

THE COUNCIL OF THE CITY OF NEW YORK

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Report to the Committee on Finance and the Committee on Hospitals on the
Fiscal 2019 Executive Budget for the

New York City Health and Hospitals

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New York City Health + Hospitals Executive Budget Overview

Executive Budget Changes

New Needs support HealingNYC, the citywide plan to combat the opioid epidemic, which total \$5.9 million in Fiscal 2019, \$7.2 million in Fiscal 2020, \$7.4 million in Fiscal 2021, and \$7.6 million in 2022.

- **Relay.** The hospital-based support system for nonfatal opioid overdoses allows trained peer workers to provide 24/7 on-call support to patients in participating emergency departments.
- **Consult for Addiction Treatment and Care in Hospitals (CATCH).** The inpatient program will enable clinical staff to engage patients who have substance use disorders and to initiate medication for addiction treatment.
- **Other Adjustments** total \$57.2 million this fiscal year, \$5.8 million in Fiscal 2019, and \$3.1 million

H+H’s Fiscal 2018-2022 Executive Capital Budget

Dollars in Thousands



Capital Funding

- **\$1.27 billion** in Fiscal 2019-2022 Capital Budget
 - \$4.7 million in Fiscal 2019
- **\$2.82 billion** in Fiscal 2018-2022 Capital Commitment Plan
- **404 capital projects** including 46 projects at Coney Island Hospital
- **16 budget lines** including hospital improvements and equipment purchases

Agency Overview

This report reviews the Fiscal 2019 revenue highlights of the New York City Health + Hospitals (H+H) as well as the agency’s Capital Strategy and Fiscal 2018 - 2022 Plan. The New York City Office of Management and Budget (OMB) provided a cash-based Fiscal 2019 Executive Financial Plan one day prior to the budget hearing (summarized below), limiting the scope of this report to the funding H+H receives from the City. Appendix 1 outlines changes to the Fiscal 2018 and Fiscal 2019 Budgets since the adoption of the Fiscal 2018 Budget and Appendix 2 shows other revenue by funding source. For additional information on H+H’s budget, programs, and operations, please refer to the Fiscal 2019 Preliminary Budget Report for H+H at: <http://bit.ly/HH19Prelim>

Summary: Cash-Based Fiscal 2019 Executive Financial Plan

H+H's cash-based Fiscal 2019 Executive Financial Plan projects an operating income of \$67.2 million in Fiscal 2018 and operating losses totaling \$45 million in Fiscal 2019, \$158.9 million in Fiscal 2020, \$70 million in Fiscal 2021, and \$210.9 million in Fiscal 2022. The health system also anticipates a closing cash balance of \$670.2 million in Fiscal 2018 and \$625.2 million in Fiscal 2019.

- **Fiscal 2018 Projections.** In Fiscal 2018, H+H projects \$6.35 billion from Third Party Revenue (Medicaid, Medicare, Other Managed Care, and Supplemental Medicaid); \$1.27 billion from Other Revenue (City Subsidy, Grants, and Other); and \$616.6 million from Revenue-Generating Initiatives – for \$8.24 billion in total revenues. The revenue-generating initiatives include \$361.6 million from Medicaid Waiver Programs and \$255 million from Health Insurance Initiatives.

H+H anticipates \$8.51 billion in Expenses in Fiscal 2018 – including Personal Services, Fringe Benefits, Affiliations, and Other Than Personal Services – minus \$345 million from Expense-Reducing Initiatives – for \$8.17 billion in total expenses. The Expense-Reducing Initiatives include \$95 million from Procurement Efficiencies and \$250 million from Restructuring and Personnel Initiatives. This results in a total operating income of \$67.2 million in Fiscal 2018.

