

**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, 2023

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## Independent Auditor's Report

RSM US LLP

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

### Report on the Audit of the Financial Statements

#### **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 (the County), as of and for the year ended November 30, 2023, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of CCH, an enterprise fund of the County, as of November 30, 2023, 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) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Emphasis of Matters**

As discussed in Note 1, the financial statements present only CCH and do not purport to, and do not, present fairly the financial position of the County as of November 30, 2023, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

As discussed in Note 3, the financial statements have been restated for the implementation of Governmental Accounting Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements*. As a result of the implementation, right-of-use capital assets and subscription obligations were restated as of December 1, 2022. Our opinion is not modified with respect to this matter.

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

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

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

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

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

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

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

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 31, 2024 on our consideration of CCH's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of CCH's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering CCH's internal control over financial reporting and compliance.

*RSM US LLP*

Chicago, Illinois  
May 31, 2024

## **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, John H. Stroger, Jr. Hospital of Cook County and Provident Hospital, 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 of Cook County, 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 450,000 members in FY2023.

CCH patients exceeded 246,000 adjusted patient days, which includes more than 112,000 emergency room visits in FY2023. 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 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 provide an overview of CCH's financial activities and financial position for the fiscal years ended November 30, 2023 and 2022. 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 2023

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

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

A broad measure of CCH's financial progress is net position, or assets and deferred outflows, minus liabilities, and deferred inflows. CCH's net position increased by \$315,732 in fiscal year 2023.

- At November 30, 2023, CCH maintained a total cash and cash equivalents balance of \$740,514 or 58 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 2023 by \$4,225,993. Of this amount, \$4,754,617 is an unrestricted net deficit. In addition, in 2023, CCH's net investment in capital assets increased by \$143. It is important to note that nearly all the unrestricted net deficit is related to the net pension and OPEB liabilities.
- The total increase to net position was \$315,732 in fiscal year 2023. The change in net position for 2023 is the result of gain before capital contributions and transfers of \$125,257 and capital contributions and net transfers in of \$190,474.
- Loss from operations in fiscal year 2023 was \$98,847. The decrease in the loss is primarily the result of improved collections of accounts billed to insurance carriers and the increase in County care capitation revenue of \$182,972.
- During fiscal year 2023, CCH payor mix experienced the following changes: Medicare increased to 18.1%, Commercial Insurance increased to 7.1%, Medicaid increased to 39.9%, the Self-Pay component decreased to 17.8%, and CountyCare remained at 17.2%. Changes in the payor mix can largely be attributed to the delay in Medicaid redetermination and Revenue Cycle efforts to find insurance coverage for patients previously thought to be uninsured.
- Changes in estimates relating to prior years decreased fiscal year 2023 net patient service revenue by approximately \$6,730.
- The provision for bad debt increased in fiscal year 2023 by \$19,850 or 10.5% to \$208,420. Overall, the Accounts Receivable increased at year end due to delays in Medicaid payment processing inappropriately denying claims for eligibility.

## 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 decreased by \$296,957 in fiscal year 2022.

- At November 30, 2022, CCH maintained a total cash and cash equivalents balance of \$601,759 or 60 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 decreased 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 loss 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 increase in the loss is primarily the result of the increase in pension and OPEB expense of \$235,273.
- During fiscal year 2022, CCH payor mix experienced the following changes: Medicare increased to 15.6%, 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.



*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, 2023 and 2022, are as follows:

	2023	2022	Percent Change	2021
Patient days	99,583	91,976	8.3	85,250
Average daily census	273	252	8.3	234
Admissions	16,569	16,320	1.5	16,875
Average length of stay (days)	6.01	5.64	6.6	5.05

**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 \$4,225,992 at November 30, 2023 and \$4,541,724 at November 30, 2022. It is important to note that nearly all unrestricted net deficits in both years are related to the unfunded net pension and OPEB liabilities.

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 (Deficit)  
November 30, 2023 and 2022  
(In Thousands)**

	2023	2022
Current assets	\$ 1,501,929	\$ 1,186,427
Refundable deposits	14,600	31,160
Lease receivable	26,786	30,826
Capital assets, net	589,268	584,916
Total assets	2,132,583	1,833,329
Deferred outflows of resources	725,265	802,199
Current liabilities	1,154,680	1,201,815
Other liabilities	4,933,950	4,500,686
Total liabilities	6,088,630	5,702,501
Deferred inflows of resources	995,211	1,474,751
Net position (deficit):		
Net investment in capital assets	514,092	528,481
Unrestricted	(4,740,085)	(5,070,205)
Total net position (deficit)	\$ (4,225,993)	\$ (4,541,724)

**Table 2**

**Statements of Revenues, Expenses and Changes in Net Position  
Years Ended November 30, 2023 and 2022  
(In Thousands)**

	2023	2022
Operating revenues:		
Net patient service revenue—net of bad debt provision of \$208,420 (2023) and \$188,570 (2022)	\$ 994,823	\$ 872,858
Graduate medical education revenue	69,884	73,661
CountyCare capitation revenue	3,052,857	2,869,885
Directed payments	503,201	420,082
Lease revenue	2,088	3,091
Other revenue	13,264	9,941
Total operating revenues	<u>4,636,117</u>	<u>4,249,518</u>
Nonoperating revenues (expenses):		
Provider relief funding	-	1,465
Property taxes	145,110	134,235
Grant revenue	61,549	104,439
Interest expense—leases	(2,807)	(1,962)
Interest income	20,704	3,055
Total nonoperating revenues (expenses), net	<u>224,556</u>	<u>241,232</u>
Total revenues	<u>4,860,673</u>	<u>4,490,750</u>
Operating expenses:		
Salaries, wages and benefits	777,429	719,558
Pension	159,258	58,133
OPEB	2,467	77,640
Supplies	180,427	177,925
Purchased services, rental and other	536,475	683,366
Foreign claims	2,905,753	2,622,333
Insurance	55,656	16,328
Depreciation	70,266	48,815
Utilities	17,902	12,961
Services contributed by other County offices	29,331	20,545
Total operating expenses	<u>4,734,964</u>	<u>4,437,604</u>
Change in net position before capital contributions and transfers in	<u>125,709</u>	<u>53,146</u>
Change in net position before capital contributions and transfers in:		
Capital contributions	9,108	9,605
Transfers in	180,915	234,206
Total capital contributions and transfers in	<u>190,023</u>	<u>243,811</u>
Change in net position	315,732	296,957
Net position (deficit):		
Beginning of year	<u>(4,541,724)</u>	<u>(4,838,681)</u>
End of year	<u>\$ (4,225,992)</u>	<u>\$ (4,541,724)</u>

