



COOK COUNTY HEALTH  
& HOSPITALS SYSTEM  
CCHHS

# FY2016 Budget Presentation

CCHHS Finance Committee Meeting

Dr. Jay Shannon, CEO

Doug Elwell, Deputy CEO for Finance & Strategy

August 21, 2015

# FY15 Accomplishments

- Finances
- Hiring – on track to fill 1,000 vacancies this year, up from 465 in FY14
- Expansion of CountyCare to include traditional Medicaid populations
  - Current membership exceeds budget projections
  - CountyCare largest Medicaid plan serving Cook County residents



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# FY15 Accomplishments

- Expanded access to outpatient services to reduce avoidable inpatient stays
- Patient Support Center
  - 1,300 calls per day
  - Expanded hours M-F, 8am-7pm
  - Added nursing support
  - PSC schedules all community-based primary care appointments and will soon schedule all imaging appointments
  - E-consult platform rolling out



# FY15 Accomplishments

- New MRI and linear accelerators installed
  - 7,000 MRIs annually
  - 50-100 radiation treatments daily
- 2<sup>nd</sup> shift added to System mail-order pharmacy
  - 1.9 million outpatient prescriptions filled annually
- Comprehensive ophthalmology services added at Provident and expanded at Oak Forest Health Center
  - 200 patients weekly



# FY15 Accomplishments

- Opened 14-bed Four Flex Unit (short stays)
- Decreased Stroger Emergency Department arrival to discharge time by 35% and “left without being seen” proportion by 75%
- Achieved 94% compliance with employee influenza vaccination policy



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# FY15 Accomplishments

## Correctional Health

- Residential Treatment Unit fully operational housing nearly 1,000 detainees daily
- National Health Service Corp legislation introduced

## Public Health

- Measles outbreak mitigation in north suburbs
- Ebola preparation and monitoring



# FY15 Accomplishments

## Accreditations/Certifications

- National Burn Center Verification for Stroger Burn Unit from American Burn Association
- Primary Care Medical Home Certification from The Joint Commission
- Three year accreditation for Provident Hospital from The Joint Commission
- Health Information Management Systems Society Stage 6



# FY16 Initiatives

- Improve utilization of CCHHS services by CountyCare members
- Relocate/improve community-based clinical services based on patients' needs, market indicators and facility location and condition
- Expand behavioral health services
- Utilize more efficient inpatient and outpatient staffing models





# FY16 Initiatives

- Continue patient experience initiative
- Identify opportunities to bring services in-house and maximize effectiveness of existing contracts (\$5M net savings)
- New facility investment on the Central Campus



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# FY16 Key Budget Drivers

- Maintain mission to serve all in need
- Unprecedented competition for nearly 70% of our patients who are insured
- Increase outpatient capacity and improve patient experience to drive volume
- Continue to improve System's financial position
- Reduce number of detainees with behavioral health issues

