University Medical Center of Southern Nevada
Governing Board Audit and Finance Committee Meeting
May 18, 2016

UMC ProVidence Suite
Trauma Building, 5th Floor
800 Hope Place
Las Vegas, Clark County, Nevada
Wednesday, May 18, 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, May 18, 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 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, M.D.
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
Susan Pitz, General Counsel
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 April 13, 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 minutes of the special meeting of the UMC Governing Board Audit and Finance Committee meeting on April 18, 2016. *(For possible action)***

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

ITEM NO. 4 **Approval of Agenda *(For possible action)***

Chair Raney noted that item number 11 has been removed from the 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

At this time the Committee suggested hearing item 8 first.

ITEM NO. 8 **Receive a report on the use of a contract review checklist and direct staff accordingly. *(For possible action)***

DOCUMENTS SUBMITTED:
- PowerPoint document

DISCUSSION: John Liston, Director of Materials Management went over the procedures and checklist for initiating a Contract Approval Request per the request of the committee.

For every contract the department checks for the Business Associate Agreement, Certificate of Insurance, Disclosure of Ownership and Relationship, Clark County business license, among other requirements, as applicable. For Physician Agreements there is a separate check sheet to help ensure that everything that is required is obtained.

Member Ellis agreed with Chair Raney that knowing if these vendors are financially stable is important.

Chair Raney asked if staff would come back with a list of criteria for privately held companies.

Member Caspersen inquired about value analysis and Mr. Liston responded that it is made up of four committees that meet every month. They review products throughout the hospital and look for ways to improve patient satisfaction by finding products that are best for the patient.

FINAL ACTION: None taken

Continued to Item No. 5. At this time.

ITEM NO. 5 Review the results of the follow up audit of Inhaler Charges dated May 6, 2016; and direct staff accordingly *(For possible action)*

DOCUMENTS SUBMITTED:
- Summary letter dated May 6, 2016

DISCUSSION: Nate Strohl, acting supervisor for internal audit explained during the follow up audit that UMC's Pharmacy Department took adequate corrective measures to ensure that Medicare beneficiaries were not charged for duplicate multi-dose inhalers. He thanked Meddie Nazifi, Director of Pharmacy Services and his staff for their cooperation.

FINAL ACTION TAKEN: None taken

ITEM NO. 6 Review the results of the audit of Pneumonia Coding dated May 6, 2016; and direct staff accordingly *(For possible action)*

DOCUMENTS SUBMITTED:
- Summary letter and report dated May 6, 2016

DISCUSSION: Mr. Strohl explained that the objective of this audit was to ensure that Medicare beneficiary's encounters were appropriately coded according to the diagnosis documentation for some form of Pneumonia within the medical record. They found two encounters where the coding did not match the documentation within the medical record.

Stephanie Merrill, Chief Financial Officer mentioned that since this audit was done, they have hired a new Coding Manager who has already implemented changes. There is a renewed focus on Patient Safety Indicators and a coding audit software program that will look at every account and the codes that are applied is coming.

FINAL ACTION: None taken

ITEM NO. 7 Review the results of the follow up of the Sodexo Contract Audit dated May 6, 2016; and direct staff accordingly *(For possible action)*

DOCUMENTS SUBMITTED:
- Summary letter and report dated May 6, 2016

DISCUSSION: The objective was to determine whether corrective actions were implemented to address findings included in the original audit. While Sodexo Inc. has made improvements with regards to certain items; there remains room for improvement.

Chair Raney asked if staff is satisfied that Sodexo is doing what they need to be doing.

CEO VanHouweling replied that in Sodexo's defense, they are only as good as the notifications they are getting; sometimes we call them last minute to do certain things.

Kurt Houser, COO followed up by stating that we are happy with Sodexo, and semi-private rooms are an issue when it comes to cleaning, we did not increase their staff when we opened more rooms and our ED has been very busy. We are trying to be a better partner with them by increasing staffing and getting better management on the graveyard shift.

Chair Raney asked how we evaluate their performance.

Carissa Rey explained that a proposed draft amendment in development will have benchmarks, similar to other hospitals.

FINAL ACTION: None taken

ITEM NO. 9 **Review and recommend for approval by the Governing Board the Clinical Trial Agreement between Arteriocyte, Inc., Board of Regents of the Nevada System of Higher Education on behalf of the University of Nevada, Reno (UNR) and University Medical Center of Southern Nevada (UMC) [which includes a Memorandum of Understanding (MOU) between UMC and UNR in connection with the services of the Investigator], and authorize the Chief Executive Officer to sign future extensions so long as the total term of the agreement does not exceed five years; and take action as deemed appropriate. *(For possible action)***

