



**Cook County
Health & Hospitals System**

**Proposed FY2015
Preliminary Budget**

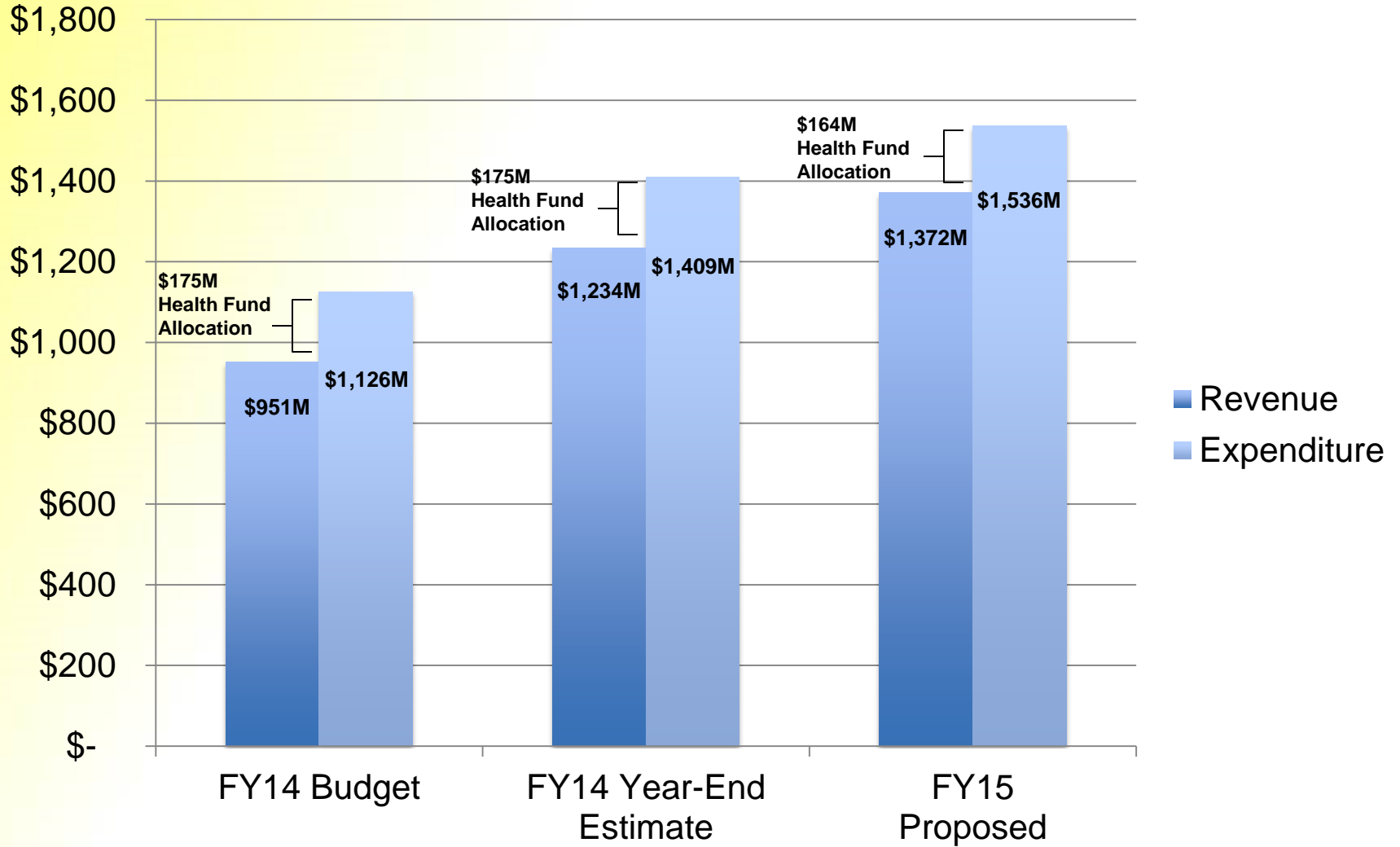
Agenda

- **Key Budget Drivers**
- **Revenue & Expenditure Summary**
- **Cook County Health Fund Allocation**
- **Budget Summary**
- **FY15 Initiatives**
- **Revenue Assumptions & Detail**
- **CountyCare**
- **Expenditure Detail**

