University Medical Center of Southern Nevada
Governing Board Audit and Finance Committee Meeting
June 23, 2021

UMC ProVidence Suite
Trauma Building, 5th Floor
800 Hope Place
Las Vegas, Clark County, Nevada
Wednesday, June 23, 2021
2:00 p.m.

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
Harry Hagerty (via WebEx)
Dr. Donald Mackay
Jeff Ellis
Mary Lynn Palenik (via webex)
Christian Haase (at 2:06)

Absent:
Barbara Fraser (Ex-Officio)

Others Present:
Tony Marinello, Chief Operating Officer
Jennifer Wakem, Chief Financial Officer
Doug Metzger, Controller
Susan Pitz, General Counsel
Lia Allen, Assistant General Counsel - Contracts
Rose Coker, Director of Managed Care
Carissa Rey, Academic and External Affairs Officer
Stephanie Ceccarelli, Governing Board Secretary
Nathan Strohl, Internal Auditor

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 19, 2021. *(For possible action)*

FINAL ACTION:

A motion was made by Member Mackay that the minutes be approved as recommended. Motion carried by majority vote.

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

DISCUSSION:

Item 9 was removed from the agenda.

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 Review the results of the Cash Controls Audit dated June 18, 2021; and direct staff accordingly. *(For possible action)*

DOCUMENTS SUBMITTED:
- Cash Controls Audit Report

DISCUSSION:

Nathan Strohl, Internal Auditor provided details of the audit of Cash Controls collected during FY 2021. The objective of the audit was to determine whether internal controls were working effectively to assure fraud, theft and asset misappropriation were mitigated.

It was determined that there were challenges with safe combination security, badge access deficiencies and issues related to delayed petty cash reimbursement.

Auditor's recommendation is to train staff to secure safe combinations, regularly monitor access to the main cashier vault and business cashier office and ensure compliance with petty cash policies and procedures.

Doug Metzger, Controller, provided the management response to include communications with department heads, policy changes and quarterly reviews.

Member Hagerty asked if there is an enterprise password storing system that UMC uses, which could be used to safeguard safe combinations. Mr. Marinello states that there is currently no system in place for this.

ITEM NO. 5 Receive the monthly financial report for May FY21; and direct staff accordingly. *(For possible action)*

DOCUMENTS SUBMITTED:
- May FY21 Financial Report

DISCUSSION:

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

Key indicators were reviewed. Admissions were down approximately 19%.
AADC continues to be high at 537. Acuity remains high.
Overall hospital CMI was 2.05 and Medicare CMI was 2.03, down 23% from FY19.
LOS continues to be high, 18% above FY19. Inpatient and outpatient surgeries were both down 9%.
There were 9 transplant cases, 80% above FY19.
ER visits are on the rise, but remain below FY19 volumes by 11%.
ED to admission conversion rate is running 21%. Deliveries are down 14%
Quick cares are down 23%; Peccole, Blue Diamond and Spring Valley are the locations struggling the most.

Mr. Marinello shared some of the initiatives that are being added to promote growth.

On trended stats, AADC is 537. Hospital CMI is significantly higher than the pre-COVID average. Inpatient surgeries were 15 above the pre-COVID average and ER visits continue to climb. The conversion rate is consistent to the pre-COVID average.

Payor mix trended inpatient shows Medicare is up almost 6%; commercial has gone down 2.6%.
ED trends show commercial up 2.39%.
Inpatient surgical trends show Medicaid up over 4%, Medicare is up almost 5%. In outpatient, commercial is down 2% and Medicaid is up 2.75%.

The summary income statement for May against FY19 shows net patient revenue up almost $10 million and other revenue $483K. Total revenue up almost $10.5 million. Operating expenses were above FY19 $6 million. Income from ops adding depreciation and amortization landed at $8.1 million in earnings compared to $5.2 million in FY19.

Member Hagerty asked why D&A was down so much compared to 2 years ago. Ms. Wakem responded that there were fully depreciated assets that fell off the depreciation schedule. The conversation continued regarding capital expenditures.

Looking at the income statement year to date, the gap is almost closed and we are only about $1 million upside down. Optimistic that June will be a good month.

Chair Caspersen commended the team for a job well done, but reminded the committee of the pension adjustment that will be calculated in the future.

Income statement trended was in the black for 5 months with positive income from ops.

Key financial indicators show day's cash on hand is roughly 3.2 months on hand. Ms. Wakem reminded the Committee that we are still awaiting Federal Supplemental payments. Candidate for bill was 7.8 days.

Salary, wages and benefits for May were $4.1 million over FY19. Contract labor is the key driver, specifically critical care units. An action plan to create a float pool, which would improve core staffing and reduce contract labor is making progress. Ms. Wakem added that the number of FTEs has reduced, but the rate continues to be high.

