University Medical Center of Southern Nevada
Governing Board Audit and Finance Committee Meeting
January 23, 2019

UMC ProVidence Suite
Trauma Building, 5th Floor
800 Hope Place
Las Vegas, Clark County, Nevada

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 3:08 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
Chris Haase
Mary Lynn Palenik

Others Present:
Barbara Fraser (Via Phone)

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
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 December 5, 2018. *(For possible action)*

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

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

FINAL ACTION: A motion was made by Member Hagerty that the agenda be approved as recommended. 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)*

DOCUMENTS SUBMITTED:
- EHR Update

DISCUSSION: Lonnie Richardson, CIO announced we received a good install credit of $295,000. We are evaluating whether or not to participate in the Epic Honor Roll program. Requirements of the Honor Roll program include keeping certified staff and staying current on versions and leveraging advanced features.

Stabilization Engagements included reporting and analytics and optimization and stabilization.

Epic upgrade to August 2018 release was completed on January 15. Dictation deployment is scheduled for February 2019.

Upcoming projects include 3M 360 Encompass MD System (Enhanced, Automation Assisted Coding), Epic Beacon Oncology Module, and Meaningful Use Attestation Preparation – Release scheduled for February 2019.

Chair Caspersen asked what expenses are capital expenditures and which ones are not.

Mr. Richardson explained that the expenses are being currently evaluated.

Technology Initiatives included EHR Community Connect Expansion, Data Center and Networking Technology Tactical Reviews, Private Branch Exchange (PBX), and Telemedicine.

Staff is currently looking at expanding back-office automation to help other UMC offices and personnel be more efficient as well as help to reduce cost.

Chair Caspersen mentioned the agenda item regarding cyber security on today's agenda

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

DOCUMENTS SUBMITTED:
- November FY18 Financials
- December FY18 Financials

DISCUSSION: Jennifer Wakem, Chief Financial Officer presented the financials for November and December.

November Financials
Adjusted patient days are down from budget 7.6%
Admissions are up from prior year and budget by 2.3%
Primary Care is above budget by 14.8% which is due to our expanded hours and days
Quick Care visits are above prior month
Deliveries are below budget by 29.4% which is due to switching over to private rooms
ER visits were down from prior month (9,230 visits in October compared to 8,965 visits in November)
Decline with Inpatient surgeries
Total net revenue is down from budget

Ms. Wakem let the Board know that staff is having weekly productivity meetings with Department Directors whose departments are showing low productivity. Staff has mandatory action plans on how those departments will get themselves out of the red.

Up to the month of November we have spent $4.9 million in capital, with another $13.5 committed.

The $31 million from the County should come to us in February.

We have received word from the State that the Medicaid approval process has been slowed down due to the government shutdown. The other thing that is effecting UMC is that Medicaid is converting to a new system and there is a black out period where they are not processing any applications.

Member Hagerty commented that he is concerned about the ratio of net revenue to gross revenue.

Chair Caspersen asked if DNFB is effecting that number and Ms. Wakem replied that it has a small effect.

December Financials
Adjusted patient days down 6.8%
Admissions are down from prior year and prior month
In patient surgeries fell shy of budget, key physicians were on vacation for extended periods
Quick Care fell short of budget but December was the highest record month with 16,401 visits
Primary Care visits were above budget
Deliveries were up from previous month but below prior year
Total operating expense was over budget
Income from ops exceeded budget
Medicare Case Mix Index was up from budget by 8.4%, positive impact of $1.6 million
Salaries, Wages and Benefits were over budget in December by 2.6%, year to date, over by 1.69%

With regards to capital, we have spent $6.6 million and committed $12.9 million.

ITEM NO. 6 **Receive the Fiscal Year 2018 Audited Financial Statements and Related Schedules and Reports from BDO USA, LLP, Certified Public Accountants for University Medical Center of Southern Nevada; and direct staff accordingly. *(For possible action)***

DOCUMENTS SUBMITTED:
- Audit Wrap Up June 2018
- Basic Financial Statements and Single Audit Information

DISCUSSION: Chair Caspersen noted we had a significant reduction in write offs in 2016. She commented that we should be mindful if we are possibly over accruing an expense.

