

# CCH YTD Financial Update – June 30, 2022

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**Chief Financial Officer**

**August 2022**



**COOK COUNTY  
HEALTH**

# Executive Summary: Statement of Financial Condition – June 30, 2022

- On an accrual basis, interim financials show that CCH ended June with a \$39.9M positive variance to budget. On a cash basis, the County's preliminary cash report on revenues and expenses shows a \$286.3M positive variance primarily due to the timing difference of CountyCare PMPM payments impacting the revenue and claims payments impacting expenses.
  - Revenue Commentary:
    - YTD NPSR reflects \$15M Non-CountyCare MCO Directed Payment Catchup
    - CountyCare received \$12M in state corrections to capitation in April due to increase in eligible members
  - Expenditures:
    - YTD Negative variance to Budget in Purchased Services expense partially offset by Salaries & Wages under budget due to positions not yet hired
    - CountyCare claims expense greater than budget due to higher than budgeted membership
  - CountyCare:
    - CountyCare is showing an operating gain of \$12.0M
    - Membership remains over 436,000, which is greater than the 391,000 monthly average budgeted

# Financial Results – June 30, 2022

Dollars in 000s	FY2022 Actual	FY2022 Budget	Variance	%	FY2021 Actual (3)
<b>Revenue</b>					
Net Patient Service Revenue (1)	\$534,237	\$392,489	\$141,748	36.12%	\$345,638
CountyCare Elimination-Claims (1)	(\$70,109)	\$0	(\$70,109)		(\$64,201)
Government Support (2)	\$232,360	\$230,593	\$1,767	0.77%	\$227,525
<b>Adjusted NPSR</b>	<b>\$696,488</b>	<b>\$623,082</b>	<b>\$73,406</b>	<b>11.78%</b>	<b>\$508,962</b>
CountyCare Capitation Revenue	\$1,615,778	\$1,597,926	\$17,851	1.12%	\$1,402,397
CountyCare Elimination-Directed Payments (1)	(\$117,882)	(\$69,499)	(\$48,383)	69.62%	\$0
Other	\$8,088	\$9,426	(\$1,337)	-14.19%	\$12,403
<b>Total Revenue</b>	<b>\$2,202,473</b>	<b>\$2,160,935</b>	<b>\$41,537</b>	<b>1.92%</b>	<b>\$1,923,762</b>
<b>Operating Expenses</b>					
Salaries & Benefits	\$389,135	\$462,120	\$72,985	15.79%	\$387,451
Overtime	\$25,885	\$22,791	(\$3,095)	-13.58%	\$26,626
Supplies & Pharmaceuticals	\$91,342	\$86,754	(\$4,588)	-5.29%	\$85,182
Purchased Services & Other	\$339,214	\$189,881	(\$149,334)	-78.65%	\$216,544
Medical Claims Expense (1)	\$1,528,298	\$1,488,981	(\$39,317)	-2.64%	\$1,322,358
CountyCare Elimination-Directed Payments (1)	(\$117,882)	(\$69,499)	\$48,383	-69.62%	(\$64,201)
CountyCare Elimination-Claims (1)	(\$70,109)	\$0	\$70,109		\$0
Insurance	\$17,081	\$21,526	\$4,445	20.65%	\$18,588
Utilities	\$7,313	\$6,806	(\$507)	-7.45%	\$8,407
<b>Total Operating Expenses</b>	<b>\$2,210,279</b>	<b>\$2,209,360</b>	<b>(\$919)</b>	<b>-0.04%</b>	<b>\$2,000,955</b>
<b>Operating Margin</b>	<b>(\$7,806)</b>	<b>(\$48,425)</b>	<b>\$40,619</b>	<b>83.88%</b>	<b>(\$77,193)</b>
<b>Non-Operating Revenue</b>	<b>\$79,624</b>	<b>\$80,328</b>	<b>(\$704)</b>	<b>-0.88%</b>	<b>\$71,578</b>
<b>Net Income (Loss)</b>	<b>\$71,818</b>	<b>\$31,903</b>	<b>\$39,914</b>	<b>125.11%</b>	<b>(\$5,615)</b>

## Notes:

- (1) CountyCare Elimination represents the elimination of intercompany activity – Patient Service Revenue and Medical Claims Expense for CountyCare patients receiving care at Cook County Health.
- (2) Government Support includes DSH, BIPA, & Graduate Medical Education payments.
- (3) Does not reflect Pension, OPEB, Depreciation/Amortization, or Investment Income.

