University Medical Center of Southern Nevada
Governing Board Audit and Finance Committee Meeting
May 18, 2022

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 2:00 p.m. by Chair Robyn Caspersen and the following members were present, which constituted a quorum.

CALL TO ORDER

Board Members:

Present:
Robyn Caspersen
Dr. Donald Mackay
Jeff Ellis
Harry Hagerty
Mary Lynn Palenik (via WebEx)

Absent:
Barbara Fraser (Ex-Officio) (Excused)
Christian Haase (Excused)

Others Present:
Tony Marinello, Chief Operating Officer
Jennifer Wakem, Chief Financial Officer
Jessica Colvin, Clark County Chief Financial Officer
Doug Metzger, Controller
Susan Pitz, General Counsel
Emelia 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 April 20, 2022. *(For possible action)*

FINAL ACTION:
A motion was made by Member Mackay that the minutes be approved as presented. Motion carried by a majority vote.

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

Item 7 was removed from the agenda.
Item 6 was moved to be heard first on the agenda.

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

SECTION 2. BUSINESS ITEMS

ITEM NO. 6 Discussion of UMC and Clark County finance matters with Jessica Colvin, Chief Financial Officer for Clark County, NV; or take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- None

DISCUSSION:

The UMC Audit and Finance Committee welcomed Jessica Colvin, Clark County Chief Financial Officer, for a discussion regarding finance matters that involve UMC.

Ms. Colvin began the discussion by clarifying who manages the treasury functions, how they are managed by the County, as well as how these activities impact UMC. She added that UMC is a part of the pool that is managed by the Treasurer and specific liquidity matters can be addressed by the Treasurer, as well as the County Financial and Investment advisor. There was continued discussion regarding the process of financing of certain projects.

Chair Caspersen next asked what are the guardrails that we would be accountable for when it comes to financing large projects.

Ms. Colvin stated the County would prefer that we have a reserve fund be in place, as well as two times coverage, which includes principle and interest.

Next, the group discussed the County's AA+ bond rating. It is important that Clark County keeps this rating because other agencies rely on this bond rating. There was continued discussion regarding the subject of bond rating, future borrowing possibilities and creating a debt service fund for the hospital. There are no plans for new debt issuance.

Ms. Colvin commented that receipt of federal supplemental payments continues to be an area that the County assists UMC and will continue to help in the future to maximize the federal supplemental payments that can be received.

The County still issues paper checks, but vendors and employees are encouraged to use forms of automated payments or pay cards. If employees want a paper check, they must provide it for them.

The group next discussed the contracts approval process, the challenges and barriers that are faced in getting contracts approved efficiently, as well as how the technology tools and processes can be streamlined and improved.

Lastly, there was a brief discussion regarding future goals, initiatives and ways that UMC can work with the County and State to facilitate improvements in the future.

The Committee thanked Ms. Colvin for her time and invited her back for a future meeting.

FINAL ACTION TAKEN:
None

At this time, the Committee returned to Item 4 on the agenda.

ITEM NO. 4 **Receive the monthly financial reports for April FY22; and direct staff accordingly. *(For possible action)***

DOCUMENTS SUBMITTED:
- April FY22 Financials

DISCUSSION:

Jennifer Wakem, Chief Financial Officer, presented the financials for April FY22.

The key indicators for April were consistent with previous months. Volumes were strong for the month. Admissions were 7.3% over budget and AADC continues to be high. Observation cases came down 19.5%. There is continued focus on the statusing of patients coming through the emergency room. Length of stay management is critical.

Acuity remains high. Overall hospital CMI was 1.87 and Medicare CMI was 2.08.

Inpatient surgeries were 9% above budget and outpatient surgeries down almost 7%. There were 13 transplants. ER visits were 18% above budget. Conversion rate was 10.6% and observation 10.28%.

Quick care locations were 6.5% above budget and primary cares were consistent with budget. Deliveries were close to budget.

In trended stats, there were 1,850 admissions for April. Observation cases have decreased to 904. LOS was 7.17; although it was down from the March total of 7.33, there continues to be work to do. She added that length of stay was 5 days in 2019.

