

# CCH YTD Financial Update – December 31, 2021

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**Chief Financial Officer**

**February 2022**



**COOK COUNTY  
HEALTH**

# Executive Summary: Statement of Financial Condition – December 31, 2021

- On an accrual basis, interim financials show that CCH ended December with a \$15M positive variance to budget. On a cash basis, the County's preliminary cash report on revenues and expenses at December 31 shows a \$49.1M positive variance primarily due to the timing difference of CountyCare PMPM payments impacting the revenue and claims payments impacting expenses.
  - Revenue Commentary:
    - Higher than budgeted Inpatient volumes driving NPSR positive variance to budget
  - Expenditures:
    - Higher than budgeted volumes also driving higher Salaries & Wages expense
    - Lower than budgeted County Care claims expense creating positive variance
  - CountyCare:
    - CountyCare is showing an operating gain of \$8.7M
    - Membership is over 420,000, which is greater than the 391,000 monthly average budgeted

# Financial Results – December 31, 2021

Dollars in 000s	FY2022 Actual	FY2022 Budget	Variance	%	FY2021 Actual (3)
<b>Revenue</b>					
Net Patient Service Revenue (1)	\$65,853	\$59,141	\$6,711	11.35%	\$47,365
Government Support (2)	\$32,985	\$32,985	\$0	0.00%	\$31,846
CountyCare Capitation Revenue	\$205,748	\$221,879	(\$16,131)	-7.27%	\$180,472
Other	\$1,257	\$1,378	(\$122)	-8.82%	\$6,919
CountyCare Elimination (1)	(\$20,344)	(\$10,163)	(\$10,182)	100.19%	(\$8,658)
<b>Total Revenue</b>	<b>\$285,498</b>	<b>\$305,221</b>	<b>(\$19,723)</b>	<b>-6.46%</b>	<b>\$257,944</b>
<b>Operating Expenses</b>					
Salaries & Benefits	\$56,108	\$44,410	(\$11,698)	-26.34%	\$61,662
Overtime	\$3,734	\$3,290	(\$444)	-13.50%	\$3,623
Supplies & Pharmaceuticals	\$11,606	\$12,324	\$718	5.82%	\$12,987
Purchased Services & Other	\$31,951	\$32,539	\$587	1.81%	\$24,876
Medical Claims Expense (1)	\$185,806	\$221,085	\$35,279	15.96%	\$173,384
Insurance	\$2,736	\$3,075	\$339	11.03%	\$2,655
Utilities	\$1,168	\$1,243	\$75	6.06%	\$1,208
CountyCare Elimination (1)	(\$20,344)	(\$10,163)	\$10,182	-100.19%	(\$8,658)
<b>Total Operating Expenses</b>	<b>\$272,764</b>	<b>\$307,802</b>	<b>\$35,038</b>	<b>11.38%</b>	<b>\$271,738</b>
<b>Operating Margin</b>	<b>\$12,734</b>	<b>(\$2,581)</b>	<b>\$15,315</b>	<b>593.45%</b>	<b>(\$13,794)</b>
<b>Non-Operating Revenue</b>	<b>\$11,475</b>	<b>\$11,475</b>	<b>(\$0)</b>	<b>0.00%</b>	<b>\$10,509</b>
<b>Net Income (Loss)</b>	<b>\$24,209</b>	<b>\$8,895</b>	<b>\$15,315</b>	<b>172.18%</b>	<b>(\$3,285)</b>

