University Medical Center of Southern Nevada
Governing Board Audit and Finance Committee Meeting
November 8, 2017

UMC ProVidence Suite
Trauma Building, 5th Floor
800 Hope Place
Las Vegas, Clark County, Nevada
Wednesday, November 8, 2017
3:00 p.m.

The University Medical Center Governing Board Audit and Finance Committee met at the location and date above, at the hour of 3:00 p.m. The meeting was called to order at the hour of 3:02 p.m. by Acting Chair Robyn Caspersen and the following members were present, which constituted a quorum.

CALL TO ORDER

Board Members:

Present:
Dr. Donald Mackay
Robyn Caspersen (Acting Chair)
Laura Lopez-Hobbs
Jeff Ellis
Mary Lynn Palenik (Non-Voting)

Others Present:
Mason VanHouweling, Chief Executive Officer
Tony Marinello, Chief Operating Officer
Jennifer Wakem, Chief Financial Officer
Debra Fox, Chief Nursing Officer
Susan Pitz, General Counsel
Terra Lovelin, Board Secretary

SECTION 1. OPENING CEREMONIES

ITEM NO. 1 PUBLIC COMMENT

Committee Acting Chair Caspersen 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 October 18, 2017. *(For possible action)*

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

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

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

ITEM NO. 4 Receive the Fiscal Year 2017 Audit Report from BDO USA, LLP, Certified Public Accountants for University Medical Center of Southern Nevada; and direct staff accordingly. *(For possible action)*

DOCUMENTS SUBMITTED:
- BDO Management Letter
- Presentation Audit Wrap Up
- UMC Basic Financial Statements and Single Audit Information

DISCUSSION: Kristy VanderMolen, Audit Director and John Barry, Audit Partner with BDO gave a brief presentation of the process.

Ms. VanderMolen explained that they have completed the audit and issued an un-qualified opinion of the financial statements and an un-qualified opinion on the compliance requirements. The Management's Discussion and Analysis (MDA) was reviewed and they did not identify any material inconsistencies with the rest of the financial statements. All records and information was readily available to them and management's cooperation was excellent. They did not come across any material weaknesses in the performance of the audit.

BDO did use the work of the internal auditors; a new addition to the audit, done in preparation for future audit cost savings to UMC.

BDO is independent of UMC.

GASB statements that were applicable to UMC were reviewed for future audit impacts such as leases. Effective in 2020, leases will be put on the balance sheet as an asset and the obligation as a liability.

Ms. VanderMolen thanked, Jennifer Wakem, Brent Hilton and Douglas Metzger for all their help with completing the audit so quickly.

FINAL ACTION TAKEN: None

ITEM NO. 5 Receive a Cyber Security Update from Connie Sadler, Information Security Officer. *(For possible action)*

DOCUMENTS SUBMITTED:
- Security Status 2017 PowerPoint

DISCUSSION: Connie Sadler, Security Officer gave an update on where UMC is today with Cyber Security.

UMC has annual risk assessments performed each year by a third party for both HIPAA and Meaningful Use.

The team is currently working to identify additional business and application owners to help them in making information security decisions. They believe in a distributed security model so more employees are aware and more employees can educate others regarding security.

IT has implemented ransomware protection and they continually communicate with our vendors as to what they are working on and what we should be looking at. If ransomware gets into our environment we need to be able to contain it and address it immediately.

SAP will be integrating data into a new system called Fair Warning which will provide UMC with more logistical data and report capabilities.

FINAL ACTION TAKEN: None

ITEM NO. 6 Receive the monthly financial report for FY October 2017; and direct staff accordingly. (For possible action)

DOCUMENTS SUBMITTED:
- None

DISCUSSION: Jennifer Wakem presented a preliminary monthly financial update for October 2017.

-Operating expenses were $2.7 million over budget
-Length of stay was down
-Surgeries were up 11.9% over prior year
-ER visits were down
-Admissions were up
-Quick care visits are down
-The average daily census for the month was 387
-Salaries wages and benefits are over budget due to overtime and contract labor

Member Caspersen asked for a status of the Rancho quick and primary care and Mr. Marinello provided a brief update.

