

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 2021 Preliminary Plan, Fiscal 2021 Preliminary Capital Budget, Fiscal
2021 Preliminary Capital Commitment Plan, and the Fiscal 2020 Preliminary
Mayor's Management Report for

New York City Health + Hospitals

March 9, 2020

Finance Division

John Cheng, Financial Analyst
Crielhien R. Francisco, Unit Head

Latonia McKinney, Director
Regina Poreda Ryan, Deputy Director

Paul Scimone, Deputy Director
Nathan Toth, Deputy Director

Table of Contents

New York City Health + Hospitals Overview	1
Introduction	1
Background and Sources.....	2
H+H's Accounting Method	2
H+H's Patient Population.....	2
H+H Fiscal 2021 January Financial Plan	3
Projected Operating Deficits.....	3
Projected Operating Revenues	4
Projected Operating Expenses.....	5
H+H January 2021 Transformation Plan	5
Revenue-Generating Initiatives	6
Expense-Reducing Initiatives	8
Fiscal 2021 Highlights.....	9
State and Federal Budget Concerns.....	9
Medicaid Redesign Team II	9
Medicaid Local District Cost Shift	9
Medicaid Disproportionate Share Hospital (DSH) Payments.....	10
Delivery System Reform Incentive Payment (DSRIP) Waiver Program	10
Correctional Health Services.....	10
Fiscal 2020 Preliminary Mayor's Management Report	11
Patient Care Access and Quality	11
Financial Sustainability.....	12
Fiscal 2021-2024 Preliminary Capital Budget	12
Preliminary Capital Commitment Plan for Fiscal 2020-2024.....	13
Preliminary Capital Commitment Plan Highlights.....	15
Appendices.....	16
A. Budget Actions in the November and the Preliminary Plans	16
B. Fiscal 2021 Preliminary Plan Other Revenue by Funding Source	18
C. Utilization Rates.....	19
D. Correctional Health Services Staffing	19

New York City Health + Hospitals Overview

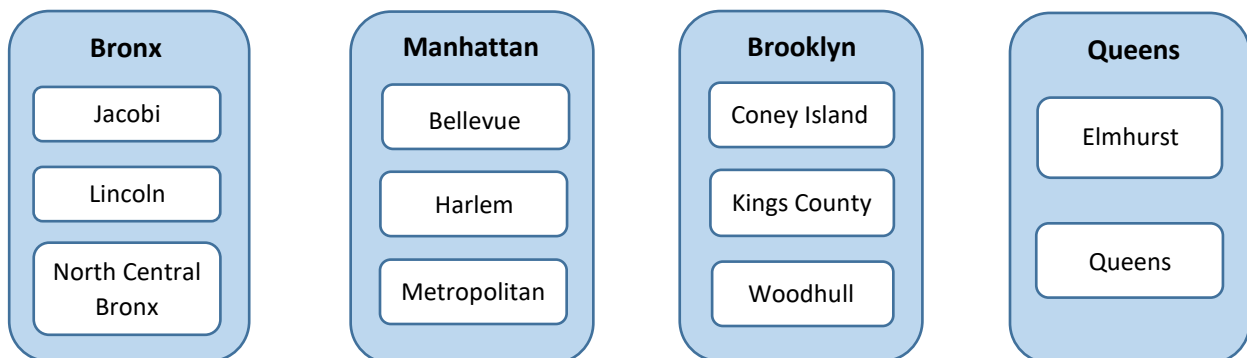
Introduction

New York City Health and Hospitals (H+H) constitutes the largest municipal healthcare system in the United States. The H+H system, comprised of 11 acute-care facilities, five skilled nursing facilities, and dozens of community- and neighborhood-based health clinics, employs over 45,000 global full-time equivalents and serves more than one million New Yorkers annually. H+H also operates a Certified Home Health Agency (CHHA), an Accountable Care Organization (ACO), and a managed care plan, MetroPlus. The system delivers a range of preventive care, primary care, and behavioral health services, as well as trauma care, burn care, high-risk neonatal and obstetric care, and other specialized services.

H+H remains the City’s single largest provider of healthcare to Medicaid patients and the uninsured. The health system—which has long served as a safety net for New York City’s most vulnerable patients—relies substantially on Medicaid revenues (\$2.2 billion in Fiscal 2020), supplemental Medicaid payments (\$2.5 billion in Fiscal 2020), and City support (\$899 million in Fiscal 2020) to sustain its operations (see “Fiscal 2021 January Financial Plan” for further discussion and analysis).

Additionally, H+H is embedded in the City’s criminal justice system—conducting mental health evaluations of adult criminal defendants, administering emergency medical care and inpatient health services to inmates in New York City correctional facilities, and facilitating re-entry into communities and continuity of care following incarceration. H+H has managed Correctional Health Services (CHS) in the City’s jail system since Fiscal 2016. CHS receives an estimated \$237 million in City funding for Fiscal 2020.

Acute Care Facilities, By Borough



Skilled Nursing Facilities, By Borough



Background and Sources

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 \$95.3 billion Fiscal 2021 Preliminary Budget does not include H+H’s full expense and revenue budget; it includes only City support for H+H. The City’s Capital Budget and Capital Commitment Plan include all capital projects at H+H; the system’s Preliminary Capital Budget for Fiscal 2021-2024 is \$1.6 billion.

Accordingly, this report relies primarily on the following documents to review and discuss H+H’s finances—the H+H-specific Fiscal 2021 Preliminary Plan and Fiscal 2021 Transformation Plan, as well as documents that provide cross-agency reporting (i.e. Preliminary Mayor’s Management Report (PMMR), Preliminary Capital Budget, and Preliminary Capital Commitment Plan).

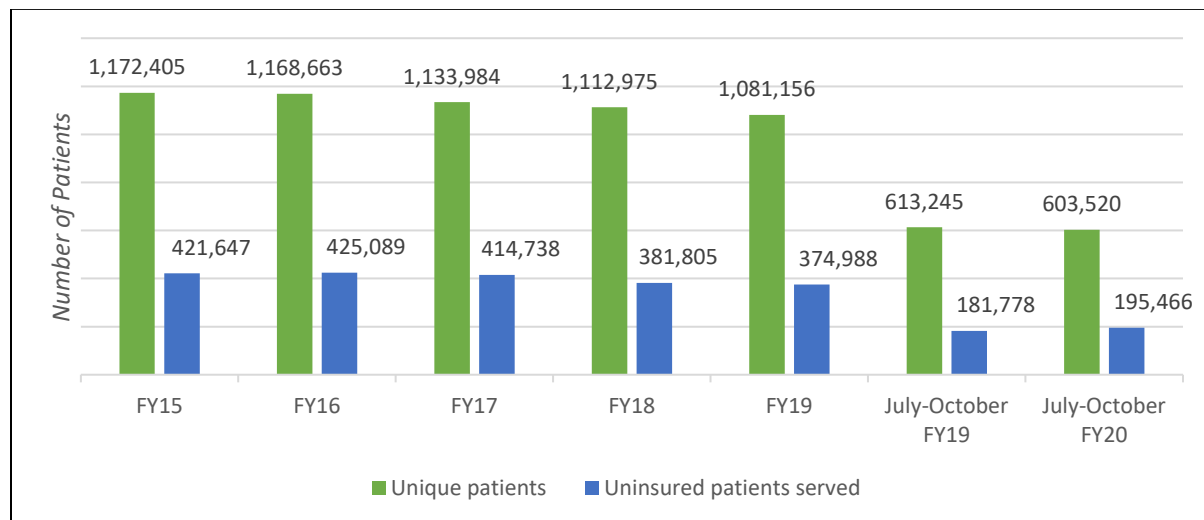
H+H’s Accounting Method

H+H operates on a cash basis, recognizing revenues and reporting expenses as they occur, rather than employing the financial projections used in the City’s budget. The cash-basis accounting method allows H+H to recognize income when the health system actually receives the money, rather than when a charge is levied. 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 system’s current cash flow.

H+H’s Patient Population

In Fiscal 2019, H+H served about 1.08 million unique patients, representing a 2.9 percent decline from the 1.11 million unique patients treated in Fiscal 2018. In the first four months of the current fiscal year, H+H served nearly 604,000 unique patients, reflecting a 1.6 percent decrease from the approximately 613,000 patients seen during the same period last fiscal year. The number of uninsured patients treated fell by 1.8 percent from Fiscal 2018 (381,805 patients) to Fiscal 2019 (374,988), but grew by 7.5 percent, or 13,688 patients, between the four-month actual periods for Fiscal 2019 and Fiscal 2020 (**Figure 1**).

