

CCH YTD Financial Update – April 30, 2021 FYTD



Andrea Gibson

Interim Chief Business Officer

June, 2021



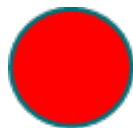
**COOK COUNTY
HEALTH**

Executive Summary: Statement of Financial Condition

- Cook County Health (CCH) interim financial results for the period ending April 30, 2021:
 - Accrual. On an accrual basis, interim financials show that CCH is ending April \$27M ahead of budget.
 - Cash. The County's preliminary cash report on revenues and expenses ending April 30, show a negative variance of \$107M. CountyCare PMPM payment impacted the revenue variance and increased claims payments impacted expenses.
 - Revenue Commentary:
 - Net patient service revenue meeting expectation
 - April saw volumes rebounding as budgeted targets increased, better rates and payor mix increasing yield
 - CountyCare capitation significantly higher than expected
 - FY20 Medicare Advance started being recouped in claims
 - Expenditures:
 - CountyCare claims expense higher than budget
 - Better than expected domestic spend
 - Pending reimbursements related to COVID related expenses (\$7M)
 - Revenue Cycle Indicators:



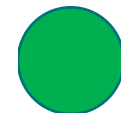
COOK COUNTY
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Accounts Receivable



Discharged Not
Final Billed



Denials

Financial Results – April 30, 2021 FYTD

Dollars in 000s	FY2021 Actual	FY2021 Budget	Variance	%	FY2020 Actual (3)
Revenue					
Net Patient Service Revenue (1)	\$233,128	\$231,183	\$1,944	0.84%	\$196,167
Government Support (2)	\$159,230	\$159,230	\$0	0.00%	\$181,161
CountyCare Capitation Revenue	\$999,829	\$884,332	\$115,497	13.06%	\$788,753
Other	\$10,438	\$6,250	\$4,188	67.01%	\$2,442
CountyCare Elimination (1)	(\$47,389)	(\$31,370)	(\$16,019)	51.06%	(\$76,045)
Total Revenue	\$1,355,235	\$1,249,625	\$105,610	8.45%	\$1,092,478
Operating Expenses					
Salaries & Benefits	\$277,668	\$310,356	\$32,688	10.53%	\$281,389
Overtime	\$18,814	\$14,574	(\$4,240)	-29.09%	\$20,365
Supplies & Pharmaceuticals	\$60,699	\$56,450	(\$4,249)	-7.53%	\$61,196
Purchased Services & Other	\$142,681	\$141,409	(\$1,272)	-0.90%	\$129,274
Medical Claims Expense (1)	\$943,992	\$826,866	(\$117,126)	-14.17%	\$720,837
Insurance	\$13,277	\$15,060	\$1,783	11.84%	\$13,277
Utilities	\$5,999	\$4,288	(\$1,711)	-39.91%	\$5,355
CountyCare Elimination (1)	(\$47,389)	(\$31,370)	\$16,019	-51.06%	(\$76,045)
Total Operating Expenses	\$1,415,740	\$1,337,632	(\$78,108)	-5.84%	\$1,155,648
Operating Margin	(\$60,505)	(\$88,007)	\$27,502	31.25%	(\$63,170)
Non-Operating Revenue	\$51,127	\$51,127	\$0	0.00%	\$34,460
Net Income (Loss) (3)	(\$9,378)	(\$36,880)	\$27,502	0.00%	(\$28,709)

Notes:

- (1) CountyCare Elimination represents the elimination of intercompany activity – Patient Service Revenue and Medical Claims Expense – for CountyCare patients receiving care at Cook County Health.
- (2) Government Support includes Graduate Medical Education payments.
- (3) Does not reflect Pension, OPEB, Depreciation/Amortization, or Investment Income.

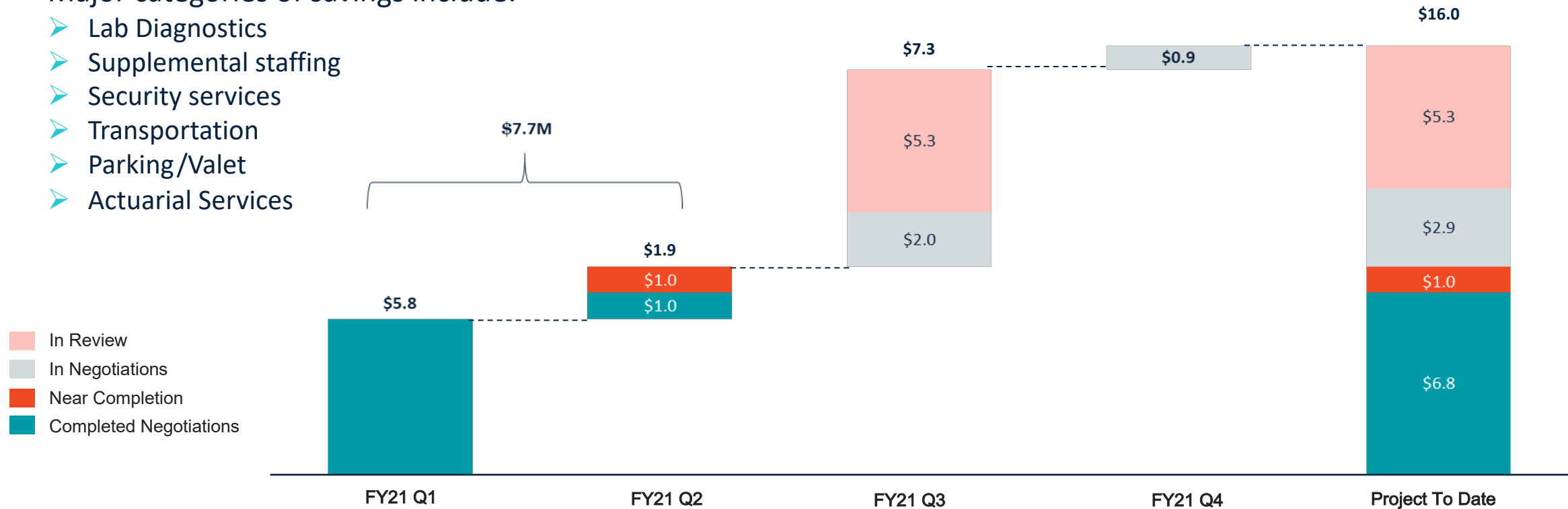
Source: CCH unaudited financial statements and FY21 budget.



