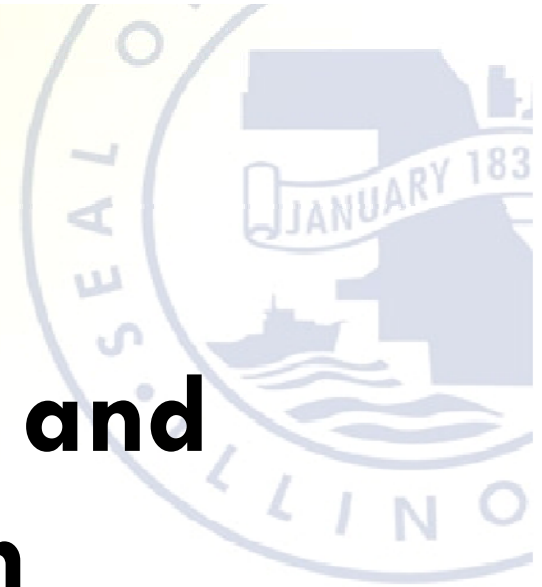


**Cook County Health & Hospitals System**



# **Cook County Health and Hospitals System**

## **Proposed FY 2014 Preliminary Budget**

**CCHHS**

# **Agenda**

- ❑ Budget Calendar
- ❑ CCHHS Budget – Key Principles
- ❑ Summary of Revenue and Expenditures
- ❑ CCHHS Revenue
- ❑ CCHHS Expenditures
- ❑ Positions



# **2014 Budget Calendar**

|              |   |
|--------------|---|
| August 8     | CCHHS Budget Recommendation Finalized and Provided to CCHHS Board |
| August 12-16 | CCHHS Board Briefings   |
| August 16    | CCHHS Budget Submitted to CCHHS Finance Committee                 |
| August 19-23 | CCHHS Public Hearings on Proposed Budget                          |
| August 23    | CCHHS Budget Submitted to CCHHS Board                             |
| September 11 | CCHHS Budget provided to Cook County Finance Committee            |
| October      | President's Executive Budget to the Board of Commissioners        |
| November     | Final vote/amendments to President's Executive Budget             |

# **Key Principles**

## **No service reductions or layoffs**

## **Invest in the patient experience to retain patients post Medicaid expansion**

- Retain all positions/vacancies to improve services and frontline staffing levels
- Expand CountyCare network to increase patient access
- Continue implementation of the patient centered medical home

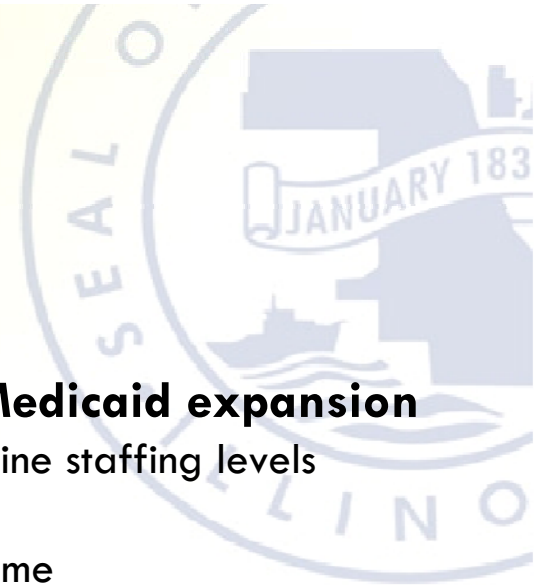
## **Improve and develop CCHHS infrastructure**

- Expand and support Human Resources capacity
- Improve Information Systems to meet regulatory requirements for ICD-10, electronic medical records, and Meaningful Use
- Develop Information Systems Business Intelligence to provide leadership data for informed decision-making

