

CCH YTD Financial Update – November 30, 2023 – Y/E Preliminary



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January 2024



**COOK COUNTY
HEALTH**

Executive Summary: Statement of Financial Condition – November 30, 2023

- On an accrual basis, interim financials show that CCH ended November with a **\$362.1M favorable** variance to budget. On a cash basis, the County’s preliminary cash report on revenues and expenses shows a **\$252.0M favorable** variance primarily due to the timing difference of CountyCare PMPM payments impacting the revenue and claims payments impacting expenses.
- Revenue Commentary:
 - **Favorable** NPSR variance to Budget due to higher than budgeted IP volumes, higher than budgeted Directed Payments, receipt of prior year cost report settlement and Medicaid retroactive rate increase
 - **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 **\$81.2M unfavorable** variance to budget due to true up of reserve for Incurred But Not Received (IBNR) claims and Health & Family Services risk adjustment
 - Membership just over 431,000, which is significantly greater than budgeted



Financial Results – November 30, 2023

Dollars in 000s	FY2023 Actual	FY2023 Budget	Variance	%	FY2022 Actual (3)
Revenue					
Net Patient Service Revenue (1)	\$1,252,614	\$793,368	\$459,246	57.89%	\$932,355
Government Support (2)	\$397,691	\$356,761	\$40,930	11.47%	\$435,710
Adjusted NPSR	\$1,650,305	\$1,150,129	\$500,176	43.49%	\$1,368,065
CountyCare Capitation Revenue	\$3,088,263	\$2,648,291	\$439,972	16.61%	\$2,869,885
Other	\$7,146	\$45,803	(\$38,657)	-84.40%	\$13,032
Total Revenue	\$4,745,714	\$3,844,223	\$901,491	23.45%	\$4,250,982
Operating Expenses					
Salaries & Benefits	\$712,874	\$756,349	\$43,474	5.75%	\$645,480
Overtime	\$52,668	\$46,090	(\$6,577)	-14.27%	\$39,112
Supplies & Pharmaceuticals	\$175,949	\$166,961	(\$8,988)	-5.38%	\$172,213
Purchased Services & Other	\$546,589	\$482,443	(\$64,145)	-13.30%	\$602,311
Medical Claims Expense (1)	\$3,009,834	\$2,509,282	(\$500,552)	-19.95%	\$2,622,333
Insurance	\$17,407	\$16,475	(\$932)	-5.66%	\$16,328
Utilities	\$13,090	\$14,328	\$1,238	8.64%	\$13
Total Operating Expenses	\$4,528,411	\$3,991,928	(\$536,483)	-13.44%	\$4,110,738
Operating Margin	\$217,302	(\$147,705)	\$365,008	-247.12%	\$140,244
Non-Operating Revenue	\$144,810	\$147,705	(\$2,894)	-1.96%	\$134,235
Net Income (Loss)	\$362,113	(\$0)	\$362,113	-145825229%	\$274,479

Year-end Work Underway:

- Various year-end accruals
- Final CountyCare revenue and expenses
- Final fixed assets/depreciation
- Final A/R reserves for BD & Charity
- Due to/From Medicare reconciliation
- Supplemental DSH
- Inventory reconciliation
- Property tax true up
- Pension & OPEB
- Real estate tax allocation
- County costs, including the allocated costs

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.

Source: CCH unaudited financial statements and FY23 budget.

Cook County Health

Volumes: November, 2023

Key Revenue Indicators

Patient Activity Stroger	2023 YTD Actual	2023 YTD Budget	%	2022 YTD Actual	2021 YTD Actual		Nov 2023 Actual	Nov 2022 Actual
Average Daily Census *	306	267	14.5%	279	266		311	310
Emergency Room Visits	85,843	95,006	-9.6%	79,358	78,793		7,438	6,775
Surgeries	11,490	11,436	0.5%	11,338	11,300		906	940

Patient Activity Provident	2023 YTD Actual	2023 YTD Budget	%	2022 YTD Actual	2021 YTD Actual		Nov 2023 Actual	Nov 2022 Actual
Average Daily Census *	20	26	-23.1%	12	7		22	21
Emergency Room Visits	26,180	29,994	-12.7%	22,489	20,376		2,050	2,361
Surgeries	3,442	3,248	6.0%	3,033	2,923		235	273

