University Medical Center of Southern Nevada
Governing Board Audit and Finance Committee Meeting
February 19, 2020

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 2:01 p.m. by Chair Robyn Caspersen and the following members were present, which constituted a quorum.

CALL TO ORDER

Board Members:

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

Other Present
Barbara Fraser

Absent:
Christian Haase

Others Present:
Tony Marinello, Chief Operating Officer
Jennifer Wakem, Chief Financial Officer
Lonnie Richardson, Chief Information Officer
Debra Fox, Chief Nursing Officer
Carissa Rey, Associate Administrator
Jacqueline Saites, Director of Contracts Management
Lia Allen, Attorney
Andi Lou, Administrative Assistant
Stephanie Ceccarelli, Administrative Assistant

SECTION 1. OPENING CEREMONIES

ITEM NO. 1 PUBLIC COMMENT

Committee Chair Caspersen asked if there were any persons present in the audience wishing to be heard on any item on this agenda.

Speaker(s): UNLV Student Interns

Chair Caspersen welcomed several guests joining the meeting including UNLV student interns who each gave brief introductions, Kim Hart, Director of Patient Accounting and Stephanie Ceccarelli, new Governing Board Secretary and member of the Legal Department were introduced and welcomed.

ITEM NO. 2 **Approval of minutes of the regular meeting of the UMC Governing Board Audit and Finance Committee meeting on January 22nd 2020. *(For possible action)***

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

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

FINAL ACTION: A motion was made by Member Dr. 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 Surgery Inventory Follow Up Audit dated February 7, 2020; and direct staff accordingly *(For possible action)***

DOCUMENTS SUBMITTED:
-Surgery Inventory Follow up Audit Report

DISCUSSION: Nate Strohl, Internal Auditor presented a follow up audit in Surgery Department of the inventory by performing a cycle count of 15 inventory items in the ambient cabinets for the period of May 24 through June 5, 2019.

The objective of the audit was to determine whether corrective actions were implemented to address finding included in the original audit done on April 9th, 2018. Although improvements were made on the storage and tracking of inventory, however variances in 3 out 15 of inventory items were found during the audit.

Deb Fox, CNO and Jacqueline Saites, Director of Contracts Management discussed further UMC's action plan. UMC has implemented a communication log for tracking purposes and adjusted the PAR to eliminate the need for items to be stored outside the cabinet. Products taken for a surgery and not used are then returned to the cabinet the next day, but all the items are accounted for. A larger cabinet was purchased to store the products and checks and balance process has been modified to meet the standards since the audit.

ITEM NO. 5 **Receive the monthly financial report for January FY20; and direct staff accordingly. *(For possible action)***

<u>DOCUMENTS SUBMITTED</u>:
- January FY20

<u>DISCUSSION</u>: Jennifer Wakem, Chief Financial Officer presented the financials for January.

Total admissions down 10%
Observation cases down 10.3%
CMI is down
In patient surgery down 10%
Out-patient surgery cases were down 12%
ER visits up 9%
ED to Admits dropped to 19.3%
Quick Care volume is above budget 10%
Primary Care is down 17%

Discussion ensued regarding observation patients and length of stay.

-Trending stats
Admissions at 1876 below 12- month average by 88 admissions
CMI is 1.99%
ER visits at 10,469 visits
Overall ED conversion rate is low at 19.31%
Quick Care visits 20,214 visits

-Payor mix
Medicare up 2.25%
Self-pay down 1.73%

-Summary of Income Statement
Other revenue is up $683,000
Total net revenue was down $5 million, primarily due to volume
Total operating expenses $4.8 million down
Income from ops right on budget

-Key Indicators
Days Cash on hand – 4.5 months
Net days in AR is 89 days
Cash collections – 91.2%
Cash Collection goal – 79.5%
Candidate for bill – 6.3 days

SWB - $2.8 million favorable
Salaries – down $2.1 million
Overtime looks good.

Discussion continued regarding contract labor and where the services are going.

Capital Plan – out of $31 million, spent $700K and committed to $24.3 million

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

DOCUMENTS SUBMITTED:
- None submitted

DISCUSSION: Ms. Wakem informed the committee about discussions that are taking place between the county and state regarding the federal supplemental payments received through the Indigent Accident Fund (IAF)
The state has informed the county that the IGT rate is going to increase and therefore the County would like to propose that they redirect funds to long term care. The impact of this IAF adjustment will affect hospitals throughout the state. All hospitals are in communication with the state regarding this matter.

Ms. Wakem explained that a CMS ruling now requires that all payments from dual eligible patients be included in DSH calculation, which would result in less payments received by the hospital. This impacts prior years, current year and future years. We do have some DSH recoupment accrued. This is being monitored as there is a chance it will be heard by the Supreme Court and possibly overturned.

