

CCH YTD Financial Update – August 31, 2022

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Chief Financial Officer

October 2022



COOK COUNTY
HEALTH

Executive Summary: Statement of Financial Condition – August 31, 2022

- On an accrual basis, interim financials show that CCH ended August with a **\$6.7M positive** variance to budget. On a cash basis, the County's preliminary cash report on revenues and expenses shows a \$204.4M positive variance primarily due to the timing difference of CountyCare PMPM payments impacting the revenue and claims payments impacting expenses.
 - Revenue Commentary:
 - YTD Revenues better than Budget due to catch up payments from the State and higher than budgeted CountyCare membership
 - Other Non-Operating Revenue negative variance due to fluctuations in County property tax collection
 - Expenditures:
 - YTD negative variance to Budget in Purchased Services expense partially offset by Salaries & Wages positive variance due to positions not yet hired
 - CountyCare claims expense greater than budget due to higher than budgeted membership
 - CountyCare:
 - CountyCare is showing an operating gain of \$6.3M
 - Membership remains over 400,000, which is greater than the 381,000 budgeted

Financial Results – August 31, 2022

Dollars in 000s	FY2022 Actual	FY2022 Budget	Variance	%	FY2021 Actual (3)
Revenue					
Net Patient Service Revenue (1)	\$659,759	\$505,949	\$153,810	30.40%	\$451,345
CountyCare Elimination-Claims (1)	(\$97,331)	\$0	(\$97,331)		(\$64,276)
Government Support (2)	\$298,331	\$296,799	\$1,532	0.52%	\$308,214
Adjusted NPSR	\$860,758	\$802,748	\$58,010	7.23%	\$695,282
CountyCare Capitation Revenue	\$2,109,357	\$2,018,424	\$90,933	4.51%	\$1,803,766
CountyCare Elimination-Directed Payments (1)	(\$152,154)	(\$89,824)	(\$62,330)	69.39%	\$0
Other	\$10,690	\$14,031	(\$3,341)	-23.81%	\$13,972
Total Revenue	\$2,828,651	\$2,745,379	\$83,272	3.03%	\$2,513,021
Operating Expenses					
Salaries & Benefits	\$498,129	\$594,140	\$96,010	16.16%	\$497,638
Overtime	\$34,195	\$29,301	(\$4,894)	-16.70%	\$33,236
Supplies & Pharmaceuticals	\$122,666	\$111,541	(\$11,124)	-9.97%	\$112,095
Purchased Services & Other	\$441,179	\$240,866	(\$200,313)	-83.16%	\$274,652
Medical Claims Expense (1)	\$2,005,320	\$1,885,381	(\$119,939)	-6.36%	\$1,702,288
CountyCare Elimination-Directed Payments (1)	(\$152,154)	(\$89,824)	\$62,330	-69.39%	(\$64,276)
CountyCare Elimination-Claims (1)	(\$97,331)	\$0	\$97,331		\$0
Insurance	\$21,961	\$27,676	\$5,715	20.65%	\$23,898
Utilities	\$9,504	\$8,751	(\$754)	-8.61%	\$10,897
Total Operating Expenses	\$2,883,469	\$2,807,832	(\$75,637)	-2.69%	\$2,590,429
Operating Margin	(\$54,817)	(\$62,453)	\$7,636	12.23%	(\$77,408)
Non-Operating Revenue	\$102,392	\$103,279	(\$887)	-0.86%	\$92,029
Net Income (Loss)	\$47,574	\$40,826	\$6,749	16.53%	\$14,621

Notes:

- (1) CountyCare Elimination represents the elimination of intercompany activity – Patient Service Revenue and Medical Claims Expense for CountyCare patients receiving care at Cook County Health.
- (2) Government Support includes DSH, BIPA, & Graduate Medical Education payments.
- (3) Does not reflect Pension, OPEB, Depreciation/Amortization, or Investment Income.



