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Memorandum

To: Honorable John Daley, Chairman
Cook County Board of Commissioners Committee on Finance

From: Dr. John Jay Shannon, CEO
Cook County Health and Hospitals System (CCHHS)

Date: November 17, 2017

Re: Cook County Budget Hearing—CCHHS Follow-up Requests

Cc: Cook County Board of Commissioners
John Keller, President's Office Chief of Staff
Erik Varela, President's Office, Government Affairs
Ammar Rizki, Cook County CFO
Tanya Anthony, Cook County Budget Director
CCHHS Board of Directors

Below please find follow-up responses to questions raised at CCHHS's budget review hearing before the Cook County Finance Committee.

Commissioner Boykin

Q1: What is the amount spent on minority/women owned businesses in the CCHHS procurement process?

A1: As reported in the FY2016 Cook County Annual Business Diversity Report, CCHHS spent \$24,683,818.00 with MBE vendors and \$9,586,130.00 with WBE vendors for a combined total spend of \$34,269,948.00

Q2: I'm told the hospitals' minority contract compliance is only about 9%. Is that the case, and if so why so low?

A2: As reported in the FY2016 Cook County Annual Business Diversity Report, the CCHHS award for M/WBE was 12% with 9% of all contract payments going to M/WBE vendors. Actual overall M/WBE participation in 2016 was up 7% in Goods & Services and 40% in Construction compared to previous years.

Participation is low across the healthcare industry for several reasons:

- Many contracts have strict Federal Drug Administration (FDA) and other regulatory compliance requirements;
- Health systems purchase equipment and medical supplies directly from the manufactures which are typically large national companies;
- Most health systems purchase a significant amount of goods and services through a national Group Purchasing Organization (GPO). GPOs leverage the purchasing power of the collective membership to secure better pricing;
- The number of Cook County certified M/BWE contractors that service healthcare is low.

Q3: What is the total spend for procurement as it relates to CCHHS?

A3: CCHHS spends approximately \$300M annually on procurement expenses, which includes a variety of supplies and services.

Q4: What are the contracts and services under “professional services” that come to about \$8M on page N-10 of the FY2018 Executive Budget Recommendation?

A4: The below table provides detail on the professional service line on page N-10 of the budget.

Contractor	Description of Services	Estimated 2018 Fiscal Need
<i>Advisory Board Company</i>	<i>Operational Performance</i>	<i>\$276,000</i>
<i>Carminati Consulting</i>	<i>Software Consulting Enhancements for Annual Education</i>	<i>\$175,000</i>
<i>Carminati Consulting</i>	<i>Software Consulting Enhancements for HR Case Management</i>	<i>\$368,000</i>
<i>Castle Branch</i>	<i>Professional Background Checks</i>	<i>\$45,000</i>
<i>Cyrocom</i>	<i>System-wide Telephonic/Remote Interpreter Testing</i>	<i>\$8,000</i>
<i>Health Management Associates</i>	<i>Healthcare Industry Research and Consulting Services</i>	<i>\$322,000</i>
<i>Health Management Associates</i>	<i>Medicaid Managed Care Research and Consulting Services (100% WBE participation)</i>	<i>\$320,000</i>
<i>IBM Global</i>	<i>Temporary Staffing for ERP Project Management</i>	<i>\$400,000</i>
<i>Press Ganey</i>	<i>System-wide Patient Safety Culture Development and Error & Serious Safety Event Reduction Consulting Services</i>	<i>\$1,840,000</i>
<i>RCM Health Services</i>	<i>Executive Recruitment Services</i>	<i>\$281,000</i>
<i>Res Publica</i>	<i>Marketing and Printing Services</i>	<i>\$1,000,000</i>
<i>Susan J. White & Assoc.</i>	<i>Medicaid Policy Consulting Services</i>	<i>\$115,000</i>
<i>Saldemar Solution LLC</i>	<i>Temporary Staffing for ERP Project Management</i>	<i>\$152,000</i>
Contracts not yet awarded		
	<i>Architectural Services for Joint Commission Readiness Plant Operation</i>	<i>\$23,000</i>
	<i>Cost and Reimbursement Aids and Audit Program</i>	<i>\$138,000</i>
	<i>ID Badging and Security</i>	<i>\$138,000</i>
	<i>Candidate Skills Testing</i>	<i>\$46,000</i>
	<i>Nursing Professional Development and Education</i>	<i>\$46,267</i>
	<i>CCHHS Outside Counsel and Support</i>	<i>\$432,400</i>
	<i>External Compliance Consultants</i>	<i>\$257,400</i>
	<i>CountyCare Community Outreach</i>	<i>\$150,000</i>
	<i>Redetermination Outreach</i>	<i>\$110,000</i>
	<i>Translation Services</i>	<i>\$50,000</i>
	<i>Center of Excellent Marketing (per strategic plan)</i>	<i>\$42,400</i>
	<i>Employee Engagement Survey</i>	<i>\$1,600,000</i>

