



New York City Council Hearing

Fiscal Year 2022 Executive Budget

Committee on Finance and Committee on Hospitals

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Good morning Chairpersons Dromm and Rivera and members of the Committees on Finance and Hospitals. I am Mitch Katz, M.D., President and Chief Executive Officer of the New York City Health + Hospitals (“Health + Hospitals”). Thank you for the opportunity to testify on the FY2022 Executive Budget for Health + Hospitals. I am joined today by John Ulberg, Health + Hospitals’ Senior Vice President and Chief Financial Officer; Patsy Yang, Senior Vice President at NYC Health + Hospitals for Correctional Health Services (CHS); and Christine Flaherty, Senior Vice President of Health + Hospital's Office of Facilities Development.

As I mentioned in our preliminary budget hearing in March, NYC Health + Hospitals has had a great deal to overcome in the last year with the arrival of COVID-19 in New York City. Health + Hospitals invested all its energy and resources to combat the virus. We invested financially, as well as clinically and emotionally, to do everything possible to defeat the virus and save lives. However, even withstanding the financial volatility related to COVID, I’m happy to say that the overall the closing cash balance we project for Health + Hospitals over the next few years is strong or in a similar place to our historical levels. We project that we will close FY21 year around \$734M million.

I am also proud to share the following financial successes:

- To date, we achieved a net budget variance of \$65M, beating the budget by 1%
- Our direct Insurance Revenue came in \$331M higher than Q3 FY20 continuing the pace of positive performance that we experienced during FY20, where revenue came in \$500M over the prior year, and

- Finally, despite the challenges of COVID-19, our Strategic Financial Initiatives remain on track with our post-COVID strategies, generating \$431M with a line of sight of \$530M

Health + Hospitals not only survived through the pandemic financially, but we also managed to complete many of the strategies we set forth for FY21, allowing us an opportunity to progress on post-COVID initiative and strategies. Specifically, our value-based payment initiatives saw growth in FY21 when we converted eligible patients to appropriate Medicaid plans including HIV SNP and HARP to better address their needs and improve care management. In FY22, we expect to retain this substantial growth in membership, and continue to grow primary care patient size panels. Our ambulatory care and telehealth also saw tremendous gains with increased MyChart enrollment – 65% of our patients are now enrolled in MyChart. In the next fiscal year Health + Hospitals will leverage this growth, and optimize in person versus phone visit, grow virtual express care and continue to improve the performance of MyChart for its patients.

Additionally, we're investing in new tactics to distribute the vaccine and advance health equity in the most vulnerable communities. Last month we launched the Street Homeless Outreach and Wellness (SHOW) program, in partnership with NYC Department of Homeless Services (DHS), to connect street homeless individuals directly with key clinical services, including COVID-19 vaccinations. The SHOW units are deployed to areas where street homeless individuals commonly congregate and are equipped to provide wound care, mental health support, and basic material necessities, like meal packages, hygiene kits, and socks. I also would like to mention the work of Dr. Yang and CHS, which worked tirelessly to contain COVID-19 under

extraordinarily challenging circumstances, at the same time achieving significant innovations in the quality of care provided services to its patients.

Nonetheless, there remains major external uncertainty as we emerge from COVID. We have paid out approximately \$1.7 billion to-date on the COVID response and have committed to spend nearly \$2 billion on our response. In an effort to defray these costs, we have been working closely with City Hall to pursue available federal revenue streams. We were among the first hospitals in the nation to submit a claim to FEMA which enabled us to receive some advanced reimbursement. We have continued to provide documentation and work closely with FEMA to continue to receive eligible reimbursement. Additionally, we were active in receiving Provider Relief Funds through the CARES Act. Thus far, we have received nearly \$1.2 billion, largely through the safety-net and “high impact” allocations, which would advocated strongly for given all of our efforts on the frontline and the narrow margin we manage each day.

The last year has been trying for all, and I am very grateful to everyone at NYC Health + Hospitals for their dedication. From our staff, doctors and nurses to the volunteers who came and supported us when we needed them most. Every single one of them helped see us through the toughest moments of our generation. Those are the real heroes and the backbone of this City, and I am very proud to be a part of this team. Over the next fiscal year, NYC Health + Hospitals will continue to make the best decisions that prioritize its staff, patients and the health of New Yorkers as it has always done. Thank you to these Committees for your tremendous support of NYC Health + Hospitals. I will now take any questions you may have.