The University Medical Center Hospital Advisory Board Finance Committee met in Conference Rooms I & J, 800 Rose Street, Las Vegas, Clark County, Nevada, on Wednesday, August 1, 2012, at the hour of 4:00 p.m. The meeting was called to order at the hour of 4:10 p.m. by Harry Hagerty, Committee Chair, and the following members were present, constituting a quorum of the Committee:

**SECTION 1. OPENING CEREMONIES:**

**CALL TO ORDER**

Present:
Harry Hagerty, Chair
Dwayne Murray
Ash Mirchandani
Barbara Robinson

Absent:
Anthony Marlon, M.D. [Arrived at 4:15 pm, Item No. 3]
Nick Spirto, M.D. [Arrived at 4:11 pm, Item No. 3]
Robert McBeath, M.D.
Bobbette Bond

Also Present:
Stephanie Merrill, Chief Financial Officer
Vicki Huber, RN, Chief Nursing Officer
Cindi Roehr, Associate Administrator, Professional Services
Ernie McKinley, Chief Information Officer
Lisa Logsdon, County Counsel
Floyd Stevens, Controller
Rebekah Blasing-Holder, Sr. Contracts Management Analyst
Walt Justice, Interim Director, Materials Management
Gail Yedinak, Sr Management Analyst, Public & Community Relations

**ITEM NO. 1**

Approval of Minutes of the Joint Hospital Advisory Board Contracts and Finance Committees’ meeting on July 3, 2012 (For possible action) [Copies available at the University Medical Center, Administration Office or on UMC’s Internet Website, www.UMCSN.com]
FINAL ACTION: A motion was made by Ash Mirchandani to adopt the minutes as written. The motion carried by unanimous vote.

ITEM NO. 2 Approval of Agenda (For possible action)

DISCUSSION: None.

FINAL ACTION: A motion was made by Dwayne Murray to approve the agenda as recommended. The motion carried by unanimous vote.

PUBLIC COMMENT:

Harry Hagerty, Committee Chair asked if there was anyone in the audience that would like to be heard on any item on this agenda.

Speaker(s): None.

SECTION 2. BUSINESS ITEMS:

ITEM NO. 3 Review and recommend for award RFP No. 2012-10, Pathology Services, to Laboratory Medicine Consultants, LTD d/b/a LMC Pathology Services; and take any action deemed appropriate for recommendation of acceptance to the Hospital Advisory Board. (For possible action)

[Nick Spirtos and Robert McBeath arrived during discussion of this item.]

DOCUMENT(S) SUBMITTED: Contract Executive Summary; Agreement for Physician Medical Directorship and Physician Professional Services; Attachment A; Attachment B; Attachment C; Disclosure of Ownership/Relationship

DISCUSSION: Following the denial of renewing with the existing contract with Quest and an approved extension to allow for the RFP process, Cindi Roehr presented the Laboratory Medicine Consultants (LMC Pathology Services) contract for review. LMC, who services most of the HCA hospitals locally, responded to the RFP process. The contract is for 5 years for $240,000, which is broken down into medical directive fees and compensation. Compensation is $216,000 yearly for two full-time pathologists, a PA for Histology, and a lab assistant in Histology, processing specimens. This is the same as the current coverage. A Third-Party Fair Market Valuation of pathology services placed the value between $320,000 and $450,000 annually. Performance indicators were placed in the contract to address participation in tumor boards, turnaround times, responses on surgical, autopsies, and teaching and performance improvement, working with the Nevada School of Medicine. The contract does require a medical director, per CLIA (a Federal Act) and CAP (NAC Nevada requirement) regulations.
Quest, who had the contract for 30 years, was requesting $375,000 for a renewal. Reimbursement is taken into consideration in the analysis. It was estimated at about $1,000,000 a year in expected professional fee collections, based on volumes and CP codes.

There was concern whether locums will be regulated. There was an agreement during negotiations specific to that issue. LMC has already started the credentialing process for the Medical Director. Dr. Brookhyser and a few other physicians will be involved in interviews and local pathologists will be hired. LMC also have digital pathology, so physicians and residents have the ability to look at slides with pathologists.

