

CCH YTD Financial Update – August 31, 2024

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October, 2024



COOK COUNTY
HEALTH

Executive Summary: Statement of Financial Condition

August 31, 2024



- On an accrual basis, interim financials show that CCH ended August with a **\$97.9M favorable** variance to budget. On a cash basis, the County's preliminary cash report on revenues and expenses shows a **\$115.6 favorable** variance to budget. Differences in accrual versus cash basis are primarily due to the timing difference related to recording of revenues received and expenses paid.
 - Revenue Commentary:
 - **Favorable** NPSR variance to Budget due to higher than budgeted volumes/revenues
 - **Favorable** capitation variance to Budget due to higher than budgeted CountyCare membership
 - Expenditures:
 - CountyCare claims **unfavorable** variance to budget due to higher than budgeted membership
 - CountyCare:
 - CountyCare financials \$12.9M **unfavorable** to budget due to true up of IBNR reserves
 - Membership remains over 425,000, which is 20.7% greater than budgeted

Financial Results – August 31, 2024



Dollars in 000s	FY2024 Actual	FY2024 Budget	Variance	%	FY2023 Actual
Revenue					
Net Patient Service Revenue (1)	\$839,512	\$798,961	\$40,551	5.08%	\$887,484
Government Support (2)	\$286,411	\$278,757	\$7,655	2.75%	\$298,354
Adjusted NPSR	\$1,125,923	\$1,077,717	\$48,206	4.47%	\$1,185,838
CountyCare Capitation Revenue	\$2,524,907	\$2,004,616	\$520,291	25.95%	\$2,317,452
Other	\$41,829	\$16,500	\$25,329	153.51%	\$5,230
Total Revenue	\$3,692,659	\$3,098,833	\$593,826	19.16%	\$3,508,521
Operating Expenses					
Salaries & Benefits	\$570,692	\$654,126	\$83,434	12.76%	\$532,007
Overtime	\$40,898	\$34,289	(\$6,609)	-19.28%	\$37,124
Supplies & Pharmaceuticals	\$186,382	\$132,497	(\$53,885)	-40.67%	\$124,766
Purchased Services & Other	\$538,577	\$526,317	(\$12,260)	-2.33%	\$456,214
Medical Claims Expense (1)	\$2,317,583	\$1,809,341	(\$508,242)	-28.09%	\$2,128,134
Insurance	\$22,417	\$24,054	\$1,637	6.80%	\$12,246
Utilities	\$10,653	\$11,477	\$825	7.18%	\$9,721
Total Operating Expenses	\$3,687,201	\$3,192,101	(\$495,100)	-15.51%	\$3,300,211
Operating Margin	\$5,458	(\$93,268)	\$98,726	-105.85%	\$208,310
Non-Operating Revenue	\$154,550	\$155,292	(\$742)	-0.48%	\$108,073
Net Income (Loss)	\$160,007	\$62,024	\$97,983	157.98%	\$316,383

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.



