



ISSUES FACING NEW YORK CITY’S AGENCIES: NEW YORK CITY HEALTH + HOSPITALS

Overview

NYC Health + Hospitals (H+H) is the largest municipal public health system in the country and the City’s largest provider of care to Medicaid patients, mental health patients, and uninsured patients. The system includes 11 acute care hospitals, five skilled nursing facilities and over 70 patient community and school-based health centers.

Pandemic Impact on Agency Operations

H+H initially experienced some challenges with staffing and supply shortages and capacity limitations. As the pandemic unfolded, H+H assumed a significant role in planning for and responding to New York City’s public health emergency, launched the largest test and trace program in the country and implemented a vaccine program. [H+H managed financially early in the pandemic due to the receipt of federal COVID-19 relief funding](#) but, with the rise of new variants and subsequent increase in hospitalizations, costs continue to grow.

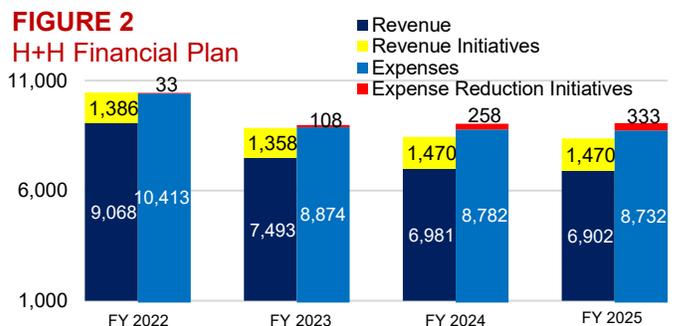
ISSUES FACING THE AGENCY

- Federal/State/City Funding:** H+H’s financial condition depends on funding from government sources, but the timing of these funds can be inconsistent. H+H expects its COVID-19 costs to reach \$2.5 billion through FY 2022 but has yet to receive \$354 million from the Federal Emergency Management Agency (FEMA), pressuring cash flow (see Figure 1). The recent omicron surge led the City to provide H+H with an additional \$111 million in funding to increase staffing, expected to be reimbursed with FEMA aid. H+H also relies heavily on actions taken by the State for the receipt of supplemental Medicaid payments.
- Strategic Initiatives:** During FY 2021, H+H introduced a plan to increase revenue and reduce costs to generate \$1.4 billion in FY 2022, increasing to \$1.8 billion by FY 2025 (see Figure 2). Two-thirds of this amount in FY 2022 are from additional supplemental Medicaid payments; however, these efforts were delayed and H+H is unlikely to reach its FY 2022 target. The plan also relies on achieving new savings when Medicaid cuts are scheduled to resume (FY 2024).
- Future Role in NYC Public Health:** New initiatives to expand healthcare in underserved communities include the NYC Public Health Corp, co-managed by H+H (\$50 million federal and \$100 million City funds), and street outreach and wellness mobile units (\$11.5 million in FY 2022 and \$8 million annually in City Funds). Recent City legislation will increase access to primary care, but the full operational and financial impacts are unclear at this time.
- Test and Trace (T2):** The T2 program incurred costs of \$1.44 billion in FY 2021 and are forecast at \$1.48 billion in FY 2022. During the recent surge, costs increased for expanded community and school testing and increased staffing. The City has assumed financial responsibility for the T2 program but expects some federal reimbursement.

FIGURE 1
H+H Federal COVID-19 Aid
(Cash Basis, \$ in millions)

	FY 2020	FY 2021	FY 2022	FY 2023-2024	Total
COVID-19 Costs	\$788	\$1,058	\$654	\$-	\$2,500
CARES Act	1,031	171	-	-	1,201
FEMA	-	266	354	-	620
Received	-	266	-	-	266
Anticipated	-	-	354	-	354
Total COVID-19 Aid	\$1,031	\$437	\$354	-	\$1,822

Note: Does not include aid for costs related to the Test and Trace program.
Sources: NYC Office of Management and Budget; OSC analysis



Note: FY 2022 Executive Cash Plan, dollars in millions.
Source: NYC Office of Management and Budget; OSC analysis