



# COOK COUNTY

## QUARTERLY REPORT TO THE IRFC

April 27, 2022





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# Roll Call



# Opening Remarks



# Approval of the Minutes

# Agenda



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# Quarterly Updates

# Principals of the IRFC - Advanced Since 1/31/22



Principal	Action Taken
<i>Document Economic and Operational Drivers</i>	<i>Working with CCH to identify and provide monthly data sets on NPSR drivers such as gross revenues payer mix and reimbursement rates.</i>
<i>Pursue Consistency in Modeling</i>	<i>Continuing to update data sets</i>
<i>Systematically Track Monthly Operational and Revenue Data</i>	<i>Continuing to track monthly financial reports and board presentation data by CCH team, aligning to our monthly financial reporting Reviewing Revenue Cycle Improvement project plan with CCH and understand reporting implications</i>
<i>Catalogue Historical Rates and Policies</i>	<i>Cannabis Tax and Sports Wagering Tax have been added to the Tax history document on the IRFC website.</i>
<i>Review Alternative Scenarios</i>	<i>Updated GH Alternative scenarios leveraging Moody's Analytics alternative scenarios. Made considerable progress on the development of alternative scenarios for CCH.</i>
<i>Benchmark Forecasts Against Other Jurisdictions</i>	<i>No Significant Progress this period</i>
<i>Strive for Greater Collaboration</i>	<i>Continue to have regular meetings with CCH to develop and fine tune the alternative forecast scenarios with a forward-looking focus on COA Improvement.</i>

# Ongoing FY21 IRFC Deliverables



Rec #	Deliverable	Description	Timing
1	PMO Meetings	We have established weekly touchpoint meetings between the Office of the CFO and CCH Finance Team for additional knowledge and data transfer sessions.	Weekly meetings
2	Periodic transmission of data	As part of an ongoing process, will exchange files that provide historical average rates received by population and age cohort on monthly basis.	First week of the month on an ongoing basis
3	Pursue Changes to Chart of Accounts	In weekly meetings pursue changes to COA by leveraging discovery made in FY 2021.	Targeting FY 2023 Budget
6	Alternative scenario Methodology Document with clear and concise Procedures	The document will provide a central repository for the development of alternative scenarios in both the General and Health Fund	End of FY 2022





# General Fund Update

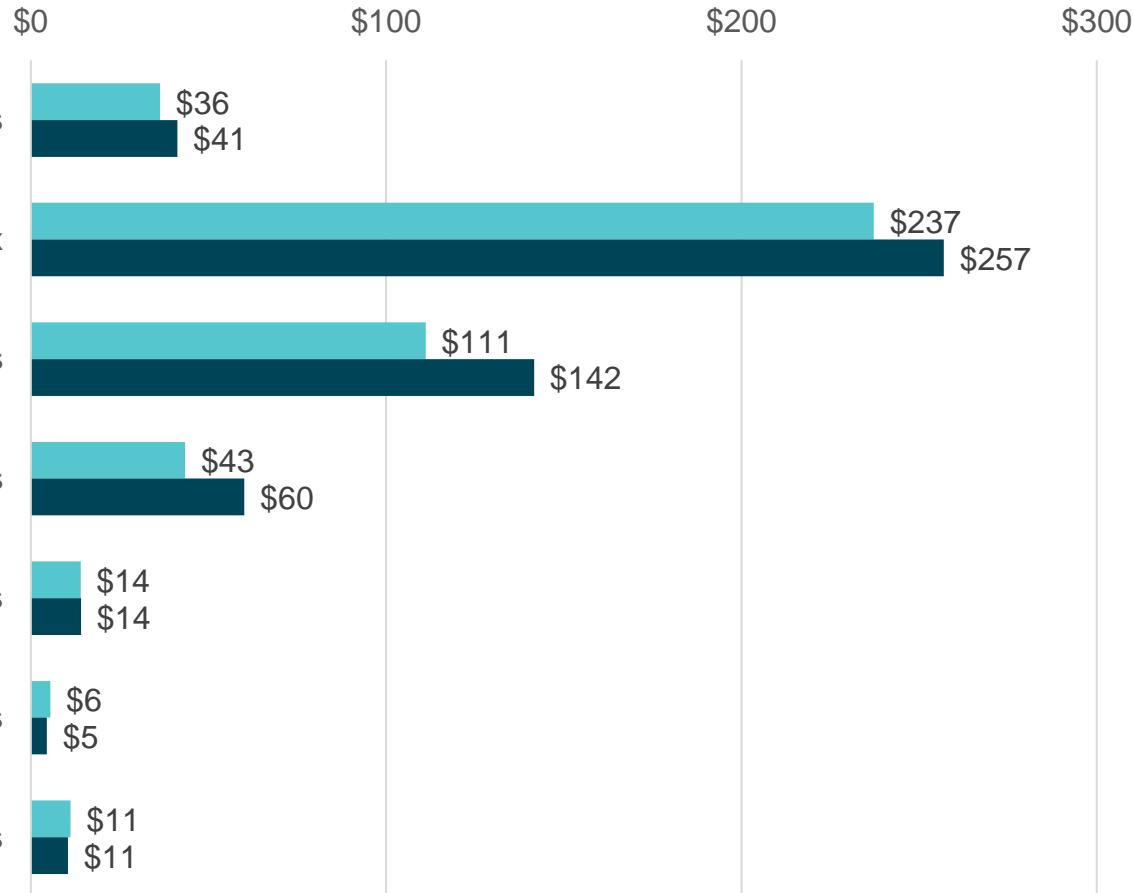
# General Fund revenues year-to-date



FY2022 General Fund revenues as compared to budget,  
December - February

■ Budget as adjusted ■ Actual

Millions



	Variance (in millions)	Percent of budgeted revenue
Property taxes	\$4.9	13.4%
County sales tax	\$19.7	8.3%
Other taxes	\$30.5	27.4%
Fees	\$16.7	38.3%
Intergovernmental revenues	\$0.1	0.9%
Miscellaneous revenues	-\$1.0	-17.3%
Other sources	-\$0.7	-6.5%
<b>Total*</b>	<b>\$70.2</b>	<b>15.3%</b>

