

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

FINANCE COMMITTEE – OPEN SESSION

Minutes – June 27, 2022

Anna Sobiech took roll call at 7:30 a.m.

By Zoom: Dave House; Bill Himmelsbach; Richardson LaBruce; Angela Simmons, Ed.D.; Dan Barton; Kim Yawn; Allison Coppage; Cindy Gibson; Courtney Smith; Chris Ketchie; Brian Hoffman; Shawna Doran

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

Absent: Stephen Larson, M.D.; G. Heath Simmons, M.D.

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

APPROVAL of MINUTES – May 23, 2022: Mr. LaBruce made a motion, which was seconded by Mr. Himmelsbach to approve the minutes of the May 23, 2022 meeting. Unanimous approval.

Q2 DHG Memo – Mr. Miller referenced several bullet points within the memo relating to patient accounts receivable. He indicated that the contractual allowance had a slight increase primarily due to the level that Medicare AR is being reimbursed and some AR getting older (which gets reserved at 100% at some point). Mr. Miller indicated that Lisa Kramer, was hired as the new Revenue Director. He referenced the cash collections bullet point, indicating that BMH reviews the methodology on a semi-annual basis. Mr. Miller referenced GASB 87 relating to leases and indicated that some entries will need to be corrected on the balance sheet before the end of the year. Mr. Miller opened the floor to questions.

FINANCIAL STATEMENTS:

Mr. Miller indicated May volumes in general were below budget except for emergency room, observation days and Beaufort Physician Practices. Most of the May volumes were normal on the year-to-date average. Adult discharges were 707. Acute discharges were 642. Mental health discharges were at 38. Rehab volumes were at 27 (above budget and prior year). Adult patient days were at 2,906. CMI [case mix] remained at 1.64. The CMI average length of stay [ALOS] decreased from 2.60 to 2.52. BMH experienced challenges with the longer stay patients this year. Deliveries were at 80. Outpatient registration were at 17,841 and observation days at 508. Emergency room visits were above budget and prior year. Surgical volumes were at 843 (below prior month but close to the year to date average at 852). Beaufort Physician Practices visits for May totaled 21,856. Express Care volumes for all three locations totaled 2,368; prior year volumes totaled 2,341.

Patient gross revenue for May was \$82.8M, which was above budget and prior year. Uncompensated care remained particularly low at \$1.5M or 1.8% of gross revenue. Net to gross was 27.5% on a budget of 27.2% (primarily due to lower uncompensated care). Total operating

revenue from prior month of \$23.3M dropped to \$19.5M in May (entirely driven by BMH's recognition of the loss on sale of the Hardeeville land. A \$4M loss was recognized on the sale; although a non-cash, recognized on the income statement. The land was carried at the purchase price.

Cash collections were at 92.6%. Year-to-date [YTD] at 99.8% or \$449K behind on the 60-day goal. The 30-day goal was \$193K. The rolling 12-month cash collection was 101.6% of the 60-day goal or \$4.2M ahead. The 30-day goal was at 101.5% or \$4.1M ahead. Gross AR days increased for May. Gross days increased by a couple of days.

Expenses for May were high at \$ 25.2M on a budget of \$22.8M and prior year at \$21M. The increase was primarily driven by salaries and benefits. The salary and benefits expenses were \$1.9M ahead of the fiscal year average. Salary expenses were \$9.8M on a budget of \$9M (increased primarily due to the COLA adjustments in May). Contract labor also increased from \$1.5M from prior month to \$1.7M. Benefits were also high at \$3.2M (primarily due to group health – an increase of \$543K). Group health increased from \$638K in April to \$1.2M in May. Supplies for May were at \$4.1M, which was slightly lower than average.

BMH posted a net loss for the month of May of (\$5.7M). That prompted the YTD net loss of (\$4.6M) with an actual to budget variance of (\$4.9M) and the variance to prior year of (\$9.8M). EBITDA for May was a loss of (\$4.6M). YTD EBITDA was positive at \$4.3M with a budget variance of (\$2.9M) and a prior year variance of (\$15.1M).

Days cash experienced a considerable decrease from 97.9 to 91.6 days. Although BMH received \$2.2M from the sale of the land, BMH encountered fairly large payouts in May, which consisted of \$2.1M for FICA, and also SC Insurance Reserve and SC Pension. The payouts totaled \$6.3M for May. Also, Medicare settled four years of cost reviews which resulted in BMH paying \$800K back to Medicare (a one time event). Mr. Miller reviewed the estimated days cash.

Mr. Miller referenced the article on 340B, which was included in the packet. He indicated that BMH would not be affected due to its status as a rural community hospital.

A brief discussion ensued regarding BMH's sale of the land.

ADJOURN: A motion was made by Mr. House and seconded by Mr. Himmelsbach to adjourn the meeting. Unanimous approval. The meeting adjourned at 7:50 am.

Respectfully submitted,

Vernita Dore, Chair