University Medical Center of Southern Nevada
Governing Board Audit and Finance Committee Meeting
May 20, 2020

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

CALL TO ORDER

Board Members:

Present (Via Phone):
Robyn Caspersen
Jeff Ellis
Harry Hagerty
Mary Lynn Palenik
Dr. Donald Mackay
Christian Haase
Barbara Fraser (Ex-Officio)

Absent:
None

Others Present:
Mason VanHouweling, Chief Executive Officer (Via Phone)
Susan Pitz, General Counsel
Jennifer Wakem, Chief Financial Officer
Tony Marinello, Chief Operating Officer
Lonnie Richardson, Chief Information Officer
Doug Metzger, Controller
Rose Coker, Director of Managed Care
Jacqueline Saites, Director of Contracts Management
Emelia Allen, Attorney
Stephanie Ceccarelli, Governing Board Secretary

SECTION 1. OPENING CEREMONIES

ITEM NO. 1 PUBLIC COMMENT

Committee Chair Caspersen asked if there were any persons wishing 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 22, 2020. *(For possible action)***

Item 7 was amended to reflect that Ms. Wakem advised that the bond payment was paid semi-annually, March and September.

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

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

FINAL ACTION: A motion was made by Member Dr. Mackay that the agenda be approved. Motion carried by unanimous vote.

SECTION 2. CONSENT ITEMS

ITEM NO. 4 **Review and recommend for ratification by the Governing Board the LIAISON XL COVID-19 Proposal between DiaSorin Inc. (fka Focus Diagnostics) and University Medical Center of Southern Nevada; authorize the Chief Executive Officer to exercise any COVID-related amendments; and take action as deemed appropriate. *(For possible action)***

DOCUMENTS SUBMITTED:
- DiaSorin Disclosure of Ownership/Principals
- DiaSorin Pricing Letter

ITEM NO. 5 **Review and recommend for ratification by the Board of Hospital Trustees for University Medical Center of Southern Nevada the Sales and Service Agreements with Fisher HealthCare for the purchase of COVID-19 testing equipment and supplies; and take action as deemed appropriate. *(For possible action)***

DOCUMENTS SUBMITTED:
- Fisher Healthcare Quote for Hazmat
- Fisher Healthcare Quote for Swabs
- Fisher Healthcare Quote for Instrument Laptop
- Disclosure of Ownership
- Purchase Order for Hazmat
- Purchase Order for Swabs
- Purchase Order for Instrument Laptop
- Lab Distribution Sourcing Letter dated April 2020

ITEM NO. 6 **Review and recommend for ratification by the Board of Hospital Trustees for University Medical Center of Southern Nevada the Emergency Purchase Order with Medical Buyers Group, Inc. for the purchase of COVID-19 Swab Test Kits; and take action as deemed appropriate. *(For possible action)***

DOCUMENTS SUBMITTED:
- Quote
- Disclosure of Ownership
- Purchase Order

ITEM NO. 7 Review and recommend for ratification by the Governing Board the Emergency Purchase Order with W. W. Grainger, Inc.; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Quote
- Disclosure of Ownership

ITEM NO. 8 Review and recommend for ratification by the Governing Board the Emergency Purchase Order with Health Research Systems, Inc. for COVID-19 Personal Protective Equipment; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Quote
- Quote
- Disclosure of Ownership

FINAL ACTION: A motion was made by Member Haase that the Consent Items 4-8 be recommended for ratification. Motion carried by unanimous vote.

SECTION 3: BUSINESS ITEMS

ITEM NO. 9 That the Audit and Finance Committee receive an update on the Electronic Health Record (EHR) system; and direct staff accordingly. *(For possible action)*

Lonnie Richardson, Chief Information Officer, presented the Electronic Health Record update and provided an overview of the new EHR modules, telehealth initiatives, feature adoptions, physician adoptions and plans moving forward.

A review of recently deployed modules, including Epic Scheduling, which streamlines the ability for patients to sign up for My Chart and self-schedule appointments, BottomLine Electronic Forms Management, 3M 360 Automated Coding System and Epic upgrades was provided. A timeline of other upcoming module deployments was provided. The Epic Beaker Laboratory Module is set to launch January 2021.

There has been an upgrade to UMC's features adoption rate, which is now at a level 5 out of 10 in the Gold Stars program. We have 67% of the features adopted and are now available. Work is being done to implement new features as quickly as possible.

Physician engagement showed a significant decline, which was expected due the impact of COVID-19. However, the percentage of adopted automation showed a larger downward trend than expected. Because of this Mr.