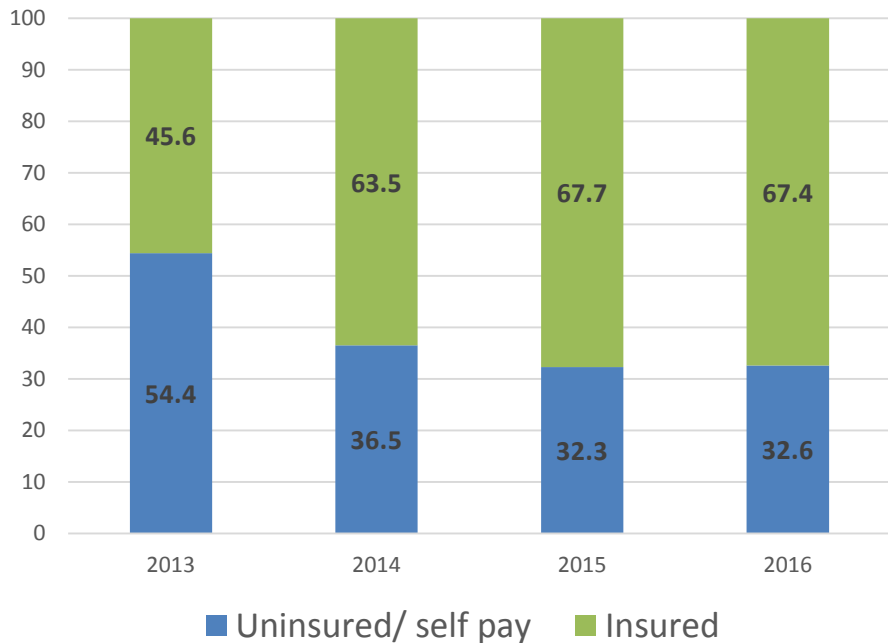


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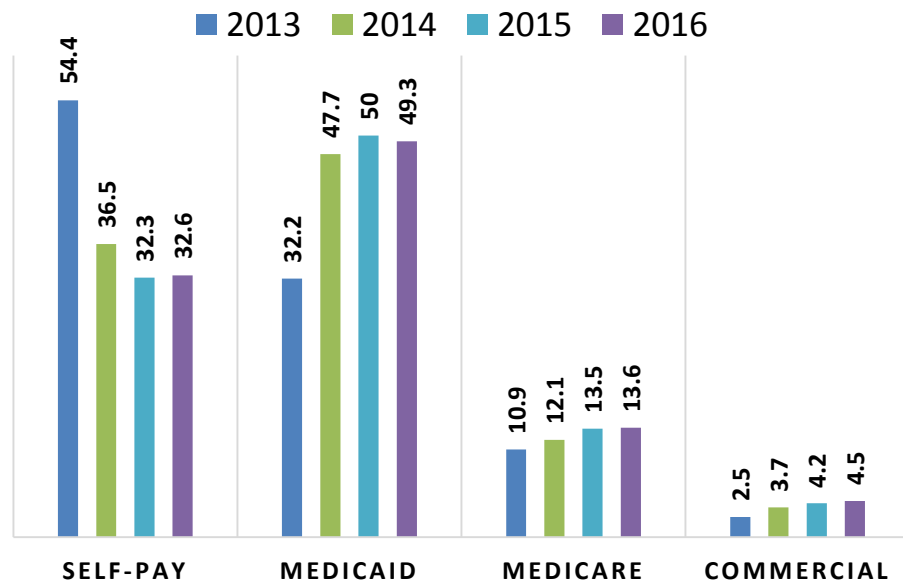
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# CCHHS Payor Mix

Insurance Status of CCHHS Patients



CCHHS PAYOR MIX  
2013-2015



# FY16 Budget Assumptions

- Inpatient volumes projected to decrease 5%
- Outpatient volumes projected to increase 15%
- Emergency visits projected to stabilize
- CountyCare membership projected at 180,000



# Monthly -Inpatient Days, Emergency Visits and Outpatient Clinic Registrations

	FY 2014 (Monthly Average)	FY 2015* (Monthly Average)	FY2016 Monthly Projection
Inpatient Days	8,752	8,349	7,932
Observation Days	839	824	783
Emergency	12,887	12,255	12,255
Outpatient	78,021	77,340	88,941

\*data through July 2015

Source: CERNER



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# FY16 Budget Assumptions

- Maintain mission to the underserved in Cook County
- Lower direct support from Cook County taxes post-Affordable Care Act
- Invest in new and existing clinical services and facilities to remain competitive
- Improve patient experience to retain/grow volumes
- Continued aggressive recruitment of exceptional staff



# FY16 Budget Assumptions

- Migration from Fantus to newly configured clinic space within Stroger
- Begin construction of state-of-the-art regional ambulatory center to serve the Provident community
- Identify options for a more efficient, cost-effective regional ambulatory center to serve the south suburban population
- Expand behavioral health services to reduce unnecessary ED visits/hospitalizations and detentions for patients with mental illness



