

FY2021 Proposed Budget

Debra Carey, Interim CEO

Andrea Gibson, Interim Chief Business Officer

August, 2020



COOK COUNTY
HEALTH

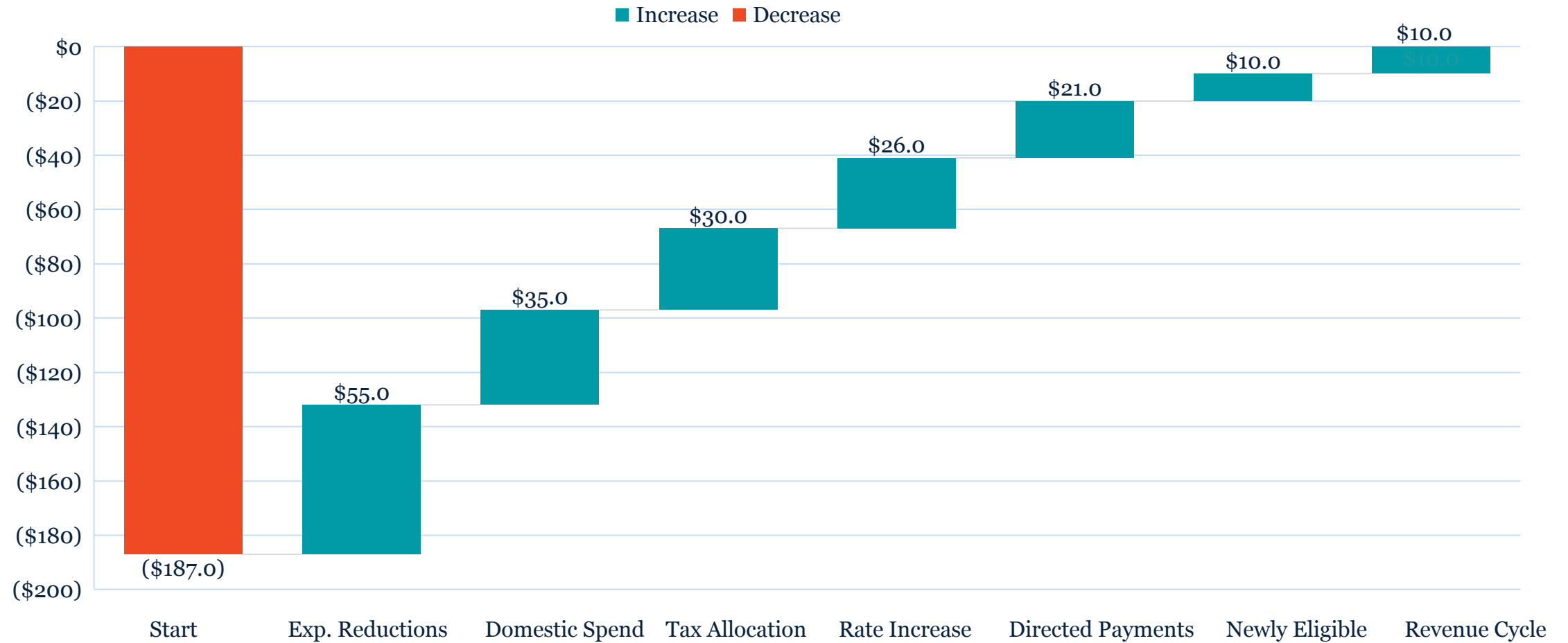
FY2020-FY2021 Budget

In millions	FY2020 Adjusted Appropriation	FY2021 Proposed Budget	Variance	FY2020 FTEs	FY2021 FTEs	Variance
CountyCare	\$1,760	\$2,226	\$465	182	356	174
Correctional and Public Health*	\$99	\$120	\$21	755	1,212	457
CCH Provider**	\$965	\$1,032	\$66	5,664	5,541	(123)

*Public Health includes Contact Tracing Grant, which expires June 30,2021 and 374 FTE's

**CCH Provider includes Integrated Care Management (ICM), predominately Care Coordination

Closing the FY21 Deficit - Total



FY2021 Proposed Budget

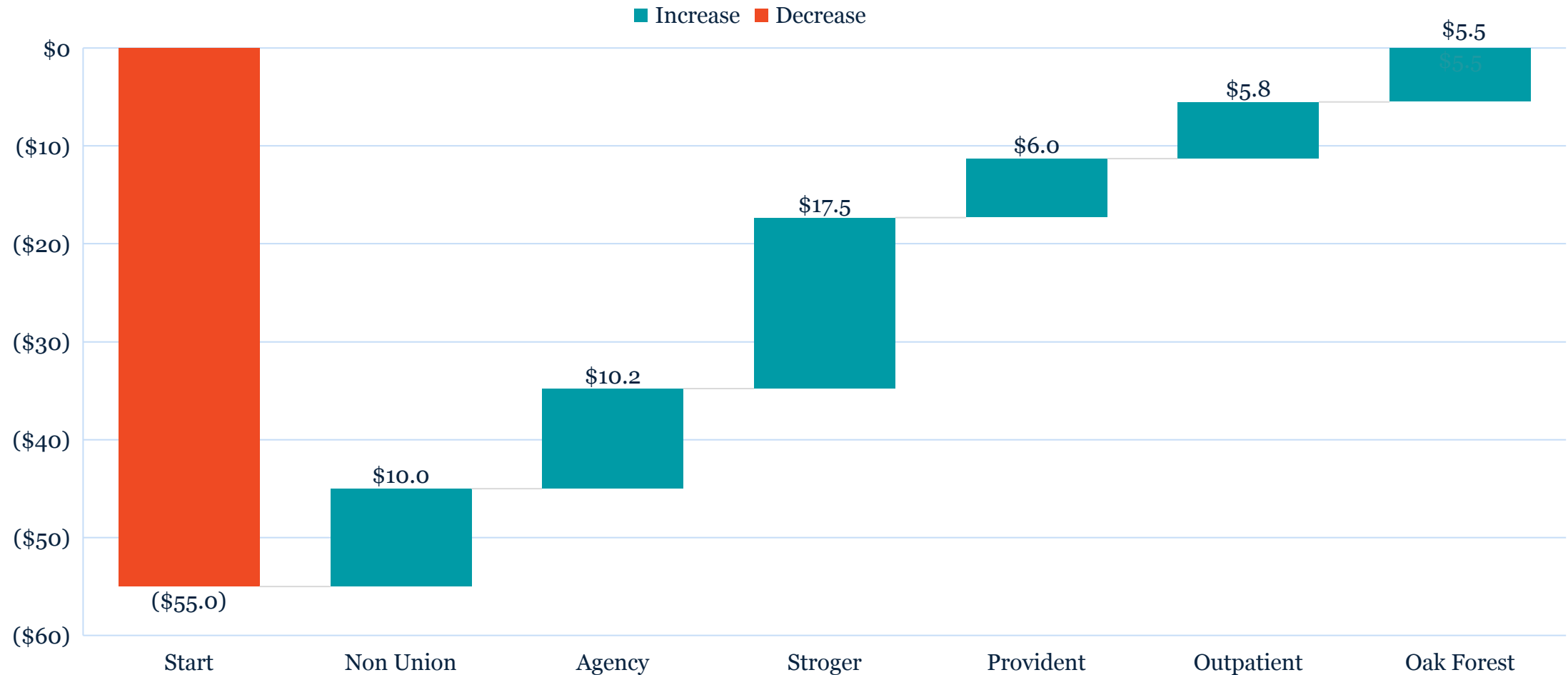
CCH Provider

Stroger, Provident, Outpatient (ACHN)



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Closing the FY21 Deficit - Expense



