



Centers of Care

Nassau University Medical Center
A. Holly Patterson Extended Care Facility
Family Health Centers
Elmont • Westbury • Hempstead • Roosevelt

NASSAU HEALTH CARE CORPORATION
and Subsidiaries

MONTHLY FINANCIAL STATEMENTS
(UNAUDITED)

December 2011

Nassau Health Care Corporation and Subsidiaries
Monthly Financial Statements (Unaudited)
For the Month Ended December 31, 2011

INDEX

	<u>Page</u>
Nassau Health Care Corporation	
<i>Consolidated Statement of Revenue and Expenses</i>	1
<i>Consolidated Balance Sheet</i>	2
<i>Consolidated Statement of Cash Flows</i>	3
Nassau University Medical Center	
<i>Financial Narrative - Revenue</i>	4
<i>Financial Narrative - Expenses</i>	5
<i>Statement of Revenue and Expenses</i>	6
<i>Key Operating Indicators (Part 1)</i>	7
<i>Key Operating Indicators (Part 2)</i>	8
A. Holly Patterson Extended Care Facility	
<i>Financial Narrative</i>	9
<i>Statement of Revenue and Expenses</i>	10
<i>Key Operating Indicators</i>	11
Family Health Centers	
<i>Financial Narrative</i>	12
<i>Statement of Revenue and Expenses</i>	13
<i>Key Operating Indicators</i>	14
Physician Practice Plan	
<i>Statement of Revenue and Expenses</i>	15
Nassau Health Care Corp., LTD.	
<i>Statement of Revenue and Expenses</i>	16

Nassau Health Care Corporation and Subsidiaries

Statement of Revenue & Expenses (Unaudited)

Consolidated

(In Thousands)

<u>FOR THE MONTH ENDED</u>					<u>FOR THE TWELVE MONTHS ENDED</u>			
<u>Dec-10</u>	<u>December 31, 2011</u>				<u>Dec-10</u>	<u>December 31, 2011</u>		
<u>Actual</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>		<u>Actual</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
				Operating Revenues:				
32,385	35,509	31,692	(3,817)	Net patient service revenue	403,860	420,079	403,862	(16,217)
12,466	8,545	8,451	(94)	NYS Intergovernmental transfer	116,592	102,528	101,410	(1,118)
0	0	0	0	Nassau County Billings	0	0	0	0
416	416	416	0	Historical Mission/Article VI Payments	5,000	5,000	5,000	0
430	7,338	3,999	(3,339)	Federal & State Aid	5,160	10,429	7,090	(3,339)
0	0	0	0	Practice Plan Revenue	0	0	0	0
125	103	117	14	Investment Income	1,470	1,236	1,280	44
<u>1,398</u>	<u>1,604</u>	<u>1,592</u>	<u>(12)</u>	Miscellaneous	<u>16,226</u>	<u>19,232</u>	<u>20,452</u>	<u>1,220</u>
<u>47,220</u>	<u>53,515</u>	<u>46,267</u>	<u>(7,248)</u>	Total operating revenue	<u>548,308</u>	<u>558,504</u>	<u>539,094</u>	<u>(19,410)</u>
				Operating Expenses:				
22,353	21,636	22,975	(1,339)	Salaries	253,088	254,965	253,868	1,097
7,686	7,897	8,453	(556)	Fringe Benefits	90,377	96,377	96,220	157
2,326	2,378	2,436	(58)	Supplies	27,268	28,035	28,743	(708)
7,565	7,752	7,298	454	Expenses	88,841	91,511	90,994	517
2,088	2,130	1,922	208	Utilities	25,064	25,099	22,209	2,890
1,412	1,553	1,398	155	Depreciation	17,979	18,636	18,626	10
956	997	993	4	Interest Expense	11,596	11,964	14,233	(2,269)
<u>3,592</u>	<u>3,547</u>	<u>3,215</u>	<u>332</u>	Bad Debt Expense	<u>44,887</u>	<u>40,746</u>	<u>39,961</u>	<u>785</u>
<u>47,978</u>	<u>47,890</u>	<u>48,690</u>	<u>(800)</u>	Total operating expenses	<u>559,100</u>	<u>567,333</u>	<u>564,854</u>	<u>2,479</u>
<u>(758)</u>	<u>5,625</u>	<u>(2,423)</u>	<u>(8,048)</u>	Gain (Loss) From Operations	<u>(10,792)</u>	<u>(8,829)</u>	<u>(25,760)</u>	<u>(16,931)</u>
				Other Operating Items:				
6,201	3,641	(2,313)	(5,954)	Change in Value of Derivative Instruments	(7,732)	43,699	(19,186)	(62,885)
(3,452)	(3,452)	(3,452)	0	Other Post Employment Benefits	(41,424)	(41,424)	(41,424)	0
0	0	0	0	Grants for Capital Asset Acquisition	0	0	0	0
<u>(189)</u>	<u>(189)</u>	<u>(178)</u>	<u>11</u>	Amortization of Refunding Loss	<u>(2,277)</u>	<u>(2,275)</u>	<u>(2,141)</u>	<u>134</u>
<u>2,560</u>	<u>0</u>	<u>(5,943)</u>	<u>(5,943)</u>	Total Other Operating Items	<u>(51,433)</u>	<u>0</u>	<u>(62,751)</u>	<u>(62,751)</u>
<u>1,802</u>	<u>5,625</u>	<u>(8,366)</u>	<u>(13,991)</u>	Net income (loss)	<u>(62,225)</u>	<u>(8,829)</u>	<u>(88,511)</u>	<u>(79,682)</u>

