

Roswell Park Comprehensive Cancer Center Section 203 Budget Filing Fiscal Year 2025 - 2026 PROPOSED



January 31, 2025

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.

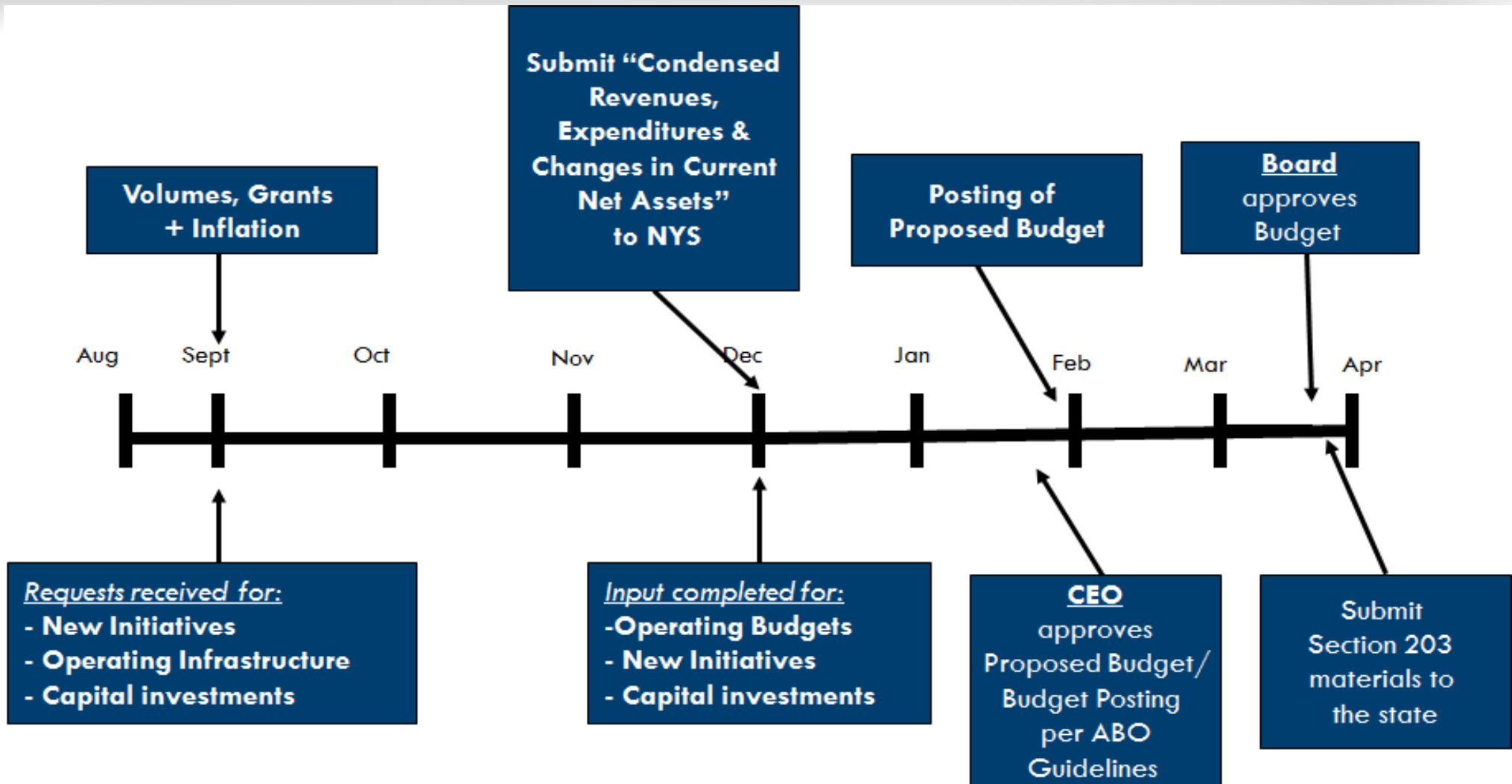
Pursuant to subdivision 2 of Section 403 of the Public Health Law, added by such chapter, the Department of Health, acting on behalf of the State, entered into an Operating Agreement with RPCI Corporation pursuant to which operating responsibility for the Institute was transferred to RPCI Corporation 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 0.2%
 - Days 0.3%
 - Outpatient Visits 6.4%
 - 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 FY26 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) = 14%
 - Medical supplies, office supplies, purchased services = 3.0%; Blood supplies = 3.5%

