

Minutes of July 30, 2024

San Joaquin Health Centers Board of Directors

Board Members Present: Greg Diederich (Interim CEO); Greg Baumgarten; Monica Fuentes; Brian Heck (Board Chair); Japleen Kaur; Karen Lee; Samantha Monks (Treasurer); Jodie Moreno; James Myers; Tarsha Taylor-Godfrey

Excused Absent: Maryjane Castrence; Kristin Shinn (Vice Chair)

Unexcused Absent: none

SJHC Staff: Michael Allen (Board Clerk); Kim Cuellar; Jonathon Diulio; Mary-Lou Milabu; Reuben Pettiford; Cynthia Rios; Jennifer Scott; Susan Thorner; Kris Zuniga

Guests: Rick Castro; Brandy Hopkins

AGENDA ITEM	ATTACHMENTS	ACTION
I. Commencement/Call to Order (Brian Heck) 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
II. Public Comment No public comment.	No attachment	No action required
III. Consent Calendar (Brian Heck) 1. The consent calendar for June 25, 2024 was presented: a. Minutes of SJ Health Board Meeting 06/25/2024	Board Minutes 2024-06-25	1. Jodie motioned to accept the minutes from the June meeting and Samantha seconded; minutes were approved unanimously
IV. Regular Calendar (Brian Heck) 1. SJGH CEO Rick Castro gave a presentation to the board, which included personal and professional history and a focus on population health in San Joaquin County. He feels there can be more collaboration between the clinics and the hospital, which could result in cost savings. 2. The Credentialing & Privileging Report was presented. Resignations are: Narinder Singh, MD (last day: 7/10/24), and Bonnie Henderson, LCSW (last day: 7/15/24) 3. The June financials were presented by Kris Zuniga. Year-to-date (YTD) billable visits as of June 2024 are unfavorable to budget by 16,479 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 June are unfavorable to budget by \$435,166. 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 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 \$300,000.		1. No action required 2. No action required 3. Karen motioned to accept the Finance Report and Monica seconded; motion was approved unanimously 4. Deferred to next month 5. No action required 6. No action required 7. No action required 8. No action required

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.

YTD Supplemental Revenue includes the recognition of estimated Quality Incentive Program (QIP) revenue of \$16,237,545, 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 \$1,398,181 from January through June 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.

YTD financials include Capitation Revenue of \$6,263,967 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.

YTD combined Grants Revenue includes revenues for Sunlight Giving, USDA, CCAEC, Exact Sciences Focus Program, ARPA, ACE/Practice, Test-To -Treat Equity, KP Health Connect, Heluna Health, HRSA Expanding Covid Vaccinations, SOR3, Path Cited, Accelerating Readiness For An Aging Population Learning Community, Discovery Challenge Academy, ECM, and HHIP Street Medicine grants for \$3,572,521. Also, YTD financials include ARPA grant revenues related to the reimbursement of pension costs for \$53,762 from November 2022 through June 2023. YTD combined grant revenues are unfavorable to budget by \$1,662,102 mainly due to an underperformance of grant portfolio.

The 340B Pharmacy program revenue of \$2,889,925 has been reflected in the YTD financials and is higher than the budget by \$1,184,050. 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.

Other Revenue includes revenues accrued for \$594,546 related to Purchased Services provided to SJGH by SJHC per the MOU. YTD Interest income for \$665,913 has been reflected on the financials, which is favorable compared to budget by \$598,183 mainly due to higher cash balance contained within the County Treasury.

Total YTD Operating Revenue is favorable to budget by \$3,724,424 primarily due to the favorable QIP adjustments recorded in January and February.

Salaries and Benefits expenses exhibit a favorable variance to budget by \$3,130,921 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 June 2024 is 44%.

Other operating expenses exhibit an unfavorable variance of \$1,499,855 largely due to an unfavorable variance for \$2,918,996 in Professional Fees, Dues, Repairs, Telephone, Insurance, Travel, Utilities, Rent, and Advertising expenses offset by a favorable variance of \$1,419,141 reflected in the Purchased Services, Supplies, Depreciation, Interest, Office, and other expense categories. An estimated accrual for the Purchased Services is recorded for July through June based on the MOU with the County for services purchased from San Joaquin General Hospital. YTD total Operating Expenditures are favorable to budget by \$1,631,066.

Unaudited, as presented, Net Income of \$5,809,825 on a year-to-date basis represents a favorable variance of \$5,355,490 as compared to budgeted Net Income of \$454,335. 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 \$7,264,638 for PY5, PY6 and January through June 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 10.8% against a goal of >3%, Bottom Line Margin at 11.1% against a goal of >3%, Days Cash on Hand at 200 against a goal of >45 days, Days in Net Patient Receivables at 38 against a goal of <60 days, and Personnel-Related Expenses at 72% against a goal of <70%.

4. A Missed Appointment Policy was deferred from last month, pending consultations with insurance providers and language around triaging. Concerns have been addressed and the board is encouraged to approve this policy, however the vote is being deferred to next month.
5. Only 4 directors had responded by the July meeting, so this is deferred to next month.
6. Greg gave a presentation on the Prop 1 grant opportunity. This will be a facility addressing mental health and substance abuse issues, with hopes to open an urgent care to also serve SJ Health clinic patients and reduce ED utilization. HPSJ will also be contributing funding for youth substance abuse services.
7. Kris gave an introduction to the PACE program, which is an all-inclusive care for the elderly (55+ years old), including adult day health center, outpatient services, behavioral health, inpatient services, transportation, medications, and more. This is a capitated care program. An assessment will be conducted to determine financial feasibility and market reach.
8. The CMO Report was presented by Dr. Jonathon Diulio. Filling vacancies remains a priority, but we have several providers

<p>that have started or will start within the next month. Two providers who tendered resignations have rescinded them and we will begin offering pediatric and OBGYN services at our Manteca clinic.</p> <p>New templates will go live for providers in September. SJGH's family medicine program will begin staffing more clinical time.</p> <p>9. The COO report was presented by Reuben Pettiford. The findings from the OSV have been resolved and written confirmation is pending.</p> <p>10. The CEO Report was presented by Greg Diederich. There may be possibility to expand clinical services into the old veteran's building near the HPSJ headquarters.</p>		
<p>V. <u>Closed Session (Brian Heck)</u> CEO evaluations were compiled and summaries were presented. Only 6 evals were returned over the last 2 months. Brian asked that we give the members 1 additional week to complete outstanding evaluations and the updated CEO report will then be made available for Brian to present to Greg prior to the next session.</p>		No action required
<p>VI. <u>Adjournment (Brian Heck)</u> There being no further topics of discussion, Brian Heck adjourned the meeting at 8:15 p.m.</p>	No attachments	No action required

***NOTE: Board Member joined remotely**