



**NEW YORK CITY COUNCIL
FISCAL YEAR 2018
PRELIMINARY BUDGET HEARING**

COMMITTEE ON HEALTH

**STAN BREZENOFF
NYC HEALTH + HOSPITALS
INTERIM PRESIDENT**

AND

CHIEF EXECUTIVE OFFICER

MARCH 29, 2017

Good afternoon Chairman Johnson and members of the Health Committee. I am Stan Brezenoff, Interim President and Chief Executive Officer of the NYC Health + Hospitals. I am joined by P.V. Anantharam, our Chief Financial Officer, Dr. Ross Wilson, our Chief Transformation Officer and John Jurenko, our Vice President for Government & Community Relations, as well as leadership from Health + Hospitals. Thank you for the opportunity to testify on our financial plan, transformation efforts, as well as other programmatic initiatives.

Before I proceed with my testimony, I would like to acknowledge and thank Chairman Johnson for being a strong supporter of public health care, and NYC Health + Hospitals. We look forward to working with you, and your colleagues in the Council in fighting back the dangerous policies coming out of Washington that will affect not only our patients, but all New Yorkers.

I would also like to thank members of the Commission on Health Care for Our Neighborhoods for their recently released recommendations, which will help to inform Health + Hospitals comprehensive plan to transform into a high-performing, competitive, and sustainable community-based system. Our need to transform is predicated on two imperatives:

1. The need to better serve our patients and communities by enhancing access to ambulatory care; addressing social determinants of health; and right-sizing

our clinical services to provide 21st century health care for all New Yorkers, regardless of their ability to pay.

2. A major financial challenge brought on by higher costs to run our system; and reimbursement policy changes that has yielded a shortfall associated with being the City's single largest provider of care to Medicaid and uninsured patients.

This need is intensified by the budget and policy uncertainty emanating from Washington. More than ever, we are committed to caring for all New Yorkers as effectively and efficiently as possible.

When we testified before the Council last year, we were working to close our FY17 gap through a series of transformation initiatives that sought to improve our budget by \$779 million. We expect to be successful in closing that gap. We are on track to achieve \$661 million in increased revenue, and \$118 million from savings. Specifically, we have done this by:

Revenue:

1. Growing our Medicaid revenue by participating in the New York State Care Restructuring Enhancement Pilots (CREP) and Value-Based Payment Quality Improvement Program (VBP-QIP). (\$390 million)
2. Increasing revenue from MetroPlus. (\$102 million)
3. Earning additional Delivery System Reform Incentive Payment Program (DSRIP) payment. (\$45 million)
4. Increasing Upper Payment Limit (UPL) funding. (\$45 million)
5. Improving revenue collection through revenue cycle management. (\$55 million)
6. Increasing reimbursement earned through Federally-Qualified Health Center (FQHC) status of our Diagnostic and Treatment Centers. (\$25 million)

Savings:

1. Reducing costs by leveraging economies of scale in purchasing. (\$63 million)
2. Reducing the use of overtime, temporary staff, and closely monitor our headcount to achieve savings through attrition. (\$55 million)

This will allow us to end the fiscal year on target with a cash balance of approximately \$100 million, and meet our obligations with the City.

Revenue Enhancing Initiatives Highlights:

Grow value-based payment arrangements. Health + Hospitals is expected to receive \$390 million through CREP/VBP-QIP, which is a 5-year initiative in which the system partners with OneCity Health, and managed care plans to incentive and support the transformation to value-based payment arrangements.

Increase MetroPlus Revenue. MetroPlus is expected to deliver more than \$102 million in additional revenue by the end of this fiscal year. It has met its revenue targets so far through risk management of its population, achieving high quality scores that result in bonus funds, and significant membership growth in the Essential Health Plan line of business.

Earn additional DSRIP payment. Health + Hospitals will receive \$45 million in DSRIP funding to promote community collaboration and system reform with a goal of reducing avoidable hospital use by 25% over 5 years.

