



**San Joaquin County Clinics (SJCC) Finance Committee
Minutes of April 28, 2020 Meeting**

**San Joaquin General Hospital (SJGH)
Web Conference Meeting
French Camp, CA**

Present

Rod Place (SJCC Chair); Luz Maria Sandoval (SJCC Treasurer); Esgardo Medina (SJCC Board Member); Greg Diederich (HCS Director); Dr. Farhan Fadoo (SJCC Executive Director); Tenisha Dunham (SJCC CFO); Lynn Kelly (SJGH Pt. Financial Services Deputy Director); Monica Nino (SJ County Administrator); Chris Roberts (SJGH CFO); Alice Soulligne (SJCC COO); Kris Zuniga (Interim SJCC CFO/Wipfli); Carlos Jimenez (Wipfli); Adelé Gribble (SJCC ACS OTC)

I. Call to Order

The meeting was called to order by Rod Place at 4:03 p.m.

II. Approval of Minutes from March 31, 2020 (Rod Place)

A quorum was established for today's Finance Committee. The minutes were reviewed by present board members. Esgardo Medina made a motion to approve the minutes from 03/31/2020. Luz Maria Sandoval seconded the motion and all board members present unanimously approved the minutes.

III. Introductions (Rod Place)

Dr. Fadoo introduced Tenisha Dunham as the new FQHC Finance Director was introduced to the group by Kris Zuniga (interim FQHC Finance Director). Tenisha comes to us with a background in FQHC accounting. We interviewed several candidates and Tenisha was by far the strongest candidate and we are excited to have her as part of our team. Tenisha advised she has a Master's in Business Administration with a concentration in finance. She is currently working on her doctorate in Business Administration with a concentration in healthcare administration. Tenisha has worked for FQHCs and has a passion for working with the underserved community. She is happy to be here and to bring all her experience with her.

IV. Presentation of February 2020 Financials (inclusive of EMMI update) (Kris Zuniga)

Kris Zuniga provided the EMMI Collection Time on Paid Claims that shows us how long it is taking to get paid through EMMI.

On the left-hand side are the months of service, under each month are the various payers. For January visits, the average visit to claim time was eleven days. Average claim to payment was another thirty-one days, for an average collection time of forty-two days on January visits.

When we get to February encounters, those numbers dropped: average visit to claim is seven days, average claim to payment is an additional twenty-three days and average of total collection time is thirty-eight.

For the March encounters, the average visit to claim was three days, average claim to payment was fifteen days and average total collection time was seventeen days so you can see it is improving.

Finance Committee Minutes of April 28, 2020

EMMI Collection Time on Paid Claims

| Row Labels | Average of Visit-to-Claim | Average of Claim-to-Payment | Average of Collection Time | Sum of Payment Amount |
|-------------------------|---------------------------|-----------------------------|----------------------------|-----------------------|
| 2020-01 | 11 | 31 | 42 | 1,235,382 |
| HEALTH PLAN SAN JOAQUIN | 11 | 32 | 43 | 937,449 |
| MEDI-CAL | 11 | 27 | 37 | 208,950 |
| MEDI-CAL MANAGED CARE | 11 | 27 | 38 | 73,551 |
| PRIVATE PAY | 11 | 6 | 17 | 10,273 |
| BLUE CROSS | 12 | 33 | 45 | 2,589 |
| MEDICARE | 9 | 23 | 31 | 1,127 |
| AETNA | 17 | 23 | 40 | 622 |
| KAISER OUTSIDE | 22 | 25 | 47 | 387 |
| COMMERCIAL INS | 7 | 28 | 35 | 234 |
| C.C.S. | 7 | 34 | 41 | 129 |
| UNITED HEALTHCARE | 9 | 70 | 79 | 56 |
| HILL PHYSICIAN | 9 | 49 | 58 | 16 |
| 2020-02 | 7 | 23 | 30 | 1,060,483 |
| HEALTH PLAN SAN JOAQUIN | 7 | 24 | 31 | 817,289 |
| MEDI-CAL | 6 | 20 | 27 | 164,338 |
| MEDI-CAL MANAGED CARE | 7 | 20 | 27 | 66,190 |
| PRIVATE PAY | 7 | 10 | 18 | 9,809 |
| BLUE CROSS | 8 | 28 | 36 | 1,468 |
| C.C.S. | 6 | 19 | 25 | 774 |
| MEDICARE | 7 | 24 | 31 | 351 |
| BLUE SHIELD | 8 | 11 | 20 | 160 |
| UNITED HEALTHCARE | 6 | 21 | 26 | 104 |
| 2020-03 | 3 | 15 | 17 | 364,474 |
| HEALTH PLAN SAN JOAQUIN | 3 | 14 | 17 | 298,676 |
| MEDI-CAL | 3 | 19 | 22 | 40,933 |
| MEDI-CAL MANAGED CARE | 2 | 19 | 22 | 20,557 |
| PRIVATE PAY | 3 | (1) | 3 | 3,914 |
| UNITED HEALTHCARE | 2 | 12 | 14 | 181 |
| C.C.S. | 2 | 18 | 20 | 129 |
| MEDICARE | 3 | (3) | - | 50 |
| BLUE CROSS | 4 | (4) | - | 35 |
| Grand Total | 8 | 26 | 34 | 2,660,339 |

Below is the Global Income Statement for San Joaquin County Clinics. Kris advised there has been some adjustments made to the presentation for additional revenues that are represented as part of the financial presentation.

