THE COUNCIL OF THE CITY OF NEW YORK

Hon. Corey Johnson
Speaker of the Council

Hon. Carlina Rivera
Chair, Committee on Hospitals

Report of the Finance Division on the
Fiscal 2020 Preliminary Plan, Fiscal 2020-2029 Ten-Year Capital Strategy, Fiscal 2020 Preliminary Capital Budget, Fiscal 2020 Preliminary Capital Commitment Plan, and the Fiscal 2019 Preliminary Mayor's Management Report for the

New York City Health + Hospitals

March 25, 2019

Finance Division
Lauren Hunt, Financial Analyst
Crilhien R. Francisco, Unit Head

Latonia McKinney, Director
Regina Poreda Ryan, Deputy Director
Nathan Toth, Deputy Director
Paul Scimone, Deputy Director

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New York City Health + Hospitals Overview

New York City Health and Hospitals (Health + Hospitals or H+H), formerly the New York City Health and Hospitals Corporation, constitutes the largest municipal hospital and healthcare system in the United States. The H+H system, comprised of 11 acute-care facilities with nearly 5,000 beds, five long-term care facilities with nearly 3,000 beds, and more than 70 community-based healthcare centers and extension clinics, employs more than 44,000 people and serves more than 1.1 million New Yorkers annually. H+H also operates a certified home health agency and a managed care plan, MetroPlus.

Acute Care Facilities by Borough

Bronx	Brooklyn	Queens	Manhattan
Jacobi	Coney Island	Elmhurst	Bellevue
Lincoln	Kings County	Queens	Harlem
North Central Bronx	Woodhull		Metropolitan

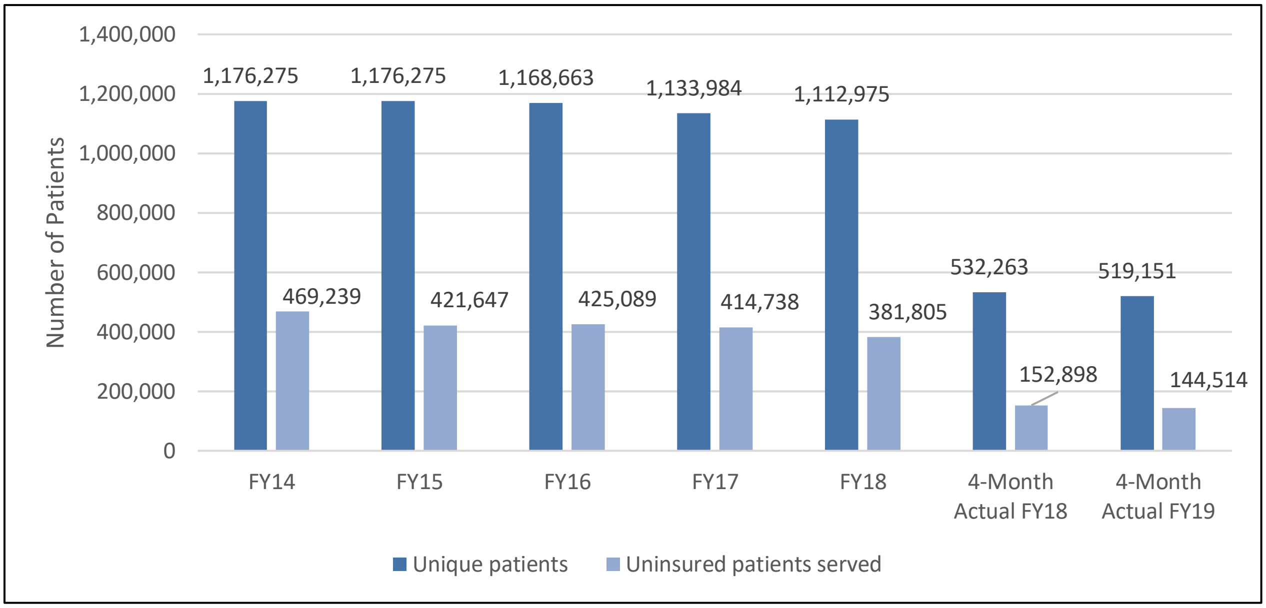
H+H does not operate an acute-care facility on Staten Island, but it does maintain two neighborhood health centers, an ambulatory care center, a nursing home, and mobile medical vans that service the borough.

H+H remains the City's single largest provider of healthcare to Medicaid patients and uninsured New Yorkers. In 2014, approximately half of the uninsured hospital stays and emergency department visits in the City occurred in the H+H system – a disproportionate share relative to every other health system in the City. In addition to medical and behavioral health services, H+H provides trauma care, burn care, high-risk neonatal and obstetric care, and other specialized services – all provided to New York City residents regardless of their ability to pay.

H+H conducts mental health evaluations for family courts in the Bronx, Brooklyn, Queens, and Manhattan and provides emergency medical care and inpatient health services to inmates in New York City correctional facilities. In July 2015, the Administration transitioned Correctional Health Services in the City's jail system from Corizon Health, a for-profit company that contracted with the NYC Department of Health and Mental Hygiene (DOHMH) for $154 million, to H+H. The transfer occurred through a Memorandum of Understanding between H+H and DOHMH.

Stanley Brezenoff served as interim President and CEO of H+H until Dr. Mitchell Katz, formerly of the Los Angeles County Health Agency, assumed the role in January 2018.

Figure 1: H+H Patient Population



The above graph shows the number of unique patients visiting H+H's facilities, as well as the number of uninsured patients the health system serves. In Fiscal 2018, H+H served approximately 1.11 million patients, a decrease of more than 21,000 patients, or two percent, when compared to the 1.13 million patients the system treated in Fiscal 2016. In the first four months of this fiscal year, H+H served approximately 519,000 patients, a decrease of more than 13,000 patients, or three percent, when compared to the same period last year.

Regarding the uninsured patient population, H+H served approximately 382,000 uninsured patients in Fiscal 2018, a decrease of almost 33,000 patients, or nine percent, when compared to the 415,000 uninsured patients served in Fiscal 2017. The four-month actual report for Fiscal 2019 also indicates a decrease in H+H's uninsured patient population to about 144,000 uninsured patients, compared to about 153,000 uninsured patients during the same period last year. H+H will continue to work to increase the number of patients it serves while it strives to decrease its uninsured patient population through health insurance enrollment efforts.

Report Overview

A financial agreement reached with the City in 1992 authorizes H+H to develop a consolidated annual expense and revenue budget with the approval of the H+H Board of Directors and the City. Per the agreement, H+H may develop non-City funding sources for new programs and retain any surpluses during a fiscal year. The agreement also provides for a lump sum payment of City Tax-Levy (CTL) to H+H, indemnifying the system against changes to the City's budget during the course of a fiscal year. The City's $92.2 billion Fiscal 2020 Preliminary Budget does not include H+H's annual expense and revenue budget, but the City's Capital Budget and Capital Commitment Plan include all H+H capital projects.

NYC Health + Hospital Fiscal 2020 Preliminary Financial Plan

Dollars in Millions	Projected 2019	Projected 2020	Projected 2021	Projected 2022	Projected 2023
OPERATING REVENUES					
Third Party Revenue					
Medicaid	$2,144	$2,212	$2,217	$2,217	$2,217
Medicare	$1,072	$1,122	$1,132	$1,143	$1,153
Other Managed Care	$359	$359	$359	$359	$359
Supplemental Medicaid	$2,723	$1,760	$1,508	$1,458	$1,464
Disproportionate Share Hospital (DSH)	*$1,715*	*$1,052*	*$823*	*$787*	*$794*
Other Supplemental Payments	*$1,009*	*$708*	*$685*	*$671*	*$671*
Subtotal: Third Party Revenue	**$6,298**	**$5,453**	**$5,216**	**$5,177**	**$5,193**
Other Revenue					
City Services	$784	$998	$1,035	$1,083	$1,084
Grants and Other	$673	$559	$537	$537	$537
Subtotal: Other Revenue	**$1,457**	**$1,557**	**$1,572**	**$1,620**	**$1,621**
TOTAL OPERATING REVENUES	**$7,755**	**$7,010**	**$6,788**	**$6,796**	**$6,814**
OPERATING EXPENSES					
Personal Services	$3,109	$3,160	$3,221	$3,260	$3,291
Fringe Benefits	$1,678	$1,599	$1,655	$1,741	$1,791
Affiliations	$1,135	$1,149	$1,167	$1,182	$1,193
Other Than Personal Services	$2,946	$2,449	$2,445	$2,500	$2,550
TOTAL OPERATING EXPENSES	**$8,867**	**$8,357**	**$8,487**	**$8,681**	**$8,825**
TOTAL OPERATING INCOME/(LOSS)	**($1,112)**	**($1,347)**	**($1,699)**	**($1,885)**	**($2,011)**

