***University Medical Center of Southern Nevada***
***Governing Board Audit and Finance Committee Meeting***
*May 22, 2019*

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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 3:00 p.m. The meeting was called to order at the hour of 3:01 p.m. by Chair Robyn Caspersen and the following members were present, which constituted a quorum.

**CALL TO ORDER**

Board Members:

Present:
Robyn Caspersen – Chair
Dr. Donald Mackay
Harry Hagerty – Via Phone
Chris Haase – Via Phone

Absent:
David Struve – Excused
Jeff Ellis – Excused
Mary Lynn Palenik - Excused

Others Present:
Tony Marinello, Chief Operating Officer
Jennifer Wakem, Chief Financial Officer
Lonnie Richardson, Chief Information Officer
Emelia Allen, Attorney
Terra Lovelin, Administrative Assistant

**SECTION 1. OPENING CEREMONIES**

**ITEM NO. 1 PUBLIC COMMENT**

Committee Chair Caspersen asked if there were any persons present in the audience 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 17, 2019. *(For possible action)***

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

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

Chair Caspersen would like to hear Item number 19 first after the CFO report.

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

**SECTION 2. BUSINESS ITEMS**

**ITEM NO. 4 Review the results of the Payroll Audit dated May 10, 2019; and direct staff accordingly *(For possible action)***

DOCUMENTS SUBMITTED:
- Audit Report

DISCUSSION: Nate Strohl, Internal Auditor presented the findings for the payroll audit that was performed.

The objective of the audit was to ensure that all policies and procedures comply with UMC Policy and Procedure Management.

Staff determined if the internal controls were operating effectively.

Findings, recommendations and responses were listed and explained.

Some of the Auditor's recommendations regarding Kronos Time Exception Report were as follows:

1. Departments should ensure that the Employee Time Exception Reports are entered accurately.
2. Review and revise the current HR Policies and Procedure Section to ensure that compliance with overtime policy is operationally achievable
3. Departments should ensure that all completed overtime documentation complies with UMC HR policies and procedures.

Member Hagerty asked why UMC still provides paper paychecks and Jamie Hinzman, Payroll Manager replied that automatic deposit is optional and we follow County procedures.

Mr. VanHouweling added that staff will ask Jessica Colvin at the County if its' possible to eliminate paper checks.

**ITEM NO. 5 Receive the monthly financial report for April FY19; and direct staff accordingly. *(For possible action)***

DOCUMENTS SUBMITTED:
- April FY19 Financials

DISCUSSION: Jennifer Wakem, Chief Financial Officer presented the financials for April FY 2019.

Total admissions were up, 11% over budget
LOS was down
In-patient surgery cases were down 3.86%
Out-patient surgery cases were down 2.16%
Quick cares visits were even with budget
Primary Care was above budget by 36.16%

Total patient revenue was slightly down for the month
Total net revenue was above budget for the month
Total operating expenses were flat with budget

For the month of April:
Salaries are below budget
Benefits are under budget
Overtime is under budget

Supplies are over budget mainly due to surgery supplies and pharmaceuticals

Ms. Wakem explained a new slide that displays spending on the GPO.

Chair Caspersen asked Ms. Wakem if she could add dollars spent on the contract compliance slide instead of percentages, on the "Compliance Trend" graph.

Capital Plan
FY 19 Spent $15.5 million
FY 19 Committed $14.7 million

FY 19 Balance sheet was shown per the request from the committee.

Member Hagerty commented that he liked seeing the numbers on the Key Financial Indicators slide. He would like to know what the trend is with regards to the statistics.

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

DOCUMENTS SUBMITTED:
- None submitted

DISCUSSION: Ms. Wakem provided a DSH update. The auditors were at UMC doing the Medicaid DSH audit for 2016. She should know by the end of June what the numbers are.

FINAL ACTION TAKEN: None taken

**ITEM NO. 19 Review and recommend for approval by the Governing Board the Amendment No. 7 to Hospital Participation Agreement between Health Value Management, Inc. d/b/a ChoiceCare Network and University Medical Center of Southern Nevada; and take action as deemed appropriate. *(For possible action)***

DOCUMENTS SUBMITTED:
- Amendment No 7

DISCUSSION: Rose Coker, Director of Managed Care, explained that we are currently in negotiations and it has taken a bit longer for us to get through the contract. We asked for a 30-day extension to get this done. It is to our advantage to extend this contract for 30 days to not disrupt patient care.

