University Medical Center of Southern Nevada
Governing Board Audit and Finance Committee Meeting
September 21, 2016

UMC ProVidence Suite
Trauma Building, 5th Floor
800 Hope Place
Las Vegas, Clark County, Nevada
Wednesday, September 21, 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, September 21, 2016, at the hour of 3:30 p.m. The meeting was called to order at the hour of 3:38 p.m. by Acting Chair, Dr. Donald Mackay and the following members were present, which constituted a quorum of the members thereof.

CALL TO ORDER

Board Members:

Present:
Eileen Raney
Donald Mackay – Acting Chair
Jeff Ellis
Robyn Caspersen

Absent:
Harry Hagerty – Chair- Excused

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 Acting Chair Dr. Mackay 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 August 17, 2016. *(For possible action)*

Member Caspersen suggested that the verbiage under item #23 be changed to reflect that the auditors are presenting their plan and scope, not findings.

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

SECTION 2. BUSINESS ITEMS

ITEM NO. 4 Receive a presentation from BDO, Inc. regarding the planned scope and timing of the FY2016 audit.

DOCUMENTS SUBMITTED:
- Audit Planning – June 30, 2016

DISCUSSION: Stephanie Merrill, Chief Financial Officer explained that the auditors could not be here today due to scheduling issues. Brent Hilton, Assistant Controller is here today to answer any questions the committee may have.

In November the Auditors will be here to present.

Member Raney asked about the BDO staff and Mr. Hilton said there have been few changes with the senior staff but the rest of the team is the same.

Member Caspersen asked if their focus areas are going to be the same as last year. Mr. Hilton replied that yes it would be and A/R will be the biggest area of focus.

Dr. Mackay asked what the cost of the audit is and Mr. Hilton replied, $148,000. This is a fixed cost for three years with two, one year extensions possible. This is will be the third year of the audit.

Member Raney suggested having a review of the Auditors before we renew an extension.

FINAL ACTION: None taken

ITEM NO. 5 **Review and recommend for approval by the Governing Board, the Provider Agreement between Advent Dental 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 $140,000.00 for the term of the agreement which ends September 2018. This has a 30-day written notice with no cause.

Dr. Mackay asked about extra charges such as sterilization of equipment and x-rays.

CEO, Mason VanHouweling explained that this agreement is providing services to the patients of Ryan White Services at other facilities. We coordinate the care, not provide it.

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. 6 **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 (UMCSN) the Professional Services Agreement between Robert B. McBeath, M.D. II, P.C. dba Atlantic Anesthesia Consultants and University Medical Center of Southern Nevada for anesthesia services; and take action as deemed appropriate. *(For possible action)***

DOCUMENTS SUBMITTED:
- Professional Services Agreement

DISCUSSION: This agreement is for $5,650,000.00 for professional services and $27,000.00 for administrative duties annually. This is a three year agreement for an option to renew for two additional one year periods with a 180-day written, termination notice.

Member Raney asked if a fair market valuation was performed and General Counsel, Susan Pitz replied that yes it was done.

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. 7 **Review and recommend for approval by the Governing Board the Consulting Agreement for Change Management and Leadership Development Services with Innovative Connections, Inc. and authorize the Chief Executive Officer to exercise the renewal option; and take action as deemed appropriate.** ***(For possible action)***

DOCUMENTS SUBMITTED:
- Consulting Agreement

DISCUSSION: This agreement is not to exceed $323,200.00 and would go through September 2017 with a 30 day no cause, written notice.

Deb Fox, Chief Nursing Officer explained that Innovative Connections, Inc. is located in Colorado with offices in Denver and Loveland. She has had a number of dealings with them regarding their shared governance and magnet work. They have expertise in culture change in health care settings and changing leadership style. This agreement is necessary because of the work Ms. Fox is doing with the nursing structure. She has asked internal players to make huge leaps from what they are currently doing to new roles and responsibilities. She needs help leading this team with someone who knows health care management and leadership.

This expert assistance will be on site and she would like the Committee's support with this consulting agreement so she can get the help she needs to move the nursing department forward.

Member Ellis asked if we were going to continue nursing training after this group is gone.

Ms. Fox replied that with the restructuring, the new ACNO could do some of this but we would be another year out before the person would be in a position to do this work.

Without the help of this company, we would be delaying our progress and Ms. Fox is not confident the amount of expert, in house, resources we have that she would be successful building the nursing leadership team that we need.

All phases will be completed in one year and payment is based on meeting key outcomes, it is milestone driven.

There are other companies that do this work but the difference is, this company is rapidly growing but is small enough that they have the resources to be on site and they have a great track record.

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 approval by the Governing Board the agreement for Russell Phillips & Associates, LLC ("RPA") to perform a facility-wide Joint Commission life safety system review and smoke/fire door inspection; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Letter Dated June 16, 2016 to Monty Bowen by RPA
- Disclosure of Ownership

DISCUSSION: This is a three year agreement for $133,720.00, with a 60-day no cause termination.