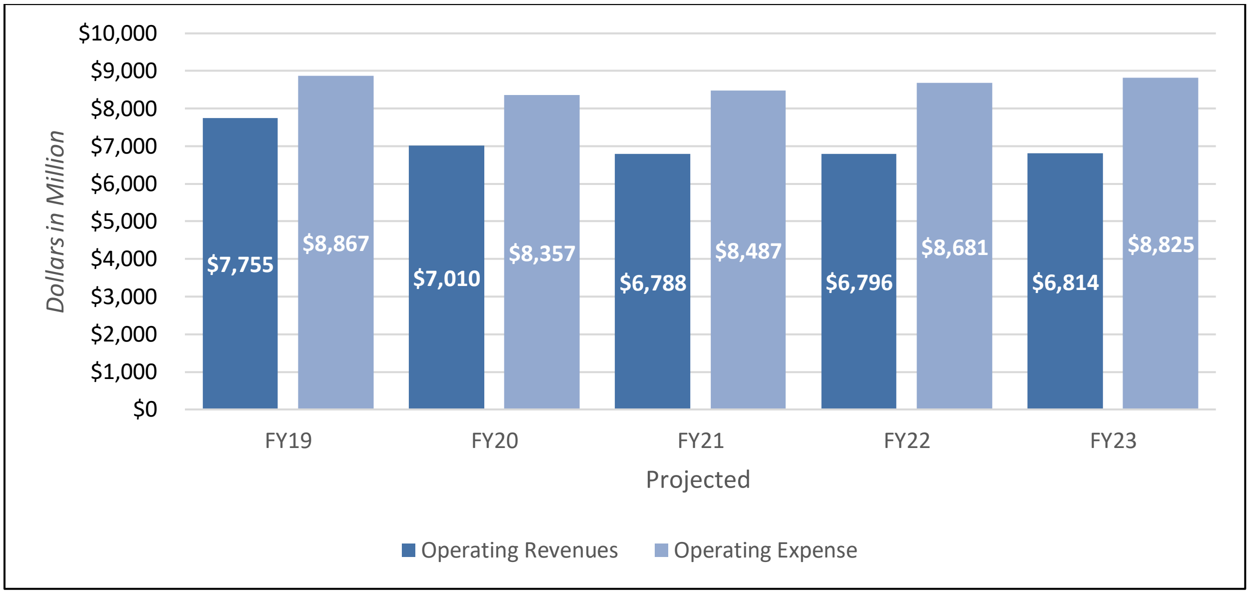
H+H's Accounting Method

H+H operates on a cash basis, recognizing revenues and reporting expenses as they occur, rather than employing the financial projections common to other City agencies. H+H generally prefers the cash-basis accounting method because it allows the health system to recognize income when H+H actually receives the money. H+H, therefore, does not recognize invoiced income as an asset until the payment is in hand. The system applies the same approach to debts, only recognizing incurred expenses once they are paid. This accounting method provides a real-time assessment of the agency's current cash flow.

Projected Operating Deficit (Fiscal 2019 through Fiscal 2021)

According to its Fiscal 2020 Preliminary Plan, without corrective actions, H+H anticipates a Fiscal 2019 operating loss of $1.1 billion and a Fiscal 2020 operating loss of $1.3 billion. The baseline budget forecast assumes H+H will continue to receive City subsidies and grants totaling approximately $1.5 billion annually for each of the forecast years; however, given the declining patient care revenue and increasing operating expenses, projections still indicate deficits.

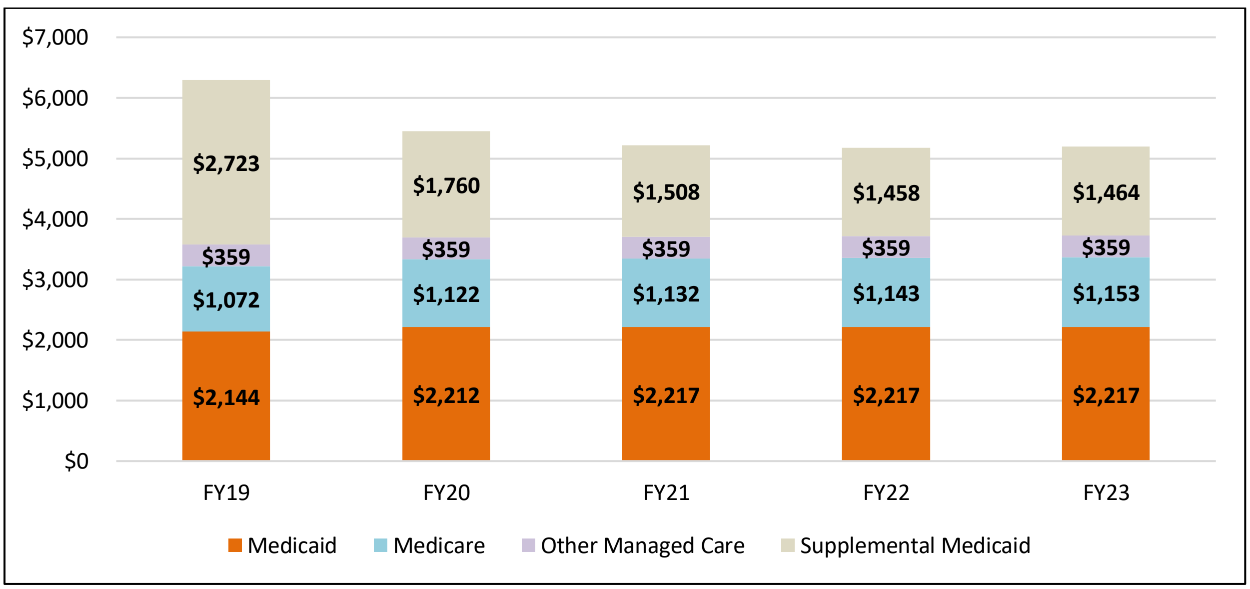
Figure 2: Projected Operating Revenues and Expense without Corrective Actions



Projected Operating Revenues

Based on its Fiscal 2020 Preliminary Plan, H+H expects $7 billion in operating revenues in Fiscal 2020, a decreased of $745 million, or 11 percent, when compared to the Fiscal 2019 revenues of $7.8 billion. Third party receipts, which comprise 78 percent of H+H's total Fiscal 2020 operating revenues, decrease by $845 million or 15 percent, when compared to Fiscal 2019. Third party receipts include reimbursements from Medicaid, Medicare, and other Managed Care, as well as Supplemental Medicaid payments.

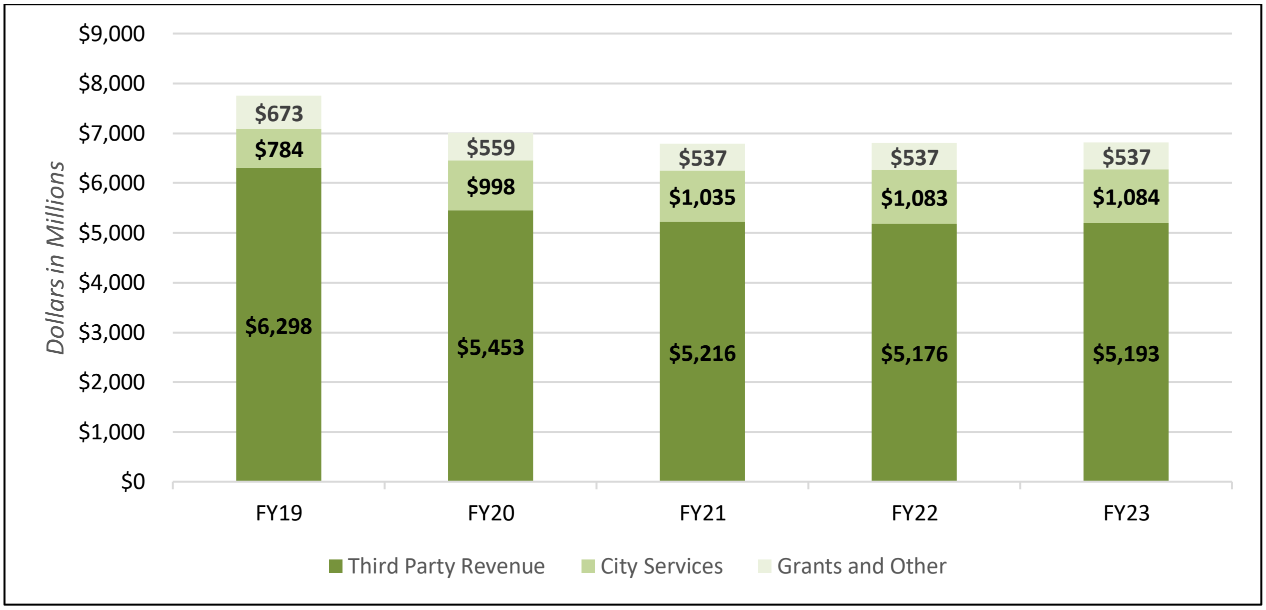
Figure 3: Projected Third-Party Revenues



H+H projects a $68.2 million, three percent increase in Medicaid revenue between Fiscal 2019 and Fiscal 2020 and a $50 million, or five percent increase in Medicare revenue. H+H expects other Managed Care revenue to remain steady between Fiscal 2019 and Fiscal 2020 at $359 million. Regarding Supplemental Medicaid funding, H+H projects a $963 million, or 35 percent, decline. Disproportionate Share Hospital (DSH) funding and Other Supplemental Payments comprise the Supplemental Medicaid revenue and total $1.1 billion and $708 million in Fiscal 2020, respectively.

