



New York City Council Hearing

FY27 Executive Budget Hearing

Committee on Hospitals

Mitchell Katz, MD

President and Chief Executive Officer

NYC Health + Hospitals

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Good afternoon Chairperson Narcisse, Chairperson Lee and members of the Committee on Hospitals and Finance. 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).

Health + Hospitals' Executive Plan builds on our January Plan as we continue to exhibit fiscal stability despite ongoing challenges and uncertainty, especially externally. Most notably, this includes navigating the upcoming implementation of major, harmful provisions of H.R. 1. We are continuing to maintain high levels of fiscal discipline through efforts to find and implement efficiencies, and in order to mitigate the impact of pressures such as continued healthcare inflation growth. We continue to evaluate the financial and programmatic impact of the newly enacted SFY26-27 State budget.

In our Executive Plan, we project that we will close FY26 with a closing cash balance of approximately \$784 million, or approximately 22 days cash-on-hand, and with a positive operating margin of \$134 million (1%) for the year, all in line with our historical performance.

Looking at our additional metrics, I can report the following good news:

- Our direct patient care revenue through February are \$60 million higher than the same period in FY25 continuing the pace of positive performance.
- Our Strategic Financial Initiatives remain on track and we are on target to

achieve our \$472 million incremental target for FY26.

I am also very proud to share that we've been able to hire an additional 200 nurses since the start of FY26, resulting in the System now employing nearly 10,800 full- and part-time nurses. This is the types of critical investments that allows us to serve our patients and support our staff, and it's an important example of why we work so hard to maintain our positive budget trends.

In the Executive Budget, we were grateful to receive funding related to our Correctional Health Services and Maternal Morbidity and Mortality reduction initiatives, among other initiatives.

Nonetheless, as we said last year, there still remains major external uncertainty at the state and federal levels. Our team is assessing the impact of the newly enacted State budget but we can share that we are grateful to our champions and partners in Albany for their support to preserve coverage for many but not all Essential Plan enrollees and for additional investments with a continued focus on quality and value-based care. We look forward to the State's responses to challenges due to the implementation of H.R. 1 at the federal level, which includes the elimination of Essential Plan 5, and more cumbersome work and recertification requirements for Medicaid enrollees, and we look forward to working with them and other partners to solve these problems created by Federal legislation

As we look to the out years, we are experiencing the full ramp-up of the deleterious H.R. 1 provisions, resulting in operating losses in FY28-FY30. I am deeply concerned that these harmful cuts will be damaging to our patients, staff, and facilities, and

we thank the Council for their continued strong advocacy on our behalf to fight the against these harmful cuts. We are grateful for all of the support you have already given us.

Of course, HR 1 is not our only concern. Day to day, we also continue to contend with the challenges of our physical plant and infrastructure needs. We are grateful to so many of you and other elected officials for your financial support for our capital needs, which are always top of mind for us.

I want to reiterate that despite any external challenges, 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.

I am grateful to these Committees for your tremendous support of NYC Health + Hospitals. I am happy to answer any questions you may have.