

Minutes of January 28, 2025

San Joaquin Health Centers Board of Directors – Finance Committee

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

Board Members Excused Absent: None

Board Members Unexcused Absent: None

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

Guests: None

AGENDA ITEM	ATTACHMENTS	ACTION
1. <u>Call to Order (Samantha Monks)</u> The meeting was called to order at 4:58 p.m. by Samantha Monks. A quorum was established for today's meeting.	No attachments	No action required
2. <u>Approval of Minutes from 11/19/2024 (Samantha Monks)</u> The minutes from November 19, 2024 were approved unanimously.	Finance Committee Minutes 2024-11-19	Brian motioned to accept the minutes from the Finance meeting on 11/19/24 and Rick seconded; motion was approved unanimously
3. <u>Presentation of Financials (Rachna Sharma)</u> Rachna presented the financials for November 2024. 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. 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 \$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.	CFO Presentation – 2024-11; Finance Narrative – 2024-11; CFO Presentation – 2024-12; Finance Narrative – 2024-12	Brian motioned to advance the November & December Finance Reports to the full board and Rick seconded; motion was approved unanimously



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.

Total YTD Operating Revenue is unfavorable to budget by \$1,957,167 primarily due to lower billable visits in FY25.

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 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. Adjournment (Samantha Monks) There being no further topics for discussion, Samantha adjourned the meeting at 5:22 p.m.	No attachments	No action required

