



Health Care Services Review Project Committee

Agenda

San Joaquin County Administration Building
44 N. San Joaquin Street, Room 146, Stockton, CA 95202
Wednesday, July 17, 2024
8:30 a.m.

Watch Live on YouTube: www.youtube.com/c/sanjoaquincountyca

Committee Members

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

Agenda Items

Procedural Items

- | | |
|------------------|----------------|
| 1. Call to Order | Brandi Hopkins |
| 2. Roll Call | Annette Rivas |

Action Items

- | | |
|--------------------------------------|----------------|
| 3. Approve Minutes from May 15, 2024 | Brandi Hopkins |
|--------------------------------------|----------------|

Information and Discussion Items

- | | |
|--|------------------------------|
| 4. Co-Applicant Agreement and MOU between the County & SJ Health | Brandi Hopkins |
| 5. Present SJ Health Historical Financials and Quality Incentive Pool (QIP) Program Update | Kris Zuniga & Greg Diederich |
| 6. Public Comment | Brandi Hopkins |

Committee Comments

Closed Session

There are no closed session items scheduled for this date.

Adjournment

Next meeting October 16, 2024	Brandi Hopkins
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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.

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).



Health Care Services Review Project Committee

Minutes

San Joaquin County
Health Care Services Review Project Committee
Minutes of Wednesday, May 15, 2024 8:30 a.m.

Procedural Items

1. Call to Order

Interim County Administrator Sandy Regalo called the meeting to order at 8:31 a.m.

Ms. Regalo stated that at least a portion of this Health Care Services Review Project Committee meeting is conducted pursuant to California Code Section 54953, in that Committee member Kris Zuniga is at the alternate location of 4860 Eldorado Drive, La Verne, California. Committee member Zuniga is participating via Microsoft Teams. In accordance with the Ralph M. Brown Act, each alternate location has been identified in the notice and agenda for this meeting.

2. Roll Call

Present:

Steven J. Ding, District 4 Supervisor
Sandy Regalo, Interim County Administrator
Ed Kiernan, County Counsel
Quenny Macedo, Deputy County Counsel
Jeff Woltkamp, Auditor-Controller

Jennifer Van Steyn, Sr. Deputy County Administrator
Rick Castro, CEO of San Joaquin General Hospital
Abe Nunez, CFO of San Joaquin General Hospital
Kris Zuniga, CFO of San Joaquin County Clinics
Greg Diederich, Interim CEO of San Joaquin County Clinics,
Director of Health Care Services

Not Present:

Paul Canepa, District 2 Supervisor
Brandi Hopkins, Asst. County Administrator

Action Items

3. Approve Minutes from April 17, 2024

Motion to approve the Minutes as listed on the Agenda. Approved.

RESULT: ADOPTED [UNANIMOUS]

MOVER: Jeff Woltkamp, Auditor-Controller

SECONDER: Rick Castro, CEO of San Joaquin General Hospital

AYES: Regalo, Van Steyn, Kiernan, Macedo, Diederich, Castro, Nunez, Zuniga, Woltkamp

ABSENT: Hopkins, Canepa, Ding

Note: Supervisor Ding arrived at 8:40 a.m. and was absent during roll call and approval of minutes.

Information and Discussion Items

4. Present 2024 Financial Results through March for County Clinics

San Joaquin County Clinics (SJCC) CFO Kris Zuniga presented financials through March. The Committee asked for clarity on assets, grant revenue and days cash on hand. Mr. Zuniga and Interim CEO of San Joaquin County Clinics Greg Diederich responded to questions from the Committee. Mr. Zuniga provided an overview of the Intermittent Strategy for the Stockton and three French Camp Clinics, which is estimated to add \$5.7 million in additional patient revenue.

5. Present 2024 Financial Results through March for San Joaquin General Hospital

San Joaquin General Hospital (SJGH) CFO Abe Nunez presented financials through March. There was discussion regarding tracking patients going to the hospital from the clinics. The SJGH team will provide further information at the next meeting.

6. Public Comment

There were no public comments.

Closed Session

7. There were no closed session items scheduled for this date.

Committee Comments

Mr. Diederich provided updates to the Committee. The Board of Supervisor's had recently approved a class specification for Project Director/CEO and allocated the salary band. An agreement was signed with UHC Solutions to retain their search firm and will work with the liaison committee on the next steps. A special agreement was put in place to capture more 340b Revenue, specifically for special prescriptions for FQ patients. QIP final reporting will be due June 14, 2024 for Ambulatory measures and expected to be over 90%.

Mr. Diederich informed the Committee of recent updates to Senate Bill (SB) 525 minimum wage for healthcare workers and how it will affect the County Clinics, specifically the Medical Assistants. Both Mr. Diederich and CEO of San Joaquin General Hospital Rick Castro agreed that the County is a good training ground, but employees need to be retained as well. Mr. Castro provided further comment that we need to look at healthcare as a whole and determine what employees we need. Interim County Administrator Sandy Regalo requested that the redetermination fee tracking be provided for discussion at the next meeting.

Adjournment

At 9:33a.m., Interim County Administrator Regalo adjourned the meeting to July 17, 2024, at 8:30 a.m.

