



COOK COUNTY
BUREAU OF
FINANCE

QUARTERLY UPDATE OF THE LONG-TERM REVENUE FORECAST

**Statutory Report to the Cook County
Cook County Board of Commissioners**

June 25, 2025



The following report provides an update of the long-term financial plan as of June 25, 2025 in accordance with Section 2-78 of the Cook County Code, which states:

- b) The purpose of the Independent Revenue Forecasting Commission (IRFC) will be to review and analyze an annual five-year revenue forecast (the “forecast”) for the County as developed and prepared by the Chief Financial Officer (the “CFO”). Updates pertaining to the forecast will be provided to the IRFC, the Board and posted on the IRFC website on a quarterly basis by the CFO. The forecast will include, but not be limited to, analysis of the following County revenue streams: Sales and Use taxes, Property Taxes, Cigarette Taxes, Fuel Taxes, and other sources of County revenue.

This report includes a note on the 2026 preliminary forecast, a summary of the variance analysis comparing the two forecasts, and provides an explanation for the significant variances, along with additional supporting detail outlining progress made on the County’s sales tax projections and a summary of the impact of the revenue projections on our long-term expense projections for both the General and Health Funds. The report concludes with FY2025 project plans and an update on recent regional economic activity.

FY2026 preliminary forecast

On June 18, 2025, Cook County unveiled its preliminary budget forecast for FY2026.¹ The preliminary forecast report presents a mid-year projection of year-end revenues and expenses for FY2025 and an initial forecast for FY2026 revenues for the General Fund and Health Enterprise Fund, the County’s two major operating funds. The report can be viewed on the county’s website.²

FY2025 General Fund year end projection

Cook County’s General Fund is projected to end FY2025 \$145.1 million favorable to budget. The total budgeted FY2025 revenue for the General Fund is \$2,220.5 million. The projected year-end revenue of \$2,325.4 million is higher than the budgeted revenue by \$104.9 million, or 4.7%. The favorable variance is driven by higher than anticipated County Sales Tax, Property Tax Delinquency Fee, and Investment Income, which are projected to be higher than the FY2025 budget by \$90.4 million, \$16.2 million, and \$5.3 million, respectively. The significant favorable variance in County Sales Tax is a result of the fiscal impact of Illinois Public Act 103-983, which took effect in January 2025, being greater than anticipated.³ This law closes a loophole under which Illinois consumers paid the state use tax on certain out-of-state sales, rather than state and local sales taxes. Year-end expenditures in the General Fund are projected to have a \$40.2 million, or 1.8%, favorable variance to budget. This is primarily attributable to lower than anticipated salary

¹ Cook County Board President Toni Preckwinkle Unveils Preliminary Forecast for FY2026, <https://www.cookcountyil.gov/news/cook-county-board-president-toni-preckwinkle-unveils-preliminary-forecast-fy2026>

² Cook County, FY2026 Preliminary Forecast Report, <https://www.cookcountyil.gov/sites/g/files/yywepo161/files/documents/2025-06/FY2026%20Cook%20County%20Preliminary%20Forecast.pdf>

³ Public Act 103-0983. <https://www.ilga.gov/legislation/publicacts/fulltext.asp?Name=103-0983>

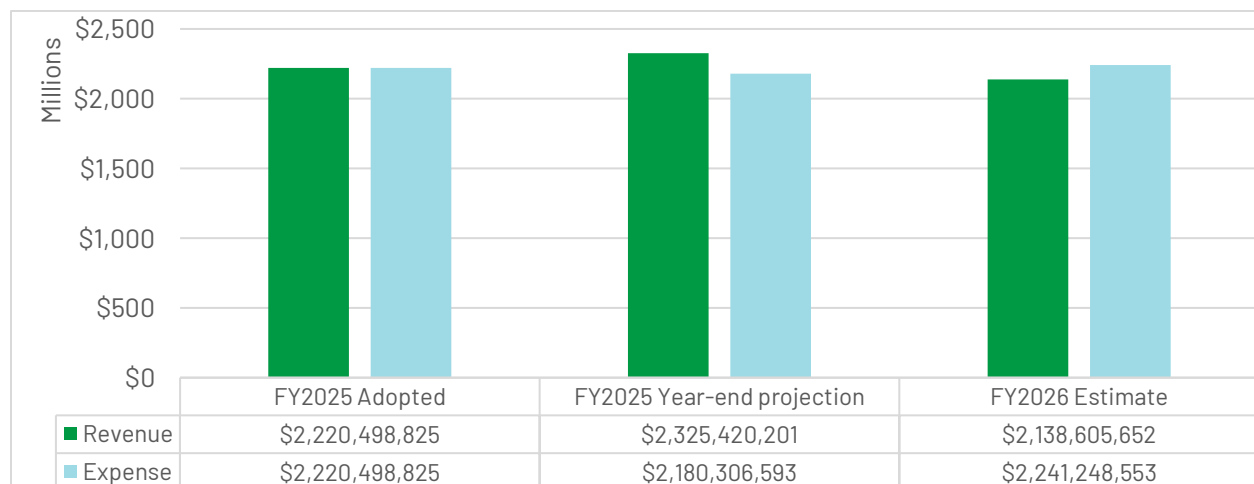
and wage expenses across the County as a result of higher than anticipated attrition and longer than anticipated hiring timeframes.

FY2026 General Fund preliminary forecast

The outlook for FY2026 includes a \$102.6 million projected General Fund deficit. The preliminary estimate for General Fund revenues in FY2026 is \$2,138.6 million. This represents a decrease of \$81.9 million, or -3.7%, compared to FY2025 adopted revenues. Revenues in FY2026 are projected to be lower because the County is not anticipating using transfers from unassigned and assigned General Fund balance like it did in FY2025. However, when one-time use of fund balance is excluded from FY2025 adopted budget, the County is forecasting a modest revenue increase in the General Fund of \$78.6 million. This includes a \$128.8 million increase, or 10.7%, in sales tax revenue in FY2026 compared to the FY2025 adopted sales tax budget, primarily attributable to the fiscal impact of Illinois Public Act 103-983.

FY2026 General Fund expenditures are forecasted to increase by \$20.7 million, or 0.9%, over the FY2025 adopted budget. Excluding the one-time General Fund fund balance investments made in FY2025. However, General Fund expenditures are expected to increase by \$181.2 million. This increase is largely driven by increases in salaries, wages, and overtime costs due to normal salary progression. Another component of these personnel-related expenses is employee health benefit costs. The overall cost of the HMO and PPO medical plans are expected to rise by 7.8% and 7.9%, respectively, while the self-funded pharmacy plan is anticipating an increase of 11.4%.

