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, 2022

Contents

RSM US LLP

Independent Auditor's Report

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

Opinion

We have audited 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, as of and for the year ended November 30, 2022, and the related notes to the financial statements, which collectively comprise CCH's basic financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of CCH as of November 30, 2022, and the changes in its financial position and 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). 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 CCH, 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 Matters

As discussed in Note 1 to the financial statements, the financial statements referred to above present only those of CCH and do not purport to, and do not, present fairly the financial position of Cook County, Illinois, as of November 30, 2022, or the changes in its financial position, and, 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.

As discussed in Note 3, the financial statements have been restated for the implementation of Governmental Accounting Standards Board Statement No. 87, Leases. As a result of the implementation, right-of-use capital assets, lease receivable, lease obligations, and deferred inflows of resources were restated as of December 1, 2021. 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about CCH's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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 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, 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.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the CCH's ability to continue as a going concern for a reasonable period of time.

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 the pension and post-retirement benefit data be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic 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 basic financial statements, and other knowledge we obtained during our audit of the basic 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.

RSM US LLP

Chicago, Illinois
May 31, 2023

Management's Discussion and Analysis

Introduction

One of the largest public health systems in the nation, the Cook County Health and Hospitals System (CCH) serves as the safety net for health care in Chicago and suburban Cook County. CCH is comprised of two Joint Commission-accredited hospitals, Stroger and Provident, more than a dozen community health centers, the Ruth M. Rothstein Core Center, a primary care center for patients with HIV and other infectious diseases, the Cook County Department of Public Health and Cermak Health Services, which provides primary and specialty care to individuals at the Cook County Jail and the Juvenile Temporary Detention Center, and CountyCare, a managed Medicaid health plan with more than 432,000 members in FY2022.

CCH patients exceeded 231,000 adjusted patient days, which includes more than 104,000 emergency room visits in FY2022. CCH's commitment to its patients, including health plan members, is demonstrated each year by continuing to provide comprehensive, compassionate, and high-quality care. CCH's flagship 450-bed John H. Stroger Jr. Hospital provides nationally certified stroke, oncology and burn care and has centers of excellence in emergency medicine, infectious disease, endocrinology, and others. The nation's first comprehensive trauma unit opened at Cook County Hospital in 1966.

CCH's history and mission to care for all dates back to 1835. In that time, the system has cared for millions of individuals, trained thousands of doctors and supported important research that has contributed to modern day best practices in hospitals.

CCH's Strategic Plan, Impact 2023, aims at transforming the provision of health care in Cook County by promoting community-based primary and preventive care, developing a robust, collaborative health plan and enhancing the patient experience.

The following discussion and analysis provides an overview of CCH's financial activities and financial position for the fiscal years ended November 30, 2022 and 2021. 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.

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 2022

The CCH Board and Management continue to work to identify new sources of revenues, reduce costs or realign services in order 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 $296,957 in fiscal year 2022.

- At November 30, 2022, CCH maintained a total cash and cash equivalents balance of $601,759 or 55 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 2022 by $4,541,724. Of this amount, $5,070,205 is unrestricted net deficit. In addition, in 2022, CCH's net investment in capital assets increased by $289. It is important to note that nearly all of the unrestricted net deficit is related to the net pension and OPEB liabilities.

- The total increase to net position was $296,957 in fiscal year 2022. The change in net position for 2022 is the result of gain before capital contributions and transfers of $53,146 and capital contributions and net transfers in of $243,811.

- Loss from operations in fiscal year 2022 was $188,087. The decrease in the loss is primarily the result of the decrease in pension and OPEB expense of $235,273.

- During fiscal year 2022, CCH payor mix experienced the following changes: Medicare increased to 17.2%, Commercial Insurance increased to 6.6%, Medicaid increased to 36.0%, the Self-Pay component decreased to 23.1%, and CountyCare increased to 17.2%. Changes in the payor mix can largely be attributed to increase Medicaid coverage (including CountyCare) of patients.

- Changes in estimates relating to prior years increased fiscal year 2022 net patient service revenue by approximately $12,806.

- The provision for bad debt increased in fiscal year 2022 by $24,661 or 15% to $188,570. The increase is largely due to increased patient account cleanup and write-offs,

- Although the COVID-19 pandemic caused reduced utilization at CCH facilities, the emergency Medicaid expansion increased the insured patient population.

- To assist CCH for the lost utilization and additional expenses due to the COVID-19 pandemic, CCH received $1,465 from the CARES Act. These funds increased CCH's net position.

Financial Highlights for 2021

The CCH Board and Management continue to work to identify new sources of revenues, reduce costs or realign services in order 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 decreased by $102,689 in fiscal year 2021.

- At November 30, 2021, CCH maintained a total cash and cash equivalents balance of $51,108 or 6 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 2021 by $4,838,681. Of this amount, $5,366,873 is unrestricted net deficit. In addition, in 2021, CCH's net investment in capital assets decreased by $11,701. It is important to note that nearly all of the unrestricted net deficit is related to the net pension and OPEB liabilities.

- The total reduction to net position was $102,689 in fiscal year 2021. The change in net position for 2021 is the result of loss before capital contributions and transfers of $312,679 and capital contributions and net transfers in of $187,559.

- Loss from operations in fiscal year 2021 was $489,194. The increase in the loss is primarily the result of the increase in pension and OPEB expense of $195,779.

- During fiscal year 2021, CCH payor mix experienced the following changes: Medicare increased to 15.6%, Commercial Insurance increased to 6.4%, Medicaid increased to 31.8%, the Self-Pay component decreased to 29.3%, and CountyCare increased to 16.8%. Changes in the payor mix can largely be attributed to increase Medicaid coverage (including CountyCare) of patients.

- Changes in estimates relating to prior years increased fiscal year 2021 net patient service revenue by approximately $10,306.

- The provision for bad debt decreased in fiscal year 2021 by $2,575 or 2% to $163,909. The decrease is largely due to emergency Medicaid expansion due to the COVID-19 pandemic, thus reducing Self-Pay activity.

- Although the COVID-19 pandemic caused reduced utilization at CCH facilities, the emergency Medicaid expansion increased the insured patient population.

