University Medical Center of Southern Nevada
Governing Board Audit and Finance Committee Meeting
August 15, 2018

UMC ProVidence Suite
Trauma Building, 5th Floor
800 Hope Place
Las Vegas, Clark County, Nevada
Wednesday, August 15, 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 3:00 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 – Via Phone
Chris Haase
Mary Lynn Palenik

Others Present:
Barbara Fraser (Ex-Officio)

Absent:
Jeff Ellis (Excused)

Others Present:
Mason VanHouweling, Chief Executive Officer (Via Phone)
Tony Marinello, Chief Operating Officer
Jennifer Wakem, Chief Financial Officer
Lonnie Richardson, Chief Information Officer
Susan Pitz, General Counsel
Deb Fox, Chief Nursing Officer
Jacqueline Saites, Director, Contracts Management
Monty Bowen, Director, Facilities Maintenance
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 July 25, 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)*

Note, agenda says the July meeting was held on July 18, but it was moved to the 25th. The correction will be made by the Secretary.

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

SECTION 2. BUSINESS ITEMS

ITEM NO. 4 Receive the monthly financial reports for June and July; and direct staff accordingly. *(For possible action)*

DOCUMENTS SUBMITTED:
- June Financials
- July Financials

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

- Net hospital revenue for June was above budget by $1.4 million
-Income from Operations was $66K, just shy of budget.
-Total Admissions were 1,808 above prior year by 10.7 %
-LOS was down 3.8% from prior year
-In Patient Surgery cases totaled 902, above prior year by 18.7%
-Quick Care visits totaled 12,514, above prior year by 2.9%
-Primary care visits totaled 5,070, below prior year by 10.5%
-ER visits for the month were 8,086, below prior year by 4.1 %

Salaries, benefits, overtime and contractual labor were $1.5 million over budget, mainly to do to benefits and overtime.

The top three specialties were shown and they include, General Surgery, Orthopedics and Gastroenterology.

A capital update was provided and it was noted that we have spent $9.6 million to date for FY18 and have $21.4 million committed on a budget of $31 million.

Ms. Wakem discussed the July 2018 Financials next.

- Net hospital revenue for June fell short of budget by $1.5 million
-Income from Operations for the month beat budget by $112,000
-Total Admissions were 2,062, above prior year by 16.2 %
-LOS was down 11.6%
-In Patient Surgery cases totaled 922, above prior year by 30.8%
-Quick Care visits totaled 12,127, below prior year by 12.5%
-Primary care visits totaled 4,064, above prior year by 34.7% (Southern Highlands is doing extremely well, followed by Sunset and Spring Valley)
-ER visits for the month were 8,086, below prior year by 4.1%

With regards to robotics, UMC performed eleven cases in the month of July.

Mr. VanHouweling added that a few more doctors are currently being trained on the robot.

We fell short on net patient revenue by 4.4% due to the federal supplemental payments coming in shorter than expected.

A discussion ensued regarding what Medicaid pays a skilled nursing facility and the fact that it's less than $250 a day. Nursing facility providers are extremely reluctant to accept Medicaid patients, however, UMC must keep these patients until a nursing home placement can be found. UMC is reimbursed by Medicaid at $250 per day for these patients, well below the actual costs that the patient has accrued.

Chair Caspersen suggested getting Kaufmann Hall working the way we want to better understand the numbers and to help achieve the budgeted net revenue we had planned.

It was announced that purchased services was favorable by $1.6 million; a great achievement!

Mr. VanHouweling gave a shout out to the entire team for the savings they helped achieve for buying products on the GPO

For the Capital update, Ms. Wakem let the committee know that we have $600,000 committed of the $31 million for FY2019.

Member Hagerty pointed out that we are below on revenue and hopeful that we will be able to offset the increases in compensation and benefits by the variances in professional fees and services. We did beat budget which is great, but the component parts make him a bit nervous.

FINAL ACTION TAKEN: None Taken.

ITEM NO. 5 Receive an update report from the Chief Financial Officer; and direct staff accordingly. *(For possible action)*

DOCUMENTS SUBMITTED:
- None

DISCUSSION: Ms. Wakem plans to bring the executive goals update related to the finance portion in September.

A discussion ensued regarding Recovery Audit Contractors (RAC), where CMS engages a firm to go back, look at payments that they made to hospitals and see if they have any opportunity to get money back. UMC has not had any RAC activity in the past year but this year we have had two letters already. The net revenue related to this is $250,000.

The Medicaid MCO Supplemental pyament program will be phased out over the next ten years.

