

Minutes of March 26, 2024
San Joaquin Health Centers Board of Directors

Board Members Present: Greg Diederich (Interim CEO); Brian Heck (Board Chair); Karen Lee; Samantha Monks; Jodie Moreno; James Myers; Kristin Shinn; Tarsha Taylor-Godfrey

Excused Absent: Monica Fuentes

Unexcused Absent: Cynthia King

SJHC Staff: Michael Allen (Board Clerk); Kim Cuellar; Greg Diederich; Jonathon Diulio; Mary-Lou Milabu; Reuben Pettiford; Rajat Simhan; Susan Thorner; Kris Zuniga

Guests: Brandy Hopkins; Jennifer Scott

AGENDA ITEM	ATTACHMENTS	ACTION
<p>I. <u>Commencement/Call to Order (Brian Heck)</u></p> <ol style="list-style-type: none"> The meeting was called to order at 5:30 p.m. A quorum was established for today's meeting. SJ Health Board of Directors' Attendance Record was made available. 	<p>2024 Board Member Attendance</p>	<p>No action required</p>
<p>II. <u>Public Comment</u> No public comment.</p>	<p>No attachment</p>	<p>No action required</p>
<p>III. <u>Consent Calendar (Brian Heck)</u></p> <ol style="list-style-type: none"> The consent calendar for February 27, 2024 was presented: <ol style="list-style-type: none"> Minutes of SJ Health Board Meeting 02/27/2024 	<p>Board Minutes 2024-02-27</p>	<p>1. Samantha motioned to accept the minutes from the February meeting and Karen seconded; minutes were approved unanimously</p>
<p>IV. <u>Regular Calendar (Brian Heck)</u></p> <ol style="list-style-type: none"> The Clerk of the Board reminded members that Form 700 is due by the end of the month and provided blank forms for those who have not yet submitted. The Credentialing & Privileging Report was presented. Initial appointments are: Asma Jafri, MD; Veronique Tache, MD. Reappointments are: Estefania Macias, CNM; Janine Johal, PA. Resignation is: Imeline Troncales (leaving 5/31/24). Year-to-date (YTD) billable visits as of February 2024 are unfavorable to budget by 8,645 visits. The decline in visits is mainly related to vacant positions and physician turnover in FY24. Recruitment efforts are ongoing to fill the vacant positions. Net Patient Service Revenues for the month of February are unfavorable to budget by \$86,704. YTD Net Patient Service revenue includes a true up adjustment recorded for \$1,389,977 for FY2023 PPS reconciliations recorded as of December 2023. Also, YTD financials include a favorable adjustment of \$126,100 related to the true up of prior period payment received from DHCS in July 2023. YTD financials reflect an estimated YTD PPS liability accrual of \$200,000. 		<ol style="list-style-type: none"> No action required Kristin motioned to accept the credentialing report and Samantha seconded; the motion was approved unanimously Samantha motioned to accept the finance report and Karen seconded; the motion was approved unanimously Jodie motioned to maintain the current SFDP nominal fee and Samantha seconded; the motion was approved unanimously

<p>February financials include the revenues recognized for \$735,778 pertaining to the supplemental payment received from Department of Health Care Services for the 340B pharmacy program. Also, \$27,912 payment from CMS has been reflected on the February financials.</p> <p>YTD Supplemental Revenue includes the recognition of estimated Quality Incentive Program (QIP) revenue of \$11,276,802, which plays a significant role in the overall profitability of SJHC. YTD financials include the recognition of additional QIP Revenues for \$555,742 for PY5 (CY2022) and \$5,310,715 for PY6 (CY2023) and \$466,060 for January and February for PY7 (CY2024) based on the updated information received in February. Also, YTD financials include an estimated \$3,000,000 adjustment recorded as a QIP Revenue Reserve.</p> <p>YTD financials include Capitation Revenue of \$4,211,419 and Managed Care Incentives revenue of \$507,297. A HEDIS incentive payment of \$503,092 was received in December 2023 related to calendar year 2022 performance.</p> <p>Combined Grants Revenue includes revenues for CCAEC, Exact Sciences Focus Program, ARPA, ACE/Practice, Test-To-Treat Equity, KP Health Connect, Heluna Health, HRSA Expanding Covid Vaccinations, SOR3, Path Cited, Discovery Challenge Academy, ECM, and HHIP Street Medicine grants for \$2,431,585. Also, YTD ARPA grant revenues are higher compared to budget due to the recognition of \$794,322 for activity related to July 2022 through September 2023.</p> <p>The 340B Pharmacy program revenue of \$2,179,009 has been reflected in the YTD financials and is higher than the budget by \$1,041,759. The increase in 340B program revenues is mainly due to the recognition of CVS pharmacy related revenues for \$361,005 on the YTD financials.</p> <p>Other Revenue includes revenues accrued for \$394,766 related to Purchased Services provided to SJGH by SJHC per the MOU. YTD Interest income for \$499,435 has been reflected on the financials, which is favorable compared to budget by \$454,282 mainly due to higher cash balance contained within the County Treasury.</p> <p>Total YTD Operating Revenue is favorable to budget by \$3,833,289 primarily due to the favorable QIP adjustments recorded in January and February.</p> <p>Salaries and Benefits expenses exhibit a favorable variance to budget by \$1,591,404 which is mainly related to lower benefits expense. For purposes of annual budgeting, per SJ County direction, county employees purchased by SJHC were budgeted at 66% benefits cost to salaries. Year-to-date actual benefits cost as a percentage of salaries, as of February 2024 is 43%.</p> <p>Other operating expenses exhibit an unfavorable variance of \$926,788 largely due to an unfavorable variance for</p>		<p>5. Karen motioned to pursue the intermittent clinic strategy and James seconded; the motion was approved unanimously</p> <p>6. No action required</p> <p>7. No action required</p> <p>8. No action required</p> <p>9. No action required</p>
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\$1,856,287 in Professional Fees, Dues, Repairs, Telephone, Insurance, Travel, Utilities, and Advertising expenses offset by a favorable variance of \$929,499 reflected in the Purchased Services, Supplies, Depreciation, Interest, Office, Rent and other expense categories. An estimated accrual for the Purchased Services is recorded for July through February based on the MOU with the County for services purchased from San Joaquin General Hospital. YTD total Operating Expenditures are favorable to budget by \$664,617.