# Cook County Health

## Volumes: June 30, 2022

### Key Revenue Indicators

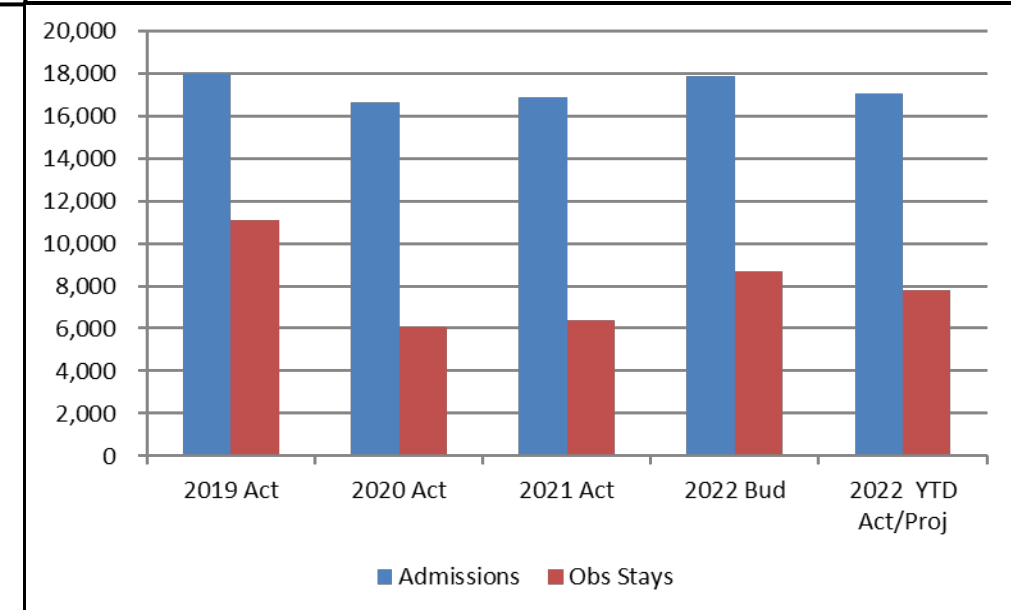
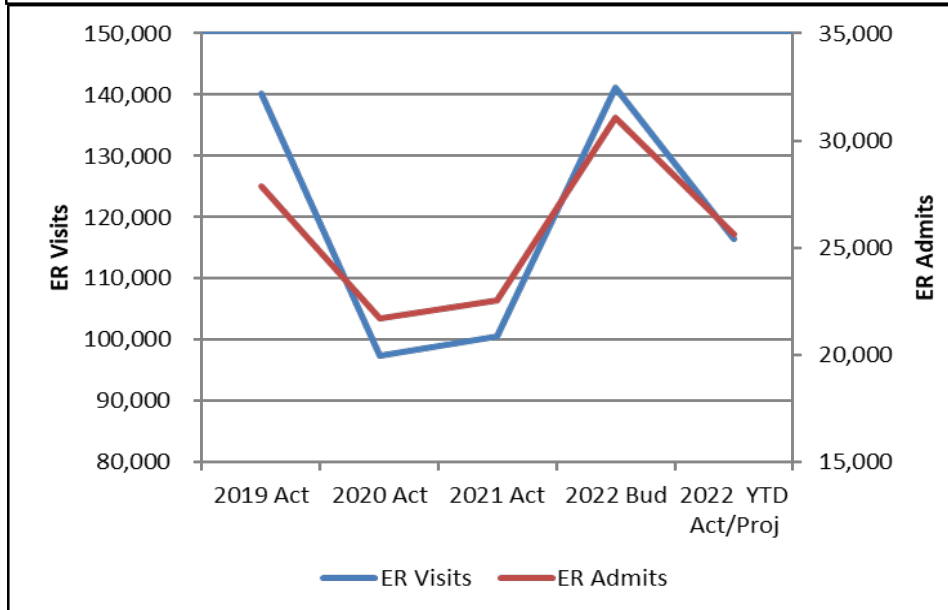
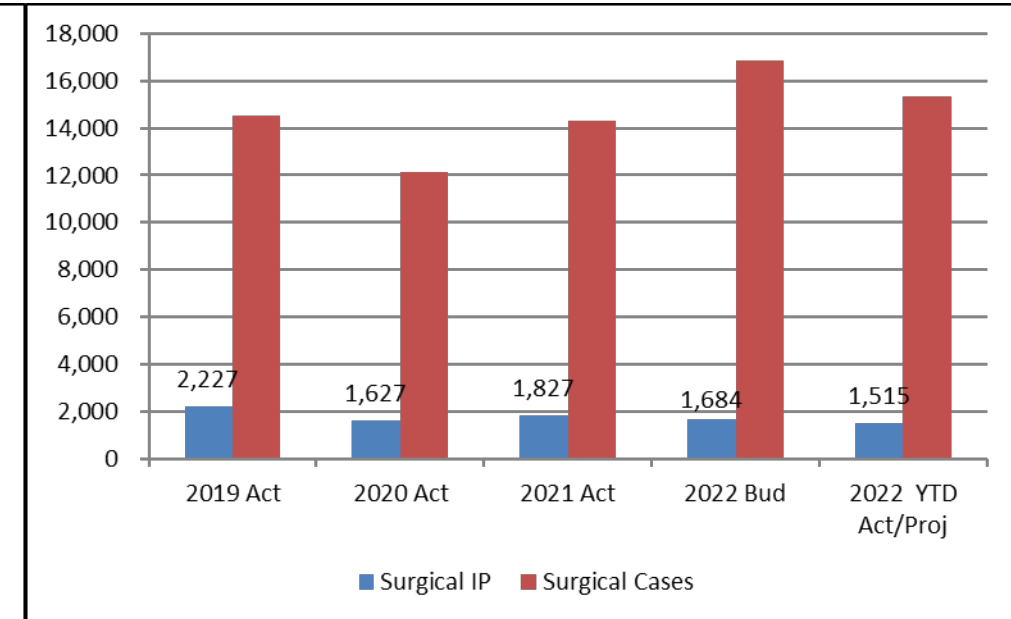
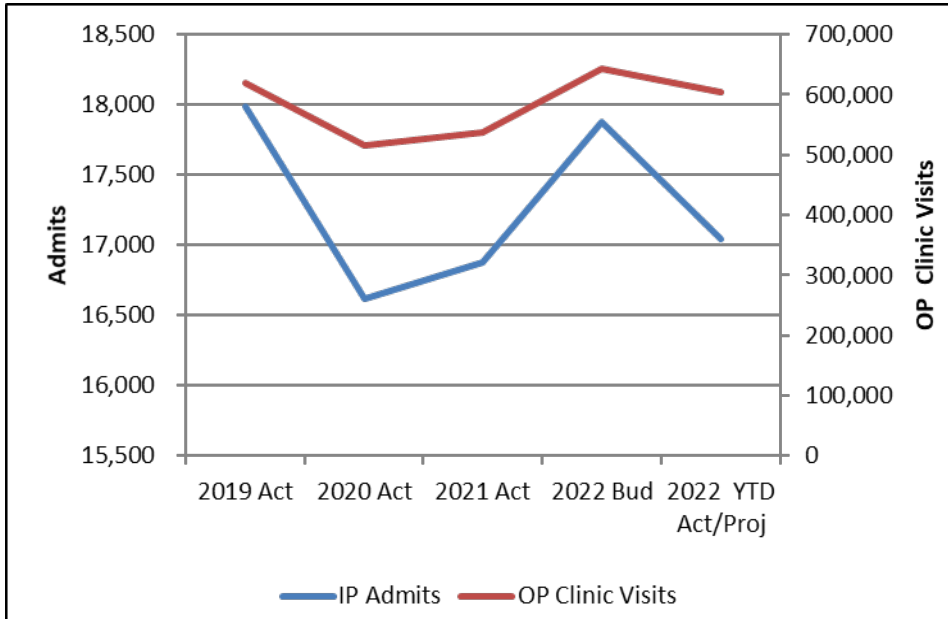
Patient Activity	2022 YTD Actual	2022 YTD Budget	%	2021 YTD Actual	2020 YTD Actual		Jun 2022 Actual	Jun 2021 Actual
Admissions *	13,372	14,208	-5.9%	13,040	13,845		1,895	1,936
Patient Days *	58,625	68,661	-14.6%	55,324	59,538		8,001	8,280
Average Daily Census *	277	324	-14.6%	261	281		267	276
Emergency Room Visits	58,002	82,733	-29.9%	54,880	61,706		8,881	8,882
Surgeries	8,245	9,784	-15.7%	8,134	6,347		1,304	1,214
Ambulatory Clinic Visits	333,379	373,908	-10.8%	332,565	306,595		48,541	47,221