To assist CCH for the lost utilization and additional expenses due to the COVID-19 pandemic, CCH received $66 from the CARES Act. These funds increased CCH's net position.

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 17-39 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 40-42 of this report.

Operating Statistics
The utilization statistics for CCH for the fiscal years ended November 30, 2022 and 2021, are as follows:

	2022	2021	Percent Change	2020
Patient days	86,556	88,910	(2.6) %	89,388
Average daily census	237	244	(2.7) %	245
Admissions	14,405	16,290	(11.6) %	16,244
Average length of stay (days)	6.01	5.46	10.1 %	5.50

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 $4,541,724 at November 30, 2022 and $4,838,681 at November 30, 2021.

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.

Table 1

Statements of Net Position
November 30, 2022 and 2021
(In Thousands)

	2022	2021
Current assets	**$ 1,186,427**	$ 590,656
Refundable deposits	**31,160**	56,160
Leases receivable	**30,826**	-
Capital assets, net	**584,916**	534,170
Total assets	**1,833,329**	1,180,986
Deferred outflows of resources	**802,199**	1,350,898
Current liabilities	**1,201,815**	853,895
Other liabilities	**4,500,686**	5,968,195
Total liabilities	**5,702,501**	6,822,090
Deferred inflows of resources	**1,474,751**	548,475
Net position (deficit):		
Net investment in capital assets	**528,481**	528,192
Unrestricted	**(5,070,205)**	(5,366,873)
Total net deficit	**$ (4,541,724)**	$ (4,838,681)

Table 2

Statements of Revenues, Expenses, and Changes in Net Position
Years Ended November 30, 2022 and 2021
(In Thousands)

	2022	2021
Operating revenues:		
Net patient service revenue - net of bad debt provision of $188,570 (2022) and $163,909 (2021)	**$ 872,858**	$ 717,000
Graduate medical education revenue	**73,661**	73,661
CountyCare capitation revenue	**2,869,885**	2,452,784
Directed payments	**420,082**	112,900
Lease revenue	**3,091**	-
Other revenue	**9,941**	13,285
Total operating revenues	**4,249,518**	3,369,630
Nonoperating revenues (expenses):		
Provider relief funding	**1,465**	66
Property taxes	**134,235**	117,661
Grant revenue	**104,439**	58,781
Interest expense - leases	**(1,962)**	-
Interest income	**3,055**	7
Total nonoperating revenues (expenses), net	**241,232**	176,515
Total revenues	**4,490,750**	3,546,145
Operating expenses:		
Salaries, wages and benefits	**719,558**	719,615
Pension	**58,133**	344,895
OPEB	**77,640**	26,151
Supplies	**177,925**	158,229
Purchased services, rental and other	**683,366**	410,340
Foreign claims	**2,622,333**	2,100,497
Insurance	**16,328**	29,281
Depreciation	**48,815**	38,815
Utilities	**12,961**	12,658
Services contributed by other County offices	**20,545**	18,343
Total operating expenses	**4,437,604**	3,858,824
Gain (loss) before capital contributions and transfers in	**53,146**	(312,679)
Capital contributions	**9,605**	22,431
Transfers in	**234,206**	187,559
Change in net position	**296,957**	(102,689)
Net deficit:		
Beginning of year	**(4,838,681)**	(4,735,992)
End of year	**$ (4,541,724)**	$ (4,838,681)

2022 Activity

In fiscal year 2022, total operating revenues, net of bad debt provision increased to $4,249,518 from the prior year, which represents a 26.1% increase in total operating revenues. This increase is primarily due to increased CountyCare capitation revenue of $417,101 and directed payments of $307,182.

Changes in estimates relating to prior years increased fiscal year 2022 net patient service revenue by approximately $12,806.

In fiscal year 2022, nonoperating revenues increased by $64,717 from the prior year to $241,232. The increase in nonoperating revenues was due to an increase in grant revenue and property taxes.

In fiscal year 2022, salaries, wages and benefits (excluding pension and OPEB expense) decreased by $57 from the prior year to $719,558 due to cost of living decreases related to benefits. Pension expenses decreased $286,762 (83.1%) from the prior year primarily due to changes in actuarial estimates. OPEB expense increased $51,489 (196.9%) from the prior year to $77,640. The increase in OPEB expense is a result of the increase in subsidies provided to retirees and a decrease in the discount rate.

Supplies expense including pharmaceuticals, increased to $177,925. This 12.4% increase is primarily due to increased costs.

Purchased services, rental and other expenses increased $273,026 (66.5%) from prior year to $683,366 in fiscal year 2022. The increase is primarily due to an increase in the hiring of professional services due to the need for contractors to assist in difficult to fill positions.

Foreign claims expense increased by $521,836 (24.8%) from the prior year to $2,622,333 in fiscal year 2022. The increase is primarily due to the increase in membership services from outside of the domestic network.

In fiscal year 2022, the operating loss of CCH decreased by $301,107 from the prior year operating loss to $188,087.

2021 Activity

In fiscal year 2021, total operating revenues, net of bad debt provision increased to $3,369,630 from the prior year, which represents a 17.7% increase in total operating revenues. This increase is primarily due to increased CountyCare capitation revenue of $437,439.

Changes in estimates relating to prior years decreased fiscal year 2021 net patient service revenue by approximately $10,306.

In fiscal year 2021, nonoperating revenues decreased by $81,083 from the prior year to $176,515. The decrease in nonoperating revenues was due to reduction of provider relief funding of $153,327, which was recorded in FY20 for the first time.

In fiscal year 2021, salaries, wages and benefits (excluding pension and OPEB expense) decreased by $15,331 from the prior year to $719,615. Retirement and not filling vacant position during fiscal year 2021 compared to fiscal year 2020, accounted for most of this decrease. Pension expense increased $178,798 (107.7%) from the prior year primarily due to decline in measurement from the prior measurement period. OPEB expense increased $16,981 (185.2%) from the prior year to $26,151. The increase in OPEB expense is a result of the increase in subsidies provided to retirees and a decrease in the discount rate.

2021 Activity (Continued)

Supplies expense including pharmaceuticals, increased to $158,229. This 11.7% increase is primarily due to increased costs and the volume of patient admissions during fiscal year 2021 compared to fiscal year 2020.

