Cook County Health & Hospitals System
Preliminary FY 2011 Budget

Cook County Finance Committee Public Hearing
Monday, January 24, 2011
9:00 AM
CCHHS FY2010 – Accomplishments

- Strategic Plan: Vision 2015 approved by Health System and County Board
  - Strategic Plan: Vision 2015 implementation commenced
- Workforce reduction: 1350 positions eliminated
  - 940 eliminated in Phase I
  - 410 eliminated in Phase II (including 70 management)
- Improved access in specialty clinics by almost 10 percent
  - 271,366 visits in FY2009
  - 297,532 visits in FY2010
- Added weekend and evening hours to some ACHN clinics
CCHHS FY2010 – Accomplishments

- Awarded nearly $53M in contracts to MBE/WBE contractors. Almost a quarter of all contracts awarded to MBE/WBE businesses.

- Collaborated with County to favorably influence federal “Health Reform” legislation in terms of timing, magnitude, and methodology of proposed reductions to Medicaid Disproportionate Share (‘DSH’) payments.

- Worked with federal and state officials to enhance existing and future Medicaid reimbursement structure.
  - New reimbursement methodology to substantially increase payments for newborns (with $3.0M paid retroactive benefit).
  - Additional $8M in retro (FY2008) Medicaid Disproportionate Share (DSH) payments.
  - Lump sum of $4.5M for medical malpractice costs reimbursed for prior year.
  - Retro $1.3M for increase in Medicaid inpatient rate.
CCHHS FY2010 – Accomplishments

- Hired a Director of Multi-Cultural Affairs to address the changing diversity of our patients

- Developed and implemented System-wide comprehensive internal audit, corporate compliance, risk management, quality and patient safety functions within CCHHS

- Developed nursing education and professional development programs
Strategic Plan: Vision 2015
FY 2011 Preliminary Budget
Assumptions
Strategic Plan: Vision 2015
FY 2011 Preliminary Budget Assumptions

• Shift from inpatient to outpatient services at Oak Forest while establishing a Regional Outpatient Center.

• Maintain smaller number of inpatient beds at Provident Hospital while establishing a Regional Outpatient Center.

• Grow outpatient services county wide.

• Expand specialty care services at selected sites.

• Improve infrastructure to enhance services for our patients.

• Improve employee satisfaction, recruitment and retention, and employee development and education.
Strategic Plan: Vision 2015
FY 2011 Preliminary Budget Assumptions

Oak Forest

- Develop Regional Outpatient Center (ROC)
- Phase out inpatient services by 5/31/2011
- Transition emergency room to an Urgent Care Center
- Add/Expand:
  - Primary Care
  - Specialty Care
  - Urology
  - Pain Management
  - Colonoscopy
  - Endoscopy
  - Diagnostic Services
Strategic Plan: Vision 2015
FY 2011 Preliminary Budget Assumptions

Provident Hospital

- Maintain emergency services and reduced number of inpatient beds
  - Suspend ambulance runs to lower acuity rates
  - Suspend critical care

- Develop Regional Outpatient Center (ROC)

- Continue to pursue collaboration with the University of Chicago Medical Center

- Add/Expand:
  - Primary Care
  - Specialty Care
  - Diabetes/Chronic Disease
  - Oncology
  - Gastroenterology
  - Outpatient Surgery
  - Mammography
ACHN

- Increase patient visits by 10% (an additional 65,000 visits)
- Add support staff (105 FTEs) to assist direct care providers
- Reduce wait times
- Improve scheduling
- Improve customer service
- Enhance physician productivity
Strategic Plan: Vision 2015
FY 2011 Preliminary Budget Assumptions

John H. Stroger Jr. Hospital

- Build selected service lines
  - Maternal/Child, Surgical Services, Geriatrics and Emergency Department
- Improve staffing
  - Patient care support
  - Environmental service
  - Interpreter services
  - Fill clinical vacancies
- Maximize inpatient capacity by improving patient flow
Strategic Plan: Vision 2015
Forecast for Primary Care and Specialty Care Visits 2006 – 2015

