***University Medical Center of Southern Nevada***
***Governing Board Audit and Finance Committee Meeting***
*October 21, 2020*

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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 2:00 p.m. The meeting was called to order at the hour of 2:09 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 WebEx)
Jeff Ellis (via WebEx)
Harry Hagerty (via WebEx)
Mary Lynn Palenik (via WebEx)
Dr. Donald Mackay
Christian Haase (via WebEx)
Barbara Fraser (ex-officio) (via WebEx)

Absent:
None

Others Present:
Mason VanHouweling, Chief Executive Officer (via WebEx)
Tony Marinello, Chief Operating Officer
Jennifer Wakem, Chief Financial Officer
Doug Metzger, Controller
Susan Pitz, General Counsel
Emelia Allen, Attorney
Maria Sexton, Chief Information Officer
Dennis Hall, Facilitator
Stephanie Ceccarelli, Board Secretary

**SECTION 1. OPENING CEREMONIES**

**ITEM NO. 1 PUBLIC COMMENT**

Committee Chair Caspersen asked if there were any comments received from the public 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 September 23, 2020. *(For possible action)***

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

**SECTION 2. BUSINESS ITEMS**

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

DOCUMENTS SUBMITTED:
- September FY21

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

Key indicators showed total admissions were 1,594 for the month, below prior year at 10.5%. Hospital CMI was 1.93, which was an increase of 16%. Medicare acuity was 2.16, almost 19% above prior year. Inpatient and outpatient surgeries showed record cases above prior year. ER visits are down from prior year almost 21%, but the overall conversion rate is 22.3% for the month. The ER to admission rate is 9%.

Quick care visits were below prior year. All locations were down.
Primary cares were below prior year 2.6%.

The conversation continued regarding coding since the addition of the Epic 3M 360 system.

Trended stats were reviewed to include the pre-COVID 12-month average. Length of stay dropped to 5.9 days. Inpatient surgeries were strong. Deliveries in the month of September were low, dropped to double digits.

Payor mix by admits shows relatively no deterioration as compared to last year. Medicaid came it at 44%, which is a slight decline against last year. Medicare was up 1.5% against the pre-COVID average, significantly above last year. Self-pay was 1.82% below the pre-COVID average and prior year. A conversation ensued regarding payor mix strategy moving forward and contingency planning regarding the Supreme Court Affordable Care Act actions occurring in November.

Ms. Wakem next reviewed the summary income statement. Net patient revenue was equal to last year. Other revenue was $7.9 million, which includes $4 million in 340B revenue and $2 million in COVID lab testing. Net revenue was above prior year $6.2 million. Supplies were $8.4 million above prior year. Income from Ops was a loss of $5.2 million.

Year to date income statement shows a loss of $20.8 million.

Income statement trended slide was presented.

On Key Financial indicators slide, liquidity section, the day's cash on hand is down with 3.8 months of cash on hand. The cash goal was met and was at record cash collections for the month.

Chair Caspersen asked if profitability indicators could be reviewed and reevaluated.

Salaries are below budget and below prior year. This can be attributed to VSP offered to employees. Contract labor was $1.5 million. Overtime is below budget and below prior year. Ms. Wakem explained benefits were higher in prior year by $4 million due to the reserve booked for the EIB when longevity went away.

VSP impact was discussed. To date, there have been 19 positions replaced at a lower rate. The actual number of replacements will be reviewed monthly.

All other expenses showed supplies were $11.5 million higher than prior year. Key driver is COVID related. Also 340B replenishment was $3.4 million. Overall implants were above prior year related to transplants. Roughly $2.5 million is related to PPE costs. Administration is actively looking for opportunities to lower costs.

There was a brief review of the capital plan.

Cash flow statement showed cash received from patients and payors was $50 million for the month of September. Federal supplemental payments are still outstanding. The County has transferred $9 million and the bond payment of $6 million has been made. There is $19 million that remains outstanding for the bonds.

The balance sheet and projected cash flow were also reviewed.

Lastly, COVID testing was reviewed with roughly 60K tests performed for the month. The reason for the decrease is because of the federal government testing that took place.

**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 the unallocated Cares Act Funding which was $151.4 billion as of August. In September, $20 billion was allocated, aimed at hospitals. The application to request funding is due by November 5th.

CMS added a 20% increase in DRG weight for Medicare patients who are COVID positive. To date, UMC has received an enhanced payment of approximately $400K related to this.

On October 13th, we went live with the Phoenix module in Epic.