## **Meet requirements of Cermak DOJ Consent Decree**

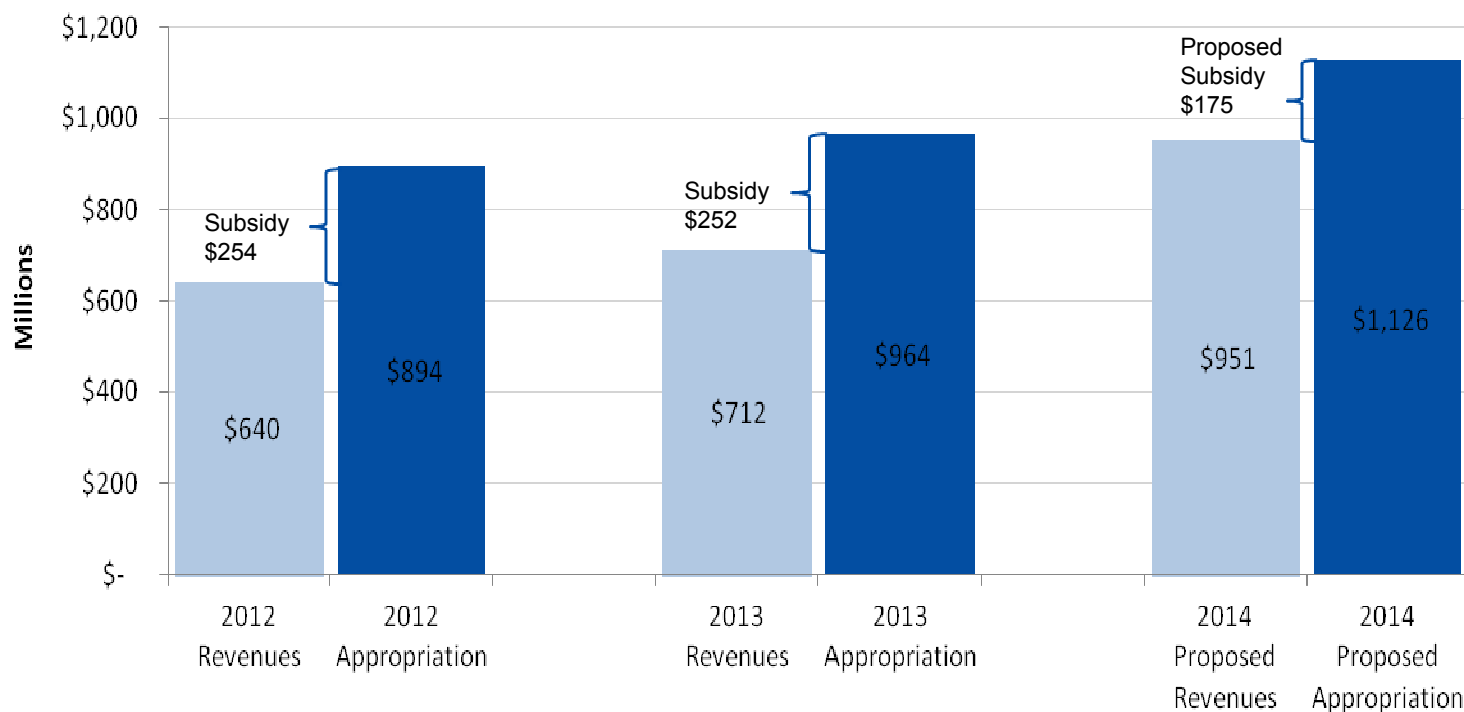
## **Develop budget based on achievable revenue assumptions**

