# Valleywise Community Health Centers Governing Council Meeting

January 4, 2023

6:00 p.m.

Agenda

| Council Members | AGENDA |
| --- | --- |
| Michelle Barker, DHSc., Chairman<br>Scott Jacobson, Vice Chairman<br>__VACANT__, Treasurer<br>Salina Imam, Member<br>Liz McCarty, Member<br>Eileen Sullivan, Member<br>Jane Wilson, Member<br>Mary Rose Garrido Wilcox, District Board, Non-Voting Member | **Valleywise Community Health Centers Governing Council**<br><br>**Mission Statement of the Federally Qualified Health Centers**<br>Serve the population of Maricopa County with excellent, comprehensive health and wellness in a culturally respectful environment. |

▪ Valleywise Health Medical Center ▪
▪ 2601 East Roosevelt Street ▪ Phoenix, Arizona 85008 ▪
▪ Conference and Administration Center ▪ Auditoriums 1 through 4 ▪

Wednesday, January 4, 2023
6:00 p.m.

One or more members of the Valleywise Community Health Centers Governing Council may be in attendance by technological means. Council members attending by technological means will be announced at the meeting.

**Please silence cell phone, computer, etc., to minimize disruption of the meeting.**

## Call to Order

## Roll Call

## Call to the Public

*This is the time for the public to comment. The Valleywise Community Health Centers Governing Council may not discuss items that are not specifically identified on the agenda. Therefore, pursuant to A.R.S. § 38-431.01(H), action taken as a result of public comment will be limited to directing staff to study the matter, responding to any criticism, or scheduling a matter for further consideration and decision at a later date.*

**ITEMS MAY BE DISCUSSED IN A DIFFERENT SEQUENCE**

**General Session, Presentation, Discussion and Action:**

1. Approval of Consent Agenda: 5 min
   *Any matter on the Consent Agenda will be removed from the Consent Agenda and discussed as a regular agenda item upon the request of any voting Governing Council member.*

   a. Minutes:

      i. **Approve** Valleywise Community Health Centers Governing Council meeting minutes dated December 7, 2022

   b. Contracts:

      i. INTENTIONALLY LEFT BLANK

   c. Governance:

      i. **Approve** job description for Chief Executive Officer of the Federally Qualified Health Centers

      ii. **Approve** Maricopa County Special Health Care District dba Valleywise Health, organizational chart for the Federally Qualified Health Centers

      iii. **Appoint** Chris Hooper to the Valleywise Community Health Centers Governing Council

      iv. **Accept** Health Resources and Services Administration Notice of Award No. 1 H8GCS47835-01-00, FY 2023 Expanding COVID-19 Vaccination Supplemental Funding

      v. **Approve** no cost extension submission to Health Resources and Services Administration for Notice of Award No. 1 H8FCS41092-01-00, American Rescue Plan Act Funding for Health Centers

   d. Medical Staff:

      i. **Acknowledge** the Federally Qualified Health Centers Medical Staff and Advanced Practice Clinician/Allied Health Professional Staff Credentials

**End of Consent Agenda**

2. **Approve** the Appointment of Michael D. White, MD, as Interim Project Director/ Chief Executive Officer of the Federally Qualified Health Centers effective January 9, 2023 5 min
   *Valleywise Community Health Centers Governing Council*

3. Discuss, Review and **Approve** Budget Submission to Health Resources and Services Administration for Notice of Award No. 1 H8GCS47835-01-00, FY 2023 Expanding COVID-19 Vaccination Supplemental Funding 10 min
   *Barbara Harding, RN, MPA, Chief Executive Officer, Federally Qualified Health Centers*

4. Discuss and Review Valleywise Community Health Centers Governing Council's Committees' Structure and Effectiveness 15 min
   *Valleywise Community Health Centers Governing Council*

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

5. Discuss, Review and **Accept** the Maricopa County Special Health Care District dba Valleywise Health, annual audit for fiscal year ending June 30, 2022, including information related to the Federally Qualified Health Centers 10 min
   *Claire Agnew, CPA, MBA, Chief Financial Officer*

6. Recent meeting reports from the Valleywise Community Health Centers Governing Council's Committees 5 min

   a. Compliance and Quality Committee
      *Eileen Sullivan, Committee Chair*

   b. Executive Committee
      *Michelle Barker, DHSc., Committee Chair*

   c. Finance Committee
      *Vacant*

   d. Strategic Planning and Outreach Committee
      *Scott Jacobson, Committee Chair*

7. Maricopa County Special Health Care District Board of Directors report 5 min
   *Mary Rose Garrido Wilcox, Chairman, Maricopa County Special Health Care District Board of Directors*

8. Valleywise Health's President and Chief Executive Officer's report 5 min
   *Steve Purves, President and Chief Executive Officer, Valleywise Health*

9. Chairman and Council Member Closing Comments/Announcements 15 min
   *Valleywise Community Health Centers Governing Council*

10. Review Staff Assignments 5 min
    *Melanie Talbot, Chief Governance Officer*

    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

**Adjourn**

# Valleywise Community Health Centers Governing Council Meeting

January 4, 2023

Item 1.

Consent Agenda

# Valleywise Community Health Centers Governing Council Meeting

January 4, 2023

Item 1.a.i.

Minutes

December 7, 2022

DRAFT

**Minutes**

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

| | |
|---|---|
| **Members Present:** | Michelle Barker, DHSc, Chairman<br>Scott Jacobson, Vice Chairman<br>Liz McCarty, Member<br>Eileen Sullivan, Member<br>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*<br>Michael White, MD, Chief Clinical Officer<br>Claire Agnew, Chief Financial Officer<br>Ijana Harris, Assistant General Counsel<br>Melanie Talbot, Chief Governance Officer<br>Misty Vo, Assistant Director of Pharmacy<br>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).

**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.

**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/AID, 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.

**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.

**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

**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.

**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.

**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

# Valleywise Community Health Centers Governing Council Meeting

January 4, 2023

Item 1.b.i.

Contracts
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Valleywise Community Health Centers Governing Council Meeting

January 4, 2023

Item 1.c.i.

Governance
FQHC CEO Job Description

## Office of the Senior Vice President & CEO FQHC Clinics

2601 East Roosevelt Street • Phoenix • AZ• 85008

Date: January 4, 2023

To: Valleywise Community Health Centers Governing Council

From: Barbara Harding, BAN, RN, MPA, PAHM, CCM
Sr VP Amb Services & CEO FQHC Clinics

Subj: Approve Job Description for Chief Executive Officer Federally Qualified Health Centers

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According to the Health Center Program Compliance Manual Chapter 11: Key Management Staff, health centers have documented the training and experience qualifications, as well as duties or functions, for each key management staff position.

We are requesting the Governing Council approve the Job Description for the Chief Executive Officer of the Federally Qualified Health Centers.

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# Position Summary

The Senior Vice President, Ambulatory Services and CEO FQHC Clinics is responsible for leadership including oversight, management and performance of specific primary care clinics operating in the Comprehensive Healthcare Centers - Phoenix and Peoria, Community Healthcare Centers, and overall management of the Valleywise Community Health Centers Governing Council designated Federally Qualified Health Center (FQHC) sites for sustainable operation and growth and ensuring compliance with Council directives and applicable District, grantor, federal and state requirements. This position serves as an institutional leader on system-level committees; and participates in, and leads as appropriate, organizational initiatives and special projects. This position is accountable for strategic planning, guidance, organizing, and directing Ambulatory Services departments and long term programs while ensuring that quality patient care is provided.

The position will work as an integral part of the Health System's Management team and FQHC Governing Council, providing input to key business direction, planning, policy formulation, FQHC budget and grant preparation, and decision making. Information normally available when solving problems and making decisions in this position can be incomplete and additional information is often difficult to find; determining and gathering appropriate information may require significant research. The method of analysis normally required to solve problems in this position is to achieve assigned/planned results by decisions and actions based on professional methods and training, business principles and practical experience.

This Senior Vice President, Ambulatory Services and CEO FQHC Clinics is responsible for the professional development of all leaders who oversee the operations and finances of the ambulatory departments/services. This includes working with the Governing Council to develop strategic goals and initiatives that are clearly communicated and align with Valleywise Health's mission, vision, values.

## Reporting Relationships

The Senior Vice President, Ambulatory Services and CEO FQHC Clinics reports to Dr. Michael White (Chief Clinical Officer) and the FQHC Governing Council. Direct reports include:

- Ambulatory Directors and Executive Assistant.

Indirect reports includes providing administrative/site guidance to all staff in the aforementioned departments. Coordinates with other Health System senior leadership staff including the CCO, CFO, CAO and CIO to ensure fulfillment of all functions necessary to support the FQHC and maintain compliance with FQHC requirements.

## Responsibilities

The successful Senior Vice President/CEO of FQHC candidate:

- Is responsible for planning, organizing, controlling and leading of the applicable FQHC clinics and associated support departments focused on the efficient operation and overall coordination of clinic operations. Accountable for the development and implementation of strategic plans and overall operational oversight to these areas.
- Provides leadership and direction in all aspects of Council-related activities to ensure accomplishment of its mission, vision, values and strategic goals and initiatives. Responsible

for evaluating quality, cost and effectiveness of programs and services and for assessing the viability of new opportunities to expand services. Responsible for representing the Council in the community (donors, foundations, government agencies, media and other organizations). Ensures compliance with Council directives and applicable District, grantor, federal and state requirements.

- Builds and supports effective collegial relationships with all individuals including staff, physicians, the community, patients and families, volunteers, and colleagues. Is active in systems, including the community, professional organizations and Valleywise Health. Creates and sustains a culture based on trust, mutual respect and a common understanding of needs.
- Develops and leads annual operating plans and growth initiatives to meet strategic system goals and support functions, monitors actual performance and takes corrective action. Assists assigned directors and managers in communicating and aligning work priorities with organizational mission, vision, values and strategic goals and initiatives.
- Directs and administers assigned functions to ensure high quality, cost effective patient services which meet or surpass accreditation standards. Establishes high performance standards for service outcomes, working with department directors and managers to hardwire service excellence and exceed standards. Matches service delivery with service expectations, managing service opportunities, and leading a culture of recognition and celebration.
- Provides direction and support to subordinate managers and staff to assure departmental effectiveness and efficiency. Selects, trains, mentors, develops and evaluates subordinates and initiates personnel actions in accordance with Human Resource policies and organization philosophy.
- Develops and is accountable for the annual capital and operational budgets for all departments reporting to the SVP; and identifies ways to strengthen Valleywise Health's financial health. Participates in all aspects of budget planning and review for the division. Develops a strategic plan for short and long range goals including material, fiscal, and human resources.
- Ensures policies and procedures are appropriately administered throughout the reporting departments. Reviews, evaluates, and enforces existing policies and procedures. Formulates, establishes, and enforces additional procedures, rules, and regulations in all departments as necessary to provide for the proper admission, care, safety and discharge of patients.
- Assess, organize and develop programs, policies and procedures to meet the needs of the patient. Evaluates effectiveness of same and makes changes as necessary.
- Leads and participates in problem-solving, policy forming meetings for improved patient care. Maintains close coordination with all departments to ensure continuity and collaboration of services.
- Implements an effective ongoing program to measure, assess and improve the quality of ambulatory care delivered to patients. Maintains regulatory compliance to ensure the meeting of standards or requirements, including all state, federal and DNV or other accreditation bodies.
- Assists with other department functions as assigned.
- Maintains professional growth and development through seminars, workshops, and professional affiliations to keep abreast of latest trends in field of expertise.
- Serves as backup for coverage/duties when the CNO is offsite or on leave.

# Goals and Objectives

The following goals and objectives have been identified as priorities for this position:

- Demonstrate an understanding and embrace the mission, vision, and values of Valleywise Health.
- Establish personal and professional credibility across Valleywise Health and with key stakeholders. Become an established leader and resource on clinic standardization.
- Assess and review all operations and leadership and create a roadmap for success over the clinics and ambulatory services. Ensure the strategy in place is data driven and on budget for the division.
- Work collaboratively with system leadership to refine and execute the ambulatory health strategic plan, manage future growth of ambulatory primary care services, build on dentistry education program and further Valleywise Health's reputation as the premier home health care model. Build understanding of where clinics are performing well and identify areas to enhance and grow performance.
- Be viewed as an individual who is self-sufficient, experienced, approachable, and a problem solver. Become well-known and establish relationships within Valleywise Health, the community, and all external stakeholders.
- Further culture of compliance and continuous improvement by leveraging experience with FQHCs and understanding of HRSA regulations.

# Candidate Qualifications

## Education/Certification

- Requires a Master's degree in health services administration, business administration or related field; or an equivalent combination of training and progressively responsible experience that will result in the required specialized knowledge and abilities to perform the assigned work.
- Must have a valid fingerprint clearance card issued by the Arizona Department of Public Safety OR submit a completed Affidavit at time of hire. Must complete fingerprint clearance card application within seven (7) days of hire date. Must present actual card within 90 days of applying for fingerprint clearance card.

## Knowledge and Work Experience

- Requires a minimum of ten (10) years of progressively responsible leadership experience in a complex health care organization that includes at least five (5) years of Ambulatory Care operations or healthcare related experience, and demonstrates a deep understanding of the required knowledge, skills, and abilities.
- Leadership experience should include management of staff, budgets and multiple functional areas.
- Must be a strategic thinker with the ability to implement the strategic plan, goals and initiatives with focus on the organization’s pillars.
- Must have demonstrated success in guiding hospital operations.
- Must be familiar with all related healthcare concepts, practices, policies and procedures.
- Must be knowledgeable of HRSA requirements (rules/regulations), DNV, HIPAA, AACHC and other healthcare governing bodies.
- Requires the ability to demonstrate initiative, exercise good judgment and achieve results; and demonstrate success in building collaborative, high performing teams characterized by hands-on, results orientation aligned with strategic plans and goals.
- Requires excellent written, oral, interpersonal, and presentation skills.
- Requires ability to effectively interact with senior management and board members and operate as an effective tactical as well as strategic thinker.
- Must be an entrepreneurial team player who can multitask.
- Must demonstrate the ability to manage and lead large organizations through periods of rapid and numerous changes.
- Must have a strong knowledge of ambulatory/hospital business processes.
- Requires the ability to read, write and speak effectively in English.

## Leadership Skills and Competencies

- **Accountability:** We hold ourselves and each other accountable by accepting personal responsibility for all that we do and stewardship of the resources we deploy on behalf of our community. The behaviors demonstrating Accountability include Trustworthy and Responsiveness
- **Compassion:** We demonstrate sensitivity to our patients and each other by offering emotional, spiritual, cultural and physical support. The behaviors demonstrating Compassion include Communication and Team Player.
- **Excellence:** We are committed to delivering breakthrough quality and service that exceeds expectations, improves outcomes and provides exceptional patient care. The behaviors demonstrating Excellence include Positive Attitude and Professionalism.
- **Safety:** We ensure a safe environment for all and a highly reliable, effective care experience.

# Valleywise Community Health Centers Governing Council Meeting

January 4, 2023

Item 1.c.ii.

