

**BEAUFORT MEMORIAL HOSPITAL BOARD OF TRUSTEES
MEETING
BMAC BOARD ROOM 317 OR ZOOM**

FINANCE COMMITTEE – OPEN SESSION

Minutes – May 22, 2023

Victoria Viventi took roll call at 7:30 a.m.

By Zoom: Dan Barton; Bill Himmelsbach; Richardson LaBruce; Tommy Harmon; Stephen Larson, M.D.; Alice Howard; Ken Miller; Kim Yawn, Courtney Smith, Brian Hoffman, Chris Ketchie, Allison Coppage

Present: Vernita Dore (Chair); Russell Baxley; Karen Carroll; Kurt Gambla, D.O.; Dee Robinson; Cindy Gibson and Victoria Viventi

Absent: Dave House, Heath Simmons, M.D.

Guests (by Zoom): Anne Rivers Borgelt, CPA and Kelly Smith, CPA of Forvis

CALL to ORDER: Mrs. Dore called the meeting to order at 7:33 a.m.

APPROVAL of MINUTES – April 24, 2023: Mr. Himmelsbach made a motion, which was seconded by Mr. Harmon to approve the minutes of the April 24, 2023 meeting. Unanimous approval.

Final Audit Presentation – Ms. Smith and Ms. Borgelt from FORVIS accounting firm joined to provide a summary of the final audit. Highlights include the Report to the Board and no major changes from the previous draft other than normal pension adjustments. Ms. Smith noted the pension adjustments are largely beyond the control of BMH. She provided examples which impact the pension adjustments including actuarial assumptions, investment market returns, future market performance, expectation of duration of life of covered participants, etc. Ms. Borgelt defined the single audit for the Board as a compliance audit which occurs when federal grants or federal funding are received, and the organization has more than \$750K in expenditures in one fiscal year. She gave an update on the single audit for BMH and noted the audit did not find any non-compliance. Ms. Borgelt noted the auditors had a clean and unmodified opinion in the single audit. Ms. Smith provided background on the single audit regarding the Provider Relief Funds and Uninsured Testing Funds from the federal government. Discussion ensued around the future requirements of the single audit.

At the conclusion of the presentation, Ms. Smith and Ms. Borgelt exited the zoom meeting at 8:25am.

MOTION TO ADOPT THE AUDIT FOR FISCAL YEAR ENDING SEPTEMBER 30, 2022 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. LaBruce. Unanimous approval.

FINANCIAL STATEMENTS:

Mr. Miller indicated April volumes were as expected lower than March primarily due to spring break, although ahead of last year. Adult discharges for the month were 718, above budget and prior year. Acute discharges were 647, above budget and prior year. Mental health discharges were 47, above budget and prior year. Rehab discharges were 24, which is on budget. Adult patient days were 2,902, below budget and above prior year. The case mix index [CMI] adjusted average length of stay (ALOS) decreased from 2.76 to 2.61. Case mix increased to 1.55, below budget and prior year. Deliveries increased this month to 100, which is well above budget and prior year. Emergency room visits were 3,701. Outpatient registrations were 17,236, and observation days were 537 below budget and prior year. Surgical volumes dipped this month to 876, below budget and prior year. Beaufort Physician Practices visits were strong at 21,739. Express care volumes were strong: Beaufort at 1,607 on a budget of 1,509 and above prior year; Okatie and Bluffton combined were at 1,997 on a budget of 1,778 and well above prior year.

Patient gross revenue was \$83.0M close to budget and above prior year. Uncompensated care was below budget and prior year at \$2.1M or 2.6% of Gross Revenue. Mr. Miller noted uncompensated care was down the past two months due to receiving \$3.6M in GEAR payments. Total net patient revenue was \$23.3M above budget and prior year. Net to gross was 28.0% which is above budget. Total operating revenue was strong again this month at \$26.4M, well above the budget of \$23.2M and prior year of \$23.3M. Other non-operating revenue was up due to \$1.0M in grant funds, \$900K from the foundation and \$542K for managed care quality payments.

Cash collections were just short of the 60-day goal at 99.5% and above the YTD goal at 103.3% or \$5.4M above the goal for the year. The 30-day target YTD was 102.6% or \$4.2M above goal. Cash collections for the 12-month rolling remained above 100% at 103.2% for the 60-day goal and 102.6% for the 30-day goal. Gross and Net AR days were mixed with Goss AR Days going from 56.6 to 58.6 and Net AR days going from 33.3 to 33.1.

Expenses were \$26.0M above budget and prior year. Salaries were at \$9.7M above budget and prior year. Contract labor dropped slightly from \$1.3M to \$1.0M below budget and prior year. Benefits were up from \$2.7M to \$3.7M, well above budget and above prior year. The benefit expense increase is largely due to group health claims paid increasing and the IBNR (incurred but not reported) increased driving this expense. Supplies remained at high \$5.2M, above budget and prior year, drugs remained the main driver of supply costs.

April operating profit was \$440K and YTD net profit of \$909K, still with a budgeted loss of (\$4.6M). YTD Actual to Budget variance is \$5.5M and Actual to Prior Year variance is a loss (\$210K). April EBITDA was \$1.9M. The YTD EBITDA is \$11.5M, ahead of budget and prior year. YTD actual to budget variance is \$5.2M and actual to prior year EBITDA variance is \$2.5M. 'Free Cash' defined as operating income/loss plus noncash depreciation was \$1.3M, last year it was \$1.5M. YTD 'free cash' is \$6.7M same as last year. Days cash increased going from 87.7 to 90.2 days.

Mr. Miller gave a Medicaid recertification update.

Mr. Himmelsbach inquired about the GEAR program. The GEAR program is run by the SC Dept of Revenue. BMH can access the program because of its governmental status. Outstanding accounts are sent to the Dept of Revenue for collections as a last effort to collect money for services rendered. GEAR stands for Governmental Entities Accounts Receivable.

ADJOURN: A motion was made by Mr. Harmon and seconded by Mr. LaBruce to adjourn the meeting. Unanimous approval. The meeting adjourned at 8:13 a.m.

Respectfully submitted,

Vernita Dore, Chair