

University Medical Center of Southern Nevada
Governing Board Audit and Finance Committee Meeting
September 21, 2022

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
Dr. Donald Mackay
Jeff Ellis (via WebEx)
Harry Hagerty (via WebEx)
Christian Haase (via WebEx)
Mary Lynn Palenik (via WebEx)

Absent:

None

Others Present:

Jennifer Wakem, Chief Financial Officer
Doug Metzger, Controller
Nathan Strohl, Internal Auditor
Chris Jones, Executive Director of Support Services
Maria Sexton, Chief Information Officer
Susan Pitz, General Counsel
Emelia 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 August 24, 2022. (For possible action)

FINAL ACTION:

A motion was made by Member Haase that the minutes be approved as presented. Motion carried by a 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 presented. Motion carried by unanimous vote.

SECTION 2. BUSINESS ITEMS

ITEM NO. 4 Receive an update on the FY23 Audit Plan from Nathan Strohl, UMC Internal Auditor; and direct staff accordingly. (*For possible action*)

DOCUMENTS SUBMITTED:

- None

DISCUSSION:

Nate Strohl, UMC Internal Auditor, provided an update on the audit plan for FY23 and the façade construction project that will be reviewed over the next few months. He has been participating in meetings with several parties, including department heads, the project leader, construction manager and engineering; continuous one-on-ones are planned for the next several months.

Mr. Strohl asked the Committee their concerns regarding the project and suggested providing a quarterly report to include construction timeline and actual costs. He added that this project is priority and will focus a majority of his time to ensure this project is progressing according to plan.

Meetings have been scheduled with the project manager and the project timeline will be available after preconstruction.

Member Hagerty asked what will be reviewed to determine if the project is on budget and on time table, and also what construction expertise available to ensure accuracy in the assumptions given.

Member Palenik asked if UMC has a project manager in-house that will be able to monitor this project.

Ms. Wakem stated that an expert has been hired to oversee the project. We also have in-house our Director of Engineering that will be monitoring the project. Mr. Strohl will come back to ensure that the project manager is executing the project as approved by the Governing Board. He will work with management and review invoices and scope of work timeline.

The Committee voiced concern regarding the limited resources UMC has for oversight of a project of this magnitude and the other audits that the hospital must review.

Member Palenik suggested a risk management register tool should be used to define scope of the project.

CMS auditing is handled by the Compliance Department.

Mr. Strohl will return in October to provide audit reports.

FINAL ACTION TAKEN:

None

ITEM NO. 5 Receive the monthly financial report for August FY23; and direct staff accordingly. (For possible action)

DOCUMENTS SUBMITTED:

- August FY23 Financials

DISCUSSION:

Jennifer Wakem, Chief Financial Officer, presented the financials for August FY23.

The key indicators for August showed admissions at 1,914; 4% below budget. AADC continues to be high at 682. Average LOS was just over 7 days and observation length of stay was down 25%. Case mix index was consistent with prior month.

Inpatient surgeries were 2% above budget and outpatient surgeries were 8.6% below budget. There were 16 transplants. ER visits were 1.86% below budget.

Quick care locations were above budget 3.5%; Nellis, Enterprise and Summerlin were the key locations.

Primary cares were up 32%; Sunset, Peccole and Centennial were the key locations.

Moving to trended stats, admissions were 1,904, which was 22 admissions above prior month. AADC was high at 682 and ALOS has been trending upward. Inpatient surgeries were above budget, but below prior month; outpatient surgeries were up 91 cases over July. There were over 9,700 ER visits. Quick care and primary cares showed significant increases.

In payor mix trended, inpatient increased in Medicaid by more than 2% and Medicare dropped 2.85%. ED payor mix showed Medicaid increased 1.81%.

In payor mix by surgical volumes, commercial was up over 2%, government was up 1.5%, Medicaid and Medicare dropped 2%. In outpatient surgeries, Medicaid dropped 1.8%.

The summary income statement for August showed net patient revenue below budget approximately \$472K. Other revenue was below budget \$300K. Total operating revenue was below budget \$750K. Operating expenses were

favorable to budget \$1.6 million. Income from ops landed at earnings of \$4.3 million for the month, compared to budgeted earnings of \$3.5 million. Year to date, August was only \$700K behind budget. The summary income statement trended was shown as informational.

Overall salary, wages and benefits were below budget. SWB per FTE was slightly higher than budget, up by \$97. SWB per APD was below budget and SWB as a percent of net was on budget. Adjusted employee per occupied bed was 5.17 on a budget of 5.95.

Trended SWB showed improvement over the month of July and overtime as a percent of productive dropped to 3.64%.

All other expenses were good with the exception of utilities, which was the only category over budget due to a 25% increase in peak time rate increase.

Key financial indicators showed a lot of green. In profitability, net to gross was in the red at 17.6%. In liquidity, days cash on hand was up to 120.0 days. Ms. Wakem added that we did receive some federal supplemental payments, but there is still a significant amount outstanding.

Next, the capital plan was reviewed and discussed in detail and feedback was provided. The Committee liked the changes that were made to the slide, and added that it tells more of the strategy and process going on with some of the projects, as well as their timelines, and this helps with project management.

The Committee wanted a better understanding of the spend vs. completion and the methodology behind the differences in colors on the slide. There was a suggestion to add a column to show the estimate to complete. Overall, the Committee was happy with the progress with the capital plan presentation and the project management tool.