Cook County Health

Volumes: August 31, 2022

Key Revenue Indicators

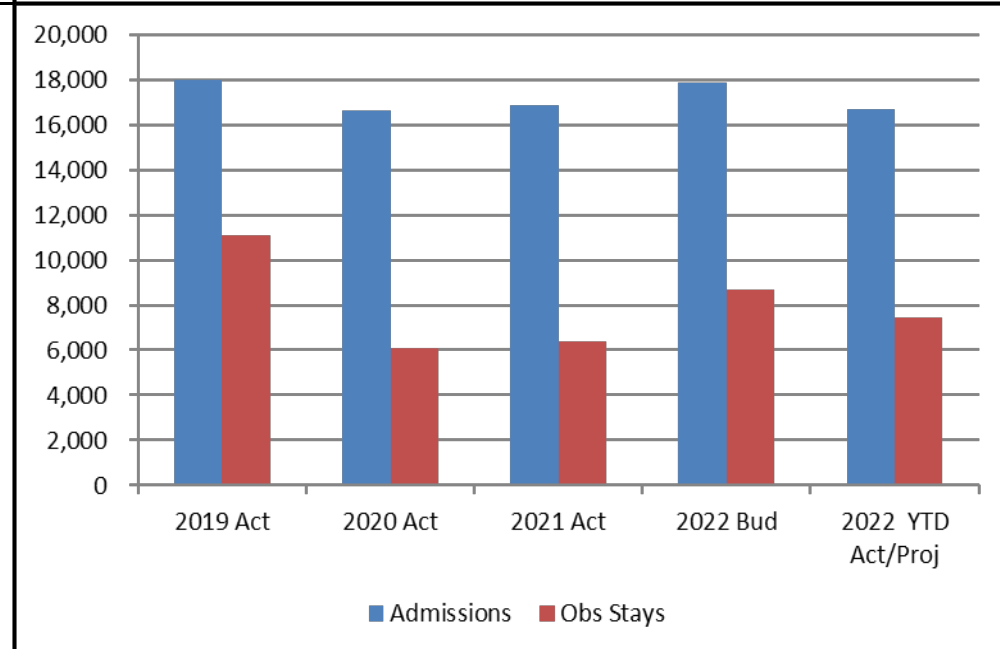
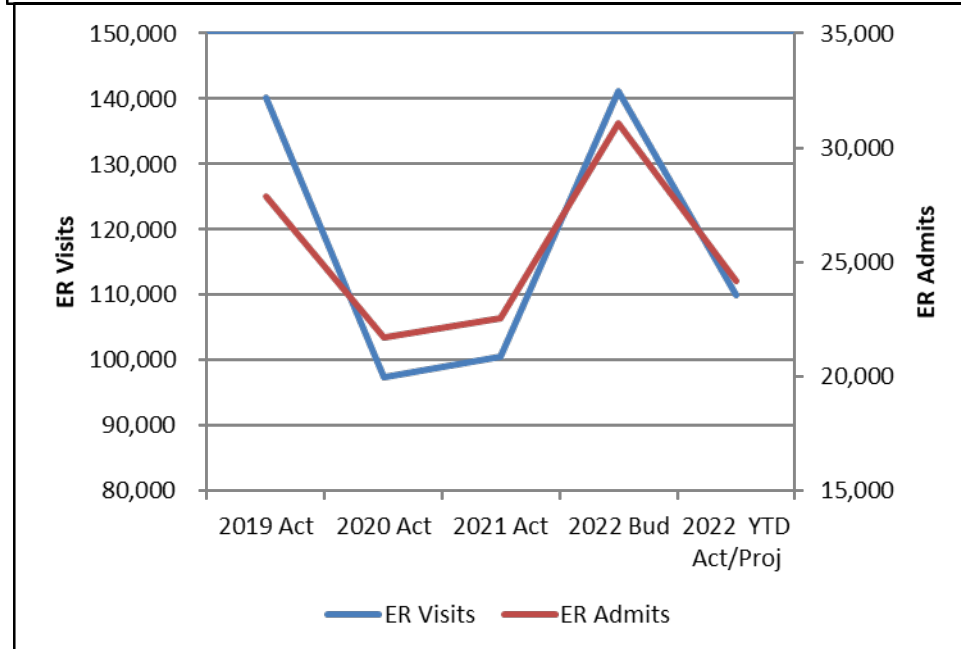
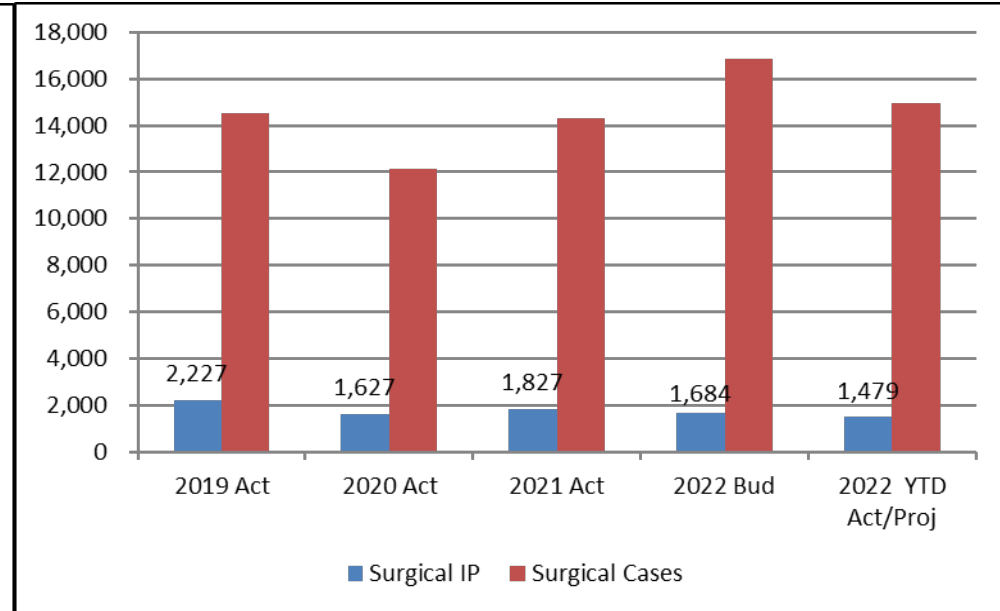
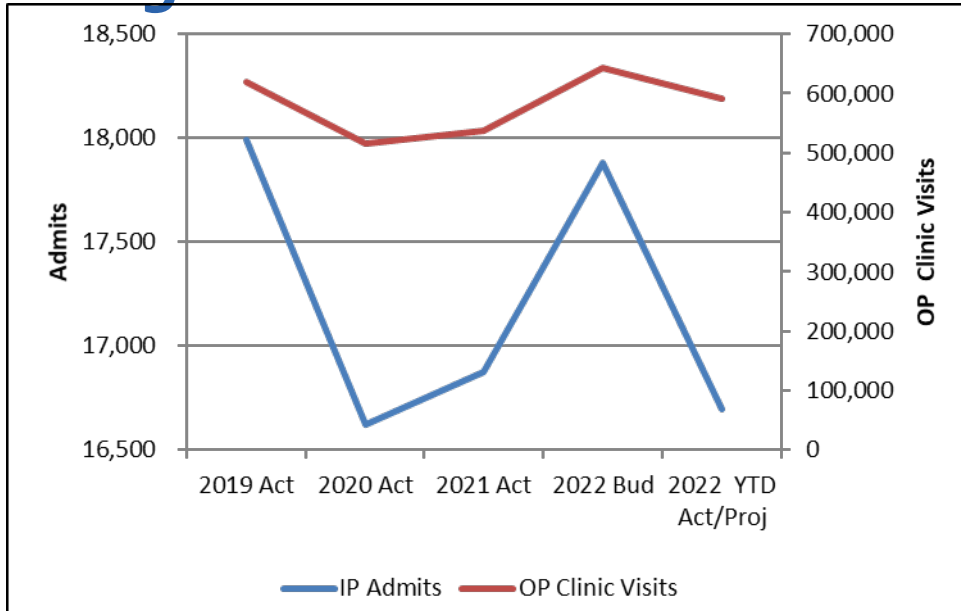
Patient Activity	2022 YTD Actual	2022 YTD Budget	%	2021 YTD Actual	2020 YTD Actual		Aug 2022 Actual	Aug 2021 Actual
Admissions *	17,155	18,340	-6.5%	17,149	17,666		1,898	2,036
Patient Days *	77,339	88,741	-12.8%	73,427	75,646		9,579	9,229
Average Daily Census *	282	324	-12.8%	267	275		309	298
Emergency Room Visits	75,698	106,929	-29.2%	73,291	77,816		8,740	9,111
Surgeries	10,741	12,646	-15.1%	10,647	8,548		1,338	1,313
Ambulatory Clinic Visits	430,633	483,258	-10.9%	427,520	400,578		51,386	49,489

