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**Report to the Committee on Finance and the
Committee on Hospitals on the Fiscal 2024
Executive Plan and the Fiscal 2024 Executive
Capital Commitment for the**

NYC Health + Hospitals

May 16, 2023

Prepared by Alicia Miranda, Principal Financial Analyst



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NYC Health + Hospitals Budget Overview

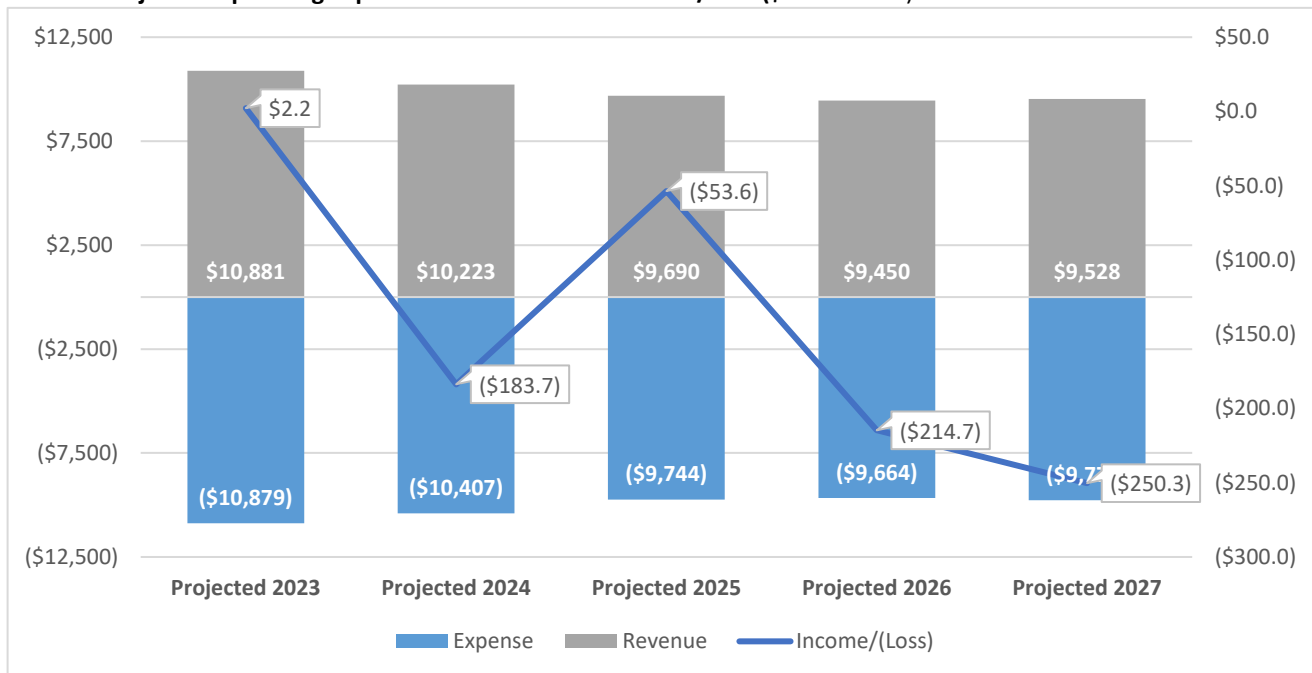
On April 26, 2023, the Administration released the Executive Financial Plan for Fiscal 2023-2027 (Executive Plan) with a proposed budget for Fiscal 2024 of \$106.7 billion. This report offers a review of New York Health + Hospitals (H+H) Fiscal 2024 Executive Budget, including proposed budget actions taken in the Executive Plan. For additional information on H+H’s Preliminary budget, please refer to the Fiscal 2024 Preliminary Budget report at: <https://council.nyc.gov/budget/wp-content/uploads/sites/54/2023/03/HH.pdf>.

Cash Plan

As a result of an agreement with the City, H+H receives a subsidy from the City to administer new programs and retain any surpluses during a fiscal year. Unlike the City, H+H utilizes 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. H+H 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.

H+H’s Fiscal 2024 Executive Plan anticipates operating losses of \$183.7 million in Fiscal 2024, growing to \$250.0 million in Fiscal 2027. The Plan includes the strategic initiatives to decrease expenses and increase revenue. However, H+H anticipates an operating loss for the year because of increased costs associated with temporary staffing and the delay in the receipt of federal revenues. In Fiscal 2025, the system projects a lower operating loss of \$53.6 million as H+H anticipates timeliness in federal revenues being received. Over each of the first three years of the Executive Plan, the system anticipates closing cash balances between \$470.0 million and \$709.0 million. Chart 1 shows the projected expenses, revenue and the operating income or loss per year.