Please note, some of the above vendors have budgeted expenses in other CCHHS department budgets. For example, Res Publica has expenses in CountyCare for \$1.5M and Cyrocom has approximately \$1M attributed to Stroger Hospital expenses.

Q5: Please give an exact value on the accounts receivable as well as an explanation of the discrepancies in the different values I’m getting to all Commissioners.

A5: *See Attachment Q5 “CCHHS Patient Accounts Receivables (AR) Balances” for the gross AR and net realizable value of CCHHS’ FY17 Unaudited AR as of October 31, 2017.*

Accounts Receivable (AR) represents the total charges for services provided by a health system. The AR is not representative of what any health system will ultimately collect. In most cases, charges are used as the starting point to negotiate rates from insurance companies. Public payors such as Medicare or Medicaid set rates without regard for charges. Self-pay patients are billed based on charges. The amount that is ultimately collected by a health system is called the net receivable.

It is important to note that AR balances are not a static number, but a number that changes with each new clinical service provided to thousands of CCHHS patients on a daily basis, as well as due to emergent information and interactions with various payors.

Q6: In regards to the accounts receivable, who is in charge of collecting that debt? Are they experts in medical debt? How did they get the contract to collect?

A6: *Under the CCHHS CFO, the Revenue Cycle division is staffed with individuals experienced in patient finance and responsible for billing and collecting accounts receivables (AR). The process is outlined below:*

- 1. After receiving healthcare services at CCHHS, patients with a remaining balance due to CCHHS are sent a bill.*
- 2. If there is no response, CCHHS sends a second bill on day 31 following the initial bill.*
- 3. If there is still no response, CCHHS sends a third bill on day 61 following the initial bill.*
- 4. If there is still no response to any of the three previous attempts, on day 121, CCHHS refers the bill to one of two collection agencies and the amount is moved from AR into bad debt.*
- 5. From this point on the bill is managed by one of the two collection agencies.*

The table below outlines what has been referred to and collected as of September 30, 2017.

Collection Agency	Referred	Collected
<i>Penn Credit</i>	<i>62,398 accounts for \$71,989,486.10</i>	<i>\$527,196.27</i>
<i>Nationwide</i>	<i>71,669 accounts for \$67,390,899.44</i>	<i>\$943,330.40</i>

The two agencies utilized by CCHHS were selected as a result of a County-wide procurement for collection services. Both vendors represent themselves as experts in debt collections and list healthcare/medical debts as an area of service. CCHHS cannot assure or verify their ‘expert status’ beyond our experience thus far with their work. Staff rate both as professional and responsive.

Commissioner Morrison

Q7: How many registered nurses and patient care assistants do you have currently?

A7: CCHHS has 1,404 licensed Registered Nurses and 188 Patient Care Attendants (PCAs)/Health Advocates. Please note, the budgeted title for PCA is Attendant Patient Care.

