

San Joaquin County Clinics (SJCC) Finance Committee
Minutes of April 18, 2017 Meeting

San Joaquin General Hospital (SJGH)
Health Care Services (HCS) Conference Room
French Camp, CA

Present

David Jomaoas, SJCC Executive Director
Ron Kreutner, SJCC CFO
Margaret Szczepaniak, HCS Assistant Director
Greg Diederich, HCS Director
Izidi Alcorn-Starks, SJGH Deputy Finance Director
Robert Steele, SJGH Finance/Accounting
Diana Surber, SJCC/ACS (WIPFLI/HFS)
Vanessa Anderson, HCS Management Analyst
Mary Mills, SJCC Board Member

The meeting was called to order at 5:09 p.m.

March Financials

Diana Surber presented the following March financials report:

Summary

March's patient visits of 9,362 exceeded budget by 10.0%. Gross Patient Revenue of \$1.5 million was greater than budget by \$54,000 or 3.6%. Total Patient Revenue (Net Revenue & Physician Capitation) of \$1.6 million was less than budget by \$417,000 or 20.9%, primarily due to the unfavorable variance in contractual allowances of \$465,000, which is discussed below. Capitation Revenue of \$488,000 is on target with budget varying from budget by only \$5,400 (1.1%). Total Expenses of \$2.2 million exceeded budget by \$124,000 (6.0%). The resulting Net Loss of \$625,000 exceeded the budgeted loss by \$540,000 bringing the year to date Net Loss to \$5.4 million, exceeding the budgeted loss by \$5.2 million. Explanations of major variances are explained below.

Revenue

As mentioned above, visits and gross Patient Revenue exceeded budget; however, Net Patient Revenue of \$1.6 million was less than budget by \$417,000 due to contractual allowances and other deductions from revenue exceeding budget by \$465,000. This unfavorable variance was due primarily to the timing of the calculation of the budget, which was done in February 2016, prior to receiving the PPS rate notice, and was based on 90% of the cost per visit. The PPS rate was impacted negatively and significantly by the productivity standard not reached by most clinics, which resulted in the reduction of the PPS rate below cost. Capitation revenue is received monthly by SJCC for the risk of providing primary care to the Health Plan of San Joaquin members. In March, SJCC received \$488,000, which minimally less than budget by 1.1%.

Expenses

Salaries & Benefits in total of \$949,000 was less than budget by \$211,000 (18.2%). Salaries of \$616,000 were better than budget by \$192,000 or 23.8%. Benefits of \$333,000 were also favorable to budget by \$19,000 or 5.3%. This was primarily due to the provider vacancies; however, benefits were higher than budget as a percentage of salaries due to the President's Day holiday expense, which was budgeted in February but occurred in a March ending pay period.

Vacancies exist in the following Clinics which are currently being filled by Locums: Childrens' Health Service = 1, Family Practice Clinic California Street = 1, Primary Medicine Clinic = 4, Healthy Beginnings California St. = 1, and Healthy Beginning French Camp = 1, for a total of 9 Locum FTE's.

Professional Fees/Registry of \$215,000 exceeded budget by \$205,000 primarily due to provider vacancies in the all of the clinics except Family Medicine. The 9 FTE locums used in the month of March accounted for \$140,000 of the \$205,000 negative variance. Locum cost was incurred for the following: Children Health Services \$10,500, Family Practice California Street Clinic \$10,600, Primary Medicine Clinic \$115,000, and Healthy Beginnings French Camp \$23,000. Healthy Beginnings California St. Clinic had a net credit of (\$10,000) due to a \$34,000 credit from Comp Health for a February invoice error that offset services rendered for March of \$24,000. The February invoice had been accrued in February but had not been paid. New review procedures have been implemented to ensure locum tenens invoices are correct before being accrued or processed. The remaining \$65,000 variance was a result of the newly engaged Interim CFO for services rendered in February and March.

Supplies of \$114,000 exceeded budget by \$26,000 (29.6%). This was primarily due to pharmaceutical expense utilized during the month in the Family Medicine Clinic. FMC had a total of \$46,000 in pharmaceutical Costs. There were two large items. The first was the HPV vaccine of \$15,000 and the second was the Pneumococcal of \$14,000 for a total of \$29,000.

Purchased Services of \$381,000 exceeded budget by \$114,000 (42.6%). This was primarily due to maintenance invoices for the eCW system. eCW Contract Maintenance is budgeted at \$54,000 for March. The monthly Invoice is now at an average of \$65,000 per month which is \$11,000 over budget. However, in March the following occurred regarding eCW. There were two providers added to the Integrated EMR Practice Management system for a cost of \$27,000, There was \$19,000 for 18 days of training, \$16,000 for an additional 3 FTE's added to all package suites with eCW, and an additional \$20,000 due to an additional fee for ePrescribing, Hazelton user added, Locums added, and the Business Optimizer License fees for an additional 2.5 fte's from 88.5 to 91.0. The remaining \$20,000 variance was attributed to higher cost for the Public Health Nurse and El Concilio Invoices.

Depreciation of \$19,000 exceeded budget by \$10,000 (111.3%). This was a result of an audit of fixed assets that was performed in March by the accounting department that resulted in a true up of properly calculating depreciation expense.

Other Expense of \$8,000 was less than budget by \$8,000 (47.7%) primarily due to outside travel not utilized during the year as budgeted.

Accounts Receivable

March's Gross Accounts Receivables (AR) of \$2.8 million continues to decline due to billing and collection efforts, down from February's AR of \$2.9 million. Average days of revenue in AR is at 60.9, which is down from 70.8 in February and down from 71.7 in January. WRAP accounts receivable is at \$1.9 million.

The meeting was adjourned at 6:04 p.m.