

Monday March 28, 2022 at 5:00 p.m.

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Conference ID: 644 208 056#

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### <u>Agenda</u>

1. Call to order Paul Antigua

2. Approval of Minutes from February 22, 2022 \* Paul Antigua

3. Presentation of Financials Kris Zuniga

4. Adjournment Paul Antigua

\* Action Item

Next Meeting: April 25, 2022 at 5:00 p.m.

**Microsoft Teams Meeting** 

Note: If you need disability-related modification or accommodation to participate in this meeting, please contact San Joaquin County Clinics at (209) 468-7837 at least 48 hours prior to the start of the meeting. Government Code Section 54954.2(a). Materials related to an item on this agenda submitted to the Board after distribution of the agenda packet are available for public inspection by contacting SJCC Clinic Administration at 500 W. Hospital Road, French Camp, CA during normal business hours.



### Minutes of February 22<sup>nd</sup>, 2022 San Joaquin County Clinics Board of Directors – Finance Committee

Board Members Present: Paul Antigua (Treasurer, Finance Chair); Charson Chang; Farhan Fadoo (SJCC CEO); Monica

Fuentes; Escardo Medina; Rod Place **Board Members Excused Absent:** 

**Board Members Unexcused Absent: none** 

SJCC Staff: Michael Allen (Board Clerk); Alice Souligne (COO); Kris Zuniga (CFO)

Guests: David Culberson

	AGENDA ITEM	ATTACHMENTS	ACTION
1.	Call to Order (Rod Place, Board Chair) The meeting was called to order at 5:03 p.m. A quorum was established for today's meeting.	No attachments	No action required
2.	Approval of Minutes from January 24, 2022 (Rod Place, Board Chair) A quorum was established and the minutes were approved unanimously.	Finance Committee Minutes 2022-01-24	Monica motioned to approve the minutes and Rod seconded; motion was passed unanimously
3.	Presentation of Financials (Kris Zuniga, CFO)  Billable visits for January are favorable to budget by 1,181 visits. YTD visits have been updated on the December financials due to an updated report received for the additional visits (1,602 visits) that were not captured in the previous months. Additional Patient Revenues have been recorded accordingly. This new methodology has no impact on patient collections. Net Patient Revenues for January are \$285,748 greater than budget. YTD financials reflect a PPS reconciliation liability accrual of \$175,000. YTD Medi-Cal payments for \$2,519,165 have been reflected on the Balance Sheet for FY2015, FY2016, and FY2017 according to the payment plan with DHCS. YTD Income Statement includes interest expense of \$125,673 for PPS liability payments made to DHCS for FY2015, FY2016, and FY2017. YTD financials includes \$8.1M payment from SJGH related to the finalization of FY2020 financial statement audit and according to the separation agreement between SJGH and SJCC. Also, YTD financials include \$4.1 payment from SJGH related to unaudited FY2021 financial statement and according to the separation agreement between SJGH and SJCC. YTD financials include funds transferred for \$8,163,604 to San Joaquin County as a payment for payroll and benefits paid by San Joaquin County on behalf of SJCC from July 2021 through December 2021.  YTD Supplemental Revenue includes the recognition of estimated Quality Incentive Program revenue for \$6,980,155. Combined Grants Revenue includes revenues for Essential Access Title X, SOR2, Whole Person Care, Behavioral Health	CFO Presentation 2022- 01	
	Integration, Health Net and American Rescue Plan (ARP) grants for \$1,135,831. Capitation and Managed Care Incentives include the YTD Capitation Revenue with an unfavorable variance to budget by \$485,067 mainly due to nonrecognition of HEDIS revenue during the year. Also, Other Income includes the 340B Pharmacy Program revenue for \$849,921 and the program related expenses for \$634,436 are included in Supplies & Other Expenses categories on the		



