University Medical Center of Southern Nevada
Governing Board Audit and Finance Committee Meeting
September 22, 2021

UMC ProVidence Suite
Trauma Building, 5th Floor
800 Hope Place
Las Vegas, Clark County, Nevada
Wednesday, September 22, 2021
2:00 p.m.

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 2:00 p.m. by Chair Robyn Caspersen and the following members were present, which constituted a quorum.

CALL TO ORDER

Board Members:

Present:
Robyn Caspersen
Harry Hagerty
Christian Haase (via WebEx)
Mary Lynn Palenik (via WebEx)
Barb Fraser (Ex-Officio) (via WebEx)

Absent:
Dr. Donald Mackay (Excused)
Jeff Ellis (Excused)

Others Present:
Mason Van Houweling, Chief Executive Officer (via WebEx)
Tony Marinello, Chief Operating Officer
Jennifer Wakem, Chief Financial Officer
Doug Metzger, Controller
Nate Strohl, Internal Auditor
Susan Pitz, General Counsel
Lia Allen, Assistant General Counsel – Contracts
Stephanie Ceccarelli, Governing 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 18, 2021. *(For possible action)*

FINAL ACTION:

A motion was made by Member Hagerty that the minutes be approved as recommended. Motion carried by majority vote. Member Palenik abstained.

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 Review the results of the Cash Verification Audit dated September 17, 2021; and direct staff accordingly. *(For possible action)*

DOCUMENTS SUBMITTED:

- Audit Verification Letter

DISCUSSION:

Nate Strohl, Internal Auditor provided the results of the cash verification audit that was performed according to the FY22 audit plan. The goal of the audit is to verify and balance funds to the general ledger. There were no exceptions reported.

ITEM NO. 5 Receive the monthly financial report for July and August FY22; and direct staff accordingly. *(For possible action)*

DOCUMENTS SUBMITTED:

- July FY2022 PowerPoint Presentation
- August FY2022 PowerPoint Presentation

DISCUSSION:

Jennifer Wakem, Chief Financial Officer, presented the financials for July and August FY22.

Ms. Wakem summarized the key indicators for July, highlighting the increased volumes during the month.
Admissions were strong for the month, totaling 1,917.
AADC continues to be high at 602. Length of stay sits at 6.5 days.
Overall hospital CMI was 1.91 and Medicare CMI was 1.94
Inpatient surgeries set a record for the month, totaling 891. Outpatient surgeries were at 500, which was 2% above budget.

ER visits were very busy totaling 9,920, which was 22% above budget. The ED to admit conversion rate was 20.6%.
Quick cares were up 18%; Peccole, Centennial and Summerlin were the key drivers. Primary cares were also strong up 27%, with Spring Valley, Centennial and Nellis as the key driving locations.

The summary income statement for July showed positive earnings for the month. Income from ops was positive $500K. This was a great start to FY22.

Next, Ms. Wakem provided the financials for the month of August.
Key indicators for the month showed strong volumes. Admissions were 1,904. AADC was at 675, which was definitely a record.
Hospital CMI dropped slightly to 1.87. Medicare CMI remains strong at 2.04.
Inpatient surgeries were 761 and outpatient surgeries were 546.
ER visits were 9,624.
Quick care volumes were 43% above budget at 17,472 and primary cares were almost 20% above budget, totaling 5,253.

Trended stats were compared to 2019 statistics. Admissions were 1,904, AADC was a record at 675.
Surgeries continue to be strong and there was a total of 12 transplants performed during the month, compared to only 3 in 2019.
ER visits totaled 9,624 and quick care volumes were strong for the month.

A conversation ensued regarding the surge in ER visits related to COVID and what opportunities staff is taking to manage operations and cost.

Payor mix trended on inpatient volume shows Medicare down almost 1.3% against the 12-month average. ER Medicaid had an increase of 4%. Inpatient surgeries showed Medicaid up by almost 5%, but Medicare was down 3.3%. Outpatient surgeries showed Medicaid down 3.8%.

The summary income statement for August shows net patient revenue is strong. Ms. Wakem explained there was a drop in other revenue due to the decrease in 340B program contract pharmacy revenue.
Total net revenue was up almost $10.5 million.
Operating expenses were up $4.5 million. Income from ops adding depreciation and amortization landed at $4.3 million in earnings. Budget was a loss of $1.7 million.

