University Medical Center of Southern Nevada
Governing Board Audit and Finance Committee Meeting
April 10, 2014

UMC Conference Room I/J
Trauma Building, 5th Floor
800 Rose Street
Las Vegas, Clark County, Nevada
Thursday, April 10, 2014
3:30 p.m.

The University Medical Center Governing Board Audit and Finance Committee met in Conference Room I/J, UMC Trauma Building, 5th Floor, Las Vegas, Clark County, Nevada, on Thursday, April 10, 2014, at the hour of 3:30 p.m. The meeting was called to order at the hour of 3:30 p.m. by Chair Eileen Raney and the following members were present, which constituted a quorum of the members thereof:

CALL TO ORDER

Board Members:

Present:
Eileen Raney, Chair
Jeff Ellis
Harry Hagerty
Michael Saltman (participated by teleconference; left at 5:14 p.m., Item #4)

Others Present:

John O'Reilly, Governing Board Chair (participated by teleconference for closed session)
Stephanie Merrill, Chief Financial Officer
John Liston, Director, Purchasing and Contracts
Lisa Logsdon, Deputy District Attorney
Cindy Dwyer, Board Secretary

SECTION 1. OPENING CEREMONIES

ITEM NO. 1 PUBLIC COMMENT

Chair Raney asked if there were any persons present in the audience wishing to be heard on any item on this agenda.

Speaker(s): None

ITEM NO. 13 Go into closed session, pursuant to NRS 241.015(2)(b)(2), to receive information from the District Attorney regarding potential or existing litigation involving matters over which the Board has supervision, control, jurisdiction or advisory power, and to deliberate toward a decision on the matter. [For possible action]

DISCUSSION: A motion was made by Harry Hagerty that the recommendation to go into closed session pursuant to (NRS) 241 be approved. Motion unanimously approved.

At the hour of 3:32 p.m., the Board recessed to go into closed session.

The closed session was held.

At the hour of 4:42 the Board reconvened in open session.

FINAL ACTION: No action taken.

ITEM NO. 2 Approval of minutes of the regular meeting of the UMC Governing Board Audit and Finance Committee meeting on March 6, 2014 and the special meeting on March 19, 2014. [For possible action]

FINAL ACTION: A motion was made by Jeff Ellis that the minutes be approved as recommended. Motion carried by unanimous vote.

ITEM NO. 3 Approval of Agenda [For possible action]

DISCUSSION: Chair Raney announced that Items 10, 11, 8 and 14 would be taken at the top of the agenda, in that order.

FINAL ACTION: A motion was made by Jeff Ellis that the agenda be approved as recommended. Motion carried by unanimous vote.

SECTION 2. BUSINESS ITEMS

ITEM NO. 4 Receive and discuss an update on the Final FY 2015 Operating Budget and direct staff accordingly. [For possible action]

DOCUMENTS SUBMITTED:
- Schedule F-1 Revenues, Expenses and net Income
- Schedule F-2 Statement of Cash Flows

DISCUSSION: The revised budget was reviewed, which included the $71 million County subsidy, as recommended at the public budget hearing. Adjustments to revenue and expenses have been made to accommodate the $20 million decrease. Ms. Merrill pointed out that the second $25 million inter-fund loan is now built into the cash flow.

ACTION TAKEN: No action taken

ITEM NO. 5 Receive and discuss an update on cash flow and impact of Medicaid expansion, and direct staff accordingly. [For possible action]

DOCUMENTS SUBMITTED:
- UMC FY 2014 Cash Flow
- UMC Cash Flow Unknowns

DISCUSSION:

The Cash Flow report was updated since the March 26th Governing Board meeting. The current report shows that if the hospital collects the same rate as the past nine months we would have shortfall of $18 million, improved from the $25 million presented in March. The historical run rate has changed for March and April, and we are seeing a reduction in receivables and improvements in cash yet there may still be a need to draw between $10 million and $18 million on the proposed County Inter-fund loan. Ms. Merrill announced that the State has confirmed a $5 million advance next week, but would want it paid back by fiscal year end. Staff anticipates a conversation with the State about a possible advance for those patients currently in pending status. On a positive note, the State has confirmed that they will fill the gap for the newly covered Medicaid Managed Care patients with fee for service.

ACTION TAKEN: No action taken.

ITEM NO. 6 Discuss the preliminary FY 2015 Capital Budget process and direct staff accordingly. [For possible action]

DOCUMENTS SUBMITTED:
- FY2015 Capital Budgeting Process

DISCUSSION: Ms. Merrill provided information on the capital budget process which is currently underway. Chair Raney asked that staff ensure that non-critical capital requests are coordinated with strategic planning. The capital requests should also be shared with the Foundation.

ACTION TAKEN: No action taken.

ITEM NO. 7 Discuss cost reduction opportunities, and direct staff accordingly. [For possible action]

DISCUSSION: Mr. Barnard reported that Administration is looking at potential restructuring of service lines based on clinical necessity and profitability. They are also looking at the potential of engaging a consulting firm for expense reduction, with the intent of paying them a percentage of cost savings realized as a result of their work. Other opportunities being reviewed include: evaluating group purchasing organizations, UNSOM spending, and community physician contracts.

ACTION TAKEN: No action taken.