- **Fiscal 2019 Projections.** In Fiscal 2019, H+H projects \$5.64 billion from Third Party Revenue; \$1.43 billion from Other Revenue; and \$628.2 million from Revenue-Generating Initiatives – for \$7.7 billion in total revenues. The revenue-generating initiatives include \$218.2 million from Medicaid Waiver Programs, \$370 million from Health Insurance Initiatives, and \$40 million from Patient Revenue Growth.

In Fiscal 2019, H+H anticipates \$8.17 billion in Expenses minus \$430 million from Expense-Reducing Initiatives, including \$135 million from Procurement Efficiencies and \$295 million from Restructuring and Personnel Initiatives. This results in \$7.74 billion in total expenses and a total operating loss of \$45 million in Fiscal 2019.

New in the Executive Budget

The Fiscal 2019 Executive Budget allocates \$5.9 million in Fiscal 2019 to H+H through HealingNYC, the citywide plan to combat the opioid epidemic. The funding will enable H+H to expand its Relay program and to implement the Consult for Addiction Treatment and Care in Hospitals (CATCH) program.

- **Relay.** First Lady Chirlane McCray announced the launch of Relay, a hospital-based support system for nonfatal opioid overdoses, in April 2017 as part of HealingNYC. The program funds trained peer workers to provide 24/7 on-call support to patients in participating emergency departments. In addition to distributing naloxone, the peer workers counsel patients on overdose risk reduction, train patients in opioid overdose rescue, and help patients navigate harm reduction and drug treatment services. The new funding will enable H+H to expand its peer advocate program to all 11 of its emergency departments from three currently.

The Department of Health and Mental Hygiene (DOHMH) manages Relay and will expand the peer intervention program to 15 private hospitals by June 2020, up from the 10 sites currently slated for funding. The full expansion will enable Relay to reach the 26 hospitals that provide nearly 75 percent of all emergency services for overdoses in New York City.

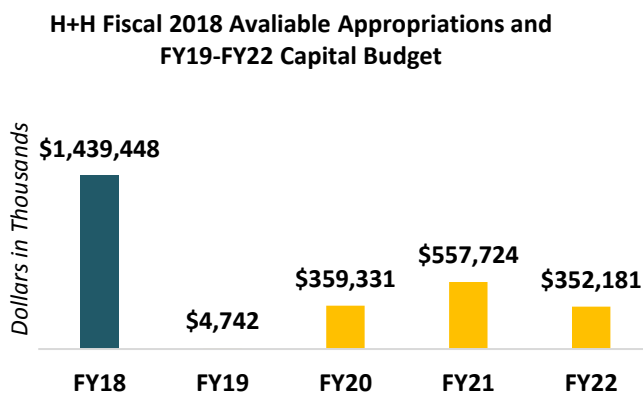
- Consult for Addiction Treatment and Care in Hospitals (CATCH).** The CATCH program will enable clinical staff at H+H to engage patients who have substance use disorders and to initiate medication for addiction treatment. The CATCH teams will also connect those patients to ongoing care to ensure the continuation of treatment after discharge. The program will focus initially on patients admitted to the medical and surgical floors of the hospitals, with plans to expand to emergency departments and outpatient clinics.

Each CATCH team will include three members. A doctor or nurse practitioner will diagnose the substance use disorder and prescribe medication for addiction treatment, as needed. An addiction counselor or social worker will help determine the appropriate setting for treatment and will work with the patient on addiction-related issues. A peer advocate will help the patient navigate his/her ongoing care. In 2018, H+H will launch the CATCH program at Bellevue, Metropolitan, Lincoln, and Coney Island, followed by Elmhurst and Woodhull in 2019. H+H plans to reach more than 8,000 patients with opioid use disorder per year across the six hospitals.

H+H will work with the New York University School of Medicine to study the effectiveness of the program, supported by a four-year, \$2.75 million grant from the National Institute of Health’s National Institute on Drug Abuse. The study will measure initiation, engagement, and retention of patients on medication for addiction treatment and will follow patients post-discharge.