DOCUMENTS SUBMITTED:
- Clinical Trial Agreement
- MOU

DISCUSSION: Mr. Liston noted that this is a Clinical Trial Agreement with Arteriocyte and Dr. Coates would be the Physician who will conduct this trial. UMC will receive up to $15,000.00 per patient and there are a total of six patient that we would like to enroll. The term of this agreement is through August 2016 with a 30 day termination 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. 10 Review and recommend for approval by the Governing Board the Registry Site Agreement between Duke University acting on behalf of Duke Clinical Research Institute (Duke), Nevada Heart and Vascular Center (Resh), LLP (NV Heart) and University Medical Center of Southern Nevada (UMC) [which includes a Memorandum of Understanding (MOU) between UMC and NV Heart in connection with the services of the Participating Investigator; and a Letter of Indemnification (LOI) between AstraZeneca LP (AstraZeneca) UMC, and UNR]; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Registry Site Agreement
- MOU
- Letter of Indemnification

DISCUSSION: This is clinical trial agreement with Duke University to do an antiplatelet treatment for myocardial infarction. Dr. Ahsan will serve as the participating investigator. UMC will receive up to $8,300.00 for the startup fees and $700.00 per patient. There is an estimated 100 patients and a 30 day termination with this agreement as well.

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 the Site Agreement between Duke University acting on behalf of Duke Clinical Research Institute (Duke), Board of Regents of the Nevada System of Higher Education on behalf of the University of Nevada, Reno (UNR) and University Medical Center of Southern Nevada (UMC) [which includes a Memorandum of Understanding (MOU) between UMC and UNR in connection with the services of the Investigator; and an Indemnification Letter between Cempra Pharmaceuticals, Inc. (Cempra), UMC, and UNR]; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Site Agreement

DISCUSSION: *THIS ITEM WAS REMOVED FROM THE AGENDA.*

ITEM NO. 12 Review and recommend for approval by the Governing Board the Eighth Amendment to the Hospital Services Agreement between University Medical Center of Southern Nevada (“UMCSN”) and CIGNA; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- 8th Amendment to Hospital Agreement

DISCUSSION: This amendment will implement rate increases and reference CIGNA's name change to CIGNA Health and Life Insurance Company. This is a two year agreement ending June 2018 and there is a 180-day termination agreement.

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 One to the Interlocal Preferred Provider Agreement between University Medical Center of Southern Nevada (UMC) and Clark County; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Amendment One Interlocal Preferred Provider Agreement

DISCUSSION: This is Amendment One to the Interlocal Preferred Provider agreement between UMC and Clark County for related health care, physical examinations and pre-employment examinations.

Revenue is estimated at $588,000.00 and will end in March of 2018 with a 30-day termination.

Andrew Chung noted that we are getting additional reimbursement for this as we are increasing the volume with the addition of the court bailiffs.

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 Amendment Three to Service Agreement for Interpretation and Translation Services between CyraCom International, Inc. and University Medical Center of Southern Nevada; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Amendment Three to Service Agreement

DISCUSSION: This is amendment three to CyraCom for over-the-phone translation, testing, training and face-to-face interpretation services. It is a requirement that we provide translation services to our patients. The term will be until May 2017 with a total cost of $12,000.000. This can be terminated with a 30-days' notice.

David Funk, Director of Linguistics said with this service they can connect a patient to an interpreter within seconds.

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. 15 **Review and recommend the ratification of Amendment Six to the INOtherapy Services Agreement between INO Therapeutics, LLC d/b/a Ikaria and University Medical Center of Southern Nevada for nitric oxide gas/delivery devices and authorize the Chief Executive Officer to execute future amendments under his signing authority; and take action as deemed appropriate. *(For possible action)***

DOCUMENTS SUBMITTED:
- Amendment to Inotherapy Services Agreement
- Disclosure of Ownership/Principals

DISCUSSION: This is a ratification of amendment six for nitric oxide gas. The term is for fifteen months and this approval also authorizes the CEO to execute future amendments with this vendor.

The estimated amount of expenditure is $193,530.00 and can be terminated with ten days written notice.

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. 16 **Review and recommend for approval by the Governing Board the Provider Agreement between Michelle Lisoskie, M.D. and University Medical Center of Southern Nevada for Outpatient Psychiatric Services for members of the Ryan White Program; and take action as deemed appropriate. *(For possible action)***

DOCUMENTS SUBMITTED:
- Provider Agreement

DISCUSSION: This is a two year provider agreement with Dr. Lisoskie, in the amount of $160,000.00 and can be terminated with 30 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. 17 Review and recommend for approval by the Governing Board the Preliminary Affiliation Agreement between the Board of Regents of the Nevada System of Higher Education (NSHE) on behalf of the University of Nevada, Las Vegas and its School of Medicine (UNLV School of Medicine) and University Medical Center of Southern Nevada (UMC); and take action as deemed appropriate. ***(For possible action)***

DOCUMENTS SUBMITTED:
- Preliminary Affiliation Agreement
- Exhibit A Medical Student Affiliation Agreement

DISCUSSION: Mr. VanHouweling explained that this item is an agreement between UMC and UNLV School of Medicine with the goal of designing and building an academic health center.

Susan Pitz, General Counsel added that there are requirements to be designated as an Academic Health Center. UMC does function as one in certain aspects because we are a teaching hospital in conjunction with UNSOM. This agreement is to take us a step beyond.

