

**Cook County Health and  
Hospitals System of Illinois  
d/b/a Cook County Health**

An Enterprise Fund of Cook County, Illinois

Financial Report  
November 30, 2025

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RSM US LLP

## Independent Auditor's Report

Board of Directors  
Cook County Health and Hospitals System of Illinois  
d/b/a Cook County Health

### Report on the Audit of the Financial Statements

#### **Opinion**

We have audited the financial statements of the general fund of the Cook County Health and Hospitals System of Illinois d/b/a Cook County Health (CCH), an enterprise fund of Cook County, Illinois (the County), as of and for the year ended November 30, 2025, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of CCH, an enterprise fund of the County, as of November 30, 2025, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Emphasis of Matter**

As discussed in Note 1, the financial statements present only CCH and do not purport to, and do not, present fairly the financial position of the County, as of November 30, 2025, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

#### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of CCH's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and pension and other post-employment benefits information, as listed in the table of contents, be presented to supplement the financial statements. Such information is the responsibility of management and, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 29, 2026, on our consideration of CCH's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of CCH's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering CCH's internal control over financial reporting and compliance.

*RSM US LLP*

Cleveland, Ohio  
May 29, 2026

**Cook County Health and Hospitals System of Illinois  
d/b/a Cook County Health**

**Management's Discussion and Analysis (unaudited)  
For the Year Ended November 30, 2025  
(In Thousands)**

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**Management's Discussion and Analysis**

**Introduction**

One of the largest public health systems in the nation, Cook County Health and Hospitals System d/b/a Cook County Health (CCH) serves as the safety net for health care in Chicago and suburban Cook County. CCH is comprised of John H. Stroger Jr. Hospital and Provident Hospital, a robust network of more than a dozen community health centers, the Ruth M. Rothstein CORE Center, Cermak Health Services, which provides health care to individuals at the Cook County Jail and the Juvenile Temporary Detention Center, the Cook County Department of Public Health, and CountyCare, a Medicaid managed care health plan. Through the health system and CountyCare, CCH cares for more than 600,000 individuals each year.

CCH's commitment to its patients, including health plan members, is demonstrated each year by continuing to provide comprehensive, compassionate and high-quality care and services. Select achievements in 2025 include:

- CountyCare was rated the highest-quality Medicaid plan in Illinois by the National Commission on Quality Assurance
- CCH opened the Bronzeville Health Center on Chicago's Southside, providing psychiatry, family medicine, and physical therapy services
- Provident Hospital achieved 2025 Leapfrog Organization's "Top Hospitals" designation for the second straight year
- The Cook County Juvenile Temporary Detention Center earned accreditation from the National Commission on Correctional Health Care
- Stroger Hospital's Trauma Center received designation as a Level 1 Center from the American College of Surgeons – the first trauma center in Chicago and second in Illinois to receive that designation
- The health system saw a 58% increase in year-over-year hiring and about a 30% reduction in agency spend
- CCDPH invested \$21M in communities to support behavioral health services and youth development and \$400,000 in funding to minority owned local food producers that serve Cook County.

CCH released its 2026-2028 Strategic Plan, *Transforming Care Together*, which was approved by the Cook County Board of Commissioners in October 2025. The strategic plan is a roadmap for the health system as it aims to transform the provision of health care in Cook County by promoting community-based primary and preventive care, developing a robust, collaborative health plan and enhancing patient experience.

The following management's discussion and analysis provide an overview of CCH's financial activities and financial position for the fiscal years ended November 30, 2025 and 2024. This discussion focuses on the significant financial and operational activities and the resulting changes in financial position including comparative data for the prior year and should be read in conjunction with the accompanying financial statements and related note disclosures.

**Cook County Health and Hospitals System of Illinois  
d/b/a Cook County Health**

**Management's Discussion and Analysis (unaudited)  
For the Year Ended November 30, 2025  
(In Thousands)**

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**Summary of Operating and Financial Highlights**

The Cook County Board of Commissioners established the Cook County Health and Hospitals System Board (CCH Board) in 2008 to provide independent oversight of health care operations. The CCH Board is accountable to the Cook County Board of Commissioners. CCH is included in the reporting entity of Cook County, Illinois (County) as an enterprise fund. As an enterprise fund, CCH's financial statements are prepared using proprietary fund accounting that focuses on the determination of changes in net position, financial position and cash flows in a manner similar to private sector businesses. The financial statements are prepared on an accrual basis of accounting, which recognizes revenue when earned and expenses when incurred.

**Financial Highlights for 2025**

The CCH Board and Management continue to work to identify new sources of revenues, reduce costs or realign services to mitigate operating losses due to declining federal reimbursements, dependency on Illinois Medicaid payments, a large self-pay population, and rising labor and medical costs.

All amounts within this Management's Discussion and Analysis are expressed in thousands of dollars.

A broad measure of CCH's financial progress is net position, or assets and deferred outflows, minus liabilities and deferred inflows. CCH's net position increased by \$703,488 in fiscal year 2025.

- At November 30, 2025, CCH maintained a total cash and cash equivalents balance of \$1,333,540 or 90 days in cash.
- The liabilities and deferred inflows of resources of CCH exceeded its assets and deferred outflows of resources at the close of fiscal year 2025 by \$2,331,474, resulting in a net deficit. Of this amount, \$2,898,951 is an unrestricted net deficit. In addition, in 2025, CCH's net investment in capital assets increased by \$21,411. It is important to note that nearly all the unrestricted net deficit is related to the net pension and OPEB liabilities which will be funded in multiple years.
- The total positive change in net position was \$703,488 in fiscal year 2025. The change in net position for 2025 is the result of positive change in net position before capital contributions and transfers of \$458,348 and capital contributions and net transfers in of \$245,140.
- Income from operations in fiscal year 2025 was \$193,872. The decrease in operating income is primarily the result of an increase in pension expense and in foreign claims expense, which represents the CountyCare claims paid to providers external to CCH, in the amount of \$550,583.
- During fiscal year 2025, CCH payor mix experienced the following changes: Medicare decreased to 17.6%, Commercial Insurance increased to 8.4%, Medicaid decreased to 21.6%, the self-pay component increased to 14.0%, CountyCare decreased to 18.4%, and all Other payer (including charity care) increased to 19.9%. Changes in the payor mix can be attributed to reinstatement of redetermination and the pause in Medicaid expansion. The payor mix is based upon gross patient charges. In prior years, commercial insurance was included in other.
- Changes in estimates relating to prior years decreased fiscal year 2025 net patient service revenue by approximately \$6,508.
- The provision for bad debt increased in fiscal year 2025 by \$43,372 or 29.8% to \$189,027. Charity care (at cost) increased from \$209,572 to \$322,518 due to shift in payor mix from Medicaid to Uncompensated. Overall, the patient accounts receivable decreased at year-end due to increased collections.

**Cook County Health and Hospitals System of Illinois  
d/b/a Cook County Health**

**Management's Discussion and Analysis (unaudited)  
For the Year Ended November 30, 2025  
(In Thousands)**

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**Financial Highlights for 2024**

The CCH Board and Management continue to work to identify new sources of revenues, reduce costs or realign services to mitigate operating losses due to declining federal reimbursements, dependency on Illinois Medicaid payments, a large self-pay population, and rising labor and medical costs.

All amounts within this Management's Discussion and Analysis are expressed in thousands of dollars.

A broad measure of CCH's financial progress is net position, or assets and deferred outflows, minus liabilities, and deferred inflows. CCH's net position increased by \$1,191,032 in fiscal year 2024.

- At November 30, 2024, CCH maintained a total cash and cash equivalents balance of \$910,234 or 68 days in cash.
- The liabilities and deferred inflows of resources of CCH exceeded its assets and deferred outflows of resources at the close of fiscal year 2024 by \$3,034,962, resulting in a net deficit. Of this amount, \$3,581,028 is an unrestricted net deficit. In addition, in 2024, CCH's net investment in capital assets increased by \$31,975. It is important to note that nearly all the unrestricted net deficit is related to the net pension and OPEB liabilities, which will be funded over multiple years.
- The total positive change in net position was \$1,191,032 in fiscal year 2024. The change in net position for 2024 is the result of positive change in net position before capital contributions and transfers of \$940,229 and capital contributions and net transfers in of \$250,803.
- Income from operations in fiscal year 2024 was \$635,159. The operating income is primarily the result of a decrease in pension expense and the increase in CountyCare capitation revenue of \$356,730.
- During fiscal year 2024, CCH payor mix experienced the following changes: Medicare decreased to 17.5%, Commercial Insurance increased to 7.7%, Medicaid decreased to 31.2%, the self-pay component decreased to 9.3%, CountyCare increased to 20.9%, and all other payer (including charity care) increased to 13.4%. Changes in the payor mix can be attributed to reinstatement of redetermination and the pause in Medicaid expansion.
- Changes in estimates relating to prior years decreased fiscal year 2024 net patient service revenue by approximately \$2,297.
- The provision for bad debt decreased in fiscal year 2024 by \$62,728 or 30.1% to \$145,692. Charity care (at cost) increased from \$121,140 to \$209,572 due to shift in payor mix from Medicaid to Uncompensated. Overall, the patient accounts receivable increased at year end due to delays in Medicaid payment processing inappropriately denying claims for eligibility.

**Cook County Health and Hospitals System of Illinois  
d/b/a Cook County Health**

**Management's Discussion and Analysis (unaudited)  
For the Year Ended November 30, 2025  
(In Thousands)**

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*Notes to Financial Statements*

The notes provide additional information that is essential to a full understanding of the data provided in the fund financial statements. The notes to the financial statements can be found on pages 17-40 of this report.

*Other Information*

In addition to the financial statements and accompanying notes, this report also presents certain required supplementary information concerning the County's progress in funding its obligation to provide pension and post-employment health benefits to its employees. Required supplementary information can be found on pages 41-43 of this report.

**Operating Statistics**

The utilization statistics for CCH for the fiscal years ended November 30, 2025 and 2024, are as follows:

	2025	2024	Percent Change
Patient days	93,353	103,595	(9.9)
Average daily census	256	284	(9.9)
Admissions	16,979	16,825	0.9
Average length of stay (days)	5.50	6.16	(10.7)

**Fund-Wide Financial Analysis**

Net position may serve over time as a useful indicator of a fund's financial condition. In the case of CCH, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$2,331,474 at November 30, 2025, and \$3,034,962 at November 30, 2024. It is important to note that nearly all unrestricted net deficits in both years are related to the unfunded net pension and OPEB liabilities which will be funded over multiple years.

A portion of CCH's net deficit reflects its investments in capital assets. CCH uses these capital assets to provide services; consequently, these assets are not available for future spending.

**Cook County Health and Hospitals System of Illinois  
d/b/a Cook County Health**

**Management's Discussion and Analysis (unaudited)  
For the Year Ended November 30, 2025  
(In Thousands)**

**Table 1**

**Statements of Net Position  
November 30, 2025 and 2024  
(In Thousands)**

	2025	2024	Change
Current assets	\$ 1,945,582	\$ 1,832,858	\$ 112,724
Refundable deposits	16,750	14,500	2,250
Lease receivable	24,881	26,713	(1,832)
Capital assets, net	695,279	673,129	22,150
<b>Total assets</b>	<b>2,682,492</b>	2,547,200	135,292
Deferred outflows of resources	580,964	749,214	(168,250)
Current liabilities	1,551,474	1,274,662	276,812
Other liabilities	2,937,135	3,016,623	(79,488)
<b>Total liabilities</b>	<b>4,488,609</b>	4,291,285	197,324
Deferred inflows of resources	1,106,321	2,040,091	(933,770)
Net position (deficit):			
Net investment in capital assets	567,477	546,066	21,411
Unrestricted	(2,898,951)	(3,581,028)	682,077
<b>Total net position (deficit)</b>	<b>\$ (2,331,474)</b>	<b>\$ (3,034,962)</b>	<b>\$ 703,488</b>

**Cook County Health and Hospitals System of Illinois  
d/b/a Cook County Health**

**Management's Discussion and Analysis (unaudited)  
For the Year Ended November 30, 2025  
(In Thousands)**

**Table 2**

**Statements of Revenues, Expenses and Changes in Net Position  
Years Ended November 30, 2025 and 2024  
(In Thousands)**

	2025	2024	Change
<b>Operating revenues:</b>			
Net patient service revenue—net of bad debt provision of \$189,028 (2025) and \$145,692 (2024)	\$ 634,046	\$ 815,090	\$ (181,044)
Graduate medical education revenue	65,059	80,136	(15,077)
CountyCare capitation revenue	3,651,483	3,409,587	241,896
Directed payments	657,458	489,628	167,830
Pharmacy revenue	52,346	54,277	(1,931)
Other revenue	11,042	1,615	9,427
<b>Total operating revenues</b>	<b>5,071,434</b>	<b>4,850,333</b>	<b>221,101</b>
<b>Nonoperating revenues (expenses):</b>			
Property taxes	148,905	152,226	(3,321)
Grant revenue	101,991	134,350	(32,359)
Interest expense—leases	(4,578)	(3,922)	(656)
Interest income	18,158	22,416	(4,258)
<b>Total nonoperating revenues (expenses), net</b>	<b>264,476</b>	<b>305,070</b>	<b>(40,594)</b>
<b>Total revenues</b>	<b>5,335,910</b>	<b>5,155,403</b>	<b>180,507</b>
<b>Operating expenses:</b>			
Salaries, wages and benefits	926,508	851,979	74,529
Pension	(613,327)	(802,317)	188,990
OPEB	7,807	7,487	320
Supplies	97,471	99,865	(2,394)
Pharmaceutical supplies	145,806	130,437	15,369
Purchased services, rental and other	642,768	601,175	41,593
County Care foreign claims	3,505,414	3,143,821	361,593
Insurance	25,630	55,256	(29,626)
Depreciation	91,718	76,228	15,490
Utilities	21,001	20,648	353
Services contributed by other County offices	26,766	30,595	(3,829)
<b>Total operating expenses</b>	<b>4,877,562</b>	<b>4,215,174</b>	<b>662,388</b>
<b>Change in net position before capital contributions and transfers in</b>	<b>458,348</b>	<b>940,229</b>	<b>(481,881)</b>
Capital contributions	12,010	21,197	(9,187)
Transfers in	233,130	229,606	3,524
<b>Total capital contributions and transfers in</b>	<b>245,140</b>	<b>250,803</b>	<b>(5,663)</b>
<b>Change in net position</b>	<b>703,488</b>	<b>1,191,032</b>	<b>(487,544)</b>
<b>Net position (deficit):</b>			
Beginning of year	(3,034,962)	(4,225,994)	1,191,032
End of year	\$ (2,331,474)	\$ (3,034,962)	\$ 703,488

**Cook County Health and Hospitals System of Illinois  
d/b/a Cook County Health**

**Management's Discussion and Analysis (unaudited)  
For the Year Ended November 30, 2025  
(In Thousands)**

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**2025 Activity**

In fiscal year 2025, total operating revenues, net of bad debt provision increased to \$5,071,434 from the prior year, which represents a 4.6% increase in total operating revenues. This increase is primarily due to increased CountyCare capitation revenue of \$241,896 and increased directed payments revenue of \$167,830.

