

Roswell Park Comprehensive  
Cancer Center  
Section 203 Budget Filing  
Fiscal Year 2024 - 2025  
FINAL



**March 31, 2024**

## **Roswell Park Comprehensive Cancer Center**

The institute was founded in 1898 and became a State Institute in 1911. In 1971, it was one of the first three institutions certified as a comprehensive cancer center by the National Cancer Institute. As such, it is committed to combat cancer through basic research, clinical research and treatment, and professional and public education. Presently, there are 57 such centers designated in the United States. The institute is a 157 licensed bed facility and an ambulatory care center containing 15 multidisciplinary care centers with a staff of over 3,700 members, including clinical staff physicians, residents, fellows, and research staff. The primary physical plant covers several city blocks in downtown Buffalo.

The operation of the Institute transferred from the New York Department of Health to the RPCI Corporation on January 1, 1999. In order to meet the demands of the changing health care marketplace and to promote the strengths and capabilities of the Institute, Chapter 5 of the Laws of 1997 added a new Title 4 to Article 10-c of the Public Authorities Law authorizing the RPCI Corporation. This legislative authorization was intended to change the Institute's governance structure to afford it market and managerial flexibility. Among the special powers granted by the legislation to the Corporation were the powers to contract with the State to operate, manage, superintend and control the Institute, and to establish , collect, and adjust fees, rental and other charges in connection with the operation of the Institute.

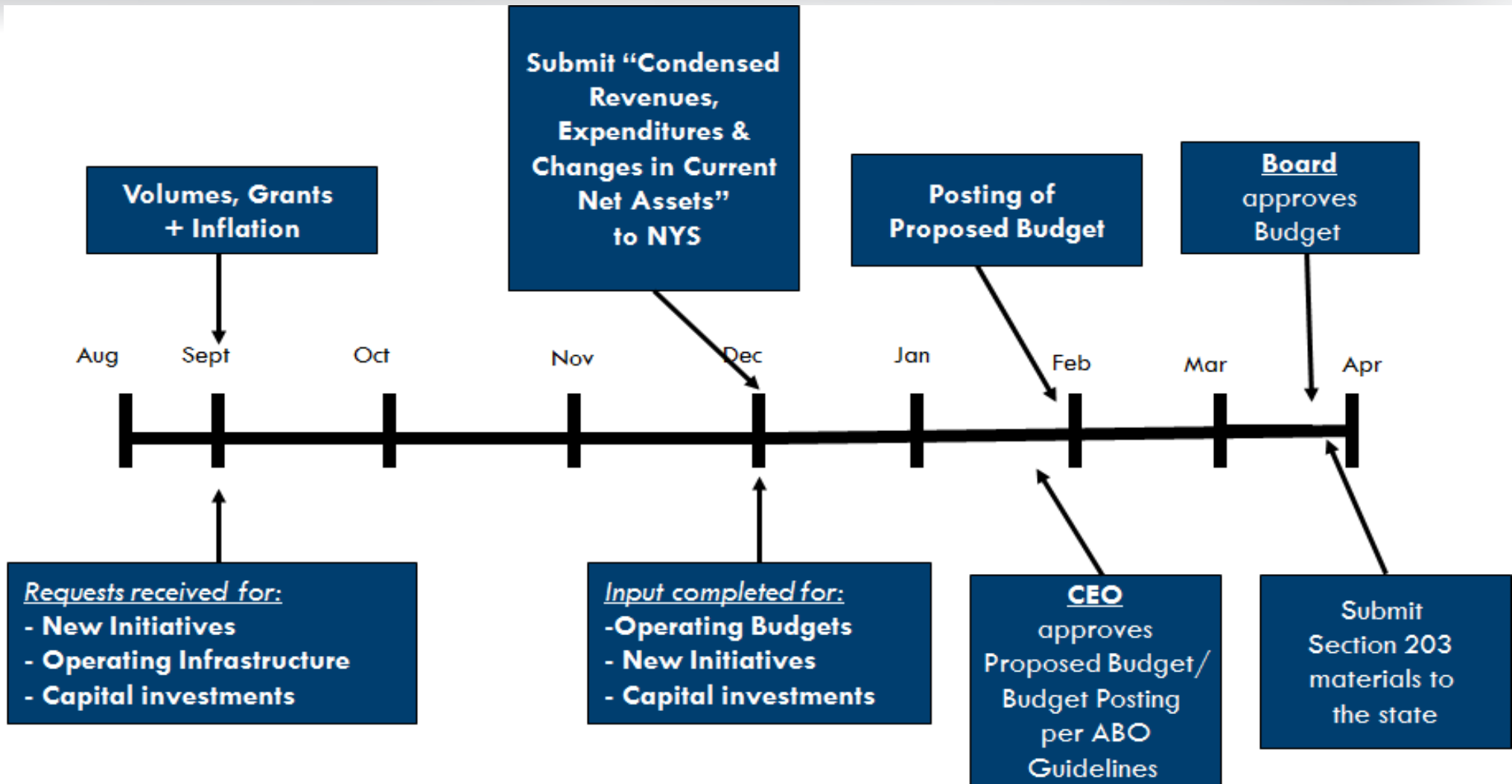
Pursuant to subdivision 2 of Section 403 of the Public Health Law, added by such chapter, the Department of Health, acting on behalf of the State, entered into an Operating Agreement with RPCI Corporation pursuant to which operating responsibility for the Institute was transferred to RPCI Corporation effective January 1, 1999, and giving RPCI Corporation substantial independence operating the Institute, including the power to establish operating budgets, to establish and implement strategic business plans, to create subsidiary and affiliated entities, to enter into affiliations and alliances with other health care providers and to establish, collect and adjust fees, rentals and other charges in connection with the operation of the Institute. Revenues generated by the Corporation as a result of operating the Institute are considered to be revenues of the State for the purpose of its bond payment, and are required to be deposited into the Roswell Park Cancer Institute Debt Service Account of the Health Income Fund for payment of debt service on the Bonds. The Department of Health retains responsibility for paying debt service on the Bonds. After allowing for accumulation of a debt service reserve for the Institute, the remaining revenues are transferred to Roswell Park Cancer Institute Income Account of the Health Income Fund. After allowing for a balance for refunds these revenues are, in turn, transferred to RPCI Corporation.