Figure 1: H+H Patient Population, FY15-FY20



H+H Fiscal 2021 Preliminary Plan¹

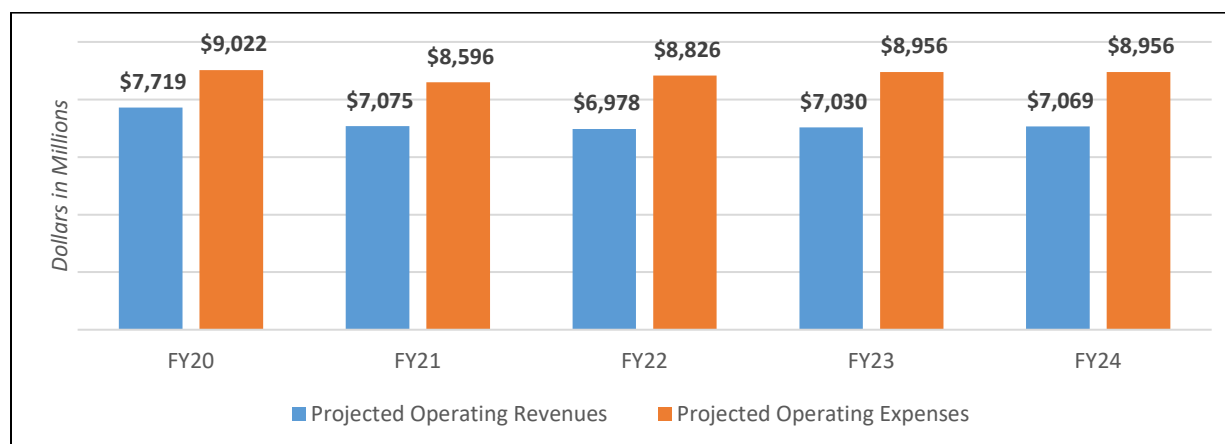
Table 1: H+H Fiscal 2021 Preliminary Plan (Cash Basis)

<i>Dollars in Millions</i>	Projected 2020	Projected 2021	Projected 2022	Projected 2023	Projected 2024
OPERATING REVENUES					
<u>Third Party Revenue</u>					
Medicaid	\$2,243	\$2,217	\$2,217	\$2,217	\$2,239
Medicare	1,122	1,345	1,305	1,329	1,342
Other Managed Care	359	359	362	366	369
Supplemental Medicaid	2,538	1,518	1,373	1,384	1,384
<i>Disproportionate Share Hospital (DSH)</i>	1,751	823	787	794	794
<i>Other Supplemental Payments</i>	786	695	586	591	591
Subtotal: Third Party Revenue	\$6,261	\$5,439	\$5,257	\$5,295	\$5,334
<u>Other Revenue</u>					
City Services	899	1,058	1,108	1,110	1,110
Grants and Other	559	578	613	625	625
Subtotal: Other Revenue	\$1,458	\$1,636	\$1,720	\$1,734	\$1,734
REVENUES, w/out corrective actions	\$7,719	\$7,075	\$6,978	\$7,030	\$7,069
EXPENSES					
Personal Services	3,333	3,321	3,400	3,438	3,438
Fringe Benefits	1,687	1,647	1,728	1,765	1,765
Affiliations	1,170	1,180	1,194	1,202	1,202
Other Than Personal Services	2,832	2,449	2,504	2,552	2,552
Subtotal: Expenses	\$9,022	\$8,596	\$8,826	\$8,956	\$8,956
EXPENSES, w/out corrective actions	\$9,022	\$8,596	\$8,826	\$8,956	\$8,956
INCOME/(LOSS), w/out corrective actions	(\$1,302)	(\$1,522)	(\$1,848)	(\$1,927)	(\$1,888)

Projected Operating Deficits

H+H is projected to sustain—when excluding corrective actions (i.e. Revenue-Generating Initiatives and Expense-Reducing Initiatives)—operating losses of \$1.3 billion in Fiscal 2020, \$1.5 billion in Fiscal 2021, \$1.8 billion in Fiscal 2022, and \$1.9 billion in each of the latter fiscal years (Figure 2).

Figure 2: Projected Operating Revenues and Expenses Without Corrective Actions



¹ "FY 2021 January Financial Plan," NYC Health + Hospitals, Cash Basis, provided by NYC Office of Management and Budget (OMB) on January 31, 2020.

Projected Operating Revenues

Operating revenues are projected to decline by \$645 million from Fiscal 2020 to Fiscal 2021, driven by a \$928 million drop in the Disproportionate Share Hospital (DSH) component of supplemental Medicaid payments—one of several third-party revenue sources on which H+H relies. Reimbursements from Medicaid and Other Managed Care are anticipated to remain fairly stable from Fiscal 2020 to Fiscal 2024, while projected Medicare payments rise by about \$220 million during this period (**Figure 3**). Overall, third-party revenues constitute approximately 81 percent and 77 percent of operating revenues in Fiscal 2020 and in Fiscal 2021, respectively. Separately, City Services funding grows from \$899 million in Fiscal 2020 to nearly \$1.1 billion in Fiscal 2021, and slightly exceeds \$1.1 billion in the outyears. Grants and Other revenues are anticipated to rise from \$559 million in Fiscal 2020 to \$578 million in Fiscal 2021, reaching nearly \$625 million in Fiscal 2024 (**Figure 4**).

Figure 3: Projected Third-Party Revenues Without Corrective Actions

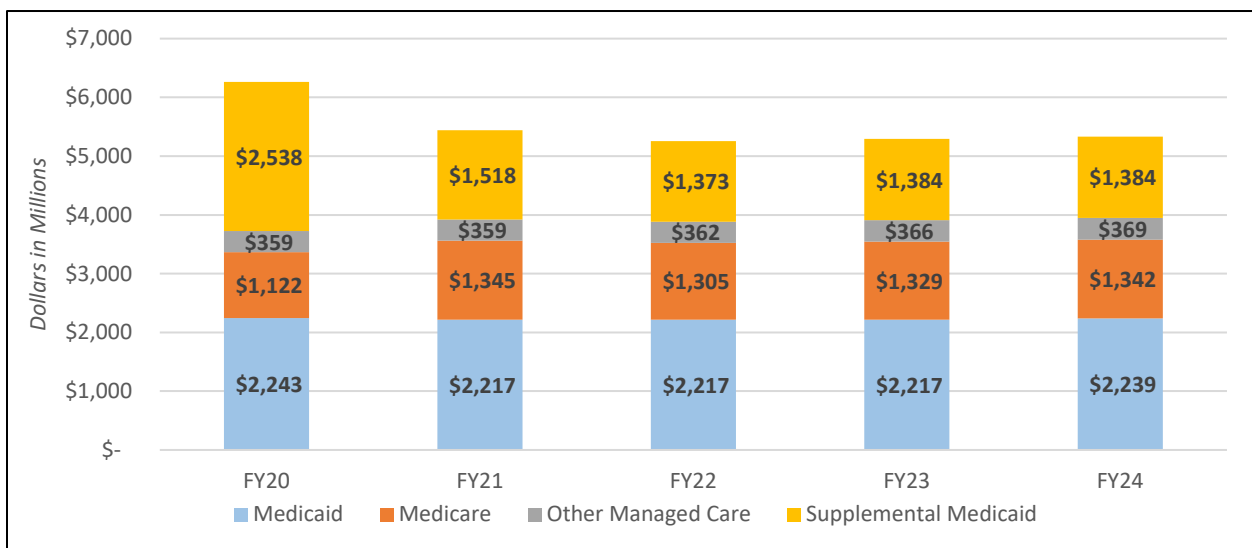
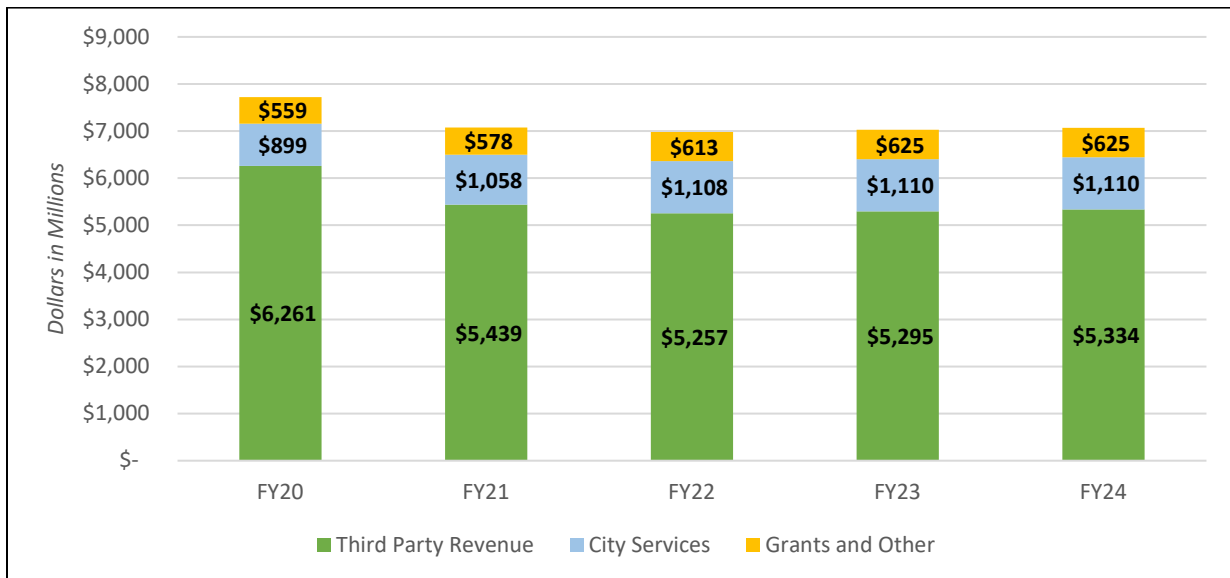


