

## Minutes of April 30, 2024

### San Joaquin Health Centers Board of Directors

**Board Members Present:** Greg Diederich (Interim CEO); Brian Heck (Board Chair); Japleen Kaur; Cynthia King; Karen Lee; Samantha Monks; Jodie Moreno\*; James Myers; Kristin Shinn; Tarsha Taylor-Godfrey

**Excused Absent:** Monica Fuentes

**Unexcused Absent:** none

**SJHC Staff:** Michael Allen (Board Clerk); Greg Diederich; Jonathon Diulio; Mary-Lou Milabu; Reuben Pettiford; Rajat Simhan; Susan Thorner; Kris Zuniga

**Guests:** Brandy Hopkins; Jennifer Scott

AGENDA ITEM	ATTACHMENTS	ACTION
<b>I. Commencement/Call to Order (Brian Heck)</b> 1. The meeting was called to order at 5:30 p.m. A quorum was established for today's meeting.  2. SJ Health Board of Directors' Attendance Record was made available.	2024 Board Member Attendance	No action required
<b>II. Public Comment</b> No public comment.	No attachment	No action required
<b>III. Consent Calendar (Brian Heck)</b> 1. The consent calendar for April 30, 2024 was presented: a. Minutes of SJ Health Board Meeting 03/26/2024	Board Minutes 2024-03-26	1. Kristin motioned to accept the minutes from the March meeting and Samantha seconded; minutes were approved unanimously
<b>IV. Regular Calendar (Brian Heck)</b> 1. Japleen Kaur introduced herself to the Board. The Governance Committee recommends Japleen Kaur be voted in as a full director of the SJ Health Board.  2. The Board took nominations from the floor to fill the vacant Treasurer position. Brian nominated Samantha and was voted in unanimously.  3. The Credentialing & Privileging Report was presented. Initial appointments are: Syung Min Jung, MD; Carol Simpson, NP; <del>Jeetinder Sohal, MD</del> canceled, per Dr. Diulio; and Tenzin Pelkyi, CNM. Resignations are: Richa Handa, MD (5/17/24); Imeline Troncales, MD (5/30/24); Bonnie Henderson, LCSW (5/31/24); Megha Goyal, MD (6/30/24); and Narinder Singh, MD (7/10/24).  4. The Finance Report was presented by Kris Zuniga. Year-to-date (YTD) billable visits as of March 2024 are unfavorable to budget by 2,454 visits. The decline in visits is mainly related to vacant positions and physician turnover in FY24. Recruitment efforts are ongoing to fill the vacant positions. Net Patient Service Revenues for the month of March are unfavorable to budget by \$196,974. YTD Net Patient Service revenue includes a true up adjustment recorded for \$1,389,977 for FY2023 PPS reconciliations in December 2023. Also, YTD financials include		1. James motioned to accept Japleen Kaur as a Board member and Cynthia seconded; motion was approved unanimously  2. Kristin motioned to appoint Samantha to the office of Treasurer and James seconded; appointment of Samantha was approved unanimously  3. Cynthia motioned to accept the Credentialing & Privileging Report and Karen seconded; the motion was approved unanimously

<p>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 YTD PPS liability accrual of \$225,000.</p> <p>YTD 340B pharmacy program revenues include supplemental payments received from Department of Health Care Services for \$735,778 and \$166,222 in February and March. Also, \$27,912 payment from CMS has been reflected on the YTD financials.</p> <p>YTD Supplemental Revenue includes the recognition of estimated Quality Incentive Program (QIP) revenue of \$12,516,988, which plays a significant role in the overall profitability of SJHC. YTD financials include the recognition of additional QIP Revenues for \$555,742 for PY5 (CY2022) and \$5,310,715 for PY6 (CY2023) and \$699,091 from January through March for PY7 (CY2024) based on the updated information received in February. Also, YTD financials include an estimated \$3,000,000 adjustment recorded as a QIP Revenue Reserve.</p> <p>YTD financials include Capitation Revenue of \$4,729,460 and Managed Care Incentives revenue of \$507,297. A HEDIS incentive payment of \$503,092 was received in December 2023 related to calendar year 2022 performance.</p> <p>YTD combined Grants Revenue includes revenues for CCAEC, Exact Sciences Focus Program, ARPA, ACE/Practice, Test-To - Treat Equity, KP Health Connect, Heluna Health, HRSA Expanding Covid Vaccinations, SOR3, Path Cited, Discovery Challenge Academy, ECM, and HHIP Street Medicine grants for \$2,573,166. 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.</p> <p>The 340B Pharmacy program revenue of \$2,474,002 has been reflected in the YTD financials and is higher than the budget by \$1,194,596. The increase in 340B program revenues is mainly due to the recognition of CVS pharmacy related revenues for \$361,005 along with supplemental payments received from DHCS for 902,000 on the YTD financials.</p> <p>Other Revenue includes revenues accrued for \$459,214 related to Purchased Services provided to SJGH by SJHC per the MOU. YTD Interest income for \$499,468 has been reflected on the financials, which is favorable compared to budget by \$448,670 mainly due to higher cash balance contained within the County Treasury.</p> <p>Total YTD Operating Revenue is favorable to budget by \$3,734,133 primarily due to the favorable QIP adjustments recorded in January and February.</p> <p>Salaries and Benefits expenses exhibit a favorable variance to budget by \$1,935,016 which is mainly related to lower benefits expense. For purposes of annual budgeting, per SJ County direction, county employees purchased by SJHC were</p>		<p>4. Karen motioned to accept the Finance Report and Kristin seconded; motion was approved unanimously</p> <p>5. No action required</p> <p>6. No action required</p> <p>7. No action required</p>
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budgeted at 66% benefits cost to salaries. Year-to-date actual benefits cost as a percentage of salaries, as of March 2024 is 43%.