Figure 1. General Fund projection, in millions



FY2025 Health Fund year end projection

For FY2025, the Health Enterprise Fund is projected to end the year with a favorable variance of \$15.0 million. The total budgeted revenue for FY2025 is \$5,145.6 million for the Health Enterprise Fund and the projected year-end revenues are \$5,207.3 million, \$61.8 million, or 1.2%, above the adopted budget. The increase in the revenue is largely due to the higher-than-budgeted monthly average CountyCare membership level, offsetting lower-than-budgeted revenues from Medicare and Medicaid fee-for-service payments. Likewise, Health Enterprise Fund year-end expenditures

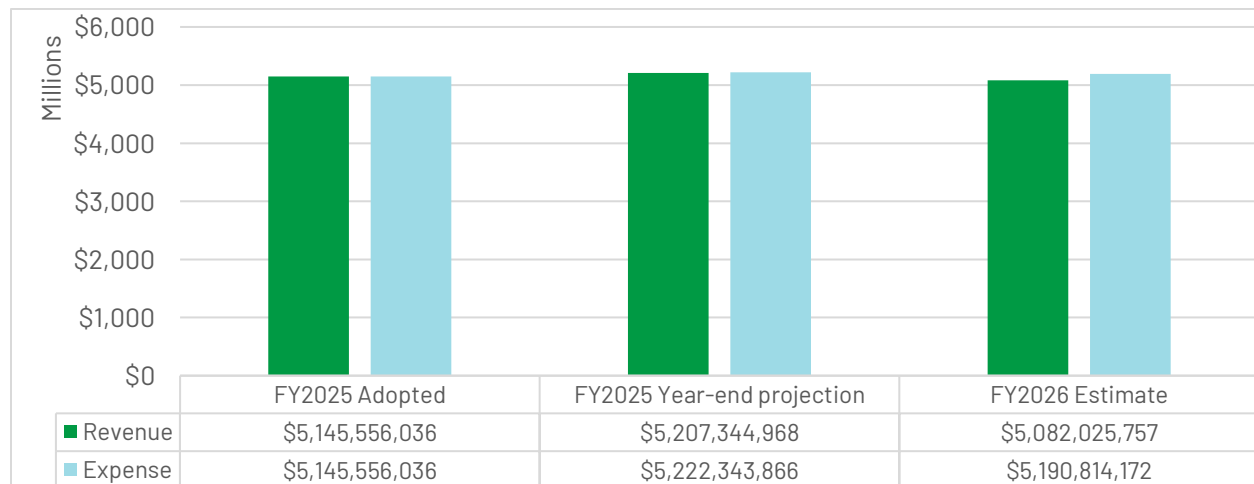
are projected to exceed the FY2025 adopted budget by \$76.8 million primarily due to higher than budgeted County Care membership enrollment, resulting in an increase in health plan claims.

FY2026 Health Fund preliminary forecast

The outlook for FY2026 includes a Health Enterprise Fund deficit projected at \$108.8 million, with forecasted revenues for FY2026 totaling \$5,082.0 billion. This represents a decrease of \$63.5 million, or -1.2%, compared to FY2025 budgeted revenues. The projected decrease in revenue is driven by lower Net Patient Service Revenues, which is primarily caused by the State's elimination of the Health Benefits for Immigrant Adults program and an anticipated decrease in patient volume. This decrease is partially offset by anticipated increases in Per Member Per Month (PMPM) revenues, Directed Payments, and the County's Property Tax revenue allocation.

Health Fund expenditures are expected to increase by \$45.3 million, or 0.9%, above the FY2025 adopted budget, with forecasted expenses for FY2026 totaling \$5,190.8 billion. The primary driver of the expense increase is an uptick in CountyCare claim expenses due to higher membership levels. Further, FY2026 costs associated with salaries and wages are forecasted to increase by \$42.9 million due to cost-of-living adjustments and normal salary progression.

Figure 2. Health Enterprise Fund projection, in millions



Long-term forecast

Cook County prepares a long-term financial forecast to support responsible fiscal planning. This section provides an overview of updates to the long-term General Fund and Health Fund forecasts.

General Fund

The General Fund accounts for approximately a quarter of the County's overall budget. It is comprised of the Corporate Fund and Public Safety Fund and supports the County's general operations. The County's Transportation Related Home Rule Tax Fund is also included in the General Fund's long-term forecast.



Changes in forecasts since April 2025

Table 1 shows the nominal variance between the current forecast and what was presented at the last quarterly IRFC meeting in April. The FY2025 General Fund revenue forecast increased by \$16.6 million, however, there were decreases in the out-years. The long-term forecast for each revenue source was revised upward or downward based on the actual revenues through April 2025, as well as preliminary revenue estimates from departments for 2025 and 2026.

The County Sales Tax forecast was revised upward in FY2025 and FY2026 by \$15.6 million and \$6.9 million, respectively, with slight downward revisions in FY2027 and FY2028. A contributing factor to the upward revision in sales tax are favorable results through the first seven periods of the fiscal year. Like the April forecast, the favorable results were driven by the fiscal impact of Public Act (PA) 103-983, which took effect January 1, 2025 and for which the County began seeing the impact in the April 2025 sales tax disbursement.⁴ The fiscal impact of PA 103-0983 is greater than expected; the OCFO anticipated an average impact of approximately \$3.9 million in the April through June sales tax disbursements, but now, based on the actual disbursements, estimates the average impact was \$11.2 million. The upward revision of the sales tax forecast incorporates this larger impact, as well as favorable year-to-date results. The downward revision in FY2027 and FY2028 sales tax revenue reflects updated economic data recently published.

The largest nominal decrease in the outyears compared to April's forecast is seen in the allocation of property tax revenue to the General Fund. The decrease is due to an estimated increase in the allocation of the property tax levy to the Health Enterprise Fund and Annuity and Benefit Fund.

Table 1. Significant nominal variances between 04/30/2025 and 06/25/2025 forecast, in millions

Revenue source	April forecast FY2025	June forecast FY2025	Percent change in forecast FY2025	Amount change in forecast from April 2025 forecast				
	FY2025	FY2026	FY2027	FY2028	FY2029			
401150-County Sales Tax	\$1,281.9	\$1,297.4	1.2%	\$15.6	\$6.9	(\$9.1)	(\$5.8)	\$9.3
401170-County Use Tax	\$99.5	\$101.5	1.9%	\$1.9	\$0.0	\$0.0	\$0.0	\$0.0
407010-Miscellaneous Revenue	\$50.1	\$52.0	3.8%	\$1.9	\$0.0	\$0.0	\$0.0	\$0.0
401370-Parking Lot and Garage Operation	\$50.5	\$51.8	2.7%	\$1.4	\$0.0	\$0.0	\$0.0	\$0.0
402100-County Treasurer	\$50.0	\$51.2	2.4%	\$1.2	\$0.0	(\$0.1)	(\$0.1)	(\$0.1)
400030-Prior Year Prop. Taxes	(\$5.7)	(\$7.4)	30.6%	(\$1.7)	\$0.0	\$0.0	\$0.0	\$0.0
400060 - Transfer of Tax Receipts	\$0.0	(\$1.9)	(100.0%)	(\$1.9)	\$0.0	\$0.0	\$0.0	\$0.0
405010-Investment Income	\$64.9	\$62.9	(3.2%)	(\$2.1)	(\$1.5)	(\$3.4)	(\$3.4)	(\$3.3)
402548-Clerk of the Circuit Court Fees	\$80.4	\$75.1	(6.6%)	(\$5.3)	(\$7.6)	(\$4.3)	(\$4.8)	(\$5.2)
400010-Property Taxes	\$152.7	\$152.7	0.0%	\$0.0	(\$31.1)	(\$34.2)	(\$37.6)	(\$38.2)
Subtotal major changes	\$1,824.3	\$1,835.2	0.6%	\$10.9	(\$33.3)	(\$51.0)	(\$51.7)	(\$37.5)
Other GF revenues	\$743.4	\$748.1	0.6%	\$4.7	(\$0.4)	\$5.1	\$7.2	\$8.8
Total GF revenues	\$2,567.8	\$2,583.4	0.6%	\$15.6	(\$33.6)	(\$45.9)	(\$44.5)	(\$28.7)

