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Hearing on the Fiscal Year 2013 Executive Budget

Health and Hospitals Corporation

June 4, 2012

Latonia McKinney, Deputy Director
Pamela Corbett, Legislative Financial Analyst

Finance Division
Preston Niblack, Director
Jeffrey Rodus, First Deputy Director

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Health and Hospitals Corporation Agency Overview

The Health and Hospitals Corporation (HHC), the largest municipal hospital and health care system in the country, is a $6.7 billion public benefit corporation. HHC is the successor entity for the Department of Hospitals and it provides medical, mental health and substance abuse services through its 11 acute care hospitals, four skilled nursing facilities, six large diagnostic and treatment centers and more than 80 community and school-based clinics. All of these services are provided to New York City residents regardless of their ability to pay. HHC also provides specialized services such as trauma, high risk neonatal and obstetric care and burn care. Its acute care hospitals serve as major teaching hospitals and it operates a certified home health agency and a health maintenance organization, MetroPlus.

HHC is the single largest provider of health care to uninsured New Yorkers. One in every six New Yorkers receives health services at an HHC facility. In 2010, HHC served approximately 1.3 million patients, 477,957 of which were uninsured patients. The number of uninsured patients treated at HHC facilities has risen 20.6 percent since 2006.

The Corporation also provides emergency and inpatient services to New York City's correctional facilities' inmate population and conducts mental health evaluations for the family courts in the Bronx, Brooklyn, Queens, and Manhattan.

Of all hospitals in New York City, HHC hospitals provide:

- 76 percent of all uninsured patient general clinic visits, and 45 percent of all uninsured patient ER visits
- 36 percent of NYC's acute psychiatric admissions
- 24 percent of city's trauma admissions
- 25 percent of NYC's newborn deliveries (22,601)
- 25 percent of NYC's AIDS admissions
- 26 percent of NYC's substance abuse admissions
- 18 percent of hospital admissions in New York City but 33 percent of uninsured admissions
- 1 million skilled nursing home days
- 1.2 million Emergency Department visits
- 5.1 million outpatient visits and nearly 2 million primary care visits
- Of the 17 safety net hospitals in New York City, 11 are HHC hospitals

This report presents an analysis of HHC's Fiscal 2013 operating budget as proposed in the Executive Budget, including details of changes to the HHC's budget since the release of Preliminary Budget. Adjustments to the Fiscal 2103 Budget proposed in either the November 2011 Financial Plan or the Preliminary Fiscal 2013 Budget were reviewed in the March 24th Hearing Report to the Committee on Health. For a summary of these changes see Appendix 2.

Health and Hospitals Corporation Financial Summary

New York City Health & Hospitals Corporation

Executive 2013 Financial Plan

(in millions)

	Actuals 2011	Projected 2012	Projected 2013	Projected 2014	Projected 2015	Projected 2016
RECEIPTS						
Third Party Receipts						
Medicaid Fee for Service	1,395	1,246	1,261	1,302	1,326	1,352
Upper Payment Limit	1,359	875	637	612	612	612
Disproportionate Share	165	1,022	717	681	681	681
Pools	452	437	437	416	416	416
Medicaid Managed Care	1,154	1,137	1,148	1,157	1,192	1,228
Medicare Fee for Service	624	629	577	545	523	510
Medicare Managed Care	339	358	336	319	303	288
Managed Care Other	363	364	360	360	360	360
Subtotal: Third Party Receipts	***5,850***	***6,068***	***5,474***	***5,393***	***5,414***	***5,448***
City Services						
Prisoner/Uniformed Services (Subsidy)	53	23	20	20	20	20
Prisoner/Uniform Services (HRA Intracity)	0	29	33	33	33	33
Other City Services	7	6	7	7	6	6
Unrestricted City Subsidy	0	22	15	15	15	15
Direct City Funded Programs	1	2	5	5	5	5
Child Health	0	0	3	3	3	3
Outpatient Pharmacy	0	1	1	1	1	1
HIV Transfer	1	1	1	1	1	1
FTA Grant	0	0	0			
Homeland Security Grant	0	0	0	0	0	0
FEMA Disaster Relief	0	0	0	0	0	0
WTC - Bellevue Site	1	0	0	0	0	0
Nursing Training Initiative (CEO)	1	1	1	0	0	0
Medical Malpractice Transfer	17	17	17	17	17	17
Sexual Assault Response Team (SART) Grant	1	1	1	0	0	0
DOHMH Intracities	74	75	62	62	63	63
Other Intracities	8	7	8	8	8	8
Prior Year Intracities	21	22	0	0	0	0
Subtotal: City Services	***183***	***206***	***170***	***167***	***166***	***166***
Grants	124	103	141	125	125	125
FDNY/EMS	178	180	186	193	200	208

