

FY21 PROPOSED PRELIMINARY BUDGET



COOK COUNTY
HEALTH

About Cook County Health

One of the largest public health systems in the nation, Cook County Health (CCH) serves as the safety net for health care in Chicago and suburban Cook County. CCH is comprised of two hospitals, a robust network of more than a dozen community health centers, the Ruth M. Rothstein CORE Center, the Cook County Department of Public Health, Correctional Health Services, which provides health care to individuals at the Cook County Jail and the Juvenile Temporary Detention Center, CountyCare, a Medicaid managed care health plan and CCH partners with MoreCare, a Medicare Advantage Plan. Through the health system

and the health plans, CCH cares for more than 500,000 individuals each year and records nearly 1 million outpatient visits and 25,000 admissions. CCH's physicians are experts in their fields, committed to providing their patients with comprehensive, compassionate and cutting-edge care. As guided by its strategic plans, CCH is transforming the provision of health care in Cook County by promoting community-based primary and preventive care; growing an innovative, collaborative health plan; and enhancing the patient experience.



Introduction

For more than 180 years, Cook County Health (CCH) has served as the largest safety net in Cook County. The 2008 Cook County Ordinance that established the system specifically states that CCH “shall provide integrated health services with dignity and respect regardless of a patient’s ability to pay.”

Most health systems would cease operations with a payor mix similar to ours, yet CCH has continued to provide a comprehensive range of services despite years of caution that the growing cost of providing care was outpacing revenues – something that has been exacerbated by an increase in charity care in recent years and more recently COVID-19. Today, CCH finds itself with lower volumes and lower revenues but with higher expenses due to rising costs of labor, supplies, equipment and pharmaceuticals, all of which are exacerbated by COVID-19. There are few options to cover these increased costs when the majority of our patients are uninsured or covered by government plans that reimburse at rates lower than actual costs. CCH receives less than 5% of its operating revenues from local taxpayers, down from 50% in 2009. To replace historic taxpayer funding and pay for increased services, personnel, charity care, etc., CCH has generated more than \$10B in revenues over the past 11 years.

Current reimbursement structures across the industry are unfavorable to safety net institutions. CCH does not receive capital support from the federal government like Federally Qualified Health Centers (FQHCs). Our patients are not wealthy, so they cannot donate millions to our fundraising efforts. And local tax support has declined substantially over the last decade. These are just some of the economic realities in which CCH must operate and navigate the tipping point we find ourselves at today.

How do we balance the overwhelming and increasing need for health services in the very communities we serve without the necessary resources to do so, especially at a time when our country is having a long-overdue dialogue about racial and health equity?

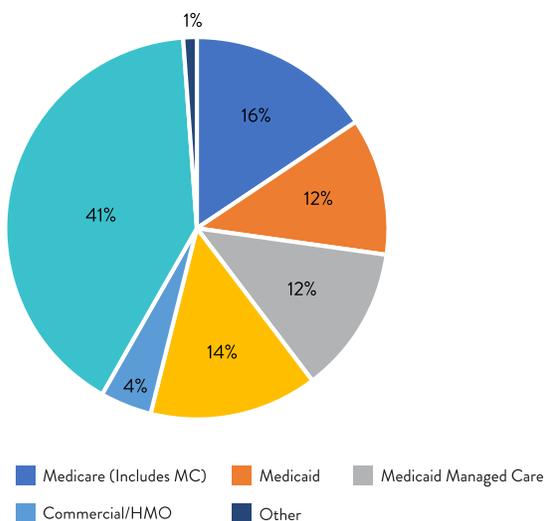
How do we continue to be true to our mission and provide more than 50% of all the charity care in Cook County when nearly 80% of our patients are uninsured or covered by Medicaid?

How do we respond to new gaps created by decisions made in the broader healthcare community?

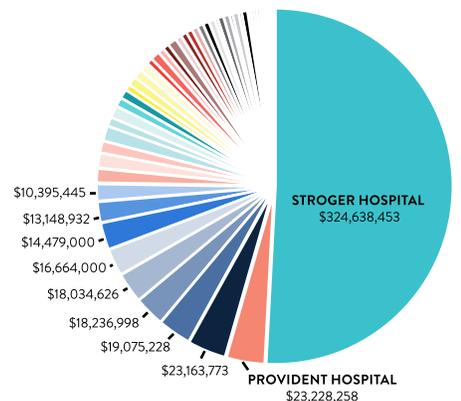
Where will funds come from to pay for the demand for healthcare by the uninsured?