It was noted that the One October event set us back against budget with the costs of employee overtime.

FINAL ACTION TAKEN: None

ITEM NO. 7 Receive an update report from the Chief Financial Officer; and direct staff accordingly. ***(For possible action)***

DOCUMENTS SUBMITTED:
- None submitted

DISCUSSION: Ms. Wakem expects cash flow to drop during the Epic conversion. The days that it takes us to collect on patient accounts will increase. Coding staff was added to help with the back log during the Epic conversion.

After the Go Live date, the expectation is to look at revenue by each area monthly, and each department will be in charge of their own reconciliation and revenue.

Kaufmann Hall implementation is continuing to move forward within the hospital and the plan is to start working with ambulatory departments soon.

FINAL ACTION TAKEN: None

ITEM NO. 8 Review and recommend for approval by the Governing Board the Amendment 002 to the Hospital Services Agreement between Aetna Health, Inc., a Pennsylvania Corporation, and University Medical Center of Southern Nevada; and take action as deemed appropriate. ***(For possible action)***

DOCUMENTS SUBMITTED:
- Second Amendment

DISCUSSION: Rose Coker, Director of Managed Care explained that this is a one year contract and it replaces various compensation and rates. This contract extends the term though December 31, 2018.

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. 9 Review and recommend for approval by the Governing Board the 13th Amendment to the Hospital Participation Agreement ("Agreement") between Nevada Preferred Healthcare Providers ("NPP") and University Medical Center of Southern Nevada; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- 13 Amendment

DISCUSSION: This amendment is for one year and extends the contract through December 31, 2019. It increases two reimbursement schedules.

Revenue to hospital is based on volume.

FINAL ACTION TAKEN: A motion was made by Member Lopez-Hobbs 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 Amendment No. 5 to Hospital Participation Agreement between Health Value Management, Inc. d/b/a ChoiceCare Network and University Medical Center of Southern Nevada; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Amendment No. 5 to Hospital Participation Agreement

DISCUSSION: This amendment is to add a new service line and for one year and extends the term of the contract to November 30, 2018. Revenue to the hospital is based on volume.

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. 11 Review and recommend for approval by the Governing Board the Clinical Affiliation Agreement between Gogebic 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 a clinical affiliation agreement for an intern at UMC that will be participating in the medical billing and coding program. This is a three year 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. 12 Review and recommend for approval by the Governing Board the Consulting Services Agreement between The Greeley Company, LLC and University Medical Center of Southern Nevada; authorize the Chief Executive Officer to exercise the extension option; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Consulting Services Agreement

DISCUSSION: This agreement is for $189,900.00 for a scope of work to provide a comprehensive assessment of our operational processes and to look at our physician committee structure to enhance the timeliness of decision making.

Member Caspersen asked for the basis for why Greeley was selected.

Ms. Fox replied that we have used them in the past; Greeley just participated in revamping our medical bylaws and they have credibility with our physician staff.

FINAL ACTION TAKEN: A motion was made by Member Lopez-Hobbs 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 ratification by the Governing Board Amendment Two to Professional Services Agreement between Healthcare Payment Specialists, LLC and University Medical Center of Southern Nevada; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Amendment 2 to Professional Services Agreement

DISCUSSION: Pete Tibone, Director of Reimbursement and Cost Reporting, explained that this $45,000 contract to have this company create UMC's 2017 Medicare bad debt list. We need Healthcare Payment Specialists assistance with this list.

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. 14 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 Group

Enrollment Amendment No. 1 between University Medical Center of Southern Nevada and Health Plan of Nevada, Inc. to provide health care coverage to UMCSN employees, retirees and dependents through a Health Maintenance Organization; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Amendment No. 1 Group Enrollment Agreement

DISCUSSION: Brenna Leising, Assistant Director of HR, explained that healthcare rates are negotiated through the County and there was an 8.7 percent increase in health insurance costs over last year. The rates change annually and about 3% was passed down to the employees.

There are approximately 1,100 to 1,200 employees that are covered under this plan.

