

**University Medical Center of Southern Nevada
Governing Board
December 17, 2014**

UMC Emerald Room
901 Rancho Lane, Suite 180
Las Vegas, Clark County, Nevada
Wednesday, December 17, 2014
3:00 p.m.

The University Medical Center Governing Board met in regular session, at the regular place of meeting in the Emerald Room, 901 Rancho Lane, Suite 180, Las Vegas, Clark County, Nevada, on Wednesday, December 17, 2014, at the hour of 3:00 p.m. The meeting was called to order at the hour of 3:07 p.m. by Chair John O'Reilly and the following members were present, which constituted a quorum of the members thereof:

CALL TO ORDER

Board Members:

Present:

John O'Reilly, Chair
Jeff Ellis
Renee Franklin
Harry Hagerty
Laura Lopez-Hobbs
Donald Mackay, M.D.
Michael Saltman
John White

Absent:

Eileen Raney (Excused)

Ex-Officio Members:

Present:

Mason VanHouweling, Interim Chief Executive Officer
Dale Carrison, D.O., Chief of Staff
Barbara Atkinson, M.D, Planning Dean, UNLV
Thomas Schwenk, M.D., Dean, University of Nevada School of Medicine

Also Present:

Lisa Logsdon, Deputy District Attorney
Cindy Dwyer, Board Secretary

SECTION 1. OPENING CEREMONIES

ITEM NO. 1 PUBLIC COMMENT

Chair O'Reilly asked if there were any persons present in the audience wishing 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 on November 19, 2014 and the special meeting of the UMC Governing Board on December 5, 2014. (*Available at University Medical Center, Administrative Office*) [For possible action]

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

ITEM NO. 3 Approval of Agenda [For possible action]

Chair O'Reilly noted that he would be taking Item No. 10 at the top of the agenda.

FINAL ACTION: A motion was made by Michael Saltman that the agenda be approved with the above change. Motion carried by unanimous vote.

SECTION 2. BUSINESS ITEMS

ITEM NO. 4 Discuss the terms of an Employment Agreement between University Medical Center of Southern Nevada and Mason VanHouweling; and approve and authorize the Chairman to sign an Employment Agreement with approved terms; and take any action as deemed appropriate. (*For possible action*)

DOCUMENTS SUBMITTED:

- Mercer UMCSN CEO Total Remuneration Benchmarking
- CEO Rates of Pay Compared to Market by Quartile
- UMC CEO Compensation Comparison
- Past UMC CEO Employment/Salary Information

DISCUSSION: Chair O'Reilly led the discussion to determine whether the Board wanted to pursue a search for the Chief Executive Officer position, or if they wanted to negotiate and finalize the terms and details of an employment agreement with the Interim Chief Executive Officer, Mason VanHouweling.

Factors considered for whether or not to conduct a search included the expense and length of time a search would take, as well as the need for someone with experience in the Las Vegas market and preferably UMC experience. It was noted that Mr. VanHouweling has the necessary experience in the local market and at UMC, he has been actively involved in the recent initiatives to improve UMC, and he is well respected by his peers, staff, and physicians. The Board members agreed not to pursue an executive search, but rather to offer an employment agreement to Mason VanHouweling.

Chair O'Reilly reminded the Board members that the Board has the legal authority to enter into a contract with the Chief Executive Officer and to determine the compensation, as well as the criteria for that compensation.

Chair O'Reilly lead the discussion regarding the form and terms of a potential employment agreement with Mr. VanHouweling, beginning with some historical facts about compensation for the CEO position. It was noted that the last two CEO's resigned to accept jobs with competing hospitals offering a much larger compensation package. In 1998 CEO compensation was \$218,000, with the most recent CEO's salary at \$243,000. Had the base salary been increased by inflation, the salary would currently be at \$310,000. The hospital recently engaged Mercer to benchmark UMC's CEO compensation package against comparable nonprofit, governmental teaching hospitals with similar net revenue, which positioned UMC's CEO remuneration below the market 10th percentile.

