

Minutes of January 28, 2025

San Joaquin Health Centers Board of Directors

Board Members Present: Stacy Ferreira (Interim CEO); Monica Fuentes; Brian Heck (Board Chair); Rick Ledo; Samantha Monks (Treasurer); Jodie Moreno; James Myers; Kristin Shinn (Vice Chair)

Excused Absent: Becky Cook

Unexcused Absent: None

SJHC Staff: Michael Allen (Board Clerk); Kim Cuellar; Jonathon Diulio; Mary-Lou Milabu; Reuben Pettiford; Cynthia Rios; Rachna Sharma

Guests: Brandi 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 January 28, 2025 was presented A. Minutes of SJ Health Board Meeting December 17, 2024	SJ Health Board Minutes 2024-12-17	1. Jodie motioned to accept the consent calendar and Samantha seconded; the motion was approved unanimously
IV. Regular Calendar (Brian Heck) 1. Vasquez Company presented the results of the FY 2024 audit. They are presenting a "clean" opinion. No material exceptions identified for cash & cash equivalents, patient revenue & receivables, grant/quality incentives, or any other domains. No material weaknesses noted. No significant deficiencies noted. No noted audit findings that would be required to be reported based on uniform guidance. Total federal expenditures were \$1.5 million. IT audit process still underway, with 4 domains between 70 – 90% complete. This does not affect the results of the single audit. There were 5 repeat findings and 3 current year findings to be reported as performance improvement observations. The statement of financial position was presented, showing \$11.6 million increase in net assets over 2023 numbers.	1. No attachment 2. Credentialing & Privileging Report – January 2025 3.	1. Kristin motioned to accept the 2024 audit report and Samantha seconded; the motion was approved unanimously 2. James motioned to accept the Credentialing & Privileging Report and Monica seconded; the motion was approved unanimously 3. Kristin motioned to accept the November financials and Rick seconded; motion was passed unanimously Jodie motioned to accept the December financials and Monica seconded; motion was passed

<p>2. Kim Cuellar presented the Credentialing & Privileging Report. Initial appointment is for Barbara Walston, NP. Reappointments are Nancy Field, MD; Julia Goldin, CNM; Zabihullah Wardak, MD; Veronique Tache, MD; Vivian Cefalo, CNM; Rob Harriz, MD; Trevor Wilson, MD; Rajdeep Sahota, MD. Resignations are Claudia Fagilde, NP (effective 1/10/25); Mahnoosh Seifoddini (effective 1/23/25); Dennis Nguyen, NP (effective 1/30/25).</p> <p>3. Rachna presented the financials for November 2024.</p> <p>Year-to-date (YTD) billable visits as of November are unfavorable to budget by 11,684 visits mainly related to 12,009 billable visits included in the FY25 budget pertaining to vacant positions not filled yet. Recruitment efforts are ongoing for additional providers to fill the vacant positions. One new provider is hired in December, and additional medical staff including one provider and one LCSW are hired in January. Job offers are being made to bring additional new providers on board soon. Net Patient Service Revenues for November are unfavorable to budget by \$570,632 primarily due to lower billable visits. YTD financials include the revenue recognition of \$400,000 for July and August for increase in revenues related to intermittent clinic strategy. YTD financials reflect an estimated YTD PPS liability accrual of \$125,000.</p> <p>YTD financials include \$596,285 related to the settlement payment received from Department of Health Care Services for FY2020 recorded in July 2024. In November, SJ Health Centers received the HEDIS incentive payment for \$1,212,593 for Year 2023 which has been reported on the FY25 balance sheet, and the related incentive revenue has been accrued in FY24.</p> <p>YTD Supplemental Revenue includes the recognition of estimated Quality Incentive Program (QIP) revenue of \$6,200,928. Also, YTD financials include Capitation Revenue for \$2,511,128 and 340B Pharmacy program revenue for \$1,407,620. Combined Grants Revenue includes revenues for Binational Health, ARPA, KP Health Connect, Bridge Access Program, Accelerating Readiness For An Aging Population, ECM, and HHIP Street Medicine grants for \$830,747.</p> <p>YTD Other Revenue includes revenues accrued for \$282,229 related to Purchased Services provided to SJGH by SJHC per the MOU. YTD Interest income for \$463,225 has been reflected on the financials, which is favorable compared to budget by \$233,017 mainly due to higher cash balance contained within the County Treasury.</p> <p>Total YTD Operating Revenue is unfavorable to budget by \$1,957,167 primarily due to lower billable visits in FY25.</p> <p>Salaries and Benefits expenses exhibit a favorable variance to budget by \$6,854,364 which is mainly related to vacant positions that have not filled yet along with the lower benefits expense. For purposes of annual budgeting, per SJ County direction, county employees purchased by SJHC were</p>		<p>unanimously</p> <p>4. No action required</p> <p>5. Samantha motioned to grant approval to submit UDS Report and Kristin seconded; motion was passed unanimously</p> <p>6. No action required</p> <p>7. No action required</p> <p>8. No action required</p> <p>9. No action required</p>
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budgeted at 65% benefits cost to salaries. Year-to-date actual benefits cost as a percentage of salaries, as of November 2024 is 46%.