Budget by Department: Stroger

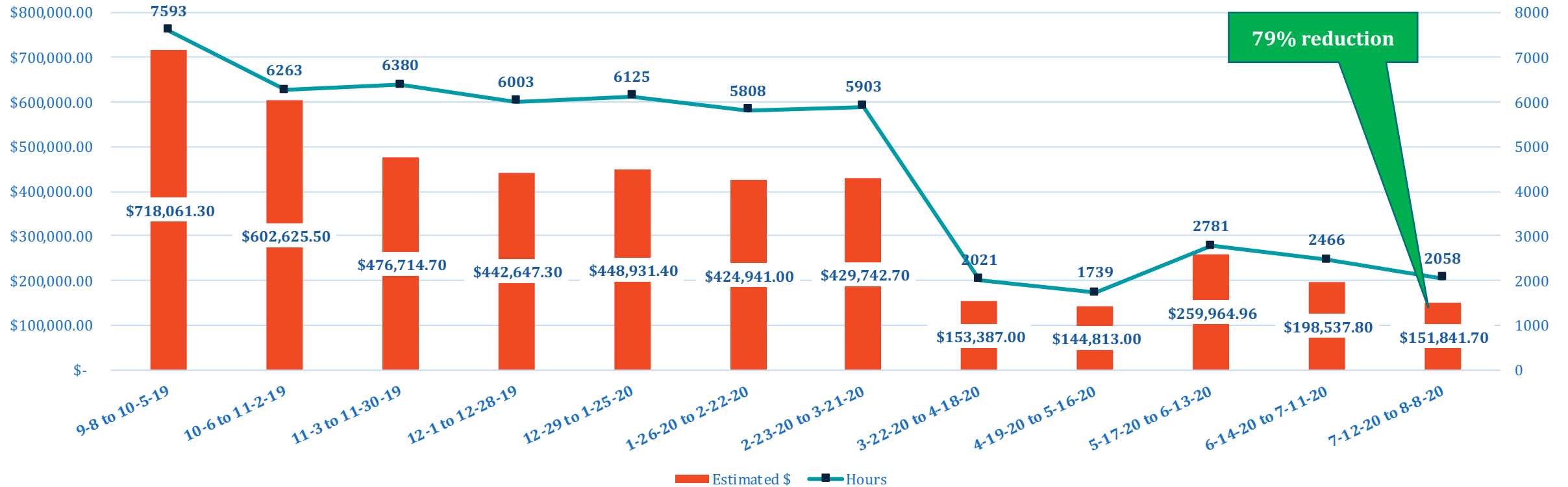
In millions	FY2020 Budget	FY2021 Proposed Budget	Variance	FY2020 FTEs	FY2021 FTEs	Variance
Stroger	\$671	\$751	\$80	4,189	4,352	163
Stroger Integrated Care Management	0	\$28.5	\$28.5	0	125	125

Commentary

- FTEs increase due to transfer of Integrated Care Management (ICM) from County Care by 125 and non personnel
 - Call Center, ACHN Care Coordination, Inpatient Care Coordination, Medicaid application assistance, transportation
- Shift of Physical Therapy from Provident to Stroger
- Suspension of inpatient pediatrics due to low volume
- Consolidation of sleep lab services at Provident
- Additional positions to reduce agency, contractor and overtime costs
- Turnover correction compared to FY2020



CCH System RN/LPN Agency (Excluding COVID-19 Agency Hours)



Not including COVID-19 related hours,

From Sept'19 to Jul'20, ~79% reduction in agency dollars equating to **566K** in monthly savings or ~**\$6.8M** annually

Budget by Department: Provident

In millions	FY2020 Budget	FY2021 Proposed Budget	Variance	FY2020 FTEs	FY2021 FTEs	Variance
Provident	\$56	\$60	\$4	401	375	(26)

Expense Drivers:

- Near South and Woodlawn Consolidation into Sengstacke (Provident)
- Conversion of Emergency Department to Standby Emergency Department
- Staffing to inpatient volumes
- Certificate of Need (CON) received in 2019 for new Provident construction



Provident Hospital Outpatient Services FY2021

Services:

- 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

Budget by Department: Outpatient (ACHN)

In millions	FY2020 Budget	FY2021 Proposed Budget	Variance	FY2020 FTEs	FY2021 FTEs	Variance
ACHN	\$83	\$76	(\$7)	401	313	(88)

Expenditure Drivers:

- Consolidation of Near South and Woodlawn Clinics into Sengstacke (Provident)
 - Unique patients 9,000
- Morton East Health School-Based Program and Child Advocacy Center health services program support
- FY2020 final year of Access to Care grant

Transitioning of Service - Oak Forest

✓ Oak Forest Clinic

- Building E **closed May 26, 2020.**
- Blue Island Center **opened June 8, 2020.**

✓ Revenue Cycle

- Building H **closed June, 2020.**
- 600 Holiday Plaza in Matteson **opened June 15, 2020.**

Cook County Dept. of Public Health

- Phase 1- **September, 2020** staff at Bridgeview will move to central campus
- Phase 2- **October, 2020** staff at Oak Forest will move to central campus

Pharmacy Services

- Phase 1- **October, 2020** outpatient pharmacy will relocate to Blue Island
- Phase 2- **Nov 30, 2020** expect contract in place and fully operational for mail order pharmacy

Reductions in Force

- Holding vacancies reduced the need for more layoffs

Department	Union Layoffs	Non-Union Layoffs	Total
Correctional Health	0	1	1
Bureau of Health/Administration	1	17	18
Provident	13	10	23
ACHN	6	3	9
Public Health	0	0	0
Managed Care	0	6	6
Stroger	47	22	69
Oak Forest	3	1	4
Total	70	60	130

*Includes full year of savings from 46 non-union layoffs in June, 2020

Budget by Department: CCH Provider

In millions	FY2020 Budget	FY2021 Proposed Budget	Variance	FY2020 FTEs	FY2021 FTEs*	Variance
Administration	\$44	\$48	\$5	328	305	(23)
Provident	\$56	\$60	\$4	401	375	(26)
ACHN	\$82	\$76	(\$6)	401	313	(88)
CORE	\$23	\$25	\$2	71	71	0
Stroger	\$671	\$751	\$80	4,189	4,352	163
Stroger: ICM	0	\$28.5	\$28.5	0	125	125
Managed Care: ICM	\$43	\$0	(\$43)	225	0	(225)
Oak Forest	\$7	\$0	(\$7)	49	0	(49)
Fixed Charges	\$39	\$41	\$2	0	0	0
Total	\$965	\$1,031	\$63	5,664	5,541	(123)



FY2021 Proposed Budget



Mandated Services: Correctional and Public Health



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Correctional Health

In millions	FY2020 Budget	FY2021 Proposed Budget	Variance	FY2020 FTEs	FY2021 FTEs	Variance
Cermak	\$81	\$96	\$15	575	667	92
JTDC	\$7	\$8	\$1	62	60	(2)

Increase drivers:

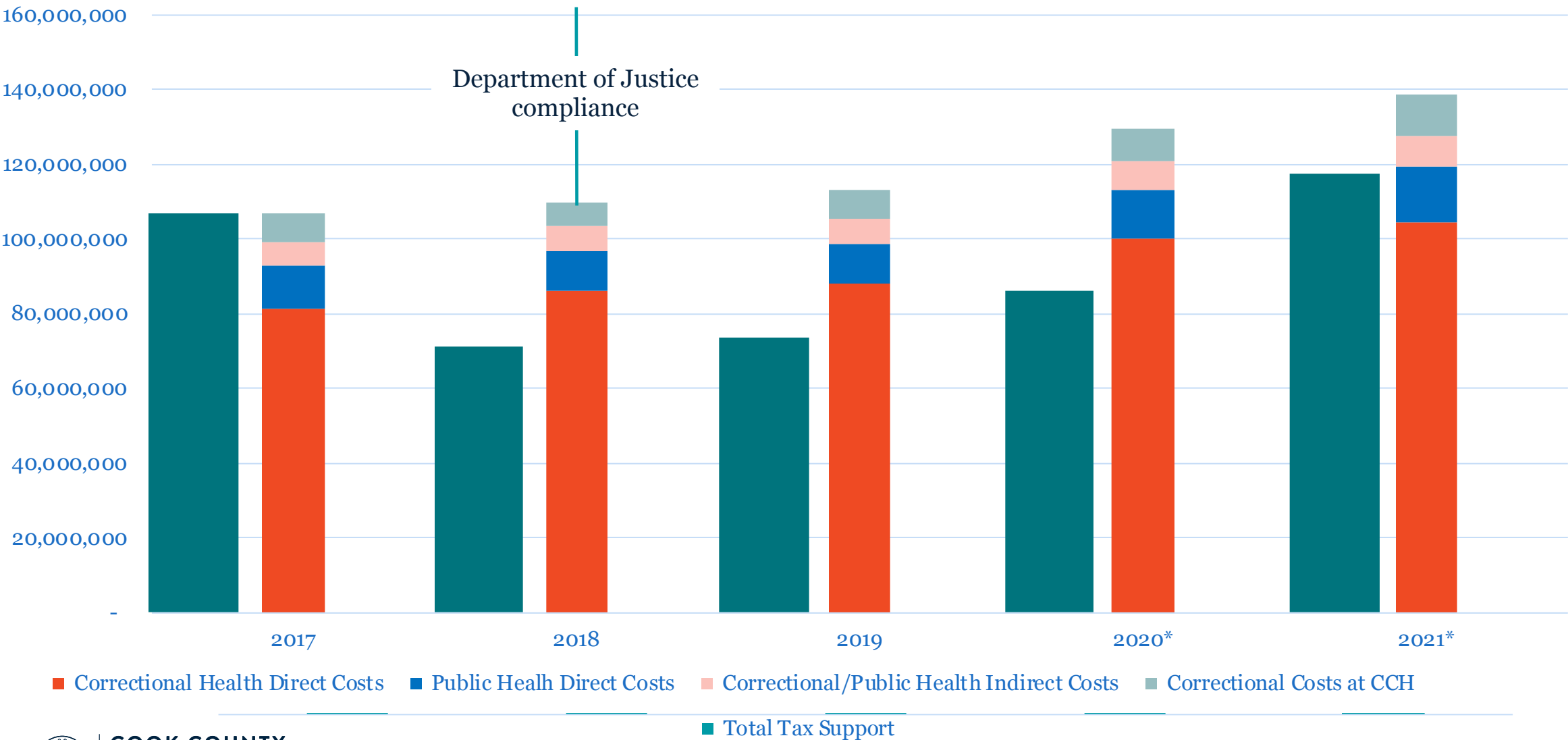
- COVID-19 Distancing Requirements new positions
 - Increase from 7 locations to staff to 13 locations to staff
 - Vaccine availability and effectiveness of vaccine will impact next 2 years
- Reduced turnover from 15% to 5%