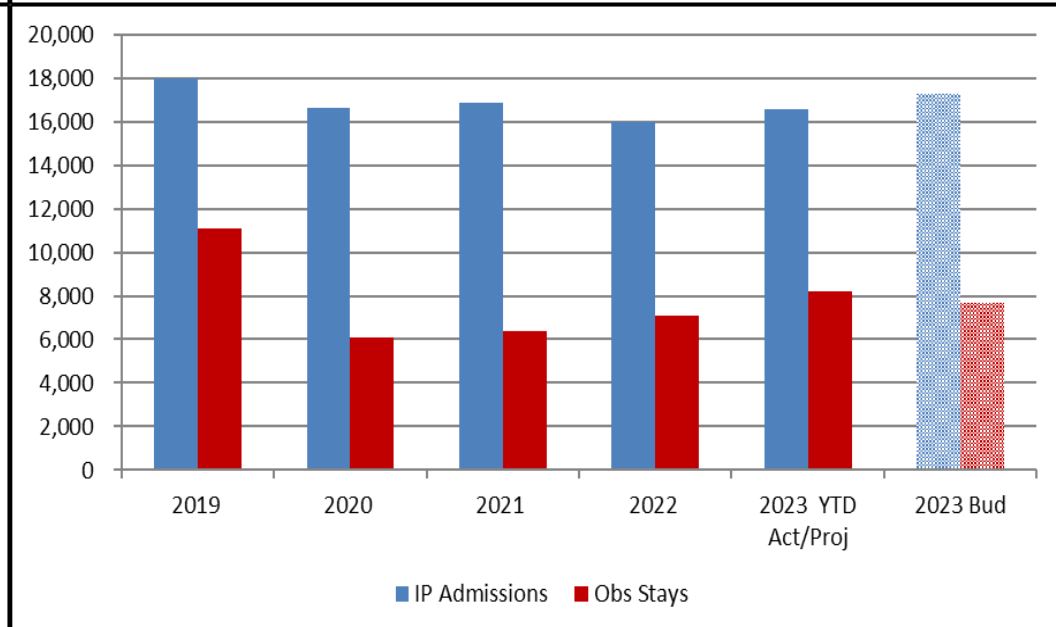
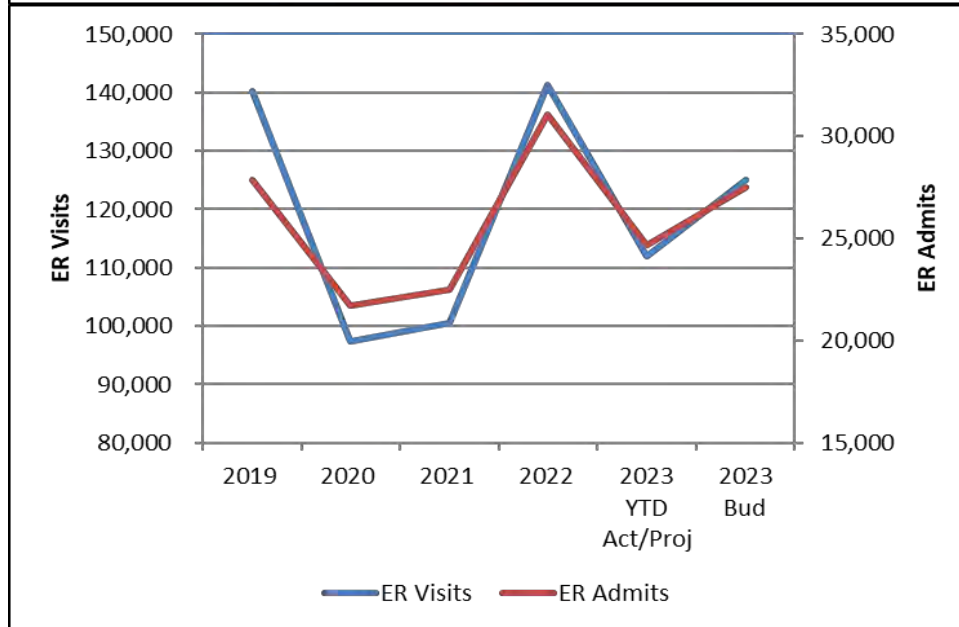
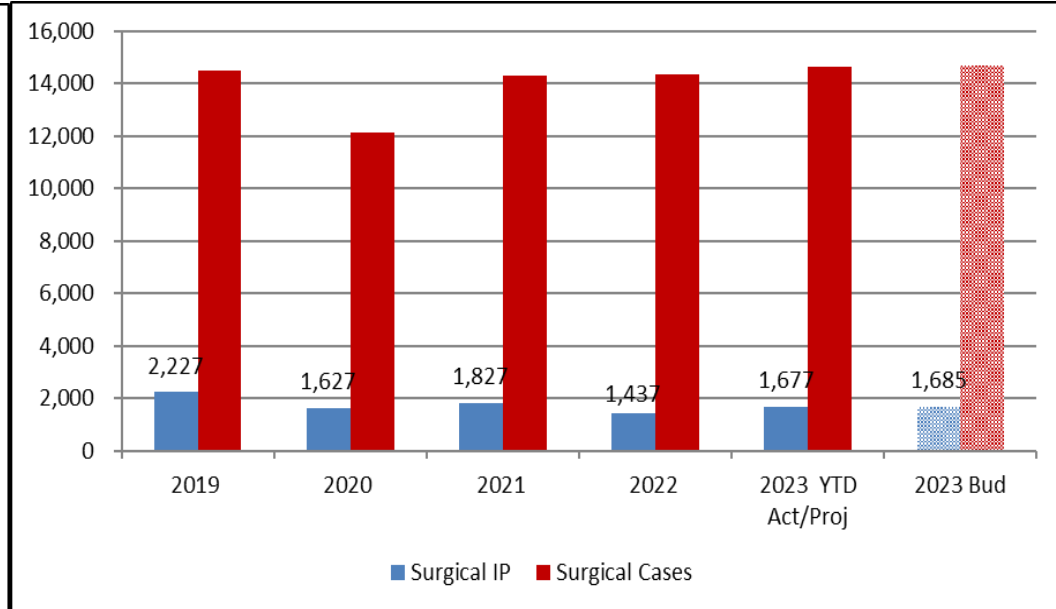
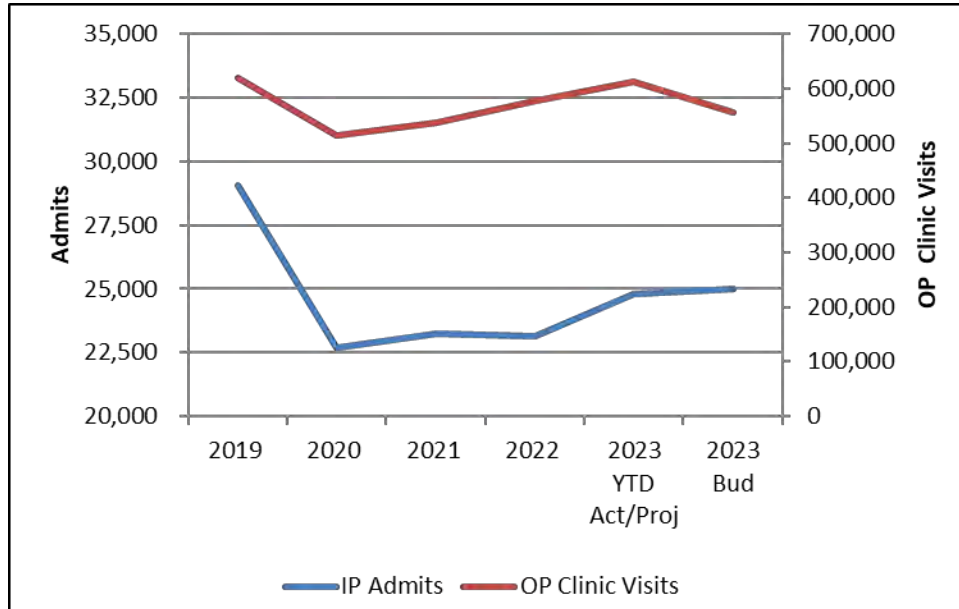
Patient Activity ACHN	2023 YTD Actual	2023 YTD Budget	%	2022 YTD Actual	2021 YTD Actual		Nov 2023 Actual	Nov 2022 Actual
Primary Care Visits	234,076	281,649	-16.9%	217,925	224,870		18,328	18,071
Specialty Care Visits	378,305	274,000	38.1%	364,049	345,690		30,735	29,260

