

**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, 2024

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Independent Auditor's Report

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

Report on the Audit of the Financial Statements***Opinion***

We have audited the financial statements of the general fund of the Cook County Health and Hospitals System of Illinois d/b/a Cook County Health (CCH), an enterprise fund of Cook County, Illinois (the County), as of and for the year ended November 30, 2024, 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, 2024, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Emphasis of Matter

As discussed in Note 1, the financial statements present only CCH and do not purport to, and do not, present fairly the financial position of the County, as of November 30, 2024, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 29, 2025, 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 29, 2025

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

**Management's Discussion and Analysis (unaudited)
For the Year Ended November 30, 2024
(In Thousands)**

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 429,000 members in fiscal year 2024.

CCH patients exceeded 241,300 adjusted patient days, which includes more than 117,300 emergency room visits in FY2024. 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 management's discussion and analysis provide an overview of CCH's financial activities and financial position for the fiscal years ended November 30, 2024 and 2023. 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.

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

**Management's Discussion and Analysis (unaudited)
For the Year Ended November 30, 2024
(In Thousands)**

Financial Highlights for 2024

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

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

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

- At November 30, 2024, CCH maintained a total cash and cash equivalents balance of \$910,234 or 68 days in cash.
- The liabilities and deferred inflows of resources of CCH exceeded its assets and deferred outflows of resources at the close of fiscal year 2024 by \$3,034,962, resulting in a net deficit. Of this amount, \$3,581,028 is an unrestricted net deficit. In addition, in 2024, CCH's net investment in capital assets increased by \$31,975. It is important to note that nearly all the unrestricted net deficit is related to the net pension and OPEB liabilities which will be funded over multiple years.
- The total positive change in net position was \$1,191,032 in fiscal year 2024. The change in net position for 2024 is the result of positive change in net position before capital contributions and transfers of \$940,229 and capital contributions and net transfers in of \$250,803.
- Income from operations in fiscal year 2024 was \$635,159. The operating income is primarily the result of a decrease in pension expense and the increase in County care capitation revenue of \$356,730.
- During fiscal year 2024, CCH payor mix experienced the following changes: Medicare decreased to 17.5%, Commercial Insurance increased to 21.1%, Medicaid decreased to 31.2%, the Self-Pay component decreased to 9.3%, and CountyCare increased to 20.9%. Changes in the payor mix can be attributed to reinstatement of redetermination and the pause in Medicaid expansion.
- Changes in estimates relating to prior years decreased fiscal year 2024 net patient service revenue by approximately \$2,297.
- The provision for bad debt decreased in fiscal year 2024 by \$62,728 or 30.1% to \$145,692. Charity care (at cost) increased from \$121,140 to \$209,572 due to shift in payor mix from Medicaid to Uncompensated. Overall, the patient accounts receivable increased at year-end due to delays in Medicaid payment processing inappropriately denying claims for eligibility.

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

**Management's Discussion and Analysis (unaudited)
For the Year Ended November 30, 2024
(In Thousands)**

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 \$315,731 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 \$4,225,994. Of this amount, \$4,740,086 is an unrestricted net deficit. In addition, in 2023, CCH's net investment in capital assets decreased by \$143. It is important to note that nearly all the unrestricted net deficit is related to the net pension and OPEB liabilities, which will be funded over multiple years.
- The total increase in net position was \$315,731 in fiscal year 2023. The change in net position for 2023 is the result of positive change in net position before capital contributions and transfers of \$125,709 and capital contributions and net transfers in of \$190,022.
- Operating loss 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 CountyCare 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 17.1%. 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 patient accounts receivable increased at year-end due to delays in Medicaid payment processing inappropriately denying claims for eligibility.

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

**Management's Discussion and Analysis (unaudited)
For the Year Ended November 30, 2024
(In Thousands)**

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 18-42 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 43-45 of this report.

Operating Statistics

The utilization statistics for CCH for the fiscal years ended November 30, 2024 and 2023, are as follows:

	2024	2023	Percent Change	2022
Patient days	103,595	99,583	4.0	91,976
Average daily census	283	273	3.7	252
Admissions	16,825	16,569	1.5	16,320
Average length of stay (days)	6.16	6.01	2.5	5.64

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 \$3,034,962 at November 30, 2024 and \$4,225,994 at November 30, 2023. It is important to note that nearly all unrestricted net deficits in both years are related to the unfunded net pension and OPEB liabilities which will be funded over multiple years.

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

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

**Management's Discussion and Analysis (unaudited)
For the Year Ended November 30, 2024
(In Thousands)**

Table 1

**Statements of Net Position
November 30, 2024 and 2023
(In Thousands)**

	2024	2023	Change
Current assets	\$ 1,832,858	\$ 1,501,928	\$ 330,930
Refundable deposits	14,500	14,600	(100)
Lease receivable	26,713	26,786	(73)
Capital assets, net	673,129	589,268	83,861
Total assets	2,547,200	2,132,582	414,618
Deferred outflows of resources	749,214	725,265	23,949
Current liabilities	1,274,662	1,154,680	119,982
Other liabilities	3,016,623	4,933,950	(1,917,327)
Total liabilities	4,291,285	6,088,630	(1,797,345)
Deferred inflows of resources	2,040,091	995,211	1,044,880
Net position (deficit):			
Net investment in capital assets	546,066	514,092	31,974
Unrestricted	(3,581,028)	(4,740,086)	1,159,058
Total net position (deficit)	\$ (3,034,962)	\$ (4,225,994)	\$ 1,191,032

