



COOK COUNTY HEALTH

Dr. Jay Shannon, CEO
Health & Hospitals Committee, Cook County Board of Commissioners
Opening Remarks (as prepared)

September 26, 2019

Good afternoon Chair Deer and commissioners.

On September 4th, Cook County Health submitted its formal response to the June 21st report issued by the Office of the Independent Inspector General (OIIG) regarding CountyCare. I want to reiterate that CCH fully cooperated with the IG and have continued to respond to additional questions following the release of the report.

You will also recall that the Cook County Health Board of Directors retained Deloitte Financial Advisory Services LLP (Deloitte) to conduct an independent analysis. Deloitte's report is attached to the response CCH submitted to this board and the OIIG on September 4th.

I trust that each of you have had the opportunity to review the response. But for those in the audience who have not, please allow me to make 5 points that address the assertions in the OIIG report:

1. CountyCare did not have \$701M in unpaid bills at the end of FY18 and in fact had ample assets to pay actual liabilities on November 28th.
2. For the past three years, CountyCare has generated more revenue than expenses.
3. CountyCare has contributed more than \$1B to Cook County Health in the last five years. This is what has allowed us to keep up with increased charity care with fewer and fewer local tax dollars. Recall that the reduction in the local tax allocation to CCH operations has resulted in this body being able to reallocate more than \$2.5B over the last ten years to other county departments and programs. I do not believe there is another County agency that has done that. We have absorbed rising expenses related to correctional health and public health, negotiated salary increases and benefits, and healthcare inflation on things like pharmaceuticals, medical equipment and supplies without any additional support from local taxpayers. CountyCare is what has allowed us to do these things.
4. CCH and CountyCare report regularly to the Cook County Health Board and the Cook County Board of Commissioners. In addition to posting reports on our website, discussing them in detail at CCH Finance and Board meetings, we load financial reports into Legistar every month and every month we respond to questions from the County Board's finance committee. The OIIG's suggestion that we are not transparent is inexplicable.
5. CCH's finances are audited by a nationally recognized accounting firm as part of the overall Cook County audit. None of the assertions in the OIIG report have been the subject of any concern by the external auditor.

Despite our public declaration that we disagreed with the findings in the report in June, we have been subject to numerous media stories that have done considerable damage to the reputation of the health system and the health plan at a time when we are executing strategies that are critical as we compete for insured patients. You have heard me say this before but if we can't compete for insured patients, we will not be able to carry out the historical mission of the organization.

At the core of our ability to attract insured patients is our reputation – something we have been working to improve for several years by improved services and a patient-centered approach.

It is my understanding that other units of government at the state and federal levels require an inspector general report to be shared with the subject of that report prior to public release. And the process allows the subject an opportunity to append a response to initial public release of the report. Had that occurred in this instance, I believe we could have mitigated the reputational damage that has occurred, and the significant diversion of executive resources during a time

critical for budget planning. Instead, we were blindsided with a report that has caused significant and unwarranted reputational damage and required the hiring of a third party to provide an independent analysis.

I am grateful to our board for retaining Deloitte to conduct their analysis but it is regrettable that we needed to spend the time and money to demonstrate that the plan is being properly managed by a team of healthcare and insurance professionals.

I would also like to thank the President's Office and specifically Chief Financial Officer Ammar Rizki. Ammar worked closely with us on our response, on creating an informative scope of work for Deloitte, and made himself available to Deloitte throughout their analysis.

At this time, we are happy to answer your questions.