



A STRONGER DOWNSTATE

Additional Financial Information
February 2024



SUNY Downstate Hospital Executive Summary

- Downstate Hospital has faced an average annual underlying deficit of approximately \$96 million over the last 3 years of audited financial statements
- Despite significant assistance and cash flow management, Downstate Hospital's cash position is precarious, and it is expected that the hospital will run out of money at the end of this academic fiscal year (i.e. this summer)
- The status quo is no longer an option and the plan to Strengthen SUNY Downstate would:
 - Invest \$300 million in a new building for outpatient healthcare for the community, the University for students and faculty, and the Brooklyn Institute of Health Equity
 - Cover \$100 million in annual hospital operating deficits for the next two years
 - Provide modest ongoing subsidies to cover the costs of the outpatient services and the Brooklyn Institute of Health Equity
- The Stronger Downstate Plan is a unique and timely opportunity to restructure, reimagine, and ensure a positive impact for the community



SUNY Downstate Hospital Background

- Even with generous disproportionate share payments (DSH), compared to private hospitals, that cover a high percentage of the losses from serving Medicaid and uninsured patients, SUNY Downstate Hospital has struggled financially for years
- Like other NYC hospitals, the pandemic exacerbated the financial challenges
 - SUNY Downstate Hospital served as a COVID-only hospital for approximately 10 weeks
- SUNY Downstate Hospital is a stand-alone teaching hospital with higher costs and low commercial payer mix so the ability to cross-subsidize is extremely limited
- SUNY Downstate Hospital's cash situation is precarious and the hospital will run out of money this summer
 - Over the years, losses have built up, important payments have been deferred, loans have been made by the campus to the hospital, and overall cash management tactics have been employed



SUNY Downstate Hospital Financial Statements

The following slide includes a summary of the audited financial statements for SUNY Downstate Medical Center for calendar years 2014 through 2022.

- Audited financial statements are prepared on the *accrual* basis for accounting and not a cash basis
- This means that such statements record hospital revenue and expenses when the transaction occurs but prior to money being received or dispensed



Downstate Income Statement -- Calendar Year Ending (Jan-Dec)

