

SUSQUEHANNA COMMUNITY HEALTH AND DENTAL CLINIC, INC.

Finance and Audit Committee Meeting Minutes

April 12, 2021 5:00 PM

PRESENT: Barb Barbus, Board Secretary, Max Houseknecht, Jr., CFO; Phil Allen, Senior Accountant; and Jim Yoxtheimer, President & CEO

PRESENT VIA ZOOM: Matt McLaughlin

Excused: Dewy Hilliard and Adanma Akujieze

I March 2021 Financials

The highlights of the Financial Report were reviewed for March 2021 as were set forth on the summary provided to the committee, which is hereby incorporated for all purposes herein. Max reported that for the month of March there was an excess of revenues over expenses of \$11,488. This brings the YTD excess of revenues over expenses to \$1,449,640. Max reviewed the net income by facility/department, pointing out that pharmacy revenue was over by \$48,447 which is largely due to the Medicine Shoppe being closed for 2 weeks. Max reviewed the patient revenue analysis indicating visits look very good for the month. Although medical visits are down for the month, they are higher than last March during COVID. Express Care was under for the month but did not open until 2/3 into the month. Patient revenue was under budget for the month by \$38,196 due largely to medical services revenue being under budget by \$53,715, general dental services revenue was over budget by \$73,428, reproductive health services revenue was under budget by \$6,289, pharmacy revenue was over budget by \$53,294, chiropractic services revenue was under budget by \$12,567, behavioral health services revenue was over budget by \$19,446, and express care services revenue was under budget by \$111,793.

Max reported that in Other Revenue Analysis incentive/care caps were over budget by \$5,464, 340b drug program income was over by \$21,718, and federal grants revenue was under budget by \$40,806 due to the timing of the 4/2/21 payroll drawdown. April's grant revenue will be overbudget.

Phil reviewed the Expense Analysis as follows: Expenses were under budget by \$129,533. Factoring out the grant related expenses that were unbudgeted of \$17,573, total expenses would have been under by \$147,106. Total salaries, benefits, & payroll expenses were under budget by \$121,251 due largely to savings in payroll costs associated with staffing vacancies and new positions not yet filled at approximately \$69,000; savings in budgeted FICA of \$13,506, due to FFCRA tax savings; and estimated health insurance savings of \$33,000. Medical supplies were under budget by \$18,690. Pharmaceuticals (non-340b) retail were over budget by \$10,529 due to increased revenues. Minor equipment was over budget by \$11,243 due largely to equipment costs associated with Jersey Shore that did not meet the capitalization threshold. Recruitment/Retention was under budget by \$8,481. Telehealth services were under budget by \$19,180 due to an over-accrual of expenses from 2 prior months associated with the provider that left. Legal fees were over budget by \$5,250 due to Visa costs associated with onboarding of a new provider. Maintenance contracts/building repairs were under budget by \$15,768 due to timing of costs associated with minor renovations for Jersey Shore.

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Phil reviewed the balance sheet highlights for the month indicating 340b receivable was at \$431,923. Accounts payable was \$165,591. Super money market fund balance is \$171,839.53 with no transfers occurring for the month of March. Total cash in the operating accounts at month-end was \$1,463,395 which is an increase from the previous month of \$351,501.

Motion #1 Barb Barbus made the motion to recommend approval of the March 2021 Financial Report by Full Board. Matt McLaughlin seconded the motion. The motion passed unanimously.

- **Summary Report:** Max reviewed the Summary Report that will be presented at the full board meeting indicating that YTD net gains from operations was \$1,449,640. Net days in A/R was 30. Days in A/P was 35.27. Days cash on hand increased to 35.26.

II Federal 330 Grant Funds/COVID-19 Funds

Max reported that the remaining grant funds are reported in the packet. There has not been much change since the full review last month. Staff is working though the spending plan. If there are any questions, please do not hesitate to reach out at any time.

III Policy Change

- **4.5.5 Employee Discount Services:** Max indicated that May is open enrollment for staff for ancillary benefits and the employee discount is typically reviewed with staff during the open enrollment period. In the past this policy has typically caused confusion with the staff who use services at the Center. The change recommended includes a 100% discount to employees after insurance has considered the claim. Also, a 50% discount is being recommended for staff who do not have insurance. The exception to this policy would be in the dental department for lab fee which staff would still be responsible for. To be eligible for the discount a family member form must be completed and submitted to HR and that form can be submitted and/or updated anytime throughout the year. This discount would end the last day of employment with the Center. N

Motion #2 Barb Barbus made the motion to recommend changes to policy 4.5.5 Employee Discount Services by the full board. Matt McLaughlin seconded the motion. The motion passed unanimously.

IV NOA

Max reported two notice of awards were received by the Center, which is needed to be reported to the board anytime one is received. These forms are reported to the Finance & Audit Committee since most of the awards are financial related. For completeness, he reviewed the notice of award form in detail for the committee.

- **431 Clinic Site Condition Removal:** This notice of award lifted the conditions to begin Express Care. This action removes the grant condition.

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- **American Rescue Plan (H8F) Award:** Max reported the Center received an award for \$2.9 million from HRSA for the American Rescue Plan. The management and finance team are working on a budget which will need to be submitted to HRSA within 60 days (May 31). This budget will need to be approved by the board.

V Fee Schedule Report

Max reported that HRS requires the board of directors to periodically review the fee schedule for applicability in the service area. The fees are determined by using a software tool that analyzes geo zip from claims around our service area zip code. The Center's charges need to fall in the 50-80th percentile. Management is not recommending any increases at this time, but there are a few additions to the fee schedule which need added. One fee being the administration fee for the COVID-19 vaccine. This fee is not for the vaccine itself, but the administration of the vaccine. This fee will only be billed to insurance companies and patients will not be billed for any part of the administration fee. Medicare set a rate for \$40 effective March 24. Using the software discussed above the Center has set their fee at \$35. There are also a few dental services that were added for scaling and root cleaning, otherwise known as "deep cleaning".

Management is looking for a recommendation to send the fee schedule to the full board for approval with no increases.

Motion #3 Matt McLaughlin made the motion to recommend approval of the Fee Schedule by full board. Barb Barbus seconded the motion. The motion passed unanimously.

VI FY22 Budget

Max presented the FY22 Draft Budget information to the committee indicating that allocations throughout the budget were developed using 4 methods. Method 1: Based on head count of staff members. Method 2: Billing staff allocation. Method 3: Support staff allocation. Method 4. 330 base grant allocation. Patient mix was determined by using the 8-month actuals from FY21 for each individual service line.

Max reported there will be a change in our PPS rate due to the FY21 cost report submission for a scope change. Although the Center cannot estimate at this point, it is assumed to be a slight increase in PPS rates for both medical and dental services due to increased costs associated with COVID-19.

Productivity metrics were calculated using FY21 YTD actual averages for the Reproductive Health, Medical, and Dental departments.

This budget shows a 3% annual increase for all staff effective July 1, 2021. The remaining expense line items were factored using a 3-year historical average plus 3% increase for inflation.

If nothing were to change with this budget, at FY22 year end there would be 12 days cash on hand. However, this is expected to change as we work through the budget in more detail and work on the grant monies recently received.

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The committee will be afforded the opportunity to review the final budget information before next month's finance meeting in hopes they will feel comfortable recommending it for approval by the full board in May's full board meeting.

Max reported that May's meeting will be extended to allow for one hour. Baker Tilly will join the committee to bring the discussion of the FY21 audit plan. Preliminary work will begin the end of May.

Next Meeting: May 10, 2021 @ 5 PM