Purchased services, rental and other expenses increased $94,665 (30.0%) from prior year to $410,340 in fiscal year 2021. The increase is primarily due to an increase in the hiring of professional services due to the need for contractors to assist in difficult to fill positions.

Foreign claims expense increased by $223,800 (11.9%) from the prior year to $2,100,497 in fiscal year 2021. The increase is primarily due to the increase in membership served from outside of the domestic network.

In fiscal year 2021, the operating loss of CCH increased by $23,814 from the prior year to $489,194.

Capital Assets and Debt Administration

Capital Assets
CCH's investment in capital assets amounts to $584,916, net of accumulated depreciation, as of November 30, 2022. This investment includes building, improvements, equipment, lease right-of-use assets, and intangible assets. The $50,745 increase in investment in capital assets for fiscal year 2022 is the result of $68,521 of right-of-use assets recognized under GASB Statement No. 87, depreciation expense of $48,815, contributed capital assets of $9,605, and investment in capital assets of $13,312. In 2023, CCH will increase the investment in capital assets to improve the 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 highly dependent upon a number of factors that have a significant effect on the future operations and financial condition of CCH. These factors include federal and state regulatory authorities, Medicare and Medicaid laws and regulations, health care reform initiatives, and managed care contract terms and conditions.

On January 24, 2020, the Federal government declared a national emergency related to the COVID-19 pandemic. CCH modified operations to cancel or defer routine appointments and elective surgeries, or provide alternate healthcare delivery systems such as telehealth, starting March 16, 2020 and as of this writing continues to moderate activities based on guidance on dealing with COVID-19. These changes in operations have had an impact on volumes and revenues. See Note 19 in the accompanying financial statements for additional information.

CCH continues to increase its insured patient population in fiscal year 2022 as compared to 2021. While it continues to carry the highest uninsured volume in the State of Illinois, this is a significant improvement. However, the percentage of its revenues tied to individuals insured by the government continues to rise and makes CCH subject to risks related to changes in state and federal policies covering these individuals.

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 9th Floor, Chicago, Illinois 60612, www.cookcountygov.com.

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

Statement of Net Position
November 30, 2022

Assets and Deferred Outflows	
Current assets:	
Cash and cash equivalents (Note 5)	$ 601,758,726
Total cash and cash equivalents	601,758,726
Property taxes receivable - net of allowance of $8,937,021	
Tax levy - current year	137,704,918
Tax levy - prior year	45,437,753
Total property taxes receivable	183,142,671
Receivables:	
Patient accounts - net of allowances of $107,901,416	106,443,646
Due from State of Illinois (Note 17)	213,545,200
Third-party settlements	44,721,681
Lease receivable (Note 15)	854,598
Other receivables	25,518,090
Total receivables	391,083,215
Inventories	10,442,277
Total current assets	1,186,426,889
Lease receivable (Note 15)	30,826,375
Refundable deposits (Note 17)	31,160,000
Capital assets, net of accumulated depreciation (Note 6)	575,549,366
Capital assets not being depreciated (Note 6)	9,366,160
	584,915,526
Total assets	1,833,328,790
Deferred Outflows of Resources:	
Pension related amounts (Note 11)	672,365,952
OPEB related amounts (Note 12)	129,832,605
	802,198,557

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

Statement of Net Position (Continued)
November 30, 2022

Liabilities, Deferred Inflows and Net Deficit	
Current liabilities:	
Accounts payable	$ 304,241,453
Accrued salaries, wages and other liabilities	22,844,065
Accrued interest	84,469
Claims payable (Note 17)	533,796,339
Compensated absences	7,307,514
Pension and OPEB contributions payable (Notes 11 and 12)	67,482,637
Unearned revenue (Note 7)	76,577,975
Due to State of Illinois (Note 17)	139,237,817
Self-insurance claims (Notes 3 and 13)	31,542,939
Due to other County governmental fund	72,841
Lease liability (Note 15)	18,075,403
Trust funds	551,352
Total current liabilities	1,201,814,804
Compensated absences, less current portion	41,409,243
Self-insurance claims, less current portion (Notes 3 and 13)	130,316,189
Property tax objections (Note 8)	11,466,549
Lease liability, less current portion (Note 15)	38,365,394
Net pension liability (Note 11)	3,678,475,975
Total OPEB liability (Note 12)	600,652,897
Total liabilities	5,702,501,051
Commitments and contingencies (Note 16)	
Deferred Inflows of Resources:	
Lease related amounts (Note 15)	30,139,364
Pension related amounts (Note 11)	1,280,340,967
OPEB related amounts (Note 12)	164,270,612
	1,474,750,943
Net Position (Deficit):	
Net investment in capital assets	528,480,730
Unrestricted	(5,070,205,377)
Total net deficit	$ (4,541,724,647)

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, 2022

Operating revenues:	
Net patient service revenue - net of bad debt provision of $188,569,807	$ 872,857,920
Graduate medical education revenue (Note 3)	73,660,706
CountyCare capitation (Note 17)	2,869,884,953
Directed payments (Note 18)	420,081,974
Lease revenue	3,091,216
Other revenue	9,940,547
Total operating revenues	4,249,517,316
Operating expenses:	
Salaries and wages	604,278,666
Employee benefits	115,279,676
Pension (Note 11)	58,132,829
Other post-employment benefits (Note 12)	77,639,698
Supplies	177,924,681
Purchased services, rental and other	683,366,131
Foreign claims (Note 17)	2,622,333,212
Insurance	16,327,976
Depreciation	48,815,208
Utilities	12,960,714
Services contributed by other County offices (Note 9)	20,545,315
Total operating expenses	4,437,604,106
Operating loss	(188,086,790)
Nonoperating revenues (expenses):	
Provider relief funding	1,464,617
Property taxes	134,234,866
Grant revenue	104,439,464
Interest expense - leases	(1,962,135)
Interest income	3,055,216
Total nonoperating revenues (expenses), net	241,232,028
Gain before capital contributions and transfers in	53,145,238
Capital contributions (Note 9)	9,604,948
Transfers in	234,205,903
Change in net position	296,956,089
Net deficit:	
Beginning of year	(4,838,680,736)
End of year	$ (4,541,724,647)

See notes to financial statements.

