

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

FINANCE COMMITTEE – OPEN SESSION

Minutes – January 29, 2024

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

By Zoom: Dan Barton, Stephen Larson, M.D., Richardson LaBruce, Tommy Harmon, Alice Howard, Brian Hoffman, Karen Carroll, Allison Coppage, Shawna Doran, Chris Ketchie, Courtney Smith, Kim Yawn, Cindy Gibson

Present: Vernita Dore (chair), Bill Himmelsbach, Ken Miller, Russell Baxley, Kurt Gambla, D.O.; Victoria Viventi

Absent: Dave House

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

APPROVAL of MINUTES – December 13, 2023: Mr. Harmon made a motion, which was seconded by Mr. Himmelsbach to approve the minutes of the December 13, 2023, meeting. Unanimous approval.

Mr. Miller provided an update on the annual audit. The audits are contingent on the State and may not be completed until April. The first group of auditors have finished their review, and it is now with the second group within FORVIS. It will go to a third review and a draft audit may be available as early as next month. Mr. Himmelsbach inquired about the timing of the audit in correlation with potential new debt covenants. Discussion ensued around the effect of the HAWQ and DSH payments.

FINANCIAL STATEMENTS:

Mr. Miller noted December volumes were, in general, below budget but above prior year. Adult discharges were 737 below budget and below prior year. YTD adult discharges for the first quarter were 2,199, budget was 2,238 and prior year was 2,328. Acute discharges were 667, mental health discharges were 44 and rehab discharges were 26. Adult patient days were 3,323, above budget of 3,245. Adult patient days for quarter one are 9,505, above budget and prior year. The case mix index [CMI] adjusted average length of stay (ALOS) increased slightly to 2.89 compared to budget of 2.72 and last year 2.59. YTD quarter one ALOS is 2.83. Case mix index increased slightly to 1.56, budget was 1.55 and last year was 1.56. YTD for quarter one CMI is 1.53. Deliveries were 104, well above budget of 78. Emergency room visits were 3,792 and budget was 3,906. Outpatient registrations were 19,367, below budget of 21,113. Observation days were 537, and budget was 561. Surgical volumes were 978, and budget was 991. YTD quarter one surgical volume is 2,946, budget was 2,885 and previous year was 2,945. Beaufort Physician Practices visits were 22,617, below the budget of 26,475. YTD quarter one practice visits are 70,566, budget was 77,072. Express care volumes continue to remain strong: Beaufort had 1,962 visits, above budget of 1,891; Okatie had 1,543 visits, above budget of 1,360, and Bluffton had 1,049 visits, above budget of 943.

Revenues followed volumes coming in below budget but above prior year. Patient gross revenue was \$86.5M, budget was \$94.1M and last year was \$83.4M. YTD quarter one patient gross revenue is \$267.6M, budget was \$273.9M and last year \$254.7M. Uncompensated care decreased from \$3.5M to \$2.6M or 3.0% of Gross Revenue, budget was \$3.3M or 3.5% of Gross. YTD quarter one uncompensated care is \$8.9M or 3.2% of Gross Revenue. Total net patient revenue was \$25.3M, budget was \$26.9M. YTD quarter one net patient revenue is \$77.6M, budget was \$78.2M and last year was \$68.9M. Net to gross was 29.2%, and budget is 28.6%. Mr. Miller noted \$1.6M of the Health Access, Workforce, and Quality (HAWQ) money was recognized again in December. Total operating revenue was \$26.2M, budget was \$28.2M. YTD total operating revenue was \$80.4M, budget was \$82.1M.

Cash collections were strong due to receiving \$5.8M in HAWQ funds. December cash collections were 113.1% of the 60-day average and YTD are at 110.8% or \$8.2M above the goal. YTD for the 30-day average finished at 109.9% or \$7.5M above the goal. On the 12-month rolling cash report it is at 103.7% or \$11.0M ahead of the 60-day goal and 103.1% or \$9.2M ahead of the 30-day goal. Gross AR days did increase in December with Gross going from 63.3 to 64.4. Net AR days went down slightly going from 37.4 to 36.6. Medicare address information for Okatie has been corrected, continue to wait on the Hilton Head location.

Total expenses for December were \$27.1M, and budget was \$27.8M. YTD total expenses were \$80.6M, budget was \$80.8M and prior year was \$73.1M. Salaries were \$9.4M and budget was \$10.6M. YTD salaries were \$30.4M, budget was \$30.8M. Contract labor decreased from \$1.0M to \$805K, budget was \$936K. YTD contract labor was \$2.7M, budget was \$2.7M and last year was \$3.5M. Benefits did increase to \$4.2M, budget was \$3.2M and last year was \$2.4M. Group health remained high at \$2.2M, which is \$1.0M above the prior 11 month average. Supplies decreased from to \$5.6M, on a budget of \$5.7M. YTD supplies were \$16.9M, budget was \$16.5M and last year was \$13.7M. Purchased services were \$2.3M, on budget of \$2.4M and last year of \$2.2M. Other expenses increased to \$2.7M, on budget of \$2.5M, and prior year of \$2.4M. Mr. Miller expects this to continue to increase in Q2.

December net loss for the month is (\$942k), on a budgeted profit of \$444k and previous year had a loss of (\$404k). YTD net loss was (\$148k), budgeted net profit was \$1.3M, and last year was a (\$1.0M) operating loss. YTD Actual to Budget variance is (\$1.4M) and Actual to Prior Year variance is \$915k. EBITDA was \$365k, budget was \$2.1M. YTD EBITDA is \$4.1M, budget is \$6.1M. YTD actual to budget variance is (\$284k loss) and actual to prior year EBITDA variance is \$1.3M. 'Free Cash' defined as operating income/loss plus noncash depreciation was a loss of (\$63k), last year it was \$447k. YTD 'Free Cash' is \$2.5M, last year it was \$1.5M. Days cash increased slightly from 81.5 to 85.8 days.

ADJOURN: A motion was made by Mr. Harmon and seconded by Mr. Himmelsbach to adjourn the meeting. Unanimous approval. The meeting adjourned at 7:58 a.m.

Respectfully submitted,

Vernita Dore, Chair