

Minutes of September 27, 2022 San Joaquin Health Centers Board of Directors

Board Members Present: Dr. Farhan Fadoo (CEO); Brian Heck (Vice Chair); Cynthia King; Karen Lee; Esgardo Medina; Jodie Moreno; Samantha Monks; Kristin Shinn; Tarsha Taylor-Godfrey

Excused Absent: Rod Place (Board Chair)

Unexcused Absent: Monica Fuentes; Jessica Hernandez; Bernadette Pua

SJHC Staff: Michael Allen (Board Clerk); Angela Ayala; Dr. Jonathon Diulio; Rajat Simhan (Consultant); Jeff Slater (Consultant); Alice Souligne (COO); Kris Zuniga (CFO)

Guests: Scott Gold (Forvis)

AGENDA ITEM	ATTACHMENTS	ACTION
1. <u>Call to Order (Brian Heck)</u> The meeting was called to order at 5:05 p.m. A quorum was established for today's meeting.	2022 Board Member Attendance	No action required
2. <u>Approval of Minutes from August 30, 2022 (Brian Heck)</u> Meeting minutes from 8/30/22 were approved unanimously.	Board Minutes 2022-08-30	Jodie motioned to approve the minutes and Cynthia seconded; motion was approved unanimously
3. <u>Public Comment</u> none	No attachment	No action required
4. <u>Credentialing & Privileging Report (Angela Ayala)</u> No credentialing or privileging to report this month.	No attachment	No action required
5. <u>Finance Committee Report (Kris Zuniga)</u> Billable visits for August are favorable to budget by 183 visits. Net Patient Service Revenues for August are favorable to budget by \$28,060. YTD financials reflect a PPS reconciliation liability accrual of \$50,000. YTD Medi-Cal payments for \$774,165 have been reflected on the Balance Sheet for FY2018 and FY2019 according to the payment plan with DHCS. YTD Income Statement includes interest expense of \$45,476 for PPS liability payments made to DHCS for FY2018 and FY2019. YTD financials include funds transferred for \$1,459,315 to San Joaquin County as a payment for payroll and benefits paid by San Joaquin County on behalf of SJ Health for July 2022. Medi-Cal cost settlement payments for \$667,770 related to PPS reconciliations for FY2020 are reflected on the YTD financials. YTD Supplemental Revenue includes the recognition of estimated Quality Incentive Program revenue for \$2,561,257. Combined Grants Revenue includes revenues for Behavioral Health Integration and American Rescue Plan (ARP) grants for \$1,363,826. Also, YTD grant revenues are higher than budget due to the recognition of American Rescue Plan (ARP) grant revenue for \$765,299 for activity related to January 2021 through June 2021 period in July. Capitation and Managed Care Incentives include the Capitation Revenue with a favorable variance to budget by \$35,535. Also, Other Income includes the 340B Pharmacy Program revenue for \$303,715 and the program related expenses for \$76,087 are included in	CFO Presentation – 2022-08; Finance Narrative – 2022-08	Kristin motioned to approve the financial report and Samantha seconded; motion was approved unanimously

<p>Supplies & Other Expenses categories on the financials. YTD financials reflect First Responder Program revenue for \$200. YTD Other Revenue includes revenues accrued for \$116,687 related to Purchased Services provided to SJGH by SJCC per the MOU and Interest Income of \$10,234. Total Net Operating Revenues are favorable to budget by \$1,054,819.</p> <p>YTD Salaries and benefits expenses exhibit a favorable variance to budget by \$324,611. Other operating expenses exhibit an unfavorable variance of \$950,129 largely due to Purchased Services with a favorable variance of \$165,314 mainly offset by unfavorable variance in Professional Fees, Purchased Services, Supplies, Interest, Depreciation, and Other Expenses for \$1,115,443. An estimated expense for the Purchased Services is recorded for July and August based on the MOU.</p> <p>Unaudited, as presented, Net Income of \$443,035 on a year-to-date basis is favorable compared to budget by \$429,301.</p> <p>Capital Link benchmarks were reviewed, showing Operating Margin at 4% against a goal of >3%, Bottom Line Margin at 5% against a goal of >3%, Days Cash on Hand at 69 against a goal of >45 days, Days in Net Patient Receivables at 49 against a goal of <60 days, and Personnel-Related Expenses at 68% against a goal of <70%.</p> <p>Significant delay in AR aging due to staffing shortages at SJGH. We are working with the hospital to help reduce the delay as much as possible. Reduction in delays expected over next two months.</p>		
<p>6. 2021 Audit Presentation (Scott Gold, Auditor with Forvis) Some challenges with including 2020 financials in this audit, so primary focus is on 2021 for most meaningful data. A</p> <p>Some common KPIs were reviewed, including 24.5 days cash on hand, 17 days net A/R, 8.3 days expense in A/P, patient service revenue per visit \$243.91, and expense per visit \$293.70.</p> <p>Grants only brought in \$2.1 million, but 340 B pharmacy and quality incentive programs helped make up the difference.</p> <p>Comparison with other California CHCs were shown, indicating 18% operating margin (12% average) and 18% growth in net patient revenue (18% average). Debt to equity was at around 12% (32% average) and days cash on hand at 25 (average 155).</p> <p>Ongoing challenges reflect continuing impacts from COVID-19, although flexibility of telehealth has helped mitigate this.</p> <p>Closing recommendations from auditors included ensuring a tighter month-end closing process.</p>	<p>2021 Audit Presentation</p>	<p>Jodie motioned to accept the results of the fiscal year 2021 audit and Kristin seconded; motion was approved unanimously</p>

