University Medical Center of Southern Nevada
Governing Board Audit and Finance Committee Meeting
June 17, 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 2:05 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
Donald Mackay, M.D.
Christian Haase (via Teams)
Mary Lynn Palenik

Absent:
None

Others Present:
Mason Van Houweling, Chief Executive Officer (via Teams)
Tony Marinello, Chief Operating Officer
Jennifer Wakem, Chief Financial Officer
Deb Fox, Chief Nursing Officer
Kendrick Russell, Chief Human Resources Officer
Doug Metzger, Controller
Lia Allen, Assistant General Counsel - Contracts
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 May 17, 2026. *(For possible action)*

A motion was made by Member Noonan to approve the minutes as presented. Motion carried by a majority vote. Member Palenik recused herself, as she was not present at the May meeting.

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 May FY26; and direct staff accordingly. ***(For possible action)***

DOCUMENTS SUBMITTED:
- May FY26 Financial Report

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

Admissions were 56 cases below budget. AADC was 374 and length of stay was 5.59. Hospital acuity was 1.87, and Medicare CMI was 1.97.

Inpatient surgeries were 13 cases below budget and outpatient surgeries were down 14 cases. There were 16 transplants for the month. ER volumes were strong for the month, up over 7%. The overall ER conversion rate was 20%.

Quick care volumes were down, and primary care locations were also below budget. Ms. Wakem added that the 24/7 quick care location, budgeted to be open in April, is still under construction, contributing to the below-budget statistic.

Telehealth had 381 visits for the month. The Ortho outpatient clinic saw over 3,200 cases. There were 100 deliveries. The Crisis Stabilization Clinic (CSC) saw 451 visits. The OP Infusion Clinic saw 640 patients.

In trended stats, admissions were below the 12-month average. The CSC was a record high compared to prior months.

Chair Hagerty requested that staff update the trended stats and payor mix trended slides to show 2 columns, reflecting the previous and current months, along with the variance. Mr. Marinello also suggested including the prior year month for comparison.

In payor mix trends, Medicaid was down 4%. This will be monitored.

The May income statement showed net patient revenue $348K below budget. Other revenue was down approximately $1.5 million. Total operating revenue was $1.9 million below budget. Operating expenses were down, and EBITDA was $1.7 million on a budget of $1.9 million. The impact of the CSC for May was a loss of $325K. There was a brief discussion regarding conversations with the County regarding future subsidies.

The year-to-date income statement showed total operating revenue $21.3 million below budget, and operating expenses were $36.6 million below budget. EBITDA was $35.2 million on a budget of $21.5 million, which was approximately $13.7 million over budget, year-to-date.

Salaries were strong for the month. Overtime was up, due to call-offs and the holiday. All other expenses were down approximately $1 million, due to 340B revenue.

Ms. Wakem introduced a new slide, highlighting the trend in depreciation and amortization.

Key financial indicators were reviewed across profitability, labor, liquidity, and cash collections. Profitability was in the red. Labor was in the green. 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 significantly 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 $111.6 million was received during the month, including supplemental payments. About $24 million in supplemental payments remains outstanding. The balance sheet was briefly reviewed. Ms. Wakem presented a new slide showing capital expenditure trend over a 10-year period.

Chair Hagerty asked how much depreciation exceeds capital expenditures, or vice versa, over the 10-year period. Ms. Wakem responded that she would provide visibility into this in the future.

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:

New Supplemental Payment Program:

The State submitted the MCO IME Supplemental Payment Program package to CMS in June. A response is expected in 3 to 6 months. This will be the first program in which UMC will pay the IGT.

Chair Hagerty asked whether the program's effective date is retroactive upon approval or will it be effective in FY27. Ms. Wakem responded that the effective date by CMS would be April 1st.

Bonding:

The bonding proposal for the parking garage and the rehab center is moving forward. Ms. Wakem is working with a consultant and the county, and a bonding schedule has been set. The expected bond closing date is February 10, 2027. Staff has requested that a reimbursement resolution be added to the bonding request. The reimbursement resolution will occur in August, allowing any expenditures related to either project to be reimbursed from the bond proceeds. Discussion of other funding options for the project continued and staff will follow up with the County regarding other options.

Grant Funding:
A grant for $2.1 million has been awarded to support the Radiology Residency program.

FY26 Organizational Goals Timeline:

Review and determination of the FY26 Audit and Finance Goals will occur in July. There was a brief discussion regarding the goals as they stand currently.

24/7 Quick Care:

The projected completion will be in September, with an anticipated opening in October. The project is on time and on schedule.

FINAL ACTION TAKEN:
None taken

ITEM NO. 6 **Review and recommend for ratification by the Governing Board the Eleventh Amendment to the Memorandum of Understanding with Intermountain IPA, LLC for managed care services; or take action as deemed appropriate. (For possible action)**

DOCUMENTS SUBMITTED:
- Amendment 11 to MOU - Redacted
- Disclosure of Ownership

DISCUSSION:
This request is for ratification of the MOU, which extends the term to May 2029 and increases the reimbursement rates on the fee schedule.

FINAL ACTION TAKEN:

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

ITEM NO. 7 **Review and recommend for ratification by the Governing Board the Letter of Agreement with A-G Specialty Insurance, LLC for managed care services; or take action as deemed appropriate. *(For possible action)***

DOCUMENTS SUBMITTED:
- Letter of Agreement – Redacted

- Disclosure of Ownership

DISCUSSION:

This request is to enter into an LOA with A-G Specialty Insurance, LLC for UMC to provide health care services to UNLV student athletes.

