

SUSQUEHANNA COMMUNITY HEALTH AND DENTAL CLINIC, INC.

Finance and Audit Committee Meeting Minutes

November 11, 2019 5:00 PM

PRESENT: Dewy Hilliard, Board Treasurer; Barb Barbus, Board Secretary; Adanna Akujieze (via telephone conference line); Max Houseknecht, Jr., CFO; Phil Allen, Senior Accountant; and Jim Yoxtheimer, President & CEO

I October Financials

The highlights of the Financial Report were reviewed for October 2019 as were set forth on the summary provided to the committee, which is hereby incorporated for all purposes herein. First Max noted that October 4 was the Go-Live of eCW and a budgeted 40% reduction in volume was planned. Max reported for the month of October there was a deficiency of revenues over expenses of \$165,831 which brings the YTD deficiency of revenues over expenses to \$175,724. Max reviewed the net income by department. Max reported the Revenue Analysis as follows: Gross patient revenue for the month was over budget by \$38,144 due to: Medical revenue being over budget by \$19,240; General dental revenue being over budget by \$43,603; Reproductive health revenue being under budget by \$7,691; Pharmacy revenue being over budget by \$7,780 due to unbudgeted revenue; and Outreach revenue being under budget by \$25,746. The 340B drug program income (contract pharmacy) was over budget by \$2,634.

Based on feedback from Baker Tilly from the FY19 Audit, new grant revenue accounts have been added to the Income Statement that shows the breakdown of funds received from each grant. Total federal grant income was over budget by \$82,351 due largely to an additional base grant drawdown for the November 1st payroll. These funds were budgeted in November, however due to timing of payroll transfer they were drawn down and recorded on October 31.

Phil reported the Expense Analysis as follows: Expenses were over budget by \$18,021 due to the following: total salaries, benefits, & payroll expenses were under budget by \$35,653 due to savings from retroactive health insurance credits and reduced FICA expenses. Medical supplies were over budget by \$10,370 due largely to a purchase associated with the IBHS grant (there was offsetting grant revenue to cover the expense). Miscellaneous supplies at a credit of \$6,586, in relation to an overcharge by HP that was refunded this month. Clinical software was over budget by \$14,540 due to a Greenway invoice that incorrectly coded in FY19 when it was for FY20 services. Telehealth services were under budget by \$20,107 due to delay in the startup of services. Chiropractic services were over budget by \$6,408 due to increase in provider hours to full-time. Pharmacist contract services were over budget by \$14,625 due to opening the pharmacy in July. Non-CME staff education was over budget by \$11,323 due to costs associated with conference registrations supported by the IBHS grant as well as the PACHC conference. Consulting fees were over budget by \$10,436 due largely to a consultant for the upcoming federal SAC application. 340B administrative fees for contract pharmacy were over budget by \$5,443 due to increased 340B revenues.

Phil reported Accounts Payable at month end was \$248,539 which is a decrease over the prior month of \$16,143. The Super Money Market Fund balance at month end was \$345,875.90 with no transfers occurring in the month of October. Total cash in the operating account at month-end was \$259,762.66.

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Motion #1 Dorothy Hilliard made the motion to recommend approval of the October 2019 Financial Report to the Full Board. Barbara Barbus seconded the motion. The motion passed unanimously.

- **Dashboard:** Max reported the Dashboard highlights for October which showed the Net Days in A/R to increase to 22.3. Days in A/P were 39.47. Days Cash on Hand decreased to 14.81 and the Current Ratio was 1.04.

II Federal 330 Grant Remaining Funds

Max reviewed the Federal 330 Grant Remaining Funds in detail with the committee indicating there would need to be carry-forward requests for the AIMS funding, QA/QI funds, SUD, and the FY20 ongoing funding. Once submitted, HRSA has 30-45 days to approve.

III FY20 Re-Budget

Max indicated that with all that has transpired at the Center the last few months, management felt it was necessary to take a closer look at the budget. After discussion, it was decided to do a re-forecast for the Finance and Audit Committee to review monthly instead of doing a formal re-budget.

IV FY19 Year-End Audit Reports Update

Max indicated the year-end close out was issued from Baker Tilly last week and will be posted on the Portal for Full Board to review. The Cost Report has been submitted to Medicaid and Medicare. Baker Tilly has filed an extension for Form 990.

V New PPS Rate

The FY19 Medicaid Cost report is complete and has been submitted for desk review at the State level. We anticipate, upon desk review, our PPS rates being changed to an interim status. Medical's rate will decrease from \$191.16 to \$183.53 or \$7.63 per encounter. Dental rates will decrease from \$110.61 to \$108.19 or \$2.42 per encounter. Discussion was held on the reason for the decrease in the rate of which the major factor is a "penalty" on visits. The state has minimum productive standards for each provider type. They utilize the visit standard or the Center's productivity number whichever is greater. It was discussed that the productivity standards are viewed as unreasonable across the state and this is an issue that PACHC continues to advocate for. For medical the Center was penalized 4,658 visits. Dental was penalized 12,613 visits. Management has completed a very rough estimate that the rate change, which will go into effect for all visits from June 29, 2018 through September 30, 2019, would cost the organization \$212,000.

VI Constructive Service Letter Follow Up

The Committee was provided with the Constructive Service Letter from Baker Tilly and it was reviewed as follows:

Max reviewed the Recording of Grant Revenues. He indicated there were fourteen different accounts that breaks out the grant revenue with hopes to aid in even more transparency than we currently have.

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Phil reviewed the Prepaid Expenses indicating that a new process was put in place for prepaid expenses. The purpose is to ensure that expenses that meet the prepaid criteria are recorded appropriately and uniformly. A prepaid expense must meet the following criteria: 1. The invoice must be equal to or greater than \$2,000.00. It must be expensed over more than one month. Any invoice that is less than \$2,000.00 or only for one month will be expenses in that month. All Prepaid expenses will be recorded in the prepaid expense software and reconciled with the General Ledger each month.

Jim reported on the Physician Contract Compliance. Physicians salary is based on the number of hours they are willing to work. Some of the contracts say “approximately” and they are not working the 40 hours. Fortunately, the contracts which have this specific verbiage will soon be renewed and can be addressed by the end of this year.

With no further business to be brought before the Committee, the meeting was adjourned.

Next Meeting December 9, 2019 5:00 PM Administrative Conference Room, 431 Hepburn Street