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

**Management's Discussion and Analysis (unaudited)
For the Year Ended November 30, 2024
(In Thousands)**

Table 2

**Statements of Revenues, Expenses and Changes in Net Position
Years Ended November 30, 2024 and 2023
(In Thousands)**

	2024	2023	Change
Operating revenues:			
Net patient service revenue—net of bad debt provision of \$145,692 (2024) and \$208,420 (2023)	\$ 815,090	\$ 915,619	\$ (100,529)
Graduate medical education revenue	80,136	69,884	10,252
CountyCare capitation revenue	3,409,587	3,052,857	356,730
Directed payments	489,628	503,201	(13,573)
Pharmacy revenue	54,277	81,292	(27,015)
Other revenue	1,615	13,264	(11,649)
Total operating revenues	4,850,333	4,636,117	214,216
Nonoperating revenues (expenses):			
Property taxes	152,226	145,110	7,116
Grant revenue	134,350	61,549	72,801
Interest expense—leases	(3,922)	(2,807)	(1,115)
Interest income	22,416	20,704	1,712
Total nonoperating revenues (expenses), net	305,070	224,556	80,514
Total revenues	5,155,403	4,860,673	294,730
Operating expenses:			
Salaries, wages and benefits	851,979	777,429	74,550
Pension	(802,317)	159,258	(961,575)
OPEB	7,487	2,467	5,020
Supplies	99,865	79,306	20,559
Pharmaceutical supplies	130,437	101,121	29,316
Purchased services, rental and other	601,175	536,475	64,700
Foreign claims	3,143,821	2,905,753	238,068
Insurance	55,256	55,656	(400)
Depreciation	76,228	70,266	5,962
Utilities	20,648	17,902	2,746
Services contributed by other County offices	30,595	29,331	1,264
Total operating expenses	4,215,174	4,734,964	(519,790)
Change in net position before capital contributions and transfers in	940,229	125,709	814,520
Capital contributions	21,197	9,107	12,090
Transfers in	229,606	180,915	48,691
Total capital contributions and transfers in	250,803	190,022	60,781
Change in net position	1,191,032	315,731	875,301
Net position (deficit):			
Beginning of year	(4,225,994)	(4,541,725)	315,731
End of year	\$ (3,034,962)	\$ (4,225,994)	\$ 1,191,032

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

**Management's Discussion and Analysis (unaudited)
For the Year Ended November 30, 2024
(In Thousands)**

2024 Activity

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

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

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

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

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

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

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

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

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 non-operating 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.

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

**Management's Discussion and Analysis (unaudited)
For the Year Ended November 30, 2024
(In Thousands)**

2023 Activity (Continued)

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

Purchased services, rental and other expenses decreased \$146,891 (27.3%) from prior year to \$536,475 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 \$98,847.

Capital Assets and Debt Administration

Capital Assets

CCH's investment in capital assets amounts to \$673,129, net of accumulated depreciation and amortization, as of November 30, 2024. This investment includes building, improvements, equipment, lease right-of-use assets, subscription right-of-use assets and intangible assets. The \$83,861 increase in investment in capital assets for fiscal year 2024 is the result of a net increase of \$51,341 of right-of-use assets recognized under GASB Statement No. 87 and 96 (\$21,711 increase related to GASB 87 and \$29,630 increase related to GASB 96), depreciation and amortization expense of \$34,122, contributed capital assets of \$21,197 and CCH investment in capital assets of \$44,445. In 2024, CCH increased 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 27 of this report.

Debt Administration

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

Economic Factors

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

In fiscal year 2024, CCH continued modest growth of its insured patient population compared to 2023. Although CCH still serves the largest uninsured population in the State of Illinois, this trend reflects a meaningful improvement. However, a high proportion of CCH's revenues remain tied to individuals insured through government programs such as Medicare and Medicaid. This increases CCH's exposure to risks associated with changes in state and federal healthcare policies, funding levels, and program requirements. Notably, ongoing federal discussions about reducing healthcare funding pose a material threat to institutions like CCH that rely heavily on government reimbursements. Potential cuts to Medicaid, Medicare, and other federal health programs could significantly strain CCH's financial resources, limit service capacity, and challenge its ability to meet the needs of the community's most vulnerable populations.

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

**Management's Discussion and Analysis (unaudited)
For the Year Ended November 30, 2024
(In Thousands)**

Contacting CCH's Financial Management

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

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

**Statement of Net Position (Deficit)
November 30, 2024**

Assets and Deferred Outflows

Current assets:

Cash and cash equivalents	\$ 910,233,700
Total cash and cash equivalents	<u>910,233,700</u>

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

Tax levy—current year	157,704,921
Tax levy—prior year	6,530,829
Total property taxes receivable	<u>164,235,750</u>

Receivables:

Patient accounts—net of allowances of \$54,350,698	162,435,097
Due from State of Illinois	507,154,304
Directed payments receivable	38,843,516
Lease receivable	702,851
Other receivables	37,149,548
Total receivables	<u>746,285,316</u>

Inventories	<u>12,103,309</u>
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Total current assets	<u>1,832,858,075</u>
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Noncurrent assets:

Lease receivable	<u>26,712,814</u>
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Refundable deposits	<u>14,500,000</u>
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Capital assets, net of accumulated depreciation	640,070,265
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Capital assets not being depreciated	33,059,068
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Total capital assets	<u>673,129,333</u>
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Total noncurrent assets	<u>714,342,147</u>
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Total assets	<u>2,547,200,222</u>
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Deferred outflows of resources:

Pension related amounts	645,711,271
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OPEB related amounts	103,502,373
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Total deferred outflows	<u>749,213,644</u>
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(Continued)

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

**Statement of Net Position (Deficit) (Continued)
November 30, 2024**

Liabilities, Deferred Inflows and Net Position

Current liabilities:

Accounts payable	\$ 269,613,348
Accrued salaries, wages and other liabilities	28,952,006
Accrued interest	359,451
Claims payable	675,096,281
Compensated absences	8,024,337
Pension and OPEB contributions payable	65,231,166
Unearned revenue	76,577,975
Due to State of Illinois	63,040,202
Third-party settlements	22,141,821
Self-insurance claims	23,386,082
Due to other County governmental fund	43,455
Lease liability	17,423,989
Subscription-based information technology arrangement liability	24,149,961
Trust funds	622,131
Total current liabilities	1,274,662,205

Long-term liabilities:

Compensated absences, less current portion	45,471,244
Self-insurance claims, less current portion	181,786,241
Property tax objections	14,449,199
Lease liability, less current portion	41,882,657
Subscription-based information technology arrangement liability, less current portion	43,606,448
Net pension liability	2,149,561,310
Total OPEB liability	539,864,817
Total long-term liabilities	3,016,621,916

Total liabilities

4,291,284,121

Commitments and contingencies

Deferred inflows of resources:

Lease related amounts	23,016,278
Pension related amounts	1,839,278,948
OPEB related amounts	177,795,938
Total deferred inflows	2,040,091,164

Net position (deficit):