Accrual Basis

Source: Audited Financial Statements

	2014	2015	2016	2017	2018	2019	2020	2021	2022
	Audited	Audited	Audited	Audited	Audited	Audited	Audited	Audited	Audited
Net Patient Service Revenue	\$ 314,072	\$ 309,088	\$ 302,599	\$ 306,138	\$ 315,060	\$ 283,773	\$ 226,939	\$ 255,322	\$ 273,889
DSH	\$ 165,615	\$ 199,377	\$ 148,147	\$ 151,203	\$ 156,064	\$ 155,019	\$ 161,389	\$ 120,382	\$ 122,628
Other Operating Revenues	\$ 35,815	\$ 17,509	\$ 16,276	\$ 10,293	\$ 49,624	\$ 22,607	\$ 22,258	\$ 25,997	\$ 28,628
Total Operating Revenue	\$ 515,502	\$ 525,974	\$ 467,022	\$ 467,634	\$ 520,748	\$ 461,399	\$ 410,586	\$ 401,701	\$ 425,145
Salaries and wages	\$ 245,707	\$ 246,723	\$ 258,629	\$ 263,159	\$ 264,049	\$ 256,262	\$ 256,865	\$ 251,993	\$ 271,350
Employee Benefits	\$ 84,926	\$ 79,045	\$ 95,435	\$ 97,561	\$ 93,185	\$ 108,507	\$ 152,445	\$ 121,230	\$ 118,223
Supplies and Other	\$ 149,141	\$ 145,384	\$ 145,680	\$ 147,608	\$ 148,016	\$ 140,237	\$ 142,650	\$ 149,961	\$ 141,805
Professional Liability	\$ 31,332	\$ 53,576	\$ 23,178	\$ 31,850	\$ (29,211)	\$ (467)	\$ (15,374)	\$ (13,307)	\$ (31,100)
Depreciation and Amortization	\$ 17,258	\$ 20,612	\$ 21,405	\$ 16,396	\$ 16,057	\$ 16,578	\$ 16,716	\$ 17,179	\$ 22,852
Total Operating Expense	\$ 528,364	\$ 545,340	\$ 544,327	\$ 556,574	\$ 492,096	\$ 521,117	\$ 553,302	\$ 527,056	\$ 523,130
Operating Loss	\$ (12,862)	\$ (19,366)	\$ (77,305)	\$ (88,940)	\$ 28,652	\$ (59,718)	\$ (142,716)	\$ (125,355)	\$ (97,985)
Loss on Operations of Discontinued Component	\$ (59,708)	\$ (5,246)	\$ 10,401	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
NYS Appropriations	\$ 49,136	\$ 50,526	\$ 51,119	\$ 55,178	\$ 30,334	\$ 37,904	\$ 52,428	\$ 50,191	\$ 65,712
NYS Professional Liability Appropriation	\$ 31,332	\$ 53,576	\$ 23,178	\$ 31,850	\$ (29,211)	\$ (467)	\$ (15,374)	\$ (13,307)	\$ (31,100)
Interest Expense on Capital Related Debt	\$ (4,521)	\$ (4,129)	\$ (4,483)	\$ (4,142)	\$ (5,390)	\$ (6,477)	\$ (6,403)	\$ (6,722)	\$ (7,030)
Interest Income	\$ 239	\$ 247	\$ 697	\$ 1,486	\$ 3,312	\$ 3,164	\$ 666	\$ 163	\$ 689
Provider Relief Funds/Other Grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 71,004	\$ 19,020	\$ 31,702
Other	\$ -	\$ -	\$ 10,942	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Non-Operating Revenue/(Expense)	\$ 76,185	\$ 100,220	\$ 81,453	\$ 84,372	\$ (955)	\$ 34,124	\$ 102,321	\$ 49,345	\$ 59,973
Non-Operating Revenues/(Expenses) of discontinued component, net	\$ (1,794)	\$ 47,912	\$ (5,395)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Excess (Deficiency) of Revenues over Expenses	\$ 1,821	\$ 123,520	\$ 9,154	\$ (4,568)	\$ 27,697	\$ (25,594)	\$ (40,395)	\$ (76,010)	\$ (38,012)
Transfers from State of NY for Debt Allocations	\$ 951	\$ 1,773	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transfers to SUNY	\$ -	\$ -	\$ -	\$ (20,737)	\$ (53,689)	\$ -	\$ -	\$ -	\$ -
Net Capital Transfers	\$ -	\$ -	\$ 297	\$ (508)	\$ 93	\$ 289	\$ 1,469	\$ (132)	\$ 8
Net Income	\$ 2,772	\$ 125,293	\$ 9,451	\$ (25,813)	\$ (25,899)	\$ (25,305)	\$ (38,926)	\$ (76,142)	\$ (38,004)
Adjusted Net Income	\$ (43,841)	\$ 80,141	\$ (50,013)	\$ (64,069)	\$ (38,784)	\$ (31,231)	\$ (109,930)	\$ (95,162)	\$ (82,573)
- PRF Grants/Other	\$ -	\$ -	\$ (10,942)	\$ -	\$ -	\$ -	\$ (71,004)	\$ (19,020)	\$ (31,702)
- State Support/Other Support by NYS	\$ (46,613)	\$ (45,152)	\$ (48,522)	\$ (38,256)	\$ (12,885)	\$ (5,926)	\$ -	\$ -	\$ (12,867)



SUNY Downstate Hospital Financial Statements

To understand underlying structural deficits, adjustments for one-time or extraordinary actions are necessary to reflect baseline financial issues.

