



**San Joaquin County Clinics (SJCC) Finance Committee  
Minutes of October 29, 2019 Meeting**

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

**Present**

Alicia Yonemoto (SJCC Vice-Chair); Mike Baskett; Brian Heck; David Culberson (SJGH CEO); Greg Diederich; Lynn Kelly (Deputy Director Patient Financial Services); Monica Nino (County Administrator); Chris Roberts (SJGH CFO); Alice Souline (SJCC COO); Angela Ayala; Brian Watkins (SJCC CFO); Adelé Gribble (ACS Office Tech Coordinator)

**I. Call to Order**

The meeting was called to order by Ms. Alicia Yonemoto at 4:09 p.m.

**II. Approval of Minutes from 8/27/2019 and 9/24/2019**

The minutes were reviewed by present board members. Mr. Brian Heck made a motion to approve the minutes from 8/27/19 and 9/24/19. Mr. Mike Baskett seconded the motion and all members present unanimously approved both minutes.

**III. Introductions**

There were no introductions.

**IV. Informational Items (Brian Watkins)**

- i) Follow up on Revenue Cycle Successes (Angela Ayala)  
Last month Rod Place had requested a highlight of successes achieved. Angela Ayala provided her attachment to committee for the last sixty days. She advised they have been able to provide some resources for the billing department to allow them to focus more on billing and follow up. They brought in three additional resources with clinical background. The intent is to create super-users that support Revenue Cycle functions within the clinic space. They shifted the focus of what the billing staff are doing; they are now doing more project work because of the accumulation of A/R. The focus is on what we can bring in fast, bringing more cash in the door. Below is a snapshot of the projects they have been working on:

***Project Information***

**1.- Medi-Cal Rebill Project:**

Encounter Volume and Gross A/R as of August 31<sup>st</sup>, 2019 (aging categories based on service date)

<b>MEDI-CAL 556</b>	<b>31-90 Days</b>	<b>91-120 Days</b>	<b>121-180 Days</b>	<b>181 – 365 Days</b>	<b>Over 366 Days</b>	<b>Total Encounter Amount</b>
Enc Volume at Month End	611	373	703	1,605	1,423	4,715
Gross A/R	113,728.12	54,942.82	102,785.99	218,692.37	177,956.16	668,105.46
Overall Cash Collections for Initial Project Pop	57,629.80	27,491.61	47,509.70	86,575.58	51,922.99	271,129.68
Cash Collections Last 90 Days for Initial Project Pop	40,546.28	4,045.31	6,036.51	3,718.37	64.51	54,410.98

\*Cash collection information reflects posted transactions in PW/PM only. Last 90-day cash collection amounts represent transactions posted from Sept 1<sup>st</sup>, 2019 onwards and are included in overall cash collection total.

## Finance Committee Minutes of September 24, 2019

A request was made to provide the dollar amounts associated with these aging accounts. Measuring from both days and value is extremely important, even if it is different from Finance. Angela advised she does have that information and Brian advised they will add that along with the minutes. *(The updated information is included in the minutes)*

Encounter Volume and Gross A/R as of September 30<sup>th</sup>, 2019 (aging categories based on service date)

<b>MEDI-CAL 556</b>	<b>31-90 Days</b>	<b>91-120 Days</b>	<b>121-180 Days</b>	<b>181 – 365 Days</b>	<b>Over 366 Days</b>	<b>Total Encounter Amount</b>
Enc Volume at Month End	582	121	308	652	39	1,702
Gross A/R	131,452.75	19,554.41	55,120.10	110,494.27	6,751.22	323,372.75

### 2.- Medicare Rebill Project:

Encounter Volume and Gross A/R as of September 30<sup>th</sup>, 2019 (aging categories based on service date)

<b>MEDICARE O/P PART B</b>	<b>31-90 Days</b>	<b>91-120 Days</b>	<b>121-180 Days</b>	<b>181 – 365 Days</b>	<b>Over 366 Days</b>	<b>Total Encounter Amount</b>
Enc Volume at Month End	1,437	990	1968	4847	2648	11,890
Gross A/R	342,300.55	165,521.90	304,149.85	1,058,979.28	563,720.33	2,434,671.91
Overall Cash Collections for Initial Project Pop	98,361.68	61,689.79	134,530.24	266,214.53	152,051.91	712,848.15
Cash Collections Last 90 Days for Initial Project Pop	98,361.68	8,700.47	862.71	1,612.33	0.00	109,537.19

\*Cash collection information reflects posted transactions in PWPM only. Last 90-day cash collection amounts represent transactions posted from Sept 1<sup>st</sup>, 2019 onwards and are included in overall cash collections.

