



San Joaquin County Clinics (SJCC) Finance Committee Minutes of July 27, 2020 Meeting

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

Present

Rod Place (SJCC Board Chair); Alicia Yonemoto (SJCC Board Vice-Chair); Brian Heck (SJCC Board Member); Esgardo Medina (SJCC Board Member); David Culberson (SJGH CEO); Greg Diederich (HCS Director); Farhan Fadoo (SJCC Executive Director); Lynn Kelly (SJGH Pt. Financial Services Deputy Director); Monica Nino (SJ County Administrator); Chris Roberts (SJGH CFO); Alice Soulligne (SJCC COO); Carlos Jimenez (Wipfli Consultant); Kris Zuniga (SJCC Interim CFO); Adelé Gribble (SJCC ACS OTC)

Absent

Luz Maria Sandoval (SJCC Board Treasurer)

I. Call to Order

The meeting was called to order by Rod Place at 4:05 p.m.

II. Approval of Minutes from May 21, 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 05/21/2020. Alicia Yonemoto seconded the motion and all board members present unanimously approved the minutes.

III. Introductions (Rod Place)

There were no introductions for this meeting.

IV. Presentation of April & May 2020 Financials (inclusive of EMMI update) (Kris Zuniga)

Kris Zuniga discussed the SJCC income statement as of May 31, 2020 as shown in the table below.