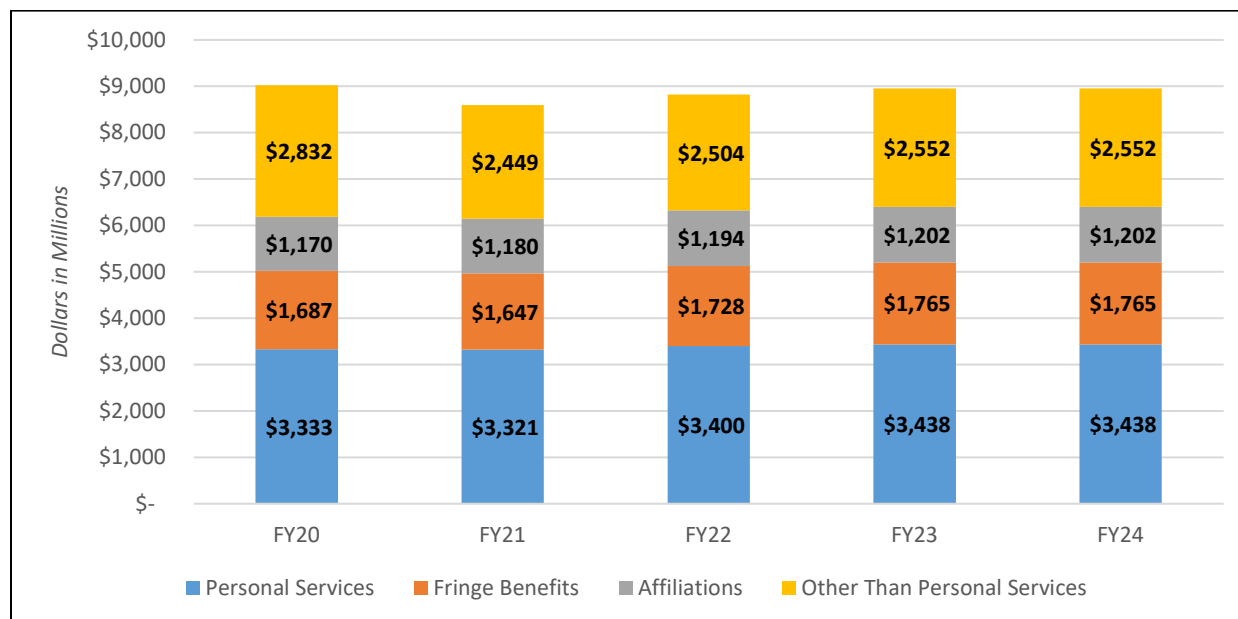
Figure 4: Projected Operating Revenues Without Corrective Actions



Projected Operating Expenses

Operating expenses are projected to fall by \$425 million from Fiscal 2020 to Fiscal 2021, primarily attributable to a \$383 million decrease in Other Than Personal Services (OTPS) spending. Personal Services (PS) and fringe benefits altogether account for more than half of operating expenses in each successive fiscal year. PS spending remains largely unchanged throughout the plan period, amounting to \$3.3 billion in the current fiscal year and in Fiscal 2021, growing modestly to approximately \$3.4 billion by Fiscal 2024. Fringe expenditures, following a similar trajectory, amount to nearly \$1.7 billion in Fiscal 2020, about \$1.6 billion in Fiscal 2021, and almost \$1.8 billion by Fiscal 2024 (Figure 5).

Figure 5: Projected Operating Expenses Without Corrective Actions



H+H January 2021 Transformation Plan²

Table 2: H+H January 2021 Transformation Plan

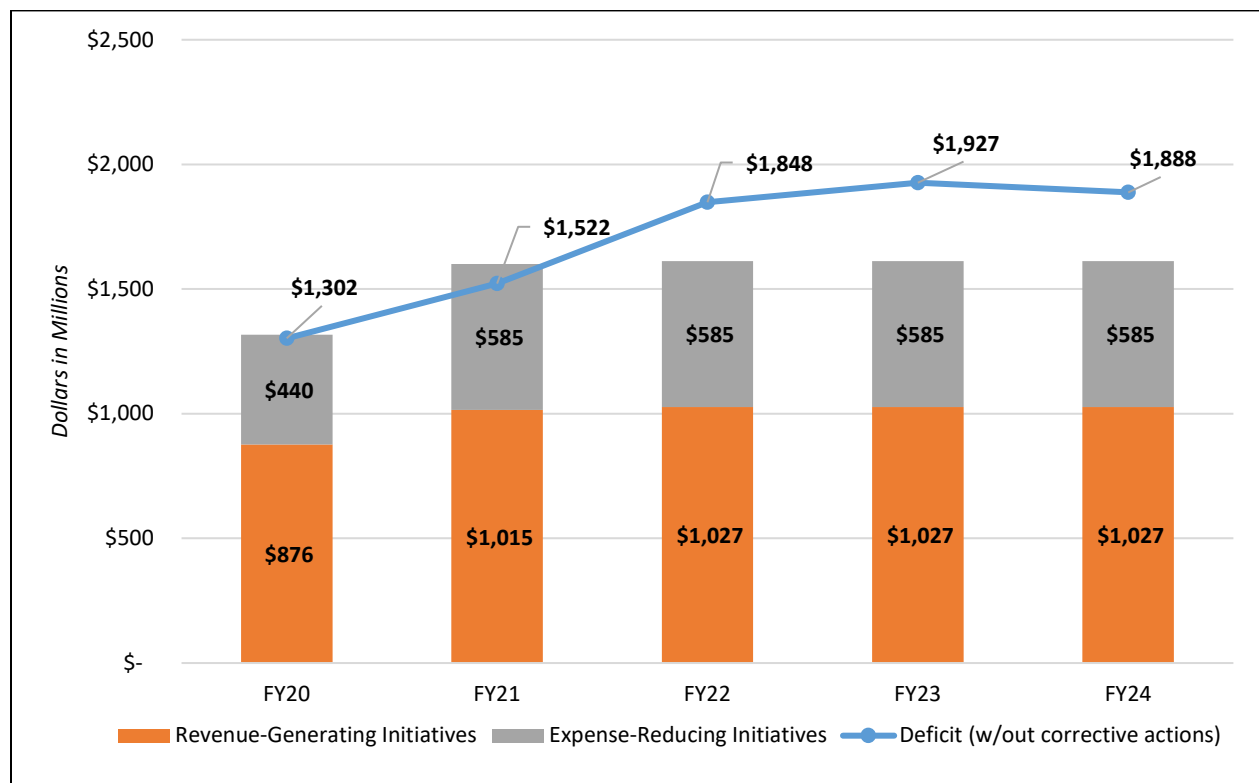
<i>Dollars in Millions</i>	Projected 2020	Projected 2021	Projected 2022	Projected 2023	Projected 2024
INCOME/(LOSS), w/out corrective actions	(\$1,302)	(\$1,522)	(\$1,848)	(\$1,927)	(\$1,888)
Revenue-Generating Initiatives					
Medicaid Waiver Program	249	120	120	120	120
Federal & State Charity Care	-	85	62	62	62
Health Insurance Initiatives	552	685	710	710	710
Growth Initiatives	75	125	135	135	135
Total: Revenue Initiatives	\$876	\$1,015	\$1,027	\$1,027	\$1,027
Expense-Reducing Initiatives					
Procurement Efficiencies	145	155	155	155	155
Restructuring and Personnel Initiatives	295	430	430	430	430
Total: Expense Initiatives	\$440	\$585	\$585	\$585	\$585
INCOME/(LOSS), w/corrective actions	\$14	\$78	(\$236)	(\$315)	(\$275)

² "Transformation Plan - Jan 21," NYC Health + Hospitals, provided by NYC Office of Management and Budget (OMB) on January 31, 2020.

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 Transformation Plan promotes four primary goals: stabilizing funding, expanding community-based healthcare, improving efficiency, and remodeling an outdated system.

