

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

FINANCE COMMITTEE – OPEN SESSION

Minutes – February 22, 2021

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

By Zoom: Kathryn McDonagh, Ph.D. (Chair); Dave House; Bill Himmelsbach; Richardson LaBruce; Allison Coppage; Courtney McDermott; Cindy Gibson; Hampton Long (Foundation); Brian Hoffman; Courtney Smith; Daniel Mock; Chris Ketchie

Present: Stephen Larson, M.D.; Russell Baxley; Kurt Gambla, D.O.; Ken Miller; Karen Carroll; Shawna Doran and Anna Sobiech

CALL to ORDER: Dr. McDonagh called the meeting to order at 7:30 a.m.

APPROVAL of MINUTES – January 25, 2021: Dr. Larson made a motion, which was seconded by Mr. Himmelsbach, to approve the minutes of the January 25, 2021 meeting. Unanimous approval.

Dr. McDonagh referenced the one agenda item which is to review the financial statements for January. She indicated that BMH continues to implement the growth strategy (consistent with the strategic direction), and monitor growth expenses during this very challenging year in the midst of the pandemic.

FINANCIAL STATEMENTS

Mr. Miller indicated that January had been a challenging month. Volumes were somewhat strong but mixed from budget and prior year. Acute discharges were at 737 (below prior year). Adult patient days were 3,462. The case mix [CMI] at 1.69 was an improvement from prior year. Deliveries were at 94. Emergency room visits increased to just under 3,500. Mr. Miller referenced the graphs that were included in the packet. Observation days decreased in January. A discussion ensued after review of the surgical volume graph (showing trends).

Revenue for January was \$76.4M. Total operating revenue for January was \$20.8M. Net to gross decreased to 26.5% primarily due to increased uncompensated care (charity and bad debt at \$5.1M or 6.6% of gross revenue). Cash collections declined to 93.4% and YTD at 98.1% or (\$1.5M) below the 60-day goal or (\$3.3M) below the 30-day goal. Gross days and net days were strong. BMH continues to have weekly revenue cycle meetings.

Expenses increased to \$22.1M. Salary expenses increased to \$8.7M. Contract labor remained consistent at slightly over \$300K. Benefits increased to \$3M partially due to healthcare benefits and the addition of providers and employees hired. Supplies decreased to \$4.3M. Drug costs increased by \$200K. BMH continues to have monthly meetings on infusion therapy. Purchased services at \$2.2M were driven by Quest Lab. IT fees were incurred to improve BMH's virtual system. The interest in the amount of \$190K in January includes a bond one-time pay off fee for Regions Bank.

January experienced a net loss of (\$1.2M) and YTD net loss of (\$2.8M) with a variance of (\$8.1M) from prior year. Total EBITDA was a loss at (\$265K). YTD EBITDA was \$878K.

Debt service coverage will no longer be calculated, nor will the debt to cap or debt due as a result of bond payoffs. Mr. Miller indicated that 90 days has been set as the new goal for days cash. Mr. Miller will research what AA and AAA ratings would be. Days cash on hand for January was 95.2. The decline from prior month is related to the bond payoffs.

Mr. Miller provided an overview of the HHS Cares Act and the expectation on reporting. He indicated that BMH continues ongoing discussions with Dixon Hughes Goodman, LLP [DHG]. Discussions ensued regarding pharmaceutical drug costs. Mr. Baxley provided an update on vaccine allocations and, in particular, the Moderna vaccine.

A discussion ensued regarding the Okatie Pavilion. Mr. Baxley provided an overview on the ancillary services and overall volume growth relating to the physician clinic, Infusion Center, General Surgery, GI, Cardiology, and the Express Care Clinic.

ADJOURN: A motion was made by Mr. Himmelsbach and seconded by Dr. Larson to adjourn the meeting. Unanimous approval. The meeting adjourned at 8:08 am.

Respectfully submitted,

Kathryn McDonagh, Ph.D., Chair