



10100 Trinity Parkway, Suite 100, Stockton, CA 95219
SJ Health Board of Directors – Finance Committee Agenda
Monday August 29, 2022 at 5:00 p.m.

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Conference ID: 537 070 200#

Agenda

- | | | | |
|----|--|---|-------------|
| 1. | Call to order | | Rod Place |
| 2. | Approval of Minutes from July 25, 2022 | * | Rod Place |
| 3. | Presentation of Financials | | Kris Zuniga |
| 4. | Update on Fiscal Year 2021 Audit | | Kris Zuniga |
| 5. | Adjournment | | Rod Place |

*** Action Item**

Next Meeting: September 26, 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 July 25, 2022
San Joaquin Health Centers Board of Directors – Finance Committee

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

Board Members Excused Absent:

Board Members Unexcused Absent: Esgardo Medina (Finance Committee)

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

Guests: none

AGENDA ITEM	ATTACHMENTS	ACTION
<p>1. <u>Call to Order (Rod Place, Interim Board Chair)</u> The meeting was called to order at 5:10 p.m. A quorum was established for today's meeting.</p>	No attachments	No action required
<p>2. <u>Approval of Minutes from 6/27/2022 (Rod Place, Interim Board Chair)</u> Minutes from June 27, 2022 were approved unanimously.</p>	Finance Committee Meeting Minutes 2022-06-27	Monica motioned to approve the minutes and Rod seconded; motion was approved unanimously
<p>3. <u>Presentation of Financials (Kris Zuniga, CFO)</u> 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.</p> <p>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,</p>	Finance Committee Report – July 2022	No action required



<p>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.</p> <p>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.</p> <p>Unaudited, as presented, Net Income of \$3,034,515 on a year-to-date basis is favorable compared to budget by \$1,272,471.</p> <p>Capital Link benchmarks were reviewed, showing Operating Margin at 5% against a goal of >3%, Bottom Line Margin at 7% against a goal of >3%, Days Cash on Hand at 56 against a goal of >45 days, Days in Net Patient Receivables at 47 against a goal of <60 days, and Personnel-Related Expenses at 72% against a goal of <70%.</p>		
<p>4. <u>Update on 2020-21 Audits (Kris Zuniga, CFO)</u> Due to personnel changes at our auditors BKD, the audit is taking much longer than anticipated, although we still feel that the September deadline for our single audit will be met.</p>	No attachments	No action required
<p>5. <u>Adjournment (Rod Place, Interim Board Chair)</u> There being no further topics of discussion, Rod Place adjourned the meeting at 5:26 p.m.</p>	No attachments	No action required





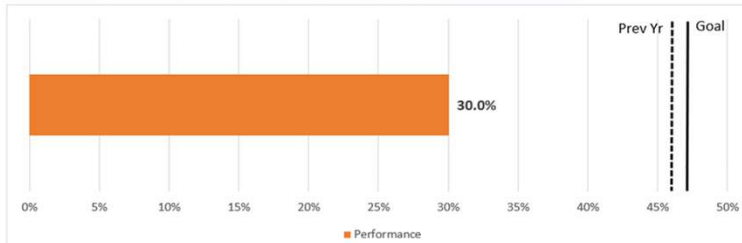
SAN JOAQUIN HEALTH CENTERS

CFO PRESENTATION

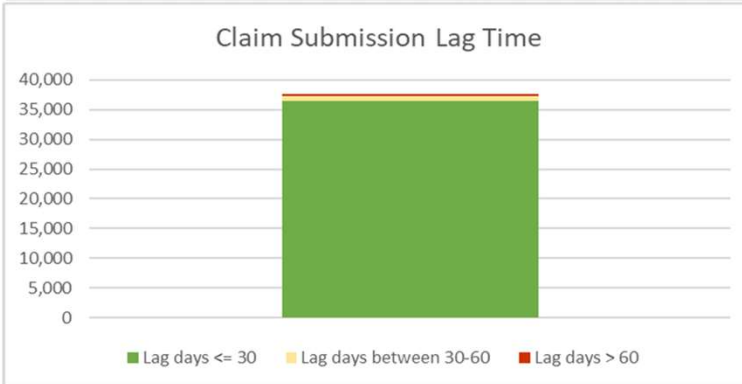
Kris Zuniga
Chief Financial Officer
Presentation Date: 8/30/2022

