

Minutes

**Valleywise Community Health Centers Governing Council
Valleywise Health Medical Center
December 7, 2022
6:00 p.m.**

- Members Present:** Michelle Barker, DHSc, Chairman
Scott Jacobson, Vice Chairman
Liz McCarty, Member
Eileen Sullivan, Member
Jane Wilson, Member
- 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:** Steve Purves, President & Chief Executive Officer, Valleywise Health –
participated remotely
Michael White, MD, Chief Clinical Officer
Claire Agnew, Chief Financial Officer
Ijana Harris, Assistant General Counsel
Melanie Talbot, Chief Governance Officer
Misty Vo, Assistant Director of Pharmacy
Harry Norseworthy, 340B Consultant
- Recorded by:** Cynthia Cornejo, Deputy Clerk of the Board

Call to Order:

Chairman Barker called the meeting to order at 6:02 p.m.

Roll Call

Ms. Talbot called roll. Following roll call, she noted that four of the six voting members of the Valleywise Community Health Centers Governing Council were present, which represented a quorum. Ms. Sullivan arrived after roll call.

Call to the Public

Chairman Barker called for public comment.

Chairman Barker announced the resignation of both Mr. Messick and Mr. Larios from the Valleywise Community Health Centers Governing Council (VCHCGC).

**Valleywise Community Health Centers Governing Council
Meeting Minutes – General Session – December 7, 2022**

General Session, Presentation, Discussion and Action:

1. Approval of Consent Agenda:
 - a. Minutes:
 - i. Approve Valleywise Community Health Centers Governing Council meeting minutes dated October 5, 2022
 - ii. Approve Valleywise Community Health Centers Governing Council meeting minutes dated November 2, 2022
 - b. Contracts:
 - i. Acknowledge amendment #63 to the professional services agreement (90-12-084-1-63) between District Medical Group and the Maricopa County Special Health Care District dba Valleywise Health
 - c. Governance:
 - i. Accept Recommendation from the Compliance and Quality Committee to Approve the Quality Improvement/Quality Assurance Plan for the Federally Qualified Health Centers for calendar year 2023
 - ii. Accept Recommendation from the Compliance and Quality Committee to Approve the revised Compliance and Quality Committee Charter
 - iii. Appoint Jane Wilson to the Valleywise Community Health Centers Governing Council's Strategic Planning and Outreach Committee
 - iv. Appoint Michelle Barker to the Valleywise Community Health Centers Governing Council's Finance Committee
 - v. Approve prior approval request submission to Health Resources and Services Administration for Project Director/Federally Qualified Health Centers Chief Executive Officer change effective January 9, 2023
 - d. Medical Staff:
 - i. Acknowledge the Federally Qualified Health Centers Medical Staff and Advanced Practice Clinician/Allied Health Professional Staff Credentials

MOTION: Vice Chairman Jacobson moved to approve the consent agenda. Ms. Wilson seconded.

VOTE: 4 Ayes: Chairman Barker, Vice Chairman Jacobson, Ms. McCarty, Ms. Wilson
0 Nays
2 Absent: Ms. Imam, Ms. Sullivan
Motion passed.

Chairman Barker announced that she would now serve on the Finance Committee and would no longer be a member of the Strategic Planning and Outreach Committee after the December 12, 2022 meeting.

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

2. Presentation on 340B Federal Drug Discount Program

Ms. Vo provided an overview of the 340B program, which was a federal drug discount program. She explained the complexities involved, including monitoring the regulatory changes, including Health Resources and Services Administration (HRSA) regulations.

NOTE: Ms. Sullivan arrived at 6:08 p.m.

She stated the 340B program was created to require pharmaceutical manufacturers to reduce prices for medications for qualifying entities. It was an outpatient program, with the intent to provide an opportunity for organizations to stretch their resources and utilize the savings to expand other programs for the community.

