***University Medical Center of Southern Nevada***
***Governing Board Audit and Finance Committee Meeting***
*March 18, 2020*

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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 2:03 p.m. by Chair Robyn Caspersen and the following members were present telephonically, which constituted a quorum.

**CALL TO ORDER**

Board Members:

Present:
Robyn Caspersen
Jeff Ellis (joined @ 2:04)
Harry Hagerty
Mary Lynn Palenik
Dr. Donald Mackay
Christian Haase

Others Present:
Tony Marinello, Chief Operating Officer
Jennifer Wakem, Chief Financial Officer
Lonnie Richardson, Chief Information Officer
Jacqueline Saites, Director of Contracts Management
Susan Pitz, General Counsel
Emelia Allen, Attorney
Stephanie Ceccarelli, Administrative Assistant
Andi Lou, 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 February 19, 2020. *(For possible action)***

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

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

Chair Caspersen suggested that the agenda Item 11 be tabled or removed at this time, as the members have not had an opportunity to review the budget due to the focus being on the Coronavirus and the impacts. The budget as drafted does not reflect the current state of affairs.

Ms. Pitz suggested that a motion be made to reflect that agenda Item 11 be tabled until the next month and that the Agenda be approved as amended.

<u>FINAL ACTION</u>: Item 11 was removed from the agenda until the next meeting. A motion was made by Member Dr. Mackay that the agenda be approved as amended. Motion carried by unanimous vote.

**<u>SECTION 2. BUSINESS ITEMS</u>**

**ITEM NO. 4 Receive the monthly financial report for February FY20; and direct staff accordingly. *(For possible action)***

<u>DOCUMENTS SUBMITTED</u>:
- February FY20

<u>DISCUSSION</u>: Jennifer Wakem, Chief Financial Officer presented the financials for February 2020.

Ms. Wakem presented a review of the key indicators with admissions being down 12% and observation cases down11.6%. Overall hospital CMI was down 6% and Medicare CMI was down almost 20%.

Inpatient surgery cases were down 12%, but outpatient surgery cases were strong, 19% above budget primarily due to general surgery.

ER visits were up 11%, but overall conversion rate of ER visits was down compared to PY.

Quick cares visits were below budget for the month, as well as primary care visits. Mr. Marinello addressed the physician shortages that have taken place and discussed the action plans that are in place to mitigate these changes.

In trended stats, admissions were low for the month of February. There was also a drop in deliveries.

Ms. Caspersen questioned when activities related to the virus started to become apparent and would this be a factor in the conversion rates in the ER. Ms. Wakem stated that the impact of the virus started to become apparent in mid-February, but she could not conclude that this was a factor impacting the ER conversion rates.

Payor mix by admits trended shows commercial is down against the 12-month average by 1.2% and Medicaid is down 2%, but Medicare continues to be strong, up 2.3% for the month.

The summary income statement showed total revenue below budget by $4.1 million. Operating expenses were favorable to budget by $1.8 million. Although we were below budget $2.3 million for the month, we are still $143k above budget YTD.

Key financial indicators
Net to gross was favorable 18.71%
Salaries were above the 12-month average at 63%
Candidate for bill is down
Paid FTEs shows a positive drop
Days cash on hand 4.5 months.
Business office met cash collection goal.

Salaries are favorable to budget by $400k because of positive labor management. We continue to use contract labor in nursing and coding.

Other expenses:
Supplies are $1.1m favorable to budget and a building rent credit was received in the amount of $370K.

Ms. Wakem reviewed the capital spend year to date amount of $3.3 million dollars for various projects. Contracts are continuing to move forward.
Cash flow statements are consistent with last month and we are up to date on receiving federal supplemental payments.

It was noted that the MCO, Federal Supplemental Payment Program, was being phased out over the next 10 years. Effective January 1, 2020 the MCO program stopped. We are working with the county and state on a different program. All funds that have not yet been received with the MCO program this year will be retroactive once the new program takes effect.

Balance sheet showed: no significant changes.

FINAL ACTION TAKEN: None taken

**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 updated the committee on the Board request for debit cards for employees and the progress that is being made. Meetings have been scheduled with those employees currently receiving paper checks to offer them new debit card option.

The Committee was briefed on the lawsuit regarding Site Neutral Payments that was overturned. Initially cuts were implemented in FFY 2019 by CMS related to Medicare payments for outpatient services. A favorable outcome was received in a lawsuit filed by the American Hospital Association, which resulted in the reprocessing of impacted claims beginning in January. Our Medicare Administrative Contractor (Noridian) has reprocessed the claims and we have received reimbursements.

Medicaid per diem rates are now being paid at the higher rates. Claims are now being reprocessed. We are waiting for the MCOs to start paying the higher rates as well.

Ms. Wakem informed the Committee that we are incurring additional fees due to the Coronavirus crisis. These expenses are being tracked separately so that we can report the impact of the costs in the event reimbursements are available.

Chair Caspersen asked if expenditures for additional ventilators would be capital and if this is being tracked separately and how this will affect current planned capital projects. Ms. Wakem confirmed that we are tracking expenses separately and that funds would come out of the $31 million if necessary. Mr. Marinello added that all strategy capital is in place and has not been touched.

FINAL ACTION TAKEN: None taken

**ITEM NO. 6** **Review and recommend for approval by the Governing Board the Professional Services Agreement with UNLV Medicine for Ryan White Services; and take action as deemed appropriate. *(For possible action)***

DOCUMENTS SUBMITTED:
- Professional Services Agreement – Ryan White Program

DISCUSSION: Ms. Saites describes the funding for the outpatient primary medical services for Ryan White patients in the community. This is a 2 year grant and funded 100% by Ryan White.

