



Fiscal 2009 Preliminary Budget Hearings

Health & Hospitals Corporation (Capital)

March 2008

*Hon. Christine C. Quinn
Speaker of the Council*

*Hon. David I. Weprin, Chair
Committee on Finance*

*Hon. Joel Rivera, Chair
Committee on Health*

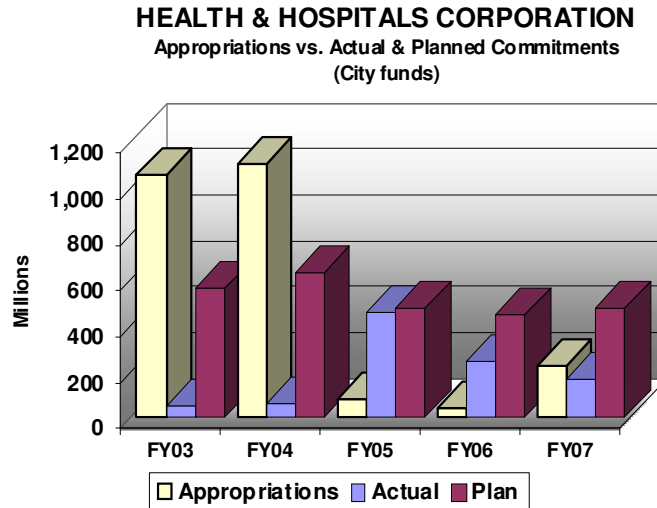
*James Caras, Acting Director
Finance Division*

Fiscal 2009 Preliminary Capital Budget Report

Agency Overview

The Health and Hospitals Corporation (HHC), a public benefit corporation, is the successor entity for the Department of Hospitals and is the sole operator of New York City's municipal hospital system. HHC's responsibilities extend to the provision of comprehensive medical, mental health, and substance abuse services to residents of the City regardless of their ability to pay.

Under a 1992 financial agreement signed with the City, HHC has the authority to develop a consolidated annual expense and revenue budget, which is then approved by HHC's Board of Directors and subsequently by the City. The agreement allows HHC to develop non-city funding sources for new programs and allows for the retention of any surpluses during a fiscal year. Additionally, the agreement provides for payment of the City's tax levy to HHC in a lump sum thereby indemnifying the Corporation against changes in the City's budget during a fiscal year.



HHC leases its facilities and equipment from the City at a cost of \$1 per year. The corporation operates 11 acute care hospitals; 4 long-term care facilities; 6 diagnostic and treatment centers; a certified home health agency; and more than 100 community-based health clinics. During the course of Fiscal 1998, HHC integrated 39 child health clinics, 7 Communicare clinics, 16 fixed oral health clinics, and 32 portable health clinics into the Corporation's regional facilities networks.

As of 1996, HHC no longer operated the citywide Emergency Medical Services (EMS). HHC is also the lead agency in developing and providing comprehensive primary care services via the City's Communi-care and managed care health initiatives. HHC also operates some facilities, which are financed by the New York State Housing Finance Agency (HFA) and leased to the City on behalf of HHC.

HHC's capital program primarily consists of major construction of Kings County Campus Modernization Phase II, III and IV, Coney Island Hospital New Bed Tower, Jacobi Medical Center Acute Care Facility Modernization, Queens Hospital Phase II (The New Ambulatory Care Pavilion), Major Modernization of Harlem Hospital Center, Gouverneur Health Care Services and the OCME DNA Lab construction on the Bellevue Campus.

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Current Budget Summary

The January 2008 Capital Commitment Plan includes \$905.9 million in Fiscals 2008-2011 for the Health and Hospitals Corporation (including City and Non-City funds). This represents 1.7 percent of the City's total \$52.5 billion January Plan for Fiscals 2008-2011. The agency's January Commitment Plan for Fiscal 2008-2011 remains unchanged since the September plan.

Over the past five years Health & Hospitals Corporation has only committed an average of 37.5 percent of its annual capital plan. Therefore, it is assumed that a large portion of the agency's Fiscal 2008 capital plan will be rolled into Fiscal 2009 thus greatly increasing the size of the Fiscal 2009-2012 capital plan. Since adoption last June, the Capital Commitment Plan for Fiscal 2008 has showed no change, remaining at \$544.1 million.

Currently the Health & Hospitals Corporation appropriations total \$398.1 million in city-funds for Fiscal 2008. These appropriations are to be used to finance the Health & Hospitals Corporation \$482.3 million city-funded Fiscal 2008 Capital Commitment program. The agency is short by 17.5 percent from meeting its entire capital commitment program for the current fiscal year, but will be addressed at the Executive Budget.

