University Medical Center of Southern Nevada
Governing Board Strategic Planning Committee
August 10, 2023

UMC Providence Suite
Trauma Building, 5th Floor
800 Hope Place
Las Vegas, Clark County, Nevada
Thursday, August 10, 2023
9:00 a.m.

The University Medical Center Governing Board Strategic Planning Committee met at the time and location listed above. The meeting was called to order at the hour of 9:03 a.m. by Chair Hagerty and the following members were present, which constituted a quorum of the members thereof:

CALL TO ORDER

Board Members:

Present:
Harry Hagerty, Chair
Dr. Don Mackay
Robyn Caspersen
Renee Franklin (Via WebEx)
Mary Lynn Palenik (Via WebEx)

Absent:
Christian Haase (Excused)

Also Present:
Tony Marinello, Chief Operating Officer
Chris Jones, Executive Director of Support Services
Bud Shawl, Executive Director of Post-Acute Care Services
Frederick Lippmann, Chief Medical Officer
Doug Metzger, Controller
Steven Hughey, Assistant Controller
Susan Pitz, General Counsel
Stephanie Ceccarelli, Board Secretary

SECTION 1. OPENING CEREMONIES

ITEM NO. 1 PUBLIC COMMENT

Chair Hagerty asked if there were any persons present in the audience wishing to be heard on any item on this agenda. No such comments were heard.

ITEM NO. 2 Approval of minutes of the regular meeting of the UMC Governing Board Strategic Planning Committee meeting on June 7, 2023. *(For possible action)*

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

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

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

SECTION 2. BUSINESS ITEMS

ITEM NO. 4 Receive a report regarding UMC Service Line Performance Overview; and direct staff accordingly. *(For possible action)*

DOCUMENT SUBMITTED:
- Service Line Update

DISCUSSION:

Chris Jones, Executive Director of Support Services, reviewed the Service Line Updates for general surgery, orthopedics, cardiology, oncology and ambulatory.

All inpatient service lines are being led by Medicaid and Medicare, followed by commercial, self-pay and governmental. Mr. Jones shared a comparison of the percentages of case s and net revenue by service lines:

Children's Hospital and Women's makes up about 33% of cases and 11% of net revenue.
Cardiac services is at 8% and 11% of net revenue.
General surgery is 8% of cases, but 23.5% of revenue.
Orthopedics is at 7.5% of cases and 11% of net revenue.

Outpatient services lines are being led by commercial, followed by Medicaid and Medicare. The number of cases and net revenue are being led by the quick care and primary care locations combined; about 70% of cases and 27% of net revenue. Although surgery volumes decreased in the second quarter year over year due to the challenges with anesthesia, there was a rebound by the 4th quarter. The discussion continued with a review of the major service lines. Chair Hagerty would like the team to track FY24 performance against budget for future reports.

Although surgery showed a decrease per case overall year over year by 28%, charges were up 17%, net revenue was up 15% and costs were up 17%. There was continued discussion regarding the process of managing surgical cases due to anesthesia shortages throughout the valley. Contribution margin was up 10% year over year.

The Committee asked about the supplemental payments and how these are applied and allocated per service line. Mr. Marinello responded that they are distributed by patient payor.

The service line update for general surgery highlighted the 12% improvement in first case on time start and the improvements in room turnaround time; charge

nurses have been tracking issues that cause delays. Next steps highlighted the OR Module Pack review, First Assist position and OR renovation projects. Technology updates were reviewed. The discussion continued regarding vascular and ECMO services.

Orthopedics showed an increase in volumes year over year, as surgery and clinic volumes are combined. There was an 11% overall increase in Medicare CMI and Medicaid dropped by 7%.

Chair Hagerty asked if there is anything that could be done to differentiate the surgery visits from the clinic visits. Management has been working on this to try to separate the data.

The service line update for orthopedics included a review of increasing staff, opening new exam rooms to accommodate volumes and exceed collection goals. A discussion ensued regarding the need for additional staffing to assist with patient scheduling. Revenue enhancement, expense control and strategic next steps were briefly discussed.

Volumes are up in cardiac services 7.7%, charges are up 31%, net revenue up 25%, costs are up 17% and the contribution margin is up 40% on a per case basis. Overall contribution margin is up 4%. There was continued discussion regarding opportunities for continued growth.

Cath lab procedures are up over 200 cases per month. Cardiac CTA is now available to support the TAVR program. Revenue enhancements highlighted the streamline of intake process and TAVRS have been moved to the Cath lab. The new Cath lab construction is slated to begin in mid-October. Next steps include marketing of new minimally invasive CT surgery and bloodless medicine program to support community needs, explore expansion of hybrid rooms and expansion of prep/recovery area was discussed.

Ambulatory volumes have increased year over year. Overall percentage increased 3% per case. Total charges were up 7.5%, revenue up 10% and costs were up 7% and contribution margin was up 18% on a case by case basis.

Chair Hagerty asked how capacity is measured in quick care and primary care locations and is there room to grow. Mr. Marinello noted that the biggest challenge is recruitment and salaries, but there is capacity to grow. The Southern Highlands location will be opening soon. Mr. Van Houweling commented on the challenges with patients unable to reach their appointments.

Women’s and Children’s show volumes up over 6% year over year, charges are down 5% per case and costs are down 3%. The overall contribution margin is up 1% per case. Safety measures and system updates were highlighted in the service line update.

Lastly, the Committee reviewed the UMC Online Care and updates and growth opportunities.

FINAL ACTION TAKEN:

None taken.

