University Medical Center of Southern Nevada
Governing Board Audit and Finance Committee Meeting
June 18, 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)
Mary Lynn Palenik (via WebEx)
Christian Haase (via WebEx)
Bill Noonan (WebEx)

Absent:
None

Others Present:
Mason Van Houweling, Chief Operating Officer
Tony Marinello, Chief Operating Officer
Jennifer Wakem, Chief Financial Officer
Deb Fox, Chief Nursing Officer
Doug Metzger, Controller
Kim Hart, Director of Patient Accounting
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 May 21, 2025. *(For possible action)*

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

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

Agenda Items 11 and 12 were removed from the agenda.

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

SECTION 2. BUSINESS ITEMS

ITEM NO. 4 Receive an educational presentation from Kim Hart, Director of Patient Accounting, regarding the denial process at UMC; and direct staff accordingly. *(For possible action)*

DOCUMENTS SUBMITTED:
- PowerPoint

DISCUSSION:

Kim Hart, Director of Patient Accounting Officer, provided a high-level overview of the denial process at UMC.

A denial is when an insurance company refuses to pay or denies responsibility to pay for medical services or treatment that has been ordered or provided to their member. Denials don't only occur after a claim has been processed by a third-party carrier. They can originate almost anywhere within the revenue cycle. Denials most commonly occur during pre-authorization, admission process, claims submission or during post payment.

Ms. Hart reviewed details of the four types of denials that can occur:

1. Pre-authorization: When service is denied before being performed.

2. Concurrent: Service is denied while the patient is in-house.

3. Claim: Denial occurs after the claim submission.

4. Post payment: Denials that occur after payment is received.

Each type of denial has a different life cycle, which are managed and reviewed by separate teams. Ms. Hart reviewed the steps involved in determining the appropriateness of each denial category. Peer-to-peer meetings between the provider and payor medical director outline determinations for medical necessity for a patient to either remain in observation status or move to inpatient status. Ms. Hart noted that any opportunity for peer-to-peer consultation will be sent to the physician advisor, and they will review the case and documentation to determine the level of care needed for the patient.

In April 2025, approximately 200 peer-to-peer consultations were conducted, with 98 scheduled. There has been improvement in initial denials following the implementation of screeners in the emergency room. A slide showing progress in ED admission claim results was presented. The discussion continued regarding delays in processing claims.

Ms. Hart reviewed the CAS Codes involved in clinical and technical denials. The appeal process timeframes differ depending on the payor. There was discussion about the advantages of having standardized processes and timelines across all payors.

For 2024, the national average denial rate is 3.80%, while UMC is slightly lower at 3.46%. The list of the top ten payors responsible for denials was provided. The committee also discussed the increase in denials generated by AI technology.

To prevent denials, the team reviews root causes, holds regular monthly claims calls, escalates contractual issues to managed care, reviews denials monthly in Revenue Cycle committee meetings, sends denials to departments for review, and educates providers on documentation improvements.

The team is implementing AI technology in Epic to generate denial letters and enhance efficiency. About 15 employees help respond to denials. A discussion continued regarding opportunities for process improvement and the potential legal and regulatory processes involved in obtaining reimbursements from payors.

FINAL ACTION TAKEN:
None

ITEM NO. 5 Receive the monthly financial reports for May FY25; and direct staff accordingly. *(For possible action)*

DOCUMENTS SUBMITTED:
- May FY25 Financials

DISCUSSION:

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

Admissions were slightly below budget, observation cases below budget 23%, and ADC was 370. Length of stay decreased to 5.38 days, down 4.7%. Observation length of stay was below budget. Hospital acuity was 1.85 and Medicare CMI was 1.86.

Inpatient surgeries were below budget by 13 cases. Outpatient surgeries were 64 cases above budget. There were 17 transplants. The overall ER conversion rate was 21.46%; the ED to observation rate was 6.79% and ED to admission was 14.67%.

Quick cares were below budget 22%, and primary cares were on budget. There were 357 telehealth visits during the month. Ortho clinic visits were above budget by 28.5%, and there were 129 deliveries for the month.

Trended stats were compared to the 12-month average. Admissions were 102 above the 12-month average. Length of stay was down and was a record low against the 12-month average. Observation cases were down. LOS was a record low. Inpatient surgeries were below budget for the month, but above the 12-month average. Outpatient surgeries were up by 27 cases. Telehealth visits are down, a record low at 357 visits. Deliveries were at a record high. There was continued discussion regarding the opportunities to improve volumes in telehealth.

Payor mix trended was briefly reviewed and was consistent with prior month. The income statement for the month of May showed net patient revenue was $4.8 million, and other revenue was on budget. Total operating revenue exceeded budget $4.7 million. Operating expenses were above budget $4.3 million. EBIDTA was $3.7 million for the month on a budget of $2.8 million, which was $900K above budget.

The May YTD income statement was reviewed. EBITDA was $36.3 million on a budget of $34.2 million.

Salaries were above budget $1.6 million over budget. Overtime and contract labor were below budget. Paid FTEs are tracking well. The committee would like to see a breakdown of direct labor vs. indirect labor.

All other expenses for May showed supplies and purchased services above budget due to surgical supplies and advertising.

Key financial indicators were reviewed for profitability, labor, liquidity, and cash collections. In profitability, the net-to-gross ratio was in the green, and labor was in the green. Liquidity was in the red. The day's cash on hand sits just below 2 months. All outstanding supplemental payments have been paid. The remaining supplemental payments are related to FY25, and preprints have been approved.

