University Medical Center of Southern Nevada
Governing Board Audit and Finance Committee Meeting
March 22, 2023

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 2:02 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)
Mary Lynn Palenik (via webex)
Christian Haase (via webex)

Absent:
Harry Hagerty (excused)

Others Present:
Mason Van Houweling, Chief Executive Officer
Tony Marinello, Chief Operating Officer
Jennifer Wakem, Chief Financial Officer
Rose Coker, Director of Managed Care
Christopher Jones, Executive Director of Support Services
Doug Metzger, Controller
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 15, 2023. *(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)*

FINAL ACTION:

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

SECTION 2. BUSINESS ITEMS

ITEM NO. 4 Receive the monthly financial reports for February FY23; and direct staff accordingly. *(For possible action)*

DOCUMENTS SUBMITTED:
- February FY23 Financials

DISCUSSION:

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

Admissions were on budget and AADC was 12% above budget.
Length of stay continues to be a challenge, but decreased slightly.
Hospital acuity was 1.81 and Medicare CMI was 1.91.
Inpatient surgeries were 3.4% below budget and outpatient surgeries were less than 5% below budget. There were 11 transplants in the month. Moving forward the team will add pancreas transplant statistics. ER visits were on budget, at 8,662. Approximately 21% of patients were admitted.

Quick cares were about 12% below budget; Peccole, Nellis and Rancho were the key drivers. Primary cares were above budget 26.94%.
There were 474 telehealth visits for the month and the Ortho Clinic saw 1,234 visits. Deliveries were on budget.

The trended stats were compared to FY19; admissions were at 1,842 but not as high as FY19, which was 2,004. AADC was high. LOS was 6.97. Hospital acuity was consistent with 2019 statistics, but Medicare CMI showed a significant drop. There were 725 inpatient surgeries and outpatient surgeries continue to show an increase over prior months. Transplants are strong and ED to admit was running 21.6%. Primary care is doing really well and telehealth is strong. Mr. Marinello added that a new specialty transplant surgeon has been added.

Inpatient payor mix showed a drop in commercial but there was an increase in Medicare by 2.5%. The ED payor mix showed Medicaid up 1%, self-pay dropped 1.6%, and Medicare increased 1%.

Payor mix by inpatient surgical cases was consistent with the 12-month average. The outpatient surgical cases showed a drop in commercial by 5.7%, but government increased by 1.2% and Medicare was up 5.3%

The income statement for February showed net patient revenue was strong, almost $7.1 million above budget. Other revenue was $700K over budget. Overall net revenue was $7.8 million above budget and other operating expenses were only 6.5% above budget. Income from ops plus depreciation and amortization was $5.6 million on a budget of $4.3 million.

The income statement year to date showed positive operating income of $23.3 million above budget, operating expenses were $29. 2 million above budget. Income from ops plus depreciation and amortization was approximately $20 million, on a budget of $25.6 million, or $5.7 million below budget. The trended income statement was shown as informational.

SWB for February was $7.4 million above budget. Ms. Wakem reminded the committee of the changes in the Anesthesia and Ortho employment models, which were not built into the FY23 budget. Contract labor was significantly above budget, due to contract labor for anesthesiologists. SWB per FTE were also up.

SWB trended shows overtime going in the right direction. Keeps going down. Overtime as a percent of productive is 3%.

Total of all other expenses was $900K favorable. Professional fees were down, purchased services was over due to IT related expenses and utilities are up because of gas rates. There was a brief discussion regarding the cost of the gas rates.

Key indicators were in the green in profitability. Labor, liquidity and cash collection was in the red. Days cash on hand is just over 2 months; some supplemental payments were received in the month, however a significant amount remains outstanding. Candidate for billing was at 4.4 days. The cash collection goal was green.

The cash flow statement showed cash received from patients and payors was almost $65 million. There was $20.2 million received in supplemental payments. The balance sheet was briefly reviewed. A lengthy discussion ensued regarding the improvements in cardiology, the Cath lab and other initiatives.

<u>FINAL ACTION TAKEN:</u>

None taken.

Item No. 5 **Receive 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:
- None

DISCUSSION:

Ms. Wakem updated the on the BDO Single Audit, which is required by any facility receiving federal awards over $750K. The single audit has been completed and there were no exceptions and no control deficiencies to report.

FINAL ACTION TAKEN:

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

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

DOCUMENTS SUBMITTED:
- None

DISCUSSION:

Ms. Wakem reminded the Committee that the COVID-19 health emergency expires May 11th.

An application was submitted to CMS to get additional GME residency slots. Last year we received 2.5 additional slots and we are striving to receive more.

The Peterson Milbank Program for Sustainable Healthcare Costs, which was previously supported, is not being pursued by the current Governor.