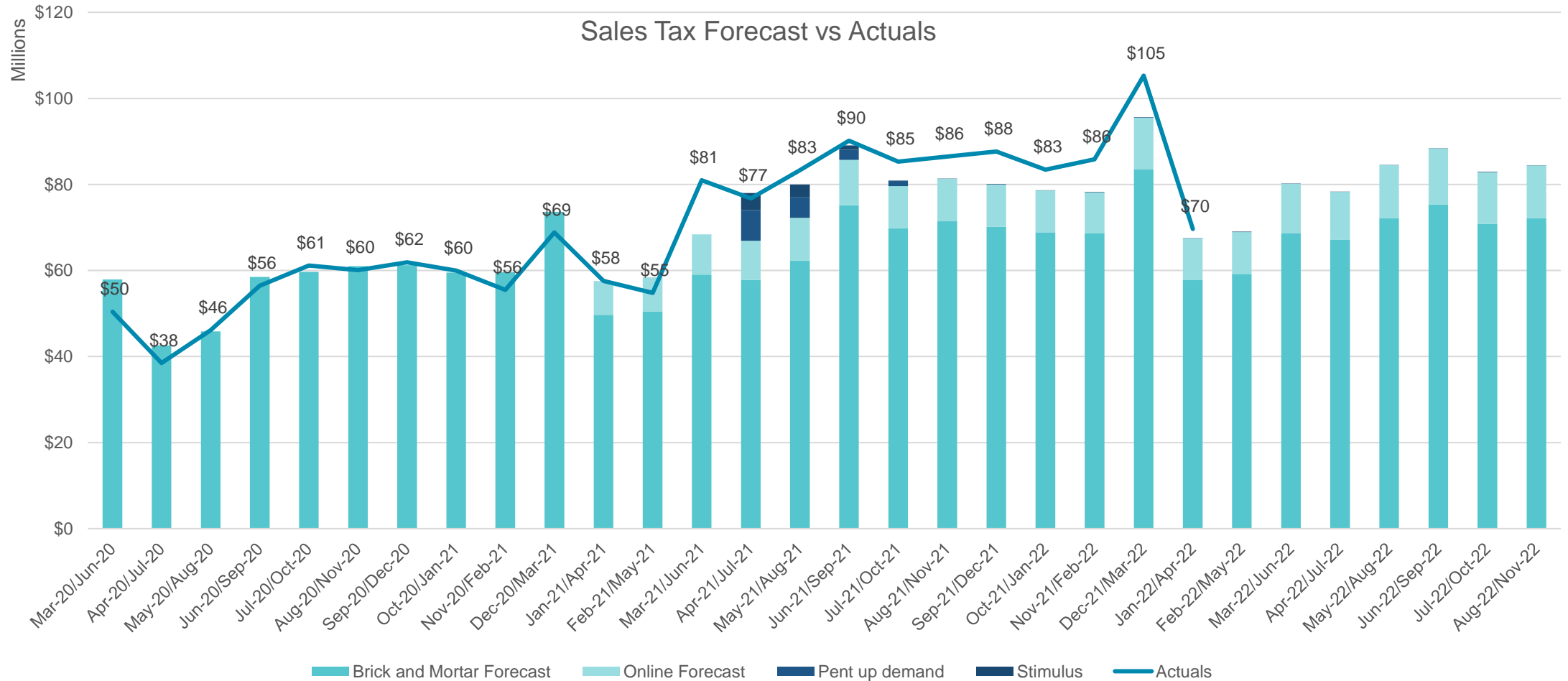
\*Total does not add due to rounding

# Changes in General Fund forecasts since 1/31/22

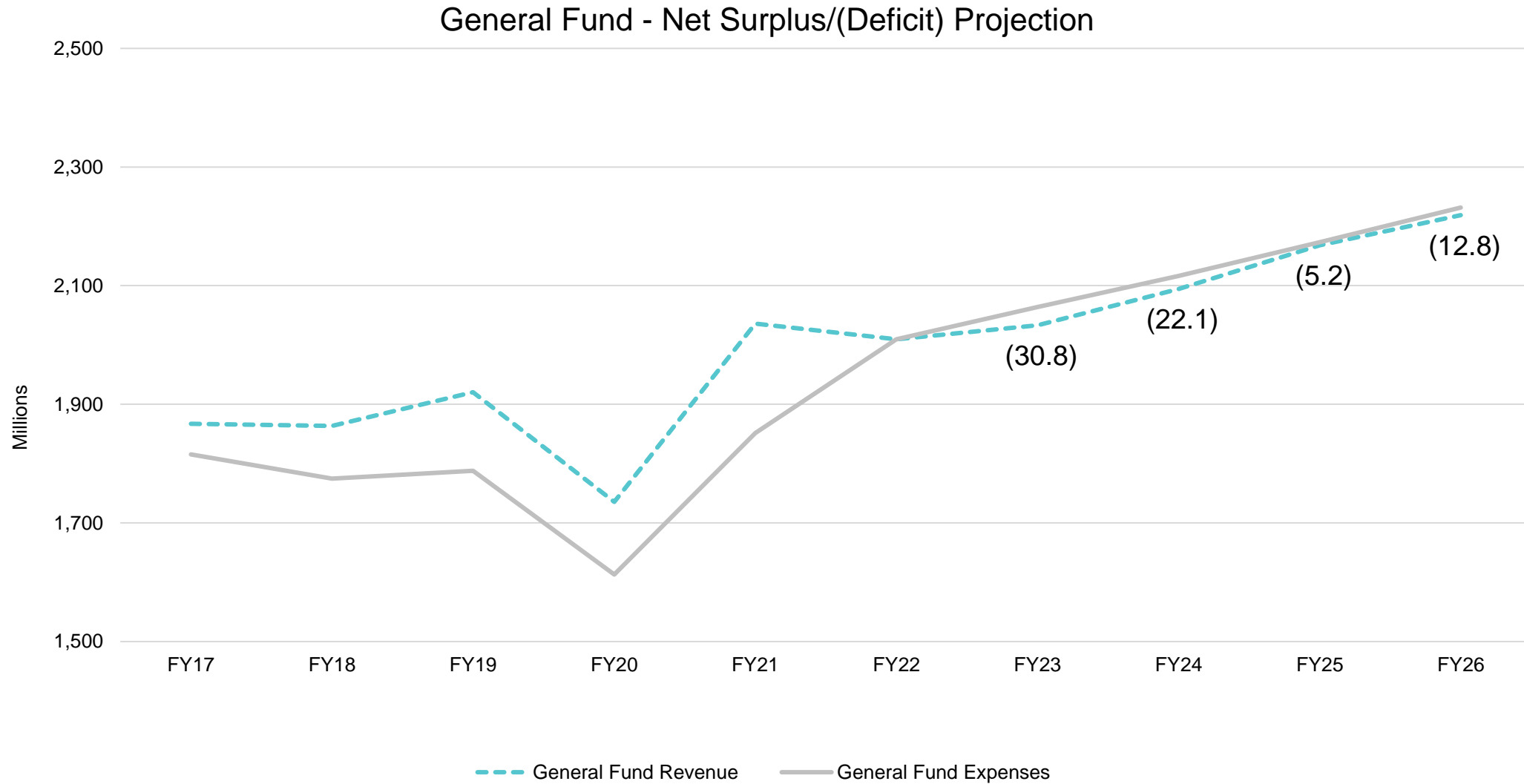


	Forecast (in millions)			
	FY23	FY24	FY25	FY26
400010-Property Taxes	\$4.9	\$5.4	\$6.0	\$6.6
401170-County Use Tax	\$4.8	\$0.0	\$0.0	\$0.0
401190-Gasoline / Diesel Tax	(\$3.6)	\$0.0	\$0.0	\$0.0
401350-Amusement Tax	(\$2.4)	\$0.0	\$0.0	(\$0.0)
401370-Parking Lot and Garage Operation	(\$6.2)	(\$8.8)	(\$8.9)	(\$9.1)
401550-Hotel Accommodations Tax	(\$9.1)	\$0.0	\$0.0	\$0.0
401580 - Cannabis Tax	(\$6.6)	\$0.0	\$0.0	\$0.0
401590 - Sports Wagering Tax	\$1.5	\$1.5	\$1.5	\$1.5
402950-Sheriff General Fees	(\$1.8)	\$0.7	\$0.7	\$0.7
<b>Total Significant Revenue Changes</b>	<b>(\$18.5)</b>	<b>(\$1.2)</b>	<b>(\$0.7)</b>	<b>(\$0.3)</b>
Other Revenue Changes	\$1.3	(\$0.3)	(\$0.3)	(\$0.4)
<b>Total Revenue Changes</b>	<b>(\$17.1)</b>	<b>(\$1.5)</b>	<b>(\$1.1)</b>	<b>(\$0.7)</b>