New York City Health & Hospitals Corporation

Executive 2013 Financial Plan

(in millions)

	Actuals 2011	Projected 2012	Projected 2013	Projected 2014	Projected 2015	Projected 2016
Other/Miscellaneous Receipts	159	155	157	159	161	163
Subtotal: Grants & Other	***461***	***439***	***484***	***477***	***486***	***496***
TOTAL RECEIPTS	**6,494**	**6,713**	**6,128**	**6,038**	**6,067**	**6,110**
DISBURSEMENTS						
Personal Services	2,526	2,499	2,550	2,563	2,595	2,628
Fringe Benefits	1,107	1,243	1,279	1,321	1,374	1,439
Other Than Personal Services	1,478	1,531	1,578	1,627	1,675	1,725
Malpractice	122	246	136	136	136	136
Affiliations	855	885	902	929	957	986
Other City Services and Charges	1	1	1	1	1	1
Subtotal: Disbursements	**6,089**	**6,405**	**6,446**	**6,577**	**6,739**	**6,915**
HHC Debt Service	94	94	96	98	93	85
City Debt Service	113	144	165	153	143	142
Subtotal: Debt Service	**207**	**238**	**261**	**251**	**236**	**227**
TOTAL DISBURSEMENTS	**6,295**	**6,643**	**6,707**	**6,828**	**6,975**	**7,142**
Operating Receipts Over/(Under) Disbursements	199	70	(579)	(790)	(908)	(1,032)
Capital Receipts Over/(Under) Disbursements	(11)	(20)	13	5	2	2
Corrective Actions						
HHC Savings Initiatives/Cost Containment	0		14	11	11	11
Restructuring	0		155	198	198	202
City Share of DSH Preservation	0	0	0	37	46	46
State and Federal Actions	0	0	125	325	625	725
Subtotal: Corrective Actions	***0***	***0***	***294***	***570***	***879***	***983***
Opening Cash Balance	**365**	**553**	**604**	**331**	**116**	**88**
Closing Cash Balance	**553**	**604**	**331**	**116**	**88**	**42**

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Projected Operating Deficit (Fiscal 2013 through 2016)

According to its January 2013 Financial Plan (cash), HHC anticipates a Fiscal 2013 operating loss of $579.2 million. Based on current conditions, this deficit is projected to grow to over $1 billion by Fiscal 2016. These substantial deficits are a function of the Corporation's declining revenue that falls short of supporting the Corporation's growing needs. There have been five consecutive years of state Medicaid rate cuts to HHC totaling approximately $500 million.

HHC is currently undertaking corrective actions to mitigate the gap. These corrective actions are comprised of cost containment initiatives and organizational restructuring, which is currently valued at $293.8 million in savings. HHC has taken significant action to reduce its expenses and increase revenue, achieving more than $480 million in cost containment and restructuring since 2009. Corrective actions are currently listed below the line of HHC's Operating Budget because many of these initiatives are still in the development stage. By Fiscal 2016, when these corrective actions have been fully implemented (and moved above the line), HHC expects to achieve an additional $983.3 million in annual savings.

While these corrective actions should be effective in curtailing much of HHC's growing deficit, they are not a panacea for sustaining HHC's overall long-term financial health. Adverse budget actions at the City, State and federal levels each continue to threaten HHC's long-term financial solvency and long-term sustainability. HHC's cost containment and restructuring efforts can only do so much to compensate for these additional losses in government funding.

Major Changes to HHC's Fiscal 2013 Executive Financial from HHC's Fiscal 2013 Preliminary Financial Plan

<u>Revenue</u>

- Medicaid fee for service (FFS) was taken down by another 4 percent. Medicaid FFS revenue was first reduced by 4 percent in the Fiscal 2013 Preliminary Plan, reflecting a continuing regional downward trend in discharges. This estimate is predicated on a reduction in actual visits. Medicaid FFS inpatient visits at HHC are down by 7 percent while Medicaid FFS outpatient visits declined by 23 percent. When weighted, overall Medicaid FFS visits have now declined by a cumulative 9 percent.
    - In general, there has been a regional trend in declining discharges. At this time, there is not enough information available to speculate.
- Disproportionate Share Hospital (DSH) payments went up by $20 million in Fiscal 2013 and $38 million in the outyears based on a re-estimate of DSH cap room.
- There is a slight upward shift in Medicaid Managed Care reimbursements based on actual collections, reflecting, in part, recent and ongoing statewide efforts to shift Medicaid enrollees into managed care.
- There's a slight adjustment in receipts for City services reflecting additional funds to support the administration of SNUG, an anti-gun violence program being implemented in 10 cities across the state, including New York City, and HHC's Sexual Assault Response Team (SART).

