



10100 Trinity Parkway, Suite 100, Stockton, CA 95219
SJ Health Board of Directors – Finance Committee Agenda
Monday September 26, 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 – August 2022 | | Kris Zuniga |
| 4. | Adjournment | | Rod Place |

*** Action Item**

Next Meeting: October 24, 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 August 29, 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 5:07 p.m. A quorum was established for today's meeting.</p> | <p>No attachments</p> | <p>No action required</p> |
| <p>2. <u>Approval of Minutes from 7/25/2022 (Rod Place, Interim Board Chair)</u> Minutes from July 25, 2022 were approved unanimously.</p> | <p>Finance Committee Meeting Minutes 2022-07-25</p> | <p>Monica motioned to approve the minutes and Rod seconded; motion was approved unanimously</p> |
| <p>3. <u>Presentation of Financials (Kris Zuniga, CFO)</u> 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.</p> <p>Medi-Cal cost settlement payments for \$667,770 related to PPS reconciliations for FY2020 are reflected on the July financials.</p> <p>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.</p> <p>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.</p> | <p>Finance Committee Report – Aug 2022</p> | <p>No action required</p> |

| | | |
|---|----------------|--------------------|
| <p>Unaudited, as presented, Net Income of \$153,732 for July is favorable compared to budget by \$318,772.</p> <p>Capital Link benchmarks were reviewed, showing Operating Margin at 3% against a goal of >3%, Bottom Line Margin at 3% against a goal of >3%, Days Cash on Hand at 60 against a goal of >45 days, Days in Net Patient Receivables at 43 against a goal of <60 days, and Personnel-Related Expenses at 70% against a goal of <70%.</p> | | |
| <p>4. <u>Update on 2020-21 Audits (Kris Zuniga, CFO)</u> We have received a draft version of the audit and an Audit Committee will be convened in September for presentation.</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 5:18 p.m.</p> | No attachments | No action required |



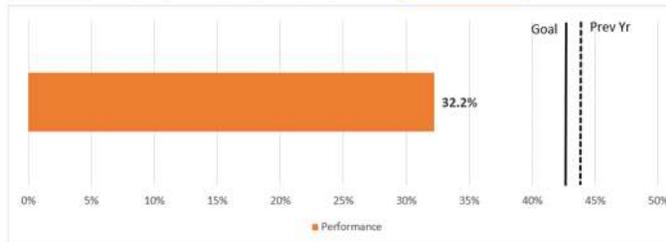
SAN JOAQUIN HEALTH CENTERS

CFO PRESENTATION

Kris Zuniga
Chief Financial Officer
Presentation Date: 9/27/2022

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

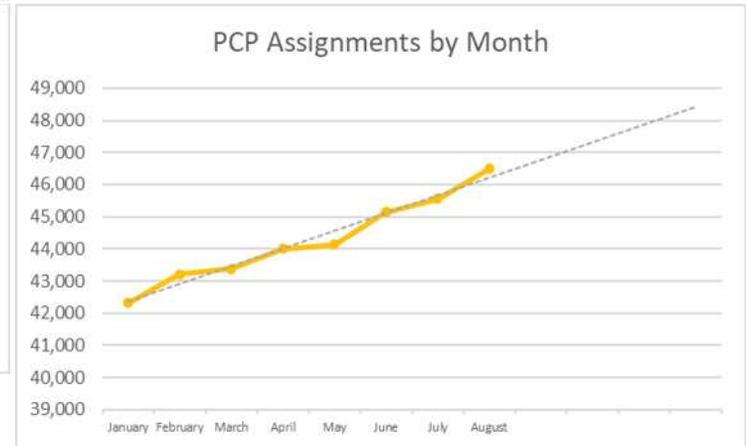
| San Joaquin Health Centers | | | | | |
|----------------------------|------------|------------|--------|--------|-------------|
| Year | Panel Size | Panel Seen | Goal | % Goal | Performance |
| 2021 | 40,852 | 18,141 | 19,227 | 47.07% | 44.41% |
| 2022 | 44,279 | 14,269 | 19,040 | 43.00% | 32.2% |



| Panel Metrics for San Joaquin Health Centers | |
|--|--------|
| Average Panel Size | 44,279 |
| Current Month Panel Size | 46,492 |
| Calendar YTD Panel Seen Count | 14,269 |
| Calendar YTD % Panel Seen | 32.2% |
| Goal to Panel Seen Count | 19,040 |
| PCP Claim Count | 43,113 |

