

CCHHS Budget Address
Tuesday, October 22, 2013

Good Morning Chairman Daley, Commissioners, Ladies and Gentlemen.

Over the past two years, you have entrusted me to lead the transformation of the Cook County Health & Hospitals System. This board gave me two specific charges.

First, create a system that is financially stable and viable. Second and above all else, make sure that our noble mission to treat anyone who walks through our doors remains intact during the most dramatic period of change in the healthcare industry.

It is the rich tradition and noble mission of this icon in public health that lured me to Chicago just 24 months ago. The opportunity to transform one of the largest, most storied public health systems in this country was truly the opportunity of a lifetime.

And I stand here today to tell you that we are well on our way.

A transformation of this sort doesn't happen because a new CEO comes to town. It happens because a groundswell of people and organizations who believe in a mission come together and offer their assistance.

Please allow me to start by publicly thanking President Preckwinkle for the support she has provided to me personally and more importantly for her commitment to the mission of the Cook County Health & Hospitals System. Since the day I arrived in Chicago, she has put her good name and political capital on the line to support every initiative I have advanced. That support cannot be underestimated starting with the recruitment of the Civic Consulting Alliance. The huge challenge that CCA and its partners took on is not lost on anyone on our team. The willingness of the business community to recognize the importance of the System followed by their countless hours of guidance, direction and leadership to develop the plans to achieve the vision cannot be overstated.

I also want to thank each member of the Cook County Board of Commissioners and each member of the Cook County Health & Hospitals System, particularly Chairman Carvalho and Commissioner Butler, for your insight, your commitment and your support. Finally, and I could never name all the names – every civic and business leader, every health care policy group, community or religious organization, who has provided support, direction or counsel.

You know who you are. Thank you.

Back to the story of our transformation.

The Affordable Care Act gives us the opportunity to be funded for pro-active care, for keeping Cook County residents well. It gives us the opportunity to deliver on our mission by investing in care and in partnerships—and that is exactly what we are doing. I am proud to tell you today that we are finding ways for the new federal policy to support the mission we've always had.

With the support of the President and this honorable body, we sought and secured a Federal 1115 Waiver to early enroll adults who would be eligible for Medicaid under the Affordable Care Act.

The ACA was exactly what the doctor ordered for the Cook County Health & Hospitals System.

Not only did it provide the catalyst for transforming the system but it has allowed us to continue to care for our current patients and even provide care for a population new to us.

We are in the Finance committee so let's talk first about financial stability.

By early enrolling people into Medicaid expansion, we are receiving reimbursements much sooner than we would have without the waiver. Those revenues have been critical in our ability to expand and reimburse the enormous network of providers that have partnered with us in this venture.

This month alone, we expect to receive over \$23 million in CountyCare revenue. Many have asked about what happens next year. CountyCare members will be seamlessly transitioned into a Managed Care Community Network on January 1. The MCCN will allow members to keep their current providers with no interruption in care. The reimbursement structure moves from 50% FMAP today to 100% for the next three years. What does that mean for budget purposes in 2014 and our financial stability down the road? At a very basic level, it means that the \$23M we received this month would be \$46M next year.

Our 2014 budget assumes that we will have an average of 56K CountyCare members on any given day next year. Based on that, we have projected CountyCare revenue at \$468M for 2014. What I would remind everyone is that every penny of this revenue is attached to a CountyCare member. It is not a 'windfall' as some have suggested – rather it provides a per member/per month revenue stream for the expenses associated with the provision of care to CountyCare members. The more members we have, the more costs we incur. It is important to make this point – as revenues increase, so do expenses.

Our partners in the CountyCare provider network, whether an FQHC or a hospital, a doctor or a pharmacy - will be reimbursed through this revenue stream. As utilization of CountyCare services ramps up, you will begin to see increased payments from the System to hundreds of our provider partners throughout the County.

In the interest of transparency, you will also see a revenue shortfall this year that is different from years past. For many years, the health system had a history of overestimating revenues. We are meeting our Medicaid and Medicare revenue projections this year. The shortfall we will experience is tied directly to the Waiver and the approval of applications. We have talked numerous times about the creation of the infrastructure to allow Cook County residents to apply for CountyCare. We worked closely with the state on this and now have in place an apparatus to approve applications at a much faster rate than we did just two months ago. What this means is that the gap between application submission and approval is shrinking. We have been submitting on average 500 applications per day and the state is processing between 450 and 500 applications each day. The revenue shortfall that we will experience in 2013 is a cash flow issue that will resolve itself once the approval gap is closed which we expect will occur in the first quarter.