- Re-estimates for grants and other miscellaneous receipts usually either reflect changes in some of the underlying assumptions in the Corporation's forecasting formulae and/or a delay in receipts.

Expenses

- PS and OTPS savings achieved through HHC's restructuring plan were moved above the line in HHC's Fiscal 2013 Executive Financial Plan, reflecting HHC's continued effort to curb overall expenses. (Note: "Above the line" items are included in the Corporation's actual financial estimates while "below the line" items delineate initiatives that are being developed.) These adjustments largely reflect additional savings achieved from restructuring activities and initiatives.

- Fringe costs were re-estimated at a higher value reflecting a pension increase based on an actuarial evaluation, which is minimally offset by continued headcount reductions.

- Increases in affiliation estimates result from last minute settlements in the amount of $8.5 million by the end of the fiscal year. (Note: the preliminary plan estimates were on target.)

Corrective Actions

- Partial savings actually achieved from HHC's restructuring initiatives, originally valued at $100.4 million (as per HHC's Fiscal 2013 Preliminary Financial Plan), have been moved above the line and reflected in re-estimates for PS and OTPS expenses. The remaining balance of (or, unachieved) projected savings has been zeroed out and rolled in to the next fiscal year as the current fiscal year comes to an end.

- The line for Corrective "State and Federal Actions" functions as a target for the level of funds necessary to fully compensate for losses of funding at the State and federal levels due to major reforms, including State Medicaid Redesign and Federal Health Care Reform.

Fiscal 2013 Executive Budget Highlights

Budget Restoration

Restoration to the Sexual Assault Response Team (SART) Program. The Fiscal 2013 Executive Budget restores funding in the amount of $1.3 million for this program for Fiscal 2013 only. This item was initially recommended for elimination in last year's budget to help HHC to meet its Fiscal 2012 PEG target. Through negotiations with the Administration, the City Council was able to restore SART for Fiscal 2012; however, outyear restorations were excluded from the budget at Adoption last year.

- Impact estimate: The $1.3 million represents funding for the SART staff. Without this funding, victims of sexual assault may continue to receive services; however, they would have most likely experienced much longer wait times and they would have lost access to the specially-trained forensic examiners and rape crisis counselors. Victims would have been examined and assisted by doctors and nurses without the support of a specially trained team. HHC's acute care hospitals have risked losing their State designations as SAFE Centers of Excellence, and in turn, risked losing additional support.
- Program description: SART provides immediate state-of-the-art forensic and counseling services and allow for sexual assault victims to receive sensitive care within one hour of their arrival. SART programs, which operate around the clock, can minimize trauma to the victim and reduce the risk that evidence critical to law enforcement will be lost, damaged or overlooked.
- SART locations: SART is staffed by specially-trained forensic examiners and rape crisis counselors and is available at each of HHC's acute care hospitals:
    - Manhattan: Bellevue Hospital Center, Harlem Hospital Center and Metropolitan Hospital Center.
    - Bronx: Jacobi Medical Center, Lincoln Medical and Mental Health Center, North Central Bronx Hospital.
    - Brooklyn: Coney Island Hospital, Kings County Hospital Center, Woodhull Medical and Mental Health Center.
    - Queens: Elmhurst Hospital Center and Queens Hospital Center.

Program to Eliminate the Gap (PEG)

Reduction of Unrestricted City Subsidy.

- Background: This subsidy has been PEGed in previous budget cycles. If the Fiscal 2013 cut of $4.3 million is implemented, HHC will have lost more than half of the Fiscal 2010 adopted value of the subsidy (from $32.3 million to $15.3 million).
- Impact Estimate: Despite its multi-billion dollar operating budget, further reductions to this subsidy could very well impact HHC's bottom line. To absorb the loss of these funds, HHC will be forced to cut costs across its system, which could translate into service and/or headcount reductions.

- Description: This subsidy serves as a lump-sum appropriation to HHC in recognition of the financial challenges of serving uninsured and Medicaid patients. Payments associated with these particular services and patients do not cover the full costs of care and are not sufficient to meet HHC's financial needs.
- Rationale: The Administration gave HHC a PEG target; given its small PEGable base of $71 million, most of which funds mandated services, there was little else HHC could cut.

