

CCH Financial Update – November 30, 2020 FYTD

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Interim Chief Business Officer

January, 2021



**COOK COUNTY
HEALTH**

Executive Summary: Statement of Financial Condition

- Cook County Health (CCH) interim financial results for the 12 months ended November 30, 2020:
 - Cash. The County's preliminary cash report on revenues and expenses for November 30th show a net positive variance of \$259M. This number will be finalized throughout the audit period.
 - Accrual. On an accrual basis, interim financials show that CCH is ending the year \$35M ahead budget.
- Revenue Commentary:
 - Due to emergency Medicaid, CCH's payor mix improved in FY2020
 - Volumes were down 16% from the year before
 - Receipt of \$153M in CARES Act Funding
- Expenditures:
 - COVID-19 expenditures
 - Underlying budget constraints

Interim Financial Results – November 30, 2020 FYTD

Dollars in 000s	FY2020 Actual	FY2020 Budget	Variance	%	FY19 Actual
Revenue					
Net Patient Service Revenue (1)	\$463,199	\$690,561	(\$227,362)	-32.92%	\$520,785
Government Support (2)	\$544,501	\$289,000	\$255,501	88.41%	\$427,327
CountyCare Capitation Revenue	\$2,061,725	\$1,749,230	\$312,495	17.86%	\$1,771,596
Other	\$5,772	\$12,500	(\$6,728)	-53.82%	\$33,146
CountyCare Directed Payments	\$121,514	\$0	\$121,514	0.00%	\$0
CountyCare Elimination (1)	(\$104,243)	(\$172,783)	\$68,540	-39.67%	(\$154,915)
Total Revenue	\$3,092,468	\$2,568,508	\$523,960	20.40%	\$2,597,939
Operating Expenses					
Salaries & Benefits	\$668,044	\$657,709	(\$10,335)	-1.57%	\$681,136
Overtime	\$46,263	\$30,492	(\$15,770)	-51.72%	\$49,748
Supplies & Pharmaceuticals	\$154,881	\$131,071	(\$23,810)	-18.17%	\$147,334
Purchased Services & Other	\$326,481	\$267,714	(\$58,766)	-21.95%	\$310,238
Medical Claims Expense (1)	\$2,010,996	\$1,686,923	(\$324,074)	-19.21%	\$1,765,071
Insurance	\$31,864	\$36,779	\$4,915	13.36%	\$51,277
Utilities	\$12,731	\$13,308	\$577	4.34%	\$14,522
CountyCare Elimination (1)	(\$104,243)	(\$172,783)	(\$68,540)	39.67%	(\$154,915)
Total Operating Expenses	\$3,147,016	\$2,651,213	(\$495,803)	-18.70%	\$2,864,410
Operating Margin	(\$54,548)	(\$82,705)	\$28,157	34.05%	(\$266,470)
Non-Operating Revenue	\$90,460	\$82,705	\$7,755	0.00%	\$70,737
Net Income (Loss) (3)	\$35,912	\$0	\$35,912	0.00%	(\$195,733)

Year-end Work Still Underway:

- Various year-end accruals underway
- Final fixed assets/depreciation
- Pass-thru payments
- Inventory reconciliation
- Pension
- Real estate tax allocation
- Property tax objection
- County costs
- Final CountyCare IBNR

CARES Provider Relief Funding

Purpose:

- Reimburse costs due to COVID-19
- Subsidize lost revenue due to COVID-19 Impact on operations and volumes

Funding Received:

Funding Program	Purpose	April	May	June	July	Total
Provider Relief	COVID-19 Expenses and Lost Revenue Relief	\$ 18.2				\$ 18.2
High Impact Area	High-level of COVID-19 Admissions		\$ 59.4		\$ 31.2	\$ 90.5
Safety-net Provider	Key Hospital for Vulnerable Communities			\$ 44.6		\$ 44.6
Total		\$ 18.2	\$ 59.4	\$ 44.6	\$ 31.2	\$ 153.4

Evolving Guidance – HHS and Accounting

Current Status

- Lost Revenue can be measured by comparison to Budget.
- At this time, none of these funds are expected to be returned.

Key dates and actions required:

Jan. 15, 2021: reporting portal opens for providers.