Year to date showed positive earnings of $4.8 million.

Income statement trended showed positive earnings for the month.

Salary, wages and benefits was in the red due to overtime and contract labor. Ms. Wakem spoke about opportunities to assist with the nursing shortage with NSI and recruitment through UMC's scheduled job fair.

Other expenses for the month shows supplies up nearly $1 million. COVID expenses were briefly reviewed.

Key financial indicators shows the collection rate is 18.5%, SWB as a percentage of net revenue sits at 57.1%. Day's cash on hand is in the green, at approximately 5 months. Candidate for bill ran 7.4 days. Cash collections are back in the green.

Next, the Committee engaged a lengthy discussion regarding the Capital Plans for FY20, FY21 and FY22, projects that are pending, as well as projects that have moved forward and have gone to PO. The Committee would like to see a capital budget plan presented during next year's budget plan.

Cash flow continues to be strong. Some outstanding Federal Supplemental payments were also received during the month.

Lastly, the balance sheet was reviewed.

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 updated the Committee on the unallocated $45 billion Provider Relief Funding; $25.5 billion has now been allocated to be spent. UMC will submit an application to CMS by the end of September.

A requirement has been implemented to report all funds the hospital has received to date and how it has been spent. The first report is due September 30th.

The American Rescue Plan Act of 2021 request submitted by the hospital will be reviewed by the end of the calendar year.

Medicaid suspended claims to the hospital for 2-weeks due to a temporary shortfall in federal funding. There have been changes in leadership with Nevada Hospital Association.

Lastly, Tony Marinello was named as Healthcare Hero of the Year. Congratulations Tony!

FINAL ACTION TAKEN:

None

ITEM NO. 7 **Receive an informational presentation on the Epic System from Maria Sexton, Chief Information Officer; or take action as deemed appropriate.** ***(For possible action)***

DOCUMENTS SUBMITTED:

- Epic Electronic Health Record Briefing

DISCUSSION:

Maria Sexton, Chief Information Officer, provided updates that have been taking place with Epic over the past 12 months, what is currently in progress and the roadmap moving forward over the next 12 months.

Over the past 12-months Epic implementations have included Phoenix transplant services, Cosmos Patient Data Mining, ambulatory optimization, quick care wait times texting and surge units and additional beds have been created.

The projects in progress currently include the go-live of Beaker, which is set for November 2nd. Telemedicine expansion is being integrated, as well as RealTime Eligibility and Claims Services, Enterprise Document Management, continued ambulatory optimization and surgery patient status texting. Epic Honor Roll is a 12-month program which includes earning incentives. The areas of focus will include patient experience, population health, financial and ease of use for providers. The conversation continued with UMC's Epic Gold Star status and opportunities of improvement in the program. We are currently at 5-star status.

Future plans with Epic include Healthy Planet, which is an integrated population health platform. Bones orthopedic and wisdom dental modules, Epic On My Way, texting for primary care appointments and statement availability are also on the 12-month roadmap. Hyperdrive conversion will speed up the Epic platform.

Two internal Epic Post UGM meetings are planned for September 30th and October 5th for those who attended the seminar.

The Committee suggested that this update should also be shared with the full Governing Board.

FINAL ACTION TAKEN:

None

ITEM NO. 8 **Review and recommend for ratification by the Governing Board the Amendment No.11 to the Cerner System Agreement with Cerner Corporation; authorize the Chief Executive Officer to execute future Change Orders within his delegation of authority; or take action as deemed appropriate. *(For possible action)***

DOCUMENTS SUBMITTED:
- Amendment No. 11
- Disclosure of Ownership

DISCUSSION:

This amendment will extend the current term of service for an additional 2 months in preparation of the Beaker go-live. This is a ratification, as the amendment needs to be processed prior to the current contract term date of September 27th.

FINAL ACTION TAKEN:

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

ITEM NO. 9 **Review and recommend for approval by the Governing Board Acknowledgment to Amended and Restated Professional Services Agreement with Robert B. McBeath, M.D., P.C., d/b/a OptumCare Anesthesia; or take action as deemed appropriate. *(For possible action)***

DOCUMENTS SUBMITTED:
- Acknowledgment and Disclosure of Ownership

DISCUSSION:

This is a request to approve the acknowledgment which closes out the amounts due under the prior contract year. The amendment will extend the term of the agreement for another year.