- (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: December 31, 2021

### Revenue Operating Indicators

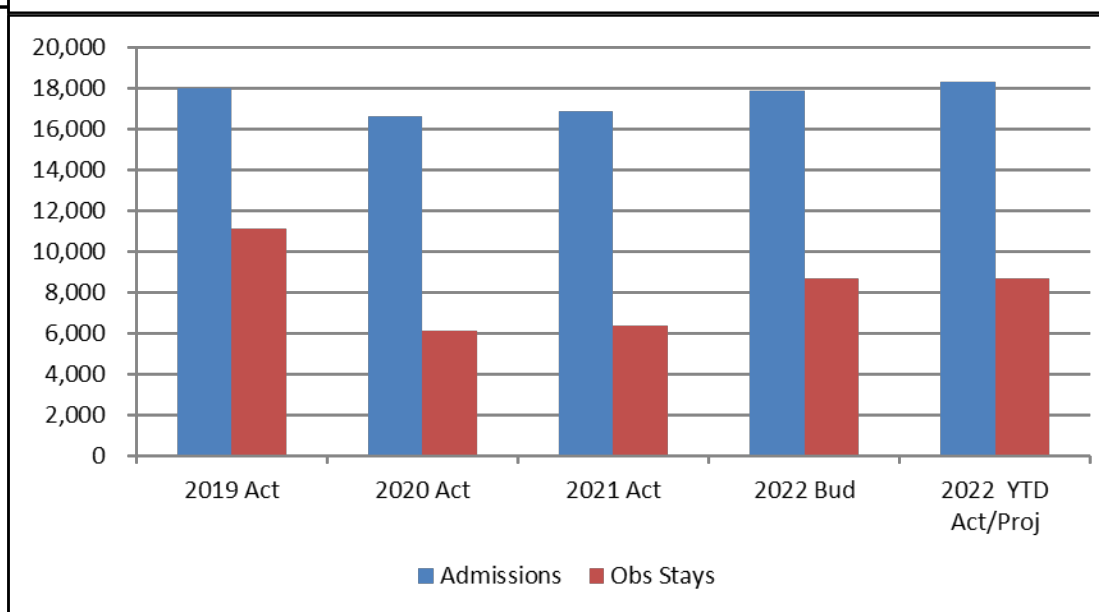
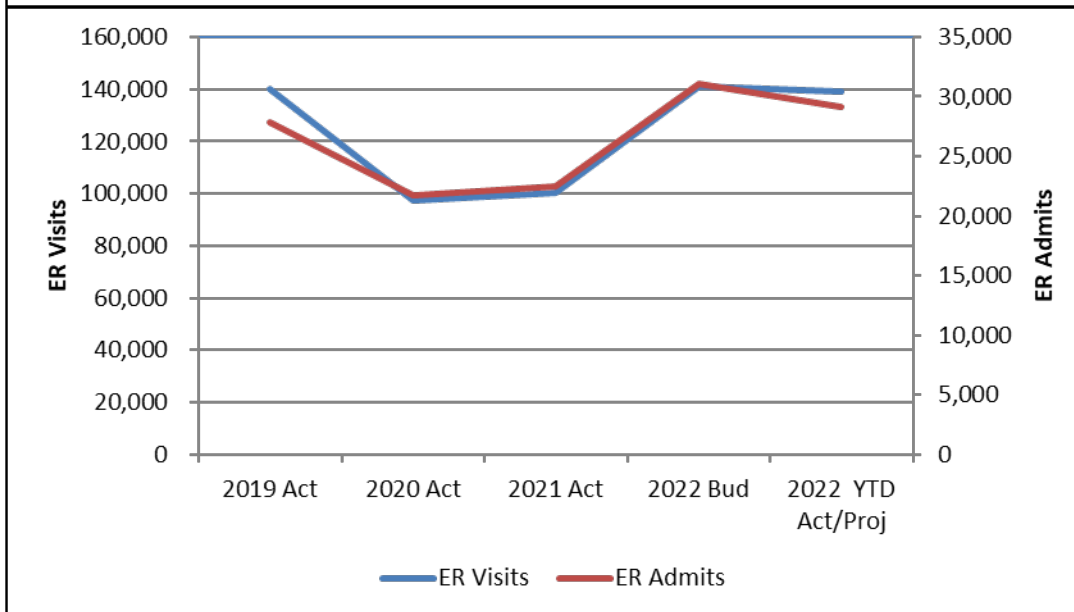
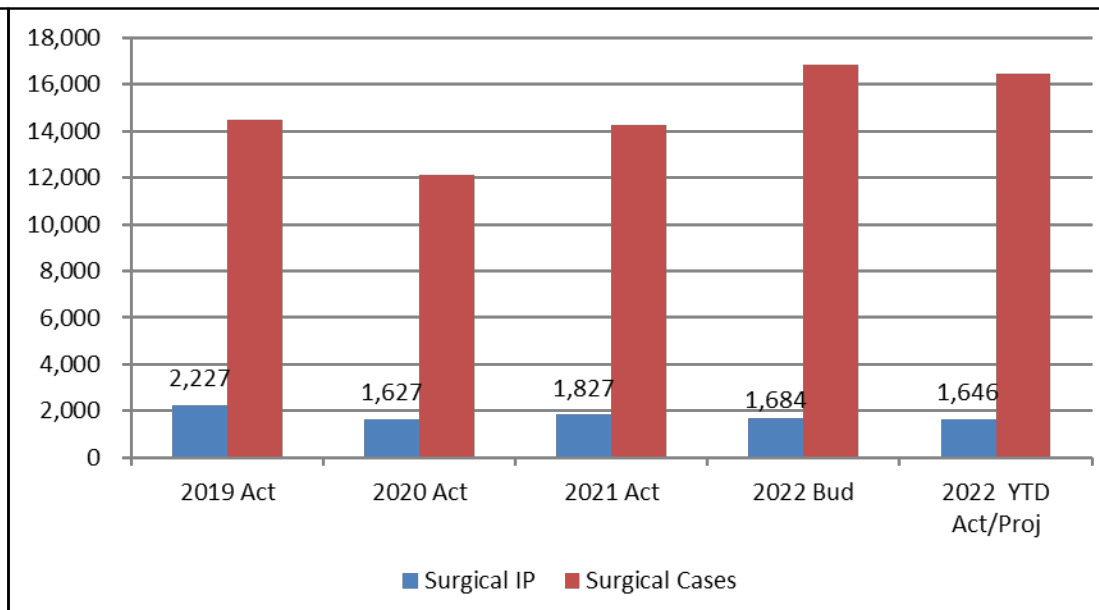
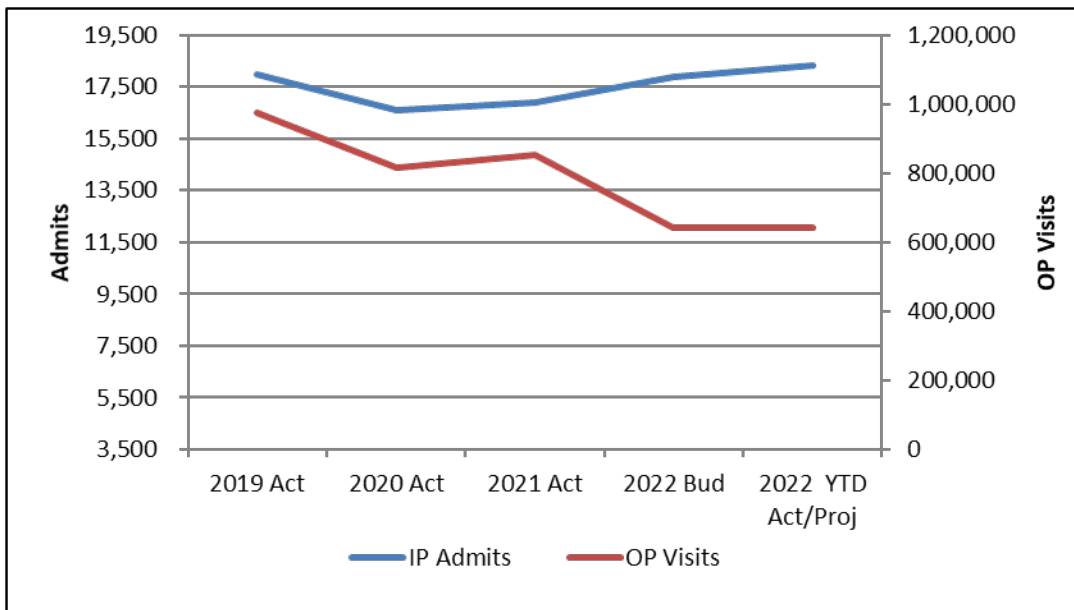
Patient Activity	2022 YTD Actual	2022 YTD Budget	%	2021 YTD Actual	2020 YTD Actual		Dec 2021 Actual	Dec 2020 Actual
Admissions *	1,976	1,518	30.2%	1,825	2,435		1,976	1,825
Patient Days *	9,970	8,155	22.3%	8,899	10,944		9,970	8,899
Average Daily Census *	322	263	22.3%	268	314		298	268
Emergency Room Visits	8,629	11,994	-28.1%	7,219	11,449		8,629	7,219
Surgeries	1,041	1,430	-27.2%	1,078	1,203		1,041	1,078
Ambulatory Visits	69,554	54,676	27.2%	73,210	78,527		69,554	73,210