Q8: How many doctors are unionized and how many are not? Please give a ratio.

A8: CCHHS employs 1,067 physicians system-wide. CCHHS has 840 (78.7%) union doctors and 227 (21.3%) non-union doctors. The ratio of union to non-union doctors is 4:1.

Pursuant to the Doctors Council Collective Bargaining Agreement, union physicians work up to 50 hours per week. Non-union, management physicians work 50+ hours per week. Part-time union physicians work up to 20 hours per week. Non-union part-time specialty physicians work when and as needed.

Q9: What is our year to date admissions totals?

A9: In FY17 (through September), CCHHS had 17,332 admissions.

Q10: What is our inpatient daily census? What is the breakdown of admitted versus in observation?

A10: In FY17 (through September), CCHHS' inpatient daily census total was 331.18. Observation cases during this same period totaled 7,578.

Q11: Please give a breakdown of inpatient vs. outpatient revenue, broken down by quarter to date.

A11: Gross patient revenue through Q3 2017 was \$1.2B. The breakdown of CCHHS' revenue is 44% inpatient and 56% outpatient. The below table provides detail by quarter.

	2016	2016	2016	2017	2017	2017
	In Patient	Out Patient	Total	In Patient	Out Patient	Total
Q1	163,704,991	176,360,110	340,065,101	180,146,774	200,025,020	380,171,794
Q2	175,876,544	251,088,833	426,965,377	179,000,373	221,128,542	400,128,915
Q2	182,810,151	227,726,817	410,536,968	181,489,812	240,726,042	422,215,854
Q4	167,230,823	212,291,258	379,522,081			
	689,622,509	867,467,018	1,557,089,527	540,636,959	661,879,604	1,202,516,563

Q12: What was the gross FTE payroll in 2016, and what is the correlating FTE gross number for 2016, and the unaudited aspect up to the 3rd quarter of 2017?

A12: The gross FTE payroll for 2016 was 6,480 employees, which includes overtime and 1,001 employees on non-productive time. The gross FTE payroll for 2017 was 6,523 employees, which includes overtime and 1,003 employees on non-productive time. Nonproductive time refers to time when an employee is not working, but is paid and includes earned paid time off such as sick time and vacation time.

Q13: How much debt is assigned to each of the various collection agencies we use?

A13: See response to Q6.

Q14: How many Medical Assistants (MAs) are employed by CCHHS?

A14: CCHHS employs 186 Medical Asistants.

Commissioner Gainer

Q15: What is the daily patient intake in Provident?

A15: Registrations for Provident Hospital and Sengstacke Health Center for FY2017 through September averages 224 patients per day.

Q16: What percentage of the population that comes through Cermak every year will enroll in Medicaid? What is that number?

A16: More than 15,000 individuals gained Medicaid coverage as a result of enrollment efforts through CCHHS' unique partnership at the Cook County Jail.

Medicaid application assistance at the Cook County Jail began when CountyCare still operated as an 1115 Medicaid waiver program, which allowed for direct enrollment into CountyCare. As a result, CCHHS received information about successful applications for those enrolling into Medicaid/CountyCare.

CountyCare transitioned from a Medicaid waiver program into a Managed Care Community Network (MCCN) effective July 1, 2014. This transition no longer allowed for direct enrollment into CountyCare; instead, individuals had to be determined eligible for Medicaid first, and then would be asked to choose from a number of available Medicaid health plan choices, which included CountyCare. As a result, CCHHS no longer received Medicaid application dispositions directly from the State as of July 1, 2014.

Of the 71,737 individuals discharged from Cermak in FY2015, 14% had Medicaid post-discharge; the majority of these individuals were enrolled in CCHHS' CountyCare health plan. Additionally, 6% of detainees had a post-Cermak discharge encounter at a CCHHS facility with Medicaid or Medicaid Managed Care their primary payer; this includes CountyCare and all other plans under these categories.

Commissioner Garcia

Q17: With the growth of managed care, how many people have you had to hire since the inception of County Care?

