

MINUTES

**California Health Facilities Financing Authority
August 14, 2008 – 1:30 p.m.
915 Capitol Mall, Room 587
Sacramento, California**

Patricia Wynne sitting for Chairperson Bill Lockyer called the meeting to order.

Present: Designee Patricia Wynne, Deputy State Treasurer
 Designee Ruth Holton-Hodson for John Chiang, Controller's Office
 Greg Klass for Michael C. Genest, Department of Finance
 Harry Bistrin
 Judith Frank
 Dr. Oscar Sablan
 Ronald Joseph
 Sumi Sousa
 Jack Buckhorn

Staff: Barbara J. Liebert, Executive Director
 Ronald Washington, Deputy Executive Director

The Chair declared a quorum present. The Executive Director's report and the approval of the Minutes were dispensed because this was a special meeting.

Item #2

Kingsburg District Hospital Resolution No. 2008-15

Karma Manni introduced Doug Skubitz, Administrator of Kingsburg District Hospital. Ms. Liebert stated that Kingsburg is a rural hospital that is seeking a temporary bridge loan in the amount of \$206,000 to sustain them through the Medi-Cal reimbursement delay.

Chair Wynne requested a brief update on Kingsburg's bankruptcy status. Mr. Skubitz stated that Kingsburg first filed for bankruptcy in 1997. A bankruptcy plan, approved by the court in 2000, appointed a trustee to disburse Kingsburg's tax revenue to pay their creditors. Kingsburg annually collects \$320,000 in tax money. In November 2008, the last of their secured creditors will be paid off, releasing Kingsburg's property back to themselves. Mr. Skubitz estimated that the entire payment plan would end in 2013.

Ms. Holton-Hodson inquired about the profitable services that Kingsburg plans to implement as part of their new business strategy. Mr. Skubitz explained that Kingsburg has expanded the role of their rural health clinic and closed down their emergency unit, while retaining the services of one emergency room physician.

Mr. Joseph moved for adoption of the Resolution and Ms. Holton-Hodson seconded the motion. The motion was adopted with a 6-0 vote.

Item #3

**Long Valley Health Center
Resolution No. 2008-19**

Karma Manni introduced Laura Chenet-Leonard, Executive Director of Long Valley and Dina Dee, Chief Financial Officer of Long Valley. Ms. Liebert stated that Long Valley is seeking a bridge loan in the amount of \$100,000 to help sustain them through the Medi-Cal reimbursement delay.

Ms. Chenet-Leonard stated that Long Valley is seeking the loan in order to meet payroll and to continue their services during the budget impasse. Mr. Bistrin congratulated Long Valley for the good debt service coverage ratio numbers that they have produced over the last three fiscal years.

Mr. Buckhorn stated that he was present during the vote for Item #2, and wanted to be sure that he "aye" vote was counted for that Item. He did not have any questions for Long Valley and stated that they looked fine.

Ms. Holton-Hodson asked Long Valley for more information on what percentage of their patients are covered by Medi-Cal. Ms. Chenet-Leonard stated that 26% of Long Valley's patients are covered by Medi-Cal.

Mr. Joseph moved for adoption of the Resolution and Ms. Frank seconded the motion. The motion was adopted with a 7-0 vote.

Item #4

**Mountain Health & Community Services, Inc.
Resolution No. 2008-20**

Thera Hearne introduced Judith Shaplin, Chief Executive Office of Mountain Health and Gary Rotto, Council of Community Clinics of San Diego. Ms. Liebert stated that Mountain Health is seeking a loan in the amount of \$350,000 to help sustain them through the Medi-Cal reimbursement delay. Ms. Liebert clarified that the staff report for Mountain Health contains an incomplete billing analysis and should be updated to indicate that Mountain Health's large operating loss in FY 2007 is directly attributed to their contracting of temporary medical providers. She also indicated that another issue that was not included in the report is Mountain Health's loss of patient revenue.

Ms. Shaplin explained that Mountain Health's problem with provider retention has caused much of their revenue problems. She added that the large financial loss in FY 2007 was due to several factors: provider recruitment, an acquisition of one of their urban sites, and an NPI conversion issue. Ms. Shaplin stated that the preliminary financial audit from 2008 shows that Mountain Health is in the positive for 2008.