Increase UPL funding. The State is converting certain amount of funding to support DSRIP program funding objectives. As a result, Health + Hospitals expects to receive \$45 million in payments.

Improved revenue collection from insurance companies and Medicaid. Health + Hospitals is on track to meet a target of \$55 million in additional revenues associated with a focused effort to ensure that we are billing for the care provided to insured patients.

This work on “revenue cycle management” is a critical element in becoming more operationally efficient. In an increasingly complex billing environment, these focused efforts are needed to ensure that Health + Hospitals is getting all of the funds it is entitled to receive from health plans and the Medicaid program for the care it provides to insured patients.

Garner additional reimbursement through FQHC status. After several years of working with federal officials on obtaining FQHC status for our Diagnostic and Treatment Centers, Health + Hospitals has earned extra reimbursement for services provided at Gotham Health and related satellite sites. We are expecting to achieve \$25 million in extra revenue through this effort.

Cost-Reduction Initiatives Highlights

Realize economies of scale in purchasing. Health + Hospitals is on track to reduce spending on supply chain by nearly \$63 million in FY17. This major push to extract savings through contract negotiations with suppliers and vendors, as well as efforts

to improve our supply chain management, is another essential part of our work to enhance our operating efficiency.

Reduce overtime, use of temporary staff, manage headcount, and find other personnel cost efficiencies. Health + Hospitals is staffed by a dedicated workforce, and we need to strengthen it and make it more efficient. Personnel costs are 70% of our overall costs, and we are closely monitoring our headcount. We have had substantial success in this regard this year through an attrition-based workforce reduction strategy. At the same time, we are scrutinizing the use of overtime and agency staffing to reduce our workforce. Our efforts have put us on track to achieve \$55 million in renewable savings in personnel costs.

While this is positive news on our budget, we are not complacent. It will take constant vigilance to achieve increased revenues and savings, which are more important now given the significant threats to federal funding. Last Friday, we avoided a catastrophic blow with the pulling of the Affordable Care Act (ACA) replacement plan – the American Health Care Act – from a vote by the House of Representatives. While this is a short-term victory, we know that budgetary, regulatory, legislative and other administrative actions will continue to pose risks to the ACA.

As reminder, if the ACA were fully repealed, New York State estimated that 2.6 million New Yorkers would lose health insurance coverage, including up to 1.6 million residents of New York City. Based on this estimate, more than 200,000 Health + Hospitals patients would be at risk of losing coverage. Moving forward, we will continue working in partnership with the Mayor's Office, members of New York City's Congressional Delegation, our colleagues in hospitals nationwide, our union partners, community based organizations, healthcare advocates and our hospital association partners against potentially damaging actions.

As we look to FY18, I am encouraged that all the groundwork that we have laid this year in FY17 has provided us with a running start that will produce real savings next year. A lot still remains to be done and we are redoubling our efforts in improving our revenue cycle, supply chain, and through operational efficiencies. We will be ready to provide more details on these efforts at the upcoming FY18 Executive Budget hearing. While we are focused on these items, it is important to note that a portion of the FY18 gap is a result of the first year of federal Disproportionate Share Hospital (DSH) funding cuts scheduled to occur later this year.

DRIVING QUALITY AND COMMUNITY HEALTH

Transformation at Health + Hospitals is about changing our clinical and operational approach to proactively keep patients healthy and conveniently serve them in the communities where they live and work. Transforming from sick care to health care means ensuring access to routine primary and preventive care. Health + Hospitals is expanding this care as well as providing better care management, population health approaches, and linking patients up to social services to more effectively meet their needs and help address social determinants of health.

Primary and preventive care helps our patients manage their chronic conditions, like diabetes and high blood pressure, so they don't suffer avoidable complications. We have continued to sustain improvements in appointment availability for primary and preventive care. Since January 2015, there has been a 65% decrease in our wait time for new adult primary care patients, from 55 days in 2015 to 19 days in 2017. Likewise, for new pediatric patients, there's been a significant decrease in wait times - 57% - for this same time period.