Other expenses for the month of May are up $1.9 million over FY19. Supplies are up $1.7 million primarily due to implant and transplant cases. Purchase services were up $1.6 million.

Chair Caspersen asked where payments for IT related services are classified. Ms. Wakem stated this would be in purchase services.

COVID supply expenses trended down significantly in May due to a decrease in COVID related activity. The conversation continued regarding PPE inventory.

Ms. Wakem continued to the Capital Plan for FY20, explaining that $31 million has been committed to projects already in process. There are plans being approved for FY21 capital and will be included in next month's report.

Cash flow continues to be strong with $54 million received. We are still awaiting outstanding federal supplemental payments. DSH payments received for May and June totaled $11.6 million.

Lastly, Ms. Wakem reviewed the balance sheet and COVID testing and vaccinations. There were 33k tests performed in May. Moving forward, the COVID information will be provided if there is a spike in activity.

Member Ellis asked what patients are being tested. Mr. Marinello responded that those tested include all admissions, surgeries, those who are traveling and some special events. The testing center is located at 2231 W. Charleston and there are tests being performed at some of the clinics. A discussion ensued regarding insurance payments for testing and vaccinations.

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 Committee on the new federal supplemental payment program. We should be receiving funding soon.

The grant related to telemedicine has been submitted and it is currently pending. Updates will be provided.

June is the final month of the fiscal year. The state has the same fiscal calendar and have suspended paying Medicaid claims temporarily for budgetary purposes. Claims will be released in early July.

A proposed rule came out that will impact the transplant program. CMS is proposing a change in the methodology of how the organ acquisition costs are calculated which could create a loss in funds. This is being monitored.

FINAL ACTION TAKEN:

None

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

DOCUMENTS SUBMITTED:
- Hospital Services Agreement

DISCUSSION:

Rose Coker, Director of Managed Care, stated this is a new agreement for one-year agreement with new rates. This is a PPO plan.

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. 8 Review and recommend for approval by the Governing Board the Amendment 005 to the Hospital Services Agreement with Aetna Health, Inc.; or take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Amendment 005

DISCUSSION:

Ms. Coker provided background stating that UMC has met the requirements to be a Center of Excellence for transplants. This amendment with Aetna will add UMC to Aetna's Center of Excellence network for this geographical area.

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 Hospital Services Agreement with Health Plan of Nevada, Inc., Sierra Health and Life Insurance Company, Inc. and Sierra Healthcare Options, Inc.; or take action as deemed appropriate. *(For possible action)***

DOCUMENTS SUBMITTED:
- None

DISCUSSION:

This item was removed from the agenda.

FINAL ACTION TAKEN:

None

ITEM NO. 10 **Review and recommend for approval by the Governing Board the Service Agreement with Medline Industries, Inc. for the Snap Panel Privacy Curtain project; and take action as deemed appropriate. *(For possible action)***

DOCUMENTS SUBMITTED:
- Service Agreement
- Disclosure of Ownership
- Sourcing Letter

DISCUSSION:

This agreement is for Medline to install and replace all privacy curtains throughout the facility and ambulatory clinics that are torn, soiled, ripped, as well as those of various sizes and colors. This will standardize all curtains on property, as well as in ambulatory clinics and will refresh the look of all patient rooms.

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. 11 Review and recommend for approval by the Governing Board the Amendment Three to Master Agreement with CareDX Transplant Management, Inc. for the Transplant Database System; or take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Amendment Three
- Disclosure of Ownership

DISCUSSION:

This amendment will allow for a one-year extension of the transplant database and patient care management software.

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. 12 Review and recommend for approval by the Governing Board the Agreement for Diagnostic Imaging Services with West Coast Healthcare, LLC for temporary staffing services of diagnostic personnel; authorize the Chief Executive Officer to exercise any extension options; or take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Agreement for Diagnostic Imaging Services
- Disclosure of Ownership

DISCUSSION:

Ms. Allen stated that this in an agreement with West Coast to provide staffing for Ultrasound and EEG technicians as needed. The agreement includes a not to exceed amount and a 30-day without cause termination clause.

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. 13 Review and recommend for approval by the Governing Board the Master Agreement and its Schedules and Exhibits with Zimmer US, Inc. d/b/a Zimmer Biomet for the purchase and maintenance of the ROSA Knee System; or take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Master Agreement
- Disclosure of Ownership

DISCUSSION:

This agreement is for the purchase of the ROSA Knee System robot and instruments and includes a 5-year extended service maintenance agreement. It holds a 30-day with cause termination clause.

FINAL ACTION TAKEN:

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

ITEM NO. 14 Review and recommend for approval by the Governing Board the Customer Orders with CareFusion Solutions, LLC for the Pyxis Medication Management project; authorize the Chief Executive Officer to execute future orders within his delegation of authority; or take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Airport Customer Order
- 6 North Customer Order
- Airport Implementation Timeline
- 6 North Implementation Timeline
- Disclosure of Ownership
- Sourcing Letter

DISCUSSION:

This agreement is a request for additional equipment, support and software for the airport quick care clinic and various locations within the hospital. Staff also requests authorization for the CEO to execute future orders within his delegation.

