***University Medical Center of Southern Nevada***
***Governing Board Audit and Finance Committee Meeting***
*December 7, 2022*

---

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 2:02 p.m. by Chair Robyn Caspersen and the following members were present, which constituted a quorum.

**CALL TO ORDER**

Board Members:

Present:
Robyn Caspersen
Dr. Donald Mackay
Jeff Ellis (via WebEx)
Christian Haase (via WebEx)
Mary Lynn Palenik (via WebEx)
Harry Hagerty (via WebEx)

Absent:

Others Present:
Jennifer Wakem, Chief Financial Officer
Doug Metzger, Controller
Rose Coker, Director of Managed Care
Susan Pitz, General Counsel
Emelia Allen, Assistant General Counsel – Contracts
John Berry, BDO (via WebEx)
Yin Jie Quin, BDO (via WebEx)
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 November 9, 2022. *(For possible action)***

FINAL ACTION:
A motion was made by Member Mackay that the minutes be approved as presented. Motion carried by a unanimous vote.

**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 and recommend for acceptance by the Governing Board the Fiscal Year 2022 Basic Financial Statements from BDO USA, LLP, Certified Public Accountants for University Medical Center of Southern Nevada; and direct staff accordingly. *(For possible action)***

DOCUMENTS SUBMITTED:
- Audit Wrap-up
- Basic Financial Statements

DISCUSSION:

John Berry, Engagement Partner and Yin Jie Qin, Audit Senior Manager and Engagement Manager for UMC presented the BDO Audit wrap-up for fiscal year 2022.

The status of the audit was reviewed. The audit of the financial statements has been completed. The Single Audit procedures on Federal awards is anticipated to be completed in February of 2023. The audit objectives and the scope of work performed were reviewed.

A summary of the audit results included accounting practices, policies and estimates. UMC adopted GASB 87, Leases, during the fiscal year. There were no significant changes in accounting policies and practices during FY2022, and no significant changes were made to the processes or significant assumptions used to develop the significant accounting estimates in 2022. The Committee reviewed the 3 corrected misstatements that were brought to the attention of management and 2 uncorrected misstatements related to accounts and/or disclosures that were presented. 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. New GASB Standards that will be effective in the new fiscal year were provided.

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 also thanked the finance team for their efforts involved in the completing the audit. There was no net financial impact to the Period 13 reporting.

FINAL ACTION TAKEN:

A motion was made by Member Mackay to recommend for acceptance 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 report for October FY23; and direct staff accordingly.** ***(For possible action)***

DOCUMENTS SUBMITTED:
- October FY23 Financial Report

DISCUSSION:

Jennifer Wakem, Chief Financial Officer, presented the financials for October FY23.

Ms. Wakem summarized the key indicators for October. Admissions were strong for the month, 5.5% above budget. AADC continues to be high at 649. Length of stay sits at 7.10 days. Hospital acuity dropped slightly.
Overall hospital CMI was down 12.5% and Medicare CMI was below budget 9%.
Inpatient surgeries were almost 8% below budget.
Outpatient surgeries were 29% below budget, due to challenges with anesthesia.
ER visits were 6% above budget, the key driver is pediatrics.
The ED to admit conversion rate was 21.67%.
Quick cares were up 9% above budget; - Spring Valley, Summerlin and Rancho are the stand outs.
Primary cares were also up significantly; Centennial, Nellis and Summerlin were the key drivers.

Trending stats compared current month to same month in FY19. Total admissions were a record, with 200 more than in October 2019. AADC was significantly higher at 649 and acuity remained consistent overall. LOS continues to be high. Inpatient surgeries were 8% below budget and outpatient surgeries dropped to 383. There was continued discussion regarding the root cause of the high length of stay and the impact this has on the staff, revenue and hospital operations.

Payor mix trended on inpatient and the ED are consistent with the 12-month average. Inpatient surgeries showed Medicaid went down 3% and Medicare was up almost 3%. Outpatient surgeries showed commercial was up 1.8% Medicare dropped 1.28%

The summary income statement for October shows net patient revenue was $762K below budget. Other revenue was above budget $1.7 million. ACO Silver State payments of $400K were recorded in October. Challenges with the 340B program were discussed. Overall revenue was above budget approximately $400K.

Operating expenses were over budget $3.5 million.
Income from ops adding depreciation and amortization landed at $837K on a budget of $3.5 million. We fell short of budget approximately $2.6 million.

The year to date income statement showed net patient revenue $500K below budget and other revenue above budget $1.6 million. Total operating revenue exceeded budget $1.1 million. Total operating expenses were above budget $5.4 million and total earnings, adding back depreciation and amortization was $9.3 million, on a budget of $13.9 million. Ms. Wakem stated that until the anesthesia issues are resolved, this trend will continue. The income statement trended was briefly reviewed as informational.

