

University Medical Center of Southern Nevada
Governing Board Audit and Finance Committee Meeting
June 22, 2022

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 2:02 p.m. by Chair Robyn Caspersen and the following members were present, which constituted a quorum.

CALL TO ORDER

Board Members:

Present:

Robyn Caspersen
Dr. Donald Mackay (via WebEx)
Jeff Ellis (via WebEx)
Harry Hagerty (via WebEx)
Mary Lynn Palenik (via WebEx)

Absent:

Barbara Fraser (Ex-Officio) (Excused)
Christian Haase (Excused)

Others Present:

Tony Marinello, Chief Operating Officer
Jennifer Wakem, Chief Financial Officer
Doug Metzger, Controller
Rose Coker, Director of Managed Care
Susan Pitz, General Counsel
Emelia 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 22, 2022. (For possible action)

FINAL ACTION:

A motion was made by Member Hagerty that the minutes be approved as presented. Motion carried by a majority vote.

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

Item No. 11 was tabled for discussion.

Item No. 21 has not been finalized and will be taken directly to Governing Board for approval.

FINAL ACTION:

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

SECTION 2. BUSINESS ITEMS

ITEM NO. 4 Receive the monthly financial reports for May FY22; and direct staff accordingly. (*For possible action*)

DOCUMENTS SUBMITTED:

- May FY22 Financials

DISCUSSION:

Jennifer Wakem, Chief Financial Officer, presented the financials for May FY22.

The key indicators for May were consistent with previous months. Volumes were strong for the month. Admissions were 9% over budget. Average LOS was 6.25. Hospital CMI was consistent with budget

Inpatient surgeries were 15.78% above budget and outpatient surgeries was on budget. There were 15 transplants. ER visits were 21% above budget. Quick care locations were 23.66% above budget and primary cares were up 8%. There were 94 deliveries for the month.

In trended stats, there were 1,927 admissions for May. ALOS has been trending down. We have been meeting regularly with the County on initiatives to improve patient length of stay. There was continued discussion regarding potentially staffing county employees to assist the hospital in discharging medically cleared patients. More details will be provided as they become available. The ED to admission rate is 10%.

The Committee had a brief discussion regarding the patient capacity at the quick care locations and how telehealth can ease some of the patient volume. Ms. Wakem stated that she would provide the Committee with statistics of payor mix by clinic during next month's meeting.

Payor mix trended showed inpatient was consistent with the 12-month average. Commercial was up 1%, Medicaid is up 1.75%, Medicare was down 1.3%, and self-pay was down 1.3%. ED payor mix showed Medicaid increased 3.79%.

Payor mix by surgical volumes showed government was up 2.4% and Medicaid dropped 3.2%, Medicare was up 2%. Outpatient surgeries showed Medicaid was down 1.3%, Medicare was up 1.17% and self-pay dropped 1.13%.

The summary income statement for May showed net patient revenue above budget \$10 million. Other revenue was down \$2.9 million. Total net revenue was above budget \$7.1 million. Operating expenses were over budget 6.3%. Income from ops landed at earnings of \$1.8 million for the month, compared to a budgeted loss of \$1.4 million.

The year to date summary income statement showed net patient revenue was 21.2% above budget. Operating expenses were 10.4% above budget and total income from operations was positive for the month \$21.1 million on a budgeted loss of \$18.3 million. The summary income statement trended was provided as informational.

Salary, wages and benefits were over budget \$2.7 million. SWB trended will be shown next month. Overtime and contract labor were over budget for the month, but have dropped when compared to prior month. The nursing resource pool has been helpful in reducing overtime and contract labor needs.

Purchased services were \$1.4 million over budget , primarily due to the NSI contract. There was also an inflationary rate increase that applied due to the increase in food costs.

There was a brief review of the May expenses and key financial indicators. Profitability and liquidity were in the red. Labor was in the green. Ms. Wakem stated days cash on hand is at 68 days. Net days in AR is at 69 days and candidate for bill was 6.5 days. Cash collections are in the green. All other metrics are in the green.

Next, the capital plan for FY22 was reviewed. The new slide shows how the capital dollars were allocated. Mr. Marinello introduced the capital project plan slides, highlighting the timelines of the projects going on at the facility. There was a lengthy discussion regarding the data presented.

