

Minutes

Valleywise Community Health Centers Governing Council Valleywise Health Medical Center June 8, 2022 6:00 p.m.
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Members Present: Ryan Winkle, Chairman - *participated remotely*
Michelle Barker, DHSc, Vice Chairman - *participated remotely*
Nelly Clotter-Woods, Ph.D., Treasurer - *participated remotely*
Scott Jacobson, Member - *participated remotely*
Joseph Larios, Member - *participated remotely*
Liz McCarty, Member - *participated remotely*
Daniel Messick, Member - *participated remotely*
Eileen Sullivan, Member - *participated remotely*

Members Absent: Salina Imam, Member

Non-Voting Members Absent: Mary Rose Garrido Wilcox, Maricopa County Special Health Care District Board of Directors

Others/Guest Presenters: Barbara Harding, Chief Executive Officer, Federally Qualified Health Center Clinics - *participated remotely*
Steve Purves, President & Chief Executive Officer, Valleywise Health - *participated remotely*
Claire Agnew, Chief Financial Officer - *participated remotely*
Matthew Meier, Vice President, Financial Services – *participated remotely*
Melanie Talbot, Chief Governance Officer - *participated remotely*

Recorded by: Cassandra Santos, Assistant Clerk - *participated remotely*

Call to Order

Chairman Winkle called the meeting to order at 6:07 p.m.

Roll Call

Ms. Talbot called roll. Following roll call, it was noted that eight of the nine voting members of the Valleywise Community Health Centers Governing Council were present, which represented a quorum.

For the benefit of all participants, Ms. Talbot announced the Governing Council members participating remotely.

Call to the Public

Chairman Winkle called for public comment.

There were no comments.

**Valleywise Community Health Centers Governing Council
Meeting Minutes – General Session – June 8, 2022**

General Session, Presentation, Discussion and Action:

1. Discuss, Review and Approve the fiscal year 2023 Operating and Capital Budget for Valleywise Health's Federally Qualified Health Center Clinics

Mr. Meier referenced operational focus areas for the fiscal year (FY) 2023 budget development for the Federally Qualified Health Center (FQHC) clinics. Major operational focus areas included the decline in COVID-19 cases, rebuilding staffing to reduce contract labor, and continued attention to operational expense. The expansion of integrated behavioral health and FQHC clinic renovation projects were also considered.

He outlined a District Medical Group (DMG) provider summary in which providers were calculated by specialty and projected volume by location. There was a 5.86 increase in provider full time equivalents (FTEs) compared to FY 2022 projections. Provider FTEs were also based on the expansion of Human Immunodeficiency Virus (HIV) services, internal medicine services, and incorporation of the international health clinic at Valleywise Comprehensive Health Center-Phoenix.

Mr. Meier pointed out dental clinic provider FTEs, noting a 5.4 increase compared to FY 2022 projections. Total FTEs for integrated behavioral health service providers indicated a significant increase compared to FY 2022 projections.

He referred to visit projections for Valleywise Community Health Center clinics and reiterated that volume assumptions were based on numerous factors. Overall, there was a 4.1% increase in visits compared to FY 2022, attributed to newly opened Valleywise Community Health Center-Mesa and West Maryvale.

There was a projected volume increase for integrated behavioral health services of 12,195 visits or 82.3%, which was attributed to grant funding received from the American Rescue Plan Act (ARPA).

Valleywise Comprehensive Health Center-Peoria was projected to have an increase of 3,625 visits or 12.8%, due to internal medicine services and HIV services.

Valleywise Comprehensive Health Center-Phoenix was expected to decrease in visits by 1,691, or 2.4%, with delayed opening of the international health clinic as a prevailing factor.

Dental clinic volume was projected to increase by 302 visits or 1.4%, attributed to FTE provider ramp up expectations.

For all clinics combined, total visits were estimated to increase by 21,264 or 7.1% compared to FY 2022, with over 50% of the growth stemming from integrated behavioral health services.

Mr. Meier referred to the assumed revenue for FY 2023. Reimbursement rates from Arizona Health Care Cost Containment System (AHCCCS) accounted for a three percent increase while commercial and Medicare reimbursement reflected a two percent increase. The philosophy was to remain conservative in projections. Other major areas of revenue included Service Area Competition (SAC), ARPA, and Ryan White grant funding.

With respect to the payor mix, Mr. Meier noted there were no significant changes in projected payor mix fluctuation expectations.

Mr. Meier stated there was an overall 12% increase in expenses compared to FY 2022 projections, due to labor costs, which included salaries, contract labor, and benefits. The employee merit increase was a factor. He commented that remaining competitive within the health care industry was vital for retention.

Medical Service fees increased due to staffing needs and purchased services increased due to HIV services and family resource center grant programs. Inflation within the economy was also an attributing factor to the increase in expenses.

**Valleywise Community Health Centers Governing Council
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General Session, Presentation, Discussion and Action, cont.:

1. Discuss, Review and Approve the fiscal year 2023 Operating and Capital Budget for Valleywise Health's Federally Qualified Health Center Clinics, cont.

