University Medical Center of Southern Nevada
Governing Board Audit and Finance Committee Meeting
March 16, 2016

UMC ProVidence Suite
Trauma Building, 5th Floor
800 Hope Place
Las Vegas, Clark County, Nevada
Wednesday, March 16, 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, March 16, 2016, at the hour of 3:30 p.m. The meeting was called to order at the hour of 3:30 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:
Kurt Houser, Chief Operating Officer
Stephanie Merrill, Chief Financial Officer
Vick Gill, Assistant Hospital Administrator
Andrew Chung, Associate Administrator
Susan Pitz, General Counsel, Hospital Administration
James Conway, Attorney, 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 February 23, 2016. *(For possible action)***

FINAL ACTION: 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)***

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

SECTION 2. BUSINESS ITEMS

ITEM NO. 4 **Review and recommend for approval by the Governing Board the capitated Primary Care Agreement and its first Amendment with OptumCare IPA ("OptumCare"); and take action as deemed appropriate. *(For possible action)***

DOCUMENTS SUBMITTED:
- Amendment One UMC Participation Agreement
- Disclosure of Relationship
- Disclosure of Ownership

DISCUSSION: Rose Coker, Director of Managed Care explained that OptumCare IPA is a subsidiary of Optum Health Care. This is a capitated agreement to replace the current capitated agreement we have with Sierra Health Services for their Senior Dimension plan. There are 1,043 lives in the plan and they are moving the lives over to OptumCare; for primary care services only.

Member Ellis asked Andrew Chung, Associate Administrator if he has done a review on this contract and if he understood our net per visit revenue. Mr. Chung replied that we will cover the costs with this contract and it is similar to what we have with Health Care Partners. One of the benefits with this is a tiered reimbursement.

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. 5 **Review and recommend for approval by the Governing Board the Barostim neo Clinical Trial Agreement between CVRx, Inc., HCP Clinical Research, LLC, University Medical Center of Southern Nevada (UMCSN), Cardiovascular Surgery of Southern Nevada, and Dr. Dhiraj Narula; and the**

accompanying Facility Fee Payment Agreement between UMCSN and CVRx, Inc.; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Facility Fee Payment Agreement
- Clinical Trial Agreement

DISCUSSION: John Liston explained that this item is to approve a clinical trial agreement for a study on heart failure. There are ten subjects per year at $24,000 per subject and this can be terminated with 60 days' notice.

Ron Roemer, Director of Clinical Research further explained that is an implantable device used to regulate symptoms of heart failure. We are not engaged in the research study, we are receiving fees for the use of our facility.

Member Hagerty asked what would happen if something were to go wrong with a study like this, what indemnification would we have from CVRx.

Counsel Susan Pitz replied that we have indemnification from CVRx. We also have made it clear that we are not engaged in research.

Member Hagerty suggested that as a general matter, we should look into how we vouch safe indemnification agreements.

Chair Raney suggested that this issue be added to the process list for contracts.

FINAL ACTION: 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. 6 **Review and recommend for approval by the Governing Board, the Provider Agreement between the Board of Regents of the Nevada System of Higher Education on behalf of the College of Southern Nevada and University Medical Center of Southern Nevada for dental care services to Ryan White participants; and take action as deemed appropriate. *(For possible action)***

DOCUMENTS SUBMITTED:
- Provider Agreement

DISCUSSION: This Agreement is to approve dental services for participants of the Ryan White program. This agreement is not to exceed $120,000 a year and there is a 30 day termination clause. UMC gets reimbursed for these services so there is not net gain or loss.

FINAL ACTION: 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 for approval by the Governing Board the Clinical Affiliation Agreement for Dietetic Internship Program between Iowa State University of Science and Technology and University Medical Center of Southern Nevada; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Clinical Affiliation Agreement

DISCUSSION: This agreement is for student's enrolled in the dietetic program and will run through March 2019 with a 90 day termination clause. This agreement is for two interns per year.

There is zero cost associated with this agreement.