Nassau Health Care Corporation and Subsidiaries
Consolidated Balance Sheets (Unaudited)
(In Thousands)

	<u>Audited</u> <u>12/31/10</u>	<u>Unaudited</u> <u>12/31/11</u>	<u>VARIANCE</u>
Assets:			
Cash & cash equivalents	4,368	616	(3,752)
Assets whose use is limited, current portion	37,780	35,577	(2,203)
Patient accounts receivable net of allowance for doubtful accounts	105,427	101,064	(4,363)
Inventories	5,543	5,589	46
Prepaid Expenses	2,650	2,523	(127)
Other receivables	38,057	27,390	(10,667)
Due from County of Nassau	11,746	11,618	(128)
Due from third party payors	-	-	-
Total Current Assets	<u>205,571</u>	<u>184,377</u>	<u>(21,194)</u>
Assets whose use is limited, net of current	57,591	31,662	(25,929)
Property plant & equipment, net	176,432	177,297	865
Other Assets	13,311	14,656	1,345
Deferred bond issuance cost	1,228	1,117	(111)
Total Assets	<u>454,133</u>	<u>409,109</u>	<u>(45,024)</u>
Liabilities and Fund Balances:			
Accounts payable & accrued expenses	42,095	47,696	5,601
Accrued salaries, wages & taxes	40,483	36,714	(3,769)
Accrued vacation & sick pay	43,266	45,386	2,120
Interest Payable	1,459	1,259	(200)
Due to Third Party Payors	7,959	6,296	(1,663)
Due to County of Nassau	-	-	-
Current Portion of Long Term Debt	2,440	4,815	2,375
Total Current Liabilities	<u>137,702</u>	<u>142,166</u>	<u>4,464</u>
Deferred Revenue	10,817	146	(10,671)
Long term debt	230,016	226,898	(3,118)
Malpractice insurance liabilities	40,504	43,549	3,045
Other non-current liabilities	201,962	251,729	49,767
Total Liabilities	<u>621,001</u>	<u>664,488</u>	<u>43,487</u>
Fund Balance			
Unrestricted	(166,868)	(255,379)	(88,511)
Restricted	-	-	-
Total Fund Balance	<u>(166,868)</u>	<u>(255,379)</u>	<u>(88,511)</u>
Total Liabilities & Fund Balance	<u>454,133</u>	<u>409,109</u>	<u>(45,024)</u>

Nassau Health Care Corporation and Subsidiaries
Consolidated Statements of Cash Flows (Unaudited)
(In Thousands)

	Audited	Unaudited
	<u>12/31/10</u>	<u>12/31/11</u>
<u>Cash flows from operating activities</u>		
Cash received from patients and third-party payors	\$ 476,233	\$ 470,811
Cash received from other revenue	14,097	39,489
Cash paid to employees	(330,819)	(351,737)
Cash paid to suppliers	(125,926)	(153,750)
Net cash provided by (used in) operating activities	<u>33,585</u>	<u>4,813</u>
<u>Cash flows from non-capital financing activities</u>		
Cash paid for interest	(7,859)	(9,488)
Payment of Debt	(2,420)	(2,884)
Net cash used in non-capital financing activities	<u>(10,279)</u>	<u>(12,372)</u>
<u>Cash flows from capital and related financing activities</u>		
Purchases of property, plant and equipment	(44,363)	(19,491)
Cash paid for interest	(4,003)	(4,834)
Grants For Capital Asset Acquisition	13,794	-
Net cash used in capital financing activities	<u>(34,572)</u>	<u>(24,325)</u>
<u>Cash flows from investing activities</u>		
Net change in assets whose use is limited	(2,894)	28,132
Investment income	-	-
Net cash (used in) provided by investing activities	<u>(2,894)</u>	<u>28,132</u>
Net increase (decrease) in cash and cash equivalents	<u>(14,160)</u>	<u>(3,752)</u>
Cash and cash equivalents, beginning of period	18,528	4,368
Cash and cash equivalents, end of period	<u>\$ 4,368</u>	<u>\$ 616</u>
<u>Reconciliation of loss from operations to net cash provided by (used in) operating activities</u>		
Loss from operations	\$ (51,998)	\$ (88,511)
Investment Income	-	-
Interest paid	11,862	14,322
Depreciation and amortization	18,721	18,626
Provision for bad debts	43,873	39,961
Amortization including Refunding Loss	2,239	2,141
Change in Fair Value of Derivative Instruments	7,758	(1,345)
Accounts receivable for services to patients	(40,227)	(35,598)
Accounts payable and accrued expenses	17,632	3,952
Due to County of Nassau—net	(10,517)	128
Estimated payable to/from third party payors	1,734	6,680
Estimated malpractice liabilities	8,000	3,045
Deferred revenue	-	(10,671)
Other Post Retirement Benefits	38,085	41,424
Net change in all other operating assets and liabilities	(13,577)	10,659
Net cash provided by (used in) operating activities	<u>\$ 33,585</u>	<u>\$ 4,813</u>

NASSAU UNIVERSITY MEDICAL CENTER

REVENUE

Net patient service revenue for the month ended December 31, 2011 was \$24,454,000 and unfavorable to budgeted revenue of \$28,012,000 by \$3,558,000 (12.7%).