| San Joaquin County Clinics Income Statement As of February 29, 2020 | | | | | | | | | | | | |
|---|-----------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|-------------|--------------|---------|
| | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | YTD Actual | YTD Budget | Variance | % Var |
| Total Visits | 9,995 | 11,085 | 10,018 | 11,580 | 9,453 | 9,396 | 13,424 | 10,686 | 85,637 | 71,120 | 14,517 | 20.4% |
| Billable Visits | 9,436 | 10,386 | 9,516 | 10,788 | 8,938 | 8,923 | 12,849 | 10,282 | 81,118 | 66,980 | 14,138 | 21.1% |
| Patient Revenue | | | | | | | | | | | | |
| Medicare | 236,056 | 297,379 | 380,364 | 292,588 | 318,258 | 318,833 | 533,369 | 832,521 | 3,209,368 | 1,237,872 | 1,971,496 | 159.3% |
| Medi-Cal Fee-for-Service | 205,608 | 219,088 | 282,602 | 390,358 | 276,521 | 233,111 | 592,998 | 769,477 | 2,919,763 | 1,813,940 | 1,105,823 | 61.0% |
| Medi-Cal Managed Care | 933,051 | 2,219,472 | 2,303,051 | 2,250,224 | 1,792,024 | 1,771,824 | 3,486,176 | 5,159,148 | 19,914,971 | 11,695,664 | 8,219,307 | 70.3% |
| Insurance | 13,134 | 22,250 | 25,360 | 26,099 | 25,649 | 23,734 | 69,409 | 77,616 | 283,251 | 242,767 | 40,485 | 16.7% |
| Self Pay | 68,636 | 68,201 | 96,780 | 94,384 | 68,490 | 79,545 | 178,791 | 267,604 | 922,431 | 430,907 | 491,524 | 114.1% |
| Indigent | 106 | (16) | 63 | 154 | 193 | 16 | 250 | 190 | 956 | 2,192 | (1,236) | -56.4% |
| Gross Patient Revenue | 1,456,592 | 2,826,374 | 3,088,220 | 3,053,807 | 2,431,136 | 2,427,063 | 4,860,993 | 7,106,555 | 27,250,740 | 15,423,342 | 11,827,398 | 76.7% |
| Contractual Adjustments | (498,718) | (1,493,673) | (2,292,309) | (2,022,995) | (1,696,396) | (1,698,124) | (3,403,011) | (5,073,430) | (18,178,656) | (7,193,168) | (10,985,488) | -152.7% |
| Other Allowances | (120,492) | (40,742) | (1,258) | (612) | 901 | 3,442 | (0) | (599) | (159,360) | (8,149) | (151,211) | -185.6% |
| Net Patient Revenue | 837,382 | 1,291,960 | 794,653 | 1,030,200 | 735,641 | 732,381 | 1,457,982 | 2,032,526 | 8,912,724 | 8,222,026 | 690,698 | 8.4% |
| Other Revenue | | | | | | | | | | | | |
| Incentives & Pay-for-Performance Revenues | 50,863 | 50,863 | 50,863 | 50,863 | 50,863 | 50,863 | 50,863 | 50,863 | 406,904 | 0 | 406,904 | #DIV/0! |
| Capitation Revenue | 446,785 | 451,203 | 438,369 | 455,595 | 443,730 | 439,413 | 429,808 | 426,956 | 3,531,861 | 4,299,198 | (767,337) | -17.8% |
| Total Other Revenue | 497,648 | 502,066 | 489,232 | 506,458 | 494,593 | 490,276 | 489,671 | 477,819 | 3,938,765 | 4,299,198 | (360,433) | -8.4% |
| Total Net Revenue | 1,335,030 | 1,794,026 | 1,283,886 | 1,536,658 | 1,230,234 | 1,222,657 | 1,938,653 | 2,510,346 | 12,851,489 | 12,521,223 | 330,266 | 2.6% |
| Operating Expense | | | | | | | | | | | | |
| Salaries | 909,780 | 1,042,139 | 917,997 | 1,103,634 | 849,551 | 855,631 | 850,294 | 967,935 | 7,496,961 | 6,501,181 | (995,780) | -15.3% |
| Benefits | 455,187 | 447,909 | 438,518 | 436,607 | 449,805 | 453,351 | 822,811 | 534,035 | 4,040,223 | 3,592,170 | (448,054) | -12.5% |
| Total Salaries & Benefits | 1,364,967 | 1,490,048 | 1,356,515 | 1,540,241 | 1,299,356 | 1,308,982 | 1,673,105 | 1,501,970 | 11,537,184 | 10,093,351 | (1,443,834) | -14.3% |
| Professional Fees/Registry | 69,022 | 185,386 | 62,720 | 108,129 | 66,503 | 89,211 | 34,674 | 101,000 | 716,645 | 504,896 | (211,749) | -41.9% |
| Supplies | 69,094 | 128,143 | 77,216 | 125,775 | 68,804 | 108,949 | 73,991 | 74,422 | 725,695 | 687,014 | (38,681) | -5.6% |