Changes in estimates relating to prior years decreased fiscal year 2025 net patient service revenue by approximately \$6,508.

In fiscal year 2025, nonoperating revenues decreased by \$40,594 from the prior year to \$264,476. The decrease in nonoperating revenues was due to a decrease in property taxes and in grant revenues.

In fiscal year 2025, salaries, wages and benefits (excluding pension and OPEB expense) increased by \$74,529 from the prior year to \$926,508 due to cost-of-living and step increases related to salaries and due to the conversion of contracted staff to CCH employees. Pension benefit decreased by \$188,990 (23.6%) from the prior year primarily due to changes in actuarial estimates. OPEB expense increased \$320 (4.3%) from the prior year to \$7,807. The increase in OPEB expense is primarily due to changes in actuarial estimates.

Supplies expense including pharmaceuticals increased by \$12,975. This 5.6% increase is primarily due to inflation and having to purchase more drugs at wholesale, non-340B pricing.

Purchased services, rental and other expenses increased \$41,593 (6.9%) from prior year to \$642,768 in fiscal year 2025. The increase is primarily due to inflation.

Foreign claims expense increased by \$361,593 (11.5%) from the prior year to \$3,505,414. The increase is primarily due to the increase in the medical loss ratio.

In fiscal year 2025, the operating income of CCH of \$193,872 decreased by \$441,287 from the prior year operating income of \$635,159.

**2024 Activity**

In fiscal year 2024, total operating revenues, net of bad debt provision increased to \$4,850,333 from the prior year, which represents a 4.6% increase in total operating revenues. This increase is primarily due to increased CountyCare capitation revenue of \$356,730.

Changes in estimates relating to prior years decreased fiscal year 2024 net patient service revenue by approximately \$2,297.

In fiscal year 2024, nonoperating revenues increased by \$80,514 from the prior year to \$305,070. The increase in nonoperating revenues was due to an increase in property taxes and in grant revenues.

In fiscal year 2024, salaries, wages and benefits (excluding pension and OPEB expense) increased by \$74,550 from the prior year to \$851,979 due to cost-of-living increases related to salaries. Pension expenses decreased \$961,575 (604%) from the prior year primarily due to changes in actuarial estimates. OPEB expense increased \$5,020 (203.5%) from the prior year to \$7,487. The increase in OPEB expense is primarily due to changes in actuarial estimates.

Supplies expense including pharmaceuticals increased to \$230,302. This 27.6% increase is primarily due to inflation and having to purchase more drugs at wholesale pricing, non-340B pricing.

**Cook County Health and Hospitals System of Illinois  
d/b/a Cook County Health**

**Management's Discussion and Analysis (unaudited)  
For the Year Ended November 30, 2025  
(In Thousands)**

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Purchased services, rental and other expenses increased \$64,700 (12.1%) from prior year to \$601,175 in fiscal year 2024. The increase is primarily due to inflation.

Foreign claims expense increased by \$238,068 (8.2%) from the prior year to \$3,143,821 in fiscal year 2024. The increase is primarily due to the increase in membership services from outside of the domestic network.

In fiscal year 2024, the operating income of CCH of \$635,159 increased by \$734,006 from the prior year operating loss of \$98,847.

**Capital Assets and Debt Administration**

*Capital Assets*

CCH's investment in capital assets amounts to \$695,279, net of accumulated depreciation and amortization, as of November 30, 2025. This investment includes building, improvements, equipment, lease right-of-use assets, subscription right-of-use assets and intangible assets. The \$22,411 increase in investment in capital assets for fiscal year 2025 is the result of a net decrease of \$1,465 of right-of-use assets recognized under Governmental Accounting Standards Board (GASB) Statement No. 87 and 96 (\$15,752 decrease related to GASB 87 and \$14,287 increase related to GASB 96), depreciation expense of \$40,276 contributed capital assets of \$12,010 and CCH investment in capital assets of \$55,028. In 2025, CCH increased the investment in capital assets to improve patient experience and efficiency.

Additional information of CCH's capital assets can be found in Note 6 on page 26 of this report.

*Debt Administration*

It should be noted that all debts associated with the capital assets of CCH are the general obligations of the County. These debts are expected to be paid by the County and, therefore, are not reflected in the financial statements of CCH.

**Economic Factors**

The health care industry is deeply influenced by a range of external factors that significantly impact the future operations and financial condition of CCH. Key among these are actions by federal and state regulatory authorities, changes to Medicare and Medicaid laws and regulations, ongoing health care reform initiatives, and the evolving terms and conditions of managed care contracts.

In fiscal year 2025, CCH continued the growth of its uninsured patient population compared to 2024, including charity care. CCH still serves the largest uninsured population in the State of Illinois. However, a high proportion of CCH's revenues remain tied to individuals insured through government programs such as Medicare and Medicaid. This increases CCH's exposure to risks associated with changes in state and federal healthcare policies, funding levels, and program requirements. Ongoing federal discussions about reducing healthcare funding pose a material threat to institutions like CCH that rely heavily on government reimbursements. Potential cuts to Medicaid, Medicare, and other federal health programs could significantly strain CCH's financial resources, limit service capacity, and challenge its ability to meet the needs of the community's most vulnerable populations.

**Contacting CCH's Financial Management**

This financial report is intended to provide our patients, elected officials, citizens, creditors and vendors with a general overview of CCH's finances and to demonstrate accountability for the tax funding that it receives. If you have any questions regarding this report or need additional information, please contact CCH's Chief Executive Officer at 1950 West Polk Street, Executive Offices 9<sup>th</sup> Floor, Chicago, Illinois 60612, [www.cookcountyil.gov](http://www.cookcountyil.gov)

Cook County Health and Hospitals System of Illinois  
d/b/a Cook County Health

Statement of Net Position (Deficit)  
November 30, 2025

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**Assets and Deferred Outflows**

Current assets:

Cash and cash equivalents	\$ 970,833,241
Cash and cash equivalents - managed care accounts	362,706,611
<b>Total cash and cash equivalents</b>	<u>1,333,539,852</u>

Property taxes receivable—net of allowance of \$4,678,106:

Tax levy—current year	157,704,922
Tax levy—prior year	57,706,737
<b>Total property taxes receivable</b>	<u>215,411,659</u>

Receivables:

Patient accounts—net of allowances of \$48,679,881	131,233,135
Due from State of Illinois	168,222,633
Directed payments receivable	19,265,875
Lease receivable	763,745
Other receivables	65,396,934
<b>Total receivables</b>	<u>384,882,322</u>

Inventories

<b>Total current assets</b>	<u>1,945,582,197</u>
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Noncurrent assets:

Lease receivable	<u>24,881,055</u>
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Refundable deposits	<u>16,750,000</u>
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Capital assets, net of accumulated depreciation	675,461,090
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Capital assets not being depreciated	19,818,376
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<b>Total capital assets</b>	<u>695,279,466</u>
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<b>Total noncurrent assets</b>	<u>736,910,521</u>
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<b>Total assets</b>	<u>2,682,492,718</u>
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Deferred outflows of resources:

Pension related amounts	512,824,841
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OPEB related amounts	68,139,134
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<b>Total deferred outflows</b>	<u>580,963,975</u>
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(Continued)

**Cook County Health and Hospitals System of Illinois  
d/b/a Cook County Health**

**Statement of Net Position (Deficit) (Continued)  
November 30, 2025**

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**Liabilities, Deferred Inflows and Net Position**

Current liabilities:

Accounts payable	\$ 270,157,011
Accrued salaries, wages and other liabilities	48,078,480
Accrued interest	318,470
Claims payable	861,806,936
Compensated absences	56,546,680
Pension and OPEB contributions payable	73,644,318
Unearned revenue	71,866,667
Due to State of Illinois	76,001,124
Third-party settlements	29,093,524
Self-insurance claims	21,279,003
Due to other County governmental fund	43,455
Lease liability	15,903,191
Subscription-based information technology arrangement liability	26,095,155
Trust funds	639,503
<b>Total current liabilities</b>	<u>1,551,473,517</u>

Long-term liabilities:

Compensated absences, less current portion	2,479,082
Self-insurance claims, less current portion	175,942,934
Property tax objections	16,238,648
Lease liability, less current portion	28,126,294
Subscription-based information technology arrangement liability, less current portion	57,677,746
Net pension liability	2,184,997,255
Total OPEB liability	471,673,703
<b>Total long-term liabilities</b>	<u>2,937,135,662</u>

**Total liabilities**

4,488,609,179

Commitments and contingencies

Deferred inflows of resources:

Lease related amounts	21,801,339
Pension related amounts	879,280,816
OPEB related amounts	205,239,174
<b>Total deferred inflows</b>	<u>1,106,321,329</u>

Net position (deficit):

Net investment in capital assets	567,477,080
Unrestricted deficit	(2,898,950,895)
<b>Total net position (deficit)</b>	<u>\$ (2,331,473,815)</u>

See notes to financial statements.

**Cook County Health and Hospitals System of Illinois  
d/b/a Cook County Health**

**Statement of Revenues, Expenses and Changes in Net Position  
Year Ended November 30, 2025**

Operating revenues:	
Net patient service revenue—net of bad debt provision of \$189,027,572	\$ 634,045,660
Graduate medical education revenue	65,059,145
CountyCare capitation revenue	3,651,483,231
Directed payments	657,457,884
Pharmacy revenue	52,346,133
Other revenue	11,042,165
<b>Total operating revenues</b>	<u>5,071,434,218</u>
Operating expenses:	
Salaries and wages	788,724,053
Employee benefits	137,784,156
Pension (benefit)	(613,327,258)
Other post-employment benefits	7,806,820
Supplies	97,470,775
Pharmaceuticals supply	145,805,771
Purchased services, rental and other	642,768,109
CountyCare foreign claims	3,505,414,367
Insurance	25,630,414
Depreciation and amortization	91,717,504
Utilities	21,001,302
Services contributed by other County offices	26,765,736
<b>Total operating expenses</b>	<u>4,877,561,749</u>
<b>Operating income</b>	<u>193,872,469</u>
Nonoperating revenues (expenses):	
Property taxes and other taxes	148,904,586
Grant revenue	101,991,409
Interest expense—leases	(4,578,204)
Interest income	18,157,761
<b>Total nonoperating revenues (expenses)</b>	<u>264,475,552</u>
<b>Change in net position before capital contributions and transfers in</b>	<u>458,348,021</u>
Capital contributions	12,009,559
Transfers in	233,130,024
<b>Total capital contributions and transfers in</b>	<u>245,139,583</u>
<b>Change in net position</b>	703,487,604
Net position (deficit):	
Beginning of year	<u>(3,034,961,419)</u>
End of year	<u>\$ (2,331,473,815)</u>

See notes to financial statements.