FINAL ACTION TAKEN:
None taken

ITEM NO. 7 Review and recommend for approval by the Governing Board the Marketplace Product Amendment to Hospital Services Agreement with Molina Healthcare of Nevada, Inc. for managed care services; or take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Marketplace Product Amendment - Redacted
- Disclosure of Ownership

DISCUSSION:

This the new Medicaid MCO provider in the state. This amendment is for the hospital services contract for UMC to participate in the 2024 exchange and it updates the hospital service agreement. This is the commercial plan.

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. 8 Review and recommend for approval by the Governing Board the Marketplace Product Amendment to Provider Services Agreement with Molina Healthcare of Nevada, Inc. for managed care services; or take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Marketplace Product 2nd Amendment - Redacted
- Disclosure of Ownership

DISCUSSION:

This Amendment requests to participate in the Health Insurance Marketplace Product when it becomes operational for Molina, which is January 1, 2024, and update the compensation schedule for the Provider Services Agreement with Ortho and Anesthesia.

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. 9 Review and recommend for approval by the Governing Board the Provider Agreement with Alignment Healthcare Nevada, LLC for managed care services; or take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Provider Agreement
- Disclosure of Ownership

DISCUSSION:

This agreement will provide its Medicare Advantage members healthcare access to UMC's specialist physician services, which includes primary care, urgent care, orthopedic and anesthesia.

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 Individual / Group Provider Service Agreement with Sierra Health and Life Insurance Company, Inc. and Sierra Healthcare Options, Inc. for

managed care services; or take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Provider Service Agreement
- Agreement – Terms and Conditions

DISCUSSION:

This commercial plan agreement is to provide its members healthcare access to UMC's services. This will add Orthopedic and Anesthesia specialties to the membership.

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. 11 Review and recommend for approval by the Governing Board the Medicaid / Nevada Check-up Consulting Provider Agreement with Health Plan of Nevada, Inc. for managed care services; or take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Consulting Provider Agreement
- Disclosure of Ownership

DISCUSSION:

This is the Medicaid plan which will provide its members healthcare access to UMC's Specialty Clinic for Anesthesia and Orthopedic Services.

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 ratification by the Governing Board the Amendment Number Three to Provider Services Agreement with Intermountain IPA NV, LLC f/k/a HCP IPA Nevada, LLC for managed care services; or take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Amendment 3 – Redacted
- Disclosure of Ownership

DISCUSSION:

This amendment will add Medicare Advantage Health Plans and update the fee schedule to include Anesthesia services.

FINAL ACTION TAKEN:

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

ITEM NO. 13 Review and recommend for approval by the Governing Board the Amendment to the Client Service Agreement with DASpecialists, LLC for registry abstraction services; authorize the Chief Executive Officer to execute amendments or renewal options within his delegation of authority; or take action as deemed appropriate. ***(For possible action)***

DOCUMENTS SUBMITTED:
- Client Service Agreement – Amendment 1
- Disclosure of Ownership

DISCUSSION:

This is an amendment for additional funding and abstraction service with the vendor through the end of the agreement term of 2027.

Chair Caspersen asked if it is unusual that there is a big increase at the end of the agreement or was there an underestimation in service needs. Ms. Allen responded that the increase was due to the unforeseen need of additional services.

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. 14 Review and recommend for approval by the Governing Board the Amendment Three to Agreement for Locum Tenens Coverage with Staff Care, Inc.; or take action as deemed appropriate. ***(For possible action)***

DOCUMENTS SUBMITTED:
- Locum Tenens Coverage – Amendment 3

DISCUSSION:

This amendment will extend the agreement term for one year and add supplementary funding to the agreement during the extension period.

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 ratification by the Governing Board the Amendment One to Amended and Restated Professional Services Agreement with Duke Forage Anson Neurosurgical, LLP for Neurological Surgery and Neurological Spine Surgery On-Call Coverage; or take action as deemed appropriate. ***(For possible action)***

DOCUMENTS SUBMITTED:
- Amended and Restated Professional Service Agreement – Amendment 1

DISCUSSION:

This amendment will extend the agreement and increase the compensation for neurological surgery on-call services. This increase is within fair market value.

Mr. Van Houweling added that this agreement covers pediatric and adult patients

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. 16 Review and recommend for approval by the Governing Board the Third Amendment to Provider Agreement with Specialized Delivery Services, Inc. for Courier Services; or take action as deemed appropriate. ***(For possible action)***

DOCUMENTS SUBMITTED:
- Provider Agreement

DISCUSSION:

This amendment requests to increase the funding under the agreement to support the new ambulatory locations and increased pickup times for courier services, though the end of the contract term.

