University Medical Center of Southern Nevada
Governing Board Audit and Finance Committee Meeting
October 18, 2023

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 2:00 p.m. The meeting was called to order at the hour of 2:00 p.m. by Chair Robyn Caspersen and the following members were present, which constituted a quorum.

CALL TO ORDER

Board Members:

Present:
Robyn Caspersen
Dr. Donald Mackay
Jeff Ellis (via webex)
Christian Haase (via webex)

Absent:
Harry Hagerty (Excused)
Mary Lynn Palenik (Excused)

Others Present:
Tony Marinello, Chief Operating Officer
Jennifer Wakem, Chief Financial Officer
Doug Metzger, Controller
Christopher Jones, Executive Director of Support Services
Shana Tello, Academic and External Affairs Administrator
Susan Pitz, General Counsel
Lia Allen, Assistant General Counsel – Contracts
Nathan Strohl, Internal Auditor
Janet David Lustina, Clinical Director of Specialty Services
Monty Bowen, Facility Maintenance Director
William Rawlinson, Facility Maintenance Manager
Janet David Lustina, Clinical Director of Clinical Services
Stephanie Ceccarelli, Board Secretary

SECTION 1. OPENING CEREMONIES

ITEM NO. 1 PUBLIC COMMENT

Committee Chair Caspersen asked if there were any public comments 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 20, 2023. *(For possible action)***

FINAL ACTION:

A motion was made by Member Mackay that the minutes be approved as amended. Motion carried by unanimous vote.

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

FINAL ACTION:

A motion was made by Member 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 Accounts Payable audit dated October 11, 2023; and direct staff accordingly *(For possible action)***

DOCUMENTS SUBMITTED:
- Audit Report

DISCUSSION:

Nate Strohl introduced Xavier Tate as the new Junior Auditor on the Internal Audit Team. Welcome Xavier.

Mr. Stohl provided a report on the Accounts Payable audit which was recently performed. The objective of the audit was to determine if the operations were in compliance with existing policies and procedures. Report details including background, objectives, scope and methodology were discussed.

Testing found discrepancies that included a lack of documentation for utility payment approval. Auditor recommendations were to ensure approval is documented for utilities prior to payment, as well as ensure that policies and procedures are updated to reflect the new approval process.

Douglas Metzger, Controller provided the management responses and action plans that will be implemented, to include an invoice payment policy to specifically include utilities.

FINAL ACTION TAKEN:

None

ITEM NO. 5 Receive the monthly financial report for September FY24; and direct staff accordingly. *(For possible action)*

DOCUMENTS SUBMITTED:
- September FY24 Financials

DISCUSSION:

Jennifer Wakem, Chief Financial Officer presented the financials for September FY24.

Admissions were 4.75% below budget and AADC was at 545. Length of stay was 6.57, 5% below budget. Overall hospital CMI was 1.83 and Medicare CMI dropped to 1.99.

Inpatient surgeries were down 9% and outpatient surgeries were above budget 15%. There were 18 transplants, a record high compared to the 12-month average.

ER visits were totaled 8,955, which was 5% below budget. Almost 22% of patients are being admitted from the ED to admission/observation.

Quick cares were about 10% below budget; Alliante, Nellis and Blue Diamond were the key drivers. Primary cares were 37% below budget; Medical District, Alliante and Centennial were the stand outs. Mr. Marinello commented that Direct Scheduling launched October 11th, which allows more patient flexibility in scheduling and is expected to increase visits. A discussion ensued regarding the target for patient usage of My Chart.

There were 532 telehealth visits. Ortho Clinic visits were up 24% and there were 154 deliveries, which was 18% over budget.

Trended stats were compared to the 12-month average. AADC was a record low at 545. There were 550 outpatient surgical cases, which was 125 more than the 12-month average, 18 transplants and 1,579 orthopedic visits. Deliveries continue to be strong.

Payor mix trends by patient type was briefly reviewed. Inpatient payor mix Medicaid increased 2%, Medicare dropped 2% and self-pay dropped 1%.
The ED payor mix showed Medicaid down 1.4%.
Payor mix on surgical cases showed Medicare down 1.78%, government increased 2.2%. Outpatient surgical showed a decrease in Medicaid by 1.5%.

