



SJ Health Board of Directors – Finance Committee Agenda
Monday April 25, 2022 at 5:00 p.m.

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Conference ID: 537 070 200#

Agenda

- | | | | |
|----|---|---|--------------|
| 1. | Call to order | | Paul Antigua |
| 2. | Approval of Minutes from March 28, 2022 | * | Paul Antigua |
| 3. | Presentation of Financials | | Kris Zuniga |
| 4. | Update on 2020-21 Audits | | Kris Zuniga |
| 5. | Adjournment | | Paul Antigua |

*** Action Item**

Next Meeting: May 23, 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) 953-3711 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 10100 Trinity Parkway, Suite 100, Stockton, CA 95219 during normal business hours.

Minutes of March 28, 2022

San Joaquin County Clinics Board of Directors – Finance Committee

Board Members Present: Paul Antigua (Treasurer, Finance Chair); Farhan Fadoo (SJCC CEO); Monica Fuentes; Escardo Medina (Quality Committee)

Board Members Excused Absent: Rod Place

Board Members Unexcused Absent: none

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

Guests: none

AGENDA ITEM	ATTACHMENTS	ACTION
<p>1. <u>Call to Order (Paul Antigua)</u> The meeting was called to order at 5:03 p.m. A quorum was established for today's meeting.</p>	No attachments	No action required
<p>2. <u>Approval of Minutes from February 22, 2022 (Paul Antigua)</u> A quorum was established and the minutes were approved unanimously.</p>	Finance Committee Minutes 2022-02-22	Esgardo motioned to approve the minutes and Paul seconded; motion was approved unanimously
<p>3. <u>Presentation of Financials (Kris Zuniga, CFO)</u> 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.</p> <p>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</p>	CFO Presentation 2022-02	

<p>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.</p> <p>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.</p> <p>Unaudited, as presented, Net Income of \$1,315,514 on a year-to-date basis is favorable compared to budget by \$140,821.</p> <p>Metrics compared to Capital Link benchmarks: Operating Margin is 2% (goal >3%), Bottom Line Margin is 5% (goal >3%), Days Cash on Hand is 94 (goal is >30-45 days), Days in Net Patient Receivables is 25 (goal is <60 days), and Personnel-Related Expense is 73% (goal is <70%).</p> <p>Discussed the difficulty of balancing lower hourly wages against higher benefits costs as it regards employee retention and new hire attraction.</p>		
<p>4. Adjournment (Paul Antigua) There being no further topics of discussion, Rod Place adjourned the meeting at 5:31 p.m.</p>	<p>No attachments</p>	<p>No action required</p>



SAN JOAQUIN HEALTH CENTERS

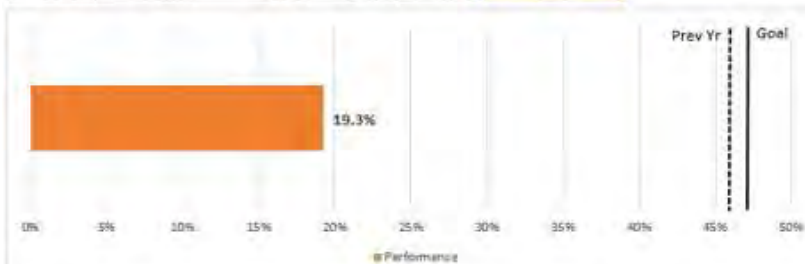
CFO PRESENTATION

Kris Zuniga
Chief Financial Officer
Presentation Date: 4/26/2022

HEALTH PLAN OF SAN JOAQUIN MEMBERSHIP ASSIGNMENTS CALENDAR YTD AS OF MARCH 2022

San Joaquin Health Centers

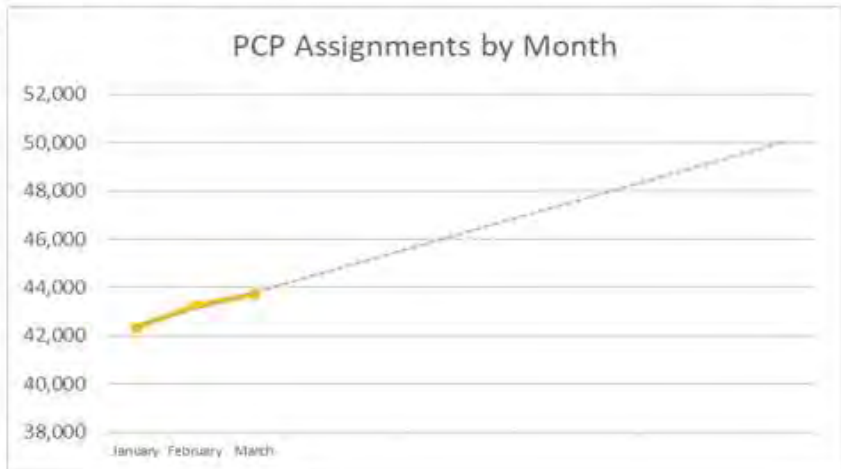
Year	Panel Size	Panel Seen	Goal	% Goal	Performance
2021	40,852	18,141	19,227	47.07%	44.41%
2022	43,107	8,308	18,536	43.00%	19.3%



