University Medical Center of Southern Nevada
Governing Board Audit and Finance Committee Meeting
July 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 2:01 p.m. by Acting Chair Harry Hagerty and the following members were present, which constituted a quorum.

CALL TO ORDER

Board Members:

Present Via Phone:
Harry Hagerty
Jeff Ellis
Mary Lynn Palenik
Dr. Donald Mackay
Christian Haase
Barbara Frasier (ex-officio)

Absent:
Robyn Caspersen (Excused)

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
Stephanie Ceccarelli, Board Secretary

SECTION 1. OPENING CEREMONIES

ITEM NO. 1 PUBLIC COMMENT

Committee Acting Chair Hagerty 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 June 17, 2020. *(For possible action)*

FINAL ACTION: A motion was made by Member Dr. Mackay that the minutes be approved as written. 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. CONSENT ITEMS

ITEM NO. 4 Review and recommend for ratification by the Governing Board the Emergency Purchase Order with Florida Import Experts, Inc. for COVID-19 Isolation Gowns; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Florida Imports – Purchase Order Gowns
- Florida Imports – Sales Order

ITEM NO. 5 Review and recommend for ratification by the Governing Board the Emergency Purchase Order with Indiana Safety Company, Inc. for COVID-19 N95 masks; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Indiana Safety Company, Inc. - Purchase Order

FINAL ACTION: A motion was made by Member Dr. Mackay that the Consent Items 4-5 be recommended to the Governing Board for ratification. Motion carried by unanimous vote.

SECTION 3: BUSINESS ITEMS

ITEM NO. 6 Receive the preliminary monthly financial report for June FY20; and direct staff accordingly. *(For possible action)*

DOCUMENTS SUBMITTED:
- June FY20

DISCUSSION:

Jennifer Wakem, Chief Financial Officer, presented the June volume and cash flow statement. She reminded the Committee that we were in the last month of FY 20 and because of this, she would not present any financial statements for June until next month.

Key indicators for the month showed admissions 22% below budget. The average length of stay was 6% over budget. Hospital CMI up 3%. Inpatient surgeries were below budget approximately 10% and outpatient surgeries were down 8%. ER visits were down 13%, but trauma visits were up 184 visits. The ED to admit rate was at 22.6%. Although there has been a slight increase in volumes at the Quick Care locations, we were below budget almost 8% and 11% in Primary Cares.

In stats trended, there has been a steady increase in admissions with 1,511 admits for the month, which is only 242 below the 12-month average. She noted that the COVID inpatient admissions for the month of June was 105. Length of stay for June has decreased and acuity is at 1.91, above the 12-month average of 1.79.

Inpatient surgical cases were in line with the 12-month average and there were 508 primarily elective outpatient surgical cases. She continued to provide a comparison of the ED to admit conversion rate as compared to last year. It was noted that although patients are being admitted, they are in observation status as opposed to a full inpatient admission.

Quick cares along with primary cares are making up a lot of the volume that was lost in prior months and progressively increasing and moving in the right direction. Statistics are looking good overall.

Acting Chair Hagerty asked how we process patients that are coming into the hospital and subsequently diagnosed with COVID as a secondary issue. Mr. Marinello explained that all of our patients are being tested. If it is an emergent situation requiring surgery, they will have surgery. For elective surgical outpatients and they test positive, they will not have surgery, they are isolated and masked, as they would be considered asymptomatic.

Payor mix by admits trended showed a decline in commercial and increase in self pay.

Cash flow statement showed cash received from patients and payors. Ms. Wakem reminded the Committee that there was a moratorium placed on account collections due to the pandemic, which has now been lifted. Medicaid also has a black out period where they hold off on paying claims due to budgetary reasons. We are waiting to receive approximately $30 million in outstanding federal supplemental payments. We are also working on the replacement for the MCO Federal Supplemental Program which will also bring cash in the door. We are also awaiting funds from the County.

She provided a new slide referencing the COVID testing that we are doing. There were 39K tests performed in May and 56K in June.

Member Fraser asked what the turnaround time was for the tests that are being performed. Mr. Marinello stated that it is 4.5 days; our goal is 48-hours.

ITEM NO. 7 Receive an update report from the Chief Financial Officer; and direct staff accordingly. ***(For possible action)***

DOCUMENTS SUBMITTED:
- None submitted

DISCUSSION:

Ms. Wakem made the committee aware that the State held a Special Board Meeting on July 8, 2020 and in light of the pandemic, it is no surprise that the state is struggling from a budgetary standpoint. During the meeting, it was announced that potentially there will be a 6% cut in the Medicaid rates. She reminded the committee that the state increased our per diems effective January 1, 2020, which means the per diem reimbursement for any patients at med-surge level of care has increased by 2.5%, PICU increased by 15% and NICU increased by 25%. The State said that they will roll back the rates to January 1, 2020. It will result in a negative impact to UMC will be $6.5 million.