Governance
FQHC Organizational Chart

**Office of the Senior Vice President & CEO FQHC Clinics**
2601 East Roosevelt Street • Phoenix • AZ• 85008

Date: January 4, 2023

To: Valleywise Community Health Centers Governing Council

From: Barbara Harding, BAN, RN, MPA, PAHM, CCM
Sr VP Amb Services & CEO FQHC Clinics

Subj: Approve Maricopa County Special Health Care District dba Valleywise Health, Federally Qualified Health Center (FQHC) Organizational Chart, January 2023

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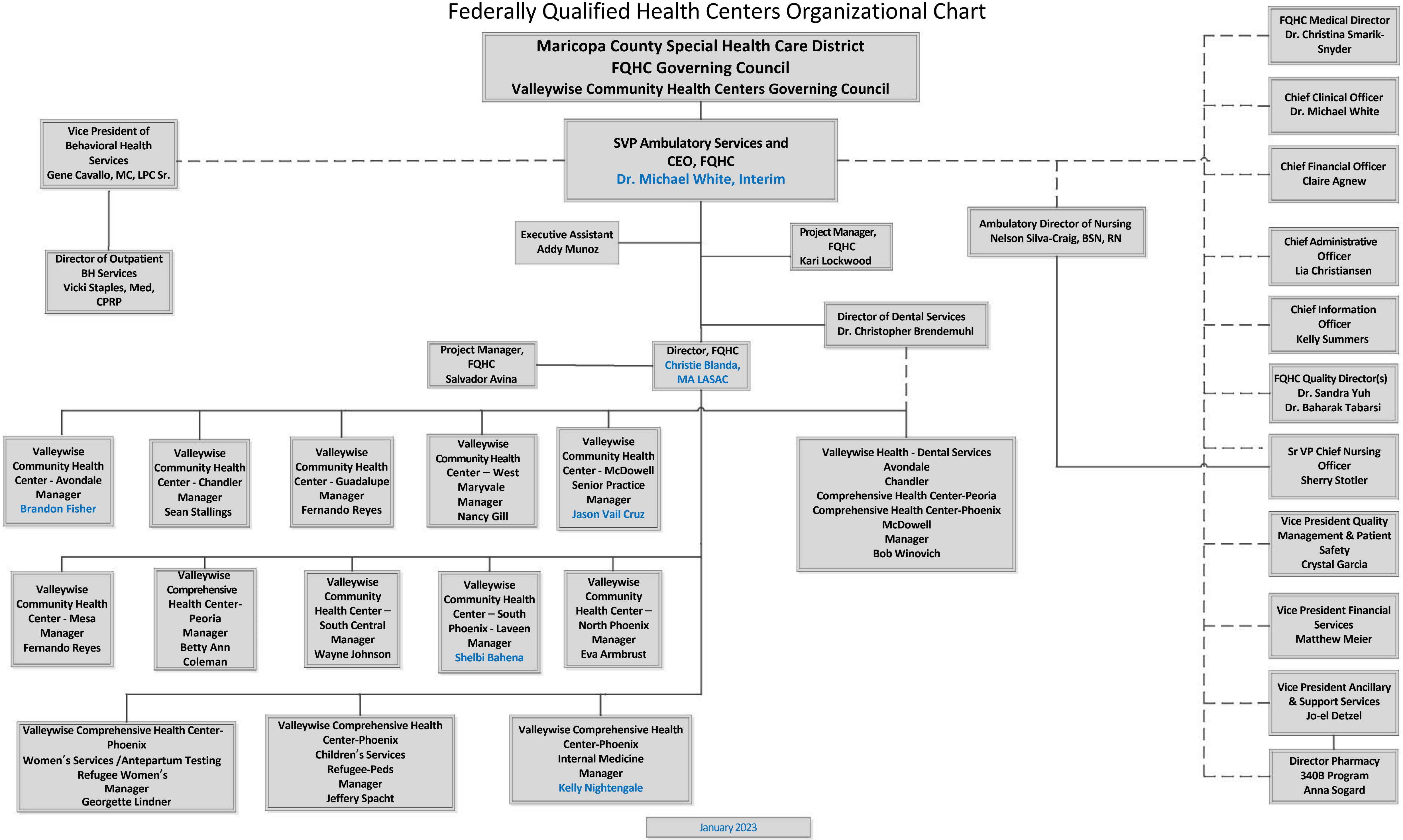
The Maricopa County Special Health Care District Valleywise Health FQHC organizational chart has been updated to reflect the following changes:

- Updated name and title for SVP Ambulatory Services and CEO, FQHC
- Updated name and title for Director, FQHC
- Corrected names for FQHC Clinic Managers

These changes illustrate the required management structure to ensure fulfillment of all functions necessary to support the FQHCs and maintain compliance with Health Resources and Services Administration (HRSA) Health Center Requirements.

We are requesting the Governing Council review and approve the updated Maricopa County Special Health Care District dba Valleywise Health FQHC organizational chart.

# Maricopa County Special Health Care District dba Valleywise Health, Federally Qualified Health Centers Organizational Chart



Valleywise Community Health Centers Governing Council Meeting

January 4, 2023

Item 1.c.iii.

Governance
Appointment of Governing Council Member

Valleywise Health

# Valleywise Community Health Centers Governing Council Application

Full Legal Name: Christopher James Hooper

(As it appears on your Arizona Driver's License, Federal, State, or Locally Issued Identification Card, or U.S. Passport)

Chosen Name: Chris What are your pronouns? He, Him

Home Address: [redacted]

City: [redacted] State: [redacted] Zip: [redacted]

Home Telephone: [redacted] Cell: [redacted]

E-mail Address [redacted]

Employer: [redacted]

Work Address: [redacted]

City: [redacted] State: [redacted] Zip: [redacted]

Do you, your spouse, child, parent, or sibling, by blood or by marriage, work for Valleywise Health, or any other hospital or health care institution as defined in A.R.S. §36-401?

YES ○ NO ◉

Health care industry is defined as hospitals, other health care institutions, nurses, doctors, dentist, and other licensed healthcare professionals whose primary responsibility is providing primary preventative and therapeutic healthcare services. Do you receive more than 10% of your annual income from the health care industry? YES ○ NO ◉

Were you referred by someone? YES ◉ NO ○

If yes, please list his/her name: Jason Vail Cruz

Valleywise Health

## Valleywise Community Health Centers Governing Council Application

1. Have you personally or a dependent child received care at a Valleywise Health Community Health Center (dental care included) or at one of the Federally Qualified Health Center Clinics located within Valleywise Comprehensive Health Center-Phoenix or Peoria? YES (●) NO ( )

If yes, please list the Clinic utilized, and approximate month/year of last visit:

| Name of Clinic | Date of Visit |
|---|---|
| McDowell Health Clinic | 10/07/2022 |

2. Why would you like to be a member of the Valleywise Community Health Centers Governing Council?

I believe my experience over the last 25 years in advocating for my HIV and regular health care across the country, and most recently over the last ten years here in Phoenix gives me a useful and important perspective on how to improve quality care for individuals in the system. I also believe that I can dedicate myself to the responsibilities that the governing council requires. I believe that I have a value added perspective for the council which will be useful to help Valleywise improve the lives of others.

3. As a community member, what do you feel are the greatest health care concerns in Maricopa County?

As a community member I believe their is a tremendous opportunity for outreach to under insured and under served communities. Hand in hand with education about how to navigate through the red tape and insurance difficulties I believe we can team with patience to help them better understand the importance of managing their personal health care plans and improve the over all health and well being of Maricopa County's population. Educating individuals on their available options in the disjointed health care system of Maricopa and continuing to strive for a more united front for every person in our community will improve their lives. Creating bridges between insurance and our many health care options is important for individuals to maintain and sustain their healthy lives. Also, creating a system that believes in the importance of the relationship of health care workers and their patients is a tremendous opportunity.

Valleywise Health

## Valleywise Community Health Centers Governing Council Application

4. What special interests or experiences do you have that would benefit the Council?

I have been an HIV positive individual working through our health care system for most of my life. I currently speak and help educate about HIV, and strive through my storytelling to elliminate the stigma that has surrounded those that live with the disease. I have been HIV positive for over 25 years and in that time have witnessed both great and less than adequate ways to help others in the HIV and medical world. I have been in the food service industry for over 35 years and have won awards for management in that field. I believe the idea of "service" to others is consistant in any field and I think that I can bring ideas on how to achieve consistant "customer service" to patients. Along with improving patient service I know their is a bridge from healthcare to the food industry and it's relationship to overall health.

5. Council members are appointed to a three (3) year term. The Council meets one evening a month for approximately two hours. In addition to meetings, a member should allow time for other duties such as reading meeting material in order to prepare for meetings. Furthermore, members are required to sit on at least one standing committee. Standing committee meetings generally occur once a month during the daytime for approximately two hours. Do you have at least eight hours per month to devote to the Valleywise Community Health Centers Governing Council?
YES ◉ NO ○

6. Have you served or are you currently serving on any other boards or committees? If so, please list the board/committees and dates of service.

I have served as a committee chair for the non-profit The Torch Theatre here in Phoenix. I worked for over three years with the board of The Phoenix Improv Festival. I am currently not serving on any boards or committees.

7. Health Resources and Services Administration (HRSA), the government agency that provides funding for our Federally Qualified Health Center Clinics, requires information on Council members including members' areas of expertise, race/ethnicity and gender.

Area of expertise ***(select no more than two)*:**

| | | |
|---|---|---|
| Healthcare ☐ | Finance ☐ | Legal ☐ |
| Community Affairs ☐ | Trade Unions ☐ | Government ☐ |
| Social Services ☐ | Education ☐ | Business ☐ |
| Labor Relations ☐ | | |

Valleywise Health

# Valleywise Community Health Centers Governing Council Application

Ethnicity:

Hispanic or Latino (●) Non-Hispanic or Latino ( ) Prefer not to answer ( )

Race:

Asian ( ) Native Hawaiian ( ) Other Pacific Islander ( )

Black/African American ( ) American Indian/Alaska Native ( )

White (●) More than one race ( ) Prefer not to answer ( )

Gender: Male (●) Female ( ) Prefer not to answer ( )

Please share anything about yourself that you think would add to the diversity and/or advocacy of the Council.

I am a 52 year old half hispanic gay man. I am a HIV positive long time survivor and a parent and grandparent of two beautiful new grandchildren. I have been a part of the LGBtQ+ community in Phoenix and have worked and fundraised for that community off and on since the 90's. I am also currently a Scottsdale Community College Student with a 4.0. I have also been performing and teaching Improvisational theatre in the valley for over 10 years.

8. All members of the Valleywise Community Health Centers Governing Council must comply with the Maricopa County Special Health Care District Code of Conduct and Ethics and Conflict of Interest and Gift Policy. One of the Principles of Standards of Conduct included in the Code is for Valleywise Health to complete a background check on existing and potential Governing Council members.

Would you consent and authorize Valleywise Health to procure background checks?

YES (●) NO ( )

[redacted] 10/07/2022

Sig[redacted] Date

*Please Note: This application is considered a public record*

## Valleywise Community Health Centers Governing Council Application

Please check at least one standing committee you potentially would like to serve on if appointed to the Council.

☐ Finance Committee:
The purpose of the Finance Committee is to: (1) recommend an annual operating budget for the Valleywise Health Federally Qualified Health Center (FQHC) Clinics; (2) provide oversight of the financial performance of the Valleywise Health FQHC Clinics; and (3) review the annual audit performed by an independent, external auditor.

☐ Compliance and Quality Committee:
The purpose of the Compliance and Quality Committee is to: (1) ensure the quality of care provided at the Valleywise Health Federally Qualified Health Center (FQHC) Clinics; (2) ensure patient safety and satisfaction provided throughout the Valleywise Health FQHC Clinics; (3) ensure compliance with Health Resources & Services Administration's (HRSA) Program requirements.

☐ Strategic Planning and Outreach Committee:
The purpose of the Strategic Planning and Outreach Committee is to: identify, develop, and implement strategic planning and outreach initiatives to identify Valleywise Health Federally Qualified Health Centers (FQHC) Clinics health equity priorities to address health care needs in Maricopa County.

Completed Applications need to be mailed, emailed, or faxed to:

Barbara Harding
Valleywise Health Medical Center
2601 E Roosevelt Street, Phoenix, AZ 85008
barbara.harding@valleywisehealth.org Fax:
602-655-9102

Valleywise Community Health Centers Governing Council Meeting

January 4, 2023

Item 1.c.iv.

Governance
HRSA NoA No. 1
H8GCS47835-01-00

# Office of the Senior Vice President & CEO FQHC Clinics

2601 East Roosevelt Street • Phoenix • AZ• 85008

Date: January 4, 2023

To: Valleywise Community Health Centers Governing Council

From: Barbara Harding, BAN, RN, MPA, PAHM, CCM
Sr VP Amb Services & CEO FQHC Clinics

Subj: Accept Health Resources and Services Administration (HRSA) Notice of Award No. 1 H8GCS47835-01-00 Fiscal Year 2023 Expanding COVID-19 Vaccination (ECV) Supplemental Funding

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On November 22, 2022, HRSA announced a new $350 million initiative for health centers to increase the administration of the updated COVID-19 vaccine in their communities. Health centers can use these funds to expand outreach and education, community engagement, and coordinated events to increase COVID-19 vaccinations.

HRSA Notice of Award No. 1 H8GCS47835-01-00 Fiscal Year 2023 Expanding COVID-19 Vaccination (ECV) supplemental funding provides one-time supplemental funding to raise awareness and increase the administration of COVID-19 vaccinations.

Staff is requesting that the Governing Council accept the HRSA Notice of Award No. 1 H8GCS47835-01-00 FY 2023 ECV supplemental award in the total amount of $800,581.00.

Valleywise Community Health Centers Governing Council Meeting

January 4, 2023

Item 1.c.v.

Governance
HRSA NoA No.1
H8FCS41092-01-00

## Office of the Senior Vice President & CEO FQHC Clinics

2601 East Roosevelt Street • Phoenix • AZ• 85008

Date: January 4, 2023

To: Valleywise Community Health Centers Governing Council

From: Barbara Harding, BAN, RN, MPA, PAHM, CCM
Sr VP Amb Services & CEO FQHC Clinics

Subj: Approve No Cost Extension Submission to Health Resources and Services Administration for Notice of Award No. 1 H8FCS41092-01-00 American Rescue Plan Act Funding for Health Centers

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In Fiscal Year 2021, HRSA made supplemental funds available to health centers in support of prevention, mitigation, and response to COVID-19 and to enhance health care services and infrastructure. In May 2021, the Governing Council approved the proposed use of American Rescue Plan Act Funding for Health Centers for the total award amount of $16,889,500.00.

In Fiscal Year 2022, HRSA made additional American Rescue Plan Act supplemental funds available to support the Uniform Data System Modernization Initiative. In September 2022, the Governing Council approved the proposed use of American Rescue Plan – UDS+ funds for the total award amount of $65,500.00.

The current project period for the American Rescue Plan Act Funding for Health Centers grant is April 1, 2021, through March 31, 2023. Staff is requesting approval to submit a No Cost Extension request to HRSA to extend the project period through March 31, 2024, to complete activities and projects.

Valleywise Community Health Centers Governing Council Meeting

January 4, 2023

Item 1.d.i.

Medical Staff
Credentials

**Recommended by Credentials Committee: November 1, 2022**
**Recommended by Medical Executive Committee: November 8, 2022**
**Submitted to MSHCDB: November 22, 2022**

# VALLEYWISE HEALTH
# CREDENTIALS AND ACTION ITEMS REPORT
# MEDICAL STAFF

**The credentials of the following individuals including, current licensure, relevant training and experience, malpractice insurance, current competence and the ability to perform the requested privileges have been verified.**

**INITIAL MEDICAL STAFF APPOINTMENT**

| NAME | CATEGORY | SPECIALTY/PRIVILEGES | APPOINTMENT DATES | COMMENTS |
|---|---|---|---|---|
| Nothing to report | | | | |

**INITIAL/FOCUSED PROFESSIONAL PRACTICE EVALUATION**

| NAME | SPECIALTY/PRIVILEGES | RECOMMENDATION EXTEND or PROPOSED STATUS | COMMENTS |
|---|---|---|---|
| Jeffrey M. Curtis, M.D. | Family & Community Medicine | FPPE successfully completed | Chair has submitted documentation demonstrating practitioner has successfully completed FPPE requirement for Subdermal Contraceptive Capsule (Insertion/Removal) Privileges. |
| Douglas R. Jones, M.D. | Family & Community Medicine | FPPE successfully completed | Chair has submitted documentation demonstrating practitioner has successfully completed FPPE requirement for Subdermal Contraceptive Capsule (Insertion/Removal) Privileges. |
| Anthony Joseph Vaccarello, M.D. | Internal Medicine | FPPE successfully completed | Chair has submitted documentation demonstrating practitioner has successfully completed FPPE requirement for Internal Medicine Core Privileges. |

**REAPPOINTMENTS/ONGOING PROFESSIONAL PRACTICE EVALUATION**

| NAME | CATEGORY | SPECIALTY/PRIVILEGES | APPOINTMENT DATES | COMMENTS |
|---|---|---|---|---|
| Ricky An-Chih Chang, M.D. | Courtesy | Internal Medicine | 12/01/2022 to 11/30/2024 | |
| Althea Joanne Hoilett Barrett, M.D. | Courtesy | Obstetrics / Gynecology | 12/01/2022 to 11/30/2024 | |

**RESIGNATIONS**
*Information Only*

| NAME | DEPARTMENT/SPECIALTY | STATUS | REASON |
|---|---|---|---|
| Susan A. Geren, M.D. | Pediatrics | Active to Inactive | Resigned effective November 2, 2022 |

**Definitions:**

| | |
|---|---|
| Active | $\geq$ 1,000 hours/year – Active members of the medical staff have voting rights and can serve on medical staff committees |
| Courtesy | < 1,000 hours/year – Courtesy members do not have voting rights and do not serve on medical staff committees |
| Reappointments | Renewal of appointment and privileges is for a period of two years unless otherwise specified for a shorter period of time. |
| FPPE | Focused professional practice evaluation is a process by which the organization validates current clinical competence. This process may also be used when a question arises in practice patterns. |

**Recommended by Credentials Committee:** November 1, 2022
**Recommended by Medical Executive Committee:** November 8, 2022
**Submitted to MSHCDB:** November 22, 2022

# VALLEYWISE HEALTH
# CREDENTIALS AND ACTION ITEMS REPORT
# ADVANCED PRACTICE CLINICIAN / ALLIED HEALTH PROFESSIONAL STAFF

