



**San Joaquin County Clinics (SJCC) Finance Committee
Minutes of July 30, 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; Alice Souligne (Clinic Services Coordinator); Art Feagles (SJCC Interim CFO, WIPFLI, LLP); Brian Watkins (SJCC Finance Director); Chris Roberts (SJGH CFO); David Culberson (SJGH CEO); Greg Diederich (HCS Director); Dr. Farhan Fadoo (SJCC Executive, Director); Erin Franklin (Director Clinical Informatics); Lynn Kelly (Deputy Director Patient Financial Services); Isela Kloeppel (Director Operations Excellence); Mary Esteban (Patient Financial Services Consultant); Matt Garber; Monica Nino (SJ County Administrator); Adélé Gribble (ACS Office Tech Coordinator)

I. Call to Order

The meeting was called to order by Mr. Rod Place at 4:00 p.m.

II. Approval of Minutes from 6/25/19

Going forward, the Finance Committee will vote to approve minutes from previous months. There wasn't a quorum so no approval was given today.

III. Introductions

Brian Watkins was introduced to the Finance Committee by Dr. Farhan Fadoo. He is the new FQHC Finance Director. Brian advised he has been in finance for 25 years. He has worked for non-profits and/or governmental authorities and most recently for the housing authority in Merced. He has learned a lot about our organization over the last three weeks since coming on board.

IV. Old Business (Art Feagles)

a. Follow up on issues from prior meetings

- i. Aging Report – Mr. Art Feagles provided for purposes of illustration the aging report by category. This number is a cross foot with the KPI report that we get from billing. This is 100% PWPM Cerner business. This excludes eCW. In this categorization it is shown by the Financial Class/Payer type. Looking at the Medi-Cal you see the largest portion. This report was given to us with the back out detail at the account level. He has asked for the accounts receivable detail at the patient account at the encounter level since he has been here. Brian Watkins will work with this committee on a final format of this report but it will have more traditional buckets going forward. This report is the interim step. Normally when the A/R is over 180 days it is written off unless you have extremely rare circumstances that you can document that you are certain you would get payment. The payers are paying within a three to six-week cycle.

Ms. Monica Nino advised when we write these figures off, this means these are services provided that we will never recover from a clinic perspective. Lynn Kelly advised from a billing standpoint, they did not adjust the capitation for HPSJ contract allowances. Art Feagles stated the \$8 million represents a lot of money we never would have expected to collect because it is the gross charge that went out the door. Where we see the solid gross charges and allowances, he has said we should see around 50%. The aging balance for all categories of \$8.1 million is under the 50% so there is 7% or more to get us to that level. The discharge of the \$8 million will not happen until payments come in. This represents fairly recent charges that haven't been paid but also represents charges that the State has processed but the RAs

haven't gone through the processing system so even the gross side is overstated. It is always overstated and that will change as posting becomes current.

PWPM_ATB_ByPayerType_2019Jun30

SJCC		AR AGING BY FINANCIAL CLASS/PAYER TYPE					AS AT JUNE 30, 2019			Excludes eCW	
Payer Type Name	Enc Tot	Enc Bal	1 - 30 Days	31 - 90 Days	91 - 120 Days	121 - 180 Days	181 - 365 Days	366 Days And Over	Payer Total	% Total	
Unassigned	\$62,139	\$56,090	(\$147)	\$6,395	\$5,382	\$9,976	\$27,803	\$6,682	\$56,090	0.7%	
Contracted Commercial Ins	\$4,060	\$3,313	(\$192)	\$427	\$0	\$1,244	\$1,560	\$274	\$3,313	0.0%	
CDCR	\$190	\$190	\$0	\$0	\$0	\$0	\$190	\$0	\$190	0.0%	
Charity	\$1,004	\$397	\$106	\$30	\$0	\$10	\$20	\$231	\$397	0.0%	
Commercial (Non-Contracte	\$1,547,555	\$496,299	\$87,469	\$65,320	\$24,206	\$35,138	\$150,924	\$133,241	\$496,299	6.1%	
Contract	\$41,544	\$39,347	\$1,877	\$1,606	\$2,033	\$5,266	\$20,568	\$7,997	\$39,347	0.5%	
Correctional Department	\$1,173	\$1,173	\$472	\$272	\$235	\$0	\$194	\$0	\$1,173	0.0%	
Insurance Pending	\$619	\$415	\$0	\$0	\$0	\$40	\$198	\$177	\$415	0.0%	
Medicare Advantage	\$87,999	\$61,673	\$12,385	\$11,565	\$4,050	\$12,687	\$14,734	\$6,252	\$61,673	0.8%	
Medi-Cal	\$2,122,906	\$1,388,524	\$78,642	\$257,318	\$95,391	\$199,648	\$563,155	\$194,371	\$1,388,524	17.1%	
Med-Cal HMO	\$10,610,730	\$3,747,452	\$661,125	\$422,394	\$179,347	\$301,301	\$1,215,128	\$968,157	\$3,747,452	46.2%	
Medicare	\$3,527,369	\$2,130,105	\$186,183	\$262,882	\$145,847	\$370,510	\$955,674	\$209,009	\$2,130,105	26.3%	
County Managed Medi-Cal	\$216	\$128	\$0	\$0	\$0	\$0	\$128	\$0	\$128	0.0%	
Self Pay	\$516,481	\$177,698	(\$11,844)	\$39,646	\$19,873	\$28,793	\$76,433	\$24,797	\$177,698	2.2%	
Work Comp	\$511	\$511	\$106	\$0	\$0	\$405	\$0	\$0	\$511	0.0%	
REPORT TOTAL	\$18,524,496	\$8,103,315	\$1,016,181	\$1,067,855	\$476,364	\$965,018	\$3,026,708	\$1,551,189	\$8,103,315	100.0%	

