SJ HEALTH
San Joaquin Health Centers

Minutes of November 28, 2023
San Joaquin Health Centers Board of Directors – Finance Committee

Board Members Present: Greg Diederich (Interim CEO); Monica Fuentes; Brian Heck; Karen Lee (Finance); Samantha Monks (Finance); Kristin Shinn
Board Members Excused Absent: Rod Place (Finance Chair)
Board Members Unexcused Absent: none
SJHC Staff: Michael Allen (Board Clerk); Cynthia Rios; Kris Zuniga
Guests: Brandi Hopkins

AGENDA ITEM	ATTACHMENTS	ACTION
1. Call to Order (Karen Lee) The meeting was called to order at 5:03 p.m. A quorum was established for today's meeting.	No attachments	No action required
2. Approval of Minutes from 9/26/23 & 10/24/23 (Karen Lee) Minutes from September 26, 2023 & October 24, 2023 were approved unanimously.	Finance Committee Minutes 2023-09-26; Finance Committee Minutes 2023-10-24	Samantha motioned to approve the minutes from September & October and Karen seconded; motion was approved unanimously
3. Presentation of Financials (Kris Zuniga) Billable visits for October are unfavorable to budget by 992 visits. The decline in visits is mainly related to vacant positions and physician turnover in FY24. The recruitment efforts are ongoing to fill the vacant positions. Net Patient Service Revenues for October are unfavorable to budget by $133,418. The decrease in Net Patient Service revenues is in line with the decline in visits. YTD financials reflect an estimated July through October PPS liability accrual of $100,000. The payment for $2,911,137 pertaining to the outstanding Medi-Cal PPS liabilities due to DHCS for FY2020 and FY2021 has been made in full and is reflected on the YTD financials. YTD Supplemental Revenue includes the recognition of estimated Quality Incentive Program (QIP) revenue for $3,953,316, which plays a significant role in the profitability of SJHC. Combined Grants Revenue includes revenues for CCAEC, Exact Sciences Focus Program, ARPA, ACE/Practice, Test To Treat Equity, HRSA Expanding Covid Vaccinations, SOR3, Path Cited, DCA, and HHIP Street Medicine grants for $1,425,805. Also, YTD ARPA grant revenues are higher compared to budget due to the recognition of $794,322 for activity related to July 2022 through September 2023 period. YTD financials include Capitation Revenue for $2,126,090 with consistent monthly physician capitation payments. The 340B Pharmacy program revenue for $560,433 has been reflected on the YTD financials and is in line with the budget. Other Revenue includes revenues accrued for $211,305 related to Purchased Services provided to SJGH by SJHC per the MOU. YTD Interest income for $329,920 has been reflected on the financials, which is favorable compared to budget by $307,343 mainly due to higher cash balance. Total YTD Operating Revenue is unfavorable to budget by $783,549 primarily due to the decline in billable visits and budgetary underperformance in the SJHC grant portfolio.	CFO Presentation – 2023-10; Finance Narrative – 2023-10	No action required

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Salaries and Benefits expenses exhibit a favorable variance to budget by $409,182 which is mainly related to lower benefits expense. For purposes of annual budgeting, per SJ County direction, county employees purchased by SJHC were budgeted at 66% benefits cost to salaries. Year-to-date actual benefits cost as a percentage of salaries, as of October 2023 is 41%. Other operating expenses exhibit an unfavorable variance of $217,396 largely due to an unfavorable variance for $775,744 in Professional Fees, Purchased Services, Dues, Repairs, Depreciation, Telephone, and Advertising expenses offset by a favorable variance of 558,347 reflected in the Supplies, Interest, Office, Travel, Insurance, Utilities, Rent and other expense categories. An estimated expense for the Purchased Services is recorded for July through October based on the MOU. YTD total Operating Expenditures are favorable to budget by $191,786. Unaudited, as presented, Net Loss of $19,033 on a year-to-date basis is unfavorable compared to budgeted Net Income of $572,730. Capital Link fiscal year benchmarks were reviewed, showing Operating Margin at -0.1% against a goal of >3%, Bottom Line Margin at -0.1% against a goal of >3%, Days Cash on Hand at 152 against a goal of >45 days, Days in Net Patient Receivables at 31 against a goal of <60 days, and Personnel-Related Expenses at 83% against a goal of <70%. Addition of chiropractor services out of our French Camp Clinic was discussed. Once at full capacity, expected annual operating margin would be $1.8 million. Intermittent strategy to consolidate all French Camp clinics into HBF to utilize their PPS rate and all Stockton clinics into FPCC to utilize their PPS rate. This is an easier process and would circumvent the need for a PPS redetermination.		
4. <u>Adjournment (Karen Lee)</u> There being no further topics of discussion, Karen adjourned the meeting at 5:32 p.m.	No attachments	No action required