University Medical Center of Southern Nevada
Governing Board Audit and Finance Committee Meeting
April 18, 2018

UMC ProVidence Suite
Trauma Building, 5th Floor
800 Hope Place
Las Vegas, Clark County, Nevada
Wednesday, April 18, 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 3:02 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
Chris Haase
Harry Hagerty - Via phone
Mary Lynn Palenik – Via phone

Absent:
Jeff Ellis

Others Present:
Mason VanHouweling, Chief Executive Officer
Tony Marinello, Chief Operating Officer
Jennifer Wakem, Chief Financial Officer
Susan Pitz, General Counsel
Vick Gill, Associate Administrator
Jacqueline Saites, Director, Contracts Management
Terra Lovelin, Board Secretary

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 March 21, 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 Dr. Mackay that the agenda be approved as amended. Motion carried by unanimous vote.

SECTION 2. BUSINESS ITEMS

ITEM NO. 4 Review the results of the follow up of the Surgical Services Inventory Audit dated April 9, 2018; and direct staff accordingly *(For possible action)*

DOCUMENTS SUBMITTED:
- Follow up Audit Report

DISCUSSION: Nathan Strohl, Internal Auditor provided a follow up report on the Surgical Services Audit that was conducted in 2017.

Staff performed a cycle count of surgical services inventory items in the pyxis machine for the period of September 11, 2017 through September 25, 2017. The team found variances in 11 out of 39 of the inventory items stored in the pyxis machine. This review included an assessment of internal controls in the audited areas.

Member Hagerty commented that this still needs improvement and asked if Mr. Strohl and the committee objected to having another audit done in the future.

Don Galloway, Assistant Chief Nursing Officer added that they have put protocols in place after the first audit but he agrees that the inventory still needs to have further monitoring. He would not be opposed to another audit to ensure the inventory is maintained.

Chair Caspersen agrees that additional scrutiny creates an opportunity for the committee to measure as they go. This check in will help compound any errors that may occur in the future.

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

DOCUMENTS SUBMITTED:
- Epic Deployment Project Update April 18, 2018

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

The majority of staff is doing well and categories are reflected in the green status.

Clinical Successes:
-The CPOE rate is very good and meets the requirements
-Length of stay has dropped and transfers and discharges are faster
-Easier access to lab results and less double documentation in Labor and Delivery

Clinical Optimization Opportunities:
-Admission Order Reconciliation
-Burn and Wound Documentation
-Mobile exams for Rad Techs
-Increase formulary compliance
-Increase availability of hardware
-Increase MyChart Activation

A discussion ensued regarding discharge not final billed (DNFB) days and processes that are in place to ensure Physicians are completing their records on time. The MEC voted recently to start enforcing physician suspensions if their records are not being completed.

With regards to the Revenue Cycle, coding productivity is up, there is improved claim edit days, and transport time steady at 18 minutes.

There are opportunities however within Revenue Cycle and some of the opportunities are to utilize Welcome, Contract Modelling and Financial Assistance modules in the hospital, improve EVS turnaround time, and use price estimates.

Form costs have been drastically reduced due to statements not being printed and a reduction of mailings. Return mail costs have been reduced by 90% as well.

ITEM NO. 6 Receive the monthly financial report for March 2018; and direct staff accordingly. *(For possible action)*

DOCUMENTS SUBMITTED:
- March 2018 Financials

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

-The hospital net revenue fell short of budget
-Income from Operations was short of budget
-Total Admissions were 2,044, above prior year by 15.5%
-In Patient Surgery cases are above prior year by 30%
-Quick Care visits totaled 16,388, above prior year by 2.9%
-Primary care visits were down from prior year by 21.8%
-ER visits for the month were 9,938, down from prior year by 7.1%
-Supplies were above budget mainly due to implants
-Professional fees were up due to anesthesia hours

A capital update was provided and Ms. Wakem noted that we have spent $4.4 million to date and have $20 million committed to capital projects. There is an upcoming meeting to decide how the rest of the funds will be spent.

The budget is due to the county on April 26th.

At this time Chair Caspersen suggested proceeding to the contract items starting with Item Number 9.

ITEM NO. 7 **Review the tentative FY 2019 Operating Budget as submitted to Clark County and discuss any changes; and direct staff accordingly.** ***(For possible action)***

DOCUMENTS SUBMITTED:
-Tentative FY2019 Budget

DISCUSSION: Ms. Wakem provided a summary of the budget that has been submitted to the County.

Net Revenue projection $651.9 million
Total Operating Expenses projecting for FY18 is $659.9 million
Net Operating Income projecting $2.6 million

Revenue Assumptions were discussed and Mr. Wakem explained how they came up with the calculations for gross revenue and net revenue.

Operating revenue strategies were shown such as the opening of the new Centennial Primary and Quick Care and new service line business including ortho spine, Neuro surgery and cardiology.

FY2019 budget summary expenses were shown as well as salary and benefit assumptions.

Member Hagerty commented that after looking at the trends from 2014 till now, he is very concerned, especially with the salaries and wages. He thinks this committee and the Strategy Committee needs to help with FY2020 to re-engineer what they can so the trend reverses itself in a year.

Mr. VanHouweling commented that staff shares Member Hagerty's concern.

Member Hagerty thanked Ms. Wakem and her team for getting this budget done. (Left the call at 4:27pm)

Member Palenik agreed with Member Hagerty in looking at the FY2020 and said she was comfortable with the presented budget. She had a few questions regarding assumptions and staff answered.

