University Medical Center of Southern Nevada
Governing Board Audit and Finance Committee Meeting
December 5, 2018

UMC ProVidence Suite
Trauma Building, 5th Floor
800 Hope Place
Las Vegas, Clark County, Nevada
Wednesday, December 5, 2018
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 3:03 p.m. by Chair Robyn Caspersen and the following members were present, which constituted a quorum.

CALL TO ORDER

Board Members:

Present:
Robyn Caspersen - Chair
Dr. Donald Mackay
Harry Hagerty
Mary Lynn Palenik
Jeff Ellis

Absent:
Christian Haase (Excused)

Others Present:
Mason VanHouweling, Chief Executive Officer
Tony Marinello, Chief Operating Officer
Jennifer Wakem, Chief Financial Officer
Susan Pitz, General Counsel
Jacqueline Saites, Director, Contracts Management
Carissa Rey, Associate Administrator
Vick Gill, Associate Administrator
Deb Fox, Chief Nursing Officer
Terra Lovelin, Administrative Assistant

SECTION 1. OPENING CEREMONIES

ITEM NO. 1 PUBLIC COMMENT

Committee 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 November 7, 2018. *(For possible action)*

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

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

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

SECTION 2. BUSINESS ITEMS

ITEM NO. 4 Receive the Fiscal Year 2018 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:
- Audit Wrap Up

DISCUSSION: Kristy VanderMolen and John Barry with BDO were present to brief the committee on the process and findings of the FY2018 audit.

No discrepancies in the MDA analysis and all information was freely available to the audit team.

There was one corrected and uncorrected misstatement and the details are included in the attached management letter.

Internal controls were looked at but no opinion was required on this. The team did not come across any deficiencies or weaknesses in this category.

Chair Caspersen asked a question regarding GASB 83 and if we anticipated having any asset return allocations and staff from BDO replied.

Chair Caspersen asked for a report at some time on the adoption and impacts of this.

ITEM NO. 5 Receive the monthly financial report for October 2018; and direct staff accordingly. *(For possible action)*

DOCUMENTS SUBMITTED:
- October 2018 Financials

DISCUSSION: Jennifer Wakem provided a summary of the October financials.

Hospital net revenue exceeded budget by $1.2 million.

Net other revenue is up $2.4 million primary due to 340B Pharmacy revenue.

Member Ellis asked about the supply overage.

Ms. Wakem replied that it has to do with 340B claims

Member Hagerty asked what the inpatient and outpatient trends are relative to budget.

DNFB (discharged not final billed) has gone back up but there is an action plan in place.

Chair Caspersen asked Ms. Wakem what things she is focusing on to help keep the hospital on course.

Ms. Wakem replied that her team has been working hard on getting Kaufmann Hall up and running.

Member Ellis asked how UMC is trending for Medicaid and Medicare and if the trends could be shown in a pie chart.

-Total Admissions exceeded budget by 8.4%
-In Patient Surgery cases totaled 834, above budget
-Quick Care visits were below budget
-Primary care visits were above budget
-ER visits for the month were down
-Salaries were up 3.7% due to the clinical departments, mainly driven by acuity
-Benefits were above budget by .61%

UMC is still expected to receive funds from Clark County in the amount of $31 million.

Ms. Wakem showed the committee all the departments that report to her to help them understand what roles each one performs.

Patient Access Services: 120 Employees
EFS: 23 Employees
Case Management: 63 Specialized Employees, i.e. nurses, social workers, etc.
Utilization Review: 24 Employees
Health Information Management (Coding Team and CDI Team): 103 Employees
Patient Accounting (Business Office): 93 Employees
Managed Care: 4 Employees
Contracts/Supply Chain: 46 Employees

Fiscal Services: 45 Employees

530 total positions report to her.

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

DOCUMENTS SUBMITTED:
- None submitted

DISCUSSION: The CMS ruling was effective in November. It's effecting primary care now and the rule says CMS will pay the same rate reimbursement regardless of the location of the patient. Today we get $127 for the specific code in the primary care. Moving forward, CMS will not recognize a higher rate for a specific facility; this will account for about a $260,000 reduction in annual reimbursement.

