



New York City Council

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Hearing on the Mayor's Fiscal Year 2011 Preliminary Budget

Health and Hospitals Corporation

March 18, 2010

Committee on Health

Hon. Maria del Carmen Arroyo, Chair

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Summary and Highlights

Dollars in Thousands

	2009 Actual	2010 Adopted	2010 Jan. Plan	2011 Jan. Plan	Difference 2010 – 2011*
Other than Personal Services	\$289,593	\$100,627	\$110,388	\$174,753	\$74,126
Table Total	\$289,593	\$100,627	\$110,388	\$174,753	\$74,126

*Variance between the Fiscal 2010 Adopted Budget and the Fiscal 2011 Preliminary Budget.

The City's portion of HHC's Fiscal 2011 Preliminary Budget is \$174.8 million, an increase of \$74.1 million from Fiscal 2010 or 42 percent. This increase reflects an \$85 million pre-payment of City's subsidies which is offset by the Programs to Eliminate the Gap (PEG) target. HHC's budget reduction target for Fiscal 2010 is \$3.4 million and \$8.2 million for Fiscal 2011. To meet this target HHC will increase its debt repayment to the City for agency-wide overhead costs.

Fiscal 2011 Preliminary Plan Highlights

The Department of Health and Mental Hygiene (DOHMH) proposes reductions that impact HHC for a number of programs and services. To help meet its budget reduction target of \$17.5 million in Fiscal 2010 and \$33.9 million in Fiscal 2011, DOHMH proposes to eliminate \$1.4 million in Fiscal 2010, and \$1.3 million in Fiscal 2011 and in the outyears to HHC including the following:

- **Reductions to Mentally Retarded and Developmentally Disabled (MRDD), Alcohol, Substance Abuse Programs.** The Preliminary Budget proposed to eliminate \$214,000 in Fiscal 2010 and \$753,000 in Fiscal 2011 and in the outyears by reducing funding to HHC for programs that report low levels of service or that can be provided more cost-effectively through other programs.

The reduction of \$214,000 in Fiscal 2010 includes:

- A \$160,980 reduction that will result in the elimination of the Independent Support Center (ISC) program at Gouverneur Health Care Services. The program performs mental health assessments and care coordination for approximately 150 mentally ill homeless patients at drop-in centers. The elimination of this program may result in increased emergency room visits and;
- A \$39,020 reduction in the direct patient care clinical subsidy. HHC clinics provide services to patients regardless of their ability to pay, and has not received a rate increase in over 12 years. The subsidy covers the losses at each of the clinics. The reduction of this funding will result in the loss of over 500 sessions per year for approximately 50 patients.

The reduction of \$753,000 in Fiscal 2011 and in the outyears includes:

- A \$353,000 reduction in the Harlem Hospital Out-Patient Chemical Dependency (OPCD) program, which would result in a decreased ability to provide care for approximately 1,336 visits for under and uninsured patients requiring OPCD services and;
 - A \$400,000 reduction to the Kings County Hospital Center's Developmental Evaluation Clinic. This reduction would result in the closure of the clinic, which serves 400 families and individuals.
- **Tobacco Control.** The Preliminary Budget proposes to eliminate \$213,000 in Fiscal 2010 by reducing the distribution of 2,100 nicotine replacement therapy kits at 17 HHC facilities and community cessation programs.
 - **Child Health Clinics.** The Preliminary Budget proposes to eliminate \$168,000 in Fiscal 2010 and \$337,000 in Fiscal 2011 by reducing funding for child health clinics by four percent in Fiscal 2010 and eight percent in the outyears.
 - **HIV Testing.** The Preliminary Budget proposes to eliminate \$125,000 in Fiscal 2010 from the \$2 million the Council designated in the Fiscal 2010 Adopted Budget for the Rapid HIV Testing initiative. The funding was included for the expansion of HHC's HIV rapid testing and counseling services at public hospitals and clinics.
 - **HIV Contracts.** The Preliminary Budget proposes to eliminate \$216,000 in Fiscal 2011 from two HHC HIV contracts which would result in a 26 percent contract reduction at Bellevue AIDS Clinic and a 12 percent contract to HHC's AIDS Assessment and Referral program. These are contracts that supplement support services such as case management, treatment adherence, supportive counseling, and referrals for social services that are currently provided by HHC.
 - **Correctional Health.** The Preliminary Budget proposes to eliminate \$642,000 in Fiscal 2010 to HHC facilities by for correctional health services at the Vernon C. Bain correctional facility in the Bronx. Temporary contracts for social workers will also be reduced and efficiencies in purchasing will be achieved.