Ms. Nino stated this is great place to start but would like to see what has been recoverable in the next column over for the future. Brian advised he appreciates this feedback and reminded this is still in draft form and the A/R balance will look very different next month. The billing process is a bill to HPSJ so they can capture the codes that they need for the Hedis measures. There is also a payer code for a charge to the state. The charge to HPSJ will never get paid because they pay us a capitation fee (per member per month). Mr. Feagles stated ideally the amount over your expectation are written off about the time the charge is sent out because you know what your fixed reimbursements are. The reason it is not done here is because we were led to believe the system cannot do that but we are reexamining whether or not that can be done. Brian advised he will come back with a cleaner version of this document next month.

Isela Kloeppel advised for Payer for MediCal, we do get reimbursed even though they are sitting at the 181 days. She asked how many of those are 181 days to 250 days. They still pay us, we have twelve months to bill out. Those that are closer to 365 can be written off but everything else is collectable. She does not recommend writing MediCal off. Mr. Culbertson asked what we are doing to get whatever 50% crumbs are available as opposed to 100% of the payable. Isela advised it is going to take a team to go back if it is a CIF or rebill, whatever needs to be done. She stated if the manpower is not available, eventually it is going to keep sitting there and will not be a billable visit. Lynn Kelly advised they will work on this project to clean up. She advised as far as staffing, they are only short one part-time staff. Mary Esteban stated they do have an internal process on the CIF project so they are able to monitor those thousands of accounts that were CIF'd, that was recouped. As the monies are being recouped, they have an internal process to bill them out. At that point, depending on the response, we get an underpayment or a full denial, is when they write them off. It is not forgotten, it is part of the day to day process. The CIFs are coming in electronically.

- ii. Processing of Cr Balances – Brian Watkins asked Lynn Kelly and Mary Esteban if they had an update on where they are on the credit balances. Lynn advised they are still working on these. A lot of the credit balances cannot be fixed because eCW is going through a merging to MediQuant. This is one of those projects they are working on. Brian asked if they captured the cause of the double-billing so we make sure it doesn't happen again. Lynn advised they have provided training as needed since the last meeting.
- iii. Processing of RAs – Brian Watkins asked Lynn Kelly and Mary Esteban if we are current and everything has been posted. Mary advised compared to where we were at a year ago, they are no longer delayed with their posting; they are up to date with their posting and they have enrolled about 90% of the payers electronic in terms of RA they are trying to get everything 100% EFT so we are not losing. It is much faster now.

- iv. Explanation of May Allowances – Brian Watkins advised there was a question last month about the May allowances that we would carry forward. Art Feagles advised May allowances are not going to change on the trended financial statement. At this point we will have to wait and see what June looks like.

V. Discussion of Financial Statement Presentation and Annual Calendar (Brian Watkins)

Brian Watkins advised there are no June Financials to review. He is working very closely with Chris Roberts to finalize year end. They are working to get us back up to a consistent timeline. Going forward, they see they will be able to provide monthly financials on a consistent basis. The only hiccup they see will be year end. Every other month will be a snapshot in time except year end.

He will be providing a Proforma each month with updated information. This is a living, breathing document that he would like to bring each month as an update.