## **2023 Activity**

In fiscal year 2023, total operating revenues, net of bad debt provision increased to \$4,636,117 from the prior year, which represents a 9.1% increase in total operating revenues. This increase is primarily due to increased CountyCare capitation revenue of \$182,972 and directed payments of \$83,119.

Changes in estimates relating to prior years decreased fiscal year 2023 net patient service revenue by approximately \$6,730.

In fiscal year 2023, nonoperating revenues decreased by \$16,676 from the prior year to \$224,556. The decrease in nonoperating revenues was due to a decrease in grant revenues.

In fiscal year 2023, salaries, wages and benefits (excluding pension and OPEB expense) increased by \$57,871 from the prior year to \$777,429 due to cost-of-living increases related to salaries. Pension expenses increased \$101,125 (174%) from the prior year primarily due to changes in actuarial estimates. OPEB expense decreased \$75,173 (97%) from the prior year to \$2,467. The decrease in OPEB expense is primarily due to changes in actuarial estimates.

Supplies expense including pharmaceuticals increased to \$180,427. This 1.4% increase is primarily due to inflation.

Purchased services, rental and other expenses decreased \$146,440 (21.5%) from prior year to \$536,927 in fiscal year 2023. The decrease is primarily due to some improvement in agency spend.

Foreign claims expense increased by \$283,420 (10.8%) from the prior year to \$2,905,753 in fiscal year 2023. The increase is primarily due to the increase in membership services from outside of the domestic network.

In fiscal year 2023, the operating loss of CCH decreased by \$88,788 from the prior year operating loss to \$99,299.

## **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.

## **2022 Activity (Continued)**

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.

## **Capital Assets and Debt Administration**

### *Capital Assets*

CCH's investment in capital assets amounts to \$589,268, net of accumulated depreciation and amortization, as of November 30, 2023. This investment includes building, improvements, equipment, lease right-of-use assets, subscription right-of-use assets and intangible assets. The \$14,389 decrease in investment in capital assets for fiscal year 2023 is the result of an increase of \$16,921 of right-of-use assets recognized under GASB Statement No. 87 and 96 (\$19,978 decrease related to GASB 87 and \$36,899 increase related to GASB 96), depreciation and amortization expense of \$70,266, contributed capital assets of \$9,108, and investment in capital assets of \$8,202. In 2024, 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 many 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. See Note 19 in the accompanying financial statements for additional information.

CCH continues to increase its insured patient population in fiscal year 2023 as compared to 2022. 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 9<sup>th</sup> Floor, Chicago, Illinois 60612, [www.cookcountygov.com](http://www.cookcountygov.com).

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

**Statement of Net Position (Deficit)  
November 30, 2023**

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**Assets and Deferred Outflows**

Current assets:

Cash and cash equivalents (Note 5)	\$ 740,513,617
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<b>Total cash and cash equivalents</b>	740,513,617
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Property taxes receivable—net of allowance of \$9,246,299

Tax levy—current year	147,704,921
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Tax levy—prior year	46,185,276
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<b>Total property taxes receivable</b>	193,890,197
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Receivables:

Patient accounts—net of allowances of \$48,820,308	152,016,713
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Due from State of Illinois (Note 17)	340,770,707
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Directed payments receivable (Note 18)	24,281,291
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Lease receivable (Note 15)	595,850
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Other receivables	39,792,180
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<b>Total receivables</b>	557,456,741
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Inventories	10,068,193
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<b>Total current assets</b>	1,501,928,748
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Noncurrent assets:

Lease receivable (Note 15)	26,785,513
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Refundable deposits (Note 17)	14,600,000
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Capital assets, net of accumulated depreciation (Note 6)	570,796,779
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Capital assets not being depreciated (Note 6)	18,471,630
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<b>Total noncurrent assets</b>	589,268,409
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<b>Total assets</b>	2,132,582,670
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Deferred outflows of resources:

Pension related amounts (Note 11)	623,743,892
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OPEB related amounts (Note 12)	101,520,999
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	725,264,891
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(Continued)

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

**Statement of Net Position (Deficit) (Continued)  
November 30, 2023**

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**Liabilities, Deferred Inflows and Net Position (Deficit)**

Current liabilities:

Accounts payable	\$ 250,351,096
Accrued salaries, wages and other liabilities	49,762,850
Accrued interest	25,943
Claims payable (Note 17)	585,599,500
Compensated absences	7,564,173
Pension and OPEB contributions payable (Notes 11 and 12)	64,933,323
Unearned revenue (Note 7)	76,577,975
Due to State of Illinois (Notes 7 and 17)	57,914,301
Third-party settlements	4,102,273
Self-insurance claims (Notes 3 and 13)	30,979,584
Due to other County governmental fund	72,841
Lease liability (Note 15)	13,289,826
SBITA liability (Note 15)	12,947,599
Trust funds	558,741
<b>Total current liabilities</b>	<u>1,154,680,025</u>