Richardson is validating the reports and an update on physician features adoption will be provided once the data has been reviewed.
Statistics were shared with the committee regarding our patient record exchange with other organizations like hospitals, EDs and clinics since go-live. Discussion continued regarding activities moving forward, which includes expanding telehealth initiatives, continuous improvement for COVID-19 testing and adoption of new features.

Member Hagerty asked if the data exchanges are manually requested by the clinics or are they automatically provided through the network. Mr. Richardson responded that it is an automated feature if consent has been given and we are already included in the exchange network of other systems.

Chair Caspersen asked if the Beaker application will be changing due to the effects of COVID-19 or is this a separate application that Epic will be working on. Mr. Richardson responded that Epic has been actively responding to the COVID-19 situation and has adopted many new features and functions into every module that is owned by UMC.

ITEM NO. 10 That the Audit and Finance Committee receive an update on Cyber Security; and direct staff accordingly. ***(For possible action)***

Maria Sexton, Director of Information Technology and Information Security Systems, provided an update on the challenges that organizations have faced in information security due to the COVID-19 pandemic.

There has been a 55% increase in phishing attacks and fraudulent emails during the pandemic. A reduction in the percentage of blocked messages has resulted in a larger number impacted mailboxes and opportunity for compromise. Ms. Sexton advised that though there have been no operational breaches, education has been provided to those who have clicked or responded unsuspectingly to the malware links and fraudulent or questionable email offers of assistance.

Ms. Sexton described the telework challenges such as establishing and enabling the remote workforce, educating those who are unfamiliar with remote access services and processes, implementing governance and policies and managing unknown and unmanaged endpoint devices.

Lastly, a review of the new Imprivata Identity Governance and Mimecast Email Resiliency projects were discussed. These projects are moving forward and will be an added asset to the information security program.

Chair Casperson asked how security is managed from remote testing sites? Ms. Sexton explained that we have either extended our network to the testing sites or we are using our site to site Virtual Private network (VPN) which is encrypted and secure.

Member Hagerty inquired as to what might have significantly changed in terms of the staff working remotely. Per Mr. Richardson, while the effectiveness of telework on productivity is being evaluated by all departments, the most important reason for its use in this case was as a protection and safety measure for the staff and patients. We will continue to evaluate the effectiveness of the telework program organizationally as June 1st approaches, along with necessary changes to relevant policies and procedures.

ITEM NO. 11 Receive the monthly financial report for April FY20; and direct staff accordingly. ***(For possible action)***

DOCUMENTS SUBMITTED:
- April FY20

DISCUSSION: Jennifer Wakem, Chief Financial Officer, presented the financials for April 2020. She reminded the board that the financials for this month reflect a full month of impact from COVID-19.

Key indicators showed admissions were down 33%, length of stay was up 16% and acuity was up 5.3 %, which indicates how sick or acute patients are. Outpatient surgeries were down 74% mainly due to COVID-19. The ED to admit conversion rate was at 23.6%, as they were getting moved to the floor, indicating that patients actually required hospital services.

There was significant impact to volumes in quick cares which were down 51.5% and primary cares which were down almost 50%.

In trended stats, hospital and Medicare CMI were up relative to the 12-month trend. Outpatient surgeries were at 142 cases for the month, the lowest on record for UMC.

Member Ellis wanted to know how many of the total admissions were COVID-related. Ms. Wakem stated she would research that information to provide to the committee. Chair Caspersen requested that the COVID numbers be a part of the trending report. The discussion continued with an inquiry of what type of payor mix is being seen in the COVID cases and if the ventilator patients are mostly ICU patients. Ms. Wakem confirmed that most of those patients are in the ICU and are not on vents. We have not had a shortage of available ventilators.

Payor mix by admits trended shows Medicaid was up 4.5%.

Chair Caspersen asked about the decline in the self-pay/no-pay population. Ms. Wakem responded that there was a drop in self-pay, but could not identify any particular reason other than many people did not come to the hospital unless it was necessary. Discussion continued regarding the hospital volume.

Member Dr. Mackay stated that it could be a reflection of those out of work and did not have insurance and did not want to incur emergency charges.

The summary income statement showed that in net patient revenue was down $19 million and other revenue was up $13.2 million primarily due to the Cares Funding that was received related to COVID. Operating expenses were up $3 million primarily due to COVID.

The year to date income statement bottom line showed a loss of $7.8 million on a budget of $8.6 million, which leaves us below budget $16.3 million.