Ms. Monica Nino advised the system inherited has greater flexibility than what was originally set up in the hospital for the clinic system. They had always encouraged the clinic piece to be pulled out and be separated. She knows it is not always conducive to what Chris Roberts needs to report as the hospital CFO. She advised PeopleSoft has a little more level of sophistication when it comes to the clinics. She will leave this up to Chris to decide. Brian advised he and Chris share a lot of philosophies of how business works. He knows Chris has a shared vision to run these clinics as a business, separate and apart from the hospital but as a partner.

The goal is to have June financials during the August meeting, hopefully to also have July but not expecting it due to year end.

VI. Accounts Receivable Status (Lynn Kelly / Mary Esteban)

Lynn Kelly advised for June they ended with an intake of cash of \$679,132. The state has a fiscal year end process and they usually delay MediCal payments. They received some payments processed today, it appears for the FQHC it is \$2.4 million processed amount and they are still waiting on about \$107,000 which will probably come next month.

PFS KEY PERFORMANCE INDICATORS							
	Target	01/31/19	02/29/19	03/31/19	04/30/19	05/31/19	06/30/19
SJCC Business Office							
Cash Collections	Actual	\$666,856	\$381,233	\$922,867	\$1,475,854	\$1,092,077	\$679,132
Gross AR		\$8,390,462	\$9,225,237	\$9,309,278	\$8,941,430	\$8,758,094	\$8,383,872
Gross AR Days (90-day average)	66.5	85.4	96.8	89.1	81.7	80.0	86.8
Average Daily Revenue (90-day average)		\$98,306	\$95,287	\$104,481	\$109,415	\$109,495	\$96,637
Wrap AR		\$3,861,192	\$4,560,197	\$4,305,680	\$3,970,583	\$3,623,201	\$3,873,599
Net AR			\$4,665,039	\$5,003,598	\$4,970,848	\$5,134,893	\$4,510,273
AR over 90 Days		\$3,868,357	\$4,745,853	\$5,761,685	\$6,082,044	\$6,057,956	\$5,855,897
AR over 120 Days		\$3,106,051	\$4,012,694	\$4,974,454	\$5,549,792	\$5,508,721	\$5,323,904
Credit Balance Total		\$202,897	\$190,885	\$194,270	\$184,942	\$235,387	\$321,981
Credit Balances over 60 days		\$95,488	\$128,069	\$134,392	\$120,845	\$173,745	\$260,155
Credit Balances over 150 days		\$78,189	\$115,726	\$127,589	\$108,157	\$157,138	\$252,113
Total Number of claims for month		19,337	23,081	23,869	23,285	16,410	15,994
Total Number of clean claims for month		19,039	22,719	23,506	23,018	15,693	12,134
Total Number of claim errors for month		298	362	363	267	717	3,860
Clean Claims from TriZetto & ClaimRemedi	>85%	98%	98%	98%	99%	96%	76%

- Cash collections was lower than prior months, as the MediCal funded fee-for-service program scheduled for the second to last warrant date of the fiscal year held check writes and payments.
- Gross A/R remains steady, with a slight downward trend on aging categories 90-120 A/R days.
- Credit Balances are still inflated due to posting errors and we are working on this clean up after follow-up duties.
- Clean claims percentages dropped by 20% because we received 3,943 Manteca claims that were rejected (internally) through our claim's scrubber TriZetto for service dates 3/2018 to current. MediCal had the wrong address. This has been fixed and tested and we are waiting for Cerner PWPM to give us the go-ahead to push out these claims.

Lynn advised they have been keeping track of this every day. The table above was provided to the committee. Mr. Culberson observed there was a large dip in the total number of claims from April to May, from 23,018 to 15,693. He asked if this was a correct reflection of regular visits. Lynn advised this depends on how many they received. They have a meeting with Cerner tomorrow because they want a report of what they transitioned from Cerner to PWPM to Trizetto because they did notice this as well. Brian Watkins advised he noticed the coding department in HIM is about six weeks behind in processing. This will cause the claims to dip. These are claims that went out the door that excluded the ones that were not coded because they couldn't go out the door. Art Feagles stated one of the things he noted that the June encounters had encounter dates to June 27th but there were only 254 encounters processed for June. This suggests most of the June activity was never billed. Mr. Culberson asked if this had anything to do with physicians not completing notes. Isela Kloepfel advised they do not know for certain how much of it is due to the physicians and how much is due to coding because there is no valid report that can be run out of Cerner. She advised each coder processes 80 to 100 a day. She stated if we don't reconcile with accounting and billing every month, this will never be a true statement. We need to reconcile every month.

Chris Roberts stated it goes beyond that, from the very beginning of the RevCycle which doesn't involve billing; from scheduling, to the patient being seen, to the physician documentation, to the charge drop, to the coding, to all these pieces that add to the link. We need to follow that along to see where it is and none of that is being reconciled at each step but we don't have the tools to make that happen.

