

ADDENDUM

STATE OF NEW YORK
PUBLIC HEALTH AND HEALTH PLANNING COUNCIL

AGENDA

November 16, 2023

*Immediately following the Special Establishment and Project Review Committee meeting,
which is to begin immediately following the Committee on Codes, Regulations, and
Legislation meeting
(Codes scheduled to begin at 9:15 a.m.)*

90 Church Street, 4th Floor CR 4 A/B, New York, New York 10007

V. REGULATION

Report of the Committee on Codes, Regulations and Legislation

For Adoption

23-18 Amendment of Section 2.1 of Title 10 NYCRR (Communicable Diseases Reporting and Control - Adding Respiratory Syncytial Virus (RSV) and Varicella)

VI. PROJECT REVIEW RECOMMENDATIONS AND ESTABLISHMENT ACTIONS

A. Report of the Committee on Establishment and Project Review

Peter Robinson, Chair of Establishment and Project Review Committee

APPLICATIONS FOR CONSTRUCTION OF HEALTH CARE FACILITIES

CATEGORY 6: Applications for Individual Consideration/Discussion

CON Applications

Acute Care Services – Construction

	<u>Number</u>	<u>Applicant/Facility</u>	<u>E.P.R.C. Recommendation</u>
1.	231108 C	NYU Langone Hospital-Long Island (Nassau County)	No Recommendation. Application to be considered at the 11/16/23 Special Establishment Project Review Committee

**APPLICATIONS FOR ESTABLISHMENT AND CONSTRUCTION OF
HEALTH CARE FACILITIES**

CATEGORY 6: Applications for Individual Consideration/Discussion

CON Applications

Acute Care Services – Establish/Construct

	<u>Number</u>	<u>Applicant/Facility</u>	<u>E.P.R.C. Recommendation</u>
1.	231288 E	Our Lady of Lourdes Memorial Hospital (Broome County)	No Recommendation. Application to be considered at the 11/16/23 Special Establishment Project Review Committee

Pursuant to the authority vested in the Public Health and Health Planning Council and the Commissioner of Health by section 225 of the Public Health Law, Section 2.1 of Title 10 (Health) of the Official Compilation of Codes, Rules and Regulations of the State of New York is amended, to be effective upon publication of a Notice of Adoption in the New York State Register, to read as follows:

Subdivision (a) of section 2.1 is amended to read as follows:

(a) When used in the Public Health Law and in this Chapter, the term infectious, contagious or communicable disease, shall be held to include the following diseases and any other disease which the commissioner, in the reasonable exercise of his or her medical judgment, determines to be communicable, rapidly emergent or a significant threat to public health, provided that the disease which is added to this list solely by the commissioner's authority shall remain on the list only if confirmed by the Public Health and Health Planning Council at its next scheduled meeting:

* * *

Rabies

Respiratory syncytial virus (RSV) (laboratory confirmed cases of RSV or deaths caused by laboratory confirmed RSV in persons younger than 18 years)

Rocky Mountain spotted fever

* * *

Typhoid

Varicella (not zoster/shingles)

Vaccinia disease: (as defined in Section 2.2 of this Part)

* * *

REGULATORY IMPACT STATEMENT

Statutory Authority:

The statutory authority for the regulatory amendments to Part 2 of Title 10 of the Official Compilation of Codes, Rules and Regulations of the State of New York is Section 225 of the Public Health Law (PHL), which authorizes the Public Health and Health Planning Council (PHHPC), subject to the approval of the Commissioner of Health (Commissioner), to establish and amend the State Sanitary Code (SSC) provisions related to any matters affecting the security of life or health or the preservation and improvement of public health in the State of New York. Additionally, section 2103 of the PHL requires all local health officers to report cases of communicable disease to the New York State Department of Health (the Department).

Section 2102 of the Public Health Law requires clinical laboratories to report suspected or confirmed positive findings or markers of communicable diseases, and other pertinent facts, to local or state health officials. Additionally, Section 576-c of the Public Health Law requires clinical laboratories to report such test results, and other data elements, electronically on a schedule determined by the commissioner.

Legislative Objectives:

These amendments are consistent with section 225 of the Public Health Law (PHL), which authorizes the PHHPC, subject to the approval of the Commissioner, to establish and amend the SSC related to any matters affecting the security of life or health or the preservation and improvement of public health in the State of New York.

Needs and Benefits:

The proposed amendments to Section 2.1 of Title 10 (Health) of the Official Compilation of Codes, Rules and Regulations of the State of New York (NYCRR), would add required reporting of laboratory-confirmed cases of respiratory syncytial virus (RSV), pediatric deaths from RSV, and cases of varicella (not zoster/shingles) to the list of reportable communicable disease conditions. The proposed amendment would provide critical surveillance data that could be used to help anticipate hospital bed capacity challenges and could also help quantify the impact of newly approved RSV vaccines. Additionally, pediatric deaths from RSV are expected to become nationally notifiable, likely in the coming year. As of 2020, case-based varicella surveillance is conducted in 39 states and the District of Columbia. Varicella can be severe and is highly contagious, and it has become more important to investigate individual cases as the disease becomes rare. Additionally, making varicella reportable will allow the Department and local health departments to better understand the burden and epidemiology of disease and better anticipate vaccination needs, such as in geographies and in demographics that have lower rates of immunity.

Costs:**Costs for the Implementation of, and Continuing Compliance with the Regulation to the Regulated Entity:**

While it is estimated that there is a sizeable number of cases of RSV and varicella that occur in NYS each year, the Department expects that costs associated with these additional requirements will be minimal. The most serious cases of RSV are hospitalized and diagnosed in the acute care setting, and hospitals already have robust human and electronic resources in place

to comply with their public health reporting and specimen submission requirements. For varicella, the Department does not plan to require laboratory testing; the disease often can be diagnosed clinically, and clinicians can continue to use their best judgement for when testing is indicated.

The Department does not expect that there will be significant cost burdens associated with regulated entities complying with investigations conducted by a local health authority. The proposed regulations related to investigations would only apply where there are cases or suspect cases of reportable diseases or organisms, outbreaks, or unusual diseases. Further, while businesses, organizations, private homes, and those required to report pursuant to proposed section 2.1 would be required to cooperate with such investigations, historically, the types of cooperation sought during disease investigations has primarily consisted of providing information determined to be necessary for the local health authority to control the spread of disease and/or to provide preventive treatment.

Costs to State and Local Governments:

The cost of the proposed disease/organism reporting is expected to be minimal because current systems and procedures already exist for such entities to receive, process, and follow-up on reportable diseases/organisms. Further, by monitoring the spread of reportable diseases/organisms, appropriate precautions can be taken to prevent or contain exposures, thereby reducing costs associated with public health control measures, morbidity, and treatment. Lastly, the Department does not expect that there will be any significant additional cost burden to local or State governments associated with the proposed changes to laboratory submission

requirements; minimal resources may need to be shifted to clean and analyze the incoming data. The infrastructure to electronically receive positive reports from laboratories is already in place.

The Department does not anticipate there will be a significant cost burden for government entities resulting from the proposed investigation of varicella cases and pediatric RSV fatalities. Local health authorities already receive funding through Article 6 of the Public Health Law for core public health work, including investigations of reportable diseases. As local health authorities are the primary entities responsible for controlling diseases within their jurisdictions, the additions proposed here will become part of the requirements that local health authorities already have in place to control disease within their jurisdictions. It is expected the volume of investigations of pediatric RSV fatalities will be minimal in most counties. For investigations of varicella cases, the Department intends to issue guidance for counties as they develop a policy describing which varicella cases require a full investigation.

Costs to the Department of Health:

There are no costs to the Department associated with this regulatory amendment, with the exception of minimal costs associated with analyzing numbers of reported cases of RSV and varicella.

Local Government Mandates:

As is currently the case, local health officers receiving reports of diseases/organisms listed in section 2.1 will be required to forward such reports to the State Department of Health and investigate the sources of infection of reported or suspect cases, based on epidemiological or other relevant information available and consistent with guidance from the Department.

Paperwork:

There will be no new paperwork associated with these proposed amendments; however, revisions will need to be made to the existing general communicable disease reporting form, and an electronic varicella investigation form will be made available. Practically all laboratory reporting is currently done electronically.

Duplication:

No relevant laws of the State and/or federal government exist that duplicate, overlap, or conflict with this proposed rule.

Alternatives:

The alternative to the proposed amendments would be to maintain the current list of communicable diseases. However, adding required reporting of laboratory-confirmed cases of respiratory syncytial virus (RSV), pediatric deaths from RSV, and cases of varicella (not zoster/shingles) to the list of reportable communicable diseases is necessary to enable local health authorities and the Department to conduct critically important disease surveillance. In turn, this will reduce disease transmission, as well as streamline and provide needed clarification on the control measures local health authorities can implement to control the spread of disease within their jurisdictions.

Federal Standards:

State and local health departments have primary authority for controlling disease within their respective jurisdictions. There are existing national case definitions for varicella and RSV-associated mortality.

Compliance Schedule:

It is anticipated that regulated entities would be able to comply with the rule upon publication of a Notice of Adoption in the New York State Register.

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**REGULATORY FLEXIBILITY ANALYSIS FOR
SMALL BUSINESSES AND LOCAL GOVERNMENTS**

Effect of Rule:

The proposed regulation will apply to all local health departments, as well as physicians, hospitals, nursing homes, diagnostic and treatment centers, and laboratories. There are approximately 76,500 licensed and registered physicians in New York State; it is not known how many of them practice in small businesses. It is estimated that approximately five hospitals, 130 nursing homes, 311 diagnostic and treatment centers, and 150 clinical laboratories employ less than 100 persons and qualify as small businesses.

Compliance Requirements:

Hospitals, clinics, physicians, nursing homes, and clinical laboratories that are small businesses and local governments will utilize revised Department of Health reporting forms and existing laboratory referral forms to report the three conditions being added to the list of communicable diseases set forth in 10 NYCRR § 2.1. Local health officers receiving reports of pediatric deaths from RSV and certain cases of varicella (not zoster/shingles), will be required to forward such reports to the State Health Commissioner and to investigate and monitor the cases reported, based on epidemiological or other relevant information available and consistent with guidance from the Department. Laboratory-confirmed cases of respiratory syncytial virus (RSV) will be reported by clinical laboratories and analyzed by the Department of Health.

Professional Services:

These amendments regard the reporting of laboratory test results to the Department and investigation of cases. Entities impacted include public and private laboratories that perform varicella or RSV tests on New York State residents and those that receive and investigate disease reports and test results, including physicians, heads of a private household, or person in charge of any institution, school, hotel, boarding house, camp or vessel or any public health nurse or any other person having knowledge of an individual affected with any disease presumably communicable. Investigation is performed by local health departments.

