



**10100 Trinity Parkway, Suite 100, Stockton, CA 95219**  
**SJ Health Board of Directors – Finance Committee Agenda**  
**Monday July 25, 2022 at 5:00 p.m.**

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Conference ID: 537 070 200#

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**Agenda**

- |    |   |             |
|----|---|-------------|
| 1. | Call to order                                 |             |
|    | a. Acting committee chairmanship of Rod Place | Rod Place   |
| 2. | Approval of Minutes from June 27, 2022        | * Rod Place |
| 3. | Presentation of Financials                    | Kris Zuniga |
| 4. | Update on 2020-21 Audits                      | Kris Zuniga |
| 5. | Adjournment                                   | Rod Place   |

**\* Action Item**

**Next Meeting: August 29, 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 Health Centers 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 SJ Health Clinic Administration at 10100 Trinity Parkway, Suite 100, Stockton, CA 95219 during normal business hours.

## Minutes of June 27, 2022

### San Joaquin Health Centers Board of Directors – Finance Committee

**Board Members Present:** Farhan Fadoo (SJHC CEO); Monica Fuentes (Finance Committee); Rod Place (Finance Committee)

**Board Members Excused Absent:** Paul Antigua (Treasurer, Finance Committee Chair)

**Board Members Unexcused Absent:** Esgardo Medina (Finance Committee)

**SJHC Staff:** Michael Allen (Board Clerk); Alice Souligne (COO)

**Guests:** none

AGENDA ITEM	ATTACHMENTS	ACTION
<b>1. <u>Call to Order (Rod Place, Board Chair)</u></b> The meeting was called to order at 5:05 p.m. Due to personal issues, Paul needed to resign from the Board, so Rod will serve as the Finance Committee chair until a new chair is identified. A quorum was established for today's meeting.	No attachments	No action required
<b>2. <u>Approval of Minutes from 5/23/2022 (Rod Place, Board Chair)</u></b> Minutes from May 23, 2022 were approved unanimously.	Finance Committee Meeting Minutes 2022-05-23	Monica motioned to approve the minutes and Rod seconded; motion was approved unanimously
<b>3. <u>Presentation of Financials (Kris Zuniga, CFO)</u></b> Billable visits for May are favorable to budget by 1,056 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 May are \$480,998 greater than budget. YTD financials reflect a PPS reconciliation liability accrual of \$275,000. May financials include an adjustment for \$324,768 to true up FY21 PPS reconciliation liability balance. YTD Medi-Cal payments for \$3,925,502 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 \$197,486 for PPS liability payments made to DHCS for FY2015, FY2016, and FY2017. YTD financials include \$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 \$4,611,409 payment from SJGH related to unaudited FY2021, July 2021 and August 2021 financial statements and according to the separation agreement between SJGH and SJ Health. YTD financials include funds transferred for \$14,644,602 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 April 2022.  YTD Supplemental Revenue includes the recognition of estimated Quality Incentive Program revenue for \$10,968,814. Combined Grants Revenue includes revenues for Essential Access Title X, SOR2, Whole Person Care, Behavioral Health Integration, Health Net, American Rescue Plan (ARP) and	Finance Committee Report – June 2022	No action required



other grants for \$2,459,107. Capitation and Managed Care Incentives include the YTD Capitation Revenue with an unfavorable variance to budget by \$600,080 mainly due to non-recognition of HEDIS revenue during the year. Also, Other Income includes the 340B Pharmacy Program revenue for \$1,406,069 and the program related expenses for \$908,261 are included in Supplies & Other Expenses categories on the financials. YTD financials reflect First Responder Program revenue for \$12,600. YTD Other Revenue includes revenues accrued for \$620,850 related to Purchased Services provided to SJGH by SJCC per the MOU and Interest Income of \$22,318. Total Net Operating Revenues are favorable to budget by \$3,095,616.

YTD Salaries and benefits expenses exhibit an unfavorable variance to budget of \$868,590. YTD 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 \$1,115,791 largely due to Purchased Services with favorable variance of \$1,141,104 mainly offset by unfavorable variance in Professional Fees, Supplies, Interest and Miscellaneous Expenses \$2,256,895. An estimated expense for the Purchased Services is recorded from July through May based on the MOU.