| Purchased Services | 39,160 | 56,359 | 42,011 | 92,288 | 41,656 | 35,859 | 126,587 | 131,327 | 565,248 | 820,531 | (255,283) | -31.1% |
| Depreciation | 22,696 | 22,687 | 22,686 | 22,427 | 22,426 | 22,426 | 22,426 | 19,533 | 177,306 | 78,181 | (99,125) | -22.6% |
| Other Expense | 33,477 | 45,971 | 35,515 | 29,393 | 40,215 | 22,364 | 48,541 | 37,838 | 293,315 | 234,460 | (58,855) | -25.1% |
| Total Direct Expense | 1,598,416 | 1,928,594 | 1,596,664 | 1,918,252 | 1,538,962 | 1,589,691 | 1,978,725 | 1,866,090 | 14,015,393 | 12,418,472 | (1,596,921) | -12.9% |
| Net Income (Loss) | (263,386) | (134,568) | (312,778) | (381,594) | (308,728) | (367,034) | (40,072) | 644,256 | (1,163,904) | 102,752 | (1,266,656) | -123.2% |
| Revenues from Supplemental Sources | | | | | | | | | | | | |
| Public Hospital Redesign | 1,312,759 | 1,312,759 | 1,312,759 | 1,312,759 | 1,312,759 | 1,312,759 | 1,312,759 | 1,312,759 | 10,502,075 | 0 | 10,502,075 | |
| Incentives in Medi-Cal (PRIME) | 572,250 | 572,250 | 572,250 | 572,250 | 572,250 | 572,250 | 572,250 | 572,250 | 4,578,000 | 0 | 4,578,000 | |
| Quality Incentive Program (QIP) | | | | | | | | | | | | |
| Overhead Allocation | 674,532 | 813,867 | 673,792 | 809,502 | 649,442 | 670,850 | 835,022 | 787,490 | 5,914,496 | 5,240,594 | (673,902) | -12.9% |
| Net Income (Loss) w/ OH Allocation | 947,092 | 936,575 | 898,439 | 693,913 | 926,839 | 847,126 | 1,009,915 | 1,741,775 | 8,001,674 | (5,137,842) | 14,487,320 | 282.0% |
| Key Ratios | | | | | | | | | | | | |
| Gross Pt Revenue/Billable Visit | \$ 154.37 | \$ 272.13 | \$ 324.53 | \$ 283.07 | \$ 272.00 | \$ 272.00 | \$ 378.32 | \$ 691.16 | \$ 335.94 | \$ 230.27 | \$ 105.67 | 45.9% |
| Net Revenue/Billable Visit (excl Oth Rev) | \$ 141.48 | \$ 172.74 | \$ 134.92 | \$ 142.44 | \$ 137.64 | \$ 137.02 | \$ 150.88 | \$ 244.15 | \$ 158.43 | \$ 186.94 | \$ (28.51) | -15.3% |
| Direct Costs/Billable Visit | \$ 169.40 | \$ 185.69 | \$ 167.79 | \$ 177.81 | \$ 172.18 | \$ 178.16 | \$ 154.00 | \$ 181.49 | \$ 172.78 | \$ 185.41 | \$ 12.63 | 6.8% |
| Indirect Costs/Billable Visit | \$ 71.48 | \$ 78.36 | \$ 70.81 | \$ 75.04 | \$ 72.66 | \$ 75.18 | \$ 64.99 | \$ 76.59 | \$ 72.91 | \$ 78.24 | \$ 5.33 | 6.8% |
| Total Medical Cost/Billable Visit | \$ 240.88 | \$ 264.05 | \$ 238.59 | \$ 252.85 | \$ 244.84 | \$ 253.34 | \$ 218.99 | \$ 258.08 | \$ 245.69 | \$ 263.65 | \$ 17.96 | 6.8% |
| Net Income(Loss)/Billable Visit | \$ 100.37 | \$ 90.18 | \$ 94.41 | \$ 64.32 | \$ 103.70 | \$ 94.94 | \$ 78.60 | \$ 169.40 | \$ 98.64 | \$ (76.71) | \$ (175.35) | -228.6% |
| Net Cost/Patient (1) | \$ 602.20 | \$ 660.13 | \$ 596.48 | \$ 632.13 | \$ 612.11 | \$ 633.35 | \$ 547.46 | \$ 645.20 | \$ 614.23 | \$ 659.12 | \$ 44.89 | 6.8% |
| Net Pt Rev as % of Gross Rev | 57.5% | 45.7% | 25.7% | 33.7% | 30.3% | 30.2% | 30.0% | 28.6% | 32.7% | 53.3% | 20.6% | -38.0% |
| Total Net Rev as % of Gross Rev | 91.7% | 63.5% | 41.6% | 50.3% | 50.6% | 50.4% | 39.9% | 55.3% | 47.2% | 81.2% | -34.0% | -41.9% |
| Benefits as a % of Salaries | 50.0% | 43.0% | 47.8% | 39.6% | 52.9% | 53.2% | 96.8% | 55.2% | 53.9% | 55.3% | 1.4% | 2.5% |
| Overhead % of Direct Exp | 42.2% | 42.2% | 42.2% | 42.2% | 42.2% | 42.2% | 42.2% | 42.2% | 42.2% | 42.2% | 0.0% | 0.0% |
| Gross Patient AR (in 000s) | | | | | | | | | | | | |
| Less Reserves (in 000s) | | | | | | | | | | | | |
| Net AR (in 000s) | | | | | | | | | | | | |
| Wrap AR (in 000s) | | | | | | | | | | | | |
| Gross AR Days | | | | | | | | | | | | |
| Cash Receipts (in 000s) | | | | | | | | | | | | |

