



New York City Council Hearing

FY26 Preliminary Budget Hearing

Committee on Hospitals

Mitchell Katz, MD

President and Chief Executive Officer

NYC Health + Hospitals

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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 pleased to be here to share an update on our financial performance for Fiscal Year 2026. As the largest municipal health care system in the country, Health + Hospitals is proud to serve over 1 million New Yorkers each year. Our integrated system includes 11 acute care hospital sites, 5 post-acute facilities, the Gotham Health network of clinics across the 5 boroughs, our Correctional Health Services, and MetroPlus, our subsidiary health plan. Every day, our 40,000+ employees bring our mission to life, delivering high quality health care services with compassion, dignity, and respect to diverse communities, including historically marginalized populations. We care for NYC. No Exceptions. I am proud to say that today H+H continues to offer essential services to all New Yorkers, such as gender-affirming care, abortion services, and critical support to our immigrant communities.

Accomplishments

Over the past year, Health + Hospitals has made significant advancements. I am incredibly proud of the progress we've achieved and the success our health system continues to build upon. Every accomplishment reflects the unwavering dedication and tireless efforts of our team, who consistently ensure that our patients receive respectful and compassionate care.

Among other successes, we have:

- Hired over 3,000 new union nurses since March 2023, replacing many agency nurses;
- Connected 375 patients to permanent housing through “Housing for Health” in 2024;
- Provided short-term housing and access to medical care to nearly 290 patients through our medical respite program;
- Broken ground on a new Gotham clinic in Far Rockaway, Queens that will serve 20,000 patients once open;
- Completed construction of the Bellevue Outposted Unit where CHS has already put in place staffing and support services;
- Earned \$6.1M in Medicare shared savings for reducing cost and providing high quality care for patients through our Accountable Care Organization (ACO);
- Completed the expansion of the Lifestyle Medicine Program for a total of 7 sites systemwide that together can serve 4,000 patients a year;
- Begun opening 16 school-based mental health clinics in NYC Public Schools to serve over 6,000 students across the Bronx and Central Brooklyn
- Completed the construction of a new floodwall at Metropolitan Hospital to protect against the next Superstorm Sandy;
- Opened 20 new wellness rooms where staff can decompress during the workday and participate in wellness activities;

Additionally:

- All 18 eligible H+H facilities earned the “LGBTQ+ Healthcare Equality Leader” designation by the Human Rights Campaign Foundation’s Healthcare Equality

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- NYC Care celebrated its five-year anniversary with over 140,000 members enrolled in the program;
- All 11 of our hospitals were recognized by US News & World Report as a “Best Regional Hospital for Equitable Access”.
- Four of our hospitals – Bellevue, Elmhurst, Lincoln, and Woodhull – were ranked by US News & World Report magazine as high performing for uncomplicated pregnancies;
- NYC Health + Hospitals/ Seaview was again ranked the #1 Nursing Home in New York City by Newsweek;

Financial Performance YTD

Health + Hospitals has closed the first half of FY25 with a positive net budget variance of \$134M (1%) due to continued increases in inpatient and outpatient volume and Medicaid rate increases.

Our Strategic Initiatives associated with revenue cycle improvements, managed care contracting improvements, and value-based payments also remain on track. We have made key progress in reducing denials, improving our clinical documentation process, and enhancing our financial counseling efforts.

Our January 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.

Though we are very proud of the work our Finance and Revenue Cycle teams do, we are always mindful of our thin margins and limited resources, and we thank you for your support.

FY26 Preliminary Financial Plan

As we look at our Preliminary Financial Plan, our overall fiscal picture remains stable thanks to the continued great work of our staff. Our FY26 preliminary cash plan is largely consistent with our recent performance as we are currently projecting an operating gain of \$111M in FY25 (a 1% positive) followed by operating gain of \$213 million in FY26 (a 2% positive).

In reviewing our long-term outlook, we continue to believe that we are well-positioned, but we remain constantly vigilant of external risks, including federal Medicaid Disproportionate Share Hospital (DSH) cuts, the expected timing of federal reimbursements, and new not-yet identified risks that we may face in Medicaid and other funding areas. We will continue to work closely with our City, State, and federal champions, while also continuing to shore our financial position through the implementation of our Strategic Initiatives. 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 \$1.6 and \$2.5 billion in each year.

As we look to the out years, we expect to continue to face some internal challenges

and external risks, similar to what we have faces in previous years. As a result, we currently project small operating losses of \$202 million and \$342 million in FY27 and FY28, respectively. By this time, we will be facing multiple years of federal Medicaid DSH cuts as well as further cost pressures that are currently projected to outpace the growth in reimbursement rates. We have worked to mitigate these actions through the growth in our Supplemental Medicaid and internal Strategic Initiatives and we also ask the Council for their continued advocacy on our behalf, to fight the continued delay of these harmful cuts, slated to begin April 1, 2025, and to protect Medicaid more broadly.

We are also in the midst of advocating aggressively for equitable access to State funding and Medicaid rate increases and to stave off funding cuts. We are thankful to our champions in Albany and, 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.

Through every challenge – whether from shifting political landscapes or unforeseen crises – our commitment to New Yorkers remains unwavering. We stand steadfast in our mission, ensuring that every decision we make is rooted in what is best for our patients. We will continue to provide the highest standard of care, guided by compassion, integrity, and an unshakable dedication to doing what’s right.

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