University Medical Center of Southern Nevada
Governing Board Audit and Finance Committee Meeting
April 13, 2016

UMC ProVidence Suite
Trauma Building, 5th Floor
800 Hope Place
Las Vegas, Clark County, Nevada
Wednesday, April 13, 2016
3:30 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, April 13, 2016, at the hour of 3:30 p.m. The meeting was called to order at the hour of 3:36 p.m. by 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
Donald Mackay
Jeff Ellis
Robyn Caspersen (non-voting member)
Harry Hagerty

Absent:

Others Present:
Mason VanHouweling, Chief Executive Officer
Kurt Houser, Chief Operating Officer
Stephanie Merrill, Chief Financial Officer
Vick Gill, Assistant Hospital Administrator
Andrew Chung, Associate Administrator
Matt Cova, Director of Business Development
Susan Pitz, General Counsel Hospital Administration
Terra Lovelin, Board Secretary

SECTION 1. OPENING CEREMONIES

ITEM NO. 1 PUBLIC COMMENT

Committee 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 March 16, 2016. *(For possible action)*

Member Hagerty asked that the words, "at least" replace the word, "same" under Item No. 10. The new sentence should read, "Member Hagerty commented that it should be an objective to project at least the same amount of operating income as last year."

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

SECTION 2. BUSINESS ITEMS

(It was suggested that we take item No. 7 first for discussion.)

ITEM NO. 7 Review and recommend for approval by the Governing Board the new Order Form between McKesson Technologies, Inc. and University Medical Center of Southern Nevada for Application Management Services and Infrastructure Management Services for Support of the McKesson Electronic Health Systems during Implementation of the replacement EHR; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Order Form (Hospital Solutions)

DISCUSSION: Lonnie Richardson, Director of Information Technology explained that this order form is for backfilling staff for the EHR implementation. Information Technology staff spoke with three total vendors and believe that the McKesson solution is the best due to the existing relationships with the technical team, shorter startup time and the value of the knowledge of our existing environment.

Member Hagerty clarified that we have employees that are migrating to the new project and are being backfilled with this contract with McKesson. Mr. Richardson replied that is correct. There are 23 positions needing to be filled for a cost of $1.8 million. This is for 18 month period.

FINAL ACTION TAKEN: A motion was made by Member Ellis to approve and make a recommendation to the Governing Board to approve the agreement. Motion carried by unanimous vote.

ITEM NO. 4 **Receive a presentation and review and approve the UMC Risk Assessment, which will be used to conduct background research in order to develop the 2017 Internal Audit plan. *(For possible action)***

DOCUMENTS SUBMITTED:
- 2017 UMC Administrator Risk Assessment Questionnaire
- Department Risk/Threat Analysis

DISCUSSION: Nate Strohl, acting supervisor for internal audit explained that in the past Clark County and UMC Audit conducted the risk assessment jointly. Going forward, the 2017 Risk Assessment will be conducted by UMC and will be done by conducting background research, identifying a bigger audit universe, analyzing information collected then consulting with the Board and Senior Management to develop the 2017 audit plan.

Questionnaires will be sent out to all Department Managers, Directors and Administrators and tracked to ensure all are returned. He will then meet with all the Administrators and Directors and go through the top five risks of each department. This information will then be analyzed and be populated into a spreadsheet to help develop the 2017 audit plan.

Member Hagerty asked when Nate expects the receipt of questionnaires and analysis compilation for FY17 to be complete.

Nate replied that as soon as approved he will start the meetings and the distribution of the questionnaires. He expects to be finished by the fourth quarter.

Member Caspersen asked what Nate's plan is for how he will decide which areas to audit and he replied collaboration with senior management and the board will weigh to make determinations.

FINAL ACTION: A motion was made by Member Mackay to approve the process. Motion carried by unanimous vote.

ITEM NO. 5 **Receive a report on UMC's immediate capital priorities and direct staff accordingly. *(For possible action)***

DOCUMENTS SUBMITTED:
-Capital Expense Planning

DISCUSSION: Andrew Chung went over a list of prioritized items on UMC's capital needs. He explained the strategic plan will quantify how we will allocate to the strategic initiatives and drive our financial planning. This will enable either growth or sustainment in service lines and ultimately feed into our operating budget.

