

FY2020 Proposed Preliminary Budget and Charity Care

Dr. Jay Shannon, CEO

October 29, 2019



COOK COUNTY
HEALTH

FY2020 Proposed Budget



COOK COUNTY
HEALTH

FY2020 Success Factors

The FY2020 budget proposal aligns with the recently approved CCH strategic plan, IMPACT 2023, however, success will depend on:

- The ability to meet the uncompensated care demand. Growth in uncompensated care is unsustainable with current revenues. Public Charge rule may further impact uncompensated care.
- Partnerships with labor, working on efficiencies and process improvements, and patient-centered focus
- Entering into strategic partnerships with other providers to drive volume, expand access and enhance quality
- Stability of state and federal programs including the 340B prescription drug program, Affordable Care Act and Medicaid including DSH (Disproportionate Share Hospital)
- Implementing identified revenue cycle improvements based on best practices
- Modest Medicaid membership growth and stable Medicaid rates
- CountyCare members' use of CCH services
- Adapting to the dynamic larger healthcare environment

FY 2020 Proposed Budget Summary

The \$2.8B FY2020 budget proposal moves CCH into the first year of the recently approved strategic plan, IMPACT 2023. The FY2020 budget includes:

- \$590M in uncompensated care (\$409M charity care and \$181M in bad debt)
- 6,601 FTEs
- 326,000 CountyCare Members
- No layoffs
- Financing \$20M in capital and medical equipment purchases
- \$11M in extramural funding
- Underlines organizational focus on quality improvements, patient satisfaction and regulatory compliance.
- Continues efforts to build, realign, and integrate clinical and managed care capacity across all care settings.
- Supports organizational capacity to improve clinical documentation, billing, coding, collections and other revenue cycle activities.

Full Time Equivalent Position Count

	2019 Adopted	2020 Proposed	FY2020 vs FY2019	Percent Change
Ambulatory Services	849	402	-447	-53%
Correctional Health Services	696	636	-60	-9%
CountyCare and Integrated Care	495	403	-92	-19%
Health Administration	361	320	-41	-11%
Hospital-Based Services	4,737	4,717	-20	0%
Public Health Services	102	123	21	21%
Grand Total	7,239	6,601	-638	-8.8%

NOTE: Some numbers are rounded for display purposes and could result in small arithmetical differences.



FY2020 Proposed Budget

Revenue Drivers

CountyCare membership growth to 326,000. Current membership at 320,000 and trending up since new state administration focus on application processing.

Initiatives in the following areas expected to drive additional revenues:

- Dialysis services at Provident
- Surgery at Provident and Stroger
- New larger community health centers in the community at Blue Island and North Riverside with enhanced services
- Specialist physicians deployed to CCH community health centers
- Restoring Provident Ambulance services
- CountyCare network adjustments

Professional and facility billing improvements

FY2020 Proposed Budget

Expense Drivers

- \$590 M in uncompensated care costs
 - \$409M charity care, \$181M bad debt
- Wage and benefits increases, driven by negotiated changes
- Additional mental health services at the Juvenile Temporary Detention Center
- Pharmacy, medical supplies and equipment inflation
- Increased expenses in CountyCare as membership increases
- Information Technology investments to adapt to industry changes in security and reliability
- Ongoing investments in new revenue cycle billing system
- Continued overhead cost of operating Oak Forest campus

FY2020 Proposed CountyCare Financial Summary

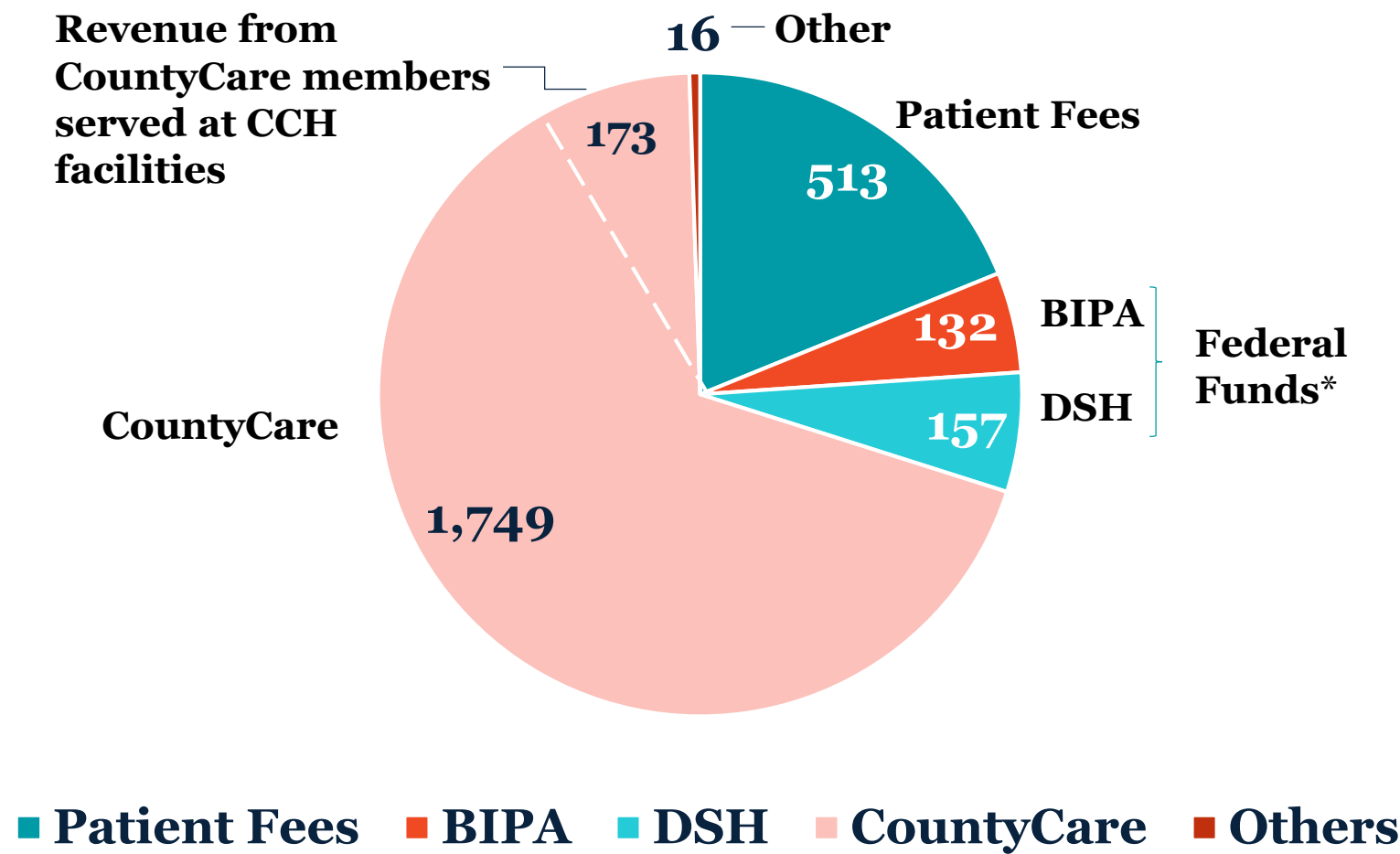
(\$ in millions)