CountyCare Membership	2023 YTD Actual	2023 YTD Budget	%	2022 YTD Actual	2021 YTD Actual		Nov 2023 Actual	Nov 2022 Actual
Membership Count	449,446	391,105	14.9%	432,560	399,072		430,704	443,045

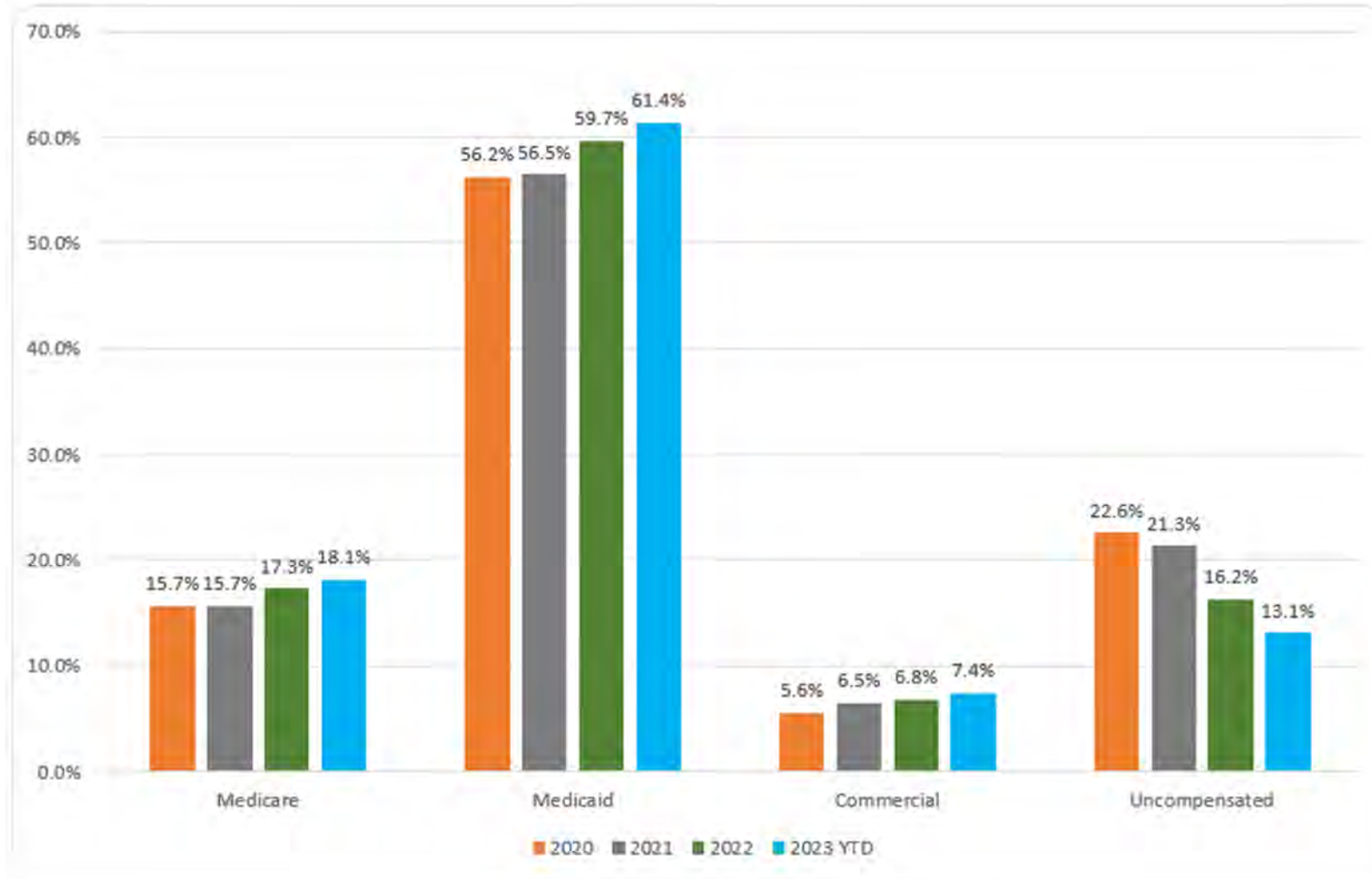
* Includes IP + Observations

Cook County Health

Operating Trends



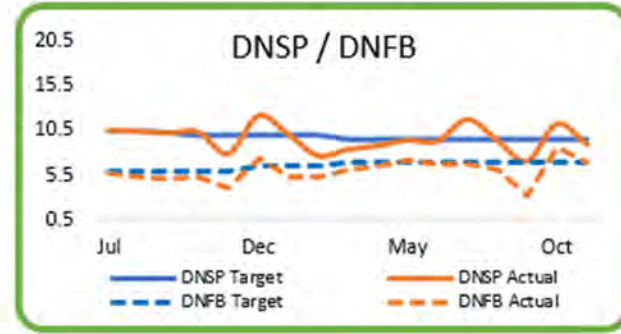
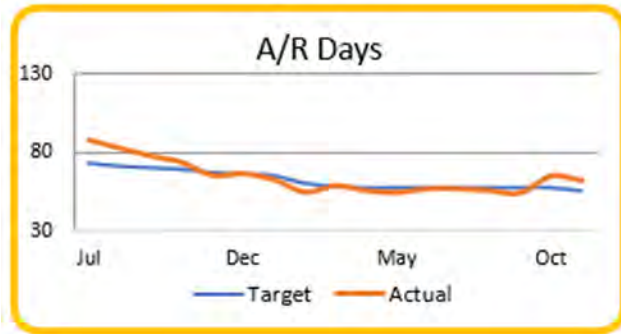
YTD Payer Mix – YoY Comparison



Commentary

- Payer coverage continues to increase year over year while uncompensated decreases.
- Oct-Nov Change:
 - Medicare: -0.1%