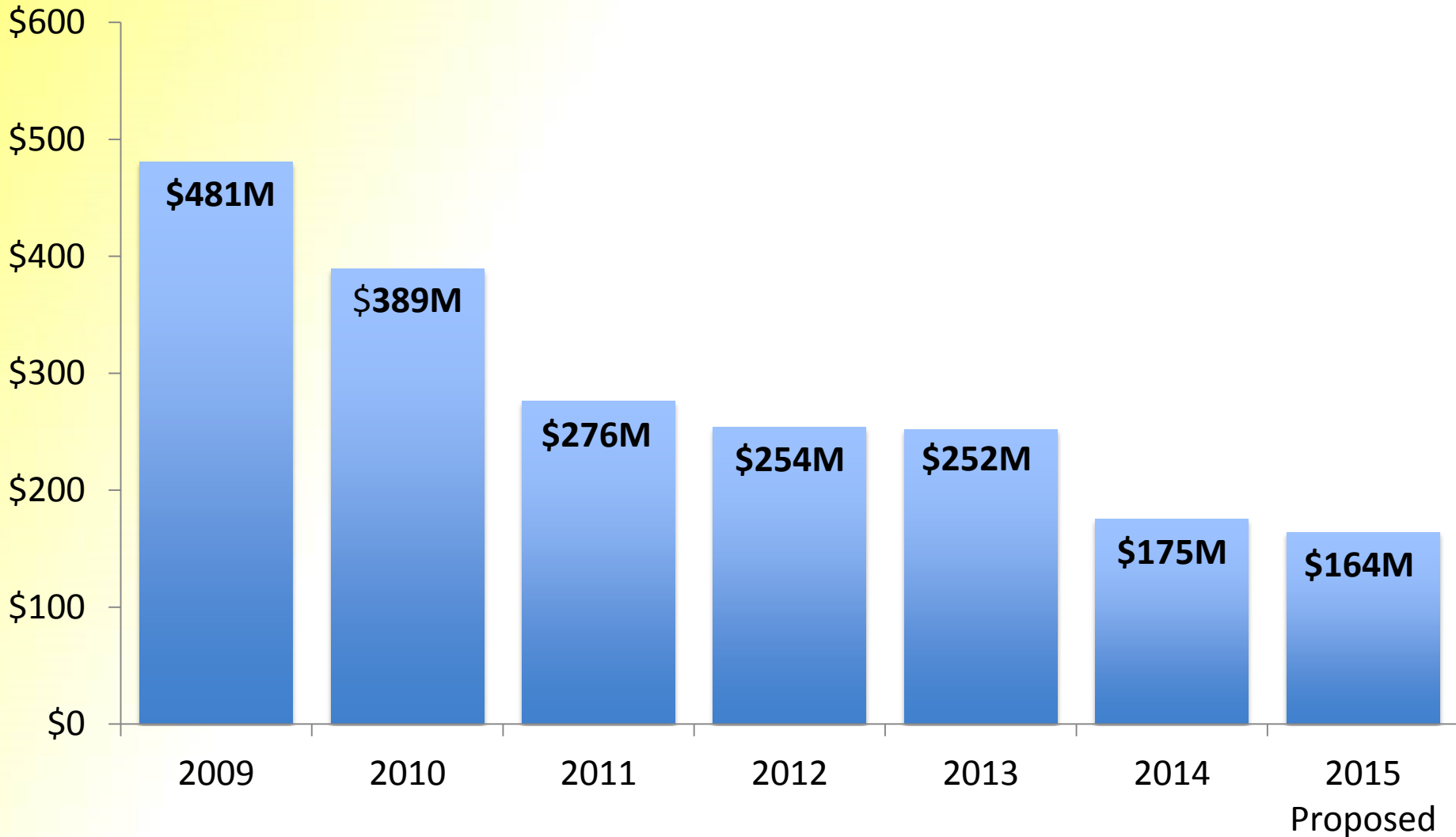
Key Budget Drivers

- Maintain mission as a safety net
- Improve financial stability in a changing marketplace
- Expansion of CountyCare to new populations
- Improve operational effectiveness and patient experience
- Invest in foundational clinical operations to improve services
- Fulfill Department of Justice requirements at Cermak Health Services

Budgeted Revenue and Expenditures



Cook County Health Fund Allocation



Summary Proposed FY15 Preliminary Budget

	FY15 Proposed
Revenues	
Revenue	\$1,372M
Cook County Health Fund Allocation	\$164M
Total Appropriated Funds	\$1,536M
Expenses	
Hospital Based Services	\$578M
CountyCare	\$567M
Benefits & Insurance	\$119M
Health Administration	\$119M
Ambulatory Services	\$82M
Correctional Health	\$60M
Public Health	\$11M
Total Expenditures	\$1,536M
Net surplus/(deficit)	\$0

FY15 Initiatives

A number of initiatives are designed to improve the patient experience, produce operational efficiencies and position CCHHS as a provider of choice:

- Develop call center for improved patient experience
- Improve patient access through centralized scheduling process
- Optimize staffing levels across organization to meet service needs within a competitive market
- Improve supply chain systems and processes
- Develop standardized data and reporting capabilities
- Maximize CCHHS mail order pharmacy for CountyCare members
- Improve network utilization within CountyCare
- Capital investment
 - Major focus for FY13/14 capital included MRI, IR suite, Cath labs
 - FY15 capital addresses high volume direct patient care needs (eg exam tables, wheelchairs, etc)

Revenue Assumptions

Uncompensated Care Payments

- Disproportionate Share (DSH) payments and Benefits Improvement and Protection Act (BIPA) payments assumed to remain flat compared to FY14 at \$293M.

Medicaid Fee-For-Service (FFS)

- As a result of the state shifting from a FFS model to a managed care model, the budget will reflect a \$122M decline in Medicaid FFS revenue.
- FFS reimbursement is now limited to the application period prior to member assignment to a managed care health plan and special populations.

Revenue Assumptions

CountyCare serves three Medicaid populations with average monthly membership and reimbursement rates

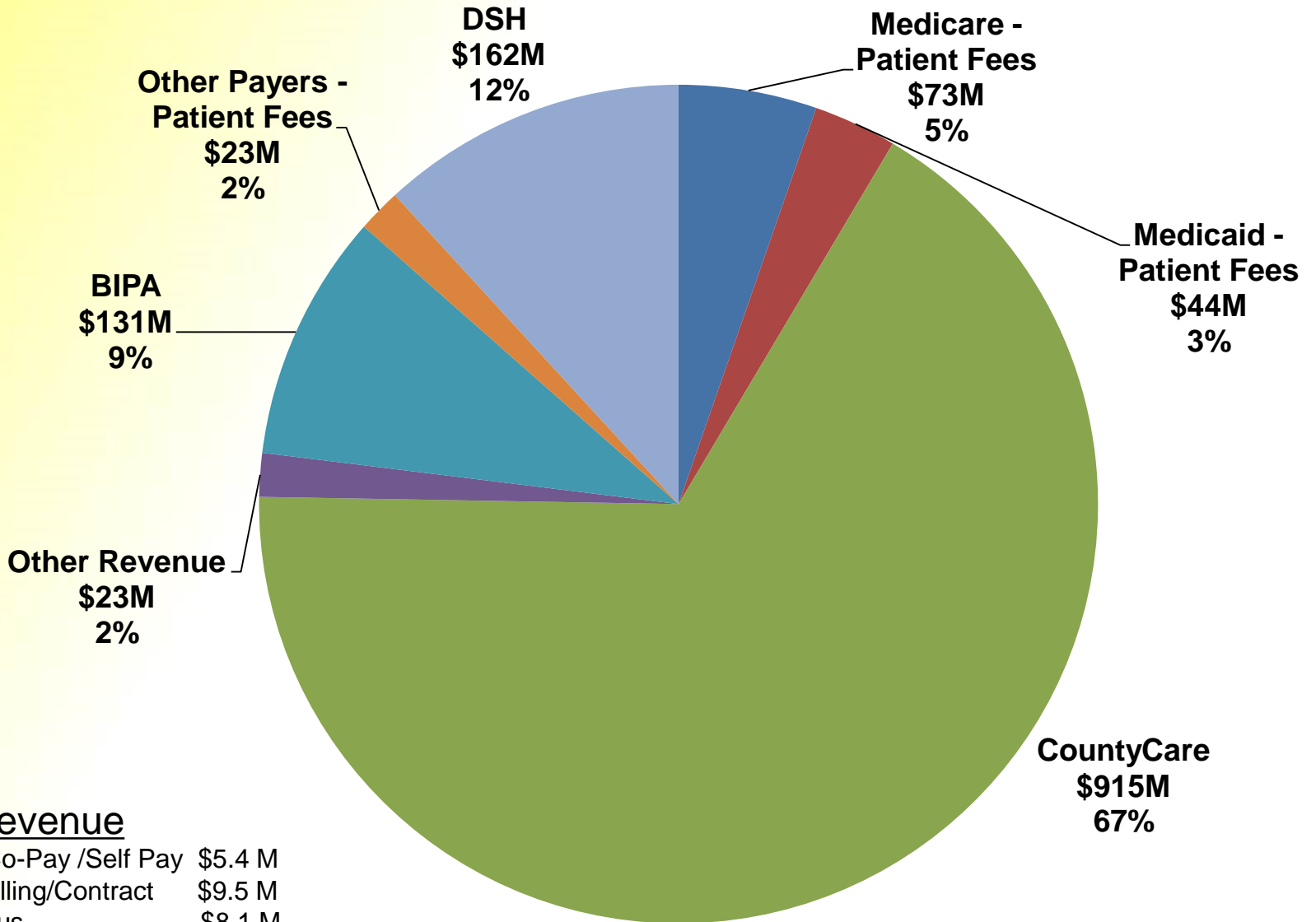
- ACA adult average monthly membership of 79,500 at \$630 composite* per member per month (pmpm)
- Family Health Plan (FHP) average monthly membership of 65,000 at \$250 composite* pmpm per enrolled family member
- Seniors and Persons with Disability (SPD) average monthly membership of 4,700 at \$1,571 composite* pmpm
- Actual pmpm rates vary by demographics, geography and category

