



**San Joaquin County Clinics (SJCC) Finance Committee  
Minutes of September 28, 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); Greg Diederich (HCS Director); Dr. Farhan Fadoo (SJCC CEO); Chris Roberts (SJGH CFO); Alice Souligne (SJCC COO); Kris Zuniga (SJCC CFO); Adelé Gribble (SJCC ACS OTC)

**Excused:**

David Culberson (SJGH CEO); Monica Nino (SJ County Administrator);

**Absent**

Luz Maria Sandoval (SJCC Board Treasurer); Lynn Kelly (SJGH Pt. Financial Services Deputy Director)

**I. Call to Order**

The meeting was called to order by Rod Place at 4:06 p.m.

**II. Approval of Minutes from August 24, 2020 (Rod Place, Board Chair)**

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 08/24/2020. Alicia Yonemoto seconded the motion and all board members present unanimously approved the minutes.

**III. Introductions (Rod Place, Board Chair)**

There were no introductions for this meeting.

**IV. FY20/21 Budget (Kris Zuniga, FQHC CFO)**

Kris Zuniga advised Dr. Fadoo, Alice Souligne and Kris put together a budget that was submitted into the EPSI system (the budgeting system for San Joaquin). He described how they went about building the budget for FY2021. They made a lot of assumptions and tried to make it as straightforward a budget as they possibly could and anticipate business volumes as well as major expenses they knew was on the horizon. (Below is the initial budget created)

FISCAL YEAR ENDED 6/30/2021	(#7080) Children's Health Services	(#7092) Family Medicine	(#7093) Family Practice - Ca	(#7096) Primary Medicine	(#7182) Healthy Beginnings - Ca	(#7183) Healthy Beginnings - French Camp	(#7071) FQ Admin	Total
Billable Visits	19,440	29,520	7,200	28,080	11,380	14,260		109,880
Productive FTEs (Provider)	5.40	8.20	2.00	7.80	3.30	4.10		30.80
Productive FTEs (Non-Provider)	12.50	14.75	5.25	15.00	7.05	5.75	5.04	65.34
Total FTEs	17.90	22.95	7.25	22.80	10.35	9.85	5.04	96.14
Net Patient Revenue	2,226,698	4,092,515	824,703	3,892,880	1,303,489	1,976,940		14,317,225
Billing Services - EMMI (178,136)		(327,401)	(65,976)	(311,430)	(104,279)	(158,155)		(1,145,378)
Physician Capitation- PMPM	940,508	1,428,179	348,336	1,358,512	550,565	689,900		5,316,000
PPS Recon Liability Accrual (106,152)		(161,194)	(39,316)	(153,331)	(62,141)	(77,867)		(600,000)
Grant Revenue	38,893	59,059	14,405	56,178	22,767	28,529		219,832
Pharmacy Revenue	44,534	81,850	16,494	77,858	26,070	39,539		286,345
Total Operating Revenue	2,966,345	5,173,008	1,098,646	4,920,667	1,736,472	2,498,886	-	18,394,023
Expenses								-
Salaries	1,770,669	2,439,610	595,368	2,459,306	1,064,074	1,109,321	608,453	10,046,800
Benefits	796,801	1,097,824	267,916	1,106,688	478,833	499,194	345,303	4,592,560
Professional Fees/Registration	152,855	232,113	56,613	220,790	89,480	112,125	316,249	1,180,225
Supplies	87,377	267,182	34,451	308,797	115,684	88,843	62,995	965,330
Purchased Services	55,551	34,498	33,340	1,657	33,340	33,340	328,042	519,767
Depreciation	7,759	27,482	1,944	1,782	13,660	28,862	40,737	122,226
Other Expense	75,774	27,590	47,987	29,181	56,716	9,690	322,047	568,985
Total Expenses	2,946,786	4,126,299	1,037,618	4,128,201	1,851,787	1,881,374	2,025,827	17,995,892
Allocation of Direct Admin Exp	355,056	543,715	132,613	517,192	209,603	262,648	(2,025,827)	
Total Expenses excl Hosp OH	3,304,342	4,670,014	1,170,231	4,645,393	2,061,390	2,144,023	-	17,995,892
Profit/(Loss) before Hosp OH	(338,496)	502,995	(71,585)	275,274	(324,919)	354,863	-	398,131

This budget was created in March and there is more information that they did not have at that time (significantly the PPS rate that we now have). These net revenues were estimated based on information available at the time. If they were to make the budget today, they would use the actual PPS rates that the clinics now have.