50% Increase from 2009 to 2015

Source: CCHHS, ICS Analysis

Actual Visits
Projected Visits
Strategic Plan: Vision 2015
Forecast Growth of Primary Care and Specialty Care Visits at Provident and Oak Forest Regional Outpatient Centers (ROCs)

<table>
<thead>
<tr>
<th></th>
<th>Provident</th>
<th>Oak Forest</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>25K</td>
<td>35K</td>
</tr>
<tr>
<td>2011</td>
<td>39K</td>
<td>47K</td>
</tr>
<tr>
<td>2015</td>
<td>105K</td>
<td>150K</td>
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</table>

Source: CCHHS, ICS Analysis
FY 2011 Budget
### Strategic Plan: Vision 2015

#### FY 2011 Preliminary Budget

890 Centralized Functions

<table>
<thead>
<tr>
<th>Function</th>
<th>FY 2011 Preliminary Request</th>
<th>FTE</th>
</tr>
</thead>
<tbody>
<tr>
<td>ADMINISTRATION</td>
<td>$2,548,465</td>
<td>21.7</td>
</tr>
<tr>
<td>REGULATORY</td>
<td>1,890,618</td>
<td>18.0</td>
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<tr>
<td>HR</td>
<td>3,328,591</td>
<td>46.0</td>
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<tr>
<td>CLINICAL</td>
<td>3,066,124</td>
<td>31.5</td>
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<tr>
<td>FINANCE</td>
<td>7,903,300</td>
<td>90.5</td>
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<tr>
<td>IT</td>
<td>4,107,012</td>
<td>56.5</td>
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<tr>
<td>OTHER OPERATING COSTS (non-personnel)</td>
<td>55,116,433</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>77,960,543</strong></td>
<td>264.2</td>
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</table>

| PHARMACY                          | 21,487,404                  | 287.7|
| PHARMACY OPERATING COSTS (non-personnel) | 51,396,650                  |      |
| **PHARMACY TOTAL**                | **72,884,054**              | 287.7|

**OVERALL TOTAL**                   | **150,844,597**             | 551.9|
Strategic Plan: Vision 2015  
FY 2011 Preliminary Budget

Revenue

<table>
<thead>
<tr>
<th>Payer</th>
<th>2010 Budget</th>
<th>2010 Actual</th>
<th>2011 Preliminary Budget</th>
<th>2011 Preliminary to 2010 Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medicare</td>
<td>$53.6 M</td>
<td>$56.3 M</td>
<td>$54.0 M</td>
<td>$(2.3M)</td>
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<tr>
<td>Medicaid</td>
<td>$227.5 M</td>
<td>$168.7 M</td>
<td>$176.0 M</td>
<td>$7.3M</td>
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<tr>
<td>Pvt. Payers</td>
<td>$17.0 M</td>
<td>$16.4 M</td>
<td>$21.3 M</td>
<td>$4.9M</td>
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<tr>
<td>Medicaid IGT</td>
<td>$131.3 M</td>
<td>$131.3 M</td>
<td>$131.3 M</td>
<td>$0</td>
</tr>
<tr>
<td>DSH</td>
<td>$150.0 M</td>
<td>$158.1 M</td>
<td>$140.0 M</td>
<td>($18.1M)</td>
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<tr>
<td>PWC Revenue Enhancement</td>
<td>$0</td>
<td>$0</td>
<td>$70 M</td>
<td>$70 M</td>
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<tr>
<td>Other</td>
<td>$6.9 M</td>
<td>$6.9 M</td>
<td>$6.9 M</td>
<td>$0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$586.3 M</strong></td>
<td><strong>$537.7 M</strong></td>
<td><strong>$599.5 M</strong></td>
<td><strong>$61.8 M</strong></td>
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## Strategic Plan: Vision 2015
### FY 2011 Preliminary Budget
### Revenue Reconciliation