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. 7** **Review and recommend for approval by the Governing Board the Professional Services Agreement with UNLV Medicine for pediatric hospitalist services; and take action as deemed appropriate. *(For possible action)***

DOCUMENTS SUBMITTED:
- Professional Services Agreement – Clinical Services

DISCUSSION: Ms. Saites stated that this agreement provides for on-site and call coverage for pediatric hospitalist services. It is a 1-year agreement with the potential for 3 years at $250K per year.

Mr. Marinello confirmed that a UNLV physician would be a part of our team internally.

FINAL ACTION TAKEN: A motion was made by Member Dr. 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 Agreements with Intuitive Surgical, Inc., Aesculap, Inc., Bryton Corporation, ConMed Corporation, Covidien LP, Hill-Rom dba Trumpf Medical, Integra Life Sciences, JPK Surgical, Inc., and Stryker Sales Corporation; authorize the Chief Executive Officer to exercise any extension options and approve future order forms within his delegation of authority; and take action as deemed appropriate. *(For possible action)***

DOCUMENTS SUBMITTED:

- Aesculap
  - Quote
  - Disclosure of Ownership/Principals Form
  - Sourcing Letter dated March 2, 2020
- Bryton Corporation
  - Quote
  - Amendment One to Quote
  - Disclosure of Ownership/Principals Form
- ConMed
  - Proposal
  - Disclosure of Ownership/Principals Form
  - Sourcing Letter dated March 2, 2020
- Hill-Rom Trumpf
  - Quote
  - Disclosure of Ownership/Principals Form
  - Amendment One to General Service Terms and Conditions
  - Addendum One to Terms and Conditions
- Integra
  - Quote
  - Disclosure of Ownership/Principals Form
  - Sourcing Letter dated March 2, 2020
- Intuitive Surgical da Vinci
  - Console Revised Quote
  - daVinci Robot Quote
  - Disclosure of Ownership/Principals Form
  - Amendment to the Lease Agreement
  - Use, License and Service Agreement
- Intuitive Surgical Instruments
  - Quote
  - Disclosure of Ownership/Principals Form
  - Use License and Service Agreement
- JPK Surgical

Quote
Disclosure of Ownership/Principals Form

- Medtronic
  Quote
  Disclosure of Ownership/Principals Form
  Sourcing Letter dated March 2, 2020
  Addendum One to Terms and Conditions
- Stryker
  Equipment Schedule
  Disclosure of Ownership/Principals Form
  Sourcing Letter dated March 2, 2020

DISCUSSION: Ms. Saites described the $2.6 million capital spend project regarding the Da Vinci robotic system which includes the robot, console and software. A year of service is also included, with an additional 5-year service and maintenance plan. Various agreements for instruments are also included for approval.

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

**ITEM NO. 9 Review and recommend for award by the Governing Board RFP No. 2019-12 Website Redesign Services Phase II to R&R Partners, LLC; approve the Agreement for Website Redesign Phase II; authorize the Chief Executive Officer to exercise any extension options; and take action as deemed appropriate. *(For possible action)***

DOCUMENTS SUBMITTED:
- Agreement for Website Redesign Phase II

DISCUSSION: Mr. Lonnie Richardson, Chief Information Officer, provided a technical overview of Phase II of the UMC website. This was an RFP award and is for the final phase of the UMC website build. The agreement includes a 5 year hosting agreement and a 6-month optional extension. All content belongs to UMC. Cost and administration fees were listed.

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

**ITEM NO. 10 Review and recommend for approval by the Governing Board the Professional Services Order Form with Kaufman, Hall & Associates, LLC; authorize the Chief Executive Officer to execute future orders within his delegation of authority; and take action as deemed appropriate. *(For possible action)***

DOCUMENTS SUBMITTED:
- Professional Services Order Form
- Disclosure of Ownership/Principals Form

DISCUSSION: Ms. Saites stated that this is a budget and analytical software change order for remote assistant used for budget purposes to help with planning.

Chair Caspersen asked if this was assistance that was previously provided by Kaufman Hall or does this allow for us to continue to use their service while we learn how to optimize use of the module. Ms. Wakem confirmed that this would be the case.

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. 11 Review and receive feedback on the tentative FY 2021 Operating Budget to be considered by Clark County and discuss any changes; and direct staff accordingly. *(For possible action)***

THIS ITEM HAS BEEN REMOVED FROM THE AGENDA

**SECTION 3: EMERGING ISSUES**

**ITEM NO. 12 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)***

Ms. Caspersen states that because of current situation at the hospital, the need for supplies and equipment may be required at a moment's notice. She requested that Ms. Pitz summarize processes moving forward regarding the ratification process and purchasing.

Susan Pitz, General Counsel, provided a brief summary of the Nevada Revised Statutes which govern the purchasing and public works provisions and allowances provided to the city and county in emergency situations. Although the delegation of authority is not clearly provided in the statutes, it may be required by the hospital to provide a report to the committee regarding any purchases that were made.

Mr. Marinello informed the committee that there are incident command briefings and meetings being held regularly at various scheduled times daily.

Final comment from Chair Caspersen regarding the date of the special meeting to prepare for budget approval. Ms. Wakem suggested that because March close would not be complete and because of the current situation regarding the COVID-19 crisis, the special meeting should be held at a later date.

**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 2:46 p.m., Chair Caspersen adjourned the meeting.

MINUTES APPROVED: April 22, 2020
Minutes Prepared by: Stephanie Ceccarelli