



IRFC

Preliminary Forecast

June 30, 2022





Roll call



Opening remarks

Agenda

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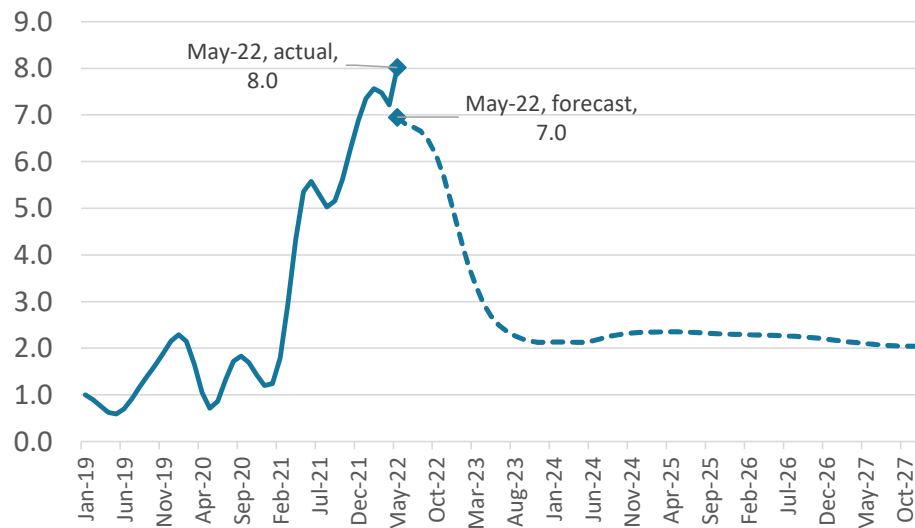
Economic update

Overall Economic Indicators

Inflation is anticipated remain elevated, but its growth is expected to lessen during the remainder of 2022.

U.S. economic growth has picked up during 2nd quarter 2022 but forecasted growth has been revised downward.

Year over year percent change in Consumer Price Index, Chicago MSA, actual and forecasted, 2019-27



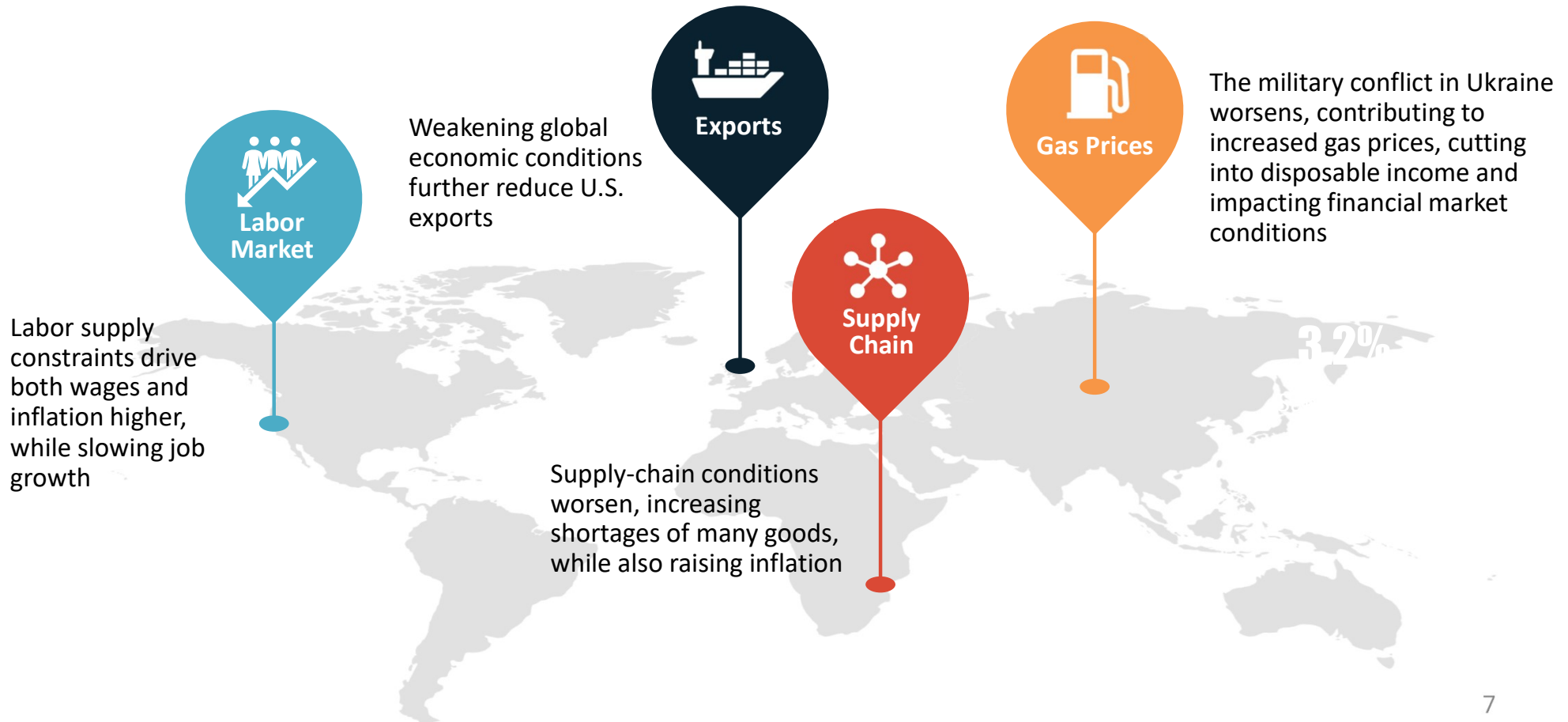
Source: Moody's Analytics, May 2022

Real GDP forecasts

Year	Federal Reserve	Moody's	Survey of Professional Forecasters	
			Wall Street Journal	
2022	1.7%	3.1%	2.5%	2.6%
2023	1.7%	2.3%	2.3%	2.2%
2024	1.9%	2.2%	2.0%	2.1%
2025	1.8%	2.1%	2.3%	2.1%

Source: Federal Open Market Committee, June 2022; Moody's Analytics, May 2022; Survey of Professional Forecasters, May 2022; Wall Street Journal Economic Forecasting Survey, April 2022

Economic Risks

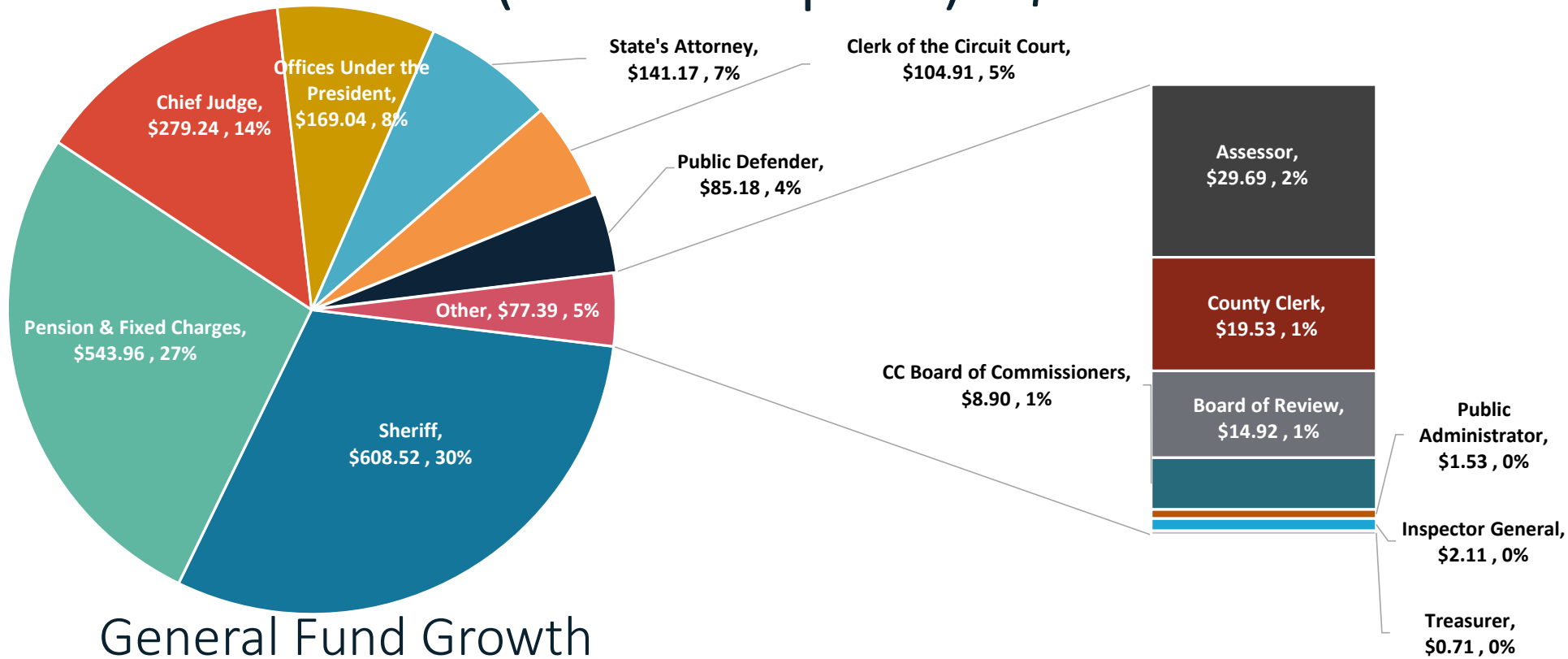




Preliminary forecast



General Fund (FY22 adopted): \$2.00 Billion



General Fund Growth

The General Fund grew by \$113M (or 6%) from FY21, due to increases in personnel to support priority initiatives, continued investment in technology, transportation, environmental planning, and initial equity investments.



