



ISSUE BRIEF: NEW YORK CITY HEALTH + HOSPITALS

New York City 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 50 patient community health centers.

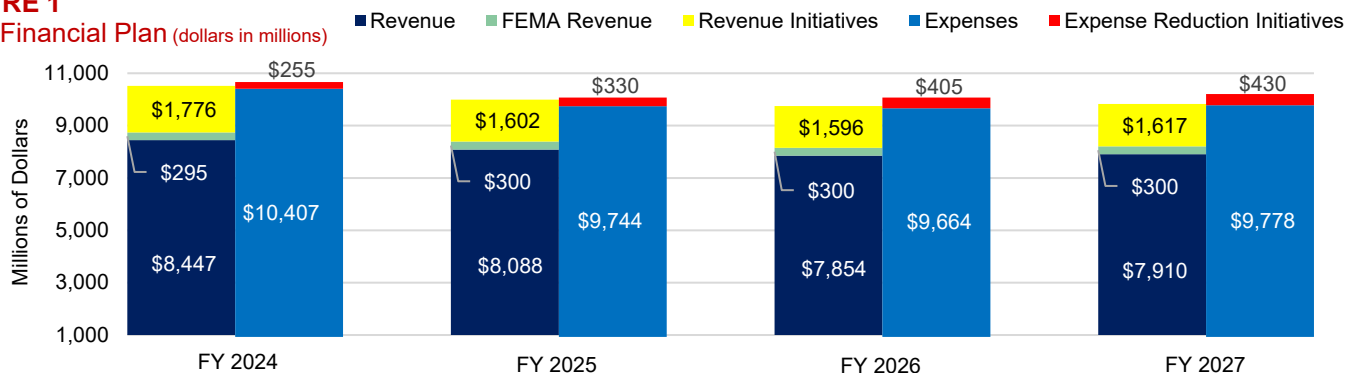
ISSUES FACING THE AGENCY

Operations after the Public Health Emergency: Early in 2020, New York City was the epicenter of the COVID-19 pandemic. H+H was confronted with an influx of patients and [assumed a significant role in planning for and responding to the emergency](#). Since then, waves of the virus have continued but testing, vaccinations and available medical treatments have contributed to the reduced number and severity of COVID-19 cases. The federal COVID-19 Public Health Emergency ended on May 11, 2023, and H+H has transitioned its citywide testing and immunization response to its hospitals and clinics. New variants of the COVID-19 virus continue to evolve and hospitalizations endure but not at the levels seen earlier. H+H reports inpatient and outpatient visits have returned to pre-pandemic levels and new programs initiated during the pandemic with City financial support, such as the NYC Public Health Corps and street outreach and wellness mobile units for unsheltered residents, continued. However, starting in October 2022, H+H became one of the larger providers of emergency housing in the City’s response to the huge influx of asylum seeker and migrants looking for shelter and other support services, a role that extends beyond H+H’s mission to provide quality health care to all New Yorkers.

Asylum Seeker and Migrant Response: H+H is a lead agency in [the City’s multi-agency response to the recent influx of asylum seekers and migrants](#)—managing the vendors selected to operate the central intake center and 15 of the City’s Humanitarian Emergency Response and Relief Centers (HERRCs). These services could increase as asylum seekers and migrants continue to seek shelter in the City. A recently approved security guard contract authorizes services at up to 19 HERRCs. The City has an agreement with H+H to reimburse the system for any costs incurred (\$469 million in FY 2023) but the financial impact to the City’s budget is substantial, leading the City to initiate another program to eliminate the gap (PEG) for fiscal years 2024 through 2027. H+H was included in the previous two rounds of citywide PEGs and will be included in the FY 2024 program reducing other financial support provided by the City. The financial impact will be determined by negotiations between the City and H+H.

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’s COVID-19 costs reached \$3.2 billion through FY 2023 but H+H has yet to receive \$1.2 billion (about \$300 million annually from FY 2024 through FY 2027) from the Federal Emergency Management Agency (FEMA). The delay has resulted in H+H repeatedly pushing out the expected receipt of these funds in its financial plan; however it has been able to manage the delay (see Figure 1).

FIGURE 1
H+H Financial Plan (dollars in millions)



Note: FY 2024 Executive Cash Plan.

