

CCH YTD Financial Update – September 30, 2022

Pamela Cassara

Chief Financial Officer

November 2022



**COOK COUNTY
HEALTH**

Executive Summary: Statement of Financial Condition – September 30, 2022

- On an accrual basis, interim financials show that CCH ended September with a \$15.8M unfavorable variance to budget. On a cash basis, the County's preliminary cash report on revenues and expenses shows a \$201.0 favorable variance primarily due to the timing difference of CountyCare PMPM payments impacting the revenue and claims payments impacting expenses.
- Revenue Commentary:
 - YTD Revenues better than Budget due to catch up payments from the State and higher than budgeted CountyCare membership
 - Other Non-Operating Revenue negative variance due to fluctuations in County property tax collection
- Expenditures:
 - YTD negative variance to Budget in Purchased Services expense partially offset by Salaries & Wages positive variance 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 \$16.0M
 - Membership remains over 400,000, which is greater than the 381,000 budgeted

Financial Results – September 30, 2022

| Dollars in 000s | FY2022 Actual | FY2022 Budget | Variance | % | FY2021 Actual (3) |
|--|--------------------|--------------------|-------------------|-----------------|--------------------|
| Revenue | | | | | |
| Net Patient Service Revenue (1) | \$778,308 | \$660,790 | \$117,518 | 17.78% | \$490,489 |
| CountyCare Elimination-Claims (1) | (\$103,926) | \$0 | (\$103,926) | | (\$68,928) |
| Government Support (2) | \$331,316 | \$329,700 | \$1,616 | 0.49% | \$340,060 |
| Adjusted NPSR | \$1,005,698 | \$990,489 | \$15,208 | 1.54% | \$761,621 |
| CountyCare Capitation Revenue | \$2,356,371 | \$2,226,292 | \$130,079 | 5.84% | \$2,016,191 |
| CountyCare Elimination-Directed Payments (1) | (\$169,998) | (\$99,659) | (\$70,339) | | \$0 |
| Other | \$12,530 | \$15,570 | (\$3,041) | -19.53% | \$14,156 |
| Total Revenue | \$3,204,600 | \$3,132,692 | \$71,908 | 2.30% | \$2,791,968 |
| Operating Expenses | | | | | |
| Salaries & Benefits | \$564,255 | \$660,400 | \$96,145 | 14.56% | \$555,595 |
| Overtime | \$38,788 | \$32,586 | (\$6,202) | -19.03% | \$27,057 |
| Supplies & Pharmaceuticals | \$132,742 | \$123,935 | (\$8,807) | -7.11% | \$121,698 |
| Purchased Services & Other | \$491,502 | \$294,257 | (\$197,245) | -67.03% | \$296,118 |
| Medical Claims Expense (1) | \$2,230,192 | \$2,079,639 | (\$150,553) | -7.24% | \$1,903,389 |
| CountyCare Elimination | (\$273,924) | (\$99,659) | \$174,265 | -174.86% | (\$68,928) |
| Insurance | \$24,401 | \$30,751 | \$6,350 | 20.65% | \$26,554 |
| Utilities | \$10,535 | \$9,723 | (\$812) | -8.35% | \$12,033 |
| Total Operating Expenses | \$3,218,491 | \$3,131,632 | (\$86,860) | -2.77% | \$2,873,514 |
| Operating Margin | (\$13,891) | \$1,061 | (\$14,952) | 1409.66% | (\$81,546) |
| Non-Operating Revenue | \$113,867 | \$114,754 | (\$887) | -0.77% | \$102,254 |
| Net Income (Loss) | \$99,976 | \$115,815 | (\$15,839) | -13.68% | \$20,708 |

