

**Minutes of June 27, 2023**
**San Joaquin Health Centers Board of Directors – Finance Committee**
**Board Members Present:** Farhan Fadoo (CEO); Monica Fuentes (Finance)\*; Rod Place (Interim Finance Chair)

**Board Members Excused Absent:** Samantha Monks (Finance)

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

**SJHC Staff:** Barbara Kissinger-Santos; Cynthia Rios; Alice Souligne; Kris Zuniga

**Guests:** none

AGENDA ITEM	ATTACHMENTS	ACTION
<b>1. <u>Call to Order (Rod Place)</u></b> The meeting was called to order at 5:04 p.m. A quorum was not established for today's meeting.	No attachments	No action required
<b>2. <u>Approval of Minutes from 5/30/23 (Rod Place)</u></b> Minutes from May 30, 2023 will be considered for approval next month, as a quorum was not established.	Finance Committee Meeting Minutes 2023-05-30	Vote deferred to next month
<b>3. <u>Presentation of Financials (Kris Zuniga)</u></b> Billable visits for May are unfavorable to budget by 1,632, which is mainly related to the Manteca Clinic visits. Since Manteca Clinic 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 May are favorable to budget by \$2,140,689, which is mainly related to a favorable adjustment recorded for \$2,034,837 to true up FY2019 PPS reconciliation liability based on the updated information received from DHCS.  YTD Supplemental Revenue includes the recognition of estimated Quality Incentive Program revenue for \$11,187,201. 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 \$5,049,352. 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 \$1,998,560 mainly related to Cal Aim payments received for Year 1 and Year 2 for \$1,326,911 and \$357,537 respectively. YTD financials include revenues for \$623,909 related to supplemental payments received for the 340B Pharmacy program. YTD Other Revenue includes revenues accrued for \$584,602 related to Purchased Services provided to SJGH by SJHC per the MOU and Interest Income of \$89,173. Total	CFO Presentation 2023-05; Finance Narrative - 2023-05	No action required

<p>YTD Operating Revenue is favorable to budget by \$3,138,614.</p> <p>YTD Salaries and Benefits expenses exhibit a favorable variance to budget by \$5,008,133 mostly due to lower than budgeted salaries and benefits for SJGH providers and employees providing services for the clinics. Other operating expenses exhibit an unfavorable variance of \$4,414,156 largely due to Purchased Services with a favorable variance of 4,194,111 mainly offset by unfavorable variance in Professional Fees, Supplies, Interest, Depreciation, and Other Expenses for \$8,608,267. YTD financials reflect the Purchased Services expense trued up from July through April 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 for May based on the MOU. YTD expenditures are favorable to budget by \$593,976.</p> <p>Unaudited, as presented, Net Income of \$5,431,164 on a year-to-date basis is favorable compared to budget by \$3,732,591.</p> <p>Capital Link fiscal year benchmarks were reviewed, showing Operating Margin at 10% against a goal of &gt;3%, Bottom Line Margin at 11% against a goal of &gt;3%, Days Cash on Hand at 201 against a goal of &gt;45 days, Days in Net Patient Receivables at 27 against a goal of &lt;60 days, and Personnel-Related Expenses at 67% against a goal of &lt;70%.</p>		
<p><b>4. <u>Adjournment (Rod Place)</u></b> There being no further topics of discussion, Rod Place adjourned the meeting at 5:20 p.m.</p>	<p>No attachments</p>	<p>No action required</p>