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

**ITEM NO. 7 Review and recommend for approval by the Governing Board the Agreement to Provide Auditing Services with BDO USA, LLP; authorize the Chief Executive Officer to exercise any renewal options; and take action as deemed appropriate. *(For possible action)***

DOCUMENTS SUBMITTED:
- BDO USA Agreement

DISCUSSION: This request is to enter into a new agreement with BDO to perform auditing services for UMC. The term of the contract is for three years with two, one- year options. The base contract has a NTE amount of $762,200.

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

**ITEM NO. 8** **Review and recommend for approval by the Board of Hospital Trustees for University Medical Center of Southern Nevada, the First Amendment and Extension of Lease Agreement ("Amendment") between Serenity Now, LLC and UMC; and take action as deemed appropriate. *(For possible action)***

DOCUMENTS SUBMITTED:
- Serenity Now, LLC First Amendment

DISCUSSION: This is lease extension for 1,500 square feet of building space for UMC's Primary Care Clinic in Southern Highlands. This length of the lease is for five years with a 90 day out if we decide to move. The cost of this lease is $222,673.00 for the five-year term.

FINAL ACTION TAKEN: A motion was made by Dr. Mackay to approve and make a recommendation to the Board of Hospital Trustees to approve the amendment. Motion carried by unanimous vote.

**ITEM NO. 9** **Review and recommend for approval by the Board of Hospital Trustees for University Medical Center of Southern Nevada, the Fourth Amendment to the 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 (UNLV School of Medicine or School); and take action as deemed appropriate. *(For possible action)***

DOCUMENTS SUBMITTED:
- Fourth Amendment to UNLV PAA

DISCUSSION: This fourth amendment amends Schedule 1 to set the resident salaries and academic mission support for Academic Year 2019-2020. This schedule sets a not to exceed amount on resident salaries.

FINAL ACTION TAKEN: A motion was made by Dr. Mackay to approve and make a recommendation to the Board of Hospital Trustees to approve the amendment. Motion carried by unanimous vote.

**ITEM NO. 10 Review and recommend for approval by the Governing Board the Professional Service Agreement for Architectural Design with Friedmutter Group; 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: This request is for approval of a master services agreement for UMC to acquire architectural design services. The scope will include design drawing, zoning and city approval. The cost of this contract has a NTE amount of $3,181,560.00 with a 30 day out clause.

Member Hagerty asked how long it will take the Friedmutter Group to provide a set of drawings that they can release and start to ask for bids.

Carissa Rey, Associate Administrator replied that it will take about six months to a year to initiate the drawings and project specifics. This process will have to go to the BCC for approval. Once the winning bidder has been selected a contract will be created as quickly as possible.

FINAL ACTION TAKEN: A motion was made by Dr. 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 Agreement for Landscaping Services between Brightview Landscape Services and the University Medical Center of Southern Nevada; authorize the Chief Executive Officer to exercise any extension options; and take action as deemed appropriate. *(For possible action)***

DOCUMENTS SUBMITTED:
- Agreement

DISCUSSION: This agreement is to receive monthly landscaping maintenance, porter services and future landscape maintenance. The base contract has a NTE of $2,100,000.00 with a term of five years, with one 2-year option.

FINAL ACTION TAKEN: A motion was made by Dr. 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 approval by the Governing Board the Agreement for Custom Orthopedic Fabrications, Prosthetics, and Orthotic Devices between Orthopedic Motion, Inc. and University Medical Center of Southern Nevada; 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: This agreement will provide custom orthotic fabrications, prosthetics, and orthotic devices to hospital inpatients and provide follow-up services. The base contract has a NTE of $1,000,000.00 with a three-year contract term.

A discussion ensued regarding why types of devices would be provided and walking boots, halo braces, etc. were mentioned.

FINAL ACTION TAKEN: A motion was made by Dr. 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 proposal, Master Order Agreement and Master End User License and Purchase Agreement with Hill-Rom, CenTrak, Inc. and Norstan Communications, Inc. dba Black Box Network Services; authorize the Chief Executive Officer to exercise any extension options; and take action as deemed appropriate.** ***(For possible action)***

DOCUMENTS SUBMITTED:
- Black Box Asset Tracking
- CenTrak Asset Tracking
- Hill-Rom Asset Tracking

DISCUSSION: This request is for approval of hardware, software and services agreements for UMC to implement an Asset Tracking Infrastructure system. This will help with infant protection, elevator controls and integrates with the nurse navigator system that we have in place. The term of this agreement is for three years with two, one year options. This has a NTE amount of $1,415,375.39

Nurse and public safety officers will help in the tracking of people and items as well as clinical engineering.