In lieu of corrective actions outlined in the January 2021 Transformation Plan (**Table 2**), H+H is anticipated to incur operating losses of \$1.3 billion in Fiscal 2020, \$1.5 billion in Fiscal 2021, \$1.8 billion in Fiscal 2022, and \$1.9 billion in each successive fiscal year. To close projected deficits, the system expects \$876 million from revenue-generating initiatives and \$440 million from expense reducing-initiatives (totaling \$1.3 billion) in Fiscal 2020, and \$1 billion from revenue-generating initiatives and \$585 million from expense-reducing initiatives (totaling \$1.6 billion) in Fiscal 2021. It should be noted that, even after accounting for corrective actions, operating losses are still expected in Fiscal 2022 and beyond (**Figure 6**).

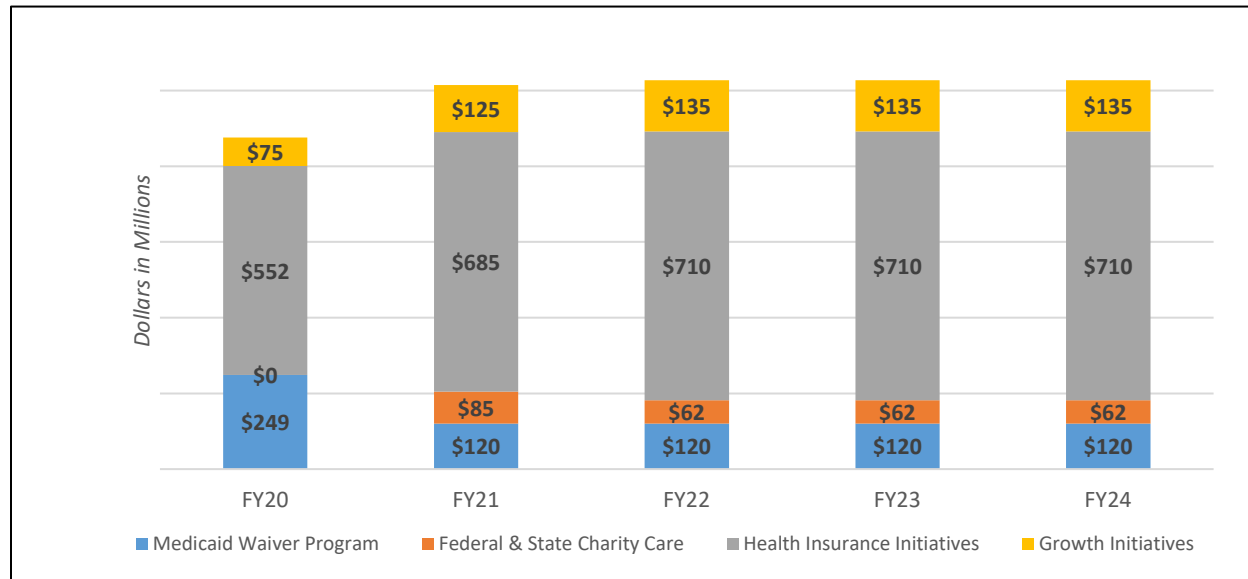
Figure 6: Actions to Address the Deficit



Revenue-Generating Initiatives

Revenue-generating initiatives—encompassing Medicaid waiver programs, health insurance initiatives, federal and state charity care, and growth initiatives—account for 63 percent of the value of the Transformation Plan in Fiscal 2021. Revenue-generating initiatives amount to \$876 million in Fiscal 2020, \$1.015 billion in Fiscal 2021, and \$1.027 billion in each of the outyears. Health insurance initiatives constitute about three-fifths of the value of revenue-generating initiatives in Fiscal 2020, and about two-thirds of the value of revenue-generating initiatives in the each of the successive plan years (**Figure 7**).

Figure 7: Revenue-Generating Initiatives



Health Insurance Initiatives

Health insurance initiatives are projected to generate \$552 million in Fiscal 2020, \$685 million in Fiscal 2021, and \$710 million in each of the successive fiscal years in H+H’s January 2021 Transformation Plan. Revenue cycle improvements (\$230 million in Fiscal 2020, \$275 million in Fiscal 2021), managed care contracting improvements (\$142 million in Fiscal 2020, \$175 million in Fiscal 2021), and MetroPlus engagement and growth (\$100 million in Fiscal 2020, \$135 million in Fiscal 2021) constitute the primary components of H+H’s health insurance initiatives, according to the January 2021 Transformation Plan.

H+H has cited implementation of Epic and ongoing insurance enrollment activity as contributing factors to revenue cycle improvements. Delays in managed care settlements were reported to the Finance Committee of the Board of Directors at H+H in January 2020; the Committee previously approved, in October 2019, a resolution authorizing the three-year renewal, with two one-year options, of H+H’s contract with Managed Care Revenue Consulting (MCRC) Group—responsible for negotiating, on behalf of the health system, with payers over claims denials. Finally, MetroPlus, the H+H-operated insurance plan that provides low-cost or free health coverage to eligible New Yorkers, recorded a membership of 518,681 in Fiscal 2019—reflecting growth of more than 15,000 enrollees since Fiscal 2017—but the plan’s share of medical spending at H+H has barely risen (i.e. from 39 to 39.9 percent) during this period.

Medicaid Waiver Programs

Projected revenues from Medicaid waiver programs total \$249 million in Fiscal 2020 and \$120 million in each of the successive Plan years. Nearly the entirety of anticipated revenues from the Medicaid waivers segment of revenue-generating initiatives pertain to the Value-Based Payment Quality Improvement Programs (VBP-QIP), a program that assists financially-distressed hospitals in New York State—amounting to \$240 million for H+H in Fiscal 2020, and \$120 million in each of the following fiscal years.

Funding from another program, the Care Restructuring Enhancement Pilots (CREP)—intended for workforce training to allow caregivers to better serve managed long-term care (MLTC) patients and people with behavioral health conditions in home- and community-based settings (HCBS)—accounts for a modest \$45 million in anticipated revenues for Fiscal 2020, and no revenues in the coming fiscal years. The January 2021 Transformation Plan denotes a loss of \$36 million in Fiscal 2020 from the Delivery System Reform Incentive Payment (DSRIP) program, aimed at restructuring the State’s healthcare delivery

system in an effort to reduce avoidable hospital use, with no revenues expected in the latter fiscal years. (Please see “State and Federal Budget Concerns” for discussion of the Centers for Medicare and Medicaid Services’ refusal in February to extend the State’s DSRIP waiver beyond March 31.)

Federal and State Charity Care

Anticipated revenues from the federal and state charity care segment of H+H’s revenue initiatives—which, in the health system’s January 2021 Transformation Plan, refers specifically to equitable Disproportionate Share Hospital (DSH) funding distribution—are expected to be \$85 million in Fiscal 2021 and \$62 million in each of the outyears, with no revenues projected for the current fiscal year.

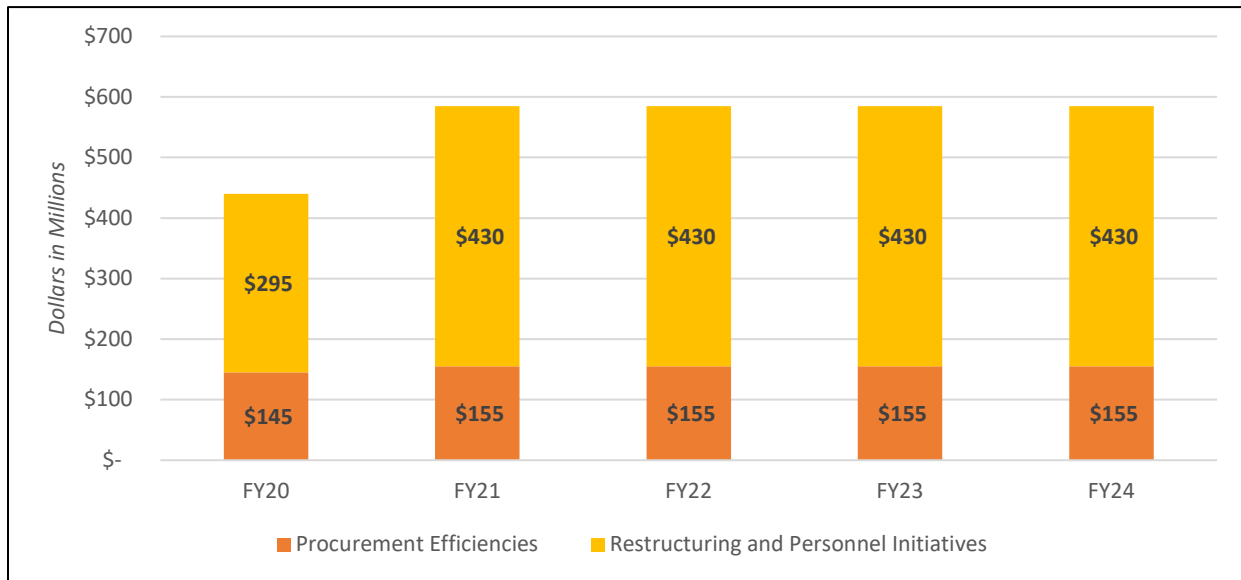
Growth Initiatives

H+H’s estimated revenues from growth initiatives total \$75 million in Fiscal 2020, \$125 million in Fiscal 2021, and \$135 million in each of the outyears of the Transformation Plan. Growth initiatives are composed of retail pharmacy (\$25 million) and primary care expansion (\$16 million), as well as inpatient capture and other strategies (\$34 million). H+H reported delays in the rollout of retail pharmacy in the Transformation Update presented to the Finance Committee of the Board of Directors in January 2020.