Other revenue sources, comprised of City Services funding, grants, and other revenue increases by $100 million, or seven percent, between Fiscal 2019 and Fiscal 2020 to $1.56 billion. An increase in City funding, from $784 million in Fiscal 2019 to $998 million in Fiscal 2020, drove the increase. Grants and other revenue sources total $559 million in Fiscal 2020, a decrease of 17 percent, or $114 million.

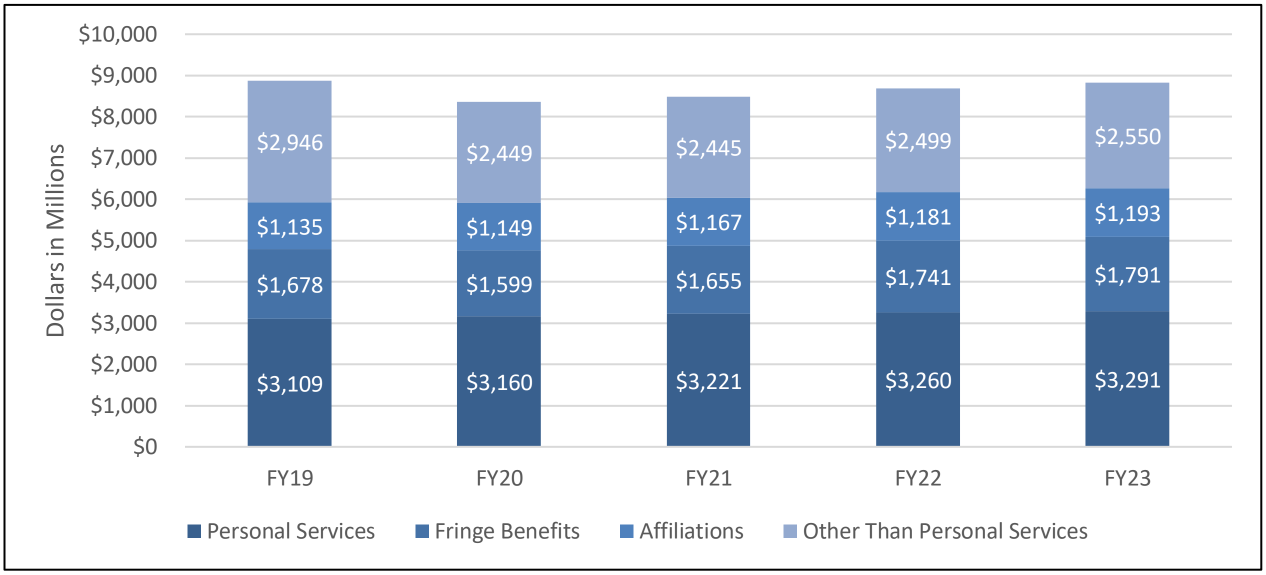
Figure 4: All Projected Operating Revenues



Operating Expenses Projections

Based on its Fiscal 2019 Executive Plan, H+H expects $8.4 billion in operating expenses in Fiscal 2020, a decrease of $510 million, or six percent, when compared to Fiscal 2019 expenses. Personal Services (PS) total $3 billion in Fiscal 2020; fringe benefits total $1.5 billion, and affiliation costs total $1.1 billion – all minor increases when compared to Fiscal 2019 totals. Other Than Personal Services (OTPS) spending decreases by $497 million, or 20 percent in Fiscal 2020, when compared to Fiscal 2019 OTPS costs. This decrease is due to one-time payments made in Fiscal 2019 to the City, including medical malpractice, prior year debt and administration cost.

Figure 5: Projected Operating Expenses



Fiscal 2020 Highlights

H+H reports $998 million in outside revenue in Fiscal 2020, comprised of $911 million in CTL, $87 million in intra-city funding, and $297,000 in federal Urban Areas Security Initiative – Homeland Security funding.

H+H's new expense funding totals $25 million in Fiscal 2020 and primarily supports the new program NYC Care.

New Needs

- **NYC Care.** The Plan allocates $25 million in Fiscal 2020 to H+H, as part of NYC Care, the City's promise to provide universal healthcare. As part of the NYC Care, the Plan also allocates nearly $75 million in Fiscal 2021 and $100 million in the outyears. New Yorkers ineligible for insurance or cannot afford insurance will be able to enroll in NYC Care. Those who do qualify or can afford insurance will be assisted in applying for health insurance.

New York State Budget Actions

Fiscal 2019-2020 State Executive Budget

New York's Medicaid program remains the State's largest payer of healthcare and long-term care. More than six million individuals receive Medicaid-eligible services through a network of more than 80,000 healthcare providers and 75 managed care plans. Total federal, State and local Medicaid spending is expected to be $73.9 billion in Fiscal 2020, a five percent increase over what the State spent this year. The Fiscal 2019-2020 State Executive Budget adheres to the Medicaid spending cap, a provision that ties Medicaid growth to the 10-year rolling average of the Medical Consumer Price Index – currently estimated at three percent.

H+H remains the City's single largest provider of healthcare to Medicaid patients. Medicaid patients comprise approximately 60 percent of all H+H inpatient discharges, 50 percent of all emergency department visits, 43 percent of all ambulatory surgery visits, and 53 percent of all hospital clinic visits.

Federal Concerns

The Fiscal 2019-2020 State Executive Budget takes the lead in the effort to protect access to universal affordable healthcare. The federal government has a clear stance against the continuation of the Affordable Care Act (ACA). The State Executive Budget includes $573 million in total funding for the operation of the New York State of Health. As of February 2019 (Calendar Year), 4.7 million New Yorkers have received insurance coverage through the New York State of Health marketplace.

Governor's 30-day Amendment

The 30-day amendment calls for major reduction in health funding. First, the State plans on completing a $550 million cut. This will be completed in three parts. First, reimbursements will be cut to the State's Indigent Care Pool, which reimburses hospitals that provide a large percentage of Medicaid and uninsured patients. The goal is to save the State $138 million, this funding will not be reallocated to Health and Hospitals but rather to the general budget. Second, there will be a less than one percent cut to all Medicaid providers totaling $190 million. Thirdly, the State will rescind the Medicaid Rate increase of 2 percent for hospitals and 1.5 percent for nursing homes.

In addition, there are proposed cuts to the Consumer Directed Personal Assistance Program of $75 million. Cutting funding to this program will in the end harm both the State and City as those who could have stayed at home will be forced into care. Lastly, the State proposed a reduction in the Department of Public Health Work Program reimbursement rate from 36 percent to 20 percent. This reduction would lead to a $59 million cut in health services that help mothers and children.

However, in the Senate and Assembly Fiscal 2019 budgets both bodies rejected these cuts and are attempting to find reductions elsewhere in the budget.

New York City Health + Hospitals Transformation Plan

In April 2016, the Administration unveiled *One New York: Health Care for Our Neighborhoods*, a comprehensive transformation plan for H+H to achieve financial sustainability and operational success. The Plan promotes four primary goals: stabilizing funding, expanding community-based healthcare, improving efficiency, and remodeling an outdated system. According to its Fiscal 2020 Preliminary Plan, without corrective actions, H+H anticipates a Fiscal 2019 operating loss of $1.1 billion in Fiscal 2019, growing to $1.3 billion in Fiscal 2020 and to $1.7 billion in Fiscal 2021.

The Fiscal 2019-2021 Plan closes operating deficits by generating revenues and reducing expenses. To close the $1.1 billion Fiscal 2019 deficit, H+H anticipates $757 million from revenue-generating initiatives and $430 million in savings from expense-reducing initiatives, for a Fiscal 2019 corrected operating surplus of $74.3 million. To address the $1.3 billion gap in Fiscal 2020, H+H projects $890 million in revenue and $530 million in savings from the corrective actions, for a Fiscal 2020 total of a positive $72.8 million. To address the $1.7 billion deficits in Fiscal 2021 and $1.9 billion deficit in Fiscal 2022, the revenue-generating initiatives provide $1 billion annually and the expense-reducing initiatives save $585 million annually, for a corrected Fiscal 2020 deficit of $99.2 million.

