SJ HEALTH
San Joaquin Health Centers

SAN JOAQUIN COUNTY CLINICS PUBLIC BENEFIT CORPORATION
BOARD MEETING AGENDA
10100 Trinity Parkway, Suite 100, Stockton, CA 95219
July 28, 2026, 5:30 P.M.

Our Mission: *To drive sustained health improvement for San Joaquin County's diverse community through individual engagement, community partnerships and high quality, equitable healthcare delivery.*
Our Vision: *We envision healthier futures for those we serve, enabled by nimble, adaptive, and progressive care delivery.*

Board Members: Brian Heck, Samantha Monks, Jayvin Herrejon, Cassandra Lacondeguy, Rick Ledo, Jodie Moreno, James Myers, Mark Myles, David Ziolkowski, Nora Hana, Destiny Easter, Patricia Barrett

Watch the Meeting Live via Microsoft Teams: **Join the meeting now** *
*Note: Livestreaming for the public is for listening and monitoring only. Remote presenters will be granted access only during their scheduled presentation time before the Board. *Full meeting link is available with the agenda posted at www.sjhealth.org.*
Persons requiring disability-related accommodations to participate in this meeting should contact San Joaquin Health Centers at (209) 953-3711 prior to the scheduled meeting time.

1. **COMMENCEMENT OF MEETING/ROLL CALL**

2. **PUBLIC COMMENT**
   The public is welcome to address the Board on matters within the Board's jurisdiction. Members of the public are encouraged to complete a Public Comment form available near the entrance to the Board Room. **Speakers are limited to three (3) minutes** and are expected to be civil and courteous.

   Members of the public will also be provided with an opportunity to comment on agenda items before or during the Board's consideration of each item.

   Except as otherwise permitted by the Ralph M. Brown Act (California Government Code Section 54950 et seq.), no deliberation, discussion, or action may be taken on any item not appearing on the posted agenda. Members of the Board may: (1) briefly respond to statements or questions; (2) ask a question for clarification; or (3) refer the matter to staff for further information.

3. **CONSENT CALENDAR**
   3.1 Approve Minutes of Board Meeting – June 30, 2026
   3.2 July 2026 Credentialing Report

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4. **ACTION ITEMS**
   - 4.1 Acceptance of the FY 2025 Financial Audit
   - 4.2 Acceptance of the May 2026 Finance Report
   - 4.3 Approval of Additions and Deletions of Authorized Officer for BMO Operating and Payroll Accounts / BMO Corporate Resolution
   - 4.4 Review and Approval of Board Candidate - Cymone Reyes

   Board to consider and take possible action

5. **DISCUSSION ITEMS**
   - 5.1 Board Chair Report
   - 5.2 Credentialing Presentation
   - 5.3 CMO Report
   - 5.4 CEO Report

6. **BOARD COMMENTS**
   - 6.1 Open Discussion / Board Member Comments

7. **CALENDAR**
   - 7.1 Next Board Meeting – August 25, 2026, at 5:30 PM

9. **ADJOURNMENT**

10100 Trinity Parkway, Suite 100
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www.sjhealth.org

July 28, 2026

Board of Directors
A.G. Spanos Building
Stockton, CA 95219

Dear Board Members,

Acceptance of Audited Financial Statements for the Fiscal Year Ended June 30, 2025

RECOMMENDATION

It is recommended that the Board of Directors accept the audited financial statements of San Joaquin Health Centers (SJ Health) for the fiscal year ended June 30, 2025.

REASON FOR RECOMMENDATION

Vasquez & Company LLP (Vasquez) was engaged to perform the annual independent audit of the financial statements of San Joaquin Health Centers for the fiscal year ended June 30, 2025. In addition, Vasquez evaluated whether SJ Health met the requirements for a Single Audit under the Single Audit Act and Subpart F of Title 2, Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).

Vasquez completed the audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and determined that a Single Audit was not required for the fiscal year ended June 30, 2025.

The Audit Committee has reviewed the audit results with the independent auditors and recommends acceptance of the audited financial statements.

FISCAL IMPACT

The audit identified proposed audit adjustments resulting in a net increase of $17,997,022 to SJ Health's fiscal year 2024-2025 operating results. These adjustments will be recorded as part of the fiscal year-end closing process.

ACTION TO BE TAKEN FOLLOWING APPROVAL

Upon acceptance by the Board of Directors, SJ Health staff will record the audit adjustments, finalize the fiscal year-end financial records, and close the books for the fiscal year ended June 30, 2025.

Enclosed: Exhibit A

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July 28, 2026

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EXHIBIT A
FY2025 Audit
Management Corrective Action Plan

FY 2024-2025 Financial Audit Internal Control Observations

Although the independent auditors issued an unmodified ("clean") opinion on SJ Health's FY 2024-2025 financial statements, management has developed the following corrective action plan to address the internal control observations identified during the audit.

Audit Observation	Corrective Action	Target Completion
Information Technology Controls	In collaboration with San Joaquin County Information Systems Division (ISD), management will implement enhanced IT governance practices, including formal documentation of user access reviews, timely deprovisioning of terminated users, periodic disaster recovery testing, review of third-party control reports, and strengthened privileged access management.	FY 2026-2027 (phased implementation)
Billing Process Controls	Management has implemented a monthly reconciliation process between clinical encounter reports and billing reports to verify that all billable encounters are captured and submitted timely. Reconciliation results will be documented and reviewed by management as an ongoing internal control.	Implemented July 2026
Credit Card Documentation	Management has reinforced existing fiscal policies requiring supporting documentation for all purchasing card transactions. Finance will perform periodic compliance reviews and follow up on any missing documentation prior to transaction approval whenever possible. Finance has signed up with County Purchasing for P-Card (CalCard). Once CalCard is in place, Finance will work with BMO to close out Corporate Credit Card.	Implemented July 2026

Management Commitment

Management is committed to strengthening internal controls and will monitor the implementation of these corrective actions to ensure continued compliance with established policies, safeguard organizational assets, and support effective financial stewardship. Progress on these items will be reported to the Board, as appropriate, until all corrective actions have been completed.

July 28, 2026

Board of Directors
A.G. Spanos Building
Stockton, CA 95219

Dear Board Members,

Acceptance of Unaudited Financial Statements for the Period Ending May 31, 2026

RECOMMENDATION

It is recommended that the Board of Directors accept the unaudited financial statements for the period ending May 31, 2026.

REASON FOR RECOMMENDATION

Overall, SJ Health's financial position remains strong. Year-to-date (YTD) billable visits through May 2026 exceeded budget by 5,128 visits.

Total YTD operating revenue is unfavorable to budget by $477,353, primarily due to lower-than-budgeted capitation revenue resulting from a decline in assigned membership and lower managed care incentive revenue. The managed care incentive variance is largely attributable to reduced HEDIS Gap Closure Block Access revenue accrued for May based on updated contract terms that became effective in January 2026.

YTD operating expenditures are favorable to budget by $11,735,238, primarily due to salary and benefit savings associated with vacant positions. Recruitment efforts remain ongoing to fill critical vacancies. Supplies, dues, subscriptions, and fees are unfavorable to budget by $246,542; however, management continues to monitor expenditures and identify opportunities for cost containment.

The Finance Committee reviewed the unaudited financial statements and recommends their acceptance by the Board of Directors.

FISCAL IMPACT

As presented, the unaudited YTD net income of $11,090,806 represents a favorable variance of $11,257,884 compared to the budgeted net loss of $167,078. The favorable variance is primarily attributable to personnel savings resulting from vacant positions.

ACTION TO BE TAKEN FOLLOWING APPROVAL

Upon acceptance by the Board of Directors, no further action is required.

July 28, 2026

Board of Directors
A.G. Spanos Building
Stockton, CA 95219

Dear Board Members,

Approve of Additions and Deletions of Signers for Accounts with BMO

RECOMMENDATION

It is recommended that the Board of Directors approve the update of authorized officers and the additions and deletions of signers for accounts with BMO.

REASON FOR RECOMMENDATION

San Joaquin Health Centers (SJ Health) has two bank accounts outside of San Joaquin County Treasury since separated from San Joaquin Hospital In 2021. Due to changes in personnel in the past couple of years, authorized officers and signers for these accounts need to update.

Stacy Ferreira and Rachna Sharma had been designated as authorized officers with BMO through Corporate Resolutions document.

Stacy Lynn Ferreira and Rachna Sharma are listed as signers on bank account number XXXX8144 for Payroll. As of July 28, 2026, they are no longer employees at SJ Health and they should be removed as signers on this account.

Kristopher Zuniga and Farhan Fadoo are listed as signers on bank account number XXXX8318 Operating. As of July 28, 2026, they are no longer employees at SJ Health and they should be removed as signers on this account.

On July 8, 2025, Board authorized the adding of Genevieve Valentine, Director of Health Care Services and Isaiah Lilly, Deputy Director of Health Care Services (Fiscal) as signers to account number XXXX8144 and XXXX8318.

Ahad Yousuf, Project Director/CEO and Alison Shih, Management Services Administrator have joined SJ Health as key leadership positions and should be added to the account number XXXX8144 and XXXX8318 as signers and authorized officers on Corporate Resolutions document.

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San Joaquin Health Centers

FISCAL IMPACT

There is no fiscal impact associated with this action.

ACTION TO BE TAKEN FOLLOWING APPROVAL

Upon approval by the Board of Directors, SJ Health staff will submit Corporate Resolutions document to update authorized officers and updated list of signers for account number XXXX8144 and XXXX8318 to BMO.

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July 28, 2026

Board of Directors
A.G. Spanos Building
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Dear Board Members,

Review and Approval of Board Candidate Appointment – Cymone Reyes

RECOMMENDATION

It is recommended that the Board of Directors approve the appointment of Cymone Reyes as a patient member of the San Joaquin Health Centers Board of Directors.

REASON FOR RECOMMENDATION

The Governance Committee interviewed Ms. Reyes on July 16, 2026, to evaluate her qualifications, interest, and ability to serve on the Board of Directors. Following its review, the Governance Committee recommends her appointment as a patient member.

Ms. Reyes brings valuable leadership and governmental experience that will complement the Board's oversight responsibilities. In addition, her appointment will increase patient representation on the Board and support SJ Health's efforts to maintain compliance with the Health Resources and Services Administration (HRSA) governance requirements, which require that a majority of Board members be patients of the health center.

FISCAL IMPACT

There is no fiscal impact associated with this action.

ACTION TO BE TAKEN FOLLOWING APPROVAL

Upon approval by the Board of Directors, Ms. Reyes will be appointed as a patient member of the San Joaquin Health Centers Board of Directors, effective immediately. Board membership records will be updated accordingly, and she will be scheduled to participate in Board orientation and onboarding activities.

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Minutes of June 30, 2026
San Joaquin Health Centers Board of Directors

Board Members Present: Brian Heck (Board Chair), Samantha Monks (Vice Chair), Rick Ledo, Destiny Easter, James Myers, Patricia Barrett, Nora Hana, Jodie Moreno,
Excused Absent: Mark Myles, Cassandra Lacondeguy, Jayvin Herrejon, David Ziolkowski
Unexcused Absent: None
SJHC Staff: Ahad Yousuf (CEO), Dr. Diulio, Alison Shih, Vanessa Garibay (Clerk of the Board)
Guests: Matt Garber; Adam Brucker
Legal Counsel: Lisa Ribeiro

AGENDA ITEM	ATTACHMENTS	ACTION
I. Commencement/Call to Order (Brian Heck) The meeting was called to order at 5:31 p.m. A quorum was established.	No attachment	No action required
II. Public Comment No public comments were made.	No attachment	No action required
III. Consent Calendar (Brian Heck) 1. The consent calendar for June 30, 2026, was presented. 2. A motion was made to approve the Minutes of the May 30, 2026 Board Meeting and the June 2026 Credentialing Report.	June Credentialing Report Attached	1. Patt motioned to accept; James seconded; Jodie abstained; motion passed 7-0
IV. Action Items **1. Financial Audit FY 2025** Jay Toledo presented the FY 2025 Financial Audit for the financial statements of San Joaquin Health Centers as of June 30, 2025. Board action on the audit will be scheduled for next month's meeting. Key Findings: - Strengthen privileged access governance. - Formalize user access review documentation. - Improve user access deprovisioning processes. - Perform and document disaster recovery testing. - Evaluate third-party controls. Board Member Destiny Easter asked whether an action plan had been developed, noting that some findings have been recurring. Brian suggested for CEO Ahad Yousuf to prepare and present an action plan at the next Board meeting.	Financial Audit FY 2025 Presentation Attached	
2. March/April 2026 Finance Report Alison Shih, Management Services Administrator, presented the March/April 2026 Finance Report.	March/April 2026 Finance Report Attached	1. Patt motioned to accept; Samantha seconded; motion passed 8-0

