University Medical Center of Southern Nevada
Governing Board Audit and Finance Committee Meeting
May 19, 2021

UMC ProVidence Suite
Trauma Building, 5th Floor
800 Hope Place
Las Vegas, Clark County, Nevada
Wednesday, May 19, 2021
2:00 p.m.

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
Harry Hagerty (via WebEx)
Dr. Donald Mackay
Jeff Ellis (via WebEx)
Mary Lynn Palenik (via webex)
Christian Haase (via webex)
Barbara Frasier (Ex-Officio) (via webex)

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
Susan Pitz, General Counsel
Lia Allen, Attorney
Rose Coker, Director of Managed Care (via WebEx)
Carissa Rey, Academic and External Affairs Officer
Stephanie Ceccarelli, Governing 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 21, 2021. *(For possible action)*

FINAL ACTION:

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

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

FINAL ACTION:

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

SECTION 2. BUSINESS ITEMS

ITEM NO. 4 Receive the monthly financial report for April FY21; and direct staff accordingly. *(For possible action)*

DOCUMENTS SUBMITTED:
- April FY21 Financial Report

DISCUSSION:

Jennifer Wakem, Chief Financial Officer presented the financials for April. Key indicators were reviewed. April actuals were presented against budget. Ms. Wakem reminded the Committee that April 2020 was the first full month of COVID.

Actuals for April were presented against April FY19 volumes. Admissions were down roughly 18%. AADC was up and LOS was 6.5 days. Acuity remains high at 6% above FY19. Inpatient surgeries were down 8% and outpatient surgeries were down 2%. ER visits were down 15%. ED to admission conversion rate dropped to 21%. Quick cares down 28% and primary care is down 15%. The discussion continued regarding strategic initiatives that have been implemented to help improve volumes.

The Committee agreed that it would be a better benchmark to compare volumes using 2019 rather than budget.

On trended stats, admissions are 150 below the pre-COVID average. The AADC continues to be high at 541 and the average length of stay is at 6.5 days. Inpatient surgeries were at 768, equal to the 12-month pre-COVID average and outpatient surgeries were 10 above the pre-COVID average. ER visits are on the rise, however the ED to admission conversion rates dropped. Quick cares are 3,700 visits below the pre-COVID average and primary care visits were 360 above the pre-COVID average.

Payor mix trended shows Medicare is up almost 4%; Medicaid is down 2%. ED trends shows commercial up almost 2.5% and Medicaid is down roughly 1.5%. Inpatient surgeries, commercial is down 2.5% and Medicare is up almost 4%. In outpatient surgeries, Medicaid is just over 1%.

The income statement for the month showed net patient revenue was above prior year almost $32 million and other revenue was down during the month, primarily due to Cares Act money that was received last year. Overall revenue was $20 million above prior year. Operating expenses were up, just shy of $5 million. Income from ops was $7.2 million to the positive.

April YTD income from ops showed a loss of $9.1 million. Ms. Wakem informed the Committee that April 2020 year to date showed a negative $7.8 million.

Income statement trended shows Income from Ops, before depreciation and amortization, was in the black 4 months in a row.

Key financial indicators were reviewed next. SWB compared to the rolling 12-month average showed a slight increase. The overall organizational goal to be below 2,400 is tracking well.

Chair Caspersen posed a question regarding unemployment benefits and the impact it has on the desire for employees to return to work; is this an issue we are having here at UMC and is there a needs list?

Mr. Van Houweling responded, reminding the Committee that we did have the VSP, but we did not lay off employees and there have been many incentives that benefitted employees to continue working. The conversation continued regarding the unemployment statistics within this area.

In liquidity, day's cash on hand is roughly 3.33 days. Candidate for bill was 4.7 days. Cash collections are strong.

Salary, wages and benefits for April was favorable $2.3 million over prior year. Contract labor and overtime continue to be a struggle. An action plan to improve core staffing and volume changes by department is being discussed.

Other expenses for the month of April continue to be high, $13.3 million for the month in supplies.

Chair Caspersen asked why the budget was so low in supplies. Ms. Wakem stated that the supply budget dropped consistent with the drop in budgeted volumes. The Committee requested a review of how the budget is spread through the months.

Member Ellis added that there were transplants that were not calculated. Surgical supplies are up, as well as surgical expenses. The conversation continued regarding the total costs of supplies that were purchased. Allocation of expenses monthly needs to be reviewed.

COVID supply expenses trended dropped to $2.5 million.

Ms. Wakem continued to the Capital Plan for FY20, explaining that $27.6 million has been spent with another $11.3 million committed. Capital funds for FY21 have not yet been used.

Cash flow continues to be strong at $43.6 million received. No supplemental payments were received for the month. DSH payments received in March of $22.5 million for the period of January through April and an IAF payments of $2.9 million was also received. There is another $150 million outstanding for some of the other programs due to COVID.

Balance sheet review showed a slight drop overall, but nothing to be concerned about.

Roughly 40K COVID tests were performed in April and 13.7K vaccinations were administered during the month.

