



**San Joaquin County Clinics (SJCC) Finance Committee  
Minutes of November 19, 2019 Meeting**

**San Joaquin General Hospital (SJGH)  
Conference Room 2  
French Camp, CA**

Present

Rod Place (SJCC Chair); Alicia Yonemoto (SJCC Vice-Chair); Brian Heck (via teleconference); Esgardo Medina; Greg Diederich; Dr. Farhan Fadoo (SJCC Executive Director); Lynn Kelly (Deputy Director Patient Financial Services); Alice Soulligne (SJCC COO); Angela Ayala; Adèle Gribble (ACS Office Tech Coordinator)

I. Call to Order

The meeting was called to order by Rod Place at 4:02 p.m.

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

The minutes were reviewed by present board members. Esgardo Medina made a motion to approve the minutes from 10/27/19. Ms. Alicia Yonemoto seconded the motion and all members present unanimously approved the minutes.

III. Introductions

There were no introductions.

IV. Informational Items (Dr. Farhan Fadoo)

Dr. Fadoo announced the CFO of the clinics (Brian Watkins) resigned since and Dr. Fadoo will be reporting on the information items with the assistance of the hospital CFO (Chris Roberts).

i) DHCS Exit Conference Update

The rate setting process came to a head with an exit conference last month in which there were some disagreements between the state auditors and us in terms of how they are treating some of the overhead costs and what they are allowing into the cost calculations for the purposes of rate settings. Dr. Fadoo briefly went over the attachment (provided in the packet) with Wipfli's response to the auditors. He advised there is significant impact to our PPS rate if the state will disallow our physician salary costs from the cost settings calculations.

Rod Place would like to investigate if it is cost effective to have Wipfli fight this, given the fees paid to Wipfli vs the savings in the PPS rate settings. Chris Roberts stated Wipfli should be able to provide us an analysis of the rate with the cost vs. the rate of the costs disallowed. The committee decided to have Carlos Jimenez from Wipfli attend our next meeting to give a presentation of his findings along with his analysis.

ii) Billing Outsource Update

Dr. Fadoo advised the team continues to meet on a weekly basis. There is a lot of movement there, several reports are being developed that the outsourcer (Electronic Medical Management Incorporated – a.k.a. EMMI) will need. A separate agreement (apart from hospital agreement) for the FQHC is in progress and has not been signed yet. They are still working on test data that we asked for.

V. Discussion of September 30, 2019 Financials (Dr. Farhan Fadoo)

Dr. Fadoo advised the FQHC CFO, Mr. Brian Watkins' last day was on Friday and we are actively seeking his replacement. Below is the Narrative Summary as well as the Income statements:



San Joaquin County Clinics

Financial Statement Comments

Year to Date through September 2019

**Summary of Agency Year to Date**

Billable visits through September were favorable to budget by 4,346. Gross patient revenue is favorable to budget by \$1,499,072. However, net patient revenue is unfavorable to budget by <\$197,452> due to higher than anticipated contractual and other allowances.

Capitation revenue is unfavorable to budget. Assigned lives have been reduced by about 3,000 since July 2018. Budget assumed an increase in assigned lives, which explains the FYTD variance of <\$297,739>. Total net revenue is unfavorable to budget by <\$495,191>.

Total Direct Operating Expense is unfavorable to budget by <\$300,592>. This is primarily driven by Salaries and Benefits Expense which is unfavorable by <\$262,908>. The Manteca Clinic and Primary Medicine Clinic's Physician Salary Expense exceeded budget by <\$142,504> and <\$142,968>, respectively. In addition, Professional Fees Expense is unfavorable to budget by <\$127,777> driven by Locums Physician Expense at Healthy Beginnings Clinic on California Street of <\$135,673> to budget. Purchased Service Expense is favorable to budget by \$170,190 due to a favorable variance in FQ Administration of \$75,809, Primary Medicine of \$32,207, and Healthy Beginnings – French Camp of \$24,872. The total FYTD Net Income <Loss> before hospital overhead of <\$862,263> is <\$795,783> unfavorable to the budgeted net loss of <\$66,480>.