Major Budget Risks

State

- MRT Global Spending Cap Enforcement: The State's Enacted Budget for 2012-13 includes a cap of $15.9 billion on Department of Health Medicaid State expenditures.
    - The cap controls State Medicaid spending growth to no greater than 4 percent annually (although this threshold is subject to change) and grants the State Department of Health and the State Division of Budget the authority to prescribe targeted rate reductions and utilization controls to bring spending in line with or below the cap.
        - Given that the HHC system is a major Medicaid consumer, in the event the cap is pierced, it is possible that targeted spending cuts could be applied to the Corporation.
    - Total State Medicaid expenditures are teetering along the cap threshold.
        - They remain just under the Medicaid Global Spending Cap through January at $14 million or less than 0.1 percent below projections.
    - Medicaid enrollment continues to grow.
        - This will drive additional spending which, if unabated, could place more pressure on the global cap.
    - For more details, please consult the *March 19, 2012 Health and Hospitals Corporation Hearing Report to the Committee on Health*.
- State Charity Care Policy: The State needs to revise the distribution of the Indigent Care Pool funds to comply with federal funding priorities and thus minimize New York's cut to Federal Medicaid DSH payments.
    - The State's current distribution methodology is out of compliance with the federal government (e.g., it includes bad debt payments).
    - Beginning in October 2013, the federal government will distribute DSH allotments based on the State's number of uninsured and how the State treats hospitals with high Medicaid and uncompensated care volumes.
    - Until the State is in compliance, it will be at risk for losing substantial DSH funding beginning in 2014.
    - Marks the scheduled phase-in of DSH reductions.
    - For more details, please consult the *March 19, 2012 Health and Hospitals Corporation Hearing Report to the Committee on Health*.

Federal

- DSH Cuts: Congress keeps adding another year of DSH cuts in order to meet spending targets in proposals for balancing the federal budget.
    - To pay for insurance coverage expansion, as prescribed by federal healthcare reform, Medicaid DSH payments are slated to be cut by $14 billion over 10 years, beginning in fiscal year 2014 (October 2013).
    - Expanding the DSH cuts beyond 10 years will only exacerbate HHC's financial struggles as a substantial portion of its patient base is ineligible for coverage expansion and will therefore remain uninsured.

Fiscal 2013 Executive Budget Actions Summary

The Fiscal 2013 Executive Plan increased the Department's budget by $2.8 million, reflecting $1.3 million in PEG restorations and $1.5 million net increase in other adjustments.

Budget Actions in the Executive Plan

Dollars in Thousands

	FY 2012			FY 2013		
Dollars in Thousands	**City**	**Non-City**	**Total**	**City**	**Non-City**	**Total**
HHC Budget as of June 2011 Plan	**75,260**	**126,124**	**201,384**	**68,354**	**97,448**	**165,802**
Program to Eliminate the Gap (PEGs)						
None	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
PEG Restoration						
Restore SART Program	$0	$0	$0	$1,272	$0	$1,272
TOTAL, PEG Restoration	**$0**	**$0**	**$0**	**$1,272**	**$0**	**$1,272**
Other Adjustments						
CC Member Items	$167	$0	$167	$0	$0	$0
FY09 ESS Crash Carts		235	235		0	0
Medicaid Inmate Intra-City	0	0	0	(3,679)	3,679	0
IC W/ HHC - Correctional Health	0	1,651	1,651	0	0	0
IC W/ HHC - Harlem Hospital		(435)	(435)		0	0
IC W/ HHC - Patient Navigator		(20)	(20)		0	0
IC W/ HHC - Chemical Dependency		175	175		0	0
IC W/ HHC - Chemical Dependency		(175)	(175)		0	0
IC W/ HHC - CHS Salary		44	44		0	0
IC W/ HHC - Hip Hop Heals		300	300		0	0
Transfer YMI Funds to HHC		469	469		0	0
IC W/ HHC		2,284	2,284		2,284	2,284
OMH State Aid Letters	0	(1,628)	(1,628)	0	(1,472)	(1,472)
YMI HHC Transfer	0	0	0	710	0	710
TOTAL, Other Adjustments	**$167**	**$2,900**	**$3,067**	**($2,969)**	**$4,491**	**$1,522**
TOTAL, All Changes	**$167**	**$2,900**	**$3,067**	**($1,697)**	**$4,491**	**$2,794**
HHC Budget as of February 2012 Plan	**$75,427**	**$129,024**	**$204,451**	**$66,657**	**$101,939**	**$168,596**

Corrective Actions – Cost Containment and Restructuring Plan Update

Background

From Fiscal 2005 through Fiscal 2009, HHC encountered numerous financial challenges that have threatened its long-term financial solvency. Growth in employee fringe benefits (including pensions and health insurance costs) had outpaced other OTPS spending – a trend that still continues today. Within a three year span, HHC had sustained Medicaid cumulative cuts in the cumulative amount of $330 million – a figure that has grown to $500 million in Fiscal 2012. Medicaid claims, which comprise roughly 70 percent of HHC's revenues, were and continue to be reimbursed far below the actual cost of care. Elevated matching rates on Medicaid reimbursements via Supplemental Federal Medicaid Assistance Percentages (FMAP) phased out. Altogether, these factors have substantially contributed to projections of a growing unsustainable structural deficit. Despite these structural strains on HHC's operations, it continues to serve a growing number of uninsured patients.