CCH Savings Forecast

Major categories of savings include:

- Lab Diagnostics
- Supplemental staffing
- Security services
- Transportation
- Parking/Valet
- Actuarial Services

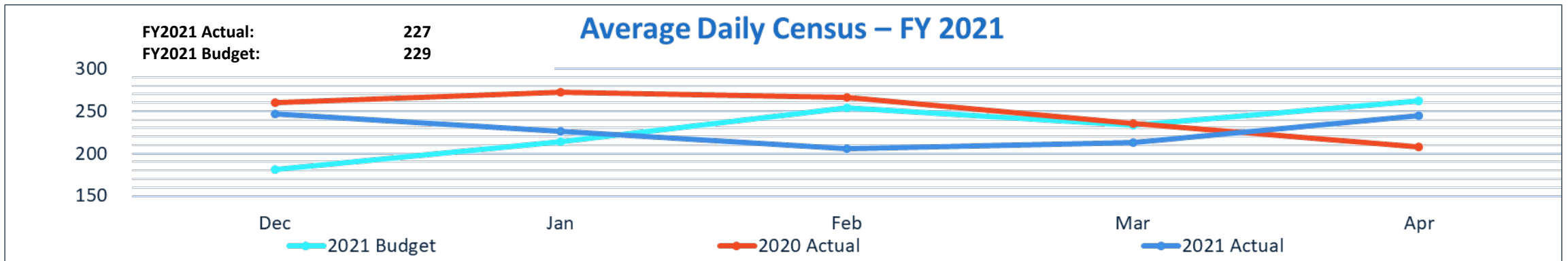
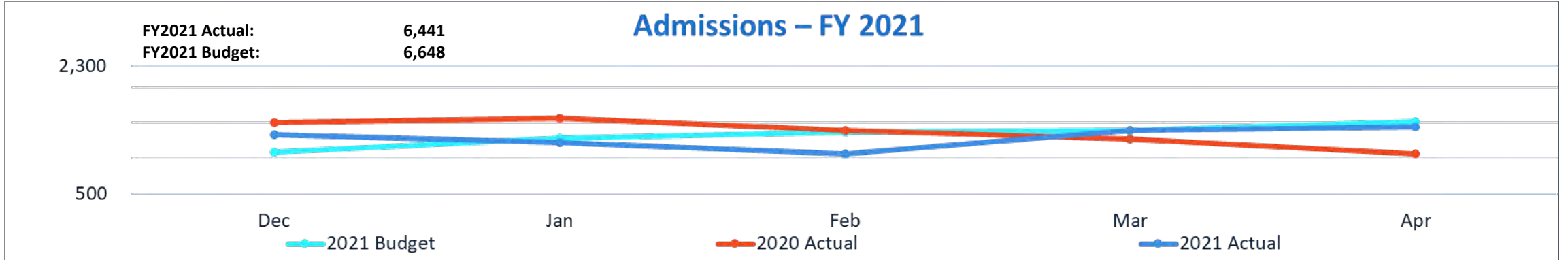