FY2022 Preliminary Year-End Projections

General Fund surplus of \$233.4M
forecasted for the year-end led by:



Revenue Increases

Inflation has led to overall increases in certain tax collections, including sales tax. Robust housing market has led to increases in fee collections for the County Clerk.

1

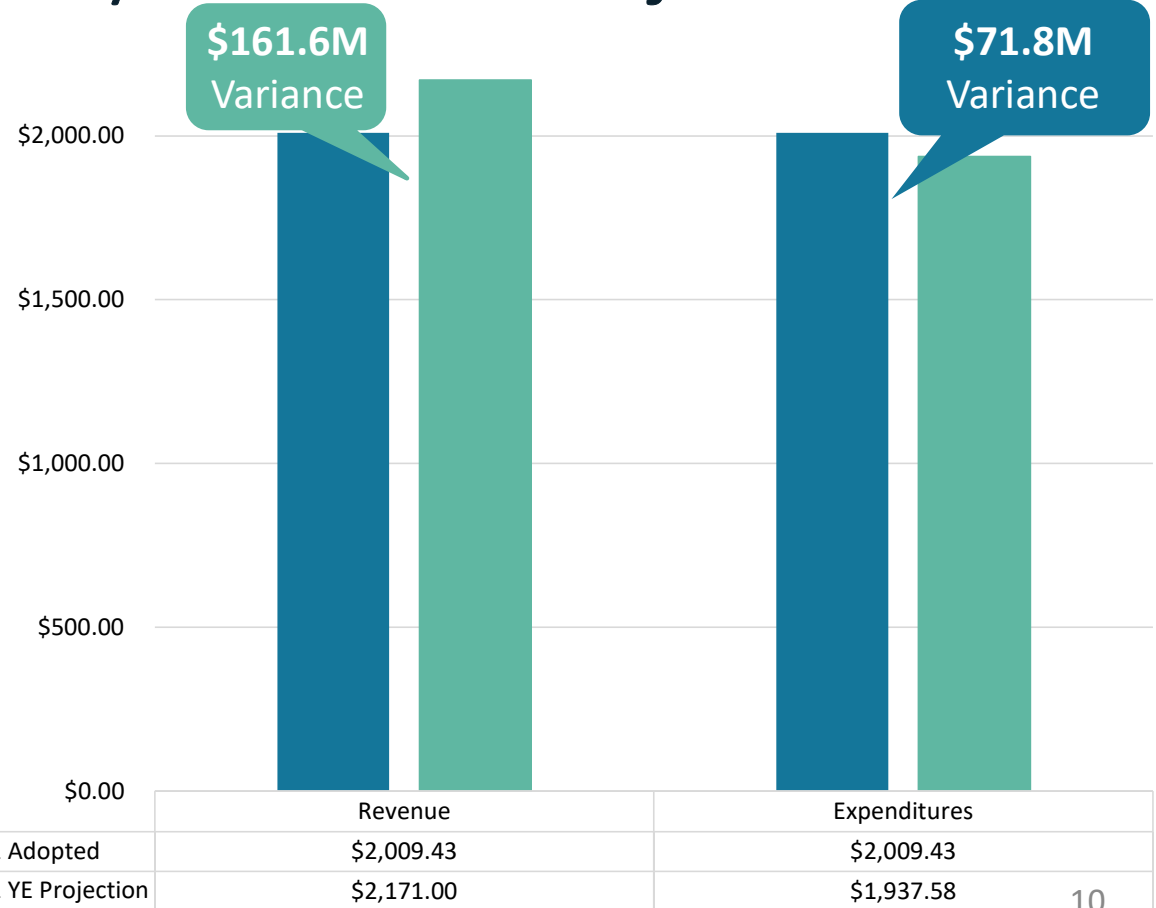
One-time Revenue Collections

Increases in unanticipated one-time revenue sources such as the County's PPRT allocation and volume of late property tax payments.



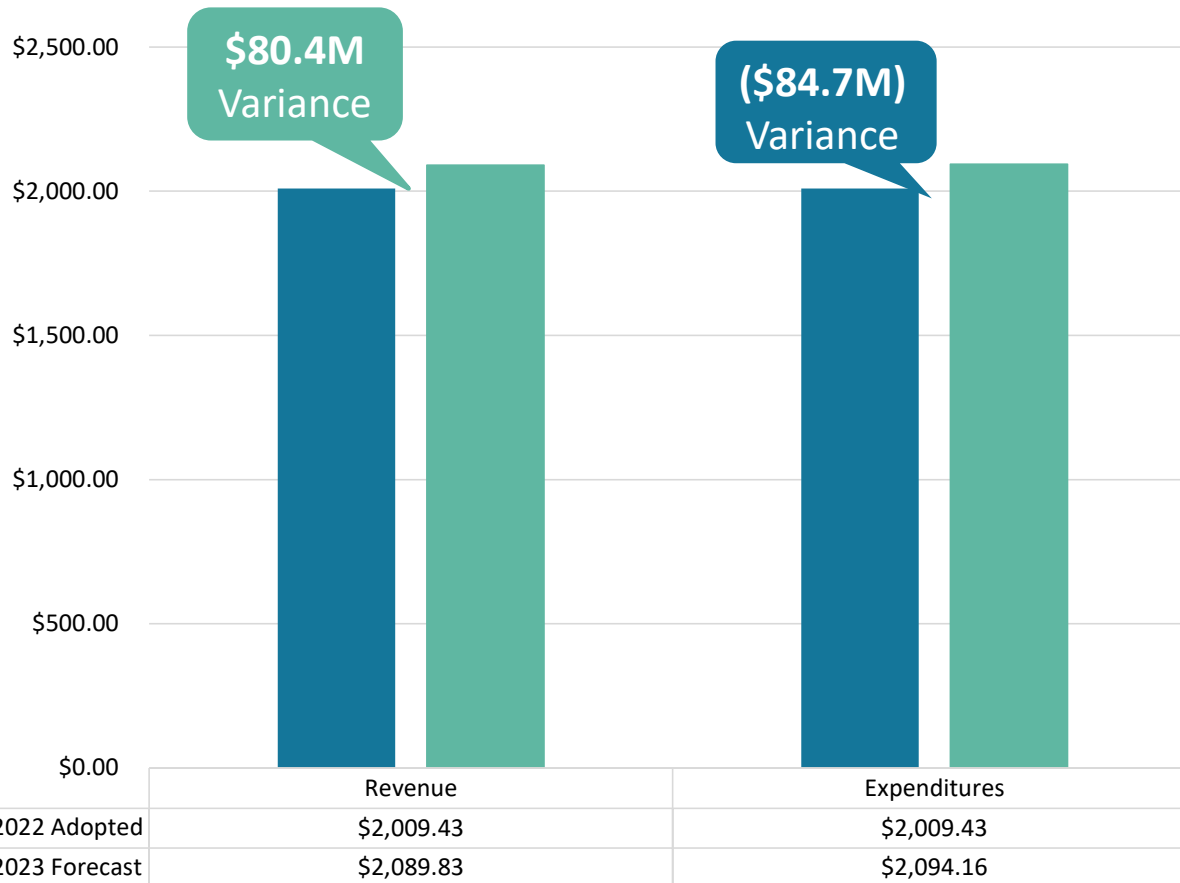
Tight Labor Market

Cook County, like many employers, is experiencing longer hiring timeframes leading to payroll savings.