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. 17 Review and recommend for approval by the Governing Board the Agreement with Transplant Coordinators of America, Inc. for Transplant Services; or take action as deemed appropriate. ***(For possible action)***

DOCUMENTS SUBMITTED:
- Agreement for Transplant Services

DISCUSSION:

This request is to enter into a new agreement for transplant services. The vendor will perform effective screenings and evaluations on electronic offers received from UNOS Donor Network to determine if the organs meet the organ quality criteria. They will also notify and provide proper presentation and transportation to UMC on offers that meet the organ quality criteria. This is as one-year term with 4 one-year options for renewal.

Mr. Van Houweling explained the process of the service. Currently, UMC staff does the screenings. This group will assist with after-hour volumes of screening calls and coordination. He added that this will be a cost savings.

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. 18 **Review and recommend for approval by the Governing Board the Agreement with the Board of Regents of the Nevada System of Higher Education on behalf of the Kirk Kerkorian School of Medicine at the University of Nevada, Las Vegas and UNLV Medicine d/b/a UNLV Health for EMR system access; authorize the Chief Executive Officer to execute any extension options and amendments; or take action as deemed appropriate. *(For possible action)***

DOCUMENTS SUBMITTED:
- EMR System Access Agreement

DISCUSSION:

This request is to enter into a new agreement with UNLV for their continued EMR system access where UMC will provide Epic access and use, third party software use as applicable to UNLV, consulting and training services as contracted by both parties. This agreement will reset the fee schedule for usage of the Epic system.

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. 19 **Review and recommend for approval by the Governing Board the Project Statement of Work with Iron Mountain Information Management, LLC for the filing sorting and destruction project; or take action as deemed appropriate. *(For possible action)***

<u>DOCUMENTS SUBMITTED</u>:
- Statement of Work – Redacted
- Sourcing Letter
- Disclosure of Ownership

<u>DISCUSSION</u>:

This agreement will allow the vendor to sort and organize documents for retention and destruction eligibility. This is a 5-year agreement.

<u>FINAL ACTION TAKEN:</u>

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. 20 **Review and recommend for approval by the Governing Board the Second Amendment to Equipment Placement Services Agreement with SmallGuy, LLC dba Integrated Telehealth Solutions for TeleVisitor™ hardware and TeleTether™ software solutions; or take action as deemed appropriate. *(For possible action)***

<u>DOCUMENTS SUBMITTED</u>:
- Service Agreement – Amendment 2
- Disclosure of Ownership

<u>DISCUSSION</u>:

This second amendment is a request to increase funding under the agreement to support equipment installation of security cameras and DVR's for constant monitoring in patient care areas, including the Pyxis Stations.

Mr. Marinello added that this service assists with low risk fall patients and it allows patient sitters to be used for other high risk patients.

<u>FINAL ACTION TAKEN:</u>

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. 21 **Review and recommend for approval by the Governing Board the Professional Service Agreement with Steris Corporation for architectural design services; authorize the Chief Executive Officer to exercise any future amendments within his delegated authority; or take action as deemed appropriate. *(For possible action)***

<u>DOCUMENTS SUBMITTED</u>:
- Design Agreement
- Disclosure of Ownership

DISCUSSION:

This agreement is for Steris to provide the architectural designs for the OR Room Refresh building project.

Member Palenik asked how much square footage is included and the complexity for the project. Mr. Marinello was going to get this information for her.

There was continued discussion regarding HPG pricing factors and ensuring the best price is being received, as well as other project details.

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. 22 Review and recommend for approval by the Governing Board the Amendment Two to Agreement for Exterior Signage Products with INNERFACE Architectural Signage, Inc. for UMC Main Campus exterior signage services; authorize the Chief Executive Officer to exercise any extension options and execute future amendments within the not-to-exceed amount of this Project; or take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Agreement for Exterior Signage – Amendment 2

DISCUSSION:

This amendment is for the vendor to provide additional signage services through the façade project.

Chair Caspersen requests that moving forward, any agreements that are related to the façade be highlighted as designated for the façade project.

Member Palenik commented that this contract seems to have been missed in the original Façade project package.

Chair Caspersen agreed that this was not included in the original bucket and suggested that staff provide quarterly updates on the progress of the project.

Mr. Van Houweling added that he will have Shana Tello reach out to Member Palenik, as well as having the internal auditor provide quarterly updates as well. There was continued discussion regarding receiving regular updates.

