

**BEAUFORT MEMORIAL HOSPITAL BOARD OF TRUSTEES
MEETING BY WEBEX (DUE TO COVID-19)**

FINANCE COMMITTEE – OPEN SESSION

Minutes – May 18, 2020

Mr. Miller took roll call at 7:30 a.m.

By Webex: Kathryn McDonagh, Ph.D. (Chair); Bill Himmelsbach; Kathy Cooper; Dave House; Richardson LaBruce; Hampton Long (Foundation); Stephen Larson, M.D.; Bill Spearman, M.D.; Debbie Schuchmann; Courtney Smith; Daniel Mock; Cindy Gibson; Allison Coppage

Present: Russell Baxley; Ken Miller; Karen Carroll; Brian Hoffman; Chris Ketchie; Kurt Gambla, D.O.; and Anna Sobiech

CALL to ORDER: Dr. McDonagh called the meeting to order at 7:34 a.m.

APPROVAL of MINUTES – April 20, 2020: Mr. Himmelsbach made a motion, which was seconded by Mrs. Cooper, to approve the minutes of the April 20, 2020 meeting. Unanimous approval.

Dr. McDonagh indicated that April was challenging due to the pandemic. Two major factors contributed to the financials: the addition of the Federal CARES Act Provider Funding in April in the amount \$5M and a \$7M infusion of funds for May; secondly, the excellent management of the BMH Senior Team to control expenses and challenges. On behalf of the Board, Dr. McDonagh thanked the entire team and staff of the Hospital for doing a great job.

FINANCIAL STATEMENTS

Mr. Miller provided highlights of the Financial Statements. He reported that COVID-19 had major impacts on volumes ranging from 50-60%. He referenced the volume charts that were included in the packet, indicating significant volume drops to a two year low with the exception of deliveries which were at 88. Acute discharges were 516. Adult patient days were 2,464 for April. Emergency Room Visits were 2,258 and outpatient registrations were 8,998. Observation days were 229. Surgical volumes were at 229 (impacted by COVID-19).

Patient revenue for April was at an all-time low of \$44M. Total operating revenue for April was \$17.9M which included the \$5M from the CARES Act (below budget and prior year). Net to gross increased to 28.3%. Total uncompensated care for April declined to \$2.6M (both bad debt and charity combined) or 5.9% of gross revenue. April cash collections struggled at 91.3% (partially due to staff working reduced hours). YTD cash to net was 100.2% or \$1.6M above the 60 day goal. AR days were mixed with gross days increased and net days decreased (revenue cycle also affected by COVID-19).

Expenses for April were well managed with salary expenses declining to \$6.8M. Contract labor increased to \$431K (primarily due to lagging invoices). Supply costs decreased from \$3.9M to \$3.1M (primarily due to a decrease in surgical implants and drugs relating to drops in volume).

Net income for April was \$20K and YTD was \$6M (\$5.4M above budget). Total EBITDA for April was \$863K (under budget) and YTD EBITDA was \$11.7M (above budget).

Covenants were mixed for April. Days cash on hand increased to 187.8 (due to CARES Act). The debt service on a rolling 12 month basis (TD Bank) was 7.17 on a target of 1.2. Debt to cap was 21.1% and cash to debt was 2.27.

Discussion ensued regarding COVID-19 and the infusion of funds and data compilation. *Mr. Himmelsbach requested that once a month BMH spotlight a particular manager and the workforce that contributed to the COVID-19 team effort.*

Line of Credit: Dr. McDonagh provided an update indicating that a motion was taken at the last board meeting to initiate the line of credit. Mr. Baxley indicated that the next step is to present this to Beaufort County Council for approval. Additional updates will be provided to this committee as this proceeds. Additional discussions are needed with Bond Counsel and Legal Counsel regarding the legal assessment of BMH's status within the SC Hospital District.

Budget planning for 2021 will occur after the close of June financials and the strategic plan will be revised and updated in concurrence with the budget planning.

Dr. McDonagh referenced the articles that were included in the finance packet. Mr. Baxley provided BMH statistics on COVID-19 and discussions ensued regarding testing prior to elective surgeries.

ADJOURN: The meeting adjourned at 8:15 a.m.

Respectfully submitted,

Kathryn McDonagh, Ph.D., Chair