***University Medical Center of Southern Nevada***
***Governing Board Audit and Finance Committee Meeting***
*January 22, 2020*

---

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
Jeff Ellis (joined via phone @ 2:06)
Harry Hagerty
Mary Lynn Palenik
Dr. Donald Mackay
Christian Haase (joined @ 2:10)

Absent:

Others Present:
Mason VanHouweling, Chief Executive Officer
Tony Marinello, Chief Operating Officer
Jennifer Wakem, Chief Financial Officer
Lonnie Richardson, Chief Information Officer
Deb Fox, Chief Nursing Officer
Susan Pitz, General Counsel
Carissa Rey, Associate Administrator
Vick Gill, Associate Administrator
Rose Coker, Director, Managed Care
Jacqueline Saites, Director, Contracts Management
Lia Allen, Attorney
Andi Lou, Administrative Assistant

**SECTION 1. OPENING CEREMONIES**

**ITEM NO. 1 PUBLIC COMMENT**

Committee Chair Caspersen 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 Audit and Finance Committee meeting on December 11, 2019. *(For possible action)***

FINAL ACTION: A motion was made by Member Dr. MacKay that the minutes be approved as amended. Member Hagerty abstained from the vote. Motion carried by unanimous vote.

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

FINAL ACTION: A motion was made by Member Dr. MacKay that the agenda be approved as amended. Motion carried by unanimous vote.

**SECTION 2. BUSINESS ITEMS**

**ITEM NO. 4** **Receive the monthly financial report for November and December FY20; and direct staff accordingly. *(For possible action)***

DOCUMENTS SUBMITTED:
- November FY20 Financials
- December FY20 Financials

DISCUSSION: Jennifer Wakem, Chief Financial Officer presented the financials for November and December.

-November Financials
Net Patient Revenue below budget by $1.7 million or 3%, primarily driven by volume and admits were down.
In-patient surgery cases were up. Medicare payor mix was down.
Medicaid was down 2% and Medicare was up 2%.
Other Revenue over by $6K.
Operating expenses up by $1.3 million
Income from Ops over budget by $200,000

-YTD
Net Patient Revenue down $2.4 million, less than 1%
Other Revenue is up 4.2%
Total Net Revenue is up $1.8 million from budget
Operating expenses is favorable to budget by $1.8 million
YTD we are running above budget from bottom line of $3.6 million

-December Financials
Admissions below budget 4%
Hospital CMI above budget by 1.6%

Medicare CMI below budget 9%
Inpatient surgeries above budget by 7%
Outpatient surgeries below budget by 7%
Conversion rate is 20.3%
QC above budget 7%
PC above budget 7%

Mr. Marinello, COO mentioned Primary Care hours are expanding to Saturdays. Centennial Hills is the first to start this trend.

A continuation of the discussion from last month's meeting regarding the average tenure for a QC physician is 10 years.

-Trending stats- 12-month average
Admissions – September has the lowest admissions with 1780 and with an upward climb for October, November, and December. Expect a high number in January.
Case mix index – in October dropped down to 1.67% and November and December back up 1.96%
Inpatient surgeries – Sept dropped to 725 surgeries, increased to 783 for December.
Conversion rate from ED down 2.25%
QC- Dec 17597, 1500 visits more

Discussion ensued regarding our patient population versus volume and growth

-Payer Mix by Admits
Medicaid is down by 2%
Medicare is up 3.5%

-Summary Income Statement
Net patient revenue – admits are down by 88
Inpatient surgeries up by 49 cases
CMI up 1.7%
Medicare Case Mix Index is 1.296%
Outpatient surgeries is down
Other Hospital Volume up 10.5%
QC/PC up

Overall Net Revenue down $728,000
Other revenue right on budget
Total Net Revenue fell short $761,000
Operating expenses were slightly unfavorable over $430,00
Income from Ops less Depr. and Amort. is $376,000, missed our budget by $1.2 million
YTD over budget by $2.4 million

Discussion ensued regarding the 340B Revenue and Ms. Wakem has not trued up the revenue and is still waiting for vendor to send us checks. She will continue to monitor it closely.