Kris advised "Incentives & Pay-for-Performance Revenues" is a new line of revenue on our income statement for the clinics. These are revenues that were on the general ledger of the hospital, but the clinics were not representing them on their financials. These are actual incentive accruals of revenue associated with the FQHC.

"Revenues from Supplemental Sources" at the bottom of the schedule shows two supplemental sources represented there. The first source is Public Hospital Redesign and Incentives in Medi-Cal (PRIME program) and the second is Quality Incentive Program (QIP).

These are supplemental sources of revenue that go to the county/hospital, but they are earned through work at the clinics. If the clinic was not doing their job and not keep track of their quality measures, we do not get this money. This is real work that the FQHC is doing that they have earned and allowed the hospital to receive these funds. This is only the portion as a result of the FQHC effort. There are more dollars in these two programs that go to the hospital, but they are for inpatient.

| San Joaquin General Hospital-FQHC LAL Clinics | | | | | | | | | | | | | |
|---|--|-------------------------------|-----------------------------------|--------------------------------|---------------------------------------|--|----------------------------|---------------------------|-------------|--------------|-------------|-----------------------------|----------------------|
| Income Statement | | | | | | | | | | | | | |
| For the YTD Ending February 29, 2020 | | | | | | | | | | | | | |
| | Children's Health Services (#7080) | Family Medicine (#7092) | Family Practice- CA (#7093) | Primary Medicine (#7096) | Healthy Beginnings - CA (#7182) | Healthy Beginnings - French Camp (#7183) | Haselton Clinic (#7184) | Manteca Clinic (#7185) | FQ Admin. | Total | YTD Budget | YTD Variance - Fav (Unf) | % Var - Fav (Unf) |
| Total Visits | 14,369 | 15,413 | 3,757 | 27,955 | 7,395 | 5,512 | 3,846 | 9,390 | - | 85,837 | 71,120 | 14,517 | 20.4% |
| Billable Visits | 12,970 | 14,824 | 3,570 | 27,052 | 7,395 | 5,380 | 2,799 | 9,128 | - | 81,118 | 66,980 | 14,138 | 21.1% |
| Productive FTEs (Provider) | 3.4 | 2.4 | 1.6 | 10.5 | 2.0 | 1.3 | 4.6 | 2.7 | - | 27.0 | 28.3 | 1.2 | 4.3% |
| Productive FTEs (Non-Provider) | 14.8 | 15.7 | 6.9 | 27.3 | 13.7 | 5.8 | 7.3 | 13.7 | 10.2 | 115.3 | 105.3 | (10.0) | -8.3% |
| Total FTEs | 18.1 | 18.0 | 8.6 | 37.8 | 15.7 | 7.1 | 8.6 | 18.3 | 10.2 | 142.3 | 133.6 | (8.8) | -6.0% |
| Total Hours/Visit | 2.93 | 4.81 | 1.69 | 1.97 | 2.80 | 2.08 | 1.66 | 1.53 | - | 2.30 | 1.82 | (0.48) | -26.5% |
| Patient Revenue | | | | | | | | | | | | | |
| Medicare | 496 | 633,685 | 210,633 | 1,946,074 | 55,405 | 40,506 | 84,090 | 238,477 | 0 | 3,209,368 | 1,237,872 | 1,971,497 | 159.3% |
| Medi-Cal | 742,346 | 489,982 | 38,960 | 339,699 | 666,123 | 198,178 | 206,847 | 238,630 | 0 | 2,919,763 | 1,813,940 | 1,105,823 | 61.0% |
| Medi-Cal Managed Care | 4,520,889 | 3,417,874 | 821,791 | 5,622,484 | 1,804,196 | 846,257 | 579,838 | 2,301,639 | 0 | 19,914,971 | 11,695,664 | 8,219,307 | 70.3% |
| Insurance | 22,083 | 76,721 | 26,556 | 77,017 | 23,977 | 23,812 | 15,862 | 17,224 | 0 | 283,251 | 242,767 | 40,485 | 16.7% |
| Self Pay | 34,723 | 261,940 | 43,357 | 272,347 | 86,516 | 30,451 | 61,464 | 131,631 | 0 | 932,431 | 430,907 | 491,523 | 114.1% |
| Indigent | 0 | 956 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 956 | 2,192 | (1,236) | -56.4% |
| Gross Revenue | 5,320,537 | 4,881,158 | 1,141,297 | 8,236,621 | 2,636,217 | 1,139,204 | 948,101 | 2,927,601 | 0 | 27,250,740 | 15,425,342 | 11,827,397 | 76.7% |
| Contractual Adjustments | (4,011,304) | (3,176,506) | (785,623) | (5,004,899) | (1,922,847) | (697,092) | (559,176) | (2,021,208) | 0 | (18,178,656) | (7,193,168) | (10,985,488) | -152.7% |
| Other Allowances | (3,047) | (5,315) | (1,410) | (9,313) | (1,609) | (1,609) | (96,482) | (39,506) | 0 | (159,360) | (8,149) | (151,211) | -185.6% |
| Net Patient Revenue | 1,306,186 | 1,699,337 | 354,263 | 3,242,409 | 711,761 | 440,413 | 292,444 | 866,887 | 0 | 8,912,724 | 8,222,026 | 690,698 | 8.4% |
| Incentives & Pay-For-Performance Revenues | 76,833 | 71,465 | 18,780 | 131,583 | 30,655 | 16,279 | 10,836 | 50,274 | 0 | 406,904 | 0 | 406,904 | 100.0% |
| Physician Capitation- PMPM | 666,896 | 622,038 | 163,005 | 1,142,121 | 266,077 | 141,299 | 84,057 | 436,367 | 0 | 3,531,861 | 4,299,198 | (767,337) | -17.8% |
| Total Operating Revenue | 2,049,915 | 2,392,039 | 536,048 | 4,516,113 | 1,008,493 | 597,991 | 397,356 | 1,353,528 | 0 | 12,851,489 | 12,521,223 | 330,266 | 2.6% |
| Expenses | | | | | | | | | | | | | |
| Salaries | 885,720 | 821,101 | 379,366 | 2,189,976 | 696,396 | 345,695 | 452,647 | 1,033,264 | 692,795 | 7,496,961 | 6,501,181 | (995,780) | -13.3% |
