HR is not in control of this process.

Ms. Rey said they are looking at a new badging system for the next Fiscal year.

Member Hagerty asked if UMC had a checklist upon hiring a new employee.
Ms. Rey said most of the HR paperwork is printed out and filed still; the system is not fully automated.

Rani explained that the County has just implemented a one badge system. This was a very expensive process and took many years.

Chair Raney asked Ms. Rey for a ball park cost to implement a new badging system at UMC and Ms. Rey replied that initial figures are around $500,000.

Chair Raney asked for a report back from Ms. Rey in two months.

The next audits that will come before the Audit and Finance Committee will be the HIPAA Rounds Audit and the Graduate Medical Payments Audit. In December the committee should expect to see an audit on staff travel.

ACTION TAKEN: No action taken.

ITEM NO. 7 Review and recommend for approval by the Governing Board the Clinical Services Affiliation Agreement with Roseman University of Health Sciences; and take action as deemed appropriate. ***(For possible action)***

DOCUMENTS SUBMITTED:
- Clinical Services Affiliation Agreement between UMCSN and Roseman University of Health Sciences

DISCUSSION: Mr. Liston explained that the students receive critical instruction and training in our pharmacy program and Roseman will pay UMC for this.

Member Harry Hagerty noted that this agreement allows for 80-90 students a year.

Susan Pitz, General Counsel, explained that the reimbursement is for the FTE for the preceptorship. The program is paying us back for the onsite preceptorship. We have one FTE for the whole program.

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 the Settlement Agreement with Cardinal Health 110, LLC; and authorize the Chief Executive Officer to sign the agreements. ***(For possible action)***

DOCUMENTS SUBMITTED:
- Settlement Agreement, Release and Covenant not to Sue
- Disclosure of Ownership

DISCUSSION: Mr. Liston explained that this would be for a settlement amount of $21,897 from Cardinal Health. This was completed due to an audit of our drug recovery program.

ACTION TAKEN: A motion was made by member Hagerty 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 the Pricing Agreement between UMC and Integra LifeSciences for the purchase of tissue for the care of wound and burn patients; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Letter from INTEGRA including Exhibits A and B

DISCUSSION: John Liston explained that this contract is for the purchase of the tissue that UMC uses for wound and burn care. There is an estimated savings with this agreement of around $156,000 to $218,000. This is not part of the GPO and there is no volume requirement. We buy this as needed.

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. 10 Review and recommend for ratification by the Governing Board Amendment One to Contract for Medical Coders between Oxford Global Resources, LLC and University Medical Center of Southern Nevada; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Amendment One to Contract for Medical Coders
- Disclosure of Ownership

DISCUSSION: Mr. Liston explained that this contract includes the increase in pricing for coders from $55.00 an hour to $85.00 an hour.

Member Hagerty asked if there will be enough coders at the new rate.

Mr. Liston replied that we currently have three coders.

Stephanie Merrill, CFO, said that we do have one more individual coming on board, for a total of four coders. We can stay current with the coding and Linda is comfortable with this amount.

ACTION TAKEN: A motion was made by member 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 Review and recommend for award by the Governing Board RFP No. 2015-06 Agreement for Pre Collection Self Pay Service to United Collection

Bureau, Inc. d/b/a UCB; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Agreement for Pre Collection Self Pay Service
- Disclosure of Ownership
- Disclosure of Relationship

DISCUSSION: Virginia Carr, Executive Director of Revenue Cycle, explained that this contract is an early out, self-pay, collections, customer service agreement. She further explained that Day 1, self pay goes to the vendor and this provider does the customer service calls, for the first 120 days. On day 121 the account goes to collections.

Member Hagerty asked what we do with patients who have a pay source, more specifically on the customer service side.

Ms. Carr replied that we use a survey company called Avatar to see how UMC performed.

Stephanie Merrill noted that the surgery department does make follow up calls.

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 Provider Agreement between Kathleen Wairimu, MD and University Medical Center of Southern Nevada for outpatient psychiatric Ryan White services; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Provider Agreement between UMCSN and Kathleen Wairimu, MD

DISCUSSION: Mr. Liston explained that this agreement is for Dr. Wairium to provide psychiatric evaluations and counseling service to patients who are under the Ryan White program. This is paid by the Ryan White program and is a new contract.

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

ITEM NO. 13 Review and recommend for approval by the Board of County Commissioners also sitting as the Board of Hospital Trustees for University Medical Center of Southern Nevada (UMCSN) approve, adopt and authorize the Chairman to sign a resolution to support the Level I Trauma Center designation given by the State of Nevada, Division of Health; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Resolution

DISCUSSION: Gail Yedinak, Senior Management Analyst explained that both our Trauma Center and Pediatric Trauma are up for re-designation next year. In order to prepare for the re-designation we have a number of documents that we have to put together. The resolution we have in place now, ends at the end of this year.

We know what the requirements are already, and we meet the requirements.

Member Hagerty made a suggestion that the committee approve both items 13 and 14 at the same time.