Average Submission Lag: 7.3 Days

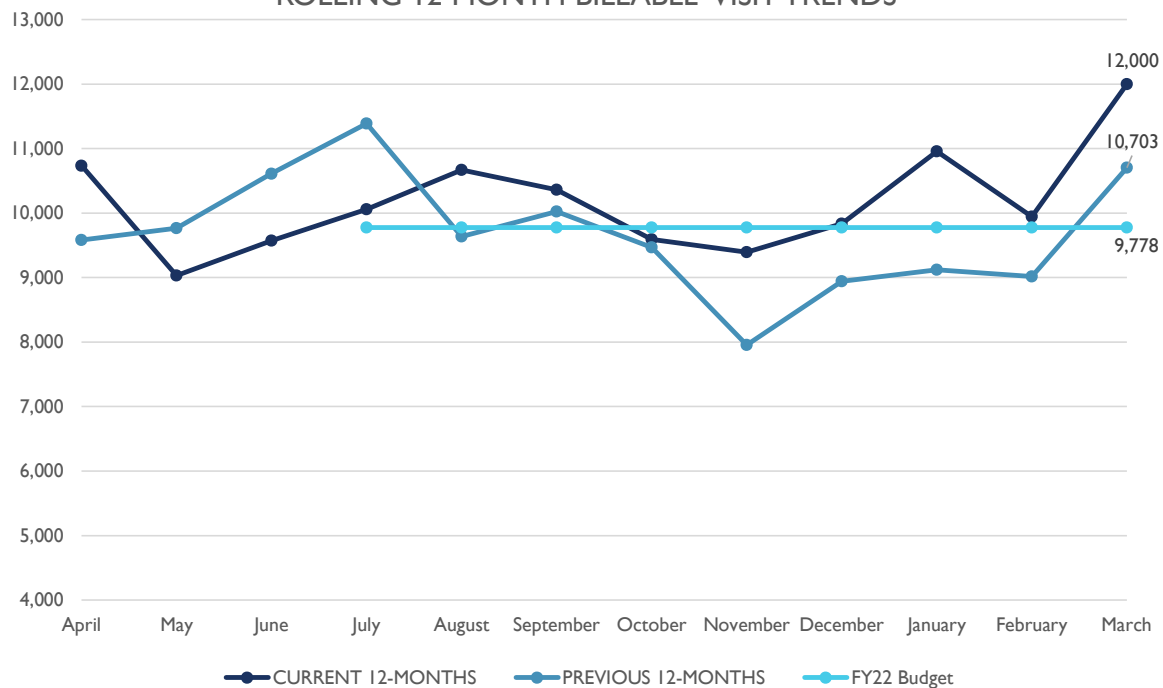
Panel Metrics for San Joaquin Health Centers

Average Panel Size	43,107
Current Month Panel Size	43,727
Calendar YTD Panel Seen Count	8,308
Calendar YTD % Panel Seen	19.3%
Goal to Panel Seen Count	18,536
PCP Claim Count	16,637



MARCH 2022 BILLABLE VISITS – 12,000

ROLLING 12-MONTH BILLABLE VISIT TRENDS



Visits By Financial Class	%
Medi-Cal Managed Care	74.88%
Medicare	11.69%
Medi-Cal	10.01%
Self-Pay	2.21%
Commerical	1.21%
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
Mar-22	12,000	9,778	2,222
Total	92,814	88,002	4,812