BDO, our outside Auditors will be starting the audit for FY18 after Labor Day and will be on site.

Member Hagerty asked to see what the cash position was at the end of each month as both financial presentations did not state this.

Ms. Wakem stated she was going to present the cash flow statement quarterly but will add it back in next month.

FINAL ACTION TAKEN: None taken.

ITEM NO. 6 Receive an update on UMC's plan to spend down the capital budget; and direct staff accordingly. (For possible action)

Tabled this item until the next meeting.

ITEM NO. 7 Review and recommend for approval by the Governing Board the Provider Agreement between Kathleen Wairimu, MD and University Medical Center of Southern Nevada; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Dr. Wairimu Provider Agreement
- Business Associate Agreement
- Disclosure of Ownership

DISCUSSION: This is a two year contract to provide outpatient primary care and infectious disease services at the Wellness Center. This contract is financially supported by Ryan White 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. 8 Review and recommend for approval by the Governing Board the Master Agreement for Energy Management Services with Kinect Energy, Inc. and the Base Contract for Sale and Purchase of Natural Gas and accompanying Special Provisions to the NAESB Base Contract for Sale and Purchase of Natural Gas with World Fuel Services, Inc.; authorize the Chief Executive Officer to execute any option years; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Master Agreement for Energy Management Services
- Special Provisions to the NAESB Base Contract for Sale and Purchase of Natural Gas
- Base Contract for Sale and Purchase of Natural Gas
- Commodity Trading Advisor Disclosure Document
- Disclosure of Ownership – Kinect Energy
- Disclosure of Ownership – World Fuel Services, Inc.

DISCUSSION: This contract is for natural gas supply management services; for the service and purchase of natural gas. Cost is estimated based on current usage. The base contract is $1,339,363.50.

Monty Bowen explained the cost savings associated with this. By going out on the open market instead of through SW Gas for the purchase of gas UMC will save an estimated $50,000-$80,000.

Mr. VanHouweling added that many healthcare entities have started buying gas on the open market.

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. 9 Review and recommend for approval by the Board of Hospital Trustees for University Medical Center of Southern Nevada, the Engagement Letter for Legal Services with Powers Pyles Sutter & Verville, PC in connection with Medicare appeals; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Engagement Letter Dated August 5, 2018

DISCUSSION: Susan Pitz explained that this firm will assist UMC with outside appeals having to do with DSH reimbursements and Part C reimbursements.

Steven Hughey, Reimbursement Manager explained that there are two parts to this service. The first $150,000 is for services over three years for appeals related to Medicare costs report settlements.

The second piece for the additional $12,000 is to protect about $68,000 in accrued interests in appeals we currently have.

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. 10 Review and recommend for award by the Governing Board RFP No. 2018-01 Clinical Engineering and Equipment Distribution Management Services to Compass One Healthcare; approve the Agreement for Clinical Engineering and Equipment Distribution Management Services; authorize the Chief Executive Officer to approve the addition or deletion of equipment and/or services for any offsite clinic and satellite locations within the not-to-exceed amount of this Agreement and exercise any extension options; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Agreement for Clinical Engineering and Equipment Distribution Management Services

DISCUSSION: This agreement is for five years with a one, two year option. This contract is a management service contract for every piece of equipment that touches a patient. The base contract is $10,938,618. The annual cost savings with this vendor is approximately $400,000.

FINAL ACTION TAKEN: A motion was made by Dr. Mackay to award the contract to Compass group USA and approve and make a recommendation to the Governing Board to approve the contract. Motion carried by unanimous vote.

SECTION 3: EMERGING ISSUES

ITEM NO. 11 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)*

Ms. Wakem followed up with the cash position request made earlier in the meeting by Member Hagerty. Unrestricted cash in May was $75.4 million and in June it was $67.1 million. Cash received from patients and payors was the biggest decline for June.

Mr. VanHouweling wanted to let the committee know that during his standing weekly phone call with the CEO of Epic, Judy Faulker, he mentioned that UMC engaged Blue Tree and is using Epic Boost. Ms. Faulker said she was very pleased with the progress the hospital is making and will assist us with some of our outstanding needs.

Alex Ortiz from the County is present today and Mr. VanHouweling thanked him for his work on UMC's Bill Draft Request. The County approved UMC's BDR.

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 4:30 p.m., Chair Caspersen adjourned the meeting.

MINUTES APPROVED: September 19, 2018
Minutes Prepared by: Terra Lovelin, Governing Board Secretary