Called to order at 12:01 p.m. by Deb Johnston.

Finance Committee* & Board Members present: Deb Johnston*, Mark Johnson*, Brenda Knapp*, Marshal Kendziorek, Kenny Solomon-Gross, Rosemary Hagevig and Iola Young

Staff & Others: Chuck Bill, CEO, Kevin Benson, CFO, Billy Gardner, COO, Rose Lawhorne, CCO, Bradley Grigg, CBHO, Megan Costello, CLO, Dallas Hargrave, HR Director, Willy Dodd, Kris Muller, Anita Moffitt and Tiara Ward

Public Comment: None

Ms. Knapp made a MOTION to approve the minutes from the October 9, 2020 Finance Committee Meeting. Mr. Johnson seconded. Minutes approved.

September 2020 Financial Review
Mr. Benson reported Bartlett incurred a more favorable month in September as outpatient volumes picked back up after a slowdown in August. Outpatient revenues were $636,000 or 6.8% greater than budget. Inpatient volumes and revenues appear to be ticking up heading back to pre-COVID levels finishing $947,000 or 16% less than budget. However, this is moving in the right direction as the year-to-date shortfall is 22% after the first quarter. Total revenues were short of budget by $968,000 or 6%. Deductions from Revenue also decreased commensurate with the decrease of revenue and finished $491,000 or 6% less than budget. Net Patient Revenue finished 5% or $476,000 less than budget. CARES funds were realized to make up for this loss of revenues and recorded to Other Operating Revenue. This left Total Operating Revenue $412,000 or 4% greater than budget. Expenses exceeded budget by $450,000 thousand or 4.7%. The biggest variance was for supplies and are attributable to pharmaceuticals and surgery supplies. Other variances are mostly COVID related. This resulted in an Operating Income of $54,000 and a Net Income of $231,000. After the first quarter BRH has an Operating Income of $54,000 and a Net Income of $586,000.

Other Significant Items:
- Reference Lab fees have increased due to Covid-19 testing. This expense was $50,000 in September almost double to budgeted amount of $26,000.
- A new accounting department was established for “Molecular Diagnostics” and $12,000 of expense was recorded. This was not a budgeted operating expense.
- As patient days are under budget this also affects Hospitalist revenues. Hospitalist revenue in September was down consistent with patient days by $57,000 or 24%.

Mr. Benson clarified that an accounting department created for the Molecular Diagnostics is for the mass testing. This will allow us to capture supplies, depreciation, staffing, etc. associated with molecular mass testing. It does not include the capital expense. The hoods and other equipment that has arrived will be reflected in the October financials. Mr. Solomon-Gross initiated a conversation about volumes reported in the dashboard report. Mr. Bill noted the September financials do not include revenue from the Rural Demonstration Project still in limbo. We are working with our federal delegation to try to get it approved. There is a lot of interest in...
the Finance Committee at the Senate to get this done so the expectation is that it will be taken care of. The impact of this program is $1.8 Million for BRH. Ms. Lawhorne suggested that since the mitigation strategies for COVID–19 are the same as for influenza, we may not see the surge in the coming influenza season that we have seen in the past.

Revenues from AETNA and Blue Cross/Blue Shield are above budget whereas Medicaid is down and Medicare is up. This shift in financial class payors is favorable for BRH. There is a trend of increased volumes in surgery due to increased orthopedic and the ophthalmology surgeries. When we hire another general surgeon, we should see another increase. We continue to see an increase in accumulation of personal leave. The liability for accrued vacation is about $1Million higher than last year, probably due to COVID and travel restrictions. Personal leave earnings are being accrued as always but usage has decreased. Employees are allowed to cash out personal leave.

Write-offs included an account for mental health patient in which a Medicare replacement plan had not been set up properly in the system to flag registration staff to obtain a pre-authorization. Claim was subsequently denied. The parameters for this plan have now been set up correctly preventing this from happening in the future.

**Cares funding realization** – The guidelines for realizing the CARES money BRH has received has changed three more times since last month’s update. The auditors have still not come up with a conclusion about what we can claim for last fiscal year. The $7.2 Million dollars in CARES money recorded may be reduced. BRH has until June of next year to attempt to realize the rest of the money. The triage facility and mass testing equipment is to be paid for by CARES funding set aside by CBJ. Same expenses cannot be claimed from two different CARES funding sources. BRH has received $13.1 Million in CARES money but no COVID related funding from FEMA or anywhere else.

**Future Capital Projects Schedule** – Mr. Benson provided a brief overview of the capital projects schedule. Projects listed in the Bidding /Under Construction and in the In Design sections total approximately $15.9 Million dollars and shows these projects would be completed over the next 18 months. Funding options were presented.

**Funding Sources: Internal vs Bonding** – Mr. Benson identified internal reserves and revenue bond funding options and the pros and cons of each. The immediate needs are primarily infrastructure in nature and not good projects to seek public financing. Using internal funds to cover the immediate needs and a revenue bond for future projects was discussed. It could take up to 5 months to issue revenue bond financing. Mr. Kendziorek expressed concerns about underestimation of final costs of projects and then expressed support of moving forward as outlined. The funding sources information presented at today’s finance meeting will be presented at the Planning Committee meeting on November 17th. After review, the Planning Committee will make a recommendation to the Finance Committee before it’s presented to the full Board. Discussion held about the funding the Crisis Stabilization Center, money has already been set aside for this project. Also discussed, maximizing the upfront costs for a revenue bond by doing our due diligence. Ms. Johnston suggested Finance Committee members wishing to attend the Planning Meeting on should do so. She thanked Mr. Benson for his responsiveness to their requests for information regarding funding options.

**Next Meeting:** December 11, 2020 at 12:00 pm via Zoom.

**Board Comments:** None

**Adjourned – 12:56 p.m.**