University Medical Center of Southern Nevada
Governing Board Audit and Finance Committee Meeting
September 19, 2018

UMC ProVidence Suite
Trauma Building, 5th Floor
800 Hope Place
Las Vegas, Clark County, Nevada
Wednesday, September 19, 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
Chris Haase
Mary Lynn Palenik
Jeff Ellis

Others Present:
Barb Fraser, Ex-Officio

Absent:

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
Vick Gill, Associate Administrator
Carissa Rey, Associate Administrator
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 August 15, 2018. *(For possible action)*

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

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

Chair Caspersen suggested moving Item #7 to the end of the agenda and move Item #15 to Item #9.

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 Cash Controls Audit dated September 7, 2018; and direct staff accordingly *(For possible action)*

DOCUMENTS SUBMITTED:
- Cash Controls Audit Report

DISCUSSION: Nathan Strohl, Auditor explained the objective and findings of this audit.

The objective was to determine whether the procedures at selected cash locations were operating effectively to provide assurance that the cash and equivalents were safeguarded.

During the testing the team found imprest fund shortage and overages and variances along with lack of supervisor approval for same day refunds. They also found infractions of polices and procedure regarding surprise cash counts, cash control operations and petty cash.

Multiple recommendations were suggested including that all personnel that handle cash and cash activities receive training on the updated cash handling policies and procedures. Also, ensure that regular monitoring of the main cashiers vault room access is performed.

Doug Metzger, Controller stated that he will be working with Jennifer Wakem and Tony Marinello to come up with a training plan for Management/Supervisors and implement the plan as necessary. After the changes are put into place, finance will conduct quarterly and surprise audits to make sure staff is in compliance.

Carissa Rey, Associate Adminstrator, stated with regards to finding number 2, Public Safety did an audit of those that have access to the cashiers vault room. Some of the access has been taken away from inappropriate parties and a record is now kept of those that request access to that room.

Member Hagerty suggested UMC look into automating the distribution, cashing and collecting of cash at some of these locations.

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

DOCUMENTS SUBMITTED:
- August Financials

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

- Net hospital revenue for June was shy of budget; Y2D UMC is $1.9 million under budget
-Net revenue was below budget this month, primarily due to lower than expected federal supplemental payments
-Total Admissions were 2,048 above budget by 12.3%
-LOS was down from prior year
-In-Patient Surgery cases totaled 918, above budget by 34.6%
-Quick Care visits totaled 13,309 below budget by 3.9%
-Primary care visits totaled 5,612 above budget by 2.8%, a record month
-ER visits for the month were 9,433

Member Hagerty asked for more granularity in gross revenue and deductions.

Ms. Wakem stated that when Kaufmann Hall is up and running she will be able to show more details in gross charges and net revenue. Kaufmann Hall should be ready to go in a few months.

Tony Marinello, Chief Operating Officer, commented that UMC's Southern Highlands clinic is doing great; by November, all Quick Cares will be open from 8 to 8.

Ms. Wakem also stated that she is working on managed care contracts to negotiate better rates and also looking at existing language to remove the ambiguity so the insurance follow up staff clearly knows the exact amount owed to the hospital.

A cash flow statement was shown and it was noted that we have not received our DSH and UPL payments yet as they have been delayed.

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)*

DOCUMENTS SUBMITTED:
- FY19 Capital Plan

DISCUSSION: Ms. Wakem stated we are anticipating that we can use the $31 million dollars from the County for capital needs. The team has broken down Capital needs into three categories.

1. End of Life Equipment - $10 million

   Definition of "End-of-life" is a term used with respect to a product supplied to customers, indicating that the product is in the end of its useful life (from the vendor's point of view), and a vendor stops marketing, selling, or rework sustaining it. (The vendor may simply intend to limit or end support for the product.) - Wikipedia

- Facility-wide bed replacement
- Ventilators
- Echo Machines
- IV Room Remodel, etc.

2. Service Line Enhancements - $5 million
- Pediatrics
- Ambulatory
- Orthopedics
- Cardiology
- Surgery

3. Master Plan - $16 million
- Immediate Facility Needs
- Facility Façade Upgrades
- 2040 Building Renovation
- Parking

Staff is meeting weekly regarding new requests and will begin prioritizing them shortly. The total dollar of all requests from Managers was around $80 million.

Member Hagerty commented that UMC has $155 million dollars on a balance sheet that is labeled as, “Internally Designated” and suggested we start spending some of that money.