There are provisions for written cancellation notices established.

**FINAL ACTION**: A motion was made by Dr. Spirtos to recommend approval of the contract to the HAB, subject to review as amended to the contract to limit the Locum Tenen placed at the Hospital. The motion carried by unanimous vote.

**ITEM NO. 4**

Review the ratified Contract for Information Security Services between FishNet Security, Inc. and University Medical Center of Southern Nevada for Information Security Staff Augmentation and Digital Forensics Investigation; and take action as deemed appropriate for recommendation of acceptance of the ratified agreement to the Hospital Advisory Board. *(For possible action)*

**DOCUMENT(S) SUBMITTED**: Contract Executive Summary; Contract for Information Security Staff Augmentation Services; Exhibit A; Exhibit B; Disclosure of Ownership/Relationship

**DISCUSSION**: Ernie McKinley discussed the two sections of the contract, information staff augmentation and digital forensics investigation. There has been a security program at UMC for about the last 10 years. Prior to that time, there was no IT security program. With the advent of tools that can harm IT systems, UMC started a security program which has grown to five people. Two of the five staff are called Security Administrators. They are the only two in the hospital who can allow or disallow any type of traffic to access the hospital network. UMC needs to protect the network, data loss prevention, and prevent malware, spam, hackers, etc. Because only two people in the organization have run the program for the last 10 years, there is no oversight with others who understand the entire system. Therefore, there was a need for auditors to review if UMC was using best technical security practices and utilize a third-party to validate current practices.

Additionally, one of the key staff left; therefore, UMC wanted ensure there was nothing occurring that could harm UMC, reviewing specific servers and the fire wall. The digital forensics team evaluated the program, finding nothing been breached. Now, the staff augmentation section
needs to be addressed, including review of best practices industry-wide. FishNet will provide recommendations for future prevention and best-practices, including parameters of which activity is monitored for a specific level of authority with opportunity for review.

Relative to what the cost of a breach would be, this process is similar to securing insurance. FishNet is currently running a program at UMC. They are internationally recognized, bonded, etc. Therefore, UMC has a high trust level with them. FishNet would be able to step-in, in a contracted manner, until we hire a replacement. To clarify, FishNet would provide policy and procedure recommendations, not software. Their delivery includes a tracking process to see when a person is logged in/out of the network and review of what was done during limited access.

With the EHR implementation, this process is even more important. UMC would be paying for intelligence and implementations of recommendations designed to protect UMC. Due to the eminent need, ratification was sought, rather than approval. When the project is complete, FishNet will present their findings.

FINAL ACTION: A motion was made by Robert McBeath to recommend the ratification of the contract to the HAB and carried by the following vote:

<table>
<thead>
<tr>
<th>Voting Aye</th>
<th>Dr. McBeath; Mr. Hagerty; Mr. Murray; Ms. Robinson; and Mr. Mirchandani</th>
</tr>
</thead>
<tbody>
<tr>
<td>Voting Nay</td>
<td>Dr. Spirtos</td>
</tr>
<tr>
<td>Abstain</td>
<td>None</td>
</tr>
<tr>
<td>Absent</td>
<td>Ms. Bond; Dr. Marlon</td>
</tr>
</tbody>
</table>

Dr. Spirtos opposed due to the process presented, but supports the purpose.

ITEM NO. 5

Receive a report of Contracts currently in active preparation by the Contracts Management team which will be presented to the Hospital Advisory Board for approval at a future meeting.

