



# Health Care Services Review Project Committee

## Agenda

San Joaquin County Administration Building  
44 N. San Joaquin Street, Room 146, Stockton, CA 95202  
Wednesday, September 20, 2023  
8:30 a.m. to 10:00 a.m.

Watch Live on YouTube: [www.youtube.com/c/sanjoaquincountyca](http://www.youtube.com/c/sanjoaquincountyca)

### Committee Members

Paul Canepa | Steven J. Ding | Jay Wilverding | Brandi Hopkins | Jennifer Van Steyn | Ed Kiernan  
Quenny Macedo | Jeff Woltkamp | Greg Diederich | Rick Castro | Abe Nunez | Kris Zuniga

### Agenda Items

#### Procedural Items

1. Call to Order
2. Roll Call
3. Re-introduction of Committee

#### Action Items

4. There are no action items for this meeting.

#### Information and Discussion Items

5. SJCC - Present June and July 2023 Financial Results
6. SJGH - Present July 2023 Financial Results and Provide an MSA Deliverables Progress Update
7. Public Comment

#### Closed Session

8. There are no closed session items scheduled for this date.

#### Committee Comments

#### Adjournment

Next meeting October 18, 2023 8:30 a.m.

### Other Information

Public comments will be made part of the official record on file. Written public comments are limited to 250 words or less and may be emailed to the Committee at [hcsrpcommittee@sjgov.org](mailto:hcsrpcommittee@sjgov.org). Written public comments will not be read during the Public Comment period.

*Note: If you need a disability-related modification or accommodation to participate in this meeting, please contact the County Administrator's Office at (209) 468-3203 at least 48 hours prior to the start of the meeting. Gov. Code Section 54954.2(a).*

# SAN JOAQUIN HEALTH CENTERS CFO PRESENTATION

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Kris Zuniga  
Chief Financial Officer  
Presentation Date: 7/25/2023

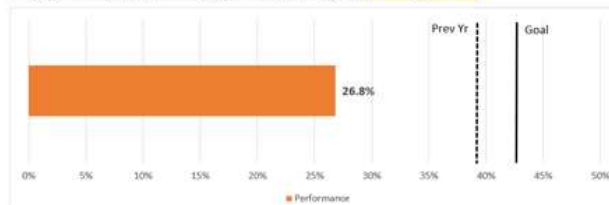


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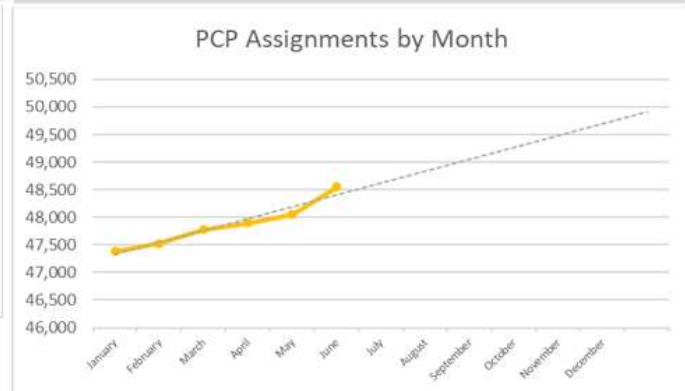
# Health Plan of San Joaquin Membership Assignments Calendar YTD As Of June 2023

San Joaquin Health Centers					
Year	Panel Size	Panel Seen	Goal	% Goal	Performance
2022	45,053	17,535	19,373	43.00%	38.92%
2023	47,857	12,840	20,579	43.00%	26.8%



**Average Submission Lag: 6.7 Days**

Panel Metrics for San Joaquin Health Centers	
Average Panel Size	47,857
Current Month Panel Size	48,553
Calendar YTD Panel Seen Count	12,840
Calendar YTD % Panel Seen	26.8%
Goal to Panel Seen Count	20,579
PCP Claim Count	32,254

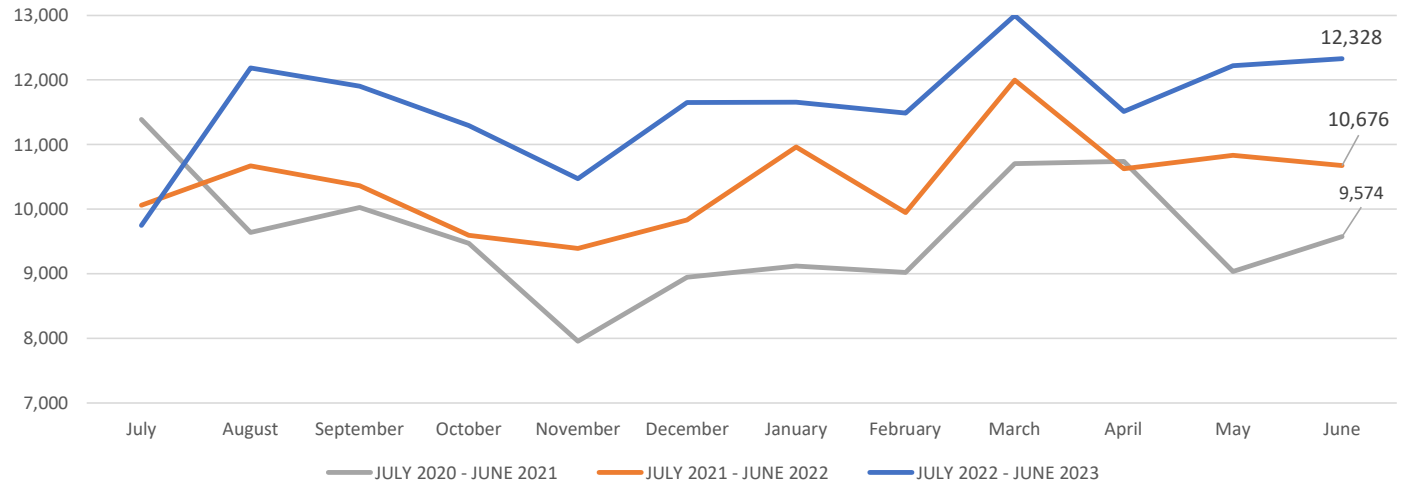


Reported by: SJHC Finance Department

Source: HPSJ Capitation Files June 2023, EMMI Inception Report EOM June 2023  
As of 07/14/2023

## JUNE 2023 BILLABLE VISITS – 12,328

### 36-MONTH BILLABLE VISIT TRENDS (BY DOS)



FY23 Month	Actual	Budget	Variance
Jul-22	9,749	9,900	(151)
Aug-22	12,183	12,000	183
Sep-22	11,900	11,800	100
Oct-22	11,292	11,800	(508)
Nov-22	10,471	9,800	671
Dec-22	11,649	11,500	149
Jan-23	11,653	13,000	(1,347)
Feb-23	11,486	11,800	(314)
Mar-23	13,000	15,450	(2,450)
Apr-23	11,509	13,850	(2,341)
May-23	12,218	13,850	(1,632)
Jun-23	12,328	14,402	(2,074)
Total	139,438	149,152	(9,714)

Visits By Financial Class	%
Medi-Cal Managed Care	76.89%
Medicare	11.42%
Medi-Cal	9.10%
Self-Pay	1.27%
Commerical	1.32%
Total	100.00%

## SJ HEALTH INCOME STATEMENT – JUNE 2023

	Current Period			Current Year	YTD	
	Current Period	Current Period	Budget		YTD	YTD Budget
	Actual	Budget - Original	Variance - Original		Actual	Budget - Original
Operating Revenue						
Net Patient Service Revenue	1,848,433	2,132,409	(283,976)	23,291,479	22,027,751	1,263,728
Supplemental Revenue	988,329	1,319,003	(330,674)	12,175,530	14,988,348	(2,812,818)
Capitation & Managed Care Incentives	550,968	511,311	39,657	8,173,951	6,135,734	2,038,217
Grant Revenue	687,613	329,251	358,362	5,736,964	3,806,500	1,930,464
340B Pharmacy Program	49,855	130,022	(80,167)	1,947,676	1,486,519	461,158
MOU & Other Income	229,972	64,869	165,103	904,595	778,426	126,169
<b>Total Operating Revenue</b>	<u>4,355,170</u>	<u>4,486,866</u>	<u>(131,696)</u>	<u>52,230,196</u>	<u>49,223,277</u>	<u>3,006,919</u>
Expenditures						
Salaries & Wages	1,630,436	1,947,943	317,507	18,474,019	22,277,724	3,803,705
Employee Benefits	840,423	867,735	27,312	8,863,590	10,412,838	1,549,248
Professional Fees	618,792	212,464	(406,328)	5,835,392	2,549,569	(3,285,823)
Purchased Services	118,623	557,154	438,531	2,050,730	6,683,371	4,632,642
Supplies	121,544	89,179	(32,365)	1,622,975	1,022,071	(600,905)
Depreciation	64,051	48,066	(15,985)	541,213	428,001	(113,212)
Interest	170,356	30,353	(140,004)	839,169	308,557	(530,612)
Other Expenses	493,160	309,343	(183,818)	8,274,158	3,417,944	(4,856,214)
<b>Total Expenditures</b>	<u>4,057,385</u>	<u>4,062,237</u>	<u>4,852</u>	<u>46,501,247</u>	<u>47,100,075</u>	<u>598,828</u>
<b>Net Income(Loss)</b>	<u>297,786</u>	<u>424,629</u>	<u>(126,844)</u>	<u>5,728,949</u>	<u>2,123,202</u>	<u>3,605,747</u>

