University Medical Center of Southern Nevada
Governing Board Audit and Finance Committee Meeting
January 20, 2021

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 2:06 p.m. by Chair Robyn Caspersen and the following members were present, which constituted a quorum.

CALL TO ORDER

Board Members:

Present:
Robyn Caspersen (via webex)
Dr. Donald Mackay
Jeff Ellis (via webex)
Harry Hagerty (via webex)
Mary Lynn Palenik (via webex)
Christian Haase (via webex)
Barbara Frasier (Ex-Officio) (via webex)

Absent:

Others Present:
Mason Van Houweling, Chief Executive Officer
Tony Marinello, Chief Operating Officer
Jennifer Wakem, Chief Financial Officer
Doug Metzger, Controller
Maria Sexton, Chief Information Officer
Susan Pitz, General Counsel
Lia Allen, Attorney
Rose Coker, Director, Managed Care
Jacqueline Saites, Director of Contracts and Materials Management
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 9, 2020. *(For possible action)***

FINAL ACTION:

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

SECTION 2. BUSINESS ITEMS

ITEM NO. 4 **Receive the Fiscal Year 2020 Audited Financial Statements and Related Schedules and Reports from BDO USA, LLP, Certified Public Accountants for University Medical Center of Southern Nevada; and direct staff accordingly. *(For possible action)***

DOCUMENTS SUBMITTED:
- UMC Audit Wrap-Up

DISCUSSION:

Kristy Vandermolen, Assurance Director, John Berry, Partner and Yin Jie Qin, Audit Manager presented the BDO Audit wrap-up for fiscal year 2020.

The audit of financial statements was substantially completed, pending completion of procedures on Federal awards. The audit objectives and the scope of work performed were reviewed. The unqualified opinion on the financial statements was issued and the report was released on January 15, 2021.

A summary of the audit results included accounting practices, policies and estimates. There were no significant changes accounting policies and practices occurred during 2020. Internal controls were reviewed, with no deficiencies reported. New GASB Standards were provided.

Chair Caspersen asked for clarification regarding COVID-19 and financial statement disclosures. Status of the audits regarding the receipt of federal funds and any other guidance was also provided.

The final award audit will be complete in approximately 30 days.

FINAL ACTION TAKEN:

None taken.

ITEM NO. 5 **Receive the monthly financial report for December FY21; and direct staff accordingly. *(For possible action)***

DOCUMENTS SUBMITTED:
- December FY20 Financials

DISCUSSION:

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

Key indicators are tracking over budget. Admissions were below PY 18%. AADC was at 556. Length of stay was up 36% and acuity for overall hospital CMI was up 13% and Medicare CMI was up almost 10%.

Inpatient surgeries were below budget by 20% and outpatient surgeries were below budget by 20%. She highlighted transplant cases were strong with 15 cases in December. ER visits were down 18% and the ER to admit conversion rate was above prior year almost 1%.

Quick cares continue to struggle; down roughly 21.5%. Deliveries were down from prior year. A discussion ensued regarding patient admissions from the emergency room and post-acute reimbursement payments.

Mr. Van Houweling added that there were not a lot of diversions in December and COVID numbers are trending downward. The lengthy conversation ensued regarding hospital capacity and patient through-put management, vaccine distribution and supply chain issues.

In trended stats, admissions are down 300 from the prior COVID average. Length of stay is 1.5 days above the pre-COVID average. Overall CMI is 2.08. Medicare is also high at 2.15. Transplants showed a remarkable increase and the ED to conversion rate is almost 1% above the pre-COVID average.

Payor mix by admits trended shows Medicare is up 3.24% and Medicaid and self-pay are down. Ms. Wakem introduced a new slide showing payor mix by inpatient admissions, ED visits, as well as, inpatient and outpatient surgeries.

The income statement showed revenue up $2.2 million and expenses were up $12.1 million. Income from ops showed a loss of $142k for the month of December and year to date showed a loss of $22.7 million.

Chair Caspersen asked if there were any timing issues related to the federal supplemental payments or Cares Act money. Ms. Wakem responded that there were none.

Key financial indicators are showing SWB in the green. Per adjusted patient day is good. Days cash on hand is 91.3 days. Cash collections were down.