Net investment in capital assets	546,066,279
Unrestricted deficit	(3,581,027,698)
Total net position (deficit)	\$ (3,034,961,419)

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, 2024**

Operating revenues:	
Net patient service revenue—net of bad debt provision of \$145,691,652	\$ 815,090,290
Graduate medical education revenue	80,135,549
Capitation revenue	3,409,587,274
Directed payments	489,627,966
Pharmacy Revenue	54,277,232
Other revenue	1,614,659
Total operating revenues	4,850,332,970
Operating expenses:	
Salaries and wages	728,560,859
Employee benefits	123,418,414
Pension (benefit)	(802,316,877)
Other post-employment benefits	7,486,993
Supplies	99,865,245
Pharmaceuticals supply	130,436,889
Purchased services, rental and other	601,174,148
Foreign claims	3,143,820,774
Insurance	55,256,495
Depreciation	76,228,375
Utilities	20,647,982
Services contributed by other County offices	30,594,552
Total operating expenses	4,215,173,849
Operating income	635,159,121
Nonoperating revenues (expenses):	
Property taxes	152,225,893
Grant revenue	134,350,405
Interest expense—leases	(3,922,028)
Interest income	22,415,890
Total nonoperating revenues (expenses)	305,070,160
Change in net position before capital contributions and transfers in	940,229,281
Capital contributions	21,197,290
Transfers in	229,605,568
Total capital contributions and transfers in	250,802,858
Change in net position	1,191,032,139
Net position (deficit):	
Beginning of year	(4,225,993,558)
End of year	\$ (3,034,961,419)

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, 2024**

Cash flows from operating activities:	
Receipts from third-party payors and patients	\$ 4,626,242,323
Payments to employees	(872,790,117)
Contributions to the pension/OPEB plans for employee benefits	(172,976,444)
Payments to contracted health care providers and suppliers	(3,915,972,002)
Other receipts	58,486,337
Net cash used in operating activities	(277,009,903)
Cash flows from capital and related financing activities:	
Acquisition of capital assets	(44,954,730)
Principal paid on lease and subscription liabilities	(42,050,907)
Interest paid on lease and subscription liabilities	(3,922,028)
Transfers from other County funds	15,523,701
Net cash used in capital and related financing activities	(75,403,964)
Cash flows from noncapital financing activities:	
Receipts from grantors	134,350,405
Real and personal property taxes received, net	181,880,340
Transfers from other County funds	183,487,315
Net cash provided by noncapital financing activities	499,718,060
Cash flows from investing activities:	
Interest received	22,415,890
Net cash provided by investing activities	22,415,890
Increase in cash and cash equivalents	169,720,083
Cash and cash equivalents:	
Beginning of year	740,513,617
End of year	\$ 910,233,700
Supplemental disclosure of noncash transactions:	
Capital assets acquired through lease or subscription	\$ 98,940,124
Transfers—capital assets	\$ 21,197,290

(Continued)

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

**Statement of Cash Flows (Continued)
Year Ended November 30, 2024**

Reconciliation of operating income to net cash used in operating activities:	
Operating income	\$ 635,159,121
Adjustments to reconcile operating income to net cash used in operating activities:	
Depreciation and amortization	76,228,375
Provision for bad debts	145,691,652
Services contributed by other County offices	30,594,552
Net change in assets and liabilities:	
Patient accounts receivable	(156,110,036)
Due from State of Illinois including capitation receivable	(166,383,597)
Directed payments receivable	(14,562,225)
Third-party settlements	18,039,548
Other receivables	2,980,452
Inventories	(2,035,116)
Lease receivable	(38,610)
Refundable deposits	100,000
Accounts payable	19,262,252
Accrued salaries, wages and other liabilities	(20,810,844)
Pension and OPEB contributions payable	297,843
Self-insurance claims payable	25,367,235
Net pension liability	(2,037,245,230)
Total OPEB liability	46,926,809
Deferred amounts related to pensions	1,149,432,920
Deferred amounts related to OPEB	(127,218,670)
Claims payable	89,496,781
Compensated absences	3,067,763
Due to State of Illinois	5,125,901
Trust funds	63,390
Due to other County governmental fund	(29,386)
Property tax objections	872,613
Deferred inflows of resources—leases	(1,283,396)
	<hr/>
Net cash used in operating activities	\$ (277,009,903)

See notes to financial statements.

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

Notes to Financial Statements

Note 1. Reporting Entity

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

CCH includes the following activities: John H. Stroger, Jr. Hospital of Cook County (JSH), CountyCare, Provident Hospital (PH), the Cook County Department of Public Health (DPH), the Bureau of Health Services (BHS), the Ambulatory and Community Health Network (ACHN), the Ruth M. Rothstein Core Center (CORE) and Cermak Health Services of Cook County (CHS).

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

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

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

In October 1998, Cook County/Rush Health Center (Health Center) was opened to combat HIV/AIDS and other related communicable diseases. The CORE Foundation, which was dissolved October 2022, funded the development and construction of the Health Center. 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

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

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 to the member including but not limited to primary and specialty visits within a broad network of doctors and hospitals. The CountyCare network consists of 138 primary care access points including CCH facilities, all Federally Qualified Health Centers (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, 2024, CCH's payor utilization based on gross patient service revenue was as follows:

	2024
Self-pay	\$ 310,422,008
Medicaid and Medicaid Managed Care	637,033,901
Medicare	408,413,813
Other	494,523,610
Total	<u>\$ 1,850,393,332</u>

For the year ended November 30, 2024, estimated gross charges associated with services provided to CCH's CountyCare patients totaled \$488,664,265. 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 for financial statement reporting purposes. CCH's revenue associated with CountyCare patients is reported in CountyCare capitation revenue in the statement of revenues, expenses and changes in net position.

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

Notes to Financial Statements

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 financial activities of JSH, 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, 2024.

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, 2024, represents CCH's portion of the tax year 2024 taxes and uncollected tax year 2023 taxes.

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

Notes to Financial Statements

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 29% of patient accounts receivable, net as of November 30, 2024.

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

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

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

Asset	Useful life
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

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, 2024.

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

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

Notes to Financial Statements

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, 2024:

Balance, December 1, 2023	Additions	Reductions	Balance, November 30, 2024	Amount Due Within One Year
\$ 50,427,818	\$ 58,038,277	\$ (54,970,514)	\$ 53,495,581	\$ 8,024,337

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.

