



IRFC

Quarterly Meeting

April 27, 2023





Agenda

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Quarterly updates



Principles of the IRFC

Principle	Action Taken
Document Economic and Operational Drivers	Tracked economic indicators and updating calendar of economic releases
Pursue Consistency in Modeling	Utilized consistent methods for revenue forecasting, including alternative revenue scenarios
Systematically Track Monthly Operational and Revenue Data	Began investigating strategies to refine new Health Fund accounts
Catalogue Historical Rates and Policies	Continued to catalogue in the tax history document
Review Alternative Scenarios	Updating Health Fund scenarios for resumption of redetermination
Benchmark Forecasts Against Other Jurisdictions	Discussed forecasting with other entities, such as the Regional Transportation Authority (RTA) and City of Chicago
Strive for Greater Collaboration	Conducted biweekly meetings with Cook County Health (CCH) staff



FY2023 IRFC deliverables

Deliverable	Progress
Methodological report	Methodology report drafted for property taxes. Sales taxes in progress
Create a calendar of economic data releases and integrate that calendar into forecasting schedule	Calendar of economic data releases is updated for 2023. Awaiting release of budget calendar
Identify data and indicators that capture short- and long-term changes in work and spending patterns	Analyzing detailed data from Dept. of Revenue for gasoline, amusement, and parking revenues
Prioritize an initial set of fees to explore and collaborate with the offices that impose the fees to obtain data on fee rates and volumes	Began reaching out to departments to discuss collaboration
ARPA sustainability analysis of the potential impact on the fund balance of providing funding support to after 2026	County's fiscal sustainability work to be done in concert with recently-commenced program sustainability work

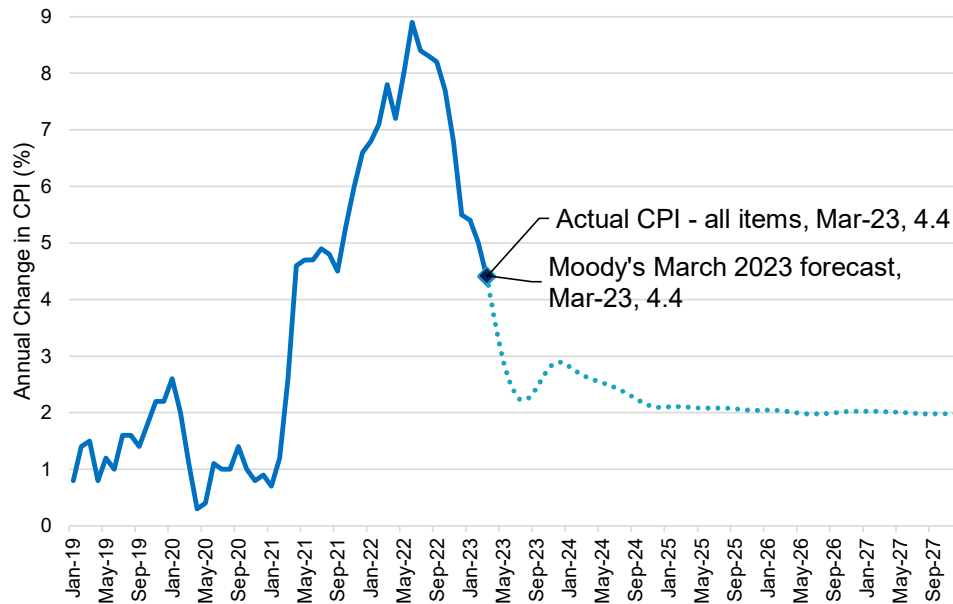


General Fund long-term forecast

Economic update

Inflation growth continued to decline from its June 2022 peak, but the deceleration has been slower than expected.

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



After experiencing 5.9% growth in 2021 and 2.1% in 2022, **U.S. economic growth** is projected to slow in 2023 as the economy faces elevated interest rates as the Fed tries to bring down inflation. However, Moody's and Wall Street Journal forecasts are generally higher than previously projected.

Real GDP forecasts

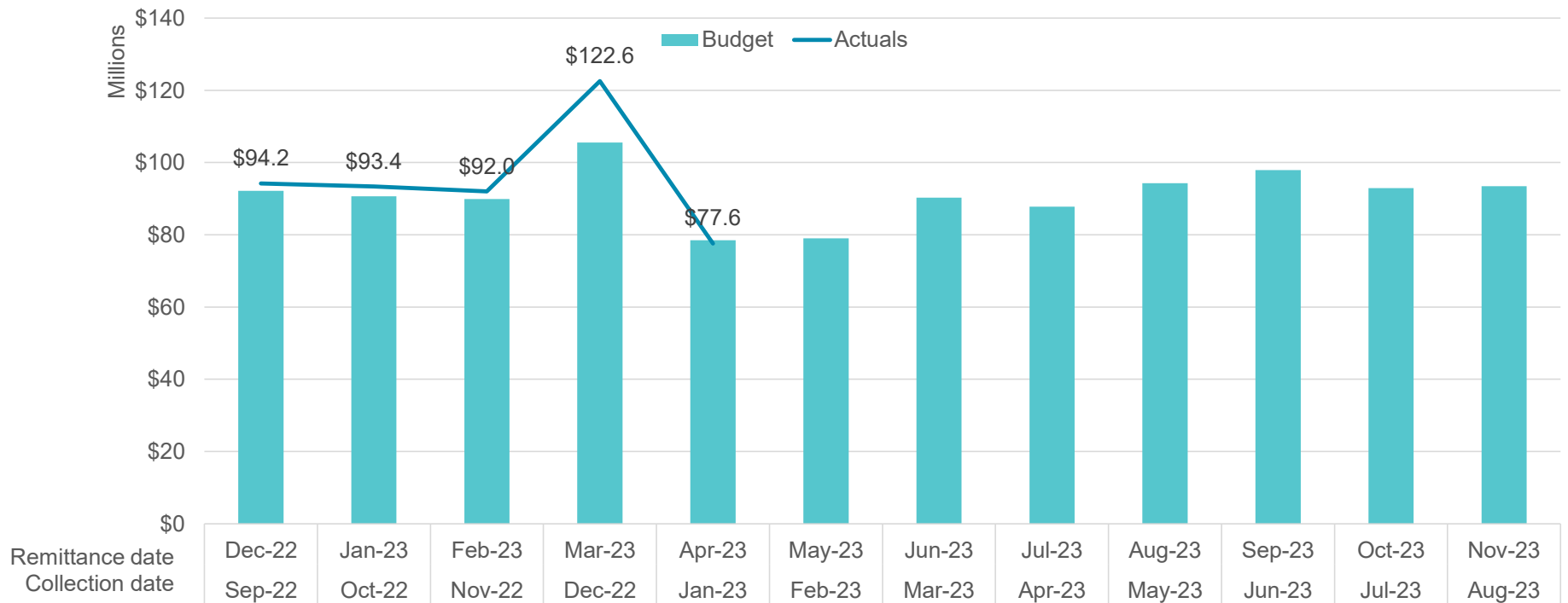
Year	Federal Reserve	Moody's	Survey of Professional Forecasters	
			Wall Street Journal	
2023	0.4%	1.2%	1.3%	0.5%
2024	1.2%	1.4%	1.4%	1.6%
2025	1.9%	2.2%	2.2%	2.2%
2026	1.8%	2.2%	1.5%	2.2%