Encounter Volume and Gross A/R as of October 31<sup>st</sup>, 2019 (aging categories based on service date)

<b>MEDICARE O/P PART B</b>	<b>31-90 Days</b>	<b>91-120 Days</b>	<b>121-180 Days</b>	<b>181 – 365 Days</b>	<b>Over 366 Days</b>	<b>Total Encounter Amount</b>
Enc Volume at Month End	1,142	648	1,399	3,662	1,024	7,875
Gross A/R	301,153.50	125,988.84	281,114.71	867,866.80	246,538.21	1,822,662.06

### 3.- HPSJ Follow-up Project:

Encounter Volume and Gross A/R as of September 2019 (aging categories based on service date)

<b>HPSJ MGD MCAL 570</b>	<b>31-90 Days</b>	<b>91-120 Days</b>	<b>121-180 Days</b>	<b>181 – 365 Days</b>	<b>Over 366 Days</b>	<b>Total Encounter Amount</b>
Enc Volume at Month End	5,331	1,797	3,001	5,570	8,993	24,692
Gross A/R	1,314,112.70	315,034.30	422,340.91	629,950.11	834,179.11	3,515,617.13

.....this is a clean-up project that is still ongoing.

Angela highlighted the other big win that came across this month was the approval of our Medi-Cal application for our Manteca Clinic at the beginning of October. They have billed out anything that is Medi-Cal for Manteca listed as primary insurance. We have started getting payments from MediCal for Manteca. Anything currently billed out, we should start seeing money coming in the door. Angela stated, from their perspective, anything is collectible if it has not hit the year mark, so they are touching everything that is under 365 days.

Brian advised Angela has started coordinating sessions for the billing staff to educate them on what the FQHCs do, how they operate etc. Angela is a technical person who understands the operational side all the way through.

- ii) 90 Day Finance Dept. Accomplishments (Brian Watkins)  
Brian Watkins provided the 90 day list of accomplishments to the committee. He advised the committee can read all items noted on the handout.

iii) DHCS Exit Conference Summary/Update

Fiscal Year 2015 Rate Setting Audit. Brian advised they had their Exit Conference on October 11<sup>th</sup>. They have a few items to get back to them for consideration and the final date to respond is November 8<sup>th</sup>. They are to have finalized rates by December 20<sup>th</sup>.

Brian advised the auditors are taking the approach of removing the physician salaries when they are calculating any overhead cost, which is a different approach than what was taken in the cost reporting. Brian advised they are still working on the final report. Alice Soulligne advised Wipfli is concerned about the overhead and cost reporting. Chris Roberts stated the Exit Conference had a lot of new staff who have taken over mid-stream in this process. They sprung a lot of items that had not been discussed before at the hospital.

Wipfli pushed back and advised we need time to find the detail they are asking for. They had to at least provide the questions up front that they had never asked for us to respond. One of the approaches the state had was to write off all of the FQHC overhead; all staff not providing patient care because they did not understand what it was. Chris advised Wipfli therefore requested an extension to rebut their requests. There will be more information to follow.

iv) Billing Outsource Update

Brian advised they realized there are several vital links in the process and they are in the process to making the decision to outsource the coding, billing and collections piece of the Revenue Cycle. Brian is meeting weekly with the department heads that are affected by this and making sure we have a transition plan ready when the contract is ready. January 1<sup>st</sup>, 2020 is currently the target date.

Lynn Kelly advised Information Systems is ready for this transition.

