University Medical Center of Southern Nevada
Governing Board Audit and Finance Committee Meeting
September 20, 2017

UMC ProVidence Suite
Trauma Building, 5th Floor
800 Hope Place
Las Vegas, Clark County, Nevada
Wednesday, September 20, 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, September 21, 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 Hagerty and the following members were present, which constituted a quorum.

CALL TO ORDER

Board Members:

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

Absent
Eileen Raney (Excused)

Others Present:
Mason VanHouweling, Chief Executive Officer
Tony Marinello, Chief Operating Officer
Marcia Turner, Chief Administrative 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 Chair 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 August 16, 2017. *(For possible action)***

FINAL ACTION: A motion was made by Member Lopez-Hobbs that the minutes be approved. Motion carried by unanimous vote.

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

Chair Hagerty suggested that we move item number 7 to the end of the agenda and remove item number 14.

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

SECTION 2. BUSINESS ITEMS

The committee proceeded to item no. 5 to wait for Mr. Rosenberg to arrive.

ITEM NO. 5 **Receive the monthly financial report for FY July 2017; and direct staff accordingly. (For possible action)**

DOCUMENTS SUBMITTED:
- Management Discussion & Analysis FY July 2017

DISCUSSION: Jennifer Wakem presented the monthly financial update for June 2017.

-Admissions were 1,748 and surgeries were 1,230, which were both right on trend from prior year
-ER visits fell short of prior year by 3.1%
-Length of Stay was under prior year by 5.8%

Chair Hagerty commented that the trend is showing a trend of beating budgeted operating income by smaller amounts each month.

Mr. VanHouweling mentioned that UMC is getting patient transfers from micro hospitals and we are direct admitting these patients. In August we received about 40 direct admits.

Member Ellis asked if the drop in quick and primary care patients are because of Epic and staff replied, yes. We made a conscious effort to reduce the number of patients that providers were seeing in order to give them some time to use and get used to, the new Epic system.

We added more social workers to the discharge team to help with through put. This team will help lower the length of stay and help with capacity issues.

We will have flu shots available at the Governing Board meeting next week for those board members who wish to have one.

Ms. Wakem presented a new report via Epic showing the numbers for the quick care and primary care by location and payor.

Mr. Ellis asked about the Southern Highlands Clinic and who was taking over clinic financial statements. Mr. VanHouweling stated that Tony is in charge of the clinics and will be receiving updated from Jennifer Celaschi, Director of Ambulatory Services.

Salaries, wages and benefits are significantly over budget. We still have a lot of vacancies in nursing which we are covering with contract labor and over time. If we can reduce this it would definitely help the organization.

Ms. Wakem mentioned that the State held back their DSH payment to us in July; $5.4 million and this was evident in the overall budget numbers.

<u>FINAL ACTION TAKEN</u>: None

At this time Chair Hagerty asked if Ms. Wakem had anything else to report from item number 6.

ITEM NO. 6 **Receive an update report from the Chief Financial Officer; and direct staff accordingly. *(For possible action)***

<u>DOCUMENTS SUBMITTED</u>:
- None submitted

<u>DISCUSSION:</u> Period 13 in FY17 will stay open through October and the auditors are progressing nicely.

<u>FINAL ACTION TAKEN</u>: None

ITEM NO. 4 **Receive an update on the Electronic Health Record (EHR) System; and direct staff accordingly. *(For possible action)***

<u>DOCUMENTS SUBMITTED</u>:
- PowerPoint – EHR Update

<u>DISCUSSION:</u> Brian Rosenberg, EHR consultant provided an update on the Epic implementation.

-UMC is 70 days from GoLive
-Training started on Saturday and the full hospital starts the week of October 2

-Infection control module is a bit behind because it is dependent on other factors and inputs
-The ED has been in a green status at every stage of the project so far
-Go Live Readiness Assessment has been completed and the status of multiple items have been listed for review

Risk points include the following issues: Training participation, hardware installation, build lockdown, integrated credit card processing, lab specimen workflow and validation.