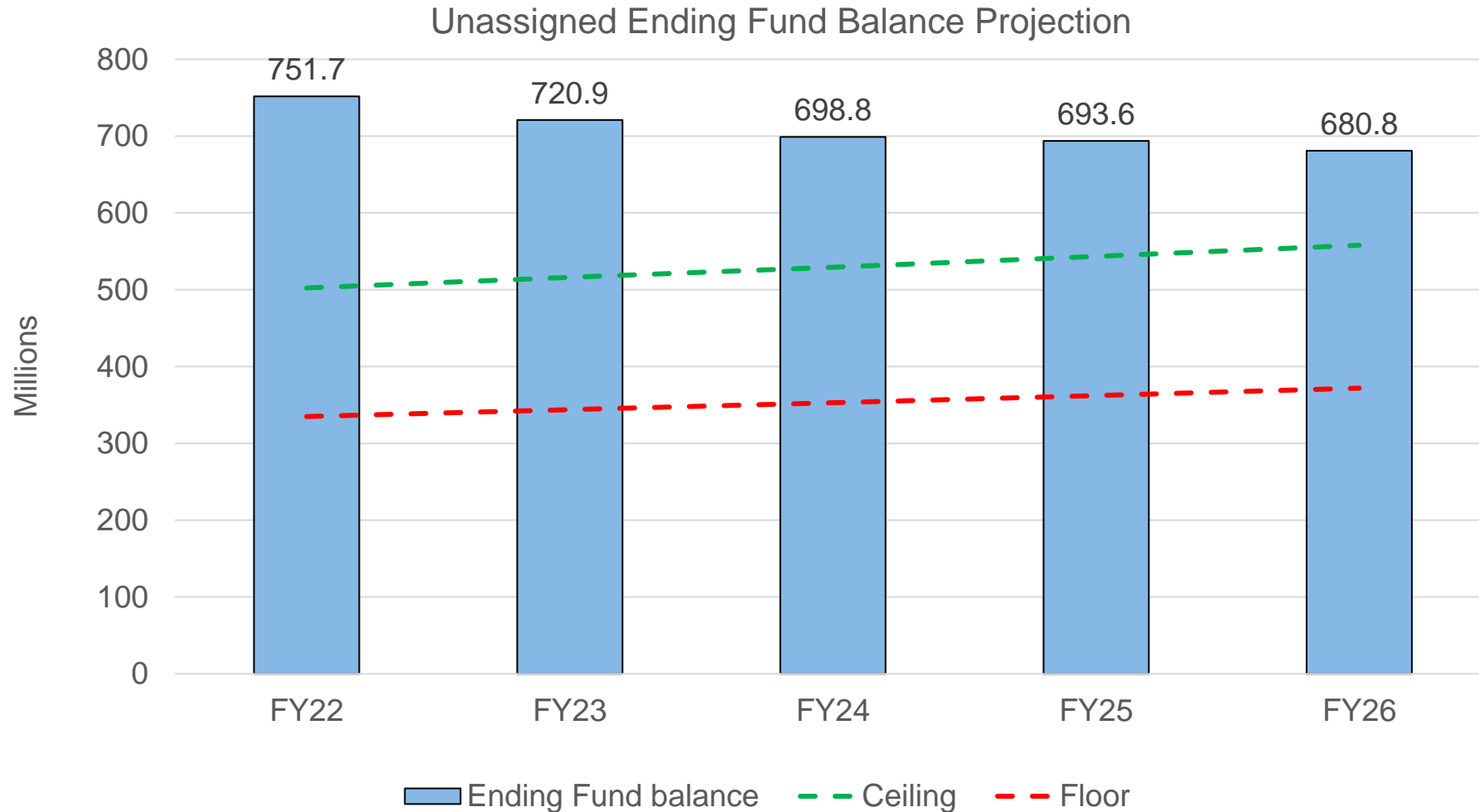
# Sales tax forecast update



# Long-term fiscal planning



# Ending fund balance



\*Floor is two months of projected General Fund expenses, and ceiling is three months. FY2022 fund balance does not include the \$75 million assigned portion.

