University Medical Center of Southern Nevada
Governing Board Audit and Finance Committee Meeting
August 17, 2016

UMC ProVidence Suite
Trauma Building, 5th Floor
800 Hope Place
Las Vegas, Clark County, Nevada
Wednesday, August 17, 2016
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, August 17, 2016, at the hour of 3:00 p.m. The meeting was called to order at the hour of 3:00 p.m. by Chair Harry Hagerty and the following members were present, which constituted a quorum of the members thereof.

CALL TO ORDER

Board Members:

Present:
Harry Hagerty - Chair
Eileen Raney (Via phone)
Donald Mackay
Jeff Ellis
Robyn Caspersen

Others Present:
Mason VanHouweling, Chief Executive Officer
Kurt Houser, Chief Operating Officer
Stephanie Merrill, Chief Financial Officer
Susan Pitz, General Counsel Hospital Administration
Terra Lovelin, Board Secretary

SECTION 1. OPENING CEREMONIES

ITEM NO. 1 PUBLIC COMMENT

Committee Chair Hagerty 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 May 18, 2016. *(For possible action)*

Chair Hagerty had one correction on item #21. He would like the FY17 changed to FY16.

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

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

General Counsel Pitz announced that Item #16, Blue Diamond Lease Agreement, is going to be removed from today's agenda.

FINAL ACTION: A motion was made by Member Ellis 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 Skin Protectant dated August 5, 2016; and direct staff accordingly *(For possible action)*

DOCUMENTS SUBMITTED:
- UMC Final Report Letter

DISCUSSION: Nate Strohl, acting supervisor for internal audit announced that there were no findings during this audit of reimbursements by Medicare payers.

FINAL ACTION: None taken

ITEM NO. 5 Review the results of the audit of the Emergency Medicine Physicians Contract dated August 5, 2016; and direct staff accordingly *(For possible action)*

DOCUMENTS SUBMITTED:
- UMC Final Report Letter

DISCUSSION: The objective of this audit was to determine whether Emergency Medicine Physicians were in compliance with the terms and conditions of the contract that covered a five year period from July 1, 2011 through June 30, 2016. EMP supervises and staffs the Emergency Medicine Services Department including the Adult Emergency, Trauma Emergency, and Pediatric Emergency Rooms on a 24 hour, 7 days a week basis.

They found that the delivery of the quarterly financial reports to UMC administration needs improvement.

Chair Hagerty asked about auditing a contract before it expires and suggested that we do look at doing that in the future.

The EMP contract got selected in 2015 and was audited prior to it expiring, it just took a long time to get through the process.

FINAL ACTION TAKEN: None taken

ITEM NO. 6 **Review and recommend for approval by the Governing Board the Facility Use Agreement between CarboFix Orthopedic Inc. ("CarboFix") and University Medical Center of Southern Nevada ("UMC"); and take action as deemed appropriate.** ***(For possible action)***

DOCUMENTS SUBMITTED:
- Facility Agreement

DISCUSSION: UMC will receive $2,600 from Carbo Fix, the term of the agreement is for the duration of the study and has a 30 day written notice. The fee is the standard fee that UMC charges for doing perspective reimbursement analysis.

Member Hagerty asked what the duration is and Ron Roemer replied that it was up to three years.

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. 7 **Review and recommend for ratification by the Governing Board Amendment One to Agreement for Medical Coding Support between Global Medical Coding, Inc. and University Medical Center of Southern Nevada; and take action as deemed appropriate.** ***(For possible action)***

DOCUMENTS SUBMITTED:
- Amendment one to agreement

DISCUSSION: This is for an additional $100,000.00 during the extension of the agreement. The agreement terms are through September 2017.

Member Raney asked where we are with obtaining help with coding.

Chief Financial Officer Stephanie Merrill replied that we have brought on board a few more coders to help with the work load. This field has been in critical shortage over the past five years. We have looked at training coders internally and other options to help with the shortage.