**Cook County Health and Hospitals System of Illinois  
d/b/a Cook County Health**

**Statement of Cash Flows  
Year Ended November 30, 2025**

Cash flows from operating activities:	
Receipts from third-party payors and patients	\$ 5,412,958,511
Payments to employees	(901,851,553)
Contributions to the pension/OPEB plans for employee benefits	(183,126,806)
Payments to contracted health care providers and suppliers	(4,260,681,862)
Other receipts	37,462,676
<b>Net cash provided by operating activities</b>	<u>104,760,966</u>
Cash flows from capital and related financing activities:	
Acquisition of capital assets	(51,736,159)
Principal paid on lease and subscription liabilities	(49,382,587)
Interest paid on lease and subscription liabilities	(4,578,204)
<b>Net cash used in capital and related financing activities</b>	<u>(105,696,950)</u>
Cash flows from noncapital financing activities:	
Receipts from grantors	101,991,409
Real and personal property and other taxes received, net	97,728,678
Transfers from other County funds	206,364,288
<b>Net cash provided by noncapital financing activities</b>	<u>406,084,375</u>
Cash flows from investing activities:	
Interest received	18,157,761
<b>Net cash provided by investing activities</b>	<u>18,157,761</u>
<b>Increase in cash and cash equivalents</b>	423,306,152
Cash and cash equivalents:	
Beginning of year	<u>910,233,700</u>
End of year	<u>\$ 1,333,539,852</u>
Supplemental disclosure of noncash transactions:	
Capital assets acquired through lease or subscription	<u>\$ 53,322,533</u>
Transfers—capital assets	<u>\$ 12,009,559</u>

(Continued)

**Cook County Health and Hospitals System of Illinois  
d/b/a Cook County Health**

**Statement of Cash Flows (Continued)  
Year Ended November 30, 2025**

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Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 193,872,469
Adjustments to reconcile operating income to net cash used in operating activities:	
Depreciation and amortization	91,717,504
Provision for bad debts	189,027,572
Services contributed by other County offices	26,765,736
Net change in assets and liabilities:	
Patient accounts receivable	(157,825,610)
Due from State of Illinois including capitation receivable	338,931,671
Directed payments receivable	19,577,641
Third-party settlements	6,951,703
Other receivables	(28,292,679)
Inventories	354,945
Lease receivable	1,775,175
Refundable deposits	(2,250,000)
Accounts payable	543,663
Accrued salaries, wages and other liabilities	19,126,474
Pension and OPEB contributions payable	8,413,152
Self-insurance claims payable	(7,950,386)
Net pension liability	35,435,945
Total OPEB liability	(68,191,114)
Deferred amounts related to pensions	(827,111,703)
Deferred amounts related to OPEB	62,806,476
Claims payable	186,710,655
Compensated absences	5,530,181
Unearned revenue	(4,711,308)
Due to State of Illinois	12,960,922
Trust funds	17,372
Property tax objections	1,789,449
Deferred inflows of resources—leases	(1,214,939)
	<hr/>
<b>Net cash provided by operating activities</b>	<b>\$ 104,760,966</b>
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See notes to financial statements.

**Cook County Health and Hospitals System of Illinois  
d/b/a Cook County Health**

**Notes to Financial Statements**

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**Note 1. Reporting Entity**

Cook County Health and Hospitals System of Illinois d/b/a Cook County Health (CCH) is included in the reporting entity of Cook County, Illinois (County) as an enterprise fund. Enterprise funds account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered through revenue from user fees. CCH also receives various tax and County subsidies to support its operations. The Board of Commissioners is responsible for the operation of CCH. CCH is presented as a business-type activity in the basic financial statements of the County.

CCH includes the following activities: John H. Stroger, Jr. Hospital of Cook County (JSH), CountyCare, Provident Hospital (PH), the Cook County Department of Public Health (DPH), the Bureau of Health Services (BHS), the Ambulatory and Community Health Network (ACHN), the Ruth M. Rothstein Core Center (CORE) and Cermak Health Services of Cook County (CHS). All material intra-account transactions have been eliminated in the preparation of these financial statements.

BHS oversees the operational, planning, and policy activities of CCH.

Collectively, JSH, PH, DPH, ACHN, CORE and CHS provide primary, intermediate acute and tertiary medical care to patients, without regard to their ability to pay. These entities also provide disease prevention and health promotion services.

CountyCare capitation, Medicaid and Medicare revenue account for a significant portion of CCH's total revenues. CCH receives Medicaid reimbursement under an interagency agreement between the Board of Commissioners and the Illinois Department of Healthcare and Family Services (DHFS) (see Note 7). Property and other taxes also represent an important source of financing for CCH. The receipt of future revenues by CCH is subject to, among other factors, federal and state policies affecting CCH and the health care industry.

In October 1998, Cook County/Rush Health Center (Health Center) was opened to combat HIV/AIDS and other related communicable diseases. The CORE Foundation, which was dissolved in October 2022, funded the development and construction of the Health Center. CCH staff and operates the Health Center. CCH accounts for the Health Center as part of ACHN.

On May 20, 2008, the Board of Commissioners created the Cook County Health and Hospitals System Board of Directors to provide independent oversight of health care operations. The Cook County Health and Hospitals System Board of Directors is accountable to the Board of Commissioners. In May 2010, the Board of Commissioners voted to make the Cook County Health and Hospitals System Board of Directors permanent.

**Note 2. Financial Condition**

The health care industry is highly dependent upon many factors that have a significant effect on operations, such as laws and regulations, and continuing shifts in payor utilization. Additionally, certain salaries in the health care industry have become very competitive because of the national shortage of health care professionals.

**Cook County Health and Hospitals System of Illinois  
d/b/a Cook County Health**

**Notes to Financial Statements**

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**Note 2. Financial Condition (Continued)**

In 2012, CCH and the Cook County Board Officials collaborated to cut Medicaid costs, help County taxpayers, and transform Cook County's hospital system by jump-starting national health care reform in Cook County. In October 2012, the Federal government approved CCH's Medicaid Expansion Program (CountyCare) by creating the Centers for Medicare and Medicaid Services (CMS) waiver under Section 1115 of the Social Security Act (1115 Waiver) for Cook County, allowing CCH to enroll more than 115,000 individuals who would become eligible for Medicaid in 2014 under the Affordable Care Act.

Once enrolled in CountyCare, members receive covered services at no cost for the member including but not limited to primary and specialty visits within a broad network of doctors and hospitals. The CountyCare network consists of 138 primary care access points including CCH facilities, all Federally Qualified Health Centers in Cook County, over 35 community hospitals and five major academic medical centers.

CountyCare began as an Illinois Medicaid Demonstration program. When the demonstration program ended on June 30, 2014, CountyCare members were transitioned into a County Managed Care Community Network (MCCN), which is an Illinois-designated Medicaid managed care structure to ensure members can remain with their medical home and network of care.

CCH management expects to reduce operating losses in the future by retaining CountyCare membership, growing specialty and clinical services, improving denials management, bending the cost curve and increasing patient satisfaction and retention. To this end, CCH is establishing initiatives to sustain the trend of managing operating losses. CountyCare, and by extension CCH, continue to be highly dependent on timely reimbursement from the DHFS for cash flow.

CCH management continues to work on strategies to increase revenues through making its services more attractive to patients, managed care organizations, and other providers. It is also working on decreasing costs by reducing overtime hours and bringing high-cost services in-house where financially/operationally justifiable. The financial climate for safety net hospitals continues to be challenging and CCH must continue to grow its base activity and its ability to accurately capture, bill and collect for the services in the Medicaid managed care environment.

For the year ended November 30, 2025, CCH's payor utilization based on gross patient service revenue was as follows:

Self-pay	\$ 336,583,108
Medicaid and Medicaid Managed Care	517,718,440
Medicare	423,031,731
Commercial	201,725,788
Other	477,081,521
Total	<u>\$ 1,956,140,588</u>

For the year ended November 30, 2025, estimated gross charges associated with services provided to CCH's CountyCare patients totaled \$442,143,159. Charges related to CountyCare patients are excluded from the table above as CCH is reimbursed through capitation rather than through patient service revenue.

**Cook County Health and Hospitals System of Illinois  
d/b/a Cook County Health**

**Notes to Financial Statements**

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**Note 3. Summary of Significant Accounting Policies**

**Basis of presentation:** The financial statements have been presented in conformity with accounting principles generally accepted in the United States of America and in accordance with the pronouncements of the GASB. Accounting records are maintained on the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned, and expenses are recorded when a liability is incurred regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**Use of estimates:** The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements, including the notes thereto, and related disclosures of commitments and contingencies, if any. Actual results could differ from those estimates.

**Operating and restricted accounts:** Operating accounts are used for unrestricted funds, which arise from normal operations. Restricted accounts are resources whose use has been limited by donors or grantors. Restricted accounts are accounted for in specific purpose accounts until expended for their identified purpose, at which time they are reported as operating revenues and expenses.

When an expense is incurred for purposes for which both restricted and unrestricted resources are available, it is CCH's policy to first apply restricted resources and then unrestricted resources to the expense.

There was no restricted net position as of November 30, 2025.

**Cash and cash equivalents:** Cash and cash equivalents consist primarily of time deposits and cash invested in other authorized, short-term securities (Note 5) with maturities at the date of purchase of three months or less. Net appreciation (depreciation) in fair value attributable to cash equivalents, if any, is included as a component of nonoperating revenue in the statement of revenues, expenses and changes in net position. Cash and cash equivalents are recorded at either amortized cost or fair value, depending on the nature of investment.

**Property taxes receivable:** Property taxes are levied each calendar year on all taxable real property. The owner of the property on January 1 in any year is liable for taxes of that year. Property taxes attach as an enforceable lien on property as of January 1 of the levy year. The taxes are collected by the Cook County Collector (who is also the County Treasurer), who remits to CCH its respective portions. The County's taxes levied in one year become payable during the following year in two installments, one on March 1 and the second on August 1, or 30 days after the tax bills are mailed, whichever is later. The first installment is an estimated bill and is one-half of the prior year's tax bills. The second installment is based on the current levy, assessment, and equalization and reflects any changes from the prior year in those factors.

Any changes from the prior year will be reflected in the second installment bill. Property taxes receivable as of November 30, 2025, represent CCH's portion of the tax year 2025 taxes and uncollected tax year 2024 taxes.

**Cook County Health and Hospitals System of Illinois  
d/b/a Cook County Health**

**Notes to Financial Statements**

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**Note 3. Summary of Significant Accounting Policies (Continued)**

CCH records property taxes as revenue in the year in which they are levied. Property taxes receivable is recognized for the current and prior fiscal year. Uncollected taxes are written off at the end of the fiscal year immediately following the year in which the taxes become due. The County's annual appropriation ordinance includes a provision for uncollectible property taxes. CCH records its portion of this provision and a corresponding allowance for loss against property taxes receivable.

**Patient accounts receivable:** Patient accounts receivable represent amounts owed to CCH for services provided to patients. The receivable is either due from a third-party payor, such as Medicare, Medicaid, Medicaid managed care or commercial insurance carriers, or directly from the patient. Patient accounts receivable is presented net of allowances for contractual discounts and uncollectible accounts. CCH evaluates the collectability of its patient accounts receivable based on the length of time the receivable is outstanding, payor class, and historical experience. Accounts receivables are charged against the allowance for uncollectible accounts when they are deemed uncollectible. Medicaid patient accounts receivable (including Medicaid managed care) represented approximately 20% of patient accounts receivable, net as of November 30, 2025.

**Inventories:** Inventories are stated at the lower of cost or market. Cost is determined using the first-in, first-out method.

**Capital assets:** The County contributes to the acquisition of capital assets for the operation of CCH. The assets, which include land improvements, buildings, building improvements, and equipment and furniture, are recorded at cost at the time of receipt. Construction in progress is transferred to CCH from the County throughout construction and recorded in CCH's financial statements. No value has been assigned to the land upon which most of CCH facilities are located. Capital assets are defined by CCH as assets with an initial, individual cost of \$5,000 or more. Donated capital assets from parties outside of the County are recorded at acquisition value at the date of donation. The costs of normal repairs and maintenance that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as costs are incurred.

Depreciation is provided over the estimated useful life of each class of assets. Estimated useful lives are as follows:

<u>Asset</u>	<u>Useful life</u>
Land improvements	5–25 years
Buildings	20–40 years
Building improvements	5–40 years
Equipment and furniture	3–20 years
Intangible assets	4 years

Depreciation is calculated on a straight-line method for all institutions, except JSH, which used the 150% declining balance on assets acquired prior to 2008. Beginning in 2008, new acquisitions at JSH are depreciated using the straight-line method for better cost allocation. One-half year's depreciation is taken in the year of acquisition.

**Cook County Health and Hospitals System of Illinois  
d/b/a Cook County Health**

**Notes to Financial Statements**

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**Note 3. Summary of Significant Accounting Policies (Continued)**

**Leases:** CCH is a lessee for leases of equipment and buildings. CCH recognizes a lease liability and a right-of-use capital asset in the financial statements. At the commencement of a lease, CCH initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The right-of-use asset is initially measured as the initial amount of the lease liability, adjusted for payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the right-of-use asset is amortized on a straight-line basis over the shorter of the asset useful life or the lease term.

CCH is also a lessor for a noncancellable lease of a CCH-owned building. CCH records a lease receivable and a deferred inflow of resources in the financial statements. At the commencement of a lease, CCH initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date, if any. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term on a straight-line basis.

Key estimates and judgments related to leases (as lessee and lessor) include how CCH determines: (1) the discount rate it uses to discount the expected lease payments/receipts to present value, (2) lease term, and (3) lease payments/receipts. CCH generally uses its incremental borrowing rate as the discount rate for all leases. The lease term includes the non-cancellable period of the lease and renewal periods CCH is reasonably certain it will exercise as lessee. Lease payments/receipts included in the measurement of the lease liability/lease receivable are composed mostly of fixed payments. CCH monitors changes in circumstances that would require a remeasurement of its leases and will remeasure amounts if certain changes occur that are expected to significantly affect the recorded amounts.

**Claims payable:** Claims payable represents amounts payable to providers outside of CCH for services provided to CountyCare members. This estimate reflects the estimated ultimate cost of services incurred but not paid, net of expected stop-loss insurance recoveries. Stop-loss coverage limits vary based on the services provided and are reimbursed based on a percentage of charges. Management believes that the claims payable liability is adequate to cover the claims incurred but not paid as of November 30, 2025.

**Premium deficiency reserves:** CCH recognizes losses on membership contracts when it is probable that expected future health care costs will exceed anticipated future premiums and recoveries on existing health contracts. Anticipated investment income is considered in the calculation of premium deficiency reserves. CCH established a premium deficiency reserve of \$26,772,621 recorded within claims payable on the Statement of Net Position as of November 30, 2025.

**Subscription-based information technology arrangements (SBITA):** CCH generally records subscription liabilities and right to use subscription assets based on the present value of payments (as lessee), over the non-cancellable terms of the respective leases. Renewal and termination options are not included in the lease terms unless they are reasonably certain of exercise. Variable payments that are not fixed in nature are not included in the SBITA liability.