Public Health

In millions	FY2020 Budget	FY2021 Proposed Budget	Variance	FY2020 Budgeted Positions	FY2021 Proposed Positions	Variance
Health Fund	\$10	\$15	\$5	118	111	(7)
Lead Fund	\$3	\$3.3	\$.3	17	18	1
Other Grants	\$8	\$9.5	\$1.5	41	47	6
Total	\$21	\$27.8	\$7.5	176	176	0
Contact Tracing	\$19.6	\$20.4	.8	374	374	0

*Contact Tracing Grant is projected to conclude May 31, 2021

Tax Allocation and Full Cost of Correctional/Public Health



FY2021 Proposed Budget



Health Plan Services



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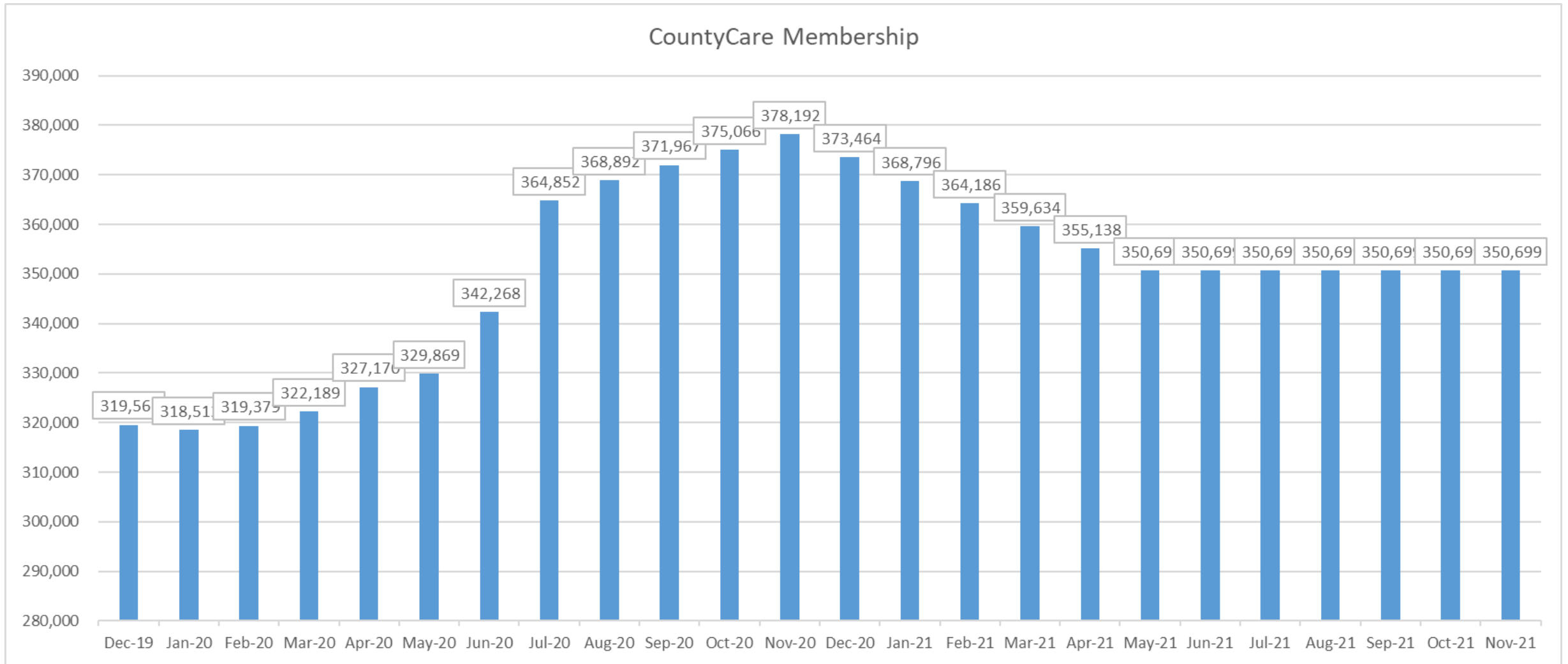
FY2021 Proposed Health Plan Services Financial Summary

(in millions)

	ACA Adult	FHP	SPD	MLTSS/ LTSS/IMD	SNC	TOTAL
CountyCare Projected 2021 Membership	88,567	224,346	29,766	6,314	7,350	356,343
CountyCare Revenue	\$604	\$682	\$649	\$199	\$51	\$2,185
Medical Expense (CCH)	\$61	\$97	\$37	\$7	\$2	\$204
Medical Expense (Network)	\$534	\$551	\$551	\$166	\$44	\$1,846
Administrative Expense	\$31	\$34	\$42	\$20	\$3	\$130
Total CountyCare Expenses	\$626	\$682	\$630	\$193	\$49	\$2,180
CountyCare Profit/(Loss)	\$(22)	\$0	\$19	\$6	\$2	\$5
Medicare Revenue						\$35
Medicare Expenses						\$45
Health Plan Services Profit/(Loss)						\$(5)
Total CCH Contribution	\$39	\$97	\$56	\$13	\$4	\$199