How do we solve for a structural deficit that continues to challenge CCH?

System Payor Mix By Charges



Charity Care in Cook County 2018



Each slice represents the amount of charity care provided by individual hospitals in Cook County required to report to the state of Illinois. Source: [2018 IDPH Hospital Profiles](#).

Charity Care at Cook County Health



Charity Care at Cook County Health: Cook County Health has budgeted \$312M in charity care or \$6M monthly for FY21.

At its core, CCH's mission is about health and racial equity; a mission that we remain immensely proud of.

To further that mission, CCH has been a leader in addressing social determinants of health by investing tens of millions of dollars in grant funds and net health plan revenues to respond to the public health crises in our communities - from the opioid epidemic to gun violence, behavioral health to food and housing insecurity. These are critical services designed to improve health outcomes in vulnerable populations.

Absent major policy initiatives like universal coverage, taxing authority or charity care requirements – none of which CCH has the authority to enact – we are faced with difficult but necessary decisions to balance our budget each year.

Closing a \$160M gap in the FY20 budget required, among other things, drastic cuts to non-personnel lines, contracted employees and services and capital improvements, including a hold on previous plans to continue rebuilding CCH outpatient facilities. The elimination of 70 non-union positions will impact CCH operations beyond the current year.

The FY21 budget is only one piece of a larger puzzle but it is a forcing mechanism that has required us to look closely at our portfolio and make decisions that make sense both for CCH and within the larger health care delivery system. The \$187M gap in our preliminary FY21 budget required us to reflect on our historic mission, evaluate every service line and make decisions that will secure our future. Some decisions are based on trends in the industry while others are rooted in an analysis that sought to identify

opportunities for efficiency, service volume, partnership and availability of resources in the community. At the end of the day, CCH does not have the resources to be all things to all people.

CCH AS A PROVIDER

As a provider, Cook County Health operates:

- John H. Stroger, Jr. Hospital of Cook County, a 450- bed tertiary, acute care hospital in the Illinois Medical District;
- Provident Hospital of Cook County, an 85-bed community acute care hospital on the South Side of Chicago;
- More than a dozen community health centers, which offer primary and specialty care, along with diagnostic services;
- The Ruth M. Rothstein CORE Center, a comprehensive care center for patients with HIV and other infectious diseases. The CORE Center is the largest provider of HIV care in the Midwest and one of the largest in the nation.

Strengthening Services on the South Side

CCH has been working to address the health care disparities that exist on the south side for decades.

Over the course of the last several years, CCH has invested heavily in improvements on the Provident campus and remains committed to a strong presence on the south side. Specifically, CCH has assigned specialists at Provident to fill in gaps in community-based services. New ophthalmology and mammography services as well as a sleep lab have opened at Provident with great success while the ongoing expansion of outpatient primary care and behavioral health have filled an unmet need in the community. With these and other service additions and improvements at Provident, outpatient visits grew from 62,000 in 2016 to more than 127,000 in 2018.

Provident will continue to provide comprehensive outpatient services on campus including a new multi-million dollar 12 chair outpatient dialysis facility and a new lifestyle center, both expected to be completed later this year. The lifestyle center will provide services to patients with diabetes and other chronic diseases which exist at a disproportionate rate on the south side.

Importantly, CCH remains committed to building the new Provident facility that was approved last year by the Illinois Health Facilities and Services Review Board. We are confident that the new state-of-the-art Provident facility, a \$200M investment, will bring additional services to the community allowing us to serve more patients.

Outpatient Services

Over the past several years, like the health care industry as a whole, CCH has shifted its focus from a provider of sick care to a provider of health care to improve patient outcomes and reduce hospitalizations which ultimately saves money.