Key Volume and Revenue Indicators

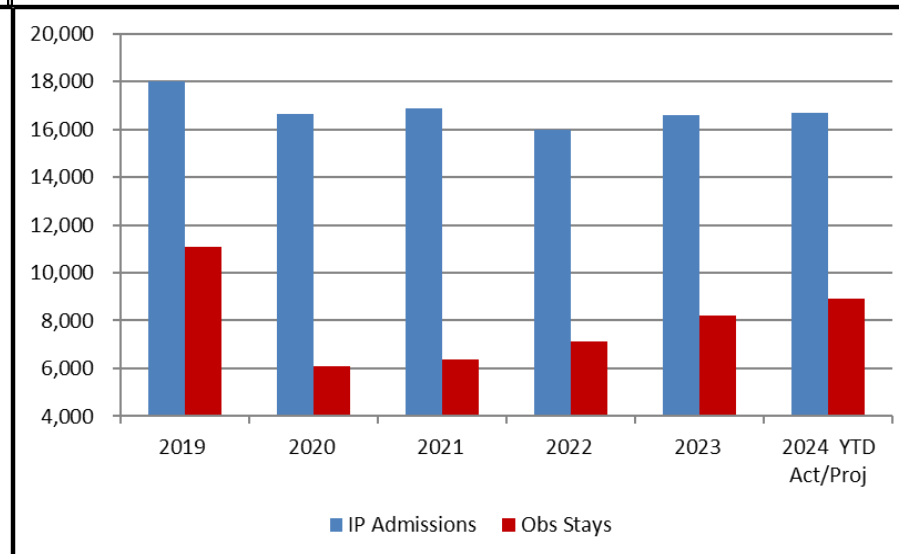
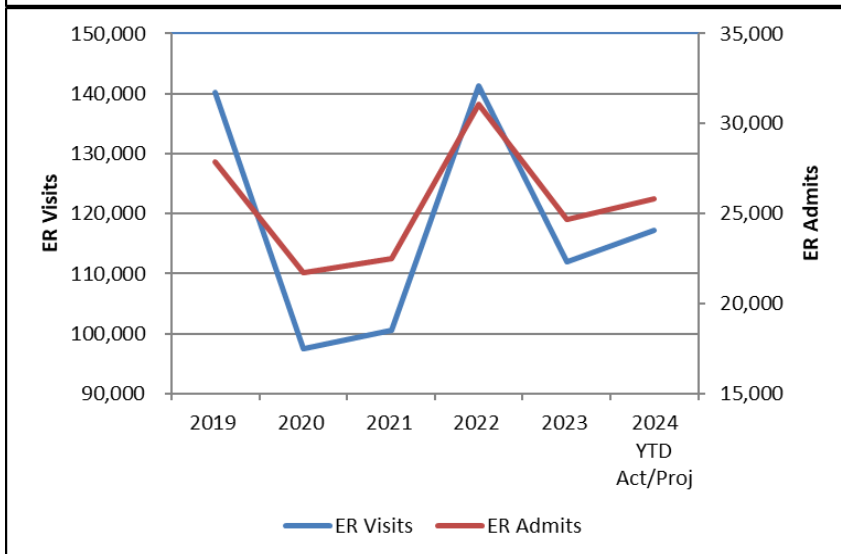
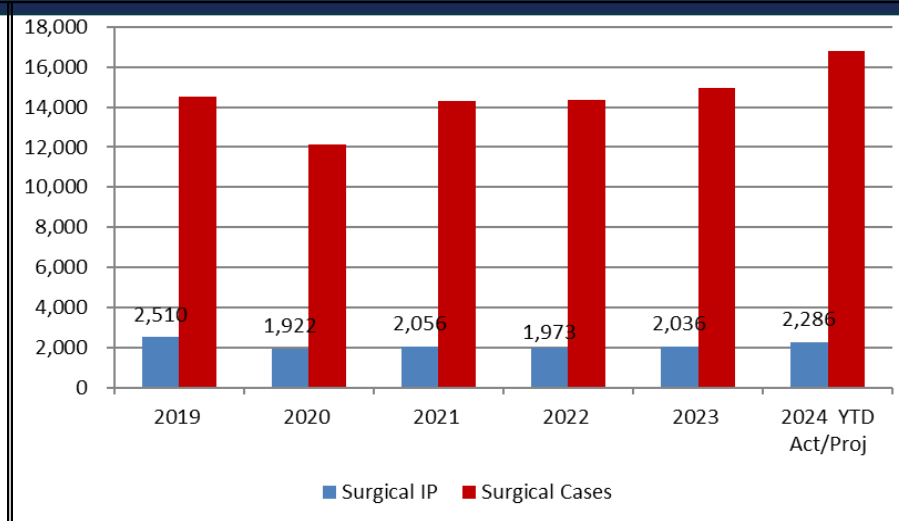
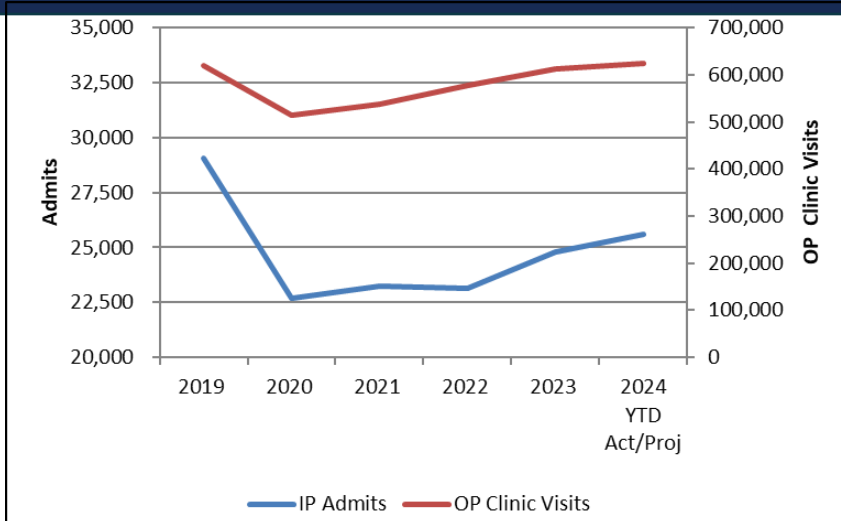
Patient Activity Stroger	2024 YTD Actual	2024 YTD Budget	%	2023 YTD Actual	2022 YTD Actual	Aug 2024 Actual	Aug 2023 Actual
Average Daily Census *	325	287	13.3%	300	271	322	299
Emergency Room Visits	68,217	61,082	11.7%	63,057	58,874	7,856	7,620
Surgeries	8,883	8,593	3.4%	8,663	8,485	957	1,024

