University Medical Center of Southern Nevada
Governing Board Audit and Finance Committee Meeting
December 8, 2021

UMC ProVidence Suite
Trauma Building, 5th Floor
800 Hope Place
Las Vegas, Clark County, Nevada
Wednesday, December 8, 2021
2:00 p.m.

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 2:00 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
Mary Lynn Palenik (via WebEx)
Jeff Ellis (via WebEx)
Christian Haase (via WebEx)
Harry Hagerty (via WebEx)
Barb Fraser (Ex-Officio) (via WebEx)

Absent:

Others Present:
Mason Van Houweling, Chief Executive Officer
Tony Marinello, Chief Operating Officer
Jennifer Wakem, Chief Financial Officer
Rose Coker, Director of Managed Care
Susan Pitz, General Counsel
Lia Allen, Assistant General Counsel – Contracts
John Berry, BDO (via WebEx)
Yin Jie Quin, BDO (via WebEx)
Stephanie Ceccarelli, Governing 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 10, 2021. *(For possible action)*

Member Hagerty was not present at the meeting, and will therefore abstain from the vote.

FINAL ACTION:

A motion was made by Member Mackay that the minutes be approved as recommended. Motion carried by a majority vote. Member Hagerty abstained.

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

Chair Caspersen requested the removal of *"and Schedule of Expenditures of Federal Awards"* from Item No. 4, as they have not been received. The item will be amended to read as follows:

Receive and recommend for acceptance by the Governing Board the Fiscal Year 2021 Audit Reports and Financial Statements from BDO USA, LLP, Certified Public Accountants for University Medical Center of Southern Nevada; and direct staff accordingly. (For possible action)

FINAL ACTION:

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

SECTION 2. BUSINESS ITEMS

ITEM NO. 4 Receive and recommend for acceptance by the Governing Board the Fiscal Year 2021 Audit Reports and 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 Manager and Engagement Manager for UMC presented the BDO Audit wrap-up for fiscal year 2021.

The status of the audit was reviewed and an audit of financial statements was substantially completed, pending completion of procedures on Federal awards for the year ending June 30, 2021. The audit objectives and the scope of work performed were reviewed. The unmodified opinion on the financial statements is expected to be issued and released on December 8, 2021.

Mr. Berry added that the Single Audit will be released at a later date.

A summary of the audit results included accounting practices, policies and estimates. There were no significant changes in accounting policies and practices during FY2021. Internal controls were reviewed, with no 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.

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 FY22; and direct staff accordingly. *(For possible action)***

DOCUMENTS SUBMITTED:
- October FY22 Financial Report

DISCUSSION:

Jennifer Wakem, Chief Financial Officer, presented the financials for October FY22.

Ms. Wakem summarized the key indicators for October. Admissions were strong for the month, 3.5% above budget. AADC continues to be high at 607. Length of stay sits at 6.65 days. She noted that the increased length of stay can be attributed to the staffing shortage challenges throughout the community. The post-acute care facilities are short staffed also. UMC now has a new Director of Care Management who is dedicated to decreasing LOS. Acuity is high.
Overall hospital CMI was 1.93 and Medicare CMI was 1.95.
Inpatient surgeries were almost 16% above budget.
Outpatient surgeries were 6% above budget.
ER visits are 12% above budget.
The ED to admit conversion rate was 19%.
Quick cares were up 10% above budget; Primary cares were also up 4%

Trending stats compare current month to same month in FY19. Total admissions were 1,803, 7 more than FY19. ER visits were 9,007 compared to FY19 which was 9,800.
Quick cares and primary cares were down compared to FY2019.

Payor mix trended on inpatient is consistent with the 12-month average, except for self-pay, which is up 1.4%. There was a slight increase on self-pay payors. In the ED, Medicaid is up almost 2%. Inpatient surgeries showed commercial up 2% and Medicare was down 2%. Outpatient surgeries showed Medicaid down 1.8% and self-pay is up 1.5%.

