University Medical Center of Southern Nevada
Governing Board Audit and Finance Committee Meeting
October 17, 2018

UMC ProVidence Suite
Trauma Building, 5th Floor
800 Hope Place
Las Vegas, Clark County, Nevada
Wednesday, October 17, 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
Harry Hagerty – Via Phone
Chris Haase
Mary Lynn Palenik

Others Present:

Absent:
Jeff Ellis - Excused

Others Present:
Mason VanHouweling, Chief Executive Officer
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
Danita Cohen, Chief Experience Officer
Terra Lovelin, Administrative Assistant

<u>SECTION 1. OPENING CEREMONIES</u>

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 September 19, 2018. *(For possible action)*

<u>FINAL ACTION</u>: 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)*

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

<u>SECTION 2. BUSINESS ITEMS</u>

ITEM NO. 4 Review the results of the Daily Midnight Census Audit dated October 2, 2018; and direct staff accordingly *(For possible action)*

<u>DOCUMENTS SUBMITTED</u>:
- Daily Midnight Census Audit Report

<u>DISCUSSION</u>: Nathan Strohl, Auditor explained the objective and findings of this audit.

The objective was to determine that the daily midnight census was performed according to UMC established policies and procedures. The daily midnight census is a process performed by each nursing unit to ensure accurate billing is completed.

During the testing they found that the daily midnight census was not delivered to Patient Access Services at the required time, not all patients status were reviewed as required and there were issues in submitting the daily midnight census as required.

Beth Hock, Assistant Chief Nursing Office of Professional Practice explained the action plan. An epic report was shown that indicates if no admission order exists, if admission orders exist but requires physician signature and if the order has been executed. This report comes from Epic and will help reconcile the census with color coding of orders.

Many steps were put in place after the findings of this audit were released and include such processes as:
-Finance will do a random quarterly audit to ensure the process is working
-Nursing will review admission alert with each admission
-ODA will review census report for any alerts and notify unit leader to obtain the admission order immediately
-Nursing staff communication and education have already begun on new processes

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

DOCUMENTS SUBMITTED:
- September Financials

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

-Hospital Revenue was below budget, year to date also running below budget
-Operating expenses below budget for the month
-Income from operations over budget
-Net patient revenue was down; primarily due to the federal supplemental payments
-ER visits were down due to physicians being out sick and for bereavement
-Quick Care visits were down
-Primary care visits were up
-In patient surgery cases were up
-Outpatient surgery cases were down

Danita Cohen, Chief Experience Officer announced that UMC Urgent Care won the Review Journal's Best Urgent Care/Walk in Clinic for 2018.

Chair Caspersen asked about Rancho and Centennial transition and what the standard operating procedure is when we are down doctors in our Quick Cares.

Mr. Marinello replied that when UMC shifted Primary Care to Centennial from Rancho we lost some patients due to the proximity of Primary and Urgent next to each other when they were both at Rancho.

Dr. Oneyma and Administration are meeting to discuss a plan to ensure we don't lose volume when multiple physicians are out at the same time. Utilizing UNLV for moonlighting services when UMC's physicians are out is also being discussed.

General surgery had the highest volume in September followed by Orthopedics and Gastro.

Chair Caspersen asked that Ms. Wakem list the five Strategy categories first in the Surgery by Specialty slide for the next meeting.

Salaries and benefits were 1.82% over budget due to contract labor.

The COLA was discussed and it was mentioned that staff is looking at including the rate increase in future budgets for better financial predictions.

A Capital Plan update was presented and included such things as Master Plan projects, service line enhancements, facility-wide bed replacement, patient room furniture, anesthesia machines, etc.

Dr. Mackay asked if we keep an accounts receivable list by payor and Ms. Wakem responded that we do.

Chair Caspersen asked what the FY18 balance carryover is now.

Ms. Wakem will share this with the committee at next month's meeting.

FY19 Cash Balances was presented to the committee based on their request from the last meeting.

-Cash restricted by donor $15 million
-Internally designated cash $138 million
-Total unrestricted cash totaled $57 million.
Total cash balance is $212,600,416

Member Hagerty asked about the amount in the liability fund and whether those funds could be available for current operating expenses.

Doug Metzger met with the County earlier this week and this topic was discussed.

Ms. Wakem announced that BDO is currently on site and will be reporting at the December Board. There are a few items outstanding such as the information from the actuaries.

FINAL ACTION TAKEN: None Taken

ITEM NO. 6 Discuss and establish goals for CEO performance for FY 2019; and direct staff accordingly. ***(For possible action)***

DOCUMENTS SUBMITTED:
- None submitted

DISCUSSION: Chair Caspersen explained that each committee provides goals for each new fiscal year for the CEO and she has met with Mr. VanHouweling and they have put together some goals for discussion today.

After discussing the initial goals, the below listed goals are what was decided on for further discussion and approval.

