University Medical Center of Southern Nevada
Governing Board Audit and Finance Committee Meeting
January 18, 2023

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 2:03 p.m. by Chair Robyn Caspersen and the following members were present, which constituted a quorum.

CALL TO ORDER

Board Members:

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

Absent:
Christian Haase (Excused)

Others Present:
Mason Van Houweling, Chief Executive Officer
Tony Marinello, Chief Operating Officer
Jennifer Wakem, Chief Financial Officer
Doug Metzger, Controller
Shana Tello, Academic and External Affairs Administrator
Maria Sexton, Chief Information Officer
Frederick Lippmann, Chief Medical 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

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

ITEM NO. 2 Approval of minutes of the regular meeting of the UMC Governing Board Audit and Finance Committee meeting on December 7, 2022. *(For possible action)*

Chair Caspersen noted a change to clarify the language in paragraph 2 on page 4.

FINAL ACTION:

A motion was made by Member Mackay that the minutes be approved as amended. Motion carried by unanimous vote.

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

FINAL ACTION:

A motion was made by Member Mackay that the agenda be approved as amended. Motion carried by unanimous vote.

SECTION 2. BUSINESS ITEMS

ITEM NO. 4 Receive the monthly financial reports for November FY23 and December FY23; and direct staff accordingly. *(For possible action)*

DOCUMENTS SUBMITTED:
- November FY23 and December FY23 Financials

DISCUSSION:

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

An abbreviated review of the November FY23 financials was presented. It was a busy month. Admissions were 1,974, observations were down 20% and AADC continues to be high at 662. Length of stay dropped to 6.41; hospital CMI was 1.82 and Medicare CMI was 1.94.

Due to challenges with anesthesia, inpatient surgeries were below budget 17% and outpatient surgeries were down 29%. ER visits were up 9% above budget and the ER to admit conversion rate was approximately 20%. There were 11 transplants for the month.

Quick cares were about 23% above budget and primary cares were above budget 20%. There were 667 telehealth visits for the month. Outpatient Ortho Clinics were 665 and deliveries were 12% above budget.

Mr. Van Houweling reported to the Committee that the first pancreas transplant was completed at UMC successfully this week. We can start tracking the volumes.

The income statement for November showed net patient revenue was above budget $4 million. Other revenue was down $300k. Overall net revenue was $3.6 million over budget and other operating expenses were above budget $2.3 million. Income from ops before depreciation and amortization was $1.6 million.

Chair Caspersen asked if the total operating expense was available. Ms. Wakem stated that it would be in the December statistics.

Next, the financials for the month of December were presented.

There were 2,006 admissions, which was 5% over budget; AADC was 14% above budget. Hospital acuity was 9% below budget and Medicare CMI was 1.5% above budget. Inpatient surgeries were 2.2% below and outpatient surgeries were 25.5% below budget. ER visits remained strong; pediatric ED volume had the most significant increase for the month. There were 8 transplants for the month. ED to obs was 21% above budget.

Quick cares were about 12% above budget; Spring Valley, Enterprise and Rancho were the key drivers.

Primary cares were consistent with budget; Centennial, Peccole and Nellis were the stand outs.

Telehealth visits were up to 729 for the month and there were 658 Ortho Clinic visits. Deliveries were up 14%.

Trended stats included telehealth visits and ortho clinics. The trend was compared to 2019 statistics. There was a record number of admissions for the month as compared to the 12-month average. Observation cases have decreased. The team has set initiatives in place to properly status the patients. Outpatient surgeries were down due to challenges with the lack of anesthesia coverage. Telehealth has trended upward for the month, primarily due to marketing. Ortho clinic visits were discussed.

Inpatient payor mix trended commercial was down 2%, Medicare was up 3.25%. ED commercial was down 1.5% and Medicaid was up 1.75%. Inpatient surgical showed Medicaid up 1.85% and Medicare was down 2.35%. Outpatient surgical cases were 4.49% up in commercial and Medicare dropped 6%.

