



New York City Council Hearing

FY25 Preliminary Budget Hearing

Committee on Hospitals

Mitchell Katz, MD

President and Chief Executive Officer

NYC Health + Hospitals

March 5, 2024

Good afternoon Chairperson Narcisse, and members of the Committee on Hospitals. I am Dr. Mitchell Katz, primary care physician and President and CEO of NYC Health + Hospitals (Health + Hospitals). I am joined today by John Ulberg, Senior Vice President and Chief Financial Officer at Health + Hospitals, and Dr. Patsy Yang, Senior Vice President at NYC Health + Hospitals for Correctional Health Services (CHS).

I am happy to be here to report on our finances for Fiscal Year 2025. Health + Hospitals is the largest municipal health care system in the country, serving over 1 million New Yorkers annually. Our integrated system includes 11 acute care hospitals, 5 post-acute facilities, the Gotham Health network of clinics across the 5 boroughs, and MetroPlus, our subsidiary health plan. Every day, our 40,000 employees live our mission of providing high quality health care services with compassion, dignity, and respect to all, regardless of income, gender identity, race, sexual preference, or insurance status.

Accomplishments

Health + Hospitals has seen considerable advancements in our ongoing transformation efforts. I am proud of the strides we have made and the success our health system has attained. These achievements are a reflection of the dedication and hard work of our staff, who consistently provide our patients with respectful and compassionate care.

Among other successes, we have:

- Connected 300 patients to permanent housing through “Housing for Health” last year.
- Converted medical units utilized during COVID back to psychiatric units – and we are on track to have nearly 1,000 psychiatric beds online.
- Expanded our services for survivors of domestic violence by bringing behavioral health services to the city’s domestic violence shelter system, providing on-site services to adults and children.
- Earned Medicare shared savings for reducing cost and providing high quality care for patients through its Accountable Care Organization (ACO).
- Continued to grow Virtual ExpressCare, which launched telehealth abortion access – becoming the first public health system in the nation to do so.
- Made critical system investments, including opening the:
 - Ruth Bader Ginsburg Hospital on the campus of NYC Health + Hospitals/South Brooklyn Health; and
 - The first ever reentry service center on Rikers Island, a resource hub for the hundreds of people who are released from Rikers each year as well as members of the public and staff.
- CHS, in partnership with Premier Wireless & T-Mobile, distributed 284 free smartphones and plans to vulnerable New Yorkers upon their release from jail to help them remain engaged in health care and to stay connected to their loved ones.
- Broke ground on a new housing development on the NYC Health + Hospitals/Woodhull campus that will have 93 apartments, including 56 units of supportive housing for our patients.

- Our MetroPlus Health plan membership grew to over 750,000 members.
- NYC Care enrollment reached over 125,000 members – up 382% from the program’s first year and surpassing the original enrollment goal of 100,000 members.
- NYC Health + Hospitals/ Seaview was ranked the #1 Nursing Home in New York State by Newsweek.
- Nine NYC Health + Hospitals sites were recognized by Planetree International for excellence in person-centered care for the first time.
- Distributed \$1 million in debt relief to 27 behavioral health providers in exchange for a three-year commitment to serving our health system.
- Played a critical role in the asylum seeker response through our operation of the 24/7 arrival center at Roosevelt Hotel, which has completed over 117K intakes, including clinical exams for every person entering the system.

Financial Performance YTD

Health + Hospitals has closed the first quarter of FY24 with a positive net budget variance of \$49M (1%) due to continued increases in inpatient and outpatient volume and overall improved cash performance, including higher revenue collectability. Our FY25 Preliminary cash plan is largely consistent with our recent performance, though we are anticipating an operating gain of \$69M in FY24 (a 1% positive).

Our Strategic Initiatives associated with revenue cycle improvements, managed care contracting improvements, and value-based payments also remain on track.

Through September, they have generated \$217 million in revenue and we are on target with our full year goal of \$1.08 billion.

FY25 Preliminary Financial Plan

Our December closing cash was nearly \$500 million (18 days cash-on-hand), a position only slightly below our average cash position through the fiscal year. We have continued to work closely with our State and federal partners to receive prior and current-year payments that we are owed to maintain our stable cash position.

As we look at our Preliminary Financial Plan, our overall fiscal picture remains stable thanks to the continued great work of our staff. In reviewing our long-term outlook, we continue to believe that we are well-positioned, but we remain constantly vigilant of external risks, including expected timing of federal reimbursements, Medicaid recertification, ongoing cost pressures related to inflation and staffing pressures, and federal Disproportionate Share Hospital (DSH) cuts. We will continue to work closely with our City, State, and federal champions, while we implement our major internal Strategic Initiatives to shore up our financial position. Our Strategic Initiatives – which includes increasing patient care access, growing revenue through improved revenue cycle performance and reimbursement through insurance plan negotiations, and contracting savings – are projected to produce between \$2.2 and \$2.3 billion annually in each year.

We are also in the midst of advocating aggressively for equitable access to State funding and Medicaid rate increases as well as funding specifically, for essential safety net hospitals like NYC Health + Hospitals. We are thankful to our champions

in Albany, including State Senate Health Chair Gustavo Rivera and the Assembly Health Chair Amy Paulin, plus so many of the State Senators and Assembly Members who represent our facilities. We are also fortunate to work closely and productively with the executive branch, particularly the State Department of Health. We are also, of course, grateful to so many of you, our Council Members, who stand with us to serve our system and communities. State funding is critically important to us in our efforts to strengthen NYC Health + Hospitals.

As we look to the out years, we expect to continue to face some internal challenges and external risks. As a result, we currently project small operating losses of \$51 million and \$49 million in FY25 and FY26, respectively. By FY27 and FY28, we will be facing multiple years of Medicaid Disproportionate Share Hospital (DSH) cuts as well as further headwinds, which result in expected losses of \$288 million and \$416 million, respectively. We will continue to push for increasing internal Strategic Initiatives and we also ask the Council for their continued strong advocacy on our behalf increasing Medicaid reimbursement rates and to fight the continued delay or elimination of these harmful cuts, slated to begin March 22, 2024.

Thank you for the opportunity to testify before you today and I look forward to taking your questions.