Sources: Federal Open Market Committee, March 2023; Moody's Analytics, March 2023; Survey of Professional Forecasters, February 2023; Wall Street Journal Economic Forecasting Survey, April 2023

Sources: U.S. Bureau of Labor Statistics, March 2023; Moody's Analytics, March 2023

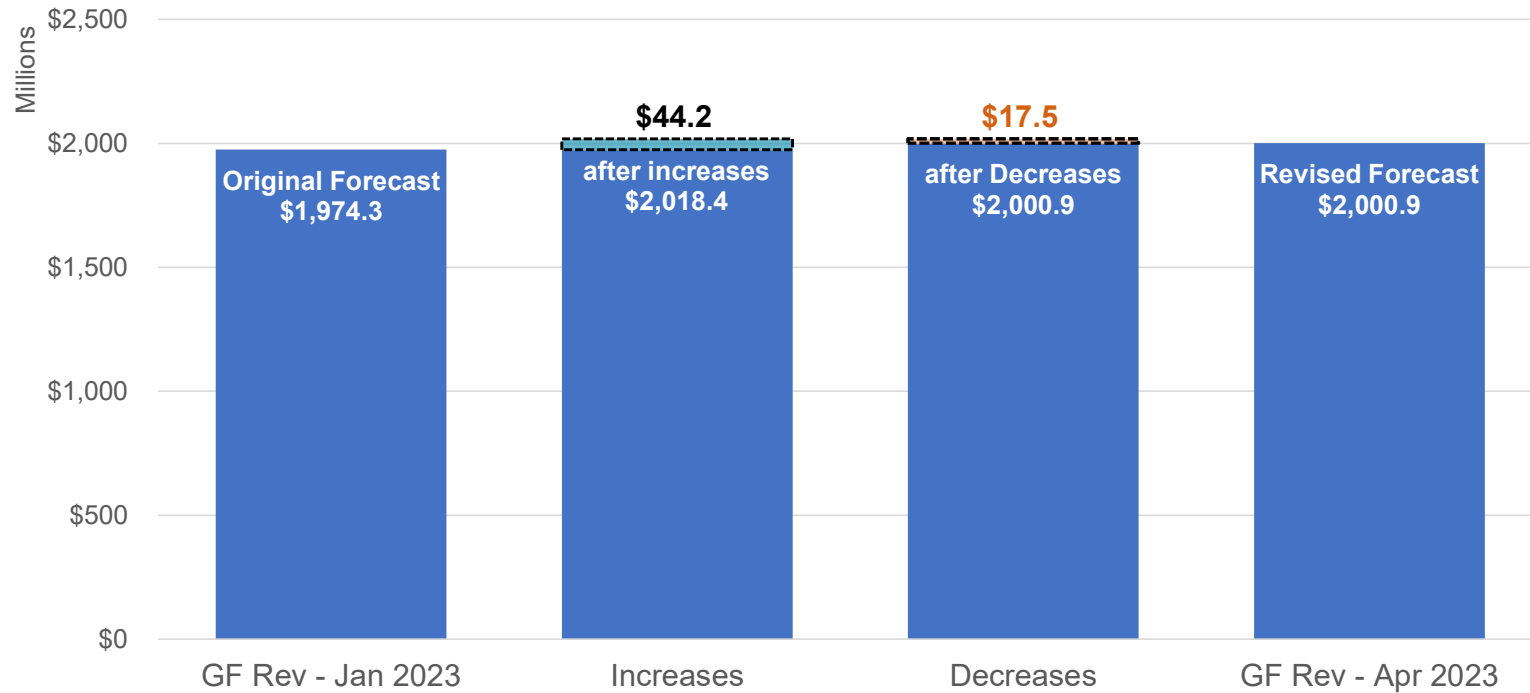


FY 2023 sales tax revenue compared to forecast





General Fund forecast – changes from January 2023 forecast



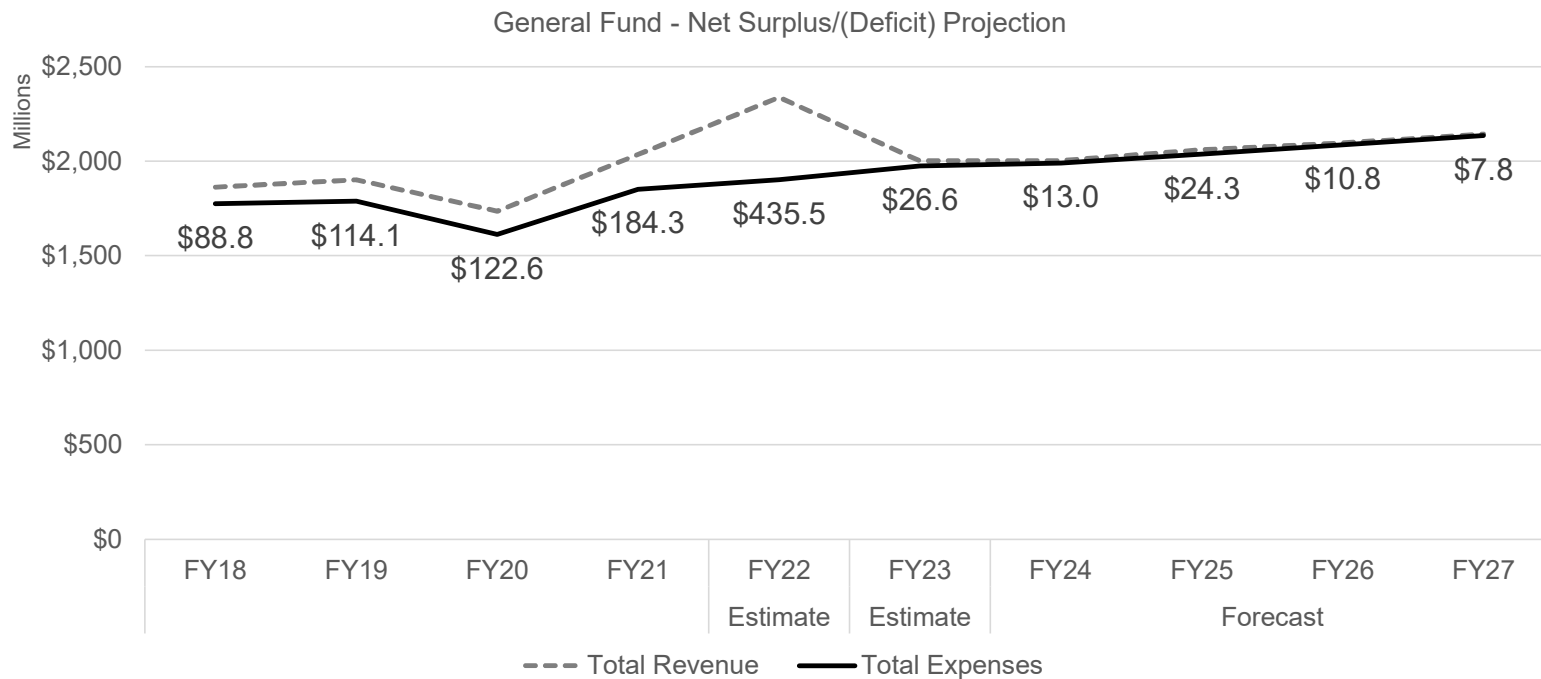


General Fund forecast – major changes from January 2023 forecast

Revenue source	April forecast FY2023	Percent change in forecast FY2023	Amount change in forecast from January 2023 forecast				
			FY2023	FY2024	FY2025	FY2026	FY2027
400010-Property Taxes	\$260.9	(2.6%)	(\$6.7)	(\$2.4)	(\$4.0)	(\$2.7)	(\$1.7)
401150-County Sales Tax	\$1,119.9	2.5%	\$27.5	\$40.6	\$33.6	\$28.7	\$21.9