She reviewed the hospital eligibility requirement, noting Valleywise Health was a Disproportionate Share Hospital (DSH), with over 11.75% of the population served categorized as uninsured, underinsured, or indigent population. Eligibility for grants, such as Ryan White and Title X, were not included in hospital eligibility requirements. Pharmaceutical manufacturers were required to provide discounts to ensure outpatient drug costs were reasonable. This would allow access to drugs for patients that could not otherwise afford their prescriptions.

Ms. Vo provided an overview of the covered entities, as well as the provider and patient eligibility requirements. She noted the providers had to be either employed or have contractual agreements in place with a covered entity. The patients had to have a documented relationship with the covered entity.

She highlighted recent regulatory changes associated with the 340B program, including the decision by the U.S. Supreme Court to strike down Medicare Part B drug payment cuts. The decision had been revoked and constant monitoring was required to ensure compliance with current processes.

She said that contracting with community pharmacies, such as Walgreen's and CVS, allowed the organization to increase the options for patients to receive discounted prices on their prescriptions. However, several pharmaceutical manufacturers were restricting 340B discounts at contracted pharmacies and were requesting additional information and data to continue. She expressed concerns, as it was federal mandate to provide the discount, and it was unknown why the information was being requested and how the information would be used.

Ms. Vo stated that 16 major pharmaceutical manufacturers were blocking discounts, and there were several active lawsuits attempting to demand the discounts be reinstated. She noted over 600 pharmaceutical companies currently participate in the 340B program and cautioned that the blockage of discounts could become more complex if additional manufacturers decide to participate.

She reviewed the how the blocked discounts had impacted hospitals, thus far, with the median annualized 340B hospital losses having more than doubled between December 2021 through March 2022.

Ms. Vo explained that the savings achieved through the 340B program were used to establish and expand programs in the community, such as behavioral health, HIV/AIDS, family planning, and vaccinations. Staff also worked to create programs to provide services to patients and keep them out of the hospitals. She highlighted a new program, where a pharmacist assisted diabetic patients to help them understand and manage their disease.

Vice Chairman Jacobson noted the concerns with the 340B program were discussed at the most recent National Association of Community Health Centers (NACHC) conference. He questioned if Valleywise Health was negatively impacted by the withholding of discounts for contracted pharmacies.

Mr. Norseworthy stated many organizations were feeling like a financial hostage, as there were millions of dollars at risk. It was unknown if the funds would be retroactively provided to organizations once the issue had been resolved.

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

2. Presentation on 340B Federal Drug Discount Program, cont.

Vice Chairman Jacobson asked if Valleywise Health had relationships with other pharmacies in the community to provide discounted prescription costs.

Mr. Norseworthy stated that Valleywise Health contracts with several pharmacies throughout Maricopa County, and as long as patients fill their prescriptions at one of those locations, they will receive the discounted 340B pricing.

Chairman Barker asked if the contracted pharmacies offered a subsidy program, to offer prescriptions at partial, reduced pay or at no cost, as part of the 340B program.

Mr. Norseworthy stated that there was a cash card patient can receive, based on their federal poverty level (FPL), that they could present to receive discounts. There were other manufacturer assistance programs available as well.

Chairman Barker asked if Valleywise Health captured the outgoing referrals, as an extra level of patient eligibility.

Mr. Norseworthy stated the referrals coming in from outside organizations were captured, but the referrals going out were not currently captured

Chairman Barker stated that may result in additional dollars. She asked if Valleywise Health's annual 340B savings were known.

Mr. Norseworthy said that there were two categories of savings; one was missed opportunity due to the discount blockage, which was nearly \$2 million. However, overall, there was approximately \$8 million in gross savings, which was net of drug costs.

Chairman Barker questioned if the issue surrounding the manufacturers blocking discounts would soon be resolved, and if the discounts would retroactively be provided.

Mr. Norseworthy was hopeful but stated that he did not anticipate any big changes through 2023.