FY2023 Preliminary Forecast



General Fund gap of (\$4.3M) forecasted for the year-end led by:



Revenue Increases

Continued positive growth in County non-property tax revenue, including sales tax, year-over-year.



Increased Labor Costs

Increased cost of personnel per negotiated salary schedules.

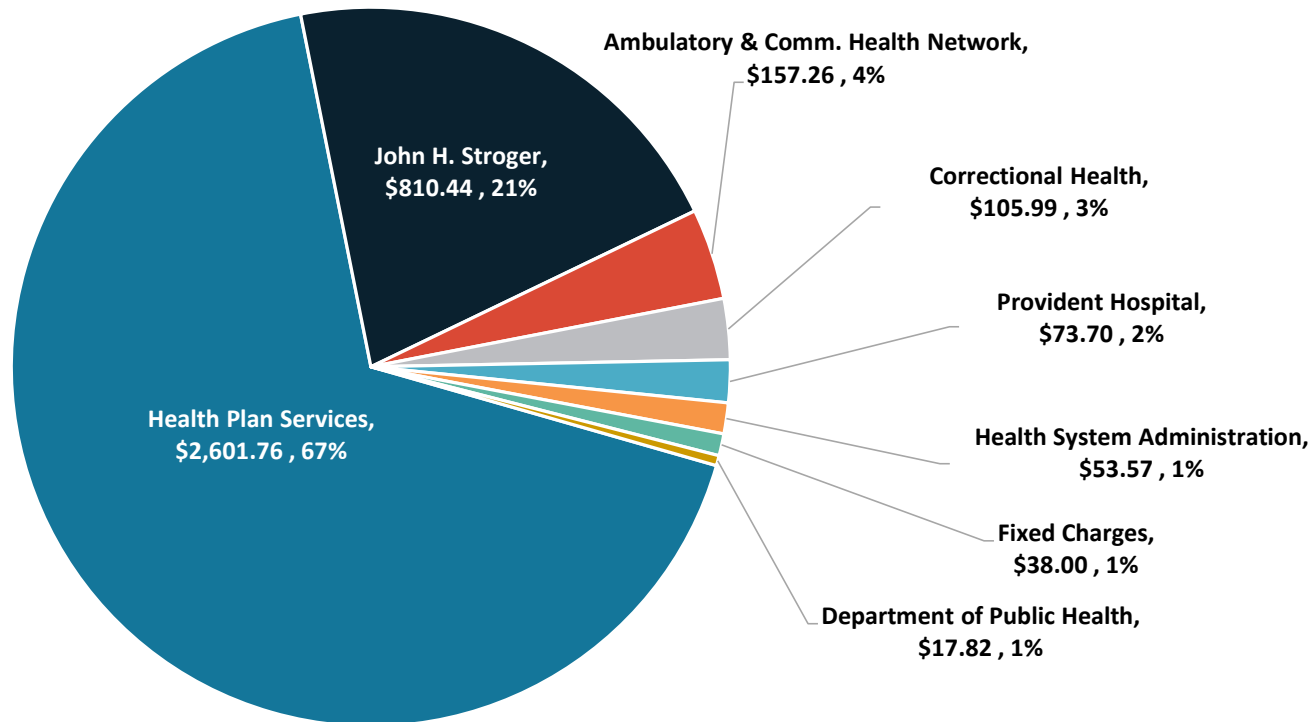


Increased costs for goods and services

Inflationary impact on goods and services, with costs for rent and food expenses increasing.



Health Enterprise Fund (FY22 adopted): \$3.86 Billion



Health Enterprise Fund Growth

The Health Enterprise Fund grew by \$471M (or 14%) from FY21, due to increases in CountyCare membership, personnel to support service expansion, and continued expansion of public health initiatives in the wake of the COVID-19 pandemic.

FY2022 Preliminary Year-End Projections

Health Enterprise Fund surplus of \$29.3M forecasted for the year-end led by:



CountyCare Membership

Continued suspension of redeterminations and favorable auto-enrollment percentage through end of year.



Tight Labor Market

CCH continues to experience a very tight healthcare labor market, especially within the nursing field. Savings are offset, however, by cost of contract labor.



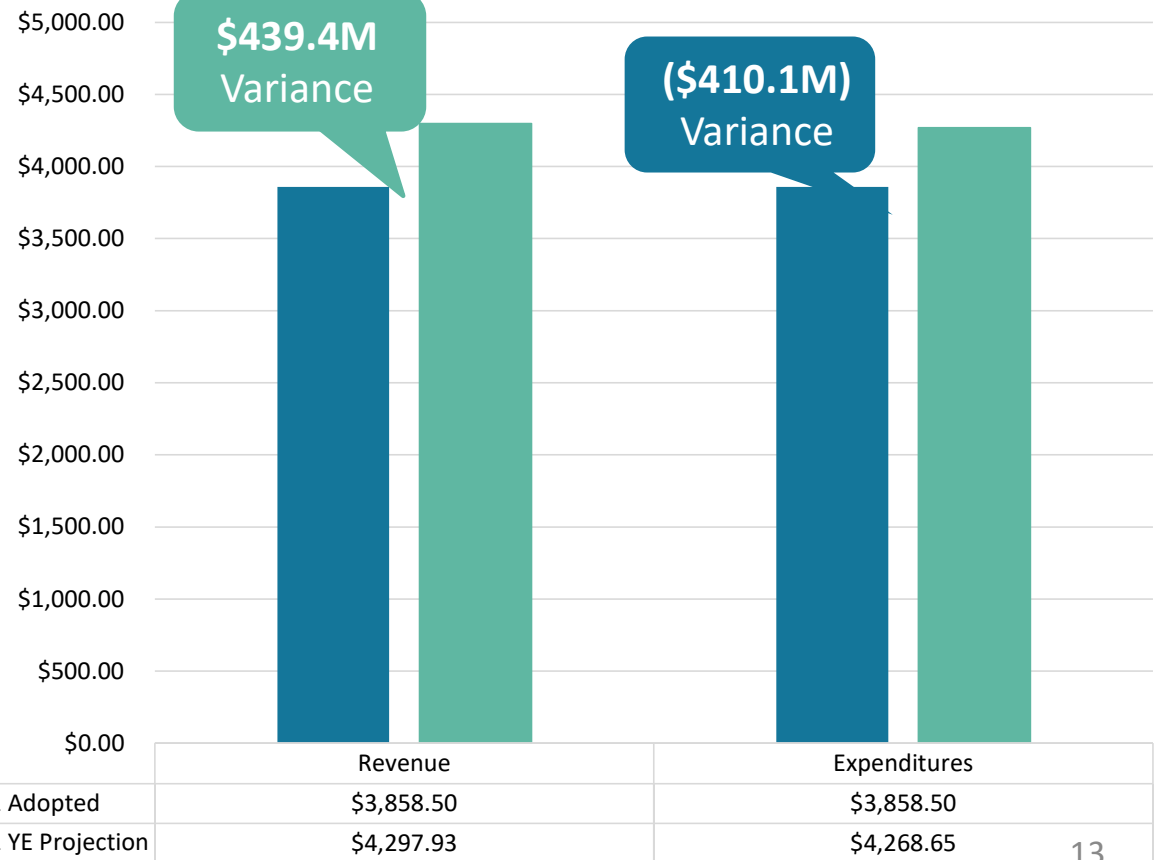
Federal Reimbursements

Continued federal COVID-19 cost reimbursements.