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

Statements of Cash Flows
Year Ended November 30, 2022

Cash flows from operating activities:	
Receipts from third-party payors and patients	$ 4,134,657,385
Payments to employees	(720,228,257)
Contributions to the pension/OPEB plans for employee benefits	(177,209,660)
Payments to contracted health care providers and suppliers	(3,190,529,228)
Other receipts	142,504,402
Net cash provided by operating activities	189,194,642
Cash flows from capital financing activities:	
Acquisition of capital assets	(13,312,147)
Principal paid on lease liabilities	(18,080,077)
Interest paid on lease liabilities	(1,962,135)
Payment on line of credit	(9,028,506)
Draw on line of credit	3,050,034
Net cash used in capital financing activities	(39,332,831)
Cash flows from noncapital financing activities:	
Provider relief funding	1,464,617
Receipts from grantors	104,439,464
Real and personal property taxes received, net	78,243,061
Transfers from other County funds	213,660,588
Net cash provided by noncapital financing activities	397,807,730
Cash flows from investing activities:	
Interest received	2,980,994
Net cash provided by investing activities	2,980,994
Change in cash and cash equivalents	550,650,535
Cash and cash equivalents:	
Beginning of year	51,108,191
End of year	$ 601,758,726
Supplemental disclosure of noncash transactions:	
Capital assets leased	$ 10,206,412
Transfers - capital assets	$ 9,604,948

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

Statements of Cash Flows (Continued)
Year Ended November 30, 2022

Reconciliation of operating loss to net cash provided by operating activities:	
Operating loss	$ (188,086,790)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	46,851,526
Provision for bad debts	188,569,807
Services contributed by other County offices	20,545,315
Net change in assets and liabilities:	
Patient accounts receivable	(205,583,460)
Due from State of Illinois	26,486,724
Directed payments receivable	3,709,207
Third-party settlements	(32,747,098)
Other receivables	32,324,156
Inventories	(1,033,383)
Lease receivable	792,792
Refundable deposits	25,000,000
Accounts payable	181,303,392
Accrued salaries, wages and other liabilities	1,890,683
Pension and OPEB contributions payable	(858,763)
Self-insurance claims payable	(20,050,222)
Net pension liability	(1,437,504,982)
Total OPEB liability	(47,909,261)
Deferred amounts related to pensions	1,326,126,852
Deferred amounts related to OPEB	118,708,848
Claims payable	83,171,591
Compensated absences	(2,560,425)
Due to State of Illinois	79,117,119
Medicare advance payments	(8,602,642)
Trust funds	55,904
Due to other County governmental fund	29,386
Property tax objections	1,782,767
Deferred inflows of resources - leases	(2,334,401)
Net cash provided by operating activities	$ 189,194,642

See notes to financial statements.

Notes to Financial Statements

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 entities: 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 Rothstein Core Center (CORE) and Cermak Health Services of Cook County (CHS).

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

Collectively, JSH, OFHC, 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, an Illinois not-for-profit corporation, funded the development and construction of the Health Center. CCH leases the Health Center from the CORE Foundation for $1 per year. CCH staffs 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

Losses from operations for CCH totaled $188,086,790 for the year ended November 30, 2022.

The health care industry is highly dependent upon a number of 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 as a result of the national shortage of health care professionals.

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 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 (FQHCs) 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 period 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, 2022, CCH's payor utilization based on gross patient service revenue was as follows:

Self-pay	$ 402,238,741
Medicaid and Medicaid managed care	627,637,695
Medicare	300,157,749
Other	114,589,166
Total	$ 1,444,623,351

For the year ended November 30, 2022, estimated gross charges associated with services provided to CountyCare patients totaled approximately $299,680,000. Charges related to CountyCare patients are excluded from the table above as CCH is reimbursed through capitation rather than through patient service revenue, and any gross charges associated with CCH services provided to CountyCare patients are eliminated in combination.

CCH's revenue associated with CountyCare patients is reported in CountyCare capitation revenue in the statement of revenues, expenses, and changes in net position.

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 Governmental Accounting Standards Board (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.

Combination: These financial statements include the accounts of JSH, OFHC, CountyCare, PH, DPH, BHS, CORE, ACHN and CHS. The accounts of ACHN, CORE and OFHC are presented with those of JSH. All material intra-account transactions have been eliminated.

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, 2022.

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 portion. 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, 2022, represents CCH's portion of the tax year 2022 taxes and uncollected tax year 2021 taxes.

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 are 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 represents amounts owed to CCH for services provided to patients. The receivable is either due from a third-party payor, such as Medicare, Medicaid or commercial insurance carriers, or directly from the patient. Patient accounts receivable are 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 receivable are charged against the allowance for uncollectible accounts when they are deemed uncollectible. Medicaid patient accounts receivable (excluding Medicaid managed care) represented approximately 35% of patient accounts receivable, net as of November 30, 2022.

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. Prior to fiscal year 2016, donated capital assets were recorded at their estimated fair value. 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:

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.

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 a 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.

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 noncancellable 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, 2022.

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 ended November 30, 2022:

Balance, December 1, 2021	Additions	Reductions	Balance, November 30, 2022	Amount Due Within One Year
$ 51,277,183	$ 45,269,555	$ (47,829,981)	$ 48,716,757	$ 7,307,514

Note 3. Summary of Significant Accounting Policies (Continued)

Self-insurance claims payable: Self-insurance claims payable represents 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. Changes in self-insurance claims payable were as follows for the year ended November 30, 2022:

Balance, December 1, 2021	Additions	Reductions	Balance, November 30, 2022	Amount Due Within One Year
$ 181,909,350	$ 22,899,940	$ (42,950,162)	$ 161,859,128	$ 31,542,939

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.

Operating and nonoperating revenues and expenses: The principal operating revenues of the CCH enterprise fund, with the exception of DPH, are charges to patients for services performed and payments received under CountyCare. The principal operating revenues of DPH are grants. 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.

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 increased approximately $12,806,000 for the year ended November 30, 2022, for third-party settlements and changes in estimates related to services rendered in previous years.

