

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

FINANCE COMMITTEE – OPEN SESSION

Minutes – September 25, 2023

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

By Zoom: Dan Barton; Richardson LaBruce; Tommy Harmon; Alice Howard; Brian Hoffman; Chris Ketchie; Courtney Smith; Kim Yawn

Present: Bill Himmelsbach; Stephen Larson, M.D.; Russell Baxley; Ken Miller; Karen Carroll; Cindy Gibson; Dee Robinson; Victoria Viventi

Guests: Kelly Smith (FORVIS), Mike Kelly (FORVIS)

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

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

APPROVAL of MINUTES – August 28, 2023: Dr. Larson made a motion, which was seconded by Mr. LaBruce to approve the minutes of the August 28, 2023, meeting. Unanimous approval.

FORVIS: Ms. Smith and Mr. Kelly provided pre-audit communications and reviewed services provided by FORVIS. Ms. Smith reviewed the FORVIS team and the planning, testing, and reporting timeline of the audit process.

Upon completion of the presentation Ms. Smith and Mr. Kelly left the meeting.

FINANCIAL STATEMENTS:

Mr. Miller reviewed August volumes, indicating lower volumes than expected. Adult discharges for the month were 748, below budget and prior year. Acute discharges were 651, below budget and prior year. Mental health discharges were 67, above budget and prior year. Rehab discharges were 30, slightly above budget and prior year. Adult patient days were 3,268, below budget and slightly below prior year. The case mix index [CMI] adjusted average length of stay (ALOS) was 2.86, above budget and prior year. Case mix index was 1.53, below budget and prior year. Deliveries dropped slightly to 85, below budget and prior year. Emergency room visits were just under budget at 3,813. Outpatient registrations were 19,438, below budget and above prior year. Observation days were 555 below budget and above prior year. Surgical volumes were particularly strong this month at 1,041, above budget and well above prior year. Beaufort Physician Practices visits were 24,537, above budget and prior year. Express care volumes remain strong: Beaufort at 1,850, well above budget and above prior year; Okatie and Bluffton combined saw 2,109, above budget and prior year.

Patient gross revenue was \$93.7M slightly below budget and above prior year. Uncompensated care remained steady at \$2.3M or 2.5% of Gross Revenue below budget and comparable to prior year. Total net patient revenue was \$25.2M, on budget and above prior year. Net to gross was

26.9% which is on budget and below prior year. Total operating revenue was \$26.5M, slightly above budget and prior year.

Cash collections for the month improved compared to the prior month, were below the goal at 94.9%. YTD cash collections are at 100.6% of the 60-day average and 100.58% above the 30-day average. Cash collections for the 12-month rolling remained above 100% at 101.0% for the 60-day goal and 100.8% for the 30-day goal. Gross and Net AR days both increased with Goss AR Days going from 57.8 to 62.9 and Net AR days going from 33.7 to 38.7. Cash and AR goals were affected by address issues with Medicare and expect to be corrected within the next 60 days.

Expenses were \$26.9M, slightly above budget and slightly above the prior year. Expenses were driven by salaries due to a 3rd pay period and drug costs. Salaries decreased slightly from \$9.7M to \$10.5M, above budget and prior year. Contract labor remained at \$1.0M below budget and prior year. Benefits were steady at \$3.1M, below budget and prior year. Supplies increased from \$4.4M to \$5.9M, above budget and the prior year. The decrease was primarily due to a \$441K annual inventory adjustment. Purchased services were \$2.4M, which is slightly above budget and prior year.

August operating loss for the month was (\$362K), budget was (\$709K) loss and the prior year was a (\$1.5M) loss. YTD net profit is \$781K, still with a budgeted loss of (\$7.3M) and the prior year having an (\$9.0M) operating loss. YTD Actual to Budget variance is \$8.1M and Actual to Prior Year variance is \$9.8M. August EBITDA was \$1.0M, above budget of \$965K and above prior year's loss of (\$236K). The YTD EBITDA is \$17.2M, with a budget of \$9.9M and the prior year of \$3.6M. YTD actual to budget variance is \$7.3M and actual to prior year EBITDA variance is \$13.6M. 'Free Cash' defined as operating income/loss plus noncash depreciation was \$505K, last year it was a (\$709K) loss. YTD 'free cash' is \$10.2M, compared to \$3.6M from the prior year. Prior year free cash the loss on sale was accounted for in the calculation. Days cash decreased due to funding the 3rd payroll from 90.9 to 84.0 days.

Mr. Miller reviewed the FY24 budget with the Finance Committee. The Committee discussed risk factors for the budget next year related to volumes and expense control.

MOTION: A motion was made by Mr. Harmon to recommend to the Board of Trustees Fiscal Year 2024 Operating and Capital Budgets for their consideration and approval. The motion was seconded by Dr. Larson and unanimously approved. There were no questions or concerns.

ADJOURN: A motion was made by De. Larson and seconded by Mr. LaBruce to adjourn the meeting. Unanimous approval. The meeting adjourned at 8:29 a.m.

Respectfully submitted,

Vernita Dore, Chair