



**Westchester
Medical Center**

Westchester Medical Center Health Network

2022 Operating Budget

November 3, 2021

WESTCHESTER COUNTY HEALTH CARE CORPORATION

Operating Budget – 2022

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WESTCHESTER COUNTY HEALTH CARE CORPORATION

EXECUTIVE SUMMARY

Overview

The 2022 budget presents an operating profit of \$11.7 million. We continue to face many financial challenges including continued and sustained volume improvements and Medicaid reimbursement. These challenges were met with a thorough review of current and 2022 projected spending throughout the organization.

Major changes in 2022 include:

- Continued volume improvements
- Growth in APS Physicians
- Optimization of Cerner Electronic Health Record
- ADP and Kronos upgrades, ultimately extending to the entire WMCHHealth network

Budgeted Revenues and Expenses

Overall patient volumes have been discussed with clinical leadership, and overall expenses have been forecasted based on anticipated utilization and inflation factors.

Legacy Excess Costs

WMCHHealth continues to be obligated to incur costs beyond industry norms in the following areas:

- **New York State Pension Expense** – The pension expense for employees at the Valhalla campus who participate in the NYS pension plan is budgeted at \$20.5 million for 2022. This amount includes a \$12.0 million positive Non-Cash Pension Adjustment attributable to the appreciation in the Fair Value of the Plan's investments at March 31, 2021.
- **Health Benefit Expense** – Health benefit expense is budgeted at \$127.5 million for 2022. This expense is based on recent medical expense trends. Included in the health benefit expense is \$21.4 million of health benefits for retired employees, a benefit generally no longer provided by most employers.

REVENUE

Revenue projections use 2021 as a base for patient volume, payor mix and case mix acuity adjusted for selective changes to patient volume and changes in contractual agreements with payors.

OTHER OPERATING REVENUE

Other operating revenue includes grants and other revenue for services provided.

EXPENSES

Generally, overall expenses are budgeted to increase by 4.2% over 2021 projected levels.

Fringe Benefit Costs

Overall fringe benefit costs are budgeted as follows:

- NYS pension plan costs amount to \$20.5 million which includes a positive NYS Non-Cash Pension Adjustment of \$12.0 million.
- Health benefit costs – Increase primarily due to healthcare cost trends for employees and retirees, including the impact of increased physicians and other staff, have resulted in benefit costs of \$123.7 million increasing by \$3.8 million to \$127.5 million in 2022.

Depreciation and Amortization

Depreciation and amortization is calculated to be \$91.2 million in 2022.

Interest Expense

Interest expense is budgeted to be \$46.6 million in 2022.

COMMENTS ON STATEMENTS OF NET POSITION

Cash, Cash Equivalents and Investments – Cash, cash equivalents and investments at December 31, 2022 is expected to approximate \$278.3 million.

Patient Accounts Receivable, net – Projected balances at December 31, 2022 reflects 46.6 days revenue in accounts receivable.

WESTCHESTER MEDICAL CENTER
STATEMENT OF OPERATIONS
OPERATING BUDGET FOR THE YEAR ENDING DECEMBER 31, 2022
(IN THOUSANDS)

	<u>2022 Budget</u>
Operating revenues:	
Net patient service revenue	\$ 1,669,213
Other operating revenue	94,160
Interest income	8,298
Total operating revenue	<u>1,771,671</u>
Operating expenses:	
Personal services	858,720
Fringe benefits	212,076
Supplies and other	530,708
Depreciation and amortization	91,172
Interest expense	46,608
Total operating expenses	<u>1,739,284</u>
Income from operations before excess fringe benefits	32,387
Pension costs in excess of market	(11,356)
Excess post retirement health costs	(21,355)
NYS non-cash pension adjustment	12,000
Subtotal	<u>(20,711)</u>
Net income	<u><u>\$ 11,676</u></u>

**WESTCHESTER MEDICAL CENTER
STATEMENT OF NET POSITION
BUDGETED AT DECEMBER 31, 2022
(IN THOUSANDS)**

	Budget December 31, 2022
Assets	
Cash, cash equivalents and investments	\$ 278,346
Patient accounts receivable, net	213,057
Other current assets	210,331
Total current assets	701,734
Capital assets, net	796,599
Other assets, net	178,282
Total assets	\$ 1,676,615
 Deferred Outflows of Resources	
Pension, OPEB and bond related	\$ 220,589
 Liabilities	
Current portion of long-term debt	\$ 21,184
Accounts payable and accrued expenses	204,628
Accrued salaries and related benefits	109,719
Current portion of other liabilities	138,101
Total current liabilities	473,632
Long-term debt, net	824,627
Other liabilities, net	673,519
Total liabilities	\$ 1,971,778
 Deferred Inflows of Resources	
Pension and OPEB related	\$ 261,273
 Net Position	
Unrestricted	\$ (356,256)
Restricted	20,409
	\$ (335,847)