	ACA Adult	FHP	SPD	MLTSS/LTSS/ IMD	TOTAL
Projected 2020 Membership	72,993	216,519	30,350	6,172	326,034
Revenue (in millions)	\$474	\$542	\$567	\$169	\$1,752
Medical Expense (CCH)	71	26	58	19	173
Medical Expense (Network)	391	476	490	146	1,502
Administrative Expense	20	30	19	5	74
Total Expense(in millions)	\$483	\$532	\$567	\$169	\$1,751
Profit/(Loss)	(\$9)	\$10	\$1	\$0	\$1
Total CCH Contribution	\$68	\$30	\$57	\$19	\$173



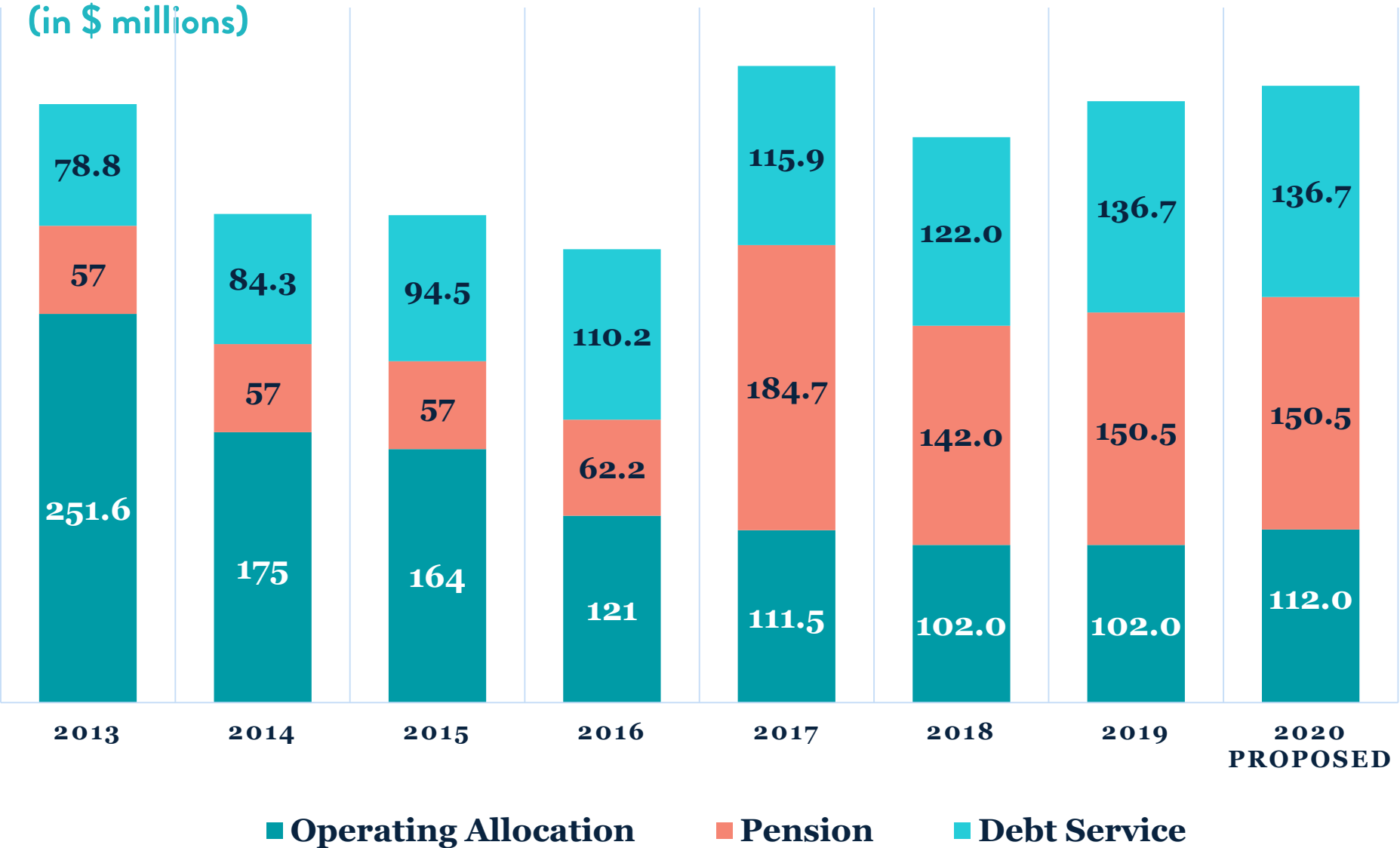
FY2020 Proposed External Revenue by Source