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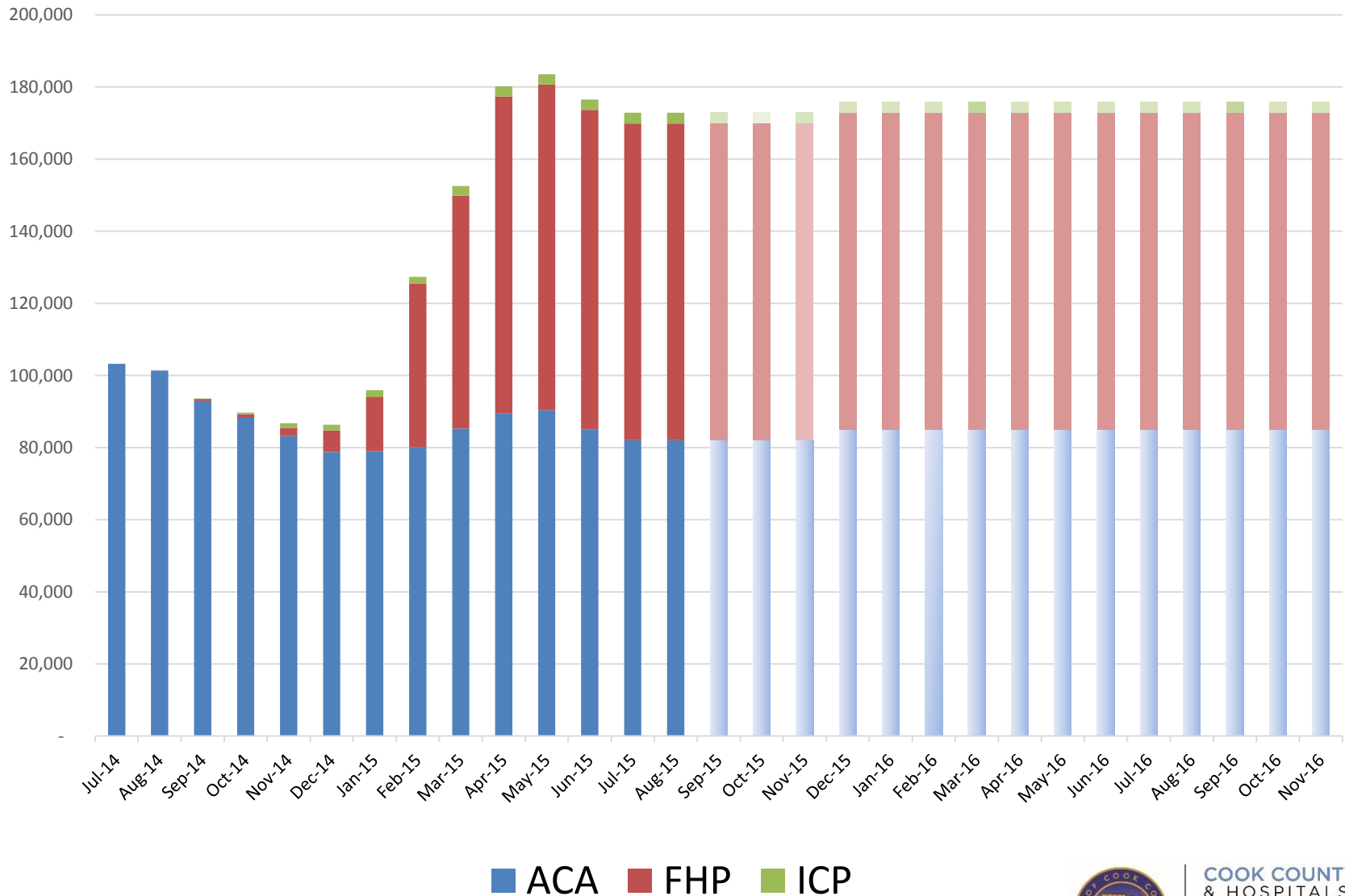
# CountyCare in FY16

- Membership projected at 180,000
- New Third Party Administrator expected to yield savings
- Enhance behavioral health services- leveraging C4's resources to better manage members' needs
- Develop more comprehensive care coordination services at the provider level
- Improve utilization of CCHHS services within CountyCare network





# CountyCare Membership Projection



# CountyCare in FY16

\$'s in Millions	ACA Adult	FHP	ICP	Total
Membership	85,000	90,506	2,951	178,457
Revenue	\$643	\$264	\$46	\$952
Medical Expense (CCHHS)	\$217	\$70	\$23	\$310
Medical Expense (Network)	\$364	\$195	\$24	\$582
Administrative Expense	\$37	\$21	\$2	\$59
Profit/(Loss)	\$25	\$(22)	\$(3)	\$0.5
Total CCHHS Contribution	\$244	\$46	\$21	\$311



# FY16 Revenue Assumptions

- Reduced County allocation
- Increase in revenue from serving more patients in imaging, ophthalmology, and outpatient surgery
- Generate capital from improvements in operations
- Fee-For-Service requiring prior authorization will now come from Medicaid Managed Care Organizations, Medicare and commercial plans instead of traditional Medicaid (\$276 million)
- DSH and BIPA expected to be stable