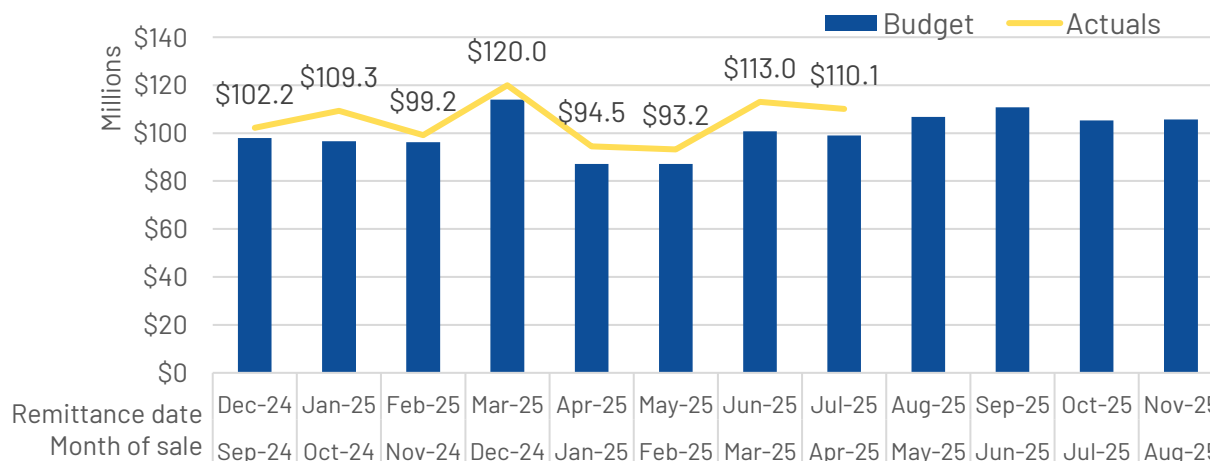
⁴ Public Act 103-0983 mandates that all retail sales originating from outside of Illinois and made to Illinois customers by retailers with physical presence in Illinois are now subject to destination-based retailers' occupation tax rather than the state's use tax.



Sales tax estimate

To date, FY2025 sales tax revenues are 7.6% higher, or \$51.8 million, than the original forecast. As previously mentioned, the fiscal impact of PA 103-0983 is the primary driver behind the favorable variance to date. Figure 3 compares sales tax revenue with forecasts through June 2025.

Figure 3. FY2025 sales tax revenue, actual and forecasted



Long-term fiscal plan

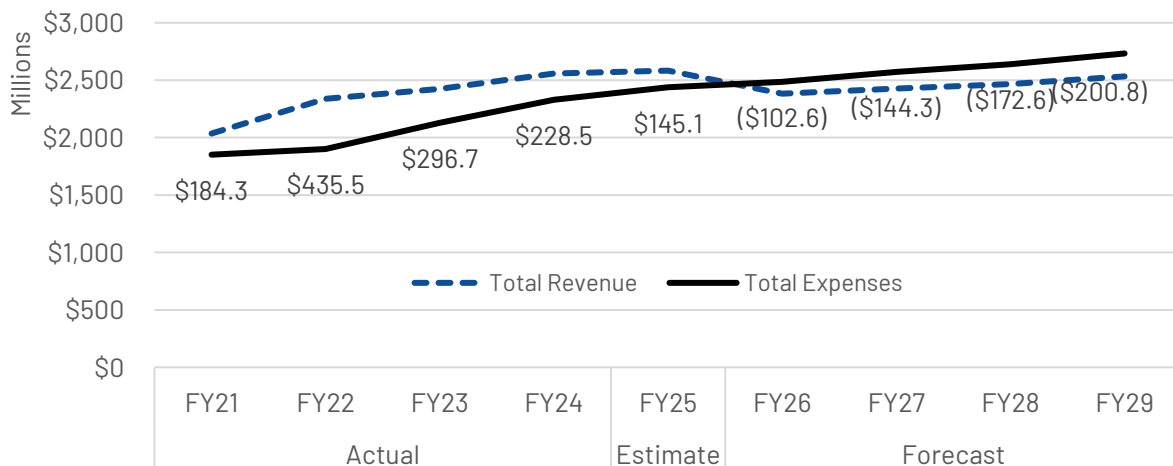
Although Cook County has a diverse revenue base, the natural growth in revenues may not keep pace with expenditures. Expenditures rise over time due to inflationary pressures, with medical trends for health benefits and several other categories of expenditures growing faster than general inflation. Several critical revenue sources are declining over time or growing at rates below general inflation.

The General Fund, including revenues and expenses captured in the Transportation Fund, is projected to have a surplus in FY2025 amounting to \$145.1 million, however, expenses outpace revenues beginning in FY2026, creating deficits in the outyears. In FY2026, the General Fund is projected to have a deficit of \$102.6 million before increasing to a \$200.8 million deficit in FY2029. Between FY2025 and FY2029, total expenses for the General Fund are expected to increase at a compound annual growth rate (CAGR) of 2.9%, while revenues are estimated to decrease by a CAGR of -0.5%. However, when excluding one-time fund balance transfers in the FY2025 revenue and expense estimates, total expenses for the General Fund are expected to increase at a CAGR of 4.7% between 2025 and 2029, while revenues are estimated to increase by a CAGR of 1.1%.

The county sales tax is expected to grow at an average annual rate of 2.0% through FY2029, while Hotel and Amusement taxes are anticipated to increase by 2.8% and 1.6%, respectively. That said, a handful of Cook County revenue streams from volume-based taxes continue to either fail to keep pace with inflation or decline, including the cigarette, gasoline, and alcoholic beverage taxes.



