



10100 Trinity Parkway, Suite 100, Stockton, CA 95219
SJ Health Board of Directors – Finance Committee Agenda
Monday January 30, 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 December 27, 2022 | * Rod Place |
| 3. | Presentation of December Financials | Kris Zuniga |
| 4. | Adjournment | Rod Place |

*** Action Item**

Next Meeting: TBD
10100 Trinity Pkwy, Suite 100, Stockton, CA 95219

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 December 27, 2022

San Joaquin Health Centers Board of Directors – Finance Committee

Board Members Present: Farhan Fadoo (CEO); Samantha Monks (Finance); Esgardo Medina (Finance); Rod Place (Interim Finance Chair)

Board Members Excused Absent: none

Board Members Unexcused Absent: Monica Fuentes (Finance)

SJHC Staff: Michael Allen; Barbara Kissinger-Santos; Alice Soulligne; Kris Zuniga

Guests: none

AGENDA ITEM	ATTACHMENTS	ACTION
1. <u>Call to Order (Rod Place)</u> The meeting was called to order at 5:04 p.m. A quorum was established for today's meeting.	No attachments	No action required
2. <u>Approval of Minutes from 11/28/2022 (Rod Place)</u> Minutes from November 28, 2022 were approved unanimously.	Finance Committee Meeting Minutes 2022-11-28	Esgardo motioned to approve the minutes and Samantha seconded; motion was approved unanimously
3. <u>Presentation of Financials (Kris Zuniga)</u> Billable visits for November are favorable to budget by 671. Net Patient Service Revenues for November are favorable to budget by \$118,426. YTD Supplemental Revenue includes the recognition of estimated Quality Incentive Program revenue for \$5,747,541. Based on the most recent information received on the QIP distribution, YTD financials include adjustments for \$182,089 for July through September 2022 and \$352,120 for January through June 2021 respectively. Combined Grants Revenue includes revenues for Behavioral Health Integration, Discovery Challenge Academy, SOR2, Enhanced Care Management and American Rescue Plan (ARP) grants for \$2,655,250. 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 \$106,610. YTD Other Revenue includes revenues accrued for \$283,276 related to Purchased Services provided to SJGH by SJCC per the MOU and Interest Income of \$25,306. Also, MOU and other income include YTD rent revenue from SJGH for \$59,044 related to the Manteca clinic respectively offset by rent expense as recommended by the auditors. Total YTD Operating Revenue is favorable to budget by \$1,050,536. YTD Salaries and benefits expenses exhibit a favorable variance to budget by \$2,783,975 mostly due to lower than budgeted salaries and benefits for SJGH providers and employees providing services for the clinics. Also, Salaries and Benefits expenses are low due to YTD adjustment recorded in November to true up the payroll liabilities. Other operating expenses exhibit an unfavorable variance of \$2,890,956 largely due to Purchased Services with a favorable variance of 337,341 mainly offset by unfavorable	CFO Presentation 2022-11; Finance Narrative_2022-11	No action required



<p>variance in Professional Fees, Supplies, Interest, Depreciation, and Other Expenses for \$3,228,297. An estimated expense for the Purchased Services is recorded from July through November based on the MOU. Total YTD expenditures are unfavorable to budget by \$106,981. Unaudited, as presented, Net Income of \$1,067,937 on a year-to-date basis is favorable compared to budget by \$943,555.</p> <p>PFS payment issues update: EMMI now has access to the payment information needed to post the payments to patients' accounts, which has resulted in the decline in AR days.</p> <p>Capital Link fiscal year benchmarks were reviewed, showing Operating Margin at 5% against a goal of >3%, Bottom Line Margin at 5% against a goal of >3%, Days Cash on Hand at 58 against a goal of >45 days, Days in Net Patient Receivables at 37 against a goal of <60 days, and Personnel-Related Expenses at 64% against a goal of <70%.</p>		
<p>4. <u>Adjournment (Rod Place)</u> There being no further topics of discussion, Rod Place adjourned the meeting at 5:23 p.m.</p>	No attachments	No action required



