

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

FINANCE COMMITTEE – OPEN SESSION

Minutes – October 25, 2021

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

By Zoom: Vernita Dore (Chair); Dave House; Richardson LaBruce; Hampton Long; Stephen Larson, M.D.; Angela Simmons, Ed.D.; G. Heath Simmons, M.D.; Brian Hoffman; Shawna Doran; Chris Ketchie; Cindy Gibson; Courtney McDermott; Debbie Schuchmann; Courtney Smith; Allison Coppage

Present: Bill Himmelsbach; Paul Sommerville; Russell Baxley; Ken Miller; Karen Carroll; Kurt Gambla, D.O.; Dee Robinson and Anna Sobiech

CALL to ORDER: Mrs. Vernita Dore called the meeting to order at 7:30 a.m.

APPROVAL of MINUTES – September 27, 2021: Mr. Himmelsbach made a motion, which was seconded by Mr. LaBruce, to approve the minutes of the September 27, 2021 meeting. Unanimous approval.

Line of Credit – Mr. Miller indicated that the signed Line of Credit document was sent to Regions. BMH is waiting to receive the fully executed \$20M non-revolving line of credit document which is an amendment to the prior year's document. The current interest rate is LIBOR plus one (LIBOR will eventually be eliminated – unclear what the replacement will be).

CARES Update – Mr. Miller indicated that the data for the first reporting period for the \$12.7M funding was submitted. BMH has attested to slightly over \$9M and paid back \$3.4M. The deadline to use the third payment of funds in the amount of \$7.1M is December 21, 2021. Reporting on this is scheduled for March 22, 2022. The stage four application will be submitted today (after communicating closely with Dixon Hughes Goodman LLP [DHG]). The deadline is tomorrow (October 26, 2021). A brief discussion ensued regarding CARES auditing. Mr. Miller referenced the financials and the \$11M in salaries (\$1M was related to the August hazard payout and \$1M accrual for the September hazard pay/line staff exposure to Covid).

FINANCIAL STATEMENTS

Mr. Miller indicated that the focus will be on year end. In summary, BMH experienced a good year. He referenced the graphs that were included in the finance packet. Most of the volumes for September were relatively strong; however, below prior month. Acute discharges for the year were 8,465 and prior year were at 8,447. Mental health discharges at 396 and rehab discharges at 289 were both below prior year. Adult patient days were 38,245. Case mix increased from prior year at 1.66. The CMI ALOS [adjusted length of stay] was 2.72 (below the budget of 2.81 and also below prior year). Deliveries for September were at 109 (a record high) and were at 1,029 for the year (somewhat consistent with prior year). Emergency room visits were at 43,395 (slightly below prior year at 43,986). Outpatient registrations were strong at 209,375 and prior year at 181,790. Five areas experienced the most growth: lab, most imaging in outpatient, cath lab, pediatric and orthopedic rehab and wound care. Observation days

increased to 5,782. Surgical volumes were also extremely strong at 9,917 (about 9% improvement over prior year). The three areas that experienced the greatest growth: Ophthalmology, Orthopedics and Urology. Beaufort Physician Practices also experienced strong outpatient growth at 252,674 from prior year at 228,575. The areas that experienced most growth were: Express Care Bluffton, May River Med Oncology, Primary Care Bluffton and Surgical Specialist.

Patient revenue for the year was strong at \$941.7M compared to previous year. Total operating revenue for the year was \$261.4M (slightly under budget; however, an improvement from prior year at \$235.5M). BMH recognized the CARES funds. Net to gross percentage decreased from 28.8% prior year to 27.8% this year, although right on budget. Mr. Miller referenced the graph for uncompensated care and indicated that the percentage this year at 4.7% remained consistent with prior year. Uncompensated care, the combination of bad debt and charity, was \$44.3M for this year versus \$38.7M for the prior year. Cash collection for September did not reach the goal; however, both targets were reached: the two-month net revenue average was 101.7% or \$4.2M above the goal; and exceeded the 30-day goal at 100.8% or \$2M above goal. AR days increased slightly. Gross days increased from 55.6 to 56.7. Net days increased by one day. Mr. Miller noted the payor mix movement from Blue Cross/Commercial to Medicare programs.

Expenses for the year were at \$267.2M (slightly over budget) and prior year at \$239.8M (a \$27.4M increase). Contract labor and salaries increased in September. BMH struggled with contract labor this year: \$5.7M for contract labor this year versus \$4.1M prior year. A brief discussion ensued regarding contract labor. Benefit costs were at \$31.4M this year versus \$27.4M prior year (primarily due to group health costs). Supply costs increased slightly over \$6.7M from prior year: \$51.7M this year versus \$45M prior year (primarily due to joint implants). Drug costs increased. Purchased services increased primarily due to accruals due in September.

Year-to-date [YTD] net profit was \$11.9M (above budget by \$6.2M and above prior year by \$6.3M). YTD EBITDA was \$22.8M (above budget by \$6.2M and above prior year by \$7.1M).

Days cash experienced a slight decrease from 110.2 days to 107.7 days. Mr. Miller indicated that it is expected for cash to decrease in October due to: joint venture payout to MUSC, CARES refund and three salary pay periods in October. Mr. Miller referenced and reviewed the estimated cash surplus.

Mr. Miller reminded the Committee that October's financials will take into account the GASB rule for lease accounting. He also explained that the audit will contain an additional calculation under the GASB rule. In addition, Dixon Hughes Goodman LLP [DHG] will be working on a single audit process due to the CARES funds.

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

Respectfully submitted,

Vernita Dore, Chair