Mr. Joseph asked Ms. Shaplin how Mountain Health was able to get their financial numbers into the positive for FY 2008. He specifically asked if their patient population returned or if they reduced registry expenses. Ms. Shaplin stated that it was a combination of both a return of their patient population and a reduction in registry

expenses that contributed to Mountain Health's improved numbers. She added that Mountain Health was successful in the improvement of their visibility in the community, which brought back many patients.

Ms. Holton-Hodson moved for adoption of the Resolution and Mr. Joseph seconded the motion. The motion was adopted with a 7-0 vote.

Item #5

**Anderson Valley Health Center, Inc.
Resolution No. 2008-21**

Thera Hearne introduced Judith Dolan, Executive Director of Anderson Valley. Ms. Liebert stated that Anderson Valley is seeking a loan in the amount of \$100,000 to help sustain them through the Medi-Cal reimbursement delay. Ms. Dolan stated that Anderson Valley is really worried about what will happen when there is no cash flow to help serve their Medi-Cal patient population.

Mr. Bistrin asked Ms. Dolan to explain why contributions dropped from \$749,000 in FY 2006 to \$17,000 in FY 2007. Ms. Dolan explained that contributions were high during 2006 because that was the very peak of Anderson Valley's capital campaign for the construction of a new building. Ms. Bistrin also asked about Anderson Valley's debt service coverage and why it was reflected as "N/A" in the staff write-up. Ms. Dolan stated that it was because Anderson Valley did not have any debt during those years.

Mr. Buckhorn praised Anderson Valley and stated that without the facility, the people of Boonville would be in serious trouble for health care. He commended Anderson Valley for the wonderful job they did to raise funds from the community in order to build a new facility.

An unnamed member of the public stated that Anderson Valley is the first green health center in California.

Mr. Joseph moved for adoption of the Resolution and Ms. Holton-Hodson seconded the motion. The motion was adopted with an 8-0 vote.

Item #6

**Healthy Smiles Mobile Dental Foundation
Resolution No. 2008-22**

Removed from the agenda

Ms. Liebert stated that staff worked very hard to try to bring Healthy Smiles before the Board, but ultimately Healthy Smiles was not able to meet set criteria required of all clinics and rural hospitals who sought short-term loans during the budget impasse. It was for this reason why Healthy Smiles was removed from the agenda.

Item #7

**Siskiyou Family Healthcare
Resolution No. 2008-23**

Jerome La Torre introduced George Bliss, Executive Director of Siskiyou. Ms. Liebert stated that Siskiyou is seeking a loan in the amount of \$50,000 to help sustain them through the Medi-Cal reimbursement delay.

Mr. Bliss inquired as to whether there would be more money available for rural hospitals and clinics due to the fact that the budget impasse has extended longer than originally anticipated. Chair Wynne stated that there is not any extra money, as it has already been divided equally between hospitals and rural clinics. Ms. Liebert added that at the last meeting, the Board directed any excess funds to be distributed to both clinics and rural hospitals. She stated that excess money has already been reassigned, but there may be extra money if the incoming financial audit so dictates.

Mr. Bliss asked a question regarding the check-write reimbursement process and how long it would take for extra funds to be distributed by CHFFA once the budget is passed. Ms. Liebert clarified that if CHFFA continues to receive paper warrants after the passing of a budget, those warrant will be immediately sent to the facility within the close of business on the day the paper warrant was received by CHFFA. She added that if, on the other hand, CHFFA negotiates one of the warrants to defray the loan, and it is defrayed in total, whatever the differential is between what was paid to CHFFA and what was already satisfied in the loan would be reimbursed to the borrower within five working days.

Mr. Bistrin asked Mr. Bliss what percentage of Siskiyou's patient population is covered by Medi-Cal and how that Medi-Cal patient population affects Siskiyou's fiscal health. Mr. Bliss stated that 47% of Siskiyou's patient population is covered by Medi-Cal, while the rest of the patient population is covered by other types of insurance such as Blue Cross. Mr. Bliss stated that the Medi-Cal reimbursement received from the State helps Siskiyou provide services to the low income population in their area, and really does make a huge financial difference for many similar clinics.

Ms. Holton-Hodson moved for adoption of the Resolution and Mr. Buckhorn seconded the motion. The motion was adopted with a 8-0 vote.

Chair Wynne and Ms. Liebert thanked the CHFFA staff for all of their hard work during the past several months, which were extremely busy. Having no further business or comments, Chair Wynne called for a vote to adjourn the meeting. Ms. Holton-Hodson moved for adjournment of the meeting and Ms. Frank seconded the motion. The motion was adopted with an 8-0 vote.