Chair O'Reilly reviewed the terms of the contract, and specifically noted a few typos to be corrected, none of which changed the content of the contract. The Chair suggested the following terms for discussion by the Board:

- Three year term
- Base compensation of \$380,000
- Discretionary salary increase of up to 10%, based on successful performance objectives
- Discretionary incentive bonus of up to 30%, based on successful performance objectives

It was noted that even with the increase, the base salary would be only in the 17th percentile mark, compared to the Mercer study. Member Hagerty recommended that the Board regularly address the CEO salary gap.

It was also recommended that the performance objectives include some specific financial and strategic planning goals. Chair O'Reilly asked that the Committees review the CEO performance objectives and provide any input to Chair O'Reilly, Mr. VanHouweling, and Cindy Dwyer prior to the next meeting.

FINAL ACTION: A motion was made by Renee Franklin to approve and authorize the Board Chair to sign the employment agreement with Mason VanHouweling as the Chief Executive Officer of UMC, using the form of the contract as presented for a term of three years, with a base compensation of \$380,000, a discretionary salary increase of up to 10%, and a discretionary bonus of up to 30%, with the understanding that Schedule B (Performance Objectives) will be reviewed and modified as the Board deems appropriate at their January meeting. Motion carried by unanimous vote.

Chair O'Reilly thanked staff for their knowledge, input and assistance with this decision making process.

ITEM NO. 5 Receive a report from the Clinical Quality and Professional Affairs Committee; and take any action deemed appropriate. (For possible action)

DISCUSSION: Committee Chair Renee Franklin gave an overview of the November 20, 2014 meeting of the Clinical Quality and Professional Affairs Committee, with the following highlights:

- The Committee received an update on infection control measures for Ebola. Over the course of a few short months, staff put into place a comprehensive program with protocols and procedures related to infectious disease overall, and conducted drills to ensure preparedness. The Committee will receive a follow-up report in February.
- The Committee received an overview of how Leapfrog data is collected, to help the Committee understand where the gaps are and how the Committee can assist with bridging those gaps to improve reimbursement. The Committee discussed coding and the physician documentation process, and expressed interest in having a better understanding of quality from a reimbursement perspective.
- The Committee discussed points of emphasis and objectives for 2015. The focus will be on quality metrics specifically those tied to value based purchasing, understanding and improving HCAHPS scores through culture change, professional affairs, i.e., engaging physicians and influencing behavior to improve HCAHPS scores and documentation, and understanding public perception gaps and how that relates to marketing. Any additional suggestions are welcomed by Chair Franklin.
- The Committee will meet bi-monthly in 2015 to allow more time for interacting with staff.

FINAL ACTION: No action taken.

ITEM NO. 6 Receive a report from the Strategic Planning Committee; and take any action deemed appropriate. *(For possible action)*

DISCUSSION: Committee Chair John White gave an overview of the December 10, 2014 meeting of the Strategic Planning Committee, with the following highlights:

The challenge with strategic planning continues to be how to share the information with the Board without giving up trade secrets to the hospital's competitors. Mason VanHouweling developed a framework that focuses on building on UMC's strengths, developing strategies to address identified weaknesses, and identifying areas where UMC has opportunities to grow and generate revenue. The Committee received the draft plan and provided input to Mr. VanHouweling. A modified version of this document will be presented to the Board at their January meeting. The next stage of the strategic plan is to develop particular goals to advance initiatives and develop metrics by which to measure success. Though some items will be addressed by the Committees, most will be addressed by the Administrative Team and Board members will be individually briefed.

The Committee determined that their main focus in 2015 would be to develop performance metrics for Board goals, for maintaining strengths in an increasingly competitive market, while building areas where we can grow revenue for the hospital.

FINAL ACTION: No action taken.