401350-Amusement Tax	\$39.5	5.7%	\$2.3	\$2.4	\$2.5	\$2.6	\$2.7
401430-Cigarette Tax	\$82.0	(4.8%)	(\$4.0)	(\$3.5)	-	-	-
401550-Hotel Accommodations Tax	\$30.6	7.0%	\$2.1	\$1.9	\$2.1	\$2.2	\$2.2
401590 - Sports Wagering Tax	\$9.1	22.7%	\$2.1	\$1.3	\$0.7	\$0.1	(\$0.5)
402100-County Treasurer	\$63.9	11.3%	\$4.5	(\$1.9)	(\$1.1)	(\$1.7)	(\$2.4)
402150-County Clerk	\$39.5	(7.2%)	(\$3.8)	\$11.9	\$12.2	\$12.4	\$12.6
402548-Clerk of the Circuit Court Fees	\$52.3	(3.3%)	(\$2.1)	(\$4.5)	(\$7.1)	(\$9.7)	(\$12.3)
406010-State of Illinois	\$57.9	3.5%	\$2.0	(\$0.2)	(\$2.6)	(\$3.9)	(\$5.3)
407080-Other	\$13.7	17.2%	\$2.4	\$0.3	\$0.3	\$0.3	\$0.3
Subtotal major changes	\$1,769.3	1.5%	\$26.2	\$45.8	\$36.6	\$28.2	\$17.4
Other GF revenues	\$231.6	0.2%	\$0.4	(\$6.1)	(\$2.8)	(\$4.7)	(\$4.2)
Total GF revenues	\$2,000.9	1.3%	\$26.6	\$39.8	\$33.9	\$23.5	\$13.3