Feb. 15, 2021: first reporting deadline for all providers on use of PRF funds.

July 31, 2021: final reporting deadline for providers who did not fully expend PRF funds prior to December 31, 2020.

CCH Health Providers Revenue – November 30, 2020 FYTD

Revenue Operating Indicators

Month

Patient Activity	FY2020 Actual	FY2020 Budget	Variance	%
Admissions	1,295	1,439	(144)	-10.00%
Patient Days	7,758	7,964	(206)	-2.60%
Average Daily Census	259	265	(6)	-2.30%
Adjusted Patient Days	18,500	20,701	(2,201)	-10.60%
Adjusted Patient Days	FY2020 Actual	FY2020 Budget	Variance	%
Medicare	3,261	4,010	(749)	-18.70%
Medicaid	8,151	4,999	3,152	63.10%
CountyCare	2,812	2,903	(91)	-3.10%
Commercial	852	1,025	(197)	-19.20%
Sub-Total	15,076	12,937	2,139	16.50%
Uncompensated Care	3,424	7,764	(4,340)	-55.90%
Total	18,500	20,701	(2,201)	-10.60%

FY2020

Patient Activity	FY2020 Actual	FY2020 Budget	Variance	%
Admissions	16,244	16,775	(531)	-3.20%
Patient Days	89,388	94,134	(4,746)	-5.00%
Average Daily Census	244	257	(13)	-5.10%
Adjusted Patient Days	225,274	251,232	(25,958)	-10.30%
Adjusted Patient Days	FY2020 Actual	FY2020 Budget	Variance	%
Medicare	35,883	41,132	(5,249)	-12.80%
Medicaid	60,922	63,859	(2,937)	-4.60%
CountyCare	31,838	31,352	486	1.60%
Commercial	11,043	12,608	(1,943)	-15.40%
Sub-Total	139,686	148,951	(9,265)	-6.20%
Uncompensated Care	85,588	102,281	(16,693)	-16.30%
Total	225,274	251,232	(25,958)	-10.30%

