



**San Joaquin County Clinics (SJCC) Finance Committee  
Minutes of September 24, 2019 Meeting**

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

Present

Rod Place (SJCC Chair); David Culberson (SJGH CEO); Dr. Farhan Fadool (SJCC Executive Director); Lynn Kelly (Deputy Director Patient Financial Services); Chris Roberts (SJGH CFO); Bradley Seng; Alice Soulligne (SJCC COO); Brian Watkins (SJCC CFO); Adelé Gribble (ACS Office Tech Coordinator)

I. Call to Order

The meeting was called to order by Mr. Rod Place at 4:10 p.m.

II. Approval of Minutes from 8/27/2019

There is no quorum for today's meeting. Minutes will be brought back during October's meeting for Finance Subcommittee approval.

III. Introductions

There were no introductions.

IV. Informational Items (Brian Watkins)

a. Follow up on issues from prior meetings

- i. Revenue Cycle Update – Brian advised they are working with EMMI, pursuing the billing outsourcing (coding, billing and cash collections). If we do move forward with this contract, the target date is January 1<sup>st</sup>, 2020.

Alice Soulligne suggested Angela Ayala present some bullet point findings of the test in the clinics regarding the Revenue Cycle review at next month's meeting. Rod Place stated we often focus on the negatives and would like to encourage the team to document more wins and outcomes. Brian advised from June 30<sup>th</sup> to August 31<sup>st</sup> the number of line items on the A/R aging have gone down 9%.

Dr. Fadool stated there is an executive summary handled at the task force level that has not been shared with this committee. We will start sharing similar level of summary with this sub-committee.

V. Discussion of July 31, 2019 Financial Statements

Below is a recap of Brian Watkins' July Finance Narrative with Income Statement. He advised we do not have August yet.

*Total billable visits for the month are higher than what was budgeted (9,496 compared to 8,373). Total revenues billed for the month are lower than what was projected. Amounts billed do not tie back to the visits for the month as there is not yet a system in place to reconcile unbilled visits and record Revenue to the month of service.*

*Gross patient revenue is lower than projected as the payer mix was different from what was budgeted. Capitation Revenue is lower than budgeted as there were fewer managed Medi-Cal lives assigned to SJCC than was projected in the budget.*

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*Much was done during July to keep costs down. Under the purchased services category, there was significant savings due to a reduction in temporary providers (locums).*

*Depreciation is over budget due to a correction of depreciation entries for Manteca. The corrections that were identified at year end will continue to be booked throughout 2019-2020 and were not included in the budget preparation. Beginning with the new fiscal year, the Income Statement is showing a Total Operating Gross Margin. This reflects Net patient revenue less all clinic related costs (including FQHC Administrative costs). This total of (\$314,249) reflects clinic loss prior to Hospital overhead allocation. Compared to budget for the month of July we are (\$89,423) worse than budget, due primarily to lower than projected revenues. Progress being made from Revenue Cycle improvements was not recognized in the July financial statements.*

Brian advised the overhead allocation is hospital overhead, which is 42.2%, based on direct expenses. For contractual adjustments, Chris Roberts explained the model is based on a balance sheet model so it looks by payer, by aging, unlike in the past where we had an income statement approach. The net patient revenue excludes capitation.

## San Joaquin County Clinics Income Statement July 31, 2019

	July Totals	BUDGET	Variance	Notes
Total Visits	9,995	8,730	1,265	
Billable Visits	9,498	8,373	1,123	Visits are higher due to increased schedules
Total FTEs	135.5	133.6	1.9	
Patient Revenue				
Medicare	236,056	147,639	88,417	Payer mix differs from Budget
Medi-Cal Fee-for-Service	205,608	216,129	(10,521)	Budget is significantly higher on a per visit
Medi-Cal Managed Care	933,051	1,402,972	(469,921)	basis than actual gross revenue
Insurance	13,134	28,472	(15,338)	
Self Pay	68,743	51,338	17,405	
Gross Patient Revenue	1,456,592	1,846,550	(389,958)	
Contractual Adjustments	(619,210)	(861,985)	242,775	Lower than budget based on payer mix
Net Patient Revenue	837,382	984,565	(147,183)	
Capitation Revenue	448,785	514,232	(67,447)	Fewer assigned lives than Budget
Total Revenue	1,284,167	1,498,797	(214,630)	
Operating Expense				
Salaries	909,780	923,580	(13,800)	
Benefits	455,187	512,886	(57,699)	
Total Salaries & Benefits	1,364,967	1,436,466	(71,499)	
Pro Fees/ Registry	69,022	63,117	5,905	
Supplies	69,094	81,851	(12,757)	
Purchased Svcs	39,160	102,582	(63,422)	Less temporary providers than budgeted
Depreciation	22,696	10,297	12,399	Correction of Depreciation expense at Manteca
Other Expense	33,477	29,310	4,167	
Total Direct Expense	1,598,416	1,723,623	(125,207)	
Total Operating Gross Margin	(314,249)	(224,826)	(89,423)	Before Hospital overhead
Less: Overhead Allocation	674,532	727,369	(52,837)	
Net Income (Loss)	(988,781)	(952,195)	(36,586)	
Key Ratios				
Gross Pt Rev/Billable Visit	153.39	220.54	(67.15)	
Ttl Revenue/Billable Visit	135.23	179.00	(43.77)	
Direct Costs/Billable Visit	168.33	205.85	(37.53)	
Indirect Costs/Billable Visit	71.03	86.87	(15.84)	
Ttl Med Costs/Billable Visit	239.36	292.73	(53.37)	
Net Inc/(loss)/Billable Visit	(104.13)	(113.72)	9.60	

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Brian advised he does not have a clinic breakdown, they are continuing to work on that so they will have accurate reporting at the clinic level.

