Cook County Health and Hospitals System

Proposed FY 2014 Preliminary Budget
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

- 2012 Revenues: $640
- 2012 Appropriation: $894
- 2013 Revenues: $712
- 2013 Appropriation: $964
- Proposed Subsidy: $175
- Proposed Revenues: $951
- Proposed Appropriation: $1,126

Subsidy: $254
Subsidy: $252
Subsidy: $175
Health System Comparison

CCHHS Budgeted Revenues and Appropriation

- 2012
  - Revenue: $640
  - Appropriation: $894
- 2013
  - Revenues: $515
  - Appropriation: $867
- 2014
  - Proposed Revenues: $483
  - Proposed Appropriation: $935

Subsidy
- $254
- $252
- Proposed Subsidy $175

Proposed Subsidy: $190
County Subsidy

Budgeted Subsidy

- 2008: $451,661,005
- 2009: $481,419,872
- 2010: $389,113,227
- 2011: $276,257,417
- 2012: $253,770,996
- 2013: $251,544,031
- 2014 Proposed: $175,000,000
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
## FY 2014 Budgeted Revenue by Category

<table>
<thead>
<tr>
<th>Category</th>
<th>FY 2013</th>
<th>Proposed FY 2014</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Patient Fees</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Medicare - Patient Fees</td>
<td>$52,856,693</td>
<td>$63,225,000</td>
<td>$10,368,307</td>
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<tr>
<td>Medicaid - Patient Fees</td>
<td>$135,238,470</td>
<td>$129,244,000</td>
<td>($5,994,470)</td>
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<tr>
<td>Other Payers - Patient Fees</td>
<td>$18,822,364</td>
<td>$19,400,000</td>
<td>$577,636</td>
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<tr>
<td>Pharmacy Co-Pay &amp; Self-Pay Collections</td>
<td>$2,412,020</td>
<td>$3,700,000</td>
<td>$1,287,980</td>
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<tr>
<td>CountyCare Payments</td>
<td>$196,964,900</td>
<td>$468,154,294</td>
<td>$271,189,394</td>
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<tr>
<td>Physician Billing and Contract Revenues</td>
<td>$13,074,422</td>
<td>$12,678,000</td>
<td>($396,422)</td>
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<tr>
<td><strong>Total Patient Fees</strong></td>
<td>$419,368,869</td>
<td>$696,401,294</td>
<td>$277,032,425</td>
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<td><strong>Supplemental Payments</strong></td>
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<tr>
<td>BIPA</td>
<td>$131,250,000</td>
<td>$131,250,000</td>
<td>$0</td>
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<tr>
<td>BIPA Payback</td>
<td>($30,000,000)</td>
<td>($30,000,000)</td>
<td>($30,000,000)</td>
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<tr>
<td>DSH</td>
<td>$150,800,000</td>
<td>$145,500,000</td>
<td>($5,300,000)</td>
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<tr>
<td><strong>Meaningful Use Payments</strong></td>
<td>$8,701,573</td>
<td>$2,452,818</td>
<td>($6,248,755)</td>
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<tr>
<td><strong>Total Supplemental Payments</strong></td>
<td>$290,751,573</td>
<td>$249,202,818</td>
<td>($41,548,755)</td>
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<tr>
<td><strong>Other Revenue</strong></td>
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<tr>
<td>Physician Resident Program</td>
<td>$348,042</td>
<td>$370,297</td>
<td>$22,255</td>
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<tr>
<td>Parking</td>
<td>$1,000,000</td>
<td>$797,429</td>
<td>($202,571)</td>
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<tr>
<td>Medical Records</td>
<td>$146,000</td>
<td>$171,329</td>
<td>$25,329</td>
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<tr>
<td>Miscellaneous</td>
<td>$500,000</td>
<td>$592,229</td>
<td>$92,229</td>
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<tr>
<td>Public Health Revenue</td>
<td>$0</td>
<td>$3,181,800</td>
<td>$3,181,800</td>
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<tr>
<td><strong>Total Other Revenue</strong></td>
<td>$1,994,042</td>
<td>$5,113,084</td>
<td>$3,119,042</td>
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<td><strong>Total 2014 Budgeted Revenue</strong></td>
<td>$712,114,484</td>
<td>$950,717,196</td>
<td>$238,602,712</td>
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# 2014 Major Revenue Variances

Compared to 2013 Budget

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
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<tbody>
<tr>
<td>CountyCare Payments</td>
<td>271.2M</td>
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<tr>
<td>Medicare (Including Medicare, DSH Add-on Payments)</td>
<td>10.3M</td>
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<tr>
<td>Commercial</td>
<td>4.7M</td>
</tr>
<tr>
<td>Public Health Revenue</td>
<td>3.2M</td>
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<tr>
<td>Other Revenues Changes</td>
<td>1.6M</td>
</tr>
<tr>
<td>BIPA Payback</td>
<td>(30.0M)</td>
</tr>
<tr>
<td>Meaningful Use</td>
<td>(6.2M)</td>
</tr>
<tr>
<td>Medicaid</td>
<td>(5.9M)</td>
</tr>
<tr>
<td>Reduction in Medicaid Disp. Share Hospital Revenue (DSH)</td>
<td>(5.3M)</td>
</tr>
<tr>
<td>UPL One-Time Payment</td>
<td>(5.0M)</td>
</tr>
<tr>
<td><strong>TOTAL REVENUE INCREASES</strong></td>
<td><strong>238.6M</strong></td>
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</tbody>
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FY 2014 Revenue by Source

- Medicare - Patient Fees, $63,225,000, 7%
- Medicaid - Patient Fees, $129,244,000, 15%
- BIPA, $131,250,000, 13%
- CountyCare, $468,154,294, 48%
- Total Other Revenue, $5,113,084, 1%
- Meaningful Use Payments, $2,452,818, 0%
- DSH, $145,500,000, 15%
- Other Payers - Patient Fees, $19,400,000, 2%
- Pharmacy Co-Pay & Self-Pay Collections, $3,700,000, 0%
- Physician Billing and Contract Revenues, $12,678,000, 1%
- DSH, $145,500,000, 15%

*Excludes $30M Reduction for BIPA Payback*
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 11th 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
### FY 2014 Operating Budget Summary

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

*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

△ 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

FY 2012: 7,058 FTE
FY 2013: 6,668 FTE
FY 2014: 6,745 FTE
# FY 2014 Personnel Summary by Department

<table>
<thead>
<tr>
<th>Department</th>
<th>FY 2014 Proposed</th>
</tr>
</thead>
<tbody>
<tr>
<td>240 - Cermak</td>
<td>579.1</td>
</tr>
<tr>
<td>241 - JTDC - Health</td>
<td>37.0</td>
</tr>
<tr>
<td>890 – Health System Administration</td>
<td>647.0</td>
</tr>
<tr>
<td>891 – Provident Hospital</td>
<td>357.5</td>
</tr>
<tr>
<td>893 - ACHN</td>
<td>620.0</td>
</tr>
<tr>
<td>894 - CORE</td>
<td>69.6</td>
</tr>
<tr>
<td>895 - Public Health</td>
<td>148.0</td>
</tr>
<tr>
<td>896 – Managed Care</td>
<td>266.3</td>
</tr>
<tr>
<td>897 – Stroger Hospital</td>
<td>3,905.6</td>
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<tr>
<td>898 - Oak Forest Health Center</td>
<td>115.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>6,745.1</strong></td>
</tr>
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DBMS Data Source