Health and Hospital Corporation

The Health and Hospitals Corporation (HHC), the largest municipal hospital and health care system in the country, is a \$6.3 billion public benefit corporation. 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. HHC also provides specialized services such as trauma, high risk neonatal and obstetric care and burn care. HHC acute care hospitals serve as major teaching hospitals. HHC 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 2009, HHC served 452,000 uninsured patients, an increase of eight percent from the number of patients served in 2007.

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.

Key Public Services Areas

- Provide comprehensive medical, mental health and substance abuse services to New York City residents regardless of their ability to pay.

Critical Objectives

- Improve health outcomes.
- Achieve/surpass local and national performance for specific health.
- Reduce unnecessary emergency room visits and re-hospitalizations.
- Improve access to outpatient services.
- Expand enrollment in insurance programs.

SOURCE: Mayor's Preliminary Management Report

Budget Overview

<i>ADOPTED 10 Plan (Accrual Basis) (\$ in millions)</i>	Projected 2010	Projected 2011	Projected 2012	Projected 2013	Projected 2014
OPERATING REVENUES					
<i>Third Party Revenue</i>					
Medicaid Fee for Service	1,379.6	1,409.1	1,415.3	1,443.6	1,415.7
Medicare	610.5	622.0	634.3	647.0	659.9
Other Third Parties	982.5	1,032.6	1,084.1	1,138.3	1,195.2
Pools & Additional Revenue	2,018.9	1,419.9	1,421.5	1,420.8	1,420.8
Subtotal: Third Party Revenue	4,991.5	4,483.6	4,555.2	4,649.7	4,691.6
<i>Funds Appropriated by the City</i>					
Debt Service	(22.5)	(47.5)	(66.0)	(69.7)	(63.4)
Prisoner/Uniform Services	65.7	52.6	52.6	52.6	52.6
Other City Services	38.1	28.2	28.2	28.2	28.2
Unrestricted City Services	4.0	5.2	32.3	32.4	32.4
Adjustment for Prepayment	(85.0)	0.0	-	-	-
CEO: Nursing Ladder Program	1.1	1.5	-	-	-
Subtotal: Funds Appropriated by the City	1.4	40.0	47.1	43.5	49.8
Grants (including CHP and Intra-City)	250.5	222.4	223.6	223.6	223.6
Other Revenue	40.5	41.6	42.6	43.7	44.8
MetroPlus Premium Revenue	1,095.8	1,127.1	1,145.7	1,163.9	1,163.9
TOTAL OPERATING REVENUES	6,379.7	5,914.7	6,014.2	6,124.4	6,173.7
OPERATING EXPENSES					
Personal Services	2,664.9	2,695.3	2,749.2	2,804.2	2,860.2
Fringe Benefits	1,088.9	1,160.7	1,219.8	1,280.0	1,343.6
Other Than Personal Services	1,689.4	1,738.8	1,791.8	1,846.4	1,902.8
Medical Malpractice	189.9	189.9	189.9	189.9	189.9
Affiliations	833.3	858.3	884.0	910.6	937.9
Depreciation	250.0	260.0	270.0	280.0	290.0
Postemployment benefits, other than pension (Excl PYG)	364.1	395.1	428.7	465.1	504.6
TOTAL OPERATING EXPENSES	7,080.5	7,298.1	7,533.4	7,776.2	8,029.0
TOTAL OPERATING INCOME/(LOSS)	(700.8)	(1,383.4)	(1,519.2)	(1,651.8)	(1,855.3)

