

BEAUFORT MEMORIAL HOSPITAL BOARD OF TRUSTEES

FINANCE COMMITTEE – OPEN SESSION

Minutes – May 20, 2019

PRESENT: Bill Himmelsbach (Chair) (*by phone*); David Tedder; Dave House; Kathy Cooper; Kathryn McDonagh, Ph.D.; Stephen Larson, M.D.; Sarah Dyson; Russell Baxley; Paul Sommerville; Ken Miller; Karen Carroll; Brian Hoffman; Allison Coppage; Debbie Schuchmann; Chris Ketchie; Courtney McDermott; Laurie Martin; Cindy Gibson and Anna Sobiech

Absent: Bill Spearman, M.D

Guests: Kyle Youngblood, CFA, TD Private Client Group (*by phone*)

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

APPROVAL of MINUTES – April 22, 2019: Dr. McDonagh made a motion, which was seconded by Mrs. Cooper, to approve the minutes of the April 22, 2019 meeting. Unanimous approval.

Mr. Miller introduced Mr. Kyle Youngblood who was asked to provide an investment update. He provided an update on the returns, the future outlook on the program and the Treasury market. He also reviewed the yield curb on maturity and portfolio snapshot. Mr. Youngblood referenced the bonds currently owned with their maturity dates and the return on the market with current conditions (yields of maturity).

The Finance Committee requested annual updates. Mr. Youngblood ended the call.

Mr. Miller provided an update on DHG's [Dixon Hughes Goodman, LLP] First Quarter Report. Mr. Miller indicated that he will request DHG to address BMH's joint ventures in the Second Quarter Report. He indicated that the first quarter review resulted in a clean memo. Mr. Himmelsbach praised Mr. Miller for implementing the program and engaging the auditors on a quarterly basis.

FINANCIAL STATEMENTS

Mr. Miller provided highlights of the Financial Statements. He reported that April volumes were strong in outpatient and surgery. Acute discharges at 743 were on budget. Adult patient days at 3,276 were above prior year. Case mix improved to 1.64. Clinical documentation (nurses trained to code during inpatient status) is improving which in turn affects quality and revenue. Deliveries remained consistent at 69. Emergency Room visits were consistent at 4,224. Outpatient registrations were at 16,011 (several areas were above budget and prior year). April

surgical volumes at 816 were at a two-year high. Physician Practices volumes were high at 12,690.

Mr. Miller reviewed the graphs that were provided in the packet and indicated that inpatient discharges as well as ED stayed relatively consistent. Outpatient registrations showed a dramatic difference from the current year to last year. OR and Physician Practice office visits showed an upward trend. Office visits (which includes Express Care) increased as a result of new practitioners and surgeons.

Patient revenue for April was \$73.1M (above budget and prior year). Total operating revenue was \$19.5M (above budget and prior year). \$600K received from the Foundation contributed to the operating revenue. Net to gross percentage decreased slightly from 27.3% to 26.7%. Net revenue per adjusted admission was \$7,555 on a budget of \$7,363 and prior year at \$7,101. Total uncompensated care for April was \$3.4M on an average of \$4.3M. Payer mix experienced a shift from Medicare to self-pay, BlueCross and Tricare. Cash collections were strong for the month. Cash to net was 110.8% of the average. Gross days in AR decreased from 47.8 to 47.2. Year-to-date [YTD] cash was 102.7%.

Expenses for April were \$19.5M. Salaries expenses were \$7.7M on a budget of \$7.6M. Contract labor remained consistent (just under \$200K). April experienced a slight decrease in FTEs [full time employees] from 1,338 to 1,305. Supplies remained high at \$4.3M (driven by chemotherapy drugs and implant supplies).

Net Income for April was \$1.4M and YTD at \$6M. Total EBITDA for April was \$2.2M for a 10.4% EBITDA and YTD EBITDA was \$11.4M. YTD actual to budget variance for net income was \$6.1M.

Days cash on hand increased to 173.3 days. The debt service on a rolling 12 months basis (TD Bank) was 6.47 on a target of 1.2. Debt to cap was 24.5% and cash to debt was 1.95.

Mr. Tedder requested metrics for current fiscal year implants and chemotherapy (track volumes). Mr. Miller will provide an estimated calculation using cost of charge ratio.

Mr. Baxley provided information regarding the roll-out of the free Apple Watch Program (Apple/Zimmer). He indicated that this is no-cost wearable technology for total joint patients that will be provided to them 45 days pre-surgery. The interactive tool can communicate various reminders, etc. At the 90-day post-surgery marker, patients can either purchase or return the watch.

ADJOURN: The meeting adjourned at 8:47 a.m.

Respectfully submitted,

Bill Himmelsbach, Chair