A17: With CountyCare's acquisition of 160,000 new Medicaid beneficiaries who were previously enrolled with Family Health Network (FHN), CountyCare now has over 300,000 members as of November 1, 2017. In FY18 CountyCare is budgeting for 45 administrative positions and 138 care coordination positions which includes additional staff to support the growth in members.

Commissioner Schneider

Q18: You talked about \$460M dollars from other providers outside of CCHHS. Your chart shows about \$280M in collectibles from non-CountyCare MCOs, and you explained the discrepancy had to do with access fees. Can you explain what the access fee is?

A18: In 2014, the CCHHS board entered into an agreement with the state of Illinois to receive capitated payments for making services available at Provident Hospital to members of Medicaid managed care plans. CCHHS receives a payment of \$10 per member per month, but these funds are subject to the Federal Medical Assistance Program (FMAP) which CCHHS funds through the interagency transfer agreement. In FY2016 audited financials showed the amount received and accrued was \$136,625,714. This amount is expected to decrease in future years.

CCHHS also collects reimbursement from other sources including Medicare and commercial insurance, for patients who are insured by these payers.

Commissioner Silvestri

Q19: How much less do our doctors make than doctors in the private sector?

A19: CCHHS Specialty physicians earn less than Specialty physicians in the private sector. There are several areas where CCHHS physicians earn as much as \$100,000 less than those in the private sector.

Specialty Physicians	
CCHHS Average Salary	\$272,268
Average Market Data (MGMA*)	\$322,895
\$ Difference	-\$50,414
% Difference	-16%

*Medical Group Management Association (MGMA) is the resource leader for healthcare administration management including market data on physician salaries.

Q20: Please share the patient volume at each clinic.

A20: See Attachment Q20 "CCHHS Patient Volumes by Site"

Commissioner Sims

Q21: Please give the demographic (specifically race/ethnicity) data on LPNs.

A21: The below tables provide demographic information on CCHHS LPN's.

ALL CCHHS LPNs (117)		IMPACTED CCHHS LPNs (28)	
Female	108	Female	28
Male	9	Male	0
TOTAL BY GENDER:	117	TOTAL BY GENDER:	28
White	6	White	2
African American	99	African American	23
Hispanic-Latino	4	Hispanic-Latino	1
Asian	8	Asian	2
TOTAL BY ETHNICITY:	117	TOTAL BY ETHNICITY:	28

Q22: Are you happy with the vendor you have that does the collectibles, and how would you rate them? Please provide an analytic comparison and tell me who brought the most.

A22: See response to Q6.

Commissioner Deer

Q23: Please provide information on how CCHHS is taking advantage of the external side of 340B.

A23: CCHHS has historically only participated in the internal processes with the 340B program. In FY18, CCHHS plans to explore additional 340B opportunities which may allow us to work beyond our internal pharmacies to maximize partnerships that may be beneficial to CCHHS and our patients.

Commissioner Tobolski

Q24: Regarding CountyCare, what are the numbers on auto-assign and opt out?

A24: *Over the past 12 months, CountyCare has had an average of 1,609 members per month auto-assigned to CountyCare. An average of 2,208 members per month actively selected CountyCare as their health plan. During this period, an average of 5,237 members have left the health plan each month, with a majority of those losing Medicaid coverage due to redetermination.*

Q25: What is the patient to doctor ratio at CCHHS?

A25: *The ratio of primary doctors to patients at CCHHS is 1:986.*

Q26: What is the blended rate that CountyCare receives from the state?

A26: *The below table reflects the blended rate received for CountyCare members on a per member per month basis.*

Family Health Plan (FHP)	\$219.21
Affordable Care Act Adults (ACA)	\$625.95
Integrated Care Program (ICP) Service Package I	\$1,662.89
Integrated Care Program (ICP) Service Package II	\$ 1,860.62

Q27: What has CCHHS collected in fees vs. what it's paid out in patient expenses?