NON-OPERATING REVENUE/(EXPENSE) -					
Interest Income	25.0	20.0	15.0	10.0	11.0
Interest Expense	(120.0)	(120.0)	(120.0)	(120.0)	(120.0)
Total Non-Operating Expenses (net)	(95.0)	(100.0)	(105.0)	(110.0)	(109.0)
PROFIT/(LOSS) BEFORE OTHER CHANGES IN NET ASSETS					
	(795.8)	(1,483.4)	(1,624.2)	(1,761.8)	(1,964.3)
CORRECTIVE ACTIONS					
DSH Maximization		300.0	300.0	300.0	300.0
State/Federal Actions	1.2	185.0	310.0	360.0	410.0
Corporate Savings Initiatives	225.0	353.4	457.3	532.1	557.1
Medical Malpractice Containment	25.0	25.0	25.0	25.0	25.0
Subtotal: Corrective Actions	251.2	863.4	1,092.3	1,217.1	1,292.1
PROFIT/(LOSS) AFTER CORRECTIVE ACTIONS					
	(544.6)	(620.0)	(531.9)	(544.7)	(672.2)
PRIOR YEAR CASH BALANCE	233.5	804.8	514.5	354.8	240.4
ACCRUAL TO CASH ADJUSTMENT	1,115.9	329.7	372.3	430.4	452.7
CLOSING CASH BALANCE	804.8	514.5	354.9	240.5	20.9

According to the Health and Hospital Corporation's (HHC) Fiscal 2010 January Plan, it's projected to end the current fiscal year with a cash balance of \$804.8 million on an accrual basis. Using this cash balance, HHC will roll the funds to cover its projected deficit of \$620 million in Fiscal 2011. Fiscal 2011 is critical because the Corporation is actually projecting a \$1.4 billion loss in operating income, and is hoping the loss will be offset by \$863.4 million in corrective actions, which include an additional \$300 million in Disproportionate Hospital Share (DSH) funding. However, this funding is not guaranteed and the Corporation is currently lobbying the State to authorize these funds. In addition, there is \$353.4 million in potentially problematic actions the Corporation will have to enact in order to achieve a positive cash balance. Between 2012 and 2014, the projected deficit increases from \$531.9 million to \$672.2 million, or 26 percent. HHC projects that the Corporation will close Fiscal 2014 with only \$20.9 million, a decrease of \$783.9 million or 97 percent from the Fiscal 2010 closing balance. This is significant because the Corporation must retain a substantial cash balance to meet its ongoing payroll and other obligations. Low cash balances lead to instability that necessitates reductions, similar to those that the Corporation proposed during the Fiscal 2010 Preliminary Budget. These reductions included significant service reductions, which unfortunately consisted of clinic closures, and reductions in headcount and hospital-based programs. Currently, the Corporation has deferred payments owed to the City for Fiscal 2009 and 2010, reduced the number of pension payments it makes each year to the mandated number of two, and eliminated 1,006 full time positions (962 through attrition and 44 layoffs), which brings HHC's current number of full-time positions to 34,745, to achieve a positive cash balance.

Revenues

The HHC anticipates its total operating revenue to decrease from \$6.3 billion in Fiscal 2011 to \$6.1 billion in Fiscal 2014, a decrease of \$200 million or three percent. Third party revenue, which includes payments

for Medicaid, Medicare, Upper Payment Limit (UPL) and Disproportionate Share Hospital (DSH) funding, comprises the largest portion of the HHC's operating revenue, and it decreases from \$6.4 billion in Fiscal 2010 to \$6.2 billion by Fiscal 2014. This amount will likely decrease because HHC anticipates approximately \$460 million in additional federal Disproportionate Share Hospital (DSH) funding however the State budget will only grant \$330 million (\$165 million in federal funding with a \$165 million City match). The other major source of revenue for the HHC is Metroplus premium revenue, which increases slightly between Fiscal 2010 and Fiscal 2013, from \$1.1 billion to \$1.2 billion.