**Cook County Health and Hospitals System of Illinois  
d/b/a Cook County Health**

**Notes to Financial Statements**

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**Note 3. Summary of Significant Accounting Policies (Continued)**

**Compensated absences:** Employees can earn from 10 to 25 vacation days per year, depending on their length of employment with the County. An employee can accumulate no more than the equivalent of two years' vacation. Accumulated vacation leave is due to the employee, or employee's beneficiary, at the time of termination or death. Salaried employees can accumulate sick leave at the rate of one day for each month worked, up to a maximum of 175 days. Accumulated sick leave is forfeited at the termination of employment; therefore, sick leave pay is not accrued and is charged to employee benefits expense when paid. Sick leave does not vest, but any unused sick and vacation leave, up to six months in duration, accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Changes in compensated absences were as follows for the year ending November 30, 2025:

Balance, December 1, 2024	Additions	Reductions	Balance, November 30, 2025	Amount Due Within One Year
\$ 53,495,581	\$ 66,769,225	\$ (61,239,044)	\$ 59,025,762	\$ 56,546,680

**Self-insurance claims payable:** Self-insurance claims payable represent CCH's allocation of an actuarially determined estimate of the County's liability for medical malpractice, workers' compensation, general automobile and other self-insured risks.

**Pensions and OPEB:** For purposes of measuring the net pension liability, total OPEB liability, deferred outflows of resources and deferred inflows of resources related to the pensions and OPEB, and pension/OPEB expense, information about the fiduciary net position of County Employees and Officers Annuity and Benefit Fund of Cook County (the A & B Plan) and additions to/deductions from the A & B Plan's fiduciary net position have been determined on the same basis as they are reported by the A & B Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Net position:** CCH classifies its net position into three categories as follows:

**Net investment in capital assets:** consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, other debt and deferred inflows and outflows of resources that are attributable to the acquisition, construction or improvement of those assets.

**Restricted:** results when constraints placed on the use of the net position are either externally imposed by creditors, grantors, contributors, or imposed by law through constitutional provisions or enabling legislation.

**Unrestricted:** consists of the remaining net position that does not meet the previously listed criteria. An unrestricted deficit will need to be funded by CCH over time.

**Operating and nonoperating revenues and expenses:** The principal operating revenues of the CCH enterprise fund, except for DPH, are charges to patients for services performed and capitation revenue earned under CountyCare. The principal activities of DPH are grants, which are included in nonoperating revenue. Operating expenses of CCH include the cost of patient care services to CCH patients, services provided by providers outside of CCH to CountyCare members, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**Cook County Health and Hospitals System of Illinois  
d/b/a Cook County Health**

**Notes to Financial Statements**

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**Note 3. Summary of Significant Accounting Policies (Continued)**

**Net patient service revenue:** A significant amount of CCH's net patient service revenue is derived from the Medicaid and Medicare programs. Payments under these programs are based on a specific amount per case or on a contracted price or cost, as defined, of rendering services to program beneficiaries.

Net patient service revenue is reported at estimated realizable amounts from patients, third-party payors and others for services rendered. Retroactive adjustments under reimbursement agreements with third-party payors are considered in the recognition of revenue on an estimated basis in the period the related services are rendered and are adjusted in future periods as final settlements are determined. Estimated amounts due from or to third-party payors are reported as third-party settlements in the statement of net position.

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates may change. Estimates for cost report settlements and contractual allowances can differ from actual reimbursements based on the results of subsequent reviews and cost report audits. Net patient service revenue decreased approximately \$6,508,000 for the year ended November 30, 2025, for third-party settlements and changes in estimates related to services rendered in previous years.

During 2025, the State of Illinois notified CCH that certain reimbursement claims with dates of service between June 2023 and November 2024 had been processed using incorrect published rates, which resulted in an overpayment to CCH. The State initiated recoupment of the overpayment during the current fiscal year. The aggregate overpayment totals approximately \$72,428,000, of which approximately \$30,947,000 remains outstanding as of November 30, 2025, and is reported within due to State of Illinois on the Statement of Net Position.

Effective July 1, 2025, the State of Illinois discontinued the Health Benefits for Immigrant Adults (HBIA) program, which provided coverage to eligible individuals aged 42 to 64, with final medical coverage ending June 30, 2025. The Health Benefits for Immigrant Seniors program, serving qualifying individuals aged 65 and over, remains in effect. The State's decision to eliminate coverage for the 42–64 age cohort was driven by budgetary constraints in State Fiscal Year 2026. The elimination of HBIA is expected to reduce CCH's Medicaid reimbursement by approximately \$111,000,000, reflecting decreases in both directed payments and CountyCare per-member-per-month capitation revenue. CCH and Cook County Government continue to collaborate with federal authorities to mitigate the financial impact of the program's termination and to explore opportunities for restoration of benefits to the affected population.

**Capitation revenue:** CCH has an agreement with the State of Illinois to provide managed care services and receives capitation payments on a per-member-per-month basis for providing health care services to its enrolled members. Capitation revenue is recognized as revenue in the period for which the services are contractually required to be provided, provided that all applicable eligibility requirements have been met and the amount is reasonably determinable. Any adjustments to capitation rates or member enrollment counts are accounted for in the period they become known and are reasonably estimable. Any gross charges associated with CCH services provided to CountyCare patients are eliminated for financial statement reporting purposes. CCH's revenue associated with CountyCare patients is reported in CountyCare capitation revenue in the statement of revenues, expenses and changes in net position.

**Graduate medical education revenue:** CCH has historically operated graduate medical education (GME) to train future physicians and ensure adequate supply. The cost of operating the GME program is considerable, and Illinois Medicaid has traditionally reimbursed CCH for its respective share. Effective July 1, 2018, Illinois Medicaid makes separate GME payments directly to CCH.

**Cook County Health and Hospitals System of Illinois  
d/b/a Cook County Health**

**Notes to Financial Statements**

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**Note 3. Summary of Significant Accounting Policies (Continued)**

**Adopted accounting pronouncements:** CCH implemented the following GASB Statements in the 2025 fiscal year:

- GASB Statement No. 101, Compensated Absences, became effective for CCH in fiscal year 2025 and revises guidance on recognizing, measuring, and disclosing leave-related liabilities by introducing a unified accounting model for all types of compensated absences. The implementation of GASB Statement No. 101, Compensated Absences, did not require a prior year restatement as the change did not have a material impact on CCH.
- GASB Statement No. 102, Certain Risk Disclosures, became effective for CCH in fiscal year 2025. This statement requires governments to disclose essential information about risks related to certain concentrations or constraints. This statement did not have a significant impact on the 2025 statements.

**New accounting pronouncements:** Management is currently assessing the impact that the adoption of the following GASB Statements, which are not implemented and not required for the fiscal year ended November 30, 2025, will have on CCH's future financial statements:

- GASB Statement No. 103, Financial Reporting Model Improvements, will become effective for CCH's fiscal year ending November 30, 2026.
- GASB Statement No. 104, Disclosure of Certain Capital Assets, will become effective for CCH's fiscal year ending November 30, 2026.
- GASB Statement No. 105, Subsequent Events, will become effective for CCH's fiscal year ending November 30, 2027.

Management has not yet determined the impact these pronouncements will have on the CCH financial statements.

**Note 4. Charity Care**

CCH's mission is to treat all patients in need of medical services without regard to their ability to pay. Medical services are available at all CCH's locations for those patients that are unable to pay for them. All patients are evaluated through CCH's financial counseling services. If a patient qualifies for Medicaid or other federal programs, CCH will assist the patient in completing the applications for those programs.

For those patients who do not qualify for Medicaid or any other federal programs, CCH has a charity care program for Cook County residents that evaluates the patient's need based on family size and income. The guidelines to qualify for charity care are adjusted each year based on changes in the federal government's poverty guidelines. The charity program covers patients with incomes up to 600% of the federal poverty guidelines. CCH is committed to identifying patients needing charity care at the point of service.

Patients who are not residents of Cook County that need financial assistance in paying for their medical services are also offered a discount under the Illinois Uninsured Patient Discount program if their income is less than 600% of the federal poverty guidelines. Charity care is measured based on CCH's estimated direct and indirect costs of providing charity care services. That estimate is made by calculating a ratio of cost to gross charges, applied to the uncompensated charges associated with providing charity care to patients.

**Cook County Health and Hospitals System of Illinois  
d/b/a Cook County Health**

**Notes to Financial Statements**

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**Note 4. Charity Care (Continued)**

For the year ended November 30, 2025, charges forgone for charity care and the related estimated costs were as follows:

Charges forgone	<u>\$ 507,399,576</u>
Estimated costs incurred	<u>\$ 322,517,774</u>

**Note 5. Cash Management**

The Cook County Treasurer and the County Comptroller each maintain cash records for the County funds, including CCH. The County Comptroller maintains cash records for each individual fund, whereas the Cook County Treasurer maintains records for the County Comptroller's cash on a pooled basis. The Cook County Treasurer deposits cash into various bank accounts. The County Comptroller issues checks for authorized County expenditures, which represent a claim for payment when presented to the County's operating disbursement bank. Funding for County checks is made at the time of issue into the appropriate disbursement checking account. Balances in the disbursement accounts, which represent checks not yet presented, are invested by the County Treasurer.

The Cook County Treasurer invests on an aggregate basis, consistent with a written investment policy. The current policy is primarily concerned with the safety of invested principal and then with liquidity and rates of return. Securities approved for investment include U.S. government securities, certificates of deposit, or time deposits issued by certain banks and limited other investments permitted by State of Illinois law. The Cook County Treasurer does not invest in derivatives, structured notes, or other leveraged investments.

As of November 30, 2025, CCH's cash and cash equivalents consisted of the following:

Demand deposits held in banks	\$ 4,493,954
Pooled cash	1,233,898,744
Working cash fund	95,147,154
Total	<u>\$ 1,333,539,852</u>

**Custodial credit risk—cash and certificates of deposit:** In the case of deposits, there is the risk that in the event of a bank failure, the County's or CCH's deposits may not be returned. The County's Investment Policy states that in order to protect the County's public fund deposits, depository institutions are to maintain collateral pledges on County certificates of deposit during the term of the deposit of at least 102% of marketable U.S. government or approved securities or surety bonds issued by top-rated issuers. Collateral is required as security whenever deposits exceed the insured limits of the Federal Deposit Insurance Corporation. CCH's total bank deposits as of November 30, 2025, were fully insured or collateralized.

Working cash funds are maintained by the County. The money to establish and increase these working cash funds was obtained from the issuance of long-term bonds and from legally available County resources. Monies on deposit in the working cash funds are invested with the interest earnings being credited to the working cash funds. Of the total working cash funds maintained by the County, as of November 30, 2025, \$95,147,154 is reported at CCH.

**Cook County Health and Hospitals System of Illinois  
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**Notes to Financial Statements**

**Note 6. Capital Assets**

A summary of capital assets activity for the year ended November 30, 2025, is as follows:

	Balance, December 1, 2024	Additions and Transfers	Disposals and Transfers	Balance, November 30, 2025
Capital assets not being depreciated:				
Land	\$ 990,911	\$ -	\$ -	\$ 990,911
Construction in process	32,068,158	12,009,559	(25,250,252)	18,827,465
Total capital assets not being depreciated	<u>33,059,069</u>	<u>12,009,559</u>	<u>(25,250,252)</u>	<u>19,818,376</u>
Capital assets being depreciated/amortized:				
Land improvements	1,418,100	-	-	1,418,100
Buildings and building improvements	906,193,276	46,592,470	(15,704,853)	937,080,893
Equipment and furniture	276,059,589	33,685,663	(154,213,376)	155,531,876
Intangible assets	37,108,875	-	(37,108,875)	-
Right-of-use building	35,335,381	-	-	35,335,381
Right-of-use machinery and equipment	74,828,691	5,063,344	(40,939,398)	38,952,637
Right-of-use subscription asset	104,145,167	48,259,189	-	152,404,356
Total capital assets being depreciated/amortized	<u>1,435,089,079</u>	<u>133,600,666</u>	<u>(247,966,502)</u>	<u>1,320,723,243</u>
Less accumulated depreciation/amortization:				
Land improvements	1,180,505	56,724	-	1,237,229
Buildings and building improvements	437,935,394	21,659,909	(12,558,883)	447,036,420
Equipment and furniture	228,879,560	18,559,666	(154,213,376)	93,225,850
Intangible assets	37,108,875	-	(37,108,875)	-
Right-of-use building	10,365,966	4,488,051	-	14,854,017
Right-of-use machinery and equipment	41,931,885	12,981,148	(37,593,032)	17,320,001
Right-of-use subscription asset	37,616,630	33,972,006	-	71,588,636
Total accumulated depreciation/amortization	<u>795,018,815</u>	<u>91,717,504</u>	<u>(241,474,166)</u>	<u>645,262,153</u>
Total capital assets being depreciated/amortized, net	<u>640,070,264</u>	<u>41,883,162</u>	<u>(6,492,336)</u>	<u>675,461,090</u>
Total capital assets, net	<u>\$ 673,129,333</u>	<u>\$ 53,892,721</u>	<u>\$ (31,742,588)</u>	<u>\$ 695,279,466</u>

**Note 7. Intergovernmental Agreements**

CCH receives enhanced Medicaid reimbursement by means of an Intergovernmental Agreement (Agreement) between CCH and DHFS. Under terms of the Agreement, DHFS will direct additional funding to CCH for cost reimbursement methodologies. In addition, the Agreement requires DHFS to provide CCH additional funding to assist CCH in offsetting the cost of its uncompensated care from disproportionate share (DSH) and Medicare, Medicaid and SCHIP Benefits Improvement and Protection Act of 2000 (BIPA). Such adjustment amounts include federal matching funds.

