University Medical Center of Southern Nevada
Governing Board Audit and Finance Committee Meeting
August 20, 2025

Emerald Conference Room
Delta Point Building, 1st Floor
901 Rancho Lane
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
Mary Lynn Palenik
Harry Hagerty (via WebEx)
Christian Haase (via WebEx)

Absent:
Bill Noonan (Excused)

Others Present:
Tony Marinello, Chief Operating Officer
Jennifer Wakem, Chief Financial Officer
Deb Fox, Chief Nursing Officer
Doug Metzger, Controller
Bud Shawl, Executive Director of 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 July 23, 2025. *(For possible action)*

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

SECTION 2. BUSINESS ITEMS

ITEM NO. 4 Receive the monthly financial reports for July FY26; and direct staff accordingly. *(For possible action)*

DOCUMENTS SUBMITTED:
- PowerPoint Presentation

DISCUSSION:

Jennifer Wakem, Chief Financial Officer, presented the financials for July FY2026, the first month of the new fiscal year.

Volumes were good for the month. Admissions were on budget. There were 711 observation cases, and ADC was 366. Length of stay was 5.12 days; 7% below budget. Observation length of stay was 24% below budget. Hospital acuity was 1.88 and Medicare CMI was 2.05.

Inpatient surgeries were above budget by 47 cases. Outpatient surgeries were 47 cases above budget. There were 14 transplants. The overall ER visits were 578; the ED to observation/admission was 21.8%.

Quick care volume was over 13.6K patients, and primary cares were 15% below budget in volume. There were 371 telehealth visits during the month. Ortho clinic visits were strong, and there were 107 deliveries for the month. Ms. Wakem is now reporting on a new location, the Crisis Stabilization Center. Trended stats were compared to the 12-month average. Admissions were 27 above the 12-month average. Observation cases were below average by 59 cases. Length of stay was 5.12 days, which was a record low. Hospital CMI was on budget, and Medicare CMI was 2.05. Inpatient and outpatient surgical cases were strong against the 12-month average. Quick care volumes and telehealth visits were down for the month. Ortho cases were up. Deliveries were fewer than prior year. The Crisis Stabilization Center is a new service line, reporting approximately 40 cases for the month.

Payor mix trended was briefly reviewed and was consistent with the 12-month average. Payor mix by type was shown as informational.

The income statement for the month of July showed net patient revenue below budget $2.2 million. Other revenue was down $1.3 million. Total operating revenue was below budget $3.4 million. Operating expenses were below budget. EBIDTA was a loss of approximately $500K on a budget of $1.7 million. Ms. Wakem continued the discussion by listing challenges of revenue during the month, which included lower than expected volumes and revenue from the Crisis Stabilization Center, delayed start of the new MCO/IME supplemental payment program, lower reimbursement from the state directed payment program and 340B reimbursement.
A lengthy discussion ensued regarding specific challenges in opening and raising community awareness of the new Crisis Stabilization Center. Bud Shawl, Executive Director of Continuum of Care, commented on the purpose of the CSC and addressed questions concerning the requirements for a successful opening, the target population in the community, and the issues

related to patient transport. Mr. Shawl reminded the Committee that the County is funding and supporting the CSC.

The Committee would like to receive follow-up regarding CSC volumes. A discussion ensued regarding follow-up on patients discharged from clinic and primary care.

Salaries were above budget $1.2 million. Ms. Wakem reminded the Committee that COLA increases occurred in July, as well as benefits and PERS adjustments. Overtime was good and contract labor exceeded budget due to radiology needs.

All other expenses were $2.9 million favorable to budget for July. Supplies were down due to 340B revenue. Purchased services were down.

Key financial indicators were reviewed for profitability, labor, liquidity, and cash collections. Net to gross was lower than budget and the EBITDA margin was negative. Labor was in the red. Liquidity days cash on hand was in the red, with 39.5 days. Ms. Wakem commented that there are still outstanding supplemental payments. The cash collection goals were met with the exception of the point of service goal, which was just short of the goal.

Cash flow for July and the FY26 balance sheet highlights were reviewed briefly. Supplemental payments were received in the month. Ms. Wakem commented a large payment was received in August.

Period 13 remains open until the audit is complete with the BDO auditors. Initial review requests have been submitted to the auditors.

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:

Façade Report:

Ms. Wakem provided a close-out report and update on completion of the façade project, which was completed under the supervision of Shana Tello, UMC Academic and External Affairs Administrator.