Compliance Costs:

While it is estimated that there is a large number of cases of RSV and fewer but sizeable cases of varicella in NYS each year, the Department expects that costs associated with these additional requirements will be minimal. Local health authorities already receive funding through Article 6 of the Public Health Law for core public health work, including investigations of reportable diseases. The most serious cases of RSV are hospitalized and diagnosed in the acute care setting, and hospitals already have robust human and electronic resources in place to comply with their public health reporting and specimen submission requirements. For varicella, the Department does not plan to require laboratory testing; the disease often can be diagnosed clinically, and clinicians can continue to use their best judgement for when testing is indicated.

The Department does not expect that there will be significant cost burdens associated with regulated entities complying with investigations conducted by a local health authority. The proposed regulations related to investigations would only apply where there are cases or suspect cases of reportable diseases or organisms, outbreaks, or unusual diseases. Further, while

businesses, organizations, private homes, and those required to report pursuant to proposed section 2.1 would be required to cooperate with such investigations, historically the type of cooperation sought during disease investigations has primarily consisted of providing information determined to be necessary for the local health authority to control the spread of disease and/or to provide preventive treatment.

The cost of the proposed disease/organism reporting to local governments is expected to be minimal because current systems and procedures already exist for such entities to receive, process, and follow-up on reportable diseases/organisms. Further, by monitoring the spread of reportable diseases/organisms, appropriate precautions can be taken to prevent or contain exposures, thereby reducing costs associated with public health control measures, morbidity, and treatment. Lastly, the Department does not expect that there will be any additional cost burdens to local or State governments associated with the proposed changes to laboratory submission requirements. The infrastructure to electronically receive positive reports from laboratories is already in place.

The Department does not anticipate there will be a substantial cost burden for government entities as a result of the proposed investigation of varicella cases and pediatric RSV fatalities. Local health authorities are the primary entities responsible for controlling diseases within their jurisdictions, the additions proposed here will become part of the requirements that local health authorities already have in place to control disease within their jurisdictions, which already include investigations of other reportable diseases. It is expected the volume of investigations of pediatric RSV fatalities will be minimal in most counties. For investigations of varicella cases, the Department intends to issue guidance for counties as they develop a policy describing which varicella cases require a full investigation.

Economic and Technological Feasibility:

The entities impacted will use existing reporting, receiving, and investigation infrastructure that are already in place for reporting of other communicable diseases designated by Public Health Law. As such, there are no economic or technological impediments to the rule change.

Minimizing Adverse Impact:

The entities impacted will use existing reporting, receiving, and investigation infrastructure that are already in place for reporting of other communicable diseases designated by public health law. This minimizes impact, and these amendments are not expected to result in significant additional costs to small business or local governments.

Small Business and Local Government Participation:

The Department has consulted with local governments through ongoing communication on this issue with local health departments and the New York State Association of County Health Officers in the process of making these conditions reportable. They should see very little impact from making RSV reportable but recognize the potential investigative burden from varicella. Local health departments are supportive and view investigating cases of this vaccine-preventable disease as an aid to reducing spread and to encouraging vaccination. Guidance regarding which varicella cases require a full investigation is expected to allay any concerns about the burden of these investigations.

Businesses that are impacted, including private and commercial laboratories, already perform the tests that detect these pathogens, use existing reporting mechanisms, and many report already, even though not currently required to do so.

For Rules That Either Establish or Modify a Violation or Penalties Associated with a Violation:

N/A.

**STATEMENT IN LIEU OF
RURAL AREA FLEXIBILITY ANALYSIS**

A Rural Area Flexibility Analysis for these amendments is not being submitted because amendments will not impose any adverse impact or significant reporting, record keeping or other compliance requirements on public or private entities in rural areas. There are no professional services, capital, or other compliance costs imposed on public or private entities in rural areas as a result of the proposed amendments.

**STATEMENT IN LIEU OF
JOB IMPACT STATEMENT**

A Job Impact Statement for these amendments is not being submitted because it is apparent from the nature and purposes of the amendments that they will not have a substantial adverse impact on jobs and/or employment opportunities.



Project # 231108-C
NYU Langone Hospital-Long Island

Program: Hospital
Purpose: Construction

County: Nassau
Acknowledged: April 27, 2023

Executive Summary

Description

NYU Langone Hospital-Long Island (NYULH), an existing Article 28, voluntary not-for-profit corporation, requests approval for an Ambulatory Radiation Oncology extension clinic in the basement level of the existing Research and Academic Center at 101 Mineola Blvd., Mineola, NY (Nassau County). The new space will accommodate one CT Slim and Control Room, four Linac Vaults and Control Rooms, and five exam rooms, with associated support spaces.

NYU currently provides radiation oncology services at two offices in Mineola, one on the NYU Langone Hospital-Long Island campus and the other at 264 Old County Rd.

This project will increase capacity, reducing wait times while treating more patients.

OPCHSM Recommendation

Contingent Approval

Need Summary

The applicant projects 20,701 visits in the first year and 21,980 by the third, with Medicaid at

9.87% for Year One and 10.86% for Year Three, and Charity Care at 1% in both years.

Program Summary

A favorable recommendation can be made regarding the facility's current compliance pursuant to 2802-(3)(e) of the New York State Public Health Law.

Financial Summary

The total project cost of \$46,849,859 will be met with accumulated funds from NYULH.

Table with 3 columns: Budget, Year One 2024, Year Three 2026. Rows include Revenues, Expenses, and Net Income / (Loss).

Health Equity Impact Assessment

There was no Health Equity Impact Assessment required for this project pursuant to Public Health Law §2802-b, as it was received by the Department on March 3, 2023.

Recommendations

Health Systems Agency

There will be no HSA recommendation for this project.

Office of Primary Care and Health Systems Management

Approval contingent upon:

1. Submission of a check for the amount enumerated in the approval letter, payable to the New York State Department of Health. Public Health Law Section 2802.7 states that all construction applications requiring review by the Public Health and Health Planning Council shall pay an additional fee of fifty-five hundredths of one percent of the total capital value of the project, exclusive of CON fees. [PMU]
2. The submission of Design Development and State Hospital Code (SHC) Drawings, as described in NYSDOH BAER Drawing Submission Guidelines DSG-1.0 Required Schematic Design (SD) and Design Development (DD) Drawings, and 3.38 LSC Chapter 38 Business Occupancies Public Use, for review and approval. [DAS]

Approval conditional upon:

1. This project must be completed by **September 15, 2025**, including all pre-opening processes, if applicable. Failure to complete the project by this date may constitute an abandonment of the project by the applicant and the expiration of the approval. It is the responsibility of the applicant to request prior approval for any extensions to the project approval expiration date. [PMU]
2. Construction must start on or before **April 15, 2024**, and construction must be completed by **June 15, 2025**, presuming the Department has issued a letter deeming all contingencies have been satisfied prior to commencement. It is the responsibility of the applicant to request prior approval for any changes to the start and completion dates. In accordance with 10 NYCRR Section 710.10(a), if construction is not started on or before the approved start date this shall constitute abandonment of the approval. [PMU]
3. The submission of Final Construction Documents, as described in BAER Drawing Submission Guidelines DSG-05, is required prior to the applicant's start of construction. [AER]

Council Action Date

November 16, 2023

Need Analysis

Background and Analysis

Through this project, the applicant proposes to add Radiology Oncology as a new service including the addition of one CT Scanner and four LINAC machines to treat existing outpatients at NYULH Long Island. As seen in the table below, currently treated outpatients will transition to this new facility and inpatients will remain at the hospital. The applicant projects 20,701 visits in the first year and 21,980 by the third.

Current Number of Oncology Visits at NYULH Long Island, Source Applicant						
	2017	2018	2019	2020	2021	2022
Outpatients	16,771	18,820	19,003	16,179	20,025	20,241
Inpatients	712	546	453	356	596	594
Total	17,483	19,366	19,456	16,535	20,621	20,835

According to the applicant, the facility is experiencing a backlog of patients with wait times of over a week. Many of the facility's cancer patients are elderly and receive inconvenient treatment times. It is expected that this project will decrease wait times to less than a week.

The applicant lists their service area as Nassau, Suffolk, and Queens Counties. However, this project will treat mostly existing patients from the hospital located in Nassau County. The population of Nassau County is estimated to increase to 1,424,878 by 2028 per projection data from the Cornell Program on Applied Demographics (PAD), an increase of 2.4%. The 65+ population was 255,773 in 2021 and is expected to increase by 25.8% to 321,782 by 2028 according to PAD. Based on the 2021 US Census Population Estimates from the American Community Survey, the demographics for the primary service area are noted below, including a comparison with the county and New York State.

Demographics	Nassau County	Suffolk County	Queens County	New York State
Total Population – 2021 Estimate	1,391,678	1,522,998	2,393,104	20,114,745
Hispanic or Latino (of any race)	17.2%	19.9%	27.9%	19.2%
White (non-Hispanic)	58.3%	66.4%	24.6%	54.7%
Black or African American (non-Hispanic)	11.0%	6.9%	16.8%	13.9%
Asian(non-Hispanic)	10.5%	4.0%	25.6%	8.6%
Other (non-Hispanic)	3.0%	2.7%	5.1%	3.6%

Source: ACS 5-Year Estimates Data Profiles

According to Data USA, the population of the Nassau, Suffolk, and Queens Counties had health coverage as follows.

	Nassau County (2020)	Suffolk County (2020)	Queens County (2018)
With Health Insurance	95.9%	95.82%	89.5%
Employer Plans	59.5%	58.3%	43.2%
Medicaid	10.1%	11.6%	25.9%
Medicare	13.5%	13%	9.8%
Non-Group Plans	12.6%	12.4%	10.3%
Military or VA	0.238%	0.501%	0.302%

The table below shows the projected payor source utilization for Year One and Year Three.

Projected Payor Mix for Outpatient Services		
Payor	Year One	Year Three
Commercial	32.09%	29.12%
Medicare	57.03%	59.00%
Medicaid	9.87%	10.86%
Charity Care	1.01%	1.01%
Total Visits	20,701	21,980

Below is data from the NYS Cancer Registry that is used to calculate the need for additional linear accelerators based on the Long Island Region in accordance with section 709.16.