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 for approval by the Governing Board Amendment One to the Laboratory Services Agreement for Reference Laboratory Services, between Laboratory Corporation of America and University Medical Center of Southern Nevada; authorize the Chief Executive Officer to execute future renewal amendments; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Amendment One

DISCUSSION: This amendment is for one year in the amount of $1.1 million dollars for laboratory services. LabCorp provides a range of testing services including, but not limited to: Chemistry, Endocrinology, and Miscellaneous Testing related to Reference Pathology.

FINAL ACTION TAKEN: A motion was made by Member Lopez-Hobbs 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 Option to Extend RFP 2013-11, Federal and State Advocacy Services between R&R Partners and University Medical Center of Southern Nevada; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:

- Letter dated October 30, 2017

DISCUSSION: This agreement is for three years with two, one year options in the amount of $198,000. UMC has been with R&R Partners for many years and they have been very effective for us. This is our outside lobbying contract.

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 ratification of the Order Agreement and Product Schedule between Ricoh USA, Inc. and University Medical Center of Southern Nevada to add emergency backup multi-function devices for Epic; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Ricoh Product Schedule
- Ricoh Sourcing Letter dated October 31. 2017

DISCUSSION: Lonnie Richardson, Interim Director of IT explained that this contract is for 55 printers for Epic hosted solutions for a 52 month term.

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. 18 Review and recommend for approval by the Governing Board the Grant Agreement between the State of Nevada Governor's Office of Science, Innovation, and Technology and University Medical Center of Southern Nevada; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Grant Agreement

DISCUSSION: Gail Yedinak, Management Analyst, explained that this award from the Governor's Office is for funding to begin to develop and purchase equipment for a clinical training education center. We are using the money to purchase smart mannequins. We provide upward of 4,000 certifications a year for staff and this will allow us to purchase the equipment that we will use to train staff so they can attain their required certifications.

UMC must match $165,287 to receive $499,480 in funds.

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. 19 Review and recommend for approval by the Governing Board the Residency Affiliation Agreement with The Board of Regents of the Nevada System of Higher Education on behalf of the University of Nevada, Las Vegas; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Residency Affiliation Agreement

DISCUSSION: This agreement is for five years and is conditional upon affiliation with UNLV School of Medicine on behalf of the School of Dental Medicine.

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

ITEM NO. 20 Review and recommend for approval by the Governing Board the Clinical Trial Agreement between Emergent BioSolutions Canada Inc. and University Medical Center of Southern Nevada; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Clinical Trial Agreement

DISCUSSION: Susan Pitz, General Counsel explained that this agreement is for a flu trial. We receive startup expenses of $11,700 and a per patient amount of $13,463.

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. 21 Review and recommend for approval by the Governing Board the Standard Services Agreement between Executive Health Resources, Inc., and University Medical Center of Southern Nevada; authorize the Chief Executive Officer to execute any renewal options; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Standard Services Agreement

DISCUSSION: Virginia Carr, Executive Director of Revenue Cycle explained that this is a three year contract in the amount of $1,366,500 to help ER physicians determine the best method to classify inpatient/outpatient status. Executive Health Resources will handle this on a case by case basis for $300 a case.

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

ITEM NO. 22 Review and recommend for approval by the Governing Board the Agreement for Medical Coding Support between SourceHOV Healthcare, Inc. and University Medical Center of Southern Nevada; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Agreement for Medical Coding Support

DISCUSSION: This is for remote coding support on a, "as needed" basis for coding support; we can utilize it either hourly or per record.

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.

SECTION 3: EMERGING ISSUES

ITEM NO. 23 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)*

Tony Marinello, COO updated the committee on the emergency room construction bid, which was awarded to Martin Harris in the amount of $5.488 million. This agenda item on the Governing Board agenda for approval next week.

Blue Diamond grand opening is tomorrow from 10am to noon.

COMMENTS BY THE GENERAL PUBLIC:

At this time, Acting Chair Caspersen 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., Acting Chair Caspersen adjourned the meeting.

MINUTES APPROVED: December 6, 2017
Minutes Prepared by: Terra Lovelin