In salaries, wages and benefits, overtime was below budget $322K and contract labor was above budget $140K. FTEs are above budget 116. SWB per APD was below budget by 4% and SWB as a percent of net was at 65%. AEPOB was 5.49%. SWB trends looks good against the 12-month average.

Other expenses were over budget $400K. Utilities continue to be high and other expenses is up due to Epic license fees as a result of increased volumes.

Key financial indicators shows profitability and labor statistics in the red. Liquidity shows days' cash on hand which dropped slightly. No supplemental payments were received in October. Point of service was in the red. Cash collection goal was in the green.

Ms. Wakem reviewed cash flow statement for October, which highlighted the cash received from patients and payors. A significant amount of Federal Supplemental payments was still outstanding.

Lastly, the balance sheet was reviewed and shows a slight decrease in cash on hand but nothing to be concerned about at this time.

FINAL ACTION TAKEN:

None

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

DOCUMENTS SUBMITTED:
- October FY23 Financials

DISCUSSION:

Jennifer Wakem, Chief Financial Officer, provided an update to the Committee regarding Provider Relief Funding. There are still funds that have not yet been allocated and this will continue to be monitored.

The public health emergency, which was slated to expire October 13, 2022, but has been extended for 90-days and is expected to expire January 11, 2023. One of the impacts of the public health emergency is that there is an increase in Medicaid program enrollment. Once this ends, there may be a potential drop in the number of enrollees for Medicaid. HHS must give a 60-day notice of when the public health emergency will end.

We continue to receive the COVID DRG add-on for COVID positive patients. The discussion continued regarding flu hospitalizations and the impact on admissions at the hospital.

FINAL ACTION TAKEN:

None

**ITEM NO. 7** **Review and recommend for approval by the Governing Board the First Amendment to Hospital Services Agreement with Health Services Coalition; and take action as deemed appropriate. *(For possible action)***

DOCUMENTS SUBMITTED:
- First Amendment and Rate Schedule 11_Redacted

DISCUSSION:

Rose Coker, Director of Managed Care stated the Health Services Coalition is the 2nd largest commercial payor and covers over 200K lives. She provided a summary of those included in the coalition.

This request is to approve the first amendment to the existing Hospital Services Agreement, which will extend the term for five years commencing January 1, 2023. Either party may terminate without cause with 90-day written notice to the other party.

FINAL ACTION TAKEN:

A motion was made by Member 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 award by the Governing Board the RFP No. 2022-10 Promotion, Advertising, & Promotion to RR/CRR Holdings dba B&P Advertising; approve the RFP No. 2022-10 Service Agreement; authorize the Chief Executive Officer to exercise any extension/renewal options; or take action as deemed appropriate. *(For possible action)***

DOCUMENTS SUBMITTED:
- RFP 2022-11 Promotion Advertising Marketing
- Disclosure of Ownership

DISCUSSION:

In June, a notice for RFP was put out to bid for Promotion, Advertising & Marketing Services. One response was received from our current vendor, B&P Advertising. An ad hoc committee reviewed the proposal and recommends the contract approval with B&P Advertising.

The agreement is for a 5-year term and can terminate at any time upon 30-days' notice.

FINAL ACTION TAKEN:
A motion was made by Member Mackay to approve and make a recommendation to the Governing Board to award the bid to B&P Advertising. Motion carried by unanimous vote.

**ITEM NO. 9 Review and recommend for approval by the Governing Board the agreements with Zunesis Inc. and Customer Storage, LLC for UMC's Compute & Storage project; authorize the Chief Executive Officer to exercise any extension options and execute future amendments within his yearly delegation or authority; or take action as deemed appropriate. *(For possible action)***

DOCUMENTS SUBMITTED:
- Quote 006679
- Quote 006680
- Quote 006681
- Quote 006682
- Quote 006683
- Quote 006816
- Quote 006817
- cStor - Migration Quote
- Zunesis Disclosure of Ownership
- cStor Disclosure of Ownership

DISCUSSION:

UMCSN will purchase the hardware and software through Zunesis, Inc. to update our network and the implementation services will be provided through Custom Storage, LLC, which will include migration of data from our current systems to the new systems.

