University Medical Center of Southern Nevada
Governing Board Audit and Finance Committee Meeting
June 19, 2019

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 3:00 p.m. The meeting was called to order at the hour of 3:02 p.m. by Chair Robyn Caspersen and the following members were present, which constituted a quorum.

CALL TO ORDER

Board Members:

Present:
Robyn Caspersen
Jeff Ellis
Harry Hagerty (via phone)
Mary Lynn Palenik (via phone)

Absent:
Dr. Donald Mackay – Excused
Christian Haase – Excused

Others Present:
Mason VanHouweling, Chief Executive Officer
Tony Marinello, Chief Operating Officer
Jennifer Wakem, Chief Financial Officer
Lonnie Richardson, Chief Information Officer
Susan Pitz, General Counsel
Terra Lovelin, Administrative Assistant

SECTION 1. OPENING CEREMONIES

ITEM NO. 1 PUBLIC COMMENT

Committee Chair Caspersen 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 May 22, 2019. *(For possible action)***

Member Hagerty commented that in Item Number 11, the name of the committee member who motioned for approval was not listed.

Ms. Lovelin will listen to the tape and note who made the motion.

FINAL ACTION: A motion was made by Member Ellis that the minutes be approved as amended. Motion carried by unanimous vote.

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

Ms. Pitz stated that Item Number 11 will be removed from the agenda.

FINAL ACTION: A motion was made by Member Ellis that the agenda be approved as amended. Motion carried by unanimous vote.

SECTION 2. BUSINESS ITEMS

ITEM NO. 4 **Receive the monthly financial report for April FY19; and direct staff accordingly. *(For possible action)***

DOCUMENTS SUBMITTED:
- May FY19 Financials

DISCUSSION: Jennifer Wakem, Chief Financial Officer presented the financials for May FY 2019.

Total admissions were above budget 4.3%
In-patient surgery cases were above budget 11.56%
Out-patient surgery cases were under budget by 6.35%
Quick cares visits were under budget
Primary Care was well over budget, almost 13%
LOS was down

For the month of May:
Total patient revenue was above budget by 1.13%
Total net revenue was above budget by 3.34%
Total operating expenses were over budget by 1.98%

For the month of May:
Salaries are over budget by .96%
Benefits are under budget
Overtime is under budget

Year to date we are $1.9 unfavorable with salaries and benefits.
Salaries and benefits are over budget

Member Palenik asked for a list of what was available as far as statistics in Kaufman Hall.

We are currently at 85% compliance with spending on GPO. Surgery is the biggest category where we could save more if we buy surgical supplies on the GPO.

Capital Plan
FY 19 Spent $16.1 million
FY 19 Committed $8.1 million

FY19 Cash Flow
The DSH payment has not came in for May yet; approximately $6 million

Balance sheet highlights were shown.

ITEM NO. 5 Receive an update report from the Chief Financial Officer; and direct staff accordingly. ***(For possible action)***

DOCUMENTS SUBMITTED:
- None submitted

DISCUSSION: Ms. Wakem let the committee know that the CEO performance objectives will be discussed at the August meeting.

There is a federal supplemental program that UMC has not previously taken advantage of and we were able to take advantage of it recently. We will be getting some payments retroactively thanks to Steven Hughey's efforts. It's likely that we will record the amount, $850k in FY 19.

The auditors came in to audit Medicaid DSH for 2018 and DSH cuts have been built into the FY20 budget.

Mr. VanHouweling mentioned that we have asked for a delay in the DSH cuts.

Regarding Nathan Strohl's payroll audit; Member Hagerty asked if we have to offer paper checks to employees and Ms. Wakem researched the rules around this and it's a Nevada regulation. We do have to offer the check option to an employee if they ask.

FINAL ACTION TAKEN: None taken

ITEM NO. 6 **Review and recommend for approval by the Board of Hospital Trustees for University Medical Center of Southern Nevada the Agreement and approve, adopt and authorize the Chairman to sign a resolution to support the Level I Trauma Center designation given by the State of Nevada, Division of Health; and take action as deemed appropriate. *(For possible action)***

ITEM NO. 7 **Review and recommend for approval by the Board of Hospital Trustees for University Medical Center of Southern Nevada the Agreement and approve, adopt and authorize the Chairman to sign a resolution to support the Level II Pediatric Trauma Center designation given by the State of Nevada, Division of Health; and take action as deemed appropriate. *(For possible action)***

Chair Caspersen asked if Items Number 6 and 7 could be heard and approved together and Ms. Pitz replied that they could.