| Benefits | 490,780 | 459,829 | 237,803 | 999,888 | 423,628 | 203,493 | 309,351 | 593,206 | 322,446 | 4,040,223 | 3,592,170 | (448,053) | -12.3% |
| Total Salaries & Benefits | 1,376,500 | 1,280,930 | 617,169 | 3,189,864 | 1,120,024 | 549,189 | 761,998 | 1,626,470 | 1,015,241 | 11,537,184 | 10,093,351 | (1,443,833) | -14.3% |
| Professional Fees/Registration | 25,490 | 92,180 | 0 | 106,020 | 169,279 | 9,900 | 0 | 0 | 0 | 312,877 | 504,936 | (211,709) | -67.4% |
| Supplies | 52,282 | 150,423 | 29,072 | 214,240 | 65,805 | 53,574 | 43,677 | 70,260 | 46,353 | 725,695 | 687,014 | (38,681) | -5.0% |
| Purchased Services | 28,687 | 14,869 | 16,624 | 779 | 58,866 | 40,022 | 1,140 | 1,525 | 402,736 | 820,531 | 255,282 | 31.1% | |
| Depreciation | 5,167 | 17,853 | 1,296 | 1,188 | 9,107 | 19,241 | 0 | 99,190 | 24,264 | 177,306 | 78,181 | (99,126) | -56.0% |
| Other Expense | 45,125 | 18,960 | 27,012 | 13,784 | 31,881 | 5,561 | 725 | 145,656 | 4,772 | 293,515 | 234,460 | (59,055) | -20.1% |
| Total Expenses | 1,533,261 | 1,575,055 | 691,172 | 3,525,674 | 1,454,961 | 677,387 | 807,540 | 1,943,101 | 1,807,243 | 14,015,393 | 12,418,472 | (1,596,922) | -12.9% |
| Allocation of Direct Admin Exp | 352,853 | 323,714 | 75,690 | 547,571 | 174,831 | 75,551 | 82,877 | 194,156 | (1,807,243) | 0 | 0 | 0 | 0.0% |
| Total Expenses excl Hosp OH | 1,886,114 | 1,898,769 | 766,862 | 4,073,245 | 1,629,793 | 752,938 | 870,417 | 2,137,256 | - | 14,015,393 | 12,418,472 | (1,596,922) | -12.9% |
| Profit/(Loss) before Hosp OH | 163,801 | 493,271 | (250,814) | 442,868 | (621,300) | (154,946) | (473,061) | (783,730) | - | (1,163,904) | 102,752 | (1,266,655) | -123.2% |
| Revenues from Supplemental Sources | | | | | | | | | | | | | |
| Public Hospital Redesign | | | | | | | | | | | | | |
| Incentives in Medi-Cal (PRIME) | 1,983,033 | 1,849,645 | 484,699 | 3,396,125 | 791,186 | 420,157 | 279,680 | 1,297,549 | - | 10,502,075 | 0 | 10,502,075 | 100.0% |
| Quality Incentive Program (QIP) | 864,432 | 806,286 | 211,287 | 1,480,418 | 344,889 | 183,152 | 121,916 | 565,619 | - | 4,578,000 | 0 | 4,578,000 | 100.0% |
| Overhead Allocation | 795,940 | 801,280 | 323,616 | 1,718,909 | 687,772 | 317,740 | 367,316 | 901,922 | 0 | 5,914,486 | 5,240,594 | (673,892) | -12.9% |
| Net Income (Loss) | 2,215,326 | 2,347,922 | 141,556 | 3,600,502 | (172,997) | 130,623 | (439,781) | 177,516 | 0 | 8,001,674 | (5,137,842) | 14,887,321 | 185.5% |
| Key Ratios | | | | | | | | | | | | | |
| Net Pt Rev as % of Gross Rev | 24.5% | 34.8% | 31.0% | 39.3% | 27.0% | 38.7% | 30.8% | 29.6% | 0.0% | 32.7% | 53.3% | -20.6% | -38.6% |
| Total Net Rev as % of Gross Rev | 38.5% | 49.0% | 47.0% | 54.7% | 38.3% | 52.5% | 41.9% | 46.2% | 0.0% | 47.2% | 81.2% | -34.0% | -41.9% |
| Benefits as a % of Salaries | 55.4% | 56.0% | 62.7% | 45.6% | 60.8% | 58.9% | 68.3% | 57.4% | 46.5% | 53.9% | 55.3% | 1.4% | 2.5% |
| Overhead % of Direct Expenses | 51.9% | 50.9% | 46.8% | 46.9% | 48.2% | 46.9% | 45.5% | 46.4% | 0.0% | 42.2% | 42.2% | 0.0% | 0.0% |
| Gross Revenue per Billable Visit | 410.22 | 329.27 | 319.69 | 305.21 | 356.49 | 337.04 | 338.73 | 320.73 | 0.00 | 335.94 | 320.27 | 105.67 | 45.9% |
| Net Revenue per Billable Visit | 158.05 | 161.36 | 150.15 | 166.94 | 136.37 | 176.92 | 141.96 | 148.28 | 0.00 | 158.43 | 186.94 | (28.51) | -15.3% |
| Direct Costs/Billable Visit | 118.22 | 106.25 | 193.61 | 130.33 | 196.75 | 200.41 | 288.51 | 212.87 | 0.00 | 172.78 | 185.41 | 12.63 | 6.8% |
| Indirect Costs/Billable Visit | 61.37 | 54.05 | 90.65 | 63.94 | 63.91 | 63.91 | 131.23 | 98.81 | 0.00 | 72.91 | 78.24 | 5.33 | 6.8% |
| Total Medical Cost/Billable Visit | REF1 | REF1 | REF1 | REF1 | REF1 | REF1 | REF1 | REF1 | 0.00 | REF1 | REF1 | REF1 | REF1 |
| Total Cost/Patient (1) | REF1 | REF1 | REF1 | REF1 | REF1 | REF1 | REF1 | REF1 | 0.00 | REF1 | REF1 | REF1 | REF1 |
| Total Cost/Loss/Billable Visit | 170.80 | 158.39 | 39.65 | 133.10 | (23.39) | 38.65 | (156.76) | 19.45 | 0.00 | 98.64 | (76.71) | 175.35 | 228.6% |
| Payer Mix | | | | | | | | | | | | | |
| Medicare | 0.0% | 13.0% | 18.5% | 23.6% | 2.1% | 3.6% | 8.9% | 8.1% | 0.0% | 11.8% | 8.0% | 3.8% | 46.7% |
| Medi-Cal | 14.0% | 10.0% | 3.4% | 4.1% | 25.3% | 17.4% | 21.8% | 8.2% | 0.0% | 10.7% | 11.8% | -1.0% | -8.9% |
| Medi-Cal Managed Care | 85.0% | 70.0% | 72.0% | 68.1% | 68.4% | 74.9% | 61.2% | 78.6% | 0.0% | 73.1% | 75.8% | -2.8% | -3.0% |
| Insurance | 0.4% | 1.6% | 2.3% | 0.9% | 0.9% | 2.1% | 1.7% | 0.6% | 0.0% | 1.0% | 1.6% | -0.5% | -34.0% |
| Self Pay / Indigent | 0.7% | 5.4% | 3.8% | 3.3% | 3.3% | 2.7% | 6.5% | 4.5% | 0.0% | 3.4% | 2.8% | 0.6% | 20.7% |
| 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