	financials. YTD financials reflect First Responder Program revenue for \$10,000. YTD Other Revenue includes revenues accrued for \$397,800 related to Purchased Services provided to SJGH by SJCC per the MOU and Interest Income of \$14,698. Total Net Operating Revenues are favorable to budget by \$1,085,922.  YTD Salaries and benefits expenses exhibit an unfavorable variance to budget of \$298,033. Other operating expenses exhibit an unfavorable variance of \$680,985 largely due to Professional Fees and Purchased Services favorable variance of \$800,925 mainly offset by unfavorable variance in Supplies, Interest and Miscellaneous Expenses \$1,481,910. An estimated expense for the Purchased Services is recorded from July through January based on the MOU.  Unaudited, as presented, Net Income of \$1,134,761 on a year-to-date basis is favorable compared to budget by \$106,904.  Discussed positive variance in 340b pharmacy income and noted that the program was very new last year and the large variance is primarily due to conservative budgeting.  Capital Link KPIs show Operating Margin at goal of 3%, Bottom Line Margin is 5% vs goal of 3%, Days Cash on Hand are 111 vs goal of >45 days, Day in Net Patient Receivables		
	at 28 vs <60 days, and Personnel-Related expenses at 84% vs goal of 75%.		
4.	Status of 2020 & 2021 Audits (Kris Zuniga, CFO) Audit progress update to be given at tomorrow's Audit Committee meeting, with an expected conclusion at the end of March.	No attachments	No action required
5.	Adjournment (Rod Place, Board Chair) There being no further topics of discussion, Rod Place adjourned the meeting at 5:19 p.m.	No attachments	No action required

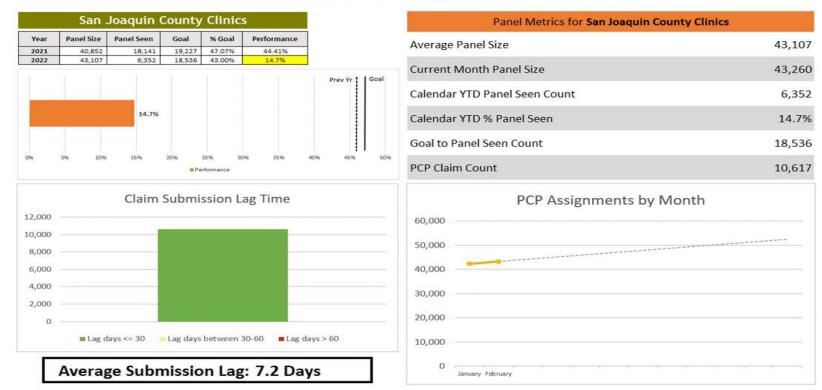
# SAN JOAQUIN HEALTH CENTERS

**CFO PRESENTATION** 

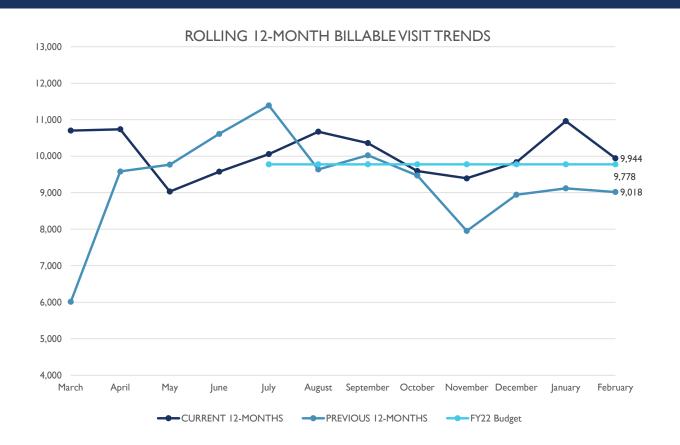
Kris Zuniga Chief Financial Officer Presentation Date: 3/29/2022

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# HEALTH PLAN OF SAN JOAQUIN MEMBERSHIP ASSIGNMENTS CALENDAR YTD AS OF FEBRUARY 2022



### FEBRUARY 2022 BILLABLEVISITS - 9,944



Visits By Financial Class	%
Medi-Cal Managed Care	74.56%
Medicare	12.37%
Medi-Cal	9.69%
Self-Pay	2.43%
Commerical	0.95%
Total	100.00%

FY22 Month	Actual	Budget	Variance
Jul-21	10,059	9,778	281
Aug-21	10,670	9,778	892
Sep-21	10,361	9,778	583
Oct-21	9,594	9,778	(184)
Nov-21	9,393	9,778	(385)
Dec-21	9,834	9,778	56
Jan-22	10,959	9,778	1,181
Feb-22	9,944	9,778	166
Total	80,814	78,224	2,590