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

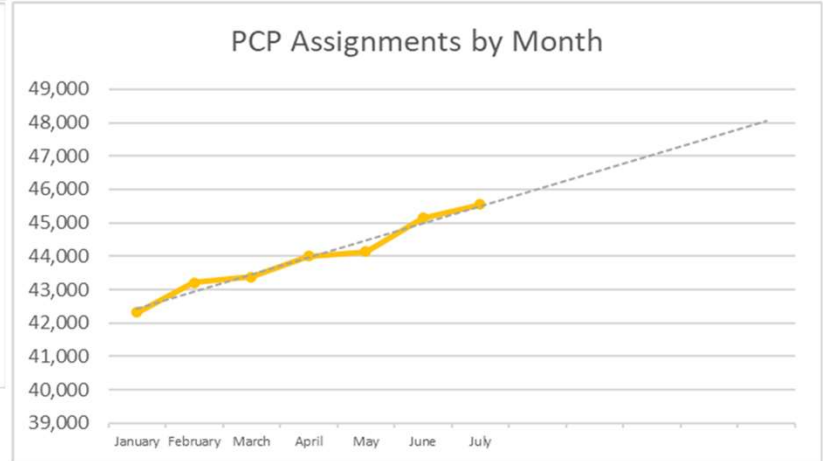
San Joaquin Health Centers					
Year	Panel Size	Panel Seen	Goal	% Goal	Performance
2021	40,852	18,141	19,227	47.07%	44.41%
2022	43,963	13,201	18,904	43.00%	30.0%



Panel Metrics for San Joaquin Health Centers	
Average Panel Size	43,963
Current Month Panel Size	45,548
Calendar YTD Panel Seen Count	13,201
Calendar YTD % Panel Seen	30.0%
Goal to Panel Seen Count	18,904
PCP Claim Count	37,669