Other operating expenses exhibit an unfavorable variance of \$1,504,734 largely due to an unfavorable variance for \$1,626,896 for Professional Fees, Purchased Services, Supplies, Dues, Repairs, Telephone, Travel, Insurance, Rent and Miscellaneous expenses offset by a favorable variance of \$122,162 reflected in the Depreciation, Interest, Office, Advertising, and Utilities expense categories. An estimated accrual for the Purchased Services is recorded for July through November is based on the MOU with the County for services purchased from San Joaquin General Hospital. YTD total Operating Expenditures are favorable to budget by \$5,349,629.

Unaudited, as presented, Net Income of \$1,477,162 on year-to-date represents a favorable variance of \$3,392,463 as compared to budgeted Net Loss of \$1,915,301. YTD Net Income is favorable mainly due to the actual salaries and benefits expenses lower than budget and accrual of revenues related to estimated PPS reconciliation settlements for FY25.

Capital Link fiscal year benchmarks were reviewed, showing Operating Margin at 7.1% against a goal of >3%, Bottom Line Margin at 7.1% against a goal of >3%, Days Cash on Hand at 209 against a goal of >45 days, Days in Net Patient Receivables at 31 against a goal of <60 days, and Personnel-Related Expenses at 73% against a goal of <70%.

Rachna then presented the financials for December 2024.

Year-to-date (YTD) billable visits as of December are unfavorable to budget by 16,251 visits mainly related to 16,143 billable visits included in the FY25 budget pertaining to vacant positions not filled yet. Recruitment efforts are ongoing for additional providers to fill the vacant positions. One new provider is hired in December, and additional medical staff including one provider and one LCSW are hired in January. Job offers are being made to bring additional new providers on board soon. Net Patient Service Revenues for December are unfavorable to budget by \$803,426 primarily due to lower billable visits. YTD financials include the revenue recognition of \$400,000 for July and August for increase in revenues related to intermittent clinic strategy. YTD financials reflect an estimated YTD PPS liability accrual of \$150,000.

YTD financials include \$596,285 related to the settlement payment received from Department of Health Care Services for FY2020 recorded in July 2024. In November, SJ Health Centers received the HEDIS incentive payment for \$1,212,593 for Year 2023 which has been reported on the FY25 balance sheet, and the related incentive revenue has been accrued in FY24.

YTD Supplemental Revenue includes the recognition of estimated Quality Incentive Program (QIP) revenue of \$7,441,114. Also, YTD financials include Capitation Revenue

for \$3,004,072 and 340B Pharmacy program revenue for \$1,616,068. Combined Grants Revenue includes revenues for Binational Health, ARPA, KP Health Connect, Bridge Access Program, Accelerating Readiness For An Aging Population, ECM, and HHIP Street Medicine grants for \$990,410.