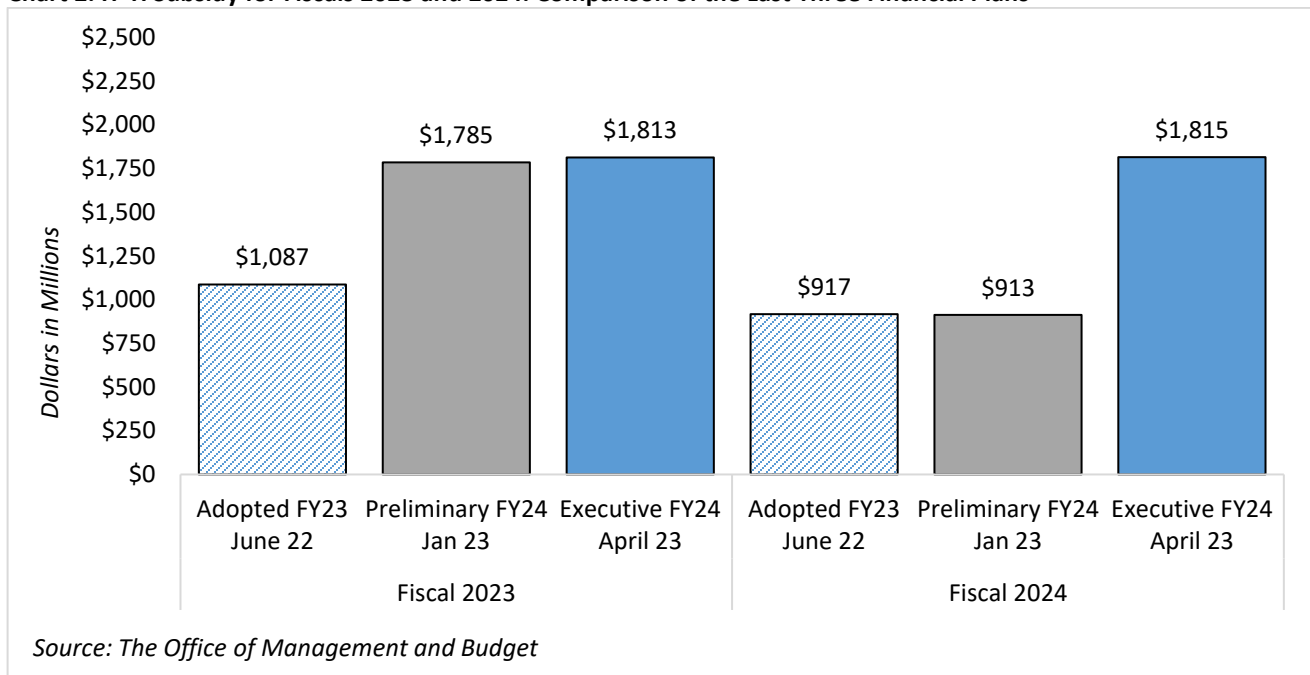
Chart 1: Projected Operating Expense vs Revenue with Income/Loss (\$ in Millions)



City Subsidy

H+H’s projected Fiscal 2024 subsidy totals \$1.8 billion, which represents 1.7 percent of the City’s proposed Fiscal 2024 budget in the Executive Plan. H+H’s proposed Fiscal 2024 subsidy is \$728 million, or 67 percent, larger than the agency’s Fiscal 2023 budget at adoption (\$1.1 billion) and \$902 million, or nearly double than the Fiscal 2024 budget presented in the Preliminary Financial Plan (Preliminary Plan) presented in January (\$913 million). The increase is the result of a number of actions taken, most significant of which are: asylum seeker operations, collective bargaining and other adjustments.

Chart 2: H+H Subsidy for Fiscals 2023 and 2024: Comparison of the Last Three Financial Plans



Funding Sources

H+H’s subsidy budget is financed primarily by City funds as well as federal, State, and other categorical funding. In the current financial plan, H+H’s primary funding source is City funding. City funds comprises 80 percent (\$1.4 billion) of H+H’s total funding in the current fiscal year, down from the 91.7 percent (\$997 million) of H+H’s budget financed by City Funds in the Adopted 2023 budget. City funds comprises 57.5 percent (\$1 billion) of H+H Executive Plan for Fiscal 2024.

The \$28 million increase in H+H’s Fiscal 2023 and \$902 million increase in its Fiscal 2024 budget between the 2024 Preliminary Budget and the 2024 Executive Plan is primarily the result of modifications to City funds and federal funds. These changes include:

City Funding

City funding increases by \$463 million in Fiscal 2023 and by \$234 million in Fiscal 2024 when compared to the Preliminary Plan.

- **Aid to Asylum Seeker.** The Executive Plan includes an additional \$500 million in Fiscal 2023, \$148 million in Fiscal 2024, and \$258 million in Fiscal 2025 to support the operations of the Humanitarian Emergency Response and Relief Centers (HERRCs) that support asylum seekers in New York City.
- **Test and Treat (T2).** The Executive Plan includes a \$200 million reduction for Test and Treat (T2) operations in Fiscal 2023.