Recognizing existing inefficiencies, capital needs and population shifts, IMPACT 2020, CCH’s three-year strategic plan committed to rebuild, relocate or renovate all CCH community health centers over the course of 10 years. In the past three years, CCH has opened four new, larger and more efficient health centers replacing outdated facilities in Palatine, Cicero and Oak Forest as well as the Fantus Clinic on the Central Campus:

- Arlington Heights
- North Riverside
- Blue Island
- Professional Building on CCH’s Central Campus

The plan for the new Provident facility includes consolidating nearby clinics into new ambulatory space on campus. CCH’s Near South and Woodlawn fall into this category. Primary care is provided at both but due to inadequate space, specialty and diagnostic services are limited often requiring patients to travel to Provident or Stroger. Parking is difficult and public transportation is limited. The FY2021 budget contemplates the consolidation of these services into the Sengstacke Clinic on the campus of Provident Hospital next year. The providers at Woodlawn and Near South will be transferred to Sengstacke to ensure continuity of care for the 9,000 patients the clinics serve. This consolidation will provide a better patient experience as Provident has a host of diagnostic services onsite as well as proximity to public transportation and ample parking on campus. As noted above, this strategy simply expedites the consolidation that was planned to occur following the construction of the new Provident facility. Growing outpatient volumes on the Provident campus over the next few years is projected to generate more patient visits for ambulatory services that will drive the need for inpatient services in a community hospital setting.

The portfolio of outpatient services that will be provided on the Provident Campus in FY2021 includes:

- Outpatient Primary Care (Behavioral Health, Family Medicine, Gynecology, Internal Medicine, Prenatal Care)
- Mammography
- Lifestyle Center
- Breast Clinic
- Bariatrics
- General Medicine
- Pathology Services
- Outpatient Specialty Clinic (Addiction Medicine, Cardiology, Colorectal Surgery, Diabetes & Endocrinology, Gastroenterology)
- Diagnostic Imaging
- Cardiac and Pulmonary Diagnostics
- Pharmacy
- Social Services
- Neurology
- Ophthalmology
- Optometry
- Podiatry
- Psychology/Psychiatry
- Pulmonary
- Renal
- Sleep Medicine
- Urology

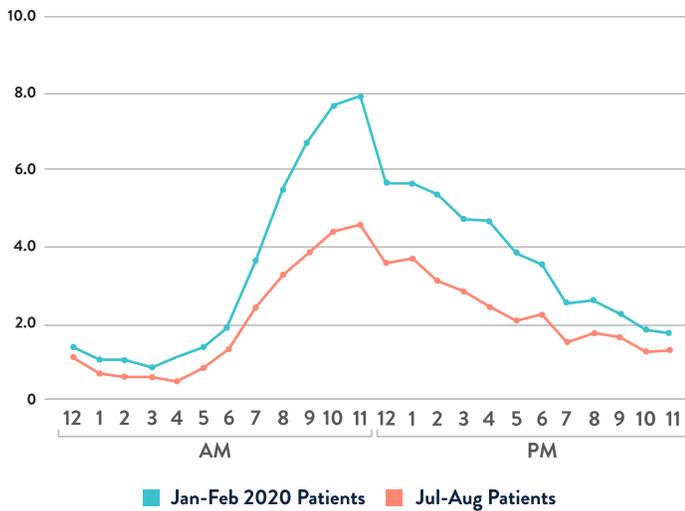
Inpatient Services

Limited resources require CCH to reduce existing expenses to ensure the continuation of the services most needed by the population we serve. To accommodate this, the FY21 budget right sizes the inpatient units at Provident based on our historical average daily census (ADC). The ADC for general medicine beds at Provident for the last year (August 2019 – July 2020) was 11 with 40% of the patients under observation.

2018 Hospital Profile Data, IDPH

HOSPITAL	PEAK CENSUS	AVERAGE DAILY CENSUS	TOTAL CHARITY CARE EXPENSES (IN MILLIONS)
Provident	17	11.7	\$23.00
Roseland	n/a	51.2	\$.65
South Shore	137	58.7	\$.46
St. Bernard	196	88	\$4.78
Trinity	140	95.1	\$4.19
Jackson Park	124	75.6	\$3.55
Mercy	189	170	\$4.35
U of Chicago	667	564.2	\$18.24

Provident ED Patients Per Day Per Hour



The Provident emergency room which has not accepted ambulances since 2011 sees a majority of cases that are more appropriately treated in a primary care setting. High acuity emergency room cases are transferred to other facilities, including Stroger. Additionally, the Provident ED typically cares for very few patients after 7PM. These circumstances provide an opportunity to reallocate and save additional resources as emergency rooms are one of the most expensive places to care for patients. In FY21, CCH will transition Provident to a 24-7, stand-by emergency room and refer low acuity cases to its walk-in clinic already on campus.