**The credentials of the following individuals including, current licensure, relevant training and experience, malpractice insurance, current competence and the ability to perform the requested privileges have been verified.**

| ADVANCED PRACTICE CLINICIAN / ALLIED HEALTH PROFESSIONAL – INITIAL APPOINTMENTS | | | | |
|---|---|---|---|---|
| **NAME** | **DEPARTMENT** | **PRACTICE PRIVILEGES/ SCOPE OF SERVICE** | **APPOINTMENT DATES** | **COMMENTS** |
| Nothing to report | | | | |

| INITIAL/FOCUSED PROFESSIONAL PRACTICE EVALUATION | | | |
|---|---|---|---|
| **NAME** | **DEPARTMENT/SPECIALTY** | **RECOMMENDATION EXTEND or PROPOSED STATUS** | **COMMENTS** |
| JoAnne Ellen Bracewell, F.N.P. | Internal Medicine | FPPE successfully completed | Chair has submitted documentation demonstrating practitioner has successfully completed FPPE requirement for Nurse Practitioner Core Privileges. |
| Lorna Ann Hill, A.G.N.P. | Internal Medicine | FPPE successfully completed | Chair has submitted documentation demonstrating practitioner has successfully completed FPPE requirement for Nurse Practitioner Core Privileges. |
| Veliria Virginia Jackson, F.N.P. | Internal Medicine | FPPE successfully completed | Chair has submitted documentation demonstrating practitioner has successfully completed FPPE requirement for Nurse Practitioner Core Privileges. |
| Wendy Rose Stoczanskyj, F.N.P. | Internal Medicine | FPPE successfully completed | Chair has submitted documentation demonstrating practitioner has successfully completed FPPE requirement for Nurse Practitioner Core Privileges. |
| Lisa Marie Workman, F.N.P. | Family & Community Medicine | FPPE successfully completed | Chair has submitted documentation demonstrating practitioner has successfully completed FPPE requirement for Family & Community Medicine Nurse Practitioner Core Privileges. |

| ADVANCED PRACTICE CLINICIAN / ALLIED HEALTH PROFESSIONAL – REAPPOINTMENTS | | | | |
|---|---|---|---|---|
| **NAME** | **DEPARTMENT** | **PRACTICE PRIVILEGES/ SCOPE OF SERVICE** | **APPOINTMENT DATES** | **COMMENTS** |
| Cassandra Jo Altamirano, P.A.-C | Family & Community Medicine | Practice Prerogatives on file | 12/01/2022 to 11/30/2024 | |
| Lucy Hosmer, C.N.M., D.N.P. | Obstetrics / Gynecology | Practice Prerogatives on file | 12/01/2022 to 11/30/2024 | |
| Lisa Marie Workman, F.N.P. | Family & Community Medicine | Practice Prerogatives on file | 12/01/2022 to 11/30/2024 | |

**Recommended by Credentials Committee:** November 1, 2022
**Recommended by Medical Executive Committee:** November 8, 2022
**Submitted to MSHCDB:** November 22, 2022

| CHANGE IN PRIVILEGES | | | |
|---|---|---|---|
| **NAME** | **DEPARTMENT** | **ADDITION / REDUCTION / WITHDRAWAL** | **COMMENTS** |
| Ashley Nicole Rush, F.N.P. | Obstetrics / Gynecology | Addition: 1. Endometrial Biopsy; 2. Subdermal Contraceptive Capsule (Insertion/Removal); 3. Cervical Polypectomy | FPPE Required |
| Lisa Marie Workman, F.N.P. | Family & Community Medicine | Withdrawal: 1. Minor Surgery Procedures; 2. IUD Removal/Insertion; 3. Subdermal Contraceptive Capsule (Removal/Insertion) | Voluntary Relinquishment of Privileges due to non-utilization of privileges |

**General Definitions:**

Advanced Practice Clinician — An Advanced Practice Clinicians (APC) means individuals other than Medical Staff members who are licensed healthcare professionals who are board certified and have at least a master's degree. APCs are trained to practice medicine and prescribe within the scope of their training as outlined by their specific scope of practice and are authorized by law and by the Hospital to provide patient care services.

Allied Health Professional — An Allied Health Professional (AHP) means individuals other than Medical Staff members or APCs who are qualified by training, experience, and current competence in a discipline permitted to practice in the hospital and are authorized by law and by the Hospital to provide patient care services.

Practice Prerogatives — Scopes of practice summarizing qualifications for the respective category, developed with input from the physician director of the clinical service and the observer/sponsor/responsible party of the AHP, Department Chair, and other representatives of the Medical Staff, Hospital management, and other professionals.

**Supervision Definitions:**

(1) General Supervision — The procedure is furnished under the physician's overall direction and control, but the physician's presence is not required during the performance of the procedure or provision of the services.

(2) Direct Supervision — The physician must be present in the office suite or on the premises of the location and immediately available to furnish assistance and direction throughout the performance of the procedure. It does not mean that the physician must be present in the room when the procedure is performed.

(3) Personal Supervision — A physician must be in the room during the performance of the procedure.

Valleywise Health

# Valleywise Community Health Centers Governing Council Meeting

January 4, 2023

Item 2.

Interim Project Director/ CEO of FQHCs

**Office of the Senior Vice President & CEO FQHC Clinics**
2601 East Roosevelt Street • Phoenix • AZ• 85008

Date: January 4, 2023

To: Valleywise Community Health Centers Governing Council

From: Barbara Harding, BAN, RN, MPA, PAHM, CCM
Sr VP Amb Services & CEO FQHC Clinics

Subj: Approve the Appointment of Michael D. White, MD, as Interim Project Director/Federally Qualified Health Centers Chief Executive Officer Effective January 9, 2023

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According to the Health Center Program Compliance Manual Chapter 19: Board Authority, health centers are responsible for approving the selection of the Project Director/Federally Qualified Health Centers Chief Executive Officer as part of its oversight responsibilities.

We are proposing that Michael D. White, MD, be appointed the interim Project Director/ Federally Qualified Health Centers Chief Executive Officer.

Dr. White is the Executive Vice President, Chief Clinical Officer (EVP, CCO) of Valleywise Health and serves as a liaison between Valleywise, District Medical Group (DMG) and the Creighton University Arizona Health Education Alliance. He is a practicing interventional cardiologist and is Board Certified in cardiovascular disease, internal medicine, and interventional cardiology. Dr. White received his Bachelor of Science degree in biology and a Master of Business Administration from Creighton University in Omaha.

This interim appointment will be effective January 9, 2023. The Governing Council will continue to approve all Project Director/Federally Qualified Health Centers Chief Executive Officer selections as required by HRSA.

Valleywise Community Health Centers Governing Council Meeting

January 4, 2023

Item 3.

Budget for HRSA NoA No.1 H8GCS47835-01-00

# Office of the Senior Vice President & CEO FQHC Clinics

2601 East Roosevelt Street • Phoenix • AZ• 85008

Date: January 4, 2023

To: Valleywise Community Health Centers Governing Council

From: Barbara Harding, BAN, RN, MPA, PAHM, CCM
Sr VP Amb Services & CEO FQHC Clinics

Subj: Discuss, Review, and Approve Budget Submission to Health Resources and Services Administration (HRSA) for Notice of Award No. 1 H8GCS47835-01-00 Fiscal Year 2023 Expanding COVID-19 Vaccination (ECV) Supplemental Funding

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On December 2, 2022, Valleywise Health received HRSA Notice of Award No. 1 H8GCS47835-01-00 Fiscal Year 2023 Expanding COVID-19 Vaccination (ECV) supplemental funding provides one-time supplemental funding to raise awareness and increase the administration of COVID-19 vaccinations.

Staff is requesting that the Governing Council approve the budget submission to HRSA with proposed use of total funding in the amount of $800,581.00.

January 4, 2023

# Health Resources & Services Administration (HRSA) FY 2023 Expanding COVID-19 Vaccination (ECV) Proposed Budget Submission

Barbara Harding, Senior VP Ambulatory Services

# Proposed Budget for H8GCS47835
## Fiscal Year 2023 Expanding COVID-19 Vaccination (ECV)

On November 22, 2022, HRSA announced a new $350 million initiative for health centers to increase the administration of the updated COVID-19 vaccine in their communities. FY 2023 Expanding COVID-19 Vaccination (ECV) provides one-time funding for a 6-month period to support health centers to increase access to, confidence in, and demand for updated COVID-19 vaccines within their service area.

On December 2, 2022, the Maricopa County Special Health Care District dba Valleywise Health received FY 2023 ECV funding in the amount of $800,581.

The proposed budget includes support for activities related to the in-scope areas of outreach and education, vaccine administration, enabling services, personnel, and supplies.

| Activity | Cost |
| --- | --- |
| Personnel: RNs, MAs, Managers, Security, Recruiters, Translators, Program Manager, IT Staff | $151,408 |
| Supplies: supplies and materials to administer and coordinate vaccinations and vaccination events, Personal Protective Equipment | $90,808 |
| Outreach/Education: community-based vaccination efforts and vaccine education | $101,330 |
| Enabling Services: coordination of transportation to facilitate access to vaccination | $145,000 |
| Marketing: materials and signage to promote vaccination events and support outreach efforts | $100,117 |
| Total | $588,663 |
| Total Indirect | $211,918 |
| Total Direct | $588,663 |
| Total | $800,581 |

Thank you!

Valleywise Community Health Centers Governing Council Meeting

January 4, 2023

Item 4.
No Handout

VCHCGC Committees' Structure and Effectiveness

# Valleywise Community Health Centers Governing Council Meeting

January 4, 2023

Item 5.

Annual Audit for FYE June 30, 2022

# Financial Statements and Required Supplementary Information

Maricopa County Special Health Care District
d/b/a Valleywise Health
Years Ended June 30, 2022 and 2021
With Reports of Independent Auditors

Ernst & Young LLP

Building a better working world

Maricopa County Special Health Care District
d/b/a Valleywise Health

Financial Statements and Required Supplementary Information

Years Ended June 30, 2022 and 2021

## Contents

Ernst & Young LLP
101 E. Washington Street
Suite 910
Phoenix, AZ 85004

Tel: +1 602 322 3000
ey.com

# Report of Independent Auditors

Management and the Board of Directors
Maricopa County Special Health Care District
d/b/a Valleywise Health

## Report on the Audit of the Financial Statements

### *Opinions*

We have audited the accompanying financial statements of the Maricopa County Special Health Care District d/b/a Valleywise Health (the District), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the District at June 30, 2022, and the changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States *(Government Auditing Standards)*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### *Adoption of GASB Statement No. 87, Leases*

As discussed in Note 1 to the basic financial statements, the District adopted Government Accounting Standards Board Statement No. 87, *Leases*, which changed its method for reporting leases. Our opinion is not modified with respect to this matter.

Building a better working world

### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 4-17, the Schedule of District's Proportionate Share of the Net Pension Liability on page 56, the Schedule of District's Share of the Net OPEB (Asset) Liability on page 57, the Schedule of Contributions – Pension Plan on page 58, and the schedule of Contributions – OPEB Plan on page 59 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Building a better working world

## Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2022 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Ernst & Young LLP

November 18, 2022

Maricopa County Special Health Care District
d/b/a Valleywise Health

Management's Discussion and Analysis

Years Ended June 30, 2022 and 2021

The following discussion and analysis of the operational and financial performance of Maricopa County Special Health Care District d/b/a Valleywise Health (the District) provides an overview of the financial position and activities for the years ended June 30, 2022 and 2021. This discussion has been prepared by management and should be read in conjunction with the accompanying financial statements, as well as the notes to the financial statements, which follow this section. The financial statements discussed in this section offer short-term and long-term financial information about the District's activities, including:

*Statements of Net Position*: This statement includes all of the District's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position and provides information about the nature and amounts of investments in resources (assets) and the obligations of the District to creditors (liabilities). It also provides the basis for evaluating the capital structure, and assessing the liquidity and financial flexibility of the District.

*Statements of Revenues, Expenses, and Changes in Net Position*: This statement accounts for all of the current year's revenues and expenses, measures changes in operations over the past two years, and can be used to determine whether the District has been able to recover all of its costs through several revenue sources.

*Statements of Cash Flows*: The primary purpose of this statement is to answer questions such as where cash came from, what cash was used for, and what was the change in the cash balance during the reporting period.

**Organizational Overview**

Founded in 1877, the District has served as Maricopa County's public teaching hospital and safety net system, filling critical gaps in care for underserved populations. In partnership with District Medical Group, an unrelated not-for-profit entity, the District provides care throughout Maricopa County.

The District is an academic training center, a regional provider of primary and specialized medical services, and a leading provider of mental health services. It provides clinical rotations each year for allopathic and osteopathic medical students, nursing students, and allied health professionals.

Licensed for 758 beds, the District provides a full range of inpatient acute and intensive care, inpatient and outpatient behavioral health, and a full complement of ancillary, support, and ambulatory services. The facilities that are housed on the District's main campus include:

- Valleywise Health Medical Center
- Valleywise Health – Arizona Burn Center
- Valleywise Comprehensive Health Center – Phoenix
- Valleywise Behavioral Health Center – Phoenix

The facilities that are located external to the main campus include:

- Valleywise Behavioral Health Center – Maryvale
- Valleywise Behavioral Health Center – Mesa
- Valleywise Comprehensive Health Center – Peoria

Ambulatory care is also provided at ten Community Health Centers located throughout Maricopa County. In addition to ambulatory services, many of these locations offer outpatient behavioral health and dental services.

**COVID-19**

In 2020, the world was introduced to the Coronavirus Disease 2019 (COVID-19), creating a new historic public health crisis. The District met this challenge through many actions, including:

- Added Incident Decision Units to isolate and treat patients with the disease;
- Established protocols for addressing COVID-19 positive behavioral health patients;
- Formed rapid testing capabilities;
- Acquired personal protective equipment despite disrupted supply chain;
- Created telehealth visits for ambulatory care to provide safe patient access; and
- Implemented work-from-home options to provide social distancing for support staff.

Through the passage of the Families First Coronavirus Response Act (Families First) and the Coronavirus Aid, Relief and Economic Security (CARES) Act, Congress provided financial support to hospitals and health care providers during the pandemic for financial stabilization. Additional information related to the financial support are included in the District's financial statements (Note 15).

**Care Reimagined**

On November 4, 2014, the voters of Maricopa County approved Proposition 480. Proposition 480 allows the District to issue up to $935,000,000 in general obligation bonds to be repaid in 30 years to fund outpatient health facilities, including improvement or replacement of existing outpatient health centers, a behavioral health hospital, and the construction of a new acute medical center

In 2017, the District Board set a roadmap for our organization's future by receiving the final report resulting from the Proposition 480 implementation planning initiative. This plan, known as Care Reimagined, will ensure our organization continues to be recognized for high-quality care, innovation, and service. It creates a better model of patient care and medical education that improves access, quality, cost, and outcomes for patients and increases the supply of future health care professionals.

The implementation of this capital plan is well underway; as of June 30, 2022, $706,000,000 of the bond proceeds have been expended. During fiscal year 2022, the majority of project funds were expended on the main campus for the construction of the new hospital scheduled to be complete in October 2023. The Comprehensive Health Center-Peoria (Peoria) project has been completed and opened on January 2021. Peoria includes an outpatient surgery center, endoscopy suites, dialysis services, primary and specialty clinics, and a family learning center. Two new Community Health Centers, in Mesa and West Maryvale, also opened during fiscal year 2022, replacing old clinics at Mesa and Maryvale locations.

The District was authorized to issue $935,000,000, in aggregate, principal amount toward the Care Reimagined projects. At June 30, 2022, all of the District's authorized amount has been issued.

**Financial Highlights**

**Year Ended June 30, 2022, Compared to Year Ended June 30, 2021**

Net patient services revenue increased by $5.4 million or 1.1% from the prior year 2021. Other operating revenue increased by $3.5 million or 2.9%, largely due to an increase in the new Arizona Health Care Cost Containment System (AHCCCS) program, HEALTHII, and grant program related revenues.

Operating expense increased from $755.1 million in 2021 to $815.3 million in 2022, a $60.2 million or 8.0% increase from the prior year. These are largely due to the increase in salaries and outside contract labor usage as a result of staffing shortage and increase usage of supplies as part of higher cost of treating patients with COVID-19 and related illnesses.

**Year Ended June 30, 2021, Compared to Year Ended June 30, 2020**

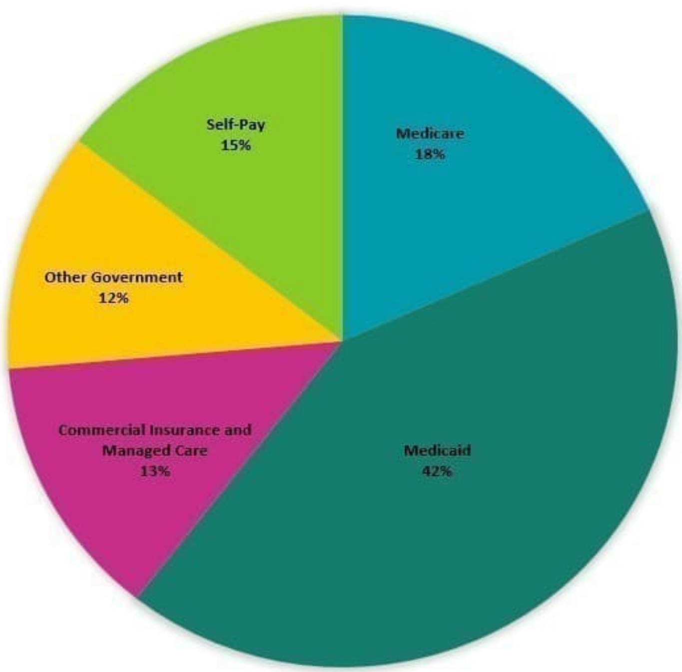
Net patient services revenue increased by $35 million or 7.7% from the prior year 2020. Other operating revenue increased $23.1 million, largely due to an increase in Graduate Medical Education (GME) revenue, contract pharmacy, and the new Arizona Health Care Cost Containment System (AHCCCS) program, HEALTHII.

Operating expense increased from $669.7 million in 2020 to $755.1 million in 2021, a $85.4 million or 12.8% increase from the prior year. This is largely due to the increase in salaries and benefits as a result of the higher cost of treating patients with COVID-19 and related illnesses as well as an increase in depreciation due to the accelerated depreciation expense related to the anticipated decommissioning of the current medical center building.