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. 23 Review and recommend for approval by the Board of Hospital Trustees for University Medical Center of Southern Nevada, the Bid No. 2022-15, Central Plant Infrastructure, to Monument Construction, the lowest responsive and responsible bidder; authorize the Chief Executive Officer to exercise any Change Orders within his delegation of authority; or take action as deemed appropriate. ***(For possible action)***

DOCUMENTS SUBMITTED:
- Bid Form
- Notice of Award
- Disclosure of Ownership

DISCUSSION:

A bid was published for installation of central plant infrastructure equipment to include chillers, boilers, as well as replace end of life equipment with new equipment. Only 2 responses were received and Monument Construction was the lowest responsive bidder for this capital project.

FINAL ACTION TAKEN:

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

Member Palenik commented that Clark County has a moratorium on new evaporative equipment because of the water usage and suggested that staff look at the usefulness of end of life items, instead of just replacing them before their expiration dates. Staff responded that they will do their due diligence. The discussion continued regarding the efficiency of new equipment.

Mr. Marinello added a follow-up comment on the square footage of the OR rooms, which would be approximately 25K sf. This includes the Endo rooms and 3 trauma rooms.

ITEM NO. 24 Review and receive feedback on the tentative FY 2024 Preliminary Operating Budget to be considered by Clark County and discuss any changes; and direct staff accordingly. ***(For possible action)***

DOCUMENTS SUBMITTED:
- FY2024 Preliminary Budget

DISCUSSION:

Ms. Wakem provided a timeline of the budget. This will be the first review. Next month the committee will receive the budget back for final approval and then it will go to the Governing Board for approval, and then it will go to the County next.

Chair Caspersen asked that the discussion begin with an overview of the process in creating the budget and how it is different from last year.

Ms. Wakem responded that the process was very similar to last year, with maybe changes to the strategic initiatives. Run rate for July – January was used and we built in the CDM rate increases, current payor mix and there were deliberate changes to the Ortho employment model and new strategic initiatives were established. The same IT system, Axiom, is being used.

Next was a review of the slides and a high level overview of the strategic initiatives.

For FY 23, it is projected that we will meet budget. Income from ops is expected to be $2.7 million better than budget. The key changes include the income statement without the major initiatives that were implemented in FY23, which included changes the switch to employment models for Ortho and Anesthesia and change to the supplemental payment program.

The key assumptions slide showed the process that was followed for the FY2024 budget, consistent with prior years. Run rate was used to determine the key assumptions. Other expense trends, which are expected to continue, were factored in. Ms. Wakem added that director feedback was also solicited.

Operational high impact strategies discussed included Length of Stay Management, Expense Management/Efficiencies, Revenue Enhancement and Focus on Forward Four. Significant volume increases were built into the budget. Length of stay management is key; a 2% decrease in LOS is anticipated. Strategies and action plans were discussed for these high impact items.

Member Ellis asked if hospitalists coverage is contracted and how is it possible for them to provide 24/7 coverage. Mr. Marinello responded that the contracted hospitalist currently used provides 24/7 coverage. There was continued discussion on this topic.

Mr. Marinello next reviewed the strategic service lines for FY24: Ambulatory, Cardiac Services, Orthopedics and then All Other Surgeries. Action items related to each of these items were discussed. In ambulatory, the goal is to expand our footprint and the goal is to get the continuity clinic up and running by July 1st.

The forward four initiatives and total impact of the forward four were discussed in detail and Chair Caspersen noted that these are incremental to the run rate and they do not stand alone. These are feeder items that roll up into the run rate.

The Committee reviewed the FY24 Budget Income Statement Summary:

Member Ellis said it looks ok and there is a bit of a stretch and there might be a little work to get to the bottom line, but it's reasonable.

Member Palenik said it looks good and the team has done a good job.

Ms. Wakem added that the union agreement contact requires UMC to pay a retention bonus, which is built into the budget. Normalization for Ortho and Anesthesia may be necessary in SWB.

The team will review the budget prior to the next meeting and there may be modifications to the budgeted AADC and labor statistics.

Chair Caspersen encouraged the Committee to let Ms. Wakem know if they had any questions or if there were any changes needed. She also requested that the Committee be given sufficient time to review the proposed budget prior to the next meeting and that any changes to the initial draft are highlighted.

There was brief discussion on the capital plan and Chair Caspersen stated it would be helpful to know what the capital total amount of $72.2 million means and the Committee agreed that the arrows on the slides would be removed for FY24, as they are confusing.

<u>FINAL ACTION TAKEN:</u>
None

<u>SECTION 3: EMERGING ISSUES</u>

ITEM NO. 25 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)*

Member Palenik commented that there should be education on Candida Auris. This would be a good education item for the Governing Board. Audit and Finance could discuss the financial impacts.

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: None
SPEAKERS(S): None

There being no further business to come before the Committee at this time, at the hour of 4:17 pm., Chair Caspersen adjourned the meeting.

MINUTES APPROVED:
Minutes Prepared by: Stephanie Ceccarelli