\* Includes IP + Observations



# Cook County Health

## Operating Trends



# Cook County Health

## 2022 Charitable & Public Program Expenditures

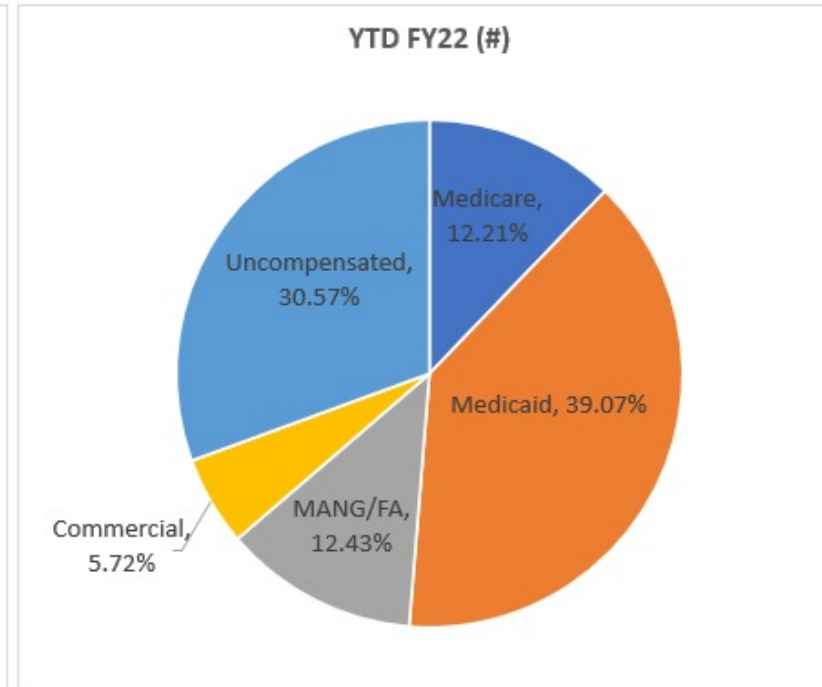
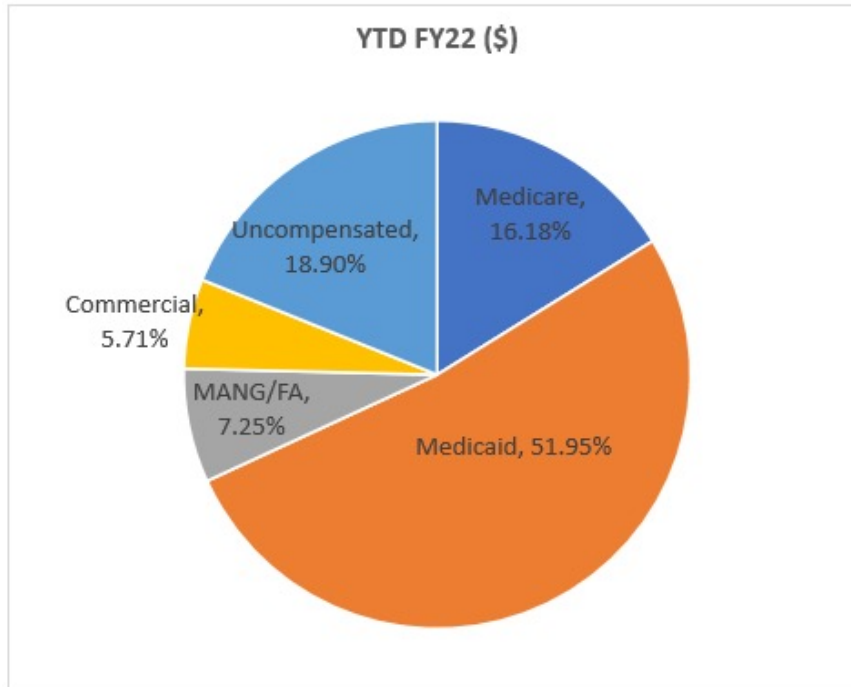
### Budget/Projection (\$000s)

	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	\$ 153,648
Other Uncompensated Care	121,634	100,894	109,162	108,180
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>\$ 452,317</b>
% of Revenues *	37.0%	38.6%	36.3%	36.3%
% of Costs *	27.3%	27.9%	36.3%	36.3%