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

ITEM NO. 14 Review and recommend for approval by the Board of County Commissioners also sitting as the Board of Hospital Trustees for University Medical Center of Southern Nevada (UMCSN) approve, adopt and authorize the Chairman to sign a resolution to support the Level II Pediatric Trauma Center designation given by the State of Nevada, Division of Health; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Resolution

DISCUSSION: None

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

ITEM NO. 15 Review and recommend for approval by the Governing Board (1) the option to renew the Professional Services Agreement between University Medical Center and Southern Nevada Courier Service, Inc., for one (1) two-year period as per the terms of the Agreement, and (2) Amendment Two to restructure the pricing terms for the renewal period, on behalf of University Medical Center of Southern Nevada; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Letter dated October 22, 2015
- Amendment Two

DISCUSSION: Mr. Liston explained that this agreement is for a courier service that we use to aid in getting supplies out to our quick care areas. We do have two of our own carriers but we use the contracted couriers in case we need something couriered after hours or on weekends.

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

ITEM NO. 16 Review and recommend ratification of a Profession Services Agreement (Individual Physician On-Call Coverage) for Burn Care Center, with Nathan I. Ozobia, M.D. and authorize the CEO to approve each renewal year if/when each option is exercised; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Professional Services Agreement between UMCSN and Nathan I. Ozobia, MD

DISCUSSION: Ms. Pitz noted that Items 16, 17 and 18 are the same contract, just different service lines.

Chair Raney said they will vote on all three together.

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. 17 Review and recommend ratification of a Profession Services Agreement (Individual Physician On-Call Coverage) for General Surgery, with Nathan I. Ozobia, M.D. and authorize the CEO to approve each renewal year if/when each option is exercised; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Professional Services Agreement between UMCSN and Nathan I. Ozobia, MD

DISCUSSION: None

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. 18 Review and recommend ratification of a Professional Services Agreement (Individual Physician On-Call Coverage) for Advanced Trauma Life Support, with Nathan I. Ozobia, M.D. and authorize the CEO to approve each renewal year if/when each option is exercised; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Professional Services Agreement between UMCSN and Nathan I. Ozobia, MD

DISCUSSION: None

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. 19 Review and recommend for approval by the Governing Board, new "Professional Services Agreement (Individual and Group Physician On-Call Coverage)" Master Templates; 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: Ms. Pitz noted that these were similar to 16, 17 and 18. This is the same template that we will use for On-Call coverage, all have 30 day outs.

Chair Raney asked to see a process checklist.

Mr. Liston replied that we did have a checklist and he will obtain it from Shana in the Medical Staff Office.

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

ITEM NO. 20 Receive an update on Electronic Health Record (EHR) Meaningful Use attestation; and direct staff accordingly. *(For possible action)*

DOCUMENTS SUBMITTED:
- Meaningful Use Modified Stage 2 Handout

DISCUSSION: Shelley Russell, Meaningful Use Program Manager, explained that a proposed rule went final last week. We will be getting an incentive payment; estimated at $4 million dollars.

UMC is in the attestation reporting period right now and we must meet meaningful use to get the payment.

We must meet meaningful use every year in order to avoid penalties or to receive an incentive payment. The $4 million dollar incentive payment would be received in late 2016.

<u>ACTION TAKEN</u>: No Action Taken

Member Ellis left the discussion at this point.

ITEM NO. 21 Receive monthly update on the Electronic Health Record (EHR) System Replacement and direct staff accordingly. *(For possible action)*

This item was removed from the agenda.

ITEM NO. 22 Receive monthly financial report for August 2015; and direct staff accordingly. *(For possible action)*

<u>DOCUMENTS SUBMITTED</u>: August Financial Report

<u>DISCUSSION</u>: Chief Financial Officer, Stephanie Merrill gave an update on the financials for August 2015.

-Two consecutive months with positive operating income.
-Continued volume and payor mix improvements have helped contribute to the favorable variance over budget.
-Hospital occupancy remains at about 90% of capacity for the fourth month in a row.
-Outpatient surgeries are still exceeding prior years volumes for the fifth month in a row.
-Outpatient clinics continue to outperform prior years volumes.
-Cash flow exceeded projections by $3.3 million in August.
-$5.3 million favorable to budget for new revenue.
-$1.7 million operating expenses.
-Self pay is down to 13%.
-Managed Care is up to 23%, compared to 18% of last year.
-Medicaid remains constant.
-Medicare increased a couple percentage points.
-Total operating costs are running under budget by about $1.7 million.
-Salaries and benefits are under budget by about $500,000, right in line with the budget and where we were last year.
-Productivity is at 102%

Mr. Houser explained that there were a couple of ICU's in town that were closed for a few days. Volumes around the valley are down except for Sunrise Hospital.

-ED volume is higher than 2015.
-Outpatient visits are still above 2014 and 2015.
-Outpatient surgery continues to increase above last year.
-There were 25 robotic cases in August.

Robyn asked if Andrew thought about doing a brief overview on the statistics on ambulatory.

Associate Administrator Andrew Chung replied that he would have the figures in a few weeks.

ACTION TAKEN: No Action Taken

ITEM NO. 23 Receive an update from the Chief Financial Officer; and direct staff accordingly. *(For possible action)*

DOCUMENTS SUBMITTED: None submitted.

DISCUSSION: Ms. Merrill noted that we are "live" on ICD 10.
Additional coders are helping and keeping up with the work that is coming in.

She also mentioned that the contracts database is on track and almost configured. We expect to be up and running by the end of the year.

Mr. Liston explained that there are over 7000 contracts in the database.

Ms. Merrill also noted that today is the Auditor's last day for FY2015.

ACTION TAKEN: No Action 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)*

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 4:53 p.m., Chair Raney adjourned the meeting.

MINUTES APPROVED: November 10, 2015
MINUTES TAKEN BY: Terra Lovelin