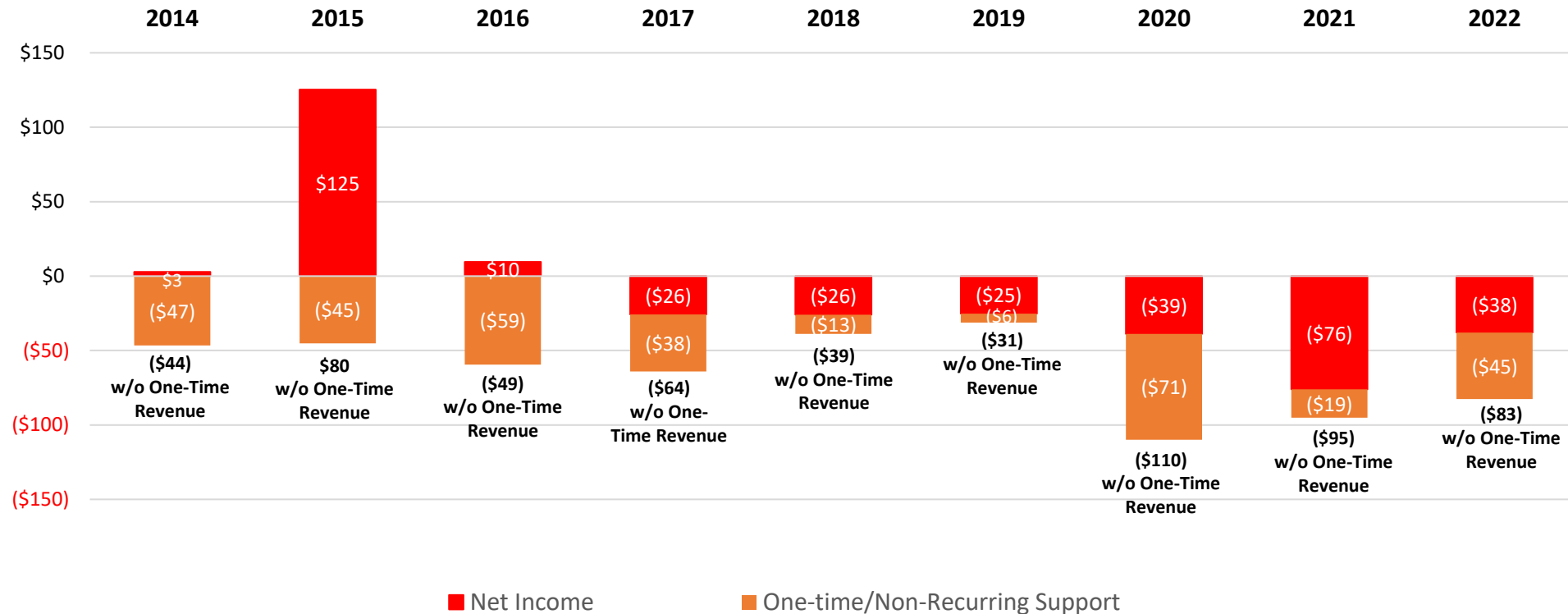
- For the more recent years, these adjustments include:
 - Provider Relief Fund (PRF) Grants: Since 2020, Downstate Hospital has received \$92 million in PRF grants from the Federal Government as an eligible provider who diagnosed, tested, and cared for individuals with possible or actual cases of COVID
 - Vital Access Provider Assurance Program (VAPAP): Downstate Hospital was provided a \$25 million VAPAP grant from the State in 2022. VAPAP funding is made available to hospitals with serious financial instability to enable these facilities to maintain operations while they implement longer-term solutions to achieve sustainable service delivery
 - Debt Service Relief: In 2022, the State provided fiscal relief to Downstate Hospital by forgiving the requirement that Downstate reimburse the State for over \$13 million paid in debt service on capital projects

After making these adjustments, Downstate Hospital has faced an average annual underlying deficit of approximately \$96M over the last 3 years of audited financial statements.



SUNY Downstate is Financially Challenged

NET INCOME (\$ In Millions)



Note: Reflects data from Audited SUNY Downstate income statements. One-time/non-recurring items include Provider Relief Funds; VAPAP Grants; and other direct State support reflected in "NYS Appropriations," including debt service relief



SUNY Downstate Hospital Cash Position

The following slide includes a summary of the cash position for SUNY Downstate Medical Center for academic years 2018 through 2023 and the projected academic year end cash positions for 2024 (with actual revenue and expenses through January 2024) and 2025

Significant actions have been taken to help Downstate Hospital's cash position, including:

- \$65 million in Vital Access Provider Assurance Program grants from the State
- \$56 million in loans to the hospital from the campus
- \$26 million in forgiveness by the State of two years of debt service repayment on capital projects
- \$19 million in deferral of loan repayments to SUNY System
- \$40 million in overdue health insurance payments for employees to NYSHIP
- Significantly slowed payments to vendors to pay current liabilities and other actions
- And more

Despite all of the above, Downstate Hospital's cash position is precarious, and it is expected that the hospital will run out of money this summer