We had Total Billable Visits of 110K for the year. This would yield us \$14,317,225. On those patient revenues, EMMI charges us 8%. All numbers are reflected in the table above. For Grant Revenue, we now know that is more than likely going to be a lot higher especially with regards to the CARES funding and similar grants. Pharmacy Revenue is a quick estimation, assuming 2% of Net Patient Revenues will come in that form.

For Salary Expenses, we looked at the entire workforce, knowing we would be closing Manteca and Hazelton. We had specific employee names and titles and went through the entire FQHC staff list and deciphered who would be remaining from those workforce reductions. The budget we put together for benefits, we now know was a little light (estimated at about 46% benefits) because we were using our financial statements from 19/20 and at that time that was the percentage on our P&L. We now know benefits expenses are much higher at 62-63%.

The remainder of the operational expenses (Professional Fees through Other) were multiples of historical trends. We did do some reallocation for changes in volumes as we anticipated. At the end of the day we expected about \$18M in total operating revenue which incorporates \$1.1M in fees to EMMI. On the expense side we are just about \$18M there, we were anticipating about \$400K Net Income for the budget. This table above is for July 1, 2020 through June 30, 2021.

Above is the budget we created but what is shown below is what ended up in the EPSI system (slightly different). We have the same essential categories here. There is a change in that we represented EMMI as a contra revenue above and they were correctly loaded up as an expense on the purchased service side.

On the revenue side, everything matched up accordingly. It is on the expense side that Dr. Fadoo and Kris noticed we somehow veered from what we anticipated to what actually ended up in our system. For salaries – approximately \$7.7M where we anticipated \$10M, so there is a lot less in salaries in our system. Chris Roberts advised there is a breakout in EPSI that needs to be revised. This is because of Physicians because anything outside of Physicians base salaries shows up as a benefit which is what is skewing the numbers. In total, the difference is about \$800K. There are other adjustments needed to be made for staff who were from Manteca and Hazelton because at the time the budget was created, they had no placements yet, so they remained with the home cost centers. Chris advised now that we know where they are, they will be moving them out of SJCC budget.

Alicia Yonemoto inquired about the Manteca Clinic building lease and wanted to know if we were able to sublet the building. Kris advised we have some hospital department at the space, and they are helping us with some of that lease expense. He advised SJCC is still responsible for a good portion of it, particularly those expenses associated with the leasehold improvements (construction pieces).

Kris stated the budget below is what is in our EPSI system.

	(#7080)	(#7092)	(#7093)	(#7096)	(#7182)	(#7183)	(#7184)	(#7185)	(#7071)	
FISCAL YEAR ENDED 6/30/2021	Children's Health Services	Family Medicine	Family Practice - Ca	Primary Medicine	Healthy Beginnings - Ca	Healthy Beginnings - French Camp	SJCC - Hazelton	SJCC - Manteca	FQ Admin	Total
Billable Visits	19,440	29,520	7,200	28,080	11,380	14,260				109,880
Productive FTEs (Provider)	5.40	8.20	2.00	7.80	3.30	4.10				30.80
Productive FTEs (Non-Provider)	12.50	14.75	5.25	15.00	7.05	5.75			5.04	65.34
Total FTEs	17.90	22.95	7.25	22.80	10.35	9.85			5.04	96.14
Net Patient Revenue	2,226,698	4,092,515	824,703	3,892,880	1,303,489	1,976,940				14,317,225
Physician Capitation - PMPM	941,508	1,429,693	848,706	1,189,952	551,149	690,631				5,321,639
PPS Reconc Liability Accrual	(106,152)	(161,194)	(89,316)	(153,331)	(62,141)	(77,887)				(600,000)
Grant Revenue	38,893	59,059	14,405	56,178	22,767	28,529				219,832
Pharmacy Revenue	44,534	81,850	16,494	77,858	26,070	39,539				286,345
Total Operating Revenue	3,145,481	5,501,924	1,164,992	5,233,537	1,841,334	2,657,772				19,545,041
Expenses										
Salaries	1,160,305	1,275,994	536,710	1,243,361	595,330	224,771	339,028	635,366	721,946	7,732,712
Benefits	820,865	834,074	554,037	1,193,352	665,713	311,516	307,047	611,944	766,048	6,064,996
Professional Fees/Registration	75,000	235,320	56,611	175,000	-	112,125			261,591	1,015,647
Supplies	78,707	264,606	38,380	285,062	106,208	85,651			57,733	916,347
Purchased Services	231,871	361,036	98,172	313,087	137,620	191,545			328,041	1,661,372
Depreciation	7,700	24,586	1,803	1,709	19,511	28,550		243,557	40,740	362,156
Other Expense	61,555	22,322	46,404	21,777	53,398	5,013		11,320	20,928	245,827
Total Expenses	2,436,013	3,018,138	1,332,117	4,333,348	1,571,580	962,571	646,075	1,502,187	2,197,027	17,999,056
Allocation of Direct Admin Exp (Totl Exp %)	338,690	419,625	185,210	602,485	218,504	133,831	89,827	208,856	(2,197,027)	-
Total Expenses excl Hosp OH	2,774,703	3,437,763	1,517,328	4,935,832	1,790,084	1,096,402	735,902	1,711,043	-	17,999,056
Profit/(Loss) before Hosp OH	370,778	2,064,161	(352,336)	297,705	51,250	1,561,370	(735,902)	(1,711,043)	-	1,545,985