SAN JOAQUIN HEALTH CENTERS CFO PRESENTATION

Kris Zuniga
Chief Financial Officer
Presentation Date: 1/31/2023

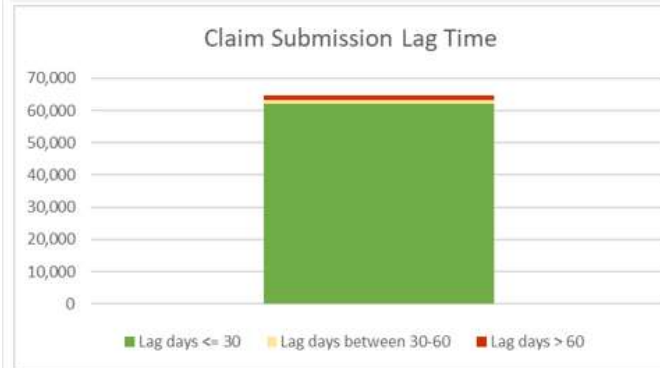
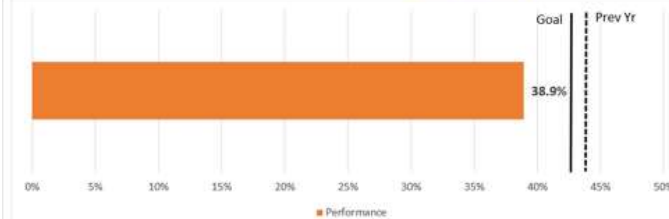


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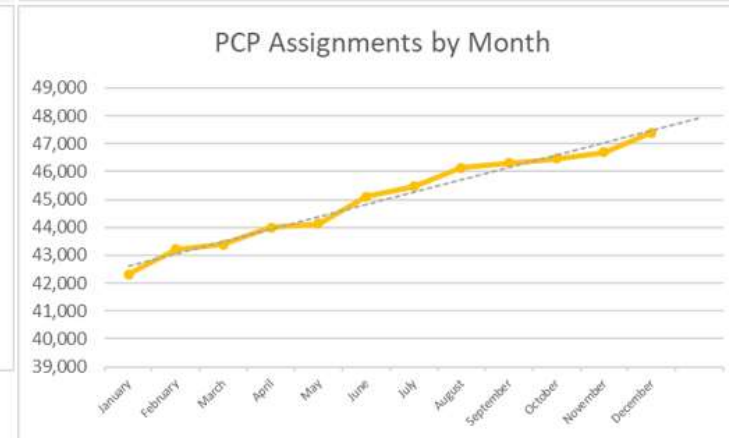
Health Plan of San Joaquin Membership Assignments Calendar YTD As Of December 2022

San Joaquin Health Centers					
Year	Panel Size	Panel Seen	Goal	% Goal	Performance
2021	40,852	18,141	19,227	47.07%	44.41%
2022	45,053	17,535	19,373	43.00%	38.9%

