

University Medical Center of Southern Nevada
Governing Board Audit and Finance Committee Meeting
July 23, 2025

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
Harry Hagerty (via WebEx)
Christian Haase (via WebEx)
Bill Noonan (WebEx)

Absent:

Mary Lynn Palenik (Excused)

Others Present:

Mason Van Houweling, Chief Operating Officer
Jennifer Wakem, Chief Financial Officer
Deb Fox, Chief Nursing Officer
Doug Metzger, Controller
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 18, 2025. *(For possible action)*

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

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

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

SECTION 2. BUSINESS ITEMS

ITEM NO. 4 Receive the monthly financial reports for June FY25; and direct staff accordingly. *(For possible action)*

DOCUMENTS SUBMITTED:

- PowerPoint Presentation

DISCUSSION:

Jennifer Wakem, Chief Financial Officer, presented the financials for May 2025.

Admissions were slightly below budget, there were 778 observation cases, and ADC was 375. Length of stay decreased to 5.47 days. Observation length of stay was below budget. Hospital acuity was 1.81 and Medicare CMI was 2.15.

Inpatient surgeries were above budget by 46 cases. Outpatient surgeries were 8 cases above budget. There were 20 transplants. The overall ER visits were on budget; the ED to observation rate was 7.63% and ED to admission was 14.5%.

Quick cares were below budget, and primary cares were on budget. There were 371 telehealth visits during the month. Ortho clinic visits were strong and there were 134 deliveries for the month. Ms. Wakem noted the new line for the Crisis Stabilization Center, which she will begin reporting on for the month of July. There was continued discussion regarding the reduced volumes at the quick care locations.

Trended stats were compared to the 12-month average. Admissions were 6 above the 12-month average. Length of stay was 5.47 days. Hospital CMI was 1.81 and Medicare CMI was strong. Inpatient surgeries were 17 over prior year, and outpatient surgeries were down slightly. Transplant cases were good. Quick care volumes were down and ortho cases were up 500 cases and deliveries were 23 cases above the 12-month average. Ms. Wakem explained some of the initiatives that are in place to improve delivery statistics.

Payor mix trended was briefly reviewed and was consistent with the 12-month average month. Payor mix by type was shown as informational.

The income statement for the month of May showed net patient revenue was down. Other revenue was down \$275K. Total operating revenue was below budget \$814K. Operating expenses were below budget \$1.4 million. EBITDA was \$4.8 million for the month on a budget of \$4.5 million, which was \$300K above budget.

The June YTD income statement was reviewed. Total operating revenue was \$35.9 million; net to gross was consistent to budget. EBITDA was \$41.1 million on a budget of \$38.7 million.

Salaries were below budget \$2.5 million over budget. Overtime and contract labor were below budget.

All other expenses for June showed supplies and purchased services above budget due to surgical supplies, advertising, maintenance and scanning software.

Key financial indicators were reviewed for profitability, labor, liquidity, and cash collections. Profitability was slightly below budget. In labor, SWD per APD was in the red. Liquidity was in the red. The day's cash on hand was 44.8 days. Ms. Wakem commented that all outstanding supplemental payments are related to FY25. Cash collection goals were met with the exception of the point of service goal, which was 78.7%.

Cash flow for June was reviewed. Ms. Wakem noted that the County provided a capital allocation of \$5.5 million. The ongoing discussion about the supplemental payments received in April and May continued.

FY25 balance sheet highlights were reviewed briefly.

A brief discussion ensued regarding the FY25 goals and period 13 adjustments and accruals.

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:

- PowerPoint Presentation

DISCUSSION:

Ms. Wakem provided an educational update on HR 1 – The One Big Beautiful Bill Act, and its potential impacts on UMC operations. The law was signed on July 4, 2025.

Ms. Wakem reminded the committee that supplemental payments largely depend on Medicaid, with almost half of UMC's primary payor sources coming from Medicaid and self-pay. In Nevada, over 822,000 residents receive Medicaid, and projections suggest that 100,000 Nevadans could lose their Medicaid coverage. Clark County holds at least 85% of the Medicaid enrollment in the state, which is approximately 651K individuals.

UMC's net patient revenue exceeds one billion dollars, and supplemental payments as a percentage of net revenue is approximately 37%. The trend of the supplemental payments from FY2012 to FY2026 was shown.

Ms. Wakem explained the HR-1 limits on the state-funded payment program, which are expected to significantly affect UMC operations. Reductions of around 10% will start in January 2028, amounting to about \$84 million over time. The projected schedule of impacts over a 10-year period was provided. A lengthy discussion followed regarding emergency Medicaid EMO effects on uninsured individuals and the impacts on hospital net revenue.

The team has started executing plans to get ready for the expected changes.

FINAL ACTION TAKEN:

None taken

ITEM NO. 6 Review, discuss, and score the FY25 Organizational Performance Goals as they relate to the Audit and Finance 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

DISCUSSION:

Ms. Wakem reviewed the FY25 goals and reminded the committee that the value of the total goals was 25%.

