University Medical Center of Southern Nevada
Governing Board Audit and Finance Committee Meeting
February 15, 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 Chair Robyn Caspersen and the following members were present, which constituted a quorum.

CALL TO ORDER

Board Members:

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

Absent:
None

Others Present:
Tony Marinello, Chief Operating Officer
Jennifer Wakem, Chief Financial Officer
Doug Metzger, Controller
Frederick Lippmann, Chief Medical Officer
Rose Coker, Director of Managed Care
Maria Sexton, Chief Information Officer
Susan Pitz, General Counsel
Lia 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 January 18, 2023. *(For possible action)*

FINAL ACTION:

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

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

Item 13 was removed from the agenda.

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 the monthly financial report for January FY23; and direct staff accordingly. *(For possible action)*

DOCUMENTS SUBMITTED:
- January FY23 Financials

DISCUSSION:

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

Admissions were 4% over budget and AADC was 12% above budget.
Length of stay was just over 7 days, but slightly lower than prior year.
Observation ALOS dropped 31%.
Hospital acuity was down 16%. Medicare CMI dropped 16.5%.
Inpatient surgeries were 6% below budget and outpatient surgeries were down 13%. There are still challenges with anesthesia.
Mr. Marinello added, to date we have hired 33 anesthesiologists.
There were 16 transplants for the month. UMC did its first pancreatic transplant in January.
ER visits were on budget with 8,991 and 22.5% of patients coming through the emergency room are being admitted.
Quick cares were down 18% and Primary cares were 33% above budget; Peccole, Centennial and Summerlin were the stand outs.
There were 526 telehealth visits and 1,431 in orthopedic clinic visits.

The trended stats were compared to FY19; admissions are strong at 1,999 but not as high as FY19, which was 2,068.
Length of stay remains a struggle, at a little more than 7 days.
Acuity has dropped. Medicare CMI decreased slightly to 1.89, primarily due to a decrease in surgical cases. Inpatient surgeries were down 49 cases compared to 2019 and outpatient surgeries were also down.
There were 16 transplants and Ms. Wakem added that UMC has hired another transplant surgeon.
Overall emergency room visits are down compared to 2019.

UMC telehealth dropped slightly in January. Orthopedic clinic visits were at 1,431.

Payor mix trended by inpatient, government dropped a little more than 1% and Medicare was up almost 2%. Payor mix trended in the ED, there was an increase in Medicare of 1%.

Payor mix trended by inpatient surgeries, government went down 1.5% and Medicare was up 2%. Payor mix trended by outpatient surgeries, commercial was down 6% and Medicaid was up 4.5% and Medicare was up 3%.

The income statement for January showed net patient revenue almost $5.1 million above budget. Other revenue was down $80K. Overall net revenue was $5 million over budget and total operating expenses above budget $7 million. Income from ops before depreciation was positive $1.8 million on a budget of $3.5 million, below budget $1.7 million.

The income statement year to date showed other revenue $15.4 million above budget and operating expense was $22.7 million above budget.
Earnings before depreciation and amortization were $14.3 million on a budget of $21.3 million, which left a deficit of approximately $7 million year to date.

Mr. Marinello added that the unbudgeted costs related to orthopedics and anesthesia has created an increase in costs. The summary income statement trended was shown as informational.

SWB was over budget $3.7 million. Overtime was slightly over budget $61K and contract labor was over approximately $450K over budget. SWB was impacted primarily due to the unbudgeted costs related to orthopedics and anesthesia. Mr. Marinello added that this relates to about 50 additional FTEs.

SWB per APD was $2,109 and SWB as a percent of net was 61.48%. AEPOB was 5.56 versus a budget of 5.95.

SWB trended showed overtime and contract labor were down from the 12-month average. Overtime as a percent of productive was running 3.15%, which was a record low.

Supplies were $1.8 million over budget due to implant surgical cases and 340B supply replenishment. Purchased services is up due to advertising and software license expense. Utilities and gas are also higher than anticipated.

