

**University Medical Center of Southern Nevada
Governing Board Audit and Finance Committee Meeting
August 21, 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 2:04 p.m. by Acting Chair Harry Hagerty and the following members were present, which constituted a quorum.

CALL TO ORDER

Board Members:

Present:

Harry Hagerty, Acting Chair
Dr. Donald Mackay (via WebEx)
Jeff Ellis (via WebEx)
Mary Lynn Palenik (via webex)
Christian Haase (via WebEx)

Absent:

Robyn Caspersen (Excused)

Others Present:

Mason Van Houweling, Chief Executive Officer
Jennifer Wakem, Chief Financial Officer
Doug Metzger, Controller
Deb Fox, Chief Nursing Officer
Frederick Lippmann, Chief Medical Officer
Chris Jones, Executive Dir. Of Support Services
Susan Pitz, General Counsel
Lia Allen, Assistant General Counsel - Contracts
Stephanie Ceccarelli, Board Secretary

SECTION 1. OPENING CEREMONIES

ITEM NO. 1 PUBLIC COMMENT

Committee Acting Chair Hagerty 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 24, 2024. (For possible action)

A change was made to reflect that Member Hagerty appeared via WebEx.

FINAL ACTION:

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

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

FINAL ACTION:

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

SECTION 2. BUSINESS ITEMS

ITEM NO. 4 Receive an update from Tori Begay, Emergency Preparedness Program Coordinator, regarding the financial impact, future planning and lessons learned from the Formula One Event; and direct staff accordingly. (*For possible action*)

DOCUMENTS SUBMITTED:

- PowerPoint Presentation

DISCUSSION:

Tori Begay, Emergency Preparedness Program Coordinator, provided a high level overview of the operations of the program at UMC, as well as an update on the lessons learned from the Formula One event.

The program is committed to provide a safe, accessible, effective and responsible environment of care consistent with UMC's mission, services and applicable governmental requirements. The program is designed to protect patients and staff, as well as ensure the hospital is prepared to manage and recover from a disaster. The Program also utilizes best practices from healthcare and emergency management, ensuring compatibility with other emergency management programs, the National Incident Management System and compliance with The Joint Commission.

UMC has an Emergency Preparedness Committee which is made up of an interdisciplinary group made up of staff from various hospital departments. Ms. Begay continued the discussion by highlighting various roles and responsibilities of the emergency preparedness committee, including participation in activation of emergency operation plans, monthly test notifications and participation in real-world incidents and exercises.

Communication is essential in the event an incident occurs; key individuals are notified via email, text or phone. The discussion continued regarding the responses needed to engage committee activation. Mr. Van Houweling added that there is always an on-duty administrator at the hospital and a

conversation ensued regarding the coordination of emergency management exercises along with Clark County and other entities throughout the city.

Preparedness includes set up of an incident command center, UMC/Clark County exercises, Clark County joint meetings and National Guard engagement.

Ms. Begay continued the discussion by sharing the process for preparing for the recent Formula 1 and Super Bowl events, lessons learned, and any financial impacts incurred by UMC. Exercises and collaboration with community partners have been planned in preparation for the race this year.

She highlighted that many hours were spent in advance planning and preparation for the events. A list of strengths and opportunities for improvement learned from these events were reviewed.

Costs associated with program preparation include hours spent in collaboration and planning, trainings, exercises, logistics, meeting attendance, as well as the engagement of internal and external resources. Although there were no major financial impacts from these events, there were program costs and an increase in staffing to assist with the events. She noted if there were a real-world incident, the financial impact could be different.

A discussion ensued regarding active community awareness and involvement in emergency preparedness.

FINAL ACTION TAKEN:

None taken.

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

DOCUMENTS SUBMITTED:

- July FY25 Financials

DISCUSSION:

Jennifer Wakem, Chief Financial Officer presented the financials for the month of July.

Admissions were below budget 10% below budget. AADC was 584. Length of stay was 6.16.

Hospital acuity was 2.03 and Medicare CMI was 2.15. Inpatient surgeries were 2% above budget and outpatient surgeries were 12% above budget.

There were 15 transplants for the month.

ER visits were 10% below budget; adult ED showed the largest decrease in volumes, followed by pediatrics and trauma.

ED to admission/observation was at 23%.

Quick care volume was up 6%.

Primary care was above budget 33%; key drivers were Sunset, Aliante and Summerlin locations.

There were 103 deliveries for the month.

Member Ellis commented that the first month for the fiscal year looks good and asked about the increased percentage in the Ortho Clinic. Ms. Wakem responded that this is due to using run-rate in calculation when building the budget, as well as the redistribution of Rancho Quick Care patient volumes to the ortho clinic.

Trended stats showed admissions were 1,897 for the month. Length of stay was down slightly against the 12-month average. Inpatient surgery cases looks good with 51 additional cases and outpatient had 114 above the 12-month average.

