

# FY2019 Mid-Year Budget Review

---

## Cook County Health

### I. Highlights of 2019 – Review of Goals and Objectives

- **FY2019 Goals and Objectives**

- Increase in Primary Care Visits
- Improve CCH Case Mix Index (CMI)
- Expand and improve clinical services at Provident Hospital
- Improve Revenue Cycle activities

- **Volumes and Metrics**

- Primary Care visits are up by 8% versus FY18, and up 3% versus FY19 target
- Surgical Cases at Provident are up by 5% versus FY18
- CMI is up by 5% versus FY18
- Days in AR for May-2019 decreased by 6% from Dec. 2018, and Initial Denials decreased by 14% from Dec. 2018

### II. Comparison of YTD budget (as of 5/31/2019) vs expense projections with explanations for major variances and corrective action steps

| Operating Expenses | FY 2019 YTD Budget     | FY2019 YTD Actuals     | \$ Variance          | % Variance |
|--------------------|------------------------|------------------------|----------------------|------------|
| Personnel          | \$361,792,495          | \$266,441,992          | \$95,350,503         | -26%       |
| Non-Personnel      | \$1,039,744,883        | \$1,007,068,320        | \$32,676,563         | -3%        |
| Total              | <b>\$1,401,537,377</b> | <b>\$1,273,510,312</b> | <b>\$128,027,065</b> | <b>-9%</b> |

- **Overtime** expenses **up** \$4.9M/28% due to challenges in health professionals job market
- **Salaries and Wages** expenses **down** \$32.3M/9% due to unfilled positions
- **Managed Care Claims** cost **up** \$46.7M/7% due to utilization and service mix
- **Purchased Services** expenses **down** \$60.8M/36% due to shift in operational focus

# FY2019 Mid-Year Budget Review

## III. Comparison of YTD budget (as of 5/31/2019) vs revenue projections (if applicable) with explanations for major variances and corrective action steps

| Revenue                                   | FY 2019 YTD Budget     | FY2019 YTD Actuals   | \$ Variance            | % Variance  |
|---|------------------------|----------------------|------------------------|-------------|
| <b>Net Patient Service Revenue (NPSR)</b> | \$324,933,564          | \$221,095,127        | (\$103,230,386)        | -47%        |
| <b>Medicaid/Managed Care</b>              | \$727,937,000          | \$552,582,044        | (\$175,354,956)        | -32%        |
| <b>Other Revenue</b>                      | \$6,482,192            | \$2,153,043          | (\$4,329,149)          | -201%       |
| <b>Total</b>                              | <b>\$1,059,352,755</b> | <b>\$775,830,214</b> | <b>(\$283,522,542)</b> | <b>-37%</b> |

- **Medicaid/Managed Care down \$175.3M/32%** due to County Care membership lower than the budgeted 345,000 members per month as a result of declines in State Medicaid enrollment
- **NPSR: Medicare down \$5.7M/3.7%** due to delays in expanding service lines targeted to Medicare eligible patients

## IV. Year-End Projections

| Revenue                                   | FY 2019 YTD Budget     | FY2019 YTD Actuals     | \$ Variance            | % Variance |
|---|------------------------|------------------------|------------------------|------------|
| <b>Net Patient Service Revenue (NPSR)</b> | \$783,000,000          | \$764,900,615          | (\$18,099,385)         | -2%        |
| <b>Medicaid/Managed Care</b>              | \$1,821,749,627        | \$1,644,824,457        | (\$176,925,170)        | -11%       |
| <b>Other Revenue</b>                      | \$13,000,000           | \$12,500,000           | (\$500,000)            | -4%        |
| <b>Total</b>                              | <b>\$2,617,749,627</b> | <b>\$2,422,225,072</b> | <b>(\$195,524,555)</b> | <b>-8%</b> |

# FY2019 Mid-Year Budget Review

| Operating Expenses | FY 2019<br>Adopted<br>Budget | FY2019 Year End<br>Estimate | \$ Variance         | % Variance |
|--------------------|------------------------------|-----------------------------|---------------------|------------|
| Personnel          | \$748,625,883                | \$730,995,588               | \$17,630,295        | -2%        |
| Non-Personnel      | \$1,941,814,969              | \$1,867,314,739             | \$74,500,230        | -4%        |
| Total              | <b>\$2,690,440,852</b>       | <b>\$2,598,310,327</b>      | <b>\$92,130,525</b> | <b>-3%</b> |

## V. Challenges/Opportunities to be addressed in FY2020 budget

### Revenue Drivers:

- **Medicaid/Managed Care decrease** by 11% due to lower PMPM activity coming from declines in State Medicaid enrollment leading to an increase in charity and uncompensated care
- **NPSR:** Focus on expanding services lines targeting Medicare patients. Initiatives to put in place for revenue cycle opportunities such as charge master review, clinical documentation and denial management improvements along with expanding services in the Emergency Department, Surgery and ICU at Provident Hospital and ACHN clinics. (Arlington Heights and North River side)

### Expense Drivers:

- **Professional Services** expenses **down** \$35.7M/30.1% due operational improvements
- **Managed Care Claims** cost **down** \$36.5/2.6% due to lower County Care membership
- **Supplies and Equipment** **down** \$40.7M/25% tracking with projected clinical volumes
- **Employee Health Benefit** costs **up** \$7.3M/7.0%