FY2022 Proposed Budget

Israel Rocha, CEO

Andrea Gibson, Interim Chief Business Officer

August, 2021

COOK COUNTY HEALTH

FY22 Health Fund

In millions	FY2021 Budget	FY2022 Proposed Budget	Variance	FY2021 Budgeted FTEs	FY2022 Proposed FTEs	Variance	Adjusted*
240 – Cermak	$96	$98	$2	667	657	(10)	(10)
241 – JTDC	$8	$8	$0	59.8	60.8	1	1
890 - Health Administration	$50	$50	$0	317	367	50	50
891 – Provident	$63	$71	$8	388.2	395	6.8	101.8
893 – ACHN/Outpatient	$84	$132	$48	345.1	882	536.9	58.9
894 – CORE	$25	$25	$0	71	72	1	1
895 - Public Health	$17	$18	$1	128	128	0	0
896 - Health Plan Services	$2,230	$2,635	$405	344	442	98	98
897 – Stroger	$774	$814	$40	4,482.4	4,556.5	74.1	457.1
899 - Fixed Charges	$41	$38	($3)	0	0	0	0
Total	**$3,388**	**$3,889**	**$501**	**6,803**	**7,560.3**	**757.8**	**757.8**

COOK COUNTY HEALTH

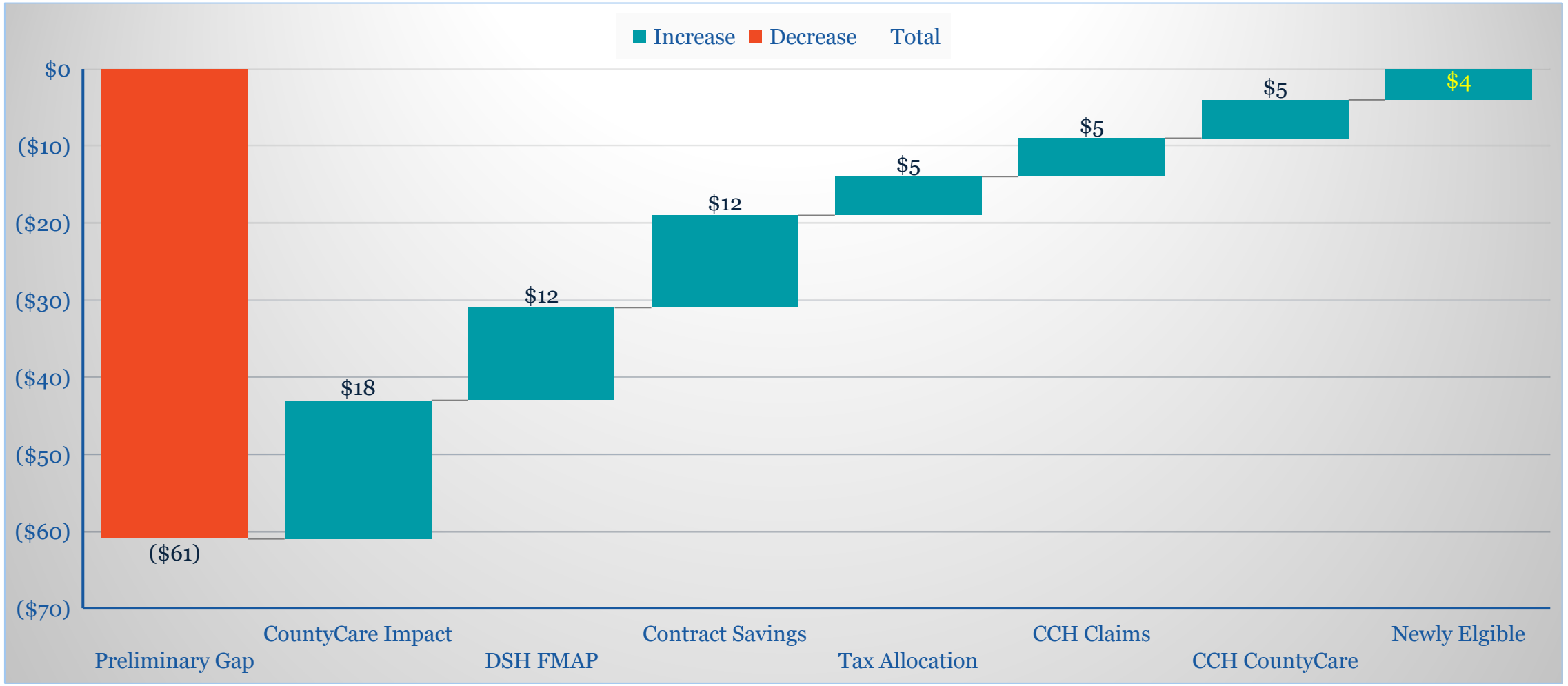
*Adjusted for reorganization

FY2022 Volume Assumptions

Visit Type	FY2019	FY2020	FY2021 Projected	FY2022 Assumptions
Surgical Cases	14,506	12,125	13,991	16,842
Emergency Visits	148,362	106,598	92,830	141,214
Primary Care Visits	254,908	233,086	228,670	260,874
Specialty Care Visits	381,299	310,271	332,666	382,888
Deliveries	1,041	934	727	1,041
Average Daily Census – Stroger (Inpatient and Observation)	301	263	282	301
Average Daily Census – Provident/Med-Surg	13.8	11.7	11.7	20
Average Daily Census – Provident/ICU	.7	1.7	0	4

Closing the FY22 Deficit – Total

Compared to Preliminary Forecast



FY2022 Proposed Budget

Expenditures

COOK COUNTY HEALTH

Health Administration

In millions	FY2021 Budget	FY2022 Proposed Budget	Variance	FY2021 FTEs	FY2022 FTEs	Variance
Health Administration	$50	$50	$0	317	367	50

Expense Drivers:

- Establishes Equity and Inclusion Office and funding for an additional MBE/WBE resource at the County; Funding for microgrant program on gun violence prevention
- Establishes the Strategic Planning and Implementation Office, including Clinical Affairs
- FTEs increased to provide appropriate level of administrative infrastructure (e.g. Human Resources, Prior Authorization, etc.)
- Shift of Cook Medical Group Claims payments from Stroger
- Establishes $10M investment fund contingent on excess revenue generation
- Increases offset by reduction tied to contracts, health benefit and turnover savings