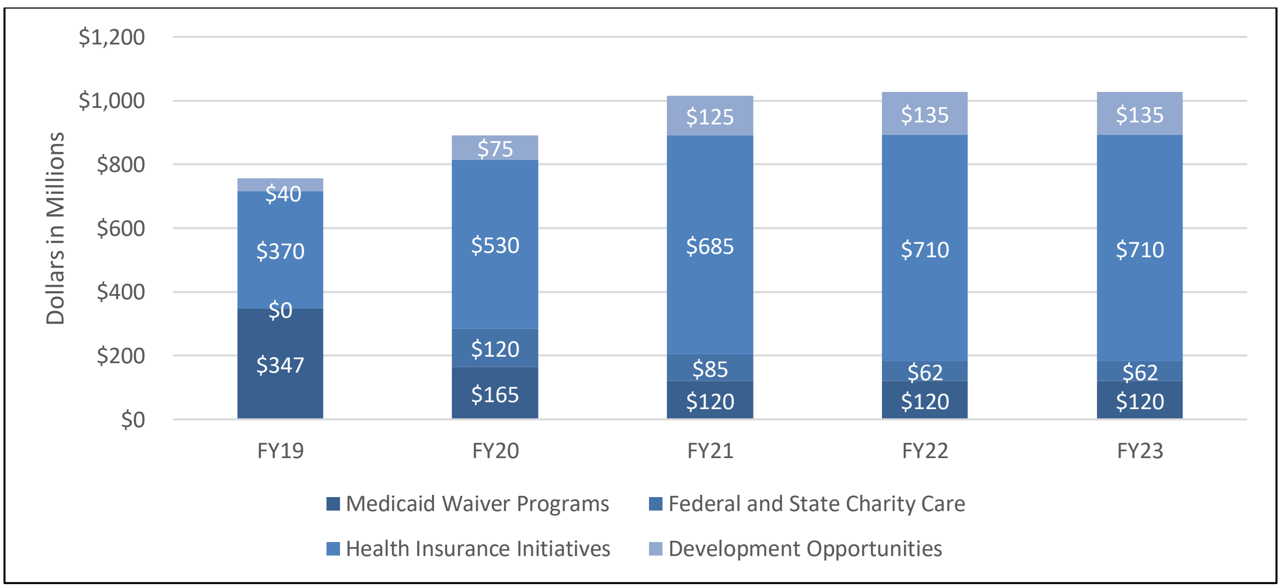
Figure 6: H+H Transformation Plan

Dollars in Thousands	Projected 2019	Projected 2020	Projected 2021	Projected 2022	Projected 2023
TOTAL OPERATING INCOME/(LOSS)	**(1113)**	**(1347)**	**(1699)**	**(1885)**	**(2011)**
Revenue-Generating Initiatives					
Medicaid Waiver Programs	347	165	120	120	120
Federal and State Charity Care	0	120	85	62	62
Health Insurance Initiatives	370	530	685	710	710
Development Opportunities	40	75	125	135	135
Total: Revenue Initiatives	**757**	**890**	**1015**	**1027**	**1027**
Expense-Reducing Initiatives					
Supply Chain & Care Management	135	145	155	155	155
Restructuring & Personnel	295	385	430	430	430
Total: Expense Initiatives	**430**	**530**	**585**	**585**	**585**
TOTAL WITH CORRECTIVE ACTIONS	**74**	**73**	**(99)**	**(273)**	**(399)**

Revenue-Generating Initiatives

Revenue-generating initiatives form the bulk of the Transformation Plan efforts at 63 percent and include Medicaid waiver programs, federal and State charity care, health insurance initiatives, and development opportunities. These revenue-generating initiatives provide $890 million in Fiscal 2020 and $1 billion each year thereafter. Notably, two revenue-generating initiatives – Medicaid waiver programs and federal and State charity care – require State and federal action.

Figure 7: Revenue- Generating Initiatives



Medicaid Waiver Programs

Projected revenue from Medicaid waiver programs totals $347 million in Fiscal 2019 and $165 million in Fiscal 2020 and $120 million in 2021. Funding from the Delivery System Reform Incentive Payment (DSRIP) program informs the Medicaid Waver revenue projections. The DSRIP program, implemented in April 2014, restructures New York State's healthcare delivery system in an effort to reduce avoidable hospital use by 25 percent over five years. The program supports the transition from a fee-for-service model to a value-based payment method and managed care structure.

H+H also anticipates generating revenue by converting Upper Payment Limit (UPL) funding to DSRIP funding. UPL payments are increases in the Medicaid reimbursement rates for providers who serve a large number of Medicaid patients. The City determines its UPL payments through the rates it is willing to pay and able to negotiate with the federal government. The conversion to DSRIP speaks to the State's interest in aligning supplemental Medicaid payments to value-based purchasing.

H+H also anticipates generating revenue through the Value-Based Payment Quality Improvement Program (VBP QIP). VBP QIP assists hospitals in severe financial distress, enabling these facilities to maintain operations and vital services while they work toward longer-term sustainability, improved quality, and alignment with the State's value-based payment initiatives. Anticipated revenue for Fiscal 2019 is $248 million and $120 million for Fiscal 2020 and in the outyears.

Federal and State Charity Care

Projected revenue from federal and State charity care totals $120 million in Fiscal 2020, $85 million in Fiscal 2021, and $62 million in Fiscal 2020 and 2021. H+H anticipates securing this funding by converting Disproportionate Share Hospital (DHS) payments to DSRIP funding. DSH payments constitute block subsidies for hospitals that report high rates of Medicaid patients and uninsured patients. Again, the conversion speaks to the State's interest in tying supplemental Medicaid funding to hospital quality, costs, and outcomes.

Health Insurance

Projected revenue from health insurance initiatives totals $370 million in Fiscal 2019, $530 million in Fiscal 2020, $685 million in Fiscal 2021 and $710 million in Fiscal 2022 and Fiscal 2023. MetroPlus, a health insurance plan owned by H+H, offers low to no-cost coverage to approximately 505,000 New Yorkers – primarily Medicaid enrollees. In Fiscal 2018, MetroPlus membership totaled approximately 522,000 members, an increase of more than 18,000 people or about four percent, when compared to Fiscal 2017 enrollment numbers. In the first four months of Fiscal 2019, MetroPlus membership totaled approximately 504,500 members, an increase of more than 11,000 members or two percent, when compared to the same period last year.

The Transformation Plan, however, estimates that MetroPlus membership will approach 675,000 members by 2020 based on outreach efforts and the expansion of community-based care.

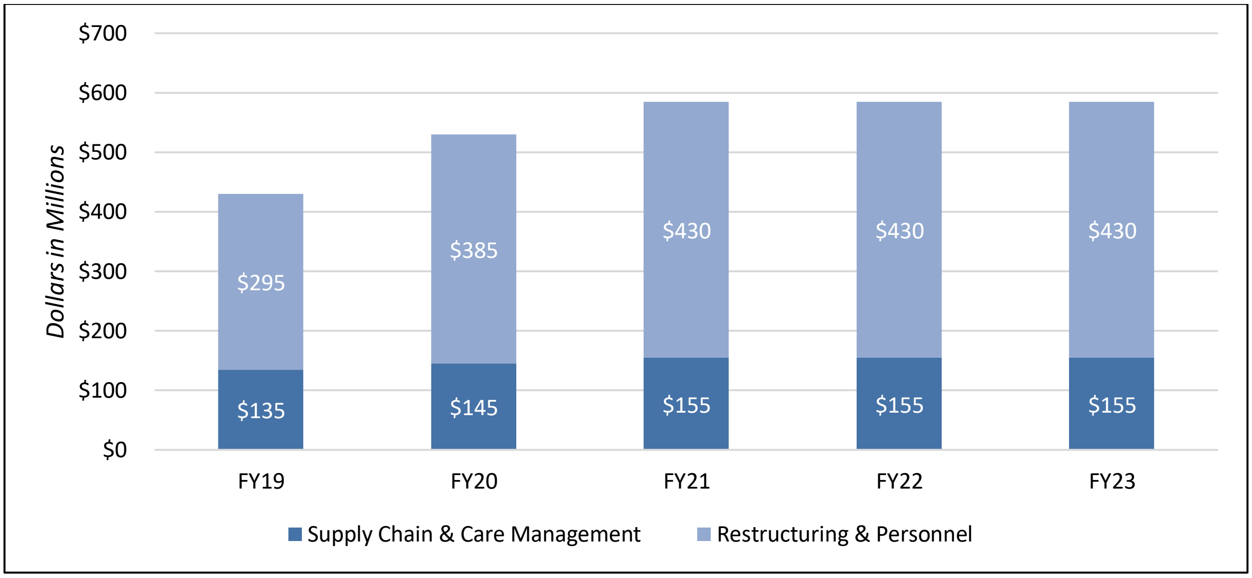
Development Opportunities

Projected revenue from Development Opportunities on City-owned H+H properties totals $75 million in Fiscal 2020, which is an increase of 89 percent. The increase is due to a new programs or policies implemented in Fiscal 2019 such as, focus on prevention healthcare, increased collaboration with Metroplus, and investing in clinical services.

Expense-Reducing Initiatives

Expense-reducing initiatives comprise approximately 37 percent of the Transformation Plan and include supply chain and care management initiatives and restructuring and personnel initiatives. Expense-reducing initiatives provide $430 million in savings in Fiscal 2019, $530 million in Fiscal 2020, and $585 million in Fiscal 2021 and Fiscal 2022.