### VI. Accounts Receivable Status (Lynn Kelly)

Lynn Kelly advised cash collections reflects an increase from the prior month. She advised they are anticipating the receipt of an additional \$300,000 from the MediCal fiscal year end "Check Write" holds. The Gross A/R remains steady as the PFS/ACS team work together to adjust accounts over 180 days as cited in the table below. The team continues to focus on following up on unpaid accounts.

PFS KEY PERFORMANCE INDICATORS													
SJCC Business Office	Target	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	6/30/19	07/31/19
Cash Collections	Actual	\$2,075,066	\$526,141	\$840,614	\$1,081,089	\$1,008,853	\$659,646	\$379,021	\$821,450	\$1,475,133	\$1,091,369	\$678,304	\$958,056
Gross AR incl Credits		\$3,513,791	\$3,857,194	\$3,457,954	\$3,167,177	\$6,824,070	\$7,563,741	\$8,897,914	\$9,028,721	\$8,660,873	\$8,477,537	\$8,103,315	\$7,989,419
Credits												(\$551,615)	(\$650,865)
Gross AR Days (Rolling 12 months)												143	141
Net AR (Effective 6/2019)												\$3,161,334	\$3,149,289
Net AR Days (Effective 6/2019)												126	126

Lynn advised the days are a little high, but we are getting better. She would ideally like to be at 45 days. EMMI will be doing A/R. The nice thing about their system is it is proprietary, so they can build the system accordingly.

Payer Type Cd	Payer Type Name	Enc Bal	1 - 30 Days	% of Enc Total	31 - 90 Days	% of Enc Total	91 - 120 Days	% of Enc Total	121 - 180 Days	% of Enc Total	181 - 365 Days	% of Enc Total	366 Days And Over	% of Enc Total
Unassigned		\$58,889.04	-\$1,314.39	-2.2%	\$8,240.42	14.0%	\$2,226.42	3.8%	\$10,757.09	18.3%	\$29,518.01	50.1%	\$9,461.49	16.1%
CC	Contracted Commercial Ins	\$3,272.11	-\$232.59	-7.1%	\$426.83	13.0%	\$0.00	0.0%	\$932.00	28.5%	\$1,750.87	53.5%	\$395.00	12.1%
CD	CDCR	\$190.00	\$0.00	0.0%	\$0.00	0.0%	\$0.00	0.0%	\$0.00	0.0%	\$190.00	100.0%	\$0.00	0.0%
CH	Charity	\$473.42	\$106.00	22.4%	\$106.00	22.4%	\$0.00	0.0%	\$0.00	0.0%	\$30.00	6.3%	\$231.42	48.9%
CI	Commercial (Non-Contracted) Ins	\$468,108.30	\$56,092.17	12.0%	\$76,879.92	16.4%	\$24,343.29	5.2%	\$39,678.44	8.5%	\$152,632.30	32.6%	\$118,482.18	25.3%
CT	Contract	\$39,689.20	\$453.65	1.1%	\$2,723.00	6.9%	\$1,214.36	3.1%	\$4,256.23	10.7%	\$21,062.68	53.1%	\$8,979.28	25.1%
FD	Correctional Department	\$1,487.00	\$314.00	21.1%	\$638.00	42.9%	\$106.00	7.1%	\$235.00	15.8%	\$194.00	13.0%	\$0.00	0.0%
IP	Insurance Pending	\$703.34	\$288.00	40.9%	\$0.00	0.0%	\$0.00	0.0%	\$0.00	0.0%	\$238.00	33.8%	\$177.34	25.2%
MA	Medicare Advantage	\$61,631.48	\$8,197.76	13.3%	\$11,973.45	19.4%	\$4,617.56	7.5%	\$10,786.56	17.5%	\$19,525.25	31.7%	\$6,530.90	10.6%
MC	Medi-Cal	\$1,451,174.05	\$74,362.76	5.1%	\$229,843.82	15.8%	\$126,022.97	8.7%	\$196,253.67	13.5%	\$587,031.35	40.5%	\$237,659.48	16.4%
MO	Med-Cal HMO	\$3,468,384.50	\$447,103.32	12.9%	\$504,535.19	14.5%	\$140,724.45	4.1%	\$309,096.96	8.9%	\$1,114,689.00	32.1%	\$952,235.58	27.5%
MR	Medicare	\$2,248,780.99	\$201,861.21	9.0%	\$254,991.12	11.3%	\$133,878.46	6.0%	\$334,595.02	14.9%	\$1,033,620.47	46.0%	\$289,834.71	12.9%
SJ	County Managed Medi-Cal	\$128.22	\$0.00	0.0%	\$0.00	0.0%	\$0.00	0.0%	\$0.00	0.0%	\$128.22	100.0%	\$0.00	0.0%
SP	Self Pay	\$186,181.06	-\$18,976.88	-10.2%	\$39,230.80	21.1%	\$18,056.98	9.7%	\$33,570.57	18.0%	\$80,445.65	43.2%	\$33,853.94	18.2%
WC	Work Comp	\$326.00	-\$185.00	-56.7%	\$106.00	32.5%	\$0.00	0.0%	\$0.00	0.0%	\$405.00	124.2%	\$0.00	0.0%
REPORT TOTAL		\$7,989,418.71	\$768,070.01	9.6%	\$1,129,694.55	14.1%	\$451,190.49	5.6%	\$940,161.54	11.8%	\$3,041,460.80	38.1%	\$1,658,841.32	20.8%

### VII. Other

There were no other comments.

### VIII. Adjournment

The meeting adjourned at 4:46 p.m.

Attachments: Financial Statement Comments Summary of July Financial Activity  
Income Statement 7/31/2019  
Accounts Receivables Report for July 2019