FINAL ACTION: A motion was made by Member Caspersen 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 ratification by the Governing Board the Professional Services Agreement between Jerry L. Cade, M.D., and University Medical Center of Southern Nevada; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Professional Services Agreement

DISCUSSION: This is a ratification of the Professional Services Agreement with Dr. Jerry Cade in the amount of $216,000.00. The agreement ends June of 2017 and can be cancelled with 90 days written notice.

FINAL ACTION TAKEN: 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. 9 Review and recommend for ratification by the Governing Board the Clinical Affiliation Agreement between Idaho State University and University Medical Center of Southern Nevada; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Clinical Affiliation Agreement

DISCUSSION: This is a ratification of the Clinical Affiliation Agreement with Idaho State University and terms in June 2019.

It was asked why these are coming to the committee, especially when there is no financial impact.

Ms. Pitz replied that the resolution establishing CEO and Governing Board authority does not currently allow the CEO to independently approve clinical affiliation agreements with other government agencies.

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. 10 Review and recommend for approval by the Governing Board the new Contract Labor Agreement for interoperative neuromonitoring services between Neuromonitoring Associates, Inc. and University Medical Center of Southern Nevada ("UMC"); and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Contract Labor Agreement
- Business Associate Agreement
- Disclosure of Ownership

DISCUSSION: This is an approval for interoperative neuromonitoring services and will run for three years and automatically renew for a two-year period. It will not exceed $500,000.00 and can be terminated with 60 days written notice.

Member Raney asked if we will make a profit in aggregate, based on our case mix and Mr. VanHouweling replied that overall we will make a profit.

Chair Hagerty asked how many surgeries per year we have that utilize this service and Don Galloway, Director of Surgical Services, replied that we perform around 20 a week.

FINAL ACTION TAKEN: A motion was made by Member Caspersen 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 the Agreement for Staffing Agency Services for Assistant Chief Nursing Officers ("ACNOs") between The HealthCare Initiative and University Medical Center of Southern Nevada ("UMCSN") and authorize the Chief Executive Officer to exercise the extension options; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Service Agreement

DISCUSSION: This agreement is for staffing agency services to recruit Assistant Chief Nursing Officers. This is not to exceed $180,000.00 and we hope to hire four ACNO's out of this contract. The term of this agreement is for one year with two six month options. This contract can be terminated with a 30-day written notice. This firm was chosen due to their experience in recruiting for these positions.

FINAL ACTION TAKEN: 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. 12 Review and recommend for approval by the Governing Board Amendment Three to Quality Measures Abstraction Agreement between Primaris Holdings, Inc. and University Medical Center of Southern Nevada; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Amendment Three to Agreement

DISCUSSION: This is for chart extraction services and will not exceed $20,000.00 per month. The contract terms in January of 2018 and can be cancelled with 90 days written notice.

Jenny Gaca, Associate Administrator of Clinical Quality and PI explained that Primaris does all the extraction for quality data that is required by state and federal. All of our certifications require data extraction and Primaris has already been doing our data abstraction for core measure so we have added them on to do our cardiac registries.

Member Caspersen asked if Epic allow us to get these numbers out more easily.

Ms. Gaca replied that right now Primaris goes into a completely closed electronic record which is our One Content system. Once Epic comes on board the data should feed over to Primaris.

Chair Hagerty mentioned a data base that the foundation approved to purchase for the Children's Hospital that measures outcomes. He wanted to know if this is something that we can consider for the whole hospital.

Ms. Gaca said that she is working on this right now. With Vizient, which we have now, we can benchmark with other hospitals but our data extraction and reporting is challenging with our current system. The Epic system will allow us to benchmark with other facilities, locally and nationally.

