

BEAUFORT MEMORIAL HOSPITAL BOARD OF TRUSTEES

FINANCE COMMITTEE – OPEN SESSION

Minutes – March 26, 2018

PRESENT: Bill Himmelsbach (Chair); Dave House by phone, David Tedder, Bill Spearman, M.D., Russell Baxley, Kathy Cooper, Mark Dean, M.D., Faith Polkey, M.D., Sarah Dyson, Ken Miller, Karen Carroll, Chris Ketchie, Kurt Gambla, D.O., Brian Hoffman, Allison Coppage, Debbie Schuchmann, Courtney McDermott, Laurie Martin, Daniel Mock, and Anna Sobiech

Guest: David Smith, BMH Controller

Absent: Susan Roos, Terry Murray, Stephen Larson, M.D., and Shawna Doran

CALL to ORDER: Mr. Himmelsbach called the meeting to order at 7:30 a.m.

APPROVAL of MINUTES – February 26, 2018: Mr. Tedder made a motion, which was seconded by Mrs. Cooper, to approve the minutes of the February 26, 2018 meeting. Unanimous approval.

MOTION to go INTO EXECUTIVE SESSION: A motion was made by Mr. Tedder to go into Executive Session at 7:33 a.m. for the purpose of discussing financial matters and contractual obligations. The motion was seconded by Dr. Spearman and unanimously approved.

MOTION to go INTO OPEN SESSION: A motion was made by Dr. Spearman to go into Open Session at 7:54 a.m. The motion was seconded by Mr. Tedder and unanimously approved.

FINANCIAL STATEMENTS

Mr. Miller indicated that February volumes were good. Discharges were at 721 on a budget of 673, compared to 682 in February 2017. Patient days were at 3,323. The average patient length was 4.51, compared to last year at 4.88, and a budget of 4.38. Deliveries were at 67 (above prior year). Emergency Room visits were at 4,445. Outpatient registrations were at 13,801. Observation day are still high at 334. Medicare case mix index national average is 1, BMH's average in the current month is 1.41 and year-to-date [YTD] 1.45. Outpatient visits experienced an increase in ER, LMG Imaging, CT and Nuclear Med. Primary Care Practices were above budget for February and prior year.

Patient revenue was at \$66.5M compared to last year at \$64.7M. The total operating revenue was \$17.6M compared to a budget of \$16.6M. Net to gross percentage was 26.5% compared to a budget of 25.9% partly due to BMH experiencing lower uncompensated care for the month (close to \$1M lower than average). Mr. Miller referenced the Cash to Net Analysis sheet that was provided in the packet and explained the calculation process. Discussion ensued regarding collections.

Expenses for February were \$17.4M. Salary expenses were at \$7.5M. Contract labor increased. FTEs were 1,365 while FTEs/AOB decreased to 3.6 (under budget). Benefit expense for February decreased. The Incurred But Not Reported estimate came down to \$300K. BMH received an \$80K refund on a workers comp policy. Supplies were at \$3.7M which was a slight increase due to non-chargeable medical supplies and chemo drug costs. BMH experienced an operating profit of \$252K. Net income was at \$454K on a budget loss of (\$695K) and YTD positive net income of \$1M on a budget loss of (\$3.4M). This resulted in a positive variance of \$4.4M. EBITDA for February was \$1.3M for a 7.4% margin. YTD EBITDA was \$5.2M or 5.7% margin. YTD EBITDA variance to budget was \$3.1M. Days cash on hand decreased slightly to 158.9 and debt service increased to 3.22. Debt to cap decreased to 58.2%.

Mr. Miller referenced the information/reports that were distributed. He then provided a brief explanation of the format of the data provided.

Mr. Himmelsbach referenced the Strategic Capital Needs Summary that was provided in the packet. He suggested the Committee review and discuss strategic financial matters and the capital needs summary on a monthly basis (highlighting changes). Capital lease obligations will be presented to the Committee at the middle of next fiscal year. The Strategic Capital Needs Summary will also be presented to the Foundation Board by Mrs. Dyson.

Mr. Miller presented the 501(R) policies and provided background information on the Financial Assistance Policy. As a result of DHG's 501(R) audit, the policies being presented have been revised to meet the 501(R) obligations. The policies are being brought to the Finance Committee for review and approval. Once approved, the Financial Assistance Policy will be placed on the BMH website. The plain language version will be placed in the BMH newsletter that gets distributed to patients. Discussion ensued regarding the Financial Assistance Policy and Billing and Collections Policy.

MOTION TO ADOPT THE FINANCIAL ASSISTANCE POLICY AND THE BILLING AND COLLECTION POLICY AS PRESENTED AND RECOMMEND TO THE BOARD OF DIRECTORS. Mr. Tedder made the motion which was seconded by Dr. Spearman. Unanimous approval.

ADJOURN: The meeting adjourned at 8:05 a.m.

Respectfully submitted,

Bill Himmelsbach, Chair