



**San Joaquin County Clinics (SJCC) Finance Committee  
Minutes of May 28, 2019 Meeting**

**San Joaquin General Hospital (SJGH)  
Conference Room 1A&B  
French Camp, CA**

Present

Rod Place (SJCC Chair); Luz Maria Sandoval (SJCC Treasurer); Bradley Seng; Esgardo Medina; Art Feagles (SJCC Interim CFO, WIPFLI, LLP); Chris Roberts (SJGH CFO and HCS Assistant Director); Chuck Wiesen (SJCC Executive, Director); David Culberson, SJGH CEO; Greg Diederich (HCS Director); Lynn Kelly (Deputy Director Patient Financial Services); Mark Smith (SJGH Director of Finance); Mary Esteban (Patient Financial Services Consultant); Monica Nino (SJ County Administrator); Adelé Gribble (ACS Office Tech Coordinator)

I. Call to Order

The meeting was called to order by Mr. Rod Place at 4:09 p.m.

II. Introductions

There were no guests or new attendees to introduce.

III. April 2019 Financial Statements (Art Feagles)

Mr. Art Feagles started his presentation off by asking if anyone had any questions or comments on the documents distributed. Ms. Monica Nino asked for further information of the narrative *"The reclassification of gross charges by payer type for prior month was not completed in the Accounting Dept., but a summary was prepared..."*.

San Joaquin General Hospital-FQHC LAL Clinics

**Restated Patient Revenues**

For the YTD Ending

April 30, 2019

NC Desc	Pre-Adjustment	%	Re-Distribution Adjustment	Adjusted Revenue Distribution	%	
Medicare	790,041.49	4.4%	1,590,894.73	2,380,936.22	13.4%	
Medi-Cal Fee-for-Service	1,393,920.14	7.7%	947,727.60	2,341,647.74	13.2%	
Medi-Cal Managed Care	11,788,021.47	64.9%	396,866.02	12,184,887.49	68.6%	81.8%
Insurance	3,754,395.91	20.7%	(3,584,905.17)	169,490.74	1.0%	
Self Pay	424,186.80	2.3%	248,989.24	673,176.04	3.8%	
<b>Total Revenue</b>	<b>\$ 18,150,565.81</b>	<b>100.0%</b>	<b>\$ (400,427.58)</b>	<b>\$ 17,750,138.23</b>	<b>100.0%</b>	

*Prepared by Accounting Dept. pending posting*

Mr. Feagles advised the purpose of the reclassification was only to put the charges in the correct categories of payment. The reason is for planning and emphasis purposes, you want to know who your primary customers are; people coming from Medicare and Medi-Cal. The financial statements have not shown this due to issues mapping financial data to PeopleSoft. He had asked for this to be posted by month but the Accounting Dept was not able to do this but advised they would be able to have it for him next month.

Ms. Nino advised because there was a reduction, and not knowing that detail, it questions the integrity of that part of the financials.

Mr. Culberson asked if it makes sense that we are seeing 13% Medicare. The trend has been 5-7% range since eCW days. Mr. Chuck Wiesen stated he has seen numbers of 8% when we did the UDS

report. Mr. Culberson advised he cannot validate that 13% are Medicare because it is almost better than what they see in the hospital, including trauma through the ED.

Ms. Nino asked for the reason of the delay of the DHCS audit. Mr. Feagles advised he does not know. The auditors have asked us for clarification and the people he relies on giving him the clarification have not responded. The nature of the issue is contract provider wages being classified incorrectly. He needs the reason for the inconsistency from this organization so that he can report back to the auditors.

Copies of the financial statements and monthly comments for April 2019 and YTD were distributed. Mr. Art Feagles also distributed the Variance Analysis for FY 2018 – 2019.

April 2019 – The number of total visits (10,846) was 742 more than March and 1,303 > than the average of the prior six months. Gross billings for patient services were down 38% from the prior month's average. Net revenues from all sources were about 7% > than the average of the prior six months. Further reductions in key expense categories were offset by large increases in wage & benefit costs, due to physician wage increases and new provider and staff. The month ended with a Net loss of - \$1,171,299 (about 9.5% > the average loss in the previous six months).

Mr. Feagles advised he is somewhat surprised in the increase in labor costs and he does not have a clear explanation to that but it has to do with providers presumably, either a double payment in incentives – one of them being delayed, and why it went up. The number of non-provider staff went up significantly (5%) which would have contributed to the difference.