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	YTD Actual	YTD Budget	Variance	% Var
Total Visits	9,995	11,085	10,018	11,580	9,453	9,396	13,424	10,686	6,492	10,313	10,969	113,411	91,781	21,630	23.6%
Billable Visits	9,456	10,396	9,516	10,788	8,938	8,923	12,840	10,282	6,136	9,661	8,958	105,313	13,379	14.4%	
Patient Revenue															
Medicare	236,056	297,379	380,564	252,588	318,257	318,835	535,369	832,521	339,653	(13,448)	243,425	1,792,707	1,966,252	109.7%	
Medi-Cal Fee-for-Service	208,658	219,088	282,608	390,368	235,520	233,111	592,998	780,477	835,510	(143,946)	138,619	3,385,526	2,574,089	761,437	-29.6%
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	2,201,011	1,096,798	1,465,429	24,678,207	16,495,549	7,982,658	47.8%
Insurance	13,134	22,250	25,360	26,099	25,648	23,734	69,409	77,616	42,962	(13,790)	118,451	434,874	846,080	78,794	22.8%
Self Pay	48,636	68,201	96,780	94,364	62,469	79,545	170,791	207,054	65,862	146,851	241,304	1,377,086	617,234	759,782	123.1%
Indigent	106	(16)	63	154	193	16	250	190	22,251	(22,965)	(6)	842	3,158	(2,316)	-73.3%
Gross Patient Revenue	1,456,592	2,826,374	3,088,220	3,053,806	2,431,132	2,427,063	4,866,993	7,196,555	2,998,269	1,118,421	2,207,848	33,575,273	22,038,665	11,546,608	52.4%
Contractual Adjustments	(498,714)	(1,459,879)	(2,292,309)	(2,027,965)	(1,656,396)	(1,676,124)	(3,433,011)	(5,074,029)	(1,939,252)	(441,163)	(1,240,077)	(21,790,786)	(8,192,144)	(13,577,642)	-165.7%
Other Allowances	(120,492)	(40,742)	(1,258)	(612)	901	5,442	(6)	(599)	(340)	(1,084)	(1,109)	(162,692)	(9,239)	(153,454)	-166.1%
Net Patient Revenue	837,382	1,325,753	795,653	1,025,839	775,237	751,311	1,433,982	2,092,527	1,058,678	705,335	966,662	11,621,795	13,827,283	(2,184,488)	-15.8%
Other Revenue															
Incentives & Pay-For-Performance Revenues	40,833	40,833	40,833	40,833	40,833	40,833	40,833	40,833	40,833	40,833	40,833	469,363	0	0	0.0%
Capitation Revenue	446,785	451,208	438,369	455,595	443,730	439,413	429,808	426,956	427,080	434,052	441,396	4,834,338	4,901,229	(66,891)	-1.4%
Grant Revenue	0	0	0	0	0	0	0	0	0	132,117	11,778	308,765	452,660	0	452,660
First Responder Program	0	0	0	0	0	0	0	0	0	0	1,000	10,000	0	38,000	38,000
CARES Funding	0	0	0	0	0	0	0	0	0	0	284,419	0	284,419	0	284,419
Meaningful Use	0	0	0	0	0	0	0	0	0	0	178,018	0	178,018	0	178,018
Total Other Revenue	507,618	512,046	499,202	518,428	504,563	500,246	496,641	487,789	439,980	576,300	627,993	6,486,599	5,370,952	885,729	6.0%
Total Net Revenue	1,345,000	1,837,799	1,294,855	1,544,267	1,279,800	1,251,557	1,930,623	2,580,317	1,498,658	1,281,635	1,594,655	18,108,394	19,208,235	(1,099,841)	-5.7%
Operating Expense															
Salaries	909,780	1,042,139	917,997	1,103,834	849,551	855,831	850,294	967,335	619,403	1,306,483	928,258	10,351,106	8,987,337	(1,363,768)	-15.2%
Benefits	455,187	447,269	438,518	436,807	449,805	455,251	672,811	534,035	396,229	743,702	596,512	6,176,785	4,850,961	(1,325,824)	-21.3%
Total Salaries & Benefits	1,364,967	1,489,408	1,356,515	1,540,641	1,299,356	1,311,082	1,523,105	1,501,370	1,015,632	2,050,185	1,524,770	16,527,891	13,838,298	(2,689,593)	-16.4%
Professional Fees/Registry	69,022	185,386	62,720	108,129	66,503	89,211	34,674	101,000	106,624	109,130	46,210	978,609	694,287	(284,322)	-41.0%
Supplies	69,094	126,148	77,216	125,775	68,804	108,849	73,991	74,422	51,274	53,951	11,533	822,364	971,912	(149,548)	-15.4%
Purchased Services	39,160	56,350	42,011	92,388	41,654	85,859	126,587	151,817	136,351	58,107	108,112	927,798	1,138,251	(210,453)	-18.5%
Depreciation	22,696	22,687	22,686	22,427	22,426	22,426	22,426	22,426	22,426	19,533	19,533	235,904	99,049	(136,855)	-138.2%
Other Expense	33,477	46,971	35,515	29,393	40,215	22,864	48,541	57,838	(2,681)	49,418	78,600	418,651	322,433	(96,218)	-23.0%
Total Direct Expense	1,588,616	1,918,534	1,596,664	1,919,262	1,518,962	1,589,891	1,778,725	1,846,990	1,236,213	2,129,133	2,148,857	19,191,097	17,664,173	(1,526,924)	-7.9%
Net Income (Loss)	(243,616)	(80,735)	(291,809)	(374,993)	(239,162)	(338,334)	(345,102)	(266,673)	262,445	152,497	445,800	(1,082,703)	2,344,002	(3,426,705)	-15.8%
Revenues from Supplemental Sources															
Public Hospital Reimbursements	868,746	868,746	868,746	868,746	868,746	868,746	868,746	868,746	868,746	868,746	868,746	9,556,206	9,556,206	0	0.0%
Incentives in Medi-Cal (PRIME)	572,250	572,250	572,250	572,250	572,250	572,250	572,250	572,250	572,250	572,250	572,250	6,294,750	6,294,750	0	0.0%
Quality Improvement Program (QIP)	674,532	813,887	673,792	809,502	640,442	670,850	835,022	787,490	483,615	974,210	948,933	8,321,255	7,196,859	(1,124,395)	-15.6%
Net Income (Loss) w/ OH Allocation	513,448	502,532	464,395	492,792	413,082	413,082	1,309,326	1,307,133	1,309,326	(178,112)	38,669	5,697,998	10,997,901	(5,299,903)	-32.1%
Key Ratios															
Gross Pt Revenue/Billable Visit	\$ 154.37	\$ 272.13	\$ 324.55	\$ 283.07	\$ 272.00	\$ 272.00	\$ 378.32	\$ 691.16	\$ 488.64	\$ 115.77	\$ 262.00	\$ 318.81	\$ 239.35	\$ 79.46	33.2%
Net Patient Service Revenue/Billable Visit	\$ 136.29	\$ 187.84	\$ 129.57	\$ 137.73	\$ 131.35	\$ 131.32	\$ 146.52	\$ 239.14	\$ 242.13	\$ 117.94	\$ 187.47	\$ 155.46	\$ 203.50	\$ (47.04)	-23.1%
Direct Costs/Billable Visit	\$ 189.40	\$ 185.69	\$ 167.79	\$ 177.81	\$ 172.18	\$ 176.16	\$ 154.00	\$ 181.49	\$ 216.22	\$ 240.18	\$ 267.76	\$ 189.07	\$ 185.30	\$ (3.76)	-2.0%
Indirect Costs/Billable Visit	\$ 71.48	\$ 78.36	\$ 70.81	\$ 75.04	\$ 72.66	\$ 75.18	\$ 64.99	\$ 76.59	\$ 78.82	\$ 100.84	\$ 113.00	\$ 79.01	\$ 78.20	\$ (0.82)	-1.0%
Total Medical Cost/Billable Visit	\$ 260.88	\$ 264.05	\$ 238.59	\$ 252.85	\$ 244.84	\$ 251.34	\$ 218.99	\$ 258.08	\$ 295.03	\$ 341.01	\$ 380.76	\$ 268.08	\$ 263.50	\$ (4.58)	-1.7%
Net Income (Loss)/Billable Visit	\$ 14.37	\$ 48.39	\$ 48.80	\$ 24.09	\$ 15.13	\$ 46.29	\$ 44.82	\$ 127.13	\$ 213.38	\$ 18.44	\$ 4.53	\$ 119.50	\$ 45.39	\$ 54.76	54.76%
Total Cost/Patient (1)	\$ 602.20	\$ 660.13	\$ 596.48	\$ 632.13	\$ 612.11	\$ 633.85	\$ 547.46	\$ 645.30	\$ 737.58	\$ 852.54	\$ 951.89	\$ 670.20	\$ 658.75	\$ (11.45)	-1.7%
Net Pt Rev as % of Gross Rev	57.5%	45.7%	25.7%	33.7%	30.3%	30.2%	30.0%	28.6%	35.3%	63.1%	43.8%	34.7%	62.8%	-28.3%	-44.8%
Total Net Rev as % of Gross Rev	92.3%	63.8%	41.9%	50.8%	51.0%	50.8%	40.1%	35.3%	56.0%	149.8%	81.3%	53.8%	68.1%	-24.2%	-38.8%
Benefits as a % of Salaries	50.0%	43.0%	47.8%	39.6%	52.9%	53.2%	96.8%	55.2%	64.0%	56.9%	107.4%	59.7%	54.0%	5.7%	-10.6%
Overhead % of Direct Exp	42.2%	42.2%	42.2%	42.2%	42.2%	42.2%	42.2%	42.2%	42.2%	42.2%	42.2%	42.2%	42.2%	0.4%	1.0%

