



NYC Health + Hospitals: Strategic Initiatives

Highlights

- H+H targeted \$2.2 billion in strategic initiatives savings for FY 2024, in its February 2024 financial plan, but closed FY 2024 achieving just over \$1.1 billion.
- Supplemental Medicaid payments continue to be an inconsistent source of revenue due to its reliance on approvals and budgetary actions needed at federal, state and local levels.
- Legislation and regulations introduced by the federal government, or the State in response, will likely affect revenues at H+H, including reductions in reimbursement levels or significant delays in payments for Medicaid, the Essential Plan or Medicare.
- In FY 2024, H+H premium revenue from third-party payors was 48 percent Medicaid and 26 percent Essential Plan.
- In FY 2025, the City provided H+H with over \$2.4 billion in financial support, and this figure is expected to rise by FY 2029.
- After several congressional delays federal Medicaid DSH cuts went into effect on October 1, 2025. H+H has already budgeted the impact of the cut at up to \$622 million into its plan but will no longer benefit from the additional resources as it had in prior years.
- As people lose coverage citywide, more uninsured people will likely seek care at H+H facilities, New York City's public hospital system.
- In FY 2013, about 40 percent of H+H patients were uninsured, decreasing to nearly 33 percent by FY 2020. In FY 2025, H+H provided over \$1 billion in uncompensated care.

New York City Health + Hospitals (H+H), the largest public health system in the country, has experienced many challenges in recent years. First, H+H worked toward stabilizing its finances, and then managing through the pandemic that resulted in a surge of critically ill patients at its facilities. Now, H+H will have to navigate through a shifting federal health care landscape.

Throughout, H+H's strategic initiatives plan has been reflective of how it intends to manage these challenges and maintain a balanced budget while providing necessary health and mental health services to a large share of New York City's uninsured and publicly insured residents. H+H forecasts achieving \$1.5 billion and \$939 million in savings during FY 2025 and FY 2026, respectively.

Current federal legislation would have a disproportionate impact on hospitals that serve a large number of Medicaid and low-income patients, impacting revenue sources which directly affect H+H's bottom line. It is useful to review H+H's strategic initiatives in recent years to inform discussion of future initiatives and their ability to ensure H+H's long-term fiscal stability.

This report finds that H+H's ability to collect supplemental Medicaid payments has not been the consistent reliable source of revenue it has anticipated. This issue is likely to be exacerbated by uncertainty created by changes to federal health policy, including insurance coverage for poorer individuals. H+H's own efforts to improve billing and collecting more patient revenue has been vital to its fiscal stability but risks being adversely impacted by increased costs for uncompensated care costs, among other factors.

Overview

H+H provides health care through 11 acute care hospitals, five post-acute care (i.e., skilled nursing) facilities and over 30 patient care locations in all five boroughs of the City. H+H faced structural budget challenges prior to the pandemic, including the declining use of services, reduced federal funding and a large share of patients who lack health insurance.

H+H, with assistance from the City, State and federal governments, continues to address the fiscal challenges that are similarly placed on all safety net institutions including Medicaid and Medicare reimbursement rates that don't cover costs for low-income residents, a significant portion of its patient base. In FY 2025, Medicare and Medicaid patients made up 84 percent of all H+H hospital discharges and 62 percent of all outpatient visits.

The public health crisis created by the COVID-19 pandemic came at a time when H+H had been working toward stabilizing its financial situation. In 2016, the City and H+H implemented a Transformation Plan, and in FY 2022 renamed it Strategic Initiatives, to address recurring deficits and to stabilize its financial situation, including cost-saving measures and revenue-generating actions. See the Office of the New York State Comptroller's (OSC) report [NYC Health + Hospitals Check-Up: The Impact of COVID-19](#) for a discussion of its operations before the pandemic, its role in the City's COVID-19 response and the pandemic's financial impact, including details of its progress toward meeting its revenue-generating and cost savings initiatives.

