

BEAUFORT MEMORIAL HOSPITAL BOARD OF TRUSTEES

FINANCE COMMITTEE – OPEN SESSION

Minutes – March 25, 2019

PRESENT: Bill Himmelsbach (Chair); David Tedder; Dave House; Kathy Cooper; Kathryn McDonagh, Ph.D.; Faith Polkey, M.D.; Russell Baxley; Ken Miller; Karen Carroll; Kurt Gambla, D.O.; Brian Hoffman; Allison Coppage; Debbie Schuchmann; Chris Ketchie; Paul Sommerville, Courtney McDermott; Daniel Mock; Cindy Gibson and Anna Sobiech

Absent: Sarah Dyson; Stephen Larson, M.D.; Bill Spearman, M.D; Laurie Martin; Susan Roos; and Shawna Doran

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

APPROVAL of MINUTES – February 25, 2019: Mr. Tedder made a motion, which was seconded by Dr. McDonagh, to approve the minutes of the February 25, 2019 meeting. Unanimous approval.

DHG Audit Updated: Mr. Miller reported that the South Carolina Pension information was received Thursday, March 21, 2019. The audit report will be provided by Mike Kelly, CPA of Dixon Hughes Goodman, LLP [DHG] by phone at the April Finance Meeting and a final presentation will be made to the Board at the April meeting. Mr. Miller confirmed that this delay will not affect the bond covenants. He indicated that two factors could contribute to the audit: BMH was over-accrued by \$250K in its gain share and, secondly, a letter was received from Medicaid regarding the 2014 Disproportionate Share Hospital [DSH] relating to assumptions and redistributions. Mr. Miller has a scheduled meeting with the DHG consultant regarding the notification and how it gets handled.

FINANCIAL STATEMENTS

Mr. Miller provided highlights of the Financial Statements. He reported that February volumes were relatively strong which were led by outpatient volumes and surgical procedures. Acute discharges were at 675 (under budget and below last year). Adult patient days were 3,339. The case mix index increased to 1.53 and year-to-date [YTD] at 1.51. Deliveries were at 59. Emergency Room visits decreased. Outpatient registrations were above budget and prior year. Endoscopy, Lab, Imaging, Respiratory Therapy, Adult Rehab and Cardiac Rehab all were above budget and prior year. Observation days were at 332 (below prior year).

Patient revenue for February was \$70.6M. Total operating revenue for February was \$18.3M (above prior year and budget). Outpatient factor at 3.49 remained strong. Net to gross percentage was 25.9% on a budget of 26.3%. Uncompensated care (bad debt and charity combined) was \$4.2M. The percentage of gross revenue was 6%. Payer mix experienced a slight movement towards Medicare. The average length of stay [ALOS] for February was 5.1. Cash to net decreased to 93.3% and YTD at 98.3%. BMH funded \$1.5M into the micro hospital

land purchase. Days in AR improved slightly with gross days at 51.8 and net days at 41.7. February had less work days.

Expenses for February were at \$18.3M. Salary expenses came in on budget at \$7.4M; however, contract labor was higher than budget. FTE's were at 1,360. February's FTE/AOB was slightly higher than the budgeted 3.9. Benefit expenses remained consistent with budget. The Group Health expense was below \$1M. Supplies, on a net per adjusted admission, remained above budget and prior year. Purchased services increased due to terminating old BPP EMRs.

Net Income for February was \$580K (above budget and prior year). YTD net income was \$3.4M on a budget loss of (\$876K) and an actual budget variance of \$4.3M. Total EBITDA for February was \$1.3M for a 7.2% EBITDA and YTD EBITDA was \$7.3M on a budget EBITDA of \$3.8M. YTD actual to budget variance for net income was \$3.5M.

Days cash on hand decreased from 166 days to 162 days. The debt service on a rolling 12 months basis (TD Bank) was 6.51 on a target of 1.2. Debt to cap was 24.7% and cash to debt was 1.83.

Discussion ensued regarding cash on hand.

Mr. Miller stated that the audit report will be provided by Mike Kelly, CPA of Dixon Hughes Goodman, LLP [DHG] by phone at the April Finance Meeting and a final presentation will be made to the Board at the April meeting.

ADJOURN: The meeting adjourned at 8:07 a.m.

Respectfully submitted,

Bill Himmelsbach, Chair