ITEM NO. 7 Receive a report from the Audit and Finance Committee; and take any action deemed appropriate. (For possible action)

DISCUSSION: Committee Member Jeff Ellis gave an overview of the December 10, 2014 meeting of the Audit and Finance Committee, with the following highlights:

- BDO Auditors reviewed the FY 2014 Audited Financials with the Committee. BDO had a unique health care perspective, and staff was very pleased with the work they did. The auditors had two minor audit adjustments. Though they were both immaterial from an overall financial perspective, they did result in an increase income. There were no significant internal control recommendations, though there were a few issues with IT access, due to McKesson implementation, which will be addressed as EHR implementation wraps up.
- The IHS Consultants are on track to complete their scope of work for the McKesson System optimization by the end of January. Staff is receiving some positive feedback from the ED physicians.
- The October Financials were reviewed and discussed.
- Staff continues to prioritize capital needs to better understand the true capital need for next three years.

FINAL ACTION: No action taken.

ITEM NO. 8 Receive the monthly financial report for October 2014; and direct staff accordingly. (For possible action)

DOCUMENTS SUBMITTED:

- Management Discussion & Analysis; October Financials

DISCUSSION: Stephanie Merrill, Chief Financial Officer reviewed the Management Discussion and Analysis for October 2014. Resulting explanations and discussions included the following:

- The October Management Discussion and Analysis continues to compare actual to budget. The November report will switch comparison from "budget" to "forecast".
- The October and year-to-date Salary and Benefits Expenses are over budget. It was noted that the October report still reflects some of the payouts for the lay-offs. All other Expense categories are below budget for October and year-to-date.

FINAL ACTION: None taken.

**ITEM NO. 9 Receive an update from the Hospital CEO; and direct staff accordingly.
(For possible action)**

DISCUSSION: Mason VanHouweling, Interim Chief Executive Officer provided the following operational updates:

- Recruitment – the following critical positions were recently filled:
 - o Post-Anesthesia Care Unit Manager
 - o Cath Lab Manager
 - o Transplant Director
 - o Labor & Delivery Manager
 - o OR Nurses – Six nurses graduated from the in-house AORN program, to fill critical vacancies in the OR. Another class of six will begin in January.
- Capital Needs – The process is underway to purchase critical capital with the recent \$3.2 capital allocation from the County. This week the County approved an additional \$500,000 for much-needed vacuum pumps and nurse call infrastructure.
- DaVinci Robotics – The surgical robot has arrived. Credentialing of physicians is underway, and the first case is scheduled for December 22nd. A steering committee of physicians and nurses has been established to develop a well-defined implementation process
- Regulatory Compliance – The Physical Therapy Department had their licensure survey this week and passed with 100% compliance. The Laboratory is currently undergoing a State Survey this week. Earlier in the month the Department of Health conducted a focused survey in the hospital.
- Community Events – Last week the annual “You Drink You Drive You Lose” event was hosted at UMC. Over 150 high school students and local dignitaries were here for the event, as well as Police and Fire, who demonstrated what can happen when individuals drink and drive. The 2nd Annual Heroes Challenge blood drive resulted in 565 units of blood being donated by Metro Police, Clark County Fire, and UMC staff. UMC staff donated 282 of those units in the friendly competition.
- COO Search – In response to an inquiry by the Board during Item No. 4, Mr. VanHouweling will stated that he will immediately begin recruitment for the right individual for the now-vacant Chief Operating Officer position. Board Members and key physician leaders will have the opportunity to meet with candidates and provide input. In the mean time, the other members of the Administrative Team will assume the responsibilities of the Chief Operating Officer.

FINAL ACTION: None taken.

ITEM NO. 10 Receive an update on the University of Nevada School of Medicine and the UNLV School of Medicine; and direct staff accordingly. (For possible action)

DISCUSSION:

Thomas Schwenk, MD, Dean, University of Nevada School of Medicine (UNSOM) reported that at their December meeting the Board of Regents approved major affiliation agreements for UNSOM, including a unanimous endorsement for a state-wide vision for public medical education and specifically a set of guiding principles between UNSOM and UNLV that are highly collaborative, facilitative and will have a positive on impact on UMC.

