

Minutes of March 25, 2025

San Joaquin Health Centers Board of Directors

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

Excused Absent: Jodie Moreno

Unexcused Absent: None

SJHC Staff: Michael Allen (Board Clerk); Jonathon Diulio; Mary-Lou Milabu; Cynthia Rios; Rachna Sharma; Jinpin Ying

Guests: Brandi Hopkins; Edison Jensen; Quendrih Macedo; Sandy Regalo

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.	2025 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 March 25, 2025 was presented A. Minutes of SJ Health Board Meeting February 25, 2025; Brian noted that he was not in attendance at the last meeting and requested a change be made to reflect that Kristin Shinn adjourned this meeting.	SJ Health Board Minutes 2025-02-25	1. James motioned to accept the consent calendar, with corrections to the minutes, and Becky seconded; the motion was approved unanimously
IV. Regular Calendar (Brian Heck) 1. Brian announced that he would be moving Item #4 on the posted agenda to the beginning of the session. Edison Jensen gave a summary of the nature of the investigation into Dr. Farhan Fadoo's actions as CEO of SJ Health; it was noted that there were no findings of fraudulent billing as a result of this investigation. He then took questions and comments regarding the updated Co-Applicant Agreement. James asked who would be the recipient of QIP funds. He was told the County Board of Supervisors (BoS) would be the funds administrator. Samantha asked why there was such a short timeframe for the SJ Health Board to review the updated Co-Applicant Agreement and vote on its acceptance. She was told that the timeframe was compliant with the Brown Act. She also noted that the hiring of MAs has been hindered by County hiring practices. Brandi noted that County hiring practices may become more flexible. Monica asked what happens if the County takes too much control. Edison responded that HRSA obligations will not change and referred her to the provided resolution. She	1. 2025-03-14 SJC FQHC CO-APPLICANT AGREEMENT v.18 - final version with all tracked changes; 2025-03-03 (2528-092) SJC Co-App Prepared for 03-25-25 SJCC Meeting; 2025-03-03 SJCC Board Letter v.2 2. Credentialing & Privileging Report – March 2025 3. CFO Presentation – 2025-02; Finance Narrative – 2025-02 4. 2025 FPL Sliding Fee Discount - UPDATED	1. Kristin motioned to table the vote to accept the Co-Applicant Agreement at this time and schedule a special board meeting on 4/9/2025 to address concerns and answer further questions, and James seconded; the motion was passed unanimously 2. James motioned to approve the Credentialing & Privileging list and Becky seconded; the motion was approved unanimously 3. Rick motioned to accept the Finance Report and Kristin seconded; motion was approved

<p>followed up by asking how often the Co-Applicant Agreement will be reviewed and he responded that this is the third iteration, that the Co-Applicant Agreement exists in perpetuity until/unless it is terminated.</p> <p>Brian asked if the Board of Supervisors are in agreement on the Co-Applicant Agreement and Edison responded that they are. Brian followed up by asking what the reason is for tighter financial control. Edison responded that the County is resuming its duties.</p> <p>Monica asked which other counties have a similar Co-Applicant Agreement and the answer was Contra Costa, Ventura, and Sacramento.</p> <p>Kristin asked if there were any service failures discovered during the investigation and was told that there were none.</p> <p>Brian asked if there could have been more collaboration on updating the Co-Applicant Agreement. Edison responded that it was made from a legal standpoint. Kristin asked that, without collaboration on the Co-Applicant Agreement, how can collaboration be expected going forward? No answer was given.</p> <p>James noted that not enough time was allowed to review the document. Edison stated that the Co-Applicant Agreement will not change.</p> <p>Becky noted that she does not feel comfortable voting to approve without understanding the document and collaborating on it. She also asked how a hospital CMO can be responsible for clinical quality, when they are so vastly different? Brandi answered that the goal is an integrated system.</p> <p>Stacy asked, with the County systems currently in place, how can the health center stay agile? There was no answer to this. She then asked about the arbitration clause and who would represent the Board in arbitration? Quenny answered that the health center and the county would be jointly represented by County Counsel, unless there is litigation, which would necessitate the health center seeking separate counsel.</p> <p>Brian asked about the 180-day dissolution clause and Edison responded that the Board of Supervisors will decide next steps, including possibly dissolving current Co-Applicant Agreement with 180 days' notice.</p> <p>Kristin asked how further integration would allow the health center to see more assigned lives. Edison responded that a</p>	<p>3-25-25</p> <p>5. CMO Report March 2025</p> <p>6. Operations Report 3-25-25</p> <p>7. March 25 Interim CEO Board Report</p> <p>8. No attachments</p>	<p>unanimously</p> <p>4. James motioned to accept the Sliding Fee Scale and Rick seconded; motion was approved unanimously</p> <p>5. No action required</p> <p>6. No action required</p> <p>7. No action required</p> <p>8. No action required</p>
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population health initiative could improve outcomes.

Stacy asked how changes will affect contractors. Brandi responded that contractors will still be utilized, but the County will act as a double-check on contracts. Stacy followed-up by asking how the updated Co-Applicant Agreement would affect finances. Brandi answered that finances will remain separate, as with all other county departments. Rachna inquired how this would affect purchasing and Brandi responded that SJ Health would follow all County purchasing rules.

