

Minutes of May 31, 2022

San Joaquin Health Centers Board of Directors

Board Members Present: Charson Chang; Dr. Farhan Fadoo (CEO); Monica Fuentes; Brian Heck (Vice Chair); Jessica Hernandez; Cynthia King; Karen Lee; Jodie Moreno; Rod Place (Board Chair); Bernadette Pua; Tarsha Taylor-Godfrey

Excused Absent: none

Unexcused Absent: Paul Antigua (Board Treasurer); Esgardo Medina

SJCC Staff: Michael Allen (Board Clerk); Angela Ayala; Dena Galindo; Tanya Ramirez; Erica Sadberry; Rajat Simhan (Consultant); Jeff Slater (Consultant); Alice Soulligne (COO); Susan Thorner (Consultant); Kris Zuniga (CFO)

Guests: Kristin Shinn

AGENDA ITEM	ATTACHMENTS	ACTION
1. <u>Call to Order (Rod Place)</u> The meeting was called to order at 5:08 p.m. A quorum was established for today's meeting.	No attachments	No action required
2. <u>Approval of Minutes from April 26, 2022 (Rod Place)</u> Meeting minutes from 4/26/22 were approved unanimously.	Board Minutes 2022-04-26	Brian motioned to approve the minutes and Karen seconded; motion was approved unanimously
3. <u>Public Comment</u> none	No attachment	No action required
4. <u>Governance Committee (Brian Heck/Susan Thorner)</u> Board membership was discussed regarding Kristin Shinn. The Board voted to approve full membership for Kristin Shinn, with her term beginning at the next session in June 2022.	Kristin Shinn Resume 2022; SJC Board of Directors Application	Cynthia motioned to approve Kristin Shinn's membership and Charson seconded; motion was approved unanimously
5. <u>Credentialing & Privileging Report (Angela Ayala/Tanya Ramirez)</u> Dr. Kinnari Parikh is the only reappointment for this month. Aleisha Woods, CNMW is up for advancement. There are no other status changes for May.	Credentialing & Privileging Report – May 2022	Charson motioned to approve the report and Bernadette seconded; motion was approved unanimously
6. <u>Quality Committee Report (Angela Ayala)</u> Angela noted that Quality staff member Cathy Legaspi has separated and we are working on filling this position. Education efforts in the clinics continue, along with a checklist of quality metrics to ensure providers and support staff know adult/pediatric/chronic disease focuses. Saturday gap closure clinics began on 5/14/22 and will continue until at least through July 2022.	Quality Committee Report – May 2022	Brian motioned to approve the Quality report and Bernadette seconded; motion was approved unanimously
7. <u>Finance Committee Report (Kris Zuniga, SJCC CFO)</u> Billable visits for April are favorable to budget by 845 visits. YTD visits have been updated on the December financials due to an updated report received for the additional visits (1,602 visits) that were not captured in the previous months. Additional Patient Revenues have been recorded accordingly. This new methodology has no impact on patient collections. Net Patient Revenues for April are \$357,139 greater than budget. YTD financials reflect a PPS reconciliation liability	Finance Committee Report – May 2022	Cynthia motioned to approve the finance report and Charson seconded; motion was approved unanimously



accrual of \$250,000. YTD Medi-Cal payments for \$3,531,123 have been reflected on the Balance Sheet for FY2015, FY2016, and FY2017 according to the payment plan with DHCS. YTD Income Statement includes interest expense of \$179,533 for PPS liability payments made to DHCS for FY2015, FY2016, and FY2017. YTD financials include \$8.1M payment from SJGH related to the finalization of FY2020 financial statement audit and according to the separation agreement between SJGH and SJ Health. Also, YTD financials include \$4.1 payment from SJGH related to unaudited FY2021 financial statement and according to the separation agreement between SJGH and SJ Health. YTD financials include funds transferred for \$12,486,985 to San Joaquin County as a payment for payroll and benefits paid by San Joaquin County on behalf of SJ Health from July 2021 through March 2022.