## SJ HEALTH BALANCE SHEET- JUNE 2023

	<u>PERIOD 0</u>	<u>QTR1 FY23</u>	<u>QTR2 FY23</u>	<u>QTR3 FY23</u>	<u>APRIL 2023</u>	<u>MAY 2023</u>	<u>JUNE 2023</u>
<b>Assets</b>							
Cash & Cash Equivalents	6,122,406	9,408,162	6,333,864	11,873,094	26,340,416	25,218,283	20,741,285
Accounts Receivable	1,839,956	1,849,883	1,711,068	1,259,848	1,553,054	1,715,580	2,230,779
Property & Equipment	2,216,613	2,581,209	2,869,435	3,306,987	3,224,710	3,201,307	3,266,036
Other Assets	<u>23,657,593</u>	<u>24,374,645</u>	<u>25,854,799</u>	<u>22,280,618</u>	<u>6,077,655</u>	<u>8,343,883</u>	<u>9,897,975</u>
<b>Total Assets</b>	<u>33,836,568</u>	<u>38,213,899</u>	<u>36,769,166</u>	<u>38,720,547</u>	<u>37,195,834</u>	<u>38,479,053</u>	<u>36,136,075</u>
<b>Liabilities</b>							
Accounts Payable	922,752	983,710	893,341	879,297	823,013	847,984	691,881
Other Liabilities	11,637,493	13,777,275	11,173,507	10,458,940	8,808,740	7,736,234	5,388,395
Deferred Revenue	<u>0</u>	<u>1,514,563</u>	<u>2,159,739</u>	<u>3,466,367</u>	<u>3,143,699</u>	<u>3,187,349</u>	<u>3,050,528</u>
<b>Total Liabilities</b>	<u>12,560,245</u>	<u>16,275,549</u>	<u>14,226,587</u>	<u>14,804,604</u>	<u>12,775,452</u>	<u>11,771,567</u>	<u>9,130,803</u>
<b>Net Assets</b>							
Beginning Net Assets	12,153,224	21,276,322	21,276,322	21,276,322	21,276,322	21,276,322	21,276,322
Current YTD Net Income	<u>9,123,098</u>	<u>662,027</u>	<u>1,266,257</u>	<u>2,639,621</u>	<u>3,144,060</u>	<u>5,431,164</u>	<u>5,728,949</u>
<b>Total Net Assets</b>	<u>21,276,322</u>	<u>21,938,350</u>	<u>22,542,579</u>	<u>23,915,943</u>	<u>24,420,382</u>	<u>26,707,486</u>	<u>27,005,272</u>
<b>Total Liabilities and Net Assets</b>	<u>33,836,568</u>	<u>38,213,899</u>	<u>36,769,166</u>	<u>38,720,547</u>	<u>37,195,834</u>	<u>38,479,053</u>	<u>36,136,075</u>

## SJ HEALTH INCOME STATEMENT VARIANCE ANALYSIS JUNE 2023 (ONLY VARIANCES WITH +/- 10% ARE REPRESENTED)

Income Statement Grouping	Current Period Actual	Current Period Budget - Original	Current Period Budget Variance - Original	JUNE 2023 - VARIANCE EXPLANATIONS
Net Patient Service Revenue	1,848,433	2,132,409	(283,976)	Net Patient Service revenue is unfavorable to budget by \$284K, which is mainly related to the Manteca Clinic that just begun its operations in April. The actual visits for the Manteca Clinic were lower than the budgeted visits.
Supplemental Revenue	988,329	1,319,003	(330,674)	QIP revenue accrued per updated information received in February 2023
Grant Revenue	687,613	329,251	358,362	Grant revenue higher than budget mainly related to ARP grant revenue for \$303,842 recorded in June.
340B Pharmacy Program	49,855	130,022	(80,167)	April through June financials reflect a decrease in revenue due to interruption in the data transmission to Walgreens. Expected to catch up in future months.
MOU & Other Income	229,972	64,869	165,103	Favorable variance mainly related to Workers Retention Program credits for \$183K recorded in June
Salaries & Wages	1,630,436	1,947,943	317,507	Salaries are trending lower than budget due to vacancies.
Professional Fees	618,792	212,464	(406,328)	Unfavorable due to unbudgeted vendor costs incurred along with the expenses recorded based on updated MOU expense allocation received from SJGH
Purchased Services	118,623	557,154	438,531	Expenses recorded based on updated MOU expense allocation received from SJGH and expenses recorded directly to the GL
Supplies	121,544	89,179	(32,365)	Supplies expenses recorded based on the updated MOU expense information received from SJGH along with actual expenses recorded in June
Depreciation	64,051	48,066	(15,985)	Depreciation expense high due to depreciation expense recorded for fixed assets added in FY23
Interest	170,356	30,353	(140,004)	Higher interest expense related to FY20 and FY21 PPS liabilities
Other Expenses	493,160	309,343	(183,818)	Increase due to allocation of expenses based on updated MOU expense allocation received from SJGH



## SJ HEALTH INCOME STATEMENT VARIANCE ANALYSIS YTD FY2023 (ONLY VARIANCES WITH +/- 10% ARE REPRESENTED)

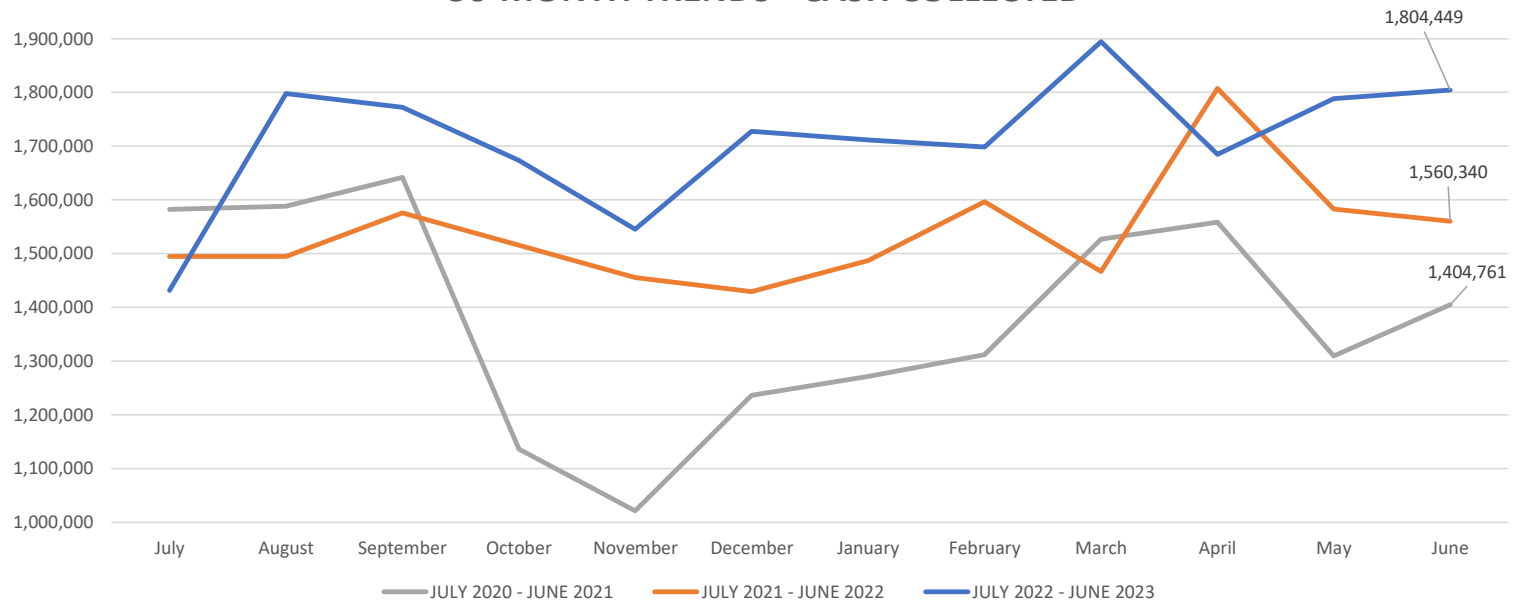
Income Statement Grouping	Current Year Actual	YTD Budget - Original	YTD Budget Variance - Original	YTD FY2023 - VARIANCE EXPLANATIONS
Supplemental Revenue	12,175,530	14,988,348	(2,812,818)	YTD variance is mainly related to unfavorable adjustments recorded based on the updated QIP distribution information received in February for \$4.3M offset by the favorable adjustments recorded related to the reversal of QIP revenue reserves for PY4 and PY5 for \$2.4M.
Capitation & Managed Care Incentives	8,173,951	6,135,734	2,038,217	Mainly related to Cal Aim payments received for Year 1 and Year 2 for \$1.7M
Grant Revenue	5,736,964	3,806,500	1,930,464	Favorable due to new grants received but not budgeted in FY23. Also, includes ARP grant revenue recognized from Jan - June 2021 for \$765K.
340B Pharmacy Program	1,947,676	1,486,519	461,158	Favorable due to 340B Pharmacy supplemental payments received in March 2023 (\$623K)
MOU & Other Income	904,595	778,426	126,169	Favorable variance mainly related to Workers Retention Program credits for \$183K recorded in June
Salaries & Wages	18,474,019	22,277,724	3,803,705	Favorable variance due to vacant positions
Employee Benefits	8,863,590	10,412,838	1,549,248	Actual benefits trending lower than budget
Professional Fees	5,835,392	2,549,569	(3,285,823)	Unfavorable due to unbudgeted vendor costs incurred along with the expenses recorded based on updated MOU expense allocation received from SJGH
Purchased Services	2,050,730	6,683,371	4,632,642	Favorable due to expenses recorded based on updated MOU expense allocation received from SJGH
Supplies	1,622,975	1,022,071	(600,905)	Supplies expenses recorded based on updated MOU expense information received from SJGH along with actual expenses higher than budget
Depreciation	541,213	428,001	(113,212)	Increase mainly related to routine new fixed assets added in FY23 along with the closure and capitalization of CIP projects
Interest	839,169	308,557	(530,612)	Higher interest expense related to FY18, FY19, FY20 and FY21 PPS liabilities
Other Expenses	8,274,158	3,417,944	(4,856,214)	Increase due to reclassification of purchase services to various expense accounts such as electricity and gas, maintenance, minor equipment, nonmedical supplies, and dues and subscriptions, etc

