



10100 Trinity Parkway, Suite 100, Stockton, CA 95219
SJ Health Board of Directors – Finance Committee Agenda
Monday November 28, 2022 at 5:00 p.m.

[Click here to join the meeting](#)

[+1 209-645-4071](#) United States, Stockton (Toll)

Conference ID: 537 070 200#

Agenda

- | | | | |
|----|---|---|-------------|
| 1. | Call to order | | Rod Place |
| 2. | Approval of Minutes from October 24, 2022 | * | Rod Place |
| 3. | Presentation of October Financials | | Kris Zuniga |
| 4. | Adjournment | | Rod Place |

*** Action Item**

Next Meeting: December 27, 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 October 24, 2022
San Joaquin Health Centers Board of Directors – Finance Committee

Board Members Present: Farhan Fadoo (CEO); Monica Fuentes (Finance); Brian Heck; Samantha Monks (Finance); Rod Place (Interim Finance Chair)

Board Members Excused Absent: none

Board Members Unexcused Absent: Esgardo Medina (Finance)

SJHC Staff: Michael Allen (Board Clerk); Barbara Kissinger-Santos (Consultant); Alice Souligne (COO); Susan Thorner (Consultant); Kris Zuniga (CFO)

Guests: none

AGENDA ITEM	ATTACHMENTS	ACTION
<p>1. <u>Call to Order (Rod Place, Interim Finance Chair)</u> The meeting was called to order at 5:04 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 9/26/2022 (Rod Place, Interim Finance Chair)</u> Minutes from September 26, 2022 were approved unanimously.</p>	<p>Finance Committee Meeting Minutes 2022-09-26</p>	<p>Monica motioned to approve the minutes and Samantha seconded; motion was approved unanimously</p>
<p>3. <u>Presentation of Financials (Kris Zuniga, CFO)</u> Billable visits for September are favorable to budget by 100 visits. Net Patient Service Revenues for September are favorable to budget by \$13,562. YTD financials reflect a PPS reconciliation liability accrual of \$75,000. YTD Medi-Cal payments for \$728,689 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 \$68,214 for PPS liability payments made to DHCS for FY2018 and FY2019. YTD financials include funds transferred for \$2,882,611 to San Joaquin County as a payment for payroll and benefits paid by San Joaquin County on behalf of SJ Health through August 2022.</p> <p>Medi-Cal cost settlement payments for \$667,770 related to PPS reconciliations for FY2020 are reflected on the YTD financials.</p> <p>YTD Supplemental Revenue includes the recognition of estimated Quality Incentive Program revenue for \$3,841,886. Combined Grants Revenue includes revenues for Behavioral Health Integration, Discovery Challenge Academy, SOR2, Enhanced Care Management and American Rescue Plan (ARP) grants for \$1,794,993. 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 \$58,506. Also, Other Income includes the 340B Pharmacy Program revenue for \$352,795 and the program related expenses for \$118,435 are included in Supplies & Other Expenses categories on the financials. YTD Other Revenue includes revenues accrued for \$176,058 related to Purchased Services provided to SJGH by</p>	<p>CFO Presentation 2022-09; Finance Narrative – 2022-09</p>	<p>No action required</p>

<p>SJCC per the MOU and Interest Income of \$10,234. Total Net Operating Revenues are favorable to budget by \$1,209,334.</p> <p>YTD Salaries and benefits expenses exhibit a favorable variance to budget by \$824,298. Other operating expenses exhibit an unfavorable variance of \$1,531,368 largely due to Purchased Services with a favorable variance of \$237,924 mainly offset by unfavorable variance in Professional Fees, Supplies, Interest, Depreciation, and Other Expenses for \$1,769,292. An estimated expense for the Purchased Services is recorded from July through September based on the MOU.</p> <p>Unaudited, as presented, Net Income of \$662,027 on a year-to-date basis is favorable compared to budget by \$502,264.</p> <p>Capital Link benchmarks were reviewed, showing Operating Margin at 4% against a goal of >3%, Bottom Line Margin at 5% against a goal of >3%, Days Cash on Hand at 72 against a goal of >45 days, Days in Net Patient Receivables at 41 against a goal of <60 days, and Personnel-Related Expenses at 66% against a goal of <70%.</p>		
<p>4. <u>Adjournment (Rod Place, Interim Finance Chair)</u> There being no further topics of discussion, Rod Place adjourned the meeting at 5:28 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: 11/29/2022