RPCI Corporation's responsibility is to ensure the fiscal and programmatic integrity of the facility. To achieve this objective, the Corporation has updated the strategic plan for the Institute which includes major programmatic and scientific, as well as, fiscal goals. Some of the key goals include the recruitment of top tier clinical and scientific talent; developing a methodology to monitor the effectiveness of programs and faculty; enhancing financial viability through revenue and expense controls; building a strong and profitable biotechnology transfer program in collaboration with peer facilities; emphasis on clinical and translational research; as well as developing and implementing new clinical trials and establishing a cancer disease management and clinical outcomes program.

The Institute is a formally designated unit of the Graduate School of the University of New York at Buffalo and has numerous affiliation agreements with other educational institutions and hospitals. Training provided by the Institute under these arrangements includes medical, nursing and medical research.

# Roswell Park Budget Process Timeline

203.6(b)



- Revenue assumptions:
  - Base volumes
    - Admits (0.5)%
    - Days (1.0)%
    - Outpatient Visits 5.2%
  - Rate assumptions
    - Payer rates as negotiated
    - Governmental payer rates per regulations
  
- Sources of revenues:
  - Includes private and governmental contracts, grants and donations, and funding from New York State
  
- Staffing:
  - At current levels, adjusted for productivity standards, new initiatives, strategic research initiatives and infrastructure
  
- Future collective bargaining costs:
  - Bargaining unit increases for FY25 include Step and COLA per negotiated contracts

- Inflation:
  - Salaries – Steps and COLA factored in as previously noted
  - Fringe Benefits – increased consistent with salaries
  - Pharmaceuticals (inflation, utilization, new therapies) = 11%
  - Medical supplies, office supplies, purchased services = 3.5%; Blood supplies = 4.0%
  
- Programmatic Goals:
  - Continued expansion of local community presence
  - Implementation of Roswell Park’s strategic plan, including
    - Expand adoptive cellular therapy as new treatments options become available for patients
    - Expand access to Roswell Park through WNY and statewide collaborative opportunities
    - Structure an innovative cancer program to deliver transformational science, including Immunotherapy and personalized medicine
  - Implementation of strategic research initiatives
  - Expand capabilities for commercializing Roswell Park innovations
  - Significant capital investment to upgrade existing IT systems, expand capacity and maintain currency for clinical technology

- Labor/Workforce Instability
  - Recruitment and retention
  - Rising employment costs
  
- Durable/Sustained Inflation
  
- Ongoing Pandemic costs/impacts
  
- Drug Reimbursement
  
- Continued Uncertainty of Federal Budget
  - NCI Funding
  - Medicare & Medicaid reimbursement
  - DSH funding
  