The long-term fiscal viability of the H+H health care system is vital to the City. H+H provides health and mental health services to a large portion of City residents that receive subsidized care through Medicaid, Medicare and the Essential Plan, the New York State free or low-cost insurance plan for adults with low incomes who do not qualify for federal Medicaid. H+H also

offers NYC Care, a subsidized health plan for the City's uninsured and undocumented residents. Patients at H+H are 70 percent Hispanic, Black or Asian American/Pacific Islander, and 30 percent have limited English proficiency.¹

H+H also coordinates with other City agencies such as the Department of Health and Mental Hygiene, Department of Homeless Services, Fire Department, Police Department and Department of Corrections to deliver health and mental health services to City residents. According to the Healthcare Association of New York State, Inc., H+H provides almost \$18 billion in economic activity through the jobs generated and goods and services purchased.²

H+H reports updates to its strategic initiatives as part of its financial plan submission twice a year in February and May. The latest available actual data is for FY 2024 strategic initiatives with FY 2025 actual performance available early in 2026.

This report will focus on the strategic initiatives achieved in FY 2024 and estimated to be achieved in FY 2025, including those initiatives which missed or exceeded expectations. In addition, the analysis includes a discussion of the challenges H+H will face during FY 2026 and beyond that may impact the implementation of its strategic initiatives and the ability to achieve budgetary balance in the coming years.

Strategic Initiatives

Rising costs for labor, pharmacy and supplies, staffing shortages, Medicaid and Medicare reimbursements that do not cover the cost of patient care and an aging population with more complex conditions represent only some of the challenges affecting health care providers nationally.³ In order to achieve long-term financial stability while delivering quality care, health care institutions that provide care to a large share of Medicaid eligible and uninsured patients, like

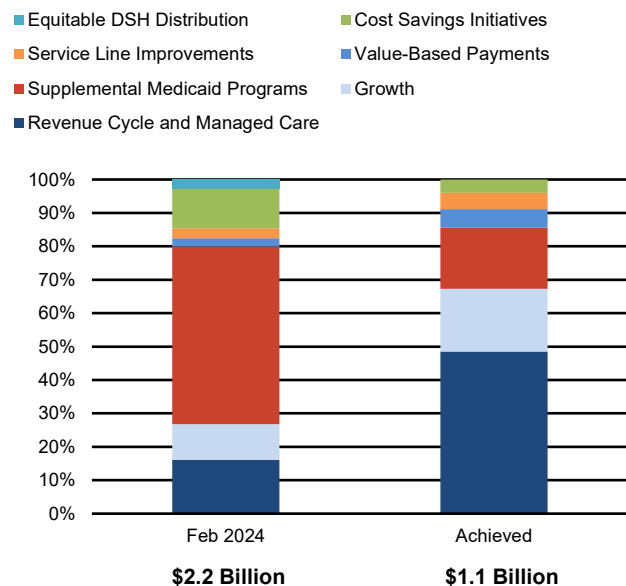
H+H, develop strategies to seek out potential revenue sources and to establish efficient and effective operations so they can continue serving the health care needs of their communities.

The approaches H+H takes to respond to its fiscal challenges are summarized in its strategic initiative plan, which identifies targets to generate additional revenue and reduce costs, to ensure a stable and competitive health care system. H+H generally does not develop new strategic initiatives annually but will add and delete initiatives and revise its estimates with each financial plan submission. Revisions are based on actual performance and State, City and federal actions that may impact insurance rates and timing of the receipt of supplemental payments.

FY 2024 Strategic Initiatives

The H+H Preliminary FY 2024 Plan released in February 2024 anticipated achieving \$2.2 billion in strategic initiatives. More than half of the total value was from the receipt of supplemental Medicaid payments, which are described in detail later in this report. However, by the time H+H finalized revenue and expenses for FY 2024, it had only achieved less than half of what it anticipated receiving in February 2024 (\$1.1 billion), with 96 percent achieved by generating additional revenue. Revenue was realized from increasing efficiencies throughout its system, additional supplemental Medicaid payments and effectively attracting new and retaining current patients. The decline in the amount achieved compared to the February 2025 forecast is largely attributed to H+H receiving less supplemental Medicaid payments in FY 2024. Details on these initiatives, as noted in Figure 1, are described below.

