Strategy Discussions
March 25, 2016
Doug Elwell
Deputy CEO of Finance and Operations
Strategic Issues

• Investment in Ambulatory facilities
• Investment in Primary Care
• Investment in high tech equipment
• Investment in clinical lines including partnerships
  – Maternal/Child
  – Laboratory Services
  – Oncology
  – Post Acute
• Ability to finance investments
• CCHHS Volume Summary

• Revenue
Inpatient & Observation
Inpatient & Observation Patient Days

- 6% decrease since 2013
- 31% increase since 2013
Emergency Services
Emergency- Stroger

12% decrease since 2013
11% increase since 2013
Emergency- Provident

20% decrease since 2013
Ambulatory Care
Total Provider Visits

7% decrease since 2013

Urgent Care

18% decrease since 2013

14% decrease since 2013

ASC

ICC

Strategic Discussion March 25, 2016
Ambulatory Provider Visit Summary

- **Primary**
  - FY2013: 240,000
  - FY2014: 220,000
  - FY2015: 210,000

- **Specialty**
  - FY2013: 250,000
  - FY2014: 240,000
  - FY2015: 230,000

- **Other**
  - FY2013: 60,000
  - FY2014: 80,000
  - FY2015: 100,000

**Strategic Discussion** March 25, 2016
Specialty Care Provider Visits - Total

FY2013 vs FY2014 vs FY2015

2% decrease since 2013
Specialty Care Provider Visits- Adults

2% decrease since 2013
Specialty Care Provider Visits- Peds

8% increase since 2013
Primary Care Provider Visits - Total

9% decrease since 2013
Primary Care Provider Visits - Adults

8% decrease since 2013
Primary Care Provider Visits- Peds

18% decrease since 2013
Diagnostics & Lab
Radiology- Total

4% decrease since 2013
Radiology- CT Scans

1% increase since 2013
Radiology- Diagnostic

10% decrease since 2013
Radiology- Interventional

36% increase since 2013
Radiology- MRI

27% increase since 2013
Radiology - Mammography

5% increase since 2013
Radiology- Nuclear Medicine

<1% increase since 2013
Surgery
Surgery

19% increase since 2013

8% increase since 2013
Deliveries
Deliveries

![Bar chart showing deliveries from 2012 to 2015]

- 2012: 900
- 2013: 800
- 2014: 900
- 2015: 900

Strategic Discussion March 25, 2016
Radiology Summary

• Number of linear accelerator treatments increased nearly 500% from 2014
• Interventional radiology has increased 37% since 2013
• Mammography has increased 5% since 2013 with an expected increase in demand through partnership with City of Chicago
• Ultrasound volume has increased 17%
External Data
State of Illinois: Outpatient Hospital Spending

FY14 OUTPATIENT HOSPITAL SPENDING BY REIMBURSEMENT GROUP-
$689 Million

- Surgical Grp 1: 15%
- Diagnostic/Therapeutic Svcs.-Grp 2: 28%
- Emergency Room - Grp 3: 22%
- Observations- Grp 4: 3%
- Psychiatric Clinic Svcs.- Grp 5: 3%
- Rehab Svcs.- Grp 6: 0%
- Outpatient Rural Adjustment Payment (RAP): 1%
- Outpatient Assistance Adj Program (OAAP): 3%
- Pediatric Outpatient Adjustment Payments (POAP): 3%
- Outpatient Non-Institutional Providers: 15%
- End Stage Renal Disease: 6%
- Medicare/Medicaid Dual Eligibles & Non-Cost Reporting Providers: 1%
State of Illinois: Inpatient Spending

FY 2014 Inpatient Spending - $2.27 Billion

- Diagnosis Related Grouping General Inpatient Care = 50.6%
- Children's Hospitals = 18.3%
- All Providers Psychiatric Care = 9.4%
- Alternative Reimbursement System General Inpatient Care = 2.7%
- All Providers Rehabilitation Care = 1.2%
State of Illinois: Medical Programs Spending

Graph I
Medical Programs Spending
Fiscal Year 2012-Fiscal Year 2014
Dollars in Millions

Fiscal
Year
Events That
Affected Spending

2012
Reflects 11 months of long term liability
instead of 12 related to PA 96-1405.
Reflects full year of Integrated Care
Program in HMOs. General Assembly
action resulted in $1.4 billion in unplanned
and unfunded pressures to the FY12
Medical Assistance budget. These
pressures resulted in approximately
$2.5 billion in unpaid bills being pushed
into FY13 creating longer payment cycles.
Other Medical includes amounts paid via
offsets to flip draws.

2013
SMART Act reductions implemented
per PA 097-689. FY13 lapse period
spending extended through 12/31/13.
Includes 748 Hospital Relief Fund
$380 million re-appropriation.
Other Medical includes amounts paid via
offsets to flip draws. Includes payoff
of unpaid bills accumulated during FY12.

