



**San Joaquin County Clinics (SJCC) Finance Committee
Minutes of June 25, 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; Art Feagles (SJCC Interim CFO, WIPFLI, LLP); David Culberson (SJGH CEO); Greg Diederich (HCS Director); Dr. Farhan Fadoo (SJCC Executive, Director); Erin Franklin (Director Clinical Informatics); John Hardman (FQHC Accountant III); Lynn Kelly (Deputy Director Patient Financial Services); Isela Kloeppel (Director Operations Excellence); Mark Smith (SJGH Director of Finance); Mary Esteban (Patient Financial Services Consultant); Monica Nino (SJ County Administrator); Alice Souligne (Clinic Services Coordinator); Adèle Gribble (ACS Office Tech Coordinator)

I. Call to Order

The meeting was called to order by Mr. Rod Place at 4:07 p.m.

II. Introductions

There were no guests or new attendees to introduce.

III. May 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. The May 2019 and Year to Date Financial Statement Comments are attached to his report and all information is available in this report. Some additional information has come to Art as to why we have an unusual month in terms of the Net Revenue; attributable to the fact we have an adjustment in the contractual allowances that have been taken previously in the year. He has details but has not studied it so does not know which payers were out of line.

He expects the allowances barring some other historical transactions, will return more to the 50% range. He will note the corrections summarized last month and finally posted at the location level and back into the original transaction month resulted in a distribution of the payer charges in essentially the same categories and the amounts as last month. You want to be aware of the trend and note that if those percentages change from month to month as it is not likely there would be a dramatic shift in payer categories unless you knew why in advance. It could be a lot of things such as changing the charge master, taking on new populations, making new contracts for Advantage Medicare, which would change those ratios but they would have to be dramatic.

Monica Nino asked for clarification of the statement in the Financial Statement Comments as follows: *"The monthly average for the allowances has been over -\$1 million..."* To her this means on average this has been over \$1 million but now we are showing \$166,000.

Art stated the trended report lays it out visually. You can see what is happening month to month. In July the original contractual allowances were \$312,163, is the wrong way. He is not sure what happened in that month, it is extremely atypical. As the months progress you see it is well over \$1 million and the percentage of contractual gross charges got as high as 67%. That number then dropped and in May it went in the other direction back to \$366,813. That is not probably realistic but the reason for that is because they adjusted the prior months. He has said consistently it should be around 50% because he knows what the charge master is, what the average value of a ticket is and he knows what the allowance amounts from our payers are (predicable because we are paid a flat rate for every encounter for both Medicare and Medi-Cal).

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Consolidated Income Statement - Trended FY 2018 - 2019