Outpatient (ACHN)

In millions	FY2021 Budget	FY2022 Proposed Budget	Variance	FY2021 FTEs	FY2022 FTEs	Variance
ACHN/Outpatient Services	$84	$132	$48	345	882	537

Expense Drivers:

- Shift of Ambulatory Clinics from Stroger and Provident to consolidate all outpatient activity under the same leadership
  - 478 FTEs shift from Stroger and Provident
  - Addressing health disparities by investing in navigation and access positions in specialty clinics
- Shift of ambulance and fleet costs from Stroger to ACHN
- Net impact after adjusting for restructuring – 58.9 additional FTEs

Provident

In millions	FY2021 Budget	FY2022 Proposed Budget	Variance	FY2021 FTEs	FY2022 FTEs	Variance
Provident	$63	$71	$8	388.2	395	6.8

Expense Drivers:

- Re-establish ICU operations, expand Medical Surgical capacity, and restore ambulance runs
  - Increase in staffing, supplies, pharmacy, registry
- Implementation of improved colonoscopy program to increase colon screening
- Expansion in hemodialysis, general surgery, ophthalmology, plastics, and maxillofacial surgical services
- Full year of expanded imaging and lifestyle center
- Shift 95 FTEs from Provident ambulatory clinic to ACHN
- Net impact after adjusting for restructuring – 101.8 additional FTEs

Stroger

In millions	FY2021 Budget	FY2022 Proposed Budget	Variance	FY2021 FTEs	FY2022 FTEs	Variance
Stroger	$774	$814	$40	4,482	4,556	74

Expense Drivers:

- Nursing positions added to align to staffing plan, agency reduction, float pool, suicide prevention and FMLA coverage
- Addition of new service line investment: cardiology, neurology, and cancer center
- Additional case management/social work staff to improve patient throughput and medical home management
- Maximize utilization of 17 operating rooms
- Total vendor contract savings expectation is $12M
- Establishes non-union physician incentive program
- Invests in new inventory management system (eventually system-wide)
- Increase in lab, supplies, pharmacy due to rising costs, utilization rates, and service line investments
- Shift 383 FTEs from Stroger specialty clinics to ACHN ambulatory
- Net impact after adjusting for restructuring – 457.1 additional FTEs

Correctional Health

In millions	FY2021 Budget	FY2022 Proposed Budget	Variance	FY2021 FTEs	FY2022 FTEs	Variance
Cermak	$96	$98	$2	667	657	(10)
JTDC	$8	$8	$0	59.8	60.8	1

Expense Drivers:

- COVID-19 distancing requirements remains in place for FY22
- Increased cost of pharmaceuticals – not eligible for 340B
- Conversion of some Licensed Practical Nurses to Clinical Nurses
- Rising number of detainees
- Increase one physician at JTDC to address detailing people away from ambulatory clinics

Public Health

In millions	FY2021 Budget	FY2022 Proposed Budget	Variance	FY2021 Budgeted Positions	FY2022 Proposed Positions	Variance
Health Fund	$17	$18	$1	128	128	0
Lead Fund	$3	$2.4	$(.6)	17	18	1
Contact Tracing	$12.6	$0.50	$(12.1)	400	230	(170)
Other Grants	$9.5	$27.4	$17.9	47	77	30
Total	**$42.1**	**$48.3**	**$6.2**	**592**	**453**	**(139)**

Expense Drivers:

- Decrease in Contact Tracing Grant personnel
- Contact tracing grant ending in December FY22
- $25M CDC grant beginning in FY21 for 2 years to May 31, 2023

FY2022 Proposed Budget

Health Plan Services

COOK COUNTY HEALTH

FY22 Health Plan Services: CountyCare/MoreCare

In millions	FY2021 Budget	FY2022 Proposed Budget	Variance	FY2021 Budgeted FTEs	FY2022 Proposed FTEs	Variance
896 - Health Plan Services	$2,230	$2,635	$405	344	442	98

- Projected membership to decline due to estimated January 1st redetermination resumption and annual State assessment of auto assignment; reduction in auto assignments to 35%
- Average membership per month is estimated to increase to 390,000, from FY2021 membership budget target of 356,000
- Revenue per member per month expected to increase 3% in line with prior year trends
- MLR 2021 experience is used as baseline for FY 2022 budget.
  - FY2019: 94.1% FY2020: 92.2% Projected FY2021: 91.5% FY2022: 90.6%
- CountyCare CCH expense is projected to be consistent with current trend
- Staffing is based on membership growth and required care management staffing ratios, as well as insourcing functions
- CountyCare is targeting $10M in vendor contract savings
- Continue to increase membership in Medicare Advantage product
- Establishes a total Incurred But Not Received (IBNR) reserve of $50 million in line with as a best practices for health plans