Compensated absences, less current portion	42,863,645
Self-insurance claims, less current portion (Notes 3 and 13)	148,825,504
Property tax objections (Note 8)	13,576,586
Lease liability, less current portion (Note 15)	24,437,869
SBITA liability, less current portion (Note 15)	24,501,385
Net pension liability (Note 11)	4,186,806,540
Total OPEB liability (Note 12)	<u>492,938,008</u>
<b>Total liabilities</b>	<u>6,088,629,562</u>

Commitments and contingencies (Note 16)

Deferred inflows of resources:

Lease related amounts (Note 15)	24,299,674
Pension related amounts (Note 11)	740,786,159
OPEB related amounts (Note 12)	230,125,724
	<u>995,211,557</u>

Net position (deficit):

Net investment in capital assets	514,091,728
Unrestricted deficit	<u>(4,740,085,286)</u>
<b>Total net position (deficit)</b>	<u>\$ (4,225,993,558)</u>

See notes to financial statements.

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

**Statement of Revenues, Expenses and Changes in Net Position  
Year Ended November 30, 2023**

Operating revenues:	
Net patient service revenue—net of bad debt provision of \$208,419,651	\$ 994,822,565
Graduate medical education revenue (Note 3)	69,883,768
CountyCare capitation (Note 17)	3,052,857,130
Directed payments (Note 18)	503,200,833
Lease revenue	2,087,995
Other revenue	13,264,181
<b>Total operating revenues</b>	<b>4,636,116,472</b>
Operating expenses:	
Salaries and wages	672,493,912
Employee benefits	104,935,075
Pension (Note 11)	159,257,501
Other post-employment benefits (Note 12)	2,467,094
Supplies	180,427,316
Purchased services, rental and other	536,475,190
Foreign claims (Note 17)	2,905,752,820
Insurance	55,655,635
Depreciation	70,266,463
Utilities	17,901,578
Services contributed by other County offices (Note 9)	29,331,226
<b>Total operating expenses</b>	<b>4,734,963,810</b>
<b>Operating loss</b>	<b>(98,847,338)</b>
Nonoperating revenues (expenses):	
Property taxes	145,109,783
Grant revenue	61,549,011
Interest expense—leases	(2,806,516)
Interest income	20,703,568
<b>Total nonoperating revenues (expenses), net</b>	<b>224,555,846</b>
<b>Change in net position before capital contributions and transfers in</b>	<b>125,708,508</b>
Change in net position before capital contributions and transfers in:	
Capital contributions (Note 9)	9,107,825
Transfers in	180,914,756
<b>Total capital contributions and transfers in</b>	<b>190,022,581</b>
<b>Change in net position</b>	<b>315,731,089</b>
Net position (deficit):	
Beginning of year	(4,541,724,647)
End of year	<b>\$ (4,225,993,558)</b>

See notes to financial statements.



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

**Statement of Cash Flows  
Year Ended November 30, 2023**

Cash flows from operating activities:	
Receipts from third-party payors and patients	\$ 4,551,097,545
Payments to employees	(748,798,992)
Contributions to the pension/OPEB plans for employee benefits	(160,424,442)
Payments to contracted health care providers and suppliers	(3,685,766,602)
Other payments	(132,548,313)
<b>Net cash used in operating activities</b>	<b><u>(176,440,804)</u></b>
Cash flows from capital financing activities:	
Acquisition of capital assets	(12,337,208)
Principal paid on lease and subscription liabilities	(34,438,431)
Interest paid on lease and subscription liabilities	(2,806,516)
<b>Net cash used in capital financing activities</b>	<b><u>(49,582,155)</u></b>
Cash flows from noncapital financing activities:	
Receipts from grantors	58,128,525
Real and personal property taxes received, net	134,362,257
Transfers from other County funds	151,583,500
<b>Net cash provided by noncapital financing activities</b>	<b><u>344,074,282</u></b>
Cash flows from investing activities:	
Interest received	20,703,568
<b>Net cash provided by investing activities</b>	<b><u>20,703,568</u></b>
<b>Increase in cash and cash equivalents</b>	<b>138,754,891</b>
Cash and cash equivalents:	
Beginning of year	<u>601,758,726</u>
End of year	<b><u>\$ 740,513,617</u></b>
Supplemental disclosure of noncash transactions:	
Capital assets acquired through lease or subscription	<b><u>\$ 26,986,644</u></b>
Transfers—capital assets	<b><u>\$ 9,107,825</u></b>

(Continued)

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

**Statement of Cash Flows (Continued)  
Year Ended November 30, 2023**

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Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (98,847,338)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	70,266,463
Provision for bad debts	208,419,651
Services contributed by other County offices	29,331,226
Net change in assets and liabilities:	
Patient accounts receivable	(253,992,718)
Due from State of Illinois including capitation receivable	(125,688,486)
Third-party settlements	48,823,953
Other receivables	(10,909,427)
Inventories	374,084
Lease receivable	4,296,938
Refundable deposits	16,560,000
Accounts payable	(53,890,357)
Accrued salaries, wages and other liabilities	26,918,784
Pension and OPEB contributions payable	(2,549,314)
Self-insurance claims payable	(6,335,331)
Net pension liability	508,330,566
Total OPEB liability	(107,714,889)
Deferred amounts related to pensions	(490,932,747)
Deferred amounts related to OPEB	94,166,718
Claims payable	51,803,160
Compensated absences	1,711,061
Due to State of Illinois	(82,860,537)
Trust funds	7,389
Property tax objections	2,110,037
Deferred inflows of resources—leases	(5,839,690)
	<hr/>
<b>Net cash used in operating activities</b>	<b>\$ (176,440,804)</b>

See notes to financial statements.