Unaudited, as presented, Net Income of \$5,048,630 on a year-to-date basis represents a favorable variance of \$4,497,906 as compared to budgeted Net Income of \$550,724. YTD Net Income is favorable mainly due to the recognition of unbudgeted revenues related to PPS reconciliations for prior periods for \$1,516,077, Managed Care Incentive payments for \$503,092, and QIP revenue related adjustments for \$6,332,517 for PY5, PY6 and January 2024 February 2024 for PY7 partially offset by an increase in the QIP revenue reserve of \$3,000,000

Capital Link fiscal year benchmarks were reviewed, showing Operating Margin at 13.7% against a goal of >3%, Bottom Line Margin at 13.8% against a goal of >3%, Days Cash on Hand at 155 against a goal of >45 days, Days in Net Patient Receivables at 34 against a goal of <60 days, and Personnel-Related Expenses at 70% against a goal of <70%.

4. The recommendation to maintain the existing nominal fee for the Sliding Fee Discount Program (SFDP) was presented. It was noted that keeping the current rates would aid in putting behind us further audit findings.
5. The Intermittent Clinic Strategy proposal was presented to the Board. The major takeaway was that the health center is not profitable without QIP dollars, however there is some controversy within the County over QIP dollar distributions. DHCS has outlined a defined process for health centers to implement the intermittent clinic strategy. We are also working to support legislation that would codify this process at the State level. Jennifer Scott also commented on the legal aspects of this strategy, including that a denial of this request by DHCS will result in no legal ramifications.
6. UDS data submission summary was presented by Reuben Pettiford. SJ Health had 33,079 unique patients in 2023. The majority of our patients by gender were female (57%) and by age in the 18-64 range. 62% of patients were at or below the poverty line and 85% were insured by Medi-Cal.
7. The CEO report was presented by Greg Diederich. SJ Health & SJGH will pursue a hybrid provider contract format. Concerns remain about our OSV findings in regard to Form 5A. Thirteen new FT positions were approved by the Board of

<p>Supervisors today. Budget draft, including a substantial request for additional new positions, was submitted to CAO's office, with follow-up meeting on 4/16/24 to finalize. Finalized a recruitment program with HPSJ that will offer \$100K over 2 years for providers new to SJ Health.</p> <p>8. The COO report was presented by Reuben Pettiford, wherein he outlined his role responsibilities, organizational strengths and areas for improvement. Short-term goals are a positive culture change, redesign of organizational structure, and improvements in QIP, HPSJ engagement, and patient access. Greatest challenges are culture, infrastructure, lack of qualified support staff, HER limitations, and politics within the County.</p> <p>9. An update was given on SJ Health's partnership with San Joaquin General Hospital (SJGH) by Karen. She and the rest of the Liaison Committee will be meeting with the SJGH CEO Rick Castro tomorrow to gauge how we can work together for our community.</p>		
<p>V. Closed Session (Greg Diederich) The closed session was commenced by Brian Heck pursuant to an update on significant exposure to litigation [Gov Code §54956.9(b)].</p> <p>Nothing to report out of closed session.</p>		<p>1. No action required</p>
<p>VI. Adjournment (Brian Heck) There being no further topics of discussion, Brian Heck adjourned the meeting at 8:24 p.m.</p>	<p>No attachments</p>	<p>No action required</p>

***NOTE: Board Member joined remotely**