DOCUMENT(S) SUBMITTED: Report of Contracts List

DISCUSSION: Rebekah Blasing-Holding was available for any questions with regard to upcoming contracts. Mr. Walt Justice, Interim Materials Management Director was also introduced. With regard to the Background Check Services RFP process, a preferred provider was selected and is in negotiations; however the team in the evaluation process wanted more options. Therefore, as this contract is near expiration, a proposal for ratification will be brought forward to the Committee next month for an extension of 90 days with no changes to the contract. The Committee prefers advance communication with regard to contracts which may be brought forward for ratification, rather than approval. With respect to Laboratory Services, UMC has a large on-site lab. However, there are some specialty and high-level reference tests
that we are not licensed for, which are outsourced. The upcoming contract that went to bid is for the reference lab and is in negotiations. Because the services are different, the RFP is not bundled as a package. UMC does the billing technical billing for our patients. A member requested for the ethnic and racial background of vendors to be identified on upcoming contracts. Vicki Huber reported that information is requested during the RFP process and when provided, it will be reported on the executive summaries. Further, the contract review committee members are looking at that detail.

**FINAL ACTION:** No action taken.

**ITEM NO. 6**

**Discuss the impact of switching from ICD9 to ICD10; and take action as deemed appropriate.**

**DOCUMENT(S) SUBMITTED:** Preparing for ICD-10

**DISCUSSION:** Becky Bratten, Director of Health Information Management, presented information pertaining to the impact of switching from ICD-9 to ICD-10. In order to bill for patient stays, pertinent information is converted to numerical codes to attach to billing in order to get paid. ICD-10 is a revision of the existing coding, ICD-9. Most of the world has been using ICD-10 for the last 20 years. We have a target date of October 2013 to convert. New codes come out in October of each year. These codes also allow us to provide statistical information, as well. CMS makes the determination for which codes are used. ICD-9 does not have room for additional codes. American Health Information Management Association (AHIMA) oversees inpatient coding and has developed “Train the Trainer” programs. There are a total of seven trainers certified in the State of Nevada. UMC has three people on staff who are certified as trainers for ICD-10 and will be training our coding staff. Physicians will need to document so the coders know which to use. ICD-9 has about 13,600 codes and ICD-10 will consist of approximately 69,000 codes. In order to process bills, McKesson has a module enhancement to implement. However, McKesson is not yet involved. With the EHR, prompts or hard stops will be built in to assist physicians with appropriate documentation. Training and identification of common codes, along with preparation for coder retention will be in progress.

**FINAL ACTION:** No action taken.

**ITEM NO. 7**

**Receive a presentation on the Inter-Governmental Transfer Process.**

**DOCUMENT(S) SUBMITTED:** Combined DSH & UPL County Payment FY 2012 vs FY 2013

**DISCUSSION:** Pete Tibone, Director of Reimbursement, presented briefly on the Inter-Governmental Transfer (IGT) process. The Medicaid program is a Federal/State program. Like Medicare, it is an entitlement,
but unlike Medicare, the Federal government only picks up a portion of the cost. In addition to the claims payments that are received, there are a few categories of supplemental payments that UMC is eligible for under the Medicaid program. For the State to make those payments to UMC, they require that the County put up the State’s share (the State match). In review of the combination of the DSH and UPL program for 2012, the County has to put up $71 million for the whole year (which the State has to match) and the voluntary contribution to the State is $38 million, equaling $109 million. In exchange, UMC receives $160 million, the agreed upon total. The agreed upon Total IGT is the County/State match and the voluntary contribution. The sum equals 60% of the payment to UMC. This percentage is where the point of contention between the County and the State exists. The County passed a resolution to make it 50%; the State is threatening to withhold payments as a result. Checks are cut quarterly. The State bills the County first. The County pays the IGT. Later in the quarter, the State makes a payment to UMC. Then, and the State reports to CMS that they made the payment. Lastly, the State bills CMS for the difference. The State fronts the money before the Feds pay. The County has a net benefit of $50 million and State gets net benefit of $38 million. The Federal percentage (FMAP) is 55.05%. Therefore, the County would prefer to pay that amount, instead of the 60%.