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

**Notes to Financial Statements**

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**Note 1. Reporting Entity**

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

CCH includes the following 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 M. Rothstein Core Center (CORE) and Cermak Health Services of Cook County (CHS).

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

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

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

In October 1998, Cook County/Rush Health Center (Health Center) was opened to combat HIV/AIDS and other related communicable diseases. The CORE Foundation, 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 \$98,847,338 for the year ended November 30, 2023.

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

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

**Notes to Financial Statements**

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

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

Once enrolled in CountyCare, members receive covered services at no cost 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, 2023, CCH’s payor utilization based on gross patient service revenue was as follows:

Self-pay	\$ 372,088,291
Medicaid and Medicaid managed care	834,776,739
Medicare	379,184,243
Other	148,301,399
Total	<u>\$ 1,734,350,672</u>
 CountyCare	 <u>\$ 360,055,301</u>

For the year ended November 30, 2023, estimated gross charges associated with services provided to CountyCare patients totaled approximately \$360,055,000. 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.

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

**Notes to Financial Statements**

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

**Basis of presentation:** The financial statements have been presented in conformity with accounting principles generally accepted in the United States of America and in accordance with the pronouncements of the 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, CountyCare, PH, DPH, BHS, CORE, ACHN and CHS. The accounts of ACHN and CORE 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, 2023.

**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, 2023, represents CCH's portion of the tax year 2023 taxes and uncollected tax year 2022 taxes.

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

**Notes to Financial Statements**

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

CCH records property taxes as revenue in the year in which they are levied. Property taxes receivable 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, Medicaid managed care or commercial insurance carriers, or directly from the patient. Patient accounts receivable is presented net of allowances for contractual discounts and uncollectible accounts. CCH evaluates the collectability of its patient accounts receivable based on the length of time the receivable is outstanding, payor class, and historical experience. Accounts receivable are charged against the allowance for uncollectible accounts when they are deemed uncollectible. Medicaid patient accounts receivable (including Medicaid managed care) represented approximately 57% of patient accounts receivable, net as of November 30, 2023.

**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.

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

**Notes to Financial Statements**

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

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

CCH is also a lessor for a noncancellable lease of a CCH-owned building. CCH records a lease receivable and a deferred inflow of resources in the financial statements. At 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 on a straight-line basis.

Key estimates and judgments related to leases (as lessee and lessor) include how CCH determines (1) the discount rate it uses to discount the expected lease payments/receipts to present value, (2) lease term, and (3) lease payments/receipts. CCH generally uses its incremental borrowing rate as the discount rate for all leases. The lease term includes the 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, 2023.

**Subscription-Based Information Technology Arrangements:** In accordance with GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, CCH generally records subscription liabilities and right to use subscription assets based on the present value of payments (as lessee), over the non-cancellable terms of the respective leases. Renewal and termination options are not included in the lease terms unless they are reasonably certain of exercise. Variable payments that are not fixed in nature are not included in the SBITA liability. As a result of implementing this standard, the December 1, 2022, balance for right-of-use subscription assets and subscription liabilities, were restated each from \$0, as previously reported, to \$26,187,670. The implementation of this standard had no impact on December 1, 2022, net position.

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

**Notes to Financial Statements**

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

**Compensated absences:** Employees can earn from 10 to 25 vacation days per year, depending on their length of employment with the County. An employee can accumulate no more than the equivalent of two years' vacation. Accumulated vacation leave is due to the employee, or employee's beneficiary, at the time of termination or death. Salaried employees can accumulate sick leave at the rate of one day for each month worked, up to a maximum of 175 days. Accumulated sick leave is forfeited at the termination of employment; therefore, sick leave pay is not accrued and is charged to employee benefits expense when paid. Sick leave does not vest, but any unused sick and vacation leave, up to six months in duration, accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Changes in compensated absences were as follows for the year ended November 30, 2023:

Balance, December 1, 2022	Additions	Reductions	Balance, November 30, 2023	Amount Due Within One Year
\$ 48,716,757	\$ 55,435,620	\$ (53,724,559)	\$ 50,427,818	\$ 7,564,173

**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.

**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, except for 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.



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

**Notes to Financial Statements**

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

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

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates may change. Estimates for cost report settlements and contractual allowances can differ from actual reimbursements based on the results of subsequent reviews and cost report audits. Net patient service revenue decreased approximately \$6,730,000 for the year ended November 30, 2023, for third-party settlements and changes in estimates related to services rendered in previous years.

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

**Adopted accounting pronouncements:** CCH implemented the following GASB Statements in the 2023 fiscal year:

- GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Agreements*, became effective for CCH's fiscal year ended November 30, 2023. The adoption of this statement did not have a material impact on the financial statements.
- GASB Statement No. 96, *Subscription-Based Information Technology Agreements*, became effective for CCH's fiscal year ended November 30, 2023. The adoption of this statement resulted in a restatement of the financial statements as disclosed earlier in Note 3.

**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, 2023, will have on CCH's future financial statements:

- 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.
- GASB Statement No. 102, *Certain Risk Disclosures*, 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.

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

**Notes to Financial Statements**

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**Note 4. Charity Care**

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.

For the year ended November 30, 2023, charges forgone for charity care and the related estimated costs were as follows:

Charges forgone	<u>\$ 173,397,104</u>
Estimated costs incurred	<u>\$ 121,140,227</u>

**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, 2023, CCH's cash and cash equivalents consisted of the following:

Demand deposits held in banks	\$ 2,902,375
Pooled cash	642,464,088
Working cash fund	<u>95,147,154</u>
Total	<u>\$ 740,513,617</u>

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

**Note 5. Cash Management (Continued)**

**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, 2023, 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, 2023, \$95,147,154 is reported at CCH.