## SJ HEALTH BILLING & COLLECTIONS A/R AGING – JUNE 2023

SJ Health Centers Accounts Receivable Aging Analysis For the Month of June 2023								
Aging Category	MediCare	MediCal	Commercial	Self Pay	Total Aging This Month	Total Aging Last Month	\$ Increase (Decrease)	% Increase (Decrease)
1-30 Days	441,285	2,121,846	64,525	60,542	2,688,199	2,137,547	550,652	25.76%
31-60 Days	147,440	381,967	58,213	17,641	605,261	403,680	201,581	49.94%
61-90 Days	73,771	102,047	57,477	16,044	249,339	272,970	(23,631)	-8.66%
91-120 Days	85,670	93,664	42,028	8,367	229,728	178,928	50,801	28.39%
121-180 Days	139,807	68,201	48,509	28,307	284,824	275,397	9,427	3.42%
181-240 Days	124,937	59,053	35,001	6,225	225,216	220,617	4,599	2.08%
241-270 Days	48,694	38,187	15,371	3,864	106,116	97,431	8,685	8.91%
271-365 Days	76,712	46,708	29,875	4,058	157,354	107,164	50,190	46.83%
366 Days & Over	27,902	10,882	30,901	7,866	77,550	71,605	5,946	8.30%
<b>Total FC This Month</b>	1,166,219	2,922,554	381,900	152,914	4,623,587	3,765,338	858,249	22.79%
<b>Total FC Last Month</b>	697,568	2,714,884	289,045	63,840	3,765,338			
<b>\$ Increase (Decrease)</b>	468,650	207,670	92,855	89,073	858,249			
<b>% Increase (Decrease)</b>	67.18%	7.65%	32.12%	139.53%	22.79%			
Monthly Management Summary								
	Beginning	Charges	Payments	Adjustments	Ending Gross			
June Activity	3,765,338	3,245,287	(1,225,234)	(1,161,805)	4,623,587			
A/R Days Analysis								
	June	May	April	March	February	January	December	Increase (Decrease)
Gross A/R Days	43	36	37	32	38	37	36	7
Net A/R	2,230,779	1,715,580	1,553,054	1,259,848	1,519,849	1,640,191	1,711,068	515,199
Net A/R Days	37	27	25	20	24	26	27	9

## EMMI PAYMENTS POSTED

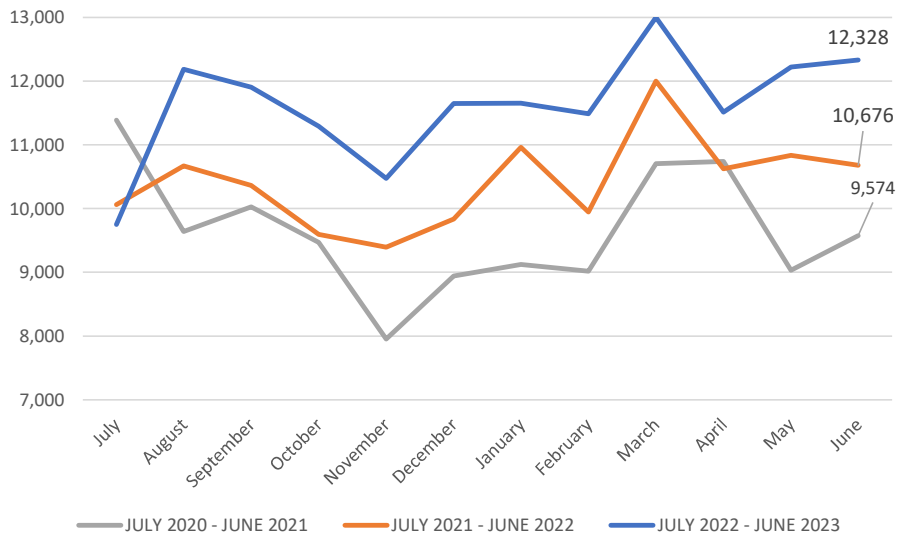
### 36-MONTH TRENDS - CASH COLLECTED



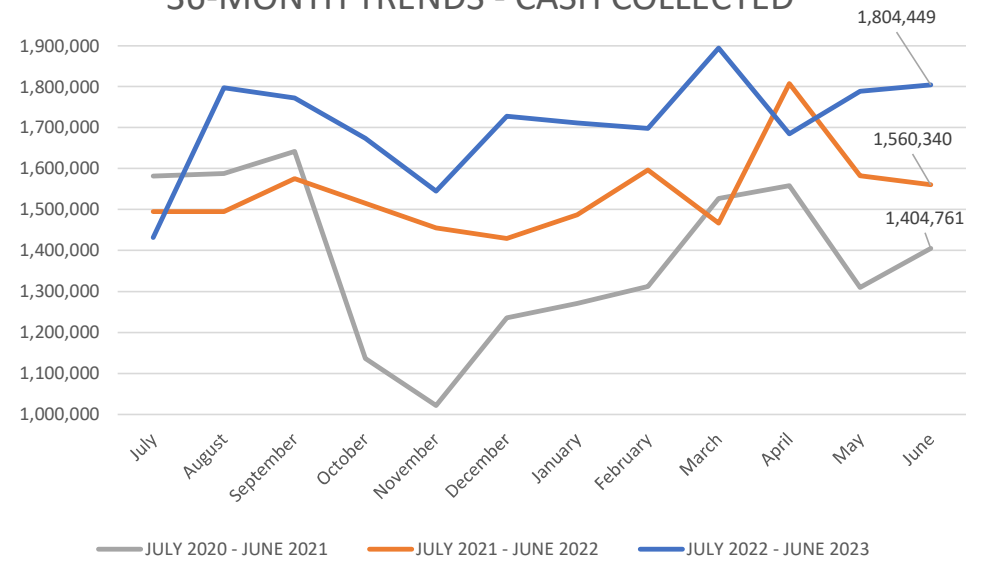
FY23 Collections by Financial Class	%
Medi-Cal Managed Care	80.25%
Medi-Cal	11.82%
Medicare	7.13%
Self-Pay	0.76%
Commercial	0.04%
Total	100.00%

NOTE: COLLECTIONS FOR APRIL, MAY & JUNE 2023 HAVE BEEN ESTIMATED BASED ON AVERAGE COLLECTIONS PER DAY

### 36-MONTH BILLABLE VISIT TRENDS (BY DOS)



### 36-MONTH TRENDS - CASH COLLECTED

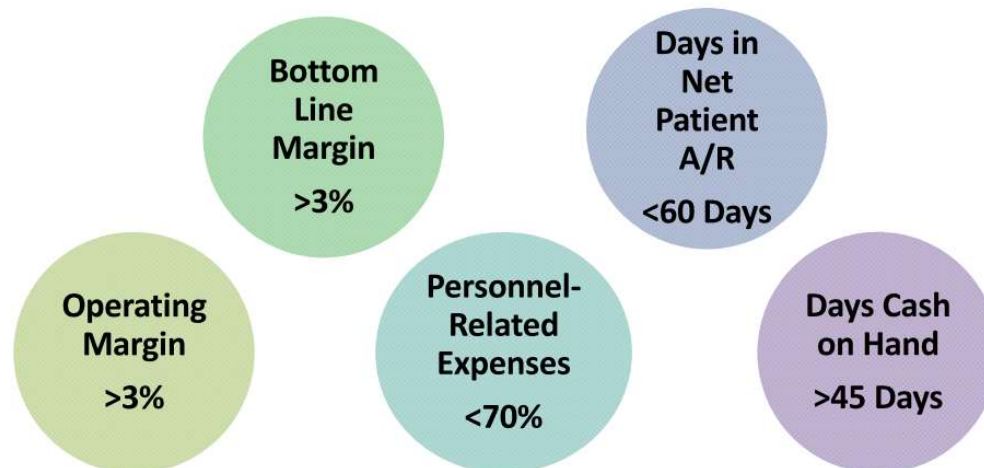


NOTE: COLLECTIONS FOR APRIL, MAY & JUNE 2023 HAVE BEEN ESTIMATED BASED ON AVERAGE COLLECTIONS PER DAY

# SJ Health HRSA Financial Metrics

Financial Metric	FY2021	FY2022	FY2023
Cummulative Cost Per Unique Patient	1,098	1,315	1,409
Medical Cost per Medical Visit	274	309	334

## Key Financial Metrics: Capital Link Industry Guidelines



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## CAPITAL LINK FQHC FINANCIAL BENCHMARKS VS SJ HEALTH

DATA SUMMARY	Capital Link Target	SJ HEALTH FYTD FY23
<b>FINANCIAL HEALTH</b>		
<b>1 Operating Margin</b> As a % of Operating Revenue	>3%	10%
<b>2 Bottom Line Margin</b> As a % of Operating Revenue	>3%	11%
<b>3 Days Cash on Hand</b>	>45 Days	165
<b>4 Days in Net Patient Receivables</b>	<60 Days	37
<b>5 Personnel-Related Expense (PRE)</b> As a % of Operating Revenue	<70	67%

# QUESTIONS & ANSWERS





San Joaquin Health Centers  
Financial Statement Comments

June 2023

**Summary of Clinics Year to Date**

Billable visits for June are unfavorable to budget by 2,074, which is mainly related to the Manteca Clinic visits. Since Manteca Clinic recently begun its operations in April, therefore, the actual visits for the Manteca Clinic were lower than the budgeted visits. Net Patient Service Revenues for June are unfavorable to budget by \$283,976. YTD Net Patient Service Revenues are favorable to budget by \$1,263,728, which is mainly related to a favorable adjustment recorded for \$2,034,837 to true up FY2019 PPS reconciliation liability based on the updated information received from DHCS in May.