- **Collective Bargaining.** The Executive Plan includes \$163 million in Fiscal 2023, \$102 million in Fiscal 2024, and \$155 million in Fiscal 2025, and \$200 million in Fiscal 2026, and \$209 million in Fiscal 2027 for the costs related to the collective bargaining agreement with DC37.

Federal Funding

Federal funding in the Executive Plan decreases by \$442 million in Fiscal 2023 and increases by \$672 million in Fiscal 2024 when compared to the Preliminary Plan.

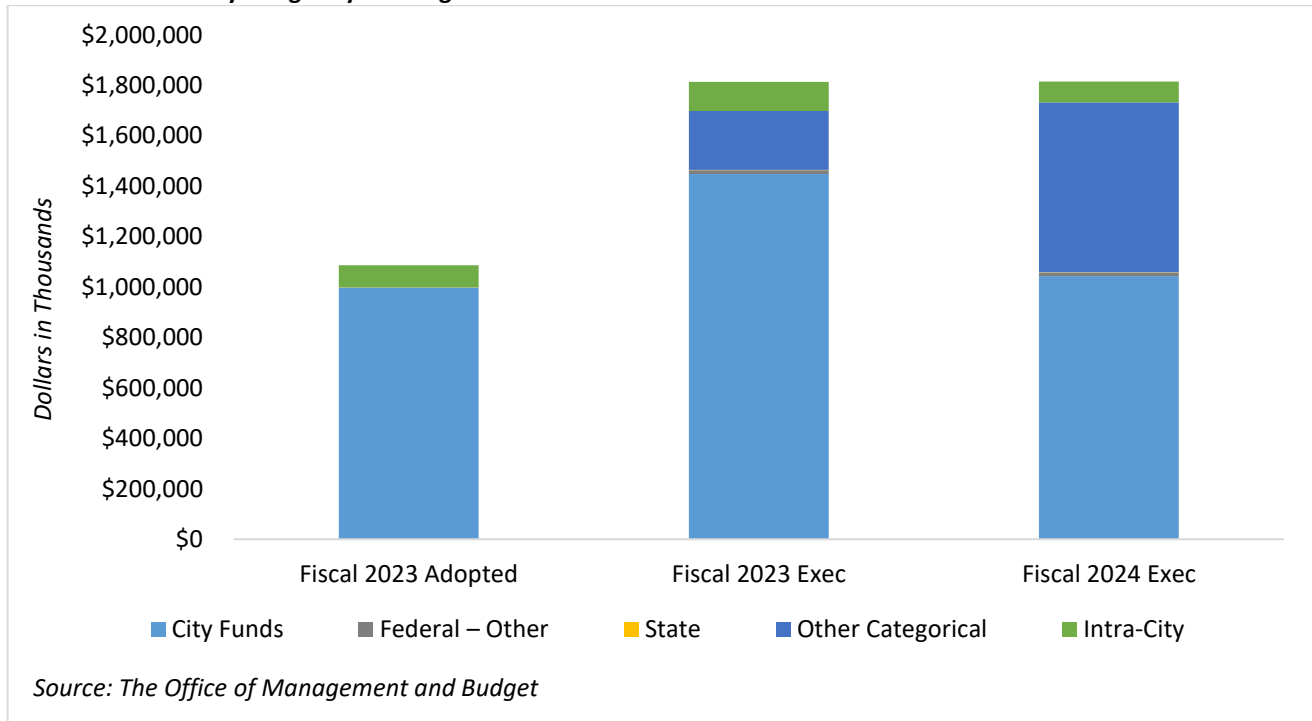
- **Aid to Asylum Seeker.** The Executive Plan includes a \$425.6 million reduction in federal funding in Fiscal 2023, and a \$600.0 million increase in Fiscal 2024. Additionally, the Executive Plan includes an additional \$123.0 million in federal funding transferred from the Department of Homeless Services’ budget in Fiscal 2023.
- **American Rescue Plan.** The Executive Plan includes adjustments to federal funding received through the American Rescue Plan with a reduction of \$102.2 million in Fiscal 2023 and an addition of \$72.2 million in Fiscal 2024.
- **Federal Emergency Management Agency (FEMA) Vaccine Funding.** The Executive Plan includes a reduction of \$37.7 million from FEMA vaccine funding in Fiscal 2023.

State Funding

Due to the late enactment of the State budget, State funding remains unchanged in Fiscal 2023 and Fiscal 2024 when compared to the Preliminary Plan.

See Appendix A for a complete list of all changes reflected in H+H’s Fiscal 2023 and 2024 budgets since adoption.

