

Minutes

**Valleywise Community Health Centers Governing Council
Finance Committee
Valleywise Health Medical Center
June 1, 2022
4:30 p.m.**

Voting Members Present: Nelly Clotter-Woods, Ph.D., Committee Chair – *participated remotely*
Daniel Messick, Committee Vice Chair – *participated remotely*
Ryan Winkle, Member – *participated remotely*

Voting Members Absent: Salina Imam, Member

Non-Voting Members Present: Barbara Harding, Chief Executive Officer, Federally Qualified Health Center Clinics – *participated remotely*
Claire Agnew, Chief Financial Officer – *participated remotely*
Matthew Meier, Vice President, Financial Services – *participated remotely*
Christie Markos, Director, Financial Planning and Decision Support – *participated remotely*

Others/Guest Presenters: Melanie Talbot, Chief Governance Officer – *participated remotely*

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

Call to Order

Chairman Clotter-Woods called the meeting to order at 4:35 p.m.

Roll Call

Ms. Talbot called roll. Following roll call, it was noted that three of the four voting members of the Valleywise Community Health Centers Governing Council's Finance Committee were present, which represented a quorum.

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

Call to the Public

Chairman Clotter-Woods called for public comments.

There were no comments.

**Valleywise Community Health Centers Governing Council – Finance Committee
Meeting Minutes – General Session - June 1, 2022**

General Session, Presentation, Discussion and Action:

1. Approval of Consent Agenda:

a. Minutes:

i. Approve Finance Committee meeting minutes dated May 4, 2022

MOTION: Mr. Winkle moved to approve the consent agenda. Vice Chairman Messick seconded.

VOTE: 3 Ayes: Chairman Clotter-Woods, Vice Chairman Messick, Mr. Winkle
0 Nays
1 Absent: Ms. Imam
Motion passed.

2. Discuss and Review the preliminary fiscal year (FY) 2023 Operating and Capital Budget for the Federally Qualified Health Center Clinics; and the Valleywise Community Health Centers Governing Council's Department Budget for FY 2023

Mr. Meier presented the preliminary fiscal year (FY) 2023 operating and capital budget for the Federally Qualified Health Center (FQHC) clinics. Major operational focus areas included the decline in COVID-19 cases, a rebuild of staffing to reduce contract labor, and continued attention to operational expenses. The expansion of integrated behavioral health and FQHC clinic renovation projects were also considerations.

He referenced a summary of District Medical Group (DMG) providers by specialty, provider type, and clinic location. There was a projected increase of full-time equivalents (FTEs) compared to FY 2022 projections.

Mr. Meier highlighted dental clinics by location, noting a 5.4 increase in FTEs compared to FY 2022 projections. He mentioned that the information included dentists, dental hygienists, and dental assistants. He also gave an overview of the total integrated behavioral health service providers by location which showed a 13.1 increase in total FTEs compared to FY 2022.

He highlighted projected visits for the Valleywise Community Health Center Clinics noting comparison points from FY 2022 to FY 2023. Total visits were anticipated to increase by 6,833.

There was a projected increase of 12,195 visits for integrated behavioral health services compared to FY 2022 projections. The dental clinics were expected to increase by 302 visits compared to FY 2022.

Valleywise Comprehensive Health Center-Peoria was projected to increase visits by 3,625 due to internal medicine and human immunodeficiency virus (HIV) service expansion. Valleywise Comprehensive Health Center-Phoenix was budgeted to decrease visits by 1,691 visits, attributed to the delayed opening of the International Health Clinic.

For all clinics combined visits were expected to increase by over 21,000 compared to FY 2022 budget, with majority of volume attributed to integrated behavioral health service growth.

Mr. Meier highlighted projected revenues for the FY 2023, stating an increase in the Arizona Health Care Cost Containment System (AHCCCS) reimbursement rate. Both Medicare and commercial insurance reflected increases. Fluctuations were also dependent on the economy; therefore, the philosophy was to remain conservative in the budget process. Other revenue included funding related to Ryan White grants, the American Rescue Plan Act (ARPA) funding, and the Service Area Competition (SAC) grant.

**Valleywise Community Health Centers Governing Council – Finance Committee
Meeting Minutes – General Session - June 1, 2022**

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

2. Discuss and Review the preliminary fiscal year (FY) 2023 Operating and Capital Budget for the Federally Qualified Health Center Clinics; and the Valleywise Community Health Centers Governing Council's Department Budget for FY 2023, cont.

With respect to the payor mix, Mr. Meier noted no significant changes compared to FY 2022 projections.

There was an overall 10% increase in expenses compared to FY 2022 projections due to overall increase in volume and labor costs.

The employee merit increase greatly impacted an increase in expenses as remaining competitive within the health care market was vital for retention. Medical Service fees increased due to additional staffing needs at various clinic locations. Purchased services increased due to HIV primary care and family resource center grant programs. Other expenses were related to pharmacy, medical and office supplies, and utilities. Inflation was another attributing factor to the overall increase in expenses.

Mr. Meier outlined preliminary income statements including a per visit analysis for the Valleywise Community Health Centers, integrated behavioral health and dental services. In reviewing the statement, he acknowledged a typographical error contained in the data. The referenced information actually spoke to FY 2022 projections compared to the FY 2023 budget, not FY 2021 and FY 2022, as shown in the given report.

Mr. Meier reviewed the margin before overhead allocation for all clinics combined noting it was negative by 542,407 compared to projections.

He noted that the ARPA budget report would be provided as a separate quarterly report moving forward.

With respect to contingency capital, there were no significant changes compared to previous years, with \$100,000 budgeted for the upcoming fiscal year.