FIGURE 1
FY 2024 Strategic Initiatives



Notes: Strategic initiatives are reported on a cash basis.
Sources: NYC Office of Management and Budget; NYC Health + Hospitals; OSC analysis

Revenue Cycle and Contract Improvements

In January 2018, when Dr. Mitchell Katz joined H+H as president and chief executive officer, he committed to prioritize efforts to increase patient revenue through improved billing, coding and documentation practices, signing people up for eligible insurance, and renegotiating contracts with managed care providers to achieve higher reimbursement rates.

In FY 2024, H+H exceeded its revenue cycle and contract improvement goal by \$205 million (as compared to the February 2024 Plan) which is mostly attributed to negotiating higher Essential Plan rates that were authorized by the State and the Essential Plan eligibility expansion and the timing of other contract arrangements. The revenue achieved within these initiatives was 49 percent of the total savings in FY 2024.

Growth Initiatives, Value-Based Payments and Service Line Improvements

In FY 2024, H+H achieved \$332 million in savings from initiatives associated with growth, value-based payments and service line improvements, 29 percent of the total savings achieved and 6 percent lower than what was anticipated in the February 2024 Plan.

Growth initiatives accounted for \$213 million in FY 2024, \$21 million lower than anticipated in the February 2024 Plan. This includes H+H's work toward ensuring its patient base utilizes H+H for all their health care such as referring in-house for specialty services. Revenue is also expected to be generated by developing operating room efficiencies and providing more high-cost, high-revenue surgeries.

Value-based payment (VBP) totaled \$63 million in FY 2024, \$9 million higher than anticipated in the February 2024 Plan. VBP is a payment model arrangement with managed care insurance plans that shifts volume-based payments to payments based on the improved health of the patient and efficiency of care. H+H has VBP arrangements with MetroPlusHealth, Healthfirst, Fidelis and Medicare insurance providers. Additional revenue relies on increasing access, keeping patients and attracting more patients, attributing eligible patients to special needs plans that reimburse at higher rates and receiving payments from managed care providers for providing efficient services. VBP has been integral to H+H's financial stability.

Service Line improvements, which achieved \$56 million in savings in FY 2024, were \$9 million lower than anticipated in the February 2024 Plan. The initiatives include addressing programmatic insurance denials, expanding services and attracting more patients at H+H post-acute care facilities and federally qualified health centers.

Supplemental Medicaid Payments

Supplemental Medicaid payments are made to augment the cost of providing unpaid care to uninsured patients and to cover the shortfall of Medicaid base payments which are generally below commercial and Medicare rates and sometimes lower than the cost of the provision of services. There are three types of supplemental Medicaid payments discussed in this report: Medicaid DSH payments, UPL payments, and UPL conversion (currently authorized through State Directed Payments).

Medicaid DSH payments are statutorily required payments to hospitals that serve a high share of Medicaid and uninsured patients. The amount of DSH payments available is capped at both the state and hospital level. Payments cannot exceed the hospitals uncompensated care costs.

UPL payments provide annual supplemental payments on only fee-for-service reimbursement of Medicaid providers for how much Medicare would have paid for the same service.

As states transitioned Medicaid services to managed care plans this source of revenue declined and facilities like H+H utilized other methods of payment such as state-directed payments (SDP) to receive supplemental Medicaid as a higher rate on Medicaid managed care claims. H+H currently utilizes SDP for its **UPL conversion** strategic initiative. In 2024, the Centers for Medicare & Medicaid Services issued regulations that permitted states to receive SDP up to an average commercial rate which is typically higher than Medicaid and Medicare reimbursements.

Supplemental Medicaid Programs

Supplemental Medicaid payments are made to providers that provide care to Medicaid and uninsured patients. H+H actively pursues various funding sources, including supplemental Medicaid payments to maintain its fiscal viability such as Disproportionate Share Hospital (DSH), Upper Payment Limit (UPL) and UPL conversion payments to help supplement Medicaid base payment rates that are below hospital costs and the cost of providing care to uninsured patients.

