New Jersey Healthcare Financial Management Association
Business Continuity & Facility Readiness: Are Institutions Ready for Today’s World
Tuesday, April 22, 2014 and Thursday, April 24, 2014

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NYU Langone Medical Center
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NYULMC is an integrated academic medical center in midtown Manhattan with outpatient centers across the region:

- Tisch Hospital (546 beds).
- Hospital for Joint Diseases (157 beds).
- Ambulatory care network.

NYU Physician Network including NYU School of Medicine (“NYUSM”) Faculty Group Practice and private physicians:

- 2,300+ physicians.
- Over 100 medical practices.

NYULMC is a virtual entity with one management team and one board of trustees making key decisions across the hospital and school of medicine.

NYULMC FY 2013 operating revenues: $3.3 billion (including NYUHC ~ $1.9 billion)
Commitment to the “Pursuit of Excellence”

**Investment in Technology**
- **EPIC** - First fully integrated Clinical and Billing system in New York
- **Performance Dashboards**
- **Data Center** - Key infrastructure component for the future Campus Transformation
- **Broad System Implementation**
  - PeopleSoft - New Enterprise Resource Planning System
  - Enterprise Data Warehouse & Business Intelligence

**Dedication to Clinical Quality**
- Ranked #14 in the nation on the “Best Hospitals Honor Roll” with 12 nationally ranked specialties
- In 2013, received the Gold Seal of Approval by The Joint Commission, reflecting our commitment to high-quality care
- Ranked #1 for Patient Safety and Quality. Recipient of the 2013 Quality Leadership Award
Expanded ambulatory presence in the last three years:

- Musculoskeletal Center (110,000 sq. ft.)
- Ambulatory Center (300,000 sq. ft.)
- Outpatient Surgery Center (18,000 sq. ft.)
- An extension clinic at NYUSM’s Joan H. Tisch Center for Women’s Health
- Tisch Center for Men’s Health
- NYU Langone Internal Medicine – The Miller Practice

Affiliated Hospitals (Manhattan and Brooklyn):

- Bellevue Hospital Center
- Gouverneur Healthcare Services
- New York Harbor Veterans Affairs Medical Center
- Woodhull Hospital Medical Center
Expanded geographic presence beyond Manhattan through new physician relationships:
- Outpatient care centers (i.e. Oncology, Orthopaedics)
- Specialist outreach programs

Acquired and opened outpatient centers outside of Manhattan:
- Brooklyn Endoscopy and Ambulatory Surgery Center
- Hudson Valley Cardiology (Westchester, NY)
- Columbus Medical Center (Queens, NY)
Expand NYULMC patient care, research and education footprint to 3.5 million sq. ft. of facility space

- Tisch Hospital – elevator/lobby renovation - completed April 2013; 100% funded by philanthropy
- Energy Building – supply electricity to First Avenue campus - construction FY 2012 - 2016
- Science Building construction - NYUSM research facilities; University funded; construction FY 2013 - 2018 (300,000 sq. ft.)
- ED Renovation – Tisch Hospital; expected to open Spring 2014 (change from 6,900 to 16,900 sq. ft.)
- Kimmel Pavilion – new 22-story clinical pavilion on the First Avenue Campus; expected construction FY 2014 – 2017 (830,200 sq. ft.)
NYUHC Strategic Initiatives Pre-Superstorm Sandy

- Clinical Flexibility
  - Ambulatory Care Expansion (added over 800,000 square feet in past two years)
  - 7-Day Care Initiative in process before superstorm
    - Ability to flex staffing and operations across facilities
    - Capacity for physicians to operate and take care of patient across facilities
    - Inpatient bed relocation to HJD campus in process

