



COOK COUNTY HEALTH & HOSPITALS SYSTEM

Finance Committee
FY 2017 Proposed Budget and Financial Plan
August 19, 2016

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COOK COUNTY HEALTH
& HOSPITALS SYSTEM
CC+HHS

FY 2016 ACCOMPLISHMENTS



FY 2016 Accomplishments

Relocate/improve community-based clinical services based on patients' needs, market indicators and facility location and condition

- ✓ Central Campus Health Center to break ground in early 2017
- ✓ Plans to rebuild/renovate four existing community health centers in various stages

Expand behavioral health services

- ✓ Community Triage Center open
- ✓ Behavioral Health Consortium operational
- ✓ Expansion of Substance Abuse Treatment (Medication-Assisted Treatment, Naloxone at discharge to at-risk individuals)
- ✓ Integration of behavioral health services into primary care



FY 2016 Accomplishments

Utilize safe and efficient inpatient and outpatient staffing models

- ✓ Redeployment of 250 employees to better serve patients
- ✓ Acquisition and progress on the implementation of Clairvia

Expand and enhance the Patient Experience Initiative

- ✓ Customer service training
- ✓ Improved parking on Central Campus
- ✓ New Patient Support Center opened. Expanded to 24 hours M-F.
- ✓ Expansion of hours at health centers to Saturdays
- ✓ E-consult
- ✓ Patient Experience consultant in place (4Q16)
- ✓ Central Registration (4Q16)
- ✓ Same Day Surgery improvements (4Q16)



FY 2016 Accomplishments

Identify opportunities to bring services in-house and maximize effectiveness of existing contracts

- ✓ Environmental Services (Central Campus & Provident)
- ✓ Inpatient Transportation
- ✓ Outpatient Billing
- ✓ Care Management (completion in Spring 2017)
- ✓ Coding
- ✓ Expansion of Patient Support Center and Application Call Center
- ✓ Estimated Savings \$20M from above initiatives

New facility investment on the Central Campus

- ✓ Relocation of Fantus services
- ✓ Development of integrated clinical settings

Accreditations/Certifications

- ✓ Joint Commission Accreditation for Stroger Hospital
- ✓ American College of Surgeons Commission on Cancer accreditation for Stroger Hospital



FY 2016 Accomplishments

Correctional Health

- ✓ New detox unit cared for more than 10,000 detainees
- ✓ Naloxone education and dispensing at discharge for at-risk individuals
- ✓ Seven Department of Justice citations moved into Substantial Compliance

Addressing social determinants of health: Food As Medicine

- ✓ Expanded partnership with Greater Chicago Food Depository (GCFD)
- ✓ Four centers routinely screening for food insecurity
- ✓ Nine GCFD Fresh Truck visits provided fresh fruits and vegetables to 1,163 households representing 4,099 individuals
- ✓ Summer Meals program at three health centers – Englewood, Cottage Grove and Robbins

CountyCare

- ✓ Third Party Administration, Pharmacy Benefits Management, Vision benefits management transition
- ✓ Care Management transition (to provider-led model)



FY 2016 Accomplishments

- ✓ **Adoption of three year strategic plan**
- ✓ **Executed contracts with six Managed Care Organizations representing estimated \$200M in gross revenue.**
- ✓ **Acquired Vizient Benchmarking tool**
- ✓ **Implementing Clairvia nurse resources planning tool**
- ✓ **Working with Cook County to:**
 - ✓ **implement new Enterprise Resource Planning Software**
 - ✓ **implement new Time and Attendance system**

Improve utilization of CCHHS services by CountyCare members*

*While the percent of CountyCare members empaneled to CCHHS PCMH sites is up from 12% in December 2015 to 23% in July 2016, utilization is not.