- Managed Care
  - Increasing role of national insurance companies for commercial and Medicare Advantage plans
  - Increasing use of limited and tiered networks and ACO's
  - Benefit designs continue to require higher cost share (copays/coinsurance/deductible) for patients for certain services

# Budgeted Revenues, Expenditures and Changes in Current Net Assets (in 000's)

203.6(e)/203.6(g)

	Last Year (Actual) FY23	Current Year (Estimated) FY24	Proposed Budget FY25	Proposed FY26	Proposed FY27	Proposed FY28
<b>REVENUE &amp; FUNDING SOURCES</b>						
<i>Operating Revenues</i>						
Charges for Services	\$ 971,817	\$ 1,058,371	\$ 1,130,772	\$ 1,261,349	\$ 1,358,893	\$ 1,466,583
Other Operating revenues	32,941	28,701	30,456	35,487	38,174	39,463
<i>Non-operating Revenues</i>						
Investment earnings	11,478	22,104	16,565	14,904	15,791	13,655
State subsidies/grants	112,767	106,767	110,767	106,767	106,767	106,767
Federal subsidies/grants	5,273	1,138	—	—	—	—
<b>Total Revenues and Funding Sources</b>	<b>\$ 1,134,276</b>	<b>\$ 1,217,081</b>	<b>\$ 1,288,560</b>	<b>\$ 1,418,507</b>	<b>\$ 1,519,624</b>	<b>\$ 1,626,467</b>
<b>EXPENDITURES</b>						
<i>Operating expenditures</i>						
Salaries and Wages	\$ 379,420	\$ 427,226	\$ 458,385	\$ 482,308	\$ 501,338	\$ 525,230
Other Employee Benefits	103,399	119,909	136,608	141,512	150,273	160,070
Professional Services and Contracts	146,740	154,384	154,205	150,595	152,515	161,277
Supplies and Materials	417,429	479,979	535,222	590,682	639,953	694,730
Other operating expenditures	10,601	8,203	10,031	10,923	11,468	11,506
<i>Non-operating expenditures</i>						
Payment of principal on bonds and financing arrangements	19,797	16,085	14,202	13,204	1,432	1,504
Interest and other fiscal charges on debt	1,947	2,986	3,453	1,763	1,690	1,282
Capital asset outlay	59,053	77,718	79,383	47,469	46,627	67,756
<b>Total Expenditures</b>	<b>\$ 1,138,387</b>	<b>\$ 1,286,490</b>	<b>\$ 1,391,488</b>	<b>\$ 1,438,455</b>	<b>\$ 1,505,295</b>	<b>\$ 1,623,354</b>
Capital Contributions	9,343	8,257	15,713	23,989	2,000	—
"Excess (deficiency) of revenues and capital contributions over expenditures"	<b>\$ 5,232</b>	<b>\$ (61,152)</b>	<b>\$ (87,215)</b>	<b>\$ 4,040</b>	<b>\$ 16,329</b>	<b>\$ 3,113</b>

# Cash Flow Projections

(in millions)

203.5(h)

	Projected FY24	Budgeted FY25	Budgeted FY26	Budgeted FY27	Budgeted FY28
Excess/(Deficiency) of revenues and capital contributions over expenditures	\$ (61.2)	\$ (87.2)	\$ 4.0	\$ 16.3	\$ 3.1
Other Changes in Unrestricted Cash	(6.9)	(27.9)	5.5	(20.9)	(40.3)
<b>Cash Impact from Operations</b>	<b>\$ (68.1)</b>	<b>\$ (115.1)</b>	<b>\$ 9.5</b>	<b>\$ (4.5)</b>	<b>\$ (37.1)</b>



# Projected Operating Revenues -- Net Patient Service Revenue (Charges for Services) (in 000's)

203.5(d)