 - Medicaid: -0.2%
 - Commercial: 0.0%
 - Uncompensated: +0.2%
- Sep-Oct Change:
 - Medicare: -0.1%
 - Medicaid: -0.2%
 - Commercial: +0.1%
 - Uncompensated: +0.3%
- Aug-Sep Change:
 - Medicare: +0.1%
 - Medicaid: -0.3%
 - Commercial: -0.0%
 - Uncompensated: +0.2%

Revenue Cycle KPI Trending



Commentary:

- The A/R metrics ended the year off target due to delays in Medicaid payment processing falsely denying claims for eligibility. This was resolved in December.

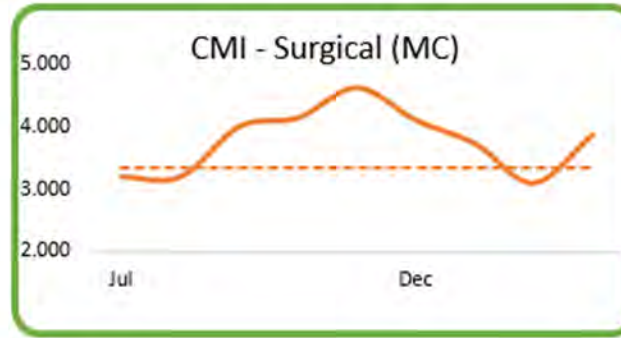
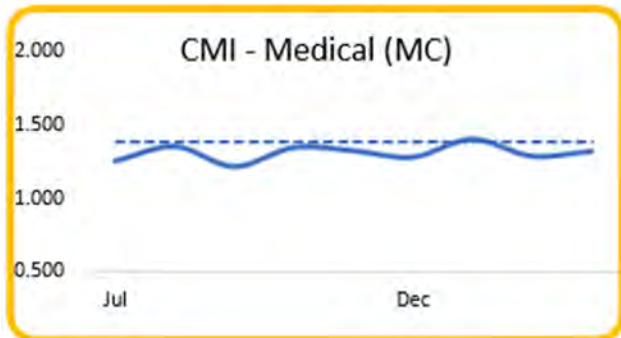