Mr. VanHouweling said he is watching what is happening on a national level and following the for profit earnings. He suggested Member Palenik follow HCA, Tenant, Community Health, etc. and see what their challenges are.

FINAL ACTION TAKEN: A motion was made by Dr. Mackay to approve and make a recommendation to the Governing Board to approve and recommend to the Board of Hospital Trustees the proposed final budget. Motion carried by unanimous vote.

ITEM NO. 8 Receive an update report from the Chief Financial Officer; and direct staff accordingly. *(For possible action)*

DOCUMENTS SUBMITTED:
- None submitted

DISCUSSION: A discussion ensued between the Committee members and C Suite staff on what budget slides should be shown at next week's board meeting.

ITEM NO. 9 Review and recommend for approval by the Governing Board the agreements with Siemens Healthcare Diagnostics Inc. for the new chemistry and immunochemistry analyzers with full automation line for use in UMC's clinical laboratory; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Business Associate Agreement
- Master Equipment and Products Agreement

DISCUSSION: This is a new contract for chemistry analyzers in our lab. The current equipment is nearing end of life and the contract is set to expire. The team was able to locate a vendor on the GPO contract which will give us a cost saving of $70,000 a year.

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 Amendment Two to the Agreement for Physician On-Call Services with Children's Urology Associates, LLC; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Amendment Two to Agreement for Physician On-Call Services

DISCUSSION: This is an existing contract with a one year extension for 24/7 on-call services for pediatrics in the amount of $109,500.

FINAL ACTION TAKEN: A motion was made by Member Haase 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 Service Request between Epic Systems Corporation and University Medical Center of Southern Nevada; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Estimated Implementation and Travel Estimates

DISCUSSION: This service request is for four months of staff support in Revenue Cycle, in the amount of $117,900. These funds are being reallocated from other services from the Epic contract that was not used.

Member Palenik asked if the services are necessary and Mr. Rosenberg replied that the help is needed and because it's already budgeted, there are no dollars needed.

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.12 Review and recommend for approval by the Governing Board the Amendment Five between Optimum Healthcare IT, LLC and University Medical Center of Southern Nevada; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Amendment Five to Agreement for Staff Augmentation Services

DISCUSSION: This amendment is for three months for one FTE member for post-live, on-site patient accounting and a second person who is providing part time assistance to help with real time eligibility (RTV) set up for the UNLV project. The dollars for part time assistance are covered under the UNLV budget. These services are necessary for helping the revenue cycle department.

FINAL ACTION TAKEN: A motion was made by Member Haase 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 Provider Agreement between Laboratory Corporation of America and University Medical Center of Southern Nevada for Clinical Laboratory Testing Services for Ryan White participants; authorize the Chief Executive Officer to exercise any renewal options; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Provider Agreement

DISCUSSION: This agreement is for two years with two, one year options for clinical lab testing services for Ryan White participants. UMC is reimbursing based on Medicaid rates for this patient population.

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 Provider Agreement between the Board of Regents College of Southern Nevada Dental Practice and University Medical Center of Southern Nevada for outpatient dental services; authorize the Chief Executive Officer to exercise any renewal options; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Service Codes by Fee Schedule

DISCUSSION: This two year agreement is with the Board of Regents College of Southern Nevada to provide dental services to UMC Wellness Center patients under the Ryan White Federal Grant Program.

FINAL ACTION TAKEN: A motion was made by Member Haase 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 Board of Hospital Trustees for University Medical Center of Southern Nevada, the First Amendment to Interlocal Medical Office Lease with the Board of Regents of the

Nevada System of Higher Education on behalf of the University of Nevada, Las Vegas, School of Medicine for rentable space at the Lied Building located at 1524 Pinto Lane; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- First Amendment to Interlocal Medical Office Lease

DISCUSSION: This amendment is to an existing contract for the expansion space in case the UNLV School of Medicine wants to utilize the space in the future.

FINAL ACTION TAKEN: A motion was made by Dr. Mackay to approve and make a recommendation to the Board of Hospital Trustees to approve the amendment. Motion carried by unanimous vote.

ITEM NO. 16 Review and recommend for approval by the Governing Board the Clinical Trial Research Agreement between CSL Behring LLC, University Medical Center of Southern Nevada, and Nevada Heart and Vascular Center Resh LLP ("Nevada Heart"); and the accompanying Memorandum of Understanding ("MOU") between UMC and Nevada Heart; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Memorandum of Understanding

DISCUSSION: This Clinical Trial Agreement is to see if they can utilize a derivative of plasma to help remove cholesterol from plaque that is binding in the arteries. UMC is anticipating about ten participants. This agreement covers our cost and revenue is based on volume.

FINAL ACTION TAKEN: A motion was made by Member Haase 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 UMC Primary Care Physician Participation Agreement between Lifeprint Health Inc. dba OptumCare and University Medical Center of Southern Nevada; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Participation Agreement
- Disclosure of Ownership

DISCUSSION: Rose Coker, Director of Managed Care explained that this is a new, two year agreement that is being entered into due to a legal name change.

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.

At this time the committee proceeded to Item Number 7

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)*

Marcia Turner, Chief Administrative Officer will provide a legislative update or arrange for a speaker to provide an update at the May Governing Board meeting.

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 4:54 p.m., Chair Caspersen adjourned the meeting.

MINUTES APPROVED: May 16, 2018
Minutes Prepared by: Terra Lovelin