CCH Health Providers Revenue – April 30, 2021

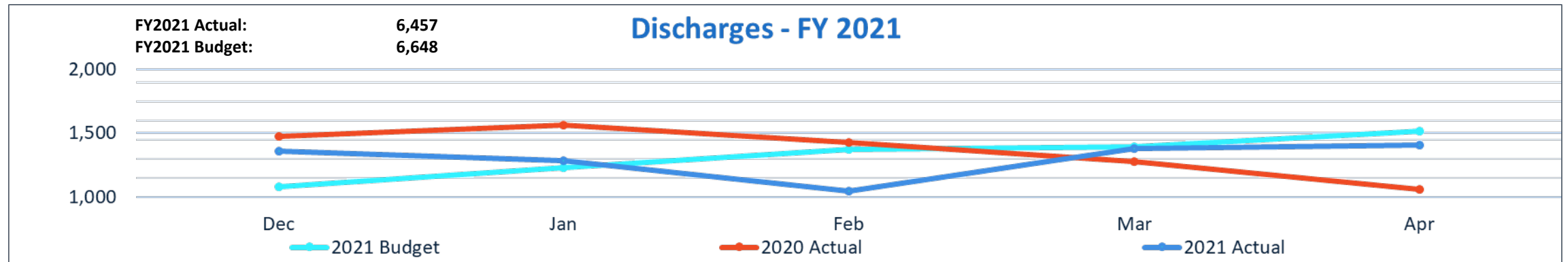
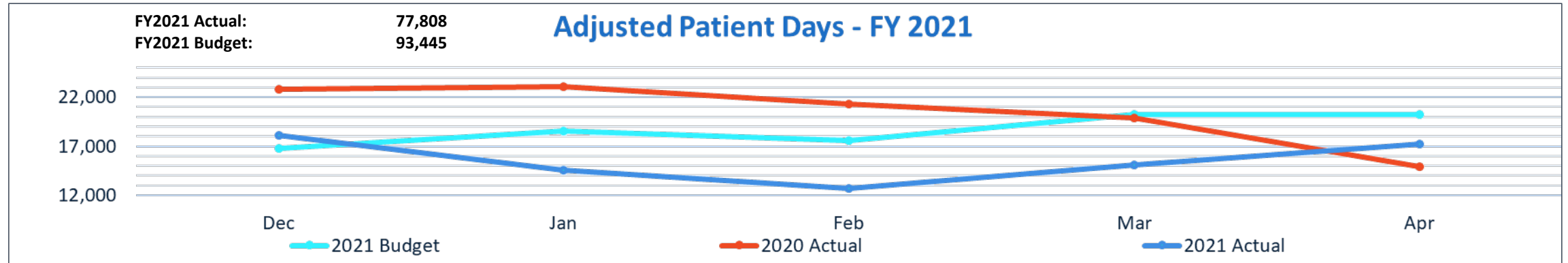
Revenue Operating Indicators

Patient Activity	YTD 2021 Actual	YTD 2021 Budget	%	Apr 2021 Actual	Apr 2020 Actual	Apr 2019 Actual	2020 YTD Actual	2019 YTD Actual
Admissions	6,441	6,648	-3.1%	1,440	1,062	1,347	6,806	6,687
Patient Days	34,403	34,454	-0.1%	7,349	6,250	7,229	37,764	37,172
Average Daily Census	227	229	-0.9%	245	208	241	248	247
Adjust Patient Days	77,808	93,445	-16.7%	17,244	14,916	19,530	101,929	100,305

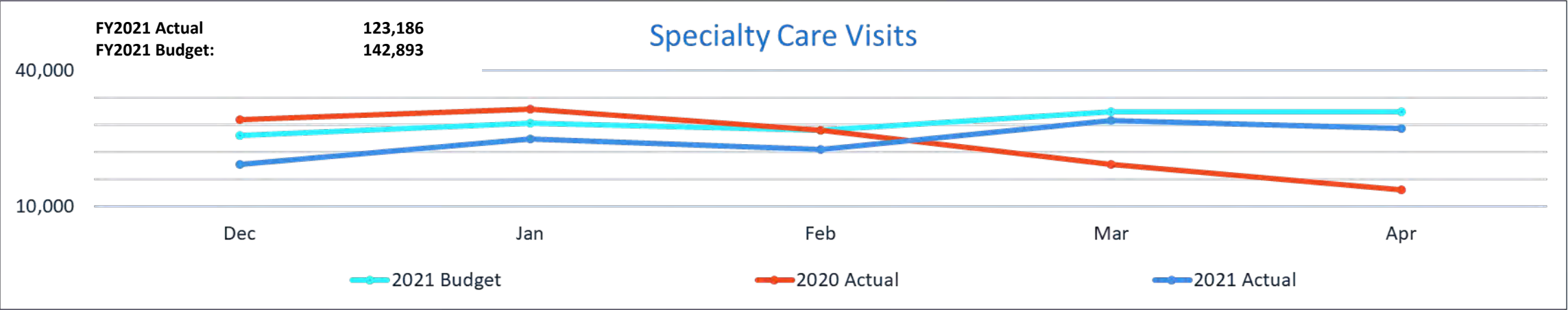
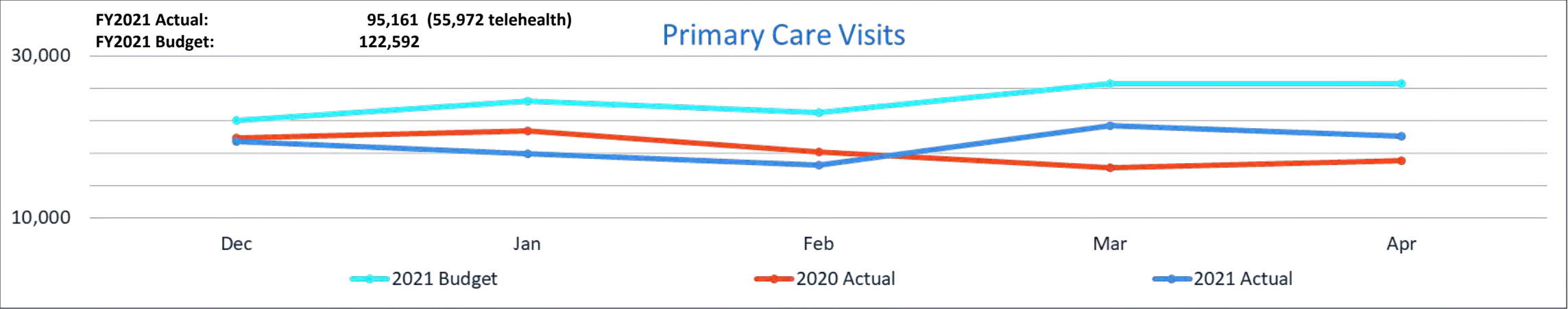
CCH 12 Month Patient Activity Levels



