University Medical Center of Southern Nevada
Governing Board Audit and Finance Committee Meeting
July 21, 2026

Emerald Conference Room
Delta Point Building, 1st Floor
901 Rancho Lane
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 2:00 p.m. by Chair Harry Hagerty and the following members were present, which constituted a quorum.

CALL TO ORDER

Board Members:

Present:
Harry Hagerty, Chair (via Teams)
Bill Noonan
Christian Haase (via Teams)
Mary Lynn Palenik (via Teams)

Absent:
None

Others Present:
Tony Marinello, Chief Operating Officer
Jennifer Wakem, Chief Financial Officer
Deb Fox, Chief Nursing Officer
Kendrick Russell, Chief Human Resources Officer
Doug Metzger, Controller
Susan Pitz – General Counsel
Lia Allen, Assistant General Counsel – Contracts
Claire Castellas, Paralegal
Stephanie Ceccarelli, Board Secretary

SECTION 1. OPENING CEREMONIES

ITEM NO. 1 PUBLIC COMMENT

Committee Chair Hagerty 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 held on June 17, 2026. ***(For possible action)***

A motion was made by Member Noonan to approve the minutes as presented. Motion carried by a majority vote.

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

A motion was made by Member Noonan to approve the agenda as presented. Motion carried by unanimous vote.

SECTION 2. BUSINESS ITEMS

ITEM NO. 4 Receive monthly and year-to-date financial report for June FY26; and direct staff accordingly. *(For possible action)*

DOCUMENTS SUBMITTED:
- June FY26 Financial Report

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

Chair Hagerty appreciated the change in format and noted that the budget was met for the year. He asked what positive actions occurred in Q4 of FY26 that could carry into FY27. He noted the positive performance statistics in labor and surgery volumes and asked how this sets up for a positive FY27. Ms. Wakem responded that surgery and acuity were strong, and that she would like this to continue. A brief discussion followed on comparing surgery volumes for June and July and on adjustments to surgery schedules.

Chair Hagerty asked whether staff is meeting to discuss surgical activities and opportunities for continued success. Ms. Fox responded that leadership meets regularly with surgeons to review new block schedules. The new scheduling format increases weekly capacity, allowing more surgery time per day. The team is piloting the new scheduling block concept for 90-days to determine utilization among the surgical groups. A discussion continued regarding staffing requirements in anticipation for the increased volumes.

Going forward, the Committee would like to focus on labor trends and performance because additional staff are needed to accommodate surgery goals.

In payor mix trended, Medicaid dropped 1.5%, and self-pay increased significantly. Self-pay will be monitored.

The June income statement showed net patient revenue $4.2 million below budget. EBITDA was $160K on a budget of $1.4 million. The key driver was due to record-low admissions, as well as a budgeted $1.5 million Medicare pass-through payment. The impact of the CSC was a loss of $300K.

The year-to-date income statement showed EBITDA at $12.4 million over budget.

Ms. Wakem stated that labor will be a challenge moving forward. Overtime was at 3.3%. UKG, the new payroll system will be used to monitor productivity and assist with staff scheduling. All other expenses were reviewed briefly.

Key financial indicators were reviewed across profitability, labor, liquidity, and cash collections. Net to gross was down 16.3%. SWB as a percent of net was over 69.6%. Liquidity looks good. Ms. Wakem noted opportunities to improve net days in AR and candidates for billing. Cash collection goals in the business office were in the green, but point-of-service collections fell short.

Organizational goals were reviewed. Currently, three of the four goals are being met. Ms. Wakem addressed the challenges associated with the goal to reduce denials and explained that net patient service revenue, excluding supplemental payments, has increased. She added that to improve net patient service revenue, denials must be reduced, and physician documentation and payor rates must improve. A lengthy discussion ensued regarding the revenue cycle challenges.

The cash flow statement showed that approximately $68 million was received during the month, including $13 million supplemental payments.

Lastly, Ms. Wakem reviewed a new slide highlighting the capital investment trends and the balance sheet. Supplemental payments are up to date.

The Committee would like to see the trend of the capital investments over a 10-year period. A brief conversation ensued regarding the variance in revenue and expenses during the month. Ms. Wakem added that the team is exploring initiatives to reduce denials.

FINAL ACTION TAKEN:
None

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:

FY26 Financial Statement Audit:

Period 13 is now open. BDO auditors have begun the financial statement audit.

Medicaid IME Supplemental Payment Program:

The State informed UMC that CMS has approved the full annual payment for the program. We are awaiting final approval of the program.