Member Hagerty asked if there was a separate flow chart for each of the projects, with overall details through completion. Mr. Marinello responded that there is a larger detailed spreadsheet; the one presented to the Committee is just the summary.

Chair Caspersen suggested that this presentation be shown prior to setting goals for FY23. The committee would like more detail to get a better understanding of the capital projects and how they are financed.

Member Palenik commented that this is a good portfolio view and would like to also see the budget run rate of the spend vs. the project completion. She also asked how the overlap in budget is shown by fiscal year.

Moving forward, the Committee would like to see more details in the capital project plan, including key dashboards, how allocated capital funds are used and timeline details.

Lastly, the cash flow statement and balance sheet highlights were shown. No supplemental payments were received in May.

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 an update on the 340B hospital litigation and Medicare reimbursement.

Next month the Committee will review FY22 CEO goals, as well as discuss the proposed CEO goals for FY23. A lengthy conversation ensued regarding potential FY23 goals and the ability to manage the performance in achieving the goals.

Lastly, Ms. Wakem updated the Committee with the final results of the UMC/SEIU COLA negotiations.

FINAL ACTION TAKEN:

None

ITEM NO. 6 Review and recommend for approval by the Governing Board the Amendment No. 10 to Hospital Participation Agreement with Health Value Management, Inc., d/b/a ChoiceCare Network for Managed Care Services; or take action as deemed appropriate. (For possible action)

DOCUMENTS SUBMITTED:

- Amendment 10 to Hospital Participation Agreement
- Disclosure of Ownership

DISCUSSION:

Ms. Coker stated this is an amendment to extend the commercial PPO Plan for the term for 2-years and update the commercial rate schedule and fee schedule for the Medicare Plans. EP studies were added to this agreement.

FINAL ACTION TAKEN:

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

ITEM NO. 7 Review and recommend for approval by the Governing Board the First Amendment to the Hospital Service Agreement with Cigna Health and Life Insurance Company; or take action as deemed appropriate. (For possible action)

DOCUMENTS SUBMITTED:

- Amendment 1 to Hospital Service Agreement
- Disclosure of Ownership

DISCUSSION:

This is an amendment to extend the term of the commercial PPO agreement for 1-year. There was an aggregate rate increase and EP studies were added to this agreement.

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 No. 3 to Purchaser Participation Letter with Cardinal Health 414, LLC for Radiopharmaceuticals; or take action as deemed appropriate. (For possible action)

DOCUMENTS SUBMITTED:

- Amendment 3 to Purchaser Participation Letter

DISCUSSION:

This is an amendment to extend the participation agreement for one year and add additional funding with a new NTE amount. All other terms remain the same.

FINAL ACTION TAKEN:

A motion was made by Member Mackay 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 Supplier-Provider Agreement with Arthrex, Inc. for Arthrex products; authorize the Chief Executive Officer to execute amendments within his delegation of authority; or take action as deemed appropriate. (For possible action)

DOCUMENTS SUBMITTED:

- Pricing Agreement w/ Exhibit

DISCUSSION:

This is a new agreement for UMC to purchase commonly used surgery supplies on an individual basis. This agreement will have fixed pricing for the term of the 2-year agreement and may be terminated at any time without cause upon a 30-day notice.

FINAL ACTION TAKEN:

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

ITEM NO. 10 Review and recommend for approval by the Governing Board the Amendment No. 1 (Add Product) to Master Customer Agreement with Experian Health, Inc. to add ClaimSource Dental software solution; or take action as deemed appropriate. (For possible action)

DOCUMENTS SUBMITTED:

- Amendment 1 to Master Customer Agreement

DISCUSSION:

This amendment will add ClaimSource dental software which will integrate with the current software and will automate and assist in dental claim submissions, as well as minimize denials by a payor source. This is a 2-year agreement.

FINAL ACTION TAKEN:

A motion was made by Member Mackay to approve 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 Agreement for HIM Educational Services and Coding Compliance Audit Services with Healthcare Cost Solutions d/b/a/ HCSSTAT; authorize the Chief Executive Officer to execute extension options or amendments; or take action as deemed appropriate. (For possible action)

This item was tabled for discussion.

