University Medical Center of Southern Nevada
Governing Board Audit and Finance Committee Meeting
March 21, 2018

UMC ProVidence Suite
Trauma Building, 5th Floor
800 Hope Place
Las Vegas, Clark County, Nevada
Wednesday, March 21, 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
Chris Haase
Harry Hagerty
Jeff Ellis
Mary Lynn Palenik

Absent:

Others Present:
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 February 21, 2018. *(For possible action)*

Member Hagerty pointed out that on page 2 of 6 of the minutes, Item number 2, he is listed as Chair and that needs to be changed.

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

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

Item Number 4 will be removed from the agenda as Mr. Rosenberg is unable to join us today.

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

SECTION 2. BUSINESS ITEMS

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

This item was removed from today's agenda and will be placed on the April agenda.

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

DOCUMENTS SUBMITTED:
- February 2018 Financials

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

-The hospital net revenue was shy of budget this month by $1.3 million
-Income from Operations was below budget by $1 million
-Total Admissions were 1,891, up 18.6% from prior year
-Out Patient Surgery cases totaled 455, up from prior month
-Quick Care visits totaled 15,833, up 13% from prior year
-Primary care visits were down 13.4% from prior year, it was noted that a physician left at Nellis so less patients were seen
-Supplies were above budget by 4.7% due to implants and surgery
-ER visits for the month were 9,416, up by 2.4% from prior year

Chair Caspersen would like to see an analysis of payors.

Member Hagerty stated that we need to look at what we can do to drive more of the higher paying pay sources as opposed to Medicaid.

Member Ellis stated that UMC is at the low end on the commercial side of reimbursement per day and there is room to improve on that.

Member Hagerty also stated that we need to put in place a team that can build a business case that shows we can increase certain lines of business over the next few years.

Chair Caspersen asked if the committee could see an analysis in the future and would like a date at the next meeting as to when they could see this analysis.

Member Ellis asked if he could see a balance sheet on accounts receivable.

Ms. Wakem said that currently the team is dealing with a few physicians who are not completing their deficiencies and therefore delaying billing. Until the deficiencies are complete, we can't bill for services. Medical staff is discussing this issue at their next meeting.

As far as the budget goes, $31 million is budgeted for FY2018, we have spent $3.1 million and committed $19 million.

The final budget is due to the County on April 26. The Governing Board will see it on April 25th.

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

DOCUMENTS SUBMITTED:
- None submitted

DISCUSSION: Ms. Wakem introduced the new Manager of Reimbursement, Stephen Hughey. The team is very appreciative of the great work he has done since joining UMC. He will eventually take over for Pete Tibone in Finance.

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

DOCUMENTS SUBMITTED:
- Preliminary FY2019 Budget

DISCUSSION: Ms. Wakem provided a summary of the projections that UMC is submitting to the County. The plan is to build the budget in Kaufman Hall in the next few weeks. A consultant with Kaufman Hall will be coming on site to teach her team how to use the application during the first week in April. This is a new system and her team needs a bit more help in using it.

This year Ms. Wakem asked each department to submit their budget numbers and the Finance team is in charge of inputting all the numbers, instead of prior years where each department put together their own budget in the system.

Chair Caspersen asked Ms. Wakem to make sure we input numbers from Epic into the budget next year.

Member Hagerty suggested making sure we have labor productivity included, meaning how much revenue we get out of our labor expenses.

Member Ellis appreciated the conservatism with the budget numbers but asked how we are going to be another $3 million worse off in FY19 than we are now. He thinks the $1.9 million figure is not as strong as it should be.

Member Hagerty commented that it sounds like we are being reactive instead of proactive.

Chair Caspersen asked what the team needed in order to figure out this issue.

Mr. Marinello replied that Kaufmann Hall needs to be working well.

Members Palenik and Hagerty asked what the backup plan was if this doesn't work.

Ms. Wakem replied that they will do the best they can to get the budget done.

Member Hagerty asked why the budget includes increasing wages and salaries 3.7% when there is not a lot of statistics that support that level of increase.

It was stated that the merit increases are tied to annual reviews and this is historically the percentage that has been budgeted.

Supplies are expected to increase due to inflation and purchased services. However, utilities are expected to go down due to a rate reduction in our electric bill.

Chair Caspersen asked Ms. Wakem that the budget presentation be provided to the committee days in advance, in the meeting book so they do not see it for the first time during the meeting.

She also asked her to make sure there was additional information in the next presentation to describe how she is going to address certain things like analyzing Kaufman Hall data and utilizing the system.

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

ITEM NO. 8 Review and recommend for approval by the Board of Hospital Trustees for University Medical Center of Southern Nevada ("UMC") the Amended and Restated Professional Services Agreement with Robert B. McBeath, M.D. II, P.C., dba Atlantic Anesthesia Consultants and associated Acknowledgment and authorize the Chief Executive Officer to execute any Successive Terms as defined in the Agreement; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Agreement

DISCUSSION: This amended agreement closes out the previous contract and the clinical hours will go from 47,000 clinical hours to 52,000 estimated hours. This amended agreement allows for CRNA's as well.