<u>DOCUMENTS SUBMITTED</u>:
- Resolution

<u>DISCUSSION</u>: Ms. Pitz explained that these resolutions are before this committee today because in the past, these were approved by the Audit and Finance Committee since they do have a financial impact.

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

ITEM NO. 8 **Review and recommend for approval by the Governing Board the Memorandum of Understanding between the Clark County Office of Public Communications and University Medical Center of Southern Nevada; and take action as deemed appropriate. *(For possible action)***

<u>DOCUMENTS SUBMITTED</u>:
- MOU

<u>DISCUSSION</u>: This MOU is for a videographer and equipment to tape healthcare segments for the community. This MOU allows for 12 episodes of UMC Digest to be aired three times per week on Clark County Television at a cost of $180,000 over two years.

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

ITEM NO. 9 Review and recommend for approval the Amendment to Professional Services Agreement between Jerry L. Cade, M.D., and University Medical Center of Southern Nevada ("UMC"); and authorize the Chief Executive Officer to execute the Amendment and any future extensions. *(For possible action)*

<u>DOCUMENTS SUBMITTED</u>:
- Amendment Three to Professional Services Agreement

<u>DISCUSSION</u>: This amendment extends the existing agreement for Dr. Jerry Cade to provide HIV services to UMC patients for a term of one year. There is an estimated savings of $60,000 to UMC due to Ryan White grant funds.

<u>FINAL ACTION TAKEN:</u> A motion was made by Member Ellis to approve and 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 Agreement for Medicare Reimbursement Services with Healthcare Reimbursement Services; and take action as deemed appropriate. *(For possible action)*

<u>DOCUMENTS SUBMITTED</u>:
- Service Agreement

<u>DISCUSSION</u>: This agreement is to provide Medicare reimbursement services to UMC for past fiscal years FY 2016 through FY 2018.

This stems from a court decision that said CMS used inaccurate data years ago. The courts allow us to come back and adjust the amount and see if we can recover funds. The term of the agreement is for five years.

<u>FINAL ACTION TAKEN:</u> A motion was made by Member Ellis to approve 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 Hospital Participation Agreement between Health Value Management, Inc. d/b/a ChoiceCare Network and University Medical Center of Southern Nevada; and take action as deemed appropriate. *(For possible action)*

THIS ITEM HAS BEEN PULLED FROM THE AGENDA

ITEM NO. 12 **Review and recommend for approval by the Governing Board the award of Bid No. 2019-02, Enterprise Quick Care / Occupational Medicine Clinic Renovation Project to CMMCM LLC dba Müller Construction, the lowest responsive and responsible bidder; and take action as deemed appropriate. *(For possible action)***

DOCUMENTS SUBMITTED:
- Invitation to Bid
- Notice of Required Documents Pre-Award
- Letter of Award
- Notice of Intent to Award

DISCUSSION: The contract is to provide renovations to the Enterprise Quick Care and Occupational Medicine Clinic. The contract total is $561,663 and will bring the clinic up to date with UMC's other Quick Care facilities.

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

ITEM NO. 13 **Review and recommend for approval by the Governing Board the award of Bid No. 2018-22, Emergency Department Flooring and Finishes, to P J Becker and Sons Construction, LLC, the lowest responsive and responsible bidder; and take action as deemed appropriate. *(For possible action)***

DOCUMENTS SUBMITTED:
- Invitation to Bid
- Notice of Required Documents Pre-Award
- Letter of Award
- Notice of Intent to Award

DISCUSSION: This contract shall provide flooring and paint for the remainder of the ED to match the newly remodeled space. The contract amount totals $828,825.

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

ITEM NO. 14 **Review and recommend for approval by the Governing Board the Purchaser Agreement with Vitalant; authorize the Chief Executive Officer to exercise any extension options; and take action as deemed appropriate. *(For possible action)***

DOCUMENTS SUBMITTED:
- Purchaser Agreement

DISCUSSION: This is a new contract to provide blood products and blood product services to the hospital. The amount of this contract is $20 million over a five-year period, through June 30, 2022.

