University Medical Center of Southern Nevada
Governing Board Audit and Finance Committee Meeting
February 19, 2025

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 2:00 p.m. by Chair Robyn Caspersen and the following members were present, which constituted a quorum.

CALL TO ORDER

Board Members:

Present:
Robyn Caspersen (via WebEx)
Harry Hagerty (via WebEx)
Mary Lynn Palenik (via WebEx)
Christian Haase (via WebEx)
Bill Noonan (via WebEx)

Absent:
None

Others Present:
Tony Marinello, Chief Operating Officer
Jennifer Wakem, Chief Financial Officer
Dr. Donald Mackay
Deb Fox, Chief Nursing Officer
Christopher Jones, Executive Director of Support Services
Susan Pitz, General Counsel
Lia Allen, Assistant General Counsel - Contracts
Stephanie Ceccarelli, Board Secretary

SECTION 1. OPENING CEREMONIES

Chair Caspersen welcomed Member Bill Noonan as a new member of the Audit and Finance Committee.

She also thanked Dr. Mackay for his participation and service on the Audit and Finance Committee.

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

The approval of the minutes and the agenda were held for vote, due to technical issues and lack of quorum.

ITEM NO. 2 **Approval of minutes of the regular meeting of the UMC Governing Board Audit and Finance Committee meeting on January 22, 2025. *(For possible action)***

This item was held for vote until a quorum was re-established.

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

This item was held for vote until a quorum was re-established.

The Committee continued with a review of the financial report for January FY25.

SECTION 2. BUSINESS ITEMS

ITEM NO. 4 **Receive the monthly financial reports for January FY25; and direct staff accordingly. *(For possible action)***

DOCUMENTS SUBMITTED:
- January FY25 Financials

DISCUSSION:

Jennifer Wakem, Chief Financial Officer, presented the financials for November and December.

Admissions were 13% above budget, observation cases decreased 12%, and AADC was 610. Length of stay decreased to 5.87. Hospital acuity was 1.82, and Medicare CMI was 2.22.
Inpatient surgeries were on budget. Outpatient surgeries were 6% above budget. There were 13 transplants in the month.

ER visits were 3.78% above budget. The overall ER conversion rate was 21.46%. ED to observation rate was 7%, which is a significant decrease over last year. Ms. Wakem reminded the Committee of the benefits of placing 24/7 hospitalists in the emergency room. A discussion ensued regarding initiatives in place to improve conversion percentages and strategically minimizing the number of denials from payors. The Committee would like to receive an update on the denial process and suggested it would be helpful to keep track of the denials.

Quick cares were on budget and primary cares were slightly over budget. Telehealth volumes were down 15%. Ortho clinic visits were above budget 15.5% and deliveries exceeded budget 12%.

Trended stats were compared to the 12-month average. Admissions were at a record high. Observation cases were a record low at 724 cases. ALOS was up slightly at 5.87. Action plans are in place to improve it. The LOS for observation cases was a record low at 1.34 days. Inpatient surgeries were 6 cases above the 12-month average and outpatient, surgeries were 86 more than the 12-month average.

Primary care visits were 8,108 visits, which was a record high. Telehealth saw 620 patients. The Ortho Clinic had a record high of 2,522 visits. Deliveries were a record high.

Inpatient payor mix trends were compared to the 12-month average and were consistent. Medicaid dropped slightly and Medicare was up 3.5%. Ms. Wakem reviewed the breakdown of payor mix by patient type as informational.

Net patient revenue was $3.1 million over budget. Other revenue was on budget. Total operating revenue was $3 million over budget.
Net to gross was 18.5%. Operating expenses were above budget $949k. Income from operations before depreciation and amortization resulted in earnings of $5.2 million on a budget of $2.8 million, $2.4 million above budget.

January YTD income from operations showed net patient revenue was $14.3 million over budget, and other revenue was $7 million above budget. Total operating revenue exceeded budget $21.4 million, and operating expenses were $26 million above budget. EBITDA was $17 million, on a budget of $21.2 million, approximately $4.1 million below budget year to date.

Salaries were below budget. Overtime significantly decreased and staff continues to look for opportunities to reduce contract labor. SWB per FTE is higher than anticipated. All other expenses were above budget $1.9 million, the key driver is supplies.

Key financial indicators were reviewed for profitability, labor, liquidity and cash collections. Profitability and labor were in the green. Day's cash on hand was in the red, with 41.7 days. Net days in AR was up slightly. Cash collections for the business office and point of service were in the green.

Organizational goals were reviewed. Currently, three of the five goals are being met. Ms. Wakem mentioned action plans are in place to improve the two goals that are not currently being met. She anticipates that all goals will be met by the end of the fiscal year.

