SJ HEALTH
San Joaquin Health Centers

Minutes of January 30, 2024
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: none
Board Members Unexcused Absent: Rod Place (Finance Chair)
SJHC Staff: Michael Allen (Board Clerk); Reuben Pettiford; Cynthia Rios; Daniel Vega; Kris Zuniga
Guests: none

AGENDA ITEM	ATTACHMENTS	ACTION
1. **Call to Order (Karen Lee)** The meeting was called to order at 4:50 p.m. A quorum was established for today's meeting.	No attachments	No action required
2. **Approval of Minutes from 11/28/2023 (Karen Lee)** Minutes from November 28, 2023 were approved unanimously.	Finance Committee Minutes 2023-11-28	Samantha motioned to approve the minutes from November and Karen seconded; motion was approved unanimously
3. **Presentation of Financials (Kris Zuniga)** Billable visits for December are unfavorable to budget by 3,007 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 December are favorable to budget by $834,298, which is mainly related to a true up adjustment recorded for $1,389,977 for FY2023 PPS reconciliations. Also, YTD financials include a favorable adjustment of $126,100 related to the true up of prior period payment received from DHCS in July 2023. YTD financials reflect an estimated July through December PPS liability accrual of $150,000. 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 $5,929,974, 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, Heluna Health, HRSA Expanding Covid Vaccinations, SOR3, Path Cited, Discovery Challenge Academy, ECM, and HHIP Street Medicine grants for $1,647,352. 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 $3,180,316 with consistent monthly physician capitation payments. The 340B Pharmacy program revenue for $1,091,135 has been reflected on the YTD financials and is higher than the budget by $238,198. The increase in 340B program revenues is mainly due to the recognition of CVS pharmacy related revenues for $361,005 on the YTD financials. YTD financials include Managed Care Incentives revenue for $503,362 mainly related to the HEDIS incentive payment of $503,092 received in	CFO Presentation – 2023-12; Finance Narrative – 2023-12	No action required

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December for Year 2022. Due to the underperformance on the Hedis measures, the incentive revenue payment SJ Health received is lower than the total potential incentive payment of $1M. Other Revenue includes revenues accrued for $307,500 related to Purchased Services provided to SJGH by SJHC per the MOU. YTD Interest income for $329,971 has been reflected on the financials, which is favorable compared to budget by $296,107 mainly due to higher cash balance. Total YTD Operating Revenue is unfavorable to budget by $106,478 primarily due to the decline in billable visits and budgetary underperformance in the SJHC grant portfolio. Salaries and Benefits expenses exhibit a favorable variance to budget by $1,292,747 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 December 2023 is 41%. Other operating expenses exhibit an unfavorable variance of $357,100 largely due to an unfavorable variance for $1,158,280 in Professional Fees, Dues, Repairs, Depreciation, Telephone, Insurance, and Advertising expenses offset by a favorable variance of $801,179 reflected in the Supplies, Purchased Services, Interest, Office, Travel, Utilities, Rent and other expense categories. An estimated expense for the Purchased Services is recorded for July through December based on the MOU. YTD total Operating Expenditures are favorable to budget by $935,647. Unaudited, as presented, Net Income of $1,394,771 on a year-to-date basis is favorable compared to budgeted Net Income of $565,603. YTD Net Income is favorable mainly due to the recognition of unbudgeted revenues related to PPS reconciliations for prior periods and Managed Care Incentive payments for $1,516,077 and $503,092 respectively. Capital Link fiscal year benchmarks were reviewed, showing Operating Margin at 5.7% against a goal of >3%, Bottom Line Margin at 5.7% against a goal of >3%, Days Cash on Hand at 161 against a goal of >45 days, Days in Net Patient Receivables at 25 against a goal of <60 days, and Personnel-Related Expenses at 77% against a goal of <70%.		
4. Adjournment (Karen Lee) There being no further topics of discussion, Karen adjourned the meeting at 5:32 p.m.	No attachments	No action required

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