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

UMC Emerald Room
901 Rancho Lane, Suite 180
Las Vegas, Clark County, Nevada
Wednesday, March 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, March 25, 2015, at the hour of 2:00 p.m. The meeting was called to order at the hour of 2:05 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
Donald Mackay, M.D.
Michael Saltman
John White

Absent:
Laura Lopez-Hobbs (Excused)
Michael Saltman (arrived at 2:12 p.m.)

Ex-Officio Members:

Present:
Mason VanHouweling, Chief Executive Officer
Thomas Schwenk, M.D., Dean, University of Nevada School of Medicine

Absent:
Dale Carrison, D.O., Chief of Staff (arrived 3:00 p.m.)
Barbara Atkinson, M.D, Planning Dean, UNLV School of Medicine (arrived 2:30 p.m.)

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 February 25, 2015. *(Available at* University *Medical Center, Administrative Office) (For possible action)*

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

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

Chair O'Reilly announced that *SECTION 5: Public Comment* would be taken before the Board goes into Closed Session.

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

SECTION 2. BUSINESS ITEMS

ITEM NO. 4 Receive a report from the Human Resources and Executive Compensation Committee; and take any action deemed appropriate. *(For possible action)*

DISCUSSION: In the Committee Chair's absence, Committee Member Renee Franklin gave an overview of the March 24, 2015 meeting of the Human Resources and Executive Compensation Committee, with the following highlights:

- The Committee reviewed the status of Mercer's market compensation analysis. Hospital management will continue to work with the data provided and determine how to integrate that information into the hospital's compensation plan. Management is already utilizing the data within current salary ranges as they recruit for openings in positions that are under market.

- Recruitment continues at a very brisk pace for 2015, trending higher than last year. The recruitment team is doing an excellent job of implementing lower costs solutions to source talent with good results.

- The revised Equal Opportunity/Affirmative Action Plan was reviewed by the Committee and recommended for approval by the Governing Board. The hospital has had an arrangement with the County to provide these services in the past, but is that resource is now being brought in-house. Language in the Plan was revised to reflect the new status going forward

- CEO metrics were discussed by the Committee, and will be addressed later in today's agenda.

FINAL ACTION: No action taken.

ITEM NO. 5 Receive a report from the Strategic Planning Committee; and take any action deemed appropriate. *(For possible action)*

DISCUSSION: Committee Chairman John White, CEO VanHouweling, and the Marketing/ Communications Director Danita Cohen have recently met to discuss the agenda for the upcoming April 15, 2015 Strategic Planning Committee meeting. The Committee will focus on the service lines identified in the draft Strategic Plan, the market share data associated with those lines of business, and the development of metrics to facilitate and achieve those goals. The Committee will also focus on patient experience data and management's plans to improve those results, as well as a marketing plan being developed by management.

At the request of Board Chair O'Reilly, the Committee agenda will also include discussion about their role in external planning, i.e., the Medical District, UNLV Medical School, etc.

Board Chair O'Reilly inquired about the status of market share data from the Crimson software program. CEO VanHouweling reported that staff has received initial reports but they are still vetting out the intricacies of the data. The status of Crimson reports and regular updates on market share for service lines will be included on the Strategic Planning Committee agenda as well.

FINAL ACTION: No action taken.

ITEM NO. 6 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 March 18, 2015 meeting of the Audit and Finance Committee, with the following highlights:

- The Committee discussed Meaningful Use of EHR and associated penalties. Because UMC missed the first deadline for meeting Meaningful Use, UMC is in the penalty phase, resulting in a $500,000 in reduced revenue for the current fiscal year. We will begin a 90-day Phase 1 Year 1 Meaningful Use attestation next week, and staff is reasonably comfortable that we will pass. If not, the hospital will enter the next penalty phase, which would result in progressively larger penalties. The Committee discussed the short timeframe for either upgrading the sunsetting McKesson Clinicals or choosing another vendor, so that the hospital can continue with attestation and avoid further penalties. Staff anticipates an expense of $25-30 million, and is working to find the capital funding.