Mr. Meier outlined preliminary income statements and a per visit analysis for the Valleywise Community Health Centers, integrated behavioral health services, and dental services. Income statements included operating revenues, operating expenses, and visit projections. Net patient service revenue, employee benefits, salaries, medical services fees, purchased services, and supplies were also included.

All clinics combined indicated a projected margin before overhead allocation of negative \$1,576,194, the majority attributed to salaries and wages, and benefits

Mr. Meier noted that the ARPA budget report would no longer be included in the monthly financials but instead provided as a separate quarterly report.

With respect to contingency capital there were no significant changes to report compared to previous years, with \$100,000 budgeted for FY 2023.

Mr. Jacobson asked about the increase in purchased service fees as it related to HIV services.

Mr. Meier explained that the increase was due to the expansion of those services at Valleywise Community Health Center-Mesa and Valleywise Comprehensive Health Center-Peoria.

Mr. Larios emphasized the projected margin before overhead allocation of negative \$1,576,194 and asked if that was an area of concern.

Mr. Meier explained the projected loss was due to salaries and wages, in the attempt to reduce contract labor and remain competitive within the market. It was expected that incoming volume would offset the loss within the fiscal year.

Mr. Larios asked whether other considerations were in place to decrease the overall deficit, including the pursuit of additional grant funding for the FQHC clinics.

Ms. Harding noted that various organizational initiatives were currently underway to reduce deficit and elaborated on those efforts to increase revenue and profitability across the board. One example was to examine the impact of telehealth within the revenue cycle and explore ways to maximize visit reimbursement.

Chairman Winkle asked about additional and potential funding streams that could assist in offsetting financial loss.

Ms. Harding explained an opportunity existed to provide domestic medical exams for refugees resettling in Maricopa County. This endeavor would increase access to care and deliver sustainable upstream revenues.

Mr. Jacobson described budget development as an estimate noting many things impacted revenue streams. It was important to reach untapped populations to promote services and increase revenue, in turn access to care.

Chairman Winkle expressed concern that although in-person visits accounted for greater reimbursement, it was important to be mindful that telehealth created efficient access to care for many.

Ms. Harding agreed noting it was important to consider the state of the economy, particularly related to inflation and the gasoline costs. The goal was to protect patients by ensuring access to care.

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General Session, Presentation, Discussion and Action, cont.:

1. Discuss, Review and Approve the fiscal year 2023 Operating and Capital Budget for Valleywise Health's Federally Qualified Health Center Clinics, cont.

MOTION: Vice Chairman Barker moved to approve the fiscal year 2023 operating and capital budget for Valleywise Health's Federally Qualified Health Center Clinics. Mr. Jacobson seconded.

VOTE: 8 Ayes: Chairman Winkle, Vice Chairman Barker, Dr. Clotter-Woods, Mr. Jacobson, Mr. Larios, Ms. McCarty, Mr. Messick, Ms. Sullivan
0 Nays
1 Absent: Ms. Imam
Motion passed.

2. Discuss, Review and Approve the fiscal year 2023 Valleywise Community Health Centers Governing Council's Department Budget

Mr. Meier referenced the Governing Council's department budget for FY 2023, including but not limited to an increase in salaries and benefits and organizational membership expenses. Other professional services were also addressed.

He noted an overall budgeted expense increase of 13.2 percent compared to the FY 2022 projection.

Mr. Messick asked for details on the annual operating cost of the Governing Council.

Ms. Agnew said that the budget was reflective the overall cost associated with supporting the Governing Council which was separate from the FQHC clinics' operating and capital budget.

Mr. Messick asked if the Governing Council's department budget was considered a subset of the FQHC clinics' operating and capital budget.

Mr. Meier said that was correct.

MOTION: Vice Chairman Barker moved to approve the fiscal year 2023 Valleywise Community Health Centers Governing Council's department budget. Mr. Larios seconded.

VOTE: 8 Ayes: Chairman Winkle, Vice Chairman Barker, Dr. Clotter-Woods, Mr. Jacobson, Mr. Larios, Ms. McCarty, Mr. Messick, Ms. Sullivan
0 Nays
1 Absent: Ms. Imam
Motion passed.

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Adjourn

NOTE: Ms. Sullivan disconnected from the meeting at 6:48 p.m.

MOTION: Chairman Winkle moved to adjourn the June 8, 2022 Valleywise Community Health Centers Governing Council meeting. Mr. Jacobson seconded.

VOTE: 7 Ayes: Chairman Winkle, Vice Chairman Barker, Dr. Clotter-Woods, Mr. Jacobson, Mr. Larios, Ms. McCarty, Mr. Messick
0 Nays
2 Absent: Ms. Imam, Ms. Sullivan

Motion passed.

Meeting adjourned at 6:49 p.m.

Cassandra Santos,
Assistant Clerk