(in millions)



* DSH: Disproportionate Share Hospital Payments
BIPA: Benefits Improvement and Protection Act Payments

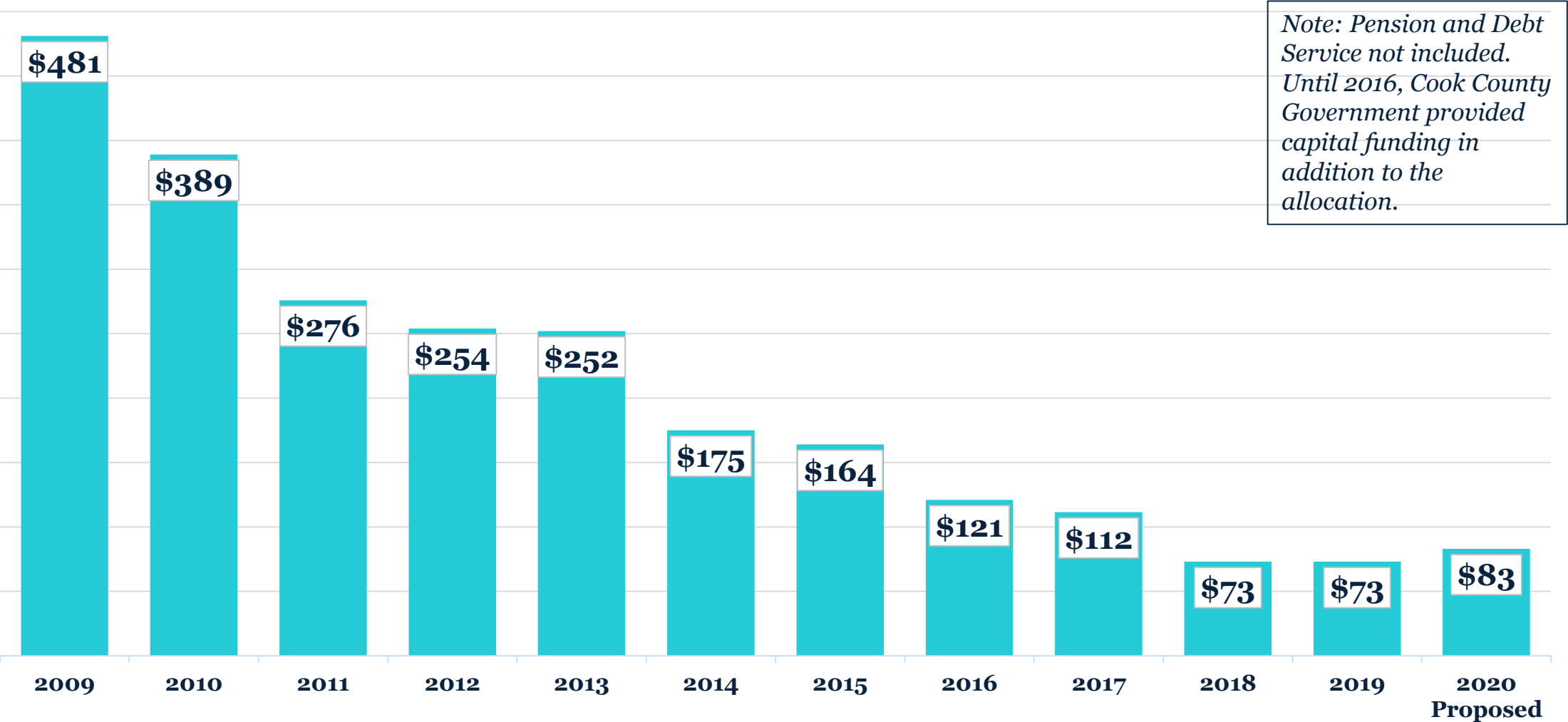
Cook County Pension, Debt Service & Operating Allocation



