

**University Medical Center of Southern Nevada
Governing Board Audit and Finance Committee Meeting
December 6, 2023**

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 2:03 p.m. by Member Mackay and the following members were present, which constituted a quorum.

CALL TO ORDER

Board Members:

Present:

Dr. Donald Mackay
Jeff Ellis (via webex)
Mary Lynn Palenik (via webex)
Christian Haase (via webex)

Absent:

Robyn Caspersen (Excused)
Harry Hagerty (Excused)

Others Present:

Tony Marinello, Chief Operating Officer
Jennifer Wakem, Chief Financial Officer
Doug Metzger, Controller
Susan Pitz, General Counsel
Lia Allen, Assistant General Counsel – Contracts
John Barry, CPA BDO (via WebEx)
Trupti Jadav, BDO (via WebEx)
Aaron Rios, BDO (via WebEx)
Stephanie Ceccarelli, Board Secretary

SECTION 1. OPENING CEREMONIES

ITEM NO. 1 PUBLIC COMMENT

Committee Member Mackay 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 November 8, 2023. (For possible action)

FINAL ACTION:

A motion was made by Member Palenik that the minutes be approved as presented. 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 and recommend for acceptance by the Governing Board the Fiscal Year 2023 Basic Financial Statements and Single Audit Information from BDO USA, LLP, Certified Public Accountants for University Medical Center of Southern Nevada; and direct staff accordingly. (*For possible action*)

DOCUMENTS SUBMITTED:

- Annual Financial Statement
- Audit Planning
- Audit Wrap Up

DISCUSSION:

John Barry, Engagement Partner, Aaron Rios, Engagement Director and Trupti Jadav, Engagement Senior presented the BDO Audit wrap-up for fiscal year 2023.

The status of the audit was reviewed. The audit of the financial statements and the schedule expenditure of financial awards have been completed. The audit objectives and the scope of work performed were reviewed.

Mr. Barry reviewed the summary of the audit results including accounting practices, policies and estimates. UMC adopted GASB 96, Subscription-Based Information Technology Arrangements, during the fiscal year. There were no significant changes in accounting policies and practices during FY2023. Significant accounting estimates were disclosed in Note 1 of the financial statements, and no significant changes were made to the processes or significant assumptions used to develop the significant accounting estimates in 2023. The quality of the hospital financial reporting was appropriate.

There were no corrected misstatements, but there was one uncorrected misstatements related to accrual of the construction liability for construction services. It was clarified that there was no effect to the statement of operations of the hospital.

Internal controls were reviewed, with no significant deficiencies or material weaknesses reported. There were also no significant changes in the planned audit strategy or any communication issues.

The Committee thanked the BDO representatives for their service to UMC and Ms. Wakem and her team for their work on the audit.

Ms. Wakem informed the Committee that Mr. Barry had a private executive session meeting with Chair Caspersen.

FINAL ACTION TAKEN:

A motion was made by Member Palenik to receive and accept the results of the BDO Audit Report and make a recommendation to the Governing Board to accept the BDO Audit Reports and Financial Statements as presented. Motion carried by unanimous vote.

ITEM NO. 5 Receive the monthly financial reports for October FY24; and direct staff accordingly. (For possible action)

DOCUMENTS SUBMITTED:

- October FY24 Financials

DISCUSSION:

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

Admissions were below budget 11%, AADC was at 538, which was a record low as compared to the 12-month average. Average LOS was 5.83, 11% below budget. Hospital CMI was up 7.5% and Medicare CMI was up 15%.

Inpatient surgeries were below budget 12% and outpatient surgeries were above budget 28%, the key driver was Orthopedics. There were 17 transplants in the month. ER visits were down 8% and the ER to admit conversion rate was approximately 21%.

Quick cares were about 9% below budget and primary care was 29% below budget. There were 547 telehealth visits and the Ortho clinic was below budget 32%.

In trended stats, AADC and LOS were at record lows. Medicare CMI was high at 2.10. Inpatient surgeries were above the 12-month average by 17 cases and outpatient cases were 121 above the 12-month average. Although below budget, the Ortho Clinic volume trend was at a record high. Deliveries were 11 above average.

Payor mix trended for inpatient showed commercial up 1% and self-pay down 1.9%. Outpatient, the ED was up just over 1% and self-pay was down 1.4%. Payor mix by surgical volume showed inpatient surgical cases up 2.3% in commercial, Medicaid was down 3%, Medicare was up almost 4%, self-pay

was down 2%. In outpatient, commercial was up 3%, Medicaid down 6%, and Medicare was up 6%.

The income statement for October showed net patient revenue was below budget \$2.5 million. Other revenue was up \$850K. Operating expenses were below budget \$2.3 million. Income before depreciation and amortization showed earnings of \$5.5 million on a budget of \$4.5 million.

