University Medical Center of Southern Nevada
Governing Board Audit and Finance Committee Meeting
June 17, 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 2:02 p.m. by Chair Robyn Caspersen and the following members were present, which constituted a quorum.

CALL TO ORDER

Board Members:

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

Absent:

Others Present:
Mason VanHouweling, Chief Executive Officer (via phone)
Tony Marinello, Chief Operating Officer
Jennifer Wakem, Chief Financial Officer
Douglas Metzger, Controller
Lonnie Richardson, Chief Information Officer
Susan Pitz, General Counsel
Jacqueline Saites, Director, Contracts and Materials Management
Emelia Allen, Attorney
Stephanie Ceccarelli, 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 May 20, 2020. *(For possible action)*

FINAL ACTION: A motion was made by Member 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 requested Items 6 and 7 be removed from 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. 4 Receive the monthly financial report for May FY20; and direct staff accordingly. *(For possible action)*

DOCUMENTS SUBMITTED:
- May FY20

DISCUSSION: Jennifer Wakem, Chief Financial Officer presented the financials for May 2020.

Key indicators showed total admissions were below budget 33% and the hospital case mix index was below budget 14%. Inpatient surgeries were down 38% and out-patient surgery cases were down 42%. While ER visits looked better than prior month, they were down from budget 32%, with the most significant drop being in the adult ER. The ED to admission conversion rate remains strong at 23%. Quick cares and primary cares were both down 45%.

Stats trended were compared to the 12-month average. There was relative improvement when compared to prior month. Though admissions were below budget, there was improvement over prior month with a rebound in volumes. Adjusted Average Daily Census jumped over prior month from 391 in April to 418 in May. Out-patient surgeries were up by 173 cases over prior month. ED conversion rate has improved 23%, indicating an increase of patients requiring hospital services. Quick cares ran 9,500 visits during the month and primary cares increased visits 475 over prior month.

Mr. Marinello added that our elective out-patient surgeries are at 100% as of June 4th. Trending to date, we have had 302 elective cases and pushing toward an average of 530 cases.

Payor mix by admits trended showed an increase in commercial of 1.5% above the 12-month average. Medicare dropped 1.3% and self-pay was down 1.4%

Net patient revenue was down almost 31%, which was primarily driven by volume. Other revenue was significantly over budget, which is a reflection of the Cares Act and 340B revenue that was received. Operating expenses were $3.8 million below budget.

The income statement shows that we are $20 million below budget year to date.

Salaries, wages and benefits, as a percent of total revenue, was in the green at 60.5%. Candidate for billing was good at 5.8 days. Days cash on hand is showing strong at 4.5 months. The Business Office missed their cash collection goal due to a moratorium on collecting bad debt. Medicaid also slowed paying claims due to black-out period.

Other expenses exceeded budget by $5 million. COVID-19 related supplies were the main driver, as well as replenishing supplies for 340B program.

Chair Caspersen asked how many months of supplies are on hand and available for testing. Mr. Marinello replied that we have 2 months of testing supplies on hand, which is good through July and August.

Discussion continued with a review of the MCO payment program, which officially stopped in December. The directed payment program, which is one of the CEO goals for FY 20, is to replace the MCO program. The UPL quarterly payments are behind due to a black-out period with Medicaid. This should be paid out in July.

Ms. Wakem introduced a new slide which highlighted the re-forecasted projection for FY 20. She stated that the slide would be revised as Cares money is received.

Next, a new projected cash flow was presented, which shows FY 20 along with the quarterly projection of FY 2021. The Committee will be updated on the report monthly.

Mr. Ellis asked if the changes that occur due to the workforce reductions also be included in the projection moving forward.

Lastly, Chair Caspersen asked about the $31 million purchase of property and equipment forecasted for June 21. Ms. Wakem responded that the County is going to share a portion of the Cares funding they will receive.

ITEM NO. 5 Receive an update report from the Chief Financial Officer; and direct staff accordingly. ***(For possible action)***

DOCUMENTS SUBMITTED:
- None submitted

DISCUSSION: Ms. Wakem updated the Committee on workforce reductions and the Voluntary Separation Program that was offered to employees. Applications to the program must be submitted by June 30, 2020. There has been a positive response, with approximately 200 applications received to date. More information will be provided in subsequent meetings to the Committee.

The Committee was also briefed on workforce changes, cost savings opportunities, progress in the directed payment program and Cares Act monies received year to date.

FINAL ACTION TAKEN: None taken

ITEM NO. 6 ITEM REMOVED

DOCUMENTS SUBMITTED:

FINAL ACTION TAKEN: none

ITEM NO. 7 ITEM REMOVED

DOCUMENTS SUBMITTED:

FINAL ACTION TAKEN: none

ITEM NO. 8 Review and recommend for approval by the Governing Board the Provider Agreement between Board of Regents College of Southern Nevada and University Medical Center of Southern Nevada for dental services to Ryan White participants; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Dental Ryan White Provider Agreement
- Disclosure of Ownership

DISCUSSION:
Jacqueline Saites, Director of Contracts Management, explains that this is a 2-year agreement for dental services for Ryan White patients. It is 100% grant funded, not to exceed $125k annually. We are recognizing a savings of approximately $75k annually.

