

University Medical Center of Southern Nevada
Governing Board Audit and Finance Committee Meeting
September 23, 2020

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
Jeff Ellis
Dr. Donald Mackay
Harry Hagerty (via phone)
Mary Lynn Palenik (via phone)
Christian Haase (via phone)
Barbara Frasier (Ex-Officio)(via phone)

Absent:

None

Others Present:

Mason VanHouweling, Chief Executive Officer (via phone)
Tony Marinello, Chief Operating Officer
Jennifer Wakem, Chief Financial Officer
Douglas Metzger, Controller
Debra Fox, Chief Nursing Officer
Carissa Rey, Associate Administrator
Rose Coker, Director of Managed Care
Kayla Hillegass, Management Analyst
Susan Pitz, General Counsel
Emelia Allen, Attorney
Jacqueline Saites, Director of Contracts Management
Maria Sexton, Interim Chief Information Officer
Dennis Hall, IT 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 August 19, 2020. (For possible action)

Add Barbara Fraser was noted as present at the meeting, so the minutes will be amended accordingly.

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

SECTION 2. BUSINESS ITEMS

ITEM NO. 4 Receive the monthly financial report for August FY 21; and direct staff accordingly. (For possible action)

DOCUMENTS SUBMITTED:

- August FY21

DISCUSSION: Jennifer Wakem, Chief Financial Officer presented the financials for August FY 21.

All indicators exceeded budget for the month. Admissions exceeded 18%. Overall hospital case mix index was 2.10. Medicare CMI was 2.02. Inpatient surgeries were 41% above budget and outpatient surgeries were up 74%. ER visits were also over budget. While volumes were much better than budget for the month, they are still below prior year.

Chair Caspersen asked about the staffing plans for the quick cares. Mr. Marinello stated that the plan is to replace physicians with nurse practitioners and change the skill mix to include LPNs, improve efficiencies and restructure data processes. The conversation continued regarding expansion of quick care and primary care locations.

Member Palenik asked if the hospital is anticipating an increase in pediatric deliveries. Deb Fox, CNO, stated that she has not seen any significant increases yet.

Stats trended were reviewed to include the 12-month pre-COVID average. Admissions are steadily increasing and average length of stay was 7.09 days. COVID length of stay average is 16 days.

Inpatient surgeries are 75 below the 12-month average and out-patient surgeries are back up to pre-COVID levels.

ER visits are down approximately 2,000 visits from pre-COVID times. The ED to observation conversion rate is down from prior year but the ED to admission rate is running 7.69 or 8.6% above prior year.

Quick cares were at 12,000 visits for the month and primary cares are 731 below prior year.

Payor mix by admits trended showed an increase in Medicaid almost 1%. There was a drop in self-pay by 1.6%.

The income statement showed net patient revenue was over budget. No Cares Act funding was recorded for the month. Net revenue was up \$21.5 million and operating expenses were over budget almost \$11 million. The month ended with a loss of \$7.4 million. The year to date income statement is at a loss of \$15.6 million.

In key indicators SWB was 62.5%. Cash collection goal was exceeded. Paid FTE's are in the green. Days cash on hand dropped slightly. The discussion continued regarding the budgeted FTE target.

Salaries wages and benefits were unfavorable to budget by \$1.9 million. Ms. Wakem highlighted the impact of VSP was \$3.4 million. Ms. Wakem talked about the "Get Back to Black" discussion planned with the admin team. Chair Caspersen asked if the highlights could be shared at the next meeting.

Moving on to expenses, Ms. Wakem said that the primary driver of expenses is COVID related PPE supplies. Surgeries are also driving the increase with higher than expected implants based on the type of surgeries performed.

Chair Caspersen asked if the COVID spend is based on what we currently use or if it is to maintain inventory supply. Ms. Saïtes stated that the spend is based on contract negotiations with vendors. She does not anticipate large volume purchases in the future.

A review of the capital plan showed \$19.3 million spent and \$12.3 million committed.

Cash flow statement showed cash received from patients and payors was \$43.6 million for the month. DSH for July and August has not been received. The MCO replacement program has not been executed yet.

The projected cash flow statement was reviewed. Ms. Wakem stated that \$9 million has been received from the County and another \$16 million is expected.

Lastly, COVID testing decreased in August with 75,800 tests performed for the month. A discussion ensued regarding reference labs and testing volumes.

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 unallocated Cares Act Funding, the impact of COVID testing for uninsured patients and the HEROS vs. the HEALS Acts. We received Medicaid rate increases in January for NICU, PICU and Med Surg. Med Surg is being rolled back to the old rate and then being further reduced by 6%. NICU and PICU are being reduced 6% off the new rate.

Finally, Medicare is pushing out a new rule requiring hospitals to report COVID related information to the government.