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

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

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

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

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

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

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

Notes to Financial Statements

Note 3. Summary of Significant Accounting Policies (Continued)

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

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

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates may change. Estimates for cost report settlements and contractual allowances can differ from actual reimbursements based on the results of subsequent reviews and cost report audits. Net patient service revenue decreased approximately \$2,297,000 for the year ended November 30, 2024, for third-party settlements and changes in estimates related to services rendered in previous years.

Capitation revenue: CCH has an agreement with the State of Illinois to provide managed care services and receives capitation payments on a per-member-per-month basis for providing health care services to its enrolled members. Capitation revenue is recognized as revenue in the period for which the services are contractually required to be provided, provided that all applicable eligibility requirements have been met and the amount is reasonably determinable. Any adjustments to capitation rates or member enrollment counts are accounted for in the period they become known and are reasonably estimable.

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 2024 fiscal year:

- GASB Statement No. 99, *Omnibus 2022*, the requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 were effective for CCH in fiscal year 2024. This statement did not have a significant impact on the 2024 statements.

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

Notes to Financial Statements

Note 3. Summary of Significant Accounting Policies (Continued)

- GASB Statement No. 100, *Accounting Changes and Error Corrections*, an amendment of GASB Statement No. 62, was effective for CCH in fiscal year 2024. This statement did not have a significant impact on the 2024 statements.

New accounting pronouncements: Management is currently assessing the impact that the adoption of the following GASB Statements, which are not implemented and not required for the fiscal year ended November 30, 2024, will have on CCH's future financial statements:

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

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

Note 4. Charity Care

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

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

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

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

Notes to Financial Statements

Note 4. Charity Care (Continued)

For the year ended November 30, 2024, charges forgone for charity care and the related estimated costs were as follows:

	<u>2024</u>
Charges forgone	<u>\$ 331,083,149</u>
Estimated costs incurred	<u>\$ 209,572,241</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, 2024, CCH's cash and cash equivalents consisted of the following:

Demand deposits held in banks	\$ 6,918,679
Pooled cash	808,167,867
Working cash fund	95,147,154
Total	<u>\$ 910,233,700</u>

Custodial credit risk—cash and certificates of deposit: In the case of deposits, there is the risk that in the event of a bank failure, the County's or CCH's deposits may not be returned. The County's Investment Policy states that in order to protect the County's public fund deposits, depository institutions are to maintain collateral pledges on County certificates of deposit during the term of the deposit of at least 102% of marketable U.S. government or approved securities or surety bonds issued by top-rated issuers. Collateral is required as security whenever deposits exceed the insured limits of the Federal Deposit Insurance Corporation (FDIC). CCH's total bank deposits as of November 30, 2024, 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, 2024, \$95,147,154 is reported at CCH.

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

Notes to Financial Statements

Note 6. Capital Assets

A summary of capital assets activity for the year ended November 30, 2024, is as follows:

	Balance, December 1, 2023	Additions and Transfers	Disposals and Transfers	Balance, November 30, 2024
Capital assets not being depreciated:				
Land	\$ 990,911	\$ -	\$ -	\$ 990,911
Construction in process	17,480,719	22,765,681	(8,178,243)	32,068,157
Total capital assets not being depreciated	18,471,630	22,765,681	(8,178,243)	33,059,068
Capital assets being depreciated/amortized:				
Land improvements	1,453,565	-	(35,465)	1,418,100
Buildings and building improvements	887,765,766	18,835,894	(408,384)	906,193,276
Equipment and furniture	251,479,827	33,218,650	(8,638,887)	276,059,590
Intangible assets	37,108,875	-	-	37,108,875
Right-of-use building	22,739,332	12,596,049	-	35,335,381
Right-of-use machinery and equipment	53,443,322	31,906,451	(10,521,082)	74,828,691
Right-of-use subscription asset	49,707,543	54,437,624	-	104,145,167
Total capital assets being depreciated/amortized	1,303,698,230	150,994,668	(19,603,818)	1,435,089,080
Less accumulated depreciation/amortization:				
Land improvements	1,159,246	56,724	(35,465)	1,180,505
Buildings and building improvements	417,225,095	21,118,683	(408,384)	437,935,394
Equipment and furniture	224,571,834	12,946,613	(8,638,887)	228,879,560
Intangible assets	37,108,875	-	-	37,108,875
Right-of-use building	6,305,545	4,060,421	-	10,365,966
Right-of-use machinery and equipment	33,721,822	13,238,338	(5,028,275)	41,931,885
Right-of-use subscription asset	12,809,034	24,807,596	-	37,616,630
Total accumulated depreciation/amortization	732,901,451	76,228,375	(14,111,011)	795,018,815
Total capital assets being depreciated/amortized, net	570,796,779	74,766,293	(5,492,807)	640,070,265
Total capital assets, net	\$ 589,268,409	\$ 97,531,974	\$ (13,671,050)	\$ 673,129,333

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 \$357,175,151 in additional payments from DHFS during the year ended November 30, 2024 which is reflected within net patient service revenue on the statement of revenues, expenses and changes in net position. Of the amounts received, \$71,866,667 is unearned due to timing of cash received in advance of services performed in accordance with the Agreement as of November 30, 2024, 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 \$357,175,151 for the year ended November 30, 2024, which takes into consideration the prior-year unearned revenue of \$71,866,667.

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

Note 7. Intergovernmental Agreements (Continued)

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

Additionally, a liability of approximately \$23,775,000 has been recorded as of November 30, 2024, for a potential BIPA overpayment due to a change in the Federal Medical Assistance Percentage (FMAP). This liability is included in due to State of Illinois in the statement of net position.

Note 8. Property Tax Objections

Property tax objections activity for the year ended November 30, 2024, was as follows:

	Balance, December 1, 2023	Increase	Decrease	Balance, November 30, 2024	Amount Due Within One Year
Property tax objections	\$ 13,576,586	\$ 7,567,757	\$ (6,695,144)	\$ 14,449,199	\$ -

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

Note 9. Related-Party Transactions

During 2024, 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, 2024, there were no working cash loans received by CCH from the County's Working Cash Fund.

