

CCH YTD Financial Update – March 31, 2022

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Chief Financial Officer

May 2022



**COOK COUNTY
HEALTH**

Executive Summary: Statement of Financial Condition – March 31, 2022

- On an accrual basis, interim financials show that CCH ended March with a \$1.2M positive variance to budget. On a cash basis, the County's preliminary cash report on revenues and expenses shows a \$242.5M positive variance primarily due to the timing difference of CountyCare PMPM payments impacting the revenue and claims payments impacting expenses.
 - Revenue Commentary:
 - Lower than budgeted NPSR due to lower than budgeted Surgical and OP Volumes
 - County Care has not received retrospective capitation rate adjustment for SFY22
 - Expenditures:
 - Negative variance to Budget in Purchased Services expense partially offset by Salaries & Wages under budget due to positions not yet hired
 - Lower than budgeted County Care claims expense creating positive variance
 - CountyCare:
 - CountyCare is showing an operating gain of \$10.1M
 - Membership is over 429,000, which is greater than the 391,000 monthly average budgeted

Financial Results – March 31, 2022

Dollars in 000s	FY2022 Actual	FY2022 Budget	Variance	%	FY2021 Actual (3)
Revenue					
Net Patient Service Revenue (1)	\$207,176	\$243,726	(\$36,550)	-15.00%	\$180,849
CountyCare Elimination (1)	(\$33,654)	(\$39,667)	\$6,013	-15.16%	(\$38,776)
Adjusted NPSR	\$173,522	\$204,059	(\$30,537)	-14.96%	\$142,073
Government Support (2)	\$133,405	\$131,688	\$1,717	1.30%	\$127,384
CountyCare Capitation Revenue	\$899,420	\$892,430	\$6,990	0.78%	\$778,323
Other	\$5,476	\$5,380	\$96	1.79%	\$13,253
Total Revenue	\$1,211,824	\$1,233,557	(\$21,733)	-1.76%	\$1,061,032
Operating Expenses					
Salaries & Benefits	\$222,656	\$263,865	\$41,209	15.62%	\$223,637
Overtime	\$15,116	\$12,998	(\$2,117)	-16.29%	\$15,657
Supplies & Pharmaceuticals	\$46,597	\$49,574	\$2,977	6.01%	\$48,579
Purchased Services & Other	\$189,821	\$128,328	(\$61,493)	-47.92%	\$124,003
Medical Claims Expense (1)	\$781,440	\$829,153	\$47,713	5.75%	\$765,644
Insurance	\$10,944	\$12,301	\$1,356	11.03%	\$10,621
Utilities	\$4,616	\$3,889	(\$727)	-18.70%	\$4,878
CountyCare Elimination (1)	(\$33,654)	(\$39,667)	(\$6,013)	15.16%	(\$38,776)
Total Operating Expenses	\$1,237,536	\$1,260,441	\$22,905	1.82%	\$1,154,244
Operating Margin	(\$25,713)	(\$26,884)	\$1,172	4.36%	(\$93,211)
Non-Operating Revenue	\$45,902	\$45,902	\$0	0.00%	\$40,902
Net Income (Loss)	\$20,189	\$19,017	\$1,172	6.16%	(\$52,309)

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.

Source: CCH unaudited financial statements and FY22 budget.