Under the terms of the Agreement, CCH received \$364,467,288 in additional payments from DHFS during the year ended November 30, 2025, which is reflected within net patient service revenue on the statement of revenues, expenses and changes in net position. Of the amounts received, \$71,866,667 is unearned due to timing of cash received in advance of services performed in accordance with the Agreement as of November 30, 2025, and is included in unearned revenue in the statement of net position.

Such unearned revenue is excluded from net patient service revenue and represents amounts to be earned during CCH's following fiscal year. Included in net patient service revenue as earned is \$364,467,288 for the year ended November 30, 2025, which takes into consideration the prior-year unearned revenue of \$71,866,667.

**Cook County Health and Hospitals System of Illinois  
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**Notes to Financial Statements**

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**Note 7. Intergovernmental Agreements (Continued)**

Reimbursement under the Agreement will automatically terminate if federal funds under Title XIX are no longer available to match 50% of the amounts collected and disbursed according to the terms of the Agreement. The Agreement will also automatically terminate in any year in which the General Assembly of the State of Illinois fails to appropriate or re-appropriate funds to pay DHFS' obligations under these arrangements or any time that such funds are not available. The Agreement can be terminated by either party upon 15 days' notice. Additionally, the Agreement requires the parties to comply with certain laws, regulations and other terms of operations.

Additionally, a liability of approximately \$23,775,000 has been recorded as of November 30, 2025, for a potential BIPA overpayment due to a change in the Federal Medical Assistance Percentage (FMAP). This liability is included in due to State of Illinois in the statement of net position.

**Note 8. Property Tax Objections**

Property tax objections activity for the year ended November 30, 2025, was as follows:

	Balance, December 1, 2024	Increase	Decrease	Balance, November 30, 2025	Amount Due Within One Year
Property tax objections	\$ 14,449,199	\$ 7,663,061	\$ (5,873,612)	\$ 16,238,648	\$ -

Property tax objections liability represent taxes that have been paid, but the taxpayer is contesting the tax assessment. A liability is recorded by CCH until the tax objection complaint is resolved through the allowable appeals process.

**Note 9. Related-Party Transactions**

During 2025, significant related-party transactions between the County and CCH included the provision of various services and the contribution of capital assets.

**Working cash loan:** To finance operations pending the collection of taxes and to provide for month-to-month cash flow needs, the County maintains a working cash fund. The County's working cash fund and the outstanding bonds that were issued to create it are reported in the County's long-term obligations and, therefore, are not reflected in the accompanying financial statements. Amounts advanced from the County's working cash fund may be designated as either loans or operating contributions. During the year ended November 30, 2025, there were no working cash loans received by CCH from the County's working cash fund.

**Cash held by Cook County Treasurer:** The County maintains bank accounts for the cash receipts and disbursements of CCH. Cash held by the Cook County Treasurer represents balances maintained for CCH activities by the Cook County Treasurer. These balances are reflected within cash and cash equivalents in the statement of net position.

**Cook County Health and Hospitals System of Illinois  
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**Notes to Financial Statements**

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**Note 9. Related-Party Transactions (Continued)**

**Transfers from the County:** Certain expenses incurred in the operation of CCH have been recorded in the financial statements of CCH (e.g., reimbursement, data processing, purchasing and auditing) as an expense, with a corresponding credit to transfer in for the subsidy received from the County. These expenses amounted to \$26,765,736. In addition, CCH recorded subsidy related to employee health claims of \$23,221,925. These expenses are included in the cost reimbursement reports submitted by CCH to the State and federal health care intermediary. Additionally, pension/OPEB contributions of \$183,142,363 were transferred to CCH whereby they were then remitted to the pension plan. CCH received no allocations associated with the 2025 line of credit described in Note 10.

**Contribution of capital assets:** The County has contributed the construction and acquisition of significant capital assets to the operations of CCH. Any general obligation bonds issued to finance such contributed assets are reported in the County's long-term obligations and, therefore, are not reflected in the accompanying financial statements. The County does not expect the payment of the debt related to the capital assets to be repaid from the operating results of CCH and, therefore, the debt resides with the County.

During the year ended November 30, 2025, CCH has recognized capital assets from the County in the amount of \$12,009,559 in the statement of revenues, expenses and changes in net position.

**Note 10. Line of Credit**

On December 18, 2023, the County extended the maturity of the General Obligation Bonds, Series 2014D and 2018 through January 1, 2034. Subsequently, on January 2, 2024, the County extended the credit agreement and entered a new index period on the \$125,000,000 million General Obligation Bond Series 2014D and \$50,000,000 million Series 2018, as a variable rate revolving line of credit with PNC Bank. The new index period is through January 1, 2027. The purpose is to provide a short-term financing mechanism for capital projects during the acquisition/construction phase of each such project. Initially, the County pays for any capital equipment purchases from operating cash on hand, and then subsequently reimburses the operating funds from the line of credit on an as-needed basis. Currently, the interest rate for the line of credit is reset daily and is equal to 79% of the Daily SOFR Rate plus an applicable spread, which is subject to the maintenance of any two of the lowest current long-term, unenhanced credit rating(s) assigned to unsecured general obligation bonded debt of the County. Based on the lower of the two highest current long-term ratings of Aa3 from Moody's and AA+ from Fitch, the interest rate is presently at 79% of Daily SOFR plus 75 basis points. As of November 30, 2025, Daily SOFR was 4.12% and the Series rate was 4.01%. During FY2025, there was a total of \$153,700,000 million drawn on the line, none of which is attributable to CCH.

**Cook County Health and Hospitals System of Illinois  
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**Notes to Financial Statements**

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**Note 11. Pension Plan**

General Information about the Pension Plan:

**Plan description:** Substantially all of CCH's full-time employees participate in the A & B Plan, which is the administrator of the single employer defined benefit pension plan established by the State of Illinois on January 1, 1926. The A & B Plan is governed by legislation contained in the Illinois Pension Code particularly Chapter 40 of the Illinois Compiled Statutes (ILCS), Article 9 (Article). The A & B Plan (including employer and employee contribution requirements) can be amended only by the Illinois Legislature. The A & B Plan was created for the purpose of providing retirement, death (spouse or children) and disability benefits for full-time employees of the County and the dependents of such employees. The A & B Plan Board consists of nine members – two members of the Board are ex officio, four are elected by the employee members of the A & B Plan and three are elected by the annuitants of the A & B Plan. The two ex officio members are the Comptroller of Cook County, or someone chosen by the Comptroller, and the Treasurer of Cook County, or someone chosen by the Treasurer. The County Employees' and Officers' Annuity and Benefit Fund of Cook County issues a publicly available financial report that includes financial statements and required supplementary information for the A & B Plan.

To obtain a copy of this report, write:

Cook County Pension Board  
70 West Madison Street, Suite 1925  
Chicago, Illinois 60602, or at  
[www.cookcountypension.com](http://www.cookcountypension.com)

**Benefits provided:** The A & B Plan provides retirement, disability, and death benefits to plan members and beneficiaries. Tier 1 employees aged 50 or over and Tier 2 employees age 62 or over with at least 10 years of service are entitled to receive a minimum formula annuity of 2.4% for each year of credited service to a maximum benefit of 80% of the final average monthly salary. For Tier 1 employees under age 60 and Tier 2 employees under age 67, the monthly retirement benefit is reduced by 0.5% for each month the participant is below the age. This reduction is waived for Tier 1 participants having 30 or more years of credited service.

Benefit terms provide for annual cost-of-living adjustments to each employee's retirement allowance after the employee's retirement date. The annual adjustments are 3.0% compounded annually for Tier 1 participants, and the lesser of 3.0% or one half of the increase in the Consumer Price Index for Tier 2 participants.

If a covered employee leaves employment without qualifying for an annuity, accumulated employee contributions are refundable with interest (3% or 4% depending on when the employee became a participant).

**Contributions and payable to the pension plan:** The A & B Plan is a single employer defined benefit pension plan with a defined contribution minimum. Illinois Compiled Statutes (40 ILCS 5/9-169) establish the contribution requirements of the County and may only be amended by the Illinois Legislature. The County is required to levy a tax at a rate not more than an amount equal to the total amount of contributions by the employees to the A & B Plan made in the fiscal year two years prior to the year for which the annual applicable tax is levied, multiplied by a factor of 1.54.

**Cook County Health and Hospitals System of Illinois  
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**Notes to Financial Statements**

**Note 11. Pension Plan (Continued)**

For the year ended November 30, 2025, employees were required to contribute 8.5% of their salary to the A & B Plan, subject to the salary limitations for Tier 2 participants in 40 ILCS 5/1-160. The County's pension contributions payable to the A & B Plan for the year ending November 30, 2025, were \$178,668,989, (County and CCH totals). These contributions, which are legally due to the A & B Plan for the County's current fiscal year are reported as a payable to the A & B Plan. Amounts remitted to the A & B Plan by the County during the current fiscal year represent collections of the prior fiscal year levy, and personal property replacement taxes collected during the current fiscal year.

In addition, in December 2022 the Cook County Board authorized an Intergovernmental Agreement with Cook County Officer and Employees Annuity and Benefit Fund (Pension Fund) to establish a mechanism by which the County can disburse additional funds from the Pension Fund, from the County's Retailers' Occupation and Services Occupation Tax. The Pension Fund can receive these funds from the County, independently and in addition to the sums provided for in Sections 9-169 of Illinois Pension Code (40 ILCS 5/9-169). The County Board authorized this supplemental contribution in the sum of \$345,029,249 (County and CCH totals) in the County's FY 2023 Appropriation Bill and the entire amount was remitted to the Pension Fund during FY 2025. \$345,029,249 (County and CCH totals) of this amount was remitted after the December 31, 2024, measurement date and is included as a deferred outflow of resources in County's financial statements and CCH's financial statements.

CCH's portion of the contributions to the A & B Plan is determined using an allocation based on the percentage of CCH's covered payroll to all covered payroll (County and CCH combined). CCH's portion of regular and supplemental contributions pertaining to the year ended November 30, 2025, were \$174,999,492.

**Net pension liability:** The County's net pension liability was measured as of December 31, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2024. CCH's proportionate share of the County's net pension liability as of December 31, 2024, was \$2,184,997,255 or approximately 33.64% of the total net pension liability (County and CCH combined). This percentage was determined based on the percentage of CCH's covered payroll to the total covered payroll (County and CCH combined).

**Pension expense and deferred outflows (inflows) of resources related to pensions:** For the year ended November 30, 2025, CCH recognized total pension benefit of \$613,327,258. At November 30, 2025, CCH reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net differences between expected and actual experience	\$ 173,331,805	\$ -
Changes of assumptions	-	(851,785,612)
Net differences between projected and actual earnings on pension plan investments	103,535,543	-
Changes in proportionate share of the net pension liability	60,958,001	(27,495,204)
Contributions subsequent to measurement date	174,999,492	-
	<u>\$ 512,824,841</u>	<u>\$ (879,280,816)</u>

**Cook County Health and Hospitals System of Illinois  
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**Notes to Financial Statements**

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**Note 11. Pension Plan (Continued)**

Contributions subsequent to the measurement date of \$174,999,492 for 2025 will be recognized as a reduction of the net pension liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension benefit as follows:

Years ending November 30:	
2026	\$ (530,177,318)
2027	58,654,601
2028	(49,902,051)
2029	(20,030,699)
	<u>\$ (541,455,467)</u>

**Payable to the pension plan:** At November 30, 2025, CCH reported a payable of \$58,924,192 for the outstanding amount of contributions payable to the A & B Plan and this is reported within current liabilities in the statement of net position.

**Actuarial assumptions:** The total pension liability in the December 31, 2024, actuarial valuation was determined using the entry age normal actuarial cost method and using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	3.00% to 5.00%
Investment rate of return	7.00%
Municipal bond rate	4.08%
Discount rate	7.00%

Mortality rates were based on an experience analysis of the County Employees' and Officers' Annuity and Benefit Fund (the Fund) over the period 2013 through 2016. The Pub-2010 amount weighted tables projected from 2010 using generational improvement with Scale MP-2021 was used.

The long-term expected rate of return on the Fund's investments was determined based on the results of an experience review performed by a consultant. The investment return assumption was based on the target asset allocation of the A & B Plan. In the experience review, best estimate ranges of expected future real rates of return were developed (net of pension plan investment expense and inflation) for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

**Cook County Health and Hospitals System of Illinois  
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**Notes to Financial Statements**

**Note 11. Pension Plan (Continued)**

Best estimates of arithmetic real rates of return (net of inflation) for each major asset class included in the Fund's target asset allocation are listed in the table below:

Investments	Target Allocation	Long-term Expected Real Rate of Return
Domestic equities	32.00%	5.40%
International equities	20.00%	5.50%
Broad fixed income	23.50%	2.55%
Short-duration fixed income	2.50%	1.80%
Private credit	2.00%	4.95%
Real estate funds	9.00%	4.30%
Private infrastructure	2.00%	4.50%
Private equity	5.00%	6.55%
Hedge funds	3.00%	3.55%
Short-term investments	1.00%	0.65%
Total investments	100.00%	

**Discount rate:** The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that County contributions will be made at rates required by the Illinois Pension Code (40 ILCS 5/9-169). Based on this assumption, the A & B Plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current plan members.

A municipal bond rate of 4.08% was used in the development of the blended discount rate. The 4.08% rate is based on the S&P Municipal Bond 20-Year High Grade Rate Index as of the measurement date (December 31, 2024). Based on the long-term rate of return of 7.00% and the municipal bond rate of 4.08%, the blended discount rate was 7.00%, which is the same the discount rate used in the prior valuation of 7.00%.