YTD Supplemental Revenue includes the recognition of estimated Quality Incentive Program revenue for \$12,175,530. Based on the most recent information received on the QIP distribution, QIP Revenue Receivable includes QIP Program Revenue related favorable adjustments for \$849,355 from January through December 2021 for PY4 and unfavorable adjustments for \$2,580,904 from January through June 2022 for PY5 respectively. Also, YTD financials include the reversal of estimated QIP reserves for \$2,425,128 for prior years. Combined Grants Revenue includes revenues for Behavioral Health Integration, Discovery Challenge Academy, SOR2, Connect2Care, HEDIS, Enhanced Care Management, ARPA, and American Rescue Plan (ARP) grants for \$5,736,964. Also, YTD grant revenues are higher than budget due to the recognition of American Rescue Plan (ARP) grant revenue for \$765,299 for activity related to January 2021 through June 2021 period in July. Capitation and Managed Care Incentives are trending higher than budget with a favorable variance of \$2,038,217 mainly related to Cal Aim payments received for Year 1 and Year 2 for \$1,326,911 and \$357,537 respectively. YTD financials include revenues for \$623,909 related to supplemental payments received for the 340B Pharmacy program. YTD Other Revenue includes revenues accrued for \$630,614 related to Purchased Services provided to SJGH by SJHC per the MOU, Workers Retention Program credits for \$183,773 and Interest Income of \$89,173. Total YTD Operating Revenue is favorable to budget by \$3,006,919.

YTD Salaries and Benefits expenses exhibit a favorable variance to budget by \$5,352,952 mostly due to lower than budgeted salaries and benefits for SJGH providers and employees providing services for the clinics. Other operating expenses exhibit an unfavorable variance of \$4,754,124 largely due to Purchased Services with a favorable variance of 4,632,642 mainly offset by unfavorable variance in Professional Fees, Supplies, Interest, Depreciation, and Other Expenses for \$9,386,766. YTD financials reflect the Purchased Services expense true up from July through April based on the actual expense information provided by SJGH, which resulted in the reclassification of various expenses such as rents, repairs, professional fees, utilities, supplies, labor and other expenses from Purchased Services to their respective expense categories. An estimated expense for the Purchased Services is recorded for May and June based on the MOU. YTD expenditures are favorable to budget by \$598,828.

Unaudited, as presented, Net Income of \$5,728,949 on a year-to-date basis is favorable compared to budget by \$3,605,747.

**Additional Factors Impacting Clinic Performance Presentation**

- Supplemental revenues are estimates based on current performance and statewide pool amounts for the California Department of Public Health Quality Incentive Pool Program.
- FY23 Balance Sheet incorporates the final results for FY22 per the financial statement audit.

# SAN JOAQUIN HEALTH CENTERS CFO PRESENTATION

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Kris Zuniga  
Chief Financial Officer  
Presentation Date: 8/29/2023



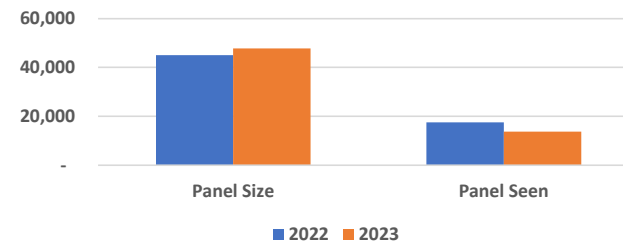
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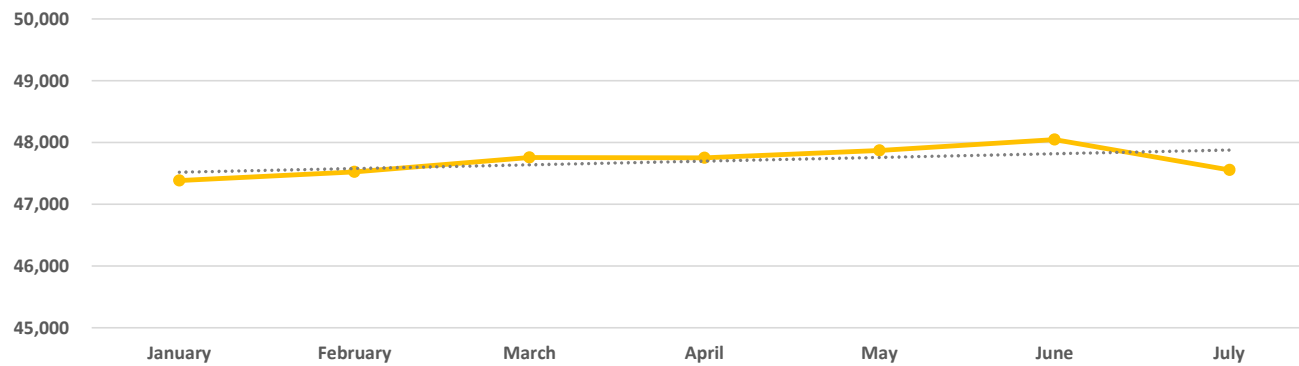
# Health Plan of San Joaquin Membership Assignments Calendar YTD As Of July 2023

Average Panel Size	47,698
Current Month Panel Size	47,554
Calendar YTD Panel Seen Count	13,479
PCP Claim Count	36,780

Year	Panel Size	Panel Seen
2022	45,053	17,535
2023	47,698	13,749

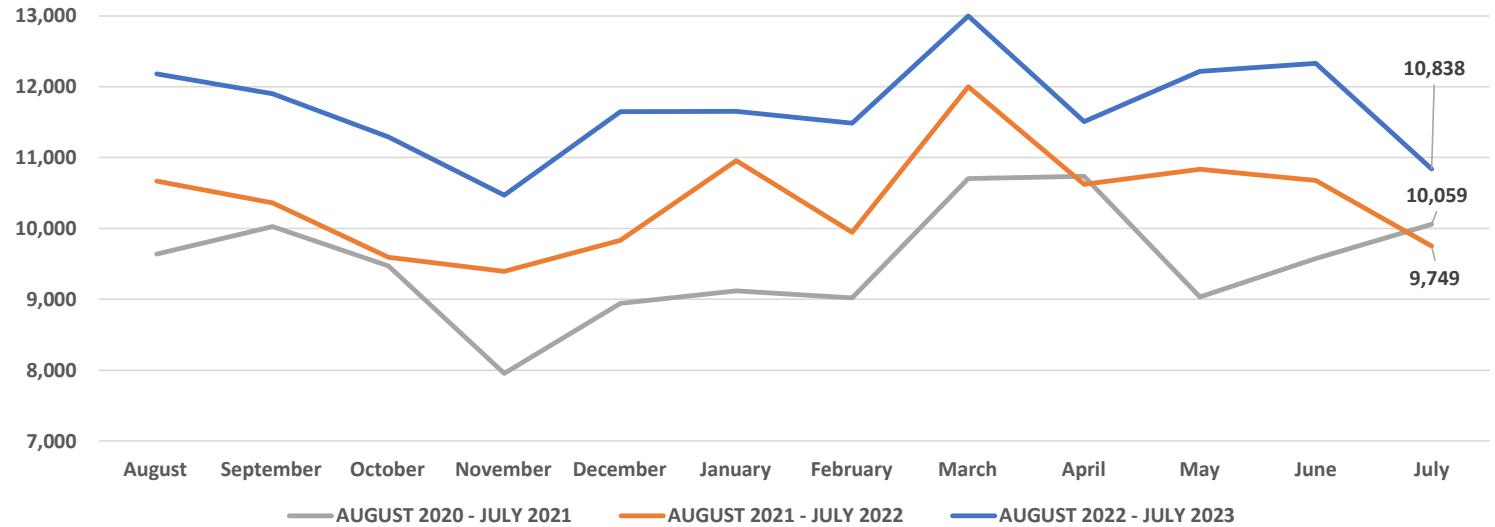


PCP Assignments by Month



## JULY 2023 BILLABLE VISITS – 10,838

### 36-MONTH BILLABLE VISIT TRENDS (BY DOS)



Visits By Financial Class	%
Medi-Cal Managed Care	76.29%
Medicare	11.90%
Medi-Cal	8.64%
Commerical	2.10%
Self-Pay	1.07%
Total	100.00%

