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San Joaquin General Hospital/P. O. Box 1020 • Stockton • CA 95201 • (209) 468-6000

To: San Joaquin County Clinics Board Members

Copy: Greg Diederich, Health Care Services Agency Director
Margaret Szczepaniak, Health Care Services Agency Assistant Director
David Jomaoas, San Joaquin County Clinics Executive Director
Farhan Fadoo, M.D., Chief Medical Officer, San Joaquin County Clinics

From: David Culberson, CEO, San Joaquin General Hospital

Date: August 21, 2015

Re: Primary Care Practice Incentive Program Adjustments

San Joaquin General Hospital (SJGH) and San Joaquin County Clinics (SJCC) recommend adjustment to the primary care physician incentives in an effort attract and retain qualified practitioners. The proposed changes are intended to increase quality, access and patient satisfaction and will provide up to $11,000 in additional incentive payments per provider per year.

The current and proposed scales are attached for your reference. In summary, the maximum available incentives increase from $40,000 to $51,000 annually:

Current Incentive Program (Maximum Payment)	
Patient Visits	$17,500
Quality	$15,000
Patient Satisfaction	$7,500
Total	$40,000

Proposed Incentive Program (Maximum Payment)	
Patient Visits	$24,000
Quality	$21,000
Patient Satisfaction	$6,000
Total	$51,000

The expense increase of $11,000 in incentive payments to each provider will be offset if a corresponding increase in patient visits of approximately 1.3 visits per day per provider is achieved. ($11,000 increase / $180 revenue per visit / 240 work days / year = 1.3 visits per day).

week week

OVER →

It is recommended that this moderate increase in incentive payments be implemented in order to maintain a competitive recruitment and retention environment. The ability of SJCC providers to maintain regular and continuous contact with their patients will not only provide improved patient outcomes but increase return visits as provider-patient rapport increases.

Thanks for your assistance in this matter and do not hesitate to contact me at 468-6600 or dculberson@sjgh.org if I can provide any additional information.

Current Incentive Design						
Patient visits/hr	Monthly amount	Quality (% to goal)	Monthly amount	CG-CAHPS (Prov)	Monthly amount	
				0 - <50%	$0 (0%)	
<2.00	$0 (0%)	<60%	$250 (20%)	50 - <60%	$275 (44%)	
2.00 - <2.25	$750 (51.4%)	60 to <70%	$500 (40%)	60 - <70%	$366.67 (58.7%)	
2.25 - <2.50	$1000 (68.6%)	70 to <80%	$750 (60%)	70 - <80%	$458.33 (73.3%)	
2.50 - <3.00	$1250 (85.7%)	80 to <90%	$1000 (80%)	80 - <90%	$541.67 (86.7%)	
>=3.00 visit/hr	$1458 (100%)	> =90%	$1250 (100%)	> =90%	$625 (100%)	
TOTAL AVAILABLE	**$17,500.00**	**TOTAL AVAILABLE**	**$15,000.00**	**TOTAL AVAILABLE**	**$7,500.00**	$40,000.00

New Incentive Design - EFFECTIVE 7/1/15						
Patient visits/hr	Monthly amount	Quality (% to goal)	Monthly amount	CG-CAHPS (Prov)	Monthly amount	
< 2.00	$0 (0%)	< 60%	$0 (0%)	< 60%	$0 (0%)	
2.00 - 2.24	$600 (30%)	60 - 69.9%	$250 (14%)	60 - 69.9%	$200 (40%)	
2.25 - 2.49	$1200 (60%)	70 - 79.9%	$750 (43%)	70 - 79.9%	$300 (60%)	
2.50 - 2.74	$1600 (80%)	80 - 89.9%	$1250 (71%)	80 - 89.9%	$400 (80%)	
> 2.75	$2000 (100%)	>= 90%	$1750 (100%)	>= 90%	$500 (100%)	
TOTAL AVAILABLE	**$24,000.00**	**TOTAL AVAILABLE**	**$21,000.00**	**TOTAL AVAILABLE**	**$6,000.00**	$51,000.00
INDIVIDUAL		GROUP		GROUP		