\* Excludes Health Plan Services

# Payer Mix – December 2021

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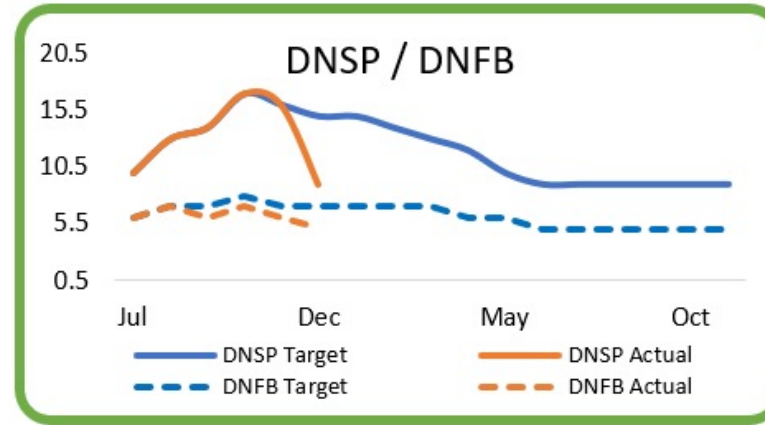
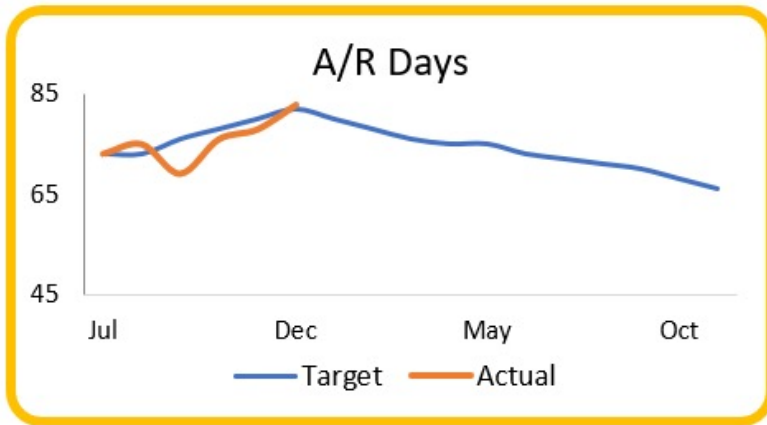
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## Commentary

- The YTD payer mix only compares one month, December 2021, using total charges (\$) and total encounters (#). As we progress through the fiscal year, a true year today comparison will be presented.
- Continued reductions in Uncompensated care as we continue to align patients with coverages.
- Reduction in MANG/FA population is a result of improved managerial oversight and production in processing applications.