*Sensitivity of the net pension liability to changes in the discount rate:* The following presents the net pension liability of the County, calculated using the discount rate of 7.00%, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

Net Pension Liability		
1% Decrease	Current Discount Rate	1% Increase
\$ 3,019,672,172	\$ 2,184,997,255	\$ 1,489,776,809

**Cook County Health and Hospitals System of Illinois  
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**Note 12. Other Postemployment Benefits (OPEB)**

**Plan description:** The County Employees' and Officers' Annuity and Benefit Fund of Cook County (Plan) administer the Healthcare Premium Plan (HPP), a single employer defined benefit postemployment health care plan. HPP is administered pursuant to Chapter 40, Article 5/9 of the Illinois Compiled Statutes, which establishes the authority to provide an optional OPEB benefit to the Pension Board of Trustees. HPP provides a health care premium subsidy to annuitants who elect to participate in HPP. The Plan is included in the County's financial statements as a post-employment healthcare trust fund. Although the Plan is administered through a trust, the fiduciary net position of the Plan at the end of each year is zero and is administered on a "pay as you go" basis. The financial statements of the HPP are audited by an independent public accountant and are the subject of a separate report.

**Contributions and benefits provided:** The premium contribution requirements of Plan members and the County are established and may be amended by the Pension Board of Trustees. The funding source for employer contributions is derived from real estate taxes as authorized under Chapter 40, Article 5/9 of the Illinois Compiled Statutes for employer pension contributions, with no separate designated employer contribution for the Plan (OPEB), and the legislature retains authority to amend employer and active employee contributions to the County Employee's and Officers' Annuity and Benefit Fund of Cook County which administers the Plan. The employer contribution is based on projected "pay-as-you-go" financing requirements as determined by the Pension Board of Trustees. The Plan may pay all or any portion of the premium for health insurance on behalf of each annuitant who participates in any of the Plan's health care plans, subject to the determination of the Pension Board of Trustees. The employee and spouse annuitants pay 56% of the annual costs. There is no change from the prior actuarial valuation period. The remaining costs are funded by an allocation from the Plan.

The County maintains and funds HPP, which includes CCH employees. CCH's portion of the contributions to the A & B Plan is determined using an allocation based on the percentage of CCH's active employees to the total active employee headcount (County and CCH combined). Contributions to the A & B Plan made by the County on behalf of CCH were \$13,489,323 and are reported within deferred inflows on the statement of net position.

OPEB contributions payable by CCH to the A & B Plan totaled \$14,720,125 as of November 30, 2025, and is reported within current liabilities in the statement of net position.

**Total OPEB liability:** The County's total OPEB liability was measured as of December 31, 2024, and was determined by an actuarial valuation as of December 31, 2024. CCH's proportionate share of the County's total OPEB liability as of December 31, 2024, was \$471,673,703, or approximately 30.22% of the total OPEB liability (County and CCH combined). This percentage was determined based on the percentage of CCH's active employees to the total active employee headcount (County and CCH combined).

**Cook County Health and Hospitals System of Illinois  
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**Note 12. Other Postemployment Benefits (OPEB) (Continued)**

**OPEB expense and deferred outflows (inflows) of resources related to OPEB:** For the year ended November 30, 2025, CCH recognized total OPEB expense of \$7,806,820. At November 30, 2025, CCH reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net differences between expected and actual experience	\$ 2,348,220	\$ (76,141,293)
Changes of assumptions	43,602,729	(118,501,082)
Net differences between projected and actual earnings on pension plan investments	-	-
Changes in proportionate share of total OPEB liability	7,468,059	(10,596,799)
Contributions subsequent to measurement date	14,720,126	-
	<u>\$ 68,139,134</u>	<u>\$ (205,239,174)</u>

Contributions subsequent to the measurement date of \$14,720,125 for 2025 will be recognized as a reduction of the total OPEB liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years ending November 30:	
2026	\$ (35,498,666)
2027	(48,173,602)
2028	(34,120,546)
2029	(15,530,238)
2030	(13,211,094)
Thereafter	(5,286,020)
	<u>\$ (151,820,166)</u>

**Actuarial assumptions:** The total OPEB liability in the December 31, 2024, actuarial valuation was determined using the Entry Age Normal actuarial cost method and using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	3.00% to 5.00%
Health care cost trend rates	7.00%, in the first year, decreasing by 0.25% per year until an ultimate rate of 4.50% is reached for pre-Medicare
	5.75%, in the first year, decreasing by 0.125% per year until an ultimate rate of 4.50% is reached for post-Medicare
Municipal bond rate (discount rate)	4.08%

Mortality rates were based on an experience analysis of the County Employees Annuity and Benefit Fund over the period of 2017 through 2016. The Pub-2010 amount weighted tables projected from 2010 using generational improvement with Scale MP-2021 was used.

**Cook County Health and Hospitals System of Illinois  
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**Note 12. Other Postemployment Benefits (OPEB) (Continued)**

**Changes in actuarial assumptions since the previous actuarial valuation (AV):** The actuarial assumption for inflation, salary increases, and the investment rate of return remained the same. The municipal rate decreased from the previous rate of 3.26%.

**Discount rate:** The discount rate used to measure the total OPEB liability was 4.08%. Because the Plan is “pay as you go”, a municipal bond rate of 4.08% was used in the development of the discount rate. The 4.08% rate is based on the S&P Municipal Bond 20-Year High Grade Rate Index as of the measurement date (December 31, 2024). The discount rate used 4.08%, is a 0.81% increase from the discount rate used in the prior valuation of 3.26%.

**Sensitivity of the total OPEB liability to changes in the discount rate.** The following presents the total OPEB liability of CCH, calculated using the discount rate of 4.08%, as well as what CCH's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.08%) or 1-percentage-point higher (5.08%) than the current rate:

Total OPEB Liability		
1% Decrease	Current Discount Rate	1% Increase
\$ 545,149,102	\$ 471,673,703	\$ 411,988,048

**Sensitivity of the total OPEB liability to changes in the health care cost trend rate.** The following presents the total OPEB liability of CCH, calculated using the health care cost trend rate, as well as what CCH's total OPEB liability would be if it were calculated using a health care cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

Total OPEB Liability		
1% Decrease	Current Discount Rate	1% Increase
\$ 405,343,665	\$ 471,673,703	\$ 555,916,992

Additional information on the pension and OPEB Plans can be found in the County's Annual Comprehensive Financial Report (ACFR). Additional information about the pension plan's fiduciary net position is available in the separately issued A & B Plan financial report.

To obtain a copy of the County's ACFR, write:  
Controller, Cook County  
118 North Clark Street  
Chicago, Illinois 60602

To obtain a copy of the HPP's financial statements, write:  
Executive Director  
Office of the Cook County and Forest Preserve District Employees' and  
Officers' Annuity and Benefit Funds  
70 West Madison Street, Suite 1925  
Chicago, Illinois 60602

**Cook County Health and Hospitals System of Illinois  
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**Notes to Financial Statements**

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**Note 13. Insurance**

The County self-insures many risks, including medical malpractice, workers' compensation, general automobile, employee health claims and other liabilities. The County purchases excess liability coverage for medical malpractice and other claims that exceed the County's self-insured retentions. The current medical malpractice policy is on a claims-made basis and provides up to \$80 million of limits above the County's self-insured retention of \$35 million per claim. The County is a defendant in lawsuits alleging work-related injuries, malpractice, and other claims in which it is involved. Cases related to these areas are in various stages in the legal process. Additional information on the County's self-insurance claims, including those pertaining to CCH are available in the County's ACFR.

The County engages an independent actuary to provide an actuarial estimate of its liabilities for self-insured expenses. CCH's portion of the self-insurance liability included in the County's financial statements was \$197,221,937 at November 30, 2025. The liability recorded reflects a 3.49% discount factor. Beginning in fiscal year 2009, the County began to allocate a portion of self-insurance costs to other County funds; CCH has recorded a decrease of insurance expense of \$7,950,385 related to this allocation during the year ended November 30, 2025.

The County funds its self-insurance liabilities, including those of CCH, on a current basis and has the authority to finance such liabilities through the levy of property taxes. While it is difficult to estimate the timing or amount of expenditures, management of the County believes that the self-insurance liabilities recorded are adequate to provide for potential losses resulting from medical malpractice, workers' compensation, and general liability claims, including incurred but not reported claims. The self-insurance liabilities recorded are based on facts known at the current time and an estimate for claims incurred but not reported; however, the discovery of additional information concerning specific cases could affect estimated costs in the future. Settled claims have not exceeded the County's insurance coverage in any of the past three years for the policies noted above.

Changes in self-insurance claims payable were as follows for the year ended November 30, 2025:

Balance, December 1, 2024	Additions	Reductions	Balance, November 30, 2025	Amount Due Within One Year
\$ 205,172,323	\$ 39,296,243	\$ (47,246,629)	\$ 197,221,937	\$ 21,279,003

Balance, December 1, 2023	Additions	Reductions	Balance, November 30, 2024	Amount Due Within One Year
\$ 179,805,088	\$ 91,370,647	\$ (66,003,412)	\$ 205,172,323	\$ 23,386,082

**Note 14. General Obligation Bonds Issued by Cook County**

Approximately \$629,379,000 of the County's net outstanding debt as of November 30, 2025, pertains to CCH capital projects. These outstanding bonds are expected to be paid by the County and, therefore, are not reflected in the financial statements of CCH.

**Cook County Health and Hospitals System of Illinois  
d/b/a Cook County Health**

**Notes to Financial Statements**

**Note 15. Leases and SBITAs**

**Lessee arrangements:** CCH leases office space, equipment and other assets with remaining lease terms ranging from less than one year to ten years from external parties. The renewal and termination options are not included in the lease term unless they are reasonably certain of exercise. There are no variable or other payments not included in the measurement of the lease liability. As of November 30, 2025, the scheduled fiscal year maturities of lease liabilities and related interest expense are as follows:

Year	Principal	Interest
2026	\$ 15,903,191	\$ 1,484,456
2027	9,796,821	896,113
2028	7,598,201	538,698
2029	5,289,284	284,507
2030	1,697,412	162,095
2031-2035	3,744,576	214,395
	<u>\$ 44,029,485</u>	<u>\$ 3,580,264</u>

The County leases the former Cook County Hospital building at 1835 W. Harrison Street to an external party. CCH is a lessee for office space from the counterparty to the lease at 1835 W. Harrison Street, for a term of 10 years. CCH reports a lease liability and right-of-use asset for this lease. As of November 30, 2025, the balances of the lease liability and right-of-use assets are \$7,370,539 and \$6,480,925, respectively. This lease qualifies as a lease-leaseback under GASB Statement No. 87. The County reports a lease receivable, and deferred inflow of resources pertaining to the 1835 W. Harrison Street lease, net of the CCH lease liability and right-of-use asset.

**Lessor arrangements:** CCH leases a building to external parties. This agreement has a term of 30 years. CCH records a lease receivable and deferred inflows of resources based on the present value of expected receipts over the term of the lease. During the fiscal year ended November 30, 2025, CCH recognized revenues related to this lease agreement totaling \$2,300,933, including interest and other related revenues. Lease receivables and deferred inflows of resources at year-end are \$25,644,801 and \$21,801,339, respectively.

**Subscription-Based Information Technology Arrangements:** CCH has also entered into long-term subscription-based information technology arrangements with various vendors that allow CCH with the right-of-use to the underlying assets. The SBITAs expire at various dates through 2031.

As of November 30, 2025, the scheduled fiscal year maturities of SBITA liabilities and related interest expense are as follows:

Year	Principal	Interest
2026	\$ 26,095,155	\$ 2,128,203
2027	23,774,060	1,363,428
2028	19,063,705	702,766
2029	11,074,738	257,963
2030	3,750,338	29,525
2031	14,905	95
	<u>\$ 83,772,901</u>	<u>\$ 4,481,980</u>

For the year ended November 30, 2025, there were no impairment losses on the lease or SBITA assets.

**Cook County Health and Hospitals System of Illinois  
d/b/a Cook County Health**

**Notes to Financial Statements**

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**Note 16. Commitments and Contingencies**

**Asset use and disposal:** During 1990, the County purchased property known as the PH facility from the U.S. Department of Housing and Urban Development for \$1. The purchase agreement restricts the use of the property to a general public hospital or other public health care facility for a period of 50 years, or the remaining useful life of the property. Additional restrictions exist related to the distribution of proceeds from any sale of the property.

**Third-party administrator (TPA) contract:** CCH executed a contract on January 1, 2023, with Evolent, to provide third-party administrative services, managed care and clinical services for CountyCare. This contract is for 36 months with options for renewals. The administrative portion of the contract is \$195,540,840, over the 36-month period. This contract was extended through December 31, 2026, and the administrative portion for the additional year is \$101,780,003. During the year ended November 30, 2025, CCH incurred \$95,774,993 of expenses associated with the TPA services and are recorded in professional services within the statement of revenues, expenses and change in net position. During the year ended November 30, 2025, there were no additional CCH Board approved claims payments to Evolent to be paid to providers over the 36-month period. CCH has also contracted with additional benefit managers to process claims, including CVS/Caremark for pharmacy claims, Avesis for dental and vision claims, and First Transit for transportation claims.

**Health care regulation:** The health care industry is subject to numerous laws and regulations of federal, state, and local governments. Governmental activity has continued with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by health care providers. Violations of these laws and regulations create a possibility of significant repayments for patient services previously billed. Compliance with such laws and regulations can be subject to future government review and interpretation, as well as regulatory actions unknown or unasserted at this time.