Medicare Acute inpatient revenue is unfavorable to budget by \$264,000 due to lower than expected volume (20 cases) (\$293,000), offset by higher than expected case-mix (1.34 vs. 1.33) (\$29,000).

Medicaid Acute inpatient revenue is unfavorable to budget by \$788,000 due to lower than expected volume (164 cases) (\$1,362,000), offset by higher than expected case-mix (1.16 vs. 0.91) (\$574,000).

Workers Compensation and No-Fault Acute inpatient revenue was favorable to budget by \$285,000 due to higher than expected volume (22 cases) (\$330,000), offset by lower than expected case-mix (1.61 vs. 1.68) (\$45,000).

Per-Diem payor revenue was unfavorable to budget by \$2,692,000.

Outpatient revenue is unfavorable to budget by \$99,000. Lower than expected volumes in the Clinics, Ambulatory Surgery, and Referred Ambulatory, offset by higher than expected volumes in the Emergency room and Renal Dialysis accounts for the unfavorable variance.

NYS Intergovernmental transfers of \$7,674,000 were favorable to budgeted revenue of \$7,224,000 by \$450,000.

Nassau County billings have been reclassified in support of the NYS Intergovernmental transfers ("IGT") Payments

Historical Mission Payments were reclassified in support of the IGT payments.

Federal and State Aid income of \$3,900,000 was unfavorable to budgeted revenue of \$7,239,000 by \$3,339,000.

Practice Plan revenue of \$1,066,000 was unfavorable to a budget of \$1,421,000 by \$355,000.

Miscellaneous income of \$790,000 was unfavorable to a budget of \$816,000 by \$26,000.

NASSAU UNIVERSITY MEDICAL CENTER (CONTINUED)

EXPENSES

Salaries and fringe benefits were \$26,249,000 and unfavorable to budget of \$23,960,000 by \$2,289,000 (9.6%). The variance consists of a negative rate variance of \$4,040,000 (\$9.46/hour), offset by a \$1,751,000 positive volume variance (217.3 FTEs). The negative rate variance is mostly related to recognition of the payroll costs incurred of 2,100,000 for the early retirement incentive payout. The positive volume variance was a direct result of the elimination, on June 1st, of the Correctional Health Services contract with Nassau County and the resulting reduction in force implemented November, 2011. The FTE's per adjusted occupied bed was 5.69 and unfavorable to budget of 4.92 by .77 FTE's per adjusted occupied bed.

Supplies and expenses were \$7,456,000 and favorable to budget of \$7,973,000 by \$517,000.

Utility Expenses were \$1,810,000 and favorable to a budget of \$1,921,000 by \$111,000.

Depreciation and interest expense was \$1,955,000 and favorable to a budget of \$2,145,000 by \$190,000.

Provision for bad debt was \$2,920,000 and favorable to a budget of \$3,199,000 by \$279,000.

Nassau Health Care Corporation and Subsidiaries
Statement of Revenue & Expenses (Unaudited)
Nassau University Medical Center
(In Thousands)

<u>FOR THE MONTH ENDED</u>				<u>FOR THE TWELVE MONTHS ENDED</u>				
<u>December 31, 2011</u>				<u>December 31, 2011</u>				
<u>Dec-10</u>				<u>Dec-10</u>				
<u>Actual</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	
				Operating Revenues:				
25,488	28,012	24,454	(3,558)	Net patient service revenue	323,368	331,303	317,343	(13,960)
11,136	7,224	7,674	450	NYS Intergovernmental transfer	100,633	86,681	92,086	5,405
0	0	0	0	Nassau County Billings	0	0	0	0
0	0	0	0	Historical Mission Payments	0	0	0	0
140	7,239	3,900	(3,339)	Federal & State Aid	1,680	9,241	5,902	(3,339)
1,143	1,421	1,066	(355)	Practice Plan Revenue	10,582	17,048	10,578	(6,470)
33	19	25	6	Investment Income	353	228	277	49
606	816	790	(26)	Miscellaneous	6,757	9,784	10,980	1,196
<u>38,546</u>	<u>44,731</u>	<u>37,909</u>	<u>(6,822)</u>	Total operating revenue	<u>443,373</u>	<u>454,285</u>	<u>437,166</u>	<u>(17,119)</u>
				Operating Expenses:				
18,202	17,564	19,242	(1,678)	Salaries	204,485	206,783	207,476	(693)
6,229	6,396	7,007	(611)	Fringe Benefits	73,193	78,467	78,760	(293)
1,984	2,011	2,026	(15)	Supplies	23,090	23,671	24,299	(628)
5,781	5,962	5,430	532	Expenses	67,667	70,217	68,471	1,746
1,892	1,921	1,810	111	Utilities	22,524	22,651	19,955	2,696
1,291	1,420	1,234	186	Depreciation	16,482	17,040	16,600	440
699	725	721	4	Interest Expense	8,505	8,700	10,969	(2,269)
3,300	3,199	2,920	279	Bad Debt Expense	41,339	36,647	35,944	703
<u>39,378</u>	<u>39,198</u>	<u>40,390</u>	<u>(1,192)</u>	Total operating expenses	<u>457,285</u>	<u>464,176</u>	<u>462,474</u>	<u>1,702</u>
(832)	5,533	(2,481)	(8,014)	Gain (Loss) From Operations	(13,912)	(9,891)	(25,308)	(15,417)
				Other Operating Items:				
4,589	2,894	(1,712)	(4,606)	Change in Value of Derivative Instruments	(5,722)	34,728	(14,197)	(48,925)
(2,754)	(2,754)	(2,754)	0	Other Post Employment Benefits	(33,048)	(33,048)	(33,048)	0
0	0	0	0	Grants for Capital Asset Acquisition	0	0	0	0
(141)	(140)	(129)	11	Amortization of Refunding Loss	(1,687)	(1,680)	(1,546)	134
1,694	0	(4,595)	(4,595)	Total Other Operating Items	(40,457)	0	(48,791)	(48,791)
<u>862</u>	<u>5,533</u>	<u>(7,076)</u>	<u>(12,609)</u>	Net income (loss)	<u>(54,369)</u>	<u>(9,891)</u>	<u>(74,099)</u>	<u>(64,208)</u>