# Revenue Enhancement Activities

- Increase preregistration staff and scope of work to significantly improve preauthorization
- Locate coders in clinical areas to work with physicians to capture all necessary documentation and coding
- E-Consult will increase early communication between CCHHS specialists and CCHHS and other primary care physicians
- Increase exam rooms per provider to enhance productivity



# Revenue Enhancement Activities

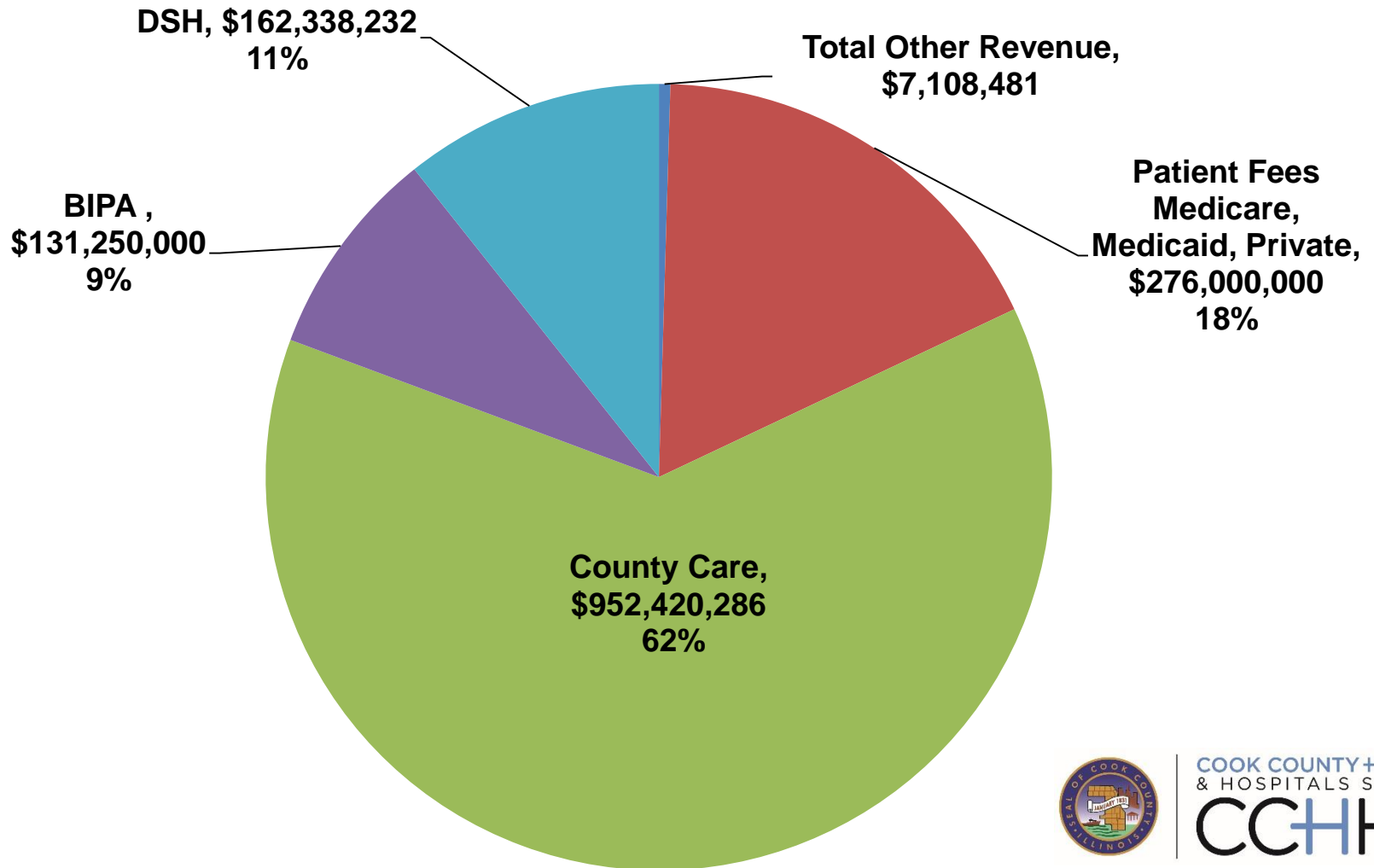
- Refurbish/relocate outpatient facilities
- Expand ophthalmology services (technology and physician availability) at Oak Forest and Provident
- Provide advanced CT, MRI, mammography services at Provident
- Expand Patient Support Center
- Extend hours for ambulatory services