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: September 30, 2022

Key Revenue Indicators

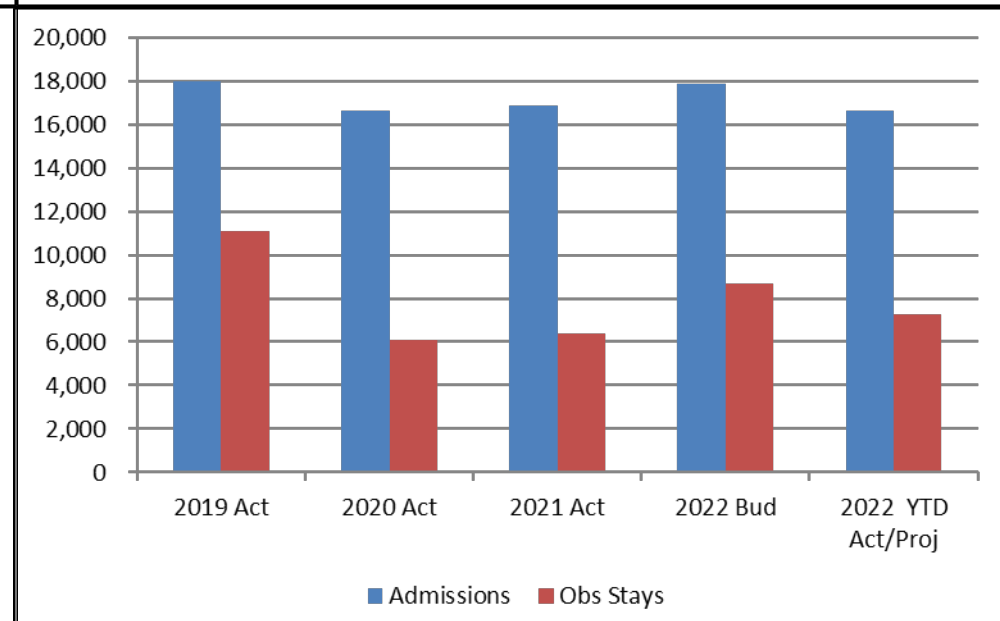
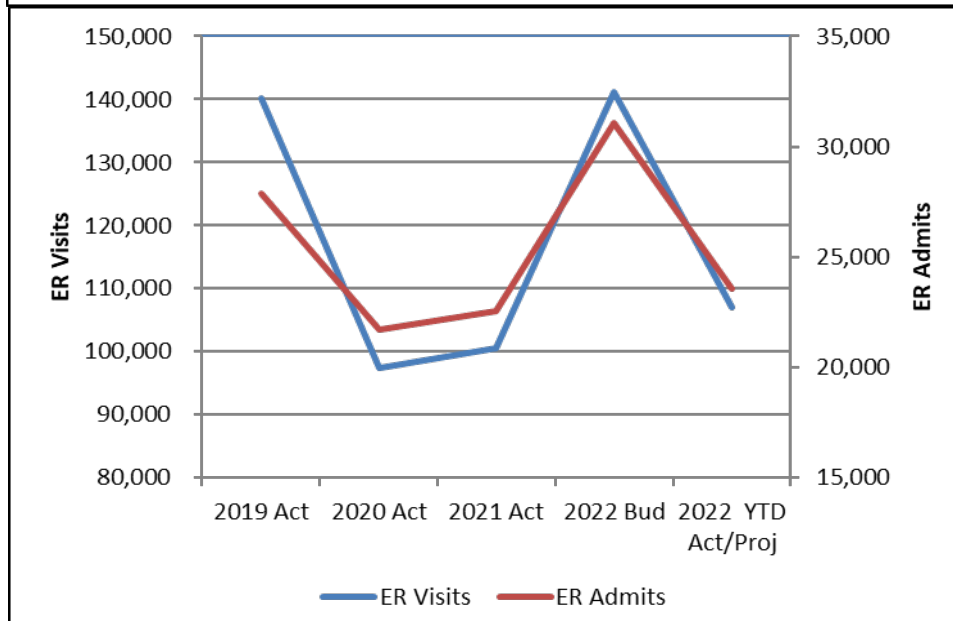
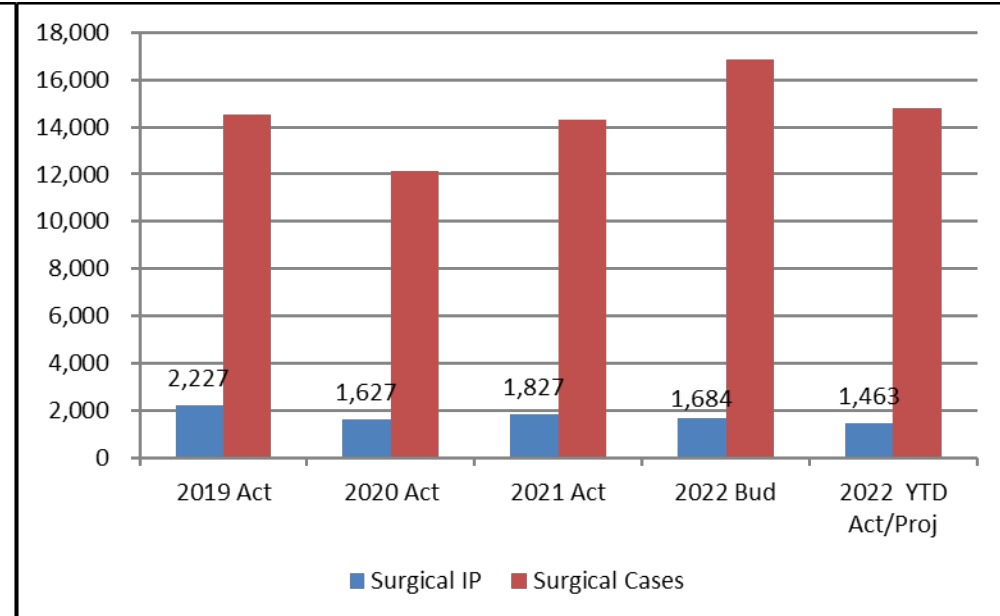
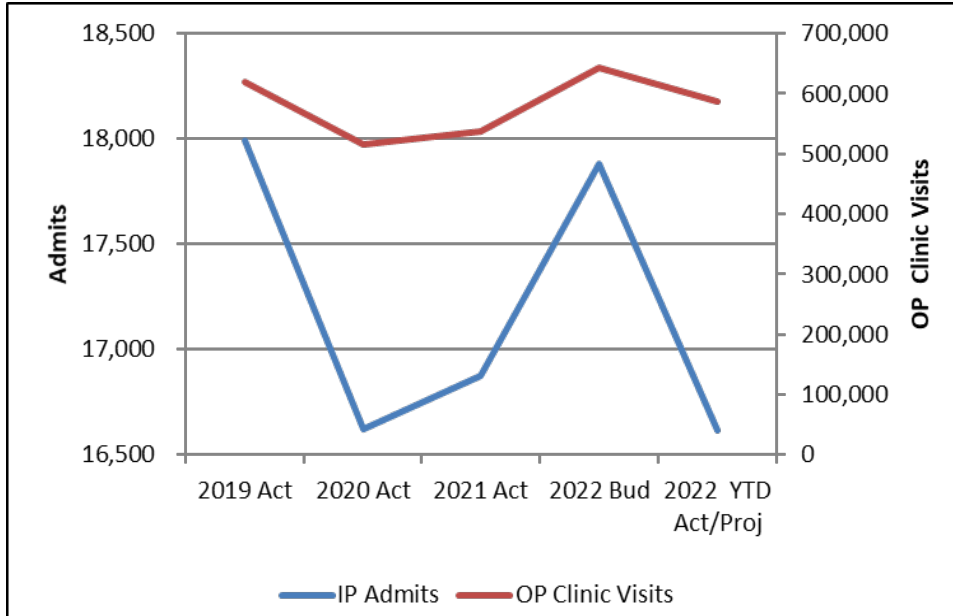
| Patient Activity | 2022 YTD Actual | 2022 YTD Budget | % | 2021 YTD Actual | 2020 YTD Actual | | Sep 2022 Actual | Sep 2021 Actual |
|--------------------------|-----------------|-----------------|--------|-----------------|-----------------|--|-----------------|-----------------|
| Admissions * | 19,090 | 20,355 | -6.2% | 19,131 | 19,629 | | 1,932 | 1,952 |
| Patient Days * | 86,498 | 98,458 | -12.1% | 81,912 | 83,700 | | 9,159 | 8,484 |
| Average Daily Census * | 285 | 324 | -12.1% | 269 | 275 | | 305 | 283 |
| Emergency Room Visits | 84,403 | 118,636 | -28.9% | 82,090 | 85,709 | | 8,719 | 8,803 |
| Surgeries | 11,962 | 14,030 | -14.7% | 11,864 | 9,750 | | 1,221 | 1,217 |
| Ambulatory Clinic Visits | 479,399 | 536,170 | -10.6% | 474,872 | 450,879 | | 47,854 | 47,347 |