Expenses

HHC anticipates total operating expenses to increase from \$7 billion in Fiscal 2010 to \$8 billion by Fiscal 2014, an increase of \$1 billion, or 12.5 percent. A majority of the HHC's operating expenses are personal services (PS) costs, which includes salaries and fringe benefits. Projected spending for personal services will increase from \$2.7 billion in Fiscal 2010 to \$2.9 billion in Fiscal 2014. This projected increase is based on the City's proposed collective bargaining pattern which increases by two percent from Fiscal 2011 to 2014. Fringe benefits also increase between Fiscal 2010 and Fiscal 2014, from \$1.1 billion to \$1.3 billion, or 15 percent, due to increases in pension and health insurance costs.

State Issues and Highlights

HHC's budget for the current fiscal year and in the outyears weighs heavily on what happens at the State level. The State Fiscal 2010-11 Executive Budget proposes approximately \$1 billion for HHC. Many of the proposed cuts to Medicaid reimbursements will impact HHC. The Corporation projects reductions in the amount of approximately \$68.1 million this State fiscal year, which include a \$34.9 million reduction to hospitals (as outlined in the chart below) from the elimination of Trend Factor payments, which is an annual increase that hospitals receive to reflect increased costs of providing care; a .4 percent gross tax increase on hospital inpatient services; an estimated \$22.4 million recurring reduction of payments related to preventable conditions and readmissions; and a \$15 million reduction to homecare and MetroPlus payments. This projected \$72.3 million reduction is offset by \$4.2 million in payments to Nursing Homes as a result of an extension for Nursing Home Rebasing from March of 2010 to April 2011, and delays in the implementation of the new regional pricing system to March of 2011.

Estimated SFY 10-11 12 month Impact by HHC Facility					
<i>Dollars in Thousands</i>	Assessment*	Trend Cut**	Indigent Care Cut		Total
Hospital					
BELLEVUE HOSPITAL CENTER	(2,071)	(2,894)			(4,966)
COLER MEMORIAL HOSP	(903)	(588)			(1,490)
CONEY ISLAND HOSPITAL	(994)	(1,019)			(2,012)
ELMHURST HOSP CTR	(1,361)	(1,875)			(3,235)
GOLDWATER MEM HOSP	(903)	(1,249)			(2,151)
HARLEM HOSPITAL CENTER	(871)	(1,160)			(2,032)
JACOBI MEDICAL CENTER	(1,480)	(2,077)			(3,557)
KINGS COUNTY HOSPITAL CENTER	(1,726)	(2,701)			(4,427)
LINCOLN MEDICAL	(1,374)	(1,851)			(3,224)
METROPOLITAN HOSPITAL CENTER	(762)	(1,205)			(1,967)
NORTH CENTRAL BRONX HOSPITAL	(457)	(609)			(1,066)
QUEENS HOSPITAL CENTER	(900)	(1,031)			(1,931)
WOODHULL MEDICAL	(1,045)	(1,523)			(2,568)
TOTAL Reduction HHC HOSPITALS	(14,846)	(19,781)			(34,627)
*This assessment reflects the impact of a .4% increase on the gross receipt tax to hospitals for inpatient services					
**Trend refers to the formula-based increase in the cost of providing care					
				Delay Regional Pricing	Total
Nursing Homes					
Coler-Goldwater SNF Coler Site	(1,092)		(514)	4,089	2,483
Coler-Goldwater SNF Goldwater Site	(778)		(357)	2,628	1,493
Dr. Susan Smith McKinney	(462)		(258)	1,121	400
Gouverneur	(287)		(169)	1,731	1,275
Sea View	(496)		(343)	(641)	(1,480)
Total Reduction HHC NH	(3,115)		(1,641)	8,928	\$4,171
Diagnostic & Treatment Centers – HHC Estimate					
Belvis	(15)				(15)
Cumberland	(35)				(35)
East NY	(38)				(38)
Gouverneur DTC	(117)				(117)
Morrisania	(31)				(31)
Renaissance	(17)				(17)
Total Reduction HHC DTC	(251)				(\$251)
TOTAL Hospitals, NH's, and DTC's					(\$30,707)
Source: The Health and Hospitals Corporation (HHC)					
Note: Table does not reflect the projected MetroPlus reduction of \$15 million and projected reduction of \$22.4 million from a Re-Admission Penalty. The addition of these reductions would bring the total HHC impact to \$68.1 million					