**Note 6. Capital Assets**

A summary of capital assets activity for the year ended November 30, 2023 is as follows:

	Balance, December 1, 2022, as restated*	Additions and Transfers	Disposals and Transfers	Balance, November 30, 2023
Capital assets not being depreciated:				
Land	\$ 990,911	\$ -	\$ -	\$ 990,911
Construction in process	8,375,249	10,676,216	(1,570,746)	17,480,719
Total capital assets not being depreciated	<u>9,366,160</u>	<u>10,676,216</u>	<u>(1,570,746)</u>	<u>18,471,630</u>
Capital assets being depreciated/amortized:				
Land improvements	1,453,565	-	-	1,453,565
Buildings and building improvements	882,059,756	5,706,010	-	887,765,766
Equipment and furniture	244,846,274	6,633,553	-	251,479,827
Intangible assets	37,108,875	-	-	37,108,875
Right-of-use building	22,739,332	-	-	22,739,332
Right-of-use machinery and equipment	49,976,551	3,466,771	-	53,443,322
Right-of-use subscription asset	26,187,670	23,519,873	-	49,707,543
Total capital assets being depreciated/amortized	<u>1,264,372,023</u>	<u>39,326,207</u>	<u>-</u>	<u>1,303,698,230</u>
Less accumulated depreciation/amortization:				
depreciation:				
Land improvements	1,102,522	56,724	-	1,159,246
Buildings and building improvements	394,257,467	22,967,628	-	417,225,095
Equipment and furniture	213,742,033	10,829,801	-	224,571,834
Intangible assets	37,108,875	-	-	37,108,875
Right-of-use building	3,153,413	3,152,132	-	6,305,545
Right-of-use machinery and equipment	13,270,677	20,451,145	-	33,721,822
Right-of-use subscription asset	-	12,809,034	-	12,809,034
Total accumulated depreciation/amortization	<u>662,634,987</u>	<u>70,266,464</u>	<u>-</u>	<u>732,901,451</u>
Total capital assets, net	<u>\$ 611,103,196</u>	<u>\$ (20,264,041)</u>	<u>\$ (1,570,746)</u>	<u>\$ 589,268,409</u>

\*Balances were restated with the implementation of GASB 96, Subscription-Based Technology Arrangements (SBITAs).

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

**Notes to Financial Statements**

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**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 \$320,806,429 in additional payments from DHFS during the year ended November 30, 2023. Of the amounts received, \$71,866,667 is unearned as of November 30, 2023, 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 \$320,806,429 for the year ended November 30, 2023, 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' 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, 2023, for a potential BIPA overpayment due to a change in the Federal Medical Assistance Percentage (FMAP). This liability is included in due to State of Illinois in the statement of net position.

**Note 8. Other Liabilities**

Other liabilities activity for the year ended November 30, 2023, was as follows:

	Balance, December 1, 2022	Increase	Decrease	Balance, November 30, 2023	Amount Due Within One Year
Property tax objections	\$ 11,466,549	\$ 4,150,131	\$ (2,040,094)	\$ 13,576,586	\$ -

**Note 9. Related-Party Transactions**

During 2023, significant related-party transactions between the County and CCH included the provision of various services and the contribution of capital assets.

**Working cash loan:** To finance operations pending the collection of taxes and to provide for month-to-month cash flow needs, the County maintains a Working Cash Fund. The County's Working Cash Fund and the outstanding bonds that were issued to create it are reported in the County's long-term obligations and, therefore, are not reflected in the accompanying financial statements. Amounts advanced from the County's Working Cash Fund may be designated as either loans or operating contributions. During the year ended November 30, 2023, there were no working cash loans received by CCH from the County's Working Cash Fund.

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

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

**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 \$29,331,226. In addition, CCH recorded contra expenses related to employee health claims of \$(8,840,908). 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 \$160,424,442 were transferred to CCH whereby they were then remitted to the Plan.

**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, 2023, CCH has recognized capital assets and capital contributions from the County of \$9,107,825 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 with PNC Bank. 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 Secured Financing Overnight Rate (SOFR) 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, 2023, Daily SOFR was 5.33% and the Series rate was 5.06%.

During FY 2023, there were no draws on the line of credit.

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

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**Note 11. Pension Plan**

**General Information about the Pension Plan**

**Plan description:** Substantially all of CCH's full-time employees participate in the 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](http://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.

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

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

For the year ended November 30, 2023, 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, 2023, were \$156.8 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 2022 the Cook County Board authorized an Intergovernmental Agreement with Cook County Officer and Employees Annuity and Benefit Fund (Pension Fund) to establish a mechanism by which the County can disburse additional funds from the Pension Fund, from the County's Retailers' Occupation and Services Occupation Tax. The Pension Fund can receive these funds from the County, 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 \$291.7 million (County and CCH totals) in the County's FY 2022 Appropriation Bill and the entire amount was remitted to the Pension Fund during FY 2023. \$267.7 million (County and CCH totals) of this amount was remitted after the December 31, 2022, 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 FY2023 were \$137,972,940.

**Net pension liability:** The County's net pension liability was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022. CCH's proportionate share of the County's net pension liability as of December 31, 2022, was \$4,186,806,540 or approximately 32.63% 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, 2023, CCH recognized total pension expense of \$159,257,501. At November 30, 2023, 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	\$ 37,280,255	\$ (7,553,321)
Changes of assumptions	86,576,138	(614,066,204)
Net differences between projected and actual earnings on pension plan investments	361,914,559	-
Changes in proportionate share of the net pension liability	-	(119,166,634)
Contributions subsequent to measurement date	137,972,940	-
	<u>\$ 623,743,892</u>	<u>\$ (740,786,159)</u>

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

**Notes to Financial Statements**

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

Contributions subsequent to the measurement date of \$137,972,940 for 2023 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:	
2024	\$ (363,900,288)
2025	(158,458,868)
2026	81,140,783
2027	186,203,166
Total	<u><u>\$ (255,015,207)</u></u>

**Payable to the pension plan:** At November 30, 2023, CCH reported a payable of \$50,631,640 for the outstanding amount of contributions payable to the A & B Plan and this is reported within current liabilities in the statement of net position.

