University Medical Center of Southern Nevada
Governing Board
February 25, 2015

UMC Emerald Room
901 Rancho Lane, Suite 180
Las Vegas, Clark County, Nevada
Wednesday, February 25, 2015
2:00 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, February 25, 2015, at the hour of 2:00 p.m. The meeting was called to order at the hour of 2:10 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
Eileen Raney, Vice Chair
Jeff Ellis
Renee Franklin
Harry Hagerty
Laura Lopez-Hobbs
Donald Mackay, M.D.
Michael Saltman
John White

Ex-Officio Members:

Present:
Mason VanHouweling, Chief Executive Officer
Dale Carrison, D.O., Chief of Staff
Barbara Atkinson, M.D, Planning Dean, UNLV School of Medicine
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 January 28, 2015. ***(Available at*** **University** ***Medical Center, Administrative Office)*** **[For possible action]**

FINAL ACTION: A motion was made by Laura Lopez-Hobbs that the minutes be approved as recommended. Motion carried by unanimous vote.

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

FINAL ACTION: A motion was made by Renee Franklin that the agenda be approved with the above changes. Motion carried by unanimous vote.

SECTION 2. BUSINESS ITEMS

ITEM NO. 4 Acknowledge gift from Beverly and Jim Rogers; and direct staff accordingly. ***(For possible action)***

DISCUSSION: CEO VanHouweling acknowledged Beverly Rogers and the late Jim Rogers for their generous gift of $50,000 to UMC which was used to improve the comfort of our visitors, by purchasing 46 reclining chairs for patient rooms. Chair O'Reilly also acknowledged the dedication and commitment of Mr. Rogers to healthcare in the community, and to specifically UMC.

FINAL ACTION: No action taken.

ITEM NO. 5 Receive a presentation on the Las Vegas Medical District; and direct staff accordingly. ***(For possible action)***

DOCUMENTS SUBMITTED: Las Vegas Medical District Master Plan; Summary Presentation DRAFT; February 2015

DISCUSSION: Scott Adams, Las Vegas Deputy City Manager, and Anne Bilsbarrow, consultant with The SmithGroup, gave a presentation on the Las Vegas Medical District Master Plan. All stakeholders, including UMC, have been meeting to collaborate on the project and the SmithGroup was selected to lead the master planning team. The focus of the plan is to guide the facility expansion of healthcare institutions and act as a road map for the City's investment of funds.

In response to questions from the Committee, Mr. Adams confirmed they are coordinating efforts with Project Neon.

Dean Atkinson commented on the report's anticipated significant economic impact of the Las Vegas Medical District and UNLV Medical School on the community.

FINAL ACTION: No action taken.

ITEM NO. 6 Receive an update on the University of Nevada Las Vegas School of Medicine; and direct staff accordingly. ***(For possible action)***

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

- Dean Atkinson, Dean Schwenk and representatives of the Board of Regents recently appeared before the Joint Ways and Means Committee of the Assembly and the Senate regarding the NSHE budget. Dean Atkinson's testimony made the case that the UNLV Medical School needs to be on track to start in 2017, noting accreditation restrictions, the stability of UMC, and the stability of UNSOM.

- The Vice-Dean for Education and Senior Associate Dean for Student Affairs and Admissions have both begun employment, allowing the School to move forward with planning the curriculum and associated systems.

- Progress continues with development and philanthropy, including the decision to pursue full scholarships for the entire first class of medical students.

The Board briefly discussed the applicant pool for the first class of medical students. Dean Atkinson advised that the recruitment would be national, but they hope to focus on those who would choose to stay in southern Nevada following graduation. Both Deans expressed their support of pipeline programs to ensure a diverse group of students who will choose to stay and practice in southern Nevada, and noted that some of the requested funding from the State would address these programs.

Dean Atkinson and Dean Schwenk assured the Board that UNR, UNSOM and the UNLV School of Medicine are committed to work with a convergence of vision.

FINAL ACTION: No action taken.

ITEM NO. 7 Receive an update on the University of Nevada School of Medicine, to include the School's relationship with UMC, their Affiliation agreement with Mountain View Medical Center, and their lease with UMC for office space at 2040 West Charleston; and direct staff accordingly. ***(For possible action)***

DISCUSSION:

Tom Schwenk, MD, Dean, University of Nevada School of Medicine, provided the following updates to the Board:

- Budget - As a result of recent meetings with UMC Administration, a detailed line item budget will be developed as requested. The Dean believes that the Board will see the value for the budget allocation. UMC is developing a new process and the School is prepared to engage.