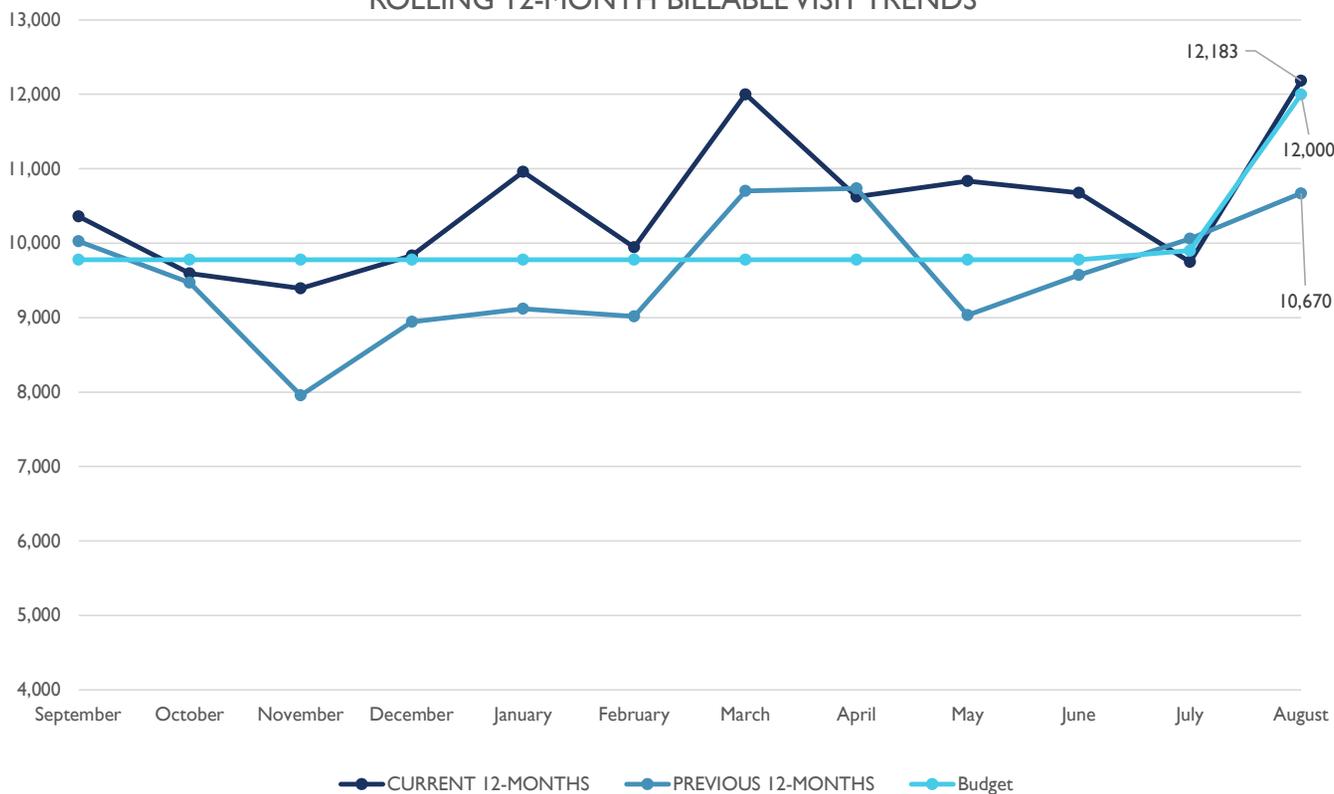


Average Submission Lag: 7.4 Days



AUGUST 2022 BILLABLE VISITS – 12,183

ROLLING 12-MONTH BILLABLE VISIT TRENDS



| Visits By Financial Class | % |
|---------------------------|---------|
| Medi-Cal Managed Care | 76.26% |
| Medicare | 11.51% |
| Medi-Cal | 9.56% |
| Self-Pay | 1.57% |
| Commerical | 1.10% |
| Total | 100.00% |

| FY23 Month | Actual | Budget | Variance |
|------------|--------|--------|----------|
| Jul-22 | 9,749 | 9,900 | (151) |
| Aug-22 | 12,183 | 12,000 | 183 |
| Total | 21,932 | 21,900 | 32 |

SJ HEALTH INCOME STATEMENT – AUGUST 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 | 1,781,230 | 1,753,170 | 28,060 | 3,230,024 | 3,374,003 | (143,979) |
| Supplemental Revenue | 1,280,629 | 1,214,301 | 66,328 | 2,561,257 | 2,217,125 | 344,132 |
| Capitation & Managed Care Incentives | 532,846 | 511,311 | 21,535 | 1,058,157 | 1,022,622 | 35,535 |
| Grant Revenue | 244,417 | 305,165 | (60,748) | 1,364,026 | 610,331 | 753,695 |
| 340B Pharmacy Program | 114,608 | 117,731 | (3,122) | 303,715 | 235,461 | 68,253 |
