COOK COUNTY HEALTH & HOSPITALS SYSTEM

CCHHS Finance Committee
FY 2018 Proposed Budget and Financial Plan
August 25, 2017

Dr. Jay Shannon, CEO
Doug Elwell, Deputy CEO for Finance & Strategy
Ekerete Akpan, CFO
FY 2017 Accomplishments

Deliver High Quality Care

- Increased mental health and substance abuse services
  - Prescription of Medication Assisted Treatment (MAT) and naloxone for eligible patients in Cook County Jail
  - Continued integration of behavioral health services into primary care
  - Assumed operations of City behavioral health center in Roseland
  - Established mental health screening in bond court
  - Expanded the Behavioral Health Consortium
- Deployed care coordination throughout the health system
- Continued improvement in care delivery to detainees
- Initiated system-wide patient safety initiative
- Successful Joint Commission Stroger Hospital extension survey which included most of ACHN
- Achieved 92% compliance with influenza vaccination campaign
- Completed NCQA certification process for CountyCare
- Recertified as Level 1 Trauma Center (Stroger)
- Stroger Hospital recognized by US News & World Report as a high performing cardiac care hospital
FY 2017 Accomplishments

Grow to Serve and Compete

• Capital projects:
  • Stroger Hospital Women & Children’s Center (4th Floor)
  • Imaging Department upgrades
  • Same-day surgery
  • Lab automation
  • Pharmacy consolidation and expansion
  • Central Campus clinic/department relocations
  • Health Information Management/Release of Records
  • Hospital Police
  • Progress toward new Central Campus Health Center, Provident Regional Outpatient Center, Vista Health Center, Logan Square Health Center, Cicero

• Awarded new MCO contract with State of Illinois
• Launched/Sustained CCHHS and CountyCare marketing campaigns
• Increased volumes in surgery, mammograms and obstetrics
FY 2017 Accomplishments

Foster Fiscal Stewardship

- Increased revenue from MCO contracts
- Launched extensive internal billing and coding efforts
- Leveraged technology solutions to improve care quality and efficiency
  - Clairvia
  - Vizient
  - e-Consult
  - Time & Attendance
  - Enterprise Resource Planning (ERP)
  - CommonWell Health Alliance, CareConnect and HUB
  - Texture (Care Management)
  - Advisory Board
FY 2017 Accomplishments

Invest in Resources

• Completed assessment of clinical equipment system-wide
• Exceeded staff participation goal in the CCHHS Culture of Safety survey
• Extended hours at community health centers
• Progress toward substantial compliance in employment plan

Leverage Valuable Assets

• Established Innovation Center to leverage skills of Institutional Review Board, Clinical Research Unit and Business Intelligence
  • Established research collaborative on gun violence
FY 2017 Accomplishments

Impact Social Determinants of Health

- Established new/expanded programs to address social determinants of health:
  - CountyCare housing initiative
  - Farmer’s Markets
  - GCFD Fresh Truck locations
- Obtained $4 million in grant funding to address social determinants of health, expand behavioral health services and more

Advocate for Patients

- Commenced coordinated health program for uninsured CCHHS patients
- Formed board and staff workgroup to inform staff training and strengthen communication of historical mission of inclusiveness for all patients
- Positioned CCHHS as national thought leader on health care reform
FY 2018 PROPOSED BUDGET
FY 2018 Proposed Budget

• Continues transformation toward a patient-centered health system
• Supports continued efforts in care management and behavioral health
• Strengthens critical business functions (billing, coding, denial management)
• Assumes CountyCare membership at 225,000 representing most of the year-over-year growth
• FTE count flat year-over-year
## FY 2017 – 2018 Budget ($, in Millions)

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FY 2018 Budget Drivers

• Improve the patient experience, reliability, and safety culture
• Maximize patient benefit of CCHHS staffing and facilities
• Sustain financial position
• Sustain and grow CountyCare membership and improve CCHHS capture within CountyCare
# FY 2018 Volume

<table>
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<tr>
<th>Visit Type</th>
<th>FY 2015</th>
<th>FY 2016</th>
<th>FY 2017*</th>
<th>FY 2018</th>
<th>FY18 v. FY17</th>
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<tr>
<td>Surgical Cases</td>
<td>1,135</td>
<td>1,238</td>
<td>1,176</td>
<td>1,294</td>
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<td>Emergency Visits</td>
<td>12,432</td>
<td>12,901</td>
<td>12,611</td>
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<td>Primary Care Visits</td>
<td>17,159</td>
<td>18,436</td>
<td>18,223</td>
<td>20,045</td>
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<td>Specialty Care Visits</td>
<td>20,135</td>
<td>20,230</td>
<td>19,800</td>
<td>21,780</td>
<td>10%</td>
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<tr>
<td>Deliveries</td>
<td>72</td>
<td>83</td>
<td>85</td>
<td>93</td>
<td>10%</td>
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*based on first 8 months of FY2017
FY 2018 Revenue Assumptions

• Increased revenues related to clinical activity by CCHHS providers
  • CountyCare
    o Growth in membership related to RFP impact
    o Tighter network
    o Rates remain flat
  • Greater alignment with FQHC partners
  • Non-CountyCare MCOs
    o Sub-Capitation
  • Medicare and commercial contracts
  • Aggressive denial management strategy
  • Billing & Coding
• Disproportionate Share Hospital (DSH) and Benefits Improvement and Protection Act (BIPA) stable
FY 2018 Major Expense Assumptions