SJ HEALTH INCOME STATEMENT – MARCH 2022

	Current Period Actual	Current Period Budget - Original	Current Period Budget Variance -	Current Year Actual	YTD Budget - Original	YTD Budget Variance -
Operating Revenue						
Net Patient Service Revenue	1,756,512	1,275,357	481,155	13,823,972	11,478,214	2,345,758
Supplemental Revenue	997,165	967,837	29,328	8,974,484	8,710,529	263,955
Capitation & Managed Care Incentives	501,064	553,833	(52,769)	4,419,661	4,984,500	(564,839)
Grant Revenue	374,850	270,278	104,572	1,937,874	2,432,505	(494,631)
340B Pharmacy Program	87,013	60,000	27,013	998,810	540,000	458,810
MOU & Other Income	46,127	63,518	(17,391)	519,927	571,659	(51,731)
Total Operating Revenue	<u>3,762,731</u>	<u>3,190,823</u>	<u>571,908</u>	<u>30,674,729</u>	<u>28,717,407</u>	<u>1,957,323</u>
Expenditures						
Salaries & Wages	1,152,002	1,282,091	130,089	12,342,863	11,538,821	(804,042)
Employee Benefits	922,522	819,409	(103,113)	7,114,312	7,374,682	260,370
Professional Fees	243,018	212,324	(30,695)	2,004,398	1,910,913	(93,485)
Purchased Services	539,802	578,464	38,663	4,250,217	5,206,180	955,963
Supplies	79,150	39,431	(39,719)	623,759	354,875	(268,884)
Depreciation	25,359	20,509	(4,850)	215,887	184,581	(31,306)
Interest	21,475	4,298	(17,178)	191,002	38,679	(152,323)
Other Expenses	54,048	87,461	33,412	1,891,423	787,146	(1,104,277)
Total Expenditures	<u>3,037,376</u>	<u>3,043,986</u>	<u>6,610</u>	<u>28,633,860</u>	<u>27,395,877</u>	<u>(1,237,984)</u>
Net Income(Loss)	<u>725,355</u>	<u>146,837</u>	<u>578,518</u>	<u>2,040,869</u>	<u>1,321,530</u>	<u>719,339</u>

	<u>PERIOD 0</u>	<u>QTR 1 FY22</u>	<u>QTR 2 FY22</u>	<u>JANUARY 2022</u>	<u>FEBRUARY 2022</u>	<u>MARCH 2022</u>
Assets						
Cash & Cash Equivalents	2,266,991	11,439,672	11,884,586	11,403,076	9,835,169	9,953,166
Accounts Receivable	1,786,574	1,652,978	1,270,381	1,421,291	1,334,255	1,703,360
Inventory	11,250	0	11,458	11,458	11,458	11,458
Property & Equipment	1,411,298	1,354,724	1,426,517	1,462,268	1,705,175	1,847,485
Other Assets	<u>19,828,212</u>	<u>19,543,137</u>	<u>8,990,719</u>	<u>9,316,338</u>	<u>10,967,247</u>	<u>11,485,583</u>
Total Assets	<u>25,304,325</u>	<u>33,990,511</u>	<u>23,583,659</u>	<u>23,614,431</u>	<u>23,853,303</u>	<u>25,001,051</u>
Liabilities						
Accounts Payable	396,672	923,594	1,136,364	876,325	518,353	720,713
Other Liabilities	15,087,742	21,834,230	11,097,659	11,045,058	11,366,149	11,319,557
Deferred Revenue	<u>0</u>	<u>1,000,000</u>	<u>738,376</u>	<u>738,376</u>	<u>833,376</u>	<u>1,100,000</u>
Total Liabilities	<u>15,484,414</u>	<u>23,757,824</u>	<u>12,972,399</u>	<u>12,659,759</u>	<u>12,717,877</u>	<u>13,140,271</u>
Net Assets						
Beginning Net Assets	9,819,912	9,819,912	9,819,912	9,819,912	9,819,912	9,819,912
Current YTD Net Income	<u>0</u>	<u>412,775</u>	<u>791,349</u>	<u>1,134,761</u>	<u>1,315,514</u>	<u>2,040,869</u>
Total Net Assets	<u>9,819,912</u>	<u>10,232,687</u>	<u>10,611,261</u>	<u>10,954,672</u>	<u>11,135,426</u>	<u>11,860,781</u>
Total Liabilities and Net Assets	<u>25,304,325</u>	<u>33,990,511</u>	<u>23,583,659</u>	<u>23,614,431</u>	<u>23,853,303</u>	<u>25,001,051</u>