Figure 4. General Fund* net surplus/(deficit) projections



*Includes Transportation Related Home Rule Tax Fund

Fund balance projection

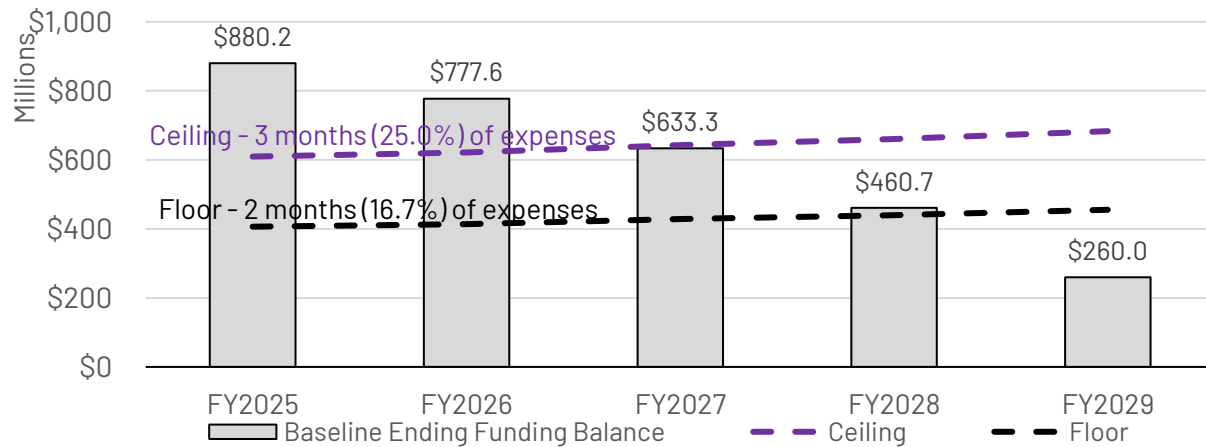
Current estimates indicate that the FY2025 unassigned ending fund balance within the General Fund will be \$880.2 million, reflecting \$160.5 million in fund balance transfers from the General Fund and assignments of \$29.8 million and \$20.0 million to the County's Self-Insurance Fund Reserve and Pension Stabilization Fund, respectively. This unassigned ending fund balance is equivalent to approximately 31.3% of the County's FY2025 annual budgeted expenditures from the General Fund and the Transportation Fund.

Figure 5 illustrates that the projected unassigned ending fund balances are anticipated to decrease based on the long-term revenue and expense forecasts for FY2025 through FY2029. The purple dotted line ("Ceiling") represents three months of projected General Fund and Transportation Related Home Rule Taxes Fund expenses, and the dark green dotted line ("Floor") represents two months of projected annual General Fund and Transportation Related Home Rule Taxes Fund expenses. The floor is the Government Finance Officers Association's (GFOA) minimum recommended value that local governments maintain in their unassigned ending fund balance.⁵ As a result of outyear deficits beginning in FY2026, the long-term projected ending fund balance is estimated to decrease, reaching \$633.3 million by FY2027, which is \$9.7 million below the \$643.0 million ceiling. By FY2029, the unassigned ending fund balance would be \$260.0 million, which is \$195.5 million below the \$455.5 million floor.

⁵ Government Finance Officers Association, Best Practices: Fund Balance Guidelines for the General Fund, 2015, <https://www.gfoa.org/materials/fund-balance-guidelines-for-the-general-fund>



Figure 5. Unassigned ending fund balance projection, FY2025 to FY2029



Alternative fund balance scenarios

To understand the impact of different economic scenarios on General Fund revenues and the resulting fund balance, the OCFO forecasts economically sensitive revenues based on different economic indicators using Moody's baseline, S1, and S3 scenarios, which represent the 50th, 10th, and 90th percentile forecasts of potential economic conditions, respectively. Indicators such as gross metropolitan product, unemployment rate, and CPI are used for different revenue sources.

Each revenue scenario is compared to the expenditure forecast, along with the fund balance "floor" and "ceiling", as defined above. The revenue scenarios, as well as the floor and ceiling, incorporate both General Fund and Transportation Fund revenues and expenses in order to fully capture the potential economic impact on revenues used by the County for operating expenses.

Figure 6 represents the baseline scenario alongside the optimistic and conservative scenarios. In the baseline scenario, fund balance remains above the fund balance floor through FY2028. The Moody's Analytics baseline forecast published in May 2025 assumes that the Federal Reserve will cut the policy rate by 25 basis points in July, September, and December of 2025 and that the Tax Cuts and Jobs Act will be extended. Furthermore, inflation will remain higher in the near term, peaking at 3.5% in the fourth quarter of 2025 before gradually returning towards the Fed's target rate of 2.0% in late 2026. The projected higher inflation growth is the result of the federal government's fiscal, tariff and immigration policies adding to inflationary pressures in the near term.

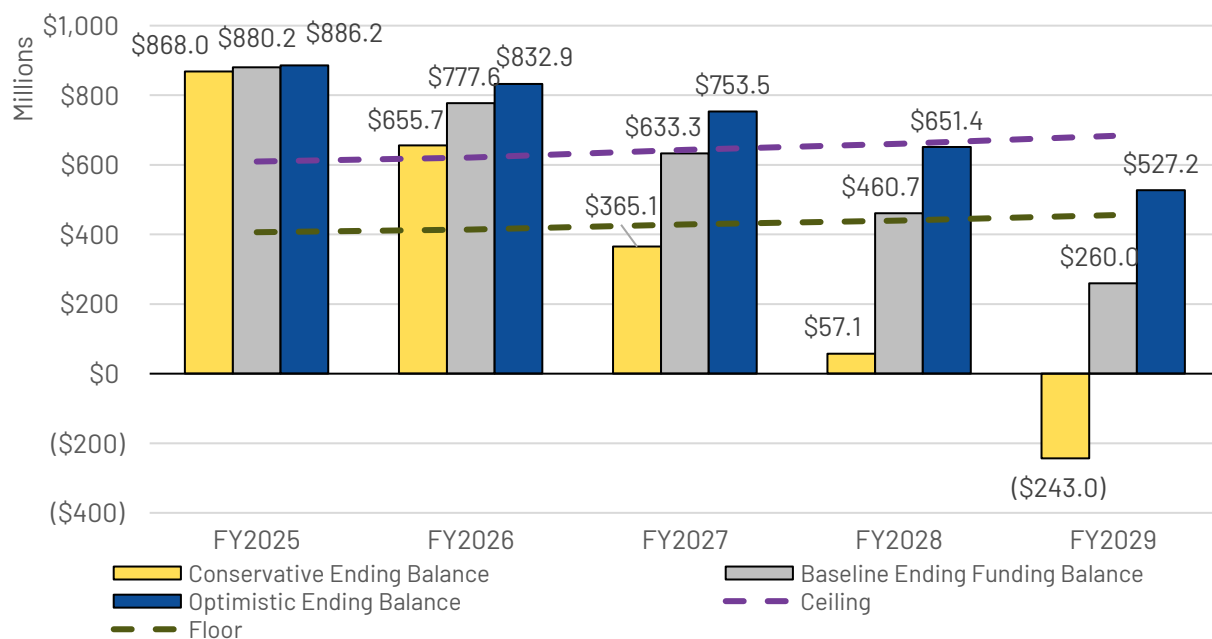
The optimistic scenario, where there is a 10% probability that the economy will perform better and a 90% probability that it will perform worse, assumes interest rates and inflation are a bit higher than baseline due to stronger growth, the federal government rolls the tariffs back to below 10% by early 2026 the Russian invasion of Ukraine resolves faster than anticipated, and a Hamas-Israel ceasefire holds. The optimistic scenario assumes that the impacts of the federal government's tariffs in the near term and deportations on the economy are less than expected.

The conservative scenario, where there is a 90% chance of the economy performing better and a 10% chance it will perform worse, assumes unemployment begins to rise significantly in the third



quarter of 2025 and peaks at 8.3% in the third quarter of 2026 and that the combination of tariffs, rising inflation, deportations, political tensions, still-elevated interest rates, and reduced credit availability causes the economy to fall into recession in the third quarter of 2025. This scenario also assumes that real GDP will decline from the second quarter of 2025 through the first quarter of 2026 by 2.5% cumulatively. This conservative scenario results in an ending funding balance \$121.9 million below the base case in FY2025 and drops below the floor in FY2027 as revenues decline faster than expenses. Figure 6 conservative scenario shows the County's ending fund balance as dropping below zero by FY2029 as an illustration of corrective actions the County would need to execute under this scenario. However, the County would have sufficient time to implement these remedial actions to prevent ongoing structural deficits.