Kris advised for April 2020 we had billable visits of 9,661 and for May we had billable visits of 8,398. The table above goes over each item discussed line by line and is available as an attachment to these minutes. We had an adjustment YTD affecting the April financials and this is why we are observing higher billable visits in April than May but lower net patient revenues in April than in May. This yields us total net revenue of approximately \$1.7M for the month of April and approximately \$1.8M for the month of May.

On the expense side, we had about \$2M worth of salaries and benefits for the month of April and in May we had approximately \$1.9M. We had an adjustment for our pension benefits for the month of May, so the benefits side of our labor expenses is quite expensive for May largely due to the pension adjustment. For April we had total direct expenses of \$2.3M, and roughly \$2.2M in the month of May. There was a loss of \$178K for the month of April whereas in May, we had net income of \$38K which is roughly a break-even month.

Rod Place inquired about the reason for all the expenses being so high, if it is related to the support for COVID. Kris explained labor expenses are a huge piece of our Profit and Loss. We cannot necessarily say they are correlated with billable visits because they fluctuate independently of billable visits, nor can we assign it to COVID-19 pandemic adjustment. It is just the price of doing business in San Joaquin County. These expenses have to be supported by a revenue base that can pay for them. We are running a 62% proportion of salaries benefits expense and this is a big reason for our salaries and benefits expenses for the entire year. We can expect similar numbers going forward and we need to factor that in as a management group and manage that based on our revenue base going forward.

Alicia Yonemoto asked if we had a surplus of staff in May and patients were not coming in due to COVID. Kris stated with regards to patients not coming in, we have been able to rebound to pre-COVID levels with respect to our visits. As soon as COVID-19 hit, we saw our billable visits go down to six thousand billable visits whereas we typically enjoy roughly ten thousand billable visits a month. We were able to rebound to just about the same level that we were before COVID. With respect to our labor expenses, for this period, as of May 31st, we still have Manteca and Hazelton clinics on our P&L so we would still have those expenses hitting our P&L.

