



**WMC
Health**

**Westchester
Medical Center**

Westchester Medical Center Health Network

2024 Operating Budget

December 6, 2023

WESTCHESTER COUNTY HEALTH CARE CORPORATION

Operating Budget – 2024

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WESTCHESTER COUNTY HEALTH CARE CORPORATION

EXECUTIVE SUMMARY

Overview

The 2024 budget presents an operating income of \$14.8 million. We continue to face many financial challenges including continued inflation on labor and non-labor costs as well as reductions in reimbursements and/or increases in reimbursement that do not match cost increases. These challenges were met with a thorough review of current and 2024 projected spending throughout the organization.

2024 impacts include:

- Continued volume growth in many service lines
- Judicious growth in APS Physicians
- Bed Tower Project considerations
- Reduction in DSH reimbursement of nearly \$50.0 million
- A focused cost reduction, with emphasis on fixed overhead cost

Budgeted Revenues and Expenses

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

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 \$30.0 million for 2024.
- **Health Benefit Expense** – Health benefit expense is budgeted at \$164.4 million for 2024. This expense is based on recent medical expense trends. Included in the health benefit expense is \$21.8 million of health benefits for retired employees, a benefit generally no longer provided by most employers.

REVENUE

Revenue projections use 2023 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 5.2% over 2023 projected levels.

Fringe Benefit Costs

Overall fringe benefit costs are budgeted as follows:

- NYS pension plan costs are estimated at \$30.0 million based on recent history, which includes a positive NYS Non-Cash Pension Adjustment of \$6.0 million.
- Health benefit costs – Increase primarily due to healthcare cost trends for employees and retirees and have resulted in benefit costs of \$153.5 million increasing by \$10.9 million to \$164.4 million in 2024.

Depreciation and Amortization

Depreciation and amortization is calculated to be \$88.7 million in 2024.

Interest Expense

Interest expense is budgeted to be \$64.7 million in 2024, and includes \$11.5 million related to financing the new bed tower.

COMMENTS ON STATEMENTS OF NET POSITION

Cash, Cash Equivalents and Investments – Cash, cash equivalents and investments at December 31, 2024 is expected to approximate \$188.0 million.

Patient Accounts Receivable, net – Projected balances at December 31, 2024 reflects 51.2 days revenue in accounts receivable.

WESTCHESTER MEDICAL CENTER
STATEMENT OF OPERATIONS
OPERATING BUDGET FOR THE YEAR ENDING DECEMBER 31, 2024
(IN THOUSANDS)

	<u>2024 Budget</u>
Operating revenues:	
Net patient service revenue	\$ 1,967,652
Other operating revenue	114,882
Interest income	15,205
Total operating revenue	<u>2,097,739</u>
Operating expenses:	
Personal services	1,043,939
Fringe benefits	266,752
Supplies and other	592,219
Depreciation and amortization	88,700
Interest expense	64,700
Total operating expenses	<u>2,056,310</u>
Income from operations before excess fringe benefits	41,429
Pension costs in excess of market	(13,826)
Excess post retirement health costs	(21,843)
NYS non-cash pension adjustment	6,000
Subtotal	<u>(29,669)</u>
Capital Grants	3,000
Net income	<u><u>\$ 14,760</u></u>

WESTCHESTER MEDICAL CENTER
STATEMENT OF NET POSITION
BUDGETED AT DECEMBER 31, 2024
(IN THOUSANDS)

	Budget December 31, 2024
Assets	
Cash, cash equivalents and investments	\$ 188,010
Patient accounts receivable, net	276,095
Other current assets	323,324
Total current assets	787,429
Capital assets, net	837,525
Other assets, net	203,676
Total assets	\$ 1,828,630
 Deferred Outflows of Resources	
Pension, OPEB and bond related	\$ 192,605
 Liabilities	
Current portion of line of credit	\$ 55,000
Current portion of long-term debt	25,916
Accounts payable and accrued expenses	274,125
Accrued salaries and related benefits	100,856
Current portion of other liabilities	105,503
Total current liabilities	561,400
Long-term debt, net	942,601
Other liabilities, net	832,159
Total liabilities	\$ 2,336,160
 Deferred Inflows of Resources	
Pension and OPEB related	\$ 55,981
 Net Position	
Unrestricted	\$ (410,999)
Restricted	40,093
	\$ (370,906)