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 once the rate-setting by DHCS is completed.

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.

**Summary of Clinics Year to Date**

Total FQHC loss was primarily due to the loss generated by the Manteca Clinic of <\$457,484>. Net patient revenue as a percent of gross revenue was 13.2% for this clinic which was driven by high contractual adjustments due to a cleanup effort of older encounters. Family Medicine is generating a profit for FYTD through September of \$235,408 before overhead allocations with net patient revenue as a percentage of gross revenue at 48.2%.

Currently, revenue from the clinics is not reflective of the actual visits in any given month due to system timing issues. In September the coding department was down two FQHC persons. This reduced the volume of encounters that were billed out. Revenue accruals are not yet a reality, due to the need for monthly confirmation and status of clinic visits. This process is under review.

Finance Committee Minutes of November 19, 2019

Income Statement  
For the YTD Ending  
September 30, 2019



	Children's Health Services (#7080)	Family Medicine (#7092)	Family Practice - Ca (#7093)	Primary Medicine (#7096)	Healthcare Beginnings - Ca (#7182)	Healthcare Beginnings - French Camp (#7183)	Hazleton Clinic (#7184)	Manteca Clinic (#7185)	FQ Admin.	Total	YTD Budget	YTD Variance - Fav (Unf)	% Var - Fav (Unf)
Total Visits	4,883	5,884	1,496	10,752	2,425	1,396	1,416	2,846	-	31,098	26,579	4,519	17.0%
Billable Visits	4,422	5,660	1,431	10,393	2,425	1,386	846	2,775	-	29,338	24,992	4,346	17.4%
<b>Patient Revenue</b>													
Medicare	-	206,018	59,197	548,938	17,121	14,279	17,222	51,024	-	913,799	470,274	443,525	94.3%
Medi-Cal	209,411	103,580	10,121	56,597	213,515	42,906	35,034	36,136	-	707,298	691,825	15,473	2.2%
Medi-Cal Managed Care	1,283,636	995,741	206,459	1,432,000	615,908	293,912	132,522	495,397	-	5,455,574	4,453,251	1,002,323	22.5%
Insurance	4,305	19,666	1,389	21,627	1,657	5,735	3,021	3,344	-	60,744	92,338	(31,594)	-34.2%
Self Pay	16,014	83,123	11,018	60,273	22,054	7,378	14,929	18,828	-	233,617	163,595	70,022	42.8%
Indigent	-	153	-	-	-	-	-	831	-	153	831	(678)	-81.6%
Gross Revenue	1,513,365	1,408,280	288,184	2,119,435	870,255	364,210	202,728	604,729	-	7,371,185	5,872,115	1,499,070	25.5%
Contractual Adjustments	(1,264,583)	(723,748)	(111,979)	(1,255,369)	(291,367)	(120,497)	(35,151)	(482,000)	-	(4,284,699)	(2,746,490)	(1,538,209)	-56.0%
Other Allowances	(3,046)	(6,063)	(1,409)	(9,138)	(1,411)	(1,699)	(95,755)	(42,913)	-	(161,434)	(3,119)	(158,315)	-5075.8%
Net Patient Revenue	245,737	678,469	174,795	854,928	577,476	242,014	71,822	79,810	-	2,925,053	3,122,506	(197,453)	6.3%
Physician Capitation- PMPM	233,505	244,089	64,960	461,982	99,873	62,377	31,176	138,396	-	1,336,358	1,324,096	(12,262)	-1.8%
	479,241	922,559	239,755	1,316,910	677,349	304,392	102,999	218,206	-	4,261,410	4,756,602	(495,192)	-10.4%
Other Revenue	-	-	-	-	-	-	-	-	-	-	-	-	100.0%
Total Operating Revenue	479,241	922,559	239,755	1,316,910	677,349	304,392	102,999	218,206	-	4,261,410	4,756,602	(495,192)	-10.4%
<b>Expenses</b>													
Salaries	343,797	314,251	135,846	902,583	281,236	156,663	152,707	356,665	226,167	2,869,916	2,622,997	(246,919)	-9.4%
Benefits	167,160	147,182	81,789	324,207	166,299	88,810	114,915	162,563	88,689	1,341,614	1,325,625	(15,989)	-1.2%
Total Salaries & Benefits	510,957	461,434	217,635	1,226,789	447,536	245,474	267,621	519,228	314,856	4,211,530	3,948,622	(262,908)	-6.7%
Professional Fees/Registration	4,730	35,885	-	32,220	135,673	-	-	-	108,621	317,128	189,351	(127,777)	-67.5%
Supplies	22,271	66,812	10,870	62,583	28,197	27,723	19,062	29,894	7,042	274,453	258,575	(15,879)	-6.1%
Purchased Services	10,383	14,119	7,570	309	29,858	23,939	1,140	1,020	49,192	137,531	307,721	170,190	55.3%
Depreciation	1,944	7,183	486	446	3,415	7,215	0	37,196	10,184	68,068	30,891	(37,178)	-120.4%
Other Expense	1,152	7,707	12,183	11,395	14,401	2,781	183	47,981	2,180	114,963	87,921	(27,042)	-30.8%
Total Expenses	566,436	593,139	248,743	1,333,743	659,079	307,133	288,006	635,320	492,075	5,123,674	4,823,081	(300,593)	-6.2%
Allocation of Direct Admin Exp	101,027	94,012	19,238	141,486	58,095	24,313	13,533	40,370	(492,075)	-	-	0.0%	
Total Expenses excl Hosp OH	667,463	687,151	267,981	1,475,229	717,174	331,446	301,539	675,690	-	5,123,674	4,823,081	(300,593)	-6.2%
Profit/(Loss) before Hosp OH	(188,222)	235,408	(28,227)	(158,319)	(39,825)	(27,054)	(198,540)	(457,484)	-	(862,263)	(66,479)	(795,784)	1197.1%
Hospital Overhead Allocation	281,669	289,978	113,088	622,547	302,648	139,870	127,250	285,141	-	2,162,190	2,035,340	(126,850)	-6.2%
Total Expenses	949,132	977,129	381,070	2,097,775	1,019,822	471,316	428,789	960,831	-	7,285,864	6,858,421	(427,443)	-6.2%
Net Income (Loss)	(469,891)	(54,570)	(141,315)	(780,866)	(342,473)	(166,925)	(325,790)	(742,625)	-	(3,024,453)	(2,101,819)	(922,635)	-43.9%