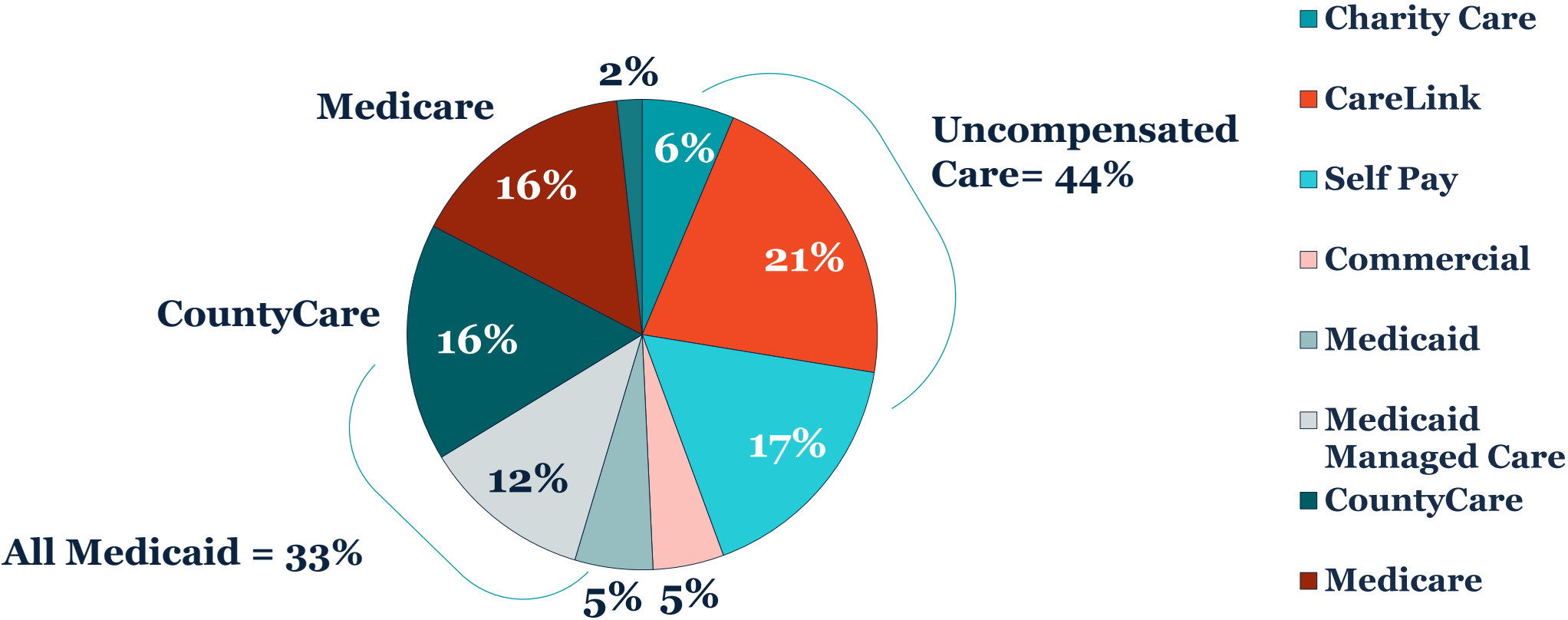
NOTE: The CCH FY2020 budget anticipates an operating allocation of \$112M of which \$29M will go to CCH current pensions. In 2018 and 2019, CCH directed \$29M from the operating allocation to the pension. This pension contribution reduces the amount available for operations to \$73M for 2018, 2019 and \$83M for 2020.

Cook County Operating Allocation (in millions)

The operating allocation is directed to the operations of Correctional Health & Public Health, services CCH provides on behalf of Cook County Government.



