



**San Joaquin County Clinics (SJCC) Finance Committee  
Minutes of February 26, 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); Chris Roberts (SJGH CFO and HCS Assistant Director); Chuck Wiesen (SJCC Executive, Director); David Culberson (SJGH CEO); Diana Surber (SJCC Special Projects, WIPFLI, LLP); Lynn Kelly (Deputy Director Patient Financial Services); Mary Esteban (Patient Financial Services Consultant); Matt Garber (HCS Assistant Director); Adelé Gribble (ACS Office Tech Coordinator)

**The meeting was called to order at 4:13 p.m.**

I. Introductions

Chris Roberts was introduced as the new Chief Financial Officer for SJGH.

II. December 2018 & January 2019 Financials (Art Feagles / Diana Surber)

Copies of the financial statements and monthly comments for December 2018 and December 2019 were distributed.

December 2018 & January 2019 – The two months continue the trend of increasing encounters. The total visits for the month of December 2018 were 7,988, 10.8% less than budget of 8,960. December's billable visits of 7,596 were less than budgeted visits of 8,500 by 904 or 10.6% (approximately two days of lost work due to holiday). January saw a jump to over 10,000 encounters.

Gross Patient Revenue of \$1.8 million was greater than budget by \$100,000 or 5.8%. Net Patient Revenue of \$1.1 million was less than budget by \$43,000 or 3.7%.

Total Expenses in December 2018 of \$1.7 million were less than budget by \$970,000 (36.0%). The resulting Net Loss of \$577,000 was less than Budgeted Net Loss by \$1.5 million. January 2019 saw a reversal, due to issues with expense accrual practice and increased clinical activity.

Average Monthly Charges over the last four months, when annualized = \$27,099,214; average monthly charges over the last seven months, when annualized = \$22,669,783. This is a difference of \$4,429,431 and should represent a net income difference of between \$2.2 million to \$2.7 million annually. This illustrates the impact of the delayed billings after to conversion to Cerner and suggests stronger financials in the future.

Mr. Art Feagles advised there is volatility month to month but the expense side of the equation is relatively predictable. The variance report highlights the changes relative to actual experience. We do not have a dynamic budget, it is fixed once a year. We *do* want to look at our variables in our actual operating experience month to month. The revenue side has been good. The expense side has been relatively stable. Mr. Rod Place asked if there is a

specific percentage against revenue. He asked why the number jumps around so much. Mr. Feagles explained our patient mix is different from month to month so the discounts can be different. We have a lot of catch up billing from the earlier part of the year so this tends to cycle through in big chunks. This will cause a sudden reduction in prior charges that occur at the time of payment three or four months later. In this environment, the way the system is set up, it is hard to stabilize it because the PPS system is unique to FQHC. If the system isn't set up to immediately discharge the difference between your charges and your net expectation, it drags it out until you either get a check or write it off as uncollectable.

Mr. Place requested a more simplified explanation of where we should be as an organization, where we are at based on what we did, here is what happened, let's analyze that and what we should do to get to the point we should be. Mr. Feagles stated he has been looking at the last three to four months. He is encouraged with what he is seeing each month. We will start seeing a more realistic expectation of what is going on. He is very conservative in his statement of revenues in particularly in a health care environment.

Mr. Place stated, we know how many visits we have; we should be able to tabulate the revenue, we should know roughly how much our contractual obligation is against that so we should be able to come up with, "Here's what we think we should be getting". The next column would read, "Here is what we actually received" and forget having to go back and back charge something. He would like to see a separate column explaining the reason for missed charges. This will give the committee a better picture to be able to make necessary decisions. As it stands right now, they have no way to analyze whether a clinic is doing well or not. He would like to see breakdowns of the contractual adjustments against the revenues.

Mr. David Culberson advised we should be able to take the volume of patients multiplied by some number which gives us a net revenue. We have prior period adjustments. On the A/R side, there is a historical trend now where we are coming to a point of seeing stabilization. Mr. Feagles advised he is incredibly enthusiastic about the future of the FQHC here. The first step is to get numbers that support his theory and his prior experience of FQHC's.

### III. Accounts Receivables Status (Mary Esteban)

Mary Esteban provided the attachment of the key performance indicators which highlighted from March 2018 through January 2019 (see below table).