FY 2017 PROPOSED BUDGET



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FY 2016 – 2017 Budget (in Millions)

	FY 2016 Adopted	FY 2016 Projected	FY 2017 Proposed
<u>Revenues</u>			
Revenue	\$1,529	\$1,533	\$1,480
Cook County Allocation	\$121	\$121	\$110
Cook County Pension Contribution	\$64	\$47	\$45
Total Available Funds	\$1,714	\$1,701	\$1,635
<u>Expenses</u>			
Hospital-Based Services	\$716	\$905	\$890
CountyCare External Expenses	\$646	\$632	\$557
Health Administration	\$128	\$141	\$139
Ambulatory Services	\$123	\$117	\$142
Correctional Health	\$86	\$99	\$104
Public Health	\$15	\$14	\$17
Total Expenditures	\$1,714	\$1,908	\$1,849
Net Surplus/ (Deficit)	0	- \$207	-\$214
Non-Cash Expenditures			
Pension	-	\$173	\$175
Depreciation	\$28	\$28	\$28
Self-Insurance Reserve	-	\$15	\$15
Amount Available for Capital Expenditure	\$28	\$9	\$4

**New Governmental Accounting Standards Board (GASB) reporting requirements went into effect in mid-2016.*

FY 2017 Budget Drivers

- **Improve the patient experience, reliability, and safety culture**
- **Enhance uninsured program to improve service and lower costs**
- **Increase volumes**
- **Improve financial position**
- **Reduce number of detainees with behavioral health issues**
- **CountyCare**
 - New Third Party Administrator and benefits managers expected to yield savings
 - Develop more comprehensive care coordination services at the provider level
 - Deploy network strategy based on quality outcomes
 - Leverage CCHHS specialty pharmacy



FY 2017 Volume Assumptions

- **Inpatient and Observation days flat**
- **Surgeries to grow 6%**
- **Emergency Visits flat**
- **Primary Care visits to grow 16%**
- **Specialty Care visits to grow 15%**
- **Births at Stroger to grow 10%**



FY 2017 Volume

Visit Type	Monthly Average			Monthly Projection	Difference
	FY 2014	FY 2015	FY 2016*	FY 2017	FY17 v. FY16
Inpatient Days	8,772	8,529	8,683	8,683	0%
Observation Days	1,313	1,418	1,533	1,533	0%
Surgical Cases	1,143	1,135	1,174	1,243	6%
Emergency Visits	12,885	12,432	12,753	12,753	0%
Primary Care Visits	17,279	17,159	18,130	21,056	16%
Specialty Care Visits	19,928	20,135	20,152	23,175	15%
Deliveries	74	72	82	90	10%

*based on first 8 months of FY2016



FY 2017 Revenue Assumptions

Growth

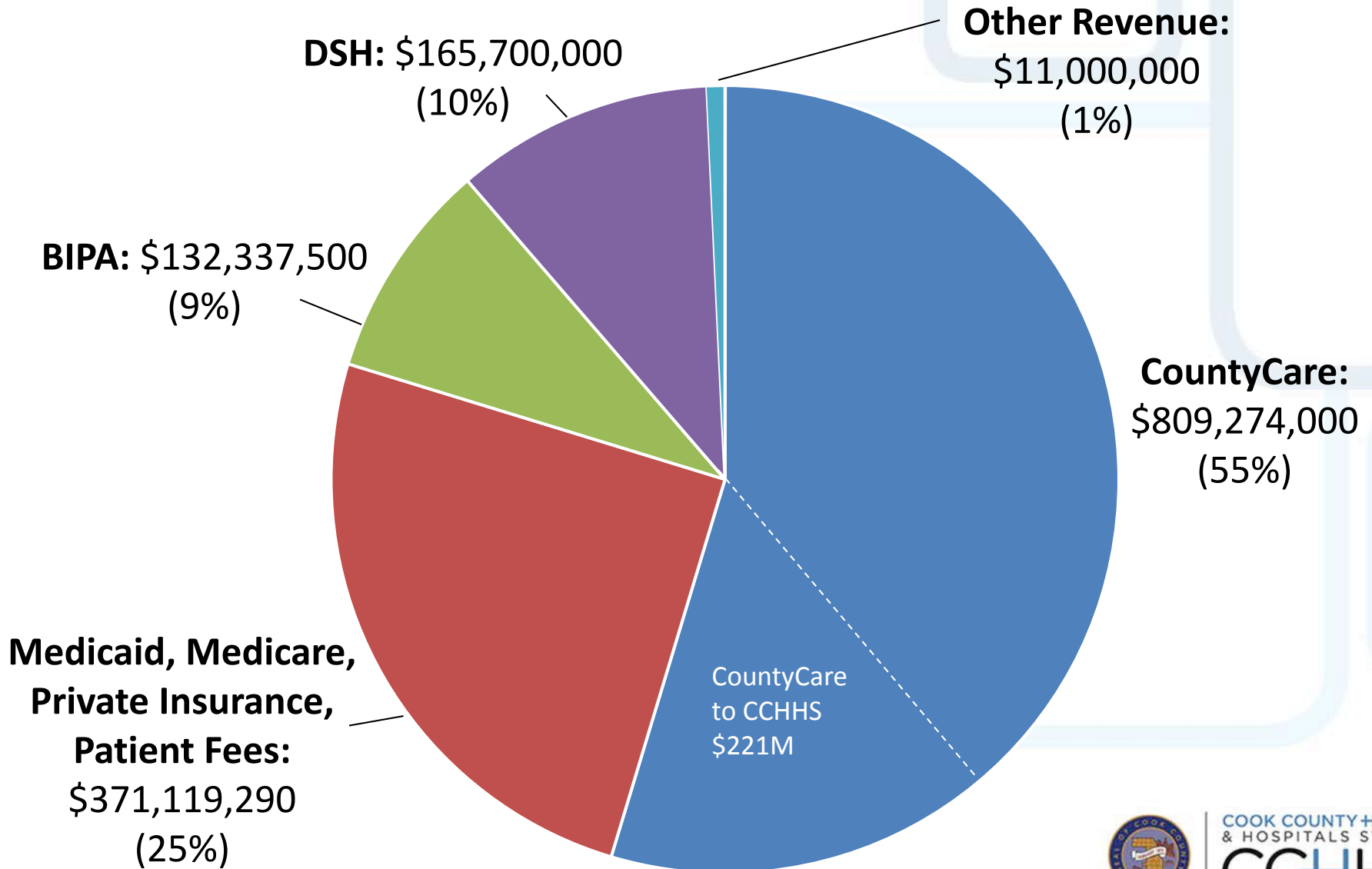
- Increased revenues related to increased volumes
- Increased revenues from Managed Care Organizations, Medicare and commercial contracts
- New grant revenue projected at \$1 million
- Greater utilization of CCHHS services within CountyCare network