-Key Financial Indicators
Days Cash on Hand currently at 5 months
Team hit cash goal this month
Net days in AR – 89 days to collect, it is too high and needs to come down, ideally we would like to see at 60 days.
Candidate for Billing day is at 7.4 days

Member MacKay asked is there an issue with commercial payors?
Ms. Wakem responded with we do have some issues with our commercial payors, but working with Rose through our JOCs and also still working through Epic clean up issues on accounts with long term payments plans.

Salary and Benefits favorable by 149K
Contract labor over budget due to nursing and coding vacancies

Supplies budget is up due to types of patient surgeries
Purchase Services is favorable

Capital Plan – out of $31 million, almost $600,000 spent and committed to spending $21million.

Provider UPL 1.6 million, did receive it in Jan. and at this time no federal supplemental payments outstanding.
Overall cash decreased by $5 million but YTD up by $6 million.

Member Hagerty asked what can you do to use vendors as a borrowing source? Is this something that is focused on?
Ms. Saites stated vendors will put a hold on our account if we don't make those timely payments, if contractually we are not meeting the obligation. Most contracts state net 30 days, but rarely is it followed by letter. We can try to push it out but most vendors don't like that we don't pay late fees. There are some vendors that allow past 30 days, but then we are overnighting stuff and patients can get caught in the middle.

-Balance Sheet
Cash decreasing by a million
Net working Capital $78.8

A discussion on internally designated cash followed due to the difference from 2018 to 2019. Per Ms. Wakem stated they moved items internally between unrestricted and internally designated.

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

<u>DOCUMENTS SUBMITTED</u>:
- None submitted

<u>DISCUSSION</u>: Ms. Wakem will update on Mason's goals at next month's meeting. DSH cuts were scheduled for October but delayed until May.

Medicaid rate increase per diem changes are effective 1-1-2020. The state is waiting for approval from CMS.

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

**ITEM NO. 6 Review and recommend for approval by the Governing Board the First Amendment to the Hospital Participation Agreement with Laughlin Healthcare Coalition; and take action as deemed appropriate. *(For possible action)***

<u>DOCUMENTS SUBMITTED</u>:
- First Amendment to Hospital Participation Agreement

<u>DISCUSSION</u>: Chair Caspersen noted on the Agenda item had a date error that needed to be corrected from Dec 2019 and should say Dec 2018. Rose Coker, Director of Managed Care, explained this contract is for the members of the hotels in Laughlin to extend the Agreement term for 2 years.

<u>FINAL ACTION TAKEN:</u> 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. 7 Review and recommend for approval by the Governing Board the Acknowledgement Form for reference laboratory testing services with Laboratory Corporation of America Holdings and its subsidiaries (LabCorp); authorize the Chief Executive Officer to execute future amendments within his delegation of authority; and take action as deemed appropriate. *(For possible action)***

<u>DOCUMENTS SUBMITTED</u>:
- Reference Laboratory Testing Services Acknowledgement Form

<u>DISCUSSION</u>: Jacqueline Saites, Director of Contracts, explained this is designated as a new contract but historically we have been with LabCorp for a while. Pricing for these lab services is similar but now we are on HPG contract which will entitle UMC to rebates.

<u>FINAL ACTION TAKEN:</u> A motion was made by Member Palenik to approve and make a recommendation to the Governing Board to approve the acknowledgment form. Motion carried by unanimous vote.

**ITEM NO. 8 Review and recommend for approval by the Governing Board the Client Agreement with FocusOne Solutions, LLC for temporary labor staffing services; authorize the Chief Executive Officer to exercise the extension option; and take action as deemed appropriate. *(For possible action)***

<u>DOCUMENTS SUBMITTED</u>:
- FocusOne Solutions, LLC Client Agreement

DISCUSSION: Debra Fox, Chief Nursing Officer, explained FocusOne is a national 3rd party vendor used to coordinate the attainment and negotiations for travel nurse and other clinical and non-clinical personnel. We have had a long standing contract and are now asking for a one-year new contract with a one-year option to renew as we continue to look for other ways to replace this contract for agency and travel resources. Currently, UMC has an increase in vacancies and are utilizing FocusOne for hard to fill positions and to fill in for staff out on long term FMLA. A director monitors this contract as part of her job duties along with the coordinator effort of a department level cost center manager. This contract follows normal HR processes to recruit.

