

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

FINANCE COMMITTEE – OPEN SESSION

Minutes – August 28, 2023

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

By Zoom: Dan Barton; Bill Himmelsbach; Richardson LaBruce; Tommy Harmon; Alice Howard; Brian Hoffman; Karen Carroll; Shawna Doran; Chris Ketchie; Courtney Smith; Kim Yawn; Cindy Gibson

Present: Dave House; Stephen Larson, M.D.; Russell Baxley; Ken Miller; Kurt Gambla, D.O; Dee Robinson; Victoria Viventi

Absent: Vernita Dore (Chair).; Heath Simmons, M.D.

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

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

FINANCIAL STATEMENTS:

Mr. Miller indicated July volumes were, in general, lower than average. Adult discharges for the month were 655, below budget and prior year. Acute discharges were 586, below budget and prior year. Mental health discharges were 40, below budget and prior year. Rehab discharges were 29, above budget and below prior year. Adult patient days were 3,032, below budget and slightly below prior year. The case mix index [CMI] adjusted average length of stay (ALOS) was 2.81. Case mix index improved from 1.51 to 1.65, on budget and above prior year. Deliveries were ahead of prior year and budget at 97. Emergency room visits were just under budget at 3,834. Outpatient registrations were 17,952, below budget and above prior year. Observation days were 511 below budget and prior year. Surgical volumes were 909, below budget and above prior year. Beaufort Physician Practices visits were 20,866, below budget and slightly above prior year. Express care volumes were steady: Beaufort at 1,587, below budget and slightly above prior year; Okatie and Bluffton combined saw 1,894, slightly below budget and prior year.

Patient gross revenue was \$83.5M below budget and above prior year. Uncompensated care saw another increase to \$2.7M or 3.2% of Gross Revenue below budget and above prior year. Total net patient revenue was \$22.9M, below budget and slightly above prior year. Net to gross was 27.4% which is above budget and the same as prior year. Total operating revenue was \$23.7M, below budget and slightly above prior year.

Cash collections for the month were below the goal at 90.0%.. YTD cash collections are at 101.5% of the 60-day average and 101.4% above the 30-day average. Cash collections for the 12-month rolling remained above 100% at 102.2% for the 60-day goal and 102.0% for the 30-

day goal. Gross and Net AR days both increased with Goss AR Days going from 57.4 to 57.8 and Net AR days going from 32.4 to 33.7.

Expenses were \$25.0M below budget and slightly above prior year. Salaries decreased slightly from \$10.3M to \$9.7M, below budget and prior year. Contract labor remained at \$1.0M below budget and below prior year. Benefits dropped slightly again from \$3.4M to \$3.1M which is on budget. Supplies declined from \$4.9M to \$4.4M, which is below budget. The decrease was primarily due to a \$441K annual inventory adjustment. Purchased services were \$2.5M, which is slightly above budget.

July operating loss for the month was (\$1.3M), budget was (\$694K) loss and prior year was a (\$1.5M) loss. YTD net profit is \$1.1M, still with a budgeted loss of (\$6.6M) and prior year having a (\$7.5M) operating loss. YTD Actual to Budget variance is \$7.2M and Actual to Prior Year variance is \$8.7M. July EBITDA was \$119K, below budget of \$945K and above prior year's loss of (\$379K). The YTD EBITDA is \$16.1M, with a budget of \$9.0M and prior year of \$3.9M. YTD actual to budget variance is \$7.2M and actual to prior year EBITDA variance is \$12.2M. 'Free Cash' defined as operating income/loss plus noncash depreciation was a (\$482K) loss, last year it was a (\$732K) loss. YTD 'free cash' is \$9.7M, compared to \$4.4M prior year. Prior year free cash the loss on sale was accounted for in the calculation. Days cash increased from 90.1 to 90.9 days.

Discussion ensued around FY24 projections in relation to FY23 outcomes.

Mr. Miller reminded the committee the hospital will begin working with the GEAR program to address bad debt. The hospital has been utilizing this program for multiple years. Mr. Miller provided a managed care update.

ADJOURN: A motion was made by Mr. House and seconded by Mr. Himmelsbach to adjourn the meeting. Unanimous approval. The meeting adjourned at 7:49 a.m.

Respectfully submitted,

Vernita Dore, Chair