ITEM NO. 8 Receive a presentation from Clark County Internal Audit, and direct staff accordingly. [For possible action]

DOCUMENTS SUBMITTED:
- UMC Corporate Compliance, HIPAA and Internal Audit (PowerPoint Presentation

DISCUSSION: Rani Gill, Manager, prepared a presentation on the UMC's Corporate Compliance, HIPAA and Internal Audit program, describing the role of the staff, the audit plan, audit reports, and the Clark County Audit Committee. In the interest of time, the Committee opted to read the PowerPoint presentation on their own time.

ACTION TAKEN: No action taken.

ITEM NO. 9 Receive a financial update and discuss the timing and format of periodic financial reporting, and direct staff accordingly. [For possible action]

DOCUMENTS SUBMITTED:

- UMC Financial Update
- UMCSN Statement of Net Position for Eight Months Ended 2/28/14
- UMCSN Statement of Revenue and Expenses for Eight Months Ended 2/28/14

DISCUSSION: Ms. Merrill provided a UMC Financial Update for the period July 2013 thru February 2014, in the format previously used for reporting to the Hospital Board of Trustees. She also provided a draft format for presenting the February financials. Staff noted that the adjusted patient days are decreasing and Administration is addressing staffing. There was also an analysis of the payer mix for the past eight months, including a breakdown of Medicaid payments, which show an increase in Medicaid and a decrease in Self Pay.

The Committee was in agreement that the format for reporting cash flow and financials need to be revised. The Chair requested more month-specific data, as opposed to historical comparisons, to assist with identify trends. Jeff Ellis and Harry Hagerty were invited to provide input with Ms. Merrill.

ACTION TAKEN: No action taken.

ITEM NO. 10 Review the contracts for Civil Legal Services between Jimmerson Hansen, P.C., Patti, Sgro, Lewis & Roger, Pitegoff Law Office, Rhodes-Ford & Associates, P.C., Parker Nelson & Associates and University Medical Center of Southern Nevada; and take action as deemed appropriate for recommendation of acceptance to the Governing Board. [For possible action]

DOCUMENTS SUBMITTED:

- Retainer Agreement with UMC, Disclosure of Ownership, and Disclosure of Relationship for each of the following firms:
    - Jimmerson Hansen, P.C
    - Patti, Sgro, Lewis & Roger
    - Pitegoff Law Office
    - Rhodes-Ford & Associates, P.C.
    - Parker Nelson & Associates

DISCUSSION: Seven firms responded to a Statement of Qualifications for legal services to handle various legal cases for the hospital. An ad hoc committee reviewed the responses independently and anonymously, and recommended the selection of five firms. The contracts rates are consistent with the County's and are three years with two one-year options. Contracts may be terminated with a 30 day notice. Four of the five selected firms have contracted with UMC in the past.

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

ITEM NO. 11 Approve the ratification of the Agreement for Intermittent Pneumatic Compression products to ArjoHuntleigh Inc. and take action as deemed appropriate for recommendation of acceptance to the Governing Board. [For possible action]

DOCUMENTS SUBMITTED:
- Purchase Agreement between ArjoHuntleigh Inc and UMC
- Disclosure of Ownership
- Disclosure of Relationship

DISCUSSION: This agreement is through the Amerinet Group Purchasing Organization. Due to potential charges for lost devices, it was determined by staff that it was most prudent to stay with current vendor. Staff was able to negotiate a reasonable rate for the lost devices.

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

ITEM NO. 12 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]

DISCUSSION:

- Cash Flow to remain a monthly agenda item
- Schedule a special meeting to review plan of action for EHR implementation
- Items for May 15th Audit and Finance Committee meeting agenda:
    - Presentation from County staff regarding County funding structure. Briefings will be set up with Committee members in advance for those wishing to be briefed in advance of the meeting.
    - Presentation on Managed Care Contracts
    - Review of revised Finance Summaries for Committee
    - Presentation on Medicaid Waivers
    - Hospital Price Increase
    - Any finance items that result from the April 22nd Joint meeting

ACTION TAKEN: No action taken.

ITEM NO. 13 Taken out of order, see above, following ITEM No. 1

ITEM NO. 14: Receive and discuss UMC Enterprise Physicals Billing audit report. [For possible action]

DOCUMENTS SUBMITTED:
- Audit – Enterprise Physicals Billing – Findings, Recommendations, and Management Response

DISCUSSION: The Enterprise Clinic performs physicals for numerous outside entities. In 2013 they did 10,052 physicals resulting in $1,844,000 in revenue. The objective of the audit was to determine if billing and collections provided reasonable assurance that assets were safeguarded. Mr. Gill reviewed the findings for improvements, including staff's action plan to resolve.

The largest change that will result from the findings of this Audit is that Accounts Receivable management of this business line will be re-designed collaboratively with Patient Accounting and managed using aging reports and system billing processes. Additionally, there will be new policies and procedures implemented, a redesign of invoicing and cash posting procedures, and involvement of the Materials Management Department in contract review.

Hospital Staff will appear before the Clark County Audit Committee for their review of the audit to answer questions. The Audit Department will follow-up in six months to confirm compliance.

ACTION TAKEN: No action taken.

COMMENTS BY THE GENERAL PUBLIC:

At this time, Chair Raney asked if there were any persons present in the audience wishing to be heard on any items not listed on the posted agenda.

SPEAKERS(S): None

There being no further business to come before the Committee at this time, at the hour of 5:54 p.m., Chairman Raney adjourned the meeting.

APPROVED:

Eileen J Raney

Eileen Raney, Committee Chair

ATTEST:

Cindy Dwyer, Board Secretary