SJ HEALTH BALANCE SHEET MARCH 2022

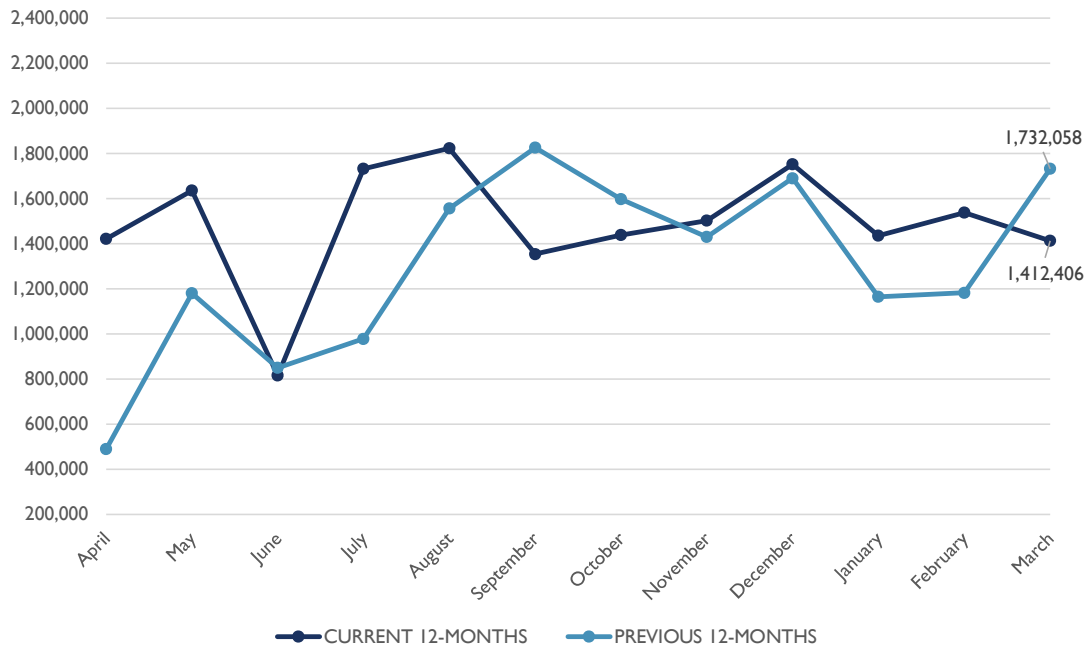
SJ HEALTH BILLING & COLLECTIONS

A/R AGING MARCH 2022

SJCC Accounts Receivable Aging Analysis For the Month of March 2022								
Aging Category	MediCare	MediCal	Commercial	Self Pay	Total Aging This Month	Total Aging Last Month	\$ Increase (Decrease)	% Increase (Decrease)
1-30 Days	221,514	1,628,134	33,371	15,995	1,899,015	1,486,660	412,355	27.74%
31-60 Days	175,316	135,300	14,023	21,676	346,315	267,347	78,968	29.54%
61-90 Days	88,529	101,601	10,613	14,353	215,096	214,193	903	0.42%
91-120 Days	59,078	80,084	16,693	16,347	172,201	163,088	9,113	5.59%
121-180 Days	31,138	49,147	23,241	7,141	110,666	205,016	(94,349)	-46.02%
181-240 Days	10,594	28,650	11,269	2,441	52,954	91,593	(38,639)	-42.19%
241-270 Days	1,540	14,923	5,055	389	21,906	29,760	(7,854)	-26.39%
271-365 Days	6,939	16,791	9,889	1,434	35,053	35,829	(776)	-2.17%
366 Days & Over	20,592	16,124	111,864	367	148,947	87,486	61,461	70.25%
	20%	69%	8%	3%				
Total FC This Month	615,239	2,070,754	236,018	80,143	3,002,154	2,580,972	421,182	16.32%
Total FC Last Month	514,782	1,834,049	157,299	74,842	2,580,972			
\$ Increase (Decrease)	100,457	236,705	78,719	5,300	421,182			
% Increase (Decrease)	19.51%	12.91%	50.04%	7.08%	16.32%			
Monthly Management Summary								
	Beginning	Charges	Payments	Adjustments	Ending Gross			
March Activity	2,580,972	2,928,578	(1,412,406)	(1,094,991)	3,002,154			
A/R Days Analysis								
	March	February	January	December	November	October	September	Increase (Decrease)
Gross A/R Days	34	31	33	30	33	35	32	3
Net A/R	1,703,360	1,334,255	1,421,291	1,270,381	1,383,482	1,574,805	1,652,978	369,106
Net A/R Days	35	25	28	25	29	31	31	10