Lastly, the cash flow statement and balance sheet highlights were shown. Federal supplemental payments have been received and we continue to work with the state and the county with outstanding payments. Cash collections were at a record high for the month.

FINAL ACTION TAKEN:

None

ITEM NO. 6 Receive an update report from the Chief Financial Officer; and direct staff accordingly. (For possible action)

DOCUMENTS SUBMITTED:

- None

DISCUSSION:

Ms. Wakem provided an update on the financial statement audits, which have begun. The period 13 entries continue to move forward. The audit report is anticipated to be presented in November.

FINAL ACTION TAKEN:
None

ITEM NO. 7 Review and recommend for approval by the Governing Board the Amendment No. 11 to Hospital Participation Agreement with Health Value Management, Inc., d/b/a ChoiceCare Network for Managed Care Services; or take action as deemed appropriate. (For possible action)

DOCUMENTS SUBMITTED:
- Amendment 11 - Redacted

DISCUSSION:

This amendment is to extend the term for one year and update the commercial rate schedule and the fee schedule for Medicare plans, as well as update the CPT codes, as several codes have been retired.

FINAL ACTION TAKEN:

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

ITEM NO. 8 Review and recommend for approval by the Governing Board the Professional Services Agreement with UNLVKSOM for the Ryan White Program; authorize the Chief Executive Officer to exercise any extension/renewal options; or take action as deemed appropriate. (For possible action)

DOCUMENTS SUBMITTED:
- Professional Services Agreement

DISCUSSION:

This is a request to approve the agreement between the Kirk Kerkorian School of Medicine and UMC for the Ryan White program, which helps provide multi-specialty services to the community for a variety of healthcare needs, including HIV related infections. This is a 3-year term with a not to exceed amount.

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. 9 Review and recommend for award by the Governing Board SOQ No. 2022-13 Professional Placement Services to multiple placement agencies; approve the SOQ No. 2022-13 Placement Services Agreements; authorize the Chief Executive Officer to exercise any extension options and execute any applicable candidate referral forms; or take action as deemed appropriate. (For possible action)**

DOCUMENTS SUBMITTED:

- AHS Staffing
- Apple One Employments Services
- Buffkin-Baker
- BuzzClan
- Compu-Vision Consulting
- Dynamic Computing Services
- E-Solutions
- Global Force USA
- My Net Career Path Staffing
- Pamela's List
- ProLink Healthcare
- R.L. Klein & Associates
- Radius Staffing Solutions
- Rose International
- ShoreWise Consulting
- Sigma Systems
- TactiQor Consulting

DISCUSSION:

In July, a competitive solicitation was put out to bid for professional placement services, to provide recruitment assistance for the HR department. There were 17 respondents that were selected to provide staffing placement services for various positions. The 3-year term with two, 1-year options and a 30-day out clause will be shared among the 17 placement agencies.

FINAL ACTION TAKEN:

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

- ITEM NO. 10 Review and recommend for approval by the Board of Hospital Trustees for University Medical Center of Southern Nevada the Agreement for Managed Services Support and the Agreement for Strategic Project Support with Tegria Services Group - US, Inc.; or take action as deemed appropriate. (For possible action)**

DOCUMENT(S) SUBMITTED:

- Agreement for Managed Services Support
- Agreement for Strategic Project Support
- Disclosure of Ownership

DISCUSSION:

UMC requests to enter into two new agreements with Tegria Services Group to assist with Epic. They will provide IT support services in Managed Care for Epic application and analytics support to assist in management of UMC's EHR system. For Strategic Project support, the vendor will provide UMC with deliverables-based project work that involves integrated operational groups, on an as-needed basis. The services for both agreements will be performed by Epic certified professionals. The agreements are a 5-year terms with a 15-day out clause.

A discussion ensued regarding remote/hybrid work opportunities and the requirement for employees to live in Clark County.

FINAL ACTION TAKEN:

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

- ITEM NO. 11 Review and recommend for approval by the Governing Board the First Amendment to Agreement with SMS Healthcare, Inc. for Ambulatory Care Janitorial Services; authorize the Chief Executive Officer to exercise any extension/renewal options; or take action as deemed appropriate. (For possible action)**

DOCUMENT(S) SUBMITTED:

- First Amendment to Agreement
- Sourcing Letter
- Business Associate Agreement
- Disclosure of Ownership

DISCUSSION:

This amendment to exercise the first 1-year extension option, update the SOW and add additional funds to provide ongoing and routine janitorial services at all of UMC's ambulatory facilities. This will extend the term through April 5, 2024 and includes a 30 day out clause.

FINAL ACTION TAKEN:

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

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

DOCUMENT(S) SUBMITTED:

- Purchase Specific Agreement Form - Redacted
- Disclosure of Ownership

DISCUSSION:

This is a new agreement for blood products and services. The agreement is pursuant to HPG pricing. It includes 2 one-year options for renewal and has a 30-day out clause.

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.

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)

None

COMMENTS BY THE GENERAL PUBLIC:

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.

SPEAKERS(S): None

There being no further business to come before the Committee at this time, at the hour of 3:16 p.m., Chair Caspersen adjourned the meeting.

MINUTES APPROVED: October 19, 2022
Minutes Prepared by: Stephanie Ceccarelli