



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

**NASSAU HEALTH CARE CORPORATION
& SUBSIDIARIES**

Report on Operations

FISCAL YEAR ENDED DECEMBER 31, 2018

The Nassau Health Care Corporation (the “Corporation” or “NHCC”) closed 2018 with an operating loss before OPEB and NYS Actuarial Pension Adjustment of approximately \$14.7 million. While operating revenues increased by \$2.3 million to \$587.6 million, due primarily to increases in disproportionate share payments, which is funded through the intergovernmental transfers (“IGT”), the increase was offset by reduced State Aid and Delivery System Reform Incentive Payment (“DSRIP”) revenues. In addition, operating expenses increased by \$37.4 million to \$602.4 million.

NHCC has experienced recurring operating losses, has a total negative net position of \$746.9 million at December 31, 2018, and is dependent on the continuation of federal, state, and local subsidies, certain of which are scheduled to end or be reduced. These matters raise substantial doubt about NHCC’s ability to continue as a going concern. NHCC is continuously striving to improve its operating results by continuing to progress with collecting on patient accounts, through cash flows provided by government subsidies, for the funding of capital projects, and by participating in the Delivery System Reform Incentive Program and certain other value-based payment programs.

Net Patient Service Revenue

Total net patient service revenue of \$471.6 million for the year ended December 31, 2018. IGT revenue in 2018 was \$84.6 million, which was \$39.9 million above the 2017 amount. A reduction in net patient service revenue due primarily to lower inpatient volume offset this increase.

Expenses

Total operating expenses before OPEB and NYS Actuarial Pension Adjustment expenses were \$602.4 million for the year ended December 31, 2018, an increase of \$37.4 million from the prior year.

Salaries of \$267.9 million increased \$4.8 million, which was the result of an increase in FTEs for services at the correctional facility for a full year in 2018 compared to four months in 2017, offset by lower salary expense due to the reduced patient service volumes. Employee benefit costs, before OPEB and NYS Actuarial Pension Adjustment expenses were \$138.5 million, an increase of \$5.5 million from prior year caused by the increase in health insurance costs. Supplies and other expenses were \$177.6 million, an increase of \$28.3 million primarily related to an increase in self-insurance liabilities, pharmaceutical costs, and temporary staffing agency costs.

Overall volumes at the Nassau University Medical Center and A. Holly Patterson Extended Care Facility were lower than the previous year as evidenced in the table below.

	Nassau University Medical Center				AHP Extended Care Facility	
	Patient Days	Discharges	Avg Daily Census	Ambulatory Visits	AHP Resident Days	Avg Daily Census
2017	128,495	20,375	352.0	283,901	178,831	489.9
2018	124,270	19,829	340.5	276,996	165,818	454.3