

**Minutes of May 23, 2022**  
**San Joaquin Health Centers Board of Directors – Finance Committee**

**Board Members Present:** Paul Antigua (Treasurer, Finance Committee Chair); Farhan Fadoo (SJHC CEO); Monica Fuentes (Finance Committee); Rod Place (Finance Committee); Tarsha Taylor-Godfrey

**Board Members Excused Absent:** none

**Board Members Unexcused Absent:** Esgardo Medina (Finance Committee)

**SJHC Staff:** Michael Allen (Board Clerk); Alice Souligne (COO)

**Guests:** none

AGENDA ITEM	ATTACHMENTS	ACTION
<p><b>1. <u>Call to Order (Paul Antigua, Treasurer)</u></b>            The meeting was called to order at 5:01 p.m. A quorum was established for today's meeting.</p>	No attachments	No action required
<p><b>2. <u>Approval of Minutes from 4/25/2022 (Paul Antigua, Treasurer)</u></b>            Minutes from April 25, 2022 were approved unanimously.</p>	Finance Committee Meeting Minutes 2022-04-25	Rod motioned to approve the minutes and Monica seconded; motion was approve unanimously
<p><b>3. <u>Presentation of Financials (Kris Zuniga, CFO)</u></b>            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 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.</p> <p>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</p>	Finance Committee Report – May 2022	

<p>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 &amp; 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.</p> <p>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.</p> <p>Unaudited, as presented, Net Income of \$2,357,369 on a year-to-date basis is favorable compared to budget by \$889,002.</p> <p>Operating margin is 4% against a Capital Link benchmark of &gt;3%. Bottom line margin is 7% against a benchmark of &gt;3%. Days cash on hand are at 89 days against a benchmark of &gt;45 days. Days in net patient receivables is at 36 days against a benchmark of &lt;60 days. Personnel-related expenses are at 73% against a benchmark of &lt;70%.</p>		
<p><b>4. Operational Budget &amp; Capital Budget</b>  Revenue components of FY2023 budget were reviewed. Patient revenues estimated at \$24.4 million, QIP revenues estimated at \$12.6 million, capitation &amp; 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>SJ Health FY23 Budget Presentation</p>	<p>No action required</p>



# SJ HEALTH

San Joaquin Health Centers

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.		
<b>5. <u>Update on 2020-21 Audits</u></b> Audit is nearing completion, but no draft audit report yet available. Audited financials expected by the June Board meetings.	No attachments	No action required
<b>6. <u>Adjournment</u></b> There being no further topics of discussion, Paul Antigua adjourned the meeting at 5:40 p.m.	No attachments	No action required