- Because neither the County nor the hospital currently have liability insurance for cyber security, the Committee requested a report from the IT Security Officer on UMC's Cyber Security risk and protection. The report revealed that the hospital has several hundred partners, receives over 2 million e-mails a month (of which only 8% are legitimate), $3.2 million in software and staff will be necessary over the next three years to address the major areas of cyber security risk.

- There were four audits reviewed by the Committee. The audit of the Sodexo contract for Environmental Services revealed some issues which are being addressed by Administration and Sodexo management.

- The Committee has requested benchmarking information for all future contracts that come before them for approval. Additionally, cyber security language will be added to future contracts. The Committee will be receiving a presentation from the Contracts Management staff at their next meeting regarding the Contracting/RFP process.

FINAL ACTION: No action taken.

ITEM NO. 7 Receive the monthly financial report for February 2015; and direct staff accordingly. *(For possible action)*

DOCUMENTS SUBMITTED**:**
- Management Discussion & Analysis; February 2015 Financials

DISCUSSION: Stephanie Merrill, Chief Financial Officer, reviewed the Management Discussion and Analysis for February 2015, with the following highlights:

- Patient Net Revenue was under budget, primarily due to the Medicaid Managed Care enhanced rates being included in the budget. Once the payments are received the trend will be significant reduced.

- Total operating expenses were under budget by $3.3 million, which continues the trend seen recently.

- Supplies are under budget and lower than the previous fiscal year, for various reasons, including the closure of services.

- Depreciation is up because of new depreciable assets, including McKesson, which affects the net operating loss.

- Purchased services were slightly over budget and slightly higher than the previous year. IT costs, legal fees and additions to the UNSOM budget account for this increase.

- Professional fees were below budget and below the prior fiscal year, primarly due to contract changes and service line closures.

- Surgery continues to trend below last fiscal year. There have been 53 robotic surgeries to date.

CEO VanHouweling spoke about the surgical line of business.
- Inpatient surgeries and endoscopies have both experienced a decrease in volume.

- Inpatient surgery volume correlates with decreased volume in overall admissions. CEO VanHouweling reminded the Board that many inpatient surgeries are very expensive, though hospitals only get reimbursed a daily DRG rate. He will work with the Audit & Finance to Committee to better understand the impact of a decrease in inpatient surgery volume.

- The new high definition scopes have arrived and there is a team in place to assist with optimizing this business line.

- The block schedule for the robot has been developed and is full.

- New pulmonary technology has been purchased with the engagement of UNSOM pulmonary group.

- CEO VanHouweling and Dean Schwenk are meeting regularly on many topics, including the surgical service line of business. The Dean reported that the School occupies most of the robotic time slots, and indicated that there are issues with OR turnaround time, but Administration is working hard to change that experience.

- Staff will be evaluating the proforma for the surgical robot; and determine the need for a second robot,

FINAL ACTION: No action taken.

ITEM NO. 8 Receive and review the FY 2016 budget submitted to Clark County for consideration; and direct staff accordingly. *(For possible action)*

DOCUMENTS SUBMITTED:
- FY2016 Budget Schedule F-1 Revenues, Expenses and Net Income
- FY2016 Budget Schedule F-2 Statement of Cash Flows
- FY2016 Budget Schedule C-1 Indebtedness

DISCUSSION:

CFO Merrill reviewed the FY2016 Budget submitted to the County Commissioners at their March 11, 2015 Budget Advance meeting Highlights included:

- Revenue is increasing - $20.8 million over budget in FY2015, and $9.4 million over budget in FY2016, due to increases in UPL, as well as Medicaid MCO (Managed Care Organization) enhanced rate program.

- Expenses are 23% below budget, with a budgeted increase in FY2016 of approximately 3% for inflationary rate and includes contracted increases for employees and contracts.

