

**University Medical Center of Southern Nevada**  
**Governing Board Audit and Finance Committee Meeting**  
*June 21, 2023*

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UMC ProVidence Suite  
Trauma Building, 5<sup>th</sup> 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 (via WebEx)  
Jeff Ellis (via WebEx)  
Harry Hagerty (via WebEx)  
Mary Lynn Palenik (via WebEx)

**Absent:**

Chris Haase (Excused)  
Dr. Donald Mackay (Excused)

**Others Present:**

Jennifer Wakem, Chief Financial Officer  
Doug Metzger, Controller  
Bud Schawl, Executive Director of Post-Acute Care Services  
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 May 24, 2023. (For possible action)**

**FINAL ACTION:**

A motion was made by Member Palenik that the minutes be approved as presented. Motion carried by unanimous vote.

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

FINAL ACTION:

A motion was made by Member Palenik that the agenda be approved as presented. Motion carried by unanimous vote.

**SECTION 2. BUSINESS ITEMS**

**ITEM NO. 4 Receive an update from Douglas Moser, Director of Materials Management, on GPO activities at UMC; and direct staff accordingly. (*For possible action*)**

DOCUMENTS SUBMITTED:

- PowerPoint Presentation

DISCUSSION:

Douglas Moser, Director of Materials Management provided an update on the activities of the Materials Management department at UMC.

UMC ranks #3 out of seven hospitals with similar spend. HeathTrust's contracted compliance is 80% for all members and the average contract compliance is 83%. UMC is doing very well with 86.1% compliance as of May 2023.

Orthopedic internal and external fixation and regenerative tissue in wound care accounts for nearly \$900K in off-contract spend incurred at UMC. This is due to physician preference of certain products.

Mr. Moser next reviewed the administrative fees and rebates that received from the GPO. Fees come from all vendors that participate in the GPO and the GPO may collect up to 3% of all sales volumes from the vendors when they negotiate a contract. Fees do not include the price negotiated. Of the 832 contracts that UMC utilizes from HealthTrust, UMC is reimbursed 50% of the admin fees. As of FY23, UMC has collected approximately \$1.9 million in admin fees and rebates. Rebates are paid at various times of the year and depending on the contract.

The targeted savings goal from FY23 was \$1.5 million and as of June 15<sup>th</sup>, we have achieved a savings of \$1.9 million. We are projected to hit over \$2 million in savings. Other areas of cost savings and savings initiatives currently in process were reviewed.

HealthTrust is ranked the third largest GPO in the nation and is the only one with a committed model and gives flexibility to healthcare organizations.

FINAL ACTION:

None

**ITEM NO. 5 Receive the monthly financial report for May FY23; and direct staff accordingly. (For possible action)**

DOCUMENTS SUBMITTED:

- May FY23 Financials

DISCUSSION:

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

Admissions were 2,045, below budget 6.28% and AADC was at 651. Hospital CMI was 1.85 and Medicare CMI was 1.86. There were 814 inpatient surgeries, up 4% and outpatient surgeries were below budget approximately 12%. There were 13 transplants and ER visits were on budget. Approximately 21.6% of patients are being admitted from the ED.

Quick care visits were strong, but fell below budget 4.54%; Nellis, Centennial and Aliante were the key drivers. Primary cares were 20% above budget; Spring Valley, Nellis and Aliante were key drivers.

There were 433 telehealth visits, 1,514 Ortho Clinic visits and 92 deliveries.

Trended stats showed admissions were strong at 1,951, which is a record compared to the 12-month average. ALOS was a record low at 6.16. Acuity has been trending downward. Surgical cases continue on an upward trend. ED to admit conversion rates continue to go up. Deliveries dropped slightly.

Payor mix trended was reviewed. In inpatient, Medicaid dropped 3%, but Medicare increased 3%. ED payor mix, Medicare increased just over 1%. Payor mix by inpatient surgical, Medicaid decreased by 1% and outpatient surgical government went up 2% and Medicaid dropped 1.75%.

The income statement for May showed net patient revenue was above budget \$10.7 million. Other revenue was \$1.4 above budget. Overall net revenue exceeded budget \$12.2 million. Other operating expenses exceeded budget \$9.7 million. Income from ops before depreciation was \$6 million, on a budget of \$3.5 million, \$2.5 million above budget.

The income statement year to date showed total operating revenue exceeded budget \$57 million. Operating expenses were \$57.3 million. Income from ops was \$36.5 million on a budget of \$36.5 million. This is the first month that we were on budget. The income statement trended was shared as informational.

SWB for May was \$8 million over budget. Overtime was approximately \$500K above budget, contract labor was also above budget \$2.1 million. SWB per APD was \$2,304. Ms. Wakem reminded the Committee that ortho and anesthesia were unbudgeted service lines. In trended stats, she highlighted

the contract labor continues to come down as compared to April stats. Coding, radiology and IT continue to be a challenge in contract labor.

All other expenses were over budget approximately \$1.7 million due to supplies/surgical implants, 340B, and purchased services.

Key indicators were reviewed briefly. Labor is in the red in SWB and paid FTEs, primarily due to unbudgeted anesthesia and ortho services. Liquidity was in the red with days' cash on hand at about 64 days and net days in AR is at 75 days. Cash collection was all green for the month.

Cash flow for May showed cash received was \$56 million; \$8 million was related to supplemental payments that were received. Funds were received from the county.

Lastly, the balance sheet was shown.

Member Hagerty asked about the increase in SWB with ortho and anesthesia and asked where the fees for these services fell previously. Ms. Wakem responded that they were under professional fees.