Nassau Health Care Corporation and Subsidiaries
Key Operating Statistics
Nassau University Medical Center

<u>FOR THE MONTH ENDED</u>				<u>FOR THE TWELVE MONTHS ENDED</u>			
<u>Dec-10</u>	<u>December 31, 2011</u>			<u>Dec-10</u>	<u>December 31, 2011</u>		
<u>Actual</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<u>DISCHARGES:</u>							
1,454	1,592	1,343	(249)	Adult	17,422	18,858	18,269 (589)
147	76	160	84	Peds & Pedi ICU	1,552	903	1,488 585
163	158	197	39	Psychiatry	1,916	1,932	2,042 110
39.00	42	35	(7)	Chemical Dependency Rehab	473	481	477 (4)
34	38	34	(4)	Physical Medicine & Rehab	454	441	440 (1)
115	136	116	(20)	Newborn	1,482	1,587	1,392 (195)
1,952	2,042	1,885	(157)	Total	23,299	24,202	24,108 (94)
<u>PATIENT DAYS:</u>							
6,744	7,457	5,614	(1,843)	Adult	80,201	84,543	77,734 (6,809)
482	366	298	(68)	Peds & Pedi ICU	4,103	4,401	3,631 (770)
3,779	3,687	3,529	(158)	Psychiatry	44,863	44,872	43,945 (927)
902.00	871	608	(263)	Chemical Dependency Rehab	10,440	10,375	9,713 (662)
428	466	328	(138)	Physical Medicine & Rehab	6,107	6,098	5,320 (778)
310	376	296	(80)	Newborn	3,929	4,296	3,738 (558)
12,645	13,223	10,673	(2,550)	Total	149,643	154,585	144,081 (10,504)
<u>AVG LENGTH OF STAY:</u>							
4.64	4.68	4.18	0.50	Adult	4.60	4.48	4.25 0.23
3.28	4.82	1.86	2.96	Peds & Pedi ICU	2.64	4.87	2.44 2.43
23.18	23.34	17.91	5.43	Psychiatry	23.41	23.23	21.52 1.71
23.13	20.74	17.37	3.37	Chemical Dependency Rehab	22.07	21.57	20.36 1.21
12.59	12.26	9.65	2.61	Physical Medicine & Rehab	13.45	13.83	12.09 1.74
2.70	2.76	2.55	0.21	Newborn	2.65	2.71	2.69 0.02
6.48	6.48	5.66	0.82	Total	6.42	6.39	5.98 0.41
<u>AVG DAILY CENSUS</u>							
217.5	240.5	181.1	(59.4)	Adult	219.7	231.6	213.0 (18.6)
15.5	11.8	9.6	(2.2)	Peds & Pedi ICU	11.2	12.1	9.9 (2.2)
121.9	118.9	113.8	(5.1)	Psychiatry	122.9	122.9	120.4 (2.5)
29.1	28.1	19.6	(8.5)	Chemical Dependency Rehab	28.6	28.4	26.6 (1.8)
13.8	15.0	10.6	(4.4)	Physical Medicine & Rehab	16.7	16.7	14.6 (2.1)
10.0	12.1	9.5	(2.6)	Newborn	10.8	11.8	10.2 (1.6)
407.8	426.4	344.2	(82.2)	Total	409.9	423.5	394.7 (28.8)

Nassau Health Care Corporation and Subsidiaries
Key Operating Statistics
Nassau University Medical Center

