FINANCE COMMITTEE MEETING MINUTES
October 28, 2025, Myrtle Conference Room / Microsoft Teams

CALL TO ORDER
Finance Chair Kyle Stevens called the meeting to order at 5:15 p.m. There was a quorum in attendance.

FINANCE COMMITTEE MEMBER ATTENDANCE
Chairperson Kyle Stevens, Tom McAndrew, Judy Moody, John Briggs, Barbara Taylor

ABSENT
Brandon Saada *(Excused)*

BAHD BOARD OF DIRECTORS ATTENDANCE
Patrice Parrot, Simon Alonzo

STAFF ATTENDANCE
Gretchen Nichols, CEO; Karen Miller, Controller; Mel Stibal, Interim CNO; Kelli Dion, CQO; Mark Hadley, Senior Finance Analyst; Denise Bowers, Executive Assistant

LEGAL COUNSEL
Excused

PUBLIC ATTENDANCE
The public was in attendance, comprising four in-person attendees and five attendees on Teams.

APPROVAL OF FINANCE COMMITTEE MINUTES – Mr. Kyle Stevens, Chairperson
ACTION TAKEN BY THE FINANCE COMMITTEE:
The Finance Committee reviewed and approved the minutes from the previous meeting **Tom McAndrew moved** to approve minutes as presented, and **Judy Moody and Barb Taylor seconded**. There was no additional discussion, and the motion carried on a call of vote.

CHIEF EXECUTIVE OFFICER UPDATES - Gretchen Nichols, CEO
Financial Turnaround and Sustainability Plan Update
The hospital's $10 million recovery plan includes a reduction-in-force (RIF) that accounts for approximately $10 million in savings. Approximately 60% completed; 85–90 FTEs affected. Full completion expected by early November.

Payer Contracting: Negotiations with commercial payers to begin in November. New Advanced Health contract effective January 2026, improving reimbursement from 76% to 80% of Medicare rates (4% increase).

Revenue Cycle Improvements (with Savista) identified $5.6M in potential revenue improvements, including: $4.7M from avoidable write-offs, additional gains from discharge-not-final-billed (DNFB) process improvements, and pre-AR work. Consultant hired to oversee Savista's accountability. An on-site RevCycle employee will be added to improve billing accuracy. There was a discussion about holding Savista accountable for discretionary write-offs and performance. Leadership emphasized the need for improved oversight, citing missed Medicare filing deadlines as an example.

Current monthly cash goals: $20M in cash in the door; October performance is expected to meet this for the first time.

Expense Reductions
Contract adjustments, supply chain improvements, and provider fee reductions are projected to yield $3.5M in additional savings. Locum costs are declining due to direct hiring.

Legislative and Advocacy Updates
- PAC West lobbying efforts continue: Staffer from the Governor's Office provided a pathway for the hospital's $10M Emergency Board funding request.
- State Treasury refinancing:
- Representative Boomer Wright submitted LC 0012, allowing the use of unclaimed funds to refinance hospital debt.
- Representative Val Hoyle visited and expressed strong support for maintaining full-service hospital operations in the region. Discussion on: Potential lottery bonds for long-term debt relief; $3–5M retroactive Medicaid repayment dispute still unresolved. Advocacy focus: refinancing, emergency operations funding, and enhanced Medicaid support.

Relationship with Bank of Montreal (BMO)
- The hospital remains current on loan payments but is not in covenant compliance (EBITDA and cash-on-hand ratios).
- BMO increased interest rates from ~2.25% to 7.5% due to covenant breaches.
- Treasury refinancing and state support are expected to reassure the bank.
- Days cash on hand: 55 (target is 70, soon increasing to 75).

FINANCIAL UPDATES – Karen Miller, Controller
Financials
- Patient Discharges: 77 below budget; inpatient admissions down by 25 year over year.
- Inpatient/Surgical Volume: October seeing strong rebound; highest since January 2024.
- Outpatient Revenue: Up $2.1M; continues to drive growth.
- Gross Revenue: $68M (up $1.3M vs. budget).
- Net Revenue: $21.6M (up $1M vs. budget, $2.8M year over year).
- Net-to-Gross Ratio: 31.9% (above 31.3% budget).
- Operating Loss: $840K (budgeted loss $250K).
- Labor Costs: Over budget due to severance accruals; contract labor down 19% vs. budget.
- Supplies: Down 17%; cost control initiatives effective.
- Provider Tax: Increased to 7.73% inpatient / 10.54% outpatient. State retains 1%.
- Charity Care: Down 15%, saving $2M annually through better screening.
- Cash Reserves: $38.6M; 55 days cash on hand.

Capital and Infrastructure Needs
- Cath Lab equipment nearing end-of-life; potential downtime risks discussed.
- Total capital needs estimated at $60M, including urgent infrastructure upgrades.
- Options: Bonds, state funds, or grants to support replacement and expansion.

Foundation and Fundraising
Discussion on revitalizing the hospital foundation:

- Past fundraising: $4M (for tower project), $250K Kaiser grant for Family Housing.
- Most funds expended except designated Cancer Center and Kids Hope Center accounts.
- Plan to relaunch as independent 501(c)(3) for grant eligibility.
- Board members (Tom McAndrew and Patrice Parrott) and Finance Committee member (Judy Moody) expressed interest in participating in future fundraising efforts.

GOOD OF THE ORDER
Scheduling and Meeting Cadence
Starting at the November 18, 2025 (moved from Veterans Day) Board Meeting, the Finance Committee will be folded into the Board as a joint Board/Finance Committee meeting. There was a discussion of adjusting the monthly closing and reporting cadence to align with that combination of meetings.

ADJOURNMENT
There being no further business, the Finance Committee was adjourned at 6:12 p.m.

Kyle Stevens, Chairperson
Date: November 18, 2025