Recalling previous presentations, we observed we had accruals for visits and revenues in previous months, specifically November, December and January because there were visits that did not necessarily make it to the PWPM system that we had to recognize for revenue. In February we observed that a lot of those visits are now in PWPM and the amount of charges on those visits were much greater than we accrued for.

There are additional revenues represented this month for patient revenues and part of that is the \$10,000 visits for February but part of that is also prior visits for November / December that did not make it to the November / December / January Financials. Because of that, we are able to recognize \$2,000,000.00 in Net Patient revenue for the month of February. Total Net Revenue becomes \$2.5 million for the month of February. This is pre-COVID so our visits were pretty steady. Salaries and benefits for the month is \$1.5 million. Total direct expenses end up being \$1.9 million and we had net income of \$644,256.

When we look at our net income with overhead allocation, and considering the revenues from the supplemental sources, we are very positive every month with our income statement by virtue of the efforts of the clinics and the revenues we were able to recognize based on that work.

On a YTD basis we are still negative to budget by \$1.2 million on the operational side but when we come all the way down, we are positive to budget by \$14 million.

Rod Place asked for clarification of this statement. Chris Roberts stated there is a budget for PRIME and QIP so if we are going to take actual accruals Kris will need the budget for that. Kris confirmed this number of \$14 million will change when the budgeted numbers are added as they currently read zero. It will reduce the positive variance. Kris will reflect this next month. Rod stated that if he is reading this correctly, we are moving in the right direction. Kris stated in the monthly financial narrative, we had three bullet points that accompanied our financials (see below).

Additional Factors Impacting Clinic Performance Presentation

- 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.
- 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.
- Currently, revenue from the clinics is not reflective of the actual visits in any given month. The Hospital Finance department is working with clinic staff to reconcile reports to actual visits checked out from each clinic. This will assist with developing the accrual methodology for revenues.

For the month of February, he is removing the second and third bullet points above because we are accruing for our visits and have a valuation for those visits, and we are now representing on this presentation. As to the calculation for this overhead, we are still collaborating with Hospital Finance to come up with an agreed upon methodology. The two bullet points removed are no longer part of the financial narrative being presented today which is another step in the right direction.

Summary of Clinics Year to Date

Billable visits through February were favorable to budget by 14,138. Gross patient revenue is favorable to budget by \$11,827,398. Net patient revenue is now favorable to budget by \$690,699.