**Actuarial assumptions:** The total pension liability in the December 31, 2022 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	3.65%
Discount rate	4.63%

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

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



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

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

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

	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity	33.00%	5.40%
International equity	21.00%	5.65%
Fixed income	23.40%	2.15%
Short-duration fixed income	2.60%	1.40%
Real estate	9.00%	4.00%
Private equity	4.00%	6.65%
Hedge funds	6.00%	3.15%
Short-term investments	1.00%	0.35%

**Discount rate:** The discount rate used to measure the total pension liability was 4.63%. 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 3.65% was used in the development of the blended discount rate. The 3.65% rate is based on the S&P Municipal Bond 20-Year High Grade Rate Index as of the measurement date (December 31, 2022). Based on the long-term rate of return of 7.00% and the municipal bond rate of 3.65%, the blended discount rate was 4.63%, which is a 0.25% increase from the discount rate used in the prior valuation of 4.38%.

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the County, calculated using the discount rate of 4.63%, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.63%) or 1-percentage-point higher (5.63%) than the current rate:

Net Pension Liability		
1% Decrease	Current Discount Rate	1% Increase
\$ 5,393,177,929	\$ 4,186,806,540	\$ 3,203,501,338

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

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

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

**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 \$13,143,225 during the year ended November 30, 2023.

OPEB contributions payable by CCH to the A & B Plan totaled \$14,301,683 as of November 30, 2023, 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, 2022 and was determined by an actuarial valuation as of December 31, 2022. CCH's proportionate share of the County's total OPEB liability as of December 31, 2022, was \$492,938,008, or approximately 29.67%, of the total OPEB liability (County and CCH combined). This percentage was determined based on the percentage of CCH's active employees to the total active employee headcount (County and CCH combined).

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

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

**OPEB expense and deferred outflows (inflows) of resources related to OPEB:** For the year ended November 30, 2023, CCH recognized total OPEB expense of \$2,467,094. At November 30, 2023, 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	\$ 3,780,060	\$ (67,711,646)
Changes of assumptions	76,816,198	(144,208,693)
Changes in proportionate share of total OPEB liability	6,623,058	(18,205,385)
Contributions subsequent to measurement date	14,301,683	-
	<u>\$ 101,520,999</u>	<u>\$ (230,125,724)</u>

Contributions subsequent to the measurement date of \$14,301,683 for 2023 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:	
2024	\$ (30,114,339)
2025	(18,691,110)
2026	(25,693,139)
2027	(38,368,080)
2028	(24,315,024)
Thereafter	(5,724,716)
Total	<u>\$ (142,906,408)</u>

**Actuarial assumptions:** The total OPEB liability in the December 31, 2022 actuarial valuation was determined using the Entry Age Normal actuarial cost method and using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	3.00% to 5.00%
Health care cost trend rates	7.00%, in the first year, decreasing by 0.25% per year until an ultimate rate of 4.50% is reached for pre-Medicare
	5.75%, in the first year, decreasing by 0.125% per year until an ultimate rate of 4.50% is reached for post-Medicare
Municipal bond rate (discount rate)	3.65%

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

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

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, salary increases, and the investment rate of return remained the same. The municipal rate increased from the previous rate of 2.05%. 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 4.50% is reached for pre-Medicare; 5.50% in the first year, decreasing by 0.25% in the second year, decreasing by 0.125 in the third and fourth year, and decreasing by 0.25% in the fifth year until an ultimate rate of 4.50% is reached for post-Medicare.

**Discount rate:** The discount rate used to measure the total OPEB liability was 3.65%. Because the Plan is “pay as you go”, a municipal bond rate of 3.65% was used in the development of the discount rate. The 3.65% rate is based on the S&P Municipal Bond 20-Year High Grade Rate Index as of the measurement date (December 31, 2022). The discount rate used 3.65%, is a 1.60 increase from the discount rate used in the prior valuation of 2.05%.

*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 3.65%, 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 (2.65%) or 1-percentage-point higher (4.65%) than the current rate:

Total OPEB Liability		
1% Decrease	Current Discount Rate	1% Increase
\$ 576,423,699	\$ 492,938,008	\$ 425,781,588

*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
\$ 418,881,568	\$ 492,938,008	\$ 587,909,144

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.

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

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

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 \$179,805,088 at November 30, 2023. 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 an increase of insurance expense of \$17,945,959 related to this allocation during the year ended November 30, 2023.

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.

Changes in self-insurance claims payable were as follows for the year ended November 30, 2023:

Balance, December 1, 2022	Additions	Reductions	Balance, November 30, 2023	Amount Due Within One Year
\$ 161,859,128	\$ 53,723,956	\$ (35,777,996)	\$ 179,805,088	\$ 30,979,584

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

Approximately \$680,459,000 of the County's net outstanding debt as of November 30, 2023, pertains to CCH capital projects. These outstanding bonds are expected to be paid by the County and, therefore, are not reflected in the financial statements of CCH.