Expense-Reducing Initiatives

Expense-reducing initiatives—which include procurement efficiencies and restructuring/personnel initiatives—account for about 37 percent of the value of H+H’s Transformation Plan in Fiscal 2021. Expense-reducing initiatives amount to \$440 million in Fiscal 2020 and \$585 million in each of the successive fiscal years in the Transformation Plan. Restructuring and personnel initiatives represent two-thirds of the savings expected to be generated by expense-reducing initiatives in Fiscal 2020; this share grows to nearly three-quarters in Fiscal 2021 and in the outyears (**Figure 8**).

Figure 8: Expense-Reducing Initiatives



Procurement Efficiencies

In an effort to improve quality and save costs, H+H committed to redesigning its supply chain services by centralizing the management of multiple services into one system. H+H identifies opportunities for savings and revenues by re-negotiating existing contracts, reducing waste, and capitalizing on government pharmaceutical subsidies. Projected savings from procurement initiatives total \$145 million in Fiscal 2020 and \$155 million in each successive fiscal year in the January 2021 Transformation Plan.

Restructuring and Personnel Initiatives

Reduction in global full-time equivalents (GFTEs) and restructuring of healthcare services are altogether expected to generate savings of \$295 million in Fiscal 2020 and \$430 million in each of the forthcoming Plan years. Available headcount information remains limited; the number of GFTEs was reported at 45,646 in a January 2020 report to the Finance Committee of the Board of Directors at H+H, while the current Preliminary Mayor's Management Report's (PMMR) most recent personnel figure is 38,187.

Fiscal 2021 Highlights

H+H reports \$899.8 million in outside revenue in Fiscal 2020—including \$773 million in City funding, \$110 million in Intra-City funding, \$2 million in City non-cash funding, and \$13 million in federal funding. For Fiscal 2021, H+H reports \$1.058 billion in outside revenue, including \$970 million in City funding, \$85 million in Intra-City funding, and \$2 million in City non-cash funding, with no federal funds recorded.

No new needs have been reported since the Fiscal 2020 Adopted Budget. Other Adjustments since Adoption total \$91 million in Fiscal 2020. Most of this reflects collective bargaining activity at H+H—including \$49.4 million from the Labor Reserve in relation to retroactive 1199 SEIU and NYSNA wage increases, as well as \$6.2 million in other funding for collective bargaining. For Fiscal 2021, Other Adjustments (i.e. since June 2019) amount to nearly \$6.9 million, primarily attributable to \$8.4 million allocated for collective bargaining and to \$1.6 million in reductions in Intra-City funding to H+H.

State and Federal Budget Concerns

H+H remains heavily reliant on Medicaid revenues—a reality underscored in a December 2019 analysis of provider cost report data by the Citizens Budget Commission (CBC) showing that Medicaid has accounted for, on average, 54 percent of patient revenue and 56 percent of the operating deficit at H+H in recent years.³ The health system currently contends with several state and federal policy concerns, discussed below, that may further adversely impact its finances and its ability to provide quality care.

Medicaid Redesign Team II

Gov. Andrew M. Cuomo has reconvened the Medicaid Redesign Team (MRT II)—notably lacking in City or H+H representation—to identify \$2.5 billion in statewide savings to the program. The impact on H+H remains unclear, pending recommendations to be formulated by the 21-member panel, which held its first public meeting on February 11, 2020. The proposed budget legislation contains language permitting the Governor to implement cross-the-board cuts in the event that the \$2.5 billion in savings are not achieved by April 1, 2020—a deadline that advocates and State legislators have deemed unrealistic.

Medicaid Local District Cost Shift

The State has proposed requiring additional contributions from localities towards Medicaid expenditures, resulting in an estimated \$1.1 billion cost burden on the City of New York. The Office of Management and Budget (OMB) has communicated that the local cost shift does not directly translate into cuts at H+H. Nonetheless, the budget action could hinder the City's ability to provide a range of services and programs, at H+H and more generally—a point emphasized by the Mayor in his February 2020 testimony before the Joint Fiscal Committees of the New York State Legislature.

³ "A New Approach to Funding New York City Health + Hospitals," Citizens Budget Commission, December 16, 2019, available at <https://cbcny.org/research/new-approach-funding-new-york-city-health-hospitals>.

Governor’s 30-Day Amendments

The 30-day amendments to the State Executive Budget subsequently released by the Cuomo administration provide additional details regarding proposed changes to the Medicaid local district cost share. The amendments link the annual growth metric in local share Medicaid spending to the State’s Medicaid global cap, specify that 25 percent of savings be allocated to localities whose spending growth remains within the global cap, and stipulate that localities surpassing the property tax cap in one year but not thereafter can still garner savings at a modified base. The property tax cap does not apply to New York City, and the City’s growth in Medicaid spending has trended above the Medicaid global cap.

Medicaid Disproportionate Share Hospital (DSH) Payments

The State Executive Budget cites anticipated federal reductions in Disproportionate Share Hospital (DSH) funding, which supports eligible hospitals that provide care to large numbers of uninsured and Medicaid patients, as a major federal risk. DSH cuts, stipulated in the Affordable Care Act (ACA) and postponed several times since 2013, are slated to begin on May 23, 2020, in lieu of federal action. The State estimates losing \$7.2 billion in DSH payments upon full implementation, significantly impacting safety-net hospitals. H+H projects a decline in DSH revenues from \$1.8 billion in Fiscal 2020 to \$823 million in Fiscal 2021.

Delivery System Reform Incentive Payment (DSRIP) Waiver Program

The Centers for Medicare and Medicaid Services (CMS) announced in February 2020 that it would decline to extend New York State’s Delivery System Reform Incentive Payment (DSRIP) waiver beyond March 31, rendering unavailable a total of \$625 million in unspent funds throughout the State—including \$340 million for Performing Provider Systems (PPS) in New York City and \$137 million for H+H. The revenue-generating initiatives component of H+H’s January 2021 Transformation Plan does not project any DSRIP earnings in the fiscal years to come.

Correctional Health Services

Correctional Health Services (CHS) maintains two core goals for incarcerated persons—(1) to increase the quality of care and access to services while reducing the challenges to and demands on correction security staff, and (2) to improve the continuity of care during and after incarceration.

The Preliminary Budget includes City funds of \$234 million for Correctional Health and \$5 million for CHS Forensic Clinic in Fiscal 2021. A review of the current Preliminary Mayor’s Management Report (PMMR) shows that the number of correctional health clinical encounters per 100 average daily population (four-month actual) has grown from 2,751 in Fiscal 2019 to 3,800 in Fiscal 2020, while the percentage of patients with a substance abuse diagnosis that received jail-based contact (four-month actual) has remained steady—94 percent reported for Fiscal 2019, and 93 percent reported for Fiscal 2020 (**Table 3**).

Table 3: H+H Performance Indicators Related to Correctional Health Services (CHS), from Preliminary Mayor's Management Report (January 2020)

Performance Indicators	Actual			Target		4-Month Actual	
	FY17	FY18	FY19	FY20	FY21	FY19	FY20
Correctional health patients with a substance use diagnosis that received jail-based contact (%)	97%	96%	95%	90%	90%	94%	93%
Total correctional health clinical encounters per 100 average daily population	8,290	8,294	8,027	*	*	2,751	3,800

Fiscal 2020 Preliminary Mayor's Management Report

The Fiscal 2020 Preliminary Mayor's Management Report (PMMR) 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 ensure the financial sustainability of the system, 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 an effort to achieve these objectives, 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 supply-chain initiatives, revenue cycle improvements, and implementation of the Epic electronic medical records (EMR) and enterprise resource planning (ERP) systems.

Patient Care Access and Quality

The PMMR provides performance data on patient satisfaction, wait times, prevention, and care retention, among other measures, at H+H. Overall, inpatient satisfaction rates have consistently lagged behind outpatient satisfaction rates, reported at 62.3 percent and 86.7 percent, respectively, in Fiscal 2020 (four-month actuals). With respect to wait times, the number of calendar days to the third next available appointment for adult patients has trended downward in recent years (from 18.6 in Fiscal 2017 to 12.0 in Fiscal 2019), while the number of days for pediatric visits has generally grown (from 5.1 in Fiscal 2017 to 6.0 in Fiscal 2019, and reported at 13.1 for the first four months of Fiscal 2020). H+H has continually expanded its eConsult referral system, launched in 2016, to meet demand for specialty care and to decrease wait times, with a total of 75,999 eConsults completed in Fiscal 2019. Additionally, the PMMR reports that the percentages of eligible women receiving a mammogram and of HIV patients retained in care at H+H have remained fairly steady—recorded at 74.0 percent and 84.0 percent, respectively, for Fiscal 2019 (Table 4).