In general, the receipt of revenue in this category is the most volatile as it depends on evolving methodologies that require ongoing approvals and the annual budget process from the State and federal governments that can result in revised and delayed payments.

The February 2024 Plan anticipated the receipt of \$1.1 billion in UPL conversion revenue. However, by the time H+H finalized revenue and expenses for FY 2024, it had only achieved \$170 million of what it anticipated receiving in February 2024. H+H had revised the amount of UPL conversion revenue it expected to receive and delayed the receipt of much of the funding until FY 2025. H+H has not provided comprehensive public details on how it offset the missed revenue target. H+H has suggested that it was able to manage its cash flow by delaying \$329 million in payments due to the City for medical malpractice, fringe benefits and retiree health payments and drawing down \$164 million in cash reserves.

Supplemental Medicaid is funded with federal, State and local resources. H+H supplemental Medicaid is at least 50 percent federally funded and the City funds nearly the full non-federal share. H+H relies heavily on supplemental Medicaid payments because a large share of its patient base is covered by Medicaid. In 2025, 56.2 percent of inpatient discharges and 45.1 percent of outpatient visits were covered by Medicaid.

The State also authorizes supplemental Medicaid payments for specific programs such as a State program that provides enhanced payments to health providers that partner with managed care plans to operate Behavioral Health Centers of Excellence. H+H has arrangements with Fidelis, Healthfirst and MetroPlusHealth insurance providers. The additional funding is provided to build inpatient capacity and expand access to behavioral health programs.

Cost Savings Initiatives

In FY 2024, H+H planned to reduce costs by consolidating consultants and departments, centralizing some services and implementing more efficient lab practices. As noted in Figure 1, cost savings represent only \$45 million, 4 percent of the total savings achieved in FY 2024. Due to the implementation of revenue generating initiatives, H+H did not need to take drastic measures to restructure its facilities, including service cuts which were valued at \$255 million in the February 2024 Plan.

FY 2025 Strategic Initiatives

In February 2025, the City and H+H decreased the total strategic initiatives target by \$379 million in FY 2025 as compared to the prior May 2024 Plan (see Figure 2). H+H increased its UPL conversion revenue by \$339 million in FY 2025 by transferring the City's DSH preservation funding in H+H's third-party revenue to the strategic initiatives. When federal DSH cuts were authorized by the federal Affordable Care Act (ACA) the City had maintained funding for the nonfederal share in the H+H financial plan.

H+H lowered its revenue targets by approximately \$556 million in FY 2025, \$412 million in FY 2026, \$480 million in FY 2027 and \$549 million in FY 2028 from revenue cycle and contract improvements, service line improvements, value-based payments and growth initiatives. The update includes

FIGURE 2

FY 2025, May 2024 and February 2025 Plan Strategic Initiatives Variance

(in millions)

	May 2024	Feb 2025	Variance
REVENUE-GENERATING INITIATIVES			
Supplemental Medicaid Programs			
Behavioral Health Center of Excellence	43	43	- - -
Medicaid UPL Conversion	1,005	1,344	339
Equitable DSH Distribution	62	- - -	(62)
Revenue Cycle and Managed Care Contracts			
Revenue Cycle Operations	263	96	(167)
Contract Improvements	103	48	(55)
Service Improvements and Denials	82	22	(60)
Value-Based Payments	70	31	(39)
Growth			
Inpatient/Operating Room Growth	79	21	(58)
Pharmacy	74	4	(70)
Additional Strategic Initiatives	106	- - -	(106)
EXPENSE-REDUCING INITIATIVES			
System Efficiencies	20	10	(10)
Restructuring	90	- - -	(90)
TOTAL SAVINGS	\$1,997	\$ 1,618	(\$ 379)

Note: Totals might not add due to rounding. As of May 2024, and February 2025 Cash Financial Plan submissions.

Sources: NYC Office of Management and Budget; NYC Health + Hospitals; OSC analysis

the baselining of some revenue and updating targets for rightsizing initiatives.