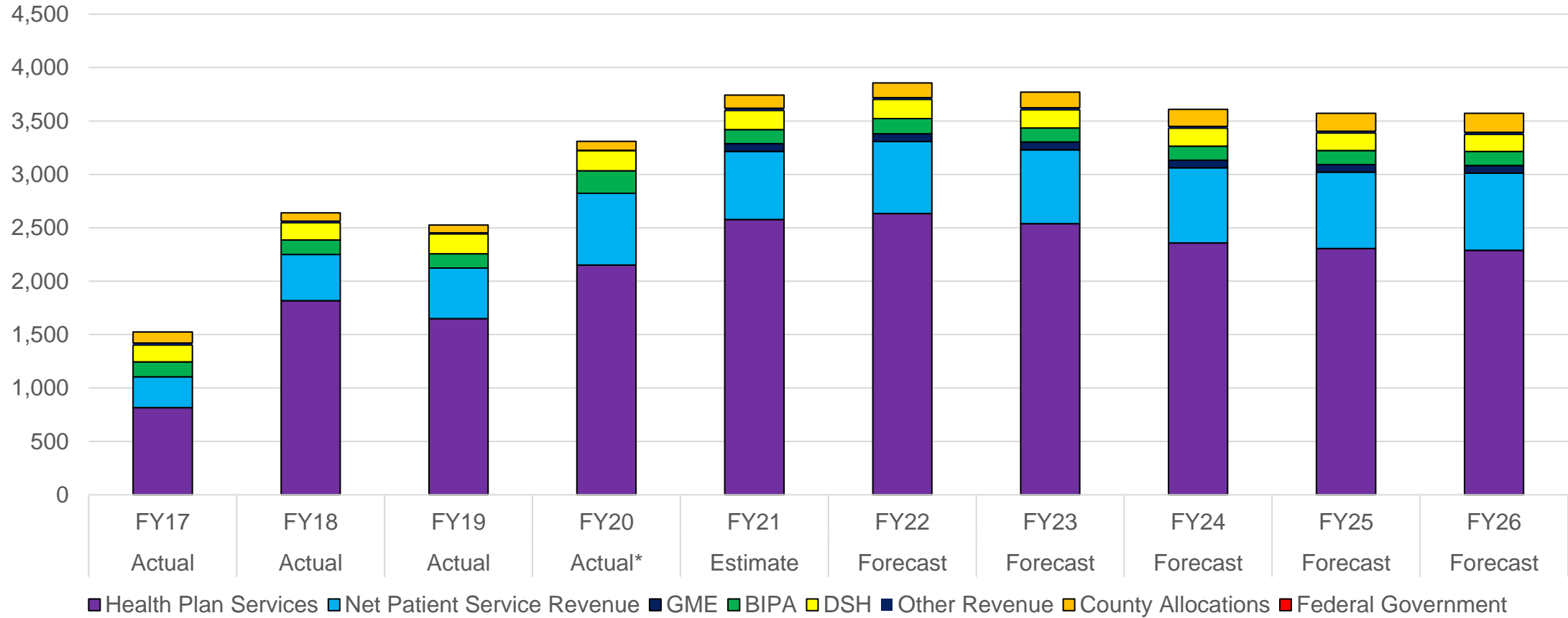


# Health Fund Update

# Health Fund long-term projections



Health Funds Long-Term Revenue Projections

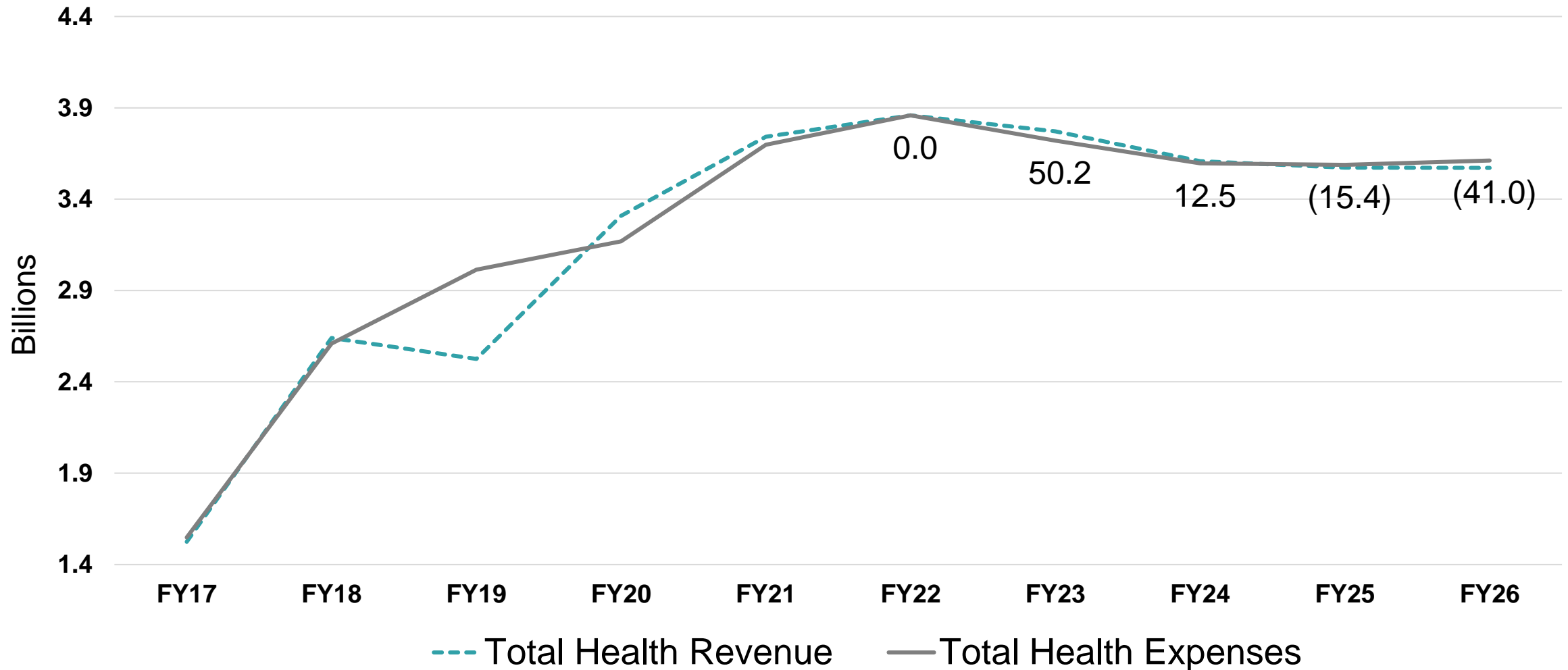




# Long-Term Fiscal Planning: Health Fund



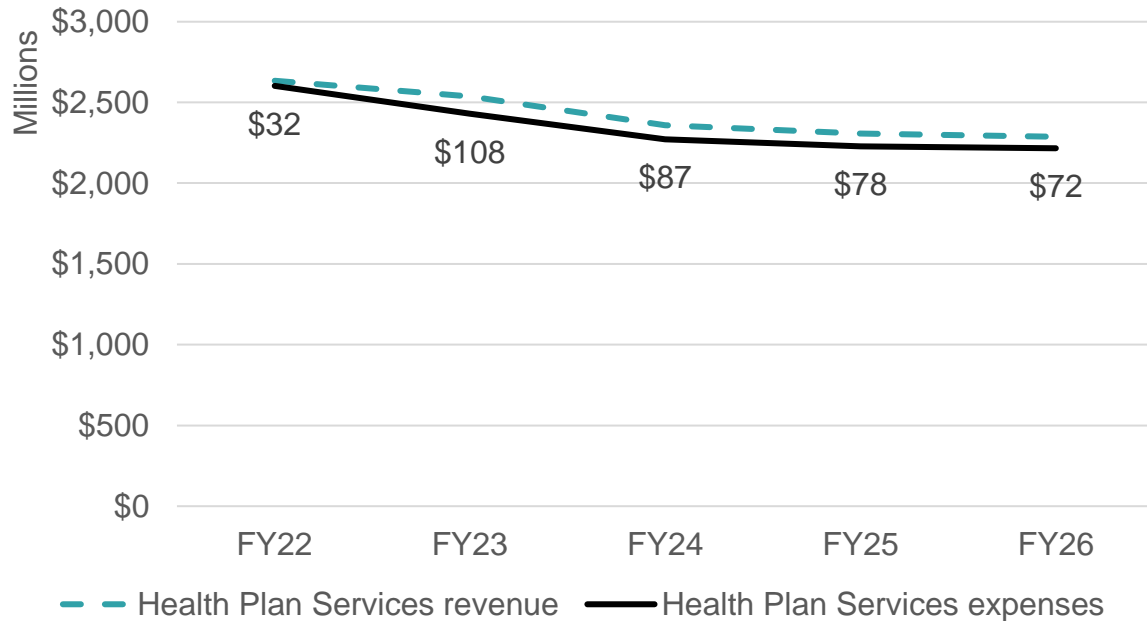
## Health Fund - Net Surplus/(Deficit) Projection



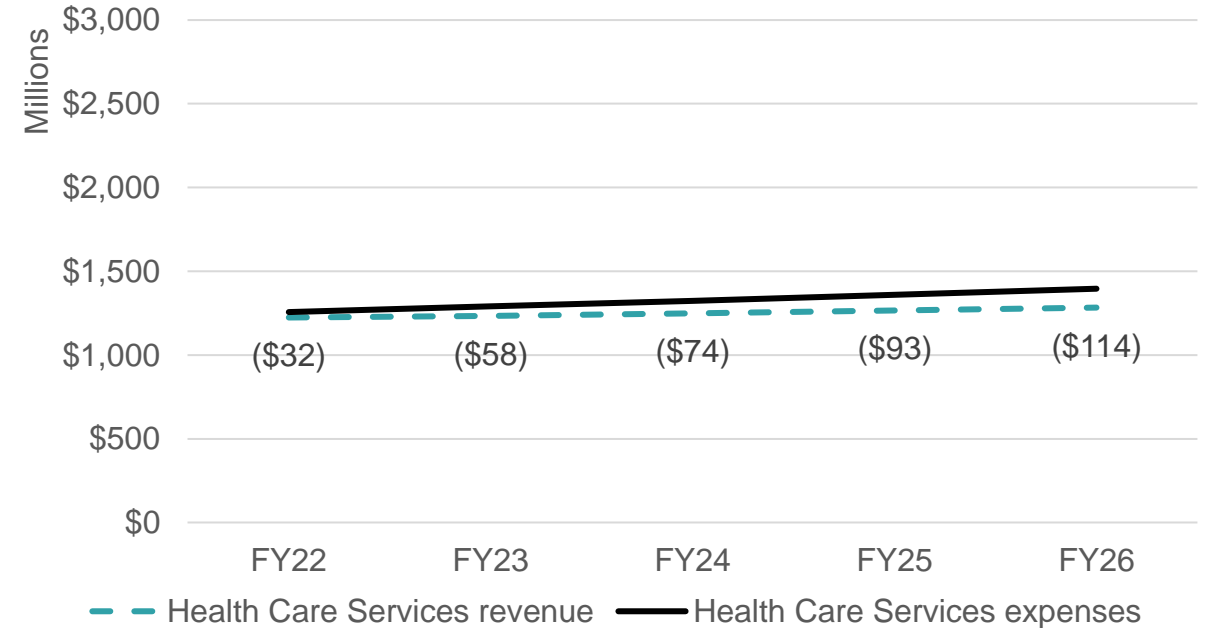
# Health Plan Services surpluses are projected to offset Health Care Services deficits