| MOU & Other Income | 57,495 | 64,869 | (7,374) | 126,921 | 129,738 | (2,817) |
| Total Operating Revenue | <u>4,011,225</u> | <u>3,966,546</u> | <u>44,679</u> | <u>8,644,099</u> | <u>7,589,280</u> | <u>1,054,819</u> |
| Expenditures | | | | | | |
| Salaries & Wages | 1,516,937 | 1,765,010 | 248,074 | 3,410,892 | 3,530,021 | 119,129 |
| Employee Benefits | 640,570 | 867,737 | 227,167 | 1,529,991 | 1,735,473 | 205,482 |
| Professional Fees | 281,443 | 212,464 | (68,979) | 733,274 | 424,928 | (308,346) |
| Purchased Services | 548,782 | 556,741 | 7,959 | 948,168 | 1,113,481 | 165,314 |
| Supplies | 98,602 | 81,165 | (17,436) | 238,872 | 162,331 | (76,541) |
| Depreciation | 31,598 | 23,268 | (8,330) | 57,569 | 46,536 | (11,033) |
| Interest | 48,770 | 21,074 | (27,696) | 52,110 | 42,147 | (9,963) |
| Other Expenses | 555,222 | 260,314 | (294,907) | 1,230,189 | 520,628 | (709,561) |
| Total Expenditures | <u>3,721,923</u> | <u>3,787,773</u> | <u>65,850</u> | <u>8,201,064</u> | <u>7,575,546</u> | <u>(625,518)</u> |
| Net Income(Loss) | <u>289,303</u> | <u>178,773</u> | <u>110,529</u> | <u>443,035</u> | <u>13,734</u> | <u>429,301</u> |