## **Reduce taxpayer burden and dependency on County funding**



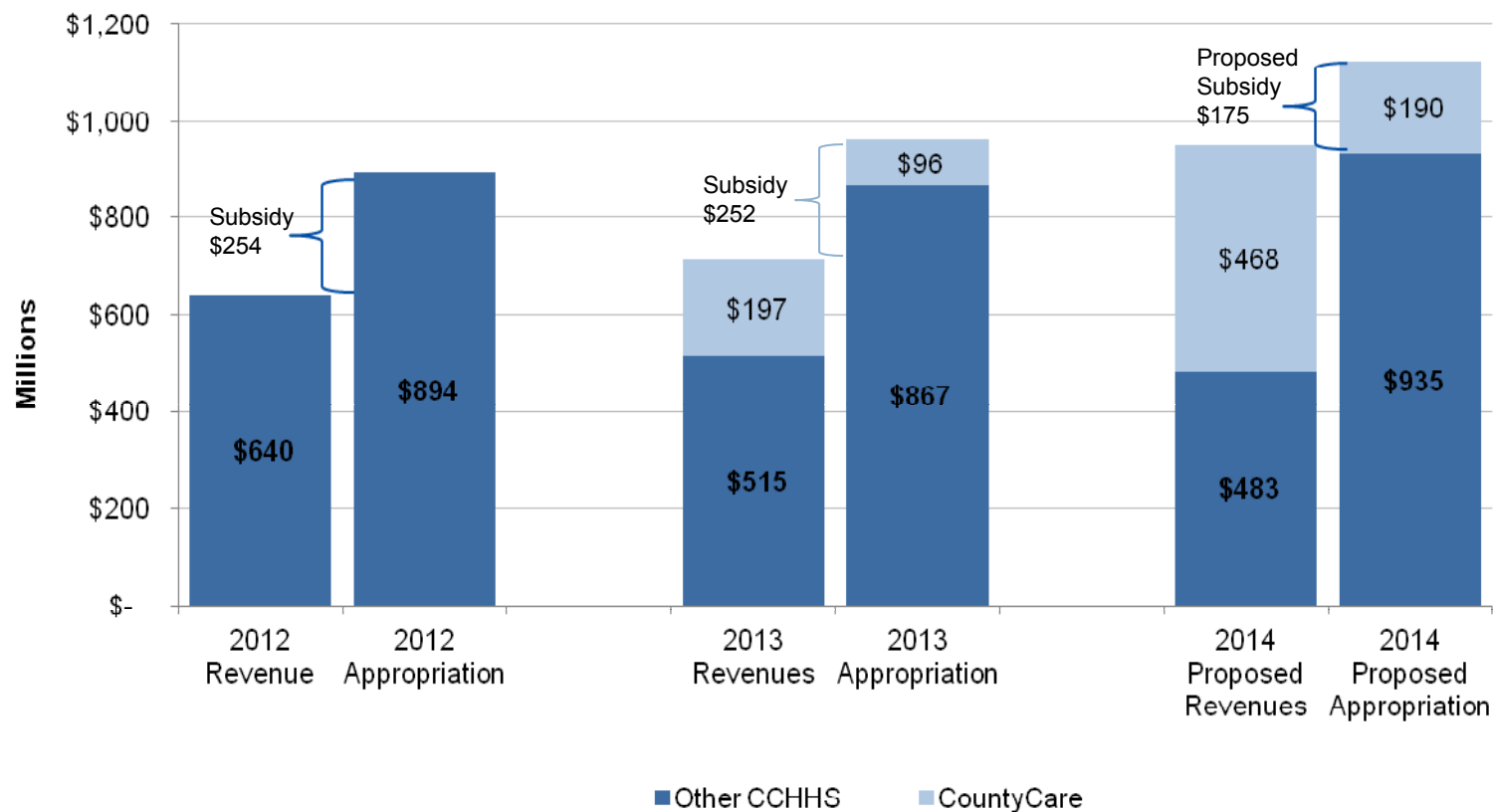
# Health System Comparison

CCHHS Budgeted Revenues and Appropriation

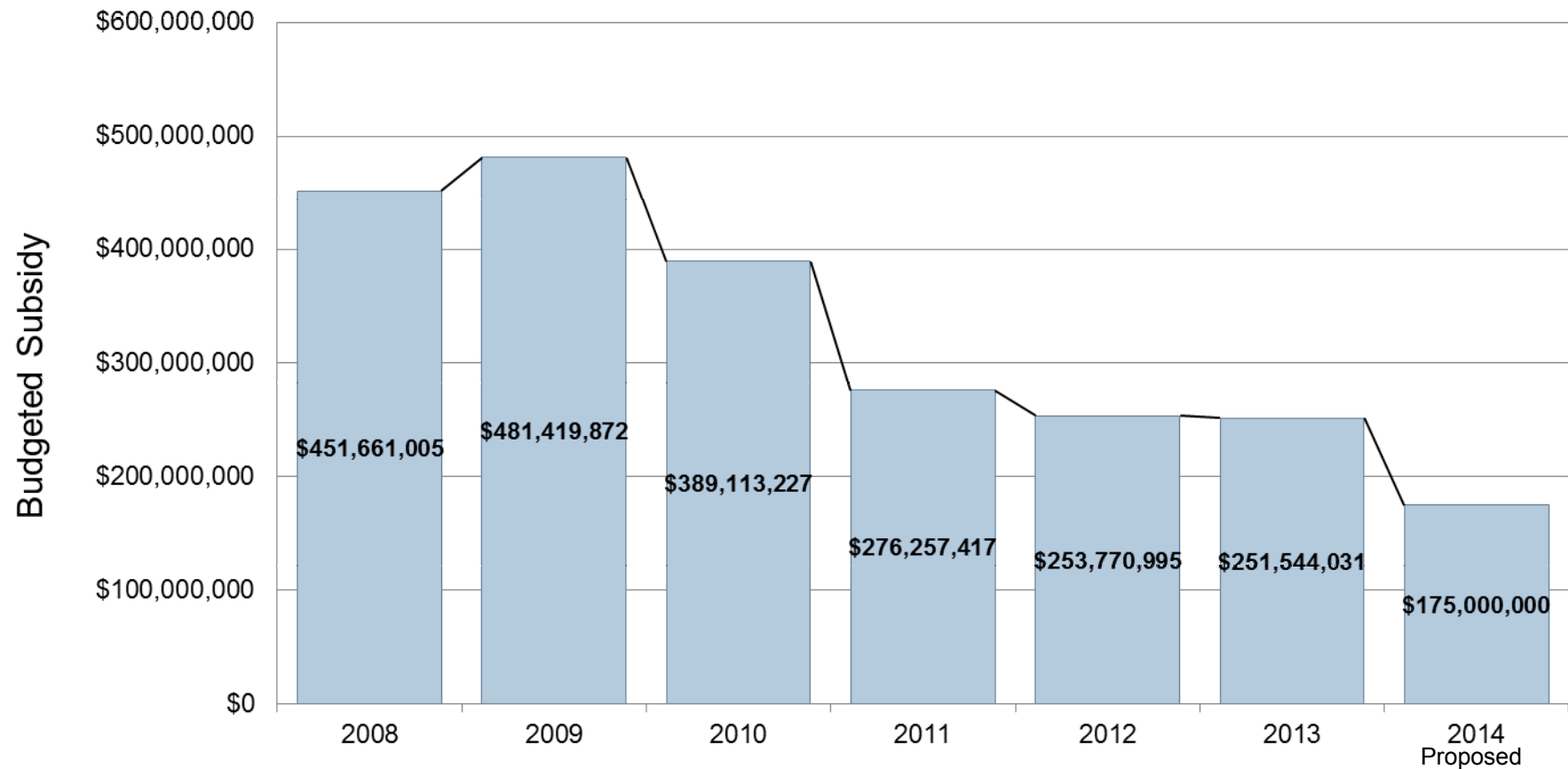


# Health System Comparison

CCHHS Budgeted Revenues and Appropriation



# County Subsidy



## **Revenue Budget**

- Revenue increase of \$238.6M to a total \$950.7M
- Revenue estimates based on current experience and trends
- Increase reflects CountyCare impact of 100% FMAP and full year membership of 56,131 patients
- CountyCare membership of 56,131 reflects a conservative estimate for budgeting purposes due to uncertainty in transition to Medicaid expansion, patient retention, and transition to new state eligibility system



# Cook County Health & Hospitals System

## FY 2014 Budgeted Revenue by Category

| <b>Patient Fees</b>                     | <b>FY 2013</b>       | <b>Proposed FY 2014</b> | <b>Variance</b>      |
|---|----------------------|-------------------------|----------------------|
| Medicare - Patient Fees                 | \$52,856,693         | \$63,225,000            | \$10,368,307         |
| Medicaid - Patient Fees                 | \$135,238,470        | \$129,244,000           | (\$5,994,470)        |
| Other Payers - Patient Fees             | \$18,822,364         | \$19,400,000            | \$577,636            |
| Pharmacy Co-Pay & Self-Pay Collections  | \$2,412,020          | \$3,700,000             | \$1,287,980          |
| CountyCare Payments                     | \$196,964,900        | \$468,154,294           | \$271,189,394        |
| Physician Billing and Contract Revenues | \$13,074,422         | \$12,678,000            | (\$396,422)          |
| <b>Total Patient Fees</b>               | <b>\$419,368,869</b> | <b>\$696,401,294</b>    | <b>\$277,032,425</b> |

### **Supplemental Payments**

|                                    |                      |                      |                       |