V. Discussion of August 31, 2019 Financials (Brian Watkins)

Below is a recap of Brian Watkins' August Finance Narrative with Income Statement.

*Billable visits through August are higher than budgeted by 2,661. Gross patient revenue is above budget by \$235,171. Contractual allowances and other allowances wipe out all the excess and leave net patient revenue at (18,032) compared to budget.*

*Capitation revenue is significantly lower than the amount budgeted. Assigned lives have been reduced by about 3,000 since July 2018. This reduction coupled with the budget being based on an increase in assigned lives accounts for the large variance. Total net revenue is (\$249,549) compared to budget*

*On the expense side, Salaries and Benefits are \$154,847 over what was budgeted for the first two months of the fiscal year. Each of the other expense categories is over what was budgeted. The lone exception is purchased services. This leads to a total YTD Net Income (Loss) before hospital overhead of (\$498,623). The YTD budget reflects a modest loss of (\$7,859). We are (\$490,764) worse than what was budgeted.*

*Hospital overhead remains at 42.2% pending a detailed review by CFO and FQHC Finance Director to identify a more appropriate overhead allocation for the clinics.*

*Supplemental funding derived by the hospital (PRIME, DSH/GPP, QIP) as a result of work done by the FQHC clinics is not included in this reporting at this time.*

Monica Nino stated a big portion of assigned lives come from HPSJ. Brian advised since July 2018, the number of lives assigned to us has decreased by about 3,000. We get a \$10 fee each month for each patient. With the decrease in assigned lives, we should be working to reduce some of our other

## Finance Committee Minutes of September 24, 2019

costs. We have not kept pace with staffing and related expenses. We are underbudget in revenue and overbudget in personnel.

