

University Medical Center of Southern Nevada
Governing Board Audit and Finance Committee Meeting
April 17, 2024

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:

Mason Van Houweling, Chief Executive Officer
Tony Marinello, Chief Operating Officer
Jennifer Wakem, Chief Financial Officer
Doug Metzger, Controller
Frederick Lippmann, MD, Chief Medical Officer
Susan Pitz, General Counsel
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 March 20, 2024. (For possible action)

FINAL ACTION:

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

SECTION 2. BUSINESS ITEMS

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

DOCUMENTS SUBMITTED:

- March FY24 Financials

DISCUSSION:

Jennifer Wakem, Chief Financial Officer, presented the financials for the months of March.

Admissions were below budget 5%. Observation cases were 56% above budget. AADC was 553 and length of stay was 6.25 days. Hospital acuity was 1.92 and Medicare CMI was 2.35. Inpatient surgeries were 20% below budget and outpatient surgeries were 15% below budget. There were 18 transplants for the month. ER visits were below budget 18%; the key driver was pediatrics.

Approximately 23.75% of patients are being admitted from the ED.

Quick cares were about 9% below budget; Sunset, Nellis and Southern Highlands were the key drivers.

Primary cares are below budget, but are 11% above prior year.

There were 577 telehealth visits and 1,726 Ortho Clinic visits. Deliveries were down 16%.

Trended stats shows average length of stay continues to move in the right direction and is below the 12-month average. Medicare CMI was a record high. There were 18 transplant cases. ED admission to obs conversion rate is high at 23.75.

Inpatient payor mix trends showed commercial up 1%, Medicaid dropped approximately 2%. Emergency room trends shows commercial increased 1.5% and self-pay dropped 1.25%.

Payor mix by surgical cases showed inpatient surgeries down in self-pay down 1.22% and outpatient surgeries showed Medicaid down just under 5% and Medicare is up 4%.

The income statement showed net patient revenue was above budget \$3.9 million. Other revenue was below budget \$400K. Operating revenue exceeded budget \$3.5 million. Operating expenses exceeded budget \$3.6 million. Income from ops before depreciation and amortization exceeded budget by approximately \$700K. The March year-to-date summary income exceeds budget by \$20K. The income statement trended was shown as informational.

Salaries, wages and benefits exceeded budget \$1.2 million in labor. SWB as a percent of net was below budget 1.6%.

The trended stats for SWB were reviewed next. Opportunities to improve in premium labor and contract labor were discussed. We were running \$3.2 million in contract labor, primarily due to radiology. Ms. Wakem stated that contract labor is trending down.

In other expenses, we exceeded budget \$2.4 million, primarily due to supplies.

Key financial indicators were reviewed in profitability, labor, liquidity and cash collections. Profitability was in the green. Labor was in the red due to added service lines. Liquidity and cash collections were in the green. Day's cash on hand was in the green at 99.5 days. Cash collections were strong for the month. Cash collections and point of sale goal hit their goal. We saw a record cash collection month in March.

Cash flow for March showed \$52 million received for cash and payors for the month. There were no supplemental payments received for the month.

The balance sheet showed a slight decrease in cash.

FINAL ACTION TAKEN:

None taken.

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

DOCUMENTS SUBMITTED:

- None

DISCUSSION:

1. 340B Revenue – In March 2024, the 8th Circuit US Court of Appeals upheld an Arkansas state act which prohibited drug manufacturers from restricting hospitals from 340B discounts. This was provided as informational. Nevada is a state with no protective legislation around 340B revenue.

2. Supplemental Payments – As of March 31st, there was approximately \$103 million outstanding. Approximately \$51 million was received in April. There is still about \$28 million outstanding. We are working with the state on reconciliation of these funds.
3. Medicaid DSH Cuts – On March 6, 2024, congressional action eliminated the proposed cuts for 2024, therefore, there will be no cuts to the DSH program this year.

FINAL ACTION TAKEN:

None taken

ITEM NO. 6 Review and recommend for approval by the Governing Board, the Proposed Final FY2025 Operating Budget to be submitted to Clark County, and discuss any changes; and direct staff accordingly. (For possible action)

DOCUMENTS SUBMITTED:

- Proposed Final FY25 Budget

DISCUSSION:

Ms. Wakem provided an update on the proposed final budget for FY25.

A comparison of the preliminary and proposed final budget was shown. The only significant change was to the quick care statistics. The visit volume was decreased by 4,700 visits due to the anticipated closure of the Rancho Quick Care location. The volume expected to go to Centennial was reduced because of competition.

A breakdown of the FY25 budget income statement summary was reviewed. Net patient revenue was decreased by \$2.6 million. Operating expenses were increased by \$11.4 million due to an increase in labor and decrease in professional fees.

In labor, \$12 million was added; the key driver being the employed model for hospitalists and ED providers. Professional fees were reduced by \$2.3 million and FTEs were added to cover new service lines and changes in practices at UMC. Resident salaries increased an additional \$1.6 million.

There was continued discussion regarding the presentation going to the Governing Board next week.

FINAL ACTION TAKEN:

Recommend approval by the Governing Board of the final FY25 Operating Budget to be submitted to the County. Motion carried by unanimous vote.

ITEM NO. 7 Review and recommend for ratification by the Governing Board the Amendment One to the Hospital Agreement with Alignment Health Plan of Nevada, Inc. for Managed Care Services; or take action as deemed appropriate. (For possible action)

DOCUMENTS SUBMITTED:

- Hospital Agreement – Amendment 1
- Disclosure of Ownership

DISCUSSION:

This is a request for ratification of Amendment One to extend the term through 2026.