Acting Chair Hagerty asked if it would be possible to get to 1,000 outpatient cases a month. Ms. Wakem replied that this is possible, based on occupancy per month.

ED to observation rate was down slightly. Telehealth visits were 100 visits below the 12-month average, as well as deliveries down 24 cases.

Payor mix trended for inpatient showed a 1.5% decrease in commercial. Medicaid increased 1.39%. The ED statistics reflected a decrease in Medicaid of 1% and an increase in Medicare was up 1.5%.

Inpatient surgical payor mix trends showed commercial down 2.28%, government went up 1.5%, Medicaid was up 3.5% and Medicare dropped 2.4%. Outpatient surgical cases went down 2% in commercial, Medicaid was up 3.69% and Medicare was down 2%.

Summary income statement showed total net revenue was \$1 million above budget. Other revenue was above budget \$2 million. Total operating revenue was \$3.1 million above budget and operating expenses were above budget \$2.8 million. Earnings before depreciation and amortization was \$3.3 million on a budget of \$3.1 million. For the month we were \$155K above budget. Trended stats were shown as informational.

Salaries, wages and benefits for July showed labor was above budget \$1 million. Paid FTEs were above budget 2.41%. SWB per FTE was below expectation and SWB as a percent of net was higher than expected.

Trended salaries, wages and benefits showed contract labor down slightly and we anticipate a continued decrease. Overtime is 3%.

All other expenses was \$1.8 million over budget for the month primarily due to 340B revenue and the increase in surgical cases.

Key financial indicators were reviewed in profitability, labor, liquidity and cash collections. Profitability was mostly in the red, running 18.2% net to gross and operating margin was 3.8%. Labor was in the red. Liquidity and cash

collections were in the green. Day's cash on hand was in the green at 2.78 months. Net days in A/R was at 67.7 days and candidate for bill was just under 4 days. Cash collections were strong for the month. We did not hit our cash collection goal for the month.

A new slide was introduced to the committee highlighting the organizational goals status to date and will continue to start showing a trend moving forward. Labor did not perform well against the trend, but we are hitting the target. FCOTS is running at 62%.

Cash flow statement for July shows \$50 million was received from patients and payors.

The balance sheet showed a slight decrease in cash, but cash remains strong. There was continued discussion regarding the pension liability calculation and annual reporting.

FINAL ACTION TAKEN:

None taken

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

DOCUMENTS SUBMITTED:

- None

DISCUSSION:

- Supplemental payments: The State and County are working on a new IGT agreement for the year.
- Period 13 adjustments: There are other items that we are awaiting the actuaries. We are 60% done with the BDO audit request list.
- Crisis Stabilization center – This will be the first in the state of Nevada. UMC is actively recruiting for an administrator of the crisis stabilization center and we are close to extending an offer. Anticipated opening January of 2025.

FINAL ACTION TAKEN:

None taken

ITEM NO. 7 Review and recommend for approval by the Governing Board the Letter of Extension with Aetna Health, Inc.; or take action as deemed appropriate. (For possible action)

DOCUMENTS SUBMITTED:

- Extension Letter
- Disclosure of Ownership

DISCUSSION:

This letter of extension will extend the transplant services schedule through December 31, 2024.

FINAL ACTION TAKEN:

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

- ITEM NO. 8** **Review and recommend for ratification by the Governing Board the First Amendment to Hospital Services Agreement with Health Plan of Nevada, Inc., Sierra Health and Life Insurance Company, Inc. and Sierra Healthcare Options, Inc.; or take action as deemed appropriate. (For possible action)**

DOCUMENTS SUBMITTED:

- First Amendment to Hospital Services Agreement
- Disclosure of Ownership

DISCUSSION:

This amendment is to provide an extension of the term through October 31, 2024. Ratification was necessary as the agreement term date was July 31, 2024 and the amendment needed to be signed prior to its expiration to ensure UMC receives reimbursement of services provided.

Kim Carroll, Managed Care Director, responded that the terms are being negotiated back to July 2024.

FINAL ACTION TAKEN:

A motion was made by Member Mackay 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 recommend for approval by the Governing Board the Amendment to the Hospital Agreement with Hometown Health for Managed Care Services; or take action as deemed appropriate. (For possible action)**

DOCUMENTS SUBMITTED:

- Amendment to Hospital Agreement
- Disclosure of Ownership

DISCUSSION:

This is a request to approve an Amendment to the Agreement to extend the current expiration date to September 1, 2027. This will also add additional reimbursement rates and participation schedules.

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 Letter of Agreement with Hometown Health for Managed Care Services; or take action as deemed appropriate. (*For possible action*)

DOCUMENTS SUBMITTED:

- Letter of Agreement
- Disclosure of Ownership

DISCUSSION:

This request to enter into a short term agreement to establish a new reimbursement rate as payment for UMC Emergency Medicine Professional Services and Hospitalist Professional Services. This Letter of Agreement is effective from July 1, 2024 through September 29, 2024, a period of 90 days.