Barbara Atkinson, MD, Planning Dean, UNLV School of Medicine provided the following updates to the Board:

- A brief Vision Statement for the UNLV School of Medicine was distributed
- The Community Advisory Board has recently established three Committees: Legislative Affairs, Development and Philanthropy, and Curriculum and Accreditation
- The MOU to set aside the land previously occupied by the Southern Nevada Health District, for possible use by UNLV, was approved by the Clark County Board of Commissioners and the Board of Regents.
- The School has an agreement with the Senior Associate Dean of Student Affairs and Admissions. Additionally, Ellen Cosgrove, from the University of Washington, has accepted the position of Vice-Dean for Education, and will start in mid-February.
- The Philanthropic Plan is in place, and they are having some success.

FINAL ACTION: None taken.

ITEM NO. 11 Receive an overview of Children's Hospital of Nevada at UMC; and direct staff accordingly. (For possible action)

DOCUMENT SUBMITTED:

- Children's Hospital of Nevada at UMC (PowerPoint Presentation)

DISCUSSION:

Lisa Pacheco, RN, Director of Maternal Child Services, gave an overview of services provided at Children's Hospital of Nevada at UMC, the only hospital in Nevada to be designated an Associate Member of the Children's Hospital Association.

Member Hagerty noted that as we market and raise funds for the hospital, it would be helpful to have information about all of UMC's "verifiable" strengths and "only's" and how that compares to other hospitals in the community, i.e., "The ONLY Hospital in Nevada to offer pediatric burn care and organ transplant services".

FINAL ACTION: None taken.

ITEM NO. 12 Receive a report on UMC Foundation activities; and direct staff accordingly. (For possible action)

DISCUSSION: UMC Foundation Chair Harry Hagerty gave a brief update on Foundation activities. He was very happy to announce that after over a year of recruiting, the hospital has made an offer for a Director of Philanthropy. He also announced that last week the Foundation voted to expend \$120,000 in funding toward the remodeling of the Trauma waiting room, which will create two much-needed private rooms for staff to consult with patient families.

FINAL ACTION: None taken.

SECTION 3: CONSENT ITEMS

All matters of this section were considered to be routine and were acted upon in one motion. The action taken on Items 13-21 were the recommendation of the Audit and Finance Committee.

ITEM NO. 13 Receive and accept the Fiscal Year 2014 Audit Report from BDO USA, LLP, Certified Public Accountants for University Medical Center of Southern Nevada. (For possible action)

DOCUMENTS SUBMITTED:

- Audit Wrap-Up, June 30, 2014
- Management Letter
- Basic Financial Statements and Single Audit Information

FINAL ACTION: A motion was made by Mike Saltman to approve as recommended. Motion carried by unanimous vote.

ITEM NO. 14 Approve additional software licenses, hardware upgrade, software support and associated staff training to the Clinical Computer Systems Inc. (CCSI) OBIX Perinatal System; and authorize the Chief Executive Officer to sign the agreement. (For possible action)

DOCUMENTS SUBMITTED:

- Clinical Computer Systems Inc Price Quote
- Clinical Computer Systems Inc Disclosure of Ownership
- Clinical Computer Systems Inc Disclosure of Relationship
- Clinical Computer Systems Inc Disclosure of Ownership
- CDW-G Sales Quote
- Dell Quote
- Dell Disclosure of Ownership
- Extreme Networks Quote
- Extreme Networks Disclosure of Ownership
- Extreme Networks Disclosure of Relationship
- KMJ Communications Quote
- KMJ Disclosure of Ownership

- KMJ Disclosure of Relationship

FINAL ACTION: A motion was made by Mike Saltman to approve as recommended. Motion carried by unanimous vote.

