University Medical Center of Southern Nevada
Governing Board Audit and Finance Committee Meeting
April 20, 2022

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)
Mary Lynn Palenik (via WebEx)
Christian Haase (via WebEx)
Harry Hagerty (via WebEx)

Absent:
Barbara Frasier (Ex-Officio) (Excused)

Others Present:
Tony Marinello, Chief Operating Officer
Jennifer Wakem, Chief Financial Officer
Doug Metzger, Controller
Kurt Houser, Chief Human Resources Officer
Rose Coker, Director of Managed Care
Susan Pitz, General Counsel
Emelia 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 23, 2022. *(For possible action)*

Member Palenik was not present at the last meeting and wished to abstain from voting.

FINAL ACTION:
A motion was made by Member Mackay that the minutes be approved as presented. Motion carried by a majority vote. Member Palenik abstained.

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 and recommend for approval by the Governing Board the Amendment Number Eight to Participating Provider Agreement with Silversummit Healthplan, Inc. for Managed Care Services; or take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Participating Provider Agreement
- Disclosure of Ownership

DISCUSSION:
This is a Nevada Medicaid Plan. The provider has 140K covered lives. The amendment is a request to extend the current agreement for an additional 2-years. The reimbursement schedules are according to Medicare and Medicaid and we will remain participating partners within the P3 Network.

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. 5 Review and recommend for approval by the Governing Board the Professional Services Agreement for Pediatric Neurology On-Call Coverage with Pokroy Medical Group of Nevada, Ltd.; authorize the Chief Executive Officer to exercise any extension options; or take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Professional Services Agreement

DISCUSSION:
This is a request to enter into a new agreement with the current provider for 24/7 consultative, emergency and on-call pediatric neurology services for inpatient and outpatient, emergency room and trauma patient. The agreement before the Committee for review and approval was in draft form, pending the final IT direct billing language. The final signed version of the agreement will be submitted to the Governing Board for approval.

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. 6 **Review and recommend for approval by the Governing Board the Amendment Two to Agreement for Locum Tenens Coverage with Staff Care, Inc.; or take action as deemed appropriate. *(For possible action)***

DOCUMENTS SUBMITTED:
- Amendment Two to Agreement for Locum Tenens Coverage

DISCUSSION:
This amendment will extend the term of the agreement for and additional one-year, should services be required for physician services.

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 Pharmaceutical Supply Agreement with SCA Pharmaceuticals, LLC; authorize the Chief Executive Officer to exercise any extension options; or take action as deemed appropriate. *(For possible action)***

DOCUMENTS SUBMITTED:
- Pharmaceutical Supply Agreement
- Disclosure of Ownership
- HPG Souring Letter

DISCUSSION:
This is a new agreement for additional pharmacy product supply services when needed. There is no minimum purchase requirement. This is a 5-year agreement with the option to terminate at any time without cause.

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. 8 **Review and recommend for approval by the Governing Board the Amendment Four to Agreement for Consulting Services with United Audit Systems, Inc. d/b/a UASI for coding and auditing services; or take action as deemed appropriate. *(For possible action)***

DOCUMENTS SUBMITTED:
- Amendment Four
- Disclosure of Ownership

DISCUSSION:
This is an amendment for additional funding to the current agreement, which allows the vendor to provide more coding and auditing services.

Ms. Wakem added that this is essentially a purchase services agreement for contract labor when more staff is needed until positions are filled.

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 Amendment 14 with 3M Health Information Systems, Inc. for the MModal voice recognition system; authorize the Chief Executive Officer to exercise any extension options; or take action as deemed appropriate. *(For possible action)***

DOCUMENTS SUBMITTED:
- Software License and Services Agreement – Amendment 14
- Disclosure of Ownership

DISCUSSION:
Ms. Allen explained that 3M purchased MModal, and this amendment terminates the legacy agreement with MModal and now will incorporate all terms under the 3M agreement.

This Amendment 14 with 3M seeks to extend the license of the 3M – MModal software for 3-years. It will also add additional training, implementation and hardware for the Pathology department.

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 First Amendment to RFP No. 2017-09 Service Agreement for Linen Management and Distribution Services with Emerald Textile Services, Utah, LLC; or take action as deemed appropriate. *(For possible action)***

DOCUMENTS SUBMITTED:
- Service Agreement – Amendment One
- Disclosure of Ownership

DISCUSSION:
Emerald Textile offers full on-site laundry services. This amendment is for additional funding due to the increase in linen costs, labor, utilities and other supply chain issues.

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 Board of Hospital Trustees for University Medical Center of Southern Nevada, the Second Amendment to Agreement for Food Services and Clinical Nutrition Management Services (Lot 2) with Compass Group USA, Inc.; or take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Second Amendment to Agreement for Food Services/Nutrition Management Services
- Disclosure of Ownership

DISCUSSION:
This is an amendment to add funds to support increased inflationary costs for food and supplies. All other terms of the agreement remain unchanged.

FINAL ACTION TAKEN:
A motion was made by Member Mackay to approve and make a recommendation to the Board of Hospital Trustees 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 Second Amendment to the Lease Agreement with Schnitzer Valley View, LLC for rentable warehouse space; or take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Lease – Amendment Two
- Disclosure of Ownership

DISCUSSION:

The lease of this space is used to support hospital's PPE storage needs. This second amendment would extend the agreement for a three (3) year term through July 31, 2025.