	LINAC Need In Long Island Region	Total
1	Number of Cancer Cases per Year	18,931.20
2	60% will be Candidates for Radiation Therapy	11,358.72
3	50% of (2) will be Curative Patients	5,679.36
4	50% of (2) will be Palliative Patients	5,679.36
5	Course of Treatment for Curative Patients is 35 Treatments	198,777.60
6	Course of Treatment for Palliative patients is 15 Treatments	85,190.40
7	The Total Number of Treatments [(5)+(6)]	283,968.00
8	Need for LINAC Machines ¹ [(7)/6,500]	43.69
9	Existing/Approved Resources	26
10	Remaining Need for LINAC Machines [(8)-(9)]	17.69

¹Each LINAC Machine has capacity for 6,500 Treatments

Conclusion

Approval of this project will allow for expanded access to Ambulatory Radiation Oncology services for those who reside in and around Nassau County.

Program Analysis

Project Proposal

NYU Langone-Long Island, an existing tertiary care 591-bed medical center located at 259 First Street in Mineola (Nassau County), seeks approval to certify and construct a new extension clinic in the basement level of 101 Mineola Blvd, in Mineola (Nassau County). The extension clinic will be certified for Radiologic Therapeutic O/P. The extension clinic will provide one CT Sim and Control Room, four new Linac Vaults and Control Room, five exam rooms, and all associated support spaces.

The Applicant reports that they currently have two offices in Long Island, one in the main hospital campus and one in an extension clinic. The hospital location has one Cyberknife, one Linac, and one True Beam. The extension clinic has one Cyberknife and one 21EX. The current wait time for cancer patients needing services at these locations averages one or more weeks for treatment. Additionally, many of the patients requiring treatment are elderly and receiving suboptimal times for treatment, very early in the morning or late in the evening, which adds further inconvenience with transportation and additional stress to their lives. Adding the additional outpatient capacity will facilitate decreased wait times.

Staffing is expected to grow by 47.0 FTEs in Year One and 7.0 FTEs in Year Three of the completed project.

Prevention Agenda

The NYU Langone Hospital-Long Island, a member of the of NYU Langone Health, is requesting approval to establish an Ambulatory Radiation Oncology facility in the basement level of the existing Research and Academic Center Building located at 101 Mineola Blvd., Mineola, New York 11501. The new clinical space will accommodate (1) new CT Sim and Control Room, (4) new Linac Vaults and Control Rooms, (5) exam rooms, and all associated support spaces.

The proposed Ambulatory Radiation Oncology facility will improve timely access to screening and treatment modalities. The NYU Langone Hospital-Long Island's current community needs assessment identified that timely screening for colon cancer is lower in Hempstead than Nassau County. In addition, Hempstead residents suffer disproportionately from chronic disease and mental distress as compared with the rest of Nassau County.

Langone Hospital-Long Island is implementing multiple interventions to support priorities of the 2019-2024 New York State Prevention Agenda, including:

- Preventing Chronic Diseases
- Promote a Healthy and Safe Environment

The proposed project, however, does not explicitly advance the local Prevention Agenda priorities that were identified in the most recently completed Community Service Plan (CSP), but it does improve access to care for patients that require radiation oncology.

In 202, the NYU Langone Health spent \$ 32,245,843 on community health improvement services, representing 0.51% of total operating expenses.

Compliance with Applicable Codes, Rules, and Regulations

The medical staff will continue to ensure that the procedures performed at the facility conform to generally accepted standards of practice and that privileges granted are within the physician's scope of practice and expertise. The Facility's admissions policy includes anti-discrimination provisions regarding age, race, creed, color, national origin, marital status, sex, sexual orientation, religion, disability, or source of payment. All procedures are performed in accordance with all applicable federal and state codes, rules, and regulations.

Conclusion

Based on the results of this review, a favorable recommendation can be made regarding the facility's current compliance pursuant to 2802-(3)(e) of the New York State Public Health Law.

Financial Analysis

Total Project Cost and Financing

The total project costs for construction and movable equipment, are estimated at \$46,849,859, and broken down as follows.

New Construction	\$25,077,800
Design Contingency	2,507,780
Construction Contingency	1,253,890
Architect/Engineering Fees	2,250,000
Construction Manager Fees	1,300,000
Other Fees	1,800,000
Movable Equipment	11,102,135
Telecommunications	1,300,000
Application Fee	2,000
Additional Processing Fee	<u>256,254</u>
Total Project Cost	\$46,849,859

NYULH will provide the equity to fund this project in its entirety. As shown in BFA Attachments A and B, NYULH has sufficient resources to meet the equity requirement.

Operating Budget

The applicant has submitted an operating budget, in 2023 dollars, for the first and third years (2024 and 2026), summarized below:

	<u>Year One</u>		<u>Year Three</u>	
	<u>2024</u>	<u>2024</u>	<u>2026</u>	<u>2026</u>
<u>Outpatient Rev.</u>	<u>Per Visit</u>	<u>Total</u>	<u>Per Visit</u>	<u>Total</u>
Commercial FFS	\$1,180.00	\$7,971,600	\$1,204.00	\$7,834,824
Medicare FFS	\$698.00	\$6,055,060	\$713.00	\$6,717,922
Medicare MC	\$739.00	\$2,621,637	\$754.00	\$3,008,604
Medicaid FFS	\$599.00	\$160,241	\$612.00	\$173,536
Medicaid MC	\$783.00	\$1,442,587	\$799.00	\$1,741,316
Bad Debt Expense		(\$146,009)		(\$155,810)
Total Revenues		<u>\$18,105,116</u>		<u>\$19,320,392</u>
 Expenses				
Operating	\$695.36	\$14,249,314	\$822.00	\$17,890,565
Capital	\$0.00	\$0	\$0.00	\$0
Total Expense	\$695.36	<u>\$14,249,314</u>	\$822.00	<u>\$17,890,565</u>
Net Income		<u>\$3,855,802</u>		<u>\$1,429,827</u>
Visits		20,701		21,980
Cost per Visit		\$688.34		\$813.95

The following is noted with respect to the submitted budget:

- Payor rates are based on current Medicaid and Medicare rates and negotiated Commercial rates.
- Expenses are based on similar experiences at other NYU Langone locations and the projected increase in volume during start-up operations. Also, medical supply costs are expected to increase and would be a reasonable assumption in Year Three.
- Visits are based on NYU Langone's current experience at the Main Campus on Long Island and 264 Old Country Road, Mineola.

Utilization by payor source during the first and third years is as follows:

<u>Payor:</u>	<u>Years One</u>	<u>Year Three</u>
	<u>2024</u>	<u>2026</u>
<u>Outpatient:</u>		
Commercial MC	32.09%	29.12%
Medicare FFS	40.44%	41.43%
Medicare MC	16.58%	17.58%
Medicaid FFS	1.24%	1.24%
Medicaid MC	8.64%	9.63%
Charity Care	<u>1.01%</u>	<u>1.01%</u>
Total	100%	100%

- The applicant indicated they are committed to serving all persons in need without regard to the patient’s ability to pay or the source of payment. The hospital will develop, maintain, and update a sliding fee scale as well as policies and procedures for serving the uninsured and persons without the ability to pay.

Capability and Feasibility

The total project costs of \$46,849,859 will be met with accumulated funds from NYULH. The working capital requirements are estimated at \$2,963,428, based on two months of third-year expenses, and will be funded through equity from NYULH. The submitted budget projects a net income of \$3,855,802 and \$1,429,827 during Year One and Year Three, respectively. The budget appears reasonable.

BFA Attachment A presents NYULH’s 2021-2022 Certified Financial Statements showing the entity maintained positive working capital, a positive net equity position and a net income of \$594,650,000 and \$619,176,000, in 2021 and 2022, respectively. BFA Attachment B presents NYULH’s February 28, 2023, internal financial statement and shows the entity maintained positive working capital, a positive net equity position, and a gain from operations of \$299,680,000 during the 6-months of operations.

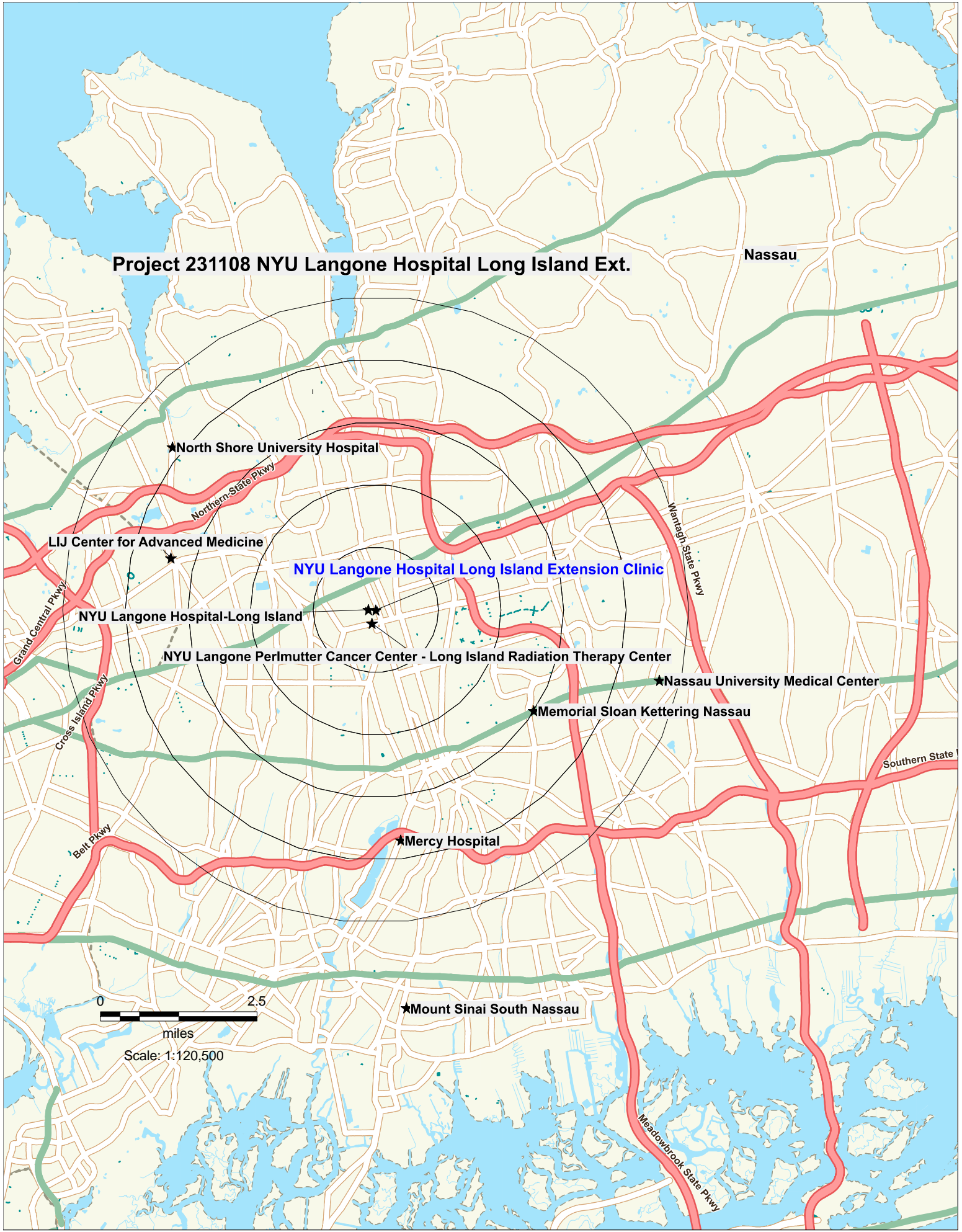
Conclusion

The applicant has demonstrated the capability to proceed in a financially feasible manner.