Televox appointment reminders are live and E-prescribe of prescriptions will be live in October.

The project remains below budget and the Go Live date is set for December 1, 2017 at 3AM. Employees will see a lot of Epic staff during the first two weeks to offer assistance during the implementation.

FINAL ACTION TAKEN: None

ITEM NO. 8 **Review and recommend for approval by the Governing Board awarding RFI No. 2017-10, Civil Legal Services, to the six (6) law firms listed below, subject to final approval by the Board of Hospital Trustees; authorize the Chief Executive Officer to exercise any renewal options; and take action as deemed appropriate. *(For possible action)***

DOCUMENTS SUBMITTED:
- Retainer Agreements for:
  1. Holley, Driggs, Walch, Fine, Wray, Puzey & Thompson
  2. Koeller, Nebeker, Carlson & Haluck
  3. Kolesar and Leatham
  4. Lewis, Brisbois, Bisgaard & Smith
  5. Morris, Sullivan, Lemkul & Pitegoff
  6. Parker, Nelson & Associates

DISCUSSION: This is a new three year contract with six different law firms. We received competitive consistent with the County.

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 Memorandum of Understanding for Sublease Agreement between Clark County and University Medical Center of Southern Nevada; and take action as deemed appropriate. *(For possible action)***

DOCUMENTS SUBMITTED:
- Memorandum of Understanding

DISCUSSION: This agreement is for a three year, sublease extension in the amount of $244,270. UMC is sharing this space with the Juvenile Justice Department, with the County. UMC stores emergency management supplies at this location. This building is less than 2 miles from UMC.

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 ratification by the Governing Board the Agreement for Medical Coding Support between AGS Health, 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 medical coding support agreement is for one year with one, 3 month renewal option in the amount of $500,000 plus $125,000.

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 Amendment No. 3 to the Software License and Maintenance Agreement between Intellimed International Corporation and University Medical Center of Southern Nevada; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Amendment No. 3

DISCUSSION: This amendment is for three years with two, one year renewal options. This is the software that replaces Crimson and tracks the physicians' workload and location. We have trialed Intellimed and staff recommends its use.

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 award by the Governing Board RFP No. 2016-10 Release of Medical Information and Copying Services to MRO Corporation d/b/a MRO; approve the RFP No. 2016-10 Service

Agreement; authorize the Chief Executive Officer to exercise any renewal options; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Service Agreement

DISCUSSION: There is no cost to UMC at this time for this new contract that will provide record copying needed for our patients. The vendor that this contract is replacing is a small mom and pop shop. It is a legal requirement that UMC respond to records requests in a timely manner. This previous company could not keep up with the demand.

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. 13 Review and recommend for approval by the Governing Board the Hearing Screen Agreement between Pokroy Medical Group of Nevada, Ltd. d/b/a Pediatrix Medical Group of Nevada and University Medical Center of Southern Nevada; authorize the Chief Executive Officer to exercise any extension options; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Hearing Screen Agreement

DISCUSSION: This agreement is in the amount of $240,000, for a two year term.

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 Governing Board the Retinopathy of Prematurity Agreement between Pokroy Medical Group of Nevada, Ltd. d/b/a Pediatrix Medical Group of Nevada and University Medical Center of Southern Nevada; and take action as deemed appropriate. *(For possible action)*

REMOVED FROM AGENDA

ITEM NO. 15 Review and recommend for approval by the Governing Board the Facility Agreement between Premia Spine, Ltd. and University Medical Center of Southern Nevada; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Facility Agreement
- Disclosure of Ownership

DISCUSSION: This is a clinical trial and the revenue is expected to be $8,500.

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 Board of Hospital Trustees the Facility Commitment Agreement with Cardinal Health 110, LLC and University Medical Center of Southern Nevada; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Facility Commitment Agreement

DISCUSSION: This is a facility agreement for pharmacy distribution with Cardinal Health. The spend on this agreement is approximately $22 million dollars a year.

