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, 2020

The Nassau Health Care Corporation (the "Corporation" or "NHCC") closed 2020 with an operating loss before OPEB and NYS Actuarial Pension Adjustment of approximately $32.5 million. Operating revenue increased by $19.4 million to $594.4 million, primarily due to additional Delivery System Reform Incentive Payment (DSRIP) program and CARES Act revenue. Operating expenses increased by $31.2 million to $627.0 million, primarily due to COVID-19 related expense and an increase in payroll expense due to a 2% collective bargaining agreement increase.

NHCC has experienced recurring operating losses, a working capital deficit and has a total negative net position of $917.1 million at December 31, 2020, 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. Additionally, in 2020, the COVID-19 health crisis has added further uncertainty regarding the operations of NHCC, as well as the healthcare system in general. 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. NHCC has also undertaken a number of initiatives, including the renegotiation of commercial managed care contracts, changes to medical management practices, improved supply chain, inventory management, rightsizing of personnel and further cost reductions. Nassau County Interim Finance Authority (NIFA) currently has oversight of the operations of NHCC and in that capacity, reviews certain operational aspects of the Corporation.

Net Patient Service Revenue

Total net patient service revenue was $440.1 million for the year ended December 31, 2020, a decrease of $17.3 million from the prior year. IGT revenue in 2020 was $47.2 million, which was $27.6 million less than the 2019 amount.

Expenses

Total operating expenses before OPEB and NYS Actuarial Pension Adjustment were $627.0 million for the year ended December 31, 2020, an increase of $31.2 million from the prior year.

Salaries of $287.5 million increased $13.8 million, which was the result of a 2% increase cost of living increase in union salaries as well as step and longevity increases. Employee benefit costs, before OPEB and NYS Actuarial Pension Adjustment expenses were $139.8 million, an increase of $0.8 million from prior year. Supplies and other expenses were $181.3 million, an increase of $16.1 million primarily related to the COVID-19 health crisis.

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
2019	118,216	20,068	323.9	276,173	165,471	453.3
2020	107,270	17,636	293.1	251,846	148,341	405.3