San Joaquin General Hospital – FQHC LAL Clinics
Financial Statement Comments
July 31, 2015

Patient Revenue

The FQHC Clinics had patient visits of 7,217 for the month of July exceeding budget by a minimal 1.5%. Total Operating Revenue of $1.7 million was very much on target with the budget and only varied by $8,000 or 0.5% greater than budget. Some of the detail variance explanations, which make up Total Operating Revenue, follow. Although Gross Patient Revenues were significantly less than budget by 52.8%, the impact of this was largely mitigated because of our Net Patient Revenue being based on cost. There are some eCW revenue issues related to providers not completing the diagnoses field, which is being researched. Net Patient Revenue was minimally less than budget by 0.7%. Physician Capitation revenue was better than budget by 3.7%.

Expenses

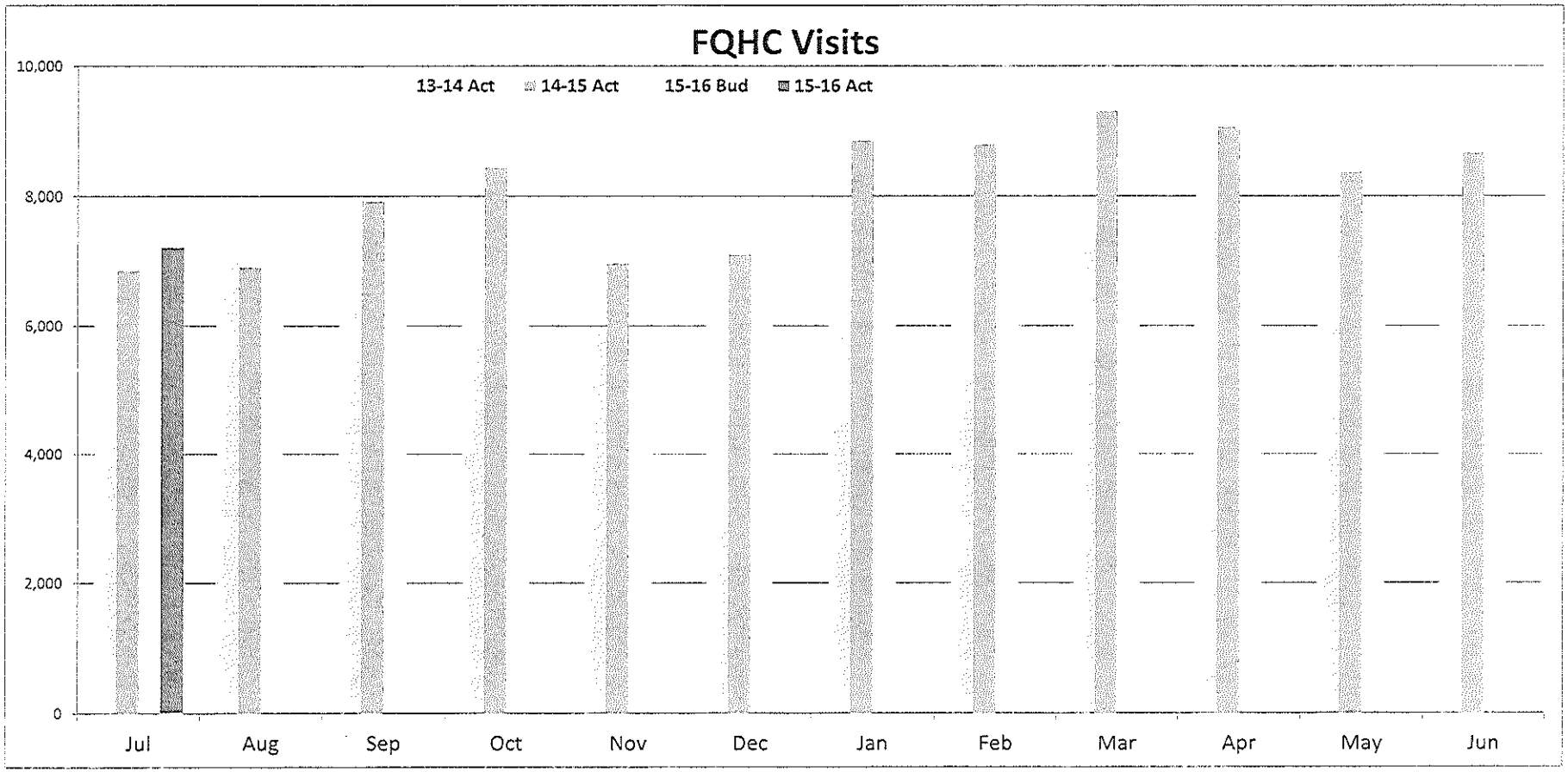
Salaries, Benefits, and Registry of $1.1 million was $98,000 (8.5%) less than budget. Total FTE's of 129 exceeded the budget of 119 by 10 FTE's (8.0%) for the month of July. Salaries of $641,000 were favorably less than budget by $55,000 or 7.9%. Benefits were also favorable to budget by $56,000 or 12.6%. Registry expenses exceeded budget by $13,000 (81.0%) primarily due to the Healthy Beginnings French Camp Clinic using registry while recruiting for positions. Salary and Benefits were favorable overall. However, the dollars being allocated to the Physician Salary and Benefits are based on the most recent time studies through May and appears that these costs are being under allocated based on budget variances. Staff are working with the Medical Staff to update these studies and to develop a better allocation process.