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Total
ACTUAL												
Visits	8,993	10,172	8,350	10,602	8,788	7,988	10,529	9,252	10,106	10,847	10,689	106,316
FTEs - Non physician	-	94.5	97.3	99.1	95.4	100.4	102.9	103.2	104.5	112.9	112.9	-
FTEs - Physician	-	23.3	22.7	30.9	22.7	22.5	27.4	23.9	24.5	27.1	24.9	-
Total FTEs	-	117.9	119.9	130.0	118.1	122.9	130.4	127.1	128.9	140.0	137.8	-
Revenue												
Patient Revenue												
Medicare	148,550	146,868	155,363	264,719	312,958	272,877	302,764	276,960	270,144	229,633	239,247	2,620,084
Medi-Cal Fee-for-Service	167,759	230,368	227,425	280,988	266,507	224,096	274,421	241,877	223,606	204,601	225,981	2,567,629
Medi-Cal Managed Care	832,878	915,914	948,267	1,381,404	1,594,254	1,338,655	1,516,291	1,258,998	1,329,889	1,045,482	1,059,775	13,221,807
Insurance	13,805	13,695	12,988	19,610	21,223	18,570	19,897	20,387	17,655	12,038	13,826	183,593
Self Pay	40,456	51,208	57,429	58,543	83,364	71,363	76,616	82,489	96,112	55,190	81,426	754,198
Gross Revenue	\$ 1,203,448	\$ 1,358,053	\$ 1,401,472	\$ 2,005,265	\$ 2,278,206	\$ 1,925,561	\$ 2,189,990	\$ 1,880,710	\$ 1,937,407	\$ 1,546,945	\$ 1,620,255	\$ 19,347,311
Contractual Adjustments	312,163	(347,286)	(1,135,550)	(1,779,086)	(1,538,555)	(1,170,881)	(1,149,779)	(1,059,519)	(988,731)	(477,688)	366,813	(8,967,899)
Contractual Adjustment %	-25.9%	25.6%	81.0%	88.7%	67.5%	60.8%	52.5%	56.3%	51.0%	30.9%	-22.6%	46.4%
Other Allowances	(1,201)	431	4	(15,921)	27,003	18,030	(256,662)	(85,589)	(245,329)	(200,000)	(200,000)	(959,234)
Capitation Rev	519,095	465,472	462,647	462,521	460,636	460,636	457,402	454,285	452,490	444,192	453,010	5,093,386
Net Pt Revenue	2,033,504	1,476,670	728,574	673,779	1,227,291	1,233,347	1,240,951	1,190,088	1,155,838	1,313,449	2,240,078	14,513,564
Other Revenue	0	0	0	0	0	0	0	0	0	0	0	0
Total Revenue	\$ 2,033,504	\$ 1,476,670	\$ 728,574	\$ 673,779	\$ 1,227,291	\$ 1,233,347	\$ 1,240,951	\$ 1,190,088	\$ 1,155,838	\$ 1,313,449	\$ 2,240,078	\$ 14,513,564
Operating Expense												
Salaries	\$ 695,249	\$ 855,817	\$ 753,476	\$ 985,867	\$ 709,962	\$ 879,419	\$ 708,540	\$ 812,849	\$ 809,580	\$ 1,081,913	\$ 866,211	\$ 9,158,883