KEY PERFORMANCE INDICATORS											
	03/31/18	04/30/18	05/31/18	06/30/18	07/31/18	08/31/18	09/30/18	10/31/18	11/30/18	12/31/18	01/31/19
<b>SJCC Monthly Combine</b>											
Cash Collections	\$16,001	\$30,941	\$60,393	\$105,659	\$268,452	\$2,075,066	\$526,141	\$840,614	\$1,081,089	\$1,009,853	\$659,646
Gross AR	\$526,343	\$1,280,454	\$2,261,166	\$2,981,994	\$5,480,250	\$3,513,791	\$3,857,194	\$3,457,954	\$3,167,177	\$6,824,070	\$7,563,741
Gross AR Days (90 day average)	#VALUE!	#VALUE!	23.1	41.1	46.0	26.4	27.0	28.7	27.2	64.5	76.9
Average Daily Revenue (90 day average)	N/A	N/A	\$97,833	\$72,485	\$119,149	\$133,067	\$142,792	\$120,332	\$116,470	\$149,436	\$195,055
Wrap AR	\$294,512	\$791,911	\$1,383,390	\$1,951,028	\$560,742	\$1,143,222	\$1,744,752	\$2,601,994	\$3,507,970	N/A	\$3,690,375
AR over 90 Days	\$0	\$0	\$0	\$610,928	\$1,550,249	\$2,236,069	\$2,343,201	\$2,730,976	\$2,945,040	\$3,220,026	\$3,868,357
% of AR over 90 Days	0%	0%	0%	20%	28%	64%	61%	79%	93%	47%	51%
AR over 120 Days								\$2,244,399	\$2,479,861	\$2,637,541	\$3,106,051
% of AR over 120 Days	0%	0%	0%	0%	0%	0%	0%	65%	78%	39%	41%
AR over 180 Days									\$1,252,322	N/A	N/A
% of AR over 180 Days	0%	0%	0%	0%	0%	0%	0%	0%	40%	N/A	N/A
AR over 365 Days									\$0		
% of AR over 365 Days	0%	0%	0%	0%	0%	0%	0%	0%	0%		
New Bad Debt Assignments											
Bad Debt Amount as a % of Gross Revenue											
Bad Debt Cash Receipts											
Credit Balance Total	\$0	\$76	\$507	\$1,234	\$596	\$12,532	\$25,496	\$40,542	\$65,241	\$147,022	\$99,830
Credit Balances over 60 days										\$141,384	\$95,488
Credit Balances over 150 days										\$119,315	\$78,189
Total Number of claims for month	3,725	4,783	6,709	20,769	11,821	12,372	12,599	23,710	17,549	17,323	19,337
Total Number of clean claims for month	2,544	4,701	6,594	19,967	11,577	11,900	12,271	20,975	17,170	15,694	19,039
Total Number of claim errors for month	1,181	82	115	802	244	472	328	2,735	379	1,628	298
Clean Claims from Trizetto	68%	98%	98%	96%	98%	96%	97%	88%	98%	91%	98%

Ms. Esteban advised the cash collection for month end January 2019 is \$659,646. The Gross AR as of end of January is \$7.5 million. This is a big jump compared to November and December. The reason for this is partly due to of the CIF (Claims Inquiry Form) project they are doing. They have completed sending almost 14,000 CIFs to MediCal and they are getting retractions, payments back. As they get the RA, they were hoping to rebill them. Unfortunately, they discovered the system was not sending the bills out. They contacted Cerner regarding why it did not go out and they advised the system is designed that way. They are working on getting a PICA to review the design of the system so it does not happen again. They had to manually bill all these claims based on the RA.

They are also working on pushing out the MediCare accounts that they have. This is just for PWPM. They have outsourced the eCW. They will give those results later on.

Ms. Estaban reviewed pertinent line items as shown in the chart above. She stated they are still working on a Credit Balance Total of \$99,000. They are having some adjustment issues they are looking into. Ms. Lynn Kelly advised a lot of Credit Balance issues have to do with incorrect cash postings as mentioned in the last meeting. She advised there are a lot of SRs submitted to PWPM asking for enhancements that they currently don't have in the system. This would include accurate reporting as well.

Ms. Estaban advised the good news is the clean claims we are seeing in Trizetto of 98%.

IV. Fee Schedule Update (Diana Surber / Art Feagles)

This topic was placed on the Finance Committee agenda in error. It will be discussed during the FQHC Board meeting.

V. Other

There were no items to discuss.

VI. Adjournment

The meeting adjourned at 5:07 p.m.