Samantha Monks asked about billable visit trends compared to prior years. Ahad Yousuf reported that patient visits increased by approximately 300 visits this month. Samantha Monks also inquired about the impact of Medline pricing. Dr. Diulio explained that any impact would primarily affect hospitals and would have a more limited effect on clinic operations. Alison Shih added that staff are actively evaluating additional vendors to secure the best pricing. Patricia Barrett asked whether prescription medications are sourced in-state or out-of-state. Ahad Yousuf explained that SJHC contracts with in-state pharmacies, which purchase medications on the organization's behalf, and noted that the organization's 340B Program continues to perform positively. 3. Approve the funding request in the total amount of $500,000 from the SJ Health BMO bank account to pay Dr. Chhokar, Dr. Kalidasu, Dr. Khavarian, Dr. Kurupati, and Dr. Williams. Each physician will receive a Physician Recruitment Incentive of $50,000 at the end of the first year of their contract and an additional $50,000 upon completion of the second year of their contract, for a total of $100,000 per physician over the two-year term.		2. Patt motioned to accept; Nora seconded; Destiny abstained; motion passed 7-0
V. <u>Discussion Items (Brian Heck)</u> 1. Board Chair Report Brian Heck announced that recurring Finance Committee meeting invitations will be scheduled for 4:45 p.m. prior to each regular Board meeting. He also noted that the Quality Committee will meet on a quarterly basis, and James Myers will share his availability schedule. 2. CMO Report Dr. Diulio reported that collaboration with St. Joseph's continues to be a strategic priority. He also shared that a new Pediatric Emergency Department wing is expected to open. <u>The Board requested that anticipated opening dates be provided at the next meeting.</u> 3. CEO Report Ahad Yousuf reported that SJHC submitted its QIP PY8 CY2025 report and achieved a final score of 100%. He reported stable organizational performance and approval of the FY 2026–27 budget. He also provided updates on the Lodi Access Center project and ongoing strategic planning efforts.	CMO Report attached CEO Report attached	No action required

SJ HEALTH
San Joaquin Health Centers

VI. **CLOSED SESSION** 6.1 Employment Evaluation of Performance, Discipline, or Dismissal California Government Code Section 54957 and 54954.5 Title: Project Director	No attachment	No action required
I. **Board Comments** Destiny Easter requested clarification regarding Board voting procedures, specifically documenting votes as in favor, opposed, and abstaining. The Board agreed to revote on the action items to ensure voting records accurately reflect each motion.	No attachments	No action required
II. **Calendar (Brian Heck)** The next board meeting will be July 28, 2026, at 5:30 PM.	No attachments	No action required
III. **Adjournment (Brian Heck)** There being no further discussion, the meeting was adjourned at 6:57 PM.	No attachments	No action required

INITIAL APPOINTMENTS
June 2026

The following practitioners have applied for membership and privileges at San Joaquin Health Centers. The following summary includes factors that determine membership: licensure, DEA, professional liability insurance, required certifications (if applicable), etc. Factors that determine competency include medical/professional education, internship/residencies/fellowships, board certification (if applicable), current and previous institutional affiliations, physical and mental health status, peer references, and past or pending professional disciplinary action. The applicants meet the requirements for membership unless noted below.

Membership Request	Name	Specialty/ Assigned Div/Dept	Competency / Privilege Review	Proctoring Required	Proctor	Rec Status/Term	Recommend
INITIAL APPOINTMENT June 2026	Cristina Lockie CNM	Certifed Nurse Midwife	Requirements for active staff met	None	Active 06/26-06/27	CRED: 06/10/2026 MED: 06/17/2026 BOARD: 06/30/2026	SJHEALTH MED STAFF
INITIAL APPOINTMENT June 2026	Marina Parades CNM	Certifed Nurse Midwife	Requirements for active staff met	None	Active 06/26-06/27	CRED: 06/10/2026 MED: 06/17/2026 BOARD: 06/30/2026	SJHEALTH MED STAFF

REAPPOINTMENTS
June 2026

The following practitioners have applied for reappointment to the Medical Staff of San Joaquin Health Centers. This summary includes factors that determine membership: licensure, DEA, professional liability insurance, hospital affiliations, etc. Qualitative/quantitative factors include ongoing performance evaluation which includes data from peer review, quality performance, clinical activity, privileges, competence, technical skill, behavior, health status, medical records, blood review, medication usage, litigation history, utilization and continuity of care. Affiliations, physical and mental health status, peer references, and past or pending professional disciplinary action. All the applicants privilege request commensurate with training, experience and current competence unless noted below.

Membership Request	Name	Specialty/ Assigned Div/Dept	Quantitative/Qualitative Factors Request for Privileges and/or Privilege Change	Action Taken/Rec. Exceptions for Cause	Rec. Staff Category/ Reappoint Period	Recommend	Credentialing Dept
Reappointment June 2026	**Jean Cho PA**	Physican Assistant	Requirments for active staff met	**NONE**	**Active 06/26-06/28**	**CRED: 06/10/2026** **MED: 06/17/2026** **BOARD: 06/30/2026**	**SJHEALTH MED STAFF**

REPORT TO THE
BOARD OF DIRECTORS

June 30, 2026

/ To the Board of Directors

We are pleased to present this report related to our audit of the financial statements of San Joaquin Health Centers (SJHC or the Organization) as of and for the year ended June 30, 2025. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for the Organization's financial reporting process, as well as other matters that we believe may be of interest to you. Our audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

This report is intended solely for the information and use of the Board of Directors, Audit Committee, and management, and is not intended to be, and should not be, used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have regarding this report. We appreciate the opportunity to continue to be of service to the Organization.

Vasquez & Company LLP

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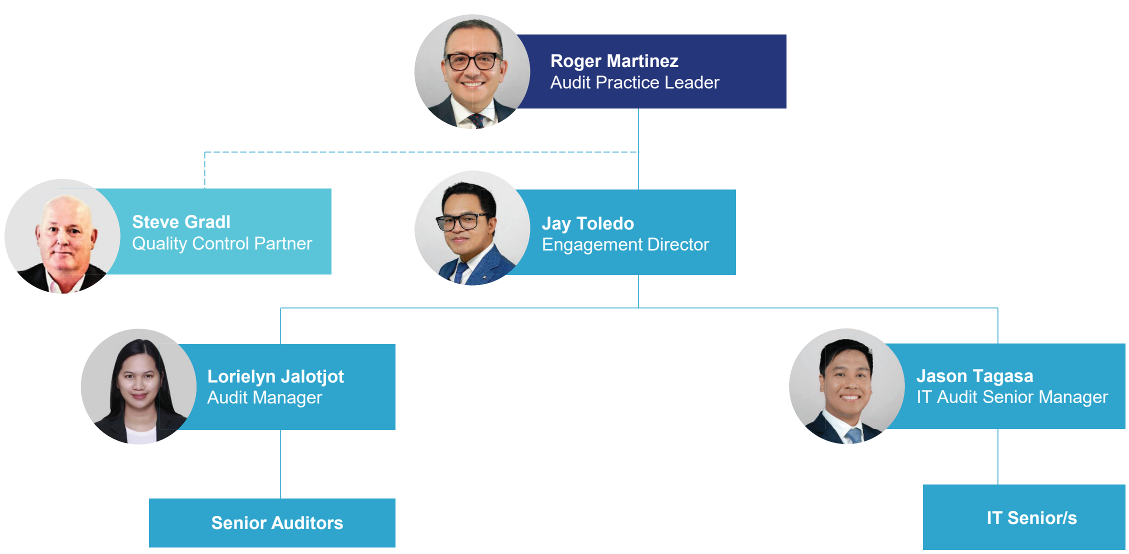
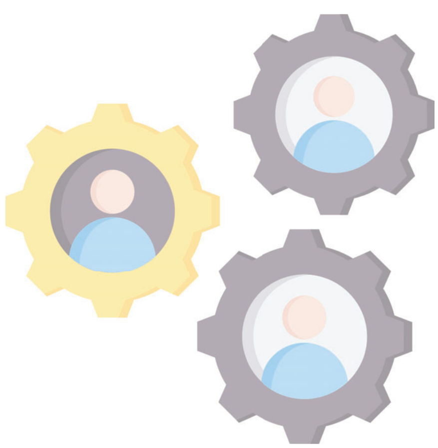


/ Independence

- There are no relationships between any of our representatives and the Organization that in our professional judgment may reasonably be thought to bear on independence.
- Vasquez & Company LLP meets the independence requirements of the Government Auditing Standards as it relates to the Organization.

/ Scope of Engagement



Financial Statement Audit

- In accordance with Generally Accepted Government Auditing Standards
- As of and for the year ended June 30, 2025

/ Summary of Audit Results

/ Independent Auditor’s Report and Results

The financial statements fairly present, in all material respects, San Joaquin Health Centers:

UNMODIFIED – “clean” OPINION

Audit performed in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*

- **Financial Position**
- **Results of Operations and Changes in Net Assets**
- **Functional Expenses**
- **Cash Flows**

/ Internal Control Observations

Information Technology Controls – Best Practices

- Strengthen Privileged Access Governance
- Formalize User Access Review Documentation
- Improve User Access Deprovisioning Process
- Perform and Document Disaster Recovery Testing
- Evaluate Third-party Controls

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+ COMPANY LLP

/ Internal Control Observations

Internal Control Deficiency – Billing Process

Observation

During our audit, we noted that three (3) charges were omitted from EMMI's billing report as of June 30, 2025. These charges were later recorded and submitted to payers on March 6, 2026.

This delay reflects a control gap in the billing process and increases the risk of untimely claim submissions, potential revenue loss, and noncompliance with established billing procedures.

Recommendation

Management should implement monitoring controls and periodic reconciliations between internal charge records and vendor reports to ensure all charges are captured and billed on a timely basis.

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/ Internal Control Observations

Internal Control Deficiency – Credit Card Documentation

Observation

During testing of credit card transactions, one transaction lacked supporting documentation, contrary to SJHC's Fiscal Policy.

This indicates a control deficiency and limits the ability to verify the validity and completeness of the transaction.

Recommendation

Management should enforce documentation requirements and ensure transactions are not processed without adequate supporting support.

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/ Auditor's Required Communication to Those Charged with Governance (AU-C 260)

VASQUEZ + COMPANY LLP

/ Required Communication to those Charged with Governance

Independence	There are no relationships between any of our representatives and the Organization that in our professional judgment may reasonably be thought to bear on independence. Vasquez & Company LLP meets the independence requirements of the Government Auditing Standards as it relates to the Organization.
Management's Responsibility	Management has primary responsibility for the accounting principles used, including their consistency, application, clarity and completeness.
Significant Accounting Policies	SJHC's significant accounting policies are appropriate, and management has applied its policies consistently with prior periods in all material respects.
Controversial issues	No significant or unusual transactions or accounting policies in controversial or emerging areas for which there is lack of authoritative guidance or consensus were identified.
Basis of Accounting	The basic financial statements were prepared on the assumption that SJHC will continue as a going concern.
Audit Adjustments	Audit adjustments, other than those that are clearly trivial, proposed by us and recorded by SJHC are reflected in the Financial Statements.

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+ COMPANY LLP

/ Required Communication to those Charged with Governance, Continued

Passed Audit Differences	There were no passed audit differences
Disagreements with Management	We encountered no disagreements with management on financial accounting and reporting matters as it relates to the current year financial statements.
Consultations with Other Accountants	We are not aware of any consultations management had with other accountants about accounting and auditing matters.
Conditions of Retention	No significant issues were discussed, or subject to correspondence, with Management prior to retention.
Difficulties with Management	We did not encounter any difficulties with management while performing our audit procedures that require the attention of the Audit Committee and the Board.
Irregularities, Fraud or Illegal Acts	No irregularities, fraud or illegal acts or that would cause a material misstatement of the basic financial statements, came to our attention as a result of our audit procedures.
Management Representations	SJHC will provide us with a signed copy of the management representation letter prior to the issuance of our audit reports.

VASQUEZ
+ COMPANY LLP

/ Contact Information

Vasquez + Company LLP has over 55 years of experience in performing audit, accounting, and consulting services for all types of private companies, nonprofit organizations, and governmental entities.

Vasquez + Company LLP is proud to be part of Aprio Alliance—a national association created by accounting professionals to help collaborative, growth-minded CPA firms thrive. This affiliation gives us access to leading expertise, resources, and best practices, while preserving what matters most: the personalized service and local insight you expect from an independent firm. Aprio Alliance member firms are separate and independent businesses and legal entities that are responsible for their own acts and omissions, and each are separate and independent from Aprio. "Aprio" is the brand name under which Aprio, LLP and Aprio Advisory Group, LLC (and its subsidiaries) provide professional services.