	Children's Health Services (#7080)	Family Medicine (#7092)	Family Practice - Ca (#7093)	Primary Medicine (#7096)	Healthy Beginnings - Ca (#7182)	Healthy Beginnings - French Camp (#7183)	Hazleton Clinic (#7184)	Manteca Clinic (#7185)	FQ Admin	Total	YTD Budget	YTD Variance - Fav (Unf)	% Var - Fav (Unf)
Total Visits	3,425	4,231	1,025	7,081	1,687	909	946	1,776	-	21,080	18,152	2,928	16.1%
Billable Visits	3,109	4,069	982	6,838	1,687	902	496	1,739	-	19,822	17,161	2,661	15.5%
<b>Patient Revenue</b>													
Medicare	-	121,650	39,617	314,083	10,636	8,814	9,659	28,978	-	533,435	328,247	205,188	62.5%
Medi-Cal	112,135	61,162	6,773	32,383	132,634	39,438	19,648	20,523	-	424,696	470,883	(46,187)	-9.8%
Medi-Cal Managed Care	687,361	587,965	138,170	819,340	382,597	181,416	74,324	281,351	-	3,152,523	3,073,053	79,470	2.6%
Insurance	2,305	11,613	929	12,374	1,029	3,540	1,695	1,899	-	35,384	62,765	(27,381)	-43.6%
Self Pay	8,575	49,082	7,374	34,486	13,700	4,554	8,373	10,693	-	136,837	112,278	24,559	21.9%
Indigent	-	90	-	-	-	-	-	-	-	90	569	(479)	-84.1%
Gross Revenue	810,376	831,562	192,863	1,212,665	540,595	237,763	113,698	343,444	-	4,282,966	4,047,795	235,171	5.8%
Contractual Adjustments	(463,397)	(445,575)	(75,436)	(485,263)	(213,233)	(77,514)	9,616	(242,646)	-	(1,993,449)	(1,897,241)	(96,209)	-5.1%
Other Allowances	(2,105)	(6,042)	(1,409)	(9,138)	(1,411)	(1,699)	(94,383)	(42,931)	-	(159,119)	(2,124)	(156,995)	-7391.5%
Net Patient Revenue	344,874	379,945	116,017	718,264	325,951	158,550	28,930	57,867	-	2,130,399	2,148,430	(18,032)	0.8%
Physician Capitation- PMPM	162,674	172,600	44,185	305,351	69,998	40,284	17,591	85,306	-	897,988	1,129,506	(231,518)	-20.5%
Total Operating Revenue	507,549	552,544	160,203	1,023,614	395,949	198,834	46,521	143,173	-	3,028,387	3,277,936	(249,549)	-7.6%
<b>Expenses</b>													
Salaries	250,376	228,308	84,623	588,786	211,962	104,315	103,762	238,808	140,980	1,951,919	1,809,098	(142,821)	-7.9%
Benefits	115,770	106,793	52,811	204,088	121,289	69,477	66,887	110,181	55,799	903,096	891,070	(12,026)	-1.3%
Total Salaries & Benefits	366,146	335,101	137,434	792,874	333,251	173,792	170,649	348,989	196,779	2,855,015	2,700,168	(154,847)	-5.7%
Professional Fees/Registration	0	26,225	0	25,260	104,902	0	0	0	98,021	254,408	126,234	(128,174)	-101.5%
Supplies	16,111	49,257	8,572	53,551	18,008	21,809	9,819	14,036	11,480	197,237	175,015	(22,222)	-12.7%
Purchased Services	1,000	13,400	2,000	20,309	5,684	17,859	240	4,450	30,576	95,520	205,164	(109,644)	-53.4%
Depreciation	1,299	4,789	324	297	2,277	4,810	0	24,798	6,789	45,382	20,594	(24,788)	-120.4%
Other Expense	14,107	5,788	6,347	10,970	8,016	2,015	166	31,858	180	79,448	58,621	(20,827)	-35.5%
Total Direct Expenses	398,664	428,561	154,677	903,262	472,739	220,279	180,874	424,129	343,826	3,527,010	3,285,795	(241,214)	-7.3%
Allocation of Direct Admin Exp	65,055	66,756	15,483	97,350	43,398	19,087	9,127	27,571	(343,826)	-	-	-	0.0%
Total Expenses exd Hospital OH	463,719	495,316	170,160	1,000,612	516,136	239,366	190,001	451,700	-	3,527,010	3,285,795	(241,214)	-7.3%
Profit/(Loss) before Hosp OH	43,830	57,228	(9,957)	23,003	(120,187)	(40,532)	(143,480)	(308,527)	-	(498,623)	(7,859)	(490,764)	-
Hospital Overhead Allocation 42.2%	195,689	209,024	71,808	422,258	217,810	101,012	80,180	190,617	-	1,488,398	1,386,606	101,792	-7.3%
Total Expenses	659,408	704,340	241,967	1,422,870	733,946	340,378	270,181	642,317	-	5,015,408	4,672,401	343,007	-7.3%
Net Income (Loss)	(151,859)	(151,795)	(81,765)	(399,255)	(337,997)	(141,545)	(223,660)	(499,144)	-	(1,987,021)	(1,394,465)	(592,556)	-42.5%

Above is a side by side YTD view of each clinic through August. Profit & Loss before Hospital overhead, CHS, FMC, FPCC and PMC are solid. Healthy Beginnings a little less and Hazelton and Manteca are showing significant loss before hospital overhead allocations.

Monica asked if there is still some consideration being given to possibly closing some of these clinics, especially clinics like Hazelton. David Culberson advised they have a meeting next week regarding viability of clinics.

Below are the ratios for each clinic and a payer mix.