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 informed the Committee that Contracts would now be led by the legal department. Emelia Allen, an attorney with the legal department, will now be presenting contracts moving forward.

To date, the hospital has not received any additional allocations of Cares Funding. There is roughly $44.9 billion in Cares Act funding that remains to be allocated.

The moratorium on the 2% reimbursement reduction for Medicare, known as sequestration, will continue through December 31, 2021. We continue to receive the DRG add on payments for COVID positive patients. Funding is also being received for uninsured and COVID testing.

There is an additional grant related to telemedicine being pursued. The application was submitted May 5th.

Medicaid rate reductions have been cancelled.

The final budget for the County was presented on May 17th and was officially approved. It included the standard allocation of $31 million to UMC.

FINAL ACTION TAKEN:

None

ITEM NO. 6 Review and recommend for approval by the Governing Board the Addendum 2 to Provider Agreement with P3 Health Partners-Nevada, LLC; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Provider Agreement

DISCUSSION:

Rose Coker, Director of Managed Care, stated the purpose of the addendum is to reduce the fee for service requirement from 1000 members down to 300 members per month. This will allow UMC to move from a fee for service agreement to a capitation agreement.

FINAL ACTION TAKEN:

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

ITEM NO. 7 Review and recommend for approval by the Governing Board the First Amendment to Master Services Agreement for Consumer Reporting and Ancillary Services and Product and Pricing Addendum with Trans Union LLC for eScan services; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Master Services Agreement

DISCUSSION:

This is a first amendment with TransUnion. This amendment would extend the agreement for an additional two years and add additional funding.

Ms. Wakem explained that TransUnion is paid on contingency. The net impact benefiting UMC is $1.9 million.

FINAL ACTION TAKEN:

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

ITEM NO. 8 Review and recommend for approval by the Governing Board the Second Amendment to Agreement for Data Engineering Consultation with Shannon Kane-Saenz; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Shannon Kane-Saenz – Amendment Two
- Shannon Kane-Saenz Disclosure of Ownership

DISCUSSION:

Ms. Allen stated this is a request to add additional funding and extend the term of the base contract for data engineering consultation an additional 2 years.

Ms. Wakem added this consultant is exclusive to UMC and she has been used for programming to input data from Epic into Kaufman Hall and build out the forecasting modules. She is used as needed for specialized data mapping.

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. 9 Review and recommend for approval by the Governing Board the SmartForce Workforce Management Software Agreement with Ability Network, Inc.; and take action as deed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Order Information
- Disclosure of Ownership

DISCUSSION:

This is a request to receive additional software modules for scheduling services. This is a one-year agreement, with 2 auto-renewal options and a 60-day out clause.

Maria Sexton, CIO added the vendor provides enterprise scheduling which can be used throughout the facility and includes a productivity component. It interfaces with Epic and Kronos and will assist in staffing.

The anticipated go-live is expected within 8-10 weeks.

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 Board of Hospital Trustees for University Medical Center of Southern Nevada, the Client Agreement with FocusOne Solutions, LLC for temporary labor staffing services; authorize the Chief Executive Officer to exercise the extension option; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Client Agreement

DISCUSSION:

FocusOne is a national 3rd party vendor used to coordinate temporary labor staffing primarily for nursing, but also for other clinical and non-clinical personnel.

This is a new agreement for a 2-year term, which includes a 60-day out clause. The term of the current agreement ends June 30, 2021.

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 agreement. 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 Lease Agreement with METEJEMEI, LLC for rentable space for the UMC Quick Care and Primary Care at 5860 Losee Road; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Lease Agreement
- Disclosure of Ownership

DISCUSSION:

This is for the Aliante Quick and Primary Care lease. The term is for 10 years and includes an additional 5-year option for renewal, as well as an option to terminate at month 60 upon payment of an early termination fee. The landlord is providing 3 months free rent and will contribute approximately $500k toward tenant improvements and will manage the construction of the improvements with our oversight.

This agreement was taken through the Strategy Committee for approval on February 4, 2021.

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 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 Sixth Amendment to Preliminary Affiliation Agreement with the Board of Regents of the Nevada System of Higher Education (NSHE) on behalf of the University of Nevada, Las Vegas and its School of Medicine; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Preliminary Lease Agreement – Sixth Amendment

DISCUSSION:

This is the 6th amendment with the UNLV School of Medicine to set the mission support for the next academic year and set resident salaries. There is a decrease in salaries from prior academic years.

Chair Caspersen questioned the accuracy of the monthly fiscal impact noted in the summary of the agenda item. It was clarified that the monthly FTE hours not-to-exceed amount is $15,190,371.00.

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 amendment. Motion carried by unanimous vote.

SECTION 3: EMERGING ISSUES

ITEM NO. 13 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)*

DISCUSSION:

Carissa Rey provided an update on the legislative session and the Public Option insurance bill that is being discussed. If passed, the bill will take effect January 1, 2026.

FINAL ACTION TAKEN:

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 3:04 pm., Chair Caspersen adjourned the meeting.

MINUTES APPROVED: June 23, 2021
Minutes Prepared by: Stephanie Ceccarelli