In February 2025, H+H removed an average of \$116 million annually from an undefined additional strategic initiative and any cost savings tied to restructuring, services cuts and department consolidations, from its strategic initiatives that were valued at \$90 million in FY 2025 rising to \$420 million by FY 2028. H+H has not had to move forward with major restructuring within its system due to its revenue generating initiatives and the increased funding expected from UPL conversion.

In May 2025, the City and H+H released the H+H FY 2026 Executive Financial Plan, the most recent available. The Plan reflects total strategic initiative savings of \$1.5 billion in FY 2025, \$939 million in FY 2026 and an average of \$2.4 billion annually in FY 2027 through FY 2029 (see Figure 3). The success of the strategic initiatives is reliant on the anticipated receipt of

UPL conversion revenue. This revenue is funded with 50 percent federal and 50 percent City funds, which the City has budgeted for in its financial plan.

Based on historic releases, final savings for FY 2025 will not be available until January 2026, shortly after the anticipated receipt of the H+H FY 2026 Adopted Financial Plan, which is presented on an accrual basis.

The savings associated with the strategic initiatives are largely unchanged since the February 2025 submission except for the lower amount of UPL conversion revenue of \$105 million in FY 2025 and \$1.4 billion in FY 2026, explained in the next section.

FY 2026 Strategic Initiatives

As of the May 2025 plan, H+H no longer expected to receive about \$1.4 billion in UPL conversion payments in FY 2026, due to not receiving federal approval for a proposal

FIGURE 3
May 2025 Plan Strategic Initiatives
(in millions)

	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
REVENUE-GENERATING INITIATIVES					
Supplemental Medicaid Programs					
Behavioral Health Center of Excellence	43	---	---	---	---
Medicaid UPL Conversion	1,239	405	1,779	1,794	1,810
Equitable DSH Distribution	---	62	62	62	62
Revenue Cycle and Managed Care Contracts					
Revenue Cycle Operations	96	191	197	203	209
Contract Improvements	48	95	98	101	104
Service Improvements and Denials	22	44	45	47	48
Value-Based Payments	31	62	64	66	68
Growth					
Inpatient/Operating Room Growth	21	42	43	45	46
Pharmacy	4	8	8	8	8
EXPENSE-REDUCING INITIATIVES					
System Efficiencies	10	30	51	73	116
Restructuring	---	---	---	---	---
TOTAL SAVINGS	\$1,514	\$ 939	\$2,347	\$2,398	\$2,471

Note: Totals might not add due to rounding. As of May 2025, FY 2026 Executive Cash Financial Plan submission.

Sources: NYC Office of Management and Budget; NYC Health + Hospitals; OSC analysis

submitted to Centers for Medicare & Medicaid Services (CMS) on December 23, 2024. As a result, UPL conversion revenue is expected to decline by 67 percent from \$1.2 billion in FY 2025 to \$405 million in FY 2026 (see Figure 3).

H+H had been receiving UPL conversion revenue through SDP since FY 2022. With the City and the State, H+H sought approval through a SDP that would permit H+H to be reimbursed at up to average commercial rates. While the higher commercial rate was not budgeted in the H+H financial plan, the delay of the approval affected all potential UPL conversion funding included in the application. The UPL conversion in the May 2025 Plan was forecast at the lower Medicare rate. In the short term, H+H almost fully offset the loss of these funds in FY 2026 from additional DSH funding.

Since the May 2025 Plan was released, H+H received approval for SDP at the higher average commercial rate. The City will likely have to put in

additional funding to cover the matching portion for the higher commercial rate.

H+H's revenue generating savings initiatives, excluding UPL conversion, are projected to provide H+H with \$442 million in FY 2026. The success of these initiatives largely relies on H+H's continued ability to obtain more patient revenue that also relies on H+H maintaining and attracting more patients with insurance.