Kris advised we are in the process of selecting an auditor for the FQHC and that auditor will go through this fiscal year and more than likely through the previous fiscal year ending June 30, 2019 to evaluate our financial position and give an opinion about the presentation of those financial statements. At that point we will be able to say that our financials have been audited. These are financials that have not been finalized or audited. Therefore, when the auditor does come back and present the audit report, it could, and very often does, look different.

For the month of June, we had Billable Visits of 10,651 which equates to YTD visits of 115,964. For Net Patient Revenues is looking enormous at 8.8M for the month. The reason for this is because the month of June contains retroactive adjustments presented last month, PPS reconciliation and we reduced our liabilities we thought we owed the state by approximately \$3.5M. The other piece was the recognition of a receivable for our traditional MediCal visits (about \$3M). The total was greater than \$7M in retroactive adjustments which is why this number is so high.

Total Net Revenue for the month of June is \$9.3M. On a YTD basis, Net Patient Revenue is \$20M whereas total Net Revenue is upwards of \$27.4M. On the expense side, we had \$619K in salaries and benefits, largely due to an adjustment for over accrual of expenses which puts us on a YTD basis of approximately \$17.1M for salaries and benefits. Other Direct Expenses were \$1.2M for the month of June and \$21.1M for the entire fiscal year.



Below is the Accounts Receivable Aging Analysis Schedule for the month of June 2020.

PFS Accounts Receivable Aging Analysis For SJCC For the Month of June 2020								
Aging Category	MediCare	MediCal	Commercial	Self Pay	Total Aging This Month	Total Aging Last Month	\$ Increase (Decrease)	% Increase (Decrease)
Accrued Receivables					-	0	0	0.00%
1-30 Days	180,776	1,559,164	131,609	996	1,872,545	1,557,004	315,541	20.27%
31-60 Days	120,036	277,705	118,272	944	516,957	285,648	231,309	80.98%
61-90 Days	54,773	80,866	86,351	139	222,129	100,222	121,906	121.64%
91-120 Days	46,180	24,727	27,956	1,283	100,145	192,580	(92,435)	-48.00%
121-180 Days	245,227	60,290	79,630	(22,881)	362,267	840,775	(478,508)	-56.91%
181-240 Days	99,976	386,352	30,717	24,759	541,806	1,862,809	(1,321,003)	-70.91%
241-270 Days	407,220	1,173,654	105,572	31,808	1,718,255	987,406	730,848	74.02%
271-365 Days	200,238	639,084	52,021	18,840	910,182	1,146,911	(236,729)	-20.64%
366 Days & Over	248,392	72,248	90,386	136,316	547,341	16,737	530,604	3170.23%
	26%	64%	8%	2%				
Total FC This Month	1,602,818	4,274,090	722,515	192,204	6,791,627	6,990,093	(198,466)	-2.84%
Total FC Last Month	1,667,470	4,404,614	672,927	245,082	6,990,093			
\$ Increase (Decrease)	(64,653)	(130,524)	49,589	(52,878)	(198,466)			
% Increase (Decrease)	-3.88%	-2.96%	7.37%	-21.58%	-2.84%			
PFS Key Performance Indicators for SJCC								
	June	May	April	March	February	January	December	Increase (Decrease)
Gross A/R Days	51	57	76	92	106	121	121	(6)
Net A/R	2,502,157	2,297,224	2,773,469	2,418,439	5,121,559	2,500,641	3,006,647	204,932
Net A/R Days	21	23	31	63	88	100	120	(2)

Kris stated at the end of the Fiscal Year our Gross Accounts Receivable had a value of \$6.7M, the bulk of that is the MediCal piece, which we would expect. On a Net A/R basis, that equates to \$2.5M in collectable receivables or just about 21 Net A/R days.

For the month of July, we have Gross Accounts Receivable at \$5.2M, largely due to the efforts our PFS team has been making to bring down the balances of our older accounts and that has a Net A/R valuation of \$2.2M or 20 Net A/R days.