FY2022 Proposed Health Plan Services Financial Summary

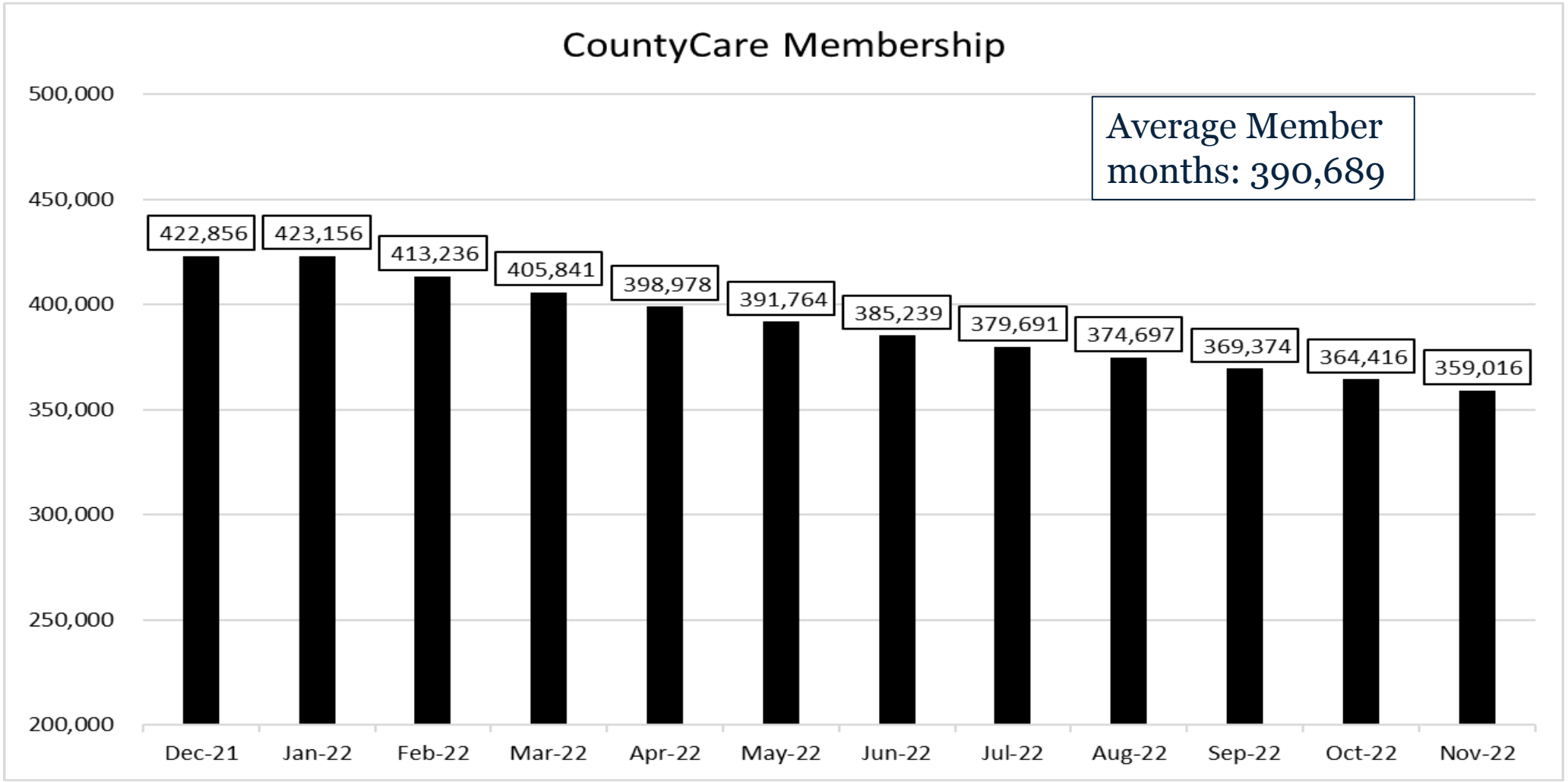
(in millions)

	ACA Adult	FHP	SPD	MLTSS/ LTSS/IMD	SNC	TOTAL
Projected 2022 Membership	103,468	242,900	29,526	7,154	7,641	**390,689**
CountyCare PMPM Revenue	$759	$828	$701	$243	$82	**$2,613**
Other Revenue (IBNR Reserve)	$9	$10	$7	$3	$1	**$30**
Medical Expense (CCH)	$77	$91	$49	$11	$2	$230
Medical Expense (Network)	$675	$672	$579	$196	$64	$2,186
Administrative Expense	$39	$45	$34	$19	$3	$140
IBNR Reserve	$15	$17	$12	$5	$1	$50
Total CountyCare Expenses	$806	$825	$674	$231	$70	**$2,606**
CountyCare Profit/(Loss)	($38)	$13	$34	$15	$13	**$37**
Medicare Revenue						$21
Medicare Expenses						$29
Medicare Profit/(Loss)						**($8)**
Health Plan Net Income (Loss)						**$29**
Total CCH Contribution						**$259**

COOK COUNTY HEALTH

NOTE: Some numbers are rounded to nearest million for display purposes and could result in small arithmetical differences.
ACA – Affordable Care Act, **FHP** – Family Health Program, **SPD** – Seniors and Persons with Disabilities , **MLTSS** – Medicaid and Long-Term Services and Supports, **LTSS** - Long Term Services and Supports, **IMD** – Institution for Mental Disease, **SNC** – Special Needs Children

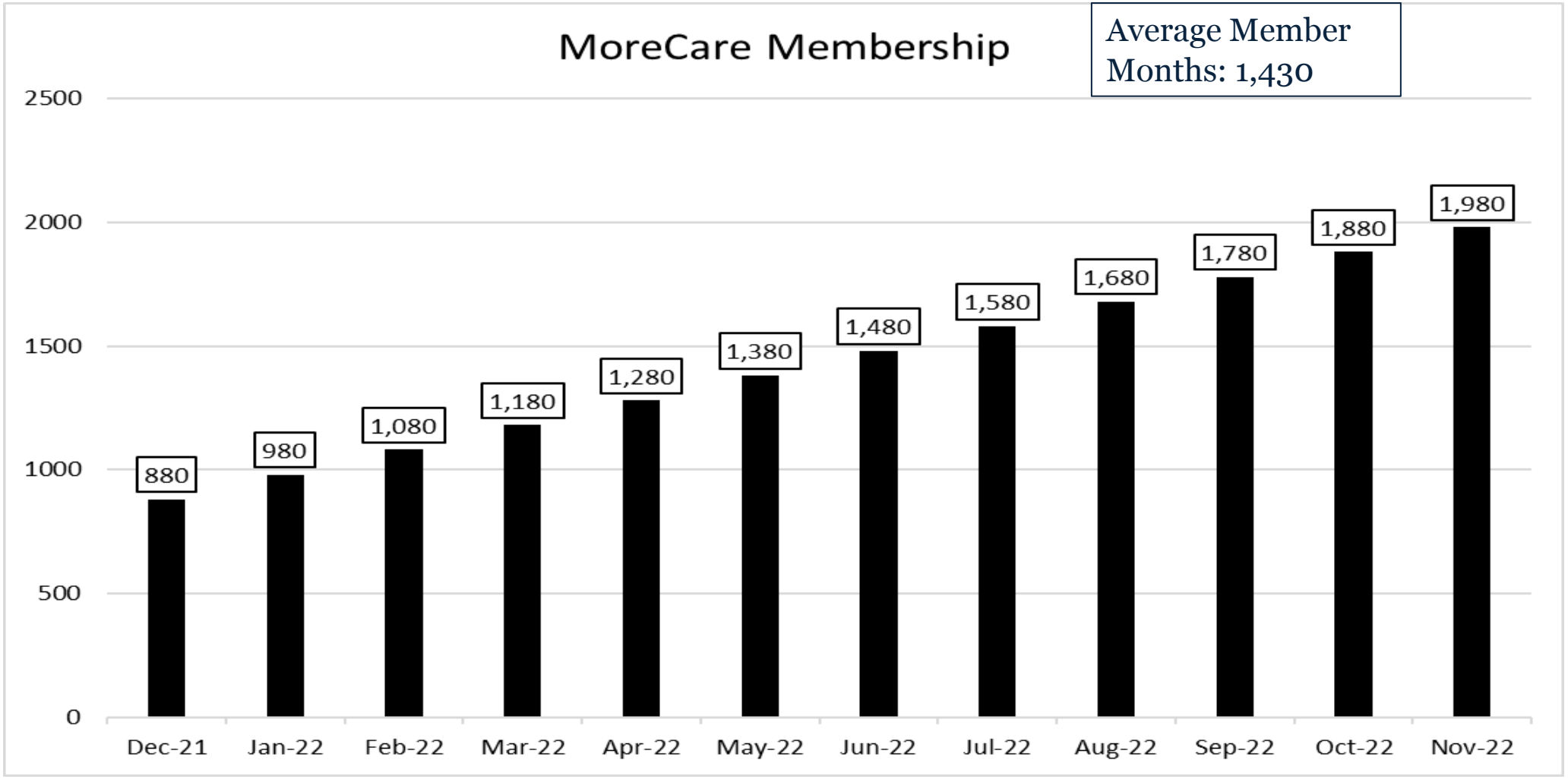
FY2022 Membership Projections: CountyCare