The ACA authorized a reduction in federal Medicaid DSH payments that after several congressional delays went into effect on October 1, 2025. Under current State law, H+H receives the majority of its DSH funding distribution from the last in a series of funding pools and would bear the brunt of the DSH cuts, which H+H estimates at up to \$622 million annually. Because H+H serves a large share of the City's uninsured and Medicaid recipients, H+H anticipates advocating for the State to change how these funds are distributed when

DSH cuts are implemented. H+H has budgeted \$62 million in revenue based on the assumed success of this effort.

Potential Risks Not Included in the H+H Financial Plan

Federal H.R. 1 Implications

Public Law No: 119-21 (H.R. 1) signed into law on July 4, 2025, will affect a variety of federal health care spending and impose new rules on states that will impact health care providers like H+H.

H.R. 1 imposes community engagement or work requirements and more frequent eligibility determinations on certain non-disabled adult Medicaid enrollees which is projected to result in fewer people becoming eligible and maintaining eligibility. The law also redefines eligibility for legally residing noncitizens to access Medicaid, the Children's Health Insurance Program and Medicare and subsidized coverage through the State's health care marketplace which includes the Essential Plan.

Prior to the enactment of ACA provisions that reduced the uninsured rate nationally, about 40 percent of H+H patients were uninsured. By FY 2020, the uninsured rate at H+H declined to nearly 33 percent.⁴ In FY 2025, H+H provided over \$1 billion in uncompensated care which is the care provided by H+H for which no payment was received from a provider or insurer, including payments H+H expected but did not receive and the cost attributed to patients that require financial assistance.

As of September 2, 2025, the NYC Department of Social Services estimated that 950,000 individuals in New York City will lose coverage (800,000 from Medicaid and 150,000 from the Essential Plan). H+H is expected to assume a large share of those that will lose coverage since it provides care to a large segment of Medicaid and Essential Plan patients in the City. In FY 2025, H+H premium revenue from third-party

payors was 48 percent Medicaid and 24 percent Essential Plan.⁵ For comparison, Medicaid made up about 19 percent of national health care spending in 2023.⁶

H.R. 1 includes a provision that would limit how SDPs would be paid in future years, prohibiting reimbursement at the higher average commercial rate. It also stipulates eligible SDPs submitted prior to July 4, 2025, may be grandfathered in.

On September 9, 2025, CMS approved the State's SDP application for H+H to receive the UPL payments at the higher commercial rate for April 1, 2024 through March 31, 2025, for an amount up to \$2.3 billion. The final amount will depend on costs incurred during this period. The State has a pending application for H+H to receive these funds for April 1, 2025, through March 31, 2026. H+H anticipates receiving approval for the current application, but it has yet to occur and further delays could put a strain on its cash flow. H.R. 1 specifies that these higher rates will phase down annually starting on January 1, 2028, until reaching the lower Medicare rate.

Federal Budget Implications

Federal DSH cuts were originally scheduled to be implemented in federal fiscal year 2014 and congressional actions have repeatedly delayed the implementation of these cuts until October 1, 2025. Unless Congress passes legislation to extend the implementation date, hospitals will feel the impact of the cuts that were enacted on October 1, 2025, with further cuts scheduled in federal fiscal years 2027 and 2028. Hospitals rely on DSH funding to partially offset losses from uncompensated care costs.

H+H has reflected the federal DSH cuts into its financial plans that are valued at up to \$622 million. The impact is dependent on the continued approvals of SDP. As cuts were delayed, H+H was able to benefit from the review to shore up its finances. If Congress does not further delay the DSH cuts that began this fiscal year, then H+H's continued receipt of the SDP

revenue at the higher commercial rate will be more important toward achieving budget balance. The higher revenue which has yet to be reflected in its financial plan, will provide relief in the short term; however, the funding still requires annual federal approvals and starting on January 1, 2028, will be phased down to the lower Medicare rate.

Eligible people can receive a premium tax credit when purchasing insurance through an ACA marketplace. Congress enhanced these tax credits in 2021, lowering the cost of premiums. These enhanced tax credits are currently expected to expire on December 31, 2025. According to Governor Hochul, if Congress does not act to further extend the enhanced tax credits, more than 140,000 people across the State will see a 40 percent hike in their ACA health insurance premiums. The increased premiums could make purchasing health insurance unaffordable for some people.