Profitability, as shown on the key financial indicators slide, was significantly higher due to labor being flat and revenue being down. Candidate for bill dropped to 3.7 which was a record low. Paid FTEs were down and days cash on hand held steady at 4.5 months. The business office was at 99.2% of their cash goal.

Salaries, wages and benefits were slightly better than budget by $142k. There was continued discussion regarding FTEs scheduled. Ms. Wakem and Mr. Marinello provided detailed explanation of staff use and labor cost throughout the hospital.

Member Ellis requested that moving forward the committee receive a financial summary to include FTE use versus actual budget and the financial reality in the future. Chair Caspersen encouraged the committee to provide suggestions and feedback to Ms. Wakem on stats that could be added to the slide deck. Discussion continued regarding the statistics that would be provided to the committee.

All other expenses were over budget $1.3 million primarily due to the purchase of COVID-related supplies.

Ms. Wakem provided an overview of the cash flow statement. The federal supplemental payments are current. The balance sheet showed improvement from March to April.

Per Member Hagerty's request, Ms. Wakem provided an update on Clark County's reaction to the budget that was filed. It was communicated to the Board of County Commissioners that UMC would need a bigger subsidy from the County beginning FY 2022 if the budget shortfall that was presented becomes a reality. Ms. Wakem stated that the County did not seem surprised by this message but they requested regular updates on the hospital performance versus the budget that was presented. Discussion continued regarding the County's plans.

Ms. Wakem advised the committee that the County will provided the hospital the full $31 million capital transfer, which includes $16 million from the CARES Act Funding.

Member Hagerty asked if there is any discussion about what Clark County plans to do to in terms of accessing additional funds to meet the expanded needs across the County. Ms. Wakem responded that every entity is struggling and the County has struggled due to the lack of casino revenue, so they are relying on rainy day funds for the next year, as well as right-sizing the work force. There is a voluntary separation program and a voluntary furlough program that is being made available to all County and UMC employees.

ITEM NO. 12. Receive and update report from the Chief Financial Officer; and direct staff accordingly. *(For possible action)*

DOCUMENTS SUBMITTED:
- None submitted

DISCUSSION:

Ms. Wakem wanted to make the Committee aware that we have resumed elective surgeries beginning May 4th. All surgery staff and patients are being tested. We are at 50% of the normal case volume and will move up to 75% next week.

Projected cash flow statement update was provided. This is being built out to the budget module to help provide projections on the cash flow statement moving forward. A first draft will be provided next month.

COVID-19 related expenses are being tracked separately. Additionally, costs specifically related to COVID testing at the site locations are being mapped to a separate general ledger.

Ms. Wakem stated that we are actively tracking Cares Act funding and will provide updates.

Chair Caspersen asked how much of the $40 million that is reflected in the cash flow statement has been expended? Ms. Wakem replied that it looks to be $7.5 million to $8 million has been paid. Ms. Saites, Director of Materials Management, stated that orders have been placed but have not yet been received. Chair Caspersen requested that the cost specifically related to COVID and the cash flow impacts be provided so the committee can determine what is COVID related and what is not.

FINAL ACTION TAKEN: None taken

ITEM NO. 13 Receive a report on the emergency lab renovation; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- UMC Supplemental Lab Tenant Improvement Proposal Break Down
- Purchase Order
- Disclosure of Ownership

DISCUSSION: Ms. Pitz informed the Committee that this is related to expansion of our lab necessary for the testing being done during the COVID-19 pandemic.

Mr. Marinello mentioned that the project was completed within a week and will accommodate all testing needs. All admissions to the hospital will be COVID tested.

FINAL ACTION TAKEN:
None

ITEM NO. 14 Review and recommend for approval by the Governing Board the Fifth Amendment to Memorandum of Understanding with DaVita Medical IPA Nevada, LLC d/b/a JSA P5 Nevada, LLC and d/b/a HealthCare Partners of Nevada; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Fifth Amendment to the Memorandum of Understanding

DISCUSSION: Rose Coker, Director of Managed Care, stated that Healthcare Partner that is owned by DaVita is changing its name to Healthcare Partners of Nevada and this agreement is being renewed for the Hospital which is for a 3-year term. Ms. Coker lists the amendments as follows: 1. Change the name from DaVita to Healthcare Partners of Nevada; 2. Extend the terms of the agreement; 3. Change the rate schedule; and 4. Add Select Health to the Healthcare Partners contracts.

FINAL ACTION TAKEN: A motion was made by Member Haase to approve and make a recommendation to the Governing Board to approve the amendment as presented. Motion carried by a majority vote.