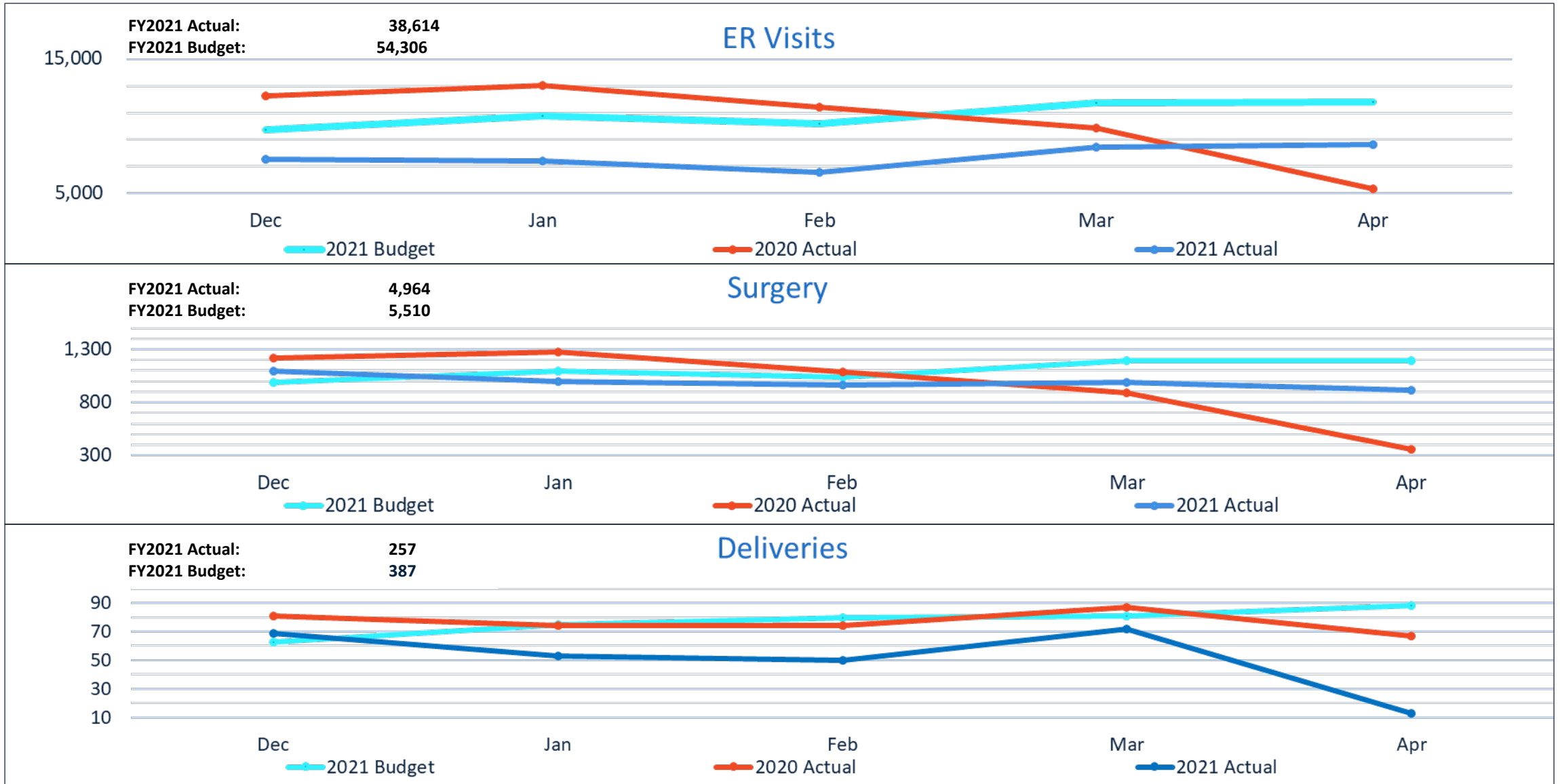
CCH 12 Month Patient Activity Levels



Patient Activity Indicators – FYTD 2021

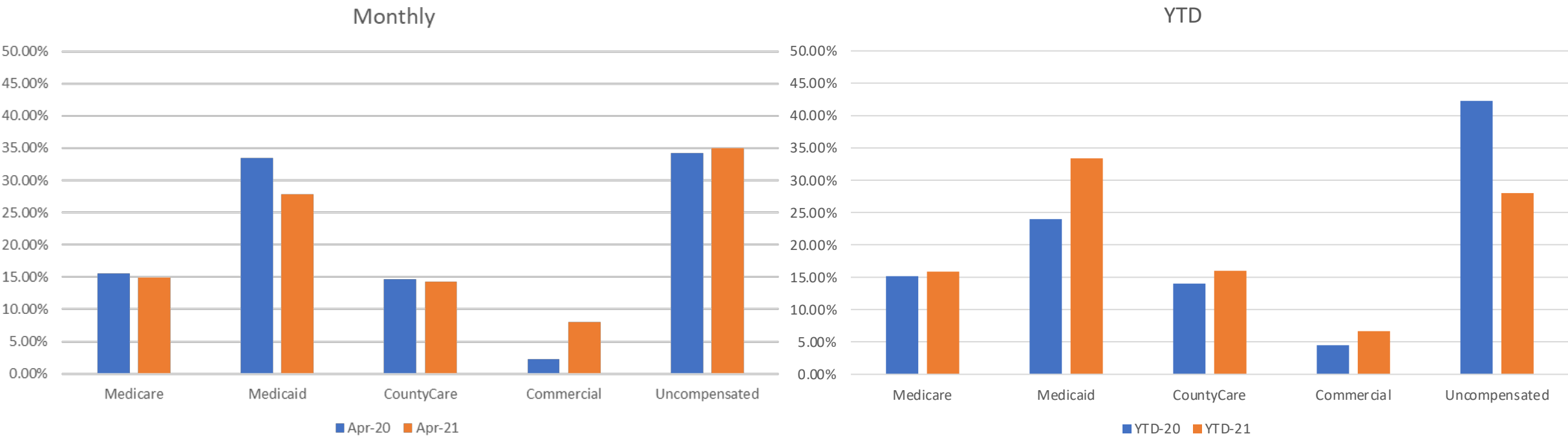


Patient Activity Indicators – FYTD 2021