Mr. Chuck Wiesen advised April was an unusual month in that our visits went up; our revenue went down. The cost of staff went up disproportionately. From what he understands it comes from allocation based on the number of FTEs in the dept. The FTE report he looked at from the previous period did not include the eight staff that this one did. Mr. Bradley Seng asked if Mr. Wiesen knows who to contact to figure out the anomaly. Mr. Wiesen stated EPSI is the source of FTE positions and then the accounting department can answer questions of how stuff is being allocated.

Mr. Feagles advised we do not receive daily billing reports in our department so we don't have an answer for some of these variances. Mr. Rod Place asked what the next step is. Mr. Feagles advised he has discussed this with Mr. Chris Roberts and his staff and there are several initiatives to resolve both the report that goes from PWPM to PeopleSoft and provide timely reporting on transactional activity so they can see what is happening on a current basis and then jump on anomalies as we see them. He advised he does not get any data during the month, he receives it approximately 48 hours before he is supposed to report it so it leaves very little time for analysis of corrective action. It is a very tight schedule. None of these departments are direct reports to the FQHC. They all are hospital employees who have primary assignments to hospital work and they report to other managers. It is an awkward relationship.

Mr. Chris Roberts advised they have found there are some disconnects. As Mark Smith is transitioning into the vacant role as the SJGH Director of Finance, one of the things they have spoken about is focusing on the FQHC with the FQHC accountant to try to bring some definition to the data that is coming out for Mr. Feagles and Mr. Wiesen to report on. They recognize this is not as good as they would like it to be. There are some system complications and it is hampering them from moving forward as speedily as they would like to. There aren't any experts (internal or external) who understand what we are looking for to come out of these systems. It needs to evolve amongst multiple systems, not just one. He advised he could probably do this manually better than the system if he can get in there. The problem is we still do not have a six-month analysis reports built. We still do not have an accrual payroll built. He suggested Mr. Feagles, Mr. Wiesen, Mr. Smith and the FQHC accountant have multiple meetings throughout the month to review prior month's financials to get comfort level of what last month was doing so that we have a better idea going into the current month rather than come to this meeting with a two-day lead. With more collaboration with the FQHC accountant who has been responsive in getting answers back, this will move things forward.

Mr. Roberts advised they looked back three years as well as projected one year for the PRIME dollars. Of the total, we are running on an average for those four years of 82%-83% attributable to the FQHCs.

We are running at approximately \$16 million per year. They projected just under \$12 million loss for the remainder of the year. Adding the PRIME dollars, we are just under \$4.6 million gain for this current year. They also have a five-year projection just as a mechanical approach, also factoring in the base loss if we were to continue this loss with the different initiatives Art and Chuck have been talking about. As they finalize some of the dollars for those initiatives layered in, and then the PRIME dollars which will be a reduction into some other program in two years, also factoring in a 25% reduction to another program, we are looking at, if all cylinders hit, we are at a \$20 million positive. With the current level of performance in the FQHCs, which is low, and just adding the initiatives as opposed to operations as well.

Mr. Place advised this information needs to go to the San Joaquin County Board of Supervisors so they understand what the FQHC is bringing in. This will go a long way to help what we are doing out here. We don't want clinics to shut down and for people to not be served. At some point it would be great to have the software show this in a P&L.

Ms. Nino also asked if a report could be provided showing the breakdown per clinic cost center. Mr. Roberts will provide that internal report for her as well.

The Variance Analysis and the Consolidated Income Statement Trended reports were also provided during the meeting. No further discussion on this topic for this month.

IV. Accounts Receivables Status (Mary Esteban)

Ms. Mary Esteban advised the cash collections were in the green at 1.475 million. Their days went down also, not as quickly as she would like but they are making progress. They are at 81.7 days compared to the highest of 123. Their A/R is still a little high. Ms. Kelly advised they would like to get it down to between 10%-15%. Staff are putting in overtime to work on making progress. They were a little slow in April because they were in the process of transitioning their inventory from eCW to DataArk.

Ms. Esteban advised the other good news is the credit balance is going down. They are only at 2% of total gross A/R. She explained a lot of these aren't patient refunds, they are posting errors they are still trying to correct and are making progress. Clean claims percentages are at 99%.

Their CIF (Claims Inquiry Form) project is complete except for about 1,600 claims out of 16,000 they still need to rebill to Medicare because instead of an RA they have asked for an ICN number that they now need to append which they were not aware of prior. They should be done within the next week.

Ms. Esteban will provide an analysis to see what the losses are or will be per Ms. Nino's request.

V. Other

There were no items to discuss.

VI. Adjournment

The meeting adjourned at 4:46 p.m.

Attachments: Financial Statement Comments (May 2019 and YTD)  
Variance Analysis FY2018-2019  
Consolidated Income Statement Trended (FY 2018-2019)