Summary income statement showed net patient revenue was up almost $2 million above budget. Other revenue was up almost $3.7 million. Total operating revenue was $5.7million above budget. Expenses were $8 million above budget. Total income from ops adding depreciation and amortization was $1.5 million, which was short of budget almost $2 million.

YTD income was $10.4 million above budget. Operating expenses were $15.6 million above budget. Total income from ops was $12.5 million on a budget of $17.8 million, which is $5.3 million below budget.

Income statement trended showed supplies in December were significantly higher than November. Ms. Wakem explained that the increase in supplies is directly related to 340B revenue. The discussion continued regarding how this revenue is recorded. Education to the Board regarding the importance of the 340B program was suggested.

SWB is over budget $4.1 million inpart due to Anesthesia and Ortho. Paid FTEs was above budget 173. AEPOB is running 5.39 on a budget of 5.95.

The trended stats for SWB highlights the trend for AEPOB for the year. Overtime as a percent of productive was at 3.5%.

Expenses for the month shows supplies over budget $3.3 million, $3.7 million is related to 340B revenue. Purchased services was above budget 700K; there was a true-up related to a UNLV OB, an increased expense related to our contingency vendor and Epic related services. Utilities continue to be high. Other expenses are favorable.

Key financial indicators were reviewed in profitability, labor, liquidity and cash collections. Labor and profitability are in the red. Day's cash on hand is in the red at 81.9 days. There are still a significant amount of outstanding supplemental payments. Cash collections were strong for the month. Cash collections POS goal was missed due to a drop in surgeries.

Cash flow for December – $46.1 million was received. There were no supplemental payments received for the month.

Chair Caspersen inquired what the cause of the flip was in internally designated cash. Mr. Metzger explained that cash was moved from capital operations.

The balance sheet shows a slight decrease in cash.

FINAL ACTION TAKEN:

None taken.

ITEM NO. 5 **Receive an update report from the Chief Financial Officer; and direct staff accordingly.** ***(For possible action)***

DOCUMENTS SUBMITTED:
- None

DISCUSSION:

The public health emergency has been further extended until April. The benefits include relaxed the rules on those who qualify for Medicaid. Enrollments increased by 43%. The state may consider dropping enrollees in Medicaid beginning July 1.

340B Case update: For 2018 and 2021, UMC may be able to receive a reimbursement on 340B funds. The Court ruled that the matter will be sent back to CMS to decide how this will be addressed. A decision may not be received until 2024.

There are roughly $200 million in outstanding supplemental payments.

A rate review is done by the State of Medicaid every year to determine whether the Medicaid reimbursement rate covers patient costs. A rate review has been done on inpatient and outpatient hospital services and it was determined that in order to cover the cost, the inpatient Medicaid rate would have to be increased by at least 114%. We will be monitoring the legislative session with this matter. The discussion continued regarding the hospital cost rates and other items, such as mental health and substance abuse that will be monitored during the legislative session.

Ms. Tello added the legislative session starts February 6th. The new Governor will review the budget and we will receive more insight after he gives his state of the state address on January 23rd.

UMC has been working with UNLV to get additional GME slots. Ms. Wakem announced that we were approved for 2.5 additional slots.

Shana Tello will be following the legislative session and will provide updates in the future.

FINAL ACTION TAKEN:
None taken

ITEM NO. 6 **Receive an update on the status of the FY23 CEO Performance goals; and direct staff accordingly.** ***(For possible action)***

DOCUMENTS SUBMITTED:
- CEO Performance Objectives – FY23

DISCUSSION:

Ms. Wakem provided an update on the Overall performance objected. The four goals are:

1. **Exceed fiscal year budgeted income from operations plus depreciation and amortization**
    - We are currently not reaching this goal. Anesthesia is a challenge at this point. We are $5.3 million below budget. Once surgical volumes increase, we will be in better shape.

2. **Improve labor utilization with a target of SWB per APD of $2,156, Adjusted EPOB of 5.95.**
    - We are currently meeting this goal. Currently SWB/APD is $2,003 and AEPOB is 5.36.