Unaudited, as presented, Net Income of \$2,726,439 on a year-to-date basis is favorable compared to budget by \$1,111,235.

Operating Margin is 5% against a Capital Link benchmark of >3%. Bottom Line Margin is 7% against a goal of >3%. Days Cash on Hand is 84 days against a goal of >45 days. Days in Net Patient Receivables is 33 days against a goal of <60 days. Personnel-Related Expenses are 72% against a goal of <70%.

**4. Update on 2020-21 Audits**

We have received a draft trial balance, which matches our expected trial balance.

No attachments

No action required

**5. Adjournment (Rod Place, Board Chair)**

There being no further topics of discussion, Rod Place adjourned the meeting at 5:22 p.m.

No attachments

No action required



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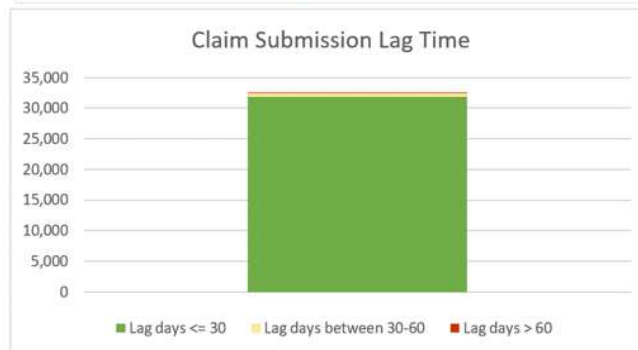
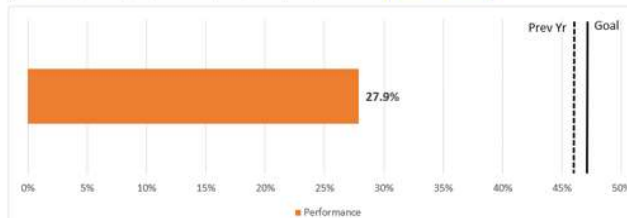
# SAN JOAQUIN HEALTH CENTERS

CFO PRESENTATION

Kris Zuniga  
Chief Financial Officer  
Presentation Date: 7/26/2022

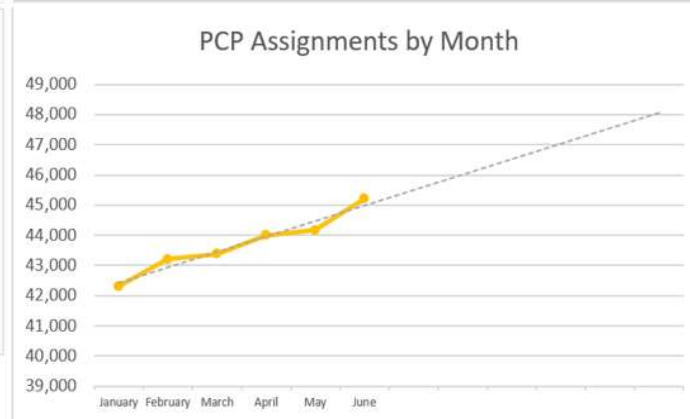
## HEALTH PLAN OF SAN JOAQUIN MEMBERSHIP ASSIGNMENTS CALENDAR YTD AS OF JUNE 2022

San Joaquin Health Centers					
Year	Panel Size	Panel Seen	Goal	% Goal	Performance
2021	40,852	18,141	19,227	47.07%	44.41%
2022	43,711	12,183	18,796	43.00%	27.9%



