



COOK COUNTY HEALTH
& HOSPITALS SYSTEM
CCHHS

**Cook County Health & Hospitals System
Monthly Report
to the
Cook County Board of Commissioners
Finance Committee**

February 2015

Preliminary

Pending CCHHS Board Approval

Administrative Update

Stroger Hospital is preparing for its triennial survey by The Joint Commission. Our “window” for survey is open and we expect a survey by November 2015. Chapter groups to focus staff competencies and practice around specific areas of requirements have been organized.

CCHHS is seeking Primary Care Medical Home (PCMH) certification from The Joint Commission. This is an important step in the continued transformation of our delivery model to have patient treatment coordinated by a team. This will ensure that our patients receive necessary care in the right place at the right time and in a manner they understand. The initial certification will be sought at the Prieto Health Center with other health centers to follow. The team at Prieto has been working for months to prepare for The Joint Commission’s survey. The window for the survey opens in March 2015.

The CCHHS Employment Plan was recently approved by the Federal District Court. In order to come into substantial compliance with the Shakman Consent Decrees, CCHHS must demonstrate success in implementing the new Employment Plan over the next year. Training for all CCHHS employees is mandatory and will be rolled out in phases so we can begin implementing the Employment Plan.

Crain’s Chicago Business recently published “Running on Empty”, a report based on an analysis of Illinois Department of Public Health annual survey data. Like other health systems across the country, the Cook County Health & Hospitals System is striving to provide the right care, at the right time, in the right place. This means improving access to outpatient care and better managing the care of our patients across the continuum to improve outcomes and lower costs. This transformation will naturally reduce hospitalizations thus impacting our inpatient utilization numbers. This is one of the basic tenants of the Affordable Care Act. CCHHS staffs to the census at both Stroger and Provident and few hospitals staff to their licensed bed number.

There will always be a need for inpatient care and services to meet various needs, particularly for safety net institutions. Stroger is one of four designated resource hospitals in Chicago that works with the Chicago Fire Department to coordinate the healthcare response to disasters. Surge capacity is critical particularly in the case of an urban hospital that operates one of the busiest emergency rooms and trauma units in the state.

Every year, hospitals are required to report utilization data to IDPH. Based on information from these reports, the Crain’s report listed Stroger’s 2013 total occupancy rate as 67.3 percent and ICU occupancy rate as 27 percent. However, Stroger’s ICU occupancy rate was actually 52 percent in 2013. There appears to have been an error in reported data that we are currently investigating. We intend to submit a revised report to the Illinois Department of Public Health.

Legislative Update

State

Governor Rauner and the Illinois General Assembly were sworn in to office in early January. Governor Rauner has made a number of key Cabinet appointments. Felicia Norwood has been appointed Secretary of the Illinois Department of Healthcare and Family Services (HFS). Ms. Norwood is a former executive with Aetna and most recently served as the President of the Mid-America region. Ms. Norwood worked from 2006-2010 as the CEO, President and COO of Active Health Management. On the government side, Ms. Norwood served as a Policy Advisor on Human Services to Governor Jim Thompson and as a Senior Policy Advisor on Health and Human Services to Governor Jim Edgar.

The Governor will present ed his State of the State address on Wednesday, February 4, 2015. The Governor will present his proposed Budget to the General Assembly on Wednesday, February 18, 2015.

Federal

Dr. Shannon recently accompanied President Preckwinkle to Washington, DC to meet with members of the Illinois delegation. Discussions focused on the importance of Medicaid to the overall health of Cook County and an update on CountyCare.

President Obama released his Budget on Monday, February 2, 2015. In March and April the House and Senate budget committees will begin their budget review process.

Protection of Medicaid remains a key priority for the Cook County Health and Hospitals System at both the State and Federal level.