FY15 CountyCare Projected Revenue

\$915M

** Rates listed are reflective of the composite rates as calculated by the state actuary for the base medical package for each population. Additional rates apply for more medically complex members. Within each population, rates are adjusted for age, gender, complexity of case such as medically complex children, all deliveries, long term care support services, etc.*

FY15 Revenue By Source



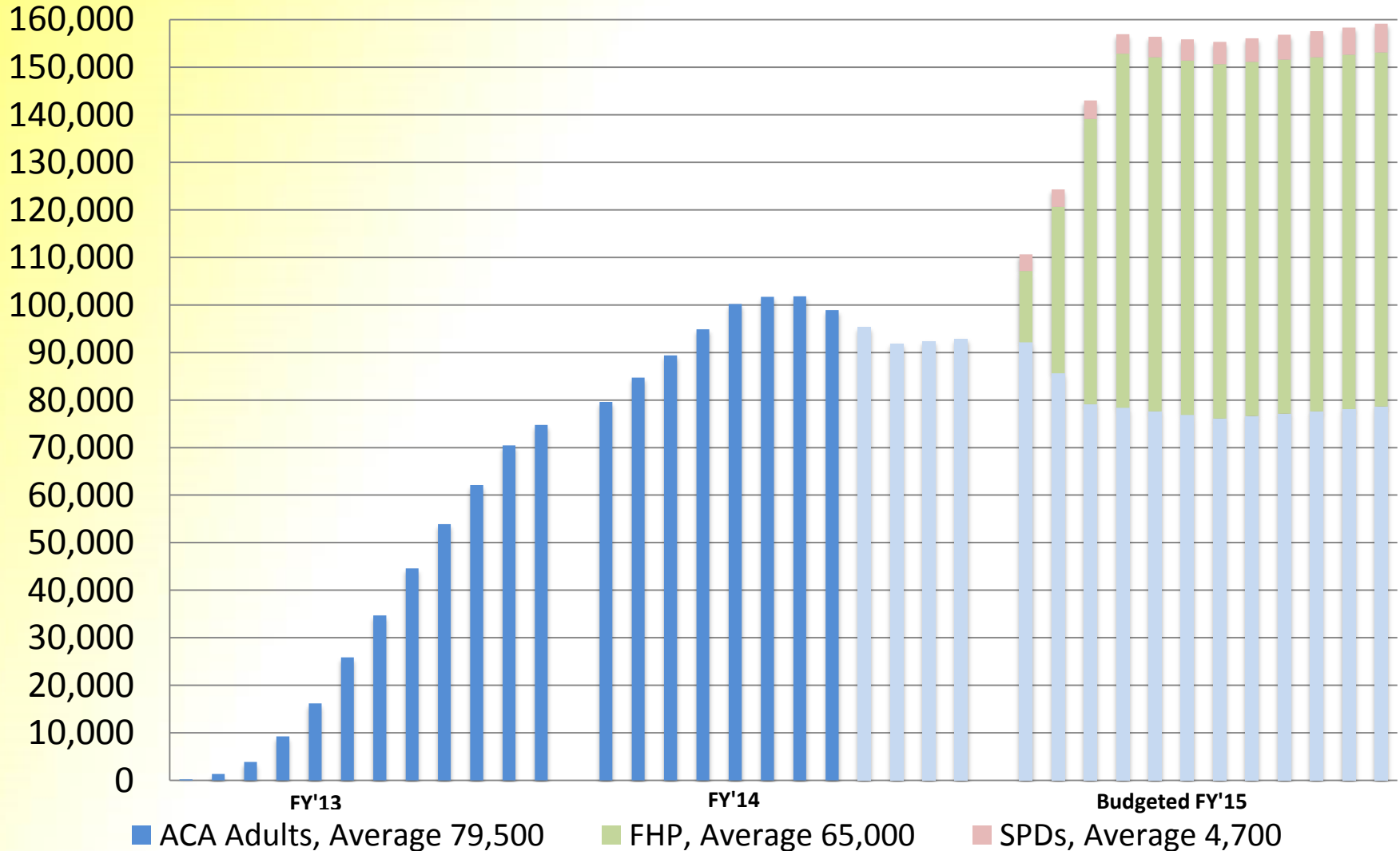
CountyCare FY15 Projections

	ACA Adult	Family Health Plan (FHP)	Seniors & Persons with Disabilities (SPD)	Total
Projected Membership	79,500	65,000	4,700	149,200
Projected Revenue	\$602M	\$223M	\$88M	\$915M*
Projected Medical Expense (CCHHS)	\$275M	\$30M	\$49M	\$354M
Projected Medical Expense (Network)	\$306M	\$159M	\$31M	\$496M
Projected Administrative Expense	\$37M	\$17M	\$7M	\$61M
Margin**	\$(17M)	\$17M	\$1M	\$1M
Projected Application Assistance Expense				\$10M
Net CountyCare Reimbursement to CCHHS	\$258M	\$47M	\$50M	\$348M*

*Total revenue includes administrative reimbursement of \$5M for application assistance offset by \$3M for state worker costs.

**Margin excludes revenue and expenses associated with application assistance.

CountyCare Current & Projected Membership



* Shaded bars are projections

Expenditure and Position Variances

Proposed FY15 budget increases by 9% compared to FY14 year-end estimate

- Increase mainly due to increasing membership in CountyCare (\$73M)
- Additional costs allocated to mail-order pharmacy (\$17M)
- Increases in employee health benefits, malpractice premiums and property insurance (\$14M)
- Pharmaceutical supply and equipment increases (\$14M)
- Miscellaneous increases in supplies and services (\$8M)

Proposed FY15 budget re-allocates existing costs and positions to improve cost allocation and transparency

- Decline in Health Administration expenses reflects realignment of pharmacy positions and supply costs to Stroger, Provident and Cermak.