# SJ HEALTH INCOME STATEMENT – FEBRUARY 2022

		Current Period	Current Period			YTD Budget
	Current Period	Budget -	Budget Variance ·	Current Year	YTD Budget -	Variance -
	Actual	Original	Original	Actual	Original	Original
Operating Revenue						
Net Patient Service Revenue	1,425,948	1,275,357	150,591	12,067,460	10,202,857	1,864,604
Supplemental Revenue	997,165	967,837	29,328	7,977,319	7,742,693	234,627
Capitation & Managed Care Incentives	526,830	553,833	(27,003)	3,918,597	4,430,667	(512,070)
Grant Revenue	417,193	270,278	146,915	1,563,024	2,162,227	(599,202)
340B Pharmacy Program	61,877	60,000	1,877	911,797	480,000	431,797
MOU & Other Income	61,302	63,518	(2,215)	473,801	508,141	(34,340)
Total Operating Revenue	3,490,315	3,190,823	299,492	26,911,999	25,526,584	1,385,415
Expenditures						
Salaries & Wages	1,526,381	1,282,091	(244,290)	11,190,861	10,256,730	(934,131)
Employee Benefits	847,735			6,191,790	6,555,273	363,483
Professional Fees	293,705	212,324	(81,381)	1,761,379	1,698,589	(62,790)
Purchased Services	443,499	578,464	134,966	3,710,416	4,627,716	917,300
Supplies	18,971	39,431	20,460	544,610	315,445	(229,165)
Depreciation	25,764	20,509	(5,255)	190,528	164,072	(26,456)
Interest	21,520	4,298	(17,223)	169,527	34,381	(135,145)
Other Expenses	131,988	87,461	(44,527)	1,837,375	699,685	(1,137,690)
Total Expenditures	3,309,562	3,043,986	(265,576)	25,596,485	24,351,890	(1,244,594)
Net Income(Loss)	180,753	146,837	33,917	1,315,514	1,174,693	140,821

	PERIOD 0	JULY 2021	AUGUST 2021	SEPTEMBER 2021	OCTOBER 2021	NOVEMBER 2021	DECEMBER 2021	JANUARY 2022	FEBRUARY 2022
Assets									
Cash & Cash Equivalents	2,266,991	2,274,759	10,274,204	11,439,672	11,987,361	17,506,250	11,884,586	11,403,076	9,835,169
Accounts Receivable	1,786,574	1,567,532	1,544,418	1,652,978	1,574,805	1,383,482	1,270,381	1,421,291	1,334,255
Inventory	11,250	(36,414)	(60,467)	0	0	0	11,458	11,458	11,458
Property & Equipment	1,411,298	1,391,984	1,373,582	1,354,724	1,335,866	1,317,536	1,426,517	1,462,268	1,705,175
Other Assets	19,828,212	23,025,945	17,992,367	19,543,137	13,163,166	8,243,877	8,990,719	9,316,338	10,967,247
Total Assets	25,304,325	28,223,807	31,124,104	33,990,511	28,061,198	28,451,145	23,583,659	23,614,431	23,853,303
Liabilities									
Accounts Payable	396,672	610,273	721,439	923,594	989,410	975,540	1,136,364	876,325	518,353
Other Liabilities	15,087,742	17,626,124	19,616,244	21,834,230	15,576,439	16,751,439	11,097,659	11,045,058	11,366,149
Deferred Revenue	0	0	600,000	1,000,000	1,200,000	538,376	738,376	738,376	833,376
Total Liabilities	15,484,414	18,236,396	20,937,683	23,757,824	17,765,848	18,265,355	12,972,399	12,659,759	12,717,877
Net Assets									
Beginning Net Assets	9,819,912	9,819,912	9,819,912	9,819,912	9,819,912	9,819,912	9,819,912	9,819,912	9,819,912
Current YTD Net Income	0	167,499	366,510	412,775	475,437	365,878	791,349	1,134,761	1,315,514
Total Net Assets	9,819,912	9,987,411	10,186,421	10,232,687	10,295,349	10,185,790	10,611,261	10,954,672	11,135,426
Total Liabilities and Net Assets	25,304,325	28,223,807	31,124,104	33,990,511	28,061,198	28,451,145	23,583,659	23,614,431	23,853,303