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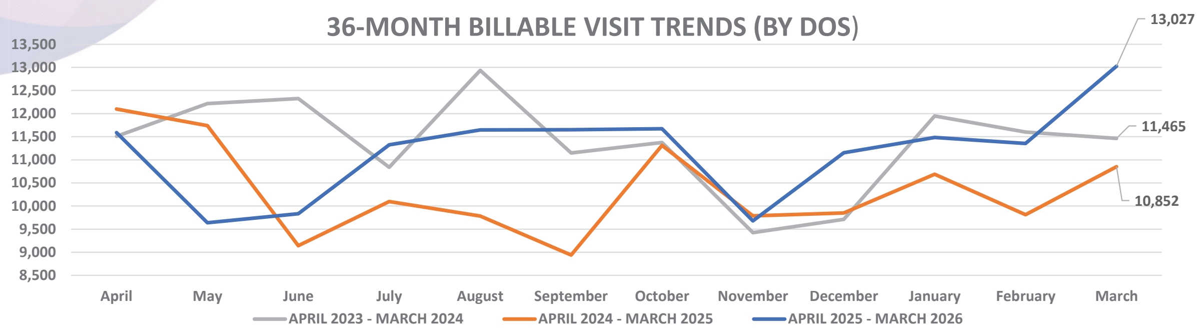
SAN JOAQUIN HEALTH CENTERS
FINANCE PRESENTATION
MARCH 2026 FINANCIAL STATEMENTS

Alison Shih

Management Services Administrator

Presentation Date: 5/30/2026



FY26 Visits By Financial Class	Actual
Medi-Cal Managed Care	78.54%
Medicare	11.38%
Medi-Cal	6.32%
Commercial	2.67%
Self-Pay	1.09%
Total	100.00%

FY26 Month	Actual	Budget	Variance
Jul-25	11,323	11,586	(263)
Aug-25	11,649	11,062	587
Sep-25	11,653	11,052	601
Oct-25	11,671	12,109	(438)
Nov-25	9,679	8,956	723
Dec-25	11,153	11,576	(423)
Jan-26	11,484	10,535	949
Feb-26	11,352	10,005	1,347
Mar-26	13,027	11,589	1,438
Total	102,991	98,470	4,521

SJ HEALTH INCOME STATEMENT – MARCH 2026

	Current Period Actual	Current Period Budget - Original	Current Period Budget Variance - Original	Current Year Actual	YTD Budget - Original	YTD Budget Variance - Original
Operating Revenue						
Net Patient Service Revenue	2,285,332	2,120,051	165,281	19,247,409	18,110,440	1,136,970
Supplemental Revenue	2,280,922	2,280,922	0	20,528,302	20,528,302	0
Capitation Revenue	400,826	458,333	(57,508)	3,780,356	4,125,000	(344,644)
Managed Care Incentives	79,000	79,000	0	753,467	1,311,000	(557,533)
Grant Revenue	163,955	380,318	(216,363)	823,710	714,067	109,643
340B Pharmacy Program	80,594	233,333	(152,739)	1,673,636	2,100,000	(426,364)
MOU & Other Income	53,373	64,556	(11,183)	1,294,481	1,233,750	60,731
Total Operating Revenue	5,344,003	5,616,515	(272,511)	48,101,361	48,122,559	(21,198)
Expenditures						
Salaries & Wages	1,803,451	2,467,909	664,458	15,832,831	22,023,979	6,191,148
Employee Benefits	987,481	1,339,783	352,302	8,141,805	11,950,626	3,808,820
Professional Fees	504,402	541,653	37,250	4,636,485	4,874,873	238,388
Purchased Services	299,463	267,577	(31,886)	2,337,982	2,408,193	70,211
Supplies	161,069	160,577	(491)	1,621,657	1,445,197	(176,460)
Depreciation	56,999	53,608	(3,391)	543,444	482,470	(60,974)
Interest	1,078	1,219	141	11,736	10,969	(767)
Office Expense	1,608	1,667	59	13,536	15,000	1,464
Dues, Subscription & Fees	141,891	127,119	(14,773)	1,221,605	1,144,069	(77,536)
Repairs & Maintenance	64,982	65,525	543	590,091	589,725	(366)
Telephone & Internet	13,741	20,599	6,859	130,080	185,392	55,312
Advertising & Promotions	4,486	5,024	538	18,566	45,212	26,646
Travel & Training	18,419	33,162	14,743	359,405	298,454	(60,951)
Insurance	37,601	35,120	(2,480)	360,609	316,084	(44,525)
Utilities	127,528	130,577	3,049	1,098,086	1,175,193	77,107
Rent	86,144	116,226	30,081	939,349	1,046,031	106,682
Miscellaneous	19,511	33,864	14,353	374,533	304,774	(69,759)
Total Expenditures	4,329,852	5,401,206	1,071,354	38,231,801	48,316,241	10,084,440
Net Income(Loss)	1,014,151	215,308	798,843	9,869,560	(193,682)	10,063,242

SJ HEALTH INCOME STATEMENT VARIANCE ANALYSIS MARCH 2026 (ONLY VARIANCES WITH +/- 10% ARE REPRESENTED)

Income Statement Grouping	Current Period Actual	Current Period Budget - Original	Current Period Budget Variance - Original	% Variance	March 2026 - Variance Explanations
Revenues					
Net Patient Service Revenue	2,285,332	2,120,051	165,281	8%	Favorable variance mainly due to visits being higher than budget by 1,438 visits.
Capitation Revenue	400,826	458,333	(57,508)	-13%	Unfavorable variance mainly due to decline in membership panel size.
Grant Revenue	163,955	380,318	(216,363)	-57%	Unfavorable variance due to budgeted HRSA CPF grant revenue for Lodi construction not realized yet.
340B Pharmacy Program	80,594	233,333	(152,739)	-65%	Unfavorable variance mainly due to increasing manufacturer restrictions and Inflation Reduction Act effective January 2026.
MOU & Other Income	53,373	64,556	(11,183)	-17%	Unfavorable variance mainly due to actual interest income lower than budgeted for the month.
Expenditures					
Salaries & Wages	1,803,451	2,467,909	664,458	27%	Favorable variance mainly related to vacancies. FY26 salaries and benefits budgeted at 100% employment. Actual Mar 2026 FTEs for direct hire positions are 189 compared to budgeted FTEs for 239.
Employee Benefits	987,481	1,339,783	352,302	26%	Favorable variance mainly related to vacancies. FY26 salaries and benefits budgeted at 100% employment. Actual Mar 2026 FTEs for direct hire positions are 189 compared to budgeted FTEs for 239.
Purchased Services	299,463	267,577	(31,886)	-12%	Unfavorable variance mainly due to EMMI fees higher than budgeted based on the actual higher collections in March.
Dues, Subscription & Fees	141,891	127,119	(14,773)	-12%	Unfavorable variance due to prior period invoice for Nuance recorded in March.
Telephone & Internet	13,741	20,599	6,859	33%	Favorable variance due to actual telecommunication expenses lower than budget.
Travel & Training	18,419	33,162	14,743	44%	Favorable variance due to actual travel and training expenses lower than budget.
Rent	86,144	116,226	30,081	26%	Favorable variance mainly due to no rent payment due for March for A.G. Spanos building per the contract.
Miscellaneous	19,511	33,864	14,353	42%	Favorable variance due to actual security and recruiting expenses lower than budget.

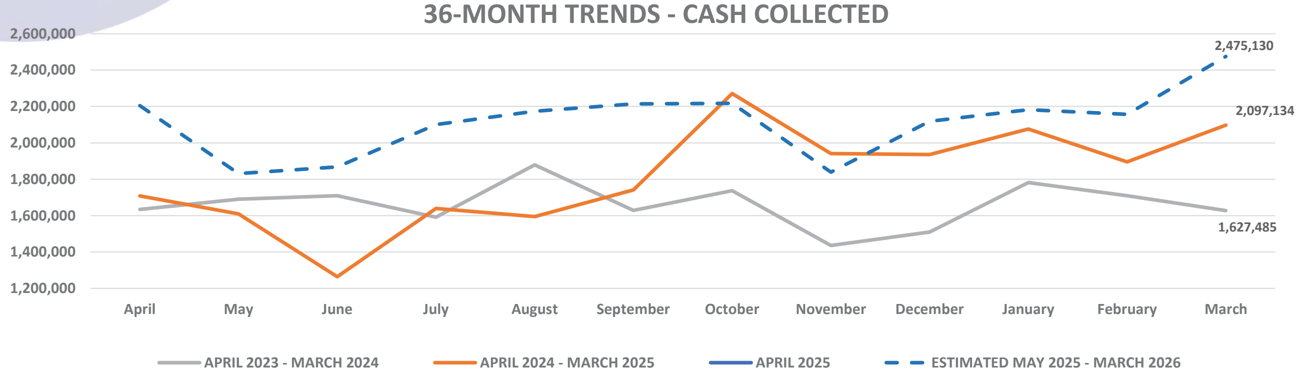
SJ HEALTH INCOME STATEMENT VARIANCE ANALYSIS YTD FY26
(ONLY VARIANCES WITH +/- 10% ARE REPRESENTED)

Income Statement Grouping	Current Period Actual	Current Period Budget - Original	Current Period Budget Variance - Original	% Variance	YTD - Variance Explanations
Revenues					
Net Patient Service Revenue	19,247,409	18,110,440	1,136,970	6%	Favorable variance mainly due to visits being higher than budget by 4,521 visits.
Managed Care Incentives	753,467	1,311,000	(557,533)	-43%	Unfavorable mainly due to the budgeted $600K for PCP Hedis Incentive revenue for CY2024, which has been accrued in FY25.
Grant Revenue	823,710	714,067	109,643	15%	Favorable variance due to actual ARPA grant revenue higher than budget along with recognizing unbudgeted Binational Health and Sunlight Giving grant revenue, and offset by budgeted HRSA CPF Lodi grant revenue.
340B Pharmacy Program	1,673,636	2,100,000	(426,364)	-20%	Unfavorable variance mainly due to increasing manufacturer restrictions and Inflation Reduction Act effective January 2026.
Expenditures					
Salaries & Wages	15,832,831	22,023,979	6,191,148	28%	Favorable variance mainly related to vacancies. FY26 salaries and benefits budgeted at 100% employment. Actual Mar 2026 FTEs for direct hire positions are 189 compared to budgeted FTEs for 239.
Employee Benefits	8,141,805	11,950,626	3,808,820	32%	Favorable variance mainly related to vacancies. FY26 salaries and benefits budgeted at 100% employment. Actual Mar 2026 FTEs for direct hire positions are 189 compared to budgeted FTEs for 239.
Supplies	1,621,657	1,445,197	(176,460)	-12%	Unfavorable variance mainly due to actual expenses related to 340B pharmacy program higher than budgeted.
Telephone & Internet	130,080	185,392	55,312	30%	Favorable variance due to actual telecommunication expenses lower than budget.
Advertising & Promotions	18,566	45,212	26,646	59%	Favorable due to actual advertising expenses lower than budget.
Travel & Training	359,405	298,454	(60,951)	-20%	Unfavorable variance mostly due to higher than anticipated travel expenses related to contracted medical staff not budgeted.
Insurance	360,609	316,084	(44,525)	-14%	Unfavorable variance mainly related to higher than anticipated malpractice insurance expenses for contracted medical staff.
Rent	939,349	1,046,031	106,682	10%	Favorable due to actual rent payment for A.G. Spanos building and actual fleet services charges lower than budget.
Miscellaneous	374,533	304,774	(69,759)	-23%	Unfavorable variance related to higher than anticipated recruiting and minor equipment expenses.

SJ HEALTH BALANCE SHEET- MARCH 2026

	FY2025 JUNE 30, 2025 (UNAUDITED)	FY2026 FQE SEPTEMBER 30, 2025	FY2026 FQE DECEMBER 31, 2025	FY2026 FQE MARCH 31, 2026
Assets				
Cash & Cash Equivalents	32,994,295	32,464,668	32,491,874	31,321,739
Accounts Receivable	2,282,608	2,123,851	1,054,695	1,063,088
Property & Equipment	2,323,595	2,169,907	2,024,634	1,853,638
Other Assets	15,901,518	21,608,100	26,515,520	32,462,165
Total Assets	53,502,017	58,366,527	62,086,722	66,700,630
Liabilities				
Accounts Payable	1,607,815	860,296	1,746,813	1,561,361
Other Liabilities	5,947,579	8,175,594	7,921,275	8,672,525
Deferred Revenue	0	0	0	600,000
Total Liabilities	7,555,394	9,035,890	9,668,087	10,833,886
Net Assets				
Unrestricted Net Assets	38,960,214	44,274,146	44,274,146	44,274,146
Restricted Net Assets	1,672,477	1,672,477	1,722,042	1,723,038
Current YTD Net Income	5,313,932	3,384,015	6,422,447	9,869,560
Total Net Assets	45,946,622	49,330,638	52,418,635	55,866,744
Total Liabilities and Net Assets	53,502,017	58,366,527	62,086,722	66,700,630

36-MONTH TRENDS - CASH COLLECTED



FY26 Collections By Financial Class	%
Medicaid	94.65%
Medicare	4.82%
Self-Pay	0.30%
Commercial	0.23%
Total	100.00%

NOTE: COLLECTIONS FROM MAY 2025 THROUGH MARCH 2026 HAVE BEEN ESTIMATED BASED ON THE HISTORICAL COLLECTIONS TREND. INCREASE IN COLLECTIONS FROM APRIL 2025 THROUGH MARCH 2026 IS DUE TO THE IMPLEMENTATION OF INTERMITTENT CLINIC STRATEGY IN SEPTEMBER 2024.