Supplies of $90,000 exceeded budget by $60,000 (194.0%). This was primarily due to: unfavorable variances in pharmaceuticals, mostly unbudgeted ($27,000); unbudgeted minor equipment purchases in the Family Medicine Clinic for a surgical light and six exam tables ($16,000); educational material for the Healthy Beginnings-California Street ($10,000); and computers with accessories ($3,000) at the Family Practice California Street Clinic. Pharmaceuticals for the FQ Clinics are still being charged to the FQ Admin cost center. These expenses should be ordered by each clinic and charged to those clinics.

Purchased Services of $102,000 were less than budget by $8,000 (7.5%). This favorable variance was due to eCW maintenance expense being less than budget. All El Concilio and Purchased County Staff such as the Psychiatrist and Public Health Nurse have been accrued for as well as the HCS Staff who work on FQ related business, which were on target with budget.

Accounts Receivable

Gross accounts receivable of $16.4 million reflects all eCW billed and unbilled encounters as of July 31, 2015. However, potential revenues not being generated due to lacking diagnosis codes are being researched. Gross AR days are at 260 primarily as a result of the slowdown caused by the eCW implementation and certifications.


FQHC Visits
13-14 Act
14-15 Act
15-16 Bud
15-16 Act
10,000
8,000
6,000
4,000
2,000
0
Jul
Aug
Sep
Oct
Nov
Dec
Jan
Feb
Mar
Apr
May
Jun

San Joaquin General Hospital-FQHC LAL Clinics
Income Statement
For the Month & YTD Ending
July 31, 2015