Congress passed the Medicare Modernization Act in 2003, which among other things established a three-year demonstration of the Medicare Recovery Audit Contractor (RAC) program. The program, which uses RACs to search for potentially improper Medicare payments that may have been made to health care providers, identified and corrected a significant number of improper overpayments to providers. In 2006, Congress passed the Tax Relief and Health Care Act of 2006 which authorized the expansion of the RAC program to all 50 states by 2010. CMS implemented the RAC program in Illinois in 2010. CCH deducts from revenue amounts that are assessed under the RAC audits when sufficient information is available to make a reasonable estimate of amounts due.

In July 2025, the One Big Beautiful Bill Act (the OBBBA) was enacted into law. Certain provisions of the legislation are expected to impact the healthcare industry. Specifically, the OBBBA includes Medicaid eligibility-related provisions, such as the implementation of beneficiary work requirements in certain circumstances and a reduction in the eligibility redetermination cycle from twelve months to six months, which may affect enrollment levels, administrative processes, and reimbursement dynamics. Many of these provisions are not expected to become effective until 2026 and beyond and are subject to regulatory guidance. Management is continuing to evaluate the impact of the OBBBA on the Company's financial position, results of operations, and cash flows, and no adjustments have been made to the accompanying financial statements as of the date of issuance.

**Cook County Health and Hospitals System of Illinois  
d/b/a Cook County Health**

**Notes to Financial Statements**

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**Note 16. Commitments and Contingencies (Continued)**

As a health care system, CCH evaluates executive orders through the lens of financial reporting and compliance, in accordance with GAAS. CCH's assessment focused on alignment with healthcare regulations, and its financial implications, including changes to reimbursement models, operational costs, and potential contingent liabilities. CCH also reviewed the impact on internal controls and disclosure requirements to ensure CCH's financial statements remained accurate, transparent, and compliant with applicable laws and reporting frameworks.

Due to the information technology systems used by CCH and/or CCH's third-party vendors, CCH may often be the target of cyber-attacks and other security threats which could cause significant disruption in CCH's business. Programs are in place which are intended to detect, contain and respond to data security incidents and provide employee awareness training regarding phishing, malware, and other cyber risks to protect against cyber risks and security breaches. However, because the techniques used to obtain unauthorized access, disable, or degrade service, or sabotage systems change frequently and are increasing in sophistication, CCH may be unable to anticipate these techniques, detect breaches or implement adequate preventive measures and may be subject to breaches of CCH's information technology systems or business interruption.

Management believes that CCH is complying, in all material respects, with applicable government laws and regulations. While no regulatory inquiries have been made that are expected to have a material effect on the financial statements, compliance with such laws and regulations can be subject to future government review and interpretation, as well as regulatory actions unknown or unasserted at this time.

**Note 17. CountyCare**

As described in Note 2, in October 2012 the federal government approved CCH's Medicaid Expansion Program (CountyCare) by creating the CMS waiver under Section 1115 of the Social Security Act (1115 Waiver) for Cook County. CountyCare began as an Illinois Medicaid demonstration project that ran through June 30, 2014, at which time CountyCare members were transitioned into an MCCN. Before the 1115 Waiver, most of the CountyCare members were already patients being treated by CCH without compensation.

Under the 1115 Waiver, CCH received Per Member Per Month (PMPM) revenue for CountyCare members of \$629, but subject to the FMAP, which CCH funded through the Interagency Transfer Agreement. As a result, through December 31, 2013, CCH retained only \$314.50 PMPM. Effective January 1, 2014, the PMPM increased to \$632, with no FMAP requirement. Currently PMPM varies by membership type.

At November 30, 2025, estimated amounts due from the State of Illinois relating to the CountyCare program totaled \$166,490,176 which is reported in due from State of Illinois in the statement of net position.

**Cook County Health and Hospitals System of Illinois  
d/b/a Cook County Health**

**Notes to Financial Statements**

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**Note 17. CountyCare (Continued)**

As of November 30, 2025, total receivables for Health Plan Services was \$166,490,176, in comparison to total payables of \$957,022,086, consisting of \$95,215,150 of accounts payable and \$861,806,936 of claims payable. The net difference between the total receivable and payable amounts for Health Plan Services is \$(790,531,910). All medical claims for payment of CountyCare are handled by Evolent, a third-party administrator (TPA) under contract, whether the claims are generated by CCH facilities (domestic claims) or the network of outside providers (foreign claims). Total estimated foreign claims expense for the year ended November 30, 2025, was approximately \$3,505,414,000. Throughout the course of the year CCH records intra-entity transactions between internal reporting units such as JSH and CountyCare. These intra-entity transactions are eliminated upon consolidation for financial statement reporting purposes. One of the most significant intra-entity transactions relates to services provided by CCH facilities and providers, such as JSH, to CountyCare members.

Under the agreement with the current TPA, CountyCare maintains on deposit with the TPA \$16,750,000 at November 30, 2025, which the TPA draws from to pay claims and subsequently invoices CountyCare to replenish the deposit amount. This amount is included in refundable deposits in the statement of net position. As of November 30, 2025, the balance of the deposit held by the TPA was \$9,536,891. The remaining amount of \$7,213,109, which represents amounts invoiced to CountyCare by the TPA that have yet to be paid by CountyCare to replenish the \$16,750,000 deposit, is included in claims payable.

**Note 18. Directed Payments**

In 2014, the CCH Board entered into an agreement with the State of Illinois to receive payments from other Medicaid MCOs to continue to make services available at PH. Originally funded as a hospital access payment, starting January 1, 2020, these payments ended and were replaced by directed payments from the State, passed through Medicaid MCOs to CCH. As of November 30, 2025, approximately \$19,266,000 of these payments were recorded as receivable in the statement of net position.

**Note 19. Novel Coronavirus Disease 2019 (COVID-19) Pandemic and Relief Funding**

In early 2020, the World Health Organization declared COVID-19 a global health emergency and later a pandemic. The virus disrupted economies and the healthcare system worldwide. In response, Congress passed the CARES Act in March 2020, which provided emergency funding to support healthcare providers, including for COVID-related expenses and lost revenues.

CCH received \$154.9 million in Provider Relief Fund program distributions during fiscal years 2020 to 2022, which it recorded as revenue. As a condition to receiving distributions, CCH agreed to certain terms and conditions, including, among other things, that the funds were used for lost revenues and COVID-19 related costs. During the year ended November 30, 2024, Health Resources and Services Administration (HRSA) audited whether CCH qualified and met the conditions necessary to receive the funds. As a result of the audit, HRSA required corrective action plans associated with the audit findings. CCH has submitted corrective action plans and to date there has been no further recommended action. No repayment has been requested or accrued as of November 30, 2025.

In May 2023, the World Health Organization declared the end of COVID-19 as a public health emergency.

**Note 20. Subsequent Events**

Management has evaluated subsequent events and transactions through May 29, 2026, the date that these financial statements were issued.

**Required Supplementary Information (Unaudited)**

**Cook County Health and Hospitals System of Illinois  
d/b/a Cook County Health**

**Schedule of CCH's Proportionate Share of the Total OPEB Liability (Unaudited)  
Last 7 Fiscal Years\***

	2025	2024	2023	2022	2021	2020	2019	2018
CCH's proportion of the total OPEB liability	30.22%	29.99%	29.67%	30.37%	30.81%	30.85%	30.31%	29.87%
CCH's proportionate share of the total OPEB liability	\$ 471,673,703	\$ 539,864,817	\$ 492,938,008	\$ 600,652,897	\$ 648,562,158	\$ 586,408,209	\$ 465,027,779	\$ 641,761,676
Covered employee payroll	\$ 788,724,053	\$ 728,560,859	\$ 672,493,912	\$ 604,278,666	\$ 611,204,055	\$ 634,393,176	\$ 622,304,729	\$ 608,401,290
CCH's proportionate share of the total OPEB liability as a percentage of covered employee payroll	59.80%	74.10%	73.30%	99.40%	106.11%	92.44%	74.73%	105.48%
Plan fiduciary net position as a percentage of total OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Notes to Schedule:

*Changes of Benefits*

*Subsidy percentages for members health benefits for FY2025 remained the same as FY2024*

*Choice plan:*

*Annuitants without Medicare remained unchanged at 44%, Annuitants with Medicare remained unchanged at 44%*

*Survivors without Medicare remained unchanged at 44%, Annuitants with Medicare remained unchanged at 44%*

*Choice Plus Plan:*

*Annuitants without Medicare remained unchanged at 44%, Annuitants with Medicare remained unchanged at 44%*

*Survivors without Medicare remained unchanged at 44%, Annuitants with Medicare remained unchanged at 44%*

*Changes of Assumptions:*

*The discount rate used changed from 3.26% in FY2024 to 4.08% in FY2025.*

*The Mortality tables used in FY2025 Pub-2010 General Amount Weighted Median Tables, same as in FY2024.*

*All mortality rates are projected from FY2010 using the generational mortality improvement scale MP-2021, same as FY2024.*

*The percentage of those retirees who elect spouse coverage remained at 35%.*

*The percentage of vested terminated participants who elect medical coverage upon retirement remained at 35%.*

*The age at which vested terminated employees retire and elect medical coverage remained at age 61.*

*The per capita plan costs were updated to reflect the most recent year of claims experience and working premium rates were updated for FY2025.*

*Future retirees are assumed to elect among the plan choices in the same proportion as employees who retired during the last year. This election percentage was updated to reflect current retiree experience.*

*The estimate of the High-Cost Plan Excise Tax was updated based on the FY2025 working premium rates.*

*Projected salary increases in FY2025 remained the same as FY2024; 3.00% - 5.00% based on service.*

*Healthcare cost trend rates remained the same for post-Medicare and Pre-Medicare: post-Medicare rates are 5.750% in the first year, decreasing by .125% per year until an ultimate rate of 4.500% is reached.*

*pre-Medicare rates are 7.000% in the first year, decreasing by 0.250% per year until an ultimate rate of 4.5000% is reached.*

*The inflation rate in FY2025 remained the same as FY2024; 2.50%.*

\*CCH implemented the provisions of GASB 75 in FY2015. CCH has presented as many years as is available.

**Cook County Health and Hospitals System of Illinois  
d/b/a Cook County Health**

**Schedule of CCH's Proportionate Share of the Net Pension Liability (Unaudited)  
Last 10 Fiscal Years\***

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
CCH's proportion of the net pension liability	33.64%	32.31%	32.63%	33.94%	34.14%	34.54%	34.30%	31.66%	31.89%	31.74%
CCH's proportionate share of the net pension liability	\$ 2,184,997,255	\$ 2,149,561,310	\$ 4,186,806,540	\$ 3,678,475,975	\$ 5,115,923,100	\$ 4,691,490,430	\$ 4,068,385,992	\$ 3,967,522,298	\$ 4,504,508,046	\$ 4,862,886,038
CCH's covered payroll	\$ 609,425,790	\$ 538,413,517	\$ 502,193,610	\$ 507,405,104	\$ 518,923,100	\$ 524,868,518	\$ 527,303,523	\$ 488,548,533	\$ 504,124,427	\$ 498,907,277
CCH's proportionate share of the net pension liability as a percentage of its covered payroll	358.53%	399.24%	833.70%	724.96%	985.87%	893.84%	771.55%	812.10%	893.53%	974.71%
Plan fiduciary net position as a percentage of total pension liabil	33.64%	32.31%	32.63%	56.86%	45.77%	45.83%	45.40%	45.37%	41.32%	36.07%

Notes to Schedule:

*Changes of Benefits - None noted in 2025 versus 2024.*

*Changes of Assumptions:*

*The discount rate in 2025 is 7.00%, same as in 2024.*

*The Mortality tables Pub-2010 General Amount Weighted Median in FY2024 are the same used in FY2024.*

*Mortality projections projected from 2010 using generational improvement with Scale MP-2021, same as in 2024.*

*The investment rate of return is 7.00%, same as FY2025.*

*Projected salary increases are the 3.00%-5.00% based on age and is unchanged from FY2024.*

*Inflation rate is 2.50% in FY2025 same as FY2024.*

**Cook County Health and Hospitals System of Illinois  
d/b/a Cook County Health**

**Schedule of County Contributions (Unaudited)  
Last Ten Fiscal Years  
(Information for all County Employees)**

<b>Fiscal Year Ended November 30:</b>	<b>Actuarially Determined Contributions</b>	<b>Actual Contributions in Relation to the Actuarially Determined Contributions</b>	<b>Contribution Excess (Deficiency)</b>	<b>Covered Payroll</b>	<b>Actual Contributions as a Percentage of Covered Payroll</b>
2025	\$ 248,041,668	\$ 437,425,110	\$ 189,383,442	\$ 1,902,712,139	23%
2024	227,949,369	373,063,992	145,114,623	1,814,905,527	21%
2023	209,891,699	478,033,434	268,141,735	1,663,883,751	29%
2022	205,387,185	542,763,191	337,376,006	1,540,200,348	35%
2021	206,603,114	542,241,001	335,637,887	1,499,659,294	36%
2020	207,649,768	517,642,734	309,992,966	1,533,667,987	34%
2019	206,605,123	550,537,470	343,932,347	1,529,357,936	36%
2018	214,607,612	554,777,690	340,170,078	1,567,480,401	35%
2017	212,069,887	550,940,648	338,870,761	1,580,251,254	35%
2016	199,160,990	456,438,498	257,277,508	1,572,417,298	29%

Separate information for CCH is not available.

The statutory contribution is designed to fund both the pension and OPEB benefits. The actual contributions reflected in the table above represent both required and supplemental voluntary contributions.

**Report on Internal Control Over Financial Reporting and on Compliance  
and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance With *Government Auditing Standards***

**Independent Auditor's Report**

Board of Directors  
Cook County Health and Hospitals System of Illinois  
d/b/a Cook County Health

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of Cook County Health and Hospitals System of Illinois d/b/a Cook County Health (CCH), an enterprise fund of Cook County, Illinois (the County), as of and for the year ended November 30, 2025, and the related notes to the financial statements, which collectively comprise the CCH's basic financial statements, and have issued our report thereon dated May 28, 2026.