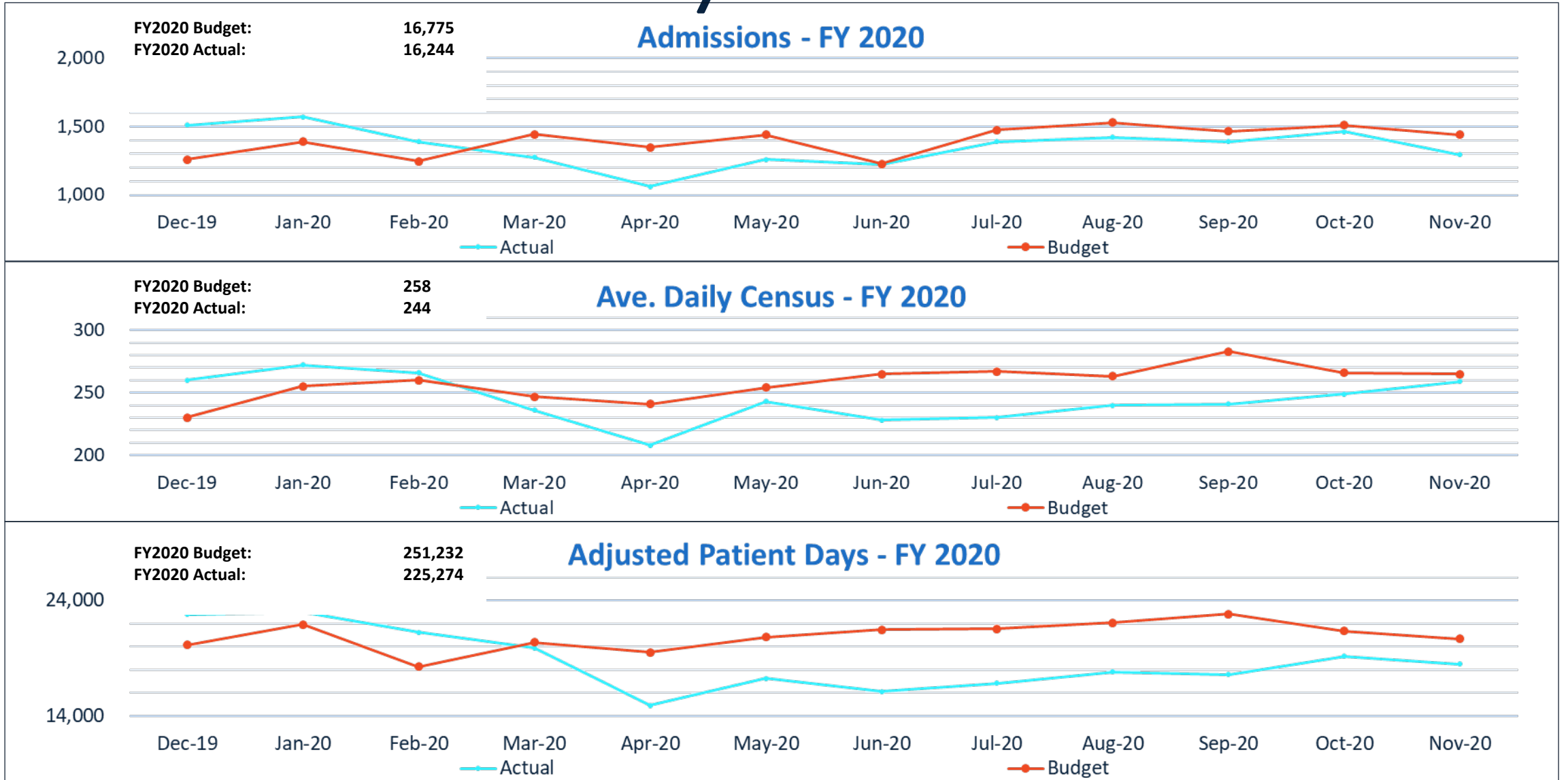
Commentary

- “Reimbursable Patient” volumes (Medicare, Medicaid, CountyCare and Commercial), as measured by Adjusted Patient Days, started the year above budget and are now -6.2% below plan through