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

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

Notes to Financial Statements

Note 9. Related-Party Transactions (Continued)

Transfers from the County: Certain expenses incurred in the operation of CCH have been recorded in the financial statements of CCH (e.g., reimbursement, data processing, purchasing and auditing) as an expense, with a corresponding credit to transfer in for the subsidy received from the County. These expenses amounted to \$30,594,552. In addition, CCH recorded subsidy related to employee health claims of \$10,510,870. 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 \$172,976,445 were transferred to CCH whereby they were then remitted to the pension plan. CCH received \$15,523,701 in proceeds from the 2024 line of credit described in Note 10.

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

During the year ended November 30, 2024, CCH has recognized capital assets from the County of \$21,197,290 in the statement of revenues, expenses and changes in net position.

Note 10. Line of Credit

On December 18, 2023, the County extended the maturity date of the General Obligation Bonds, Series 2014D and 2018 through January 1, 2034. Subsequently, on January 2, 2024, the County extended the credit agreement and entered a new index period on the \$125,000,000 General Obligation Bond Series 2014D and \$50,000,000 Series 2018, as a variable rate revolving line of credit ("LOC") with PNC Bank. The new index period is through January 1, 2027. The purpose is to provide a short-term financing mechanism for capital projects during the acquisition/construction phase of each such project. Initially, the County pays for any capital equipment purchases from operating cash on hand, and then subsequently reimburses the operating funds from the line of credit on an as-needed basis. Currently, the interest rate for the line of credit is reset daily and is equal to 79% of the Daily Secured Overnight Financing Rate (SOFR) Rate plus an applicable spread, which is subject to the maintenance of any two of the lowest current long-term, unenhanced credit rating(s) assigned to unsecured general obligation bonded debt of the County. Based on the lower of the two highest current long-term ratings of A2 from Moody's and AA- from Fitch, the interest rate is presently at 79% of Daily SOFR 75 basis points. As of November 30, 2024, Daily SOFR was 4.59% and the Series rate was 4.37%. For the year ended November 30, 2024, there was a total of \$145,500,000 drawn on the line, of which CCH's portion was \$15,523,701.

During the year ended November 30, 2024, the \$145,500,000 million draw was paid using the proceeds of the Sale Tax Series 2024 on August 20, 2024. This payment included the \$15,523,701 attributable to CCH. As a result, there is no outstanding balance on the line of credit as of November 30, 2024, and CCH is not expected to repay the County for its portion of the proceeds received. CCH has recognized \$15,523,701 in transfer in within 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

Note 11. Pension Plan

General Information about the Pension Plan

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

To obtain a copy of this report, write:

Cook County Pension Board
70 West Madison Street, Suite 1925
Chicago, Illinois 60602, or at
www.cookcountypension.com

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

Note 11. Pension Plan (Continued)

For the year ended November 30, 2024, employees were required to contribute 8.5% of their salary to the A & B Plan, subject to the salary limitations for Tier 2 participants in 40 ILCS 5/1-160. The County's pension contributions payable to the A & B Plan for the year ended November 30, 2024, were \$157,972,772, (County and CCH totals). These contributions, which are legally due to the A & B Plan for the County's current fiscal year are reported as a payable to the A & B Plan. Amounts remitted to the A & B Plan by the County during the current fiscal year represent collections of the prior fiscal year levy, and personal property replacement taxes collected during the current fiscal year.

In addition, in December 2022 the Cook County Board authorized an Intergovernmental Agreement with Cook County Officer and Employees Annuity and Benefit Fund (Pension Fund) to establish a mechanism by which the County can disburse additional funds from the Pension Fund, from the County's Retailers' Occupation and Services Occupation Tax. The Pension Fund can receive these funds from the County, independently and in addition to the sums provided for in Sections 9-169 of Illinois Pension Code (40 ILCS 5/9-169). The County Board authorized this supplemental contribution in the sum of \$333,652,307 (County and CCH totals) in the County's FY 2023 Appropriation Bill and the entire amount was remitted to the Pension Fund during FY 2024. \$333,652,307 (County and CCH totals) of this amount was remitted after the December 31, 2023, measurement date and is included as a deferred outflow of resources in County's financial statements and CCH's financial statements.

CCH's portion of the contributions to the A & B Plan is determined using an allocation based on the percentage of CCH's covered payroll to all covered payroll (County and CCH combined). CCH's portion of regular and supplemental contributions pertaining to the year ended November 30, 2024, were \$158,027,817.

Net pension liability: The County's net pension liability was measured as of December 31, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2023. CCH's proportionate share of the County's net pension liability as of December 31, 2023, was \$2,149,561,310 or approximately 32.31% 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, 2024, CCH recognized total pension benefit of \$802,316,877. At November 30, 2024, 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	\$ 272,433,710	\$ (2,077,354)
Changes of assumptions	-	(1,750,371,163)
Net differences between projected and actual earnings on pension plan investments	215,249,744	-
Changes in proportionate share of the net pension liability	-	(86,830,431)
Contributions subsequent to measurement date	158,027,817	-
	<u>\$ 645,711,271</u>	<u>\$ (1,839,278,948)</u>

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

Note 11. Pension Plan (Continued)

Contributions subsequent to the measurement date of \$158,027,817 for 2024 will be recognized as a reduction of the net pension liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension benefit as follows:

Years ending November 30:	
2025	\$ (798,721,000)
2026	(551,337,892)
2027	37,494,026
2028	(39,030,628)
Total	<u>\$ (1,351,595,494)</u>

Payable to the pension plan: At November 30, 2024, CCH reported a payable of \$50,213,176 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, 2023, 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	3.26%
Discount rate	7.00%

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

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

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

Notes to Financial Statements

Note 11. Pension Plan (Continued)

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

Investments	Target Allocation	Long-term Expected Real Rate of Return
Domestic Equities	32.00%	5.55%
International Equities	20.00%	5.55%
Broad Fixed Income	23.50%	2.80%
Short-Duration fixed income	2.50%	1.90%
Private Credit	2.00%	5.05%
Real Estate Funds	9.00%	4.15%
Private Infrastructure	2.00%	4.50%
Private Equity	5.00%	6.65%
Hedge Funds	3.00%	3.70%
Short-term Investments	1.00%	0.65%
Total investments	<u>100.00%</u>	

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

A municipal bond rate of 3.26% was used in the development of the blended discount rate. The 3.26% rate is based on the S&P Municipal Bond 20-Year High Grade Rate Index as of the measurement date (December 31, 2023). Based on the long-term rate of return of 7.00% and the municipal bond rate of 3.26%, the blended discount rate was 7.00%, which is a 2.37% increase from the discount rate used in the prior valuation of 4.63%.