Gross charges by major payor financial class for fiscal years 2022, 2021, and 2020 are as follows:

| | Year Ended June 30 | | |
|---|---|---|---|
| | **2022** | **2021** | **2020** |
| Medicare | **18.4%** | 18.5% | 17.4% |
| Medicaid | **42.2** | 44.4 | 45.7 |
| Commercial insurance and managed care | **13.0** | 12.2 | 12.7 |
| Other government | **11.9** | 12.8 | 12.3 |
| Self-pay | **14.5** | 12.1 | 11.9 |
| Total | **100.0%** | 100.0% | 100.0% |

The District's payor mix has stayed relatively stable over the past years prior to 2022. During fiscal year 2022, the District experienced an increased number of self pay/uninsured patients and significant decrease of Medicaid patients.



**Financial Statements**

**Statements of Net Position**

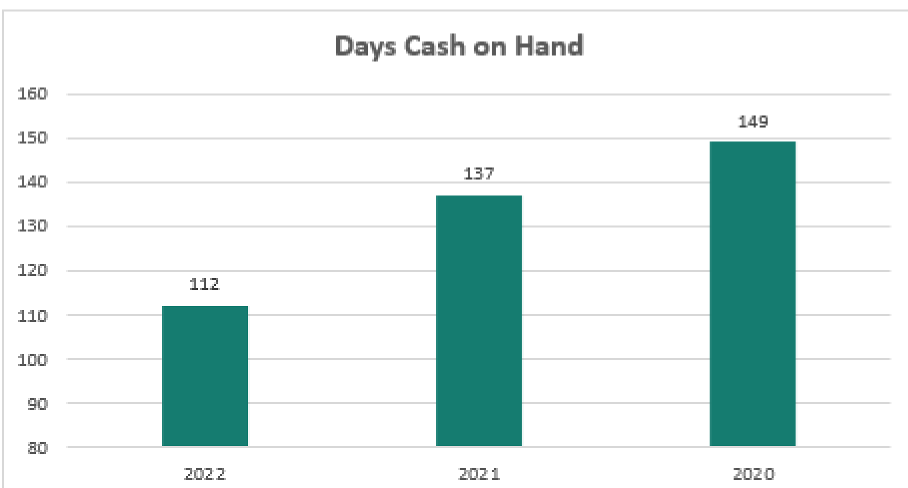
**Condensed Statements of Net Position**

| | Year Ended June 30 | | |
|---|---|---|---|
| | **2022** | **2021** | **2020** |
| **Assets** | | | |
| Current assets | **$ 517,466,741** | $ 526,969,313 | $ 547,204,175 |
| Other assets | **236,513,174** | 409,633,599 | 187,887,636 |
| Capital assets | **723,183,812** | 594,155,126 | 501,967,393 |
| Total assets | **1,477,163,727** | 1,530,758,038 | 1,237,059,204 |
| | | | |
| Deferred outflows of resources | **84,873,429** | 89,357,989 | 48,799,387 |
| | | | |
| **Liabilities** | | | |
| Current liabilities | **236,666,466** | 206,915,919 | 185,465,444 |
| Risk claims payable, less current portion | **12,512,090** | 9,283,822 | 10,660,315 |
| Net pension and OPEB liability | **287,090,884** | 394,175,117 | 311,945,423 |
| Long-term debt | **682,637,421** | 736,509,938 | 475,854,671 |
| Total liabilities | **1,218,906,861** | 1,346,884,796 | 983,925,853 |
| | | | |
| Deferred inflows of resources | **104,660,022** | 3,972,294 | 23,950,283 |
| | | | |
| Net position | | | |
| Unrestricted deficit | **(394,856,298)** | (510,048,594) | (213,062,448) |
| Net investment in capital assets | **296,238,100** | 298,100,940 | 242,926,918 |
| Restricted for bonds | **306,922,948** | 477,027,521 | 245,576,963 |
| Restricted for grants | **30,165,523** | 4,179,070 | 2,541,022 |
| Total net position | **$ 238,470,273** | $ 269,258,937 | $ 277,982,455 |

### Cash and Cash Equivalents

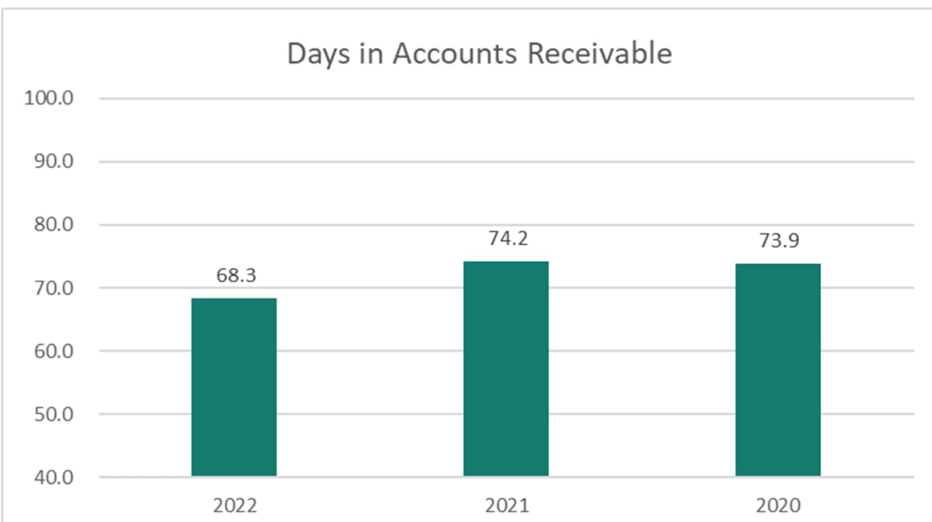
Unrestricted cash and cash equivalents for fiscal year 2022 were approximately $233.4 million, a decrease of approximately $28.8 million from the $262.2 million in fiscal year 2021. Days cash on hand decreased 25.8 days to 111.7 days in fiscal year 2022 from the fiscal year 2021 days of 137.5. The timing of the receipt of the Provider Relief Funds and the repayments of the Medicare Advanced, coupled with increased operating expenses, including contract labor costs, contributed to the decrease in days cash on hand. Unrestricted cash and cash equivalents for fiscal year 2021 were approximately $262.2 million, an increase of approximately $1.3 million from fiscal year 2020. Days cash on hand decreased 12.2 days to 137.5 days in fiscal year 2021 from the fiscal year 2020 days of 149.7. Increased operating expenses primarily in labor costs contributed to the decrease in days cash on hand.

### Days Cash on Hand



**Accounts Receivable – Days Outstanding**

While net accounts receivable decreased by approximately $6.8 million, net days in accounts receivable decreased from the prior year by approximately 7.9%, from 74.2 to 68.3 days. Increase in cash collections contributed to the decrease in account receivable and net days in accounts receivable. Net account receivable in fiscal year 2021 increased by $7.8 million from fiscal year 2020 and net days also increased by 0.4% from 73.9 to 74.2 days. Increases in the amounts of charges in treating patients with COVID-19 related illnesses contributed to the increase in accounts receivable.



**Capital Assets**

As of June 30, 2022 and 2021, the District had $723.2 million and $594.2 million, respectively, invested in capital assets, net of accumulated depreciation. For the years ended June 30, 2022, 2021 and 2020, the District purchased capital assets amounting to $181.3 million, $151.3 million, and $173.9 million, respectively. The organization has made significant investments in new facilities through the Care Reimagined project and plans to continue this investment within the coming years. These investments include:

- Valleywise Comprehensive Health Center – Peoria, which opened in January 2021, providing ambulatory care and outpatient surgery.
- New Community Health Centers, which opened in 2022, providing ambulatory care in different cities of Maricopa County.
- New acute care hospital (Valleywise Health Medical Center), currently under construction and planned to be completed in October 2023.

**Debt**

As of June 30, 2022, 2021, and 2020, the District had bonds payable of $718.3 million, $763.0 million, and $493.1 million, respectively. As set forth in the voter-approved Proposition 480 language, bond proceeds are used to purchase various equipment and to fund various improvement projects on the District's existing acute behavioral health facilities and outpatient health centers. A portion of the bond proceeds, $36.0 million, was used to reimburse the District's general fund for prior capital asset purchases.

**Statements of Revenues, Expenses, and Changes in Net Position**

The following table summarizes net operating revenues, operating expenses, and non-operating revenues (expenses) for the fiscal years ended June 30, 2022, 2021, and 2020.

| | **Year Ended June 30** | | |
|---|---|---|---|
| | **2022** | **2021** | **2020** |
| **Operating revenues** | | | |
| Net patient service revenue | **$ 494,650,061** | $ 489,209,495 | $ 454,144,793 |
| AHCCCS medical education revenue | **47,113,700** | 51,866,779 | 42,516,595 |
| Other | **74,234,388** | 66,022,660 | 52,295,096 |
| Total operating revenues | **615,998,149** | 607,098,934 | 548,956,484 |
| | | | |
| **Operating expenses** | | | |
| Salaries and wages | **287,796,627** | 278,443,621 | 267,919,233 |
| Employee benefits | **82,744,342** | 105,599,319 | 81,795,822 |
| Purchased services | **209,273,236** | 144,360,745 | 138,223,397 |
| Medical claims and other expenses | **81,838,190** | 72,572,408 | 59,751,185 |
| Supplies and other expenses | **101,359,687** | 95,262,465 | 90,233,509 |
| Depreciation | **52,241,569** | 58,845,414 | 31,806,516 |
| Total operating expenses | **815,253,651** | 755,083,972 | 669,729,662 |
| Operating loss | **(199,255,502)** | (147,985,038) | (120,773,178) |
| | | | |
| **Nonoperating revenues (expenses)** | | | |
| Property tax receipts | **147,491,236** | 139,606,198 | 143,303,021 |
| Noncapital grants | **5,930,243** | 5,890,625 | 11,915,514 |
| Noncapital subsidies from State | **3,547,896** | 3,547,896 | 3,547,896 |
| Other nonoperating revenues (expenses), net | **27,834,946** | 3,212,369 | (12,868,425) |
| Investment income, net | **3,731,217** | 2,031,886 | 8,344,261 |
| Interest expense | **(20,068,700)** | (15,027,454) | (13,737,990) |
| Total nonoperating revenues | **168,466,838** | 139,261,520 | 140,504,277 |
| (Decrease) increase in net position | **(30,788,664)** | (8,723,518) | 19,731,099 |
| | | | |
| Net position, beginning of year | **269,258,937** | 277,982,455 | 258,251,356 |
| Net position, end of year | **$ 238,470,273** | $ 269,258,937 | $ 277,982,455 |

## Revenues

### Net Patient Services Revenue

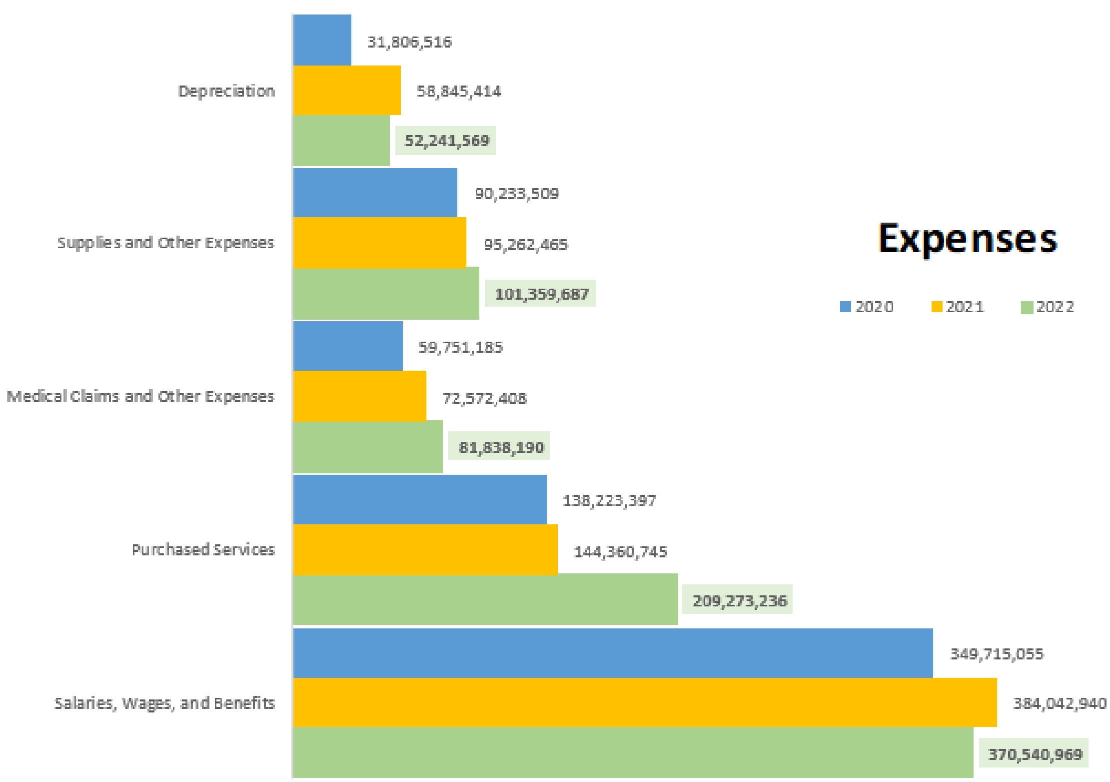
Net patient service revenue is derived from inpatient, outpatient, ambulatory, and emergency services provided to patients. Net patient service revenue for the year ended June 30, 2022, was $494.7 million, an increase from the prior year net patient service revenue of $489.2 million. Net patient service revenue increased $5.4 million or 1.1% in the year ended June 30, 2022, mainly due to changes in payor mix and volume increases in the ambulatory areas. Net patient service revenue for the year ended June 30, 2021, was $489.2 million, an increase from the prior year net patient service revenue of $454.1 million. Net patient service revenue increased $35.1 million or 7.7% in the year ended June 30, 2021, due to changes in payor mix, COVID-19 acute patient volume surges, and recovery from the elective case mandated pause experienced in late fiscal year 2020.

| | Year Ended June 30 | | |
|---|---|---|---|
| | **2022** | **2021** | **Increase (Decrease)** |
| Gross charges | **$ 2,562,415,380** | $ 2,336,814,374 | 9.7% |
| Contractual deductions | **1,728,490,890** | 1,650,131,212 | 4.7% |
| As a percentage of gross charges | **(67.5)%** | (70.6)% | |
| Charity care | **312,132,097** | 165,752,428 | 88.3% |
| As a percentage of gross charges | **(12.2)%** | (7.1)% | |
| Bad debt | **27,142,332** | 31,721,239 | (14.4)% |
| As a percentage of gross charges | **(1.1)%** | (1.4)% | |
| Net patient service revenue | **$ 494,650,061** | $ 489,209,495 | 1.1% |
| As a percentage of gross charges | **19.3%** | 20.9% | |

Total operating revenues in fiscal year 2022 were $616.0 million in comparison with the prior year of $607.1 million, due in great part to the quality of gross revenue and improved payor mix as noted above and increased other revenues, mainly in the new AHCCCS program, HEALTHII and increased grant programs related revenues.

**Operating Expenses**

Total operating expenses in fiscal year 2022 were $815.3 million, which is an increase of $60.2 million (8.0%) over the prior year operating expenses of $755.1 million. Of the total increase, $45.6 million or 6.0% of the increase is related to increased salaries and wages and purchased services (contract labor) usage due to higher acuity of patients and staff shortage. Total operating expenses in fiscal year 2021 were $755.1 million, which is an increase of $85.4 million (12.8%) over fiscal year 2020 operating expenses of $669.7 million.



### Nonoperating Revenues and Expenses

Nonoperating revenues and expenses consist primarily of property tax receipts, both for maintenance and operation, bond debt service, and CARES Act funding. These amounts were \$89.5 million, \$58.0 million and \$43.9 million, respectively, for the year ended June 30, 2022, \$84.2 million, \$55.4 million and \$18.2 million, respectively, for the year ended June 30, 2021, and \$80.5 million, \$62.8 million and \$9.8 million, respectively, for the year ended June 30, 2020. Also included in nonoperating revenues are noncapital grants and noncapital subsidies from the state. These amounts were \$5.9 million and \$3.5 million, respectively, for the year ended June 30, 2022, \$5.9 million and \$3.5 million, respectively, for the year ended June 30, 2021, and \$11.9 million and \$3.5 million, respectively, for the year ended June 30, 2020. Other nonoperating revenues and expenses consisted primarily of interest income, interest expense and other nonoperating expenses. These amounts were \$3.7 million, \$20.1 million and \$15.9 million, respectively, for the year ended June 30, 2022, \$2.0 million, \$15.1 million and \$14.8 million, respectively, for the year ended June 30, 2021, and \$8.3 million, \$13.7 million and \$24.9 million, respectively, for the year ended June 30, 2020.

### Contacting the District's Financial Management

This financial report is designed to provide the District's patients, suppliers, community members, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. Questions about this report and requests for additional financial information should be directed to District Administration by telephoning (602) 344-8425.