| Cook County Health Facilities | | | | | |
|--|-------------------|----------------------------------|---------------|--|--------------------|
| Combining Income Statement of General Funds (Unaudited) | | | | | |
| (In Thousands) | | | | | |
| November 30, 2014 | | | | | |
| | <u>Acute Care</u> | <u>Dept of Public Health</u> | <u>Cermak</u> | <u>Intra-Activity Eliminations</u> | <u>Grand Total</u> |
| REVENUE: | | | | | |
| Net patient service revenue | 1,456,535 | | | (221,345) | 1,235,190 |
| Grant revenue | | 10,493 | | | 10,493 |
| EHR incentive program revenue | 3,148 | | | | 3,148 |
| Other revenue | 6,775 | 636 | 2 | | 7,414 |
| Total Revenue: | 1,466,458 | 11,129 | 2 | (221,345) | 1,256,244 |
| OPERATING EXPENSES: | | | | | |
| Salaries and wages | 472,386 | 11,260 | 42,591 | | 526,237 |
| Employee benefits | 123,196 | 3,726 | 11,226 | | 138,148 |
| Supplies | 234,691 | 354 | 929 | | 235,973 |
| Purchased svcs, rental & other | 703,999 | 750 | 1,260 | (221,345) | 484,664 |
| Insurance expense | 22,359 | 419 | 1,676 | | 24,454 |
| Depreciation | 33,319 | 18 | 241 | | 33,577 |
| Utilities | 12,686 | 62 | 7 | | 12,756 |
| Services provided by other county offices | 9,000 | | | | 9,000 |
| TOTAL OPERATING EXPENSES | 1,611,637 | 16,588 | 57,930 | (221,345) | 1,464,810 |
| GAIN (LOSS) FROM OPERATIONS | (145,180) | (5,459) | (57,927) | | (208,566) |
| NONOPERATING REVENUE: | | | | | |
| Property taxes | 23,972 | 1,307 | 11,240 | | 36,519 |
| Sales taxes | (5,264) | (717) | (1,468) | | (7,449) |
| Cigarette taxes | 91,520 | 6,693 | 28,513 | | 126,727 |
| Other Tobacco Product taxes | 3,749 | 274 | 1,171 | | 5,194 |
| Fire Arms taxes | 445 | | | | 445 |
| Interest income | 16 | 0 | 0 | | 16 |
| Retirement plan contribution | 50,201 | 2,255 | 4,385 | | 56,841 |
| TOTAL NONOPERATING REVENUE | 164,639 | 9,811 | 43,842 | | 218,293 |
| NET INCOME (LOSS) | 19,459 | 4,353 | (14,085) | | 9,727 |
| Transfer (out) in | 9,000 | | | | 9,000 |
| Capital contributions | 3,207 | (6) | | | 3,201 |
| Change In net position | 31,667 | 4,346 | (14,085) | | 21,928 |
| Net Position at beginning of year | 421,099 | 145,261 | (103,731) | | 462,628 |
| Net Position at end of year | 452,766 | 149,607 | (117,816) | | 484,557 |

| | | | |
|---|------------------------|------------------------|------------------------|
| CountyCare Income Statement | | | |
| FY 2014 | | | |
| | YTD | YTD | YTD |
| Revenue | September-2014 | October-2014 | November-2014 |
| PMPM | \$ 561,791,021 | \$ 614,771,835 | 672,227,254 |
| Admin | 28,811,440 | 28,811,440 | 16,685,354 |
| State Workers | 3,626,538 | 3,691,639 | 3,766,076 |
| Reserve for Settlement | (39,500,000) | (39,500,000) | (39,500,000) |
| Assessment Tax from Cash Advance | | | 51,000 |
| Total Revenue | \$ 554,728,999 | \$ 607,774,914 | \$ 653,229,685 |
| Application Processing Costs | | | |
| Hoyne Facility Expenses | \$ 249,923 | \$ 240,864 | \$ 254,565 |
| AHS Application Assistance Fees | 22,732,333 | 24,529,911 | 21,935,994 |
| CEA Application Assistance Fees | 1,500,093 | 1,589,490 | 1,667,342 |
| State Workers Cost | 7,253,073 | 7,383,275 | 7,532,148 |
| Total Application Processing Costs | \$ 31,735,422 | \$ 33,743,540 | \$ 31,390,049 |
| Administrative Expenses | | | |
| Salaries & Benefits | \$ 926,672 | \$ 1,460,275 | \$ 1,705,775 |
| Stop Loss Insurance | 4,116,690 | 4,116,690 | 4,448,190 |
| Self Insurance | 191,892 | 211,081 | 434,875 |
| Pharmacy | 5,516,811 | 5,702,852 | 6,184,209 |
| PsychHealth ASO | 4,224,033 | 4,550,208 | 4,550,208 |
| AHS TPA Fees | 14,381,470 | 15,909,098 | 15,480,981 |
| IlliniCare TPA Fees | 18,059,649 | 23,552,788 | 28,678,879 |
| MHN Fees | 4,209,437 | 4,834,100 | 5,341,426 |
| Other | 2,272,240 | 3,135,056 | 4,454,649 |
| Total Administrative Expenses | \$ 53,898,894 | \$ 63,472,148 | \$ 71,279,191 |
| Clinical Expenses | | | |
| Domestic Claims | \$ 171,105,958 | \$ 165,040,469 | \$ 181,340,731 |
| Domestic Claims IBNR | 24,900,000 | 24,137,291 | 24,137,291 |
| Foreign Claims | 116,215,506 | 156,470,823 | 166,923,040 |
| Foreign Claims IBNR | 57,016,169 | 43,016,169 | 52,532,988 |
| Pharmacy | 112,170,745 | 107,086,487 | 119,104,090 |
| Domestic Pharmacy | | 15,198,683 | 15,867,173 |
| MHN ASO | 2,520,000 | 2,994,304 | 3,919,136 |
| Behavioral Health | 12,391,456 | 18,009,222 | 17,353,445 |
| Optical | 1,190,920 | 1,525,337 | 1,883,699 |
| Transportation | 345,504 | 469,914 | 782,737 |
| Dental | - | 645,772 | 711,488 |
| Total Clinical Expenses | \$ 497,856,258 | \$ 534,594,471 | \$ 584,555,818 |
| Total Expenses | \$ 583,490,574 | \$ 631,810,159 | \$ 687,225,058 |
| CountyCare Net Income | \$ (28,761,575) | \$ (24,035,245) | \$ (33,995,374) |