

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

FINANCE COMMITTEE – OPEN SESSION

Minutes – June 28, 2021

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

By Zoom: Kathryn McDonagh, Ph.D. (Chair); Dave House; Richardson LaBruce; Hampton Long; Angela Simmons, Ed.D.; Allison Coppage; Courtney McDermott; Brian Hoffman; Shawna Doran; Debbie Schuchmann; Russell Baxley; Chris Ketchie; Cindy Gibson

Present: Bill Himmelsbach; Stephen Larson, M.D.; Ken Miller; Karen Carroll; Courtney Smith; and Anna Sobiech

Absent: G. Heath Simmons, M.D.

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

APPROVAL of MINUTES – May 24, 2021: Mr. LaBruce made a motion, which was seconded by Mr. Himmelsbach, to approve the minutes of the May 24, 2021 meeting. Unanimous approval.

Dr. McDonagh indicated that May revealed a strong financial performance.

FINANCIAL STATEMENTS

Mr. Miller indicated that May was another strong month. All admissions were strong, however below budget and prior year, except for psych. Acute discharges were 589. Psych discharges were 33. Adult patient days were 3,131. Deliveries were at 83 (below budget). Emergency room visits were 3,918 (a four-month trend of increasing). Outpatient registrations were relatively strong at 16,901. Observation days were 485. Surgical volumes improved to 919 from prior month at 848. Beaufort Physician Practices were 19,649. Express care volumes in Beaufort were 1,186; in Okatie were 499; and Bluffton were 634 (last year Bluffton was at 525, budget was 1,000). Mr. Miller explained that the express care budget was set higher per the expectation that volumes would rebound quicker.

Mr. Miller indicated that following volume, patient revenue for May was strong at \$80M. Total operating revenue for May was \$24.1M (above budget and prior year). Net to gross decreased to 26.9%. Non-operating revenue for May was \$2.6M. Due to a self-reported HIPAA concern, \$2.1M was reserved as a liability (non-cash) and then reversed after being officially cleared by OCR. The non-operating revenue for prior year also included \$8.2M from the CARES Act funds. Net to gross uncompensated care increased from \$2.3M to \$4.5M or 5.6% of gross revenue. Cash collections decreased to 87.6% of the two-month net revenue average. The goal was \$22.7M. Year-to-date [YTD] actual was \$99.7% or \$418K below the 60-day goal and \$2M below the 30-day goal. AR days increased with gross days from 51.6 to 54.4 and net days increased from 35.1 to 37.4.

May expenses totaled \$21M. Salary expenses were \$8.4M on a budget of \$9M. Contract labor increased to \$544K in May. Supply costs decreased to \$3.7M. BMH is working diligently to lower contract labor. Weekly meetings are held regarding PPEs - usage is declining due to COVID declining. BMH is still struggling with supply chain.

May experienced a net profit of \$3.1M and YTD profit of \$4.9M with an actual to budget variance of \$1.1M above budget; however, variance from prior year was (\$9.7M). Total EBITDA was \$4M and YTD EBITDA at \$12.1M (\$1M above expected). The actual to prior year EBITDA variance was (\$9.1M).

Days cash went from 101.5 to 103.2. The calculation was changed in May primarily due to bond debt covenants were written. Mr. Miller clarified that days cash includes companies: 1 – hospital; 2 – physician practices; and 3 – Broad River. Telehealth is running through Physician Practices. Mr. Miller indicated that if HHS funds would be returned, BMH would account for 27 days cash. HHS CARES funding remains unclear. Dixon Hughes Goodman [DHG] is unclear of guidance. The HHS portal is currently only open for registration. A brief discussion ensued regarding opportunities for revenue directly related to COVID.

Mr. Miller provided a brief summary of the capital projects report. He referenced some of the items that were crossed out and provided an explanation.

A discussion ensued regarding a potential surge with COVID with different variants and the concern for a surge in fall and colder weather. The topic of booster shots was brought up; however, Dr. Larson indicated that there is no information at this time.

Dr. McDonagh referenced the two articles that were provided in the finance packet.

ADJOURN: A motion was made by Mr. Himmelsbach and seconded by Dr. Larson to adjourn the meeting. Unanimous approval. The meeting adjourned at 7:55 am.

Respectfully submitted,

Kathryn McDonagh, Ph.D., Chair