Cook County Health

Volumes: March 31, 2022

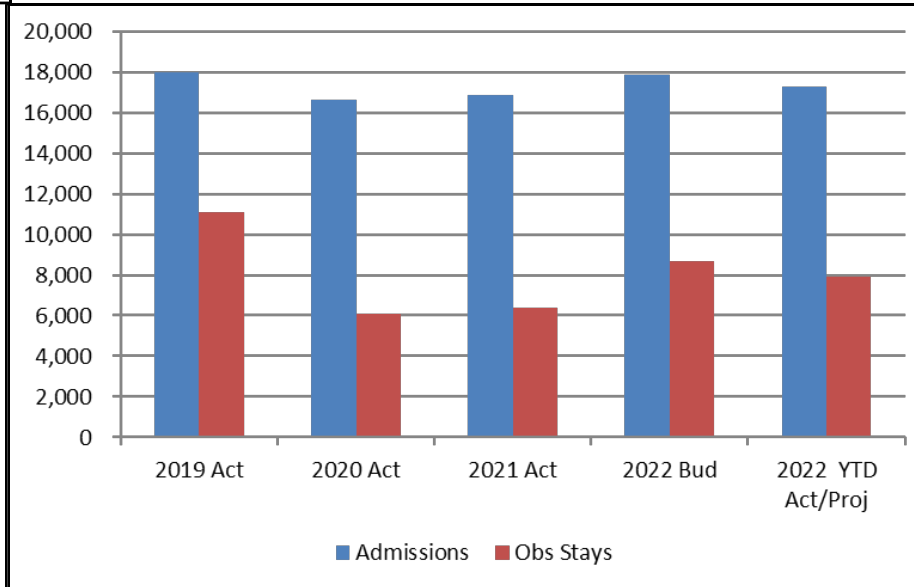
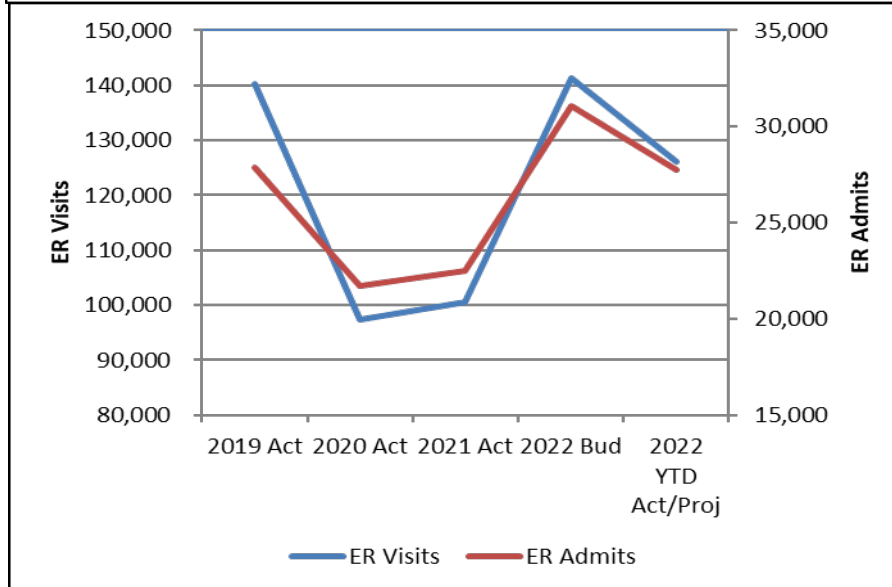
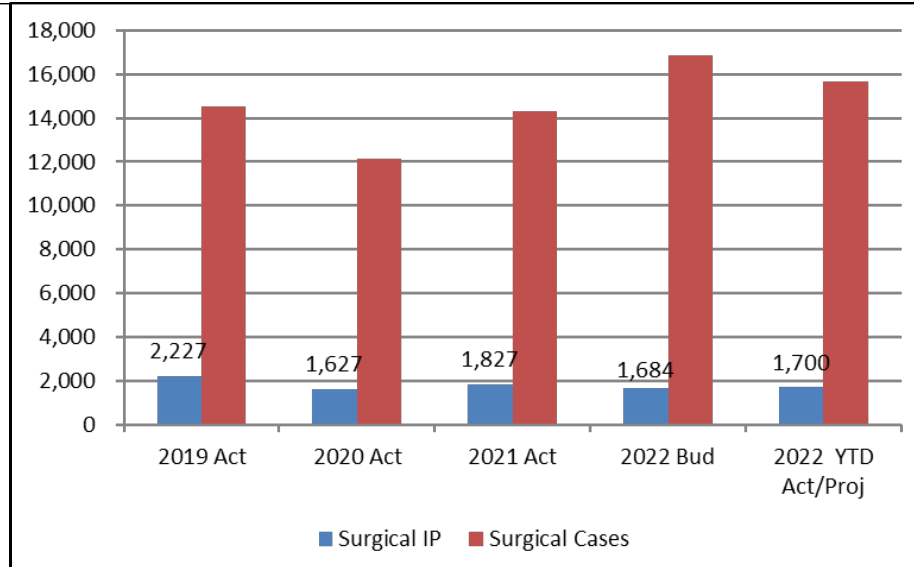
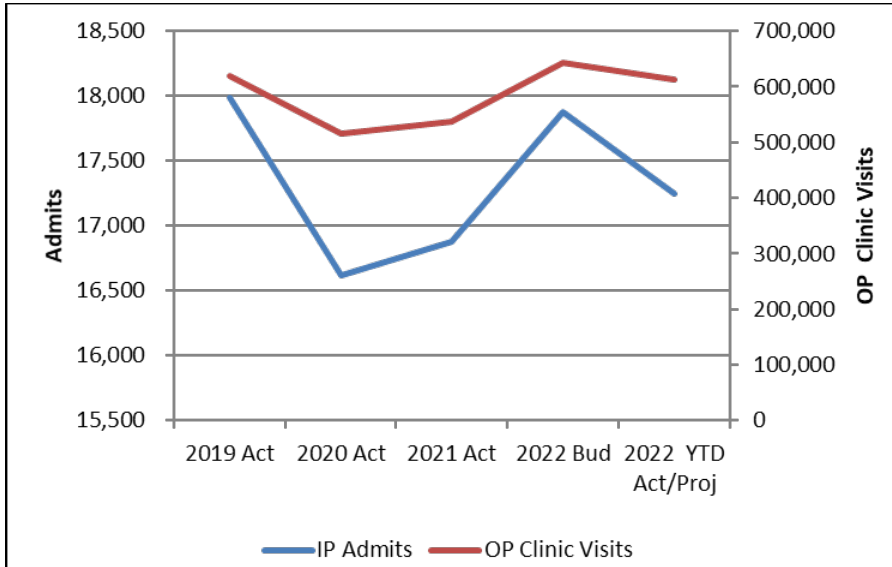
Revenue Operating Indicators