	Children's Health Services (#7080)	Family Medicine (#7092)	Family Practice - Calif St (#7093)	Primary Medicine (#7096)	Healthcare Beginnings - California Street (#7182)	Healthcare Beginnings - French Camp (#7183)	Hazleton Clinic (#7184)	Manteca Clinic (#7185)	FQ Admin.	Total	YTD Budget	YTD Variance	% Var - Fav (Unf)
<b>Key Ratios</b>													
Net Pt Rev as % of Gross Rev	16.2%	48.2%	60.7%	40.3%	66.4%	66.4%	35.4%	13.2%	0.0%	39.7%	53.2%	-13.5%	-25.4%
Total Net Rev as % of Gross Rev	31.7%	65.5%	83.2%	62.1%	77.8%	83.6%	50.8%	36.1%	0.0%	57.8%	81.0%	-23.2%	-28.6%
Benefits as % of Salaries	48.6%	46.8%	60.2%	35.9%	59.1%	56.7%	75.3%	45.6%	39.2%	46.7%	50.5%	3.8%	7.5%
Overhead % of Direct Expenses	49.7%	48.9%	45.5%	46.7%	45.9%	45.5%	44.2%	44.9%	0.0%	42.2%	42.2%	0.0%	0.0%
Gross Revenue per Billable Visit	342.24	248.81	201.39	203.93	358.87	262.78	239.63	217.92	0.00	251.25	234.96	16.29	6.9%
Net Revenue per Billable Visit	108.38	163.00	167.54	126.71	279.32	219.62	121.75	78.63	0.00	145.25	190.32	(45.07)	-23.7%
Direct Costs/Billable Visit	128.09	104.79	173.82	128.33	271.79	221.60	340.43	228.94	0.00	174.64	192.98	18.34	9.5%
Indirect Costs/Billable Visit	63.70	51.23	79.03	59.90	124.80	100.92	150.41	102.75	0.00	73.70	81.44	7.74	9.5%
Total Medical Cost/Billable Visit	214.64	172.64	266.30	201.85	420.55	340.96	506.84	346.25	0.00	248.34	274.42	26.08	9.5%
Total Cost/Patient (1)	536.60	431.59	665.74	504.61	1,051.36	850.14	1,267.11	865.61	0.00	620.86	686.06	65.20	9.5%
Net Income(Loss)/Billable Visit	(106.26)	(9.64)	(98.75)	(75.13)	(141.23)	(120.44)	(385.09)	(267.61)	0.00	(103.09)	(84.10)	(18.99)	-22.6%
<b>Payer Mix</b>													
Medicare	0.0%	14.6%	20.5%	25.9%	2.0%	3.9%	8.5%	8.4%	0.0%	12.4%	8.0%	4.4%	54.8%
Medi-Cal	13.8%	7.4%	3.5%	2.7%	24.5%	11.8%	17.3%	6.0%	0.0%	9.6%	11.8%	-2.2%	-18.6%
Medi-Cal Managed Care	84.8%	70.7%	71.6%	67.6%	70.8%	80.7%	65.4%	81.9%	0.0%	74.0%	75.8%	-1.8%	-2.4%
Insurance	0.3%	1.4%	0.5%	1.0%	0.2%	1.6%	1.5%	0.6%	0.0%	0.8%	1.6%	-0.7%	-47.6%
Self Pay / Indigent	1.1%	5.9%	3.8%	2.8%	2.5%	2.0%	7.4%	3.1%	0.0%	3.2%	2.8%	0.4%	13.3%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	0.0%	100.0%	100.0%	0.0%	0.0%