Benefits	486,773	358,928	412,432	447,603	458,773	372,979	458,730	418,008	492,861	531,494	404,582	5,056,824
Total Salaries & Benefits	1,182,022	1,214,744	1,165,909	1,433,470	1,168,735	1,252,399	1,380,930	1,230,856	1,302,441	1,613,407	1,270,794	14,215,707
Professional Fees/Registry	101,349	108,912	106,159	112,469	4,250	168,733	(117,436)	24,055	57,650	64,947	161,453	792,540
Supplies	65,889	64,692	101,535	119,581	139,347	38,580	117,915	110,462	116,217	73,880	114,527	1,062,625
Purchased Services	330,335	329,009	287,937	282,251	305,687	(235,670)	542,625	298,048	137,511	32,313	99,161	2,409,206
Depreciation	21,645	21,645	21,057	21,037	21,037	20,997	20,997	20,997	20,997	20,008	20,008	230,427
Other Expense	49,257	38,823	41,619	52,511	37,557	(15,283)	41,926	31,656	31,587	24,011	21,667	355,631
Total Direct Expense	1,750,497	1,777,825	1,724,216	2,021,318	1,676,614	1,229,756	1,986,957	1,716,075	1,666,404	1,828,865	1,687,609	19,066,136
Overhead Allocation	552,240	557,637	544,030	669,494	559,977	491,943	634,980	577,723	547,731	655,883	527,716	6,319,355
Total Expenses	2,302,737	2,335,462	2,268,246	2,690,813	2,236,591	1,721,699	2,621,936	2,293,798	2,214,135	2,484,749	2,215,325	25,385,491
Net Income (Loss)	\$ (269,233)	\$ (858,792)	\$ (1,539,672)	\$ (2,017,033)	\$ (1,009,300)	\$ (488,352)	\$ (1,380,985)	\$ (1,103,710)	\$ (1,058,297)	\$ (1,171,299)	\$ 24,753	\$ (10,871,927)
Key Ratios												
Gross Pt Revenue/Visit	133.82	133.51	167.84	189.14	259.24	241.06	208.00	203.28	191.71	142.61	151.58	181.98
Total Revenue/Visit (incl Oth Rev)	226.12	145.17	87.25	63.55	139.66	154.40	117.86	128.63	114.37	121.09	209.57	136.51
Direct Costs/Visit	194.65	174.78	206.49	190.65	190.78	153.95	188.71	185.48	164.89	168.61	157.88	179.33
Indirect Costs/Visit	61.41	54.82	65.15	63.15	63.72	61.59	60.31	62.44	54.20	60.47	49.37	59.44
Total Medical Cost/Visit	256.06	229.60	271.65	253.80	254.51	215.54	249.02	247.92	219.09	229.07	207.25	238.77
Net Income(Loss)/Visit	(29.94)	(84.43)	(184.39)	(190.25)	(114.85)	(61.14)	(131.16)	(119.29)	(104.72)	(107.98)	2.32	(102.26)
Benefits as a % of Salaries	70.0%	41.9%	54.7%	45.4%	64.6%	42.4%	94.9%	51.4%	60.9%	49.1%	46.7%	55.2%
Overhead % of Direct Expenses	31.5%	31.4%	31.6%	33.1%	33.4%	40.0%	33.7%	33.7%	32.9%	35.9%	31.3%	33.1%