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. 13 Review and recommend for approval by the Governing Board Amendment Two to the Partnership Agreement between FocusOne Solutions, LLC ("FocusOne") and University Medical Center of Southern Nevada ("UMC") and authorize the Chief Executive Officer to sign the second renewal option in 2017; and take action as deemed appropriate. ***(For possible action)***

DOCUMENTS SUBMITTED:
- Amendment Two Partnership Agreement

DISCUSSION: This amendment is for our nurse travelers through October 2017 and can be terminated with 60 days written notice.

Chair Hagerty asked if the rates were comparable to what we paid in the past.

Ms. Pitz replied that they have gone up slightly but this is due to how difficult it is to fill the positions.

Dr. Mackay asked if we ever attract people from this group.

Mr. VanHouweling replied that at times we do. A lot of these folks do like to travel but a few do settle here at UMC after being in Las Vegas for a few months.

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. 14 Review and recommend for approval by the Governing Board the Philips Healthcare Telemetry System Upgrade Quote (which includes Amendment One to Terms & Conditions); and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Amendment One

DISCUSSION: This is for the approval of an upgrade to our telemetry system for $1,619,752.00 with a GPO cost savings of $375,672.00.

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

ITEM NO. 15 Review and recommend for approval by the Governing Board Amendment One to Contract for Out-of-County Billing and Collection Services between Sunbelt Medical Billings, Inc. d/b/a Sunbelt Medical International and University Medical Center of Southern Nevada; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Amendment One

DISCUSSION: This amendment has an estimated annual cost of $240,000.00 with a term through June 2017 with an option to renew for two, one year periods. There is a 30 day termination option.

FINAL ACTION TAKEN: 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. 16 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 (“UMC”) the Lease

Agreement between Blue Diamond CP30 2013, LLC ("Landlord"), and UMC; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Lease Agreement

DISCUSSION: This item was removed from the agenda.

ITEM NO. 17 Review and recommend approval by the Governing Board, the Professional Services Agreement with University of Nevada School of Medicine Multispecialty Group Practice South, Inc. for Plastic, Micro and Replantation Surgery Services; and take action as deemed appropriate. *(For possible action)*

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

DISCUSSION: The total amount of this contract is $657,000.00 per year and the agreement terms are through August 2017. There is a 30-day out with written notice.

This is one of the trauma requirements and a Fair Market Value has been performed on this service.

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. 18 Receive a report on the financial impact of the new contract with the SEIU; and direct staff accordingly. *(For possible action)*

DOCUMENTS SUBMITTED:
- SEIU Negotiation Summary

DISCUSSION: John Espinoza, Chief Human Resources Officer explained the one page financial impact summary. There will be an agenda item on the 24th of August for the Governing Board's approval of ratification to the Trustees.

This was a four year contract with a cost of living increase. The other financial components included a ½ percent cash incentive for employees who are topped out and have exceptional performance ratings, increase to weekend differential and an EIB cash out on a go forward basis as a means to try to offset the lack of Longevity pay for new hires.

Mr. VanHouweling commented that he is very supportive on what the union and hospital negotiated.

Chair Hagerty suggested that John present these numbers on an accumulative basis.

ITEM NO. 19 **Receive an update on replacement of Electronic Health Record (EHR) product; and direct staff accordingly.** ***(For possible action)***

DOCUMENTS SUBMITTED: EHR Deployment Project Update

DISCUSSION: Brian Rosenberg, Consultant gave an update on the status of the EHR implementation and training process.

Key tasks that were completed recently:
-Scope Meetings
-CORE kickoff
-Technical kickoff
-Third party software selections
-Conversion Strategy Documented

Training Update:

-Projects:	123 Required 89 Completed 72% complete
-Exams:	200 Required 121 Completed 61% Complete
-Certifications	111 Required 53 Completed 48% Complete

The classes and tests are intense but each person gets three tries to take the exam then you have to retake the class. A few folks have not been able to complete the testing process.

September 3 is the deadline for staff to get certified.

Phase 2 will be started in mid-September and they are on track.

Mr. Rosenberg said that the biggest morale drain has been the travel for the team.

