

Minutes of March 25, 2025

San Joaquin Health Centers Board of Directors – Finance Committee

Board Members Present: Stacy Ferreira (Interim CEO); Brian Heck (Finance); Rick Ledo (Finance); Samantha Monks (Finance Chair)

Board Members Excused Absent: None

Board Members Unexcused Absent: None

SJHC Staff: Michael Allen (Board Clerk); Rachna Sharma

Guests: None

AGENDA ITEM	ATTACHMENTS	ACTION
<p>1. <u>Call to Order (Brian Heck)</u> The meeting was called to order at 4:40 p.m. by Brian Heck. A quorum was established for today's meeting.</p>	No attachments	No action required
<p>2. <u>Approval of Minutes from 2/25/2025 (Samantha Monks)</u> The minutes from February 25, 2025 were approved unanimously.</p>	Finance Committee Minutes 2025-02-25	Brian motioned to accept the minutes from the Finance meeting on 2/25/25 and Rick seconded; motion was approved unanimously
<p>3. <u>Presentation of Financials (Rachna Sharma)</u> 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.</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. Also, additional patient service revenue has been accrued for \$29,989 in February 2025 based on the FY24 Medicare Cost Report submitted to CMS.</p> <p>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.</p> <p>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.</p>	CFO Presentation – 2025-02; Finance Narrative – 2025-02	Rick motioned to advance the Finance Report to the full board and Brian seconded; motion was approved unanimously

<p>Total YTD Operating Revenue is unfavorable to budget by \$4,858,250 primarily due to lower billable visits in FY25.</p> <p>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%.</p> <p>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.</p> <p>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.</p> <p>Capital Link fiscal year benchmarks were reviewed, showing 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>		
<p>4. <u>Evaluation of Nominal Fee & Approval of Sliding Fee Scale (Rachna Sharma)</u> Nominal fee evaluation is forthcoming. Only the new sliding fee scale with updated federal poverty level data was presented. It was noted that the "Nurse Visit" line was absent on this version and the Finance Committee voted to approve with the stipulation that this be added before presentation to the full board.</p>	<p>2025 FPL Sliding Fee Discount</p>	<p>Rick motioned to advance the updated Sliding Fee Scale to the full board, provided the "Nurse Visit" line is added and Brian seconded; motion was approved unanimously</p>
<p>5. <u>Adjournment (Samantha Monks)</u> There being no further topics for discussion, Samantha adjourned the meeting at 5:17 p.m.</p>	<p>No attachments</p>	<p>No action required</p>

Board Approval: _____ Date: _____