	Children's Health Services (#7080)	Family Medicine (#7092)	Family Practice - Ca (#7093)	Primary Medicine (#7096)	Healthy Beginnings - Ca (#7182)	Healthy Beginnings French Camp (#7183)	FQ Admin	Total	MTD Budget	MTD Variance - Fav (Unf)	% Var - Fav (Unf)
Visits	1,246	1,976	527	2,129	693	646	0	7,217	7,109	108	1.5%
FTE's	21.0	26.6	10.9	25.3	12.1	13.2	20.0	129.1	119.5	(9.6)	-8.0%
Hours/visit	2.976	2.374	3.654	2.101	3.094	3.617	0	3.161	2.971	(0.190)	-6.4%
Patient Revenue											
Medicare	0	8,307	3,226	4,699	0	730	0	16,962	240,122	(223,160)	-92.9%
Medi-Cal	54,566	48,802	11,117	57,797	67,124	28,536	0	267,943	443,393	(175,450)	-39.6%
Medi-Cal Managed Care	231,814	202,290	80,813	251,272	85,439	66,144	0	917,772	1,803,374	(885,602)	-49.1%
Insurance	1,682	4,029	743	8,292	4,217	4,487	0	23,451	31,596	(8,146)	-25.8%
Self Pay	0	5,911	396	4,791	0	458	0	11,556	79,810	(68,255)	-85.5%
Indigent	0	0	0	0	0	0	0	0	22,419	(22,419)	-100.0%
Gross Revenue	288,062	269,339	96,295	326,852	156,779	100,355	0	1,237,683	2,620,715	(1,383,032)	-52.8%
Deductions from Revenue	(81,812)	118,787	(24,270)	(54,307)	(1,712)	76,746		33,432	1,340,813	(1,307,381)	97.5%
Net Patient Revenue	206,251	388,125	72,025	272,545	155,067	177,102	0	1,271,115	1,279,902	(8,787)	-0.7%
Physician Capitation	82,419	130,707	34,860	140,827	45,840	42,731	0	477,384	460,210	17,173	3.7%
Total Operating Revenue	288,670	518,832	106,885	413,372	200,907	219,833	0	1,748,499	1,740,112	8,386	0.5%
Expenses											
Salaries	94,739	128,909	53,539	152,894	56,749	59,894	94,506	641,230	696,306	55,076	7.9%
Benefits	74,885	94,840	27,968	73,073	33,902	34,663	50,600	389,930	445,974	56,044	12.6%
Registry	0	0	0	0	0	28,454	0	28,454	15,720	(12,734)	-81.0%
Total Salaries, Reg, Bene	169,624	223,749	81,507	225,966	90,651	123,010	145,106	1,059,614	1,158,000	98,386	8.5%
Professional Fees	0	1,150	0	0	0	0	330	1,480	4,092	2,612	63.8%
Supplies	5,723	26,046	10,356	2,921	16,526	1,755	27,067	90,394	30,748	(59,646)	-194.0%
Purchased Services	1,247	10,657	6,899	14,783	6,346	6,346	56,051	102,330	110,636	8,306	7.5%
Depreciation	543	4,109	337	432	646	691	3,257	10,015	12,231	2,216	18.1%
Other Expense	2,229	2,416	378	2,779	1,461	458	750	10,470	14,923	4,453	29.8%
Total Expenses	179,366	268,127	99,478	246,881	115,630	132,260	232,561	1,274,303	1,330,630	56,327	4.2%
Allocation of Direct Admin Exp	54,127	50,609	18,094	61,416	29,459	18,857	(232,561)	0	0	0	0.0%
Overhead Allocation	56,536	177,902	66,003	103,863	62,070	82,372	0	548,747	573,002	24,256	4.2%
Total Expenses	290,028	496,638	183,575	412,159	207,159	233,489	0	1,823,049	1,903,632	80,583	4.2%
Net Income (Loss)	(207,609)	(365,932)	(148,716)	(271,332)	(161,319)	(190,758)	(0)	(74,551)	(163,520)	88,969	54.4%

San Joaquin General Hospital-FQHC LAL Clinics
Income Statement
For the Month & YTD Ending
July 31, 2015