Figure 8: Expense Reducing Initiatives



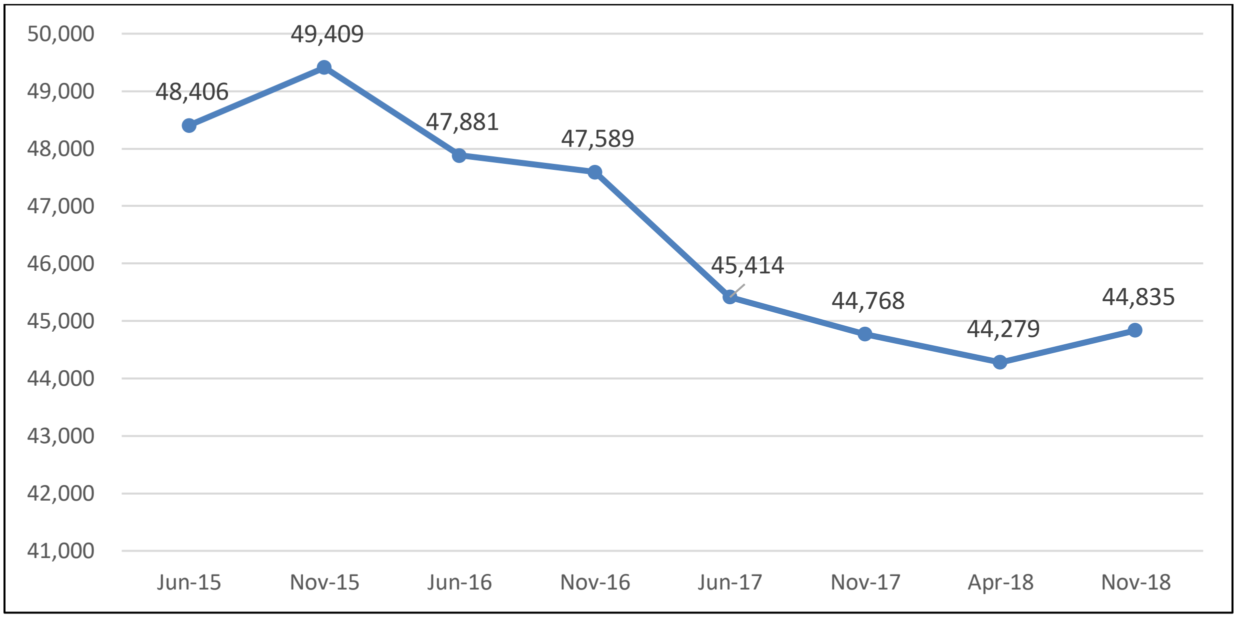
Supply Chain Efficiencies

In an effort to improve quality and save costs, H+H continues to redesign its supply chain services by centralizing the management of several large, core services into one division. The hospital system identifies opportunities for savings and revenues by re-negotiating existing contracts, reducing cost and waste, and capitalizing on government pharmaceutical subsidies. Projected savings from supply chain initiatives total $135 million in Fiscal 2019, $145 million in Fiscal 2020, and $155 million in Fiscal 2021 and 2022.

Restructuring and Personnel

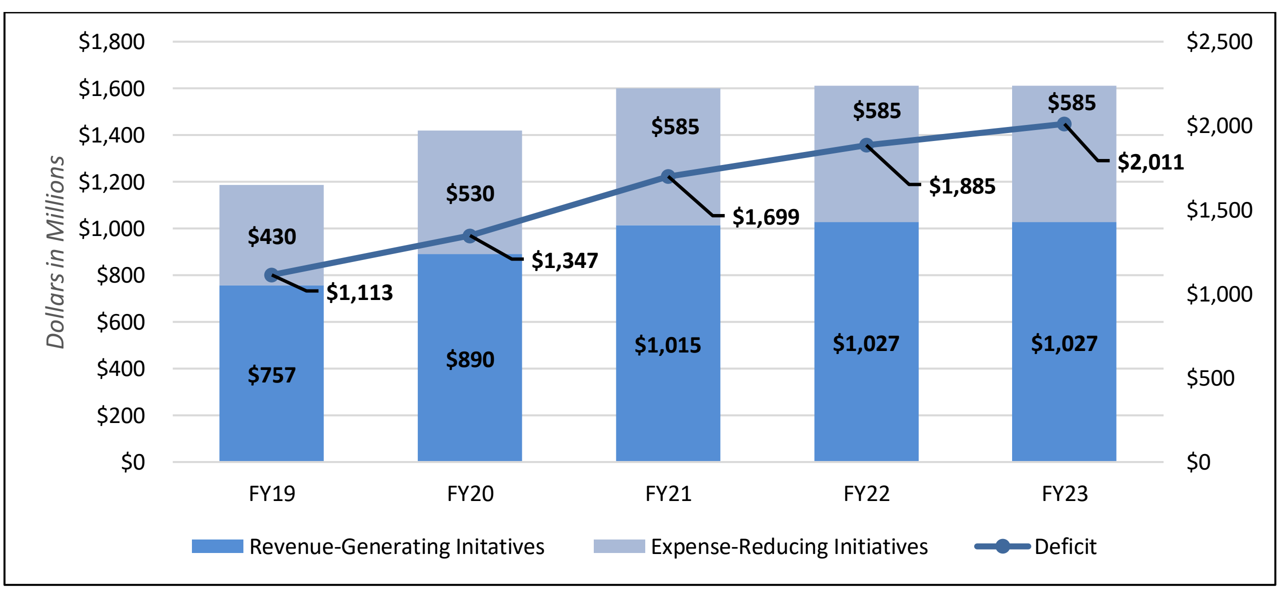
The restructuring of healthcare services generates the greatest savings in the Plan, providing $295 million in Fiscal 2019, $385 million in Fiscal 2020, and $430 million in Fiscal 2021 and Fiscal 2022. As of November 2018, global full-time equivalents (FTEs) have dropped by 4,575 positions since November 2015 to 44,835 FTEs – the result of attrition and non-union layoffs. The following graph shows H+H's global FTEs from June 2015 to November 2017 – based on the key indicator reports provided at H+H's Finance Committee Board of Directors meetings. The FTEs include H+H's central office staff, as well as overtime, hourly, temporary, and affiliate positions. Also included in the headcount are the care management FTEs and the Enterprise IT FTEs - which includes consultants.

Figure 9: H+H Global Full Time Equivalents (GFTE's)



The following graph depicts H+H's actions to correct the health system's projected deficits. In Fiscal 2019, H+H anticipates $757 million from revenue-generating initiatives and $430 million from expense-reducing initiatives for a combined $1.2 billion to fill the $1.1 billion gap. To address the $1.3 billion gap in Fiscal 2020, H+H expects $890 million from revenue-generating initiatives and $530 million from expense-reducing initiatives. In Fiscal 2021, the deficit totals approximately $1.7 billion; H+H projects $1.0 billion from revenue-generating initiatives and $585 million from expense-reducing initiatives each year in order to fill these gaps.

Figure 10: Actions to Correct the Deficit



Fiscal 2019 Preliminary Mayor's Management Report

The Fiscal 2019 Preliminary Mayor's Management Report assesses H+H's provision of medical, mental health, and substance abuse services to New York City residents regardless of their ability to pay. Specifically, the report evaluates H+H's efforts to expand access to care, to increase the number of patients served, and to maximize quality of care and patient satisfaction.

H+H strives to provide quality healthcare to all New Yorkers regardless of income, race, or immigration status. In order to expand access to physical and mental health services, H+H is establishing new ambulatory sites in high-need neighborhoods, integrating mental and physical health services, and expanding telehealth to leverage specialist capacity. H+H's cost savings and revenue enhancement activities include implementing the Epic electronic medical record and revenue cycle systems, launching an enterprise resource planning software system, and expanding supply chain initiatives.

The following chart lists H+H performance indicators related to the goal of expanding access to care.

	Actual			Target		4-Month Actual	
	FY16	**FY17**	**FY18**	**FY19**	**FY20**	**FY18**	**FY19**
Eligible women receiving a mammogram screening (%)	76.40%	75.40%	75.90%	80.00%	80.00%	74.30%	74.90%
HIV patients retained in care (%) (annual)	85.70%	83.50%	84.90%	85.00%	85.00%	NA	NA
Adult patients discharged with a principal psychiatry diagnosis who are readmitted within 30 days (%)	NA	61.30%	57.80%	↑	↑	57.60%	61.20%
Follow-up appointment kept within 30 days after behavioral health discharge (%)	NA	61.30%	57.80%	↑	↑	57.60%	61.20%
eConsults completed	NA	12,649	28,956	↑	↑	6,965	17,995
Calendar days to third next available new appointment - adult medicine	23	18.6	13.1	14	14	16.2	12.2
Calendar days to third next available new appointment - pediatric medicine	5	5.1	4.7	5	5	7.3	9.1
Patients who left Emergency Department without being seen (%)	9.00%	7.70%	7.70%	4.00%	4.00%	7.00%	9.00%
Inpatient satisfaction rate (%)	62.00%	61.00%	62.00%	65.40%	65.80%	60.00%	62.00%
Outpatient satisfaction rate (%)	77.80%	81.30%	82.10%	83.60%	85.40%	81.40%	81.20%

The percentage of eligible women receiving a mammogram screening at an H+H facility increased, as did the annual percentage of HIV patients retained in care at an H+H facility, rising to 75.9 percent and 84.9 percent in Fiscal 2018, respectively.

In order to reduce readmissions, H+H has worked to integrate behavioral healthcare services in primary care settings and to engage patients through peer counseling and other community based supports. H+H reports that improved access to mental health and substance use ambulatory clinics have contributed to improved engagement in treatment, resulting in lower re-hospitalization rates. In Fiscal 2018, H+H reduced the number of follow up appointments kept within 30 days after behavior health discharge by 57.8 percent – a 3.5 percent improvement when compared to Fiscal 2017.

