University Medical Center of Southern Nevada
Governing Board Audit and Finance Committee Meeting
June 20, 2018

UMC ProVidence Suite
Trauma Building, 5^{th} Floor
800 Hope Place
Las Vegas, Clark County, Nevada
Wednesday, June 20, 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 (via phone)
Harry Hagerty
Mary Lynn Palenik
Chris Haase (via phone)
Jeff Ellis

Absent:

Others Present:
Mason VanHouweling, Chief Executive Officer
Tony Marinello, Chief Operating Officer
Jennifer Wakem, Chief Financial Officer
Susan Pitz, General Counsel
Emelia Allen, Attorney
Deb Fox, Chief Nursing Officer
Vick Gill, Associate Administrator
Jacqueline Saites, Director, Contracts Management
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 May 16, 2018. *(For possible action)*

Chair Caspersen suggested the wording in Item Number 4, the internal audit presentation be more descriptive to show what was done.

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

Mason VanHouweling introduced Alex Ortiz, lead lobbyist for Clark County. Alex works closely with UMC as he represents Clark County as a whole.

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

Section 3: Emerging Issues will be heard first so CEO VanHouweling can update the committee prior to attending another commitment.

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

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)*

Mr. VanHouweling updated the Committee on Silver State as requested at last month's A&F meeting.

UMC is on Track 1, a shared savings model and this allows a Medicare member to opt in or out.

Track 2 is partial risk and the next generation is full risk.

There is a meeting tomorrow night and the board will vote on which model Silver State will go with.

The new ACO's that are entering the market are coming in at a different stage in the process, a full risk model.

SECTION 2. BUSINESS ITEMS

ITEM NO. 4 Receive the monthly financial report for May 2018; and direct staff accordingly. *(For possible action)*

DOCUMENTS SUBMITTED:
- May 2018 Financials

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

- Net hospital revenue exceeded budget by $646,000
-Income from Operations was shy of budget.
-Total Admissions were 2,037, above prior year by 11.1%
-In Patient Surgery cases totaled 839 above prior year by 31.9%
-Quick Care visits totaled 14,014, above prior year by .9%
-Primary care visits totaled 5,237, below prior year by 4.9%
-ER visits for the month were 9,783 below prior year by 9.7%
-Salaries were below budget by 2.3%
-Benefits were above budget by 7.7%
-Average Length of Stay was 5.45 days
-Supplies are above budget due to an increase in surgeries
- Purchase services were up due to a few legal cases that are ongoing

Ms. Wakem stated that the Patient Accounting team hit their goal and actually beat it by 122% and are doing a great job!

The FY18 budget has $16.8 million dollars committed and they have a plan to spend the rest of the funds. The cath lab is in the FY18 committed budget.

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

DOCUMENTS SUBMITTED:
- None submitted

DISCUSSION: Ms. Wakem announced that DNFB (Discharged Not Final Billed) was 13.3 days, down from 17.4 days!

A few staffing changes were announced; Linda Garrison, Director for HIM has retired and Linda Peterson is currently acting as the interim Director. There are three applicants currently being interviewed for the Director position and she hopes to have a person in place very soon.

ITEM NO. 6 Receive a presentation on the Cath Lab Financials; and direct staff accordingly. *(For possible action)*

DOCUMENTS SUBMITTED:
- 2018 Cardiac Cath Lab Replacement

DISCUSSION: Vick Gill presented an overview on the current cath lab, financials and new replacement lab.

Currently UMC has three labs.

Cath lab #1 installed in 2010 and is at end of life
Cath lab #2 is non-operational
Cath lab#3 is being used as our primary lab

The project is to replace Cath Labs #1 and #2 with a Philips Azurion product just released in March. We would be the first in the market to own this. This will help us expand service for EP procedures.

The project will take the current space from three rooms to two rooms and expand our footprint to allow one lab for cardiac catheterizations and a lab for EP and cath.

The total project cost is $4.9 million with a breakeven point in six years.

UMC performs 1,600 cardiac catheterizations a year, up 20% from last year.

Chair Caspersen asked if these patients were inpatient or outpatients.

Mr. Gill replied that they are mostly outpatients.

Member Ellis asked if there was any down time due to construction and staff replied that there will not be downtime as there will always be one suite operational to treat patients.

With the new lab offering EP technology UMC will obtain more elective cases on the outpatient side. Currently the cases are going to other hospitals because we do not offer this service.

Dr. Mackay asked how many catheters, stints, etc. are done each year.

Mr. Gill replied that in 2017 UMC performed 1,620 catheterization cases and in 2016 1,354 were performed.

FINAL ACTION TAKEN: None taken

ITEM NO. 7 **Review and recommend for approval by the Governing Board the agreements with Philips Healthcare, a division of Philips North America LLC ("Philips") for the Catheterization Laboratory ("Cath Lab") replacement project; authorize the CEO to sign any future change orders within his delegated authority; and take action as deemed appropriate. *(For possible action)***

DOCUMENTS SUBMITTED:
- Turnkey Contracting Proposal
- Proposal Pricing
- Quote
- Amendment to Quote

DISCUSSION: Construction and installation is included along with a 12 month warranty. Total cost of this agreement is $4.4 million.

Member Hagerty asked what the risks are to getting this done in time.

Mr. Gill replied that with this replacement, the risk is less but there is always the unknown once a wall comes down and unforeseen issues appear.

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. 8 **Review and recommend for approval by the Governing Board the ViewMate™ Ultrasound Imaging Console with Battery, EnSite Precision™ Cardiac Mapping System Capital Purchase Agreement between Abbott Laboratories Inc. and University Medical Center of Southern Nevada; and take action as deemed appropriate. *(For possible action)***

DOCUMENTS SUBMITTED:
- Agreement

DISCUSSION: This agreement is for $571,150 to purchase equipment needed as part of the Cath Lab remodel project. This equipment checks for abnormal heart issues via electrophysiology.

