University Medical Center of Southern Nevada
Governing Board Strategic Planning Committee
October 8, 2020

UMC ProVidence Suite
Trauma Building, 5th Floor
800 Hope Place
Las Vegas, Clark County, Nevada
Thursday, October 8, 2020
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 9:00 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
Renee Franklin (via Webex)
Dr. Don Mackay
Mary Lynn Palenik (via Webex)
Christian Haase
Robyn Caspersen (via Webex @ 9:10)

Absent:
None

Also Present:
Mason VanHouweling, Chief Executive Officer
Tony Marinello, Chief Operating Officer
Jennifer Wakem, Chief Financial Officer
Rasitha Kumarasinghe, Principal Financial Analyst
Susan Pitz, General Counsel
Kayla Hillegass, Management Analyst
Stephanie Ceccarelli, Board Secretary

SECTION 1. OPENING CEREMONIES

ITEM NO. 1 PUBLIC COMMENT

Chair Hagerty asked if there were any public comments received on any item on this agenda.

ITEM NO. 2 Approval of minutes of the regular meeting of the UMC Governing Board Strategic Planning Committee meeting on August 5, 2020. *(For possible action)*

Chair Hagerty requested changes to the minutes to reflect grammatical corrections on pages 3 and 4.

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: A motion was made by Member Haase 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 and Market Dynamics; and direct staff accordingly. *(For possible action)*

DOCUMENT SUBMITTED:
- Service Line Update

DISCUSSION: A review of the UMC Service Line Performance and Market Share was provided by Tony Marinello, COO and Kayla Hillegass, Management analyst.

Ms. Hillegass began with the Market Share review for 2nd quarter and highlighted the overall impact that COVID-19 has had in the market. She added that there has been a significant decrease in admissions from 1st quarter, which correlates with the overall market trends. Payor mix trends showed a slight increase in Medicaid and increase in Medicare. Commercial and self-pay remained flat.

Cardiac services showed a 9% decrease in the overall market share. There was a gain in Medicaid and Medicare payors which is reflected in the trended payor mix. Mr. Marinello provided a brief overview of the progress in Cardiology. He announced the first cardiac TAVRS case will be performed on Monday at UMC, with more scheduled. The Cath Lab passed final inspection on Tuesday and the second will begin construction on the October 16th, beginning with the EP Lab. The conversation continued regarding the service line improvements in capital and software improvements.

Next, Ms. Wakem introduced a new slide that provides UMC specific data for the committee members to review, which will be provided for each service line. A comparison of cardiac services at UMC for FY 19 and FY 20 in cases trended, case mix by sub service line and payor mix by major financial class was reviewed.

Oncology services showed significant increase in the overall market share, possibly due to the lack of availability at outpatient facilities. Also noted was an increase in Medicare and commercial volumes at the expense of Medicaid. Overall, the market decreased by 6% and UMC showed an increase of 26% and Spring Valley saw a drop of 57% in overall admissions from Q1 to Q2.

Member Caspersen asked if the oncology service line was going to continue and if this data reflects only inpatient information. Chair Hagerty responded that the

existing six service lines will continue for now and suggested inviting a discussion with Dean Kahn. Ms. Hillegass confirmed that the information provided reflects inpatient data, and moving forward, the slide will be labeled as such. The conversation continued regarding the service line trends and developing outpatient partnerships.

Ms. Wakem added that oncology is upside down. The contribution margin per case is a loss of roughly $2K per case, which is a 12.6% negative contribution margin.

Surgical services showed the highest impact in overall admissions due to COVID-19. A significant loss of 97% in admissions being reported from Q1 to Q2. Payor mix increased in Medicaid and other payor sources remained flat.

Mr. Marinello explained that UMC followed the rules and set the standard to comply with safety standards and elective surgery cases were cancelled unless they were emergent. He noted that surgery cases were restarted by percentage in June. More efficient processes are being discussed and put in place as cases increase. Ms. Wakem added that the contribution margin for general surgery cases for UMC is $10.4K or 32.34% and focus needs to be on growth of this service line.

Orthopedic trauma cases were down due to the stay at home orders, which is reflected. Overall market went down about 982 cases; UMC down 36%. Medicaid shift was higher. Mr. Marinello added that a robotic system was added.

The UMC data shows that we are performing roughly 1700 orthopedic cases per year. There is $18K reimbursement per case, with a cost of $12K per case. The margin is approximately $6K or 31%.

Member Dr. Mackay asked if the cost of implants hurts the variable costs. Ms. Wakem said yes and added that the goal is to reduce the variable cost.

The Children's hospital showed an overall decrease of 21%. UMC showed a 43% decline with a higher Medicare volume.

Mr. Marinello added that there has been progress in moving this service line forward. Ms. Wakem added that this is a very broad service line and will drill down to individualize the services. A discussion ensued regarding the how pediatrics fits into the total super six service line. The Committee suggested that a footnote reflecting supplemental payments be added to the slides.

Ambulatory trend rate showed a huge spike in July which was driven by COVID testing. The numbers have remained the same. Mr. Marinello added, with respects to quick cares and primary cares, the strategy moving forward is to refine and restructure how testing will be done in the whole ambulatory division. Goal is to have a manager of each site to help in throughput, follow through and service. Expansion of ambulatory and new locations to will be revealed at a future date. Quick cares will perform flu and COVID testing in order to reduce impact on the emergency room. The long term strategy is to have two quick cares open until

11pm. Each clinic will have staff of NPs and PAs which will increase efficiency and patient satisfaction. Payor mix and contribution margins was reviewed.