Becky asked how a hospital CMO could manage clinical quality. Dr. Diulio added that a hospital CMO is not an appropriate role to oversee clinical quality goals and this would not lead to better patient outcomes. Cynthia added that a hospital CMO would not be a good fit.

Brian stated that an integration plan would be needed to move forward. At this time, it was determined that the Board would not vote to accept the updated Co-Applicant Agreement and would vote to continue this discussion at a future ad hoc meeting. It was agreed that 4/9/2025 would be a good date to schedule this and a motion was put forth on this and approved.

2. Jonathon Diulio presented the Credentialing & Privileging Report. Initial appointments are: Charles Tupper, MD; Rosemond Nguiffo, NP. Reappointments are: Asma Jafri, MD; Scott Baron, PA; Yvan Tranquille, MD; Jason Bass, MD; Mohsen Saadat, MD. Resignation is: Vivian Cefalo, CNM.
3. February financials were reported by Rachna. Year-to-date (YTD) billable visits as of February are unfavorable to budget by 23,902 visits mainly related to 24,215 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. Net Patient Service Revenues for February are unfavorable to budget by \$884,652 primarily due to lower billable visits. YTD financials reflect an estimated YTD PPS liability accrual of \$200,000.

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. Also, additional patient service revenue has been accrued for \$29,989 in February 2025 based on the FY24 Medicare Cost Report submitted to CMS.

YTD Supplemental Revenue includes the recognition of estimated Quality Incentive Program (QIP) revenue of \$10,045,503. Also, YTD financials include Capitation Revenue for \$3,997,090 and 340B Pharmacy program revenue for \$1,953,367. 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 \$1,342,414.

YTD Other Revenue includes revenues accrued for \$440,495 related to Purchased Services provided to SJGH by SJHC per the MOU. YTD Interest income for \$680,529 has been reflected on the financials, which is favorable compared to budget by \$335,195 mainly due to higher cash balance contained within the County Treasury.

Total YTD Operating Revenue is unfavorable to budget by \$4,858,250 primarily due to lower billable visits in FY25.

Salaries and Benefits expenses exhibit a favorable variance to budget by \$10,526,940 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 February 2025 is 48%.

Other operating expenses exhibit an unfavorable variance of \$2,148,284 largely due to an unfavorable variance for \$2,346,045 for Professional Fees, Purchased Services, Supplies, Dues, Repairs, Telephone, Travel, Insurance, Rent and Miscellaneous expenses offset by a favorable variance of \$197,761 reflected in the Depreciation, Interest, Office, Advertising, and Utilities expense categories. An estimated accrual for the Purchased Services is recorded for July through February 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 \$8,378,656.

Unaudited, as presented, Net Income of \$2,766,360 on year-to-date represents a favorable variance of \$3,520,406 as compared to budgeted Net Loss of \$754,046. YTD Net Income is favorable mainly due to the actual salaries and benefits expenses lower than budget and the recognition of PPS reconciliation settlements for prior years along with the higher than budgeted revenues recorded related to interest income and 340B pharmacy program.

Capital Link fiscal year benchmarks were reviewed, showing

<p>Operating Margin at 8.5% against a goal of >3%, Bottom Line Margin at 8.5% against a goal of >3%, Days Cash on Hand at 203 against a goal of >45 days, Days in Net Patient Receivables at 33 against a goal of <60 days, and Personnel-Related Expenses at 72% against a goal of <70%.</p> <ol style="list-style-type: none"> Rachna presented the updated Sliding Fee Scale. Nominal fee evaluation is forthcoming. Only the new sliding fee scale with updated federal poverty level data was presented. Dr. Diulio gave his CMO report. Provider recruitment continues, with many physicians, nurse practitioners, and physician assistants in the pipeline. March is the last scheduled gap clinic. Our LCSWs are meeting with BHS to improve bidirectional referrals. Clinical pharmacists scope will now include medication reconciliation and coumadin management after closure of SJGH coumadin clinic. Diabetes clinic is transitioning into a Chronic Disease Clinic, including blood pressure medication titration and other chronic diseases. Incentive program will have quarterly adjustments to better align with patient needs. CHF Clinic will become exclusive to SJ Health patients within several months. Working on several fixes related to Quest lab issues. Cynthia presented the Operations Report. Staff development team is conducting staff competencies and trainings. New hire recruitments continue. LUMA and Phone Center messaging is being utilized to improve patient communications. Stacy presented her CEO Report. Lean engagement to develop strategic planning has begun; focus will be on three domains: improving access, service excellence, and workforce development. Working on 2025-26 budget, including a request for 53 new positions, of which 39 will be to convert PT to FT. Work on the Lodi clinic collaboration continues. Renewed an agreement with YesIT for CIO services and entered a new agreement with Delta College for student clinical rotations. 		
<p>V. <u>Closed Session (Brian Heck)</u></p> <ol style="list-style-type: none"> The Board discussed the interim CEO's employment contract. Nothing to report out of closed session. 	No attachments	No action required
<p>VI. <u>Adjournment (Brian Heck)</u></p> <p>There being no further topics of discussion, Brian Heck adjourned the meeting at 8:37 p.m.</p>	No attachments	No action required

***NOTE: Board Member joined remotely**

Board Sign-Off: _____ **Date:** _____