<u>FOR THE MONTH ENDED</u>				<u>FOR THE TWELVE MONTHS ENDED</u>				
December 31, 2011				December 31, 2011				
<u>Dec-10</u>				<u>Dec-10</u>				
<u>Actual</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	
<u>CASE MIX INDEX (CMI)</u>								
1.53	1.33	1.34	0.01	Medicare	1.39	1.33	1.31	(0.02)
0.92	0.91	1.16	0.25	Medicaid	1.14	0.91	0.95	0.04
1.07	0.91	1.17	0.26	Other	1.29	0.91	0.91	0.00
1.13	0.95	1.06	0.11	Total	1.21	0.95	0.96	0.01
<u>PERCENT OCCUPANCY: (Beds)</u>								
75.08%	78.19%	63.16%	-15.03%	Licensed Beds (530)	75.32%	77.69%	72.55%	-5.14%
86.31%	89.90%	72.61%	-17.28%	Available Beds (481)	86.60%	89.32%	83.41%	-5.91%
<u>AMBULATORY VISITS (Exc. Admits)</u>								
12,750	14,092	12,616	(1,476)	General Clinic	164,018	166,294	163,812	(2,482)
367	347	294	(53)	HIV Clinic	4,184	4,150	3,975	(175)
297	291	400	109	Oncology Clinic	3,459	3,511	4,480	969
68	79	120	41	CDC Clinic	898	869	1,171	302
240	322	281	(41)	Hyperbaric/Wound Clinic	3,675	3,698	3,533	(165)
979	697	1,164	467	Mental Health	10,119	10,304	13,288	2,984
5,756	5,763	5,963	200	Emergency Room (Total)	72,722	73,432	73,231	(201)
1,547	1,507	1,492	(15)	Emergency Room Admits	18,847	18,793	19,443	650
351	328	231	(97)	Ambulatory Surgery	4,363	4,209	4,879	670
1,735	1,346	1,769	423	Hemodialysis	17,873	16,600	20,665	4,065
350	954	369	(585)	Referred Ambulatory	4,459	4,978	5,261	283
<u>LABOR STATISTICS:</u>								
3,061.6	2,972.6	2,755.3	217.3	Full-Time Equivalent (FTE) Total	2,956.5	2,972.6	2,945.1	27.5
\$51.48	\$52.00	\$61.46	(\$9.46)	Labor Cost Per Man Hour	\$51.46	\$52.58	\$53.26	(\$0.68)
5.41	4.92	5.69	(0.77)	FTE's Per Adjusted Occupied Bed	5.11	4.96	5.32	(0.36)
95.85%	85.53%	107.34%	-21.81%	Payroll as a % of Gross Patient Revenue	85.87%	86.10%	90.20%	-4.10%
67.72%	66.56%	70.05%	-3.49%	% of Salary & Benefits Expense	66.76%	66.72%	67.11%	-0.39%
3.59%	3.81%	2.66%	1.15%	Overtime as a % of Payroll	3.88%	3.77%	3.40%	0.37%
<u>CREDIT AND COLLECTION STATISTICS:</u>								
12.95%	11.42%	11.94%	-0.52%	Bad Debts as a % of Patient Revenue	12.78%	11.06%	11.33%	-0.27%

A. HOLLY PATTERSON EXTENDED CARE FACILITY

Revenue

Net patient service revenue for the month ending December 31, 2011 was \$4,407,000 and favorable to budgeted revenue of \$3,982,000 by \$425,000 (10.7%).

The favorable variance is related rate adjustments as part of the recently enacted NYS Budget (\$522,000) offset by lower than expected geriatric days (373 days) (\$97,000).

Actual days of 17,661 were unfavorable as compared to budgeted days of 18,034 by 373 days.

NYS Intergovernmental transfer payments of \$777,000 were unfavorable to budgeted revenue of \$1,321,000 by \$544,000 due to a revised estimate based on the enacted NYS Budget.

Nassau County billings have been reclassified in support of the NYS Intergovernmental transfers ("IGT") Payments.

Historical Mission Payments were reclassified as subsidy payments in support of the IGT distribution.

Miscellaneous revenue of \$4,000 was equal to budget.

Expenses

Salaries and fringe benefits were \$3,714,000 as compared to budgeted expenses of \$3,767,000 and favorable by \$53,000 (1.4%).

Supplies, expenses and utilities were \$1,083,000 and favorable to a budget of \$1,129,000 by \$46,000.

Depreciation and interest expense of \$346,000 was favorable to a budget of \$367,000 by \$21,000.

Provision for bad debt expense of \$69,000 was favorable to a budget of \$70,000 by \$1,000.

Nassau Health Care Corporation and Subsidiaries

Statement of Revenue & Expenses (Unaudited)

A. Holly Patterson Extended Care Facility

(In Thousands)