Note 3. Summary of Significant Accounting Policies (Continued)

Graduate medical education revenue: CCH has historically operated graduate medical education (GME) in an effort 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 their respective share. Prior to July 1, 2018, the reimbursement for GME was included in Stroger and Provident Hospitals' (Hospitals) cost based DRG rates. Over the recent years, Medicaid managed care has significantly increased in the market and a significant share of Medicaid funding has transitioned out of the State of Illinois to the Medicaid Managed Care Organizations (MCOs). As a result of this transition, the Hospitals have become more dependent on MCOs for patient volume and cash flow.

Due to GME reimbursement, the Hospitals' inpatient rates were higher than rates of other hospitals in the Chicago area. As a result, there was concern that MCOs would more likely direct their Medicaid members away from the Hospitals. To help mitigate this and to provide for improved cash-flow, effective July 1, 2018, the value of the GME portion of the DRG cost based rates was removed from the base DRG rates. This effectively decreased the Hospitals' inpatient rates to be more competitive with other hospitals in the Chicago area. CCH started receiving the GME separate payment in July 2019.

Adopted accounting pronouncements: CCH implemented the following GASB Statements in the 2022 fiscal year:

- GASB Statement No. 87, Leases, was effective for CCH in fiscal year 2022. This statement requires CCH to recognize certain assets and liabilities for leases that previously were classified as operating leases and recognized as inflows and/or outflows of resources based on the payment provisions of the contract. Under this statement, a lessee is required to recognize a lease liability and a right-of-use capital asset; a lessor is required to recognize a receivable and a deferred inflow of resources. This statement had a significant impact on the 2022 financial statements.

  As a result of implementing this standard, the December 1, 2021 balances for right-of-use assets and lease liabilities, were restated each from $0, as previously reported, to $68.5 million. Additionally, leases receivable and deferred inflows of resources for leases in which CCH was lessor were $32.5 million as of December 1, 2021. The implementation of this standard had no impact on December 1, 2021 net position.

- GASB Statement No. 92, *Omnibus 2020*, was effective for CCH in fiscal year 2022. This statement did not have a significant impact on the 2022 financial statements.

- GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 3*, was effective for CCH in fiscal year 2022. This statement did not have a significant impact on the 2022 financial statements.

Note 3. Summary of Significant Accounting Policies (Continued)

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, 2022, will have in CCH's future financial statements:

- GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Agreements,* will become effective for CCH's fiscal year ending November 30, 2023.
- GASB Statement No. 96, *Subscription-Based Information Technology Agreements*, will become effective for CCH's fiscal year ending November 30, 2023.
- GASB Statement No. 99, *Omnibus 2022*, will become effective for CCH's fiscal year ending November 30, 2024.
- GASB Statement No. 100, *Accounting Changes and Error Corrections,* an amendment of GASB Statement No. 62, will become effective for CCH's fiscal year ending November 30, 2024.
- GASB Statement No. 101, *Compensated Absences,* will become effective for CCH's fiscal year ending November 30, 2025.

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. During fiscal year 2020, CCH management reviewed its charity care policy and definition which resulted in a refinement of the methodology to calculate charity care.

For the year ended November 30, 2022 , charges forgone for charity care and the related estimated costs were as follows:

Charges forgone	$ 200,818,160
Estimated costs incurred	$ 153,199,458

Note 5. Cash Management

The Cook County Treasurer and the County Comptroller each maintains 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, 2022, CCH's cash and cash equivalents consisted of the following:

Demand deposits held in banks	$	15,226,981
Pooled cash		491,384,591
Working cash fund		95,147,154
Total	$	601,758,726

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 (FDIC). CCH's total bank deposits as of November 30, 2022, 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, 2022, $95,147,154 is reported at CCH.

Note 6. Capital Assets

A summary of capital assets activity for the year ended November 30, 2022 is as follows:

	Balance, December 1, 2021, as restated	Additions and Transfers	Disposals and Transfers	Balance, November 30, 2022
Capital assets not being depreciated:				
Land	$ 990,911	$ -	$ -	$ 990,911
Construction in process	6,644,703	10,614,502	(8,883,956)	8,375,249
Total capital assets not being depreciated	7,635,614	10,614,502	(8,883,956)	9,366,160
Depreciable capital assets:				
Land improvements	2,631,392	-	(1,177,827)	1,453,565
Buildings and building improvements	914,007,539	12,403,395	(44,351,178)	882,059,756
Equipment and furniture	244,082,780	8,783,154	(8,019,660)	244,846,274
Intangible assets	37,108,875	-	-	37,108,875
Total depreciable capital assets	1,197,830,586	21,186,549	(53,548,665)	1,165,468,470
Less accumulated depreciation:				
Land improvements	2,222,738	57,611	(1,177,827)	1,102,522
Buildings and building improvements	420,120,256	18,488,389	(44,351,178)	394,257,467
Equipment and furniture	212,010,900	9,750,793	(8,019,660)	213,742,033
Intangible assets	36,941,914	166,961	-	37,108,875
Total accumulated depreciation	671,295,808	28,463,754	(53,548,665)	646,210,897
Total depreciable capital assets at cost, net	526,534,778	(7,277,205)	(0)	519,257,573
Capital assets being amortized:				
Right-of-use building	22,652,946	86,386	-	22,739,332
Right-of-use machinery and equipment	45,867,969	10,120,026	(6,011,444)	49,976,551
Total capital assets being amortized	68,520,915	10,206,412	(6,011,444)	72,715,883
Less accumulated amortization:				
Right-of-use building	-	3,153,413	-	3,153,413
Right-of-use machinery and equipment	-	15,234,359	(1,963,682)	13,270,677
Total accumulated amortization	-	18,387,772	(1,963,682)	16,424,090
Total capital assets being amortized, net	68,520,915	(8,181,360)	(4,047,762)	56,291,793
Total capital assets, net	$ 602,691,307	$ (4,844,063)	$ (12,931,718)	$ 584,915,526

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 $360,584,774 in additional payments from DHFS during the year ended November 30, 2022. Of the amounts received, $71,866,667 is unearned as of November 30, 2022, 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 $360,580,608 for the year ended November 30, 2022, which takes into consideration the prior-year unearned revenue of $71,866,667.

