University Medical Center of Southern Nevada
Governing Board Strategic Planning Committee
June 3, 2021

UMC ProVidence Suite
Trauma Building, 5th Floor
800 Hope Place
Las Vegas, Clark County, Nevada
Thursday, June 3, 2021
9:00 a.m.

The University Medical Center Governing Board Strategic Planning Committee met at the time and location listed above. The meeting was called to order at the hour of 9:02 a.m. by Chair Hagerty and the following members were present, which constituted a quorum of the members thereof:

CALL TO ORDER

Board Members:

Present:
Harry Hagerty, Chair (Via WebEx)
Renee Franklin
Dr. Donald Mackay
Mary Lynn Palenik (Via WebEx)
Robyn Caspersen

Absent:
Christian Haase

Also Present:
Mason VanHouweling, Chief Executive Officer
Tony Marinello, Chief Operating Officer
Jennifer Wakem, Chief Financial Officer
Danita Cohen, Chief Experience Officer
Kayla Hillegass, Management Analyst
Maria Sexton, Chief Information Officer
Susan Pitz, General Counsel
Stephanie Ceccarelli, Governing Board Secretary

SECTION 1. OPENING CEREMONIES

ITEM NO. 1 PUBLIC COMMENT

Chair Hagerty asked if there were any persons present in the audience wishing to be heard on any item on this agenda. No such comments were heard.

ITEM NO. 2 Approval of minutes of the regular meeting of the UMC Governing Board Strategic Planning Committee meeting on February 4, 2021. *(For possible action)*

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

SECTION 2. BUSINESS ITEMS

ITEM NO. 4 Receive a report regarding UMC Service Line Performance and Market Dynamics; and direct staff accordingly. *(For possible action)*

DOCUMENT SUBMITTED:
- Service Line Update PowerPoint

DISCUSSION:

Mr. Marinello began the discussion by providing a review of the hospital sub-committee meetings. They let the Committee know that the Intellimed data presented is from 2nd quarter. A market overview will be provided at the next meeting.

Mr. Jones presented the overall hospital market share reflecting in-patient hospital data. UMC holds 8.4% of the market share after St. Rose-Sienna, Summerlin, and Mountain View. Sunrise leads at 15.4% of the market.

Chair Hagerty asked why we are losing market share and is this a concern. Mr. Marinello replied that 2nd quarter volumes decreased due to a lack of elective surgeries and admissions due to COVID. He noted that there has been a shift in the trend since this time frame.

Member Franklin stated that it is important to understand why there was shrinkage in the market share and focus on the key drivers of these issues, as well as understand the size related to these anomalies and peel back what was happening during this time. A discussion ensued regarding the shift in insurance plans, payors and providers.

Mr. Jones continued by showing cases by major financial class which is led by Medicaid and Medicare, followed by commercial. The percentage of cases by service line and net revenue were reviewed. General medicine is just over 24% of net revenue overall and general surgery is the largest percentage of net revenue at over 24%.

A review of the service line profit and loss dashboard, which includes all surgical service lines, shows general surgery and orthopedics make up almost 70% of the hospital volume. The contribution margin per case is approximately $5.6K. Cases by discharge decreased slightly.

UMC houses 5 robot types: Da Vinci, Globus Excelsius Spine, Colorectal Robot (trial), ROSA Total Knee (trial) and the ION Endoluminal System, which is first to

market. Key financial indicators show robotics up about $720 per case. Variable cost per case showed no change and the contribution margin is down over 2%.

Chair Hagerty asked if we are doing more in robotics as opposed to traditional surgery. Mr. Van Houweling responded that this is a request of patients and doctors. There was further discussion regarding the expansion of the OR suites and the growth in our robotic footprint.

The Committee suggested a future presentation on the future trends in robotics and in the market and the effect on our 5-year capital plan.

The Sacred Six overall trend in the market share was next reviewed. UMC is #3 in general surgery. Financial indicators are positive and charges per case have gone up $11k per case since February and net revenue per case has increased $14k year over year. Contribution margin is up almost 2%.

Jennifer Wakem, CFO, shared statistics in transplant services, with the impact of the cost report included, to show an accurate representation of the revenue generated by the transplant service line. A breakdown of the general surgery and general surgery transplant cases was discussed. The service line update was provided.

UMC sits at #3 in the orthopedic market, capturing just 12.7% of the market, following St Rose-Siena and Sunrise. Mr. Jones noted that the top 5 hospitals have all seen a decrease in volume. Statistics were presented.

Mr. Marinello highlighted service line updates, the addition of the integrative joint program, cost savings initiatives and strategic steps in promoting the robotic systems in the community.

UMC holds 6.8% of the market share in cardiac services. Charges and net revenue per case are down but the contribution margin per case is up.

Service line updates include Touch & Go service, which allows faster assessment of cardiac patients, completion of the cath labs and purchase of 4 new echocardiogram ultrasound machines. Strategic next steps, including telehealth consultations, revenue enhancements and strategy in technology were given.

Chair Hagerty asked about marketing of the Touch & Go program. Mr. Van Houweling responded that the target market will be with EMS and first responders.

Ambulatory services volumes have shown growth in quick care and primary care locations over prior year. Payor mix for primary cares showed improved contribution margin. A discussion ensued regarding the ideal contribution margin in quick care and primary care models.

Quick cares show an increase in contribution margin and an increase in self pay. Ambulatory service operational updates include the Airport UMC Express Care, COVID Long-Haul Clinic, telemedicine service line and partnership with UNLV for specialty provider coverage. Revenue enhancement goals, strategic next steps and future technology strategies were provided.