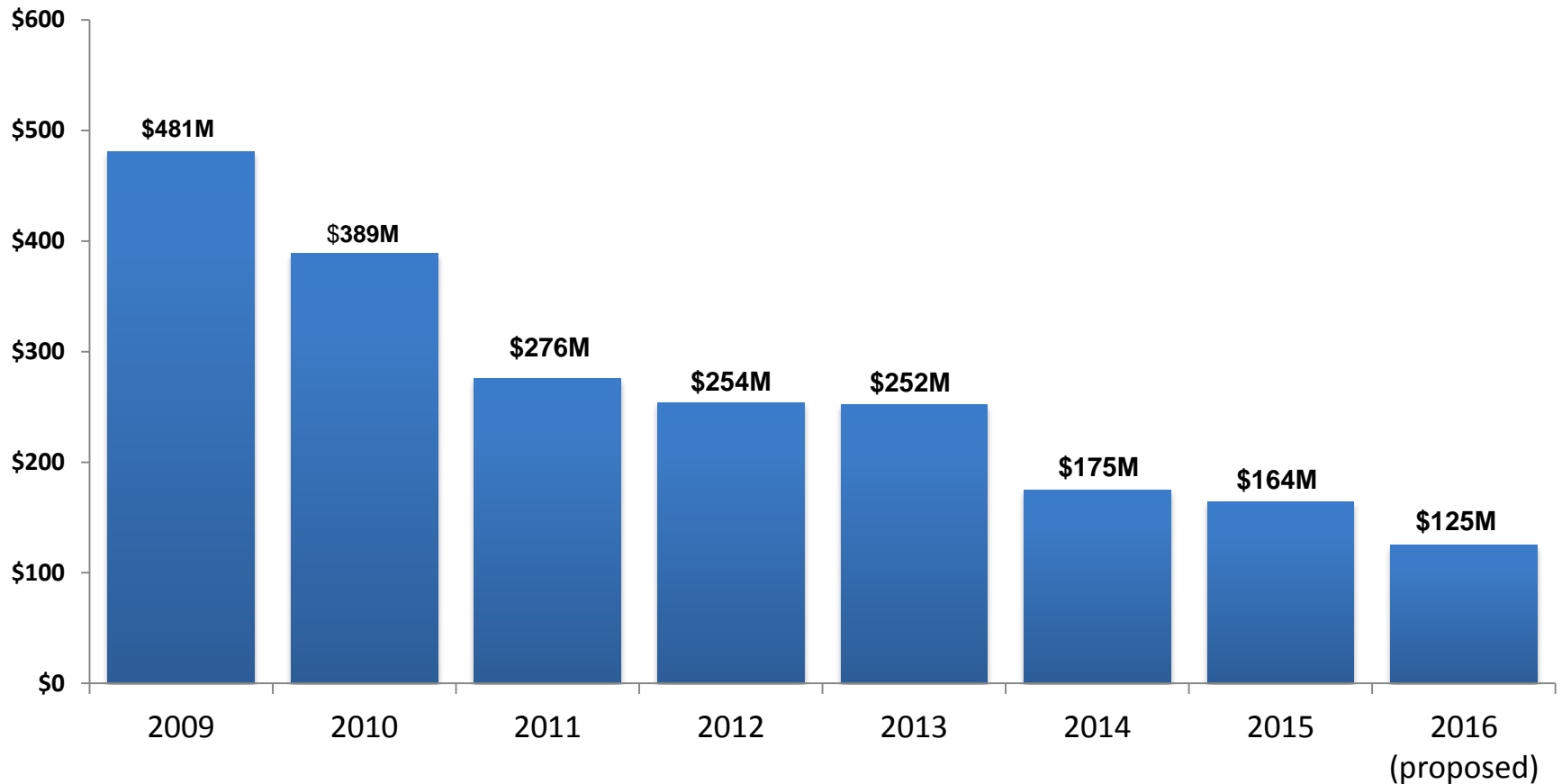
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# FY16 Revenue by Source



# Cook County Health Fund Allocation



# FY16 Expense Assumptions

- Increasing personnel costs related to CBAs (\$30M in FY16)
- FTE Count 6,736
- Maintenance and utility costs on older facilities (\$13M)
- Increase in pharmaceutical and medical supply price and usage offset by waste prevention activities
- Unreimbursed care costs
  - Correctional Health (\$86M)
  - Public Health (\$15M)
  - Uncompensated Care (\$370M)





