



New York City Council Hearing

Fiscal Year 2024 Executive Budget

Committee on Finance and Committee on Hospitals

Mitchell Katz, M.D.

President and Chief Executive Officer

New York City Health + Hospitals

May 16, 2023

Good morning Chairpersons Brannan, Narcisse, and members of the Committees on Finance and Hospitals. I am Mitch Katz, M.D., a primary care physician and President and Chief Executive Officer of the New York City Health + Hospitals (“Health + Hospitals”). I am joined today by Linda DeHart, Vice President of Finance at Health + Hospitals, Jason Hansman, Senior Advisor, Behavioral Health Communications & Policy at Health + Hospitals, and Patsy Yang, Senior Vice President at NYC Health + Hospitals for Correctional Health Services (CHS). Thank you for the opportunity to testify on the FY2024 Executive Budget for Health + Hospitals.

With the recent end of the Public Health Emergency, I would like to first take a moment to highlight the extraordinary work of NYC Health + Hospitals over the last three years. Health + Hospitals has had a great deal to overcome in the last contending with COVID-19. We’ve invested financially, physically, and emotionally to contend with the virus. Today, we are rightfully proud of the exceptional work our extraordinary team has done to fight this virus. As we mentioned during our preliminary budget hearing in March, we are proud to have emerged stronger from this, continuing to invest in patient care with excellence, and expanding access to quality health care for all New Yorkers, without exception.

Health + Hospitals’ Executive Plan remains consistent with the January Plan as the system continues to be stable though ongoing challenges remain, including the continued usage of temporary nurse staffing to keep our facilities running and external risks related to State and federal funding. We project that we will close FY23 with a closing cash balance of approximately \$709 million, or 30 days cash-on-hand, and at a break-even operating margin for the year. This break-even

projection is an improvement from our preliminary hearing, largely due to revenue increases.

Looking at our additional metrics, I can report the following:

- We are currently facing a negative Net Budget Variance of nearly \$118 million through March driven by our higher than anticipated costs associated with our needed temporary staffing.
- Our direct patient care revenue through March was \$47 million higher than the same period in FY22 continuing the pace of positive performance that we experienced during FY22, and our patient care volume has now returned to or exceeded our pre-COVID levels, depending on the service line.
- Finally, our Strategic Financial Initiatives remain on track with our post-COVID strategies, generating over \$580 million through March with a line of sight of approximately \$675 million for the fiscal year, in line with our target.

In addition, Health + Hospitals has also completed many of the goals and strategies we set forth for FY23. The growth in membership for our VBP populations has continued. We continue to engage patients through our online portal, which has an activation rate of nearly 60%, still outpacing the national average. This places us on the Epic Honor Roll of all providers nationwide.

While the federal public health emergency ended, we know that COVID-19 did not. That is why we have transitioned the services we offered through Test & Treat into our Health + Hospitals system. In other words, our hospital-based outpatient testing tents and mobile units have shifted to offer permanent services inside our hospitals and Gotham clinics. Instead of getting a COVID test at a mobile unit, your doctor can do the test for you in clinic. If you have a positive test at home, you can still call

212-COVID19 and speak right away with one of our Virtual Express Care clinicians to have Paxlovid prescribed for you.

With Medicaid recertification beginning again with the end of the Public Health Emergency, we are making it a top priority to engage all of our patients to ensure that they do not face a loss of coverage.

We continue expanding health care access to all New Yorkers, making investments into various parts of our System often with the partnership of our elected officials. In April, we opened a new Pride Health Center at Health + Hospitals/Metropolitan, where LGBTQ, transgender and gender non-conforming patients can access high-quality individual care with respect and dignity. We also broke ground for a new apartment building on Health + Hospitals/Woodhull campus. The building will provide 56 units comprised of supportive and affordable housing for patients of Health + Hospitals, and low-income seniors.

Nonetheless, as we said last year, there remains major external uncertainty as we emerge from COVID. Our team is assessing the impact of the newly enacted State budget. While we were pleased to see Medicaid rate increases for our hospitals, FQHCs, and nursing homes as well as the restoration of quality pools, our largest concern remains the impact of the 340B Carve Out on both our finances and our patients.

On the national level, we continue to work with FEMA to receive reimbursement for the eligible costs we incurred during our pandemic response. We also remain concerned about the potential federal DSH cuts that are set to begin on October 1, 2023. There has been recent bipartisan legislation introduced in Washington, the Support Safety Net Hospitals Act (H.R. 2665), which would eliminate these

devastating cuts for two years, and we thank Representative Clarke and so many of our delegation members for their support with this bill. NYC Health + Hospitals is the largest recipient of DSH funds in the state, and would be the first to bear the brunt of any federal cuts – at least \$622 million in the first year alone. We urge Congress to act, and we thank the Council for their continued advocacy on this issue.

While the last couple of years have been taxing for us all, every day I continue to be grateful to everyone at NYC Health + Hospitals for their dedication, professionalism, and belief in our mission. I am also grateful to these Committees for your tremendous support of NYC Health + Hospitals. I am happy to answer any questions you may have.