Patient Activity	2022 YTD Actual	2022 YTD Budget	%	2021 YTD Actual	2020 YTD Actual		Mar 2022 Actual	Mar 2021 Actual
Admissions *	7,417	7,328	1.2%	7,012	9,182		1,980	1,982
Patient Days *	34,387	38,841	-11.5%	29,947	37,078		8,320	7,518
Average Daily Census *	284	321	-11.5%	247	306		268	243
Emergency Room Visits	31,668	46,815	-32.4%	29,033	43,422		8,639	8,220
Surgeries	4,413	5,582	-20.9%	4,305	4,459		1,321	1,294
Ambulatory Clinic Visits	183,445	213,412	-14.0%	186,647	196,875		54,760	53,497

* Includes IP + Observations

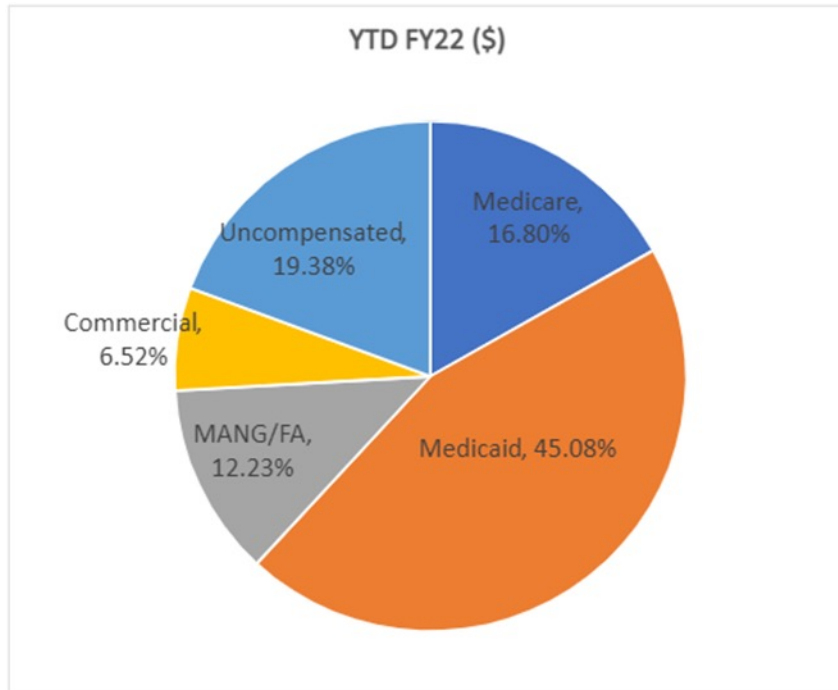
Cook County Health

Operating Trends

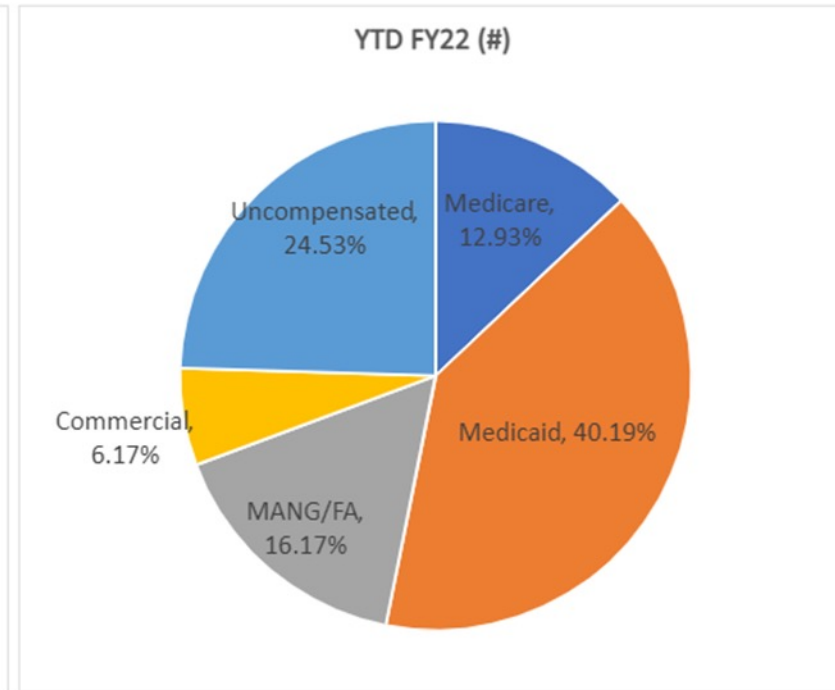


Payer Mix – YTD March 2022

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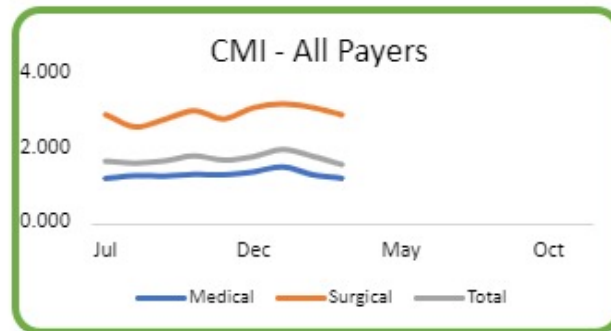
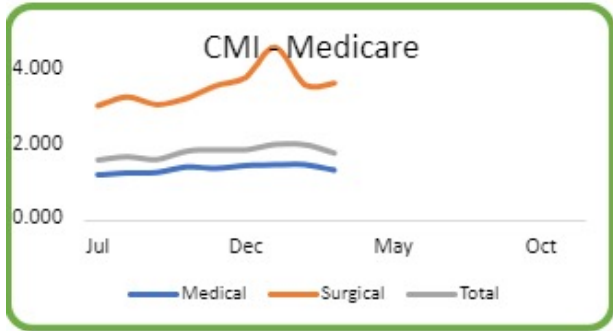