ITEM NO. 7 Review and recommend for approval by the Governing Board the Sales Proposal with Hill-Rom for the purchase of Hill-Rom Smart Beds and NaviCare® Patient Safety module; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- HPG Letter Dated November 2018
- Proposal
- Disclosure of Ownership

DISCUSSION: This is a contract for $7,334,114 for the purchase of smart beds and modules. This is an HPG purchase with training built in. These beds help with patient pressure points and can help patients get out of bed. It will sync with the current system.

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. 8 Review and recommend for approval by the Governing Board the agreements with Epic Systems Corporation, Philips Healthcare, and CDW Government LLC for the Cupid Lab Phase II project; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Cupid Install Redacted
- Quote Confirmation – TV
- Quote Solution Summary
- Amendment 1 to Terms and Conditions

DISCUSSION: This is a one-year agreement for the cardiology module for UMC's EHR system with EPIC. This is the implementation of the module and includes the hardware and third party software. Most of this is capitalized and the cost is $1,021,657.

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 agreements with Epic Systems Corporation, cStor, and Haemonetics Corporation for the Beaker Lab Phase II project; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Haemonetics Blood Bank System Proposal

DISCUSSION: This is an 18-month agreement for the implementation and support of the laboratory module for Epic. Most of the project will be capitalized and is already funded. This agreement has a not to exceed amount of $2,881,063.

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 Amendment 9 to Software License and Services Agreement between 3M Health Information Systems, Inc. and University Medical Center of Southern Nevada; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
-Agreement

DISCUSSION: This amendment includes updating the patient coding and billing software that integrates with Epic. It will allow coders and clinical document specialists to work with one system. This is a five-year agreement for $4,711,362.

Terry Costa, Director of HIM added that this will improve patient communication and help the Quality team tap into the data to see more details. This will take about six months to implement.

FINAL ACTION TAKEN: A motion was made by Member Palenik 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 Second Amendment to Contract for IT Infrastructure Services between Cox Communications Las Vegas, Inc. d/b/a Cox Business and University Medical Center of Southern Nevada for Network Connectivity Services; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Second Amendment to Contract for IT Infrastructure Services
- Disclosure of Ownership

DISCUSSION: Amendment Two will extend the current IT infrastructure services agreement by two years and allows UMC to continue leveraging negotiated pricing. The total price of this amendment is $589,288.

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.12 Review and recommend for approval by the Governing Board the Histology/Anatomic Referral Laboratory Services Agreement between Laboratory Medicine Consultants, Ltd. 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:
- Histology/Anatomic Referral Laboratory Services Agreement

DISCUSSION: This is a two year contract for $800,000 to provide courier services and tests results within defined turn-around times.

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.13 Review and recommend for approval by the Governing Board Amendment One to the Agreement for Physician Professional Services between Cardiovascular Surgical Services, Ltd. d/b/a Cardiovascular Surgery of Southern Nevada and University Medical Center of Southern Nevada; authorize the Chief Executive Officer to exercise future renewal options at his discretion; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Amendment One to Agreement for Physician Professional Services

DISCUSSION: This is an amendment to utilize existing rates for physician professional services with Cardiovascular Surgery of Southern Nevada. The total cost of Amendment 1 is $1,443,000.

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 the Agreement for Transplant Services with Nevada Donor Network, Inc.; and take action as deemed appropriate. ***(For possible action)***

DOCUMENTS SUBMITTED:
- Agreement for Transplant Services

DISCUSSION: This agreement is for transplant services based on patient volume in the amount of $4,500,000. This is for the recovery, donation and associated transplantation of organs and tissue between donor and recipient.

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 the Agreement for Histocompatibility Testing Services with Nevada Donor Network, Inc.; and take action as deemed appropriate. ***(For possible action)***

DOCUMENTS SUBMITTED:
- Laboratory Services Agreement

DISCUSSION: This agreement is for testing services between donors and recipient and has a not to exceed aggregate of $17,500,000. The term is for one year with four, one year renewals.