	Children's Health Services (#2080)	Family Medicine (#7092)	Family Practice- Ca (#7093)	Primary Medicine (#7094)	Healthy Beginnings - Ca (#7182)	Healthy Beginnings - French Camp (#7183)	Hazelton Clinic (#7184)	Manteca Clinic (#7185)	FQ Grants	FQ Admin	Total	YTD Budget	YTD Variance - Fav (Unft)	% Var - Fav (Unft)
Total Visits	17,991	24,100	4,884	36,673	9,259	4,478	4,419	11,607	-	-	113,411	91,781	21,630	23.6%
Billable Visits	16,458	21,534	4,672	35,579	8,151	4,290	3,314	11,315	-	-	105,313	92,034	13,279	14.4%
Productive FTEs (Provider)	3.6	2.4	1.6	9.9	1.8	1.1	1.1	4.2	-	-	26.1	28.3	2.2	7.7%
Productive FTEs (Non-Provider)	13.4	15.6	6.3	24.1	12.5	7.6	12.9	109.4	14.1	14.1	111.1	109.4	1.7	1.6%
Total FTEs	17.0	18.0	7.9	34.0	14.3	6.6	8.8	17.1	-	-	137.8	133.6	4.3	-3.2%
Total Hours/Visit	2.50	4.91	1.56	1.97	2.45	1.91	1.59	1.47	-	-	2.22	1.79	(0.43)	-24.0%
Patient Revenue														
Medicare	1,494	796,511	246,789	2,234,704	70,392	48,820	78,590	281,458	0	0	3,758,757	1,792,505	1,966,253	109.7%
Medi-Cal	820,224	554,871	34,368	387,660	777,827	252,061	245,268	263,247	0	0	3,335,526	2,574,089	761,437	29.6%
Medi-Cal Managed Care	5,807,988	4,387,328	995,828	6,812,982	2,247,508	992,796	673,990	2,759,786	0	0	24,678,207	16,695,549	7,982,658	47.8%
Insurance	35,243	185,550	22,133	88,817	29,985	30,484	12,304	20,360	0	0	424,874	346,080	78,794	22.8%
Self Pay	119,420	436,492	59,492	382,268	92,284	40,747	85,408	160,955	0	0	1,377,066	617,284	759,781	123.1%
Indigent	0	842	0	0	0	0	0	0	0	0	842	3,158	(2,316)	-73.3%
Gross Revenue	6,784,369	6,361,595	1,358,609	9,906,431	3,217,995	1,364,908	1,095,559	3,485,806	0	0	33,575,273	22,028,665	11,546,607	52.4%
Contractual Adjustments	(5,115,428)	(3,961,059)	(765,404)	(5,741,838)	(2,208,950)	(925,802)	(731,254)	(2,316,247)	0	0	(21,769,789)	(8,192,144)	(13,577,642)	-165.7%
Other Allowances	(1,047)	(6,485)	(1,410)	(10,677)	(2,307)	(1,676)	(86,665)	(40,425)	0	0	(162,693)	(8,239)	(153,454)	-160.0%
Net Patient Revenue	1,667,895	2,394,051	591,793	4,153,916	1,006,738	437,629	267,638	1,129,134	0	0	11,642,795	13,827,283	(2,184,488)	-15.8%
Incentives & Pay-For-Performance Revenues	122,064	128,011	31,101	217,409	49,209	26,509	16,259	78,601	0	0	669,163	669,163	0	0.0%
Physician Capitation- PMPM	881,945	924,808	224,689	1,570,660	355,509	191,513	117,405	567,849	0	0	4,834,338	4,901,229	(66,891)	-1.4%
Other Revenue	2,665,804	3,446,869	847,584	5,941,984	1,411,457	655,652	401,363	1,775,585	0	0	17,146,296	19,387,675	(2,251,380)	-11.6%
Total Operating Revenue	40,598	76,484	14,457	101,475	24,593	10,691	6,538	27,583	452,660	178,018	933,097	0	933,097	100.0%
Total Operating Revenue	2,706,402	3,523,352	862,040	6,043,459	1,436,050	666,342	407,901	1,803,168	452,660	178,018	18,079,393	19,397,675	(1,318,283)	-6.8%
Expenses														
Salaries	1,244,756	1,147,578	515,573	2,859,260	918,616	452,887	624,032	1,376,560	134,743	1,077,102	10,351,105	8,987,337	(1,363,768)	-15.2%
Benefits	809,974	726,830	368,002	1,525,639	636,695	279,228	428,690	856,370	43,186	502,152	6,176,765	4,850,901	(1,325,863)	-21.3%
Total Salaries & Benefits	2,054,729	1,874,407	883,576	4,384,899	1,555,310	732,115	1,052,722	2,232,930	177,929	1,579,254	16,527,870	13,838,239	(2,689,632)	-19.4%
Professional Fees/Registration	38,235	129,930	0	157,800	169,279	9,800	0	0	8,000	465,646	978,609	694,187	(284,422)	-29.1%
Supplies	64,174	177,312	33,015	221,107	80,077	74,793	47,933	74,426	6,350	43,076	822,264	971,912	(149,648)	-15.4%
Purchased Services	41,073	16,714	22,575	1,034	65,069	40,157	46,936	2,400	0	691,658	927,798	1,128,251	200,453	17.8%
Depreciation	7,102	24,255	1,782	1,634	12,522	26,456	0	136,386	0	25,768	235,905	99,049	(136,856)	-138.2%
Other Expenses	53,852	24,830	32,291	15,472	39,119	7,982	46,266	193,863	205	4,772	418,051	822,433	(404,382)	-96.5%
Total Expenses	2,259,165	2,247,347	973,421	4,781,945	1,921,376	891,303	1,193,856	2,640,005	192,484	2,810,194	19,911,097	17,054,171	(2,856,926)	-14.6%
Allocation of Direct Admin Exp	567,840	532,455	113,713	829,152	269,341	114,240	91,696	291,756	0	0	(2,810,194)	0	0	0.0%
Total Expenses excl Hosp OH	2,827,005	2,779,802	1,087,135	5,611,096	2,190,717	1,005,544	1,285,553	2,931,761	192,484	-	19,911,097	17,054,171	(2,856,926)	-16.8%
Profit/(Loss) before Hosp OH	(120,603)	743,550	(225,094)	432,363	(754,667)	(339,201)	(877,652)	(1,128,594)	260,175	178,018	(1,831,703)	2,343,504	(4,175,207)	-178.2%
Revenues from Supplemental Sources														
Public Hospital Redesign	1,743,174	1,828,099	444,151	3,104,778	702,748	378,571	232,197	1,122,488	0	-	9,556,206	9,556,206	0	0.0%
Incentives in Medi-Cal (PRIME)	1,148,243	1,204,184	292,566	2,045,142	462,906	249,368	152,950	739,392	0	-	6,294,750	6,294,750	0	0.0%
Quality Incentive Program (QIP)	1,192,996	1,173,077	458,771	2,367,883	924,483	424,339	542,503	1,237,203	0	0	8,321,255	7,196,859	(1,124,395)	-15.4%
Overhead Allocation	1,577,817	2,602,757	52,852	3,214,401	(511,495)	(135,602)	(1,035,008)	(503,918)	260,175	178,018	5,697,998	10,997,601	(3,050,811)	-27.7%
Net Income (Loss)														