Chart 2: H+H Subsidy Budget by Funding Source



<i>Dollars in Thousands</i>	2023 Adopted	Executive Plan		*Difference 2024 – 2023
		2023	2024	
Funding				
City Funds	\$996,678	\$1,448,352	\$1,042,718	\$46,040
Federal – Other	0	14,600	14,600	14,600
State	1,380	1,380	1,380	0
Other Categorical	1,380	233,017	673,547	672,167
Intra-City	87,222	115,960	82,327	(4,895)
TOTAL	\$1,086,661	\$1,813,309	\$1,814,573	\$727,912

**The difference of Fiscal 2023 Adopted Budget compared to Fiscal 2024 Executive Budget.*

Source: The Office of Management and Budget

New in the Executive Plan

At each financial plan an agency will submit changes to its budget from the prior plan. These changes are comprised of new needs that have not previously been included in their budget, other adjustments to existing spending (these adjustments can involve adding additional funding or removing funding), savings programs which provide additional resources either through reduced spending or increased revenue, and savings restorations which include the restoration of expenditures that had been reduced in prior financial plans. A summary of all changes made to the agency’s financial plan since adoption can be found in Appendix A.

New Needs

The Fiscal 2024 Executive Plan does not include new needs for H+H.

Other Adjustments

The Executive Plan includes \$228 million in additional expenditures in Fiscal 2023 and \$922 million in Fiscal 2024 for other adjustments.

- **Aid to Asylum Seekers.** (\$74.4 million in Fiscal 2023, \$758.0 million in Fiscal 2024, and \$258.0 million in Fiscal 2026). The Executive Plan includes changes related to funding to support the City’s response to the Asylum seeker crisis. The Executive Plan includes an additional \$500.0 million of City spending and \$425.6 million less federal funding in Fiscal 2023, resulting in a net increase of \$74.4 million.

The Executive Plan includes \$600 million of additional federal funds and \$158 million City funds in Fiscal 2024. For Fiscal 2025, all additional funding (\$258 million) is City funds.

- **American Rescue Plan Funding.** (\$102.0 million in Fiscal 2023, and \$72.2 million in Fiscal 2024) The Executive Plan reflects funding reduction of \$102.0 million in Fiscal 2023 and an increase of \$72.2 million in Fiscal 2024 of federal funds under the Coronavirus State and Local Fiscal Recovery Funds (SLFRF) program authorized by the American Rescue Plan (ARP) Act.
- **DC 37 Collective Bargaining.** (\$163 million in Fiscal 2023, \$102 million in Fiscal 2024, \$155 million in Fiscal 2025, \$200 million in Fiscal 2026, and \$209 million in Fiscal 2027). The Executive Plan includes additional City funding to cover the costs associated with the recently announced collective bargaining agreement with DC 37.

Program to Eliminate the Gap (PEG)

H+H’s Executive Plan includes \$200 million in Program to Eliminate the Gap (PEG) savings in Fiscal 2023 and \$20.9 million in Fiscal 2024. The agency was able to locate additional resources in three initiatives, including:

- **T2 Re-estimate** (\$200 million reduction in Fiscal 2023 only). The Executive Plan includes a \$200 million reduction within the Test and Treat budget in Fiscal 2023 only to align with the projected spending on COVID related services.
- **Subsidy Reduction** (\$16.6 million reduction in Fiscal 2024, \$16.5 million in Fiscal 2025, \$15.1 million in Fiscal 2026 and Fiscal 2027). The Plan reduces H+H subsidy by \$16.6 million in Fiscal 2024, declining to a \$15.1 million reduction by Fiscal 2027.
- **Family Court Services** (\$4.3 million in Fiscal 2024 and in the outyears). The Executive Plan includes a reduction of Intra-City funding from the Administration for Children Services’ (ACS) budget for family court mental health services provided by H+H due to less than anticipated services. Following this reduction, the total in baseline funding for Family Court Services is \$2.3 million.

Fiscal 2024 Preliminary Budget Response

In the Fiscal 2024 Preliminary Budget Response (Budget Response)¹, the Council identified several areas of concern relating to hospitals. Below the Council’s proposals are discussed and an analysis of how they were addressed in the Executive Plan. No new funding was added in a number of areas highlighted by the City Council in its response to the Mayor’s Preliminary Fiscal 2024 Financial Plan.