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

**ITEM NO. 9 Review and recommend for approval by the Governing Board the Pricing Agreement with Northfield Medical, Inc. to provide repair of surgical instruments; and take action as deemed appropriate. *(For possible action)***

DOCUMENTS SUBMITTED:
- Pricing Agreement
- Disclosure of Ownership
- HPG Letter Dated January 2, 2020

DISCUSSION: Jacqueline Saites, Director of Contracts details this is a five-year agreement for repair and sterilization services for UMC beds and equipment. It is also a GPO contract.

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. 10 Review and recommend for approval by the Governing Board the Provider Agreement between Alireza Farabi, M.D., PC and University Medical Center of Southern Nevada for primary care and infectious disease medical services to Ryan White participants; authorize the Chief Executive Officer to exercise any extension options; and take action as deemed appropriate. *(For possible action)***

DOCUMENTS SUBMITTED:
- Provider Agreement
- Disclosure of Ownership

DISCUSSION: Jacqueline Saites, Director of Contracts explains Dr. Farabi handles our infectious disease physician services for the Ryan White

Program. There is no change in the pricing and half of the funding comes from the Ryan White Program.

A conversation ensued regarding UMC's involvement with the current outbreak of the Coronavirus. UMC is working closely with the Southern Nevada Health District and we are following all CDC requirements, if UMC is called upon to receive any patients.
Chair Caspersen has requested for Mason Vanhouweling, CEO to address this concern at the next Governing Board meeting.

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

**ITEM NO. 11 Review and recommend for approval by the Governing Board the End User License Agreement and related documents with Imprivata, Inc.; authorize the Chief Executive Officer to exercise any extension options; and take action as deemed appropriate. *(For possible action)***

DOCUMENTS SUBMITTED:
- End User License Agreement
- Certificate of Liability Insurance
- Statement of Work (SOW)
- Proposal
- Disclosure of Ownership

DISCUSSION: Lonnie Richardson, Chief Information Officer clarifies, this is a new agreement for identity governance software. It is a three-year agreement and two, one-year renewals. As an exit strategy perspective we will own the licenses and all the data it generates. Maria Sexton, Director of Information Technology and Security Officer, clarified further, this solution will continue to automate the granting modifying and removal or termination access to our systems, it will help improve and speed up the on boarding of staff and eliminates risks by being able to terminate faster upon departure. This will not change the current badging system.

A typo was addressed on the funding portion of the Agenda Item and it will be corrected.

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. 12 Review and recommend for approval by the Governing Board the documents for the purchase of a Zenition 70 Mobile C-Arm with Philips Healthcare; and take action as deemed appropriate. (For possible action)**

DOCUMENTS SUBMITTED:

- Purchase Order
- Certificate of Insurance
- Disclosure of Ownership
- HPG Letter dated December 30, 2019

DISCUSSION: Mr. Marinello explains this is the cardiac replacement C-Arm. It will enable UMC to expand services into the OR. It is a mini Cath Lab but in a surgery arena. This is a mobile unit with high resolution and better imaging quality.

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

**ITEM NO. 13 Review and recommend for approval by the Governing Board the Philips RightFit Primary Service Agreement with Philips Healthcare; and take action as deemed appropriate. (For possible action)**

DOCUMENTS SUBMITTED:
- Service Agreement
- Disclosure of Ownership

DISCUSSION: Ms. Saites describes this is a maintenance agreement for our equipment. Not just repairs but also for preventative maintenance.