Key financial indicators were reviewed in profitability, labor, liquidity and cash collections. Ms. Wakem reviewed the indicators that were in the red. Days' cash on hand is just over 2 months. There are a significant number of outstanding supplemental payments. Candidate for billing is at 2.3 days and the cash collection goal was met.

Cash flow slide showed cash received from patients and payors was at $54 million for the month. Roughly $3 million in supplemental payments has been received.

Dr. Mackay asked if the delay in payments were federal or a state problem. Ms. Wakem responded that it is a state issue and a delay in processing.

Chair Caspersen asked if we have any insight on how UMC's length of stay compares to other hospitals. Mr. Marinello responded that this is an issue with other facilities community wide. There was continued discussion regarding the impact of length of stay on HCAHPS statistics.

FINAL ACTION TAKEN:

None taken.

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 stated that the public health emergency will officially end May 11, 2023. Hospitals will no longer receive the additional DRG related to COVID patients and the relaxed requirements for Medicare patients will go away. COVID-19 testing and vaccines will no longer be tied to the emergency. There will now be a cost sharing with COID testing and vaccinations.
Relaxed rules regarding qualifying patients to Medicaid will also begin. She noted that there was a 43% increase in Medicaid enrollees, so this is expected to drop.

Ms. Wakem provided an update regarding the 340B program litigation.

Nevada Medicaid did a rate review of hospital reimbursements and acknowledged they are lower than they should be. It was noted the anticipated rate increases were not included in the Governor's budget.

UMC continues to monitor the activity related to the Provider Fee program.

Dr. Mackay mentioned that there are 2 outstanding cases in the 340B program and it may end up in the Supreme Court. This will be something to watch.

FINAL ACTION TAKEN:
None taken

ITEM NO. 6 Review and recommend for ratification by the Governing Board the Amendment Number Two to Provider Services Agreement with Intermountain IPA NV, LLC f/k/a HCIP IPA Nevada, LLC for managed care services; or take action as deemed appropriate. ***(For possible action)***

DOCUMENTS SUBMITTED:
- Amendment 2 - Redacted

DISCUSSION:

This second amendment is to add the Orthopedic Specialty service line and update the fee schedule to include payment for orthopedic services.

Member Mackay had questions regarding spinal services not included in this agreement and inquired about the x-ray service costs.

Ms. Coker responded that we can do all surgeries except spinal care unless it is trauma related. The x-ray service cost exception is for the hospital related cases.

FINAL ACTION TAKEN:

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

ITEM NO. 7 **Review and recommend for approval by the Governing Board the Amendment Number Two to Provider Agreement with P3 Health Partners-Nevada, LLC for Managed Care Services; and take action as deemed appropriate. *(For possible action)***

DOCUMENTS SUBMITTED:
- Provider Agreement – Amendment Two
- Disclosure of Ownership

DISCUSSION:

This is an IPA plan agreement for ambulatory care division. UMC participates in the comprehensive visit incentive program. This amendment will modify the Provider Quality Incentive Program Terms to support the Qualified Comprehensive Visits & PCP Quality Incentive Plan.

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. 8 **Review and recommend for approval by the Governing Board the Amendment 1 to Specimen Collection Pricing & Commitment Agreement with Becton, Dickson and Company for specimen collection tubes and related supplies; authorize the Chief Executive Officer to execute any future amendments or renewals within his delegation of authority; or take action as deemed appropriate. *(For possible action)***

DOCUMENTS SUBMITTED:
- Amendment One to Pricing and Commitment Agreement
- Disclosure of Ownership

DISCUSSION:

We currently have an agreement with this vendor to purchase collection tubes used by the pathology department. This is an amendment to extend the agreement for 1 year and add funding in order to continue to purchase supplies.