Table 4: FY24 Budget Response Items

#	Response Priorities	Amount Requested	Amount in the Exec Budget
1	Restore Programs that Support Asthma and Chronic Obstructive Pulmonary Disease	\$1 Million	\$0
2	Hire a Reproductive Health Psychologist for Every H+H Hospital	\$2.4 Million	\$0
3	Expand NYC Care	\$10 Million	\$0
4	Accelerate the Opening of Outposted Therapeutic Housing Units at H+H	Call to Action	\$0

- **Restore Programs that Support Asthma and Chronic Obstructive Pulmonary Disease.** In March 2023, H+H informed several community-based organizations (CBOs) working on the Asthma and Chronic Obstructive Pulmonary Disease (COPD) Community Healthcare Worker (CHW) Program that H+H would not renew their contracts in Fiscal 2024. This program, originally funded by New York State 1115 Medicaid Waiver Redesign through OneCity Health, focused on reducing avoidable hospitalizations among New York City children who suffer from frequent or severe asthma attacks. H+H now plans to use its in-house generalist Community Health Workers to take over the CBO work. In the Budget Response the Council called on the Administration to restore \$1 million in funding for the Asthma/COPD CHW program at H+H.. Nothing is added to the Executive Plan to address this request.

¹ The full response can be found at: <http://council.nyc.gov/wp-content/uploads/2023/04/Fiscal-2024-Preliminary-Budget-Response.pdf>

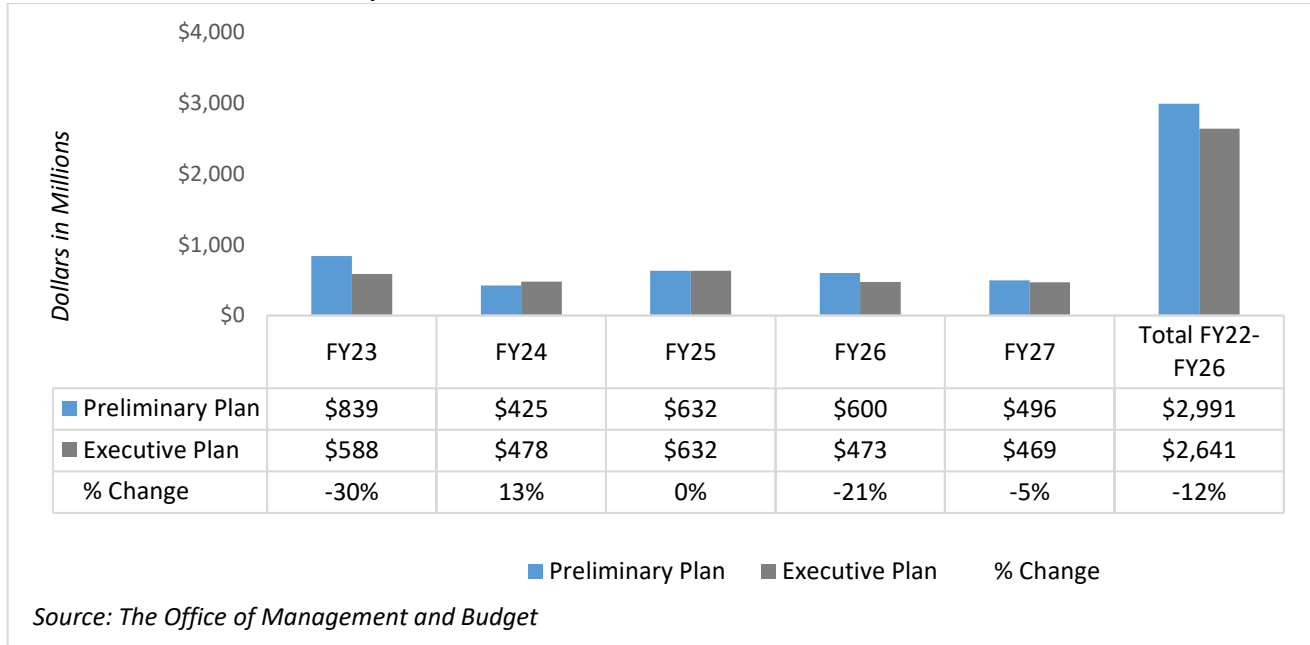
- **Hire a Reproductive Health Psychologist for Every H+H Hospital.** Physical and emotional changes throughout pregnancy and the postpartum period can cause many new parents a lot of confusion and anxiety. New and expecting moms/birthing people, experience perinatal mood and anxiety disorders (PMADs) often referred to as postpartum depression (PPD). In New York State, between 15 and 20 percent of all women/birthing people experience some form of pregnancy related depression or anxiety. This could include prenatal depression, the "baby blues," postpartum depression and postpartum psychosis. In order to support the mental health needs of parents during and after childbirth, in the Budget Response the Council urged the Administration to add \$2.4 million to Fiscal 2024 in the Executive Plan to support the hiring of a Reproductive Health Psychologist for every H+H Hospital. Nothing is added to the Executive Plan to address this request.
- **Expand NYC Care.** In the Budget Response the Council called on the Department of Health and Mental Hygiene to launch the pilot program that would create a vision exam mobile bus that would travel around the five boroughs and provide free eye exams and glasses for low-income New Yorkers. This mobile bus would provide free eye exams and glasses to any individual whose income does not exceed more than 250 percent of the Federal Poverty Level. Many New Yorkers live with uncorrected vision and do not have the means to afford glasses or even to take the exam. At the urging of the Council, the Administration added \$1.4 million in the Fiscal 2023 Adopted Budget but the funds have not yet been utilized. The Council called on the Administration to roll this funding into Fiscal 2024 and guarantee the successful launch of this pilot program. Nothing is added to the Executive Plan to address this request.
- **Accelerate the Opening of Outposted Therapeutic Housing Units at H+H.** In 2019 the de Blasio Administration announced its commitment to opening Outposted Therapeutic Housing Units (OTxHU) through H+H/Correctional Health Services (CHS) to improve access to care for patients at Rikers Island whose clinical conditions require access to specialty and subspecialty care. OTxHUs are secure clinical units within a hospital that serves patients in custody who have serious health conditions, following the jail-based therapeutic housing model. H+H has plans to open three units with approximately 380 beds at Bellevue Hospital in Manhattan, Woodhull Hospital in Brooklyn, and North Central Bronx Hospital in the Bronx. The first unit slated to open at Bellevue Hospital, was initially projected to open around December 2022 but is now delayed to the end of 2023. The units in Woodhull and North Central Bronx Hospitals are still planned for opening in 2024 and 2025, respectively. In the Budget Response the Council urged the Administration to accelerate the opening of these therapeutic beds, which will increase patients' access to a higher level of clinical and medical care, while at the same time reducing the burden on the city's jail system. Ensuring that these beds are available is a key component to meeting the commitment of closing Rikers Island by 2027. Nothing is added to the Executive Plan to address this request.