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

Net Pension Liability		
1% Decrease	Current Discount Rate	1% Increase
\$ 2,937,430,174	\$ 2,149,561,310	\$ 1,494,019,229

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

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 Employees' 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 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 \$14,155,037 and are reported within deferred inflows on the statement of net position.

OPEB contributions payable by CCH to the A & B Plan totaled \$15,017,990 as of November 30, 2024, 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, 2023, and was determined by an actuarial valuation as of December 31, 2023. CCH's proportionate share of the County's total OPEB liability as of December 31, 2023, was \$539,864,817, or approximately 29.99%, 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
d/b/a Cook County Health**

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, 2024, CCH recognized total OPEB expense of \$7,486,993. At November 30, 2024, 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	\$ 3,064,140	\$ (59,282,806)
Changes of assumptions	78,717,335	(104,112,041)
Changes in proportionate share of total OPEB liability	6,702,909	(14,401,091)
Contributions subsequent to measurement date	15,017,989	-
	<u>\$ 103,502,373</u>	<u>\$ (177,795,938)</u>

Contributions subsequent to the measurement date of \$15,017,989 for 2024 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:	
2025	\$ (14,210,093)
2026	(21,212,129)
2027	(33,887,065)
2028	(19,834,009)
2029	(1,243,701)
Thereafter	1,075,443
Total	<u>\$ (89,311,554)</u>

Actuarial assumptions: The total OPEB liability in the December 31, 2023, 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)	3.26%

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

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

Notes to Financial Statements

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

Changes in actuarial assumptions since the previous actuarial valuation (AV): The actuarial assumption for inflation, salary increases, and the investment rate of return remained the same. The municipal rate decreased from the previous rate of 3.65%.

Discount rate: The discount rate used to measure the total OPEB liability was 3.26%. Because the Plan is “pay as you go”, a municipal bond rate of 3.26% was used in the development of the discount rate. The 3.26% rate is based on the S&P Municipal Bond 20-Year High Grade Rate Index as of the measurement date (December 31, 2023). The discount rate used 3.26%, is a 0.39% decrease from the discount rate used in the prior valuation of 3.65%.

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 3.26%, 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 (2.26%) or 1-percentage-point higher (4.26%) than the current rate:

Total OPEB Liability		
1% Decrease	Current Discount Rate	1% Increase
\$ 633,407,107	\$ 539,864,817	\$ 464,835,132

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
\$ 456,704,835	\$ 539,864,817	\$ 647,140,751

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

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 \$205,172,323 at November 30, 2024. The liability recorded reflects a 4.10% 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 \$25,367,235 related to this allocation during the year ended November 30, 2024.

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

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

Notes to Financial Statements

Note 13. Insurance (Continued)

Changes in self-insurance claims payable were as follows for the year ended November 30, 2024:

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

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 \$667,801,000 of the County's net outstanding debt as of November 30, 2024, pertains to CCH capital projects. These outstanding bonds are expected to be paid by the County and, therefore, are not reflected in the financial statements of CCH.

Note 15. Leases and Subscription-Based Information 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, 2024, the scheduled fiscal year maturities of lease liabilities and related interest expense are as follows:

Year	Principal	Interest
2025	\$ 17,423,989	\$ 2,205,108
2026	13,924,991	1,496,903
2027	9,858,717	923,770
2028	7,659,240	551,037
2029	5,228,629	281,347
2030-2034	5,211,080	373,982
	<u>\$ 59,306,646</u>	<u>\$ 5,832,147</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, 2024, the balances of the lease liability and right-of-use asset are \$8,903,771 and \$8,036,347, 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.

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

Notes to Financial Statements

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

Lessor Arrangements

CCH leases a building to external parties. This agreement has a term of 30 years. CCH records a lease receivable and deferred inflows of resources based on the present value of expected receipts over the term of the lease. During the fiscal year ended November 30, 2024, CCH recognized revenues related to this lease agreement totaling \$2,311,002, including interest and other related revenues. Lease receivables and deferred inflows of resources at year-end are \$27,416,665 and \$23,016,278, respectively.

Subscription-Based Information Technology Arrangements

CCH has also entered into long-term subscription-based information technology arrangements with various vendors that allow CCH with the right-of-use to the underlying assets. The SBITAs expire at various dates through 2029.

As of November 30, 2024, the scheduled fiscal year maturities of SBITA liabilities and related interest expense are as follows:

Year	Principal	Interest
2025	\$ 24,149,961	\$ 1,774,822
2026	16,427,351	1,144,476
2027	14,587,817	637,833
2028	10,322,462	229,074
2029	2,268,818	25,297
	<u>\$ 67,756,409</u>	<u>\$ 3,811,502</u>

For the year ended November 30, 2024, there were no impairment losses on the lease or SBITA assets.

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, 2024, CCH incurred \$95,836,398 of expenses associated with the TPA services and are recorded in professional services within the statement of revenues, expenses and change in net position. During the year ended November 30, 2024, there were no additional CCH Board approved claims payments to Evolent to be paid to providers over the 36-month period. CCH has also contracted with additional benefit managers to process claims, including CVS/Caremark for pharmacy claims, Avesis for dental and vision claims, and First Transit for transportation claims.

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

Notes to Financial Statements

Note 16. Commitments and Contingencies (Continued)

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

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

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

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

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

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

Notes to Financial Statements

Note 17. CountyCare

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

Under the 1115 Waiver, CCH received Per Member Per Month (PMPM) revenue for CountyCare members of \$629, but subject to the Federal Medical Assistance Percentage (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, 2024, estimated amounts due from the State of Illinois relating to the CountyCare program totaled \$507,154,304, which is reported in due from State of Illinois in the statement of net position.