General Fund

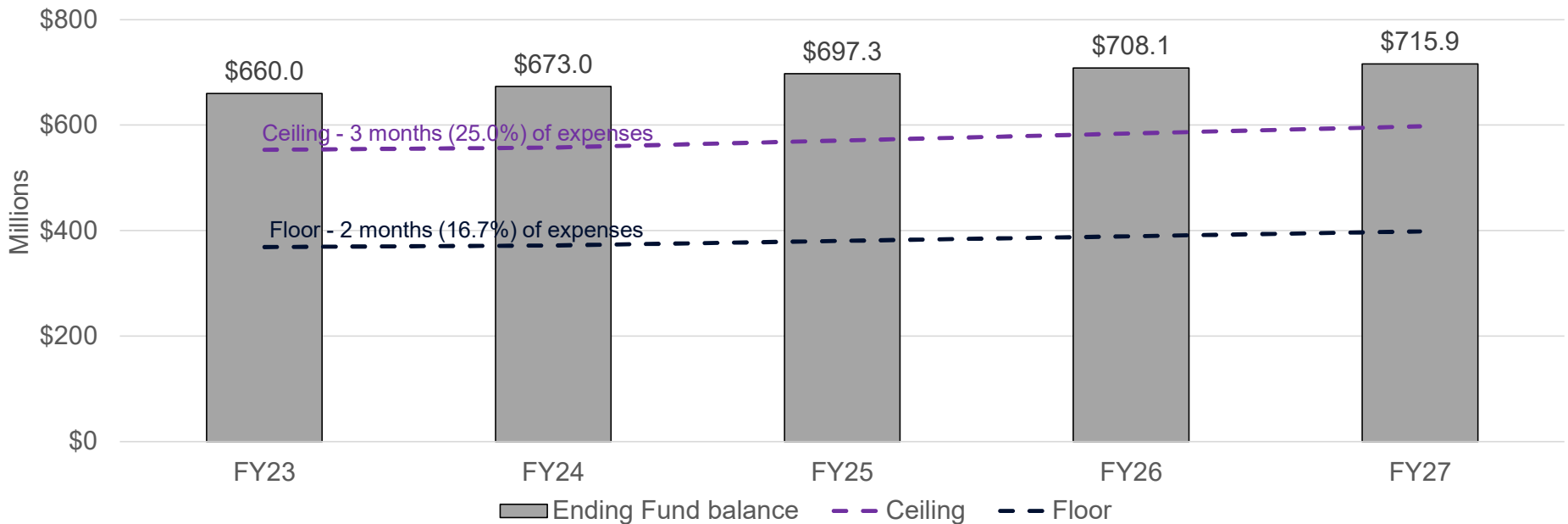


- The amounts displayed along the lines in the chart represent the net surplus or (deficit) corresponding to the fiscal year when considering the total revenue against total expenses
- FY2022 estimates indicate a \$435.5 million surplus within the General Fund, with \$2,337.5 million in revenue and \$1,902.0 million in expenses.



General Fund – fund balance

Unassigned Ending Fund Balance Projection

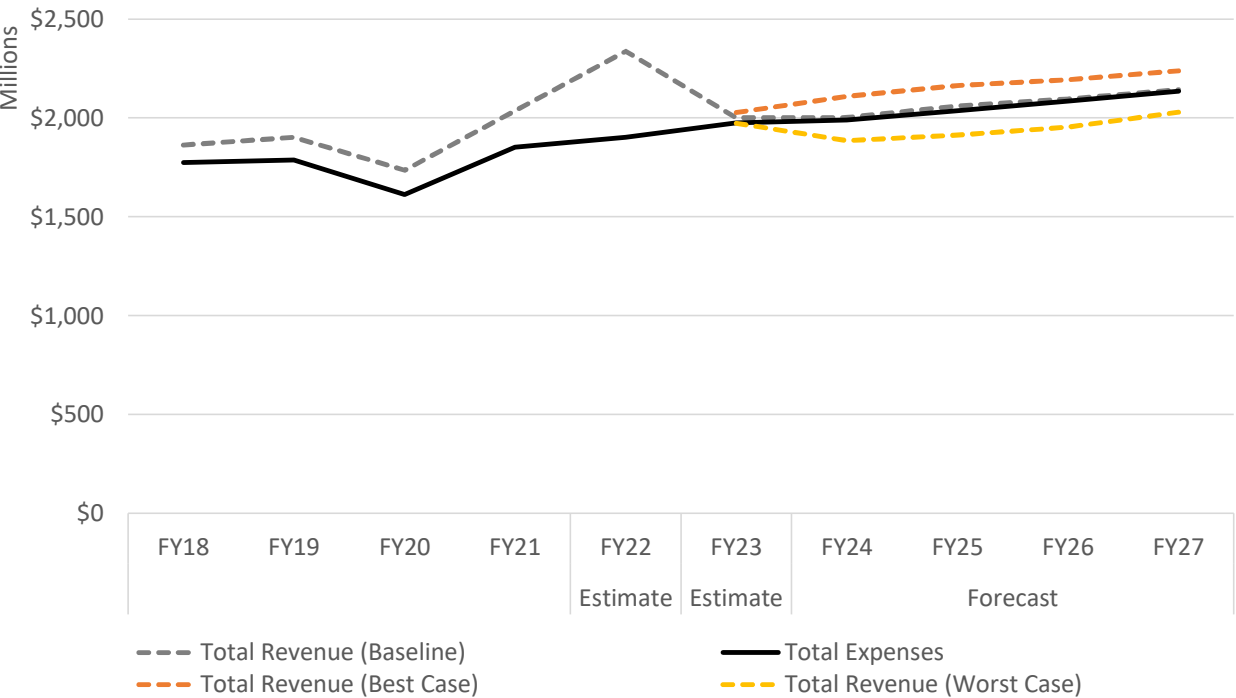


- Floor represents 2 months of projected annual expenses and Ceiling represents 3 months of projected annual expenses
 - Floor and ceiling calculations determined pursuant to Government Finance Officers Association (GFOA) recommendations and Cook County’s Fund Diversity And Stabilization/Financial Reserve Policy.
- Fund balance remains above ceiling (25% of expenses) in the long-term
- Floor and ceiling incorporate both General Fund and Transportation Related Home Rule Taxes Fund expenses
- Excludes a total of \$416.5 million in assigned fund balance



General Fund Revenue scenarios

General Fund - Net Surplus/(Deficit) Projection



Scenario Assumptions

Best

- The economy has a 10% chance of performing better and a 90% chance of performing worse
- Economy sees more than full-employment starting in Q2 2023
- Fed restores consumer confidence after bank failures
- Russia / Ukraine conflict resolves faster than expected
- Tensions between China & U.S. diminish

Baseline

- The economy has a 50% chance of performing better and a 50% chance of performing worse
- The Fed still aims to tighten monetary policy; Fed funds rate hits 5.25% in June after FOMC meeting.
- Breach of debt limit and government shutdown is avoided by lawmakers
- Pandemic continues to recede

