

**University Medical Center of Southern Nevada  
Governing Board Audit and Finance Committee Meeting  
March 19, 2025**

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UMC ProVidence Suite  
Trauma Building, 5<sup>th</sup> 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 2:00 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  
Mary Lynn Palenik  
Bill Noonan (via WebEx)

**Absent:**

Christian Haase

**Others Present:**

Mason Van Houweling, Chief Executive Officer  
Tony Marinello, Chief Operating Officer  
Jennifer Wakem, Chief Financial Officer  
Doug Metzger, Controller  
Ricky Russell, Chief Human Resource Officer  
Deb Fox, Chief Nursing Officer  
Christopher Jones, Executive Director of Support Services  
Ernest Barela, Physician Practice Plan Administrator  
Lia 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 February 19, 2025. (For possible action)**

A motion was made by Member Hagerty to approve the minutes as presented.  
Motion carried by unanimous vote.

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

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

**SECTION 2. BUSINESS ITEMS**

**ITEM NO. 4 Receive the monthly financial reports for February FY25; and direct staff accordingly. (*For possible action*)**

DOCUMENTS SUBMITTED:

- February FY25 Financials

DISCUSSION:

Jennifer Wakem, Chief Financial Officer, presented the financials for February 2025.

Admissions were 2.6% above budget, observation cases 31% below budget, and AADC was 604. Length of stay decreased to 5.4 days. Hospital acuity was 1.77, and Medicare CMI was 2.08.

Inpatient surgeries were on budget. Outpatient surgeries were 6% above budget. There were 20 transplants in the month.

ER visits were 3% below budget. The overall ER conversion rate was 16.32%. ED to observation rate was 6.75%, which is a significant decrease over last year.

Quick cares were below budget and primary cares were slightly over budget, 3.4%. Telehealth volumes were 476. Ortho clinic visits were above budget 27% and there were 92 deliveries for the month

Trended stats were compared to the 12-month average. Admissions were strong for the month. Observation cases were a record low, with 635 cases. Length of stay dropped to 5.42. Observation LOS was a record low to less than 1 day at 0.87. The team attributes this improvement to the addition of the hospitalist program. A discussion ensued regarding processing and discharge of observation cases and standard times to clean and turn rooms after discharge.

Chair Caspersen asked about future of telehealth. Mr. Marinello responded that the team is looking into initiatives to further the program in ambulatory and other specialty programs.

Payor mix was consistent with the 12-month average. Medicare dropped slightly. Payor mix by patient type was presented as informational.

The income statement for the month of February showed net patient revenue \$6.3 million over budget. Other revenue was below budget \$300k. Total operating revenue was \$6 million above budget. Operating expenses were above budget \$2.3 over budget. EBITDA was \$8.4 million for the month on a budget of \$4.6 million, which was \$3.8 million above budget. Approximately \$3.7 million was related to higher than expected Medicare reimbursement received during the month.

February YTD income statement was reviewed. EBITDA was \$25.4 million, on a budget of \$25.8 million, approximately \$400k below budget.

Salaries were \$444k over budget. Overtime has decreased significantly. Contract labor is slightly over budget, but will improve as radiologist are on-boarded. There was continued discussion regarding employing contracted staff residing outside of Clark County.

All other expenses were \$1.8 million over budget, primarily due to supplies for surgical cases.

Key financial indicators were reviewed for profitability, labor, liquidity and cash collections. Profitability and labor were in the green. Although day's cash on hand was in the red, with 65.6 days, it has improved. Net days in AR has decreased. Cash collections for the business office and point of service were in the green.

Organizational goals were reviewed. Currently, three of the five goals are being met. Action plans are in place to improve the goals that are not currently being met. All goals are anticipated to be met by the end of the fiscal year.

Finally, Ms. Wakem reviewed the cash flow statement for February and the FY25 balance sheet highlights. A significant amount of supplemental payments were received during the month, which was reflected on the balance sheet.

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

DISCUSSION:

Ms. Wakem provided the following updates:

- Medicaid State Directed Payment update: There may be delays in directed payment approvals by CMS. Our preprint is in the queue awaiting approval.

- New supplemental payment program update: This program will not be funded by the county, unlike the existing programs. UMC will pay its own IGT. The goal is to have this implemented with a date of July 1, 2025.