YTD Other Revenue includes revenues accrued for \$329,936 related to Purchased Services provided to SJGH by SJHC per the MOU. YTD Interest income for \$463,280 has been reflected on the financials, which is favorable compared to budget by \$233,030 mainly due to higher cash balance contained within the County Treasury.

Total YTD Operating Revenue is unfavorable to budget by \$3,157,377 primarily due to lower billable visits in FY25.

Salaries and Benefits expenses exhibit a favorable variance to budget by \$8,209,409 which is mainly related to vacant positions that have not filled yet along with the lower benefits expense. For purposes of annual budgeting, per SJ County direction, county employees purchased by SJHC were budgeted at 65% benefits cost to salaries. Year-to-date actual benefits cost as a percentage of salaries, as of December 2024 is 46%.

Other operating expenses exhibit an unfavorable variance of \$1,842,325 largely due to an unfavorable variance for \$1,995,172 for Professional Fees, Purchased Services, Supplies, Dues, Repairs, Telephone, Travel, Insurance, Rent and Miscellaneous expenses offset by a favorable variance of \$152,847 reflected in the Depreciation, Interest, Office, Advertising, and Utilities expense categories. An estimated accrual for the Purchased Services is recorded for July through December is based on the MOU with the County for services purchased from San Joaquin General Hospital. YTD total Operating Expenditures are favorable to budget by \$6,367,083.

Unaudited, as presented, Net Income of \$1,939,211 on year-to-date represents a favorable variance of \$3,209,706 as compared to budgeted Net Loss of \$1,270,496. YTD Net Income is favorable mainly due to the actual salaries and benefits expenses lower than budget and accrual of revenues related to estimated PPS reconciliation settlements for FY25.

Capital Link fiscal year benchmarks were reviewed, showing Operating Margin at 7.7% against a goal of >3%, Bottom Line Margin at 7.7% against a goal of >3%, Days Cash on Hand at 211 against a goal of >45 days, Days in Net Patient Receivables at 27 against a goal of <60 days, and Personnel-Related Expenses at 73% against a goal of <70%.

4. Michael distributed forms for the annual board member eligibility verifications.
5. Stacy requested the board grant authority to submit the annual UDS report. Authority to submit was granted.

<p>6. The CMO report was presented by Dr. Jonathon Diulio. Barbara Walston, NP was hired to replace locum Dennis Nguyen, NP for mobile unit care. Two LCSWs have onboarded and are seeing patients in the clinics. Several locums have been offered extensions. SJ Health is assisting SJGH's Family Medicine residency program during a transition period which has left them short staffed.</p> <p>7. The COO report was presented by Reuben Pettiford. Call Center optimization efforts continue. Uplift for the Referral Management module in Cerner kicks off the first week of March; we will eventually be requiring usage by all providers to properly ensure loop closure. New floors and paint for the Stockton clinic will be paid for by the landlord (SJGH) and bid walks are commencing this week.</p> <p>8. The CEO report was presented by Stacy Ferreira. Tasks are being identified for us to address our assigned/unseen patient population. A Lean onsite evaluation is being conducted the first week of February. 2025-26 Staffing Budget is being developed, with inclusion of the Lodi Access Center. SJ Health has committed to following SMART goals for San Joaquin County's strategic plan, including efforts to maintain fiscal responsibility, promote organizational innovation, and support a healthy community.</p> <p>9. Brian Heck announced that board member Karen Lee has tendered her resignation, effective 1/27/2025.</p>		
<p>10. Closed Session (Brian Heck) 1. The Board discussed the interim CEO's employment status.</p>	No attachments	No action required
<p>11. Adjournment (Brian Heck) There being no further topics of discussion, Brian Heck adjourned the meeting at 8:30 p.m.</p>	No attachments	No action required

***NOTE: Board Member joined remotely**

Board Sign-Off: _____ Date: _____