S J Health Historical Financials & QIP Update

July 17, 2024

SJ Health Financials Background

In October 2020, for the purposes of separating SJ Health (SJHC) from San Joaquin General Hospital (SJGH), **Toyon Associates & Eide Bailly** were contracted by SJGH to assist with supplemental funding analysis and the creation of stand-alone SJ Health GAAP financials: Balance Sheet, Income Statement, and Statement of Cash Flows.

- The relevant period spanned six fiscal years: July 1, 2014 – June 30, 2020 (FY15 – FY20).
- The Toyon historical supplemental funding analysis resulted in “Revenue Identified & Associated with the FQHC” of **\$112M**.
- Eide Bailly, using the Toyon Analysis and the historical hospital trial balance, parsed out SJ Health GAAP financials as of June 30, 2020.

SJHC Separation - Contracted Analysis & the SJGH Zero-Equity Response

November 2020

Eide Bailly SJHC FY20 Financials

Total Assets : \$46M

Total Liabilities: \$15M

Total Net Assets: \$31M

FY20 Revenues: \$48M

FY20 Expenses: \$31M

FY20 Net Income: \$17M



March 2021

SJGH Decision for SJHC FY20 Financials

Total Assets: \$15M

Total Liabilities: \$15M

Total Net Assets: \$0

FY20 Revenues: \$31M

FY20 Expenses: \$31M

FY20 Net Income: \$0

Trended SJHC Expenses Excluding MOU

EXPENDITURES	<u>PROJECTED FY24</u>	<u>FY20</u>	<u>CHANGE</u>	<u>%</u>
Direct Labor	22,273,465	17,135,568	5,137,897	30%
Professional Fees	6,540,082	491,267	6,048,815	1231%
Purchased Services	1,342,063	1,656,524	(314,461)	-19%
Supplies	950,531	1,104,158	(153,627)	-14%
Depreciation	712,704	254,266	458,438	180%
Other	3,437,094	461,759	2,975,335	644%
TOTAL	35,255,938	21,103,542	14,152,396	67%

PROFESSIONAL SERVICE ADDITIONS

- Virtual care
- Medical providers (physicians & midlevels)
- Behavioral health providers
- Nursing leadership
- Contacted social workers
- Contracted clinical staff
- Information technology
- Business informatics
- Legal
- Fiscal leadership & accounting
- Project & grant management
- Government relations
- Marketing
- Purchasing

OTHER EXPENSE ADDITIONS

- Software subscriptions & amortization
- Travel costs
- Insurance
- Rent

SJ Health Controlled Spending

	FY22	FY23	FY24*
County BOS & FQHC Board Approved Expenses	36,527,831	47,100,075	48,397,647
Actual Total Operating Expenses	36,334,048	45,123,812	47,230,789
Approved vs Actual	193,783	1,976,263	1,166,858

*FY24 actual is a projected value

SJ Health has not spent more than the approved amount in any fiscal year.

Compensating Additional Revenues Since FY20

Realized Increases

- 340B pharmacy program
- Increased visit volumes
- Grant revenues

Annual Additional Revenue

\$3M

\$2M-\$3M

\$3M-\$5M

Anticipated Increases

- Intermittent clinic conversions
- Increased PPS rates (FQHC's are not cost averse)

\$5M-\$6M

TBD

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!)

Funding Flow: DHCS → Health Plans → Public Health/UC Systems (12 Counties & 5 UC 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

Primary care setting carries a disproportionate burden for performance

Required: 9 priority measures designated as Bold Goals (**all 9 are SJCC**)

Required: 31 elective measures from a menu of 48 (**37 are SJCC, 11 are SJGH**)

The reported 40 measures are locked in only at the time of reporting and can be modified at any point until submission.

DHCS makes QIP distributions via the health plans 15 months after the calendar year end (example: PY5-CY22 was paid out in March 2024)

Quality Incentive Pool Program (QIP)

Reported Performance – Program Year 6 (Calendar Year 2023) = 86.68%

SJ Health Measures – 33 measures

- 9 priority

- 24 elective

Reported Achievement Value (AV) = 31.67 of 33.00 = 96% of possible AV

SJGH Measures – 7 elective measures

Reported Achievement Value (AV) = 3.00 of 7.00 = 43% of possible AV

Total AV of 34.67 = 86.68% of QIP dollars earned for PY6 and PY5 rollover amount

Quality Incentive Pool Program (QIP) – Dollars Estimation

	Estimated Net Possible Award	Estimated Net Revenues Earned	Estimated Net Revenues Unearned	Estimated Net Revenues Earned %
Program Year 6	52,494,629	45,499,719	(6,994,909)	86.68%
Program Year 5 Rollover	11,100,419	9,621,289	(1,479,131)	86.68%
Total	63,595,048	55,121,008	(8,474,040)	86.68%

QIP Revenue Earned Contribution

SJ Health 91% - \$50.4M
 SJGH 9% - \$4.8M

QIP Revenue Split

SJ Health 36% - \$19.8M
 SJGH 64% - \$35.3M

QIP Revenue Unearned Contribution

SJ Health 25% - \$2.1M
 SJGH 75% - \$6.4M



QUESTIONS & ANSWERS