Capital Program

H+H's capital program is presented in the Executive Capital Commitment Plan for Fiscal 2023-2027 (Commitment Plan) and the Fiscal 2024 Executive Capital Budget.

DOHM's commitments for Fiscal 2023 through 2027 as presented in the Commitment Plan total \$2.6 billion, \$351 million less (12 percent) than the total for the same period presented in the Preliminary Capital Commitment Plan released in January.

Chart 3: H+H Fiscal 2023-2027 Capital Commitment Plan



The amount of commitments planned for each year of the plan period is relatively uniform, with 22.3 percent of the entire planned expenditure in the current year, 18 percent in Fiscal 2024, 24.0 percent in Fiscal 2025, and 18 percent in Fiscals 2026 and 2027 respectively.

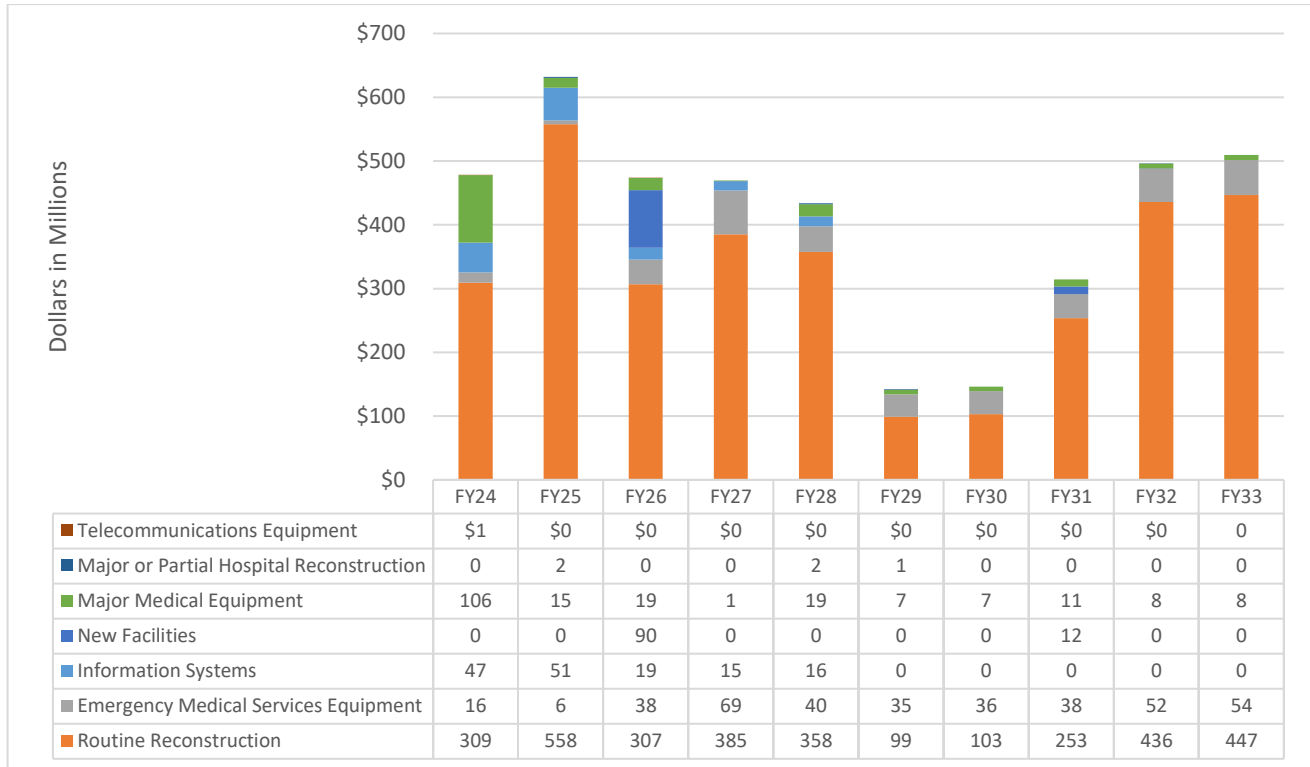
Executive Ten-Year Capital Strategy Fiscal 2024-2033

