



COOK COUNTY HEALTH

Israel Rocha, CEO
Remarks as Prepared
CCH Budget Introduction
August 9, 2021

Good morning.

Before Andrea walks us through the budget presentation, I would like to make a few opening remarks. As you know this is my first budget and I would like to share with you my budgeting philosophy and the principles we have built into the FY22 budget.

The budgets I have presented in my previous roles have been built conservatively but with the appropriate ambition to guide future growth. They have taken into consideration internal and external forces, strategic plans and environmental factors that have the potential to impact anything and everything in fulfilling the mission of the organization.

When I came to Cook County Health, I did so with my eyes wide opened. I fully understood the responsibilities of running one of the nation's most storied public health systems. I also arrived in the midst of global pandemic like we have never experienced. A pandemic that continues to disproportionately plague the communities we serve beyond the sickness and death. A pandemic that we are still very much in the middle of.

Regardless of the unknown duration of the pandemic, it will take years for the world, our nation and our county to fully recover. It will also take years for the healthcare industry to recover. From a medical perspective, we are starting to understand and even address some of the short-term impacts but we do not fully understand the long term impact and likely won't for a long time. We are watching our COVID positive patients closely and continue to be diligent at the jail with testing, social distancing and vaccinations. Over the course of this pandemic, Cook County Health had to pivot to meet the needs of our patients and to provide the largest mass vaccination program in Illinois. We are immensely proud of our

nimbleness and I am terribly grateful to the entire team for never losing sight of the commitment to care for our patients, our staff and the communities we serve.

And while I could go on about the accomplishments of the team, today is about the FY22 budget and what we hope to accomplish next year. The budget Andrea will present in a few minutes was built understanding that the pandemic remains a factor but also understanding that we must return to pre-pandemic care and pre-pandemic plans if we are to strengthen this health system we all care so deeply about.

With that, it is important to mention that the impact of the pandemic can be seen in the FY22 budget in a couple different ways.

As was the case with all health systems, volumes declined significantly – both inpatient and outpatient but also emergency room visits. You will see the budget conservatively assumes FY2019 volumes as our baseline.

And as you know, Medicaid membership increased dramatically as the economic downturn took its toll on low-wage workers and the state expanded emergency Medicaid. As a result, CountyCare membership continues to exceed our budget projections this year. Should the state reinstate redetermination or pull back on emergency Medicaid, membership will decline. We have been conservative in our membership projections to account for expected change in the Medicaid landscape. Hand in hand with this is a decrease in our charity care numbers. Many individuals who would have previously qualified for charity care were covered under emergency Medicaid. We also celebrated the start of expansion of Medicaid to undocumented individuals over 65 and in FY22, Medicaid will be available to undocumented individuals over 55. You will see the financial impact of these changes in Andrea's presentation. It is important to note that the majority of the growth in next year's budget is directly related to the growth of CountyCare.

And while the expansion of coverage has been very helpful for our patients – old and new – it has also given them choice. Just like following the implementation of the Affordable Care Act, this puts added pressure on our health system to improve the patient experience and expand services to allow us to compete with other health systems. Without revenue from covered patients, our historical mission would be severely challenged.

In the FY22 budget, we have built in service line improvements and expansions in neurology, cardiology and oncology as well as additional improvements to grow Provident Hospital's patient base. As an example, while we are already a recognized stroke program, we will make significant investments over the next several years to attain the coveted Comprehensive Stroke Certification and building seven centers for excellence in Neuroscience. On the oncology side, we will invest to pursue important accreditations in breast cancer and colorectal cancer which have a disproportionate impact on the patients we serve. We are currently working to expand endoscopy services at Provident Hospital.

We are adding a significant number of positions to build on our behavioral health efforts of the last several years. From suicide prevention to continuing to fight the opioid epidemic, we are committed to meeting the needs of our patients.

From a public health perspective, additional funding from the County and the CDC will allow us to begin to strengthen the infrastructure to ensure both our ongoing ability to pivot but also our ongoing commitment to preventing disease.

For the first time, we have established a \$10M investment which is contingent on excess revenue investment. This fund will be guided by data and business plans.

I want to also note that the investments we are making are steeped in health equity. As we identify new opportunities and innovations, we work closely with our newly developed Center for Health Equity and Innovation to ensure we are addressing everything from providing a welcoming environment for all to providing the highest level of care possible.

There are also some administrative changes in our budget that I want to quickly address to avoid any confusion. There is a net increase of 780 positions which is a result of some organization structure changes and new positions in nursing and other areas to bolster current operations and enable us to improve services. Notably, we are putting all of our ambulatory care – primary care and specialty care – under one umbrella to ensure that our outpatient services are coordinated across all areas. This represents a shift of more than 500 positions from Stroger and Provident into the ACHN budget. Increased staffing in health plan services is necessary due to the growth of the products and services in the department.

As we look to FY22, we do so understanding that the pandemic will still be with us but also with ambition and innovation driving our plans and this budget. Nimbleness has been key for us this year and will remain necessary as we move forward. I am excited about the plans we have in place and look forward to answering your questions.

Before I turn the floor over to Andrea, I want to take a moment to thank President Preckwinkle and her team for their collaboration and trust in this ambitious budget. I am immensely grateful for the increase in the County allocation which will fully fund public health and correctional health and provide funding to cover some of our charity care expenses. Also, for the first time, we are collaborating on establishing an IBNR reserve for CountyCare

I want to thank Chair Taylor, Finance Chair Reiter, Andrea and the entire Finance team for their leadership and guidance during the development of the budget but most importantly, I want to thank the entire CCH team for their compassion and their dedication to the mission. We have a lot to be proud of as we work to take CCH to the next level.

At this time, I would like to introduce Andrea Gibson, interim Chief Business Officer to walk you through the budget presentation.

Thank you.