

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

**FINANCE COMMITTEE – OPEN SESSION**

**Minutes – July 25, 2022**

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

**By Zoom:** Richardson LaBruce; Stephen Larson, M.D.; G. Heath Simmons, M.D.; Hampton Long; Kim Yawn; Allison Coppage; Cindy Gibson; Courtney Smith; Chris Ketchie; Brian Hoffman; Shawna Doran; Russell Baxley

**Present:** Dave House; Paul Sommerville; Bill Himmelsbach; Ken Miller; Russell Baxley; Chris Ketchie; Karen Carroll; Kurt Gambla, D.O.; Dee Robinson; and Meg Dempsey

**Absent:** Vernita Dore (Chair); Angela Simmons, Ed.D.

**Guests:** Anne Rivers Borgelt; Mike Kelly (Dixon Hughes Goodman, LLP/FORVIS)

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

**APPROVAL of MINUTES – June 27, 2022:** Mr. Himmelsbach made a motion, which was seconded by Mr. House to approve the minutes of the June 27, 2022 meeting. Unanimous approval.

**Final Single Audit – FORVIS:** Mr. Miller clarified that Dixon Hughes Goodman, LLP was merged and the firm name was changed to FORVIS. He also clarified that because BMH received Cares Act funds, an additional step in the audit (called Single Audit) was required and has been completed. Mr. Kelly indicated that whenever \$750K is expended in a federal grant in a given year, the requirement is to have a single audit (a compliance audit). Ms. Borgelt referenced the financial statements that were provided in March 2022 and again today. She indicated that there were no changes to the financial statements audit issued in March (a requirement of the single audit is to include the financial statements). Ms. Borgelt referenced the two independent auditors' reports in the packet (with a single audit a government auditing standards audit (a yellow book audit) is also required. She reviewed highlights of the financial reporting. She reviewed the qualified and unmodified opinions relating to the expenditures of Federal awards. She reviewed the summary of auditors' results. Ms. Borgelt referenced management's response that was provided in the packet. She opened the floor to questions. At the conclusion of the presentation, Mr. Kelly and Ms. Anne Rivers Borgelt exited the Zoom meeting.

**MOTION TO ACCEPT THE SINGLE AUDIT AS PRESENTED AND RECOMMEND TO THE BOARD OF TRUSTEES TO RECEIVE AND ACCEPT THE SINGLE AUDIT.** Mr. Himmelsbach made the motion, which was seconded by Mr. LaBruce. Unanimous approval.

**FINANCIAL STATEMENTS:**

Mr. Miller indicated that June ended the third quarter and the focus would be on the Year-To-Date [YTD] results. He indicated that volumes were behind budget and prior year. Adult discharges were 6,113. Acute discharges were 5,513. Mental health discharges were 369.

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Rehab discharges were at 231, above budget and prior year. Adult patient days were 28,415. Case mix [CMI] was slightly behind prior year; however, ahead of budget at 1.65. The CMI average length of stay [ALOS] had declined to 2.82 from the second quarter, which was 2.90. Deliveries were 712. There has been an upward trend in deliveries in the past five months. Emergency room visits were at 32,199 (about a 3% increase YTD). Outpatient registrations were at 161,585. Some departments were above budget and prior year, such as Imaging, Lowcountry Lab, and adult and cardiac rehab. Surgical volumes were 7,751 (a 1.5% increase from prior year). A YTD decrease continues for general surgery and orthopedics primarily due to the loss of providers. Increases were experienced in ophthalmology, GI, and ENT (primarily due to an increase in providers). Beaufort Physician Practices visits totaled 194,533 (up 3.9% YTD third quarter). The practices which encountered the largest increases were Express Care Okatie, May River Primary and Harrison Peeples. The Express Care volumes year-over-year increase was 4,283 (a 17.5% increase YTD). Mr. Miller referenced and briefly reviewed the graphs that were provided in the packet.

Patient gross revenue was \$728.4M (a 5.2% increase year over year). Uncompensated care YTD was \$25.5M or 3.4% of gross revenue (above budget and prior year). Uncompensated care increased in June to \$3.7M. Net patient revenue totaled \$199.8M (above budget and prior year). The year over year increase is \$8.6M or 4.5%. Net to gross for the year was 27.4% (slightly above budget; primarily due to uncompensated care that has been lower than expected along with improvements in payor mix).

Total operating revenue for YTD third quarter was \$207.9M. The year over year increase is \$6.3M. Mr. Miller referenced the non-operating revenue for the third quarter which reflected the slightly under \$1M in contributions from the Foundation and a loss of (\$4M) on the sale of land). Cash collections for June were strong at 106.3% on the 60-day average and YTD at 100.5% of the 60-day goal. The 30-day goal was at \$1.2M. The rolling 12-month cash collections remained 100% of both goals. The 60-day goal was \$3M ahead and \$2.4M ahead on the 30-day goal. Gross AR days increased in both gross and net (gross from 63.2 to 63.7 and net from 38.0 to 37.8). Payor mix experienced an increase in Medicare at 2.3% while Self Pay, Tricare and BC and State decreased.

YTD expenses were \$214M with a year over year increase of \$20.1M or 10.4%. Q2 was \$12.2M ahead and a 9.5% increase in expenses. Salary expenses were \$81.6M on a budget of \$80.2M and prior year at \$76.6M. The last two months of the third quarter experienced the effects of COLA market increases that were put in place. Contract labor was \$11.5M (Q3 being the highest at \$4.9M, while Q2 was \$4.2M and Q1 at \$2.4M). Benefits increased in June at \$23.6M (increase from prior year but below budget). Group health expenses in June were above \$1M. Supplies were consistent at \$38.8M (below budget but slight above prior year).

The net profit for the month of June posted a loss of (\$1.4M). The YTD posted a (\$6M) loss and was behind budget by (\$6.4M) and behind prior year by (\$14.1M). The EBITDA for June was a loss of (\$41K). The YTD EBITDA was positive at \$4.3M; however, behind budget by (\$3.8M) and behind prior year by (\$19.7M).

Days cash experienced an improvement of about three days (from 91.7 to 94.4 days). Mr. Miller reviewed the estimated days cash.

A brief discussion ensued regarding the volumes for July. A brief discussion ensued regarding the September Board Meeting which will be held on Thursday, September 29<sup>th</sup>. The board meeting will be in the morning followed by board education with Sg2, review of budget, discussion on strategic planning, etc.

Mr. Miller referenced the article in the packet. A discussion followed.

**ADJOURN:** A motion was made by Mr. Himmelsbach and seconded by Mr. House to adjourn the meeting. Unanimous approval. The meeting adjourned at 8:25 am.

Respectfully submitted,

Vernita Dore, Chair