FY24 Month	Actual	Budget	Variance
Jul-23	10,838	11,241	(403)
Total	10,838	11,241	(403)

## SJ HEALTH INCOME STATEMENT – JULY 2023

	Current Period			Current Year Actual	YTD Budget - Original	YTD Budget Variance - Original
	Current Period Actual	Current Period Budget - Original	Current Period Budget Variance - Original			
<b>Operating Revenue</b>						
Net Patient Service Revenue	1,706,480	1,869,152	(162,673)	1,706,480	1,869,152	(162,673)
Supplemental Revenue	988,329	988,329	(0)	988,329	988,329	(0)
Capitation & Managed Care Incentives	535,611	544,000	(8,389)	535,611	544,000	(8,389)
Grant Revenue	99,270	459,742	(360,472)	99,270	459,742	(360,472)
340B Pharmacy Program	94,607	142,156	(47,550)	94,607	142,156	(47,550)
MOU & Other Income	<u>214,365</u>	<u>53,506</u>	<u>160,859</u>	<u>214,365</u>	<u>53,506</u>	<u>160,859</u>
<b>Total Operating Revenue</b>	<u><b>3,638,661</b></u>	<u><b>4,056,886</b></u>	<u><b>(418,225)</b></u>	<u><b>3,638,661</b></u>	<u><b>4,056,886</b></u>	<u><b>(418,225)</b></u>
<b>Expenditures</b>						
Salaries & Wages	1,702,356	1,592,056	(110,300)	1,702,356	1,592,056	(110,300)
Employee Benefits	813,521	891,354	77,833	813,521	891,354	77,833
Professional Fees	444,799	443,159	(1,640)	444,799	443,159	(1,640)
Purchased Services	206,696	174,147	(32,549)	206,696	174,147	(32,549)
Supplies	117,455	163,010	45,555	117,455	163,010	45,555
Depreciation	61,594	58,112	(3,482)	61,594	58,112	(3,482)
Interest	2,772	20,140	17,369	2,772	20,140	17,369
Other Expenses	<u>430,714</u>	<u>503,409</u>	<u>72,695</u>	<u>430,714</u>	<u>503,409</u>	<u>72,695</u>
<b>Total Expenditures</b>	<u><b>3,779,908</b></u>	<u><b>3,845,387</b></u>	<u><b>65,479</b></u>	<u><b>3,779,908</b></u>	<u><b>3,845,387</b></u>	<u><b>65,479</b></u>
<b>Net Income(Loss)</b>	<u><b>(141,247)</b></u>	<u><b>211,499</b></u>	<u><b>(352,746)</b></u>	<u><b>(141,247)</b></u>	<u><b>211,499</b></u>	<u><b>(352,746)</b></u>

## SJ HEALTH INCOME STATEMENT VARIANCE ANALYSIS JULY 2023

(ONLY VARIANCES WITH +/- 10% ARE REPRESENTED)

Income Statement Grouping	Current Period Actual	Budget - Original	Budget Variance -	JULY 2023 - VARIANCE EXPLANATIONS
Grant Revenue	99,270	459,742	(360,472)	Unfavorable variance as a result of recognizing revenue for only 4 grants out of the total 14 budgeted grants
340B Pharmacy Program	94,607	142,156	(47,550)	Unfavorable variance mainly due to the CVS pharmacy related revenues budgeted but not realized yet because of the delay in implementation. Also, April through July financials reflect a decrease in revenue due to interruption in the data transmission to Walgreens. Expected to catch up in future months.
MOU & Other Income	214,365	53,506	160,859	Favorable due to \$168,868 recorded for interest income
Purchased Services	206,696	174,147	(32,549)	Unfavorable due to the prior period invoice received in July
Supplies	117,455	163,010	45,555	Favorable variance based on the actual supplies expense incurred
Interest	2,772	20,140	17,369	Favorable due to the payoff of FY20 & FY21 liabilities Due To DHCS in July. Hence, no interest expense incurred in July.
Other Expenses	430,714	503,409	72,695	Favorable mostly due to mileage, recruiting, security and miscellaneous expenses lower than budget.

## SJ HEALTH BALANCE SHEET- JULY 2023

	PERIOD 0	JULY 2023
<b>Assets</b>		
Cash & Cash Equivalents	20,741,285	20,999,154
Accounts Receivable	2,230,779	1,765,243
Property & Equipment	3,266,036	3,207,557
Other Assets	<u>9,897,975</u>	<u>10,716,041</u>
Total Assets	<u>36,136,075</u>	<u>36,687,996</u>
<b>Liabilities</b>		
Accounts Payable	691,881	769,719
Other Liabilities	5,388,395	5,967,240
Deferred Revenue	<u>3,050,528</u>	<u>3,087,012</u>
Total Liabilities	<u>9,130,803</u>	<u>9,823,971</u>
<b>Net Assets</b>		
Beginning Net Assets	21,276,322	27,005,272
Current YTD Net Income	<u>5,728,949</u>	<u>(141,247)</u>
Total Net Assets	<u>27,005,272</u>	<u>26,864,025</u>
<b>Total Liabilities and Net Assets</b>	<u>36,136,075</u>	<u>36,687,996</u>