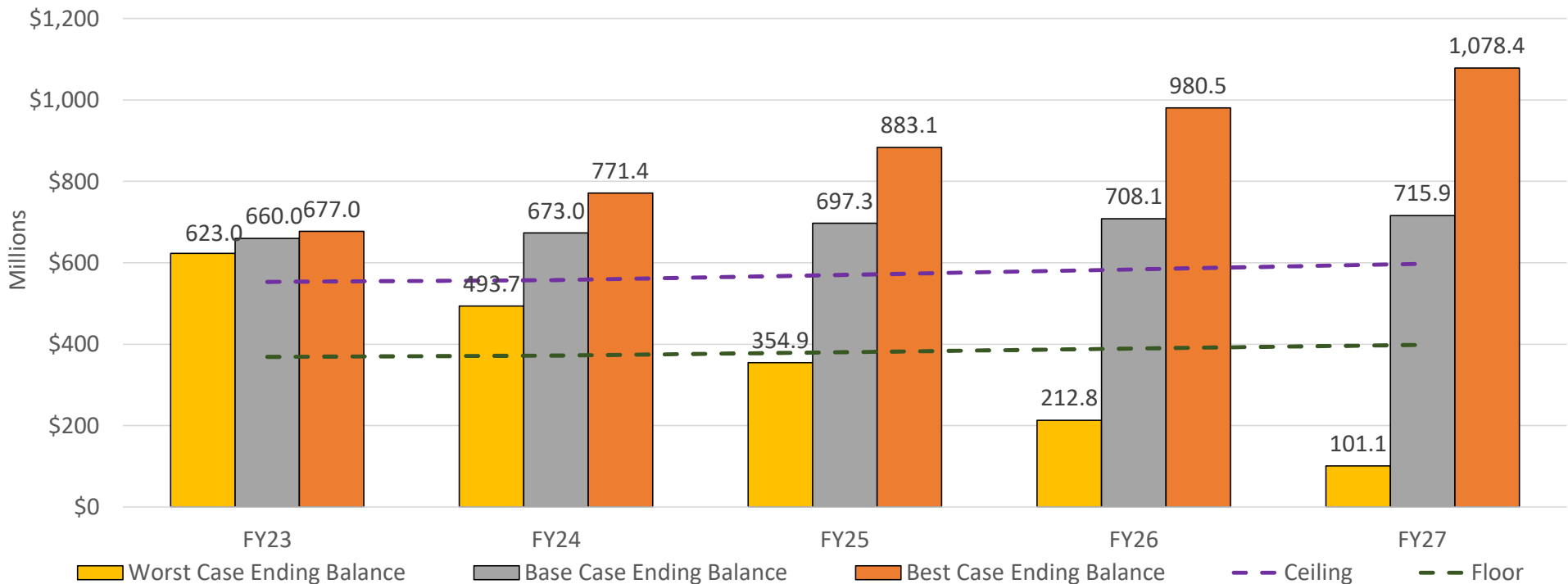
Worst

- The economy has a 90% chance of performing better and a 10% chance of performing worse
- Unemployment increases starting in Q2 2023, peaking in mid-2024
- Russia / Ukraine conflict persists longer than expected
- Further instability in banking sector, reducing consumer confidence

Source: Moody's Analytics

General Fund - fund balance scenarios

Unassigned Ending Fund Balance Projection



Base scenario - the economy has a 50% chance of performing better and a 50% chance of performing worse
 Worst case scenario - the economy has a 90% chance of performing better and a 10% chance of performing worse
 Best case scenario - the economy has a 10% chance of performing better and a 90% chance of performing worse



Health Fund long-term forecast

Health Fund accounting for CountyCare patients at CCH

CountyCare receives revenue for its members



CountyCare pays claims and directed payments to CCH



CCH receives this revenue



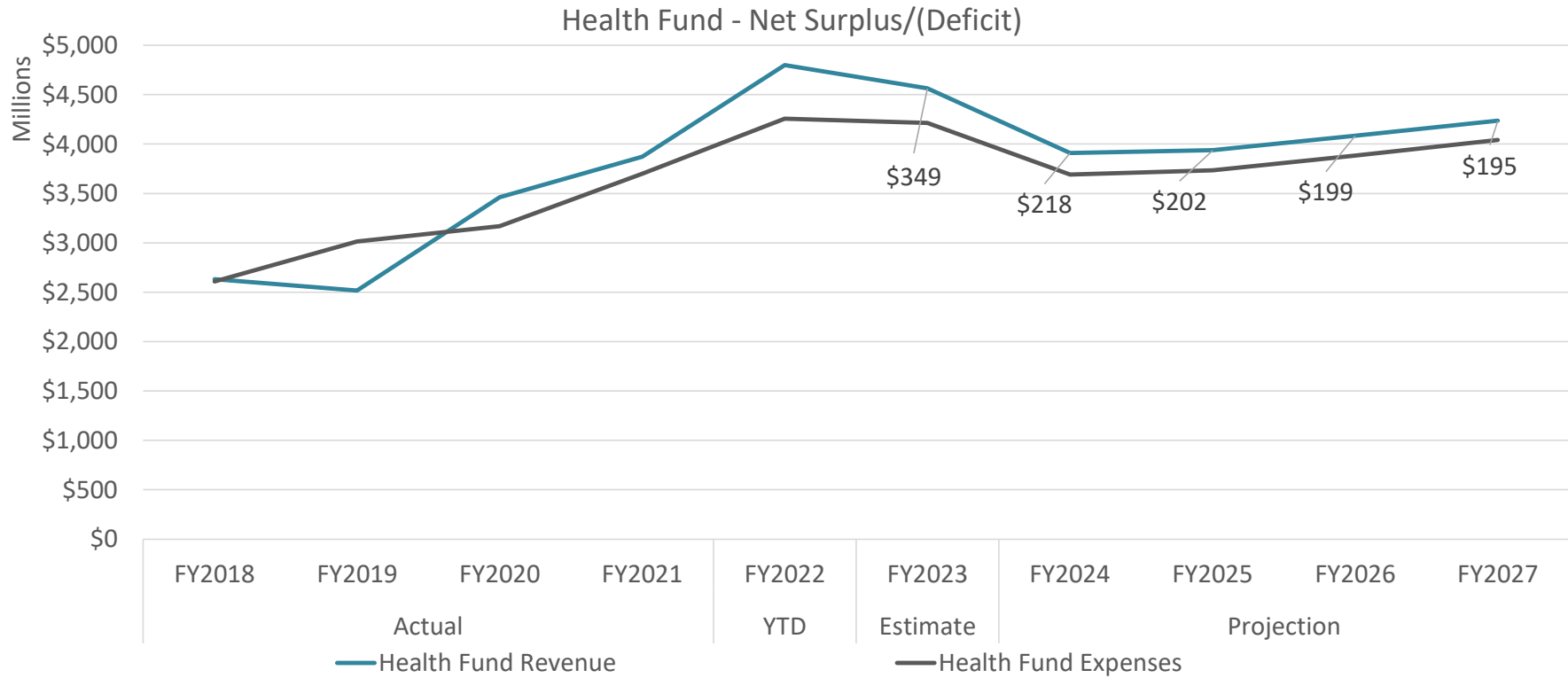
CCH expends funds to operate the hospitals