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 Records Management and Storage Services Agreement with Iron Mountain Information Management, LLC; authorize the Chief Executive Officer to exercise any extension options within his delegated authority and execute future amendments; or take action as deemed appropriate. *(For possible action)***

DOCUMENTS SUBMITTED:
- Document Storage contract – Redacted
- Sourcing Letter
- Disclosure of Ownership

DISCUSSION:

Iron Mountain is the current vendor that provides storage services and records management. This agreement is on GPO and they are now a part of HPG. This is a 5-year agreement and UMC can terminate the agreement at any time upon 90-days' 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. 11 Review and recommend for approval by the Governing Board the Agreement for Software Licensure and Hardware Products with Orthogrid Systems Inc.; authorize the Chief Executive Officer to exercise any extension/renewal options; or take action as deemed appropriate. *(For possible action)***

DOCUMENTS SUBMITTED:
- Agreement for Software Licensure and Hardware Products
- Disclosure of Ownership

DISCUSSION

This is a non-invasive navigation app that provides Orthopedic surgeons with real time image analysis tools.

This is a purchase for software licenses that will live on hardware in the OR and Trauma and will be used by the Orthopedic surgeons who perform surgeries. The term is a 3-year licensure of the software and either party is able to terminate for cause upon 30-days' prior 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. 12 Review and recommend for approval by the Governing Board the Vizient Data Connector Services Statement of Work with Vizient Inc.; authorize the Chief Executive Officer to exercise any extension options/Order Forms within his delegation of authority; or take action as deemed appropriate. *(For possible action)***

DOCUMENT(S) SUBMITTED**:**
- Data Connector Services SOW
- Disclosure of Ownership

DISCUSSION:

This Statement of Work will add the Vizient Data Connector service, which is Epic-compatible, and allows UMCSN process CMS core measure data and provides access to clinical data repositories for operational analytics and self-service queries. The term for this SOW will add an additional 2-years to the master agreement with Vizient.

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

**ITEM NO. 13 Review and recommend for approval by the Governing Board the Construction Service Agreement with Clark Welding & Fabricating for replacement and installation of UMC's Autoclave Sterilizer & Boiler; authorize the Chief Executive Officer to exercise any amendments/extension options; or take action as deemed appropriate. *(For possible action)***

DOCUMENT(S) SUBMITTED**:**
- Autoclave Boiler Agreement – Redacted
- Disclosure of Ownership

DISCUSSION:

UMC seeks approval of this agreement with Clark Welding & Fabricating and will supply labor and materials to install an autoclave sterilizer and boiler equipment used to treat, process and dispose of biohazardous waste. Autoclave sterilizers are an economic alternative to incineration. This agreement with CWF includes a 3-year service agreement and all permits for installation and operation. UMC may terminate within 15-days without cause. There was continued discussion regarding the RFP process and ultimate approval of this vendor.

FINAL ACTION TAKEN:

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

**ITEM NO. 14 Review and recommend for approval by the Governing Board the Professional Services Agreement for Pathology Clinical Coverage with Laboratory Medicine Consultants, Ltd. d/b/a LMC Pathology Services; authorize the Chief Executive Officer to exercise any extension options; or take action as deemed appropriate. *(For possible action)***

DOCUMENT(S) SUBMITTED**:**
- Professional Services Agreement

DISCUSSION:

This request is to approve a new Professional Services Agreement for clinical coverage for 24/7 emergency, on-call and consultative pathology services for UMC's inpatients, outpatients, and Emergency and Trauma patients, in accordance with the schedule maintained by Provider. Either party may terminate this Agreement for convenience with a 180-day 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. 15 Review and recommend for ratification by the Governing Board the Amendment A03 to Professional Services Agreement with Southern Nevada Health District for sub-recipient grant funding; authorize the Chief Executive Officer to execute any future Amendments or renewals; or take action as deemed appropriate. *(For possible action)***

DOCUMENT(S) SUBMITTED**:**
- Amendment A03 to Professional Services Agreement

DISCUSSION:

UMC is a sub-recipient of the SNHD grant funds received from the CDC and HHS to treat patients with HIV and other diseases. This request extends the term for an additional year.

This amendment needed to be signed and transmitted to SNHD immediately to secure receipt of the grant funds with the federal payor who required immediate acceptance.

FINAL ACTION TAKEN:

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

**ITEM NO. 16 Receive a report on the emergency contract with WWWilliams Inc. for Emergency Rental Generator and Repair Services; or take action as deemed appropriate. *(For possible action)***

DOCUMENT(S) SUBMITTED**:**
- Services Agreement
- Disclosure of Ownership

DISCUSSION:

The Committee was informed that the vendor performed an emergency repair of UMC's radiator generators due to a leak, and because of the emergent situation, the contract did not go through the normal bidding process.

Therefore, in accordance with NRS 33.112 (2), we are presenting this report that was let out without public bidding, due to the urgent nature of the repair. The contract was for immediate repair.

FINAL ACTION TAKEN:

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

**SECTION 3: EMERGING ISSUES**

**ITEM NO. 17 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 3:12 p.m., Chair Caspersen adjourned the meeting.

MINUTES APPROVED: January 18, 2023
Minutes Prepared by: Stephanie Ceccarelli