Membership Trends: CountyCare



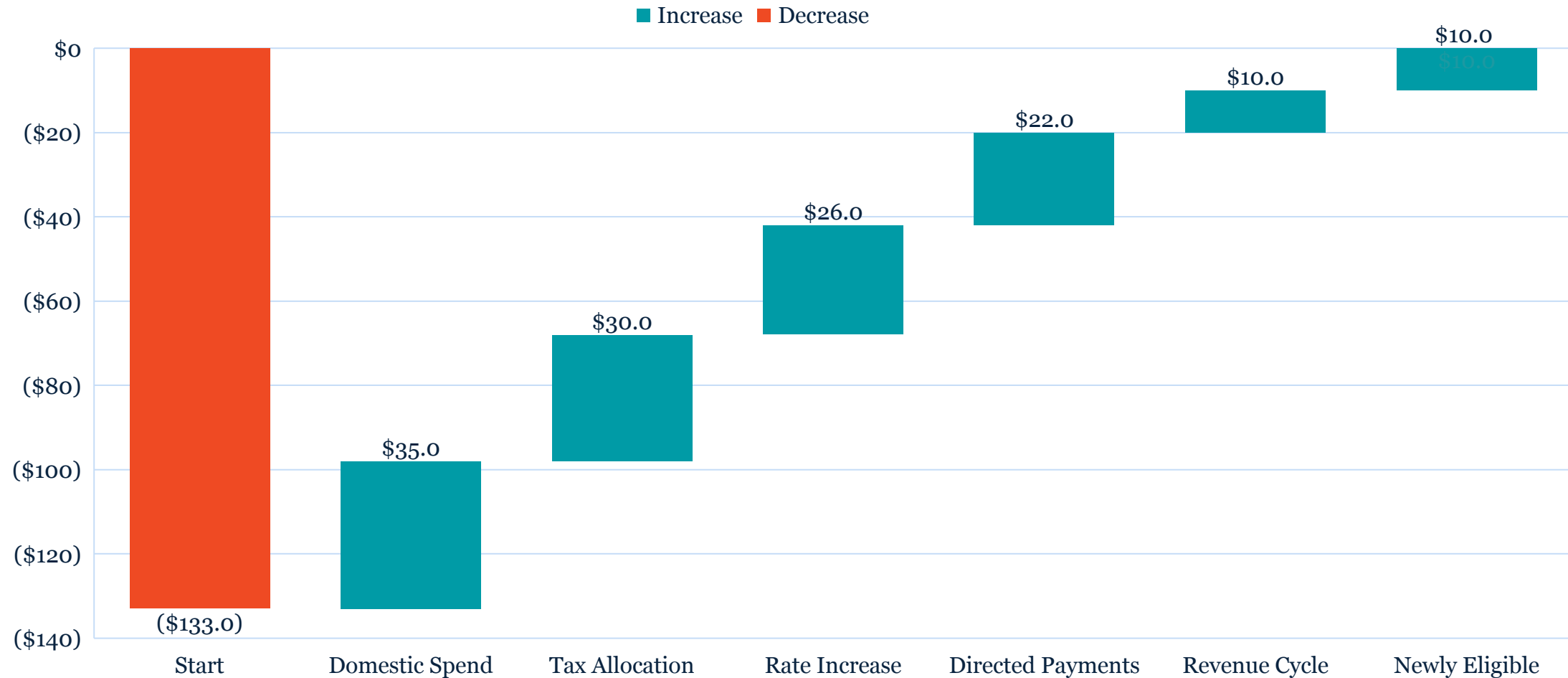
FY2021 Proposed Budget



Revenue Projections

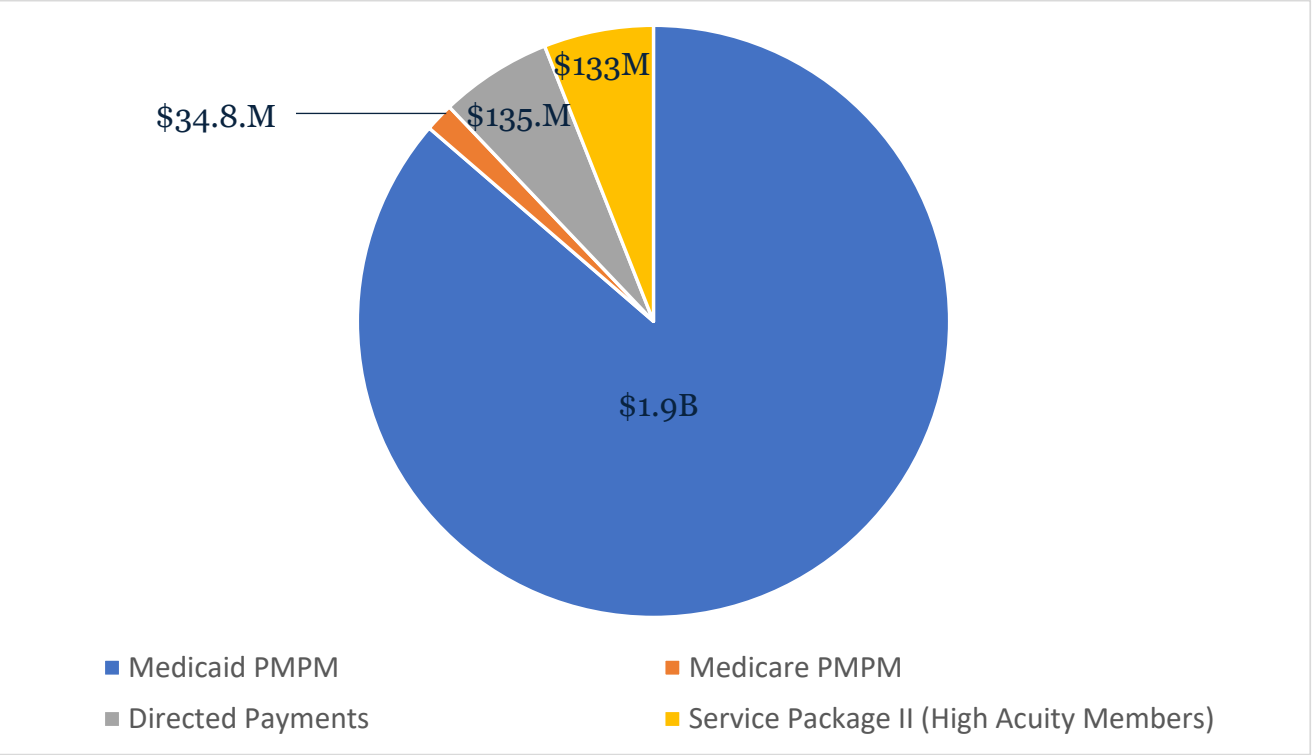


Closing the FY21 Deficit - Revenue Drivers

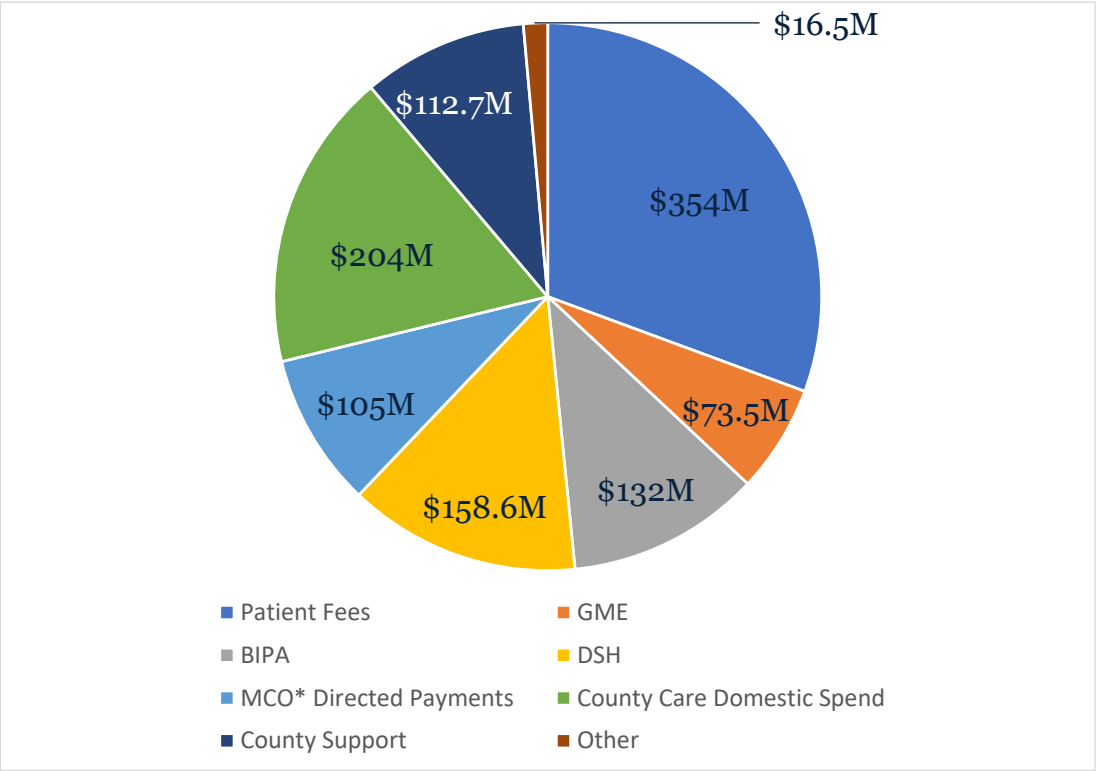


FY2021 Proposed Revenue by Source

County Care
