University Medical Center of Southern Nevada
Governing Board Audit and Finance Committee Meeting
February 16, 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 2:03 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)

Absent:
Christian Haase
Barbara Frasier (Ex-Officio)

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
Nathan Strohl, Internal Auditor
Jamie King, Director of Pharmacy Services
Tiffany Flemming, Exe. Director of PAS and Ambulatory Care
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 19, 2022. *(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 14 was removed for consideration from today's 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 Review the results of the COVID-19 Vaccine Cards Audit; and direct staff accordingly. *(For possible action)*

DOCUMENTS SUBMITTED:
- COVID-19 Vaccine Audit

DISCUSSION:

Audits of the COVID-19 Vaccine Cards were performed on September 7th and 11th of 2021 to provide reasonable assurance against lost, theft, and fraud. Findings showed that periodic bulk reconciliation of the vaccine cards were not performed.

Jamie King, Director of Pharmacy Services and Tiffany Flemming, Executive Director of PAS and Ambulatory Care, provided statements of the reconciliation processes that have been put in place in their respective departments for tracking and accountability purposes, and to mitigate any unauthorized distribution of the vaccine cards.

There have been no discrepancies, and security and safety measures were put in place in November and December to safeguard against loss, theft, and fraud.

Mr. Strohl thanked the staff for their cooperation during the audit process of engagement.

FINAL ACTION TAKEN:

None

ITEM NO. 5 **Receive and recommend for acceptance by the Governing Board the Single Audit from BDO USA, LLP, Certified Public Accountants for University Medical Center of Southern Nevada; and direct staff accordingly. *(For possible action)***

DOCUMENTS SUBMITTED:
- Basic Financial Statements and Single Audit Information

DISCUSSION:

An updated report was provided on the BDO Audit of the UMC Financial Statements and Single Audit Information.

Ms. Wakem highlighted the BDO Single Audit, which ensures adequate internal controls and compliance with federal funding program requirements for facilities that receive Federal funding in excess of $750K. The report has been completed and there were no findings and no exceptions received from the BDO Audit.

FINAL ACTION TAKEN:

A motion was made by Member Mackay to make a recommendation to the Governing Board to accept the BDO Basic Financial and Single Audit Information Statements as presented. Motion carried by unanimous vote.

ITEM NO. 6 **Receive the monthly financial reports for January FY22; and direct staff accordingly. *(For possible action)***

DOCUMENTS SUBMITTED:
- January FY22 Financials

DISCUSSION:

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

Ms. Wakem summarized the key indicators for January. Volumes were good for the month. Admissions were 2% under budget. AADC continues to be high at 657. Length of stay sits at 7.47 days. She noted that the increased length of stay can be attributed to the staffing shortage challenges throughout the community.
Acuity is high. Overall hospital CMI was 2.07 and Medicare CMI was 2.20. She added that post-acute and long term care facilities are struggling with staffing, which has attributed to the increased length of stay at the hospital.
Inpatient surgeries were almost 3% below budget.
Outpatient surgeries were significantly below budget, down 67% because we paused elective surgeries due to capacity issues.
ER visits were 8,706.
The ED to admit conversion rate was 20%.

Quick cares were above budget 20%; Peccole, Nellis and Summerlin were the key drivers. Primary cares are down 18%, as patients went to Quick Cares over Primary Cares.

Trending stats compare current month to same month in FY20. Total admissions were 1,827, down approximately 50 admissions when compared to FY20. Hospital CMI was strong and outpatient surgeries were down against the trend. There were 12 transplants for the month. Total ER visits were down compared to January of 2020. Deliveries are making a comeback at 104 for the month.

Payor mix trended on inpatient, commercial is down 2.5% compared to the 12-month average and Medicare is up almost 2%. In the ED, Medicare is up just over 1%. Inpatient surgeries showed commercial down 2.5% and Medicaid was up 3.3%. Outpatient surgeries showed commercial down 5% and Medicare down 4%. The conversation continued regarding the self-pay percentages for the month of January.

The summary income statement for January shows net patient revenue above budget approximately $12.3 million. Other revenue is below budget $871K, primarily due to the decrease in 340B. Total net revenue was above budget $11.4 million. She reminded the Committee of the items that are hitting net revenue related to the pandemic: the sequestration 2% reduction in Medicare payments, the 20% DRG add on for COVID patients, and CMS payments for COVID positive patients with no insurance.
Operating expenses were over budget $6.5 million.
Income from ops adding depreciation and amortization landed at $3 million in positive earnings. The budgeted loss was approximately $2 million.

