



**San Joaquin County Clinics (SJCC) Finance Committee
Minutes of April 30, 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); 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); Lynn Kelly (Deputy Director Patient Financial Services); Mary Esteban (Patient Financial Services Consultant); Nelson Munoz (Patient Financial Services Manager); Adelé Gribble (ACS Office Tech Coordinator)

I. Call to Order

The meeting was called to order by Mr. Rod Place at 4:04 p.m.

II. Introductions

There were no guests or new attendees to introduce.

III. March 2019 Financial Statements (Art Feagles)

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

March 2019 –The number of total visits (10,106) was 855 more than the average of the prior 6 months (+8.5%).

Gross charges for patient services were down 6% from the recent monthly average. Net revenues from all sources were equal to the average of the prior 6 months.

Mr. Feagles stated unfortunately our constraints on the losses are because of reductions in the budgeted expenses rather than improvements in revenue. We seem to plateau on the number of encounters we complete each month. There is an upward trend in future bookings but it is a slow climb.

Mr. Rod Place asked where Mr. Feagles is obtaining the results that he is reporting. Mr. Feagles advised it is out of PeopleSoft which is the overall repository for data for Human Resource and Financial. Data is supposed to be transported from the Cerner PWPM and mapped to the various account codes in the general ledger in PeopleSoft.

Mr. Place asked if we can figure out the value the PRIME dollars bring to the clinics. Mr. Feagles answered PRIME incentive dollars are not in the FQHC financials, it is strictly in the Hospital financials. Mr. Place asked Mr. Chris Roberts if there is a way to look at that and manually see the value. Mr. Roberts advised it is important to consider these incentive dollars. Mr. Feagles stated this is not core FQHC revenue source and it is going away. This is the last year of it. Mr. Place stated while it is going away, there is the caveat there will be another program in place similar to it. He has been attending the Board of Supervisors meetings and they are looking at shutting the clinics down because our revenue is not favorable on paper. With them looking at the FQHC financials on paper, they need to see

something on paper that shows because we have San Joaquin County Clinics (SJCC), San Joaquin General Hospital (SJGH) gained x. This will show the Board of Supervisors (on paper) how shutting the clinics down will lose money for SJGH. There are three members on the Board of Supervisors who are eager to shut the clinics down and Mr. Place would like to take something back to them showing the reasons to not do so.

Mr. Chuck Wiesen advised Mr. Culberson has acknowledged that 80-85% of PRIME dollars (roughly 19 million per year) is generated by activity in the clinics. Mr. Place advised he needs a report put together that he can present to the Board of Supervisors showing how the clinics bring value and potential profit to the hospital. He needs a supplemental report to show along with the financial report. Over the last four years we have had tremendous losses to report. Mr. Roberts agreed and will work on getting a report to Mr. Place.

Mr. Feagles stated there are initiatives we can do internally to bring up the margin but we are not going to close that gap overnight. This is a factor that needs to be taken into the whole consideration process.

On the Variance Analysis we are looking at the current month as opposed to the prior six months, taking an average of those compared to the current month and then looking at the variance in the terms of dollars and percentages. What we pick out of the reported elements are those things where there is a variance of > 10% or \$2,000.00.