	FY24 Projected	FY25 Budget	FY26 Budget	FY27 Budget	FY28 Budget
<b>Volume Statistics</b>					
Admits	5,537	5,508	5,568	5,670	5,769
Days	44,965	44,511	45,346	46,285	47,218
Visits	302,069	317,891	324,930	329,592	333,716
<b>Direct Patient Service Revenue</b>					
RPCI IP Revenue	\$ 259,541	\$ 276,149	\$ 303,487	\$ 328,225	\$ 354,455
RPCI OP Revenue	644,852	708,566	799,954	866,412	941,647
Other	70,948	80,714	82,789	85,123	87,247
<b>RPCI Total</b>	<b>\$ 975,341</b>	<b>\$ 1,065,429</b>	<b>\$ 1,186,230</b>	<b>\$ 1,279,760</b>	<b>\$ 1,383,349</b>
CPP IP Revenue	\$ 23,940	\$ 24,158	\$ 25,433	\$ 26,956	\$ 28,562
CPP OP Revenue	60,339	64,659	67,906	71,757	75,842
<b>CPP Total</b>	<b>\$ 84,279</b>	<b>\$ 88,817</b>	<b>\$ 93,339</b>	<b>\$ 98,713</b>	<b>\$ 104,404</b>
<b>Total Direct Patient Service Revenue</b>	<b>\$ 1,059,620</b>	<b>\$ 1,154,246</b>	<b>\$ 1,279,569</b>	<b>\$ 1,378,473</b>	<b>\$ 1,487,753</b>
Other RPCI Patient Service Revenue	\$ 12,072	\$ (74)	\$ (3,062)	\$ (3,187)	\$ (3,314)
Other CPP Patient Service Revenue	637	670	660	650	500
<b>Total Other Patient Service Revenue</b>	<b>\$ 12,709</b>	<b>\$ 596</b>	<b>\$ (2,402)</b>	<b>\$ (2,537)</b>	<b>\$ (2,814)</b>
<b>Total Net Patient Service Revenue</b>	<b>\$ 1,072,329</b>	<b>\$ 1,154,842</b>	<b>\$ 1,277,166</b>	<b>\$ 1,375,936</b>	<b>\$ 1,484,939</b>
RPCI Provision for Bad Debts	\$ 15,960	\$ 25,077	\$ 17,340	\$ 18,633	\$ 20,017
CPP Provision for Bad Debts	1,011	1,554	1,167	1,234	1,305
<b>Total Provision for Bad Debts</b>	<b>\$ 16,971</b>	<b>\$ 26,631</b>	<b>\$ 18,507</b>	<b>\$ 19,867</b>	<b>\$ 21,322</b>
<b>Total Net Patient Service Revenue Net of Provision for Bad Debt</b>	<b>\$ 1,055,358</b>	<b>\$ 1,128,211</b>	<b>\$ 1,258,659</b>	<b>\$ 1,356,069</b>	<b>\$ 1,463,617</b>
Grants and Contracts	3,014	2,562	2,690	2,824	2,965
<b>Total Charges for Services</b>	<b>\$ 1,058,371</b>	<b>\$ 1,130,772</b>	<b>\$ 1,261,349</b>	<b>\$ 1,358,893</b>	<b>\$ 1,466,583</b>

# Projected Operating Revenues — Other Operating Revenue (in 000's)

203.5(d)

<u>(in thousands)</u>	<b>FY24</b>	<b>FY25</b>	<b>FY26</b>	<b>FY27</b>	<b>FY28</b>
	<b>Projected</b>	<b>Budget</b>	<b>Budget</b>	<b>Budget</b>	<b>Budget</b>
Cafeteria	\$ 1,695	\$ 1,763	\$ 1,780	\$ 1,798	\$ 1,816
Parking	3,050	3,050	3,081	3,111	3,142
Rebates (VHA)	2,510	2,510	2,535	2,560	2,586
Other Operating Revenues (PC's/JV's)	7,404	11,302	11,359	11,415	11,471
Network Affiliations, Agreements & Partnerships	5,940	4,004	5,033	5,095	5,158
LSB - UB Reimbursement	1,500	1,500	1,515	1,530	1,545
New Programs funded through Alliance	2,800	2,363	3,529	3,822	4,572
WNY Partnership/Rest of NY Initiatives	1,500	2,440	2,566	2,591	2,617
State Funding (ESD)	—	—	—	1,986	2,085
Strategic Initiatives (cGMP)	—	—	2,329	2,658	2,819
All Other	2,302	1,523	1,759	1,606	1,650
<b>Projected Operating Revenues</b>	<b>\$ 28,701</b>	<b>\$ 30,456</b>	<b>\$ 35,487</b>	<b>\$ 38,174</b>	<b>\$ 39,463</b>

# Salary & Fringe and Non Personnel Service Operating Expense (in 000's)

203.5(e)/203.5(f)