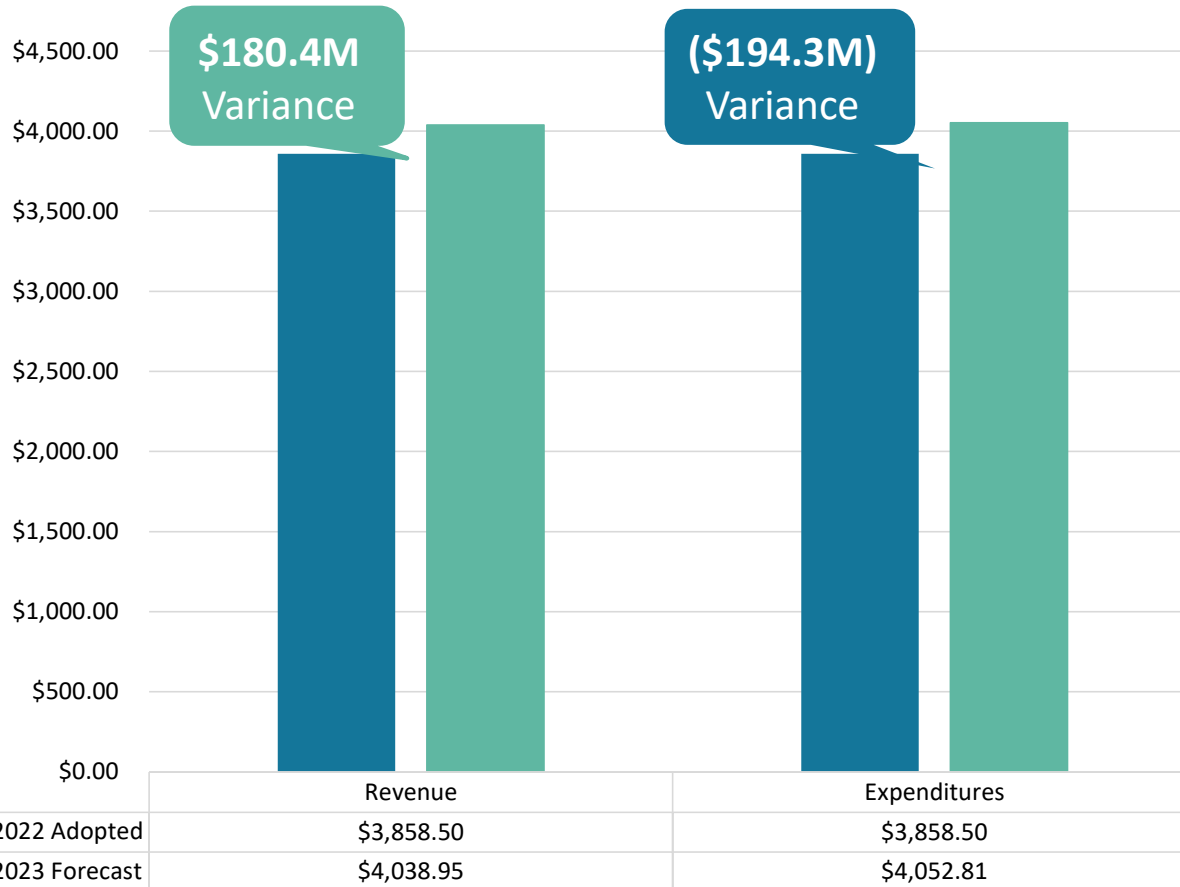
Cost Increases

Inflationary impact on the cost of goods and services, including food services.





FY2023 Preliminary Forecast



Health Enterprise Fund gap of (\$13.9M) forecasted for FY2023 led by:



CountyCare Membership

Anticipate redeterminations to commence, and a reduction in the auto-assignment percentage, in October of 2022.



Increased Labor Costs

Increased cost of personnel per negotiated salary schedules and anticipated increase in contract labor.



Discontinuance of Federal COVID Reimbursements

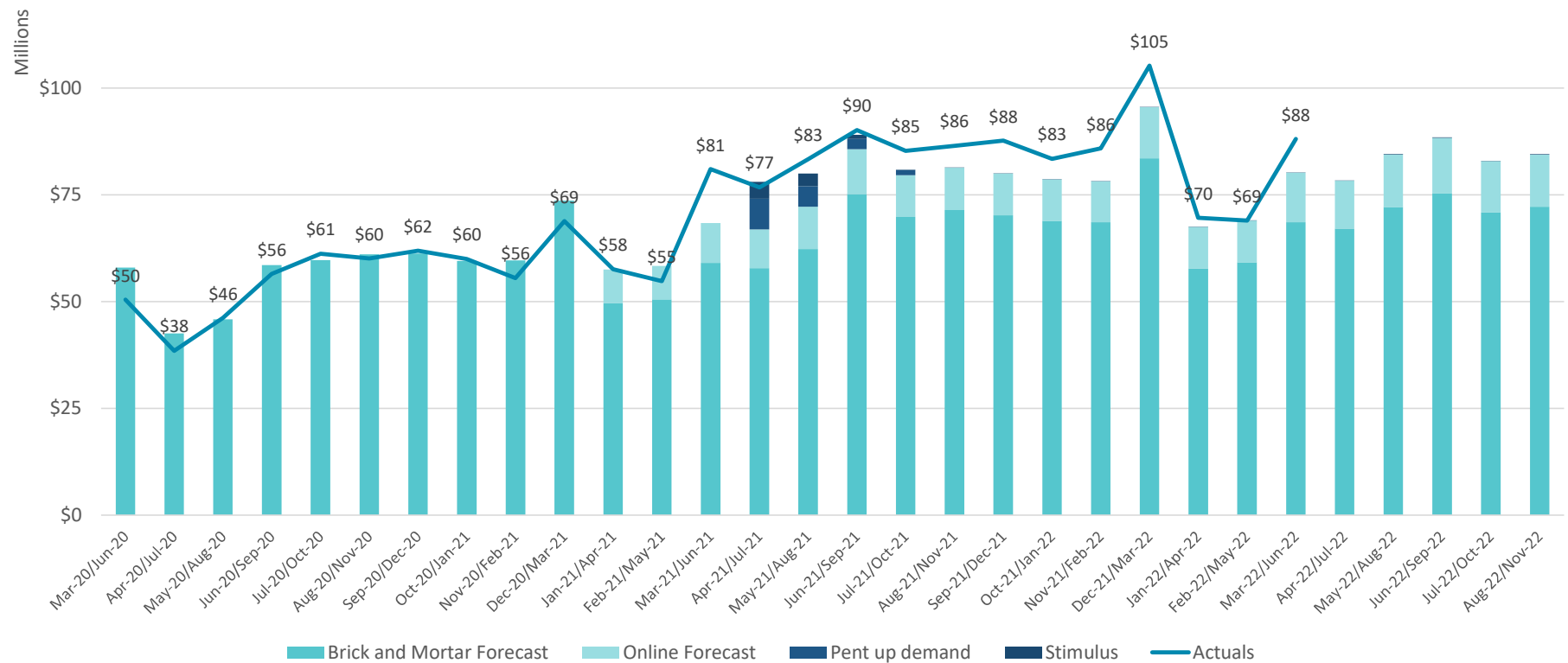
Anticipated discontinuance of federal reimbursements to cover COVID-19 costs, such as FEMA Public Assistance.