Volumes continue to lag behind budget, but better than prior year YTD

\* Includes IP + Observations

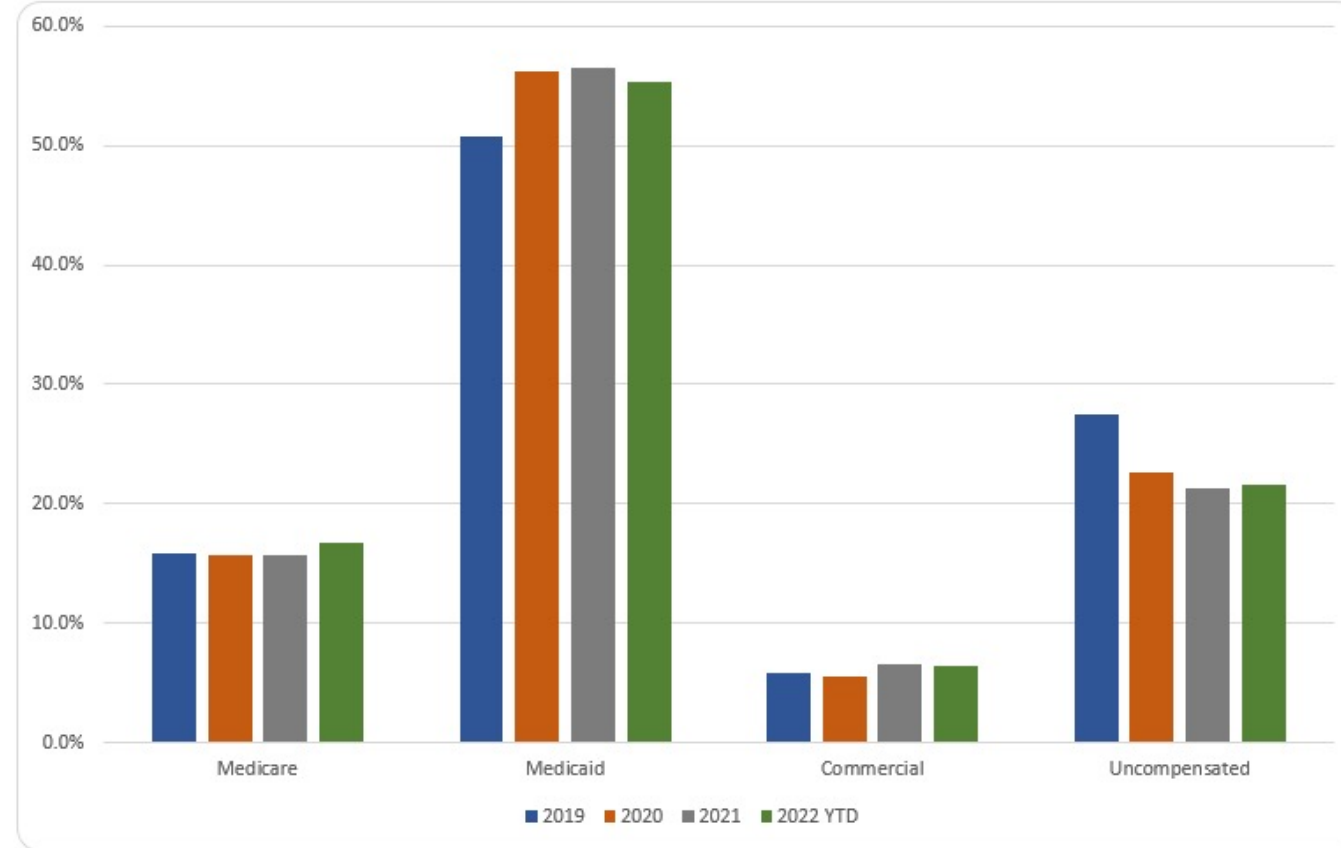
# Cook County Health

## Operating Trends





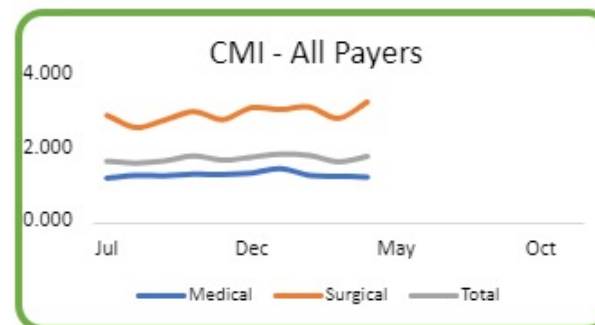
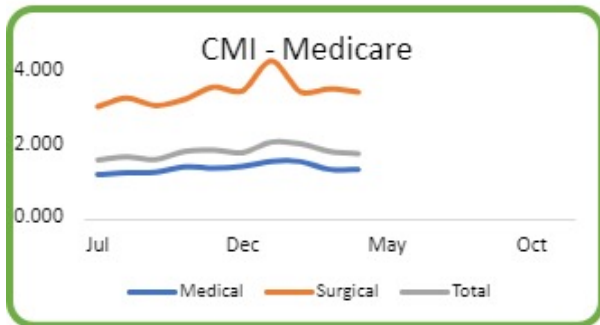
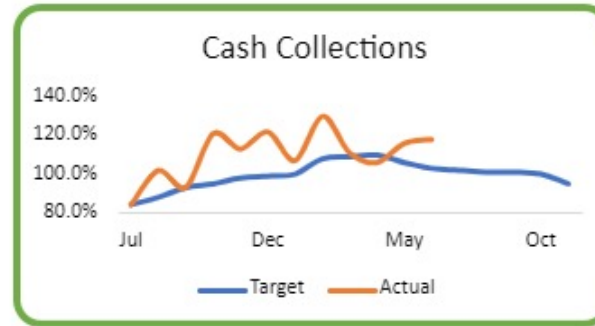
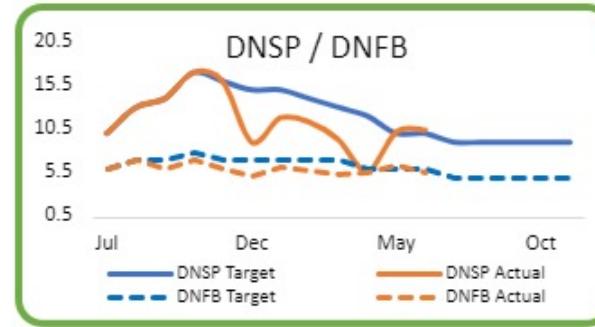
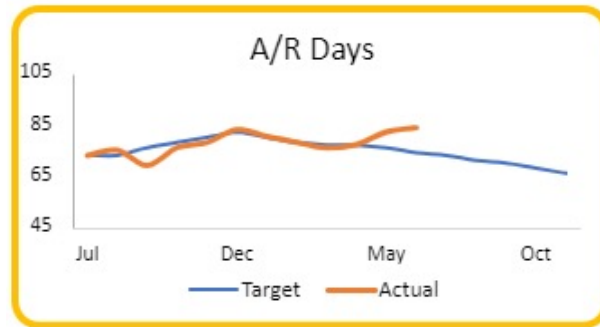
# Payer Mix – YoY Comparison



## Commentary

- Monitoring for shifts related to undocumented newly eligible for Medicaid 42-54 and 55-64
- Medicaid continues to climb offset by decrease in Uncompensated

# Revenue Cycle KPI Trending



## Commentary

- A/R Days & A/R >90 is expected to begin to decline late summer as we ramp up additional support and optimize back-end operations.