Kris stated we should not see this level of salaries and benefits going forward but as a management group we should keep an eye on it because our benefits level is so high.

V. Accounts Receivables Status / KPI (Kris Zuniga)

Kris Zuniga presented PFS Accounts Receivable Aging Analysis for SJCC for the month of May 2020 (shown below)

PFS Accounts Receivable Aging Analysis For SJCC For the Month of May 2020								
Aging Category	MediCare	MediCal	Commercial	Self Pay	Total Aging This Month	Total Aging Last Month	\$ Increase (Decrease)	% Increase (Decrease)
Accrued Receivables					-	334,447	(334,447)	0.00%
1-30 Days	155,955	1,280,043	119,565	1,441	1,557,004	1,661,000	(103,997)	-6.26%
31-60 Days	57,328	138,004	87,010	3,306	285,648	168,954	116,694	69.07%
61-90 Days	49,869	20,865	27,551	1,937	100,222	323,064	(222,842)	-68.98%
91-120 Days	136,348	16,578	38,240	1,415	192,580	143,565	49,015	34.14%
121-180 Days	273,491	465,706	74,322	27,257	840,775	1,651,295	(810,519)	-49.08%
181-240 Days	442,532	1,276,746	109,809	33,721	1,862,809	1,945,097	(82,288)	-4.23%
241-270 Days	218,016	690,742	55,885	22,762	987,406	556,854	430,552	77.32%
271-365 Days	305,006	701,910	89,985	50,009	1,146,911	1,253,634	(106,723)	-8.51%
366 Days & Over	28,925	(185,980)	70,560	103,233	16,737	784,034	(767,297)	-97.87%
	26%	64%	8%	2%				
Total FC This Month	1,667,470	4,404,614	672,927	245,082	6,990,093	8,821,944	(1,831,851)	-20.76%
Total FC Last Month	2,204,421	5,755,301	540,819	321,402	8,821,944			
\$ Increase (Decrease)	(536,951)	(1,350,687)	132,107	(76,320)	(1,831,851)			
% Increase (Decrease)	-24.36%	-23.47%	24.43%	-23.75%	-20.76%			
Monthly Management Summary								
	Beginning Gross A/R Balance	Gross Charges	Payments	Adjustments	Ending Gross A/R Balance			
April Activity	8,821,944	2,032,785	(1,393,981)	(2,470,655)	6,990,093			
PFS Key Performance Indicators for SJCC								
	May	April	March	February	January	December	November	Increase (Decrease)
Gross A/R Days	57	76	92	106	121	121	114	(16)
Net A/R	2,297,224	2,773,469	2,418,439	5,121,559	2,500,641	3,006,647	2,967,642	355,030
Net A/R Days	23	31	63	88	100	120	106	(32)

