



**Nassau University Medical Center
A. Holly Patterson Extended Care Facility
Family Health Centers**



**NASSAU HEALTH CARE CORPORATION
& SUBSIDIARIES**

OPERATING BUDGET

FISCAL YEAR ENDED DECEMBER 31, 2021

Nassau Health Care Corporation and Subsidiaries Operating Budget For Twelve Months Ending December 31, 2021

Foreword

Message From the CEO

Index

PAGE

Executive Summary

4

Comparative Consolidated Revenue & Expenses

14

Nassau Health Care Corporation and Subsidiaries

15

Nassau University Medical Center

16

Correctional Facility

17

A. Holly Patterson Extended Care Facility

18

Physician Faculty Practice Plan

19

Nassau Health Care Corp., LTD.

20

Budget Initiative and Operational Change Detail

21

Budget Graphs

22

NHCC Budget 2021

Message from the CEO

The 2021 Budget, which is being presented today, should be viewed as a first step on a two year journey to reconfigure the core operations of Nassau Health Care Corporation. This budget contains a number of operational changes and budget initiatives, some as a result of the COVID 19 crisis and some to improve operating results.

During 2021 and 2022 further changes will be required, and changes included in the 2021 Budget will be evaluated to determine their impact on operations. We are currently limited in modifying operations due to the uncertainty of a resurgence of COVID and the need to have bed capacity and excess bed capacity beyond our historical patient volumes to deal with a resurgence, as requested by the Governor of New York. Further, as you are aware, the firm of Alvarez & Marsal has been reviewing our operations and will be presenting their findings to Nassau Interim Finance Agency (NIFA). We are awaiting their recommendations to determine how they fit into our Corporate Mission, as the Regional Safety Net Hospital of Nassau County. Once the COVID crisis is behind us and we receive A & M's recommendations, we will implement further changes in an effort to be a financially sustainable corporation.

Management believes that a component of our sustainability, will consist of financial support from New York State, primarily due to our role as a safety net hospital. Further, this support is needed to address legacy fringe benefit obligations which were provided in the past and which will continue to impact the Corporation over the life of our retirees and future retirees. Considering the current projected New York State budget deficit, we anticipate that support to be somewhat delayed.

EXECUTIVE SUMMARY

Basis of the 2021 Budget

The 2021 budget has been prepared using 2019 operations as a basis, due to the impact of the COVID 19 crisis and the significant changes that occurred in 2020. Patient volumes as of October 2020 have returned to budgeted levels for inpatients and continue to improve for outpatient and A Holly Patterson's census. Outpatient and AHP volumes have been projected at a lower level than 2019 levels, before budget initiatives and operational changes.

Budgeted Operating Results

The 2021 budget for Nassau Health Care Corporation projects an operating deficit of \$116.2 million before OPEB (Other Post Retirement Benefits) and the NYS Actuarial Pension Adjustment. This loss is a result of the following:

2020 Budget Loss (\$86.1) million

Loss of Revenue:

DSRIP	(\$11.6) million
VBP-QIP	(\$20.0) million
Medicaid-NYS Budget Cuts	(\$7.5) million
Reduction in HealthFirst Pools	(\$3.0) million
Reduction in IGT-DSH Revenue	(\$3.8) million
Reduction in AHP revenue-volume	(\$8.3) million
Reduction in Outpatient Revenue-volume	(\$7.0) million
Sub-total	(\$61.2) million

Increase in Cost:

CSEA Contract Increase	(\$8.4) million
NYS Pension Rate Increase	(\$5.6) million
Increase in Anesthesia Contract	(\$3.0) million
Increase in Health Benefits	(\$2.6) million
Increase in Pharmacy Cost	<u>(\$0.6) million</u>
Sub-total	(\$20.2) million

Loss before Operational

Changes and Budget Initiatives **(\$167.5) million**

Operational Changes and Budget Initiatives**Revenue:**

Revenue Cycle Improvements-NUMC	\$4.5 million
Revenue Cycle Improvements-AHP	\$2.0 million
Increase in Case Mix Intensity	\$7.1 million
Implementation of New Programs, net-AHP	\$1.0 million
Establishment of Observation Unit	\$1.7 million
Increase in Outpatient Services	<u>\$1.5 million</u>
Sub-total revenue	\$17.8 million

Reduction in Operational Costs **\$33.5 million**

(2020 savings on-going in 2021)

Total Operational Changes and Budget Initiatives **\$51.3 million**

2021 Budgeted Loss **(\$116.2) million**

In summary, on a consolidated basis in 2021 compared to budgeted 2020, NHCC is losing \$61.2 million in revenue and will incur \$20.2 million in additional cost before operational changes and budget initiatives. Operational changes and budget initiatives of \$51.3 million will offset these negative impacts.

Additional changes will need to be implemented to reconfigure the core operations of NHCC. 2021 and 2022 will be transformational years focused to redesign healthcare delivery by Nassau Health Care Corporation, to create a financially sustainable entity that delivers services in line with our Mission Statement. Financial assistance will be required and will be requested from the State to close the budget gap during this transitional period.

Impact of the COVID Crisis

New York State is currently projecting a \$14 billion budget shortfall for the fiscal year ending March 31, 2021 and \$16 billion in the following year. As a result, the State is reducing Medicaid rates and reducing other financial programs. This creates a difficult environment in which to receive aid to offset the budgeted loss, during the transition period to modify core operations.

Further, the uncertainty of the crisis, and the potential of a resurgence, and the related Federal and State reaction to it, creates further uncertainty considering transition plans, at a time when bed capacity and excess bed capacity may be needed.

Patient Volumes

The budget has been prepared, based upon 2019 actual inpatient volumes, which was also the budgeted 2020 volumes. This excludes the impact of the COVID crisis. The current census at

NUMC is at that budgeted level of 322 patients. Outpatient volumes are below the 2020 budgeted level and have been improving after the peak of the crisis. The outpatient volumes have been projected based upon the current trend of improvement. A. Holly Patterson is budgeted at the current census of 408 due to the on-going impact of the COVID crisis which has reduced resident days by over 10% and has remained at this lower level. Faculty practice plan operations have rebounded to 2020 budgeted levels and have been budgeted to continue at that level.

Net Patient Service Revenue

Hospital patient service revenue is budgeted at \$8.1 million below the 2020 budgeted level. Medicaid rate reductions, reduced clinic volumes and reduced A Holly Patterson resident days due to the COVID crisis, are offset by revenue cycle initiatives, the establishment of an observation unit and increased volume at A Holly Patterson in the second half of the year, as a result of implementing the Chinese and Indian programs.

Medicaid rate reductions, due to the NYS budget shortfalls, impact Medicaid and Medicaid HMO revenues as well as workers compensation and no-fault reimbursement. Reimbursement by Medicare over the last decade has remained constant with no increase for inflation, despite health care inflationary increases in expense. In 2020, Medicare eliminated the 2% sequestration reduction in rates and increased the case mix reimbursement by 20%. These were implemented as a result of the COVID crisis and are not budgeted to continue in 2021.

Other Operating Revenue

Other operating revenue is budgeted \$73.8 million below projected 2020 levels primarily as a result of the expiration of the DSRIP program on March 31, 2020 and a reduction in State aid of \$20.0 million due to the VBP-QIP program funding ending. Additionally, CARES Act revenue has been budgeted only for new COVID related operational expenses. This includes pre-screening

of patients, additional lab testing, pharmaceuticals, protective equipment and security during the first six months of 2021, in accordance with CARES Act requirements. Additional amounts have been budgeted for lost revenue related to outpatient and nursing home volume reduction.

Further, although not budgeted, CARES Act revenue will be recognized for capital expenditures to redesign and modify the facilities to be COVID protocol compliant, and for unbudgeted expenses incurred due to expansion of hours in our ambulatory facilities to accommodate historic levels of patients, due to social distancing concerns.

Expense

Expenses are increasing due to the contract with the union which provides for a 2% cost of living adjustment which increased salary and related fringe benefit costs by \$8.4 million. Pension expense is increasing by \$5.6 million from 2020 budgeted levels primarily due to the stock market performance during the week before the pension plan valuation on March 31, 2020. Fringe benefit cost are also increasing due to an anticipated 3.0% increase in premiums from NYSHIP, NUMC's health benefit provider. Pharmaceutical costs are also projected to increase by 5%.

Nassau University Medical Center

Revenue

Net Patient Service Revenue (NPSR) is budgeted at \$325.2 million, which is a \$1.8 million decrease from the 2020 budgeted level. NPSR is budgeted to increase primarily due to revenue cycle initiatives of \$4.5 million, implementation of the observation unit -\$1.7 million, an increase in case mix intensity-acuity of care which is projected to increase revenue by \$7.1 million, and the expansion of outpatient clinics of \$1.5 million for an increase of \$14.8 million in revenue. Due to

the NYS budget deficit, these increases will be offset by Medicaid rate reductions of \$10.5 million, made up of Medicaid rate reductions of \$7.5 million (quality incentives-\$2.8 million and 1.5% rate reductions-\$4.7 million) and reduction in Medicaid HMO pool payments of \$3.0 million due to the elimination of State funding for quality incentives).