Chair Caspersen asked what, *Internally Designated* meant.

Ms. Wakem replied that staff is working on a list of projects that money is earmarked for.

Mr. VanHouweling suggested adding this topic to the next agenda for further discussion.

FINAL ACTION TAKEN: None taken.

At this time the Committee heard Item No. 8.

ITEM NO. 8 Receive an update on the Electronic Health Record (EHR) System; and direct staff accordingly. *(For possible action)*

DOCUMENTS SUBMITTED:
- Electronic Health Record Update

DISCUSSION: Lonnie Richardson, CIO, provided the following update with regards to the EPIC implementation.

Phase II was explained as the phase of additional EPIC product rollouts and includes:

Beacon - Chemotherapy Module, expected to be completed in July 2019
Beaker - Laboratory Information System, scheduled for implementation in July 2020
Phoenix – Solid Organ Transplant Management Module, schedule for implementation July 2019
Cupid – Cardiovascular Information System Module

Epic 2018 Upgrade – We are currently in the middle of this upgrade and it brings a hosts of opportunities for additional features and functions and allows us to take advantage of the modules that we are implementing as well. This should be completed in January of 2019.

Member Ellis asked how often Epic initiates upgrades and Mr. Richardson replied that they do two major upgrades over a 12 month period of time.

FINAL ACTION TAKEN: None taken

At this time the Committee heard Item No. 15.

ITEM NO. 15 Review and recommend for ratification by the Governing Board the Provider Agreement and the Hospital Service Agreement between P3 Health Partners Nevada and University Medical Center of Southern Nevada; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- P3 Provider Agreement
- P3 Hospital Services Agreement

DISCUSSION: Rose Coker, Director of Managed Care explained that P3 is a new provider in the Nevada market. Revenue to hospital is based on volume and the contract term is for three years.

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 except for Chair Caspersen who choose to abstain due a personnel and financial relationship with one of the owners.

At this time the Committee heard Item No. 16.

ITEM NO. 16 Review and recommend for approval by the Governing Board the First Amendment to Anthem Blue Cross & Blue Shield Facility Agreement with University Medical Center of Southern Nevada; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Anthem BCBS Amendment One

DISCUSSION: This First Amendment to the facility agreement with Anthem Blue Cross & Blue Shield is for a six year term and revenue to hospital is based on volume.

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.

At this time the Committee heard Item No. 17.

ITEM NO. 17 Review and recommend for approval by the Governing Board the Amendment to Community Care Health Plan of Nevada, Inc. d/b/a Anthem Blue Cross and Blue Shield Healthcare Solutions Participating Provider Agreement with University Medical Center of Southern Nevada; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:

- Amendment to Community Care Health Plan of Nevada, Inc.d/b/a Anthem Blue Cross and Blue Shield Healthcare Solutions – Participating Provider Agreement

DISCUSSION: This Managed Care Agreement will extend the term of the original agreement for an additional three years and update Attachment A – Reimbursement. Revenue to the hospital is based on volume. For compliance purposes both parties have agreed to extend the contract.

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.

Member Haase left to attend another meeting at the time of 4:23pm.

At this time the Committee heard Item No. 9 and will now follow the regular agenda.

ITEM NO. 9 Review and recommend for approval by the Governing Board the Agreement for Revenue Cycle Stabilization & Optimization Support between BlueTree Network, Inc. and University Medical Center of Southern Nevada; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Agreement

DISCUSSION: Mr. Richardson explained that this agreement is for support for Revenue Cycle stabilization and optimization support to review Epic post go-live status reports. It will also provide Epic Analysts with Revenue Cycle expertise to determine where there are gaps in reporting.

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. 10 Review and recommend for approval by the Governing Board the award of Bid No. 2018-12, 7th Floor Labor and Delivery Remodel, to JMB Construction, Inc., the lowest responsive and responsible bidder; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Notice of Intent to Award
- Bid 2018-12 Letter of Award
- Contract Documents and Construction Specifications

DISCUSSION: This contract is for the first phase of the 7th floor Labor and Delivery remodel project. Under this scope the company will do all the demo needed for the area to be remodeled. The terms are UMC's standard public works project bid terms. The amount of this contract is for $899,940.00. The funds for this project are coming from an award from a pharmacy settlement with the Attorney General's Office.

