

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

FINANCE COMMITTEE – OPEN SESSION

Minutes – May 24, 2021

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

By Zoom: Kathryn McDonagh, Ph.D. (Chair); Bill Himmelsbach; Richardson LaBruce; Allison Coppage; Courtney McDermott; Brian Hoffman; Daniel Mock; Shawna Doran; Debbie Schuchmann

Present: Dave House; Stephen Larson, M.D.; Russell Baxley; Ken Miller; Karen Carroll; Kurt Gambla, D.O.; Chris Ketchie; Courtney Smith; and Anna Sobiech

Absent: G. Heath Simmons, M.D.; Angela Simmons, Ed.D.

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

APPROVAL of MINUTES – April 26, 2021: Mr. LaBruce made a motion, which was seconded by Mr. House, to approve the minutes of the April 26, 2021 meeting. Unanimous approval.

DHG Memo: Dr. McDonagh indicated that DHG [Dixon Hughes Goodman, LLP] BMH's external auditors provided a quarterly review as supplemental observations and information which supports the full financial audit. Their comments were positive. Mr. Miller provided an overview of the bullet points. He highlighted the last bullet point indicating that BMH's cash collections support the methodology. A brief discussion ensued.

Dr. McDonagh indicated that April was gaining momentum with a net profit of \$1.6M and management's financial control during these trying times.

FINANCIAL STATEMENTS

Mr. Miller indicated that April was a strong month. Acute discharges were at 635 (above budget). Psychiatric discharges were 33. Rehab discharges were at 27 (above budget). Adult patient dates were 2,925. Case mix (CMI) increased slightly to 1.75. Deliveries were 82. Emergency room visits increased to 3,602. Outpatient registrations were 16,877. Observation days were 475. Metrics for April were above budgeted volumes. Surgical volumes declined slightly to 848. Beaufort Physician Practices were strong for April at 19,744, however, below budget. Express care visits were 1,052 at Beaufort, 399 at Okatie and 617 in Bluffton. Mr. Miller referenced the graphs for April. ER visits trending upward. Outpatient registrations were above budget and prior year. April was a strong month for OR cases.

Revenue for April was \$78.9M. Total operating revenue for April was \$23.3M on a budget of \$19.8M. Net to gross was strong at 28.3% as a result of lower uncompensated care. BMH received \$500K as a capital payback from the Foundation. Uncompensated care was \$2.3M or 3% of gross revenue (decrease due to GEAR payments). Cash collections for April were strong at \$22.6M or 105.4% of the goal. YTD actual was at 101.7% or \$2.4M above the 60-day goal

and 99.99% or \$8K below the 30-day goal. AR days dropped slightly. Net days decreased from 36.3 to 35.1. Mr. Miller indicated that BMH received a response from the OCR indicating that there will be no further action and no monetary penalty (\$2.1M will be relieved from the reserve). Mr. Miller recognized Allison Coppage for her work with the attorneys in resolving this.

Expenses for April were \$21.7M on a budget of \$10.3M (volume related). Salary expenses were \$8.3M. Contract labor decreased by \$100K. Healthcare benefits experienced an increase to \$1.3M. Supply costs decreased to \$4.3M.

April experienced a net profit of \$1.6M and YTD [year-to-date] profit of \$1.8M (\$1.6M short of budget and short \$4.2M from prior year). Total EBITDA was \$2.5M and YTD EBITDA was \$8.1M (\$1.6M short of the goal). Day cash increased slightly (by half a day). Mr. Miller reported that no additional information had been received relating to the Cares Act funding. Mr. Miller reviewed the estimated cash surplus report for 2021. *Mr. House requested a monthly analysis of capital expenditures.* A brief discussion ensued regarding robotics. Mr. Baxley provided statistics relating to the Okatie Medical Office Building. *Mr. House requested a monthly quantitative report relating to the Okatie Medical Office Building.*

A discussion ensued relating to the Cares Act funding. Mr. Miller indicated that the portal opened but only to register – information cannot be entered. He indicated that BMH is working with Beaufort County to research other funding sources such as with the ARPA [American Rescue Plan Act] for capital projects (such as OR renovations, cath lab, day care and potential green projects).

A discussion ensued regarding days cash. BMH is considering renewing the line of credit for an additional year (as it is a non-revolving line of credit).

Mr. Baxley provided a brief COVID update. BMH is still providing vaccines three days a week at the Port Royal Vaccine Clinic. He indicated that discussions are ongoing with the school system.

A discussion ensued regarding the rehab unit and the addition of four beds versus expanding mental health (per the industry projections indicating the need going up for both inpatient and outpatient).

Mr. Baxley provided an update on Johnson Controls.

Dr. McDonagh referenced the attached article, “The Changing Business Principles of American Healthcare.”

ADJOURN: A motion was made by Mr. Himmelsbach and seconded by Mr. House to adjourn the meeting. Unanimous approval. The meeting adjourned at 8:10 am.

Respectfully submitted,

Kathryn McDonagh, Ph.D., Chair