University Medical Center of Southern Nevada
Governing Board Audit and Finance Committee Meeting
December 7, 2016

UMC ProVidence Suite
Trauma Building, 5th Floor
800 Hope Place
Las Vegas, Clark County, Nevada
Wednesday, December 7, 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, December 7, 2016, at the hour of 3:00 p.m. The meeting was called to order at the hour of 3:05 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
Donald Mackay
Jeff Ellis
Robyn Caspersen

Others Present:
Stephanie Merrill, Chief Financial Officer
James Conway, Assistant General Counsel
Terra Lovelin, Board Secretary

SECTION 1. OPENING CEREMONIES

ITEM NO. 1 PUBLIC COMMENT

Committee Chair Harry 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 November 9, 2016. *(For possible action)*

Chair Hagerty asked that these minutes be placed on the January agenda for approval after amending the BDO report comments. He believes he stated on the record that the Audit and Finance committee accept the BDO report. He would like to hold off on approving the minutes until that correction is made.

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

Item No. 14 will be heard first and Item No. 11 is being removed from the agenda.

FINAL ACTION: A motion was made by Dr. Mackay that the agenda be approved as recommended with the noted modifications. Motion carried by unanimous vote.

SECTION 2. BUSINESS ITEMS

ITEM NO. 14 Receive an Update on the Electronic Health Record (EHR) Product including contracts for consideration at the December Governing Board Meeting; and direct staff accordingly. *(For possible action)*

DOCUMENTS SUBMITTED:
- EHR PowerPoint

DISCUSSION: Brian Rosenberg provided a brief update with regards to the Epic project. He mentioned there were some staffing issues on the Revenue Cycle side due to illnesses and FMLA. To help mitigate this, they are utilizing staff from Epic which will impact the budget.

With regards to Cardiology, Cupid will be implemented as a Phase 2 solution but they won't have all the functionality they will need until later. While the cost of the Cupid solution is part of the existing budget, the implementation costs associated with this, are not. They will ask this to be added to the budget in the future, once additional costs are determined.

Chair Hagerty asked Mr. Rosenberg to provide an update on the budget in the next month or two to include what has been budgeted, where we are at now and what is still needed.

The low voltage project has been completed, Lexmark is scheduled for kickoff later this month, the overall Go Live strategy has been refined, and a list of users is currently being finalized.

Ambulatory hardware is being finalized and a purchase request should be heading for submission at the end of the month.

Member Hagerty asked about the Go Live date and Mr. Rosenberg responded that the first week in November is still the planned Go Live timeframe.

FINAL ACTION TAKEN: No action taken.

ITEM NO. 4 Review and recommend ~~the ratification by~~ the Governing Board the Order Form, Subscription Services Agreement and Business Associate Agreement between Kaufman, Hall & Associates, LLC ("Kaufman Hall") and University Medical Center of Southern Nevada ("UMC"); and take action as deemed appropriate. (*For possible action*)

DOCUMENTS SUBMITTED:
- Agreement
- Order Form
- Subscription Services Agreement
- Disclosure of Ownership

DISCUSSION: Mr. Rosenberg explained that from a budget perspective, the annual cost of Kaufman Hall is lower than what was budgeted but implementation is slightly higher so it nets out the same.

Member Caspersen asked if we have the right people on the implementation team to do this and Mr. Rosenberg said we do.

Chair Hagerty agreed with Robyn's concern and asked if we had in place a cost accounting team that can be trained on this and be in-house as opposed to going outside.

Ms. Merrill explained that our decision support team consists of three people and one of them has been on the EPIC project so that positon is currently backfilled. All three of them will focus on the build. Cost accounting won't go live until Epic goes live.

Brent Hilton, Assistant Controller, explained that with this implementation, cost reporting will be more efficient than what we have in place now.

Mr. Rosenberg added that it will also combine SAP, Kronos and Epic.

James Conway, Assistant General Counsel, noted a correction in the agenda item that this not a ratification so that language should be omitted. The recommendation is to recommend for approval by the Governing Board.

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. 5 Review and recommend for approval by the Governing Board the First Amendment to the Hospital Services Agreement between MGM Grand Hotel & Casino, acting as duly authorized plan administrator for Self Funded MGM Resorts Health Plan ("MGM") and University Medical

Center of Southern Nevada ("UMC"); and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- First Amendment

DISCUSSION: Member Ellis will recuse himself from discussion and voting on this item.

Revenue is based on volume and terms December 2018. Rose Coker is unable to attend today's meeting to elaborate on this item but please note that all these amendments cover our costs.

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. 6 Review and recommend for approval by the Governing Board the Tenth Amendment to the PHCS Participating Facility Agreement between MultiPlan, Inc. ("MultiPlan") and University Medical Center of Southern Nevada ("UMC"); and take action as deemed appropriate. *(For possible action)*

DOCUMENTSUBMITTED:
- Agreement

DISCUSSION: The revenue is based on volume as well and terms in December of 2018. This amendment is an extension and change in rates.

FINAL ACTION: A motion was made by Member Raney 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 approval by the Governing Board the 12th Amendment to the Hospital Participation Agreement ("Agreement") between Nevada Preferred Healthcare Providers ("NPP") and University Medical Center of Southern Nevada ("UMC"); and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- 12th Amendment to Hospital Participation Agreement

DISCUSSION: The revenue is based on volume and terms in December of 2017.