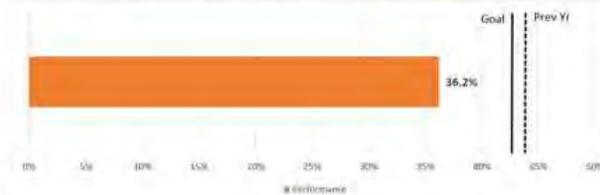
Table of Contents

- HPSJ Membership Assignments
- SJHC Billable Visits
- SJHC Income Statement
- SJHC Balance Sheet
- SJHC Accounts Receivable Aging Analysis
- EMMI Patient Payments
- SJHC HRSA Financial Metrics
- Capital Link: Key Financial Metrics
- Capital Link: FQHC Benchmarks Vs SJ Health

Health Plan of San Joaquin Membership Assignments Calendar YTD As Of October 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	44,707	16,193	19,224	43.00%	36.2%

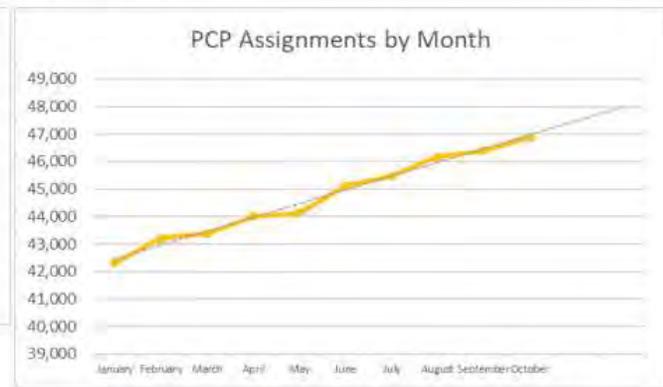


Panel Metrics for San Joaquin Health Centers

Average Panel Size	44,707
Current Month Panel Size	46,881
Calendar YTD Panel Seen Count	16,193
Calendar YTD % Panel Seen	36.2%
Goal to Panel Seen Count	19,224
PCP Claim Count	54,855



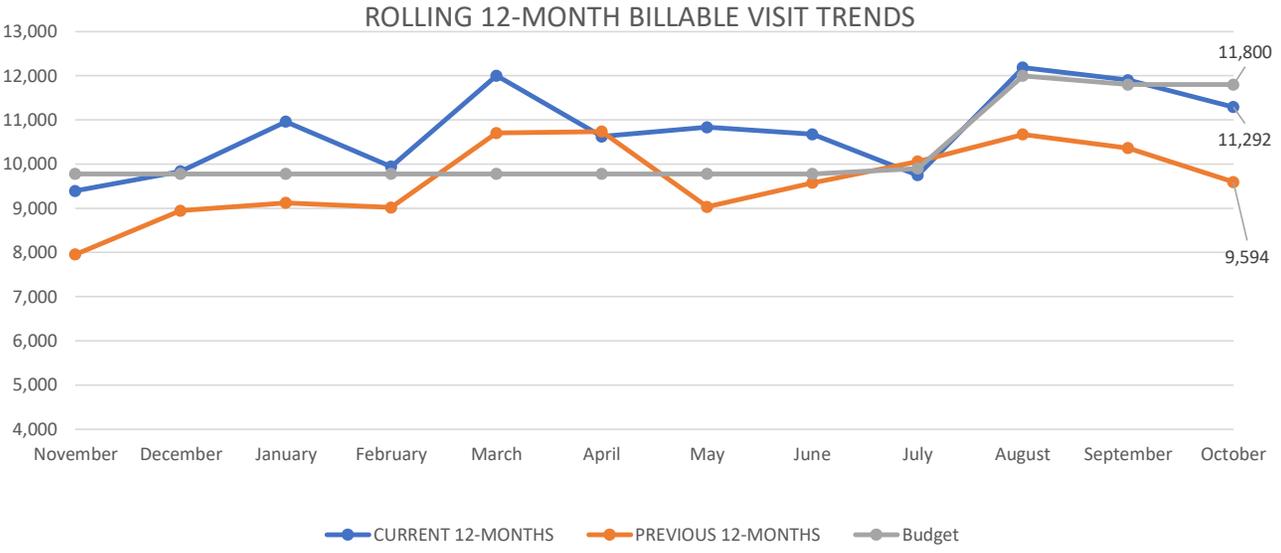
Average Submission Lag: 7.4 Days



Reported by: SJCC Finance Department

Source: HPSJ Capitation Files August 2022, EMMI Inception Report EOM October 2022
As of 11/09/2022

