

**University Medical Center of Southern Nevada
Governing Board Audit and Finance Committee Meeting
October 23, 2024**

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 2:01 p.m. by Chair Robyn Caspersen and the following members were present, which constituted a quorum.

CALL TO ORDER

Board Members:

Present:

Robyn Caspersen
Dr. Donald Mackay
Jeff Ellis (via WebEx)
Harry Hagerty (via WebEx)
Christian Haase (via WebEx)

Absent:

Mary Lynn Palenik (Excused)

Others Present:

Tony Marinello, Chief Operating Officer
Jennifer Wakem, Chief Financial Officer
Ernest Barela, Practice Plan Administrator
Frederick Lippmann, Chief Medical Officer
Chris Jones, Executive Dir. Of Support Services
Susan Pitz, General Counsel
Lia Allen, Assistant General Counsel - Contracts
Stephanie Ceccarelli, Board Secretary

SECTION 1. OPENING CEREMONIES

ITEM NO. 1 PUBLIC COMMENT

Committee Chair Caspersen asked if there were any public comments 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 25, 2024. (For possible action)

FINAL ACTION:

A motion was made by Member Mackay that the minutes be approved as amended. Motion carried by unanimous vote.

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

FINAL ACTION:

Item 11 was removed from the agenda.

A motion was made by Member Haase that the agenda be approved as amended. Motion carried by unanimous vote.

SECTION 2. BUSINESS ITEMS

ITEM NO. 4 Receive an update from Ernest Barela, UMC Physician Practice Plan Administrator, on managed medicine at UMC; and direct staff accordingly. (*For possible action*)

DOCUMENTS SUBMITTED:

- Presentation

DISCUSSION:

Ernest Barela, UMC Physician Practice Plan Administrator, presented a high level overview of managed medicine at UMC, how third-party payers manage the care in medical offices and the benefits of participating in these programs. He also provided a summary of managed medicine as it relates to Medicare and Medicaid. The statistics provided in the report relate to the ambulatory locations.

The approach in a medical group in taking care of patients is:

1. Good medicine checks the boxes automatically.
2. Patient engagement closes gaps in care.
3. Access improves patient engagement.

Approximately 22% of traditional Medicare members are managed within the Silver State ACO program and 78% of Medicare Advantage members have selected payer care groups such as Optum, Intermountain Health, Aetna and Humana. Traditional Medicaid groups include Anthem Blue Cross, Molina, Silver Summit and Sierra Health.

Mr. Barela next reviewed the hospital reimbursement schedules based on payment methods – fee-for-service, capitation or carveout services. In addition to standard payments, incentive payments may also be received depending on the type of program. The incentives are created to improve care and reduce cost. The intent of these programs are to improve quality in patient care and patient access.

A lengthy discussion ensued regarding reimbursements, discounts provided in the fee-for-service programs and the percentage of the Medicare managed care program members at UMC.

The Committee would like to receive more data in the future regarding hospital costs as they relate to Medicare and Medicare Advantage programs, reimbursements and benefit structures. The discussion continued regarding Mr. Barela's role at UMC as it relates to management of the employed physicians at UMC.

FINAL ACTION TAKEN:

None taken.

ITEM NO. 5 Receive the monthly financial report for September FY25; and direct staff accordingly. (For possible action)

DOCUMENTS SUBMITTED:

- September FY25 Financials

DISCUSSION:

Jennifer Wakem, Chief Financial Officer presented the financials for the month of September.

Key indicators showed admissions 7% below budget. AADC was 579. Length of stay was 6.23.

Hospital acuity was 1.90 and Medicare CMI was 2.13.

Inpatient surgeries were 3% below budget and outpatient surgeries were 7% above budget.

There were 19 transplants for the month.

ER visits were 2% below budget.

ED to admission/observation was at 22%.

Quick care volume was 15,222.

Primary care volume was above budget by 871 visits.

There were 456 telehealth visits and 1,653 Ortho visits.

There were 104 deliveries for the month.

Trended stats showed admissions below the 12-month average by 72 visits and observation cases were up by 25 cases.