Mr. VanHouweling explained that experts come to the hospital and identify areas of concern to prepare us for visits from the Joint Commission.

FINAL ACTION TAKEN: 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. 9 Review and recommend the ratification by the Governing Board the Sales Order between Cerner Corporation and University Medical Center of Southern Nevada for Software Licenses, Professional Services and Support; and take action as deemed appropriate. (For possible action)

DOCUMENTS SUBMITTED:
- Cerner Sales Order
- Disclosure of Ownership

DISCUSSION: This is for a ratification of an agreement with Cerner for $244,295.00 for five years with a 30-day written notice.

Lonnie Richardson, Interim CIO explained that this is for license and maintenance.

Acting Chair Dr. Mackay asked if the lab decided they wanted to convert to Epic, would there be a trial period.

Ms. Pitz replied that we purchased an enterprise license but there would be implementation fees.

Mr. Richardson said that is to interface lab orders to and from Epic and to interface billing.

FINAL ACTION TAKEN: 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. 10 Review and recommend for ratification by the Governing Board the Engineer Consulting Services Agreement between TJK Consulting Engineers, Inc. and University Medical Center of Southern Nevada for the Electrical and Low Voltage Assessment of the Surgical Suites; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Standard Agreement
-Disclosure of Ownership

DISCUSSION: This ratification is for $189,400 and for a three year term with immediate termination if we choose.

It was asked why the term of the contract is so long but Brian Rosenberg is not here today to answer as he is at the Epic campus so Mr. Liston will look into 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. 11 Review and recommend for approval by the Governing Board the Master Customer Agreement between Sectra North America, Inc. and University Medical Center of Southern Nevada ("UMC") and also authorize the Chief Executive Officer to sign future quotations and proposals related to this agreement; and take action as deemed appropriate. (For possible action)

DOCUMENTS SUBMITTED:
- Associate Agreement
-Master Customer Agreement

DISCUSSION: This five year agreement is for digital storage for x-rays, in the amount of $1,407,150.00 and goes through August 2021.

Mr. Richardson explained that the software support is the same, this is just a renewal of the Master Services Agreement that allows us to continue to keep the system upgraded for the next five years and to create interfaces to and from Epic. Staff physicians can also access this from their office.

Member Raney asked for more information in the description of each agenda item with regards to these contracts.

FINAL ACTION TAKEN: 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. 12 Receive the monthly financial reports for July 2016; and direct staff accordingly. *(For possible action)*

DOCUMENTS SUBMITTED:
- July FY 2017 Financials

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

-Positive operating income in July (14th 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 from prior months but up over both prior years.
-Outpatient visits are down for the fiscal year. This is driven by the quick and primary care clinics.
-Net patient AR was higher than prior month
-Average daily census is at 389.
-Outpatient surgery volumes is down over prior periods.
-Total surgical stats are up.

Mr. VanHouweling noted that we had a few key doctors out in July so that is why ortho surgery is a bit down.

Member Caspersen asked in relation to the "other" category if we are seeing random surgeries go down by half.

Mr. Houser replied that we have to look at what is being included in the "other" category.

Ms. Merrill said she would take a look at this.

ITEM NO. 13 Receive an update from the Chief Financial Officer; and direct staff accordingly. *(For possible action)*

DOCUMENTS SUBMITTED:
- None submitted

DISCUSSION: Nothing to report.

SECTION 3: EMERGING ISSUES

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)***

Ms. Raney asked about Yolanda King in regards to her designation as the new County Manager for Clark County.

Mr. VanHouweling said they would certainly back fill her position.

Acting Chair Dr. Mackay asked about UNSOM doctors and how they want to staff the medical school departments.

Mr. VanHouweling mentioned the land transfer to UNLV and explained that within the contract it requires both parties to start the pursuit of an academic medical center. We have a two year time frame but we are pushing to get it done sooner.

Marcia Turner, Chief Administrative Officer noted that July 1 is the time frame where the bulk of the UNSOM will be transitioning back up to Reno.

Ms. Pitz relayed a message from Brian Rosenberg that if anyone is interested in touring the 2040 building with him, email Terra and she will coordinate.

Also, she reminded the committee to keep in mind that Mason's incentive portion of his contract is coming up for action. Each subcommittee has a portion of an evaluation that needs to be done. The time frame will start soon so perhaps the next meeting agenda will have an item regarding this.

COMMENTS BY THE GENERAL PUBLIC:

At this time, Acting Chair Dr. Mackay 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 5:00 p.m, Acting Chair Dr. Mackay adjourned the open session meeting.

MINUTES APPROVED: October 12, 2016
Minutes Prepared by: Terra Lovelin