Consolidated Income Statement Trended									Variance Analysis				Current Mo. to 6 Mos. Aver.			Explanation of Variances Greater Than 10% or \$2,000
FY 2018 - 2019									6 Mos. Aver.	Amt. Variance	% Variance					
	Sept	Oct	Nov	Dec	Jan	Feb	Mar	YTD Total								
Visits	8,350	10,602	8,788	7,988	10,529	9,252	10,106	84,780	9,252	855	8.5%					
Revenue																
Patient Revenue	1,621	3,693	4,960	4,527	9,049	266,679	270,144	560,408	48,422	221,723	82.1%	Corrections in Payer Classifications				
Medicare	89,240	116,553	135,594	116,965	118,594	252,157	223,606	1,189,319	138,184	85,422	38.2%	Corrections in Payer Classifications				
Medi-Cal Fee-for-Service	858,207	1,923,972	1,507,561	1,172,361	1,398,225	1,261,785	1,329,889	10,742,540	1,353,885	-23,796	-1.8%	Corrections in Payer Classifications				
Insurance	454,936	714,106	636,551	542,991	627,370	20,387	17,655	3,742,357	499,390	-481,735	-2728.5%	Corrections in Payer Classifications				
Self Pay	0	0	0	0	0	82,360	96,112	368,867	13,727	82,386	85.7%	Corrections in Payer Classifications				
Gross Revenue	\$ 1,404,003	\$ 2,758,324	\$ 2,284,666	\$ 1,836,843	\$ 2,153,238	\$ 1,883,497	\$ 1,937,407	\$ 16,603,621	2,053,429	-116,021	-6.0%					
Contractual Adjustments	(1,135,550)	(1,779,086)	(1,538,555)	(1,170,881)	(1,149,779)	(1,059,319)	(988,731)	(8,857,024)								
Contractual Adjustment %	-80.9%	-64.5%	-67.3%	-63.7%	-53.4%	-56.2%	-51.0%	-53.3%	-64.4%	13.3%	-26.1%	Progress toward goal - fewer reductions				
Other Allowances	4	(15,921)	27,003	18,030	(256,662)	(85,589)	(245,329)	(559,234)	-52,189	-193,139	78.7%	More payments rec'd., more adjustments recorded.				
Net Pt Revenue	731,103	1,426,837	1,233,749	1,144,628	1,204,198	1,192,873	1,155,837	11,383,547	1,155,565	272	0.0%					
Operating Expense																
Total Salaries & Benefits	1,165,909	1,433,470	1,168,735	1,252,399	1,380,930	1,230,856	1,302,441	11,331,507	1,272,050	30,391	2.3%	OK; slight change in hours worked				
Professional Fees/Registry	106,159	112,469	4,250	168,733	(117,436)	24,055	57,650	566,140	49,705	7,945	13.8%	Variable, due to need and billing cycles.				
Purchased Services	287,937	282,251	305,687	(235,670)	542,625	298,048	137,511	2,277,733	246,813	-109,302	-79.5%	SSIs for Hazelton were over-accurd previously				
Total Direct Expense	1,724,216	2,021,318	1,676,614	1,229,757	1,986,957	1,716,075	1,666,404	15,549,662	1,725,823	-59,419	-3.6%	Due to Purchased Service reduction				
Overhead Allocation	544,030	669,494	559,977	491,944	634,980	577,723	547,731	5,135,756	579,691	-31,960	-5.8%	Variable, based on clinic site operations				
Total Expenses	2,268,246	2,690,813	2,236,591	1,721,700	2,621,936	2,293,798	2,214,135	20,685,418	2,305,514	-91,379	-4.1%	Due to Purchased Service reduction				
Net Income (Loss)	\$ (1,537,142)	\$ (1,263,975)	\$ (1,002,842)	\$ (577,073)	\$ (1,417,738)	\$ (1,100,924)	\$ (1,058,298)	\$ (9,301,872)	-1,149,949	91,651	-8.7%	Better Operating Margin - Exp. Reductions				

In the revenue items, all these variances were merely corrections between how February and March were reported incorrectly associating revenue with financial class and the errors that had been made in the prior months. All these will go away in the April Financial because he will have corrected all the months and they will all line up correctly. It does not change the Net Revenue or Net Income line but it does correct how revenue is classified correctly.

There are some variance and contractual allowances which has to do with whatever we are discharging out of gross charges from month to month. This is a reduction in the historical allowances but we want to get to the point where it shouldn't be 60% or 70%, it should be more around 50% so this shows progress towards that. We are not discharging old prior year debt in the current year.

Mr. Place asked if the figures shown below in Overhead allocation is for the Hospital or Clinics? Mr. Feagles stated it is Hospital, all the costs the hospital pays directly and then prorates to clinic operations. It would include the rent on the buildings, security costs, cleaning costs and whatever else needs to be pro-rated to the clinic. He stated this line item

does need to be reviewed to make sure they are updated and make sure we are getting all the costs that are appropriate from the hospital.