Outpatient volumes are below 2019 levels and the budget reflects the current level of these services resulting in a decrease in revenue of \$7.0 million. Expansion of clinic hours in 2021 will offset this reduction by \$1.5 million, for a net reduction of \$5.6 million in outpatient revenue.

Patient Volumes

The budget assumes that 2021 inpatient volumes - discharges, patient days and length of stay will be at the 2019 level. The table below outlines historical discharge data:

Year	Discharge Volumes	% Change from Previous Year
2021 Budgeted	20,068	14.18%
2020 Projected	17,573	-12.45%
2019	20,068	-1.21%
2018	19,829	-2.68%
2017	20,375	-1.23%
2016	20,629	-0.26%

Outpatient volumes are projected at the following levels:

	2019	Projected 2020	Budgeted 2021
Clinics-General	162,703	130,731	150,728
Clinics-Mental Health	14,225	15,850	15,850
Clinics-Hemodialysis	21,886	19,591	20,591
Emergency Department	67,029	56,802	56,802
Ambulatory Surgery	5,423	3,239	4,229

Other operating revenues include the following:

DSH-IGT	\$43.6 million
Charges to Nassau County	19.9 million
Corrections Contract	21.4 million
State & Federal Aid	8.2 million
Miscellaneous	<u>11.8 million</u>
Total	104.9 million

Overall, other operating revenue is decreasing by \$30.2 million from budgeted 2020 levels primarily due to the elimination of DSRIP and VBP-QIP revenue of \$31.6 million, offset by \$6.2 million in CARES Act revenue for COVID related expenses in the 2021 budget and lost revenue.

Expenses

The budget includes increases to salaries and related fringe benefits, primarily for cost of living, longevity and step increases, as well as pension and health benefit costs. 2021 salaries are projected to be \$239.5 million and include reductions due to budget initiatives. Other expenses include a price increase for pharmaceutical costs of \$0.6 million and additional patient screening, laboratory expense, pharmacy and personal protective equipment (PPE), all of which will be funded with CARES Act revenue in the first half of the year.

Depreciation expense is budgeted based upon historical information with consideration given to the current and future capital expenditure requirements and is relatively unchanged.

A Holly Patterson Extended Care Facility

Revenue

Patient Service Revenue is budgeted at \$40.8 million, a decrease of \$4.8 million from the 2020 budgeted level. This reflects a reduction in volume of \$8.3 million due to the COVID crisis offset by \$1.5 million for two new programs which will be phased in during the second half of the year, and revenue cycle initiatives of \$2.0 million. Resident days are projected at 153,412 which is a decrease of approximately 19,000 days from the 2020 budgeted level before the impact of new initiatives. Two new programs are projected to add 25 new residents each by the end of the year, which is projected to increase resident days by 4,500 days in 2021. These two programs will be targeted to ultimately improve the daily census by 150 patients (100 in the Chinese program and 50 in the Indian program) which will increase resident days by approximately 55,000 days annually (potential revenue of \$16-22 million).

	Resident Days		
	2019	2020 Projected	2021 Budget
Geri	153,470	136,599	143,130
HIV	5,889	4,909	5,145
Vent	6,112	4,904	5,137
Total	<u>165,471</u>	<u>146,412</u>	<u>153,412</u>

IGT revenue is budgeted at \$10.3 million, which approximates the 2020 amount.

Expense Assumptions

Salary and Fringe Benefits are budgeted at \$61.0 million, approximately the 2020 budgeted amount. This includes a contractual increase for cost of living, steps and longevity as well as additional staffing for the two new programs phased in in the second half of the year offset by cost savings initiatives. Other than personnel services (OTPS) expense reflects decreases due to budget initiatives.

Physician Faculty Practice Plan

The operations of the faculty practice plan are budgeted to remain at the level of 2019 operations.

SECTION TWO

OPERATING BUDGET

FISCAL YEAR ENDED DECEMBER 31, 2021

COMPARATIVE FINANCIAL STATEMENT
PRESENTATION

Nassau Health Care Corporation and Subsidiaries
Revenue & Expenses
Consolidated
(In Thousands)

	FYE 12/31/2019	Projected FYE 12/31/2020	Budgeted FYE 12/31/2021
<u>Operating Revenues:</u>			
Net patient service revenue	\$ 384,639	\$ 380,483	\$ 393,518
<u>Other Operating Revenues:</u>			
NYS Intergovernmental transfer	74,832	53,886	53,900
DSRIP*	52,561	15,428	0
Nassau County Billings	21,612	19,863	19,863
Corrections Contract	20,614	21,000	21,364
Federal & State Aid	25,835	64,074	8,182
Practice Plan Revenue	0	0	0
Miscellaneous	27,422	15,133	12,309
Total Operating Revenues	607,515	569,867	509,136
<u>Operating Expenses:</u>			
Salaries	272,258	279,848	293,344
Fringe Benefits	138,808	138,051	148,066
Supplies	50,253	71,562	48,927
Expenses	98,754	110,574	100,544
Utilities	19,352	18,343	18,591
Depreciation Expense	17,886	16,534	15,865
Total Operating Expenses	597,311	634,912	625,337
<u>Income (loss) before OPEB, GASB 68 & other expenses</u>	\$10,204	(65,045)	\$ (116,201)
Employee benefits - OPEB	(39,463)	(36,699)	(36,700)
NYS Actuarial Pension Adjustment	(3,773)	(33,320)	
Operating loss	(33,032)	(135,064)	(152,901)
<u>Non-Operating Activites</u>			
Interest Income	1,638	1,476	400
Interest Expense	(8,276)	(10,476)	(10,517)
Total Non-Operating Activities	(6,638)	(9,000)	(10,117)
Capital Contribution	6,705		
Change in Net Position	\$ (32,965)	\$ (144,064)	\$ (163,018)

*2019 reflects audited amounts adjusted for DSRIP award of \$50.0 million received in 2020-9 months 2019/3 months 2020.

Nassau Health Care Corporation and Subsidiaries

Budgeted Revenue & Expenses

By Entity

(In Thousands)

	Nassau University Medical Center Budget 2021	A. Holly Patterson Extended Care Fac. Budget 2021	Physician Faculty Practice Plan Budget 2021	Nassau Health Care Corp, LTD. Budget 2021	Total Budget 2021
<u>Operating Revenues:</u>					
Net patient service revenue	\$ 325,218	\$ 40,800	\$ 27,500	\$ -	\$ 393,518
<u>Other Operating Revenues:</u>					
NYS Intergovernmental transfer	43,600	10,300	-	-	53,900
DSRIP	-	-	-	-	0
Nassau County Billings	19,863	-	-	-	19,863
Corrections Contract	21,364	-	-	-	21,364
Federal & State Aid	8,182	-	-	-	8,182
Practice Plan Revenue	12,925	-	(12,925)	-	-
Miscellaneous	11,829	480	-	5,100	12,309
Total Operating Revenues	442,981	51,580	14,575	5,100	509,136
<u>Operating Expenses:</u>					
Salaries	239,524	40,820	13,000	-	293,344
Fringe Benefits	127,344	20,222	500	-	148,066
Supplies	45,760	3,167	-	-	48,927
Expenses	93,750	5,719	1,075	5,100	100,544
Utilities	17,296	1,295	-	-	18,591
Depreciation Expense	15,123	742	-	-	15,865
Total Operating Expenses	538,797	71,965	14,575	5,100	625,337
<u>Income (loss) before OPEB expenses</u>	(95,816)	(20,385)	-	-	(116,201)
Employee benefits - OPEB	(30,000)	(6,700)	-	-	(36,700)
Operating loss	(125,816)	(27,085)	-	-	(152,901)
<u>Non-Operating Activities</u>					
Interest Income	400	-	-	-	400
Interest Expense	(8,925)	(1,592)	-	-	(10,517)
Total Non-Operating Activities	(8,525)	(1,592)	-	-	(10,117)
Change in Net Position	\$ (134,341)	\$ (28,677)	\$ -	\$ -	\$ (163,018)

Nassau Health Care Corporation and Subsidiaries
Nassau University Medical Center
Revenue & Expenses
(In Thousands)

	FYE 12/31/2019	Projected FYE 12/31/2020	Budgeted FYE 12/31/2021
<u>Operating Revenues:</u>			
Net patient service revenue	\$ 316,879	\$ 317,431	\$ 325,218
<u>Other Operating Revenues:</u>			
NYS Disproportionate Share	62,964	43,605	43,600
DSRIP*	52,561	15,428	-
Nassau County Billings	21,612	19,863	19,863
Corrections Contract	20,614	21,000	21,364
Federal & State Aid	25,835	64,074	8,182
Practice Plan Revenue	12,950	11,595	12,925
Miscellaneous	20,691	15,524	11,829
Total Operating Revenues	534,106	508,520	442,981
<u>Operating Expenses:</u>			
Salaries	223,101	230,769	239,524
Fringe Benefits	117,504	118,446	127,344
Supplies	46,563	67,017	45,760
Expenses	92,706	103,489	93,750
Utilities	17,690	16,259	17,296
Depreciation Expense	17,144	15,815	15,123
Total Operating Expenses	514,708	551,795	538,797
<u>Income (loss) before OPEB & GASB 68 expenses</u>	19,398	(43,275)	(95,816)
Employee benefits - OPEB	(32,754)	(30,000)	(30,000)
NYS Actuarial Pension Adjustment	(3,113)	(27,489)	-
Operating loss	(16,469)	(100,764)	(125,816)
<u>Non-Operating Activities</u>			
Interest Income	858	1,476	400
Interest Expense	(5,382)	(8,380)	(8,925)
Total Non-Operating Activities	(4,524)	(6,904)	(8,525)
Capital Contribution	6,705	7,261	
Change in Net Position	\$ (14,288)	\$ (100,407)	\$ (134,341)

*2019 reflects audited amounts adjusted for DSRIP award of \$50.0 million received in 2020-9 months 2019/3 months 2020.

