

University Medical Center of Southern Nevada
Governing Board Audit and Finance Committee Meeting
March 18, 2026

Emerald Conference Room
Delta Point Building, 1st Floor
901 Rancho Lane
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 2:00 p.m. by Chair Harry Hagerty and the following members were present, which constituted a quorum.

CALL TO ORDER

Board Members:

Present:

Harry Hagerty, Chair
Mary Lynn Palenik
Donald Mackay, M.D.
Christian Haase (via Teams)

Absent:

Bill Noonan (Excused)

Others Present:

Tony Marinello, Chief Operating Officer
Jennifer Wakem, Chief Financial Officer
Deb Fox, Chief Nursing Officer
Kendrick Russell, Chief Human Resources Officer
Doug Metzger, Controller
Bud Shawl, Executive Director, Continuum of Care
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 Hagerty 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 February 18, 2026. (*For possible action*)

A motion was made by Member Palenik to approve the minutes as amended. Motion carried by a majority vote. Member Mackay abstained, as he was not present at the meeting.

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

Item #8 was removed from the agenda. The Committee was advised that a presentation would be presented related to Item #12.

A motion was made by Member Mackay to approve the agenda as amended. Motion carried by unanimous vote.

SECTION 2. BUSINESS ITEMS

ITEM NO. 4 Receive monthly and year-to-date financial report for February FY26; and direct staff accordingly. (For possible action)

DOCUMENTS SUBMITTED:

- February FY26 Financial Report

DISCUSSION:

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

Admissions were 27 cases above budget. ADC was up slightly. Length of stay was 5.18. Hospital acuity was 1.82. Medicare CMI was 2.31.

Inpatient surgeries were below budget 26 cases. Outpatient surgeries were up 104 cases.

There were 12 transplants in the month. ER visits were 423 cases above budget. The overall ER conversion rate was 22%. Quick cares were above budget 6%, and primary care locations were below budget.

Telehealth had 376 visits for the month, ortho volumes were up 750 cases, and there were 95 deliveries. The Crisis Stabilization Clinic (CSC) saw 241 visits. The OP Infusion Clinic saw 559 patients.

In trended stats, admissions were down compared with the 12-month average but above budget for the month. ALOS was 5.18. Medicare CMI reached a record high for the month. Inpatient surgeries remain a focus, with continued growth expected in the coming months. The Ortho Clinic experienced its third highest month in volume. A discussion followed regarding the decline in transplant cases. Ms. Wakem reminded the Committee of changes to the allocation of organs to other facilities and to reimbursement rates.

Payor mix trends were reviewed briefly. There have been no significant changes to Medicaid or self-pay.

The February income statement showed net patient revenue \$8.3 million above budget. Other revenue was down approximately \$600k. Total operating revenue was \$7.7 million above budget. Ms. Wakem provided a high-level review of the one-time cost report settlements and supplemental payments received for February.

Year-to-date income statement showed net patient revenue was down \$10.2 million, other revenue was down \$5.5 million. Total operating revenue was below budget \$15.7 million, and operating expenses were \$30.3 million below

budget. EBITDA \$28.2 million, on a budget of \$16 million, which was approximately \$12.6 million over budget year to date.

Salaries were \$366K over budget. All other expenses were \$2.6 million favorable to budget, primarily due to a drop in 340B revenue, supplies, and purchased services.

Key financial indicators were reviewed for profitability, labor, liquidity, and cash collections. Profitability and labor were mostly in the green. Day's cash on hand was green with 63.3 days. Cash collection goals were met.

Organizational goals were reviewed. Currently, three of the four goals are being met.

Finally, Ms. Wakem reviewed the cash flow statement and the FY26 balance sheet highlights.

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 the following updates:

BDO Single Audit Report:

The single audit has been completed, and the report has been issued.

SAP:

The County is issuing an RFP to possibly change the use of the SAP general ledger system, which is also used by UMC. A three-year implementation is anticipated.

Chair Hagerty asked whether UMC could be exempted from using the new system. Ms. Wakem noted advantages for UMC in using the same system the County uses, and challenges in maintaining an independent system at UMC.

Medicaid DSH Audit:

The final DSH Audit is in progress for FY2023 audit.

340B HRSA Audit:

The 3rd party auditors will share their findings with HRSA. HRSA will issue a final report.

New Supplemental Payment Program Refresher:

Ms. Wakem provided an update on the new supplemental payment program. The preprint has not yet been submitted on UMC's behalf. The State is awaiting CMS feedback on the program before submitting. There was discussion about the process moving forward.

FINAL ACTION TAKEN:

None taken

ITEM NO. 6 Review and recommend for acceptance by the Governing Board the Single Audit from BDO USA, LLP, Certified Public Accountants for University Medical Center of Southern Nevada; and direct staff accordingly. (For possible action)

DOCUMENTS SUBMITTED:

- 2025 Single Audit Wrap-Up

DISCUSSION:

Ms. Wakem informed the Committee that the 2025 Single Audit was complete and there were no findings.

