

SUSQUEHANNA COMMUNITY HEALTH AND DENTAL CLINIC, INC.

Finance and Audit Committee Meeting Minutes

February 8, 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: Dewy Hilliard, Board Treasurer and Kim Wetherhold, Board Chair

Excused: Adanma Akujieze

I January 2021 Financials

The highlights of the Financial Report were reviewed for January 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 January there was an excess of revenues over expenses of \$38,173. This takes the YTD excess of revenues over expenses to \$1,566,643. Without the PPP Loan the excess would be \$361,083. Max reviewed the next income by facility. He pointed out that the pharmacy continues to do well and over budget. Max reported the visits were under budget by 1,971 due to provider vacancies, nonexistent outreach appointments due to COVID-19. Patient revenue was under budget for the month by \$256,889 due largely to: medical services revenue was under budget by \$138,016; general dental services revenue was under budget by \$71,150; reproductive health services revenue was under budget by \$3,195; pharmacy revenue was over budget by \$30,805; outreach services revenue was under budget by \$49,136; chiropractic services revenue was under budget by \$21,842; and behavioral health services revenue was under budget by \$10,745.

In other revenue Max reported that incentive/care gaps revenue was under budget by \$8,433 due largely to timing of incentive payments. 340b drug program was over budget by \$71,385 due to increased capture rates with Pharmaforce for the Wegmans and Walmart contract pharmacies as well as referral prescription program revenue.

Community Health Center base funding was over budget by \$8,795 due to the utilization of additional funds that were delayed from the Paycheck Protection Program Loan. Supplemental federal grants revenues were over budget by \$89,424 due to drawdowns associated with supplemental awards not initially budgeted, such as COVID-19, OHI, and SUD-MH funds.

Phil reviewed the Expense Analysis as follows: Expenses were over budget by \$38,927. Factoring out the grant related expenses that were unbudgeted of \$10,754 total expenses would have been over budget by \$28,173. Total salaries, benefits, & payroll expenses were under budget by \$70,313 due largely to savings in payroll costs associated with staffing vacancies and new positions not yet filled of \$48,113; savings in budgeted FICA of \$16,245 due to FFCRA tax savings; and health insurance expenses of \$6,493. Total clinical supplies were over budget by \$47,299 due largely to the purchase of COVID testing supplies as well as remaining express care start up supplies. Pharmaforce was over budget by \$7,612 due to increased capture rates. Environmental supplies were over budget by \$10,080 due to continued costs associated with additional COVID-19 cleaning procedures. Minor equipment was over budget by \$21,220 due largely to grant related equipment purchases, express care equipment, and technology equipment needing replaced that did not meet fixed asset capitalization thresholds. Temp staffing fees were over budget by \$17,765 due to costs associated with the Locum Tenens Dentist. 340b admin

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fees were under budget by \$5,103. Maintenance contracts/building repairs were over budget by \$5,914 due largely to costs associated with preparing express care and the minor renovations in medical for the COVID testing area. Building rentals were over budget by \$17,871 due to increase CAM (Common Area Maintenance) fees for 2020 that were reconciled by the property owner per the lease agreements. General insurance was over budget by \$7,005 due to increased insurance costs associated with the addition of the Jersey Shore practice.

Phil reported the balance sheet highlights indicating the 340b receivable was at \$597,327 which is an increase over the prior month of \$98,349. After further conversation with the third-party administrator (TPA), PharmaForce, the Center anticipates a significant payment at the end of February. It is also important to note that the delays were on our TPA's end, but rather a technology glitch on the part of the contract pharmacy's TPA side that has since been resolved. Accounts payable was at \$368,100 at month end which was an increase over the prior month of \$119,882 due largely to the 2020 Pension match for which the invoice was received on 01/27/2021 at approximately \$62,000. In addition, there were invoices related to express care purchases as well as the OHI grant construction that came in at month-end. The Super Money Market Fund balance is \$171,756.23 with no transfers occurring for the month of January. Interest accrued from the super money market fund for the month was \$43.75. Total cash in the operating accounts at month-end was \$1,428,200.

Motion #1 Dewy Hilliard made the motion to recommend approval of the January 2021 Financial Report by the Full Board. Barb Barbus seconded the motion. The motion passed unanimously.

- **Summary Report:** Max reviewed the Summary Report which will be presented at the full board meeting indicating the YTD net gains from operations was \$1,5666,643. Net days in A/R was 31, days in AP was 39.41. Days cash on hand decreased to 35.3 due to the down-payment and expenses related to the closing of the Jersey Shore dental practice.

II Federal 330 Grant Funds/COVID-19 Funds

Max reported that for the month of January \$218,819 was spent from the Federal Grant Funds and \$114,444 was spent from the COVID-19 Grant Funds.

III Sliding Fee Schedule

Max reminded the committee that the full board approved the changes in the sliding fee scale January 2020 with the understanding that the scale should be reviewed in one year for efficacy of the changes. Max indicated that, according to HRSA guidelines, the Center needs to evaluate whether the program is effective at least every three years. Center-wide, the average visit per patient is 3. In all levels of the sliding fee, except slide D, patient visits were over the center average. Max felt this indicates that the sliding fee is not impacting patients from coming to the Center for their appointments.

The next full review of the Sliding Fee Schedule will be in 2023. Prior to the next review Max would like to initiate a focus group comprised of patients using the slide program to determine the efficacy.

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IV National Estimate Financial Impact COVID-19

Max shared a report received from Capital Link on a study they performed on the financial impact of COVID-19 on FQHC's nationally. Capital Link used data collected from April – December 2020. They used data from 1,400 health centers across the county. What they have found is that there has been, on average, a 26% decrease in patient visits directly correlated to COVID-19. Max reported that River Valley Health and Dental Center experienced a 20% decrease in patient visits. Capital Link also broke down the estimated costs related to COVID expenses and revenue along with funding received, showing the gap.

Jim added that management has been exploring reasons as to why River Valley Health and Dental Center's numbers have been off. It is obvious that people are not comfortable going out into the public unless it is truly needed.

V FY 21 Budget Re-forecast

As requested from January's committee meeting, Max had prepared a reforecasted budget for FY21. He presented a very high-level overview of the new forecast and indicated he would be willing to review line by line detail if anyone would like.

Max reported the FY21 Operating re-forecast has been prepared utilizing July 2020 – January 2021 actual numbers. In addition, February – June 2021 estimates were calculated using averages of year-to-date actuals considering continued reductions due to the COVID-19 pandemic.

The goal of the Finance department is to be fully transparent as to what the year-end numbers would look like. Days cash on hand at fiscal year end may be a little concerning as the original budget showed 18 days cash on hand. The reforecast shows just under 7. The department would always continue to strive to do better.

The committee discussed how to proceed with the reforecast whether it be an internal management document or be adopted as the new budget by the full board. The recommendation was the full board adopt the new budget.

Motion #2 Dewy Hilliard made the motion to recommend approval of the FY21 Budget Re-forecast by the full board. Barb Barbus seconded the motion. The motion passed unanimously.

Next Meeting: March 8, 2021 @ 5 PM Community Room, 431 Hepburn Street