It was explained that virtual walls will be created within the hospital and this will prevent infants, patients, surgical tools, etc. from being taken outside of these walls, thus ensuring better monitoring and tracking of people and items.

FINAL ACTION TAKEN: A motion was made by Dr. 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 Custom Equipment Purchase Option A Agreement, Service Agreement, Sales Order, Pricing Proposal and Construction[KS1] Agreement with Sysmex America, Inc., Cerner Corporation, SHI International Corporation and JMB Construction, Inc. for the Hematology System Project; authorize the Chief Executive Officer to exercise any renewal options; and take action as deemed appropriate. *(For possible action)***

DOCUMENTS SUBMITTED:
- Agreement

DISCUSSION: This request is for the purchase and install of the Sysmex Automated Hematology System for the lab. This system will replace current, antiquated equipment and the manual process that is currently happening.

The total potential seven-year cost is $1,420,311.77.

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

**ITEM NO. 15** **Review and recommend for approval by the Governing Board the Purchaser Agreement between Baxter Healthcare Corporation and University Medical Center of Southern Nevada; and take action as deemed appropriate. *(For possible action)***

DOCUMENTS SUBMITTED:
- HPG Purchaser Agreement

DISCUSSION: This agreement is for the purchase of IV solutions and tubing with a NTE amount of $1,846,789.00. The term of this agreement goes through May 31, 2022.

FINAL ACTION TAKEN: A motion was made by Dr. Mackay 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 First Amendment to the Contract Pharmacy Services Agreement between CVS Pharmacy, Inc. and University Medical Center of Southern Nevada, and take action as deemed appropriate.** ***(For possible action)***

DOCUMENTS SUBMITTED:
- First Amendment

DISCUSSION: This amendment provides for UMC and Pharmacy to add Wellpartner, LLC as the new 340B administrative services under the agreement in place of the current vendor. The cost is estimated at $150,000 per year as long as the agreement is in effect.

Brian Pomykacz, Pharmacy Suprvisor, explained that there are five or six vendors but CVS used this particular vendor so we have no choice but to contract with them. There will be a cost savings with this.

FINAL ACTION TAKEN: A motion was made by Dr. 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 Letter of Commitment for HPG Participants with Waxie Sanitary Supplies for the purchase of housekeeping supplies while realizing accelerated Group Purchasing Organization discount; and take action as deemed appropriate.** ***(For possible action)***

DOCUMENTS SUBMITTED:
- Letter of Commitment

DISCUSSION: UMC is proposing to enter into a new agreement with an HPG distributer on an as-needed basis to obtain vital housekeeping supplies. The amount is $1 million per year with a NTE of $3 million for three years.

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

**ITEM NO. 18 Review and recommend for approval by the Governing Board the Agreement for Remote Application Support & Revenue Cycle Denials, Coding, and Quality Optimization between BlueTree Network, Inc. and University Medical Center of Southern Nevada; and take action as deemed appropriate.** ***(For possible action)***

DOCUMENTS SUBMITTED:
- Agreement

DISCUSSION: This agreement is for remote application support for Revenue Cycle Denials, Coding and Quality Optimization with BlueTree Network. This agreement has a NTE amount of $3,869,960.00 with a 30 day out for convenience.

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

**SECTION 3: EMERGING ISSUES**

**ITEM NO. 20 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 Hagerty suggested that examples of Kaufmann Hall statements be shown to the other committee members because he is impressed with the level of detail we now have.

The Committee would like to see Kaufmann Hall service line analysis when ready.

A brief legislative update was provided.

SB77: This would allow us to buy services off the GPO. It passed the Senate and working session assembly.

We are working with HPG to do an analysis of the impact of Chinese tariffs on our supplies.

**COMMENTS BY THE GENERAL PUBLIC:** None

At this time, Chair Caspersen asked if there were any persons present in the audience 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 4:59 p.m., Chair Caspersen adjourned the meeting.

MINUTES APPROVED: June 19, 2019
Minutes Prepared by: Terra Lovelin