

**University Medical Center of Southern Nevada**  
**Governing Board Audit and Finance Committee Meeting**  
*March 20, 2024*

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

**CALL TO ORDER**

**Board Members:**

**Present:**

Robyn Caspersen  
Dr. Donald Mackay  
Jeff Ellis (via webex)  
Harry Hagerty (via webex)  
Mary Lynn Palenik (via webex)  
Christian Haase (Excused)

**Absent:**

None

**Others Present:**

Mason Van Houweling, Chief Executive Officer  
Tony Marinello, Chief Operating Officer  
Jennifer Wakem, Chief Financial Officer  
Doug Metzger, Controller  
Maria Sexton, Chief Information Officer (Via Webex)  
Nathan Strohl, Internal Auditor  
David Bustos, Public Safety Director  
Michelle Feder, Assistant Manager of Patient Accounting  
Christopher Jones, Executive Director of Support Services  
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 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 21, 2024. (For possible action)**

FINAL ACTION:

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

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

Agenda Item 15 will be removed from the agenda and Agenda Item 9 change of the vendor name to Fresenius Kidney Care of Nevada, LLC.

FINAL ACTION:

A motion was made by Member Mackay that the agenda be approved as presented. Motion carried by unanimous vote.

**SECTION 2. BUSINESS ITEMS**

**ITEM NO. 4 Review the results of the audit of Cash Controls dated March 15, 2024; and direct staff accordingly (For possible action)**

DOCUMENTS SUBMITTED:

- Cash Controls Audit Report

DISCUSSION:

Nate Strohl, UMC Internal Auditor, provided a report on the recently performed audit of cash controls. The objective was to determine whether the procedures at selected locations were operating effectively and were safeguarded against fraud, asset misappropriation and abuse.

The audit found challenges with issues such as delayed petty cash reimbursements and badge access to critical cash controls areas. Recommendations were reviewed. Management responses were provided to the committee by Michael Bustos, Director of Public Safety and Michelle Feder, Assistant Manager of Patient Accounting.

FINAL ACTION TAKEN:

None taken.

**ITEM NO. 5 Receive the monthly financial reports for February FY24; and direct staff accordingly. (For possible action)**

DOCUMENTS SUBMITTED:

- February FY24 Financials

DISCUSSION:

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

Admissions were on budget, AADC was 579, and length of stay was 6.34 days. Hospital acuity was 4% above budget and Medicare CMI was 2.23. Inpatient surgeries were 11.5% below budget and outpatient surgeries were 7.5% above budget. There were 13 transplant cases and ER visits were below budget 5.91%. Approximately 24% of patients coming through the ED are being admitted into the hospital.

Quick cares were 26% above budget; Summerlin, Sunset and Centennial were the key drivers. Primary cares were down 3%.

There were 575 telehealth visits and the Ortho Clinic visits were down 31%. Surgeries were below budget 13%.

Trended stats were good. AADC was sitting at 579. Length of stay dropped 1%. ER visits were down approximately 500 visits when compared to the 12-month average. The conversion rate was a record high at 24%. Telehealth volume was at 575.

Inpatient payor mix remained consistent with the 12-month average. Payor mix trends in the ED were up in commercial 1.22%, 1.3% in Medicaid and down 1.22% in Medicare.

Inpatient surgical cases were down 3% in commercial, down 1.3% in government, up 3% in Medicaid and up 2% in Medicare. For the outpatient surgical cases, commercial was down 4.66% in commercial, Medicaid was up 3% and Medicare was up 3.6% and self-pay was down 1%.

Summary income statement showed net patient revenue was \$1.1 million below budget. Other revenue was on budget. Total operating revenue was \$800k below budget. Operating expenses exceeded budget \$3.4 million. Total income from ops before depreciation and amortization was \$3.5 million on a budget of \$6.9 million, which was approximately \$3.4 million below budget, due to decreased volumes.

The February year-to-date income statement showed operating revenue fell short of budget. Operating expenses were \$9.1 million below budget. Total income from ops was slightly under budget \$700K. Income statement trended was shown as informational.

