University Medical Center of Southern Nevada
Governing Board Audit and Finance Committee Meeting
December 11, 2019

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 2:01 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 phone- joined @ 2:06)
Mary Lynn Palenik (Via Phone)
Dr. Donald Mackay
Christian Haase (Via Phone)

Others Present
Barbara Fraser

Absent:
Harry Hagerty

Others Present:
Tony Marinello, Chief Operating Officer
Jennifer Wakem, Chief Financial Officer
Marcia Turner, Chief Administrative Officer
Lonnie Richardson, Chief Information Officer
Deb Fox, Chief Nursing Officer
Susan Pitz, General Counsel
Vick Gill, Associate Administrator
Patricia Scott, Executive Director
Rose Coker, Director, Managed Care
Jacqueline Saites, Director, Contracts Management
Lia Allen, Attorney
Andi Lou, Administrative Assistant

SECTION 1. OPENING CEREMONIES

ITEM NO. 1 PUBLIC COMMENT

Committee Chair Caspersen 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. 2 Approval of minutes of the regular meeting of the UMC Governing Board Audit and Finance Committee meeting on November 13, 2019. *(For possible action)*

Change to reflect Barbara Fraser was present at the meeting and Dr. Mackay mentioned a grammatical error under Discussion: Item 11, to change word from “departed” to “department.”

FINAL ACTION: A motion was made by Dr. 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 Dr. Mackay that the agenda be approved. Motion carried by unanimous vote.

SECTION 2. BUSINESS ITEMS

ITEM NO. 4 Receive the monthly financial report for October FY20; and direct staff accordingly. *(For possible action)*

DOCUMENTS SUBMITTED:
- October FY20

DISCUSSION: Jennifer Wakem, Chief Financial Officer presented the financials for October.

Very good month financially
Total admissions were 243 below budget, almost 12%. Admissions did improve about 16% from prior month
CMI is down 5.5%.
Medicare CMI is down 22%
In-patient surgery cases were down 9.5%.
Out-patient surgery cases over budget 9%.
ER visits up 10% from budget. Increase is due to Pediatric visits.
Conversion rate is 5.9%, this is the lowest that we have seen.
Conversion of patients moving up to the floors is down 20%.
Quick Care visits above budget 12.5 %.
Primary Care was down 5%.

Discussion ensued between members regarding the tenure of QC physicians with regards to succession planning.

Mrs. Wakem explained the next slide discussion for Net Revenue is per the request from the board to use the 12-month average for trending stats.

Admissions is down 12%. Current month is 1796, almost 200 below the 12-month average.
Case mix index is 1.72%. The 12-month average is 1.83%.
Medicare case mix index is 1.67% and 12-month average is 2.18%.
Inpatient surgeries are 755 cases and 12- month average is 808 cases, below by 63%
Outpatient surgeries was above the 12-month average by 87%.
ER visits is 261 more than the 12-month average.
ED to OBS or Admission, the conversion rate is 20% and have been running about 23%, this is below 3%.
QCs is above the 12-month average with 200 visits.

Member Ellis asked have we seen an impact due to the flu season. Mr. Marinello stated we have seen a little increase. Per Deb Fox, increase in Pediatric ED, but nothing significant. Outpatient clinics have seen a slight increase.

Patient Revenue is down due to volume (admits down 12% and CMI down 5.5%); Federal Supplemental is flat with budget.
Other revenue is up due to 340B; estimated booked for the period July thru October. 340B vendor switched in July.

A discussion between Chair Caspersen and Ms. Wakem followed regarding if this revenue will affect the June 30, 2020 accruing of revenue or will it show 12-months of other revenue. It was noted this revenue is a delay in receiving payment and will be recorded in Period 13, which will be a true up of or a refining of the adjustment that is accrued in June 30 to close.

Another key driver in revenue is Silver State ACO payments, we did receive payment of $425,000 for the month, a benefit to us for October.