\$2.2 billion



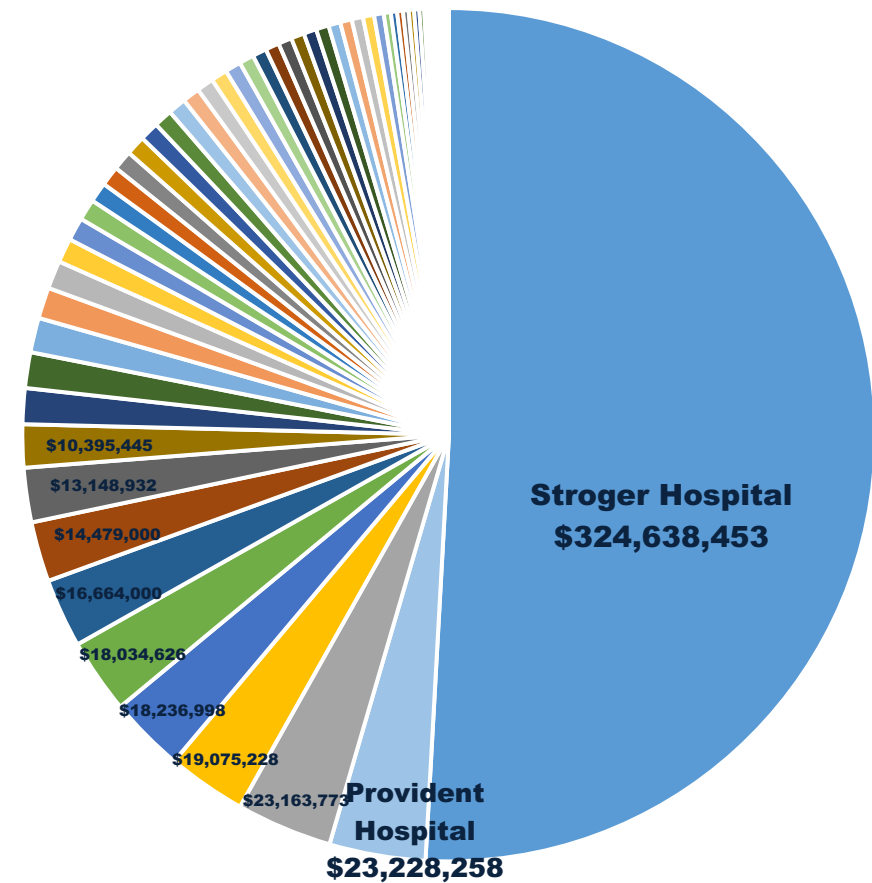
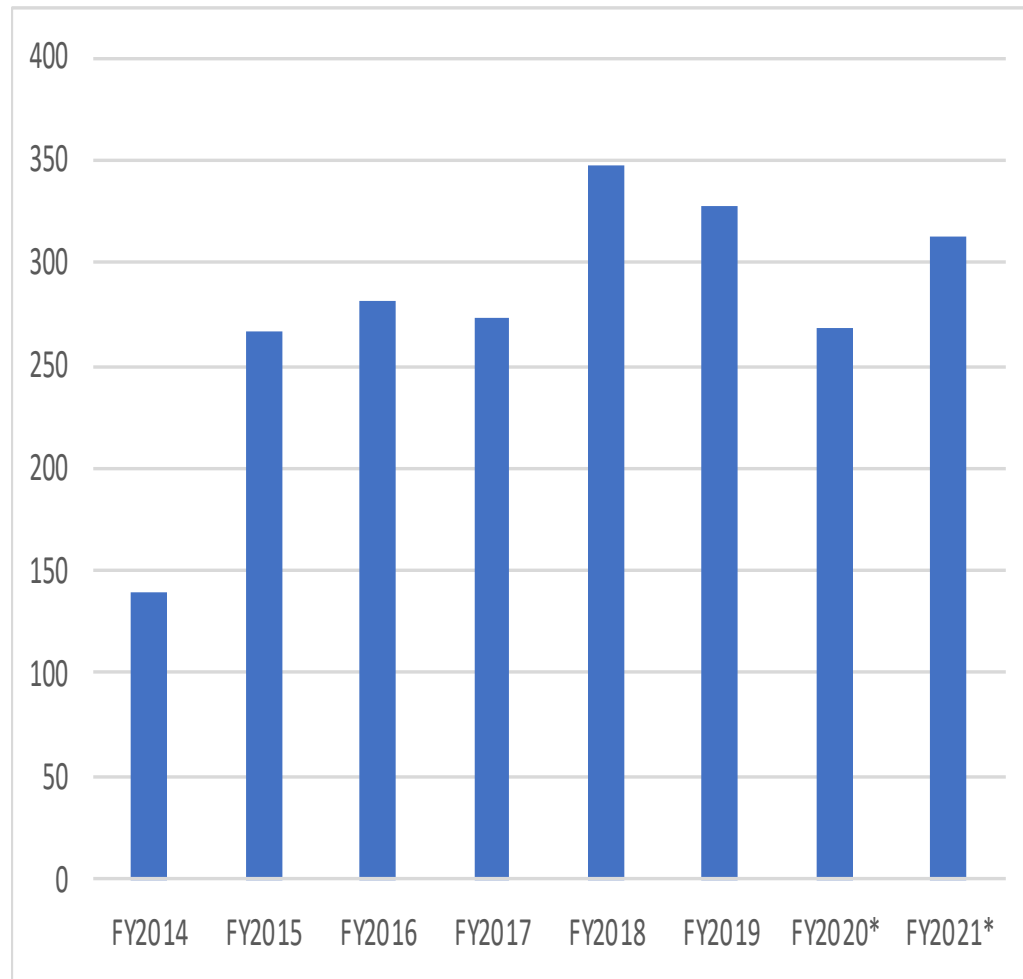
Other
\$1.1 billion



*MCO = Managed Care Organization

GME: Graduate Medical Education Payments
BIPA: Benefits Improvement and Protection Act Payments
DSH: Disproportionate Share Hospital Payments