Capital Program

Fiscal 2019 Executive Capital Budget and Commitment Plan for Fiscal 2018-2022



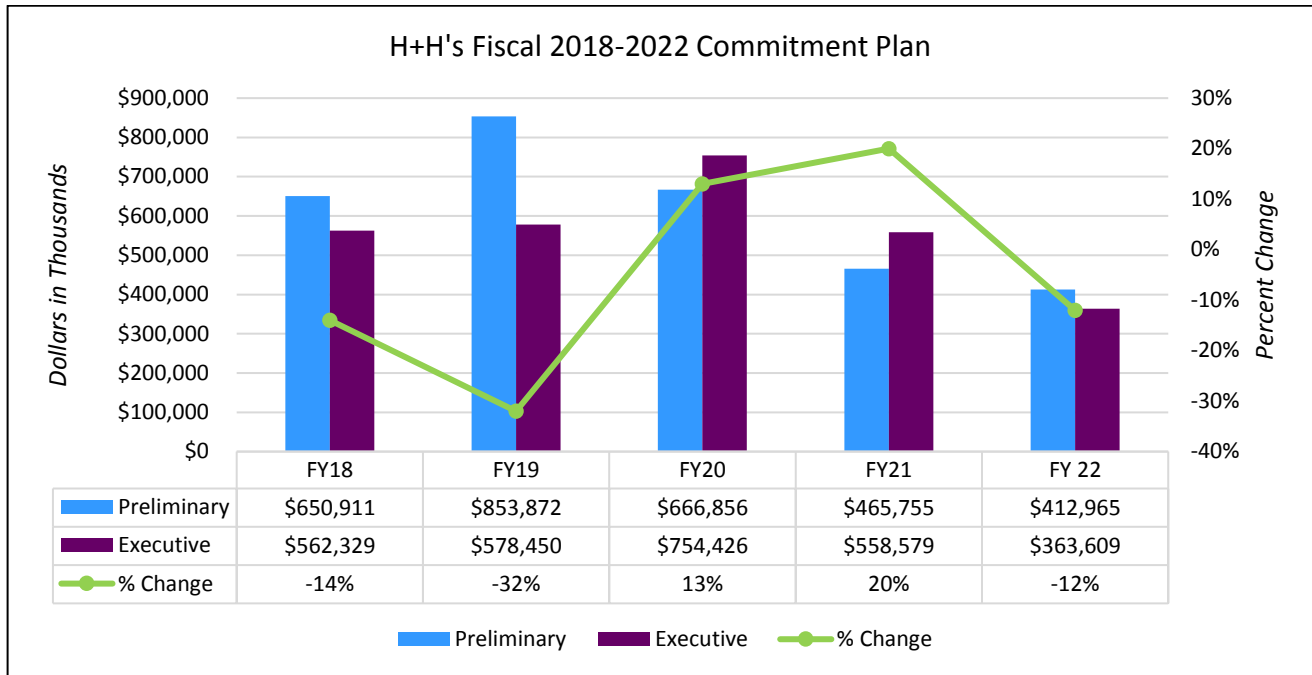
H+H’s Fiscal 2019 Executive Capital Budget includes \$1.27 billion in Fiscal 2019-2022, with \$4.7 million in Fiscal 2019.¹ This represents approximately three percent of the City’s total \$49.4 billion Capital Budget for Fiscal 2019-2022. Available appropriations for Fiscal 2018 total \$1.44 billion. This includes \$1.56 billion in reauthorized prior appropriations and \$4.7 million in authorized appropriations – less \$120.9 million actual commitments in the current fiscal year.

Capital Commitment Plan

H+H’s Executive Capital Commitment Plan includes \$2.82 billion in Fiscal 2018-2022. This represents approximately three percent of the City’s total \$82 billion Executive Commitment Plan. The Capital Budget (outlined in the first graph) is significantly less than the Capital Commitment Plan because, unlike the Capital Commitment Plan, the Capital Budget does not include the current appropriations

¹ The Capital Budget provides the required appropriations for Fiscal 2019 and planned appropriations for the subsequent three-year capital program. Appropriations represent the legal authority to spend capital dollars; the Council votes on these appropriations at budget adoption.

for Fiscal 2018 or the funding that the City rolls/re-appropriates into the Fiscal 2019 Executive and Adopted Budgets.