# Maricopa County Special Health Care District
# d/b/a Valleywise Health

## Statements of Net Position

| | Year Ended June 30 | |
|---|---|---|
| | **2022** | **2021** |
| | | *As adjusted (Note 1)* |
| **Assets** | | |
| Current assets: | | |
| Cash and cash equivalents | **$ 233,412,109** | $ 262,238,041 |
| Restricted cash – bond | **77,286,783** | 76,137,914 |
| Patient accounts receivable, net of allowances | **92,605,989** | 99,414,043 |
| Receivable from AHCCCS for medical education, net | **46,875,590** | 51,866,779 |
| Other receivables | **39,377,126** | 12,161,962 |
| Due from related parties | **1,721,769** | 1,766,465 |
| Supplies | **11,730,777** | 9,812,194 |
| Prepaid expenses | **14,456,598** | 13,571,915 |
| Total current assets | **517,466,741** | 526,969,313 |
| | | |
| Other assets: | | |
| Restricted cash – bond | **229,636,165** | 400,889,608 |
| Right-to-use assets | **6,877,009** | 8,743,991 |
| Total other assets | **236,513,174** | 409,633,599 |
| | | |
| Capital assets: | | |
| Land | **35,615,279** | 26,342,487 |
| Depreciable capital assets, net of accumulated depreciation | **687,568,533** | 567,812,639 |
| Total capital assets, net of accumulated depreciation | **723,183,812** | 594,155,126 |
| Total assets | **1,477,163,727** | 1,530,758,038 |
| | | |
| **Deferred outflows of resources** | | |
| Employer contributions made after measurement date | **34,248,240** | 31,099,745 |
| Difference between expected and actual experience | **4,677,652** | 3,717,510 |
| Changes in assumptions | **39,477,696** | 1,096,313 |
| Net difference between projected and actual investment earnings | **–** | 39,875,175 |
| Change in proportion and differences between employer contributions and proportionate share of contributions | **6,469,841** | 13,569,246 |
| Total deferred outflows of resources | **84,873,429** | 89,357,989 |
| | | |
| Total assets and deferred outflows of resources | **$ 1,562,037,156** | $ 1,620,116,027 |

# Maricopa County Special Health Care District
# d/b/a Valleywise Health

## Statements of Net Position (continued)

| | Year Ended June 30 | |
|---|---|---|
| | **2022** | **2021** |
| | | *As adjusted (Note 1)* |
| **Liabilities and net position** | | |
| Current liabilities: | | |
| Current maturities of long-term debt | **$ 40,351,007** | $ 32,500,000 |
| Current portion of lease liabilities | **2,177,940** | 2,696,434 |
| Accounts payable | **56,365,202** | 48,614,945 |
| Accrued payroll and expenses | **38,205,132** | 43,855,191 |
| Risk claims payable, current portion | **553,457** | 1,747,762 |
| Overpayments from third-party payors | **29,549,513** | 42,445,374 |
| Other current liabilities | **69,464,215** | 35,056,213 |
| Total current liabilities | **236,666,466** | 206,915,919 |
| | | |
| Risk claims payable less current portion | **12,512,090** | 9,283,822 |
| Net pension and OPEB liability | **287,090,884** | 394,175,117 |
| Long-term lease liabilities | **4,699,069** | 6,047,557 |
| Long-term debt | **677,938,352** | 730,462,381 |
| Total liabilities | **1,218,906,861** | 1,346,884,796 |
| | | |
| **Deferred inflows of resources** | | |
| Difference between expected and actual experience | **3,937,296** | 3,270,330 |
| Change in assumptions | **1,052,464** | – |
| Difference between projected and actual investment earnings | **98,870,631** | – |
| Change in proportion and differences between employer contributions and proportionate share of contributions | **799,631** | 701,964 |
| Total deferred inflows of resources | **104,660,022** | 3,972,294 |
| | | |
| **Net position** | | |
| Unrestricted deficit | **(394,856,298)** | (510,048,594) |
| Net investment in capital assets | **296,238,100** | 298,100,940 |
| Restricted for bonds | **306,922,948** | 477,027,521 |
| Restricted for grants | **30,165,523** | 4,179,070 |
| Total net position | **238,470,273** | 269,258,937 |
| | | |
| Total liabilities, deferred inflows of resources, and net position | **$ 1,562,037,156** | **$ 1,620,116,027** |

*See accompanying notes.*

Maricopa County Special Health Care District
d/b/a Valleywise Health

## Statement of Revenues, Expenses and Changes in Net Position

| | Year Ended June 30 | |
|---|---|---|
| | **2022** | **2021** |
| Operating revenues: | | |
| Net patient service revenue | **$ 494,650,061** | $ 489,209,495 |
| AHCCCS medical education revenue | **47,113,700** | 51,866,779 |
| Other revenue | **74,234,388** | 66,022,660 |
| Total operating revenues | **615,998,149** | 607,098,934 |
| Operating expenses: | | |
| Salaries and wages | **287,796,627** | 278,443,621 |
| Employee benefits | **82,744,342** | 105,599,319 |
| Purchased services | **209,273,236** | 144,360,745 |
| Medical claims and other expenses | **81,838,190** | 72,572,408 |
| Supplies | **101,359,687** | 95,262,465 |
| Depreciation | **52,241,569** | 58,845,414 |
| Total operating expenses | **815,253,651** | 755,083,972 |
| Operating loss | **(199,255,502)** | (147,985,038) |
| Nonoperating revenues (expenses): | | |
| Property tax receipts | **147,491,236** | 139,606,198 |
| Noncapital grants | **5,930,243** | 5,890,625 |
| Noncapital subsidies from State | **3,547,896** | 3,547,896 |
| Other nonoperating revenues, net | **27,834,946** | 3,212,369 |
| Interest income | **3,731,217** | 2,031,886 |
| Interest expense | **(20,068,700)** | (15,027,454) |
| Total nonoperating revenues, net | **168,466,838** | 139,261,520 |
| Decrease in net position | **(30,788,664)** | (8,723,518) |
| Net position, beginning of year | **269,258,937** | 277,982,455 |
| Net position, end of year | **$ 238,470,273** | $ 269,258,937 |

*See accompanying notes.*

Maricopa County Special Health Care District
d/b/a Valleywise Health

Statements of Cash Flows

| | Year Ended June 30 | |
| --- | --- | --- |
| | **2022** | **2021** |
| **Operating activities** | | |
| Receipts from and on behalf of patients | **$ 501,458,115** | $ 481,451,905 |
| Payments to suppliers and contractors | **(388,718,427)** | (316,212,087) |
| Payments to employees | **(478,790,701)** | (331,114,271) |
| Other operating receipts | **237,497,910** | 114,732,144 |
| Other operating payments | **(12,895,861)** | (43,607,203) |
| Net cash used in operating activities | **(141,448,964)** | (94,749,512) |
| | | |
| **Noncapital financing activities** | | |
| Property tax receipts supporting operations | **89,530,796** | 84,240,979 |
| Noncapital contributions and grants received | **5,930,243** | 5,890,625 |
| Noncapital subsidies and other nonoperating receipts | **31,382,842** | 6,760,265 |
| Net cash provided by noncapital financing activities | **126,843,881** | 96,891,869 |
| | | |
| **Capital and related financing activities** | | |
| Property tax receipts for debt service | **57,960,440** | 55,365,219 |
| Principal payments on long-term debt and capital leases | **(44,678,125)** | (28,001,938) |
| Purchase of capital assets | **(181,270,255)** | (151,033,147) |
| Bond proceeds | **–** | 297,291,568 |
| Interest paid on long-term debt | **(20,068,700)** | (15,027,454) |
| Net cash (used in) provided by capital and related financing activities | **(188,056,640)** | 158,594,247 |
| | | |
| **Investing activities** | | |
| Proceeds from sale of investments | **–** | 305,783,289 |
| Purchases of investments | **–** | (184,911,434) |
| Interest from investments | **3,731,217** | 2,031,886 |
| Net cash provided by investing activities | **3,731,217** | 122,903,741 |
| | | |
| (Decrease) increase in cash and cash equivalents | **(198,930,506)** | 283,640,345 |
| Cash and cash equivalents, beginning of year | **739,265,563** | 455,625,217 |
| Cash and cash equivalents, end of year | **$ 540,335,057** | $ 739,265,563 |

Maricopa County Special Health Care District
d/b/a Valleywise Health

## Statements of Cash Flows (continued)

| | Year Ended June 30 | |
|---|---|---|
| | **2022** | **2021** |
| **Reconciliation of operating loss to net cash used in operating activities** | | |
| Operating loss | **$ (199,255,502)** | $ (147,985,038) |
| Depreciation | **52,241,569** | 58,845,414 |
| Changes in operating assets and liabilities: | | |
| Patient and other accounts receivable, and other assets | **(15,415,921)** | (43,674,997) |
| Due from related parties | **44,696** | (562,306) |
| Supplies and prepaid expenses | **(2,803,266)** | 1,554,826 |
| Overpayments from third-party payors | **(12,895,861)** | 8,661,874 |
| Risk claims payable | **2,033,963** | (1,113,662) |
| Accounts payable and accrued expenses | **34,601,358** | 29,524,377 |
| Net cash used in operating activities | **$ (141,448,964)** | $ (94,749,512) |

*See accompanying notes.*

## 1. Nature of Operations and Summary of Significant Accounting Policies

### Nature of Operations and Reporting Entity

Maricopa County Special Health Care District d/b/a Valleywise Health (the District) is a health care district and political subdivision of the state of Arizona. The District is located in Phoenix, Arizona, and is governed by a five-member Board of Directors elected by voters within Maricopa County, Arizona (the County).

The District was created in November 2003 by an election of the voters of the County. In November 2004, the voters first elected the District's governing board. An Intergovernmental Agreement (IGA) between the District and the County was entered into in November 2004, which, among other things, specified the terms by which the County transferred essentially all of the assets, liabilities, and financial responsibility of the medical center facility to the District effective January 1, 2005. The District operates a medical center facility (the Medical Center), which was formerly owned and operated by the County, three freestanding inpatient behavioral health facilities located on the Medical Center campus and in Maryvale, Arizona and Mesa, Arizona; a specialty clinic located on the Medical Center campus; and various outpatient health centers throughout Maricopa County. The District has the authority to levy ad valorem taxes. The District had no significant operations prior to January 1, 2005. In conjunction with the IGA, the County and the District entered into a 20-year lease for the Medical Center real estate.

On September 3, 2013, a second Amended and Restated Intergovernmental Agreement (the Amended IGA) was entered into by the District, whereby all the land and real property located at the Maricopa Medical Center and Desert Vista campuses (the Property) subject to the prior 20-year lease were donated to the District. The Property was recorded at its fair value at the date of donation, determined by a third-party valuation services firm, totaling $117,075,000. The Property donated consisted of land of $9,000,000, buildings of $104,375,000 and land improvements of $3,700,000.

The Amended IGA also provided for the District's purchase of supplies from the County and the sublease of certain space to the County, and for the County to be able to purchase supplies and utilize the District's services, among other items.

If the Property is not used for county hospital purposes, the Property shall (at the election of the County) revert to the County.

**1. Nature of Operations and Summary of Significant Accounting Policies (continued)**

Effective October 1, 2019, as a part of a rebranding initiative, the District, which was formerly known as Maricopa Integrated Health System, is now officially called Valleywise Health.

**Basis of Accounting and Presentation**

The District prepares its financial statements as a business-type activity in conformity with applicable pronouncements of the Governmental Accounting Standards Board (GASB). The financial statements of the District have been prepared on the accrual basis of accounting using the economic resources measurement focus. Revenues, expenses, gains, losses, assets, and liabilities from exchange and exchange-like transactions are recognized when the exchange transaction takes place, while those from government-mandated and voluntary non-exchange transactions (principally federal and state grants and appropriations from the County) are recognized when all applicable eligibility requirements are met. Operating revenues and expenses include exchange transactions and interest on capital assets-related debt are included in nonoperating revenues and expenses. The District first applies its restricted net position when an expense or outlay is incurred for purposes for which both restricted and unrestricted net position are available. The District primarily earns revenues by providing inpatient and outpatient medical services.

**Use of Estimates**

The preparation of these basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the basic financial statements and accompanying notes. Actual results could differ from those estimates.

**Cash and Cash Equivalents and Restricted Cash**

For purposes of the statements of cash flows, the District considers all liquid investments, including those that are restricted, with original maturities of three months or less, to be cash equivalents. At June 30, 2022 and 2021, the District had approximately $540,335,000 and $739,266,000, respectively, of cash and cash equivalents and restricted cash. Restricted cash includes cash and cash equivalents that are restricted for use and includes approximately $77,287,000 and $76,138,000 as of June 30, 2022 and 2021, respectively, of tax proceeds restricted

**1. Nature of Operations and Summary of Significant Accounting Policies (continued)**

for debt service on the general obligation bonds and approximately $229,636,000 and $400,890,000 as of June 30, 2022 and 2021, respectively, of bond proceeds restricted for use under the bond agreement. A portion of the restricted cash has been classified as a long-term asset as the funds will be used to purchase long-term assets.

**Risk Management**

The District is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries; medical malpractice; and natural disasters. The District participated in the County's self-insurance program through December 3, 2012. The IGA between the District and County was amended to reflect that the District would no longer participate in the County's self-insurance program effective December 4, 2012, except for workers' compensation claims. The Amended IGA also stipulated that the County would provide a mutually agreed-upon amount to fund estimated outstanding losses and estimated future claim payments for the period January 1, 2005 through December 3, 2012. In return, the District accepted responsibility for the payment and management of these claims on an ongoing basis.

The District, through its Risk Management Department, is now responsible for identifying and resolving exposures and claims that arise from employee work-related injury, third-party liability, property damage, regulatory compliance, and other exposures arising from the District's operations. Effective December 4, 2012, the District's Board of Directors approved and implemented risk management, self-insurance, and purchased insurance programs under the Maricopa Integrated Health System Risk Management Insurance and Self-Insurance Plan (the Insurance Plan). As authorized under the Insurance Plan, the District purchases excess insurance over the District's self-insured program to maintain adequate protection against the District's exposures and claims filed against the District. It is the District's policy to record the expense and related liability for professional liability, including medical malpractice and workers' compensation, based upon annual actuarial estimates.

## 1. Nature of Operations and Summary of Significant Accounting Policies (continued)

### Patient Accounts Receivable

The District reports patient accounts receivable for services rendered at estimated net realizable amounts due from third-party payors, patients, and others. The District provides an allowance for uncollectible accounts based upon a review of outstanding receivables, historical collection information, and existing economic conditions. The District bills third-party payors directly and bills the patient when the patient's liability is determined. Patient accounts receivable are due in full when billed. Accounts are considered delinquent and subsequently written off based on individual credit evaluation and specific circumstances of the account.

### Supplies

Supplies inventories are stated at the lower of cost or market, determined using the first-in, first-out method.

### Capital Assets

Capital assets are recorded at cost at the date of acquisition, or fair value at the date of donation if acquired by gift. The dollar threshold to capitalize capital assets is $5,000. Depreciation is computed using the straight-line method over the estimated useful life of each asset. Assets under capital lease obligations and leasehold improvements are amortized over the shorter of the lease term or the assets' respective estimated useful lives. The following estimated useful lives are being used by the District:

| | |
|---|---|
| Land improvements | 2–25 years |
| Buildings and leasehold improvements | 5–40 years |
| Equipment | 3–20 years |

### Compensated Absences

District policies permit most employees to accumulate vacation and sick leave benefits (personal leave) that may be realized as paid time off or, in limited circumstances, as a cash payment. Expense and the related liability are recognized as personal leave benefits and are earned whether the employee is expected to realize the benefit as time off or as a cash payment. Employees may accumulate up to 240 hours of personal leave, depending on years of service, but any personal

**1. Nature of Operations and Summary of Significant Accounting Policies (continued)**

leave hours in excess of the maximum amount that are unused by the calendar year-end are converted to the employee's extended illness bank (EIB). Generally, EIB benefits are used by employees for extended illness or injury, or to care for an immediate family member with an extended illness or injury. EIB benefits are cumulative but do not vest and, therefore, are not accrued. However, upon retirement, employees with accumulated EIB in excess of 1,000 hours are entitled to a $3,000 bonus. The total compensated absence liabilities are computed using the regular pay and termination pay rates in effect at the statement of net position date plus an additional amount for compensation-related payments such as social security and Medicare taxes, computed using rates in effect at that date.

**Net Position**

Net position of the District is classified into three components. Net investment in capital assets consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of borrowings used to finance the purchase or construction of those assets. Restricted net position consists of noncapital assets that must be used for a particular purpose as specified by creditors, grantors, or donors external to the District. Unrestricted net position consists of the remaining assets plus deferred outflows of resources less remaining liabilities plus deferred inflows of resources that do not meet the definition of net investment in capital assets, or restricted net position.

**Net Patient Service Revenue**

The District has agreements with third-party payors that provide for payments to the District at amounts different from its established rates. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered and includes estimated retroactive adjustments and a provision for uncollectible accounts. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered, and such estimated amounts are revised in future periods as adjustments become known. The District participates in the Federally Qualified Health Center (FQHC) program and receives supplemental payments from Arizona Health Care Cost Containment System (AHCCCS). The payments are made based on information filed with AHCCCS on the Annual Reconciliation and Rebase Data (ARRD) report. The District is currently in the process of reconciling with AHCCCS and various health plans regarding the federal fiscal year 2021 ARRD report.