3. **Improve ALOS with a target of 5.77 days**
    - We are improving this goal. Currently we are sitting at 7.02 days. The biggest impediment has been discharges. The team is looking at options to improve this metric.

4. **Complete capital spending on time and on budget for FY 20, FY21 and FY22**
    - This goal is not being met. A slide showing total capital funds that have been received, allocated to projects and PO created was shown.
    - There is room for improvement. There was question regarding the spend for the FY2021 capital funds.
    - Chair Caspersen asked if there is a repurposing of funds that have not been spent, and also asked why we have held back on spending of funds on projects that have not yet come to fruition.
    - The team stated that we are in a reconciliation process with regards to capital projects. The slide presented does not represent the work that is being done.
    - Member Palenik added that the slide that she assisted with provides more of a timeline of the project and where we are in spending for multi-year projects.
    - Chair Caspersen added that on time for a high cost project may very well be a multi-year project. Tracking at the high level of the slide presented doesn't show if the goal was met.
    - Member Hagerty added that a multi-year project is to be spent in separate periods and not progress of the entire amount. The columns presented represent getting ready to do work, not doing work.
    - Member Palenik stated that there is a difference between submitted and spend.

    The Committee would like to see the detail, spend and project year and transparent spending results.
    Member Hagerty noted that the goal references capital spending for FY 20, 21 and 22 not FY23. The point is to get caught up on prior year activity.

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

ITEM NO. 7 **Review and recommend for approval by the Governing Board the Hospital Participation Agreement for Managed Care Services with Prominence HealthFirst; or take action as deemed appropriate.** ***(For possible action)***

<u>DOCUMENTS SUBMITTED</u>:
- Hospital Participation Agreement
- Disclosure of Ownership

<u>DISCUSSION</u>:

This is a new agreement for PPO and HMO network for medically necessary healthcare services, to include Ortho and Anesthesia services. This is a revenue based agreement. The Agreement 3-year term is through December 2025 and either party may terminate the Agreement with ninety (90) days written notice to the other party.

FINAL ACTION TAKEN:

A motion was made by Member Mackay to approve 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 First Amendment to Provider Services Agreement with Molina Healthcare of Nevada, Inc.; or take action as deemed appropriate. *(For possible action)***

DOCUMENTS SUBMITTED:
- First Amendment – Redacted
- Disclosure of Ownership

DISCUSSION:

The current agreement is being amended to add Medicare Advantage to the Provider Services Agreement.

FINAL ACTION TAKEN:

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

ITEM NO. 9 **Review and recommend for approval by the Governing Board the Amendment to Preferred Provider Agreement with Culinary Health Fund Administrative Services, LLC; and take action as deemed appropriate. *(For possible action)***

DOCUMENTS SUBMITTED:
- Preferred Provider Agreement – First Amendment

DISCUSSION:

This amendment will add Anesthesia services.

FINAL ACTION TAKEN:

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

ITEM NO. 10 **Review and recommend for approval by the Governing Board the Provider Agreement with Alireza Farabi, M.D., P.C. for Professional**

Services; authorize the Chief Executive Officer to exercise any extension options; or take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Provider Agreement
- Disclosure of Ownership

DISCUSSION:

Dr. Farabi provides infectious disease services to our patients at the Wellness Center. This is an agreement for continued services with Dr. Farabi. Fifty percent will be paid through grant funding. This is a 3–year agreement. Either party may terminate this Agreement with a 30-day written notice to the other.

FINAL ACTION TAKEN:

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

ITEM NO. 11 Review and recommend for ratification by the Governing Board the Professional Services Agreement for Cardiovascular Anesthesiology On-Call Coverage with Fielden, Hanson, Isaacs, Miyada, Robison, Yeh, Ltd. d/b/a USAP-Nevada; authorize the Chief Executive Officer to exercise any extension options; or take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Professional Services Agreement

DISCUSSION:

This is a request for ratification of the new Professional Services Agreement for Group Physician On-Call Coverage to continue to provide services. The agreement needed to be signed immediately as the effective date for Services was January 1, 2023. Under the Agreement, Provider will provide 24/7 consultative, emergency and on-call cardiovascular anesthesia services to UMC patients. This is a 3-year agreement with a 90-day out clause.