H+H’s Fiscal 2019 Executive Capital Commitment Plan for Fiscal 2018-2022 decreased by \$233 million between the Fiscal 2019 Preliminary Plan and the Fiscal 2019 Executive Plan – from \$3.05 billion to \$2.82 billion. The change is largely attributable to a \$264.8 million funding shift for Hurricane Sandy-related design and construction at Coney Island Hospital into the outyears. Funding for Hurricane Sandy-related projects totals \$1.4 billion in the Fiscal 2019 Commitment Plan, comprising more than half of the total plan.

New funding in the Fiscal 2019 Executive Plan includes \$3 million from the Queens Borough President’s Office, including \$1.5 million for Queens Hospital and \$1.5 million for Elmhurst Hospital.

- **Queens Digital Mammography Unit.** The Plan allocates \$2 million to Queens Hospital to upgrade the mammography suite, including the installation of three 3-D mammography units. This includes \$500,000 in the current fiscal year and \$1.5 million in Fiscal 2019.
- **Elmhurst Labor and Delivery Renovation.** The Plan allocates \$1.5 million to Elmhurst Hospital in Fiscal 2019 to renovate the facility’s labor and delivery rooms and nursing station. Specifically, this funding will support the renovation and redesign of the patient rooms.

Appendix 1: Fiscal 2019 Budget Actions since Fiscal 2018 Adoption (Other Revenue)

<i>Dollars in Thousands</i>	Fiscal 2018			Fiscal 2019		
	City	Non-City	Total	City	Non-City	Total
H+H Budget as of the Adopted 2018 Budget	\$485,549	\$92,969	\$578,518	\$804,664	\$92,513	\$897,177
New Needs: Prelim Fiscal 2019						
Correctional Health: Pre-Arrestment	\$657	\$0	\$657	\$3,870	\$0	\$3,870
Correctional Health: Women in Rikers	206	0	206	1,238	0	1,238
Expansion of Forensic Clinic Capacity	281	0	281	954	0	954
NYC Unity Project: Physician Training	86	0	86	79	0	79
Subtotal, New Needs	\$1,230	\$0	\$1,230	\$6,141	\$0	\$6,141
Other Adjustments						
Fiscal 2018 November Plan	(\$1,135)	\$19,768	\$18,633	\$825	\$0	\$825
Forensic Clinic Transfer	1,506	(1,506)	0	1,506	(1,506)	0
Naloxone	255	959	1,214	511	0	511
Correctional Health: Modular Trailer	1,607	0	1,607	0	0	0
Intracity, Winston Temp	0	1,349	1,349	0	0	0
Intracity, Pharmaceuticals	0	822	822	0	0	0
Intracity, Harlem Hospital	0	245	245	0	0	0
Intracity, Grants	0	355	355	0	0	0
Urban Areas Security Initiative	0	1,506	1,506	0	166	166
H+H System Wide Generator	0	739	739	0	0	0
Coney, Federal	0	2,138	2,138	0	0	0
ExCEL Program	0	470	470	0	0	0
H+H Crash Carts	0	34	34	0	0	0
Collective Bargaining Transfer	4	0	4	6	0	6
Subtotal, Other Adjustments	\$2,238	\$26,878	\$29,115	\$2,848	(\$1,340)	\$1,508
TOTAL, All Changes	\$3,468	\$26,878	\$30,345	\$8,989	(\$1,340)	\$7,649
H+H Budget as of Prelim 2019 Budget	\$489,017	\$119,847	\$608,864	\$813,653	\$91,173	\$904,826
New Needs: Exec Fiscal 2019						
HealingNYC	\$0	\$0	\$0	\$5,889	\$0	\$5,889
Other Adjustments						
Intracity, Winston Temp	\$0	\$1,478	\$1,478	\$0	\$0	\$0
Intracity, Pharmaceuticals	0	7,169	7,169	0	0	0
Retro Wage Increase Lump Sums	40,658	0	40,658	0	0	0
Collective Bargaining: DC37	3,054	0	3,054	3,054	0	3,054
Various Federal & State	0	3,179	3,179	0	2,723	2,723
Intracity MOU	0	1,451	1,451	0	0	0
City Council Member Items	261	0	261	0	0	0
Various Intracity	0	(56)	(56)	0	0	0
Subtotal, Other Adjustments	\$43,972	\$13,221	\$57,194	\$3,054	\$2,723	\$5,777
TOTAL, All Changes	\$43,972	\$13,221	\$57,194	\$8,943	\$2,723	\$11,666
H+H Budget as of Exec 2019 Budget	\$532,989	\$133,068	\$666,058	\$822,596	\$93,896	\$916,492