Art stated because we have contract agreements with certain payers, we will not get the gross charge amount. As an FQHC we have agreed to reduce uninsured qualifying patients. This is a form of a contract writing off the difference. Ideally you would write this off during the month the charge was created. The system does not work like that here. It would be a closer correlation to a month of charge and month of allowances but the net effect over time is essentially the same; you wind up with a lower amount than billed.

Ms. Nino stated the Income Statement (below) and the Consolidated Income Statement (above) do not match and asked for clarification of the amounts reflected.

San Joaquin Community Clinics Income Statement May 31, 2019

Current Month				Year to Date				
Actual	Budget	Variance	% Var	Actual	Budget	Variance	% Var	
10,689	11,750	(1,061)	-9.0%	106,316	112,186	(5,870)	-5.2%	
10,175	11,104	(929)	-8.4%	100,677	103,008	(2,331)	-2.3%	
137.8	138.0	(0.2)	-0.2%	127.7	138.0	10.3	7.5%	
Patient Revenue				Patient Revenue				
\$ 239,247	\$ 304,738	\$ (65,491)	-21.5%	\$ 2,620,084	\$ 2,724,332	\$ (104,248)	-3.8%	
225,981	311,201	(85,220)	-27.4%	2,567,829	3,008,009	(440,180)	-14.6%	
1,059,775	1,536,793	(477,018)	-31.0%	13,221,907	15,903,689	(2,781,882)	-17.5%	
13,826	33,061	(19,235)	-58.2%	183,593	320,028	(136,435)	-42.6%	
81,426	63,205	18,054	28.6%	755,426	596,766	158,206	26.5%	
1,620,255	2,248,998	(628,910)	-28.0%	19,348,539	21,652,824	(2,304,739)	-10.6%	
166,813	(1,253,029)	1,419,842	113.3%	(9,927,133)	(12,025,847)	2,098,714	17.5%	
1,787,068	995,969	790,932	179.43%	9,421,406	9,626,977	(206,025)	-2.1%	
453,010	548,634	(95,624)	-17.4%	5,093,386	5,257,691	(164,205)	-3.1%	
2,240,078	1,544,603	695,308	145.03%	14,514,792	14,884,668	(376,355)	-3.9%	
0	0	0	0%	0	0	0	100.0%	
2,240,078	1,544,603	695,308	145.0%	14,514,792	14,884,668	(376,355)	-3.9%	
Operating Expense				Operating Expense				
866,211	1,066,239	200,028	18.8%	9,158,883	11,636,914	2,478,031	21.3%	
404,582	450,389	45,807	10.2%	5,056,824	5,019,532	(37,292)	0.7%	
1,270,794	1,516,628	245,834	16.2%	14,215,707	16,656,446	2,440,739	14.7%	
161,453	63,117	(98,336)	-156.8%	792,540	694,287	(98,253)	-14.2%	
114,527	101,041	(13,486)	13.3%	1,062,625	1,052,330	(10,295)	1.0%	
99,161	254,973	155,813	61.1%	2,409,206	3,596,518	1,187,312	33.0%	
20,008	11,344	(8,664)	76.4%	230,427	134,280	(96,147)	71.6%	
21,667	38,810	17,143	44.2%	355,631	426,222	70,591	16.6%	
1,687,609	1,985,913	298,304	15.0%	19,066,136	22,566,083	3,499,947	15.5%	
527,716	668,057	140,341	21.0%	6,319,355	7,372,725	1,053,370	14.3%	
2,215,325	2,653,970	438,645	16.5%	25,385,491	29,932,808	4,547,317	15.2%	
24,753	(1,109,367)	1,134,120	102.2%	(10,870,699)	(15,048,140)	3,970,962	-26.4%	
Key Ratios								
\$ 159.24	\$ 202.54	\$ (43.30)	-21.4%	Gross Pt Revenue/Billable Visit	\$ 192.18	\$ 210.21	\$ (18.03)	-8.6%
\$ 220.16	\$ 139.10	\$ 81.05	58.3%	Net Revenue/Billable Visit incl	\$ 144.17	\$ 144.50	\$ (0.33)	-0.2%
\$ 165.86	\$ 178.85	\$ 12.99	7.3%	Direct Costs/Billable Visit	\$ 189.38	\$ 219.01	\$ 29.63	13.5%
\$ 51.86	\$ 60.16	\$ 8.30	13.8%	Indirect Costs/Billable Visit	\$ 62.77	\$ 71.57	\$ 8.81	12.3%
\$ 217.72	\$ 239.01	\$ 21.29	8.9%	Total Medical Cost/Billable Visit	\$ 252.15	\$ 290.59	\$ 38.44	13.2%
\$ 2.43	\$ (99.91)	\$ 102.34	-102.4%	Net Income(Loss)/Billable Visit	\$ (107.98)	\$ (108.09)	\$ (0.11)	-0.1%
\$ 544.31	\$ 597.53	\$ 53.22	8.9%	Total Cost/Patient (1)	\$ 630.37	\$ 726.47	\$ 96.10	13.2%
138.3%	68.7%	69.6%	101.3%	Net Pt Rev as % of Gross Rev	48.7%	44.5%	4.2%	9.5%
46.7%	42.2%	-4.5%	-10.6%	Benefits as a % of Salaries	55.2%	43.1%	-12.1%	28.0%
31.3%	33.6%	2.4%	7.0%	Overhead % of Direct Exp	33.1%	32.7%	-0.5%	-1.4%

John Hardman stated the income statement is where the other allowance of \$200 thousand which is a separate line on the consolidated income statement. You take the allowances of \$200 thousand with the debit contractual adjustment.

Rod Place asked why there is an amount of \$366 thousand to the positive instead of a million. Mark Smith advised with respect to what happened in the month, there was a change in methodology to pull the revenue numbers. We had another report where we could attest to the numbers. This impacted the period of July through January because of the change in how we came up with the gross revenue numbers came into effect in February. As a result, when we ran the report, things changed dramatically. He shared this earlier today with Art (late). Previously, overall, for that six-month period, \$16.5 million in gross revenue. With the change and how we derive our revenues, it is down to \$15.5 million. When you look at those there are three payer classes and three different clinics that account for all these changes. The three payers are Medicare (\$1.5 million sway in that six months); Medi-Cal (swung \$959,00 from what was previously reported) and the last was insurance which swung a negative \$3.5. We had a change in the total revenues, change in payer. The contractual piece is basically billable visits times rates which is what caused the impact big switch. The way accounting works is we don't go back restate prior months; once it is done it is done, you run it all in the current month.