The year to date income statement showed net patient revenue up $87.2 million and other revenue was down $11.5 million. Total net revenue was up $75.6 million. Operating expenses were up and total earnings, adding back depreciation and amortization was $18.2 million on a budgeted loss of $14.8 million. The income statement trended was briefly reviewed.

Salary, wages and benefits are over budget $7.6 million, primarily due to increased volumes. Labor per FTE is running high. The overage in salaries was driven by the nursing incentives due to nursing shortage. Staff is currently reviewing plans to reduce premium labor costs. The addition of nurses to the resource float pool will assist in reducing overtime and contract labor.

Other expenses were below budget $1.2 million. Supply costs were down. An informational slide on COVID expenses was shown.

Key financial indicators shows profitability, labor statistics, and liquidity were in the red. Days in AR was 71.7 days. Candidate for bill was 7.1 days. Cash collection goal was in the green. Cash collections and point of service collections were in the red.

The capital plan for FY22 was reviewed. A discussion continued regarding breakdown of the project plans and activities moving forward.

Member Hagerty commented that we should be identifying what we will want to spend in FY23, since we are embarking on the budget for FY23. He added that we should be more proactive, since we are chronically behind in terms of spending for the current year, and there should be a timeline. Ms. Wakem stated that the capital plan would be included with the budget and staff will plan to present this to the Committee. A continued review of the FY 20, 21 and 22 capital spend were reviewed.

Ms. Wakem provided a review of the cash flow statement for January, which highlighted the cash received from patients and payors. DSH payments were received in January, but there is still a significant amount of Federal Supplemental payments outstanding.

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

FINAL ACTION TAKEN:

None

ITEM NO. 7 Receive an update report from the Chief Financial Officer; and direct staff accordingly. ***(For possible action)***

DOCUMENTS SUBMITTED:
- None

DISCUSSION:

Provider Relief Funding – UMC has put in applications for funding. We have not yet received any funding from the $17 billion that has most recently been released.

FY23 Budget Timeline – The deadline for budget submission for the FY23 budget was reviewed. Final is due to the county on April 21st. We will request an extension from the County to submit by April 28th so that the budget can be presented at the April 27th Governing Board meeting. The first pass of the budget will be brought back to Audit and Finance in March.

Chair Caspersen requests that the Committee receive the FY23 Budget information to review well in advance of the scheduled committee meeting and also have the Sacred Six strategic teams provide what is needed to prepare the budget timely. The discussion continued regarding the budget planning process.

FINAL ACTION TAKEN:
None taken

ITEM NO. 8 Review and recommend for approval by the Governing Board the Amendment Two to RFP 2019-16 Service Agreement with Aargon Agency, Inc. d/b/a Aargon Collection Agency for collection agency self-pay bad debt services; and direct staff accordingly. ***(For possible action)***

DOCUMENTS SUBMITTED:
- Service Agreement – Amendment 2

DISCUSSION:

Aargon Agency is used by UMC to collect bad debts. This is an amendment to add funding in order to comply with Senate Bill 248, which requires collection agencies to send out certified mailings to patients in an effort to collect bad debts. This is a contingency vendor agreement.

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 Fourth Amendment to Agreement with Change Healthcare Technologies, LLC for renewal of the InterQual licenses, training and certifications; or take action as deemed appropriate. ***(For possible action)***

DOCUMENTS SUBMITTED:
- Amendment 4

DISCUSSION:

Change Healthcare provides software that aids cases management in utilization decisions. This amendment will extend the term of the software license, updates the product list and fee schedule and provides training and adds certification opportunities.

Ms. Wakem added that this software is used as a tool to guide the case manager in statusing a patient correctly as inpatient or observation.

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. 10 Review and recommend for approval by the Governing Board the Supply Agreement and its Schedules and Exhibits with Shoulder Innovations for the purchase of shoulder surgery implants; or take action as deemed appropriate. ***(For possible action)***

DOCUMENTS SUBMITTED:
- Supply Agreement
- Disclosure of Ownership

DISCUSSION:

The is a new one-year pricing agreement for shoulder surgery implants for both total and reverse procedures. UMC may purchase products up to the not to exceed annul total; there is no minimum quantities for purchase. The term is one year with 4 one-year options and a 30-day out notice.

Dr. Mackay noted that the disclosure stating that there are no UMC relationships/parties associated with this agreement and asks that Legal confirm there are no conflicts of interest prior to Governing Board approval.