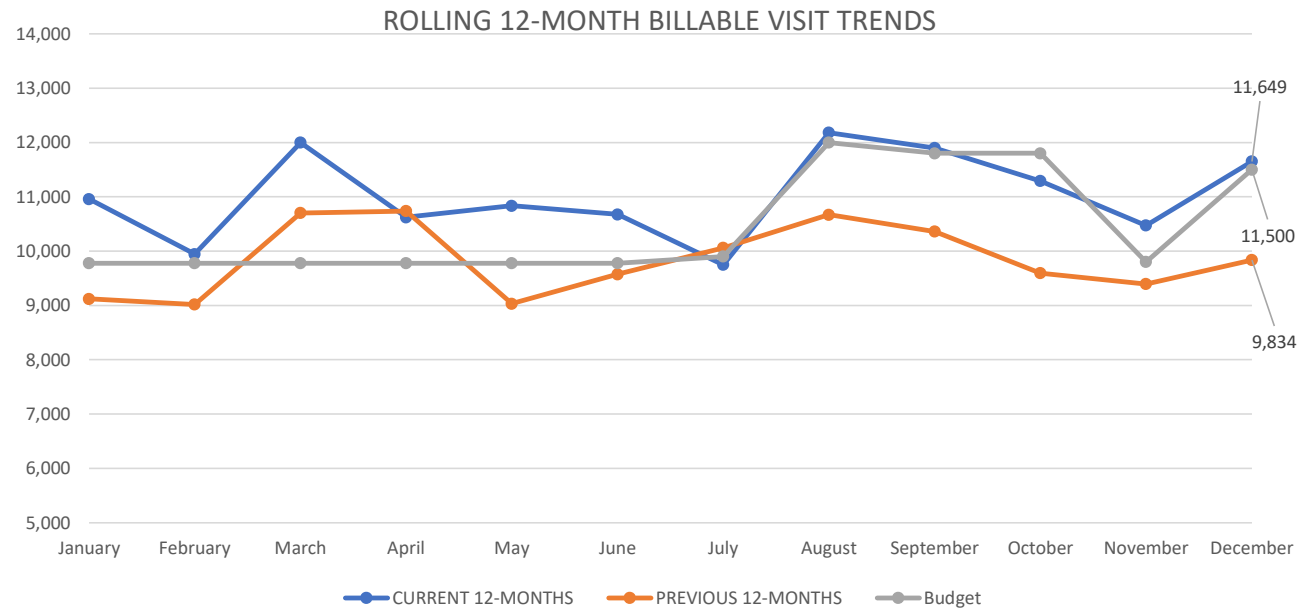


Average Submission Lag: 7.8 Days

Panel Metrics for San Joaquin Health Centers	
Average Panel Size	45,053
Current Month Panel Size	47,404
Calendar YTD Panel Seen Count	17,535
Calendar YTD % Panel Seen	38.9%
Goal to Panel Seen Count	19,373
PCP Claim Count	64,675



DECEMBER 2022 BILLABLE VISITS – 11,649



Visits By Financial Class	%
Medi-Cal Managed Care	76.48%
Medicare	11.46%
Medi-Cal	9.52%
Self-Pay	1.42%
Commerical	1.12%
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)
Nov-22	10,471	9,800	671
Dec-22	11,649	11,500	149
Total	67,244	66,800	444

SJ HEALTH INCOME STATEMENT - DECEMBER 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	1,676,786	1,671,310	5,476	9,776,045	9,879,151	(103,106)
Supplemental Revenue	1,219,932	1,214,301	5,631	6,967,473	7,074,328	(106,854)
Capitation & Managed Care Incentives	540,997	511,311	29,686	3,204,163	3,067,867	136,296
Grant Revenue	341,087	305,165	35,922	2,996,337	1,830,992	1,165,345
340B Pharmacy Program	107,653	117,731	(10,077)	688,395	706,383	(17,988)
MOU & Other Income	<u>52,147</u>	<u>64,869</u>	<u>(12,722)</u>	<u>419,972</u>	<u>389,213</u>	<u>30,759</u>
Total Operating Revenue	<u>3,938,603</u>	<u>3,884,687</u>	<u>53,916</u>	<u>24,052,386</u>	<u>22,947,934</u>	<u>1,104,452</u>
Expenditures						
Salaries & Wages	1,619,202	1,765,010	145,809	8,491,739	10,590,063	2,098,324
Employee Benefits	724,679	867,737	143,058	4,231,902	5,206,420	974,518
Professional Fees	348,512	212,464	(136,048)	2,283,315	1,274,785	(1,008,530)
Purchased Services	491,774	556,741	64,967	2,938,136	3,340,444	402,308
Supplies	150,763	81,165	(69,598)	678,446	486,993	(191,453)
Depreciation	51,835	23,268	(28,567)	194,124	139,608	(54,516)
Interest	25,845	21,074	(4,772)	155,816	126,441	(29,374)
Other Expenses	<u>327,673</u>	<u>260,314</u>	<u>(67,358)</u>	<u>3,812,652</u>	<u>1,561,885</u>	<u>(2,250,766)</u>
Total Expenditures	<u>3,740,282</u>	<u>3,787,773</u>	<u>47,491</u>	<u>22,786,129</u>	<u>22,726,639</u>	<u>(59,491)</u>
Net Income(Loss)	<u>198,320</u>	<u>96,914</u>	<u>101,407</u>	<u>1,266,257</u>	<u>221,296</u>	<u>1,044,961</u>