YTD Supplemental Revenue includes the recognition of estimated Quality Incentive Program revenue for \$9,971,649. Combined Grants Revenue includes revenues for Essential Access Title X, SOR2, Whole Person Care, Behavioral Health Integration, Health Net, American Rescue Plan (ARP) and other grants for \$2,081,520. Capitation and Managed Care Incentives include the YTD Capitation Revenue with an unfavorable variance to budget by \$607,668 mainly due to non-recognition of HEDIS revenue during the year. Also, Other Income includes the 340B Pharmacy Program revenue for \$1,266,785 and the program related expenses for \$834,761 are included in Supplies & Other Expenses categories on the financials. YTD financials reflect First Responder Program revenue for \$10,000. YTD Other Revenue includes revenues accrued for \$563,259 related to Purchased Services provided to SJGH by SJCC per the MOU and Interest Income of \$22,318. Total Net Operating Revenues are favorable to budget by \$2,394,435.

YTD Salaries and benefits expenses exhibit an unfavorable variance to budget of \$628,892. YTD financials include a favorable adjustment of \$533,333 to true up the estimated accrued expenses related to Residents' Salaries and Benefits and Other Expenses from July through February. Other operating expenses exhibit an unfavorable variance of \$876,541 largely due to Purchased Services with favorable variance of \$1,054,475 mainly offset by unfavorable variance in Professional Fees, Supplies, Interest and Miscellaneous Expenses \$1,931,016. An estimated expense for the Purchased Services is recorded from July through April based on the MOU.

Unaudited, as presented, Net Income of \$2,357,369 on a year-to-date basis is favorable compared to budget by \$889,002.

Operating margin is 4% against a Capital Link benchmark of >3%. Bottom line margin is 7% against a benchmark of >3%. Days cash on hand are at 89 days against a benchmark of >45 days. Days in net patient receivables is at 36 days against a benchmark of <60 days. Personnel-related expenses are at 73% against a benchmark of <70%.



<p>8. <u>Legislative Updates & Grants (Jeff Slater)</u> No legislative updates or grants this month.</p>	No attachments	No action required
<p>9. <u>Approval of FY22-23 Operational Budget & Capital Budget</u> Revenue components of FY2023 budget were reviewed. Patient revenues estimated at \$24.4 million, QIP revenues estimated at \$12.6 million, capitation & incentive revenues estimated at \$6.1 million, grant/MOU revenues estimated at \$3.8 million, and other revenues estimated at \$2.3 million for a total budget of \$49.2 million.</p> <p>Cost centers were reviewed. Clinics comprise 8 cost centers for a total of \$24.5 expenses. Grants/MOUs comprise 3 cost centers for a total of \$3.8 million expenses. Support departments comprise 34 cost centers for a total of \$18.8 million. Total expenses budgeted at \$47.1 million.</p> <p>FY23 FTE counts expected to increase by 26.1 from current count for a total FTE count of 203.5.</p> <p>Expected profitability is about \$2.1 million (4.31%). Projected cash balance at the end of FY23 is \$13.2 million.</p> <p>Capital budget was reviewed with 11 capital expenses identified. After accounting for all grants, expenditures, and 60 days reserve cash on hand, the estimated funds remaining for capital investment is \$6.2 million.</p>	SJ Health FY23 Budget Presentation	Charson motioned to accept the budget and Jodie seconded; motion was passed unanimously
<p>10. <u>CEO Report</u> Dr. Fadoo conducted a review of the 3-year strategic plan originally presented in June 2019 to show how many projects we have completed since then.</p> <p>COVID updates noted an uptick in cases over the last 30 days, with home testing likely contributing to an underreporting of the actual numbers.</p> <p>Budget will go to BoS for a vote on 6/7/22. Discussed \$1.8 million request for appropriations from Congressman Jerry McNerney for a Lodi expansion. Large hiring effort to fill new positions added in FY23 budget. Manteca clinic reopening scheduled for October 2022. SJ Health internal brand relaunch events on June 20, 21 & 22. Mobile clinic facility site review (FSR) to be on June 3.</p> <p>12 of 68 projects in our current three-year strategic plan now complete.</p>	CEO Report 05312022 SJ Health Board Meeting	No action required
<p>11. <u>Adjournment</u> There being no further topics of discussion, Rod Place adjourned the meeting at 6:42 p.m.</p>	No attachments	No action required