

**University Medical Center of Southern Nevada  
Governing Board Audit and Finance Committee Meeting  
January 24, 2024**

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UMC ProVidence Suite  
Trauma Building, 5<sup>th</sup> 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 (WebEx)  
Harry Hagerty  
Mary Lynn Palenik (via WebEx)  
Christian Haase (via WebEx)

**Absent:**

None

**Others Present:**

Mason Van Houweling, Chief Executive Officer  
Tony Marinello, Chief Operating Officer  
Jennifer Wakem, Chief Financial Officer  
Doug Metzger, Controller  
Rose Coker, Director of Managed Care  
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 6, 2023. (For possible action)**

FINAL ACTION:

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

**SECTION 2. BUSINESS ITEMS**

**ITEM NO. 4 Receive the monthly financial reports for November FY24 and December FY24; and direct staff accordingly. (For possible action)**

DOCUMENTS SUBMITTED:

- November FY24 and December FY24 Financials

DISCUSSION:

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

An abbreviated review of the November FY24 financials were presented. Admissions were below budget 8%, AADC was 556, which was 14% below budget. Average length of stay was 5.75; hospital CMI was 1.80 and Medicare CMI was 2.04.

Inpatient surgeries were 5% below budget and outpatient surgery cases were above budget 32%, driven by general surgery and ortho.

There were 13 transplants for the month and ER visits were up 11% and the ER to admit conversion rate was approximately 22%.

Quick cares and primary cares were down. There were 633 telehealth visits. Outpatient Ortho Clinics volume was 1,529 and there were 125 deliveries.

The income statement for November showed net patient revenue below budget \$4.7 million, other revenue down \$700k, and total revenue was down \$5.4 million. Operating expenses were below budget \$3 million. Total income from ops was \$3.7 million on a budget of \$5.6 million; below budget \$1.9 million.

The team is analyzing the costs of anesthesia to determine if there are opportunities in charge capture and coding. A lengthy discussion continued regarding the miss in anesthesia billing, collections and reimbursements.

There may need to be revisions to the contract and the compensation package.

Ms. Wakem commented that although we are below budget for the month, year to date we are on budget. There was continued discussion regarding capital reserve line item.

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

There were 1,959 admissions, which was 8% below budget; AADC was 584. Length of stay increased to 6.55. Hospital acuity was 1.92 and Medicare CMI was 2.06% above budget.

Inpatient surgeries were 5.6% below budget and outpatient surgeries were 29% above budget. There were 15 transplants in the month. ER visits were down 9.5%. ER to admit conversion was 22%.

Quick cares were on budget and primary cares were below budget; Centennial, Alliant and Nellis were the stand outs.

Telehealth had 785 visits for the month, Ortho Clinic visits were 36% below budget and there were 150 deliveries.

Member Mackay asked if there are fewer than anticipated respiratory admissions. Mr. Marinello responded that cases have been lower than normal. Ms. Fox added that we are seeing flu, rhinovirus and RSV.

In trended stats, admissions were down slightly for the month as compared to the 12-month average. ALOS is up to 6.55 due to challenges with radiology. Inpatient surgeries were 794. Outpatient was up against budget and above the 12-month average, 76 more cases. Quick cares were at a record high at over 21,820. Telehealth was 785, also record high.

Inpatient payor mix trended Medicaid increased 1%, Medicare dropped 3% and self-pay was up 1.6%. ED payor mix was consistent with the 12-month average.

Inpatient surgical payor mix showed commercial went up 1%, Medicaid went down 1.6% and self-pay went up 1.8%. Outpatient surgical payor mix was up 2.79% in commercial, government went down 1.38% and Medicare dropped 1%.

Summary income statement was in the red. Net patient revenue was below budget \$2.6 million. Other revenue was below budget. Total operating revenue was \$3.1 million below budget. Operating expenses were above budget \$2.2 million. Income from ops before depreciation and amortization showed earnings of \$675K on a budget of \$5.5 million, which was approximately \$4.8 million below budget.

Ms. Wakem reminded the Committee that the radiology employment model began December 1<sup>st</sup>. This resulted in a negative \$3 million impact to the month. There was continued discussion regarding the cost of the contracted

labor. The team has been proactive in recruiting radiologist. The discussion continued regarding this subject matter.

YTD income from ops showed net patient revenue was \$23.1 million below budget. Other revenue was \$1.3 million above budget. Earnings were \$24.2 million on a budget of \$29 million. Income statement trended was provided as informational.