Volumes continue to lag behind budget, but better than prior year YTD

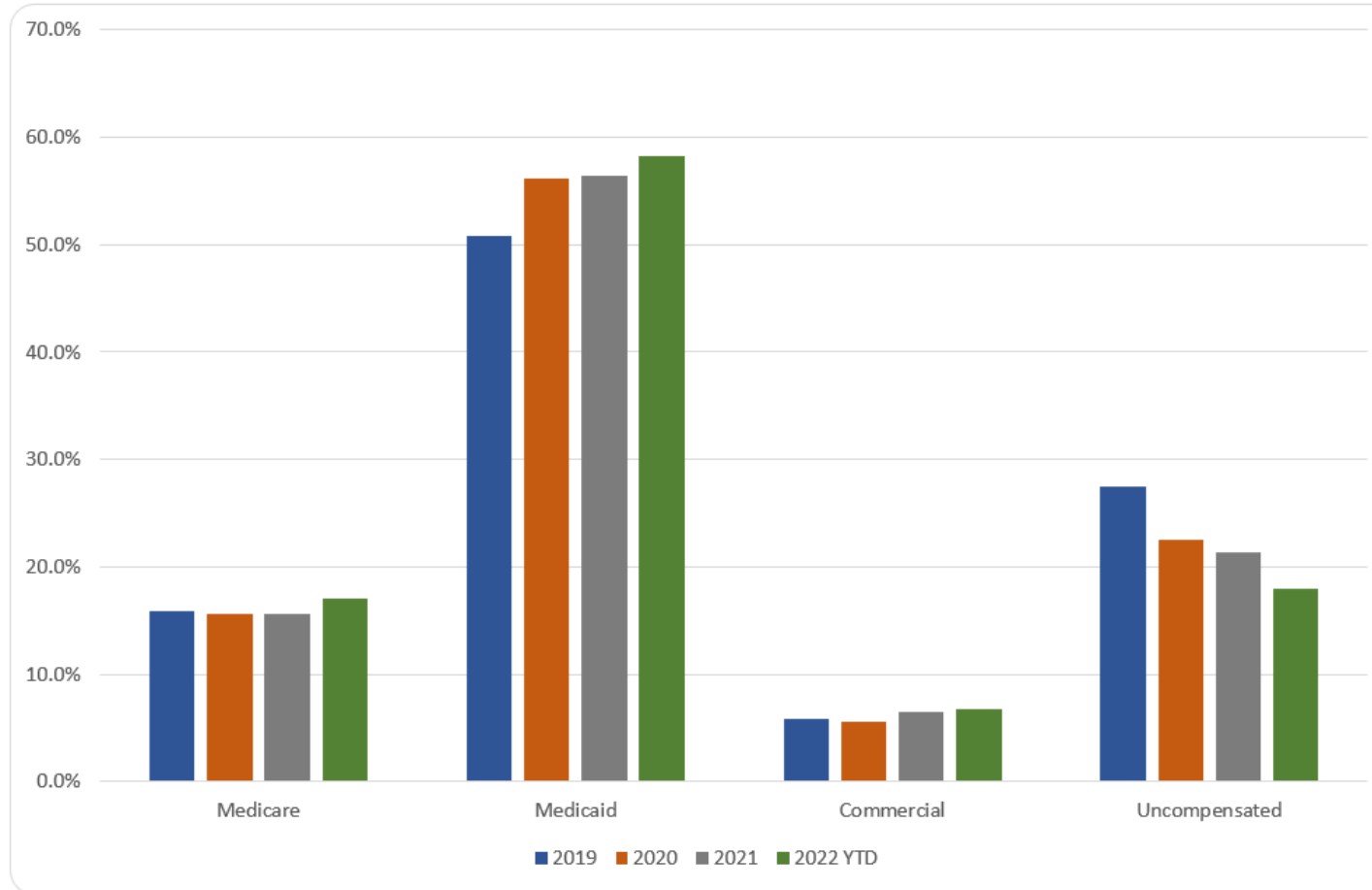
* Includes IP + Observations

Cook County Health

Operating Trends



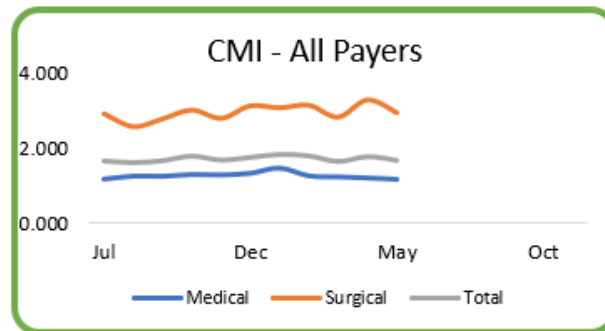
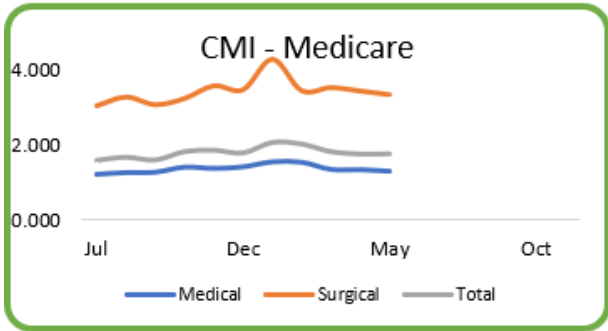
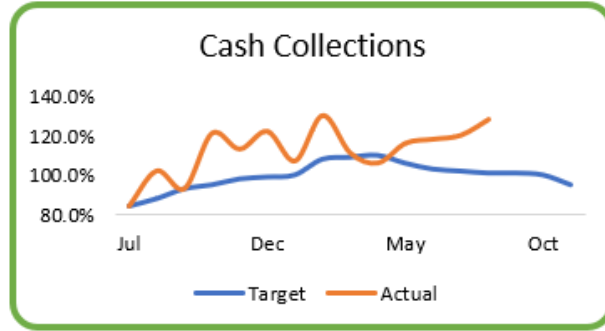
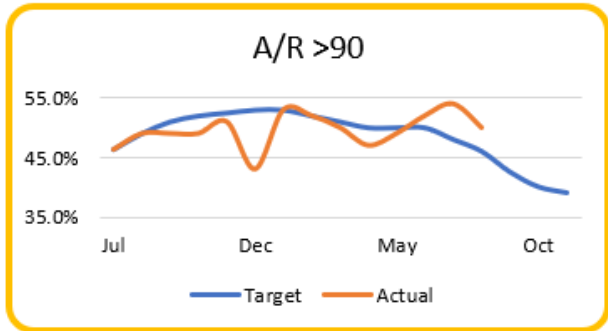
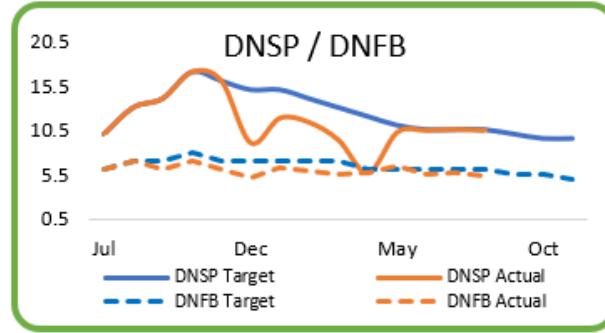
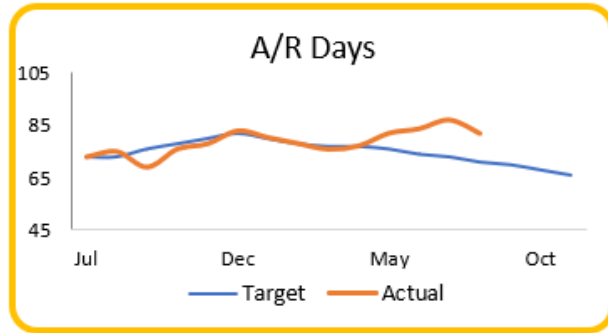
Payer Mix – YoY Comparison