Capitation revenue is unfavorable to budget. Assigned lives have been reduced by about 4,000 since July 2018. The FY20 budget assumed an increase in assigned lives, which explains the FYTD variance of <\$767,337>. Total net revenue is unfavorable to budget by \$330,266, which includes FYTD incentive and pay-for-performance revenues of \$406,904.

On a year-to-date basis, total Direct Operating Expense is unfavorable to budget by <\$1,596,922>. This is primarily driven by Salaries & Benefits Expense which is unfavorable by <\$1,443,834>. The Manteca Clinic and Primary Medicine Clinic's Salary and Benefits Expense exceeded budget by <\$773,309> and <\$626,211>, respectively. Additionally, Benefits Expense at Hazelton exceeded budget by <\$249,269>.

Professional Fees Expense is unfavorable to budget by <\$211,709> driven by Locums Physician Expense at Healthy Beginnings Clinic on California Street of <\$169,279>. Purchased Service Expense is favorable to budget by \$255,283 due to a favorable variance in Health Beginnings – French Camp of \$90,023, Primary Medicine of \$87,300, Children's Health of \$48,328, and Family Medicine of \$39,451.

The total FYTD Net Income <Loss> before hospital overhead of <\$1,163,904> is <\$1,266,656> unfavorable to the budgeted net income of \$102,752. Total FYTD FQHC loss was primarily due to the losses generated by the Healthy Beginnings – California Clinic of <\$621,300>, Manteca Clinic of <\$783,730>, and Hazelton of <\$473,061>.

The Clinic financials include FYTD supplemental revenues earned by the Clinics in the amounts of \$10,502,075 for PRIME and \$4,578,000 for the Quality Incentive Program.

Additional Factors Impacting Clinic Performance Presentation

- 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.

Rod asked what the biggest cause is for the turnaround that we see here, why we get to recognize \$2 million in Net Patient Revenue this month. Kris responded the reason is we were under accrued for the months of November, December and January, specifically November and December. Those charges did not hit PWPM until February. We saw the actual charges flow through the system this month and we were able to reverse those accruals and now we are seeing the actual charges which are considerably more than what we had accrued for and that is what we are benefiting from this month.

Rod stated we have had a few meetings with Monica Nino and the Board of Supervisors want certain actions taken because of numbers that they have seen. The clinics have been negative for quite a long time. He asked if we are truly going to be able to see a positive revenue coming from the clinics. Kris stated that COVID-19 does not help at this time. He stated we have to remember that the PPS rates associated with our clinics are interim rates, which are much lower than we anticipate our actual PPS rates are going to be. They have been in contact with the State of California and they have assured us we will have our PPS rates for five of our clinics by May 29th so we will have even better numbers to accrue revenues for, and those PPS rates are retroactive to back to the audit year which

was FY15 for those five clinics. For those five clinics we will be able to accrue not only YTD revenues but history YTD revenues, our visits will be worth more at that point.

Carlos Jimenez added the other thing this change in format does is the financial statements as they were originally constructed, by virtue of the fact that they left out the impact from the additional supplemental revenue received by the hospital as a direct result of clinic activities, that skewed the picture for the longest period time. It is important operationally to look at that Net Income number YTD. It is equally important to understand that were it not for the clinics, almost \$15 million of supplemental revenue would probably not have been earned. Though it is not directly attributable, it is as a result of clinic operations and is a very important number to consider.

Monica Nino asked if PRIME isn't the revenue that is going away soon. Kris stated it is going away but QIP will remain and looking at the projections for those revenues, they are going up. While we are losing on one end, we could be gaining on the other. Dr. Fadool stated in the midst of all the COVID related issues, there is a proposal on the table for an extension of the current 11-15 waiver for an additional year. Monica stated usually the Net Income for FQHC should break even. Taking out PRIME and QIP, your revenues should offset your expenditures and you wouldn't have to be so focused on your incentive revenues. Do we know that our contractual adjustments for the month of February are correctly credited against Gross Revenue, especially since some of these bills were done in the months of November/December?

Kris responded, with regards to the contractual amounts, the answer is yes, we applied appropriate contractual amounts to all of the gross charges for month. Going back to the earlier comment, Shouldn't FQHCs break even? Most FQHCs are somewhere between 2%-4% bottom line profitably for their operations. There are certain portions of incentives that are always there with regards to our managed care business which is why Kris has reflected those in other revenue, but these supplemental dollars go to the hospital (not every FQHC is connected to a hospital). They are very profitable businesses and we will see a marked difference in our financials when we get our final PPS rates because our visits will be valued at a higher rate. There are non-profit organizations such as Capital Link that take all of the data from UDS filings filed across the country for FQHCs and they normalize it and give report cards for each FQHC and they have some benchmarks they like to tout. 3% profitability is considered financially healthy according to Capital Link.