State and City Implications

The State FY (SFY) 2024-2025 Enacted Budget included a reduction of \$57 million annually in funding designated to offset some of H+H's charity care costs. The total impact to H+H is

\$114 million annually, inclusive of the federal matching rate, unless the City backfills the nonfederal share which is not yet included in the H+H or City budgets.

The NYS Division of Budget estimates H.R. 1 will increase healthcare costs for the State by nearly \$30 million in SFY 2026, \$2.6 billion in SFY 2027, \$3.6 billion in SFY 2028 and \$3.6 billion in SFY 2029. The financial impact on the State is largely due to limitations placed on the number of lawfully present individuals who are eligible for ACA premium tax credits that the State uses to fund the Essential Plan. On October 20, 2025, the New York State Department of Health (DOH) submitted a request to terminate the federal waiver that authorized the Essential Plan expansion in response to changes in H.R. 1. The State has suggested the request was made to alleviate new State costs and maintain coverage for as many individuals as possible.

The federally approved expansion extended eligibility to people between 200 percent and 250 percent of the federal poverty line took effect on April 1, 2024. As of August 2025, 225,388 City residents were enrolled in the expansion group; 75,557 reside in Queens; 74,109 in Brooklyn;

FIGURE 4
City Support to NYC Health + Hospitals
(in millions)

	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Correctional Health	264.7	264.7	275.3	278.1	276.3	274.8	287.7	316.6
Collective Bargaining	243.8	376.9	238.7	176.4	249.1	393.9	561.3	1,015.0
City Subsidy	237.5	266.2	67.8	98.2	148.6	162.1	363.2	502.8
Debt Service	128.8	210.1	187.7	- - -	266.9	373.0	344.8	263.4
Other Health Services	118.5	117.4	137.1	136.5	170.0	186.7	256.8	239.2
NYC Care	- - -	- - -	25.0	74.0	100.0	100.0	100.0	100.0
TOTAL	\$ 993.2	\$1,235.3	\$ 931.5	\$ 763.2	\$1,210.8	\$1,490.5	\$1,913.9	\$2,436.9

Notes: City support values do not include the City share of H+H supplemental Medicaid payments. City Council funding is included in Other Health Services. During FY 2021, H+H reimbursed the City \$212 million in debt service costs as part of the City's citywide savings program. Expenditures are reflected on an accrual basis.

Sources: NYC Financial Management System; NYC Health and Hospitals Corporation Audited Financial Statements; OSC analysis

41,686 in the Bronx; 23,340 in Manhattan and 10,696 on Staten Island.

The Congressional Budget Office estimates that the H.R. 1 will result in 10 million people losing coverage nationally by 2034. KFF, a leading source of health policy research, estimates that roughly 860,000 people in New York State could lose coverage.⁷ Any increase to the uninsured rate across the City as well as H+H will create a financial burden for H+H since its primary mission is to provide care regardless of a patient's ability to pay. H+H's uncompensated care costs could rise and more patients could put off health care visits or lose access to preventative and primary care, forcing them to utilize its already busy emergency rooms. Because of its mission as a New York City public hospital system, as people lose coverage citywide more uninsured people will likely seek care at H+H facilities.

Implemented in FY 2019, NYC Care is a health care access program at H+H facilities for City residents who do not qualify for or cannot afford health insurance based on federal guidelines.

Medical care is provided on a sliding fee scale for those with incomes up to 500 percent of the federal poverty line. The City provides H+H with \$100 million annually to ensure it has capacity for NYC Care enrollees. An increase to its uninsured patient base can increase the number enrolled in NYC Care, which already enrolled 144,222 members in FY 2025. The City has yet to increase its budget for NYC Care but further increases to enrollment could put pressure on the City to provide additional funding to ensure patient access to health care.

