University Medical Center of Southern Nevada
Governing Board Audit and Finance Committee Meeting
September 20, 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 2:03 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)
Harry Hagerty (via webex)
Mary Lynn Palenik (via webex)
Christian Haase (via webex)

Absent:

None

Others Present:
Jennifer Wakem, Chief Financial Officer (Via WebEx)
Doug Metzger, Controller
Steven Hughey, Assistant Controller
Rose Coker, Director of Managed Care
Chris Jones, Executive Director of Support Services
Lia Allen, Assistant General Counsel - Contracts
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 August 23, 2023. *(For possible action)*

FINAL ACTION:

A motion was made by Member Mackay that the minutes be approved as presented. Motion carried by majority vote. Member Palenik abstained, as she was not present at the last meeting.

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

FINAL ACTION:

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

SECTION 2. BUSINESS ITEMS

ITEM NO. 4 Receive the monthly financial reports for August FY24; and direct staff accordingly. *(For possible action)*

DOCUMENTS SUBMITTED:
- August FY24 Financials

DISCUSSION:

Jennifer Wakem, Chief Financial Officer presented the financials for August FY2024.

Admissions were strong, only 2.3% below budget and AADC was at 553. Average length of stay dropped to 5.96, hospital CMI was 1.78 and Medicare CMI was 2.09.

Inpatient surgeries were below budget almost 11.5%.
Outpatient surgeries were only 1% below budget.
There were 14 transplants in the month. ER visits were 8% below budget, but only 5% below prior year. Approximately 22.5% of patients are being admitted from the ED.

There were 17,151 quick care visits. Primary care visits totaled 7,075. Deliveries were high totaling 157 for the month.

Trends in inpatient payor mix showed Medicaid dropped 1.82% and Medicare increased 1.05%. In the ED, Medicaid dropped 2.21% and Medicare increased 1.65%. Inpatient surgical volume trends showed a drop in Medicaid 1.83%, Medicare went up 3% and self-pay went down almost 2%. Outpatient showed commercial up 3.6%, government up 2%, Medicaid down 4.7%, Medicare down 2.3% and self-pay was up 1%. She noted that in all 4 business categories, Medicaid was down and this is being monitored closely because the State started disenrolling people in Medicaid and we are unsure if this is a trend yet.

The summary income statement for August showed net patient revenue was down about $6.4 million. Other revenue was up almost $200K. Total operating revenue was below budget $6.2 million. Total operating expenses were below budget $5.3 million. Income from ops adding depreciation and amortization was $4.4 million on a budget of $4.8 million.

The income statement year to date showed net patient revenue down $11.1 million, other revenue was up $1.8 million, total operating revenue was below budget $9.4 million and net to gross was running 18.3%. Operating expenses were below budget $9.1 million. Income from ops was $9.6 million on a budget of $9 million. The income statement trended was presented as informational.

Salaries, wages and benefits for the month was discussed. Salaries were below budget due to decreased volumes. Labor volume adjusted was above budget, as well as AEPOB at 6.51.

Trended salaries, wages and benefits showed overtime and contract labor were down, with contract labor being a record low.

In all other expenses, supplies were down $1 million and purchased services were down $500K.

Key financial indicators were reviewed in profitability, labor, liquidity and cash collections. Labor was in the red. Days' cash on hand was 47.4 days; she informed the Committee of outstanding supplemental payments that have been received. Candidate for bill is in the green. Cash collections was in the red.

Lastly, Ms. Wakem provided a review of cash flow and the balance sheet.

FINAL ACTION TAKEN:

None

ITEM NO. 5 Receive an update report from the Chief Financial Officer; and direct staff accordingly. ***(For possible action)***

DOCUMENTS SUBMITTED:
- None

DISCUSSION:

Ms. Wakem shared updates regarding the 340B reduction. UMC will receive approximately $800K and this will be booked in period 13.

She next provided updates regarding the Medicaid DSH cuts, which may begin on October 1, 2023. This should not impact UMC, as we secured the DSH opt out methodology and instead use the Enhanced Directed Payment program.

State of Medicaid: Errors occurred in the disenrollment and redetermination process for individuals that qualify for Medicaid, following the lifting of the public health emergency. The state is working to correct this and UMC continues to monitor this.

The dashboard of aging of supplemental payments by program will be presented in a future meeting. There was continued discussion regarding the aging of the supplemental payment amounts and the timeline of the processing of the outstanding payments.

FINAL ACTION TAKEN:
- None

ITEM NO. 6 Review and recommend for approval by the Governing Board the Amendment Number Four to Provider Agreement with P3 Health Partners-Nevada, LLC for managed care services; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Provider Agreement – Amendment 4 Redacted
- Disclosure of Ownership

DISCUSSION:

This amendment will extend the term of the agreement for 2-years, add radiology professional fee services to the agreement and update the fee schedule for changes made to the Medicare fee schedule.

There was continued discussion regarding the timeliness of payments through Managed Medicare.

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. 7 Review and recommend for approval by the Governing Board the Amendment Number Four to Provider Services Agreement with Intermountain IPA NV, LLC f/k/a HCP IPA Nevada, LLC for managed care services; or take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Amendment 4
- Disclosure of Ownership

DISCUSSION:

This amendment will extend the term of the agreement for 2-years and removes the exclusion of spinal surgery from the Orthopedic and Anesthesia subsections.