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.

The City’s Ten-Year Strategy totals \$164.8 billion (all funds). The Strategy provides information on the comprehensive infrastructure planning that the City undertakes and explains the connection between capital investment and strategic priorities. It is designed to help prioritize investment decisions across all capital agencies and communicate to the public an integrated approach to capital planning across infrastructure types, in line with the growth of the City.

For Health + Hospitals, the Ten-Year Strategy provides \$4.1 billion in Fiscal 2024–2033 for capital construction and reconstruction projects. The funding includes \$3.2 billion for routine reconstruction, \$385 million for emergency medical services equipment, \$147 million for information systems, and \$102 million for new facilities.

Chart 4: Fiscal 2024-2033 Ten-Year Capital Strategy



As illustrated in the chart above, the Ten-Year Capital Strategy contains almost all of its capital spending in the first five and the last two years of the period. It is very unlikely that this Ten-Year Strategy accurately reflects how the funds will be used.

Appendix A: Budget Actions since Fiscal 2023 Adoption

<i>Dollars in Thousands</i>	FY23			FY24		
	City	Non-City	Total	City	Non-City	Total
H+H Subsidy as of Fiscal 2023 Adopted Plan	\$996,678	\$89,982	\$1,086,660	\$826,566	\$90,440	\$917,006
Other Adjustments						
Aid for Asylum Seekers	\$0	\$310,000	\$310,000	\$0	\$0	\$0
ARP-SLFRF Adjustment	0	190,000	190,000	0	0	0
Asylum Seeker Funding Shift	0	(7,350)	(7,350)	0	0	0
Com Safety and Victim Services	25	0	25	0	0	0
Crisis Management System Stand Up To Violence	1,715	0	1,715	0	0	0
Energy personnel	0	817	817	0	0	0
ExCEL Projects	0	913	913	0	0	0
FY23 Pre-Placement Services	0	332	332	0	0	0
FY23_HHC_Q1	0	839	839	0	0	0
FY23HHNurses	0	1,040	1,040	0	0	0
H+H Collective Bargaining - Plumbers	555	0	555	555	0	555
H+H Collective Bargaining - Steamfitters	283	0	283	283	0	283
H+H Opioid Settlement Funds	0	14,600	14,600	0	14,600	14,600
HHC Music for the Soul-MOME	0	51	51	0	0	0
IC W/ H+H - Right Source	0	2	2	0	0	0
IC W/H+H - 1% State COLA	0	126	126	0	126	126
IC W/H+H - Asthma Counselors	0	313	313	0	0	0
IC W/H+H - Cerner	0	1,318	1,318	0	0	0
IC W/H+H - CHS Program	0	1,000	1,000	0	0	0
IC W/H+H - Colorectal Cancer	0	100	100	0	0	0
IC W/H+H - Pharmaceuticals	0	566	566	0	0	0
IC W/H+H - Public Health Corps	0	20	20	0	0	0
IC W/H+H -Consultation Svcs	0	28	28	0	0	0
IC W/H+H- Continuing Education	0	10	10	0	0	0
IC W/H+H -ELC Traveler's Grant	0	692	692	0	0	0
IC W/H+H -InquisitHealth	0	200	200	0	0	0
IC W/H+H- MQHIN	0	360	360	0	0	0
IC W/H+H- Pharmaceuticals	0	10,025	10,025	0	0	0
IC W/H+H- Right Source	0	68	68	0	0	0
IC W/H+H-Pharmaceutical	0	368	368	0	0	0
IC W/H+H-Pharmaceutical	0	62	62	0	0	0
IC W/H+H-Pharmaceuticals	0	3,045	3,045	0	0	0
IC WH+H-Pharmaceuticals	0	113	113	0	0	0
IC WH+H-Psychosocial Club	0	108	108	0	0	0
IC WH+H-Right Source	0	12	12	0	0	0
Office of Economic Opportunity Funding Adjustment	86	0	86	0	0	0
Reduce I/C with HHC	0	(1,179)	(\$1,179)	0	(1,179)	(1,179)
T/- Tech Adj	0	(160,291)	(160,291)	0	0	\$0
T/- Tech Adj ARP	0	160,291	160,291	0	0	0
T/- ELC	0	8,976	8,976	0	0	0
T/- FEMA	0	103,899	103,899	0	0	0
T/- FEMA	0	30,755	30,755	0	0	0
T/- FEMA CIEI - Coler	0	66	66	0	0	0
T/- FEMA Coney 404	0	10	10	0	0	0
T/- FEMA Met 404	0	97	97	0	0	0
T/- FEMA Vax	0	37,670	37,670	0	0	0
Total Other Adjustment	\$2,664	\$710,073	\$712,737	\$838	\$13,547	\$14,384
PEGS						
B-HEARD Re-estimate	(\$3,675)	\$0	(\$3,675)	\$0	\$0	\$0
Clinic Subsidy Re-estimate	(2,900)	0	(2,900)	0	0	0
DOI Staffing Re-estimate	(3,200)	0	(3,200)	(2,900)	0	(2,900)