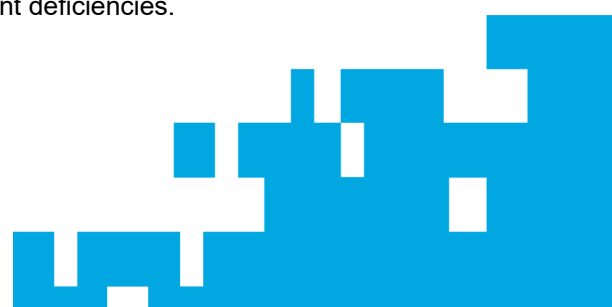
**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered CCH's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of CCH's internal control. Accordingly, we do not express an opinion on the effectiveness of CCH's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying *schedule of findings and responses*, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying *schedule of findings and responses* as items 2025-001 and 2025-002 to be material weaknesses.

*A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying *schedule of findings and responses* as items 2025-003, 2025-004, and 2025-005 to be significant deficiencies.



**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether CCH's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**CCH's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on CCH's response to the findings identified in our audit and described in the accompanying *schedule of findings and responses*. CCH's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

**Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*RSM US LLP*

Cleveland, Ohio  
May 29, 2026

**Cook County Health and Hospitals System of Illinois  
d/b/a Cook County Health**

**Schedule of Findings and Responses**

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**Finding 2025-001: Lease Disclosures (Material Weakness)**

**Criteria:** Generally accepted accounting principles require that lease disclosures accurately present lease activity, including additions, reductions, expirations, and disposals, in accordance with the applicable financial reporting framework. Disclosures should clearly distinguish between leases that expire through the passage of time and those that are disposed of or transferred as the result of modifications, terminations, or other transactions. Effective internal control also requires review procedures to ensure the accuracy and completeness of financial statement disclosures.

**Condition:** During our audit of the lease disclosures, we identified that the entity understated disposals and transfers of operating lease right-of-use assets and related lease liabilities associated with leases that had expired. Specifically, leases that reached the end of their contractual term were incorrectly excluded from the disclosure of disposals and transfers.

As a result of this error, the disclosures related to operating lease activity reflected an understatement of disposals and transfers totaling approximately \$27.8 million for operating lease right-of-use assets and the related lease liabilities.

**Cause:** The error resulted from a lack of sufficient review and reconciliation procedures associated with information in the lease software, Lease Query.

**Effect or potential effect:** As a result of this condition, the lease disclosures included in the financial statements were not presented in accordance with generally accepted accounting principles. Specifically, disposals and transfers of operating lease right-of-use assets and related liabilities were understated by approximately \$27.8 million.

**Recommendation:** We recommend that management enhance its review and reconciliation procedures associated with lease activity.

**View of responsible officials:** CCH management will continue to refine its procedures to ensure an adequate review of account balances and related disclosures.

**Cook County Health and Hospitals System of Illinois  
d/b/a Cook County Health**

**Schedule of Findings and Responses**

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**Finding 2025-002: Inadequate Controls over Enterprise Resource Planning System (Material Weakness)**

**Criteria:** The *Security and Privacy Controls for Information Systems and Organizations* (Special Publication 800-53, Fifth Revision) published by the National Institute of Standards and Technology, Separation of Duties section requires organizations to identify duties requiring separation and to define system access authorizations to prevent a single individual from performing incompatible functions.

The *Security and Privacy Controls for Information Systems and Organizations* (Special Publication 800-53, Fifth Revision) published by the National Institute of Standards and Technology, Account Management section requires organizations to review user accounts at a defined frequency and to promptly modify or remove accounts when access is no longer authorized. Failure to do so increases the risk of unauthorized access.

The *Security and Privacy Controls for Information Systems and Organizations* (Special Publication 800-53, Fifth Revision) published by the National Institute of Standards and Technology, Continuous Monitoring section requires organizations to assess and continuously monitor the effectiveness of controls implemented by external service providers. This includes reviewing independent assurance reports (e.g., SOC reports) to evaluate vendor control design and operating effectiveness.

**Condition:** During the audit, RSM identified that Cook County Illinois (Cook County) did not have adequate control over their enterprise resource planning (ERP) system. Cook County maintains the ERP System for the benefit of CCH.

During our testing of controls over the ERP system, we identified the following:

- Two users had the ability to both develop changes in the development environment and promote those changes directly to the production environment, resulting in a lack of segregation of duties as the County did not have controls in place to review the changes pushed to production to ensure they were proper.
- The County did not perform a periodic user access review during the year under audit to validate the appropriateness of user access to the ERP system.
- The County did not formally document the review of the ERP System and Organization Controls (SOC) report during the report period from December 1, 2024, through November 30, 2025. Specifically, management has not identified the controls in place to meet the Complimentary User Entity controls (CUECs) identified within the SOC report were not in place during the year under audit.

**Cause:** Cook County management indicated the errors were due to design of the ERP environment.

**Effect or potential effect:** Failure to perform appropriate control activities may result in increased risk, including:

- Failure to revoke access to both the development and production environments results in a segregation of duties concern, as individuals may have the ability to develop, test, and migrate changes without independent review or approval. This increases the risk that change management controls may be bypassed, potentially resulting in unauthorized, untested, or unapproved changes being implemented in the production environment, which could lead to system errors or service disruptions.
- Failure to perform timely user access reviews and to promptly remove or modify access as authorized may result in inappropriate or unauthorized logical access to systems, applications, and data. This increases the risk of unauthorized data modification, destruction, or disclosure.

**Cook County Health and Hospitals System of Illinois  
d/b/a Cook County Health**

**Schedule of Findings and Responses**

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**Finding 2025-002: Inadequate Controls over Enterprise Resource Planning System (Material Weakness) (Continued)**

- The lack of a formal review of the ERP system SOC report indicates that user-related risks were not adequately assessed during the reporting period. As a result, management may not be aware of control deficiencies at the service provider or CUECs, increasing the risk that issues impacting financial reporting go undetected.

**Recommendation:** We recommend the County implement monitoring controls to ensure that changes made to the production environment are reviewed for appropriateness. We also recommend the County perform annual user access reviews and review the ERP SOC report to ensure CUECs are in place and operating effectively.

**View of responsible officials:** The Bureau of Technology (BOT) would like to note that RSM has audited the County's financial statements for more than nine (9) years, and this specific condition has not previously been identified. With respect to management of the County's ERP system, BOT has aligned its practices with the National Institute of Standards and Technology (NIST) cybersecurity framework for many years. The Oracle E-Business Suite (EBS) environment contains appropriate controls, and BOT adheres to its established internal policies and procedures.

During Fiscal Year 2024, the ERP team proactively partnered with the Information Security Office (ISO) and Deloitte & Touche LLP to conduct a risk assessment leveraging the NIST framework. No comparable condition was identified during that assessment, as the EBS environment was determined to be compliant with applicable NIST standards. BOT provided the EBS Risk Assessment to RSM as supporting documentation demonstrating adherence to NIST-aligned control practices in the management of the ERP system.

The two users referenced in this condition are Oracle Database Administrators (DBAs). Due to the nature of their responsibilities, DBAs maintain administrative access to both non-production and production environments, and the number of personnel assigned DBA privileges is intentionally limited. A core function of the DBA role is to support the migration and implementation of approved changes following testing in lower environments. Developers do not have the ability to execute changes in the production environment. DBAs are authorized to implement production changes only after approval through the established Change Advisory Board (CAB) process.

RSM's position on this condition is not supported by NIST. The Cook County Information Security Framework is structured in direct alignment with the National Institute of Standards and Technology (NIST) Special Publication 800-53r5, which outlines Security and Privacy Controls for Information Systems and Organizations. The Cook County Policy and Implementation Guidance for Access Control (AC) delegates the responsibility for separation of duties to the system owner. Notably, neither the NIST Special Publication nor Cook County's own Policy and Guidance for Access Control (AC) mandate separation of duties between DBA privileges in production versus development environments.

The NIST Special Publication referenced does not provide explicit examples or requirements regarding separation of duties between development and production environments in the AC-5 SEPARATION OF DUTIES control language or its accompanying discussion section. Instead, the publication's example addresses separation of duties by "ensuring that security personnel who administer access control functions do not also administer audit functions."

**Cook County Health and Hospitals System of Illinois  
d/b/a Cook County Health**

**Schedule of Findings and Responses**

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**Finding 2025-002: Inadequate Controls over Enterprise Resource Planning System (Material Weakness) (continued)**

The ERP team completed the user access review in December 2025, which was within the calendar year but not the fiscal year in question. Going forward, the ERP team will ensure that all future user access reviews are completed within the applicable fiscal year under audit.

BOT senior management completed the SOC review during Fiscal Year 2025; however, going forward, supporting documentation will be maintained and provided as evidence that the review was performed.

Auditor Response

We believe the criteria outlined in NIST require organizations to identify duties requiring separation and to define system access authorizations to prevent a single individual from performing incompatible functions. We believe that access to both develop and promote changes to production, without associated monitoring control in place, are incompatible duties that allow a single user to bypass change management controls. In addition, NIST 800-53 CM-3 (f) states that there should be a control in place to monitor and review activities associated with configuration-controlled changes. We believe that no such control is in place, which creates a risk that could have a material effect on the financial statements.

**Finding 2025-003: Accounts Payable Cutoff (Significant Deficiency)**

**Criteria:** Generally accepted accounting principles require liabilities and related expenses to be recorded in the accounting period in which the obligation is incurred. Additionally, effective internal control over financial reporting requires procedures designed to ensure that all liabilities existing at the balance sheet date are identified, evaluated, and recorded in the appropriate period.

**Condition:** During our audit procedures over accounts payable and related expense cutoff, we identified that CCH did not consistently record liabilities for goods and services received prior to year-end in the appropriate accounting period. As a result, accounts payable and related expenses were understated as of year-end.

Based on the testing performed, the identified errors resulted in a factual misstatement of approximately \$1.5 million, and the projection of errors to the population resulted in an additional projected misstatement of approximately \$10.2 million, for a total estimated misstatement of approximately \$11.7 million.

**Cause:** CCH's year-end close process did not include sufficient procedures to identify and accrue all unpaid obligations related to goods and services received prior to fiscal year-end.

**Effect or potential effect:** As a result of the inadequate cutoff procedures, accounts payable and related expenses were understated at year-end, resulting in a factual and projected misstatement totaling approximately \$11.7 million.

**Recommendation:** We recommend that management enhances its year-end cutoff procedures to ensure that all liabilities for goods and services received prior to year-end are identified and recorded in the correct accounting period. This should include timely communication with departments, review of receiving reports and subsequent disbursements, and documented supervisory review of the accrual process.

**Views of responsible officials:** CCH management will continue to refine its accounts payable cutoff procedures to ensure that all liabilities for goods and services are properly identified and recorded in the correct accounting period.

**Cook County Health and Hospitals System of Illinois  
d/b/a Cook County Health**

**Schedule of Findings and Responses**

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**Finding 2025-004: Misstatement of Directed Payments Program (DPP) (Significant Deficiency)**

**Criteria:** Accounting principles generally accepted in the United States of America require that accounts receivable be recorded at amounts that are realizable and supported by sufficient, appropriate evidence. Estimates must be based on reliable underlying data and supportable assumptions at the reporting date. Financial reporting processes should include controls to ensure timely billing and accurate estimation of receivable balances.

**Condition:** During the audit, it was identified that the DPP receivable at December 31, 2024, was overstated by approximately \$12.2 million.

**Cause:** The misstatement resulted from billing backlog, which prevented management from having complete and accurate data to support a refined estimate of the DPP receivable.

**Effect or potential effect:** As a result, the DPP receivable balance was misstated due to reliance on incomplete information. Additionally, the related revenue for the year ended November 30, 2025, was understated.

**Context:** At year-end, a backlog in billing limited the availability of current and supportable data necessary to develop a precise estimate of the receivable resulting in an overstatement of approximately \$12.2 million.

**Recommendation:** We recommend that management revisit existing policies and procedures associated with receivable estimation.

**Views of responsible officials:** CCH management will continue to refine its procedures to ensure an adequate review of estimated receivables.

**Cook County Health and Hospitals System of Illinois  
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**Schedule of Findings and Responses**

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**Finding 2025-005: Credits in Accounts Payable Misclassification (Significant Deficiency)**

**Criteria:** U.S. GAAP require that liabilities be recorded and presented in accordance with their underlying nature and appropriate financial reporting guidance. Financial reporting processes should include controls to ensure proper classification of transactions, including the distinction between patient-related revenue adjustments (e.g., contractual allowances and implicit price concessions) and liabilities.

**Condition:** During our audit procedures, we identified that credit balances associated with patient accounts were inappropriately classified within accounts payable. This resulted in an overstatement of accounts payable of approximately \$19.2 million, which should have been recorded as an increase to patient allowances.

**Cause:** The misclassification resulted from inadequate controls over the review and classification of patient account credit balances, including insufficient review procedures to distinguish between true liabilities and revenue-related adjustments.

**Effect or potential effect:** As a result, accounts payable was overstated by approximately \$19.2 million and patient receivables were overstated in the same amount.

**Recommendation:** We recommend that management enhance policies and procedures to clearly define the accounting treatment of patient credit balances, distinguishing between liabilities and patient allowances and implement a formal review control over period-end classifications, including reconciliation and analysis of credit balances.

**Views of responsible officials:** CCH management will continue to refine its procedures to ensure adequate review and classification of patient credit balances.