University Medical Center of Southern Nevada
Governing Board Audit and Finance Committee Meeting
July 19, 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)
Christian Haase (via WebEx)

Absent:
Mary Lynn Palenik (via WebEx)

Others Present:
Tony Marinello, Chief Operating Officer
Jennifer Wakem, Chief Financial Officer
Doug Metzger, Controller
Rose Coker, Managed Care Director
Bud Schawl, Executive Director – Post Acute Care
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 June 21, 2023. ***(For possible action)***

FINAL ACTION:

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

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

FINAL ACTION:

A motion was made by Member Haase 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 June FY23; and direct staff accordingly. *(For possible action)*

DOCUMENTS SUBMITTED:
- June FY23 Financials

DISCUSSION:

Jennifer Wakem, Chief Financial Officer presented the financials for June 2023.

Ms. Wakem first introduced Bud Schawl, Executive Director of Post-Acute Care to the Committee.

Volumes were down slightly. Admissions were below budget 3%, AADC was at 620 and length of stay was 6.56 days.
Hospital CMI was 1.84 and Medicare CMI was 9% above budget.
Inpatient surgeries were below budget almost 10% due to decline in general surgeries and ENT.
Outpatient surgeries were down 9%.
There were 13 transplants for the month.
ER visits were below budget 7%; pediatric volumes showed the most significant drop. Approximately 21.5% of patients are being admitted.

Quick cares were down about 20%. The team explained that volumes decrease during the summer months.
Primary cares were up 15.5%; Centennial, Summerlin and Sunset were the stand outs. There were 382 telehealth visits, almost 1,600 Orthopedic Clinic visits and 136 deliveries.

The trended stats were compared to 2019. Admissions were consistent with 2019. Average length of stay was up slightly, but still down from prior months. Mr. Marinello commented on delays with patient discharge and the team has been working on an action plan to manage this issue, along with length of stay.

Quick care volumes dropped significantly in June. Orthopedic volumes continue to increase.

Inpatient payor mix was consistent with the 12-month average. ED payor mix Medicaid dropped 3%, Medicare went up 1.5% and self-pay went up 1.4%. In payor mix by inpatient surgeries, Medicaid increased by 5% and Medicare dropped 3.5%. Outpatient surgery payor varied due to lower volume of patients.

The income statement for June showed net patient revenue was $9 million above budget. Other revenue was over by $500K, primarily due to 340B. Overall net revenue was $9.5 million over budget and other operating expenses above budget $8.3 million. Income from ops adding back depreciation and amortization was $5.4 million on a budget of $3.5 million, which is approximately $2 million better than budget.

The income statement year to date showed net patient revenue $58 million over budget and other net revenue was $8.5 million above budget. Total operating expense was $66.5 million over budget. Operating expenses were $65.5 million above budget. Total income from ops adding back depreciation and amortization was $42 million on a budget of $40 million. Period 13 is still being calculated.

Chair Caspersen asked about the new directed payment program. Ms. Wakem reminded the Committee how the restructuring the directed payment program impacted the year. A discussion ensued regarding the substantive impact of the new directed payment program and restructuring due to physician employment. The income statement trended was reviewed briefly.

SWB for June showed UMC $7 million over budget; approximately $4million of the overage was due to unbudgeted Anesthesia and Ortho services. Overtime was on budget and consistent with the twelve month average. Contract labor $2.4 million over budget. Nursing has pulled down contract labor significantly. Overtime as a percent of productive was at 3.57%.

Other expenses showed professional fees favorable for the month. Supplies were negative by $2.6 million. Purchased services were favorable by $1.3 million. Emergency repairs, maintenance and disaster recovery plans were also discussed, as well as expenses related to the Joint Commission. The Committee suggested reviewing the disaster recovery policy and plans at a future meeting.

Key financial indicators were reviewed in profitability, labor, liquidity and cash collections. Labor is in the red due to ortho and anesthesia. Days cash on hand dropped to 55.2 days. We have reached out to the state regarding the outstanding supplemental payments. There are about $230 million in outstanding federal supplemental payments. Cash collections were strong for the month. Candidate for bill was 1.1 days. The POS goal was down slightly.

The cash flow statement showed approximately $8 million was received in supplemental payments. The balance sheet was reviewed briefly.