Reductions

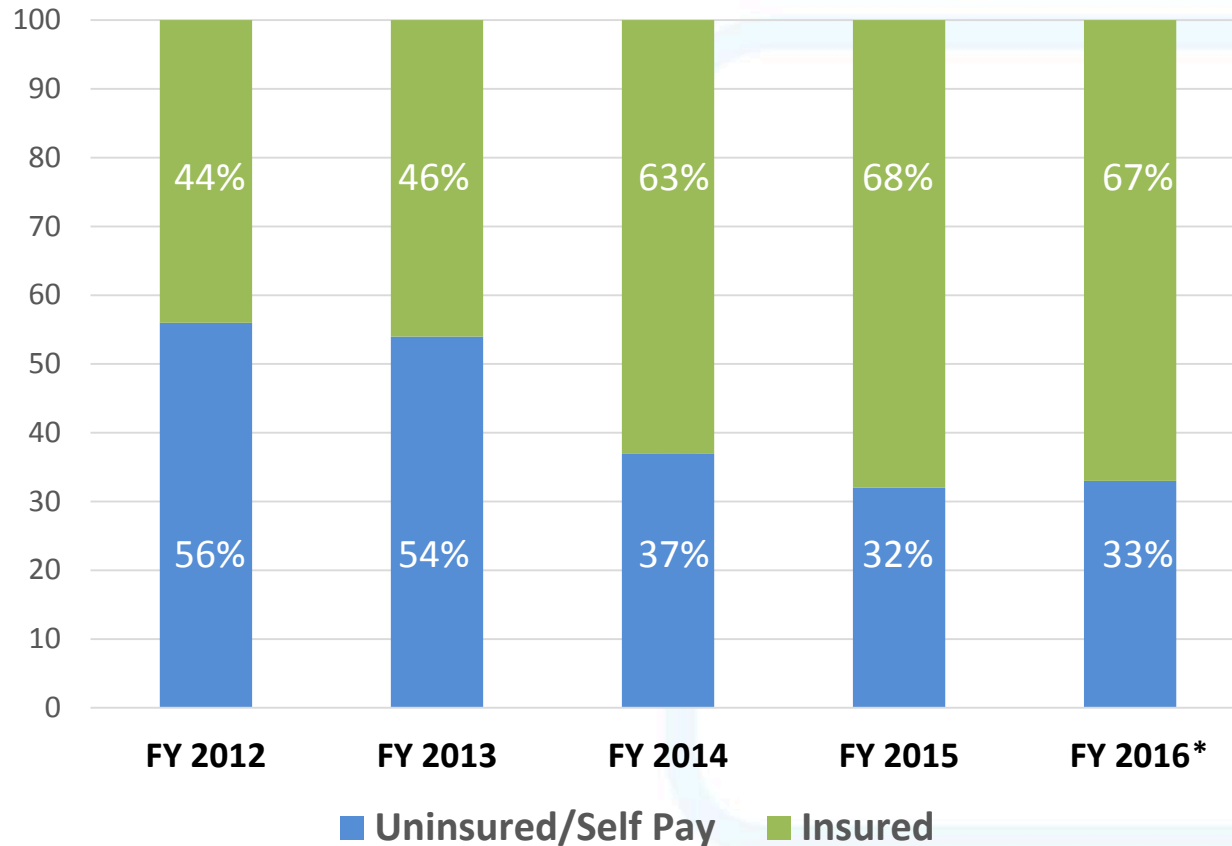
- County allocation decline from FY16
- CountyCare capitation based on 142,500 members