Patient Activity Provident	2024 YTD Actual	2024 YTD Budget	%	2023 YTD Actual	2022 YTD Actual	Aug 2024 Actual	Aug 2023 Actual
Average Daily Census *	21	21	0.0%	19	10	19	18
Emergency Room Visits	19,720	19,400	1.6%	19,955	16,157	2,257	2,357
Surgeries	2,296	2,441	-5.9%	2,695	2,189	267	302

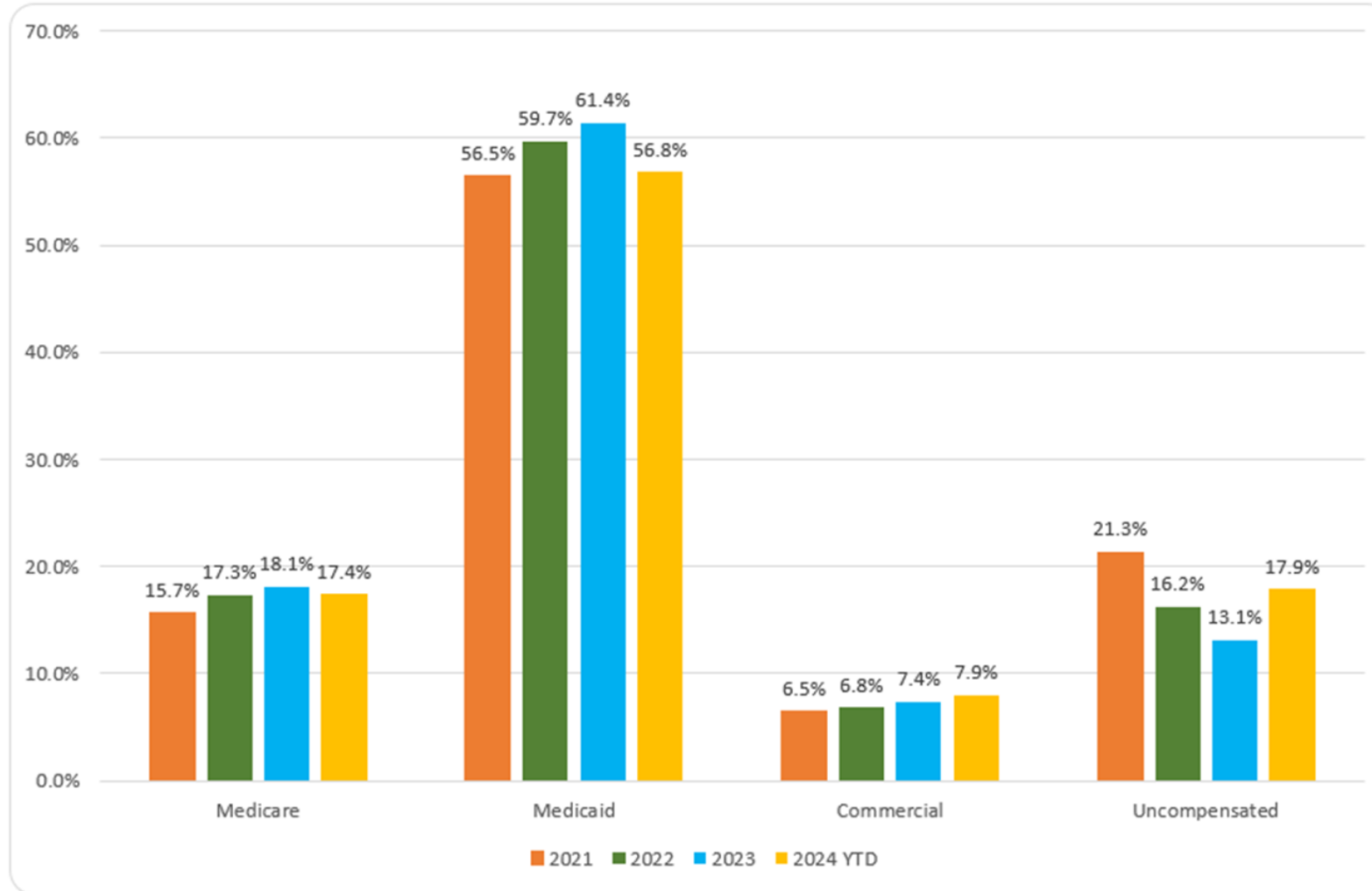
Patient Activity ACHN	2024 YTD Actual	2024 YTD Budget	%	2023 YTD Actual	2022 YTD Actual	Aug 2024 Actual	Aug 2023 Actual
Primary Care Visits	178,976	177,055	1.1%	178,748	161,891	19,977	20,964
Specialty Care Visits	289,739	278,767	3.9%	284,314	273,058	32,621	34,309

CountyCare Membership	2024 YTD Actual	2024 YTD Budget	%	2023 YTD Actual	2022 YTD Actual	Aug 2024 Actual	Aug 2023 Actual
Membership Count	432,417	368,898	17.2%	452,710	430,705	425,555	451,606