### SJ HEALTH BALANCE SHEET FEBRUARY 2022

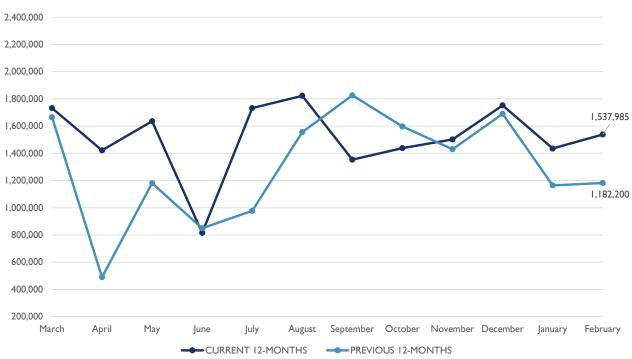
# SJ HEALTH BILLING & COLLECTIONS

### A/R AGING FEBRUARY 2022

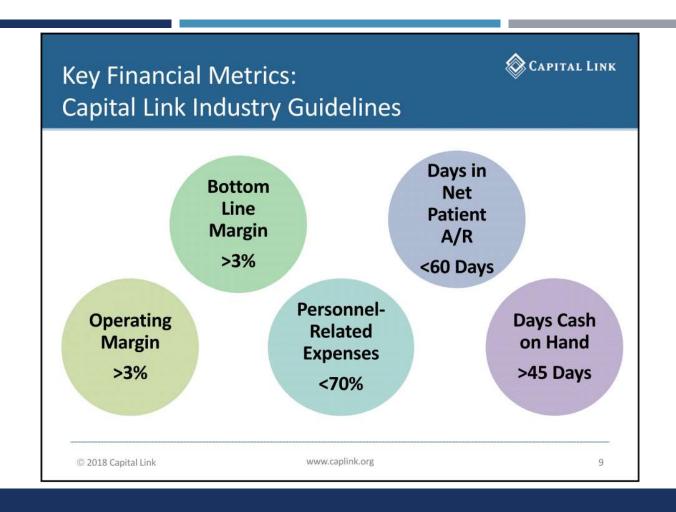
			ccounts Receiva r the Month of F		rsis			
Aging Category	MediCare	MediCal	Commercial	Self Pay	Total Aging This Month	Total Aging Last Month	\$ Increase (Decrease)	% Increase (Decrease)
1-30 Days	194,999	1,256,534	13.342	21.785	1,486,660	1,785,718	(299,059)	-16.75%
31-60 Days	121.574	115.613	10,885	19,275	267,347	291,783	(24,436)	-8.37%
61-90 Days	82.021	91.906	20,037	20,229	214.193	190.231	23,962	12.60%
91-120 Days	40.976	101.736	13,716	6,660	163,088	153,549	9,539	6.21%
121-180 Days	35.266	145,449	20,751	3,550	205.016	149,751	55,265	36.90%
181-240 Days	12,850	67,228	10,595	921	91.593	74,558	17,035	22.85%
241-270 Days	5,316	17,007	6,326	1,111	29,760	19,550	10,209	52.22%
271-365 Days	7,884	14,917	11,150	1,879	35,829	42,227	(6,397)	-15.15%
366 Days & Over	13,897	23,660	50,497	(568)	87,486	61,314	26,173	42.69%
	20%	71%	6%	3%				
Total FC This Month	514,782	1,834,049	157,299	74,842	2,580,972	2,768,682	(187,709)	-6.78%
Total FC Last Month	418,826	2,092,693	175,041	82,122	2,768,682	501 10		
\$ Increase (Decrease)	95,956	(258,644)	(17,742)	(7,280)	(187,709)			
% Increase (Decrease)	22.91%	-12.36%	-10.14%	-8.86%	-6.78%			
		Mo	onthly Managem	ent Summary				
February Activity	Beginning 2,768,682	Charges 2,453,371	Payments (1,537,985)	Adjustments (1,103,096)	Ending Gross 2,580,972			
			A/R Days A	nalysis				
								Increase
	February	January	December	November	October	September	August	(Decrease)
Gross A/R Days	31	33	30	33	35	32	28	(3)
Net A/R	1,334,255	1,421,291	1,270,381	1,383,482	1,574,805	1,652,978	1,574,249	(87,037)
Net A/R Days	25	28	25	29	31	31	33	(2)