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

Chris stated they have a new Hospital Director of Finance who is overseeing the accounting team that works with the FQHC. She has been looking at the processes and they have changed to a balance sheet methodology which is working. They are revamping and getting everything more streamlined. The revenue needs to reflect the month of reporting. Chris stated he needs a manager at the clinic level to reconcile which report is accurate on a month to month basis. Once they have that, whatever is missing in the revenue side, they will approve an average rate per visit and reverse it out the next month and it will catch up. What we have now is missed timing; invoices is based on the timing of the claims. We have to move away from that to true accrual. The expenses need to match the timing of the visit. This is why the YTD is a more accurate reflection.

San Joaquin County Clinics  
Income Statement  
As of August 31, 2019

				Year to Date			
	Jul	Aug	Sep	YTD Actual	YTD Budget	Variance	% Var
<b>Total Visits</b>	9,995	11,085	10,018	31,098	26,579	4,519	17.0%
<b>Billable Visits</b>	9,436	10,386	9,516	29,338	24,992	4,346	17.4%
<b>Patient Revenue</b>							
Medicare	236,056	297,379	380,364	913,799	470,274	443,525	94.3%
Medi-Cal Fee-for-Service	205,608	219,088	282,602	707,298	691,825	15,473	2.2%
Medi-Cal Managed Care	933,051	2,219,472	2,303,051	5,455,574	4,453,251	1,002,323	22.5%
Insurance	13,134	22,250	25,360	60,744	92,338	(31,594)	-34.2%
Self Pay	68,636	68,201	96,780	233,617	163,595	70,022	42.8%
Indigent	106	(16)	63	153	831	(678)	-81.6%
<b>Gross Patient Revenue</b>	<b>1,456,592</b>	<b>2,826,374</b>	<b>3,088,220</b>	<b>7,371,186</b>	<b>5,872,114</b>	<b>1,499,072</b>	<b>25.5%</b>
Contractual Adjustments	(498,718)	(1,494,730)	(2,291,251)	(4,284,699)	(2,746,490)	(1,538,209)	-56.0%
Other Allowances	(120,492)	(38,627)	(2,315)	(161,434)	(3,119)	(158,315)	-5075.8%
<b>Net Patient Revenue</b>	<b>837,382</b>	<b>1,293,017</b>	<b>794,654</b>	<b>2,925,053</b>	<b>3,122,505</b>	<b>(197,452)</b>	<b>-6.3%</b>
Capitation Revenue	446,785	451,203	438,369	1,336,357	1,634,096	(297,739)	-18.2%
<b>Total Net Revenue</b>	<b>1,284,167</b>	<b>1,744,220</b>	<b>1,233,023</b>	<b>4,261,410</b>	<b>4,756,601</b>	<b>(495,191)</b>	<b>-10.4%</b>
<b>Operating Expense</b>							