| | <u>PERIOD 0</u> | <u>JULY 2022</u> | <u>AUGUST 2022</u> |
|----------------------------------|-------------------|-------------------|--------------------|
| Assets | | | |
| Cash & Cash Equivalents | 5,978,796 | 8,650,878 | 9,079,794 |
| Accounts Receivable | 2,239,956 | 2,085,467 | 2,284,006 |
| Inventory | 12,881 | 12,881 | 12,881 |
| Property & Equipment | 2,101,833 | 2,083,066 | 2,147,191 |
| Other Assets | <u>15,694,917</u> | <u>16,337,439</u> | <u>15,731,011</u> |
| Total Assets | <u>26,028,381</u> | <u>29,169,731</u> | <u>29,254,883</u> |
| Liabilities | | | |
| Accounts Payable | 504,607 | 659,141 | 491,578 |
| Other Liabilities | 10,403,680 | 12,736,764 | 12,260,175 |
| Deferred Revenue | <u>2,265,668</u> | <u>2,765,668</u> | <u>3,205,668</u> |
| Total Liabilities | <u>13,173,954</u> | <u>16,161,572</u> | <u>15,957,421</u> |
| Net Assets | | | |
| Beginning Net Assets | 9,819,912 | 12,854,427 | 12,854,427 |
| Current YTD Net Income | <u>3,034,515</u> | <u>153,732</u> | <u>443,035</u> |
| Total Net Assets | <u>12,854,427</u> | <u>13,008,159</u> | <u>13,297,462</u> |
| Total Liabilities and Net Assets | <u>26,028,381</u> | <u>29,169,731</u> | <u>29,254,883</u> |