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The Health and Hospitals Corporation's capital commitments for the last five years are shown below:

FIVE YEAR HISTORY - CAPITAL BUDGET (\$ in millions)					
	FY03	FY04	FY05	FY06	FY07
CITY	50	58	451	243	167
NON-CITY	0	0	0	0	0
TOTAL	50	58	451	243	167

The Adopted Four-Year Capital Plan is shown below:

ADOPTED CAPITAL BUDGET – SEPTEMBER 2007 (\$ in millions)					
	FY08	FY09	FY10	FY11	FY's 08-11
CITY	544.1	124.0	101.5	136.3	905.9
NON-CITY	0	0	0	0	0
TOTAL	544.1	124.0	101.5	136.3	905.9

The Preliminary Four-Year Capital Plan is shown below:

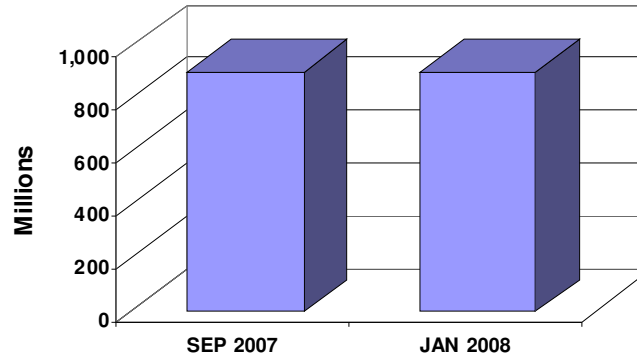
PRELIMINARY CAPITAL PLAN – JANUARY 2008 (\$ in millions)					
	FY08	FY09	FY10	FY11	FY's 08-11
CITY	544.1	124.0	101.5	136.3	905.9
NON-CITY	0	0	0	0	0
TOTAL	544.1	124.0	101.5	136.3	905.9

PRELIMINARY BUDGET HIGHLIGHTS:

- At the Fiscal Year 2008 Executive Budget hearings the addition of approximately \$300 million into the Health and Hospitals Corporation's (HHC) capital budget was discussed. These funds are spread out over the course of ten years and are to be used for Hospital-wide construction projects associated with ongoing maintenance and equipment purchases. The Administration felt it would be less expensive to pay for HHC capital projects with General Obligation (GO) bonds instead of the usual HHC bond proceeds. In an effort to be more transparent, HHC has since divided the projects into two categories, planned and active. Overall, active projects total \$92.3 million and planned projects total \$213.5 million. Some active projects include:

HEALTH & HOSPITALS CORPORATION

September 2007 vs. January 2008
CAPITAL COMMITMENT PLANS



- **Kings County Hospital Center**
 - Exterior façade renovation Phase III (\$16 million)
 - Renovate “A” building both ground and first floor (\$4.7 million)
- **Jacobi Medical Center**
 - Renovate / Relocate Oncology & Infusion services departments (\$3.5 million)
 - Pediatric Renovation (\$2.2 million)
 - IT Equipment (\$5.2 million)
- **Metropolitan Hospital Center**
 - Elevator Modernization (\$2.6 million)
 - Replace Air Handling Units (\$2 million)
 - Renovate Adult CPEP Unit, Pediatric ER & Express Care (\$2.225 million)
- **Elmhurst Hospital Center**
 - Emergency Department Expansion and Renovation (\$4.9 million)

ONGOING MAJOR PROJECT HIGHLIGHTS:

- **Harlem Hospital Modernization**

- Renovate the existing Martin Luther King Pavilion, and construct a new pavilion on Lenox Avenue that will connect the King Pavilion, Lenox Avenue and the Ron Brown Ambulatory Care Pavilions to create a unified complex. Included in the modernization plan of the Harlem Hospital Center is the renovation of the inpatient bed tower; construction of a new FDNY Emergency Medical Service (EMS) garage, and the restoration of art murals located on the campus. This project is scheduled for completion sometime in 2009.

- **Gouverneur World Trade Center (WTC) Clinic**

- On September 20, 2007, HHC announced the opening of two new WTC clinics to be located at Gouverneur Healthcare Services and Elmhurst Hospital Center. These clinics will provide free treatment to people with 9/11-related illnesses, and will be available to anyone who lived, worked or went to school in Lower Manhattan and parts of Brooklyn, or who helped in the WTC cleanup process.

- **Kings County Hospital Center**

- The construction of a new Behavioral Health Center. A seven story, 300,000 square foot facility will be constructed to provide for 230 private and semi-private Inpatient Mental Health and Chemical Dependency beds, a new Psychiatric Emergency Center, and a wide range of outpatient and day treatment programs. The new Behavioral Health Center will replace and consolidate services now provided in seven older buildings on campus. Construction began in July 2005 and is scheduled for completion by the fall of 2008.

- **Jacobi Medical Center**

- Phase II of the Jacobi Medical Center modernization provides for a four-story, ambulatory care pavilion, connected to the main hospital by a galleria and courtyard. Services in building will include: Behavioral Health-Day Treatment, Oncology/Radiation Therapy, Pediatrics-Primary/Specialty Care, Ophthalmology, Physical & Occupational Therapy, Orthopedic Rehabilitation, HIV Care, and Dermatology. This project is scheduled for completion in 2008.