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 an update on the reimbursements to hospitals in the 340B program. UMC will receive approximately $800K due to underpayment issue. On June 15th, the Supreme Court ruled that the DHHS overstepped their bounds and reduced payments to hospitals.

An update on the status of the organizational goals for FY23 and proposed goals for FY24 was provided as informational. The Committee provided feedback on the information that was presented. The goals will be presented in August.

Member Hagerty commented that the average length of stay was less than 1% and the green up arrow on the slide presented does not reflect significant improvement.

Member Ellis, commented that he feels that length of stay is a missed goal.

Chair Caspersen stated that the FY23 goals will be on the next agenda for committee review and take action.

Next the team discussed the proposed FY24 goals with the Committee. These goals will also be reviewed and discussed in detail at the next meeting. There was no action taken at this time. A lengthy discussion ensued regarding SWB and length of stay initiatives.

Member Hagerty stated that the 2% decrease in length of stay is not an aggressive target.

Member Ellis agreed and asked if there are other ways to control discharges that impact length of stay.

Member Hagerty commented that we are in the middle of a 3-year budget and it would be helpful to have a goal of on-time and on-budget for the façade project.

FINAL ACTION TAKEN:
None taken

ITEM NO. 6 Review and recommend for ratification by the Governing Board the Second Amendment to the Hospital Service Agreement with Cigna

Health and Life Insurance Company for Managed Care Services; or take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Hospital Services Agreement – 2nd Amendment
- Disclosure of Ownership

DISCUSSION:

Rose Coker reviewed the 2nd amendment for Cigna Healthcare. This is a request for ratification. This amendment will extend the term of the agreement for an additional 2-years with an auto-inflator in both service years for all service lines. The effective date requested for the agreement is July 1, 2023.

FINAL ACTION TAKEN:

A motion was made by Member Mackay to ratify 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 Hometown Health for Managed Care Services; or take action as deemed appropriate. *(For possible action)***

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

DISCUSSION:

Ms. Coker explained that this is a request to enter into an agreement with Hometown Health to cover services provided at High Desert Prison and Southern Desert Correctional Center for inmates through the NV Department of Corrections. This letter of agreement will engage UMC Orthopedic and Spine Institute to provide these services. UMC will be reimbursed per inmate visit.

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 Equipment Repair Service Agreement with FUJIFILM Healthcare Americas Corporation for Endoscopy Scopes; or take action as deemed appropriate. *(For possible action)***

DOCUMENTS SUBMITTED:
- All-Inclusive Equipment Repair Service Agreement

- Disclosure of Ownership

DISCUSSION:

This new agreement with FujiFilm will allow for the repair and restoration of scopes, provide loaner units and provide all parts and labor. This is a 3-year agreement and includes a termination clause of 60-days written 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. 9 **Review and recommend for approval by the Governing Board the Agreement with the Leona M. & Harry B. Helmsley Charitable Trust for Grant Number 2311-06400; or take action as deemed appropriate.** ***(For possible action)***

DOCUMENTS SUBMITTED:
- Helmsley Charitable Trust Grant #2311-06400

DISCUSSION:

A grant proposal was submitted and accepted. The grant will provide funding for 3-years to help UMC develop an ECMO program for adults and peds. The grant will support the staffing and infrastructure to ensure the success of the program.

Member Hagerty asked for clarification from Section 10 of the agreement, which describes UMC is as 501(c)(3). He recalls that UMC is a 501(c)(1). Legal clarified that UMC is a 501(c)(1) and they will reach out to amend the grant.

FINAL ACTION TAKEN:

A motion was made by Member Mackay to approve and make a recommendation to the Governing Board to approve the grant with the condition that there is a correction within the grant document reflecting that UMC is a 501(c)(1). Motion carried by unanimous vote.

ITEM NO. 10 **Review and recommend for approval by the Governing Board the Equipment Agreement with AtriCure, LLC for equipment and disposables; authorize the Chief Executive Officer to execute any extension options; or take action as deemed appropriate.** ***(For possible action)***

DOCUMENTS SUBMITTED:
- Equipment Agreement

DISCUSSION:

This vendor will provide the hospital with medical devices, equipment and disposable necessary for the safe and effective use of hybrid AF Therapy-Advanced Atrial Fibrillation Ablation Treatment. This is a 2-year agreement and either party may terminate without cause with a 30-day written 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. 11 Review and recommend for approval by the Governing Board the Master Agreement for Energy Management Services with Kinect Energy, Inc.; or take action as deemed appropriate. ***(For possible action)***

DOCUMENTS SUBMITTED:
- Master Service Agreement
- Disclosure of Ownership

DISCUSSION:

This agreement will allow Kinect to continue to supply UMC with natural gas and assist in obtaining the lowest possible rates in the natural gas market. The term of the agreement is 1-year. Either party may terminate with a 90-day notice without cause.