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 the Facility Agreement Form for Intraoperative Neuromonitoring Services and Superseding Amendment One with Biotronic National, LLC; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Facility Agreement
- Business Associate Agreement

DISCUSSION: This new agreement is for $225,000 for a seven month contract. The committee asked that the term be for one year so staff will ask the provider if we can make it a one year term.

FINAL ACTION TAKEN: A motion was made by Dr. Mackay to approve this contract at a one year term if the vendor accepts, and make a recommendation to the Governing Board to approve the agreement. Motion carried by unanimous vote.

AGENDA ITEM 13 WAS HEARD NEXT

ITEM NO. 13 Review and recommend for approval by the Governing Board the Interlocal Agreement for Family Medicine Resident and Fellow Moonlighting between the Board of Regents of the Nevada System of Higher Education on behalf of University of Nevada, Las Vegas School of Medicine ("UNLVSOM") and University Medical Center of Southern Nevada; authorize the Chief Executive to execute the renewal terms as described in the Agreement; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:

- Interlocal Agreement for Family Medicine Resident and Fellow Moonlighting at UMC

DISCUSSION: This is specific to our Quick Care locations and is for residents and fellows and will be outside of their regular hours. This agreement is for one year with four, one year auto 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.

AGENDA ITEM 15 WAS HEARD NEXT

ITEM NO.15 Review and recommend for approval by the Governing Board the Sales, License, and Service Agreement between University Medical Center of Southern Nevada and Globus Medical North America, Inc. for ExcelsiusGPS Imaging and Navigational Equipment; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:

- Sales License and Service Agreement

DISCUSSION: Mr. Marinello explained that is part of our cost saving measures and is for GPS Navigation. This equipment will be utilized by spine surgeons and reduces cost per case from disposable supplies by $600. This has an estimated cost savings of $300,000 on disposables. UMC will be the first to utilize this in Las Vegas.

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.

AGENDA ITEM 16 WAS HEARD NEXT

ITEM NO. 16 Review and recommend for approval by the Governing Board the Design Construction Services change order with Siemens Medical Solutions USA, Inc. and authorize the CEO to sign future change orders up to a not-to-exceed value of $150,000; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Scope of Work

DISCUSSION: This change order is due to unforeseen circumstances and updated criteria after the original proposal was submitted. The total amount of the change order is for $66,000 but the total amount of this contract is $150,000. It was estimated that this project is 25% completed.

FINAL ACTION TAKEN: A motion was made by Dr. Mackay to approve and make a recommendation to the Governing Board to approve the change order. Motion carried by unanimous vote.

ITEM NO. 10 Review and recommend for approval by the Governing Board the Interlocal Preferred Provider Agreement between Clark County and University Medical Center of Southern Nevada; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Agreement

DISCUSSION: This new agreement is with Clark County for a term of one year with four, one year auto renewals. Currently, this contract does not have the schedule included but it will be included prior to the Governing Board meeting next week.

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. 11 Review and recommend for approval by the Governing Board the Grant Agreement between the State of Nevada Governor's Office of Science, Innovation, and Technology and University Medical Center of Southern Nevada; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- OSIT Grant Documents

DISCUSSION: Marcia Turner explained that we are receiving funds from the State in the amount of $349,991 and UMC will need to match funds in the amount equal or greater than $138,894.

This grant supports the purchase of educational materials and equipment necessary to increase training capacity and improve the quality of training programs for healthcare professionals eligible for eleven, industry-recognized certifications required for employment and clinical proficiency.

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 Professional Service Agreement for Ryan White with UNLV Medicine and the Board of Regents of the Nevada System of Higher Education on behalf of the University of Nevada Las Vegas School of Medicine and University Medical Center of Southern Nevada; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Professional Services Agreement

DISCUSSION: This agreement is for UMC to enter into the Professional Service Agreement with UNLV Medicine and the Board of Regents of the Nevada System of Higher Education on behalf of UNLVSOM for physicians to provide Endocrinology, Gastroenterology, Maternal and Child Fetal Medicine/Ob-Gyn, Neurology, Rheumatology, and Pulmonary services for UMC's Wellness Center and the Ryan White Program.

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 Sales Order between Change Healthcare Technologies, LLC (formerly, RelayHealth) and University Medical Center of Southern Nevada for Revenue Cycle Transactional Activities; authorize the Chief Executive Officer to sign future extensions; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Sales Order

DISCUSSION: This sales order extends Change Healthcare Technologies products to UNLVSOM so they can access various programs. This is the revenue cycle piece UMC currently uses and we need to increase our license.

UNLVSOM will pay for all related fees as part of the Community Connect contract.

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

SECTION 3: EMERGING ISSUES

ITEM NO. 17 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)*

None

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 5:01 p.m., Chair Caspersen adjourned the meeting.

MINUTES APPROVED: April 18, 2018
Minutes Prepared by: Terra Lovelin