

Minutes of May 30, 2023
San Joaquin Health Centers Board of Directors – Finance Committee

Board Members Present: Farhan Fadoo (CEO); Monica Fuentes (Finance); Samantha Monks (Finance); Rod Place (Interim Finance Chair), Kristin Shinn

Board Members Excused Absent: none

Board Members Unexcused Absent: Esgardo Medina (Finance)

SJHC Staff: Dena Galindo; Barbara Kissinger-Santos; Alice Soulligne; Kris Zuniga

Guests: none

AGENDA ITEM	ATTACHMENTS	ACTION
<p>1. Call to Order (Rod Place) The meeting was called to order at 5:03 p.m. A quorum was established for today's meeting.</p>	<p>No attachments</p>	<p>No action required</p>
<p>2. Approval of Minutes from 4/25/23 (Rod Place) Minutes from April 25, 2023 were approved unanimously.</p>	<p>Finance Committee Meeting Minutes 2023-04-25</p>	<p>Monica motioned to approve the minutes and Kristin seconded; motion was approved unanimously</p>
<p>3. Presentation of Financials (Kris Zuniga) Billable visits for April are unfavorable to budget by 2,341, which is mainly related to the Manteca Clinic visits. Since Manteca Clinic has just begun its operations in April, therefore, the actual visits for the Manteca Clinic were lower than the budgeted visits. Net Patient Service Revenues for April are favorable to budget by \$151,329, which is mainly related to a favorable adjustment recorded for \$386,915 to true up FY2018 PPS reconciliation liability based on the updated information received from DHCS. In April, SJGH transferred funds for \$15,972,206 to SJHC related to the remaining Due From SJGH outstanding balance for FY22, which is reflected as an increase in Cash And Cash Equivalents and a decrease in Other Assets categories on the Balance Sheet.</p> <p>YTD Supplemental Revenue includes the recognition of estimated Quality Incentive Program revenue for \$10,198,872. Based on the most recent information received on the QIP distribution, QIP Revenue Receivable includes QIP Program Revenue related favorable adjustments for \$849,355 from January through December 2021 for PY4 and unfavorable adjustments for \$2,580,904 from January through June 2022 for PY5 respectively. Also, YTD financials include the reversal of estimated QIP reserves for \$2,425,128 for prior years. Combined Grants Revenue includes revenues for Behavioral Health Integration, Discovery Challenge Academy, SOR2, Connect2Care, HEDIS, Enhanced Care Management, ARPA, and American Rescue Plan (ARP) grants for \$4,420,981. 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 are trending higher than budget with a favorable variance of \$1,961,179 mainly related to Cal Aim payments received for Year 1 and Year 2 for \$1,326,911 and \$357,537 respectively.</p>	<p>CFO Presentation 2023-04; Finance Narrative - 2023-04</p>	<p>No action required</p>

<p>YTD financials include revenues for \$623,909 related to supplemental payments received for the 340B Pharmacy program. YTD Other Revenue includes revenues accrued for \$523,646 related to Purchased Services provided to SJGH by SJHC per the MOU and Interest Income of \$89,173. Total YTD Operating Revenue is favorable to budget by \$1,037,273.</p> <p>YTD Salaries and Benefits expenses exhibit a favorable variance to budget by \$4,990,140 mostly due to lower than budgeted salaries and benefits for SJGH providers and employees providing services for the clinics. Also, Salaries and Benefits expenses are low due to YTD adjustment recorded in November to true up the payroll liabilities. Other operating expenses exhibit an unfavorable variance of \$4,244,025 largely due to Purchased Services with a favorable variance of 3,773,521 mainly offset by unfavorable variance in Professional Fees, Supplies, Interest, Depreciation, and Other Expenses for \$8,017,546. YTD financials reflect the Purchased Services expense true up from July through December based on the actual expense information provided by SJGH, which resulted in the reclassification of various expenses such as rents, repairs, professional fees, utilities, supplies, labor and other expenses from Purchased Services to their respective expense categories. An estimated expense for the Purchased Services is recorded from January through April based on the MOU. YTD expenditures are favorable to budget by \$746,115.</p> <p>Unaudited, as presented, Net Income of \$3,144,060 on a year-to-date basis is favorable compared to budget by \$1,783,388.</p> <p>Capital Link fiscal year benchmarks were reviewed, showing Operating Margin at 6% against a goal of >3%, Bottom Line Margin at 8% against a goal of >3%, Days Cash on Hand at 212 against a goal of >45 days, Days in Net Patient Receivables at 25 against a goal of <60 days, and Personnel-Related Expenses at 69% against a goal of <70%.</p>		
<p>4. <u>Review FY 2023-24 Proposed Operational & Capital Budgets</u></p> <p>FY 2023-24 Budget Assumptions include: FY23 revenue performance as the basis for projected net patient services revenue, purchased services per MOU with San Joaquin County, new positions added in support departments, 36% of total QIP revenues earned at an assumed 69% of available pool, labor costs calculated at 100% employment, Lodi clinic and mobile clinic as additional service sites, and Medi-Cal redetermination process resulting in 20% loss in their managed care membership. Methodology based on: eight-month financials as of February 2023 used to project FY24 expenditures and revenues, and patient revenues calculated for assumed provider and support staffing levels.</p> <p>FY24 Budget Revenue total is \$48.8 million against Budgeted Expenses of \$48.4 million. Total FTEs for FY24 were reduced by 1.5 FTEs from FY23. FY24 Billable Visit</p>	<p>SJ Health FY24 Budget Presentation</p>	<p>No action required</p>



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<p>totals expected to increase by 8% over FY23. Total Net Income for FY24 budgeted as \$454,335. Projected Ending Cash Balance at June 30, 2024 budgeted at \$20,821,840.</p> <p>FY24 Capital Budget Estimated Net Funds Available are \$13,781,299. FY24 Capital Outlay budgeted at \$2,302,102, Capital Project Funded by Grant Awards budgeted at \$1,810,929, and Net Cash Demand budgeted at \$491,173.</p> <p>Monica asked why the 8-month model was used for budget projection and Kris explained that this is done because we only have 8 actual months of data to project from.</p> <p>Samantha inquired about the QIP breakdown of a 40/60 split between SJHC & SJGH and Kris explained that this is based on the performance analysis of the financial teams.</p>		
<p>5. <u>Review Sliding Fee Nominal Fees</u> Due to running out of time, this topic was not covered, but will be addressed at full board meeting.</p>	<p>SFD Evaluation Memo 2023-05</p>	<p>No action required</p>
<p>6. <u>Adjournment (Rod Place)</u> There being no further topics of discussion, Rod Place adjourned the meeting at 5:32 p.m.</p>	<p>No attachments</p>	<p>No action required</p>