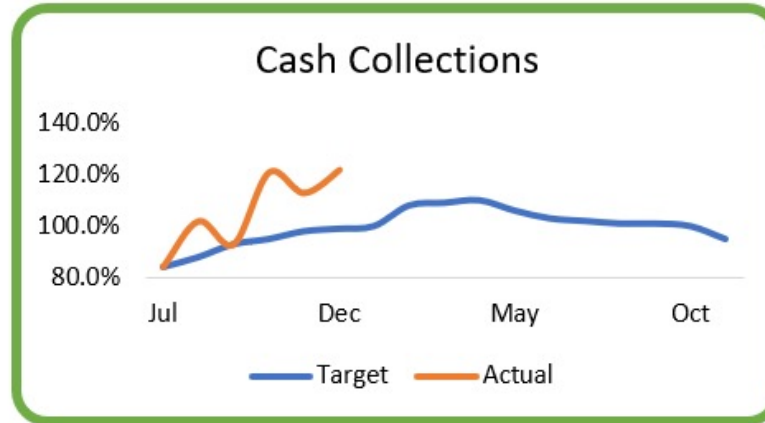


# Revenue Cycle KPI Trending



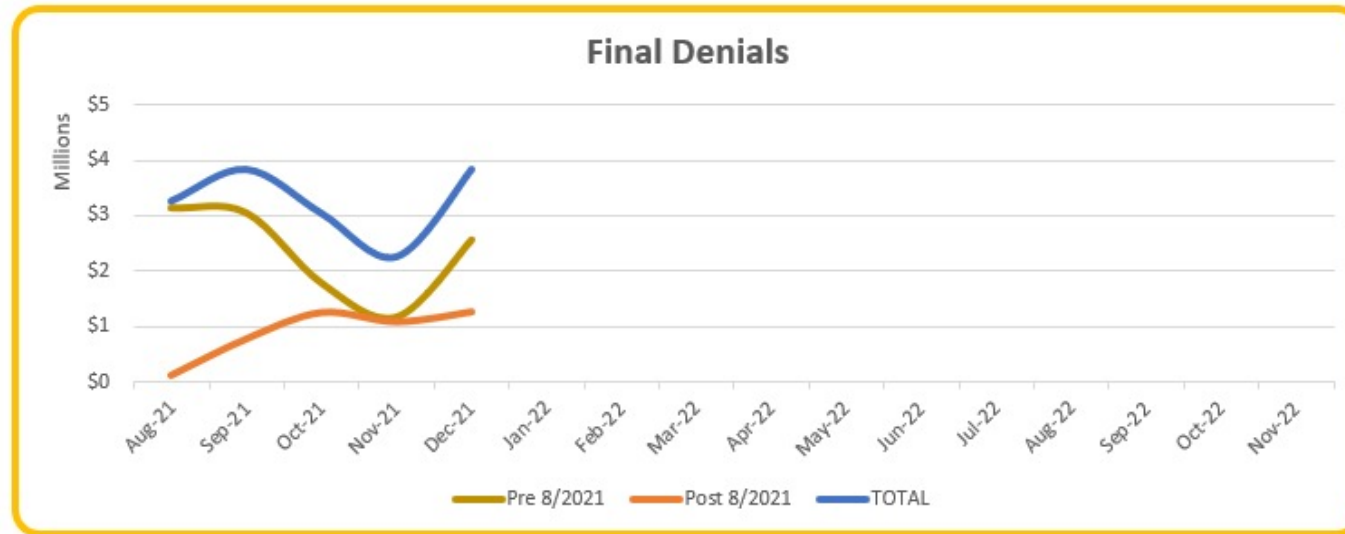
## Commentary

- A/R Days continues to grow and 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 slightly below the improvement schedule. However, this metric may grow before summer while we ramp up additional support.
- Cash Collections is trending ahead of schedule.





# Denial Trending



## Commentary

- Final denial data will be broken out into two date of service periods:
  - Pre 8/2021 will reflect all realized/final denials with a dates of service prior to 8/1/2021. This correlates with the operational optimization efforts that kicked off on 8/1/2021.
  - Post 8/2021 will reflect all realized/final denials with dates of service after 8/1/2021 and within the operational optimization initiatives.
- Top 4 denial categories are highlighted per month and become the sole agenda items for improvement discussion in our monthly denial committee meetings.

	Nov-21	Dec-21
<b>Pre 8/2021</b>	\$ 1,153,735	\$ 2,550,324
Case Management	\$ 45,853	\$ 64,908
Coding	\$ 145,207	\$ 165,735
Contracting	\$ (172)	\$ 924
Medical Necessity	\$ 945	\$ 306,463
Non Covered	\$ 69,289	\$ 252,230
Other	\$ 462	\$ 651
Patient Access	\$ 48,392	\$ 272,397
Prior Authorization	\$ 161,558	\$ 86,709
Untimely Filing	\$ 682,200	\$ 1,400,307
	\$ -	\$ -
<b>Post 8/2021</b>	\$ 1,096,471	\$ 1,276,257
Case Management	\$ 36,029	\$ 305,111
Coding	\$ 3,414	\$ 2,689
Medical Necessity	\$ -	\$ 17,722
Non Covered	\$ 217,091	\$ 359,311
Other	\$ 700	\$ 2,726
Patient Access	\$ 84,024	\$ 127,830
Prior Authorization	\$ 753,083	\$ 423,432
Untimely Filing	\$ 2,131	\$ 37,437
<b>Total</b>	\$ 2,250,206	\$ 3,826,581
Case Management	\$ 81,882	\$ 370,018
Coding	\$ 148,621	\$ 168,424
Medical Necessity	\$ 945	\$ 324,185
Contracting	\$ (172)	\$ 924
Non Covered	\$ 286,380	\$ 611,541
Patient Access	\$ 132,416	\$ 400,227
Other	\$ 1,162	\$ 3,377
Prior Authorization	\$ 914,641	\$ 510,141
Untimely Filing	\$ 684,331	\$ 1,437,744