Operating Trends



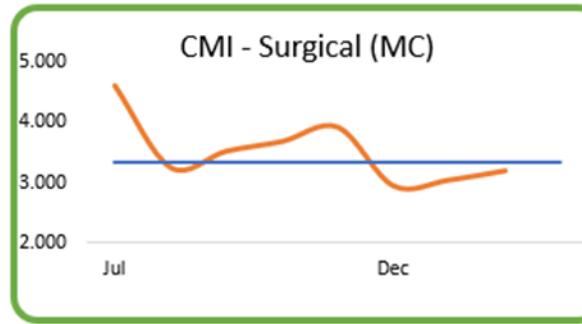
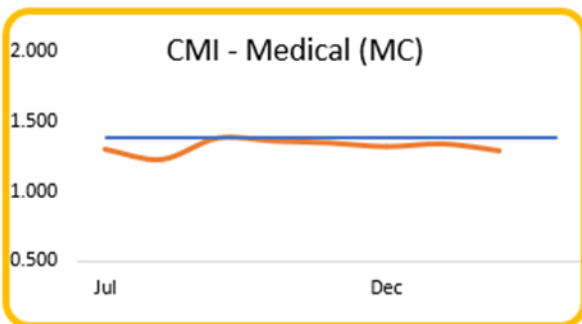
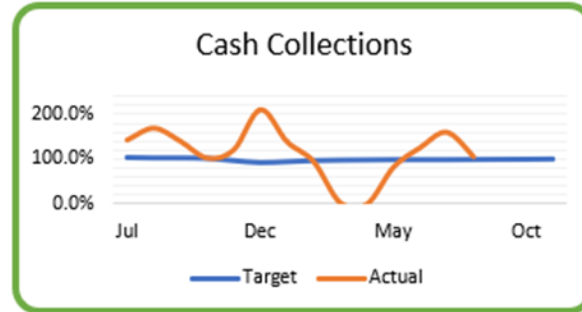
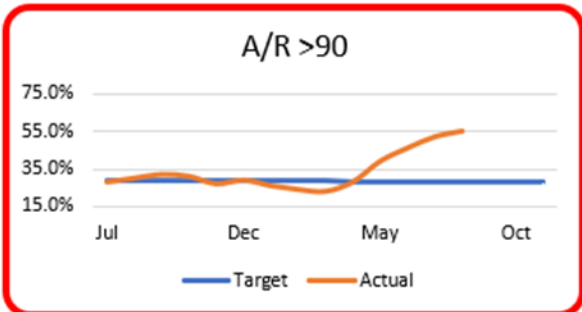
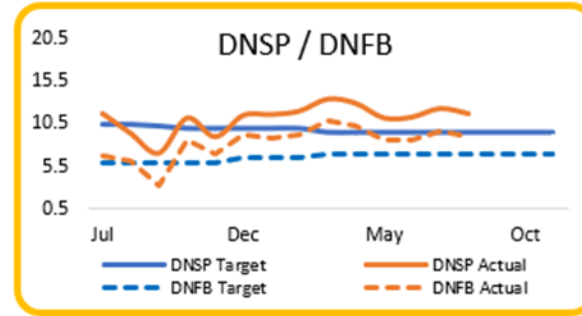
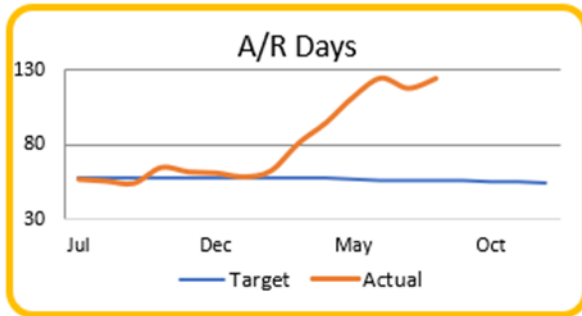
Revenue Cycle - Payor Mix



Commentary

- Jul-Aug Change:
 - Medicare: -0.01%
 - Medicaid: -0.09%
 - Commercial: +0.01
 - Uncompensated: +0.09
- Jun-Jul Change:
 - Medicare: -0.01%
 - Medicaid: -0.07%
 - Commercial: +0.01
 - Uncompensated: +0.07
- May-Jun Change:
 - Medicare: +0.01%
 - Medicaid: -0.03%
 - Commercial: +0.00
 - Uncompensated: +0.02%

Revenue Cycle - Key Performance Indicators



Commentary:

- AR and Cash metrics off target due to the Change Healthcare cyber-attack that occurred on 2/21/24.
- Billing delayed approximately 8 weeks.
- As of August, 100% of our PFS operations are back up.
- Posting solution CCH uses to apply payments to the AR has not been reactivated by Change Health, therefore implementing a Cerner solution, HDX.
- \$146.2M in unposted cash as of 8/31/24.