Table 4: Select H+H Performance Indicators Related to Patient Care Access and Quality, from Preliminary Mayor's Management Report (January 2020)

Performance Indicators	Actual			Target		4-Month Actual	
	FY17	FY18	FY19	FY20	FY21	FY19	FY20
Inpatient satisfaction rate (%)	61.0%	62.0%	61.1%	65.8%	65.8%	62.0%	62.3%
Outpatient satisfaction rate (%)	81.3%	82.1%	82.0%	85.4%	85.4%	81.2%	86.7%
Calendar days to third next available new appointment - adult medicine	18.6	13.1	12.0	14.0	14.0	12.2	13.7
Calendar days to third next available new appointment - pediatric medicine	5.1	4.7	6.0	5.0	5.0	9.1	13.1
eConsults completed	12,649	28,956	75,999	↑	↑	17,995	65,777
Follow-up appointment kept within 30 days after behavioral health discharge (%)	61.30%	57.80%	59.96%	↑	↑	61.20%	60.10%
Eligible women receiving a mammogram screening (%)	75.4%	75.9%	74.0%	80.0%	80.0%	74.9%	75.2%

Performance Indicators	Actual			Target		4-Month Actual	
	FY17	FY18	FY19	FY20	FY21	FY19	FY20
HIV patients retained in care (%) (annual)	83.5%	84.9%	84.0%	85.0%	85.0%	NA	NA
Prenatal patients retained in care through delivery (%)	86.1%	89.0%	85.3%	90.0%	90.0%	89.4%	87.4%
Patients who left Emergency Department without being seen (%) ⁴	7.7%	7.7%	7.2%	4.0%	4.0%	8.6%	7.5%
Patients diagnosed with diabetes who have appropriately controlled blood sugar (%)	63.3%	63.5%	64.6%	↑	↑	64.4%	66.5%

Financial Sustainability

A review of performance indicators related to financial sustainability suggest additional opportunities for improvement in revenue recovery and insurance enrollment at H+H. Patient care revenues as a share of expenses have grown modestly, from 56.2 percent in Fiscal 2017 to 60.8 percent in Fiscal 2019, and with the four-month actual figure reported at 61 percent in Fiscal 2020. The proportion of MetroPlus' medical spending that occurs within H+H has risen slightly, from 39 percent in Fiscal 2017 to 39.9 percent in Fiscal 2019, with the four-month actual figure for Fiscal 2020 also standing at 39.9 percent—this trend line has remained mostly flat while MetroPlus membership has generally grown, from 503,044 in Fiscal 2017 to 518,681 in Fiscal 2019, and with four-month actual enrollment at 518,729 in Fiscal 2020. The number of insurance applications submitted (monthly average) has risen by about one-third from Fiscal 2017 (15,143) to Fiscal 2019 (20,173), with the four-month actual figure at 20,076 in Fiscal 2020 (**Table 5**).

Table 5: Select H+H Performance Indicators Related to Financial Sustainability, from Preliminary Mayor's Management Report (January 2020)

Performance Indicators	Actual			Target		4-Month Actual	
	FY17	FY18	FY19	FY20	FY21	FY19	FY20
Patient care revenue/expenses (%)	56.2%	59.2%	60.8%	60.0%	60.0%	61.5%	61.0%
MetroPlus Health Plan medical spending at Health + Hospitals (%)	39.0%	39.3%	39.9%	↑	↑	39.9%	39.9%
MetroPlus membership	503,044	521,731	518,681	↑	↑	516,107	518,729
Insurance applications submitted (monthly average)	15,143	17,540	20,173	↑	↑	19,665	20,076

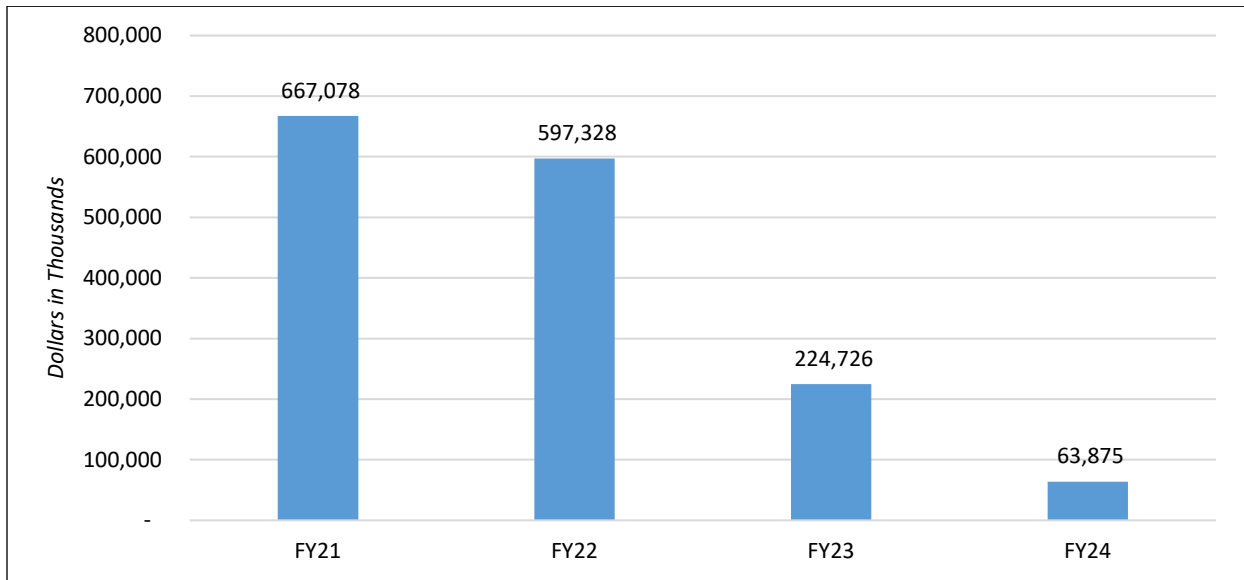
Fiscal 2021-2024 Preliminary Capital Budget

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.

H+H's Fiscal 2021 Preliminary Capital Budget includes nearly \$1.6 billion in Fiscal 2021-2024. This represents approximately three percent of the City's total \$56.1 billion Capital Budget for 2021-2024 (**Figure 9**).

⁴ Note: This indicator appears under "Goal 1b: Enhance the sustainability of the Health + Hospitals system," in the 2020 Preliminary Mayor's Management Report (PMMR).

Figure 9: H+H FY21-FY24 Capital Budget

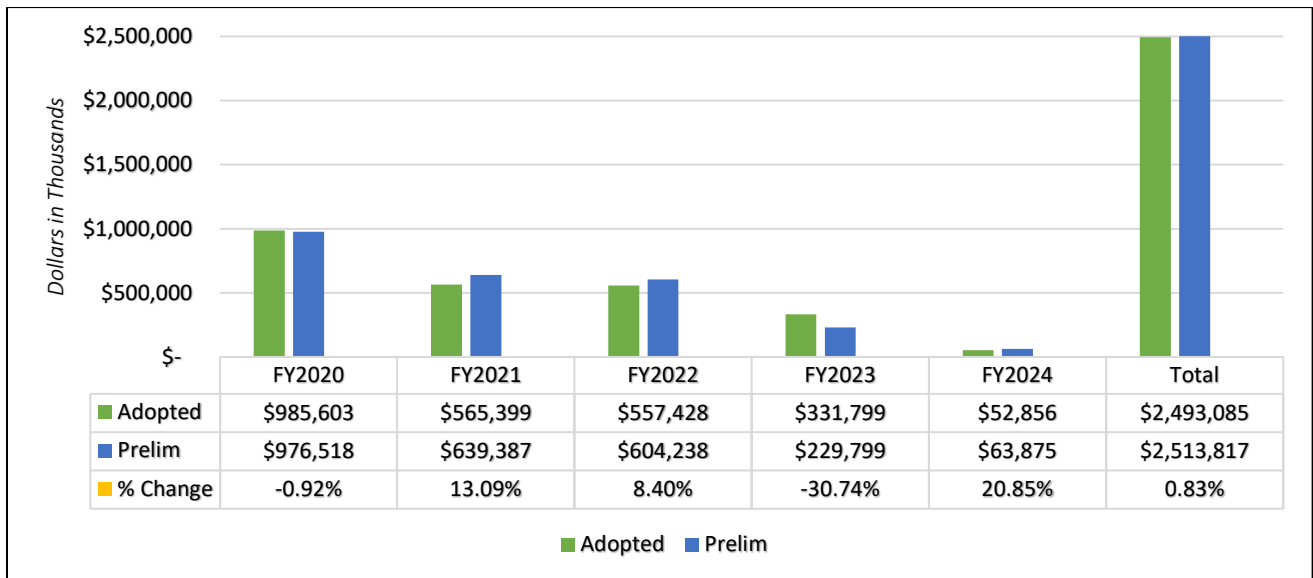


Preliminary Capital Commitment Plan for Fiscal 2020-2024

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 we gain insight into a project’s estimated cost, start date and time to completion.