Attachments

BHFP Attachment	Map
BFA Attachment A	2021-22 Certified Financial Statements (Fiscal-Year)
BFA Attachment B	2023 – Internal 6-month Financial Statement (February 28, 2023)

Project 231108 NYU Langone Hospital Long Island Ext.



Nassau

★North Shore University Hospital

LIJ Center for Advanced Medicine

NYU Langone Hospital Long Island Extension Clinic

NYU Langone Hospital-Long Island

NYU Langone Perlmutter Cancer Center - Long Island Radiation Therapy Center

★Nassau University Medical Center

★Memorial Sloan Kettering Nassau

★Mercy Hospital

★Mount Sinai South Nassau



Scale: 1:120,500

NYU Langone Hospitals
Consolidated Balance Sheets
August 31, 2022 and 2021

BFA Attachment A
CON 231108

<i>(in thousands)</i>	2022	2021
Assets		
Current assets		
Cash and cash equivalents	\$ 1,548,227	\$ 1,802,962
Short-term investments	1,072,402	1,273,620
Assets limited as to use	9,171	11,841
Patient accounts receivable, net	1,039,526	896,425
Contributions receivable	99,364	61,886
Insurance receivables - billed	110,633	105,457
Other current assets	376,484	403,806
Total current assets	<u>4,255,807</u>	<u>4,555,997</u>
Long-term investments	61,874	57,991
Assets limited as to use, less current portion	1,252,472	1,389,431
Contributions receivable, less current portion	128,696	133,578
Professional liabilities insurance recoveries receivable	63,062	70,541
Operating lease right-of-use assets	542,569	542,158
Other assets	116,941	80,031
Property, plant and equipment, net	4,891,042	4,770,717
Total assets	<u>\$ 11,312,463</u>	<u>\$ 11,600,444</u>
Liabilities and Net Assets		
Current liabilities		
Current portion of long-term debt and finance lease obligations	\$ 70,990	\$ 53,776
Current portion of operating lease obligations	36,502	34,485
Accounts payable and accrued expenses	445,695	420,597
Accrued salaries and related liabilities	385,993	381,068
Deferred revenue	125,635	113,688
Due to related organizations	45,240	73,856
Other current liabilities	20,190	338,377
Total current liabilities	<u>1,130,245</u>	<u>1,415,847</u>
Long-term debt and finance lease obligations, less current portion	3,154,938	3,175,044
Long-term operating lease obligations, less current portion	553,468	551,933
Professional liabilities	885,829	847,910
Accrued pension liabilities	389,700	515,645
Accrued postretirement liabilities	73,928	93,624
Other liabilities	338,619	459,228
Total liabilities	<u>6,526,727</u>	<u>7,059,231</u>
Net assets		
Net assets without donor restrictions	4,393,528	4,166,554
Net assets with donor restrictions	392,208	374,659
Total net assets	<u>4,785,736</u>	<u>4,541,213</u>
Total liabilities and net assets	<u>\$ 11,312,463</u>	<u>\$ 11,600,444</u>

NYU Langone Hospitals
Consolidated Statements of Operations
Years Ended August 31, 2022 and 2021

BFA Attachment A
 Con 231108 Cont.

<i>(in thousands)</i>	2022	2021
Operating revenues and other support		
Net patient service revenue	\$ 6,539,043	\$ 6,168,439
Grants and sponsored programs	13,480	23,346
Insurance premiums earned	108,014	106,708
Contributions	14,921	8,661
Endowment distribution and return on short-term investments	(28,677)	37,501
Other revenue	710,912	718,696
Net assets released from restrictions for operating purposes	19,139	17,281
Total operating revenues and other support	<u>7,376,832</u>	<u>7,080,632</u>
Operating expenses		
Salaries and wages	2,158,889	2,051,353
Employee benefits	689,861	656,052
Supplies and other	3,347,874	3,228,383
Depreciation and amortization	435,510	421,383
Interest	125,522	128,811
Total operating expenses	<u>6,757,656</u>	<u>6,485,982</u>
Gain from operations	619,176	594,650
Other items		
Other component of pension and postretirement costs	27,866	24,539
Investment return, net	(226,320)	166,417
Mission based payment to NYUGSoM	(50,000)	(50,000)
Other	(9,876)	12,977
Excess of revenue over expenses	<u>360,846</u>	<u>748,583</u>
Other changes in net assets without donor restrictions		
Changes in pension and postretirement obligations	161,261	192,239
Contributions for capital asset acquisitions	51	754
Equity transfers to related organizations, net	(303,366)	(35,387)
Net assets released from restrictions for capital purposes	509	3,841
Net assets released from restrictions for hazard mitigation	8,631	-
Other	(958)	(11)
Net increase in net assets without donor restrictions	<u>\$ 226,974</u>	<u>\$ 910,019</u>

NYU Langone Hospitals
Statement of Financial Position
February 28, 2023

(in thousands)

	NYU Langone Hospitals (Obligated Group)	CCC550	Eliminations	Total
Assets				
Current assets				
Cash and cash equivalents	\$ 1,340,519	\$ -	\$ -	\$ 1,340,519
Short-term Investments	1,126,832	-	-	1,126,832
Assets limited as to use	19,330	-	-	19,330
Patient accounts receivable, net	1,132,266	-	-	1,132,266
Contribution receivable	99,364	-	-	99,364
Insurance receivables - billed	-	129,580	(76,804)	52,776
Other current assets	535,522	5,729	-	541,251
Total current assets	4,253,833	135,309	(76,804)	4,312,338
Long-term Investments	67,830	-	-	67,830
Assets limited as to use, less current portion	268,949	960,525	-	1,229,474
Contributions receivable, less current portion	89,770	-	-	89,770
Professional liabilities insurance recoveries receivable	63,062	-	-	63,062
Other assets	357,533	-	(222,255)	135,278
Operating lease right-of-use assets	523,190	-	-	523,190
Property, plant and equipment, net	4,948,992	-	-	4,948,992
Total assets	<u>\$ 10,573,159</u>	<u>\$ 1,095,834</u>	<u>\$ (299,059)</u>	<u>\$ 11,369,934</u>
Liabilities and net assets				
Current liabilities				
Current portion of long-term debt	\$ 59,965	\$ -	\$ -	\$ 59,965
Current portion of operating lease obligations	37,122	-	-	37,122
Accounts payable and accrued expenses	411,945	1,457	-	413,402
Accrued salaries and related liabilities	314,379	-	-	314,379
Accrued interest payable	19,888	-	-	19,888
Current portion of accrued postretirement liabilities	3,536	-	-	3,536
Current portion of professional liabilities	3,844	-	-	3,844
Deferred revenue	16,071	62,611	(7,865)	70,817
Due to related organizations, net	33,780	-	-	33,780
Other current liabilities	77,434	-	(36,668)	40,766
Total current liabilities	977,964	64,067	(44,533)	997,498
Long-term debt and finance lease obligations, less current portion	3,142,820	-	-	3,142,820
Long-term operating lease obligations, less current portion	536,810	-	-	536,810
Professional liabilities	108,230	809,511	-	917,741
Accrued pension liabilities	321,554	-	-	321,554
Accrued postretirement liabilities, less current portion	66,673	-	-	66,673
Other liabilities	381,599	-	(32,271)	349,328
Total liabilities	<u>5,535,650</u>	<u>873,579</u>	<u>(76,804)</u>	<u>6,332,425</u>
Net assets				
Net assets without donor restrictions	4,649,847	222,255	(222,255)	4,649,847
Net assets with donor restrictions	387,662	-	-	387,662
Total net assets	<u>5,037,509</u>	<u>222,255</u>	<u>(222,255)</u>	<u>5,037,509</u>
Total liabilities and net assets	<u>\$ 10,573,159</u>	<u>\$ 1,095,834</u>	<u>\$ (299,059)</u>	<u>\$ 11,369,934</u>

Financial Statements

NYU Langone Hospitals
Statement of Operations
For the six months ended February 28, 2023

(in thousands)

	NYU Langone Hospitals (Obligated Group)	CCC550	Eliminations	Total
Operating revenues and other support				
Net patient service revenue	\$ 3,503,587	\$ -	\$ -	\$ 3,503,587
Grants and sponsored programs	1,207	-	-	1,207
Insurance premiums earned	-	87,342	(29,636)	57,705
Contributions	5,724	-	-	5,724
Endowment distribution and return on short-term investments	45,835	3,703	-	49,538
Other revenue	457,341	-	(18,683)	438,658
Net assets released from restrictions for operating purposes	3,670	-	-	3,670
Total operating revenues and other support	<u>4,017,364</u>	<u>91,045</u>	<u>(48,319)</u>	<u>4,060,090</u>
Operating expenses				
Salaries and wages	1,172,452	-	-	1,172,452
Employee benefits	362,146	-	-	362,146
Supplies and other	1,905,211	72,362	(29,636)	1,947,937
Depreciation and amortization	216,462	-	-	216,462
Interest	61,413	-	-	61,413
Total operating expenses	<u>3,717,684</u>	<u>72,362</u>	<u>(29,636)</u>	<u>3,760,410</u>
Gain from operations	299,680	18,683	(18,683)	299,680
Other items				
Other component of pension and postretirement costs	11,819	-	-	11,819
Investment return in excess of endowment distribution, net	27,174	-	-	27,174
Mission based payment to NYUGSoM	(25,001)	-	-	(25,001)
Other	18	-	-	18
Excess of revenue over expenses	<u>313,690</u>	<u>18,683</u>	<u>(18,683)</u>	<u>313,690</u>
Other changes in net assets without donor restrictions				
Changes in pension and postretirement obligations	70,294	-	-	70,294
Contributions for capital asset acquisitions	1,059	-	-	1,059
Equity transfers to related organizations, net	(140,899)	-	-	(140,899)
Net assets released from restrictions for hazard mitigation	12,631	-	-	12,631
Other	(456)	-	-	(456)
Net increase (decrease) in net assets without donor restrictions	<u>\$ 256,319</u>	<u>\$ 18,683</u>	<u>\$ (18,683)</u>	<u>\$ 256,319</u>



Project # 231288-E
Our Lady of Lourdes Memorial Hospital

Program: Hospital
Purpose: Establishment

County: Broome
Acknowledged: June 15, 2023

Executive Summary

Description

The Guthrie Clinic (Guthrie), a Pennsylvania nonprofit corporation registered to do business in New York State, seeks approval to be established as the sole member, active parent, and co-operator of Our Lady of Lourdes Memorial Hospital (Lourdes) through a Membership Substitution Agreement. Lourdes will remain a separate nonprofit corporation licensed under Article 28, Article 36, and Article 40 of the Public Health Law and Article 31 of the Mental Hygiene Law. The authorized services, number, and type of beds will remain the same.