Today, the Provident Operating Rooms (OR) are used exclusively for non-emergent and elective outpatient or same-day procedures. Currently, patients having procedures that require an in-patient stay must travel to Stroger Hospital. The ORs at Stroger are not only very busy but because Stroger handles a significant amount of emergency and trauma surgeries, elective and non-emergent procedures are often ‘bumped.’ As a community hospital, Provident is positioned very well to also perform routine, elective procedures that require minimal inpatient time. In FY2021, CCH will implement a strategy for CCH patients and CountyCare members to have selected surgical services performed at Provident. This will significantly improve efficiency on both the Provident and Stroger campuses and also serve as an important patient satisfier. By designating Provident as the primary location for various ambulatory surgeries and procedures, patients will experience reduced waiting times and a facility that is much easier to navigate.

This plan allows us to begin the transformation of care on the Provident campus sooner than originally intended and create the efficiencies needed to stabilize the health system’s finances in the coming years to maintain our long-term presence on Chicago’s South Side.

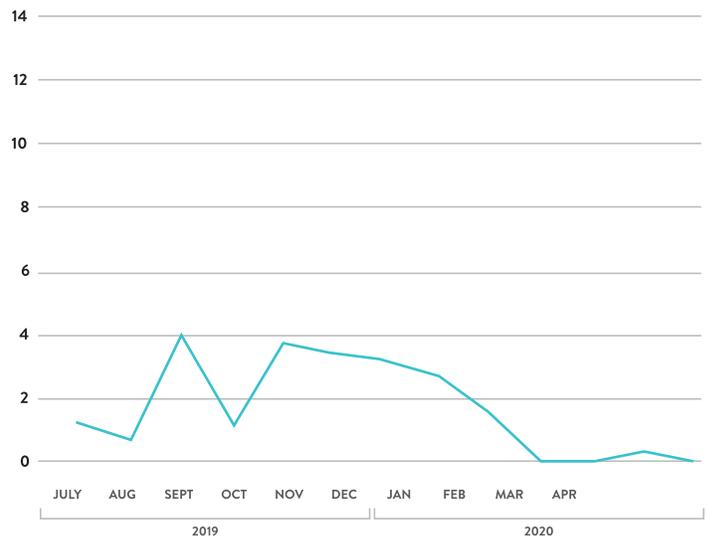
Central Campus

Cook County Health’s Central Campus includes Stroger Hospital, outpatient primary care and specialty services, the CORE Center and the new Professional Building. Stroger Hospital continues to serve as CCH’s main hub providing highly complex inpatient and outpatient services. Later this year, CCH will relocate outpatient physical and occupational therapy to Harrison Square (the former Cook County Hospital) to provide a larger space to meet the needs of this important service line.

Pediatric and Inpatient Care

As a direct result of advancements in pediatric care, particularly around asthma, sickle cell and other childhood illnesses, the demand for pediatric inpatient services across the US has declined significantly over the past several decades. The majority of pediatric hospitalizations are related to care for complex conditions like cancer and are best delivered in highly specialized stand-alone children’s hospitals. The situation in Illinois is similar with at least 8 pediatric inpatient units closing in the last several years. Stroger Hospital’s general pediatric unit is licensed for 14 beds; however, the average daily census has declined steadily since November of 2019. The average daily census for general pediatrics unit between July 2019 and June 2020 was 1.8.

General Pediatric Inpatient Census



At this time, CCH intends to suspend its inpatient general pediatrics unit and will reevaluate the situation in a year. CCH is confident there is ample pediatric inpatient capacity in Cook County for the number of pediatric patients that require hospitalization.

Stroger will continue to maintain its Pediatric Intensive Care Unit (PICU) to support pediatric trauma and burn patients as well as its Neonatal Intensive Care Unit (NICU) and comprehensive outpatient pediatric services.