Health + Hospitals is integrating behavioral health and primary care to provide more holistic care to our patients. We are doing this by increasing access to depression screening in maternal health and other at-risk populations and providing increased mental health support for victims of domestic violence in Family Justice Centers.

Health + Hospitals recently launched a digital campaign to encourage women to access our high-quality, affordable, and culturally responsive medical, family planning, and mental health services. We are also reassuring them that we will maintain access to all, across all five boroughs, regardless of immigration status or ability to pay.

We are extremely concerned about the threats to these preventive and primary care services. But I want to assure the Council that Health + Hospitals is committed to protecting these critical safety net services and will do whatever is necessary to ensure that access is available for our patients and all New Yorkers who need them.

Recently, the Mayor announced *HealingNYC*, a comprehensive effort to reduce opioid overdose deaths by 35% over the next five years. Health + Hospitals is a key partner in this initiative, reinforcing our commitment in this area to develop a system of excellence. We will assist an additional 20,000 New Yorkers to gain access to medication-assisted treatment by 2022 through the transformation of our substance use care models.

Health + Hospitals will do this through several modalities. With a focus on addiction prevention, we will become a leader in reducing over prescription by training physicians about pain management without prescription opioids and/or with less frequent prescription opioids. With a focus on overdose prevention we will establish

routine naloxone dispensing in across clinical settings. With a focus on highly-effective treatment, we will more than triple the number of providers (from 100 to 450) certified to prescribe buprenorphine for the treatment of opioid addiction; we will increase the number of patients served in our methadone clinics; and we will launch addiction medicine consult teams at four of our facilities.

We are also pleased to announce that we have made enormous strides to enhance behavioral health services, particularly at NYC Health + Hospitals/Kings County's. We are gratified that the U.S. Department of Justice has acknowledged these necessary improvements and ended oversight of our program, marking a successful transformation to a high quality, patient-centered psychiatric program that is dramatically improving the experience of the 11,000 New Yorkers it serves every year.

An essential component of our transformation work is improving clinical quality. The Leapfrog Group the only independent ratings program that focuses solely on how effectively hospitals keep their patients safe, recently awarded the highest grades of A or B, to only five hospitals in New York City for patient safety. Notably, all five hospitals are part of our system. The Leapfrog Hospital Safety grade uses 30 measures of publicly available hospital safety data to grade more than 2,600 U.S.

hospitals twice per year. These grades are calculated by top patient safety experts, peer-reviewed, fully transparent, and free for the public to see.

We recently announced work on an initiative to centralize laboratory services with Northwell Health. This is a joint venture to provide a state-of-the-art shared, centralized laboratory to be built in Queens. This initiative will enhance quality and patient service while reducing costs for both health systems and their hospitals. The 36,000-square-foot, two-story lab will primarily perform microbiology tests, including molecular diagnostics from local hospitals, clinics and physicians offices incorporating the latest technology and advanced robotic testing systems.

INFORMATION TECHNOLOGY AS A FOUNDATION FOR TRANSFORMATION

Upgrading our information technology infrastructure to support an integrated patient-focused approach for care delivery and more efficient operations is critical for transformation. Last April, Health + Hospitals began installing Epic, the industry leader for advanced, electronic medical record systems. This new system not only helps our clinicians to provide safe, high-quality, and efficient care, but also facilitates patients' secure online access to their medical records and convenient online services such as prescription refill requests and contacting their providers with questions.

Epic is now being used at Queens, Elmhurst, and Coney Island hospitals and has already helped to improve the quality of care at these hospitals. Since Epic was installed at Queens and Elmhurst, both hospitals were independently assessed by the Leapfrog group and received a **High Standards of Safety and Quality** in catching potential harmful, preventable errors related to medication administration. Since online prescription refills have been available, there has been approximately a 24% reduction in requests at these hospitals for in person appointments solely to refill medications, which frees up both the patients and our providers who can treat more patients.