Commentary

- Pause on redetermination during PHE allowing for patients to retain coverage
- Monitoring for shifts related to undocumented newly eligible for Medicaid 42-54 and 55-64
- Medicaid continues to climb offset by decrease in Uncompensated

Revenue Cycle KPI Trending



Commentary

A/R Days & A/R >90 is expected to begin to decline late summer as we ramp up additional support and optimize back-end operations.

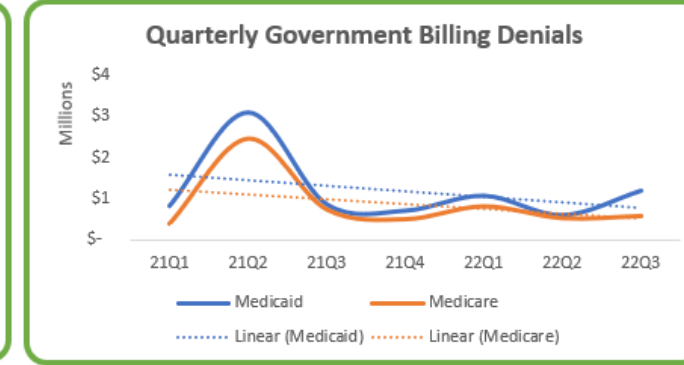
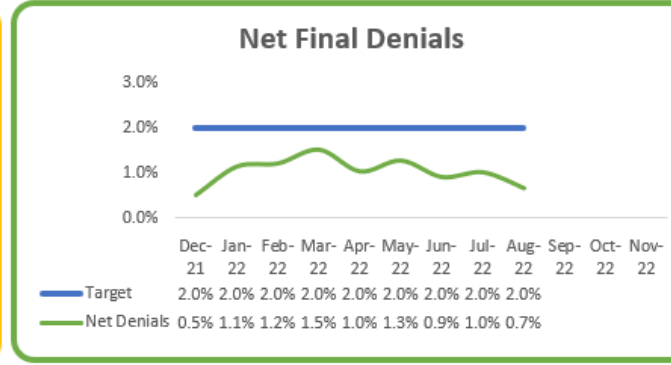
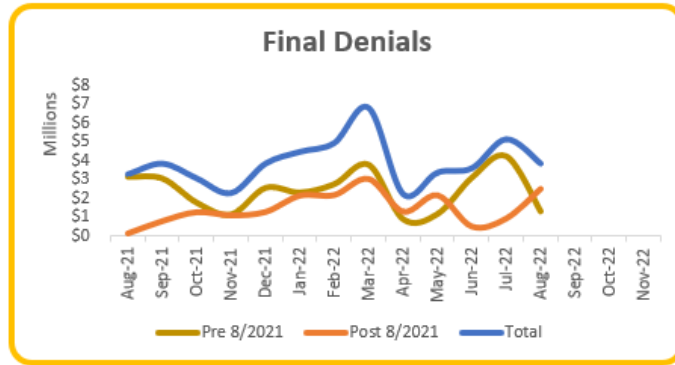
Definitions:

DNSP: Discharged Not Submitted to Payer - Gross dollars from initial 837 claims held by edits in claims processing tool that have not been sent to payer.