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. 9 Review and recommend for approval by the Governing Board Amendment Two to the Professional Services Agreement between Jerry L. Cade, M.D., and University Medical Center of Southern Nevada; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Amendment Two to Professional Services Agreement

DISCUSSION: This is the 2nd amendment for Dr. Cade who specializes in HIV and Hepatitis C treatment at the Wellness Center. This is to extend his contract for one year.

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

ITEM NO. 10 Review and recommend for approval by the Governing Board the Amendment Number Nine to Hospital Agreement between Cigna Health and Life Insurance Company and University Medical Center of Southern Nevada; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Amendment Number Nine to Hospital Agreement

DISCUSSION: This amendment is for one year and implemented the rate increases. Revenue is based on volume with this agreement.

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

ITEM NO. 11 Review and recommend for approval by the Governing Board the Ratification of Fourth Amendment to Memorandum of Understanding between DaVita Medical IPA Nevada, LLC d/b/a JSA P5 Nevada LLC and d/b/a Healthcare Partners of Nevada and University Medical Center of Southern Nevada; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Fourth Amendment to MOU

DISCUSSION: This ratification of the MOU amendment is number four and with DaVita Medical. It is for two years and revenue is based on volume.

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

ITEM NO. 12 Review and recommend for approval by the Board of Hospital Trustees for University Medical Center of Southern Nevada, the Third Amendment of Lease and Extension of Term with Mark Street Property, LLC and Richard and Joylin Vandenberg 1990 Living Trust for rentable space for the UMC Sunset Quick Care and Primary Care at 525 Marks Street; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Third Amendment of Lease and Extension of Term

DISCUSSION: This is a five year extension to the lease for UMC's Sunset Quick and Primary care through 2023. This amendment has to go up to the BCC because they retained the right for all real property leases and acquisitions. The cost of this amendment is $1,327,714.20

This Quick and Primary Care location has been in operation since February 1997.

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

ITEM NO. 13 Review and recommend for approval by the Governing Board the Sales Quote to purchase Centrella Smart Beds and Progressa ICU Beds with Hill-Rom Company, Inc.; and take action as deemed appropriate. (For possible action)

DOCUMENTS SUBMITTED:
- Hill-Rom Proposal

DISCUSSION: This is a new purchase agreement with a HPG vendor in the amount of $843,000. This purchase focuses on patient safety and comfort. These beds have a lot of built in safety features and is considered a capital purchase. The beds being purchases are 42 smart beds and 10 ICU beds and will replace those beds that are at end of life.

FINAL ACTION TAKEN: A motion was made by Member Palenik to approve and make a recommendation to the Governing Board to approve the sales quote to purchase. Motion carried by unanimous vote.

ITEM NO. 14 Review and recommend for approval by the Governing Board the Facility Commitment Agreement with Cardinal Health 108, LLC and University Medical Center of Southern Nevada; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Facility Commitment Agreement

DISCUSSION: This agreement is for a three year term in the amount of $500,000. The pharmacy will use the letter of commitment to replace the off contract plasma product provider and gain access to GPO pricing and increase contract compliance and year end rebate.

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. 15 Review and recommend for approval by the Governing Board the Consignment Letter of Commitment Agreement with Cardinal Health 108, LLC and University Medical Center of Southern Nevada; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Exhibit G – Consignment Program Terms

DISCUSSION: This is a three year facility commitment agreement with Cardinal who is on our HPG. The contract value is $1,500,000 and we are only charged for the products we 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. 16 Review and recommend for approval by the Governing Board the NaviCare® Nurse Call Sales Proposal between Hill-Rom Company, Inc. and University Medical Center of Southern Nevada; authorize the Chief Executive Officer to execute future Change Orders within the not-to-exceed amount of this Sales Proposal; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Hill-Rom Project Information

DISCUSSION: This is a new contract in the amount of $2,917,666 for a nurse call system where the vendor will be supplying, integrating and installing an updated system. We are going to be able to reuse some of our current components of our current system to save some money. The current system is past end-of-life and can no longer be supported. This purchase is necessary to ensure continued compliance with regulatory agencies.

This new call system interfaces with Epic.

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. 17 Review and recommend for approval by the Governing Board the Interlocal Agreement for Physical Examinations between The Las Vegas Metropolitan Police Department and University Medical Center of Southern Nevada; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Interlocal Agreement for Physical Examinations CBE 604924

DISCUSSION: This Interlocal agreement is for a term of one year, with four, 1 year options. Revenue to hospital is based on volume and the service is for pre-employment physicals for Metro potential personnel.

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.

Chair Caspersen asked if the committee would like the Cath lab presentation to be presented to the Governing Board.

Member Hagerty replied that he didn’t see a downside of sharing the presentation at next week’s meeting.

It was decided that this be added to the Governing Board agenda for June 27.

Member Palenik wanted to thank Cassandra Trummel, Trauma Program Coordinator, who is bringing a group of volunteers to Aristocrat to train over 300 employees on the Stop the Bleed campaign.

Member Hagerty brought up the unrestricted cash number that was shown on the financial presentation and said it hasn’t moved month after month. He asked why were weren’t purchasing more items such as the patient beds that the committee just approved. He feels we are not spending the dollars we have, fast enough.

Chair Caspersen added that when purchases involve patient care and patient satisfaction we should be spending it. She then requested that Ms. Wakem give the committee a presentation in August on what she wants to buy.

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 4:27 p.m., Chair Caspersen adjourned the meeting.

MINUTES APPROVED: July 25, 2018
Minutes Prepared by: Terra Lovelin