University Medical Center of Southern Nevada
Governing Board Audit and Finance Committee Meeting
April 23, 2025

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

Absent:
None

Others Present:
Tony Marinello, Chief Operating Officer
Jennifer Wakem, Chief Financial Officer
Doug Metzger, Controller
Ricky Russell, Chief Human Resource Officer
Deb Fox, Chief Nursing Officer
Christopher Jones, Executive Director of Support Services
Bud Shawl, Executive Director, Continuum of Care
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 19, 2025. *(For possible action)*

A motion was made by Member Hagerty to approve the minutes as presented. Motion carried by unanimous vote.

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

A motion was made by Member Hagerty to approve the agenda as presented. Motion carried by unanimous vote.

SECTION 2. BUSINESS ITEMS

ITEM NO. 4 Review the Governing Board Policies and Procedures, as they relate to the Governing Board Audit and Finance Committee, and direct staff accordingly. *(For possible action)*

DOCUMENTS SUBMITTED:
- Policies and Procedures

DISCUSSION:

The Committee was able to review the Governing Board Policies and Procedures as they relate to the responsibilities and activities of the Audit and Finance Committee. After a brief discussion, the Committee agreed with the policies as presented and did not have any changes.

FINAL ACTION TAKEN:
A motion was made by Member Hagerty to approve the Policies and Procedures as presented and make a recommendation to the Governing Board to approve. Motion carried by unanimous vote.

ITEM NO. 5 Receive the monthly financial reports for March FY25; and direct staff accordingly. *(For possible action)*

DOCUMENTS SUBMITTED:
- March FY25 Financials

DISCUSSION:

Jennifer Wakem, Chief Financial Officer, presented the financials for March 2025.

Admissions were slightly above budget, observation cases below budget 273 cases, and AADC was 400. Length of stay decreased to 5.65 days, down 9.6% compared to prior year. Observation length of stay was 38% below budget. Hospital acuity was 1.81 and Medicare CMI was 2.12.

Inpatient surgeries were 68 cases below budget. Outpatient surgeries were 60 cases above budget; the key drivers were ortho and general surgery.

Member Hagerty asked if the Cath procedures increased in outpatient surgery cases. Mr. Marinello responded that the cardio cases were primarily inpatient procedures.

There were 15 transplants in the month. ER visits were 3% above budget, with an increase in adult visits. The overall ER conversion rate was 15%. ED to observation rate was 6.21%, which is a significant improvement over prior year.

Quick cares were below budget 16% and primary cares were over budget, 12.5%. There were 444 telehealth visits during the month. Ortho clinic visits were above budget 21% and there were 100 deliveries for the month

Trended stats were compared to the 12-month average. Admissions were strong for the month. There were 668 observation cases. Ortho outpatient clinic had 2,649 visits.

Payor mix was consistent with the 12-month average. Government dropped slightly. Payor mix by patient type was presented as informational. A new slide was introduced to the committee comparing quick care and primary care payor mix by locations.

The income statement for the month of March showed net patient revenue was on budget. Other revenue was above budget $852k. Total operating revenue was $55K above budget. Operating expenses were above budget $88.3 million. EBIDTA was $3 million for the month on a budget of $2.8 million, which was $221k above budget.

March YTD income statement was reviewed. EBITDA was $28.4 million, on a budget of $28.6 million, approximately $200k below budget.

Salaries were $243k favorable to budget. Overtime has decreased significantly. Contract labor was on budget. All other expenses were $700k over budget.

Key financial indicators were reviewed for profitability, labor, liquidity and cash collections. In profitability, net to gross ratio was 17.8% below budget and SWB was higher than budget at 67.7%. Liquidity was in the red. Day's cash on hand sits just below 2 months. Net days in AR and candidate for bill has increased slightly. The point of service cash goal was met.

Organizational goals were reviewed. Currently, three of the five goals are being met. Action plans are in place to improve the goals that are not currently being met.

Finally, Ms. Wakem reviewed the cash flow statement for March and the FY25 balance sheet highlights. A discussion ensued regarding the below average cash received during the month, anticipated receipt of supplemental funds and approval of directed payments.

<u>FINAL ACTION TAKEN:</u>
None taken

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

DOCUMENTS SUBMITTED:
- PowerPoint Presentation

DISCUSSION:

Ms. Wakem provided the following updates:

- Façade Update: The project remains on time and on budget. Approximately $2.9 million remains for contractor and close out payments in June 2025. Outstanding work includes the round building, additional lighting and signage. The 2040 building top structure was painted based on feedback. The healing garden rules have been completed and will be posted on the intranet. The ribbon-cutting is scheduled for May 16th.

- State Budget Process: This is done every two years in line with the legislative session. Ms. Wakem reviewed the process and timeline regarding the budget. The budget for 2026 and 2027 is being drafted. This is being monitored by staff and updates will be provided in the future.

- Federal Legislation Update: The House Energy and Commerce Committee is targeting $880 billion in Medicaid savings during budget reconciliation. Ms. Wakem presented a slide which showed the potential changes identified and the estimated savings that have been identified. A discussion ensued regarding the potential impacts to UMC. The Committee suggests that staff work on an action plan to prepare for any affects these changes may have on the hospital.

The Committee would like the Governing Board to receive legislative highlights as well.

FINAL ACTION TAKEN:
None taken

ITEM NO. 7 Review and recommend for ratification by the Governing Board the Amendment Seven to the Primary Care Provider Group Services Agreement with Optum Health Networks, Inc. for Managed Care Services; or take action as deemed appropriate. ***(For possible action)***

DOCUMENTS SUBMITTED:
- Participation Agreement – Amendment 7
- Disclosure of Ownership

DISCUSSION:

This request is to approve the amendment to the agreement to extend the current expiration date for sixty days through June 30, 2025 while the parties negotiate new terms.