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

**Note 15. Leases and Subscription-Based Technology Arrangements (SBITAs)**

**Lessee Arrangements**

CCH leases office space, equipment and other assets with remaining lease terms ranging from less than one year to ten years from external parties. The renewal and termination options are not included in the lease term unless they are reasonably certain of exercise. There are no variable or other payments not included in the measurement of the lease liability. As of November 30, 2023, the scheduled fiscal year maturities of lease liabilities and related interest expense are as follows:

Year	Principal	Interest
2024	\$ 13,289,826	\$ 995,245
2025	10,668,911	557,855
2026	4,902,979	321,580
2027	3,604,412	199,708
2028	2,825,555	109,815
2029-2033	2,436,012	40,289
	<u>\$ 37,727,695</u>	<u>\$ 2,224,492</u>

The County leases the former Cook County Hospital building at 1835 W. Harrison Street to an external party. CCH is a lessee for office space from the counterparty to the lease at 1835 W. Harrison Street, for a term of 10 years. CCH reports a lease liability and right-of-use asset for this lease. As of November 30, 2023, the balances of the lease liability and right-of-use asset are \$10,351,792 and \$9,591,769, 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, 2023, CCH recognized revenues related to this lease agreement totaling \$3,073,818, including interest and other related revenues.

**Subscription-Based Information Technology Arrangements**

As of November 30, 2023, the scheduled fiscal year maturities of SBITA liabilities and related interest expense are as follows:

Year	Principal	Interest
2024	\$ 12,947,599	\$ 1,009,246
2025	11,544,852	617,902
2026	5,435,168	327,298
2027	5,465,380	159,866
2028	1,962,816	17,674
2029-2033	93,169	1,551
	<u>\$ 37,448,984</u>	<u>\$ 2,133,537</u>

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

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**Note 16. Commitments and Contingencies**

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

**Third-party administrator (TPA) contract:** CCH executed a contract on January 1, 2023, with Evolent, to provide third-party administrative services, managed care and clinical services for CountyCare. This contract is for 36 months with options for a total of two 2-year renewals. The administrative portion of the contract is \$195,540,840, over the 36-month period. During the year ended November 30, 2023, the CCH Board approved claims payments to Evolent to be paid to providers in the amount of \$5,215,530,772, over the 36-month period. CCH has also contracted with additional benefit managers to process claims, including CVS/Caremark for pharmacy claims, Avesis for dental and vision claims, and First Transit for transportation claims.

**Health care regulation:** The health care industry is subject to numerous laws and regulations of federal, state, and local governments. 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.

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.

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

**Notes to Financial Statements**

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**Note 17. CountyCare (Continued)**

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, 2023, estimated amounts due from the State of Illinois relating to the CountyCare program totaled \$340,770,707 which is reported in due from State of Illinois in the statement of net position.

As of November 30, 2023, total receivables for Health Plan Services was \$340,770,707, in comparison to total payables of \$621,522,965, consisting of \$35,923,465 of accounts payable and \$585,599,500 of claims payable. The net difference between the total receivable and payable amounts for Health Plan Services is \$(280,752,258). 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, 2023, was approximately \$2,905,753,000. Of this amount, total claims payable included in the statement of net position as of November 30, 2023, was \$585,599,500. Throughout the course of the year CCH records intra-entity transactions between internal reporting units such as JSH and CountyCare. These intra-entity transactions are eliminated upon consolidation for financial reporting purposes. One of the most significant intra-entity transactions relates to services provided by CCH facilities and providers, such as JSH, to CountyCare members.

Under the agreement with the current TPA, CountyCare maintains on deposit with the TPA \$14,600,000 at November 30, 2023, 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, 2023, the balance of the deposit held by the TPA was \$7,921,748. The remaining amount of \$6,678,252, which represents amounts invoiced to CountyCare by the TPA that have yet to be paid by CountyCare to replenish the \$14,600,000 deposit, is included in claims payable.

**Note 18. Directed Payments**

In 2014, the CCH Board entered into an agreement with the State of Illinois to receive payments from other Medicaid MCOs to continue to make services available at PH. Originally funded as a hospital access payment, starting January 1, 2020, these payments ended and were replaced by directed payments from the State, passed through Medicaid MCOs to CCH. As of November 30, 2023, approximately \$24,300,000 of these payments were recorded as a receivable 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.



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

**Notes to Financial Statements**

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

In response to the COVID-19 pandemic, Congress passed the Coronavirus Aid, Relief and Economic Security (CARES) Act, which was signed into law on March 27, 2020. The CARES Act provided funding to fight the COVID-19 pandemic, stimulate the U.S. economy, and provide assistance to affected industries. The CARES Act included emergency funding for health care expenses or lost revenues not otherwise reimbursed, for treating COVID-19 patients. CCH received \$154,924,000 of Provider Relief Fund program distributions during fiscal years 2020-2022, all of which was recorded as revenue in the related statements of revenues, expenses and changes in net position.

As a condition to receiving distributions, CCH agreed to certain terms and conditions, including, among other things, that the funds were used for lost revenues and COVID-19 related costs. During the year ended November 30, 2023, Health Resources and Services Administration (HRSA) audited whether CCH qualified and met the conditions necessary to receive the funds. As a result of the audit, HRSA required corrective action plans associated with the audit findings. CCH has submitted corrective action plans and to date there has been no further recommended action. No repayment has been requested or accrued as of November 30, 2023.

**Note 20. Subsequent Events**

Management has evaluated subsequent events and transactions through May 31, 2024, the date that these financial statements were issued.

On February 21, 2024, Change Healthcare, a third-party service provider to CCH, became aware of a cybersecurity incident (the "Incident") causing a disruption across the health care industry. CCH uses Change Healthcare as a clearinghouse for electronic billings to third-party payors. As a result of the Incident, CCH does not know what, if any, CCH data, including personally identifiable information (PII) and/or protected health information (PHI), has been compromised as a result of the Incident. At this time, CCH is not aware of any legal claims asserted against CCH and is not able to predict if the Incident will have a material adverse effect on CCH's financial condition or results of operations.