Our accounts receivable at the end of May on a gross basis is approximately \$7M. We have accounts that we are collecting on that are very old, but we are working with our Patient Financial Services team to get those addressed and we anticipate closing out those accounts in the next eight weeks or so.

Our gross accounts receivable is falling but our net accounts receivable is not falling in the same proportion due to the reporting we have designed with EMMI which has much less in gross charges even though it is essentially the same amount of collectable dollars.

Monica Nino asked for an explanation of the adjustments of the \$2.4. Kris explained in any gross accounts receivable in healthcare, because our payers pay different amounts, we are allowed to adjust down our accounts once we get paid. For example, if we had an account and we receive \$100 from Medicare, the gross charges on that account, wherever or whatever they are, will get adjusted down to that \$100 payment to zero out the account. This is in relation to payments received. So, if we can think about it as \$1.4M in payments were received, and then roughly \$2.5M in adjustments were booked in response.

Alicia Yonemoto made a motion to approve the financial report as presented, Brian Heck seconded the motion and all board members present unanimously approved the financial report.

VI. Proposed Acceptance and Implementation of Wipfli Patient Fee Schedule Pricing and Medicare G-Code Recommendations (Kris Zuniga)

Kris Zuniga advised he will be presenting on behalf of Wipfli with assistance from Carlos Jimenez if needed. Kris stated in their regular examination of accounts receivable or the revenue cycle at San Joaquin County Clinics (SJCC), he noticed our G Code rates for Medicare were set at different levels, there are five G Code rates. Part of our compliance with Health Resources and Services Administration (HRSA) is to look at our patient fee schedule on an annual basis. We asked Wipfli to examine our whole patient fee schedule for the FQHC and also the Medicare G Codes.

Wipfli examined our patient fee schedule for compliance with HRSA's program requirements as specified in Chapter 16: Billing and Collections: *"The health center must prepare a schedule of fees for the provision of its services consistent with locally prevailing rates or charges and designed to cover its reasonable costs of operation."* The document is attached for further reading. We are being compared to other FQHCs in our area, keeping us compliant with HRSA.

Wipfli found that a rate increase for patient service charges of a maximum of 6% is justified at this time. They also recommend that increasing the Medicare G Code charges to reflect the total charges for the basket of services provided for each type of visits. These recommendations are based on the following factors:

- **Finding:** Based on the 2019 UDS data summarized in the table on Page 4, SJCC's average charge per visit was \$189.73, roughly 6% below its average cost per visit of \$201.40. In addition, SJCC's average charge per visit was below that of four comparable clinics in its service area.
 - **Recommendation:** Patient charges should be increased by 6% to close the gap between average cost and charges per visit so that charges more adequately cover the reasonable costs of operation and are more consistent with local clinic charges.
- **Finding:** Wipfli had previously performed an analysis of SJCC's Medicare G Code charges in comparison to the basket of services typically provided to SJCC's Medicare patients. The analysis has been updated to reflect the recommended minimum price increase of 6% for patient charges.

According to CMS FAQs regarding how to set the FQHC G Code amounts. "Once you have determined the typical bundle of services that your FQHC furnishes to Medicare patients during an encounter, total your normal charges for those services. The sum of the charges for the services included in the bundle of services is your C Code amount."

- **Recommendation:** Medicare G Code charges should be increased to at least \$188.00 for established patient visits and \$266.00 for new patient/preventive visits (or the annual well care visit) to reflect SJCC's average total charges per Medicare visit.

Rod Place asked for further explanation of Wipfli's recommendations on what the clinics can do. Kris explained we have engaged Wipfli to perform this analysis and make recommendations with regards to our charge master and our Medicare G Codes. We are presenting the report and are asking the board to approve the report and that we are approved to proceed with Wipfli's recommendations.

Alicia Yonemoto stated that we just received a PPS rate increase. Kris explained this is different from the PPS rate. Carlos Jimenez stated there are two different items; one side, not related at all to what you get paid, is the analysis of your charges in general (HRSA requirement) and the other side is Medicare will pay you the lesser of the Medicare PPS rate or your charges. It is important to keep those charges for Medicare services above the PPS rate so that you get the full PPS. This is what is being done here. Since we get paid the lesser of the two, we want to make sure whatever we get is the maximum that we can get.