Net days in AR were 72.2 days. Candidate for bill was 3.5 days. The business office's cash collection goal was met. The POS cash collection was 90%

Currently, four of the five goals are being met. Action plans are in place to improve the goals that are not currently being met.

Finally, Ms. Wakem reviewed the cash flow statement for May and the FY25 balance sheet highlights.

FINAL ACTION TAKEN:
None taken

ITEM NO. 6 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:

- State of Medicaid did an RFP for managed care payors. They have selected 5 payors. These payors will begin providing service on January 1, 2026. These are 5-year agreements. 2 of the 5 plans will be offered in rural locations.
- The Big Beautiful Bill—The Senate wants to go deeper with Medicaid cuts. Ms. Wakem reviewed some of the bill's provisions, including work requirements, state-directed payments, and private hospital provider fees.
- State directed payment program has an $80 million impact on UMC and will likely affect half of fiscal year 2026.
- Presidential memo regarding Eliminating Waste, Fraud and Abuse in Medicaid and the effects on Medicare.

A discussion ensued regarding contingency plans in place at UMC. The committee would like to discuss the contingency plans and assist and

provide feedback for the protocols moving forward. The team has prepared action plans, which are ongoing.

FINAL ACTION TAKEN:
None taken

ITEM NO. 7 Receive an update on the FY26 Proposed 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 are as follows:

1. Exceed the fiscal year budgeted EBITDA
2. Achieve and sustain and ALOS at or below 5.54 days by Q4
3. Design, obtain approval for, and fully operationalize the Medicaid Managed Care IME
4. Achieve labor efficiency via improved staffing models, targeting a Salary-Wages-Benefits (SWB) per APD of <$3,141 or Adjusted EPOB <6.66.
5. Develop and execute a revenue capture initiative to improve NPSR by $10M, focused on denial reduction and documentation accuracy

Chair Caspersen feels that goal #1 is not viable as written.

Member Hagerty commented that staff would need to quantify the reduction in revenue and what could be done to find lost revenue from the lost expenses. The committee will consider this goal in more detail after the outcome of the federal bill.

Ms. Wakem noted that for goal 2, the average was based on the six-month average and then compared to the budget to determine the calculation. Staff discussed the steps to improve the trend.

Member Hagerty commented that the ALOS day should be 5.25 days.

Goal 3 relates to the new supplemental payment program. The state's assistance will be necessary to achieve this goal. The estimated impact is about $9 million.

Goal 4 is based on the budget. Member Hagerty stated that the calculation seems to be going in reverse. Ms. Wakem responded that it does not include rate increases that will be effective on July 1st.

The Committee suggested having only 2 goals.

Goal 5 would be measured at the patient account level.

FINAL ACTION TAKEN:
None taken

ITEM NO. 8 **Review and recommend for approval by the Governing Board the Third 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 3
- Disclosure of Ownership

DISCUSSION:

This request is to extend the term of the agreement for 30 days, as a new agreement is being negotiated. All other terms in the agreement are unchanged.

FINAL ACTION TAKEN:
A motion was made by Member Noonan to approve the amendment and 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 the Sixth Amendment to Agreement for Food Services and Clinical Nutrition Management Services (Lot 2) with Compass Group USA, Inc.; or take action as deemed appropriate. *(For possible action)***

DOCUMENTS SUBMITTED:
- Agreement for Food Services- Amendment 6
- Disclosure of Ownership

DISCUSSION:

This amendment will add food services at the Crisis Stabilization Center. The amendment will last through the end of the year.

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 award by the Governing Board the Service Agreement with Service Management Systems, Inc. for Janitorial Services; authorize the Chief Executive Officer to exercise extension options; or take action as deemed appropriate. *(For possible action)***

DOCUMENTS SUBMITTED:
- Janitorial Services Agreement
- Sourcing Letter

- Disclosure of Ownership

DISCUSSION:

The vendor provides janitorial services to all ambulatory and off campus business locations. The agreement term is for one year, unless terminated with a 30-day written notice. The vendor is now on HPG.

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. 11 Review and recommend for approval by the Governing Board the Professional Services Agreement with Real Radiology, LLC; authorize the Chief Executive Officer to exercise amendments within his delegation of authority; or take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- None

DISCUSSION:

This item was tabled for discussion at the next meeting.

FINAL ACTION TAKEN:

None taken

ITEM NO. 12 Review and recommend for approval by the Governing Board the Agreements with SailPoint Technologies, Inc. for Identity Security Cloud Software; authorize the Chief Executive Officer to execute extensions and amendments; or take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- None

DISCUSSION:

This item was tabled for discussion at the next meeting.

FINAL ACTION TAKEN:

None taken

ITEM NO. 13 Review and recommend for approval by the Board of Hospital Trustees for University Medical Center of Southern Nevada, the Lease Agreement with AHP of Nevada, LLC for rentable space at 901 Rancho Lane, Las

Vegas, Nevada 89106; or take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Delta Point Lease Agreement
- Disclosure of Ownership

DISCUSSION:

This is a new 10-year agreement. The agreement allows for landlord improvement allowance for common areas and painting. Tenant improvements allowances are included. UMC has a right of first offer to purchase should Landlord provide notice that the building is available for purchase.

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

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)*

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: July 23, 2025
Minutes Prepared by: Stephanie Ceccarelli