FINAL ACTION TAKEN:

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

ITEM NO. 10 **Review and recommend for approval by the Governing Board the Professional Services Agreement for Internal and Family Medicine Residents and Family Medicine Chief Residents Moonlighting Services with the Board of Regents of the Nevada System of Higher Education for and on behalf of the Kirk Kerkorian School of Medicine at UNLV ("UNLVSOM"); authorize the Chief Executive Officer to exercise any extension options; or take action as deemed appropriate. *(For possible action)***

DOCUMENTS SUBMITTED:
- Professional Services Agreement

DISCUSSION:

This is an agreement to allow internal and family medicine residents to moonlight at primary and quick cares. The term of the agreement is for 1-year term and two 1-year options to extend. Either party can terminate with a 90-day out clause.

FINAL ACTION TAKEN:

A motion was made by Member Hagerty 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 Master Customer Agreement with Sectra, Inc. for the PACS Enterprise Radiology Imaging System; authorize the Chief Executive Officer to exercise any extension options; or take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Master Customer Agreement
- Disclosure of Ownership

DISCUSSION:

This is a 5-year agreement for software, licensing and maintenance for the PACS imaging system used by the radiology department.

FINAL ACTION TAKEN:

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

ITEM NO. 12 Review and recommend for approval by the Governing Board the Purchase Agreement with KLS-Martin, L.P. for cranial/maxillofacial equipment and supplies; authorize the Chief Executive Officer to exercise any extension/renewal options; or take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Purchase Agreement
- Disclosure of Ownership

DISCUSSION:

This is a one-year purchase agreement to secure special pricing with KLS-Martin. The vendor is seeking to get on our GPO list.

FINAL ACTION TAKEN:

A motion was made by Member Palenik 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 Service Agreement with California Transplant Services, Inc. for Skull

Flap Storage; and take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Skull Flap Storage Agreement
- 501c3 Letter of Determination

DISCUSSION:

This is a new 5-year agreement with California Transplant Services to continue storage and record keeping of skull flaps.

FINAL ACTION TAKEN:

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

ITEM NO. 14 Review and recommend for approval by the Governing Board the Pricing Agreement with Allergan USA, Inc. for the purchase of supplies and implants; or take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Pricing Agreement
- Disclosure of Ownership

DISCUSSION:

This is an agreement to secure special pricing on supplies and implants. This is a 3-year agreement with a 60-day out clause and an annual not to exceed amount included.

FINAL ACTION TAKEN:

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

ITEM NO. 15 Review and recommend for approval by the Governing Board the Purchase Agreement with Bio-Rad Laboratories, Inc. for the purchase and maintenance of an Automated Immunohematology System; authorize the Chief Executive Officer to execute future amendments within his delegation of authority; or take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Purchase Agreement

DISCUSSION:

This is a purchase agreement for an Automated Immunohematology System used by the Pathology department. The agreement includes a commitment to purchase testing supplies for use with the equipment. This 5-year agreement includes a not to exceed amount and includes 2-years of service and maintenance.

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.

ITEM NO. 16 Review and recommend for approval by the Governing Board the Agreement for Construction Management Services for UMC's Exterior Redesign and Construction Project with Grand Canyon Construction, Inc. d/b/a Grand Canyon Development Partners; authorize the Chief Executive Officer to exercise any extension options or change orders; or take action as deemed appropriate. *(For possible action)*

DOCUMENTS SUBMITTED:
- Master Service Agreement
- Disclosure of Ownership

DISCUSSION:

This is an agreement to engage the services of Grand Canyon Construction as the project manager/consultant for the façade project. This is a 46-month term or through project completion date.

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. 17 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)*

DISCUSSION:

None

FINAL ACTION TAKEN:

None

COMMENTS BY THE GENERAL PUBLIC:

Comments from the general public were called for. No such comments were heard.

There being no further business to come before the Committee at this time, at the hour of 3:38 PM, Chair Caspersen adjourned the meeting.

MINUTES APPROVED: October 20, 2021
Minutes Prepared by: Stephanie Ceccarelli