



Health Center Boards: Navigating the Ongoing Complexity of Financial Oversight

August 24, 2021

Virtual Participants

Chat
(use to talk with peers)



Polling/Q&A
(participate in polls, ask questions to faculty)



The screenshot displays a virtual meeting interface. On the left, there are two windows: a 'Chat' window and a 'Polling' window. The 'Chat' window shows messages from participants like Brian Long, James Hensel, and Laura Wiggins. The 'Polling' window shows a poll question: '#1.) What is your biggest business writing challenge? (NO RIGHT ANSWER - OPEN QUESTION)'. The poll results are: Conclusion (45%), Grammar and/or Types (20%), Content Structure (10%), Tone (16%), and Other (0%). In the center is a video feed of a man in a dark suit and white shirt. On the right is a presentation slide with the title 'UDS Reporting: Preparing, Doing, and Utilizing' and the subtitle 'Cultivating Health Center Operations'. The slide features a colorful graphic of a flower and the CURIS logo. At the bottom of the interface, there is a navigation bar with 'Request Support' and '12:09pm Eastern' on the left, and 'Session Support Profile Options Windows' on the right. The Digitell logo is in the bottom right corner.

In the Room Participants

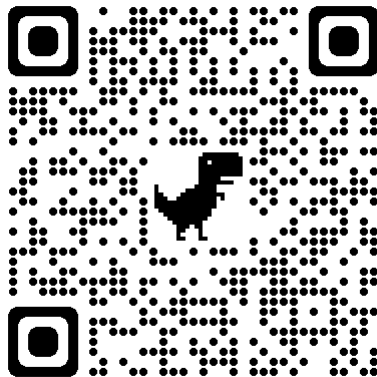
WIFI

Network Name: NACHC Conference Password: Patients

1. Option 1: Online

- Go to <https://chi.cnf.io/>
- Click on “CTuC1 - Health Center Boards: Navigating the Ongoing Complexity of Financial Oversight”

or



2. Option 2: Conference App

- Open the App
- Click on “Sessions”
- Select 8/24/2021
- Find “CTuC1 - Health Center Boards: Navigating the Ongoing Complexity of Financial Oversight”
- Click on “Feedback/Polling”
- Ask or “up vote” questions

Agenda

Introduction

Pandemic-Related Financial Oversight Considerations

Pandemic-Related Federal Grant Funding

Future-Focused Sustainability

Questions?

Final Thoughts



Introduction

Panelists



Jeffrey Allen, CPA
Partner
BKD, LLP



Catherine Gilpin, CPA
Managing Director
BKD, LLP



Steven Sera, AAMS®
Board President
MHC Healthcare



Question Moderator:
Gervean Williams
Director, Finance
Training & Technical
Assistance
NACHC

Introduction

➤ Objectives for Session:

- Outline pandemic-related financial oversight considerations for boards
- Outline considerations for boards regarding to pandemic-related federal grant funding
- Consider questions boards can ask related to financial oversight

Poll

- What comes to mind when you think about board financial oversight during the pandemic?

Live Content Slide

When playing as a slideshow, this slide will display live content

Poll: What comes to mind when you think about board financial oversight during the pandemic?



Pandemic-Related Financial Oversight Considerations

From Pauper to Prince



When COVID hit in March 2020, it was estimated that 25% of the nation's CHCs had less than 30 days cash on hand



Big concern was that any prolonged shutdown would take down many CHCs



Then the stimulus dollars hit.....

COVID-Related Stimulus Dollars



Paycheck Protection Program (PPP) Loans



Health Resources and Services Administration (HRSA) Supplemental Grant Awards



Provider Relief Funds



American Rescue Plan Act (ARPA) Grant Funds



State and Local Grants



Other

COVID-Related Grant Funds Risk

Double dipping – Allocating an expense to more than one funding stream

Inadequate records to support administrative requirements related to grant funding

Future audits of COVID-19 Funding

Finance department overload!!

Other

Board Member Considerations/Questions

- Does the Board have adequate financial understanding to provide (high-level) oversight (and guidance where appropriate) of the health center's financial statements and compliance?
- Does the health center's finance department have:
 - Adequate resources to handle increased responsibilities?
 - Acumen to understand the complexities of the current compliance environment?
 - Technology or other tools needed

Board Member Considerations/Questions



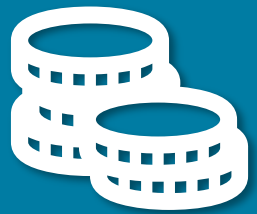
Should the board form a special ad-hoc committee on COVID to provide support to management?



Is management also considering long-term goals and objectives or are they only “surviving the day” during the crisis?



Watch out for mental health “red flags” – the pandemic has been rough on everyone



Pandemic-Related Federal Grant Funding

Stimulus Dollars - Concerns

- PPP Loans
 - Forgiveness requirements
 - Documentation of need
- Provider Relief Funds
 - Constantly changing guidance
 - Portal opened on July 1 – many waiting for more guidance
- H8F Grant Funds – largest single investment in CHC program history
 - Spending requirements
 - Other compliance issues

Audits Follow Funding

It is important for health centers to be ready for the accountability that will soon follow the grant funding

It is not a matter of if, but when

Documentation will be key to survive the audits of the future related to COVID funding

For example – the following slide is from a recent audit

Federal Audit of the Future

DOCUMENT REQUEST LIST

- Summary list of expenditures claimed for AIMS grant funding.
 - Ongoing funding and/or one-time funding.