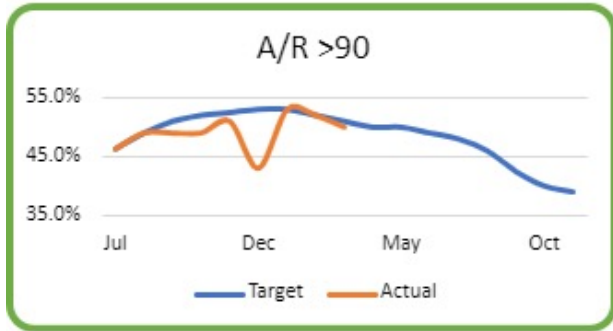
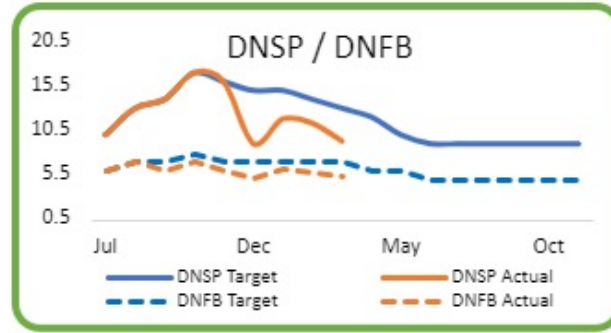


Commentary

- The YTD payer mix using total charges (\$) and total encounters (#).
- Increase in MANG/FA population is a result of improved patient cooperation with processing applications.



Revenue Cycle KPI Trending

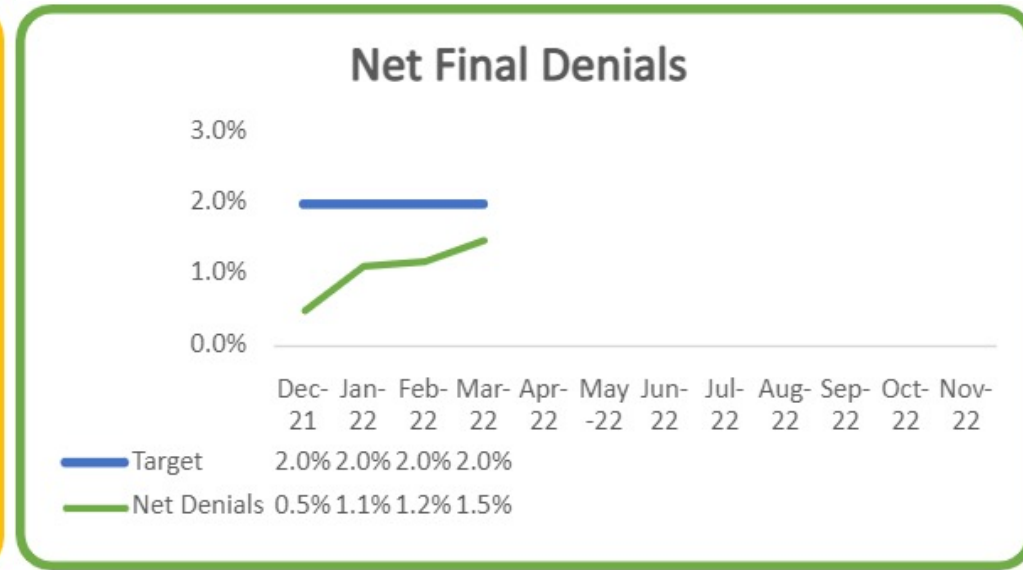
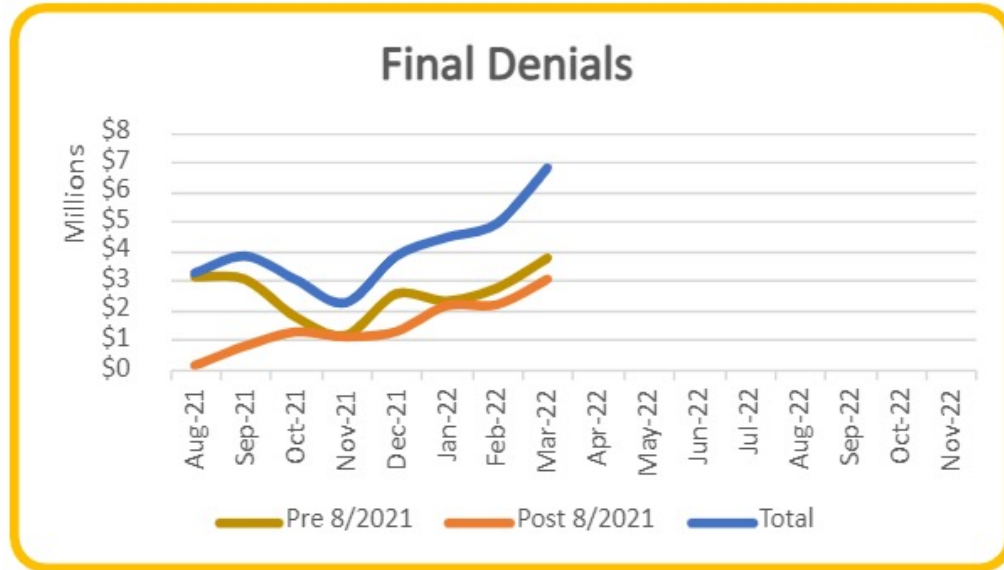