<u>FOR THE MONTH ENDED</u>					<u>FOR THE TWELVE MONTHS ENDED</u>			
<u>December 31, 2011</u>					<u>December 31, 2011</u>			
<u>Dec-10</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>		<u>Dec-10</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<u>Actual</u>					<u>Actual</u>			
				Operating Revenues:				
3,518	3,982	4,407	425	Net patient service revenue	45,604	46,733	50,845	4,112
1,330	1,321	777	(544)	NYS Intergovernmental transfer	15,959	15,847	9,324	(6,523)
0	0	0	0	Nassau County Billings	0	0	0	0
0	0	0	0	Historical Mission Payments	0	0	0	0
176	0	0	0	Federal & State Aid	2,112	0	0	0
0	0	0	0	Practice Plan Revenue	0	0	0	0
2	2	2	0	Investment Income	34	24	24	0
<u>8</u>	<u>4</u>	<u>4</u>	<u>0</u>	Miscellaneous	<u>69</u>	<u>48</u>	<u>58</u>	<u>10</u>
<u>5,034</u>	<u>5,309</u>	<u>5,190</u>	<u>(119)</u>	Total operating revenue	<u>63,778</u>	<u>62,652</u>	<u>60,251</u>	<u>(2,401)</u>
				Operating Expenses:				
2,602	2,581	2,545	36	Salaries	29,768	30,412	29,565	847
1,104	1,186	1,169	17	Fringe Benefits	12,692	14,050	13,659	391
317	337	339	(2)	Supplies	3,832	3,989	3,849	140
623	612	664	(52)	Expenses	7,179	7,215	7,428	(213)
176	180	80	100	Utilities	2,261	2,118	1,941	177
115	125	104	21	Depreciation	1,416	1,500	1,321	179
229	242	242	0	Interest Expense	2,748	2,904	2,904	0
<u>70</u>	<u>70</u>	<u>69</u>	<u>1</u>	Bad Debt Expense	<u>819</u>	<u>820</u>	<u>796</u>	<u>24</u>
<u>5,236</u>	<u>5,333</u>	<u>5,212</u>	<u>121</u>	Total operating expenses	<u>60,715</u>	<u>63,008</u>	<u>61,463</u>	<u>1,545</u>
<u>(202)</u>	<u>(24)</u>	<u>(22)</u>	<u>2</u>	Gain (Loss) From Operations	<u>3,063</u>	<u>(356)</u>	<u>(1,212)</u>	<u>(856)</u>
				Other Operating Items:				
1,426	633	(532)	(1,165)	Change in Value of Derivative Instruments	(1,779)	7,603	(4,414)	(12,017)
(590)	(590)	(590)	0	Other Post Employment Benefits	(7,080)	(7,080)	(7,080)	0
0	0	0	0	Grants for Capital Asset Acquisition	0	0	0	0
<u>(43)</u>	<u>(43)</u>	<u>(43)</u>	<u>0</u>	Amortization of Refunding Loss	<u>(523)</u>	<u>(523)</u>	<u>(523)</u>	<u>0</u>
<u>793</u>	<u>0</u>	<u>(1,165)</u>	<u>(1,165)</u>	Total Other Operating Items	<u>(9,382)</u>	<u>0</u>	<u>(12,017)</u>	<u>(12,017)</u>
<u>591</u>	<u>(24)</u>	<u>(1,187)</u>	<u>(1,163)</u>	Net income (loss)	<u>(6,319)</u>	<u>(356)</u>	<u>(13,229)</u>	<u>(12,873)</u>

Nassau Health Care Corporation and Subsidiaries
Key Operating Statistics
A. Holly Patterson Extended Care Facility

<u>FOR THE MONTH ENDED</u>				<u>FOR THE TWELVE MONTHS ENDED</u>				
December 31, 2011				December 31, 2011				
<u>Dec-10</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>		<u>Dec-10</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<u>Actual</u>					<u>Actual</u>			
				<u>PATIENT DAYS:</u>				
16,730	16,794	16,421	(373)	Geriatrics	196,646	197,216	190,813	(6,403)
620	620	620	0	HIV	7,233	7,300	7,270	(30)
469	620	620	0	Ventilator	6,864	7,300	6,775	(525)
17,819	18,034	17,661	(373)	Total	210,743	211,816	204,858	(6,958)
				<u>Average Daily Census</u>				
540	542	530	(12)	Geriatrics	539	540	523	(17)
20	20	20	0	HIV	20	20	20	0
15	20	20	0	Ventilator	19	20	19	(1)
575	582	570	(12)	Total	578	580	562	(18)
				<u>PERCENT OCCUPANCY:(Budget/Actual beds)</u>				
98.3%	98.7%	96.5%	-2.2%	Geriatrics (549)	98.1%	98.4%	95.2%	-3.2%
100.0%	100.0%	100.0%	0.0%	HIV (20)	99.1%	100.0%	99.6%	-0.4%
75.6%	100.0%	100.0%	0.0%	Ventilator (20)	94.0%	100.0%	92.8%	-7.2%
97.6%	98.8%	96.7%	-2.1%	Total (589)	98.0%	98.5%	95.3%	-3.2%
				<u>LABOR STATISTICS:</u>				
587.3	597.8	535.9	61.9	Full-Time Equivalent (FTE) Total	575.2	597.8	554.0	43.8
\$40.71	\$40.65	\$44.71	(\$4.06)	Labor Cost Per Man Hour	\$40.45	\$40.75	\$42.75	(\$2.00)
1.02	1.03	0.94	0.09	FTE's Per Occupied Bed	1.00	1.03	0.99	0.04
105.34%	94.60%	84.28%	10.32%	Payroll as a % of Gross Patient Revenue	93.11%	95.14%	85.01%	10.13%
2.93%	3.41%	3.59%	-0.18%	Overtime as a % of Payroll	3.37%	3.40%	3.78%	-0.38%
				<u>CREDIT AND COLLECTION STATISTICS:</u>				
1.99%	1.76%	1.57%	0.19%	Bad Debts as a % of Patient Revenue	1.80%	1.75%	1.57%	0.18%
				<u>ADMISSIONS</u>				
57	57	40	(17)	To NUMC	619	619	631	12
5	5	2	(3)	To Other Facilities	33	33	28	(5)
64	64	53	(11)	From NUMC	739	739	710	(29)
13	13	23	10	From Other Sources	155	155	204	49

FAMILY HEALTH CENTERS

Revenue

Net patient revenue for the month ending December 31, 2011 was \$881,000 and unfavorable to budgeted revenue of \$931,000 by \$50,000 (5.4%).