It was explained to the Committee that Cardiac Anesthesia is a specialty service, provided by Cardiovascular Fellowship trained anesthesiologist.

Member Mackay added that it is a more complicated anesthesia and is high risk.

Other specialized anesthesia services are include pediatric and trauma services.

FINAL ACTION TAKEN:

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

ITEM NO. 12 Review and recommend for approval by the Governing Board the Second Amendment to Agreement for Promotion, Advertising, & Marketing Services with RR/CRR Holdings dba B&P Advertising; or take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- RFP Service Agreement – Second Amendment
- Disclosure of Ownership

DISCUSSION:

This is a request to extend the agreement for a month and add additional funding to close out previous agreement services.

FINAL ACTION TAKEN:

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

ITEM NO. 13 Review and recommend for approval by the Governing Board the Agreement for 340B Recovery Services with Cloudmed Solutions, LLC; or take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Agreement – 340B Recovery Services
- Business Associate Agreement
- Disclosure of Ownership

DISCUSSION:

This is an agreement to license a proprietary platform through Cloudmed. They will provide professional services to review current claims that have been denied. This is a 3-year agreement and payment is on contingency. Termination is upon 90- days' notice.

FINAL ACTION TAKEN:

A motion was made by Member Mackay 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 approval by the Governing Board the First Amendment to Acknowledgement Form with Laboratory Corporation of America Holding and its Subsidiaries for reference laboratory testing service; authorize the Chief Executive Officer to execute future

Amendments within his delegation of authority; or take action as deemed appropriate. (For possible action)

DOCUMENTS SUBMITTED:
- Acknowledgement Form– First Amendment
- Sourcing Letter

DISCUSSION:

This amendment will extend the agreement through 2024 and add additional funding.

FINAL ACTION TAKEN:

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

ITEM NO. 15 Review and recommend for approval by the Governing Board the Master Service Agreement with Encompass Studio for Architectural Design and Documentation Services; or take action as deemed appropriate. ***(For possible action)***

DOCUMENTS SUBMITTED:
- Architect Master Services Agreement
- Disclosure of Ownership

DISCUSSION:

This agreement will allow the vendor to provide architectural renderings for various projects in the hospital. This will expedite the ability to get a project done. This is a 2-year term and may terminate at any time with a 30-day notice.

FINAL ACTION TAKEN:

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

ITEM NO. 16 Review and recommend for approval by the Governing Board the Professional Service Agreement with EV&A Architects for Trauma 4 & 5 Patient Room Design; or take action as deemed appropriate. ***(For possible action)***

DOCUMENTS SUBMITTED:
- Service Agreement
- Disclosure of Ownership

DISCUSSION:

The vendor will provide final drawings for room design to convert the 4th and 5th floors of the Trauma building to patient care areas. Estimate to complete the project is 28 months.
FINAL ACTION TAKEN:

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

ITEM NO. 17 **Review and recommend for approval by the Governing Board the Amendment Two to Professional Service Agreement for Architectural Design of UMC's exterior campus façade with Brad Henry Friedmutter & Associates, Ltd. d/b/a Friedmutter Group; or take action as deemed appropriate. *(For possible action)***

DOCUMENTS SUBMITTED:
- Professional Service Agreement – Second Amendment

DISCUSSION:

This is a request to extend the current agreement to coincide with the façade project and covers any additional costs.

Ms. Tello added that this amendment will cover any unforeseen or unexpected events or redesign of the project or additional permitting that may be necessary.

