

**University Medical Center of Southern Nevada**  
**Governing Board Audit and Finance Committee Meeting**  
*August 24, 2022*

---

UMC ProVidence Suite  
Trauma Building, 5<sup>th</sup> 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 2:02 p.m. by Chair Robyn Caspersen and the following members were present, which constituted a quorum.

**CALL TO ORDER**

**Board Members:**

**Present:**

Robyn Caspersen  
Jeff Ellis (via WebEx)  
Harry Hagerty (via WebEx)  
Christian Haase (via WebEx)  
Dr. Donald Mackay (via WebEx)  
Mary Lynn Palenik (via WebEx)  
Barbara Fraser (Ex-Officio) (via WebEx)

**Absent:**

None

**Others Present:**

Jennifer Wakem, Chief Financial Officer  
Doug Metzger, Controller  
Chris Jones, Executive Director of Support Services  
Jaime King, Director of Pharmacy Services  
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 July 20, 2022. (For possible action)**

**FINAL ACTION:**

A motion was made by Member Hagerty that the minutes be approved as presented. Motion carried by a majority vote. Members Mackay and Palenik abstained, as they were not in attendance at the last meeting.

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

FINAL ACTION:

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

**SECTION 2. BUSINESS ITEMS**

**ITEM NO. 4 Receive the monthly financial reports for July FY23; and direct staff accordingly. (*For possible action*)**

DOCUMENTS SUBMITTED:

- July FY23 Financials

DISCUSSION:

Jennifer Wakem, Chief Financial Officer, presented the financials for July, which is the first month of FY23.

The key indicators for July showed admissions were 1,892, which was 5.5% below budget. Observation cases were significantly below budget 25%, AADC continues to be high at 662. Average LOS was up over last month, 9% above budget. Hospital CMI dropped to 1.83 and Medicare CMI was 2.00.

Inpatient surgeries were, 6.5% below budget; key driver was CVT. Outpatient surgeries were 18% below budget. There were 16 transplants. ER visits were 8.73% below budget. ED to admit/observation is 22.86%. Initiatives have been implemented to improve statusing of patients, including adding a CMO and Physician Advisor to monitor cases.

Quick care locations were below budget 7.4%; Peccole, Enterprise and Centennial were the key locations.

Primary cares were up 4.43%; Sunset, Spring Valley and Summerlin were the key drivers. Discussion continued regarding the budget forecast based on market shift and inflation.

Trended stats were compared to 2019 statistics. Admission were 1,827, which was 8 admissions above July 2019. AADC was high and ALOS has been trending upward. Inpatient surgeries were 66 above 2019 statistics; outpatient surgeries were down 126. Transplants set a record over the 12-month trend at 16 transplants. The ED to admission rate was 11.34%. Quick care and primary cares were up.

Payor mix trended showed inpatient was consistent with the 12-month average. Medicaid increased approximately 1.85% and Medicare dropped 2%.

ED payor mix showed Medicaid increased 2.31% and self-pay is below the 12-month average 1.76%.

In payor mix by surgical volumes Medicare dropped 3.14% and self-pay was up 2.74%. Outpatient surgeries showed commercial up 2.44%, Medicaid was up 2.56% and Medicare dropped 4.25%.

The summary income statement for July showed net patient revenue below budget almost \$1 million. Other revenue was on budget. Total net revenue was below budget \$980K. Operating expenses were over budget \$500K. Income from ops landed at earnings of \$1.9 million for the month, compared to budgeted earnings of \$3.5 million. The summary income statement trended was provided as informational.

Salary, wages and benefits showed labor almost \$2 million over budget. Paid FTEs were 17 below budget. SWB per FTE was higher than budget by \$623. Adjusted employee per occupied bed was 5.27 on a budget of 5.95.

Trended SWB showed overtime on budget and contract labor dropped to \$800K for the month of July. Overtime as a percent of productive has been trending downward. The Committee was reminded that the COLA and one time bonuses were received in July.

All other expenses were below budget by approximately \$1.5 million. Utilities was the only category over budget. Key driver was a 25% increase in peak time usage.

July key financial indicators showed profitability in the red. SWB as a percent of net revenue was in the red at 64%. Ms. Wakem stated days' cash on hand was up to 107.6 days. Ms. Wakem added that we continue to have outstanding federal supplemental payments. Candidate for billing is at 3.6 days. Cash collections was in the red. Point of service collection goal was in the green.

Next, the capital plan for FY23 capital funds were discussed. Approximately \$12.5 million has been earmarked for use in FY23.

Lastly, the cash flow statement and balance sheet highlights were shown. DSH and IAF payments were received.

Chair Caspersen asked if the team could determine the trend of an actual monthly use of cash and how it is managed.

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:

Ms. Wakem provided an update on sequestration, stating that the moratorium has been lifted as of July 1, 2022 and the 2% reduction in Medicare has resumed.

The COVID 19 DRG add on continues, but there has been very little impact and nothing significant to report.