Long-term forecast update

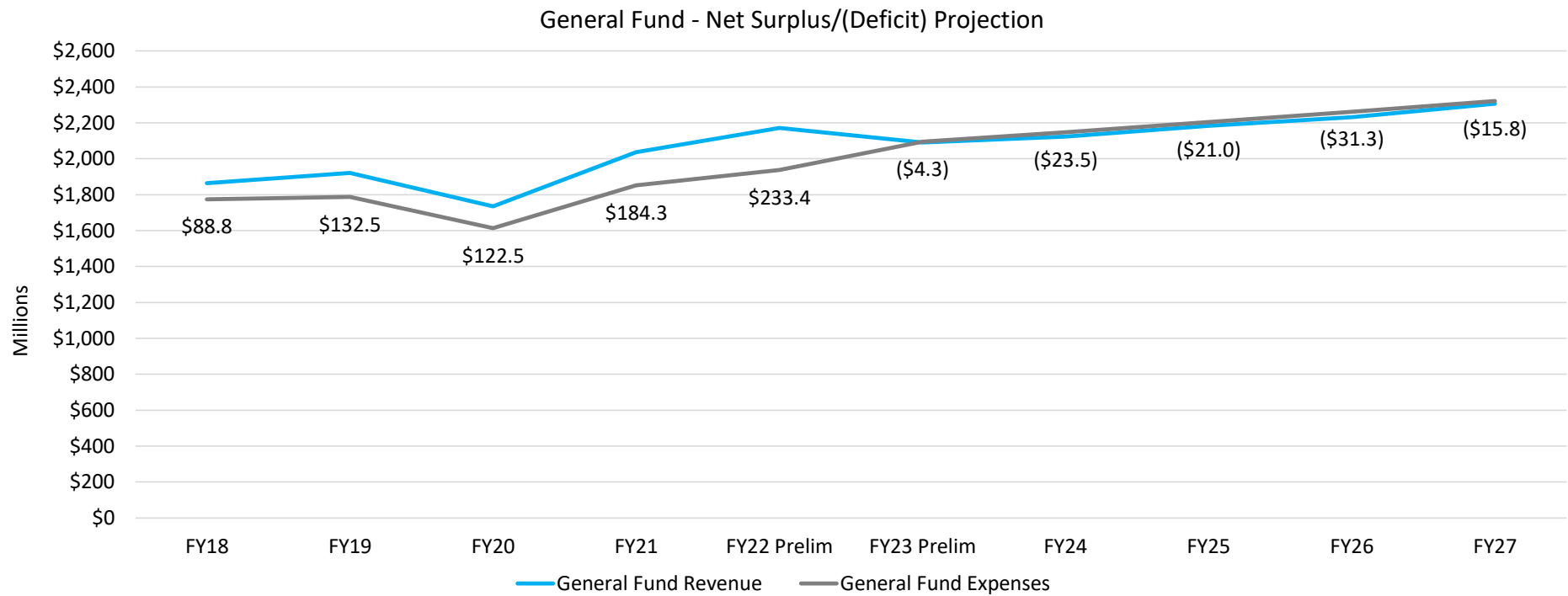
General Fund forecast changes

Changes in General Fund forecasts since 4/27/2022, in millions	FY23	FY24	FY25	FY26
Property Taxes	\$14.7	\$2.4	\$3.4	\$9.8
County Sales Tax	\$46.0	\$34.2	\$19.3	\$10.7
County Use Tax	\$0.0	\$5.0	\$5.2	\$5.3
Gasoline / Diesel Tax	\$0.0	-\$3.5	-\$3.5	-\$3.5
Amusement Tax	\$0.0	-\$2.5	-\$2.6	-\$2.7
Parking Lot and Garage Operation	\$0.0	\$2.4	\$2.4	\$2.5
Cigarette Tax	\$0.0	\$1.9	\$1.3	\$0.9
Other Tobacco Products	\$0.0	\$1.5	\$1.9	\$2.3
General Sales Tax	\$1.6	\$1.7	\$1.9	\$2.0
Hotel Accommodations Tax	\$0.0	-\$1.3	-\$1.4	-\$1.4
County Clerk	\$4.8	-\$2.8	-\$3.0	-\$3.2
Miscellaneous Revenue	-\$1.2	-\$1.2	-\$1.2	-\$1.3
Other	-\$7.7	-\$7.9	-\$8.0	-\$8.2
Other changes	\$0.0	\$0.9	\$0.5	\$0.1
Total	\$58.2	\$30.7	\$16.1	\$13.2

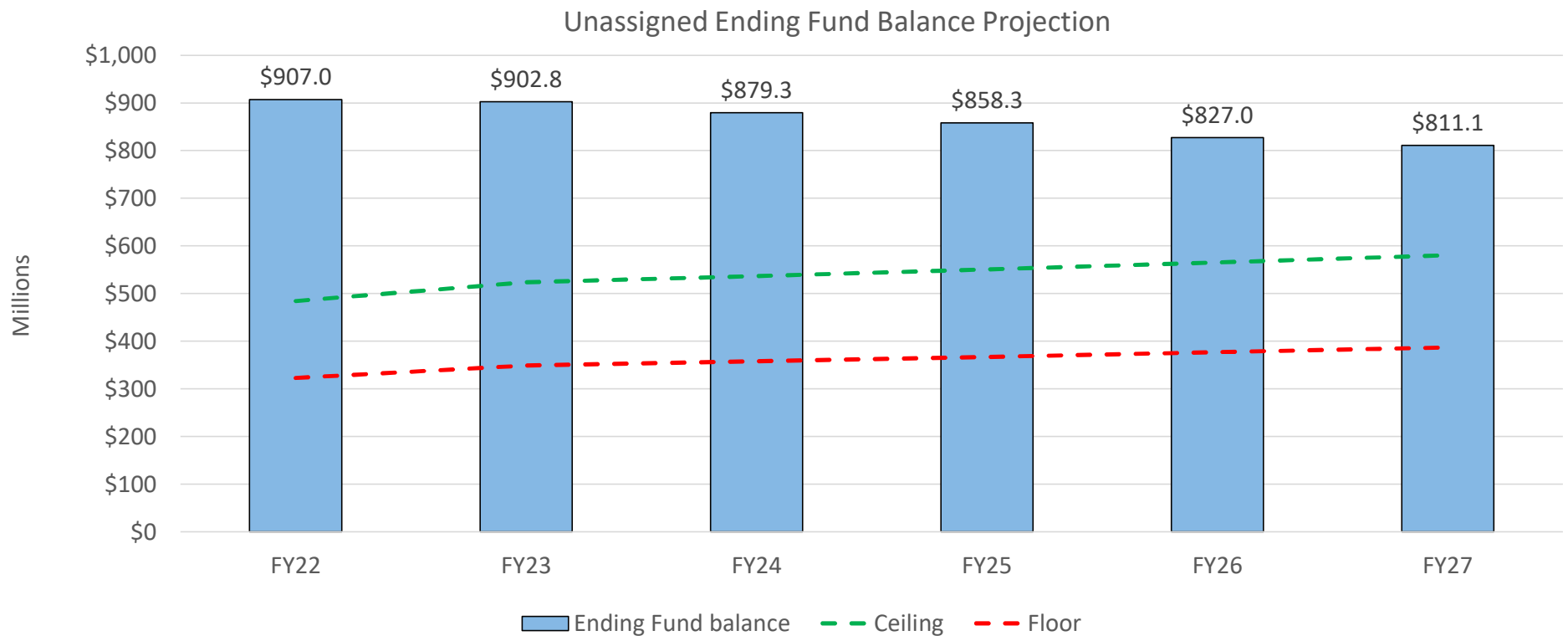
Sales tax forecast compared to actual revenue



Long-term fiscal planning



Unassigned ending fund balance



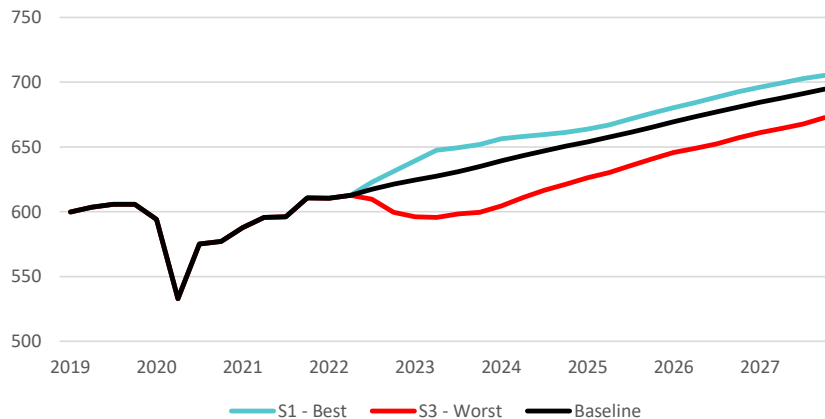
*Floor is two months of projected General Fund expenses, and ceiling is three months.

Alternative scenarios

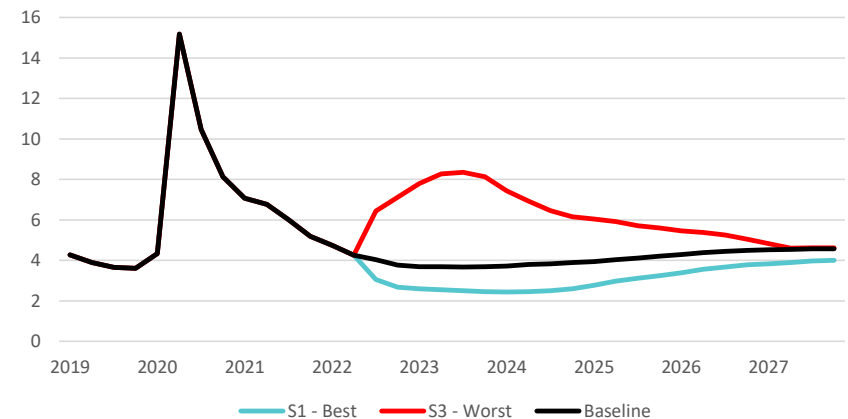
Summary of Ongoing Process

- 1) Identify the economic indicator for a specific revenue stream that has the highest correlation to historic data
- 2) Obtain up to date scenario forecasts for the baseline, S1, and S3 scenarios, which represent the 50th, 10th, and 90th percentile forecasts of potential economic conditions
- 3) Perform a regression analysis for each scenario and measure the percent variance from the base line estimate for each of the out years.
- 4) Apply that percent change to the baseline out year estimate to develop the best and worst case scenarios.
- 5) Review the results with subject matter experts for reasonableness and adjust accordingly.
- 6) Perform steps 1–5 for each economically sensitive revenue source.