Rod stated Chris Roberts had put together a report for PRIME dollars and asked if the committee will continue seeing this for this fiscal year. David Culberson stated we have not incorporated this historically. Going forward, the FQHC will continue to report the values of PRIME and it was presented to the Executive Committee last week. Roughly 83% of \$15.3 million are attributed to the FQHC outpatient activities. Rod would like to see now that we are about to end our fiscal year, a report that shows the PRIME dollars as well that Monica Nino can present to the Board of Supervisors. He recommended something that can be ran every six months that will reflect whatever will be replacing PRIME. Rod stated he understands variances but a swing this far seems a bit extreme. To see a total of \$1.1 million swing, something is not reporting correctly. How does the FQHC CFO get more insight or control?

Lynn Kelly advised Finance has formed a committee and they are all looking at variances and how all the dollars are being mapped. They are now going into the PWPM and meeting weekly. This is a work in progress to make the numbers more consistent. Lynn advised Chris Roberts is the one who initiated this committee. There are certain funds going to the wrong GO accounts. Chris wants this reconciled and corrected. Lynn advised they are making great strides and improvements.

Mary Esteban advised PWPM has a map they can follow. They know it is working as designed and they can now start to see the mis-mapping and anything they are missing. This will be a consistent meeting going forward. Rod asked if he could have an update on this meeting each month (approximately 3 minutes) so that the Finance Committee is appraised. This topic will be added to the agenda going forward. He would like to ensure this committee can assist wherever possible.

Rod stated he noticed Art still needed more clarity into why something was allocated a certain way leading him to believe Art is still not getting all the breakdown of the detail he needs. He would like to know what it is he is missing to be able to answer some of the questions this board asks of him. Art stated he cannot tell the committee what transactions said in what payer or what contractual caused these changes. He has looked at the worksheets and he can see clearly the YTD gross charges for all these processes changed very little so obviously it is something on the allowance side that wasn't mapped correctly. He needs someone to explain it to him. He anticipated before this would be the outcome but does not know specific payers or what period was causing it. John advised PWPM is not an accounting software program, all the reports are text based and they must convert the documents. Art and John will get together to go over the reason for the changes that Art does not understand.

IV. Accounts Receivables Status (Mary Esteban/Lynn Kelly)

Ms. Lynn Kelly started out with the Key Performance Indicators (KPI). Our Cash Collections for the month of May was \$979,942. Our A/R days are currently at 80, which is slightly lower than prior months.

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PFS KEY PERFORMANCE INDICATORS													
	Target	06/30/18	07/31/18	08/31/18	09/30/18	10/31/18	11/30/18	12/31/18	01/31/19	02/28/19	03/31/19	04/30/19	05/31/19
SJCC Business Office													
Cash Collections	Actual	\$250,779	\$277,120	\$2,080,202	\$530,939	\$860,911	\$1,088,326	\$1,013,600	\$666,866	\$361,233	\$922,867	\$1,475,854	\$979,942
Gross AR		\$3,639,519	\$6,089,335	\$4,112,603	\$4,442,780	\$3,972,074	\$3,692,422	\$7,325,876	\$8,390,462	\$9,225,237	\$9,309,278	\$8,941,430	\$8,758,094
Gross AR Days (90 day average)	66.5	73.9	123.6	83.5	90.2	80.6	22.3	69.3	85.4	96.8	89.1	81.7	80.0
Average Daily Revenue (90 day average)		\$49,259	\$49,259	\$49,259	\$49,259	\$49,259	\$165,729	\$105,731	\$98,306	\$95,287	\$104,481	\$109,415	\$109,498
AR over 90 Days		\$1,028,749	\$1,954,592	\$2,638,338	\$2,732,961	\$3,071,324	\$3,291,830	\$3,220,026	\$3,868,357	\$4,745,853	\$5,761,685	\$6,082,044	\$6,057,956
AR over 120 Days		\$414,907	\$391,103	\$395,283	\$389,760	\$2,584,633	\$2,826,650	\$2,637,541	\$3,106,051	\$4,012,694	\$4,974,454	\$5,549,792	\$5,508,721
AR over 180 Days		\$154,074	\$159,602	\$191,132	\$157,361	\$135,067	\$1,377,216	\$0	\$0	\$0	\$0	\$0	\$0
Credit Balance Total		\$130,064	\$188,759	\$219,060	\$221,288	\$383,181	\$292,865	\$249,502	\$202,897	\$190,885	\$194,270	\$184,942	\$235,387
Total Number of claims for month		21,210	11,842	12,439	12,646	23,840	17,660	17,406	19,337	23,081	23,869	23,285	16,410
Total Number of clean claims for month		20,369	11,598	11,964	12,280	21,086	17,271	15,774	19,039	22,719	23,506	23,018	15,653
Total Number of claim errors for month		841	244	475	366	2,754	389	1,632	298	362	363	267	717
Clean Claims from Tritzello & ClaimRemsd	>=85%	96%	98%	96%	97%	88%	96%	91%	98%	99%	98%	99%	96%