Salaries, wages and benefits were reviewed next. Salaries were on budget. Overtime was over budget 3%. Contract labor was above budget \$1.4 million. The trended stats for SWB highlighted the trends in contract labor and overtime. Overtime as a percent of productive was running 3.21%.

All other expenses were over budget \$2.2 million; \$1.4 million is related to supplies, lab reagents, drugs and kidney transplant overage. Purchased services was above budget \$578K.

Key financial indicators were reviewed in profitability, labor, liquidity and cash collections. Labor and profitability were in the red. Day's cash on hand was in the green at 70.5 days. Cash collections were strong for the month. Cash collections point of service goal hit their goal.

Cash flow for December – \$184 million was received from patients and payors. Approximately \$142.7 was received in outstanding supplemental payments during the month. Due to the receipt of some of the outstanding supplemental payments, the aging schedule was not presented, as it is not needed any longer. A discussion continued regarding the remaining payments expected.

The balance sheet showed a cash increase for the month.

Lastly, Ms. Wakem explained the new Estimated Provider Assessment Model program for the private hospitals. This program is similar to the state directed Medicaid program. This program went into effect January 1, 2024.

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:

Ms. Wakem provided the following updates:

- The FY25 budget process is about to begin.

- The union contract negotiations begins in February.

FINAL ACTION TAKEN:

None taken

**ITEM NO. 6 Receive an update on the status of the FY24 CEO Performance goals; and direct staff accordingly. (For possible action)**

DOCUMENTS SUBMITTED:

- CEO Performance Objectives – FY24

DISCUSSION:

Ms. Wakem provided a 2<sup>nd</sup> quarter update on the FY24 performance objectives.

1. **Exceed fiscal year budgeted income from operations plus depreciation and amortization**
  - This goal is not being met at this time. As of December, we are \$4.8 million below budget.
2. **4.5 day target for discharged to home ALOS**
  - This goal is being met. Currently we are running at 4.45 days.
3. **Phase I & Phase II façade project on time on budget**
  - This goal is currently on time and on budget.

FINAL ACTION TAKEN:

None

**ITEM NO. 7 Review and recommend for ratification by the Governing Board the Amendment #2 to Preferred Provider Agreements with Culinary Health Fund Administrative Services, LLC for Managed Care Services; or take action as deemed appropriate. (For possible action)**

DOCUMENTS SUBMITTED:

- Preferred Provider Agreements - Amendment 2
- Disclosure of Ownership

DISCUSSION:

The agreement term ended on December 31, 2023. This is a request for ratification of the second amendment, to extend the term from January 1, 2024 through December 31, 2026. All terms and conditions shall remain in full force and effect. This amendment will extend the agreement for 36 months for the profeses and include all professional services.

FINAL ACTION TAKEN:

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

- ITEM NO. 8 Review and recommend for approval by the Governing Board the Amendment No. 2 (Add Product, Delete Product, Price Change and Renewal Amendment) to Master Customer Agreement with Experian Health, Inc. for revenue cycle software solutions; authorize the Chief Executive Officer to execute future amendments within his yearly delegation of authority; or take action as deemed appropriate. (For possible action)**

DOCUMENTS SUBMITTED:

- Master Customer Agreement – Amendment 2

DISCUSSION:

The vendor provides UMC with eligibility verification and claims management software. This amendment will add a new module tool to assist with identifying registration errors, minimizing denials and claims and improve accuracy. This will extend the agreement for 3-years.

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. 9 Review and recommend for approval by the Governing Board the Client Agreement with FocusOne Solutions, LLC for Staffing Services; authorize the Chief Executive Officer to execute the extension option and future amendments; or take action as deemed appropriate. (For possible action)**

DOCUMENTS SUBMITTED:

- Staffing Client Agreement - Redacted
- Disclosure of Ownership

DISCUSSION:

This is a new agreement with Focus One will provide secondary staffing services when needed to our primary staffing agency. This is a 3-year agreement with a not to exceed and to be used as needed.

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. 10 Review and recommend for award by the Governing Board the Bid No. 2023-14, UMC Orthopedic Clinic Refresh Phase 2, to SAVI 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:

- SAVI Construction Agreement
- Disclosure of Ownership

DISCUSSION:

A bid was published on November 13<sup>th</sup> for refresh of the Ortho Clinic. There were two respondents and SAVI was named the awardee. The project will take 10 weeks.