In total, SWB exceeded budget \$2.3 million, due in part from the impact of Anesthesia and Radiology FTE rates. Trended SWB statistics were reviewed briefly as informational. Contract labor was running \$2.6 million; the key driver was radiology. Overtime was consistent to prior month.

All other expenses for the month were over budget \$1.1 million, mainly due to purchased services.

Key financial indicators were reviewed in profitability, labor, liquidity and cash collections. Labor and profitability are in the red. Liquidity and cash collections are all in the green. Day's cash on hand is in the green at 106.6 days. Cash collections were strong for the month. Cash collections POS goal hit their goal.

Cash flow for February – \$79 million was received from patients and payors. We received \$28 million in supplemental payments for the month. There is approximately \$34 million still outstanding. There was continued discussion regarding the age of the delayed payments, and if any true-ups would be slated for FY25. Ms. Wakem commented that we have been in conversation with the State to reconcile the delayed payments.

The balance sheet showed a slight decrease in cash for the month.

FINAL ACTION TAKEN:

None taken.

**ITEM NO. 6 Receive an update report from the Chief Financial Officer; and direct staff accordingly. (For possible action)**

DOCUMENTS SUBMITTED:

- None

DISCUSSION:

1. CMS Site Neutral Payments – Ms. Wakem informed that this is not a risk to UMC.
2. The cost report settlement was received in the month of February, resulting in a \$1.3 million benefit to the hospital.
3. DSH Medicaid Cuts – On March 6<sup>th</sup> congressional actions eliminated proposed DSH cuts for Federal FY24. This will not negatively impact UMC. She reminded the Committee that UMC opted out of the DSH program.
4. Proposed budget will be presented today, the final presentation will be reviewed in April. The timeline was provided. Next month the team will return to the Committee for a final review and approval of the budget. It will then go to the Governing Board for approval. Once approved by the Board, the final approved budget will be submitted to the County.
5. Radiology update – UMC is striving to employ 22 and is looking to employ an additional 15 Radiologists. There was continued brief discussion regarding the progress of the employment process.
6. Change Healthcare Cyber Attack - UMC has felt minimal impact due to the cyber-attack on Change Healthcare, with the exception of delayed

payments from payors. There was continued discussion regarding the impact this event could have on the healthcare industry.

FINAL ACTION TAKEN:

None taken

*At this time, the Committee tabled Item 7, to be reviewed later during the meeting.*

- ITEM NO. 8 Review and recommend for ratification by the Governing Board the Consulting Provider Agreement with Health Plan of Nevada, Inc., for Managed Care Services; or take action as deemed appropriate. (For possible action)**

DOCUMENTS SUBMITTED:

- Hospital Participation Agreement
- Disclosure of Ownership

DISCUSSION:

This is a commercial plan with 400K covered lives with HPN. This is a ratification, as the agreement was entered into on March 1<sup>st</sup> to add radiologist and anesthesiologist to HPN's specialty network.

FINAL ACTION TAKEN:

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

- ITEM NO. 9 Review and recommend for approval by the Governing Board the In-Hospital Services Agreement with Fresenius Kidney Care of Nevada, LLC for hospital dialysis services; or take action as deemed appropriate. (For possible action)**

DOCUMENTS SUBMITTED:

- In Hospital Services Agreement – Redacted
- Disclosure of Ownership

DISCUSSION:

This is a new one year agreement with Fresenius to provide dialysis treatments to patients at UMC and outpatient settings. UMC may terminate the agreement at any time upon 90-days' notice.

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. 10 Review and recommend for approval by the Governing Board the First Amendment to the Master Services Agreement with EV&A Architects for Architectural Design and Documents Service; or take action as deemed appropriate. (For possible action)**

DOCUMENTS SUBMITTED:

- Master Service Agreement - Amendment 1
- Disclosure of Ownership

DISCUSSION:

The vendor provides various architectural design and documentation services for multiple areas of UMC, including remodeling projects. This is an amendment to increase funding under the master service agreement.