SJ HEALTH BALANCE SHEET- DECEMBER 2022

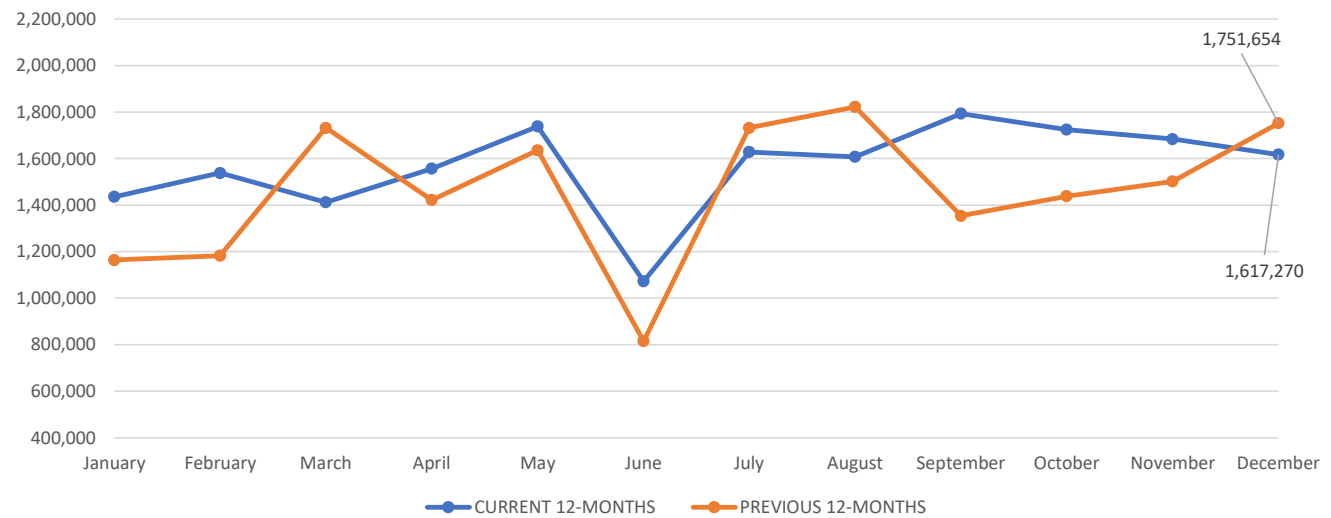
	<u>PERIOD 0</u>	<u>QTR 1 FY23</u>	<u>QTR 2 FY23</u>
Assets			
Cash & Cash Equivalents	6,122,406	9,408,162	6,333,864
Accounts Receivable	2,345,615	2,355,542	2,216,728
Property & Equipment	2,104,304	2,468,901	2,757,126
Other Assets	<u>19,967,448</u>	<u>20,684,500</u>	<u>22,164,654</u>
Total Assets	<u>30,539,773</u>	<u>34,917,104</u>	<u>33,472,372</u>
Liabilities			
Accounts Payable	387,017	447,975	357,606
Other Liabilities	11,943,954	14,083,736	11,479,967
Deferred Revenue	<u>3,111,552</u>	<u>4,626,115</u>	<u>5,271,290</u>
Total Liabilities	<u>15,442,522</u>	<u>19,157,826</u>	<u>17,108,864</u>
Net Assets			
Beginning Net Assets	12,060,224	15,097,251	15,097,251
Current YTD Net Income	<u>3,037,027</u>	<u>662,027</u>	<u>1,266,257</u>
Total Net Assets	<u>15,097,251</u>	<u>15,759,279</u>	<u>16,363,508</u>
Total Liabilities and Net Assets	<u>30,539,773</u>	<u>34,917,104</u>	<u>33,472,372</u>

SJ HEALTH BILLING & COLLECTIONS A/R AGING – DECEMBER 2022

SJ Health Centers Accounts Receivable Aging Analysis For the Month of December 2022								
Aging Category	MediCare	MediCal	Commercial	Self Pay	Total Aging This Month	Total Aging Last Month	\$ Increase (Decrease)	% Increase (Decrease)
1-30 Days	217,881	1,531,834	30,742	10,806	1,791,263	1,915,580	(124,317)	-6.49%
31-60 Days	101,884	256,478	27,618	9,476	395,457	663,262	(267,805)	-40.38%
61-90 Days	81,090	227,054	33,544	9,200	350,888	353,200	(2,312)	-0.65%
91-120 Days	97,696	160,366	23,253	8,433	289,748	245,399	44,349	18.07%
121-180 Days	80,868	139,332	31,851	5,263	257,314	240,284	17,030	7.09%
181-240 Days	50,792	83,609	34,440	3,359	172,199	185,757	(13,558)	-7.30%
241-270 Days	17,398	26,715	10,102	1,586	55,801	100,843	(45,042)	-44.67%
271-365 Days	61,588	23,945	18,974	2,770	107,277	86,925	20,352	23.41%
366 Days & Over	89,711	1,290	27,142	823	118,966	115,042	3,924	3.41%
	23%	69%	7%	1%				
Total FC This Month	798,908	2,450,623	237,666	51,716	3,538,913	3,906,292	(367,379)	-9.40%
Total FC Last Month	757,561	2,837,814	251,562	59,355	3,906,292			
\$ Increase (Decrease)	41,347	(387,191)	(13,896)	(7,639)	(367,379)			
% Increase (Decrease)	5.46%	-13.64%	-5.52%	-12.87%	-9.40%			
Monthly Management Summary								
	Beginning	Charges	Payments	Adjustments	Ending Gross			
December Activity	3,906,292	2,843,819	(1,617,270)	(1,593,928)	3,538,913			
A/R Days Analysis								
	December	November	October	September	August	July	June	Increase (Decrease)
Gross A/R Days	36	37	43	45	50	48	46	(1)
Net A/R	2,216,728	2,132,212	2,279,613	2,249,883	2,284,006	2,085,467	2,239,955	84,516
Net A/R Days	36	37	41	41	49	43	47	(1)