OCTOBER 2022 BILLABLE VISITS – 11,292



Visits By Financial Class	%
Medi-Cal Managed Care	76.57%
Medicare	11.46%
Medi-Cal	9.44%
Self-Pay	1.45%
Commerical	1.07%
Total	100.00%

FY23 Month	Actual	Budget	Variance
Jul-22	9,749	9,900	(151)
Aug-22	12,183	12,000	183
Sep-22	11,900	11,800	100
Oct-22	11,292	11,800	(508)
Total	45,124	45,500	(376)

SJ HEALTH INCOME STATEMENT - OCTOBER 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	1,623,837	1,720,426	(96,590)	6,587,848	6,814,856	(227,008)
Supplemental Revenue	1,037,843	1,214,301	(176,458)	4,879,729	4,645,726	234,002
Capitation & Managed Care Incentives	535,507	511,311	24,195	2,127,946	2,045,245	82,701
Grant Revenue	215,428	305,165	(89,737)	2,010,421	1,220,661	789,760
340B Pharmacy Program	119,769	117,731	2,038	472,563	470,922	1,641
MOU & Other Income	120,750	64,869	55,881	307,043	259,475	47,567
Total Operating Revenue	<u>3,653,133</u>	<u>3,933,803</u>	<u>(280,670)</u>	<u>16,385,550</u>	<u>15,456,886</u>	<u>928,664</u>
Expenditures						
Salaries & Wages	1,075,229	1,765,010	689,781	6,025,889	7,060,042	1,034,153
Employee Benefits	856,703	867,737	11,034	2,979,986	3,470,946	490,960
Professional Fees	437,755	212,464	(225,291)	1,545,448	849,856	(695,591)
Purchased Services	520,895	556,741	35,846	1,953,193	2,226,963	273,769
Supplies	90,819	81,165	(9,654)	443,010	324,662	(118,348)
Depreciation	28,255	23,268	(4,988)	114,033	93,072	(20,961)
Interest	25,983	21,074	(4,909)	104,078	84,294	(19,784)
Other Expenses	376,558	260,314	(116,244)	2,316,950	1,041,257	(1,275,693)
Total Expenditures	<u>3,412,198</u>	<u>3,787,773</u>	<u>375,575</u>	<u>15,482,588</u>	<u>15,151,092</u>	<u>(331,495)</u>
Net Income(Loss)	<u>240,935</u>	<u>146,030</u>	<u>94,905</u>	<u>902,962</u>	<u>305,793</u>	<u>597,169</u>