COOK COUNTY HEALTH

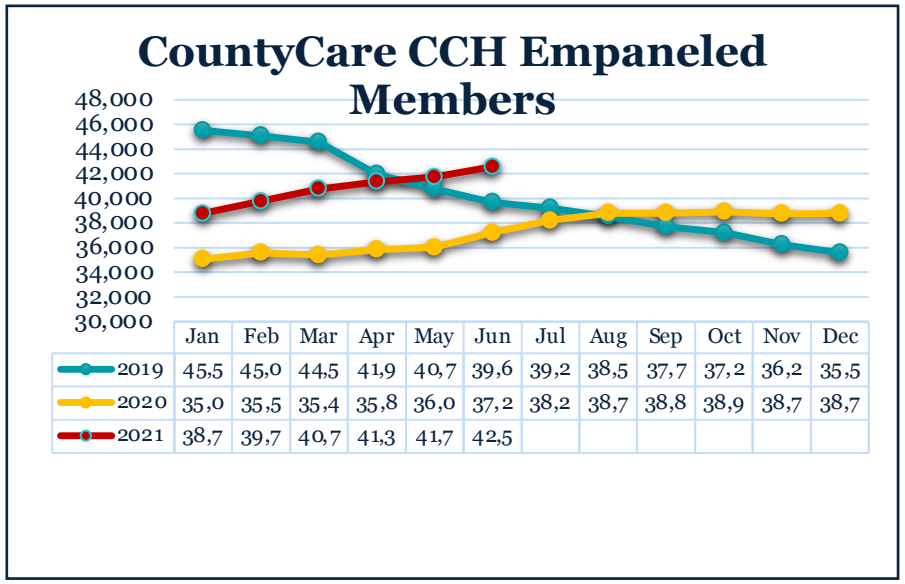
Assumption on economic improvement, resumption of State redetermination process and reduction in auto assignment