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

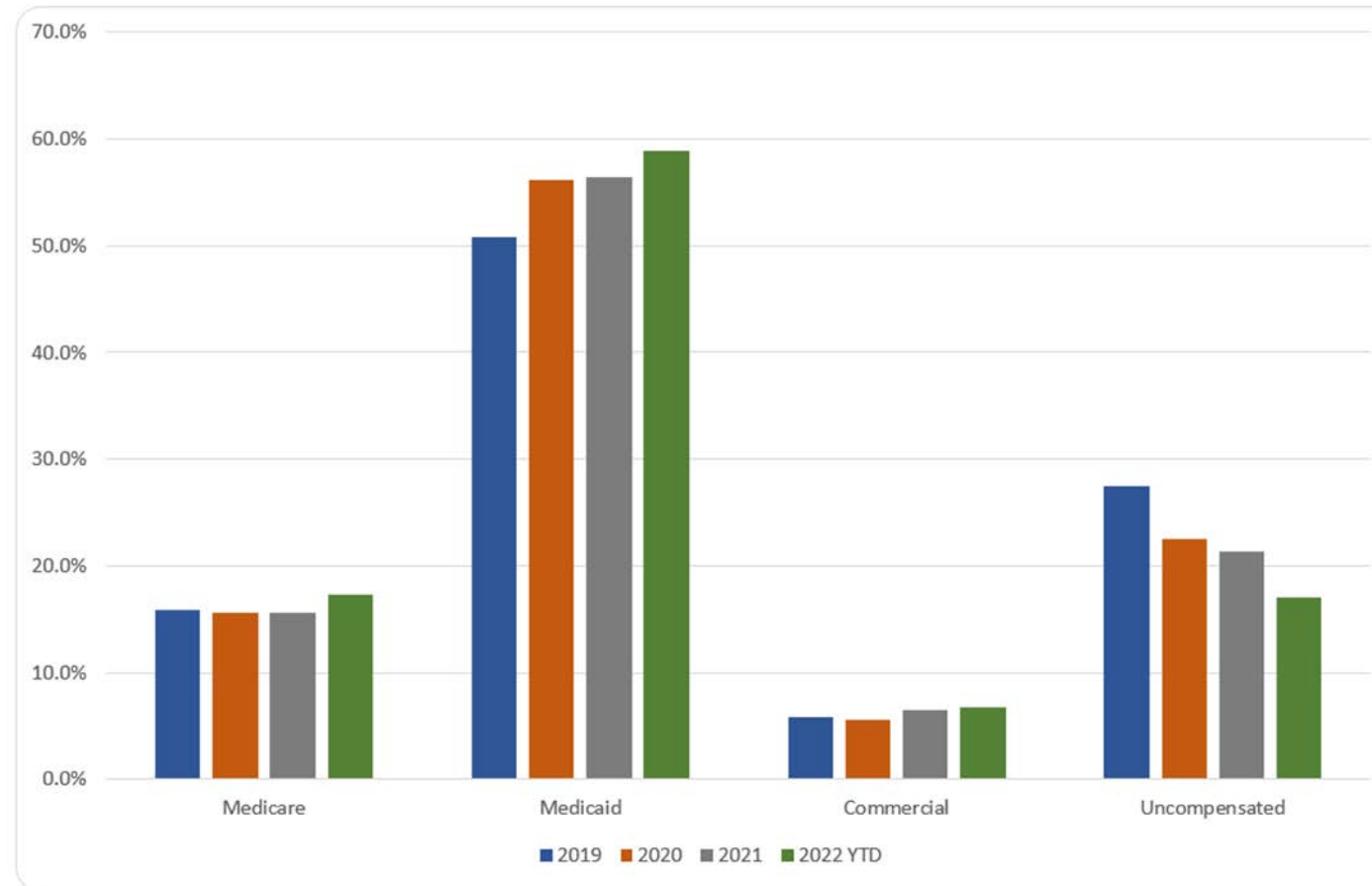
* Includes IP + Observations

Cook County Health

Operating Trends

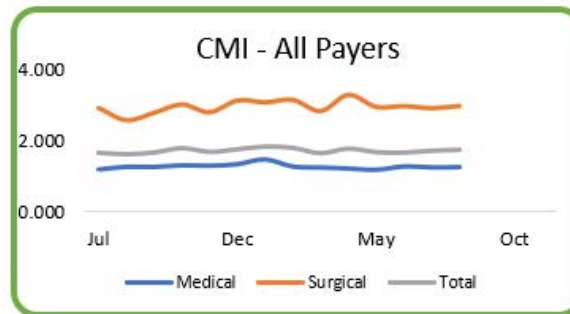
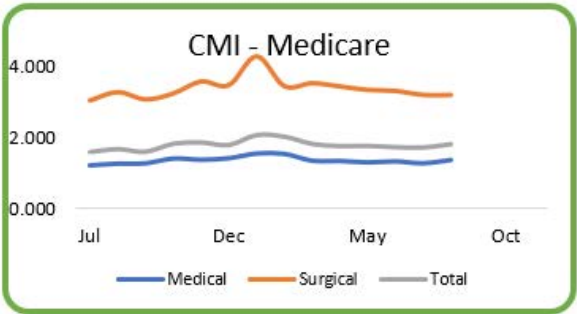
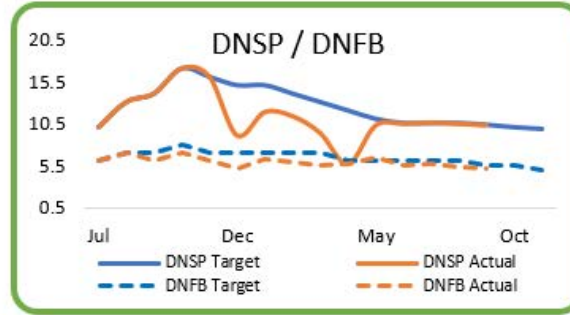


Payer Mix – YoY Comparison