- 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
- 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) FY24	Current Year (Estimated) FY25	Proposed Budget FY26	Proposed FY27	Proposed FY28	Proposed FY29
REVENUE & FUNDING SOURCES						
<i>Operating Revenues</i>						
Charges for Services	\$ 1,043,842	\$ 1,141,661	\$ 1,264,353	\$ 1,389,649	\$ 1,488,895	\$ 1,574,284
Other Operating revenues	31,933	27,627	27,714	31,107	30,920	30,832
<i>Non-operating Revenues</i>						
Investment earnings	19,453	23,120	14,663	16,912	18,365	18,666
State subsidies/grants	106,767	110,767	112,767	106,767	106,767	106,767
Federal subsidies/grants	1,157	—	—	—	—	—
<i>Proceeds from the issuance of debt</i>	—	—	130,000	—	—	—
Total Revenues and Funding Sources	\$ 1,203,152	\$ 1,303,175	\$ 1,549,497	\$ 1,544,435	\$ 1,644,947	\$ 1,730,549
EXPENDITURES						
<i>Operating expenditures</i>						
Salaries and Wages	\$ 419,870	\$ 448,951	\$ 493,269	\$ 513,452	\$ 537,637	\$ 564,123
Other Employee Benefits	120,363	139,925	157,028	166,644	177,460	189,674
Professional Services and Contracts	148,812	166,685	164,774	166,583	182,865	189,120
Supplies and Materials	472,721	533,918	593,018	645,754	695,939	736,940
Other operating expenditures	6,839	8,659	10,732	11,485	12,103	12,499
<i>Non-operating expenditures</i>						
Payment of principal on bonds and financing arrangements	16,744	14,202	24,721	5,359	5,634	5,923
Interest and other fiscal charges on debt	2,852	2,209	5,734	9,236	8,595	7,872
Capital asset outlay	103,105	64,896	75,095	54,066	64,565	56,798
Total Expenditures	\$ 1,291,307	\$ 1,379,445	\$ 1,524,371	\$ 1,572,578	\$ 1,684,798	\$ 1,762,948
Capital Contributions	9,428	9,700	17,809	25,765	—	250
"Excess (deficiency) of revenues and capital contributions over expenditures"	\$ (78,727)	\$ (66,570)	\$ 42,935	\$ (2,379)	\$ (39,851)	\$ (32,150)

Cash Flow Projections

(in millions)

203.5(h)

	Projected FY25	Budgeted FY26	Budgeted FY27	Budgeted FY28	Budgeted FY29
Excess/(Deficiency) of revenues and capital contributions over expenditures	\$ (66.6)	\$ 42.9	\$ (2.4)	\$ (39.9)	\$ (32.1)
Other Changes in Unrestricted Cash	(47.6)	20.0	(17.7)	(36.6)	(10.0)
Cash Impact from Operations	\$ (114.1)	\$ 63.0	\$ (20.0)	\$ (76.5)	\$ (42.2)

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

203.5(d)