Figure 6. Unassigned ending fund balance scenarios, FY2025 to FY2029



Health Fund

The Health Fund accounts for nearly half of the County's overall budget. The Health Fund receives revenue from and is used to support health system operations and CountyCare.

Long-term fiscal plan

Following FY2025, the Health Fund anticipates widening deficits through FY2029. Total revenues are projected to remain relatively stable, declining slightly from \$5.21 billion in FY2025 to \$5.16 billion in FY2029, -0.2% CAGR, while total expenses are expected to increase from \$5.22 billion to \$5.48 billion over the same period a 1.2% CAGR. Both CountyCare and Health Care Services are expected to show persistent drops in revenue driven by membership losses at CountyCare and higher uncompensated care expenses for CCH's health care providers. These trends are partially offset by PMPM rate increases at Health Plan Services. Expenses are anticipated to grow faster



than revenue over the forecast period, resulting in deficits for FY2026 through FY2029. Figure 7 compares forecasted revenues and expenses for the Health Fund through FY2029.

Figure 7. Health Fund net surplus/(deficit) projections

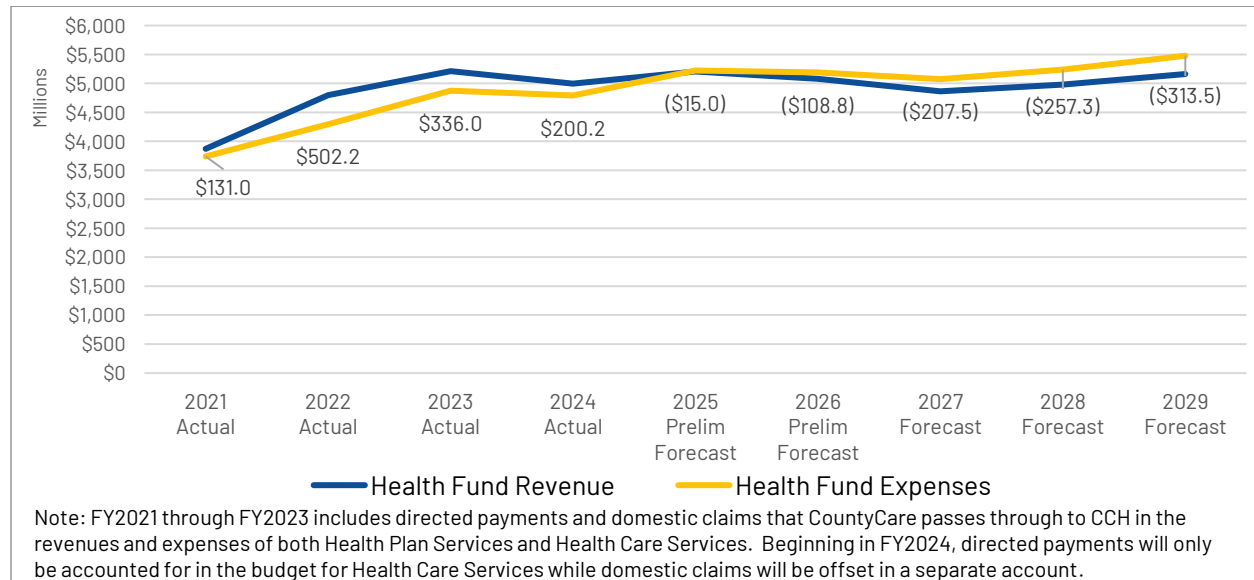


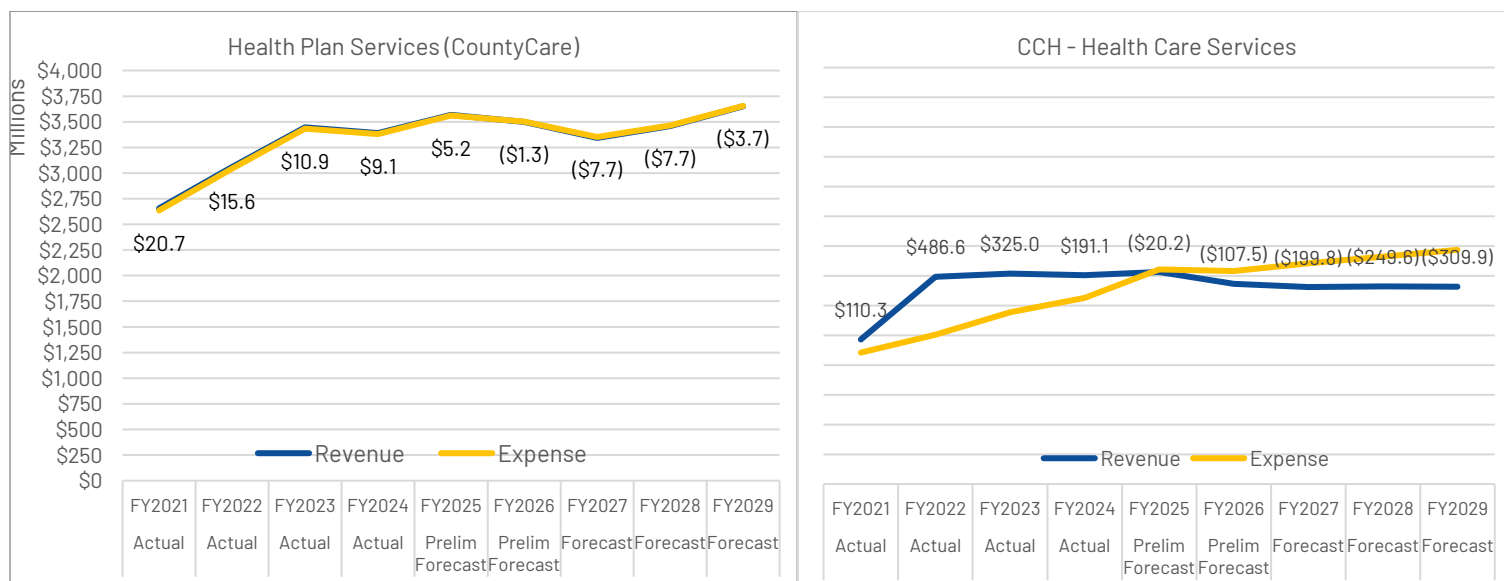
Figure 8 illustrates that the deficits in the overall Health Fund are driven by declines in revenue for health care services, while expenses continue to grow. Expenses for salaries and professional services are expected to grow, while Net Patient Service Revenues (NPSR) are unable to keep up with the growing costs of operating the health system.

The NPSR forecast for FY2025 represents a decline from the budgeted forecast by \$319.5 million, driven by lower volumes, a shift in the payor mix toward uncompensated care, and growth in uncompensated care. The State's defunding of Health Benefits for Immigrant Adults (HBIA) as of July 1, 2025 is expected to increase uncompensated care in the hospital system. The forecast for NPSR is expected to decrease further in FY2026 due to the full-year impact of the expected end of HBIA.