The total cost of the project with Martin Harris Construction was approximately $58.2 million, with about $557K remaining. Ms. Wakem added that 40% of the total project cost was allocated to the exterior work, including landscaping, lighting, and more. The project was completed on time and within budget.

Overall, the project's total cost was $65.6 million, with $2.3 million remaining under the budget. Savings were achieved through contributions and support received from the City of Las Vegas and the UMC Foundation.

The Committee thanked Shana Tello and staff for a job well done in the successful completion of the project.

In other updates, Ms. Wakem followed up with the State on the new directed payment program. The new Strata platform is being developed, and a report will be available starting soon.

FINAL ACTION TAKEN:
None taken

ITEM NO. 6 Review and discuss and finalize the proposed FY26 Organizational Performance Goals related to the UMC Governing Board Audit and Finance Committee; and make a recommendation to the Human Resources and Executive Compensation Committee; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- PowerPoint Presentation

DISCUSSION:

Ms. Wakem reviewed the following proposed goals for FY26:

There was a lengthy discussion and input from all of the committee members on their thoughts regarding all of the goals.

The proposed FY2026 Organizational Goals for discussion are as follows:

1. Exceed the fiscal year budgeted EBITDA
2. Discharged to home ALOS with a target equal to or less than 4.01
3. Labor utilization with a target equal to or less than Adjusted EPOB of 6.26 or SWB per APD of $2,614 (excluding providers)
4. Develop and execute a revenue capture initiative to improve NPSR by $7.5M, focused on denial reduction and documentation accuracy

Ms. Wakem reminded the committee that the first goal will include the new MCO IME Supplemental payment program, which has not yet been approved. The total monetary impact is $6.3 million and will require collaboration between UMC, Nevada Medicaid, and CMS. There was a brief discussion about the directed payment program funds for FY25 and the lower-than-expected reimbursement.

Regarding goal #2, Ms. Wakem commented that the length of stay goal remains aggressive and will be measured by the average of the lowest 3 months.

Goal #3 on labor utilization offers two options. The financial EBITDA impact for SWB per APD for proposal 1 is .5% below budget, equating to $3 million, while for proposal 2, it is 1% below budget, corresponding to a $5.8 million impact. Ms. Wakem noted that the goal is overall hospital SWB but will exclude physicians.

Chair Caspersen asked why physicians were excluded and suggested that including them in a different goal might be worth considering. Mr. Marinello replied that multiple factors must be considered in the physician compensation plan. Ms. Pitz mentioned that the team is close to having all physicians transition to a productivity-based compensation model. The committee wants staff to clearly state when reporting progress in the goal, that it excludes providers.

Member Hagerty mentioned that neither proposal shows progress and emphasized that focusing on physician productivity is a key aspect of labor costs. After lengthy discussion, the committee is comfortable with proposal #1.

Goal #4 would be measured by focusing on denial reduction and documentation accuracy.

FINAL ACTION TAKEN:
A motion was made by Member Palenik to approve the FY26 goals as outlined, including scenario #1 in goal number 3, as they relate to the Audit and Finance Committee and recommend for approval by the Human Resources and Executive Compensation Committee. Motion carried by unanimous vote.

ITEM NO. 7 Review and recommend for ratification by the Governing Board the Fifth Amendment to the Hospital Service Agreement with Cigna Health and Life Insurance Company for Managed Care Services; or take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Hospital Service Agreement – Amendment 5 - Redacted
- Disclosure of Ownership

DISCUSSION:

This amendment is to extend the term of the agreement for 3-years and update the fee schedule. The ratification was necessary, as the agreement needed to be effective July 1, 2025 due to time sensitivity.

Member Hagerty asked about the ratification of agreements and why the committee did not have the agreement before the review deadline. Ms. Allen explained that this is due to negotiations between the Managed Care team and insurance payor.

FINAL ACTION TAKEN:
A motion was made by Member Palenik to ratify the amendment and make a recommendation to the Governing Board to ratify the amendment. Motion carried by unanimous vote.

ITEM NO. 8 **Review and recommend for ratification by the Governing Board the Fifth Amendment to the Hospital Services Agreement with Optum Health Networks, Inc. for Managed Care Services; or take action as deemed appropriate. (For possible action)**

DOCUMENTS SUBMITTED:
- Hospital Services Agreement – Amendment 5
- Disclosure of Ownership

DISCUSSION:

This amendment will increase the reimbursement rates and extend the current expiration date through July 2027. Ratification of this Amendment was necessary as the term expired July 31, 2025.