<p>7. Grant Proposal Approvals (Jeff Slater) KidsVaxGrant 2.0 program was presented to the Board for approval. This grant makes available a combined \$50,000 for both Stockton & French Camp clinics if pediatric providers temporarily expand their hours by 25 hours over a 60-month period.</p> <p>Test to Treat grant makes available \$250,000 to \$1,000,000 to provide therapeutic treatments to patients who test positive for COVID-19.</p> <p>The CalBridge grant proposal is being deferred to the next Board meeting.</p>	<p>Board Approval to Submit KidsVaxGrant 2.0; Board Approval to Submit Test to Treat</p>	<p>Tarsha motioned to approve submission of the KidsVaxGrant 2.0 and Esgardo seconded; motion was approved unanimously</p> <p>Jodie motioned to approve the submission of the Test to Treat grant and Kristin seconded; motion was approved unanimously</p>
<p>8. Renewal of Designation Application Approval (Jeff Slater/Rajat Simhan) The Board was asked to approve the renewal submission of our Look-A-Like (LAL) designation to HRSA, due 10/3/22.</p> <p>The Board was also asked to approve three calendar years of operational budgets to support our LAL designation in the amounts of \$41.2 million, \$44.2 million and \$46.6 million.</p>	<p>Board Approval – LAL Renewal of Designation Application 2022</p>	<p>Esgardo motioned to approve the designation renewal and Jodie seconded; motion was approved unanimously</p> <p>Karen motioned to approve the operational budget and Kristin seconded; motion was approved unanimously</p>
<p>9. Board Training (Susan Thorner) Consent agendas were discussed. Purpose is to help speed up meetings by bundling routine, self-explanatory, non-controversial items under one motion, such as Board minutes, committee minutes, informational reports, meeting dates/changes.</p> <p>Items not included in consent agendas are anything specifically listed in Chapter 19 of the Compliance Manual, such as sliding fee discount program, billing & collections, QA/QI, financial management and accounting, personnel policies, annual audits, budgets, HRSA applications/renewals, zip code analysis, and changes in scope.</p> <p>Individual items can be removed from the consent agenda upon request by any Board member. It will then be discussed and voted on separately.</p>	<p>Board Training – Consent Agendas_092022</p>	<p>No action required</p>
<p>10. Vote to Adopt Consent Agendas (Brian Heck) The Board voted to adopt consent agendas as part of the monthly approval process.</p>	<p>No attachment</p>	<p>Karen motioned to approve the use of consent agendas and Kristin seconded; motion was approved unanimously</p>
<p>11. CEO Annual Report (Farhan Fadoo) Plans are under way to re-open our Manteca clinic in December 2022.</p> <p>Billable visits increased by 8% on a year-over-year basis. Telehealth remains an important aspect of our business model comprising roughly 40% of our care delivery.</p>	<p>Annual Report to JS Health Board - 09272022</p>	<p>No action required</p>

<p>2021 was the first year as a stand-alone entity, which ended in a strong fiscal position. An independent administration space was acquired and now in use. Our Access Center also moved to a new location on West Lane in Stockton. Our 3-year strategic plan consists of 74 individual projects, with 28 completed, 41 in process and 5 not yet started.</p> <p>San Joaquin County Clinics (SJCC) rebranded to San Joaquin Health Centers (SJ Health). Our 3 strategic pillars were noted as community health, organizational identities, and financial strength. Clinics have received both interior and exterior remodels and leadership began publishing a monthly newsletter.</p> <p>FY21/22 highlights were special clinical programs, COVID-19 response, over \$6 million dollars in grant funding were secured, 100% of available QIP dollars captured, cost to collect revenue reduced by 40%, positive bottom line, and completion of the FY21 audit. Within 1 year, we went from \$0 to \$12 million in net equity.</p> <p>SJ Health Board of Directors have many new, committed members that bring strong skills & talents.</p> <p>FY22/23 plans were briefly outlined, along with the current org chart.</p>		
<p>12. Adjournment There being no further topics of discussion, Brian Heck adjourned the meeting at 7:10 p.m.</p>	<p>No attachments</p>	<p>No action required</p>