CAPITAL LINK FQHC FINANCIAL BENCHMARKS VS SJ HEALTH

DATA SUMMARY	CAPITAL LINK TARGET	2023 NATIONAL MEDIAN	2023 CALIFORNIA MEDIAN	SJ HEALTH FYTD FY25 (UNAUDITED)	SJ HEALTH FYTD FY26
FINANCIAL HEALTH					
1 **Operating Margin** As a % of Operating Revenue	**>3%**	4%	5%	10.1%	**20.5%**
2 **Bottom Line Margin** As a % of Operating Revenue	**>3%**	6%	6%	10.1%	**20.5%**
3 **Days Cash on Hand**	**>60 Days**	105	129	259	**228**
4 **Days in Net Patient Receivables**	**<45 Days**	36	39	37	**31**
5 **Personnel-Related Expense (PRE)** As a % of Operating Revenue	**<70%**	69%	72%	72%	**64%**

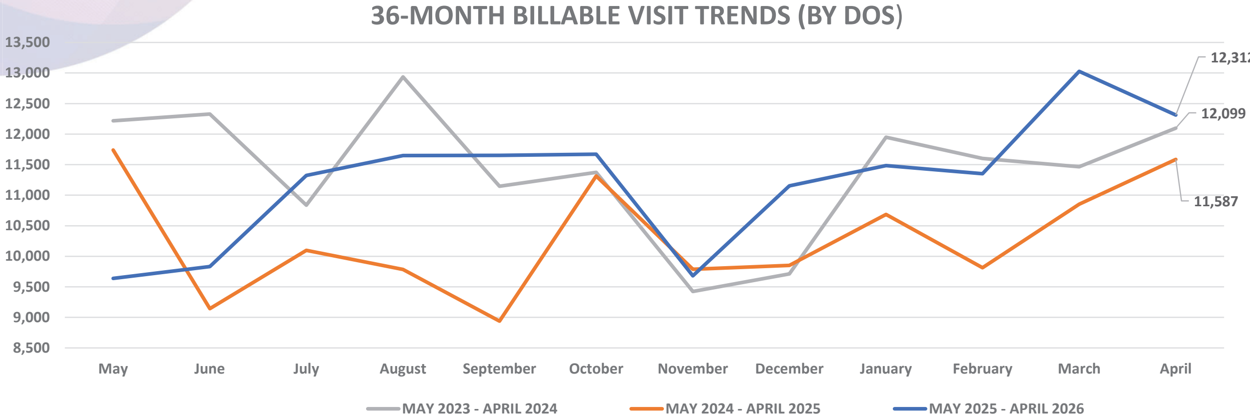
SAN JOAQUIN HEALTH CENTERS
FINANCE PRESENTATION
APRIL 2026 FINANCIAL STATEMENTS

Alison Shih

Management Services Administrator

Presentation Date: 6/30/2026

36-MONTH BILLABLE VISIT TRENDS (BY DOS)



FY26 Visits By Financial Class	Actual
Medi-Cal Managed Care	78.59%
Medicare	11.45%
Medi-Cal	6.28%
Commercial	2.60%
Self-Pay	1.08%
Total	100.00%

FY26 Month	Actual	Budget	Variance
Jul-25	11,323	11,586	(263)
Aug-25	11,649	11,062	587
Sep-25	11,653	11,052	601
Oct-25	11,671	12,109	(438)
Nov-25	9,679	8,956	723
Dec-25	11,153	11,576	(423)
Jan-26	11,484	10,535	949
Feb-26	11,352	10,005	1,347
Mar-26	13,027	11,589	1,438
Apr-26	12,312	11,587	725
Total	115,303	110,057	5,246

SJ HEALTH INCOME STATEMENT – APRIL 2026

	Current Period Actual	Current Period Budget - Original	Current Period Budget Variance - Original	Current Year Actual	YTD Budget - Original	YTD Budget Variance - Original
Operating Revenue						
Net Patient Service Revenue	2,039,158	2,119,151	(79,993)	21,286,568	20,229,591	1,056,977
Supplemental Revenue	2,280,922	2,280,922	0	22,809,225	22,809,225	0
Capitation Revenue	395,387	458,333	(62,947)	4,175,742	4,583,333	(407,591)
Managed Care Incentives	3,333	79,000	(75,667)	756,800	1,390,000	(633,200)
Grant Revenue	74,111	41,719	32,393	897,821	755,786	142,035
340B Pharmacy Program	106,174	233,333	(127,159)	1,779,810	2,333,333	(553,523)
MOU & Other Income	294,520	282,138	12,382	1,589,002	1,515,888	73,114
Total Operating Revenue	5,193,606	5,494,597	(300,991)	53,294,968	53,617,157	(322,189)
Expenditures						
Salaries & Wages	1,893,287	2,467,909	574,622	17,726,118	24,491,888	6,765,770
Employee Benefits	1,012,086	1,339,783	327,697	9,153,891	13,290,409	4,136,517
Professional Fees	454,799	541,653	86,854	5,091,284	5,416,525	325,242
Purchased Services	322,073	267,577	(54,496)	2,660,055	2,675,770	15,715
Supplies	129,645	160,577	30,932	1,751,302	1,605,774	(145,528)
Depreciation	50,057	53,608	3,551	593,501	536,078	(57,423)
Interest	1,021	1,219	198	12,757	12,188	(569)
Office Expense	1,839	1,667	(173)	15,376	16,667	1,292
Dues, Subscription & Fees	127,591	127,119	(472)	1,349,196	1,271,188	(78,008)
Repairs & Maintenance	64,746	65,525	779	654,837	655,250	413
Telephone & Internet	13,266	20,599	7,333	143,346	205,991	62,646
Advertising & Promotions	2,720	5,024	2,304	21,286	50,235	28,949
Travel & Training	29,989	33,162	3,173	389,394	331,616	(57,778)
Insurance	36,737	35,120	(1,616)	397,346	351,204	(46,142)
Utilities	122,440	130,577	8,137	1,220,526	1,305,770	85,245
Rent	108,755	116,226	7,470	1,048,104	1,162,256	114,152
Miscellaneous	25,991	33,864	7,873	400,524	338,637	(61,886)
Total Expenditures	4,397,040	5,401,206	1,004,166	42,628,842	53,717,447	11,088,606
Net Income(Loss)	796,566	93,391	703,175	10,666,126	(100,291)	10,766,417

SJ HEALTH INCOME STATEMENT VARIANCE ANALYSIS APRIL 2026 (ONLY VARIANCES WITH +/- 10% ARE REPRESENTED)

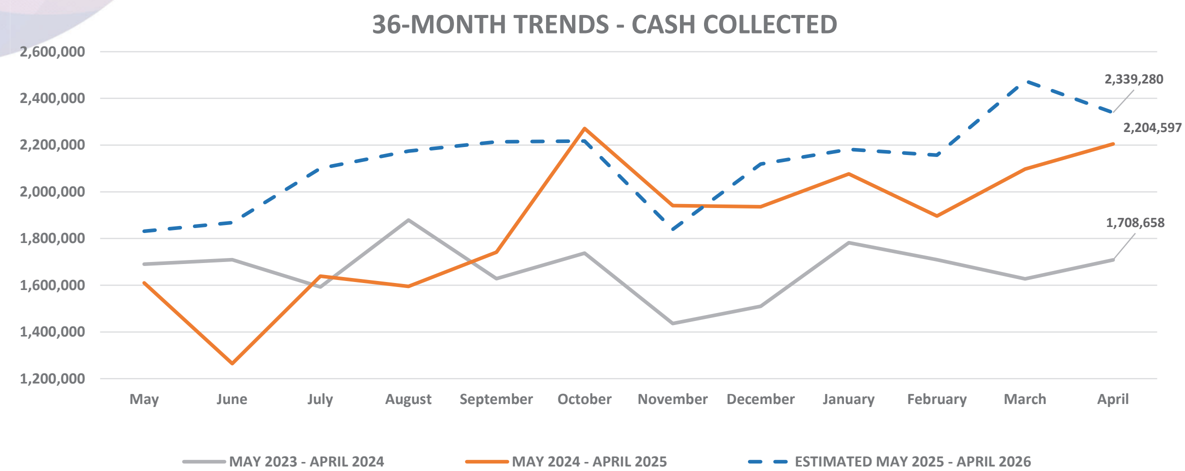
Income Statement Grouping	Current Period Actual	Current Period Budget - Original	Current Period Budget Variance - Original	% Variance	April 2026 - Variance Explanations
Revenues					
Capitation Revenue	395,387	458,333	(62,947)	-14%	Unfavorable variance mainly due to decline in membership panel size.
Managed Care Incentives	3,333	79,000	(75,667)	-96%	Unfavorable mainly due to lower HEDIS Gap Closure Block Access revenue accrued for April based on the updated contract terms effective January 2026. Also, an entry recorded in April to true up the accrued revenues for the quarter ended 12/31/25 based on the actual payment received.
Grant Revenue	74,111	41,719	32,393	78%	Favorable variance mainly due to actual ARPA grant revenue higher than budget.
340B Pharmacy Program	106,174	233,333	(127,159)	-54%	Unfavorable variance mainly due to increasing manufacturer restrictions and Inflation Reduction Act effective January 2026.
Expenditures					
Salaries & Wages	1,893,287	2,467,909	574,622	23%	Favorable variance mainly related to vacancies. FY26 salaries and benefits budgeted at 100% employment. Actual Apr 2026 FTEs for direct hire positions are 190 compared to budgeted FTEs for 239.
Employee Benefits	1,012,086	1,339,783	327,697	24%	Favorable variance mainly related to vacancies. FY26 salaries and benefits budgeted at 100% employment. Actual Apr 2026 FTEs for direct hire positions are 190 compared to budgeted FTEs for 239.
Professional Fees	454,799	541,653	86,854	16%	Favorable variance mainly due to actual activity lower than budgeted for contracted medical staff and other professional services.
Purchased Services	322,073	267,577	(54,496)	-20%	Unfavorable variance mainly due to actual data processing charges higher than budgeted.
Supplies	129,645	160,577	30,932	19%	Favorable variance mainly due to actual expenses related to medical supplies lower than budgeted.
Telephone & Internet	13,266	20,599	7,333	36%	Favorable variance due to actual telecommunication expenses lower than budget.
Advertising & Promotions	2,720	5,024	2,304	46%	Favorable variance mainly due to actual activity lower than anticipated.
Miscellaneous	25,991	33,864	7,873	23%	Favorable variance mainly due to actual activity lower than anticipated.

SJ HEALTH INCOME STATEMENT VARIANCE ANALYSIS YTD FY26 (ONLY VARIANCES WITH +/- 10% ARE REPRESENTED)

Income Statement Grouping	Current Period Actual	Current Period Budget - Original	Current Period Budget Variance - Original	% Variance	YTD - Variance Explanations
Revenues					
Managed Care Incentives	756,800	1,390,000	(633,200)	-46%	Unfavorable mainly due to the budgeted $600K for PCP Hedis Incentive revenue for CY2024, which has been accrued in FY25.
Grant Revenue	897,821	755,786	142,035	19%	Favorable variance due to actual ARPA grant revenue higher than budget along with recognizing unbudgeted Binational Health and Sunlight Giving grant revenue which offset by budgeted HRSA CPF Lodi grant revenue.
340B Pharmacy Program	1,779,810	2,333,333	(553,523)	-24%	Unfavorable variance mainly due to increasing manufacturer restrictions and Inflation Reduction Act effective January 2026.
Expenditures					
Salaries & Wages	17,726,118	24,491,888	6,765,770	28%	Favorable variance mainly related to vacancies. FY26 salaries and benefits budgeted at 100% employment. Actual Apr 2026 FTEs for direct hire positions are 190 compared to budgeted FTEs for 239.
Employee Benefits	9,153,891	13,290,409	4,136,517	31%	Favorable variance mainly related to vacancies. FY26 salaries and benefits budgeted at 100% employment. Actual Apr 2026 FTEs for direct hire positions are 190 compared to budgeted FTEs for 239.
Depreciation	593,501	536,078	(57,423)	-11%	Unfavorable mainly due to unbudgeted depreciation expense for assets added.
Telephone & Internet	143,346	205,991	62,646	30%	Favorable variance due to actual telecommunication expenses lower than budget.
Advertising & Promotions	21,286	50,235	28,949	58%	Favorable variance mainly due to actual activity lower than anticipated.
Travel & Training	389,394	331,616	(57,778)	-17%	Unfavorable variance mostly due to higher than anticipated travel expenses related to contracted medical staff not budgeted.
Insurance	397,346	351,204	(46,142)	-13%	Unfavorable variance mainly related to higher than anticipated malpractice insurance expenses for contracted medical staff.
Rent	1,048,104	1,162,256	114,152	10%	Favorable variance mainly due to actual activity lower than anticipated.
Miscellaneous	400,524	338,637	(61,886)	-18%	Unfavorable variance related to higher than anticipated recruiting and minor equipment expenses.