As of November 30, 2024, total receivables for Health Plan Services was \$507,154,304, in comparison to total payables of \$712,353,868, consisting of \$37,257,587 of accounts payable and \$675,096,281 of claims payable. The net difference between the total receivable and payable amounts for Health Plan Services is \$(205,199,564). 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, 2024, was approximately \$3,143,820,774. Throughout the course of the year CCH records intra-entity transactions between internal reporting units such as JSH and CountyCare. These intra-entity transactions are eliminated upon consolidation for financial statement reporting purposes. One of the most significant intra-entity transactions relates to services provided by CCH facilities and providers, such as JSH, to CountyCare members.

Under the agreement with the current TPA, CountyCare maintains on deposit with the TPA \$14,500,000 at November 30, 2024, 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, 2024, the balance of the deposit held by the TPA was \$6,070,000. The remaining amount of \$8,430,000, which represents amounts invoiced to CountyCare by the TPA that have yet to be paid by CountyCare to replenish the \$14,500,000 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, 2024, approximately \$38,844,000 of these payments were recorded as a receivable in the statement of net position.

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

Notes to Financial Statements

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

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

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

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

Note 20. Subsequent Events

Management has evaluated subsequent events and transactions through May 29, 2025, the date that these financial statements were issued.

In January 2025, several executive orders were signed by President Trump that could impact federal financial assistance. Federal agencies have been tasked with reviewing their federal programs to ensure they align with the President's policy priorities. CCH receives various federal grants and payments that could be subject to the abovementioned executive orders. CCH does not believe any loss of funding would be material to its financial statements, however, the implication of these executive orders is not fully known at the date these financial statements were issued. Total federal funding for the year ending November 30, 2024, was \$129,549,003. Grant receivables associated with federal grants as of November 30, 2024 were \$6,735,186 and approximately \$2,446,000 was collected subsequent to year end.

Required Supplementary Information (Unaudited)

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

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

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

Notes to Schedule:

Changes of Benefits

Subsidy percentages for members health benefits remained the same as 2023, as follows:

Choice plan:

Annuityants without Medicare remained unchanged at 44%, Annuityants with Medicare remained unchanged at 44%

Survivors without Medicare remained unchanged at 44%, Annuityants with Medicare remained unchanged at 44%

Choice Plus Plan:

Annuityants without Medicare remained unchanged at 44%, Annuityants with Medicare remained unchanged at 44%

Survivors without Medicare remained unchanged at 44%, Annuityants with Medicare remained unchanged at 44%

Changes of Assumptions:

The discount rate used changed from 3.65% in FY2023 to 3.26% in FY2024

The Mortality tables used in FY2024 Pub-2010 General Amount Weighted Median Tables, same as in FY2023

All mortality rates projected from FY2010 using the generational mortality improvement scale MP-2021, same as FY2023

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

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

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

The per capita plan costs were updated to reflect the most recent year of claims experience and working premium rates were updated for FY2024.

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 remained unchanged at 3.00%-5.00% in FY2024.

Healthcare Cost Trend Rate remained the same for pre-Medicare, 7.00% in the first year, decreasing by 0.25% per year until an ultimate rate of 4.50% is reached for pre-Medicare.

The inflation rate was unchanged from 2.50% in FY2023.

*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 (Unaudited)
Last 10 Fiscal Years***

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
CCH's proportion of the net pension liability	32.31%	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	\$ 2,149,561,310	\$ 4,186,806,540	\$ 3,678,475,975	\$ 5,115,923,100	\$ 4,691,490,430	\$ 4,068,385,992	\$ 3,967,522,298	\$ 4,504,508,046	\$ 4,862,886,038	\$ 4,232,624,501
CCH's covered payroll	\$ 538,413,517	\$ 502,193,610	\$ 507,405,104	\$ 518,923,100	\$ 524,868,518	\$ 527,303,523	\$ 488,548,533	\$ 504,124,427	\$ 498,907,277	\$ 521,919,207
CCH's proportionate share of the net pension liability as a percentage of its covered payroll	399.24%	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	32.31%	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 FY2024

Changes of Assumptions:

The discount rate changed from 4.63% in FY2023 to 7.00% in FY2024.

The Mortality tables Pub-2010 General Amount Weighted Median in FY2024 are the same as used in FY2023.

Mortality projections projected from 2010 using generational improvements

The investment rate of return is 7.00% in FY2024 same as FY2023.

Projected salary increases were 3.00%-5.00% based on age and is unchanged from FY2023

Inflation rate was unchanged from 2.50% in 2023.

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

Fiscal Year Ended November 30:	Actuarially Determined Contributions	Actual Contributions in Relation to the Actuarially Determined Contributions	Contribution Excess (Deficiency)	Covered Payroll	Actual Contributions as a Percentage of Covered Payroll
2024	\$ 227,949,369	\$ 93,232,870	\$ (134,716,499)	\$ 1,814,905,527	5%
2023	209,891,699	186,342,470	(23,549,229)	1,663,883,751	11%
2022	205,387,185	218,563,479	13,176,294	1,540,200,348	14%
2021	206,603,114	200,279,241	(6,323,873)	1,499,659,294	13%
2020	207,649,768	211,428,226	3,778,458	1,533,667,987	14%
2019	206,605,123	230,240,750	23,635,627	1,529,357,936	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%

Separate information for CCH is not available.

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

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

Independent Auditor's Report

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of Cook County Health and Hospitals System of Illinois d/b/a Cook County Health (CCH), an enterprise fund of Cook County, Illinois (the County), as of and for the year ended November 30, 2024, and the related notes to the financial statements, which collectively comprise the CCH's basic financial statements, and have issued our report thereon dated May 29, 2025.

Report on Internal Control Over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying *schedule of findings and responses* as items 2024-001, 2024-002 and 2024-003 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying *schedule of findings and responses* as items 2024-004, 2024-005 and 2024-006 to be significant deficiencies.



Report on Compliance and Other Matters

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

CCH's Response to Findings

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

Purpose of This Report

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

RSM VS LLP

Chicago, Illinois
May 29, 2025

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

Schedule of Findings and Responses

Finding 2024-001: Leases

Criteria: The internal controls over financial reporting should be specifically designed to address risks related to financial reporting and consist of controls that are designed to provide reasonable assurance that an organization's financial statements are reliable and prepared in accordance with accounting principles generally accepted in the United States of America.

