

## **CEO Dr. Erik Mikaitis Opening Remarks As Prepared Cook County Health Preliminary FY2027 Budget**

Good morning.

The proposed Fiscal Year 2027 budget reflects one of the most consequential moments in Cook County Health's recent history.

Across the nation, safety net health systems are confronting a perfect storm. Federal Medicaid funding cuts are expected to reduce health coverage for hundreds of thousands of Illinois residents. Enhanced marketplace subsidies have expired. More patients are becoming uninsured.

County residents will increasingly rely on Cook County Health because we are the healthcare system that never turns patients away.

That is our mission, and it will remain our mission.

Yet, for our health system, those federal cuts translate directly into fewer insured patients, significantly more charity care, and a substantial reduction in revenue.

We project a \$138 million decline in patient care revenue next year. We expect charity care costs to increase by \$100 million, reaching nearly \$500 million in 2027.

The good news is that we did not wait for this moment to begin preparing.

For several years, our team has been planning for increasing federal pressure on safety net healthcare. Through aggressive expense reductions we have removed approximately \$315 million in expenses since 2024 while protecting our ability to care for patients, health plan members and residents.

Unfortunately, even after all of those improvements, the magnitude of the federal cuts now confronting us exceeds what operational efficiencies alone can overcome.

That is why this budget includes additional County funding.

We have laid out the challenges we are faced with as a result of federal funding cuts and the difficult decisions we may have to make, including facility closures and layoffs.

Our north star continues to be our mission to care for all. As I've continued to say, we will do as much as we can for as long as we can.

Even as we face these financial realities, we continue looking forward. We are expanding outpatient specialty capacity, improving patient flow, increasing clinical productivity, leveraging technology, strengthening our revenue cycle, and helping Medicaid members maintain coverage whenever possible.

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These initiatives will make Cook County Health stronger, more efficient, and better positioned for the future.

But I also want to be candid.

FY2027 will be difficult.

Based on what we know today, FY2028 and FY2029 may prove even more challenging if current federal cuts remain in place and additional support is not identified. We must prepare accordingly, continue making prudent decisions, and remain disciplined in our stewardship of public resources.

Despite these challenges, I remain confident in this organization.

I am confident because of our employees, whose dedication to those they serve never wavers. I am confident because of the leadership of this Board and the County Board.

And I am confident because our mission has sustained Cook County Health for nearly two centuries and remains unchanged today.

Thank you, and now I will turn it over to Scott for an overview of our preliminary FY2027 budget in a moment.

But before I do, I want to recognize Scott, Andrea Gibson, Chief Strategy Officer, Joe Franzwa, Budget Director, Diedre Watts, Controller, and the entire finance team for developing a budget in a time of such great ambiguity.

We are entering uncharted territory. We have made estimates, but do not have experience with the sheer scale of cuts being enacted next year.

This made budgeting for 2027 even more challenging and the finance team rose to the occasion. Thank you.

Now Scott, the floor is yours.