

**Minutes of July 25, 2022**  
**San Joaquin Health Centers Board of Directors – Finance Committee**

**Board Members Present:** Farhan Fadoo (SJHC CEO); Monica Fuentes (Finance Committee); Rod Place (Interim Finance Chair)

**Board Members Excused Absent:**

**Board Members Unexcused Absent:** Esgardo Medina (Finance Committee)

**SJHC Staff:** Michael Allen (Board Clerk); Alice Souligne (COO), Kris Zuniga (CFO)

**Guests:** none

AGENDA ITEM	ATTACHMENTS	ACTION
<p><b>1. <u>Call to Order (Rod Place, Interim Board Chair)</u></b>            The meeting was called to order at 5:10 p.m. A quorum was established for today's meeting.</p>	No attachments	No action required
<p><b>2. <u>Approval of Minutes from 6/27/2022 (Rod Place, Interim Board Chair)</u></b>            Minutes from June 27, 2022 were approved unanimously.</p>	Finance Committee Meeting Minutes 2022-06-27	Monica motioned to approve the minutes and Rod seconded; motion was approved unanimously
<p><b>3. <u>Presentation of Financials (Kris Zuniga, CFO)</u></b>            Billable visits for June are favorable to budget by 898 visits. YTD visits have been updated on the December financials due to an updated report received for the additional visits (1,602 visits) that were not captured in the previous months. Additional Patient Revenues have been recorded accordingly. This new methodology has no impact on patient collections. Net Patient Revenues for June are \$290,849 greater than budget. YTD financials reflect a PPS reconciliation liability accrual of \$300,000. YTD financials include an adjustment for \$324,768 to true up FY21 PPS reconciliation liability balance. YTD Medi-Cal payments for \$4,602,478 have been reflected on the Balance Sheet for FY2015, FY2016, and FY2017 according to the payment plan with DHCS. YTD Income Statement includes interest expense of \$215,439 for PPS liability payments made to DHCS for FY2015, FY2016, and FY2017. YTD financials include \$8.1M payment from SJGH related to the finalization of FY2020 financial statement audit and according to the separation agreement between SJGH and SJ Health. Also, YTD financials include \$4,611,409 payment from SJGH related to unaudited FY2021, July 2021 and August 2021 financial statements and according to the separation agreement between SJGH and SJ Health. YTD financials include funds transferred for \$17,955,875 to San Joaquin County as a payment for payroll and benefits paid by San Joaquin County on behalf of SJ Health from July 2021 through June 2022.</p> <p>YTD Supplemental Revenue includes the recognition of estimated Quality Incentive Program revenue for \$11,965,979. Combined Grants Revenue includes revenues for Essential Access Title X, SOR2, Whole Person Care, Behavioral Health Integration, Health Net, American Rescue Plan (ARP) and other grants for \$2,990,545. Capitation and Managed Care Incentives include the YTD Capitation Revenue with an unfavorable variance to budget by \$631,674 mainly due to non-recognition of HEDIS revenue during the year. Also,</p>	Finance Committee Report – July 2022	No action required

<p>Other Income includes the 340B Pharmacy Program revenue for \$1,585,572 and the program related expenses for \$978,918 are included in Supplies &amp; Other Expenses categories on the financials. YTD financials reflect First Responder Program revenue for \$12,600. YTD Other Revenue includes revenues accrued for \$695,474 related to Purchased Services provided to SJGH by SJCC per the MOU and Interest Income of \$22,318. Total Net Operating Revenues are favorable to budget by \$3,775,997.</p> <p>YTD Salaries and benefits expenses exhibit an unfavorable variance to budget of \$1,260,556. YTD financials include a favorable adjustment of \$533,333 to true up the estimated accrued expenses related to Residents' Salaries and Benefits and Other Expenses from July through February. Other operating expenses exhibit an unfavorable variance of \$1,242,969 largely due to Purchased Services with favorable variance of \$1,259,440 mainly offset by unfavorable variance in Professional Fees, Supplies, Interest and Miscellaneous Expenses \$2,502,409. An estimated expense for the Purchased Services is recorded from July through June based on the MOU.</p> <p>Unaudited, as presented, Net Income of \$3,034,515 on a year-to-date basis is favorable compared to budget by \$1,272,471.</p> <p>Capital Link benchmarks were reviewed, showing Operating Margin at 5% against a goal of &gt;3%, Bottom Line Margin at 7% against a goal of &gt;3%, Days Cash on Hand at 56 against a goal of &gt;45 days, Days in Net Patient Receivables at 47 against a goal of &lt;60 days, and Personnel-Related Expenses at 72% against a goal of &lt;70%.</p>		
<p><b>4. <u>Update on 2020-21 Audits (Kris Zuniga, CFO)</u></b> Due to personnel changes at our auditors BKD, the audit is taking much longer than anticipated, although we still feel that the September deadline for our single audit will be met.</p>	No attachments	No action required
<p><b>5. <u>Adjournment (Rod Place, Interim Board Chair)</u></b> There being no further topics of discussion, Rod Place adjourned the meeting at 5:26 p.m.</p>	No attachments	No action required