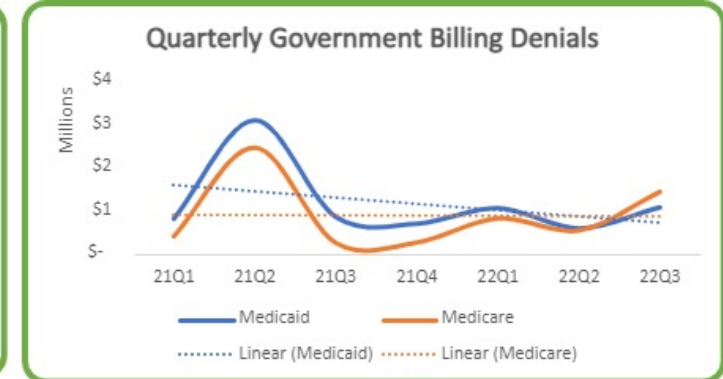
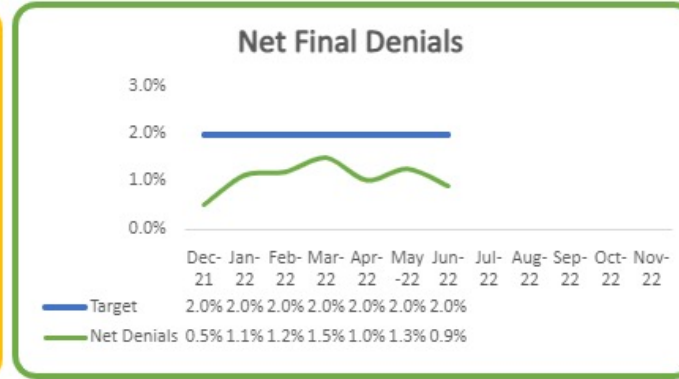
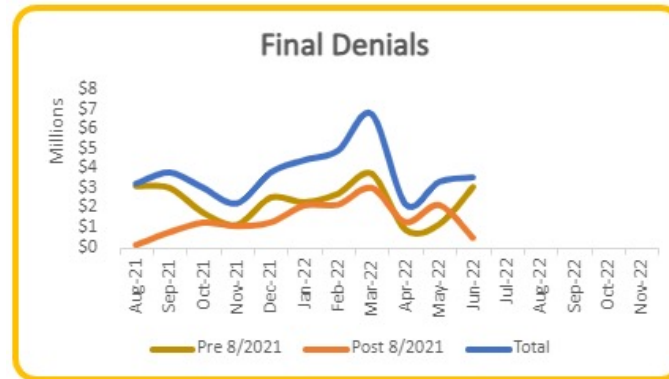
## Definitions:

**DNSP: Discharged Not Submitted to Payer** - Gross dollars from initial 837 claims held by edits in claims processing tool that have not been sent to payer.

**DNFB: Discharged Not Final Billed** - Gross dollars in A/R for all patient accounts (inpatient and outpatient accounts) discharged but not yet final billed for the reporting month. Refers to accounts in suspense (within bill hold days) and pending final billed status in the patient accounting system.

**CMI: Case Mix Index** - Represents the average diagnosis-related group (DRG) relative weight for that hospital. It is calculated by summing the DRG weights for all Medicare discharges and dividing by the number of discharges.

# Denial Trending



## Commentary

The net final denials are hitting targets and final denials are aligned to plans. Additionally, we've added visibility to government specific denials since the first quarter of 2021 and are seeing a reduction in denials as we continue to improve operations.

	May-22	Jun-22
<b>Pre 8/2021</b>	35.2%	86.2%
<b>Post 8/2021</b>	64.8%	13.8%
<b>Total</b>	\$3,347,551	\$3,577,562
Case Management	<b>\$939,431</b>	<b>\$656,812</b>
Coding	\$335,933	\$38,667
Contracting	\$0	\$0
Medical Necessity	\$150,727	\$12,829
Non Covered	\$6,397	\$210,308
Patient Access	\$0	\$414
Other	\$438,244	\$66,677
Prior Authorization	<b>\$735,137</b>	<b>\$521,199</b>
Untimely Filing	<b>\$741,682</b>	<b>\$2,070,656</b>



# Cook County Health

## 2022 Charitable & Public Program Expenditures

### Budget/Projection (\$000s)

	2020 Actual Net Benefit	2021 Actual Net Benefit	2022 Budget Net Benefit	2022 Actual/Proj Net Benefit
<b><u>Charitable Benefits and Community Programs</u></b>				
Traditional Charity Care	\$ 173,423	\$ 162,626	\$ 152,827	\$ 151,555
Other Uncompensated Care	121,634	100,894	109,162	172,220
Cermak & JTDC Health Services	88,722	104,465	106,405	106,405
Department of Public Health	10,235	16,908	17,763	17,763
Other Public Programs & Community Services	15,006	68,750	66,321	66,321
<b>Totals</b>	<b>\$ 409,020</b>	<b>\$ 453,643</b>	<b>\$ 452,478</b>	<b>\$ 514,264</b>
 % of Revenues *	 37.0%	 38.6%	 36.3%	 35.6%
% of Costs *	27.3%	27.9%	36.3%	24.9%