On May 11, 2010, HHC released its restructuring plan, known as "The Road Ahead", which details a series of corrective actions designed to help reduce the Corporation's projected Fiscal 2011 $1.3 billion deficit over the next four fiscal years. The restructuring program delineates 39 distinct initiatives to achieve savings that would generate approximately $300 million annually when fully implemented. The full plan can be viewed at http://www.nyc.gov/html/hhc/downloads/pdf/hhc-road-ahead-report.pdf. A majority of the savings are designed to be achieved through reductions in personnel, which includes reducing HHC's workforce by approximately 3,750 positions, or a ten percent reduction, through layoffs and attrition. Other cost containment components of this plan involve reducing Other than Personal Services costs, improving payment collection, consolidating programs, streamlining contracting and closing a number of clinics with low patient volume.

Achievements to-date

Cost containment began in 2009 and included consolidating some primary care services into sites with the capacity to absorb more patients, improving the management and operations of ancillary services to reduce expenditures, and reducing the workforce through attrition. Many of these cost containment measures are already reflected in HHC's Fiscal 2013 Executive Financial Plan.

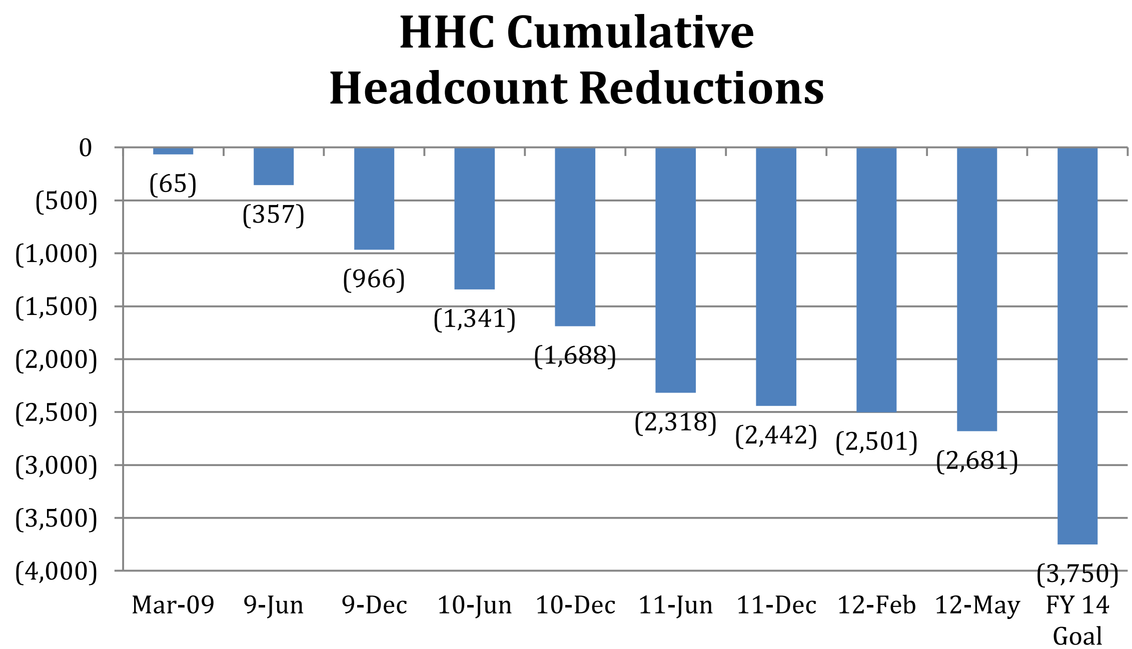
New York City Health and Hospitals Corporation
Overview of Major Cost Containment Initiatives
($ in Millions)

	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
HHC Program					
PS Attrition (FTE headcount reduction)	$125.0	$125.0	$125.0	$125.0	$125.0
MetroPlus Risk Savings	78.5	75.0	50.0	50.0	50.0
OTPS Savings	70.0	70.0	70.0	70.0	70.0
Improved Collections	77.7	77.7	77.7	77.7	77.7
Total	**$351.2**	**$347.7**	**$322.7**	**$322.7**	**$322.7**

Since 2009, HHC has achieved close to $830 million in accumulated savings through its preliminary cost containment initiatives (Fiscal 2010 savings: $210 million; Fiscal 2011 savings: $273 million). Full implementation of these cost containment initiatives will likely be achieved by Fiscal 2014.