### FEBRUARY 2022 EMMI CASH COLLECTED - \$1,537,985

### **ROLLING 12-MONTH TRENDS - CASH COLLECTED**



FY22 Collections by Financial Class	%
Medi-Cal Managed Care	78.17%
Medi-Cal	17.96%
Medicare	3.08%
Commercial	0.52%
Self-Pay	0.26%
Total	100.00%



### CAPITAL LINK FQHC FINANCIAL BENCHMARKS VS SJCC

	DATA SUMMARY	Capital Link Target	SJCC FYTD FY22
F	INANCIAL HEALTH		
1	Operating Margin As a % of Operating Revenue	>3%	2%
2	Bottom Line Margin As a % of Operating Revenue	>3%	5%
3	Days Cash on Hand	>30-45 Days	94
4	Days in Net Patient Receivables	<60 Days	25
5	Personnel-Related Expense (PRE) As a % of Operating Revenue	<70	73%

## QUESTIONS & ANSWERS





#### San Joaquin Health Centers

#### **Financial Statement Comments**

### February 2022

#### **Summary of Clinics Year to Date**

Billable visits for February are favorable to budget by 166 visits. YTD visits have been updated on the December financials due to an updated report received for the additional visits (1,602 visits) that were not captured in the previous months. Additional Patient Revenues have been recorded accordingly. This new methodology has no impact on patient collections. Net Patient Revenues for February are \$150,591 greater than budget. YTD financials reflect a PPS reconciliation liability accrual of \$200,000. YTD Medi-Cal payments for \$2,519,165 have been reflected on the Balance Sheet for FY2015, FY2016, and FY2017 according to the payment plan with DHCS. YTD Income Statement includes interest expense of \$143,626 for PPS liability payments made to DHCS for FY2015, FY2016, and FY2017. YTD financials includes \$8.1M payment from SJGH related to the finalization of FY2020 financial statement audit and according to the separation agreement between SJGH and SJ Health. Also, YTD financials include \$4.1 payment from SJGH related to unaudited FY2021 financial statement and according to the separation agreement between SJGH and SJ Health. YTD financials include funds transferred for \$9,575,840 to San Joaquin County as a payment for payroll and benefits paid by San Joaquin County on behalf of SJ Health from July 2021 through January 2022.

YTD Supplemental Revenue includes the recognition of estimated Quality Incentive Program revenue for \$7,977,319. Combined Grants Revenue includes revenues for Essential Access Title X, SOR2, Whole Person Care, Behavioral Health Integration, Health Net, American Rescue Plan (ARP) and other grants for \$1,553,024. Capitation and Managed Care Incentives include the YTD Capitation Revenue with an unfavorable variance to budget by \$512,070 mainly due to non-recognition of HEDIS revenue during the year. Also, Other Income includes the 340B Pharmacy Program revenue for \$911,797 and the program related expenses for \$659,941 are included in Supplies & Other Expenses categories on the financials. YTD financials reflect First Responder Program revenue for \$10,000. YTD Other Revenue includes revenues accrued for \$459,103 related to Purchased Services provided to SJGH by SJCC per the MOU and Interest Income of \$14,698. Total Net Operating Revenues are favorable to budget by \$1,385,415.

YTD Salaries and benefits expenses exhibit an unfavorable variance to budget of \$570,648. Other operating expenses exhibit an unfavorable variance of \$673,946 largely due to Purchased Services with favorable variance of \$917,300 mainly offset by unfavorable variance in Professional Fees, Supplies, Interest and Miscellaneous Expenses \$1,591,246. An estimated expense for the Purchased Services is recorded from July through February based on the MOU.

Unaudited, as presented, Net Income of \$1,315,514 on a year-to-date basis is favorable compared to budget by \$140,821.

#### **Additional Factors Impacting Clinic Performance Presentation**

• Supplemental revenues are estimates based on the Master MOU between SJ Health and SJ County. Revenue recognition for QIP Receivable is pending independent auditor's evaluation.

### **Other Material Notes**

• SJGH has submitted to its independent auditor history-to-date financial adjustments which effectively have resulted in SJ Health being a breakeven operation as of 6/30/2020.