The summary income statement for October shows net patient revenue is up approximately $12 million. Other revenue is below budget $2.8 million, primarily due to the decrease in 340B program contract pharmacy revenue and other challenges in the program.
Operating expenses were over budget $5.2 million.
Income from ops adding depreciation and amortization landed at $1.8 million in positive earnings. The budgeted loss was approximately $2 million.

The year to date income statement showed net patient revenue over budget and other revenue was under budget $7.2 million. Total net revenue was up 16.4%. Operating expenses were up and total earnings, adding back depreciation and amortization was $8.4 million. The income statement trended was briefly reviewed.

Salary, wages and benefits are over budget, primarily due to volume. The overage in salaries was driven by the nursing incentives due to nursing shortage. Opportunities to improve lie with contract labor and overtime. The discussion continued regarding managing patient volumes vs staffing.

Ms. Wakem informed the Committee that NSI recruited a total of 23 RNs to date and 11 nurses were hired into the resource float pool. She added that West Hills Behavioral Health will be closing due to staffing shortages.

Other expenses were below budget $1.3 million. Supplies were down $500K. An informational slide on COVID expenses was shown.

Key financial indicators shows profitability and labor statistics in the red. Liquidity shows day's cash on hand is in the green, at approximately 4.5 months. Candidate for bill ran below 5 days. Cash collection goal was in the green.

The capital plans for FY20, FY21 and FY22 were reviewed.

The Committee offered suggestions regarding the level of project detail that should be included in the capital plan process.

Ms. Wakem provided a review of the cash flow statement for October, which highlighted the cash received from patients and payors. A significant amount of Federal Supplemental payments were still outstanding. UMC bonds will be completely paid in 2024.

Lastly, the balance sheet was reviewed and shows cash is strong.

<u>FINAL ACTION TAKEN:</u>

None

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

DOCUMENTS SUBMITTED:
- None

DISCUSSION:

Ms. Wakem updated the Committee on the audited financials versus the June financials presented in July. Final adjustments resulted in income from ops for FY21 of $10.3 million.

Teachers Health Trust is in bankruptcy.

Senate Bill 248 was passed and was effective July 1, 2021. This bill imposes limitations on collecting medical debt in the state. Collection agencies are required to send certified mail notifications to patients 60-days prior to taking action on any medical debt. During this time period, no collection efforts are being made on the part of the debt collector. NHA is involved, as this bill affects all hospitals. The conversation continued regarding the impact that the bill has had on the hospital.

FINAL ACTION TAKEN:

None

ITEM NO. 7 **Review and recommend for approval by the Governing Board the First Amendment to Provider Services Agreement with HCP IPA Nevada, LLC; or take action as deemed appropriate. *(For possible action)***

DOCUMENTS SUBMITTED:
- First Amendment
- Disclosure of Ownership

DISCUSSION:

Rose Coker informed the Committee that Healthcare Partners is adding a new product line called Scan Healthplan HMO. This is a request to amend the current agreement, adding the Scan Healthplan HMO to UMC's PCP Provider contract and to update the participating payors plans and products.

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 approval by the Governing Board the Seventh Amendment to Memorandum of Understanding with HCP IPA Nevada, LLC; or take action as deemed appropriate. *(For possible action)***

DOCUMENTS SUBMITTED:

- Seventh Amendment
- Disclosure of Ownership

DISCUSSION:

This is a request to amend the current HPC IPA agreement, adding the Scan Healthplan HMO to UMC's Hospital contract agreement and to update the participating payors plans and products.

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. 9 **Review and recommend for approval by the Governing Board the First Amendment to Hospital Services Agreement with P3 Health Partners-Nevada, LLC; or take action as deemed appropriate. *(For possible action)***

DOCUMENTS SUBMITTED:
- First Amendment
- Disclosure of Ownership

DISCUSSION:

This amendment will extend the term of the initial hospital services agreement for 2 years through August 2023.

FINAL ACTION TAKEN:

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

ITEM NO. 10 **Review and recommend for approval by the Governing Board the Fifteenth Amendment with Nevada Preferred Healthcare Providers for extension of the Hospital Participating Agreement; or take action as deemed appropriate. *(For possible action)***

DOCUMENTS SUBMITTED:
- Fifteenth Amendment
- Disclosure of Ownership

DISCUSSION:

This is a request to extend the terms of the agreement for one year through December 2022 and to update the reimbursement schedules to reflect rate increases that will be effective January 1, 2022.