Salary and Benefits for December were favorable to budget by 2.74%. Overtime and contract labor are high.

Other expenses are up. Lab supplies are up $5.5 million, COVID PPE is up $1.6 million and drugs up $3.3 million. Purchase services are up $800k. COVID expenses were reviewed in detail. Year to date they are approximately $69 million.
Capital Plan – Emergency capital is being approved as needed.

Cash flow continues to be strong. We are awaiting outstanding federal supplemental payments of approximately $80 million. Projected cash flow at the end of the period was $260 million.

It was a record month of COVID testing. We performed 151K tests in the month of December.

ITEM NO. 6 Receive an update report from the Chief Financial Officer; and direct staff accordingly. ***(For possible action)***

DOCUMENTS SUBMITTED:
- None submitted

DISCUSSION:

Ms. Wakem updated the Committee on Cares Act funding. We are pending a decision on the application that was submitted in November. The Consolidated Appropriations Act of 2021 was introduced in late December 2020. A stimulus package within the bill will allow employee retention credits. UMC may qualify to receive funding with this act. DSH reductions were expected but have been further delayed.

FINAL ACTION TAKEN:

None taken

ITEM NO. 7 Review and recommend for ratification by the Governing Board the Amendment Numbers Five and Six to Participating Provider Agreement with SilverSummit Healthplan, Inc.; and take action as deemed appropriate. ***(For possible action)***

DOCUMENTS SUBMITTED:
- Amendments 5 & 6 to Participating Provider Agreement

DISCUSSION:

Rose Coker, Director of Managed Care, explained Amendment 5 is to add the Amwell Medicare plan so that UMC can be a provider.

Amendment 6 is to extend the Ambetter contract and to add an annual rate increase for the commercial plan.

FINAL ACTION TAKEN:

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

ITEM NO. 8 Review and recommend for ratification by the Governing Board the Amendments Two and Three to Primary Care Physician Participation Agreement with LifePrint Health, Inc. d/b/a OptumCare; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Amendments 2 & 3 to Primary Care Agreement

DISCUSSION:

Amendment 2 is specific to primary care doctors and adds them to the incentive program. Amendment 3 also includes an incentive program with medications. In order to qualify, the amendment is to be amended to add these plans to the contract.

FINAL ACTION TAKEN:

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

ITEM NO. 9 Review and recommend for approval by the Governing Board the Amendment 004 to Hospital Services Agreement with Aetna Health, Inc.; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Amendment 4 to Hospital Services Agreement

DISCUSSION:

This amendment will add an extension of 2 years to the current agreement with an auto inflator to include the QHP plan amendment for Aetna.

FINAL ACTION TAKEN:

A motion was made by Member Hagerty 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 ratification by the Governing Board the Comprehensive Visit Program Agreement with P3 Health Partners-Nevada; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Pricing Comprehensive Visit Program

DISCUSSION:

This request is to add a qualified comprehensive visit plan to the agreement, which will allow us to participate in their incentive program.

FINAL ACTION TAKEN:

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

ITEM NO. 11 Review and recommend for approval by the Governing Board the In-Hospital Dialysis Services Agreement with Fresenius Kidney Care Nevada, LLC; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- In-Hospital Master Agreement
- Disclosure of Ownership

DISCUSSION:

Jacqueline Saites, Director of Contracts and Materials Management explains this agreement is for in-house hospital dialysis and renal replacement therapy. The agreement has an effective date of February 1st and includes on-call and after hours. The anticipated cost is $3.6 million annually, with a 2.5% annual increase. Equipment and supplies are included.

FINAL ACTION TAKEN:

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

ITEM NO. 12 Review and recommend for ratification by the Governing Board the Agreements with Philips North America, LLC for the CT Scanner replacement project; authorize the Chief Executive Officer to execute future Change Order within his delegation of authority; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Point of Sale Service Contract
- Statement of Work (SOW)
- Quote
- Disclosure of Ownership
- Sourcing Letter

DISCUSSION:

Ms. Saites explains this is a ratification for a turn-key construction project for CT scanner and other components. To recognize cost savings, the agreement would need to be in place by the end of December 2020. This agreement satisfies required code changes and will be an upgrade in imaging equipment, resulting in higher quality and resolution. This is an HPG vendor.