Health Plan Services (County Care) - Net Surplus/(Deficit) Projection



CCH-Health Care Services - Net Surplus/(Deficit) Projection



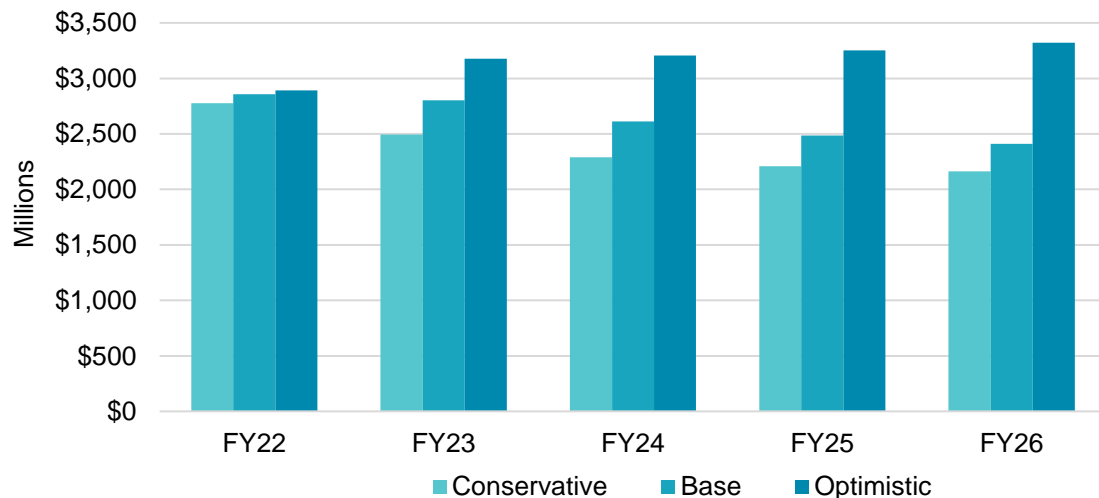
# HPS membership projections



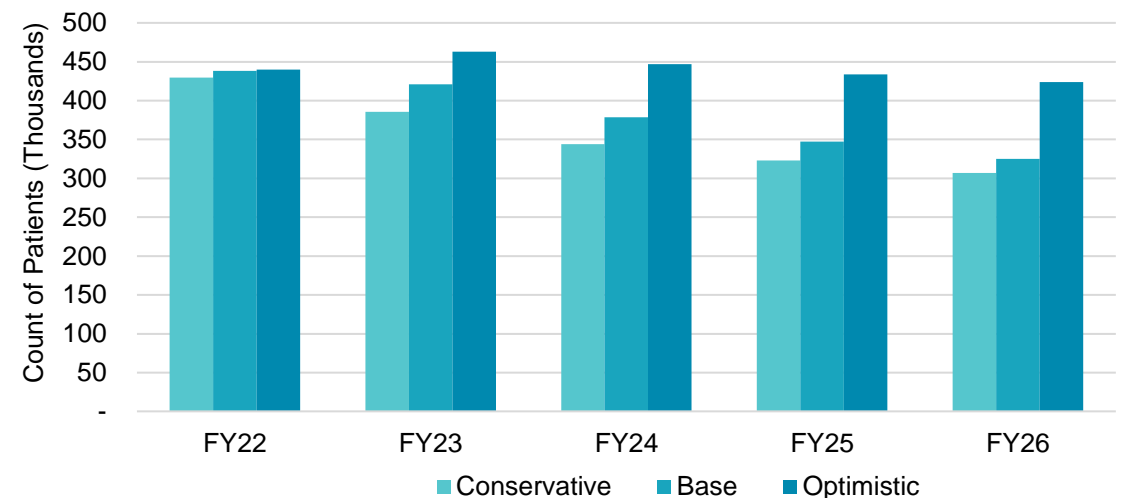
## Scenario Assumptions:

Scenario	Redeterminations Resumes	Attrition after Turned On	Next Month Choice Add Projection	Next Month No Reason Given Term Projection	No Reason Given Attrition	Future Month Auto-Enrollment	Auto-Enrollment Pool Projection
<b>Conservative</b>	Q3 2022	2.5%	Historical Average: 0.9K	Historical Adj. Projection: 2.9K	COVID Attrition: 11.2%	50%, February 2021 35%, July 2022	Historical average
<b>Base</b>	Q4 2022	2.5%	Historical Average: 0.9K	Daily Adj. Projection: 2.9K	COVID Attrition: 11.2%	50%, February 2021 35%, October 2022	EVH adjusted
<b>Optimistic</b>	Q1 2023	2.2%	Daily 834 Adj. Projection: 1.0K	Historical Adj. Projection: 2.6K	Historical Attrition: 10.2%	50%, February 2021 50%, through 2022	EVH adjusted

### CountyCare Projected Revenues through FY26



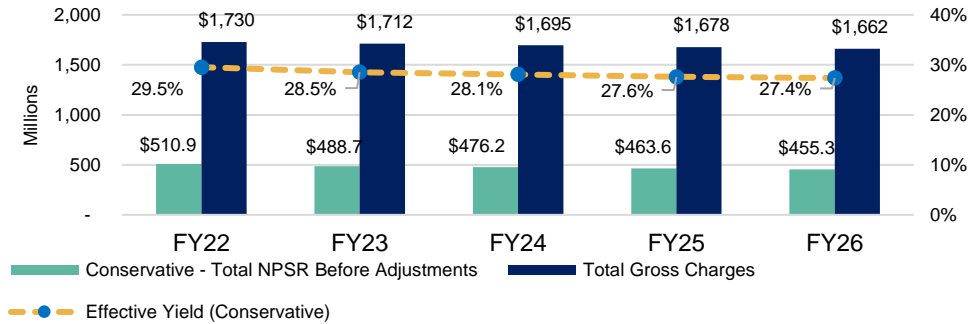
### CountyCare Average Monthly Membership Projections



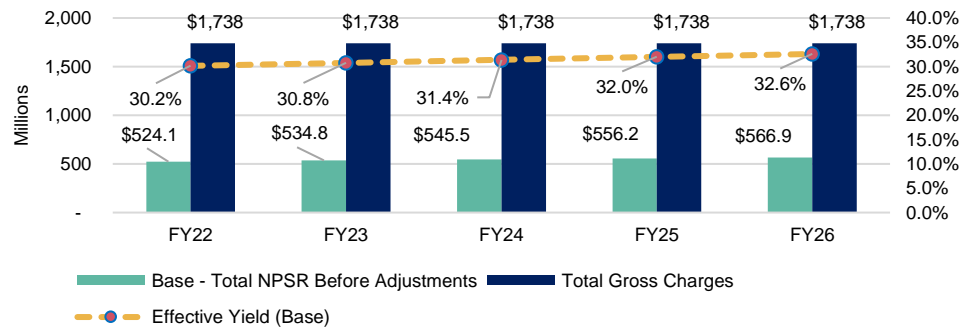
# NPSR projections



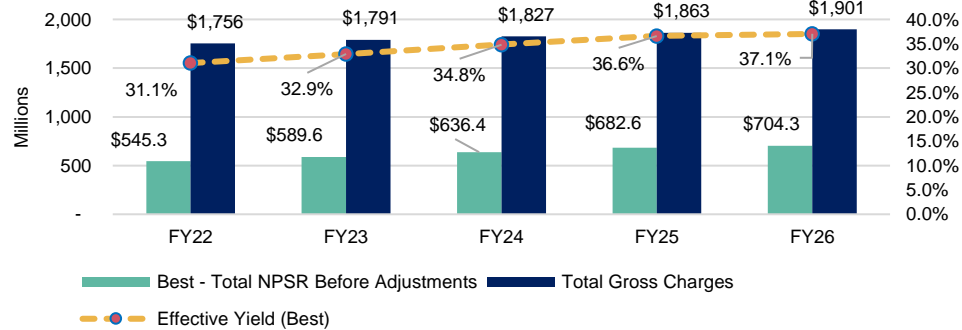
**Conservative Case: Average Yield through FY26**



**Base Case: Average Yield through FY26**



**Optimistic Case: Average Yield through FY26**



## Scenario Assumptions:

	Conservative	Base	Optimistic	Assumptions
<b>Gross Charges by Payer</b>				
<b>Gross Charges</b>	1% decrease each year	0%	2% increase each year	Conservative=Volume decline Baseline=Consistent volume Optimistic=Adjustment to pricing; volume increase
<b>Average Percent Payer Mix</b>				
<b>Self-Pay</b>	2% increase each year, max at total 38%	Constant	2% decrease each year, min at total 25%	Conservative=People lose coverage Baseline=People maintain current coverage Optimistic= Identifying coverage; State expansion
<b>Medicaid</b>	1% decrease each year	Constant	1% increase each year	Optimistic=Captures Self Pay
<b>CountyCare</b>	1% decrease each year	Constant	1% increase each year	Optimistic=Captures Self Pay
<b>Average Reimbursement Rate</b>				
<b>Reimbursement Rate</b>	1% increase only for Medicaid and MCO revenue	2% increase each year for Medicaid/Medicaid Managed Care	3% increase each year for Medicaid/Medicaid Managed Care each year	Conservative=Rates fall below inflation Baseline=Consistent with inflation Optimistic=Higher than inflation

## Growth Trends 5-Yr. CAGR:

	Projected Inpatient Growth	Projected Outpatient Growth
<b>Cardiovascular</b>	-10.00%	10.90%
<b>General Surgery</b>	-4.20%	6.30%
<b>Oncology</b>	-3.30%	1.40%
<b>Orthopedics</b>	-8.30%	28.30%
<b>Women's Services</b>	-5.60%	8.50%
<b>Neurosciences</b>	5.70%	24.70%

# Chart of Accounts process overview



## Hierarchy Review and Budget Finalization

- ✓ Meet with Budget, ERP and Comptroller's Office to review the proposed hierarchy, budget and account changes for CCH and HPS COA
- ✓ Incorporate feedback and adjust based on input

## Establishment of Test Environment

- ✓ Submit tickets for the establishment of a test environment and addition of new revenue accounts and hierarchical relationships
- ✓ Load budget values into appropriate object accounts as agreed to in step 1

## Monthly Tests and Reconciliations

- Reviewing current production environment and reconcile transactions for previous months against the test environment new account structure
- Document procedures and source documents needed as necessary
- Adjust account structure with Budget and CCH from step 1 where appropriate

## Report Review and Adjustment

- ✓ Make corresponding changes in other environments (I.E. Hyperion and BI) and monitor the impact of COA changes to reports
- ✓ Adjust reports according to design and intent of the COA change

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# Other forecasting considerations