Nassau Health Care Corporation and Subsidiaries
Correctional Facility
Revenue & Expenses
(In Thousands)

	Audited FYE 12/31/2019	Projected FYE 12/31/2020	Budgeted FYE 12/31/2021
<u>Operating Revenues:</u>			
Net patient service revenue			
<u>Other Operating Revenues:</u>			
NYS Intergovernmental transfer			
DSRIP			
Nassau County Billings			
Corrections Contract	17,614	18,000	18,364
Federal & State Aid			
Practice Plan Revenue			
Miscellaneous			
Total Operating Revenues	17,614	18,000	18,364
<u>Operating Expenses:</u>			
Salaries	11,219	11,469	11,225
Fringe Benefits	3,556	3,707	3,689
Supplies	2,839	170	95
Expenses	-	2,654	3,355
Utilities	-	-	-
Depreciation Expense	-	-	-
Total Operating Expenses	17,614	18,000	18,364
<u>Income (loss) before OPEB & GASB 68 expenses</u>	-	-	-
Employee benefits - OPEB	-	-	-
Operating loss	-	-	-
<u>Non-Operating Activities</u>			
Interest Income	-	-	-
Interest Expense	-	-	-
Total Non-Operating Activities	-	-	-
Change in Net Position	\$ -	\$ -	\$ -

Nassau Health Care Corporation and Subsidiaries

A. Holly Patterson Extended Care Facility

Revenue & Expenses

(In Thousands)

	Audited FYE 12/31/2019	Projected FYE 12/31/2020	Budgeted FYE 12/31/2021
<u>Operating Revenues:</u>			
Net patient service revenue	\$ 40,300	\$ 36,700	\$ 40,800
<u>Other Operating Revenues:</u>			
NYS Intergovernmental transfer	11,868	10,281	10,300
DSRIP	-	-	
Nassau County Billings	-	-	
Corrections Contract	-	-	
Federal & State Aid	-	-	
Practice Plan Revenue	-	-	
Miscellaneous	677	609	480
Total Operating Revenues	52,845	47,590	51,580
<u>Operating Expenses:</u>			
Salaries	35,919	36,295	40,820
Fringe Benefits	20,787	19,117	20,222
Supplies	3,690	4,545	3,167
Expenses	6,543	6,600	5,719
Utilities	1,662	2,084	1,295
Depreciation Expense	742	719	742
Total Operating Expenses	69,343	69,360	71,965
<u>Income (loss) before OPEB, GASB 68 & other expenses</u>	(16,498)	(21,770)	(20,385)
Employee benefits - OPEB	(6,709)	(6,699)	(6,700)
NYS Actuarial Pension Adjustment	(660)	(5,831)	
Operating (loss) income	(23,867)	(34,300)	(27,085)
<u>Non-Operating Activities</u>			
Interest Income	107		
Interest Expense	(2,894)	(2,096)	(1,592)
Total Non-Operating Activities	(2,787)	(2,096)	(1,592)
Change in Net Position	\$ (26,654)	\$ (36,396)	\$ (28,677)

Nassau Health Care Corporation and Subsidiaries
Revenue & Expenses
Physician Faculty Practice Plan
(In Thousands)

	Audited FYE 12/31/2019	Projected FYE 12/31/2020	Budgeted FYE 12/31/2021
<u>Operating Revenues:</u>			
Net patient service revenue	\$ 27,460	\$ 26,352	27,500
<u>Other Operating Revenues:</u>			
NYS Intergovernmental transfer	-	-	-
DSRIP	-	-	-
Nassau County Billings	-	-	-
Corrections Contract	-	-	-
Federal & State Aid	-	-	-
Practice Plan Revenue	(12,950)	(11,595)	(12,925)
Miscellaneous	-	-	-
Total Operating Revenues	14,510	14,757	14,575
<u>Operating Expenses:</u>			
Salaries	13,238	12,784	13,000
Fringe Benefits	517	488	500
Supplies	-	-	-
Expenses	905	1,485	1,075
Utilities	-	-	-
Depreciation Expense	-	-	-
Total Operating Expenses	14,660	14,757	14,575
<u>Income (loss) before OPEB & GASB 68 expenses</u>	(150)	0	-
Employee benefits - OPEB	-	-	-
Operating loss	(150)	0	-
<u>Non-Operating Activities</u>			
Interest Income	-	-	-
Interest Expense	-	-	-
Total Non-Operating Activities	-	-	-
Change in Net Position	\$ (150)	\$ 0	\$ -

Nassau Health Care Corporation and Subsidiaries
Nassau Health Care Corp, LTD.
Revenue & Expenses
(In Thousands)

	Audited FYE 12/31/2019	Projected FYE 12/31/2020	Budgeted FYE 12/31/2021
<u>Operating Revenues:</u>			
Net patient service revenue	\$ -	\$ -	
<u>Other Operating Revenues:</u>			
NYS Intergovernmental transfer	-	-	
DSRIP	-	-	\$ -
Nassau County Billings	-	-	-
Corrections Contract	-	-	-
Federal & State Aid	-	-	-
Practice Plan Revenue	-	-	-
Miscellaneous	6,054	6,000	5,100
	<hr/>	<hr/>	<hr/>
Total Operating Revenues	6,054	6,000	5,100
	<hr/>	<hr/>	<hr/>
<u>Operating Expenses:</u>			
Salaries	-	-	-
Fringe Benefits	-	-	-
Supplies	-	-	-
Expenses	(1,400)	6,000	5,100
Utilities	-	-	-
Depreciation Expense	-	-	-
	<hr/>	<hr/>	<hr/>
Total Operating Expenses	(1,400)	6,000	5,100
	<hr/>	<hr/>	<hr/>
<u>Income (loss) before OPEB & GASB 68 expenses</u>	7,454	-	-
	<hr/>	<hr/>	<hr/>
Employee benefits - OPEB	-	-	-
Operating loss	7,454	-	-
	<hr/>	<hr/>	<hr/>
<u>Non-Operating Activities</u>			
Interest Income	673	-	-
Interest Expense	-	-	-
Total Non-Operating Activities	673	-	-
	<hr/>	<hr/>	<hr/>
Change in Net Position	\$ 8,127	\$ -	\$ -
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Budget Initiatives and Operational Changes Included in the 2021 Budget

NUMC Revenue Cycle Initiatives

Projects:	Start Date	2020	2021
1 SIS OR Interface	TBD	-	200,000
2 Ortho/Spine Denials	10/20	300,000	1,000,000
3 Pharmacy	TBD	-	250,000
4 Detox Medicaid Denials	9/20	350,000	1,000,000
5 Clinic Revenue	11/20	75,000	500,000
6 Eagle A/R Tasking	2/21	-	2,000,000
		<u>650,000</u>	<u>4,950,000</u>
		Budget, due to 2/21 start for #6	4,500,000

AHP Revenue Cycle Initiatives

1 "Timed Out" Medicaid App. Denials	12/20	1,000,000
2 Improved Collection small \$ amounts	1/21	<u>1,000,000</u>
	Budget	2,000,000

Observation Unit

Currently 4,000 Inpatient cases are denied of which approximately 1,000 are observation cases. ED payment is \$300 per case versus observation rate of \$2,000, an increase of \$1,700/case= **\$1.7 Million**

Outpatient services

Expansion of clinics to accommodate social distancing norms are estimated to yield **\$1.5 Million**

New Programs at A. Holly Patterson

Two new programs are planned at A Holly Patterson, modeled after the existing Korean Program. 2021 will be a phase in year starting in the third quarter due to the limitation of visitors currently due to the COVID crisis. Revenue based on 4,500 days in 2021 will be \$1.5 million with expenses of \$0.5 million for a **net \$1.0 million profit**.