Condition: The disclosures associated with operating lease right-of-use assets and related accumulated amortization were overstated by approximately \$16.4 million for the year ended November 30, 2024. Additionally, approximately \$7.0 million in right-of-use assets and related lease liabilities for the year ended November 30, 2023, were recorded during the year ended November 30, 2024.

Cause: Existing review and reconciliation procedures in place were not executed effectively to identify the misstatements noted.

Effect or potential effect: The disclosures associated with operating lease right-of-use assets and related accumulated amortization were adjusted to reduce each balance by approximately \$16.4 million for the year ended November 30, 2024. Additionally, approximately \$7.0 million in right-of-use assets and related lease liabilities that should have been reported during the year ended November 30, 2023, were recorded during the year ended November 30, 2024.

Recommendation: We recommend that established processes, procedures and internal controls related to lease accounting be reviewed to ensure that account balances and related disclosures are properly reported on an ongoing basis.

View of responsible officials: CCH management will continue to refine its procedures to ensure an adequate review of accounts and proper financial statement presentation.

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

Schedule of Findings and Responses

Finding 2024-002: Transfers In and Capital Contributions from the County

Criteria: The internal controls over financial reporting should be specifically designed to address risks related to financial reporting and consist of controls that are designed to provide reasonable assurance that an organization's financial statements are reliable and prepared in accordance with accounting principles generally accepted in the United States of America.

Condition: Capital contributions and transfers in from the County reported on the statement of revenues, expenses and changes in net position were each misstated by approximately \$17 million.

Cause: Existing review and reconciliation procedures were not executed effectively to identify the misstatement noted.

Effect or potential effect: A reclassification entry in the amount of approximately \$17 million was recorded to decrease capital contributions and increase transfers in from the County to correct the misstatement noted in the condition above.

Recommendation: We recommend that established processes, procedures and internal controls related to capital contributions and interfund transfer activity be reviewed and reconciled in a timely manner to ensure that account balances and disclosures are properly reported at year end.

Views of responsible officials: CCH management will continue to improve its communication and coordination with the County. CCH management will continue to refine its procedures to ensure an adequate review of accounts and proper financial statement presentation.

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

Schedule of Findings and Responses

Finding 2024-003: Patient Service Revenue and Related Receivables

Criteria: The internal controls over financial reporting should be specifically designed to address risks related to financial reporting and consist of controls that are designed to provide reasonable assurance that an organization's financial statements are reliable and prepared in accordance with accounting principles generally accepted in the United States of America.

Condition: Cash payments associated with patient receivables were incorrectly recorded in the financial statements resulting in an understatement of patient service revenue.

Cause: The journal entry recorded to reflect this activity was incorrect.

Effect or potential effect: An audit adjustment was made in the amount of approximately \$17.0 million to reclassify cash payments made on patient accounts from accounts payable to patient service revenue.

Recommendation: We recommend that established processes, procedures and internal controls related to patient revenue and related receivables be reviewed in order to ensure that account balances and disclosures are properly reported on an ongoing basis.

Views of responsible officials: CCH management will continue to refine its procedures to ensure an adequate review of accounts and proper financial statement presentation.

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

Schedule of Findings and Responses

Finding 2024-004: Third-Party Payor

Criteria: The internal controls over financial reporting should be specifically designed to address risks related to financial reporting and consist of controls that are designed to provide reasonable assurance that an organization's financial statements are reliable and prepared in accordance with accounting principles generally accepted in the United States of America.

Condition: Estimated third-party payor liability balance was overstated by approximately \$5.5 million for Provident Hospital as of November 30, 2024.

Cause: Existing review and reconciliation procedures were not executed effectively to identify the misstatement noted.

Effect or potential effect: There is an overstatement in the third-party payor liability for Provident Hospital in the amount of approximately \$5.5 million that is reflected in the statement of net position as of November 30, 2024.

Recommendation: We recommend that established processes, procedures and internal controls related to third-party payor balances and related disclosures be reviewed to ensure that account balances and disclosures are properly reported on an ongoing basis.

Views of responsible officials: CCH management will continue to refine its procedures to ensure an adequate review of accounts and proper financial statement presentation.

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

Schedule of Findings and Responses

Finding 2024-005: Accumulated Depreciation and Depreciation Expense

Criteria: The internal controls over financial reporting should be specifically designed to address risks related to financial reporting and consist of controls that are designed to provide reasonable assurance that an organization's financial statements are reliable and prepared in accordance with accounting principles generally accepted in the United States of America.

Condition: During the audit, we identified certain assets that should have been fully depreciated in a prior period based on the useful life of those assets. In addition, management failed to timely detect a reclassification entry related to depreciation.

Cause: Existing review and reconciliation procedures in place were not executed effectively to identify the misstatements.

Effect or potential effect: With respect to the assets that should have been fully depreciated in a prior period, net position at December 1, 2023, was overstated by approximately \$7.3 million. In addition, a reclassification entry in the amount of approximately \$20 million was made to correct depreciation expense.

Recommendation: We recommend that management review the calculation of depreciation for assets maintained outside of CCH's existing capital asset module to ensure that account balances are properly reported on an ongoing basis. In addition, all journal entries associated with depreciation expense should be reviewed and reconciled to underlying records to ensure that account balances and related disclosures are accurate and complete.

Views of responsible officials: CCH management will review the calculations of depreciation for assets maintained outside of CCH fixed assets module. CCH management will continue to refine its procedures to ensure that adequate review of accounts and proper financial statement presentation.

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

Schedule of Findings and Responses

Finding 2024-006: Other Receivables

Criteria: The internal controls over financial reporting should be specifically designed to address risks related to financial reporting and consist of controls that are designed to provide reasonable assurance that an organization's financial statements are reliable and prepared in accordance with accounting principles generally accepted in the United States of America.

Condition: During the audit of other receivables, we selected a sample and identified overstatements in the amounts of approximately \$8.6 million.

Cause: Existing review and reconciliation procedures in place were not executed effectively to identify the misstatement.

Effect or potential effect: We identified factual misstatements in the amounts of approximately \$8.6 million and a projected misstatement of \$3.5 million when this error was projected over the untested population.

Recommendation: We recommend that established processes, procedures and internal controls related to the reconciliation of other receivables be reviewed to ensure that account balances and related disclosures are accurate and complete.

Views of responsible officials: CCH management will continue to refine its procedures to ensure an adequate review of accounts and proper financial statement presentation.