

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

FINANCE COMMITTEE – OPEN SESSION

Minutes – November 22, 2021

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

By Zoom: Richardson LaBruce; Hampton Long; Stephen Larson, M.D.; G. Heath Simmons, M.D.; Brian Hoffman; Shawna Doran; Cindy Gibson; Courtney Smith; Allison Coppage

Present: Vernita Dore (Chair); Dave House; Bill Himmelsbach; Paul Sommerville; Russell Baxley; Ken Miller; Karen Carroll; Kurt Gambla, D.O.; Dee Robinson and Anna Sobiech

Guests: Jane Kokinakis, D.O.; Eric Billig, M.D.

Absent: Angela Simmons, Ed.D.

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

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

DHG Review Statement of Work for Fiscal Year 2021 Audit – Mr. Mike Kelly and Ms. Kelly Smith of Dixon Hughes Goodman, LLP [DHG] were participating by Zoom. Mr. Kelly indicated that the focus would be on the timeline and procedures of the 2021 audit and to allow the committee to ask questions. Ms. Smith referenced the pre-audit communication that was included in the finance packet. She provided background information on the services provided and indicated that the audit of the combined financial statements will include a single audit (a federal compliance audit over federal grant programs which will include the Cares Act Funds). DHG will provide reimbursement advisory services, perform additional services as needed specific to provider releasing funds and guidance associated with Cares Act Funds and also working with management on implementing a new lease standard. Ms. Smith reported on the timeline of the audit indicating that draft reports will be provided to management, absent the state pension adjustment. Ms. Smith indicated that DHG does not expect issues relating to the use of the Cares Act Funds due to working closely with BMH management and BMH's recording the use of funds. New areas of assessment by management will be reviewed by DHG: net pension reliability and the related balances; the Cares Act recognition and reporting; and the joint venture accounting and internal controls. Ms. Smith reviewed two new accounting audit developments: GASB Statement #87 (relating to leases) and GASB Statement #89 (relating to interest costs incurred before the end of construction projects). It was clarified that GASB #87 can be applied retrospectively for the FY2022 audit. Mr. Kelly asked the committee if there were any concerns regarding fraud. He indicated that the committee could contact DHG with any concerns or questions. After the audit update concluded, Mr. Kelly and Ms. Smith exited the Zoom meeting at 7:45 a.m.

CARES Update: Mr. Miller indicated that BMH completed the stage four application for the Cares funds. It is unclear how the funds will be disbursed. Mr. Miller provided an update on the

reporting of the funds that were received and the amount paid back. BMH has until 12/21/21 to use the third payment of funds and reporting will be due in March 2022.

FINANCIAL STATEMENTS

Mr. Miller indicated that the volumes for October were mixed. Adult discharges were 702. Acute discharged were 643. Mental health discharges were 39. Rehab discharges were 20 (below budget and below prior year). Adult patient days were 3,400 (budget was 3,436 and prior year at 3,068). Case mix [CMI] was 1.62 and budget was 1.60. The average length of stay (ALOS) was high at 4.84 (partly due to several long-stay covid patients). Deliveries were 95 and emergency room visits were at 3,458. Outpatient registrations were 17,968 and observation days were 476. Observation days were below budget and prior year. Surgical volumes were at 814 (mixed to budget and prior year – seeing an upward trend from July over the past few months). Beaufort physician practices were at 21,321 and prior year at 22,217 and budget of 24,690. Express care volumes in Beaufort were 1,566 (below budget and prior year); for Okatie at 689 (no budget prior year); and Bluffton at 1,034 (below budget and prior year). Mr. Miller indicated that the percentage of occupancy calculation on the stats will be slightly different year over year. Last year's calculation was based on 197 beds. BMH has since added four beds; hence, the calculation will now be based on 201 beds.

Patient revenue for October was \$80.6M. The total operating revenue was \$22.1M (below budget but slightly above prior year). Net to gross percentage 27.1% for October and FY2021 was 27.8% with budget of 27.2%. Uncompensated care was \$4.3M (slightly lower than prior year; however, it was 5.3% of gross revenue with a budget of 4.9% of gross. Prior year's uncompensated care was \$3M or 4.2% gross for the month and an average for the year of \$3.7M. Cash collections struggled at 85% of the 60-day goal or \$3.6M below goal. (Last's year results for October were similar.) AR day increased from 56.7 to 61.3. Net days increased from 37.4 to 40.1. BMH has struggled with a shortage of employees in the PFS department.

Expenses for October were \$23.7M. Salary expenses increased to \$9.7M (due primarily to non-productive salaries such as various bonuses being paid). Contract labor increased to \$732K. Mr. Miller then referenced GASB #87 (which shows long term obligations for leases) and explained the entries that were recorded. Year-to-date [YTD] net loss was (\$1.6M) and the YTD EBITDA was a (\$451K) loss.

Days cash experienced a decrease from 107.7 days to 93.6 days. Mr. Miller explained that \$3.4M paid back to HHS, \$1.9M paid to MUSC, and \$1.5M in hazard pay all attributed to the days cash decrease which was anticipated. Mr. Miller referenced and reviewed the estimated cash surplus.

ADJOURN: A motion was made by Mr. House and seconded by Mr. Himmelsbach to adjourn the meeting. Unanimous approval. The meeting adjourned at 8:20 am.

Respectfully submitted,

Vernita Dore, Chair