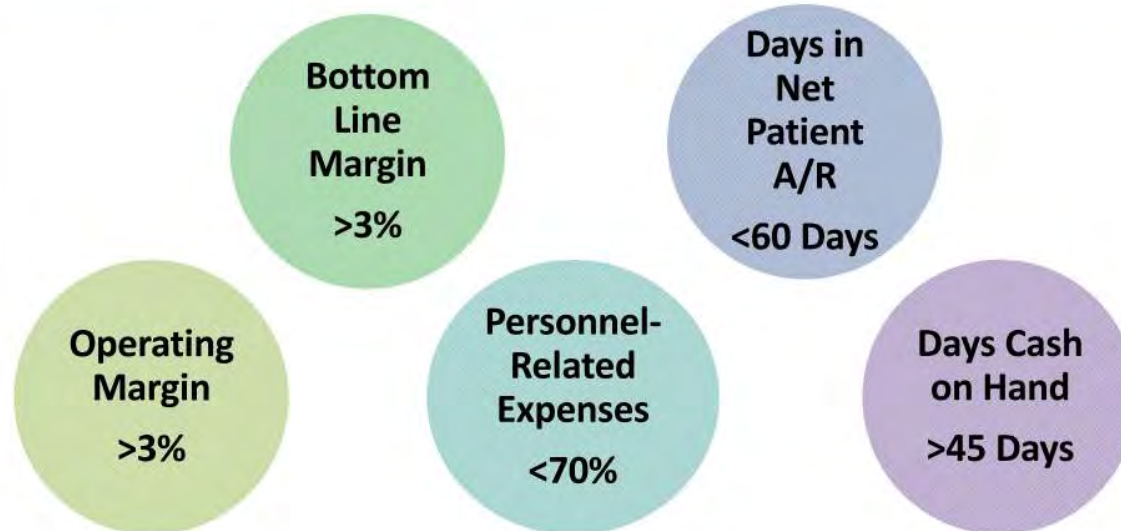
MARCH 2022 EMMI PAYMENTS POSTED - \$1,412,406

ROLLING 12-MONTH TRENDS – PAYMENTS POSTED



FY22 Collections by Financial Class	%
Medi-Cal Managed Care	74.86%
Medi-Cal	19.69%
Medicare	4.35%
Commercial	0.59%
Self-Pay	0.52%
Total	100.00%

Key Financial Metrics: Capital Link Industry Guidelines



CAPITAL LINK FQHC FINANCIAL BENCHMARKS VS SJCC

DATA SUMMARY	Capital Link Target	SJCC FYTD FY22
FINANCIAL HEALTH		
1 Operating Margin As a % of Operating Revenue	>3%	4%
2 Bottom Line Margin As a % of Operating Revenue	>3%	7%
3 Days Cash on Hand	>45 Days	96
4 Days in Net Patient Receivables	<60 Days	35
5 Personnel-Related Expense (PRE) As a % of Operating Revenue	<70	73%

QUESTIONS & ANSWERS





San Joaquin Health Centers
Financial Statement Comments
March 2022

Summary of Clinics Year to Date

Billable visits for March are favorable to budget by 2,222 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 March are \$481,155 greater than budget. YTD financials reflect a PPS reconciliation liability accrual of \$225,000. YTD Medi-Cal payments for \$2,830,968 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 \$161,579 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 \$11,016,199 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 February 2022.

YTD Supplemental Revenue includes the recognition of estimated Quality Incentive Program revenue for \$8,974,484. 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 \$1,927,874. Capitation and Managed Care Incentives include the YTD Capitation Revenue with an unfavorable variance to budget by \$564,839 mainly due to non-recognition of HEDIS revenue during the year. Also, Other Income includes the 340B Pharmacy Program revenue for \$998,810 and the program related expenses for \$724,911 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 \$505,229 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 \$1,957,323.

YTD Salaries and benefits expenses exhibit an unfavorable variance to budget of \$543,672. March financials include a favorable adjustment of \$533,333 to true up the estimated accrued expenses related to Residents' Salaries and Benefits and Other Expenses from July through February. Other operating expenses exhibit an unfavorable variance of \$694,312 largely due to Purchased Services with favorable variance of \$955,963 mainly offset by unfavorable variance in Professional Fees, Supplies, Interest and Miscellaneous Expenses \$1,650,275. An estimated expense for the Purchased Services is recorded from July through March based on the MOU.

Unaudited, as presented, Net Income of \$2,040,869 on a year-to-date basis is favorable compared to budget by \$719,339.

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.