Select Pediatric Inpatient Units - 2018

HOSPITAL	LICENSED PEDIATRIC BEDS	PEDIATRIC AVERAGE DAILY CENSUS
University of Illinois	32	8.6
Rush University Medical Center	20	10.8
St. Anthony	18	4.1
University of Chicago Comer	60	46.9
Lurie Children's Hospital	124	99.7
Stroger Hospital	14	2.8

Source: [2018 IDPH Hospital Profiles](#)

SPECIALTY SERVICES

Over the course of the last several years, CCH has focused on its Joint Commission certified medical home model which is designed to provide the full spectrum of services to patients in each of our community health centers. The model is designed to provide whole-patient care. As such, CCH intends to work with various stakeholders to identify alternative models and/or sponsors of the clinic at Morton East High School and the health services CCH provides at the Children's Advocacy Center. Referrals into CCH medical homes will be made where appropriate.

CORRECTIONAL HEALTH

The implementation of mitigation and testing strategies since January have successfully contained COVID-19 at the jail where the positivity rate has remained less under 2% for the past several months but will require continued vigilance and additional resources at least through FY21. Opening new areas to accommodate single celling of detainees and other social distancing strategies require additional staff and supplies. Increased census in recent weeks is adding to the need. As such,

the correctional health budget will add 92FTEs to continue to respond to COVID-19 in FY21.

CCH AS A PUBLIC HEALTH AUTHORITY

The COVID-19 pandemic serves as an important reminder that public health remains underfunded in the US. The Cook County Department of Public Health's FY21 budget will grow by approximately \$20M (and nearly 400 new positions) as a direct result of COVID-19 and the need to provide extensive contact tracing throughout its jurisdiction. It is expected that COVID-19 will remain a priority for CCDPH for at least the next two years likely requiring additional investment.

Despite the demand that COVID-19 has placed not only on the entire system but specifically on public health, attention to routine functions have continued.

HEALTH PLAN SERVICES

CCH's mission to care for all has been supported by the development of CountyCare and other coverage programs over the last several years. It is important to note that each program requires startup expenditures paid from the premiums but as CountyCare has demonstrated, there is significant long term potential for CCH.

CountyCare

CountyCare, CCH's Medicaid health plan, which has brought coverage to previously uninsured patients has generated new revenues for CCH that in turn help to offset the cost of charity care. Importantly, CountyCare has also provided extensive financial support to other safety net institutions via its broad network – a network practice not common with other managed care organizations. In FY19, CountyCare paid more than \$600M in claims to Federally Qualified Health Centers, safety net, community and academic hospitals.

As a result of the economic downturn and the state's temporary suspension of redetermination related to COVID-19, Medicaid enrollment across the state has increased by more than 12% since March 2020. CountyCare's membership likewise has grown. As of August 1, 368,000 Cook County residents were enrolled with the peak of the growth expected to occur in November 2020. The FY21 budgeted membership of 356,000 assumes a slow economic recovery and a return to redetermination processes by the state.

Meeting a major tenet of the strategic plan, CountyCare has continued to add programs and services. In addition to its current product offerings, in FY20 CountyCare expanded

services to children with special needs and in FY21 will participate in the State’s Integrated Health Home Project (IHI). The state’s announcement to expand Medicaid coverage to undocumented residents over age 65 is projected to have a \$10M positive impact on the FY21 budget.

CountyCare has also provided additional care management, telehealth, food and transportation support and other benefits to its members throughout the COVID-19 pandemic.

MoreCare

With more than 14,000 patients aging into Medicare each year, Cook County Health’s strategic plan contemplated the development of a strategy specific to patients transitioning to Medicare to provide continuity of care to long term CCH patients. This strategy will improve our payor mix and as a

result increase patient fees. FY21 will mark the second year for CCH’s Medicare Advantage Program, MoreCare, a partnership between CCH and Medical Home Network. MoreCare currently has 455 members. The FY21 budget assumes modest growth to a membership of 1,965.