|------------------------------------|----------------------|----------------------|-----------------------|
| BIPA                               | \$131,250,000        | \$131,250,000        | \$0                   |
| BIPA Payback                       |                      | (\$30,000,000)       | (\$30,000,000)        |
| DSH                                | \$150,800,000        | \$145,500,000        | (\$5,300,000)         |
| Meaningful Use Payments            | \$8,701,573          | \$2,452,818          | (\$6,248,755)         |
| <b>Total Supplemental Payments</b> | <b>\$290,751,573</b> | <b>\$249,202,818</b> | <b>(\$41,548,755)</b> |

### **Other Revenue**

|                            |                    |                    |                    |
|----------------------------|--------------------|--------------------|--------------------|
| Physician Resident Program | \$348,042          | \$370,297          | \$22,255           |
| Parking                    | \$1,000,000        | \$797,429          | (\$202,571)        |
| Medical Records            | \$146,000          | \$171,329          | \$25,329           |
| Miscellaneous              | \$500,000          | \$592,229          | \$92,229           |
| Public Health Revenue      | \$0                | \$3,181,800        | \$3,181,800        |
| <b>Total Other Revenue</b> | <b>\$1,994,042</b> | <b>\$5,113,084</b> | <b>\$3,119,042</b> |

|                                    |                      |                      |                      |
|------------------------------------|----------------------|----------------------|----------------------|
| <b>Total 2014 Budgeted Revenue</b> | <b>\$712,114,484</b> | <b>\$950,717,196</b> | <b>\$238,602,712</b> |
|------------------------------------|----------------------|----------------------|----------------------|