# Cook County Health

## Savings Initiatives: December 31, 2021

Current Activities in Progress	Budgeted FY22 Impact	YTD Dec Achieved	Status
<u>Revenue Cycle:</u>			
Chargemaster Review/Changes	-	308,833	●
Payer Contracting Re-negotiation	-	53,333	●
Charge Capture Improvement	-	208,333	●
Vendor Contract Negotiations	-	20,833	●
<u>County Care:</u>			
Care Mgmt System In-Sourcing	-	-	●
Network Contract Savings	-	75,000	●
Vendor Contract Negotiations	12,500,000	1,166,667	●
<u>Health System:</u>			
Vendor Contract Negotiations	12,000,000	378,833	●
Property Lease Savings	675,000	56,250	●
Equipment Lease Savings	-	-	●
	<u>\$ 25,175,000</u>	<u>\$ 2,268,083</u>	9%
		Goal	8%

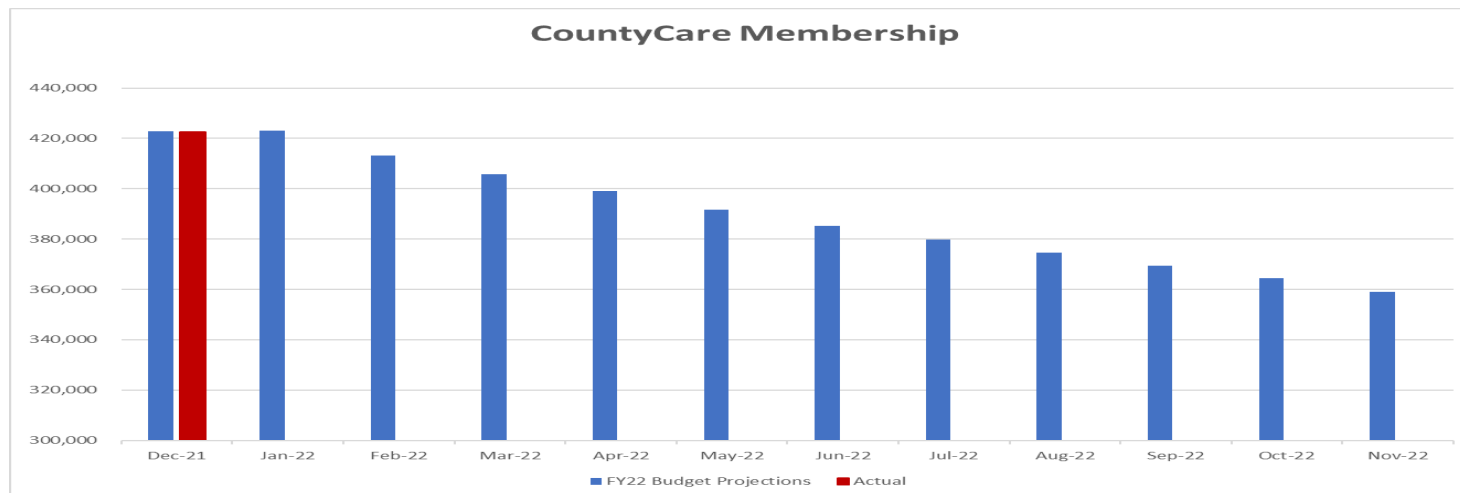


# Health Plan Services Financial Results – December 31, 2021

Dollars in 000s except PMPM amounts	FY2022 Actual	FY2022 Budget	Variance	%	FY21 Actual
<b>Capitation Revenue</b>	\$205,748	\$224,836	(\$19,088)	(8.49%)	\$180,472
<b>Operating Expenses</b>					
Clinical - CCH	\$6,198	\$9,969	\$3,771	37.82%	\$8,447
Clinical - External	\$179,608	\$198,966	\$19,358	9.73%	\$164,937
Administrative	\$11,268	\$12,587	\$1,319	10.48%	\$8,724
Total Expenses	\$197,074	\$221,523	\$24,449	11.04%	\$182,108
Operating Gain (Loss)	\$8,674	\$3,314	\$5,360	161.75%	(\$1,636)
<b>Activity Levels</b>					
Member Months	422,572	422,856	(284)	(0.07%)	378,218
CCH CountyCare Member Months	44,789	N/A	N/A	N/A	38,782
CCH % CountyCare Member Months	10.60%	N/A	N/A	N/A	10.25%
<b>Operating Indicators</b>					
Revenue Per Member Per Month (PMPM)	\$486.89	\$531.71	(\$44.82)	(8.43%)	\$477.16
Clinical Cost PMPM	\$439.70	\$494.10	\$54.40	11.01%	\$458.42
Medical Loss Ratio (1)	88.00%	92.93%	4.93%	5.30%	93.25%
Administrative Cost Ratio	5.00%	5.60%	0.60%	10.69%	4.44%

## Commentary

- Total YTD member months are under budget by 284 members (0.07%).
- CountyCare enrollment projected to exceed budget due to 50% auto-assignment change from CountyCare's top top-quality ranking among Medicaid MCOs as well as continued re-determination suspension.
- Revenue per member per month (PMPM) is lower than budget due to timing of CY 2022 rate adjustments from HFS.
- CountyCare's reimbursement to CCH for domestic spend is under budget.
- Operating Gain of \$8.6M consists of \$10M from CountyCare and a loss of \$(1.4)M from Medicare.