Nov-2020 FYTD (with Nov-2020 -19.7% below the peak in Jan-2020).
- Uncompensated Care patient activity levels are -16.3% below plan through Nov-2020.

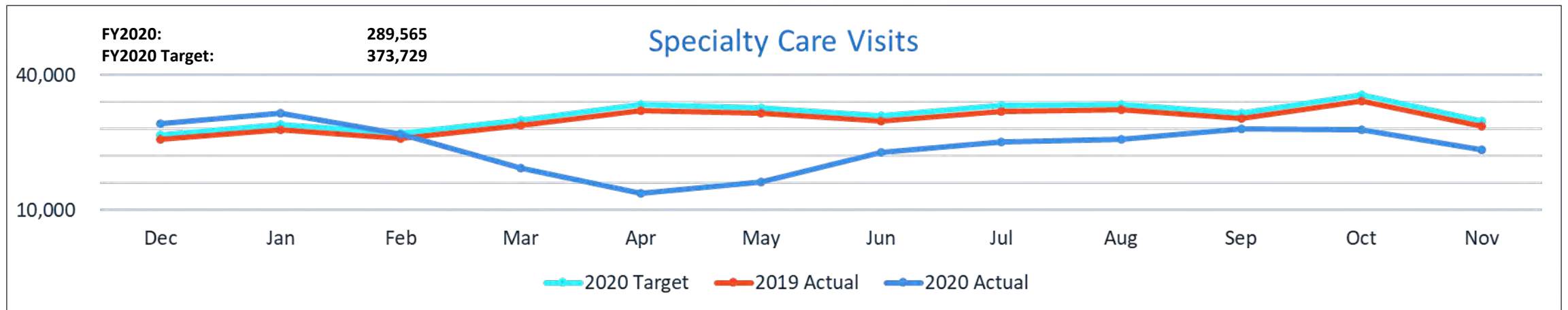
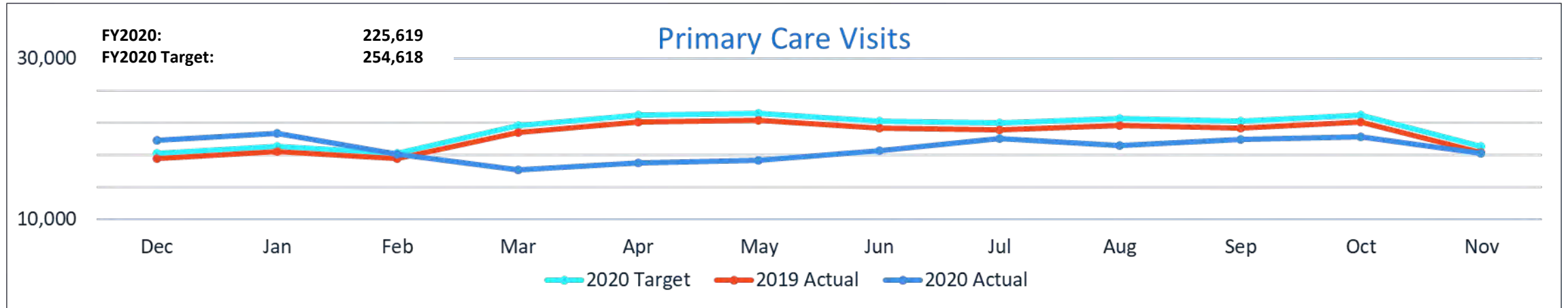
Note:

(1) Source: CCH September 2020 Utilization report

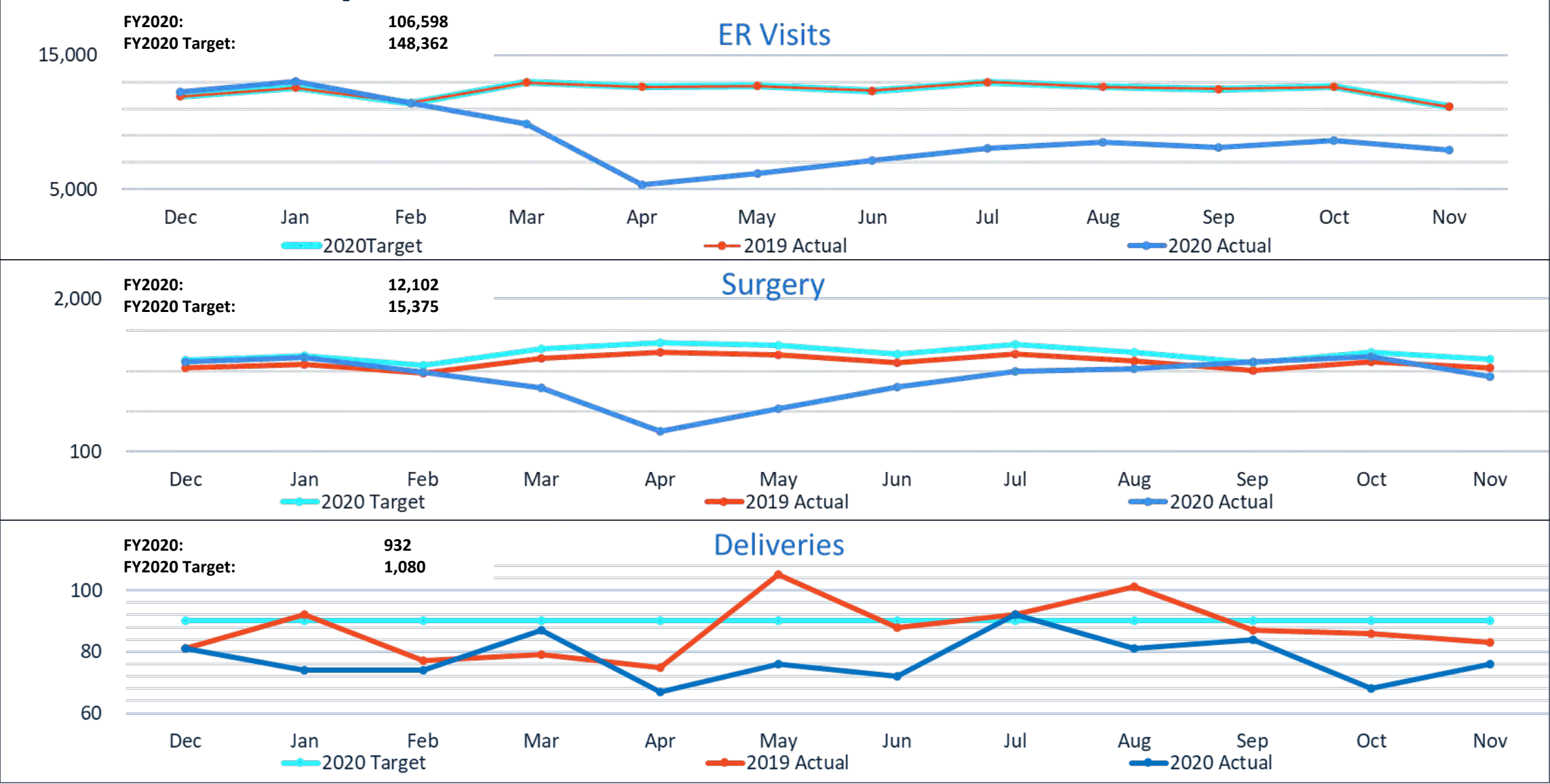
CCH 12 Month Patient Activity Levels