- Financial Readiness
  - Balance sheet reserves established as cushion for operating volatility
  - Fixed rate debt and lines of credit capacity of $400 million in October 2012
  - Issuance of Series 2012A taxable debt $250 million in July 2012
  - Policy to invest $10 million per month from operations into capital program & reserve fund ~ total working capital of $503 million as of November 1, 2012
  - Ability to access excess capital reserves from CCC550 Insurance Co. (offshore malpractice insurance company) when needed and declared by Board of Directors

- Information technology and Management reporting
  - EPIC – First fully integrated clinical system in NY market
  - PeopleSoft – implemented in 2010; simplified supply requisitioning and ordering
  - Disaster Recovery Centers in New Jersey and Pennsylvania
Superstorm Sandy
Superstorm Sandy – Preparation & Evacuation

- Friday, October 26, 2012 – 575 patients at Tisch Hospital reduced to 322 patients by Monday, October 29, 2012

- Evacuation order for Tisch Hospital issued when ConEdison power plant explosion caused widespread damage and power loss to lower Manhattan

- Tisch Hospital patients were transferred to 14 hospitals within 13 hours
Press conference on December 27, 2012, to announce re-opening of Tisch Hospital with NYULMC Dean and CEO Robert Grossman, Ken Langone and Senator Charles Schumer
How NYUHC Withstood Superstorm Sandy

- Clinical Flexibility
  - Dispersion of inpatient volume to HJD campus which remained open during Superstorm Sandy
  - Ambulatory Care Facilities
    - Utilization of ambulatory locations for dispersion of outpatient volume
    - Continued expansion of Ambulatory Care strategy – acquired Brooklyn Endoscopy & Ambulatory Surgery Center – Spring 2013
  - Urgent Care Center - In January 2013, NYUHC re-opened the Emergency Department (ED) as an urgent care center, staffed by ED clinicians, to handle walk-in and other urgent care cases (excluding 911 ambulance)

- Physician retention
  - Minimal loss of physicians to competing facilities attributable to storm
  - Physician malpractice insurance coverage extended to all physicians practicing at NYUHC facilities only
Commitment to Nursing and Staff

- No terminations of staff; continuous pay provided throughout storm and recovery
- Redeployment of employees to active sites
  - Ambulatory Surgery Center
  - 34th Street Clinical Cancer Center
  - Center for Musculoskeletal Care
  - Hospital for Joint Diseases
  - NYUSM Faculty Group Practice off-site locations
- Operational downtime utilized to train staff on Epic inpatient installation; implemented at HJD on December 2, 2012, Schwartz Health Care Center on December 15, 2012 and Tisch surgical suites on December 27, 2012

Financial Capabilities

- Continued investment of $10 million per month from operations into capital program & reserve fund – total working capital of $709 million as of February 28, 2013
- Increase in total working capital lines of credit to $500 million
- CCC550 Insurance Co. (offshore malpractice insurance company) ~ $51 million dividend declared and paid to NYUHC in November 2012
- Philanthropic support - $45 million received for construction of Kimmel Pavilion in November 2012
- Quick, coordinated action for initial FEMA funding and continuing strong FEMA support
NYUHC Operational Timeline in Response to Superstorm Sandy*

**October 2012**
- Oct 29: Superstorm Sandy Strikes NY Metro Area
  - Tisch evacuated
  - HJD remains open
- Oct 31: Center for Musculoskeletal Care re-opens

**November**
- Nov 1-9: 34th Street Cancer Center, Ambulatory Care Center, and Ambulatory Surgery Centers re-opens

**December**
- Dec 17: HCC re-opens for procedural and surgical services
- Dec 27: Tisch Hospital begins phased re-opening including inpatient and outpatient surgery

**January 2013**
- Jan 14: Inpatient services such as Medicine, Pediatrics, Neurology, Epilepsy are operational; Emergency Department is re-opened as an Urgent Care Center for handling of walk-in and other urgent care cases (excluding 911 ambulance)

**March - August**
- Mar 2013: Infusion services opened at ACC
- Apr 2013: Infusion center opens in Long Island in conjunction with existing physician practice
- May 2013: Rusk Rehab beds opened at HJD