There was discussion regarding the cost per square footage for the project.

A suggestion was made to the team to monitor the spend for the projects being performed in order to set a benchmark and determine an acceptable range on cost estimates.

Ms. Allen added that prevailing wage and premium costs are also being included in the cost for this project.

FINAL ACTION TAKEN:

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

**ITEM NO. 11 Review and receive a report on the emergency repair of a failed steam pipe; or take action as deemed appropriate. (For possible action)**

DOCUMENTS SUBMITTED:

- Services Agreement

DISCUSSION:

On December 19<sup>th</sup> a steam pipe failed, which resulted in water intrusion and damage to certain areas of the hospital. It was necessary to repair immediately to contain the water leak and prevent damage to patient care areas. This was not bid out formally, as this was done as an emergency under as set forth in NRS 332.

It was determined that this repair was not associated with the façade project.

FINAL ACTION TAKEN:

A motion was made by Member Mackay to accept receipt of the report and make a recommendation to the governing board to receive and accept the report. Motion carried by unanimous vote.

- ITEM NO. 12 Review and recommend for approval by the Governing Board the Amendment One to Facility Agreement with Airgas USA, LLC for supply of cylinder products and other related equipment; authorize the Chief Executive Officer to exercise any extension options; or take action as deemed appropriate. (For possible action)**

DOCUMENTS SUBMITTED:

- Facility Agreement – Amendment 1
- Disclosure of Ownership

DISCUSSION:

This amendment is to add an estimated fee schedule to the agreement and increase the funding to support the current usage.

There was discussion as to how the usage volume calculation was so much off target. Ms. Allen responded that there was a miscalculation in usage and underestimated the amount used under the agreement.

The unit price remains the same.

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. 13 Review and recommend for approval by the Governing Board the Second Amendment to RFP 2018-10 Service Agreement with R&R Partners, Inc. for Federal and State Advocacy Service; or take action as deemed appropriate. (For possible action)**

DOCUMENTS SUBMITTED:

- RFP2018-10 Service Agreement - Amendment 2

DISCUSSION:

This will extend the term through the end of 2024 and increase the funding to continue services through the extension period.

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. 14 Review and recommend for approval by the Governing Board the Amendment Two to Services Agreement with Certiphi Screening Inc. for Comprehensive Background Check Services; or take action as deemed appropriate. (For possible action)**



DOCUMENTS SUBMITTED:

- Services Agreement – Amendment 2

DISCUSSION:

This amendment will extend the agreement with the current provider and increase funding through the extension period.

The Committee asked if there is an opportunity to consolidate this type of service background checks and validation at a lower cost. The team will look into this.

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. 15 Review and recommend for approval by the Governing Board the Permanent Placement Agreement with Ocean Healthcare Solutions LLC; authorize the Chief Executive Officer to execute extensions and amendments; or take action as deemed appropriate. (For possible action)**

DOCUMENTS SUBMITTED:

- Ocean Perm Placement Agreement
- Disclosure of Ownership

DISCUSSION:

This agreement will allow the vendor to provide permanent placement for radiologists candidates. They will pay a flat fee if the candidate is hired. There will be a refund if the candidate leaves in 60-days. This is a 2-year agreement with usage as needed.

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 Board of Hospital Trustees for University Medical Center of Southern Nevada the Agreement for Histocompatibility Testing Services with Nevada Donor Network, Inc.; and take action as deemed appropriate. (For possible action)**

DOCUMENTS SUBMITTED:

- Lab Services Agreement
- Disclosure of Ownership

DISCUSSION:

This is a new agreement for histocompatibility testing for transplant patients. The term is one year with 4 auto renewals. The out clause is upon 60-days' notice. Cost of the agreement is based on estimated volumes.

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. 17 Review and recommend for approval by the Board of Hospital Trustees for University Medical Center of Southern Nevada the Agreement for Transplant Services with Nevada Donor Network, Inc.; and take action as deemed appropriate. (For possible action)**

DOCUMENTS SUBMITTED:

- Agreement for Transplant Services
- Disclosure of Ownership

DISCUSSION:

This is a new agreement for transplant services. The vendor will oversee the procedure for organ recovery. This is a 2-year agreement with a term with a 30-day notice and not to exceed amount.

FINAL ACTION TAKEN:

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

**SECTION 3: EMERGING ISSUES**

**ITEM NO. 18 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)**

None

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 21, 2024  
Minutes Prepared by: Stephanie Ceccarelli