We have four different capital categories:
-Facilities
-Medical equipment
-Non medical equipment
-IT and information security

There is a separate process for the Service line expansion and development. He will continue to refine this and present it to this committee at a later date.

Chair Raney asked for a full presentation on the capital prioritization in May and would also like a robotics report.

Member Hagerty asked for a periodic report on the capital process.

Chair Raney commented that the large list of capital priorities needs to be a separate item before the Governing Board.

FINAL ACTION: None taken

ITEM NO. 6 **Review and recommend for approval by the Governing Board the Purchase Schedule between Innerwireless, Inc. d/b/a BlackBox Network Services and University Medical Center of Southern Nevada for Upgrade to the existing Distributed Antenna System (DAS) for the Telemetry Monitoring System; and take action as deemed appropriate.** ***(For possible action)***

DOCUMENTS SUBMITTED:
- Purchase Schedule

DISCUSSION: Jorge Ramos explained that this is a two part project. In the past the manufacturer would come in and install the antenna system but since this is already in the hospital, it makes sense to utilize what we have.

The importance of moving to this new protective medical frequency range is that the old one we currently have has dead spaces and loses frequency throughout the hospital. The infrastructure can handle more but we have room-size issues presently. The request is for $1.1 million and is a one time fee.

One of the advantages with BlackBox is that is has a feature called, Smart Hopping. The technology can look for the next, better signal so communication is always ensured.

This system will cover the entire hospital and includes ambulatory and surgery.

FINAL ACTION: A motion was made by Member Ellis 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 Consulting Services Agreement for Patient Advocacy Post Discharge Services between PatientPAL.org, LLC and University Medical Center of Southern Nevada and authorize the Chief Executive Officer to exercise the renewal option; and take action as deemed appropriate.** ***(For possible action)***

DOCUMENTS SUBMITTED:
- Consulting Services Agreement

DISCUSSION: Matt Cova, Director of Strategic Planning presented the PatientPAL service. Currently UMC does not have a discharge patient follow up call system.

Mr. Cova is suggesting using PatientPAL staffed by RNs to call patients upon being discharged from the hospital. Within 24 to 48 hours a nurse from PatientPAL will call and follow up with the patient.

After a week, the same nurse will call the patient back. This will happen four times over the course of a month. These services will help with our readmission rates and HCAP scores.

We did not want to use an automated system as it is not that well received by patients. Another option looked at was a recording system that a patient could take home with them with information about their medications, etc. but was considered too impersonal.

PatientPAL will meet quarterly with Clark County Social Services to ensure our Medicaid population is getting the services they need. They will also meet with Meals on Wheels and will also ask if there is someone that the patient would like to recognize for outstanding service. Also, if the patient had a bad experience we will be informed so we can follow up and ensure it does not happen again.

This service will be UMC specific and the out is 30 days so if this is not working, we will try something else.

Member Ellis asked how many discharges we have per month and Mr. Cova replied that he estimated about 15,000 to 17,000 discharges per year.

Member Caspersen inquired about liability and General Counsel Pitz stated that PatientPAL indemnifies us for the work performed by them.

Chair Raney would like a report on how many patient phone numbers were good and what the outcome of the call was, and if patient satisfaction increased because of this service.

FINAL 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 except for Chair Raney as she recused herself from voting due to her previous involvement on the Board of PatientPAL.

ITEM NO. 9 Review and recommend for approval by the Governing Board, the Second Amendment to the Master Services Agreement and Services Agreement for Perfusion and Related Services with Specialty Care, Inc.; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Second Amendment to Master Services Agreement and Services Agreement for Perfusion and Related Services

DISCUSSION: John Liston explained that this amendment will add nine pediatric ECMO disposable supplies and provide new heart and lung machines for our pediatric and adult patients in surgery. The cost for the disposable supplies is $27,000 and the cost for the machines is $14,000. There is a 180 day termination on this agreement and this contract will go through June 2018. The additional cost is $14,000 a month but also with this amendment we get replacements for the older equipment.