Commentary

- A/R Days is expected to begin to decline early summer as we ramp up additional support and optimize back-end operations.
- DNSP / DNFB are ahead of the improvement schedule.
- A/R Days is trending inline with the improvement schedule.
- Cash Collections is trending ahead of schedule.
- CMI total is trending upward for all payers and Medicare specific services.



Denial Trending



Commentary

The addition of the net final denials graph/data is intended to illustrate the estimated net cash associated to a given month's denials. This net calculation utilizes our reserve model against a given month's actual cash collection. The industry target is to be below 2% of actual cash collections.

	Feb-22	Mar-22
Pre 8/2021	55.7%	55.2%
Post 8/2021	44.3%	44.8%
Total	\$4,927,305	\$6,802,988
Case Management	\$1,063,637	\$2,155,637
Coding	\$27,921	\$329,161
Contracting	\$3,838	\$12,611
Medical Necessity	\$263,412	\$359,951
Non Covered	\$550,909	\$792,462
Patient Access	\$1,494	\$734
Other	\$188,986	\$379,256
Prior Authorization	\$803,281	\$862,756
Untimely Filing	\$2,023,827	\$1,910,420



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
<u>Charitable Benefits and Community Programs</u>				
Traditional Charity Care	\$ 173,423	\$ 162,626	\$ 152,827	\$ 116,029
Other Uncompensated Care	121,634	100,894	109,162	81,164
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
Totals	\$ 409,020	\$ 453,643	\$ 452,478	\$ 387,682
% of Revenues *	37.0%	38.6%	36.3%	36.2%
% of Costs *	27.3%	27.9%	36.3%	25.3%

* Excludes Health Plan Services

Cook County Health

Savings Initiatives: March 31, 2022

Current Activities in Progress	Budgeted FY22 Impact	YTD Mar Achieved	Status
<u>Revenue Cycle:</u>			
Chargemaster Review/Changes	-	1,235,333	●
Payer Contracting Re-negotiation	-	213,333	●
Charge Capture Improvement	-	833,333	●
Vendor Contract Negotiations	-	83,333	●
<u>County Care:</u>			
Care Mgmt System In-Sourcing	-	125,000	●
Network Contract Savings	-	300,000	●
Vendor Contract Negotiations	12,500,000	4,000,000	●
<u>Health System:</u>			
Vendor Contract Negotiations	12,000,000	1,578,667	●
Property Lease Savings	675,000	225,000	●
Equipment Lease Savings	308,472	77,118	●
	<u>\$ 25,483,472</u>	<u>\$ 8,671,118</u>	34%
		4/12ths Goal	33%