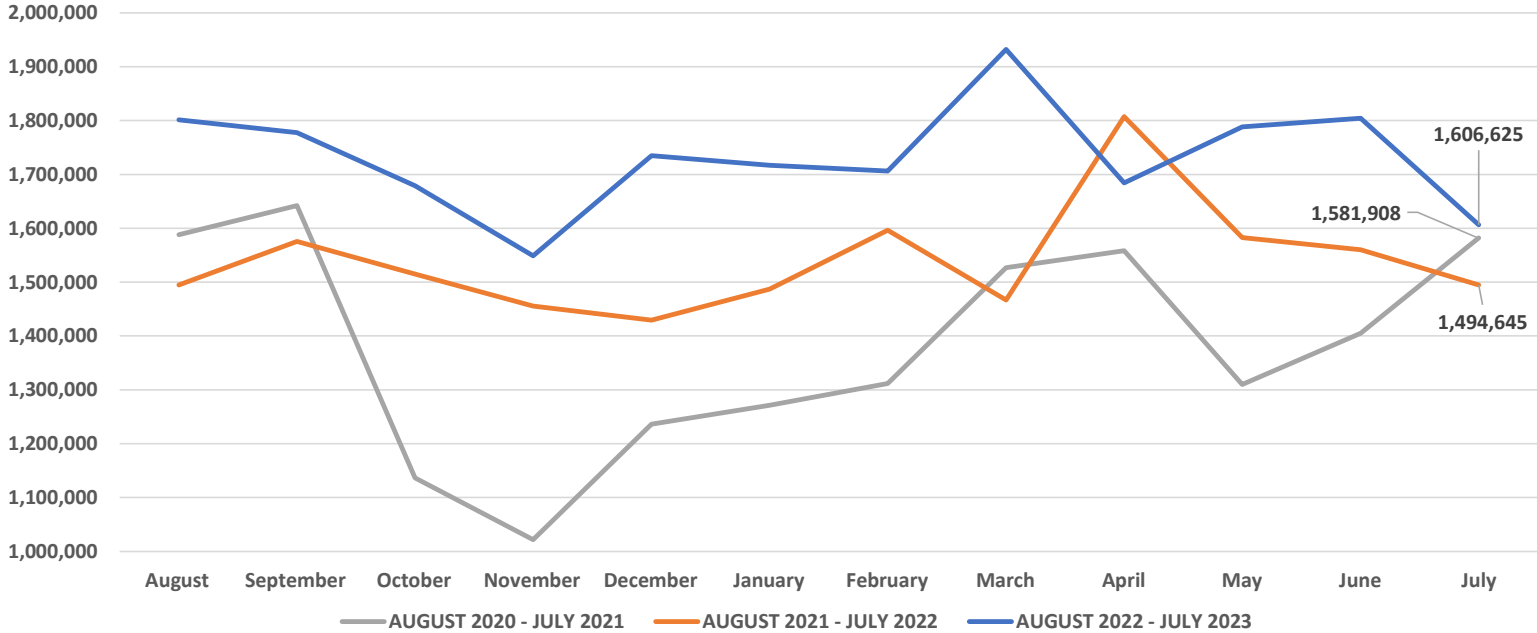


**SJ HEALTH BILLING & COLLECTIONS  
A/R AGING – JULY 2023**

SJ Health Centers Accounts Receivable Aging Analysis For the Month of July 2023								
Aging Category	MediCare	MediCal	Commercial	Self Pay	Total Aging This Month	Total Aging Last Month	\$ Increase (Decrease)	% Increase (Decrease)
1-30 Days	361,553	1,694,828	103,524	52,158	2,212,062	2,688,199	(476,136)	-17.71%
31-60 Days	128,773	133,238	53,335	33,103	348,450	605,261	(256,811)	-42.43%
61-90 Days	119,871	154,278	49,637	16,423	340,209	249,339	90,870	36.44%
91-120 Days	68,636	68,635	53,682	15,216	206,169	229,728	(23,559)	-10.26%
121-180 Days	138,142	81,953	58,324	19,008	297,427	284,824	12,603	4.42%
181-240 Days	132,111	46,990	33,234	17,552	229,886	225,216	4,670	2.07%
241-270 Days	53,328	31,433	16,491	2,005	103,257	106,116	(2,859)	-2.69%
271-365 Days	86,615	63,674	31,240	5,353	186,883	157,354	29,528	18.77%
366 Days & Over	25,487	26,632	29,077	2,512	83,708	77,550	6,158	7.94%
<b>Total FC This Month</b>	28% 1,114,516	57% 2,301,661	11% 428,544	4% 163,330	4,008,051	4,623,587	(615,536)	-13.31%
<b>Total FC Last Month</b>	1,166,219	2,922,554	381,900	152,914	4,623,587			
<b>\$ Increase (Decrease)</b>	(51,703)	(620,894)	46,644	10,416	(615,536)			
<b>% Increase (Decrease)</b>	-4.43%	-21.24%	12.21%	6.81%	-13.31%			
Monthly Management Summary								
	Beginning	Charges	Payments	Adjustments	Ending Gross			
July Activity	4,623,587	2,863,109	(2,197,016)	(1,281,629)	4,008,051			
A/R Days Analysis								
	July	June	May	April	March	February	January	Increase (Decrease)
Gross A/R Days	38	43	36	37	32	38	37	(5)
Net A/R	1,765,243	2,230,779	1,715,580	1,553,054	1,259,848	1,519,849	1,640,191	(465,536)
Net A/R Days	29	37	27	25	20	24	26	(8)

# EMMI PAYMENTS POSTED

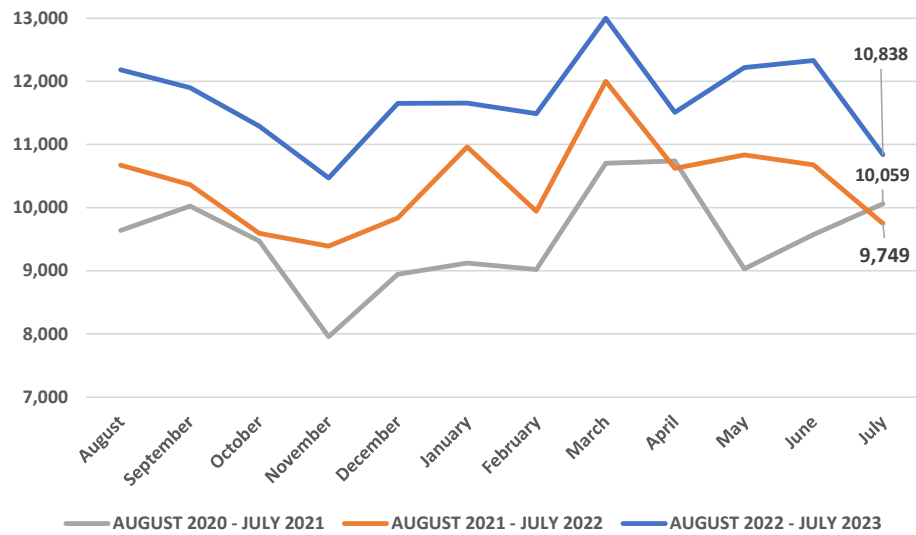
## 36-MONTH TRENDS - CASH COLLECTED



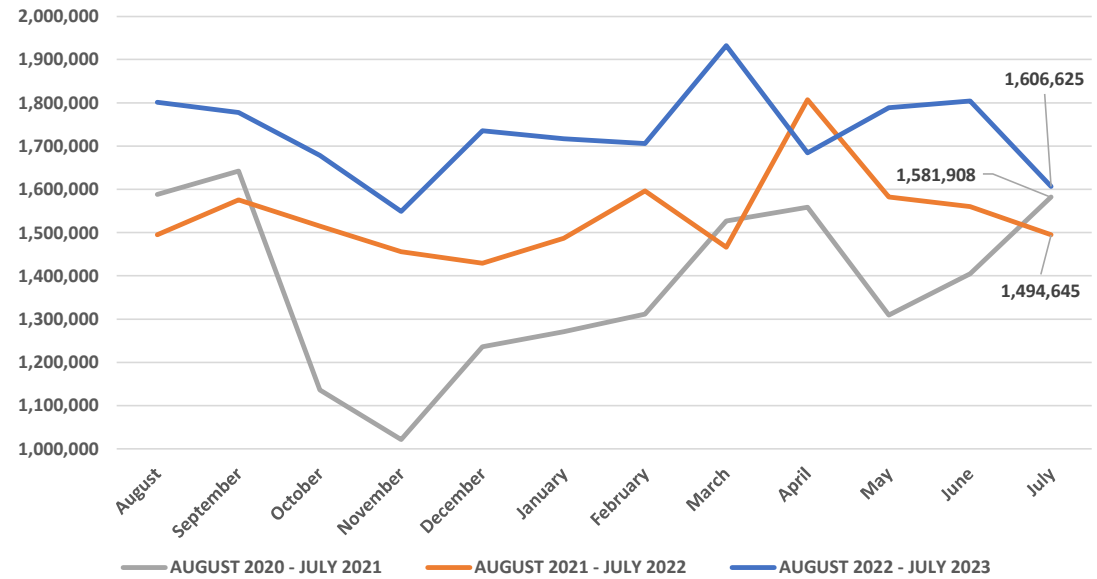
FY24 Collections by Financial Class	%
Medi-Cal Managed Care	82.25%
Medi-Cal	12.94%
Medicare	3.69%
Self-Pay	0.56%
Commercial	0.56%
Total	100.00%

NOTE: COLLECTIONS FOR MAY TO JULY 2023 HAVE BEEN ESTIMATED BASED ON AVERAGE COLLECTIONS PER DAY

### 36-MONTH BILLABLE VISIT TRENDS (BY DOS)



### 36-MONTH TRENDS - CASH COLLECTED

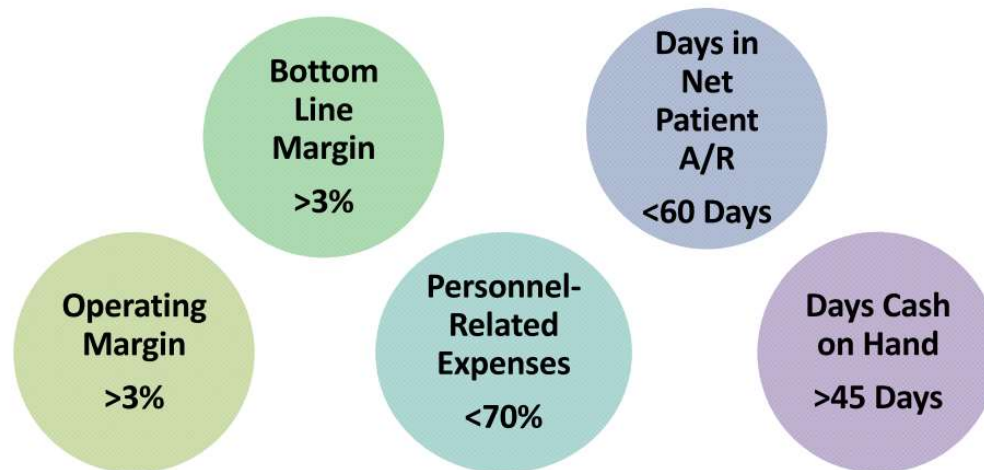


NOTE: COLLECTIONS FROM MAY TO JULY 2023 HAVE BEEN ESTIMATED BASED ON AVERAGE COLLECTIONS PER DAY

# SJ Health HRSA Financial Metrics

Financial Metric	FY2021	FY2022	FY2023	FY2024
Cummulative Cost Per Unique Patient	1,098	1,315	1,409	460
Medical Cost per Medical Visit	274	309	334	351

## Key Financial Metrics: Capital Link Industry Guidelines



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# CAPITAL LINK FQHC FINANCIAL BENCHMARKS VS SJ HEALTH

DATA SUMMARY	CAPITAL LINK TARGET	2021 NATIONAL MEDIAN	2021 CALIFORNIA MEDIAN	SJ HEALTH FYTD FY23 (UNAUDITED)	SJ HEALTH FYTD FY24
<b>FINANCIAL HEALTH</b>					
<b>1 Operating Margin</b> As a % of Operating Revenue	>3%	10%	11%	10%	-4%
<b>2 Bottom Line Margin</b> As a % of Operating Revenue	>3%	13%	15%	11%	-4%
<b>3 Days Cash on Hand</b>	>45 Days	116	143	165	175
<b>4 Days in Net Patient Receivables</b>	<60 Days	38	39	37	29
<b>5 Personnel-Related Expense (PRE)</b> As a % of Operating Revenue	<70	66%	67%	67%	87%

# QUESTIONS & ANSWERS





San Joaquin Health Centers  
Financial Statement Comments  
July 2023

**Summary of Clinics Year to Date**

Billable visits for July are unfavorable to budget by 403 visits. Net Patient Service Revenues for July are unfavorable to budget by \$162,673. July financials reflect a PPS liability accrual of \$25,000.

The payment for \$2,911,137 pertaining to the outstanding Medi-Cal PPS liabilities due to DHCS for FY2020 and FY2021 has been made in full and is reflected on the July financials.