Sources: NYC Office of Management and Budget; OSC analysis

OFFICE OF THE NEW YORK STATE COMPTROLLER

Thomas P. DiNapoli, State Comptroller

Rahul Jain, Deputy Comptroller



Additionally, the receipt of supplemental Medicaid funding is dependent on approvals from the federal Centers for Medicare and Medicaid Services and the State’s Department of Health.

Under the Patient Protection and Affordable Care Act of 2010, Congress would have reduced federal Disproportionate Share Hospital (DSH) Medicaid allotments beginning in 2014. However, several pieces of legislation have been enacted that have delayed the schedule of cuts that are now expected to begin on November 18, 2023. The DSH cuts are included in the H+H FY 2024 Executive Cash Plan. If the cuts are delayed or rescinded, then H+H will benefit financially from increased Medicaid revenue and the reduced pressure to impose expense reductions. Conversely, if the DSH cuts are not delayed, H+H will need to impose \$235 million in systemwide restructuring and personnel cost expense reductions in the current fiscal year.

Medicaid is one of the largest State spending categories, second only to Education Aid. In State fiscal year (SFY) 2012, the State implemented a statutory Medicaid spending cap to limit the growth of costs to a subset of State-share funded Medicaid spending. The State’s Commissioner of Health is authorized to impose cost reduction initiatives to ensure spending adheres to the cap. H+H relies on significant revenue from the Medicaid program (nearly 75 percent of patient care revenue) and any future programmatic or reimbursement changes imposed could have adverse impacts on its financial condition.

The City also provides significant financial support to H+H by funding the non-federal share of its supplemental Medicaid payments (\$890 million annually from FY 2024 through FY 2027), increased personnel costs associated with new collective bargaining arrangements (\$345 million in FY 2024, rising to \$452 million in FY 2027) and certain health programs such as NYC Care (\$100 million annually from FY 2024 through FY 2027). During periods of fiscal stress, to assist with cash flow, the City has also delayed or eliminated the receipt of payments H+H makes to it for reimbursement of medical malpractice, debt service and fringe benefit costs.

Nurse Staffing: The COVID-19 pandemic amplified the problem of nurse staffing shortages across the United States [including at H+H which resulted in increasing reliance on temporary staff and driving up the costs of labor](#)

(see Figure 2). On August 7, the New York State Nurses Association approved a contract agreement for about 8,000 nurses at H+H that awarded private sector pay parity, higher than the pattern assumed by the City in its financial plan, and improved nurse to patient staffing ratios. It has yet to be determined if the City will pick up the higher costs as it has done with previous rounds of collective bargaining.

The terms of the agreement should ease some of the difficulties H+H has had with recruiting and retaining nurses and decrease its reliance on temporary staffing, but this is not definite as H+H still needs to compete with other providers for an already strained pool of available nurses. In October, H+H indicated it exceeded its budgeted amount for patient care temporary staffing by \$272 million and its financial plan relies on reducing its dependence on temporary nurse staffing by 58 percent at the end of FY 2024; otherwise H+H will need to find the financial resources elsewhere.

FIGURE 2
Staffing Variances by Employment Category

	February 2020	June 2023	Variance	Percent Change
Patient Care Temporary Staff	1,038	2,472	1,434	138.2%
Technical Specialists	9,455	10,311	856	9.1%
Environmental Services	4,918	5,581	668	13.5%
Aides and Orderlies	5,061	5,387	326	6.4%
Clerical	5,840	6,158	318	5.4%
Physician Assistants	517	652	135	26.1%
Residents	2,663	2,750	87	3.3%
Physicians	3,173	3,249	76	2.4%
Nurse Specialists	226	265	39	17.3%
General Temporary Staff	969	891	(78)	-8.0%
Managers and Supervisors	2,861	2,760	(101)	-3.5%
Licensed Practical Nurses	710	446	(264)	-37.2%
Registered Nurses	8,939	8,376	(563)	-6.3%
Total	46,370	49,298	2,928	6.3%

Notes: H+H reports staffing trends by Global Full-Time Equivalents includes work performed by its employees, affiliated personnel and temporary service workers and overtime.

Sources: NYC Health + Hospitals; OSC analysis