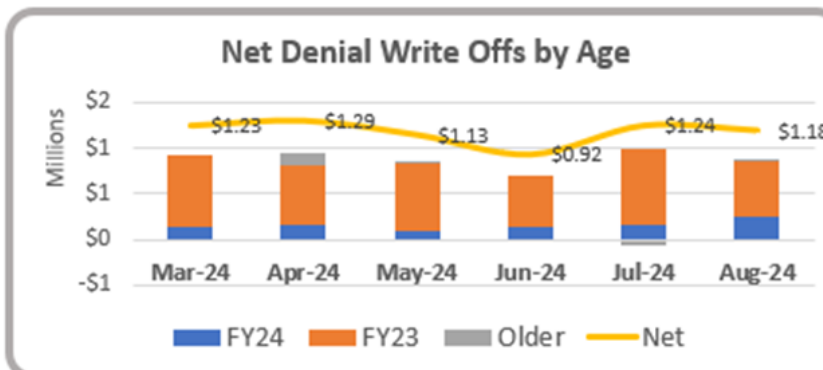
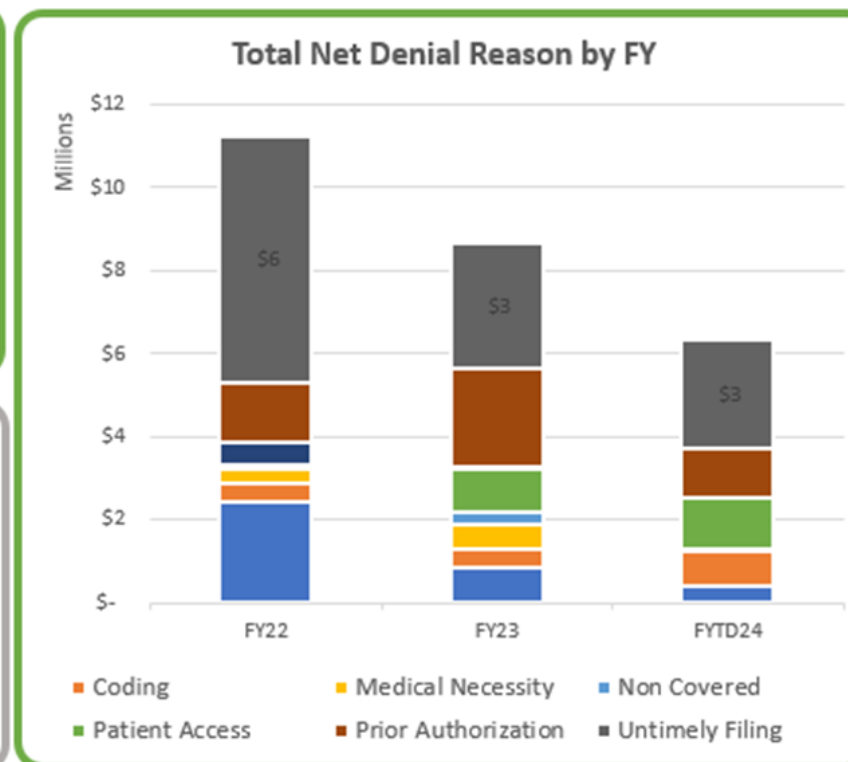