Definitions:

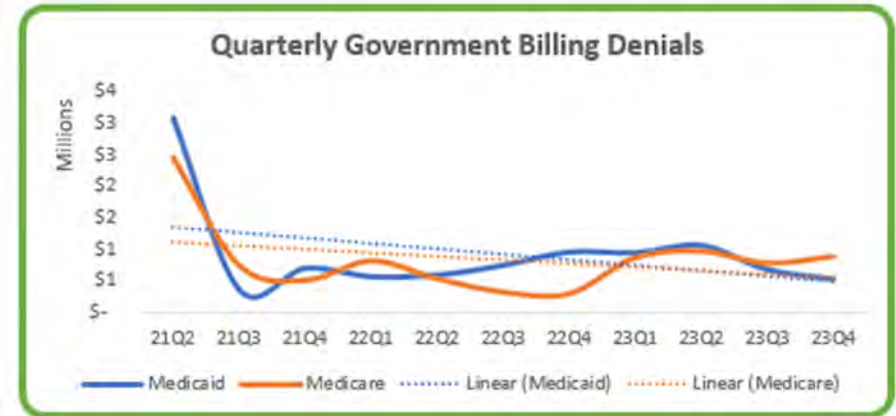
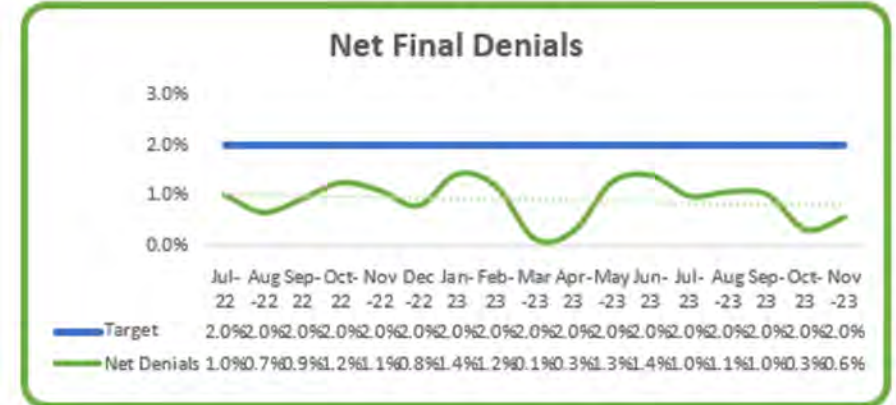
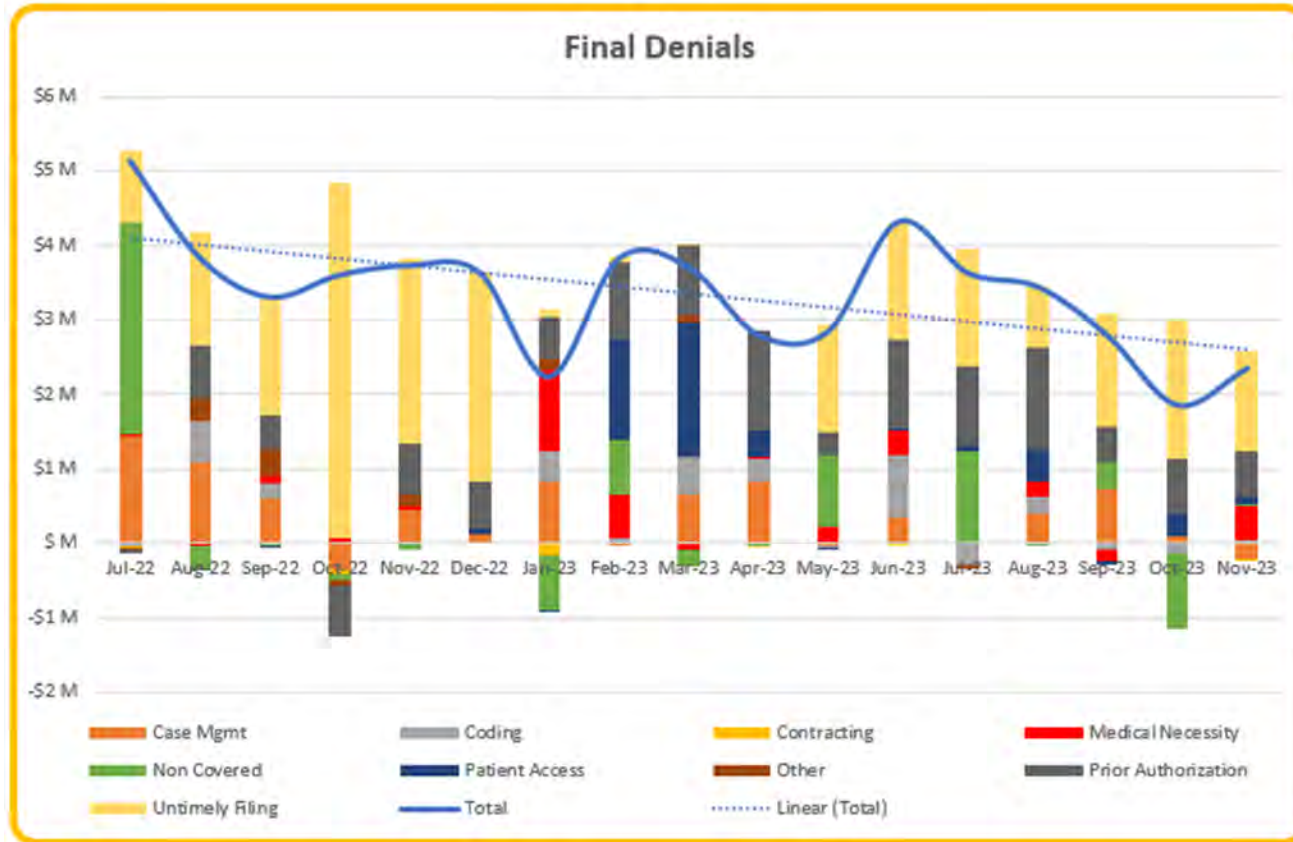
DNSP: Discharged Not Submitted to Payer - Gross dollars from initial 837 claims held by edits in claims processing tool that have not been sent to payer.