Dr. Mackay asked about net days in accounts receivable, regarding the pay for Commercial vs. Medicare. Medicaid pays us within 7 days, Medicare pays us within 14 days and commercials does take longer, usually more than 30 days depending on which payer.

Discussion ensued regarding November financials.

ITEM NO. 5 Receive an update report from the Chief Financial Officer; and direct staff accordingly. ***(For possible action)***

DOCUMENTS SUBMITTED:
- None submitted

DISCUSSION: Ms. Wakem updated on the October 1, 2019 DSH cuts delayed until Nov and recently learned they are further delayed to Dec. 2020. This is good news.

Regarding, CMS price transparency, a recent CMS final rule requires hospitals to post 5 types of standard charges. CFO will continue to provide updates.

AB469 - Ban on Balance Billing goes into effect Jan 1st, 2020. This regulation prohibits an out of network hospital from collecting from a patient covered by a health insurance policy an amount for medically necessary emergencies that exceeds their co-payment and their co-insurance. This will protect the patient that comes to a hospital where you don't have a contract in place. UMC only has one payer that this will affect and we are in negotiations and should be completed in Jan.

Nevada Medicaid rates are increasing effective Jan 1st, 2020.

Member Ellis asked, is that only a fee for service from Medicaid?
Per Ms. Wakem, that is correct, however the managed Medicaid typically points to the fee for service.

We were contacted by the State and informed the Desert Hills Rehabilitation facility was closing and the residents could be displaced. The UMC Executive team, including Case Management, Social Services and HR went to the facility to assist in helping them any way we can and to find places for the residents to go. UMC's Case Management Manager, Pam did a fantastic job. She worked with community partners and we were able to place all 23 residents in other post-acute facilities. Good job team!

FINAL ACTION TAKEN: None taken

ITEM NO. 6 **Review and recommend for approval by the Governing Board Hospital Services Agreement between Health Services Coalition and University Medical Center of Southern Nevada; and take action as deemed appropriate. *(For possible action)***

DOCUMENTS SUBMITTED:
- HSC Hospital Services Agreement

DISCUSSION: Rose Coker, Director of Managed Care, explained Health Services Coalition is UMC's second largest payer for managed care. They have approximately 306,000 lives and they consist of 26 self-funded group members. Volume is over 6600 accounts for UMC, which includes Inpatient, Outpatient, and ER; however, not contracted for our Primary and Urgent care. Goes into effect Jan 1st, 2020 ending Dec. 31st, 2022.

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

ITEM NO. 7 **Review and recommend for approval by the Governing Board the Fourteenth Amendment to the Hospital Participation Agreement between Nevada Preferred Healthcare Providers and University Medical Center of**

Southern Nevada; and take action as deemed appropriate. ***(For possible action)***

DOCUMENTS SUBMITTED:
- Amendment Fourteen to Hospital Participation Agreement

DISCUSSION: Approximately, 31,000 lives in Southern Nevada. They have 3 product lines: NPP, Preferred Healthcare Network, Prominent First Health/HMO. Bulk of our business is from ER and QC. The amendment extends the term of the agreement through December 2021.

FINAL ACTION TAKEN: A motion was made by Dr. Mackay to approve and make a recommendation to the Governing Board to approve the amendment. Motion carried by unanimous vote.

ITEM NO. 8 **Review and recommend for approval by the Governing Board the Federal Demonstration Partnership (FDP) Cost Reimbursement Sub-award for Western Regional Alliance for Pediatric Emergency Management with The Regents of the University of California, San Francisco; and take action as deemed appropriate.** ***(For possible action)***

DOCUMENTS SUBMITTED:
- Western Regional Alliance for Pediatric Emergency Management (WRAP-em) Grant

DISCUSSION: Marcia Turner, Chief Administrative Officer, is requesting Governing Board approval to receive an award of $116,287.60. The U.S. Department of Health and Human Services' Office of the Assistant Secretary of Preparedness and Response (ASPR), held a national grant competition for the award of two $3M Regional Disaster Management Center of Excellence Planning Grants. On September 30th, 2019, ASPR announced that our Western Regional Alliance received the grant. The goal of this grant is to develop a coordinated, collaborative and sustainable regional pediatric disaster planning and response capability that allows the entire region to effectively respond during large scale pediatric mass casualty events. Dr. Kuhls is lead P.I., as well as Dr. Vohra and Dr. Fisher from Pediatrics and Emergency Preparedness Dept. are involved. An entry level coordinator and lead coordinator will be recruited for a one-year contract.