System Payor Mix By Visit as of June 2019



Operational Realities

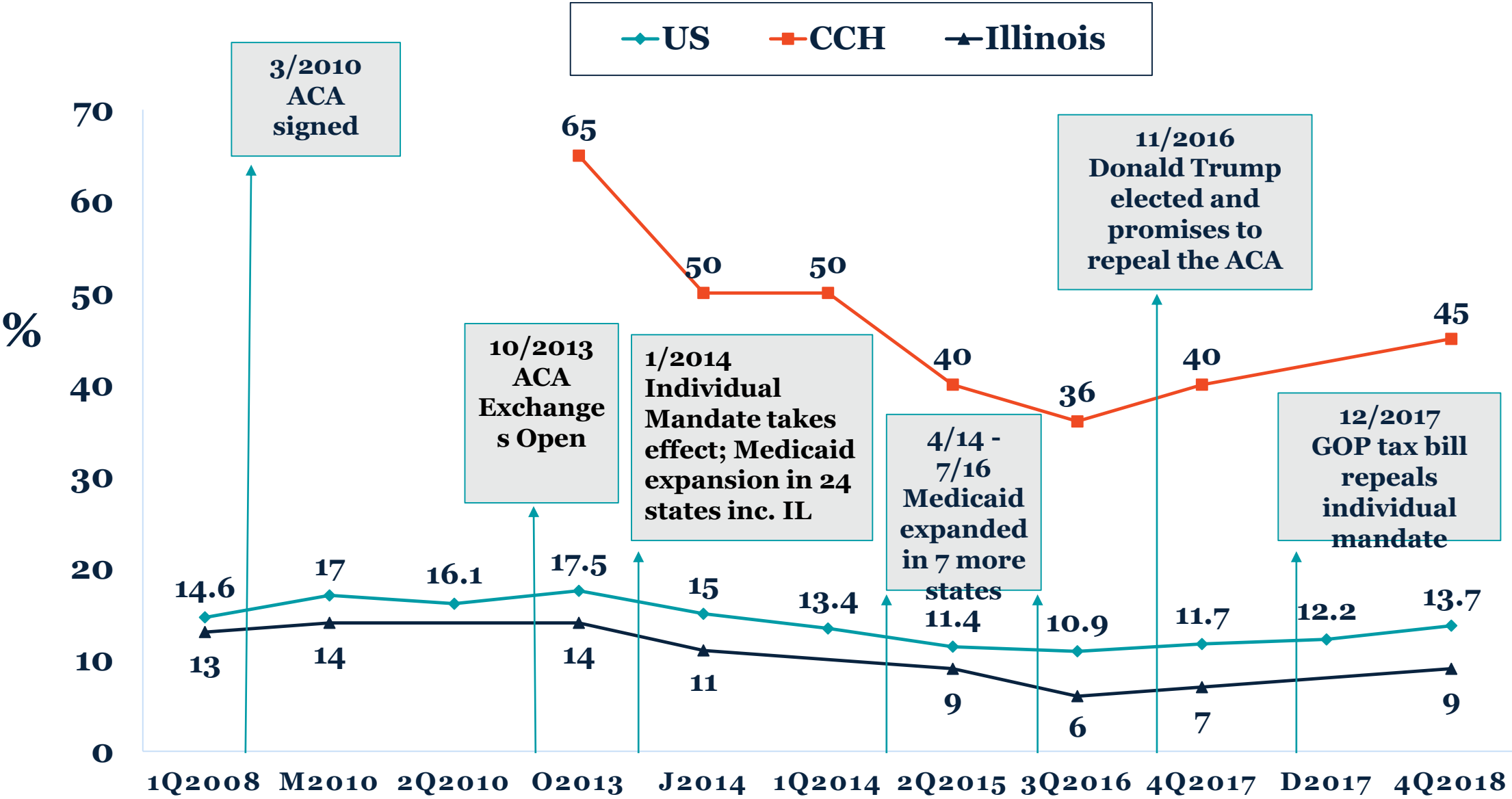
- Reduced reliance on local taxpayer support. Absorbed growth in Correctional Health & Public Health since 2017.
- Significant growth in demand for Charity Care. Charity care grew by more than \$100M since 2017.
- Salary and benefit increases related to CBAs.
- Like all health systems, CCH is subject to cost increases in pharmaceutical, equipment and supplies.
- Growing patient care revenue has been CCH's only source to fund continued growth in charity care.
- Medicaid application processing at the state level.
- State capitation rates.
- Competing with national brands and private not-for-profits that have considerable resources.
- National, state and local politics and policies.

Charity Care



COOK COUNTY
HEALTH

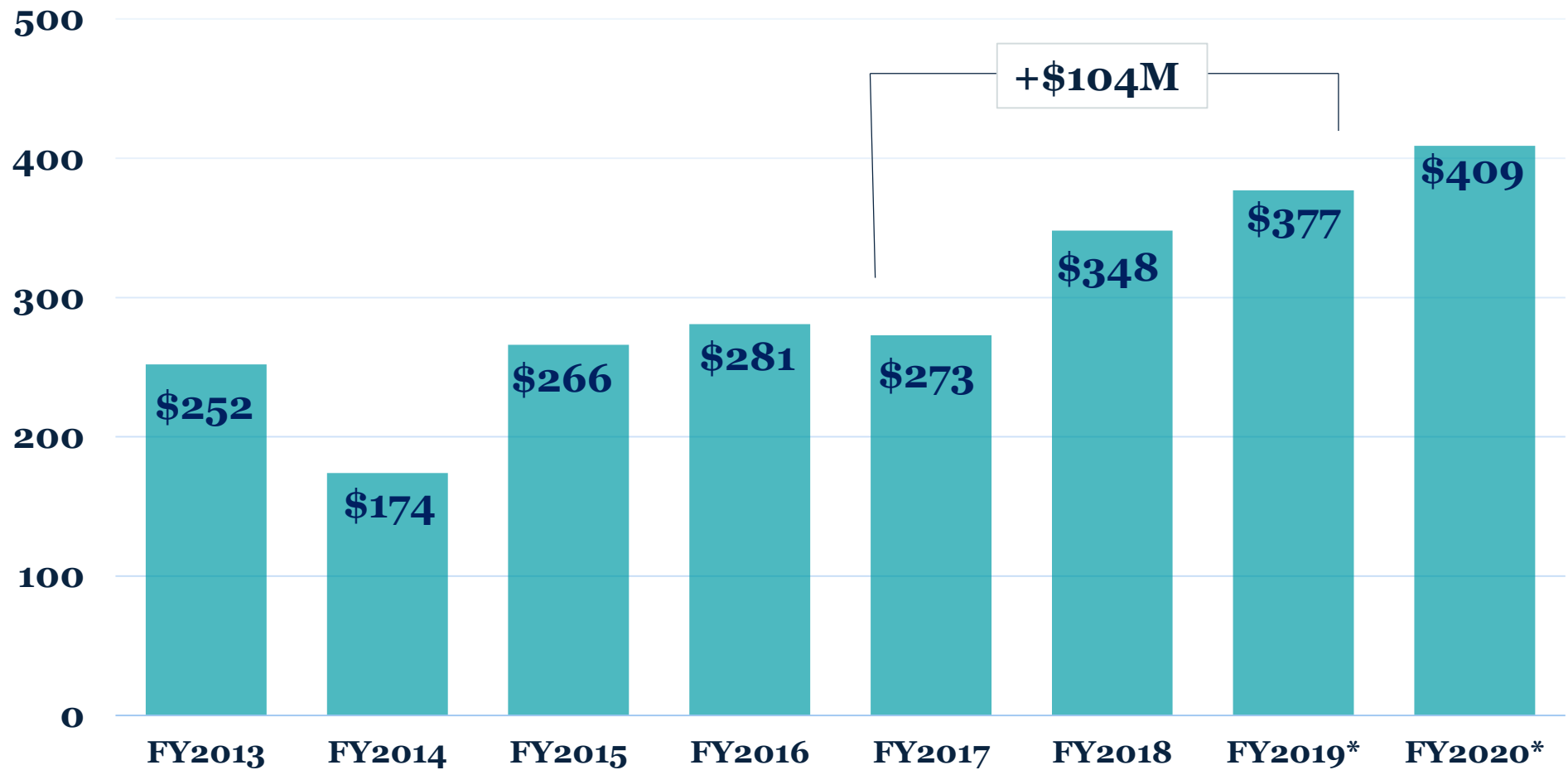
Uninsured Timeline (US, IL & CCH)



