



**San Joaquin County Clinics (SJCC) Finance Committee  
Minutes of March 26, 2019 Meeting**

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

Present

Alicia Yonemoto (SJCC Vice Chair); Luz Maria Sandoval (SJCC Treasurer); Bradley Seng; Art Feagles (SJCC Interim CFO, WIPFLI, LLP); Chris Roberts (SJGH CFO and HCS Assistant Director); Chuck Wiesen (SJCC Executive, Director); David Culberson (SJGH CEO); Mary Esteban (Patient Financial Services Consultant); Nelson Munoz (Patient Financial Services Manager); Matt Garber (HCS Assistant Director); Vanessa Anderson (HCS Management Analyst); Monica Nino (SJ County Administrator); Adelé Gribble (ACS Office Tech Coordinator)

I. Call to Order

The meeting was called to order by Ms. Alicia Yonemoto at 4:08 p.m.

II. Introductions

Mr. Larry Blitz was introduced as a guest from WIPFLI

III. December 2018 & January 2019 Financials (Art Feagles)

Copies of the financial statements and monthly comments for February 2019 and YTD were distributed. Mr. Feagles also distributed the Variance Analysis for FY 2018 – 2019.

February 2019 – This was a shorter month and the number of completed encounters of 9,252 was about 12% lower than January, but was exactly the average of the most recent 6 months. Gross charges for patient services were lower than January by 13%, and just 11% under the monthly average for recent months. Net patient service revenues were only about 3% below the monthly average.

Mr. Feagles stated he tends to look at trends, which indicates stability in financial reporting. The numbers shouldn't be varying that month from month to month in any of the categories unless there is something extraordinary happening.

Patient service revenue for the month was about 3% below the monthly average for the prior six months. The expenses for the month were \$328,000 < the prior month but only half of 1% < the monthly average of the prior six months. The net income for the month – loss of 1.6 million dollars that was just 2.3% different from the monthly average for the recent six months. The variance analysis – only two items with > \$2,000 or 5% different from our history. Our YTD actual performance has been remarkably in line with the budget projections done about a year ago for revenues, e.g. Gross Patient Service Revenue has a variance of just 1/10<sup>th</sup> of 1% to our YTD and total revenues exceed the budget expectations by about 2-½ %. Expenses are about 16% < budget and operating income is 30% better than predicted.

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## Consolidated Income Statement Trended FY 2018 - 2019