FINAL ACTION TAKEN: None taken

**ITEM NO. 6 Review and recommend for ratification by the Governing Board the Contract of Services with Hello! Las Vegas Destination Management for COVID-19 Testing Support Services; approve the November 2020 Contract of Services; and authorize the Chief Executive Officer to execute future service orders within his delegation of authority; and take action as deemed appropriate. *(For possible action)***

DOCUMENTS SUBMITTED:
- Hello LV Destination Management Disclosure of Ownership
- Hello LV Destination Deposit Request for May 21, 2020 – June 19, 2020
- Hello LV Destination Contract Services May 16 – June 21, 2020
- Hello LV Destination Deposit Request June 20 – 30, 2020
- Hello LV Destination Staff Deposit Request
- Hello LV Destination Deposit Request for May - June
- Hello LV Destination Contract Services for June
- Hello LV Destination Addendum to Contract Services for July
- Hello LV Destination Contract Services for August
- Hello LV Destination Contract Services for September
- Hello LV Destination Contract Services for October
- Hello LV Destination Contract Services for November

DISCUSSION: This is a ratification to approve security and event management services provided to date and continuing through November and December at a reduced cost.

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

**ITEM NO. 7 Review and recommend for ratification by the Governing Board the Professional Services Agreement for Neurological Surgery On-Call Coverage with Duke Forage Anson Neurosurgical, LLP; authorize the Chief Executive Officer to exercise any extension options; and take action as deemed appropriate. *(For possible action)***

DOCUMENTS SUBMITTED:
- Duke Forage Anson Neurosurgical Professional Services Agreement

DISCUSSION: Ms. Pitz explained that this is a ratification to remove spine surgery from the agreement so that the services are only for neuro surgery.

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

**ITEM NO. 8** **Review and recommend for approval by the Governing Board the Professional Services Agreement for Physician Advisor Services with Quality Care Consultants, LLC for utilization, case management and resource management services; authorize the Chief Executive Officer to exercise any extension options; and take action as deemed appropriate. *(For possible action)***

DOCUMENTS SUBMITTED:
- Quality Care Consultants Professional Services Agreement

DISCUSSION: This is a physician advisory services agreement for utilization, case management and resource management services. This is a 2-year agreement with two 1-year options for renewal, no change in compensation and a 60-day out clause.

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 unanimous vote.

**ITEM NO. 9** **Review and recommend for approval by the Governing Board the Agreement for CPO Migration – Phase 1 between Honeywell International, Inc. and University Medical Center of Southern Nevada; and take action as deemed appropriate. *(For possible action)***

DOCUMENTS SUBMITTED:
- Amendment for CPO Migration Plan Phase 1
- Disclosure of Ownership

DISCUSSION: The agreement relates to our building management program to upgrade current equipment with Honeywell. It will be Phase 1 implementation over the next 10 months. The agreement holds a not to exceed amount of just under $1.5 million. Mr. Marinello added that the upgrade will include the critical life safety areas of trauma, ED, ICU and surgery.

The discussion continued regarding the maintenance and warranty aspects of agreement negotiations.

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 unanimous vote.

**ITEM NO. 10** **Review and recommend for award by the Governing Board RFP No. 2019-17 Enterprise WAN Network Circuits to Cox Communications; authorize the Chief Executive Officer to sign the Commercial Services Agreement and execute any extension options or service orders within his delegation of authority; and take action as deemed appropriate. *(For possible action)***

DOCUMENTS SUBMITTED:
- COX Commercial Services Agreement
- COX Disclosure of Ownership

DISCUSSION: This is an award of an RFP of a 5-year contract with a not to exceed amount of $2 million and a 30-day without cause.

Maria Sexton, CIO provided background of the services that have been provided and the expected improvements. The discussion continued regarding the technology enhancements and security.

FINAL ACTION TAKEN: A motion was made by Member Hagerty to approve the award and make a recommendation to the Governing Board to approve the award of RFP. 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 Memorandum of Understanding/Sublease Extension with Clark County Real Property Management; and take action as deemed appropriate. *(For possible action)***

DOCUMENTS SUBMITTED:
- Memorandum of Understanding
- Land Lease Agreement
- Enterprise Interlocal Agreement
- Map

DISCUSSION: This is a Memorandum of Understanding with a sublease extension for UMC's Enterprise location. The agreement is for a 10-year lease with two additional 10-year options to renew and includes a 60-day out clause. The lease is all inclusive and has been combined with janitorial and landscaping services.

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. 12** **Review and recommend for approval by the Governing Board the 340B Pharmacy Services Agreement with Optum Pharmacy 702, LLC; authorize the Chief Executive Officer to execute future amendments that only addresses pharmacy locations or other non-financial components of this Agreement; and take action as deemed appropriate. *(For possible action)***

DOCUMENTS SUBMITTED:
- 340B Pharmacy Services Agreement

DISCUSSION: This is a contract pharmacy arrangement under the 340B program. Ms. Pitz explained that Optum Care has acquired Avella, therefore a new agreement with a new compensation plan for the program is being put in place. The new agreement will allow UMC to better serve patients at the wellness center under this new program.

FINAL ACTION TAKEN: A motion was made by Member Haase 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. 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)***

Mr. Marinello wanted to recognize Mr. VanHouweling for his job well done in his assistance in saving a life.

Mr. VanHouweling recommended and encouraged CPR and Stop the Bleed training for everyone.

**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 3:50p.m., Chair Caspersen adjourned the meeting.

MINUTES APPROVED: November 10, 2020
Minutes Prepared by: Stephanie Ceccarelli