FINAL ACTION TAKEN: None taken

ITEM NO. 6 Review finalized CEO FY21 Performance Goals and Objectives; and take action as deemed appropriate. (For possible action)

DOCUMENTS SUBMITTED:

- CEO Performance Objectives – FY 21 Proposed

DISCUSSION: At this time the Committee reviewed and discussed the proposed the goals for FY21.

Goal No. 1: Exceed fiscal year budgeted income from operations after depreciation and amortization.

Goal No. 2: Actual SWB per Adjusted Patient Day is less than or equal to \$2,449 or Actual SWB as a percentage of net operating revenue is less than 66.17%.

An in-depth conversation ensued regarding the goals, with special focus on SWB and how the number was determined and how it would be measured and operationalized.

Comparisons for prior year SWB results and labor metrics between UMC and like-hospitals were reviewed.

After a lengthy discussion, it was determined that the wording would change for Goal #1 to remove the word “meet” and remove “or equal” from Goal #2. The Board concluded that two goals would be sufficient as restated.

FINAL ACTION TAKEN: A motion was made by Member Ellis to approve the two goals, as restated, for submission to the Human Resources and Executive Compensation Committee for final review and approval. Motion carried by unanimous vote.

- ITEM NO. 7 Review and recommend for approval by the Governing Board the Amendment 6 to the Cerner System Agreement with Cerner Corporation; and take action as deemed appropriate. *(For possible action)***

DOCUMENTS SUBMITTED:

- Amendment Six

DISCUSSION: Ms. Saites explained that this is a one-year extension for remote hosting which is a part of the lab millennium program. This system helps to streamline specimen tracking and reporting functions.

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. 8 Review and recommend and recommend for approval by the Governing Board the Amendment One to Retinopathy of Prematurity Agreement with Pokroy Medical Group of Nevada, Ltd. d/b/a Pediatrix Medical Group of Nevada; authorize the Chief Executive Officer to exercise the extension option; and take action as deemed appropriate. *(For possible action)***

DOCUMENTS SUBMITTED:

- Amendment One

DISCUSSION: Ms. Staites stated that we are exercising an option to extend the agreement. The compensation remains the same. This service is to treat eye disease in premature infants.

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 340B Pharmacy Services Agreement with Walmart Inc.; 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:

- Disclaimer Page

DISCUSSION: This agreement will allow participation in the 340B program with Walmart. Ms. Pitz explained that with this agreement, Walmart will be able to dispense 340B medication on behalf of UMC.

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 approval by the Governing Board the addition of Equipment Schedule 010 to Master Lease Agreement No. 21237667 between Stryker Flex Financial, a division of Stryker Sales Corporation and University Medical Center of Southern Nevada; and take action as deemed appropriate. (For possible action)**

DOCUMENTS SUBMITTED:

- Equipment Schedule 10 to Lease Agreement
- Disclosure of Ownership
- Sourcing Letter

DISCUSSION: This is an HPG agreement which will update the current imaging system used for surgery.

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 addition of Equipment Schedule 011 to Master Lease Agreement No. 21237667 and Service Agreement between Stryker Flex Financial, a division of Stryker Sales Corporation and University Medical Center of Southern Nevada; and take action as deemed appropriate. (For possible action)**

DOCUMENTS SUBMITTED:

- Service Plan Agreement
- Amendment Eleven
- Disclosure of Ownership
- Sourcing Letter

DISCUSSION: This is an agreement for a system upgrade which will replace incompatible equipment. A trade in allowance is 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. 12 Review and recommend for approval by the Governing Board the Purchasing System upgrade project with Allscripts Healthcare, LLC, Meperia, LLC, CDW Healthcare, and CDW Government; and take action as deemed appropriate. (For possible action)**

DOCUMENTS SUBMITTED:

- Purchasing System Upgrade
- Warehouse Hardware and Peripherals
- Allscripts Quote
- Allscripts Disclosure of Ownership
- Allscripts Business Associate Agreement
- Meperia Statement of Work
- Meperia Disclosure of Ownership
- CDW Microsoft Quote

- CDW Nutanix Quote
- CDW Disclosure of Ownership
- CDW Sourcing Letter

DISCUSSION: Ms. Saïtes stated that this an upgrade to the purchasing system, which will identify trends, track supplies, produce ad hoc reports, a three way matching system for invoices and receiving documents, etc. The new system will allow us leverage better pricing on supplies.

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.

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*)

The November Audit and Finance Committee meeting will be held on Tuesday, November 10, 2020, since the 11th is Veteran's Day.

Flu shots are available in the Administrative suite in the Executive Conference Room.

Isaac Miller, Community Testing Sites Manager introduced himself.

COMMENTS BY THE GENERAL PUBLIC: None

At this time, Chair Caspersen asked if there were any comments received from the public 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 4:23 p.m., Chair Caspersen adjourned the meeting.

MINUTES APPROVED: October 21, 2020
Minutes Prepared by: Stephanie Ceccarelli