ITEM NO. 15 Approve Amendment Three to the Agreement for Physician Professional Services for On-call Oral and Maxillofacial Surgery Services, between Daniel L. Orr II, D.D.S., M.S., LTD. and the University Medical Center of Southern Nevada; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:

- Amendment to Agreement for Physician Medical Directorship and Physician Professional Services between Daniel L. Orr II, DDS, MS, LTD and UMCSN

FINAL ACTION: A motion was made by Mike Saltman to approve as recommended. Motion carried by unanimous vote.

ITEM NO. 16 Approve the Settlement Agreement and Release of Claims between MultiPlan, Inc. (MPI) and University Medical Center of Southern Nevada to settle underpaid claims made by MPI; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:

- Settlement Agreement and Release of Claims between MultiPlan Inc. and UMCSN

FINAL ACTION: A motion was made by Mike Saltman to approve as recommended. Motion carried by unanimous vote.

ITEM NO. 17 Approve Amendment One to the Agreement for Physician Professional Services for Neurosurgery On-call Services, between the Western Regional Center for Brain & Spine Surgery and the University Medical Center of Southern Nevada; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:

- Amendment One to Agreement for Physician Professional Services between Western Regional Center for Brain & Spine Surgery and UMCSN

FINAL ACTION: A motion was made by Mike Saltman to approve as recommended. Motion carried by unanimous vote.

ITEM NO. 18 Approve the Partial Termination Agreement from McKesson for services not delivered related to Meaningful Use Stage (1) One and accept the credit; and authorize the Chief Executive Officer to sign the agreements. *(For possible action)*

DOCUMENTS SUBMITTED:

- Partial Termination Agreement between McKesson and UMCSN
- Disclosure of Ownership

- Disclosure of Relationship

FINAL ACTION: A motion was made by Mike Saltman to approve as recommended. Motion carried by unanimous vote.

ITEM NO. 19 Approve Memorandum of Understanding, to financially fund one UNSOM Cardiology Faculty Member, between the Board of Regents of the Nevada School of Medicine, Department of Internal Medicine (UNSOM), Nevada Heart & Vascular Center (NHVC) and the University Medical Center of Southern Nevada (UMC); and take action as deemed appropriate. (For possible action)

DOCUMENTS SUBMITTED:

- Memorandum of Understanding between the Board of Regents of the Nevada School of Medicine and UMCSN

FINAL ACTION: A motion was made by Mike Saltman to approve as recommended. Motion carried by unanimous vote.

ITEM NO. 20 Approve the Settlement Agreement for additional California Medi-Cal reimbursement; and authorize the Chief Executive Officer to sign the Agreement. (For possible action)

DOCUMENTS SUBMITTED:

- Settlement Agreement (SB 239) UMCSN between California Hospital Association and UMCSN

FINAL ACTION: A motion was made by Mike Saltman to approve as recommended. Motion carried by unanimous vote.

ITEM NO. 21 Approve the settlement in the matter of Beatrice Weed, and authorize the Chief Executive Officer to execute the necessary settlement documents. (For possible action)

DOCUMENTS SUBMITTED:

- Settlement Agreement and Release between Beatrice Weed and UMCSN

FINAL ACTION: A motion was made by Mike Saltman to approve as recommended. Motion carried by unanimous vote.

SECTION 4: ITEMS TAKEN SEPARATELY FROM CONSENT AGENDA

None

SECTION 5: EMERGING ISSUES

ITEM NO. 22 Identify emerging issues to be addressed by staff or by the Board at future meetings; and direct staff accordingly. (For possible action)

None identified.

COMMENTS BY THE GENERAL PUBLIC:

At this time, Chair O'Reilly asked if there were any persons present in the audience wishing to be heard on any items not listed on the posted agenda.

Speaker(s): None

There being no further business to come before the Board at this time, at the hour of 4:40 p.m., Chairman O'Reilly adjourned the meeting.

APPROVED: January 28, 2015