SJ HEALTH BALANCE SHEET AUGUST 2022

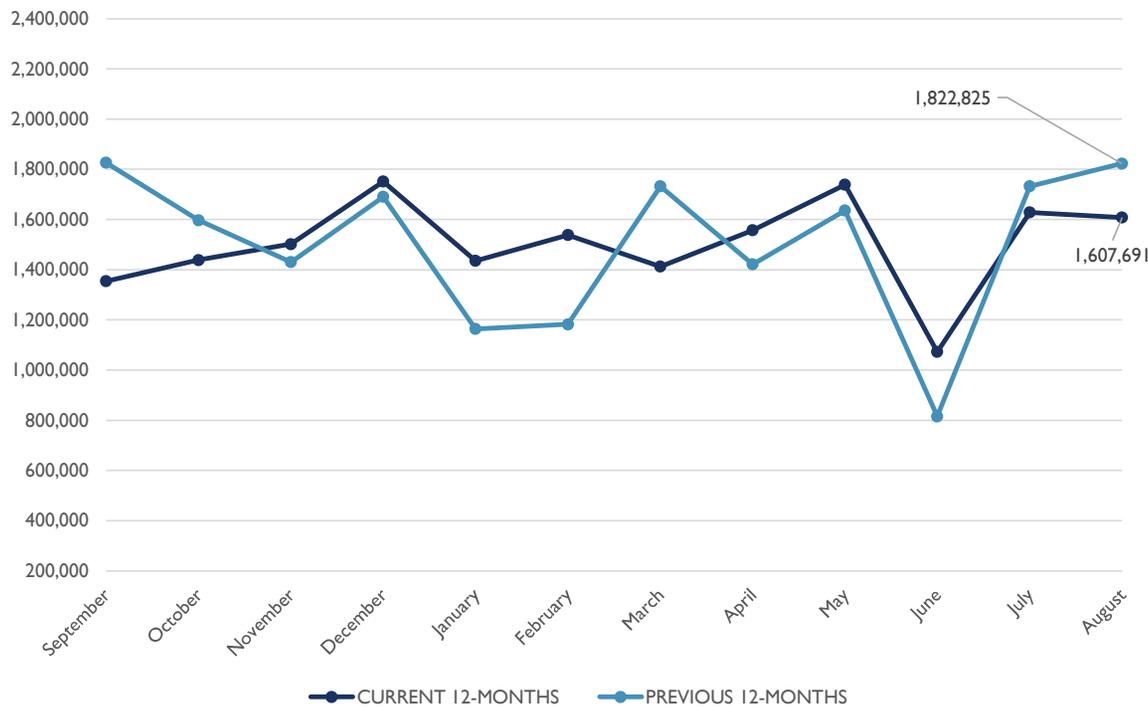
SJ HEALTH BILLING & COLLECTIONS

A/R AGING AUGUST 2022

| SJ Health Centers Accounts Receivable Aging Analysis For the Month of August 2022 | | | | | | | | |
|--|-----------|-----------|-------------|-------------|---------------------------|---------------------------|---------------------------|--------------------------|
| Aging Category | MediCare | MediCal | Commercial | Self Pay | Total Aging This Month | Total Aging Last Month | \$ Increase (Decrease) | % Increase (Decrease) |
| 1-30 Days | 418,267 | 1,644,365 | 36,786 | 60,138 | 2,159,556 | 1,823,633 | 335,923 | 18.42% |
| 31-60 Days | 115,360 | 349,737 | 31,923 | 32,305 | 529,325 | 726,372 | (197,047) | -27.13% |
| 61-90 Days | 128,545 | 139,338 | 34,682 | 40,955 | 343,521 | 354,362 | (10,841) | -3.06% |
| 91-120 Days | 90,711 | 153,397 | 33,815 | 22,875 | 300,798 | 364,178 | (63,379) | -17.40% |
| 121-180 Days | 185,052 | 287,498 | 39,256 | 55,348 | 567,154 | 384,363 | 182,792 | 47.56% |
| 181-240 Days | 106,503 | 53,375 | 11,823 | 27,533 | 199,234 | 171,560 | 27,674 | 16.13% |
| 241-270 Days | 40,380 | 11,280 | 6,773 | 11,440 | 69,873 | 33,032 | 36,841 | 111.53% |
| 271-365 Days | 18,685 | 9,875 | 14,809 | 8,881 | 52,250 | 36,354 | 15,896 | 43.73% |
| 366 Days & Over | 16,078 | 43,697 | 50,293 | 3,914 | 113,982 | 103,079 | 10,903 | 10.58% |
| | 26% | 62% | 6% | 6% | | | | |
| Total FC This Month | 1,119,580 | 2,692,562 | 260,162 | 263,389 | 4,335,693 | 3,996,932 | 338,761 | 8.48% |
| Total FC Last Month | 801,808 | 2,904,413 | 170,822 | 119,889 | 3,996,932 | | | |
| \$ Increase (Decrease) | 317,772 | (211,850) | 89,339 | 143,500 | 338,761 | | | |
| % Increase (Decrease) | 39.63% | -7.29% | 52.30% | 119.69% | 8.48% | | | |
| Monthly Management Summary | | | | | | | | |
| | Beginning | Charges | Payments | Adjustments | Ending Gross | | | |
| August Activity | 3,996,932 | 2,905,946 | (1,607,691) | (959,493) | 4,335,693 | | | |
| A/R Days Analysis | | | | | | | | |
| | August | July | June | May | April | March | February | Increase (Decrease) |
| Gross A/R Days | 50 | 48 | 46 | 34 | 36 | 37 | 31 | 3 |
| Net A/R | 2,284,006 | 2,085,467 | 2,239,955 | 1,725,999 | 1,803,835 | 1,703,360 | 1,334,255 | 198,539 |
| Net A/R Days | 49 | 43 | 47 | 33 | 36 | 35 | 25 | 6 |

