

# **Fiscal 2009 Executive Budget Hearings**

---

## **Health & Hospitals Corporation (Capital)**

*May 2008*

*Hon. Christine C. Quinn  
Speaker of the Council*

*Hon. David I. Weprin, Chair  
Committee on Finance*

*Hon. Joel Rivera, Chair  
Committee on Health*

*Preston Niblack, Director  
Finance Division*

New York City Council Finance Division

Preston Niblack  
Director

Jeffrey Rodus  
Deputy Director

Jonathan Rosenberg  
Deputy Director

---

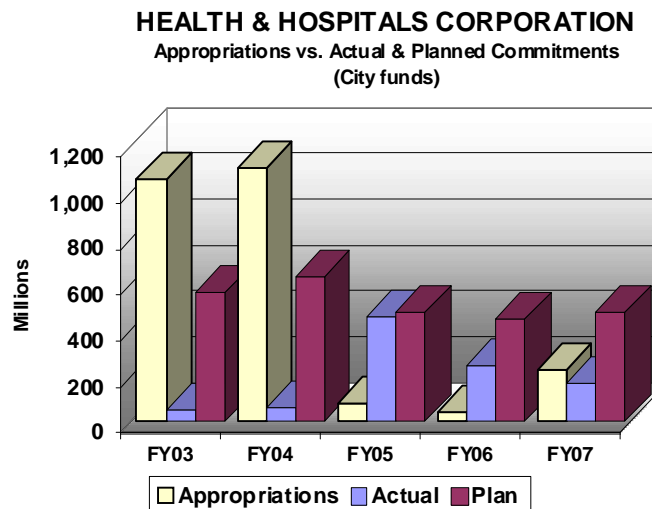
Health and Hospitals Corporation (Capital)

James Reyes  
Analyst

### *Agency Overview*

The Health and Hospitals Corporation (HHC), a public benefit corporation, is the successor entity for the Department of Hospitals and is the sole operator of New York City's municipal hospital system. HHC's responsibilities extend to the provision of comprehensive medical, mental health, and substance abuse services to residents of the City regardless of their ability to pay.

Under a 1992 financial agreement signed with the City, HHC has the authority to develop a consolidated annual expense and revenue budget, which is then approved by HHC's Board of Directors and subsequently by the City. The agreement allows HHC to develop non-city funding sources for new programs and allows for the retention of any surpluses during a fiscal year. Additionally, the agreement provides for payment of the City's tax levy to HHC in a lump sum thereby indemnifying the Corporation against changes in the City's budget during a fiscal year.



HHC leases its facilities and equipment from the City at a cost of \$1 per year. The corporation operates 11 acute care hospitals; 4 long-term care facilities; 6 diagnostic and treatment centers; a certified home health agency; and more than 100 community-based health clinics. During the course of Fiscal 1998, HHC integrated 39 child health clinics, 7 Communicare clinics, 16 fixed oral health clinics, and 32 portable health clinics into the Corporation's regional facilities networks.

As of 1996, HHC no longer operated the citywide Emergency Medical Services (EMS). HHC is also the lead agency in developing and providing comprehensive primary care services via the City's Communi-care and managed care health initiatives. HHC also operates some facilities, which are financed by the New York State Housing Finance Agency (HFA) and leased to the City on behalf of HHC.

HHC's capital program primarily consists of major construction of Kings County Campus Modernization Phase II, III and IV, Coney Island Hospital New Bed Tower, Jacobi Medical Center Acute Care Facility Modernization, Queens Hospital Phase II (The New Ambulatory Care Pavilion), Major Modernization of Harlem Hospital Center, Gouverneur Health Care Services and the OCME DNA Lab construction on the Bellevue Campus.

## Fiscal 2009 Executive Capital Budget

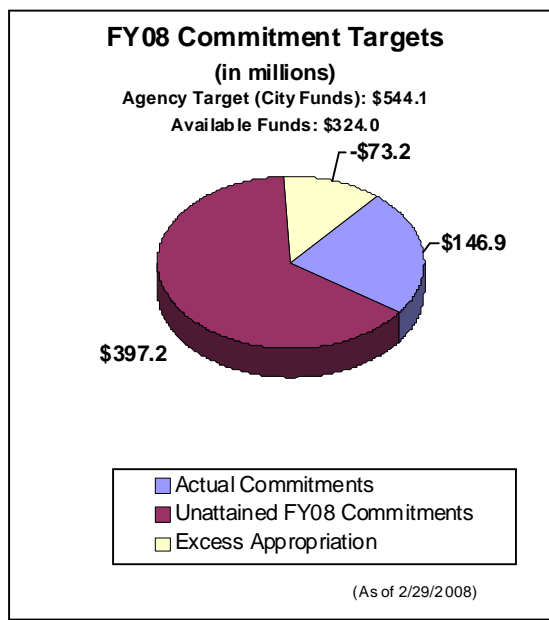
---

### *Current Budget Summary*

The May 2008 Capital Commitment Plan includes \$464.8 million in Fiscals 2009-2012 for the Health and Hospitals Corporation (including City and Non-City funds). This represents 1.1 percent of the City's total \$43.1 billion May Plan for Fiscals 2009-2012. The agency's Executive Commitment Plan for Fiscal 2009-2012 remains unchanged since the January Plan.