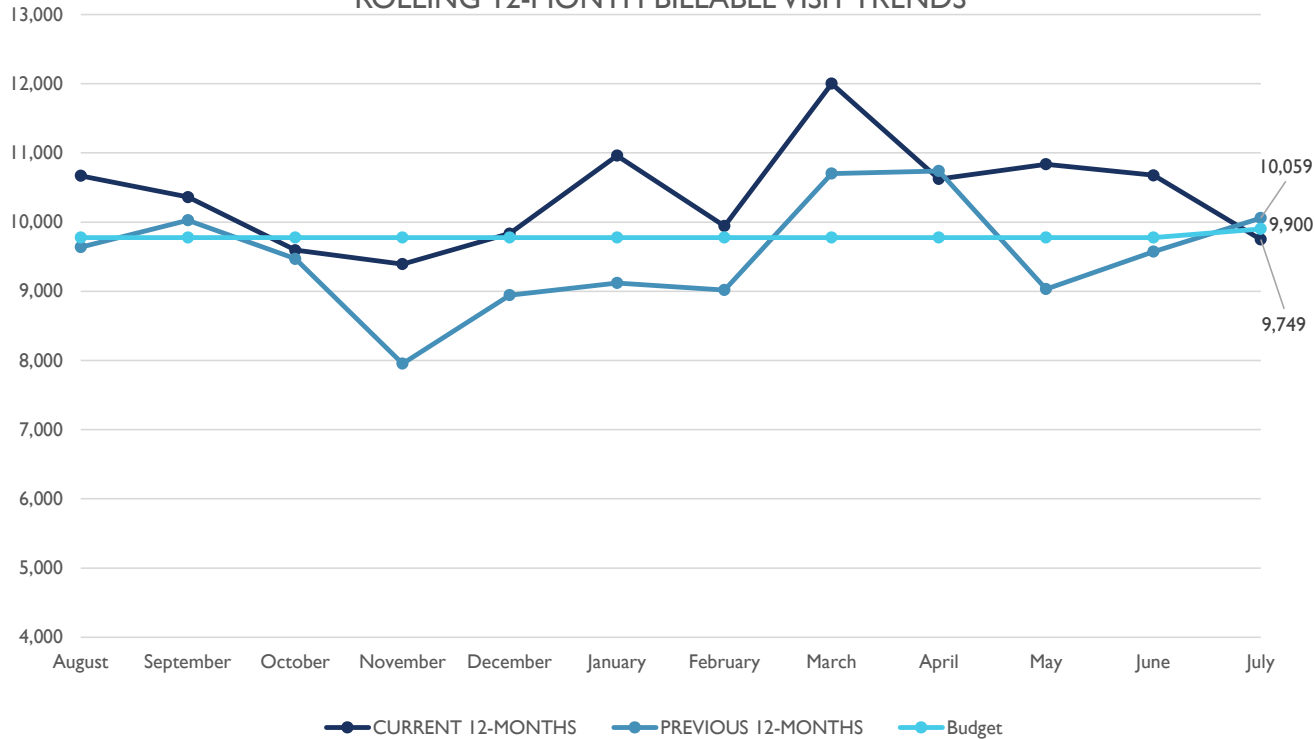


Average Submission Lag: 7.4 Days



JULY 2022 BILLABLE VISITS – 9,749

ROLLING 12-MONTH BILLABLE VISIT TRENDS



Visits By Financial Class	%
Medi-Cal Managed Care	76.23%
Medicare	11.50%
Medi-Cal	9.73%
Self-Pay	1.58%
Commerical	0.95%
Total	100.00%

FY23 Month	Actual	Budget	Variance
Jul-22	9,749	9,900	(151)
Total	9,749	9,900	(151)

SJ HEALTH INCOME STATEMENT – JULY 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	1,448,794	1,620,833	(172,039)	1,448,794	1,620,833	(172,039)
Supplemental Revenue	1,280,629	1,002,824	277,804	1,280,629	1,002,824	277,804
Capitation & Managed Care Incentives	525,311	511,311	13,999	525,311	511,311	13,999
Grant Revenue	1,119,609	305,165	814,443	1,119,609	305,165	814,443
340B Pharmacy Program	189,106	117,731	71,376	189,106	117,731	71,376
MOU & Other Income	69,426	64,869	4,557	69,426	64,869	4,557
Total Operating Revenue	<u>4,632,874</u>	<u>3,622,733</u>	<u>1,010,141</u>	<u>4,632,874</u>	<u>3,622,733</u>	<u>1,010,141</u>
Expenditures						
Salaries & Wages	1,893,955	1,765,010	(128,945)	1,893,955	1,765,010	(128,945)
Employee Benefits	889,421	867,737	(21,685)	889,421	867,737	(21,685)
Professional Fees	451,831	212,464	(239,367)	451,831	212,464	(239,367)
Purchased Services	399,386	556,741	157,355	399,386	556,741	157,355
Supplies	140,270	81,165	(59,104)	140,270	81,165	(59,104)
Depreciation	25,971	23,268	(2,703)	25,971	23,268	(2,703)
Interest	3,340	21,074	17,734	3,340	21,074	17,734
Other Expenses	674,968	260,314	(414,653)	674,968	260,314	(414,653)
Total Expenditures	<u>4,479,142</u>	<u>3,787,773</u>	<u>(691,369)</u>	<u>4,479,142</u>	<u>3,787,773</u>	<u>(691,369)</u>
Net Income(Loss)	<u>153,732</u>	<u>(165,040)</u>	<u>318,772</u>	<u>153,732</u>	<u>(165,040)</u>	<u>318,772</u>

	<u>PERIOD 0</u>	<u>JULY 2022</u>
Assets		
Cash & Cash Equivalents	5,978,796	8,650,878
Accounts Receivable	2,239,956	2,085,467
Inventory	12,881	12,881
Property & Equipment	2,101,833	2,083,066
Other Assets	<u>15,694,917</u>	<u>16,337,439</u>
Total Assets	<u>26,028,381</u>	<u>29,169,731</u>
Liabilities		
Accounts Payable	504,607	659,141
Other Liabilities	10,403,680	12,736,764
Deferred Revenue	<u>2,265,668</u>	<u>2,765,668</u>
Total Liabilities	<u>13,173,954</u>	<u>16,161,572</u>
Net Assets		
Beginning Net Assets	9,819,912	12,854,427
Current YTD Net Income	<u>3,034,515</u>	<u>153,732</u>
Total Net Assets	<u>12,854,427</u>	<u>13,008,159</u>
Total Liabilities and Net Assets	<u>26,028,381</u>	<u>29,169,731</u>