1. Meeting the fiscal year budgeted income from operations budgeted number.

2. Demonstrate evidence of an efficient and effective organization through the implementation of Kaufman Hall, including quarterly dashboards, resulting in monthly net revenue details and measuring service line profitability.

3. Improving our group GPO contract compliance through HPG, equal to or greater than 2% over our FY18 average.

4. Maintain and favorability increase SWB ratio trends in relationship to case mix index and patient volumes.

Member Hagerty commented that compensation and benefit expenses are vital in keeping costs down and we should prioritize these over GPO contract compliance. Also, a focus should be on controlling labor expenses.

Member Palenik suggested wording the labor and expense goal in such a way that it's in relation to volume and case mix index and trends.

Deb Fox, CNO stated that currently have 70 vacancies in nursing, almost all specialty positions. We currently have 1,200 nurses on staff and that encompasses per diems.

A discussion ensued regarding Kaufman Hall and that if it was ready to produce reports. Ms. Wakem stated that it should be up and running very soon.

Chair Caspersen and Mr. VanHouweling will get together and finalize the exact wording for the new list of goals.

FINAL ACTION TAKEN: A motion was made by Member Palenik to recommend to the HR Committee the CEO performance goals for FY2019 in the area of Audit and Finance. Motion carried by unanimous vote

ITEM NO. 7 Review and recommend for approval by the Governing Board the First Amendment to the End User Software License & Solution Purchase Agreement with Bernoulli Enterprise, Inc.; authorize the Chief Executive Officer to approve future Order Forms within his delegation of authority; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
-First Amendment to the End User Software License and Solution Purchase Agreement between Bernoulli Enterprise, Inc. and UMCSN

DISCUSSION: This agreement is for a wireless bridge that is required to allow new anesthesia machines to interface with the Epic system.

This Amendment 1 cost just over $3k.

Lonnie Richardson explained that this particular amendment adds another platform that allows an unlimited number of wireless devices to interface with our EHR.

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

ITEM NO. 8 Review and recommend for approval by the Governing Board the Quote for purchase of Olympus microphones and the Professional Services Quote for adoption services with MModal Services, Ltd; authorize the Chief Executive Officer to execute future Order Forms within his delegation of authority; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Quote for 200 Olympus RecMic
- Professional Service Quote (42 hrs of Train the Trainer and 10 hrs 1:1 Training)

DISCUSSION: This agreement is for the purchase of 200 microphones as well as the training needed in the amount of $68K. This is a physician satisfier and will provide physicians with EPIC dictation efficiency.

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 award by the Governing Board RFP No. 2018-10 Federal and State Advocacy Services to R&R Partners, Inc.; approve the RFP No. 2018-10 Service Agreement; authorize the Chief Executive Officer to exercise any extension options; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Service Agreement

DISCUSSION: This contract is to provide professional advocacy services to UMC in the representation of its interests before the federal and state legislature and executive branches. This contract is for three years with an estimated annual savings of $99,000.

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. 10 Review and recommend for approval by the Governing Board the License and Service Agreement and Order Form #1 between Craneware, Inc. and University Medical Center of Southern Nevada; authorize the Chief Executive Officer to exercise any extension options and execute future Order Forms within his delegation of authority; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Craneware License and Service Agreement

DISCUSSION: This is a revised contract for Revenue Cycle software. This three year contract gives us more modules with an estimated cost savings of $12,100. The base contract is $1,196,971.

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. 11 Review and recommend for approval by the Governing Board the Service Agreement between Implementation Management Assistance, LLC d/b/a Revint Solutions 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:
- Service Agreement

DISCUSSION: This new contract is for revenue recovery service and cost is based on a contingency basis.

This vendor is coming in as a secondary vendor reviewing claims and also coming in with compliance training to offer to our staff at no more cost than our current vendor.

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. 12 Review and recommend for approval by the Governing Board the Amendment Number Two to Participating Provider Agreement with SilverSummit Health Plan, Inc.; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:

- Amendment Number Two Participating Provider Agreement

DISCUSSION: Rose Coker explained that this Amendment 2 is to add a plan to our current agreement that will add revenue to the hospital. The contract term is for three years.

FINAL ACTION TAKEN: A motion was made by Member Haase 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 Participating Provider Agreement with MGM Resorts International on behalf of the MGM Resorts Direct Care Health Plan; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- MGM Resorts International Direct Care Health Plan Participation Provider Agreement

DISCUSSION: Ms. Coker explained that this is a new contract with a three year term with revenue to hospital based on volume. This is new business for our Primary Care division.

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. 14 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)*

Member Hagerty asked about trends in electronic payments for vendors.

Mr. Metzger replied that we are currently in talks with the County and will be addressing this topic at a November meeting.

Member Hagerty would like a presentation on this topic when they have more information.

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 5:04 p.m., Chair Caspersen adjourned the meeting.

MINUTES APPROVED: November 7, 2018
Minutes Prepared by: Terra Lovelin