**Consolidated Income Statement Trended
FY 2018 - 2019**

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Total
ACTUAL										
Visits	8,993	10,172	8,350	10,602	8,788	7,988	10,529	9,252	10,106	84,780
FTEs - Non physician	-	94.5	97.3	99.1	95.4	100.4	102.9	-	-	-
FTEs - Physician	-	23.3	22.7	30.9	22.7	22.5	27.4	23.9	-	-
Total FTEs	-	117.9	119.9	130.0	118.1	122.9	130.4	23.9	-	-
Revenue										
Patient Revenue										
Medicare	(1,259)	994	1,621	3,693	4,960	4,527	9,049	266,679	270,144	560,408
Medi-Cal Fee-for-Service	63,741	72,870	89,240	116,553	135,594	116,965	118,594	252,157	223,606	1,189,319
Medi-Cal Managed Care	526,650	763,889	858,207	1,923,972	1,507,561	1,172,361	1,398,225	1,261,785	1,329,889	10,742,540
Insurance	264,800	463,562	454,936	714,106	636,551	542,991	627,370	20,387	17,655	3,742,357
Self Pay	190,395	0	0	0	0	0	0	82,360	96,112	368,867
Indigent	0	0	0	0	0	0	0	129	0	129
Gross Revenue	\$ 1,044,327	\$ 1,301,315	\$ 1,404,003	\$ 2,758,324	\$ 2,284,666	\$ 1,836,843	\$ 2,153,238	\$ 1,883,497	\$ 1,937,407	\$ 16,603,621
Contractual Adjustments	312,163	(347,286)	(1,135,550)	(1,779,086)	(1,538,555)	(1,170,881)	(1,149,779)	(1,059,319)	(988,731)	(8,857,024)
Contractual Adjustment %	29.9%	-26.7%	-80.9%	-64.5%	-67.3%	-63.7%	-53.4%	-56.2%	-51.0%	-53.3%
Other Allowances	(1,201)	431	4	(15,921)	27,003	18,030	(256,662)	(85,589)	(245,329)	(559,234)
Capitation Rev	519,095	465,472	462,647	463,521	460,636	460,636	457,402	454,285	452,490	4,196,184
Net Pt Revenue	1,874,385	1,419,932	731,103	1,426,837	1,233,749	1,144,628	1,204,198	1,192,873	1,155,837	11,383,547
Other Revenue	0	0	0	0	0	0	0	0	0	0
Total Revenue	\$ 1,874,385	\$ 1,419,932	\$ 731,103	\$ 1,426,837	\$ 1,233,749	\$ 1,144,628	\$ 1,204,198	\$ 1,192,873	\$ 1,155,837	\$ 11,383,547
Operating Expense										
Salaries	\$ 695,249	\$ 855,817	\$ 753,476	\$ 985,867	\$ 709,962	\$ 879,419	\$ 708,540	\$ 812,849	\$ 809,580	\$ 7,210,759
Benefits	486,773	358,928	412,432	447,603	458,773	372,979	672,390	418,008	492,861	4,120,748
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	1,302,441	11,331,507
Professional Fees/Registry	101,349	108,912	106,159	112,469	4,250	168,733	(117,436)	24,055	57,650	566,140
Supplies	65,889	64,692	101,535	119,581	139,347	38,580	117,915	110,462	116,217	874,218
Purchased Services	330,335	329,009	287,937	282,251	305,687	(235,670)	542,625	298,048	137,511	2,277,733
Depreciation	21,645	21,645	21,057	21,037	21,037	20,997	20,997	20,997	20,997	190,410
Other Expense	49,257	38,823	41,619	52,511	37,557	(15,282)	41,926	31,656	31,587	309,654
Total Direct Expense	1,750,497	1,777,825	1,724,216	2,021,318	1,676,614	1,229,757	1,986,957	1,716,075	1,666,404	15,549,662
Overhead Allocation	552,240	557,637	544,030	669,494	559,977	491,944	634,980	577,723	547,731	5,135,756
Total Expenses	2,302,737	2,335,462	2,268,246	2,690,813	2,236,591	1,721,700	2,621,936	2,293,798	2,214,135	20,685,418
Net Income (Loss)	\$ (428,353)	\$ (915,530)	\$ (1,537,142)	\$ (1,263,975)	\$ (1,002,842)	\$ (577,073)	\$ (1,417,738)	\$ (1,100,924)	\$ (1,058,298)	\$ (9,301,872)
O/H % of Total Expenses	24.0%	23.9%	24.0%	24.9%	25.0%	28.6%	24.2%	25.2%	24.7%	24.8%
Key Ratios										
Gross Pt Revenue/Visit	116.13	127.93	168.14	260.17	259.98	229.95	204.51	203.58	191.71	195.84
Total Revenue/Visit (excl Oth Rev)	208.43	139.59	87.56	134.58	140.39	143.29	114.37	128.93	114.37	134.27
Direct Costs/Visit	194.65	174.78	206.49	190.65	190.78	153.95	188.71	185.48	164.89	183.41
Indirect Costs/Visit	61.41	54.82	65.15	63.15	63.72	61.59	60.31	62.44	54.20	60.58
Total Medical Cost/Visit	256.06	229.60	271.65	253.80	254.51	215.54	249.02	247.92	219.09	243.99
Net Income(Loss)/Visit	(47.63)	(90.00)	(184.09)	(119.22)	(114.11)	(72.24)	(134.65)	(118.99)	(104.72)	(109.72)
Labor Costs as a % of Total Exp	55.7%	56.7%	56.1%	57.5%	52.4%	82.5%	48.2%	54.7%	61.4%	58.4%
Benefits as a % of Salaries	70.0%	41.9%	54.7%	45.4%	64.6%	42.4%	94.9%	51.4%	60.9%	57.1%
Overhead % of Direct Expens	31.5%	31.4%	31.6%	33.1%	33.4%	40.0%	32.0%	33.7%	32.9%	33.0%

