

**MUSC and MUHA Board of Trustees Special-Called Meeting
June 30, 2023, Minutes**

The MUSC and MUHA Board of Trustees convened a special-called meeting on Friday, June 30, 2023, at the Palmetto Club in Columbia, SC, with the following board members present: Dr. James Lemon, Chair; Mr. Charles Schulze, Vice-Chair; Ms. Terri Barnes; Mr. Jim Battle; Dr. Fritz Butehorn; Dr. Guy Castles; Dr. Richard Christian; Dr. Paul Davis; Ms. Barbara Johnson-Williams; Mr. Michael Stavrinakis; and Dr. Bart Witherspoon. In addition, the following members of MUSC's administration were present: Mr. Rick Anderson; Dr. Patrick Cawley; Dr. David Cole; Ms. Annette Drachman; Dr. Lisa Saladin; Dr. Terry Steyer, and Mr. Mark Sweatman.

Item 1. Call to Order

There being a quorum present, Chairman Lemon called the meeting to order.

Item 2. Roll Call and Date of Next.

Katherine Haltiwanger, Secretary to the Board, called the roll.

Item 3. Executive Session.

Chairman Lemon recognized Mr. Battle who moved that the Board go into closed session to discuss the following items pursuant to sections 30-4-70(a) of the South Carolina Code:

- Negotiation of contracts related to the possible expansion of clinical services and other strategic initiatives and the purchase or lease of real property for clinical services.
- Legal advice relating to matters covered by the attorney-client privilege.
- Strategic initiatives related to clinical and academic services.

Board Action: The motion was seconded, voted on, and unanimously carried. Chairman Lemon announced the Board would move into closed session at this time. At 11:15 a.m., the Board returned to open session with no action taken.

Item 4. MUSC FY2024 Budget.

Mr. Patrick Wamsley, Chief Financial Officer for MUSC, presented MUSC's proposed FY 2024 operating and capital budgets. Mr. began his presentation with an overview of the student, employee, and financial growth of the university from FY19 to the present and the history of budgeted appropriations from FY2020 to FY2024. The MUSC proposed FY2024 operating budget, with a bottom line of \$7.9M, includes revenue budget assumptions of \$119.7M in state appropriations, \$110.8M in tuition and fees, \$260.4M in grants and contracts, and \$108.4M in reimbursements from MUSC Physicians. Mr. Wamsley reviewed the breakdown of the health system pass-through dollars of \$91 million so the effect of those dollars could be understood. The FY2024 student tuition and fees revenue budget of \$110.8 million represents no in-state tuition or fee increases. The FY2024 salaries and benefits expenses include the state-mandated 5% cost of living increase, the state-mandated increase in employer retirement contributions, and the estimated cost for faculty recruitment and filling vacancies. Grants and contracts represent the largest portion of the revenue budget at \$260.4 million or 26% and salaries and benefits represent the largest portion of the expenditure budget of \$462.7 million or 46%. Mr. Wamsley briefly reviewed the capital projects included in the FY2024 proposed capital budget of \$18.6 million and the proposed investment of prior year funds totaling \$31.3 million.

Board Action: Received as information.

Item 5. MUSC Health FY2024 Budget.

Ms. Lisa Goodlett, Chief Financial Officer for MUSC Health, presented MUSC Health's proposed FY224 operating and capital budgets. Ms. Goodlett Shared some FY23 wins including the Orangeburg acquisition on March 1, 2023; Black River go-live in January 2023; \$100M Pee Dee Mental Health Facility grants; \$20M Quality Achievement Program Funding; new practice and service openings including the transplant program in Lancaster; total joints services at Health West; new pediatric location in Moncks Corner; hyperbaric oxygen treatments; primary care expansion to retirement communities; outpatient GI, spine and vascular services in the Midlands; and lastly the JP Morgan banking transition and WorkDay ERP implementation.

Ms. Goodlett shared that national healthcare trends impacting hospitals include labor costs and volume disruptions that drove declines in operating margins across the not-for-profit and healthcare sectors. Ms. Goodlett reported that 50% of institutions reported operating losses in the past year. Higher drug costs due to reimbursement changes and supply chain disruptions driving increased expenses and the interest rate environment, coupled with rising supply chain costs, make financing and capital investments more expensive. MUSC Health's focus for FY24 will be the certificate of need changing landscape; increasing access through Quantum and continuing to add healthcare services across the state.

Ms. Goodlett presented the proposed FY2024 MUSC Health System consolidated operating budget which is projected to have operating revenues above \$4.975B and operating expenses of \$4.921B. The projected Operating Margin is 1.1% and the Operating Cashflow is \$242M or a 4.9% margin. Ms. Goodlett reviewed the proposed capital projects for the FY2024 capital budget which includes \$160M for MUHA and \$56M for MUSC Physicians.

Board Action: Received as information.

Item 6. New Business for the Board of Trustees.

None.

The meeting was adjourned at 12:10 p.m.

Respectfully submitted,

Katherine Haltiwanger

Board Secretary