Another important project paving the way for integrated clinical care across the Health + Hospitals system and enhancing operational efficiency is a Radiology Integration Program that will enable electronic sharing of images among system facilities and improve imaging workflow at individual care centers. This will enhance efficiencies by bringing the off-hour reading of images previously performed by outside radiologists in-house. The program is projected to save approximately \$3 million per year when fully implemented at the end of this year.

Finally, implementing an enterprise resource planning system is an essential management tool that will improve the integration and efficiency of back office operations, such as supply chain, finance, and payroll/human resource functions

when fully implemented. The system will be rolled out in phases through 2019, and will integrate many back office functions into one single IT application to help reduce redundant tasks, save time and money, and support a high-reliability health system.

CORRECTIONAL HEALTH

We have made tremendous progress over the last year to improve the care that is provided in our City's jails. Correctional Health Services (CHS) has continued expanding its workforce, enhancing operational efficiencies, extending successful programs and services, and leveraging other Health + Hospitals programs and services to improve care during and after incarceration.

As part of Health + Hospitals, CHS has increased recruitment of highly qualified, mission driven health professionals as well as strengthening support for front line clinicians. They now have a unified mental health service with clinical supervisors in every mental observation housing and a clinical education office to support improvements in clinical practice.

They have improved operational efficiencies by streamlining EMS transport of male patients and improving access to care in a pilot with FDNY, Bellevue, Elmhurst and DOC. CHS is also now part of Health + Hospitals' supply chain system, giving broader access to medical/surgical supplies and equipment.

CHS is on track to triple the number of patients on hepatitis C treatment compared to last year. Efforts are well underway to open two new PACE units in 2017. We began operating a 24/7 enhanced pre-arraignment screening unit in Manhattan last November and have screened more than 14,400 people and avoided nearly 23% being transported to a hospital emergency department. Telehealth is now used with five specialty services at Bellevue and more installations are underway.

Beginning in FY17 and baselined in FY18 (through the Preliminary Budget), CHS will receive funding to improve quality and access to care, and strengthen our ability to comply with new and existing mandates. They will also be enhancing our substance use services as part of the City's opioid strategy.

CHS has been successful in leveraging Health + Hospital services to improve the care our patients receive both during and after incarceration. They have taken over specialty clinic scheduling for our patients at Bellevue to decrease wait times and improve access to care, and have improved continuity of care by sharing electronic health records with Bellevue and Elmhurst. Working with Coler, one of our long term care facilities, CHS has created new pathways to refer, evaluate and transfer patients to more clinically appropriate long term care settings. They established a process to expedite health and mental health appointments with our providers and

MetroPlus is present in the Rikers visit center and has enrolled 165 individuals in an insurance plan since December, 2015.

CAPITAL

I want to briefly highlight some key Capital projects that have received council support.

In Queens, work is underway at Elmhurst Hospital to renovate and expand its adult emergency room. The project is currently in a design phase, and we expect that it will be completed in 2019. We would like to thank the Queens Borough President and the Queens City Council delegation for their support.

On Staten Island, the Vanderbilt Avenue site will open this fall. This new \$28 million, 18,000 square foot ambulatory care facility will offer comprehensive primary medical and mental health services for children and adults. The site will also feature an after-hours urgent care center to better accommodate patients' needs.

I want to thank Council Member Debi Rose for her contribution to this project.

Metropolitan's LGBTQ Family Health Center design phase was completed in February. The solicitation phase has been completed and the project completion is estimated by January 2018. I want to thank the Speaker for contributing the funding to make this project possible.

I also want to thank Council Member Mathieu Eugene for his commitment to provide funding for Kings County Hospital to replace and upgrade needed medical equipment.

The renovation, expansion, and outfitting of the Roberto Clemente clinic will be completed by May 2017. Patients will now have access to behavioral health programs. We would like to thank Council Member Rosie Mendez for her unwavering support and contribution to the successful completion of this project.