That being said, I am proud to stand here and report that as of this morning, we have met our goal of 115,000 CountyCare applications.

I have now challenged the team to see how many more applications they can generate before December 31st.

This accomplishment was a group effort between the President, her staff, every one of you who helped get the word out to your constituents, the CCHHS Board, the CCHHS team and the State of Illinois.

And now that we have hit our first big milestone, we have more work to do.

Last year, I told you that the Waiver has always been seen as a bridge to 2014 to give us the opportunity and the additional resources to prepare for the substantial changes that lie ahead.

If you will indulge me, I would like to take a few moments to outline our plans for 2014 and even beyond. I want you to feel comfortable with the plan and I want you to know that the plan is designed first and foremost to ensure that the mission of the system prevails.

As you know, on January 1st, the ACA takes effect nationwide. We can all debate the merits of the law. We each have our own opinions as to whether it went too far or not far enough but what we can't argue is that it is here and when viewed from the perch that is the Cook County Health & Hospitals System, it has - without question- provided us with the chance – the opportunity – to take this vast system of care and transform it to ensure its future success.

But what the Affordable Care Act also does is require us to do things better, smarter and more efficiently. It requires us to go beyond financial stability and raise the bar in areas that public systems haven't traditionally needed to focus on – things like patient satisfaction or

information technology. Terms like the patient experience or business intelligence weren't in our vernacular two years ago because we didn't need to worry about our patients going elsewhere. I apologize if that may sound cold-hearted but you know I call it the way I see it.

We – the public health system in this country - had a strong patient base of people who relied on us, families who relied on us generation after generation to give them quality care without regard for their ability to pay.

For everything the Affordable Care Act has done to reimburse us for a segment of patients we were already caring for, it has required us to invest in the patient experience and IT systems to generate business intelligence. These are two key areas of investment for us in the 2014 budget.

We must improve the patient experience. The Affordable Care Act provides most of our patients with choice come January 1st - choice they deserve. If we don't improve things like front line staffing, a patient's first encounter with us could be their last. Our job is to transform the Cook County Health & Hospitals System from a patient's last resort to their first choice.

I am pleased to tell you that we have made some important improvements toward this but I am also keenly aware that there is much more to do. We have decreased wait times in both the Stroger ED and the General Medicine Clinic. In the Stroger ED, we decreased wait times down to 110 minutes. And in the General Medicine Clinic, the elimination of various process steps has reduced wait times by 25%.

Let me be clear that I did not do this. We owe these improvements to our staff. By engaging them in the conversation and challenging them in a positive way, they worked tirelessly to change processes that led to these reductions. We are implementing this model throughout the System next year and working with our staff in identifying additional opportunities to improve patient satisfaction.

Last year, this board asked us about engaging a pharmacy partner to alleviate the need for patients to travel to one of our facilities for their meds. CountyCare gave us that opportunity. I am pleased to report that through September, more than 140,000 prescriptions have been filled for CountyCare members through our pharmacy contractor utilizing commercial pharmacies, mail order services or when convenient, our pharmacies. I don't have to tell you what a convenience like this means to our patients.

Improving the patient experience will require more than what I have outlined. Please rest assured that we talk about this every day. We have invested additional resources to ramp up our ability to quickly hire front line staff. We filled 729 positions so far this calendar year,

compared to 471 positions last year. We continue to work closely with our partners in labor to expedite hiring activities with the mutual goal of providing increased quality of care.

In a system as big as ours, there is considerable turnover – on average 30 positions monthly. Staying on top of that both from a budget and process perspective can be a challenge and cause disruption to patient care. We pledge to continue to focus on this and will continue to monitor our activities through the STAR program.

In terms of IT investment, this is another area that has been left behind in years past. We got by with our systems for a variety of reasons, not the least of which was the grit and determination of the people running the systems. But if we plan to focus on health and not just the next patient who walks through the door with an emergency —then we need systems with timely, accurate information. Paper, grit and determination just won’t work.

This new era of health care required us to make significant investments in IT over the past couple years, investments that have led to us receiving Level 1 Meaningful Use designation for our electronic medical record. Meaningful use brought with it over \$8M this year from the federal government.

