

BEAUFORT MEMORIAL HOSPITAL BOARD OF TRUSTEES

FINANCE COMMITTEE – OPEN SESSION

Minutes – September 23, 2019

PRESENT: Dave House; Kathy Cooper; Stephen Larson, M.D.; Dick Bradbury (Foundation Designee & Proxy for Sarah Dyson); Russell Baxley; Ken Miller; Karen Carroll; Brian Hoffman; Allison Coppage; Debbie Schuchmann; Chris Ketchie; Shawna Doran; Courtney McDermott; Paul Sommerville; Cindy Gibson and Anna Sobiech

Absent: Bill Himmelsbach (Chair); Kathryn McDonagh, Ph.D.; Bill Spearman, M.D; David Tedder; Daniel Mock; Kurt Gambla, D.O.

CALL to ORDER: Mr. House called the meeting to order on behalf of Mr. Himmelsbach at 7:31 a.m.

APPROVAL of MINUTES – August 26, 2019: Mrs. Cooper made a motion, which was seconded by Dr. Larson, to approve the minutes of the August 26, 2019 meeting. Unanimous approval.

FINANCIAL STATEMENTS

Mr. Miller provided highlights of the Financial Statements. He indicated that August was a strong month. Volumes were mixed – OP, surgeries, deliveries and physician office visits experienced an increase from the prior month while emergency room visits decreased to 4,173. Acute discharges increased to 767. Outpatient registrations slightly decreased to 16,050 (above budget and prior year). Observation days decreased to 478 (still above budget and prior year). Surgical volumes in August experienced an increase from 826 to 869. Beaufort Physician Practices volumes experienced another increase to 19,619 (third highest month).

Patient revenue was \$73.9M (above prior year and budget). Total operating revenue was \$20.2M. Net to gross stayed relatively low at 27.3%. Total uncompensated care experienced a large increase to \$5.4M (based on discussions with Dixon Hughes Goodman, LLP [DHG] relating to the failure rate of Medicaid reimbursement and that shift to self-pay/bad debt). Cash to net for August decreased to 94.4%. Gross days in AR remained at 48.3 and net days increased from 34.6 to 35.7.

August expenses were \$20.2M. Salary expenses decreased to \$7.7M while contract labor increased significantly to \$205,434 (behind in contract labor accruals). FTEs [full time employees] increased to 1,340 (an increase from prior year). Benefits expenses remained consistent at \$2.6M.

Supplies were at \$4.2M (driven by implant costs for orthopedics). Other expenses remained above budget partially due to the Radiation Oncology joint venture.

Net income for August was \$1M (\$1.2M above budget but slightly below prior year of \$1.1M). YTD [Year-to-date] net income was \$11.5M (\$2.4M above budget and \$6M above prior year). Total EBITDA for August was \$1.8M for a 8.6% EBITDA and YTD EBITDA was \$20M. YTD actual budget variance for net income was \$5.4M.

All metrics were met. Days cash on hand was 178.4 days. The debt service on a rolling 12 month basis (TD Bank) was 7.53 on a target of 1.2. Debt to cap was 22.3% and cash to debt was 1.99. August was another strong month.

MOTION to go INTO EXECUTIVE SESSION: A motion was made by Mrs. Cooper to go into Executive Session at 7:47 a.m. for the purpose of discussing financial matters and contractual obligations. The motion was seconded by Dr. Larson and unanimously approved.

MOTION to go INTO OPEN SESSION: A motion was made by Mrs. Cooper to go into Open Session at 8:16 a.m. The motion was seconded by Dr. Larson and unanimously approved.

Approval of the Final Reading Budget: Mrs. Cooper made a motion which was seconded by Dr. Larson for the Finance Committee to recommend adoption of the 2020 budget to be approved by the Full Board. Unanimously approved.

ADJOURN: The meeting adjourned at 8:19 a.m.

Respectfully submitted,

Bill Himmelsbach, Chair