City Council Funding and Initiatives

The Council has routinely provided funding for HIV testing and the expansion of health services. Additionally, the Council restored \$800,000 to HHC for mental health and substance abuse mental retardation/developmental disability services. This funding is not included in the Fiscal 2011 Preliminary Budget.

FY 2010 Council Changes at Adoption	
<i>Dollars in Thousands</i>	
HHC (via)DOHMH	
Rapid HIV testing	\$2,000
Child Health Clinics	5,000
Subtotal	\$7,000
HHC	
Mental Health PEG Restoration	\$800
Primary Care Initiative	1,804
Subtotal	\$2,604
TOTAL	\$9,604

- Rapid HIV Testing Initiative.** In Fiscal 2010 the Council provided \$2 million via the Department of Health and Mental Hygiene (DOHMH), for the expansion of HHC’s HIV rapid testing, which is a rapid test for detecting antibody to HIV and is a screening test that produces very quick results, usually in 5 to 30 minutes, and for counseling services on a routine basis beyond AIDS centers and prenatal care clinics. This funding assist in the expansion of testing to patients who are hospitalized, to patients who are seeking care in hospital emergency rooms and in many out-patient clinics.
- Child Health Clinics.** In the Fiscal 2010 the Council provided \$5 million to HHC via DOHMH for Child Health Clinics. Child Health Clinics provides infants, children, and adolescents with quality medical care, including primary, reproductive, and mental health services. These clinics staffed by nurses and pediatricians who speak a variety of languages and are conveniently located city-wide. This funding ensures that child health clinics will remain open, and continue to provide enhanced levels of access and quality care.
- Mental Health PEG Restoration.** In the Fiscal 2010 Preliminary Budget DOHMH proposed to reduce funding to HHC for mental health, substance abuse and mental retardation/developmental disability services, by \$869,000, however, the Council restored \$800,000 of this funding. As a result HHC’s Queens and Renaissance Health Care Network Diagnostic & Treatment Centers were able to remain open.
- Primary Care Initiative.** As a result of the Council's call for the City to perform an assessment of the barriers to obtaining health care in underserved communities, assessments were conducted by HHC and were compiled in a 2008 report entitled, Primary Care Initiative Community Health Assessment. Eleven communities were highlighted that face the most significant shortages of primary care services, healthcare services that are in need of improvement and a needed expansion in local clinics were also identified. As part of this initiative, the Council is committed to develop, implement, and administer new programs or make modifications to current programs

In the Fiscal 2010 Adopted Budget, the Council allocated \$2.7 million for the expansion of primary care. The Council designated \$946,000 to DOHMH to expand services at six school-based clinics in Brooklyn, The Bronx, Queens and Staten Island and \$1.8 million to HHC to expand services at four HHC Health care facilities which include \$240,000 for the expansion of services at the Baruch Family Health Center, \$462,000 for Gouverneur Healthcare Services in Manhattan, \$414,000 for Springfield Gardens Medical Center in Queens, which was slated for closure and will remain open as a result of this funding, \$300,00 for the Greenpoint Family Health Center in Brooklyn, and \$388,000 for to fund operating losses at HHC's 27 school-based health programs located throughout the city.

Performance Measures

The following performance measures were reported in the Mayor's Preliminary Management Report for HHC.