PFS Accounts Receivable Aging Analysis For SJCC For the Month of July 2020								
Aging Category	MediCare	MediCal	Commercial	Self Pay	Total Aging This Month	Total Aging Last Month	\$ Increase (Decrease)	% Increase (Decrease)
Accrued Receivables					-	0	0	0.00%
1-30 Days	28,242	1,293,732	99,746	0	1,421,720	1,872,545	(450,825)	-24.08%
31-60 Days	128,515	153,796	118,423	166	400,900	516,957	(116,057)	-22.45%
61-90 Days	115,158	87,040	116,264	0	318,462	222,129	96,333	43.37%
91-120 Days	44,802	97,948	86,104	0	228,854	100,145	128,708	128.52%
121-180 Days	119,947	349,308	68,017	0	537,272	362,267	175,005	48.31%
181-240 Days	151,423	443,479	65,547	7,661	668,110	541,806	126,304	23.31%
241-270 Days	219,545	816,292	67,027	30,624	1,133,487	1,718,255	(584,767)	-34.03%
271-365 Days	96,500	280,786	27,786	18,211	423,283	910,182	(486,899)	-53.49%
366 Days & Over	81,618	(120,794)	65,381	129,575	155,780	547,341	(391,562)	-71.54%
	26%	64%	8%	2%				
Total FC This Month	985,749	3,401,587	714,295	186,237	5,287,868	6,791,627	(1,503,759)	-22.14%
Total FC Last Month	1,602,818	4,274,090	722,515	192,204	6,791,627			
\$ Increase (Decrease)	(617,069)	(872,503)	(8,220)	(5,966)	(1,503,759)			
% Increase (Decrease)	-38.50%	-20.41%	-1.14%	-3.10%	-22.14%			
PFS Key Performance Indicators for SJCC								
	July	June	May	April	March	February	January	Increase (Decrease)
Gross A/R Days	41	51	57	76	92	106	121	(10)
Net A/R	2,220,764	2,502,157	2,297,224	2,773,469	2,418,439	5,121,559	2,500,641	(281,393)
Net A/R Days	20	21	23	31	63	88	100	(1)

With regards to how quickly EMMI is collecting for us, the below schedule describes how quickly they are collecting on PAID accounts. For accounts that have received a payment, EMMI is averaging about 56 days in collection time. This incorporates the clinic lag (if there is a lag) and also the time it takes to collect from their claims.

AVERAGE COLLECTION TIME ON PAID ACCOUNTS BY DATE OF SERVICE

Row Labels	Average of Service to Claim	Average of Claim to Payment	Average of Collection Time
2020-01	12.51	66.43	78.94
2020-02	7.22	65.47	72.69
2020-03	5.32	47.24	52.55
2020-04	11.52	29.02	40.54
2020-05	7.23	18.90	26.13
2020-06	7.29	19.73	27.02
2020-07	5.57	14.99	20.56
<b>Grand Total</b>	<b>8.63</b>	<b>47.65</b>	<b>56.28</b>

Rod Place asked if this is within what we contracted them to do. Kris responded one of the keys is our Service to Claim statistic, how long it takes from when we see our patients to when a bill goes out. That is about 8.63 calendar days. HRSA requires that we send those claims out within 14 business days, so our claims are going out quicker than required. As a point of measure for collections, we like to see collections occur in less than 65 days. This is only on accounts that have been paid. For accounts that have not been paid, or are still open, we look to our Aging Schedule and that gives us an indication. EMMI has balances going back to about January. Part of this is EMMI and part is PFS. Kris advised we have to circle back with EMMI and make sure we are making every effort to get those January and February accounts collected.

In addition to Kris' presentation, he stated we have finalized PPS rates for every one of our clinics. The last clinic to be finalized, (FPCC) that ended up with one of the healthiest PPS rates. We have excellent PPS rates; we need our volumes to stay where they are at and increase to improve our financial situation. As far as the fundamental rates that dictate our business, we did really well.

**V. Adjournment (Rod Place, Board Chair)**

There being no further discussion, Rod Place adjourned the meeting at 4:34 p.m.

- Attachments:
- Finance Agenda 09.28.20
  - Minutes of August 24, 2020
  - PFS AR Aging Analysis For the Month of June 2020
  - PFS AR Aging Analysis For the Month of July 2020
  - EMMI Collection Time Report 2020-07
  - Finance Narrative – 2020-06
  - Fiscal Year 2020-2021 Budget – EPSI
  - Fiscal Year 2020-2021 Budget – Submitted
  - Income Statement June 2020
  - Income Statement July 2020
  - Income Statement by Cost Center June 2020
  - Income Statement by Cost Center July 2020