FINAL ACTION TAKEN: A motion was made by Dr. Mackay to approve and make a recommendation to the Governing Board to approve the grant. Motion carried by unanimous vote.

ITEM NO. 9 **Review and recommend for approval by the Governing Board the Software License and Customer Support Services Order between Datix, Inc. and University Medical Center of Southern Nevada; authorize the**

Chief Executive Officer to exercise any extension options within his delegation; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Safety Intelligence Software License Agreement and DOO

DISCUSSION: Lonnie Richardson, Chief Information Officer, discussed this software rental agreement is for patient safety and patient complaints, tracking and reporting for compliance requirements for CMS. This is a lease agreement, which means if Datix or UMC terminates for just cause, the software license will need to be removed from property. The application provider has a read only license for $2800 a year and capabilities of us moving the data to a data warehouse that will be added to the contract. This agreement will allow us to continue our S.I. tracking.

FINAL ACTION TAKEN: A motion was made by Dr. 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 CDW Government LLC agreement for software subscription and support services; authorize the Chief Executive Officer to execute future extensions or orders within his delegation; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- CDW Software Subscription Agreement, Quote Confirmation and DOO

DISCUSSION: This is an HPG contract. Lonnie Richardson explained this contract is the renewal of endpoint email protection tools that allows us to mitigate as much as possible, encouraging through our email and endpoint devices like desktops and mobile devices.

FINAL ACTION TAKEN: A motion was made by Dr. 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 Order for IT Infrastructure Services between Cox Communications Las Vegas, Inc. dba Cox Business and University Medical Center of Southern Nevada; authorize the Chief Executive Officer to exercise any future orders or extensions within his delegation; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Cox Network Service to TLC Facility Service Order and DOO

DISCUSSION: Lonnie Richardson explained this is additional services for providing network communication to TLC 2200 W. Charleston Blvd. These services allow to extend our security system to secure the building.

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

ITEM NO. 12 Review and recommend for approval by the Governing Board the Equipment Sale Purchase Agreement with Siemens Healthcare Diagnostics, Inc.; authorize the Chief Executive Officer to exercise any extension options within his delegation; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Siemens Healthcare Purchase of Coagulation System Agreement, Health Trust letter, and DOO

DISCUSSION: Tony Marinello, Chief Operations Officer, explained, we are getting equipment on-line and replacing our coagulation instruments that are 8 years old. This is cost effective and will help with efficiency and labor. We will have a fully automated lab.

FINAL ACTION TAKEN: A motion was made by Dr. Mackay to approve 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 Professional Services Agreement for Pediatric Gastroenterology Services between the Board of Regents of the Nevada System of Higher Education (NSHE) on behalf of the University of Nevada, Las Vegas and its School of Medicine (UNLV School of Medicine or School) and University Medical Center of Southern Nevada (UMC); and authorize the Chief Executive Officer to execute any future amendments and extensions within his authority; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- UNLV Pediatric Gastroenterology On-Call Agreement

DISCUSSION: Vick Gill, Associate Administrator, explained this on-call agreement allows us to continue services with UNLV for Pediatric Gastroenterology services.

FINAL ACTION TAKEN: A motion was made by Dr. 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. 14 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)*

No emerging issues.

COMMENTS BY THE GENERAL PUBLIC: None

At this time, Chair Caspersen 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 3:09 p.m., Chair Caspersen adjourned the meeting.

MINUTES APPROVED: January 22, 2020
Minutes Prepared by: Andi Lou