Downstate - Historical and Projected Cash Academic Year Ending (July-June)								
							<i>(actuals through January 2024)</i>	
	June, 2018	June, 2019	June, 2020	June, 2021	June, 2022	June, 2023	Projected June, 2024	Projected June, 2025
Patient Receipts	\$ 327,554	\$ 297,399	\$ 271,249	\$ 244,854	\$ 269,924	\$ 295,439	\$ 288,820	\$ 280,795
DSH Receipts	\$ 243,021	\$ 156,582	\$ 36,283	\$ 130,581	\$ 207,976	\$ 141,724	\$ 120,690	\$ 120,328
Extraordinary State/Federal Receipts	\$ 44,366	\$ 11,486	\$ 115,510	\$ -	\$ 33,155	\$ 40,000	\$ 50,000	\$ -
Other Receipts	\$ 5,224	\$ 10,174	\$ 23,410	\$ 9,190	\$ 12,185	\$ 17,173	\$ 27,474	\$ 28,381
Total Receipts	\$ 620,165	\$ 475,641	\$ 446,451	\$ 384,625	\$ 523,240	\$ 494,336	\$ 486,984	\$ 429,504
Salary	\$ 257,650	\$ 264,072	\$ 260,968	\$ 248,964	\$ 261,366	\$ 268,650	\$ 276,043	\$ 290,334
Fringe Benefits	\$ 110,402	\$ 79,657	\$ 76,187	\$ 73,135	\$ 60,942	\$ 69,698	\$ 85,118	\$ 81,313
Supplies/Equipment/Other	\$ 139,324	\$ 149,050	\$ 137,681	\$ 142,445	\$ 152,808	\$ 150,390	\$ 154,585	\$ 155,241
Federal COVID Advance Repayments	\$ -	\$ -	\$ -	\$ 4,335	\$ 16,239	\$ 10,394	\$ -	\$ -
Other Disbursements	\$ 10,000	\$ -	\$ 4,081	\$ 446	\$ -	\$ -	\$ 879	\$ -
Total Disbursements	\$ 517,376	\$ 492,779	\$ 478,917	\$ 469,325	\$ 491,354	\$ 499,132	\$ 516,625	\$ 526,888
Debt Service	\$ 8,411	\$ 8,159	\$ 9,839	\$ 10,314	\$ 3,758	\$ -	\$ 11,205	\$ 14,341
DSH IGT Transfer	\$ 61,451	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
SUNY Loan Repayment	\$ 7,623	\$ 7,623	\$ 7,623	\$ 7,623	\$ 3,812	\$ -	\$ -	\$ -
Other Transfers	\$ -	\$ 4,643	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Transfers	\$ 77,485	\$ 20,425	\$ 17,462	\$ 17,936	\$ 7,570	\$ -	\$ 11,205	\$ 14,341
Cashflow Excess/(Deficit)	\$ 25,303	\$ (37,563)	\$ (49,927)	\$ (102,636)	\$ 24,316	\$ (4,796)	\$ (40,846)	\$ (111,725)
Beginning Cash Balance	\$ 182,792	\$ 208,095	\$ 170,533	\$ 120,605	\$ 17,970	\$ 42,285	\$ 37,489	\$ (3,358)
Ending Cash Balance	\$ 208,095	\$ 170,533	\$ 120,605	\$ 17,970	\$ 42,285	\$ 37,489	\$ (3,358)	\$ (115,083)



Strengthen SUNY Downstate Plan

In close partnership with the community, SUNY is committed to developing a plan for Downstate, supported by the State's investment of additional targeted capital and ongoing operating funds.

Advances Downstate's unique role preparing excellent, diverse healthcare professionals

- Major investments in SUNY Downstate's academic centers and their students by building a new Academic Supports University Center, expanding training in primary care services, and upgrading simulation labs

Ensures the communities surrounding Downstate can access the quality, affordable healthcare they deserve

- Maintain the quality inpatient healthcare services that Downstate hospital currently provides to the community, delivered by SUNY Downstate in other physical locations – including dedicated space right across the street at Kings County
- Expand SUNY Downstate's services to address community healthcare outpatient needs by building a new ambulatory center that could offer services such as primary care, specialty care, ambulatory surgery, and urgent care

Addresses the significant health disparities facing New Yorkers

- Building on our strong research foundation and reputation, as well as our relationships with community partners like the Arthur Ashe Institute and others, redouble our work on commitment to tackling systemic health disparities by building the Brooklyn Institute of Health Equity
- Concordant health care, and the improved health outcomes it brings, requires more highly trained diverse doctors and nurses, which Downstate will provide