H+H reduced the number of calendar days to the third next available new appointment for adult visits but increased the number of days for pediatric visits. In the first four months of Fiscal 2019, H+H reported 12.2 days to the third next available new appointment for adult patients – an improvement of 4 days when compared to the same period last year. Wait times for pediatric visits decreased by 1.8 days during this period to 9.1 days. In order to reduce patient wait times, H+H continues to expand hours of operation, add staff, and work with MetroPlus to better manage provider panels for new patients.

Corrective action is required to improve the satisfaction rate for inpatient services. The rate remains steady at around 62 percent. Whereas, the rate for outpatient services continues to improve from 81.3 percent in Fiscal 2017 to 82.1 percent in Fiscal 2018.

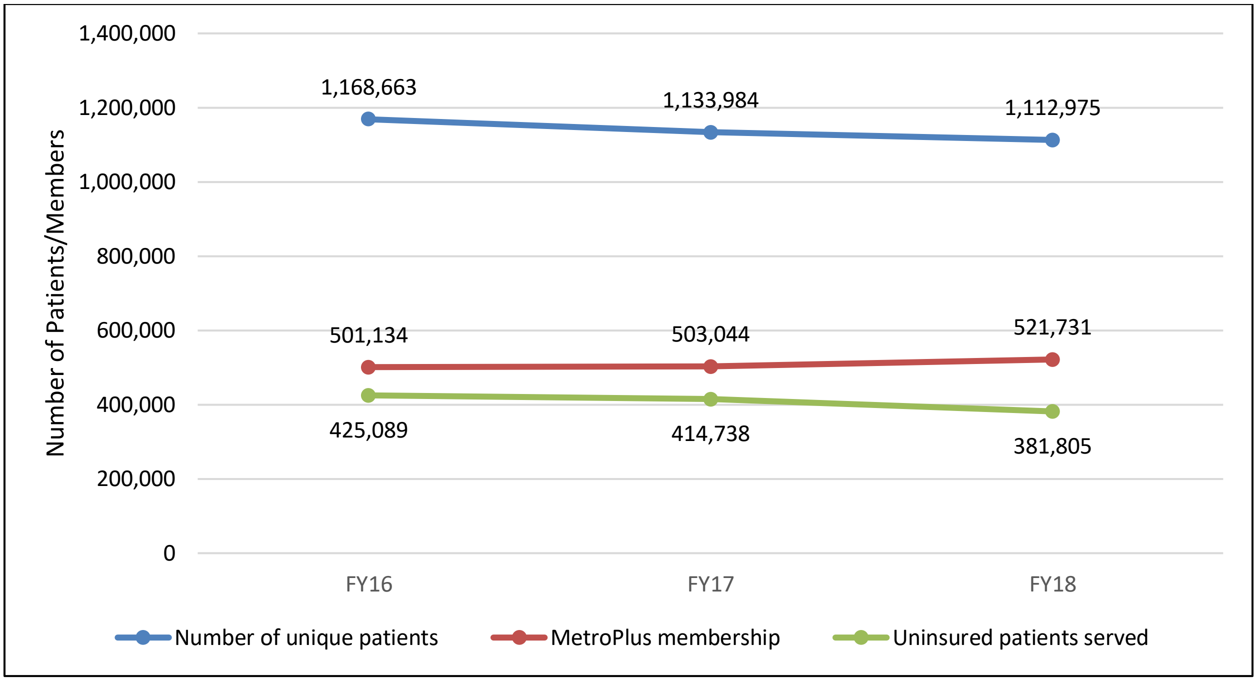
The following chart lists H+H performance indicators related to the goal of increasing the number of patients served.

Performance Indicators	Actual			Target		4-Month Actual	
	FY16	FY17	FY18	FY19	FY20	FY18	FY19
Number of unique patients	1,168,663	1,133,984	1,112,975	↑	↑	532,263	519,151
MetroPlus membership	501,134	503,044	521,731	↑	↑	504,498	516,107
Uninsured patients served	425,089	414,738	381,805	↓	↓	152,898	144,514
Prenatal patients retained in care through delivery (%)	87.00%	86.10%	89.00%	90.00%	90.00%	89.50%	90.00%

The number of unique patients that H+H serves continues to decline; however, H+H reports that the downward trend may be flattening. H+H provided healthcare services to 519,151 unique patients in the first four months of Fiscal 2019, a three-percent decrease when compared to the same period in Fiscal 2018. Over the last three fiscal years, the health system has also failed to retain prenatal patients in H+H care through delivery. Fiscal 2019 four-month actuals indicate a 90 percent retention rate – equal to the Fiscal 2019 target.

H+H served approximately 144,514 uninsured patients during the first four months of Fiscal 2019, a decrease of 8,384 patients, or six percent, when compared to the same period in Fiscal 2018. During the same period, MetroPlus enrollment increased from 504,498 enrollees to 516,107 enrollees, a gain of two percent.

Figure 11: H+H Patients and MetroPlus Members



Correctional Health Services

The following chart lists H+H performance indicators related to Correctional Health Services (CHS).

Performance Indicators	Actual			Target		4-Month Actual	
	FY16	FY17	FY18	FY19	FY20	FY18	FY19
Total correctional health clinical visits (includes intake exams, sick calls, follow-up, mental health & dental)	7,999	8,290	8,294	*	*	2,712	2,751
Patients with a substance abuse diagnosis in a jail-based substance abuse program (%)	97%	97%	96%	90%	90%	87%	94%

The CHS team maintains two core goals for incarcerated persons: (1) increase the quality of care and access to services while reducing the challenges to and demands on correction security staff; and (2) improve the continuity of care during and after incarceration. More than 1,000 H+H employees work in the City's jails, including 936 employees at Rikers Island and 133 employees throughout the three borough facilities. The Fiscal 2020 CHS Budget totals $265.9 million in CTL.

The percentage of patients with a substance abuse diagnosis who are enrolled in a jail-based substance abuse program increased by four percent In the first four months of Fiscal 2019, when compared to the same period last year, from nine percent to 13 percent.

Capital Plan Overview

On February 7, 2019, the Administration released the Preliminary Ten-Year Capital Strategy for Fiscal Years 2020-2029 (Ten-Year Strategy), the Capital Commitment Plan for Fiscal 2019-2023 (Commitment Plan) and the Fiscal 2020 Preliminary Capital Budget (Capital Budget).

This section will provide an overview of the Preliminary Ten-Year Strategy, Commitment Plan and Capital Budget for Health and Hospitals**.** Each one of these documents should support and be well integrated with one another to properly execute the City's capital projects as well as meet its infrastructure goals. We will examine to what extent this is occurring, where improvements need to be made, and the overall feasibility of H + H capital program.

Preliminary Ten-Year Capital Strategy Fiscal 2020-2029

The Ten-Year Strategy is the City's long term capital planning document which provides a framework for capital spending by agency. The Strategy is released every two years as mandated by the City Charter.

Strategy Guiding Principles

By its own description the Ten Year Strategy document: "provides a venue for the City to demonstrate the comprehensive infrastructure planning that the City undertakes as part of its responsibility to all New Yorkers, across all neighborhoods, and explain the connections between capital investment and strategic priorities." It strives to do this through four guiding principles:

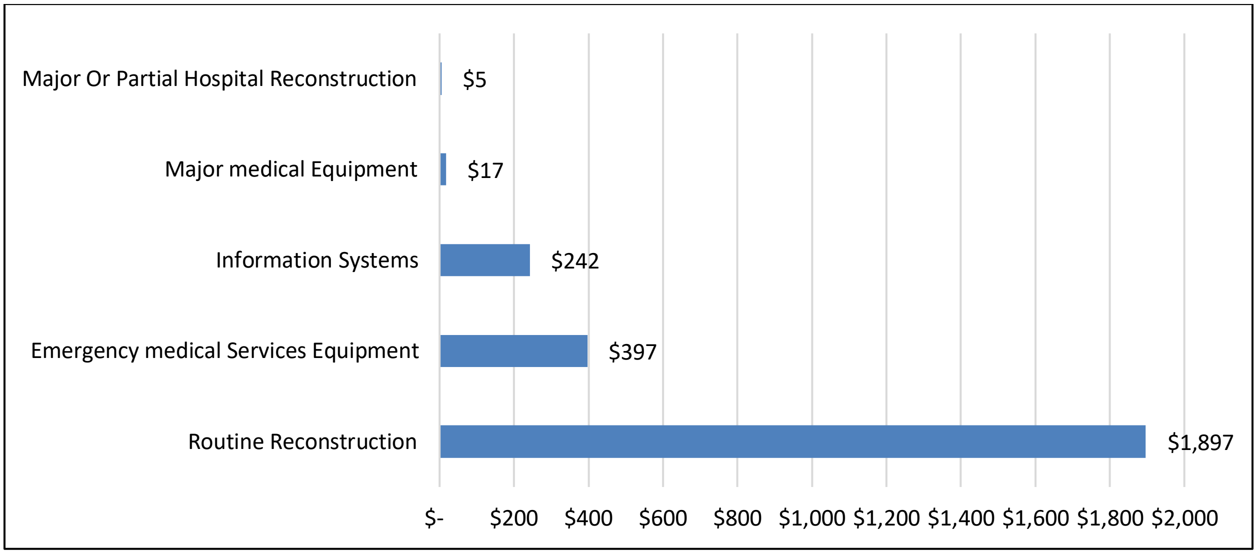
1. Maintain New York City's financial responsibility
2. Promote forward-looking, holistic capital planning that anticipates neighborhood needs of tomorrow
3. Advance a more equitable New York City through capital investment
4. Consider community perspectives in capital planning and decision-making

Using these principles we will assess H+H's Strategy, and how well it is integrated with H+H Capital Commitment Plan and Capital Budget.

