



**Westchester
Medical Center**

Westchester Medical Center Health Network

2025 Operating Budget

December 4, 2024

WESTCHESTER COUNTY HEALTH CARE CORPORATION

Operating Budget – 2025

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WESTCHESTER COUNTY HEALTH CARE CORPORATION

EXECUTIVE SUMMARY

Overview

The projection for 2024 is a loss of \$53.2 million before unrealized gains on investments of \$8.5 million for a bottom line loss of \$44.7 million. The 2025 Strategic Operating Plan presents a profit of \$3.5 million.

Opportunities and challenges lie ahead in 2025 and a comprehensive review of current and 2025 budgeted expenses was undertaken.

2025 impacts include:

- Continued volume growth in many service lines
- Judicious growth in APS Physicians
- Bed Tower Project considerations
- Reduction in DSH reimbursement of nearly \$23.0 million
- A focused cost reduction initiative, with emphasis on fixed overhead cost
- Implementation of Huron revenue and cost saving recommendations

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 on the Valhalla campus who participate in the NYS defined benefit pension plan is budgeted to be \$42.0 million for 2025 comprised of the following (in thousands):

| | |
|-----------------------------------|--------------------------------|
| Partial Pension | \$ 24,663 |
| Pension costs in excess of market | 11,137 |
| Subtotal | <u>35,800</u> |
| NYS non-cash pension adjustment | 6,200 |
| Total Pension Expense | <u><u>\$ 42,000</u></u> |

- **Health Benefit Expense** – Health benefit expense is budgeted at \$173.1 million for 2025. This expense is based on recent medical expense trends. Included in the health benefit expense is \$21.1 million of health benefits for retired employees, a benefit generally no longer provided by most employers.

REVENUE

Revenue projections use 2024 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 1.1% over 2024 projected levels.

Fringe Benefit Costs

Overall fringe benefit costs are budgeted as follows:

- NYS pension plan costs are estimated at \$42.0 million based on recent history.
- Health benefit costs – Increase primarily due to healthcare cost trends for employees and retirees and have resulted in benefit costs of \$167.7 million increasing by \$5.4 million to \$173.1 million in 2025.

Depreciation and Amortization

Depreciation and amortization is calculated to be \$88.9 million in 2025.

Interest Expense

Interest expense is budgeted to be \$67.9 million in 2025.

COMMENTS ON STATEMENTS OF NET POSITION

Cash, Cash Equivalents and Investments – Cash, cash equivalents and investments at December 31, 2025 is expected to approximate \$200.2 million.

Patient Accounts Receivable, net – Projected balances at December 31, 2025 reflects 49.5 days revenue in accounts receivable.

WESTCHESTER MEDICAL CENTER
STATEMENT OF OPERATIONS
OPERATING BUDGET FOR THE YEAR ENDING DECEMBER 31, 2025
(IN THOUSANDS)

| | <u>2025 Budget</u> |
|--|-------------------------------|
| Operating revenues: | |
| Net patient service revenue | \$ 2,125,632 |
| Other operating revenue | 90,689 |
| Interest income | 6,962 |
| Total operating revenue | <u>2,223,283</u> |
| Operating expenses: | |
| Personal services | 1,043,769 |
| Fringe benefits | 286,680 |
| Supplies and other | 696,827 |
| Depreciation and amortization | 88,860 |
| Interest expense | 67,915 |
| Total operating expenses | <u>2,184,051</u> |
| Income from operations before excess fringe benefits | 39,232 |
| Pension costs in excess of market | (11,137) |
| Excess post retirement health costs | (21,103) |
| NYS non-cash pension adjustment | (6,200) |
| Subtotal | <u>(38,440)</u> |
| Capital Grants | 2,700 |
| Net income | <u><u>\$ 3,492</u></u> |

WESTCHESTER MEDICAL CENTER
STATEMENT OF NET POSITION
BUDGETED AT DECEMBER 31, 2025
(IN THOUSANDS)

| | Budget December 31, 2025 |
|---|---|
| Assets | |
| Cash, cash equivalents and investments | \$ 200,206 |
| Patient accounts receivable, net | 288,511 |
| Other current assets | 466,908 |
| Total current assets | 955,625 |
| Capital assets, net | 741,376 |
| Other assets, net | 214,311 |
| Total assets | \$ 1,911,312 |
| Deferred Outflows of Resources | |
| Pension, OPEB and bond related | \$ 174,430 |
| Liabilities | |
| Current portion of line of credit | \$ 70,500 |
| Current portion of long-term debt | 26,982 |
| Accounts payable and accrued expenses | 276,349 |
| Accrued salaries and related benefits | 116,775 |
| Current portion of other liabilities | 126,375 |
| Total current liabilities | 616,981 |
| Long-term debt, net | 938,578 |
| Other liabilities, net | 849,211 |
| Total liabilities | \$ 2,404,770 |
| Deferred Inflows of Resources | |
| Pension and OPEB related | \$ 112,816 |
| Net Position | |
| Unrestricted | \$ (461,538) |
| Restricted | 29,694 |
| | \$ (431,844) |