**Required Supplementary Information (Unaudited)**

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

**Schedule of CCH's Proportionate Share of the Total OPEB Liability  
Last 6 Fiscal Years\***

	2023	2022	2021	2020	2019	2018
CCH's proportion of the total OPEB liability	29.67%	30.37%	30.81%	30.85%	30.31%	29.87%
CCH's proportionate share of the total OPEB liability	\$ 492,938,008	\$ 600,652,897	\$ 648,562,158	\$ 586,408,209	\$ 465,027,779	\$ 641,761,676
Covered employee payroll	\$ 672,493,912	\$ 604,278,666	\$ 604,278,666	\$ 634,393,176	\$ 622,304,729	\$ 608,401,290
CCH's proportionate share of the total OPEB liability as a percentage of covered employee payroll	73.30%	99.40%	107.33%	92.44%	74.73%	105.48%
Plan fiduciary net position as a percentage of total OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Notes to Schedule:

*Changes of Benefits*

Subsidy percentages for members health benefits changed from FY2022 to FY2023, 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 2.05% in FY2022 to 3.65% in FY2023*

*The Mortality tables used in FY2023 changed from RP-2014 Blue Collar to Pub-2010 General Amount Weighted in FY2023.*

*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 FY2022.*

*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 FY2023.*

*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 3.00%-5.00% in FY2022 to 3.00%-5.00% in FY2023 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 was unchanged from 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 9 Fiscal Years\***

	2023	2022	2021	2020	2019	2018	2017	2016	2015
CCH's proportion of the net pension liability	32.63%	33.94%	34.14%	34.54%	34.30%	31.66%	31.89%	31.74%	32.87%
CCH's proportionate share of the net pension liability	\$ 4,186,806,540	\$ 3,678,475,975	\$ 5,115,923,100	\$ 4,691,490,430	\$ 4,068,385,992	\$ 3,967,522,298	\$ 4,504,508,046	\$ 4,862,886,038	\$ 4,232,624,501
CCH's covered payroll	\$ 502,193,610	\$ 507,405,104	\$ 518,923,100	\$ 524,868,518	\$ 527,303,523	\$ 488,548,533	\$ 504,124,427	\$ 498,907,277	\$ 521,919,207
CCH's proportionate share of the net pension liability as a percentage of its covered payroll	833.70%	724.96%	985.87%	893.84%	771.55%	812.10%	893.53%	974.71%	810.97%
Plan fiduciary net position as a percentage of total pension liability	32.63%	56.86%	45.77%	45.83%	45.40%	45.37%	41.32%	36.07%	41.32%

Notes to Schedule:

*Changes of Benefits—None noted in FY2023*

*Changes of Assumptions:*

*The discount rate changed from 4.38% in FY2022 to 4.63% in FY2023.*

*The Mortality tables used changed from RP-2014 Blue Collar in FY2021 to Pub-2010 amount-weighted in FY2022.*

*All mortality rates projected in FY2023 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 FY2022.*

*The investment rate of return was unchanged from 7.00% in 2022.*

*Projected salary increases were unchanged from 3.00%-5.00% based on age in FY202 to 3.00%-5.00% in FY2023 based on service.*

*Inflation rate was unchanged from 2.50% in 2022.*

\*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 Ten Fiscal Years  
(Information for all County Employees)**

<b>Fiscal Year Ended November 30:</b>	<b>Statutory Maximum Required Contributions</b>	<b>Actual Contributions in Relation to the Statutory Maximum Contributions</b>	<b>Contribution Excess (Deficiency)</b>	<b>Covered Payroll</b>	<b>Actual Contributions as a Percentage of Covered Payroll</b>
2023	\$ 209,891,699	\$ 186,342,470	\$ (23,549,229)	\$ 1,577,093,973	12%
2022	205,387,185	218,563,479	13,176,294	1,520,619,855	14%
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%

Separate information for CCH is not available.

The statutory contribution is designed to fund both the pension and OPEB benefits.



RSM US LLP

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

**Independent Auditor's Report**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of Cook County Health and Hospitals System of Illinois d/b/a Cook County Health (CCH), an enterprise fund of Cook County, Illinois (the County), as of and for the year ended November 30, 2023, and the related notes to the financial statements, which collectively comprise CCH's basic financial statements, and have issued our report thereon dated May 31, 2024. Our report includes an emphasis of matter for the implementation of Governmental Accounting Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements*. Our opinion is not modified with respect to this matter.

**Report on Internal Control over Financial Reporting**

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

**Report on Compliance and Other Matters**

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

**Purpose of this Report**

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

*RSM US LLP*

Chicago, Illinois  
May 31, 2024

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

**Schedule of Prior Audit Findings  
Year Ended November 30, 2023**

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**Finding 2022-001: Transfers from the County**

CCH management did not perform sufficient supervisory/management reviews of the trial balances, draft footnotes, supporting documents and schedules relating to transfers resulting in errors detected by the auditors.

During the current audit, no errors were detected relating to transfers between the County and CCH. As a result, this finding is not repeated.

**Finding 2022-002: Implementation of GASB Statement 87, Leases**

CCH management did not perform sufficient supervisory/management reviews of the trial balances, draft footnotes, supporting documents and schedules relating to the implementation of GASB Statement No. 87, *Leases*, resulting in errors detected by the auditors.

During the current audit, no errors were detected by the auditors relating to leases recorded or disclosed. As such, this finding is not repeated.

**Finding 2022-003: Third-party Settlements Receivable**

Due to insufficient supervisory/management review of the third-party settlements receivables, errors were detected by the auditors relating to third-party settlements receivable and net patient services revenue.

During the current audit, no errors were detected by the auditors relating to third-party settlement receivables. As such, this finding is not repeated.