The City's Ten-Year Strategy totals $104.1 billion (all funds), which is $14.5 billion larger than the $89.6 billion Fiscal 2018-2028 Ten-Year Strategy. H+H's Ten-Year Capital Strategy totals $2.6 billion, or slightly more than two percent of the City's total Strategy.

Each agency's Ten-Year Strategy is broken down into Ten-Year Plan Categories which describe the general type of capital work being done. The chart below shows how H+H's Ten-Year Strategy is distributed among these categories.

Figure 12: Preliminary Ten-Year Capital Strategy



Routine Reconstruction

The Preliminary Ten-Year Capital Strategy has $1.1 billion in federal funds and an additional $819.6 million in City funds. The goal of the $1.1 billion is federal funding to assist in Hurricane Sandy related damages. Funding from the City includes $95 million to expand primary care in underserved areas.

Emergency Medical Services Equipment

The Preliminary Ten-Year Capital Strategy includes $396.8 million to purchase FDNY/EMS ambulances.

Information Technology System

A major effort of H+H capital plan is to roll out system wide electronic medical record system. A total of $242.3 million is provided for the replacement and updating of the EMR and a revenue cycle management. The funding also will be provided for any major IT projects, such as upgrades, biomedical equipment and radiology image systems.

Major Medical Equipment

The Preliminary Ten-Year Capital Strategy includes $16.9 million for the purchase of medical equipment throughout H+H.

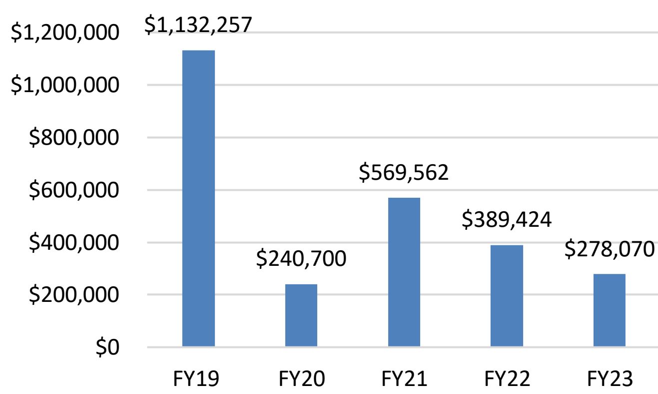
Major or Partial Hospital Reconstructions

Funding is included in the Preliminary Ten-Year Capital Strategy for the completion of an Ambulatory Care Pavilion at Queens Hospital Center, the modernization of inpatient/ambulatory care facilities at Coney Island Hospital, and the modernization of Harlem Hospital. Total funding in the Preliminary Ten-Year Capital Strategy includes $5.3 million.

Preliminary Capital Budget for Fiscal 2020-2023

The Capital Budget provides the estimated need for new appropriations for Fiscal 2020 along with projections for the subsequent three-year capital program. Appropriations represent the legal authority to spend capital dollars and are what the Council votes on at budget adoption.

Figure 13: H+H Fiscal 19 Appropriations and FY20-FY23 Capital Budget



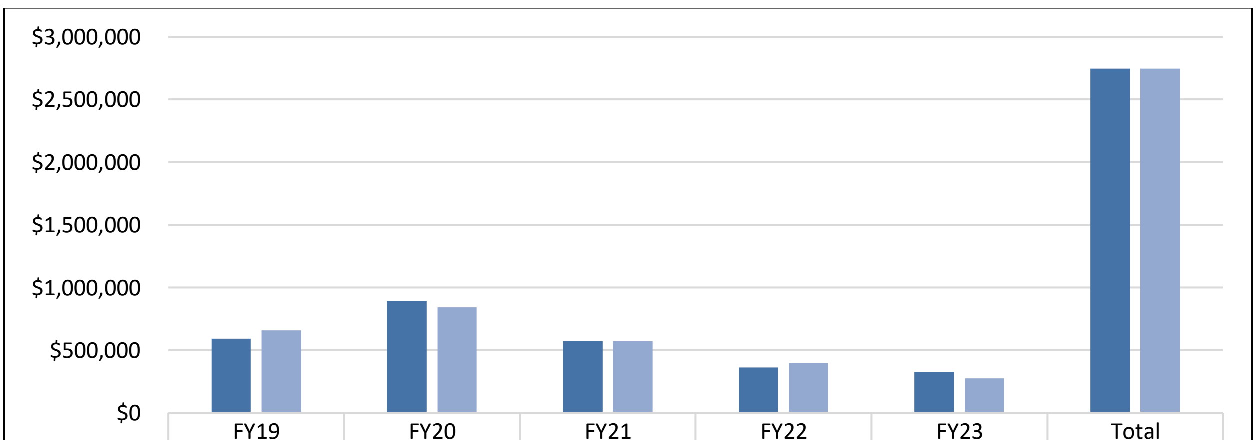
As shown in the chart at left, the Department of H+H Fiscal 2020 Preliminary Capital Budget includes $1.5 billion in Fiscal 2020-2023. This represents approximately three percent of the City's total $52.8 billion Capital Budget for 2020-2023. The available appropriations for Fiscal 2019 total $1.1 billion, almost the entirety of which are reauthorized from previous plans.

Preliminary Capital Commitment Plan for Fiscal 2019-2023

The City's Capital Commitment Plan details the Administration's plan to spend the appropriations voted on by the City Council at Adoption. The Commitment Plan provides project-level funding detail as well as an estimate of expenditure dates. It is through this document that insight into a project's estimated start date and time to completion is seen.

The Department of H+H Preliminary Commitment Plan includes $2.7 billion in Fiscal 2019-2023. This represents approximately three percent of the City's total $83.8 billion Preliminary Commitment Plan.

Figure 14: H+H FY19-FY23 Commitment Plan



	FY19	FY20	FY21	FY22	FY23	Total
Adopted	$592,907	$893,241	$572,229	$362,935	$327,214	$2,748,526
Prelim	$660,137	$843,405	$571,362	$396,406	$278,070	$2,749,380

The Preliminary Capital Plan for the Department for Fiscal 2019-2023 has increased by more than $854,000 to a total of $2.7 billion, demonstrating less than one percent growth when compared to the Department's Adopted Commitment Plan.

The total appropriations for H+H in Fiscal 2019 are $1.29 billion against planned commitments totaling $15.4 million.[1] This excess balance of $1.27 billion in appropriations gives the Administration considerable flexibility within the capital plan. However, as the commitment of appropriations are legally bound to their budget line descriptions this flexibility is more limited that it appears from this variance alone.

Historically, the Commitment Plan frontloaded planned commitments for capital projects in the first year or two of the plan, and included unrealistically high planned commitments. At the Council's request that practice has been coming to an end. Agencies' Commitment Plans have been more accurate, including more evenly distributed planned spending across all years of the plan, beginning with the last Executive Commitment Plan. The Council is working with the Administration to ensure that this practice continues. H+H's Commitment Plan shows 74 percent of its total Commitment Plan in the first year.