FY2022 Membership Projections: MoreCare

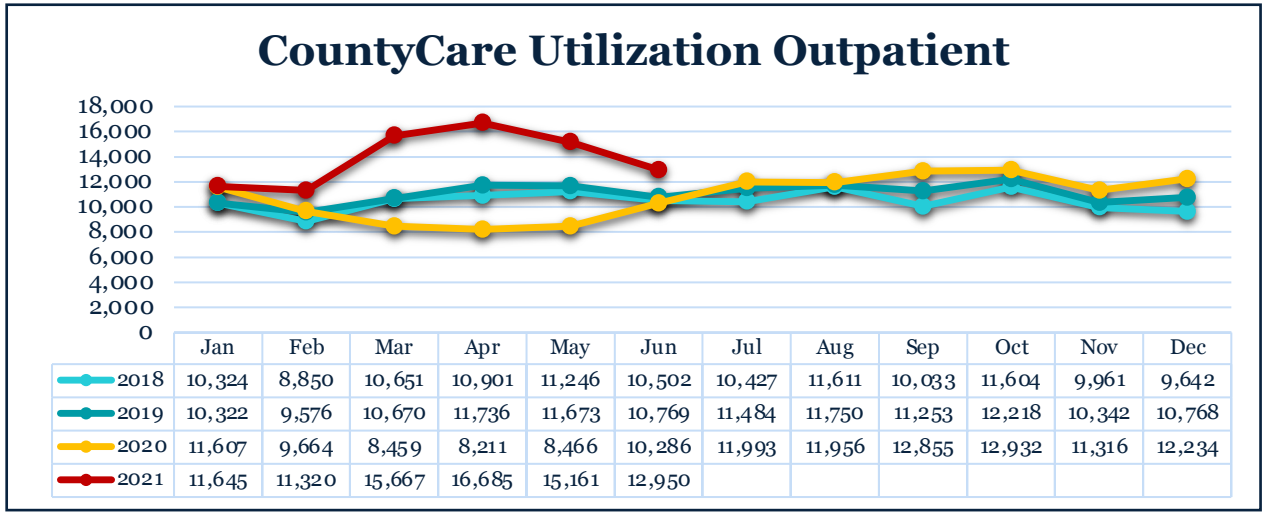


COOK COUNTY HEALTH

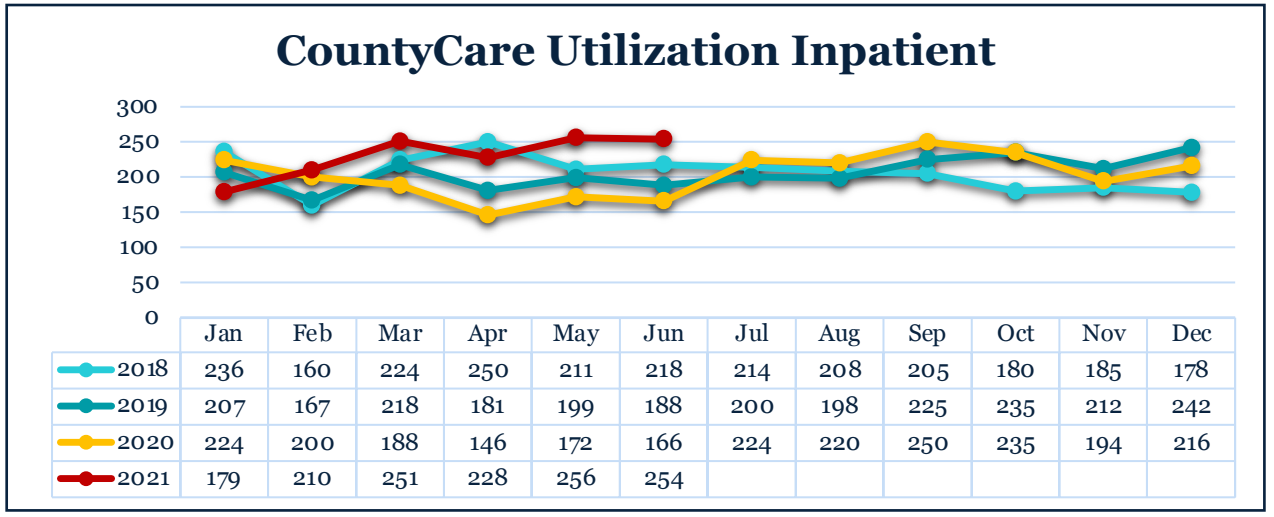
CCH Utilization – CountyCare Members



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2019	45,5	45,0	44,5	41,9	40,7	39,6	39,2	38,5	37,7	37,2	36,2	35,5
2020	35,0	35,5	35,4	35,8	36,0	37,2	38,2	38,7	38,8	38,9	38,7	38,7
2021	38,7	39,7	40,7	41,3	41,7	42,5						



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2018	10,324	8,850	10,651	10,901	11,246	10,502	10,427	11,611	10,033	11,604	9,961	9,642
2019	10,322	9,576	10,670	11,736	11,673	10,769	11,484	11,750	11,253	12,218	10,342	10,768
2020	11,607	9,664	8,459	8,211	8,466	10,286	11,993	11,956	12,855	12,932	11,316	12,234
2021	11,645	11,320	15,667	16,685	15,161	12,950						



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2018	236	160	224	250	211	218	214	208	205	180	185	178
2019	207	167	218	181	199	188	200	198	225	235	212	242
2020	224	200	188	146	172	166	224	220	250	235	194	216
2021	179	210	251	228	256	254						

COOK COUNTY HEALTH

FY2022 Proposed Budget

Revenue Projections

COOK COUNTY HEALTH

Revenue Assumptions

- FY2019 volume assumptions as a baseline
- 5% reduction in Stroger Emergency Room visits from FY2019 baseline
- Increase in surgical cases and procedures at Stroger and Provident
- Ramp up of new initiatives such as new service lines, expanded eligibility to undocumented population
- 3% rate increase in CountyCare Per Member Per Month
- Enhanced Federal Medical Assistance Percentages (FMAP) impact on DSH/BIPA
- Increased CountyCare membership utilization of CCH by $5M
- County tax allocation up by $15M to cover Correctional and Public Health direct costs and some charity care
- Newly eligible 55-64 undocumented population – May 31, 2022
- Assumes some cash collection delay due to Cerner Patient Accounting implementation