The income statement for September showed net patient revenue was below budget $2.1 million. Other revenue was consistent with budget. Total operating revenue below budget $2.3 million.

Operating expenses were below budget $2.1 million. Income from ops before depreciation and amortization was $4.8 million on a budget of $4.5 million, which was $300K over budget.

The income statement year to date showed net patient revenue below budget $13.2 million, other revenue was above budget $1.6 million, primarily due to 340B. Total operating revenue was $11.6 million below budget. Operating expenses were $11.2 million below budget. Income from ops before depreciation and amortization was $14.4 million on a budget of $13.5 million, $900K above budget. Income statement trends was shown as informational.

Salaries wages and benefits were $4 million below budget. Paid FTEs were below budget by 117. SWB per APD was unfavorable to budget.

Next, SWB trended showed overtime was a record low, $257K below the 12-month average and contract labor was down.

In all other expenses, supplies were above budget $1.4, purchased services was $500K above budget. Overall expenses were $1.8 million above budget. There was continued discussion regarding fixed vs. variable inventory supply expenses.

Key financial indicators were reviewed in profitability, labor, liquidity and cash collections. Profitability was in the green. There are opportunities for improvement in labor. Liquidity was in the red and day's cash on hand is a record low at 33.3 days. Candidate for bill is in the 3.2. The cash collection goal was met and the patient access team also hit their cash goal.

Ms. Wakem provided a review of cash flow for September. There were no supplemental payments received in September. The final bond payment was made in September. The balance sheet has shown a decline in cash. Approximately $300 million is outstanding in supplemental payments.

A new draft slide was presented to the Committee regarding the status of outstanding supplemental payments. Approximately $283 million is still outstanding in supplemental payments. Some payments are awaiting approval from CMS. There have been regular meetings with the state and county to resolve this matter. The Committee would like to see further updates moving forward, along with historical comparisons.

The Committee would like to see a more detailed breakdown of the source of the revenues that make up the summary income statement.

FINAL ACTION TAKEN:

None taken.

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

DOCUMENTS SUBMITTED:
- None

DISCUSSION:

Ms. Wakem updated the Committee on site neutral payments: CMS has proposed in 2026 that HOPDs be reimbursed at a lower amount. This would be a 40% reduction in reimbursement.

State of Medicaid made some errors in the disenrollment and redetermination process for individuals that qualify for Medicaid. Approximately 114K Nevadans were reinstated in the Medicaid program. There was no significant impact to the payor mix at UMC specifically.

A temporary funding bill was passed on September 30th, which has postponed DSH cuts until November 2023.

As of September 1, 2023, the Provider Fee program for private hospitals has been voted to be approved. The first provider tax invoice is expected to be sent out January 2024. This program will continue to be monitored.

BDO auditors are expected to present the financial audit next month.

No monthly financials will be presented at the November meeting due to the timing of the meeting because of Thanksgiving.

FINAL ACTION TAKEN:
None taken

ITEM NO. 7 **Receive a report on the process and procedures used to identify scope of work in construction projects; and direct staff accordingly.** ***(For possible action)***

DOCUMENTS SUBMITTED:
- None

DISCUSSION:

Chair Caspersen reminded everyone that this was a follow-up request for clarification regarding the scope of work with the Steris contract. The Committee wanted to understand what processes and procedures are in place, how the scope of work is managed, and how issues that arise outside of the scope are handled to ensure compliance.

Ms. Wakem introduced Monty Bowen, Director of Facilities, Will Rawlinson, Manager of Facilities and Janet David Lustina, Clinical Director of Clinical Services, who clarified the scope of work determinations in the Steris OR project, as well as explained how the scope of work is managed for all projects.

Mr. Bowen explained that the summation provided previously was not all inclusive of the total request. Additional items requested in the Steris amendment were not known during the initial scope of work process. He continued by listing some of the issues that were discovered during the construction work. Mr. Bowen noted some of the challenges that occurred during the building upgrade.

Chair Caspersen asked what was learned and how will process change based on this experience.

Mr. Bowen responded that the architect will be involved at the beginning of the process in order to capture any scoping issues.