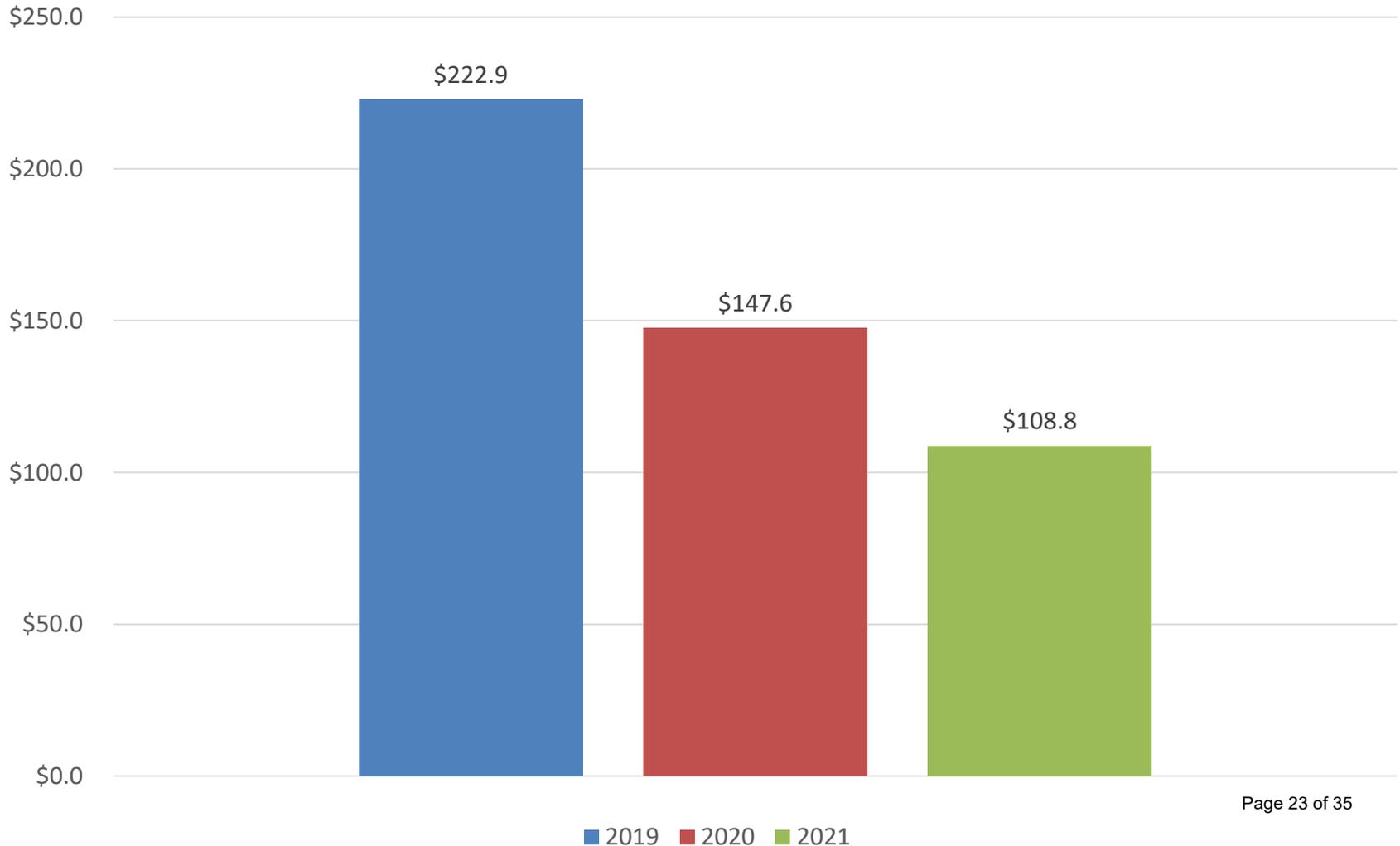
At planned capacity of 150 new residents (100 Chinese and 50 Indian) this program will generate \$16-20 million in revenue, and using the \$16 million revenue amount, will **net \$7.2 million profit**. Page 21 of 35

NHCC 2021

Budget Graphs

Other Operating Revenue

Excluding CARES Act Revenue
(millions)



Other Operating Revenue

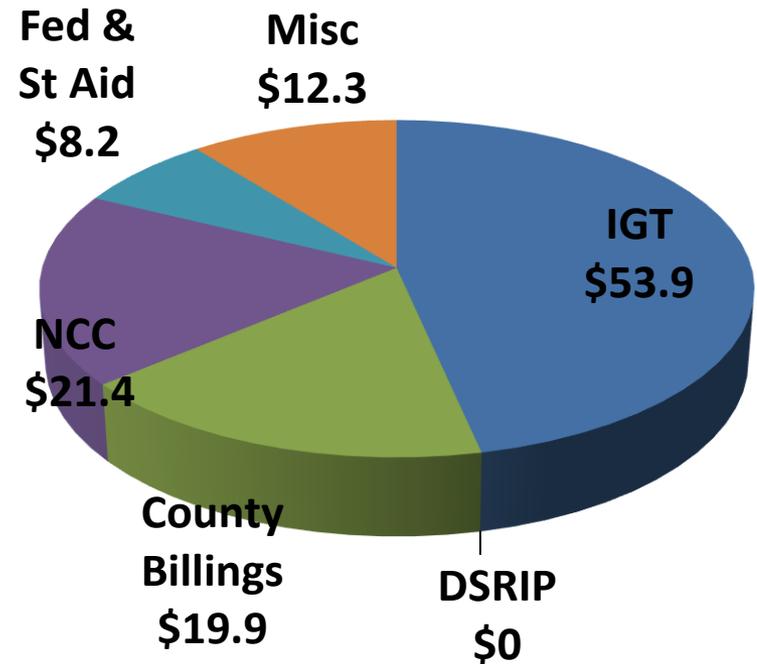
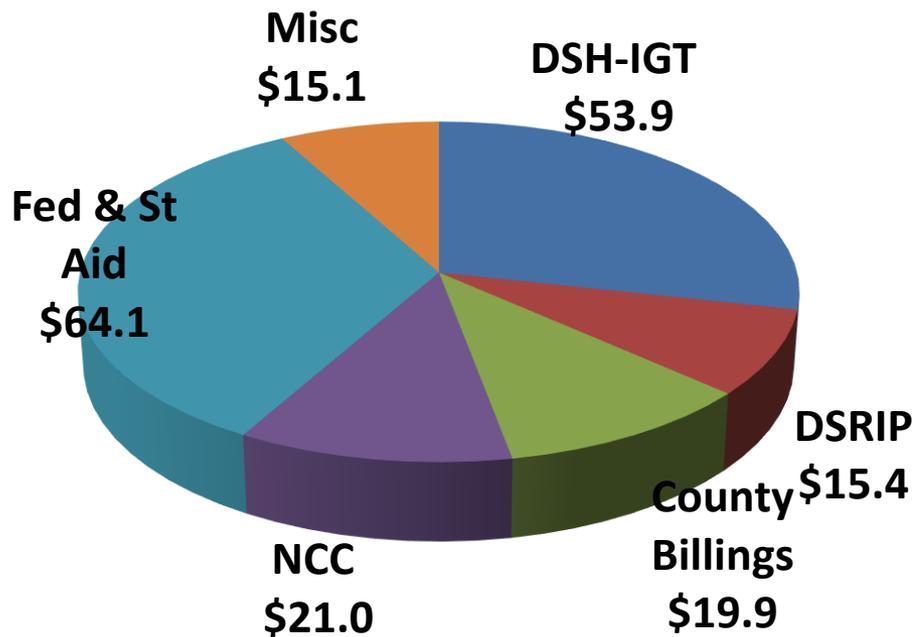
(millions)