- The additional revenue is allowing the hospital to reduce the County subsidy request to $31 million for FY2016, as well as a $10 reduction for the current fiscal year. The additional revenue will also allow us to repay the $25.5

million loans to the County, which they will give back to UMC in capital funding, $15 million in the current fiscal year, and the rest at the end of FY2015 or in FY2016.

- The final budget hearing will take place in May, but there are no anticipated changes to the Budget submitted.

CFO Merrill also gave an overview of County Funding for the past five years. The County funding of UMC from 2011 to 2013 was approximately $200 million/year, $187 million in FY2014, $166 million in FY2015 and $155 million in 2016 - a $45 million reduction over the past five years. CEO VanHouweling will be sure to highlight with the media that UMC's financial outlook is improving, and that the County's subsidy is decreasing.

FINAL ACTION: None taken.

ITEM NO. 9 Receive an update on the University of Nevada School of Medicine; and direct staff accordingly. *(For possible action)*

DISCUSSION: Dean Schwenk reported that the residency match results were released last week, matching up senior medical students with residency programs. All of the Nevada programs are filled completely, and overall the UNSOM Chairs and Program Directors are pleased with the results. A total of 76 new residents matched into programs in Las Vegas, all of which will have at least some of their training component related to UMC. 46 of those individuals graduated from American medical schools, and 30 from foreign medical schools. The Dean noted that five of UNSOMS residents are DO graduates from Touro University.

There was discussion regarding UMC having to compete with Mountain View and Valley Hospital in future residency matches. Dean Schwenk reminded the Board that UMC is in competition with all programs involved in the Match.

FINAL ACTION: None taken.

ITEM NO. 10 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:

- Recent recruitment efforts include the hiring of Pam Udall as the Communications Director, and Jeffrie Jones as the Director of Development.

- Four Committees have been formed to work on the self-study, which is due to the LCME in August.

- The UNLV Medical School curriculum will include virtual anatomy and microscopy, rather than cadavers. As an adjunct, the Coroner's Office will provide on-site training in their office.

- Dr. Atkinson recently met with the City of Las Vegas to provide the Medical School's input into the final Medical District plan.

- The additional $19 million necessary to start the first class in 2017 is dependent on the approval of the Governor's revenue package. If the package is approved, it looks promising that UNLV will receive the funding they need.

FINAL ACTION: None taken.

ITEM NO. 11 Receive an update on UMC Foundation activities and introduction of new Director of Development; and direct staff accordingly. *(For possible action)*

DISCUSSION: Harry Hagerty, UMC Foundation President, updated the Board on the activities of the Foundation.

- The Foundation increased their commitment for the trauma waiting area renovation from $130,000 to $180,000. The project is currently going through the formal bid process.

- The Foundation has committed $30,000 towards the first year of the Children's Hospital's participation in a nation-wide data base of medical outcomes, so they can compare outcomes to similar institutions across the Country. The expenditure is pending staff's determination as to whether they can support the program in subsequent years.

- In follow-up to a conversation at the last Board meeting regarding grants, Mr. Hagerty reported that three years ago the Foundation entered into a two year contract with Hanover to assist in finding grant opportunities for the hospital. While Hanover presented the hospital with several opportunities, the Hospital did not have the dedicated resources required to respond to the grants.

Billy Johnson was introduced as the new Director of Development. He provided the Board with his employment background and experience, as well as his initial impressions in his new role. Mr. Johnson has discovered that UMC's greatest resource is its employees, noting that the employees love UMC and love their jobs. Because the Foundation currently lacks infrastructure it will be treated as a start up business, including a business plan which will include initial traditional passive revenue, but will provide the basis for a long-term solid model for active fundraising. Once the Business Plan is approved by the Foundation, Mr. Johnson will be happy to share it with the Governing Board.

Harry Hagerty commented that the UMC Foundation has raised about $200,000 a year through passive fundraising. There has not been a full time Executive Director since 2010, and if is very difficult for a volunteer Board to actively

fundraise without that position in place. He hopes that passive fundraising will continue to grow, but reiterated that it is the active fundraising that will make a meaningful difference.

FINAL ACTION: None taken.