FINAL ACTION TAKEN: A motion was made by Member Ellis to approve 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 Therapeutic Apheresis Services Agreement with Vitalant; authorize the Chief Executive Officer to exercise any extension options; and take action as deemed appropriate. *(For possible action)***

DOCUMENTS SUBMITTED:
- Services Agreement

DISCUSSION: This agreement is to provide inpatient and outpatient therapeutic apheresis services at UMC. The base contract is for $1,500,000 over three years.

FINAL ACTION TAKEN: A motion was made by Member Ellis to approve 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 Board of Hospital Trustees for University Medical Center of Southern Nevada ("UMC") Amendment One to the Amended and Restated Professional Services Agreement with Robert B. McBeath, M.D. II, P.C., dba OptumCare Anesthesia, the associated Acknowledgment and Annual Assessment Form; authorize the Chief Executive Officer to execute the Amendment and any future amendments, extensions, acknowledgements and attestations within his authority; and take action as deemed appropriate. *(For possible action)***

DOCUMENTS SUBMITTED:
- Amendment One to Amended and Restated Professional Services Agreement
- Acknowledgement

DISCUSSION: This amendment is to include additional clinical hours for obstetric anesthesia services for Labor and Delivery. This is an increase of $1,270,404 per year. This contract is based on usage and hours. There is also an Acknowledgement to close out amounts due under the prior contract year.

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

ITEM NO. 17 Review and recommend for approval by the Governing Board the Fourth Amendment to the Master Services Agreement and Services Agreement for Perfusion and Related Services with SpecialtyCare, Inc. ("SpecialtyCare"); and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Fourth Amendment to Master Services Agreement and Services Agreement for Anesthesia Technician Professional Services and Services Agreement for Perfusion and Related Services

DISCUSSION: This amendment adds equipment for the third OR suite when they perform open hearts surgeries and also updates the fee schedule. There is an increase to the base contract of $5,000 per month, or $180,000 over three years. This removes the auto renewal language in the contract as well.

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

ITEM NO. 18 Review and recommend for approval by the Governing Board the First Amendment to Agreement for Food Services and Clinical Nutrition Management Services (Lot 2) with Compass Group USA, Inc.; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- First Amendment to Agreement
- Disclosure of Ownership

DISCUSSION: This allows UMC to retain payroll reduction sales revenue at the cafeteria versus paying revenue directly to the vendor. There is no change in net cost.

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

ITEM NO. 19 Review and recommend for approval by the Board of Hospital Trustees for University Medical Center of Southern Nevada, the Second 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, School of Medicine for rentable space at the Lied

Building located at 1524 Pinto Lane; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Second Amendment to Interlocal Medical Office Lease

DISCUSSION: This is for UNLV to lease 2,475 square feet of additional first floor space at Pinto Lane. The term is through 10/31/2022 with revenue going to UMC.

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

ITEM NO. 20 Review and recommend for approval by the Governing Board the Amendment to Customer Orders for Pyxis Products for the Med Station Enterprise System between CareFusion Solutions, LLC and University Medical Center of Southern Nevada; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Amendment to Customer Order – Redacted
- Disclosure of Ownership

DISCUSSION: This amendment extends the Master Renal and Service Agreement for the current Pyxis Products for two years. There is a cost increase of $117,240 over a two-year period.

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

A discussion ensued regarding how much information on the entire project for each contract coming to this committee, should be included on the summary excel sheet that the contracts department creates.

It was summarized by the committee members that if there is a contract that is representative of something that wasn't done in accordance with what was already approved, perhaps include that information on the contract summary sheet.

SECTION 3: EMERGING ISSUES

ITEM NO. 20 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)*

Chair Caspersen asked if we could look at the use of a consent agenda for this committee.
Ms. Pitz replied that they will look in it.

Mr. VanHouweling announced that NACO, National Association of Counties is coming July 11. There will be a healthcare panel and he will be speaking on this panel regarding healthcare topics. The board is invited to come to this event at Bally's and if they are interested they can speak with Mr. VanHouweling.

COMMENTS BY THE GENERAL PUBLIC: None

At this time, Chair Caspersen 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 4:31 p.m., Chair Caspersen adjourned the meeting.

MINUTES APPROVED: August 21, 2019
Minutes Prepared by: Terra Lovelin