SJ HEALTH BALANCE SHEET- APRIL 2026

	FY2025 JUNE 30, 2025 (UNAUDITED)	FY2026 FQE SEPTEMBER 30, 2025	FY2026 FQE DECEMBER 31, 2025	FY2026 FQE MARCH 31, 2026	FY2026 AS OF APRIL 30, 2026
Assets					
Cash & Cash Equivalents	32,994,295	32,464,668	32,491,874	31,321,739	30,852,603
Accounts Receivable	2,282,608	2,123,851	1,054,695	1,063,088	1,237,237
Property & Equipment	2,323,595	2,169,907	2,024,634	1,853,638	1,803,581
Other Assets	15,901,518	21,608,100	26,515,520	32,462,165	34,424,920
Total Assets	53,502,017	58,366,527	62,086,722	66,700,630	68,318,341
Liabilities					
Accounts Payable	1,607,815	860,296	1,746,813	1,561,361	1,250,586
Other Liabilities	5,947,579	8,175,594	7,921,275	8,672,525	8,980,445
Deferred Revenue	0	0	0	600,000	1,200,000
Total Liabilities	7,555,394	9,035,890	9,668,087	10,833,886	11,431,031
Net Assets					
Unrestricted Net Assets	38,960,214	44,274,146	44,274,146	44,274,146	44,274,146
Restricted Net Assets	1,672,477	1,672,477	1,722,042	1,723,038	1,947,038
Current YTD Net Income	5,313,932	3,384,015	6,422,447	9,869,560	10,666,126
Total Net Assets	45,946,622	49,330,638	52,418,635	55,866,744	56,887,310
Total Liabilities and Net Assets	53,502,017	58,366,527	62,086,722	66,700,630	68,318,341



FY26 Collections By Financial Class	%
Medicaid	94.65%
Medicare	4.82%
Self-Pay	0.30%
Commercial	0.23%
Total	100.00%

NOTE: COLLECTIONS FROM MAY 2025 THROUGH APRIL 2026 HAVE BEEN ESTIMATED BASED ON THE HISTORICAL COLLECTIONS TREND. INCREASE IN COLLECTIONS FROM MAY 2025 THROUGH APRIL 2026 IS DUE TO THE IMPLEMENTATION OF INTERMITTENT CLINIC STRATEGY IN SEPTEMBER 2024.

CAPITAL LINK FQHC FINANCIAL BENCHMARKS VS SJ HEALTH

DATA SUMMARY	CAPITAL LINK TARGET	2023 NATIONAL MEDIAN	2023 CALIFORNIA MEDIAN	SJ HEALTH FYTD FY25 (UNAUDITED)	SJ HEALTH FYTD FY26
FINANCIAL HEALTH					
1 **Operating Margin** As a % of Operating Revenue	**>3%**	4%	5%	10.1%	**20.0%**
2 **Bottom Line Margin** As a % of Operating Revenue	**>3%**	6%	6%	10.1%	**20.0%**
3 **Days Cash on Hand**	**>60 Days**	105	129	259	**223**
4 **Days in Net Patient Receivables**	**<45 Days**	36	39	37	**30**
5 **Personnel-Related Expense (PRE)** As a % of Operating Revenue	**<70%**	69%	72%	72%	**65%**

SJ HEALTH
San Joaquin Health Centers

San Joaquin Health Centers

Financial Statement Comments

April 2026

Summary of FQHC Performance: Fiscal Year-to-Date

Year-to-date (YTD) billable visits as of April are favorable to budget by 5,246 visits. Net Patient Service Revenues for April are unfavorable to budget by $79,993. YTD financials reflect an estimated PPS liability accrual of $250,000. YTD financials include Medi-Cal payment for $139,334 for FY2023 PPS liabilities due to DHCS. Also, YTD financials include Medi-Cal payment for $307,979 for FY2022 PPS receivable due from DHCS.

Supplemental Revenue includes the recognition of estimated Quality Incentive Program (QIP) revenue of $21,286,568. Also, YTD financials include Capitation Revenue for $4,175,742 and 340B Pharmacy program revenue for $1,779,810. Grant Revenues include ARPA, Sunlight Giving, and Binational Health grant revenues for $897,821. YTD financials include Hedis Gap Closure incentive revenues recorded for $756,800 for July through April health care services. In FY26, SJ Health Centers received the HEDIS incentive payment for $1,770,427 for CY2024 which has been reported on the FY26 balance sheet, and the related incentive revenue has been accrued in FY25.

Other Revenue includes revenues accrued for $544,519 related to Purchased Services provided to SJGH by SJHC per the MOU. Interest income for $1,025,586 has been reflected on the financials, which is favorable compared to budget by $9,698. Also, April financials include refund of $18,557 pertaining to the health insurance reserve amount held with NonStop Health due to termination of the service contract.

Total Operating Revenue is unfavorable to budget by $322,189 primarily due to favorable variance in revenues for $1,272,126 related to patient services, SJGH Chargebacks per MOU, interest income, other income, and grants higher than budget offset by unfavorable revenues for $1,594,314 related to Physician Capitation, 340B Pharmacy Program, and HEDIS incentive revenue. FY26 budget includes $600,000 related to the HEDIS incentive payment for CY2024 which has been accrued as revenue in FY25.

Salaries and Benefits expenses exhibit a favorable variance to budget by $10,902,287 which is mainly related to vacant positions that have not filled yet. Salaries and Benefits expenses budgeted for FY26 are based on 100% employment. Recruitment efforts are ongoing to fill the vacant positions.

Other operating expenses exhibit a favorable variance of $186,319 largely due to an unfavorable variance for $447,335 for Supplies, Depreciation, Interest, Dues, Travel, Insurance and Miscellaneous expenses offset by a favorable variance of $633,653 reflected in the Professional Fees, Purchased Services, Office, Repairs, Telephone, Advertising, Utilities, and Rent expense categories. An estimated accrual for the Purchased Services is recorded from July through April based on the MOU with the County for services purchased from San Joaquin General Hospital. YTD total Operating Expenditures are favorable to budget by $11,088,606.

Unaudited, as presented, YTD Net Income of $10,666,126 represents a favorable variance of $10,766,417 as compared to budgeted Net Loss of $100,291. Net Income is favorable mainly due to the actual salaries and benefits expenses related to vacant positions that have not been filled yet and are included in FY26 budgeted expenses.

Additional Factors Impacting FQHC Fiscal Results

- Supplemental revenues are estimates based on current performance and statewide pool amounts for the California Department of Public Health Quality Incentive Pool Program.
- On SJ Health's balance sheet, deferred grant revenues amount to $1,947,038 as of April 2026.

Chief Medical Officer Report – Key Updates
June 2026

Clinical Operations and Access

Systemwide visit volume remained generally steady in June compared to May. Similar access pressures continued during the month, largely related to provider time off and ongoing staffing limitations. Despite these challenges, underlying patient demand remains strong, and access is expected to improve as staffing stabilizes through the summer.

Chart completion policy follow-up was restarted in June and is going well. This renewed focus supports improved documentation timeliness, provider accountability, and operational consistency across the system.

Workforce and Recruitment

Workforce stabilization and recruitment remained key priorities in June. The Pediatric Nurse Practitioner and Women's Health Nurse Practitioner both started during the month and are helping support near-term access needs.

Additional provider onboarding is scheduled over the next quarter. One locum provider is scheduled to return on July 13, which should provide additional coverage support. A permanent Certified Nurse Midwife is also scheduled to start on July 13. A Family Medicine Nurse Practitioner is scheduled to start on August 10, and an Internal Medicine physician is scheduled to start on August 24. These additions are expected to improve access and support continued workforce stabilization.

Behavioral Health Integration

Behavioral health integration continued to move forward during June. Referral workflows and related processes should now be implemented following prior provider education.

Dr. Tupper met with PMC providers to discuss the behavioral health crisis line and provide guidance regarding psychotropic prescribing. This helped strengthen collaboration between primary care and psychiatry while supporting provider education around behavioral health care coordination. Ongoing focus remains on improving behavioral health access, referral consistency, and provider comfort with psychiatric care coordination.

Hospital and Residency Collaboration

Collaboration with St. Joseph's remains an important focus. St. Joseph's is scheduled to present at the August Pediatrics meeting regarding the direct admission process. The long-term goal remains to create a clearer pathway for appropriate pediatric admissions and improve coordination between SJ Health and hospital partners.

Leadership also continued engagement with the Family Medicine residency program during June. CMO leadership attended the Family Medicine residency graduation and met with the new Family Medicine interns alongside Triti, French Camp CSC. The meeting provided an opportunity to discuss the County, the SJ Health clinic system, clinic processes, and leadership contact information. This engagement supports ongoing partnership with the residency program and helps orient new residents to SJ Health operations.

Correctional Health Collaboration

Collaboration with Correctional Health Services continued in June as the system prepared for transition. Correctional Health Services appears operationally ready for the transition, and work continues around provider coverage planning and clinical support needs.

Efforts are moving forward to implement selected point-of-care testing, including STI-related testing. These efforts are intended to improve clinical efficiency, reduce reliance on outside or hospital-based processes, and support smoother operations within the correctional setting.

System Coordination

Cross-department coordination remains an important focus as Healthcare Services continues working to align services across SJ Health, Correctional Health, Behavioral Health, and hospital partners. June efforts reflected continued work to strengthen communication, referral pathways, provider support, and operational problem-solving across shared patient populations.

Continued coordination will be important as new providers onboard, Correctional Health transitions operationally, and hospital collaboration efforts advance.

Outlook

June visit volume remained steady compared to May, with continued access pressures primarily related to provider time off and staffing limitations. Access is expected to improve as new providers onboard in July and August.

The return of one locum provider, the start of a permanent CNM, and future onboarding of an FM NP and IM physician should strengthen coverage over the next quarter. Behavioral health and psychiatry collaboration continue to mature, with implemented referral workflows and additional provider education. Correctional Health transition work also continues to move forward, with focus on readiness, coverage, and point-of-care testing implementation.

Next Steps

Continue monitoring visit volume and access trends during the summer provider time-off period. Support onboarding of the returning locum provider and permanent CNM on July 13. Prepare for onboarding of the Family Medicine Nurse Practitioner on August 10 and Internal Medicine physician on August 24.

Continue chart completion policy follow-up and monitor documentation compliance. Prepare for the August Pediatrics meeting with St. Joseph's regarding the direct admission process. Continue supporting Behavioral Health and psychiatry collaboration, including referral consistency and provider education. Continue operational collaboration with Correctional Health Services around coverage planning and point-of-care testing implementation.

CEO Report – June 30, 2026 Board Meeting

Executive Summary

The organization continues to demonstrate stable operational performance while advancing several key strategic initiatives. Highlights this month include Board of Supervisors approval of the FY 2026–27 budget, submission of our QIP PY8 CY2025 report with a final score of 100%, and continued progress on the Lodi Access Center project.

Organizational Performance

Operational performance remains stable with continued growth in visit volume and sustained access improvements. Daily visits for May averaged 550, with total monthly visits reaching 11,018 compared to 10,472 in May 2025. Slot utilization increased to 80%, while no-show rates remained low at 21.8%, representing more than a 30% improvement from the prior year. These trends reflect continued operational stability and effective patient engagement efforts.

Strategic, Financial, and Compliance Highlights

Progress continues on the Lodi Access Center clinic project. The lease agreement is scheduled for Board of Supervisors consideration on June 30, and the architecture agreement has been finalized, positioning the project to move into the next phase following lease execution. Separately, design work continues on the conversion of the former hospital employee health space into SJHC Clinic A, with signage and rebranding expected to be completed in July.

The FY 2026–27 budget was approved by the Board of Supervisors on June 16. At approximately $78 million, this represents the organization's first fully consolidated operational budget under the San Joaquin Health Center Enterprise Fund and provides greater transparency into the full cost of operations. FY25 audited financial statements will be presented to the Audit Subcommittee on 6/30/2026. Efforts to restructure the purchased services MOU with the hospital and County also continue, with anticipated positive long-term financial impact.