	FY 07	FY 08	FY 09	4-Month Actual	Target FY 11
Percent of prenatal patients retained in care through delivery	87.2%	89.0%	89.2%	88.2%	90%
Percent of eligible women aged 40-70 receiving a mammogram screening from HHC	70.0%	70.9%	71.0%	70.3%	70%
Percent of HIV patients using dedicated HIV clinics	98.9%	99.0%	99.3%	99.2%	99%
Percent of two-year olds immunized	97.0%	97.0%	97.0%	NA	98%
General care average length of stay (days)	4.7	4.7	4.6	4.6	4.7
Emergency room revisits for adult asthma patients (%)	6.8%	5.2%	4.7%	5.4%	5%
Emergency room revisits for pediatric asthma patients (%)	4.2%	3.1%	3.3%	3.2%	3.2%
Percent of adult patients discharged with a principal psychiatry diagnosis who are readmitted within 15 days	5.0%	4.6%	5.2%	5.6%	5%
Average time spent by patient for a primary care visit at hospitals and diagnostic and treatment centers (minutes) - Adult medicine	68.0	66.0	60.0	57.0	60.0
Average time spent by patient for a primary care visit at hospitals and diagnostic and treatment centers (minutes) - Pediatric medicine	63.0	59.0	61.0	63.0	60.0
Average time spent by patient for a primary care visit at hospitals and diagnostic and treatment centers (minutes) - Women's health	63.0	59.0	60.0	60.0	60.0
Uninsured patients served	413,294	441,953	452,516	NA	NA
Total Medicaid Managed Care, Child Health Plus and Family Health Plus enrollees	390,757	373,284	436,526	450,716	450,000
MetroPlus Medicaid, Child Health Plus and Family Health Plus enrollees	257,600	323,746	355,172	364,964	370,000
Net days of revenue for Accounts Receivable	59.34	59.17	56.28	NA	56

Capital Program

The January 2010 Capital Commitment Plan includes \$505.5 million in Fiscal 2010-2013 for the Health and Hospitals Corporation (HHC) (including City and Non-City funds). This represents less than one percent of the City's total \$39.14 billion January Plan for Fiscal 2010-2013. The agency's January Commitment Plan for Fiscal 2010-2013 is less than one percent greater than the \$503 million scheduled in the September Commitment Plan, an increase of \$2.5 million.

Over the past five years HHC has only committed an average of 41 percent of its annual capital plan. Therefore, it is assumed that a large portion of the agency's Fiscal 2010 capital plan will be rolled into Fiscal 2011 thus greatly increasing the size of the Fiscal 2011-2014 capital plan. Since adoption last June, the Capital Commitment Plan for Fiscal 2010 has risen from \$251 million to \$254.4 million, an increase of \$3.4 million or 1.3 percent.

Currently, HHC's appropriations total \$203.6 million in city funds for Fiscal 2010. These appropriations are to be used to finance the agency's \$109.9 million city-funded Fiscal 2010 capital commitment program. The agency has \$12.7 million or over 6.7 percent more funding than it needs to meet its entire capital commitment program for the current fiscal year.

According to the September Ten-Year Capital Strategy, the focus of the Health and Hospitals Corporation's Ten-Year Capital Plan is to improve the physical plants to comply with regulatory requirements and to address customer satisfaction, market demands, and community health care. The agency's Fiscal 2010 Ten-Year September Capital Plan totals \$742 million which is an increase of \$195 million, or 36 percent from the Fiscal 2010 Executive Capital Commitment Plan of \$547 million. As indicated in the Fiscal 2010 September Ten-Year Capital Plan, HHC plans to spend \$339.6 million, or 46 percent for hospital reconstruction, \$262.5 million or 35 percent for routine reconstruction, \$125.1 million or 17 percent for emergency, medical services equipment, \$14.7 million or two percent, for major medical equipment, and the remaining \$171,000 or less than one percent for information systems.