DECEMBER 2022 EMMI PAYMENTS POSTED - \$1,617,270

ROLLING 12-MONTH TRENDS - CASH COLLECTED

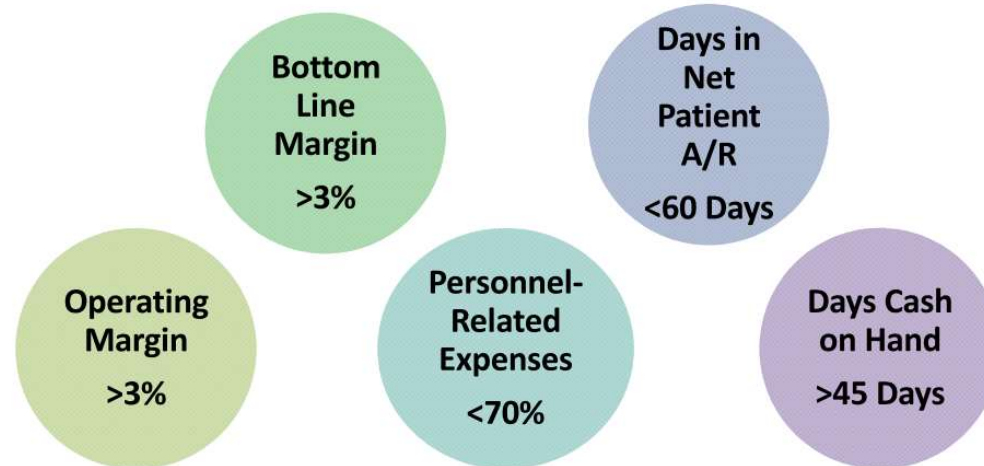


FY23 Collections by Financial Class	%
Medi-Cal Managed Care	80.38%
Medi-Cal	13.73%
Medicare	5.24%
Commercial	0.34%
Self-Pay	0.30%
Total	100.00%

SJ Health HRSA Financial Metrics

Financial Metric	FY2021	FY2022	FYTD2023
Cummulative Cost Per Unique Patient	1,098	1,315	1,011
Medical Cost per Medical Visit	274	309	342

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	52
4 Days in Net Patient Receivables	<60 Days	41
5 Personnel-Related Expense (PRE) As a % of Operating Revenue	<70	65%

QUESTIONS & ANSWERS





San Joaquin Health Centers
Financial Statement Comments

December 2022

Summary of Clinics Year to Date

Billable visits for December are favorable to budget by 149. Net Patient Service Revenues for December are favorable to budget by \$5,476.

YTD Supplemental Revenue includes the recognition of estimated Quality Incentive Program revenue for \$6,967,473. Based on the most recent information received on the QIP distribution, YTD financials include adjustments for \$182,089 for July through September 2022 and \$352,120 for January through June 2021 respectively. Combined Grants Revenue includes revenues for Behavioral Health Integration, Discovery Challenge Academy, SOR2, Enhanced Care Management and American Rescue Plan (ARP) grants for \$2,996,337. 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 \$136,296. YTD Other Revenue includes revenues accrued for \$335,423 related to Purchased Services provided to SJGH by SJCC per the MOU and Interest Income of \$25,306. Also, MOU and other income include YTD rent revenue from SJGH for \$59,044 related to the Manteca clinic respectively offset by rent expense as recommended by the auditors. Total YTD Operating Revenue is favorable to budget by \$1,104,452.

YTD Salaries and benefits expenses exhibit a favorable variance to budget by \$3,072,841 mostly due to lower than budgeted salaries and benefits for SJGH providers and employees providing services for the clinics. Also, Salaries and Benefits expenses are low due to YTD adjustment recorded in November to true up the payroll liabilities. Other operating expenses exhibit an unfavorable variance of \$3,132,332 largely due to Purchased Services with a favorable variance of 402,308 mainly offset by unfavorable variance in Professional Fees, Supplies, Interest, Depreciation, and Other Expenses for \$3,534,640. An estimated expense for the Purchased Services is recorded from July through December based on the MOU. Total YTD expenditures are unfavorable to budget by \$59,491.

Unaudited, as presented, Net Income of \$1,266,257 on a year-to-date basis is favorable compared to budget by \$1,044,961.

PFS payment issues update: EMMI now has access to the payment information needed to post the payments to patients' accounts, which has resulted in the decline in AR days.

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.