Chair Caspersen also asked for a report on how the new accounting pronouncements may impact UMC.

FINAL ACTION TAKEN: A motion was made by Member Hagerty to receive the Fiscal Year 2018 Audit Financial Statements and make a recommendation to the Governing Board to approve the report. Motion carried by unanimous vote.

ITEM NO. 7 Receive an update report from the Chief Financial Officer; and direct staff accordingly. *(For possible action)*

DOCUMENTS SUBMITTED:
- None submitted

DISCUSSION: Ms. Wakem let the committee know that a Federal rule came out that requires UMC to have a price transparency policy. It mandates hospitals to make available our charges via the intranet. We have been asked to put our Charge master list out on our website.

FINAL ACTION TAKEN: None Taken

ITEM NO. 8 Receive a presentation regarding the Medicaid Disproportionate Share Hospital Program (DSH); and direct staff accordingly. *(For possible action)*

DOCUMENTS SUBMITTED:
- DSH Presentation

DISCUSSION: Steven Hughey with Fiscal Services provided an overview on DSH payments.

This is a Medicaid DSH Program, funded by a combination of federal dollars and a required state match, contributions from both Clark and Washoe County.

The purpose of this program is to provide supplemental payments to those hospitals in the state which provide a disproportion share of services to indigents and the uninsured.

All hospitals in Nevada fall into one of three possible DSH eligibility categories.

1. DSH Ineligible: Hospitals which may not receive DSH payments

2. DSH Qualified: Hospitals which may receive DSH payments

3. DSH Deemed: Hospitals which must receive DSH payments

UMC, Sunrise, Renown and Valley are typically DEEMED, all others DSH hospitals fall into the QUALIFIED category.

Medicaid DSH is funded through a combination of Federal dollars and required contributions from Clark and Washoe County.

The current Federal Medical Assistance Percentage (FMAP) for Nevada is 64.87%. For every dollar spent on Medicaid supplemental payments to hospitals, the state is only responsible for 35.13 cents.

DSH FY2019 Projection
Federal Allotment: $53 million
FMAP: 65%
Total DSH Program: $81 million

Clark County contribution: $55 million
Washoe County contribution: $1.5 million
Federal Allotment: $52 million
Total Funding: $110 million

UMC Projected SFY 2019 DSH: $71,529,082

FINAL ACTION TAKEN: No action taken

Item number 16 was heard next

ITEM NO. 16 **Review and recommend for approval by the Governing Board the Amendment One to Agreement for Consulting Services between United Audit Systems, Inc. d/b/a UASI and University Medical Center of Southern Nevada; authorize the Chief Executive Officer to exercise the extension option; and take action as deemed appropriate. *(For possible action)***

DOCUMENTS SUBMITTED:
- UASI Amendment One for Consulting

DISCUSSION: This amendment is for $2.9 million dollars. Terri Costa, Director of HIM explained that leadership on the coding team is an issue. The initial contract for $95,000 was for leadership and it has proven to be more complex than initially thought to recruit qualified leadership. Staff has been actively recruiting for a Coding Manager and this has been extremely difficult.

This contract is for four years with a 1, one-year option.

Chair Caspersen asked how Terri can be sure this amendment amount is sufficient.

Terri explained that when she did her initial cost breakdown she looked at how many hours would be needed in certain positions and currently the positions are vacant so she doesn't see using all the dollars.

Member Hagerty asked about the option of off shoring these services and Terri replied that it is probably possible.

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.

Numbers 18 and 19 were heard next.

ITEM NO. 18 Review and recommend for approval by the Governing Board the Software Maintenance Renewal with Bayer HealthCare LLC; authorize the CEO to sign future extensions; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Bayer Software Service Agreement
- Bayer Support Quote

DISCUSSION: This contract is an annual renewal for software supporting radiation dose tracking in the amount of $11,221.74.

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. 19 Review and recommend for approval by the Governing Board the Security Subscription and Support renewal with Optiv Security Inc.; authorize the CEO to sign future extensions; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Master Purchase Agreement
- Optiv Quotes

DISCUSSION: This is an annual renewal for software threat prevention and security management for one year. This amendment is for $58,427.