ACTUAL	Variance Analysis								YTD Total	6 Mos Aver.	Current Mon. v Average	
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb			\$ Variance	% Variance
Visits	8,993	10,172	8,350	10,602	8,788	7,988	10,529	9,252	74,674	9,252	0	0
Revenue							13%	269,741				
Patient Revenue												
Medicare	(1,259)	994	1,540	3,693	4,960	4,527	9,049	266,679	290,183	48,408	218,271	450.9%
Medi-Cal Fee-for-Service	63,741	72,870	85,494	116,553	135,594	116,965	118,594	252,157	961,967	137,559	114,598	83.3%
Medi-Cal Managed Care	526,650	763,889	1,255,444	1,923,972	1,507,561	1,172,361	1,398,225	1,261,785	9,809,888	1,419,892	(158,107)	-11.1%
Insurance	264,800	463,562	502,849	714,106	636,551	542,991	627,370	20,387	3,772,615	507,376	(486,988)	-96.0%
Self Pay	190,395	0	0	0	0	0	0	82,360	272,755	13,727	68,633	500.0%
Indigent	0	0	0	0	0	0	0	129	129	22	108	500.0%
Gross Revenue	\$ 1,044,327	\$ 1,301,315	\$ 1,845,326	\$ 2,758,324	\$ 2,284,666	\$ 1,836,843	\$ 2,153,238	\$ 1,883,497	\$ 15,107,537	\$ 2,126,982	(243,485)	-11.4%
Contractual Adjustments	312,163	(347,286)	(1,135,550)	(1,779,086)	(1,538,555)	(1,170,881)	(1,149,779)	(1,059,319)	(7,868,293)	(1,305,528)	246,209	-18.9%
Contractual Adjustment %	-29.9%	26.7%	61.5%	64.5%	67.3%	63.7%	53.4%	56.2%	52.1%			
Other Allowances	(1,201)	431	4	(15,921)	27,003	18,030	(256,662)	(85,589)	(313,905)	(62,628)	22,961	36.7%
Capitation Rev	519,095	465,472	462,647	463,521	460,636	460,636	457,402	454,285	3,743,694	459,854	(5,570)	-1.2%
Net Pt Revenue	1,874,384	1,419,932	1,172,428	1,426,839	1,233,751	1,144,629	1,204,200	1,192,874	10,669,033	1,229,120	(36,246)	-2.9%
Operating Expense												
Salaries	\$ 695,249	\$ 855,817	\$ 753,476	\$ 985,867	\$ 709,962	\$ 879,419	\$ 708,540	\$ 812,849	\$ 6,401,179	808,352	4,496	0.6%
Benefits	486,773	358,928	412,432	447,603	458,773	372,979	672,390	418,008	3,627,887	463,698	(45,690)	-9.9%
Total Salaries & Benefits	1,182,022	1,214,744	1,165,909	1,433,470	1,168,735	1,252,399	1,380,930	1,230,856	10,029,066	1,272,050	(41,194)	-3.2%
Professional Fees/Registry	101,349	108,912	106,159	112,469	4,250	168,733	(117,436)	23,882	508,317	49,676	(25,794)	-51.9%
Supplies	65,889	64,692	101,535	119,581	139,347	38,580	117,915	110,462	758,001	104,570	5,892	5.6%
Purchased Services	330,335	329,009	287,937	282,251	305,687	(235,670)	542,625	298,048	2,140,221	246,813	51,235	20.8%
Depreciation	21,645	21,645	21,057	21,037	21,037	20,997	20,997	20,997	169,413	21,020	(23)	-0.1%
Other Expense	49,257	38,823	41,619	52,511	37,557	(15,282)	41,926	31,656	278,067	31,664	(8)	0.0%
Total Direct Expense	1,750,497	1,777,825	1,724,216	2,021,318	1,676,614	1,229,757	1,986,957	1,715,902	13,883,085	1,725,794	(9,892)	-0.6%
Overhead Allocation	552,240	557,637	544,030	669,494	559,977	491,944	634,980	577,644	4,587,946	579,678	(2,034)	-0.4%
Total Expenses	2,302,737	2,335,462	2,268,246	2,690,813	2,236,591	1,721,700	2,621,936	2,293,545	18,471,031	2,305,472	(11,927)	-0.5%
Net Income (Loss)	\$ (428,353)	\$ (915,530)	\$ (1,095,818)	\$ (1,263,974)	\$ (1,002,840)	\$ (577,071)	\$ (1,417,737)	\$ (1,100,671)	\$ (7,801,998)	(1,076,352)	(24,319)	2.3%

328,391

Mr. Culberson asked if we have month end close out processes that ensures all invoices are going out appropriately or if this issue is still ongoing. He advised he would like Mr. Feagles and Mr. Chris Roberts to get together to iron out the accrual issues.

Mr. Culberson also stated the Variance Analysis shows a big switch in Medicare revenue and a big decline in insurance revenue and asked for an explanation. Mr. Feagles stated it has been an ongoing conversation since before he came on board. Whatever revenue was coming in wasn't being classified in the right payer notes. This is the basic problem that is not been fully resolved and that is how data is transferred from the practiced management billing side to the PeopleSoft accounting software. It hasn't been solved in the electronic sense but the Accounting Department is taking PeopleSoft reports as the system is generating them (which are more correct) and they are posting directly from those reports and bypassing the electronic linkage of the data chain. This is acceptable until we have better information. Our single biggest payer falls in the Medicaid category. We know we have self-pay patients who have had no entry but it was not being recorded correctly. We will see changes that reflect more where revenue is coming from. When it refers to actual revenue it is an accrual, not cash in hand.

Mr. Wiesen stated there are two ways to do accrual. The first way is what Mr. Feagles is shifting us toward, to accrue the charges and not make the adjustment directly to what it is expected to be at the time; the other is to adjust it but then adjust when the payment comes in. The adjustment will occur right at the time so it matches this month's revenue to actual activity. Mr. Feagles stated in looking at the financials originally, he was surprised to see how high the contractual amounts was, which is why he asked to have this highlighted as a percentage on the financial reports so we could track this. It is coming down and should be more in line of 50% which is a more realistic expectation.