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. 11 Review and recommend for approval by the Governing Board the Retail Pharmacy Consulting and Management Agreement with Cardinal Health Pharmacy Services, LLC; authorize the Chief Executive Officer to execute extensions and amendments; or take action as deemed appropriate. (For possible action)**

DOCUMENTS SUBMITTED:

- Retail Pharmacy Consulting & Management Agreement
- Disclosure of Ownership

DISCUSSION:

This is a request to enter into a new agreement for consulting and management services with respect to the establishment of 2 new pharmacy locations. The preliminary consulting service will allow the vendor to make recommendations and guidance with respect to construction, layout, licensing, policies and procedures, etc. After the consulting period, the vendor will provide management services to manage operations and provide training to staff. This is a 5-year agreement.

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. 12 Review and recommend for award by the Governing Board the Agreement for Breach Response Services with IDX, a Zerofox Company; authorize the Chief Executive Officer to execute amendments or**

**extension options; or take action as deemed appropriate. (*For possible action*)**

DOCUMENTS SUBMITTED:

- Breach Response Services Agreement
- Disclosure of Ownership

DISCUSSION:

An RFP was issued in December, but closed without receiving any proposals. Under NRS 332, UMC may contract with any vendor after a sufficient notice period. UMC has opted to continue services with the current vendor: IDX.

This is a new agreement with the current vendor to provide UMC with data breach services, best practices to regulatory, compliance requirements on data breach notifications and remediation services. This service may be used as needed in the event of a breach. This is a new 4-year agreement with the option to extend for one year.

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. 13 Review and recommend for approval by the Governing Board the Agreement with ROI-IT, LLC for Sophos Endpoint Security services; or take action as deemed appropriate. (*For possible action*)**

DOCUMENTS SUBMITTED:

- Renewal Quote
- Disclosure of Ownership

DISCUSSION:

This cyber security platform will help with managed detection, network detection, and response, which will provide better protection against advanced malware and targeted attacks. This is for a 3-year term for continued use of the 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. 14 Review and recommend for approval by the Governing Board the Fourth Amendment to RFP 2018-01 Agreement with Compass Group for Food Services and Clinical Nutrition Management Services (Lot 2); authorize the Chief Executive Officer to execute any future Amendments within his**

yearly delegation of authority; or take action as deemed appropriate.  
(For possible action)

DOCUMENTS SUBMITTED:

- Agreement for Food Services and Clinical Nutrition Management Services Amendment 4 (Redacted)
- Disclosure of Ownership

DISCUSSION:

This fourth amendment is a request to increase funding to support the annual CPI increases through 2025. All other terms of the agreement remain the same.

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. 15 Review and recommend for approval by the Board of Hospital Trustees for University Medical Center of Southern Nevada, the Change Order with Philips Healthcare, a division of Philips North America LLC, for the Catheterization Laboratory replacement project; or take action as deemed appropriate. (For possible action)**

DOCUMENTS SUBMITTED:

- None

DISCUSSION:

This item was tabled.

FINAL ACTION TAKEN:

No action was taken.

**ITEM NO. 16 Review and recommend for approval by the Board of Hospital Trustees for University Medical Center of Southern Nevada, the Amendment Three to Master Professional Services Agreement with Medicus Healthcare Solutions, LLC for locum tenens and advanced practitioners staffing services; authorize the Chief Executive Officer to execute amendments within the not-to-exceed amount of this Agreement; or take action as deemed appropriate. (For possible action)**

DOCUMENTS SUBMITTED:

- Master Professional Services Agreement – Amendment 3
- Disclosure of Ownership

DISCUSSION:



This amendment will add additional funding through the end of the term for radiologist services and placement.

There was continued discussion regarding the recent challenges with staffing radiologists.

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.

*At this time, the Committee returned to review Item 7.*

**ITEM NO. 7 Review and receive feedback on the tentative FY2025 Preliminary Operating Budget, to be considered by Clark County, and discuss any changes; and direct staff accordingly. (For possible action)**

DOCUMENTS SUBMITTED:

- FY2025 Preliminary Operating Budget

DISCUSSION:

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

The projected key indicators for the FY24 budget were reviewed. Volumes were lower than anticipated. Admissions were down 6.7%. AADC was lower than expected. Length of stay was down 12.9%. Hospital acuity was consistent to budget. Inpatient surgical volume was down 14%. Outpatient surgery was up 7%. ER visits down 10%. Quick cares were up, but primary care visits were down 37%.