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

Chair Caspersen asked if any of the members have questions or comments about the Contracts Report-Out document. The members agreed that it is a useful document that is referred to when reviewing the contracts. There was also discussion regarding the function of the NTracts Contract data base and the software service.

ITEM NO. 13 Receive the monthly financial reports for March FY22; and direct staff accordingly. *(For possible action)*

DOCUMENTS SUBMITTED:
- March FY22 Financials

DISCUSSION:
Jennifer Wakem, Chief Financial Officer, presented the financials for March FY22.

The key indicators for March were reviewed. Volumes were strong for the month. Admissions were on budget and AADC continues to be high, 23% above budget. Length of stay is still high, but dropped slightly. The following action plans have been implemented:

- Daily discharge meeting with various departments
- Increased Provider communication
- Implementation of the Curaspan software package for post-acute healthcare patient placement

Acuity remains high. Overall hospital CMI was 1.97 and Medicare CMI was 2.01.

There were 913 inpatient surgeries, 621 outpatient surgeries and 15 transplants.

ER visits were 9,764 – Pediatric volume was the key driver.
Quick care locations did well – Summerlin, Peccole and Nellis were stand out locations. Primary care volumes were up also, key locations were Sunset, Nellis and Spring Valley. Trended inpatient and outpatient indicators were reviewed.

Payor mix trended showed inpatient was consistent with the 12-month average. Commercial was down approximately 2% and Medicare was up 1.5%. ER showed Medicare up 1%.

Payor mix by surgical volumes showed commercial down 2% and Medicare up 1.5%. Outpatient showed self-pay down 1%. A discussion ensued regarding the high commercial payor mix and if this trend will continue.

The summary income statement for March shows net patient revenue above budget $7.9 million. Other revenue was up $500k. Total net revenue was above budget $8.4million. Operating expenses were over budget $6.3 million. Income from ops adding depreciation and amortization landed at $1.6 million for the month compared to a budgeted loss of $1 million.

The March year to date income statement showed total revenue above budget, operating expenses were up and income from operations was positive. The income statement trended was reviewed briefly.
Salary, wages and benefits are over budget $1.8 million. Ms. Wakem reminded the Committee that the nursing incentive payments stopped in February. Contract labor decreased slightly. SWB as a percentage of net revenue is at 61%.

Other expenses showed supply costs were high primarily due to surgical volumes. Purchased services were up.

Key financial indicators shows profitability, labor statistics, and liquidity were in the red. Days cash on hand is approximately 3 months. Net days in AR is at 70 days. Candidate for bill was green at 5.3 days. Cash collections and point of service collections were positive.

The capital plan for FY22 was reviewed – Project costs were $21.4 million, PO amount issued was $6.2 million and amount spent was $2.2 million. A breakdown of the capital spend month over month for FY22, FY21 and FY20 was also shown. There was a brief conversation regarding the efficiency of the Capital Committee.

Ms. Wakem provided a review of the cash flow statement for March, which highlighted the cash received from patients and payors. Lastly, the balance sheet highlights were reviewed.

ITEM NO. 14 Receive an update report from the Chief Financial Officer; and direct staff accordingly. ***(For possible action)***

DOCUMENTS SUBMITTED:
- None

DISCUSSION:

COLA negotiations with the SEIU have begun. The next meeting will be on April 28th.

A Cares Funding payment was received in April.

COVID payments for COVID vaccines and testing stopped. Congressman Steven Horsford's Health Policy Advisor has reached out to UMC to ask how these funding cuts have impacted the hospital. Updates will be provided to the Committee.

We are working with the State and County on the outstanding federal supplemental payments.

The County CFO is planning to visit the May Audit & Finance meeting. Chair Caspersen suggested that a list of topics be provided for discussion at that meeting.

ITEM NO. 15 Receive and review the Proposed Final FY 2023 Operating Budget to be considered by Clark County and discuss any changes; and direct staff accordingly. *(For possible action)*

DOCUMENTS SUBMITTED:
- Proposed FY 2023 Budget

DISCUSSION:

Chair Caspersen stated that this should not be termed as the “Final” budget, but it is “Proposed”. It will be considered final after the Governing Board’s action.

Ms. Wakem provided a summary of the changes between the Proposed Final FY 2023 budget and the Preliminary Proposed FY2023 budget.

FY2023 Preliminary Proposed budget vs. Final Proposed budget numbers were shown. Based on feedback from the Committee on the Preliminary Proposed budget, admissions were increased, proposed length of stay for FY2023 was dropped to 5.77 days and admissions increased to 23,867. Observation days went down slightly.

Admissions are going up 8.6% which is significant, but still approximately 2% below FY19.

Net revenue increased $18.2 million due to the increase in admissions. Operating expenses increased due to increased volumes, but were offset by labor ratio changes. The net impact is an increase of $5.9 million in operating expenses. The budget assumes a significant decrease in length of stay. The discussion continued regarding long term goals and actions that can have a measurable positive impact on financial results.

Chair Caspersen thanked staff for all of their hard work on preparing the budget.

FINAL ACTION TAKEN:
A motion was made by Member Mackay that the Committee recommend the budget for approval by the Governing Board. Motion carried by unanimous vote.

Ms. Wakem reminded the Committee of next steps. The budget will be presented to the Governing Board next week and then to the County on Thursday.

SECTION 3: EMERGING ISSUES

ITEM NO. 16 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)*

There were no emerging issues.

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 3:10 pm., Chair Caspersen adjourned the meeting.

MINUTES APPROVED: May 18, 2022
Minutes Prepared by: Stephanie Ceccarelli