FINAL ACTION TAKEN:

A motion was made by Member Palenik 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 award by the Governing Board the RFP 2024-06 Comprehensive Care Management Services to Practice Partners, LLC; approve the RFP 2024-06 Service Agreement; authorize the Chief Executive Officer to execute extensions and amendments; or take action as deemed appropriate. (*For possible action*)

DOCUMENTS SUBMITTED:

- RFP 2024-06 Comprehensive Care Management
- Disclosure of Ownership
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DISCUSSION:

A request for proposals was published in May to provide comprehensive care management services to patients. One proposal was received from Practice Partners, LLC. This is a request to recommend selection and contract approval.

The vendor will identify patients eligible for chronic care management services, assist with care management, care plan and transitions between healthcare settings. This is a three-year agreement with 2 one-year options to extend. Either party can term upon 90-days without cause.

Chairman Hagerty asked how the transfer of patients for continuation of care would affect the hospital financially. Ms. Wakem explained that UMC would receive reimbursement.

FINAL ACTION TAKEN:

A motion was made by Member Mackay to approve and make a recommendation to the Governing Board to approve the agreement. Carried by unanimous vote.

ITEM NO. 12 Review and recommend for approval by the Governing Board the Amendment One to Master Service Agreement for Architectural Design and Documentation Services with EV&A; or take action as deemed appropriate. (For possible action)

DOCUMENTS SUBMITTED:

- Amendment
- Disclosure of Ownership

DISCUSSION:

This is an adjustment to the master agreement to add additional funds to the master agreement to perform all additional tasks orders under the master agreement. The vendor will provide architectural, structural, and MEP plans and drawings for various projects throughout the hospital.

There was continued discussion regarding the use of alternative vendors for architectural services, as well as the rate schedule for projects.

FINAL ACTION TAKEN:

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

ITEM NO. 13 Review and recommend for approval by the Governing Board the Diagnostic Staffing Service Agreement with Med-Smart, Inc.; or take action as deemed appropriate. (For possible action)

DOCUMENTS SUBMITTED:

- Diagnostic Staffing Service Agreement
- Disclosure of Ownership

DISCUSSION:

This agreement is for scheduling for hard to fill positions, and will be utilized as needed for spot scheduling of radiology and cardiology services. This is a two-year agreement with termination at any time with 15-days written notice.

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. 14 Review and recommend for approval by the Governing Board the Agreement with Structured Communication Systems, Inc. for Tanium Endpoint Management System; authorize the Chief Executive Officer to exercise renewal options within his yearly delegation of authority; or take action as deemed appropriate. (For possible action)

DOCUMENTS SUBMITTED:

- Tanium Renewal – Redacted
- Disclosure of Ownership

DISCUSSION:

This software system provides the capability for multiple IT teams to efficiently manage and secure computers, maintain and update software, and troubleshoot and resolve technology issues. This comprehensive solution provides centralized system imaging and patching, software packaging and distribution, and remote installation and configuration capabilities. This is a three-year agreement.

FINAL ACTION TAKEN:

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

ITEM NO. 15 Review and recommend for approval by the Governing Board the Agreement with UKG Kronos Systems LLC for UKG Pro Workforce Management Software; or take action as deemed appropriate. (For possible action)

DOCUMENTS SUBMITTED:

- Master Services Agreement
- Order Form – Redacted
- Disclosure of Ownership

DISCUSSION:

The current timekeeping solution is sun-setting and this request is to execute a new agreement with UKG to transition to the UKG Dimensions Pro Workforce Management Software, which will offer improved and expanded workforce management capabilities including time collection and reporting, staff scheduling, leave management, advanced analytics and productivity. This is for a 36-month term.

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. 16 Review and recommend for award by the Board of Hospital Trustees for University Medical Center of Southern Nevada, the RFP No. 2024-04 for Crisis Stabilization Center Administrative Services to Fundamental Behavioral Health Services, LLC d/b/a Nevada Behavioral Health Systems; authorize the Chief Executive Officer to sign the Professional Services Agreement, and execute any extension options and future amendments within the not-to-exceed amount of this Agreement; or take action as deemed appropriate. (For possible action)

DOCUMENTS SUBMITTED:

- Professional Services Agreement

DISCUSSION:

In March, a RFP was published and 7 responses were received. Six proposals were independently scored and reviewed. This is a request to recommend selection and approval with Nevada Behavioral Health Systems. This agreement includes consultation services, as needed, on the renovation of the site. Professional services will begin after the initial implementation period, and the vendor will manage the center for 3-years, providing 24/7 services. The total cost over the 5-years is \$25 million.

FINAL ACTION TAKEN:

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

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 suggested.

At this time, Acting Chair Hagerty asked if there were any public comments received to be heard on any items not listed on the posted agenda.

There were none.

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 3:22 p.m., Acting Chair Hagerty adjourned the meeting.