Finally, Ms. Wakem reviewed the cash flow statement for January and the FY25 balance sheet highlights. Supplemental payments of $39.3 million were received in the month. Balance sheet shows increased cash for the month.

There was a brief discussion regarding terminology adjustments related to the income statement.

<u>FINAL ACTION TAKEN:</u>
None taken.

At this time, the Committee returned for the approval of Item 2 and Item 3.

A motion was made by member Hagerty to approve the minutes as presented. The motion carried by a majority vote. Member Noonan abstained, as he was not present during the meeting.

Next, a motion was made by member Hagerty to approve the agenda as presented. The motion carried by a unanimous vote.

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 provided the following updates:

- Legislative session update was provided regarding the pause on federal grants and Medicaid expansion and the impact on UMC. Member Hagerty suggested the team provide regular updates regarding financial impact of the federal and state issues which would affect UMC.

FINAL ACTION TAKEN:
None taken

ITEM NO. 6 Review and recommend for approval by the Governing Board the Specialist Physician Services Agreement with Renal Payer Solutions, Inc. dba Champion Health Plan of Nevada for managed care services; or take action as deemed appropriate. ***(For possible action)***

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

DISCUSSION:

This new agreement establishes that Champion shall pay Medicare allowable rates for physician services at UMC. This is a one-year agreement and is renewable after the first year.

FINAL ACTION TAKEN:

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

ITEM NO. 7 **Review and recommend for approval by the Governing Board the increase of funding for the Agreement for Contingent Permanent Placement with Optimum Healthcare Solutions, LLC; or take action as deemed appropriate. *(For possible action)***

DOCUMENTS SUBMITTED:
- Contingent Placement Agreement
- Disclosure of Ownership

DISCUSSION:

This is permanent placement agreement with Optimum to provide UMC with candidates with radiologists. This is a request to increase funding, due to the need to hire additional radiology physician candidates for permanent placement.

FINAL ACTION TAKEN:

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

ITEM NO. 8 **Review and recommend for approval by the Governing Board the Deferred Equipment Agreement with Masimo Americas, Inc. for the purchase of pulse oximetry sensors and accessories; authorize the Chief Executive Officer to execute extensions and amendments; or take action as deemed appropriate. (For possible action)**

DOCUMENTS SUBMITTED:
- Deferred Equipment Agreement
- Disclosure of Ownership

DISCUSSION:

UMC requests to enter into a new agreement with Masimo for 62 months. This is an annual commitment agreement, in which Masimo will supply pulse oximetry equipment, software, and training at no upfront cost. UMC has historically exceeded this commitment level and accepts the terms outlined for entering into this agreement. Pricing is through HPG.

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. 9 **Review and recommend for approval by the Governing Board the Molecular Master Agreement with Abbott Laboratories Inc. for the lease of equipment and purchase of related disposables; or take action as deemed appropriate. *(For possible action)***

DOCUMENTS SUBMITTED:
- Agreement – Redacted
- Sourcing Letter
- Disclosure of Ownership

DISCUSSION:

This request is a request for vendor to supply UMC with molecular diagnostics analyzers and related disposables for use in the lab. The Alinity M systems, which will be located and operated on the UMC Main Campus, will allow for rapid turnaround times for assays and will be replacements for existing LDT instrumentation. This is a 5–year agreement.

There was continued discussion regarding the streamlined benefits of the updated equipment at UMC.

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. 10 Review and recommend for approval by the Governing Board the Service Agreement with Intuitive Surgical, Inc. for the Da Vinci Xi 4; authorize the Chief Executive Officer to execute extensions and amendments; or take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- DaVinci XI 4 Service Agreement
- Disclosure of Ownership

DISCUSSION:

This request is to enter into a new three-year Service Agreement for the Da Vinci Xi 4. This agreement allows Intuitive Surgical to provide maintenance services for the da Vinci Xi 4 Arm Dual, Ion ARM-HD Single, and da Vinci XI 4 Arm Dual robots through 2028.

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 majority vote. Member Hagerty abstained.

ITEM NO. 11 Review and recommend for approval by the Governing Board the Master Agreement and Product Schedule with Optum360, LLC for the Optum Enterprise Computer-Assisted Coding Platform; authorize the Chief Executive Officer to execute extensions and amendments; or take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Master Agreement
- Product Schedule L - Redacted
- Disclosure of Ownership

DISCUSSION:

This is a new 5-year agreement with Optum360. This new solution offers capabilities in computer-assisted coding and clinical documentation improvement, and will significantly enhance UMC's coding processes through automation and intelligent insights. Termination is permitted after year three, with a 60-day notice.