Under the current process, CountyCare's transfers to CCH appear as revenues and expense at both CountyCare and CCH

Moving forward, it has been proposed to do an offset of these payments, and they would appear only once in the Health Fund as revenues and expenses



Health Fund Net Surplus/(Deficit)



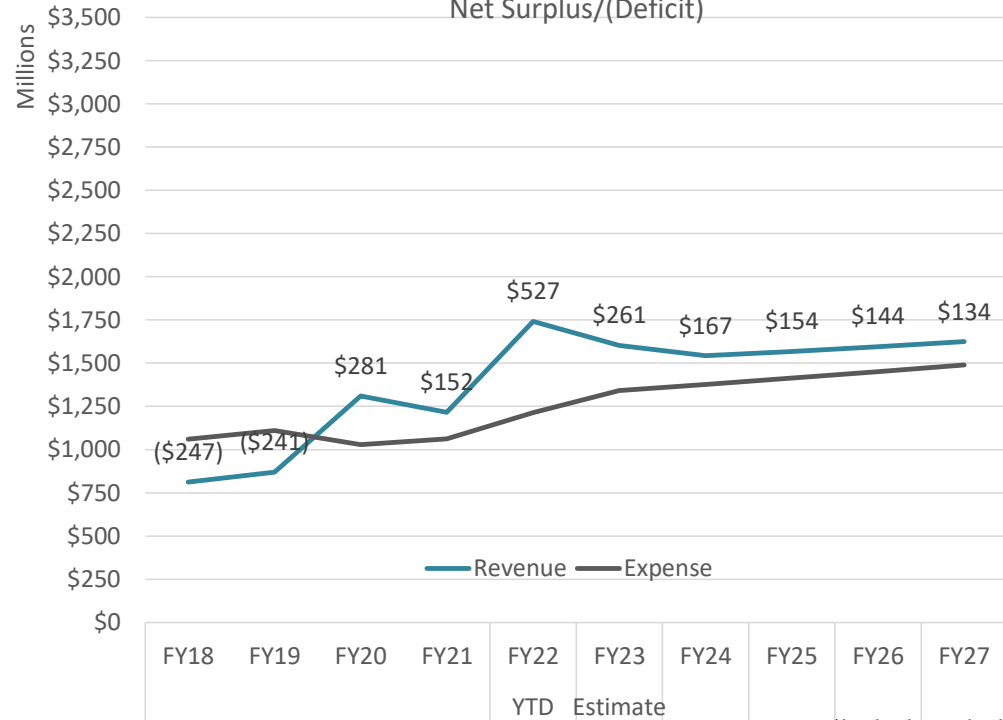
- The amounts displayed along the lines in the chart represent the surplus or deficit corresponding to the fiscal year
- FY2022 estimates indicate a \$542 million surplus within the Health Fund, with \$4.799 billion in revenue and \$4.257 billion in expenses
- FY2023 through FY2027 include domestic claims offset



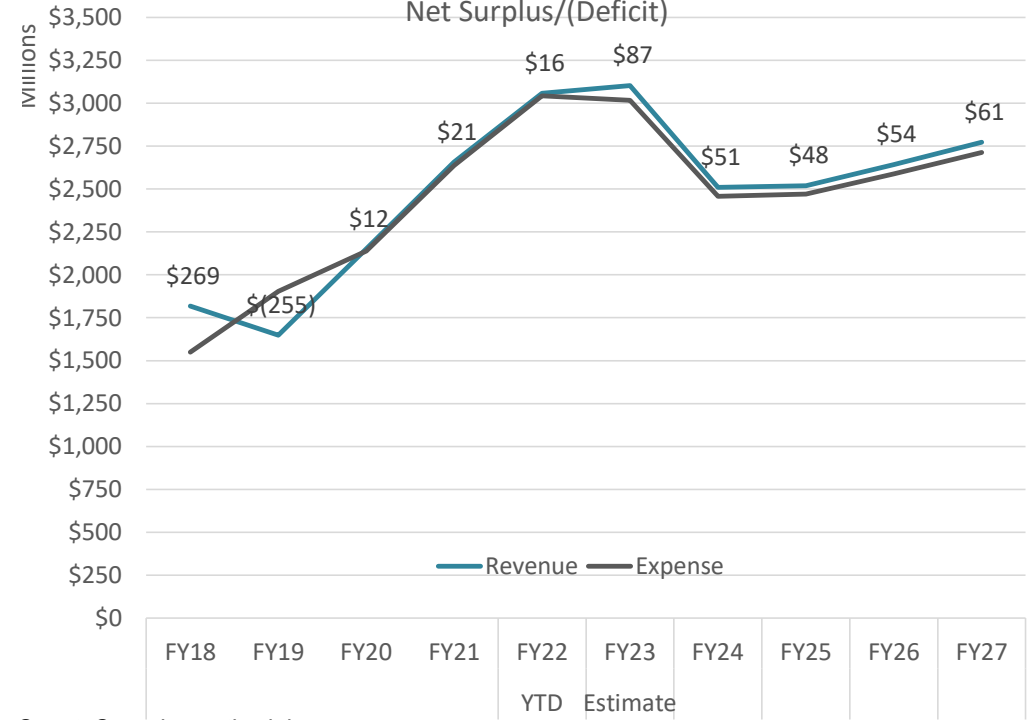
Health Fund

Health Care Services and Health Plan Services

CCH - Health Care Services
Net Surplus/(Deficit)