- GME funding – The Dean reported that UNSOM performed an analysis of the GME funding, separate from faculty and clinical services. He reported that the analysis showed that GME reimbursement is covering UMC's direct costs for resident salaries. He reported that UMC publicly reported Medicare payments for direct and indirect medical education of $103,000 per resident per year, compared to transferring $62,000 per resident per year for salary and training. There was discussion regarding the number of residents that UMC does not receive GME reimbursement for. The Dean stated that approximately 20 of the residents are actually supported by other institutions, i.e., Sunrise, Veterans Administration. He also reminded the Board that over the past couple of years UMC Administration has made the decision to add new residencies and fellowships, but in the mean time the program must continue its commitment to the existing residents.

- Mountain View Affiliation – The Dean stated that Mountain View Hospital is the accredited body of their GME program, and UNSOM is an academic partner. To date, they have recruited Program Directors for Surgery and Internal Medicine.

- Program Updates - The Pulmonary Critical Care, Cardiology and GI fellowships will have classes starting this summer. Financial support for the Orthopedic residency has been adjusted to respond to concerns it was not appropriately funded, to include UNSOM and the State's start-up funding for new residencies. The Dean anticipates that Orthopedics will be a high priority.

- Office Space/Lease – UNSOM continues to develop plans for the 1701 W. Charleston location and is developing plans to retain some office space in UMC's 2040 W. Charleston building for Surgery faculty members.

- Robotics program – The Dean noted that UNSOM surgeons make up the significant majority of users of the Davinci robot. The robot schedule is full and the program has been very productive.

- Lied Clinic – The Dean reported that the transition of the Pediatrics program in the Lied building from UMC to UNSOM has been seamless and the volume continues to grow. Discussions are underway to move all Pediatric clinics and academic offices to the Lied Building, co-locating with other community resources, such as the Autism Center.

Chair O'Reilly initiated additional discussion on the following items:

- Office Space/Lease – Chair O'Reilly inquired about the status of determining responsibility for the restoration/building improvements to the 2040 Building. The Dean reported that it was his understanding that all renovations during the 2007 Agreement were coordinated and vetted with UMC. CEO VanHouweling stated that UMC is engaging an architect to review building codes, floor plans, and determine the cost of remediation, as well as determine the timeline of previous approvals. UMC and UNSOM are meeting frequently and will work together to resolve.

The Dean clarified that the 2040 W. Charleston was no longer meeting their needs and that the 1701 W. Charleston location was ideal because it was located next door to their Patient Care Center. He further clarified that the lease of the new building is with NSHE and not UNSOM, and that the 8-year lease, even if not occupied, was more favorable than a short-term lease.

- Mountain View Affiliation Agreement – Chief O'Reilly expressed concern, on behalf of the Board, that the residency program at Mountain View would be in competition with UMC, noting that if not managed properly it could be a detriment to the community and to UMC. The Dean responded that GME does not have a competitive nature and does not drive the development of clinical programs. He also noted that more GME is better for everyone and having a single major program is not as attractive to student applicants as to see a city with multiple accredited institutions and GME programs. Vice-Chair Raney voiced concern with competition for payers, stating that the creation of a GME program gives them an edge in the community because academic medical training creates an aura of best practice, cutting edge medicine. Dean Schwenk responded that while the presence of a teaching program does enhance a hospitals' reputation, it is still driven off of quality programs. Dean Atkinson commented that she does not believe Mountain View's program will hurt UNLV, and considers it an opportunity for potentially more spots for UNLV medical students to go for residency. She also noted the differences between a medical school managing and sponsoring a residency program, versus a for-profit hospital managing and sponsoring the program. The program at Mountain View will have program directors, but no dedicated faculty. She pointed out that although UNSOM will be the primary academic affiliate for five years, other schools can also have affiliations, including UNLV.

- Surgery - Chair O'Reilly gave direction to CEO VanHouweling to work with Dean Schwenk on developing UMC's surgery business. CEO VanHouweling responded that the process is underway, and UNSOM surgeons are participating in the OR Business Development Committee, as well as the Davinci working group.

FINAL ACTION: No action taken.

ITEM NO. 8 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 February 24, 2015 meeting of the Clinical Quality and Professional Affairs Committee, with the following highlights:

- The Committee received an update on the HCAHPS Patient Satisfaction Survey from the Director of Medical Staff and the new Director of the Patient Experience Department. The major areas of focus for the new Director will initially be on the communication between doctors and patients, and communications between nurses and patients. Improving patient satisfaction is also one of the Committee's goals for the current year, and will be a standing agenda item to monitor improvement.