FINAL ACTION TAKEN:

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

ITEM NO. 12 Review and recommend for approval by the Governing Board the Amendment 1 to RFP 2022-01 Service Agreement with HRMG Financial Services for early out self-pay pre-collection services; 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:
- Service Agreement - Amendment 1

DISCUSSION:

This is an agreement for early out self-pay collection service to provide billing and collection activities related to pre-collection services for self-pay balances and self-pay balances after insurance or for those without insurance. This is an amendment to increase funding for correspondence letters. Services will include managing, printing and mailing statements, as well as any returned mail.

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. 13 **Review and recommend for approval by the Board of Hospital Trustees for University Medical Center of Southern Nevada, the Conditional Offer to Purchase Real Property between Clark County Real Property Management and 820 Rancho Lane, LLC; authorize the Chief Executive Officer to execute necessary documents to effectuate the transaction for the purchase of real property; or take action as deemed appropriate.** ***(For possible action)***

DOCUMENTS SUBMITTED:
- 820 Rancho Conditional Offer to Purchase

DISCUSSION:

The County submitted a conditional offer on behalf of UMC for the property located at 820 Rancho Lane. The conditional offer was accepted and we are currently in the final stages of finalizing the sale. This request is for approval to authorize the transaction and to execute necessary documents for the purchase of the property.

Chair Caspersen asked what would be the intended use of the property. Mr. Marinello responded that this will allow UMC to own property, reduce operational expenses and allow for bed expansion.

Member Hagerty asked how these acquisitions are being financed. Ms. Wakem responded that UMC is funding.

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 conditional offer to purchase. 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 Conditional Offer to Purchase Real Property between Clark County Real Property Management and Bella Exploration Inc.; authorize the Chief Executive Officer to execute necessary documents to effectuate the transaction for the purchase of real property; or take action as deemed appropriate.** ***(For possible action)***

DOCUMENTS SUBMITTED:
- Scope of Work Agreement

- Disclosure of Ownership

DISCUSSION:

The County submitted a conditional offer on behalf of UMC for the property with Bella Exploration, Inc. This is for the purchase of a vacant undeveloped property at the southeast corner of Charleston and Rancho. This request is for approval to authorize the transaction and to execute necessary documents for the purchase of the property.

The initial intended use of the property is for parking.

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 conditional offer to purchase. 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 Amendment No. 4 to Services Agreement with Comprehensive Care Services, Inc. for perfusion services; authorize the Chief Executive Officer to execute extension options or amendments; or take action as deemed appropriate. *(For possible action)***

DOCUMENTS SUBMITTED:
- Scope of Work Agreement
- Disclosure of Ownership

DISCUSSION:

This amendment for perfusion services will increase funding and update the fee schedule for TAVR and ECMO to utilize perfusionist services.

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.

ITEM NO. 16 **Review and recommend for approval by the Board of Hospital Trustees for University Medical Center of Southern Nevada, the Fourth Amendment of Lease and Extension of Term with Mark Street Property, LLC and Richard and Joylin Vandenberg 1990 Living Trust for rentable space for the UMC Sunset Quick Care and Primary Care at 525 Marks Street; or take action as deemed appropriate. *(For possible action)***

DOCUMENTS SUBMITTED:
- Scope of Work Agreement
- Disclosure of Ownership

DISCUSSION:

This amendment will extend the term of the lease through August 2028, with the option to purchase after 3-years. The insurance provision was also added.

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 amendment. Motion carried by unanimous vote.

SECTION 3: EMERGING ISSUES

ITEM NO. 17 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: None
SPEAKERS(S): None

There being no further business to come before the Committee at this time, at the hour of 3:22 pm., Chair Caspersen adjourned the meeting.

MINUTES APPROVED: August 23, 2023
Minutes Prepared by: Stephanie Ceccarelli