Payor mix trended showed inpatient was consistent with the 12-month average. Medicaid is up more than 1% and self-pay was down 1.77%. ED payor mix showed commercial was down approximately 1.8%, Medicaid was up 3.5% and self-pay was down 1%.

Payor mix by surgical volumes showed commercial up 2.3%, Government was down 1.6%, and Medicaid was down 2.68%, Medicare was up 2%. Outpatient showed commercial was up 2%, Medicaid was down 1.3% and self-pay was down 1.5%.

The summary income statement for April shows April was a good month financially. Net patient revenue above budget $9.2 million. Other revenue was down $1.7 million. Total net revenue was above budget $7.5 million. Operating expenses were over budget 5.3%. Income from ops landed at a loss of $1.1 million for the month, compared to a budgeted loss of $3.3 million. There were no supplemental payments received in April.

Ms. Wakem next reviewed the year to date summary income statement.
Net patient revenue was 21.5% above budget. Other revenue was down 27.8% and total operating revenue was above budget 17.8%. Operating expenses were above budget and total income from operations showed a loss of $2.9 million on a budgeted loss of $39 million. A discussion ensued regarding the variance in other revenue for the month of April and the 340B and grant programs embedded in other revenue budget.

The summary income statement trended was briefly reviewed.

Salary, wages and benefits was over budget $4.5 million.
Overtime continues to be high; CVCU, MICU and MedSurg are the key areas using overtime.
Contract labor was $1.1 million over; TICU, CVCU and Chest Pain Unit are the key areas.
The nursing resource pool has been implemented to help reduce overtime and contract labor needs.

The Committee questioned how the historical financial results could help future operational progress moving forward. A lengthy discussion ensued regarding the role daily productivity plays in patient/staffing ratios, revenue costs and expenses. The Committee would like visibility into the productivity statistics.

There was a brief review of the April expenses and key financial indicators.
Ms. Wakem highlighted days cash on hand is at 72.4 days. Net days in AR is at 71 days. Cash collections are in the green. Candidate for bill was green at 3.6 days. All other metrics are in the green.

Next, the capital plan for FY22 was reviewed. Project costs were $24.3 million, PO amount issued was $8 million and amount spent was $2.5 million. A breakdown of the capital spend month over month for FY22, FY21 and FY20 was also shown. There was a continued discussion regarding the efficiency and processes of the Capital Committee in getting projects completed.

Chairman Caspersen stated that there should be a capital related goal for FY23. The capital plan should be priority.

Member Palenik added that there seems to be a process issue and Administration needs to be involved in helping prioritize initiatives hospital wide.

Provider relief funding was received in April. This is the last payment that will be received from this program.

Lastly, the balance sheet highlights were shown.

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:

There was no additional commentary for the CFO report.

FINAL ACTION TAKEN:
None

ITEM NO. 7 Review and recommend for approval by the Governing Board the Hospital Participation Agreement with Health Value Management, Inc. for Managed Care Services; or take action as deemed appropriate. *(For possible action)*

This item was removed from the agenda.

FINAL ACTION TAKEN:
None

ITEM NO. 8 Review and recommend for approval by the Governing Board the Amendment One to STERIS, Inc. HealthTrust Purchasing Agreement for Surgical Lights and Equipment Booms with STERIS Corporation for the Integrated OR Room project; authorize the CEO to sign any future change orders within his delegated authority; or take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- OR Renovation Project Package
- Disclosure of Ownership

DISCUSSION:

This is phase one of a capital project. This is turnkey for the purchase of equipment through Steris, as well as installation of surgical lights and equipment to be used in the renovation of UMC's OR surgical rooms.

There was continued discussion regarding the approval process for phased contracts.

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 Fourth Amendment to the Master Agreement, Amendment to Customer Order 1000101759, and related Order Forms with CareFusion Solutions, LLC; or take action as deemed appropriate. *(For possible action)***

DOCUMENTS SUBMITTED:
- Fourth Amendment to Master Agreement
- Amendment to Customer Order 1000101759 – Redacted
- Amendment to Customer Order 1000220096 – Redacted
- Amendment to Customer Order 1000220739 - Redacted
- Implementation Timeline
- Disclosure of Ownership

DISCUSSION:

This is a request to execute the fourth amendment to the Master agreement for the purchase of new medication equipment, update software terms and conditions, and add support services for the Pyxis medication system.