FINAL ACTION TAKEN:

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

ITEM NO. 9 **Review and recommend for ratification by the Governing Board Amendment Nine 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:
- Provider Services Agreement – Amendment 9
- Disclosure of Ownership

DISCUSSION:

This request for ratification of the amendment is to increase the reimbursement rates and extend the expiration date through July 2027. Ratification was necessary as the term expired July 31, 2025.

FINAL ACTION TAKEN:

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

ITEM NO. 10 **Review and recommend for approval by the Governing Board the Participating Health System Agreement with Multiplan, Inc. for Managed Care Services; or take action as deemed appropriate. *(For possible action)***

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

DISCUSSION:

This is a new agreement with Multiplan Inc., which is the only remaining independent PPO Network in the United States. The agreement will establish rates and reimbursements for Facility, Professional, and Ancillary Covered Services provided by UMC to Muliplan members. This is a 3-year period and can be terminated by either party without cause, given prior written 90-day notice.

FINAL ACTION TAKEN:

A motion was made by Member Palenik 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 approval by the Governing Board the Master Equipment and Products Agreement, Supplement and Addendum with Siemens Healthcare Diagnostics, Inc.; authorize the Chief Executive Officer to execute future amendments and extensions; or take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Siemens Healthcare Agreement - Redacted
- Sourcing Letter
- Disclosure of Ownership

DISCUSSION:

This vendor has been utilized by Pathology since 2018 for equipment. This agreement will provide for existing equipment. UMC has a 2-year commitment to purchase reagents, which will be utilized by the lab. This is HPG pricing.

FINAL ACTION TAKEN:

A motion was made by Member Palenik to approve the amendment 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 Governing Board the Transplant Listing Fee Agreement with United Network For Organ Sharing (UNOS); authorize the Chief Executive Officer to execute future amendments and extensions; or take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Transplant Listing Fee Agreement
- Disclosure of Ownership

DISCUSSION:

This is a new 5-year agreement with UNOS, allowing UMC to access and manage patients registered in the UNet transplant waiting list. UMC has been a member of UNOS since 1989.

The team confirmed that this agreement will allow access to the entire network for all transplants.

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

ITEM NO. 13 Review and recommend for approval by the Governing Board the Agreements with Gage Technologies Inc., Extreme Networks, Inc., Insight Direct USA, Inc., and Lumen Technologies Group for the Telephone System Upgrade Project; authorize the Chief Executive Officer to execute extensions and amendments; or take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Agreement Avaya Communications Solution
- Extreme Networks - Quote - Avaya Phone Project
- Insight Direct USA – Quotes - Redacted
- Lumen – Quotes
- Gage Technologies - Disclosure of Ownership
- Extreme Networks - Disclosure of Ownership
- Insight Direct - Disclosure of Ownership
- Lumen - Disclosure of Ownership

DISCUSSION:
The current telephone system at UMC is nearly 20 years old and operates on outdated hardware that is no longer supported, limiting our ability to add licenses. This upgrade is essential for growth and will enable new features, as well as prepare us for a future transition to cloud-based services. The project will integrate applications currently used by UMC and implement the latest technologies for voice messaging, contact center operations, and telephony, supporting both softphones and traditional hard phones across UMC's network. This is a 5-year term.

Member Hagerty voiced concern regarding the future technology strategy with UMC.

Chair Caspersen inquired if this project was in the capital budget.

Mr. Russell said that cloud-based services have been implemented, along with Microsoft Teams in multiple departments. He noted that softphones will be available in some positions, but hard phones will still be needed in nursing areas. An update about the IT department, its roles, and an organization chart will be shared with the Governing Board at a future meeting.

FINAL ACTION TAKEN:

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

ITEM NO. 14 Review and recommend for approval by the Governing Board the Agreement for Pest Prevention Services with Rentokil North America, Inc.; authorize the Chief Executive Officer to execute future amendments and extensions; or take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Service Agreement
- Pest Prevention Sourcing Letter
- Disclosure of Ownership

DISCUSSION:
This is a new 3-year agreement with the vendor to provide pest control and prevention services. UMC will benefit from cost savings, as this includes HPG pricing.

A brief discussion ensued regarding natural or holistic options for pest control.

FINAL ACTION TAKEN:
A motion was made by Member Palenik to approve the agreement and make a recommendation to the Governing Board to approve the agreement. 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)*

1. Update the Board regarding new viruses that are being monitored and preparation.
2. Mr. Marinello provided a brief update on hospital activities surrounding HR1.

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 3:43 p.m., Chair Caspersen adjourned the meeting.

MINUTES APPROVED: September 17, 2025
Minutes Prepared by: Stephanie Ceccarelli