The team will provide an update to Member Palenik.

FINAL ACTION TAKEN:
None

ITEM NO. 8 **Review and recommend for approval by the Governing Board the Amendment Two to Purchasing Agreement with Steris Corporation for Phase I of the surgical suite refresh project; authorize the Chief Executive Officer to exercise any future amendments within his delegated authority; or take action as deemed appropriate. *(For possible action)***

DOCUMENTS SUBMITTED:
- Amendment Two
- Disclosure of Ownership

DISCUSSION:

It was confirmed that the background regarding this project included the new description of the scope of work.

This amendment will increase funding, update and increase power capability for OR rooms and Endo Suite 1, as well as update and increase fire alarm system coverage to bring it into compliance with current NFPA life safety codes. New building controls were added to minimize future OR disruption while performing necessary campus wide control upgrades.

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

ITEM NO. 9 **Review and recommend for approval by the Governing Board the Fifth Amendment to Agreement with Change Healthcare Technologies, LLC for InterQual Services subscription; or take action as deemed appropriate. *(For possible action)***

DOCUMENTS SUBMITTED:
- Fifth Amendment

DISCUSSION:

The amendment adds additional product to the existing agreement. It applies AI technology to real time clinical data to complete medical necessity reviews, efficiently automating medical reviews during patient admissions. This is will extend the term for 3-years and terminate any time with 60 days' notice.
FINAL ACTION TAKEN:

A motion was made by Member Mackay 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 Two to RFP 2019-08 Service Agreement with Firm Revenue Cycle Management, LLC for out-of-state Medicaid billing and collection services; authorize the Chief Executive Officer to execute future amendments within the not-to-exceed amount of this Agreement; or take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- RFP 2019-08 Service Agreement – Amendment 2

DISCUSSION:

Firm provides services to assist patients with out of state Medicaid claims and determines coverage eligibility. This Amendment 2 will add additional funding and extend the term of the RFP agreement for an additional year, through 2024.

FINAL ACTION TAKEN:
A motion was made by Member Mackay 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 Amendment 1 to RFP No. 2020-16 Service Agreement with Firm Revenue Cycle Management, LLC for Workers' Compensation Services; authorize the Chief Executive Officer to execute extension options or amendments; or take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- RFP No. 2020-16 Service Agreement for Workers' Comp Services – Amendment 1

DISCUSSION:

The Firm assists UMC with workers' compensation accounts through reimbursement. This is Amendment 1 will extend the term of the agreement for one year through November of 2024 and increase funding.

FINAL ACTION TAKEN:
A motion was made by Member Mackay 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 award by the Governing Board RFP No. 2023-10 Zero Balance Review Services to Firm Revenue Cycle

Management, LLC; approve the RFP No. 2023-10 Service Agreement; authorize the Chief Executive Officer to exercise extensions or amendments; or take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- RFP 2023-10 Service Agreement – Zero Balance Review Services

DISCUSSION:

An RFP was published in June and three responses were received in July. Firm was selected and recommended for award. The vendor will review accounts that have been paid to identify underpayments or over adjusted balances. Payment is on contingency and the agreement holds a term of 3-years with an out clause of 30-days with written notice.

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

ITEM NO. 13 Review and recommend for approval by the Governing Board the Service Agreement with Neustaedter & Associates, Inc. d/b/a HCS Healthcare Consulting Solutions for Chargemaster Consulting, Compliance and Revenue Cycle Services; authorize the Chief Executive Officer to exercise any extension options and amendments within the not-to-exceed amount of this Agreement; or take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Service Agreement

DISCUSSION:

This is a request to enter into a new service agreement with HCS Healthcare Consulting. The vendor will validate UMC's charge description master, patient revenues and ensure compliance with coding and industry updates. The term is for 3-years with a 30-day out clause.

FINAL ACTION TAKEN:
A motion was made by Member Mackay 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 Letter of Agreement with TJK Consulting Engineers, Inc. for a Microgrid Sustainability Study; or take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Letter of Agreement

DISCUSSION:

UMC will engage TJK to provide a study to identify opportunities for energy and power needs in order to facilitate a microgrid power supply for the UMC campus. This is the first phase to get cost estimates and evaluate the impact of a power grid in the area. The term is for a period of 9 months.