Mr. Winkle asked for clarification regarding the margin after overhead allocation, questioning whether the reported figures should be of concern.

Mr. Meier explained that because Valleywise Health FQHC clinics were stand-alone clinics, the system-wide overhead was not included within operating expenses. From a system-wide standpoint, a general concern was valid since it also depended on future trends and other considerations. He reminded the committee that as a safety net hospital, Valleywise Health was able to take advantage of grant funding and tax benefits to offset the margin.

Mr. Winkle asked about ARPA grant funding parameters, specifically regarding timing for use of allocated funds within the grant funding period.

Mr. Meier stated that funds were being applied as planned and in a steadfast manner albeit current challenges related to supply chain delays.

Ms. Agnew added that because there was a delay in the HRSA budget approval process, this resulted in a delay in spending the funds received. Expenditures related to funding were appropriately distributed throughout the qualifying period in order to enhance budgetary and financial stability. She mentioned it was likely HRSA would extend the set qualifying period.

Ms. Harding echoed Ms. Agnew's statements and spoke briefly about the grant funding utilization for the FQHC clinics.

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

2. Discuss and Review the preliminary fiscal year (FY) 2023 Operating and Capital Budget for the Federally Qualified Health Center Clinics; and the Valleywise Community Health Centers Governing Council's Department Budget for FY 2023, cont.

Chairman Clotter-Woods expressed appreciation to staff for their work on grant fund reporting. She asked whether there was an opportunity to seek any additional funds in the midst of the economy and supply chain issues.

Ms. Harding said that staff recently submitted a grant proposal for funds related to domestic medical screening for refugees. This would allow an opportunity to support refugee resettlement, identify health issues, promote access to care, and connect refugees with routine and specialty care.

She described the grant proposal process, which typically involved mindful evaluation of work thresholds and calculations related to return on investment (ROI). Staff worked diligently, within various departments, to support the grant-writing process.

Vice Chairman Messick asked for the amount of capital contingency funds expended fiscal year to date (FYTD) and suggested the budget be increased for FY 2023.

Ms. Agnew said that contingency capital needs had decreased due to Care Reimagined funding.

Mr. Meier spoke about significant details related to the Governing Council department budget for FY 2023, including but not limited to, the annual retreat, a salaries and benefits increase, and organizational membership expenses.

3. Discuss and Review the financial section of the Federally Qualified Health Center Clinics' Operational Dashboard

Ms. Harding presented the FQHC clinics' operational dashboard for April, 2022.

She referenced appointments scheduled compared to appointment fill rates noting that most clinics met the benchmark. The positive overall clinic appointment fill rate was partially attributed to supporting efforts made by the Marketing and Communication Department and the Patient Access Center (PAC).

Appointment no show rates showed consistent improvement over time which supported the sustainability and growth of the FQHC clinics.

Ms. Harding reviewed clinic visits for the month and acknowledged areas for opportunity to improve. She outlined select clinics pointing out factors that contributed to deficiencies. She noted that FQHC clinic maintained a positive variance.

Overall, FQHC clinic visits had a favorable variance of 6.4%, fiscal year to date.

Ms. Harding discussed integrated behavioral health service and dental clinic visits compared to budget which both also exhibited positive variances fiscal year to date.

4. Discuss and Review the following Finance Committee Reports
 - a. Monthly Federally Qualified Health Center Clinics' Financials and Payer Mix
 - b. Quarterly Valleywise Community Health Centers Governing Council Expenditures Compared to Budget
 - c. Quarterly Federally Qualified Health Center Clinics' Routine Capital Purchases Report
 - d. Quarterly Federally Qualified Health Center Clinics' Care Reimagined Capital Purchases Report

**Valleywise Community Health Centers Governing Council – Finance Committee
Meeting Minutes – General Session - June 1, 2022**

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

4. Discuss and Review the following Finance Committee Reports, cont.

Mr. Meier provided a high-level report related to FQHC clinic financial statistics for April, 2022.

Visits at all clinics combined had a positive five percent variance and total operating revenues had a positive 16% variance. Total operating expenses had a negative six percent variance with a margin before overhead allocation positive by \$529,757.

Overall, there was a positive variance for visits compared to budget and total operating revenues had a positive variance, year to date (YTD). Although total operating expenses were unfavorable, the margin before overhead allocation YTD was positive by \$689,461.

Due to time constraints, the committee agreed that Governing Council expenditures compared to budget, routine capital purchases, and Care Reimagined capital purchases reports would not be discussed.

The committee would discuss the aforementioned reports at the next committee meeting.

5. Chair and Committee Member Closing Comments/Announcements

There were no closing comments or announcements.

6. Review Staff Assignments

Ms. Talbot reviewed staff assignments and follow up requests. She referenced the old business item from May, 2022, to provide the committee with talking points prior to meetings.

In relation to the May, 2022 old business, Ms. Harding explained the committee had some options. They could either review select financial oversight videos from the National Association of Community Health Centers (NACHC), which she would provide, or she could review the videos and create discussion points for the committee.

The committee agreed to view the videos individually, on their own.

Ms. Harding would send the NACHC video links to committee members as requested.

Adjourn

MOTION: Chairman Clotter-Woods moved to adjourn the June 1, 2022 Valleywise Community Health Centers Governing Council's Finance Committee meeting. Vice Chairman Messick seconded.

VOTE: 3 Ayes: Chairman Clotter-Woods, Vice Chairman Messick, Mr. Winkle
0 Nays
1 Absent: Ms. Imam
Motion passed.

Meeting adjourned at 5:33 p.m.

Cassandra Santos,
Assistant Clerk