Salaries	909,780	1,042,139	917,997	2,869,916	2,622,997	(246,919)	-9.4%
Benefits	455,187	447,909	438,518	1,341,614	1,325,625	(15,989)	-1.2%
<b>Total Salaries &amp; Benefits</b>	<b>1,364,967</b>	<b>1,490,048</b>	<b>1,356,515</b>	<b>4,211,530</b>	<b>3,948,622</b>	<b>(262,908)</b>	<b>-6.7%</b>
Professional Fees/Registry	69,022	185,386	62,720	317,128	189,351	(127,777)	-67.5%
Supplies	69,094	128,143	77,216	274,453	258,575	(15,878)	-6.1%
Purchased Services	39,160	56,359	42,011	137,531	307,721	170,190	55.3%
Depreciation	22,696	22,687	22,686	68,068	30,891	(37,177)	-120.3%
Other Expense	33,477	45,971	35,515	114,963	87,921	(27,042)	-30.8%
<b>Total Direct Expense</b>	<b>1,598,416</b>	<b>1,928,594</b>	<b>1,596,663</b>	<b>5,123,673</b>	<b>4,823,081</b>	<b>(300,592)</b>	<b>-6.2%</b>
<b>Net Income (Loss)</b>	<b>(314,249)</b>	<b>(184,374)</b>	<b>(363,640)</b>	<b>(862,263)</b>	<b>(66,480)</b>	<b>(795,783)</b>	<b>1197.0%</b>
Overhead Allocation	674,532	813,867	673,792	2,162,190	2,035,340	(126,850)	-6.2%
<b>Net Income (Loss) w/ OH Allocation</b>	<b>(988,781)</b>	<b>(998,240)</b>	<b>(1,037,432)</b>	<b>(3,024,453)</b>	<b>(2,101,820)</b>	<b>(922,633)</b>	<b>43.9%</b>

**Key Ratios**

Gross Pt Revenue/Billable Visit	\$ 154.37	\$ 272.13	\$ 324.53	\$ 251.25	\$ 234.96	\$ 16.29	6.9%
Net Revenue/Billable Visit (excl Oth Rev)	\$ 136.09	\$ 167.94	\$ 129.57	\$ 145.25	\$ 190.32	\$ (45.07)	-23.7%
Direct Costs/Billable Visit	\$ 169.40	\$ 185.69	\$ 167.79	\$ 174.64	\$ 192.98	\$ 18.34	9.5%
Indirect Costs/Billable Visit	\$ 71.48	\$ 78.36	\$ 70.81	\$ 73.70	\$ 81.44	\$ 7.74	9.5%
Total Medical Cost/Billable Visit	\$ 240.88	\$ 264.05	\$ 238.59	\$ 248.34	\$ 274.42	\$ 26.08	9.5%
Net Income(Loss)/Billable Visit	\$ (104.79)	\$ (96.11)	\$ (109.02)	\$ (103.09)	\$ (84.10)	\$ 18.99	-22.6%
Net Pt Rev as % of Gross Rev	57.5%	45.7%	25.7%	39.7%	53.2%	-13.5%	-25.4%
Total Net Rev as % of Gross Rev	88.2%	61.7%	39.9%	57.8%	81.0%	-23.2%	-28.6%
Benefits as a % of Salaries	50.0%	43.0%	47.8%	46.7%	50.5%	3.8%	7.5%
Overhead % of Direct Exp	42.2%	42.2%	42.2%	42.2%	42.2%	0.0%	0.0%

VI. Accounts Receivable Status (Lynn Kelly)

Pursuant to last month's request for a report showing comparisons, Ms. Lynn Kelly updated the PFS Accounts Receivable Aging Analysis for SJCC. Below is the latest report she and Chris put together for the committee for the month of September 2019.