These machines are upgraded and will bring us in line with the rest of the valley.

Don Galloway, Director of the OR stated that if a child were to come in with a traumatic injury, and there was a vascular trauma, this would allow UMC to take care of a child down to 40 lbs. Our current heart and lung machines do not have the ability to use the cannulas that would be required to deal with the smaller children. The new machines would be able to accommodate the smaller patients. Currently we have to transport the child to Sunrise or other facilities for treatment.

Mr. Galloway said that the heart and lung equipment we have now is past the life span.

FINAL 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 approval by the Governing Board, the Equipment Master Lease Agreement and Product Service Plan Agreement for the System 7 Power Tools with Stryker; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
-Master Lease Agreement
-Product Service Plan Agreement

DISCUSSION: This agreement is for a 48 month lease for the System 7 Power Tools and maintenance service plan for those power tools.

FINAL 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. 11 Review and recommend for approval by the Governing Board, a Professional Services Agreement with Women's Cancer Center for Hematology and Oncology, and authorize the CEO to exercise each option year if/when UMC elects to extend the Agreement; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Professional Services Agreement

DISCUSSION: This to approve a three year agreement for hematology and oncology services. We currently work with this group and there is a 365 termination notice. This is Dr. Spirto's group and Dr. Ellerton is the principal physician.

FINAL ACTION TAKEN: A motion was made by Member Ellis to approve and make a recommendation to the Governing Board to approve the agreement. Motion carried by unanimous vote.

ITEM NO. 12 Receive and review the final FY 2017 budget forms to be submitted to Clark County for consideration; and direct staff accordingly. *(For possible action)*

DOCUMENTS SUBMITTED:
- None submitted

DISCUSSION: Chief Financial Officer, Stephanie Merrill reminded everyone UMC is working with the County budget process which looks at authorized funding needed in order to run UMC. This budget is also filed with the state as part of the County budget.

In the final budget assumptions the projection for FY16 was primarily based on the first seven months of the fiscal year. Investments need to be made in employees, facilities, marketing and new initiatives.

The new EHR system (Epic project) and support of the Master Plan is included in the budget, as well as the new nursing restructure and bonuses. Dollars have been added for the new UNSOM residencies and Orthopedic residencies starting in the new fiscal year.

With regards to the new positions in the budget, those are in the nursing structure, they are not new, just moving the overtime and Pier Diem hours into full time. There will only be a handful of new positions.

Member Hagerty commented that he would have liked to see this year, a comparison vs where we expect to be in 2016.

Chair Raney would like Stephanie to explain more on the expense side to the Board at next month's meeting.

Member Caspersen agreed and suggested it also be made more detailed.

FINAL 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. 13 Receive monthly financial report for February 2016; and direct staff accordingly. *(For possible action)*

DOCUMENTS SUBMITTED: February FY 2016 Financials

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

-Eight consecutive months with a positive net operating income.
-Continued volume and payor mix improvements.
-Occupancy remains at about 90% of capacity.
-ED volumes exceeding prior year's volumes
-Average daily census continues to climb at 399 patients in beds.
-Admissions are up over the prior years.
-Adjusted patient days are also up over prior years.
-Endo stats were up in February.

Chair Raney asked about a check list for contracts that she would like presented at the next meeting. She also said it would be helpful to have a presentation about cyber security.

General Counsel Pitz said that Connie and Keith will be presenting on HIPAA Privacy and Security at next week's Governing Board meeting.

Member Hagerty asked for a five year plan that demonstrates what the base business it, what we expect to invest in and what is the projected loss and projected revenue. He also asked how we manage capacity utilization in the OR.

Member Raney asked if Don Galloway could perhaps come and speak with this committee on that topic.

ITEM NO. 14 Receive an update from the Chief Financial Officer; and direct staff accordingly. *(For possible action)*

DOCUMENTS SUBMITTED:
-None

DISCUSSION: Nothing at this time.

SECTION 3: EMERGING ISSUES

ITEM NO. 15 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 5:42 p.m., Chair Raney adjourned the open session meeting.

MINUTES APPROVED: May 18, 2016

Minutes Prepared by: Terra Lovelin