- Pause on redetermination during PHE allowing for patients to retain coverage
- 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

Total AR Days only indicator not meeting target but continues to trend down and is anticipated to meet goal by end of year.

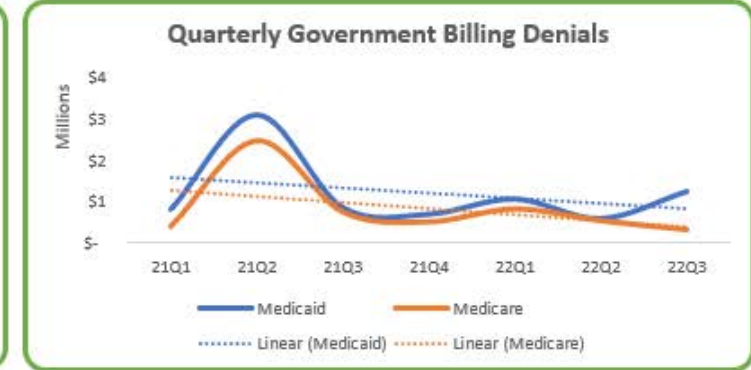
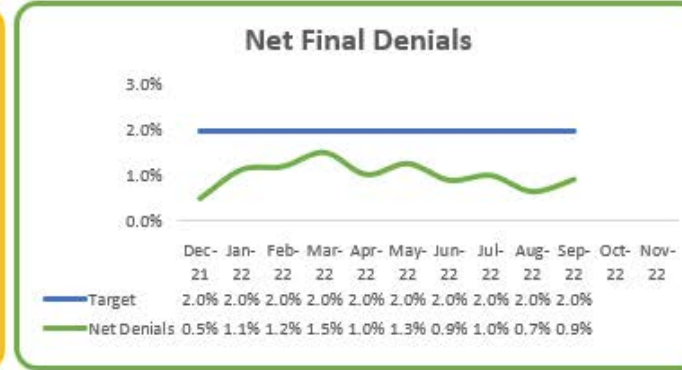
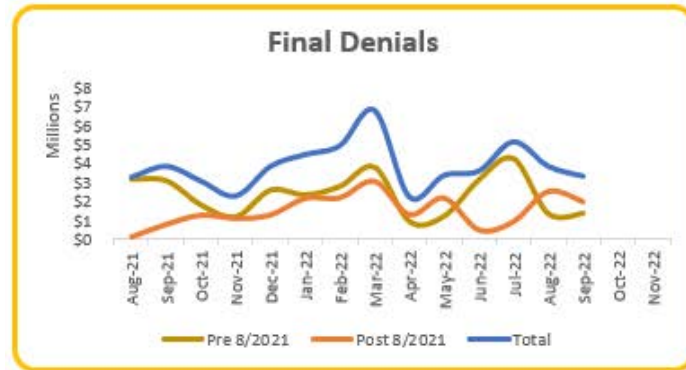
Definitions:

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 remain below industry benchmark of 2% of cash collections. Continued improvement in government related denials.

Efforts include proper classification of denial category in order to align action plans to underlying root cause.

| | Aug-22 | Sep-22 |
|---------------------|--------------|--------------|
| Pre 8/2021 | 34.4% | 40.1% |
| Post 8/2021 | 65.6% | 59.9% |
| Total | \$3,830,437 | \$3,304,885 |
| Case Management | \$1,084,515 | \$601,542 |
| Coding | \$549,398 | \$198,733 |
| Contracting | \$7,824 | \$229 |
| Medical Necessity | -\$38,642 | \$108,001 |
| Non Covered | -\$2,306,385 | -\$4,540,042 |
| Patient Access | -\$610 | -\$570 |
| Other | \$301,241 | \$360,240 |
| Prior Authorization | \$725,403 | \$454,384 |
| Untimely Filing | \$3,507,693 | \$6,122,368 |



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 | \$ 134,772 |
| Other Uncompensated Care | 121,634 | 100,894 | 109,162 | 164,595 |
| 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 | \$ 489,856 |
| % of Revenues * | 37.0% | 38.6% | 36.3% | 41.1% |
| % of Costs * | 27.3% | 27.9% | 36.3% | 34.5% |

* Excludes Health Plan Services

Cook County Health

Savings Initiatives: September 30, 2022

| Current Activities in Progress | Budgeted FY22 Impact | YTD Sep Achieved | Status |
|----------------------------------|-------------------------|----------------------|--------|
| <u>Revenue Cycle:</u> | | | |
| Chargemaster Review/Changes | - | 3,088,333 | ● |
| Payer Contracting Re-negotiation | - | 533,333 | ● |
| Charge Capture Improvement | - | 2,083,333 | ● |
| Vendor Contract Negotiations | - | 208,333 | ● |
| <u>County Care:</u> | | | |
| Care Mgmt System In-Sourcing | - | 375,000 | ● |
| Network Contract Savings | - | 750,000 | ● |
| Vendor Contract Negotiations | 12,500,000 | 10,000,000 | ● |
| <u>Health System:</u> | | | |
| Vendor Contract Negotiations | 12,000,000 | 3,946,667 | ● |
| Property Lease Savings | 675,000 | 562,500 | ● |
| Equipment Lease Savings | 308,472 | 257,060 | ● |
| | <u>\$ 25,483,472</u> | <u>\$ 21,804,560</u> | 86% |
| | | 10/12ths Goal | 83% |