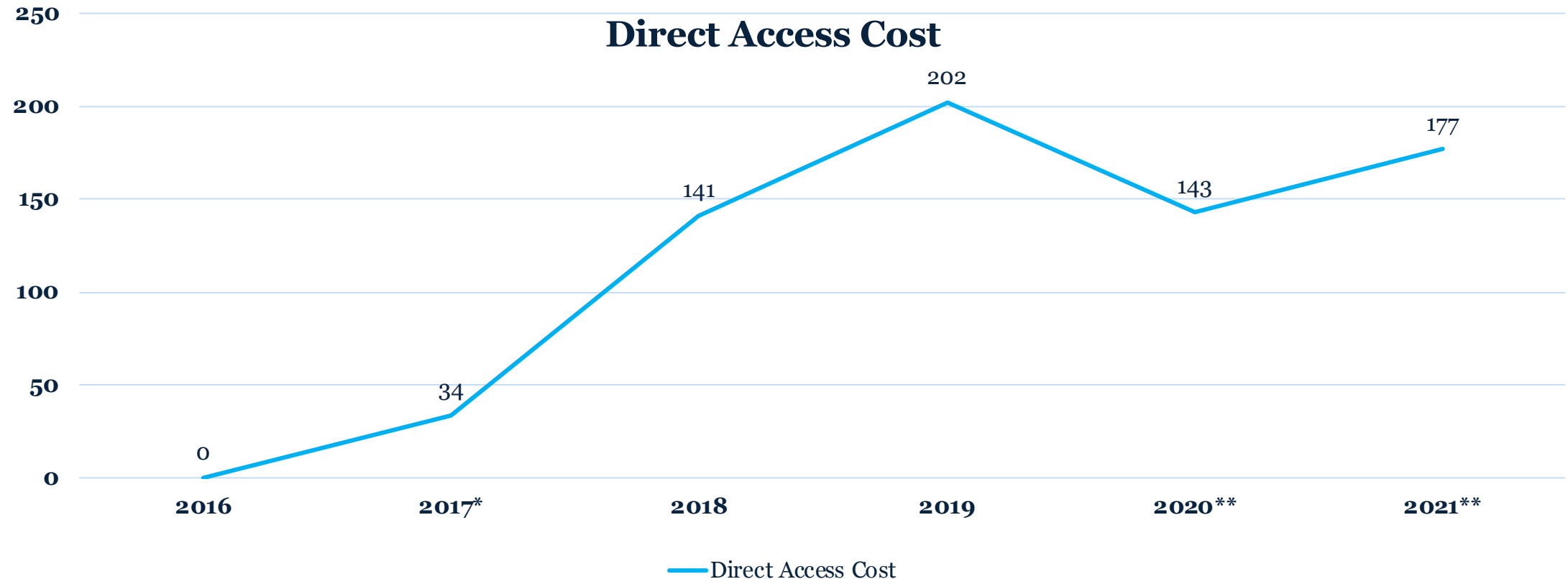
Charity Care Cost



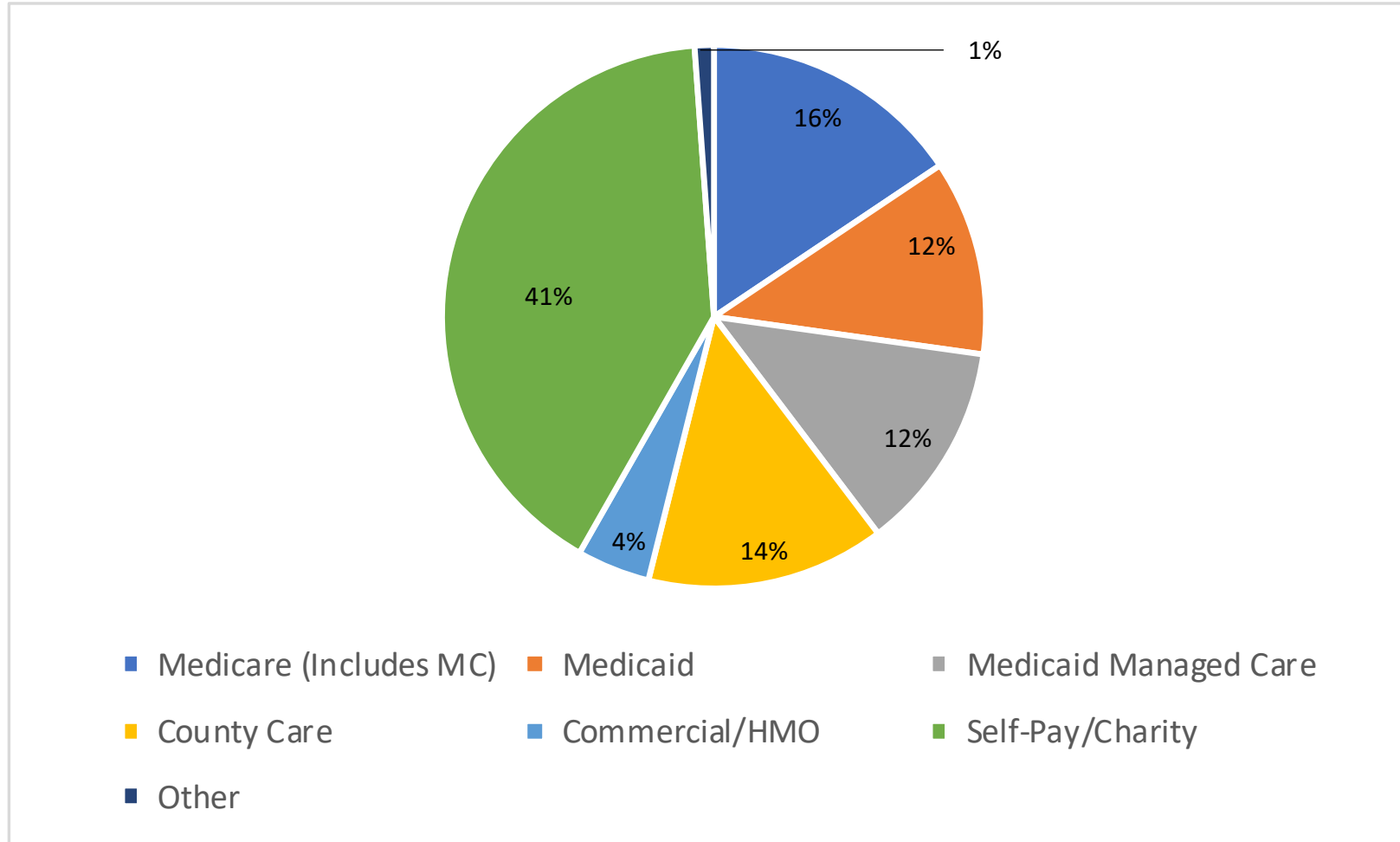
Charity Care in Cook County 2018: Each slice represents the amount of charity care provided by every hospital in Cook County required to report to the state of Illinois. Source: [2018 IDPH Hospital Profiles](#).

Cost of Direct Access Program (in millions)

August Membership: 20,516



System Payor Mix By Charges



Major Revenue Changes

New Directed Payments Overview

- Effective 1/1/20 State paying for difference between Fee For Service and Encounter Rates for Managed Care Organizations
- Determined and paid quarterly based on activity
- FY20 – First 3 Quarters are known and started receiving
- FY21 – Quarterly average estimated to decline \$11.8 for comprehensive model (IP, OP and Clinics)

Amending Cost Reports

- Amendments to cost reports to result in a 15% increase in rates

Newly Eligible Population

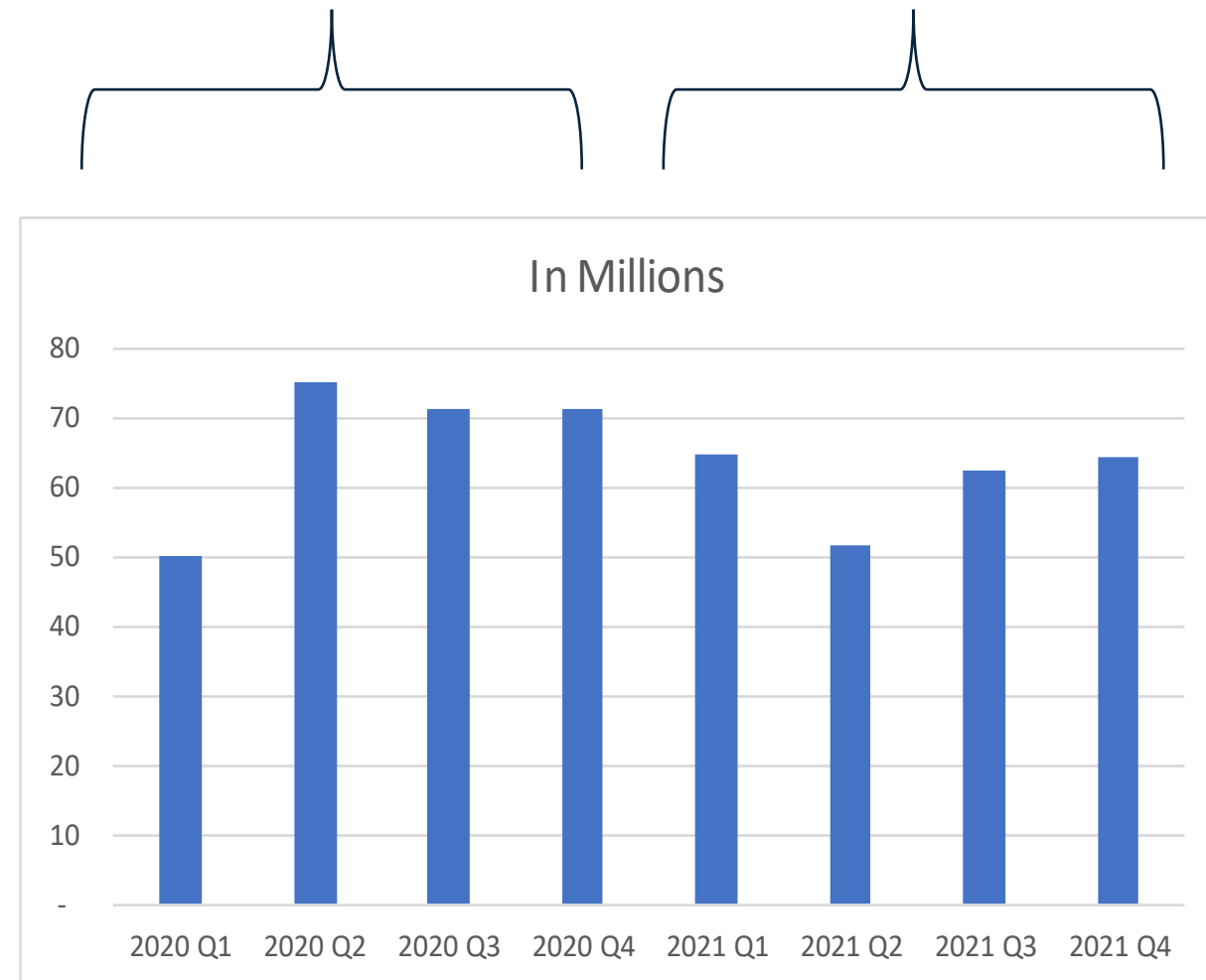
- Undocumented patients over 65 eligible for Medicaid reimbursement

2020

\$268M

2021

\$243M



Revenue Cycle Improvements: Completed

Improvement	Implementation	FY2021 Budget	Full Implementation/ FY2019 Volume
✓ Eliminate Out-Of-Network Scheduling	Completed August 1, 2020	\$1	\$5
✓ Online bill payment	Completed August 3, 2020	\$.5	\$1
✓ Medical Necessity Denials	Completed Eliminated denials for Medicare patients-\$.5	\$.5	\$.5
✓ Prior Authorization (Sleep, Rehab, Radiology, Pain, Cardiology, Oncology)	Completed August 3, 2020 Improving patient scheduling: Sleep, Rehab, and Pain-\$1.5-3.0 Radiology, Cardiology, and Oncology (Phase1)-\$2.0-4.0	\$3.5	\$7
Completed Total		\$5.5	\$13.5