VII. Update on Reboot Initiatives (Dr. Farhan Fadoo)

Dr. Fadoo presented the below document that will be shared at the FQHC Board meeting as well.

Progress/Achievements – First 60 Days

- Cleared all HRSA conditions/findings from November 2018 OSV
- Secured NCQA PCMH recognition for 5 of 8 sites
- HR Tabletop Exercise – 135 of 450 staff identified to be moved
- Productivity Brute-Force Increase (2.09 May, 2.33 June) in highest volume clinic (PMC) 11 docs – translates to net add of 105 encounters/week (roughly additional \$20k revenue/week in that clinic alone)
 - Brute-Force approach to scale to remaining 7 sites
 - Longer-term sustainability access model in the works (to decrease no-show, non-utilization rate)
- Clinic Financial Proforma – Concept/Design of Line-Item Inventory
- Onboard FQ Finance Director
- RCM outsource due diligence
- Marketing plan – Google, Marketing SOW, Community Health Fair kickoff, Manteca Open House
- Strategic planning sessions launched (9/6 HRSA due date)
- Contracts Review – Eliminate poor performing agreements, create visible controls and discipline around contracts management (e.g. HCS SST \$250k/yr, PHS SST \$208k/yr, HCIN \$30k/qtr, Stanford Teleneuro \$14,500/mo.)
- Payer Contracts Optimization – Grow Medicare Advantage in payer mix (Medcore contract), expand market share
- Wipfli strategy session – July 25th
- 340b scoping



He advised the items he would like to highlight for this committee is the third bullet point. They looked at the entire staffing model across all the ambulatory clinics to see where support staff were deployed comparative to where physician were deployed. They noticed quite a bit of skew, for example there were some clinics that have relatively few encounters with an abundance of staff and vice versa. They identified about 135 staff that need to be moved around to right size those ratios to be optimized. They believe some of these moves will improve clinic productivity. They need to meet with HR and staff to go over this decision. Some physicians will gain and others will lose the benefits they've enjoyed over the years. The next step is to make sure physician control, payroll, and budget all align and reconcile once we have made all these moves. There are also some union meetings that are happening as well.

The next bullet point, in June there was some brute-force to increase the number of appointments in one clinic, our busiest clinic, PMC. They added five encounters a day to the physician schedules to see what that would produce. The next step is to scale this to the other SJCC sites. This is a short-

term approach to bring productivity up. There is a longer-term plan with much more elegance and thoughtfulness about actually reducing the no-show rate, going down to 15%.

The next item Dr. Fadoo would like to go over is the Proforma document below. This is something in concept Chris Roberts came up with.

SAN JOAQUIN COUNTY CLINICS - FQHC's

Projection of Clinic Operations with Initiatives

As of July 30, 2019

	TOTAL PROVIDER FTE 24.9		BUDGET DATA				
	ANNUALIZED ON MAY 2019						
	ACTUAL DATA		FY 18/19	FY 19/20	FY 20/21	FY 21/22	FY 22/23
Revenue:							
Billable Clinic visits		109,829	109,829	107,225	107,225	107,225	
Annual Charges	\$	21,106,157	\$ 21,106,157	\$ 20,496,902	\$ 20,496,902	\$ 20,496,902	
Total Clinic Revenue:	\$	15,832,985	\$ 15,832,985	\$ 15,448,653	\$ 15,448,653	\$ 15,448,653	
Expenses:							
Direct Expenses	\$	17,835,743	\$ 19,297,007	\$ 18,140,121	\$ 18,140,121	\$ 18,140,121	
Allocated Expenses	\$	9,857,520	\$ 10,653,472	\$ 10,093,809	\$ 10,093,809	\$ 10,093,809	
Total Clinic Expenses:	\$	27,693,263	\$ 29,950,479	\$ 28,233,930	\$ 28,233,930	\$ 28,233,930	
Baseline Profit/(Loss)	\$	(11,860,277)	\$ (14,117,494)	\$ (12,785,278)	\$ (12,785,278)	\$ (12,785,278)	
Initiative - New Rate Structure through Consolidation of Clinics (1)	\$	-	\$ 4,053,447	\$ 6,079,867	\$ 6,079,867	\$ 6,079,867	
Initiative - Improve Provider Productivity (2)	\$	-	\$ 4,576,000	\$ 4,356,000	\$ 4,356,000	\$ 4,356,000	
Initiative - Match provider FTE count to site capacity (3)	\$	-	\$ 300,000	\$ 427,500	\$ 427,500	\$ 427,500	
Initiative - Add 340B Pharmacy Program (4)	\$	-	\$ 600,000	\$ 800,000	\$ 800,000	\$ 800,000	
Initiative - Improve Revenue Cycle Operations (5)	\$	-	\$ -	\$ -	\$ -	\$ -	
Initiative - Add New Services to Trigger Rate Review (6)	\$	-	\$ -	\$ -	\$ -	\$ -	
Initiative - Supplemental Funding Recognized by Hospital (7)	\$	14,833,672	\$ 16,387,538	\$ 1,200,000	\$ 1,200,000	\$ 1,200,000	
Total Projected Profit/(Loss)	\$	2,973,395	\$ 11,799,492	\$ 78,090	\$ 78,090	\$ 78,090	