DNFB: Discharged Not Final Billed - Gross dollars in A/R for all patient accounts (inpatient and outpatient accounts) discharged but not yet final billed for the reporting month. Refers to accounts in suspense (within bill hold days) and pending final billed status in the patient accounting system.

CMI: Case Mix Index - Represents the average diagnosis-related group (DRG) relative weight for that hospital. It is calculated by summing the DRG weights for all Medicare discharges and dividing by the number of discharges.

Denial Trending



Commentary

The net final denials are hitting targets and final denials are aligned to plans. Additionally, we've added visibility to government specific denials since the first quarter of 2021 and are seeing a reduction in denials as we continue to improve operations.

	Jul-22	Aug-22
Pre 8/2021	82.0%	34.4%
Post 8/2021	18.0%	65.6%
Total	\$5,132,022	\$3,830,437
Case Management	\$1,442,998	\$1,084,515
Coding	-\$47,159	\$549,398
Contracting	-\$5,700	\$7,824
Medical Necessity	\$21,290	-\$38,642
Non Covered	\$2,831,469	-\$2,306,385
Patient Access	\$710	-\$610
Other	-\$43,008	\$301,241
Prior Authorization	-\$40,652	\$725,403
Untimely Filing	\$972,074	\$3,507,693

CCH Annual Pricing Review Strategy – 2023

	Strategic Increase	Net Reimbursement Impact	CA Allowance Impact	Charity Impact	Bad Debt Impact
Med Surg	5.00%	\$ 253,345	\$ 5,322,851	\$ 1,237,200	\$ 785,883
ICU	50.00%	\$ 3,358,992	\$ 30,414,587	\$ 7,264,628	\$ 4,616,574
Surgical	8.77%	\$ 189,876	\$ 13,208,815	\$ 420,869	\$ 267,341
	4.00%	\$ 3,802,213	\$ 48,946,253	\$ 8,922,697	\$ 5,669,798

Commentary

- Current state, CCH's pricing is approximately 36% below the market with a 4% annual price increase cap from our payer contracts.
- Strategic Price Increase Target, focus on R & B (~36% % below market) and surgery rate (~32% below market) realignment.
 - Effective Date: 12/01/2022 with an annual review thereafter.

CCH R&B RATES COMPARED TO AREA HOSPITALS											
R&B TYPE	CCH	U of I	LOYOLA	MT SINAI	RUSH	U of C	AVERAGE	CURRENT % BELOW AVG	NEW CCH RATE	% BELOW AVG POST ADJ	% BELOW AVG
PRIVATE ROOM	\$2,480	\$2,849	\$3,929	\$3,250	\$2,120	\$4,471	\$3,324	-25%	\$2,604	-22%	-4%
SEMI-PVT	\$2,313	\$2,849	\$3,929	\$3,250	\$2,120	\$4,471	\$3,324	-30%	\$2,429	-27%	-3%
NICU LEVEL 1	\$1,200	\$1,639	\$2,218	\$931	\$1,331	\$3,625	\$1,949	-38%	\$1,800	-8%	-31%
NICU LEVEL 2	\$2,480	\$4,807	\$2,929	\$3,462	\$2,766	\$4,996	\$3,792	-35%	\$3,720	-2%	-33%
NICU LEVEL 3	\$2,900	\$5,425	\$5,026	\$3,462	\$4,620	\$10,752	\$5,857	-50%	\$4,350	-26%	-25%
NICU LEVEL 4	\$4,350	\$5,881	\$7,192	\$3,462	\$6,014	\$10,760	\$6,662	-35%	\$6,525	-2%	-33%
INTENSIVE CARE	\$4,350	\$6,272	\$6,879	\$3,950	\$4,370	\$10,760	\$6,446	-33%	\$6,525	1%	-34%

CCH SURGERY RATES COMPARED TO AREA HOSPITALS											
SURGERY - PER HOUR	CCH	U of I	LOYOLA	MT SINAI	RUSH	U of C	AVERAGE	CURRENT % BELOW AVG	NEW CCH RATE	% BELOW AVG POST ADJ	% BELOW AVG
SURGERY BASIC LVL 1											
First Hour	\$3,317	\$5,715	\$4,066	\$7,295	\$4,899	\$11,770	\$6,749	-51%	\$3,608	-47%	-4%
Second Hour	\$2,919	\$3,974	\$2,416	\$5,838	\$4,573	\$9,136	\$5,188	-44%	\$3,175	-39%	-5%
SURGERY INTER LVL 2											
First Hour	\$5,138	\$5,715	\$4,244	\$7,295	\$6,682	\$16,540	\$8,095	-37%	\$5,589	-31%	-6%
Second Hour	\$3,900	\$3,974	\$2,528	\$5,838	\$5,700	\$9,136	\$5,435	-28%	\$4,242	-22%	-6%
SURGERY COMPL LVL 3											
First Hour	\$6,960	\$5,715	\$6,968	\$7,295	\$7,128	\$30,123	\$11,446	-39%	\$7,570	-34%	-5%
Second Hour	\$6,675	\$3,974	\$4,144	\$5,838	\$6,360	\$8,736	\$5,810	15%	\$7,261	25%	-10%