	FY25 Projected	FY26 Budget	FY27 Budget	FY28 Budget	FY29 Budget
Volume Statistics					
Admits	6,082	6,093	6,614	6,719	6,825
Days	46,394	46,554	49,978	50,776	51,575
Visits	326,926	347,949	361,949	371,539	376,468
Direct Patient Service Revenue					
RPCI IP Revenue	\$ 285,216	\$ 303,962	\$ 337,167	\$ 354,218	\$ 373,526
RPCI OP Revenue	704,848	798,339	878,681	951,743	1,012,693
Other	78,776	88,008	89,510	91,105	92,741
RPCI Total	\$ 1,068,840	\$ 1,190,309	\$ 1,305,358	\$ 1,397,066	\$ 1,478,960
CPP IP Revenue	\$ 24,770	\$ 25,203	\$ 27,902	\$ 29,225	\$ 30,850
CPP OP Revenue	66,281	71,852	77,086	81,687	85,734
CPP Total	\$ 91,051	\$ 97,055	\$ 104,988	\$ 110,912	\$ 116,583
Total Direct Patient Service Revenue	\$ 1,159,891	\$ 1,287,364	\$ 1,410,346	\$ 1,507,978	\$ 1,595,543
Other RPCI Patient Service Revenue	\$ 5,809	\$ (2,609)	\$ (2,725)	\$ (2,843)	\$ (4,163)
Other CPP Patient Service Revenue	670	725	725	725	725
Total Other Patient Service Revenue	\$ 6,479	\$ (1,884)	\$ (2,000)	\$ (2,118)	\$ (3,438)
Total Net Patient Service Revenue	\$ 1,166,370	\$ 1,285,480	\$ 1,408,346	\$ 1,505,860	\$ 1,592,105
RPCI Provision for Bad Debts	\$ 24,813	\$ 23,538	\$ 21,191	\$ 19,575	\$ 20,561
CPP Provision for Bad Debts	2,276	1,213	1,312	1,386	1,457
Total Provision for Bad Debts	\$ 27,089	\$ 24,751	\$ 22,503	\$ 20,961	\$ 22,018
Total Net Patient Service Revenue Net of Provision for Bad Debt	\$ 1,139,281	\$ 1,260,729	\$ 1,385,843	\$ 1,484,899	\$ 1,570,087
Grants and Contracts	2,381	3,625	3,806	3,996	4,196
Total Charges for Services	\$ 1,141,661	\$ 1,264,353	\$ 1,389,649	\$ 1,488,895	\$ 1,574,284

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

203.5(d)

<u>(in thousands)</u>	FY25	FY26	FY27	FY28	FY29
	Projected	Budget	Budget	Budget	Budget
Cafeteria	\$ 1,755	\$ 1,773	\$ 1,791	\$ 1,809	\$ 1,827
Parking	2,900	2,900	2,929	2,958	2,988
Rebates (VHA)	3,000	3,000	3,030	3,060	3,091
Other Operating Revenues (PC's/JV's)	9,211	8,296	8,335	8,374	8,414
Network Affiliations, Agreements & Partnerships	4,051	5,172	5,244	5,317	5,391
LSB - UB Reimbursement	1,200	1,200	1,212	1,224	1,236
New Programs funded through Alliance	2,048	2,073	3,053	2,713	2,282
WNY Partnership/Rest of NY Initiatives	2,169	2,566	2,591	2,617	2,643
State Funding (ESD)	—	—	1,986	2,085	2,189
All Other	1,292	733	936	762	771
Projected Operating Revenues	\$ 27,627	\$ 27,714	\$ 31,107	\$ 30,920	\$ 30,832

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

203.5(e)/203.5(f)