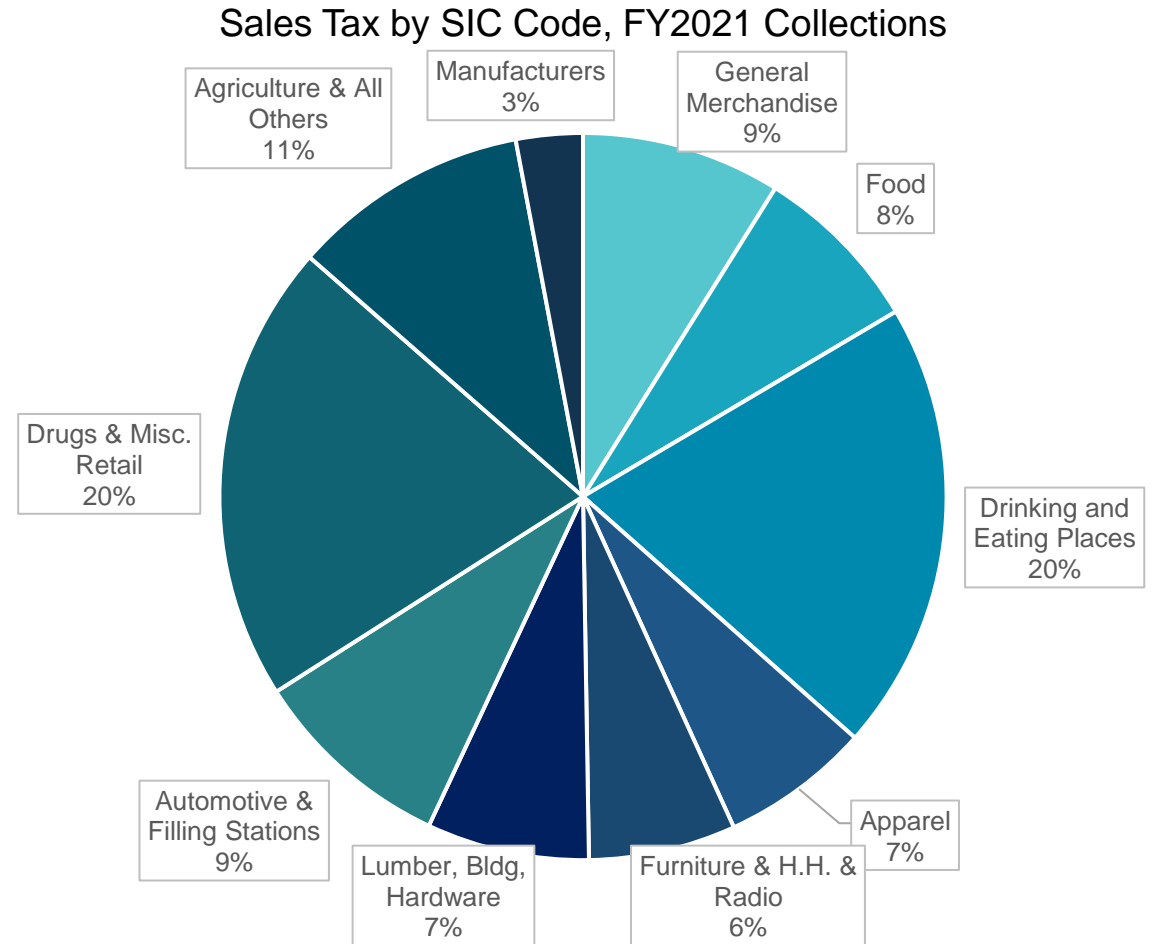


# Inflationary impacts

# Inflation has impacted the sales tax base



CPI Expenditure category	Unadjusted percent change, March 2021-March 2022
All items	8.5
Food at home	10.0
Food away from home	6.9
Energy	32.0
Motor fuel	48.2
Electricity	11.1
Utility (piped) gas service	21.6
All items less food and energy	6.5
Commodities less food and energy commodities	11.7
Apparel	6.8
New vehicles	12.5
Used cars and trucks	35.3
Medical care commodities	2.4
Alcoholic beverages	3.7
Tobacco and smoking products	6.9
Services less energy services	4.7
Shelter	5
Medical care services	2.9
Transportation services	7.7

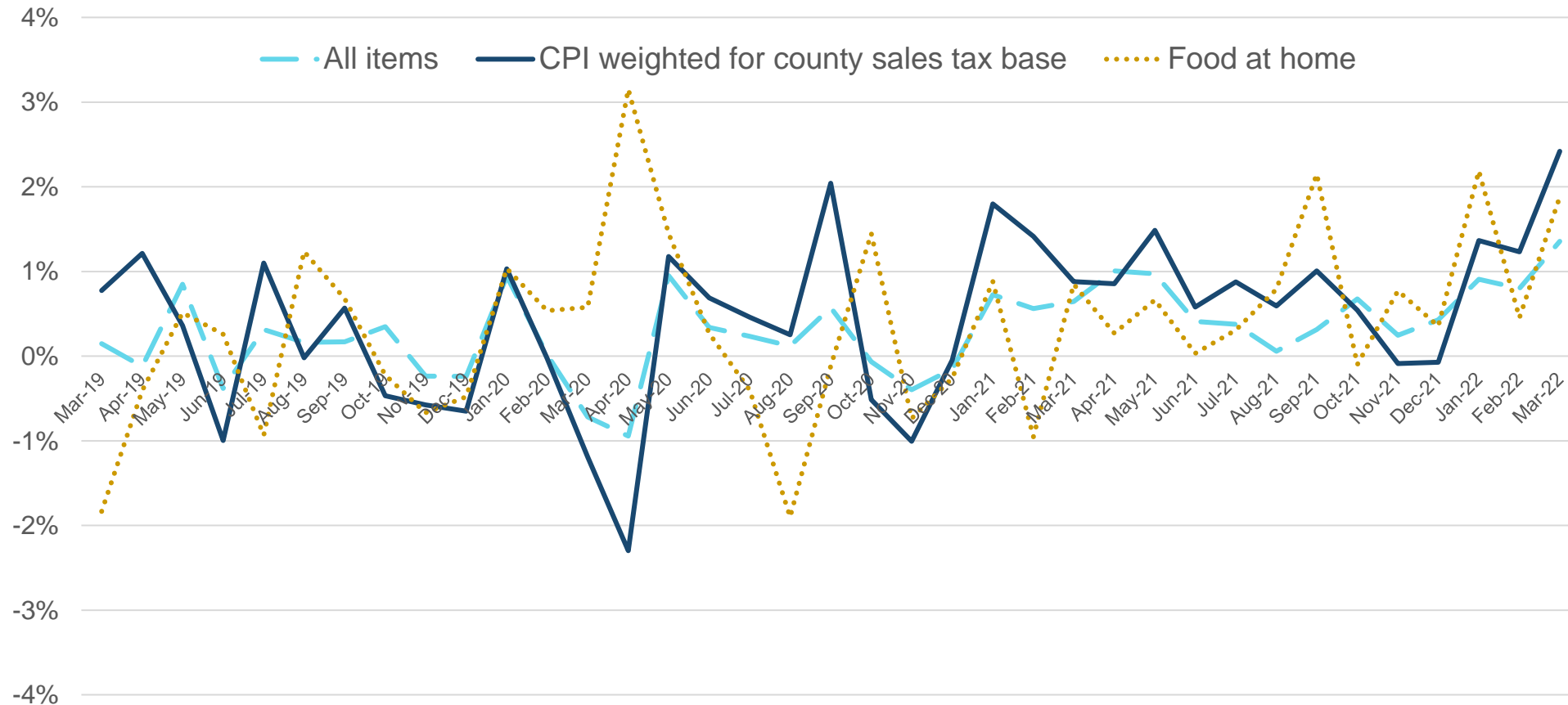




# Inflation on items in the county sales tax base has varied from other categories



Percent change in CPI for all urban consumers - Chicago MSA, not seasonally adjusted



Source: U.S. Bureau of Labor Statistics Consumer Price Index and Illinois Department of Revenue data

# Several revenues are potentially sensitive to inflation



## Percentage Taxes

- 401150-County Sales Tax
- 401170-County Use Tax
- 401350-Amusement Tax
- 401370-Parking Lot and Garage Operation
- 401470-General Sales Tax
- 401550-Hotel Accommodations Tax
- 401580 - Cannabis Tax
- 401590 - Sports Wagering Tax

