



**WMC
Health**

**Westchester
Medical Center**

Westchester Medical Center Health Network

2023 Operating Budget

November 2, 2022

WESTCHESTER COUNTY HEALTH CARE CORPORATION

Operating Budget – 2023

Table of Contents

	<u>Page</u>
• Executive Summary	1
• Revenue and Expenses Budget 2023	2
• Comments on Statements of Net Position	2
• Statements of Operations	3
• Statements of Net Position	4

WESTCHESTER COUNTY HEALTH CARE CORPORATION

EXECUTIVE SUMMARY

Overview

The 2023 budget presents an operating profit of \$14.3 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 2023 projected spending throughout the organization.

Major changes in 2023 include:

- Continued volume improvements
- Growth in APS Physicians
- Optimization of Cerner Electronic Health Record
- Commencement of ICU Bed Tower Project
- 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 2023. 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, 2022.
- **Health Benefit Expense** – Health benefit expense is budgeted at \$150.1 million for 2023. This expense is based on recent medical expense trends. Included in the health benefit expense is \$22.3 million of health benefits for retired employees, a benefit generally no longer provided by most employers.

REVENUE

Revenue projections use 2022 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 6.3% over 2022 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 \$138.5 million increasing by \$11.6 million to \$150.1 million in 2023.

Depreciation and Amortization

Depreciation and amortization is calculated to be \$89.0 million in 2023.

Interest Expense

Interest expense is budgeted to be \$57.0 million in 2023.

COMMENTS ON STATEMENTS OF NET POSITION

Cash, Cash Equivalents and Investments – Cash, cash equivalents and investments at December 31, 2023 is expected to approximate \$203.9 million.

Patient Accounts Receivable, net – Projected balances at December 31, 2023 reflects 50.0 days revenue in accounts receivable.

WESTCHESTER MEDICAL CENTER
STATEMENT OF OPERATIONS
OPERATING BUDGET FOR THE YEAR ENDING DECEMBER 31, 2023
(IN THOUSANDS)

	<u>2023 Budget</u>
Operating revenues:	
Net patient service revenue	\$ 1,825,908
Other operating revenue	96,390
Interest income	12,866
Total operating revenue	<u>1,935,164</u>
Operating expenses:	
Personal services	918,952
Fringe benefits	243,811
Supplies and other	590,712
Depreciation and amortization	89,044
Interest expense	56,960
Total operating expenses	<u>1,899,479</u>
Income from operations before excess fringe benefits	35,685
Pension costs in excess of market	(11,092)
Excess post retirement health costs	(22,300)
NYS non-cash pension adjustment	12,000
Subtotal	<u>(21,392)</u>
Net income	<u><u>\$ 14,293</u></u>

**WESTCHESTER MEDICAL CENTER
STATEMENT OF NET POSITION
BUDGETED AT DECEMBER 31, 2023
(IN THOUSANDS)**

	Budget December 31, 2023
Assets	
Cash, cash equivalents and investments	\$ 203,940
Patient accounts receivable, net	249,989
Other current assets	198,773
Total current assets	652,702
Capital assets, net	888,884
Other assets, net	235,684
Total assets	\$ 1,777,270
 Deferred Outflows of Resources	
Pension, OPEB and bond related	\$ 213,436
 Liabilities	
Current portion of long-term debt	\$ 23,589
Accounts payable and accrued expenses	223,331
Accrued salaries and related benefits	99,636
Current portion of other liabilities	126,070
Total current liabilities	472,626
Long-term debt, net	932,170
Other liabilities, net	665,649
Total liabilities	\$ 2,070,445
 Deferred Inflows of Resources	
Pension and OPEB related	\$ 263,369
 Net Position	
Unrestricted	\$ (376,241)
Restricted	33,133
	\$ (343,108)