Personal Services (Headcount Reduction)

As part of its corrective actions, HHC plans to reduce its workforce by a total of 3,750 full time employees (FTE) by the end of Fiscal 2014 (June 2015). HHC is well on its way toward achieving its overall headcount reduction target. Since February 2009, HHC has already trimmed its workforce by 2,681 full time employee (FTE) positions.



To help achieve these targeted headcount reductions, HHC has implemented a hiring freeze with exemptions for critical care, emergency and revenue generating positions. Requests for exemption for individual positions are submitted to HHC's Vacancy Control Board (VCB) for review. Positions are either approved or denied by the VCB and forwarded to the President for final review.

MetroPlus Risk Savings

HHC's risk agreement with MetroPlus yielded a $35 million surplus in Fiscal 2010 and is expected to generate an additional $40 million in savings to HHC for the upcoming Fiscal 2013. These savings were realized through more efficient provider contracting, increased utilization, quality review of inpatient services and aggressive management of Clinical Risk Group (CRG) acuity measures – which translate into increased revenue from the State Department of Health.

Other than Personal Services Expenditures

HHC continues to realize $70 million in annual savings through reduced spending on equipment and minor renovations, reducing inventory, negotiating better pricing on medical/surgical supplies and implementing tighter controls on travel and other non-essential other than personal services spending. Notably, the Corporation has discontinued the use of operating funds for capital eligible fixed assets.

Improved Collections

HHC has improved collections through its Breakthrough initiatives (an approach to performance improvement) to review charge capture (the capture of information for use in a medical claim document, a critical element of the overall revenue cycle) across the Corporation. Through hosting corporate-wide charge capture Rapid Improvement Events (RIEs) and through working with a consultant, Provider Consultant Solutions (PCS), on documentation, coding training and medical record reviews, this initiative continues to save HHC $77 million annually.

Other Corrective Actions – Supplemental Medicaid Maximization

In recognition of future supplemental Medicaid reductions (in DSH and UPL), last year HHC successfully lobbied the State of New York to include language in its budget allowing for New York City to draw down the full amount of DSH funding eligible for HHC so long as the City agrees to a 50 percent match with the federal government. This corrective action has since been incorporated into HHC's revenue budget:

NYC Health & Hospitals Corporation
***Cash Basis* – DSH Payment Revenues ONLY**
FY 2012 January Budget
($ in millions)

	Actuals FY2011	Projected FY2012	Projected FY2013	Projected FY2014	Projected FY2015	Projected FY2016
Disproportionate Share Hospital (DSH)						
Hospital	165.0	330.0	330.0	313.5	313.5	313.5
DSH Maximization	-	692.1	387.2	367.8	367.8	367.8
Total DSH Payment	**165.0**	**1,022.1**	**717.2**	**681.3**	**681.3**	**681.3**

It is important to note that while the City has so far agreed to the annual match it is also possible that future fiscal and political climates will compromise the City's ability to afford the match. Moreover, while HHC may be able to partially offset planned reductions in DSH subsidies with this optional drawdown, the City's ability to access these funds is also dependent upon the language written in the budget. This language could be subject to change; however, HHC has received no indication to believe potential changes would be in store for the near future.

Health and Hospitals Corporation Capital Budget Summary

The May 2012 Capital Commitment Plan includes $757 million in Fiscal 2012-2016 for the Health and Hospitals (including City and Non-City funds). This represents 1.9 percent of the City's total $39.52 billion Executive Plan for Fiscal 2012-2016. The agency's Executive Commitment Plan for Fiscal 2012-2016 is 0.3 percent greater than the $755 million scheduled in the Preliminary Commitment Plan, an increase of $2 million.

The majority of capital projects span multiple fiscal years and it is therefore common practice for an agency to roll unspent capital funds into future fiscal years. In Fiscal Year 2011, HHC committed $147 million or 65 percent of its annual capital plan. Therefore, it is assumed that a portion of HHC's Fiscal 2012 Capital Plan will be rolled into Fiscal 2013, thus increasing the size of the Fiscal 2013-2016 Capital Plan. Since adoption last June, the total Capital Commitment Plan for Fiscal 2013 has decreased from $188 million to $117 million, a decrease of $70.8 million or 37.7 percent.