- The Committee received an update on infection control measures. To create a coordinated, networked approach, the Center for Disease Control (CDC) has designated three types of acute care hospitals to treat patients with suspected Ebola – Frontline, Assessment, and Treatment Hospitals. UMC is designated as an Assessment Hospital, whose role is to receive, isolate and care for the patient until a diagnosis of Ebola is either ruled out or confirmed and the patient is transferred to a designated Ebola Treatment Center. There are grant funds available for hospitals treating Ebola patients.

  With the recent Measles outbreak, measures are being taken to ensure that staff who have patient contact have appropriate immunity. Staff has been requested to prove their immunization status, or get tested for the titer and immunized as necessary.

- The Committee received a presentation on the workflow and role of medical coding, the impact of the electronic health record, how coding impacts tracking of core measures and ultimately reimbursement. To understand all the complexities of this process, the Committee will continue to receive information. Ultimately, there will have to be collaborative efforts to change behavior.

Dean Atkinson applauded UMC for being an Ebola Assessment Hospital and encouraged the pursuit of grant funds for any patients admitted, but cautioned about taking the next step to being an Ebola Treatment facility.

In response to an inquiry by the Board regarding the $200 million in grant funds available for Ebola preparedness, CEO VanHouweling stated that staff has begun the conversation about grant funding. Chair O'Reilly requested a future agenda item to discuss pursuing grant monies in general. Member Harry Hagerty suggested that the introduction of the new Director of Development and a UMC Foundation update be discussed in concert with grants.

FINAL ACTION: None taken.

At 3:23 p.m. Chair O'Reilly called for brief recess.
The meeting was re-convened at 3:35 p.m.

ITEM NO. 9 Receive a report from the Audit and Finance Committee; and take any action deemed appropriate. *(For possible action)*

DISCUSSION: Committee Chair Eileen Raney gave an overview of the February 18, 2015 meeting of the Audit and Finance Committee, with the following highlights:

- Chair Raney reported that the Managed Care Department had successfully renegotiated five managed care contracts which previously did not cover our costs. The contracts now, at a minimum, cover our costs, and most of them will have a profit margin. The Amerigroup and Sierra/HPN contracts were approved by the Audit & Finance Committee with recommendation for approval by the Governing Board at today's meeting. These two agreements allow for enhanced Medicaid Managed Care rates, which will result in additional revenue for the previous calendar year, current calendar year, and other years going forward.

- Though progress has been made in the McKesson implementation and utilization, much works remains to be done.
    - By the end of the month, Innovative Healthcare Solutions (IHS) will complete their second engagement which included 60 of 225 items identified in their initial assessment. The Committee approved an additional agreement with IHS to complete five main focus areas, and recommended approval by the Governing Board at today's meeting.
    - Though there is some proof that would indicate we now have much higher utilization of the system, and we are seeing positive impacts with improvement in clean claims and point of service cash collections, a reduction in late charges and Medicare denials, much remains to be done. The Committee has given staff direction to improve the process to measure successful implementation and utilization.
    - McKesson has made the decision to sunset their Horizon Clinicals system in March of 2018. A determination will be needed whether to switch to McKesson's new clinical system, or to move to another vendor, which comes at a very large expense.

- The Committee reviewed the liability insurance covered by UMC. The committee was satisfied with the coverage, with the exception of cyber security. They have given direction to staff to provide an evaluation of UMC's cyber security system to determine whether to pursue that coverage.

- The Committee received a financial analysis of the Quick Care and Primary Care Clinics. There are issues to be addressed with staffing mix and interpretation of EMTALA laws. The Committee will be reviewing the payer mix on hospital admissions at a future date.

- The Management Discussion and Analysis for January 2015 was presented. Some formatting changes were recommended for today's presentation to the Governing Board.

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

ITEM NO. 10 Receive the monthly financial report for January 2015; and direct staff accordingly. *(For possible action)*

<u>DOCUMENTS SUBMITTED</u>**:**
- January FY2015 Financials

DISCUSSION: Mason VanHouweling, Chief Executive Officer reviewed the analysis of the January FY 2015 Financials.

The format has been changed to focus on key measurements that management reviews and give a clearer financial picture to the Board.

CEO VanHouweling reported that the Income Statement was favorable, except for a one-time accrual adjustment for reconciliation of excess crime insurance with the County and depreciation for additional McKesson modules being added as depreciable assets in FY2015. The net operating loss exceeded budget by $3.2 million for the month.

The average daily census, adjusted patient days, and ED volume were all on budget, while outpatient visits were above budget. Surgery volume was down, and is a priority of Administration, with initiatives to improve efficiencies and increase volume.