Year to date income statement showed overall net revenue was \$15.8 million below budget, other revenue was above budget \$2.5 million. Total operating revenue is below budget \$13.3 million. Operating expenses below budget \$13.5 million. Income from ops before depreciation was \$19.9 on a budget of \$17.9 million, which is \$1.9 million above budget. The income statement trended was briefly reviewed.

Salaries, wages, and benefits for October was \$1.7 million below budget. SWB as a percent of net was on budget. Ms. Wakem reviewed SWB trends highlighting contract labor, which has shown a decrease in nursing and an increase in coding and radiology. Overtime was 2.79% which is below the 12-month average. All other expenses were below budget \$580K and supplies were \$1.2 million below budget.

Key financial indicators for the month showed profitability green, labor was in the red, and liquidity showed days cash on hand at 44.5 days. Candidate for bill and cash collections was in the green.

Ms. Wakem provided a review of the cash flow statement. During the month outstanding supplemental payments were received and other operating receipts were up due to the timing of 340B payments and primary incentive payments.

Lastly, the Committee reviewed the balance sheet and the outstanding supplemental payments received.

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:

Ms. Wakem provided the following CFO updates:

1. Medicaid DSH Audit – The Medicaid DSH audit results for FY2020 came back with a clean audit report and with no overpayments.

2. The Medicare Cost report for FY23 was submitted. Payment should come in February.
3. Ms. Wakem provided a brief update on the CEO/Organizational goals. Two of the 3 goals are being met.
Year to date we are exceeding budget. We are close to meeting the goal for discharge to home discharge length of stay days. The façade is currently on time and on budget.
4. An update on Period 13 adjustments – The net impact of all adjustments made between June and Period 13 was approximately \$79K.

FINAL ACTION TAKEN:

None taken

- ITEM NO. 7 Review and recommend for approval by the Governing Board the Amendment 007 to the Hospital Services Agreement with Aetna Health, Inc. for Managed Care Services; or take action as deemed appropriate. (For possible action)**

DOCUMENTS SUBMITTED:

- Hospital Services Agreement – Amendment 007
- Disclosure of Ownership

DISCUSSION:

This amendment will extend the term of the agreement, increase the reimbursement schedule and add Radiology Professional Services to the agreement.

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. 8 Review and recommend for ratification by the Governing Board the Amendment Number Five to Provider Services Agreement with Intermountain IPA NV, LLC f/k/a HCP IPA Nevada, LLC for Managed Care Services; or take action as deemed appropriate. (For possible action)**

DOCUMENTS SUBMITTED:

- Amendment 5 Redacted
- Disclosure of Ownership

DISCUSSION:

The amendment, which includes the current Medicare Advantage Health Plan and Commercial HMO, POS and PPO plans, will add Radiology Professional Services to the agreement. This is being ratified due to the addition of the radiology services which will begin on December 1st.

FINAL ACTION TAKEN:

A motion was made by Member Haase to ratify 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 the First Amendment to Medicaid / Nevada Check-up Consulting Provider Agreement with Health Plan of Nevada, Inc. for Managed Care Services; or take action as deemed appropriate. (For possible action)**

DOCUMENTS SUBMITTED:

- Consulting Provider Agreement – Amendment 1

DISCUSSION:

This amendment will also add Radiology services to the agreement and is a ratification, as services began on December 1st.

FINAL ACTION TAKEN:

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

- ITEM NO.10 Review and recommend for ratification by the Governing Board the First Amendment to Individual / Group Provider Service Agreement with Sierra Health and Life Insurance Company, Inc. and Sierra Healthcare Options, Inc., for Managed Care Services; or take action as deemed appropriate. (For possible action)**

DOCUMENTS SUBMITTED:

- Amendment 1 - Radiology

DISCUSSION:

This amendment will add Radiology Services to the agreement and is a ratification, as services began on December 1st.

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. 11 Review and recommend for approval by the Governing Board the Services Order to Agreement for InterQual training services with Change Healthcare Technologies, LLC; authorize the Chief Executive Officer to execute future amendments and service orders within his yearly delegation of authority; or take action as deemed appropriate. (For possible action)

DOCUMENTS SUBMITTED:

- Services Order

DISCUSSION:

InterQual software is used by case management to assist in medical decision-making when treating acute adult and acute pediatric patients. This service order will update and add additional dates needed for staff, as well as extend the term of the agreement for an additional 3-years.

FINAL ACTION TAKEN:

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

ITEM NO. 12 Review and recommend for approval by the Governing Board the First Amendment to Agreement with Fort Topco, Inc. d/b/a AGS Health LLC for Medical Coding Support; or take action as deemed appropriate. (For possible action)

DOCUMENTS SUBMITTED:

- Medical Coding Support – 1st Amendment
- Disclosure of Ownership

DISCUSSION:

The vendor provides UMC with remote coding services. This amendment will add additional funding for medical coding support.