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's 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, 2022, for a potential BIPA overpayment due to a change in the Federal Medical Assistance Percentages (FMAP). This liability is included in Due to State of Illinois in the statement of net position.

Note 8. Other Liabilities

Other liabilities activity for the year ended November 30, 2022, was as follows:

	Balance, December 1, 2021	Increase	Decrease	Balance, November 30, 2022	Amount Due Within One Year
Property tax objections	$ 9,683,782	$ 5,114,826	$ (3,332,059)	$ 11,466,549	$ -

Note 9. Related-Party Transactions

During 2022, significant related-party transactions between the County and CCH included the provision of various services and the contribution of capital assets.

Working cash loan: In order 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, 2022, there were no working cash loans received by CCH from the County's Working Cash Fund.

Note 9. Related-Party Transactions (Continued)

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.

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. These expenses amounted to $20,545,315. In addition, CCH recorded contra expenses related to employee health claims of ($2,577,578). 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 $177,209,660 were transferred to CCH whereby they were then remitted to the Plan. In 2022, The County transferred $30,000,000 to CCH to provide support for Health Plan Services claims and other expenses, which is recorded in the financial statements as a transfer in.

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, 2022, CCH has recognized capital assets and capital contributions from the County of $9,604,948 in the statement of revenues, expenses, and changes in net position.

Note 10. Line of Credit

On October 31, 2022, the County extended the credit agreement for $125.0 million General Obligation Bond Series 2014D and $50.0 million Series 2018, as a variable rate revolving line of credit (LOC) with PNC Bank. The LOC expires January 1, 2024. 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 A2 from Moody's and AA- from Fitch, the interest rate is presently at 79% of Daily SOFR plus 85 basis points. As of November 30, 2022, Daily SOFR was 3.820% and the Series rate was 3.438%.

During FY 2022, an additional $97.7 million was drawn on the line. Amounts outstanding under the LOC are recorded as a LOC payable. Out of the amount drawn, $3.1 million was used to reimburse CCH capital expenditures. The LOC activity during FY2022 is as follows:

Balance, December 1, 2021	Additions	Reductions	Balance, November 30, 2022
$ 5,978,472	$ 3,050,034	$ (9,028,506)	$ -

Note 11. Pension Plan

General Information about the Pension Plan

Plan description: Substantially all of CCH's full-time employees participate in the County Employees' and Officers' Annuity and Benefit Fund of Cook County (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

Benefits provided: The A & B Plan provides retirement, disability, and death benefits to plan members and beneficiaries. Tier 1 employees age 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 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 subsequent to 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.

Note 11. Pension Plan (Continued)

For the year ended November 30, 2022, 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 to the A & B Plan for the year ended November 30, 2022, were $167.9 million, (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 2021 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, independent 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 $324.2 million (County and CCH totals) in the County's FY2021 Appropriation Bill and the entire amount was remitted to the Pension Fund during FY2022. $298.2 million (County and CCH totals) of this amount was remitted after the December 31, 2021, 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 FY2022 were $157,270,476.

Net pension liability: The County's net pension liability was measured as of December 31, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021. CCH's proportionate share of the County's net pension liability as of December 31, 2021, was $3,678,475,975 or approximately 33.94% 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, 2022, CCH recognized total pension expense of $58,132,829. At November 30, 2022, 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	$ 28,330,142	$ (13,029,288)
Changes of assumptions	482,001,151	(724,947,045)
Net differences between projected and actual earnings on pension plan investments	-	(497,950,912)
Changes in proportionate share of the net pension liability	4,764,183	(44,413,722)
Contributions subsequent to measurement date	157,270,476	-
	$ 672,365,952	$ (1,280,340,967)

Note 11. Pension Plan (Continued)

Contributions subsequent to the measurement date of $157,270,476 for 2022 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 expense as follows:

Years ending November 30,	
2023	$ (30,568,149)
2024	(434,231,326)
2025	(228,789,905)
2026	(71,656,111)
Total	$ (765,245,491)

Payable to the pension plan: At November 30, 2022, CCH reported a payable of $56,052,993 for the outstanding amount of contributions payable to the A & B Plan and this is reported within current liabilities in the statements of net position.

Actuarial assumptions: The total pension liability in the December 31, 2021, 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	2.05%
Discount rate	4.38%

Mortality rates were based on an experience analysis of the County Employees Annuity and Benefit 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 allocation of the A & B Plan. In the experience review, the best estimate ranges of expected future real rates of return (net of pension plan investment expense and inflation) were developed 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. Best estimates or 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.

Note 11. Pension Plan (Continued)

	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity	33.00%	5.53%
International equity	21.00%	5.63%
Fixed income	26.00%	1.18%
Real estate	9.00%	4.27%
Private equity	4.00%	6.65%
Hedge funds	6.00%	2.70%
Short-term investments	1.00%	0.00%

Discount rate: The discount rate used to measure the total pension liability was 4.38%. 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 2.05% was used in the development of the blended discount rate after that point. The 2.05% rate is based on the S&P Municipal Bond 20-Year High Grade Rate Index as of the measurement dates (December 31, 2021). Based on the long-term rate of return of 7.00% and the municipal bond rate of 2.05%, the blended discount rate was 4.38%, which is a 0.70 increase from the discount rate used in the prior valuation of 3.68%.

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of CCH, calculated using the discount rate of 4.38%, as well as what CCH's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.38%) or 1-percentage-point higher (5.38%) than the current rate:

Net Pension Liability		
1% Decrease	Current Discount Rate	1% Increase
$ 4,988,618,951	$ 3,678,475,975	$ 2,614,232,607

Note 12. Other Postemployment Benefits (OPEB)

Plan description: The County Employees' and Officers' Annuity and Benefit Fund of Cook County (Plan) administers 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.

Note 12. Other Postemployment Benefits (OPEB) (Continued)

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. This is a change from the prior actuarial valuation period during which the employee and spouse annuitants paid 55% to 67% and 48% to 62% of the annual medical costs, respectively, depending upon Medicare eligibility and coverage type. The remaining costs are funded by an allocation from the Plan.

The County maintains and funds the 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 $10,394,188 during the year ended November 30, 2022.