ITEM NO. 20 **Receive a report of the robotic surgery service line through December 31, 2015; and direct staff accordingly.**

DOCUMENTS SUBMITTED: da Vinci Xi Robot Presentation

DISCUSSION: Don Galloway, Director of Surgical Services discussed the performance of the robot.

We did not meet our mark of the 365 cases but we exceeded our gross revenue by 50%. We fell short of the collections which led us to a deficit.

Our case minutes have been higher but we have a much higher Medicaid population than anticipated which does not give us a financial benefit. The program lost $747,000.000.

Member Ellis suggested we look at how we are doing as a surgical department as opposed to one aspect of the department such as the robot performance.

Chair Hagerty has a concern that as we look at other lines of business that we have the same naivety as we did with the robot and we conduct a proforma vastly optimistic. We got this wrong, we could go out of business being the best hospital out there taking the hard cases that no one wants because they can't get paid for them.

Member Raney agreed with Chair Hagerty.

The modeling and forecasting needs to be done better.

Dr. Mackay asked about the older version of the robot and the price difference. He could see down the road that if we are maxed out on hours, we can get a less costly robot.

Mr. Galloway added that we are maxed out on hours already.

Member Raney commented that we need to do things differently if we are saying we lost money yet we need another robot.

ITEM NO. 21 Receive monthly financial report for May and June (Preliminary); and direct staff accordingly. ***(For possible action)***

DOCUMENTS SUBMITTED:
- May 2016 Financials
- June 2016 Prelim Financials

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

-Positive operating income in June (13th Month in a row)
-Salary and benefits over budget due to Nursing Incentive Plan and contract staffing needed for increased volumes and new unit.
-ED volumes fell in May and June
-Outpatient visits fell in May and June
-Average daily census is at 379/381.
-Admissions increased in May but fell in June

Member Ellis said we need to focus on what will drive physicians to bring paying patients here to increase our margins. We have to stop worrying about individual building blocks and look at the whole structure.

Member Raney agrees but feels like we are still being adversely selected on who the doctors are bringing to UMC.

Mr. VanHouweling has heard from physician's that they are telling their patients that the best care is at UMC but patients still have a preconceived notions about UMC including semi private rooms and we are addressing these things with the master plan.

FINAL ACTION TAKEN: None taken

Skipping to Item No. 23 at this time.

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

DOCUMENTS SUBMITTED:
- None submitted

DISCUSSION: The auditors will be at the Audit and Finance meeting on September 21 to present their plan.

FINAL ACTION TAKEN: None taken

ITEM NO. 22 Receive a report regarding capital expenditure planning for current and future years. *(For possible action)*

DOCUMENTS SUBMITTED:
- Capital Expenditure Planning August 2016

DISCUSSION: Matt Cova, Director of Business Development gave a brief overview of the capital shortfall, what we should have spent over the last ten years. There is $195 million dollar shortfall over the past ten years on renovations and improvements we should have made.

Andrew Chung, Associate Administrator of Operations explained what our funding sources are and showed the list of recommend projects that will come to this committee for approval in the future.

Chair Hagerty asked about the unfunded liabilities and Ms. Merrill explained the intent around the money. He considers this presentation and information to be a giant step from where we were in the past.

The costs for the approved projects are ball park estimates and as the project gets underway, if there are extra costs, Andrew will bring it to the committee and add it to the registry so everything is tracked.

The items for FY 17 that are currently underway include the EHR replacement and related expenditures, the telemetry system and data loss prevention system.

FINAL 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)***

Mr. Cova announced that Southern Highlands opened last week and is ramping up and operational.

COMMENTS BY THE GENERAL PUBLIC:

At this time, Chair Hagerty 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 6:20p.m., Chair Hagerty adjourned the open session meeting.

MINUTES APPROVED: September 21, 2016
Minutes Prepared by: Terra Lovelin, Board Secretary