HR1 Updates:

CMS released a rule clarifying work requirements. The requirements are as follows:

1. 80-hours a month is required as of January 2027
2. More frequent eligibility requirements – every six months

3. Mandatory co-pay starting October 2028

Nevada filed a lawsuit against this interim rule. This will be monitored.

BDO Revenue Cycle Review:

The assessment has been completed. A report of key findings was presented to Administration. Action plans to correct findings are being implemented.

FINAL ACTION TAKEN:
None taken

ITEM NO. 6 **Review and recommend for approval by the Governing Board the Participating Provider Services Agreement with SelectHealth, Inc. for managed care services; or take action as deemed appropriate.** ***(For possible action)***

DOCUMENTS SUBMITTED:
- Participating Provider Services Agreement
- Disclosure of Ownership

DISCUSSION:
This request is for approval of a new agreement with SelectHealth for a 1-year term for commercial and Medicaid members. Termination is 90-days without cause.

FINAL ACTION TAKEN:

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

ITEM NO. 7 **Review and recommend for approval by the Governing Board, Amendment Six to the Master Professional Services Agreement with Medicus Healthcare Solutions, LLC for locum tenens and advanced practitioners staffing services; or take action as deemed appropriate. (For possible action)**

DOCUMENTS SUBMITTED:
- Master Professional Services Agreement - Amend 6
- Disclosure of Ownership

DISCUSSION:

This request is to extend the agreement for 1 year and add additional funds for coverage of overnight radiologists.

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

ITEM NO. 8 Review and recommend for approval by the Governing Board the Amendment 3 to RFP No. 2020-16 Service Agreement with Mainsail Parent, LLC d/b/a Aspirion for Workers' Compensation Services; or take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- RFP No.2020-16 Service Agreement. Workers Comp - Amend 3
- Disclosure of Ownership

DISCUSSION:
This amendment requests to extend the agreement for 1 year and increase funding. The vendor will use this opportunity to close out current accounts. The termination clause is 30 days without cause.

FINAL ACTION TAKEN:
A motion was made by Member Noonan to approve the amendment and to 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 Amendment Two to the Facility Agreement with Airgas USA LLC, for medical gas cylinders, bulk oxygen, and associated delivery services; authorize the Chief Executive Officer to execute any extension options and future amendments; or take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Facility Agreement – Redacted
- Sourcing Letter
- Disclosure of Ownership

DISCUSSION:

This request is to extend the agreement for 2 years. This agreement uses GPO pricing through HPG and there has been no increase in pricing.

FINAL ACTION TAKEN:
A motion was made by Member Noonan to approve the amendment and to 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 Letter of Agreement with SDMI, LLC for testing services; or take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Annual Exam Agreement
- Disclosure of Ownership

DISCUSSION:

Steinberg Diagnostic Medical Imaging will perform CT Coronary Calcium Scoring testing for UMC's occupational medicine clinic patients. The term is for one year, with a not-to-exceed amount. It includes the option to terminate with 60 days' notice.

FINAL ACTION TAKEN:
A motion was made by Member Noonan to approve the agreement and to 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 Board of Hospital Trustees for University Medical Center of Southern Nevada, the Third Amendment to Extend the Lease Amendment with Novat Hill, LLC and Lewkowicz/Elhiani Living Trust; or take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Peccole Lease – Amendment 3
- Disclosure of Ownership

DISCUSSION:
This amendment extends the lease for the Peccole Ranch Quick Care/Primary Care location for 5 years. UMC will also receive a 3-month rent abatement and a one-time tenant improvement allowance.

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

ITEM NO. 12 Review and recommend for approval by the Board of Hospital Trustees for University Medical Center of Southern Nevada, the Commitment Agreements for specialty and non-specialty pharmaceutical distribution services with Cardinal Health 108, LLC and Cardinal Health 110 & 112, LLC; authorize the Chief Executive Officer to execute the extension options and future amendments within the not-to-exceed amount of the Agreements; or take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Commitment Agreement 108 - (redacted)
- Commitment Agreement 110 & 112 (redacted)

DISCUSSION:

This is a 5-year agreement whereby UMC will commit to purchase 90% of pharmaceuticals from Cardinal Health. These agreements are subject to UMC and Cardinal's pricing agreement with HPG where UMC receives competitive contract pricing and maintains adequate allocation of pharmaceutical products for its patients.

Member Palenik asked if there are protections in place due to supply chain shortages and the vendor cannot meet UMC's requirements. Ms. Allen responded that those protections are available in the agreement.