	Children's Health Services (#7080)	Family Medicine (#7092)	Family Practice - Calif SL (#7093)	Primary Medicine (#7096)	Healthy Beginnings - Street (#7182)	Healthy Beginnings - French Camp (#7183)	Hazleton Clinic #7184	Manteca Clinic #7185	FQ Admin	Total	YTD Budget	YTD Variance	% Var - Fav (Unf)
<b>Key Ratios</b>													
Benefits as a % of Salaries	46.2%	46.8%	62.4%	34.7%	57.2%	66.6%	64.5%	46.1%	39.6%	46.3%	49.3%	3.0%	6.1%
Net Pt Rev as % of Gross Rev	42.6%	45.7%	60.2%	59.2%	60.3%	66.7%	25.4%	16.8%	49.7%	53.1%	53.1%	-3.3%	-6.3%
Ttl Net Rev as % of Gross Rev	62.0%	66.4%	83.1%	84.4%	73.2%	83.6%	40.9%	41.7%	70.7%	81.0%	81.0%	-10.3%	-12.7%
Gross Revenue per Billable Visit	260.65	204.37	196.40	177.34	320.45	263.59	229.23	197.49	216.07	235.87	235.87	(19.79)	-8.4%
Total Op Rev per Billable Visit	163.25	135.79	163.14	149.69	234.71	220.44	93.79	82.33	152.78	191.01	191.01	(38.23)	-20.0%
Direct Costs/Billable Visit	128.23	105.32	157.51	132.09	280.22	244.21	364.66	243.89	177.93	191.46	191.46	13.53	7.1%
Direct Admin % of Direct Expenses	16.3%	15.6%	10.0%	10.8%	9.2%	8.7%	5.0%	6.5%	17.35	0.00	191.46	(3.82)	-2.0%
Direct Admin Exp/Billable Visit	20.92	16.41	15.77	14.24	25.72	21.16	18.40	15.85	195.28	191.46	191.46	(3.82)	-2.0%
Ttl Med Cost/Bill Visit b4 Hosp OH	149.15	121.73	173.28	146.33	305.95	265.37	383.07	259.75	(25.16)	(0.46)	24.70	5368.5%	
Net Inc(Loss)/Bill Visit b4 Hosp OH	14.10	14.06	(10.14)	3.36	(71.24)	(44.94)	(289.27)	(177.42)					
Hospital Overhead/Billable Visit	62.94	51.37	73.12	61.75	129.11	111.99	161.65	109.61	75.09	80.80	80.80	5.71	7.1%
Total Medical Cost/Billable Visit	212.10	173.10	246.40	208.08	435.06	377.36	544.72	369.36	270.37	272.26	272.26	19.24	7.1%
Net Income(Loss)/Billable Visit	(48.84)	(37.31)	(83.26)	(58.39)	(200.35)	(156.92)	(450.93)	(287.03)	(100.24)	(81.26)	(81.26)	(18.99)	-23.4%
<b>Payer Mix</b>													
Medicare	0.0%	14.6%	20.5%	25.9%	2.0%	3.7%	8.5%	8.4%	12.5%	8.1%	8.1%	4.3%	53.6%
Medi-Cal	13.8%	7.4%	3.5%	2.7%	24.5%	16.6%	17.3%	6.0%	9.9%	11.6%	11.6%	-1.7%	-14.8%
Medi-Cal Managed Care	84.8%	70.7%	71.6%	67.6%	70.8%	76.3%	65.4%	81.9%	73.6%	75.9%	75.9%	-2.3%	-3.0%
Insurance	0.3%	1.4%	0.5%	1.0%	0.2%	1.5%	1.5%	0.6%	0.8%	1.6%	1.6%	-0.7%	-46.7%
Self Pay / Indigent	1.1%	5.9%	3.8%	2.8%	2.5%	1.9%	7.4%	3.1%	3.2%	2.8%	2.8%	0.4%	14.7%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	0.0%	0.0%

(1) Average Visits per Patient is 2.5; per a study conducted by the ACS Director

## VI. Accounts Receivable Status (Lynn Kelly)

Lynn Kelly advised the gross A/R remains steady. Our days in the receivables is 125. As reported by Angela Ayala, Manteca did make several payments this month, one was today for \$12,900 and we received a prior payment for about \$11,600. Looking at the aging, we are making some movement and she believes we will see more significance in the next months' totals.

## Finance Committee Minutes of September 24, 2019

Monica Nino requested a report showing comparisons as submitted in previous reports. Lynn advised she will resume that method next month.

### VII. Other

There were no other comments.

### VIII. Adjournment

The meeting adjourned at 4:47 p.m.

Attachments: Minutes of August 27, 2019  
Minutes of September 24, 2019  
Revenue Cycle Support Effort  
90 Day List of Accomplishments – Finance Staff  
Financial Statement Comments and Statements  
Accounts Receivables Report for August 2019