This contract will go before the Board of County Commissioners sitting as the Hospital Board of Trustees.

FINAL ACTION TAKEN: A motion was made by Dr. Mackay to approve and make a recommendation to the Governing Board to approve and recommend approval to the Board of County Commissioners the agreement. Motion carried by unanimous vote.

ITEM NO. 17 Review and recommend for approval by the Governing Board the Commitment Agreement with Cardinal Health 200, LLC and University Medical Center of Southern Nevada; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Commitment Agreement
- First Amendment

DISCUSSION: This is a letter of commitment with our GPO, HPG for lab distribution. This is for four years with an estimated pend of $350,000/year.

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. 18 Review and recommend for approval by the Governing Board the award of Bid No. 2017-11, Second Floor South Anti-Ligature Adaptation, to Sundance Builders LLC, the lowest responsive and responsible bidder; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Letter of Award
- Bid Summary

DISCUSSION: This contract is to retrofit the rooms in 2 South for suicide precautions. This is part of our commitment to ensure patient safety and a high priority for Joint Commission. The amount of this contract is for $771,516.

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. 19 Review and recommend for approval by the Governing Board Amendment One to the Professional Services Agreement for Stroke Neurology On-Call Coverage between Ammar PLLC d/b/a Stroke and Neurology Specialists and University Medical Center of Southern Nevada; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
Amendment One to Professional Services Agreement (Group Physician On-Call Coverage)

DISCUSSION: This is an addition to Dr. Amar's contract to add Medical Directorship services. The amount is for $54,000 and has a three year term with two, one year options.

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. 7 Discuss CEO annual incentive compensation performance standards as it relates to the subject matter relevant to the Audit and Finance Committee and make a recommendation to the Human Resources and Executive Compensation Committee. *(For possible action)*

DOCUMENTS SUBMITTED:
- Schedule B

DISCUSSION: Mr. VanHouweling referenced Schedule B and how he has met or exceeded each of the below listed goals.

1. **Operating Gain (Deficit) equal to or better than budget for the fiscal year.**

Operating gain was 21.9 million which exceeded budget by 4.6 million.

2. **2% improvement in the budgeted operating margin percentage (e.g. 10% to 10.2%)**

Operating margin increased.

3. **Identify new or enhance service lines and any required technology to increase overall profitability of the hospital.**

Ambulatory division was expanded into three markets in the valley. Southern Highlands, Blue Diamond and Centennial clinics were opened and or/approved.

Comprehensive exams have added positively to the bottom line, this is one of the new services that was added.

Surgery was enhanced by adding new equipment and physicians. Two new pediatric surgeons were added to help with the Children's hospital market share.

Infectious disease physician was added to the staff.

Chair Hagerty commented that the next two goals have been met so there is no need to discuss again.

4. **Develop plan and ensure succession of current Electronic Medical Record (McKesson) to new platform due to sunsetting of existing system anticipated in 2018.**

5. **Demonstration of diligent exploration of outside dedicated funding source(s) to include County, State and Federal entities to attempt to maximize the reimbursement funding stream to University Medical Center (IGT, UPL, Medicaid Enhanced rates).**

Chair Hagerty and the rest of the committee agreed that Mr. VanHouweling has achieved a 29 out of 30 points. Every category was met fully but they would like to see a bit more branding out in the community with regards to item number three and the services UMC offers.

FINAL ACTION TAKEN: A motion was made by Member Caspersen to approve and make a recommendation to the HR Committee. Motion carried by unanimous vote.

SECTION 3: EMERGING ISSUES

ITEM NO. 20 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)*

Mr. VanHouweling said that discussions are still ongoing regarding the master plan and ED expansion.

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 5:19 p.m., Chair Hagerty adjourned the meeting.

MINUTES APPROVED: October 18, 2017
Minutes Prepared by: Terra Lovelin