CALL TO ORDER

Committee Members:

Present:
Amber Lopez-Lasater, Chair
Harry Hagerty

Absent:
Dwayne Murray [arrived late at 3:11 p.m.]
Bobbette Bond
Barbara Robinson

Ex-Officio Members:

Present:
Brian Brannman, Chief Executive Officer
Marcia Turner, PhD, Executive Vice Chancellor, NSHE
Health Sciences System
Thomas Schwenk, M.D., Dean, University of Nevada School of Medicine

Also present:
Anthony Marlon, M.D., Chair, Hospital Advisory Board
Ash Mirchandani, Member, Hospital Advisory Board
George Stevens, CFO
Item No. 3 was taken first, as there was not a quorum. Dwayne Murray arrived at 3:11, constituting a quorum.

ITEM NO. 1 Approval of Minutes

Approval of Minutes of the regular Hospital Advisory Board Governance Committee meeting on November 8, 2011. (Available at the University Medical Center, Administration Office) (for possible action)

FINAL ACTION: A motion was made by Mr. Hagerty that the minutes be approved as recommended. Motion carried by unanimous vote.

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

FINAL ACTION: A motion was made by Mr. Murray that the agenda be approved as recommended. Motion carried by unanimous vote.

PUBLIC COMMENT:

Ms. Lopez-Lasater asked if there were any persons present in the audience wishing to be heard on any item on this agenda.

Speaker(s): None

ITEM NO. 3 Discuss how governance change can augment operational changes at public hospitals (for possible action).

DOCUMENT SUBMITTED: Power Point Presentation - Governance and Operations

DISCUSSION:

Duane Fitch of Fitch Healthcare has worked with many public hospitals around the country, with an expertise in both governance and operations. He was invited to the meeting to discuss how governance change can augment operational changes at a public hospital.

He gave an overview of public hospital governance, and discussed the following topics: operational reasons to consider a change in governance, Jackson Memorial Hospital's experience with governance transition, governance effectiveness vs. governance structure, enumerated powers, operational issues universal to all
governance models, the role of governance. He also presented a sample of a governance dashboard tool, and discussed the importance of the use of this tool during the transition process.

The Board asked Mr. Fitch several questions about his experiences in the transition at Jackson Memorial, including transition to the Intermediate Financial Recovery Board, board composition, the hospital’s financial situation, the County financial support, interaction with the County, and relationship with the school,

In summary:

- Effective governance structures continually adapt to the issues and opportunities impacting the hospital. Effectiveness within a structure is as important as the structure itself. Whatever the model is, the real key to success is in execution of both governance and operations.

- There are many operational improvements that the hospital can consider to improve its operational and financial performance independent of a governance change. Governance change is important to consider, but many things that can be accomplished in the interim that can create a much more financially viable and sustainable organization. (i.e., reducing costs, transitioning to primary care, positioning the organization for ACO, optimizing the relationship with the School of Medicine).

- Under most governance models, the County will retain a significant responsibility for funding healthcare for the indigent population, and as such will likely seek to maintain certain enumerated powers and significant level of control.

- Given the significant time involved to complete a governance change, implementation of a transitional intermediate healthcare board under the County Government may provide a more nimble, efficient and effective governance body, more readily able to address UMC’s immediate issues and challenges.

**FINAL ACTION:** No action was taken.

**ITEM NO. 4**

*Receive financial analysis on PERS (for possible action).*

**DISCUSSION:** George Stevens gave the Committee an overview of the Nevada Public Employees Retirement System (PERS). Nevada PERS is a multi-employer plan, defined benefit retirement
plan, which, with a few exceptions, covers all Nevada public employees who work half-time or more in a participating entity. Members accrue service credit at the rate of 2.5% per year of service. The service multiplier was increased to 2.67% for service earned after July 1, 2001. At the time of retirement, the service credit is multiplied by the 36 highest consecutive months’ salary to determine their retirement benefit. Employees are eligible to retire at age 65 with less than ten years of service, at age 60 with ten or more years of service, and at any age with 30 years of service.

The current contribution rate is 23.75% of eligible wages. Under State law, the employee and employer each pay half of the contribution. Members and their public employers are not required to make contributions to Social Security System. As such, 6.2% of employer and employee share of the contribution rate is in lieu of the required social security tax rate, resulting in a net contribution of 5.675% for each (11.35% total). In theory, that is about what a private employer would contribute to a 401K Plan for their employees.

Staff commented that there is flexibility to create an alternative defined contribution plan without increasing the cost to the employer.

On June 30, 2011, PERS unfunded liability was $8.5 billion, which is about 30%. There are 87,975 regular members, 3,254 of those are UMC employees. UMC’s share of the unfunded liability is $315 million. Within the contribution rate of 23.75%, 8.3% (almost one-third) amortizes the unfunded liability. Essentially, UMC is making an annual required contribution toward the unfunded liability of about $17 million.

There was also discussion regarding current incentives allowing employees to retire early, and the affect of PERS on employee longevity.

**FINAL ACTION:** No action taken.

**ITEM NO. 5:** Discuss the RFP and options for legal consulting services *(for possible action)*.

**DISCUSSION:** Jim Haining provided a summary of the RFP evaluations. Mr. Stevens reported that Mary-Anne Miller has begun contacting the respondents to discuss their proposals. Ms. Lopez asked staff to follow-up with Ms. Miller.
FINAL ACTION: No action taken.

ITEM NO. 6: Identify emerging issues to be addressed by staff or by the Committee at future meetings; and direct staff accordingly.

FINAL ACTION: The following item will be added to the next agenda:

Invite Jim Miller, CEO of Renown, to meet with the Committee to discuss Renown's experience in governance transition.

DISCUSS AND SET NEXT HOSPITAL ADVISORY BOARD GOVERNANCE COMMITTEE MEETING TIME AND LOCATION

The next meeting will be held on Tuesday, January 10, at 3:00 p.m. in Conference Room I/J, 800 Rose Street, Las Vegas, Clark County, Nevada.

PUBLIC COMMENT

At this time, Ms. Lopez-Lasater asked if there were any persons present in the audience wishing to be heard on any matter not posted on the agenda.

Speaker(s): None

There being no further business to come before the Committee, at this time, at the hour of 4:50 p.m. the meeting was adjourned

DATE MINUTES APPROVED:

UMC HOSPITAL ADVISORY BOARD GOVERNANCE COMMITTEE
Amber Lopez-Lasater, Chair