Patient Activity Indicators – November 2020

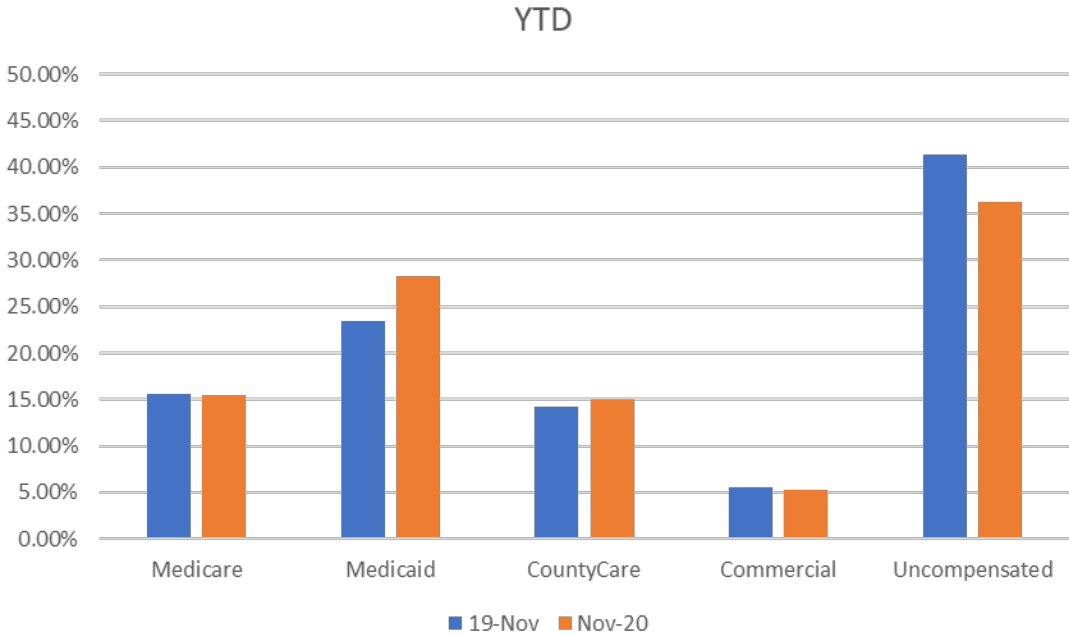
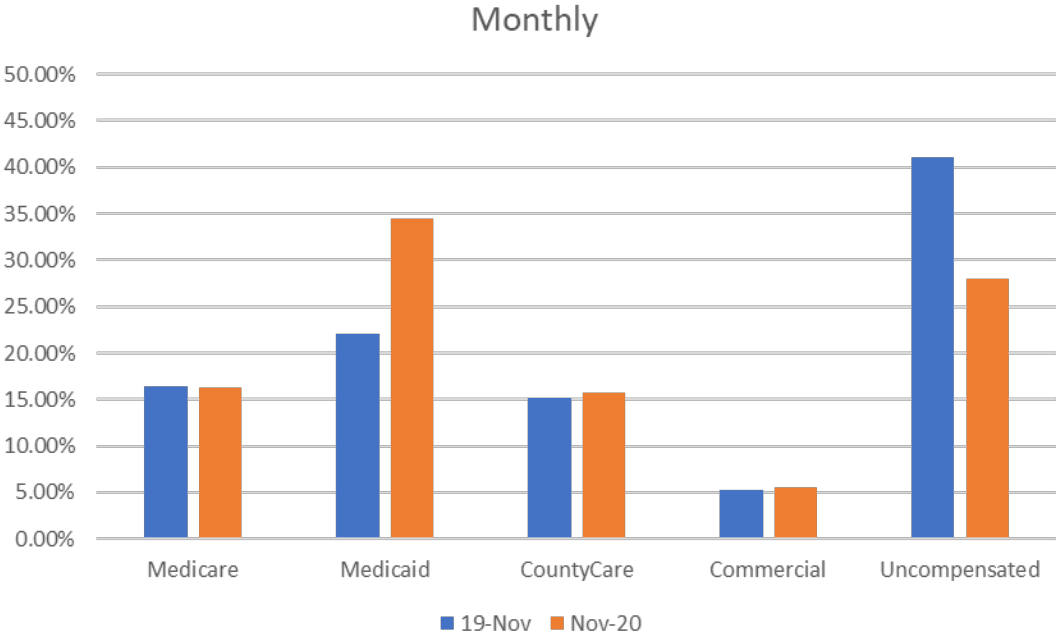