The Federal Supplemental payments were roughly $3M. It takes the staff to earn the enhanced payments.

FINAL ACTION TAKEN: None taken.

ITEM NO. 5 Receive a report regarding national impacts from COVID-19 on service line performance; and direct staff accordingly. *(For possible action)*

DOCUMENT SUBMITTED:
-COVID-19 Service Line Impacts

DISCUSSION:

Ms. Hillegass shared a national look at the COVID impact on service lines. Surveys were performed to by the Advisory Board and AHA to analyze willingness to return to normalcy, as well as patients worry about COVID's effect on hospitals and prioritization of service lines of restarting procedures.

Advisory board reviewed the top elective cardiovascular procedures by volumes. Major implications for elective procedures were shown. It was noted that demand impacts have been an accelerated shift from outpatient and freestanding sites, an increase in telehealth services and increased health risks due to COVID-19. Subservice lines impacts were next reviewed.

Impacts in orthopedics and spine showed orthopedic trauma suppressed during stay at home periods, outpatient shift of joint replacement and shift of TKAs and ASCs likely to accelerate and mid-term reduction in sports medicine. Barriers to cleaning backlog and subservice line percentages were reviewed.

Next, general surgery and urology were discussed with demand impacts noted, with focus on PPE supply levels and physician availability.

Oncology is unique in that the procedures are not elective. These 54% of cancer programs showed a decrease in inpatient surgery and 67% in outpatient. Potential demand impacts include an increase in late-stage diagnoses due to delayed screenings, virtual patient management services and ramp up of screening services. There is a large shift to telehealth and ramp up of PCP providers and maintaining patient care. Backlog shows a delayed pre-treatment services.

FINAL ACTION TAKEN: No action taken

ITEM NO. 6 Discuss CEO annual FY21 goals and objectives 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. *(For possible action)*

DOCUMENT SUBMITTED:
- FY21 CEO Performance Objectives

DISCUSSION: Chair Hagerty invited discussion regarding FY 2021 CEO Performance goals.

1. **Continued Leadership in Las Vegas Medical District: Continue to play a leading role in the development of the Las Vegas Medical District.**
2. **Improved Results in the Six Focus Areas: Deliver improved results (financial and clinical) in the six focus areas (Ambulatory, Cardiology, General Surgery, Oncology, Orthopedics and Pediatrics).**
3. **Establish at least one new Ambulatory service for UMC to strategically respond to COVID-19 needs for the community in partnership with UNLV School of Medicine.**
4. **Develop new Annual Strategic Plan and a five-year financial plan (FY 21 – FY 25 inclusive) for UMC as a whole with a consolidated income statement and cash flow statement. The plan will be granular down to the service line level and, within service lines will forecast volumes, revenue and expenses by sub service line**

Goal 1 - Chair Hagerty suggests we stay active in the medical district.

Goal 2 - The Committee inquired how to measure improved results. Ms. Wakem recommended improving the contribution margin. Chair Hagerty suggest that improvement would not have to include all six service lines. The Committee members agree.

'Goal 3 - Chair Hagerty stated that this is a great goal. Ms. Hillegass suggested that we could go into closed session in future to discuss this goal in more detail.

Goal 4 - This may be a shared endeavor, where are we going to invest capital dollars and the ability to put this plan together to develop strategic vision. A discussion ensued regarding this goal.

The Committee suggested that staff Develop new plan version 1.0 for FY21-25. The discussion continued and it was decided to leave Goal 4 as is and add the version 1.0.

FINAL ACTION TAKEN: A motion was made by Member Franklin that the four CEO Performance Goals of the Strategic Planning Committee be approved and forwarded to the HR Committee as recommended. Motion carried by unanimous vote.

ITEM NO. 7 **Receive a report regarding UMC's top 10 strategic goals; and direct staff accordingly. *(For possible action)***

DOCUMENT SUBMITTED:
- None.

DISCUSSION: Top ten strategic objectives listed from retreat:

1. Successful Joint Commission Survey
2. Enhance patient and employee experience through ICARE, increasing HCAHPS & CAHPS scores 5% over PY, and improve Yelp and Google reviews by .5 star per each clinic.
3. Improve profitability by 10% for focused service lines:
    a. Cardiology
    b. Orthopedics
    c. Children's Hospital
    d. Oncology
    e. Surgery
    f. Ambulatory Care
4. Improve overall financial stability by reduction of SWB by 10% of the budgeted amount
5. Increase EMS run rate specifically for cardiology and stroke patients.
6. Increase physician productivity to four patients an hour in primary care.
7. 80% of daily discharges by 1:00pm
8. Continued State leadership in COVID response through prevention, diagnostics, and care.
9. Beautify and unify enterprise wide facilities through continued internal investments and capital improvements
10. Continue on the Magnet Designation journey

Chair Hagerty added that he hopes that all these are consistent with the CEO goals that have been established and to work with director.

Ms. Wakem introduced Rasitha Kumarasinghe, Principal Financial Analyst, as a key member of the finance team and the driver of the service lines.

FINAL ACTION TAKEN: No action taken

SECTION 3: EMERGING ISSUES

ITEM NO. 8 Identify emerging issues to be addressed by staff or by the Board at future meetings; and direct staff accordingly. *(For possible action)*

1. Invite Dean Kahn to attend the meeting in December.

COMMENTS BY THE GENERAL PUBLIC:

Comments from the general public were called. No such comments were received.

There being no further business to come before the committee this time, at the hour of 11:00 a.m. Chair Hagerty adjourned the meeting.

APPROVED: February 4, 2021

MINUTES PREPARED BY: Stephanie Ceccarelli