

Minutes of March 26, 2024

San Joaquin Health Centers Board of Directors – Finance Committee

Board Members Present: Greg Diederich (Interim CEO); Brian Heck; Karen Lee (Finance); Samantha Monks (Finance); Kristin Shinn

Board Members Excused Absent: none

Board Members Unexcused Absent: none

SJHC Staff: Michael Allen (Board Clerk); Reuben Pettiford; Cynthia Rios; Daniel Vega; Kris Zuniga

Guests: none

AGENDA ITEM	ATTACHMENTS	ACTION
<p>1. <u>Call to Order (Karen Lee)</u> The meeting was called to order at 4:45 p.m. A quorum was established for today's meeting.</p>	No attachments	No action required
<p>2. <u>Approval of Minutes from 2/27/2024 (Karen Lee)</u> Minutes from February 27, 2024 were approved unanimously.</p>	Finance Committee Minutes 2024-02-27	Samantha motioned to approve the minutes from February and Karen seconded; motion was approved unanimously
<p>3. <u>Presentation of Financials (Kris Zuniga)</u> 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.</p> <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>	CFO Presentation – 2024-02; Finance Narrative – 2024-02	No action required

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.

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.

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.

Total YTD Operating Revenue is favorable to budget by \$3,833,289 primarily due to the favorable QIP adjustments recorded in January and February.

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%.

Other operating expenses exhibit an unfavorable variance of \$926,788 largely due to an unfavorable variance for \$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%.



<p>4. <u>Adjournment (Karen Lee)</u> There being no further topics of discussion, Karen adjourned the meeting at 5:09 p.m.</p>	<p>No attachments</p>	<p>No action required</p>
---	-----------------------	---------------------------