Patient Activity Indicators – November 2020

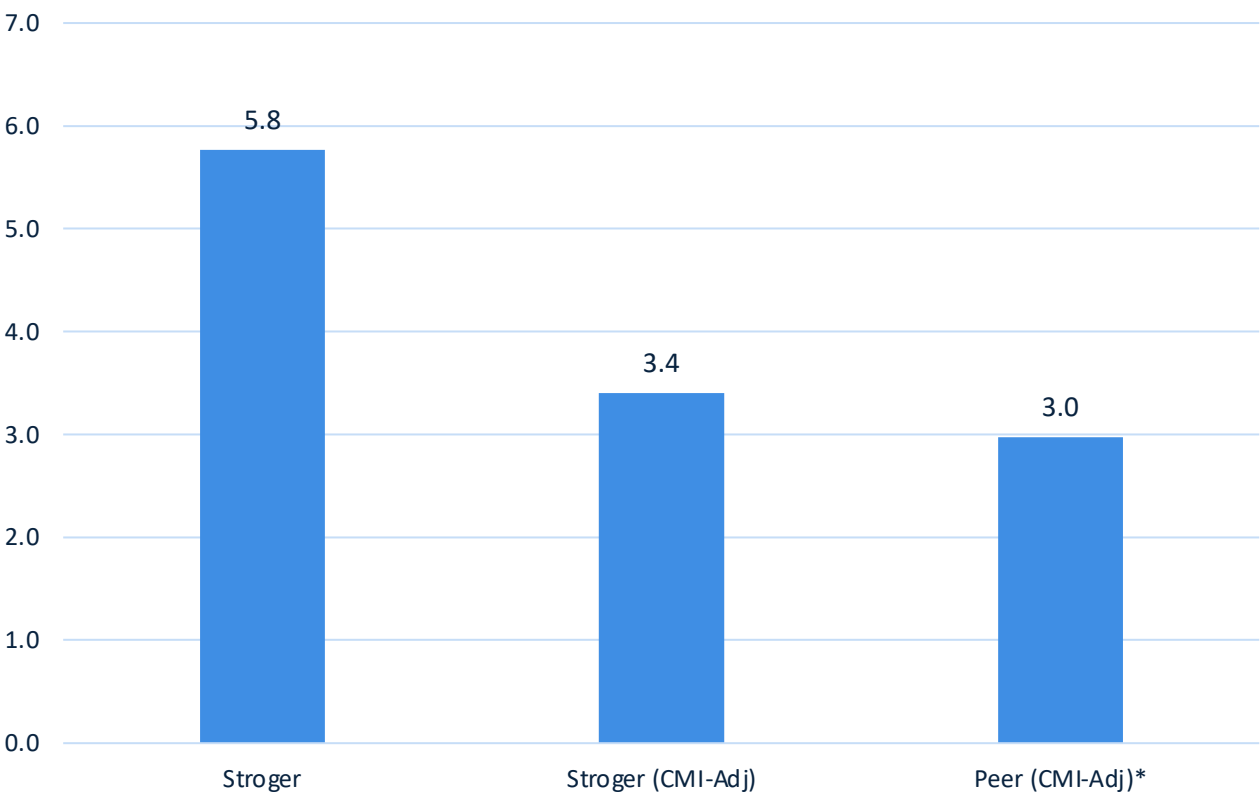


CCH Health Providers Revenue – November 30, 2020 FYTD

Payer Mix Analysis (by Charges)



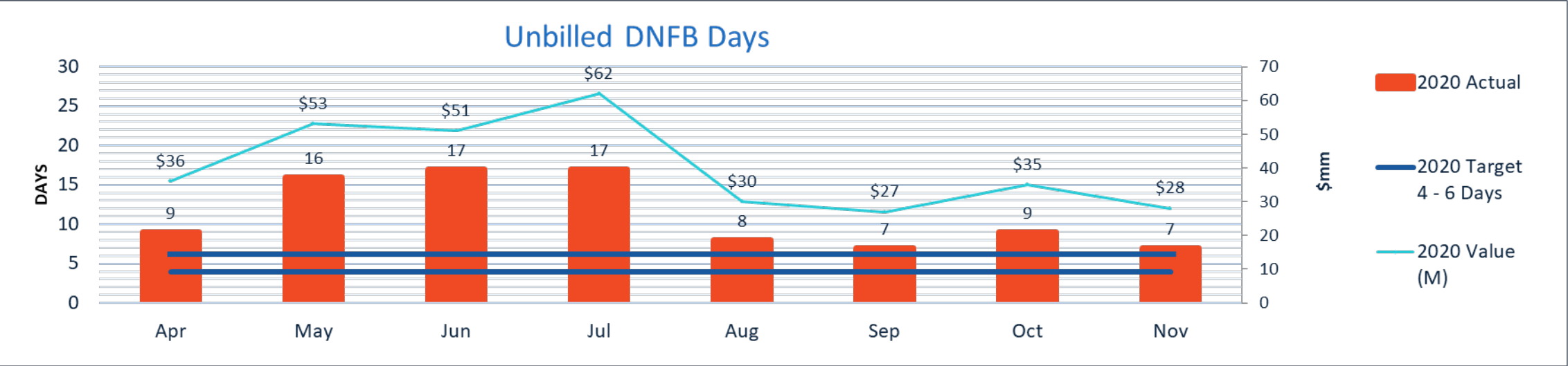
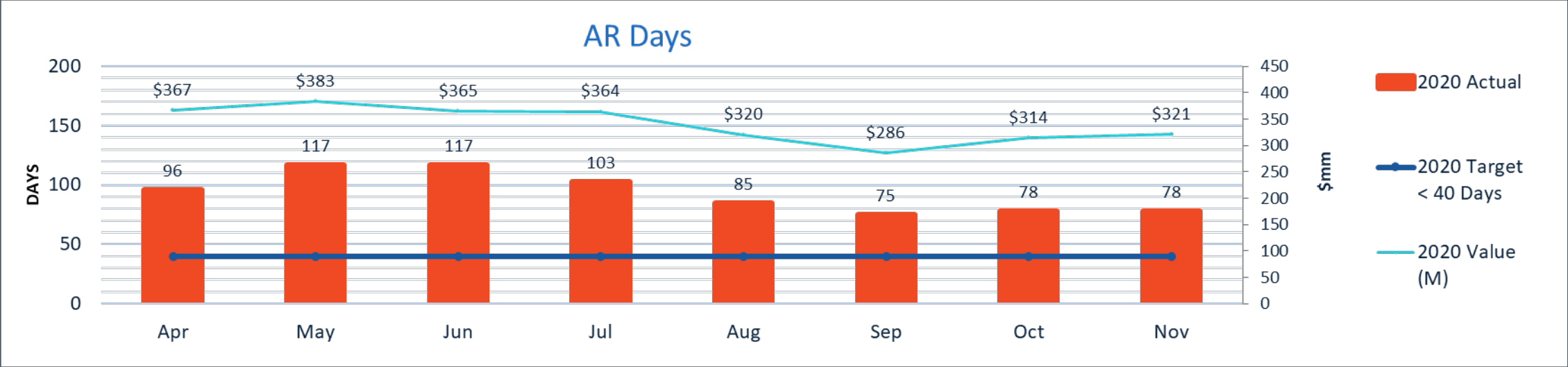
Case Mix Index Adjusted (Acuity) Average Length of Stay