The committee discussed when they could meet prior to the next Audit and Finance meeting to discuss and work on the budget before it is due to the county.

A tentative date of April 1, 2020 at 2pm was proposed to schedule a special meeting of the Audit and Finance Committee to work on the budget.

Member Hagerty asked if it would be possible to also view the budget for the Sacred 6 business lines at the next Strategic Planning meeting.

FINAL ACTION TAKEN: None taken

ITEM NO. 7 Receive an update regarding FY20 CEO Performance Goals related to the Audit and Finance Committee; and direct staff accordingly. *(For possible action)*

DOCUMENTS SUBMITTED:
- CEO Performance Goals FY20

DISCUSSION: Ms. Wakem reported the first goal is on trend to meet as UMC is tracking above budget. The second goal is awaiting the completion of an actuarial analysis from the State. Once this is complete, we will be able to move forward. Regarding, the third goal, UMC is working on a strategic plan to hit this goal. We are currently meeting goal number four with the assistance of Bluetree and the Patient Accounting team.

FINAL ACTION TAKEN: None taken

ITEM NO. 8 Review and recommend for approval by the Governing Board the Renewal of Maintenance for OneSign Single Sign-On Authentication/Management License (SSO-AML) with Imprivata, Inc.; authorize the Chief Executive Officer to exercise any extension options; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Renewal Quote
- Disclosure of Ownership

DISCUSSION: Ms. Saites stated this is a support maintenance agreement with One Sign-On and introduced Maria Sexton, Director of IT/ISO to provide details on the enterprise authentication badge tap-in and tap-out system. This system makes authentication easier for staff. This is for the renewal of the maintenance agreement, that is already implemented.

FINAL ACTION TAKEN: A motion was made by Member Hagerty to approve and make a recommendation to the Governing Board to approve the renewal agreement. Motion carried by unanimous vote.

ITEM NO. 9 Review and recommend for approval by the Board of Hospital Trustees for University Medical Center of Southern Nevada, the Fourth Amendment to Agreement with Change Healthcare Technologies, LLC for revenue cycle transactional activities; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Fourth Amendment Agreement

DISCUSSION: This is a request for an extension of the current Change Healthcare Technologies agreement. An extension is requested and an updated fee schedule was provided. This technology allows Patient Access to verify patient information.

FINAL ACTION TAKEN: A motion was made by Member Dr. 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 Amendment One to the Professional Services Agreement between Robert B. McBeath, M.D., dba Nevada Cancer Specialists and University Medical Center of Southern Nevada; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Amendment One to Agreement

DISCUSSION: Mr. Marinello led discussion regarding the request to renew our oncology program for one year. There will be no change in compensation and there is a 30 day out clause

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. 11 Review and recommend for approval by the Board of Hospital Trustees for University Medical Center of Southern Nevada, the Renewal Letter with WRI Charleston Commons, LLC to extend the lease at the Nellis Quick Care location; authorize the Chief Executive Officer to exercise any extension options; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Cover letter
- Renewal Letter
- Disclosure of Ownership

DISCUSSION: Mr. Marinello presented the request to extend the existing lease at the Nellis Quick Care Clinic for 6 months. This would avoid the need to pay a triple fee until it is decided what will be done ultimately.

FINAL ACTION TAKEN: A motion was made by Member Dr. MacKay to approve and make a recommendation to the Governing Board to approve the lease renewal. Motion carried by unanimous vote.

ITEM NO. 12 Review and recommend for award by the Governing Board RFP No. 2019-16 Collection Agency for Self-Pay Bad Debt to (i) Aargon Agency, Inc. d/b/a Aargon Collection Agency; and (ii) CMRE Financial Services, Inc.; approve the RFP No. 2019-16 Service Agreements; authorize the Chief Executive Officer to exercise any extension options; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Service Agreement

DISCUSSION: Ms. Saites explained the process currently being used to collect outstanding debts. An RFP was posted to 25 companies. The strategy is to retain a second company and then evaluate the performance between the two companies, with the hope of receiving a 10% increase on returns from bad debt accounts. The vendors will work with the patient accounting team to get our bad down and incentivize them to do better.

FINAL ACTION TAKEN: A motion was made by Member Hagerty to approve and make a recommendation to the Governing Board to approve the service agreement and recommend the award. Motion carried by unanimous vote.

SECTION 3: EMERGING ISSUES

ITEM NO. 13 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)*

Chair Caspersen inquired when we are due for the next quarterly Epic update. She was informed that it would be in March.

COMMENTS BY THE GENERAL PUBLIC: None

At this time, Chair Caspersen asked if there were any persons present in the audience wishing 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 3:36 p.m., Chair Caspersen adjourned the meeting.

MINUTES APPROVED:
Minutes Prepared by: Andi Lou and Stephanie Ceccarelli