

**BEAUFORT MEMORIAL HOSPITAL BOARD OF TRUSTEES
MEETING**

FINANCE COMMITTEE – OPEN SESSION

Minutes – January 23, 2023

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

By Zoom: Dave House; G. Heath Simmons, M.D.; Richardson LaBruce; Ken Miller; Allison Coppage; Brian Hoffman; Kim Yawn; Christopher Ketchie; Shawna Doran

Present: Vernita Dore (Chair); Bill Himmelsbach; Tommy Harmon; Stephen Larson, M.D.; Alice Howard; Russell Baxley; Karen Carroll; Kurt Gambla, D.O.; Dee Robinson; Cindy Gibson; and Anna Sobiech

Absent: Dan Barton

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

Mr. Himmelsbach introduced Mr. Harmon who was asked to serve on the Finance Committee by Mr. House.

APPROVAL of MINUTES – December 14, 2022: Dr. Larson made a motion, which was seconded by Mr. Himmelsbach to approve the minutes of the December 14, 2022 meeting. Unanimous approval.

Mrs. Dore introduced Mr. Mike Kelly and Ms. Kelly Smith of FORVIS.

FORVIS Draft Audit Presentation: Mr. Kelly referenced the draft Financial Statements as well as draft reports to the Board of Trustees. He indicated that the audit is in draft form awaiting the State to issue the State Pension audit. Mr. Kelly explained the SC retirement program. He referenced the Independent Auditor's Report and indicated that the geography of the report has changed with additional verbiage relating to new standards with reference to the public's awareness of the steps that are taken. Ms. Kelly referenced the two sets of Statements (Beaufort Memorial, which includes Broad River and South of Broad, and then Beaufort Memorial Hospital Foundation). Mr. Himmelsbach noted and asked the language to be adjusted to indicate that BMH Foundation is self-perpetuated. The Foundation nominates, with the BMH Board of Trustees having confirmatory privileges, and with BMH Board of Trustees as the sole member responsibility. Ms. Smith referenced the Independent Auditor's Report and referred to the emphasis of matter section. She noted that the current draft audit report is unmodified and clean. Ms. Smith reviewed the BMH Statements of Net Position; the BMH and BMH Endowment Foundation Balance Sheet; Statements of Revenues, Expenses, Changes in Net Position for the hospital; Statements of Cash Flow; and Notes to Financial Statements. Ms. Smith opened the floor to questions. The Single Audit on Cares is planned for the end of March in order to comply with the terms and conditions. Ms. Smith explained GASBE 97 relating to IT equipment per the request of Mr. Miller.

Mr. Kelly referenced the Report to the Board of Trustees and highlighted the contact information provided for committee members to use should there be any future questions. He then reviewed the Communication with Those Charged with Governance. He indicated that FORVIS did not

find any audit adjustments or any past or uncorrected adjustments. He also indicated that this was a clean audit.

At the conclusion of the presentation, Mr. Kelly and Ms. Smith exited the Zoom meeting.

Mr. Miller acknowledged Cindy Gibson, Zoe Brais and the team for their exceptional job in preparation of and through the audit.

FINANCIAL STATEMENTS:

Mr. Miller indicated that the first quarter just ended with volumes above prior year and budget. Adult discharges were 2,328. Acute discharges were 2,109 (somewhat unusual a 12% increase over prior year). Mental health discharges were 135. Rehab discharges were 84. Mr. Miller referenced the end of the quarter graphs that showed the trends. Inpatient and OR graphs showed trending up while ED and outpatient were somewhat flat. The case mix index [CMI] average length of stay [ALOS] was 2.60. The year-to-date [YTD] case mix index was at 1.55 (which was below budget). Deliveries ended the quarter at 252. Emergency room visits were 11,242. Outpatient registrations were 54,015. Observations days were 1,625. Outpatient departments were below budget and prior year (with some areas as radiation oncology, infusion, woundcare, struggling to budget). Surgical volumes were strongest with YTD at 2,945 (above budget and 18.8% above prior year). Beaufort Physician Practice YTD were at 67,703. Express care volumes: Beaufort at 5,007 (above budget and prior year); Okatie and Bluffton combined totaled 6,384.

Patient gross revenue YTD was \$254.7M. Uncompensated care was \$10.4M or 4.1% of gross revenue and prior year at \$10.7M. Uncompensated care experienced a decrease in December to \$2.8M or 3.4% of gross revenue compared to November was \$4.3M. Total YTD net patient revenue was \$68.9M and 6.5% above prior year, which was \$64.7M. Net to gross was 27.1% and prior year at 27.2%. Total operating revenue was \$72.1M with a budget of \$72.7M. Cash collections for the month of December were slightly lower than goal at 99.6% and YTD at 99.1% or \$262K below goal. The 30-day target was 99.6%. Gross AR day were slightly higher. Gross and net AR days moved from 59.0 to 58.9 with net AR days moving from 37.8 to 37.9.

YTD expenses were \$73.1M and prior year at \$69.1M. Salaries were at \$28.5M on a budget of \$28.3M. Contract labor was on budget at \$3.5M. Contract labor for December experienced a positive drop to under \$1M. Benefits for the quarter were at \$8.1M on a budget of \$8.9M. Benefits came in for December under \$1M due to a stop loss reimbursement and a pharmacy rebate. Supplies came in below budget at \$13.7M. Purchased services were at \$5.8M.

December's operating profit was a loss of (\$403K) and YTD net loss was (\$1.1M). BMH anticipated a (\$2M) loss in the first quarter. The YTD actual to budget variance was positive at \$919K and prior year variance at (\$1.3). December's EBITDA was \$1.1M and the YTD EBITDA was \$3.5M. YTD actual budget variance was \$797K and prior year variance at (\$150K). Mr. Miller reported on the "free cash" and explained the definition. Days cash increased slightly from 84.2 to 84.7. Mr. Miller referenced the estimated cash surplus.

ADJOURN: A motion was made by Dr. Larson and seconded by Mr. Himmelsbach to adjourn the meeting. Unanimous approval. The meeting adjourned at 8:24 a.m.

Respectfully submitted,

Vernita Dore, Chair