FINAL ACTION TAKEN:

A motion was made by Member Haase 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 Master Customer Agreement with Experian Health, Inc. for identity verification, patient financial clearance and claims management services; authorize the Chief Executive Officer to exercise any extension options; or take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Master Customer Agreement
- Disclosure of Ownership

DISCUSSION:

Ms. Allen explained that this is a new agreement with Experian Health for verification software and implementation systems. This agreement will allow revenue cycle departments to perform eligibility checks with payers, monitor claims submissions and will interface with the Epic system. This agreement will replace existing software.

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 Dialysis Products Purchase Agreement with Baxter Healthcare Corporation; or take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Purchase Agreement
- Disclosure of Ownership

DISCUSSION:

This is a request to enter into a new master agreement for the purchase of dialysis products with Baxter. This will include a not to exceed amount and termination clause of 90-days without cause.

FINAL ACTION TAKEN:

A motion was made by Member Haase 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 Third Amendment to Service Agreement and Addendum with CyraCom, LLC for interpretation and translation services; authorize the Chief Executive Officer to exercise any extension options; or take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Third Amendment
- Addendum
- Disclosure of Ownership

DISCUSSION:

This is an agreement for interpretation and translation services. The addendum is a request to extend the agreement for one-year and additional funding. This service will include telehealth services to allow video conferencing.

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

ITEM NO. 18 Review and recommend for approval by the Governing Board the Amendment 2 to Agreement for Integrated Pest Management Program with Terminix International Company Limited Partnership d/b/a Terminix Commercial for pest control services; or take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Amendment Two

DISCUSSION:

This is a request to add additional services and funding with Terminix.

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.19 Review and recommend for approval by the Board of Hospital Trustees for University Medical Center of Southern Nevada the First Amendment to Hosting Services Agreement with Epic Hosting, LLC and request for additional funding for licensing and project implementation with Epic Systems Corporation; or take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Amendment to Hosting Services Agreement

DISCUSSION:

This amendment will extend the term of the Hosting Services agreement for an additional 5-years. In addition, staff requests approval for additional funding for licensing, maintenance and project implementation with Beaker.

Chair Caspersen requested that the Committee receive an update on Epic, as well as future plans with this module.

Member Hagerty requested that there also be an update on the implementation of Kauffman Hall.

FINAL ACTION TAKEN:

A motion was made by Member Ellis to approve and make a recommendation to the Board of Hospital Trustees to approve the amendment and request for additional funding. 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 Second Amendment to Participation Agreement with HealthTrust Purchasing Group, L.P.; or take action as deemed appropriate. ***(For possible action)***

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

DISCUSSION:

HealthTrust Purchasing Group is UMC's GPO and this amendment will extend the agreement with HPG for an additional 5-years. There is no additional cost.

FINAL ACTION TAKEN:

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

ITEM NO. 21 Review and recommend for approval by the Board of Hospital Trustees for University Medical Center of Southern Nevada the First Amendment to Lease Agreement with HIP Valley View, LLC; or take action as deemed appropriate. ***(For possible action)***

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

DISCUSSION:

This will extend the agreement for an additional 1-year term.

FINAL ACTION TAKEN:

A motion was made by Member Hagerty to approve and make a recommendation to the Board of Hospital Trustees to approve the amendment. Motion carried by unanimous vote.

SECTION 3: EMERGING ISSUES

ITEM NO. 22 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)*

DISCUSSION:

Member Ellis would like to receive an update on the financial status of the clinics. Mr. Marinello offered to provide a one on one update, as well as extended an invitation to attend the Strategic Planning Committee meeting.

FINAL ACTION TAKEN:
None

COMMENTS BY THE GENERAL PUBLIC:

Comments from the general public were called before going into closed session. No such comments were heard.

A motion was made by Dr. Mackay to go into closed session pursuant to NRS 450.140(3).

There being no further business to come before the Committee at this time, at the hour of 3:03 PM, Chair Caspersen adjourned the meeting, and the Committee recessed to go into closed session.

SECTION 4: CLOSED SESSION

ITEM NO. 22 Go into closed session pursuant to NRS 450.140(3) to discuss new or material expansion of UMC's health care services and hospital facilities; and direct staff accordingly. (*For possible action)*

The meeting was reconvened in closed session at 3:20 PM.

At the hour of 4:07 PM, the closed session on the above topic ended.

FINAL ACTION TAKEN:

None

There being no further business to come before the Committee at this time, at the hour of 4:07 PM, Chair Caspersen adjourned the meeting.

MINUTES APPROVED: July 21, 2021
Minutes Prepared by: Stephanie Ceccarelli