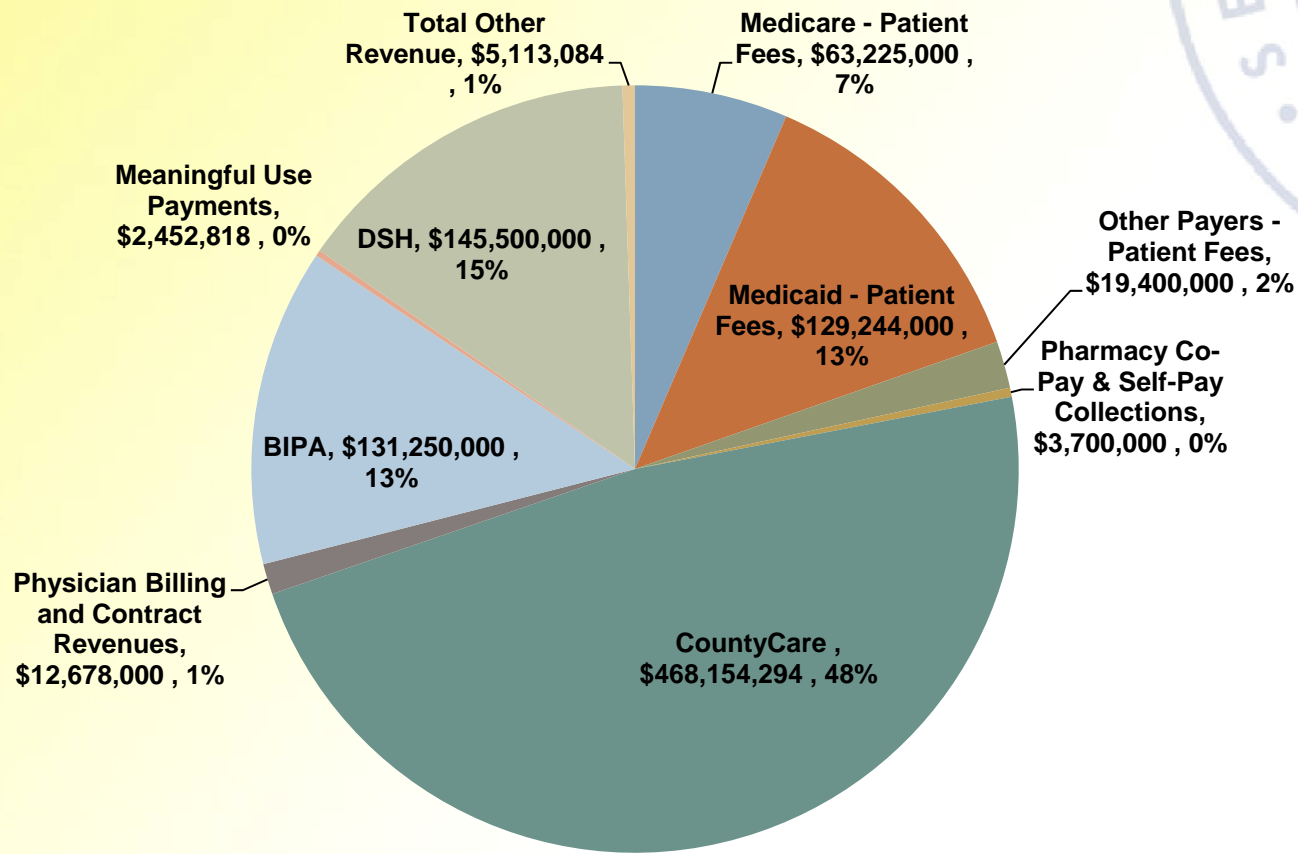
# 2014 Major Revenue Variances

## Compared to 2013 Budget

|  |               |
|--|---------------|
| ▲ CountyCare Payments                                      | 271.2M        |
| ▲ Medicare (Including Medicare, DSH Add-on Payments)       | 10.3M         |
| ▲ Commercial   | 4.7M          |
| ▲ Public Health Revenue                                    | 3.2M          |
| ▲ Other Revenues Changes                                   | 1.6M          |
| ▼ BIPA Payback   | (30.0M)       |
| ▼ Meaningful Use   | (6.2M)        |
| ▼ Medicaid   | (5.9M)        |
| ▼ Reduction in Medicaid Disp. Share Hospital Revenue (DSH) | (5.3M)        |
| ▼ UPL One-Time Payment                                     | (5.0M)        |
| <hr/>  |               |
| ▲ <b>TOTAL REVENUE INCREASES</b>                           | <b>238.6M</b> |