	Children's Health Services (#7080)	Family Medicine (#7092)	Family Practice Calif St (#7093)	Primary Medicine (#7096)	Healthy Beginnings California Street (#7182)	Healthy Beginnings French Camp (#7183)	FQ Admin	Total	MTD Budget	MTD Variance - Fav (Unf)	% Var - Fav (Unf)
Key Ratios											
Net Pt Rev as % of Gross Rev	71.6%	144.1%	74.8%	83.4%	98.9%	176.5%	0.0%	102.7%	48.8%	53.9%	110.3%
Benefits as a % of Salaries	79.0%	73.6%	52.2%	47.8%	59.7%	57.9%	0.0%	60.8%	64.0%	3.2%	5.1%
Overhead % of Direct Expenses	31.5%	66.4%	66.4%	42.1%	53.7%	62.3%	0.0%	43.1%	43.1%	0.0%	0.0%
Gross Revenue per Visit	231.19	136.31	182.72	153.52	226.23	155.35	0.00	171.50	368.66	(197.16)	-53.5%
Net Revenue per Visit	165.53	196.42	136.67	128.02	223.76	274.15	0.00	176.13	180.05	(3.92)	-2.2%
Direct Costs/Visit	143.95	135.69	188.76	115.96	166.85	204.74	0.00	176.57	187.18	10.61	5.7%
Indirect Costs/Visit	45.37	90.03	125.24	48.78	89.57	127.51	0.00	76.04	80.61	4.57	5.7%
Total Medical Cost/Visit	232.77	251.34	348.34	193.59	298.93	361.44	0.00	252.60	267.79	15.18	5.7%
Total Cost/Patient (1)	581.92	628.34	870.85	483.98	747.33	903.59	0.00	631.51	669.47	37.96	5.7%
Net Income(Loss)/Visit	(166.62)	(185.19)	(282.19)	(127.45)	(232.78)	(295.29)	0.00	(10.33)	(23.00)	12.67	55.1%
Gross Accounts Receivable								16,376,748			
AR Days Outstanding								259.7			
Payor Mix											
Medicare	0.0%	3.1%	3.4%	1.4%	0.0%	0.7%	0.0%	1.4%	9.2%	-7.8%	-85.0%
Medi-Cal	18.9%	18.1%	11.5%	17.7%	42.8%	28.4%	0.0%	21.6%	16.9%	4.7%	28.0%
Medi-Cal Managed Care	80.5%	75.1%	83.9%	76.9%	54.5%	65.9%	0.0%	74.2%	68.8%	5.3%	7.8%
Insurance	0.6%	1.5%	0.8%	2.5%	2.7%	4.5%	0.0%	1.9%	1.2%	0.7%	57.2%
Self Pay	0.0%	2.2%	0.4%	1.5%	0.0%	0.5%	0.0%	0.9%	3.0%	-2.1%	-69.3%
Indigent	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.9%	-0.9%	-100.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	0.0%	100.0%	100.0%	0.0%	0.0%

SJCC Board Meeting – 8/25/2015

Executive Director Report & Major Activities:

Community Contacts –

Met with El Concilio Director, Jose Rodriguez and staff, to evaluate transportation needs for community to better access our San Joaquin County Clinics.

Met with Lao Family organization community elders and leaders in a focus group to better understand their perceptions of receiving care at SJCC, and why or why not coming to SJCC.

Clinic Expansion –

Continued site visits for Manteca potential locations. Prepared summary of two potential locations for Mr. Culberson to review in preparation for future SJC Board review (attached). Next step is to contact SJC GSA staff for requirements needed for letter of intent and necessary justification/documentation.

On Wednesday, 8/26, we will be doing a site visit to an existing Public Health clinic location in Manteca as another alternative for primary care clinic space for SJCC. The site is smaller but could possibly provide more immediate access if it is able to meet state required facilities mandates.

Worked with contract consultant and Medcore Plan to put in place a Medicare Senior Advantage program for SJCC. This will enable our Medi-Cal patients, who turn 65, to continue using our clinics once they are on Medicare. The program is effective September 1st.

Medical Directors and Programs –

Met with Director for the Internal Medicine Residency Program, Dr. Mohsen Saadat – discussed mutual program support and integration for best practices in Internal Medicine and SJC Clinics. Also provided Dr. Saadat with a letter of support on behalf of SJCC, for their Song-Brown Internal Medicine Grant Application.

Behavioral Health & Primary Care Integration –

UC Davis Depression Screening project is now under way in Family Medicine Clinic. Also, met with Alfonso Apu, LCSW, and Director of another FQHC BH/Primary Care Program. Mr. Apu provided our task force with some program guidelines to assist in developing our own program for SJCC.

eClinicalWorks E H R –

Went live with eCW on July 20, so we are now in our 6th week of the new Elec Health Rec. 100% of SJCC is now complete. We are gradually increasing each provider's appointment schedules on a weekly basis, while staff are adjusting to the new system and work flow. We also continue to work out any bugs we find in the system as volume increases. We anticipate the ramp up process and de-bugging will continue through the next 60 days.

SJCC Board Member Recruitment –Mr. Ger Vang is considering becoming a member of our Board. I will continue recruiting efforts to ensure we achieve our SJCC Board FQHC requirements.

FQHC HRSA Check-In Call with Project Officer, Marian Ladipo - Agenda and Notes (attached).