We have operationalized a project management office with one dedicated FTE because you have to start somewhere. We now must equip the office with the systems to develop business intelligence to provide data that will help guide our decision making moving forward. We envision the day when we can run a single report that tells us how many of our patients with diabetes are refilling their prescriptions as needed, seeing the doctor as scheduled and losing the requisite weight to bring their disease under control. Then we need to be able to hone into a particular community with high incidences of disease and bring prevention strategies, designed to improve the health of the individual and the community. After all, health care reform is ultimately designed to improve population health. Our business intelligence must aid us in doing that effectively.

Population health is the perfect segway back to our mission of caring for everyone, regardless of their income, insurance or immigration status. This is what we have done for more than 140 years and as long as I am at the helm will remain priority number one.

So what would have happened to our mission had we done nothing with the Affordable Care Act? We would have been left largely with those remaining uninsured, either because the Affordable Care Act didn’t provide a path to coverage, people couldn’t afford coverage even with the subsidy or because people simply opted out for other reasons.

Let me remind everyone that we provide more than \$500M in uncompensated care annually because it is our mission. That likely wouldn’t change much had we done nothing. What would have changed is how we paid for our mission. CountyCare provides us with a payment

mechanism for tens of thousands of patients already in our system but for which we never received any reimbursement. We conservatively predict that CountyCare will decrease our uncompensated care this year by \$57M. Let us not forget that CountyCare also allowed us to reduce our County subsidy by \$76M next year. It is conceivable that people will suggest that we wipe out the County subsidy altogether but before you go there remember that as long as there are people who have no means to pay for their care and we remain committed to caring for them, that there will be a need for a reliable funding stream to do so.

Medicaid expansion is an enormous achievement but we have to remember that 133% of poverty is under \$16,000 annually for an individual or about \$21,000 for a couple. So what happens to the people who miss the eligibility threshold by five dollars or five hundred dollars? Does it mean they can afford the marketplace plans, even with federal assistance? These are the next group of folks we think we can help.

Our ambitious goal is to build an insurance plan, an HMO, over the next ten months that will go on the marketplace in October, 2014 and provide a low-cost, low-premium option to any number of populations – not the least of which is a college student struggling to pay tuition, working part time at local diner or a husband who lost his job and his insurance and is struggling to live on his wife's income as a school aide making \$25,000.

These are real scenarios that I fully believe we can provide real solutions to. We can also provide an affordable solution to the small business owner who wants to do right by his employees or even to some of our current county employees. The bottom line is that this is the next logical step in the progression of our system. It gets us to a state of further self-reliance. And it offers our patients affordable coverage options.

I want to talk a little bit about our patients.

Our patients are young and old, male and female, sick and healthy, uninsured and some even insured. Some are new to our system because of CountyCare and others have been with us for decades. Many know the names and phone numbers of their favorite nurses while others know the exact greeting the front desk staff will give them in the morning.

Our patients represent the melting pot that is this nation - that is this county. When you look back at the immigrant populations that used our hospital in generations past, you find the Irish, the Italians, the Russians, the Asians. You find the Polish, the Hispanic and the Arabic.

Immigrants relied on us then and they rely on us now. We can provide a higher level of care if we are sensitive to the cultural and religious beliefs of our patients. We continue to prioritize cultural competency throughout the system and we continue to work toward building a workforce that better reflects the demographics of our patients.

In the end, our goal is to treat every patient with dignity and respect.

We have accomplished a lot this past year to advance the stability and mission of the Cook County Health & Hospitals System – and I want us to acknowledge that.

But above all else – we must acknowledge and celebrate the symbolism that coverage brings with it. When each of us in this room open our wallet every day for money for coffee or the newspaper, we see the logo of our insurance carrier which symbolizes more than health insurance – it provides a sense of security, belonging, and pride.

And while we can all applaud what CountyCare has meant to this county and what the Affordable Care Act means to this country, its true meaning is to the individual who has gone without it. We cannot underestimate what this card means to its holder. This is why we do what we do – the rest are ancillary benefits that allow us to do what we do.

This last year has been about giving people that sense of security, belonging and pride. The independence to choose their provider, make an appointment to help them manage their health rather than visit the emergency room to treat their illness. These are the intangibles that have made this transformation my personal mission.

I thank you for the support you have provided over the past two years and I humbly ask you for your continued support as we provide coverage and care one patient at a time.

Thank you.