# Cook County Health & Hospitals System

## FY 2014 Revenue by Source



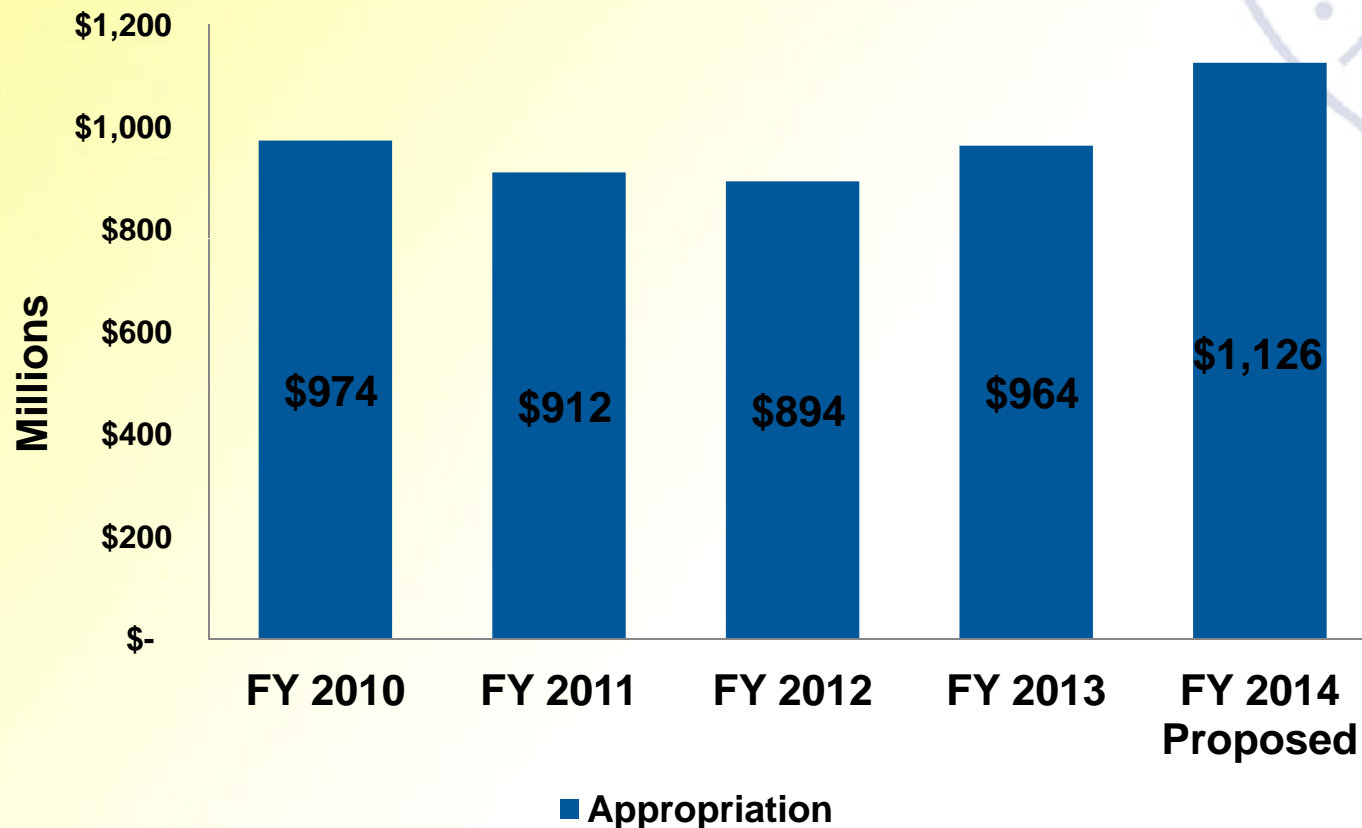
**\*Excludes \$30M Reduction for BIPA Payback**

**CCHHS**

# **Medicaid Expansion (CountyCare)**

- CCHHS has submitted application for CountyCare to become an MCCN
- CCHHS exceeding goal to initiate 115,000 applications by year-end
  - August target: 80,500
  - August 11<sup>th</sup> actual: 88,281
- State doubled staff in June and is increasing productivity of processing applications
- Estimate 56,131 applications approved by December 2013
- Estimate of approved applications is conservatively based on state's current processing rates and does not account for increasing productivity
- In 2014, Federal Medicaid Assistance Percentage (FMAP) will increase from 50% to 100%, increasing revenue CCHHS receives from \$314.48 PMPM to \$629 PMPM
- FY 2014 revenues will be partly offset by increased costs