Sources: Gallup National Health and Well-Being Index, US Census, Cook County Health

CCH Charity Care at Cost

(in \$ millions)



Uninsured Referrals from Other Hospitals

Patient from a hospital that provided less than \$10M in charity care in 2017.

Estimated cost of care: \$85,000/year

“Pt will need to present to Cook County hospital for dialysis for a three-day-a-week schedule...”

HOSPITAL DISCHARGE SUMMARY

I. IDENTIFYING DATA:

Patient: [REDACTED]
Sex: [REDACTED]
MRN: [REDACTED]
DOB: [REDACTED]
Admission date: [REDACTED]
Discharge date: [REDACTED]

II. SUCCINCT SUMMARY OF ADMISSION STATUS AND HOSPITAL COURSE

Pt was admitted [REDACTED] with LLE redness and swelling. [REDACTED] seen by ID who treated [REDACTED] for cellulitis, initially ceftriaxone and de-escalated to cephalexin which [REDACTED] also noted to have a metabolic acidosis, severe AKI with persistent [REDACTED]

[REDACTED] on amoxicillin 500mg daily, [REDACTED] x 40mg BID, cholecalciferol 2000 units daily.

Pt will need to present to Cook County hospital for dialysis for a three-day-a-week schedule, his last session being [REDACTED].

III. PATIENT'S MEDICAL CONDITION AT DISCHARGE

Fair

IV. SUMMARY OF PROCEDURE(S) PERFORMED

A. Bedside procedures: None
B. Operative procedures: IR placement of tunneled HD catheter and renal biopsy

V. DISCHARGE DIAGNOSES

A. Problems List:
Hospital Problem List:
Cellulitis of left lower leg ()
Chronic ulcer of left ankle limited to breakdown of skin ()
Myositis of left lower leg ()
ESR raised ()
CRP elevated ()
Protein malnutrition ()
Therapeutic drug monitoring ()
E coli infection ()

B. Diagnoses utilized during the encounter:



COOK COUNTY
HEALTH

Patient from a hospital that provided less than \$3M in charity care in 2017.

*Estimated cost of care:
>>\$100,000*

Date	n	Stage	Status
9/5/19	Pathologic	Stage IVA (pT3, pN0, cM1a)	Signed by [redacted]

“Follow-up at Cook County Hospital”

Plan

1. Follow-up at Cook County Hospital
2. Repeat imaging of the liver to evaluate for resectability of liver metastasis
3. If the liver lesion is resectable patient will require 6 months of adjuvant chemotherapy
4. If unresectable, patient can receive palliative FOLFIRI or FOLFOX plus Avastin as patient is a good performance status.

Risks, benefits, alternatives, expectations and preparations were discussed with the patient, who understands and agrees.
Medical compliance with plan discussed and risks of non-compliance reviewed.
Patient education completed on disease process, etiology & prognosis.
Patient expresses understanding of the plan.
Return to clinic as clinically indicated as discussed with patient who verbalized understanding of & agreement with the plan.



Progress Notes Signed Encounter Date: [redacted]

Physician
Hematology & Oncology

New Patient Visit
Date of visit: [redacted]
Diagnosis: Sigmoid colon ca
Mutation status: [redacted]
Stage: IV; pT3pN0M1a (liver oligometastasis)
Date of diagnosis: [redacted]
Treatment:
Laparoscopic assisted sigmoid colon resection [redacted]
PCP: [redacted]
Surgeon: [redacted]

History of Present Illness
This is a pleasant [redacted] with no past medical or surgical [redacted]

[redacted]