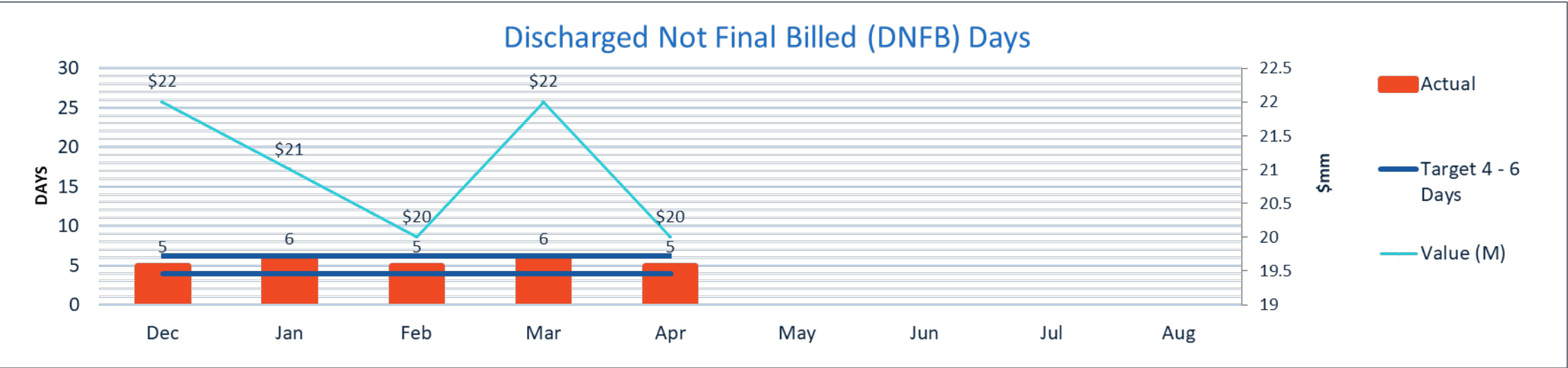
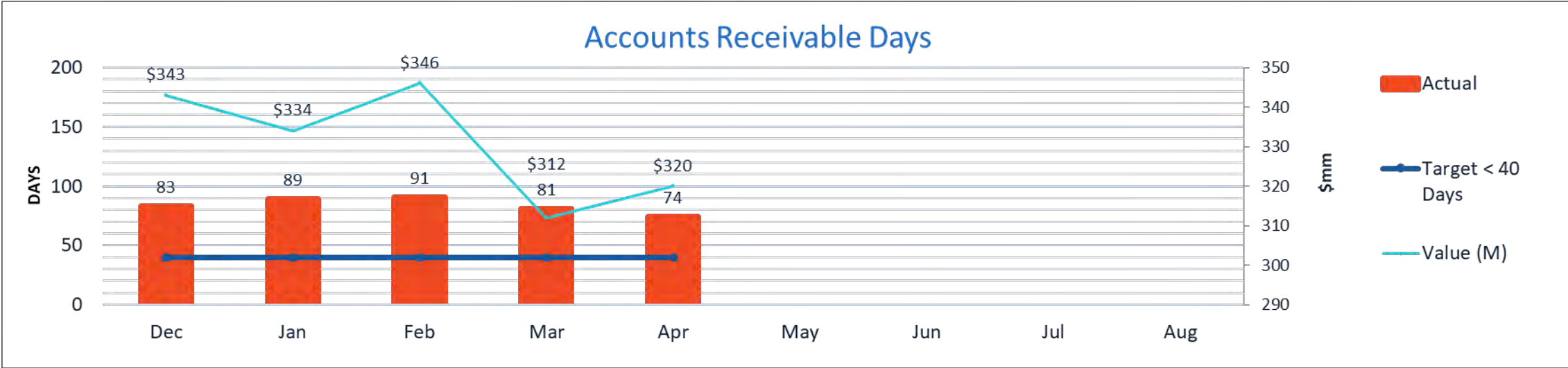


CCH Health Providers Revenue – April 30, 2021 FYTD

Payer Mix Analysis (by Charges)