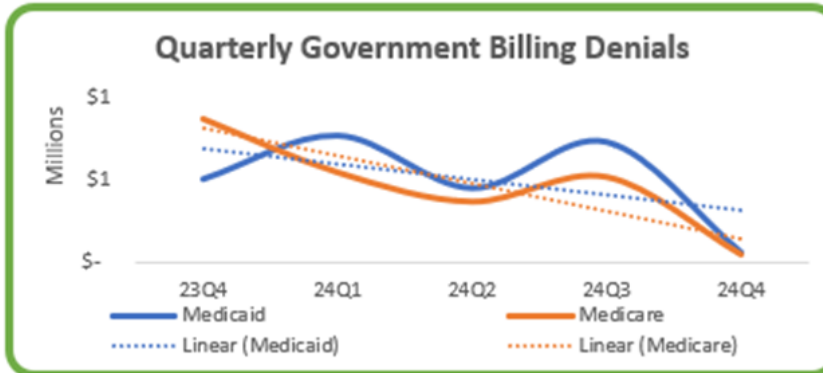
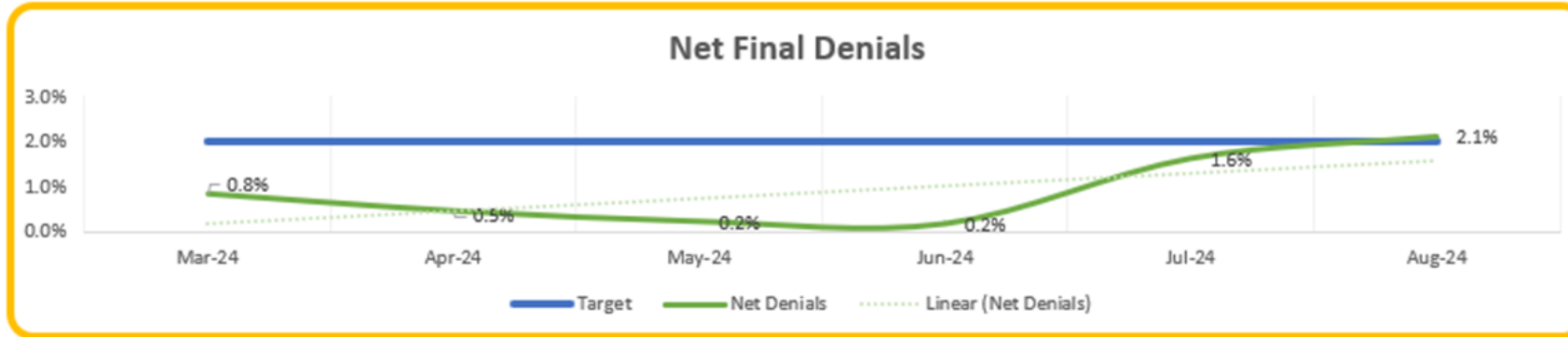
Definitions:

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.

Revenue Cycle - Denial Efforts








Charitable & Public Program Expenditures

	2022 Actual Net Benefit	2023 Actual Net Benefit	2024 Budget Net Benefit	2024 Act/Proj Net Benefit
<u>Charitable Benefits and Community Programs</u>				
Traditional Charity Care	\$ 122,499	\$ 105,040	\$ 112,011	\$ 177,286
Other Uncompensated Care	108,284	135,655	91,800	81,365
Cermak & JTDC Health Services	90,293	100,779	116,848	118,284
Department of Public Health	12,965	12,712	22,267	22,753
Other Public Programs & Community Services	66,321	66,321	71,600	71,600
Totals	\$ 400,362	\$ 420,506	\$ 414,526	\$ 471,288
% of Revenues *	36.9%	38.8%	30.3%	29.2%
% of Costs *	22.0%	23.1%	23.2%	27.3%

* Excludes Health Plan Services

Savings Initiatives: August 31, 2024

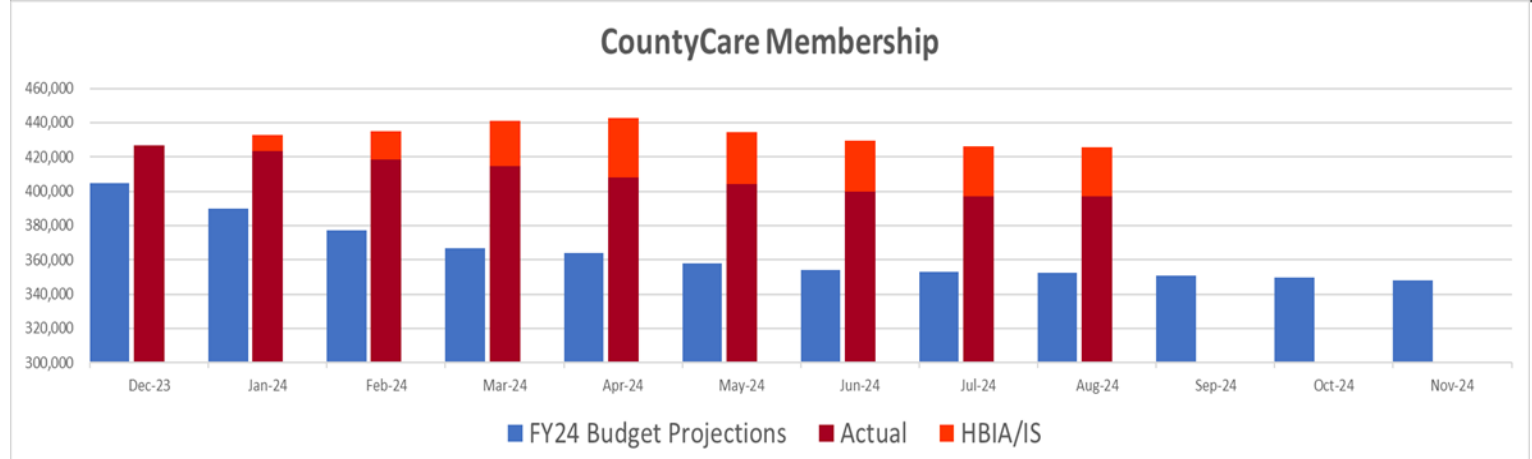
Current Activities in Progress	Budgeted FY24 Impact	YTD Achieved	Status
Revenue Cycle:			
Chargemaster Review/Changes	2,750,000	2,062,500	
Revenue Recovery	3,930,000	2,080,300	
Point of Service Collections	300,000	210,000	
County Care:			
Care Coordination Initiatives	3,000,000	2,250,000	
Health System:			
Vendor Contract Negotiations	2,020,000	1,515,000	
	<u>\$ 12,000,000</u>	<u>\$ 8,117,800</u>	68%
		Goal 9/12th	67%

CountyCare – August 31, 2024

Dollars in 000s except PMPM amounts	FY2024 Actual	FY2024 Budget	Variance	%	Fy23 Actual
Capitation Revenue	\$2,540,200	\$2,007,477	\$532,724	26.54%	\$2,330,938
Operating Expenses					
Clinical - CCH	\$103,825	\$86,857	(\$16,968)	(19.54%)	\$84,925
Clinical - External	\$2,316,797	\$1,807,037	(\$509,760)	(28.21%)	\$2,128,407
Administrative	\$132,437	\$113,583	(\$18,854)	(16.60%)	\$116,988
Total Expenses	\$2,553,058	\$2,007,477	(\$545,581)	(27.18%)	\$2,330,319
Operating Gain (Loss)	(\$12,858)	\$0	(\$12,858)		\$619
Activity Levels					
Member Months	3,894,196	3,320,079	574,117	17.29%	4,081,558
Monthly Membership	425,555	352,501	73,054	20.72%	453,037
CCH CountyCare Member Months	313,610	N/A	N/A	N/A	375,195
CCH % CountyCare Member Months	8.05%	N/A	N/A	N/A	9.19%
Operating Indicators					
Revenue Per Member Per Month (PMPM)	\$652.30	\$604.65	\$47.66	7.88%	\$571.09
Clinical Cost PMPM	\$621.60	\$570.44	(\$51.16)	(8.97%)	\$542.28
Medical Loss Ratio (1)	94.3%	94.3%	0.03%	0.03%	94.0%
Administrative Cost Ratio	5.2%	5.7%	0.50%	8.80%	5.0%
Total FTEs	366	434	68		

Commentary

- Total YTD member months are exceeding budget by 574,117 members.
- Revenue and claims expense are higher than budget due to higher than budgeted membership.
- CountyCare’s reimbursement to CCH for domestic spend is exceeding budget.
- Operating Loss of \$12.8M
- Net loss attributed to the increased costs of newly covered high-cost drugs, as the state has not yet incorporated these expenses in the rates paid to health plans.



Notes:

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

Questions?



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