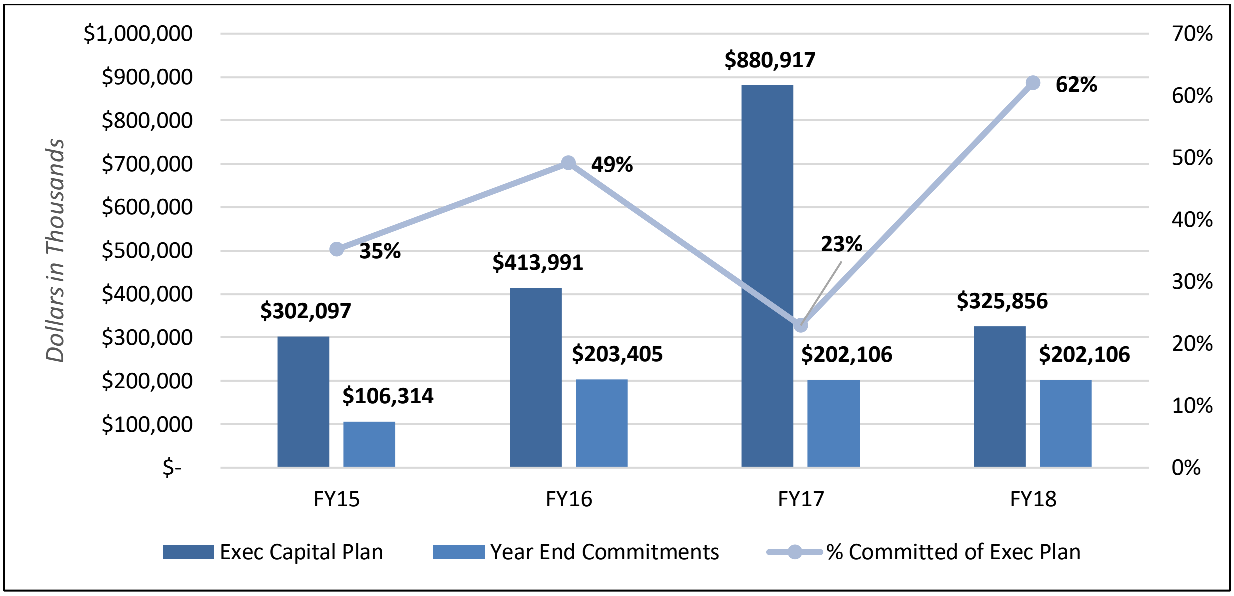
H+H had actual commitments of $202 million in Fiscal 2018, a commitment rate of 62 percent. The Department's history of commitments is shown in the chart below. Given this performance history, it is likely that H+H will end this year with unmet commitment targets and significant appropriations available to roll into Fiscal 2020 and in the out-years.

The chart below displays the Department's capital commitment plan as of the Fiscal 2015-2018 Executive Budget and the actual commitments in the corresponding fiscal year. The chart also shows the capital commitment rate: the percentage of the capital plan committed per fiscal year.[2]

[1] Appropriations for Fiscal 2019 are calculated by summing the available appropriations listed in the commitment plan with actual commitments to-date. Because commitments to-date excludes inter-fund agreements (IFA), this figure may be slightly lower than the total appropriations for Fiscal 2019. In addition, a very small portion of the difference between appropriations and planned commitments are necessary to fund IFA, which are excluded from this planned commitments figure.

[2] Note planned commitments are higher than the agency's "target commitments." Target commitments are a management tool used by OMB; they are "the actual aggregate levels that the managing agencies are expected to commit and against which their performance will be measured at the end of the fiscal year," and are not broken out between City and non-City funds.

Figure 15: H+H Commitment Rate



H+H's Commitment Plan includes 17 budget lines and 456 project IDs.

2020 Preliminary Capital Commitment Plan Highlights

Major capital projects included in the Preliminary Capital Plan for Fiscal 2020-2023 includes the following.

- **Elmhurst Hospital Center.** The Fiscal 2020 Capital Commitment Plan includes funding of $1 million to complete capital construction of the Elmhurst Hospital Center through 2020.
- **Emergency Medical Services Equipment.** The Fiscal 2020 Capital Commitment Plan includes funding of $24.5 million for purchase of emergency medical service equipment in Fiscal 2020. Funding for Fiscal 2021 is $33.2 million, and $59.2 million for Fiscal 2022.
- **Hospital Improvements.** The Fiscal 2020 Capital Commitment Plan includes funding of $215 million for Fiscal 2020, $536.3 million for Fiscal 2021 and $330.2 million for Fiscal 2021 to provide funds for improvements to hospitals across the five boroughs.
- **Purchase of Equipment HHC, Brooklyn.** The Fiscal 2020 Capital Commitment Plan includes funding of $16.1 million only for Fiscal 2020. There is no funding in the outyears.
- **Purchase of Equipment HHC, Manhattan.** The Fiscal 2020 Capital Commitment Plan includes funding of $147,000 only for Fiscal 2020. There is no funding in the outyears.

Appendices

A. Budget Actions in the November and the Preliminary Plans

	FY19			FY20		
Dollars in Thousands	**City**	**Non-City**	**Total**	**City**	**Non-City**	**Total**
New Needs						
NYC Care	$0	$0	$0	$ 25,000	$0	$25,000
Subtotal, New Needs	**$0**	**$0**	**$0**	**$25,000**	**$0**	**$25,000**
Other Adjustments						
DOHMH - INTRACITY	$0	($1,187)	($1,187)	$0	($1,350)	($1,350)
DGS INTRA CITY	5	0	5	10	0	10
DOH-HHC AIDS	0	3,736	3,736	0	0	0
HHC Collective Bargaining	0	0	0	55,706	0	55,706
INTRA CITY RENT	0	(27)	(27)	0	(45)	(45)
plaNYC Energy	0	345	345	0	0	0
UASI FFY17	0	(97)	(97)	0	97	97
CHS funds to Central Office	0	0	0	0	0	0
DV Forensic Training Rollover	0	125	125	0	0	0
Energy Analyst	0	62	62	0	0	0
Energy Managers	0	191	191	0	0	0
FFY15UASI1	0	928	928	0	0	0
H+H DOHMH Transfer	(2,495)	3,898	1,403	0	0	0
IC W/ H+H - Asthma Center	0	313	313	0	0	0
IC W/ H+H - Jacobi Med Center	0	12	12	0	0	0
IC W/ H+H - Pharmaceuticals	0	2,260	2,260	0	0	0
IC W/ H+H - Reach Out & Read	0	155	155	0	0	0
IC W/ H+H - Winston Temp	0	1,609	1,609	0	0	0
IC W/ H+H -Immunization Clinic	0	455	455	0	0	0
IC W/H+H - Pharmaceuticals	0	680	680	0	0	0
IC W/H+H - Winston Temps	0	525	525	0	0	0
IC W/H+H -Pharmaceuticals	0	6,380	6,380	0	0	0
Mod to move CHS funds to 2015	0	0	0	0	0	0
MOD202010118	0	0	0	0	0	0
OASAS State Aid Letter	0	(588)	(588)	0	(588)	(588)
OMH State Aid BC Update	0	0	0	0	0	0
OMH State Aid Letter 7-2-18	0	777	777	0	0	0
Reallocating FFY15 UASI funds	0	0	0	0	0	0
Transfer for CHS Services	18	0	18	0	0	0
Subtotal, Other Adjustments	**($2,472)**	**$20,555**	**$18,082**	**$55,715**	**($1,886)**	**$53,830**
TOTAL, All Changes	**($2,472)**	**$20,555**	**$18,082**	**$80,715**	**($1,886)**	**78,830**

B. Fiscal 2020 Preliminary Plan Other Revenue by Funding Source

Funding Source	FY19	FY20	FY21	FY22	FY23
Dollars in Thousands					
CHS funds to Central Office	$0	$0	$0	$0	$0
H+H DOHMH Transfer	$2,495	$0	$0	$0	$0
Transfer for CHS Services	$18	$0	$0	$0	$0
DGS INTRA CITY	$5	$10	$16	$17	$17
HHC Collective Bargaining	$0	$55,706	$41,650	$64,642	$65,674
NYC Care	$0	$25,000	$75,000	$100,000	$100,000
CITY	**$2,518**	**$80,715**	**$116,667**	**$164,659**	**$165,691**
Energy Analyst	$62	$0	$0	$0	$0
Energy Managers	$191	$0	$0	$0	$0
H+H DOHMH Transfer	$3,898	$0	$0	$0	$0
IC W/ H+H - Asthma Center	$313	$0	$0	$0	$0
IC W/ H+H - Jacobi Med Center	$12	$0	$0	$0	$0
IC W/ H+H - Pharmaceuticals	$2,260	$0	$0	$0	$0
IC W/ H+H - Reach Out & Read	$155	$0	$0	$0	$0
IC W/ H+H - Winston Temp	$1,609	$0	$0	$0	$0
IC W/ H+H -Immunization Clinic	$455	$0	$0	$0	$0
IC W/H+H - Pharmaceuticals	$680	$0	$0	$0	$0
IC W/H+H - Winston Temps	$525	$0	$0	$0	$0
IC W/H+H -Pharmaceuticals	$6,380	$0	$0	$0	$0
Mod to move CHS funds to 2015	$0	$0	$0	$0	$0
MOD202010118	$0	$0	$0	$0	$0
OASAS State Aid Letter	($588)	($588)	($588)	($588)	$0
OMH State Aid BC Update	$0	$0	$0	$0	$0
OMH State Aid Letter 7-2-18	$777	$0	$0	$0	$0
DEPT. OF MENTAL HLTH-INTRACITY	$1,187	$1,350	$1,350	$1,350	$1,350
DOH-HHC AIDS	$3,736	$0	$0	$0	$0
INTRA CITY RENT	$27	$45	$45	$45	$45
plaNYC Energy	$345	$0	$0	$0	$0
CITY	**$22,026**	**$807**	**$807**	**$807**	**$1,395**
FFY15UASI1	$928	$0	$0	$0	$0
Reallocating FFY15 UASI funds	$185	$0	$0	$0	$0
UASI FFY17	$97	$97	$0	$0	$0
OTHERFS	**$1,211**	**$97**	**$0**	**$0**	**$0**
DV Forensic Training Rollover	$125	$0	$0	$0	$0
STATE	**$125**	**$0**	**$0**	**$0**	**$0**
Grand Total	**$15,121**	**$588**	**$588**	**$588**	**$164,296**