Kris stated that Wipfli took a look at some surrounding clinics and in terms of our average charge per billable visit, SJCC exhibits the least amount of Charges (see table to the right). What our neighbors are charging for similar services is the baseline to keep in compliance with HRSA.

Market Rate Analysis - Average Charge per Billable Visit

San Joaquin County Clinics	\$190
Adventist Health Lodi Memorial	\$256
Community Medical Centers - Channel	\$276
Golden Valley Health Centers - Manteca	\$372
Lodi Memorial Community Clinic - Trinity	\$245

Wipfli recommends the G Code rates for established patients (medical or mental health patients) be set at \$188.00. However, for new patients or for patients undergoing their annual well visit, the recommended G Code rate to qualify us for the Medicare PPS rate is \$266.00.

2020 PPS Calculator	2020 PPS Rate	Est. 2021 MEI	Est. 2021 PPS Rate (2020+MEI)
Stockton-Lodi GAF			
Est. patient	\$ 179.20	2%	\$182.78
New patient/preventive	\$ 240.42	2%	\$245.22

		FY2020	FY2021 - with Price Increase of		
Recommended G Code Charges				Recommended Minimum	Recommended Maximum
G Code	Visity Type	SJCC Basket of Charges	6%		
G0466	New-medical	\$250.68	\$266.00	\$266.00	\$266.00
G0467	Est.-medical	\$177.73	\$188.00	\$188.00	\$188.00
G0468	IPPE/AWV	\$303.00	\$321.00	\$266.00	\$321.00
G0469	New-mental health	\$358.00	\$379.00	\$266.00	\$379.00
G0470	Est.-mental health	\$320.33	\$340.00	\$188.00	\$340.00
Grand Total		\$181.08			

The two most utilized G Codes are G0466 and G0467. For those two G Codes, the average payment was \$83.10 for those visits. By making these recommended changes (in compliance with HRSA), those payments for Medicare will increase to 80% of these two numbers. The payments will go up roughly \$50-\$60 for each Medicare patient.

Two recommendations that are asked for the board to approve is a 6% price increase to the charge master and the G Code rates for SJCC be set to the recommended minimums that Wipfli presented in their report.

Rod asked if the board is being asked to give approval to apply for these rates. Kris explained these are internal system changes within our patient fee schedule in our computer systems.

2020 PPS Calculator	2020 PPS Rate	Est. 2021 MEI	Est. 2021 PPS Rate (2020+MEI)
Stockton-Lodi GAF			
Est. patient	\$ 179.20	2%	\$182.78
New patient/preventive	\$ 240.42	2%	\$245.22

Carlos explained the amounts shown in the table to the left are the amounts SJCC could be receiving from Medicare for these patients because they are the PPS rates.

What was discovered was that SJCC was charging in general significantly less than these amounts. When CMS went to process the claims, they were paying us the lesser of the two. This internal process to raise the G Code rates will bring them to an amount in excess with enough room of those PPS rates and therefore result in us getting paid those PPS amounts instead of our actual charges. We have always had a Medicare PPS rate. By us changing this internally, Medicare will pay those 2020 PPS rates through the end of September and they will update thereafter. This is simply to ensure we receive the maximum amount Medicare would pay us for a patient visit, be it established or new. By increasing the charge to \$188 (which exceeds the PPS), we will actually receive the payment of \$179. There is no request to be made, it is automatic when the claims start getting processed with charges that exceed the Medicare PPS rate.

Monica Nino asked what the timing is of all of this. Kris stated he understood this particular change needs to also be a part of a board letter that goes to the Board of Supervisors. When we receive the SJCC Board approval, we seek approval from the Board of Supervisors. The hospital team has advised once we do get approval, we make the internal change and it should not take very long. We could make these changes effective September 1st, 2020.

David Culberson advised he received approval from the Board of Supervisors in June 2020 that allowed him to adjust the rate structures for both the hospital and clinics based on market conditions. He stated as soon as Cerner can update in the PFS system that we can move forward with the rates. Chris Roberts advised the letter that went to the Board of Supervisors, the FQHC were zero impact for pricing knowing this would be ongoing, not knowing what the rates would look like. The language allows the hospital CEO to have discretion in the situation for the FQHC. He stated this does not need to be updated in Cerner since we no longer bill the FQHC through Cerner, it is just a matter of updating the fee schedule and providing it to EMMI. This would be dates of service going forward once it is effective, there is no retroactivity. Carlos stated if David Culberson does have the discretion to change the rates for the FQHC, the only thing required from HRSA's perspective is approval from the FQHC Board of these changes. This will also be presented to the FQHC board on 7/28/20 for their information.