There are four payer groups (MediCare, MediCal, Commercial & Self Pay) and they were aged from day one to day thirty all the way to accounts that are over 366 days old. For the month of September, the total A/R was \$8.3 million. When compared to last month we received a reduction of approximately 66,692 accounts. A lot of this had to do with the efforts where we rebilled accounts and adjusted off certain adjustments that the system did not auto-adjust. On the right-hand side of the table, it shows total aging compared to the dollar amount of increase or decrease of percentages.

Lynn advised as the time progresses, if the committee accepts this report, they will trend out every month in the middle section (Monthly Management Summary) showing a good perspective of where we are going financially, adjustment-wise etc.

Finance Committee Minutes of November 19, 2019

PFS Accounts Receivable Aging Analysis For SJCC For the Month of September 2019								
Aging Category	MediCare	MediCal	Commercial	Self Pay	Total Aging This Month	Total Aging Last Month	\$ Increase (Decrease)	% Increase (Decrease)
1-30 Days	273,477	1,263,462	172,911	-13,238	1,696,612	1,513,119	183,493	12.13%
31-60 Days	161,365	490,035	54,450	19,999	725,849	449,894	275,955	61.34%
61-90 Days	138,176	217,372	28,251	11,066	394,865	539,874	-145,009	-26.86%
91-120 Days	135,075	296,667	37,930	17,822	487,494	497,776	-10,282	-2.07%
121-180 Days	257,980	466,600	53,001	34,918	812,499	879,326	-66,827	-7.60%
181-240 Days	331,469	363,584	39,882	33,431	768,366	840,929	-72,563	-8.63%
241-270 Days	173,012	181,323	18,509	12,891	385,735	507,663	-121,928	-24.02%
271-365 Days	669,895	655,805	88,161	42,233	1,456,094	1,587,817	-131,723	-8.30%
366 Days & Over	424,517	1,017,292	134,918	55,914	1,632,641	1,610,449	22,192	1.38%
<b>Total FC This Month</b>	<b>2,564,966</b>	<b>4,952,140</b>	<b>628,013</b>	<b>215,036</b>	<b>8,360,155</b>	<b>8,426,847</b>	<b>(66,692)</b>	<b>-0.79%</b>
<b>Total FC Last Month</b>	<b>2,500,970</b>	<b>5,129,820</b>	<b>574,945</b>	<b>221,112</b>	<b>8,426,847</b>			
<b>\$ Increase (Decrease)</b>	<b>63,996</b>	<b>(177,680)</b>	<b>53,068</b>	<b>(6,076)</b>	<b>-66,692</b>			
<b>% Increase (Decrease)</b>	<b>2.56%</b>	<b>-3.46%</b>	<b>9.23%</b>	<b>-2.75%</b>	<b>-0.79%</b>			
Monthly Management Summary								
	<b>Beginning A/R Balance</b>	<b>Gross Services Billed</b>	<b>Disallowances/Discounts</b>	<b>Payments</b>	<b>Adjustments</b>	<b>Ending A/R Balance</b>		
September Activity	8,426,847	3,196,521	(1,740,422)	(1,002,470)	(520,321)	8,360,155		
PFS Key Performance Indicators for SJCC								
	<b>September</b>	<b>August</b>	<b>Increase (Decrease)</b>					
Gross A/R Days	139	153	(14)					
Net A/R	2,960,862	3,078,429	(117,567)					
Net A/R Days	119	125	(6)					

VII. Other

There were no other comments.

VIII. Adjournment

The meeting adjourned at 4:39 p.m.

Attachments: Minutes of October 29, 2019  
Wipfli memorandum to State Auditors  
Financial Statement Comments and Statements  
Accounts Receivables Report for September 2019