Additionally, Mr. VanHouweling reported that the hospital is projected to have a $70.4 million net operating loss at the end of FY 2015, which is a $14.5 million improvement over projections. He noted that we should see a further reduction in the net operating loss with recent cost savings initiatives, renegotiated managed care contracts, and $11 million of the $41 million from the Medicaid Managed Care enhanced rates that was not budgeted.

In response to a recent editorial article about UMC, Mr. VanHouweling noted that UMC is scheduled to repay $5.5 million to the County the first week of March for a recent loan to assist with our transition of the Affordable Care Act.

The preliminary budget is due to the County on March 6th with the final budget due April 17th. Chair Raney stated that she and CEO VanHouweling recently met with County staff regarding the budget. The County Manager indicated that if UMC could pay back the loan from the County, they would consider returning it in capital budget allocations. The County also expressed interest in continuing the discussion of a designated funding source for both the County and UMC.

FINAL ACTION: None taken.

ITEM NO. 11 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:

- A banner has been added to the building to commemorate the 25th Anniversary of UMC Trauma. Over the past few weeks, first responders and referring hospitals have received behind the scenes tours.

- Healthcare Quarterly Magazine's most recent issue includes a cover story about UMC's Davinci robot. The article showcases UMC's investment, as well as the talented surgeons with the School of Medicine. Mr.

VanHouweling noted that there have been 41 cases to date, and the "halo affect" has resulted in approximately ten additional surgical cases that we would not have garnered otherwise. Saturday cases are being scheduled and we've had a community surgeon return to UMC after two years with her surgical cases. Chair O'Reilly suggested that CEO VanHouweling work with Board Member Don Mackay to determine if the establish an advisory group of retired physician would benefit the hospital.

- The Business Office, Human Resources, Transplant and Family Resource Center have been successfully relocated to the Delta Point Building. Staff will be meeting with property management regarding a recent roof leak resulting in the closure of the Business Office for a day.

- The Medical Laboratory Observer magazine ranked UMC's Laboratory as No. 2 in the nation. The article will be featured in their April issue. The Chair recommended that staff bring back to the Board a business plan to further develop laboratory services, CEO VanHouweling stated that there is already a hospital committee discussing lab business development, including reference lab work.

- We have been authorized to lease the Lied building, and are working on lease agreements with UNSOM and Grant a Gift Autism Foundation.

FINAL ACTION: None taken.

ITEM NO. 12 Review and approve Chief Executive Officer performance metrics to be included in Employment Agreement; and take any action deemed appropriate. *(For possible action)*

DISCUSSION: Discussion of this item was tabled, awaiting input from all Committees. Chair O'Reilly asked CEO VanHouweling to coordinate this effort with the Committee Chairs to ensure a balance of goals with metrics.

FINAL ACTION: None taken.

ITEM NO. 13 Receive a report on matters before the 78th Legislative Session that have the potential to impact UMC; and direct staff accordingly. *(For possible action)*

DISCUSSION: Gail Yedinak, Senior Management Analyst, Government Relations, and CEO VanHouweling updated the Board regarding proposed legislation that has the potential to impact UMC.

SB33 (Open Meeting Law) - CEO VanHouweling has introduced this bill to the Senate Committee on Health and Human Services. Representatives of the Nevada press testified in opposition to the bill, and the Nevada Hospital Association has taken a neutral position. Prior to the introduction of the bill, CEO VanHouweling met with members of the two Healthcare Committees regarding our bills. He conveyed that while SB33 would allow closed meeting to discuss items related to strategy, any action or votes would be in a public setting. There are seven other rural public hospitals that would also be impacted by this legislation.

AB36 (Patient Transfers) – CEO VanHouweling has met with Assemblyman Oscarson, Chair of the Assembly Committee on Health and Human Services, regarding AB36. Richard Whitley, Administrator of the State Health Division of Public Health and Behavioral Services, is in favor of enforcing transfer UMC's agreements. The Nevada Hospital Association is in opposition to the bill. The southern Nevada CEO's have met to begin the conversation regarding transfer agreements which would support AB 36. Assemblyman Oscarson has called a meeting with the southern Nevada CEO's on March 13th to discuss this further.

Dr. Carrison expressed his desire for the hospital to bill transferring hospitals for services provided when patients are accepted in transfer. Chair O'Reilly suggested that this be a future topic of conversation, if the issue is not resolved through legislation.

FINAL ACTION: None taken.

ITEM NO. 14 Review and discuss the 2015 Governing Board meeting schedule; and direct staff accordingly. *(For possible action)*

DISCUSSION: Chair O'Reilly requested that the December meeting start time be moved from 2:00 to 3:00 p.m. There was no opposition; staff will make the change accordingly.