Ms. Pitz stated that confirmations would be made prior to 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, pending confirmation that there are no conflicts of interest. Motion carried by unanimous vote.

ITEM NO. 11 Review and recommend for approval by the Governing Board the Amendment One to SmartForce Workforce Management Software Agreement with Ability Network, Inc.; authorize the Chief Executive Officer to execute future amendments or extensions within his delegation of authority; or take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Order Form - Amendment 1
- Disclosure of Ownership

DISCUSSION:

This is an amendment to add additional funding to the current software service agreement. The amendment adds an additional module which will allow the import of personnel records into the current module.

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. 12 Review and recommend for approval by the Governing Board the Amendment Three to Professional Services Agreement for Hematology and Medical Oncology Clinical Coverage with Robert B. McBeath, M.D.,

PC d/b/a OptumCare Cancer Care; and take action as deemed appropriate. ***(For possible action)***

DOCUMENTS SUBMITTED:
- Professional Services Agreement – Amendment 3

DISCUSSION:

Ms. Allen states that the current agreement is set to expire. UMC is seeking to extend the agreement for three months and add additional funding through May 31, 2022, at which time either party may terminate the agreement with a 30-day notice.

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. 13 Review and recommend for approval by the Governing Board the Amendment 3 to the Federal Demonstration Partnership (FDP) Cost Reimbursement Subaward for the Western Regional Alliance for Pediatric Emergency Management Program with The Regents of the University of California, San Francisco; or take action as deemed appropriate. ***(For possible action)***

DOCUMENTS SUBMITTED:
- FDP Subaward Amendment

DISCUSSION:

UMC is currently the recipient of the subaward, allowing the hospital to develop a pediatric disaster plan and health program. This amendment will allow UMC to receive additional grant funding to sustain the program for the Nevada Region through the end of the term of the agreement.

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 award by the Governing Board the Bid No. 2021-07 South Tower and Round Wing Cast Iron Piping Replacement to Monument Construction, the lowest responsive and responsible bidder, contingent upon submission of the required bonds and insurance; authorize the Chief Executive Officer to exercise any Change Orders within his delegation of authority; or take action as deemed appropriate. ***(For possible action)***

DOCUMENTS SUBMITTED:
- None

DISCUSSION:
This item was tabled for discussion.

FINAL ACTION TAKEN:

None.

ITEM NO. 15 Review and recommend for approval by the Governing Board the Service Agreement with CyraCom International, Inc. for Interpretation and Translation Services; authorize the Chief Executive Officer to exercise any extension/renewal options; or take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Service Agreement

DISCUSSION:

This vendor provides interpretation and translation services. The term is for 5-years with a 15-day out clause. They provide remote, video and over the phone translation services. Ms. Allen noted that they are now a vendor under UMC's GPO.

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 Renewal Change Order with RQI Partners LLC for the Resuscitation Quality Improvement Program; authorize the Chief Executive Officer to exercise any extension options or future change orders within his delegation of authority; or take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Renewal Order Form
- Renewal Change Order

DISCUSSION:

RQI Partners provides a program that allows nursing and healthcare staff to maintain competence in CPR and other lifesaving skills. This amendment will extend the term of the agreement for 2-years and provide additional funding for additional simulation stations.

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. 17 Review and recommend for approval by the Governing Board the Second Amendment to Provider Agreement with Specialized Delivery Services, Inc. for Courier Services; authorize the Chief Executive Officer to exercise any extension options or change orders within his delegation of authority; or take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Provider Agreement – Amendment 2
- Disclosure of Ownership

DISCUSSION:

This is amendment seeks to extend the term of the agreement through June 14, 2023 and add additional funding to support COVID-19 costs incurred and forecasted through the remainder of the term.

Chair Caspersen asked if this is an exclusive vendor. Mr. Marinello responded that they are in addition to UMC personnel used for deliveries to the Quick Cares and testing sites.

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.

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)*

1. Extend an invitation the County CFO to attend one of the future Audit and Finance meetings.
2. Opportunities for UMC and the County to modernize the cash flow structure.

Chair Caspersen suggested that topics of conversation could be submitted to Ms. Wakem for the discussion with the County CFO.

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: None
SPEAKERS(S): None

There being no further business to come before the Committee at this time, at the hour of 3:08 pm., Chair Caspersen adjourned the meeting.

MINUTES APPROVED: March 23, 2022
Minutes Prepared by: Stephanie Ceccarelli