Health and Hospitals Corporation 2012-2016 Commitment Plan: Preliminary and Executive Budget

Dollars in Thousands

	FY12	FY13	FY14	FY15	FY16	Total
Prelim						
Total Capital Plan	$554,163	$117,072	$31,068	$17,595	$35,104	**$755,002**
Exec						
Total Capital Plan	553,879	124,477	26,003	17,595	35,104	**757,058**
Change						
Level	($284)	$7,405	($5,065)	$0	$0	**$2,056**
Percentage	-0.1%	6.3%	-16.3%	0.0%	0.0%	**0.3%**

Capital Program Goals

- ✓ Major modernizations to replace or renovate aging facilities intended to improve market share, operational efficiencies and patient satisfaction;
- ✓ Satisfy regulatory requirements and/or correct code deficiencies;
- ✓ Rehabilitate building components and systems to improve safety, patient comfort and operations;
- ✓ Replace medical equipment; and
- ✓ Replace aging ambulance fleet for the FDNY/EMS.

Executive Budget Highlights

Major capital projects in the agency's Fiscal 2012 Executive Capital Plan for Fiscal 2012-2016 include the ongoing modernization of Harlem Hospital Center and Gouverneur Healthcare Services, as well as a new project at North General.

Harlem Hospital Center

Since Fiscal 2005, the City has committed a total of $305.7 million towards HHC's Harlem Hospital Center modernization project. This campus-wide effort began in the fall of 2005 and it involves the construction of a new Diagnostic, Treatment, Emergency and Critical Care Pavilion of approximately 195,000 square feet (Phase 1) and the build out of the emergency department (Phase 2).

Originally, this plan had included a project to renovate the Martin Luther King (MLK) Pavilion and then to connect the MLK Pavilion to both the newly constructed pavilion and the Ron Brown Ambulatory Care Pavilion. However, construction of the MLK pavilion has been put on hold as a result of budget cuts. Construction for the entire modernization project began in the fall of 2005. HHC reports that Phase 1 is 90 percent complete and is scheduled for completion in the summer of 2012. Phase 2 is in the process of bidding contracts and is scheduled for completion by March 2013.

Gouverneur Healthcare Services

Since Fiscal 2005, the City has committed $205.4 million to Gouverneur Healthcare Services for an ongoing major modernization and expansion project. This modernization includes the construction of a new 108,000 square foot ambulatory care pavilion and long-term care bed tower and the renovation of the existing building.

Gouverneur Healthcare Services, a long-term care nursing facility and the largest City-run community health center, began construction in September 2008 on a five-year modernization project that will expand primary and preventive care services, transform the clinical and residential environments, and create a larger, modern, 295-bed nursing facility to serve the Lower East Side and Chinatown community. Completion is expected by January 2014 and occupancy is expected by March 2014.

North General

A total of $263.6 million is included in the City's Plan for the consolidation and relocation of the Coler-Goldwater nursing home to North General Hospital in Harlem. The Coler-Goldwater Specialty Hospital and Nursing Facility is comprised of two campuses, the Coler campus on the north end and Goldwater campus on the south end. This project is four-fold. HHC will:

1. Renovate the existing North General Hospital in Harlem (by October 2013) and transition 201 Coler-Goldwater patients to the newly renovated site (by November 2013);
2. Construct a new 164-bed nursing facility on North General site;
3. Decant (removing all patients and programs from the facility) HHC's Goldwater site on Roosevelt Island south to prepare for use by Cornell University. Cornell will be responsible for the demolition of the physical plant and construct a 2 million square-foot applied science and engineering campus; and

4. Consolidate Roosevelt Island operations on its Coler site. The City has given Coler an additional $51 million to meet code requirements and replace essential building systems (e.g., sprinkler).

Integrated Clinical Information System (ICIS)

The ICIS is a multi-year initiative that will introduce a fully functional, fully integrated electronic medical record (EMR) throughout New York's public hospital network. With ICIS, every aspect of patient care, from an order for a pint of blood to the full record of a patient's stay in a long-term care facility, is electronically captured and stored, and instantly accessible whenever it's needed.

HHC has been planning this project for several years. The project stemmed in part from the realization that HHC's existing medical information software was not keeping pace with innovations in the wider health-care marketplace. With ICIS, HHC will have an electronic health record to meet the long-term needs of its patients and providers who care for them.

Appendix 1: City Council Fiscal Year 2012 Initiatives

City Council funding provides a portion of HHC's annual City-funds operating budget. In Fiscal 2012, the Council provided nearly $12 million in supplemental operating funds for child health clinics, primary care facilities, rapid HIV testing and mental health services. As Council funding is renegotiated annually and allocated on a one-time basis, it is not included in the Fiscal 2012 Preliminary Budget.