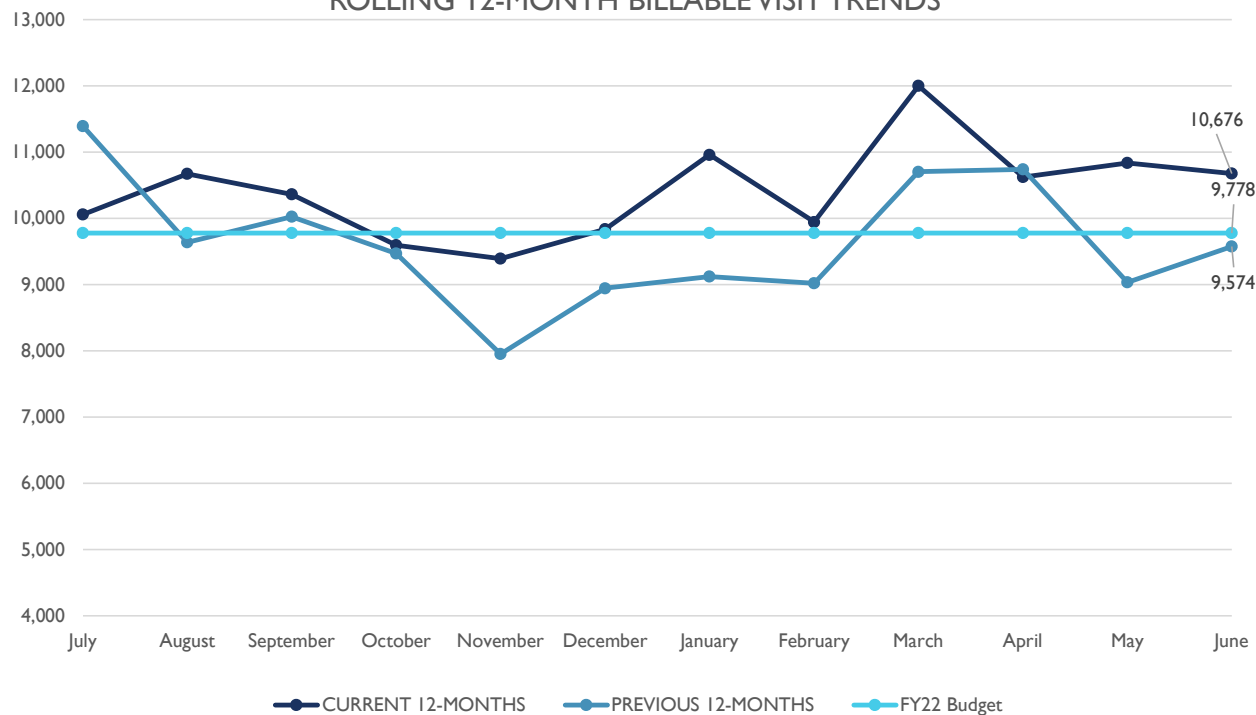
**Average Submission Lag: 6.1 Days**

Panel Metrics for San Joaquin Health Centers	
Average Panel Size	43,711
Current Month Panel Size	44,519
Calendar YTD Panel Seen Count	12,183
Calendar YTD % Panel Seen	27.9%
Goal to Panel Seen Count	18,796
PCP Claim Count	32,539



# JUNE 2022 BILLABLE VISITS – 10,676

ROLLING 12-MONTH BILLABLE VISIT TRENDS



Visits By Financial Class	%
Medi-Cal Managed Care	76.36%
Medicare	11.20%
Medi-Cal	9.69%
Self-Pay	1.73%
Commerical	1.01%
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
Apr-22	10,623	9,778	845
May-22	10,834	9,778	1,056
Jun-22	10,676	9,778	898
Total	124,947	117,336	7,611