Cook County Health

2022 Charitable & Public Program Expenditures

Budget/Projection (\$000s)

	2020 Actual Net Benefit	2021 Actual Net Benefit	2022 Budget Net Benefit	2022 Actual/Proj Net Benefit
<u>Charitable Benefits and Community Programs</u>				
Traditional Charity Care	\$ 173,423	\$ 162,626	\$ 152,827	\$ 142,451
Other Uncompensated Care	121,634	100,894	109,162	181,638
Cermak & JTDC Health Services	88,722	104,465	106,405	106,405
Department of Public Health	10,235	16,908	17,763	17,763
Other Public Programs & Community Services	15,006	68,750	66,321	66,321
Totals	\$ 409,020	\$ 453,643	\$ 452,478	\$ 514,578
% of Revenues *	37.0%	38.6%	36.3%	40.2%
% of Costs *	27.3%	27.9%	36.3%	33.3%

* Excludes Health Plan Services

Cook County Health

Savings Initiatives: August 31, 2022

Current Activities in Progress	Budgeted FY22 Impact	YTD Aug Achieved	Status
<u>Revenue Cycle:</u>			
Chargemaster Review/Changes	-	2,779,500	●
Payer Contracting Re-negotiation	-	480,000	●
Charge Capture Improvement	-	1,875,000	●
Vendor Contract Negotiations	-	187,500	●
<u>County Care:</u>			
Care Mgmt System In-Sourcing	-	333,333	●
Network Contract Savings	-	675,000	●
Vendor Contract Negotiations	12,500,000	9,000,000	●
<u>Health System:</u>			
Vendor Contract Negotiations	12,000,000	3,552,000	●
Property Lease Savings	675,000	506,250	●
Equipment Lease Savings	308,472	231,354	●
	<u>\$ 25,483,472</u>	<u>\$ 19,619,937</u>	77%
		9/12ths Goal	75%



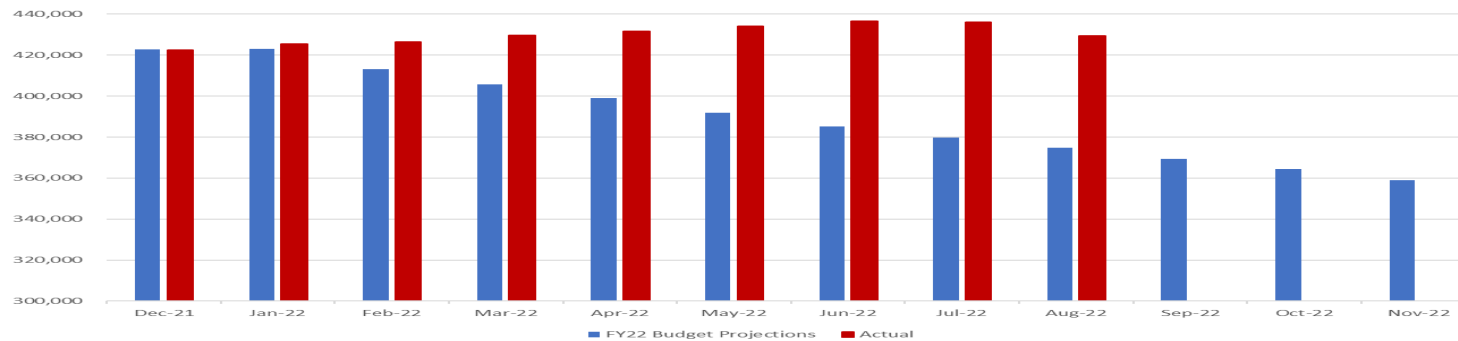
Health Plan Services Financial Results – August 31, 2022