2020

2021

Total-\$189.4

Total-\$115.6

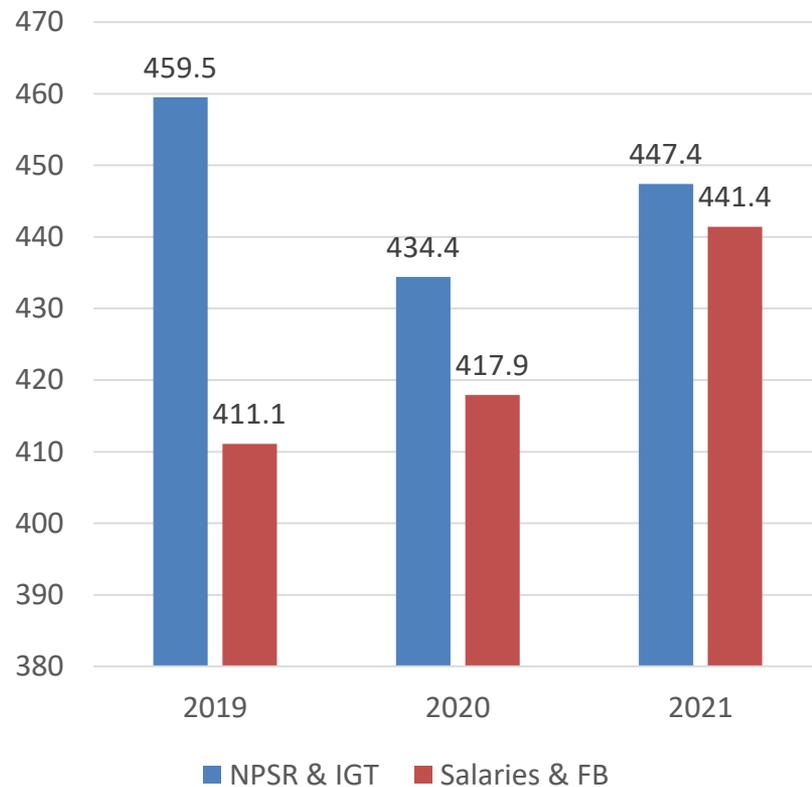


Federal & State Aid includes CARES Act Revenue

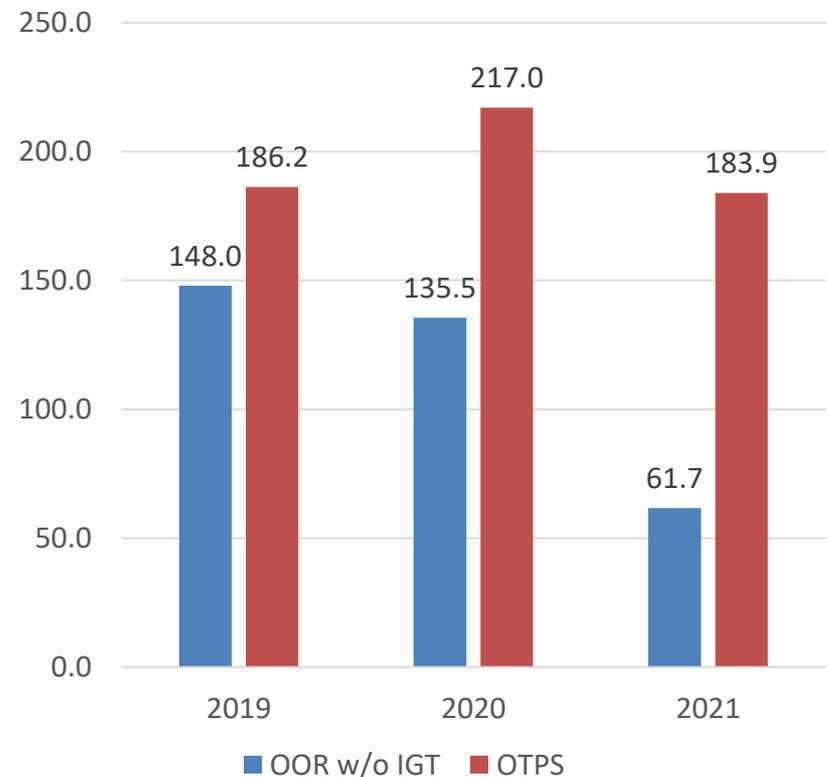
Funding of Operations 2021

(millions)

