



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

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

Present

Rod Place, SJCC Chair  
Alicia Yonemoto, SJCC Vice Chair  
Luz Maria Sandoval, SJCC Treasurer  
Art Feagles, SJCC Interim CFO (WIPFLI, LLP)  
Chuck Wiesen, SJCC Executive Director  
David Culberson, SJGH CEO  
Diana Surber, SJCC Interim CFO (WIPFLI, LLP)  
Greg Diederich, HCS Director  
Isela Kloeppel, SJCC Director Operational Excellence  
Marilyn Kelly, Deputy Director Patient Financial Services  
Mary Esteban, Patient Financial Services Consultant  
Matt Garber, HCS Assistant Director  
Vanessa Anderson, HCS Management Analyst  
Adelé Gribble, ACS Office Tech Coordinator

The meeting was called to order at 4:04 p.m.

Mr. Art Feagles was introduced as the incoming SJCC Interim CFO who will be working on a full-time basis until a permanent CFO can be hired. Ms. Diana Surber will be transitioning out of this position and working on special projects.

October and November Financials

Copies of the financial statements and monthly comments for October and November 2018 were distributed. Ms. Surber advised Mr. Feagles and Ms. Surber met with Finance to develop a schedule for the January close. At the February meeting the committee will receive December and January statements and the reporting will be current going forward. The Financial Statements will be included going forward to formalize the minutes.

Key points discussed included:

October - There were 10,602, billable visits in October, which was 7.8% more than budget of 9,836.

Gross patient revenue of \$2.8 million was greater than budget by \$884,000 or 44.1%. Net Patient Revenue of \$1.4 million was greater than budget by \$99,000 or 7.5%.

Total Direct Expenses of \$2.0 million were less than budget by \$34,000 (1.7%). The resulting Net Loss of \$1.3 million was less than Budgeted Net Loss by \$134,000. Total cost per billable visit was \$272.18 in October, which was 7.2% favorable to budget of \$293.18.

Accounts Receivables – Cash receivables in October were \$860,911 and gross AR were \$3,798,439. Average days of revenue in AR was down to 77.1, which continues the downward trend.

November – There were 8,788 total billable visits in November, which was 8.0% less than budget of 9,551.

Gross patient revenue of \$2.3 million was 25.3% more than budgeted. Net Patient Revenue of \$1.2 million was 1.8% less than budget. Due to implementation issues impacting the monthly close process and delaying financial reporting, we will exclude detail of revenues by payor and adjustments until system issues are resolved.

Total expenses of 1.7 million were less than budget by \$310,000 (15.6%) for November. Total cost per billable visit was \$272.99 in November which was 7.8% favorable to budget of \$295.93. Due to implementation issues impacting the monthly close process and delaying financial reporting, we will exclude detail of revenues by payor and adjustments until system issues are resolved.

Accounts Receivables - Cash receipts in November were \$1,088,326 and gross AR were \$3,514,104. Average days of revenue in AR decreased from October to 71.3.

Ms. Surber advised these reports will be more meaningful when they are current and timely.

Ms. Surber advised we received the official effective date of November 28, 2018 for the Manteca and Hazelton clinics enrollment as an FQHC. We got notice of the interim PPS rate from the audits branch of the State and it goes to the provider enrollment branch where they set it up as a system. Once that happens the claims can be released, and we can start getting paid back from November. There has been no notification from the State that there will be any retro payment adjustments from the date of the clinics opening to November.

Ms. Surber advised the State has contacted Mr. Carlos Jimenez with WIPFLI to start the rate setting audits for FY15. Hopefully within the next six months we will have final rates for the original five FQHC clinics.

Mr. Art Feagles provided trended financial reports to the committee that he would like to provide in the future. He advised you will see a series of months (hopefully continuously through the end of the year by the time you are done). The goal is to see the trend, the relationship between the previous months to the current. The expenses are relatively stable and should be relatively predictable. Looking at Patient Service revenue overall looks positive in the gross revenue side but there is a line called contractual allowances. This is a key benchmark figure to track that expense.

Mr. Feagles also likes to look at the key ratio trends, looking at what is stable or not. He also has operational goals to improve these trends.

The next report he provided is similar but serves a different purpose; it is not the whole financial statement, it is selective accounts. This report shows the catch up that has occurred during the period reported to get us on stable and solid footing. Overall the expenses are relatively stable.

In one shot he has done the comparison and explained the variances. Mr. Feagles asked the committee if this is helpful and if they would like him to provide these reports going forward. The goal is to catch up or exceed the budget as we move through the fiscal year. Mr. Rod Place

advised due to time constraints during the Financial Committee meeting, this would be helpful moving forward.

