

Report Outlines Strategic Options to Alleviate Nassau Health Care Corp's Fiscal Stress

March 06, 2021—Today, the Nassau Interim Finance Authority (NIFA) submitted a strategic report, prepared by leading global professional services firm, Alvarez & Marsal (A&M), to Nassau County Executive Laura Curran and the Nassau Health Care Corporation. NIFA oversees Nassau Health Care Corporation's finances due to its dire fiscal situation. A&M's report, commissioned by NIFA, offers strategic recommendations to help alleviate Nassau Health Care Corporation's fiscal stress.

The report identifies several, crisis-oriented options to refocus Nassau Health Care Corporation's operating performance while enabling the organization to continue addressing Nassau County's citizens' need for quality healthcare. According to the report, Nassau Health Care Corporation is projected to deplete its reserves in 2022, or sooner, unless its current operating model is drastically changed. Additionally, A&M's report indicates that, under the current operating model, the system faces as much as \$200 million in negative cash flow in 2021.

The report provides Nassau Health Care Corporation stakeholders with several possibilities for consideration in determining the future of their facilities, including Nassau University Medical Center in East Meadow and the A. Holly Patterson Extended Care facility in Uniondale.

The recommendations focus on shifting Nassau Health Care Corporation's model of care from an inpatient centric model to a primarily outpatient setting and the elimination of underperforming services. These cost-saving efforts would allow the organization to be more flexible and ensure resources being invested align with the needs of the community.

The A&M report considers multiple options that seek to expand high quality care through federally qualified health centers. A key option looks at eliminating the emergency room and medical/surgical inpatient services at Nassau University Medical Center and focusing solely on operating as a behavioral health hospital. This would address a critical, unmet need and potentially decrease the organization's projected operating cash loss to between \$11 million and \$25 million if executed efficiently.

Over the past ten years, Nassau University Medical Center has experienced decreasing patient volumes, and the Nassau Health Care Corporation has relied heavily on federal, local, and state funding for support. In addition to its operating losses, Nassau Health Care Corporation currently has over \$156 million in outstanding bond debt, over \$565 million of post-employment healthcare obligations, \$183 million in unfunded pension obligations, along with a substantial and growing liability due to New York State Health Insurance Program's (NYSHIP) payment deferral

“While the report lays out many options, there are really only two choices: do something or do nothing. Doing nothing is a choice to close down the hospital for good,” said Adam Barsky, chairman & director of NIFA.

For more information about the report and the analysis of Nassau Health Care Corporation's current finances, visit <https://nifa.ny.gov/docs/Alvarez%20&%20Marsal%20Report.pdf>.

MORE ABOUT THE NASSAU COUNTY INTERIM FINANCE AUTHORITY (NIFA)

The Nassau County Interim Finance Authority (NIFA) is a corporate governmental agency that was established as an instrumentality of New York State. NIFA (the "Authority") is empowered to issue its bonds and notes for various County purposes, including the restructuring of a portion of the County's outstanding debt. In addition, the Authority has certain powers under the Act to monitor and oversee the County's finances, including Covered Organization, and upon the declaration of a "control period," additional oversight authority. In the absence of a control period, the Authority is empowered, among other things, to review financial plans submitted to it; to make recommendation or, if necessary, adverse findings thereon; to monitor compliance; to make transitional State aid available as it determines; to comment on proposed borrowings by the County and Covered Organizations; and to impose a control period upon making one of the statutory findings.