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. 8 Review and recommend for approval by the Governing Board, Amendment One to the Agreement with EV&A Architects for Architect/Engineering Services for the UMC 2040 Building; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Amendment One to Agreement for Architecture/Engineering Services

DISCUSSION: Member Hagerty disclosed that EV&A has worked for the UMC Foundation on two occasions so he would be happy to recuse himself if anyone felt like there would be conflict of interest. The committee agreed that they see no conflict.

Mr. Liston explained that this amendment in the amount of $8,000.00 is for EV&A Architects to design our low voltage and communication and data package for the third and fourth floor of the 2040 building.

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. 9 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, Las Vegas School of Medicine (UNLV) and University Medical Center of Southern Nevada (UMC); and take action as deemed appropriate. *(For possible action*

DOCUMENTS SUBMITTED:
- Medical Student Affiliation Agreement

DISCUSSION: The term of this agreement is from July 2017 through June of 2022 with a 90 day termination notice. There are no dollars associated with this agreement.

Chair Raney asked if there would be any reason we wouldn't want to approve this agreement in relation to the land sale that is currently going on; staff replied no.

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 Receive and review the FY 2017 Tentative budget to be submitted to Clark County for consideration and direct staff accordingly. ***(For possible action)***

DOCUMENTS SUBMITTED:
- FY 2017 Tentative Budget Assumptions
-Proprietary Fund
-FY 2016-2017 Preliminary Tentative Budget

DISCUSSION: Stephanie Merrill, CFO explained the tentative budget that is to be submitted to Clark County.

There is no new business initiatives included in this budget yet, they are working through those numbers and will add them next month.

The net revenue is expected to grow at 1.9% and the total operating expenses are at a 6.9% growth.

On the expense side, salaries and benefits are going up about 5.8% and purchase services about 8.8%.

Chair Raney noted that this tentative budget does not include Epic.

The budget hearing will be in May but Ms. Merrill plans to bring a more complete budget back to this committee next month, prior to the County meeting.

Member Hagerty commented that it should be an objective to project at least the same amount of operating income as last year.

This committee would have a final budget to recommend approval to the Governing Board at the next meeting in April.

FINAL ACTION TAKEN: None taken

ITEM NO. 11 Receive monthly financial report for January 2016; and direct staff accordingly. *(For possible action)*

DOCUMENTS SUBMITTED:
- January FY2016 Financials

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

-Seven consecutive months with a positive net operating income.
-Continued volume and payor mix improvements have helped contribute to the favorable variance over budget.
-Occupancy remains at about 90% of capacity.
-Medicare is up a few percentage points
-Managed Care is up slightly
-Salaries and benefits were slightly over budget
-Supplies below budget
-Professional fees under budget
-Average daily census continues to climb at 392 patients in beds

Member Caspersen asked if the opening of the new rooms in the hospital increased occupancy and Ms. Merrill said that they have to reevaluate the total occupancy benchmark.

It was noted that coding is behind in the Quick Cares and we are trying to fill full time coder positions.

Mr. Houser commented that our VA transfers are way up. Staff performed a concentrated effort to attract VA patients as they are good clients. Also, the operating rooms are now open on Saturdays and Sundays and this is increasing our numbers quite a bit.

Chair Raney would like to know the number of admits.

-Outpatient surgery exceeded both prior years.
-Average length of stay is up over last year, 6.9 days

Chair Raney would like to add a box that displays the number of total surgery cases on the monthly financials.

FINAL ACTION TAKEN: None taken

ITEM NO. 12 Receive an update from the Chief Financial Officer; and direct staff accordingly. *(For possible action)*

Nothing additional to present at this time.

ITEM NO. 14 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)*

DOCUMENTS SUBMITTED: None submitted.

DISCUSSION: Counsel Pitz introduced and welcomed UMC's new attorney, James Conway. He has been in practice for the last six years and will be helping out with the heavy contract load.

Chair Raney suggested that there be an additional Audit and Finance Committee meeting scheduled for April to discuss the EPIC contract. It was agreed upon that an additional meeting will be scheduled for April.

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 5:02 p.m., Chair Raney adjourned the open session meeting.

Minutes prepared by: Terra Lovelin, Board Secretary

MINUTES APPROVED: April 14, 2016