FY 2017 Revenue by Source



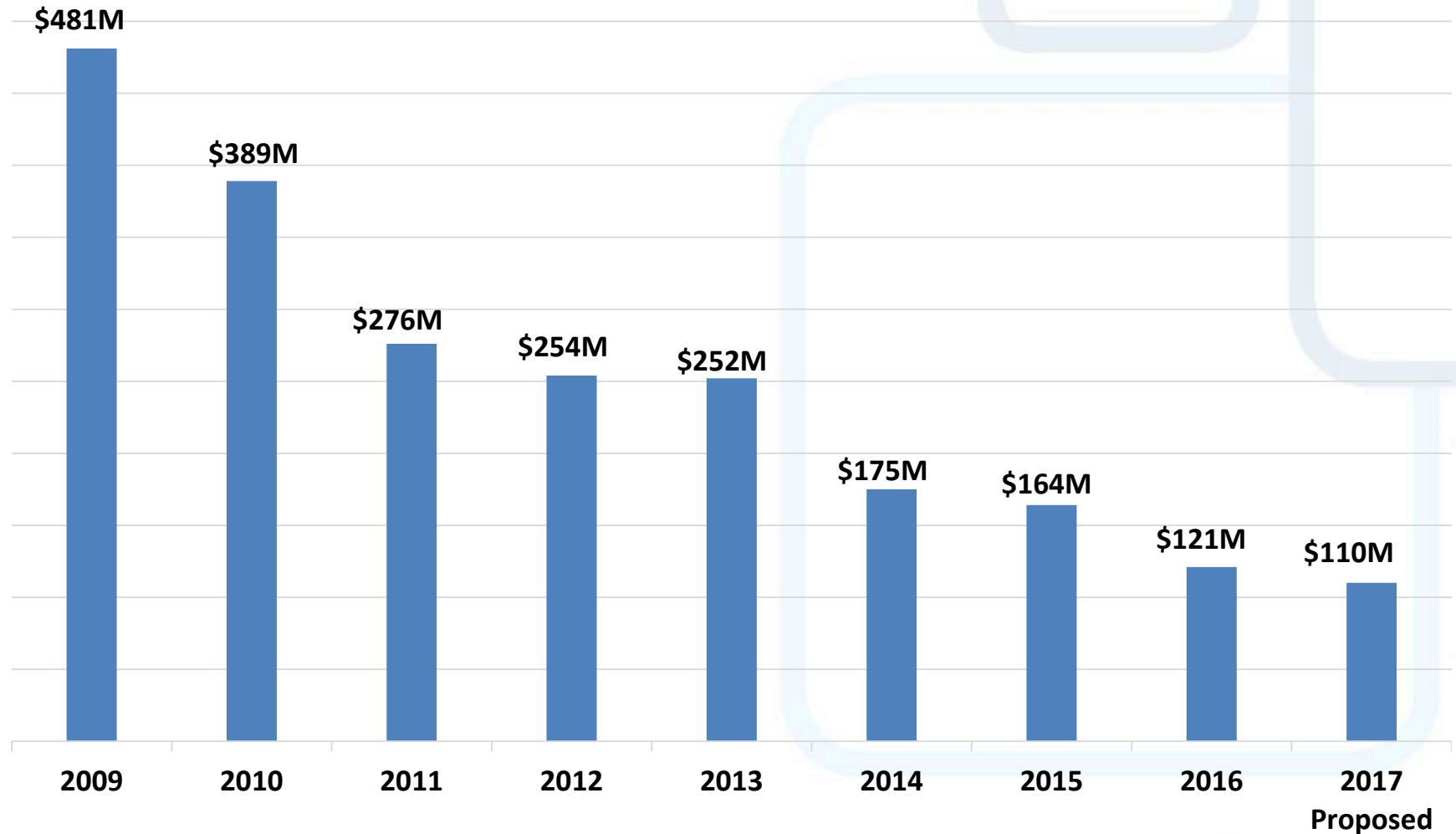
Insurance Status of CCHHS Patients



* FY 2016 represents first 8 months



County Health Fund Allocation to CCHHS Operating Expenses



Note: Pension and Debt Service not included. Until 2016, Cook County Government provided capital funding in addition to the allocation.



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FY 2017 Major Expense Assumptions

Salaries & Benefits

- In FY17, personnel costs include up to 4.2% salary increases for unionized staff related to Collective Bargaining Agreements*. The 4.2% does not include step increases.
- Net new FTE growth to continue efforts to improve patient experience, enhance care coordination and reduce denials of payments
- Reduction in actual overtime expenses

Other Costs

- Increasing uncompensated care
- Unreimbursed expenses for mandated Correctional Health and Public Health services
- Assumption of more capital expenses
- Pharmacy expense increases

* The 2012 – 2017 Collective Bargaining Agreements obligated 10.75% increases for unionized employees over the term of the five year contracts. 4.2% is the FY 2017 portion.



FY 2017 Proposed CountyCare Financial Summary

(in Millions)

	ACA Adult	FHP	ICP	Total
Membership	55,000	82,500	5,000	142,500
Revenue	\$432	\$282	\$95	\$809