We are also becoming more energy efficient through a dozen projects at our facilities. We have upgraded boilers that are far more efficient and use cleaner fuel oil. Through decreased usage and cost reductions, we have achieved \$21 million in savings for the system. Our efforts have had the added benefit of reducing greenhouse gas emissions by 21% and we are on track to meet our goal of reducing greenhouse gases by 50 percent by 2025. Additionally, we have installed new window and lighting systems in many of our facilities. As a result of our efforts, over the last fiscal year, we have seen a decrease in energy use of more than 10 percent system-wide.

FEMA PROJECTS

In addition to the aforementioned ongoing capital projects we continue to work on key projects to rectify the damage caused by Hurricane Sandy and to make our facilities more resilient to protect them from future storms. We have been working closely with our partners in the Mayor's Office of Recovery and Resiliency and the New York City Economic Development Corporation on these initiatives. Projects to relocate and/or protect critical infrastructure equipment including electrical, mechanical, heating and ventilation units as well as projects to mitigate the effects of floods are underway at Bellevue, Coler, Coney Island and Metropolitan.

INSURANCE ENROLLMENT OUTREACH

NYC Health + Hospitals is working closely with the Mayor's initiative, GetCoveredNYC, to encourage and assist New Yorkers in signing up for health coverage. GetCoveredNYC is an ambitious partnership between the Mayor's Office, our health system, and other city agencies to proactively engage uninsured New Yorkers who have previously visited one of our patient care sites. This initiative builds on our existing programs to screen our uninsured patients to enroll them, if eligible, in health insurance coverage.

To maximize our effectiveness in this work, we are revamping our internal eligibility screening and enrollment processes, so that all uninsured patients who come to Health + Hospitals for needed health care or for enrollment assistance can be effectively screened for health insurance and work with personnel who can help them submit applications for coverage. We enroll thousands of patients every month, in addition to the thousands of our patients enrolled on-site at our facilities by our partners at MetroPlus and HealthFirst.

Making sure we take every opportunity to enroll our patients who are eligible for insurance is critical to protecting their health and the need for this work will likely grow depending on changes from Washington.

Additionally, we continue to participate in ActionHealthNYC, an initiative led by the Department of Health and Mental Hygiene. This program provides care management services for approximately 1,300 low-income New Yorkers ineligible for public coverage.

COMMUNITY INVOLVEMENT

Before I conclude, I want to mention what we are doing to expand our community outreach and involvement. Last fall, we held a series of meetings in all five boroughs and across diverse communities of New York City to help educate more than 300 interested New Yorkers about changes to the City's health care landscape, and to

learn from them about their own community's health needs and priorities. We partnered with the New York Immigration Coalition and Community Resource Exchange on these forums and we just posted the report on our website that outlines the key themes and findings from these conversations.

Lastly, I want to reiterate our commitment to our patients and to our communities during these unsettling times. Like you, we are working to serve and protect all New Yorkers. As a safety-net provider, NYC Health + Hospitals remains staunchly committed to caring for individuals and families regardless of their immigration status or ability to pay.

In December, I issued with Commissioner Nisha Agarwal an "Open Letter to Immigrant New Yorkers" to reassure all immigrants that they can receive medical care in any public health care setting without fear. Translated into 13 languages, we have worked with the Mayor's Office of Immigrant Affairs (MOIA) to promote this unwavering commitment to our patients through various mainstream and ethnic media outlets, as well as signage in our facilities and multiple distributions to members of our staff.

And lastly, we have also partnered with the MOIA, the New York Immigration Coalition, and New York Legal Assistance to host "Immigrant Health Care Rights"

panel discussions to help educate immigrant communities and provide access to information and resources. These forums are underway now, and address a variety of important health care topics affecting immigrants, such as health care rights, access to care, services and programs for immigrants, and privacy concerns regarding immigration status. I would like to thank you Chairman Johnson, Council Members Bill Perkins, Daniel Dromm, Mathieu Eugene, Carlos Menchaca, and Borough Presidents Gale Brewer and Eric Adams for co-sponsoring these events.

This concludes my written testimony, I'll now be happy to answer any questions.

Thank you.