August 10, 2015

Summary of Manteca Clinic Space Findings -

Two sites have been initially evaluated for potential clinic expansion locations:

1. 1640 W. Yosemite Ave.
   Unit C/1
   3,110 sq. ft.
   "cold shell' space – no interior improvements

   $1.65 per sq. ft.

   $40.00 per sq. ft. Tenant Improvement (TI) allowance

2. 279 Norman Drive
   Units C4-C6
   4,275 sq. ft.
   "vanilla shell" space –
   - Electric installed
   - Fire sprinklers installed
   - Drop ceiling installed
   - 3 bathrooms installed

   $1.45 per sq. ft.

   $40.00 Tenant Improvements (TI) allowance

Dick Aldred and I, SJGH Facilities Team and RE Broker, Wendy Coddington, toured both sites.

Both sites have Manteca Transit Bus Line service.

The Yosemite location is on the west side of Manteca. Cross street is Airport Way.

The Norman location is on the east side of Manteca. Cross streets are Yosemite and Spreckles Way.

Preferred site is Norman Drive owing to its larger square footage and more central location. The Norman site is also more fully developed with existing electrical, plumbing, fire sprinklers and ceiling installed.

Recommendation would be to request turn-key buildout, with landlord providing an OSHPD compliant primary outpatient clinic space.

I would like to respond with a letter of intent as soon as possible. I know it will take some additional time to prepare this project, working with GSA and then going before the Board of Supervisors. I would also like to take this summary and information to our SJCC Board at the August 25th meeting.

Thanks and please let me know what next steps you would like to take and if you have any other questions...David J

August 20, 2015

San Joaquin County Clinics FQHC Check-In Conference Call

HRSA Project Officer, Marian Ladipo:

(David Jomaoas and Margaret Szczepaniak on call)

Marian started conversation by sharing her background, experience and training working with HRSA and FQHC's. David and Margaret also shared their background and experience.

Pending Submissions – None at this time

SJCC Health Center Update – Provided basic update information regarding electronic health records implementation and board recruitment status.

Scope of Project Updates – Provided basic update information regarding Manteca clinic expansion activities and Behavioral Health & Primary Care Integration project.

BPHC Site Visit/Technical Assistance – Marian indicated that site visits occur approximately every three years. We may expect a site visit toward the end of 2016, or into 2017. Margaret and I mentioned a possible future need for technical assistance if SJCC considers Dental Services.

HRSA/BPHC Updates – HRSA underwent some organizational changes this year which now put our site under "Southern Health Services/Southwest Division".

Action Items Project Officer – Marian will send some HRSA links to help guide us in any future requests for possible change of scope in the services provided by SJCC. Marian indicated that if changes were minor and within the scope of "General Primary Care", we could simply add as "Grantee Monitored Self Update". This would eliminate the need for a formal scope change submittal and review by HRSA.

Next Tentative Schedule for Check-In Call – November 12, 2015

San Joaquin County Check-in

Agenda

Thursday August 20th, 2015 11:30am(PST)/2:30pm(EST)

I. **PENDING EHB SUBMISSIONS**

II. **HEALTH CENTER UPDATES**

III. **SCOPE OF PROJECT UPDATES**

IV. **BPHC SITE VISITS / TECHNICAL ASSISTANCE**

V. **HRSA/ BPHC UPDATES**

VI. **ACTION ITEMS**

- *PO: Health Center:*
- *Partners/Resources:*

VII. **NEXT SCHEDULED HEALTH CENTER MEETING (estimation and can include face-to-face)**

- *Date/Time: __TBD___*

A SERVICE OF THE CALIFORNIA HEALTHCARE FOUNDATION

CaliforniaHealthline
The Daily Digest of News, Policy & Opinion

Has the ACA Made Community Health Centers Unnecessary?

by Anthony Wilson, California Healthline Contributing Editor
Wednesday, August 19, 2015

The Obama administration last week announced that $169 million in Affordable Care Act funding will be used to open 266 new community health centers in underserved areas across the U.S.

Those new centers will be in addition to the 700 CHCs that have opened in the previous few years using ACA funding.

Traditionally, CHCs have provided care to underserved communities, and many of the patients they serve are uninsured.