## Volume Taxes

- 401130-Non Retailer Trans Use Tax
- 401190-Gasoline / Diesel Tax
- 401210-Alcoholic Beverage Tax
- 401230-New Motor Vehicle Tax
- 401430-Cigarette Tax
- 401450-Other Tobacco Products

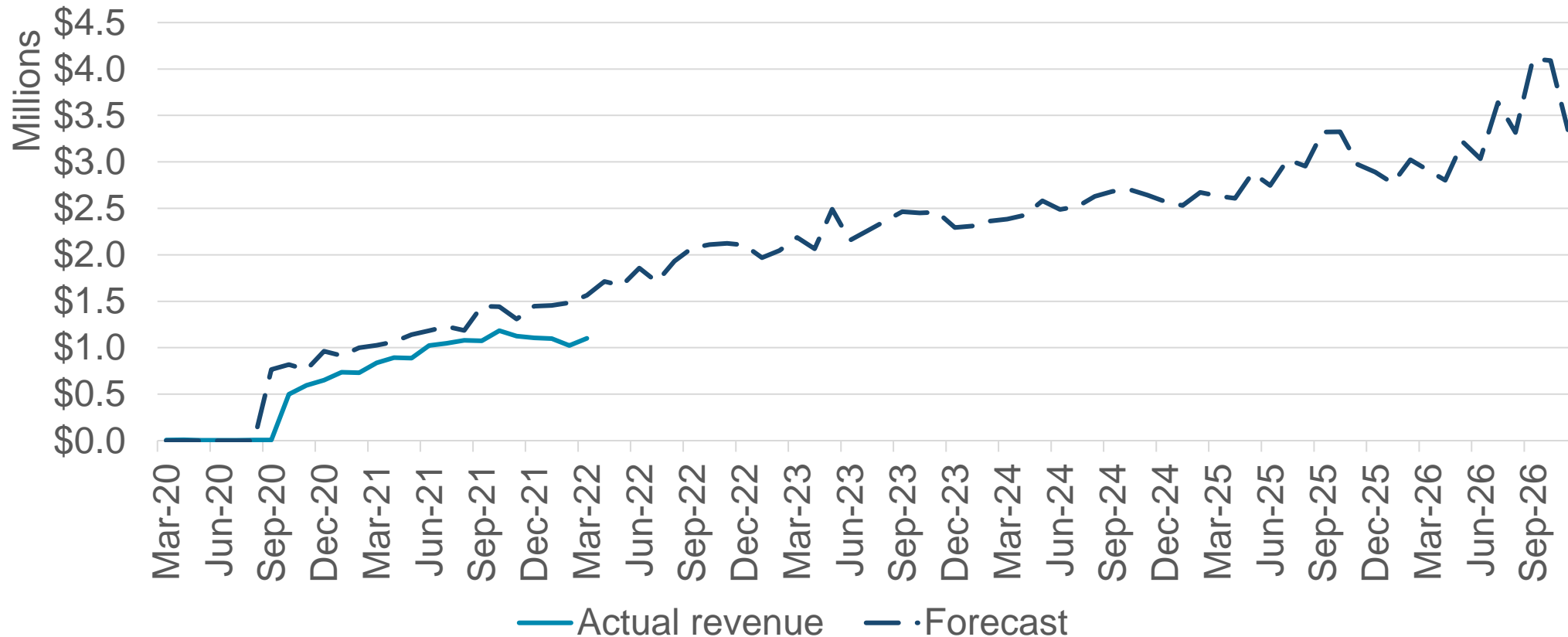


# Cannabis taxes

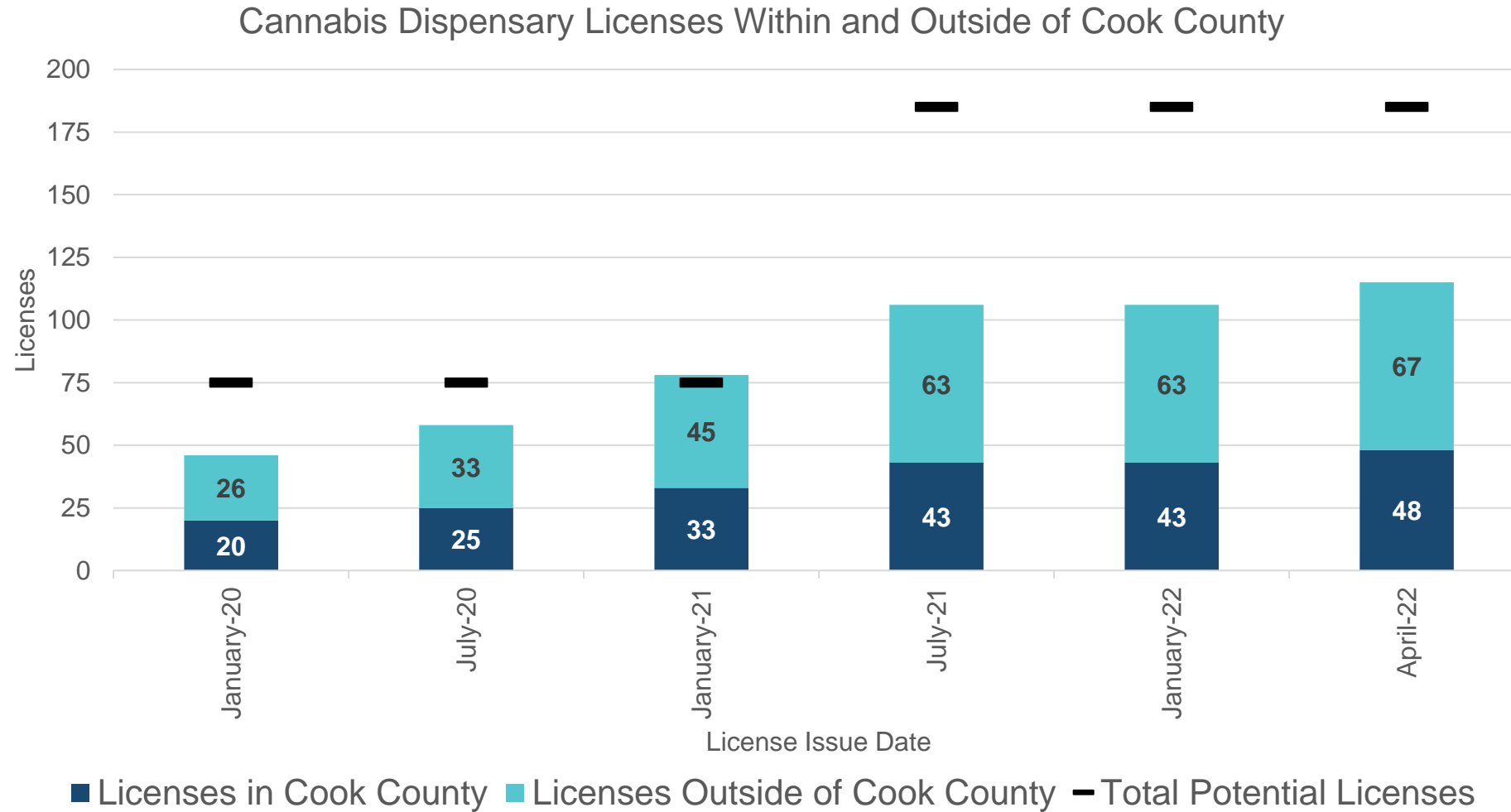
# Cannabis Tax revenue has not reached forecasted levels



Cannabis tax revenues, actual and forecast



# 115 dispensary licenses have been issued, with 70 remaining





# Gas tax

# Historically, gas prices have fluctuated greatly



Weekly Chicago All Grades All Formulations Retail Gasoline Prices (Dollars per Gallon), April 2007-22