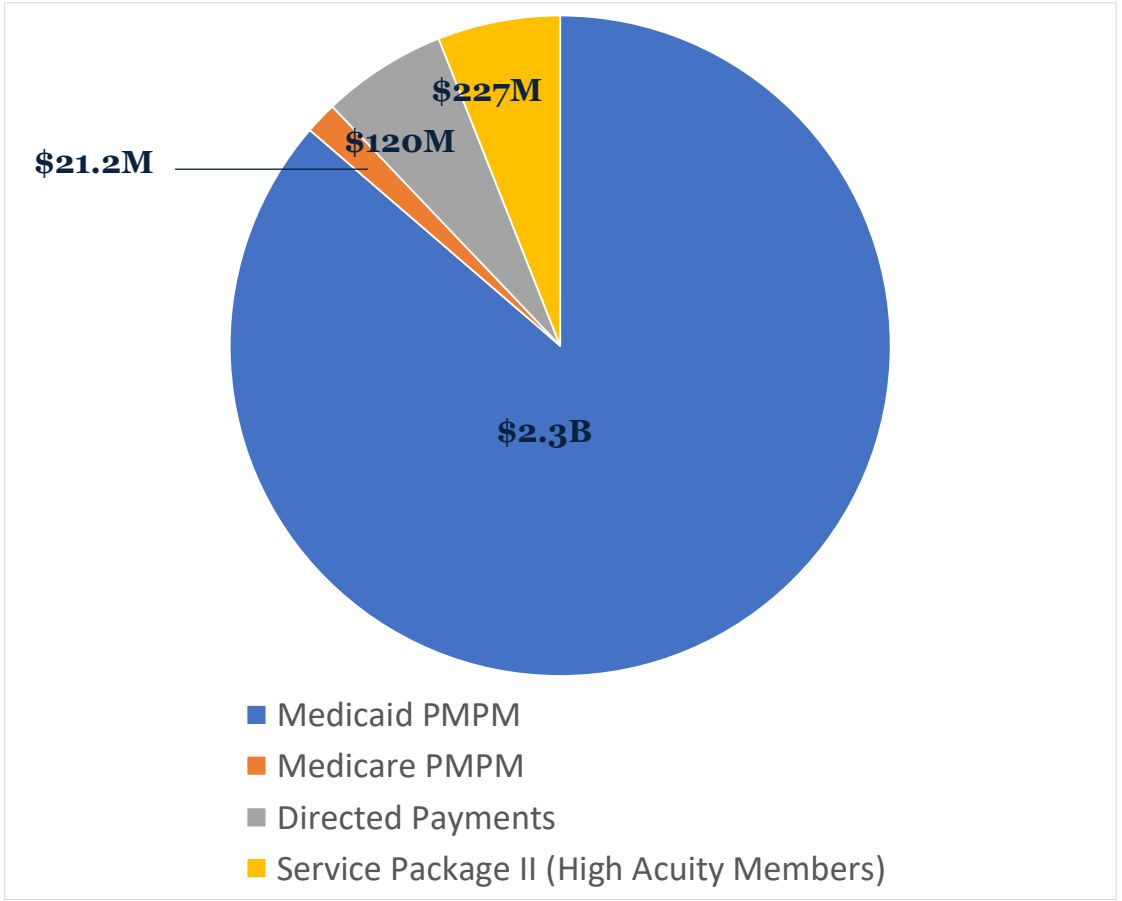
FY2022 Proposed Revenue

In millions	FY2021 Budget	FY2021 Year End Estimated	FY2022 Proposed Budget	Variance (FY21 Budget v. FY2022)
Health Plan Services	$2,220.4	$2,576.6	$2,633.7	$413.3
CCH Provider Patient Fees*	$720.8	$731.5	$746.3	$25.5
BIPA/DSH	$308.4	$308.4	$322.1	$13.7
IBNR	-	-	$30.0	$30.0
Tax Allocation	$122.7	$122.7	$137.7	$15.0
Other	$15.0	$15.0	$18.7	$3.7
Total	$3,387.3	$3,754.2	3,888.5	$501.2

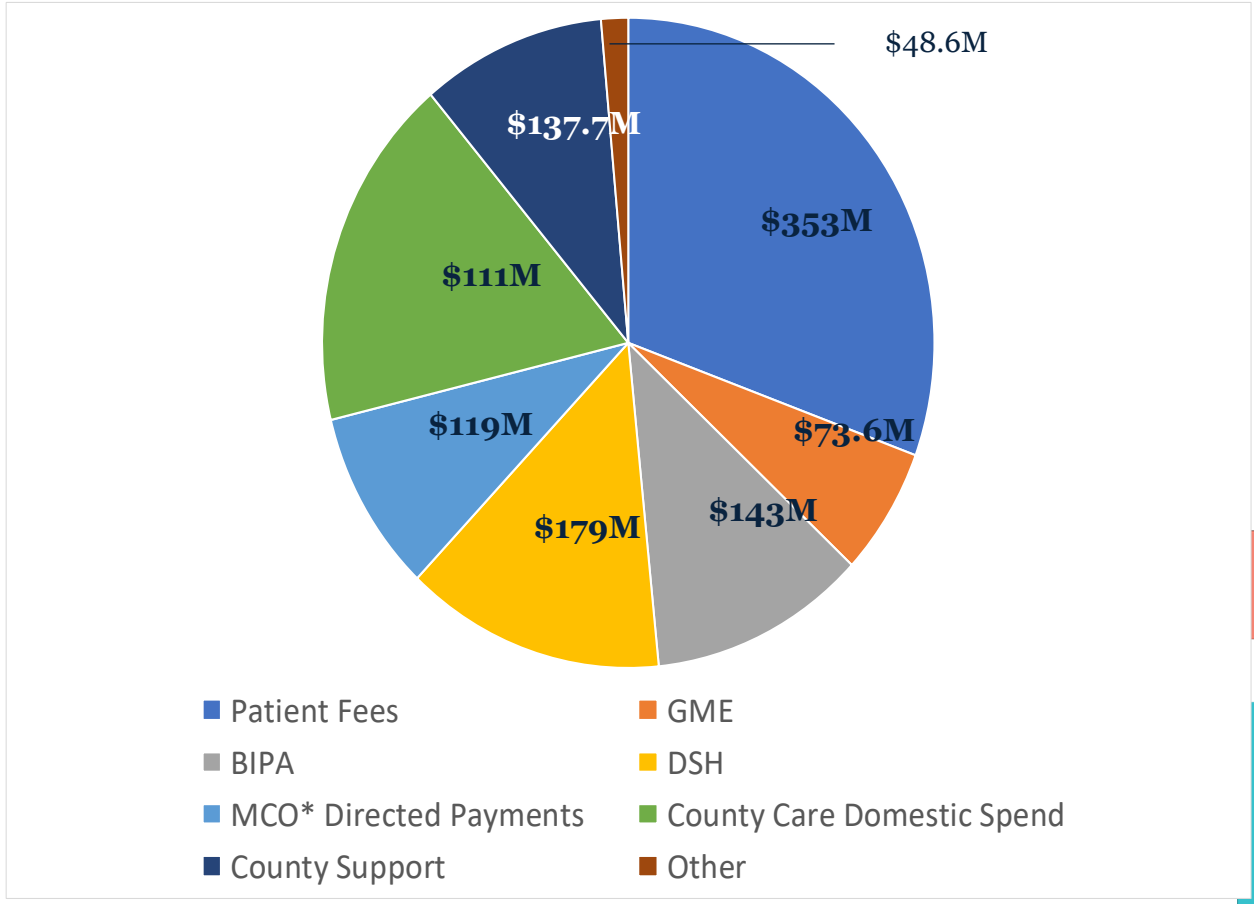
*Variance relates to expansion of Medicaid eligibility, domestic spend increase, FY21 trend, directed payments trend