Medical Expense (CCHHS)	(\$162)	(\$36)	(\$23)	(\$221)
Medical Expense (Network)	(\$246)	(\$200)	(\$58)	(\$504)
Administrative Expense	(\$16)	(\$23)	(\$1)	(\$40)
Total Expenses	\$(424)	\$(259)	(\$82)	(\$765)
Profit/(Loss)	\$8	\$23	\$13	\$44
Total CCHHS Contribution	\$170	\$59	\$36	\$265

FHP – Family Health Plan (dependent children, parents)

ICP – Integrated Care Plan (seniors and persons with disabilities)



FY 2017 Proposed Budget (in Millions)

	FY 2016 Adopted*	FY 2016 Projected*	FY 2017 Proposed*	FY17 v. FY16	Difference
Hospital-Based Services	\$716	\$905	\$890	(\$15)	-2%
Stroger Hospital	\$658	\$812	\$822	\$10	1%
Provident Hospital	\$58	\$93	\$68	(\$25)	-27%
Correctional Health	\$86	\$99	\$104	\$5	5%
Cermak	\$80	\$94	\$98	\$4	4%
JTDC	\$4	\$5	\$6	\$1	21%
Ambulatory Services	\$122	\$117	\$142	\$25	21%
ACHN	\$100	\$88	\$111	\$23	26%
CORE Center	\$12	\$15	\$17	\$3	20%
Oak Forest	\$10	\$14	\$13	(\$1)	-5%
CountyCare	\$646	\$632	\$557	(\$75)	-12%
Health System Admin	\$128	\$141	\$139	(\$3)	-2%
Public Health	\$15	\$14	\$17	\$3	17%
Health Fund Total	\$1,714	\$1,908	\$1,849	(\$60)	-3%

Note: FY 2016 Proposed Budget does not include costs related to self-insurance and the Governmental Accounting Standards Board Statement number 68 pension obligation. These numbers are included in FY16 Projected and FY17 Proposed.