FINAL ACTION TAKEN:

A motion was made by Member Palenik to make a recommendation that the Governing Board accept the BDO Single Audit Information Statements as presented. Motion carried by unanimous vote.

ITEM NO. 7 Review and recommend for approval by the Governing Board the Equipment Acquisition Agreement with Werfen USA LLC; authorize the Chief Executive Officer to execute future amendments and extensions; or take action as deemed appropriate. (For possible action)

DOCUMENTS SUBMITTED:

- Agreement - Redacted
- Disclosure of Ownership

DISCUSSION:

This request is to enter into a five-year agreement with Werfen to lease two ACL TOP machines to UMC for use in the laboratory, along with related disposables. These hemostasis systems will enable UMC to conduct additional in-house testing. This is a GPO purchase that will result in cost savings for UMC. Termination is allowed with 30 days' prior notice.

FINAL ACTION TAKEN:

A motion was made by Member Mackay to approve the agreement and to 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 Commercial Services Agreement with Cox Communications Las Vegas, Inc. d/b/a/ Cox Business; authorize the Chief Executive Officer to execute extensions and amendments; 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. 9 Review and recommend for approval by the Governing Board the Agreements with Epic Systems Corporation for Cheers & Campaigns Modules; authorize the Chief Executive Officer to execute extensions and amendments; or take action as deemed appropriate. (For possible action)**

DOCUMENTS SUBMITTED:

- 2026010507 - EPIC - Cheers Campaigns – Redacted
- 2026030657 - EPIC - Cheers Call Management – Redacted
- Disclosure of Ownership

DISCUSSION:

This request is for the installation of Epic’s Cheers and Campaigns, as well as the Hello World modules. These modules will enhance patient engagement and education and streamline communication with texting capabilities. This is a three-year order agreement that can be terminated at any time without cause.

FINAL ACTION TAKEN:

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

- ITEM NO. 10 Review and recommend for approval by the Governing Board the Amendment to the RFP 2024-06 Comprehensive Care Consulting Agreement with Practice Partners, LLC; or take action as deemed appropriate. (For possible action)**

DOCUMENTS SUBMITTED:

- Agreement
- Amendment 1
- Disclosure of Ownership

DISCUSSION:

This amendment to the current agreement increases funding and changes the vendor’s principal place of business. All other terms of the agreement remain the same. There was continued discussion regarding the increase to the agreement per year.

FINAL ACTION TAKEN:

A motion was made by Member Mackay to approve the amendment and to 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 Board of Hospital Trustees for University Medical Center of Southern Nevada, the Agreements with Hummingbird Healthcare for Epic Support and Epic Strategic Projects; authorize the Chief Executive Officer to execute extensions; or take action as deemed appropriate. (For possible action)

DOCUMENTS SUBMITTED:

- Epic Support Agreement – Redacted
- Strategic Consulting – Redacted
- Disclosure of Ownership

DISCUSSION:

Under the Epic Support Agreement, Hummingbird will provide UMC with specialized teams for revenue cycle and clinical application support. Under the Strategic Projects Agreement, Hummingbird will deliver project-based Epic consulting services to UMC, focusing on enhancements beyond maintenance of the Epic system. The vendor will be engaged as needed, with a not-to-exceed amount in place, resulting in cost savings for UMC.

Ms. Wakem added that this is IT staff support for specialized Epic services.

FINAL ACTION TAKEN:

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

ITEM NO. 12 Review and recommend for approval by the Board of Hospital Trustees for University Medical Center of Southern Nevada, the Lease Agreement by and between Nevada Health & Bioscience Asset Corp. and University Medical Center of Southern Nevada; or take action as deemed appropriate. (For possible action)

DOCUMENTS SUBMITTED:

- PowerPoint Presentation
- Lease Agreement
- Disclosure of Ownership

DISCUSSION:

This request is to approve a new Lease Agreement with Nevada Health & Bioscience Asset Corp. for lease of space in a two-story building to accommodate laboratory services and free up space in the hospital's main facility for other services. The lease term is effective for ten years as of the lease commencement date, with the option to renew for two, ten-year periods.

Tony Marinello began the discussion by providing an overview of the lab, the expanded footprint, and the benefits for UMC.

Vick Gill, Business Development Officer, presented a slide presentation to overview of the opportunities and benefits of the new laboratory services. The new lab will enhance local lab services for the community, increase hospital revenue, lower costs, accelerate results for physicians, and improve clinical care for UMC patients.

The vacated space at the hospital will allow for a clinical care area to support burn services, the OR and serve as a procedural room.