SJ HEALTH BALANCE SHEET JULY 2022

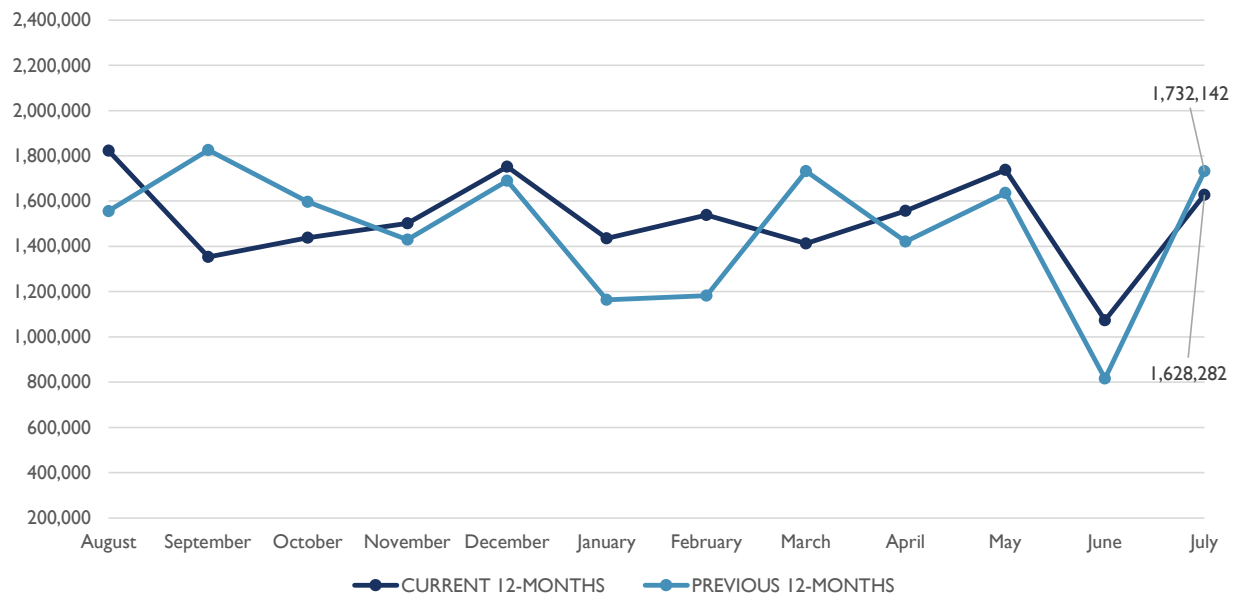
SJ HEALTH BILLING & COLLECTIONS

A/R AGING JULY 2022

SJ Health Centers Accounts Receivable Aging Analysis For the Month of July 2022								
Aging Category	MediCare	MediCal	Commercial	Self Pay	Total Aging This Month	Total Aging Last Month	\$ Increase (Decrease)	% Increase (Decrease)
1-30 Days	185,166	1,602,358	28,479	7,630	1,823,633	2,326,626	(502,993)	-21.62%
31-60 Days	135,966	552,596	25,526	12,283	726,372	462,769	263,603	56.96%
61-90 Days	97,253	217,381	29,032	10,696	354,362	433,776	(79,414)	-18.31%
91-120 Days	69,832	272,705	16,019	5,621	364,178	278,074	86,104	30.96%
121-180 Days	171,578	182,614	26,291	3,879	384,363	223,818	160,545	71.73%
181-240 Days	105,231	50,355	15,607	367	171,560	113,655	57,904	50.95%
241-270 Days	17,419	5,047	10,565	0	33,032	25,388	7,643	30.11%
271-365 Days	13,136	10,685	11,905	628	36,354	57,581	(21,227)	-36.87%
366 Days & Over	6,227	10,671	7,396	78,785	103,079	70,315	32,763	46.59%
	20%	73%	4%	3%				
Total FC This Month	801,808	2,904,413	170,822	119,889	3,996,932	3,992,003	4,928	0.12%
Total FC Last Month	678,047	3,065,708	198,987	49,262	3,992,003			
\$ Increase (Decrease)	123,762	(161,295)	(28,165)	70,627	4,928			
% Increase (Decrease)	18.25%	-5.26%	-14.15%	143.37%	0.12%			
Monthly Management Summary								
	Beginning	Charges	Payments	Adjustments	Ending Gross			
July Activity	3,992,003	2,463,382	(1,628,282)	(830,172)	3,996,932			
A/R Days Analysis								
	July	June	May	April	March	February	January	Increase (Decrease)
Gross A/R Days	48	46	34	36	37	31	33	2
Net A/R	2,085,467	2,239,955	1,725,999	1,803,835	1,703,360	1,334,255	1,421,291	(154,488)
Net A/R Days	43	47	33	36	35	25	28	(3)