Note – some numbers are rounded to nearest million for display purposes and could result in small arithmetical differences

Staffing to Grow and Compete

- **Increased nurse staffing to improve quality and reduce overtime**
 - Peri-operative Services
 - Neonatal Intensive Care Unit
 - Labor and Delivery
 - Medical Surgical Units, including Critical Care
- **Activate new pre-registration staff and care management to**
 - Improve throughput, registration/insurance capture
 - Improve care coordination (complete transition from TPA)
 - Enhance customer experience
 - Increase revenue from managed care organizations
- **Strengthen and support quality and patient safety initiatives**
- **In-source outpatient billing**
- **Comply with Department of Justice mandates at Cermak**
- **Build internal grant capacity**
- **Recruit CCHHS Inpatient Transportation and Environmental Services leadership**
- **Expand integration of behavioral health**
 - Behavioral health clinicians in medical homes, specialty care and emergency departments

FY2017 Proposed Budget

Full Time Equivalent Position Count

	FY 2016 Adopted	FY 2017 Proposed	Difference
Ambulatory Services	943	1,016	8%
ACHN	766	859	12%
CORE Center	78	78	0%
Oak Forest	99	79	-20%
Correctional Health	647	674	4%
Cermak	611	636	4%
JTDC	36	38	6%
CountyCare	23	98	326%
Health System Administration	474	494	4%
Public Health	123	120	-2%
Hospital-Based Services	4,526	4,463	-1%
Stroger Hospital	4,175	4,121	-1%
Provident Hospital	351	342	-3%
CCHHS Total	6,736	6,865	2%

Note – some numbers are rounded for display purposes and could result in small arithmetical differences

FY 2017 – 2019 PROJECTIONS



FY 2017- 2019 Revenue Assumptions

Grow / Sustain

- Year-over-year growth in volumes
- Greater utilization of CCHHS services within CountyCare network
- Increased revenues from Managed Care Organizations, Medicare and commercial contracts
- New grant revenue projected at \$1 million growth year-over-year
- CountyCare capitation stable at 142,500 members
- Improved Denial Management
- County allocation will remain stable
- Disproportionate Share Hospital (DSH) and Benefits Improvement and Protection Act (BIPA) will remain stable

Reductions

- Lead Prevention Fund will be depleted and cost will move to operating budget



FY2016 – 2019 Accrual Basis Financial Projections

(in Millions)

	FY 2016 Projected	FY 2017 Proposed	FY 2018 Proposed	FY 2019 Proposed
Revenues				
Revenue	\$1,533	\$1,480	\$1,517	\$1,540
Cook County Allocation	\$121	\$110	\$110	\$110
Cook County Pension Contribution	\$47	\$45	\$40	\$35
Total Appropriated Funds	\$1,701	\$1,635	\$1,667	\$1,685
Expenses				
Hospital-Based Services	\$905	\$890	\$893	\$893
CountyCare External Expenses	\$632	\$557	\$540	\$524
Health Administration	\$141	\$139	\$136	\$133
Ambulatory Services	\$117	\$142	\$156	\$172
Correctional Health	\$99	\$104	\$106	\$108
Public Health	\$14	\$17	\$17	\$21
Total Expenditures	\$1,908	\$1,849	\$1,849	\$1,852
Net Surplus/ (Deficit)	-\$207	-\$214	-\$182	-\$167
Non-Cash Expenditures				
Pension	\$173	\$175	\$175	\$175
Depreciation	\$28	\$28	\$28	\$28
Self-Insurance Reserve	\$15	\$15	\$15	\$15
Amount Available for Capital Expenditure	\$9	\$4	\$36	\$51

*New Governmental Accounting Standards Board (GASB) reporting requirements went into effect in mid-2016.

FY 2017-2019 Major Expense Assumptions

Salaries & Benefits

- Personnel cost growth related to step increases
- Potential CBA related increases
- Realignment of resources and FTE's will continue.
- FTE growth will result in progressive decline in actual overtime expenses

Other Costs

- Increasing uncompensated care
- Unreimbursed expenses for mandated Correctional Health and Public Health services
- Assumption of more capital expenses
- Pharmacy expense increases



Budget Timeline

CCHHS Board Process

August 19: CCHHS Finance Committee

Proposed Preliminary Budget Introduction

August 24: CCHHS Finance Committee

Public Hearings

August 26: CCHHS Board Meeting

Proposed Preliminary Budget for Consideration

Cook County Board Process

September 14: Cook County Board Meeting

CCHHS Proposed Preliminary Budget Introduction for Consideration

October: Special County Board Meeting

Cook County Budget Introduction*
** Includes CCHHS' Proposed Preliminary Budget*

October: Cook County Finance Committee

CCHHS Department Review Hearing

November: Cook County Board

Cook County Budget Consideration



Questions?



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