Salaries & Benefits
• In FY2018, personnel costs increase per Collective Bargaining Agreements
• Continued transformation and realignment of workforce to improve patient experience, enhance care coordination and reduce denials of payments
• FTE realignment will result in progressive decline in overtime expenses

Other Costs
• Increasing uncompensated care
• Capital and other expenses related to new/improved facilities
• Pharmacy expense increases
Controlling Expenses

• Contract monitoring
• Project management reviews
• Insourcing/Outsourcing
• Overtime and agency expenses
• Prioritize strategic initiatives
Critical Success Factors

- Affordable Care Act
- Medicaid membership
- Managed Care Organization Contract Approval
- Medicaid rates
- Patient experience
- Pilot projects
- Partnerships with labor
- Improved productivity
- Strategic partnerships
- Larger healthcare environment
FY 2018 Revenue by Source (in millions)

- CountyCare: $1,205.1 (62%)
- Patient Fees (Medicare, Medicaid, Private): $460.0 (24%)
- BIPA: $132.3 (7%)
- DSH: $134.7 (7%)
Cook County Support to CCHHS

* $7M reduction in July
Insurance Status by Unique Patients

- **Uninsured**
- **Insured**

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<tr>
<th>Year</th>
<th>Uninsured</th>
<th>Insured</th>
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<tbody>
<tr>
<td>2012</td>
<td>37%</td>
<td>63%</td>
</tr>
<tr>
<td>2013</td>
<td>48%</td>
<td>52%</td>
</tr>
<tr>
<td>2014</td>
<td>40%</td>
<td>60%</td>
</tr>
<tr>
<td>2015</td>
<td>35%</td>
<td>65%</td>
</tr>
<tr>
<td>2016</td>
<td>34%</td>
<td>66%</td>
</tr>
<tr>
<td>2017</td>
<td>39%</td>
<td>61%</td>
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CCHHS Uncompensated Care*

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<tr>
<th>Year</th>
<th>Amount</th>
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<tr>
<td>2012</td>
<td>$543.5</td>
</tr>
<tr>
<td>2013</td>
<td>$585.8</td>
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<tr>
<td>2014</td>
<td>$313.6</td>
</tr>
<tr>
<td>2015</td>
<td>$404.7</td>
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<tr>
<td>2016</td>
<td>$453.0</td>
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<tr>
<td>2017**</td>
<td>$502.9</td>
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* Charity Care + Bad Debt
** FY2017 projected to increase 11% over FY2016 Actuals
### FY 2018 Proposed CountyCare Financial Summary

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<th>FHP</th>
<th>SPD</th>
<th>TOTAL</th>
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<tr>
<td><strong>Membership</strong></td>
<td>75,000</td>
<td>135,000</td>
<td>15,000</td>
<td>225,000</td>
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<tr>
<td><strong>Revenue (in millions)</strong></td>
<td>$530</td>
<td>$376</td>
<td>$299</td>
<td>$1,205</td>
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<tr>
<td><strong>Medical Expense (CCHHS)</strong></td>
<td>96</td>
<td>32</td>
<td>66</td>
<td>194</td>
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<tr>
<td><strong>Medical Expense (Network)</strong></td>
<td>414</td>
<td>310</td>
<td>227</td>
<td>951</td>
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<td><strong>Administrative Expense</strong></td>
<td>18</td>
<td>32</td>
<td>4</td>
<td>53</td>
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<td><strong>Total Expenses (in millions)</strong></td>
<td>$528</td>
<td>$374</td>
<td>$297</td>
<td>$1,198</td>
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<td><strong>Profit/(Loss)</strong></td>
<td>2</td>
<td>2</td>
<td>3</td>
<td>7</td>
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<td><strong>Total CCHHS Contribution</strong></td>
<td>$98</td>
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<tr>
<td>Ambulatory Services</td>
<td>1,016</td>
<td>1,056</td>
<td>4%</td>
</tr>
<tr>
<td>ACHN</td>
<td>859</td>
<td>918</td>
<td>6%</td>
</tr>
<tr>
<td>CORE Center</td>
<td>78</td>
<td>76</td>
<td>-3%</td>
</tr>
<tr>
<td>Oak Forest</td>
<td>79</td>
<td>62</td>
<td>-27%</td>
</tr>
<tr>
<td>Correctional Health</td>
<td>674</td>
<td>702</td>
<td>4%</td>
</tr>
<tr>
<td>Cermak</td>
<td>636</td>
<td>669</td>
<td>5%</td>
</tr>
<tr>
<td>JTDC</td>
<td>38</td>
<td>33</td>
<td>-15%</td>
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<tr>
<td>CountyCare</td>
<td>98</td>
<td>120</td>
<td>18%</td>
</tr>
<tr>
<td>Health System Administration</td>
<td>494</td>
<td>510</td>
<td>3%</td>
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<tr>
<td>Public Health</td>
<td>120</td>
<td>108</td>
<td>-11%</td>
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<tr>
<td>Hospital-Based Services</td>
<td>4,463</td>
<td>4,360</td>
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<tr>
<td>Stroger Hospital</td>
<td>4,121</td>
<td>4,023</td>
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<td>Provident Hospital</td>
<td>342</td>
<td>337</td>
<td>-1%</td>
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<td>CCHHS Total</td>
<td>6,865</td>
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(in Millions)

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Environmental Factors

- Potential for significant modification to the ACA
- MCO Contract Approval
- CountyCare membership
- Medicaid rates
- Patient experience
- Partnerships with labor
- Improved productivity
- Strategic partnerships
- Larger healthcare environment
Questions?