

# BEAUFORT MEMORIAL HOSPITAL BOARD OF TRUSTEES

## FINANCE COMMITTEE – OPEN SESSION

Minutes – February 24, 2020

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

Absent: Shawna Doran; Bill Spearman, M.D.; Courtney McDermott

**CALL to ORDER:** Mr. Himmelsbach called the meeting to order at 7:31 a.m.

**APPROVAL of MINUTES – January 27, 2020:** Mr. Tedder made a motion, which was seconded by Mrs. Cooper, to approve the minutes of the January 27, 2020 meeting. Unanimous approval.

**DHG Audit Update/QI Memo** – Mr. Miller provided an overview of the quarterly audit (from October 2019 through December 2019) and indicated that having quarterly reviews were best practice. Contractuals and bad debt decreased by one percentage point. The quarter experienced a slight improvement in payor mix. Credit balances were relatively consistent. A decrease in self-pay balances was offset by an increase to Medicare and Medicaid payors. Cash collections continue to support net revenue. The auditors continue to review fixed assets and the joint ventures every quarter. *Mr. Himmelsbach questioned the cost of the quarterly reviews.* Mr. Himmelsbach indicated that with management's oversight, strategies and expense controls are coming together.

### FINANCIAL STATEMENTS

Mr. Miller reported that volume analysis remained above budget and prior year. Acute discharges were 775. Adult patient days for January were 3,552. The case mix index [CMI] increased to 1.65 from 1.57 and 1.51 prior year. The CMI is the average DRG [diagnosis-related group] relative weight of a hospital's inpatient discharges, calculated by summing the Medicare severity diagnosis for each discharge patient and then dividing the total by the number of discharges. A discussion ensued regarding clinical documentation and coding. The CMI on an adjusted ALOS [average length of stay] was at 2.77 on a budget of 2.81. Deliveries increased. Emergency room visits decreased to 4,405 (below budget and prior year). Outpatient registrations for January were 17,263, which was slightly below budget but above prior year. Observation days were 460. Surgical volumes at 887 experienced a strong surge (above budget and prior year). Beaufort Physician Partners improved to 21,818 which was slightly below budget but above prior year. A discussion ensued regarding volumes and then the six patients with long length of stay at BMH.

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Patient revenue for January was \$77.4M, which was above budget and prior year. Total operating revenue for January was \$22.5M. Net to gross decreased to 27.4% (below prior month). Total uncompensated care was low at just under \$3M. Payor mix experienced a decrease in Commercial, Blue Cross, and Medicaid due to a shift to Medicare. Year-to-date [YTD] cash to net was 102.5% or \$1.8M above the 30-day goal. AR days increased slightly from December to January.

Expenses increased to \$21.2M compared to \$20M in the prior month. Salaries increased to \$8.4M (below budget but above prior year). Contract labor for January remained above \$300K. Supplies increased considerably by \$800K (from \$3.8M to \$4.6M). Results of the increases were in orthopedic implants and chemo drugs. Discussions ensued regarding chemo drugs.

Discussions ensued regarding nurse recruitment.

Net income for January was \$1.3M and YTD was \$5.3M (\$5M above budget and \$2.5M above prior year). Total EBITDA for January was \$2.1M and YTD EBITDA was \$8.6M. The actual to budget variance was \$5M and the prior year EBITDA variance was \$2.5M

Covenants improved for January except debt to cap. Days cash on hand was 171.7. The debt service on a rolling 12 month basis (TD Bank) was 7.90 on a target of 1.2. Debt to cap was 21.1% and cash to debt was 2.12.

A discussion ensued regarding the capital budget and various projects. Followed by a discussion on the article that was included in the packet.

Mr. Himmelsbach expressed appreciation for Mr. Tedder's service on the Board and various committees throughout the many years.

**ADJOURN:** The meeting adjourned at 8:22 a.m.

Respectfully submitted,

Bill Himmelsbach, Chair