Appendix 2: Fiscal 2019 Executive Plan Other Revenue by Funding Source

<i>Dollars in Thousands</i>					
PROGRAM	Fiscal 2018	Fiscal 2019	Fiscal 2020	Fiscal 2021	Fiscal 2022
Correctional Health	\$215,294	\$223,803	\$229,499	\$230,577	\$230,577
Subsidy	237,034	267,639	367,461	267,060	267,291
Collective Bargaining	43,716	295,563	295,817	295,820	295,821
CHS Forensic Clinic	4,387	5,061	4,893	4,893	4,893
Medical Malpractice Transfer	17,277	17,277	17,277	17,277	17,277
DOI	9,497	9,497	9,497	9,497	9,497
DCAS Rental Subsidy	3,056	3,056	3,056	3,056	3,056
SART	1,272	1,272	1,272	1,272	1,272
CITY FUNDING TOTAL	\$531,533	\$823,169	\$928,772	\$829,452	\$829,684
DOHMH: Mental Health	\$45,542	\$38,961	\$38,961	\$38,961	\$38,961
DOHMH: Physical Health	21,138	2,351	2,351	2,351	2,351
Correctional Health	39,173	34,561	34,561	34,561	34,561
ACS	8,469	6,795	6,795	6,795	6,795
HRA and NYPD	7,183	6,224	6,224	6,224	6,224
DCAS Energy Staff	723	-	-	-	-
Community Board Leases	85	85	85	85	85
Office of Media Entertainment	5	-	-	-	-
Office of Emergency Management	90	-	-	-	-
INTRA-CITY FUNDING TOTAL	\$122,408	\$88,977	\$88,977	\$88,977	\$88,977
Subsidy	\$420	\$0	\$0	\$0	\$0
Correctional Health	1,328	1,328	-	-	-
STATE FUNDING TOTAL	\$1,748	\$1,328	\$0	\$0	\$0
Office of Emergency Management	\$16	\$0	\$0	\$0	\$0
Correctional Health	1,328	1,328	-	-	-
UASI- Homeland Security FFY15	1,406	-	-	-	-
UASI- Homeland Security FFY17	-	232	200	-	-
FEMA- Hurricane Sandy	6,162	-	-	-	-
FEDERAL FUNDING TOTAL	\$8,912	\$1,560	\$200	\$0	\$0
Law Department	\$532	\$532	\$532	\$532	\$532
Comptroller's Office	213	213	213	213	213
DCAS Inspectors/ Public Service Corp	212	213	213	213	213
DCAS Exams	378	378	378	378	378
DOITT: Telephone & Communications	121	121	121	121	121
CITY (NON-CASH) TOTAL	\$1,456	\$1,457	\$1,457	\$1,457	\$1,457
TOTAL	\$666,057	\$916,491	\$1,019,405	\$919,886	\$920,117