OPEB contributions payable by CCH to the A & B Plan totaled $11,429,644 as of November 30, 2022, 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, 2021 and was determined by an actuarial valuation as of December 31, 2021. CCH's proportionate share of the County's total OPEB liability as of December 31, 2021, was $600,652,897, or approximately 30.37%, 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).

OPEB expense and deferred outflows (inflows) of resources related to OPEB: For the year ended November 30, 2022, CCH recognized total OPEB expense of $77,639,698. At November 30, 2022, 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	$ -	$ (89,389,970)
Changes of assumptions	105,998,794	(66,561,405)
Net differences between projected and actual earnings on pension plan investments		
Changes in proportionate share of total OPEB liability	12,404,167	(8,319,237)
Contributions subsequent to measurement date	11,429,644	-
	$ 129,832,605	$ (164,270,612)

Note 12. Other Postemployment Benefits (OPEB) (Continued)

Contributions subsequent to the measurement date of $11,429,644 for 2022 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,	
2023	$ (10,913,037)
2024	(9,668,923)
2025	1,754,306
2026	(5,247,723)
2027	(17,922,664)
Thereafter	(3,869,610)
Total	$ (45,867,651)

Actuarial assumptions: The total OPEB liability in the December 31, 2021, 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:

	2020
Inflation	2.50%
Salary increases	3.00% to 5.00%
Discount rate	2.05%
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 5.50%, in the first year, decreasing by 0.25% per year until an ultimate rate of 4.50% is reached for post-Medicare

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

Changes in actuarial assumptions since the previous actuarial valuation (AV): The actuarial assumption for inflation decreased from the assumption of 2.75% used in the previous AV. Additionally, salary increases were previously assumed at 3.5% to 8.0%. The investment rate of return decreased from the previous rate of 7.25%, and the municipal rate decreased from the previous rate of 2.12%. The mortality rates in the prior AV used the RP 2014 Blue Collar Mortality Table, base year 2006, Buck Modified MP-2017. Health care cost trend rates changed from those used in the previous AV which was 7.00% in the first year, decreasing by 0.25% per year until an ultimate rate of 4.75% is reached for pre-Medicare; 5.50% in the first year, decreasing by 0.25% per year until an ultimate rate of 4.75% is reached for post-Medicare.

Note 12. Other Postemployment Benefits (OPEB) (Continued)

Discount rate: The discount rate used to measure the total OPEB liability was 2.05%. The rate is based on the S&P Municipal Bond 20-Year High Grade Rate Index as of the measurement date (December 31, 2021). The discount rate used of 2.05%, is a 0.07% decrease from the discount rate used in the prior valuation of 2.12%.

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 2.05%, 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 or 1-percentage-point higher than the current rate:

Total OPEB Liability		
1% Decrease	Current Discount Rate	1% Increase
$ 717,679,667	$ 600,652,897	$ 508,018,966

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 Trend Rate	1% Increase
$ 497,186,047	$ 600,652,897	$ 736,938,821

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

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 $161,859,127 at November 30, 2022. The liability recorded reflects a 0.19% 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 reduction of insurance expense of $12,953,078 related to this allocation during the year ended November 30, 2022.

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.

Note 14. General Obligation Bonds Issued by Cook County

Approximately $670,432,000 of the County's net outstanding debt as of November 30, 2022, 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.

Note 15. Leases

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, 2022, the scheduled fiscal year maturities of lease liabilities and related interest expense are as follows:

Year	Principal	Interest
2023	$ 18,075,403	$ 1,662,722
2024	14,041,864	992,992
2025	11,066,243	550,624
2026	4,842,214	303,772
2027	3,402,931	194,485
2028-2032	5,012,142	150,104
	$ 56,440,797	$ 3,854,699

Note 15. Leases (Continued)

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, 2022, the balances of the lease liability and right-of-use asset are $11,719,728 and $11,147,191, 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. In accordance with GASB Statement No. 87, Leases, 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, 2022, CCH recognized revenues related to this lease agreement totaling $4,473,161, including interest and other related revenues.

Note 16. Commitments and Contingencies

Asset use and disposal: During 1990, the County purchased property known as the Provident Hospital 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 March 31, 2016, with Evolent (Valence), to provide third-party administrative services, managed care and clinical services for CountyCare. This contract is for 69 months with options for a total of four 1-year renewals. The administrative portion of the contract is $261,099,000, over the 69-month period. During the year ended November 30, 2022, the CCH Board approved claims payments to Evolent to be paid to providers in the amount of $6,473,379,222, over the 69-month period. CCH has also contracted with additional benefit managers to process claims, including MedImpact 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. Recently, 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 amount 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.

Note 16. Commitments and Contingencies (Continued)

Management believes that CCH is in compliance, 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.

The State of Illinois has restructured the Medicaid managed care organization (MCO) program.

CCH continues to honor the Interagency Transfer Agreement (Agreement) in order to receive enhanced Medicaid reimbursement.

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 a County Managed Care Community Network (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, 2022, estimated amounts due from the State of Illinois relating to the CountyCare program totaled $213,545,200, which is reported in due from State of Illinois in the statement of net position.

As of November 30, 2022, total receivables for Health Plan Services was $213,545,200, in comparison to total payables of $566,918,248, consisting of $33,121,909 of accounts payable and $533,796,339 of claims payable. The net difference between the total receivable and payable amounts for Health Plan Services is $(353,373,048). 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, 2022, was approximately $2,622,333,000. Of this amount, total claims payable included in the statement of net position as of November 30, 2022, was $533,796,340. Throughout the course of the year CCH records intra-entity transactions between internal reporting units such as Stroger and CountyCare. These intra-entity transactions are eliminated upon consolidation for financial reporting purposes. One of the most significant intra-entity transactions relates to services provided by CCH facilities and providers, such as Stroger, to CountyCare members.

Under the agreement with the current TPA, CountyCare maintains on deposit with the TPA $31,160,000 at November 30, 2022, 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, 2022, the balance of the deposit held by the TPA was $25,257,405. The remaining amount of $5,902,594, which represents amounts invoiced to CountyCare by the TPA that have yet to be paid by CountyCare to replenish the $31,160,000 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 Provident Hospital. 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. At November 30, 2022, CCH was overpaid by $90,511,463 for these directed payments, and reported a liability as due to State of Illinois in the statement of net position.