Supplemental Revenue includes the recognition of estimated Quality Incentive Program revenue for \$988,329. Combined Grants Revenue includes revenues for Health Connect, Exact Sciences Focus Program, ARPA, Test To Treat Equity, HRSA Expanding Covid Vaccinations and HHIP Street Medicine grants for \$99,270. July financials include Capitation Revenue for \$535,611 and the 340B Pharmacy program revenue for \$94,607. Other Revenue includes revenues accrued for \$45,287 related to Purchased Services provided to SJGH by SJHC per the MOU and Interest Income of \$168,868. Total YTD Operating Revenue is unfavorable to budget by \$418,225.

Salaries and Benefits expenses exhibit an unfavorable variance to budget by \$32,468 which is in line with an increase reflected for July in prior years. Other operating expenses exhibit a favorable variance of \$97,947 largely due to Supplies, Interest and other expenses with a favorable variance of 135,618 mainly offset by unfavorable variance in Professional Fees, Purchased Services, and Depreciation for \$37,671. An estimated expense for the Purchased Services is recorded for July based on the MOU. YTD expenditures are favorable to budget by \$65,479.

Unaudited, as presented, Net Loss of \$141,247 is reflected on the July financials compared to budgeted Net Income of \$211,499.

**Additional Factors Impacting Clinic Performance Presentation**

- Supplemental revenues are estimates based on current performance and statewide pool amounts for the California Department of Public Health Quality Incentive Pool Program.



# S J Health QIP Overview and Trended Financials

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September 20, 2023



# Quality Incentive Pool Program (QIP)

The Quality Incentive Pool (QIP) is a managed care directed payment program that challenges public health care systems to improve equity and quality for Medi-Cal managed care enrollees via ambitious pay-for-performance targets. (California Health Care Safety Net Institute Website - <https://safetynetinstitute.org/>)

# Quality Incentive Pool Program (QIP)

- Program Year 6 began 1/1/23 (Calendar Year 2023)
  - Every year there are programmatic changes from DHCS (i.e. – the rules change every year!)
- DHCS → Health Plans → Public Health Systems
- 9 reporting domains
  - Behavioral Health
  - Care Coordination
  - Care of Acute and Chronic Conditions
  - Experience of Care
  - Improving Health Equity
  - Maternal and Perinatal Health
  - Overuse/Appropriateness
  - Patient Safety
  - Primary Care Access and Preventative Care
- SJHC carries a **disproportionate burden for performance**
  - Required: 20 priority measures (**all 20 are SJCC**)
  - Required: 20 elective measures from a menu of 32 (**20 are SJCC, 12 are SJGH**)
- DHCS makes QIP distributions 15 months after the calendar year end (example: PY4 (CY21) was paid out in March 2023)

# MOU QIP Percentage Split – FY21 and Forward

SJGH & SJCC calculated budget shortfalls without QIP. Three split scenarios were presented by SJGH.

After budgets were submitted for FY22, but before MOU execution, additional lease and IT MOU expenses came to light and the split was revisited.

FY 21/22 QIP Budget			
Maximum Earnable - 6 months		19,552,254	
Maximum Earnable - Annualized to 12 months		39,104,507	
		90%	95%
SJGH	70%	24,635,840	26,004,497
SJCC	30%	10,558,217	11,144,785
SJGH	67%	23,580,018	24,890,019
SJCC	33%	11,614,039	12,259,263
SJGH	60%	21,116,434	22,289,569
SJCC	40%	14,077,623	14,859,713
<b>Remaining (Est. Deficit)</b>			
		90%	95%
<u>Estimated Deficits w/o QIP</u>			
SJGH	(28,300,000)	(4,719,982)	(3,409,981)
SJCC	(13,800,000)	(2,185,961)	(1,540,737)
	(42,100,000)	(6,905,943)	(4,950,718)
<b>Deficit Split</b>			
SJGH	67%		
SJCC	33%		

FY 21/22 QIP Budget			
Maximum Earnable - 6 months		19,552,254	
Maximum Earnable - Annualized to 12 months		39,104,507	
		90%	95%
SJGH	70%	24,635,840	26,004,497
SJCC	30%	10,558,217	11,144,785
SJGH	67%	23,580,018	24,890,019
SJCC	33%	11,614,039	12,259,263
SJGH	64%	22,524,196	23,775,540
SJCC	36%	12,669,860	13,373,742
<b>Remaining (Est. Deficit)</b>			
		90%	95%
<u>Estimated Deficits w/o QIP</u>			
SJGH	(27,222,228)	(4,698,032)	(3,446,687)
SJCC	(14,877,772)	(2,207,912)	(1,504,031)
	(42,100,000)	(6,905,943)	(4,950,718)
<b>Deficit Split</b>			
SJGH	65%		
SJCC	35%		

# Quality Incentive Pool Program (QIP)

Current Performance – Program Year 6 (CY23)

SJ Health Measures – 34 measures  
Estimated Achievement Value (AV) = 18.65 as of 7/31/2023

SJGH Measures – 6 measures  
Estimated Achievement Value (AV) = 4.00 as of 7/31/2023

## QIP Metrics Contribution

SJ Health	85%
SJGH	15%

## QIP Revenue Split

SJ Health	36%
SJGH	64%

# SJ Health Trended Financials

	AUDITED* 7/1/2020 - 6/30/2021	AUDITED 7/1/2021 - 6/30/2022	UNAUDITED** 7/1/2022 - 6/30/2023	Total
Operating Revenue				
Net Patient Service Revenue	23,511,670	25,514,627	31,635,806	80,662,104
QIP Revenue	15,062,406	13,571,331	12,283,824	40,917,561
Other Revenue	<u>7,457,290</u>	<u>6,371,188</u>	<u>8,694,222</u>	<u>22,522,701</u>
Total Operating Revenue	<u>46,031,366</u>	<u>45,457,146</u>	<u>52,613,852</u>	<u>144,102,364</u>
Expenditures				
Salaries & Wages	23,132,904	25,560,008	28,010,600	76,703,512
Professional Fees	2,599,496	2,670,162	5,842,510	11,112,169
Purchased Services	2,376,363	5,472,212	2,153,457	10,002,032
Other Expenses	<u>5,862,380</u>	<u>2,631,666</u>	<u>9,203,203</u>	<u>17,697,247</u>
Total Expenditures	<u>33,971,142</u>	<u>36,334,048</u>	<u>45,209,769</u>	<u>115,514,959</u>
Net Income (Loss)	<u>12,060,224</u>	<u>9,123,098</u>	<u>7,404,083</u>	<u>28,587,405</u>
Profitability	26%	20%	14%	
QIP as % of Total Revenue	33%	30%	23%	
YOY Non-QIP Revenue Increases		3%	26%	
YOY Expense Increases		7%	24%	
SJHC QIP Revenue Earned	15,062,406	13,571,331	12,283,824	
SJGH Purchased Expenses via MOU	<u>(13,663,139)</u>	<u>(11,332,478)</u>	<u>(12,012,706)</u>	
Net MOU Proceeds from SJGH	1,399,267	2,238,853	271,118	

\*Fiscal Year ended 6/30/21 includes approximately \$4.8M  
in prior year liability reductions (included in Net Patient Service Revenue)

\*\*FY23 includes period 13 adjustments



# QUESTIONS & ANSWERS



# Financial Results – FY 2023-2024

## July (one month)

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- **EBIDA Margin/(Loss)\*: \$211K was favorable to budget by \$305K** with an EBIDA Margin of 0.5%. We had slightly better financial results than anticipated in the first month of our new fiscal year driven by lower than projected expenses
  - **Volume:** Adjusted Patient Days\*\* exceeded budget by 3.5% which drove the positive gross revenues variance of 1.0%
    - ❖ Inpatient: Patient days (0.5%) and deliveries (6.5%) **above budget** and above prior year. Case Mix Index (CMI) **above budget** and prior year (Medicare CMI → 2.12 actual Vs. 2.05 budget). Trauma cases **below budget** by 7.4%
    - ❖ Ambulatory Services: Surgeries **favorable to budget** by 3.3%. Emergency services (12.6%) and Clinic Visits (17.7%) **below budget** to start the new fiscal year
    - ❖ Average Length of Stay: On-budget to start the new fiscal year (5.6)
  - **Operating Revenue: (\$1.2M) or 2.9% Unfavorable to Budget**
    - ❖ Net patient revenue was impacted by lower Trauma, ED and Clinic visits to start the new year
    - ❖ Supplemental payments **unfavorable to budget** due to impact of quality metrics
  - **Expenses: \$1.4M or 3.4% Favorable to Budget**
    - ❖ Total Cost per CMI Discharge was **8.7% below target** due to lower purchased services and supplies expense
    - ❖ Salaries & benefits **favorable to budget by 7.4%** due to high number of vacant positions
    - ❖ Travelers (contract labor) **over target** but below prior year level

\* EBIDA: Earnings before Interest, Depreciation & Amortization  
\*\* Inpatient days plus outpatient equivalent days

**Financial results slightly better than budget in the 1<sup>st</sup> month of our new fiscal year driven by lower expenses**