At Health Plan Services, the OCFO anticipates revenues decline through FY2027 as membership drops, then revenue increases through FY2029 driven by expected growth in PMPM rates. Starting in FY2025, membership gradually declines due to the termination of the HBIA population, coupled with the loss of the Managed Long-Term Services and Supports (MLTSS) population in 2027 when CountyCare will no longer service that population, with stabilizing at around 368,000 members after 2027.



Figure 8. Health Plan Services and Health Care Services net surplus/(deficit) projection



*Domestic claims elimination excluded from totals in both charts.

Medicaid policy

As of the drafting of this report, the United States Congress is considering a domestic policy bill that would make significant changes to the Medicaid program. The version passed by the U.S. House of Representatives has been incorporated into the conservative scenarios of the long-term forecast outlined below. These policies would increase uncompensated care, and lower patient fee revenue. CountyCare membership would also be impacted but revenue reductions would be accompanied by reductions in claims expenses.

Starting in early FY2027, the bill would require that adults on Medicaid who are eligible through the Affordable Care Act (ACA) expansion (childless adults with income up to 138% of poverty level) would need to work, attend school, or volunteer for 80 hours per month. Given that there are some exceptions, it is unclear how many of CCH's Medicaid patients would be required to work. ACA adults would also need to go through the process of redetermining their Medicaid eligibility status every 6 months, rather than annually. As a result, more members may fall off the Medicaid rolls, either because they do not meet the work requirements, or because they have not successfully completed the redetermination paperwork. For CCH patients who are actually eligible but are disenrolled during redetermination for administrative reasons, some patients may be able to be reenrolled upon seeking care at CCH. However, CCH expects an annual drop in patient fee revenue of \$88 million, approximately 12% drop in Medicaid revenue.

The House-passed bill would reduce matching funds for Medicaid expansion for states that cover undocumented adults with state funds. The conservative scenario assumes that rather than see the match drop, the State would end its Health Benefits for Immigrant Seniors program, resulting in an annual drop in patient fee revenue of \$50 million.



Net patient service revenue scenarios

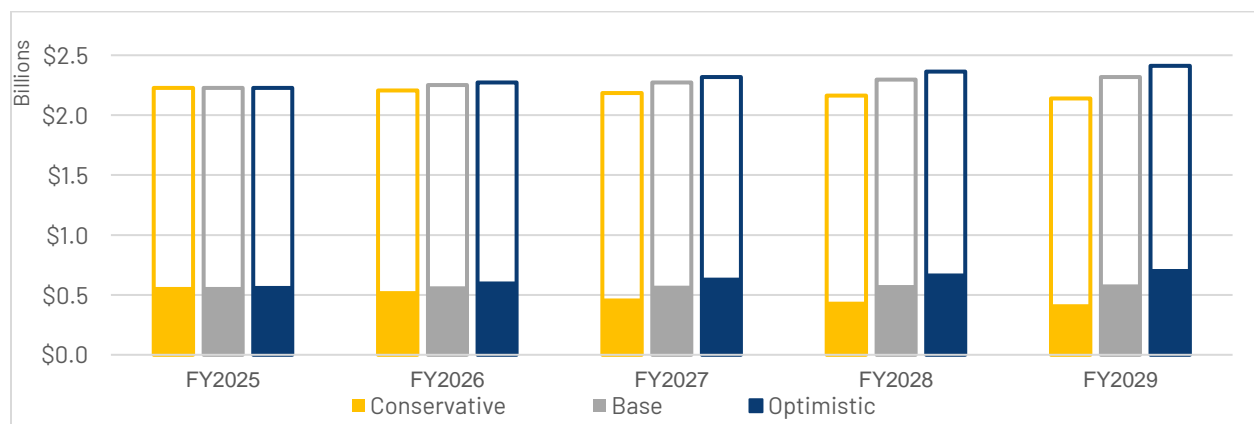
The NPSR forecast centers around making assumptions related to future service volumes, payor mix, and net collection rates from various insurers relative to gross charges billed by the system. Forecast assumptions consider past trends, potential policy changes, and economic factors that may affect insurance coverage and utilization of services. For example, due to changes in eligibility and coverage available, the percentage of patients covered under Medicaid is expected to decrease. This would decrease the percentage of gross revenues charged to Medicaid and increase the percentage charged to self-pay patients, who reimburse the County at a much lower rate than Medicaid managed care organizations.

All scenarios incorporate the transition of patients from Medicaid coverage to uncompensated care resulting from HBIA ending in FY2025. In the baseline scenario, gross charges grow 1% annually, but net yields remain flat, resulting in total NPSR of \$2.32 billion in FY2029, up \$90.5 million from FY2025.

The conservative scenario projects a more constrained outlook, modeling how potential changes in federal Medicaid policy outlined above could impact CCH. The scenario assumes that in addition to the end of HBIA, a larger share of patients would be uninsured due to changes in Medicaid eligibility made at the federal level, resulting in more uncompensated care. These combined effects would result in a significant drop in revenue in FY2027 with annual declines through FY2029, driving collection rates below 20% by FY2029. However, there is significant uncertainty regarding how any changes in federal policy would impact Medicaid enrollment for patients at CCH, as well as whether these patients would be able to shift to the private insurance market. It is also worth noting that changes in Medicaid enrollment could impact volumes at CCH, potentially increasing or decreasing patient volumes in the immediate or long term.

Conversely, the optimistic scenario incorporates improved insurance coverage and stronger Medicaid reimbursement rates, increasing yield close to 30% of gross charges by FY2029. Figure 9 illustrates the impact of these assumptions on NPSR by scenario while Table 2 provides an overview of the assumptions used in each scenario.

Figure 9. Net patient service revenues compared to gross charges, 2025 through 2029



*Estimates of gross charges billed by CCH are represented by the full bar and net patient service revenue estimated to accrue to CCH is represented by the filled in portion of the bar.