CareLink

CareLink was expanded by a Cook County ordinance in 2017 and extends enhanced benefits such as care coordination and transportation to qualified individuals in CCH’s charity care assistance program. Today, more than 20,000 individuals are covered by CareLink. CCH has spent more than \$500M on CareLink since 2017 and expects expenses to exceed add \$170M in FY21. These are additional costs CCH has absorbed.

COOK COUNTY HEALTH FY2021 BUDGET

IN MILLIONS	FY2020 BUDGET	FY2021 PROPOSED BUDGET	VARIANCE	FY2020 BUDGETED FTES	FY2021 PROPOSED FTES	VARIANCE
Managed Care*	\$1,800	\$2,225	\$425	407	356	(51)
Hospitals (Stroger/Provident)	\$727	\$843	\$116	4,590	4,852	262
Correctional Health	\$89	\$104	\$15	637	727	90
Health Administration	\$44	\$49	\$5	328	305	(23)
Ambulatory Service***	\$114	\$101	(\$13)	521	384	(137)
Public Health	\$10	\$15	\$5	118	111	(7)
Administration	\$39	\$40	(\$1)	0	0	0
Total	\$2,824	\$3,377	\$549	6,601	6,735	134

NON-PERSONNEL EXPENSES

To solve for the FY20 budget gap, non-personnel expenses were reduced by more than \$90M or 20% of the non-personnel line. The FY21 budget assumes an additional \$15M in contract savings as part of a comprehensive review and renegotiation of contracts, a reduction in the reliance on costly agency staff, reductions in information technology expenses and a reduction in utility expenses from leaving the Oak Forest campus.

PERSONNEL EXPENSES

To reduce the FY20 budget gap, CCH held many vacancies open longer than normal and in June eliminated 70 non-union positions, mainly on the Central Campus. Non-union staff represent less than 10% of CCH’s workforce. Additionally, CCH is in the process of replacing approximately 200 contracted positions with less expensive FTEs (mainly nurses, care coordinators and medical technicians). In addition to helping close the FY20 gap, this strategy saved additional resources and decreased the number of personnel reductions originally projected for FY21.

The FY21 budget includes personnel additions and reductions related but also includes continued efforts to allocate positions to reflect the actual cost of the services where they are predominately delivered. For example, the FY21 budget moves 125 care management positions from CountyCare to Stroger where the bulk of the work is performed. Similarly, related to Woodlawn and Near South, of the 88 positions (both filled and vacant) eliminated from the ACHN budget, 34 have been reallocated to Sengstacke.

CCH is committed to displacing as few employees as possible and will work with our labor partners and employees to identify available open positions across the system for as many individuals as possible. CCH is also enhancing revenue cycle activities which may require the repurposing of some positions to maximize revenue capture. CCH will follow the necessary processes defined in the appropriate collective bargaining agreements to meet its staffing needs.

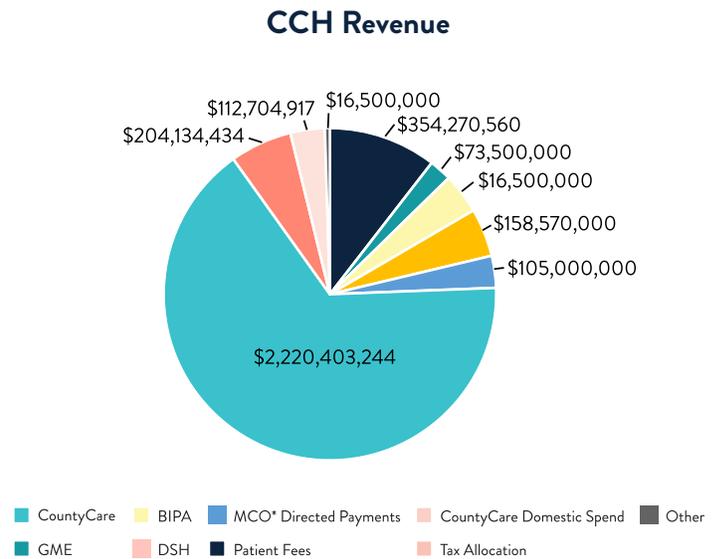
REVENUES

CCH revenues come from a variety of sources. Since 2010, CCH has generated more than \$10B in revenue to fund its operations including its core mission of providing charity care. Patient fee revenues account for approximately \$350M in

FY21 while federal support from DSH and BIPA are flat year over year. In FY20 CCH identified additional opportunities to increase revenue for providing services to the Medicaid population. These formula adjustments, determined on annual basis, added significant revenue in FY20 and represent a 15% increase for FY21.