ITEM NO. 15 Review and recommend for approval by the Governing Board the Participating Facility Agreement and Medicare Advantage Addendum with SelectHealth, Inc. and SelectHealth Benefit Assurance Company, Inc.; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Participating Facility Agreement

DISCUSSION:

Select Health is a part of Intermountain Health Services. They are entering the Nevada market. They will be doing 2 plans in Nevada, a commercial HMO plan and a Medicare PPO advantage plan that they will manage. They will be filing their HMO license on June 1, 2020. Open enrollment will be in the fall and patient enrollment will be available January 1, 2021.

Member Ellis asked if this is a good rate and competitive market? Ms. Coker responded that yes, this is a competitive rate.

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

ITEM NO. 16 Review and recommend for approval by the Governing Board the Service Agreement with Intuitive Surgical, Inc.; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Service Agreement
- Disclosure of Ownership

DISCUSSION: Ms. Saites explains that this agreement is a 4-year equipment and repair agreement for the DaVinci Robot.

FINAL ACTION TAKEN: A motion was made by Member Dr. Mackay to approve and make a recommendation to the Governing Board to approve the agreement. Motion carried by majority vote. Member Hagerty abstains.

ITEM NO. 17 Review and recommend for approval by the Governing Board the Service Agreement and Addendum with Philips Healthcare for the Zenition 70 Mobile C-Arm; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Point of Sale Quote
- Disclosure of Ownership
- Addendum

DISCUSSION: Ms. Saites explains that this a lifetime service agreement which covers service labor and parts, etc. for the mobile CR imaging equipment.

Chair Caspersen asked if this was a new agreement and why the service agreement comes later. Ms. Saites explained that the warranty period is used during the initial phase of the agreement and the service agreement is negotiated later.

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

ITEM NO. 18 Review and recommend for ratification by the Governing Board the Professional Services Agreement for Adult Urology On-Call Coverage with Las Vegas Urology, LLP; authorize the Chief Executive Officer to exercise any extension options; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Professional Services Agreement

DISCUSSION: Ms. Pitz explained that this is a new contract for adult urology on-call coverage with a new urology group. The terms, conditions and per diem rate will remain the same.

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

ITEM NO. 19 Review and recommend for award by the Governing Board RFP No. 2020-02 Out-of-Country Billing and Collection Services to Sunbelt Medical Billings, Inc. d/b/a Sunbelt Medical International; authorize the Chief Executive Officer to sign the Agreement and exercise any renewal options; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Service Agreement

DISCUSSION: Ms. Saites advised that Sunbelt was awarded the RFP. This would provide potential recovered revenue for out of country resident patients. Ms. Wakem continued that this is standard industry practice to use this company.

Ms. Caspersen wanted to know the amount of the out of country patients that we receive. Ms. Wakem stated that we encounter approximately 5% of the out of country patients.

Member Dr. Mackay asked if this agreement entails a dealing with foreign governments with a single payer. Ms. Wakem informed that this is usually with individuals.

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

ITEM NO. 20 Review and recommend for approval by the Governing Board the Fifth Amendment to the Preliminary Affiliation Agreement between 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 (UNLV School of Medicine or School) and University Medical Center of Southern Nevada; and authorize the Chief Executive Officer to take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Fifth Amendment to Preliminary Affiliation Agreement

DISCUSSION: Ms. Pitz stated that this is the 5th Amendment to the Preliminary agreement which sets the new mission support and resident salaries with UNLVSOM for the next fiscal and academic year. This will go to the Board of County Commissioners for approval.

Member Dr. Mackay questions if there is traction within Congress to approve an increase in the number of residents that Medicare will pay. Ms. Pitz states that there is nothing yet, but we will continue to push for this.

FINAL ACTION TAKEN: A motion was made by Member Dr. Mackay to approve and make a recommendation to the Governing Board to recommend to the Board of County Commissioners to approve the amendment. Motion carried by unanimous vote.

SECTION 4: EMERGING ISSUES

ITEM NO. 21 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: Mr. Marinello announced that Debra Fox, CNO and the nursing department achieved the Pathways to Excellence Achievement. UMC is only one of 3 hospitals in the state of Nevada that has this distinction.

COMMENTS BY THE GENERAL PUBLIC: None

At this time, Chair Caspersen asked if there were any persons wishing 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 3:40 p.m., Chair Caspersen adjourned the meeting.

MINUTES APPROVED: June 17, 2020
Minutes Prepared by: Stephanie Ceccarelli