Table 2. Annual change in net patient service revenue assumptions, by scenario

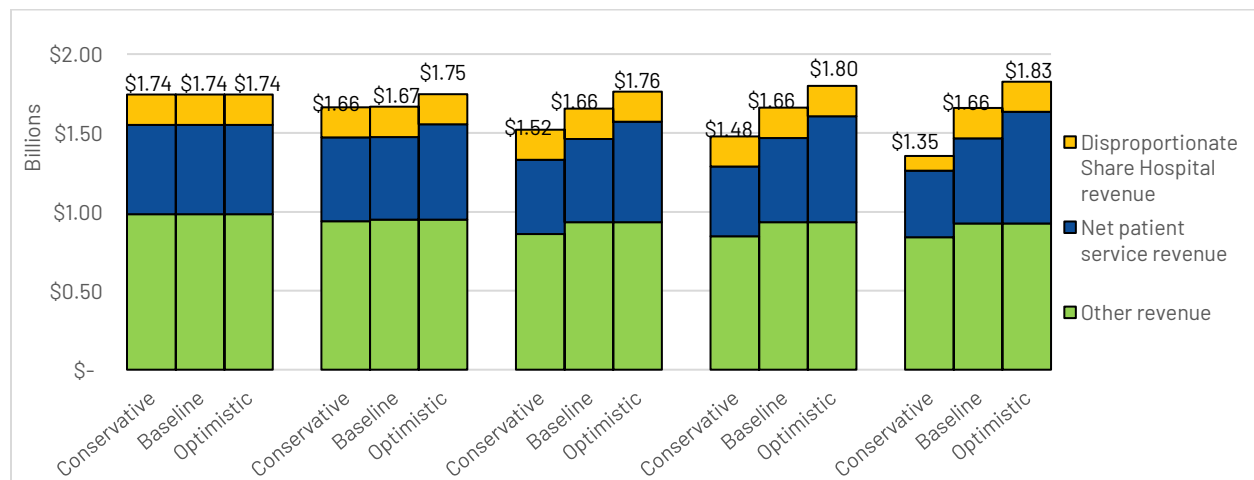
	Conservative	Base	Optimistic
Gross charges	1% decrease	1% increase	2% increase
Payor mix			
Annual shifts in Self-Pay/Medicaid proportions	2 percentage point annual shift from Medicaid to self-pay; maximum self-pay set at 38%	Constant	2 percentage point annual shift from self-pay to Medicaid, minimum self-pay set at 25%
Payor mix FY2027 shift from Medicaid to Self-Pay	6 percentage point shift from Medicaid to self-pay starting in FY2027 due to federal Medicaid policy	None	None
Reimbursement rate	2 percentage point decrease for Medicaid and Medicaid Managed Care	Constant	2 percentage point increase for Medicaid and Medicaid Managed Care

Health care services revenues

In addition to NPSR, health care services revenue is derived from several other sources, including Disproportionate Share Hospital (DSH) revenue. DSH is designed to offset the costs associated with treating a high percentage of uninsured or Medicaid patients. However, DSH funding faces significant risks due to scheduled federal cuts in FY2029. In the conservative scenario, federal Medicaid changes lower both NPSR and directed payments starting in FY2027, while federal DSH cuts further exacerbate these revenue losses and contribute to a \$389.5 million decline by 2029. This scenario assumes no additional state contributions to offset federal cuts.

In contrast, both the baseline and optimistic scenarios assume that CCH will continue to receive the full \$192.4 million in DSH funding. This outcome would depend on either ongoing federal postponement of DSH reductions or an increase in state contributions to compensate for the cuts. Figure 10 illustrates the DSH revenue impact in each scenario.

Figure 10. Total Health Care Services revenue by scenario





CountyCare revenue scenarios

CountyCare revenue is primarily a function of two factors: total enrollment and PMPM rate. Both are heavily influenced by policy decisions. For example, Illinois is ending Medicaid coverage for immigrant adults in FY2025, while federal proposals include reducing overall Medicaid eligibility. These changes directly impact both membership counts and the composition of enrollees, leading to shifts in the average PMPM revenue. To evaluate how external shifts such as state and federal Medicaid policy changes may impact revenue, the OCFO models the long-term forecasts using conservative, baseline, and optimistic scenarios.

All scenarios incorporate the end of HBIA in July 2025 and the MLTSS being shifted out of CountyCare in 2027. Otherwise, the baseline scenario assumes membership is relatively stable over the forecast period. PMPM rates follow a normal growth trend. Revenue under this scenario is projected to grow steadily, reaching \$3.65 billion by FY2029, a 0.1% CAGR.

As of this writing on June 25, 2025, the federal government is considering potential cuts and changes to the federal Medicaid program. However, there is significant uncertainty around the trajectory of any policy changes. To model what the impact may be on CountyCare, the conservative scenario reflects significant impacts from federal policy changes. It assumes a 30% decline in ACA membership due to federal eligibility cuts and other factors, and an associated reduction in PMPM revenue. In addition, it assumes that the State will end its Health Benefits for Immigrant Seniors program if the federal policy changes reduce Medicaid matching funds for states that provide this coverage. The resulting revenue projection shows a \$810.6 million decline by FY2029, representing a -6.2% CAGR.

The optimistic scenario features higher enrollment retention, stable federal Medicaid policy, and stronger PMPM growth of 3.1% CAGR. Under these assumptions, CountyCare revenue rises to \$4.05 billion by FY2029, a \$398.1 million increase from FY2025. Collectively, these scenarios highlight the significant sensitivity of CountyCare revenues to both membership retention and PMPM trends, both of which are directly tied to Medicaid policy at the state and federal levels. Figure 11 shows projected revenues for CountyCare in each scenario.

Figure 11. CountyCare projected revenues, by scenario, FY2025 through FY2029

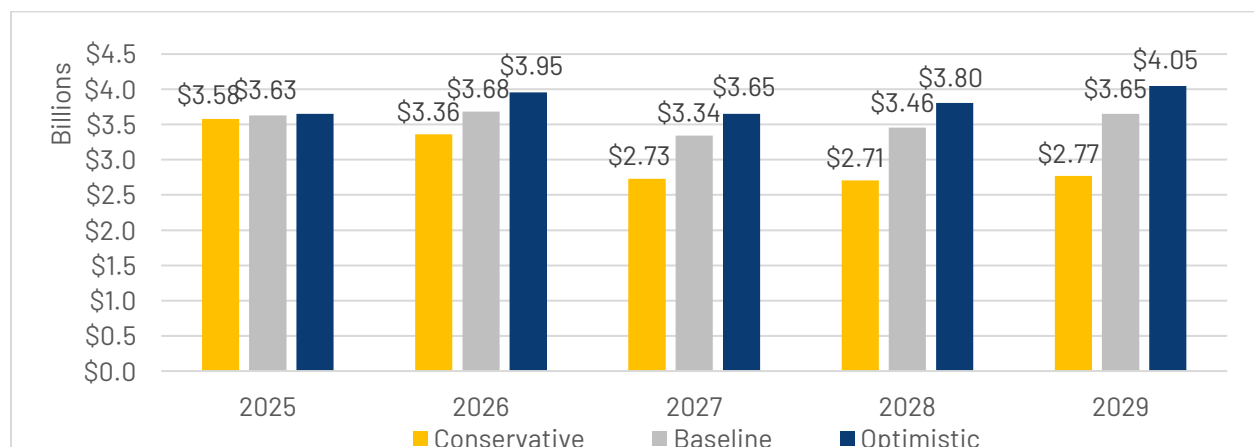
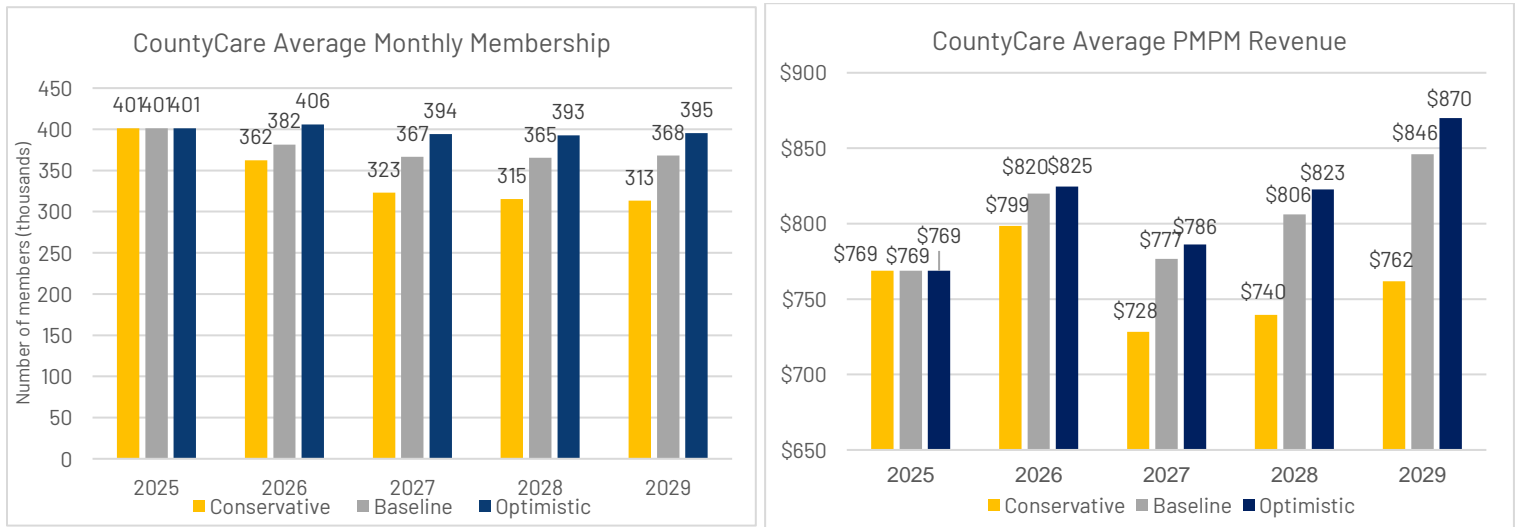