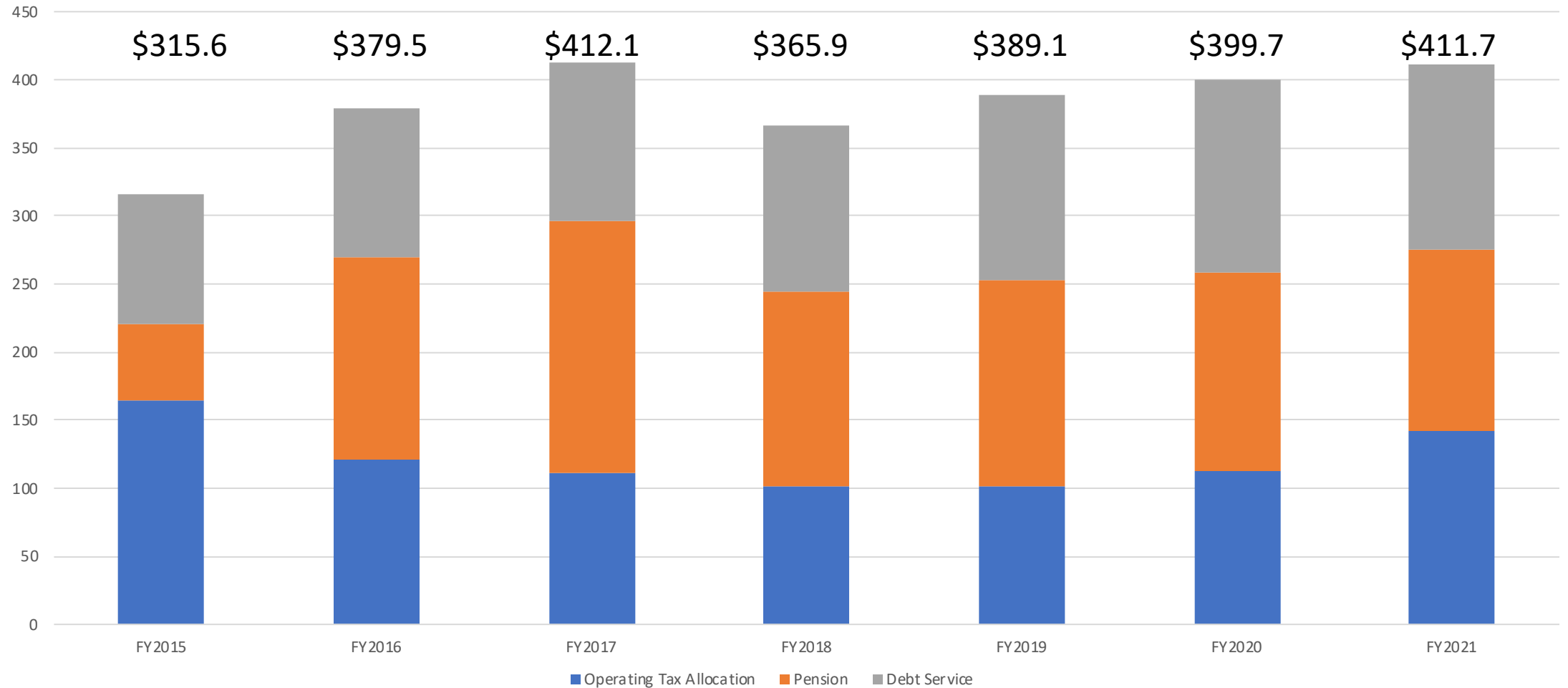


Revenue Cycle Improvements: In Process

Improvement	Implementation	FY2021 Budget	Full Implementation/ FY2019 Volume
• Charge master review	Target by September 1, 2020	\$0	\$0
• Prior Authorization Phase 2	Target by November 1, 2020: Improving patient scheduling oncology clinics-\$.5-1.0 Contacting payer prior to inpatient procedures-\$1-1.5	\$1.5	\$2.5
• Coding Initiative (CDI)	Ongoing. Target to increase Case Mix Index for better reimbursement: Improving inpatient physician documentation- \$.5-5.0	\$.5	\$5.0
• Denial Management: Case Management, HIM, Timely Filing, Premium Eligibility	Target by November 1, 2020 Decreasing length of stay-\$.5-3.0 Decreasing the backlog in discharge not final bill (DNFB), discharge not final coded (DNFC), premium eligibility (insurance verification) and address checking -\$1.5-13.0 Eliminate untimely filing penalties-\$.5-3.0	\$2.5	\$19
Total		\$4.5	\$26.5



Cook County Pension, Debt Service & Operating Allocation (in \$ millions)



Historic Operating Results

(in millions)	FY14	FY19(1)	FY14/19 Gap
Operating Gain (Loss)			
CCH Health Providers/Bureau	(\$61.4)	(\$134.5)	(\$73.1) (119.1%)
Public & Correctional Health	(\$57.1)	(\$97.5)	(\$40.4) (70.8%)
CountyCare	(\$31.2)	(\$76.5)	(\$45.3) (145.2%)
Total Operating Gain (Loss) (2) (3)	(\$149.7)	(\$308.5)	(\$158.8) (106.1%)

Operating margin declined \$158.8M, or 106.1%, between FY14 to FY19

Selected factors were the primary contributors to the decline in operating margin

- The loss of “reimbursable patients” – patients with Medicare, Medicaid, CountyCare and Commercial insurance coverage
- The additional costs incurred in caring for the growth in charity care patients
- A growth in bad debts caused by a deterioration in the revenue cycle performance and an increase in the level of “underinsured”
- CCH Health Providers & Bureau’s operating costs – with consideration to inflation and increased patient acuity – increasing greater than expected during a period of declining patient volume
- The State of Illinois’ reduction in rates paid to CountyCare, which was not fully offset by a reduction in medical costs for CountyCare’s enrolled members
- Cermak Health’s increased operating costs – driven by DOJ Consent Decree, programmatic expansion (Boot Camp) and reallocation of costs in areas such as IT and pharmacy



Notes:

(1) FY19 audited financials.

(2) Restricted Purpose Accounts, representing resources whose use has been limited by donors or grantors, are excluded from the analysis

(3) An additional insurance provision of \$18.9M was recorded in FY19 but it was not allocated to the CCH Operating Accounts; the resulting FY19 Operating Loss considering this unallocated insurance provision is \$327.4M. There was no similar unallocated insurance provision in FY14.

Historic Operating Results – Cook County Support

Cook County financial support has become increasingly important over the FY14 to FY19 period

Cook County CCH Operating Support

(in millions)	FY14	FY19 (1)	Comments/Assumptions
Cook County Operating Tax Support	\$169.6	\$70.7	FY14 represents property taxes of \$37.3, cigarette taxes of \$126.7 and other tobacco products taxes of \$5.6M; FY19 represents property taxes
CCH Operating Margin (2) (1)	(\$149.7)	(\$327.4)	
Excess (Deficit) of Tax Support	\$19.9	(\$256.7)	

- FY19 deficit highlights the need to focus on improving financial performance
- Significant change in financial requirements in support of operations since FY14

Cook County Financial Support

(in millions)	FY14	FY19 (1)	Comments/Assumptions
Operating Tax Support	\$169.6	\$70.7	
Capital Asset Contributions	\$6.5	\$25.4	• Represents the construction and acquisition of capital assets used in the operation of CCH
Contributed Services	\$9.0	\$23.7	• Services include purchasing, data and payroll processing
Pension Other Postemployment Benefits (4)	\$58.1	\$179.0	<ul style="list-style-type: none"> • Represents contributions to the Pension and Other Postemployment Benefit plans for employee benefits • In FY14 the amount of Cook County funding for CCH was not calculated; FY14 only represents Pension funding
Cook County Financial Support	\$243.2	\$298	

- Since FY14 the annual financial support provided to CCH from Cook County has increased by 20.6%
- Shift in support from CCH's operations to funding Pension and Other Postemployment Benefits