Requirement - Tracking Grant Funds & Budget to Actual Analysis

- List of staff who worked on the AIMS grant.

Tracking Grant Funds

Professional Licenses	Salary and Fringe Benefits
Personnel Action Forms for Dates of Hire / Position Description	Any Increases in Salary since Sep 2017.

- Payroll records for all personnel who worked on the AIMS grant, including supporting documentation for the time they worked on the AIMS grant.

Time & Effort

Time and Attendance Records	Payroll Register/Summary (AIMS grant period)
After-the-fact Certifications for Time Spent Working on AIMS (Federal Effort %)	Work Schedule

- Supporting documentation for the new mental health and substance abuse services added and/or the existing mental health and substance abuse services expanded.

Other Restrictions (ECT?)

Board Member Considerations/Questions

Is the health center finance department confident that they have the documentation necessary to support COVID-related expenditures? If not, is more support needed from additional personnel or from outside contractors?

Board members should encourage management to take the necessary steps now to prepare for audit – it will be much easier to be proactive and prepare than to be reactive after notice of audit is received



Future-Focused Sustainability

Planning for the Future

- In times of crisis, thinking only about surviving the day can cause a loss of focus on strategically thinking about the future
- Now is the time to start thinking life after COVID
 - Stimulus funding didn't fix operational problems, provider productivity, revenue cycle breakdowns, non-sustainable sites, etc.
 - Many have made the statement “We are fine now” and have not made substantive changes – merely the existence of cash changes the mindset
 - Stimulus dollars will eventually be gone

Planning for the Future

As CHC leaders, it is important to always be thinking about tomorrow and not lose focus based on today's fires

Every decision made in the health center has a financial consequence to that decision – sometimes those consequences are not fully seen for years

What can be done today to make sure the health center is stronger after the pandemic than it was before the pandemic?

The Opportunity with ARPA Funds



The budget period for the ARPA grant funds is 24 months – it is important to strategically think how to use those grant funds



If managed properly, there should be adequate cash flow for the next 2-3 years



How you handle this time period is crucial for the future of your health center



What Can Be Done?

- Using funds to strengthen grants management programs
- Adding bench strength to the finance department
- Updating IT & data capabilities
 - Chief Information Officer?
 - Cybersecurity upgrade
 - Updating systems where needed
- Cost analysis, revenue cycle improvements, provider compensation review, etc.



Questions?



Final Thoughts

Challenges & Opportunities Ahead

Typical challenges facing CHCs of Tomorrow



**Upstream
Competition**



**Regulatory
Compliance**



**Staffing &
Productivity**



**Accounting
Standards**



**Payment
Reform**

Revenue Recognition | Information Technology Concerns

Managed Care | Aging Population | 340b Reform

Protected Health Information | Medicaid PPS Changes

Benchmarking | Population Health | Advanced Payment Models



Thank You!

Resources

NACHC has a variety of resources to support boards with financial oversight.

➤ **Modules on Board Finance Oversight – five-part series in English and (NEW) in Spanish (produced with National Center for Farmworker Health)**

- 1: The Board's Role in Financial Oversight
- 2: Reading and Understanding the Balance Sheet (Statement of Financial Position)
- 3: Reading and Understanding the Income Statement (Statement of Activities)
- 4: Understanding the Importance of Cash Flow
- 5: Key Financial Performance Indicators

➤ **Pandemic-related financial oversight articles and videos**

- [Hot Topics in Finance During the Pandemic](#)
- [Strategic Planning and Strategic Financial Planning During Crisis](#)
- [Financial Oversight During COVID-19](#)
- [Pandemic Related Budgeting Considerations](#)
- [Audit Considerations Related to the Pandemic](#)

	12/31/20XX (Current Year)	12/31/20XX (Prior Year)
Cash and Cash Equivalents	5,000,000	4,000,000
Patient Accounts Receivable, Net	2,800,000	2,200,000
Est Amounts Due From 3rd Party Payers	600,000	300,000
Prepaid Assets and Other	100,000	100,000
Current Assets	8,500,000	6,600,000
Property and Equipment, Net	12,600,000	11,200,000
Other Assets	200,000	300,000
Total Assets	29,800,000	24,700,000
Accounts Payable & Accrued Expenses	4,600,000	3,800,000
Est Amounts Due To 3rd Party Payers	600,000	300,000
Current Liabilities	4,600,000	4,100,000
Long-Term Debt	5,500,000	4,500,000
Other Liabilities	300,000	400,000
	10,400,000	9,000,000
	19,400,000	15,700,000
	29,800,000	24,700,000



Evaluation

- **Virtual Participants:** Look out for post-session email
- **In-person: NACHC Mobile App**
 - Open the App
 - Click on “Sessions”
 - Select 8/24/2021
 - Find “CTuC1 - Health Center Boards: Navigating the Ongoing Complexity of Financial Oversight”
 - Click on “External Survey”