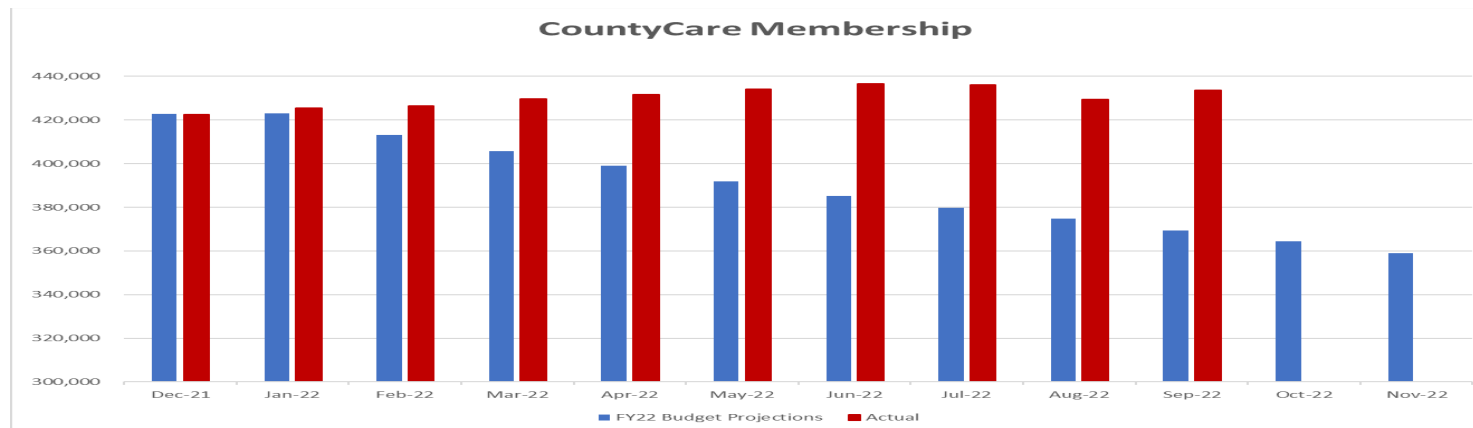


Health Plan Services Financial Results – September 30, 2022

| Dollars in 000s except PMPM amounts | FY2022 Actual | FY2022 Budget | Variance | % | Fy21 Actual |
|-------------------------------------|---------------|---------------|-------------|----------|-------------|
| Capitation Revenue | \$2,356,708 | \$2,126,633 | \$230,075 | 10.82% | \$2,016,191 |
| Operating Expenses | | | | | |
| Clinical - CCH | \$103,926 | \$95,817 | (\$8,109) | (8.46%) | \$68,928 |
| Clinical - External | \$2,126,109 | \$1,883,496 | (\$242,614) | (12.88%) | \$1,834,461 |
| Administrative | \$110,653 | \$119,060 | \$8,407 | 7.06% | \$103,800 |
| Total Expenses | \$2,340,688 | \$2,098,373 | (\$242,316) | (11.55%) | \$2,007,189 |
| Operating Gain (Loss) | \$16,019 | \$28,260 | (\$12,241) | (43.31%) | \$9,002 |
| Activity Levels | | | | | |
| Member Months | 4,306,005 | 3,978,131 | 327,874 | 8.24% | 3,961,497 |
| Monthly Membership | 433,800 | 371,154 | 62,646 | 16.88% | 411,889 |
| CCH CountyCare Member Months | 441,533 | N/A | N/A | N/A | 414,234 |
| CCH % CountyCare Member Months | 10.25% | N/A | N/A | N/A | 10.46% |
| Operating Indicators | | | | | |
| Revenue Per Member Per Month (PMPM) | \$547.31 | \$534.58 | \$12.73 | 2.38% | \$508.95 |
| Clinical Cost PMPM | \$517.89 | \$497.55 | (\$20.34) | (4.09%) | \$480.47 |
| Medical Loss Ratio (1) | 92.7% | 93.40% | 0.71% | 0.76% | 92.2% |
| Administrative Cost Ratio | 4.6% | 6.35% | 1.71% | 26.89% | 4.7% |

Commentary

- Total YTD member months are exceeding budget by 327,874 members.
- Revenue and claims expense are higher than budget due to higher than budgeted membership.
- Clinical cost are higher due to increase in hospital outpatient claims and IBNR estimates.
- 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 \$16M consists of \$22.5M from CountyCare and a loss of \$(6.5)M from Medicare.