Mr. Feagles stated he is not certain the hospital is passing enough costs through to the clinic. If we are going to ask for a change in rates based on our current costs, we need to be sure we have all those costs that are appropriate and auditable flowing through to the clinics. If we are going to make an adjustment and they go up, now is the time to do it because we are about to apply for rate changes, we are eligible.

Mr. Roberts will work on putting together a report for Mr. Place to present to the Board of Supervisors. Mr. Bradley Seng asked if this will be enough to satisfy the Board of Supervisors and Mr. Place stated he is certain it would.

IV. Accounts Receivables Status (Mary Esteban)

Ms. Mary Esteban advised March 2019 was a good month where our Cash Collections were up to \$922,867, our Gross AR Days (90-day average) had dropped to 89 days. We are starting to trend down in that area. Ms. Esteban advised our number of clean claims have improved as well and we are sending out more claims with very little errors so we are making progress.

Finance Committee Minutes of March 26, 2019

Revenue Cycle KPI SJCC Combined Summary only March 2019 End of Month

KEY PERFORMANCE INDICATORS												
	Target	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	02/28/19	03/31/19
SJCC Business Office												
Cash Collections	Actual	\$148,592	\$250,779	\$277,120	\$2,080,202	\$530,939	\$860,911	\$1,088,328	\$1,013,500	\$666,856	\$381,233	\$922,867
Capitation		N/A	N/A	\$519,095	\$465,472	\$462,647	\$463,521	\$460,636	\$457,938	\$457,402	\$454,285	\$452,490
Gross AR		\$3,311,571	\$3,639,519	\$6,089,335	\$4,112,603	\$4,442,780	\$3,972,074	\$3,692,422	\$7,325,876	\$8,390,462	\$9,225,237	\$9,309,278
Gross AR Days (90 day average)	66.5	67.2	73.9	123.6	83.5	90.2	80.6	22.3	69.3	85.4	96.8	89.1
Average Daily Revenue (90 day average)		\$49,259	\$49,259	\$49,259	\$49,259	\$49,259	\$49,259	\$165,729	\$105,731	\$98,306	\$95,287	\$104,481
Wrap AR		\$1,800,994	\$2,167,848	\$758,383	\$1,339,651	\$1,940,311	\$2,775,629	\$3,686,289	\$165,040	\$3,861,192	\$4,565,197	\$4,305,680
Net AR											\$4,665,039	\$5,003,598
AR over 90 Days		\$673,721	\$1,028,749	\$1,954,592	\$2,638,338	\$2,732,961	\$3,071,324	\$3,291,830	\$3,220,026	\$3,868,357	\$4,745,853	\$5,761,685
% of AR over 90 Days		17%	28%	32%	64%	62%	77%	89%	44%	46%	51%	62%
AR over 120 Days		\$479,398	\$414,907	\$391,103	\$395,283	\$389,760	\$2,584,633	\$2,826,650	\$2,637,541	\$3,106,051	\$4,012,694	\$4,974,454
% of AR over 120 Days		14%	11%	6%	10%	9%	65%	77%	36%	37%	43%	53%
AR over 180 Days		\$239,070	\$154,074	\$159,602	\$191,132	\$157,361	\$135,067	\$1,377,216	\$0	\$0	\$0	\$0
% of AR over 180 Days		7%	4%	3%	5%	4%	3%	37%	0%	0%	0%	0%
AR over 365 Days		\$80,231	\$111,941	\$152,457	\$178,077	\$213,425	\$206,418	\$221,780	\$0	\$0	\$0	\$0