The Cares Act money that we have received as of June is $32.5 million. UMC did not receive the tranche of money allocated to safety net hospitals. This decision is being appealed.

Ms. Wakem next provided an update on the Voluntary Separation Program ("VSP"). There were 260 employee applications that were accepted and granted approval. A detailed update will be provided at the next meeting. We will go to the BCC on August 4th to request an exception to allow some clinicians to return on a per diem basis due to the unexpected increase in volumes.

Medicaid auditors were here to audit DSH for 2017. There are no recoupments to be paid.

Finally, we will be starting our financial statement audit and a planning meeting has been set to take place on August 4th.

FINAL ACTION TAKEN: None taken

ITEM NO. 8 Review and recommend for ratification by the Governing Board the Amendment No. 9 to Hospital Participation Agreement with Health Value Management, Inc. d/b/a ChoiceCare Network; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Amendment Nine

DISCUSSION:

Rose Coker, Director of Managed Care reviewed the amendment for Humana Choice. This amendment is effective July 1, 2020 to renew the PPO and commercial plan. We have been able to negotiate an increase to this plan and continue as a provider.

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

ITEM NO. 9 **Review and recommend for ratification by the Governing Board the Amendment Number Twelve to Hospital Services Agreement with Cigna Health and Life Insurance Company; and take action as deemed appropriate. *(For possible action)***

DOCUMENTS SUBMITTED:
- Amendment Twelve

DISCUSSION:

This is a PPO Commercial plan. This agreement is to put the rates into place and renew the agreement for another year during language renegotiation.

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

ITEM NO. 10 **Review and recommend for ratification by the Governing Board the Amendment Number Four to Participating Provider Agreement with SilverSummit Healthplan, Inc.; and take action as deemed appropriate. *(For possible action)***

DOCUMENTS SUBMITTED:
- Amendment Four

DISCUSSION:

Ms. Coker states this is a two-part contract and is to renew the fee schedule for SilverSummit Medicaid program and the Ambetter Exchange commercial plan.

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

ITEM NO. 11 **Review and recommend for ratification by the Governing Board the Professional Services Agreement for Group Physician On-Call Coverage with Hand Surgery Specialists of Nevada (Young), LLP for hand surgery services; authorize the Chief Executive Officer to exercise any extension options; and take action as deemed appropriate. *(For possible action)***

DOCUMENTS SUBMITTED:
- Professional Services Agreement

DISCUSSION:

Jacqueline Saites, Director of Contracts Management states that this is a ratification for a 3-year base and two 1-year renewal options for on-call hand surgery services 24/7.

Member Dr. Mackay asked if there are their plastic surgeons that can take hand-call. Mr. Marinello responded that we have other incorporated doctors, but this agreement is primarily for hand call.

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

ITEM NO. 12 **Review and recommend for approval by the Governing Board the Professional Services Agreement for Neurology and Stroke Neurology On-Call Coverage with Ammar PLLC d/b/a Stroke and Neurology Specialists; authorize the Chief Executive Officer to exercise any extension options; and take action as deemed appropriate. *(For possible action)***

DOCUMENTS SUBMITTED:
- Professional Services Agreement

DISCUSSION:

Ms. Saites states that this is a 3-year base with two 1- year renewal options. This is an on-call agreement for Stroke Neurology and Neurology. This agreement incorporates a medical directorship.

Acting Chair Hagerty asked if we are required to have a stroke director. Mr. Marinello confirmed that as a stroke center, we are required to have a stroke director.

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. 13 **Review and recommend for approval by the Governing Board the Amendment Three to Service Agreement with Neustaedter & Associates, Inc. d/b/a HCS Healthcare Consulting Solutions; authorize the Chief Executive Officer to exercise any extension options within his delegation of authority; and take action as deemed appropriate. *(For possible action)***

DOCUMENTS SUBMITTED:
- Amendment Three to Service Agreement
- Disclosure of Ownership

DISCUSSION:

This is for charge master services. This will extend and add an additional two years to the agreement. This agreement provides charge master updates, education, training, process improvement, etc. to help when we are billing and creating billing for our services, goods and procedures.

FINAL ACTION TAKEN: A motion was made by Member Palenik 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 Amendment Two and the Statement of Work between Press Ganey Strategic Workforce Solutions and University Medical Center of Southern Nevada; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Amendment to Agreement
- Exhibit I - Statement of Work

DISCUSSION:

We are required to maintain surveys for patient satisfaction. This amendment will provide surveys for employment engagement services over the next two years. This will encompass employee, physician and patient experience surveys to improve goals and measure employee engagement.