Esgardo Medina made a motion to approve the recommended minimums of the G Code rate and the Patient Fee Schedule. Alicia Yonemoto seconded the motion and all board members present unanimously approved.

VII. Wipfli Presentation on Fiscal Year 2015 Audited Clinic PPS Rates (Carlos Jimenez)

Carlos Jimenez presented the update on the FQHC Rate Setting for MediCal. Since the last Finance Committee meeting, we concluded the audit of the 2015 rate setting cost reports, that is MediCal Rate Setting for the five original clinics (Family Medicine, Children's Health Services, Primary Medicine Clinic, and both Healthy Beginnings Clinics). The chart below shows what the final audited rates were.

SAN JOAQUIN COUNTY CLINICS
FQHC RATE SETTING AUDIT: FINAL PPS RATE SUMMARY
FYE 6/30/2015

7/22/2020

Description	Family Medicine Clinic NPI 1578803425	Children's Health Services NPI 1083955801	Primary Medicine Clinic NPI 1710228531	Healthy Beginnings California St. NPI 1538400353	Healthy Beginnings French Camp NPI 1629319447	TOTALS
Audited MCal PPS Rate	172.37	208.46	142.30	217.36	268.47	
Medi-Cal Interim Payment Rate	129.02	129.02	129.02	129.02	129.02	
Variance Final to Interim Rate	43.35	79.44	13.28	88.34	139.45	
SUBSEQUENT YEARS' PPS RATES - by effective dates						MEI
10/1/2015	173.75	210.13	143.44	219.10	270.62	0.8%
10/1/2016	175.66	212.44	145.02	221.51	273.60	1.1%
10/1/2017	177.77	214.99	146.79	224.17	276.88	1.2%
10/1/2018	180.26	218.00	148.81	227.31	280.76	1.4%
10/1/2019	182.96	221.27	151.04	230.72	284.97	1.5%

Until this time that the rates were set, SJCC were billing and being paid interim rates that was \$129 per visit. What the chart shows is the additional amount per visit that will be part of a retroactive settlement dating back to July 1, 2014. What is shown above are the rates for each Subsequent Rate Year. The State updates its rates on a Federal Fiscal Year due to fact the Federal Government publishes a Medicare Economic Index (MEI). The automatic update factors every year are very low.

Because these rates were set on a base period, they do not change. Carlos stated there is a process to update the rate that is fairly involved. These rates were based on FY15 reports. It has taken a very long time to get through the audit process. Carlos advised Wipfli has requested to give a presentation in the August Board Meeting that will give a better understanding of how SJCC will be paid retroactively on these final rates.

The audited rates starting on July 1, 2014, represent between 87% to 94% of what was in the original filed reports. The outcome is extremely good for SJCC. In terms of the Gross amount we will book, the rates will go up significantly. The way the MediCal system works, we will not receive a check, there will be a PPS reconciliation. Carlos will give further presentation and explanation of this next month.

Carlos advised we have one more of the original clinics that is outstanding (Family Practice California Clinic) that is currently under audit. Its rate setting year was 2016 and we are at the end stages of that audit.

Kris stated as of the July 6th MediCal check write, we are seeing our traditional MediCal encounters being paid at the current PPS rates listed.

We believe we will be profitable as a result of managerial changes and increased reimbursement not only for these PPS rates but also for Medicare G Code rates increasing and other new revenue streams like 340B Pharmacy revenues. They will present this in more detail in the September Board meeting.

Carlos advised among the analyses provided by Wipfli is some recommendations and analyses on how the rates for the wraparound claims will have to be changed again. This will be presented in August.

VIII. Adjournment (Rod Place)

There being no further discussion, Rod Place adjourned the meeting at 5:13 p.m.

Attachments: Finance Agenda 07.27.20
Minutes of May 26, 2020
Finance Narrative YTD through May 2020
Income Statement as of May 31, 2020
Income Statement for YTD ending May 31, 2020 for individual clinics.
EMMI Collection Time Report on paid accounts by date of service
PFS Accounts Receivable Aging Analysis for SJCC for the Month of May 2020
SJCC FY15 FQHC Rate Setting Audit Impact Analysis – Wipfli Update 06/29/20
SJCC Patient Fee Schedule Analysis 07/17/2020 (Wipfli recommendations)