University Medical Center of Southern Nevada
Governing Board Audit and Finance Committee Meeting
April 12, 2017

UMC ProVidence Suite
Trauma Building, 5th Floor
800 Hope Place
Las Vegas, Clark County, Nevada
Wednesday, April 12, 2017
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, April 12, 2017, at the hour of 3:00 p.m. The meeting was called to order at the hour of 3:02 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
Robyn Caspersen
Jeff Ellis
Laura Lopez-Hobbs
Dr. Donald Mackay

Absent

Others Present:
Tony Marinello, Chief Operating Officer
Jennifer Wakem, Chief Financial Officer
Brent Hilton, Assistant Controller
Kelly Swanson, Budget Manager
Susan Pitz, 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 March 15, 2017. *(For possible action)*

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

ITEM NO. 3 Approval of minutes of the special budget meeting of the UMC Governing Board Audit and Finance Committee meeting on March 30, 2017. *(For possible action)*

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

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

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

SECTION 2. BUSINESS ITEMS

ITEM NO. 5 Receive an update on the Electronic Health Record (EHR) System; and direct staff accordingly. *(For possible action)*

DOCUMENTS SUBMITTED:
- EHR Update

DISCUSSION: Brian Rosenberg, EHR consultant provided an update on the Epic implementation.

-The project is currently in watch status
-Budget remains in excellent shape
-Staffing issues have arose so contractors will be needed
(Currently 70 people on the entire team)
-Interfaces remain in serious status due to Echo and Cerner
-Contracts will have to be ratified due to staffing issues (committee is okay with this)
-Ambulatory clinics will be closed during the training

A discussion ensued about security and PCI compliance and Member Caspersen suggested that Connie Sadler, from Information Technology present an update to the committee after October 1st.

The new UMConnect was shown and there was discussion about changing the wording on the program as well as with some of the options. Some of the committee members did not like the title of "Electronic Health Record" but would instead like to see it called, “Patient Records” or something similar for easier understanding.

FINAL ACTION TAKEN: None

ITEM NO. 6 Review and recommend for approval by the Governing Board the Order Form for Software Consulting Services between Kaufman, Hall & Associates, LLC and University Medical Center of Southern Nevada; authorize the Chief Executive Officer to approve future Order Forms within his delegation of authority; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Kaufman Hall Order Form

DISCUSSION: Jennifer Wakem, CFO explained the need for the extra spend on this contract.

This additional spend is for $100k with a term through July 2017. There was insufficient initial training for certain departments so this additional amount is to have the consultant provide additional training for another four departments.

Chair Hagerty asked if $100k is enough to train our accounting staff and also asked for a more robust conversation on this next time.

Member Raney and Member Ellis asked if someone from Kaufman Hall could come give the committee a presentation on the software itself and what the reports look like.

Member Raney asked what the cost associated with getting every department on board with Kaufman Hall, is going to be and staff replied that Kaufman Hall suggested the cost would be an additional $100k but it could be more.

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. 7 Review and recommend approval of the Purchaser Specific Agreement and Outlook Services Work Scope Agreement between Airgas USA, LLC and University Medical Center of Southern Nevada for Medical Cylinder Gases and Inventory Control Management; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Airgas Work Scope Agreement
- HPG Competitive Bidding Info.
- Disclosure of Ownership

DISCUSSION: This contract is not to exceed $1,152,600 with a term of five years. We currently do business with Airgas and Alicia Jones, Director of Respiratory explained that they currently provide great service to UMC. They did not increase the fee and they have been in house since 2009. They are a great company with an individual who remains on site to manage the tanks. These cylinders are used by our surgery department, engineering, and other departments.

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. 8 Review and recommend for approval by the Governing Board the six month extension of BID No. 2012-04, Laundry Management and Distribution Services; and authorize the Chief Executive Officer to sign the letter of extension; and take action as deemed appropriate. *(For possible action)*

DOCUMENTSUBMITTED:
- Angelica Corporation Bid

DISCUSSION: This is for a six month extension of our current services with Angelica. The total spend would be approximately $908,000 and during the contract extension UMC is putting an RFP out for these services to see if we can acquire a savings for this service. This is a specialized type of laundry due to the disinfection process.

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 for approval by the Governing Board the award of RFP No. 2016-18 Computer Assisted Surgical Navigation System to Medtronic USA, Inc. ("Medtronic"); and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Letter of Award
- Medtronic Master Terms and Conditions
- Business Associate Agreement
- Medtronic Executive Summary
- Disclosure of Ownership

DISCUSSION: This contract is for computer system navigation for our Spine Surgeons in the amount of $696,000. This spend is for the equipment purchase. With this equipment we can provide service to our pediatric patients and therefore, not have to transfer patients out of UMC. Currently, we provide this service to our adult population only.

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. 10 Review and recommend approval of On the Job Training (OJT) Master Contracts between ResCare Workforce Services and University Medical Center of Southern Nevada; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Contract (FY17)
- Contract (FY 18)
- Addendum
- Multiple Forms

DISCUSSION: This is for a master contract with Workforce connections for a grant of $439,000.

Marcia Turner explained that this particular grant is from the Federal Government for on the job training for students in the nursing program for this current fiscal year and next. They envision about 90 newly hired nurses that will go through this training and the hourly wage will be partially offset by this grant.

Member Ellis asked how many of the nurses we train actually stay.

Deb Fox, CNO stated that studies show close to 90% will stay at the location they do their residency program. This gives us the ability to attract new graduates where the program is internally developed.