	<b>Current Month</b>				<b>Year To Date</b>			
	<b>FY 2023-24 Actual</b>	<b>FY 2023-24 Budget</b>	<b>\$ Var</b>	<b>% Var</b>	<b>FY 2023-24 Actual</b>	<b>FY 2023-24 Budget</b>	<b>\$ Var</b>	<b>% Var</b>
Operating Revenue	\$ 39,847	\$ 41,037	\$ (1,190)	-2.9%	\$ 39,847	\$ 41,037	\$ (1,190)	-2.9%
Operating Expenses	40,750	42,195	1,444	3.4%	40,750	42,195	1,444	3.4%
Operating Margin	\$ (903)	\$ (1,158)	\$ 254	22.0%	\$ (903)	\$ (1,158)	\$ 254	22.0%
Operating Margin %	-2.3%	-2.8%			-2.3%	-2.8%		
<b>EBIDA Margin *</b>	<b>\$ 211</b>	<b>\$ (94)</b>	<b>\$ 305</b>	<b>324.8%</b>	<b>\$ 211</b>	<b>\$ (94)</b>	<b>\$ 305</b>	<b>324.8%</b>
<b>EBIDA Margin %</b>	<b>0.5%</b>	<b>-0.2%</b>			<b>0.5%</b>	<b>-0.2%</b>		

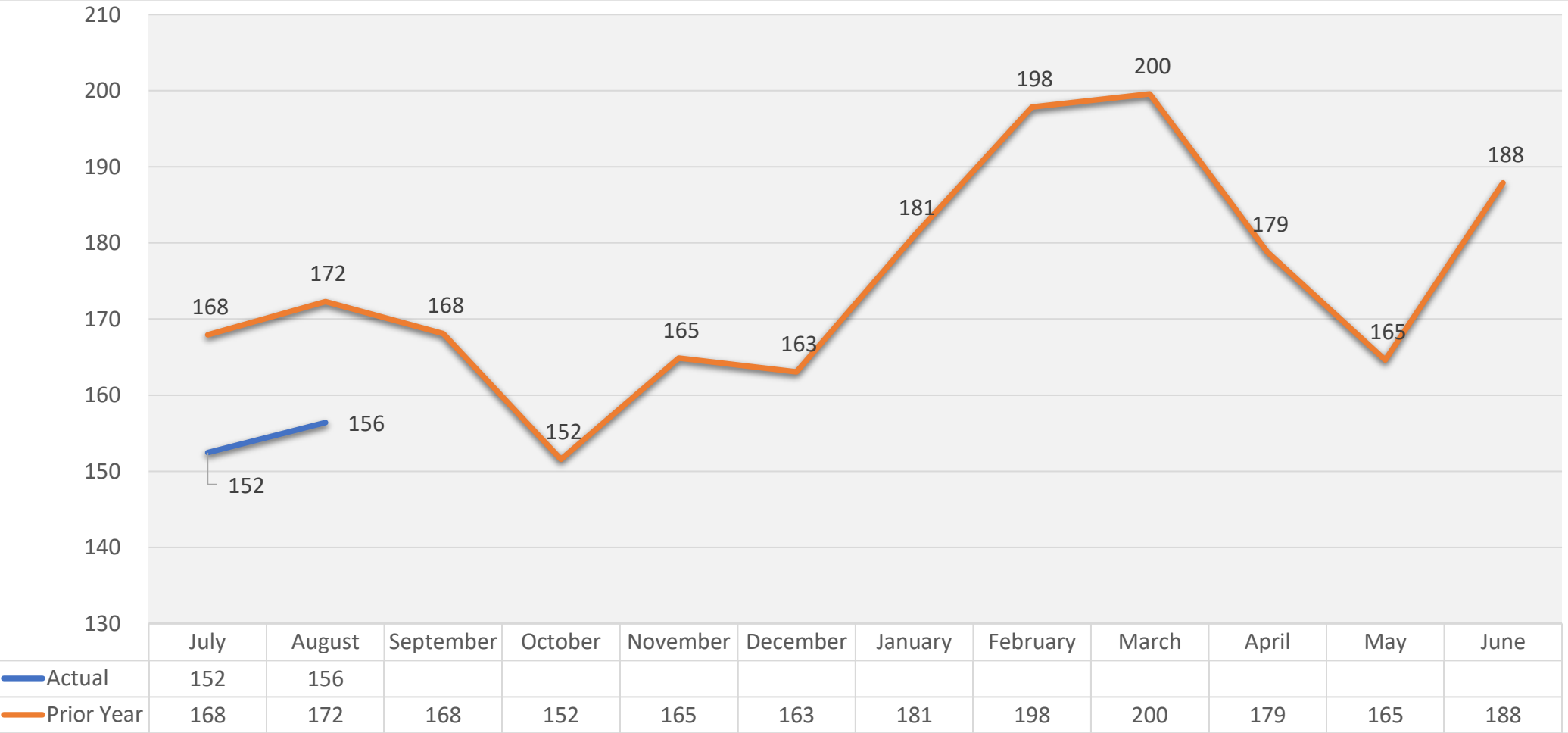
# Key Volume and Financial Indicators FY 2023-2024 July

Volume / Utilization Indicator	Month Jul, 2023	Budget Jul, 2023	% Budget Variance	Status
Admission	830	817	1.7%	
Discharges	814	817	-0.3%	
Total Patient Days	4,580	4,556	0.5%	
Adjusted Patient Days	7,638	7,377	3.5%	
Average Length of Stay (ALOS)	5.6	5.6	0.0%	
Average Daily Census (ADC)	148	147	0.5%	
Clinic Visits	4,196	5,101	-17.7%	
Emergency Visits	4,451	5,092	-12.6%	
Trauma Cases	318	343	-7.4%	
Surgeries	605	586	3.3%	
Deliveries	163	153	6.5%	
CMI - Hospital	1.63	1.57	3.8%	
CMI - Medicare	2.12	2.05	3.4%	
Total FTEs (including Contractors)	1,800	1,801	0.1%	
Total Contractor FTEs	152	57	-168.7%	

Financial Indicator (Millions)	Month Jul, 2023	Budget Jul, 2023	% Budget Variance	Status
Gross Patient Revenue	198.3	196.3	1.0%	
Total Net Patient Revenue	28.6	29.0	-1.5%	
Additional Funding	11.0	12.0	-8.3%	
Total Operating Revenue	39.8	41.0	-2.9%	
Salaries & Benefits	23.5	25.4	7.5%	
Contract Labor	6.2	5.0	-24.0%	
Supplies	5.3	5.4	2.0%	
Total Expenses	40.8	42.2	3.3%	
Operating Income (Loss)	(0.9)	(1.2)	22.3%	
Net Realignment & Cnty Contributions	0.8	0.6	33.3%	
Net Income (Loss)	(0.5)	(0.6)	10.7%	
Operating Income %	-2.3%	-2.8%	0.5%	
EBIDA Margin	211	(94)	324.5%	
EBIDA %	0.5%	-0.2%	0.7%	

We have an opportunity to rationalize our contract labor (travel nurses). We've started the new year lower than prior year, but considerably above target

Top 10 depts make up 80% of contractors



Cost Center	Description	FTEs
	EMERGENCY ROOM	37.5
	MED SURG 3B	18.0
	SURGERY SERVICES	12.7
	PROGRESSIVE CARE UNIT	11.9
	RESPIRATORY THERAPY	10.0
	INTENSIVE CARE UNIT	8.0
	DIETARY	7.8
	MEDICAL SURGICAL	6.5
	HOUSEKEEPING	6.5
	RADIOLOGY	5.4

# Year #1 Successes including on-going initiatives

**Revenue Enhancement**

Financial Impact	Description
\$3M to \$5M	Annual Strategic Pricing (July 2023)
\$7M to \$9M	Revenue lift due to improved CMI (coding)
\$6M to \$8M	Increased collections (contracted small balance accounts)
\$3M to \$5M	Enhanced collections on self pay
\$2M to \$3M	Improved rates from SJ Health Plan (Jan 2024)
\$2M to \$3M	Collections on underpayment recoveries (Sept 2023)
\$2M to \$4M	Charge capture opportunities
\$2M to \$4M	Revenue lift connected with denials management
\$20M to \$25M	Cerner Revenue Cycle Optimization launched May 2023
\$2M to \$4M	3M Computer Assisted Coding tool (to start Feb 2024)
\$2M to \$4M	Trauma Criteria Billing

**Implemented Savings**

Financial Impact	Description
\$0.2M	Canceled Marketing contract
\$3.0M	Savings from the cancellation of Huron contract
\$3.0M	Supply savings from GPO
\$0.5M	Pharmacy savings
\$0.25M	No replacement of COO
\$17.0M	Reduction of traveler's hours / pay
\$0.2M	Cancellation of duplicative translation services
\$0.3M	Replacement of contract CFO
\$0.4M	Contracted CM director replaced with existing employee
\$2.5M	Laboratory savings and improved automation (Dec 2023)

**Quality**

**People**

Description
Leapfrog: 7-year leapfrog F will improve to at least a C (maybe a B) in the fall of 2023. Will continue improvement with expected A by end of next calendar year (2024).
Removed previous Director and replaced with very competent new quality director who has already made significant improvements
ALL hospital acquired infections have significantly decreased
Midas system put in place (97% complete) replacing manual system
Policies and mandatory education updated
Regulatory surveys on reportable events and patient grievances cleared w/o violation, fined late reporting eliminated
Culture of Safety survey completed with increased participation from 20% to 80%, Team Steps in progress for Leapfrog
Reduce incomplete patient records from over 15,000 to less than 200
OPPE Program now regulatory compliant

Description
Replaced contract CFO with permanent county CFO
Replaced ineffective quality director with permanent county employee (exceptional)
Removal of contracted case management, added responsibility to future nurse leader
Culture of safety survey response went from 10% to over 80%
Billboard campaign to change reputation and improve employee morale