	FY24 Projected	FY25 Budget	FY26 Budget	FY27 Budget	FY28 Budget
<b>Salaries</b>					
Salaries and Wage Costs	\$ 427,226	\$ 458,385	\$ 482,308	\$ 501,338	\$ 525,230
<b>TOTAL Personnel Service Expense</b>	<b>\$ 427,226</b>	<b>\$ 458,385</b>	<b>\$ 482,308</b>	<b>\$ 501,338</b>	<b>\$ 525,230</b>
<b>Fringe</b>					
NYS Pension Expense & TIAA CREF	\$ 29,900	\$ 36,776	\$ 34,924	\$ 36,818	\$ 38,919
Health Insurance: Active	35,923	41,178	44,472	48,030	51,873
Health Insurance: OPEB Payments	15,207	16,424	17,738	19,157	20,689
Other Fringe	38,879	42,230	44,377	46,267	48,590
<b>TOTAL Fringe Expense</b>	<b>\$ 119,909</b>	<b>\$ 136,608</b>	<b>\$ 141,512</b>	<b>\$ 150,273</b>	<b>\$ 160,070</b>
<b>Non Personnel Service Operating Expense</b>					
<b>Professional Services &amp; Contracts</b>	<b>\$ 154,384</b>	<b>\$ 154,205</b>	<b>\$ 150,595</b>	<b>\$ 152,515</b>	<b>\$ 161,277</b>
Pharmaceuticals	\$ 386,386	\$ 427,049	\$ 465,967	\$ 507,659	\$ 554,403
Medical, Blood, Other Supplies	93,593	108,173	124,715	132,294	140,327
<b>Supplies &amp; Materials</b>	<b>\$ 479,979</b>	<b>\$ 535,222</b>	<b>\$ 590,682</b>	<b>\$ 639,953</b>	<b>\$ 694,730</b>
<b>Other Operating Expenditures</b>	<b>\$ 8,203</b>	<b>\$ 10,031</b>	<b>\$ 10,923</b>	<b>\$ 11,468</b>	<b>\$ 11,506</b>
<b>TOTAL Non Personnel Service Expense</b>	<b>\$ 642,566</b>	<b>\$ 699,458</b>	<b>\$ 752,200</b>	<b>\$ 803,936</b>	<b>\$ 867,513</b>

Note: The fringe expense includes the cash payments for NYS Pension & OPEB, but does not include the accrued cost.

# Reconciliation FY24 Budget to FY24 Projected (in millions)

203.6(f)

	<u>(in millions)</u>
<b>1 Excess (Deficiency) Revenues over Expenses (FY24 Budget)</b>	<b>\$ (25.2)</b>
2 Clinical Margin (volume driven)	(59.0)
3 PEF Signing Bonus	(5.0)
4 OPEB Cash Payment	(2.7)
5 Favorable Utility Rates	2.5
6 Third Party Revenue (Medicare ICR Settlement/HCRA)	13.8
7 Timing of Capital & Strategic Investments	5.2
8 Timing of Spend (Research, New Recruitment, Other)	9.2
<b>9 Excess (Deficiency) Revenues over Expenses (FY24 Projected)</b>	<b>\$ (61.2)</b>

# FY 2025 Budgeted # of FTE's and # of Employees

203.6(h)

<b><u>Functional Classification</u></b>	<b>Total # Employees</b>	<b>Total # Full Time</b>	<b>Total # FTE's</b>
Clinical / Clinical Research / Academic	2,639	2,319	2,442
Scientific / Academic	237	209	220
Administrative and Other	840	738	777
<b>Total All Functional Areas</b>	<b>3,715</b>	<b>3,266</b>	<b>3,439</b>

## **Sources of Funding:**

The Source of funding for the projected workforce is:  
Patient Service Revenues - Government and Private Payers  
Grants and Contracts  
Donations  
New York State Funding

As part of the Institute's long range strategic plan, investments are being made in clinical operations. These investments are critical to meeting the projected demand for oncology services and expanding access to Roswell Park's services.

## Revenue Enhancements and Cost Reduction Initiatives:

	(\$ in Millions)
Clinical Growth	\$7.1M
Margin Optimization Initiatives	\$3.5M

The Institute is projecting non-recurring capital contribution revenues of approximately \$8.3M in FY24, \$15.7M in FY25, \$24.0M in FY26, \$2.0M in FY27 and \$0.0M in FY28. These contributions are expected to assist in funding the continued growth at Roswell Park.

Capital Projects and Strategic Investments can span multiple years. These projects are approved prior to initiation, and due to the magnitude of certain projects there can be an approved balance to carry forward to the next fiscal year. Carry over balances are determined and approved by executive leadership as part of the planning process for the next fiscal year.