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. 11 Review and recommend for approval by the Governing Board the Master Agreement and Professional Services Proposals with Hyland Software, Inc. for the OnBase Information Management platform; authorize the Chief Executive Officer to exercise any extension options; or take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Master Agreement
- OnBase Integration
- Intelligent Medical Records Services
- Professional Services Proposal
- Comprehensive Conversion Services
- Staff Augmentation and Managed Services

DISCUSSION:

This is an initial 3-year term agreement with Hyland Software, which will assist with document scanning and management system that integrates with Epic. The new agreement will replace Hyland Perceptive and Solarity solutions and will provide service hospital wide. This agreement comes with two 1-year renewal options.

FINAL ACTION TAKEN:

A motion was made by Member Hagerty 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 Agreement for Application and Strategic Project Support with Tegria Services Group - US, Inc.; or take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Agreement for Application and Strategic Project Support
- Disclosure of Ownership

DISCUSSION:

This is a new services agreement with Tegria Services Group, formerly known as Bluetree, to provide Epic support performed by a team of Epic certified experts and assist with IT services. This is a 5-year agreement with a 30-day out clause after one year.

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. 13 Review and recommend for approval by the Governing Board the Health Plan Integration Quotation with American Well Corporation; authorize the Chief Executive Officer to execute future orders within his delegation of authority; or take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Quotation
- Disclosure of Ownership

DISCUSSION:

This is an addition the current telemedicine software platform agreement with Amwell Corporation. This is a one-time fee request to add additional modules which will add fifteen additional health plans to the service platform for the integration of real-time patient eligibility and claims. A conversation ensued regarding the insurance coverage of telehealth services and billing.

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 Quote for Hardware Support and Maintenance with Extreme Networks, Inc. for network infrastructure equipment; or take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Quotation
- Disclosure of Ownership

DISCUSSION:

This is a request for maintenance and hardware support services from Extreme Networks, Inc. This is a 5-year agreement for maintenance and support and the services include replace any failing hardware, software upgrades for current equipment, and devices for computers.

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 Professional Services Agreement for Nephrology Clinical Coverage with Bernstein, Pokroy & Lehrner, Ltd. d/b/a Kidney Specialists of Southern Nevada; 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 agreement will allow clinical coverage for general nephrology services 24/7 on-call basis and treatment of ED and trauma patients and is a 2-year agreement with two 1-year renewal options and a 180-day out clause.

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 approval by the Governing Board the Professional Services Agreement for Transplant Nephrology Clinical Coverage with Bernstein, Pokroy & Lehrner, Ltd. d/b/a Kidney Specialists of Southern Nevada; 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 agreement is for transplant nephrology services and will provide 24/7 on-call treatment services for transplant nephrology inpatients, outpatients, ED and trauma patients. This adds medical director services and is a 2-year agreement with two 1-year renewal options and a 180-day out clause.

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. 17 Review and recommend for approval by the Governing Board the Notice of Subaward with the State of Nevada Division of Public & Behavioral Health for COVID-19 testing of passengers traveling to, throughout and from Nevada; authorize the Chief Executive Officer to execute the monthly Request for Reimbursement Form; or take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Notice of Subaward

DISCUSSION:

UMC has been provided a not-to-exceed grant through the Department of Public and Behavioral Health, to subsidize COVID testing for passengers traveling in and throughout Nevada. The period of performance is through September 30 2022.

FINAL ACTION TAKEN:

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

SECTION 3: EMERGING ISSUES

ITEM NO. 18 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)*

DISCUSSION:

1. Public Option impact
2. UMC is the official test site for LVCA

FINAL ACTION TAKEN:

None

COMMENTS BY THE GENERAL PUBLIC:

Comments from the general public were called for. No such comments were heard.

There being no further business to come before the Committee at this time, at the hour of 3:15 PM, Chair Caspersen adjourned the meeting.

MINUTES APPROVED: January 19, 2022
Minutes Prepared by: Stephanie Ceccarelli