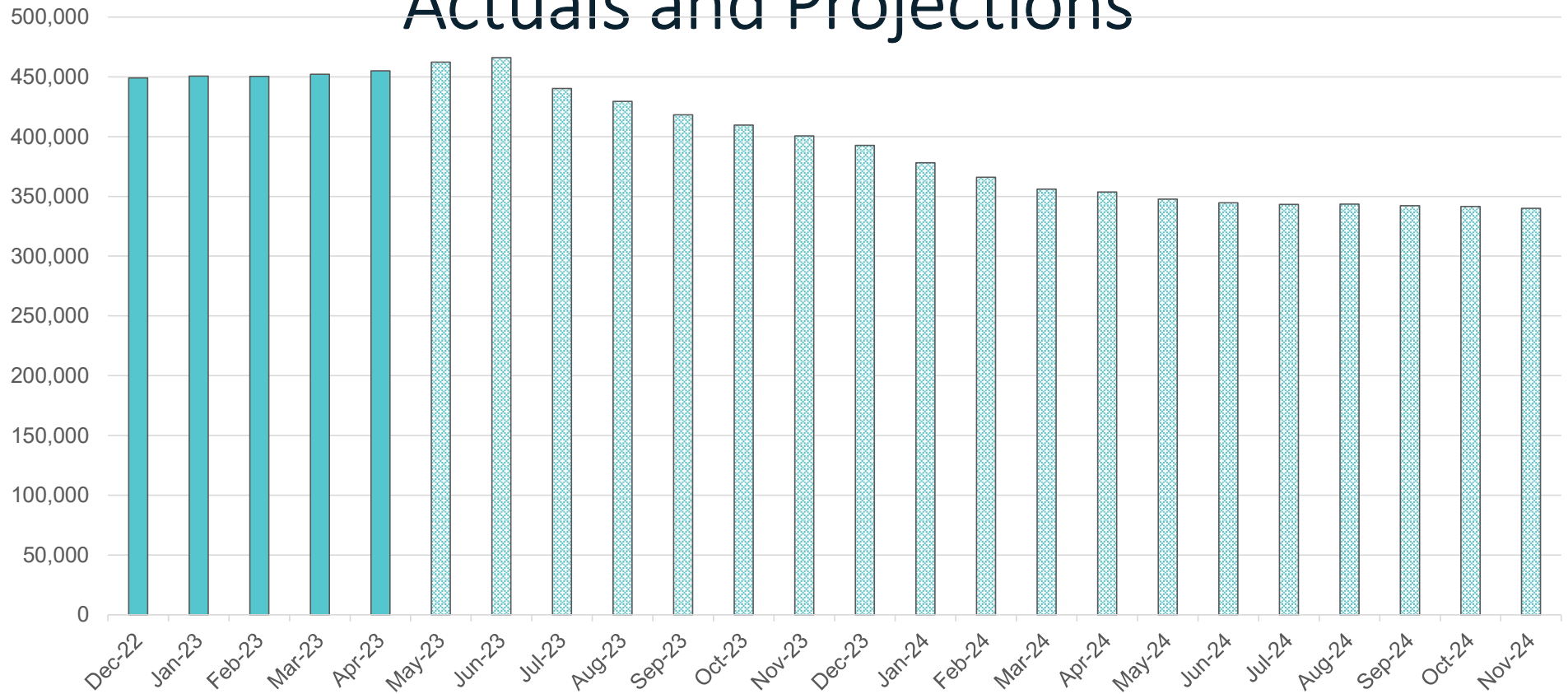
Health Plan Services (CountyCare)
Net Surplus/(Deficit)



*both charts include CountyCare domestic claims



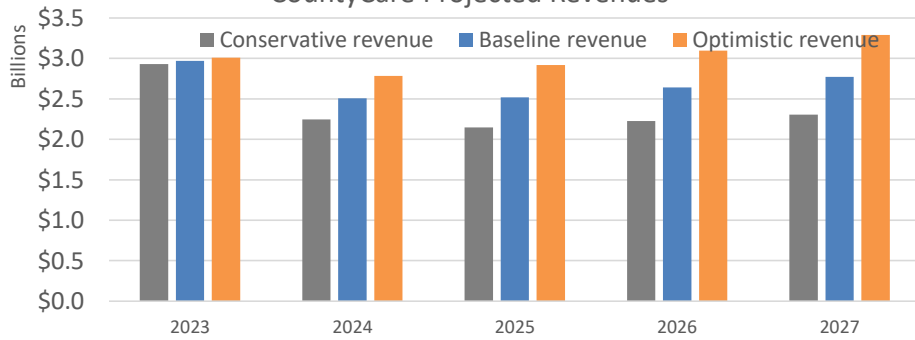
County Care Membership Actuals and Projections