% of AR over 365 Days		2%	3%	3%	4%	5%	5%	6%	0%	0%	0%	0%
New Bad Debt Assignments		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Bad Debt Amount as a % of Gross Revenue		0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Bad Debt Cash Receipts		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Credit Balance Total		\$15,307	\$130,064	\$188,759	\$219,080	\$221,288	\$383,181	\$292,865	\$249,502	\$202,897	\$190,885	\$194,270
Credit Balances over 60 days		\$14,339	\$128,456	\$188,163	\$206,528	\$195,792	\$342,502	\$227,624	\$141,384	\$95,488	\$128,069	\$134,392
Credit Balances over 150 days		\$8,606	\$88,374	\$168,867	\$201,109	\$194,761	\$331,104	\$227,624	\$119,315	\$78,189	\$115,728	\$127,589
Unlocked Visits Report for All Doctors at all Locations as of e.o.m., eff. 10/1/2015		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total Number of claims for month		8,812	21,210	11,842	12,439	12,646	23,840	17,660	17,406	19,337	23,081	23,869
Total Number of clean claims for month		8,207	20,369	11,598	11,964	12,280	21,086	17,271	15,774	19,039	22,719	23,508
Total Number of claim errors for month		605	841	244	475	366	2,754	389	1,632	298	362	363
Clean Claims from Trizetto & ClaimRemedi	>85%	93%	96%	96%	96%	97%	88%	98%	91%	98%	98%	98%

Below is summary to show where the CIF (Claims Inquiry Form) program is going. We now only have 2,824 claims remaining. They hope to conclude this project in about two weeks.

NAME OF PROJECT: CIF																
Week Ending 4/26/2019																
PROCESSED																
Description	Beginning Balance	\$ Amount	# week 1 \$	# week 2 \$	# week 3 \$	# week 4 \$	# week 5 \$	# Month End	\$ Balance	Unbilled Amount	Unbilled Encounters					
CIF Encounters Identified	13,740	\$ 1,605,793.80	4,221	\$ 493,308.27	2,368	\$ 276,748.16	2,666	\$ 329,969.42	1,593	\$ 186,173.91	1,943	\$ 227,078.41	12,791	\$ 1,513,298.17	\$ 92,495.63	949
Non CIF Encounters		1,875	\$ 219,131.25												\$ 219,131.25	1875
Total Encounters Reviewed:	15,615															
Totals:															\$ 311,626.88	2824

Ms. Esteban advised we are trending upward and all the fixes we put into place is working.

Ms. Kelly stated PWPM does not have the ability to capture anything over 120 days. Ms. Kelly advised anything seen over 365 days stopped because eCW has closed down. PWPM has very limited capabilities.

Ms. Esteban advised the committee to keep in mind a lot of the credit balances are not true patient refunds. The system over-inflated some of the adjustments. Our primary priority is to collect cash first and work on the rest over time.

V. Other

There were no items to discuss.

VI. Adjournment

The meeting adjourned at 4:48 p.m.

Attachments:

Financial Statement Comments (March 2019 and YTD)
Variance Analysis FY2018-2019
Consolidated Income Statement Trended (FY 2018-2019)
PFS Key Performance Indicators