

San Joaquin County Clinics (SJCC) Finance Committee
Minutes of May 23, 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
Margaret Szczepaniak, HCS Assistant Director
Izidi Alcorn-Starks, SJGH Deputy Finance Director
Robert Steele, SJGH Finance/Accounting
Diana Surber, SJCC/ACS (WIPFLI/HFS)
Vanessa Anderson, HCS Management Analyst

The meeting was called to order at 5:15 p.m.

April Financials

Diana Surber presented the following March financials report:

Summary

April's patient visits of 8,975 exceeded budget by 7.4%. Gross Patient Revenue of \$1.4 million was less than budget by \$45,000 or 3.1%. Total Patient Revenue (Net Revenue & Physician Capitation) of \$1.6 million was less than budget by \$408,000 or 20.6%, primarily due to the unfavorable variance in contractual allowances of \$355,000, which is discussed below. Capitation Revenue of \$485,000 is on target with budget varying from budget by only \$8,400 (1.7%). Total Expenses of \$2.2 million exceeded budget by \$303,000 (15.6%). The resulting Net Loss of \$674,000 exceeded the budgeted income by \$711,000 bringing the year to date Net Loss to \$6.0 million, exceeding the budgeted loss by \$5.9 million.

Explanations of major variances are explained below.

Revenue

As mentioned above, visits exceeded budget and Gross Patient Revenue was less than budget. Net Patient Revenue of \$1.6 million was less than budget by \$408,000 due to contractual allowances and other deductions from revenue exceeding budget by \$355,000. 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 April, SJCC received \$485,000, which is minimally less than budget by 1.7%.

Expenses

Salaries & Benefits in total of \$901,000 was less than budget by \$164,000 (15.4%). Salaries of \$603,000 were better than budget by \$122,000 or 16.8%. Benefits of \$298,000 were also favorable to budget by \$42,000 or 12.4%. This was primarily due to the provider vacancies which exist in the following clinics below. Vacancies exist in the following Clinics which are currently being filled by Locums: Childrens' Health Service = 2, Family Practice Clinic California Street = 1, Primary Medicine Clinic = 3, Healthy Beginnings California St. = 2, Healthy Beginning French Camp = 1, and SJCC Hazelton = 1, for a total of 11 Locum FTE's.

Professional Fees/Registry of \$406,000 exceeded budget by \$396,000 primarily due to provider vacancies in all of the clinics except Family Medicine. The 11 FTE locums used in the month of April accounted for \$274,000 of the \$396,000 negative variance. The remaining variance was due to \$98,000 for late February billings and \$24,000 related to Locum living expenses. The total Locum cost was incurred for the following: Children Health Services \$32,000, Family Practice California Street Clinic \$47,000, Primary Medicine Clinic \$151,000, Healthy Beginnings California Street \$53,000 Healthy Beginnings French Camp \$53,000 and SJCC Hazelton \$47,000. The remaining \$23,000 variance was a result of the newly engaged Interim CFO for services rendered in April.

Supplies of \$90,000 exceeded budget by \$2,200 (2.5%). This was primarily due to pharmaceutical expense utilized during the month in the Family Medicine Clinic. FMC had a total of \$35,000 in pharmaceutical Costs. There were three large items. The first was the HPV vaccine of \$11,000, the second was the Pneumococcal vaccine of \$4,800, and the third was the Chickenpox vaccine of \$4,600, for a total of \$20,400.

Purchased Services of \$280,000 exceeded budget by \$13,000 (4.7%). eCW Contract Maintenance continues to exceed budget (\$20,000 in April) but is offset by favorable variances in Temporary Staffing (LCSW/Public Health Nurse) in Healthy Beginnings California Street (\$3,000), Hazelton Clinic (\$27,000), and Healthy Beginnings French Camp (\$3,000).

Depreciation of \$12,400 exceeded budget by \$3,400 (37.4%). This is 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. This variance will continue through the fiscal year end.

Other Expense of \$8,400 was less than budget by \$7,200 (46.0%) primarily due to outside training and travel not utilized during the year as budgeted.

Accounts Receivable

April's Gross Accounts Receivables (AR) of \$2.6 million continues to decline due to billing and collection efforts, down from March's AR of \$2.8 million. Average days of revenue in AR is at 54.8, which is down from 60.9 in March and down from 70.8 in February. WRAP accounts receivable is at \$2.1 million.

The meeting was adjourned at 6:15 p.m.