# SJ HEALTH INCOME STATEMENT – JUNE 2022

	Current Period Actual	Current Period Budget - Original	Current Period Budget Variance - Original	Current Year Actual	YTD Budget - Original	YTD Budget Variance - Original
Operating Revenue						
Net Patient Service Revenue	1,566,206	1,275,357	290,849	18,779,030	15,304,285	3,474,745
Supplemental Revenue	997,165	967,836	29,329	11,965,979	11,614,039	351,941
Capitation & Managed Care Incentives	522,239	553,833	(31,594)	6,014,326	6,646,000	(631,674)
Grant Revenue	531,438	270,278	261,160	3,003,145	3,243,340	(240,195)
340B Pharmacy Program	179,503	60,000	119,503	1,585,572	720,000	865,572
MOU & Other Income	74,653	63,518	11,135	717,820	762,211	(44,391)
Total Operating Revenue	<u>3,871,203</u>	<u>3,190,823</u>	<u>680,381</u>	<u>42,065,872</u>	<u>38,289,875</u>	<u>3,775,997</u>
Expenditures						
Salaries & Wages	1,762,586	1,439,727	(322,859)	18,786,174	17,276,738	(1,509,436)
Employee Benefits	730,878	661,771	(69,107)	7,692,384	7,941,264	248,880
Professional Fees	254,071	212,324	(41,748)	2,700,114	2,547,884	(152,231)
Purchased Services	460,128	578,464	118,336	5,682,133	6,941,573	1,259,440
Supplies	90,974	39,430	(51,544)	862,995	473,166	(389,828)
Depreciation	25,330	20,509	(4,821)	289,277	246,107	(43,170)
Interest	21,339	4,298	(17,041)	255,555	51,572	(203,983)
Other Expenses	227,289	87,460	(139,829)	2,762,725	1,049,527	(1,713,198)
Total Expenditures	<u>3,572,595</u>	<u>3,043,982</u>	<u>(528,613)</u>	<u>39,031,357</u>	<u>36,527,831</u>	<u>(2,503,525)</u>
Net Income(Loss)	<u>298,608</u>	<u>146,840</u>	<u>151,768</u>	<u>3,034,515</u>	<u>1,762,044</u>	<u>1,272,471</u>



# SJ HEALTH BALANCE SHEET JUNE 2022

	<u>PERIOD 0</u>	<u>QTR 1 FY22</u>	<u>QTR 2 FY22</u>	<u>QTR 3 FY22</u>	<u>QTR 4 FY22</u>
Assets					
Cash & Cash Equivalents	2,266,991	11,439,672	11,884,586	9,953,166	5,978,796
Accounts Receivable	1,786,574	1,652,978	1,270,381	1,703,360	2,239,956
Inventory	11,250	0	11,458	11,458	12,881
Property & Equipment	1,411,298	1,354,724	1,426,517	1,847,485	2,101,833
Other Assets	<u>19,828,212</u>	<u>19,543,137</u>	<u>8,990,719</u>	<u>11,485,583</u>	<u>15,694,917</u>
Total Assets	<u>25,304,325</u>	<u>33,990,511</u>	<u>23,583,659</u>	<u>25,001,051</u>	<u>26,028,381</u>
Liabilities					
Accounts Payable	396,672	923,594	1,136,364	720,713	504,607
Other Liabilities	15,087,742	21,834,230	11,097,659	11,319,557	10,403,680
Deferred Revenue	<u>0</u>	<u>1,000,000</u>	<u>738,376</u>	<u>1,100,000</u>	<u>2,265,668</u>
Total Liabilities	<u>15,484,414</u>	<u>23,757,824</u>	<u>12,972,399</u>	<u>13,140,271</u>	<u>13,173,954</u>
Net Assets					
Beginning Net Assets	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>2,040,869</u>	<u>3,034,515</u>
Total Net Assets	<u>9,819,912</u>	<u>10,232,687</u>	<u>10,611,261</u>	<u>11,860,781</u>	<u>12,854,427</u>
Total Liabilities and Net Assets	<u>25,304,325</u>	<u>33,990,511</u>	<u>23,583,659</u>	<u>25,001,051</u>	<u>26,028,381</u>