# Expense Control Strategies

- Staff to volumes
- Position staff to work at the top of their license
- Expand behavioral health services to reduce unnecessary ED visits, hospitalizations and detention

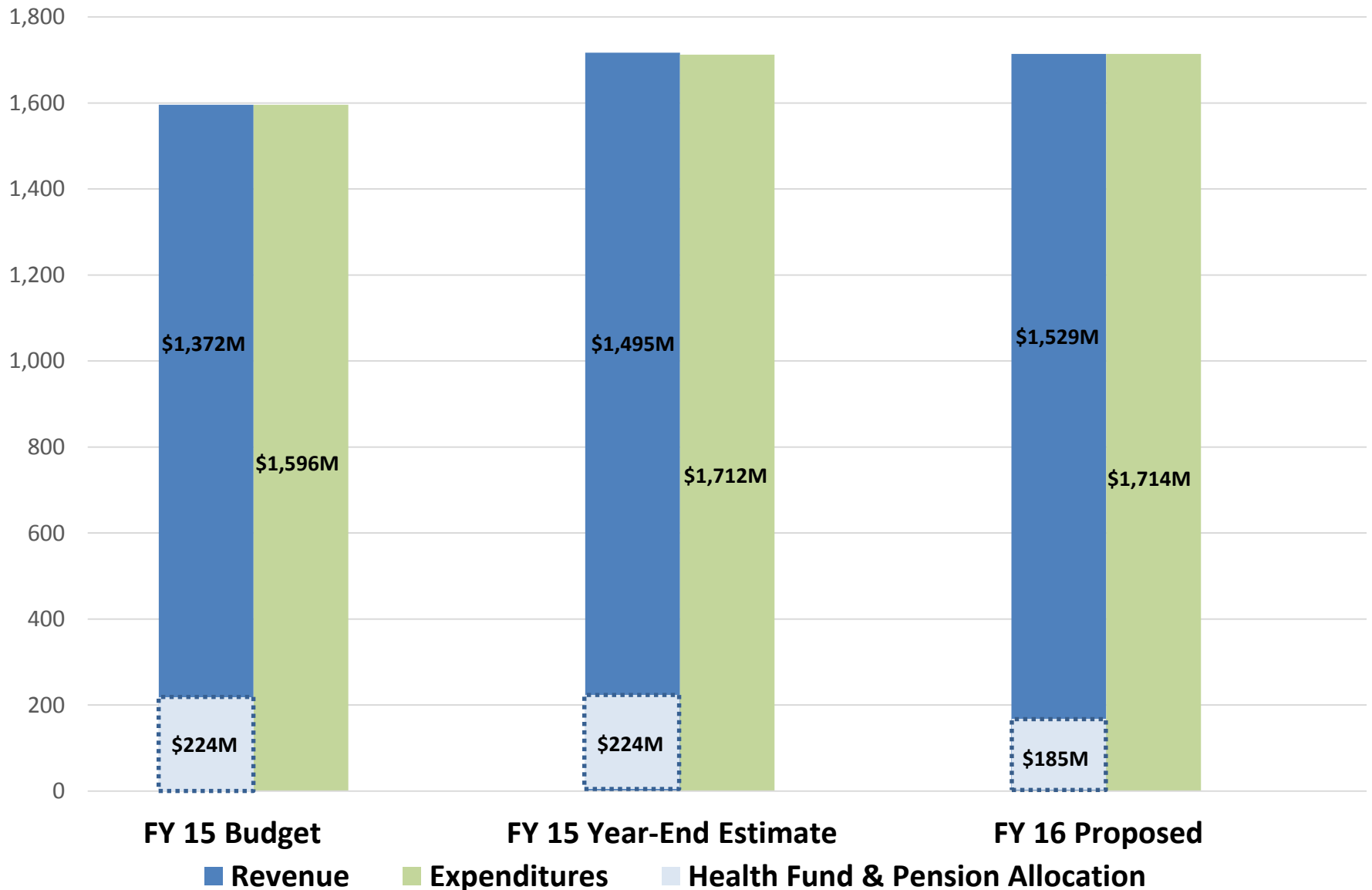


# Expense Control Strategies

- Optimize inventory control
- Strengthen utilization review to reduce unnecessary admissions and lengths of stay
- Limit pharmacy access to contracted pharmacy plans and CareLink patients