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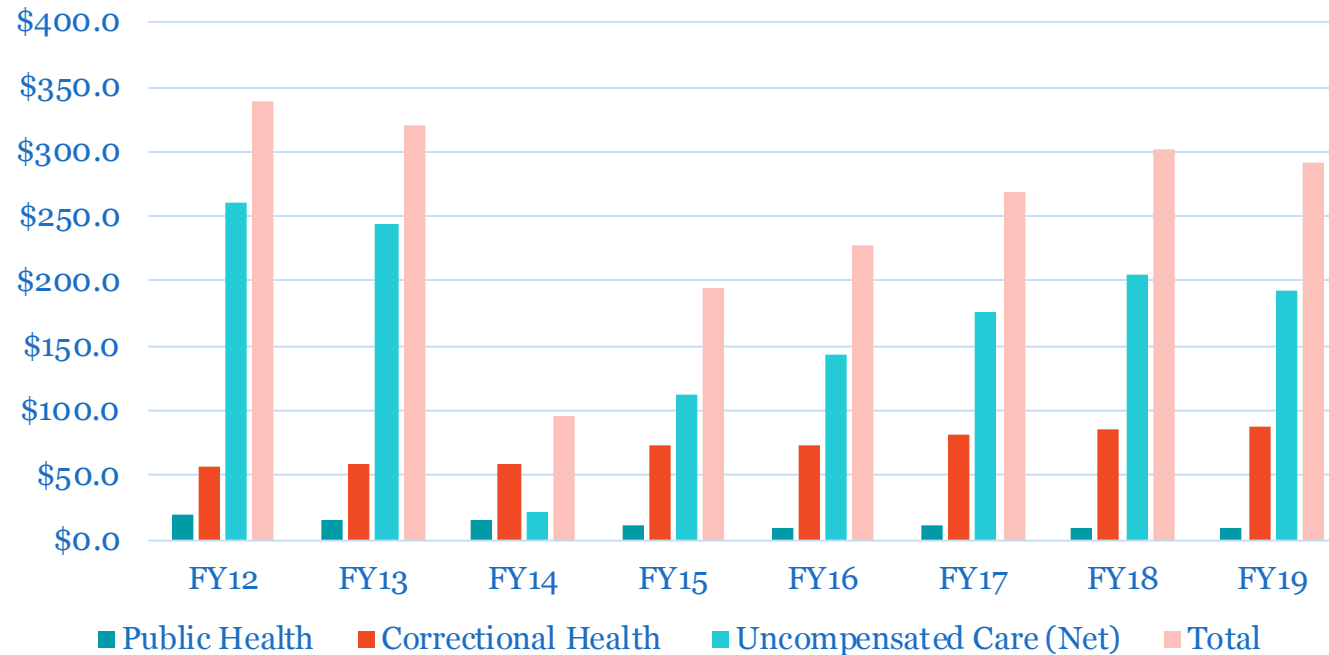
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- (4) Separate information related to Cook County's funding of CCH's Other Postemployment Benefits was not available in FY14

Cook County Health Mandate Cost Analysis

The growing cost of certain “mandates” has increased operating losses from FY15 to FY19

**Mandate
Cost**
(Dollars
In Millions)



(Dollars in Millions)

Notes:

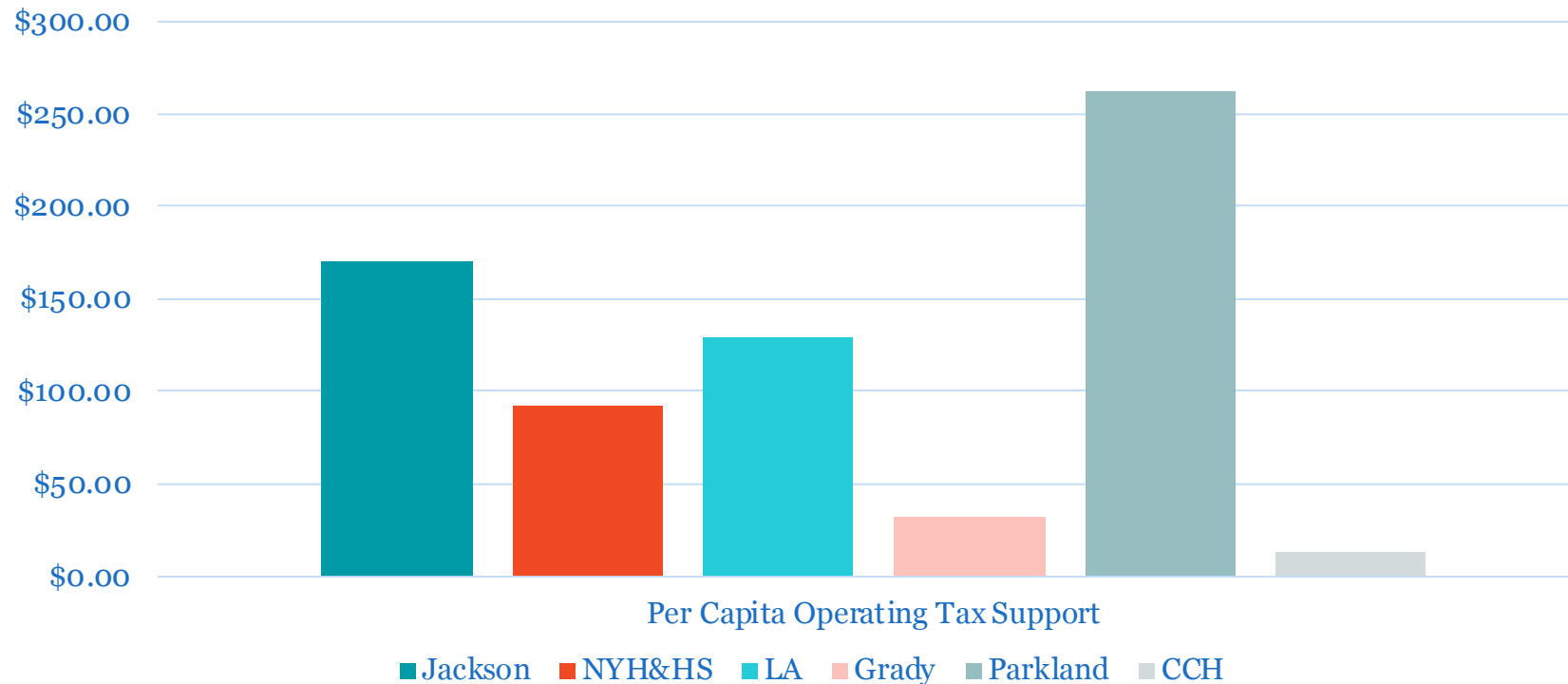
(1) Source: CCH audited financial statements

(2) CCH, in support of its mandate to deliver health services with dignity and respect regardless of a patient’s ability to pay, receives government support in the form of Disproportionate Share (DSH) payments and Medicare, Medicaid and SCHIP Benefit Improvement and Protection Act (BIPA) payments to offset Uncompensated Care costs. Annual amounts received increased from \$282.0M in FY12 to \$318.1M in FY19. The Uncompensated Care cost in the chart above is presented **net** of the DSH and BIPA payments.

- CCH has certain mandates that are increasing in cost
- CCH’s mandate is to “deliver health services with dignity and respect regardless of a patient’s ability to pay”, resulting in Uncompensated Care cost (see Note 2)
- CCH’s other mandates include providing health services to the detainees at Cook County Jail and the Juvenile Temporary Detention Center (collectively “Correctional Health”) and to operate a Public Health Department

Cook County Operating Tax Support

Cook County's per capita health system tax support is lower than other government sponsors



Note:

(1) Source: Audited financial statements of each government sponsored safety net provider (FY19)

- Government sponsored safety net providers analyzed include Jackson Health (Miami Dade County, FL), NYH&HS (New York, NY), LA County (Los Angeles County, CA), Grady Memorial (Fulton & DeKalb Counties, GA) and Parkland Health (Dallas County, TX)
- CCH and Parkland are the only two health systems that support correctional health; CCH is the only health system that also has a public health department

Appendix



FY2021 Budget Calendar

- June 26, 2020 President's FY2020/2021 Preliminary Budget Forecast Released
- July 16, 2020 President's Preliminary Forecast Public Hearing
- July 21, 2020 Cook County Finance Committee Meeting – Mid Year Budget Hearings
- July 23, 2020 CCH Finance Committee – FY2021 Budget Framework Introduced
- July 31, 2020 CCH Full Board – FY2021 Budget Framework Discussion
- August 28, 2020 CCH Board Meeting – FY2020 Proposed Budget Introduced
- September 1, 2020 Public Hearing 9:00 a.m.
- September 9, 2020 Public Hearing 6:00 p.m.
- September 11, 2020 CCH Board Meeting – FY2020 Budget Request for Approval
- September 24, 2020 Cook County Board Meeting – CCH FY2020 Proposed Budget Introduced & Approved (for inclusion in the Executive Budget Recommendation)
- October, 2020 President's FY2020 Executive Budget Recommendation Introduced
- Oct/November, 2020 Cook County Public Hearings, Agency & Department Budget Review Meetings, Proposed Amendments, Annual Appropriation Bill Adopted

Provident and South Side Hospital Profiles

Hospital	Licensed Beds	Peak Census	Average Daily Census	Total Charity Care Expenses (in millions)
Provident	85	17	12	\$23.00
Roseland	134	n/a	51	\$.65
South Shore	137	137	59	\$.46
St. Bernard	202	196	88	\$4.78
Trinity	205	140	95	\$4.19
Jackson Park	256	124	76	\$3.55
Mercy	402	189	170	\$4.35
U of Chicago	811	667	564	\$18.24



FY21 Health Fund

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

*Managed Care in FY2020, includes Integrated Care

**Does not include grants, including contact tracing

*** Ambulatory service includes ACHN, CORE, Oak Forest