Ascension Health is the current sole member and passive parent of Our Lady of Lourdes Memorial Hospital. On June 7, 2023, The Guthrie Clinic entered into a Membership Substitution Agreement with Ascension Health to acquire its sole corporate membership of Lourdes for a value estimated at \$126,000,000 plus certain adjustments determined at closing. Total consideration for this transaction is estimated to be in the \$303,800,000 range.

The Guthrie Clinic acts as the parent of The Guthrie Clinic System, an integrated nonprofit healthcare delivery system providing services in North Central Pennsylvania and South-Central New York. The system includes four acute care hospitals, Robert Packer Hospital (Sayre, PA); Corning Hospital (Corning, NY); Guthrie Cortland Medical Center (Cortland, NY); and Troy Community Hospital (Troy, PA), as well as related healthcare facilities and a multi-specialty group medical practice. Our Lady of Lourdes Memorial Hospital operates a 242-bed general

acute care hospital at 169 Riverside Drive, Binghamton (Broome County). It also operates Lourdes Home Care, a Certified Home Health Agency, Lourdes Hospice, and five outpatient Clinic Treatment Programs.

BFA Attachment A provides an organization chart after affiliation.

OPCHSM Recommendation

Approval

Need Summary

No change in beds or services are included in this application.

Program Summary

Based on the results of this review, a favorable recommendation can be made regarding the facility's current compliance pursuant to 2802-(3)(e) of the New York State Public Health Law.

Financial Summary

The purchase price for the transfer of the sole corporate membership will be \$126,000,000, plus certain adjustments to be determined at closing. Total consideration for the transaction is estimated to be \$303,800,000, to be funded with equity and accounts receivable collected by Guthrie after the transaction has closed.

Health Equity Impact Assessment

There was no Health Equity Impact Assessment required for this project under Section 2802-B of the PHL, as it was received by the Department on June 8, 2023.

Recommendations

Health Systems Agency

There will be no HSA recommendation for this project.

Office of Primary Care and Health Systems Management

Approval conditional upon:

1. This project must be completed by **one year from the date of the recommendation letter**, including all pre-opening processes, if applicable. Failure to complete the project by this date may constitute an abandonment of the project by the applicant and the expiration of the approval. It is the responsibility of the applicant to request prior approval for any extensions to the project approval expiration date. [PMU]

Council Action Date

November 16, 2023

Need Analysis

Background and Analysis

Our Lady of Lourdes Memorial Hospital Licensed Beds & Services

Bed Type	Count
Medical / Surgical	194
Maternity	25
Intensive Care	12
Pediatric	11

Ambulatory Surgery - Multi-Specialty	Intensive Care	Radiology-Therapeutic
Audiology O/P	Level I Perinatal Care	Renal Dialysis - Acute
Coronary Care	Medical Services - Primary Care	Respiratory Care
Dental O/P	Medical/Surgical	SAFE Center
Emergency Department	Pediatric	Therapy - Occupational O/P
Lithotripsy	Podiatry O/P	Therapy - Physical O/P
Maternity	Primary Stroke Center	Therapy - Speech Pathology
Other Medical Specialties	Psychiatric	

Our Lady of Lourdes Memorial Hospital Beds, Average Daily Census, and Occupancy

Bed Type	Beds	2020		2021		2022*	
		ADC	Occ.	ADC	Occ.	ADC	Occ.
Med/Surg	206	106.5	51.70%	122.1	59.30%	127.5	61.90%
Pediatric	11	0.3	2.90%	0.3	3.10%	0.2	1.40%
Obstetric	25	5.1	20.40%	5.5	21.90%	5	19.90%
Total	242	112	46.30%	127.9	52.90%	132.7	54.90%

Source: SPARCS

*2022 data is annualized.

Discharges by neighboring hospitals within the selected zip codes for 85% market share:

Facility Name	Annual Average Discharges	Percent	Cumulative Discharges	Cumulative Percent
United Health Services Hospitals, Inc. - Wilson Medical Center	9,786	43.8	9,786	43.8
Our Lady of Lourdes Memorial Hospital, Inc.	7,965	35.7	17,751	79.5
United Health Services Hospitals, Inc. - Binghamton General Hospital	2,333	10.5	20,084	90.0
All other area hospitals	2,237	10.0	22,321	100.0

Source: SPARCS inpatient data (Apr. 1, 2022 - Mar. 31, 2023) - Date Extracted: 08/18/2023 (Note: 2022-2023 SPARCS data are incomplete for some facilities)

The proposed affiliation will enable the Health System to enhance integrated access to healthcare services. Guthrie plans to implement integrated technological infrastructure and other operational and clinical efficiencies that will enable the organizations to improve access to care, ensure patient safety, improve patient satisfaction and performance, and enhance coordinated healthcare.

Our Lady of Lourdes is a Primary Stroke Center and the only SAFE Center in Broome County. The applicant states that Guthrie remains committed to meeting the community’s needs by improving quality, safety, access, and patient experience for the Binghamton region. Some of the ways Guthrie envisions supporting these needs are:

- Deepening support of the significant Behavioral and Mental Health O/P programming that Lourdes provides today:
 - Lourdes Center for Mental Health, Collaborative Care, Suboxone Treatment, and multiple community collaborations and grant-funded programming, all of which target behavioral health issues within the region.
- Amplifying the collaborations that Lourdes currently engages with UHS:
 - Development and support of Rural Health Network and Mothers and Babies Perinatal Network, as well as sponsorship of primary care practices in rural communities of Newark Valley and Richford.
 - Behavioral Health Clinically Integrated Network Intervention Programs: Collaborating on the next iterations of programs developed under the NYHER 1115 Medicaid Waiver (STICH, MHASt, etc.)
 - The Free Clinic: Formation and operation of a free clinic in conjunction with the clinical campus.
- Exploring new collaborations with UHS and other local providers to address the unmet Behavioral Health and Mental Health needs of the community:
 - Mobile Crisis, ED interventions, regional recruitment, Adolescent and Pediatric programming, etc.
 - Prioritize interventional collaborations that reduce the need for acute inpatient hospitalizations.
- Launching The Guthrie Maternity Care Oasis Initiative to address the nationally and regionally recognized “Maternity Desert” crises:
 - Designed to bridge the gap in comprehensive maternity care to underserved communities.
 - Guthrie envisions deploying care teams, including midwives, doulas, and other community workers, to assist with community outreach, education, and essential clinical services with a mobile health unit equipped with the technology and tools necessary to provide exams at community hub locations convenient for expectant mothers.

Our Lady of Lourdes’ service area is Broome County. The population of Broome County was 198,591 in 2021 and is estimated to decrease to 187,884 by 2028 per projection data from the Cornell Program on Applied Demographics (PAD), a decrease of 6%. Demographics are listed below.

	Broome County	New York State
Total Population – 2021 Estimate	198,591	20,114,745
Hispanic or Latino (of any race)	4.50%	19.20%
White (non-Hispanic)	82.40%	54.70%
Black or African American (non-Hispanic)	5.00%	13.90%
Asian(non-Hispanic)	4.60%	8.60%
Other (non-Hispanic)	3.50%	3.60%

Source: ACS 5-Year Estimates Data Profiles

Health Coverage in Broome County

Employer Plans	45.3%
Medicaid	22.5%
Medicare	14.8%
Non-Group Plans	12.5%
Military or VA	1.0%
No Coverage	3.9%

Source: Data USA

The table below shows the project payor source utilization for the current year. There will be no change in payor or the number of visits through this project.

Current and Projected Payor Mix		
Payor	Inpatient	Outpatient
Commercial	21.51%	37.85%
Medicare	59.07%	41.19%
Medicaid	18.31%	17.70%
Other	1.11%	3.26%
Total Visits	9,149	1,924,272

Conclusion

This collaboration with The Guthrie Clinic will allow Our Lady of Lourdes to continue to operate services and improve access to care for area residents.

Program Analysis

Project Proposal

The Guthrie Clinic, a Pennsylvania not-for-profit corporation, seeks approval to become established as the sole member, active parent, and co-operator of Our Lady of Lourdes Memorial Hospital d/b/a Lourdes Binghamton (OLLMH or Lourdes), located at 169 Riverside Drive in Binghamton (Broome County).

OLLMH is a New York State not-for-profit corporation, 242-bed, Article 28 acute care hospital that serves the residents of Broome County. OLLMH provides inpatient, outpatient, and emergency care services for the residents of Broome County and surrounding counties. The Guthrie Clinic is a fully integrated nonprofit healthcare delivery system that includes services in North Central Pennsylvania and South-Central New York. This includes four (4) hospitals, an ambulatory surgery center, a home health agency, a hospice, a nursing home, an assisted living facility, and multi-specialty group practices.

OLLMH seeks to join The Guthrie Clinic to maintain and enhance the healthcare delivery system in the region. The proposed transaction will result in OLLMH being a member of a well-established regional Article 28 healthcare system rather than a standalone hospital.