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 Purchasing Agreement with HealthTrust Purchasing Group, NuVasive Inc. and University Medical Center of Southern Nevada ("UMC"); and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Purchasing Agreement

DISCUSSION: This agreement is for an estimated spend of $8 million dollars, for a two year contract. This is for specific spine hardware which is the physician's hardware of choice.

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 a report on ambulatory financials. (*For possible action)*

DOCUMENTS SUBMITTED:
- Primary and Quick care Quarterly Financial Review

DISCUSSION: Andrew Chung, Associate Administrator of Operations presented a financial overview of the first two quarters of the fiscal year.

We are anticipating that we will meet or exceed last year's overall net income for the end of the year for urgent care. On the Primary care side, we do operate at a loss with a $1.3 million dollar loss as the end of quarter 2. The new clinic posted a loss of $58,000 at the end of quarter 2.

The loss in primary care for 2016 was $5.4 million dollars. We are seeing an overall increase in the primary care volumes but a decrease on overall urgent care volumes.

There has been a significant increase in the amount of urgent care clinics opening up. We are working on operational deficiencies currently, including a shortage of doctors. We have the demand but we don't have the ability to service them at the moment. We are working on adding more PA's and nurse practitioners.

A discussion ensued regarding the Epic implementation and throughput of the clinics regarding the urgent care side.

Member Raney asked for the initiatives to increase revenue and patient count.

Mr. Chung replied that staff is going to establish a better market presence, complete the updating of the clinics and focus on easier accessibility for patients. On the primary care side, maximizing reimbursements under chronic care management and expanding into other markets are just a few of the initiatives that are being undertaken.

Member Raney brought up her concern about opening up a new clinic based on the numbers shown today.

Mr. Chung replied that the team looked at markets that are underserved in terms of primary care providers and believes these locations are underserved with opportunities for urgent care volumes.

FINAL ACTION TAKEN: None taken.

ITEM NO. 13 Receive presentation for review and recommendation 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 Agreements between TAG NW Mixed Use, LLC ("Landlord") and UMC; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Lease Agreements
- Centennial Hills Quick Care and Primary Care Presentation

DISCUSSION: Mr. Chung explained that this location that is being proposed is both a Quick Care and Primary Care. The Rancho primary care location is going to be demolished due to the state of the building and the new location will be a short, 15 minute drive from the old location.

This location will be located next to other retail stores and restaurants and is in a high traveled area.

Mr. Chung showed locations of other competitors and explained that the urgent care clinic at Rancho will stay in that location. Workers Compensation is being looked at for this location and Member Raney added that it would be a good revenue source.

The anticipated payor mix was discussed and Member Raney asked for a quarterly report on the clinics and suggested we use a more conservative estimate.

Chair Hagerty asked to place this agenda item as a Business item on the next Governing Board agenda on April 19.

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 Receive and review the FY 2018 tentative budget as submitted to Clark County for consideration and discussion of changes prior to final budget; and direct staff accordingly. *(For possible action)*

DOCUMENTS SUBMITTED:
- Budget Presentation

DISCUSSION: Jennifer Wakem, CFO presented the FY2018 tentative budget. There was an unexpected drop in our UPL and that has an impact with a $9 million reduction for FY17 and a reduction of $10 million in FY18. The team came up with some initiatives and are proposing a budget of $15 million for net operating income.

A discussion ensued about lowering the length of stay of our patients and the involvement of case managers working with the physicians to achieve this.

Productivity management was discussed and Health Trust has a few modules that the hospital will be looking at to help plan staffing based on volume.

Patient throughput and supply ordering was also discussed.

Chair Hagerty asked if Jennifer had a capital expenditure budget for 2018 prepared and Jennifer replied that there is not one. He also requested that budget approval be placed under Business Items on the Governing Board agenda.

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

ITEM NO. 15 Discuss and establish goals for CEO performance; and direct staff accordingly. *(For possible action)*

DOCUMENTS SUBMITTED:
- Schedule B

DISCUSSION: Chair Hagerty suggested that we reduce the goals from five to three.

Member Ellis agreed and added that meeting the budget for the year is the number one priority. He also suggested placing a clinical operational goal within Schedule B.

The committee's suggestion was, 40% of the Finance component of the bonus (30% overall) is meeting the budget, 30% is spending or activating all the capital expenditure plans for the year and 30% is getting 75% of the $15 million and it has to be verified.

Member Raney said that since Mr. VanHouweling works for a public entity that does not pay market rate, no bonus for the CEO could pose a problem.

FINAL ACTION TAKEN: None taken

ITEM NO. 16 Receive the monthly financial report for FY February 2017; and direct staff accordingly. (For possible action)

DOCUMENTS SUBMITTED:
- Management Discussion & Analysis FY February 2017

DISCUSSION: Jennifer Wakem presented the monthly financial update.

- Another favorable month (18 plus months)
- Cost report settlement received of $3.1 million
- Decreased volumes in ED and outpatient

FINAL ACTION TAKEN: None taken

ITEM NO. 17 Receive an update report from the Chief Financial Officer; and direct staff accordingly. *(For possible action)*

DOCUMENTS SUBMITTED:
- None submitted

DISCUSSION: Ms. Wakem announced that two candidates were interviewed for the Controller position and an offer has been extended.

FINAL ACTION TAKEN: None taken

SECTION 3: EMERGING ISSUES

ITEM NO. 18 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)*

Items to hear back on at a future meeting:
-Report on Kaufmann Hall
-More review of the clinics financials including more reliable downstream data

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 6:45 p.m., Chair Hagerty adjourned the meeting.

MINUTES APPROVED: May 17, 2017
Minutes Prepared by: Terra Lovelin