The committee focused on the budget vs. projection of the adjusted patient days and primary care statistics. Mr. Marinello responded that construction challenges have affected volumes and reduced physician staff at the primary care locations have had an impact. Plans are in place to increase recruitment for the primary care locations.

Ms. Wakem next reviewed the projected income statement for FY24. Adjusted net patient revenue was down due to volume decreases. Receipt of supplemental payments have shown improvement and are above expectation. Overall total operating revenue was below budget \$8.3 million. SWB and operating expenses were below budget \$4.5 million. Income from ops before depreciation and amortization is expected \$69 million on a budget of \$66 million; expecting to make budget for the year.

Capital allocation for FY 24 was reduced to \$5 million from \$31 million, due to the increase in the directed payment program.

The key assumptions slide showed the process that was followed for the FY25 budget, consistent with prior years.

The FY25 high impact strategies discussed included Length of Stay Management, Expense Management/Efficiencies, Revenue Enhancement and Strategic Service Line Initiatives. Strategies of implementing AI technology and employing hospitalists and emergency medicine providers will improve length of stay and admission criteria. Improvement in efficiencies in the OR is key. Improvements in revenue enhancement and marketing campaign initiatives for strategic service lines were discussed and are built into the budget.

The Committee commented it would be helpful to call out key financial assumptions when discussing future financial performance compared to budget.

Mr. Marinello next reviewed the strategic service lines for FY25: Ambulatory, Cardiac Services, Orthopedics, Other Surgeries and Physician Employment. Action items details related to each of these items were discussed. A Practice Plan Administrator has been added to assist with the physician employment plans.

The budget initiatives for FY25 next reviewed. Ambulatory increases 7,770 visits. Income from ops shows a loss, as it doesn't include the halo. In Cardiology, admissions and surgical cases were built in; income from ops is roughly \$1.1 million. Orthopedics, with the increased visits and patient days adds \$320K to the bottom line. All other surgeries adds another \$240K and employed providers adds \$2.6 million. The total impact would be approximately \$4 million impact income from ops.

The FY25 budget key statistics were reviewed, comparing the FY25 budget to the FY24 projection. Volume is flat and increases will come from the strategic initiatives. A discussion ensued regarding the progress in length of stay and improving throughput. Ms. Wakem responded that the reduction projected for LOS is approximately 2.6% and admissions is increasing 4.23%. There needs to be efficiencies in patient discharges.

On the budget income statement summary, adjusted net patient revenue is going up \$61 million or almost 11%. Supplemental payments are going down almost 4%. There will be normalizing for items not repeating in FY25. Adjusted net patient revenue is up over projection by 5%. Other revenue is down. Net to gross is 18.38% and operating expenses is going up \$63.5 million. Income from ops before depreciation and amortization is \$52.7 million on a projection of \$69.2 million, which is \$16.6 below the FY24 projection.

Salaries, wages and benefits is going up \$53.3 million due to the addition of hospitalist and ED providers. COLA and merit increases were also added. An increase is budgeted in Resident salaries, which will show in purchased services. There was continued discussion regarding the resident salaries. The increase in FTEs is primarily physicians for radiology, hospitalists and ED

services. There was discussion regarding the proposed goals for FY25 related to SWB.

Lastly, the expenses budgeted for FY25 were discussed. Purchased services includes the Resident salaries in the total. Pro-fees for strategic initiatives for hospitalists and ED are going down \$6.5 million and \$830k in radiology services. Management fees of \$2.3 million and UNLV Professional service fees of \$2.5 million were added into the budget.

Supplies is going up \$5 million for strategic service lines and \$3 million for inflation.

Utilities will increase \$600K for hazardous waste pickup and disposal and \$245K for rate increases and new properties.

There was discussion regarding any anticipated changes that will be brought before the Committee for the final review. The team will review the FTEs and additions that may come for radiology.

The team will bring any adjustments or changes back to the next meeting, prior to presenting to the Governing Board.

FINAL ACTION TAKEN:

None

**SECTION 3: EMERGING ISSUES**

**ITEM NO. 17 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)**

None

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 the hour of 3:41 pm., Chair Caspersen adjourned the meeting.