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. 8 **Review and recommend for approval by the Governing Board the CAPS IV Services Agreement with Central Admixture Pharmacy Services, Inc. for compounded sterile preparation services; authorize the Chief Executive Officer to execute future amendments within the not-to-exceed yearly amount of this Agreement; or take action as deemed appropriate. *(For possible action)***

DOCUMENTS SUBMITTED:
- CAPS IV Services Agreement

DISCUSSION:

This is a new agreement for a 1-year term with CAPS, Inc. to provide compounded sterile preparation services. The term is not to exceed the yearly amount and includes four automatic 1-year renewal options.

There was continued discussion regarding the annual price increases that are included in the agreement.

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. 9 **Review and recommend for approval by the Governing Board the Sub-Participating Addendum with AT&T Corp., for wireless communication services and equipment; authorize the Chief Executive Officer to execute any extension options or amendments; or take action as deemed appropriate. *(For possible action)***

DOCUMENTS SUBMITTED:
- Sub-Participating Addendum – FirstNet Turnkey Agreement
- Business Associate Agreement
- Disclosure of Ownership
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DISCUSSION:

The State of Nevada entered into an agreement that will allow state agencies and political sub-divisions to participate in wireless communication services and receive favorable pricing with AT&T. As a sub-participating member, UMC will be able to provide wireless service and equipment to hospital staff. This is a 3-year agreement for enterprise wide wireless service with AT&T.

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. 10 Review and recommend for approval by the Governing Board the Agreement with MediQuant, LLC for archival software and services; authorize the Chief Executive Officer to execute future amendments; or take action as deemed appropriate. ***(For possible action)***

DOCUMENTS SUBMITTED:
- Master Agreement – Redacted
- Disclosure of Ownership

DISCUSSION:

This is a request for a new master agreement with the vendor to provide software solution and support services. The new agreement will provide recurring licensing and access fees for accounts receivable and payroll data that will be stored to ensure compliance and availability. The term of the agreement is 3-years with two 1-year options for renewal.

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. 11 Review and recommend for approval by the Governing Board the Amendment A05 to Professional Services Agreement with Southern Nevada Health District for sub-recipient grant funding; or take action as deemed appropriate. ***(For possible action)***

DOCUMENTS SUBMITTED:
- Professional Service Agreement – Amendment A05

DISCUSSION:

UMC is a sub-recipient of grant funds received by the Southern Nevada Health District through the CDC. This amendment will extend the grant period through May 31, 2024. Additional funding will be added to incorporate additional services added to the scope of work.

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. 12 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 2
- Disclosure of Ownership

DISCUSSION:

This is an amendment to our current agreement with Steris for a work change order to meet fire safety standards. This will increase the amount and extend the term for an additional year to ensure safety standards are met.

Member Palenik commented that this seems to be a missed scope of work and the company is passing the cost on to UMC.

The discussion continued regarding fire life safety and compliance by the vendor. The Committee feels that this is a miss on the contractor's part and that the agreement was improperly scoped.

Member Hagerty commented that this is not the first time that a capital project has been delayed or the scope increased due to the failure to anticipate changes in project.

Chair Caspersen asked that this be an emerging issue and the team review the agreement and explain the process and procedures that are in place to identify misses of this nature.

Member Palenik commented that although legal will review the legal terms, the line items are business items that are negotiated by staff.

The Committee tabled this item and would like to have it brought back for consideration at the next meeting along with the process we have in place for reviewing the work scope.

FINAL ACTION TAKEN:

No action was taken on this item.

ITEM NO. 13 Review and recommend for approval by the Governing Board the Professional Services Agreement with Essential Associates Holdings, LLC for radiology clinical services; authorize the Chief Executive Officer to exercise renewal options within his delegation of authority; or take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:

- Professional Services Agreement
- Disclosure of Ownership

DISCUSSION:

This is a new agreement for the vendor to provide radiological interpretation services (Telerad) for UMC. The term is a 3-year agreement with two 1-year auto renewal.

Member Mackay asked if the pricing formula is accepted industry wide and if the turnaround time for getting reports. Mr. Jones explained the process involved in reviewing the pricing structure and added that the turn times for reports are anticipated to be the same, if not less than the current vendor.

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 Board of Hospital Trustees for University Medical Center of Southern Nevada, the Fourth Amendment to Interlocal Medical Office Lease with the Board of Regents of the Nevada System of Higher Education on behalf of the University of Nevada, Las Vegas, School of Medicine for rentable space at the Lied Building located at 1524 Pinto Lane; or take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Interlocal Medical Office Lease Amendment 4

DISCUSSION:

This amendment will extend the lease for the final renewal year, through October 31, 2024.

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 amendment. Motion carried by unanimous vote.

SECTION 3: EMERGING ISSUES

ITEM NO. 15 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)*

The Committee would like a report on the contracting process for the scope of work in bids and negotiations related to ongoing projects.

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:

SPEAKERS(S): None

There being no further business to come before the Committee at this time, at the hour of 3:15 pm., Chair Caspersen adjourned the meeting.

MINUTES APPROVED: October 18, 2023
Minutes Prepared by: Stephanie Ceccarelli