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. 9 **Review and recommend for approval by the Governing Board the Service Agreement with Eaton Corporation Electrical Engineering Services & Systems for Arc Flash Analysis; or take action as deemed appropriate. *(For possible action)***

DOCUMENTS SUBMITTED:
- Proposal - Redacted
- Disclosure of Ownership

DISCUSSION:

This agreement will allow the vendor to provide onsite data collection, arc flash hazard analysis, short-circuit study, protection device coordination, and arch flash label application for UMC, which are required by OSHA and NFPA 70E to ensure that UMC's electrical systems are in compliance with the appropriate protections. This is a 1-year agreement.

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. 10 **Review and recommend for approval by the Governing Board the Purchaser Services Agreement with Emerald Textile Services, Utah, LLC for linen management and distribution services; or take action as deemed appropriate. *(For possible action)***

DOCUMENTS SUBMITTED:
- Purchased Services Agreement
- Sourcing Letter

DISCUSSION:

This is a new 5-year agreement under HPG. They will provide laundry services, rental and delivery service to UMC hospital and ambulatory facilities. Termination can be at any time upon 90-day written 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. 11 Review and recommend for approval by the Governing Board the Software Use Agreement with Strata Decision Technology, LLC for financial planning and decision support software subscription; authorize the Chief Executive Officer to execute extensions and amendments within his yearly delegation of authority; or take action as deemed appropriate. ***(For possible action)***

DOCUMENTS SUBMITTED:
- Software Use Agreement - Redacted

DISCUSSION:

This is a new software agreement with Strata will replace our current agreement for retrospective productivity. This solution will provide more services including business decision support, advanced cost accounting, reporting and contract analytics to improve efficiencies throughout the facility, as well as real time work force management for dynamic productivity. This is a 4-year agreement with one 1-year option to renew and terminate at any time with a 30-day notice or 6 months buyer's remorse guarantee.

Mr. Marinello added that this vendor will provide real time access to data more efficiently and will get us moving to the next level with our service lines. Ms. Wakem stated this vendor was named "Best in Class" for 17 consecutive years and they understand the healthcare industry very well.

There was continued discussion regarding the implementation of this new system.

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 Service Agreement with NOVA Geotechnical and Inspection Services, LLC d/b/a Universal Engineering Sciences for special inspections and material testing services; authorize the Chief Executive Officer to execute the extension option and amendments within the not-to-exceed amount of this Agreement; or take action as deemed appropriate. ***(For possible action)***

DOCUMENTS SUBMITTED:
- Service Agreement

DISCUSSION:

This will for the external façade project. The vendor will provide onsite field density testing, observations and inspections of soils and structural materials. A summary report will be provided. The term is through 2025, which will coincide with the estimated end of the façade project. UMC may terminate with a 30-day written notice.

Chair Caspersen requested that the Committee be made aware of any agreements that are related to the original assessment of the façade project, in order to track any items that represent a change or that are over and above what was originally approved by the Governing Board.

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 Agreement with the Board of Regents of the Nevada System of Higher Education on behalf of the Kirk Kerkorian School of Medicine at the University of Nevada, Las Vegas and UNLV Medicine d/b/a UNLV Health for EMR system access; authorize the Chief Executive Officer to execute any extension options and amendments; or take action as deemed appropriate. *(For possible action)*

This item was removed from the agenda.

ITEM NO. 14 Review and recommend for approval by the Governing Board the Agreements with WellSky Corporation for blood bank software; authorize the Chief Executive Officer to execute amendments within his delegation of authority; or take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Master License an Services Agreement
- Transfusion Order Form – Redacted
- Disclosure of Ownership

DISCUSSION:

This is a new vendor that will replace our current software solution for blood bank software to provide integration between clinical areas and the lab to improve communication, eliminate duplicate tests and increase visibility into testing progress. This is a required management software and will replace UMC's current blood bank software to remain compliant with the current FDA guidelines. This is a new 5-year agreement.

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. 15 Review and recommend for approval by the Governing Board the Amendments to Lease Agreement with PNC Bank, National Association for endoscopy scopes and video imaging equipment; authorize the Chief Executive Officer to execute future amendments or renewals; or take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Amendment #001, #002, #003
- Lease Agreement
- Disclosure of Ownership

DISCUSSION:

This amendment extends the current agreement term for an additional 36 months and increases the funding to account for the increase in term.