There was continued discussion regarding the timeframe to terminate

FINAL ACTION TAKEN:

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

ITEM NO. 12 Review and recommend for approval by the Governing Board the Amendment Two to Services Agreement with Brightview Landscape Services Inc. for landscaping maintenance; or take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Service Agreement
- Amendment Renewal Letter

DISCUSSION:

This request is for approval of the amendment two for landscape services with Brightview Landscape Services, Inc. to increase the annual funding for landscaping maintenance and porter services to include additional work to be performed at UMC and clinic locations.

Member Hagerty asked why the landscaping is not provided by the landlord at the clinic locations. Ms. Allen clarified that the services provided are increasing at the locations which have been purchased by UMC. General landscaping is provided by the landlord at the locations which are leased.

FINAL ACTION TAKEN:

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

ITEM NO. 13 Review and recommend for approval by the Governing Board the Sexual Assault Nurse Examiner Agreement with Rose Heart, Inc.; authorize the

Chief Executive Officer to execute amendments or renewal options; or take action as deemed appropriate. ***(For possible action)***

DOCUMENTS SUBMITTED:
- Rose Heart - SANE Agreement
- Disclosure of Ownership

DISCUSSION:

This is a new agreement for Sexual Assault Nurse Examiner (SANE) services. Rose Heart is an organization composed of highly trained and skilled registered nurses who have completed training as sexual assault nurse examiners through a course that has been endorsed by the Sexual Assault Response Team Committee. UMC will submit reimbursement for services to the county. Available 24 hours a day, the nurses examine patients and gather evidence in cases where victims have been sexually assaulted and/or abused. The work is performed in accordance with the protocols established by the Nevada Office of Criminal Justice Planning, and the Rose Heart Nurse Examiners are available to testify in court as needed. The proposed agreement is for a two-year term and may be terminated by either party without cause upon ninety (90) days' notice.

The Committee inquired about the scheduling for the staff members. Mr. Marinello responded that the nurses are on call and are available 24 hours a day. The nurses examine patients and gather evidence in cases where victims have been sexually assaulted and/or abused. UMC is the only hospital in the valley providing these services, due to the shortage of forensic nurses.

Ms. Fox added that there are 3 staff members and they respond to approximately 400 cases per month for adult and pediatric assault cases. There is specialized training for these forensic nurses. A lengthy discussion continued regarding the need for these specialized services throughout the valley. This topic will also be discussed during the legislative session.

Chair Caspersen would like an emerging issue regarding education surrounding the costs associated with this service, as well as the community need and awareness. It was suggested that this would be a good education topic for the full Governing Board.

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. 14 **Review and recommend for award by the Governing Board, the RFP No. 2024-15 for Bad Debt Collections to Aargon Agency, Inc.; authorize the Chief Executive Officer to sign the Service Agreement, and execute any extension options and future amendments within the not-to-exceed**

amount of this Agreement; or take action as deemed appropriate. ***(For possible action)***

DOCUMENTS SUBMITTED:
- 2024-15 RFP - Bad Debt Collections Service Agreement
- Disclosure of Ownership

DISCUSSION:

In December, a request for proposals was published and eight proposals were received and scored. After review, the evaluation committee recommends award to incumbent Argon Inc. for a new 5-year agreement, with termination upon 15-days' notice. Accounts will be received on day 121 and will be reviewed for collection. Ms. Allen added that this is a cost savings, as there was a reduction in fees.

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 award by the Governing Board the RFP No. 2024-11 for Managed Print Services to Advanced Imaging Services; authorize the Chief Executive Officer to sign the Agreement and execute any extension options/amendments within the not-to-exceed amount of this Agreement; or take action as deemed appropriate.** ***(For possible action)***

DOCUMENTS SUBMITTED:
- Agreement for Managed Print Service
- Disclosure of Ownership

DISCUSSION:

In October, a request for proposals was published for print services and eight proposals were received and scored. After review, the evaluation committee recommends award to AIS, which will provide lease of equipment to UMC and management of approximately 427 new multi-functional devices. The units will have full copy, print, fax, scan capability and includes full maintenance support and supplies for the main hospital and offsite clinics.

This is a new 5-year agreement and UMC may terminate for convenience upon 15 days' notice.

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.

SECTION 3: EMERGING ISSUES

ITEM NO. 16 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

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 3:14 p.m., Chair Caspersen adjourned the meeting.

MINUTES APPROVED: March 19, 2025
Minutes Prepared by: Stephanie Ceccarelli