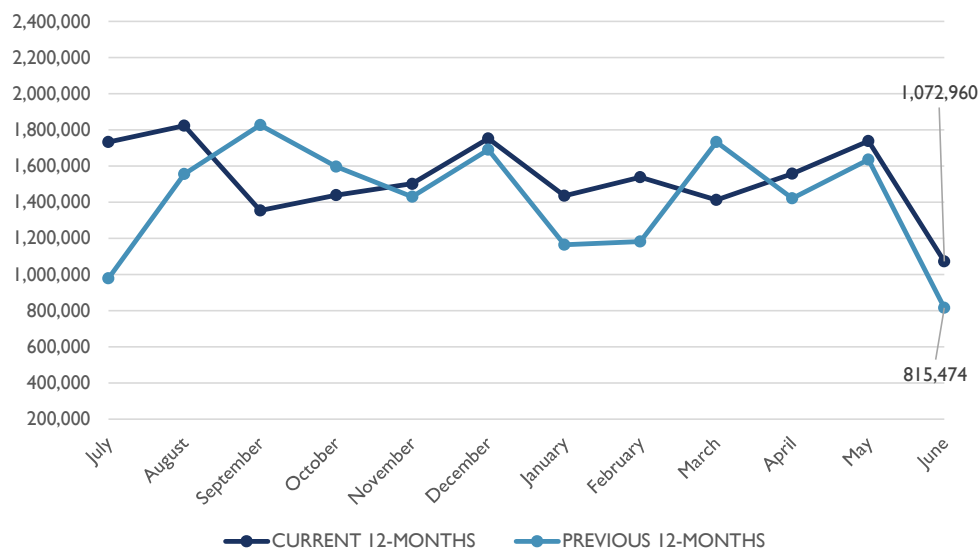
# SJ HEALTH BILLING & COLLECTIONS

## A/R AGING JUNE 2022

SJ Health Centers Accounts Receivable Aging Analysis For the Month of June 2022								
Aging Category	MediCare	MediCal	Commercial	Self Pay	Total Aging This Month	Total Aging Last Month	\$ Increase (Decrease)	% Increase (Decrease)
1-30 Days	188,763	2,092,152	31,799	13,912	2,326,626	1,748,859	577,767	33.04%
31-60 Days	95,998	324,801	30,277	11,692	462,769	502,147	(39,378)	-7.84%
61-90 Days	67,890	336,278	17,201	12,407	433,776	293,768	140,008	47.66%
91-120 Days	112,006	136,314	20,773	8,981	278,074	159,445	118,629	74.40%
121-180 Days	115,929	92,020	13,957	1,911	223,818	255,090	(31,273)	-12.26%
181-240 Days	65,214	28,612	19,533	296	113,655	67,424	46,231	68.57%
241-270 Days	9,074	10,097	6,128	90	25,388	18,556	6,833	36.82%
271-365 Days	11,172	32,877	12,955	578	57,581	60,200	(2,619)	-4.35%
366 Days & Over	12,000	12,557	46,364	(605)	70,315	71,242	(926)	-1.30%
	17%	77%	5%	1%				
Total FC This Month	678,047	3,065,708	198,987	49,262	3,992,003	3,176,731	815,273	25.66%
Total FC Last Month	605,205	2,354,622	164,876	52,029	3,176,731			
\$ Increase (Decrease)	72,842	711,087	34,111	(2,767)	815,273			
% Increase (Decrease)	12.04%	30.20%	20.69%	-5.32%	25.66%			
Monthly Management Summary								
	Beginning	Charges	Payments	Adjustments	Ending Gross			
June Activity	3,176,731	2,537,569	(1,072,960)	(649,336)	3,992,003			
A/R Days Analysis								
	June	May	April	March	February	January	December	Increase (Decrease)
Gross A/R Days	46	34	36	37	31	33	30	12
Net A/R	2,239,955	1,725,999	1,803,835	1,703,360	1,334,255	1,421,291	1,270,381	513,956
Net A/R Days	47	33	36	35	25	28	25	14