Mr. Van Houweling provided legislative updates on the following:

- Medicaid overhaul includes the topics: A goal to drive \$2 trillion out of the Medicaid system down to the state level, per capita cap, FMAP for expansion population, limited use provider tax, state-directed payment program, federal emergency Medicaid program, able body waivers, and program eligibility.
- Expiring of premium tax credits in December 2025
- 340B Program updates
- Reducing regulatory requirements in hospitals

A lengthy discussion ensued regarding the overall effect of these legislative changes and the impacts they may have on UMC and other area hospitals.

The Committee would like the Governing Board to receive legislative highlights as well.

FINAL ACTION TAKEN:

None taken

**ITEM NO. 6    Review and recommend for approval by the Governing Board the Letter of Agreement with NaphCare Inc. for managed care services; or take action as deemed appropriate. *(For possible action)***

DOCUMENTS SUBMITTED:

- Letter of Agreement - Redacted
- Disclosure of Ownership

DISCUSSION:

This is a new 3-year agreement. NaphCare currently holds a contract with the Federal Bureau of Prisons to provide medical services for inmates in custody. The letter of agreement provides reimbursement to UMC for outpatient, emergency room and ambulatory surgical services provided to NaphCare beneficiaries.

FINAL ACTION TAKEN:

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

**ITEM NO. 7    Review and recommend for ratification by the Governing Board the Second Amendment to the Hospital Services Agreement with Optum Health Networks, Inc. for managed care services; or take action as deemed appropriate. *(For possible action)***

DOCUMENTS SUBMITTED:

- Hospital Services Agreement – 2<sup>nd</sup> Amendment
- Disclosure of Ownership

DISCUSSION:

This is ratification of an agreement entered into on March 1<sup>st</sup> and will extend the current agreement for 90 days while a new agreement is negotiated.

FINAL ACTION TAKEN:

A motion was made by Member Hagerty to approve the amendment 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 One to the Hospital Participation Agreement for Managed Care Services with Prominence HealthFirst; or take action as deemed appropriate. *(For possible action)***

DOCUMENTS SUBMITTED:

- Hospital Agreement – 1<sup>st</sup> Amendment
- Disclosure of Ownership

DISCUSSION:

This agreement will amend the agreement to update the p billing codes and increase reimbursement rates. The amendment is effective through December 2025.

FINAL ACTION TAKEN:

A motion was made by Member Hagerty to approve the amendment 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 Amendment to the Institution Agreement with TriWest Healthcare Alliance Corporation for managed care services; or take action as deemed appropriate. *(For possible action)***

DOCUMENTS SUBMITTED:

- Hospital Agreement – Redacted
- Disclosure of Ownership

DISCUSSION:

This amendment will update the reimbursement rates and incorporate additional definitions.

FINAL ACTION TAKEN:

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

**ITEM NO. 10 Review and recommend for approval by the Governing Board the Interlocal Agreement with Clark County for UMC to receive a cost reimbursement for the construction of the Crisis Stabilization Center; or take action as deemed appropriate. *(For possible action)***

DOCUMENTS SUBMITTED:

- Clark County Interlocal Agreement

DISCUSSION:

This will allow UMC to receive reimbursement of funds related to the construction and equipment purchases for the Crisis Stabilization Center. This agreement will be presented to the Board of County Commissioners at their next meeting.

FINAL ACTION TAKEN:

A motion was made by Member Hagerty to approve the agreement 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 1 to Vendor Services Agreement with META Dynamic, Inc. for the purchase of a Navigation System and Clinical Specialist to support the system; or take action as deemed appropriate. *(For possible action)***

DOCUMENTS SUBMITTED:

- Vendor Services Agreement
- Certificate of Liability
- Disclosure of Ownership

DISCUSSION:

This request is for the vendor to provide UMC with specialized clinical specialists who aid the surgical team with navigation support, and all the functions and roles that fall within the scope of practice of clinical specialist, including but not limited to training, and proctoring.

FINAL ACTION TAKEN:

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

**ITEM NO. 12 Review and recommend for approval by the Governing Board the Hemo-Force Pump Lease Program Agreement with Medline Industries, LP for the lease of equipment and purchase of related disposables; or take action as deemed appropriate. (*For possible action*)**

DOCUMENTS SUBMITTED:

- Lease Program Agreement - Redacted
- Disclosure of Ownership

DISCUSSION:

This is a 5-year agreement, which will allow UMC to receive prophylaxis pumps and batteries for treatment of blood clots and allow for prevention and treatment of this medical condition. UMC will receive HPG pricing and purchase related disposables.