3. Discuss Recruitment Process for Project Director/Federally Qualified Health Centers Chief Executive Officer

Dr. White said with the upcoming retirement of Ms. Harding on January 6, 2023, staff was given the opportunity to select a new Chief Executive Officer/Project Director for the Federally Qualified Health Centers (FQHCs). Staff had engaged a recruitment firm in October 2022, yielding a number of qualified applicants. The applicants were under review and would be narrowed down to three individuals by the end of the week. Those individuals would be invited to the Valleywise Health campus and interviewed by key stakeholders, including by members of the Governing Council. He anticipated those interviews would take place in January 2023.

Ms. Sullivan asked if the candidates would be interviewed during special meetings.

Dr. White explained that a process had been established and interviews would be conducted in small groups. He stated that he was impressed with the diverse candidates interested in serving the Valleywise Health population.

Chairman Barker assured the Governing Council that a plan was in place to move forward while the selection process was underway. Dr. White will be named the interim Project Director until a candidate was selected.

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

4. Discuss and Review the Annual Federally Qualified Health Centers New Access Point (NAP) Funding Award No. H80CS33644-01-00 Budget Report – Year 3

Ms. Agnew provided an overview of the annual FQHC New Access Point (NAP) funding report for year three. She explained the reporting year was from September 1, 2021 through August 31, 2022, to coincide with the timeline for the grant funding.

She explained details related to the budgeted services within the report, noting multiple revenue sources including NAP grant funding, local funds, other support and program income. She explained local funds was support provided by Valleywise Health, and program income was revenue generated from services provided.

The expenses included costs of personnel, benefits, supplies, contractual, and other ancillary expenses. She noted the total non-federal expenses equaled the total non-federal revenue by design, however, Valleywise Health provides support to ensure that break-even budget.

She highlighted the personnel expenses were delineated, with the federal funds allocated for mental health services, due to the purpose of the grant. She reviewed the other expenses, specifically medical service fees, stating those were fees for the FQHC providers. The allocated ancillary expenses included a variety of other expenses, such as marketing and information technology (IT). The indirect expenses were determined by a specific calculation.

Ms. Agnew referenced the local funds, which were budgeted for \$10,057,354, however, the actual amount contributed was \$15,701,361. She mentioned the timeframe of the report included the continuation of the COVID-19 pandemic throughout the community and the opening of new FQHC locations. She noted the newer buildings also attributed to higher expenses, including depreciation.

Vice Chairman Jacobson confirmed that marketing expenses were included in allocated ancillary expenses.

Ms. Agnew confirmed, however, she stated the majority of the \$10,147,496 expense was attributed to IT, as it was crucial to have a coordinated scheduling system and one medical record for the organization.

5. Discuss and Review the Annual Federally Qualified Health Centers Fixed Assets Report

Ms. Agnew provided an overview of the FQHC fixed asset report, by location. She explained the report did not include depreciation and noted Valleywise Community Health Center-McDowell was a leased space and included lease-hold improvements.

She highlighted the newly built locations, such as Valleywise Community Health Center-South Phoenix/Laveen, had a higher value than some locations that had been operational for quite some time and gifted to the organization from Maricopa County.

6. Recent meeting reports from the Valleywise Community Health Centers Governing Council's Committees
 - a. Compliance and Quality Committee
 - b. Executive Committee
 - c. Finance Committee
 - d. Strategic Planning and Outreach Committee

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

6. Recent meeting reports from the Valleywise Community Health Centers Governing Council's Committees, cont.

Ms. Sullivan stated the Compliance and Quality Committee met in November and recommended the approval of the annual Quality Assurance/Quality Improvement Plan for calendar year 2023 and a revised committee charter. Both items were approved tonight by the VCHCGC.

The committee also discussed the Uniform Data System (UDS) quality metrics for the third quarter of calendar year (CY) 2022 and the UDS quality of care report by FQHC through the third quarter of CY 2022. The Compliance and Internal Audit workplans were also discussed.

Chairman Barker noted the Executive Committee and Finance Committee had not met in the past month.

Vice Chairman Jacobson announced the Strategic Planning and Outreach Committee was scheduled to meet the following week.