V. Accounts Receivables Status / KPI (Kris Zuniga / Lynn Kelly)

Kris Zuniga presented PFS Accounts Receivable Aging Analysis for SJCC for the month of February 2020. This schedule includes both Patient Financial Services (PFS) and EMMI and all of these amounts are aged as of date of service. This is a change we have been able to effect as of this month and therefore our revenues that we have reported matched these aging buckets.

| PFS Accounts Receivable Aging Analysis For SJCC For the Month of February 2020 | | | | | | | | |
|---|--------------------------|-----------------------------|-----------------------------|-------------|---------------------------|---------------------------|---------------------------|--------------------------|
| Aging Category | MediCare | MediCal | Commercial | Self Pay | Total Aging This Month | Total Aging Last Month | \$ Increase (Decrease) | % Increase (Decrease) |
| DNFB | 0 | 0 | 0 | 0 | 0 | 3,039,599 | (3,039,599) | -100.00% |
| 1-30 Days | 1,142,493 | 2,812,291 | 351,536 | 87,884 | 4,394,204 | 1,960,219 | 2,433,985 | 124.17% |
| 31-60 Days | 372,422 | 916,732 | 114,591 | 28,648 | 1,432,393 | 1,021,888 | 410,505 | 40.17% |
| 61-90 Days | 260,787 | 1,652,977 | 184,867 | 5,489 | 2,104,120 | 659,402 | 1,444,718 | 219.10% |
| 91-120 Days | 284,299 | 1,207,814 | 128,089 | 10,201 | 1,630,403 | 744,076 | 886,327 | 119.12% |
| 121-180 Days | 624,080 | 2,200,145 | 231,452 | 21,796 | 3,077,473 | 991,985 | 2,085,488 | 210.23% |
| 181-240 Days | 314,164 | 721,892 | 102,685 | 28,802 | 1,167,543 | 538,935 | 628,608 | 116.64% |
| 241-270 Days | 119,285 | 101,505 | 18,313 | 9,950 | 249,053 | 244,218 | 4,835 | 1.98% |
| 271-365 Days | 427,763 | 333,209 | 80,828 | 37,932 | 879,732 | 684,466 | 195,266 | 28.53% |
| 366 Days & Over | 293,235 | (458,861) | 16,895 | 43,374 | (105,357) | 606,573 | (711,930) | -117.37% |
| Total FC This Month | 3,838,528 | 9,487,703 | 1,229,257 | 274,076 | 14,829,565 | 10,491,362 | 4,338,202 | 41.35% |
| Total FC Last Month | 2,578,439 | 7,118,725 | 568,408 | 225,790 | 10,491,362 | | | |
| \$ Increase (Decrease) | 1,260,089 | 2,368,978 | 660,849 | 48,286 | 4,338,202 | | | |
| % Increase (Decrease) | 48.87% | 33.28% | 116.26% | 21.39% | 41.35% | | | |
| Monthly Management Summary | | | | | | | | |
| | Beginning A/R Balance | Gross Services Billed | Disallowances/ Discounts | Payments | Adjustments | Ending A/R Balance | | |
| February Activity | 10,491,362 | 9,203,406 | (1,627,128) | (2,197,619) | (1,040,456) | 14,829,565 | | |
| PFS Key Performance Indicators for SJCC | | | | | | | | |
| | February | January | December | November | October | September | August | Increase (Decrease) |
| Gross A/R Days | 106 | 121 | 121 | 114 | 123 | 139 | 153 | 7 |
| Net A/R | 5,121,559 | 2,500,641 | 3,006,647 | 2,967,642 | 2,990,493 | 2,960,862 | 3,078,429 | 39,005 |
| Net A/R Days | 88 | 100 | 120 | 106 | 114 | 119 | 125 | 14 |

This means the amounts represented from 1-30 and 31-60 are EMMI for February and January. The rest of the aging bucket are PFS.

Kris would like to focus on our Medicare business because it seems like they have very high accounts, especially in the PFS world. Kris will be working with PFS team to make sure those Medicare accounts are collected on before they are uncollectable (12-month period from date of service). Medicare is only 10% of our visits and these aging buckets should be a lot smaller.

Rod Place requested a separate conference call to understand the numbers presented today. Monica Nino stated in light of where we end up with COVID, there will be a few decisions made with the board as a result of the current budget that is going to the Board on June 9th. Rod stated he has had several meetings he has been a part of where the clinics have been asked to do things within this COVID environment that no one else would do and no one else would do for free like they are. He does not want to see decisions made around the value that the clinics bring and maybe that is not being recognized as you go for that budget meeting. There are certain things that need to be brought up.

Monica acknowledged the work the clinics have done in stepping up during this pandemic. She acknowledged the huge value they have brought to the community.

VI. 340B Agreement Updates (Kris Zuniga)

Kris Zuniga advised we have executed agreements for approximately three contract pharmacies and one third-party administrator for our 340B program. Starting July 1st, we should be able to recognize 340B revenues as a new revenue line on the clinic financials. 340B dollars can be considerable at an FQHC.

VII. Wipfli Update on Rate Settings (Carlos Jimenez)

Carlos Jimenez advised we are at the final stages of our rate settings for the first five clinics that were established and the home office. The State's due date is the end of May in terms of producing the reports. They will not be coming back to us for any further extensions. Carlos will not have much more to report until he sees their actual final proposed adjustments. We are looking to come to a closure by the end of May. As soon as he sees, he will come back to the committee with an estimate of rates. He will be able to provide a better picture of numbers and rates at that time.

Carlos advised he will return to the board together with Diana Surber (part of the WIPFLI team) who has been involved with the clinics from the beginning to provide a much better picture of where it all stands.

VIII. Adjournment (Rod Place)

There being no further discussion, Rod Place adjourned the meeting at 4:57 p.m.

Attachments: Minutes of March 31, 2020
Finance Narrative
Income Statement as of 02/29/20 and Income Statement for YTD ending 02/29/20 for individual clinics.
EMMI Collection Time on Paid Claims
PFS Accounts Receivable Aging Analysis for SJCC for the Month of February 2020.