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 9 was heard next.

ITEM NO. 9 Review and recommend for approval by the Board of County Commissioners, sitting as the Board of Hospital Trustees for University Medical Center of Southern Nevada (“UMC”), the First Amendment to Lease Agreement between University Medical Center of Southern Nevada and Dr. Daniel Orr, D.D.S., M.S., LTD.; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- First Amendment to Lease

DISCUSSION: This is an extension of a lease with Dr. Orr for another two years in the amount of $81,424. Dr. Orr leases 1,733 square feet on the second floor of the 2040 building.

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 Agreement for Professional Services between Meena P. Vohra, M.D. d/b/a Las Vegas Pediatric Critical Care Associates and University Medical Center of Southern Nevada; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Professional Services Agreement

DISCUSSION: This is a five-year agreement and covers a medical directorship and pediatric critical care. This base contract is $8,516,000 for the five year term and includes pediatric sedation and an additional physician providing services.

Dr. Mackay asked what the length of the previous contract was and staff responded that it was for five 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. 11 Review and recommend for approval by the Board of County Commissioners, also sitting as the Board of Hospital Trustees for University Medical Center of Southern Nevada ("UMC"), the Group Enrollment Amendment No. 2 between Health Plan of Nevada, Inc. and UMC to provide health care coverage to UMC employees, retirees and dependents through a Health Maintenance Organization; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- UMC 2019 Group Enrollment Agreement
- Disclosure of Ownership (DOO)

DISCUSSION: There is an estimated annual cost to cover UMC employees in the amount of $3,431,020.

Member Hagerty asked what was budgeted for this.

Doug Metzger replied about 3 to 5% increase, which 5% is the approximate increase in this amendment.

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. 12 Review and recommend for ratification by the Governing Board the Provider Participation Agreement and Amendment with Health Net Federal Services, LLC; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Provider Participation Agreement

DISCUSSION: This amendment is for UMC to become a participating provider of medical services to HNFS membership, HNFS is the new Tricare Administrator. Revenue to hospital is based on volume.

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

ITEM NO. 13 Review and recommend for approval by the Governing Board the Addendum Two Supplement to Master Equipment and Products Agreement for Cost per Test with Siemens Healthcare Diagnostics, Inc.; authorize the Chief Executive Officer to approve future pricing quotes for additional tests within his delegation of authority; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Siemens Addendum 2
- Siemens Lab Automation Project

DISCUSSION: This is to approve additional platforms not to exceed $150,000. This adds three assay tests to Attachment A that are now available on the Siemens HPG Contract and adds additional equipment to Attachment D.

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

ITEM NO. 14 Review and recommend for approval by the Governing Board the Amendment Two to Agreement for UMCSN Comprehensive Design Standards between Design Studio Blue LLC and University Medical Center of Southern Nevada; authorize the Chief Executive Officer to execute future Statements of Work within the not-to-exceed amount of

the Agreement; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Amendment Two to Agreement

DISCUSSION: This amendment two is for funds for upcoming projects to include interior refresh and capital renovation projects for the hospital. The cost of this amendment is not to exceed $200,000.

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. 15 Review and recommend for approval by the Governing Board the Schedule, Service Agreement and Amendment #1 to the Master Lease Agreement between Olympus America, Inc. and University Medical Center of Southern Nevada; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Olympus America Schedule

DISCUSSION: This agreement is for the lease and maintenance of new endoscopy, pulmonary, and urology equipment for 36 months. This is a three year agreement for a total amount of $2,697,130.

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. 17 Review and recommend for approval by the Governing Board the Diagnostic Staffing Service Agreement and Addendum between Med-Smart, Inc. and University Medical Center of Southern Nevada; authorize the Chief Executive Officer to exercise any renewal options; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Agreement

DISCUSSION: This one year agreement provides onsite medical diagnostic technologists on an as-needed basis, to perform electroencephalography exams and echocardiography ultrasound services with the provision of medical diagnostic reports.

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.

SECTION 3: EMERGING ISSUES

ITEM NO. 20 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 5:29 p.m., Chair Caspersen adjourned the meeting.

MINUTES APPROVED: February 20, 2019
Minutes Prepared by: Terra Lovelin