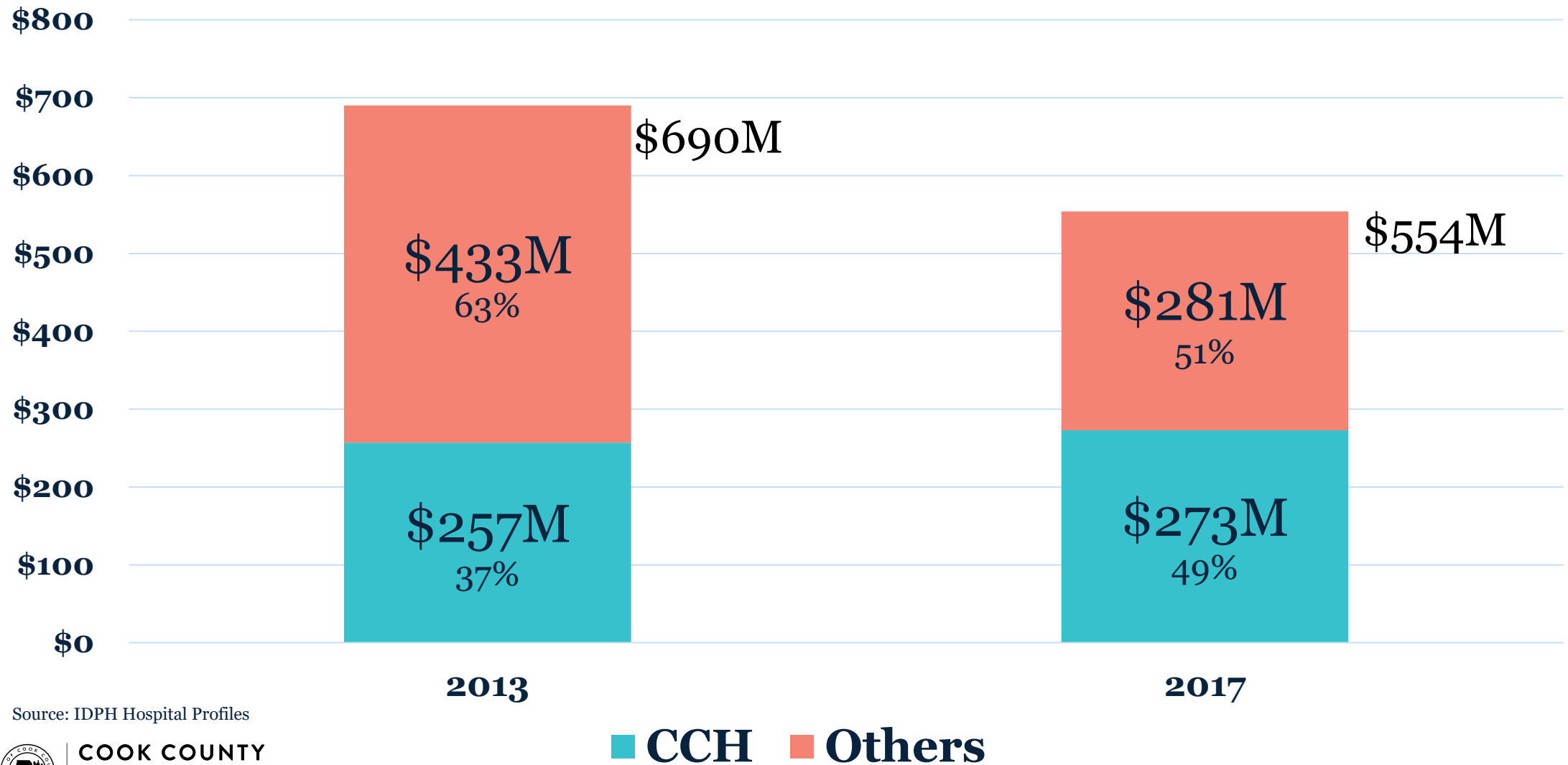
Patient is recovering well from the surgery. Patient had a port placed prior to discharge. Plan was for patient to get have repeat imaging of the liver and referral to surgery for resection of oligo- metastasis of the liver. However patient does not have insurance at present which is caused a delay in follow-up.

Review of Systems
Review of Systems
Constitutional: Negative for weight change, appetite change, chills, diaphoresis, fatigue, fever and unexpected change.

“Plan was for patient to have repeat imaging...and referral to surgery... However patient does not have insurance at present which has caused a delay in follow-up”

neck stiffness.

Charity Care in Cook County



Source: IDPH Hospital Profiles



**COOK COUNTY
HEALTH**

■ CCH ■ Others

How did CCH manage until now?

CountyCare contributions to CCH

- CountyCare has contributed more than \$1B to CCH since 2014

Attracting and billing for more insured patients

Year	Bills Generated	Increase
2014	853,000	n/a
2017	1,344,000	58%

Federal Funds:

- Benefits Improvement Protection Act (Federal)
- Disproportionate Share Hospital Payments (DSH)

Where do we go from here to cover the gap*?

State & Federal Policy Options

- Universal coverage
- Requirements for private, non-profit hospitals to do more

Potential CCH Strategies

- Additional Federal funding
- Additional State funding
- Additional County funding
- Growth and increased capture of insured patient revenue.
- Limit charity care to BIPA+DSH
- Discontinue services and/or consolidate facilities

Appendix



COOK COUNTY
HEALTH

FY2019 Accomplishments



COOK COUNTY
HEALTH

FY2019 Accomplishments

- 16% increase in primary care visits over FY19 target. Majority of growth due to growth in uninsured demand.
- Provision of an additional \$30M in charity care over budget. Charity Care has grown by more than \$100M in last two years alone.
- Grew CountyCare to be the largest Medicaid managed care plan in the county.
- Cook County Health remains the largest provider of care in the CountyCare network.
- U.S. News and World Report Recognition for heart failure, gastroenterology and neurology at Stroger Hospital.
- Facility modernization milestones achieved with replacement of health center at Arlington Heights with substantial work done at North Riverside (Cicero clinic replacement) and Blue Island (Oak Forest Clinic replacement). Broke ground on the new CCH Belmont-Cragin Health Center.