ITEM NO. 12 Review and recommend for approval by the Governing Board the VNS Therapy System Purchase Agreement with Liva Nova USA, Inc.; authorize the Chief Executive Officer to execute amendments/renewal options within his delegation of authority; or take action as deemed appropriate. (For possible action)

DOCUMENTS SUBMITTED:

- VNS Therapy System Purchase Agreement
- Disclosure of Ownership

DISCUSSION:

This is a purchase agreement with the vendor to purchase implantable products as needed, to assist in controlling epileptic seizures in children and adults. This is a one-year term agreement.

FINAL ACTION TAKEN:

A motion was made by Member Mackay 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 Governing Board the Amendment to Lease Agreement and Service Agreement with Intuitive Surgical, Inc. for purchase of the ION™ Endoluminal System; authorize the Chief Executive Officer to exercise any extension/renewal options; or take action as deemed appropriate. (For possible action)

DOCUMENTS SUBMITTED:

- Quote Service Agreement
- Amendment to Lease Agreement
- Disclosure of Ownership

DISCUSSION:

The rental lease agreement UMC had for the ION Endoluminal Robotic System has recently terminated. This is a request to exercise the purchase option of the ION system, as well as receive a 1-year service plan. A partial credit of the lease payments will be applied.

FINAL ACTION TAKEN:

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

ITEM NO. 14 Review and recommend for approval by the Governing Board the Client Agreement and Addendum with LocumTenens.com, LLC for physician staffing services; authorize the Chief Executive Officer to execute future Addendums within the not-to-exceed amount of this Agreement; or take action as deemed appropriate. (For possible action)

DOCUMENTS SUBMITTED:

- Client Agreement

DISCUSSION:

This is a request to enter into an agreement with LocumTenens.com. This agreement will allow UMC to add additional addendums for locum tenens physician staffing as needed in critical care areas of the hospital. This is a 5-year term and includes a 30-day out clause.

FINAL ACTION TAKEN:

A motion was made by Member Mackay 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 Equipment Placement Services Agreement with SmallGuy, LLC dba Integrated Telehealth Solutions for TeleVisitor™ hardware and TeleTether™ software solutions; authorize the Chief Executive Officer to exercise any extension options; or take action as deemed appropriate. (For possible action)**

DOCUMENTS SUBMITTED:

- Equipment Services Placement Agreement
- Disclosure of Ownership
- Business Associate Agreement

DISCUSSION:

This vendor will provide robotic devices and installation services for the placement of monitoring equipment at UMC that will assist in telehealth patient observation where appropriate, scheduling and conduction of virtual social and clinical visitations, as well as for discharge medication management in conjunction with a pharmacy. The term is for one year with the option for four 1-year extensions. Either party may terminate with a 30-day notice.

FINAL ACTION TAKEN:

A motion was made by Member Mackay 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 Governing Board the Philips Service Agreement to extend certain warranties with Philips Healthcare; or take action as deemed appropriate. (For possible action)**

DOCUMENTS SUBMITTED:

- Final Master Services Agreement
- Sourcing Letter
- Disclosure of Ownership

DISCUSSION:

This request is to enter into a new Philips Services Agreement to extend these warranties for service and maintenance until November 30, 2028. Coverage includes parts and labor, an on-site labor response requirement, and one planned maintenance visit annually per unit.

FINAL ACTION TAKEN:

A motion was made by Member Mackay to approve 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 Governing Board the Performance Suite™ Solutions Subscription Agreement with Premier Healthcare Solutions, Inc.; or take action as deemed appropriate. (For possible action)

DOCUMENTS SUBMITTED:

- Performance Suite Solutions Subscription Agreement
- Disclosure of Ownership

DISCUSSION:

This is a new subscription service agreement with Premier Healthcare Solutions for clinical decision support tools that can be integrated into Epic, providing real-time, patient-specific best practices at the point of care to improve treatment outcomes and coding accuracy and compliance to optimize payor reimbursement. This is a 4-year agreement with an option to terminate 90-days prior of the end of the first year.

