

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

FINANCE COMMITTEE – OPEN SESSION

Minutes – March 28, 2022

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

By Zoom: Richardson LaBruce; G. Heath Simmons, M.D.; Angela Simmons, Ed.D.; Hampton Long; Allison Coppage; Cindy Gibson; Courtney Smith; Chris Ketchie; Shawna Doran

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

Absent: Stephen Larson, M.D.

Guests (by Zoom): Mike Kelly, CPA and Kelly Smith, CPA of Dixon Hughes Goodman, LLP [DHG]

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

APPROVAL of MINUTES – February 21, 2022: Mr. Himmelsbach made a motion, which was seconded by Mr. House, to approve the minutes of the February 21, 2022 meeting. Unanimous approval.

Final Audit Presentation – Mr. Kelly indicated that final adjustment changes were now made to the draft audit that was held up until the State Pension Plan was received. He indicated that the update on the final audit and report will be presented to the full Board on Wednesday. Ms. Smith referenced the issued Combined Financial Statements and reviewed the changes that occurred since the last draft audit presentation. She indicated that the changes were limited to the pension adjustment. She referenced the Combined Statements of Net Position for Beaufort Memorial Hospital and Other Combined Entity, and reviewed the three (3) major changes that resulted due to the State Pension Plan Audit that caused a single journal entry. Under the Notes to the Combined Financial Statements, Ms. Smith referenced Note #15, Pension Plan (Plan Description and Benefits Provided) and Sensitivity of the Hospital's Proportionate Share of the Net Pension Asset to Changes in Discount Rate and explained the disclosure. A discussion ensued regarding the complexity of the calculations.

MOTION TO ADOPT THE AUDIT FOR FISCAL YEAR ENDING SEPTEMBER 30, 2021 AS PRESENTED AND RECOMMEND TO THE BOARD OF TRUSTEES TO RECEIVE AND ACCEPT THE FINAL AUDIT. Mr. Himmelsbach made the motion, which was seconded by Mr. House. Unanimous approval.

Mr. Miller indicated that a mid-year review focusing on reserves, lease entries and JV entries would be anticipated in June/July (a memo notification will be provided).

At the conclusion of the presentation, Mr. Kelly and Ms. Smith exited the Zoom meeting at 7:46 a.m.

Cares Update: Mr. Miller indicated that the reporting on period two was submitted on the \$7.1M funds that were received. BMH will return \$1.2M and has recognized \$2.7M of the

\$7.1M. Additionally, BMH will recognized \$3.7M in March. The next reporting period will occur in March 2023 – reporting of \$9M on stage four funds received. A discussion ensued.

FINANCIAL STATEMENTS-

Mr. Miller indicated that February had mixed results. Adult discharges were 660 (below budget and prior year). Acute discharges at 589 and mental health discharges at 40 were both below budget. Rehab discharges were at 31 (above budget and prior year). Adult patient days were 3,216. Case mix [CMI] increased to 1.74 and year-to-date [YTD] improved to 1.65. BMH struggled with the average length of stay [ALOS] that remains a challenge. Deliveries decreased to 66 (below prior year). Emergency room visits decreased to 3,059 (below prior year). Outpatient registrations increased to 16,549. Observation days also increased to 501. Surgical volumes remained relatively consistent at 802. Beaufort Physician Practices totaled 20,367 (close to budget and above prior year). Express Care volumes were mixed with totals: Beaufort at 1,249; Okatie at 574; and Bluffton at 696.

Patient revenue for February was \$77.8M (close to budget) and prior year at \$73.1M. Total operating revenue was \$22.7M (above budget and prior year). Net to gross for February was 26.8% on a budget of 27.2% and year to date at 27% net to gross (slightly below goal). Uncompensated care was \$2.1M or 2.7% of gross revenue. Cash collections did not reach goal. Current year is still lagging at 97.4% of the 60-day goal. YTD increased to 96.1%; however, 4.3M short for the year and \$3.6M short of the 30-day goal. The rolling 12-month cash collections were 100% above on both goals. The 60-day goal was 101.8% or \$3M ahead and the 30-day goal was 100.9% or \$2.3M ahead. AR days decreased from 68.1 to 65.9. Net days decreased from 44.0 to 41.9.

Expenses were high at \$24M primarily due to the retention bonuses that were paid. The increase was also driven by contract labor at \$1.2M. Benefits remained consistent. Supplies also remained consistent at \$4.4M. Purchased services increased from budget and prior year. Increases were experienced in Lab, IT, and patient financial services. Other variances to depreciation and interest were driven by lease entries (GASB entries).

BMH experienced an operating loss of (\$1.3M) for February with a net loss for the year of (\$2.7M). The actual to budget variance was a loss of (\$2.9M); however, above prior year by \$258K. EBITDA for February was a loss of (\$162K). YTD EBITDA was \$2.9M. The actual to budget variance was (\$1.7M) and above prior year by \$1.3M. Days Cash decreased (with the primary driver of the drop being cash increasing from \$715K to \$734K).

Mr. Miller reviewed the cash to net analysis and the estimated cash surplus report.

ADJOURN: A motion was made by Mr. House and seconded by Mr. Himmelsbach to adjourn the meeting. Unanimous approval. The meeting adjourned at 8:04 am.

Respectfully submitted,

Vernita Dore, Chair