UMC is expected to occupy the space by June 2027. A rendering of the new lab and location was presented. There was a brief discussion regarding the migration of the existing lab to the new location. The operational details and five-year financial assessment of the lab was reviewed.

Chair Hagerty asked if UMC had naming rights under the agreement. Ms. Pitz responded that there are signage requirements.

Mr. Gill concluded the presentation with a summary of the benefits of the new lab.

There was continued discussion regarding tenant improvements and cost of transportation from the hospital.

FINAL ACTION TAKEN:

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

ITEM NO. 13 Review and receive feedback on the tentative FY 2027 Preliminary Operating Budget to be considered by Clark County and discuss any changes; and direct staff accordingly. (For possible action)

DOCUMENTS SUBMITTED:

- PowerPoint Presentation

DISCUSSION:

Chair Hagerty began the discussion by forecasting EBITDA for other hospitals during the next fiscal year.

Ms. Wakem provided an overall summary of the budget and the process of building the budget. This is the first review.

Key projected FY26 stats were reviewed. Length of stay is running higher than anticipated. Acuity and inpatient surgeries are down. Outpatient surgeries are up. ER visits are up 3%.

The income statement projects earnings exceeding the budget. On an adjusted basis, we anticipate exceeding the budget by \$4 million.

Ms. Wakem provided a brief summary of how the budget was built, and key assumptions for FY2027 were reviewed. This is consistent with prior years.

Data from July to December is annualized for 12 months and adjusted for volume. Strategic service line initiatives are included. A 5% CDM increase is included. Payor mix is determined by run rate, insurance plan, and patient type. Net revenue is calculated per IP admission/per day, and supplemental payments are built in separately. Expenses are budgeted by SWB type, supply type, and service line initiative. She noted that the Strata software system is being used to build the budget this year.

Chair Hagerty asked how much of the budget is driven by the executive level rather than by the departments. Ms. Wakem responded that the budget is built at the department level, and director feedback is received.

Member Palenik asked whether market demographics are considered when building the budget. The team responded that year-over-year market growth is generally the focus. A discussion followed on the possibility of using AI to assist with market prediction.

Ms. Wakem provided an overview of high impact strategic initiatives to improve patient throughput and care experience, Margin Improvement Team for expense management, efficiencies, supply chain and purchased services optimization, and revenue protection. A lengthy discussion ensued regarding proper coding and physician documentation.

Other FY2027 budget initiatives include the launch of a 24-hour nurse call program, 24-hour quick care, orthopedic services, growth initiatives for cardiology, liver care program, laboratory expansion, GME sponsorship, and an outpatient pharmacy. The committee encouraged more focus on the strategic growth of OR surgical cases.

The projections for FY27 show an increase of \$10.3 million in net patient revenue, \$2.4 million in other revenue, and an additional \$1.2 million in EBITDA.

Next, the committee reviewed the budgeted key statistics, comparing the FY27 budget to FY26 projections. Admissions will increase by 1%, the length of stay will decrease by 3.19%, and patient surgeries will increase by 3%. ER visits and ortho remain flat, and quick care would increase 31.5% due to the new quick care location.

Chair Hagerty asked if the volume projection for the quick cares is realistic. Mr. Marinello responded that it is and explained that the location will have 24/7 service.

Chair Hagerty suggested that the input for inpatient and outpatient surgery cases increased by 5% and 7%. EBITDA should be challenged.

Ms. Wakem reviewed the FY2027 budget income statement summary. Adjusted net patient revenue goes up 4.45%. Supplemental payments go up \$3 million. Net patient revenue is up 3.18%, and other revenue goes up 1.56%. Total operating revenue goes up 3%. Operating expenses will go up 5.69%. Operating expense variances in SWB go up 5.34%. There was discussion regarding the national hospital growth trends, projected wages for

FY26 and preliminary budget for FY27, and the financial impact of maintaining SWB equal to FY26.

Chair Hagerty voiced concern regarding the management of labor and SWB as a percentage of net.

Chair Hagerty commented that he would not recommend the budget as presented would move forward to the Governing Board for approval. Presenting a budgeted EBITDA roughly equal to what was earned in 2026 was suggested. Labor needs a second look and needs to be managed better.

The Committee reviewed the timeline of when the budget goes to the county and suggested that the team plan for a special meeting to be held on April 15th to review a second pass of the budget and receive feedback.

FINAL ACTION TAKEN:

None

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)

Possible NBA Expansion in Las Vegas.

FINAL ACTION TAKEN:

None

At this time, Chair Hagerty asked if there were any public comment to be heard on any items not listed on the posted agenda.

COMMENTS BY THE GENERAL PUBLIC:

SPEAKERS(S): None

FINAL ACTION TAKEN:

At the hour of 4:25 p.m., the meeting was adjourned.

MINUTES APPROVED: April 22, 2026
Minutes Prepared by: Stephanie Ceccarelli