Character and Competence

The sole corporate member of The Guthrie Clinic, Corp. is The Guthrie Clinic, and the membership is as follows:

Name	Membership Interest
Edmund Sabanegh, Jr, MD	President, CEO, & Director
Joanna Ames	Director
Ethan Arnold	Director
Avery August, PhD	Director
John Bayne	Director
Frederick Bloom, MD	Director
Daniel Brown, MD	Vice Chair & Director
Donald Ferrario	Director
Matthew Huff	Treasurer & CFO
Kenneth Levitsky, Esq	Chair & Director
Joan Marren, RN	Secretary & Director
Nader Mehravari, PhD	Director
David Pfisterer, MD	Director
Joseph Ronsivalle, DO	Director

Johanna Ames is the President and owner of Ames Linen Service, Inc. for 16 years. She was the previous Service Manager and Production Manager of Ames Linen for six (6) years. She is responsible for leading the Ames Linen Service, setting strategic direction, and ensuring the company's success. The role oversees all aspects of the business operations, sales and marketing, finance, and customer service. She plays a critical role in the success of the organization. Ms. Ames discloses membership interest in the following healthcare facilities:

The Guthrie Clinic 2019-present

Ethan Arnold is the President of the Chartis Group for 22 years. He provides leadership by influencing the size and shape of the practice, client services and delivery, industry thought leadership, capability and solution development, business development, and company culture. Mr. Arnold discloses membership interest in the following healthcare facilities:

The Guthrie Clinic 2014-present

Avery August, PhD is a Professor of Immunology at Cornell University for 13 years. He researches and teaches immunology. He is the Chair of the Department of Microbiology, the Vice Provost for Academic Affairs, and the Deputy Provost of Administrative Roles. He was a Professor of Immunology at

Pennsylvania State University for 11 years. Dr. Avery discloses membership interest in the following healthcare facilities:

The Guthrie Clinic 2022-present

John Bayne has held multiple roles at Corning Incorporated for over 28 years. He is the current Senior Vice President and General Manager of Mobile Consumer Electronics for three (3) years. He is responsible for all strategic, operational, and financial elements of Corning's Gorilla Glass and Advanced Optics business within Corning Inc. He was the previous Vice President and General Manager of Gorilla Glass for five (5) years. He was responsible for all strategic, Operational, and financial elements of Corning's Gorilla Glass business. He was the Vice President and General Manager of High-Performance Glass for three (3) years. He was responsible for all strategic, operational, and financial elements of Corning's High Performance Display Business. Mr. Bayne discloses membership interest in the following healthcare facilities:

The Guthrie Clinic 2019-present

Frederick Bloom, Jr. M.D. is the Chief Population Health Officer of The Guthrie Clinic for two (2) months. He was the Executive Vice President of the Guthrie Clinic's Physician Group for nine (9) years. He created a system for improved quality with new leadership, provider templates, reporting, and Epic tools. He accelerated the growth in the medical group and increased the provider complement from 400 to 580 physicians and Advanced Practice Providers. He reduced physician turnover through improved communication, transparent reporting, clear compensation principles, and responsive leadership. He reconstructed the physician leadership roles to create greater responsibility, accountability, efficiency, responsiveness, and leadership development opportunities. He achieved contract year budget financial operating margin for the last four years. He built the foundation of a population health system with ambulatory redesign, integrated care management, data infrastructure, and aligned payer contracts. He created a strategy to translate population health improvements into value-based revenue. He held multiple positions at Geisinger Medical Center over 28 years, including Keystone ACO, Medical Director of Quality and Performance of Geisinger Health Plan, and Chief of Care Continuum of Geisinger Health System. He was responsible for the clinical, operational, and budgetary oversight of the care continuum service line. He was responsible for all Geisinger Insurance Operation activity regarding the quality of care rendered to health plan members and the performance of health plan participating providers. He developed and administered Pay for Performance programs for all network providers. He was responsible for network management, quality performance, regulatory compliance, provider recruitment, and orientation. He received his medical degree from Hahnemann Medical College. He completed his Family Medicine Residency at Saint Vincent Health Care Center. Dr. Bloom discloses membership interest in the following healthcare facilities:

The Guthrie Clinic 2014-present

Guthrie Medical Clinic 2014-present

Daniel Brown, M.D., is the Chairman of the Department of Anesthesiology for all Anesthesia services at the Guthrie sites for 33 years. He is on the Physician Management Council of Guthrie Medical Group for eight (8) years. He is the Medical Director of the PACU and Outpatient Surgical Unit, the Medical Executive Committee, the Surgical Executive Committee, and the Trauma Executive Committee at the Robert Packer Hospital for 33 years. He was the Vice Chairman of the Department of Anesthesia at WHMC for one (1) year. He was the Assistant Professor of Anesthesiology at F. Edward Herbert School of Medicine for three (3) years. He was the Director of Neurosurgical Anesthesia at WHMC for three (3) years. He was a Staff Anesthesiologist at WHMC for three (3) years. He was on the Board of Directors of The Guthrie Clinic for three (3) years. He was on the Board of The Guthrie Risk Retention Group for six (6) years. He was a Clinical Professor in the Department of Anesthesia at SUNY Upstate for eight (8) years. He was the Chairman of the Department of Anesthesiology of St. Joseph's Hospitals for two (2) years. He was the Chairman of the Robert Packer Hospital Finance Committee for nine (9) years. He was a Chairman of the Joint Conference Committee and the Medical Capital Equipment Committee of the Robert Packer Hospital for seven (7) years. He received his medical degree from SUNY Health Sciences at Syracuse. He completed his Anesthesia Residency at Wilford Hall USAF Medical Center. He is Board Certified in Anesthesiology. Dr. Brown discloses membership interest in the following healthcare facilities:

The Guthrie Clinic 2015-present

Donald Ferrario is the Owner and Manager of Ferrario Auto Team for 43 years. He is responsible for setting strategic direction and vision for the organization., ensuring profitable growth, and overseeing the day-to-day operations of the group's various divisions. Mr. Ferrario discloses membership interest in the following healthcare facilities:

The Guthrie Clinic 2021-present

Matthew Huff is the Health System Chief Financial Officer of The Guthrie Clinic for three (3) years. He is responsible for the financial outcome of The Guthrie Clinic with executive oversight of Treasury, Financial Operations, FP&A, Revenue Cycle, Supply Chain, Managed Care Contracting, and Insurance. He was the Western Division Chief Financial Officer of Banner Health for three (3) years. He was responsible for the financial operations of the Western Division, including four community medical centers, nine critical access hospitals, and two pending hospital acquisitions. He was the Chief Financial Officer of Bay Area Medical Center for one (1) year. He was the Chief Financial Officer of OASIS Hospital for three (3) years. He was responsible for all organizational financial results and operational outcomes for a 64-bed inpatient surgical hospital, managing community physician relationships, and was the executive leader over all non-clinical hospital operations. He was the Hospital Controlled of Houston Orthopedic and Spine Hospital for one (1) year. He was responsible for all organizational accounting, revenue cycle, payroll, material management, and charge master functions for an 84-bed inpatient surgical hospital. He oversaw monthly and yearly closing processes as well as preparation of monthly financial statements and debt covenant reporting. Mr. Huff discloses membership interest in the following healthcare facilities:

The Guthrie Clinic 2020-present

Kenneth Levitzky is the sole practicing Attorney at Kenneth R. Levitzky, Esq, for 40 years. Mr. Levitzky discloses membership interest in the following healthcare-related facilities:

The Guthrie Clinic 2001-present
Guthrie Troy Community Hospital 1990-present

Joan Marren has been retired since March 2013. She was the Founding Member and Consultant of Quadrant Consulting, LLC for six (6) years. She was responsible for focusing on Home Care and Hospice services quality, operational excellence, and compliance. She is currently a Self-Employed Consultant in Health Care Strategy and Practice for seven (7) years. She focuses primarily on the development, operational excellence, and quality of home and community-based service. She held many roles in the Visiting Nurses Services of New York over 39 years, including field, supervisory, and management positions. She was the Chief Operating Officer and the President of VSNY Home Cre from 1995 to 2013. She was responsible for strategic planning, service delivery, quality, business, and financial operations. Ms. Marren discloses membership interest in the following healthcare facilities:

The Guthrie Clinic 2014-present
Ozanam Hall of Queens Nursing Home 2016-present

Nader Mehravari, PhD retired in October 2019. He was the Chief Scientist of Axio, Inc. for three (3) years. He was primarily responsible for the stewardship and evolution of Axio's cyber risk models and analytic capabilities, as well as the design and execution of major client engagements and special projects. He was the Senior Research Engineer of Cyber Risk and Resilience Management for Software Engineering Institute at Carnegie Mellon University for three (3) years. He was the technical leader for and put into practice a variety of cybersecurity and resilience management solutions. He also provided program management leadership and execution of external customer engagements related to customization, use, and institutionalization of cybersecurity and resilience management techniques. He managed components of the CERT Resiliency Management Model product suite and its continued proliferation. Dr. Mehravari discloses membership interest in the following healthcare facilities:

The Guthrie Clinic 2016-present

David Pfisterer, M.D. is a Family Medicine Physician, the Regional Medical Director, and a Member of the Physician Management Council for 22 years. He is the System Chair of the Primary Care Service Line of the Guthrie Clinic for four (4) years. He was the Regional Director of Primary Care for Pennsylvania and Eastern New York for the Guthrie Clinic for five (5) years. He is the Family Practice Physician at the Wellsboro Office for 27 years. He is a Member of the Board of Directors of the Guthrie Clinic for 21 years. He was the president of the Medical Staff of Soldiers and Sailors Memorial Hospital for two (2) years. He was the Chair of the Credentials Committee at Soldiers and Sailors Memorial Hospital for two (20) years.

He was a Member of the Credentials Committee of Soldiers and Sailors Hospital for six (6) years. He received his medical degree from the Medical College of Pennsylvania. He completed his Family Medicine Residency at Hunterdon Medical Center. He is Board Certified in Family Medicine. Dr. Pfisterer discloses membership interest in the following healthcare facilities:

The Guthrie Clinic	2011-present
Guthrie Medical Group	2001-2003, 2005-2011

Joseph Ronsivalle, D.O., is the President of the Guthrie Medical Group for two (2) months. He was the Chairman of Radiology of the Guthrie Group for seven (7) years. He was the Senior Vice President and Partner of Associated Radiologists of the Finger Lakes, P.C. for 10 years. He received his medical degree from the Philadelphia College of Osteopathic Medicine. He completed his Radiology Residency at Walter Reed Army Medical Center. He completed his Cardiovascular and Interventional Radiology Fellowship at Johns Hopkins Medical Institutions. Dr. Ronsivalle discloses membership interest in the following healthcare facilities:

The Guthrie Clinic	2019-present
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Edmund Sabanegh, M.D. is the President and CEO of The Guthrie Clinic for two (2) years. He leads a team of approximately 7,000 caregivers responsible for the provision of quality care. He was the President of the Main Campus and Regional Hospitals of the Cleveland Clinic for two (2) years. He led a team of 12,000 clinical caregivers responsible for providing quality care, safety, and experienced care for patients. He enterprised strategic planning for 12 Ohio hospitals, including three (3) trauma centers and 34 ambulatory health centers. He was a Board Chair of the Cleveland Clinic Accountable Care Organization, directed the enterprise of the COVID Operations task force, and oversaw the enterprise of the surgical operations with responsibility for operations, safety, and quality in over 200 operating rooms. He was the Vice Chief of Staff at the Cleveland Clinic Health System for three (3) years. He supported the Chief of Staff and CEO in the provision of clinical care, strategic planning, and fiscal management for \$10B and 66,000 caregiver organization. He developed an enterprise strategic approach to population health initiative, designed an enterprise approach to population health initiative, and performed critical analysis of the care deployment footprint to guide enterprise restructure. He was the Enterprise Director of the Care Affordability Task Force for five (5) years. He was responsible for directing a 1000-person effort to identify cost initiatives to lower enterprise costs of care, reporting directly to enterprise CEOs. He was on the Board of Governors of the Cleveland Clinic Health Systems for 10 years. He was one of 14 elected individuals who reported directly to the CEO and was responsible for the maintenance of quality clinical care and professional environments across the enterprise. He was a member of the Board of Trustees of the Cleveland Clinic Health System for eight (8) years. He was the Chair of Urologic Surgery at the Cleveland Clinic for eight (8) years. He was responsible for leadership, strategic planning, and administration. He was the Director of the Center for Reproductive Medicine and Male Fertility for 12 years. He was responsible for strategic direction and clinic quality and directed the fellowship training program and clinical research laboratory. He was the COO of Wilford Hall Air Force Medical Center for one (1) year. He directed the day-to-day operations of the Air Force hospital with 800 beds and an annual budget of \$225M and 5650 personnel. He was the Chief of the Medical Staff of Wilford Hall Air Force Medical Center for two (2) years. He was responsible for medical and dental care provided by 800 medical providers and directed the team responsible for clinical quality, compliance, infection control, credentialing, and performance improvement. He was the Chief of the Pharmacy and Therapeutics Committee. He was the Chief Consultant for Urology for the Air Force Surgeon General for three (3) years. He was the Chief of Surgical Staff for three (3) years. He was the Chair of the Urology Department for six (6) years. He received his medical degree from the University of Virginia. He completed his Urologic Surgery Residency at Wilford Hall USAF Medical Center. He completed his Microsurgery Fellowship at the Cleveland Clinic. He is Board Certified in Urology.

Staff from the Division of Certification & Surveillance reviewed the disclosure information submitted regarding licenses held, formal education, training in pertinent health and/or related areas, employment history, a record of legal actions, and a disclosure of the applicant's ownership interest in other health care facilities. Licensed individuals were checked against the Office of Medicaid Management, the Office of Professional Medical Conduct, and the Education Department databases, as well as the US Department of Health and Human Services Office of the Inspector General Medicare exclusion database.

Compliance with Applicable Codes, Rules, and Regulations

This facility has no outstanding Article 28 surveillance or enforcement actions and, based on the most recent surveillance information, is deemed to be currently operating in substantial compliance with all applicable State and Federal codes, rules, and regulations. This determination was made based on a review of the files of the Department of Health, including all pertinent records and reports regarding the facility's enforcement history and the results of routine Article 28 surveys, as well as investigations of reported incidents and complaints.

Prevention Agenda

The Guthrie Clinic is seeking approval to become the sole member, active parent, and co-operator of Our Lady of Lourdes Memorial Hospital ("OLLMH"). The current sole member and passive parent of OLLMH is Ascension Health, a Missouri not-for-profit corporation. The Guthrie Clinic will replace Ascension Health as the sole member of OLLMC.

Approval of this Application will give the Guthrie Clinic the ability to exercise active powers over OLLMH (including its 25 extension clinics), OLLMH's CHHA, Hospice, and OMH-certified Clinic Treatment Programs. There will be no change in either authorized services or the number or type of beds as a direct result of the proposed change in governance structure.

Our Lady of Lourdes Memorial Hospital collaborated with the Broome County Department of Health to implement multiple interventions to support priorities of the 2019-2024 New York State Prevention Agenda, including:

- Preventing Chronic Diseases
- Promote Healthy Women, Infants and Children

The proposed project improves access to specialty care in rural areas, but it does not explicitly advance the local Prevention Agenda priorities identified in the most recently completed Community Health Improvement/Community Service Plan. In 2021, the applicant spent \$2,945,187 on Community Health Improvement Services, representing 0.67% of total operating expenses.

Conclusion

Based on the results of this review, a favorable recommendation can be made regarding the facility's current compliance pursuant to 2802-(3)(e) of the New York State Public Health Law.

Financial Analysis

Membership Substitution Agreement

The applicant provided an executed Membership Substitution Agreement, which is summarized below:

Date:	June 7, 2023
Transferor:	Ascension Health
Transferee:	The Guthrie Clinic
Purpose:	The Seller is interested in exiting the service area it services in New York and wishes to transfer and sell its sole corporate membership in Lourdes to Guthrie. The Buyer is interested in assuring the continuation of needed healthcare services in the area and wishes to purchase Ascension Health's sole corporate membership.
Transfer of Assets:	The base price will be \$126,000,000 based on certain factors plus Net Working Capital, Cash, Investments, Ambulatory Surgery Center (ASC) Adjustment, if necessary, Account Receivable (AR) Settlement less any Debt as of the Effective Time (Closing). The total consideration is estimated to be \$303,800,000
Payment for the Transfer of Assets:	\$271,510,000 from accumulated surplus plus 95% of Lourdes's Accounts Receivable collection paid by Guthrie.

The total impact on the Guthrie Balance Sheet is estimated to be \$303.8 million, after adjustments are added to the Base Purchase Price. The adjustments represent the net working capital position of Lourdes at closing. As part of the transaction, Lourdes' Accounts Receivable is retained by Lourdes and will remain an asset of Lourdes. Guthrie will pay Ascension based on actual collections received and retained by Lourdes, less the cost of collection. Net assets to remain at Lourdes and the Lourdes Foundation are \$199.7 million.

BFA Attachment B presents The Guthrie Clinic and Affiliates 2021-2022 Certified Financial Statements, which reveal sufficient resources to cover the purchase price.

Capability and Feasibility

No projected incremental changes in staffing, utilization, operating expense, or operating revenue are associated with this application. The purchase price for the transfer of the sole corporate membership will be \$126,000,000, plus certain adjustments to be determined at closing. Total consideration for the transaction is estimated to be in the \$303,800,000 range. Financial resources to fund the Transaction will be provided by Guthrie, a Pennsylvania nonprofit corporation, and payments will be made at closing to Ascension, a Missouri nonprofit corporation.

BFA Attachment B, The Guthrie Clinic's 2021-2022 Certified Consolidated Financial Statements show a positive working capital position and net assets of \$968,845,000 for 2022. Guthrie had an average net operating loss of \$12,140,000 and an overall average gain of \$19,748,000 after considering nonoperating income.

BFA Attachment C presents Our Lady of Lourdes Memorial Hospital and Affiliates 2021-2022 Certified Consolidated Financial Statements showing a negative working capital position and net assets of \$270,052,000 for 2022.

Our Lady of Lourdes had an average net operating loss of \$15,975,500 and an overall average gain of \$2,422,500 after considering nonoperating income. The applicant states the change in how CMS calculates the rural wage index (going into effect 10/1/23) will have a positive annual revenue impact on Lourdes and its affiliated entities of approximately \$35,667,634.

Conclusion

The applicant has demonstrated the capability to proceed in a financially feasible manner.

Attachments

BFA Attachment A	Organizational Chart of The Guthrie Clinic After Affiliation
BFA Attachment B	The Guthrie Clinic and Affiliates, 2021-2022 Certified Financial Statements
BFA Attachment C	Our Lady of Lourdes Memorial Hospital and Affiliates 2021-2022 Certified Financial Statements

RESOLUTION

RESOLVED, that the Public Health and Health Planning Council, pursuant to the provisions of Section 2801-a of the Public Health Law, on this 16th day of November 2023, having considered any advice offered by the Regional Health Systems Agency, the staff of the New York State Department of Health, and the Establishment and Project Review Committee of this Council and after due deliberation, hereby proposes to approve the following application to establish the Guthrie Clinic as the active parent and co-operator of Our Lady of Lourdes Memorial Hospital, and with the contingencies, if any, as set forth below and providing that each applicant fulfills the contingencies and conditions, if any, specified with reference to the application, and be it further

RESOLVED, that upon fulfillment by the applicant of the conditions and contingencies specified for the application in a manner satisfactory to the Public Health and Health Planning Council and the New York State Department of Health, the Secretary of the Council is hereby authorized to issue the approval of the Council of the application, and be it further

RESOLVED, that any approval of this application is not to be construed as in any manner releasing or relieving any transferor (of any interest in the facility that is the subject of the application) of responsibility and liability for any Medicaid (Medicaid Assistance Program -- Title XIX of the Social Security Act) or other State fund overpayments made to the facility covering the period during which any such transferor was an operator of the facility, regardless of whether the applicant or any other entity or individual is also responsible and liable for such overpayments, and the State of New York shall continue to hold any such transferor responsible and liable for any such overpayments, and be it further

RESOLVED, that upon the failure, neglect or refusal of the applicant to submit documentation or information in order to satisfy a contingency specified with reference to the application, within the stated time frame, the application will be deemed abandoned or withdrawn by the applicant without the need for further action by the Council, and be it further

RESOLVED, that upon submission of documentation or information to satisfy a contingency specified with reference to the application, within the stated time frame, which documentation or information is not deemed sufficient by Department of Health staff, to satisfy the contingency, the application shall be returned to the Council for whatever action the Council deems appropriate.