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

ITEM NO. 13 Review, discuss, and score the FY26 Organizational Performance Goals as they relate to Audit and Finance the Committee; and make a recommendation to the Human Resources and Executive Compensation Committee; and take action as deemed appropriate. ***(For possible action)***

DOCUMENTS SUBMITTED:
- PowerPoint Presentation – FY26 Goals

DISCUSSION:

Ms. Wakem began the discussion with the final results of the FY26 goals. There were 5 goals in total, and the Audit and Finance receives the value of 25% of the overall goal. The goals are weighed as follows for all of the committees:

Audit and Finance receives	25%
Clinical Quality receives	30%
Human Resources receives	20%
Strategic Planning receives	25%

In total, there were a total of four goals:

1. Exceed fiscal year budgeted EBITDA
2. Discharged to home ALOS with a target equal to or less than 4.01
3. Labor utilization with a target equal to or less than Adjusted EPOB of 6.26 or SWB per APD of $2,614 (excluding providers)
   a. SWB per APD of $2,614
   b. Adjusted EPOB of 6.26
4. Develop and execute a revenue capture initiative to improve NPSR by $7.5M, focused on denial reduction and documentation accuracy

Three of the four goals were met. The last goal related to revenue capture in reducing denials was not met.

Chair Hagerty recommended 90% be awarded for achievement of the goals. They would also like to consider increasing the percentage to 30% as the percentage of the goal weight for Audit and Finance.

Member Palenik suggested 75%.
Member Noonan agrees with the 90%.

FINAL ACTION TAKEN:

A motion was made by Member Palenik to award 90% of the 25% (which is 22.5% overall) as related to the Audit and Finance Committee; and recommend for approval by the Human Resources and Executive Compensation Committee. Motion carried by unanimous vote.

A brief discussion ensued regarding making an adjustment to the percentage of award of the goals per committee.

ITEM NO. 14 Discuss the proposed FY27 Organizational Performance Goals related to the UMC Governing Board Audit and Finance Committee; and make a recommendation to the Human Resources and Executive Compensation Committee; and direct staff accordingly. (*For possible action)*

DOCUMENTS SUBMITTED:
- PowerPoint Presentation – Proposed Goals

DISCUSSION:

The Committee reviewed the following proposed goals for FY27:

1. Meet or exceed budgeted EBIDTA – Target of $23,173,462 = The weight of overall goal at 50%.
2. Exceed FY26 surgery cases by 9% or 11% = Weigh at 25% with a maximum of 50% of the overall goal.
3. SWB as a percentage of net at less than 66% or 64% = weigh at 25% with a maximum of 50% of the overall goal.

The maximum incentive potential would be 150%. There was a brief discussion regarding the overall goal percentage that could extend to the M-Plan.

Chair Hagerty provided a recap of the steps to reach or exceed 100% of the goal percentage allotted to the Audit and Finance Committee.

A lengthy discussion followed to clarify how each goal would be calculated and credited for this Committee and for the overall organization, and how it would be awarded to the M-Plan. Staff may review the language in the M-Plan regarding the overall award moving forward.

The Committee would like to increase the goal weight related to the Audit and Finance Committee to 30%.

Member Palenik would like to see the framework of all of the goals for each committee. Ms. Pitz reminded the Committee that this recommendation will go to the Human Resources Committee, and ultimately to the Governing Board in August. There was continued discussion about standardizing the goal process. Chair Hagerty did not feel this would be appropriate for the organizational incentive structure.

Chair Hagerty recapped the goals as written, which could ultimately award 150% of the percentage as it relates to the Audit and Finance Committee.

FINAL ACTION TAKEN:
A motion was made by Member Noonan to approve the FY27 goals outlined as they relate to the Audit and Finance Committee; and recommend for approval by the Human Resources and Executive Compensation Committee. Motion carried by a majority vote.

SECTION 3: EMERGING ISSUES

ITEM NO. 15 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)*

The Committee would like to change the percentage for the goal allocated for Audit and Finance to 30%.

FINAL ACTION TAKEN:
None

At this time, Chair Hagerty asked if there were any public comments to be heard on any items not listed on the posted agenda.

COMMENTS BY THE GENERAL PUBLIC:

SPEAKERS(S): None

FINAL ACTION TAKEN:
At the hour of 3:54 p.m., the meeting was adjourned.

MINUTES APPROVED: August 19, 2026
Minutes Prepared by: Stephanie Ceccarelli