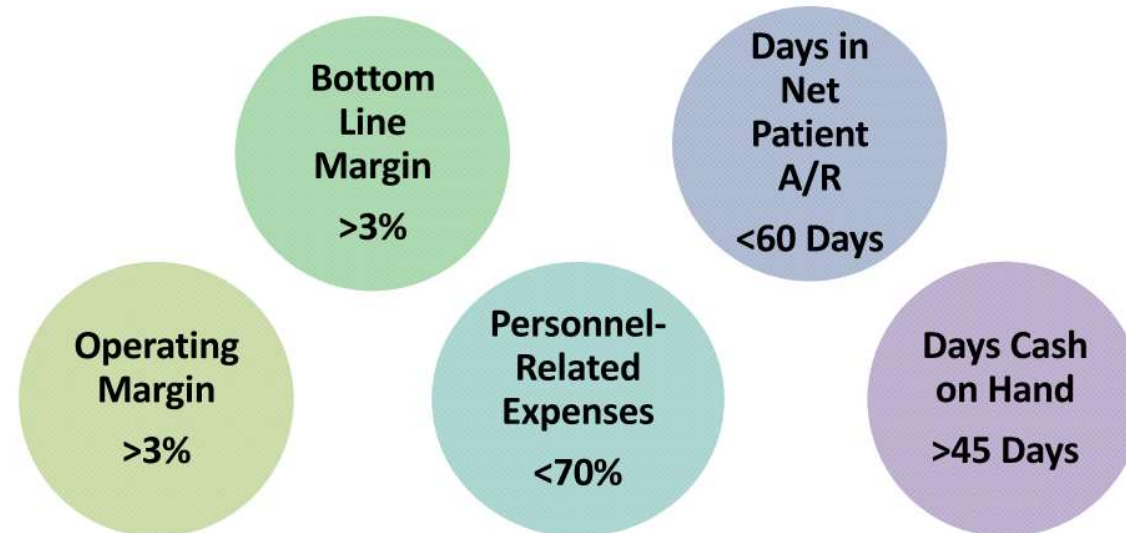
# JUNE 2022 EMMI PAYMENTS POSTED - \$1,072,960

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



FY22 Collections by Financial Class	%
Medi-Cal Managed Care	75.99%
Medi-Cal	15.64%
Medicare	7.02%
Self-Pay	0.73%
Commercial	0.61%
Total	100.00%

## Key Financial Metrics: Capital Link Industry Guidelines



# CAPITAL LINK FQHC FINANCIAL BENCHMARKS VS SJ HEALTH

DATA SUMMARY	Capital Link Target	SJ HEALTH FYTD FY22
<b>FINANCIAL HEALTH</b>		
<b>1 Operating Margin</b> As a % of Operating Revenue	>3%	5%
<b>2 Bottom Line Margin</b> As a % of Operating Revenue	>3%	7%
<b>3 Days Cash on Hand</b>	>45 Days	56
<b>4 Days in Net Patient Receivables</b>	<60 Days	47
<b>5 Personnel-Related Expense (PRE)</b> As a % of Operating Revenue	<70	72%

# QUESTIONS & ANSWERS



San Joaquin Health Centers  
Financial Statement Comments  
June 2022

**Summary of Clinics Year to Date**

Billable visits for June are favorable to budget by 898 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 June are \$290,849 greater than budget. YTD financials reflect a PPS reconciliation liability accrual of \$300,000. YTD financials include an adjustment for \$324,768 to true up FY21 PPS reconciliation liability balance. YTD Medi-Cal payments for \$4,602,478 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 \$215,439 for PPS liability payments made to DHCS for FY2015, FY2016, and FY2017. YTD financials include \$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 \$4,611,409 payment from SJGH related to unaudited FY2021, July 2021 and August 2021 financial statements and according to the separation agreement between SJGH and SJ Health. YTD financials include funds transferred for \$17,955,875 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 June 2022.

YTD Supplemental Revenue includes the recognition of estimated Quality Incentive Program revenue for \$11,965,979. 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 \$2,990,545. Capitation and Managed Care Incentives include the YTD Capitation Revenue with an unfavorable variance to budget by \$631,674 mainly due to non-recognition of HEDIS revenue during the year. Also, Other Income includes the 340B Pharmacy Program revenue for \$1,585,572 and the program related expenses for \$978,918 are included in Supplies & Other Expenses categories on the financials. YTD financials reflect First Responder Program revenue for \$12,600. YTD Other Revenue includes revenues accrued for \$695,474 related to Purchased Services provided to SJGH by SJCC per the MOU and Interest Income of \$22,318. Total Net Operating Revenues are favorable to budget by \$3,775,997

YTD Salaries and benefits expenses exhibit an unfavorable variance to budget of \$1,260,556. YTD 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 \$1,242,969 largely due to Purchased Services with favorable variance of \$1,259,440 mainly offset by unfavorable variance in Professional Fees, Supplies, Interest and Miscellaneous Expenses \$2,502,409. An estimated expense for the Purchased Services is recorded from July through June based on the MOU.

Unaudited, as presented, Net Income of \$3,034,515 on a year-to-date basis is favorable compared to budget by \$1,272,471.

**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.