**FINAL ACTION:** No action taken.

**ITEM NO. 8**

**Receive a report on Emergency and Trauma patient transfers from other area hospitals to UMC.**

**DOCUMENT(S) SUBMITTED:** Area Hospital Inter-facility Transfers to UMC

**DISCUSSION:** As previously requested by the Committee, a summary of all the area hospitals and also out-of-area inter-facility transfers to UMC for the last 10 months was presented by Vicki Huber, Chief Nursing Officer. UMC has kept an inter-facility transfer database for the last five years. When a call for a transfer comes hospital to hospital, through the patient placement center and house supervisor, the information is logged into the database. It was noted that overall, Urology accounts for approximately 30% of transfers and about 25% of the pay sources are self-pay. While one group of hospitals had a higher percentage of self-pay, there was still a significant portion with a pay source. UMC receives a higher level of acuity with regard to Urology patients, using an enormous volume of resources. The hospital with the higher self-pay percentage, does not have OB/Pediatric services. A large majority of the transfers to UMC were from out of the surrounding area for services such as: Transplant, Trauma, Burn, and Cardiovascular.

Many hospitals are trying to lower their expenses and not covering specialty services calls. When a patient presents to an ER, after a medical screening and their patient is unstable, hospitals are required to
transfer to a higher level of care. Due to the services UMC provides, a significant number of transfers result to UMC. Some specialty services are getting better reimbursement than others.

Gail Yedinak was introduced and she discussed upcoming proposed legislation via Senate Bill AB29. The original Bill asked for transfer agreements, memorandums of understandings, etc. with regard to pay sources. Instead a study was awarded, which is ongoing. Currently, the Nevada Hospital Association has gathered related data from all the hospitals and will report all the combined information to the legislation committee on healthcare. AB29 has not yet been placed on the agenda for the interim committee. They are still accepting reports from the Hospital Association. The AB29 Bill is also important because it will require all hospitals to report into NHA, reporting who is being transferred where and why.

In the past, UMC was getting dumped on and some hospitals are not meeting Level 2 trauma requirements and are not in compliance. The ‘sending’ physician requests for higher level of care, making the request through their supervisor who calls our supervisor. We look at UMC’s ability and capacity to treat. If we have a bed open, the physician to accept the patient, and the capacity to address the needs, then we accept. Dr. McBeath considered assisting decision making with further Urology education for the UMC house supervisors.

UMC uses written protocols for what constitutes a transferable patient; the algorithm follows EMTALA rules with key questions, which is kept in the patient placement center and all house supervisors follow it. If UMC feels there is a violation of EMTALA rules, there is a duty to report to the State. UMC keeps a log to track reported violations. The State agency responds with an investigation, conducts interviews and determines if EMTALA rules are violated. If substantiated, they can give monetary sanctions.

FINAL ACTION: No action taken.

ITEM NO. 9 Identify emerging issues to be addressed by staff or by the committee at future meetings; and direct staff accordingly.

DISCUSSION: The following information was requested for the next or upcoming meeting.

- Provide an outline of hierarchy of capital budget items, including needs as they currently exist, a version which demonstrates what UMC will have funds for, and also what would help move UMC forward; also provide the cost of the master plan.
- Provide an update on the Ameresco project and Celtic, who did the energy study.
- Provide an analysis of the cost and consequences of converting to all private rooms.
Agenda Items Pending from Previous Meetings:

- Prepare a report to demonstrate the steps and timeframes of the contracting process.
- Provide a five year plan of recurring and non-recurring items with both revenue and expenses reflected. Members report there are contracts with a clause for collection sharing of revenue. Identify revenue sharing contracts and provide reports on what was collected from those contracts with revenue sharing and the total amount of received recoveries by UMC. *Report first on ER, Anesthesia, and Cardiology.
- With regard to the contract with Hospitalist Medicine Physicians of Clark County, learn the value of compensation from paying patients and revise the contract to include stringent performance consequences.

SECTION 3. - PUBLIC COMMENT:

Harry Hagerty, Finance Committee Chair asked if there were any persons present in the audience wishing to be heard on any matter.

Speaker(s): None.

There being no further business to come before the committee at this time, at the hour of 6:06 p.m., the meeting was adjourned.

DATE MINUTES APPROVED: September 5, 2012

UMC HOSPITAL ADVISORY BOARD FINANCE COMMITTEE
Harry Hagerty, Chair, Finance Committee