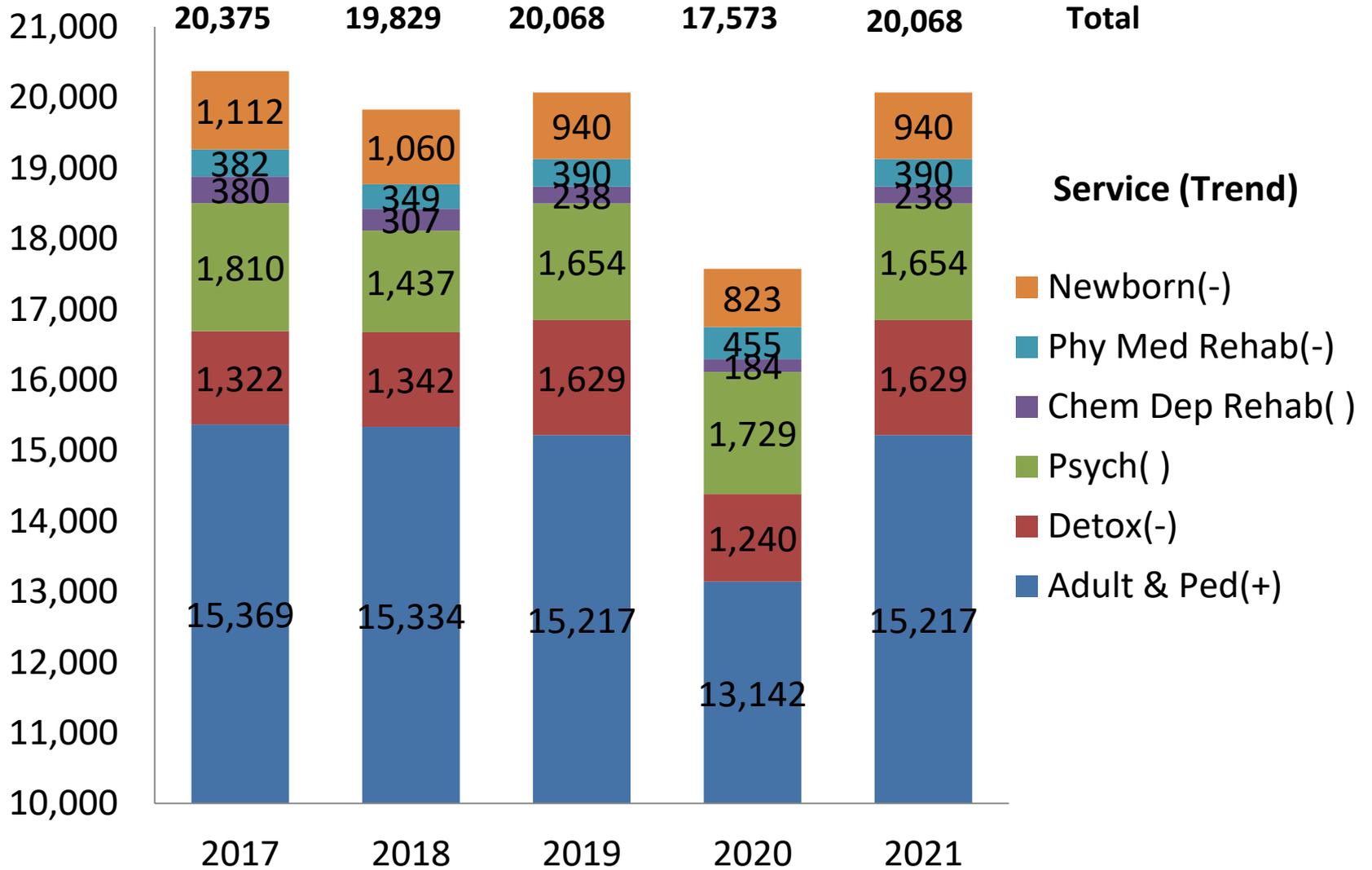
Salaries & Fringe Benefits



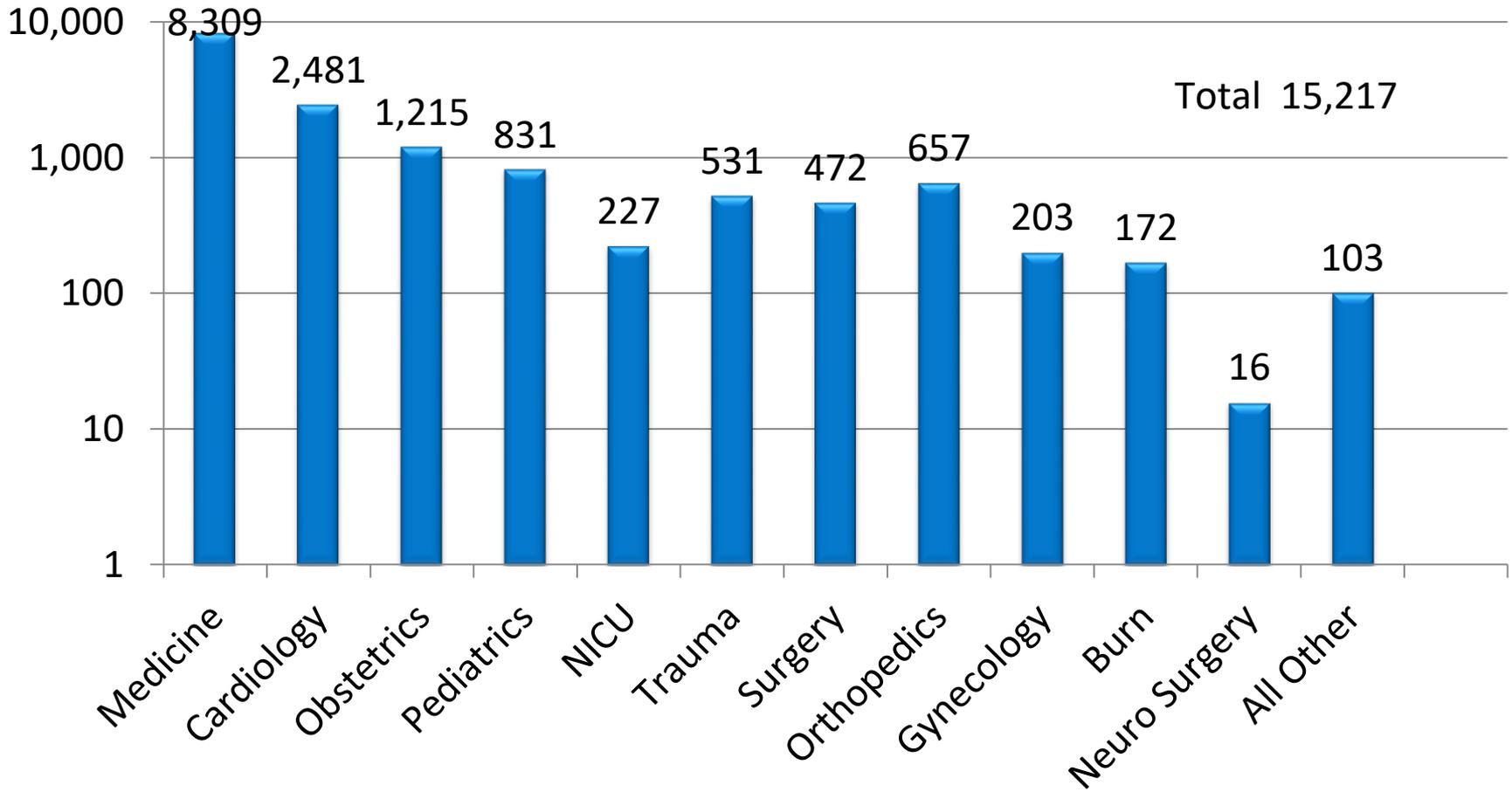
Other Than Personnel Services



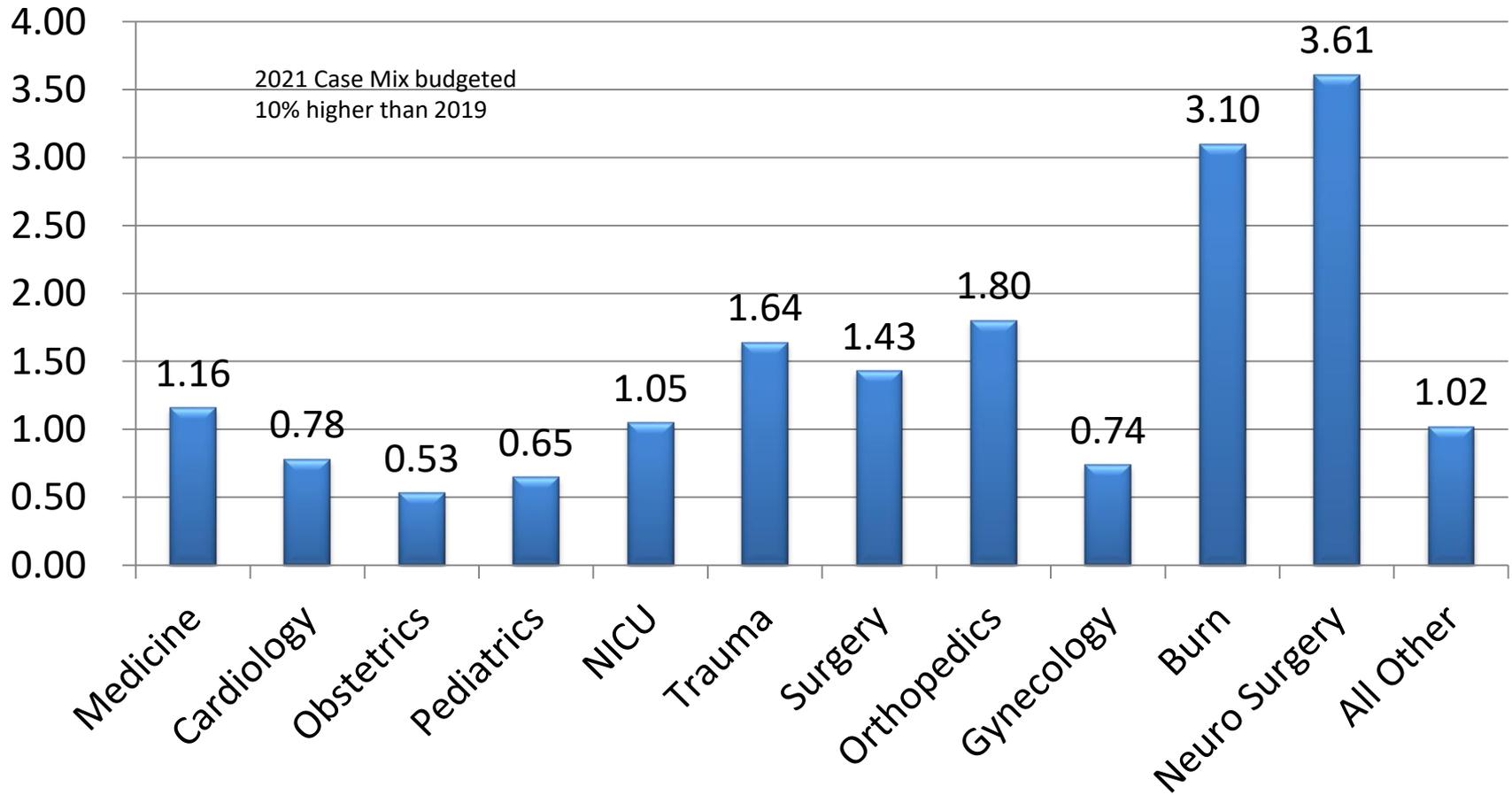
NUMC Discharges



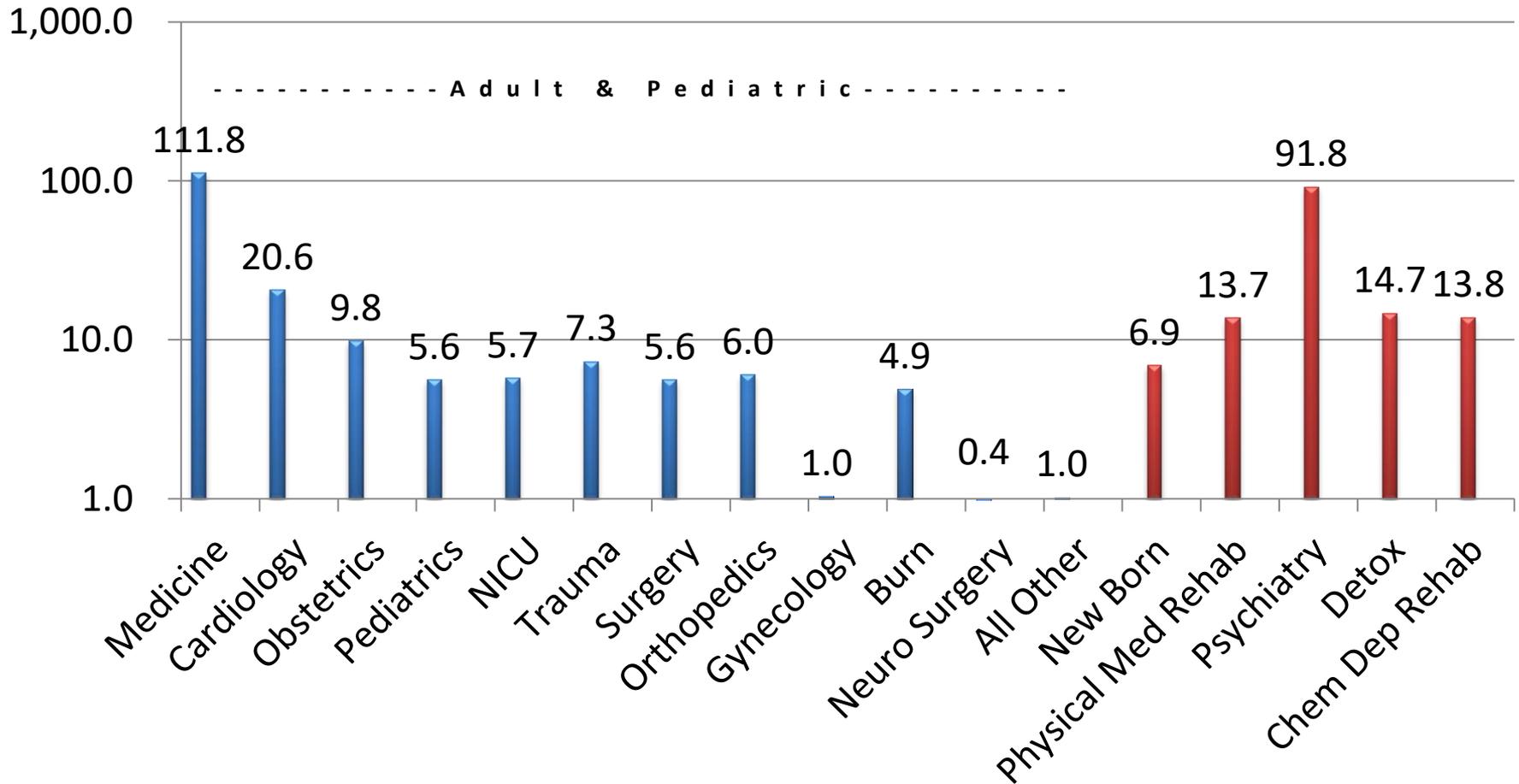
Adult & Pediatric Discharges By Service 2019 & 2021 Budgeted



