

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

**FINANCE COMMITTEE – OPEN SESSION**

**Minutes – August 23, 2021**

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

**By Zoom:** Richardson LaBruce; Bill Himmelsbach; Stephen Larson, M.D.; Hampton Long; Angela Simmons, Ed.D.; Cindy Gibson; Courtney McDermott; Debbie Schuchmann; Courtney Smith; Allison Coppage; Chris Ketchie

**Present:** Dave House (Chair); Russell Baxley; Ken Miller; Kurt Gambla, D.O.; Karen Carroll; and Anna Sobiech

**Absent:** G. Heath Simmons, M.D.

**CALL to ORDER:** Mr. House called the meeting to order at 7:30 a.m.

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

**FINANCIAL STATEMENTS**

Mr. Miller indicated that July did not compare to August (most of the volumes were down). Acute discharges were 650 (below budget and prior year). Adult patient days were 2,916. Case mix increased slightly to 1.57 and year to date [YTD] at 1.68. Deliveries for July were at 75. Emergency room visits increased to 4,074. Outpatient registrations were relatively steady at 18,134. Surgical volumes dropped to below 800 at 742. Beaufort Physician Practices were at 20,464 (below budget; however, above prior year). Express care volumes in Beaufort were 1,557; for Okatie at 650; and Bluffton at 862.

Patient revenue for July was down at \$80.4M. Total operating revenue for July was \$22.6M (lower than prior month; however, unfluctuating to the prior nine-month average which was \$22.4M). Net to gross percentage decreased to 26.9%. The YTD net to gross was at 28.9% which was primarily due to uncompensated care. Uncompensated care for July increased to \$4.1M or 5.2% of gross revenue. The average for the prior nine months was \$3.3M. Cash collections for the month were 101.5% and YTD at 101.2% or \$2.5M for the 60-day goal; 100.2% or just under \$500K for the 30-day goal. Gross days increased to 56.1 (two-day increase) with a two-day increase in net days. Staffing challenges are experienced in both the clinical and non-clinical settings.

Salary expenses increased to \$8.9M (the YTD average has been \$8.5M) primarily due to a bonus accrual. Contract labor increased in July to \$541K. Benefits costs increased to \$2.9M due to increase in group health in the amount of \$277K (primarily due to an increase in IBNR). Supply costs increased (primarily relating to Chemo drugs and bookings for inventory drove the increases).

July experienced a net loss of (\$700K). The YTD net profit was \$7M which was above plan by \$2.2M; however, below prior year by (\$9.6M). The total EBITDA for July was \$200K. YTD EBITDA was \$16.1M or \$2.2M above plan; however, below prior year.

Days cash improved by two days. The CARES money remains in the numbers as referenced in the Estimated Cash Surplus 2021 report. Assuming BMH returns \$1.9M to MUSC and slightly over \$18M to HHS, plus just under \$7M committed capital, BMH would be left with 70-days cash on hand. Days cash for one day is just under \$700K.

A brief discussion ensued regarding August volumes.

CARES Update: Mr. Miller indicated that BMH has until the end of September to submit information into the portal and is currently working on collecting the information. BMH is working closely with Dixon Hughes Goodman, LLP [DHG] on a single audit and is scheduled to meet with them tomorrow. BMH anticipates the entries to be made into the portal before the end of the week. \$18M has been reserved (conservative). Mr. Miller will update the Board and Finance Committee once the information is entered into the portal (expenses which are solid are just under \$2M).

Line of Credit: Mr. Miller indicated that his conversations with Kathleen C. McKinney - Haynsworth Sinkler Boyd P.A. (Bond Counsel) who was of the opinion that because BMH did not draw any dollars from the line of credit, it would not be necessary to seek County Council's re-approval to reapply; however, BMH would notify County Council of its intention and provide an amendment. The fee for a one-year line of credit is expected to remain the same. BMH will continue to work with Ms. McKinney on documents and will bring them to the Committee.

Lease Accounting/GASB 87: Mr. Miller provided an overview and indicated that the lease accounting will Begin October 1, 2021. BMH has purchased software, at the recommendation of DHG, (preferred vendor was LeaseQuery Accounting Software). Cindy Gibson, Director of Finance, summarized the effects of GASB 87 on BMH. She indicated that all of the BMH leases will be turned into finance leases. There will be no distinction between operating and capital. Short term leases and any leases that transfer ownership will be excluded. She explained the impact of the balance sheet versus the income statement. Interest expense will be reflected on the entry that would otherwise not be seen. A discussion ensued.

**ADJOURN:** A motion was made Mr. Himmelsbach and seconded by Mr. LaBruce to adjourn the meeting. Unanimous approval. The meeting adjourned at 8:14 am.

Respectfully submitted,

Dave House, Chair