Over the past five years Health & Hospitals Corporation has only committed an average of 37.5 percent of its annual capital plan. Therefore, it is assumed that a large portion of the agency's Fiscal 2008 capital plan will be rolled into Fiscal 2009 thus greatly increasing the size of the Fiscal 2009-2012 capital plan. Since Adoption last June, the Capital Commitment Plan for Fiscal 2008 has showed no change, remaining at \$544.1 million.

Currently the Health & Hospitals Corporation appropriations total \$324.0 million in City-funds for Fiscal 2008. These appropriations are to be used to finance the Health & Hospitals Corporation \$397.1 million city-funded Fiscal 2008 Capital Commitment program. The agency is short by 18.4 percent from meeting its entire capital commitment program for the current fiscal year.



## **Fiscal 2009 Executive Capital Budget**

---

The Health and Hospitals Corporation's capital commitments for the last five years are shown below:

<b>FIVE YEAR HISTORY - CAPITAL BUDGET</b> (\$ in millions)					
	FY03	FY04	FY05	FY06	FY07
CITY	50	58	451	243	167
NON-CITY	0	0	0	0	0
TOTAL	50	58	451	243	167

The Preliminary Four-Year Capital Plan is shown below:

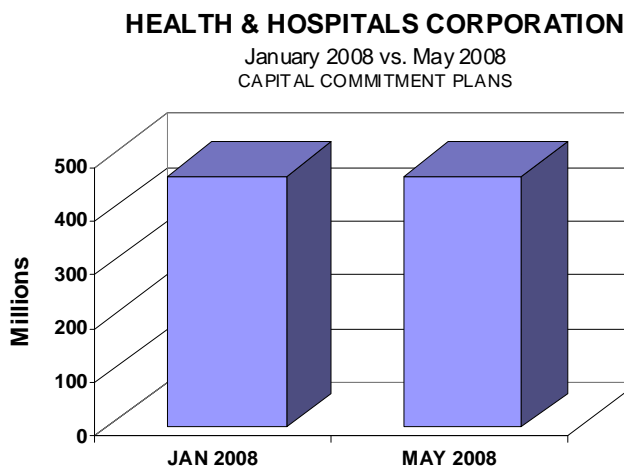
<b>PRELIMINARY CAPITAL BUDGET – JANUARY 2008</b> (\$ in millions)					
	FY09	FY10	FY11	FY12	FY's 09-12
CITY	124.0	101.5	136.3	103.0	464.8
NON-CITY	0	0	0	0	0
TOTAL	124.0	101.5	136.3	103.0	464.8

The Executive Four-Year Capital Plan is shown below:

<b>EXECUTIVE CAPITAL PLAN – MAY 2008</b> (\$ in millions)					
	FY09	FY10	FY11	FY12	FY's 09-12
CITY	124.0	101.5	136.3	103.0	464.8
NON-CITY	0	0	0	0	0
TOTAL	124.0	101.5	136.3	103.0	464.8

### EXECUTIVE BUDGET HIGHLIGHTS:

As discussed in the Preliminary Capital budget hearings, the Health & Hospitals Corporation (HHC) will be drawing down funds from a project titled *Miscellaneous Construction Projects and Equipment Purchases*. Currently, as of the May Variance Report HHC has drawn down a total of \$26.4 million in FY08 and has planned commitments of \$14.4 for FY09. These funds are being used to continue HHC's Major Modernization Plan of their facilities. Some of these projects are:



### **Fiscal Year 2008**

- **Jacobi Medical Center**
  - Major Modernization Phase IIIA (\$17.4 million)
  - Rehabilitation of Mechanical Engineering Station (\$728 thousand)
  - Window Replacements (\$900 thousand)
- **Woodhull Medical Center**
  - OB Unit Expansion (\$2.2 million)
- **Gouverneur Healthcare Services**
  - Renovate and Relocate Kitchen (\$2.5 million)

### **Fiscal Year 2009**

- **Local Law 11 Compliance**
  - Additional funds for Local Law 11 Compliance (\$10.5 million)

*\*\* The amounts listed above are only the amount of funds added since January 2008, **NOT** the total amount of the project \*\**

### **ONGOING MAJOR PROJECT HIGHLIGHTS:**

- **Harlem Hospital Modernization**

- Renovate the existing Martin Luther King Pavilion, and construct a new pavilion on Lenox Avenue that will connect the King Pavilion, Lenox Avenue and the Ron Brown Ambulatory Care Pavilions to create a unified complex. Included in the modernization plan of the Harlem Hospital Center is the renovation of the inpatient bed tower; construction of a new FDNY Emergency Medical Service (EMS) garage, and the restoration of art murals located on the campus. This project is scheduled for completion sometime in 2009.

- **Kings County Hospital Center**

- The construction of a new Behavioral Health Center. A seven story, 300,000 square foot facility will be constructed to provide for 230 private and semi-private Inpatient Mental Health and Chemical Dependency beds, a new Psychiatric Emergency Center, and a wide range of outpatient and day treatment programs. The new Behavioral Health Center will replace and consolidate services now provided in seven older buildings on campus. Construction began in July 2005 and is scheduled for completion by this summer.

- **Jacobi Medical Center**

- Phase II of the Jacobi Medical Center modernization provides for a four-story, ambulatory care pavilion, connected to the main hospital by a galleria and courtyard. Services in building will include: Behavioral Health-Day Treatment, Oncology/Radiation Therapy, Pediatrics-Primary/Specialty Care, Ophthalmology, Physical & Occupational Therapy, Orthopedic Rehabilitation, HIV Care, and Dermatology. This project is scheduled for completion in 2008.