## 1. Nature of Operations and Summary of Significant Accounting Policies (continued)

### Charity Care

The District provides services at amounts less than its established rates to patients who meet the criteria of its charity care policy. The criteria for charity care take into consideration the patient's family size and income in relation to federal poverty guidelines and type of service rendered. The total net cost of charity care provided was approximately $84,878,000 and $43,936,000 for the years ended June 30, 2022 and 2021, respectively. Charity care cost is based on the percentage of total direct operating expenses less other operating revenue divided by the total gross revenue for the Medical Center. This percentage is applied to the amount written off as charity care to determine the total charity care cost. The net cost of charity care is total charity care cost less any payments received. Payments received were approximately $8,697,000 and $12,239,000 for the years ended June 30, 2022 and 2021, respectively.

### Property Taxes

On or before the third Monday in August, the County levies real property taxes and commercial personal property taxes on behalf of the District, which become due and payable in two equal installments. The first installment is due on the first day of October and becomes delinquent after the first business day of November. The second installment is due on the first day of March of the next year and becomes delinquent after the first business day of May.

The County also levies mobile home personal property taxes on behalf of the District that are due the second Monday of the month following receipt of the tax notice and become delinquent 30 days later. A lien assessed against real and personal property attaches on the first day of January after assessment and levy.

Proposition 480 allows the County to levy additional property taxes for principal and interest debt service related to general obligation bonds (see Note 9).

### Income Taxes

The District is a health district and political subdivision of the state of Arizona and is exempt from federal and state income taxes.

## 1. Nature of Operations and Summary of Significant Accounting Policies (continued)

### Pension and Postemployment Benefits Other Than Pensions (OPEB)

The District participates in the Arizona State Retirement System (ASRS) pension plan for employees. For purposes of measuring the net pension and OPEB liability, deferred outflows of resources and deferred inflows of resources related to pension and OPEB, and pension and OPEB expense, information about the fiduciary net position of ASRS and additions to/deductions from ASRS's fiduciary net position have been determined on the same basis as they are reported by ASRS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit plan terms. Investments are reported at fair value.

### New Accounting Pronouncements

The GASB issued Statement No. 87, *Leases*, in June 2017 (GASB No. 87). The standard requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases. The guidance establishes a single model for lease accounting based on the principle that leases are financing the right to use an underlying asset. The District adopted GASB No. 87 on July 1, 2021 and applied the standard retroactively by adjusting the District's basic financial statements as of July 1, 2020. The impact of the adoption was to increase lease obligations and related right-to-use lease assets by approximately $12,684,000 and $8,744,000 as of July 1, 2020 and June 30, 2021, respectively. The basic financial statements which have been adjusted to reflect the adoption of the guidance (see Note 12).

The GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, in June 2018. The standard requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The standard was effective for the District as of July 1, 2021. Adopting this standard did not have a significant impact on the basic financial statements.

## 1. Nature of Operations and Summary of Significant Accounting Policies (continued)

The GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*, in May 2020. The standard requires recognition of certain subscription-based information technology arrangements (SBITAs) as intangible assets and corresponding subscription liabilities for SBITAs that previously were classified as operating arrangements. The guidance establishes a model based on the standards established in Statement No. 87, *Leases*, to treat SBITAs as financing the right to use an underlying subscription asset. The standard was effective for the District as of July 1, 2021. Adopting this standard did not have a significant impact on the basic financial statements.

## 2. Net Patient Service Revenue

The District has agreements with third-party payors that provide for payments to the District at amounts different from its established rates. These payment arrangements include the following:

- Medicare – Inpatient acute care services, certain inpatient non-acute care services, and substantially all outpatient services rendered to Medicare program beneficiaries are paid at prospectively determined rates. These rates vary according to a patient classification system that is based on clinical, diagnostic, acuity, and other factors. Inpatient psychiatric services are paid based on a blended cost reimbursement methodology and prospectively determined rates. The District is reimbursed for certain services at tentative rates with final settlement determined after submission of annual cost reports by the District and audits thereof by the Medicare fiscal intermediary. The Medicare fiscal intermediary has audited the District's cost reports through June 30, 2018.

- AHCCCS – Inpatient acute services are paid at prospectively determined rates. Inpatient psychiatric services are paid on a per diem basis. Outpatient services rendered to AHCCCS program beneficiaries are primarily reimbursed under prospectively determined rates.

- The District has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payment to the District under these agreements includes prospectively determined rates per discharge, discounts from established charges, and prospectively determined daily rates.

## 2. Net Patient Service Revenue (continued)

Approximately 56% and 54% of net patient service revenues were from participation in the Medicare and state-sponsored AHCCCS programs for the years ended June 30, 2022 and 2021, respectively. Laws and regulations governing the Medicare and AHCCCS programs are complex and subject to interpretation and change. As a result, it is reasonably possible that recorded estimates will change materially in the near term.

## 3. Deposits, Pooled Funds, and Investment Income

### Deposits

Custodial credit risk is the risk that in the event of a bank failure, an entity's deposits may not be returned to it. The District's deposit policy for custodial credit risk requires compliance with the provisions of state law.

The District's deposits are held by Maricopa County (the County) in conjunction with other County funds and are reported as cash equivalents. The County has represented to the District that there is sufficient collateral to cover all of the County's deposits, including the District's deposits. The County issues a Comprehensive Annual Financial Report. Further information regarding County deposits and investments are contained within the basic financial statement notes to the Comprehensive Annual Financial Report. The most recent report can be obtained by writing to Maricopa County Department of Finance, 301 W. Jefferson, Suite 960, Phoenix, Arizona 85003, or at www.maricopa.gov.

### Pooled Funds

The District's cash was deposited into the County's pooled funds as of July 1, 2021. By state statute, the County is required to ensure that all County funds are either insured by the Federal Deposit Insurance Corporation, collateralized by securities held by the cognizant Federal Reserve Bank, or invested in U.S. government obligations. The District's cash held by the County is pooled with the funds of other county agencies and then, in accordance with statutory limitations, placed in banks or invested as the County may determine. The District's pooled funds are reported as restricted cash and cash equivalents, and were approximately $501,815,000 as of June 30, 2022.

**4. Patient Accounts Receivable**

The District grants credit without collateral to its patients, many of whom are area residents and are insured under third-party payor agreements. Patient accounts receivable is presented net of allowance for uncollectible accounts of $54,585,000 and $55,847,000 for the years ended June 30, 2022 and 2021, respectively.

**5. Other Receivables**

At June 30, 2022 and 2021, significant components of other receivables included amounts due from third party payors, such as:

| | 2022 | 2021 |
|---|---|---|
| Retail pharmacy accounts receivable | **$ 1,763,000** | $ 1,410,000 |
| 340B program | **786,000** | 1,806,000 |
| Home Assist Health | **806,000** | 907,000 |
| Grants receivable | **2,546,000** | 2,195,000 |
| CARES Act – Provider Relief Funds | **27,083,000** | – |
| Other | **6,393,000** | 5,844,000 |
| Total other receivables | **$ 39,377,000** | $ 12,162,000 |

**6. Receivables From AHCCCS for Medical Education**

During the years ended June 30, 2022 and 2021, the District entered into intergovernmental agreements with AHCCCS such that AHCCCS provided available medical education funds from CMS. At June 30, 2022 and 2021, available funds from CMS for medical education totaled approximately $61,508,000 and $68,055,000, respectively. At June 30, 2022 and 2021, the amount due to the District is approximately $46,876,000, which is net of the $14,632,000 matching funds to be provided by the District, and $51,867,000, which is net of the $16,188,000 matching funds provided by the District, respectively.

## 7. Capital Assets

Capital assets activity for the year ended June 30, 2022, was as follows:

| | Beginning Balance | Additions | Disposals | Transfers | Adjustments | Ending Balance |
|---|---|---|---|---|---|---|
| Capital assets not being depreciated: | | | | | | |
| Construction-in-progress | $ 238,432,510 | $ 182,475,787 | $ – | $ (51,846,376) | $ – | $ 369,061,921 |
| Capitalized software-in-progress | 330,119 | – | – | – | – | 330,119 |
| Land | 26,342,487 | – | (380,000) | 9,652,791 | – | 35,615,278 |
| Capital assets being depreciated: | | | | | | |
| Buildings and leasehold improvements | 393,737,421 | – | (7,903,574) | 33,532,612 | – | 419,366,459 |
| Capitalized software | 49,516,241 | – | – | – | – | 49,516,241 |
| Equipment | 229,935,513 | – | (302,459) | 8,660,973 | – | 238,294,027 |
| Total capital assets | 938,294,291 | 182,475,787 | (8,586,033) | – | – | 1,112,184,045 |
| Accumulated depreciation | 344,139,165 | 52,241,569 | (7,380,501) | – | – | 389,000,233 |
| Capital assets, net | $ 594,155,126 | $ 130,234,218 | $ (1,205,532) | $ – | $ – | $ 723,183,812 |

## 7. Capital Assets (continued)

Capital assets activity for the year ended June 30, 2021, was as follows:

| | Beginning Balance | Additions | Disposals | Transfers | Adjustments | Ending Balance |
|---|---|---|---|---|---|---|
| Capital assets not being depreciated: | | | | | | |
| Construction-in-progress | $ 170,751,975 | $ 150,442,561 | $ – | $ (83,632,612) | $ 870,586 | $ 238,432,510 |
| Capitalized software-in-progress | 330,119 | – | – | – | – | 330,119 |
| Land | 25,342,118 | – | (280,000) | 1,280,369 | – | 26,342,487 |
| Capital assets being depreciated: | | | | | | |
| Buildings and leasehold improvements | 319,028,828 | – | (5,427,203) | 80,135,796 | – | 393,737,421 |
| Capitalized software | 49,516,241 | – | – | – | – | 49,516,241 |
| Equipment | 228,341,523 | – | (622,457) | 2,216,447 | – | 229,935,513 |
| Total capital assets | 793,310,804 | 150,442,561 | (6,329,660) | – | 870,586 | 938,294,291 |
| Accumulated depreciation | 291,343,411 | 58,845,414 | (6,049,660) | – | – | 344,139,165 |
| Capital assets, net | $ 501,967,393 | $ 91,597,147 | $ (280,000) | $ – | $ 870,586 | $ 594,155,126 |

During the years ended June 30, 2022 and 2021, the District recognized $9,758,000 and $16,521,000, respectively, in accelerated depreciation expenses due to the anticipated decommissioning of the current medical center building.

## 8. Risk Claims Payable

The District maintains insurance through a combination of programs utilizing purchased commercial insurance and self-insurance for professional liability claims, including medical malpractice and workers' compensation claims. The District is self-insured for workers' compensation in Arizona. In connection with the aforementioned programs, the District has accrued estimates for asserted and incurred but not reported claims. The actuarially determined claims payable is approximately $13,066,000 and $11,032,000, of which $553,000 and $1,748,000 has been recorded as a current liability and approximately $12,512,000 and $9,284,000 has been recorded as a noncurrent liability on the accompanying statements of net position as of June 30, 2022 and 2021, respectively. Risk claims payable are undiscounted.

**8. Risk Claims Payable (continued)**

As of June 30, 2022, the District maintained commercial insurance as follows:

| Insurance | Limits | Self-Insured Retention/Deductible |
|---|---|---|
| Workers' compensation | Statutory | $500,000 each claim |
| Medical malpractice | $15,000,000 each incident – first layer<br>Additional $15,000,000 – second excess layer<br>Additional $20,000,000 – third excess layer | $2,000,000 each incident<br>Additional $1,000,000 one claim layer buffer |

The insurance policies listed above became effective December 1, 2012, and remain current through June 30, 2022.

The following is a reconciliation of the risk claims payable as for the years ended June 30:

| | 2022 | 2021 | 2020 |
|---|---|---|---|
| Beginning balance | **$ 11,031,584** | $ 12,145,246 | $ 13,827,826 |
| Total incurred | **6,191,156** | 2,949,206 | 4,320,165 |
| Total paid | **(4,157,193)** | (4,062,868) | (6,002,745) |
| Ending balance | **$ 13,065,547** | $ 11,031,584 | $ 12,145,246 |

## 9. Long-Term Debt

The following is a summary of long-term debt transactions for the District for the years ended June 30:

| | Beginning Balance | Additions | Reductions | Ending Balance | Current Portion |
|---|---|---|---|---|---|
| **2022** | | | | | |
| General obligation bonds, series C | **$ 440,953,718** | **$ –** | **$ (18,765,623)** | **$ 422,188,095** | **$ 15,351,007** |
| General obligation bonds, series D | **305,008,663** | **–** | **(8,907,399)** | **296,101,264** | **25,000,000** |
| Direct placement general obligation bonds | **17,000,000** | **–** | **(17,000,000)** | **–** | **–** |
| Total long-term debt | **$ 762,962,381** | **$ –** | **$ (44,664,028)** | **$ 718,289,359** | **$ 40,351,007** |
| **2021** | | | | | |
| General obligation bonds, series C | $ 456,170,813 | $ – | $ (15,217,095) | $ 440,953,718 | $ 15,500,000 |
| General obligation bonds, series D | – | 305,008,663 | – | 305,008,663 | – |
| Direct placement general obligation bonds | 37,000,000 | – | (20,000,000) | 17,000,000 | 17,000,000 |
| Total long-term debt | $ 493,170,813 | $ 305,008,663 | $ (35,217,095) | $ 762,962,381 | $ 32,500,000 |

### General Obligation Bonds

On November 4, 2014, the voters of the County approved Proposition 480. Proposition 480 allows the District to issue up to $935,000,000 in general obligation bonds to be repaid over 30 years to fund outpatient health facilities, including improvement or replacement of existing outpatient health centers; construction of new outpatient health centers in northern, eastern, and/or western Maricopa County, behavioral health facilities, including construction of a new behavioral health hospital; and acute care facilities, including replacement of the District's public teaching hospital Valleywise Health Medical Center and its Level One Trauma Center and Arizona Burn Center, on the existing campus. As of June 30, 2022, the District has issued $935,000,000 in general obligation bonds.

## 9. Long-Term Debt (continued)

On October 12, 2017, the District closed on its second offering of general obligation bonds in the amount of $75,000,000 in order to continue the various improvement projects. The bonds bear interest at the rate of 1.61% through maturity in fiscal year 2022. Financing for the District's first and second offering were both private placements.

On October 30, 2018, the District closed on its third offering of general obligation bonds in the amount of $422,125,000 in order to continue the various improvement projects. The bonds were issued at a premium of $42,870,000. The bonds bear coupon interest at the rate of 5.00% through maturity in fiscal year 2038. Financing for the District's third offering were public placements.

On June 10, 2021, the District closed on its fourth offering of general obligation bonds in the amount of $244,070,000 in order to continue the various improvement projects. The bonds were issued at a premium of $60,939,000. The bonds bear coupon interest at the rate of 5.00% through maturity in fiscal year 2035. Financing for the District's fourth offering were public placements.

Proposition 480 allows the County to levy property taxes for principal and interest debt service related to the general obligation bonds.

The bond purchase agreements also contain certain nonfinancial covenants, including the maintenance of property and annual reporting requirements. Management believes it is in compliance with these covenant requirements at June 30, 2022.

### Credit Facility, Maricopa County

On June 25, 2020, the County agreed to extend the District a $30,000,000 line of credit through its credit facility in response to the COVID-19 pandemic crisis. The District did not have any outstanding borrowings on the line of credit at June 30, 2022 and 2021.

## 9. Long-Term Debt (continued)

Scheduled maturities of long-term debt, excluding a net premium of $77,603,000, for the years ending June 30 are as follows:

| | General Obligation Bonds | | Direct Placement General Obligation Bonds | |
|---|---|---|---|---|
| | **Principal** | **Interest** | **Principal** | **Interest** |
| 2023 | $ 40,360,000 | $ 30,149,600 | $ – | $ – |
| 2024 | 26,130,000 | 28,487,350 | – | – |
| 2025 | 30,070,000 | 27,082,350 | – | – |
| 2026 | 31,575,000 | 25,541,225 | – | – |
| 2027 | 33,150,000 | 23,923,100 | – | – |
| 2028–2032 | 192,355,000 | 92,365,375 | – | – |
| 2033–2037 | 221,905,000 | 38,819,350 | – | – |
| 2038–2040 | 65,150,000 | 2,631,600 | – | – |
| | $ 640,695,000 | $ 268,999,950 | $ – | $ – |

## 10. Restricted Net Position

Restricted net position at June 30, 2022 and 2021, consists of grant funds received for specific purposes that are expected to be expended as defined on the agreement, in the amount of $30,166,000 and $4,179,000, respectively.

Restricted net position at June 30, 2022 and 2021, also consists of bond funds expected to be expended for specific purposes as defined in the bond agreement, in the amount of approximately $306,923,000 and $477,028,000, respectively.

## 11. Pension Plan and Other Post Employment Benefit (OPEB) Liabilities

### General Information About the Pension and OPEB Plans

*Plan Description*

The District contributes to a cost-sharing, multiple-employer, defined benefit pension plan and OPEB plans administered by the ASRS. Benefits are established by state statute and generally provide retirement, death, long-term disability, survivor, and health insurance premium benefits. ASRS is governed by the ASRS Board according to the provisions of Arizona Revised Statutes Title 38, Chapter 5, Article 2.

ASRS issues a Comprehensive Annual Financial Report that includes financial statements and required supplementary information. The most recent report may be obtained at www.azasrs.gov/content/annual-reports or by writing the Arizona State Retirement System, 3300 North Central Avenue, P.O. Box 33910, Phoenix, Arizona 85067-3910, or by telephoning (602) 240-2000 or (800) 621-3778.

