

BEAUFORT MEMORIAL HOSPITAL BOARD OF TRUSTEES

FINANCE COMMITTEE – OPEN SESSION

Minutes – August 26, 2019

PRESENT: Bill Himmelsbach (Chair); Dave House; David Tedder; Kathy Cooper; Kathryn McDonagh, Ph.D.; Stephen Larson, M.D.; Bill Spearman, M.D.; Russell Baxley; Ken Miller; Karen Carroll; Brian Hoffman; Allison Coppage; Debbie Schuchmann; Kurt Gambla, D.O.; Chris Ketchie; Shawna Doran; Cindy Gibson and Anna Sobiech

Absent: Sarah Dyson; Courtney McDermott; Laurie Martin; Daniel Mock

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

APPROVAL of MINUTES – July 29, 2019: Dr. McDonagh made a motion, which was seconded by Dr. Spearman, to approve the minutes of the July 29, 2019 meeting. Unanimous approval.

FINANCIAL STATEMENTS

Mr. Miller provided highlights of the Financial Statements. He indicated that volumes improved significantly. Acute discharges increased to 760. Adult patient days were at 3,171. Case mix remained consistent at 1.58. Deliveries increased to 86 (above prior year and budget). Emergency room visits increased to 4,332. Outpatient registrations were strong at 16,339. Observation days were high at 545 (several patients with long observation days). Discussions ensued. Surgical volumes in July increased to 826 (second highest year). Beaufort Physician Practices volumes increased to 18,979.

Patient revenue was \$73.7M (above prior year and budget). Net to gross increased by one point to 27.1%. Total uncompensated care increased to \$4.6M. Cash to net for July was 107.3%. Gross days in AR increased slightly from 47.8 to 48.3 and net days decreased from 35.6 to 34.6. Year-to-date [YTD] cash remained above goal at 101.6%.

Expenses were \$19.3M. Salary expenses increased to \$7.9M (slightly higher than budget and prior year) while contract labor decreased to \$74,793. One effect on salary expenses was the initial accrual for physician bonuses. FTEs [full time employees] decreased slightly. FTE/AOB [Adjusted Occupied Beds] remained at 3.94. Benefit expense was \$2.5M.

Supplies remained consistent at \$3.7M. Supplies as a percent of net was 18.6% and as a cost per adjusted admission was \$1,345 (both below prior year and budget). Other expenses remained above budget partially due to the Radiation Oncology joint venture.

Net Income for July was \$1.1M (above budget and prior year). YTD date net income was \$10.5M (\$12.2M above budget and \$6.1M above prior year). Total EBITDA for July was \$1.9M for a 9.1% EBITDA and YTD EBITDA was \$18.3M. YTD actual to budget variance for net income was \$5.5M.

All metrics improved. Days cash on hand was 177.4 days. The debt service on a rolling 12 months basis (TD Bank) was 7.55 on a target of 1.2. Debt to cap was 22.4% and cash to debt was 1.98. July was an extremely strong month.

ER visit discussion ensued.

Mr. Miller referenced the Q2 and Q3 DHG (Dixon Hughes Goodman, LLP) Memo dated August 12, 2019 regarding results of March 31, 2019 and June 30, 2019 procedures. He provided a brief review and highlighted several points. Mr. Miller indicated that nothing was noted for concern.

Mr. Himmelsbach reminded the members that this was the review of the 2020 First Draft Budget. The final budget will be brought forth for the Committee's review and approval in September and if approved will be presented to the Board. Mr. Miller indicated that the base of the 2020 budget is the ending of the expected results for FY 2019. Mr. Miller referenced and provided a summary of the highlights of the 2020 Budget and Capital Needs Summary that was provided as a handout. He highlighted and provided an explanation of line items of the 2020 budget. Discussions ensued. Mr. Miller reviewed the line items of the capital budget, indicating that it was a first draft that would be reviewed for potential reductions. Discussions ensued.

ADJOURN: The meeting adjourned at 8:35 a.m.

Respectfully submitted,

Bill Himmelsbach, Chair