**January - March 2014**
- Summer 2013: NYUHC inpatient psychiatry and complex rehab services reopen
- Apr 2014: NYUHC Emergency Department planned to reopen

*All planned future events are subject to change.*
NYUHC has been out front in its communications to the investor community
- Repeated market updates on implications of Superstorm Sandy
- Investment banking conferences
- Transaction marketing (net roadshow, tour of NYUHC facility)
- Involvement of entire executive team in communication strategy
### NYUHC Financial Performance

<table>
<thead>
<tr>
<th></th>
<th>Fiscal Year Ended August 31, (Audited)</th>
<th>Three Months Ending November 30, (unaudited)</th>
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<tbody>
<tr>
<td></td>
<td>2011</td>
<td>2012</td>
</tr>
<tr>
<td>Net Patient Service Revenue</td>
<td>$1,625,839</td>
<td>$1,830,158</td>
</tr>
<tr>
<td>Other Operating Revenue</td>
<td>75,380</td>
<td>141,287</td>
</tr>
<tr>
<td>Total Operating Revenue</td>
<td>1,701,219</td>
<td>1,971,445</td>
</tr>
<tr>
<td>Total Operating Expenses</td>
<td>1,515,456</td>
<td>1,722,693</td>
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<tr>
<td>Gain from Operations</td>
<td>185,763</td>
<td>248,752</td>
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<tr>
<td>Other (1)</td>
<td>460</td>
<td>(1,803)</td>
</tr>
<tr>
<td>NYUSM Mission Support</td>
<td>(45,000)</td>
<td>(27,750)</td>
</tr>
<tr>
<td>Excess (deficiency) of Revenue Over Expenses</td>
<td>141,223</td>
<td>$219,199</td>
</tr>
<tr>
<td>Other changes in unrestricted net assets (2)</td>
<td>21,551</td>
<td>(94,567)</td>
</tr>
<tr>
<td>Net increase (decrease) in unrestricted net assets</td>
<td>$162,774</td>
<td>$124,632</td>
</tr>
</tbody>
</table>

(1) FY 2013 amount consists of ($33.7 million) in impairment on disposal of property, plant and equipment related to Superstorm Sandy and other non-storm related disposals and ($7.6 million) investment return on underlying asset portfolio.

(2) Other changes in unrestricted net assets includes valuation changes to pension and postretirement obligations and contributions/net assets released for capital acquisition.

(3) Superstorm Sandy occurred on October 29, 2012. Inpatient services at Tisch Hospital were closed for 60 days and resumed on December 27, 2012. An Urgent Care Center has been operating in absence of a functioning Emergency Department. Thus, results for FY 2013 (inclusive of the three months ended November 30, 2012) include materially reduced operations.
(1) Based on Master Trust Indenture methodology.

(2) Superstorm Sandy occurred on October 29, 2012. Inpatient services at Tisch Hospital were closed for 60 days and resumed on December 27, 2012. An Urgent Care Center has been operating in absence of a functioning Emergency Department. Thus, results for FY 2013 (inclusive of the three months ended November 30, 2012) include materially reduced operations.

(3) FY 2013 & November 2013 figures above are inclusive of NYUHC’s Series 2013A $350 million taxable bond issuance.
NYUHC is a highly integrated academic medical center with close ties to New York University

“Tireless Pursuit of Excellence”
- Patient care quality focus
- Commitment to invest in technology

Positioning the Medical Center for the future of healthcare
- Solid execution of ambulatory care strategy
- Strong physician recruitment efforts

Moving forward on campus transformation plan
- Updated infrastructure with storm mitigation
- Maintaining strategic agility to execute plan
- Balance sheet reserves provide operating flexibility
- Issuance of fixed rate bonds and utilization of lines of credit for quick access to fund capital plans
- Philanthropy – continued support by NYC community for combined medical center enterprise