- Decreased CountyCare positions reflect realignment of personnel to Ambulatory Services.
- Decreased positions in Public Health reflects transition of services to Ambulatory Services to improve coordination and service delivery.

Expenditures

Department	FY13 Actual	FY14 Year End Est.	FY15 Proposed	Variance <small>FY14 Est. To FY15 Proposed</small>	Percent Variance <small>FY14 Est. To FY15 Proposed</small>
Hospital Based Services	\$461M	\$500M	\$578M	\$78M	16%
Stroger Hospital	\$416M	\$453M	\$525M	\$72M	16%
Provident Hospital	\$45M	\$47M	\$53M	\$6M	13%
CountyCare	\$103M	\$495M	\$567M	\$72M	14%
Benefits & Insurance	\$101M	\$105M	\$119M	\$14M	13%
Health Administration	\$170M	\$181M	\$119M	(\$62M)	(34%)
Ambulatory Services	\$70M	\$70M	\$82M	\$12M	17%
ACHN	\$48M	\$47M	\$59M	\$12M	26%
CORE	\$11M	\$12M	\$12M	\$0	0%
Oak Forest	\$11M	\$11M	\$11M	\$0	0%
Correctional Health	\$44M	\$45M	\$60M	\$15M	33%
Cermak	\$41M	\$42M	\$56M	\$14M	33%
JTDC Health	\$3M	\$3M	\$4M	\$1M	33%
Public Health	\$12M	\$13M	\$11M	(\$2M)	(15%)
Total Expenditures	\$952M	\$1,409M	\$1,536M	\$126M*	9%

*Numbers have been rounded. Actual variance is (\$1,409.1 – \$1,535.5 = \$126.4M)

Position Summary

Department	FY 2013 Budgeted	FY 2014 Budgeted	FY 2015 Proposed	Variance	Percent Variance
Hospital Based Services	4,286	4,264	4,495	231	5%
Stroger Hospital	3,903	3,906	4,109	203	5%
Provident Hospital	383	358	386	29	8%
CountyCare	247	266	30	(236)	89%
Health Administration	608	647	402	(245)	(38%)
Ambulatory Services	834	805	1,042	237	29%
ACHN	652	620	856	236	38%
CORE	66	70	75	5	7%
Oak Forest	116	115	111	(4)	(3%)
Correctional Health	538	616	652	36	6%
Cermak	502	579	615	36	6%
JTDC Health	36	37	37	0	0%
Public Health	155	148	125	(23)	(16%)
Total	6,668	6,745	6,745	0	0%

- Hiring plan includes reducing vacancies from 1,100 to 600.
- Budget for salary and wages account for assumed timing of hiring and 600 vacancies by year end.

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