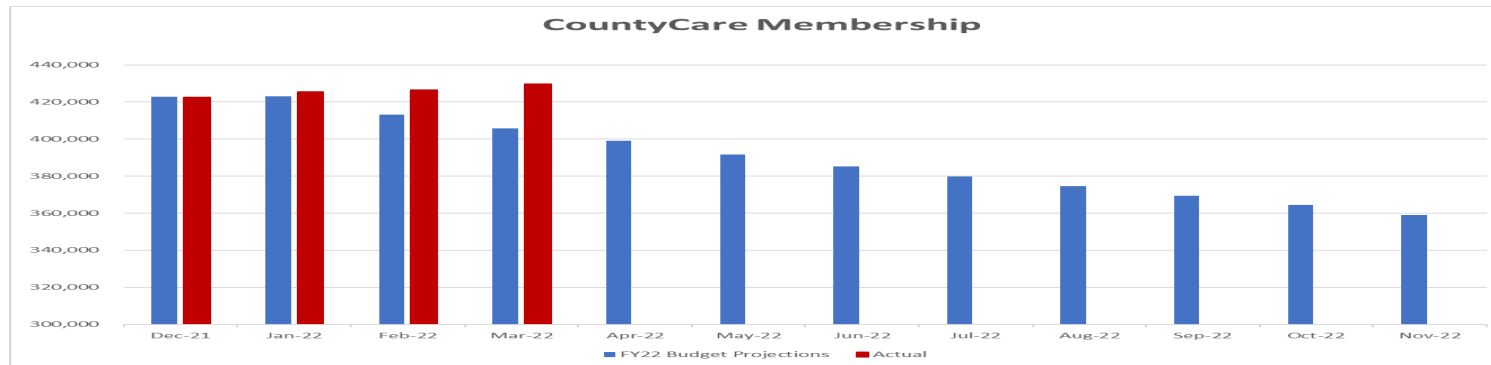


Health Plan Services Financial Results – March 31, 2022

Dollars in 000s except PMPM amounts	FY2022 Actual	FY2022 Budget	Variance	%	Fy21 Actual
Capitation Revenue	\$899,420	\$892,430	\$6,990	0.78%	\$778,323
Operating Expenses					
Clinical - CCH	\$33,654	\$39,254	\$5,599	14.26%	\$38,776
Clinical - External	\$813,201	\$789,899	(\$23,302)	(2.95%)	\$696,360
Administrative	\$42,435	\$51,551	\$9,116	17.68%	\$38,938
Total Expenses	\$889,290	\$880,704	(\$8,586)	(0.97%)	\$774,074
Operating Gain (Loss)	\$10,131	\$11,727	(\$1,596)	(13.61%)	\$4,249
Activity Levels					
Member Months	1,704,245	1,669,208	35,037	2.10%	1,537,559
Monthly Membership	429,734	405,841	23,893	5.89%	392,401
CCH CountyCare Member Months	177,627	N/A	N/A	N/A	158,294
CCH % CountyCare Member Months	10.42%	N/A	N/A	N/A	10.30%
Operating Indicators					
Revenue Per Member Per Month (PMPM)	\$527.75	\$534.64	(\$6.89)	(1.29%)	\$506.21
Clinical Cost PMPM	\$496.91	\$496.73	(\$0.18)	(0.04%)	\$478.12
Medical Loss Ratio (1)	92.2%	93.40%	1.24%	1.33%	92.27%
Administrative Cost Ratio	4.6%	6.35%	1.70%	26.77%	4.55%

Commentary

- Total YTD member months are exceeding budget by 35,037 members.
- CountyCare enrollment projected to exceed budget due to 50% auto-assignment as well as continued re-determination suspension.
- Revenue per member per month (PMPM) is lower than budget due to population mix.
- CountyCare's reimbursement to CCH for domestic spend is under budget.
- Operating Gain of \$10.1M consists of \$12.9M from CountyCare and a loss of \$(2.8)M from Medicare.