- (1) Consolidate co-located clinics as one PPS clinical entity. Increase in revenue to new higher rates Eff date 11/1/19
- (2) Add 5 add'l visits/day x 20 providers x 220 days x \$200/visit. Excluded OB providers Eff date 7/1/19
- (3) Adding Additional FTE providers at Manteca and adding additional hours Eff date 9/1/19
- (4) Set up 340B program with outside retail pharmacies Eff date 9/1/19
- (5) Evaluation underway for possible outsourcing of revenue cycle functions Unknown
- (6) Specific new services to be identified to trigger new rate structure Unknown
- (7) Estimated portion of supplemental funding recognized by hospital but derived from FQHC data - PRIME program, potential new program @75% Ongoing Will continue to update as information becomes available.

Dr. Fadoo advised Brian Watkins has been flushing out this model since Chris developed this. It recognizes the restraints we have around how we report the financials but also makes some concessions for all the other opportunities that are enabled by the functioning of the clinics.

Dr. Fadoo advised the items listed as initiatives, this is just a sampling of initiatives Brian is starting to scope and define, each of these are built on a number of assumptions. Dr. Fadoo advised he wanted to circulate this document in concept so everyone can get a sense of what they are discussing. All the modeling has been built into this Proforma so that we can start talking about the clinics in a more holistic sense rather than just talking about the bottom line. This is concept without any specific numbers, Brian and Chris are working through those. Brian advised the numbers are fair to conservative. Monica Nino advised she hopes it is not so overly conservative that it is not realistic. Brian advised it is a living breathing document and is updated as we move forward.

Mr. Culberson stated this excludes any adjustments that we would get for a base setting cost year number that should be imminent for December. Dr. Fadoo advised they met with Wipfli recently to discuss that. Mr. Culberson also asked if the 340b program is wrapped up in the Governor's pharmacy design. He stated there is extensive discussion that will affect the Heath Plans through their program or our 340b program. He stated this looks like it is static. Brian advised the funding is expected to drop significantly in 2021.

Dr. Fadoo advised they have started putting a process in place for contract review. There were some things sitting in the Ambulatory cost center and may be hitting the wrong cost centers.

Art Feagles provided a quick update on the meeting that was held with Wipfli on July 25th. The summarization was to put the focus on the things that happen fastest with the least administrative headache with the shortest tail on resolution and that is to consolidate the rates for the California Street and the French Camp entities, bill them all under one NPI. Wipfli went through all the steps of how to get this done. He advised there are no restraints to making this happen. After exploring they will be providing us their report from their perspective for everyone to see by tomorrow. This discussion is separate from the concept of adding services to increase rates. The reason this is a second option but still viable, is because you don't have to file until later in the year. You must show a year's experience. The only barrier is we don't know what the current rates are so we don't know what the outcome will be. Doing a consolidated rate billing process is the first move. Art advised we are getting closer to a resolution. There will be an audit that will provide us with more answers (FY15).

VIII. Other

Brian Watkins advised the Strategic Planning Finance piece is happening. There is a conference call this Friday. Erin Franklin will provide more details in the FQHC Board meeting. Erin advised they have their first draft of the Strategic Plan complete and will be doing an exercise with the board tonight to round up their board governance part of the strategic plan. For the next three weeks they will open a conference call for the board members to call in so they can raise questions etc. This was Rod Place's idea so that the board will have been involved prior to next month's meeting. This Friday is Finance, Operations and Human Resources. The following Friday will be technology marketing, business development community role and the final week will be growth expansion and one final review of the document.

Monica Nino asked if the final Strategic Plan is recommended to the Board of Supervisors.

IX. Adjournment

The meeting adjourned at 4:55 p.m.

Attachments: PFS Key Performance Indicators for June 2019
AR Aging by Financial Class/Payer Type (as at June 30, 2019)
Projection of Clinic Operations with initiatives
Progress/Achievements – First 60 Days