



**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, 2013

The Nassau Health Care Corporation (NHCC), after two successive years of operating surpluses in 2009 and 2010, closed 2011 with an operating deficit of \$45 million due to reductions in revenue and increases in fringe benefit expenses. NHCC closed 2012 with a slight operating deficit of \$2.8 million.

NHCC's 2013 operating budget called for a surplus of \$43,000 and actual 2013 audited results were a deficit of \$21.6 million. Ongoing operational and revenue improvements during 2013 were grossly offset by the declining discharge volume experienced throughout Long Island. The loss of discharges in 2013 resulted in revenue loss of approximately \$11.8 million from the 2012 actual volume levels (a loss of \$20 million from the budgeted 2013 levels).

The 2014 operating budget is expected to produce a \$1.4 million operating surplus.

NHCC's projected \$1,423,000 gain (loss) for 2014, before "Other Operating Items" is divided among the enterprises as follows: Nassau University Medical Center ("NUMC") (\$36,000), A. Holly Patterson Extended Care Facility ("AHPECF") \$303,000, the LIFQHC ("CHC's") \$148,000 and NHCC, Ltd. ("LTD") \$1,008,000.

Revenue cycle improvements have been an ongoing initiative and NHCC has made improvements going into 2014 in its charge master, managed care contracting rates, outpatient billing improvements and denial management. The 2014 budget includes \$13.0 million of new revenue from these initiatives.

Consolidated cash flow from operations is budgeted at positive \$16.0 million. Investment income is projected to generate \$36,000, and budgeted capital expenditures from operations are projected at \$15.0 million, resulting in a projected ending unrestricted cash balance of \$9.4 million.

The 2014 budget will be an ongoing process and is presented as a working document. Management will be continually reviewing areas of possible expense reduction and revenue enhancement throughout the year. To assure fiscal responsibility and accountability on behalf of NHCC, all expenditures and staffing requirements presented in this budget will be subject to continuous review, and evaluation as needs dictate.