

BEAUFORT MEMORIAL HOSPITAL BOARD OF TRUSTEES

FINANCE COMMITTEE – OPEN SESSION

Minutes – February 25, 2019

PRESENT: Bill Himmelsbach (Chair); David Tedder (*by phone*); Terry Murray; Dave House; Stephen Larson, M.D.; Kathy Cooper; Bill Spearman, M.D; Kathryn McDonagh, Ph.D; Sarah Dyson; Russell Baxley; Ken Miller; Karen Carroll; Kurt Gambla, D.O.; Brian Hoffman; Allison Coppage; Debbie Schuchmann; Chris Ketchie; Laurie Martin; Susan Roos; Shawna Doran; Courtney McDermott; Daniel Mock; and Anna Sobiech

Absent: Paul Sommerville

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

APPROVAL of MINUTES – January 28, 2019: Mrs. Cooper made a motion, which was seconded by Dr. Spearman, to approve the minutes of the January 28, 2019 meeting. Unanimous approval.

DHG Audit Updated: Mr. Miller reported that no word was received regarding the Pension. He also reported an over-accrual in bonuses (will be adjusted by a positive entry).

Mr. House welcomed Dr. Kathy McDonagh who has been newly appointed to the Board of Trustees by County Council. He also reported that this was Mrs. Terry Murray's last finance meeting.

FINANCIAL STATEMENTS

Mr. Miller provided highlights of the Financial Statements. He reported that January volumes rebounded (in particular outpatient and surgery volumes). Acute discharges were 729 (under budget and below last year). Adult patient days were 3,585 (below last year but on budget). The case mix index increased to 1.47. Deliveries were at 75. Emergency Room visits were at 4,485. Outpatient registrations increased to 16,774 (above budget and prior year). Lab and Imaging and Rehab experienced increased volumes. Surgical volumes increased to 747 compared to prior month of 676 (slightly below budget but above prior year at 618). Beaufort Physician Practices experienced an increase to 20,499 visits (only four practices were below budget).

Observation unit (initiatives) discussion ensued. Additionally, discussions ensued regarding extended stay patients.

Patient revenue for January, at \$76.5M, was the highest gross revenue compared to the prior eleven months. Total operating revenue for January was \$19.9M. Mr. Miller explained that the outpatient factor (metrics and expenses) is calculated by dividing the total revenue by inpatient

revenue and that number is then multiplied by the known metrics, such as admissions and patient days.

Net to gross percentage dropped slightly to 26.1% primarily due to a rise in uncompensated care from \$4.3M to \$4.8M. The percent of gross revenue decreased to 6.3% due to the high gross revenue month. Payer mix improved slightly (from self-pay to Medicare). Cash to net for January was 114.2%. Days in AR increased slightly. January's cash was attributed to the \$1.7M in Disproportionate Share.

Expenses for January were at \$19.2M. Salary expenses were at \$8M. Contract labor was just under \$200K. FTE's decreased to 1,365. FTE/AOB decreased to 3.81. Benefit expenses decreased to \$2.5M due to a decrease in Group Health expense. Supplies remained at \$4M and YTD was \$16.28M (above prior year and budget).

Net Income for January was \$1M. Year-to-Date [YTD] net income was \$2.8M on a budget loss of (\$715K). Total EBITDA for January was a \$1.8M for an 8.9% EBITDA and YTD EBITDA was \$5.9M on a budgeted EBITDA of \$3.1M. YTD actual to budget variance for net income was \$2.8M.

Days cash on hand was 166.7. The debt service on a rolling 12 month basis (TDD Bank) was 6.48 on a target of 1.2. Debt to cap was 24.7% and cash to debt was 1.86 on a target of 1.0. YTD EBITA margin is 7.45% on a budget of 4%.

Discussions ensued regarding volumes.

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

Respectfully submitted,

Bill Himmelsbach, Chair