According to HHS, the ACA's primary goal is to expand coverage to the uninsured. On that metric, it's been wildly successful, reducing the uninsured rate to heretofore unheard of rates.

If more people are insured, meaning they likely have access to a more regular source of care, are CHCs still necessary?

History, Purpose of CHCs

The federal government has long played a role in encouraging and funding CHCs. The federal Office of Economic Opportunity in 1965 -- in the midst of President Johnson's "War on Poverty" -- funded the first two "neighborhood health centers" in Boston and Mound Bayou, Miss.

In 1975, Congress permanently authorized neighborhood health centers as "community and migrant health centers," and later added primary health care programs for people who were homeless or resided in public housing. In 1996, lawmakers created a consolidated health centers program, now known as the Community, Migrant, Public Housing and Homeless Health Centers and overseen by HHS.

To receive federal funding, CHCs are required to serve all patients regardless of their ability to pay. They charge uninsured patients based on ability to pay.

ACA Expands Coverage, Increases Providers

Before the ACA took effect, there were about 46 million uninsured U.S. residents at any one time, and the uninsured rate hovered around 15%, according to federal estimates. That number has been steadily declining since the ACA's coverage expansions took effect. According to the most recent CDC figures, about 25.5 million U.S. residents ages 18 to 64 were uninsured in the first quarter of this year. The uninsured rate was 9.2%.

Meanwhile, the ACA is attempting to increase the number of health care providers, new primary care training programs. The law also helped double the National Health Service Corps from 2009 to 2014.

Will CHCs Continue To Exist?

With fewer uninsured and (hopefully) more primary care providers on the way, do CHCs need to continue? In speaking with some experts and reviewing research, the answer seems to be yes, for a number of reasons:

CHCs care for more than just the uninsured. CHCs aren't solely for uninsured patients. In fact, research by the Kaiser Family Foundation from before the ACA fully took effect found that 41% of CHC patients were covered by Medicaid, 14% were privately insured and 8% had Medicare coverage. Just more than one-third were uninsured.

Millions are still uninsured. Even if millions more U.S. residents gained coverage through the ACA, millions more are still uninsured. They don't stop needing care just because other people are getting covered. In fact, experts have said that convincing the remaining uninsured to gain coverage will be difficult at best and impossible in certain circumstances. Bryan Fisher of Families USA told *California Healthline* earlier this year that the "more people [who] enroll on the front side, on the back side, it's going to be harder to get in touch with those people." CHCs are particularly relevant in states that have chosen not to expand Medicaid under the ACA.

There's still a provider shortage. Despite ACA initiatives to increase the number of primary care providers, some still say there will be a physician shortage. According to research from the Association of American Medical Colleges, total physician demand is expected to grow by as much as 17%, which could mean a shortage of more than 31,000 primary care physicians by 2025.

CHCs are more than just primary care. Many CHCs also offer dental care, mental health care or substance use disorder treatment. The number of CHCs that offer dental care grew by 22% between 2000 and 2013, while the number that offer behavioral health care increased by 81% during that period.

CHCs have a proven history. Gary Wiltz, CEO of the Teche Action Clinic and Chair of the Board for the National Association of Community Health Centers, called CHCs "one of the best-kept secrets in the country." He said, "We were here before the Affordable Care Act, and we were affordable before the Affordable Care Act, and we will continue to be that way."

CHCs are accountable. According to Wiltz, CHCs "are one of the few programs that ... have reporting requirements on how well" they are providing care. "You're not just throwing money at a problem. We have to prove that we are improving the population health of the people we serve." He added that CHCs track their patients' rates of diabetes-related blindness, kidney failure, heart attacks, strokes, controlling high blood pressure, how many women are receiving pap tests and mammograms, cancer prevention screenings, obesity levels, and other factors. Meanwhile, more than 60% of CHCs are certified as patient-centered medical homes by the Joint Commission or the National Committee for Quality Assurance, which Wiltz said is higher than for private providers. CHCs are "way ahead of the curve as far as quality," Wiltz said.

According to Wiltz, CHCs are a good model for other providers. "When you have a proven track record, the whole idea is to expand it. We have a model that has been proven to work," he said.