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 Amendment One to Provider Agreement for primary care and infectious disease medical services for Ryan White participants between Alireza Farabi, M.D., PC and University Medical Center of Southern Nevada; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Amendment One

DISCUSSION: This amendment will increase the hourly rate paid to Dr. Farabi per the Ryan White federal Executive Pay Scale Level II. The term of this contract is for 1.5 years with a cost of $65,683.

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. 12 Review and recommend for approval by the Board of Hospital Trustees for University Medical Center of Southern Nevada, Amendment 2 to the Lease Agreement between TAG NW Mixed Use, LLC and University Medical Center of Southern Nevada, entered into in May of 2017, for the Quick Care location at 5785 Centennial Center Blvd., Suite 190, Las Vegas, Nevada, 89149; and take action as deemed appropriate. *(For possible action)*

AND

ITEM NO. 13 Review and recommend for approval by the Board of Hospital Trustees for University Medical Center of Southern Nevada, Amendment 2 to the Lease Agreement between TAG NW Mixed Use, LLC and University Medical Center of Southern Nevada, entered into in May of 2017 for the Primary Care location at 5785 Centennial Center Blvd., Suite 230, Las Vegas, Nevada, 89149; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Amendment 2 Lease Agreement – Suite 190 and Suite 230

DISCUSSION: There is a perspective buyer for this property so this amendment will confirm the monthly calculation of additional rent and will provide UMC with two months of abated rent and new signage. There is no cost associated with this. The term of the initial agreement is for ten years with two, five year options.

FINAL ACTION TAKEN: A motion was made by Member Hagerty to approve Item No. 12 and 13, 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 Price Quotation with Carefusion and the Software Services Schedule with Vyaire Medical, Inc. for the replacement of end of life ventilators while realizing accelerated Group Purchasing Organization discount; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Respiratory Products Proposal

DISCUSSION: This agreement for the purchase of ventilators allows UMC to save an additional $169k in discounts. The term of this contract is for one year.

Vick Gill introduced UMC's Manager of Respiratory Services, Richard Allen. Mr. Allen explained that the new ventilators will be wireless and will integrate with Epic and the pumps we currently have. This company also has a program that tracks sedation analytics which in turn, cuts down on length of stay and medication costs.

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. 7 Discuss CEO annual incentive compensation performance standards as it relates to the subject matter relevant to the Audit and Finance Committee and make a recommendation to the Human Resources and Executive Compensation Committee. *(For possible action)*

DOCUMENTS SUBMITTED:
- CEO Performance Objectives

DISCUSSION: Mr. VanHouweling went over his FY2018 Objectives for the committee.

1. Meet Fiscal Year budgeted income from operations.

   FY18 Income from Operation was $760,083 and budget was $15,006,110 missing budget by $14 million. It was a tough year for finances including the DSH accrual payments. October 1, was a big expense and the delay of Epic also played a role.

This objective was not met.

2. Ensure all Fiscal Year capital is identified, processed and/or activated.

   This objective was met.

3. Meet 75% of total identified initiatives in Operations and Financial efficiencies for Fiscal Year 2018.

   A few of the Revenue Cycle improvements, strategic growth and efficiencies were listed and discussed.

   LOS reduction – reduced from 6.13 to 5.70
   Increase POS Cash Collections
   Managed Care Rates Increase
   Cardiology – Strategic Alignment
   Productivity Management
   HPG Savings

   A discussion ensued regarding the Committee's thought on what percentage of the goals were achieved and they decided that Mr. VanHouweling met 60 percent out of 100 percent of the FY18 goals.

FINAL ACTION TAKEN: A motion was made by Chair Hagerty to recommend to the HR Committee that Mr. VanHouweling be awarded 60 percent of the total amount of the bonus allocable to the Audit and Finance committee. 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)*

Member Hagerty would like to hear about any other technology activities Mr. Richardson and his team have going on and what things the department would wish for, relative to technology opportunities at UMC.

Mr. VanHouweling brought up the word, Public Charge. It is a term used in immigration and there was a memo that was leaked from the Trump Administration that they will start looking at public benefits for non-citizens. Staff is looking at how this will effect UMC and may be brought up on the news. This idea may discourage enrollment in health coverage and increase the number of uninsured.

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 5:26 p.m., Chair Caspersen adjourned the meeting.

MINUTES APPROVED: October 17, 2018
Minutes Prepared by: Terra Lovelin