Revenue cycle improvements continue to be a priority for CCH. Focused initiatives are underway to improve denial rates, address out of network services/non-covered services and to require pre-authorizations and improve coding. Additional efforts to bring in more insured surgical patients are showing initial improvements in the month of August. In August, CCH also began accepting online payments for self-pay patients.

Capitation revenues remain the single largest source of revenue. These revenues are used to fund provider claims for care delivered to CountyCare members within the CountyCare network, including to Cook County Health. In FY21, CCH expects to provide \$204M in health care services to CountyCare members. **Year to date, CCH is ahead of its FY20 internal capture by 18% as a result of very targeted efforts to increase capacity across a variety of areas and a more favorable reimbursement structure through the State.**



The Cook County Tax Allocation of \$112.7M for FY21 will offset approximately 80% of the costs of Public Health and Correctional Health which are services the County is mandated to provide. CCH is grateful for this additional support.

Cook County Tax Allocation and Full Cost of Correctional Health and Public Health



MOVING FORWARD

Over the course of the last six months, CCH has solved for nearly \$350M to account for gaps in its FY20 and FY21 budgets. The majority of the solutions have occurred in the provider budget which represents less than 1/3 of CCH's overall budget.

Without question, the FY21 budget has challenged CCH leadership more than any other in recent years and required difficult decisions. Without these changes, CCH risks the ability to continue to provide the essential services our patients rely on us for. CCH is committed to implementing each decision carefully to ensure the least disruption to our patients.

CCH acknowledges that attracting a broad base of patients - many with insurance - and improving our revenue capture is essential if we are to stay true to our historic mission to care for all without regard for their ability to pay. It is also important that CCH embrace the most effective technologies and productivity measures to achieve performance goals to improve the patient experience and to capture reimbursement for services provided.

The FY21 budget is as much about CCH as it is about the larger health care delivery system. **The budget process is one that requires careful thought around the allocation of scarce resources but more than ever, it should also serve as a catalyst for a larger conversation with diverse stakeholders about what health care should look like in one of the largest counties in the country with some of the wealthiest and some of the poorest communities in America.** The future of health care in Cook County will require all stakeholders to consider new thinking, new models and new partnerships. As the budget was developed, CCH explored the following questions with

its board of directors and looks forward to participating in a dialogue with the broader community to ensure a stable health care system is available for all who need care regardless of their income, insurance or immigration status.

How do we provide services *'regardless of patient's ability to pay'* while collecting for services from insured patients, that will allow us to retain and meet our mission?

1. How does CCH stay within its mission and capture more CountyCare domestic spend?
2. How do we function as a provider in a choice-driven environment led by Managed Care Organizations? Do we establish priority service level agreements with each MCO to ensure access?
3. Absent universal coverage for all, how can the board help address the charity care issue in both the short and long term?
4. How do we retain or regain market share and capitalize on our strengths? Do we narrow our focus to specific areas? Work with partners to ensure other services are available?
5. How do we leverage or partner with FQHCs to attract referrals for full the spectrum of patient populations served?
6. Which strategies should CCH implement to gain funding for social determinant activities that may address health disparities?

BUDGET CALENDAR

<i>August 28 at 9:00AM</i>	FY21 Proposed Preliminary Budget introduction to CCH Finance Committee
<i>September 1 at 9:00AM</i>	Public hearing
<i>September 9 at 6:00PM</i>	Public hearing
<i>September 11 at 9:00AM</i>	Adoption of the FY21 Proposed Preliminary Budget and transmittal to Cook County Board of Commissioners for Inclusion in the President's FY21 Proposed Budget
<i>October</i>	Introduction of the President's FY21 Proposed Budget Public Hearings Department Hearings
<i>November</i>	Adoption of the FY21 Proposed Budget
<i>December 1</i>	Start of the 2021 Fiscal Year

To submit public testimony for the public hearings, please visit <https://cookcountyhealth.org/about/board-of-directors/>