



IRFC

Preliminary Forecast

June 27, 2023





Agenda

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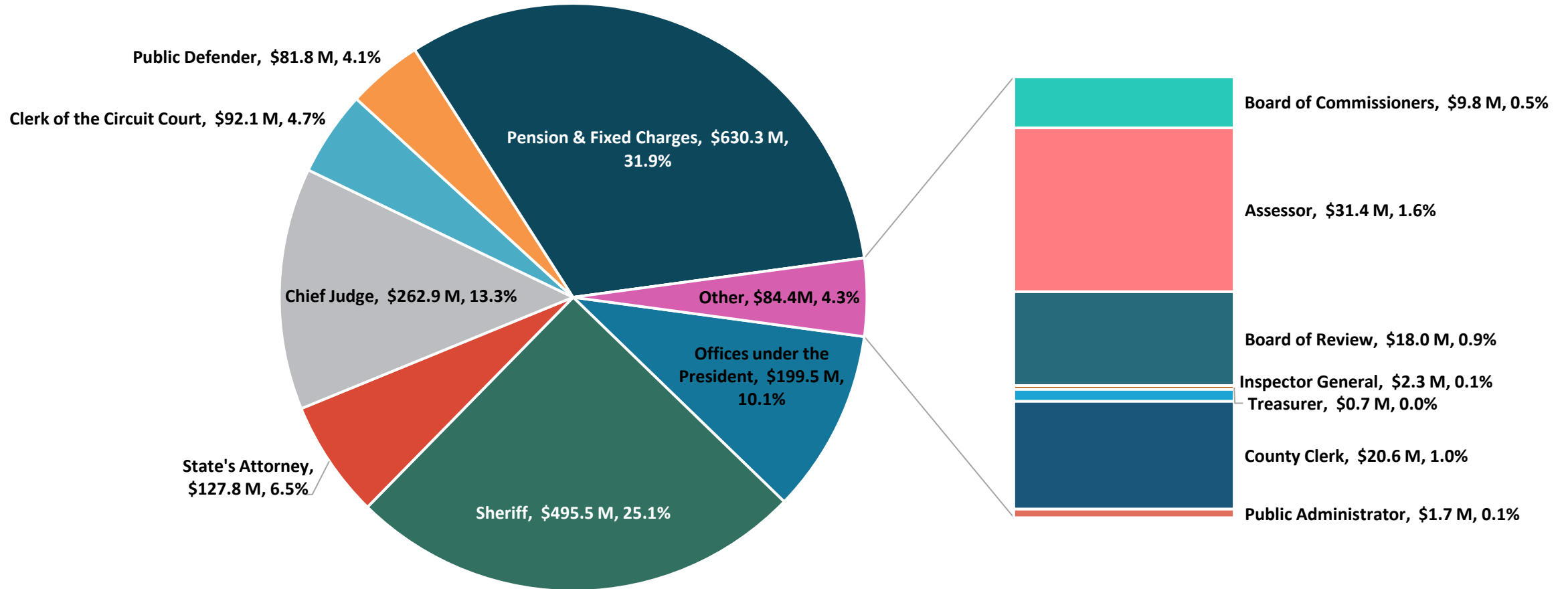
General Fund Review

==== Fiscal Years 2023 - 2024 ====





General Fund FY2023: \$1.97 Billion



FY2023 Preliminary Year-End Projections

General Fund surplus of \$214.7M forecasted for the year-end led by:



Economic Growth

Economic growth and inflation has led to increases in sales tax. Rising interest rates result in an increase in investment income.