NUMBER:

FACILITY/APPLICANT:

231288 E

Our Lady of Lourdes Memorial Hospital

APPROVAL CONTINGENT UPON:

N/A

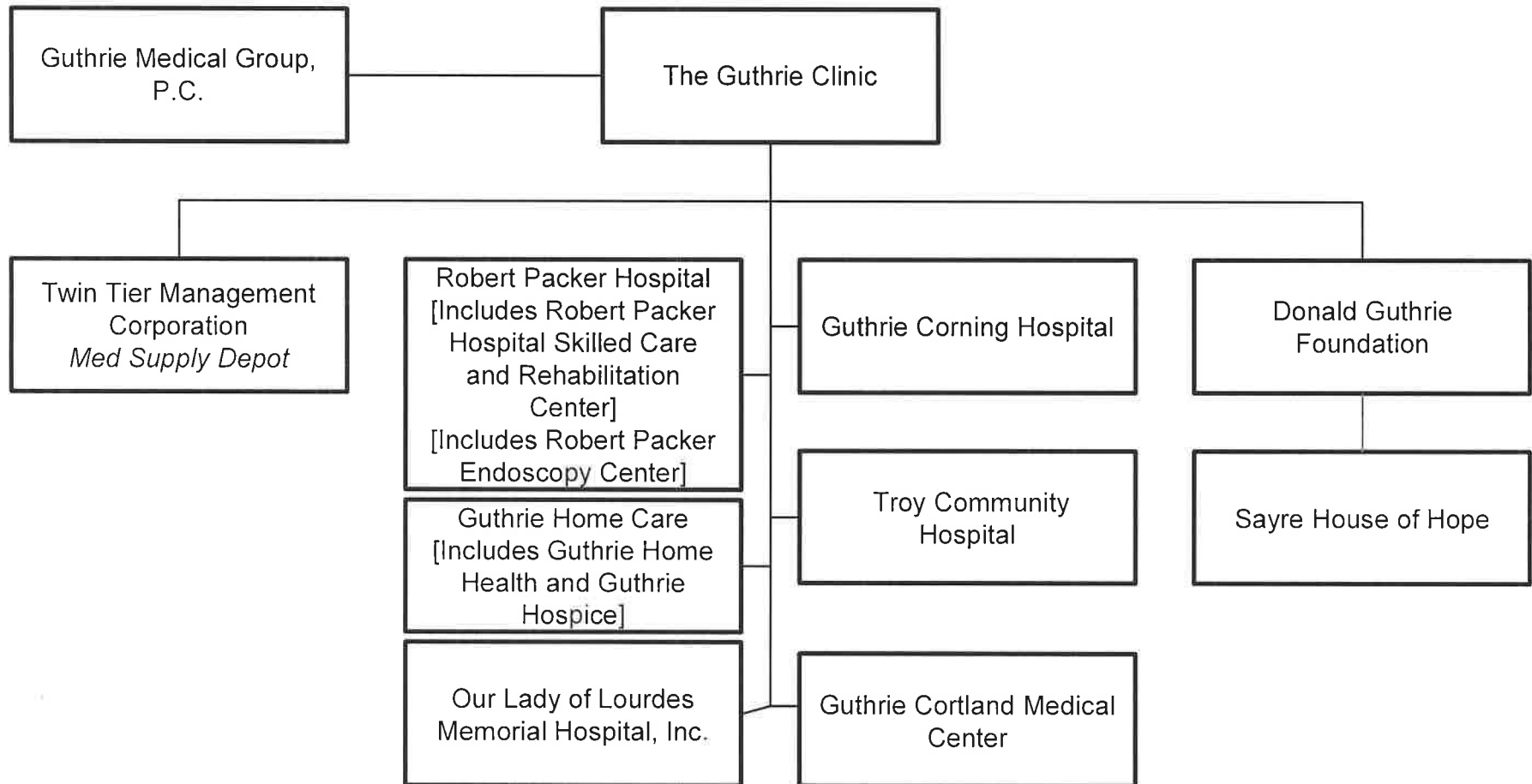
APPROVAL CONDITIONAL UPON:

1. This project must be completed by **one year from the date of the recommendation letter**, including all pre-opening processes, if applicable. Failure to complete the project by this date may constitute an abandonment of the project by the applicant and the expiration of the approval. It is the responsibility of the applicant to request prior approval for any extensions to the project approval expiration date. [PMU]

Documentation submitted to satisfy the above-referenced contingencies shall be submitted within sixty (60) days. Enter a **complete** response to each **individual** contingency via the New York State Electronic Certificate of Need (NYSE-CON) system by the due date(s) reflected in the *Contingencies Tab in NYSE-CON*.

The Guthrie Clinic Organization

As of Closing of Lourdes Transaction



The Guthrie Clinic and Affiliates

Consolidated Balance Sheets
June 30, 2022 and 2021
(In Thousands of Dollars)

	<u>2022</u>	<u>2021</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 67,296	\$ 88,837
Patient accounts receivable	100,766	87,294
Inventories	22,225	21,184
Prepaid expenses and other current assets	36,311	31,654
Total current assets	<u>226,598</u>	<u>228,969</u>
Assets Limited as to Use		
Trustee held funds under trust indenture agreement	42,898	3
Board-designated funds	196,158	217,001
Self-insured trust funds	76,630	86,617
Other	73,542	85,344
Total assets limited as to use	<u>389,228</u>	<u>388,965</u>
Investments	577,186	571,877
Property and equipment, net	439,240	431,924
Finance lease right-of-use assets	3,221	3,919
Operating lease right-of-use assets	15,761	16,179
Prepaid pension	29,953	39,224
Other assets, net	7,889	26,159
Total assets	<u>\$ 1,689,076</u>	<u>\$ 1,707,216</u>
Liabilities and Net Assets		
Current Liabilities		
Finance lease obligations, current	\$ 792	\$ 553
Operating lease obligations, current	2,558	2,983
Current maturities of long-term obligations	10,825	10,202
Accounts payable and accrued expenses	80,444	68,451
Accrued payroll, taxes and vacation	79,244	75,787
Estimated third-party payables, net	8,722	10,673
Current portion of contract liability, advance payments	15,230	64,942
Other current liabilities	2,381	6,220
Total current liabilities	<u>200,196</u>	<u>239,811</u>
Finance lease obligations	2,812	3,604
Operating lease obligations	13,420	13,359
Long-term obligations, net	412,598	220,983
Contract liability, advance payments	-	9,205
Accrued pension cost	7,497	12,204
Asset retirement obligation	6,381	6,258
Insurance liabilities, net of current portion	67,971	91,757
Other long-term liabilities	9,356	20,357
Total liabilities	<u>720,231</u>	<u>617,538</u>
Net Assets		
Net assets without donor restrictions	893,933	1,003,747
Net assets with donor restrictions	74,912	85,931
Total net assets	<u>968,845</u>	<u>1,089,678</u>
Total liabilities and net assets	<u>\$ 1,689,076</u>	<u>\$ 1,707,216</u>

See notes to consolidated financial statements

The Guthrie Clinic and Affiliates

Consolidated Statements of Operations and Changes in Net Assets
Years Ended June 30, 2022 and 2021
(In Thousands of Dollars)

	<u>2022</u>	<u>2021</u>
Revenues and Other Support		
Net patient service revenue	\$ 1,013,560	\$ 912,990
Other operating revenue	<u>52,631</u>	<u>45,243</u>
Total revenues and other support	<u>1,066,191</u>	<u>958,233</u>
Expenses		
Salaries and wages	544,064	470,041
Employee benefits	110,261	96,595
Purchased services	71,783	69,965
Supplies	106,555	96,721
Pharmaceuticals	107,065	96,164
Insurance	6,970	14,606
Other expenses	73,858	68,285
Depreciation and amortization	52,190	49,913
Interest	8,225	4,544
Bad debt expense	<u>157</u>	<u>742</u>
Total expenses	<u>1,081,128</u>	<u>967,576</u>
Loss from operations	(14,937)	(9,343)
Nonoperating (Loss) Income		
Early extinguishment of debt	(260)	(330)
Restructuring expense	47	2,307
Other (loss) income, net (Note 12)	<u>(86,975)</u>	<u>148,987</u>
Total nonoperating (loss) income	<u>(87,188)</u>	<u>150,964</u>
Revenues (less than) in excess of expenses (carried forward)	<u>\$ (102,125)</u>	<u>\$ 141,621</u>

Our Lady of Lourdes Memorial Hospital, Inc. and Affiliates

Consolidated Balance Sheets
(Dollars in Thousands)

	June 30,	
	2022	2021
Assets		
Current assets:		
Cash and cash equivalents	\$ 3,283	\$ 10,430
Accounts receivable	43,805	39,888
Inventories	6,841	6,604
Other	6,726	6,726
Total current assets	<u>60,655</u>	<u>63,648</u>
Interest in investments held by Ascension	224,701	273,603
Assets limited as to use:		
Investment in net assets of Lourdes Hospital Foundation, Inc. and related	30,274	31,556
Other	593	832
Total assets limited as to use	<u>30,867</u>	<u>32,388</u>
Property and equipment:		
Land and improvements	12,475	12,295
Buildings and equipment	273,092	252,139
Construction in progress	9,738	6,706
Less accumulated depreciation	(166,902)	(152,555)
Total property and equipment, net	<u>128,403</u>	<u>118,585</u>
Other assets:		
Right-of-use assets - leases	19,390	23,033
Capitalized computer software, net	1,325	1,305
Deferred compensation deposits	17,731	18,670
Other	1,503	1,607
Total other assets	<u>39,949</u>	<u>44,615</u>
Total assets	<u>\$ 484,575</u>	<u>\$ 532,839</u>

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Our Lady of Lourdes Memorial Hospital, Inc. and Affiliates

Consolidated Balance Sheets (continued)

(Dollars in Thousands)

	June 30,	
	2022	2021
Liabilities and net assets		
Current liabilities:		
Current portion of long-term debt	\$ 603	\$ 618
Current portion of lease obligations	6,200	5,669
Accounts payable and accrued liabilities	99,308	81,872
Estimated third-party payor settlements, net	16,549	33,365
Other	9,763	4,453
Total current liabilities	<u>132,423</u>	<u>125,977</u>
Noncurrent liabilities:		
Long-term debt	37,300	37,871
Lease obligations, less current portion	13,499	17,569
Due to System, net	11,413	32,602
Deferred compensation	17,731	18,670
Other	2,157	4,205
Total noncurrent liabilities	<u>82,100</u>	<u>110,917</u>
Total liabilities	<u>214,523</u>	<u>236,894</u>
Net assets:		
Without donor restrictions	239,185	263,557
With donor restrictions	30,867	32,388
Total net assets	<u>270,052</u>	<u>295,945</u>
Total liabilities and net assets	<u>\$ 484,575</u>	<u>\$ 532,839</u>

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Our Lady of Lourdes Memorial Hospital, Inc. and Affiliates

Consolidated Statements of Operations
 and Changes in Net Assets
 (Dollars in Thousands)

	Years Ended June 30,	
	2022	2021
Operating revenue:		
Net patient service revenue	\$ 385,115	\$ 364,593
Other revenue	61,043	83,146
Total operating revenue	<u>446,158</u>	<u>447,739</u>
Operating expenses:		
Salaries and wages	221,838	191,127
Employee benefits	41,883	41,946
Purchased services	35,851	36,269
Professional fees	23,217	21,332
Supplies	57,411	54,178
Insurance	3,519	2,555
Interest	1,386	1,294
Depreciation and amortization	14,805	14,336
Management fees	32,000	30,342
Other	53,732	46,827
Total operating expenses	<u>485,642</u>	<u>440,206</u>
Income (loss) from operations	(39,484)	7,533
Nonoperating gains (losses), net	(5,471)	42,267
Excess (deficiency) of revenue over expenses	<u>\$ (44,955)</u>	<u>\$ 49,800</u>

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