ITEM NO. 5 Receive an update regarding UMC/UNLV business strategy; and direct staff accordingly. *(For possible action)*

DOCUMENT SUBMITTED:
-None

DISCUSSION:

A strategy meeting and offsite retreat is being scheduled with the school.

Developer meeting with G2 to discuss Medical District development will take place in the future.

FINAL ACTION TAKEN:

None

ITEM NO. 6 Discuss the FY23 CEO/Organizational Performance Goals as it relates to the subject matter relevant to the Strategic Planning Committee and make a recommendation to the Human Resources and Executive Compensation Committee; and take action as deemed appropriate. (*For possible action)*

DOCUMENT SUBMITTED:
-PowerPoint Presentation

DISCUSSION:

1. **Continue to play a leading role in the development of the Las Vegas Medical District.**

   This goal has been met. UMC has been very active regarding the changes and progress within the Medical District.

2. **Improve Focused Six service Lines financial outcomes and next steps (identify and enhance existing strategic service line initiatives and incorporate into 5 year financial plan, utilizes Proforma)**

   This goal has been met. FY23 was normalized for anesthesia, but some service lines were able to there was still improvement even without normalization.

   Chair Hagerty commented that the goal was achieved qualitatively and quantitatively despite challenges.

3. **Expand upon the five-year financial plan for UMC Enterprise to include consolidated income statement cash flow statement and facility wide capital plan. The plan will be detailed down to the service line level and**

within service lines will forecast volumes, revenue and expensed by sub service line.

This goal was met. Chair Hagerty added that an objective for 2024 should be to receive data from the department level and roll it up to the top level in order to drive revenue and reduce cost results over the 5-year plan. The mix of capital and operations should be more granular.

Mr. Marinello reviewed the initiatives and assumptions in supplemental payments, patient revenue and cost management. There was a lengthy discussion regarding how cost savings can be managed departmentally.

Key indicators were reviewed for the FY24 through FY28. Evidence of growth and expansion are evident by FY2026 with an increase in revenue and volume.

Chair Hagerty commented after reviewing the plan, that the plan is a great and realistic first start.

A discussion ensued regarding the driving telehealth and monitoring length of stay.

The Committee feels that this goal was met overall.

4. **Align UMC/UNLV strategic initiatives**

   This goal was met. Administration has been holding monthly senior leadership meetings, working with UNLV on developing oncology, shared valuations, Radiology and Anesthesia residencies, expanding GME and Resident slots, as well as collaborating during the legislative sessions.

   Mr. Van Houweling suggested a presentation on the military relationship in the future.

FINAL ACTION TAKEN:

A motion was made by Member Mackay to award 100% of the FY23 Strategic Planning Organizational Goals and to recommend approval to the Human Resources and Executive Compensation Committee. Motion passed unanimously.

ITEM NO. 8 **Receive a review of the FY24 goals for approval; and direct staff accordingly. *(For possible action)***

DOCUMENT SUBMITTED:
- PowerPoint

DISCUSSION:

The proposed goals for FY24 included:

1. Improve Focused Service Lines financial outcomes; Expand Outpatient Services

- Discharge Clinic
- Post-Acute Care Services
- Ambulatory Clinic

2. Real Estate – Expand Physical Presence in The Medical District and Continue to play a leading role in The Medical District
3. Expand Physician Employment Model – Decrease Expenses and Capture additional Market Share
4. Expand upon the five-year financial plan for UMC Enterprise to include consolidated income statement, cash flow statement and facility wide capital plan. The plan will be detailed down to the service line level and, within service lines will forecast volumes, revenue and expenses by sub service line.

Chair Hagerty continued the discussion with the 5-year plan. The Committee would like to see more granularity with initiatives that will drive revenue and reduce expenses, with emphasis on the capital plan that utilizes assets.

The Committee would like the team to consider other service lines that would be an opportunity for growth and there was a lengthy discussion that ensued regarding this topic.

The Committee established the FY24 goals, which were set as follows:

1. ***Continue to deliver improved clinical and financial outcomes in the existing 5 service lines and develop a business plan for 2 other service lines that will be critical to help UMC deliver an important service line to the community going forward.***

2. ***Continue to play a leading role in the Medical District.***

3. ***Expand physician employment model - decrease expenses and capture additional market share.***

4. ***Expand upon the five-year financial plan for UMC Enterprise to include consolidated income statement cash flow statement and facility wide capital plan. The plan will be detailed down to the service line level and within service lines will forecast volumes, revenue and expensed by sub service line.***

5. ***To enhance Strategic Initiatives in furtherance of the Academic Health Center.***

FINAL ACTION TAKEN:

A motion was made by Member Mackay to make a recommendation to the Human Resources and Executive Compensation Committee of the FY24 CEO/Organizational Performance goals as they relate to the Strategic Planning Committee. Motion passed unanimously.

SECTION 3: EMERGING ISSUES

ITEM NO. 9 Identify emerging issues to be addressed by staff or by the Board at future meetings; and direct staff accordingly. *(For possible action)*

DISCUSSION:
None

FINAL ACTION TAKEN:
None

COMMENTS BY THE GENERAL PUBLIC:

Comments from the general public were called for prior to going into closed session. No such comments were heard.

A motion was made by Member Mackay that the go into closed session pursuant to NRS450.140 (3). Motion carried by unanimous vote.

At the hour of 10:59 a.m., the Committee went into closed session.

SECTION 4. CLOSED SESSION

ITEM NO. 10 Go into closed session pursuant to NRS 450.140(3) to discuss new or material expansion of UMC's health care services and hospital facilities.

There being no further business to come before the committee this time, at the hour of 11:14 a.m.

APPROVED: October 5, 2023

MINUTES PREPARED BY: Stephanie Ceccarelli, Board Secretary