At this time the meeting paused due to the loss of a Member on WebEx. During this time the Committee discussed difference between having a microgrid vs. finding an independent energy provider.

The Committee voted again on Item 13, which was approved unanimously. At this time the committee returned to approve Item 14.

FINAL ACTION TAKEN:
A motion was made by Member Mackay 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 Agreements with Philips North America, LLC for the CT System turnkey project; authorize the Chief Executive Officer to execute future Change Order within the not-to-exceed amount of this Agreement; or take action as deemed appropriate. ***(For possible action)***

DOCUMENTS SUBMITTED:
- Incisive 5100 CT Quote – Redacted
- Incisive 5100 CT Agreement
- Sourcing Letter
- Disclosure of Ownership

DISCUSSION:

This is a turnkey agreement request. UMC will be replacing the current end-of-life CT system in the Trauma Room. New equipment will be purchased through HPG GPO. Philips will install the specialty equipment. The term is approximately one-year. This is a request for approval of the quote for the agreement and the turnkey contracting proposal, which outlines the full scope for the build out and installation.

Based on an earlier conversation during this meeting, Chair Caspersen inquired whether this is a construction project and if the project architect has been involved in advance of the work. Mr. Marinello confirmed that the architect has been involved.

FINAL ACTION TAKEN:
A motion was made by Member Mackay 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 award by the Governing Board the Bid No. 2023-13, UMC 2040 2nd Floor Remodel, to Monument Construction, the lowest responsive and responsible bidder; authorize the Chief Executive Officer to exercise any Change Orders within his delegation of authority; or take action as deemed appropriate. *(For possible action)***

DOCUMENTS SUBMITTED:
- Client Agreement – Amendment 1

DISCUSSION:

A bid was published in September and three responses were received in October. Monument was the lowest responsive and responsible bidder and was recommended for award of the bid. This is for the second floor remodel of the 2040 building for clinical education space and dental office space.

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

ITEM NO. 17 **Review and recommend for approval by the Governing Board the Notice of Award with the Department of Health and Human Services, Assistant Secretary for Preparedness & Response for Award Number 5 HITEP220075-02-00; or take action as deemed appropriate. *(For possible action)***

DOCUMENTS SUBMITTED:
- Notice of Award

DISCUSSION:

This is a request to approve the grant from DHHS for preparedness and response. The Mission Zero is a 3-year grant aid UMC to support the Office of Military Medicine and other support services.

Chair Caspersen asked if this was a federal award and if it meets the threshold for audit requirements. Ms. Wakem confirmed that it is below the threshold limit.

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

ITEM NO. 18 **Review and recommend for approval by the Board of Hospital Trustees for University Medical Center of Southern Nevada, the Second Conditional Offer to Purchase Real Property between Clark County Real Property Management and Interagro Inc.; authorize the Chief Executive Officer to execute necessary documents to effectuate the transaction for**

the purchase of real property; or take action as deemed appropriate. ***(For possible action)***

DOCUMENTS SUBMITTED:
- Second Conditional Offer to Purchase Real Property

DISCUSSION:

The County submitted a conditional offer on behalf of UMC for the property located near the southwest corner of Charleston Blvd. and Sloan Lane. The conditional offer was accepted and we are currently in the final stages of finalizing the sale. This request is for approval to authorize the transaction and to execute necessary documents for the purchase of the property.

FINAL ACTION TAKEN:
A motion was made by Member Mackay to approve and make a recommendation to the Board of Hospital Trustees for University Medical Center of Southern Nevada to approve the conditional offer. Motion carried by unanimous vote.

SECTION 3: EMERGING ISSUES

ITEM NO. 19 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

At this time, Chair Caspersen asked if there were any public comment received to be heard on any items not listed on the posted agenda.

COMMENTS BY THE GENERAL PUBLIC: None

SPEAKERS(S): None

There being no further business to come before the Committee at this time, at the hour of 3:03 pm., Chair Caspersen adjourned the meeting.

MINUTES APPROVED: November 8, 2023
Minutes Prepared by: Stephanie Ceccarelli