Inpatient surgical cases were up 35 cases and outpatient cases were up by 73 cases. Transplant hit a record high at 19 cases for the month. Quick cares are consistent with prior year volumes. Ortho is below the 12-month average. A discussion ensued regarding the recent downward trends in deliveries.

Payor mix trends for inpatient showed Medicaid down 2%, Medicare was up 1%. In ED, government was up 1%, Medicaid was down 3% and self-pay was up 1%.

Inpatient surgical payor mix trends showed government went up 3%, Medicare was down 3%. Outpatient surgical cases showed government up 1.5%, Medicare was down 2.77% and self-pay was up 1.23%.

Summary income statement showed total net revenue was \$2.4 million above budget. Other revenue was above budget \$400K. Total operating revenue was \$2.8 million above budget and operating expenses were above budget \$4.8 million. Earnings before depreciation and amortization were \$1.1 million on a budget of \$3.2 million. For the month we were \$2 million below budget. September year to date showed operating revenue was \$9 million above budget. For the year, earnings are \$642K below budget. Trended stats were shown as informational.

Salaries, wages and benefits for September showed labor was above budget \$3.6 million. Overtime was down and contract labor was above budget \$770K, primarily due to radiology, which continues to be a challenge. Six radiologist will be coming on board soon. A breakdown of the contract labor challenges were reviewed.

Member Ellis asked if there was any retro payments due to the passage of the union agreement. Mr. Wakem responded that those payments will be executed next month. Mr. Marinello added that the increase in salaries is due to physician contracted labor. The team commented on restructuring plans which include a hiring freeze, staff reductions, shifting of resources and improving efficiencies in the hospital and quick care locations. Chief approval is required to fill vacancies.

All other expenses were \$1.3 million over budget for the month primarily due to medical supplies related to surgery and high cost drugs.

Key financial indicators for September were reviewed in profitability, labor, liquidity and cash collections. Profitability and labor were in the red. Paid FTEs are over budget. Liquidity showed 2.77 months cash on hand and net days in A/R was at 66.6 days. Candidate for bill target was missed. Cash collections were strong for the month; however we did not hit our point of sale cash collection goal for the month.

The organizational goals status to date were reviewed. At this time, none of the goals have been met. October is going to be a struggle.

Cash flow statement for September shows \$60 million of cash received, which includes current supplemental payments. Cash decreased overall for September.

FINAL ACTION TAKEN:

None taken

- ITEM NO. 6 Receive the FY24 planning update from BDO USA, LLP, Certified Public Accountants for University Medical Center of Southern Nevada; and direct staff accordingly. (For possible action)**

DOCUMENTS SUBMITTED:

- Audit Planning - Year Ending June 30, 2024

DISCUSSION:

Ms. Wakem provided a brief update on the financial statement audit for FY2024. BDO is wrapping up the audit and the goal is to have it completed by November 1st. There are no issues currently. BDO is expected to present at the November meeting.

The financial impact of Period 13 showed a pickup of approximately \$430K.

Ms. Wakem added that the financial statements for October will not be presented at the November meeting, as the meeting is so early due to the holiday.

FINAL ACTION TAKEN:

No Action

- ITEM NO. 7 Receive an update report from the Chief Financial Officer; and direct staff accordingly. (For possible action)**

DOCUMENTS SUBMITTED:

- None

DISCUSSION:

- Façade update: The project is on time, on budget and 77% complete. There is a balance of \$13.7 million left. Several buildings are completed and we are in the process of finishing the Healing Gardens. The main entrance is under way and ASU and west campus construction will begin next month. Signage and digital lighting is underway.

FINAL ACTION TAKEN:

None taken

- ITEM NO. 8 Review and recommend for ratification by the Governing Board the Second Amendment to Hospital Services Agreement with Health Plan of Nevada, Inc., Sierra Health and life Insurance Company, Inc. and Sierra Healthcare Options, Inc.; or take action as deemed appropriate. (For possible action)**

DOCUMENTS SUBMITTED:

- Second Amendment to Hospital Services Agreement
- Disclosure of Ownership

DISCUSSION:

This amendment will extend the agreement for an additional month while the new contract is being negotiated.

Member Ellis asked if there is a retro due to the delay in renewal. Ms. Wakem commented that the team is still negotiating rates.