FINAL ACTION TAKEN:
A motion was made by Member Hagerty to approve 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 Client Services Agreement for Core Measures and Other Registries Abstraction Services with DASpecialists, LLC; 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 Services Agreement
- Business Associate Agreement
- Transfer Letter QDS
- Disclosure of Ownership

DISCUSSION:

This request is to enter into a new service agreement for core measures and other registries abstraction services with DASpecialists to meet Joint Commission and CMS requirements. The term is 12 months with 4 additional 12-month renewals.

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 award by the Governing Board RFP No. 2022-01 Early Out Self-Pay Pre-Collection Services to CMRE Financial Services, Inc. d/b/a Healthcare Revenue Management Group (HRMG); approve the RFP No. 2022-01 Service Agreement; authorize the Chief Executive Officer to exercise any extension options; or take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Service Agreement

DISCUSSION:

UMC published a request for proposal for a new vendor to provider to provide pre-collection services. There were 12 proposals received. The current vendor is the proposed awardee. They will provide services on a contingency basis. The Agreement Term is from October 1, 2022 through September 30, 2025 with the option to extend for two (2), 1-year periods.

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. 12 Review and recommend for approval by the Governing Board the Professional Services Agreements (Individual and Group Physician On-Call Coverage) for Ophthalmology Services Master Templates; award the RFP No. 2022-09 Ophthalmology On Call Services; authorize the Chief Executive Officer to exercise any extension options; or take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Professional Services Agreement – Group On-Call
- Professional Services Agreement – Individual On-Call

DISCUSSION:

This is a second attempt for RFP to establish an on-call rate. There were 5 responses received. All respondents submitted proposals and returned the same on-call rate per day. All respondents will be awarded.

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 Amendment 3 to Agreement with Terminix International Company Limited Partnership d/b/a Terminix Commercial for pest control services; or take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Amendment 3 to Agreement
- Disclosure of Ownership

DISCUSSION:
This amendment will add additional funding to the agreement, as well as add new locations and additional services. All terms remain the same.

FINAL ACTION TAKEN:
A motion was made by Member Hagerty 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 award by the Governing Board RFP No. 2022-02 ReVITALize UMC Façade Project to Martin-Harris Construction, LLC for preconstruction services as the Construction Manager at Risk; approve the Standard Form of Agreement Between Owner and Construction Manager as Constructor and the General Conditions of the Contract for Construction; or take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Agreement Document A133-2019

DISCUSSION:

Ms. Allen stated that an RFP was performed for a project manager at risk. Two proposals were received. Martin Harris was selected as the recommended recipient of the bid award. This preconstruction services agreement for plan and design is for a term of 3-months and a 7-day out clause.

FINAL ACTION TAKEN:

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

ITEM NO. 15 Receive a report on the emergency contract with JMB Construction Inc. for 6th Floor Power Re-Feed Construction Services; ratify the Service Agreement; or take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Services Agreement
- Disclosure of Ownership

DISCUSSION:

This is a ratification for JMB Construction to perform emergency repair and re-rout of three electrical feeders for UMC's 7th story tower. A public works project number was received. The not to exceed amount includes the payment of prevailing wages.

Staff requests board ratification of the Services Agreement, as this action was required to ensure UMC's electrical service was not dependent on generators for daily operations. UMC took immediate action to mitigate and remediate the impacted areas, securing services.

There was continued discussion regarding this project and maintenance schedule.

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

SECTION 3: EMERGING ISSUES

ITEM NO. 16 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)*

Discuss annual CEO goals at a future meeting.

COMMENTS BY THE GENERAL PUBLIC:

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.

SPEAKERS(S): None

There being no further business to come before the Committee at this time, at the hour of 3:45 p.m., Chair Caspersen adjourned the meeting.

MINUTES APPROVED: June 22, 2022
Minutes Prepared by: Stephanie Ceccarelli