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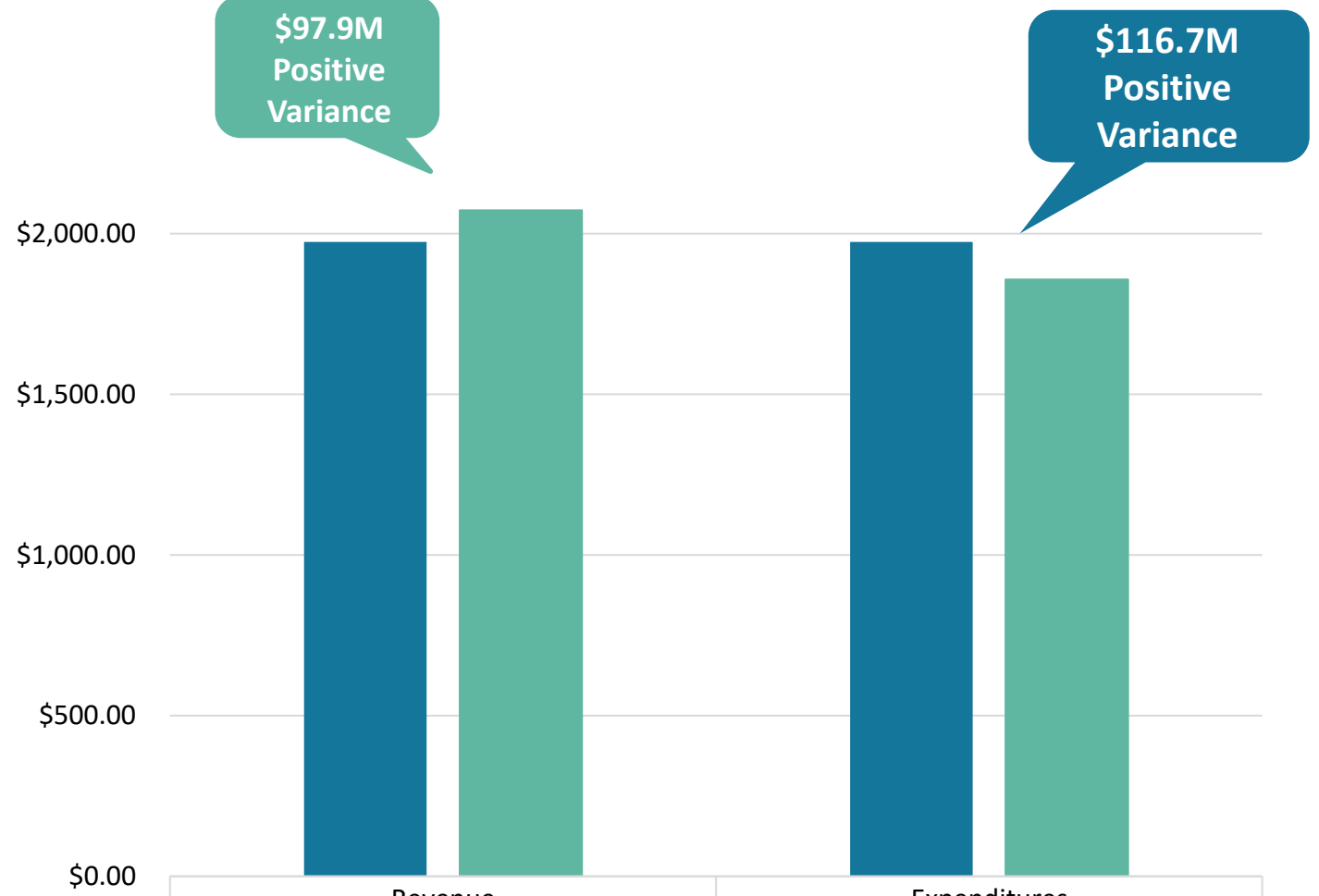
Onetime Revenue

Higher than budgeted Personal Property Replacement Tax (PPRT)