Monica Nino asked how we know how old some of these numbers are. Lynn advised they took their aging accounts which is about 6 million and wanted to show the different types of insurance billed at the clinic level and split them up by aging from 90 and over and 120 and over (see below chart).

PFS Reimbursement Analysis for A/R Aging					
Insurance	Aging Over 90 Days	Approximate Reimbursement	Aging Over 121 Days	Approximate Reimbursement	Comments
AARP			\$ 825.00		
Aetna Medicare			\$ 2,191.00		
Aetna	\$ 337.00	85%	\$ 6,644.00	85%	
Alameda Alliance	\$ 329.00	30%	\$ 1,689.00	30%	
Alignment HC	\$ 223.00	30%	\$ 216.00	30%	
Allcare Medicare			\$ 212.00		
Blue Cross	\$ 3,294.00	85%	\$ 23,616.00	85%	
BlueShield	\$ 2,223.00	85%	\$ 5,995.00	85%	
California Health			\$ 287.00		
California Conservation	\$ 188.00	30%		30%	
CDP 553	\$ 2,129.00	30%	\$ 16,992.00	30%	
Central Alliance	\$ 130.00	30%		30%	
Champva	\$ 28.00	30%	\$ 961.00	30%	
Charity	\$ 30.00	0%	\$ 220.00	0%	(Adjustment reversal)
CHDP	\$ 40,773.00	30%	\$ 528,798.00	30%	
Cigna	\$ 218.00	85%	\$ 1,819.00	85%	
Citizen's Choice	\$ 223.00	30%		30%	
Communicable Disease	\$ 430.00	N/A	\$ 10,959.00	N/A	
Community Services	\$ 564.00	N/A	\$ 18,380.00	N/A	
EBMS	\$ 46.00	30%		30%	
Gallagher Bassett			\$ 405.00		
HCCMS	\$ 294.00	30%		30%	
Healthnet Mnged	\$ 3,256.00	30%	\$ 36,578.00	30%	
Hill Physician's	\$ 17,216.00	30%	\$ 215,767.00	30%	
HPSJ MGD MCAL	\$ 180,050.00	30%	\$ 2,338,564.00	30%	
Humana	\$ 1,694.00	30%	\$ 12,958.00	30%	
Kaiser	\$ 191.00	90%	\$ 2,910.00	90%	
LA Care Healthplan			\$ 121.00	30%	
Lucent TPA	\$ 2,777.00	30%	\$ 7,871.00	30%	
Medcore OMNI IPA	\$ 4,110.00	30%	\$ 13,490.00	30%	
MedCal	\$ 76,877.00	75%	\$ 547,916.00	50%	
MediCare	\$ 174,224.00	30%	\$ 1,447,165.00	30%	
Misc Commercial	\$ 1,028.00	85%	\$ 17,806.00	85%	
Molina HealthPlan		30%	\$ 701.00	30%	
Multiplan			\$ 99.00	85%	
PACT 962	\$ 3,905.00	30%	\$ 104,220.00	30%	
Partnership Healthplan			\$ 797.00	30%	
Pending MediCal			\$ 2,871.00	20%	(Needs Financial Assessment)
POMCO	\$ 185.00		\$ 2,479.00	N/A	
Prime Community	\$ 1,268.00	30%	\$ 328.00	30%	
Progressive Ins.			\$ 99.00	60%	
Santa Clara Family			\$ 102.00	30%	
SJ County Sheriff	\$ 82.00	30%	\$ 175.00	30%	
Sliding Fee Scale	\$ 19,778.00	10%	\$ 77,577.00	10%	(Needs Financial Assessment)
Sutter Health			\$ 318.00	N/A	
TriCare West	\$ 932.00	65%	\$ 2,127.00	65%	
UFCW			\$ 238.00	85%	
UMR			\$ 188.00	85%	
United Health Care	\$ 700.00	85%	\$ 8,419.00	85%	
VA Fee Services			\$ 166.00	50%	
Victim of Crime	\$ 99.00	30%	\$ 99.00	30%	
ZZ MediCal 18 Wrap	\$ 2,173.00	75%	\$ 10,786.00	75%	
Miscellaneous	\$ 3,701.00	35%	\$ 35,577.00	35%	
TOTALS:	\$ 545,705.00		\$ 5,508,721.00		\$ 6,054,426.00
PERCENTAGE BY AGING		8%		92%	100%