Oncology is #4 in the market share. Charges and net revenue is down, as well as cost per case, which is down $5k. The contribution margin per case is up 28% year over year. Mr. Marinello provided a service line update.

In Children's Hospital market, UMC ranks 3rd in market share. The P&L shows charges per case and net revenue are down, as well as the contribution margin. Mr. Jones noted that the contribution margin is steadily on an upward trend. Mr. Marinello added that UMC has launched a Children's Critical Care Transport Team. Revenue enhancements in NICU, strategic next steps in anesthesia and strategy in telemedicine and E-Consults were reported.

Lastly, Women's Hospital services have trended up slightly. UMC is down 1% in the market. Charges and net revenue are up, but the contribution margin is down 3%. The team is focused on improvements in this service. The discussion continued regarding the high Medicaid volume at this facility, geographic proximity of the payor mix and the change in the UMC neighborhood. Service line updates were next provided.

FINAL ACTION TAKEN: None taken.

ITEM NO. 5 Receive an update regarding Telehealth implementation; and direct staff accordingly. *(For possible action)*

DOCUMENT SUBMITTED:
- None

DISCUSSION:

Mr. Marinello provided a brief overview of telehealth. The projected timeline until project completion was provided.

FINAL ACTION TAKEN:

No action taken

ITEM NO. 6 Receive a report regarding UNLV School of Medicine Strategic Plan; and direct staff accordingly. (*For possible action)*

DOCUMENT SUBMITTED:
- None.

DISCUSSION:

UMC/UNLV Medicine are uniting to create the ***first*** Interventional Pulmonology program in Nevada.

The program objectives are to:

- Improve Lung Cancer Care and Survival
- Offer Innovative Treatment for Severe/End-Stage COPD
- Optimize lung cancer screening
- Improve diagnostic modalities for lung cancer

• Increase access to minimally invasive treatment options for lung cancer
• Bronchoscopy lung volume reduction using airway valves for COPD
• Relocate Outpatient PFT Lab

The capital investments include the purchase of the Erbecryo system for service line enhancement, clinical applications and the Ion Endoluminal Robotic system. Training on the use of the robot has begun. The benefits of this new service was discussed. There was continued discussion regarding the business and market plan.

FINAL ACTION TAKEN:

No action taken

ITEM NO. 7 Receive an update regarding FY20 CEO Performance Goals related to the UMC Governing Board Strategic Planning Committee's recommendation; and direct staff accordingly. *(For possible action)*

DOCUMENT SUBMITTED:
- None.

DISCUSSION:

Mr. Van Houweling started the conversation by reflecting on the Committee objectives set for the fiscal year with regards to the hospital performance.

Objective 1: Continued Leadership in Las Vegas Medical District: Continue to play a leading role in the development of the Las Vegas Medical District.

Despite COVID, UMC has continued to demonstrate leadership in the medical district by adding expanded services, serving as a command center for COVID-19, hosting healthcare forums, façade pans to enhance the medical district and by showing leadership in multiple medical district communities focusing on safety, marketing master planning and development.

Objective 2: Improved Results in the Six Focus Areas: Deliver improved results (financial and clinical) in the six focus areas (Ambulatory, Cardiology, General Surgery, Oncology, Orthopedics and Pediatrics).

All service lines showed growth year over year. It was noted that COVID decreased volumes in pediatrics, OB and in the NICU.

Objective 3: Establish at least one new Ambulatory service for UMC to strategically respond to COVID-19 needs for the community in partnership with UNLV SoM.

Collaboration between UMC and UNLV Medicine has allowed increased services in the community, including a COVID recovery clinic, pulmonary patient care, vaccine sites and community wide testing.

Objective 4: Develop new Annual Strategic Plan and a five-year financial plan (FY 21 – FY 25 inclusive) for UMC as a whole with a consolidated

income statement and cash flow statement. The plan will be granular down to the service line level and, within service lines will forecast volumes, revenue and expenses by sub service line.

Ms. Wakem stated that the ability to meet this goal, the key was to stand up Kaufman Hall (Axiom).

Implemented Axiom Financial Planning module

• Hybrid approach utilizing Current Year Forecast and Financial Planning to achieve level of customization required to meet the objective

Base Year

• FY 2022 Budget is the base year for the 5-year plan

Future Updates

• Input from Strategic Planning Committee should be provided by December 31st of each year to be incorporated in the following year's budget. Once a new budget is finalized, the tool will update future years.

The Committee will review the goals again during the August meeting and forward their recommendations to the HR Committee thereafter.

FINAL ACTION TAKEN:

No action taken

SECTION 3: EMERGING ISSUES

ITEM NO. 8 Identify emerging issues to be addressed by staff or by the Board at future meetings; and direct staff accordingly. *(For possible action)*

The Committee suggest presentations on the following topics:

Robots and the future, competitive landscape and the capital plan.
Continuum of care in the community.
Infectious disease update and preparations moving forward.

COMMENTS BY THE GENERAL PUBLIC:

Comments from the general public were called. No such comments were heard.

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

There being no further business to come before the Board at this time, at the hour of 10.53 PM, Chair Hagerty adjourned the meeting, and the Board recessed to go into closed session.

SECTION 4. CLOSED SESSION

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.

The meeting was reconvened in closed session at 10:54 AM.

At the hour of 11:46 a.m., the closed session on the above topic ended.

FINAL ACTION TAKEN:

None

There being no further business to come before the Committee this time, at the hour of 11:46 a.m. Chair Hagerty adjourned the meeting.

APPROVED: August 5, 2021

MINUTES PREPARED BY: Stephanie Ceccarelli