The organization remains engaged with HRSA regarding potential FY25 New Access Point funding opportunities. While no further updates have been received, we continue to monitor developments and stand ready to proceed should funding become available.

Leadership also completed an assessment of the potential impact of federal policy changes affecting the UIS population. Based on current projections, including Health Plan of San Joaquin estimates of approximately a 1% membership reduction, the fiscal impact to the organization is expected to be minimal.

A major accomplishment this month was successful submission of the QIP PY8 CY2025 report on June 15. Across 40 total clinical quality measures—31 reported by the clinics and 9 by the hospital—the collaborative achieved a final score of 100%. With a gross incentive pool exceeding

$120 million, this performance reflects the continued commitment of both organizations to delivering high-quality care and maintaining strong quality outcomes.

The organization also continues to strengthen partnerships with local agencies. I attended the recent Lodi City Council meeting where the City approved Outreach Ministries as the operator of the Access Center for a five-year term. The agreement includes coordination of Enhanced Care Management and Community Supports services among the Access Center, San Joaquin Health Centers, and Behavioral Health Services to ensure clear accountability and avoid duplication of services.

Additionally, Gary Bess Associates is finalizing the SWOT analysis that will help inform development of the organization's next strategic plan. A draft is expected within the coming weeks.

Workforce, Culture, and Risk

The five staff members transitioning from the Whole Person Care program officially joined the organization on June 15 and have been integrated into our Enhanced Care Management, Community Supports, and Mobile Health teams. These additional resources are expected to strengthen outreach, engagement, and care coordination efforts for high-risk populations.

The organization also reopened recruitment for the Nursing Department Manager position and has received a qualified candidate pool for review. Filling this role remains a priority as we continue to strengthen operational leadership and clinical support infrastructure.

Forward Look

Over the coming months, leadership will focus on implementation of the FY 2026–27 budget, execution of agreements necessary to advance the Lodi Access Center project, continued expansion of correctional health integration initiatives, and completion of the FY25 audit process. The Board should also expect updates regarding strategic planning activities, potential HRSA funding opportunities, MOU restructuring efforts, and implementation of operational modernization initiatives designed to improve efficiency, scalability, and patient access across the organization.

INITIAL APPOINTMENTS
July 2026

The following practitioners have applied for membership and privileges at San Joaquin Health Centers. The following summary includes factors that determine membership: licensure, DEA, professional liability insurance, required certifications (if applicable), etc. Factors that determine competency include medical/professional education, internship/residencies/fellowships, board certification (if applicable), current and previous institutional affiliations, physical and mental health status, peer references, and past or pending professional disciplinary action. The applicants meet the requirements for membership unless noted below.

Membership Request	Name	Specialty/ Assigned Div/Dept	Competency / Privilege Review	Proctoring Required	Proctor	Rec Status/Term	Recommend
INITIAL APPOINTMENT July 2026	Glorofino Juan NP	Nurse Practitioner	Requirements for active staff met	None	Active 07/26-07/27	CRED: 07/10/2026 MED: 07/15/2026 BOARD: 07/28/2026	SJHEALTH MED STAFF
INITIAL APPOINTMENT July 2026	Henna Asrar MD	Primary Medcine	Requirements for active staff met	None	Active 07/26-07/27	CRED: 07/10/2026 MED: 07/15/2026 BOARD: 07/28/2026	SJHEALTH MED STAFF

REAPPOINTMENTS
July 2026

The following practitioners have applied for reappointment to the Medical Staff of San Joaquin Health Centers. This summary includes factors that determine membership: licensure, DEA, professional liability insurance, hospital affiliations, etc. Qualitative/quantitative factors include ongoing performance evaluation which includes data from peer review, quality performance, clinical activity, privileges, competence, technical skill, behavior, health status, medical records, blood review, medication usage, litigation history, utilization and continuity of care. Affiliations, physical and mental health status, peer references, and past or pending professional disciplinary action. All the applicants privilege request commensurate with training, experience and current competence unless noted below.

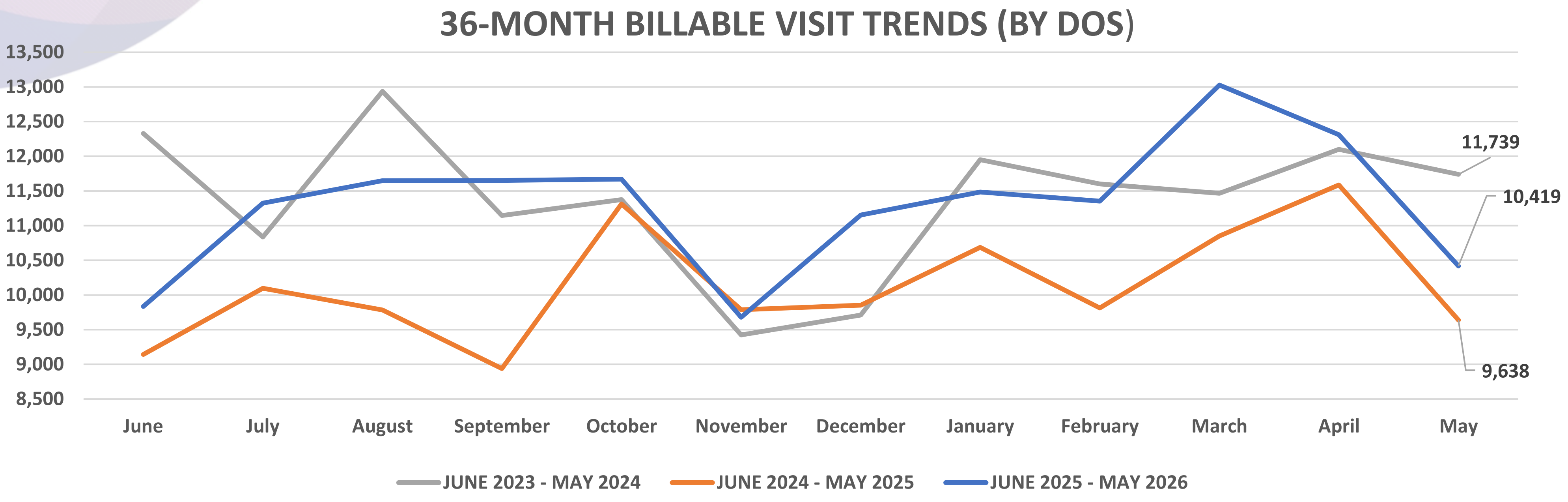
Membership Request	Name	Specialty/ Assigned Div/Dept	Quantitative/Qualitative Factors Request for Privileges and/or Privilege Change	Action Taken/Rec. Exceptions for Cause	Rec. Staff Category/ Reappoint Period	Recommend	Credentialing Dept
Reappointment July 2026	Felipe Chavez MD	Family Medicine	Requirments for active staff met	NONE	Active 07/26-07/28	CRED: 07/10/2026 MED: 07/15/2026 BOARD: 07/28/2026	SJHEALTH MED STAFF
Reappointment July 2026	Hector Ley-Han	Family Medicine	Requirments for active staff met	NONE	Active 07/26-07/28	CRED: 07/10/2026 MED: 07/15/2026 BOARD: 07/28/2026	SJHEALTH MED STAFF
Reappointment July 2026	Jahnavi Kurupati MD	Internal Medicine	Requirments for active staff met	NONE	Active 07/26-07/28	CRED: 07/10/2026 MED: 07/15/2026 BOARD: 07/28/2026	SJHEALTH MED STAFF

SAN JOAQUIN HEALTH CENTERS
FINANCE PRESENTATION
MAY 2026 FINANCIAL STATEMENTS

Alison Shih

Management Services Administrator

Presentation Date: 7/28/2026



FY26 Visits By Financial Class	Actual
Medi-Cal Managed Care	78.61%
Medicare	11.44%
Medi-Cal	6.27%
Commercial	2.57%
Self-Pay	1.11%
Total	100.00%

FY26 Month	Actual	Budget	Variance
Jul-25	11,323	11,586	(263)
Aug-25	11,649	11,062	587
Sep-25	11,653	11,052	601
Oct-25	11,671	12,109	(438)
Nov-25	9,679	8,956	723
Dec-25	11,153	11,576	(423)
Jan-26	11,484	10,535	949
Feb-26	11,352	10,005	1,347
Mar-26	13,027	11,589	1,438
Apr-26	12,312	11,587	725
May-26	10,419	10,537	(118)
Total	125,722	120,594	5,128

SJ HEALTH INCOME STATEMENT – MAY 2026

	Current Period Actual	Current Period Budget - Original	Current Period Budget Variance - Original	Current Year Actual	YTD Budget - Original	YTD Budget Variance - Original
Operating Revenue						
Net Patient Service Revenue	1,878,956	1,939,249	(60,293)	23,165,524	22,168,840	996,684
Supplemental Revenue	2,280,922	2,280,922	0	25,090,147	25,090,147	0
Capitation Revenue	387,728	458,333	(70,605)	4,563,470	5,041,667	(478,196)
Managed Care Incentives	45,000	79,000	(34,000)	801,800	1,469,000	(667,200)
Grant Revenue	105,836	131,719	(25,882)	1,003,658	887,505	116,153
340B Pharmacy Program	235,516	233,333	2,183	2,015,326	2,566,667	(551,341)
MOU & Other Income	97,989	64,556	33,433	1,686,991	1,580,444	106,547
Total Operating Revenue	5,031,948	5,187,113	(155,165)	58,326,916	58,804,269	(477,353)
Expenditures						
Salaries & Wages	2,072,499	2,374,310	301,811	19,798,617	26,866,197	7,067,580
Employee Benefits	1,034,557	1,286,076	251,519	10,188,448	14,576,484	4,388,037
Professional Fees	397,041	541,653	144,611	5,488,325	5,958,178	469,853
Purchased Services	269,734	267,577	(2,157)	2,929,789	2,943,347	13,558
Supplies	162,812	160,577	(2,235)	1,914,114	1,766,352	(147,763)
Depreciation	54,250	53,608	(642)	647,751	589,686	(58,065)
Interest	963	1,219	256	13,720	13,406	(314)
Office Expense	1,732	1,667	(65)	17,107	18,334	1,227
Dues, Subscription & Fees	147,890	127,119	(20,771)	1,497,086	1,398,307	(98,779)
Repairs & Maintenance	64,882	65,525	643	719,719	720,775	1,056
Telephone & Internet	13,306	20,599	7,293	156,652	226,591	69,939
Advertising & Promotions	12,179	5,024	(7,156)	33,465	55,259	21,793
Travel & Training	20,417	33,162	12,745	409,811	364,777	(45,034)
Insurance	35,558	35,120	(437)	432,903	386,325	(46,579)
Utilities	121,907	130,577	8,670	1,342,432	1,436,347	93,915
Rent	112,609	116,226	3,616	1,160,713	1,278,482	117,769
Miscellaneous	84,932	33,864	(51,069)	485,456	372,501	(112,955)
Total Expenditures	4,607,268	5,253,900	646,632	47,236,110	58,971,348	11,735,238
Net Income(Loss)	424,680	(66,788)	491,468	11,090,806	(167,078)	11,257,884

SJ HEALTH INCOME STATEMENT VARIANCE ANALYSIS MAY 2026 (ONLY VARIANCES WITH +/- 10% ARE REPRESENTED)