## Notes:

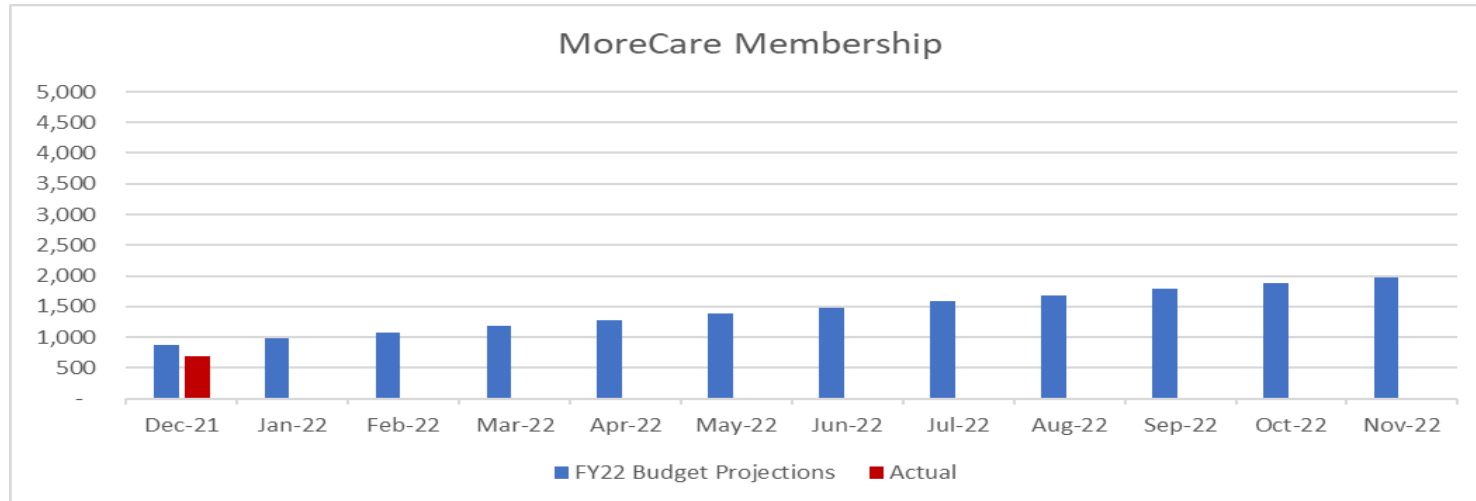
- (1) Medical Loss Ratio is a measure of the percentage of premium that a health plan spends on medical claims.

# Medicare Financial Results – December 31, 2021

Dollars in 000s except PMPM amounts	FY2022 Actual	FY2022 Budget	Variance	%
<b>Capitation Revenue (Total dollar amount)</b>	\$1,316	\$1,772	(\$456)	(25.72%)
<b>Operating Expenses</b>				
Clinical Expenses	\$1,620	\$1,957	\$337	17.23%
Administrative	\$1,061	\$496	(\$565)	(113.74%)
Total Expenses	\$2,682	\$2,454	(\$228)	(9.30%)
Operating Gain (Loss)	(\$1,366)	(\$682)	(\$684)	(100.31%)
<b>Activity Levels</b>				
Member Months	689	880	(191)	(21.70%)
<b>Operating Indicators</b>				
Revenue Per Member Per Month (PMPM)	\$1,909.73	\$2,013.38	(\$103.65)	(5.15%)
Clinical Cost PMPM	\$2,351.94	\$2,224.21	(\$127.73)	(5.74%)

## Commentary

- Membership is lower than budget target by 191 members.
- Revenue on a per member per month basis is lower than budgeted PMPM due to population mix and timing of risk adjustment revenue.
- Total operating loss is over budget by \$700K due to higher administrative and clinical cost.



# Questions?



COOK COUNTY  
**HEALTH**