FINAL ACTION TAKEN: A motion was made by Member Dr. 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 Board of Hospital Trustees for University Medical Center of Southern Nevada the agreements with Philips Healthcare, a division of Philips North America LLC for the Philips Monitors Enterprise; authorize the CEO to sign any future change orders within his delegated authority; and take action as deemed appropriate. *(For possible action)***

DOCUMENTS SUBMITTED:
- Amendment One
- MATC Software Quotation
- Disclosure of Ownership
- Scope of Work (SOW)
- Sales Quotes
- HPG Letter Dated November 22, 2019

DISCUSSION: Ms. Saites explains this is a GPO contract and capital purchase. Allows our monitors to follow the patient to each department. It will require some installation and includes software. Ms. Fox elaborates the Philips monitoring system is an upgrade enterprise wide and the purpose is to standardize equipment, interface with EPIC and will download patient information that we currently have to manually enter. It has bedside central stations and transport monitors. Majority of current equipment is at end of life.

FINAL ACTION TAKEN: A motion was made by Member Dr. Mackay to approve and make a recommendation to the Board of Hospital Trustees to approve the agreements. Motion carried by unanimous vote.

**ITEM NO. 15 Review and recommend for approval by the Board of Hospital Trustees for University Medical Center of Southern Nevada, the Primary Commitment Agreement for Acute Care and Surgery Centers with Medline Industries, Inc. for medical/surgical products distribution services; authorize the Chief Executive Officer to exercise any extension options; and take action as deemed appropriate. *(For possible action)***

DOCUMENTS SUBMITTED:
- Primary Commitment Agreement

DISCUSSION: Medline is our major distributor for the majority of the Hospital supplies. Reduces the amount of POs, makes sure we have stock in hand and is more efficient than going through multiple vendors.

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

**ITEM NO. 16 Review and recommend for approval by the Governing Board the agreements related to the Nuclear Medicine Room project with Siemens Medical Solutions USA, Inc.; and take action as deemed appropriate. *(For possible action)***

DOCUMENTS SUBMITTED:
- Proposal
- Purchase Agreement
- Quote
- Certificate of Insurance
- HPG Letter Dated December 30, 2019

DISCUSSION: Mr. Marinello discussed we are submitting to install two state-of-the art cameras in our Med rooms. Currently two out of the three cameras are down. The third camera is at end of life. Cost is from the construction to remodel, design layout, installation, equipment and warranty. We will need to remodel the rooms to make it more efficient for the cameras. The vendor will be following the building codes that are current and applicable.

FINAL ACTION TAKEN: A motion was made by Member Dr. 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 Freight Management Agreement and Amendment No. 1 between Cardinal Health 200, LLC and University Medical Center of Southern Nevada; authorize the Chief Executive Officer to exercise any extension options; and take action as deemed appropriate. *(For possible action)***

DOCUMENTS SUBMITTED:
- OptiFreight Agreement
- Amendment No. 1
- Disclosure of Ownership
- HPG Letter dated October 10th, 2019

DISCUSSION: Ms. Saites explains this is a new service contract and a GPO contract for shipping inbound and outbound for supplies.

FINAL ACTION TAKEN: A motion was made by Member Palenik to approve and make a recommendation to the Governing Board to approve the agreement and Amendment No. 1. Motion carried by unanimous vote.

**ITEM NO. 18 Review and recommend for approval by the Governing Board the Wireless Devices & Services Agreement between T-Mobile USA Inc., and University Medical Center of Southern Nevada; authorize the Chief Executive Officer to exercise any extension options; and take action as deemed appropriate. *(For possible action)***

DOCUMENTS SUBMITTED:
- Disclosure of Ownership
- Service Quote

DISCUSSION: Mr. Richardson states the life expectancy of our devices is at two years. Ms. Sexton elaborates this is renewal of our services and wireless devices. We are taking advantage of the state rates and we get great rates for this contract.

A conversation ensued regarding telemedicine and mobile broadband usage.

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.

## 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)***

Update on CEOs goals for next month.
Cast Clinic is being demolished for our façade update.

At this time, Chair Caspersen asked if there were any persons present in the audience wishing 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 3:58 pm., Chair Caspersen adjourned the meeting.

MINUTES APPROVED: February 19, 2020
Minutes Prepared by: Andi Lou