FINAL ACTION TAKEN:

A motion was made by Member Hagerty to ratify the amendment and make a recommendation to the Governing Board to ratify the agreement. Motion carried by unanimous vote.

ITEM NO. 8 **Review and recommend for approval by the Governing Board the Core Service Agreement and Amendment #1 with Philips Healthcare, a division of Philips North America LLC; authorize the Chief Executive Officer to execute extensions and amendments; or take action as deemed appropriate.** ***(For possible action)***

DOCUMENTS SUBMITTED:
- Quote – Amendment 1
- Disclosure of Ownership

DISCUSSION:

This is a five-year service agreement for CT scanner machines where Philips Healthcare will provide service coverage for the CT scanners located in the Adult Emergency Department and the Trauma Interventional Radiology Biplane room.

FINAL ACTION TAKEN:

A motion was made by Member Hagerty to approve the amendment and make a recommendation to the Governing Board to approve the amendment. Motion carried by unanimous vote.

ITEM NO. 9 **Review and recommends for approval by the Governing Board the Amendments with Vizient, Inc. for Clinical Data Base, Vizient Data Connector, and Patient Safety Organization; or take action as deemed appropriate.** ***(For possible action)***

DOCUMENTS SUBMITTED:
- Statement of Work – Amendment
- Amendment to Agreement
- Disclosure of Ownership

DISCUSSION:

This is an agreement for quality management software to report core measures, which is a CMS requirement. The amendments will extend the term of the software licenses for an additional three years and increase the funding.

There was a brief discussion regarding any changes to regulations and requirements in reporting to CMS.

FINAL ACTION TAKEN:

A motion was made by Member Hagerty to approve the amendments and make a recommendation to the Governing Board to approve the amendments. Motion carried by unanimous vote.

ITEM NO. 10 Review and recommend for approval by the Governing Board the Purchaser-Specific Agreement with Agiliti Surgical Equipment Repair, Inc; or take action as deemed appropriate. ***(For possible action)***

DOCUMENTS SUBMITTED:
- Agreement
- Disclosure of Ownership

DISCUSSION:

This HPG agreement requests to establish a 3-year service agreement for maintenance and cleaning of surgical instruments and autoclaves. The vendor will provide repair and maintenance services for on-location cleaning of surgical instruments, autoclave cleaning and off location maintenance of services of instruments and equipment used in the main OR, trauma OR and labor and delivery ORs.

FINAL ACTION TAKEN:

A motion was made by Member Hagerty to approve the agreement and make a recommendation to the Governing Board to approve the agreement. Motion carried by unanimous vote.

ITEM NO. 11 Review and recommend for award by the Board of Hospital Trustees for University Medical Center of Southern Nevada, the Bid No. 2025-03, UMC 5755 E Charleston Clinic Remodel Project PWP# CL-2025-268, to Monument Construction, the lowest responsive and responsible bidder, contingent upon submission of the required bonds and insurance; authorize the Chief Executive Officer to execute change orders within his delegation of authority; or take action as deemed appropriate. ***(For possible action)***

DOCUMENTS SUBMITTED:
- Clinic Remodel Project Agreement
- Disclosure of Ownership

DISCUSSION:

In February 2025, a request was published seeking bids for improvements to the referenced location. Seven proposals were received. The least and most responsive bidder was Monument Construction. The scope includes the demolition and addition of walls and finishes, upgrades to the HVAC rooftop units, and new striping of the parking lot, as well as mechanical, electrical, and plumbing alterations. The term of the agreement is 180 days from the date provided in the notice to proceed.

FINAL ACTION TAKEN:

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

ITEM NO. 12 Review and recommend for approval by the Governing Board, the Proposed Final FY2026 Operating Budget to be submitted to Clark County, and discuss any changes; and direct staff accordingly. *(For possible action)*

DOCUMENTS SUBMITTED:
- FY26 Proposed Budget Presentation

DISCUSSION:

Ms. Wakem provided a review of the changes made to the proposed budget based on feedback received at the previous month's meeting. The timeline to submit the budget to the county remains unchanged.

Adjustments from the FY2026 Proposed Final Budget vs. the Preliminary Budget are as follows:

The projected earnings and labor were pulled back slightly.

There was a reduction in total operating expenses of $4.4 million – reducing labor, supplies and purchased services. Other expenses added $2.7 million, related to the new supplemental payment program.

In labor, IT FTEs were reduced and FTE staffing changes in ambulatory to streamline efficiencies. Total paid FTEs are reduced by 89 FTEs. There was a brief discussion regarding the number of FTEs, which was higher in March. Ms. Wakem responded that some of these were from the Crisis Stabilization Center.

Member Hagerty observed in the slides that net revenue was going up 5% and EBIDTA was down 44% and stated concern in staff effectively managing labor. A lengthy discussion ensued regarding the goal related to the SWB the budget and how labor is being managed daily.

FINAL ACTION TAKEN:
A motion was made by Member Hagerty to approve the Proposed Final FY2026 Operating Budget and make a recommendation to the Governing Board to approve the budget and submit to the County. Motion carried by unanimous vote.

There was a brief discussion regarding the presentation to the Governing Board.

The Committee would like to see the capital budget plan, balance sheet related to the budget and what was submitted to the county and its components at the next meeting.

SECTION 3: EMERGING ISSUES

ITEM NO. 13 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)*

1. Updates on legislative policy discussions and state reports.

2. Strategies regarding the tariffs.

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 3:41 p.m., Chair Caspersen adjourned the meeting.

MINUTES APPROVED: May 21, 2025
Minutes Prepared by: Stephanie Ceccarelli