FINAL ACTION TAKEN:

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

ITEM NO. 18 **Review and recommend for approval by the Board of Hospital Trustees for University Medical Center of Southern Nevada, the Guaranteed Maximum Price Amendment for RFP No. 2022-02 ReVITALize UMC Façade Project with Martin-Harris Construction, LLC for construction services as the Construction Manager at Risk; authorize the Chief Executive Officer to exercise amendments and necessary change orders within the not-to-exceed amount of this Project; or take action as deemed appropriate. *(For possible action)***

DOCUMENTS SUBMITTED:
- Guaranteed Maximum Price Amendment

DISCUSSION:

Last year, pre-construction services agreement and terms and conditions was approved and awarded to Martin-Harris. This amendment will is the guaranteed maximum price amendment of the project, which is required under the CMAR project. The not to exceed amount that will need ultimate approval by the Board of Hospital Trustees.

FINAL ACTION TAKEN:

A motion was made by Member Mackay to approve and make a recommendation to the Board of Hospital Trustees for University Medical Center of Southern Nevada to approve the amendment. Motion carried by unanimous vote.

Chair Caspersen asked what other agreements will be coming before the Committee for the project. Ms. Tello informed her that she would only foresee the signage agreement.

ITEM NO. 19 Review and recommend for award by the Governing Board the Bid No. 2022-11, West Loading Dock Remodel, to Monument Construction, the lowest responsive and responsible bidder; authorize the Chief Executive Officer to exercise any Change Orders within his delegation of authority; or take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Bid Form
- Bid 2022 – Notice of Award
- Disclosure of Ownership

DISCUSSION:

In October, the bid was published and there were 5 responders. Four of the bids were rejected for various reasons. Monument construction was the lone appropriate bidder, providing all required documentation within the required deadline. The project involves remodel and expansion of the loading dock. This is a capital project and termination is at any time upon written notice.

Member Hagerty asked why Martin-Harris was not a suitable bidder.

Ms. Allen stated that they did not submit the proper documentation, as required by all bidders.

FINAL ACTION TAKEN:

A motion was made by Member Mackay to approve and make a recommendation to the Governing Board to approve the award of bid. Motion carried by unanimous vote.

ITEM NO. 20 Review and recommend for approval by the Governing Board the First Amendment to Coding Services Agreement with Medovent Solutions; authorize the Chief Executive Officer to exercise any future Amendments within his yearly delegation of authority; or take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:

- First Amendment to Coding Services Agreement
- Disclosure of Ownership

DISCUSSION:

This amendment for coding services to increase funding through 2024 for onsite and remote services.

Ms. Wakem explained the need for the additional coders is due to volume and services for complex coding work.

FINAL ACTION TAKEN:

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

ITEM NO. 21 Review and recommend for approval by the Governing Board the Agreement with Steris Corporation for Surgical Lights and Equipment Booms; authorize the Chief Executive Officer to exercise any future Amendments within his delegated authority; or take action as deemed appropriate. ***(For possible action)***

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

DISCUSSION:

This is a turnkey project. The request is to enter into a new agreement for surgical lights, equipment booms and monitors with Steris, which is an HPG vendor. Renovation and installation of equipment will be in operating room 15 and 16; this is the second phase of the project. There will be a Phase 3 in the future to do the remaining OR rooms.

FINAL ACTION TAKEN:

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

ITEM NO. 22 Review and recommend for approval by the Governing Board the Service Order Agreement for Network Infrastructure Equipment with Switch; or take action as deemed appropriate. ***(For possible action)***

DOCUMENTS SUBMITTED:
- Service Order
- Disclosure of Ownership

DISCUSSION:

This request is to enter into a renewal Service Order with Switch to continue services for network infrastructure hardware at the Switch location. The term is for an additional 5- years to house UMC's data.
FINAL ACTION TAKEN:

A motion was made by Member Mackay 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. 23 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)*

Desert Springs is closing in less than 60-days. A job fair is scheduled for Thursday and Friday. The team will provide an update to the Committee in March.

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 the hour of 3:31 pm., Chair Caspersen adjourned the meeting.

MINUTES APPROVED: February 15, 2023
Minutes Prepared by: Stephanie Ceccarelli