Identified Issues that may Impact Predictable Reimbursement:

- * Late Charges received past timely filing limit
- * Lacks sufficient documentation to upcode
- * Eligibility not verified at Point of Service
- * No authorization for visit
- * Incorrect insurance adjustment after payment

In reviewing this, she was surprised at how much clean-up they had to do. A lot of insurances were actually paid and they needed to determine whether it was underpaid or not. Because they hadn't been touched right away, they fell into an aging bucket. She also noticed some accounts with lack of authorization or the eligibility was incorrect so they are fixing those. She believes there will be an improvement in the aging report for fiscal year end.

Isela Kloeppel stated we don't have a fee for service in the FQHC so why we would have dollars there when we get capitation. She asked if we will be adjusting this accordingly to zero. Lynn stated this should be adjusted if we get the capitation. Isela stated the set up for that should be it gets adjusted once the payer receives it, we get a return. Lynn will ensure this is updated.

Lynn advised we have received payments on the Medicare and Medi-Cals. We have had some opportunities with commercial accounts. We don't have any contracts with most of these so our expectation is 100% payment but at the very least, 84% of payment.

Rod stated his big concern is the column that states, "Aging over 120 days". We have no idea where this is at. Is this at the six-month, nine-month? There are critical decisions that need to be made regarding this. He would look at the two biggest ones, look at how old they are since it would be a waste of employees' time to be working on the eleventh month ones. He would like to see us concentrate on the earliest ones instead of the older ones, making a business decision on what is better to go after. Lynn stated the prediction for the Medi-Cal is we need to do this now so we can get the 50% payment which is why she has prioritized it with her staff.

Lynn advised these claims have already been sent out. Some of them have a balance with a payment and adjustment or some of them have a balance of adjustment/adjustment. In the billing world when you see that you either call the insurance company and find out what is going on or you fix the adjustments appropriately. There could have been a denial, etc.

Monica Nino advised the way FQHCs operate, they are meant to break even within a twelve-month period. For us to be in year four and year five, what we are seeing is troubling. Art advised when one looks at the aging report, it doesn't tell you what the A/R is under thirty days. This is more typical because the payers are generally very fast. Lynn advised they are on track to get everything resolved this week so they are not constantly doing clean up. Mary Esteban stated the team works in tandem on the current rejections and the cleaning. It is not as if the rejected encounters are put aside so they can focus on the cleaning.

Lynn mentioned one of the subjects that arose is the possibility of an outside agency or vendor that can do the FQHC billing on a proprietary system rather than PWPM. She believes this might be the solution.

V. Other

There were no other items to discuss.

VI. Adjournment

The meeting adjourned at 5:01 p.m.

Attachments: Financial Statement Comments (May 2019 and YTD)
Income Statement (May 31, 2019)
Variance Analysis FY2018-2019
Consolidated Income Statement Trended (FY 2018-2019)
PFS Key Performance Indicators (June 2018 through May 2019)
PFS Reimbursement Analysis for A/R Aging