*Funding Policy*

The Arizona State Legislature establishes and may amend contribution rates for active plan members, including the District. For the years ended June 30, 2022 and 2021, active plan members, including the District, were required by statute to contribute at the actuarially determined rate of 12.41% (12.01% retirement, 0.21% health benefit supplement, and 0.19% long-term disability) and 12.22% (11.65% retirement, 0.39% health benefit supplement, and 0.18% long-term disability), respectively, of the members' annual covered payroll.

## 11. Pension Plan and Other Post Employment Benefit (OPEB) Liabilities (continued)

*Benefits Provided*

ASRS provides retirement, health care, and long-term disability benefits. The Defined Benefit Plan provides monthly retirement benefits to members who have reached retirement eligibility criteria, terminated employment, and applied for retirement benefits. At retirement, members have seven different payment options to choose from, including a straight-life annuity that guarantees monthly payments only for the lifetime of the member, or term certain and joint and survivor annuities that will continue to make monthly payments to a beneficiary in the event of the member's death. The amount of a member's monthly benefit is calculated based on his or her age, his or her years of service, his or her salary at retirement, and the retirement option chosen. In the event a member dies before reaching retirement eligibility criteria, the defined benefit plan will pay a lump sum or annuity to the member's beneficiary(ies). The Retiree Health Benefit Supplement (also called Premium Benefit Supplement) provides health insurance coverage for retirees and a monthly health insurance premium benefit to offset the cost of retiree health insurance. Long Term Disability provides a monthly disability benefit to partially replace income lost as a result of disability.

*Contributions*

The contribution rate for the pension and OPEB plans are calculated by an independent actuary at the end of each fiscal year based on the amount of investment assets the ASRS has on hand to pay benefits, liabilities associated with the benefits members have accrued to date, projected investment returns, and projected future liabilities.

*Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions and OPEB*

At June 30, 2022, the District reported a liability of approximately $297,858,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020, and was rolled forward using generally accepted actuarial procedures to June 30, 2021. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the state, as actuarially determined. At June 30, 2021, the District's proportion was 2.27%, which represents no change from its proportion measured as of June 30, 2020.

**11. Pension Plan and Other Post Employment Benefit (OPEB) Liabilities (continued)**

At June 30, 2021, the District reported a liability of approximately $394,059,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019, and was rolled forward using generally accepted actuarial procedures to June 30, 2020. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the state, as actuarially determined. At June 30, 2020 and 2019, the District's proportion was 2.27% and 2.14%, respectively.

At June 30, 2022, the District reported a net (asset) of approximately ($10,767,000) for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2021. The total amount used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2020, and was rolled forward using generally accepted actuarial procedures to June 30, 2021. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers and the state, as actuarially determined. At June 30, 2021 and 2020, the District's proportion was 2.31% and 2.30%, respectively.

At June 30, 2021, the District reported a net (asset) of approximately ($116,000) for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2020. The total amount used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2019, and was rolled forward using generally accepted actuarial procedures to June 30, 2020. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers and the state, as actuarially determined. At June 30, 2020 and 2019, the District's proportion was 2.30% and 2.79%, respectively.

## 11. Pension Plan and Other Post Employment Benefit (OPEB) Liabilities (continued)

Within employee benefits, the District recorded pension expense of $33,298,000 and $51,898,000 for the years ended June 30, 2022 and 2021, respectively. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Employer contributions made after measurement date | **$ 32,711,475** | **$ –** |
| Differences between expected and actual experience | **4,540,570** | **–** |
| Changes in assumptions | **38,768,596** | **–** |
| Difference between projected and actual investment earnings | **–** | **(94,371,882)** |
| Change in proportion and differences between employer contributions and proportionate share of contributions | **6,371,328** | **(779,921)** |
| Total | **$ 82,391,969** | **$ (95,151,803)** |

At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Employer contributions made after measurement date | $ 29,724,443 | $ – |
| Differences between expected and actual experience | 3,564,945 | – |
| Changes in assumptions | – | – |
| Difference between projected and actual investment earnings | 38,007,430 | – |
| Change in proportion and differences between employer contributions and proportionate share of contributions | 13,450,582 | (684,469) |
| Total | $ 84,747,400 | $ (684,469) |

**11. Pension Plan and Other Post Employment Benefit (OPEB) Liabilities (continued)**

Of the amount reported as deferred outflows of resources as of June 30, 2022, $34,114,000 related to pension results from District contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

| | |
|---|---|
| Year ending June 30: | |
| 2023 | $ 7,153,947 |
| 2024 | 700,168 |
| 2025 | (20,804,165) |
| 2026 | (32,521,259) |

Within employee benefits, the District recorded OPEB expense of ($926,458) for the year ended June 30, 2022. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Employer contributions made after measurement date | **$ 1,536,765** | **$ –** |
| Differences between expected and actual expenses | **137,082** | **(3,937,296)** |
| Changes in assumptions | **709,100** | **(1,052,464)** |
| Difference between projected and actual investments earnings | **–** | **(4,498,749)** |
| Change in proportion and differences between employer contributions and proportionate share of contributions | **98,513** | **(19,710)** |
| Total | **$ 2,481,460** | **$ (9,508,219)** |

**11. Pension Plan and Other Post Employment Benefit (OPEB) Liabilities (continued)**

Within employee benefits, the District recorded OPEB expense of $1,089,000 for the year ended June 30, 2021. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Employer contributions made after measurement date | $ 1,375,302 | $ – |
| Differences between expected and actual expenses | 152,565 | (3,270,330) |
| Changes in assumptions | 1,096,313 | – |
| Difference between projected and actual investments earnings | 1,867,745 | – |
| Change in proportion and differences between employer contributions and proportionate share of contributions | 118,664 | (17,495) |
| Total | $ 4,610,589 | $ (3,287,825) |

Of the amount reported as deferred outflows of resources, $1,537,000 related to OPEB results from District contributions subsequent to the measurement date that will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| | |
|---|---|
| Year ending June 30: | |
| 2023 | $ (1,942,863) |
| 2024 | (1,860,732) |
| 2025 | (2,046,662) |
| 2026 | (2,300,780) |
| 2027 | (221,224) |
| Thereafter | (191,263) |

**11. Pension Plan and Other Post Employment Benefit (OPEB) Liabilities (continued)**

*Actuarial Assumptions*

The June 30, 2020, actuarial valuation of the total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---|---|
| Inflation | 2.30% |
| Salary increases | 2.90% – 8.40% average, including inflation |
| Discount rate | 7.00% |

Mortality rates were based on the 2017 SRA Scale U-MP.

The June 30, 2019, actuarial valuation of the total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---|---|
| Inflation | 2.30% |
| Salary increases | 2.70% – 7.20% average, including inflation |
| Investment rate of return | 7.50% |

Mortality rates were based on the 2017 SRA Scale U-MP.

The June 30, 2020, actuarial valuation of the OPEB liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---|---|
| Inflation | 2.30% |
| Investment rate of return | 7.00% |
| Mortality rates | 2017 SRA Scale U-MP |
| Health care trend rate | N/A |

## 11. Pension Plan and Other Post Employment Benefit (OPEB) Liabilities (continued)

The June 30, 2019, actuarial valuation of the OPEB liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---|---|
| Inflation | 2.30% |
| Investment rate of return | 7.50% |
| Mortality rates | 2017 SRA Scale U-MP |
| Health care trend rate | N/A |

The benefits paid by the plan are not impacted by health care cost trend rates. As a result, changes in the health care cost trend rate assumption will have no impact on the net OPEB liability.

The actuarial assumptions used in the June 30, 2020 and 2019, pension and OPEB valuations were based on the results of an actuarial experience study for the period July 1, 2011–June 30, 2016. The ASRS Board adopted the experience study, which recommended changes, and those changes were effective as of the June 30, 2017, actuarial valuation.

The long-term expected rate of return on pension and OPEB plans' investments were determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of geometric real rates of return for each major asset class for the pension plan measured as of June 30, 2021, are summarized in the following table:

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|---|---|---|
| Equity | 50% | 2.45% |
| Fixed income | 30 | 1.11 |
| Real estate | 20 | 1.14 |
| Total | 100% | 4.70% |

**11. Pension Plan and Other Post Employment Benefit (OPEB) Liabilities (continued)**

The target allocation and best estimates of geometric real rates of return for each major asset class for the pension plan measured as of June 30, 2020, are summarized in the following table:

| **Asset Class** | **Target Allocation** | **Long-Term Expected Real Rate of Return** |
|---|---|---|
| Equity | 50% | 3.20% |
| Fixed income | 30 | 1.11 |
| Real estate | 20 | 1.17 |
| Total | 100% | 5.48% |

The target allocation and best estimates of geometric real rates of return for each major asset class for the OPEB plan measured as of June 30, 2020, are summarized in the following table:

| **Asset Class** | **Target Allocation** | **Long-Term Expected Real Rate of Return** |
|---|---|---|
| Equity | 50% | 3.20% |
| Fixed income | 30 | 1.11 |
| Real estate | 20 | 1.17 |
| Total | 100% | 5.48% |

## 11. Pension Plan and Other Post Employment Benefit (OPEB) Liabilities (continued)

The target allocation and best estimates of geometric real rates of return for each major asset class for the OPEB plan measured as of June 30, 2019, are summarized in the following table:

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|---|---|---|
| Equity | 50% | 3.05% |
| Fixed income | 30 | 1.23 |
| Real estate | 20 | 1.17 |
| Total | 100% | 5.45% |

*Discount Rate*

The discount rate used to measure the overall pension liability as of June 30, 2022 and 2021, was 7.0%, and the OPEB liability as of June 30, 2022 and 2021, was 7.0%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate, contributions from the District will be made at contractually required rates (actuarially determined), and contributions from the participating employers will be made at current statutorily required rates. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability and OPEB liability.

**11. Pension Plan and Other Post Employment Benefit (OPEB) Liabilities (continued)**

*Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate*

The following presents the District's proportionate share of the net pension liability reported at June 30, 2022, using the discount rate of 7.0% as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower 6.0% or one percentage point higher 8.0% than the current rate:

| | 1-Point Decrease (6.0%) | Discount Rate (7.0%) | 1-Point Increase (8.0%) |
|---|---|---|---|
| District's proportionate share of the net pension liability | **$ 468,505,634** | **$ 297,857,967** | **$ 155,585,029** |

The following presents the District's proportionate share of the net pension liability reported at June 30, 2021, using the discount rate of 7.5% as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower 6.5% or one percentage point higher 8.5% than the current rate:

| | 1-Point Decrease (6.5%) | Discount Rate (7.5%) | 1-Point Increase (8.5%) |
|---|---|---|---|
| District's proportionate share of the net pension liability | $ 538,870,032 | $ 394,058,778 | $ 273,004,009 |

The following presents the District's proportionate share of the net OPEB liability reported at June 30, 2022, using the discount rate of 7.0% as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower 6.0% or one percentage point higher 8.0% than the current rate:

| | 1-Point Decrease (6.0%) | Discount Rate (7.0%) | 1-Point Increase (8.0%) |
|---|---|---|---|
| District's proportionate share of the net OPEB liability | **$ 6,825,194** | **$ 10,767,083** | **$ 14,135,798** |

**11. Pension Plan and Other Post Employment Benefit (OPEB) Liabilities (continued)**

The following presents the District's proportionate share of the net OPEB liability reported at June 30, 2021, using the discount rate of 7.5% as well as what the District's proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is one percentage point lower 6.5% or one percentage point higher 8.5% than the current rate:

| | 1-Point Decrease (6.5%) | Discount Rate (7.5%) | 1-Point Increase (8.5%) |
|---|---|---|---|
| District's proportionate share of the net OPEB liability (asset) | $ 4,061,766 | $ 116,339 | $ (3,260,617) |

*Pension and OPEB Plans Fiduciary Net Position*

Detailed information about the pension and OPEB plans' fiduciary net position are available in the separately issued ASRS Comprehensive Annual Financial Report.

**12. Commitments and Contingencies**

**Leases**

The District's leases consist of office space, office equipment and medical equipment. None of the leases contain provisions for variable payments, residual value guarantees, or termination penalties.

## 12. Commitments and Contingencies (continued)

The following is a summary of right-to-use assets for the District for the years ended June 30:

| | Beginning Balance | Additions | Amortization | Ending Balance |
|---|---|---|---|---|
| **2022** | | | | |
| Right-to-use assets | $ 8,743,991 | $ 829,453 | $ (2,696,435) | $ 6,877,009 |
| **2021** | | | | |
| Right-to-use assets | $ 12,683,858 | $ 1,057,075 | $ (4,996,942) | $ 8,743,991 |

The following is a summary of lease liabilities for the District for the years ended June 30:

| | Beginning Balance | Additions | Payments | Ending Balance | Current Portion |
|---|---|---|---|---|---|
| **2022** | | | | | |
| Lease liabilities | $ 8,743,991 | $ 829,453 | $ (2,696,435) | $ 6,877,009 | $ 2,177,940 |
| **2021** | | | | | |
| Lease liabilities | $ 12,683,858 | $ 1,057,075 | $ (4,996,942) | $ 8,743,991 | $ 2,696,434 |

The following is a schedule, by year, of the future lease payments, including interest at varying rates, as of June 30, 2022:

| | Principle | Interest |
|---|---|---|
| Year ending June 30: | | |
| 2023 | $ 2,128,723 | $ 295,213 |
| 2024 | 1,363,010 | 205,872 |
| 2025 | 1,093,731 | 142,934 |
| 2026 | 706,297 | 97,178 |
| 2027 | 536,851 | 67,072 |
| 2028-2029 | 1,048,397 | 51,336 |
| | $ 6,877,009 | $ 859,605 |

**12. Commitments and Contingencies (continued)**

**Litigation**

In the normal course of business, the District is, from time to time, subject to allegations that may or do result in litigation. Some of these allegations are in areas not covered by the County's risk management program (see Note 1) or by commercial insurance, for example, allegations regarding employment practices or performance of contracts. The District evaluates such allegations by conducting investigations to determine the validity of each potential claim. Based upon the advice of legal counsel, management records an estimate of the amount of ultimate expected loss, if any, for each allegation. Events could occur that would cause the estimate of ultimate loss to differ materially in the near term.

**13. Disproportionate Share Settlement**

Section 1923 of the Social Security Act establishes federal requirements designed to aid entities that provide medical services to a disproportionate share of medically indigent patients. These requirements were met for the state fiscal years ended June 30, 2022 and 2021, through disproportionate share settlements established in Laws 2016 Second Regular Session Chapter 122 and Laws 2015 First Regular Session Chapter 14. AHCCCS was directed to distribute such settlements based on various qualifying criteria and allocation processes. The District recorded approximately $4,202,000 of disproportionate share settlements in other operating revenue in each of fiscal years 2022 and 2021.

**14. Related-Party Transactions**

During the years ended June 30, 2022 and 2021, net patient service revenues included approximately $3,037,000 and $3,090,000, respectively, of payments received from Maricopa County Correctional Health for medical services rendered, and approximately $1,789,000 and $1,735,000, respectively, in grant funds from the Maricopa County Department of Public Health.

During the years ended June 30, 2022 and 2021, nonoperating revenues included approximately $952,000 and $252,000 in payments received from Maricopa County Industrial Development Authority (MCIDA) for program support in the District's Simulation and Training Center in fiscal years 2022 and 2021, respectively.

**15. COVID-19**

The outbreak of a novel strain of the coronavirus disease 2019 (COVID-19) continues to be a concern both in the United States and globally. The District is following the guidance of state and local governments and the Centers for Disease Control and Prevention. For acute care facilities, the State of Arizona, in accordance with Federal guidelines, recommended rescheduling elective surgeries as a means of preserving the supply of protective personal equipment, limiting visitors, and identifying additional space for patient care in preparation for a potential surge. At various points the District has engaged in these practices. As of the date of this report, the District continues to be impacted by this ongoing state of emergency.

Through the passage of the Families First Coronavirus Response Act (Families First) and the Coronavirus Aid, Relief and Economic Security (CARES) Act, Congress provided financial support to hospitals and health care providers during the pandemic for financial stabilization. This allowed for the following financial support to the District in fiscal years 2022 and 2021:

- The District has attested to the receipt of distributions totaling $39,376,000 of Provider Relief Funds under the CARES Act and recorded $39,376,000 and $12,100,000 in other nonoperating revenue for the years ended June 30, 2022 and 2021, respectively. These distributions have been used to offset expenses to prevent, prepare for, and respond to the COVID-19, or lost revenues that are attributable to COVID-19.

- The District has elected to defer applicable payroll taxes from April 5, 2020 through December 31, 2020. The deferred amount was accrued, and repayment will be due in two equal installments on December 31, 2021 and December 31, 2022. The deferred amounts were approximately $5,649,000 and $11,297,000 at June 30, 2022 and 2021, respectively and were recorded under accrued expenses.

- In April 2020, the District received $23,366,000 through the Accelerated and Advance Payments Program under the CARES Act. An accelerated or advanced payment is a payment by CMS intended to provide necessary funds in circumstances such as national emergencies in order to accelerate cash flow to the impacted health care providers. Pursuant to the Continuing Appropriations Act, 2021 and Other Extensions Act, repayment terms are as follows:

  – Repayment does not begin for one year starting from the date the accelerated or advance payment was issued.