Dollars in 000s except PMPM amounts	FY2022 Actual	FY2022 Budget	Variance	%	Fy21 Actual
Capitation Revenue	\$2,109,533	\$1,928,600	\$180,932	9.38%	\$1,803,766
Operating Expenses					
Clinical - CCH	\$97,331	\$86,875	(\$10,457)	(12.04%)	\$64,276
Clinical - External	\$1,907,864	\$1,708,082	(\$199,781)	(11.70%)	\$1,638,012
Administrative	\$98,054	\$106,647	\$8,593	8.06%	\$92,542
Total Expenses	\$2,103,249	\$1,901,604	(\$201,645)	(10.60%)	\$1,794,830
Operating Gain (Loss)	\$6,284	\$26,997	(\$20,713)	(76.72%)	\$8,936
Activity Levels					
Member Months	3,872,205	3,606,977	265,228	7.35%	3,549,608
Monthly Membership	429,483	376,377	53,106	14.11%	408,256
CCH CountyCare Member Months	397,702	N/A	N/A	N/A	370,026
CCH % CountyCare Member Months	10.27%	N/A	N/A	N/A	10.42%
Operating Indicators					
Revenue Per Member Per Month (PMPM)	\$544.79	\$534.69	\$10.10	1.89%	\$508.16
Clinical Cost PMPM	\$517.84	\$497.63	(\$20.21)	(4.06%)	\$479.57
Medical Loss Ratio (1)	93.1%	93.40%	0.27%	0.29%	92.17%
Administrative Cost Ratio	4.6%	6.35%	1.76%	27.64%	4.68%

Commentary

- Total YTD member months are exceeding budget by 265,228 members.
- Revenue and claims expense are higher than budget due to higher than budgeted membership.
- Clinical cost are higher due to increase in IBNR estimates.
- CountyCare enrollment projected to exceed budget due to 50% auto-assignment as well as continued re-determination suspension.
- CountyCare's reimbursement to CCH for domestic spend is above budget.
- Operating Gain of \$6.2M consists of \$11.4M from CountyCare and a loss of \$(5.2)M from Medicare.

CountyCare Membership



Notes:

- (1) Medical Loss Ratio is a measure of the percentage of premium that a health plan spends on medical claims.

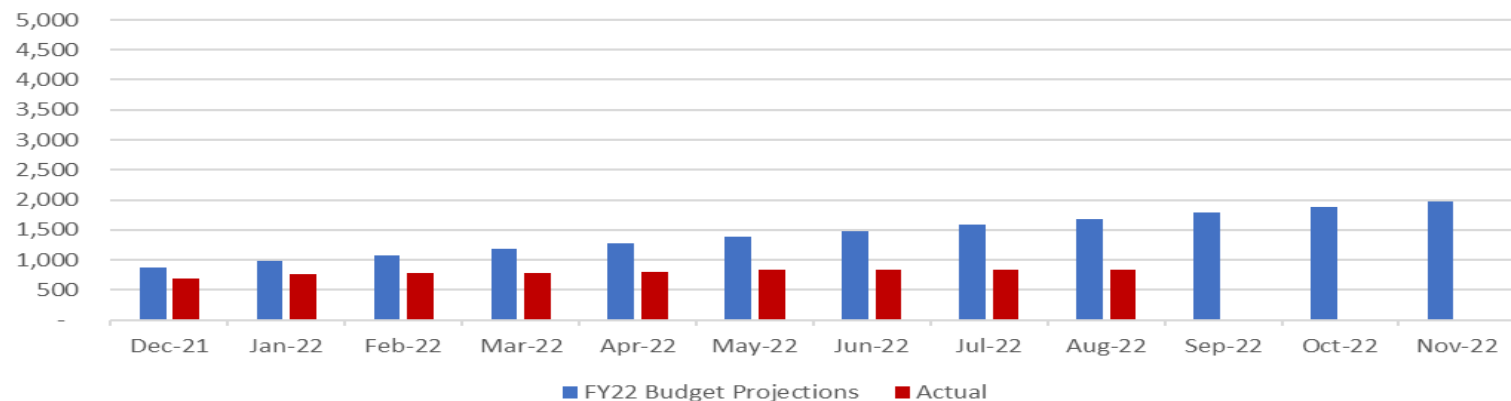
Medicare Financial Results – August 31, 2022

Dollars in 000s except PMPM amounts	FY2022 Actual	FY2022 Budget	Variance	%
Capitation Revenue (Total dollar amount)	\$15,942	\$14,921	(\$1,021)	6.84%
Operating Expenses				
Clinical Expenses	\$14,078	\$17,616	\$3,538	20.08%
Administrative	\$7,068	\$4,468	(\$2,601)	(58.21%)
Total Expenses	\$21,146	\$22,083	\$937	4.24%
Operating Gain (Loss)	(\$5,205)	(\$7,163)	\$1,958	(27.33%)
Activity Levels				
Member Months	7,167	11,520	(4,353)	(37.79%)
Monthly Membership	844	1,680	(836)	(49.76%)
Operating Indicators				
Revenue Per Member Per Month (PMPM)	\$2,224.31	\$1,295.21	\$929.10	71.73%
Clinical Cost PMPM	\$1,964.31	\$1,529.15	(\$435.16)	(28.46%)

Commentary

- Membership is lower than budget target by 4,353 members.
- Total operating loss is lower than budget by \$1.9M.
- Product exit planned for December 31st, 2022.

MoreCare Membership



Questions?



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