A27: *In FY 2016, CountyCare collected \$924.8M in revenue and had total expenses of \$911.6M, which includes \$852.3M in clinical expenses for patients.*

Q28: What are the exact numbers on the reimbursements from the state for MCO members? Give rates for many different categories.

A28: *The table below shows CountyCare per member per month reimbursement rates for CY 2017.*

Region/Rate Cell		Capitation Rate
Family Health Plan (FHP) - Region 4 - Cook County		
	<i>FHP - 0-3 Months</i>	<i>\$ 2,761.73</i>
	<i>FHP - 4-23 Months</i>	<i>161.01</i>
	<i>FHP - 2-5 Years</i>	<i>99.06</i>
	<i>FHP - 6-13 Years</i>	<i>100.33</i>
	<i>FHP - 14-20 Years Male</i>	<i>132.79</i>
	<i>FHP - 14-20 Years Female</i>	<i>174.13</i>
	<i>FHP - 21-44 Years Male</i>	<i>252.25</i>
	<i>FHP - 21-44 Years Female</i>	<i>279.76</i>
	<i>FHP - 45+ Years</i>	<i>429.57</i>
	FHP - Composite Region 4	\$ 219.21
Affordable Care Act Adults (ACA) - Region 4 - Cook County		
	<i>ACA - 19-24 Years Male</i>	<i>\$ 239.39</i>
	<i>ACA - 19-24 Years Female</i>	<i>207.02</i>
	<i>ACA - 25-34 Years Male</i>	<i>404.52</i>
	<i>ACA - 25-34 Years Female</i>	<i>348.77</i>

	ACA - 35-44 Years Male	597.78
	ACA - 35-44 Years Female	631.89
	ACA - 45-54 Years Male	807.16
	ACA - 45-54 Years Female	708.45
	ACA - 55-64 Years Male	916.48
	ACA - 55-64 Years Female	719.09
	ACA - Composite Region 4	\$ 625.95
	Integrated Care Program (ICP) Service Package I (SPI) - Region 4 - Cook County	
	ICP - Community Residents	\$ 1,524.72
	ICP - Developmentally Disabled Waiver	1,052.01
	ICP – Intermediate Care Facility for Developmentally Disabled (ICFDD)	1,580.30
	ICP - Nursing Facility - Acute	3,375.22
	ICP - Other Waiver - Acute	3,041.98
	ICP - State Operated Facility	403.23
	ICP - Composite SPI Region 4	\$ 1,662.89
	ICP SPII - Region 4 - Cook County	
	ICP - Nursing Facility – Long Term Supports and Services (LTSS)	\$ 4,399.86
	ICP - Other Waiver - LTSS	1,493.99
	ICP - Composite SPII Region 4	\$ 1,860.62

Commissioner Moore

Q29: How did Evolent Health meet their MBE/WBE requirements? If it doesn't, what waivers does it receive?

A29: *Evolent Health was previously known as Valence Health, which serves as the Third Party Administrator for the CountyCare Medicaid Health Plan.*

Pursuant to the Responsive Letter received from the Cook County Office of Contract Compliance, Evolent Health (formerly Valence Health) met their M/WBE requirement as follows: .04% direct MBE with Lopez Martin & Associates, Inc. d/b/a/ Purple Group; .27% direct MBE with AltaStaff, LLC; 1.01% direct WBE with Sage Health Strategy; and a Partial MBE/WBE waiver as the specifications and necessary requirements for performing the contract make it economically infeasible to divide the contract to enable the contractor to further utilize MBEs and/or WBEs in accordance with the applicable participation.

Chairman Daley

Q30: Please provide a list of how much charity care other hospitals in Cook County provide in comparison to CCHHS.

A30: *See Attachment Q30 "Charity Care Costs of Hospitals Located in Cook County 2012-2015". The information contained in the attachment is self-reported data by hospitals to the Illinois Department of Public Health.*