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. 8 Review and recommend for approval by the Governing Board Amendment 001 to the Hospital Agreement between Aetna Health, Inc., a Pennsylvania Corporation ("Aetna") and University Medical Center of Southern Nevada ("UMC"); and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Amendment 001 to the Hospital Agreement

DISCUSSION: Revenue is also based upon volume with this amendment, is an extension of the term, and update on rates.

This agreement terms in December of 2017.

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. 9 Review and recommend for approval by the Governing Board the Clinical Affiliation Agreement between the Board of Regents of the Nevada System of Higher Education on behalf of Truckee Meadows Community College and University Medical Center of Southern Nevada; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Clinical Affiliation Agreement

DISCUSSION: This is for the students who are enrolled in the radiology program, terms in 2019, and there are no dollars associated with this.

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. 10 Review and recommend for approval by the Governing Board the Purchaser Agreement with Baxter Healthcare Corporation and University Medical Center of Southern Nevada; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Agreement (Redacted)

DISCUSSION: The LLC with Baxter has an estimated annual spend of $1,385,367.00 with a termination date of May 2019. This is for IV solutions and tubing that we use on our all patients. This agreement also locks in our price and guarantees we get the product.

FINAL ACTION: A motion was made by Member Raney 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 Professional Services Agreement (Individual and Group Physician On-Call Coverage) Master Agreements for Orthopedic Trauma/Pelvis Call and Hand Surgery Call; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Professional Services Agreement Group On-call
- Professional Services Agreement Individual On-call

DISCUSSION: THIS ITEMS WAS REMOVED FROM THE AGENDA

ITEM NO. 12 Review and recommend for approval by the Governing Board the Memorandum of Understanding (Attachment W) and ratify the Program Letters of Agreement for FY 2017 between the Board of Regents of the Nevada System of Higher Education on behalf of the University of Nevada Reno School of Medicine and University Medical Center of Southern Nevada, subject to final approval by the Board of Hospital Trustees; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- MOU

DISCUSSION: The total amount of this agreement is $32,304,052 and terms in June of 2017.

We have not made any payments to UNR and they have not invoiced us due to the delay in the budgetary process.

Chair Hagerty said that the $5.4 million is subject to fair market value review and we expect that to be completed before the Board meeting next week.

The corrected numbers were read into the record and are listed below: $15,843,531 for Residents $11,023,521 for Professional Services $5,437,000 for On-Call Services; for a total amount of $32,304,052.

FINAL ACTION: A motion was made by Member Raney to approve the budget as presented to the committee today and make a recommendation to the Board of County Commissioners to approve the agreement. Motion carried by unanimous vote.

ITEM NO. 13 Review and recommend for approval by the Governing Board a capped pricing agreement for spine implants between multiple vendors and the University Medical Center of Southern Nevada ("UMC"), subject to final approval by the Board of Hospital Trustees; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Agreement

DISCUSSION: This pricing agreement informs our spine and neurosurgeons of the portfolio of available hardware for spine surgery. The term is three years with one, six month option with an estimated annual spend of up to $14 million.

FINAL ACTION: A motion was made by Member Raney to approve and make a recommendation to the Board of County Commissioners to approve the agreement. Motion carried by unanimous vote.

ITEM NO. 15 Receive the monthly financial reports for October 2016; and direct staff accordingly. *(For possible action)*

DOCUMENTS SUBMITTED:
- October FY2017 Financials

DISCUSSION: Assistant Controller, Brent Hilton gave a review of the financials for October FY 2016.

- ED admissions dropped but were up over previous year.
- Average daily census about 367.
- Admissions were up over prior years.
- Payor mix has been steady.

Chair Hagerty mentioned that there will be more clarity with regards to cash flow and movements between and among unrestricted cash, cash restricted by the donor/grantor, and internally designated.

It was mentioned that the payor mix slide be removed until we can obtain more precise data with the implementation of new software.

Mr. Hilton commented that Mr. Rosenberg is expecting to be under budget with regards to Epic.

Chair Hagerty asked if there were any unbudgeted adjustments in the prior months and Mr. Hilton replied that there were. It was suggested to add a line that shows net revenue without the UPL reserves.

Andrew Chung, Associate Administrator mentioned a few highlights with regards to surgery.
-Recruitment of two additional pediatric surgeons through the School of Medicine
-Over the last 6 months, recruitment of eight physicians.
-A Robotic surgeon will soon be added to the line-up for da Vinci.

ITEM NO. 16 Receive an update from the Chief Financial Officer; and direct staff accordingly. *(For possible action)*

DOCUMENTS SUBMITTED: None

DISCUSSION: None

SECTION 3: EMERGING ISSUES

ITEM NO. 17 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)*

Chair Hagerty would like an update on the Epic budget at the next meeting.

Marcia Turner, Chief Administrative Officer gave a brief update on the Affordable Care Act. She also mentioned the leadership for HHS and CMS.

A pocket guide from the Nevada Hospital Association was handed out to staff that includes topics that the NHA anticipates coming.

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 5:05 p.m., Chair Hagerty adjourned the meeting.

MINUTES APPROVED: January 18, 2017
Minutes Prepared by: Terra Lovelin