FINAL ACTION TAKEN:

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

ITEM NO. 18 Review and recommend for award by the Governing Board the Bid No. 2022-04 2231 Remodel to Red Mesa Builders, Inc., the lowest responsive and responsible bidder; authorize the Chief Executive Officer to exercise any Change Orders within his delegation of authority; or take action as deemed appropriate. (For possible action)

DOCUMENTS SUBMITTED:

- Invitation to Bid 2022-04 2231 Remodel
- Bid 2022-04 Notice of Award
- Disclosure of Ownership

DISCUSSION:

Seven bids were received for the improvement to the first floor of the 2-story building at 2231 West Charleston. Red Mesa Builders, Inc. was the lowest

responsive and responsible bidder. UMC requests the award of bid to this vendor.

FINAL ACTION TAKEN:

A motion was made by Member Mackay to approve and make a recommendation to the Governing Board to approve the bid. 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 Amendment No. 2 to the Supply Agreement for COVID-19 Related Products with Life Technologies Corporation; or take action as deemed appropriate. (For possible action)

DOCUMENTS SUBMITTED:

- Amendment 2 to Agreement to Supply COVID-19 Related Products
- Disclosure of Ownership

DISCUSSION:

This is an agreement to add additional funds for the purchase of COVID-19 and flu related lab products. This will extend the term of the agreement through June 30, 2024.

FINAL ACTION TAKEN:

A motion was made by Member Mackay 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 Board of Hospital Trustees for University Medical Center of Southern Nevada, the Seventh Amendment to Preliminary Affiliation Agreement with the Board of Regents of the Nevada System of Higher Education on behalf of the Kirk Kerkorian School of Medicine at University of Nevada, Las Vegas; or take action as deemed appropriate. (For possible action)

DOCUMENTS SUBMITTED:

- Preliminary Affiliation Agreement – Amendment 7

DISCUSSION:

This 7th amendment will amend the requirements for resident salary reimbursement and set resident salaries for the 2022-2023 academic year with the School of Medicine.

FINAL ACTION TAKEN:

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

ITEM NO. 21 Review and recommend for approval by the Governing Board the Professional Services Agreement for Internal and Family Medicine Clinical Coverage with UNLV Medicine and the Board of Regents of the Nevada System of Higher Education on behalf of the Kirk Kerkorian School of Medicine at the University of Nevada, Las Vegas; or take action as deemed appropriate. (For possible action)

DISCUSSION:

No action was taken on this item and it will be reviewed at the Governing Board meeting.

ITEM NO. 22 Review and recommend for approval by the Governing Board the Professional Services Agreement for Obstetrics and Gynecology Clinical Coverage with UNLV Medicine and the Board of Regents of the Nevada System of Higher Education on behalf of the Kirk Kerkorian School of Medicine at the University of Nevada, Las Vegas; or take action as deemed appropriate. (For possible action)

DOCUMENTS SUBMITTED:

- Professional Services Agreement

DISCUSSION:

NSHE and the School of Medicine will provide UMC with member physicians and advanced practice professionals who will provide inpatient/outpatient daily rounding, on call and consultative coverage, laborists, etc. This is a 3-year agreement with two, 1-year automatic renewals and a 180-day out clause upon written notice.

FINAL ACTION TAKEN:

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

ITEM NO. 23 Review and recommend for approval by the Governing Board the Professional Services Agreement for Psychiatry Clinical Coverage with UNLV Medicine and the Board of Regents of the Nevada System of Higher Education on behalf of the Kirk Kerkorian School of Medicine at the University of Nevada, Las Vegas; or take action as deemed appropriate. (For possible action)

DOCUMENTS SUBMITTED:

- Professional Services Agreement

DISCUSSION:

NSHE and the School of Medicine will provide UMC with member physicians to provide daily consultative coverage for adult and adolescent psychiatry

services at UMC. This is a 3-year agreement with two, 1-year automatic renewals and a 180-day out clause upon written notice.

FINAL ACTION TAKEN:

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

SECTION 3: EMERGING ISSUES

ITEM NO. 24 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)

1. An in-depth look at the tools and processes used to manage capital spending;
2. Possible annual CEO goals

COMMENTS BY THE GENERAL PUBLIC:

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.

SPEAKERS(S): None

There being no further business to come before the Committee at this time, at the hour of 3:48 p.m., Chair Caspersen adjourned the meeting.

MINUTES APPROVED: July 20, 2022

Minutes Prepared by: Stephanie Ceccarelli, Governing Board Secretary