

**San Joaquin County Clinics (SJCC) Finance Committee  
Minutes of November 21, 2017 Meeting**

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

Present

Rod Place, Chair  
Monica Nino, SJ County Administrator  
Diana Surber, SJCC Interim CFO (WIPFLI/HFS)  
David Jomaoas, SJCC Executive Director  
Margaret Szczepaniak, HCS Assistant Director  
Izidi Alcorn-Starks, SJGH Deputy Finance Director  
David Culberson, SJGH CEO  
Vanessa Anderson, HCS Management Analyst  
Robert Steele, SJGH Finance/Accounting

The meeting was called to order at 5:08 p.m.

October Financials

Diana Surber presented the following October financials report:

Summary

The Total visits for the month of October were 9,467. October's billable visits of 8,759 exceeded budgeted visits of 7,824 by 11.9%. At the time the budget was prepared, the scheduled date to go live on the new Cerner system was 7/10/17. The go live date is now anticipated to be 3/5/2018. Since the productivity was originally projected to be back to 100% in October, there was no reduction to the October visit budget. Once we go live on the Cerner system, we expect to see a reduction in visits for the first two months due to user training.

Gross Patient Revenue of \$1.7 million was greater than budget by \$293,000 or 20.1%, primarily due to billable visit volume exceeding budget. Net Patient Revenue of \$799,000 was less than budget by \$557,000 or 41.1%. Contributing factors to the deductions from revenue were locum tenens write-offs of \$135,000 for the month of October as well as an adjustment to the Due To the State for Medi-Cal Managed Care of \$343,000 for accounts in FY 2017.

The settlement was previously understated because the formula to estimate wrap payments for the purposes of the reconciliation reserve did not correctly calculate when the wrap charge was zero. The formula was revised to account for these potential wrap payments in the reserve calculation. We are in the process of reviewing the accounts with unbilled wrap charges and billing them if they are still timely.

In addition, adjustments totaling \$163,000 were made to reserve for potential untimely billing cutbacks on aging Medi-Cal accounts and to reserve all accounts greater than 270 days old at 100%.

—Capitation Revenue of \$482,000 was greater than budget by \$21,000 or 4.5%. Capitation revenue is generally consistent from month to month; however, the budgeted capitation revenue was allocated based on monthly visit volume, which will create greater variances to budget from month to month. The average budgeted revenue is \$493,000 per month and October's actual revenue was less than the average monthly budget by 2.2%.

Total Expenses of \$2,3 million was less than budget by \$111,000 (4.6%). The resulting Net Loss of \$15 million was greater than budget by \$445,000.

Explanations of major variances are explained below.

#### Revenue

As mentioned above, both visits and Gross Patient Revenue exceeded budget. Gross Patient Revenue exceeded budget by \$293,000. Managed Care Medi-Cal was the driver with \$201,000 or 19.6%. Net Patient Revenue of \$799,000 was below budget by \$557,000. Deductions from revenue were unfavorable to budget by \$871,000 (155.3%)

Capitation revenue of \$482,000 was greater than budget by \$21,000 (4.5%).

#### Expenses

Salaries & Benefits of \$1.0 million were less than budget by \$253,000 (19.6%). Salaries of \$696,000 were better than budget by \$214,000 or 23.5%. This favorable variance is due to Physician salaries of \$227,000 while non-providers were only unfavorable by \$13,000. The Physician salaries positive variance is due to nine provider vacancies, in which four of these vacancies are currently being filled by Locums. The locums are working in the following Clinics: Healthy Beginnings-California Street =1.0 FTE, Primary Medicine Clinic =1.0 FTE, SJCC-Hazleton = 1.0 FTE and SJCC-Manteca =1.0 FTE.

Benefits of \$344,000 were also favorable to budget by \$40,000 or 10.4%. This was primarily due to the provider vacancies which exist in the clinics listed above.

Professional Fees/Registry of \$159,000 exceeded budget by \$80,000 (101.6%) primarily due to provider vacancies in clinics identified above in salaries and benefits. The 4.0 FTE locums used in the month of October accounted for \$67,000 of the unfavorable variance. The remaining unfavorable variance was due to: 1) An Independent Contract Physician in Primary Medicine exceeded budget by \$4,000. The FQ Administration accounted for \$9,000 unfavorable variance due to consulting fees for the Interim CFO and The Billing Project and \$1,000 for an Independent contractor in Children's Health Services.

Supplies of \$165,000 were greater than budget by \$69,000 (70.9%). This unfavorable variance was due to greater than expected startup costs in the New Manteca Clinic (\$23,000), Pharmaceutical expenses in the Family Medicine Clinic was unfavorable by (\$46,000). \$38,000 of the \$46,000 was due to Gardasil (\$19,000), which is the HPV drug and \$19,000 for Prevnar for pneumonia. Supplies are expensed when

issued to the using department and are not included in general ledger inventory balances which is consistent with Hospital Policy.

**Purchased Services** of \$302,000 were on target with budget (0.0%).

**Depreciation** of \$29,000 was greater than budget by \$17,000 (141,8%) due to amortization of SJCC-Manteca Leasehold Improvements, not in budget,

**Other Expense** of \$27,000 was greater than budget by \$8,000 (46.2%) primarily due to SJCC-Manteca (\$18,000). Facility rent of \$8,526 per month was not budgeted. September & October expense (\$17,052) was booked in October. This was partially offset by favorable variances in FQ Admin (\$2,500), Children's Health Services (\$1,200), Family Medicine Clinic (\$600), Primary Medicine Clinic (\$800), and SJCC-Hazelton (\$3,400),

**Accounts Receivable**

October's Gross Accounts Receivables (AR) of \$2.1 million was \$94,000 more than September and \$191,000 more than August. Average days of revenue in AR is at 39.3, which is down from 40.9 in September and up from 37.9 in August. WRAP accounts receivable is \$2,1 million, which is \$318,000 higher than September.

The meeting was adjourned at 6:30 p.m.