FINAL ACTION TAKEN:

A motion was made by Member Mackay to ratify the amendment and make a recommendation to the Governing Board to ratify the amendment. Motion carried by unanimous vote.

ITEM NO. 9 Review and receive a report on the emergency repairs of deteriorated sanitary/domestic water main/pipes; or take action as deemed appropriate. (For possible action)

DOCUMENTS SUBMITTED:

- Report

DISCUSSION:

There were additional issues with the domestic water line. Additional repairs were required immediately on the additional damaged lines which affected patient areas on the 6th and 7th floors.

Member Hagerty commented on the cost for repairs in the 7th story tower and the unbudgeted financial impact. Mr. Marinello explained the challenges that have been experienced in replacing the sewer lines in the building.

FINAL ACTION TAKEN:

A motion was made by Member Mackay to accept the report and make a recommendation to the Governing Board to accept the report. Motion carried by unanimous vote.

ITEM NO. 10 Review and recommend for approval by the Governing Board the Professional Services Agreement (Clinical Services) for pathology services with Quest Diagnostics Incorporated and Hoffman, M.D., Associated Pathologists, Chartered; authorize the Chief Executive Officer to exercise any extension options; or take action as deemed appropriate. (For possible action)

DOCUMENTS SUBMITTED:

- Professional Services Agreement
- Disclosure of Ownership

DISCUSSION:

This is a new provider agreement for pathology services onsite, including 24/7 pathology consultative services, on-call coverage, Medical Directorship and

laboratory testing services. This is a 3-year agreement with two 1- year renewal options, and may terminate with 180-days' notice.

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. 11 Review and recommend for approval by the Governing Board the Telemedicine Professional Services Agreement (Pediatric Neurology) with Pokroy Medical Group of Nevada, Ltd. d/b/a Pediatrix Medical Group of Nevada; authorize the Chief Executive Officer to exercise any extension options; or take action as deemed appropriate. (For possible action)**

DOCUMENTS SUBMITTED:

- PDX Teleneurology PSA
- Disclosure of Ownership

DISCUSSION:

This item was tabled.

FINAL ACTION TAKEN:

No action taken.

- ITEM NO. 12 Review and recommend for approval by the Governing Board the Therapeutic Apheresis Services Agreement with Vitalant; authorize the Chief Executive Officer to exercise any extension/renewal options; or take action as deemed appropriate. (For possible action)**

DOCUMENTS SUBMITTED:

- Therapeutic Apheresis Services Agreement
- Disclosure of Ownership

DISCUSSION:

This is an agreement to provide therapeutic apheresis services to on-site hospital patients. This is a three year agreement with two 1-year options and it may be terminated upon 30 days notice.

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 approval by the Governing Board the Revenue Cycle Assessment Statement of Work with Vizient, Inc.;**

authorize the Chief Executive Officer to execute the extension option and future amendments within the not-to-exceed amount of this agreement; or take action as deemed appropriate. (For possible action)

DOCUMENTS SUBMITTED:

- Statement of Work

DISCUSSION:

This request is to enter into a new statement of work for Vizient to evaluate UMC's current clinical documentation quality and identify revenue cycle improvement opportunities that can be implemented across the hospital. The vendor will provide an assessment report of findings and recommendations of improvement to UMC's revenue cycle. Termination may be at any time with 10-days notice.

Member Hagerty disclosed that the UMC Foundation is a shareholder of Vizient shares, but there is no conflict of interest.

FINAL ACTION TAKEN:

A motion was made by Member Mackay to approve the agreement and make a recommendation to the Governing Board to approve the agreement. Motion carried by unanimous vote.

ITEM NO. 14 Review and recommend for award by the Governing Board, the RFP No. 2024-07 for Federal and State Advocacy Services to R&R Partners, Inc.; authorize the Chief Executive Officer to sign the Services Agreement, and execute any extension options and future amendments within the not-to-exceed amount of this Agreement; or take action as deemed appropriate. (For possible action)

DOCUMENTS SUBMITTED:

- RFP 2024-07 Fed & State Advocacy Agreement
- Disclosure of Ownership

DISCUSSION:

A request for proposals for federal and state advocacy services was published in August. Response was received from the incumbent vendor R&R Partners. The terms of the agreement remain the same as the current agreement with the vendor. The term of the agreement is a three year term with 2 one-year renewal options.