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 addition of Equipment Schedule 008 to Master Lease Agreement No. 21237667 and Service Agreement between Stryker Flex Financial, a division of Stryker Sales Corporation and University Medical Center of Southern Nevada; and take action as deemed appropriate. ***(For possible action)***

DOCUMENTS SUBMITTED:
- Powered Surgical Sourcing Letter
- Disclosure of Ownership

DISCUSSION: This agreement is for five years and for the purchase of additional drills and drivers. The additional cost of Schedule 008 is $489,724.

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 Maintenance Invoice with Hyland LLC; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Maintenance Invoice

DISCUSSION: This maintenance invoice is for software subscription and support for the platform that houses the patient medical record. Epic deposits all records into this depository. The contract term is for one year.

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 Amendment Six to the Quality Measures Abstraction Agreement between Primaris Holdings, Inc. and University Medical Center of Southern Nevada; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Amendment Six – Quality Measures Abstraction Agreement

DISCUSSION: This is a five year agreement for the modification of the Core Measure Abstraction services due to Joint Commission adding another core measure we need to report on. This has a not to exceed (NTE) amount of $27,000 a month.

FINAL ACTION TAKEN: A motion was made by Member Palenik 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 340B Administrative Services Agreement with Pharmaceutical Strategies Group, LLC; authorize the Chief Executive Officer to exercise any

extension options; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- 340B Administrative Services Agreement

DISCUSSION: This is a five year contract for UMC to use Pharmaceutical Sales Group, which will replace the current vendor. This has a NTE of $3,105,000

Pharmacy staff looked at several vendors in the area and the one that was chosen provided the best customer service and the best price. All the companies offer the same services but it came down to user friendly and price.

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 Review and recommend for award by the Governing Board RFP No. 2018-01 Food Services and Clinical Nutrition Management Services (Lot 2) to Compass Group USA, Inc.; approve the Agreement for Food Services and Clinical Nutrition Management Services (Lot 2); authorize the Chief Executive Officer to exercise any extension options; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Agreement for Food Services and Clinical Nutrition Management Services

DISCUSSION: The term of this contract is for five years and it's for food services and nutrition management. It includes cafeteria services, cost of all patient food services, management, and support. The costs are expected to stay the same as we have currently, we are just utilizing a different company. This has a not to exceed amount of $3,004,000.

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.

At this time the committee proceeded to Item number 24.

ITEM NO. 24 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. 2 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. 2 Group Enrollment Agreement

DISCUSSION: This is an amendment to increase the total contract cost. Extension is automatic each year and contingent upon approval of fund increase. Annual estimate amount is $15,000.000

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 Amendment 003 to the Hospital Agreement between Aetna Health, Inc. and University Medical Center of Southern Nevada; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Amendment 003 to the Hospital Agreement Between Aetna Health and UMC

DISCUSSION: This amendment replaces various compensation and rate schedules and will extend the term of the agreement through Dec 31, 2019. Revenue to 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. 22 Review and recommend for approval by the Governing Board the Hospital Participation Agreement with Laughlin Healthcare Coalition; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Hospital Participation Agreement

DISCUSSION: This is a new agreement to UMC. It will allow UMC to treat Laughlin Healthcare Coalition members who need to be transferred to a higher level of care. Revenue to hospital is based on volume.

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. 23 Review and recommend for approval by the Governing Board the Sixth Amendment to the Hospital Services Agreement between Teachers Health Trust and University Medical Center of Southern Nevada; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Sixth Amendment Hospital Services Agreement Between Teachers Health Trust and UMC

DISCUSSION: This amendment extends the term of the contract through Dec. 31, 2020 and updates Exhibit A.

FINAL ACTION TAKEN: A motion was made by Member Palenik 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. 25 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)*

The committee commented that it would be helpful to see other organizational charts so they can see which departments are under which C-Suite personnel.

Chair Caspersen would like to hear more on the impact of GASB No. 83 on UMC.

(The objective of this statement is to provide financial statement users with information about AROs that were not addressed in GASB standards by establishing uniform accounting and financial reporting requirements for these obligations.)

COMMENTS BY THE GENERAL PUBLIC:

At this time, 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 5:21 p.m., Chair Caspersen adjourned the meeting.

MINUTES APPROVED: January 23, 2019
Minutes Prepared by: Terra Lovelin