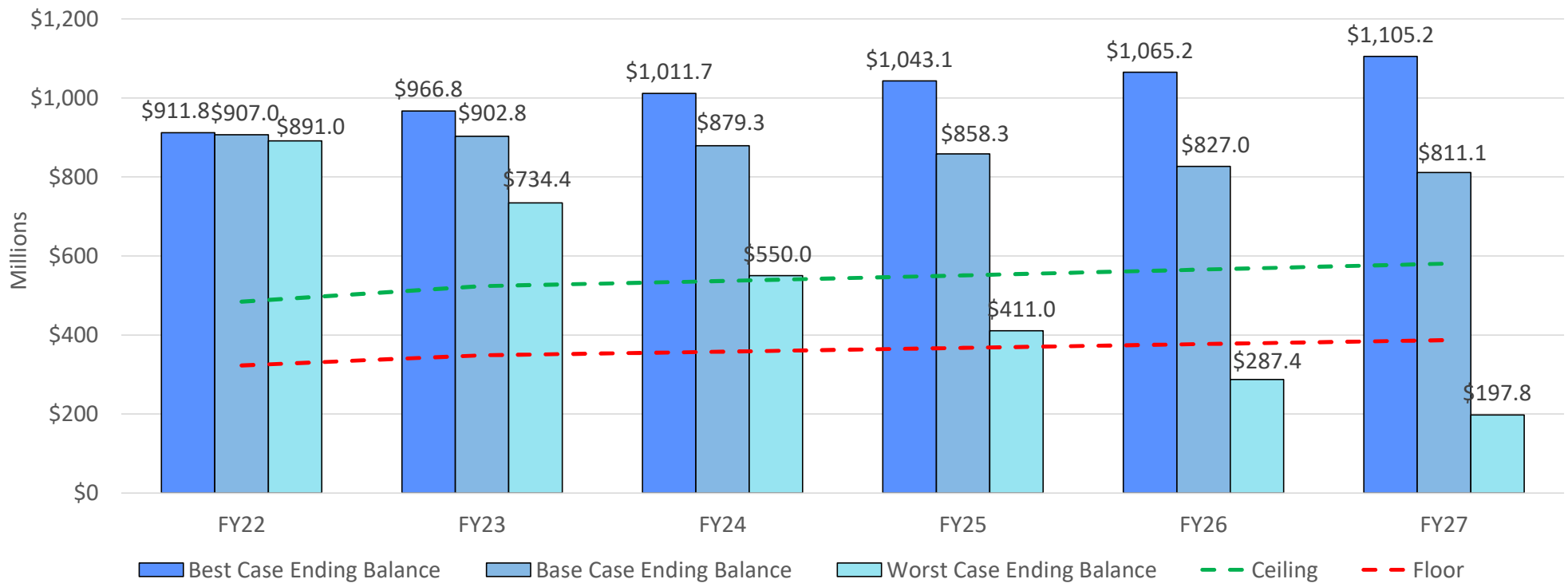
Constant GMP Scenarios



Unemployment Rate Scenarios

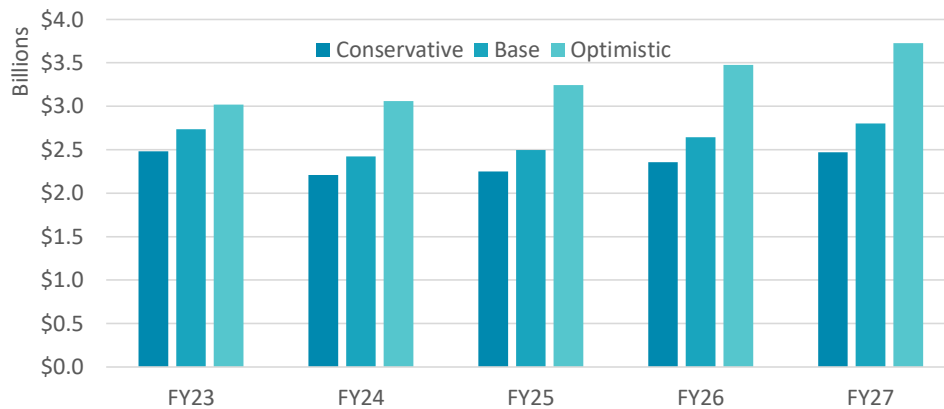


Unassigned ending fund balance scenarios

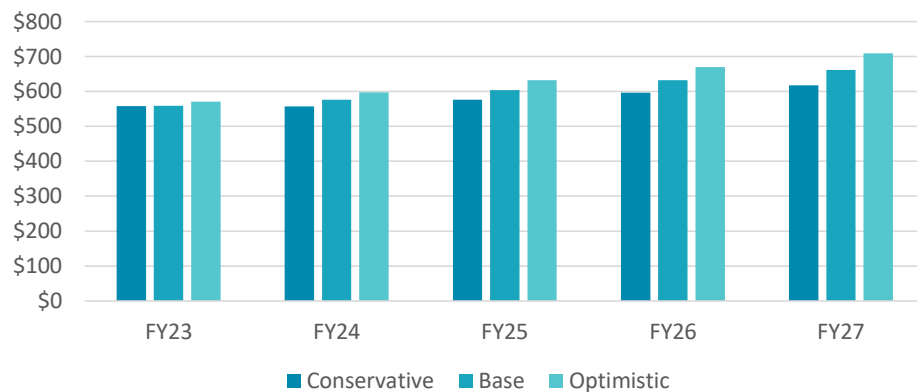


Health Fund: HPS membership projections

CountyCare Projected Revenues



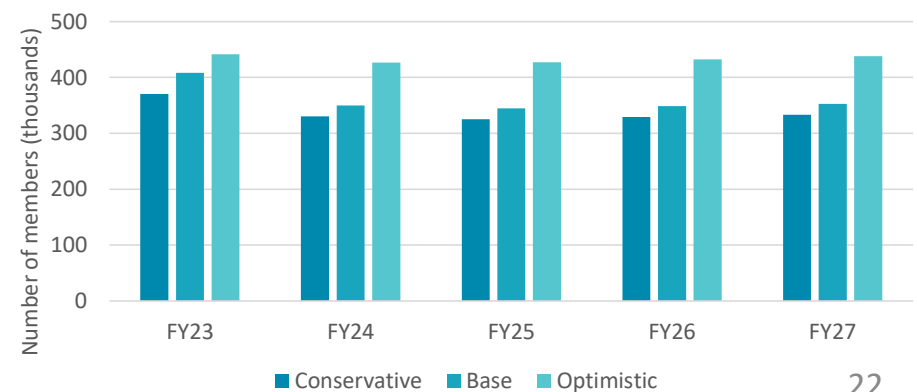
CountyCare Average PMPM Revenue



Scenario Assumptions

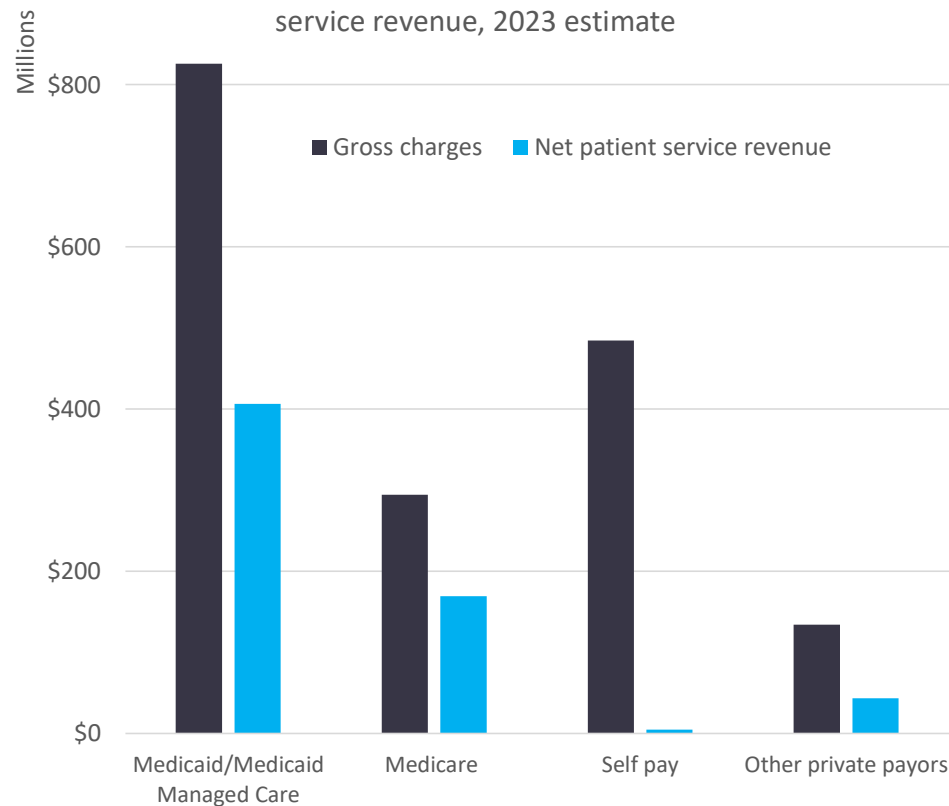
- Conservative: redetermination will resume in 3rd quarter 2022; autoenrollment will drop to 35% in July 2022
- Baseline: redetermination will resume in 4th quarter 2022; autoenrollment will drop to 35% in October 2022
- Optimistic: redetermination will resume in 1st quarter 2023; autoenrollment will remain at 50% through the end of 2022