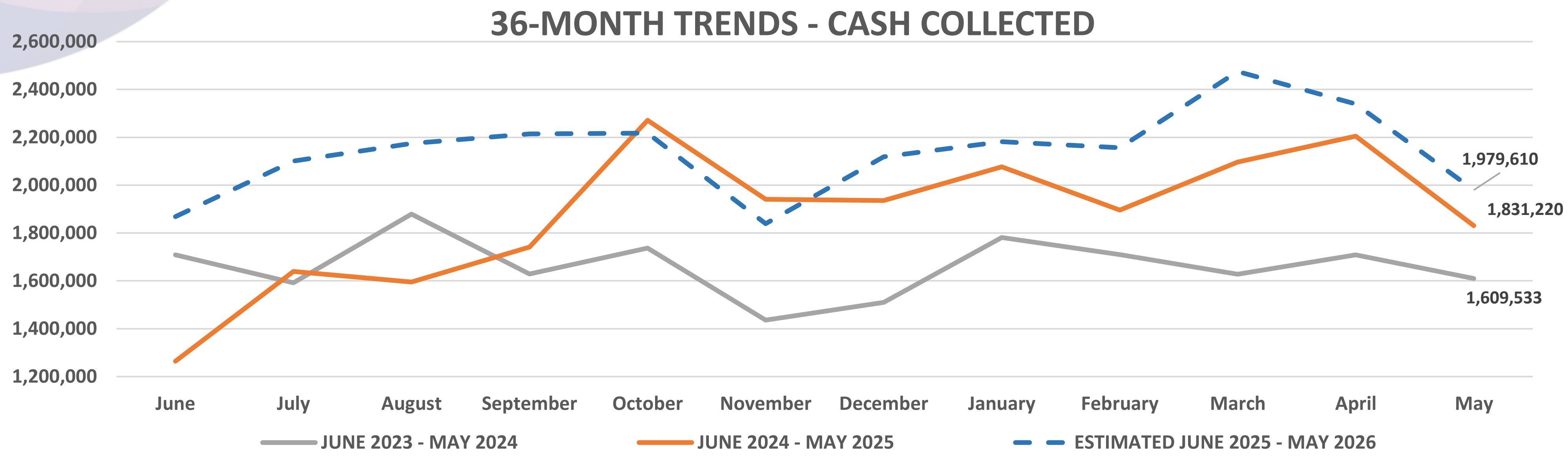
Income Statement Grouping	Current Period Actual	Current Period Budget - Original	Current Period Budget Variance - Original	% Variance	May 2026 - Variance Explanations
Revenues					
Capitation Revenue	387,728	458,333	(70,605)	-15%	Unfavorable variance mainly due to decline in membership panel size.
Managed Care Incentives	45,000	79,000	(34,000)	-43%	Unfavorable mainly due to lower HEDIS Gap Closure Block Access revenue accrued for May based on the updated contract terms effective January 2026.
Grant Revenue	105,836	131,719	(25,882)	-20%	Unfavorable variance mainly due to budgeted $90K Sunlight Giving grant in May. The actual payment for Sunlight Giving grant already received and its revenue was recognized in March.
MOU & Other Income	97,989	64,556	33,433	52%	Favorable variance mainly due to MOU chargeback $48K higher than budget and offset by unfavorable interest income $14K lower than budget.
Expenditures					
Salaries & Wages	2,072,499	2,374,310	301,811	13%	Favorable variance mainly related to vacancies. FY26 salaries and benefits budgeted at 100% employment. Actual May 2026 FTEs for direct hire positions are 198 compared to budgeted FTEs for 239.
Employee Benefits	1,034,557	1,286,076	251,519	20%	Favorable variance mainly related to vacancies. FY26 salaries and benefits budgeted at 100% employment. Actual May 2026 FTEs for direct hire positions are 198 compared to budgeted FTEs for 239.
Professional Fees	397,041	541,653	144,611	27%	Favorable variance mainly due to actual activity lower than budgeted for contracted medical staff.
Dues, Subscription & Fees	147,890	127,119	(20,771)	-16%	Unfavorable mainly due to subscription costs higher than budgeted.
Telephone & Internet	13,306	20,599	7,293	35%	Favorable variance due to actual telecommunication expenses lower than budget.
Advertising & Promotions	12,179	5,024	(7,156)	-142%	Unfavorable variance mainly due to actual activity higher than budgeted.
Travel & Training	20,417	33,162	12,745	38%	Favorable due to actual travel expenses lower than budget in May.
Miscellaneous	84,932	33,864	(51,069)	-151%	Unfavorable variance related to higher than anticipated recruiting and minor equipment expenses.

SJ HEALTH INCOME STATEMENT VARIANCE ANALYSIS YTD FY26
(ONLY VARIANCES WITH +/- 10% ARE REPRESENTED)

Income Statement Grouping	Current Period Actual	Current Period Budget - Original	Current Period Budget Variance - Original	% Variance	YTD - Variance Explanations
Revenues					
Managed Care Incentives	801,800	1,469,000	(667,200)	-45%	Unfavorable due to the budgeted $600K for PCP Hedis Incentive revenue for CY2024, which has been accrued in FY25, and lower revenue accrued based on the updated HEDIS Gap Closure Block Access contract terms effective January 2026.
Grant Revenue	1,003,658	887,505	116,153	13%	Favorable variance due to actual ARPA grant revenue higher than budget along with recognizing unbudgeted Binational Health grant revenue, and offset by budgeted HRSA CPF Lodi grant revenue.
340B Pharmacy Program	2,015,326	2,566,667	(551,341)	-21%	Unfavorable variance mainly due to increasing manufacturer restrictions and Inflation Reduction Act effective January 2026.
Expenditures					
Salaries & Wages	19,798,617	26,866,197	7,067,580	26%	Favorable variance mainly related to vacancies. FY26 salaries and benefits budgeted at 100% employment. Actual May 2026 FTEs for direct hire positions are 198 compared to budgeted FTEs for 239.
Employee Benefits	10,188,448	14,576,484	4,388,037	30%	Favorable variance mainly related to vacancies. FY26 salaries and benefits budgeted at 100% employment. Actual May 2026 FTEs for direct hire positions are 198 compared to budgeted FTEs for 239.
Telephone & Internet	156,652	226,591	69,939	31%	Favorable variance due to actual telecommunication expenses lower than budget.
Advertising & Promotions	33,465	55,259	21,793	39%	Favorable due to actual advertising expenses lower than budget.
Travel & Training	409,811	364,777	(45,034)	-12%	Unfavorable variance mostly due to higher than anticipated travel expenses related to contracted medical staff not budgeted.
Insurance	432,903	386,325	(46,579)	-12%	Unfavorable variance mainly related to higher than anticipated malpractice insurance expenses for contracted medical staff.
Miscellaneous	485,456	372,501	(112,955)	-30%	Unfavorable variance related to higher than anticipated recruiting and minor equipment expenses.

SJ HEALTH BALANCE SHEET- MAY 2026

	FY2025 JUNE 30, 2025 (UNAUDITED)	FY2026 FQE SEPTEMBER 30, 2025	FY2026 FQE DECEMBER 31, 2025	FY2026 FQE MARCH 31, 2026	FY2026 AS OF APRIL 30, 2026	FY2026 AS OF MAY 31, 2026
Assets						
Cash & Cash Equivalents	32,994,295	32,464,668	32,491,874	31,321,739	30,852,603	31,206,777
Accounts Receivable	2,282,608	2,123,851	1,054,695	1,063,088	1,237,237	1,252,371
Property & Equipment	2,323,595	2,169,907	2,024,634	1,853,638	1,803,581	1,749,331
Other Assets	15,901,518	21,608,100	26,515,520	32,462,165	34,424,920	35,981,523
Total Assets	53,502,017	58,366,527	62,086,722	66,700,630	68,318,341	70,190,002
Liabilities						
Accounts Payable	1,607,815	860,296	1,746,813	1,561,361	1,250,586	1,563,212
Other Liabilities	5,947,579	8,175,594	7,921,275	8,672,525	8,980,445	9,514,800
Deferred Revenue	0	0	0	600,000	1,200,000	1,800,000
Total Liabilities	7,555,394	9,035,890	9,668,087	10,833,886	11,431,031	12,878,012
Net Assets						
Unrestricted Net Assets	38,960,214	44,274,146	44,274,146	44,274,146	44,274,146	44,274,146
Restricted Net Assets	1,672,477	1,672,477	1,722,042	1,723,038	1,947,038	1,947,038
Current YTD Net Income	5,313,932	3,384,015	6,422,447	9,869,560	10,666,126	11,090,806
Total Net Assets	45,946,622	49,330,638	52,418,635	55,866,744	56,887,310	57,311,990
Total Liabilities and Net Assets	53,502,017	58,366,527	62,086,722	66,700,630	68,318,341	70,190,002



FY26 Collections By Financial Class	%
Medicaid	94.67%
Medicare	4.83%
Self-Pay	0.29%
Commercial	0.21%
Total	100.00%

NOTE: COLLECTIONS FROM JUNE 2025 THROUGH MAY 2026 HAVE BEEN ESTIMATED BASED ON THE HISTORICAL COLLECTIONS TREND. INCREASE IN COLLECTIONS FROM JUNE 2025 THROUGH MAY 2026 IS DUE TO THE IMPLEMENTATION OF INTERMITTENT CLINIC STRATEGY IN SEPTEMBER 2024.

CAPITAL LINK FQHC FINANCIAL BENCHMARKS VS SJ HEALTH

DATA SUMMARY	CAPITAL LINK TARGET	2023 NATIONAL MEDIAN	2023 CALIFORNIA MEDIAN	SJ HEALTH FYTD FY25 (UNAUDITED)	SJ HEALTH FYTD FY26
FINANCIAL HEALTH					
1 Operating Margin As a % of Operating Revenue	**>3%**	4%	5%	10.1%	**19.0%**
2 Bottom Line Margin As a % of Operating Revenue	**>3%**	6%	6%	10.1%	**19.0%**
3 Days Cash on Hand	**>60 Days**	105	129	259	**224**
4 Days in Net Patient Receivables	**<45 Days**	36	39	37	**30**
5 Personnel-Related Expense (PRE) As a % of Operating Revenue	**<70%**	69%	72%	72%	**66%**

San Joaquin Health Centers

Financial Statement Comments

May 2026

Summary of FQHC Performance: Fiscal Year-to-Date

Year-to-date (YTD) billable visits as of May are favorable to budget by 5,128 visits. Net Patient Service Revenues for May are unfavorable to budget by $60,293. YTD financials reflect an estimated PPS liability accrual of $275,000. YTD financials include Medi-Cal payment for $139,334 for FY2023 PPS liabilities due to DHCS. Also, YTD financials include Medi-Cal payment for $307,979 for FY2022 PPS receivable due from DHCS.

Supplemental Revenue includes the recognition of estimated Quality Incentive Program (QIP) revenue of $25,090,147. Also, YTD financials include Capitation Revenue for $4,563,470 and 340B Pharmacy program revenue for $2,015,326. Grant Revenues include ARPA, Sunlight Giving, and Binational Health grant revenues for $1,003,658. YTD financials include Hedis Gap Closure incentive revenues recorded for $801,800 for July through May health care services. In FY26, SJ Health Centers received the HEDIS incentive payment for $1,770,427 for CY2024 which has been reported on the FY26 balance sheet, and the related incentive revenue has been accrued in FY25.

Other Revenue includes revenues accrued for $642,434 related to Purchased Services provided to SJGH by SJHC per the MOU. Interest income for $1,025,661 has been reflected on the financials, which is unfavorable compared to budget by $4,784. YTD financials include refund record for $18,557 in April 2026 pertaining to the health insurance reserve amount held with NonStop Health due to termination of the service contract.

Total Operating Revenue is unfavorable to budget by $477,353 primarily due to favorable variance in revenues for $1,224,167 related to patient services, SJGH Chargebacks per MOU, other income, and grants higher than budget offset by unfavorable revenues for $1,701,520 related to Physician Capitation, 340B Pharmacy Program, Interest Income, and HEDIS incentive revenue. FY26 budget includes $600,000 related to the HEDIS incentive payment for CY2024 which has been accrued as revenue in FY25.

Salaries and Benefits expenses exhibit a favorable variance to budget by $11,455,617 which is mainly related to vacant positions that have not filled yet. Salaries and Benefits expenses budgeted for FY26 are based on 100% employment. Recruitment efforts are ongoing to fill the vacant positions.

Other operating expenses exhibit a favorable variance of $279,621 largely due to an unfavorable variance for $509,488 for Supplies, Depreciation, Interest, Dues, Travel, Insurance and Miscellaneous expenses offset by a favorable variance of $789,109 reflected in the Professional Fees, Purchased Services, Office, Repairs, Telephone, Advertising, Utilities, and Rent expense categories. An estimated accrual for the Purchased Services is recorded from July through May based on the MOU with the County for services purchased from San Joaquin General Hospital. YTD total Operating Expenditures are favorable to budget by $11,735,238.

Unaudited, as presented, YTD Net Income of $11,090,806 represents a favorable variance of $11,257,884 as compared to budgeted Net Loss of $167,078. Net Income is favorable mainly due to the actual salaries and benefits expenses related to vacant positions that have not been filled yet and are included in FY26 budgeted expenses.

Additional Factors Impacting FQHC Fiscal Results

- Supplemental revenues are estimates based on current performance and statewide pool amounts for the California Department of Public Health Quality Incentive Pool Program.
- On SJ Health's balance sheet, deferred grant revenues amount to $1,947,038 as of May 2026.

Credentialing & Privileging

SJHEALTH

Credentialing & Privileging

Objective: To help you understand the Credentialing process and what it means when the governing board votes to approve clinical initial and reappointed staff.

Credentialing: Is the process of assessing and confirming the qualifications of a clinical staff member, before hiring and every 1-2 years.

SJHEALTH ensures that all clinical staff who are employed by, contracted with, or volunteer at the health center meet established credentialing, privileging, and performance standards before providing direct patient care.

Privileges: Is the formal process of defining and documenting the specific clinical procedures, treatments, and services that a healthcare provider authorized to perform within a healthcare organization.