Other operating expenses exhibit an unfavorable variance of \$1,087,428 largely due to an unfavorable variance for \$2,131,436 in Professional Fees, Dues, Repairs, Telephone, Insurance, Travel, Utilities, and Advertising expenses offset by a favorable variance of \$1,044,008 reflected in the Purchased Services, Supplies, Depreciation, Interest, Office, Rent and other expense categories. An estimated accrual for the Purchased Services is recorded for July through March based on the MOU with the County for services purchased from San Joaquin General Hospital. YTD total Operating Expenditures are favorable to budget by \$847,588.

Unaudited, as presented, Net Income of \$5,282,193 on a year-to-date basis represents a favorable variance of \$4,581,720 as compared to budgeted Net Income of \$700,473. YTD Net Income is favorable mainly due to the recognition of unbudgeted revenues related to PPS reconciliations for prior periods for \$1,516,077, Managed Care Incentive payments for \$503,092, and QIP revenue related adjustments for \$6,565,547 for PY5, PY6 and January through March 2024 for PY7 partially offset by an increase in the QIP revenue reserve of \$3,000,000.

Capital Link fiscal year benchmarks were reviewed, showing Operating Margin at 12.8% against a goal of >3%, Bottom Line Margin at 13.0% against a goal of >3%, Days Cash on Hand at 163 against a goal of >45 days, Days in Net Patient Receivables at 31 against a goal of <60 days, and Personnel-Related Expenses at 71% against a goal of <70%.

5. The CEO Report was presented by Greg Diederich.
  - Still have a few outstanding issues from our HRSA OSV; will consult with HRSA for guidance.
  - Clinic Coordinator Danny Vega's last day will be 5/10/24.
  - BOS approved the job description for the CEO; salary recommendations to be reviewed 5/14/24. Moving forward with UCS Solutions for CEO recruitment.
  - Recruiting PT-to-FT MAs with new positions granted. Adding more clinic support staff, as well.
  - HRSA Congressional Grant could possibly be used to set up dental clinic in Manteca.
  - Sunlight Giving Grant renewal in the amount of \$90K.
  - HPSJ Gift Card MOU was implemented.
  - Continuing to engage with SJC HR, leadership, and BOS regarding healthcare worker minimum wage increase.
  - Both SJ Health investigations expected to complete by end of May 2024.
  - Continuing management meetings to work on employee engagement and morale.

6. The CMO Report was presented by Dr. Jonathon Diulio.

<ul style="list-style-type: none"> <li>• Discussed provider recruiting strategies, including working with County, using recruiter services, partnering with HPSJ to offset cost of providers who see only HPSJ members for gap closure</li> <li>• New nurse practitioner started in April, with 2 more NPs starting in May; 3 additional NPs joining between May – July</li> <li>• QIP PY6 validation is under way, with scores anticipated to exceed 90%</li> <li>• Saturday gap clinics for screenings continue</li> <li>• Working on improving clinical workflows, schedule standardizations compliant with intermittent clinic strategy, cross-coverage capability, improved documentation, outreach partnership with managed MediCal plans</li> </ul> <p>7. The COO report was presented by Reuben Pettiford.</p> <ul style="list-style-type: none"> <li>• COO responsibilities include organizational changes to improve quality &amp; productivity, while reducing costs</li> <li>• Development &amp; execution of strategic plan</li> <li>• Short-term goals include positive culture change, organization restructure, QIP improvement, HPSJ patient engagement, and improving patient access</li> <li>• Missed Appointment Policy in development</li> <li>• Schedule standardization underway</li> <li>• Intermittent clinic strategy implementation</li> <li>• Working with SJGH to improve Transitions of Care</li> <li>• Increased HR support</li> <li>• Working to complete HRSA corrective actions</li> <li>• Chiropractic and Dental scheduled to launch July 2024</li> </ul>		
<p><b>V. Closed Session (Greg Diederich)</b> The closed session was commenced by Brian Heck pursuant to an update on significant exposure to litigation [Gov Code §54956.9(b)].</p> <p>Nothing to report out of closed session.</p>		<p>1. No action required</p>
<p><b>VI. Adjournment (Brian Heck)</b> There being no further topics of discussion, Brian Heck adjourned the meeting at 7:10 p.m.</p>	<p>No attachments</p>	<p>No action required</p>

**\*NOTE: Board Member joined remotely**