Actual visits of 4,974 were unfavorable to budgeted visits of 6,125 by 1,151 visits. The decrease in revenue is attributed to the lower visit volume for the month, offset by a higher rate related to the FQHC.

Article VI payments of \$416,000 was equal to budget.

Federal & State Aid income of \$99,000 was equal to budget.

Expenses

Salaries and fringe benefits of \$776,000 were favorable to a budget of \$816,000 by \$40,000 (4.9%).

Supplies, expenses and utilities were \$311,000 and unfavorable to a budget of \$271,000 by \$40,000.

Depreciation and Interest expense of \$90,000 were unfavorable to a budget of \$38,000 by \$52,000.

Provision for bad debt expense was \$226,000 as compared to budgeted expenses of \$278,000 and favorable by \$52,000.

Nassau Health Care Corporation and Subsidiaries
Statement of Revenue & Expenses (Unaudited)
Family Health Centers
(In Thousands)

<u>FOR THE MONTH ENDED</u> December 31, 2011				<u>FOR THE TWELVE MONTHS ENDED</u> December 31, 2011				
<u>Dec-10</u> <u>Actual</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>		<u>Dec-10</u> <u>Actual</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
				Operating Revenues:				
1,067	931	881	(50)	Net patient service revenue	10,422	11,039	11,965	926
0	0	0	0	NYS Intergovernmental transfer	0	0	0	0
0	0	0	0	Nassau County Billings	0	0	0	0
416	416	416	0	Article VI Payments	5,000	5,000	5,000	0
114	99	99	0	Federal & State Aid	1,368	1,188	1,188	0
0	0	0	0	Practice Plan Revenue	0	0	0	0
1	1	1	0	Investment Income	15	12	9	(3)
0	0	14	14	Miscellaneous	0	0	14	14
<u>1,598</u>	<u>1,447</u>	<u>1,411</u>	<u>(36)</u>	Total operating revenue	<u>16,805</u>	<u>17,239</u>	<u>18,176</u>	<u>937</u>
				Operating Expenses:				
643	591	562	29	Salaries	8,095	6,970	7,082	(112)
262	225	214	11	Fringe Benefits	3,419	2,780	2,826	(46)
25	30	71	(41)	Supplies	346	375	595	(220)
196	212	208	4	Expenses	2,416	2,495	3,178	(683)
20	29	32	(3)	Utilities	279	330	313	17
6	8	60	(52)	Depreciation	81	96	705	(609)
28	30	30	0	Interest Expense	343	360	360	0
<u>222</u>	<u>278</u>	<u>226</u>	<u>52</u>	Bad Debt Expense	<u>2,729</u>	<u>3,279</u>	<u>3,221</u>	<u>58</u>
<u>1,402</u>	<u>1,403</u>	<u>1,403</u>	<u>0</u>	Total operating expenses	<u>17,708</u>	<u>16,685</u>	<u>18,280</u>	<u>(1,595)</u>
<u>196</u>	<u>44</u>	<u>8</u>	<u>(36)</u>	Gain (Loss) From Operations	<u>(903)</u>	<u>554</u>	<u>(104)</u>	<u>(658)</u>
				Other Operating Items:				
186	114	(69)	(183)	Change in Value of Derivative Instruments	(231)	1,368	(575)	(1,943)
(108)	(108)	(108)	0	Other Post Employment Benefits	(1,296)	(1,296)	(1,296)	0
0	0	0	0	Grants for Capital Asset Acquisition	0	0	0	0
(5)	(6)	(6)	0	Amortization of Refunding Loss	(67)	(72)	(72)	0
<u>73</u>	<u>0</u>	<u>(183)</u>	<u>(183)</u>	Total Other Operating Items	<u>(1,594)</u>	<u>0</u>	<u>(1,943)</u>	<u>(1,943)</u>
<u>269</u>	<u>44</u>	<u>(175)</u>	<u>(219)</u>	Net income (loss)	<u>(2,497)</u>	<u>554</u>	<u>(2,047)</u>	<u>(2,601)</u>

Nassau Health Care Corporation and Subsidiaries
Key Operating Statistics
Family Health Centers