SJ HEALTH BALANCE SHEET- OCTOBER 2022

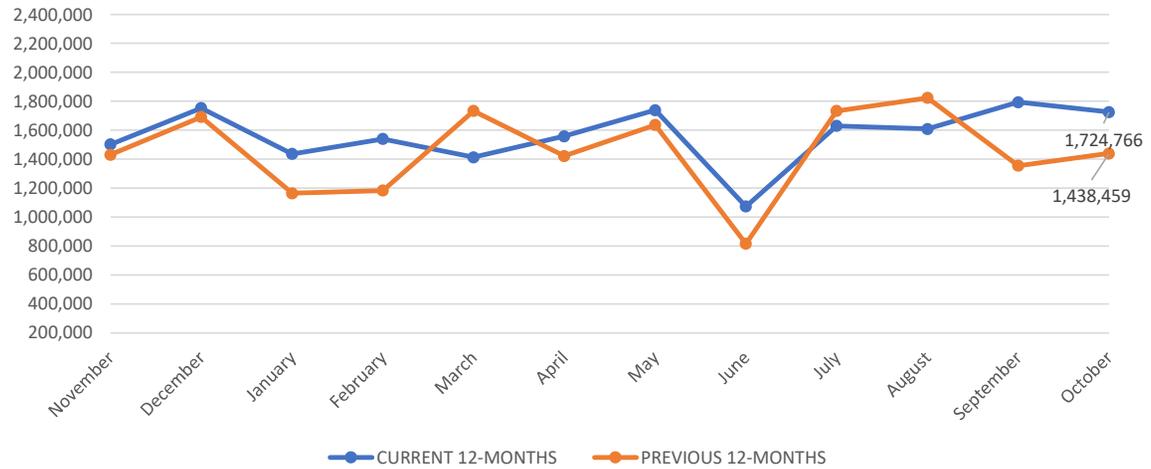
	<u>PERIOD 0</u>	<u>QTR 1 FY23</u>	<u>OCTOBER FY23</u>
Assets			
Cash & Cash Equivalents	6,122,406	9,408,162	7,259,531
Accounts Receivable	2,345,615	2,355,542	2,279,613
Property & Equipment	2,104,304	2,468,901	2,552,083
Other Assets	<u>19,967,448</u>	<u>20,684,500</u>	<u>21,087,046</u>
Total Assets	<u>30,539,773</u>	<u>34,917,104</u>	<u>33,178,273</u>
Liabilities			
Accounts Payable	387,017	447,975	159,678
Other Liabilities	11,943,954	14,083,736	12,082,116
Deferred Revenue	<u>3,111,552</u>	<u>4,626,115</u>	<u>4,727,115</u>
Total Liabilities	<u>15,442,522</u>	<u>19,157,826</u>	<u>16,968,908</u>
Net Assets			
Beginning Net Assets	12,060,224	15,097,251	15,306,403
Current YTD Net Income	<u>3,037,027</u>	<u>662,027</u>	<u>902,962</u>
Total Net Assets	<u>15,097,251</u>	<u>15,759,279</u>	<u>16,209,365</u>
Total Liabilities and Net Assets	<u>30,539,773</u>	<u>34,917,104</u>	<u>33,178,273</u>

**SJ HEALTH BILLING & COLLECTIONS
A/R AGING - OCTOBER 2022**

SJ Health Centers Accounts Receivable Aging Analysis For the Month of October 2022								
Aging Category	MediCare	MediCal	Commercial	Self Pay	Total Aging This Month	Total Aging Last Month	\$ Increase (Decrease)	% Increase (Decrease)
1-30 Days	257,983	1,959,333	39,704	10,761	2,267,781	2,273,980	(6,199)	-0.27%
31-60 Days	153,036	273,776	27,580	11,501	465,892	422,929	42,963	10.16%
61-90 Days	126,738	246,106	22,808	11,076	406,728	314,825	91,903	29.19%
91-120 Days	63,606	179,192	16,937	6,793	266,527	248,364	18,163	7.31%
121-180 Days	163,955	226,455	40,899	5,018	436,326	400,476	35,850	8.95%
181-240 Days	175,239	180,967	33,085	3,802	393,092	317,651	75,442	23.75%
241-270 Days	56,725	33,437	4,072	637	94,872	80,520	14,352	17.82%
271-365 Days	102,997	27,614	9,953	591	141,155	94,254	46,900	49.76%
366 Days & Over	36,058	29,140	62,355	(209)	127,344	117,886	9,458	8.02%
	25%	69%	6%	1%				
Total FC This Month	1,136,338	3,156,019	257,392	49,970	4,599,719	4,270,886	328,833	7.70%
Total FC Last Month	1,009,204	2,964,548	241,334	55,800	4,270,886			
\$ Increase (Decrease)	127,134	191,471	16,058	(5,830)	328,833			
% Increase (Decrease)	12.60%	6.46%	6.65%	-10.45%	7.70%			
Monthly Management Summary								
	Beginning	Charges	Payments	Adjustments	Ending			
October Activity	4,270,886	3,465,392	(1,724,766)	(1,411,793)	4,599,719			
A/R Days Analysis								
	October	September	August	July	June	May	April	Increase (Decrease)
Gross A/R Days	43	45	50	48	46	34	36	(2)
Net A/R	2,279,613	2,249,883	2,284,006	2,085,467	2,239,955	1,725,999	1,803,835	29,730
Net A/R Days	41	41	49	43	47	33	36	(0)