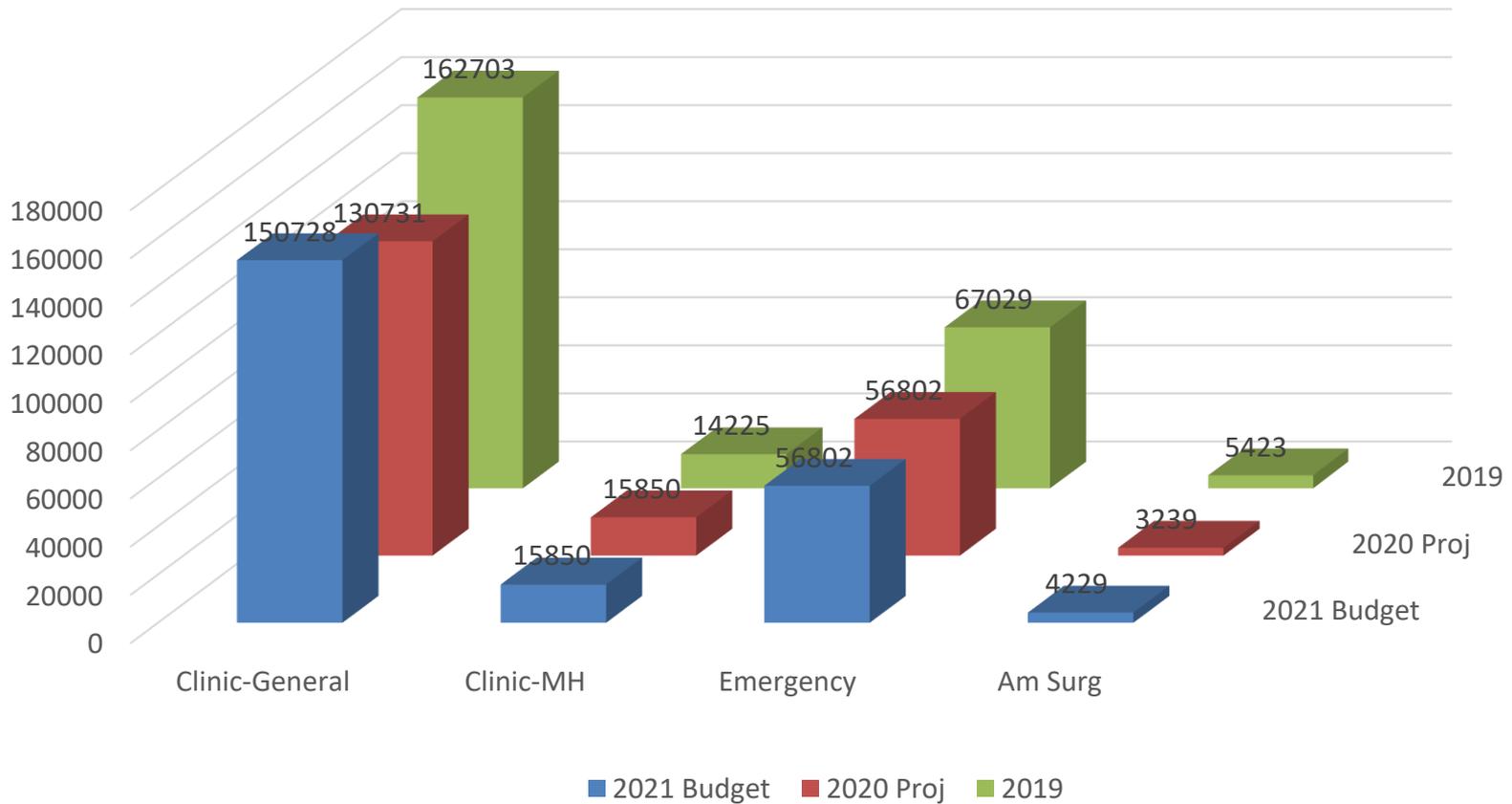
Adult & Pediatric Case Mix Index By Service 2019



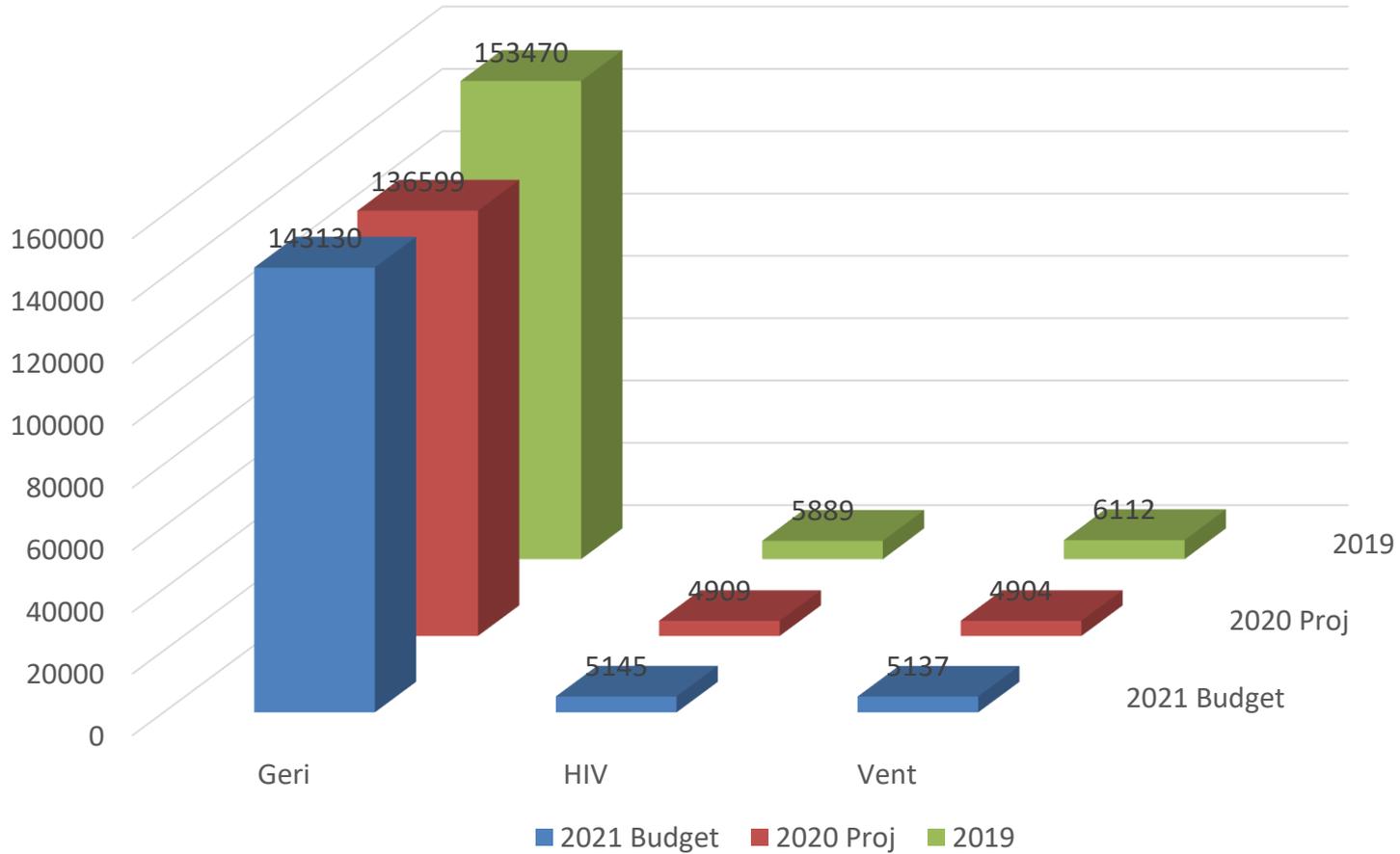
Average Daily Census 2019 & 2021 Budgeted