The City has historically provided H+H with additional financial resources to help support its operations and fund City initiatives. In FY 2025, the City provided H+H with over \$2.4 billion. These funds were for collective bargaining costs, unrestricted subsidy, full financial support of Correctional Health Services, financial support for the NYC Care program and debt service on

capital projects funded with the City's general obligation bonds for which the City does not expect reimbursement. This amounts to 145 percent growth over FY 2018 (Figure 4). Additionally, the City provides funding to H+H that supports other health services operated by H+H such as B-Heard and Street Health Outreach & Wellness programs.

Conclusion

Longer-Term Outlook: Federal, State and Local Aid

Legislation or regulations introduced by the federal government or State legislature could affect the level of federal and State support for H+H. Any reductions in reimbursement levels or significant delays in payments for Medicaid, the Essential Plan or Medicare, which are primary sources of revenue for H+H, may have an adverse impact.

Medicaid payments made to H+H are funded through annual appropriations from the State and dependent upon the availability of these financial resources and at the amounts necessary to cover the costs of care. Additionally, the City funds the nonfederal share of supplemental Medicaid payments that helps to offset the costs that are not reimbursed by Medicaid base payments. Receipt of these supplemental Medicaid payments is dependent on approvals from State and federal authorities, which can be inconsistent and often delayed.

H+H has some financial relief in the short-term as it will receive higher-than-budgeted SDP payments. Whether H+H will continue to receive approvals for these payments over the next several years is uncertain. H.R. 1 requires a phasing down toward the Medicare rate starting January 1, 2028. Additionally, the impending loss of insured patients will increase uncompensated care costs in the long-term.

H+H already works with limited cash reserves. The May 2025 Plan forecasts depleting those reserves and ending FY 2029 with losses of \$271 million despite its strategic initiatives. H+H will likely need to revisit its cost-cutting plans that could lead to some difficult choices by consolidating and/or eliminating services. The City is invested in the overall success of H+H and could also provide additional financial resources if needed. However, the continued level of City support could be dependent on the priorities of future administrations.

H+H provides two cash plan reports annually to coincide with the City's preliminary and executive financial plans. H+H produces an adopted accrual plan, which does not provide details of its strategic initiatives, nearly halfway into the fiscal year. H+H should consider providing more frequent financial plan reporting and updates to its strategic initiatives, including efforts to align with the City's budget modification that occurs in November annually.

Endnotes

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- ¹ The City of New York, *Mayor's Management Report*, September 2025, https://www.nyc.gov/assets/operations/downloads/pdf/mmr2025/2025_mmr.pdf.
 - ² Healthcare Association of New York State, Inc., *NYC Health + Hospitals: New York's Hospital and Health Systems Improve the Economic and Community*, December 2024, https://www.hanys.org/government_affairs/community_benefit/?action=view_report&type=system&id=2000748.
 - ³ American Hospital Association, "The Cost of Caring: Challenges Facing America's Hospitals in 2025," April 2025, <https://www.aha.org/costsofcaring>.
 - ⁴ H+H changed its methodology for reporting uninsured patients starting in FY 2023 and the data is no longer comparable to prior years. H+H's uninsured rate was 18.3 percent in FY 2023, 20.6 percent in FY 2024 and 19.4 percent in FY 2025.
 - ⁵ New York City Health and Hospitals Corporation, Basic Financial Statements and Supplemental Schedules, June 30, 2024.
 - ⁶ Jessica Mathers and Alice Burns, "5 Key Facts about Medicaid's Share of National Health Spending," September 3, 2025, <https://www.kff.org/medicaid/5-key-facts-about-medicaids-share-of-national-health-spending/>.
 - ⁷ Alice Burns, Jared Ortaliza, Justin Lo, Matthew Rae, and Cynthia Cox, "How will the 2025 Reconciliation Law Affect the Uninsured Rate in Each State?," KFF, August 20, 2025, <https://www.kff.org/medicaid/how-will-the-2025-reconciliation-law-affect-the-uninsured-rate-in-each-state/>.

Prepared by the Office of the State Deputy Comptroller for the City of New York

Justine DeGeorge, Principal Municipal Financial Analyst

Office of the New York State Comptroller
110 State Street, Albany, NY 12236

(518) 474-4044 www.osc.ny.gov