Mr. Wiesen advised another piece in the final settlement is the State adjusts our rate per year by the MEI (Medical Expense Index) so the rate would go up by the amount the MEI goes up. Mr. Feagles stated it is usually under 2% if you are adding a dollar or two per encounter.

Mr. Wiesen stated we are anticipating the State will settle our rates for the first five clinics within the next month. Once that is completed, then we are looking at consolidating the clinics. This will also change the financial structure.

IV. Accounts Receivables Status (Mary Esteban)

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

PFS KEY PERFORMANCE INDICATORS						
	09/30/18	10/31/18	11/30/18	12/31/18	01/31/19	02/28/19
<b>SJCC Business Office</b>						
Cash Collections	\$530,939	\$860,911	\$1,088,326	\$1,013,600	\$666,856	\$381,233
Capitation	\$462,647	\$463,521	\$460,636	\$457,938	\$457,402	\$454,285
Gross AR	\$4,442,780	\$3,972,074	\$3,692,422	\$7,325,876	\$8,390,462	\$9,225,237
Gross AR Days (90 day average)	90.2	80.6	22.3	69.3	85.4	96.8
Average Daily Revenue (90 day average)	\$49,259	\$49,259	\$165,729	\$105,731	\$98,306	\$95,287
Wrap AR	\$1,940,311	\$2,775,629	\$3,686,289	\$165,040	\$3,861,192	\$4,560,197
AR over 90 Days	\$2,732,961	\$3,071,324	\$3,291,830	\$3,220,026	\$3,868,357	\$4,745,853
% of AR over 90 Days	62%	77%	89%	44%	46%	51%
AR over 120 Days	\$389,760	\$2,584,633	\$2,826,650	\$2,637,541	\$3,106,051	\$4,012,694
% of AR over 120 Days	9%	65%	77%	36%	37%	43%
AR over 180 Days	\$157,361	\$135,067	\$1,377,216	\$0	\$0	\$0
% of AR over 180 Days	4%	3%	37%	0%	0%	0%
AR over 365 Days	\$213,425	\$205,418	\$221,780	\$0	\$0	\$0
% of AR over 365 Days	5%	5%	6%	0%	0%	0%
New Bad Debt Assignments	\$0	\$0	\$0	\$0	\$0	\$0
Bad Debt Amount as a % of Gross Revenue	0%	0%	0%	0%	0%	0%
Bad Debt Cash Receipts	\$0	\$0	\$0	\$0	\$0	\$0
Credit Balance Total	\$221,288	\$383,181	\$292,865	\$249,502	\$202,897	\$190,885
Total Number of claims for month	12,646	23,840	17,660	17,406	19,337	23,081
Total Number of clean claims for month	12,608	23,801	17,620	17,366	19,297	23,040
Total Number of claim errors for month	38	39	40	40	40	41
Clean Claims from TriZetto & ClaimRemedi	100%	100%	100%	100%	100%	100%

1. The CIF project started in October and the payment recoupments are now starting to affect cash payments. We also started re-billing approximately 14,000 claims and submitted them between January and February. Re-billing all the claims were further delayed when we found out that MediCal did not receive our claims because the system generated zero charge claims. When we checked why we were not receiving payments, we discovered that PWPM did not transmit the billed claims to TriZetto. We did not receive adequate notification and PWPM/TriZetto do not have an existing reconciliation report. We then submitted an SR (Service Request) to fix the problem. Corner's response was that the only fix was to populate total charges on to the secondary claim and have the claim submitted for denial. So we opted to complete all recoupments first and then do the rebilling process to avoid further system issues.

2. A/R increase is due to reapplication of takebacks so that we can rebill accounts.

3. Wrap A/R would also increase due to ZZ wraps currently being billed.

4. We have hired an additional FTE for FQ started 3/25/19.

Ms. Esteban advised the TriZetto and PWPM issue will soon be resolved and are hoping to receive payments within the next 30 days. They know the system, know it is false, have worked on the errors and fixed it. They now have the reports they did not previously have to better manage their Accounts Receivable.

V. Other

There were no items to discuss.

VI. Adjournment

The meeting adjourned at 4:48 p.m.

Attachments: Variance Analysis FY2018-2019  
PFS Key Performance Indicators  
Financial Statement Comments (February 2019 and YTD)