FY2022 Proposed Revenue by Source

CountyCare
$2.6 billion



Other
$1.2 billion

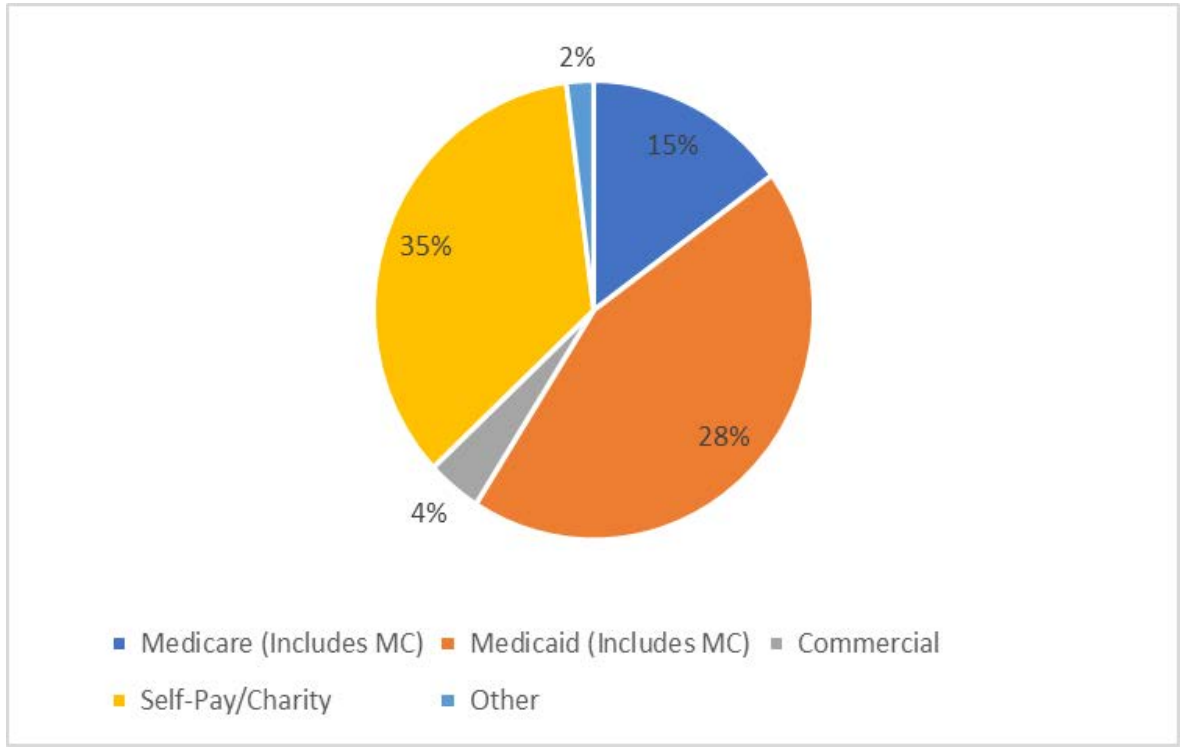


COOK COUNTY HEALTH

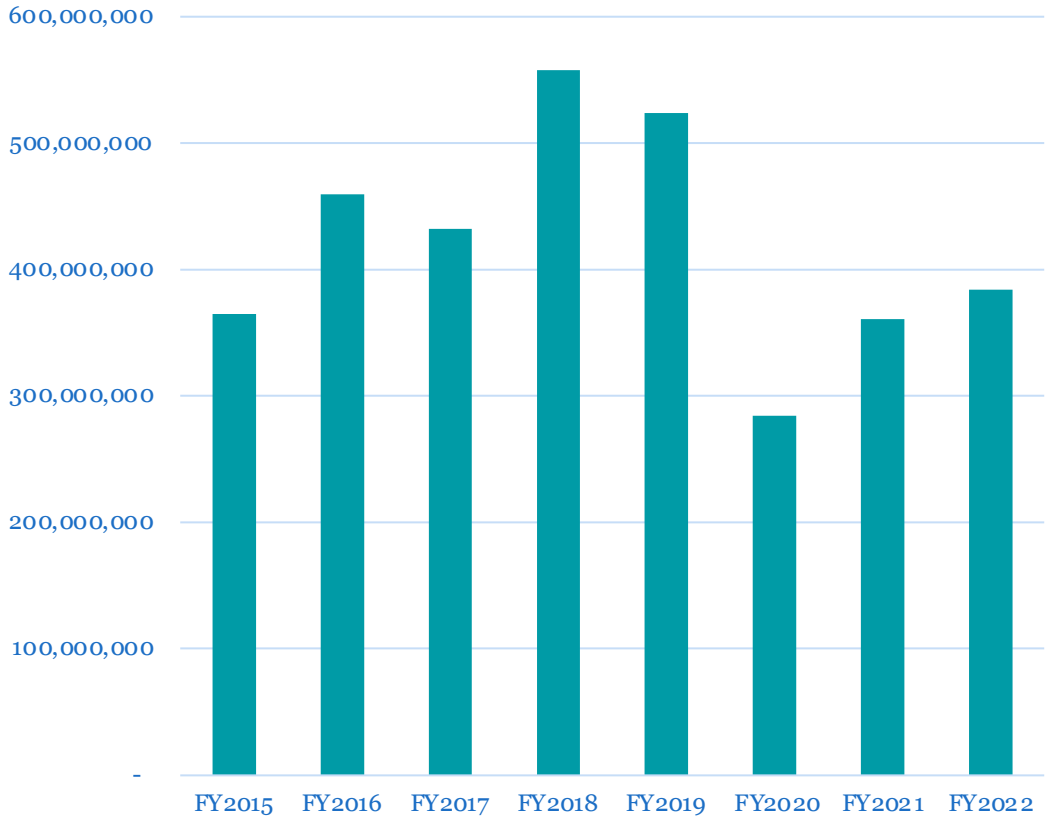
MCO: Managed Care Organization
GME: Graduate Medical Education Payments
BIPA: Benefits Improvement and Protection Act Payments
DSH: Disproportionate Share Hospital Payments