Health Fund CountyCare scenarios

CountyCare Projected Revenues

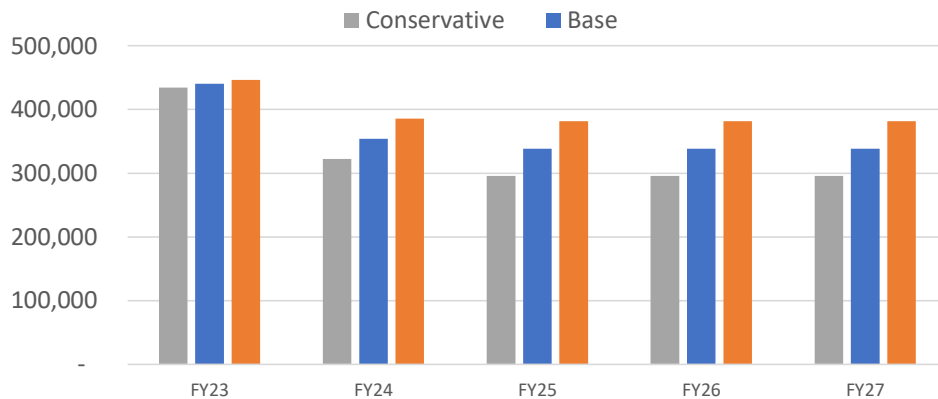


Scenario Assumptions

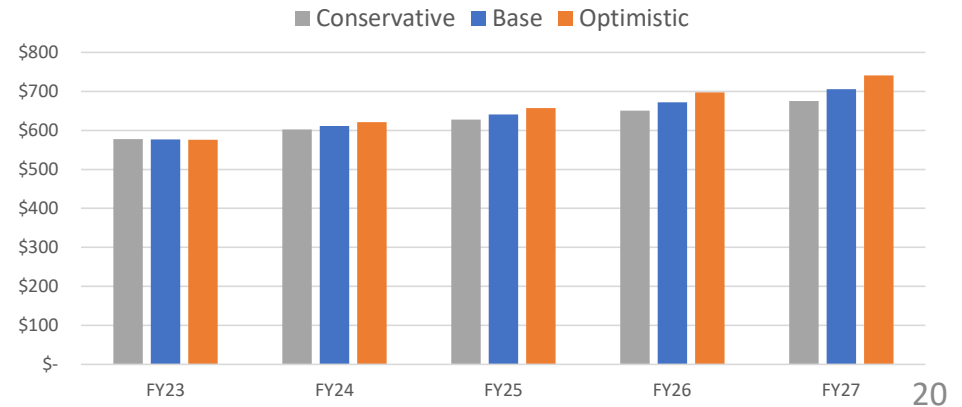
All scenarios: members are expected to be disenrolled from CountyCare as a result of the resumption of redetermination beginning July 2023

- Conservative: autoenrollment will drop to 20% in 2nd quarter 2023; PMPM rates will increase slower than past trends
- Baseline: autoenrollment will drop to 35% in 3rd quarter 2023; PMPM rates will increase as in the past
- Optimistic: autoenrollment will remain at 50%; PMPM rates will increase faster than past trends

CountyCare Average Monthly Membership Projections



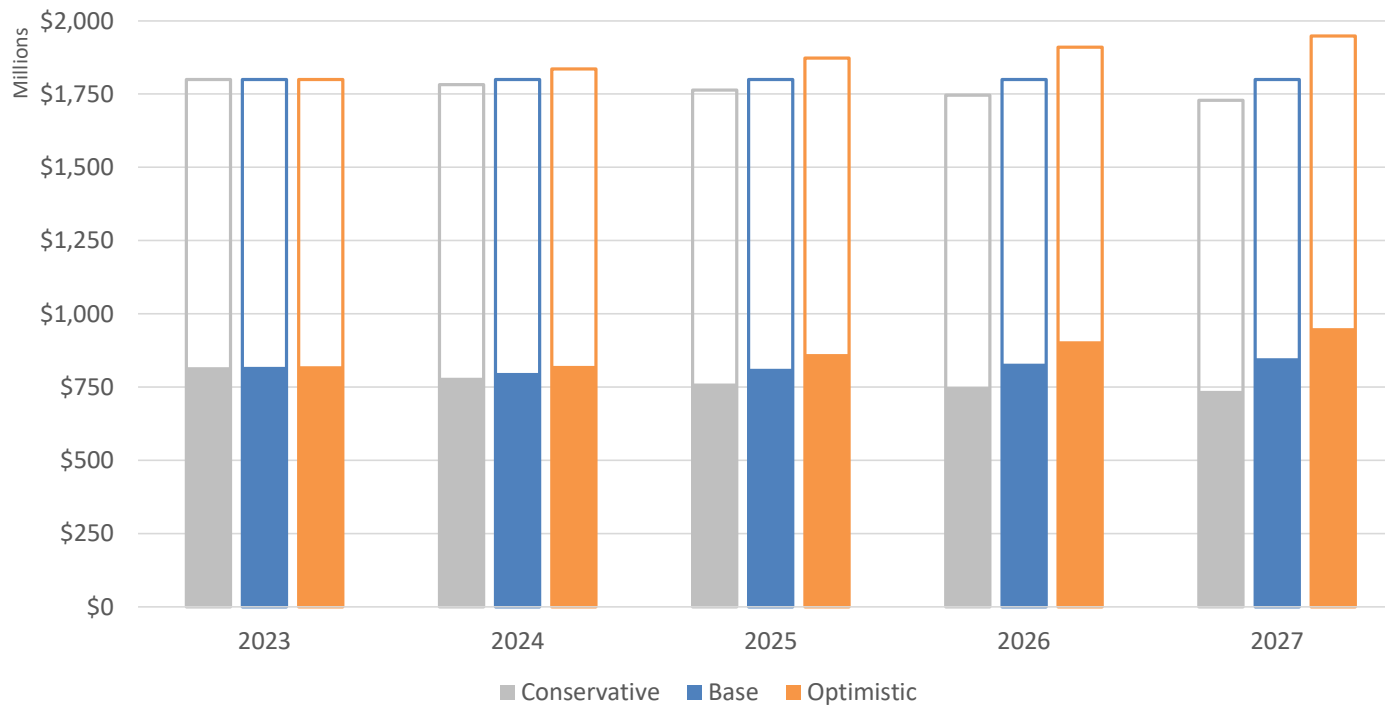
CountyCare Average PMPM Revenue



Health Fund

Net patient service revenue scenarios

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



Scenario Assumptions

All scenarios: Due to lower Medicaid membership as a result of the resumption of redetermination, 4% of gross charges are expected to be shifted from Medicaid payors to self-pay

- 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, and reimbursement rates will be higher than inflation

*Estimates of gross charges billed by CCH are represented by the full bar and net patient service revenue estimated to accrue to CCH is represented by the filled in portion of the bar



Schedule and next steps

SCHEDULE AND NEXT STEPS



Meeting calendar

May

Su	Mo	Tu	We	Th	Fr	Sa
	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			

May 25: County Board meeting

June

Su	Mo	Tu	We	Th	Fr	Sa
				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	

Late June: Preliminary Forecast
June 27: IRFC meeting
June 29: County Board meeting

July

Su	Mo	Tu	We	Th	Fr	Sa
						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 20: County Board meeting
July 26: IRFC quarterly meeting

August

Su	Mo	Tu	We	Th	Fr	Sa
		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 24: IRFC meeting
August 25: CCHHS Board meeting



Public comment



Adjournment