

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

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

Present

Rod Place, Chair
David Jomaoas, SJCC Executive Director
Ron Kreutner, SJCC CFO
Margaret Szczepaniak, HCS Assistant Director
Izidi Alcorn-Starks, SJGH Deputy Finance Director
Aaron Boore, SJGH Patient Accounting Manager
Robert Steele, SJGH Finance/Accounting
Diana Surber, SJCC/ACS (WIPFLI/HFS)
Vanessa Anderson, HCS Management Analyst

The meeting was called to order at 5:13 p.m. by Chair Rod Place

February Financials

Diana Surber presented the following February financials report:

Summary

February's patient visits of 7,767 exceeded budget by 1.0%. Gross Patient Revenue of \$1.2 million was less than budget by \$105,000 or 7.8%. Total Patient Revenue (Net Revenue & Physician Capitation) of \$1.4 million was less than budget by \$479,000 or 25.1%, primarily due to the unfavorable variance in contractual allowances of \$371,000, which is discussed below. Capitation Revenue of \$490,000 is on target with budget varying from budget by only \$3,400 (0.7%). Total Expenses of \$2.3 million exceeded budget by \$115,000 (5.3%). The resulting Net Loss of \$877,000 exceeded the budgeted loss by \$605,000 bringing the year to date Net Loss to \$4.7 million, exceeding the budgeted loss by \$4.7 million. Explanations of major variances are explained below.

Revenue

As mentioned above, visits of 7,767 were up slightly by 1.0% from Budget. Gross Patient Revenues of \$1.2 million was less than budget by 7.1%. Net Patient Revenue of \$1.4 million was unfavorably less than budget by \$479,000 and was due to contractual allowances and other deductions from revenue of \$311,000 exceeding budget by \$371,000. 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 February, SJCC received \$490,000 which minimally less than budget by 0.7%.

Expenses

Salaries & Benefits in total of \$999,000 was less than budget by \$289,000 (22.4%). Explaining them separately, Salaries of \$686,000 was better than budget by \$53,000 or 7.2%. Benefits of \$314,000 were also less than budget by \$236,000 or 42.9%. This was primarily due to favorable variances in provider salaries, vacation, holiday, sick time and pension expense for benefits. Also, there was an adjustment for the pension expense related to GASB 68 for the recording of long-term Pension Liability done at year-end Audit. The adjustment to pension expense was \$24,400, which reduced both the Pension expense and the Liability. Professional Fees/Registry of \$211,000 exceeded budget by \$201,000 primarily due to unbudgeted locum tenens help in Primary Medicine (\$141,000), Family Practice California Street Clinic (\$16,000), and Healthy Beginnings California St. Clinic (\$43,000) to fill physician vacancies. Currently there are four open vacancies in Primary Medicine and one open vacancy in Family Practice California St. There is also a Nurse Practitioner helping out at both Healthy Beginnings Clinics French Camp and California St. Supplies of \$80,000 was slightly less than budget by \$1,000 (1.2%). This was primarily due to less Pharmaceutical Expense utilized during the month. Purchased Services of \$407,000 exceeded budget by \$140,000 (52.7%). This was primarily due to the Hazelton Clinic, which is operating as an outpatient clinic pending FQHC-LAL certification. Expenses will be assigned to the clinic as of January 1st and are being accrued at the budgeted rate until actual transfers from Public Health Services are received. Purchased services were budgeted at \$116,000 in January and \$114,000 in February. Both January and February's Hazelton's expenses were accrued for in February, accounting for most of the negative variance. The remaining \$25,000 Variance was attributed to the FQHC Administration for eCW maintenance Invoices and the HCS Staff. Other Expense of \$9,000 was less than budget by \$6,000 (37.3%) primarily due to outside travel not utilized during the year as budgeted.

Accounts Receivable

February Gross Accounts Receivables (AR) of \$2.9 million continues to decline due to billing and collection efforts, down from January's AR of \$3.2 million. Average days of revenue in AR is at 70.8, which is down from 71.7 in January and down from 79.9 in December. WRAP accounts receivable is at \$1.8 million.

The meeting was adjourned at 6:10 p.m.