System Payor Mix By Charges

Expected Payor Mix



Charity Care Trending



- Post 2020 volume recovery
- Offset by increased coverage for uninsured

COOK COUNTY HEALTH

Revenue Cycle Improvements

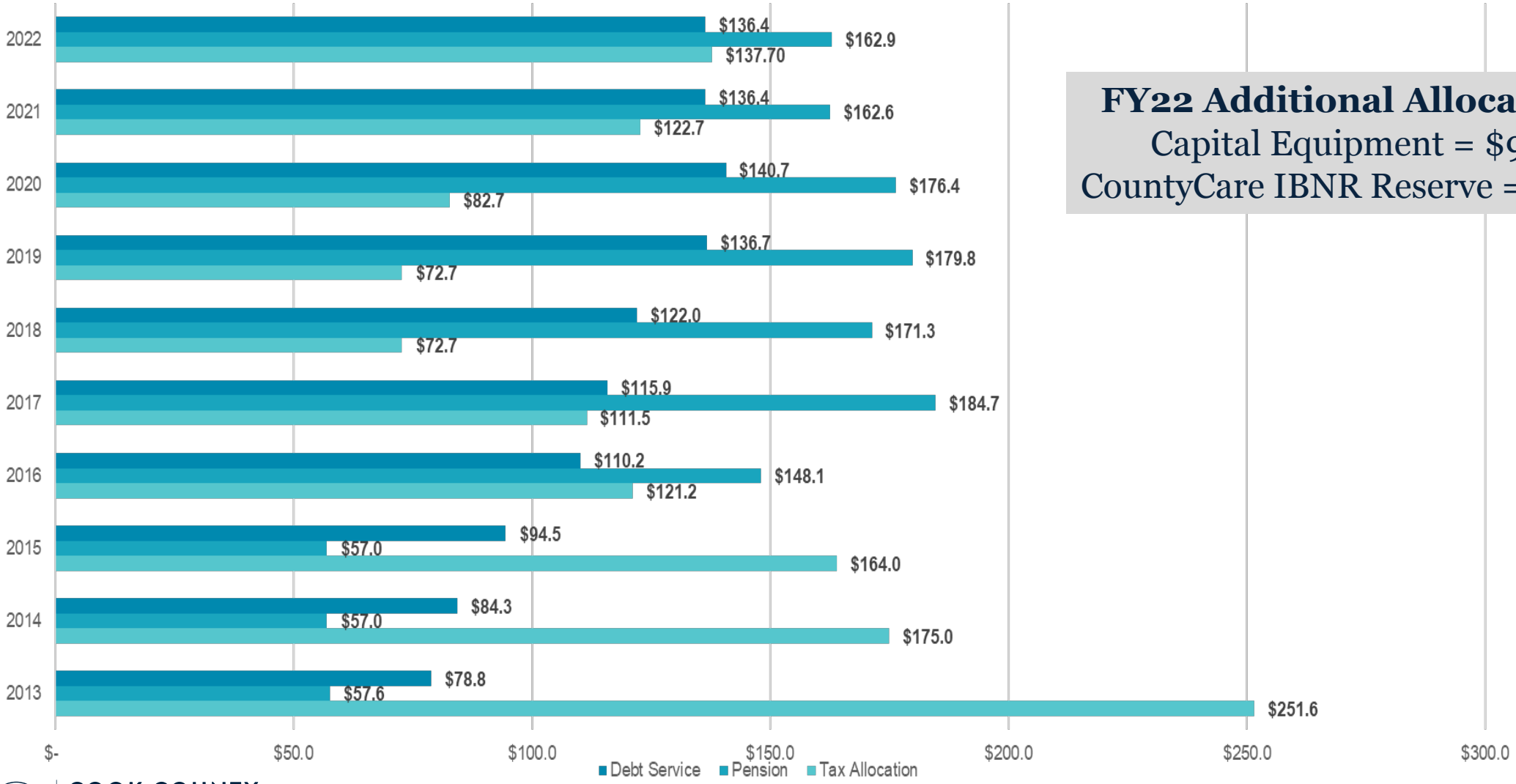
Completed

- ✓ Chief Revenue Officer
- ✓ Out of Network Scheduling
- ✓ Online bill payment
- ✓ Medical Necessity Denial Mitigation
- ✓ Prior authorization phase 1
- ✓ Self-pay discount
- ✓ Co-pay pilot program
- ✓ Daily Key Performance Indicators
- ✓ Accountability process
- ✓ Accounts Receivable days
- ✓ Discharged Not Final Billed (DNFB)
- ✓ Denial management phase 2
- ✓ Chargemaster audit

In Progress/Planned

- Prior authorization phase 2
- Clinical Documentation Improvement project
- Denial management phase 2
- Registration standardization
- Daily charge capture
- Chargemaster pricing adjustment
- Enhanced Managed Care Organization contracting
- Bad debt reduction
- Pharmacy accounts receivable
- Zero balance collection services

County Support of Cook County Health



FY22 Additional Allocations
Capital Equipment = $9M
CountyCare IBNR Reserve = $30M

COOK COUNTY HEALTH

Budget Accountability

- Key metrics to report to the Board of Directors:
  - Monthly updates on volumes and revenues, and necessary adjustments
  - Monitoring CountyCare and MoreCare membership compared to expectation
  - Progress of key initiatives
    - Service lines
    - Provident service expansion
  - Quarterly update on nursing agency utilization and float pool status
  - Quarterly update on specialty wait times
  - Quarterly updates on integrated referral progress
  - Routine update on Medical Loss Ratio for Health Plan Services

FY2022 Budget Calendar

✓ June 24, 2021	President's FY2021/2022 Preliminary Budget Forecast Released
✓ July 7, 2021	President's Preliminary Forecast Public Hearing
✓ July 19 -23, 2021	Cook County Finance Committee Meeting – Mid Year Budget Hearings
✓ July 30, 2021	CCH Full Board – FY2022 County Preliminary Forecast and Tax Allocation Discussion
✓ August 9, 2021	CCH Special Board Meeting – FY2022 Proposed Budget Introduced
• **August 19, 2021**	**CCH Finance Committee – FY2022 Budget Request for Approval**
• August 23, 2021	9:00 a.m. Public Hearing
• August 24, 2021	6:00 p.m. Public Hearing
• August 27, 2021	CCH Board Meeting – FY2022 Budget Request for Approval
• September 23, 2021	Cook County Board Meeting – CCH FY2022 Proposed Budget Introduced & Approved (for inclusion in the Executive Budget Recommendation)
• October, 2021	President's FY2022 Executive Budget Recommendation Introduced
• Oct/November, 2021	Cook County Public Hearings, Agency & Department Budget Review Meetings, Proposed Amendments, Annual Appropriation Bill Adopted

COOK COUNTY HEALTH