

SUSQUEHANNA COMMUNITY HEALTH AND DENTAL CLINIC, INC.

Finance and Audit Committee Meeting Minutes

January 13, 2020 5:00 PM

PRESENT: Dewy Hilliard, Board Treasurer; Barb Barbus, Board Secretary; Adanma Akujieze (via phone conference); Dr. John Boll, Board Chair; Phil Allen, Senior Accountant; Max Houseknecht, Jr., CFO; and Jim Yoxtheimer, President & CEO

I December 2019 Financials

The highlights of the Financial Report were reviewed for December 2019 as were set forth on the summary provided to the committee, which is hereby incorporated for all purposes herein. Max reported for the month of December there was an excess of revenues over expenses of \$5,805 which brings the YTD deficiency of revenues over expenses to \$274,122. Max reported the net income by department showing that while pharmacy is still under budget the Center is seeing an increase in prescriptions being filled. Patient visits were under budget by 355. Max reported the Revenue Analysis as follows: Gross patient revenue for the month was under budget by \$96,480 due to: Medical revenue being under budget by \$63,662, general dental revenue being under budget by \$28,252, reproductive health revenue being under budget by \$16,005, pharmacy revenue was over budget by \$32,350 due to unbudgeted revenue, and outreach revenue was under budget by \$23,592.

Max reviewed the Other Revenue Analysis as follows: Miscellaneous other revenue was over budget by \$38,056 due to income from the Cleft Palate Clinic. Incentive/Care gaps revenue was over budget by \$22,791. 340B drug program income (contract pharmacy) was under budget by \$1,747. Total federal grants revenue was over budget by \$18,055 due to revenues associated with supplemental grants not originally budgeted. Contribution income was over budget by \$87,771 due to the 2nd quarterly payment from the UPMC grant. Although this amount is over budget for the month, it is not over budget for the year.

Phil reported the Expense Analysis as follows: Expenses were over budget by \$35,896 due to the following: Total salaries, benefits, & payroll expenses were under budget by \$29,712 due to reduced FICA expenses and lower than budgeted health insurance expenses. Minor equipment was over budget by \$7,500 due to costs associated with purchasing equipment covered under supplemental grant awards that did not meet the threshold for fixed assets. Telehealth services were under budget by \$12,264 due to a delay in the startup of pediatric services. Staff education was under budget by \$5,000 due to the timing of provider CME. Chiropractic services were over budget by \$14,833 due to changes with the contract with Chiropractic Services Corporation. Behavioral Health Services was under budget by \$7,507 due to a staffing vacancy. Pharmacist contract services were over budget by \$15,000. Consulting fees were over budget by \$20,581 due largely to the pharmacy management services contract as well as costs associated with a consultant for the 330 Grant Service Area Competition application. Depreciations expenses were over budget by \$3,845. Grant for acquisition of PP&E was over budget by \$21,036 due to purchases of equipment that w2as associated with the supplemental grant funds that qualified as a fixed asset.

Phil reviewed the Balance Sheet highlights as follows: Accounts payable was at \$190,500 which is an increase over the prior month of \$39,010. Accrued PTO payable decreased by \$4,758 and accrued med leave payable increased by \$11,576. Medicaid settlement receivable remained at \$760,077.99 and Medicaid settlement payable remained at \$768,700.38. Max gave an update on

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the Medicaid settlement indicating staff has been working with the MCO insurance companies without progress. The Center enlisted in assistance from PACHC in December.

Motion #1 Dewy Hilliard made the motion to recommend approval of the December 2019 Financial Report to the Full Board. Barb Barbus seconded the motion. The motion passed unanimously.

- **Dashboard:** Max reported highlights of the Dashboard as follows: Net days in A/R decreased to 23. Days in A/P was 38.28. Days Cash on Hand was 18.38 which is largely due to the Cleft Palate Clinic and UPMC monies received. Dash cash on hand will be tight moving forward. Current Ratio was 1.06. Patient visits, while 13% over last fiscal year, were, at the same time, under budget by 10%.

II Federal 330 Grant Remaining Funds/Carry Forward

Max reported the Center is waiting on the formal approval of the Carry Forward request. An initial approval was received; however, it is anticipated the official Notice of Award from HRSA will be issued this week.

III Sliding Fee Scale Discount Program Review

Max reported that according to HRSA health centers must evaluate the sliding fee discount program in the following manner:

- Full program evaluation at least once every three years
- Collect utilization data that allows for the assessment of the rate which patients within each category are accessing services
- Gather other data such as patient satisfaction surveys and/or focus groups to evaluate the effectiveness of the program in reducing financial barriers to care
- Identify and implement changes as needed

Max reported that the current sliding fee scale program is as follows:

- Slide A—47%
- Slide B—15%
- Slide C—16%
- Slide D—15%
- Slide E—7%

Max reported the proposed changes to the sliding fee scale program as follows:

- Reduce the sliding fee discount categories over 100% of Federal Poverty Level (FPL) from 4 to 3 keeping the lowest discount level at the same 176%-200% of FPL.
 - HRSA's requirement is that you have 3 discount categories over 100% of FPL.
 - This change would allow:
 - The ability to extend the discount offerings to the middle-tier of SFS patients, providing more of a price break than in the current model and with the potential to improve collections.

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- The possibility of patients scheduling additional appointments due to affordability of services when they otherwise would potentially not schedule.

The next steps for change in the SFS Program are as follows:

- Authorization through a majority vote of the Board of Directors for the adoption of the changes to the program.
- An evaluation of the program will occur in January 2021 to assess the effectiveness of the program changes and to ensure accuracy of documentation/discounting in the new electronic health record system, even though a review would not be required for 3 years.
- The income schedule will be automatically be updated to the 2020 FPL as soon as they are released and will be annually updated without the need for Board approval as current policy states the organization follows the FPL for determination of the Sliding Fee Discount Schedule.

The Committee requests examples be brought to the Full Board to be shown before voting on the change to the Sliding Fee Discount Program.

Motion #2 Barb Barbus made the motion to recommend approval of the changes to the Sliding Fee Discount Program by Full Board. Dewy Hilliard seconded the motion. The motion passed unanimously.

IV Fee Schedule Analysis

Max reported he completed the annual analysis of the fee schedule. He used Fair Health Estimator using our Geo Zip. The Center's general policy is to be within the 50th-80th percentile to be competitive in the market. The analysis provided to the committee shows some of our fees to be under the 50th percentile or over the 80th percentile. The Finance Department is recommending a change in the fee schedule to bring all fees within the 50th – 80th percentile.

The committee had questions on the vaccine fees versus the Center's cost. It was agreed that Max should look at those fees prior to presenting to the Full Board.

Motion #3 Dewy Hilliard made the motion to recommend approval of the change in Fee Schedule to bring all fees to the 50th – 80th percentile. Barb Barbus seconded the motion. The motion passed unanimously.

Next Meeting: February 10, 2020 @ 5: PM Administrative Conference Room, 431 Hepburn Street