# Historical Appropriation Comparison



\*Includes Fixed Charges

# Cook County Health & Hospitals System

## FY 2014 Operating Budget Summary

| Department                         | FY 2013<br>Adjusted | FY 2014<br>Proposed | Variance         |
|------------------------------------|---------------------|---------------------|------------------|
| 240 – Cermak                       | \$40.7 M            | \$46.6 M            | \$5.9 M          |
| 241 – JTDC – Health                | \$3.9 M             | \$3.9 M             | \$0.0 M          |
| 890 – Health System Administration | \$165.8 M           | \$189.5 M           | \$23.7 M         |
| 891 – Provident Hospital           | \$48.3 M            | \$48.4 M            | \$0.1 M          |
| 893 – ACHN                         | \$51.6 M            | \$51.5 M            | (\$0.1) M        |
| 894 – Core                         | \$11.5 M            | \$11.7 M            | \$0.2 M          |
| 895 – Public Health                | \$16.1 M            | \$14.5 M            | (\$1.6 M)        |
| 896 – Managed Care                 | \$93.6M             | \$190.8 M           | \$97.2 M         |
| 897 – Stroger Hospital             | \$420.2 M           | \$445.2 M           | \$25.0 M         |
| 898 – Oak Forest Health Center     | \$11.3 M            | \$11.2 M            | (\$0.1 M)        |
| <b>Total*</b>                      | <b>\$863.0 M</b>    | <b>\$1,013.3 M</b>  | <b>\$150.3 M</b> |

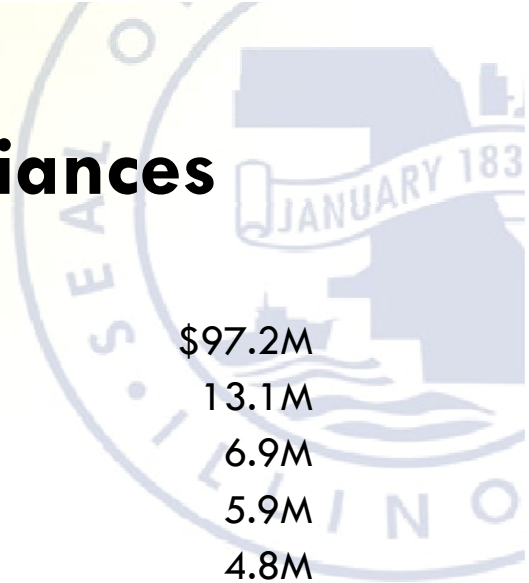
\*Does not include special-purpose funds and fixed charges (Dpts 544, 564, and 899)  
DBMS Data Source

## **Key Investments**

- FY 2014 Budget is \$150.3 million higher than FY 2013
- Areas of significant investment include:
  - CountyCare increase of \$97.2M to align budget with PMPM costs and full-year membership
  - IT increases of \$13.1M for Electronic Medical Records, Meaningful Use, ICD-10 upgrades and Business Intelligence
  - Cermak increase of \$5.9 million including costs of new RTU building
  - Human Resources \$1.0M



## 2014 Major Expenditure Variances Compared to 2013 Budget



|   |         |
|---|---------|
| ▲ CountyCare  | \$97.2M |
| ▲ Information Technology Infrastructure                       | 13.1M   |
| ▲ Pharmaceutical Supplies (Excludes Catamaran for CountyCare) | 6.9M    |
| ▲ Cermak Health Services/RTU Impact                           | 5.9M    |
| ▲ Medical Consultation Services                               | 4.8M    |
| ▲ Overtime Compensation                                       | 3.8M    |
| ▲ Surgical Supplies   | 2.3M    |
| ▲ Professional & Managerial Services                          | 2.0M    |
| ▲ Clinical and Lab Supplies                                   | 1.9M    |
| ▲ Registry Services   | 1.7M    |
| ▲ Maintenance and Repair of Various Equipment                 | 1.6M    |
| ▲ Rental and Leasing  | 1.3M    |
| ▲ Food Services   | 1.3M    |
| ▲ Utilities   | 1.1M    |
| ▲ Lab Related Services  | 1.0M    |
| ▲ Other non-personnel increases                               | 4.4M    |

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▲ **TOTAL EXPENDITURE INCREASES**