H+H’s Preliminary Commitment Plan includes \$2.5 billion in Fiscal 2020-2024. This represents approximately three percent of the City’s total \$85.5 billion Preliminary Commitment Plan. The Capital Commitment is significantly higher than the Capital Budget because it includes the current appropriations for Fiscal 2020. The amount of uncommitted appropriations form the amount that will be re-appropriated or rolled into Fiscal 2021 in the Executive and Adopted Budgets.

Figure 10: H+H FY20-FY24 Commitment Plan



The Preliminary Capital Plan for H+H for Fiscal 2020-2024 has increased by \$20.7 million to a total of \$2.514 billion, demonstrating approximately one percent growth when compared to H+H's Adopted Commitment Plan (**Figure 10**).

The total appropriations for H+H in Fiscal 2020 are \$1.014 billion against planned commitments totaling \$977 million.⁵ This excess balance of \$37 million 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 than it appears from this variance alone.

Historically, the Commitment Plan has 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 continued urging that practice has largely ceased. Beginning with the Fiscal 2020 Executive Commitment Plan, agencies' Commitment Plans are now more accurate, reflecting more evenly distributed planned spending across all years of the plan.

A natural result of more realistic timelines is capital projects extending beyond the Commitment Plan's five year time frame. To address this the Administration has added Section VII, titled "Redistribution of the City's Capital Plan" to the Commitment Plan. What this section does is increase the transparency of the Commitment Plan by showing the distribution of funding beyond the required five years to ten years (Fiscal 2020-2029). This extension allows the Council and the public to better differentiate between movement beyond the years of the Commitment Plan and a simple elimination of funding. H+H's ten-year total is \$3 billion which is approximately \$487 million greater than H+H's five-year plan. What this increase shows is the City's commitment to continuing many of its current projects beyond the time frame of the Capital Commitment Plan.

H+H had actual commitments of \$459 million in Fiscal 2019, a commitment rate of 74 percent. The health system'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 some unmet commitment targets and uncommitted appropriations available to roll into Fiscal 2021 and the outyears.

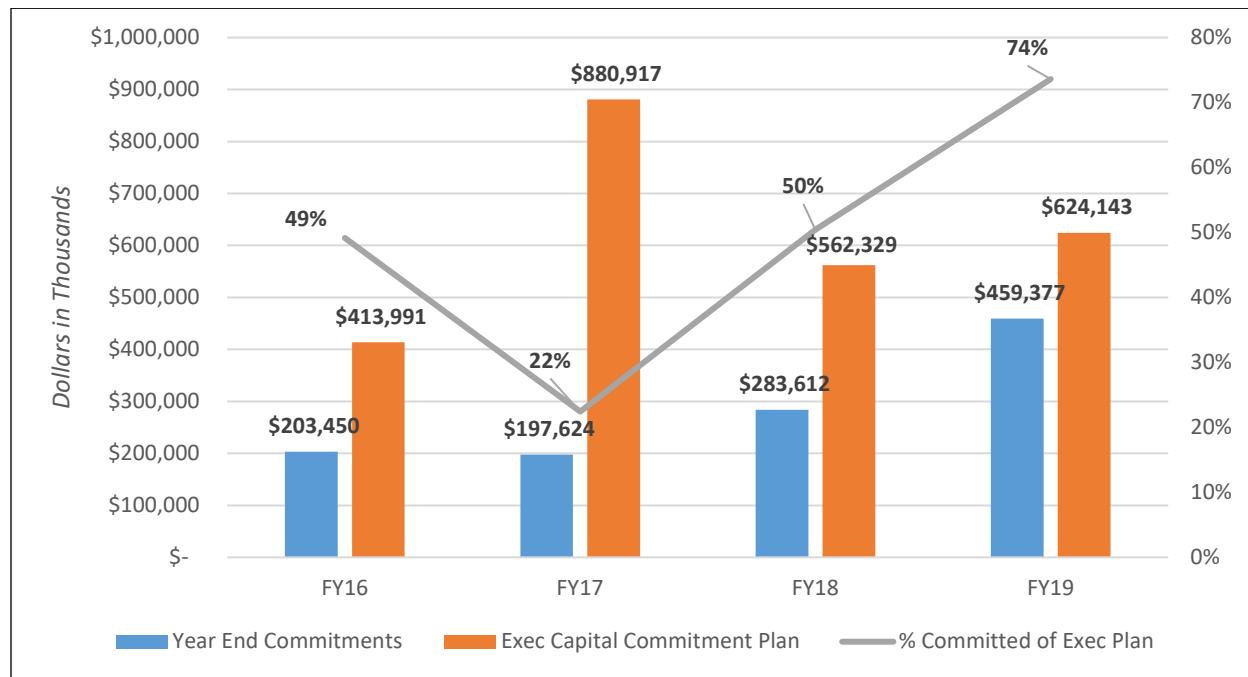
The chart below displays H+H's capital commitment plan as of the Fiscal 2016-2019 Executive Budget and the actual commitments in the corresponding fiscal year. The chart also shows the capital commitment rate: the percentage of the capital plan committed per fiscal year (**Figure 11**).⁶

H+H's Commitment Plan includes 16 budget lines and 500 project IDs.

⁵ Appropriations for Fiscal 2020 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 2020. 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.

⁶ 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 11: H+H Commitment Rate



Preliminary Capital Commitment Plan Highlights

Major projects encompassed in the Preliminary Capital Plan for Fiscal 2020-2024 are highlighted below.

- Sandy-Related Corporate-Wide Reconstruction (Hospital Improvements).** The Preliminary Capital Commitment Plan includes \$499 million across the Plan years—\$109 million in Fiscal 2020, \$192 million in Fiscal 2021, \$151 million in Fiscal 2022, and \$47 million in Fiscal 2023, with no funds allocated for Fiscal 2024.
- Design and Construction Management at Coney Island Hospital (Hospital Improvements).** The Preliminary Capital Commitment Plan includes \$445 million throughout the Plan period—\$201 million in Fiscal 2020, \$71 million in Fiscal 2021, and \$173 million in Fiscal 2022. There are no funds denoted for the successive fiscal years.
- FDNY EMS Ambulances – Procurement, Outfitting, and Replacement (Emergency Medical Services Equipment).** The Preliminary Capital Commitment Plan includes \$206 million—\$47 million in Fiscal 2020, \$37 million in Fiscal 2021, \$61 million in Fiscal 2022, \$33 million in Fiscal 2023, and \$28 million in Fiscal 2024.
- Primary Health Clinics (Hospital Improvements).** The Preliminary Capital Commitment Plan includes \$105 million—\$7 million in Fiscal 2020, \$45 million in Fiscal 2021, and \$52 million in Fiscal 2022, with no funding reported in the outyears of the Plan.
- Miscellaneous Construction Projects (Hospital Improvements).** The Preliminary Capital Commitment Plan includes \$182 million—\$80 million in Fiscal 2021, \$1.4 million in Fiscal 2022, \$75 million in Fiscal 2023, and \$25 million in Fiscal 2024, without any funding for Fiscal 2020.