CountyCare Average Monthly Membership Projections

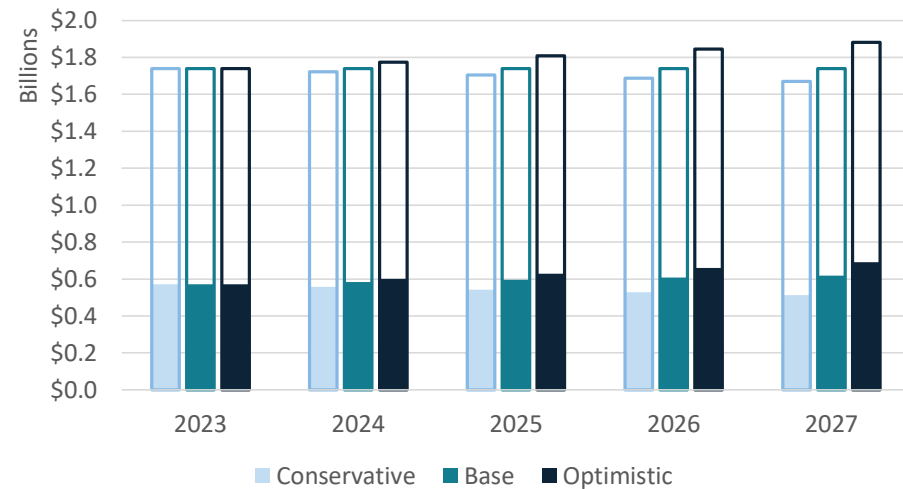


NPSR projections

Gross charges by payor type compared with net patient service revenue, 2023 estimate



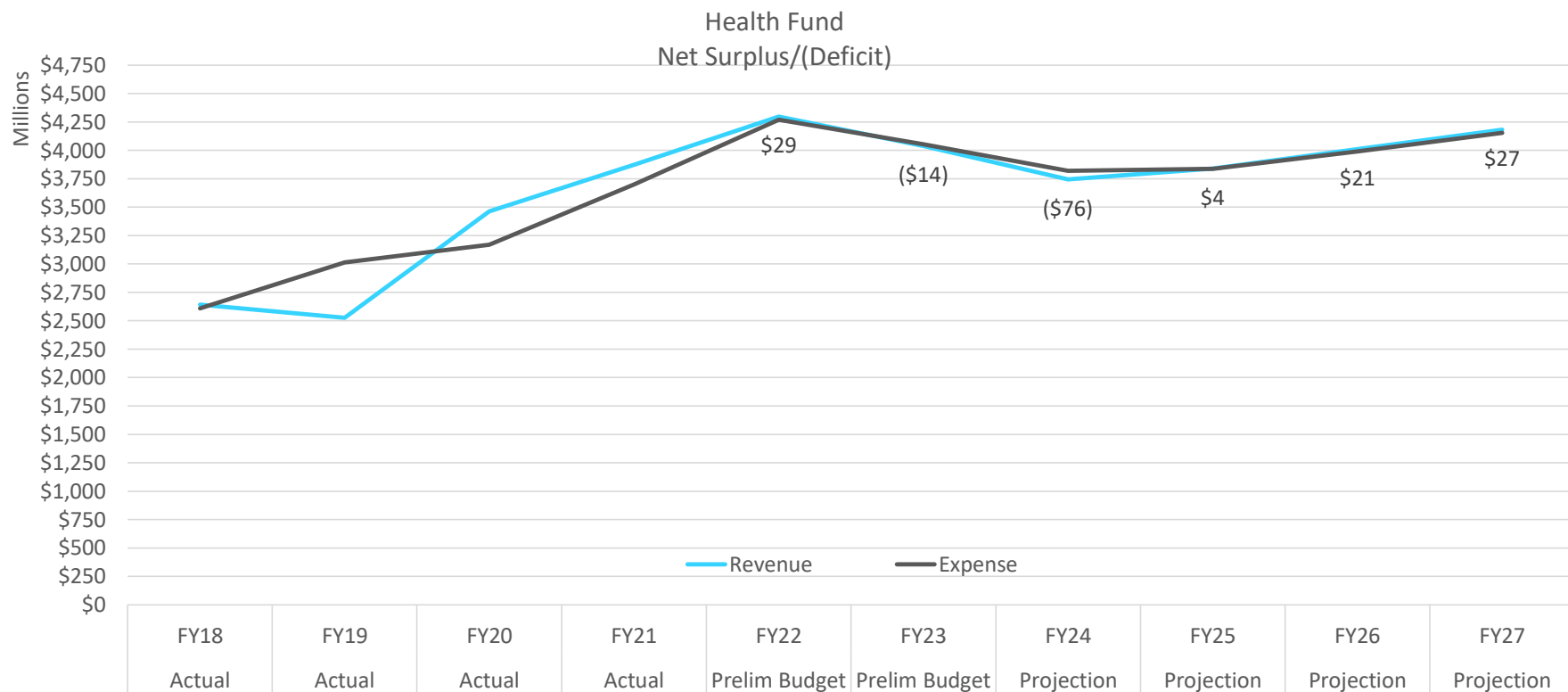
Net patient service revenue compared to gross charges, 2023-27



Scenario Assumptions

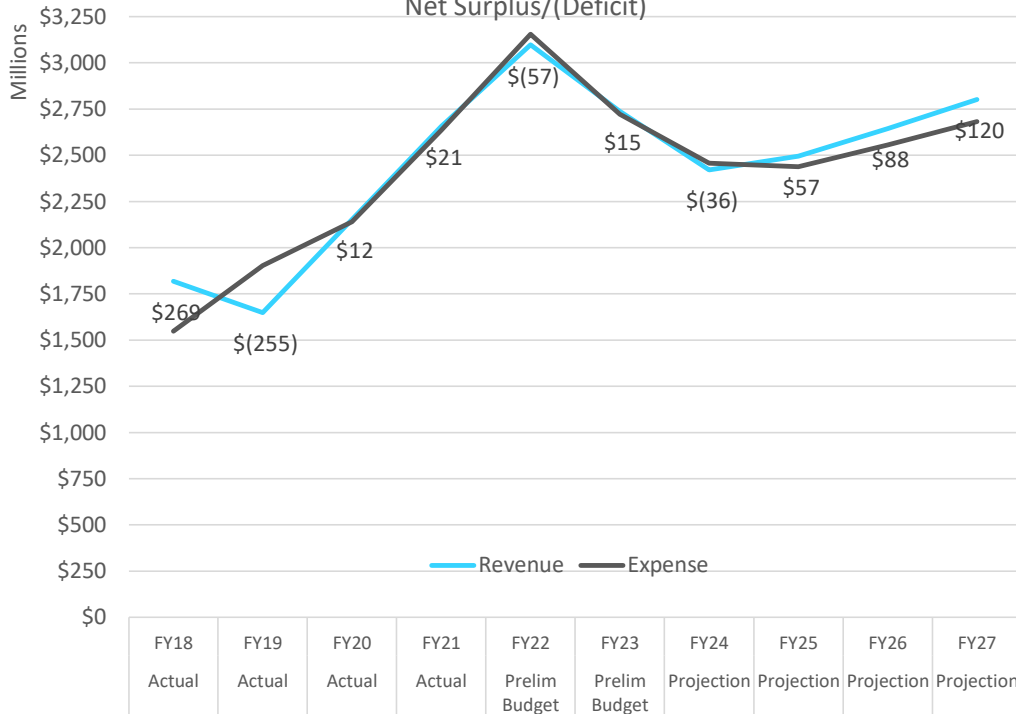
- Conservative: volume will decline, fewer people will have Medicaid coverage, and reimbursement rates will fall below inflation
- Baseline: consistent volume, people will maintain current coverage, and reimbursement rates will be consistent with inflation
- Optimistic: that volume and pricing will increase, more self pay will be covered by Medicaid potentially through state expansion, and reimbursement rates will be higher than inflation

Long-Term Fiscal Planning: Health Fund



Long term fiscal planning: HPS and Health Care Services

Health Plan Services (CountyCare)
Net Surplus/(Deficit)