FINAL ACTION TAKEN: A motion was made by Member Dr. Mackay 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 Change Order to the Resuscitation Quality Improvement Program Master Agreement between RQI Partners LLC and University Medical Center of Southern Nevada; authorize the Chief Executive Officer to exercise any extension options and approve future orders within his delegation of authority; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Program Change Order
- Disclosure of Ownership

DISCUSSION:

Ms. Saites explained that this is a license subscription which also provides training stations in regards to resuscitation skills. It includes performance skills, activities, education and feedback, along with measurement of these skills so that these skills may be applied in healthcare situations.

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

ITEM NO. 16 Review and recommend for approval by the Governing Board the Amendment 1 between Terminix 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:
- Amendment One
- Exhibit A – Scope of Work

DISCUSSION:

This is an amendment to a current agreement. It includes additional services to the scope of work and extends the expiration date.

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

ITEM NO. 17 Discuss CEO annual FY20 incentive compensation performance standards as it relates to the subject matter relevant to the Audit and Finance Committee and make a recommendation to the Human Resources and Executive Compensation Committee and discuss CEO annual FY21 goals and objectives; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Power Point – FY 20 June CEO Goals Update

DISCUSSION:

Acting Chair Hagerty suggested that any action or recommendation be deferred to August due to Chair Caspersen's absence. Each goal was then individually discussed by the committee.

Ms. Wakem presented the CEO Goals for FY20.

1. **Meet or exceed fiscal year budgeted income from operations less depreciation and amortization.**

   Two comparisons were presented for review. Ms. Wakem reminded the committee that the goal was being met as of February and then the COVID outbreak caused a decline in revenue. She stated that prior to COVID, we were exceeding budget by 2%.

   Acting Chair Hagerty added that the good progress that was being made should be noted.

2. **Implement new federal/state direct payment program to assist in UMC's supplemental reimbursement.**

   This Federal Supplemental Payment Program would replace the MCO payment program and involves the County, State and UMC. Ms. Wakem mentioned that there is a slight delay in meeting this goal due to COVID, but this goal is close to being met. Once the goal is met, it will retro back to January. An update will be provided at the next meeting.

3. **Actual SWB as a percentage of net revenue is equal to or less than 61.4%.**

   Ms. Wakem again provided comparisons for review. This goal was not met. She stated that this goal could have been realized had it not been for the COVID outbreak. The discussion continued regarding this objective.

   Member Ellis commented that revenue can be very fickle and suggested that focus should be on some other metrics that could drive this goal more efficiently than revenue.
   Member Palenik agreed that the goal should be set to something more static and that relates to management's ability to control SWB. Ms. Wakem stated that she would work this suggestion into proposed goals for FY21.

   Acting Chair Hagerty asked if the team could provide a tutorial of metrics used by other facilities as compared to UMC.

4. **Decrease cost to collect .5% and bad debt expense .5% over prior year.**

   Ms. Wakem stated that we were able to meet this goal.

   Mr. Ellis asked what attributed to the significant change in bad debt expense. Ms. Wakem explained that to RFP with most of the vendors in the business office. She continued by explaining the processes that are being used to manage accounts.

Acting Chair Hagerty stated that the team has done a tremendous job despite COVID. One of the goals was clearly met.

Member Ellis stated that though it is not realistic to issue a bonus' based on the current situation, but he said that the committee should still carry through with the process of providing recommendations to the Board based on the accomplishments that were made.

Member Palenik mentioned that there should be an opportunity to reset the goals due to the current state of affairs.

The members continued the discussion to include the possibility of deferred compensation and to set forth some criteria to release funds held in "escrow" as related to the financial stability of the organization.

The members agree that a recommendation of 75% of the target was met with an additional 25% because of the response to COVID to equal 100%.

The item will be tabled until the discussion could include Chair Caspersen and thereafter make a final recommendation.

SECTION 4: 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)*

Presentation of other labor metrics that might be used and what the bench marks are for the various metrics.

Mr. VanHouweling informed the Committee that we would be moving into the Cox Pavilion for public COVID testing next week and we are also moving into Cashmen. We will be implementing more automation in COVID testing which will increase testing results and also incorporating texting of results to bypass my chart.

COMMENTS BY THE GENERAL PUBLIC: None

At this time, Acting Chair Hagerty asked if there were any persons present in the audience wishing to be heard on any items not listed on the posted agenda.

SPEAKERS(S): None

There being no further business to come before the Committee at this time, at the hour of 3:24 p.m., Acting Chair Hagerty adjourned the meeting.

MINUTES APPROVED: August 19, 2020
Minutes Prepared by: Stephanie Ceccarelli