<u>FOR THE MONTH ENDED</u>				<u>FOR THE TWELVE MONTHS ENDED</u>			
<u>Dec-10</u>	<u>December 31, 2011</u>			<u>Dec-10</u>	<u>December 31, 2011</u>		
<u>Actual</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<u>AMBULATORY VISITS</u>							
788	825	763	(62)	Elmont	9,764	9,800	9,706 (94)
1,906	1,879	1,644	(235)	Freeport	22,831	22,300	23,659 1,359
1,535	1,622	1,099	(523)	Hempstead	19,493	19,200	16,703 (2,497)
1,684	1,712	1,408	(304)	New Cassel	20,835	20,300	20,313 13
67	87	60	(27)	Roosevelt	563	700	555 (145)
5,980	6,125	4,974	(1,151)	Total	73,486	72,300	70,936 (1,364)
<u>LABOR STATISTICS:</u>							
103.1	103.2	94.7	8.5	Full-Time Equivalent (FTE) Total	106.7	103.2	101.4 1.8
\$56.65	\$51.01	\$52.88	(\$1.87)	Labor Cost Per Man Hour	\$59.12	\$51.76	\$53.54 (\$1.78)
84.82%	87.65%	88.08%	-0.43%	Payroll as a % of Gross Patient Revenue	110.48%	88.32%	82.81% 5.51%
0.00%	0.22%	0.30%	-0.08%	Overtime as a % of Payroll	0.38%	0.22%	0.06% 0.16%
<u>CREDIT AND COLLECTION STATISTICS:</u>							
20.81%	29.86%	25.65%	4.21%	Bad Debts as a % of Patient Revenue	26.18%	29.70%	26.92% 2.78%
<u>ADMISSIONS</u>							
85	85	91	6	To NUMC	1,046	1,046	1,091 45

Nassau Health Care Corporation and Subsidiaries

Statement of Revenue & Expenses (Unaudited)

Physician Practice Plan

(In Thousands)

<u>FOR THE MONTH ENDED</u>					<u>FOR THE TWELVE MONTHS ENDED</u>			
<u>December 31, 2011</u>					<u>December 31, 2011</u>			
<u>Dec-10</u>					<u>Dec-10</u>			
<u>Actual</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>		<u>Actual</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
				Operating Revenues:				
2,312	2,584	1,950	(634)	Net patient service revenue	24,466	31,004	23,709	(7,295)
0	0	0	0	NYS Intergovernmental transfer	0	0	0	0
0	0	0	0	Nassau County Billings	0	0	0	0
0	0	0	0	Historical Mission Payments	0	0	0	0
0	0	0	0	Federal & State Aid	0	0	0	0
(1,143)	(1,421)	(1,066)	355	Practice Plan Revenue	(10,582)	(17,048)	(10,578)	6,470
9	9	17	8	Investment Income	108	108	106	(2)
0	0	0	0	Miscellaneous	0	0	0	0
<u>1,178</u>	<u>1,172</u>	<u>901</u>	<u>(271)</u>	Total operating revenue	<u>13,992</u>	<u>14,064</u>	<u>13,237</u>	<u>(827)</u>
				Operating Expenses:				
906	900	626	274	Salaries	10,740	10,800	9,745	1,055
91	90	63	27	Fringe Benefits	1,073	1,080	975	105
0	0	0	0	Supplies	0	0	0	0
181	182	212	(30)	Expenses	2,179	2,184	2,517	(333)
0	0	0	0	Utilities	0	0	0	0
0	0	0	0	Depreciation	0	0	0	0
0	0	0	0	Interest Expense	0	0	0	0
0	0	0	0	Bad Debt Expense	0	0	0	0
0								
<u>864</u>	<u>1,172</u>	<u>901</u>	<u>271</u>	Total operating expenses	<u>13,992</u>	<u>14,064</u>	<u>13,237</u>	<u>827</u>
<u>314</u>	<u>0</u>	<u>0</u>	<u>0</u>	Gain (Loss) From Operations	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
				Other Operating Items:				
0	0	0	0	Change in Value of Derivative Instruments	0	0	0	0
0	0	0	0	Other Post Employment Benefits	0	0	0	0
0	0	0	0	Grants for Capital Asset Acquisition	0	0	0	0
0	0	0	0	Amortization of Refunding Loss	0	0	0	0
0	0	0	0	Total Other Operating Items	0	0	0	0
<u>314</u>	<u>0</u>	<u>0</u>	<u>0</u>	Net income (loss)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

Nassau Health Care Corporation and Subsidiaries
Statement of Revenue & Expenses (Unaudited)
Nassau Health Care Corp., Ltd.
(In Thousands)

<u>FOR THE MONTH ENDED</u>				<u>FOR THE TWELVE MONTHS ENDED</u>			
<u>December 31, 2011</u>				<u>December 31, 2011</u>			
<u>Dec-10</u>				<u>Dec-10</u>			
<u>Actual</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
				Operating Revenues:			
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
80	72	72	0	960	864	864	0
<u>784</u>	<u>784</u>	<u>784</u>	<u>0</u>	<u>9,400</u>	<u>9,400</u>	<u>9,400</u>	<u>0</u>
<u>864</u>	<u>856</u>	<u>856</u>	<u>0</u>	<u>10,360</u>	<u>10,264</u>	<u>10,264</u>	<u>0</u>
				Operating Expenses:			
0				0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
784	784	784	0	9,400	9,400	9,400	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>0</u>				<u>9,400</u>	<u>9,400</u>	<u>9,400</u>	<u>0</u>
<u>700</u>	<u>784</u>	<u>784</u>	<u>0</u>	<u>9,400</u>	<u>9,400</u>	<u>9,400</u>	<u>0</u>
<u>164</u>	<u>72</u>	<u>72</u>	<u>0</u>	<u>960</u>	<u>864</u>	<u>864</u>	<u>0</u>
				Gain (Loss) From Operations			
				Other Operating Items:			
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>164</u>	<u>72</u>	<u>72</u>	<u>0</u>	<u>960</u>	<u>864</u>	<u>864</u>	<u>0</u>
				Net income (loss)			