CCH - Health Care Services
Net Surplus/(Deficit)

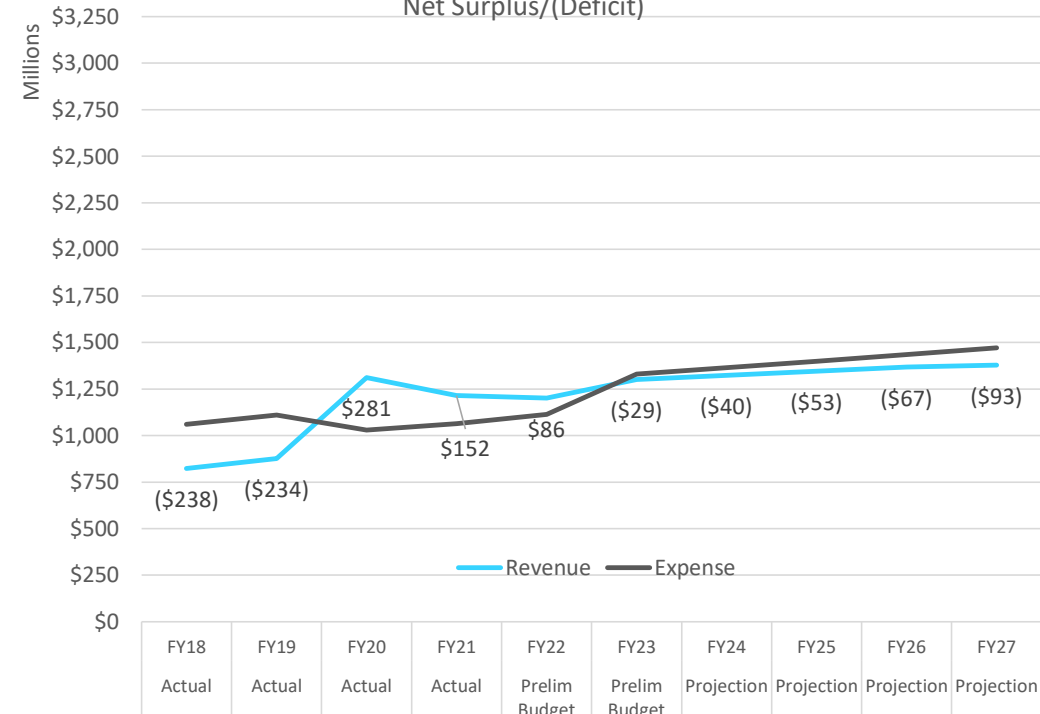


Chart of Accounts process overview

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

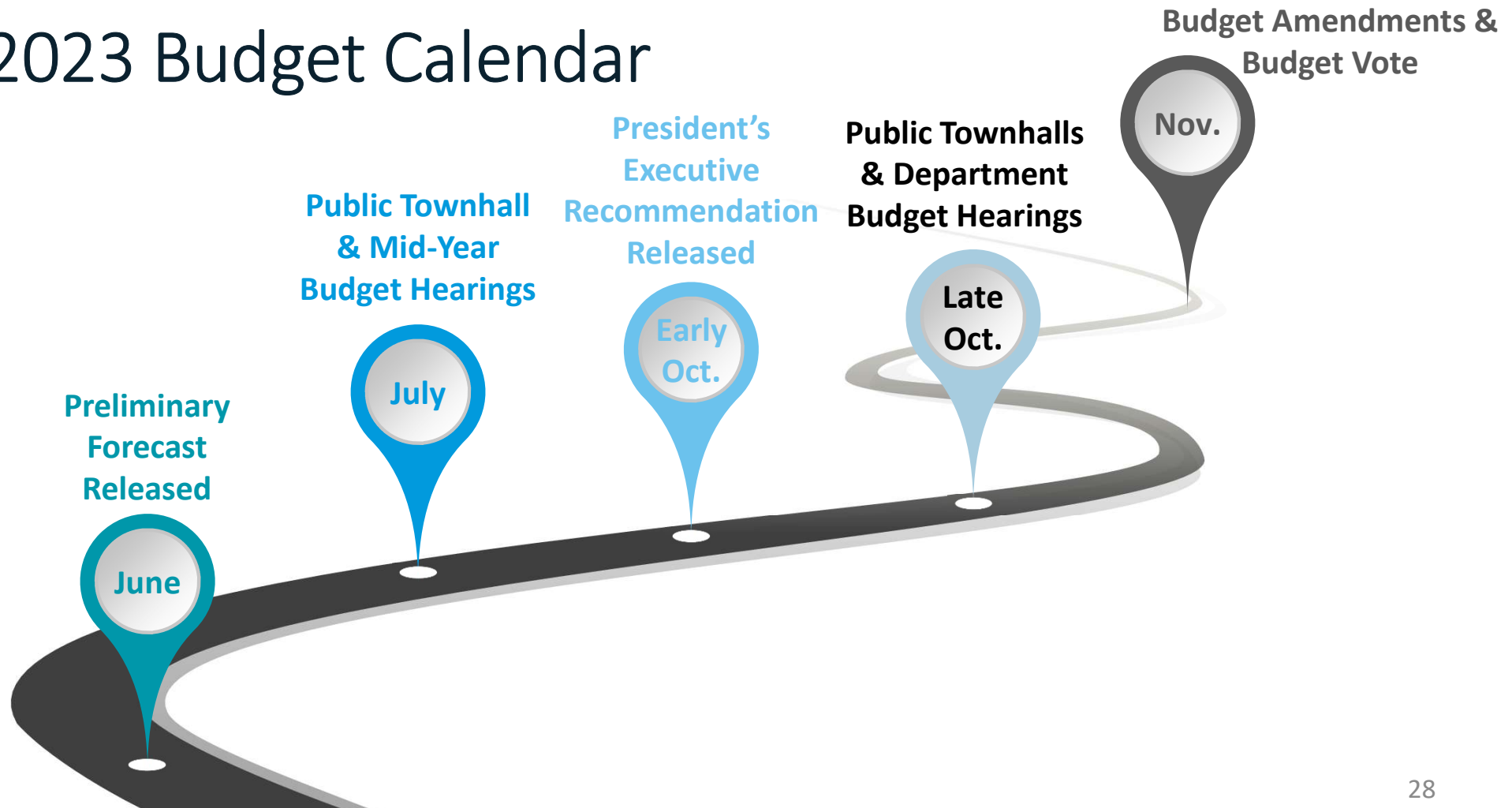
- ✓ Reviewing current production environment and reconcile transactions for previous months against the test environment new account structure
- ✓ Document procedures and source documents needed as necessary
- ✓ Adjust account structure with Budget and CCH from step 1 where appropriate

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

Next steps

FY2023 Budget Calendar



Upcoming Dates

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						

July 11: Preliminary Forecast Public Forum
 July 28: County Board meeting
 July 28: IRFC Quarterly meeting

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			

August 31: IRFC Meeting

September						
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	

September 22: County Board meeting

October						
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					

October (date TBD): Executive Budget Recommendation Released
 October 20: County Board meeting
 October 27: IRFC Quarterly Meeting

Proposed FY22-FY23 IRFC Meetings

Thursday, July 28

Wednesday, August 31

Thursday, October 27

Monday, January 23, 2023



Public comment



Adjournment

Appendix: Health Fund scenario assumptions

CountyCare 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	PMPM rates
Conservative	Q3 2022	2.5%	Historical Average: 0.7K	Daily Adj. Projection: 2.6K	COVID Attrition: 11.2%	50%, February 2021 35%, July 2022	Historical average	25% adjustment decrease applied to base trends
Base	Q4 2022	2.5%	Historical Average: 0.7K	Daily Adj. Projection: 2.6K	COVID Attrition: 11.2%	50%, February 2021 35%, October 2022	EVH adjusted	Growth rates based on trends
Optimistic	Q1 2023	2.2%	Daily 834 Adj. Projection: 1.0K	Historical Adj. Projection: 2.3K	Historical Attrition: 10.2%	50%, February 2021 50%, through 2022	EVH adjusted	25% adjustment increase applied to base trends

Net patient service revenue scenario	Conservative	Base	Optimistic
Gross Charges by Payer			
Gross Charges	1% decrease each year	0%	2% increase each year
Average Percent Payer Mix			
Self-Pay	2% increase each year, max at total 38%	Constant	2% decrease each year, min at total 25%
Medicaid	1% decrease each year	Constant	1% increase each year
CountyCare	1% decrease each year	Constant	1% increase each year
Average Reimbursement Rate			
Reimbursement Rate	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