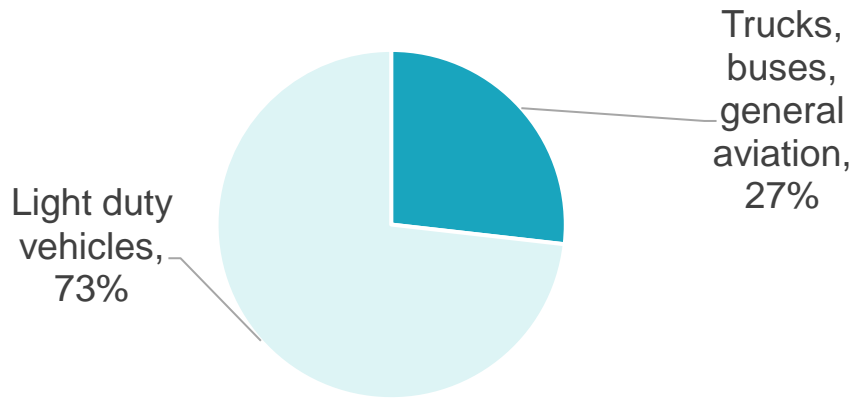


Source: U.S. Energy Information Administration, April 11, 2022

# Who consumes fuel?

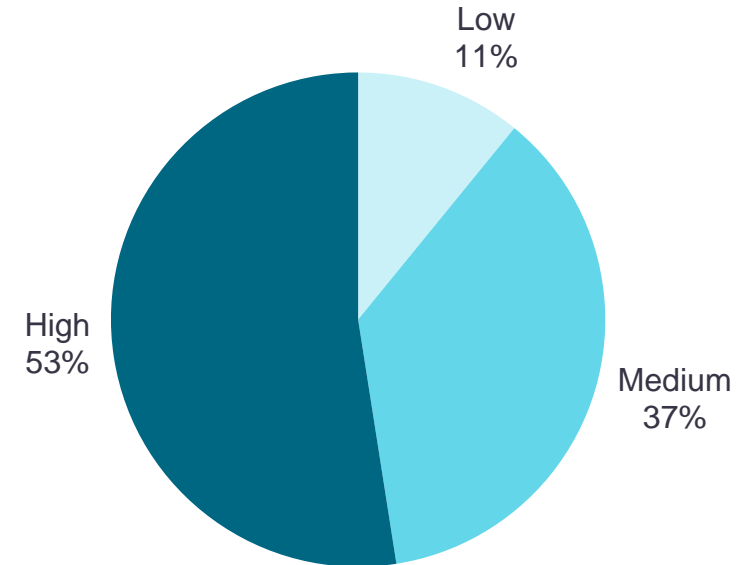


United States gasoline and diesel consumption by mode, 2019



Source: U.S. Bureau of Transportation Statistics

Share of total passenger miles driven by income level of household, northeastern Illinois



Note: A household with low income is defined as a one with 60 percent or less of the Chicago MSA median income, by household size. A household with medium income is defined as one with between 60 and 140 percent of the Chicago MSA median income, by household size. A household with high income is defined as one with 140 percent or more of the Chicago MSA median income, by household size.

Source: Chicago Metropolitan Agency for Planning

A household with low income might spend \$20 annually on Cook County's gas tax depending on their vehicle fuel economy, 0.05% of income for a household with \$40,000





# Alternative revenue methodology

# Alternative Revenue Methodology Outline



## General Fund

- Economic Conditions
- Moody's Analytics

## CountyCare

- Membership
  - Auto-assignment
  - Redetermination
- PMPM

## NPSR

- Volume
- Payor Mix
- Payor Rate

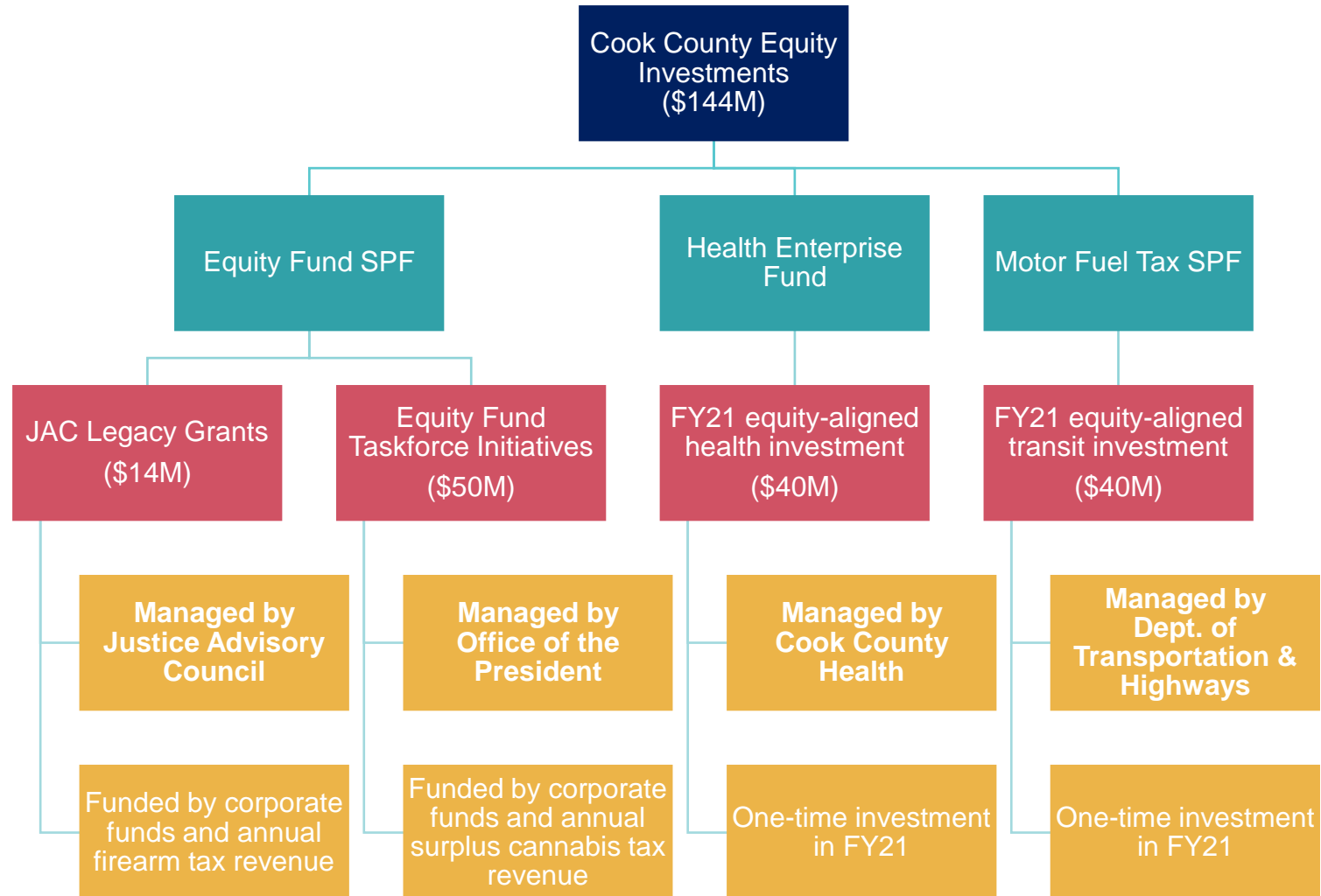
Across all funds, alternative revenue forecasting will be adjusted to specifically account for any exceptional conditions, such as COVID-19, economic stimulus payments, and suspension of Medicaid redeterminations. When appropriate, upside and downside risks will be identified and quantified when possible.



# Equity Fund

# Cook County Equity Fund Investments

Strategic investments in justice initiatives, economic development, healthcare, and transportation





# Next Steps



# FY2023 Budget Calendar

Preliminary  
Forecast  
Released



July

President's  
Executive  
Recommendation  
Released



Late  
October

Budget  
Amendments &  
Vote on  
Appropriation Bill



June

Public Townhall &  
Mid-Year Budget  
Hearings



Early  
October

Public Townhalls &  
Department  
Budget Hearings



November

# Upcoming Dates



May						
S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

June						
S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30		

July						
S	M	T	W	T	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

August						
S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

June 23: Prelim Forecast released  
June 30: IRFC Meeting

July 28: IRFC Quarterly Meeting

August 31: IRFC Meeting

## FY22-FY23 IRFC Meetings

Thursday, June 30<sup>th</sup>

Thursday, July 28<sup>th</sup>

Wednesday, August 31<sup>st</sup>

Monday, October 31<sup>st</sup>

Tuesday, January 31<sup>st</sup> 2023

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# Public Comment





Adjournment