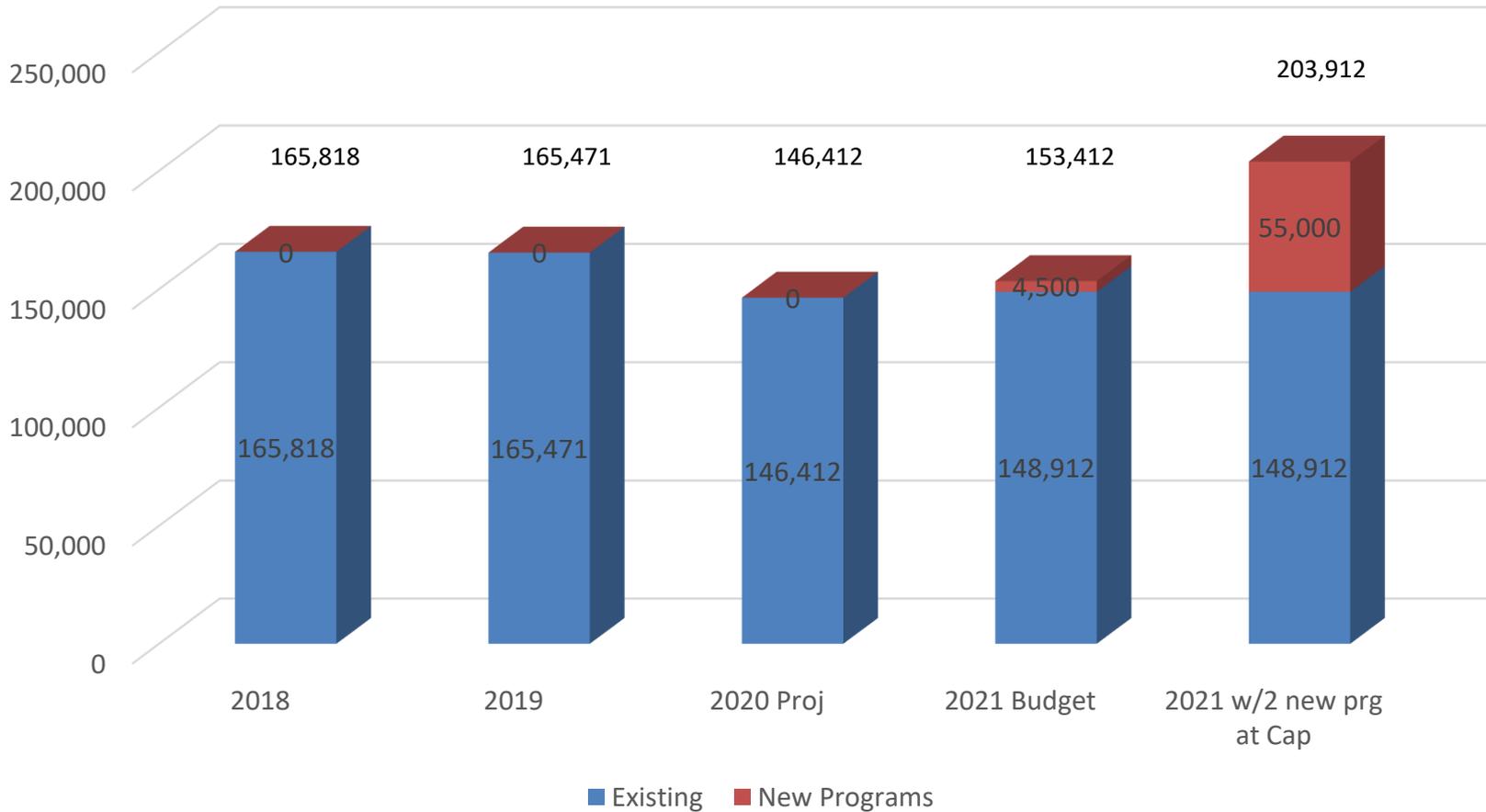
2021 Outpatient Volumes



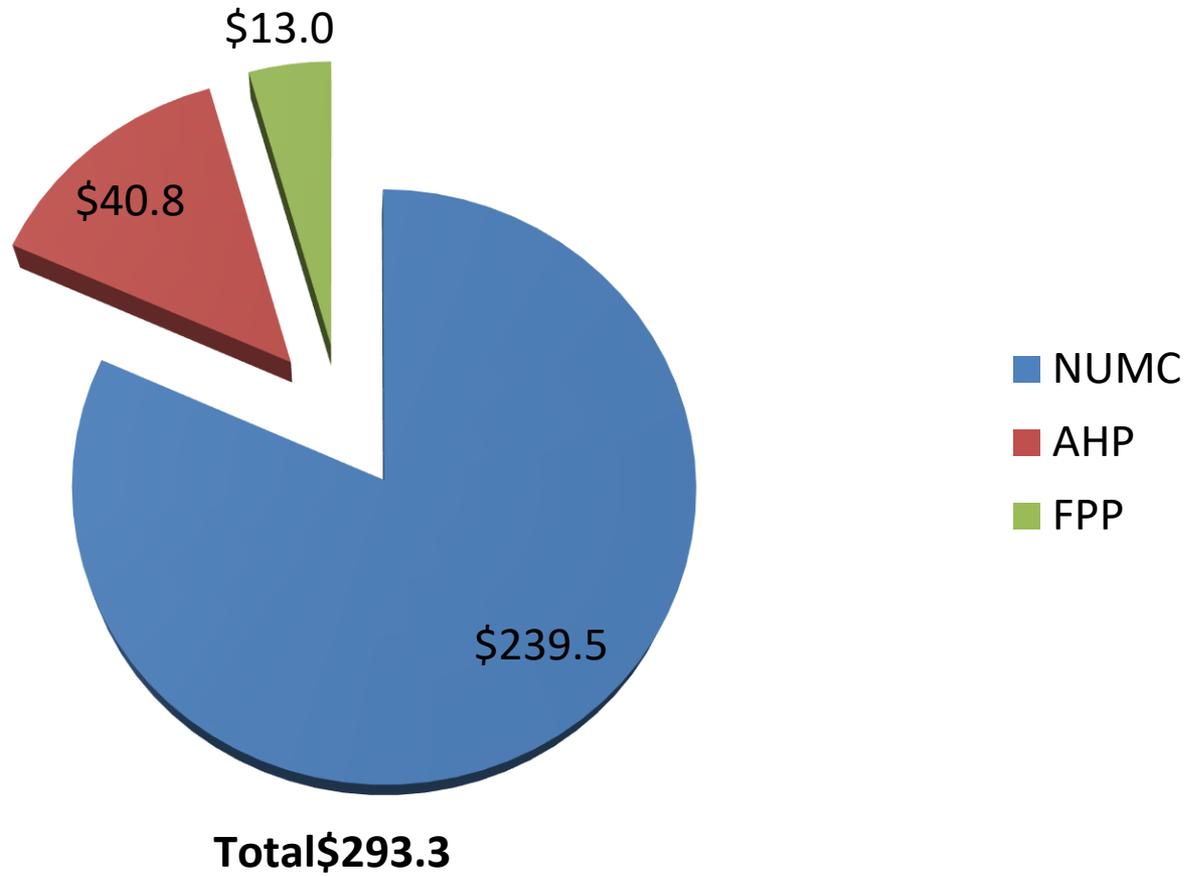
AHP Resident Days



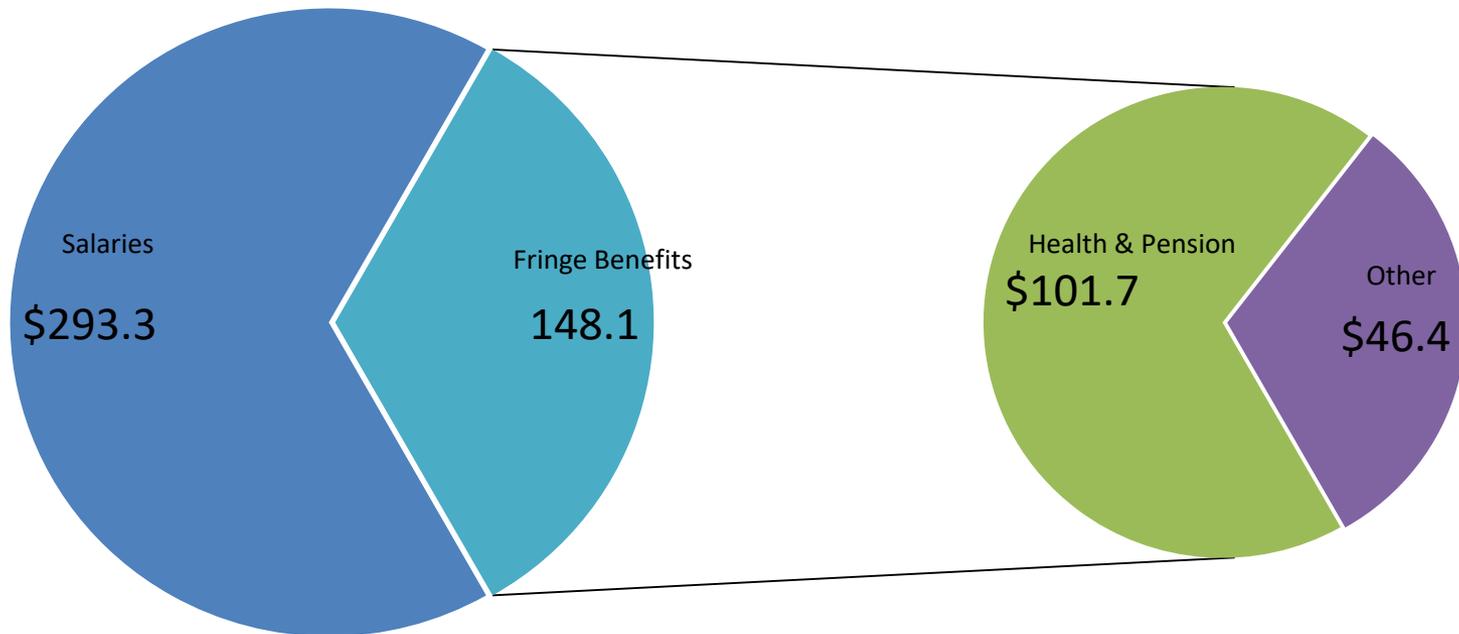
AHP Total Resident Days



Salaries (millions)



Salary & Fringe Benefits (millions)



NYS Actuarial Pension Expense Adjustment (millions)