1. Exceed fiscal year budgeted income from operations plus depreciation and amortization – This goal was met and exceeded budget by \$2.3 million. Period 13 adjustments are not expected to affect this goal.
2. Discharged to home ALOS with a target equal to or less than 4.25 days. This goal was met by hitting 4.0 days.
3. ED to Observation target of 8.3%—This goal was met. Key drivers were adding screeners and employing hospitalists and ED physicians.
4. Labor utilization with a target equal to or less than SWB per APD of \$2,907 or Adjusted EPOB of 6.64 – The first part of the goal was not met but did meet the metric of adjusted EPOB of 6.64.
5. OR First Case On Time Start (FCOTS): Target is 80% - This goal was met.

Staff recommends that all of the goals were met and this would award 100%. Chair Caspersen thanked the team for their achievements.

The committee members agree that the team is worthy of 100% of the goal award.

There was brief discussion regarding the percentage awarded to the A&F committee. The team will confirm the percentage allotted as it applies to this committee.

FINAL ACTION TAKEN:

A motion was made by Member Hagerty to award 100% 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.

ITEM NO. 7 Discuss the proposed FY26 Organizational Performance Goals related to the UMC Governing Board Audit and Finance Committee; and direct staff accordingly. (For possible action)

DOCUMENTS SUBMITTED:

- PowerPoint Presentation

DISCUSSION:

The timeline to approve the proposed organizational goals will be at the next meeting.

The proposed FY2026 Organizational Goals for discussion are as follows:

1. Exceed the 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 6.62 or SWB per APD of \$3,141; or

Labor utilization with a target equal to or less than Adjusted EPOB of 6.26 or SWB per APD of \$2,614 (excluding providers)
4. Develop and execute a revenue capture initiative to improve NPSR by \$7.5M, focused on denial reduction and documentation accuracy
5. Reduce the E.D. patient walk-out rate from 5.7% to a target of 4.7% or less
6. OR First Case On Time Start (FCOTS): Target is 85%

Goal #1 will incorporate the new MCO IME Supplemental payment program and will require collaboration between UMC, Nevada Medicaid and CMS.

Regarding goal #3, Ms. Wakem provided two variations to choose from, one showing the impact of including the providers and the other excluding the providers.

The Committee inquired how goal #4 would be measured. Ms. Wakem explained that it could be measured by a year-over-year reduction in denials. CMI reduction could be measured by improved documentation.

Chair Caspersen felt that six goals was a lot and suggested that the team review and finalize the goals at the August meeting. There was a lengthy discussion and input from all of the committee members on their thoughts regarding all of the goals.

Member Noonan agreed to having more time to review the goals and felt goal #4 should be removed.

The Committee would like to team to return with a measurement criteria for Goal #4, to determine whether it should remain on the list.

Member Hagerty said that goal #6 could be removed from the list, but he believes it should still be managed. Regarding goal #4, he proposed a fixed dollar reduction in denials.

The committee agrees to the first four goals but will return to finalize them at the next meeting.

FINAL ACTION TAKEN:

None taken

ITEM NO. 8 Review and recommend for ratification by the Governing Board the Provider Participation Agreement with Optum Health Networks, Inc. for managed care services; or take action as deemed appropriate. (For possible action)

DOCUMENTS SUBMITTED:

- Transplant Agreement - Redacted
- Disclosure of Ownership

DISCUSSION:

This is a new agreement for transplant services to provide access to covered services, to include kidney and pancreas transplants. This will remediate the need for single case transplant agreements. UMC will now be included in Optum's Center of Excellence Network and directory and shall be compensated for covered services to Optum members at the negotiated compensation rates.

FINAL ACTION TAKEN:

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

ITEM NO. 9 Review and recommend for ratification by the Governing Board the Fourth Amendment to the Hospital Services Agreement with Optum Health Networks, Inc. for managed care services; or take action as deemed appropriate. (For possible action)

DOCUMENTS SUBMITTED:

- Hospital Services Agreement - Amendment 4
- Disclosure of Ownership

DISCUSSION:

This amendment will extend the term of the current agreement while the parties negotiate and finalize the terms for a new agreement.

FINAL ACTION TAKEN:

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

ITEM NO. 10 Review and recommend for ratification by the Governing Board Amendment Eight to the Primary Care Provider Group Services Agreement with Optum Health Networks, Inc. for Managed Care Services, or take action as deemed appropriate. (*For possible action*)

DOCUMENTS SUBMITTED:

- Participation Agreement – 8th Amendment
- Disclosure of Ownership

DISCUSSION:

This amendment will extend the term of the current agreement while the parties negotiate and finalize the terms for a new agreement.

