

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

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

Present

Rod Place, Chair  
Delani Place, Board Member  
David Jomaoas, SJCC Executive Director  
Ron Kreutner, SJCC CFO  
La Verne Self, SJGH Deputy Finance Director  
Mukesh Sanghvi, SJGH Director of Finance  
Greg Diederich, HCS Director  
Margaret Szczepaniak, HCS Assistant Director  
Izidi Alcorn-Starks, SJGH Deputy Finance Director  
Aaron Boore, SJGH Patient Accounting Manager  
David Culberson, SJGH CEO  
Robert Steele, SJGH Finance/Accounting  
Diana Surber, SJCC/ACS (WIPFLI/HFS)

The meeting was called to order at 5:10 p.m.

David Culberson introduced Diana Surber from WIPFLI/HFS. Ms. Surber will be the SJCC CFO. Ms. Surber has 30+ years of experience with Medical and Medicare reimbursements as well as with hospital with combined FQHC clinics.

Selection of Finance Committee Chair

Rod Place will serve as Chair of the Finance Committee.

January Financials

Mukesh Sanghvi presented the following January financials:

Summary

January's patient visits of 8,162 minimally exceeded budget by 2.8%. Gross Patient Revenue of \$1.4 million was also comparable to budget and was only \$20,000 or 1.5% less than budget. Net Patient Revenue of \$888,000 was less than budget by \$527,000 (37%), primarily due to the unfavorable variance in contractual allowances of \$507,000, which is discussed below. Capitation Revenue of \$500,000 is also on target with budget varying from budget by only \$6,000 (1.3%). The resulting Total Revenue of \$1,387,000 was lower than budget by \$521,000 (27.3%). Total Expenses of \$2.2 million exceeded budget by \$122,000 (5.4%). The resulting Net Loss of \$763,000 exceeded the budgeted loss by \$631,000 bringing the year to date Net Loss to \$3.6 million, exceeding the budgeted loss by \$4.3 million.

Explanations of major variances are explained below.

### Revenue

As mentioned above, visits of 8,162 and Gross Patient Revenues of \$1.4 million were on target with budget and varied minimally by 2.8% and 1.5%, respectively. Visits were up slightly by 2.8%. Net Patient Revenue of \$888,000 was unfavorably less than budget by \$527,000 and was due to contractual allowances and other deductions from revenue of \$468,000 exceeding budget by \$507,000. 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 January, SJCC received \$500,000 which minimally exceeded budget by 1.3%.

### Expenses

Salaries & Benefits in total of \$1,252,000 exceeded budget by \$125,000 (11%). Explaining them separately, Salaries of \$693,000 varied only minimally from budget by 2.1%. However, Benefits of \$559,000, exceeded budget by about \$110,000 or 24.6%. This was primarily due to unfavorable variances in pension expense of \$95,000 (61%) and the Christmas holiday falling into the first pay period in January, causing two holidays to be paid and an unfavorable variance of \$19,000 (13%).

Professional Fees/Registry of \$118,000 exceeded budget by \$108,000 primarily due to unbudgeted locum tenens fees in Primary Medicine (\$75,000) and Healthy Beginnings-French Camp to fill physician vacancies.

Supplies of \$68,000 were less than budget by \$16,000 (18.8%). Vaccines were purchased earlier in the fiscal year and the budget was evenly spread resulted in an unfavorable year to date variance of \$105,000. However, given this, January's supply expense appears reasonable.

Purchased Services of \$166,000 were favorably less than budget by \$101,000 (37.8%). This was primarily due to the Hazelton Clinic not going live in January as budgeted (\$152,000).

Other Expense of \$8,000 was minimally less than budget by \$7,000.

### Accounts Receivable

January Gross Accounts Receivables (AR) of \$3.2 million continues to decline due to billing and collection efforts, down slightly from December's AR of \$3.3 million. Average days of revenue in AR is at 71.6, which is down from 79.9 in December and down from 84.0 in November. WRAP accounts receivable stood at \$1.9 million.

Aaron Boore presented the Key Performance Indicator (KPI) Report. There was \$935,000 in cash received in January. Other monies received in January were: \$441,000 in wraps, \$284,000 in PACT funds, \$70,000 from HPSJ, \$65,000 from Medi-Cal, and \$231,000 from Medicare.

There is \$478,000 in claims that are over 365 days old. Patient Accounting will continue to work on the older claims while still working current claims. Mr. Boore expressed the need for additional staffing to

maintain Accounts Receivables and will be proposing several more full time positions in the fiscal year 2017/2018 budget being prepared.

Finance Corrective Action Plan

Ron Kreutner reviewed and discussed the corrective action plan for Finance that was presented at the previous SJCC Board Meeting held in January 2017. The plan itself reviews the previous history of events leading up to the eleven recommended action items. Mr. Kreutner reviewed Finance's responses to the Board's recommendations outlining the action that will be taken. Mr. Place requested Mr. Kreutner to present one or two examples of the actions being taken to the Board on occasion.

UDS Report/Finance Schedules

Margaret Szczepaniak reported that the UDS Report was submitted to HRSA on February 14. They will now wait to see if HRSA contacts the County with any questions on what was submitted.

The meeting was adjourned at 6:20 p.m.