\* Excludes Health Plan Services

# Cook County Health

## Savings Initiatives: June 30, 2022

Current Activities in Progress	Budgeted FY22 Impact	YTD Jun Achieved	Status
<b><u>Revenue Cycle:</u></b>			
Chargemaster Review/Changes	-	2,161,833	●
Payer Contracting Re-negotiation	-	373,333	●
Charge Capture Improvement	-	1,458,333	●
Vendor Contract Negotiations	-	145,833	●
<b><u>County Care:</u></b>			
Care Mgmt System In-Sourcing	-	250,000	●
Network Contract Savings	-	525,000	●
Vendor Contract Negotiations	12,500,000	7,000,000	●
<b><u>Health System:</u></b>			
Vendor Contract Negotiations	12,000,000	2,762,667	●
Property Lease Savings	675,000	393,750	●
Equipment Lease Savings	308,472	179,942	●
	<u>\$ 25,483,472</u>	<u>\$ 15,250,692</u>	60%
		7/12ths Goal	58%

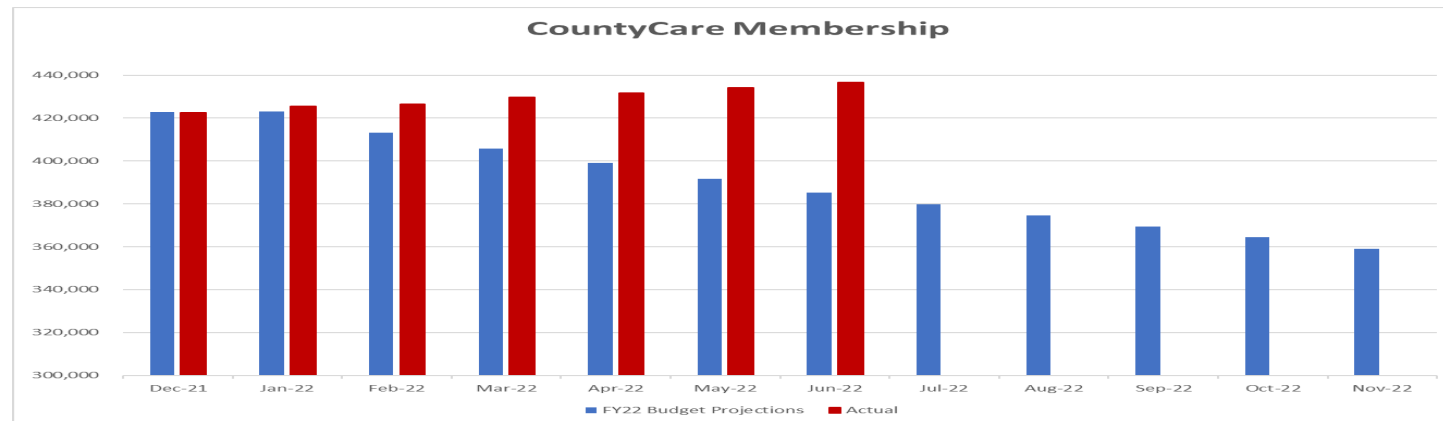


# Health Plan Services Financial Results – June 30, 2022

Dollars in 000s except PMPM amounts	FY2022 Actual	FY2022 Budget	Variance	%	Fy21 Actual
<b>Capitation Revenue</b>	\$1,615,778	\$1,528,427	\$87,350	5.72%	\$1,402,397
<b>Operating Expenses</b>					
Clinical - CCH	\$70,109	\$68,621	(\$1,488)	(2.17%)	\$64,201
Clinical - External	\$1,458,190	\$1,350,861	(\$107,328)	(7.95%)	\$1,258,157
Administrative	\$75,518	\$88,047	\$12,529	14.23%	\$69,683
Total Expenses	\$1,603,816	\$1,507,529	(\$96,287)	(6.39%)	\$1,392,041
Operating Gain (Loss)	\$11,962	\$20,898	(\$8,937)	(42.76%)	\$10,355
<b>Activity Levels</b>					
Member Months	3,006,674	2,849,329	157,345	5.52%	2,734,766
Monthly Membership	436,563	386,719	49,844	12.89%	402,707
CCH CountyCare Member Months	309,828	N/A	N/A	N/A	283,573
CCH % CountyCare Member Months	10.30%	N/A	N/A	N/A	10.37%
<b>Operating Indicators</b>					
Revenue Per Member Per Month (PMPM)	\$537.40	\$536.42	\$0.98	0.18%	\$512.80
Clinical Cost PMPM	\$508.30	\$498.18	(\$10.12)	(2.03%)	\$483.54
Medical Loss Ratio (1)	92.6%	93.40%	0.79%	0.84%	91.93%
Administrative Cost Ratio	4.6%	6.35%	1.74%	27.33%	4.52%

## Commentary

- Total YTD member months are exceeding budget by 157,345 members.
- Revenue and claims expense are higher than budget due to higher than budgeted membership.
- Clinical cost are higher due to increase in IBNR estimates driven by recent high-cost claims cases.
- CountyCare enrollment projected to exceed budget due to 50% auto-assignment as well as continued re-determination suspension.
- CountyCare's reimbursement to CCH for domestic spend is above budget.
- Operating Gain of \$11.M consists of \$16.1M from CountyCare and a loss of \$(4.2)M from Medicare.