	FY25 Projected	FY26 Budget	FY27 Budget	FY28 Budget	FY29 Budget
Salaries					
Salaries and Wage Costs	\$ 448,951	\$ 493,269	\$ 513,452	\$ 537,637	\$ 564,123
TOTAL Personnel Service Expense	\$ 448,951	\$ 493,269	\$ 513,452	\$ 537,637	\$ 564,123
Fringe					
NYS Pension Expense & TIAA CREF	\$ 39,200	\$ 46,268	\$ 47,776	\$ 49,570	\$ 51,908
Health Insurance: Active	40,043	44,363	48,799	53,679	59,047
Health Insurance: OPEB Payments	17,582	18,988	20,507	22,148	23,920
Other Fringe	43,100	47,409	49,561	52,062	54,799
TOTAL Fringe Expense	\$ 139,925	\$ 157,028	\$ 166,644	\$ 177,460	\$ 189,674
Non Personnel Service Operating Expense					
Professional Services & Contracts	\$ 166,685	\$ 164,774	\$ 166,583	\$ 182,865	\$ 189,120
Pharmaceuticals	\$ 430,236	\$ 488,511	\$ 534,586	\$ 578,954	\$ 615,135
Medical, Blood, Other Supplies	103,682	104,507	111,168	116,985	121,805
Supplies & Materials	\$ 533,918	\$ 593,018	\$ 645,754	\$ 695,939	\$ 736,940
Other Operating Expenditures	\$ 8,659	\$ 10,732	\$ 11,485	\$ 12,103	\$ 12,499
TOTAL Non Personnel Service Expense	\$ 709,262	\$ 768,524	\$ 823,822	\$ 890,907	\$ 938,559

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

Reconciliation FY25 Budget to FY25 Projected (in millions)

203.6(f)

	<u>(in millions)</u>
Excess (Deficiency) Revenues over Expenses (FY25 Budget)	\$ (87.2)
Clinical Margin (volume driven)	10.8
OPEB Cash Payment	(1.2)
Pension Cash Payment	(2.1)
Third Party Revenue (Medicare ICR Settlement/HCRA)	5.9
Timing of Capital & Strategic Investments	8.5
All Other	(1.3)
Excess (Deficiency) Revenues over Expenses (FY25 Projected)	\$ (66.6)

FY 2026 Budgeted # of FTE's and # of Employees

203.6(h)

<u>Functional Classification</u>	Total # Employees	Total # Full Time	Total # FTE's
Clinical / Clinical Research / Academic	2,682	2,363	2,484
Scientific / Academic	245	216	227
Administrative and Other	877	772	812
Total All Functional Areas	3,804	3,352	3,523

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	\$12.1M
Margin Optimization Initiatives	\$2.5M

The Institute is projecting non-recurring capital contribution revenues of approximately \$9.7M in FY25, \$17.8M in FY26, \$25.8M in FY27, \$0.0M in FY28 and \$0.3M in FY29. 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

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Borrowed Debt Outstanding

- 1 DASNY Debt issuance 7/13/2011
 - 2 DASNY Debt issuance 10/21/2016
 - 3 Capital lease obligations
- Debt outstanding at March 31st year end**

in Millions			
Proposed Budget FY26	Projection FY27	Projection FY28	Projection FY29
\$ 15.8	\$ 14.3	\$ 12.7	\$ 11.0

Scheduled Debt Service Payment

For the Year ending March 31

2025
2026
2027
2028
2029
2030-2034
Thereafter

in 000's			
Bonds		Capital Leases	
Principal	Interest	Principal	Interest
\$ 14,202	\$1,490	\$53	\$ 147
13,204	817	61	145
1,432	451	69	143
1,504	378	78	141
1,581	301	88	138
4,145	839	597	635
2,855	136	3,406	892
\$38,923	\$4,412	\$4,352	\$ 2,240

*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 FY26	Pledged Revenues	Debt Service Percent of Pledged Revenues
1 DASNY Debt issuance 7/13/11	\$ —	\$ 1,123,410	0.0%
2 DASNY Debt issuance 10/21/16	\$ 8,135	\$ 1,123,410	0.7%
Total	\$ 8,135		0.7%

*Pledged revenues are defined in accordance with RPCI bond documents

Capital Summary

(in 000's)

203.6(m)

	FY26 Budget
Facilities and Infrastructure	\$ 24,246
Clinical, Scientific & Administrative Equipment	32,595
Information Technology	18,254
Total Capital Expenditures	\$ 75,095

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.

Chief Financial Officer
Roswell Park Cancer Institute Corporation

Presented to The Roswell Park Board of Directors on March 26, 2025
Approved by the Board of Director's on March 26, 2025