ITEM NO. 12 Review and approve performance metrics to be included in the Chief Executive Officer's employment agreement as it pertains to discretionary salary increases and bonuses; and take action as deemed appropriate. ***(For possible action)***

DISCUSSION: Member Renee Franklin stated that the Human Resources Committee had a discussion at their March 24, 2015 meeting about the CEO performance metrics. The Committee suggested that while the Committees consider their input for the metrics, the Board could discuss the timeline for measuring successful performance of the metrics. It was the Committee's recommendation that the CEO's performance evaluation align with the direction and time of the hospital's fiscal year, and that the Board consider another mechanism to evaluate performance for the initial six months of the contract.

There was discussion about the timing of the performance period, the measurement period and the bonus payout period, as well as accrual and internal performance evaluations.

It was the consensus of the Board that the CEO's performance should be based on the hospital's fiscal year, with continuous measurement throughout the year. Fiscal year performance metrics will be based on Committee input, coordinated with CEO VanHouweling, and Legal Counsel will address necessary contract changes. Committees were given direction to provide recommendations for criteria for performance during the first six months of the contract. To ensure that all recommendations are implemented prior to the fiscal year, the Chair suggested that CEO VanHouweling meet individually with Committee Chairs, who will in turn share the information at their Committee meetings for discussion and recommendations.

FINAL ACTION: None taken.

ITEM NO. 13 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.

- 2015 Legislative Session:
    - Senate Bill 33 (would allow UMC's Governing Board to go into closed session to discuss certain strategic matters). This bill must move out of the Senate by April 10th. At the request of the Health and Human Services Committee, UMC will provide additional clarification on the types of conversations that would be helped in closed session, to

include the purchase/lease of land, expansion of service lines, new acquisition of capital equipment/services, targeted physician recruitment, and marketing initiatives. CEO VanHouweling welcomed input from Board members. Members Renee Franklin and John White suggested an exemption for personnel review, i.e., performance valuations of senior leadership and succession planning. CEO VanHouweling will be speaking with the Committee members regarding our unique business model at UMC, and will let the Board members know how they can assist with their support.

- Assembly Bill 36 (Patient Transfers). CEO VanHouweling and the other Las Vegas Hospital CEO's recently met with Health and Human Services Committee Chair Assemblyman Oscarson. The language from the Bill has been incorporated into transfer agreements between UMC and the other hospitals, to include reimbursement to the accepting hospital and return of the patient within 24 hours. The transfer agreements will be enforced by the State Department of Health and Human Services.

- Senate Bill 361 (Mandated nurse staffing ratios). Though similar bills have been introduced in previous years, the standards currently being proposed are more stringent than in the past. The fiscal impact to UMC would be a 25% increase in nurse staffing, costing the hospital an additional $25 million a year. UMC is opposed to this legislation, as is the Nevada Hospital Association.

- Assembly Bill 346 (Requires hospitals to coordinate physician billing and EMS transport for hospital stays). UMC is opposed to the bill, as it would be very difficult to operationalize.

- Assembly Bill 396 (Mental Health Patients). This would require a full medical work-up, including comprehensive lab studies, on every mental health patient, and would require consent to treat from these patients. Chief of Staff Dale Carrison has expressed his about his concerns with the bill, including the fact that mentally ill patients are not competent to provide consent, and the fact that the unnecessary lab work would tie up the emergency departments city-wide worse than they currently are. Dr. Carrison noted that ten years ago Emergency Department Medical Director Dr. McCourt did a retrospective review of 6,000 charts, and concluded that in only one case might the comprehensive lab work have made a difference in the patient's outcome.

- CEO VanHouweling is meeting with the State's Chief Medical Officer, Dr. Green, regarding health screening of mental health patients. UMC has approximately 25-30 mental health patients at any time because of the shortage of mental health beds in the community. UMC has designed a plan to better cohort these patients in a more appropriate setting, which would decompress the ED, help patient throughput and improve patient satisfaction.

The State will be sending a clinical team to evaluate the plan and determine if the former oncology outpatient clinic could be an appropriate setting.