FINAL ACTION TAKEN:

None

**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 updated the Committee on the following items:

The public health emergency officially ended on May 11, 2023. We will no longer receive the COVID add on payment for Medicare patients diagnosed with COVID. Patients are required to be hospitalized for 3 days before being admitted to SNFs. Cost sharing with insurance payors will be required for those seeking COVID testing or vaccinations.

Medicaid dis-enrollment will be monitored closely. Beginning June 2023, the state has the ability to dis-enroll patients from Medicaid due to the end of the public health emergency.

SB232 was signed by the Governor. This bill extends post-partum Medicaid coverage for women from 60-days to a full 12-months after child birth. This will allow continued maternal Medicaid coverage. In Nevada, 55% of births are covered by Medicaid.

As of May 31<sup>st</sup>, there is approximately \$150 million in outstanding federal supplemental payments.

FINAL ACTION TAKEN:

None

- ITEM NO. 7 Review and recommend for approval by the Governing Board the Amendment Six to 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:

- Provider Care Group Services Agreement – Amendment 6 - Redacted
- Disclosure of Ownership

DISCUSSION:

This amendment will extend the Medicare HMO PCP agreement and will add the Provider Group Performance Incentive Program to the agreement, which includes certain quality performance measures, and revise the Exhibit C Compensation schedule in the Agreement. All other terms and conditions in the Agreement are unchanged.

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. 8 Review and recommend for approval by the Governing Board the Amendment Four to Participating Facility Agreement with SelectHealth, Inc. and SelectHealth Benefit Assurance, Inc. for Managed Care Services; or take action as deemed appropriate. (For possible action)**

DOCUMENTS SUBMITTED:

- Participating Facility Agreement – Amendment 4 - Redacted
- Disclosure of Ownership

DISCUSSION:

This amendment will update the UB form to a physician office form and will update the revenue codes to CPT codes in the Exhibit A compensation schedule. All other terms in the Agreement are unchanged.

FINAL ACTION TAKEN:

A motion was made by Member Hagerty to approve 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 Eighth Amendment to Memorandum of Understanding with Intermountain IPA, LLC for Managed Care Services; and take action as deemed appropriate. (For possible action)**

DOCUMENTS SUBMITTED:

- HCP IPA Nevada, LLC - MOU – Redacted
- Disclosure of Ownership

DISCUSSION:

This amendment to the hospital agreement updates the business name to Intermountain IPA, LLC, extend the term for three (3) years from June 1, 2023 through May 31, 2026, and it update rates for the extension period.

Chair Caspersen asked if this agreement is related to Intermountain Health. It was clarified that Intermountain IPA, LLC is a subsidiary of Intermountain Health.

FINAL ACTION TAKEN:

A motion was made by Member Hagerty 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 Letter of Agreement with Hometown Health for Managed Care Services; or take action as deemed appropriate. (For possible action)**

DOCUMENTS SUBMITTED:

- Letter of Agreement
- Disclosure of Ownership

DISCUSSION:

This is a request is to enter into a Letter of Agreement with Hometown Health to extend the primary care terms and add orthopedic and anesthesia services to the hospital contract.

FINAL ACTION TAKEN:

A motion was made by Member Palenik 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 Agreement with HealthLinx, Inc. for Nursing Excellence Assessment Services; authorize the Chief Executive Officer to execute extension options or amendments; or take action as deemed appropriate. (For possible action)**

DOCUMENTS SUBMITTED:

- Nursing Excellence Solution Agreement
- Disclosure of Ownership

DISCUSSION:

This agreement will allow vendor to provide consulting services to assess nursing excellence and performance improvement expertise and project planning to ensure UMC meets and/or exceeds the Magnet standards and UMC is successfully designated as a Magnet Facility by the American Nurses Credentialing Center. This is a 2-year term and termination is at any time upon written notice.

FINAL ACTION TAKEN:

A motion was made by Member Palenik to approve 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 the Amendment One and Two to Agreements with Steris Corporation for Phase I & II of the Surgical Suite Refresh Project; authorize the Chief Executive Officer to exercise any future Amendments within his delegated authority; or take action as deemed appropriate. (For possible action)**

DOCUMENTS SUBMITTED:

- Phase One – Amendment 1
- Phase Two – Amendment 1
- Disclosure of Ownership

DISCUSSION:

These amendments for Phases One and Two will add additional Indigo light cleaning systems for Phase 1 in the OR rooms 12, 14, and endoscopy and for Phase 2 to the CVOR rooms 15 and 16.

FINAL ACTION TAKEN:

A motion was made by Member Palenik 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 Board of Hospital Trustees for University Medical Center of Southern Nevada, the Third Amendment to RFP 2018-01 Agreement with Compass Group for Food Services and Clinical Nutrition Management Services (Lot 2); or take action as deemed appropriate. (For possible action)**

DOCUMENTS SUBMITTED:

- Food Services and Clinical Nutrition Management Agreement - Amendment 3
- Disclosure of Ownership

**DISCUSSION:**

This is a request to exercise the renewal option to extend the agreement term for two years, and increase funding to account for adjustments to the patient day rate and number of patient days that have increased.

Chair Caspersen asked this contract would be up for competitive bid process and what other vendor opportunities are available. Ms. Allen responded that we can begin the renewal process in 2025. There was continued discussion regarding the food services provided to other area hospitals.

**FINAL ACTION TAKEN:**

A motion was made by Member Palenik to approve and make a recommendation to the Board of Hospital Trustees for University Medical Center of Southern Nevada to approve the amendment. Motion carried by unanimous vote.

**SECTION 3: EMERGING ISSUES**

**ITEM NO. 14 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:** None  
**SPEAKERS(S):** None

There being no further business to come before the Committee at this time, at the hour of 2:58 pm., Chair Caspersen adjourned the meeting.