2014
Integrated Care program expanded
towards other regions of that state in
HMOs. Other Medical includes amounts
paid via offsets to flip draws.

FY'12
FY'13
FY'14

$9,128.6
$11,576.8
$10,493.5

666.1
832.3
1,318.0

1,340.9
1,433.6
1,324.1

1,880.5
1,586.8
1,418.9

1,260.6
2,126.4
1,434.9

1,733.9
2,182.6
1,784.5

2,246.6
4,222.6
3,213.1

HMOs
Other Medical
Drugs
Practitioners
Long Term Care
Hospitals

Note: Not included in total spending are expenditures from the (Cook) County Provider Trust, University of Illinois Hospital Services, Trauma Center, Non-entitlements, Hospital Provider (relating to the assessment), Medical Research and Development, Special Education Medicaid Match, Independent Academic Medical Center, Post-Tertiary Clinical Services and Juvenile Rehabilitation Services Funds. Also refer to footnotes for Table III.

Graph Prepared By: Division of Finance
Data Source: Division of Finance, Comptroller Spending Report FY'14.
United States Hospital Utilization

Figure 123: U.S. Acute Care Hospital Utilization Trends 1990-2013

In 2015, the cost of health care for a typical American family of four covered by an average employer-sponsored PPO plan is $24,671 according to the Milliman Medical Index (MMI).

Source: Credit Suisse estimates, American Hospital Association.
Milliman Medical Index: Components of Healthcare Spending

Figure 126: 2015 MMI Components of HC Spending

- Inpatient: 31%
- Outpatient: 19%
- Professional Services: 30%
- Pharmacy: 16%
- Other: 4%

Source: Credit Suisse research, Milliman.
Milliman Medical Index: Annual Rate of Increase

Figure 127: MMI Annual Rate of Increase by Component of Medical Care

Source: Credit Suisse research, Milliman.
National Health Expenditures

Figure 131: 2014 National Health Expenditures, by Service Type

Source: Credit Suisse research, Centers for Medicare & Medicaid Services.
National Acute Care Hospital Expenditures

Figure 122: Total National Acute Care Hospital Expenditures and YoY Growth (1990-2020P)

Source: Credit Suisse estimates, Centers for Medicare & Medicaid Services.
Revenue
Revenue

- Most Medicaid monies including Disproportionate Share Hospital (DSH) payments, Medicaid Fee for Service (FFS), Benefits Improvement and Protection Act (BIPA) Funds are based on cost
- They are also based on Cook County Health and Hospitals System paying the state share of the cost
- Medicaid managed care capitation payments are based on actuarial soundness
- Medicaid managed care payments to providers are primarily based on fee schedules
- Accountable Care Act funding was a game changer, but still has challenges
Revenue

• Historically the combination of County funding and the 50% of cost from federal sources worked
• As the County funding shrinks, the challenge increases
• ACA, Medicare, Commercial, and Medicaid MCO patients become key to future success
## Revenue

- **Breakdown of cash receipts (in millions)**

<table>
<thead>
<tr>
<th>Payor</th>
<th>2014</th>
<th>2015</th>
<th>Budget 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>BIPA</td>
<td>$101</td>
<td>$139</td>
<td>$131</td>
</tr>
<tr>
<td>DSH</td>
<td>$170</td>
<td>$158</td>
<td>$162</td>
</tr>
<tr>
<td>CC</td>
<td>$728</td>
<td>$847</td>
<td>$952</td>
</tr>
<tr>
<td>MC</td>
<td>$72</td>
<td>$68</td>
<td>$70</td>
</tr>
<tr>
<td>FFS</td>
<td>$160</td>
<td>$161</td>
<td>$41</td>
</tr>
<tr>
<td>MCO</td>
<td>$0</td>
<td>$31</td>
<td>$92</td>
</tr>
<tr>
<td>Phys</td>
<td>$11</td>
<td>$15</td>
<td>$18</td>
</tr>
<tr>
<td>Other</td>
<td>$34</td>
<td>$66</td>
<td>$62</td>
</tr>
<tr>
<td>Total</td>
<td>$1,276</td>
<td>$1,485</td>
<td>$1,529</td>
</tr>
</tbody>
</table>
Risk and Opportunities

- BIPA
- DSH
- CC
- MC
- FFS
- MCO
- Phys
- ACA
- Exchange
- Research/Grants
• Post-inpatient care continuum of care services: Nursing Homes, Rehabilitation Facilities, Home Care, Home Infusion, Meals-On-Wheels, etc.
Discussion
Previews

- Expenses
- Staff to Volumes
- Debt
- Pension
- CART
  - Clinical
  - Administrative
  - Research
  - Teaching