## Notes:

- (1) Medical Loss Ratio is a measure of the percentage of premium that a health plan spends on medical claims.

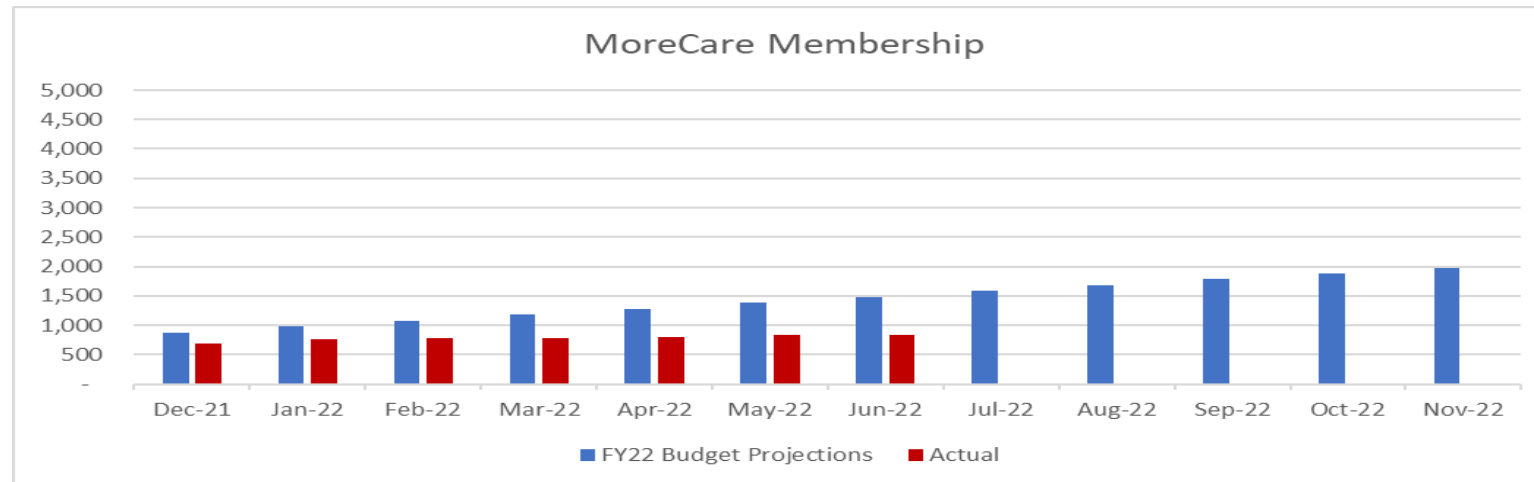


# Medicare Financial Results – June 30, 2022

Dollars in 000s except PMPM amounts	FY2022 Actual	FY2022 Budget	Variance	%
<b>Capitation Revenue (Total dollar amount)</b>	\$11,734	\$11,059	\$675	6.10%
<b>Operating Expenses</b>				
Clinical Expenses	\$10,962	\$13,701	\$2,739	19.99%
Administrative	\$4,948	\$3,475	(\$1,473)	(42.40%)
<b>Total Expenses</b>	\$15,910	\$17,176	\$1,266	7.37%
<b>Operating Gain (Loss)</b>	(\$4,176)	(\$6,117)	\$1,941	31.73%
<b>Activity Levels</b>				
Member Months	5,487	8,260	(2,773)	(33.57%)
Monthly Membership	839	1,480	(641)	(43.31%)
<b>Operating Indicators</b>				
Revenue Per Member Per Month (PMPM)	\$2,138.55	\$1,338.89	\$799.66	59.73%
Clinical Cost PMPM	\$1,997.80	\$1,658.74	(\$339.07)	(20.44%)

## Commentary

- Membership is lower than budget target by 2,773 members.
- Total operating loss is lower than budget by \$1.9M.



# Questions?



COOK COUNTY  
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