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

On January 30, 2020, the World Health Organization declared the COVID-19 coronavirus outbreak a "Public Health Emergency of International Concern" and on March 11, 2020, declared it to be a pandemic. The spread of COVID-19, a novel strain of coronavirus, has altered the behavior of business and people in a manner that is having negative effects on local, regional and global economies, including disrupting the healthcare industry.

In response to the COVID-19 pandemic, Congress passed the CARES Act, which was signed into law on March 27, 2020. The CARES Act provides funding to fight the COVID-19 pandemic, stimulate the U.S. economy, and provide assistance to affected industries. The CARES Act clarifies that all COVID-19 testing, preventive services, and vaccines are to be provided by private insurance plans without cost sharing. The CARES Act also delays certain Medicare and Medicaid cuts (e.g. Medicare sequestration, disproportionate share hospital reductions) and extends certain other government programs. In addition, the U.S. Department of Health and Human Services, the Centers for Medicare and Medicaid Services, and the Health Resources and Services Administration all issued various waivers of regulations governing coverage of specific services and conditions of program participation.

The federal COVID-19 Public Health Emergency expired on May 11, 2023.

Note 20. Subsequent Events

Management has evaluated subsequent events and transactions through May 31, 2023, the date that these financial statements were issued.

Required Supplementary Information

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
Last 4 Fiscal Years*

	2022	2021	2020	2019
CCH's proportion of the total OPEB liability	30.37%	30.81%	30.85%	30.31%
CCH's proportionate share of the total OPEB liability	$ 600,652,897	$ 648,562,158	$ 586,408,209	$ 465,027,779
Covered employee payroll	$ 604,278,666	$ 611,204,055	$ 634,393,176	$ 622,304,729
CCH's proportionate share of the total OPEB liability as a percentage of covered employee payroll	99.40%	106.11%	92.44%	74.73%
Plan fiduciary net position as a percentage of total OPEB liability	0.00%	0.00%	0.00%	0.00%

Notes to Schedule:

Changes of Benefits

Subsidy percentages for members health benefits changed from FY2021 to FY2022, respectively, as follows:

Choice plan:

Annuitants without Medicare changed from 45% to 44%, Annuitants with Medicare changed from 38% to 44%
Survivors without Medicare changed from 52% to 44%, Annuitants with Medicare changed from 38%-44%

Choice Plus Plan:

Annuitants without Medicare changed from 42% to 44%, Annuitants with Medicare changed from 33% to 44%
Survivors without Medicare changed from 48% to 44%, Annuitants with Medicare changed from 38%-44%

Changes of Assumptions:

The discount rate used changed from 2.12% in FY2021 to 2.05% in FY2022
The Mortality tables used in FY2022 changed from RP-2014 Blue Collar to Pub-2010 General Amount Weighted in FY2022.
All mortality rates projected from FY2011 using the generational mortality improvement scale MP-2021 and were projected from 2006 base year using Buck Modified MP-2017 scale in FY2021.
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, from an assumption that varied by age.
The per capita plan costs were updated to reflect the most recent year of claims experience and working premium rates were updated for FY2022.
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 FY2022 working premium rates.
Projected salary increases changed from 3.50%-8.00% in FY 2021 to 3.00%-5.00% in FY2022 based on service.
Healthcare Cost Trend Rate remained the same for pre-Medicare, 7.00% in the first year, decreasing by 0.25% per year.
The inflation rate changed from 2.75% in FY2021 to 2.50% in FY2022.

*CCH implemented the provisions of GASB 75 in FY2018. 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
Last 6 Fiscal Years*

	2022	2021	2020	2019	2018	2017	2016
CCH's proportion of the net pension liability	33.94%	34.14%	34.54%	34.30%	31.66%	31.89%	31.74%
CCH's proportionate share of the net pension liability	$ 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	$ 507,405,104	$ 518,923,100	$ 524,868,518	$ 527,303,543	$ 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	724.96%	985.87%	893.84%	771.55%	812.10%	893.53%	974.71%
Plan fiduciary net position as a percentage of total pension liability	56.86%	45.77%	45.83%	45.40%	45.37%	41.32%	36.07%

Notes to Schedule:
Changes of Benefits - None noted in FY2022

Changes of Assumptions:
The discount rate changed from 3.68% in FY2021 to 4.38% in FY2022.
The Mortality tables used changed from RP-2014 Blue Collar in FY2021 to Pub-2010 amount-weighted in FY2022.
All mortality rates projected in FY2022 are projected from FY2010 using generational mortality improvement with Scale MP-2022, and were projected from 2006 base year using Buck Modified MP-2017 scale in FY2021.
The investment rate of return changed from 7.25% in 2021 to 7.00% in FY2022.
Projected salary increases changed from 3.50%-8.00% based on age in FY2021 to 3.00%-5.00% in FY2022 based on service.
Inflation rate changed from 2.75% in 2021 to 2.50% in FY2022.

*CCH implemented the provisions of GASB 68 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 County Contributions
Last 10 Fiscal Years
(Information for all County Employees)

Fiscal Year Ended November 30:	Statutory Maximum Required Contributions	Actual Contributions in Relation to the Statutory Maximum Contributions	Contribution Excess (Deficiency)	Covered Payroll	Actual Contributions as a Percentage of Covered Payroll
2022	$ 205,387,185	$ 230,240,750	$ 24,853,565	$ 1,520,619,855	15%
2021	206,603,114	200,279,241	(6,323,873)	1,532,744,306	13%
2020	207,649,768	211,428,226	3,778,458	1,553,498,503	14%
2019	206,605,123	230,240,750	23,635,627	1,533,721,507	15%
2018	214,607,612	201,341,690	(13,265,922)	1,567,480,401	13%
2017	212,069,887	197,140,648	(14,929,239)	1,580,251,254	12%
2016	199,160,990	185,912,498	(13,248,492)	1,572,417,298	12%
2015	196,493,559	191,609,506	(4,884,053)	1,514,550,023	13%
2014	198,459,042	190,032,872	(8,426,170)	1,484,269,715	13%
2013	196,469,308	187,817,644	(8,651,664)	1,478,253,368	13%

Separate information for CCH is not available.