# Borrowed Debt Outstanding (in millions)

203.5(g)/203.6(l)

PBC revenues are pledged to repayment of the following DASNY indebtedness issued through New York State Department of Health

<b>Borrowed Debt Outstanding</b>	
1	DASNY Debt issuance 7/13/2011
2	DASNY Debt issuance 10/21/2016
3	Capital lease obligations
<b>Debt outstanding at March 31st year end</b>	

in Millions			
Proposed Budget	Projection	Projection	Projection
FY25	FY26	FY27	FY28
\$ 29.0	\$ 15.8	\$ 14.3	\$ 12.7

<b>Scheduled Debt Service Payment</b>	
<i>For the Year ending March 31</i>	
2024	
2025	
2026	
2027	
2028	
2029-2033	
Thereafter	

in 000's			
Bonds		Capital Leases	
Principal	Interest	Principal	Interest
\$ 16,085	\$2,224	\$45	\$ 149
14,202	1,490	53	147
13,204	817	61	145
1,432	451	69	143
1,504	378	78	141
4,833	1,037	542	654
3,749	238	3,548	1,010
<b>\$55,007</b>	<b>\$6,636</b>	<b>\$4,397</b>	<b>\$ 2,389</b>

\*All debt is issued. There is currently no proposed debt.

PBC revenues are pledged to repayment of the following DASNY indebtedness issued through New York State Department of Health:

1

On July 13, 2011, DASNY issued debt in the amount of \$48,180,000 (RPCI allocated 74.85%). Under the terms of issuance interest ranges from 2.0% to 5.0% per annum with interest and principal payments due through 2037. The bond proceeds were used solely to defease a portion of the outstanding 1998 bond series.

2

On October 21, 2016, DASNY issued debt in the amount of \$144,810,000 (RPCI allocated 80.76%). Under the terms of issuance interest ranges from 3.0% to 5.0% per annum with interest and principal payments due through 2037. The bond proceeds were used solely to defease a portion of the outstanding 2003, 2004-1, 2004-2 and 2005 bond series.

3

On June 1, 2012, RPCIC entered into a capital lease obligation to rent 226 parking spaces for a 35 year period. Under terms of the agreement, the cost of capital is estimated at 3.4% per annum with interest and principal payments due through 2047.

# Debt Service/Pledged Revenue and Debt Limited Levels (in 000's)

203.5(g)/203.6(l)

Debt Service as a percentage of Pledged Revenues*	Debt Service FY25	Pledged Revenues	Debt Service Percent of Pledged Revenues
1 DASNY Debt issuance 7/13/11	\$ 1,213	\$ 1,013,613	0.1%
2 DASNY Debt issuance 10/21/16	\$ 13,980	\$ 1,013,613	1.4%
Total	\$ 15,193		1.5%

\*Pledged revenues are defined in accordance with RPCI bond documents

# Capital Summary

(in 000's)

203.6(m)

	<b>FY25 Budget</b>
Facilities and Infrastructure	\$ 41,033
Clinical, Scientific & Administrative Equipment	20,391
Information Technology (including Rev Cycle and EMR)	17,959
<b>Total Capital Expenditures</b>	<b>\$ 79,383</b>

# Changes from Proposed Budget posted on 1/31/24

203.9

<b>Schedule</b>	<b>Change Description</b>
203.6e,g	Changes to financials in all years, with the most significant being: > changes to volume projections based on most recent trends > changes in capital spending due to timing of major projects and changes in estimated costs
203.5h	Updated Cash Projections based on changes to Net Income and Unrestricted Cash (noted above)
203.5d	Updated to reflect change in Financials (noted above)
203.5e,f	Updated to reflect change in Financials (noted above)
203.6f	Updated to reflect change in Financials (noted above)
203.6i	Changes in estimates to Clinical Growth & Strategic Plan Initiatives
203.6m	Change in estimated timing and amount of Total Capital Expenditures
Note:	Changes made since posting on 1/31/24 reflect the most up-to-date and accurate information available prior to the Board approval on 3/20/24.

## **CERTIFICATION**

By checking this box, I certify that the OSC Budget Request (Part 203) submission is complete and to the best of my knowledge and belief after reasonable inquiry, the information provided in this submission is accurate and correct. This information has been presented to and accepted by the authority's board.

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Chief Financial Officer  
Roswell Park Cancer Institute Corporation

Presented to The Roswell Park Board of Directors on March 20, 2024  
Approved by the Board of Director's on March 20, 2024