**15. COVID-19 (continued)**

- Beginning at one year from the date the payment was issued and continuing for eleven months, Medicare payments owed will be recouped at a rate of 25%.
- After eleven months end, Medicare payments owed will be recouped at a rate of 50% for another six months.
- After the six months end, a letter for any remaining balance of the accelerated or advance payment will be issued.
- Recoupments began in fiscal year 2021. The amounts outstanding of $3,192,000 and $21,092,000 as of June 30, 2022 and 2021, respectively, were recorded under other current liabilities.

- The District was awarded FQHC grants under the Families First and CARES Act totaling $4,109,000. Of this total, $1,396,000 and $1,855,000 has been received and recognized as nonoperating revenue in fiscal years 2022 and 2021 respectively.
- The District was awarded grants under the American Rescue Plan Act totaling $16,900,000. Of this total, $2,745,000 has been recognized as other revenue in fiscal year 2022.
- The District has submitted claims for uninsured patients with a COVID-19 primary diagnosis for COVID-19 testing or treatment through the Health Resources & Services Administration (HRSA), funded through the CARES Act. This program will reimburse eligible claims at Medicare rates, subject to available funding.
- The District has applied for Federal Emergency Management Administration (FEMA) Public Assistance funding. The amount and timing of the expected financial assistance through FEMA is not known at this time.

Other aspects of the CARES Act continue to be reviewed and evaluated for their applicability to the District. While the District has received support from the Families First and CARES Act, there is continuing uncertainty surrounding the pandemic and the constantly changing and evolving regulations. The District will continue to monitor all regulatory changes and pursue all available opportunities for supplemental relief and or funding.

**16. Subsequent Events**

Effective July 1, 2022, the District elected to levy a secondary property tax on all taxable property in the defined surrounding area at the rate necessary to generate approximately $92,081,000 of annual tax revenue. The tax revenue is to be used to support operations of the District.

Effective July 1, 2022, the District elected to levy property tax on all taxable property in the defined surrounding area, in the amounts of $6,090,000 and $18,366,000 for the year four principal and interest debt service, respectively, related to the $422,125,000 third bond offering.

Effective July 1, 2022, the District elected to levy property tax on all taxable property in the defined surrounding area, in the amounts of $1,975,000 and $10,702,000 for the second-year principal and interest debt service, respectively, related to the $244,070,000 fourth bond offering.

# Required Supplementary Information

# Maricopa County Special Health Care District
# d/b/a Valleywise Health

## Schedule of District's Proportionate Share of the Net Pension Liability

### Last 10 Fiscal Years*

| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|---|---|---|
| District's proportion or the net pension liability | **2.27%** | 2.27% | 2.14% | 2.15% | 1.96% | 2.11% | 2.15% | 2.25% |
| District's proportionate share of the net pension liability | **$ 297,857,967** | $ 394,058,778 | $ 311,132,978 | $ 300,238,443 | $ 304,619,435 | $ 339,937,627 | $ 334,641,881 | $ 332,820,645 |
| District's covered payroll | **$ 252,938,151** | $ 236,809,991 | $ 225,450,955 | $ 211,945,446 | $ 188,850,966 | $ 195,634,317 | $ 196,475,917 | $ 203,989,176 |
| District's proportionate share of the net pension liability a percentage of its covered payroll | **117.76%** | 166.40% | 138.00% | 141.66% | 161.30% | 173.76% | 170.32% | 163.16% |
| Plan fiduciary net position as a percentage of the total pension liability | **78.58%** | 69.33% | 73.24% | 73.40% | 69.92% | 67.06% | 68.35% | 69.49% |

*The amounts presented for each fiscal year were determined as of the end of the prior fiscal year. Ten years of information is not yet available.

# Maricopa County Special Health Care District
# d/b/a Valleywise Health

## Schedule of District's Proportionate Share of the Net OPEB Liability (Asset)

### Last 10 Fiscal Years*

| | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|---|
| District's proportion or the net OPEB liability (asset) | **2.31%** | 2.30% | 2.17% | 2.14% | 1.97% |
| District's proportionate share of the net OPEB liability (asset) | **$ (10,767,083)** | $ 116,339 | $ 812,445 | $ 347,486 | $ (361,250) |
| District's covered payroll | **$ 252,938,151** | $ 236,809,991 | $ 225,450,955 | $ 211,945,416 | $ 188,850,966 |
| District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll | **(4.26)%** | 0.05% | 0.36% | 0.16% | (0.19)% |
| Plan fiduciary net position as a percentage of the total OPEB liability (asset) | **125.56%** | 99.73% | 98.07% | 99.13% | 101.03% |

*The amounts presented for each fiscal year were determined as of the end of the prior fiscal year.
Ten years of information is not yet available.

# Maricopa County Special Health Care District
# d/b/a Valleywise Health

## Schedule of Contributions – Pension Plan

### Last 10 Fiscal Years

| | **2022** | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
|---|---|---|---|---|---|---|---|---|---|---|
| Contractually required contribution | **$ 32,711,475** | $ 29,724,443 | $ 28,321,667 | $ 25,950,721 | $ 22,402,719 | $ 20,360,215 | $ 21,226,490 | $ 21,396,442 | $ 21,827,065 | $ 20,672,347 |
| Contributions in relation to the contractually required contribution | **(32,711,475)** | (29,724,443) | (28,321,667) | (25,950,721) | (22,402,719) | (22,259,196) | (21,387,917) | (21,690,643) | (20,471,268) | (21,015,008) |
| Contribution deficiency (excess) | **$ –** | $ – | $ – | $ – | $ – | $ (1,898,981) | $ (161,427) | $ (294,201) | $ 1,355,797 | $ (342,661) |
| District's covered payroll | **$ 270,682,087** | $ 252,938,151 | $ 236,809,991 | $ 225,450,955 | $ 211,945,416 | $ 188,850,966 | $ 195,634,317 | $ 196,475,917 | $ 203,989,176 | $ 201,678,461 |
| Contributions as a percentage of covered payroll | **12.08%** | 11.75% | 11.96% | 11.51% | 10.57% | 10.78% | 10.85% | 10.89% | 10.70% | 10.25% |

# Maricopa County Special Health Care District
# d/b/a Valleywise Health

## Schedule of Contributions – OPEB Plan

### Last 10 Fiscal Years

| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
|---|---|---|---|---|---|---|---|---|---|---|
| Contractually required contribution | **$ 1,536,765** | $ 1,375,302 | $ 1,579,258 | $ 1,396,082 | $ 1,273,313 | $ 1,321,018 | $ 1,213,587 | $ 1,395,848 | $ 1,715,385 | $ 1,796,348 |
| Contributions in relation to the contractually required contribution | **(1,536,765)** | (1,375,302) | (1,579,258) | (1,396,082) | (1,273,313) | (1,321,018) | (1,213,587) | (1,395,848) | (1,715,385) | (1,796,348) |
| Contribution deficiency (excess) | **$ –** | $ – | $ – | $ – | $ – | $ – | $ – | $ – | $ – | $ – |
| District's covered payroll | **$ 270,682,087** | $ 252,938,151 | $ 236,809,991 | $ 225,450,955 | $ 211,945,416 | $ 188,850,966 | $ 195,634,317 | $ 196,475,917 | $ 203,989,176 | $ 201,678,461 |
| Contributions as a percentage of covered payroll | **0.57%** | 0.54% | 0.67% | 0.62% | 0.60% | 0.70% | 0.62% | 0.71% | 0.84% | 0.89% |

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# Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Management and the Board of Directors
Maricopa County Special Health Care District
d/b/a Valleywise Health

We have audited, in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Maricopa County Special Health Care District d/b/a Valleywise Health (the District), which comprise the statement of net position as of June 30, 2022, and the related statement of revenues, expenses, and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 18, 2022.

## Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect, and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected, and corrected on a timely basis. A *significant deficiency* is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District’s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

## Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Ernst & Young LLP

November 18, 2022

# Valleywise Community Health Centers Governing Council Meeting

January 4, 2023

Item 6.

VCHCGC Committee Reports

# Valleywise Community Health Centers Governing Council Meeting

January 4, 2023

Item 6.a.

No Handout

Compliance and Quality Committee Report

# Valleywise Community Health Centers Governing Council Meeting

January 4, 2023

## Item 6.b.

No Handout

## Executive Committee Report

# Valleywise Community Health Centers Governing Council Meeting

January 4, 2023

Item 6.c.

Finance Committee Report: November 2022 Highlights

**VALLEYWISE HEALTH**
**FEDERALLY QUALIFIED HEALTH CENTERS**
**FINANCIAL STATEMENT HIGHLIGHTS**
**For the month ending November 30, 2022**

# OPERATING REVENUE

### (a) Visits

| | Actual | Budget | Variance | %Variance |
|---|---|---|---|---|
| Month-to-Date | 25,827 | 25,285 | 542 | 2.1% |
| Year-to-Date | 133,884 | 127,385 | 6,499 | 5.1% |

Visits greater than budget for the month by 542 or 2.1%. Current month visits greater than prior month by 12 or less than 1%. The VCHC's were greater than budget by 261 or 1.9%, Outpatient Behavioral Health was less than budget by 181 or 8.6%, VCHC-Phoenix was greater than budget by 236 or 4.4%, VCHC-Peoria was greater than budget by 221 or 9.1% and Dental greater than budget by 5 or 0.3%.

### (b) Net Patient Service Revenue

| | Actual | Budget | Variance | %Variance |
|---|---|---|---|---|
| Month-to-Date | $ 5,212,763 | $ 5,294,575 | $ (81,812) | -1.5% |
| Year-to-Date | $ 27,346,010 | $ 26,290,158 | $ 1,055,852 | 4.0% |
| Month-to-Date Per Visit | $ 202 | $ 209 | $ (8) | -3.6% |
| Year-to-Date Per Visit | $ 204 | $ 206 | $ (2) | -1.0% |

Net patient service revenue is less than budget by $81.8K for MTD. On a per visit basis, net patient service revenue is less than budget by 3.6% for MTD. The VCHC's were greater than budget by $10.8K or 0.4%, the Outpatient Behavioral Health clinics were less than budget by $66.0K or 12.2%, the VCHC-Phoenix was greater than budget by $6.0K or 0.6%, the VCHC-Peoria was greater than budget by $4.2K or 0.9% and Dental less than budget by $36.9K or 13.5%.

### (c) Other Operating Revenue

| | Actual | Budget | Variance | %Variance |
|---|---|---|---|---|
| Month-to-Date | $ 461,888 | $ 412,331 | $ 49,557 | 12.0% |
| Year-to-Date | $ 1,808,536 | $ 1,996,365 | $ (187,828) | -9.4% |

Other operating revenue is greater than budget by $49.6K for MTD.

### (e) Total operating revenues

| | Actual | Budget | Variance | %Variance |
|---|---|---|---|---|
| Month-to-Date | $ 5,674,651 | $ 5,706,906 | $ (32,255) | -0.6% |
| Year-to-Date | $ 29,154,546 | $ 28,286,523 | $ 868,023 | 3.1% |
| Month-to-Date Per Visit | $ 220 | $ 226 | $ (6) | -2.7% |
| Year-to-Date Per Visit | $ 218 | $ 222 | $ (4) | -1.9% |

Total operating revenues are less than budget by $32.3K for MTD. On a per visit basis, total operating revenue is less than budget by $6.00 for MTD.

VALLEYWISE HEALTH
FEDERALLY QUALIFIED HEALTH CENTERS
FINANCIAL STATEMENT HIGHLIGHTS
For the month ending November 30, 2022

# OPERATING EXPENSES

## (f) Salaries and Wages

| | Actual | Budget | Variance | %Variance |
|---|---|---|---|---|
| Month-to-Date | $ 2,192,733 | $ 2,109,587 | $ (83,146) | -3.9% |
| Year-to-Date | $ 11,446,716 | $ 10,614,770 | $ (831,946) | -7.8% |
| Month-to-Date FTEs | 363 | 397 | 34 | 8.6% |
| Year-to-Date FTEs | 365 | 396 | 30 | 7.6% |

Salaries and wages were greater than budget by $83.1K for MTD. FTEs were less than budget by 34 for MTD. The average salaries and wages per FTE were greater compared to the previous month by $382.00.

## (h) Employee Benefits

| | Actual | Budget | Variance | %Variance |
|---|---|---|---|---|
| Month-to-Date | $ 695,938 | $ 665,572 | $ (30,366) | -4.6% |
| Year-to-Date | $ 3,661,699 | $ 3,363,396 | $ (298,303) | -8.9% |
| Month-to-Date Per FTE | $ 1,916 | $ 1,676 | $ (241) | -14.4% |
| Year-to-Date Per FTE | $ 10,024 | $ 8,504 | $ (1,520) | -17.9% |

Employee benefits greater than budget by $30.4K MTD.

## Benefits as a % of Salaries

| | Actual | Budget | Variance | %Variance |
|---|---|---|---|---|
| Month-to-Date | 31.7% | 31.5% | -0.2% | -0.6% |
| Year-to-Date | 32.0% | 31.7% | -0.3% | -1.0% |

## (i) Medical Service Fees

| | Actual | Budget | Variance | %Variance |
|---|---|---|---|---|
| Month-to-Date | $ 1,888,193 | $ 1,845,921 | $ (42,272) | -2.3% |
| Year-to-Date | $ 9,263,214 | $ 9,229,603 | $ (33,611) | -0.4% |

Medical service fees were greater than budget for the month by $42.3K MTD.
The VCHC's were greater than budget by $35.2K or 3.2%, OP Behavioral Health greater than budget by $10.1K or 23.1%, VCHC - Phoenix was less than budget by $6.0K or 1.2% and VCHC-Peoria was greater than budget by $2.9K or 1.6%.

## (j) Supplies

| | Actual | Budget | Variance | %Variance |
|---|---|---|---|---|
| Month-to-Date | $ 309,552 | $ 275,524 | $ (34,027) | -12.4% |
| Year-to-Date | $ 1,309,095 | $ 1,298,943 | $ (10,151) | -0.8% |
| Month-to-Date Supplies per Visit | $ 12 | $ 11 | $ (1) | -10.0% |
| Year-to-Date Supplies per Visit | $ 10 | $ 10 | $ 0 | 4.1% |

Supplies expenses were greater than budget by $34.0K MTD.

## (k) Purchased Services

| | Actual | Budget | Variance | %Variance |
|---|---|---|---|---|
| Month-to-Date | $ 18,899 | $ 36,883 | $ 17,984 | 48.8% |
| Year-to-Date | $ 109,881 | $ 179,870 | $ 69,988 | 38.9% |

Purchased services were less than budget by $18.0K MTD.

# OPERATING EXPENSES (continued)

### (l) Other Expenses

| | Actual | Budget | Variance | %Variance |
|---|---|---|---|---|
| Month-to-Date | $ 79,680 | $ 72,881 | $ (6,798) | -9.3% |
| Year-to-Date | $ 428,287 | $ 432,156 | $ 3,870 | 0.9% |

For the month, other expenses greater than budget by $6.8K MTD.

### (n) Allocated Ancillary Expense

| | Actual | Budget | Variance | %Variance |
|---|---|---|---|---|
| Month-to-Date | $ 930,649 | $ 841,805 | $ (88,844) | -10.6% |
| Year-to-Date | $ 4,204,119 | $ 4,280,702 | $ 76,583 | 1.8% |

Allocated ancillary expenses were greater than budget by $88.8K MTD.

### (o) Total operating expenses

| | Actual | Budget | Variance | %Variance |
|---|---|---|---|---|
| Month-to-Date | $ 6,119,414 | $ 5,848,875 | $ (270,539) | -4.6% |
| Year-to-Date | $ 30,427,221 | $ 29,403,007 | $ (1,024,214) | -3.5% |
| Month-to-Date Per Visit | $ 237 | $ 231 | $ (6) | -2.4% |
| Year-to-Date Per Visit | $ 227 | $ 231 | $ 4 | 1.6% |

Total operating expenses were greater than budget by $270.5K MTD.  On a per visit basis, the current month was 2.4% unfavorable.

### (p) Margin (before overhead allocation)

| | Actual | Budget | Variance | %Variance |
|---|---|---|---|---|
| Month-to-Date | $ (444,763) | $ (141,969) | $ (302,794) | -213.3% |
| Year-to-Date | $ (1,272,675) | $ (1,116,484) | $ (156,190) | -14.0% |
| Month-to-Date Per Visit | $ (17) | $ (6) | $ (12) | -206.7% |
| Year-to-Date Per Visit | $ (10) | $ (9) | $ (1) | -8.5% |

Total margin (before overhead allocation) is less than budget by $302.8K for MTD.

# Valleywise Community Health Centers Governing Council Meeting

January 4, 2023

## Item 6.d.

No Handout

## Strategic Planning and Outreach Committee Report

# Valleywise Community Health Centers Governing Council Meeting

January 4, 2023

## Item 7.

No Handout

## District Board Report

# Valleywise Community Health Centers Governing Council Meeting

January 4, 2023

Item 8.

No Handout

Valleywise Health
Chief Executive Officer Report

# Valleywise Community Health Centers Governing Council Meeting

## January 4, 2023

## Item 9.
No Handout

## Closing Comments

Valleywise Health

# Valleywise Community Health Centers Governing Council Meeting

## January 4, 2023

## Item 10.

No Handout

## Staff Assignments