Ratification of the agreement was necessary, as student athletes were waiting to access UMC orthopedic clinics and were experiencing delays in surgical procedures. The agreement has a 2-year term.

There was a discussion regarding the advancement of sports medicine.

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

ITEM NO. 8 **Review and recommend for approval by the Governing Board the Purchaser-Specific Agreement and Addendum with Propio LS, LLC for Interpretation and Translation Services; authorize the Chief Executive Officer to exercise any renewal options; or act as deemed appropriate.** ***(For possible action)***

DOCUMENTS SUBMITTED:
- Final Purchase Agreement and Addendum
- Sourcing Letter
- Disclosure of Ownership

DISCUSSION:
UMC has had an agreement for interpretation and translation with Propio LS, LLC and additionally had an agreement with CyraCom International, Inc. for the same services. In July of 2025, Propio acquired CyraCom, therefore all translation services would integrate under Propio.

Staff requests to enter into a new service agreement with Propio to replace the individual agreements, allowing UMC to continue to receive interpretation services.

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. 9 **Review and recommend for approval by the Governing Board the Agreements with Abbott Laboratories Inc., for structural heart products; authorize the Chief Executive Officer to execute any extension options and future amendments; or take action as deemed appropriate.** ***(For possible action)***

DOCUMENTS SUBMITTED:
- Agreements - Redacted
- Disclosure of Ownership

DISCUSSION:

This request will allow UMC to purchase catheter-based devices for patients with AFib and those at risk of heart failure. This is both a purchase agreement and a consignment agreement, allowing UMC to purchase products for a term of 5 years.

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. 10 **Review and recommend for award by the Governing Board the RFP No. 2026-04 CMAR for UMC Acute Rehab Center to Rafael Construction, Inc. and S R Construction, Inc., a joint venture; 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:
- Contract for CMAR Preconstruction Services
- Disclosure of Ownership

DISCUSSION:
A request for proposals was published in March for preconstruction services. Five timely proposals were received. One proposal was received after the deadline and was therefore disqualified.

After review and evaluation of the five respondents by an ad hoc committee, it was determined that Rafael Construction, Inc. and SR Construction, Inc. be recommended award of the CMAR for the preconstruction services. Ms. Allen explained the CMAR process to the Committee.

The term of the agreement is 120 days with a not-to-exceed fee for services.

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

ITEM NO. 11 **Review and recommend for award by the Governing Board the RFI No. 2026-09 Oral and Maxillofacial Surgery Services to multiple providers; approve the Professional Services Agreements and authorize the Chief Executive Officer to execute any extension options; or take action as deemed appropriate. *(For possible action)***

DOCUMENTS SUBMITTED:
- Jeff Moxley, DDS
- Katherine Keeley, MD,DDS
- Steven Saxe, DMD

- Oral and Maxillofacial Surgery Associates of Nevada

<u>DISCUSSION</u>:
A request for proposals was published in March for Oral and Maxillofacial Surgery On-Call services. This request is to award all four respondents to provide 24/7 emergency, on-call, and consultative services to UMC patients on a rotating basis.

Chair Hagerty asked whether the award to multiple vendors has been made in the past. Ms. Allen confirmed that this has been done with other vendors. It was also noted that the goal is to ensure 24/7 coverage for the hospital.

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

ITEM NO. 12 Review and discuss the proposed Organizational Goals for FY2027; and direct staff accordingly. (*For possible action)*

<u>DOCUMENTS SUBMITTED</u>:
- PowerPoint Presentation – Proposed Goals

<u>DISCUSSION</u>:

Ms. Wakem began the discussion regarding the proposed goals for FY27.

Goal 1: Exceed fiscal year budgeted EBITDA.

Chair Hagerty would like to modify the language to say, “meet or exceed”.

Member Noonan asked if the EBITDA number for the goal could be a rounded number, instead of the specific number listed. Chair Hagerty responded, that if that were done, a determination would be needed on whether to round the EBIDTA number up or down. A discussion ensued regarding incentivizing the team to exceed the goal achievements.

Goal 2: Labor utilization with a target equal to or less than adjusted EPOB of 6.01 or SWB per APD of $2,634 (excluding providers).

Ms. Wakem showed slides comparing the trend of adjusted EPOB of 6.01 and SWB per APD of $2,634.

Chair Hagerty would like to focus on SWB as a percentage of net revenue, including providers, noting the percentage increase from FY23 to FY26. He suggested the following three goals for FY27, along with the percentage each goal would weigh toward the allotted overall goal percentage for the Audit and Finance Committee:

1. Meet or exceed budgeted EBIDTA – Weigh at 50% of overall goal.
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.

Member Noonan commented on cost-savings initiatives, which are measurable and could help achieve the goals. Chair Hagerty responded that if the MIT goals are not met, the EBITDA goal is at risk. Mr. Van Houweling added that the MIT team has identified cost savings and will provide regular progress updates. A discussion ensued regarding driving revenue with surgery, managing SWB, and the consideration of increasing the bonus incentive.

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 discussion ensued regarding this subject matter.

The Committee will finalize the three goals at the next meeting.

FINAL ACTION TAKEN:
None

SECTION 3: EMERGING ISSUES

ITEM NO. 13 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)*

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 3:15 p.m., the meeting was adjourned.

MINUTES APPROVED: July 21, 2026
Minutes Prepared by: Stephanie Ceccarelli