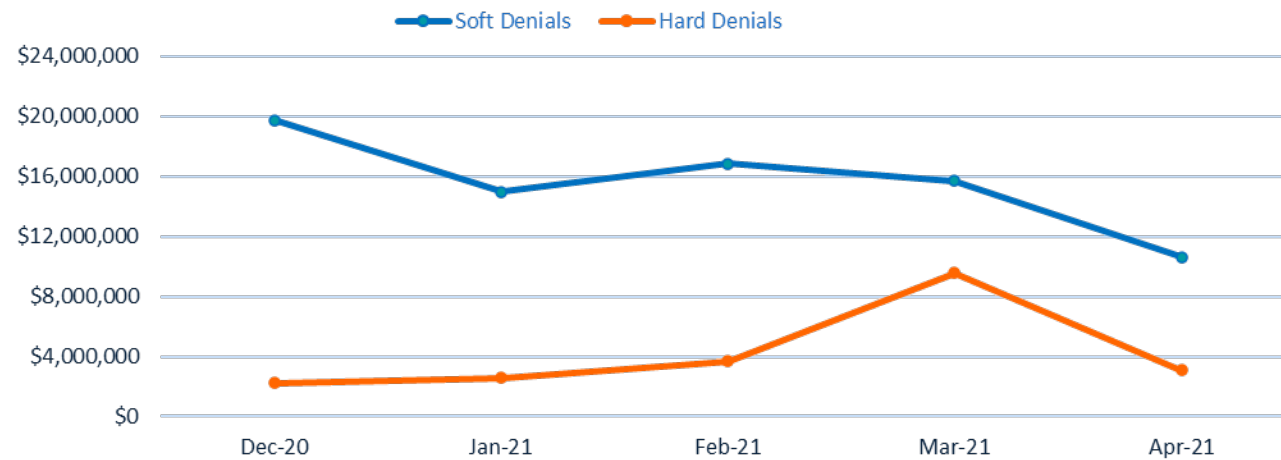


Financial Key Performance Indicators – 2021 FYTD



Denials -- April 30, FYTD 2021

Type	Current Month		FY21 YTD		Benchmark
	%	\$	%	\$	%
Soft Denials*	7%	10,606,800	13%	77,815,005	5%
Hard Denials**	2%	3,101,409	3%	21,115,919	2%
<i>* Claim is denied soon after submission, but there is an opportunity to mitigate/appeal</i> <i>** Claim is denied and needs to be written off</i>					