Notes:

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

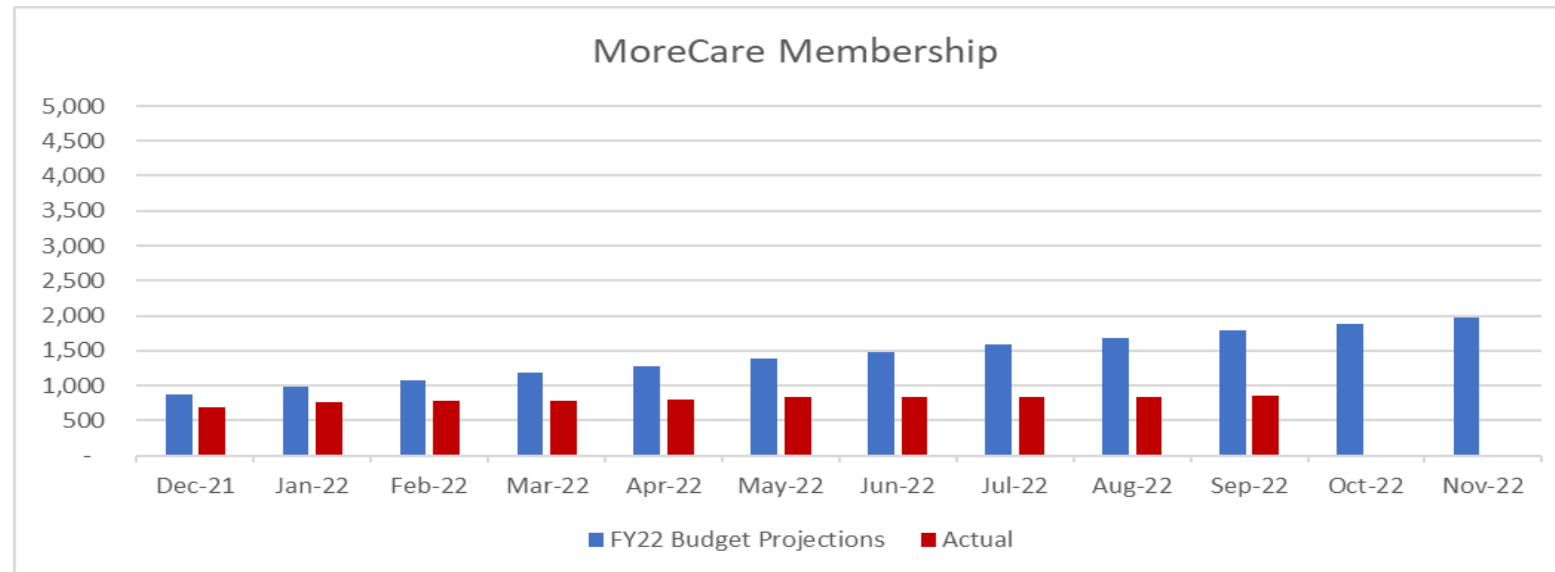


Medicare Financial Results – September 30, 2022

| Dollars in 000s except PMPM amounts | FY2022 Actual | FY2022 Budget | Variance | % |
|---|---------------|---------------|------------|----------|
| Capitation Revenue (Total dollar amount) | \$17,715 | \$16,961 | \$(753) | 4.44% |
| Operating Expenses | | | | |
| Clinical Expenses | \$16,438 | \$19,573 | \$3,135 | 16.02% |
| Administrative | \$7,798 | \$4,964 | \$(2,834) | (57.09%) |
| Total Expenses | \$24,236 | \$24,537 | \$301 | 1.23% |
| Operating Gain (Loss) | \$(6,521) | \$(7,576) | \$1,054 | (13.92%) |
| Activity Levels | | | | |
| Member Months | 8,016 | 13,300 | (5,284) | (39.73%) |
| Monthly Membership | 849 | 1,780 | (931) | (52.30%) |
| Operating Indicators | | | | |
| Revenue Per Member Per Month (PMPM) | \$2,209.91 | \$1,275.28 | \$934.63 | 73.29% |
| Clinical Cost PMPM | \$2,050.70 | \$1,471.66 | \$(579.04) | (39.35%) |

Commentary

- Membership is lower than budget target by 5,284 members.
- Total operating loss is lower than budget by \$1M.
- Product exit planned for December 31st, 2022.



Questions?



COOK COUNTY
HEALTH