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. 16 Review and recommend for approval by the Governing Board the Agreement with ELITechGroup MDX LLC for Reagent Ordering & Service Support; authorize the Chief Executive Officer to exercise any extension options; or take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Service Agreement – Redacted
- Disclosure of Ownership

DISCUSSION:

This is a new agreement for the vendor to provide reagents and consumables annually for use in the lab for molecular diagnostic testing. This will ensure consistent supply in pricing of reagents and service of equipment to support weekly clinical testing. This is a 3-year agreement with term for convenience with a 15-day notice at any time.

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. 17 Review and recommend for approval by the Governing Board the 340B Split Billing Services Agreement and the 340B Contract Pharmacy

Services Agreement with Verity Solutions Group, Inc. for 340B administrator services; authorize the Chief Executive Officer to execute any extension options and amendments within his yearly delegation of authority; or take action as deemed appropriate. ***(For possible action)***

DOCUMENTS SUBMITTED:
- Contract Pharmacy Services Agreement
- Split Billing Agreement
- Business Associate Agreement
- Sourcing Letter
- Disclosure of Ownership

DISCUSSION:

This is a request to enter into a new agreement for 340B Split Billing Services agreement and an agreement for 340B Contract Pharmacy Services.

Contract Pharmacy Service is a web-based 340B processor subscription that will assist UMC to register eligible pharmacies, offer patient discounts, manage and automate 340B replenishment to enable self-ordering and collect payments from contract pharmacies.

The virtual inventory system solution offers pharmaceutical order visibility, audit trails and other reporting metrics. The solution identifies all drug dispenses, tracks all 340B purchases from vendors, and automatically splits replenishment orders for eligible medications into as many UMC wholesaler accounts.

Both agreements each hold a 3-year term and may terminate upon a 60-day notice.

FINAL ACTION TAKEN:

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

ITEM NO. 18 **Review and recommend for approval by the Governing Board the Agreement with T Evans RNFA, LLC for Contractor Services; authorize the Chief Executive Officer to exercise any extension options; or take action as deemed appropriate.** ***(For possible action)***

DOCUMENTS SUBMITTED:
- Service Agreement
- Disclosure of Ownership

DISCUSSION:

This vendor will provide up to 3 CVT Registered Nurse First Assist medical assistants for cardiovascular thoracic services, as well as training and proctoring. This is a one year agreement with a 15-days term notice.

Mr. Marinello added that this need represents the growth in the cardiology program.

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. 19 Review and recommend for approval by the Board of Hospital Trustees for University Medical Center of Southern Nevada, the Amendment One to Master Professional Services Agreement with Medicus Healthcare Solutions, LLC for anesthesia locum tenens and CRNA staffing services; authorize the Chief Executive Officer to execute amendments within the not-to-exceed amount of this Agreement; or take action as deemed appropriate. ***(For possible action)***

DOCUMENTS SUBMITTED:
- Master Professional Services Agreement – Amendment One

DISCUSSION:

This is an amendment to the current agreement with Medicus for locum tenens anesthesia and CRNA services. This amendment will extend the term through December 31, 2023 and add additional funding. The term is at any time upon 60-days' notice to the vendor.

FINAL ACTION TAKEN:

A motion was made by Member Haase to approve and make a recommendation to the Board of Hospital Trustees to approve the amendment. 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)*

Dr. Lippmann reported regarding healthcare finances, the AHA has looked at average length of stay across the nation and noted it is up between 19-24% nationwide. The prediction is that 68% of hospitals will come in at a loss this year. There was a brief discussion that ensued on this subject matter.

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.

COMMENTS BY THE GENERAL PUBLIC:

SPEAKERS(S): None

There being no further business to come before the Committee at this time, at the hour of 3:05 pm., Chair Caspersen adjourned the meeting.

MINUTES APPROVED: March 22, 2023
Minutes Prepared by: Stephanie Ceccarelli