FINAL ACTION TAKEN:

A motion was made by Member Palenik 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 Professional Services Agreement with Dr. Robert J. Futoran, P.C.; authorize the Chief Executive Officer to exercise any extension options; or take action as deemed appropriate. (For possible action)

DOCUMENTS SUBMITTED:

- Professional Services Agreement

DISCUSSION:

This is an agreement for gynecologic oncology services for a 1-year term and an option to extend for two 1-year terms. The agreement includes a 30-day out clause.

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. 14 Review and recommend for approval by the Governing Board the Purchase Agreements with CDW Government, LLC for Hospital's Workstation on Wheels Refresh Phase 3 project; or take action as deemed appropriate. (For possible action)

DOCUMENTS SUBMITTED:

- NQHK387 _ CAPSA WOW w/Drawer - Redacted
- NQHL006 _ CAPSA WOW w/Drawer – Redacted
- Services Sourcing Letter
- Disclosure of Ownership

DISCUSSION:

This is an agreement with CDW to purchase Workstation on Wheels (“WOWs”) which allows the clinical staff to electronically access and chart in patient records on a mobile work station. This is an HPG purchase and includes a 5-year warranty.

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 Microsoft Enterprise Agreement, Enterprise Enrollment, Program Signature Form, and Pricing Quote with CDW Government; authorize the Chief Executive Officer to process any additional fund requests for the annual true-ups that are within his delegation; and take action as deemed appropriate. (For possible action)

DOCUMENTS SUBMITTED:

- Enterprise Renewal Quote - Redacted
- Program Signature Form – Redacted
- Services Sourcing Letter
- Disclosure of Ownership

DISCUSSION:

This is renewal of the Microsoft licensing agreement, which covers all licensing UMC uses for services, workstations and special systems. This is a request for approval of the three year agreement and additional funding for true-ups.

Ms. Allen explained that a true-up is when more licenses are used in the year than originally requested and UMC will settle the balance at the end of the term. This would also apply if there is a true-down, in which case there would be a reimbursement for unused licenses.

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. 16 Review and recommend for approval by the Governing Board the Addendum Four to Service Order Number 1 with Ricoh USA, Inc.; or take action as deemed appropriate. (For possible action)

DOCUMENTS SUBMITTED:

- Addendum 4
- Sourcing Letter
- Disclosure of Ownership

DISCUSSION:

Ricoh provides copier/printer services, repair and maintenance, as well as print shop services throughout the facility. UMC is requesting an addendum to extend the term of the agreement and increase funding. This agreement uses HPG pricing rates.

FINAL ACTION TAKEN:

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

ITEM NO. 17 Review and recommend for approval by the Governing Board the Master Services Agreement with Savista, LLC for Coding and Auditing Services; authorize the Chief Executive Officer to exercise extensions or amendments; or take action as deemed appropriate. (For possible action)

DOCUMENTS SUBMITTED:

- Master Service Agreement – Redacted
- Disclosure of Ownership

DISCUSSION:

This is a request to enter into a new agreement with Savista for coding and auditing services in the HIM department. The vendor provides remote coding services, as well as professional auditing services to ensure coding accuracy of medical records and documentation. This is a 1-year agreement with two 1-year renewal options. Termination is with 90-days' notice.

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. 18 Review and recommend for approval by the Governing Board the Equipment Schedule No. 014 to Master Agreement 21237667 with Flex Financial, a division of Stryker Sales, LLC; or take action as deemed appropriate. (For possible action)

DOCUMENTS SUBMITTED:

- Equipment Schedule No. 014

DISCUSSION:

This is a request to approve the equipment schedule to add a 4K video platform, which will help improve vision clarity and enhance light quality for surgical teams. This is a 36-month equipment lease with service and the option to purchase at the end of the lease.

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. 19 Review and recommend for approval by the Governing Board the Purchasing Agreement with Ulrich Medical USA, Inc. for Spine Implants; or take action as deemed appropriate. (For possible action)

DOCUMENTS SUBMITTED:

- Purchasing Agreement
- Disclosure of Ownership

DISCUSSION:

This is an agreement to purchase spine implants needed for certain surgical cases at UMC. The purchase is as needed based on utilization. This is a 3-year agreement with term at any time with 60-days' notice.

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.

SECTION 3: EMERGING ISSUES

ITEM NO. 20 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

At this time, Member Mackay 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: None

SPEAKERS(S): None

There being no further business to come before the Committee at this time, at the hour of 2:55 pm., Member Mackay adjourned the meeting.

MINUTES APPROVED: January 24, 2024

Minutes Prepared by: Stephanie Ceccarelli