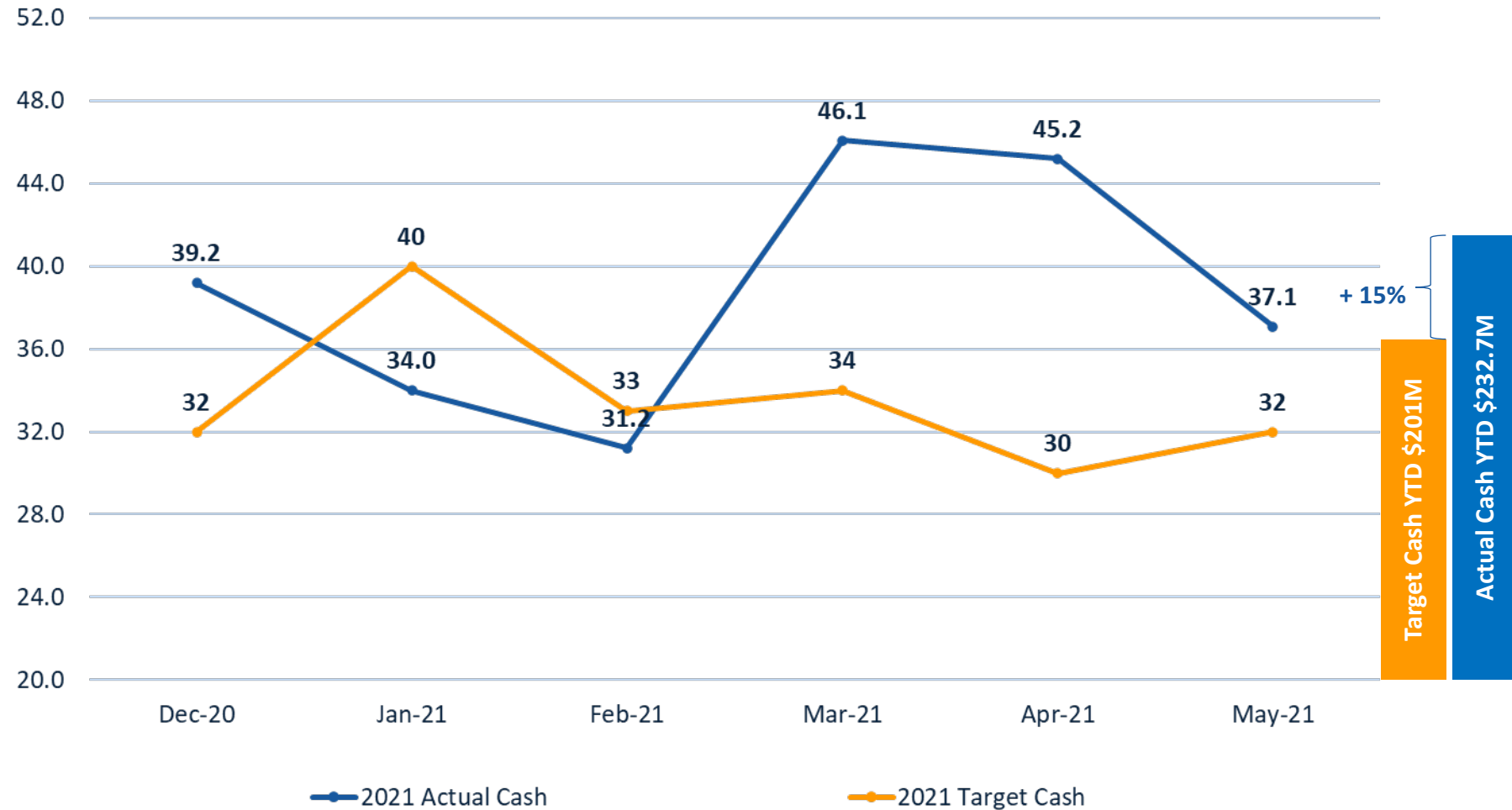


Hard Denial Summary:

Area	Amount
Case Management	\$1,024,386
Prior Authorization	\$597,172
Non-Covered Services	\$367,376
Patient Access	\$159,594
Timely Filing	\$906,971
Coding	\$22,371
Other	\$23,539
Total	\$3,101,409

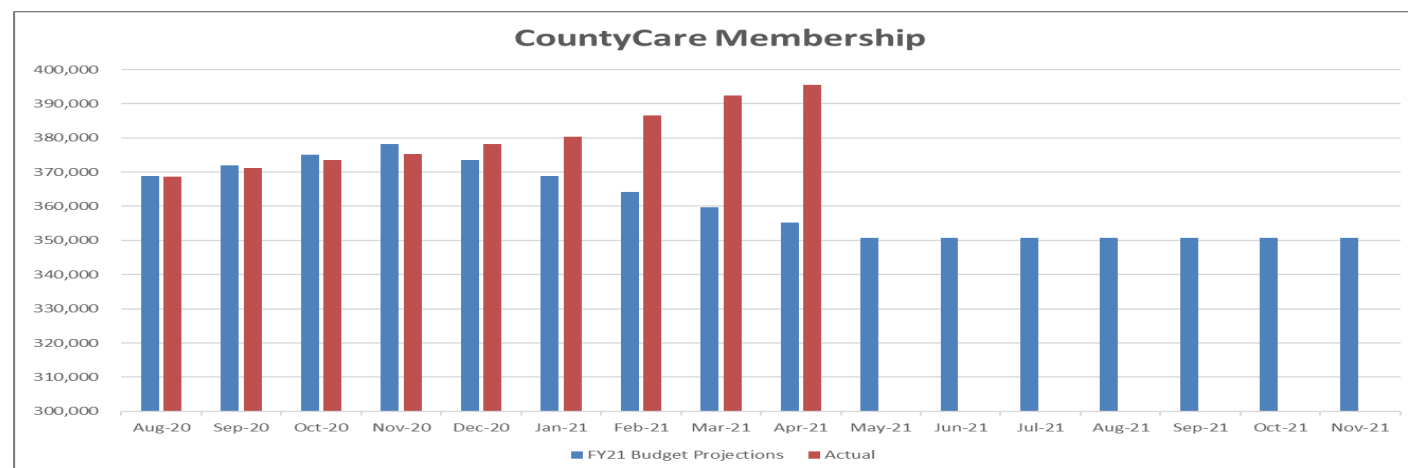


CCH Cash YTD Target vs. Actual – May 31, 2021



Health Plan Services Financial Results – April 30, 2021

Dollars in 000s except PMPM amounts	FY2021 Actual	FY2021 Budget	Variance	%	FY20 Actual
Capitation Revenue	\$999,829	\$884,332	\$115,497	13.06%	\$764,005
Operating Expenses					
Clinical - CCH	\$47,389	\$31,370	(\$16,019)	(51.06%)	\$38,329
Clinical - External	\$896,602	\$795,495	(\$101,107)	(12.71%)	\$682,508
Administrative	\$50,131	\$59,647	\$9,515	15.95%	\$41,377
Total Expenses	\$994,123	\$886,512	(\$107,610)	(12.14%)	\$762,214
Operating Gain (Loss)	\$5,707	(\$2,180)	\$7,887	(361.76%)	\$1,791
Activity Levels					
Member Months	1,933,157	1,821,219	111,938	6.15%	1,606,816
CCH CountyCare Member Months	199,783	N/A	N/A	N/A	171,519
CCH % CountyCare Member Months	10.33%	N/A	N/A	N/A	10.67%
Operating Indicators					
Revenue Per Member Per Month (PMPM)	\$517.20	\$485.57	\$31.63	6.51%	\$475.48
Clinical Cost PMPM	\$488.32	\$454.02	(\$34.30)	(7.55%)	\$448.61
Medical Loss Ratio (1)	92.4%	90.62%	(1.76%)	(1.94%)	90.66%
Administrative Cost Ratio	4.6%	6.16%	1.59%	25.80%	4.80%



Commentary

- Total membership exceeds budget by 111,938 due to increased Medicaid enrollment as a result of the COVID-19 induced growth in unemployment, and no state redetermination of Medicaid eligibility.
- CountyCare expects enrollment to continue to exceed budget as auto-assignment increased to 50% as of February 2021. This change was due to CountyCare's top-quality ranking among Medicaid MCOs.
- CountyCare's reimbursement to CCH for domestic spend is exceeding budget.
- Operating Gain of \$5.7M consists of \$9.3M from CountyCare and a loss of \$(3.6)M from Medicare.
- Agreement executed with State of Illinois and CCH to reduce IGT by 50% beginning in January 2021. This change has been reflected in the results.

