



Mission Neighborhood Health Center

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EXECUTIVE MEMO

To: Claire Lindsay , MPH Senior Health Program Planner
(SFDPH)

From: Sade Salako, CFO *SS*
Brenda Storey, CEO *BS*

Date: 03.08.2021

Re: Sutter Transfer of Mission Bernal Clinics to MNHC

In absorbing these two clinics into MNHC's clinical operations, the pro forma financial statement was designed for a period of five years with Sutter's support based on the analysis of the third party payer structure and the fact that MNHC will be able to obtain a cost-effective Prospective Payment System (PPS) rate in the third year of operations. The projections were carefully analyzed: on the revenue side based on the clinics' payer mix and MNHC's over fifty (50) years' experience as a FQHC, and on the expense side based upon the current staffing and other operating structure aligned with MNHC's program model. A model that has proven successful for over half a century.

As a contingency plan and to ensure a successful transition, Sutter's grant support was intentionally tiered to maximize in the first three years prior to MNHC obtaining the PPS rate for the site. Sutter has also committed to supporting the facility upgrades in the third year that will help license the clinics as OSHPD compliant. The grant support in the last two (2) years was deliberate to buffer the new rates and any delays from the State Department of Health Care Services (DHCS) in releasing the full new PPS rate. Annually on the pro forma, there is a positive net result as contingency to cover any overages in the operating expense category.

MNHC is confident that the clinics will be self-reliant beyond the fifth year; surviving on third party revenues that will be garnered from the projected visits. A key strategic goal of MNHC for all its operations is the continuous investment in program outreach efforts to grow its patient base and community presence.