**\$150.3M**

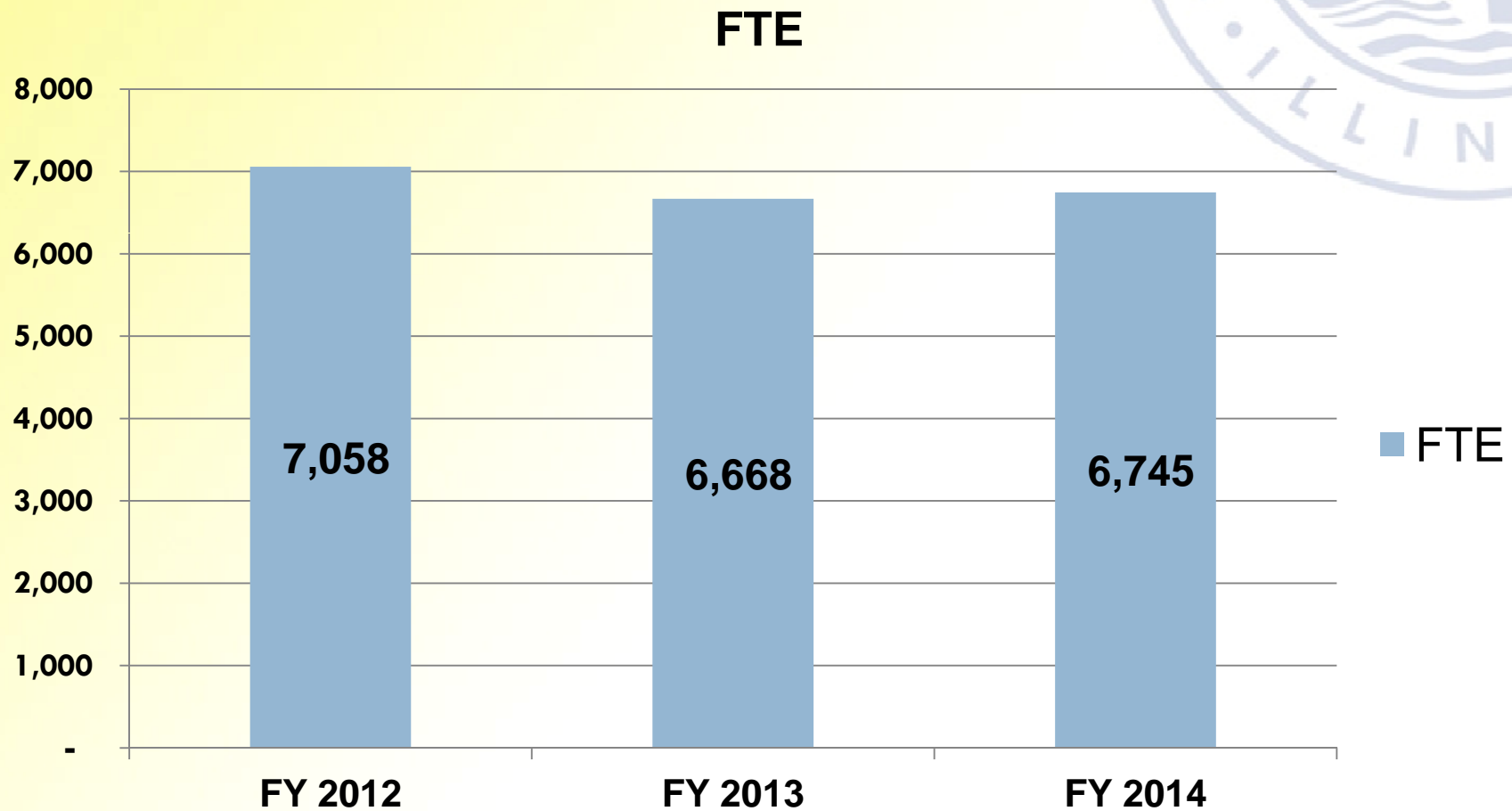


# Positions

- No layoffs or reduced services
- Turnover adjustment was re-aligned to vacancies in budget to account for timing of filling vacant positions
- Funding for personnel remained flat compared with FY 2013. Increasing personnel costs were offset by accounting for timing of filling vacant positions
- Budget resolution provides mechanism for CCHHS to receive revenue above budgeted amount subject to board approval



# Total Positions by Year



# Cook County Health & Hospitals System

## FY 2014 Personnel Summary by Department

| Department                         | FY 2014<br>Proposed |
|------------------------------------|---------------------|
| 240 - Cermak                       | 579.1               |
| 241 - JTDC - Health                | 37.0                |
| 890 – Health System Administration | 647.0               |
| 891 – Provident Hospital           | 357.5               |
| 893 - ACHN                         | 620.0               |
| 894 - CORE                         | 69.6                |
| 895 - Public Health                | 148.0               |
| 896 – Managed Care                 | 266.3               |
| 897 – Stroger Hospital             | 3,905.6             |
| 898 - Oak Forest Health Center     | 115.0               |
| <b>Total</b>                       | <b>6,745.1</b>      |