FY 2012 Council Changes at Adoption *Dollars in Thousands*	
HHC direct allocations	
HHC Developmental Evaluation Clinic Funding	$1,817
HHC Client Transportation	78
HHC Unrestricted Operating Subsidy	3,000
Subtotal, HHC direct allocations	**$4,895**
HHC (via DOHMH pass through)	
Child Health Clinics (HHC pass-through)*	$5,000
Rapid HIV Testing (HHC pass-through)*	2,000
Subtotal, HHC (via DOHMH pass through)	**$7,000**
TOTAL, HHC	**$11,895**

* City tax levy dollars for these services may be eligible for a state match

Appendix 2: Budget Actions in the November, February & Executive Plans

	FY 2012			FY 2013		
Dollars in Thousands	**City**	**Non-City**	**Total**	**City**	**Non-City**	**Total**
Agency Budget as of June 2011 Plan	**78,538**	**103,298**	**181,836**	**71,117**	**92,363**	**163,480**
Program to Eliminate the Gap (PEGs)						
Reduction to HHC's Unrestricted Subsidy	($1,545)	$0	($1,545)	($4,265)	$0	($4,265)
Council Restoration of HHC's Unrestricted City Subsidy	1,545	0	1,545	0	0	0
TOTAL, PEGs	**$0**	**$0**	**$0**	**($4,265)**	**$0**	**($4,265)**
PEG Restorations						
Restore SART Program	$0	$0	$0	$1,272	$0	$1,272
TOTAL, PEG Restorations	**$0**	**$0**	**$0**	**$1,272**	**$0**	**$1,272**
New Needs						
Young Men's Initiative: HHC Men's Health	$0	$0	$0	$500	$0	$500
TOTAL, New Needs	**$0**	**$0**	**$0**	**$500**	**$0**	**$500**
Other Adjustments						
CC Member Items	$167	$0	$167	$0	$0	$0
CTL Transfer - HHC to DOHMH	0	5,122	5,122	0	0	0
CEO: HHC Career Ladder Program	0	0	0	1,005	0	1,005
FEMA Reimbursement to HHC	0	13	13	0	0	0
FY09 ESS Crash Carts		235	235		0	0
HHC - Chronic Disease Smoking	0	100	100	0	0	0
HHC - SAMHSA Emergency Response	0	492	492	0	0	0
HHC CTL Takedown for IC	(3,278)	0	(3,278)	0	0	0
Homeland Security Grants	0	175	175	0	0	0
IC W/ HHC	0	5,889	5,889	0	5,889	5,889
IC W/ HHC - AOT	0	(300)	(300)	0	0	0
IC W/ HHC - Article VI Max	0	3,122	3,122	0	0	0
IC W/ HHC - CB	0	(5)	(5)	0	(5)	(5)
IC W/ HHC - CHS Salary		44	44		0	0
IC W/ HHC - Correctional Health	0	4,218	4,218	0	401	401
IC W/ HHC - Correctional Services	0	75	75	0	0	0
IC W/ HHC - Harlem Hospital	0	1,022	1,022	0	0	0
IC W/ HHC - Hip Hop Heals		300	300		0	0
IC W/ HHC - Metropolitan	0	82	82	0	0	0
IC W/ HHC - Patient Navigator	0	20	20	0	0	0
IC W/ HHC - Prophylaxis	0	10	10	0	0	0
IC W/ HHC - Queens Hospital	0	226	226	0	0	0
IC W/ HHC - Stop DWI	0	49	49	0	0	0
IC W/ HHC - Winston Temps	0	98	98	0	0	0
IC W/ HHC - AOT	0	2,895	2,895	0	0	0
IC W/ HHC - HIV Rapid Testing	0	(3,125)	(3,125)	0	0	0

	FY 2012			FY 2013		
Dollars in Thousands	**City**	**Non-City**	**Total**	**City**	**Non-City**	**Total**
Agency Budget as of June 2011 Plan	**78,538**	**103,298**	**181,836**	**71,117**	**92,363**	**163,480**
IC W/ HHC - HIV Rapid Test Kits	$0	$3,125	$3,125	$0	$0	$0
OASAS State Aid Letters	0	(99)	(99)	0	(99)	(99)
OMH State Aid Letters	0	(1,628)	(1,628)	0	(1,472)	(1,472)
Medicaid Inmate Intra-City	0	0	0	(3,679)	3,679	0
Transfer YMI Funds to HHC		469	469		0	0
YMI HHC Transfer	0	0	0	710	0	710
Other	0	3,101	3,101	0	1,179	1,179
TOTAL, Other Adjustments	**($3,278)**	**$25,726**	**$22,448**	**($1,964)**	**$9,572**	**$7,608**
TOTAL, All Changes	**($3,278)**	**$25,726**	**$22,448**	**($4,457)**	**$9,572**	**$5,115**
Agency Budget as of May 2012 Plan	**$75,260**	**$129,024**	**$204,284**	**$66,660**	**$101,935**	**$168,595**

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