Final Approval Authority: The Credentialing Committee's recommendation shall be forwarded to the Governing Board for final action. The Governing Board shall approve, deny, or defer the practitioner's initial appointment and request clinical privileges. Appointment and clinical privileges become effective only upon final approval by the Governing Board or its authorized designee, in accordance with SJHEALTH policy.

Credentialing Committee

Credentialing Committee: The Credentialing Committee meets monthly and consists of department chairs representing their respective specialties, including Family Medicine, Pediatrics, and Obstetrics & Gynecology.

The Credentialing Committee shall review the completed credentialing file

- Evaluate the practitioner's qualifications
- Primary source verification
- Requested clinical privileges, and any identified concerns

Upon completion of its review, the Committee shall vote to recommend approval, denial, or deferral of the practitioner's initial appointment and requested clinical privileges. The Committee's recommendation shall be documented in the meeting minutes.

Primary Source Verification

How Privileges are confirmed:

Verification by the original source of a specific credential of the accuracy of a qualification reported by an individual health care practitioner.

Primary source verification confirms the accuracy of:

- Current state of California Licensure
- Relevant education, training, or experience
- Current competence in the form of Peer Reference
- Fitness of Duty (determined by occupational health testing

Secondary source verification:

- Government issued photo Identification
- Drug Enforcement Administration {DEA}
- Immunization and PPD status
- Life support training

Initial and Reappointment

Initial Appointment: The first-time appointment of a provider to the SJHEALTH Medical Staff is based on education, training, experience, current competence, and demonstrated ability, following the credentialing and privileging process.

When we are seeking to approve an initial appointment that means:

1. The practitioner has cleared the primary source verification clearance
2. The practitioner has been approved by our Credentialing Committee
3. The board has the final approval

The initial appointment approval is valid for the practitioner's first year of employment at SJHEALTH. Prior to the expiration of the initial appointment, the practitioner must undergo the reappointment process to maintain Medical Staff employment and clinical privileges.

Re-Appointment (every two years): Focuses on Peer Review and corrective action plans.

Initial Appointment vs Reappointment

Initial Appointment	Reappointment
New Provider	Every 2 years
Complete credential review	Ongoing competency review
Primary source verification	Continued licensure & competency verification
Initial privileges granted	Privileges renewed or modified

Final Approval Authority

Upon completion of its review, the Committee shall vote to recommend approval, denial, or deferral of the practitioner's initial appointment and requested clinical privileges. The Credentialing Committee's recommendation shall be forwarded to the Governing Board for final action.

The Governing Board shall approve, deny, or defer the practitioner's initial appointment and request clinical privileges.

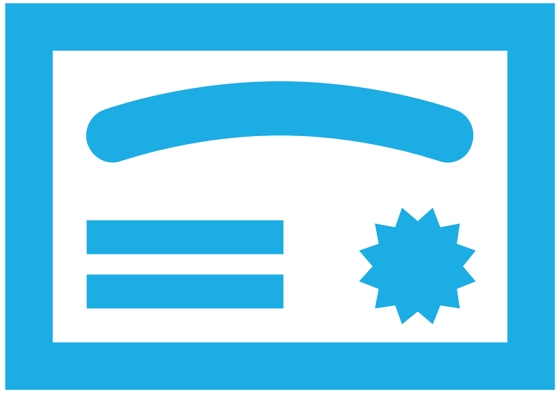
Appointment and clinical privileges become effective only upon final approval by the Governing Board or its authorized designee, in accordance with SJHEALTH policy.

What the Board is Voting On

When you approve credentialing, you are confirming that:

- ✓ Required credentialing standards have been met
- ✓ Clinical privileges are appropriate
- ✓ Credentialing Committee recommends approval
- ✓ The practitioner is qualified to provide care at SJ Health

The Board provides the final authorization for appointment and privileges.



Chief Medical Officer Report – Key Updates
July 2026

Clinical Operations and Access
Systemwide visit volume remained generally steady in July compared to June. Similar access pressures continued during the month, largely related to provider time off and ongoing staffing limitations. Despite these challenges, underlying patient demand remains strong, and access is expected to improve as staffing stabilizes.

Documentation follow-up efforts expanded in July beyond chart completion to also include provider desktop management. This broader focus is intended to improve documentation timeliness, reduce desktop burden, and support more consistent clinical operations across the system.

Workforce and Recruitment
Workforce stabilization and recruitment remained key priorities in July. The overall workforce picture remained similar to June, with continued efforts to strengthen staffing over time. An initial interview was completed with a pediatrician candidate from Michigan, and an in-person interview is planned as the next step.

The next round of nurse manager interviews was also completed, and one candidate will be brought back for a second interview. Recruitment efforts for chiropractic services also advanced significantly. A second chiropractor is expected to sign a conditional job offer. She is currently practicing in an FQHC setting and also treats pediatric and prenatal patients. Preparations are underway to support onboarding, including completion of flooring work at the Stockton clinic and procurement of a shorter drop table.

Behavioral Health Integration
Behavioral health integration continued to move forward during July. Referral workflows and related processes remain in place following prior provider education, and ongoing focus remains on improving behavioral health access, referral consistency, and provider comfort with psychiatric care coordination.

Hospital and Residency Collaboration
Collaboration with St. Joseph's remains an important focus. St. Joseph's is scheduled to present at the August Pediatrics meeting regarding the direct admission process. The long-term goal remains to create a clearer pathway for appropriate pediatric admissions and improve coordination between SJ Health and hospital partners.

July discussions also clarified that the St. Joseph's pediatric wing opened in late March. Collaboration with hospital partners continues as these workflows develop.

Correctional Health Collaboration

Collaboration with Correctional Health Services continued in July as workflows continue to be streamlined following transition. Current focus includes review of after-hours call logs and auditing patients being sent to the Emergency Department in order to strengthen oversight and improve appropriateness of escalation.

Efforts also continue to support smoother operations within the correctional setting, including refinement of workflows and continued clinical oversight.

System Coordination

Cross-department coordination remains an important focus as Healthcare Services continues working to align services across SJ Health, Correctional Health, Behavioral Health, and hospital partners. July efforts reflected continued work to strengthen communication, provider support, workflow efficiency, and operational problem-solving across shared patient populations.

Additional collaboration is also underway with Health Informatics. Some providers are currently using AI scribe tools, and a pilot is now underway with two providers using expanded functionality that can also propose orders during the encounter. If successful, this may support improved documentation and workflow efficiency more broadly. In parallel, our Cerner expert in IT is conducting one-on-one meetings with providers to observe current workflows and identify duplicated work that may be reduced to improve efficiency.

Work is also underway with Quest to bring HPV self-swab testing to patients who do not want to undergo a Pap smear. This has the potential to improve access to cervical cancer screening by allowing testing in real time rather than requiring a second visit, and may be particularly helpful for patients who decline speculum exams or have anatomy that makes traditional screening more difficult.

Outlook

July visit volume remained generally steady compared to June, with continued access pressures primarily related to provider time off and staffing limitations. Access is expected to improve as recruitment advances and onboarding preparations continue.

Progress during July included continued recruitment activity, workflow optimization efforts, preparation for pediatric direct admission collaboration with St. Joseph’s, refinement of Correctional Health operations, and innovation work related to documentation efficiency and women’s health screening access. These efforts are expected to support improved access, provider efficiency, and system coordination over time.

Next Steps

Continue monitoring visit volume and access trends as staffing stabilizes. Advance recruitment efforts for the pediatrician candidate, nurse manager finalist, and second chiropractor. Continue documentation and desktop follow-up efforts and monitor workflow improvement opportunities.

Prepare for the August Pediatrics meeting with St. Joseph's regarding the direct admission process. Continue Health Informatics collaboration, including evaluation of the AI scribe pilot and provider workflow review. Continue collaboration with Quest on planning for HPV self-swab implementation. Continue operational refinement within Correctional Health Services, including after-hours review and Emergency Department audit processes.

CEO Report – July 28, 2026 Board Meeting

Executive Summary

The organization continues to demonstrate stable operational performance while advancing several strategic initiatives that strengthen long-term sustainability and expand access to care. Highlights this month include continued progress on the Lodi Access Center project, positive developments regarding potential federal Health Center funding, successful completion of another strong operational month, and continued growth in our Street Medicine and Enhanced Care Management programs.

Organizational Performance

Operational performance remained strong throughout June, with daily visits averaging 554 and total monthly visits reaching 11,241, compared to 10,878 in June 2025. Slot utilization remained high at 79.5%, while no-show rates held steady at 21.7%, reflecting sustained improvements in patient engagement and scheduling efficiency. These performance indicators continue to demonstrate stable operations and consistent access to care despite increasing patient demand.

Strategic, Financial, and Compliance Highlights

The Lodi Access Center project continues to progress on schedule. The lease agreement and the architecture agreement have been fully executed. The next major milestone will be coordination with the City of Lodi to file the required Notice of Federal Interest with the San Joaquin County Recorder's Office and submit documentation to HRSA, satisfying a key federal grant requirement. Construction is expected to begin following execution of the construction agreement and completion of the Notice of Federal Interest process.

The organization also received encouraging news regarding our FY25 New Access Point application. During a recent discussion with our HRSA Project Officer, we were advised that our application is viewed very favorably and that the likelihood of receiving funding is high. If awarded, San Joaquin Health would transition from a Federally Qualified Health Center Look-Alike to a fully funded Section 330 Health Center. This designation would provide a stable federal funding source to support operations, expand access to care, strengthen long-term financial sustainability, and enhance our ability to recruit providers and invest in services for our community. We will continue to keep the Board informed as additional information becomes available.

Quality and compliance efforts also continue to perform exceptionally well. The organization is currently undergoing the QIP PY8 CY2025 audit, with completion anticipated by mid-September. No issues have been identified to date, and successful completion of the audit will validate our previously reported 100% performance score, allowing DHCS to release associated supplemental funding.

Workforce, Culture, and Community Impact

As we close out FY2025–26, our community-based programs continue to demonstrate meaningful impact. The Mobile Health Program expanded this year with the addition of a dedicated nurse practitioner, increasing access to care for residents experiencing homelessness. During the fiscal year, the team served nearly 700 unsheltered individuals, conducted more than 500 community outreach events and over 500 encampment visits, while connecting patients to primary care, behavioral health, and supportive services.

Our Enhanced Care Management and Community Supports programs also continued to expand their reach, enrolling more than 100 high-risk patients in ECM, helping over 180 individuals obtain interim or permanent housing, and connecting dozens of patients to behavioral health services through coordinated multidisciplinary care. These programs continue to demonstrate the organization's commitment to addressing both the medical and social drivers of health.

Recruitment remains a priority. We continue to interview candidates for the Nursing Department Manager position, which will provide operational leadership across all clinic locations. In addition, recruitment for the newly approved Deputy Director of Clinical Operations and Deputy Director of Administrative Operations positions will begin in August. These leadership positions are critical investments that will strengthen operational oversight, improve organizational capacity, and support continued growth.

Board Education – Patient Majority Requirement

As part of our ongoing governance education, I would like to briefly review one of HRSA's core board composition requirements. Federal regulations require that at least 51% of the governing board be patients of the health center. Patient board members must, as a group, reasonably represent the demographic and socioeconomic characteristics of the patients served by San Joaquin Health.

For HRSA purposes, a patient is an individual who has received at least one in-scope health center service within the previous 24 months that generated a qualifying health center visit. In addition, HRSA permits certain individuals to qualify as patient board members even if they did not personally receive care. This includes a legal guardian of a dependent child or dependent adult who is a patient, an individual with legal authority to make healthcare decisions on behalf of a patient, or a legal sponsor under federal immigration law.

The Board currently consists of 12 members, of whom 4 qualify as patient members, representing approximately 33% patient composition. While this is below the HRSA requirement of at least 51%, leadership and the Governance Committee continue to evaluate current Board membership and future recruitment opportunities to achieve compliance.

For informational purposes, Board members who receive care through San Joaquin Health may qualify as patient members if they receive an in-scope health center service that generates a qualifying health center visit within the previous 24 months. Examples of qualifying services may include:

- A primary care office visit (in-person or telehealth)
- An annual wellness examination or preventive visit
- Immunizations or vaccinations provided by the health center
- Women's health services
- Behavioral health visits

If a Board member believes they may already qualify—or may qualify through a dependent child, legal guardianship, or other HRSA-recognized relationship—we encourage them to notify staff so we can verify eligibility under HRSA guidance.

Forward Look

Over the coming months, leadership will focus on advancing the Lodi Access Center into construction, completing the QIP audit, and continuing discussions with HRSA regarding the New Access Point award. The Board should also expect updates on recruitment for key leadership positions, implementation of operational modernization initiatives, continued expansion of community-based services, and progress toward finalizing the organization's next strategic plan. Together, these efforts position San Joaquin Health for continued operational excellence, expanded access, and long-term organizational sustainability.