Provider relief funding update: There has been no change in allocation since June, but there are still funds left to be allocated. Updates will continue to be provided as they become available.

ARPA (American Rescue Plan Act) funding to UMC has been denied, however other opportunities are being discussed internally.

The financial statement audit has begun.

Chair Caspersen requested an update from internal audit at the next meeting.

FINAL ACTION TAKEN:

None

- ITEM NO. 6 Receive an informational update regarding the impact online discount pharmacies could have on UMC; and direct staff accordingly. (For possible action)**

DOCUMENTS SUBMITTED:

- None

DISCUSSION:

Jamie King, Pharmacy Director, provided an informational update regarding online discount pharmacies and their impact on UMC.

Ms. King explained the structure of Cost Plus mail order pharmacy program, which is comparable to a retail pharmacy. The pricing structure, which includes the drug cost plus a fixed fee, provides a significant discount for patients and the community. She added that although UMC is not impacted by this program, it is an affordable discount plan for our patients to purchase prescription drugs. The discussion continued regarding the benefits of 340B pricing to UMC patients and the Inflation Reduction Act.

The Committee also received an update on the capital projects that are being implemented that will reduce costs in packaging and allow UMC to pass discounts along to patients.

A discussion ensued regarding how patients can benefit from the discount drug programs upon discharge from the hospital and future capital projects.

FINAL ACTION TAKEN:

- None

- ITEM NO. 7** Review and recommend for approval by the Governing Board the Purchase Agreement with Baxter Healthcare for IV Solutions and Tubing; authorize the Chief Executive Officer to exercise any extension/renewal options; or take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:

- Purchaser Agreement (Exhibit H)
- Sourcing Letter
- Disclosure of Ownership

DISCUSSION:

This is a new 5-year purchasing agreement with the current vendor. This will allow UMC to continue purchasing necessary IV solutions and tubing, utilizing HPG tiered pricing, ensuring the hospital continues to provide products for patients.

FINAL ACTION TAKEN:

A motion was made by Member Haase 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 Services Agreement and Amendment with Comprehensive Care Services, Inc. for Perfusion, related services and equipment; authorize the Chief Executive Officer to execute extension options or amendments; or take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:

- Services Agreement\_BAA\_DOO
- Addendum to Services Agreement

DISCUSSION:

This is a new agreement with a new vendor to provide and staff on-call perfusion technicians and other perfusion services on an as needed basis. The vendor will also provide equipment necessary for perfusion services at a monthly rental rate. This is a 3-year agreement with a 90-day out clause with 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. 9 Review and recommend for approval by the Governing Board the Interlocal Agreement with Clark County for Ryan White (Part A); authorize the Chief Executive Officer to exercise any extension/renewal options; or take action as deemed appropriate. (For possible action)**

DOCUMENT(S) SUBMITTED:

- Interlocal Agreement – RFQ #606010-21

DISCUSSION:

This interlocal agreement will allow UMC to become a sub-recipient of the Ryan White, Part A grant funding through February 2023. The amount of the grant is to be determined.

FINAL ACTION TAKEN:

A motion was made by Member Haase 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 Second Amendment to License Agreement and Order #2 with Zynx Health Incorporated for clinical decision support solutions; authorize the Chief Executive Officer to exercise any extension options and execute future amendments, Orders and Statements of Work; or take action as deemed appropriate. (For possible action)**

DOCUMENT(S) SUBMITTED:

- Second Amendment to License Agreement
- Disclosure of Ownership

DISCUSSION:

This amendment will add additional product to the license, as well as integrate and streamline quality core measures from all major EHR software vendors into a single platform. The amendment will add an additional 3-years to the term of the agreement.

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. 11 Review and recommend for approval by the Governing Board the Master Services Agreement, Statement of Work, and Business Associate Agreement with Accuity Delivery Systems, LLC; authorize the Chief Executive Officer to exercise any extension/renewal options; or take action as deemed appropriate. (For possible action)**

DOCUMENT(S) SUBMITTED:

- Master Services Agreement and Scope of Work - Redacted

- Disclosure of Ownership

**DISCUSSION:**

This is a new agreement with a new vendor for services in the form of medical records review upon patient discharge and prior to billing for services. This will improve accuracy, review clinical documentation and appropriately capture the level of care provided, patient status and other clinical information through physician documentation. This is a 3-year agreement which includes a 90-day trial period.

Ms. Wakem added that during the 90-day pilot trial period, the vendor will perform a full review of all inpatient accounts to determine which accounts to focus on moving forward.

**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.

**SECTION 3: EMERGING ISSUES**

**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)**

None

**COMMENTS BY THE GENERAL PUBLIC:**

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.  
SPEAKERS(S): None

There being no further business to come before the Committee at this time, at the hour of 2:58 p.m., Chair Caspersen adjourned the meeting.

MINUTES APPROVED: September 21, 2022  
Minutes Prepared by: Stephanie Ceccarelli