

Minutes of March 28, 2023
San Joaquin Health Centers Board of Directors

Board Members Present: Farhan Fadoo (CEO); **Monica Fuentes***; **Brian Heck (Vice Chair)***; Cynthia King; Samantha Monks; Jodie Moreno; Rod Place (Board Chair); Kristin Shinn; Tarsha Taylor-Godfrey

Excused Absent: Karen Lee

Unexcused Absent: Jessica Hernandez; Esgardo Medina; Bernadette Pua

SJHC Staff: Michael Allen; Jonathon Diulio; Mary-Lou Milabu; Barbara Kissinger-Santos; Jeff Slater; Rajat Simhan; Alice Souligne; Susan Thorner; Kris Zuniga

Guests: Kronick Moskovitz Tiedemann & Girard Law Group

AGENDA ITEM	ATTACHMENTS	ACTION
<p>I. <u>Commencement/Call to Order (Rod Place)</u></p> <ol style="list-style-type: none"> The meeting was called to order at 5:33 p.m. A quorum was established for today's meeting. The agenda for today's meeting was approved unanimously. SJ Health Board of Directors' Attendance Record was made available. 	<p>2022 Board Member Attendance</p>	<p>1. Cynthia motioned to approve the minutes and Jodie seconded; motion was approved unanimously, including roll call votes from remote members</p>
<p>II. <u>Public Comment</u> None</p>	<p>No attachment</p>	<p>No action required</p>
<p>III. <u>Consent Calendar (Rod Place)</u></p> <ol style="list-style-type: none"> The minutes were approved by the board. 	<p>Board Minutes 2023-02-28</p>	<p>1. Cynthia motioned to approve the minutes and Kristin seconded; motion was approved unanimously, including roll call votes from remote members</p>
<p>IV. <u>Regular Calendar (Rod Place)</u></p> <ol style="list-style-type: none"> Reviewed Legal Services Agreement with Kronick Moskovitz Tiedemann & Girard. It was noted that we have already been working with them since November 2022 and this will formalize the engagement. Mary-Lou reported that the Quality Management Plan is not ready to present, so this will be deferred to the April meeting. February financials were presented. Billable visits for February are unfavorable to budget by 314, which is mainly related to the Manteca Clinic that has not begun its operations yet. The budgeted visits for February include projected visits for the Manteca Clinic. Net Patient Service Revenues for February are unfavorable to budget by \$111,500. <p>YTD Supplemental Revenue includes the recognition of estimated Quality Incentive Program revenue for \$8,222,214. Based on the most recent information received on the QIP distribution, QIP Revenue Receivable includes QIP Program</p>	<p>CFO Presentation – 2023-02; Finance Narrative – 2023-02</p>	<ol style="list-style-type: none"> Jodie motioned to approve the engagement with Kronick et al. and Samantha seconded; motion was approved unanimously, including roll call votes from remote members No action required Tarsha motioned to approve the Finance Report and Cynthia seconded; motion was approved unanimously, including roll call votes from remote members No action required No action required

Revenue related favorable adjustments for \$849,355 from January through December 2021 for PY4 and unfavorable adjustments for \$2,580,904 from January through June 2022 for PY5 respectively. Also, YTD financials include the reversal of estimated QIP reserves for \$2,425,128 for prior years. Combined Grants Revenue includes revenues for Behavioral Health Integration, Discovery Challenge Academy, SOR2, Connect2Care, HEDIS, Enhanced Care Management and American Rescue Plan (ARP) grants for \$3,996,225. Also, YTD grant revenues are higher than budget due to the recognition of American Rescue Plan (ARP) grant revenue for \$765,299 for activity related to January 2021 through June 2021 period in July. Capitation and Managed Care Incentives are trending higher than budget with a favorable variance of \$203,620. YTD Other Revenue includes revenues accrued for \$424,781 related to Purchased Services provided to SJGH by SJCC per the MOU and Interest Income of \$45,153. Total YTD Operating Revenue is unfavorable to budget by \$196,763.

YTD Salaries and benefits expenses exhibit a favorable variance to budget by \$4,317,702 mostly due to lower than budgeted salaries and benefits for SJGH providers and employees providing services for the clinics. Also, Salaries and Benefits expenses are low due to YTD adjustment recorded in November to true up the payroll liabilities. Other operating expenses exhibit an unfavorable variance of \$2,876,626 largely due to Purchased Services with a favorable variance of 3,061,576 mainly offset by unfavorable variance in Professional Fees, Supplies, Interest, Depreciation, and Other Expenses for \$5,938,202. February financials reflect the Purchased Services expense true up from July through December based on the actual expense information provided by SJGH, which resulted in the reclassification of various expenses such as rents, repairs, professional fees, utilities, supplies, labor and other expenses from Purchased Services to their respective expense categories. An estimated expense for the Purchased Services is recorded for January and February based on the MOU. YTD expenditures are favorable to budget by \$1,441,076.

Unaudited, as presented, Net Income of \$1,667,929 on a year-to-date basis is favorable compared to budget by \$1,244,313.

Capital Link fiscal year benchmarks were reviewed, showing Operating Margin at 4% against a goal of >3%, Bottom Line Margin at 5% against a goal of >3%, Days Cash on Hand at 74 against a goal of >45 days, Days in Net Patient Receivables at 24 against a goal of <60 days, and Personnel-Related Expenses at 71% against a goal of <70%.

4. Credentialing & Privileging Report was not ready for presentation. C&P team will present at the April meeting.
5. CEO Report was presented. The Manteca clinic successfully passed its Facility Site Review (FSR) and had its "soft open" on 3/27/23, seeing a total of 6 patients on that day. Business

<p>is expected to ramp up the week of 4/3/23 when we will have more providers in clinic.</p> <p>Strategic Plan project dashboard was presented. The majority of projects are completed and no concerns were noted about the projects currently in process or not started.</p>		
<p>V. <u>CLOSED SESSION</u></p> <p>1. Significant Exposure to Litigation [<i>Gov Code §54956.9(b)</i>] Counsel updated the Board on potential litigation risk. The Board directed counsel to keep the Board apprised of developments. There were no actions requiring a formal vote coming out of closed session.</p>	No attachments	1. No action required
<p>VI. <u>Adjournment (Rod Place)</u></p> <p>There being no further topics of discussion, Rod Place adjourned the meeting at 7:19 p.m.</p>	No attachments	No action required

***NOTE: Board Members in red joined remotely**