Notes:

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

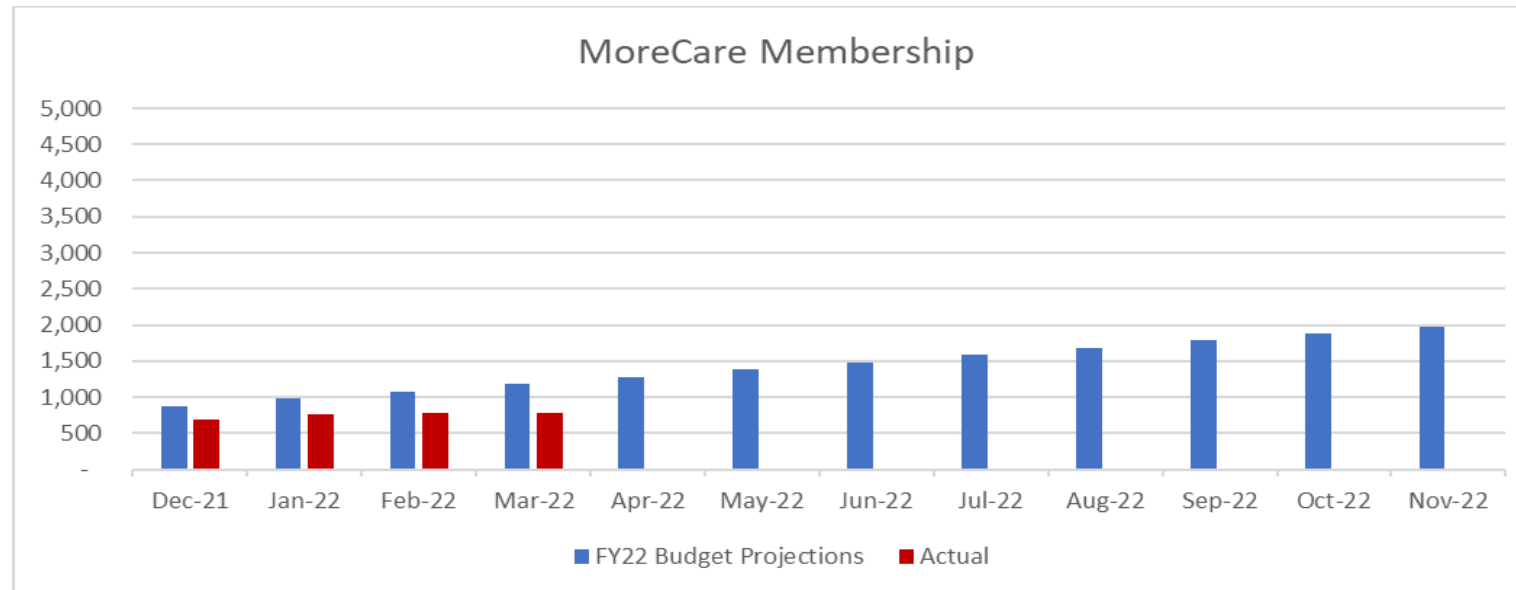


Medicare Financial Results – March 31, 2022

Dollars in 000s except PMPM amounts	FY2022 Actual	FY2022 Budget	Variance	%
Capitation Revenue (Total dollar amount)	\$6,327	\$7,087	(\$760)	(10.72%)
Operating Expenses				
Clinical Expenses	\$5,785	\$7,829	\$2,044	26.11%
Administrative	\$3,355	\$1,986	(\$1,369)	(68.95%)
Total Expenses	\$9,140	\$9,815	\$675	6.88%
Operating Gain (Loss)	(\$2,812)	(\$2,728)	(\$85)	3.10%
Activity Levels				
Member Months	3,017	4,120	(1,103)	(26.77%)
Monthly Membership	774	1,180	(406)	(34.41%)
Operating Indicators				
Revenue Per Member Per Month (PMPM)	\$2,097.17	\$1,720.17	\$377.00	21.92%
Clinical Cost PMPM	\$1,917.42	\$1,900.30	(\$17.12)	(0.90%)

Commentary

- Membership is lower than budget target by 1,103 members.
- Total operating loss is above budget by \$85K.



Questions?



COOK COUNTY
HEALTH