Figure 12 compares growth in monthly membership with growth in average PMPM revenue. Average PMPM rate changes reflect the loss of high-cost MLTSS enrollees across scenarios, resulting in lower averages after FY2027. The baseline scenario assumes an average annual PMPM revenue growth of 2.4% from FY2025 to FY2029, while average monthly membership moderately declines due to HBIA termination and MLTSS members no longer being on CountyCare. The conservative scenario reflects a significant reduction in membership from a 30% reduction in ACA membership due to federal policy changes and other factors and the average PMPM rates experience lower growth rates. In contrast, the optimistic scenario anticipates stronger membership and PMPM rate growth, with membership increasing to 395,430 by FY2029.

Figure 12. CountyCare average PMPM revenue and monthly membership projections



Update on recommendations of the IRFC

The IRFC provided three recommendations to the OCFO on August 28, 2024.⁶ Table 3 outlines progress in implementing these recommendations.

Table 3. Progress on recommendations of the IRFC

Deliverable	Progress
ARPA sustainability analysis of the potential impact on the fund balance of providing funding support after 2026	The County is analyzing updated funding needs for ARPA programs after FY2027 to determine what strategies will be necessary to sustain programs
Sales tax methodology	Completed integration of new methodology into the sales tax forecast

⁶ Recommendations of the Independent Revenue Forecasting Commission, August 2024, <https://cook-county.legistar.com/View.ashx?M=F&ID=13316923&GUID=B4D20F2A-BD8C-4D9D-8971-BE8EC983584F>



Deliverable	Progress
CountyCare methodology	The OCFO and CCH have made additional revisions to the scenario forecast to account for potential state and federal policy changes

Economic data releases

The OCFO monitors economic indicators that inform the County's revenue and expense forecasting. Economically sensitive revenues account for 64.9% of the General Fund forecast, including revenues in the Transportation Fund, and the County's expenses are impacted by inflation. Table 4 provides a schedule of economic data releases from several of the agencies that the OCFO tracks, to ensure that the most updated indicators available are used in forecasting.

Table 4. Economic data releases, July 2025 through September 2025

Release Date	Indicator
July 2025	
July 3	Employment Situation
July 15	Consumer Price Index
July 30	Gross Domestic Product, 2nd Quarter 2025 (Advance Estimate)
August 2025	
August 1	Employment Situation
August 12	Consumer Price Index
August 28	Gross Domestic Product, 2nd Quarter 2025 (Second Estimate)
September 2025	
September 5	Employment Situation
September 11	Consumer Price Index
September 17	Federal Reserve Economic Projections
September 25	Gross Domestic Product, 2nd Quarter 2025 (Third Estimate)

Economic update

The U.S. Bureau of Economic Analysis has released its third estimate for national real Gross Domestic Product (GDP) growth, which shows that real GDP decreased 0.5% in the first quarter of 2025. This decrease of 0.5% was 2.9% lower than the previous quarter and was also slightly lower than Moody's Analytics' latest projection of a 0.2% decrease for first quarter real GDP growth. This decrease in real GDP primarily reflected an increase in imports—which are a subtraction in the calculation of GDP—and a decrease in government spending. These movements were partly offset by increases in investment and consumer spending. As detailed above in Table 4, the next real GDP estimate for the second quarter will be released on July 30.



In their most recent forecast, Moody's Analytics forecasted that the Gross Metropolitan Product for the Chicago-Naperville-Elgin metropolitan area would see weaker growth in 2025 and 2026, before increasing to historical trend levels in 2027 and 2028. Moody's is now projecting that unemployment will cross above 5% in 2025 and peak at 5.6% in 2026 before falling back below 5% in 2029. After experiencing a downward trend in inflation from 2022 highs, inflation is expected to remain around 3% through 2025 and into 2026 before moderating towards 2% in 2027 and the outyears. Table 5 provides an overview of economic indicators that are considered when developing revenue forecasts.

Table 5. Economic indicators, actual and forecasted, Chicago-Naperville-Elgin Metropolitan Area, 2023 to 2029

Economic Indicator	2023	2024	2025	2026	2027	2028	2029
Gross Metro Product, (% change, Ch. 2017, SAAR)	1.7%	1.8%	1.3%	1.0%	1.3%	1.6%	1.7%
CPI, All Urban Consumers, (% change, SA)	3.6%	3.3%	3.3%	3.1%	2.0%	1.8%	1.8%
Resident Population: Total, (Ths. #)	9,337.8	9,408.6	9,440.1	9,422.1	9,386.0	9,341.6	9,293.1
Disposable Personal Income, (% change, SAAR)	8.2%	4.5%	5.3%	4.9%	3.9%	3.3%	3.4%
Labor Force Participation, (% , SA)	65.4%	66.2%	66.2%	66.0%	66.0%	66.1%	66.2%
Labor: Unemployment Rate, (% , SA)	4.4%	5.1%	5.1%	5.6%	5.5%	5.1%	4.8%
Income: Median Household, (SAAR)	\$87,071	\$89,867	\$93,318	\$96,884	\$100,510	\$103,604	\$106,591
Income: Per Capita, (SAAR)	\$77,032	\$79,988	\$83,990	\$87,794	\$91,437	\$94,861	\$98,592
Labor: Number of Employed, (Ths. #, SA)	4,683.1	4,756.1	4,778.3	4,737.3	4,731.3	4,742.9	4,749.8
Retail Sales: Total, (% change, SAAR)	5.6%	3.0%	3.3%	1.9%	1.5%	2.4%	2.9%

Source: Moody's Analytics, June 2025 baseline scenario