OCTOBER 2022 EMMI PAYMENTS POSTED - \$1,724,766

ROLLING 12-MONTH TRENDS - CASH COLLECTED

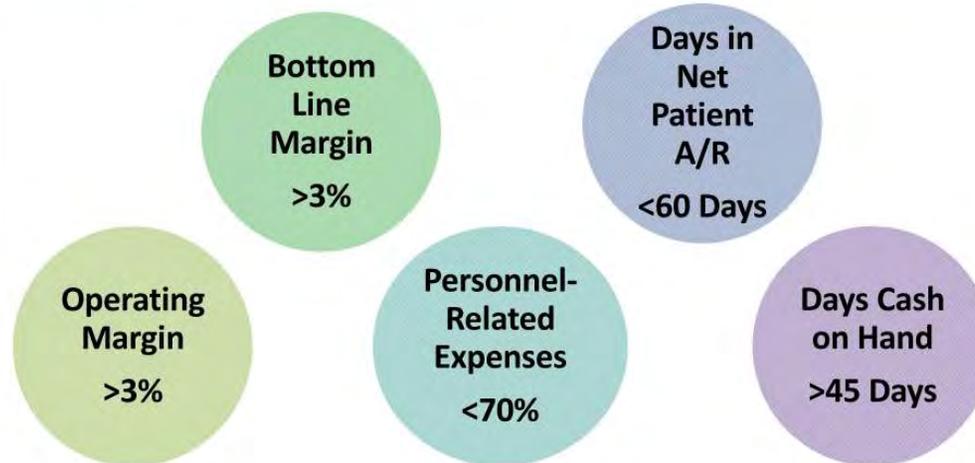


FY23 Collections by Financial Class	%
Medi-Cal Managed Care	80.23%
Medi-Cal	13.83%
Medicare	5.26%
Commercial	0.36%
Self-Pay	0.32%
Total	100.00%

SJ Health HRSA Financial Metrics

Financial Metric	FY2021	FY2022	1ST QUARTER FY2022	OCTOBER 2022	Cummulative FY2023
Total Cost Per Unique Patient	\$ 1,098	\$ 1,315	\$ 786	\$ 431	\$ 851
Medical Cost per Medical Visit	\$ 274	\$ 309	\$ 359	\$ 303	\$ 345

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%	6%
2 Bottom Line Margin As a % of Operating Revenue	>3%	6%
3 Days Cash on Hand	>45 Days	58
4 Days in Net Patient Receivables	<60 Days	41
5 Personnel-Related Expense (PRE) As a % of Operating Revenue	<70	69%

QUESTIONS & ANSWERS





San Joaquin Health Centers
Financial Statement Comments

October 2022

Summary of Clinics Year to Date

Billable visits for October were under budget by 508 resulting in a Net Patient Service Revenue actual-to-budget unfavorable variance of \$96,590.

Supplemental Revenue was under budget by \$176,458 in the month of October due to a YTD adjustment of \$202,321 based on the most current information received on QIP distribution.

YTD Supplemental Revenue includes the recognition of estimated Quality Incentive Program revenue for \$4,879,729. Combined Grants Revenue includes revenues for Behavioral Health Integration, Discovery Challenge Academy, SOR2, Enhanced Care Management and American Rescue Plan (ARP) grants for \$2,010,421. 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 are trending higher than budget with a favorable variance of \$82,701. MOU and other income include YTD rent revenue from SJGH for \$47,130 related to the Manteca clinic respectively offset by rent expense as recommended by the auditors. Total YTD Operating Revenue is favorable to budget by \$928,664

YTD Salaries and benefits expenses exhibit a favorable variance to budget by \$1,525,113 mostly due to lower than budget salaries and benefits for SJGH providers and employees providing services for the clinics. Other operating expenses exhibit an unfavorable variance of \$1,856,608 largely due to Purchased Services with a favorable variance of \$273,769 mainly offset by unfavorable variance in Professional Fees, Supplies, Interest, Depreciation, and Other Expenses for \$2,130,378. An estimated expense for the Purchased Services is recorded from July through October based on the MOU. Total YTD expenditures are unfavorable to budget by \$331,495.

Unaudited, as presented, Net Income of \$902,962 on a year-to-date basis is favorable compared to budget by \$597,169 PFS payment issues update: EMMI has now access to the payment information needed to post payments to patients' accounts. Days in AR expected to decrease.

October cash balance decreased by 2,147,631 The negative change is mostly due to:

- Reimbursement paid to the county for three September payroll periods
- Prior months' SST payments were processed in October, and AP payments higher than average in October.

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.
- FY23 Balance Sheet incorporates the final results for FY21 per the financial statement audit.