7. Federally Qualified Health Centers Chief Executive Officer's report

Dr. White reviewed the visit metrics, noting positive visit variances in the Community Health Centers and within the Comprehensive Health Center-Phoenix. However, he anticipated challenges in the upcoming six to seven months due to staffing and providers shortages.

He highlighted specific locations that achieved positive visit variances in October 2022, including Valleywise Community Health Centers-McDowell and Mesa. He noted areas for opportunity, including Diabetes Education, which highlighted the importance of innovative programs to educate patients.

Vice Chairman Jacobson asked if the 340B struggles impacted insulin prescriptions.

Dr. White confirmed that was an area that was greatly affected. He noted integrated behavioral health had an overall positive variance, however, staffing vacancies in specific locations caused those clinics to miss the monthly targets. He highlighted the positive variance in dental visits but announced the upcoming departure of one dentist that will affect future visits.

Ms. Wilson asked if other organizations were experiences staffing challenges or if it was unique to Valleywise Health.

Dr. White stated that the challenges were across the entire healthcare industry and did not anticipate significant improvement in the upcoming years. Staff was developing programs to be proactive and working with community colleges to create pathways for students to enter the workforce.

8. Maricopa County Special Health Care District Board of Directors report

This item was not discussed.

9. Valleywise Health's President and Chief Executive Officer's report

Mr. Purves complimented Ms. Vo's comprehensive presentation on the 340B program, which was a very complex subject.

He announced the newest member of the Maricopa County Special Health Care District, Director Kate Brophy McGee, representing District 3. Director Brophy McGee was sworn in on Monday, December 5, 2022, and would bring a wealth of experience to the role. He outlined her previous accolades and accomplishments.

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

9. Valleywise Health's President and Chief Executive Officer's report, cont.

Mr. Purves also noted a change in District Board leadership, with Director J. Woodfin Thomas elected as Chairman of the Board and Director Mark Dewane elected as Vice Chairman. He expressed his appreciation to Director Wilcox for her service as Chairman for the past two years and her assistance in developing sources of supplemental funding for the organization.

Valleywise Health contributed to a recent *Wall Street Journal* article, which was featured on the front page of the publication. The article was related to the inequity surrounding the distribution of Provider Relief Funding during the COVID-19 pandemic. In relation to that topic, Valleywise Health would be submitting an op-ed to *The Arizona Republic* outlining the efforts and support for a special designation for safety net hospitals throughout the country.

He mentioned the Valleywise Health Foundation began the process to search for a new Chief Executive Officer, as Mr. Nate Lowie would exit the organization in early January 2023. Ms. Lisa Hartsock, Valleywise Health's Foundation Relations Executive, would be assuming those responsibilities in the interim. He highlighted that the Valleywise Health Foundation provided as much as \$13 million in support to Valleywise Health annually.

10. Chairman and Council Member Closing Comments/Announcements

Chairman Barker announced the next VCHCGC meeting will be held in person and would be preceded by a retirement party for Ms. Harding.

She mentioned new members were in process and anticipated to join the VCHCGC soon.

11. Review Staff Assignments

Old Business:

October 5, 2022

Provide feedback about monkeypox educational materials circulated within the Federally Qualified Health Centers

Staff to work with Marketing to circulate appropriate materials about monkeypox needed in the Federally Qualified Health Centers

Staff to contact Marketing to connect with Dr. Khalsa and prepare an editorial/educational piece to present to the Hispanic Community, specifically Prensa, Hispana

Ms. Talbot noted that Ms. Harding was not present to provide a status on the old business tasks.

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Adjourn

MOTION: Vice Chairman Jacobson moved to adjourn the December 7, 2022 Valleywise Community Health Centers Governing Council Meeting. Ms. Sullivan seconded.

VOTE: 5 Ayes: Chairman Barker, Vice Chairman Jacobson, Ms. McCarty, Ms. Sullivan, Ms. Wilson
0 Nays
1 Absent: Ms. Imam
Motion passed.

Meeting adjourned at 7:13 p.m.

Cynthia Cornejo
Deputy Clerk of the Board