Appendices

A. Budget Actions in the November and the Preliminary Plans

Description <i>Dollars in Thousands</i>	FY 2020 \$\$					FY 2021 \$\$				
	CITY	ICITY	STATE	OTHERFS	Total	CITY	ICITY	STATE	OTHERFS	Total
As of Adopted 2020					\$808,405					\$1,050,743
Other Adjustments										
Collective Bargaining	\$6,215	\$0	\$0	\$0	\$6,215	\$8,447	\$0	\$0	\$0	\$8,447
DC37 Equity Panel Award	61	0	0	0	61	65	0	0	0	65
Energy Personnel	0	158	0	0	158	0	0	0	0	0
ExCEL Projects	0	1,696	0	0	1,696	0	0	0	0	0
FEMACONEYCON	0	0	0	5,681	5,681	0	0	0	0	0
H+H DOHMH Transfer	(2,495)	0	0	0	(2,495)	0	0	0	0	0
H+H DOHMH Transfer	0	3,119	0	0	3,119	0	0	0	0	0
Healthstat	0	0	0	1,328	1,328	0	0	0	0	0
Healthstat	0	0	1,328	0	1,328	0	0	0	0	0
IC W/ H+H - CHS Program	0	360	0	0	360	0	0	0	0	0
IC W/ H+H - Metrop/Woodhull/Ha	0	155	0	0	155	0	0	0	0	0
IC W/ H+H - Pharmaceuticals	0	2,734	0	0	2,734	0	0	0	0	0
IC W/ H+H - STOP DWI FY20	0	49	0	0	49	0	0	0	0	0
IC W/ H+H - Winston Temp	0	60	0	0	60	0	0	0	0	0
IC W/ H+H - Winston Temps	0	73	0	0	73	0	0	0	0	0
IC W/ H+H - Winston Temps	0	545	0	0	545	0	0	0	0	0
IC W/ H+H -Correctional Health	0	(65)	0	0	(65)	0	(1)	0	0	(1)
IC W/ HHC HEP B VACCINE	0	2	0	0	2	0	0	0	0	0
IC W/H+H	0	(104)	0	0	(104)	0	(104)	0	0	(104)
IC W/H+H - Asthma Center	0	313	0	0	313	0	0	0	0	0
IC W/H+H - HIV Testing	0	3,125	0	0	3,125	0	0	0	0	0
IC W/H+H - Winston Temps	0	579	0	0	579	0	0	0	0	0
IC W/H+H- Health and Homecare	0	600	0	0	600	0	0	0	0	0
IC W/H+H- Pharmaceuticals	0	7,086	0	0	7,086	0	0	0	0	0
IC W/H+H- Pharmaceuticals	0	21	0	0	21	0	0	0	0	0
IC W/H+H-Pharmaceuticals	0	877	0	0	877	0	0	0	0	0
ic20ag100719	0	10	0	0	10	0	0	0	0	0
OMH State Aid	0	0	0	0	0	0	(820)	0	0	(820)

Description <i>Dollars in Thousands</i>	FY 2020 \$\$					FY 2021 \$\$				
	CITY	ICITY	STATE	OTHERFS	Total	CITY	ICITY	STATE	OTHERFS	Total
Other Adjustments										
OMH State Aid	\$0	\$0	\$0	\$0	-	\$0	\$820	\$0	\$0	\$820
Coney Island CSS	0	0	0	5,681	5,681	0	0	0	0	0
Energy personnel	0	118	0	0	118	0	0	0	0	0
FY 20 Member Items: NORC, Sex Trade, ETE	801	0	0	0	801	0	0	0	0	0
IC W/ H+H	0	(115)	0	0	(115)	0	(115)	0	0	(115)
IC W/ H+H	0	(29)	0	0	(29)	0	0	0	0	0
IC W/ H+H - Correctional Heal	0	(129)	0	0	(129)	0	(193)	0	0	(193)
IC W/ H+H - OASAS SAL 10/8/19	0	(1,229)	0	0	(1,229)	0	(1,229)	0	0	(1,229)
IC W/ H+H - Pharmaceuticals	0	51	0	0	51	0	0	0	0	0
IC W/ H+H - Pharmaceuticals	0	190	0	0	190	0	0	0	0	0
IC W/ H+H - Winston Temps	0	84	0	0	84	0	0	0	0	0
IC W/H+H Grants	0	2,053	0	0	2,053	0	0	0	0	0
IC W/H+H- Winston Temps	0	36	0	0	36	0	0	0	0	0
IC W/H+H-Pharmaceuticals	0	616	0	0	616	0	0	0	0	0
Lump sum reimbursement for L1199 and NYSNA retro wage increase	49,368	0	0	0	49,368	0	0	0	0	0
NARCAN (7/1/19- 9/30/19)	0	36	0	0	36	0	0	0	0	0
OEO Funding Adjustment	400	0	0	0	400	0	0	0	0	0
Subtotal, Other Adjustments	\$54,349	\$23,075	\$1,328	\$12,691	\$91,443	\$8,513	(\$1,642)	\$0	\$0	\$6,871
TOTAL, All Changes, as of Prelim 2021					\$899,848					\$1,057,614

B. Fiscal 2021 Preliminary Plan Other Revenue by Funding Source

PROGRAM <i>Dollars in Thousands</i>	FUNDING	FY20	FY21	FY22	FY23	FY24
Correctional Health	<i>City</i>	\$232,230	\$234,249	\$234,611	\$234,745	\$234,745
Subsidy	<i>City</i>	267,107	266,925	267,156	267,156	267,156
Collective Bargaining	<i>City</i>	207,767	346,663	370,977	372,845	372,845
CHS Forensic Clinic	<i>City</i>	4,893	4,893	4,893	4,893	4,893
Medical Malpractice Transfer	<i>City</i>	17,277	17,277	17,277	17,277	17,277
DOI	<i>City</i>	8,635	8,635	8,635	8,635	8,635
DCAS Rental Subsidy	<i>City</i>	3,056	3,056	3,056	3,056	3,056
SART	<i>City</i>	1,272	1,272	1,272	1,272	1,272
DOHMH: Mental Health	<i>City</i>	89	89	89	89	89
Mental Health Service Corps	<i>City</i>	5,809	11,868	11,868	11,868	11,868
Community Board Leases	<i>City</i>	19	19	19	19	19
NYC Care	<i>City</i>	25,000	75,000	100,000	100,000	100,000
CITY FUNDING TOTAL		\$773,153	\$969,946	\$1,019,853	\$1,021,854	\$1,021,854
DOHMH: Mental Health	<i>Intra-City</i>	43,335	35,575	35,575	35,575	35,575
DOHMH: Physical Health	<i>Intra-City</i>	13,903	1,530	1,530	1,530	1,530
Correctional Health	<i>Intra-City</i>	37,762	35,188	35,188	35,188	35,188
ACS	<i>Intra-City</i>	6,795	6,795	6,795	6,795	6,795
HRA and NYPD	<i>Intra-City</i>	6,261	6,224	6,224	6,224	6,224
DCAS Energy Staff	<i>Intra-City</i>	1,972	-	-	-	-
Dept. of Environmental Protection	<i>Intra-City</i>	2	-	-	-	-
Community Board Leases	<i>Intra-City</i>	21	21	21	21	21
INTRA-CITY FUNDING TOTAL		\$110,050	\$85,334	\$85,334	\$85,334	\$85,334
Correctional Health	<i>State</i>	1,328	-	-	-	-
FEMA	<i>Federal</i>	11,362	-	-	-	-
UASI- Homeland Security FFY17	<i>Federal</i>	297	-	-	-	-
Correctional Health	<i>Federal</i>	1,328	-	-	-	-
FEDERAL FUNDING TOTAL		\$12,988				
DOI	<i>City Non-Cash</i>	862	862	862	862	862
Law Department	<i>City Non-Cash</i>	532	532	532	532	532
Comptroller's Office	<i>City Non-Cash</i>	213	213	213	213	213
DCAS Inspectors/ Public Service Corp	<i>City Non-Cash</i>	223	230	230	230	230
DCAS Exams	<i>City Non-Cash</i>	378	378	378	378	378
DOITT: Telephone & Communications	<i>City Non-Cash</i>	121	121	121	121	121
CITY (NON-CASH) TOTAL		\$2,329	\$2,335	\$2,336	\$2,336	\$2,336
Total		\$899,848	\$1,057,614	\$1,107,522	\$1,109,524	\$1,109,524

C. Utilization Rates⁷

H+H Hospital Utilization, FY 2019				
Facility	Operating Bed Count	Average Daily Census	Occupancy Rate	Average Length of Stay (ALOS)
Bellevue	782	569	73%	6.1
Coney Island	365	287	79%	6.3
Elmhurst	510	389	76%	6.0
Harlem	267	191	72%	5.4
Jacobi	429	330	77%	5.4
Kings	560	415	74%	5.9
Lincoln	320	262	82%	4.2
Metropolitan	295	194	66%	4.8
North Central Bronx	152	117	77%	4.1
Queens	239	188	79%	4.9
Woodhull	280	212	76%	5.3
Grand Total	4,199	3,154	75%	5.4

H+H SNF Utilization, FY 2019				
Facility	Operating Bed Count	Average Daily Census	Occupancy Rate	Average Length of Stay (ALOS)
Coler	815	581	71%	671.0
HJ Carter	365	278	76%	240.1
Gouverneur	295	266	90%	100.6
McKinney	320	314	98%	234.4
Seaview	304	297	98%	260.8
SNF Total	2,099	1,737	83%	247.0

D. Correctional Health Services Staffing⁸

H+H/CHS Service Providers Staffing, February 2020			
Department	Service Providers	Budgeted FTEs	Filled FTEs
Medicine	NP	6	6
	PA	50.6	50.6
	MD	87.1	81.7
	Medicine, Subtotal	143.7	138.3
Nursing	NP	3	3
	RN	253.1	229.1
	Nursing, Subtotal	256.1	232.1
Mental Health	NP	17	16
	PA	13.2	13.2
	MD	31.1	27.1
	Mental Health, Subtotal	61.3	56.3
Total		461.2	426.8

⁷ Hospital and SNF utilization report from H+H, provided February 7, 2020, per Fiscal 2020 Terms & Conditions.

⁸ CHS service provider staffing report from H+H, provided February 24, 2020, per Fiscal 2020 Terms & Conditions.