



NASSAU HEALTH CARE CORPORATION

OPERATING BUDGET

Fiscal Year Ending December 31, 2025

Message from the CEO

Over the course of 2024, Nassau Health Care Corporation ('NHCC') has continued its financial transformation driven by successful revenue enhancement initiatives. As NHCC transitions to 2025, the basis of the Budget Plan is comprised of continued revenue enhancement activities, cost reduction measures, and a fix to the Disproportionate Share Intergovernmental Transfer (DSH-IGT) program from NYS.

In May 2024, the NHCC Financial Improvement Plan was revised which updated revenue enhancement and cost reduction opportunities originally set in the August 2023 Financial Improvement Plan. The updates further refined opportunities as NHCC progressed through the Plan in 2024. For 2025, the Financial Improvement Plan identifies \$39.4 million in net margin improvement over the course of the next year:

- \$19.5 million in revenue enhancement initiatives
- \$19.9 million in cost reduction initiatives

Highlights of the revenue enhancement plan include:

- Documentation & Coding Improvements
- Billing & Collections Improvements
- RCM Systems & Chargemaster Optimization
- 340B Drug Pricing Program Optimization

Highlights of the cost reduction plan include:

- Expense & Purchased Services Reductions
- Med/Surg & Other Supply Reductions
- Other Expense Reductions

The 2025 budget reflects a decrease of \$106M in NHCC's loss before OPEB, GASB 68 from 2024's projection of \$55 million to a budgeted 2025 gain of \$499 thousand through the continued implementation of the Financial Improvement Plan and corrections to the DSH-IGT program.

Over the course of 2024, NHCC has already seen significant NPSR improvement through revenue enhancement activities as a part of the Financial Improvement Plan. The chart below highlights a projected \$39.9 million improvement, an annualized 7.5% improvement over the same time period last year.

The continued roll-out of NHCC's Financial Improvement Plan has demonstrated positive improvements in NHCC's operations over the course of 2024. Continued implementation of the Plan in combination with the expertise and dedication of NHCC's staff and community will allow NHCC to provide accessible high-quality healthcare to all who require it.

Executive Summary – Basis of the 2025 Budget

Nassau Health Care Corporation’s (‘NHCC’) 2025 budget has been prepared using 2024 operations as a baseline while incorporating patient volumes based on year-to-date volumes as of October 31, 2024. Also included in the 2025 budget are initiatives and workstreams that have been implemented which increases the quality of the revenue being billed out and improves cash collections.

Budget Operating Results

The 2025 budget for Nassau Health Care Corporation projects an operating gain of \$499 thousand before OPEB (Other Post Retirement Benefits) and the NYS Actuarial Pension Adjustment. NHCC’s 2025 budgeted gain shows margin improvement due to the Financial Improvement Plan and anticipated collection of DSH-IGT program funds from NYS. The revenue enhancement workstream is focused on improved revenue through billing optimization, continued chargemaster maintenance, improved documentation and coding, and continued 340B Drug Pricing Program optimization. The cost reduction workstream is focused on reduced operating expenses through reductions in purchased services, clinical and non-clinical overtime, and decreases in medical/surgical expenses. The corrections to the DSH-IGT program is expected to yield an additional \$64M. The combination of these initiatives result in a 2025 budgeted gain before OPEB, GASB 68.

Net Patient Service Revenue (NPSR)

Net patient service revenue is budgeted at \$478 million or \$19.5 million above the 2024 NPSR levels based on the improvements noted in the revised Financial Improvement Plan. The NPSR portion of the Financial Improvement Plan focuses on significant improvement in billing and collections, revenue cycle management system, chargemaster, documentation and coding, and the 340B drug pricing program. The 2025 revenue enhancement targets are:

Documentation & Coding Improvements	\$ 10.0 million
Billing & Collections Improvements	\$ 4.5 million
RCM Systems & Chargemaster Optimization	\$ 2.5 million
340B Drug Pricing Program Optimization	\$ 2.5 million
2025 Total	\$ 19.5 million

Other Operating Revenue

Other Operating Revenue represents non-patient related billings such as NYS Intergovernmental Transfer payments, billings to Nassau County for contracted services, Corrections Facility medical services, Federal & State Aid and miscellaneous billings. The total Other Operating Revenue budgeted for 2025 is \$201 million.

Expenses

The expense portion of the Financial Improvement Plan focuses on material reductions in clinical expenses, clinical and non-clinical overtime expense, and eliminations in non-essential and unnecessary purchased services. The 2025 cost reduction targets are:

Expense & Purchased Services Reductions	\$ 13.8 million
Med/Surg and Other Supply Reductions	\$ 3.1 million
Other Expense Reductions	\$ 3.0 million
2025 Total	\$ 19.9 million

Nassau Health Care Corporation & Subsidiaries

Consolidated Revenue & Expenses (in thousands)

Operating Revenues	Pro Forma FYE 12/31/2023	Projected FYE 12/31/24	Budgeted ¹ FYE 12/31/25
Net Patient Service Revenue	\$447,811	\$458,589	\$478,107
Other Operating Revenues			
Intergovernmental Transfer – Federal	88,677	51,996	64,000
Intergovernmental Transfer – NYS ²	57,528 ²	51,996 ²	64,000
Nassau County Billings	20,301	22,656	25,156
Corrections Contract	19,306	19,458	20,042
Federal & State Aid	11,393	8,583	6,500
Miscellaneous	25,529	22,321	22,300
Total Operating Revenues	670,545	635,600	680,105
Operating Expenses	Pro Forma FYE 12/31/2023	Projected FYE 12/31/24	Budgeted FYE 12/31/25
Salaries	317,978	302,964	314,857
Fringe Benefits	161,695	172,875	171,551
Supplies	52,163	53,784	50,665
Expenses	113,099	118,080	104,211
Utilities	20,708	20,163	18,500
Depreciation Expense	24,010	22,295	19,822
Total Operating Expenses	689,653	690,160	679,606
Income (Loss) before OPEB, GASB 68	(19,108)	(54,560)	499
Employee Benefits – OPEB	(33,415)	(31,924)	(30,200)
NYS Actuarial Pension Adjustment	(31,155)	(18,990)	-
Operating Loss	(83,678)	(105,474)	(29,701)
Non-Operating Activities			
Interest Income	3,481	1,479	1,200
Interest Expense	(7,166)	(5,499)	(5,501)
NYS Health Insurance Relief	60,000	-	-
Total Non-Operating Activities	56,315	(4,020)	(4,301)
Capital Contribution	9,314	3,213	3,500
Change in Net Position	\$ (18,049)	\$ (106,281)	\$ (30,502)

¹ Subject to adjustment based on future reporting (e.g. actuarial reports, etc.)

² NYS match amount not yet received