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

ITEM NO. 9 Review and recommend for approval by the Governing Board the Provider Agreement between Michelle Lisoskie, MD and University Medical Center of Southern Nevada for psychiatry services to Ryan White participants; authorize the Chief Executive Officer to exercise any extension options; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Michelle Lisoskie, MD Provider Agreement
- Disclosure of Ownership

DISCUSSION:
This this is an agreement for Psychiatry Services, not to exceed $120k annually. It is 100% Ryan White grant funded. Ms. Saites noted that the cost increase is due to increased physician availability which allows more cases to be scheduled.

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. 10 Review and recommend for award by the Governing Board Bid No. 2020-03, Trauma 2nd Floor Waste Water Replacement Project to P.J. Becker and Sons Construction, LLC, the lowest responsive and responsible bidder; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- UMCSN – Invitation to Bid
- Notice of Intent to Award
- Notice of Required Documents Pre-Award
- Letter of Award
- PJ Becker Disclosure of Ownership

DISCUSSION:
This is a public works bid for replacement of cast iron piping with PVC piping for waste and other plumbing. Mr. Marinello added that this is a continuation of the work done in the Trauma ICU area.

Ms. Caspersen asked if the construction would impact operations. Mr. Marinello explained that construction work areas can be isolated section by section and would not impact operations or patient areas.

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 of bid. Motion carried by unanimous vote.

ITEM NO. 11 Review and recommend for award by the Governing Board RFP No. 2020-09 Underpayment Recovery Services to FIRM Revenue Cycle Management Services, Inc.; authorize the Chief Executive Officer to sign the Agreement; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Underpayment Recovery Services Agreement

DISCUSSION:
This is a RFP award allowing the vendor to review and do an assessment accounts deemed paid and pursue any lost opportunities for additional revenue. This is a 3-year contract for our domestic accounts.

Ms. Wakem added that this is industry standard and the fee is based on contingency.

Mr. Hagerty asked how much could be recovered. Ms. Wakem stated that, though it would be difficult to determine an amount, she anticipates approximately $2 million annually.

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. 12 Review and recommend for approval by the Governing Board the Professional Services Agreement for Emergency Medicine Clinical Services with Sound Physicians Emergency Medicine of Nevada (Bessler), PLLC; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Sound Physicians Emergency Medicine of Nevada Services Agreement

DISCUSSION:
Ms. Saites explained that this agreement for emergency medicine services will include a Medical Director for adult and pediatrics. It is potentially a 5-year agreement. In addition to supplying services for adults, pediatrics and trauma, it will also support resident and staff training and CME for med staff, as well as emergency prep participation. This contract is forecasted to save 500k annually.

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 award by the Governing Board RFI No. 2020-14 Oral and Maxillofacial Surgery Services to various physicians; approve the Professional Services Agreements for Individuals and Groups; authorize the Chief Executive Officer to exercise any extension options; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Canyon Oral and Facial Surgery Professional Services Agreement
- Jeff Moxley, DDS Professional Services Agreement
- Oral and Maxillofacial Surgery Associates of Nevada Services Agreement

DISCUSSION:

This agreement is for on-call oral and maxillofacial surgery services for inpatient and outpatient emergency surgery and trauma. The cost savings is estimated at over $47k annually per provider.

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

ITEM NO. 14 Review and recommend for approval by the Board of Hospital Trustees for University Medical Center of Southern Nevada the Supply Agreement for COVID-19 Related Products between Life Technologies Corporation and University Medical Center of Southern Nevada; authorize the Chief Executive Officer to sign the Agreement; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Life Technologies Corporation Supply Agreement for COVID-19 Products

DISCUSSION:

Mr. Marinello explained that this agreement is a 1-year contract for COVID-19 testing supplies. The maximum spend for this agreement is $55 million with a 6-month early out clause. This provides guaranteed supplies which allows for continued COVID testing.

Ms. Caspersen asked if there could be a shift or change in the type of testing that will be provided during the life of the agreement. Mr. Marinello explains that the testing lab would be able to consolidate testing onto one panel which, would be a cost savings.

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

ITEM NO. 15 Review and recommend for ratification by the Governing Board the Agreement for Rapid Patient Service Desk Activation with Bluetree Network, Inc.; authorize the Chief Executive Officer to exercise any extension options; and take action as deemed appropriate.
(For possible action)

DOCUMENTS SUBMITTED:
- Purchase Order
- Rapid Service Desk Activation Agreement
- BlueTree Network Disclosure of Ownership

DISCUSSION:

This is a ratification due to COVID-19. This is a service help desk agreement designed to assist patients in using My Chart, which is the mechanism that they would receive test results. Variable fees are based on volume need.

Member Hagerty voiced concern regarding operational procedures during registration at the testing locations. Mr. Richardson stated that this may be an education issue with the workflow and the matter will be looked into.

<u>FINAL ACTION TAKEN:</u> A motion was made by Member Ellis to ratify and make a recommendation to the Governing Board to ratify the agreement as presented. Motion carried by unanimous vote.

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

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)*

None

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 2:55 p.m., Chair Caspersen adjourned the meeting.

MINUTES APPROVED: Approved July 22, 2020
Minutes Prepared by: Stephanie Ceccarelli