* Peer = Vizient: Large, Specialized Complex Care Medical Centers

Commentary: When adjusted for acuity, Stroger ALOS approaches the Peer benchmark (Vizient: Large, Specialized Complex Care Medical Centers).

Financial Key Performance Indicators – 2020 FY



Denials -- November, 2020

	Month	YTD	Benchmark
Soft Denials*	9%	12%	5%
Hard Denials**	4%	6%	2%

* Claim is denied soon after submission, but there is an opportunity to mitigate

** Claim is denied and needs to be written off

Note: Numbers are gross charges

	Month	YTD
Soft Denials*	\$ 11,220,068	\$ 172,452,682
Hard Denials**	\$ 4,856,438	\$ 82,587,313

FY19 YTD:

- Soft Denials = \$120M and 8% of Total Charges
- Hard Denials = \$60.1M and 4% of Total Charges



Health Plan Services Financial Results – November 30, 2020 FYTD

Dollars in 000s except PMPM amounts	FY2020 Actual	FY2020 Budget	Variance	%	Fy19 Actual
Capitation Revenue	\$2,061,725	\$1,749,230	312,495	17.86%	\$1,771,596
CCH Directed Payments	\$121,514				
CCH Directed Payments	\$(121,514)				
Operating Expenses					
Clinical - CCH	\$104,243	\$172,783	\$68,539	39.67%	\$154,915
Clinical - External	\$1,906,753	\$1,514,140	\$(392,613)	-25.93%	\$1,603,024
Administrative	\$101,780	\$82,687	\$(19,093)	-23.09%	\$90,130
Total Expenses	\$2,112,777	\$1,769,610	\$(343,167)	-19.39%	\$1,848,069
Operating Gain (Loss)	\$(51,051)	\$(20,380)	\$(30,671)	-150.49%	\$(76,473)
Activity Levels					
Member Months	4,132,666	3,912,408	220,258	5.63%	3,836,898
CCH CountyCare Member Months	475,096	N/A	N/A	N/A	473,638
CCH % CountyCare Member Months	11.50%	N/A	N/A	N/A	12.34%
Operating Indicators					
Revenue Per Member Per Month (PMPM)	\$498.89	\$447.10	\$51.79	11.58%	\$461.73
Clinical Cost PMPM	\$486.61	\$431.17	\$(55.44)	-12.86%	\$458.17
Medical Loss Ratio (1)	94.1%	93.50%	-0.65%	-0.69%	94.10%
Administrative Cost Ratio	4.5%	4.10%	-0.39%	-9.46%	4.40%

Commentary

- Total member months, revenue, and expenses are above budget due to increased Medicaid enrollment as a result of the COVID-19 induced growth in unemployment, and no state redetermination of Medicaid eligibility.
- Savings from decreased utilization during the 1st half of 2020 due to COVID have been offset by higher than expected inpatient cost per claim during that period.
- Clinical cost PMPM have increased over recent months due to higher claims costs.
- CountyCare's reimbursement to CCH is budgeted at \$173M and is above budget at \$225M, when including directed payments and domestic spend (\$121M).
- Operating Loss of \$(51)M consists of \$(37)m from CountyCare and \$(14)M from Medicare. CountyCare loss is driven by the increase in State of Illinois Intergovernmental Transfer (IGT) costs of \$55m in 2020. Medicare loss is due to the initial year of plan operations when there is upfront investments costs and lower membership.
- State of Illinois and CCH have agreement in concept to reduce IGT by 50% beginning in January 2021.
- There are a number of outstanding items for year-end including:
 - Final IBNR
 - Final revenue, risk adjustment, and rates
 - Risk agreements with providers
 - Capitated agreements and reconciliations

Notes:

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

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THANK YOU



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