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

ITEM NO. 13 **Review and recommend for approval by the Governing Board the Purchasing Agreement with Quidel Corporation for laboratory test kits; and take action as deemed appropriate. *(For possible action)***

DOCUMENTS SUBMITTED:
- Purchasing Agreement
- Disclosure of Ownership
- Rapid Test Sourcing Letter

DISCUSSION:

This is an HPG vendor. The agreement allows for tiered pricing and multiple testing capabilities. Testing results will be reduced from 4 hours to 15 minutes and will be used in ambulatory locations. The discussion continued regarding the rapid testing.

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 ratification by the Board of Hospital Trustees for University Medical Center of Southern Nevada, the Amendment One to Client Agreement with FocusOne Solutions, LLC for temporary labor staffing services; and take action as deemed appropriate. *(For possible action)***

DOCUMENTS SUBMITTED:
- Amendment 1
- Disclosure of Ownership

DISCUSSION:

Ms. Saites states this is an amendment for an extension of staff labor services due to increased needs related to COVID-19. The benefit of the agreement is there will be one vendor which supplies access to multiple affiliated providers, thereby allowing UMC to choose labor services based on need. This is a not to exceed agreement.

Ms. Wakem added this is contract labor and we are engaging primarily critical care nurses due to mandatory overtime and increased patient volumes.

FINAL ACTION TAKEN:

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

ITEM NO. 15 Review and recommend for approval by the Governing Board the Contracts of Services with Hello! Las Vegas Destination Management for COVID-19 Testing Support Services; and authorize the Chief Executive Officer to execute future service orders within his delegation of authority; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Contract of Services
- Disclosure of Ownership

DISCUSSION:

Hello! Las Vegas provides rental equipment and testing support services. Ms. Saites explains this is a month to month agreement for services as needed and includes a not to exceed value.

FINAL ACTION TAKEN:

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

ITEM NO. 16 Review and recommend for approval by the Governing Board the agreement for Custom Orthopedic Fabrications, Prosthetics, and Orthotic Devices with Children's Orthopedic and Prosthetics, LLC; authorize the Chief Executive Officer to exercise any extension options; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Service Agreement
- Business Associate Agreement

DISCUSSION:

This agreement allows for custom orthotics and prosthetics, with a 6-month follow-up care for patients. This vendor replaces a previous vendor. Rates are based on Medicare and DME. Anticipated $200K annual, not to exceed rate spend and is based on patient volume.

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 award by the Governing Board RFP No. 2020-18 Clinical Denial Services to RSource, LLC; authorize the Chief Executive Officer to sign the Service Agreement for Clinical Denial Services and exercise any extension options; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- RFP 2020-18_Service Agreement for Clinical Denial Services

DISCUSSION:

Nine entities expressed interest and there were 7 respondents. The vendor will provide staffing and offsite billing for denials This is a flat rate contingency of 8%, with additional services available at special rates.

Ms. Wakem added it is industry standard to get assistance in receiving insurance payments.

FINAL ACTION TAKEN:

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

ITEM NO. 18 Review and recommend for approval by the Governing Board the award of Bid No. 2020-17, Labor and Delivery Remodel Project, to Builders United, LLC, the lowest responsive and responsible bidder; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Builder United Bid 2020-17 Labor & Delivery Remodel
- Bid 21020-17Letter of Award

DISCUSSION:

Phase 2 of an existing project for labor and delivery. This will complete a refresh of the lobby, restrooms, painting and flooring.

FINAL ACTION TAKEN:

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

SECTION 3: EMERGING ISSUES

ITEM NO. 19 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)*

Member Hagerty suggested a discussion in the future regarding returning to normal, post-COVID and the budget impact for FY2022 and future assumptions.

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: None

SPEAKERS(S): None

There being no further business to come before the Committee at this time, at the hour of 3:56 pm., Chair Caspersen adjourned the meeting.

MINUTES APPROVED: February 17, 2021
Minutes Prepared by: Stephanie Ceccarelli