Lynn Kelley provided the attachment of the key performance indicators. She focused on prior months October and November 2018 (see below table).

<b>KEY PERFORMANCE INDICATORS</b>		
	<b>10/31/18</b>	<b>11/30/18</b>
<b>SJCC Business Office (Combined Current/Legacy)</b>		
Cash Collections	\$860,911	\$1,088,326
Gross AR	\$3,798,439	\$3,514,103
Gross AR Days (90 day average)	77.1	71.3
Average Daily Revenue (90 day average)	\$49,259	\$49,260
Wrap AR	\$2,775,629	\$3,686,289
AR over 90 Days	\$3,071,324	\$3,291,830
% of AR over 90 Days	81%	94%
AR over 120 Days	\$2,584,633	\$2,826,650
% of AR over 120 Days	68%	80%
AR over 180 Days	\$135,067	\$1,377,216
% of AR over 180 Days	4%	39%
AR over 365 Days	\$205,418	\$221,780
% of AR over 365 Days	5%	6%
Bad Debt Cash Receipts	\$0	\$0
Credit Balance Total	\$383,181	\$292,865
Total Number of claims for month	23,840	17,660
Total Number of clean claims for month	23,801	17,620
Total Number of claim errors for month	39	40
Clean Claims from Trizetto & ClaimRemedi	100%	100%

\* Credit Balance inflated due to cash posting errors. Most date back from 3/18 go live.

She advised they are making progress and hope to reach get these aging accounts down by June. They are working with a vendor called Healthcare Resource Group because of lot of the above has to do with legacy accounts. The credit balance is high at \$292,865. Based on last month's meeting, she did a lot of research and discovered a lot are not true credits, they are cash posting errors.

Their primary target is to bring cash in and work this project in segments each day. Ms. Kelley advised true credits are probably closer to \$40,000 - \$45,000.

Ms. Kelley advised the CIF (Claims Inquiry Form) project was completed mid-month of January 2019. They were able to produce 12,963 CIFs. The original amount of 16,000 claims was incorrect. They have rebilled all the CIFs that have a take back notice of about 4,762. They still have approximately 1,600 Medicare claims that need to be billed out but cannot do that portion until the take backs have been taken care of.

The second project was they recently discovered there are approximately 7,900 to 9,000 accounts by payer that they determined have no charges, either because the physician has not signed off on it yet or charges were just not submitted. Ms. Kelley will provide an update once she knows more.

The last project they are working on is a CDM (Charge Description Manager) Rate Increase. They received notification that a 7% increase in charges that were supposed to go into effect in July

2018 but was only put into the system in January 2019. They are unable to determine the volume, but the interim solution is any open claims will be billed with the correct charge. Any claims already paid will not be rebilled. This is only for the FQHC clinics.

Ms. Kelley advised going forward they will work in tandem with Mr. Art Feagles in terms of reporting so the committee can see a trending on the business office side.

Mr. Rod Place asked if there are any concerns on the jump on the AR over 180 days that went from \$135,067 to \$1,377,216. Ms. Kelley stated a lot of that probably has to do with us having to rebill the MediCal claims. This will fluctuate and once it is cleaned up, we will see some stability.

Mr. Feagles stated when you do a rebilling it is picking up the original date of service and automatically dropping it into a variable bucket. It looks horrible but a claim has already been made and being corrected.

Mr. Place stated every time we do this, his one question is either how many in quantity or dollar are creeping towards the 6<sup>th</sup>, 9<sup>th</sup>, 12<sup>th</sup> month mark where we lose a percentage or value. Where do we cut back because it is not worth spending all this time to get 25% of the total value. He asked if we can reach out to Cerner to assist in this report. The battle in her department is knowing when something goes to a 50%, 75% and 0% loss. A business decision can then be made to cut and move on. Mr. Place stated the board would love to see this report. Ms. Kelley will research and report back to the Finance Committee.

Fee Schedule Update – this is a HRSA program requirement. There was a deficiency noted in the Site visit because the charge master fees charged to patients were not developed in accordance to HRSA program requirements. Ms. Surber advised they contacted their WIPFLI revenue cycle team and they went through a process to analyze the utilization data from these clinics to attain from Optum the billing data from the whole area that is aggregated.

Ms. Surber advised it is important to note the adjustment will be an overall increase of approximately 18% but it won't affect the Net Revenue, Sliding Fee Scale, Patient Responsibility portion. What they found was overall, some of the charges, especially the ancillary type (lab and radiology) could be reduced to come into line with the local market rate. This is an analysis that should be done annually.

Being there were no further agenda items to discuss, the meeting adjourned at 5:01 p.m.

Attachments:           October 2018 Financial Statement Comments  
                              November 2018 Financial Statement Comments