FY 2010 September Ten-Year Capital Commitment Plan

<i>Dollars in thousands</i>	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014- 2019	Total
Information Systems	\$171	\$0	\$0	\$0	\$0	\$171
Emergency Medical Services Equipment	14,540	7,700	7,700	8,400	86,744	125,084
Major Medical Equipment	13,499	0	0	1,204	0	14,703
Hospital Reconstruction	87,202	47,214	38,205	91,404	75,547	339,572
Routine Reconstruction	136,498	21,418	11,772	16,088	76,716	262,492
TOTAL	\$251,910	\$76,332	\$57,677	\$117,096	\$239,007	\$742,022

Major Capital projects in the agency's Fiscal 2011 January Capital Plan for Fiscal 2010-2013 include the modernization of Harlem Hospital Center and Gouverneur Healthcare Services.

- HHC's Fiscal 2011 January Capital Commitment Plan includes \$183.4 million for the Modernization of the Harlem Hospital campus. This consists of renovation to the existing Martin Luther King Pavilion, and construction of a new pavilion on Lenox Avenue that will connect the King Pavilion to the Ron Brown Ambulatory Care Pavilion, creating one unified healthcare complex. The new pavilion will include a new emergency department, surgery department, diagnostic and treatment services, a critical care suite and a modern radiology center. The modernization will unify the hospital campus, which currently comprises seven buildings over two blocks; renovate the inpatient bed tower; provide a garage for use by the hospital community; build a new FDNY Emergency Medical Service (EMS) garage; and provide an overall patient-friendly and staff-efficient environment. Included in the modernization plan for Harlem Hospital is the restoration of priceless WPA-era art murals, which are housed at the existing Harlem Hospital Center campus. However, as a result of the 30 percent reduction to the HHC's ten-year Capital Plan last fiscal year, the amount planned for this project was reduced by \$47.1 million. This reduction will impact phase II of the modernization, reductions in medical equipment, and clinical space. Construction for this project began in the fall of 2005 and is scheduled for completion in 2012.
- A total of \$91.1 million is included in the Plan for the major modernization and expansion of Gouverneur Hospital. The project will upgrade the existing infrastructure and expand and consolidate the ambulatory care and nursing facilities within separate areas of the building. This will permit staffing and functional efficiencies, increase out-patient capacity and increase the number of beds. Construction for this project began in the fall of 2005 and is scheduled for completion in the fall of 2008.

Appendix A: Budget Actions in the November and January Plans

<i>Dollars in Thousands</i>	FY 2010			FY 2011		
	City	Non-City	Total	City	Non-City	Total
Agency Budget as of June 2009 Plan	\$2,016	\$98,611	\$100,627	\$85,948	\$87,321	\$173,269
Program to Eliminate the Gap (PEGs)						
City Council Intra-City		(\$438)	(\$438)			
Correctional Health HHC Intra-City		(643)	(643)			
HHC Child Health Clininc Pass-Through		(169)	(169)	(338)		(338)
HHC HIV Contracts Intra-City				(211)		(211)
Mental Hygiene Contracts		(214)	(214)	(753)		(753)
Total, PEGs	\$0	(\$1,463)	(\$1,463)		(\$1,301)	(\$1,301)
Other Adjustments						
CEO: HHC Career Ladder Program	\$1,450		\$1,450	\$1,450		\$1,450
FY10 Exec Plan MHY Revised PEG		388	388		388	388
FY10 Jan Plan MHY Revised PEG		240	240		240	240
HHC Subsidy						
IC W/ HHC-Bellevue Hosp Centr						
IC W/ HHC-Elmhurst Hosp						
IC W/Stop DWI Program						
IC W/ Correctional Health						
IC W/ Parking Permits						
IC W/ Metropolitan Asthma						
IC W/HHC-Renovations						
MRDD State Aid Letter		(1,213)	(1,213)		(1,213)	(1,213)
Roll FY09 UASI Funds to FY10						
Total, Other Adjustments	\$1,450	(\$584)	\$866	\$1,450	(\$584)	\$866
Agency Budget as of January 2010 Plan	\$1,996	\$108,392	\$110,388	\$87,398	\$87,356	\$174,754