<i>Dollars in Thousands</i>	FY23			FY24		
	City	Non-City	City	Non-City	City	Non-City
OTPS Re-estimate	(\$4,319)	\$0	(\$4,319)	(\$3,200)	\$0	(\$3,200)
Subsidy Adjustment	0	0	0	(3,269)	0	(3,269)
Telecommunication Savings	0	0	0	(9,226)	0	(9,226)
Total PEGS	(\$14,094)	\$0	(\$14,094)	(\$18,595)	\$0	(\$18,595)
Grand Total	(\$11,430)	\$710,073	\$698,643	(\$17,757)	\$13,547	(\$4,211)
H+H Subsidy as of Fiscal 2024 Prelim Plan	\$985,248	\$800,055	\$1,785,303	\$808,809	\$103,987	\$912,795
H+H Subsidy Budget as of the Prelim 2024 Budget	\$985,248	\$800,055	\$1,785,303	\$808,809	\$103,987	\$912,795
Other Adjustments						
Aid to Asylum Seekers	\$500,000	(\$425,650)	\$74,350	\$148,000	\$600,000	\$748,000
ARP-SLFRF Adjustment	0	(102,167)	(102,167)	0	72,167	72,167
DC 37 Collective Bargaining Adjustment	163,092	0	163,092	102,219	1	102,220
DC 37 Collective Bargaining Adjustment (IC Funds - HHC)	12	0	12	9	0	9
FY23_HHC_Q2A	0	838	838	0	0	0
IC W/ H+H Pharmaceuticals	0	109	109	0	0	0
IC W/H+H - AOT	0	698	698	0	0	0
IC W/H+H - Cerner	0	(100)	(100)	0	0	0
IC W/H+H - NFP Space Rental	0	70	70	0	0	0
IC W/H+H - Right Source	0	800	800	0	0	0
IC W/H+H -Cerner Software	0	100	100	0	0	0
IC W/H+H Correction Health	0	13	13	0	0	0
IC W/H+H- EPIC	0	3,000	3,000	0	0	0
IC W/H+H Pharmaceutical	0	462	462	0	0	0
IC W/H+H- Pharmaceutical	0	121	121	0	0	0
IC W/H+H Pharmaceuticals	0	808	808	0	0	0
IC W/H+H- Pharmaceuticals	0	118	118	0	0	0
IC W/H+H-Hip Hop Heals	0	300	300	0	0	0
IC W/H+H-Pharmaceutical	0	100	100	0	0	0
IC W/H+H-Pharmaceuticals	0	(49)	(49)	0	0	0
OEO Funding Adjustment	0	0	0	302	0	302
T/ - FEMA Vax	0	(37,670)	(37,670)	0	0	0
T/ - Asylum Seeker Funding	0	123,000	123,000	0	0	0
Subtotal Other Adjustments	\$663,104	(\$435,098)	\$228,006	\$250,531	\$672,168	\$922,699
PEGS						
Subsidy Reduction	\$0	\$0	\$0	(\$16,621)	\$0	(\$16,621)
T2 Re-estimate	(200,000)	0	(200,000)	0	0	0
Family Court Services	0	0	0	0	(4,300)	(4,300)
Subtotal PEGs	(\$200,000)	\$0	(\$200,000)	(\$16,621)	(\$4,300)	(\$20,921)
Grand Total	\$463,104	(\$435,098)	\$28,006	\$233,910	\$667,868	\$901,778
H+H Subsidy Budget as of the Exec 2024 Budget	\$1,448,352	\$364,956	\$1,813,309	\$1,042,718	\$771,855	\$1,814,573