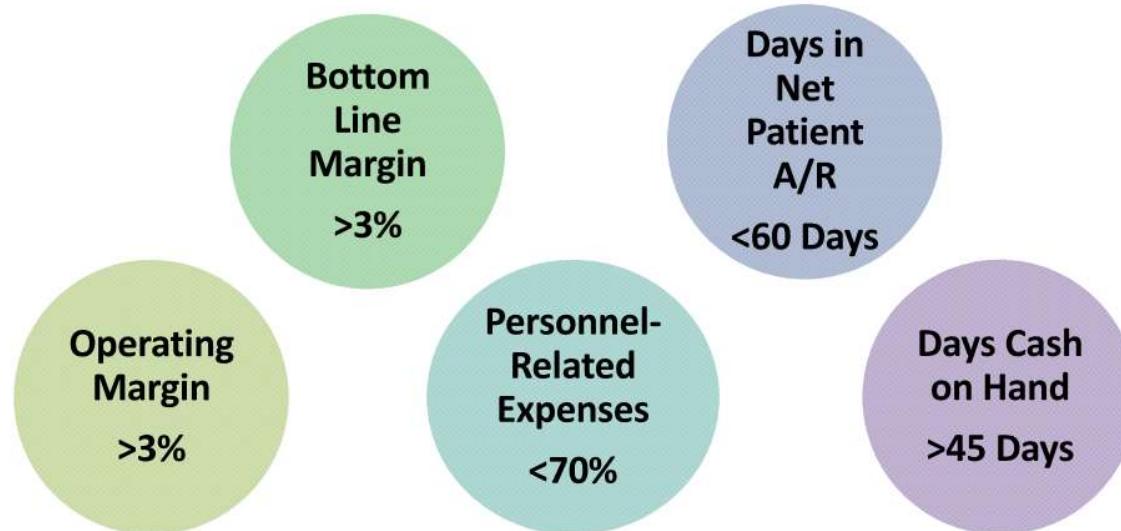
JULY 2022 EMMI PAYMENTS POSTED - \$1,628,282

ROLLING 12-MONTH TRENDS - CASH COLLECTED



FY23 Collections by Financial Class	%
Medi-Cal Managed Care	79.19%
Medi-Cal	15.86%
Medicare	4.21%
Self-Pay	0.40%
Commercial	0.34%
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 FY23
FINANCIAL HEALTH		
1 Operating Margin As a % of Operating Revenue	>3%	3%
2 Bottom Line Margin As a % of Operating Revenue	>3%	3%
3 Days Cash on Hand	>45 Days	60
4 Days in Net Patient Receivables	<60 Days	43
5 Personnel-Related Expense (PRE) As a % of Operating Revenue	<70	70%

QUESTIONS & ANSWERS





San Joaquin Health Centers
Financial Statement Comments
July 2022

Summary of Clinics Year to Date

Billable visits for July are unfavorable to budget by 151 visits. Net Patient Service Revenues for July are \$172,039 less than budget. July financials reflect a PPS reconciliation liability accrual of \$25,000.

Medi-Cal cost settlement payments for \$667,770 related to PPS reconciliations for FY2020 are reflected on the July financials.

Supplemental Revenue includes the recognition of estimated Quality Incentive Program revenue for \$1,280,629. Combined Grants Revenue includes revenues for Behavioral Health Integration and American Rescue Plan (ARP) grants for \$1,119,609. Also, July grant revenues are higher than budget due to the recognition of American Rescue Plan (ARP) grant revenue for \$765,299 for activity related to January 2021 through June 2021 period. Capitation and Managed Care Incentives include the Capitation Revenue with a favorable variance to budget by \$13,999. Also, Other Income includes the 340B Pharmacy Program revenue for \$189,106 and the program related expenses for \$72,112 are included in Supplies & Other Expenses categories on the financials. Other Revenue includes revenues accrued for \$59,192 related to Purchased Services provided to SJGH by SJCC per the MOU and Interest Income of \$10,234. Total Net Operating Revenues are favorable to budget by \$1,010,141.

Salaries and benefits expenses exhibit an unfavorable variance to budget by \$150,629. Other operating expenses exhibit an unfavorable variance of \$540,739 largely due to Purchased Services and Interest Expense with favorable variance of \$175,088 mainly offset by unfavorable variance in Professional Fees, Supplies, Depreciation, and Other Expenses for \$715,827. An estimated expense for the Purchased Services is recorded for July based on the MOU.

Unaudited, as presented, Net Income of \$153,732 for July is favorable compared to budget by \$318,772.

Additional Factors Impacting Clinic Performance Presentation

- Supplemental revenues are estimates based on historic performance and statewide pool amounts for the California Department of Public Health Quality Incentive Pool Program.