FINAL ACTION TAKEN:

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

ITEM NO. 11 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:

- Stroke and Neurology Specialists – PSA
- Disclosure of Ownership

DISCUSSION:

This is a new agreement for on-call coverage. The provider will provide 24/7 emergency, on-call and consultative neurology and stroke neurology services. In addition, the provider will perform administrative services as a medical Director in coordination with UMC's Stroke Certification Program. This is a 5-year agreement with two 2-year options for renewal and a 90-day termination clause.

FINAL ACTION TAKEN:

A motion was made by Member Hagerty to approve the agreement 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 Amendment No. 1 to 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:

- Amendment 1 to Equipment Agreement
- Sourcing Letter
- Disclosure of Ownership

DISCUSSION:

This amendment will extend the term of the agreement for an additional 2 years and increase funding. Purchasing of supplies and equipment will be as needed.

FINAL ACTION TAKEN:

A motion was made by Member Haase to approve the amendment 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 Equipment Purchase Agreement with ZOLL Medical Corporation; and take action as deemed appropriate. (For possible action)

DOCUMENTS SUBMITTED:

- Quote
- Sourcing Letter
- Disclosure of Ownership

DISCUSSION:

The vendor will replace all old, outdated, and past useful life hospital defibrillators. The agreement includes a 5-year hospital warranty and a trade-in allowance for any units that are failing or need upgrading. This is a capital purchase through HPG.

FINAL ACTION TAKEN:

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

ITEM NO. 14 Review and recommend for award by the Governing Board the RFP No. 2025-01 for CMAR for UMC 7 Story Tower Patient Room Remodel to Core West, Inc., d/b/a CORE Construction; authorize the Chief Executive Officer to sign the Contract for CMAR Preconstruction Services, and execute any extension documents and future amendments within the not-to-exceed amount of this Agreement; or take action as deemed appropriate. (For possible action)

DOCUMENTS SUBMITTED:

- 2025-01 RFP – Pre-Construction Services Agreement
- Disclosure of Ownership

DISCUSSION:

CMAR – Construction Manager at Risk will remodel all patient rooms in the 7-story tower. This is a two-step process. This agreement covers a 4-month preconstruction period during which the company will provide a guaranteed maximum price. A contract for construction services will be presented to the committee for approval at a later date. The pre-construction period will allow the vendor to address any issues prior to beginning the project and to reduce cost.

A discussion ensued regarding the bidding process, commitment for preconstruction, and the qualifications of the awardee.

FINAL ACTION TAKEN:

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

- ITEM NO. 15 Review and recommend for approval by the Governing Board the Interlocal Lease Agreement and Operating Agreement with Clark County for the Crisis Stabilization Center, Assessor's Parcel Number 140-21-303-004; authorize the Chief Executive Officer to execute the renewal options; or take action as deemed appropriate. (For possible action)**

DOCUMENTS SUBMITTED:

- Clark County CSC Interlocal Agreement
- Disclosure of Ownership

DISCUSSION:

This is a 5-year lease agreement. Clark County agrees to lease the premises and property to UMC without requiring the payment of any rent; however, UMC is responsible for maintenance and repairs, power, water, gas, trash removal, telephone, data, and any other service required for operation of the CSC.

FINAL ACTION TAKEN:

A motion was made by Member Haase to approve the agreement 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 Governing Board the Interlocal Agreement with Clark County for property at 300 South Martin Luther King Boulevard, Las Vegas, NV 89106 (Assessor's Parcel Number 139-33-202-003); or take action as deemed appropriate. (For possible action)**

DOCUMENTS SUBMITTED:

- 300 MLK Interlocal Agreement
- Disclosure of Ownership

DISCUSSION:

This is an interlocal agreement with Clark County allowing UMC to use the property and building at 300 South Martin Luther King Boulevard, Las Vegas, NV 89106, until UMC completes three installment payments to Clark County. UMC currently utilizes this property as a storage warehouse for supplies and equipment. Upon payment of the three installments, the County will transfer the property to UMC.

FINAL ACTION TAKEN:

A motion was made by Member Hagerty to approve the agreement 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 Board of Hospital Trustees for University Medical Center of Southern Nevada, the Sixth Amendment to Interlocal Medical Office Lease with the Board of Regents of the Nevada System of Higher Education on behalf of the University of Nevada, Las Vegas, Kirk Kerkorian School of Medicine for rentable space at the Lied Building located at 1524 Pinto Lane; or take action as deemed appropriate. (*For possible action*)**

DOCUMENTS SUBMITTED:

- 1524 Pinto Lane Proposed Amendment 6

DISCUSSION:

This is a request to extend the term of the Lease for an additional year. The rent will increase by 3%. It includes two additional 6-month renewal options and a 180-day termination for convenience clause. There was continued discussion regarding the future plans for this location.

FINAL ACTION TAKEN:

A motion was made by Member Hagerty to approve the amendment 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. 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 3:56 p.m., Chair Caspersen adjourned the meeting.

MINUTES APPROVED: August 20, 2025
Minutes Prepared by: Stephanie Ceccarelli