- Last week's Burn Care Open House was well attended. All four news stations were in attendance, as well as the Mayor and some of the Board members.

- This Friday there is an Open House for UMC offices at Delta Point.

- This Friday is also Doctors' Day. Board members are invited to attend the celebration during the lunch hour. Dr. Carrison announced that at 11:00 a.m. there will be a brief dedication summary, as the portraits of all former Chiefs of Staff are hung in the Medical Staff Conference Room.

- The Legal Counsel position has been filled; and an offer has been extended for the Chief Operating Officer position.

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.

ITEM NO. 14 Approve the Buckle Up for Life Subaward Agreement between Cincinnati Children's Hospital Medical Center and University Medical Center of Southern Nevada; and authorize the Chief Executive Officer to sign the agreement. *(For possible action)*

DOCUMENTS SUBMITTED:
- Sub Award Agreement between Cincinnati Children's Hospital Medical Center and Children's Hospital of Nevada at UMC
- Buckle Up for Life, Children's Hospital of Nevada at UMC Year 3 2014-2015 Budget
- Disclosure of Ownership/Principals

DISCUSSION:

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

ITEM NO. 15 Approve the ratification of amendment Two between Diamond Healthcare Communications and University Medical Center of Southern Nevada for Print and Mailing Services connected to the McKesson Electronic Health Record System; and authorize the Chief Executive Officer to sign the Agreement. *(For possible action)*

DOCUMENTS SUBMITTED:

- Amendment Two between Diamond Healthcare Communications 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 Support agreement for an Allera XPER FD20 Biplane between Philips Healthcare and University Medical Center of Southern Nevada; and authorize the Chief Executive Officer to sign the Agreement. ***(For possible action)***

DOCUMENTS SUBMITTED:
- Price Quote from Phillips
- Service Agreement between Phillips Healthcare and UMCSN
- Addendum to Standard Terms & Conditions
- 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. 17 Approve the Master Services Agreement (MSA) and associated Services Agreement for Anesthesia Technicians with SpecialtyCare Cardiovascular Resources, Inc; and authorize the Chief Executive Officer to sign the Agreement. ***(For possible action)***

DOCUMENTS SUBMITTED:
- Master Services Agreement between UMCSN and SpecialtyCare
- Services Agreement between UMCSN and SpecialtyCare for Anesthesia Technician Professional Services

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

ITEM NO. 18 Approve Agreement for Physician Professional Services with Cardiovascular Surgery of Southern Nevada; and authorize the Chief Executive Officer to sign the Agreement. ***(For possible action)***

DOCUMENTS SUBMITTED:
- Agreement for Physician Professional Services between UMCSN and Cardiovascular Surgery of Southern Nevada

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

SECTION 4: EMERGING ISSUES

ITEM NO. 19 Identify emerging issues to be addressed by staff or by the Board at future meetings; and direct staff accordingly. ***(For possible action)***

Vice Chair Raney inquired if a Board evaluation tool is being developed. Renee Franklin acknowledged that the Clinical Quality Committee is addressing this.

Dr, Carrison provided follow-up to the Board at the request of UMSON Surgeon William Zamboni, M.D. Dr. Zamboni wished to assure the Board that he is very active at UMC, and he has a full schedule every Monday at UMC. He also wanted to bring to the Board's attention that most of the surgeons using the Davinci robots are either current or former UNSOM faculty.

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

SECTION 5: CLOSED SESSION

ITEM 20: Go into closed session, pursuant to NRS 241.015(3)(b)(2), to receive information from the District Attorney regarding potential or existing litigation involving a matter over which the Board had supervision, control, jurisdiction or advisory power, and to deliberate toward a decision on the matter; and direct staff accordingly. ***(For possible action)***

DISCUSSION: It was moved by Renee Franklin that the Board go into closed session as recommended. Motion carried by unanimous vote.

The closed session was held

FINAL ACTION: No action was taken by the Board.

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.

APPROVED: April 22, 2015