A discussion ensued regarding the bidding process in general and competitors in the market.

FINAL ACTION TAKEN:

A motion was made by Member Mackay to approve the award and make a recommendation to the Governing Board to approve award of bid. Motion carried by unanimous vote. Member Hagerty abstained.

ITEM NO. 15 Review and recommend for award by the Governing Board the Bid No. 2024-08, UMC 2040 Administrative Office Buildout Floors 3, 4 & 5 Project PWP# CL-2024-521, to Martin-Harris Construction, LLC, the lowest responsive and responsible bidder, contingent upon submission of the required bonds and insurance; authorize the Chief Executive Officer to execute change orders within his delegation of authority; or take action as deemed appropriate. (For possible action)

DOCUMENTS SUBMITTED:

- 2040 Administrative Office Buildout Project Agreement
- Disclosure of Ownership

DISCUSSION:

This is a bid for construction improvements to the 2040 W. Charleston Blvd. building. Six bids were received, one proposal was rejected. Martin-Harris was the lowest responsive bidder. The project is estimated to take approximately 126 to complete after notice to proceed is issued.

FINAL ACTION TAKEN:

A motion was made by Member Mackay to approve the award of bid and make a recommendation to the Governing Board to approve the award. Motion carried by unanimous vote.

ITEM NO. 16 Review and recommend for approval by the Board of Hospital Trustees for University Medical Center of Southern Nevada, the Lease Agreement with Tonopah Partners, LLC for rentable space at 2100 West Charleston Blvd., APN# 13932804013; or take action as deemed appropriate. (For possible action)

DOCUMENTS SUBMITTED:

- Lease Agreement
- Disclosure of Ownership

DISCUSSION:

This is a new 10-year lease agreement. The lease term is for 10 years with the option of 5-one year periods for renewal. UMC has the right of first refusal to purchase should the landlord receive an offer to purchase from a third party.

FINAL ACTION TAKEN:

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

ITEM NO. 17 Review and recommend for award by the Board of Hospital Trustees for University Medical Center of Southern Nevada the Bid No. 2024-03, UMC 6 North & 1 South Renovation Project PWP# CL-2024-535, to Builders United, LLC, the lowest responsive and responsible bidder, contingent upon submission of the required bonds and insurance; authorize the Chief Executive Officer to execute change orders within his delegation of authority; or take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:

- UMC 6 North & 1 South Project Agreement
- Disclosure of Ownership

DISCUSSION:

This improvement project is primarily planned to take place within the Main 7 Story Tower and a single level building at the southeast side of the primary UMC campus. Six bids were received and the lowest responsive and responsible bidder was Builders United. The term of the agreement is 154 days from the notice to proceed.

FINAL ACTION TAKEN:

A motion was made by Member Mackay to approve the award of bid and make a recommendation to the Board of Hospital Trustees to approve the award. Motion carried by unanimous vote.

ITEM NO. 18 Review and recommend for approval by the Board of Hospital Trustees for University Medical Center of Southern Nevada, the Amendment Four to Master Professional Services Agreement and its Statement of Work with Medicus Healthcare Solutions, LLC for locum tenens and advanced practitioners staffing services; or take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:

- Master Professional Agreement – Amendment 4
- Disclosure of Ownership

DISCUSSION:

This amendment requests to extend the agreement for an additional year, through December 31, 2025 and increase the funding, as well as update the scope of services and fee schedule.

FINAL ACTION TAKEN:

A motion was made by Member Mackay to approve the amendment and make a recommendation to the Board of Hospital Trustees to approve the amendment. Motion carried by unanimous vote.

SECTION 3: EMERGING ISSUES

ITEM NO. 19 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)

At this time, Chair Caspersen asked if there were any public comment received to be heard on any items not listed on the posted agenda.

There were none.

COMMENTS BY THE GENERAL PUBLIC:

SPEAKERS(S): None

There being no further business to come before the Committee at this time, at the hour of 3:20 p.m., Chair Caspersen adjourned the meeting.

MINUTES APPROVED: November 6, 2024
Minutes Prepared by: Stephanie Ceccarelli