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 Focus & Trending



Commentary

- Net final denials are hitting targets and final denials are aligned to corrective action plans.
- Continued improvement on reducing government denials.

Cook County Health

2023 Charitable & Public Program Expenditures

Budget/Projection (\$000s)

	2021 Actual Net Benefit	2022 Actual Net Benefit	2023 Budget Net Benefit	2023 Act/Proj Net Benefit
<u>Charitable Benefits and Community Programs</u>				
Traditional Charity Care	\$ 162,626	\$ 122,499	\$ 120,232	\$ 105,040
Other Uncompensated Care	100,894	108,284	91,800	135,655
Cermak & JTDC Health Services	104,465	90,293	101,364	100,779
Department of Public Health	16,908	12,965	21,684	12,712
Other Public Programs & Community Services	68,750	66,321	62,138	62,138
Totals	\$ 453,643	\$ 400,362	\$ 397,217	\$ 416,323
% of Revenues *	38.6%	36.9%	34.5%	38.4%
% of Costs *	27.9%	22.0%	22.3%	22.9%

* Excludes Health Plan Services

Cook County Health

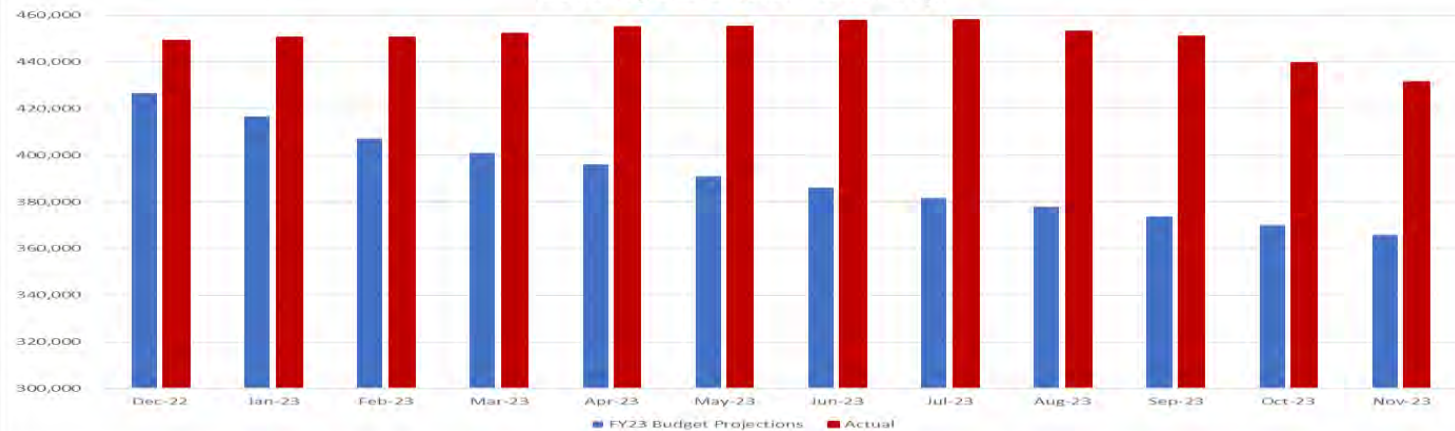
Savings Initiatives: November 30, 2023

Current Activities in Progress	Budgeted FY23 Impact	YTD Achieved	Status
Revenue Cycle:			
Chargemaster Review/Changes	3,200,000	3,244,445	●
Timely Filing	6,800,000	2,920,000	●
Coverage Accuracy	9,000,000	10,278,630	●
ACHN Coding Accuracy	5,100,000	4,068,333	●
AR Recovery	3,500,000	7,236,667	●
Self Pay Balance Support	1,700,000	2,548,333	●
Point of Service Collections	700,000	1,004,338	●
County Care:			
Vendor Contract Negotiations	12,500,000	12,500,000	●
Health System:			
Vendor Contract Negotiations	5,000,000	5,122,350	●
	<u>\$ 47,500,000</u>	<u>\$ 48,923,096</u>	103%
		Goal 12/12ths	100%

Health Plan Services Financial Results – November 30, 2023

Dollars in 000s except PMPM amounts	FY2023 Actual	FY2023 Budget	Variance	%	Fy22 Actual
Capitation Revenue	\$3,086,233	\$2,536,365	\$549,867	21.68%	\$2,871,439
Operating Expenses					
Clinical - CCH	\$116,849	\$99,716	(\$17,133)	(17.18%)	\$130,327
Clinical - External	\$2,893,891	\$2,293,875	(\$600,016)	(26.16%)	\$2,603,592
Administrative	\$156,728	\$142,775	(\$13,954)	(9.77%)	\$136,484
Total Expenses	\$3,167,469	\$2,536,365	(\$631,103)	(24.88%)	\$2,870,403
Operating Gain (Loss)	(\$81,236)	\$0	(\$81,236)		\$1,036
Activity Levels					
Member Months	5,403,734	4,693,261	710,473	15.14%	5,188,251
Monthly Membership	431,550	365,867	65,683	17.95%	443,459
CCH CountyCare Member Months	493,860	N/A	N/A	N/A	526,915
CCH % CountyCare Member Months	9.14%	N/A	N/A	N/A	10.16%
Operating Indicators					
Revenue Per Member Per Month (PMPM)	\$571.13	\$540.43	\$30.70	5.68%	\$553.45
Clinical Cost PMPM	\$557.16	\$510.01	(\$47.15)	(9.25%)	\$526.94
Medical Loss Ratio (1)	96.6%	94.4%	(2.26%)	(2.39%)	93.4%
Administrative Cost Ratio	5.0%	5.6%	0.60%	10.60%	4.7%

CountyCare Membership



Commentary

- Total YTD member months are exceeding budget by 710,473 members.
- Revenue and claims expense are higher than budget due to higher than budgeted membership.
- 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 exceeding budget.
- Administrative Expenses are higher than budget while the Administrative Cost Ratio(ACR) is lower than budget due to higher than budgeted membership.
- Operating Loss of \$81M
- Net loss is due to recent risk adjustment results and revenue updates from HFS that resulted in a significant revenue decrease.

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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