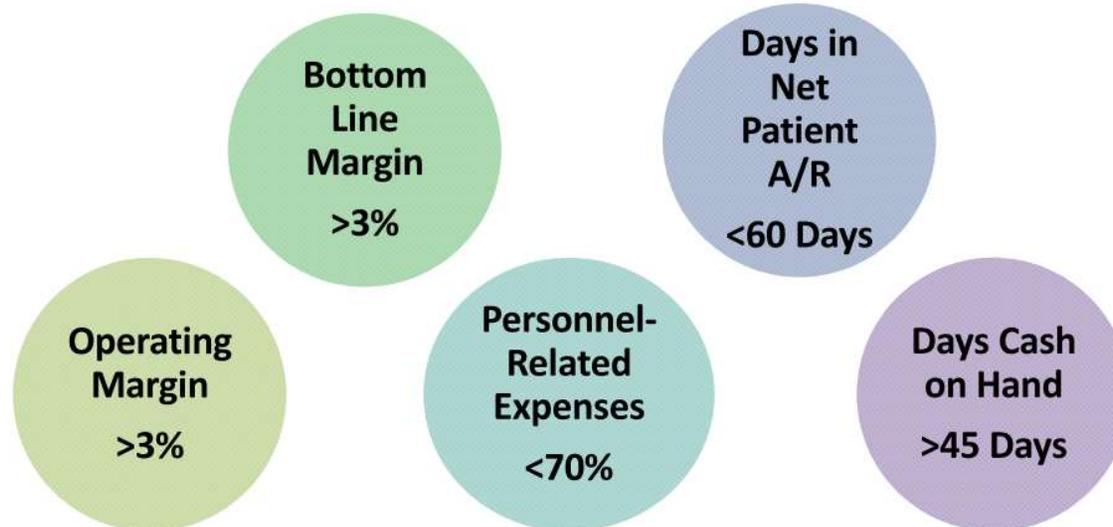
AUGUST 2022 EMMI PAYMENTS POSTED - \$1,607,691

ROLLING 12-MONTH TRENDS - CASH COLLECTED



| FY23 Collections by Financial Class | % |
|-------------------------------------|---------|
| Medi-Cal Managed Care | 79.81% |
| Medi-Cal | 14.72% |
| Medicare | 4.77% |
| Self-Pay | 0.42% |
| Commercial | 0.28% |
| 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% | 4% |
| 2 Bottom Line Margin As a % of Operating Revenue | >3% | 5% |
| 3 Days Cash on Hand | >45 Days | 69 |
| 4 Days in Net Patient Receivables | <60 Days | 49 |
| 5 Personnel-Related Expense (PRE) As a % of Operating Revenue | <70 | 68% |

QUESTIONS & ANSWERS





San Joaquin Health Centers
Financial Statement Comments
August 2022

Summary of Clinics Year to Date

Billable visits for August are favorable to budget by 183 visits. Net Patient Service Revenues for August are favorable to budget by \$28,060. YTD financials reflect a PPS reconciliation liability accrual of \$50,000. YTD Medi-Cal payments for \$774,165 have been reflected on the Balance Sheet for FY2018 and FY2019 according to the payment plan with DHCS. YTD Income Statement includes interest expense of \$45,476 for PPS liability payments made to DHCS for FY2018 and FY2019. YTD financials include funds transferred for \$1,459,315 to San Joaquin County as a payment for payroll and benefits paid by San Joaquin County on behalf of SJ Health for July 2022.

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

YTD Supplemental Revenue includes the recognition of estimated Quality Incentive Program revenue for \$2,561,257. Combined Grants Revenue includes revenues for Behavioral Health Integration and American Rescue Plan (ARP) grants for \$1,363,826. Also, YTD 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 in July. Capitation and Managed Care Incentives include the Capitation Revenue with a favorable variance to budget by \$35,535. Also, Other Income includes the 340B Pharmacy Program revenue for \$303,715 and the program related expenses for \$76,087 are included in Supplies & Other Expenses categories on the financials. YTD financials reflect First Responder Program revenue for \$200. YTD Other Revenue includes revenues accrued for \$116,687 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 \$1,054,819.

YTD Salaries and benefits expenses exhibit a favorable variance to budget by \$324,611. Other operating expenses exhibit an unfavorable variance of \$950,129 largely due to Purchased Services with a favorable variance of \$165,314 mainly offset by unfavorable variance in Professional Fees, Purchased Services, Supplies, Interest, Depreciation, and Other Expenses for \$1,115,443. An estimated expense for the Purchased Services is recorded for July and August based on the MOU.

Unaudited, as presented, Net Income of \$443,035 on a year-to-date basis is favorable compared to budget by \$429,301.

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.