FINAL ACTION: No action taken.

SECTION 3: CONSENT ITEMS

All matters of this section were considered to be routine and were acted upon in one motion.

ITEM NO. 15 Approve the Fifth Amendment to Participating Provider Agreement between Amerigroup Nevada, Inc. d/b/a Amerigroup Community Care and University Medical Center of Southern Nevada; and authorize the Chief Executive Officer to sign the amendment. *(For possible action)*

DOCUMENTS SUBMITTED:
- Fifth Amendment; Participating Provider Agreement between UMCSN and Amerigroup
- Disclosure of Ownership

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

ITEM NO. 16 Approve Amendment Eleven to Letter of Agreement between Health Plan of Nevada, Inc., Sierra Health and Life Insurance Company, Inc., Sierra Healthcare Options, Inc., and Prime Health, Inc. (hereinafter referred to as SIERRA) and University Medical Center of Southern Nevada; and authorize the Chief Executive Officer to sign the amendment. *(For possible action)*

DOCUMENTS SUBMITTED:
- Letter of Agreement Amendment between UMCSN and HPN
- Disclosure of Ownership

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

ITEM NO. 17 Ratify the Clinical Trial Agreement between Quintiles, Inc. and University Medical Center of Southern Nevada signed by the Chief Executive Officer. *(For possible action)*

DOCUMENTS SUBMITTED:
- Clinical Trial Agreement between UMCSN, Alaa-Eldin A. Eldemerdash, MD and Quintiles, Inc.
- Disclosure of Ownership
- Disclosure of Relationship

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

ITEM NO. 18 Approve the agreement between Innovative Healthcare Solutions, Inc. and University Medical Center of Southern Nevada for Services to complete items found for efficiency from the Health Check on the McKesson Electronic Health Record System; and authorize Chief Executive Officer to sign the agreement. *(For possible action)*

DOCUMENTS SUBMITTED:
- Letter of Proposal - Innovated Healthcare Solutions - McKesson Systems Optimization Continuations
- Clark County Business License
- Disclosure of Ownership

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

ITEM NO. 19 Approve the Provider Agreement between Carpi and Carpi, Ltd. and University Medical Center of Southern Nevada for Optometry Services for Ryan White participants; and authorize the Chief Executive Officer to sign the agreement. *(For possible action)*

DOCUMENTS SUBMITTED:
- Provider Agreement between UMCSN and Carpi and Capri, Ltd.

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

ITEM NO. 20 Approve the Provider Agreement between Community Counseling Center and University Medical Center of Southern Nevada for Mental Health Services for Ryan White participants; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Provider Agreement between UMCSN and Community Counseling Center

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

ITEM NO. 21 Approve the Provider Agreement for Endocrinology, Gastroenterology, Maternal and Child Fetal Medicine/Ob-Gyn, Neurology and Rheumatology Services between University of Nevada School of Medicine Integrated Clinical Services, Inc. and University of Nevada School of Medicine Multispecialty Group Practice South, Inc. d/b/a MedSchool Associates South (hereinafter referred to as UNSOM) and University Medical Center of Southern Nevada; and authorize the Chief Executive Officer to sign the agreement. ***(For possible action)***

DOCUMENTS SUBMITTED:
- Provider Agreement between UMCSN and UNSOM Integrated Clinical Services, Inc and UNSOM Multispeciality Group Practice South (MedSchool Associates South)

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

ITEM NO. 22 Recommend approval to the Board of Hospital Trustees the Master Affiliation Agreement for Graduate Medical Education, Program Letters of Agreement and Memorandum of Understanding between the Board of Regents of the Nevada System of Higher Education on behalf of the University of Nevada School of Medicine and University Medical Center of Southern Nevada, subject to final approval by the Board of Hospital Trustees; and take action as deemed appropriate.

DOCUMENTS SUBMITTED:
- Master Affiliation Agreement between NSHE Board of Regents on behalf of UNSOM and UMCSN
- Program Letters of Agreement

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

SECTION 4: EMERGING ISSUES

ITEM NO. 23 Identify emerging issues to be addressed by staff or by the Board at future meetings; and direct staff accordingly. ***(For possible action)***

- Future agenda item to discuss pursuit of grant funding, including Ebola Preparedness

- Introduction of new Director of Development and Foundation update

- Future agenda item to discuss sunsetting of McKesson Horizon Clinicals

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 4:30 p.m., Chairman O'Reilly adjourned the meeting.

MINUTES APPROVED: March 25, 2015