Notes:

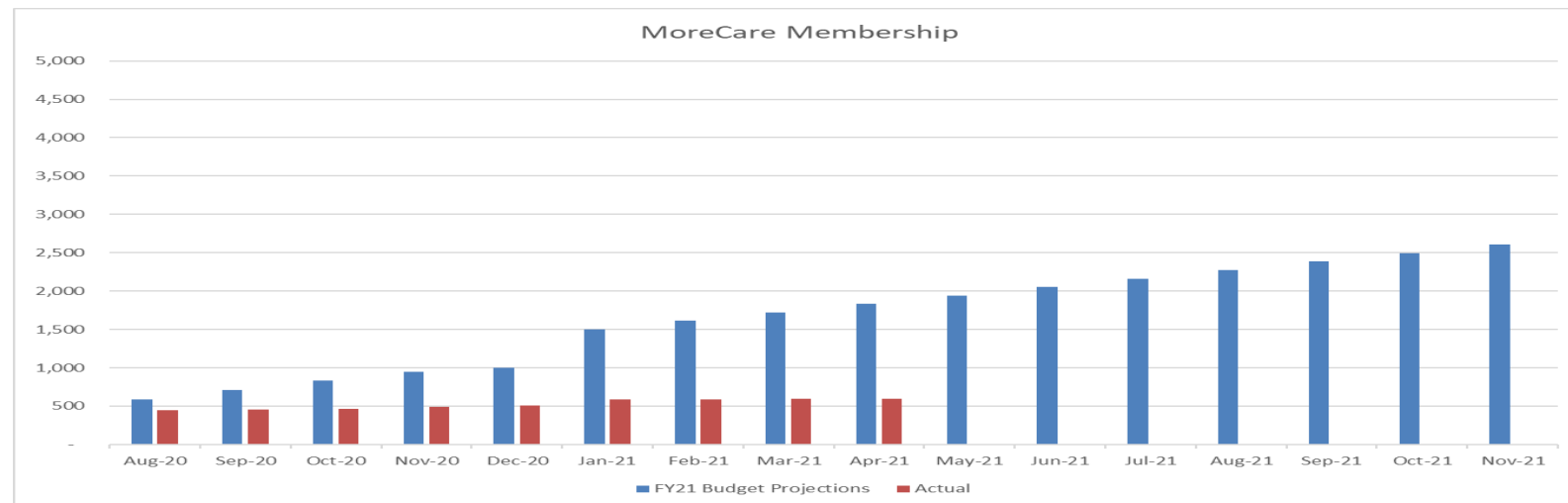
- (1) Medical Loss Ratio is a measure of the percentage of premium that a health plan spends on medical claims.

Medicare Financial Results – April 30, 2021

Dollars in 000s except PMPM amounts	FY2021 Actual	FY2021 Budget	Variance	%
Capitation Revenue (Total dollar amount)	\$5,242	\$11,317	(\$6,075)	(53.68%)
Operating Expenses				
Clinical Expenses	\$3,729	\$11,317	\$7,588	67.05%
Administrative	\$5,143	\$4,211	(\$932)	(22.14%)
Total Expenses	\$8,872	\$15,528	\$6,656	42.86%
Operating Gain (Loss)	(\$3,630)	(\$4,211)	\$581	(13.79%)
Activity Levels				
Member Months	2,864	7,663	(4,799)	(62.63%)
Operating Indicators				
Revenue Per Member Per Month (PMPM)	\$1,830.20	\$1,476.76	\$353.44	23.93%
Clinical Cost PMPM	\$1,301.89	\$1,476.76	\$174.86	11.84%

Commentary

- Membership is lower than budget, driving lower than expected revenue. Revenue and cost on a per member per month basis is exceeding budgeted PMPM due to population mix.
- Revenue does not include risk adjustment, which is expected to increase total revenue once risk-adjustment completed by CMS.
- Total operating loss is lower than budget by \$581K.



Telehealth - Legislation HB 3308

Amends the Illinois Insurance Code. Provides that health care services that are covered under an individual or group policy of accident or health insurance must be covered when delivered via telehealth services when clinically appropriate.

- **Reimbursement Parity:** Insurers must reimburse in-network healthcare professionals and facilities, including those in tiered networks at the same reimbursement rate that would apply to in-person services.
- **Coverage Mandate:** Insurers must cover clinically appropriate, medically necessary telehealth services, e-visits and virtual check-ins in the same manner as any other benefits covered under the policy.
- **Patient and Provider Protections:** Existing patient and provider protections in the Illinois Insurance Code for telehealth services were clarified and broadened. Specifically, insurers are prohibited from:
 - Requiring in-person contact to occur prior to the provision of a telehealth services;
 - Requiring patients or providers to demonstrate or document a hardship or access barrier to an in-person consultation;
 - Requiring telehealth services when a patient chooses an in-person care;
 - Requiring a healthcare professional to be physically present in the same room as the patient;
 - Creating geographic or facility restrictions for telehealth services;
 - Requiring patients to use a separate panel of health care professionals;
 - Imposing deductibles, copayments/co-insurance, or any other cost-sharing that exceed those required for in-person services.

Questions?



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