# Budgeted Revenues and Expenditures



# Expenditures

Department	FY14 Actual	FY15 Year End Est.	FY16 Proposed	Variance FY15 Est. To FY16 Proposed	Percent Variance FY15 Est. To FY16 Proposed
<b>Hospital Based Services</b>	<b>\$488M</b>	<b>\$702M</b>	<b>\$716M</b>	<b>\$14M</b>	<b>2%</b>
Stroger Hospital	\$443M	\$640M	\$658M	18M	3%
Provident Hospital	\$45M	\$62M	\$58M	(\$4M)	(6%)
<b>CountyCare</b>	<b>\$489M</b>	<b>\$686M</b>	<b>\$646M</b>	<b>(\$40M)</b>	<b>(6%)</b>
<b>Benefits &amp; Insurance</b>	<b>\$94M</b>				
<b>Health Administration</b>	<b>\$177M</b>	<b>\$125M</b>	<b>\$128M</b>	<b>\$3M</b>	<b>2%</b>
<b>Ambulatory Services</b>	<b>\$66M</b>	<b>\$109M</b>	<b>\$123M</b>	<b>\$14M</b>	<b>13%</b>
<b>Correctional Health</b>	<b>\$44M</b>	<b>\$76M</b>	<b>\$86M</b>	<b>\$10M</b>	<b>13%</b>
<b>Public Health</b>	<b>\$13M</b>	<b>\$14M</b>	<b>\$15M</b>	<b>\$1M</b>	<b>7%</b>
<b>Total Expenditures</b>	<b>\$1,371M</b>	<b>\$1,712M</b>	<b>\$1,714M</b>	<b>\$2M</b>	<b>0%</b>

# Position Summary

Department	FY 2014 Budgeted	FY 2015 Budgeted	FY 2016 Proposed	Variance	Percent Variance
<b>Hospital Based Services</b>	<b>4,264</b>	<b>4,483</b>	<b>4,526</b>	<b>43</b>	<b>1%</b>
Stroger Hospital	3,906	4,098	4,175	77	2%
Provident Hospital	358	385	351	(34)	(9%)
<b>CountyCare</b>	<b>266</b>	<b>30</b>	<b>23</b>	<b>(7)</b>	<b>(23%)</b>
<b>Health Administration</b>	<b>647</b>	<b>412</b>	<b>474</b>	<b>62</b>	<b>15%</b>
<b>Ambulatory Services</b>	<b>805</b>	<b>1,043</b>	<b>943</b>	<b>(100)</b>	<b>(10%)</b>
ACHN	620	858	766	(92)	(11%)
CORE	70	75	78	3	4%
Oak Forest	115	110	99	(11)	(10%)
<b>Correctional Health</b>	<b>616</b>	<b>654</b>	<b>647</b>	<b>(7)</b>	<b>(1%)</b>
Cermak	579	617	611	(6)	(1%)
JTDC Health	37	37	36	(1)	(3%)
<b>Public Health</b>	<b>148</b>	<b>125</b>	<b>123</b>	<b>(2)</b>	<b>(2%)</b>
<b>Total</b>	<b>6,745</b>	<b>6,747</b>	<b>6,736</b>	<b>(11)</b>	<b>0%</b>

## Summary Proposed FY16 Preliminary Budget and Projected FY17 & FY18

	FY16 Proposed	FY17 Projected	FY18 Projected
<b>Revenues</b>			
Revenue	\$1,529M	\$1,502M	\$1,499M
Cook County Health Fund Allocation and Pension Contribution	\$185M	\$208M	\$205M
<b>Total Appropriated Funds</b>	<b>\$1,714M</b>	<b>\$1,710M</b>	<b>\$1,704M</b>
<b>Expenses</b>			
Hospital Based Services	\$716M	\$702M	\$688M
CountyCare External Expense	\$646M	\$633M	\$621M
Incremental Capital Equipment		\$16M	\$30M
Health Administration	\$128M	\$128M	\$128M
Ambulatory Services	\$123M	\$132M	\$140M
Correctional Health	\$86M	\$83M	\$80M
Public Health	\$15M	\$16M	\$17M
<b>Total Expenditures</b>	<b>\$1,714M</b>	<b>\$1,710M</b>	<b>\$1,704M</b>
<b>Net surplus/(deficit)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

# Questions?



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