FY2019 Accomplishments

- National Commission on Correctional Health Care recertification at JTDC.
- Distributed more than 4,000 naloxone (Narcan) kits to at-risk individuals upon discharge from Cook County Jail.
- Awarded more than \$9M in extramural funding to support strategic initiatives in correctional health, behavioral health, housing and maternal child health services.
- Opened Intensive Care Unit at Provident Hospital.
- Hosted Research and Innovation Summits on opioids, housing and the Justice-Involved.
- Awarded Certificate of Need application from the state of Illinois for the construction of new inpatient and outpatient facility on the Provident campus.
- Continuation of trauma training partnership with US Navy.

FY2019 Accomplishments

- Expansion of Social Determinants of Health initiatives (Housing, Food Insecurity, Opioid-Use Disorders, Justice-Involved).
- Surpassed the distribution of 500,000 pounds of fresh produce at CCH health centers through our partnership with the Greater Chicago Food Depository.
- CCH achieved full implementation of Health Information Exchange (HIE) between Cerner CommonWell and Epic Carequality allowing CCH providers to access patient information at all clinical and hospitals connected to HIE
- Participated in several workforce development programs aimed at exposing young people to careers in healthcare.
- Provided more than 14,000 hours of training to the CCH workforce through 97 classroom sessions and 253 online courses.
- Executed public education and marketing campaigns focused on adolescent health, Sexually Transmitted Infections, Cook County Health and CountyCare.

FY2019 Capital Investments

- Prior to FY2016, Cook County Government provided a separate capital allocation to Cook County Health. In the last four years, Cook County Health has funded millions in overdue capital equipment out of its operating budget.
- CCH continues to substantially invest in new facilities, medical equipment and technology to improve patient safety, quality and experience. In FY2019, CCH has completed procurement processes / actual spend for over \$74M in cost using lease finance mechanism;
 - Combined spend of capital medical equipment purchases - \$56M
 - Information Technology upgrades -\$7M
 - Arlington Heights Community Health Center medical equipment /IT Costs - \$3M
 - Arlington Heights Community Health Center final construction cost - \$5M (including Landlord contribution of \$1M
 - Blue Island and North Riverside Community Health Center construction in progress - \$4M

Projected Volumes



COOK COUNTY
HEALTH

FY2020 Projected Volume

	Monthly Average		Monthly Projection	Difference
Visit Type	FY 2018	FY 2019*	FY 2020	FY20 v. FY19
Surgical Cases	1,265	1,214	1,320	9%
Emergency Visits	12,544	12,361	13,105 **	6%
Primary Care Visits	18,127	19,756	20,508	4%
Specialty Care Visits	27,595	28,586	29,691	4%
Deliveries	82	85	90	6%

**based on first 7 months of FY 2019*

***ED visit growth is driven by Provident ambulance runs*

FY 2020 Budget



COOK COUNTY
HEALTH

FY2019-FY2020 Budget (in Millions)

	FY2019 Adjusted Appropriation*	FY2019 Projected Year End	FY2020 Proposed
Revenues	\$2,690	\$2,629	\$2,824
Expenses	\$2,690	\$2,629	\$2,824
Net Surplus/(Deficit)	\$0	\$0	\$0

**Assumes projected adjustments for CountyCare based on higher than expected membership*

FY2020 -2022 Projections



COOK COUNTY
HEALTH

FY2020 – 2022 Forecast (in millions)

*NOTE: NPSR – Net Patient Service Revenue

NOTE: The CCH FY2020 budget anticipates a tax allocation of \$115M of which \$32M will go to CCH current pensions, up \$3M from 2019. This pension contribution effectively reduces the amount directed at operations to \$83M.



**COOK COUNTY
HEALTH**

	FY 2020 Proposed	FY 2021 Projected	FY 2022 Projected
Revenues			
CCH NPSR*	\$2,741	\$2,719	\$2,737
Cook County Allocation (For correctional health services and Cook County Department of Public Health)	\$115	\$115	\$115
County Allocation to CCH Pension Contribution	\$110	\$110	\$110
Total Available Funds	\$2,966	\$2,944	\$2,962
Expenses			
Hospital-Based Services	\$865	\$883	\$900
CountyCare	\$1,785	\$1,793	\$1,802
Health Administration	\$53	\$54	\$55
Ambulatory Services	\$120	\$122	\$125
Correctional Health Services	\$97	\$99	\$101
Public Health Services	\$13	\$14	\$14
CCH Contribution to Current Pension Expense	\$33	\$33	\$33
Total Expenditures	\$2,966	\$2,998	\$3,030
Accrual Basis net Surplus / (Deficit)	(\$0)	(\$54)	(\$68)
Budget Submissions/Projection			
Budget Revenues	\$2,824	\$2,801	\$2,819
Budget Expenditures	\$2,824	\$2,854	\$2,866
Cash Basis Net Surplus / (Deficit)	\$0	(\$53)	(\$67)

FY2020 – 2022 Revenue Projections (in \$ millions)

	FY2020	FY2021	FY2022
CCH Net Patient Revenue *	513	471	471
BIPA - Benefits Improvement and Protection Act of 2000	132	132	132
Other Revenues	16	16	16
DSH - Disproportionate Share Hospital	157	157	157
Capitation Revenue	1,749	1,766	1,784
Internal Capture County Care (clinical services to CountyCare members)	173	175	176
	2,741	2,719	2,737

*NOTE: Net Patient Service Revenue