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 First Amendment to the Value-Based Payment Programs with Molina Healthcare of Nevada, Inc.; or take action as deemed appropriate. (For possible action)

DOCUMENTS SUBMITTED:

- Value Based Payment Programs - Amendment 1 – Redacted
- Disclosure of Ownership

DISCUSSION:

The Pay-For-Quality Bonus Program provided through Molina Healthcare, allows UMC to recognize incentives based on performance of providers who demonstrate best quality of care for program members. This is an amendment to extend the term of the agreement through December 2024. This will include two, 1-year renewal options.

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 Amendment One and Quote with Clinical Computer Systems, Inc. for OBIX Support Services and Perinatal Solutions; authorize the Chief Executive Officer to execute extensions and amendments; or take action as deemed appropriate. (For possible action)

DOCUMENTS SUBMITTED:

- Price Quotation - 45175465 R6 B – Redacted
- Support Agreement Amendment - Redacted
- Disclosure of Ownership

DISCUSSION:

This is an amendment and quote to extend the term of the agreement through December 2026 for licensing and support services, as well as provide additional funding.

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 Equipment Schedule No. 016 to Master Agreement 21237667 with Flex Financial, a division of Stryker Sales, LLC; or take action as deemed appropriate. (For possible action)

DOCUMENTS SUBMITTED:

- Schedule 16- Redacted
- Sourcing Letter
- Disclosure of Ownership

DISCUSSION:

This Schedule 16 will exchange equipment items to provide UMC with the most up-to-date equipment. This will include service on all equipment received. This is a 48-month 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. 11 Review and recommend for approval by the Governing Board the Purchaser-Specific Agreement with Vero Biotech Inc. for tankless inhaled nitric oxide and accompanying services in NICU and PICU; or take action as deemed appropriate. (For possible action)

DOCUMENTS SUBMITTED:

- Purchaser-Specific Agreement
- Sourcing Letter
- Disclosure of Ownership

DISCUSSION:

This is new agreement with a new HPG specific vendor to provide tankless nitric oxide delivery. This is a 3-year agreement with termination with 180-days' notice. The agreement will take effect July 1, 2024.

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 approval by the Board of Hospital Trustees for University Medical Center of Southern Nevada, the Professional Services Agreement (Individual Diagnostic Teleradiology Coverage) template for use with various providers; or take action as deemed appropriate. (For possible action)

DOCUMENTS SUBMITTED:

- Professional Services Agreement (Individual Diagnostic Radiology Coverage)

DISCUSSION:

This template was developed for use to contract with the various providers. Compensation has been determined to be fair market value. The contract is for a 1-year term with a 180-day termination notice. The contract template will require funding approval by the Board of Hospital Trustees. UMC estimates approximately ten providers may be contracted under this arrangement.

The Committee inquired why this professional service would use this arrangement as compared to the other PSA arrangements. Ms. Pitz responded that this framework is similar to previous on-call arrangements. This agreement is a format for teleradiology, as physicians may possibly reside out of state. This agreement would need BCC approval because of the funding threshold.

FINAL ACTION TAKEN:

A motion was made by Member Mackay to approve and make a recommendation to the Board of Hospital Trustees approve the agreement. Motion carried by unanimous vote.

ITEM NO. 13 Review and recommend for approval by the Board of Hospital Trustees for University Medical Center of Southern Nevada, the Professional Services Agreement for surgery services with UNLV Medicine and the Board of Regents of the Nevada System of Higher Education of behalf of the Kirk Kerkorian School of Medicine at UNLV; or take action as deemed appropriate. (For possible action)

DOCUMENTS SUBMITTED:

- Surgery Professional Services Agreement

DISCUSSION:

This is a request to enter into a new professional services agreement for general and specialized surgery services with the School of Medicine. This

request is for additional funding and will extend the term of the agreement through May 31, 2026 and includes two 1-year renewals.

A discussion ensued regarding the timeline of this agreement and how it correlates the term of the Affiliation Agreement.

FINAL ACTION TAKEN:

None

ITEM NO. 14 Review and recommend for approval by the Board of Hospital Trustees for University Medical Center of Southern Nevada the Change Order with Philips Healthcare, a division of Philips North America LLC for the Catheterization Laboratory replacement project; or take action as deemed appropriate. (For possible action)

DOCUMENTS SUBMITTED:

- Cath Lab Change Order
- Disclosure of Ownership

DISCUSSION:

This change order is necessitated due to a change in construction building regulations adopted in 2023. UMC is required to modify our recovery room which is a requirement for licensure and to be compliant. The change order will provide for the construction modifications.

There was continued discussion regarding incremental costs incurred.

FINAL ACTION TAKEN:

A motion was made by Member Mackay to approve and make a recommendation to the Governing Board of County Commissioners to approve the change order. 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)

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:

SPEAKERS(S):

Mason Deschamps commented that it was discovered that the Chief of OBGYN at UMC hospital was charged with seven counts of sexual assault against minors in 1998. Brief details were provided regarding the public court records. He stated that maybe the finance department could pull records regarding this doctor. Mr. Deschamps added that the UNLV Board of Regents is working to remove him from his position at UNLV. He asked if there is an ability to take proper action regarding this matter and stated that he would be presenting this information at the Governing Board meeting also.

There being no further business to come before the Committee at this time, at the hour of 2:53 pm., Chair Caspersen adjourned the meeting.

MINUTES APPROVED: May 22, 2024

Minutes Prepared by: Stephanie Ceccarelli