<table>
<thead>
<tr>
<th></th>
<th>2010 Budget</th>
<th>2010 Actual</th>
<th>2011 Prelim</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total</strong></td>
<td>$ 586.3M</td>
<td>$ 537.7M</td>
<td>$ 599.5M</td>
</tr>
<tr>
<td><strong>Recoupment</strong></td>
<td></td>
<td>$ 4.7M</td>
<td></td>
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<tr>
<td><strong>Medicaid Receivable</strong></td>
<td></td>
<td>$ 40.0M</td>
<td></td>
</tr>
<tr>
<td><strong>Total:</strong></td>
<td>$ 586.3M</td>
<td>$ 582.4M</td>
<td>$ 599.5M</td>
</tr>
<tr>
<td><strong>Unbudgeted:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Medicaid UPL</td>
<td></td>
<td></td>
<td>$ 20.0M</td>
</tr>
<tr>
<td>Medicaid Receivable</td>
<td></td>
<td></td>
<td>$ 40.0M</td>
</tr>
<tr>
<td><strong>Possible Additional Revenue</strong>*</td>
<td></td>
<td></td>
<td>$ 60.0M</td>
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* Dependent on state and federal approvals
### Strategic Plan: Vision 2015

FY 2011 Preliminary Budget

Estimated Net Subsidy

<table>
<thead>
<tr>
<th></th>
<th>Budget 2010</th>
<th>Estimated Actual 2010</th>
<th>Prelim 2011 Budget</th>
<th>Prelim 2011 Budget to Actual 2010</th>
</tr>
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<tbody>
<tr>
<td>Health Fund</td>
<td>$865.7</td>
<td>$835.7</td>
<td>$817.3</td>
<td>($18.4)</td>
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<tr>
<td>Fixed Charge*</td>
<td>$108.2</td>
<td>$112.8</td>
<td>$97.5</td>
<td>($15.3)</td>
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<tr>
<td>Total Approp.</td>
<td>$973.9</td>
<td>$948.5</td>
<td>$914.8</td>
<td>($33.7)</td>
</tr>
<tr>
<td>Revenue</td>
<td>$586.3</td>
<td>$537.7</td>
<td>$599.5</td>
<td>$61.8</td>
</tr>
<tr>
<td>Subsidy</td>
<td>$387.6</td>
<td>$410.8</td>
<td>$315.3</td>
<td>($95.5)</td>
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</tbody>
</table>

*Charges include medical malpractice and employee benefits
Strategic Plan: Vision 2015
FY 2011 Preliminary Budget

Subsidy comparison

- Subsidy without fixed charges* (899 Account)
  - FY2010: 279M
  - FY2011: 217.8M
  - 22% reduction

- Subsidy with fixed charges (899 Account)
  - FY2010: 410M
  - FY2011: 315M
  - 23% reduction

*In millions
FY 2011 Preliminary Budget
CCHHS Public Hearings

Wednesday, November 3, 2010 at 6:30 P.M.
Sixth District Courthouse
Markham, Illinois

Thursday, November 4, 2010 at 6:30 P.M.
Second District Courthouse
Skokie, Illinois

Friday, November 5, 2010 at 1:00 P.M.
Cook County Building
Chicago, Illinois

Wednesday, November 10, 2010 at 6:30 P.M.
Fourth District Courthouse
Maywood, Illinois

Monday, November 15, 2010 at 6:00 P.M.
Chicago Urban League
Chicago, Illinois
Conclusion

- FY2011 will be a transitional year as we begin implementation of Vision 2015
- Subsidy reduced for third straight year
- Achieved 16% reduction that was asked by County Board President
- Waiting for $40M from state for Medicaid in backlogged payments
- Implementing the Strategic Plan at Oak Forest and Provident will result in approximately $45M savings in FY2011 because only a half year savings will be realized in FY2011 – the savings will roughly double in FY2012.
- Risks:
  - Timing
  - Reimbursement
  - Capital implementation
  - Stroger Parking Garage, Phase II
  - Taleo