Member Hagerty asked if we would be okay if we could not get to where we wanted to be, if this agreement will suffice for ten years and Mr. VanHouweling replied that it would.

Mr. VanHouweling acknowledged Marcia Turner, Vice Chancellor of NSHE, who is in the audience today. Marcia has been a great partner and has been at every negotiation and helped us get this far.

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. 18 Review and recommend for approval by the Board of County Commissioners also sitting as the Board of Hospital Trustees the Interlocal Medical Office Lease for 2040 W. Charleston Blvd. between the Board of Regents of the Nevada System of Higher Education (NSHE) on behalf of University of Nevada Las Vegas (UNLV) and University Medical Center of Southern Nevada; and take action as deemed appropriate. ***(For possible action)***

DOCUMENTS SUBMITTED:
- Interlocal Medical Office Lease
- 2040 Memo

DISCUSSION: This is the lease agreement for the 2040 building.

The revenue to UMC will be $2,667,628 for the initial five years. The term of the agreement is for five years with two one year options.

Mr. Hagerty asked about occupancy and staff replied that occupancy would be staggered starting October, December and April. We have a quarter of the second floor leased already for one UNSOM position and we are looking at leasing more. This building will be UNSOM's home until their school is built. Three floors for five years will be leased and significant renovations regarding board approval will be needed to allow for this.

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. 19 Review and recommend for approval by the Governing Board the Additional Funding for 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 that was approved by the Governing Board on April 20, 2016; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
-None submitted

DISCUSSION: Time and materials under the Order Form was not included on the agenda item that was presented at the last Audit & Finance meeting that the committee approved. The additional funding amount is not to exceed $174,000.000. This amount was in the agreement but not on the agenda item that was submitted in April.

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. 20 Receive a report of the robotic surgery service line through December 31, 2015; and direct staff accordingly. *(For possible action)*

DOCUMENTS SUBMITTED:
- Robotic Surgery – 1st year Update

DISCUSSION: Ms. Merrill explained that robotic surgery was slightly less than we expected for the first year volume.

The majority of the cases were performed by Dr. Tsuda and Dr. Ryan. We have increased usage from ten physicians in the first quarter to 19 physicians in the first year.

Total volume by physicians using the robot increased by 80 from CY 14 to CY15.

It was explained that we are seeing a more diverse use of the robot. Also, the doctor's hours are different dependent on how complex and long their procedures take.

Chair Raney would like to see what the original key performance indicators were and how we did against those, for next month.

FINAL ACTION TAKEN: None taken

ITEM NO. 21 Receive a report regarding capital expense planning for current and future years. *(For possible action)*

DOCUMENTS SUBMITTED:
- Capital Plan May 2016

DISCUSSION: Andrew Chung, Associate Administrator presented a recap summary of capital expense planning for FY16, FY17 and FY18.

$16 M – Initial Capital Allocations
$10 M – Capital from Operational Improvements
$ 2 M – Attorney General Settlement
$31 M – County Investments
$59 M – Total

The first ten million is for future projects including new clinics and service line expansions.

Member Hagerty would like to see numbers for FY15 last year, FY15 current year, and FY16 next year, on a spreadsheet. He would like to see the sources that we get in that period be listed then a column that says uses, (capital uses) items that goes on the balance sheet when we spend it. The second set of uses will be expenses in the period of which we spend it. Then at the bottom there will be carry over.

Chair Raney requested that the prioritized list of capital needs be presented in a combined document with the available capital funding and that it be organized based on when we actually have or will have the funds.

Also, she would like Epic expenditures to be included in the budget.

Member Hagerty would like to see a report of some sort that describes the initiatives we want to do, why we want to do them and how much we think it will cost. It would be a running version that updates based on what we did and spent for the foreseeable five years.

FINAL ACTION TAKEN: None taken

ITEM NO. 22 Receive monthly financial report for March 2016; and direct staff accordingly. *(For possible action)*

DOCUMENTS SUBMITTED:
- March 2016 Financials

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

-Nine 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 is at 392.
-Admissions are up over the prior years.
-Adjusted patient days are also up over prior years.

FINAL ACTION TAKEN: None taken

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

DOCUMENTS SUBMITTED:
-None submitted

DISCUSSION: A donation was received and it will go before the Governing Board next week. The donation will go to the Children's Hospital from the Spirit of Halloween costume fundraiser.

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)*

Matt Cova reminded the committee that the Smith Group is coming to the Governing Board meeting to do a presentation regarding the master plan.

Member Raney would like to see robotics surgery comparison to the original business plan key performance indicators next month as well as the reformatting of the Capital Plan.

Ms. Merrill asked if 3pm on June 15 works for the committee as a start time. The Committee members replied that 3pm would work fine.

Eileen has a conflict with the October 19th meeting so it was suggested that it be moved to the 12th, the previous Wednesday.

Eileen will call in if the meeting is held in July. Dr. Mackay will be out of the County in July so he will not be in attendance.

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 5:56 p.m., Chair Raney adjourned the open session meeting.

MINUTES APPROVED: August 17, 2016
Minutes prepared by: Terra Lovelin, Board Secretary