FINAL ACTION TAKEN:

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

**ITEM NO. 13 Review and recommend for approval by the Governing Board the Amendment 1 to Contract Terms and Conditions with Nephron Sterile Compounding Center, LLC d/b/a Nephron 503B Outsourcing Facility for the purchase of 503B compounded pharmaceutical products; authorize the Chief Executive Officer to execute future amendments within the not-to-exceed total amount of the Agreement; or take action as deemed appropriate. (*For possible action*)**

DOCUMENTS SUBMITTED:

- Contract Terms and Conditions – 1<sup>st</sup> Amendment

DISCUSSION:

UMC has purchased 503B compounded pharmaceutical products from Nephron. This amendment will add additional funds and will extend the agreement for an additional 5-years. UMC will receive HPG pricing for the product, which is used as needed.

FINAL ACTION TAKEN:

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

**ITEM NO. 14 Review and receive feedback of the tentative FY 2026 Preliminary Operating Budget to be considered by Clark County and discuss any changes; and direct staff accordingly. (For possible action)**

DOCUMENTS SUBMITTED:

- PowerPoint

DISCUSSION:

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

Key projected stats for FY25 were first reviewed.

Chair Caspersen asked if one-time events, which could affect projections, were considered. The team discussed some of the events that were considered in the projected stats, including the quick care closure, delayed location opening and outpatient surgery volumes. Challenges in ER visits were primarily due to construction, but volumes have increased in recent months. The team discussed other improvement initiatives that have been established.

The committee focused on the budget vs. projection. Projections for FY25 shows adjusted net patient revenue \$11 million behind budget. Supplemental payments received were higher than anticipated, primarily due to true ups of payments. Total operating revenue was approximately \$33 million over budget. Operating expense variances in SWB and supplies were above budget. EBITDA is forecasted to beat budget by \$7.5 million.

Member Noonan inquired about the decrease in ER visits. Mr. Marinello reviewed challenges in construction, but trends have showed an increase in ER visits and we are showing an increase in trends over prior months.

Ms. Wakem provided a brief summary of how the budget was built. Data from July to December is annualized for 12 months and adjusted for volume. Strategic service line initiatives are built in separately. A 5% CDM increase on gross charges is included. Payor mix is determined by run rate. Net revenue is calculated per admission/per day and supplemental payments are built in separately. Expenses are budgeted by SWB type, supply type and service line initiative.

The Committee inquired about possible plans to add employed physicians and if this is included in the budget for 2026. The team responded that there are opportunities to improve performance, but at this time, there are no new Physician employment models built into the budget. There was continued discussion regarding possible provider group and payor contract renewals for FY26.

Ms. Wakem provided an overview of high impact strategic initiatives to improve patient throughput and length of stay, expense management and efficiencies and revenue enhancement.

The discussion focused on the FY26 budget income summary.



Member Hagerty asked how total operating revenue was up 4.77%, but EBITDA was down 60%. He also inquired how we are benchmarking against industry standards in staffing.

Member Noonan asked how the increase from the new COLA affects the bottom line. Ms. Wakem responded that there is a 3% COLA plus an additional one time 1.5% salary adjustment built in our union contract that is incorporated in the budget. There was a lengthy discussion regarding establishing labor efficiencies and a focus on expenses.

Ms. Wakem highlighted the operating revenue variances for FY2026, including normalizing items that will not be repeated in FY26. SWB budget influences in FY2026 were reviewed.

Member Hagerty suggested as a future goal to adjust the targets lower for EPOB and SWB/APD to drive revenue. A discussion ensued regarding monitoring and adjusting the staffing models for nurses.

The Committee suggested that, if necessary, the team can plan for a special meeting.

**FINAL ACTION TAKEN:**

None

**SECTION 3: EMERGING ISSUES**

**ITEM NO. 15 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*)**

Update on the measles outbreak and activity trends in Nevada.

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.

**COMMENTS BY THE GENERAL PUBLIC:**

SPEAKERS(S): None

There being no further business to come before the Committee at this time, at 4:15 p.m., Chair Caspersen adjourned the meeting.

MINUTES APPROVED: April 22, 2025

Minutes Prepared by: Stephanie Ceccarelli