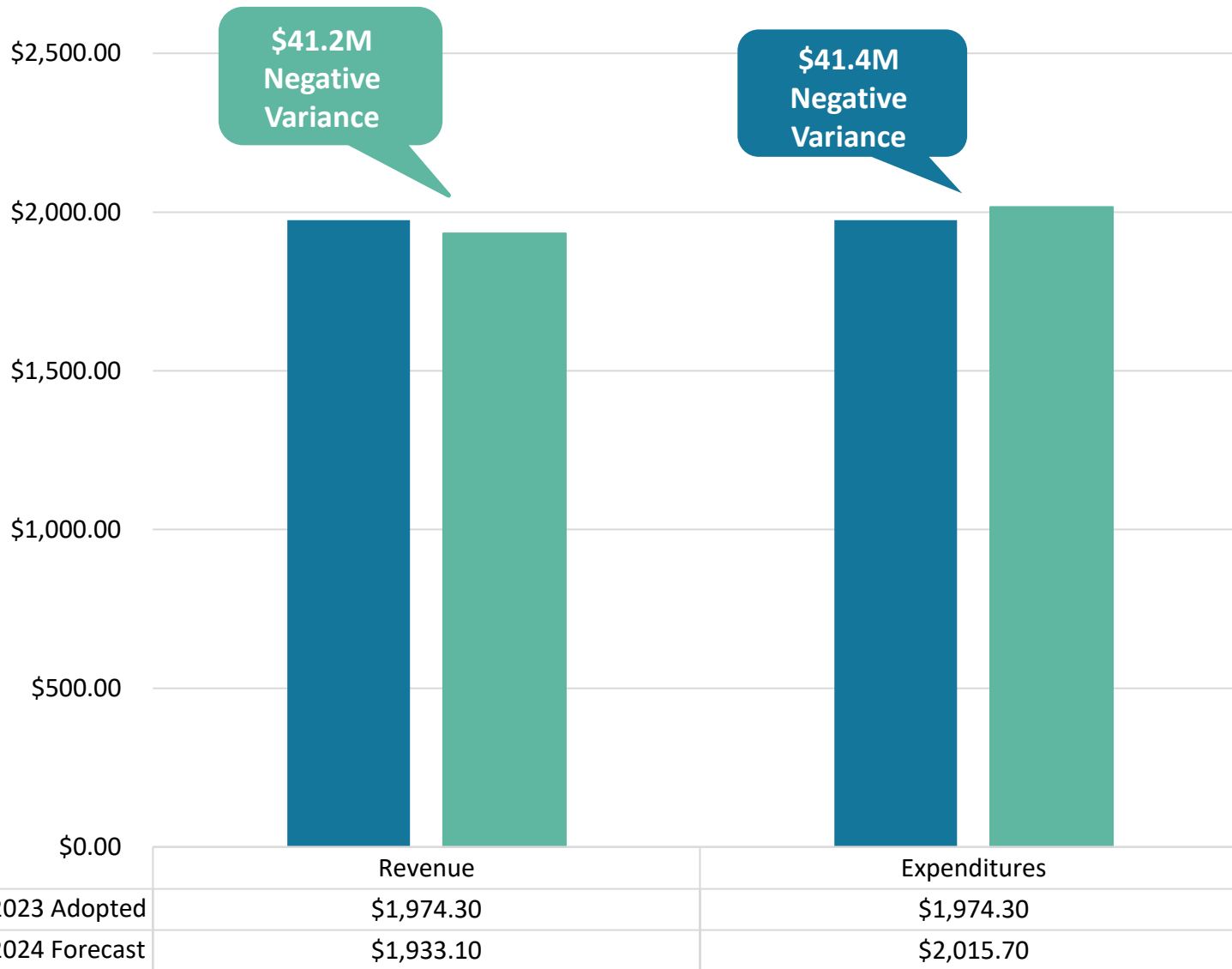
Tight Labor Market

Cook County has been experiencing longer hiring timeframes leading to payroll savings.



	Revenue	Expenditures
FY2023 Adopted	\$1,974.20	\$1,974.20
FY2023 YE Estimate	\$2,072.30	\$1,857.60

FY2024 Preliminary Forecast



General Fund gap of \$82.6M forecasted for the year-end led by:



Reduced PPRT Disbursement

Reduction of the PPRT disbursement results in less Property Tax funding available for the General Fund



Increased costs for labor

Increased cost of personnel per negotiated salary schedules and workers compensation expenses.



Supplemental Pension

County has made supplemental payments to the Pension Fund since 2016. In FY2024, the supplemental pension payment goes up by \$20M.



Cost increase for IT services and equipment

Cost increase for IT services and a need to fund body camera equipment.



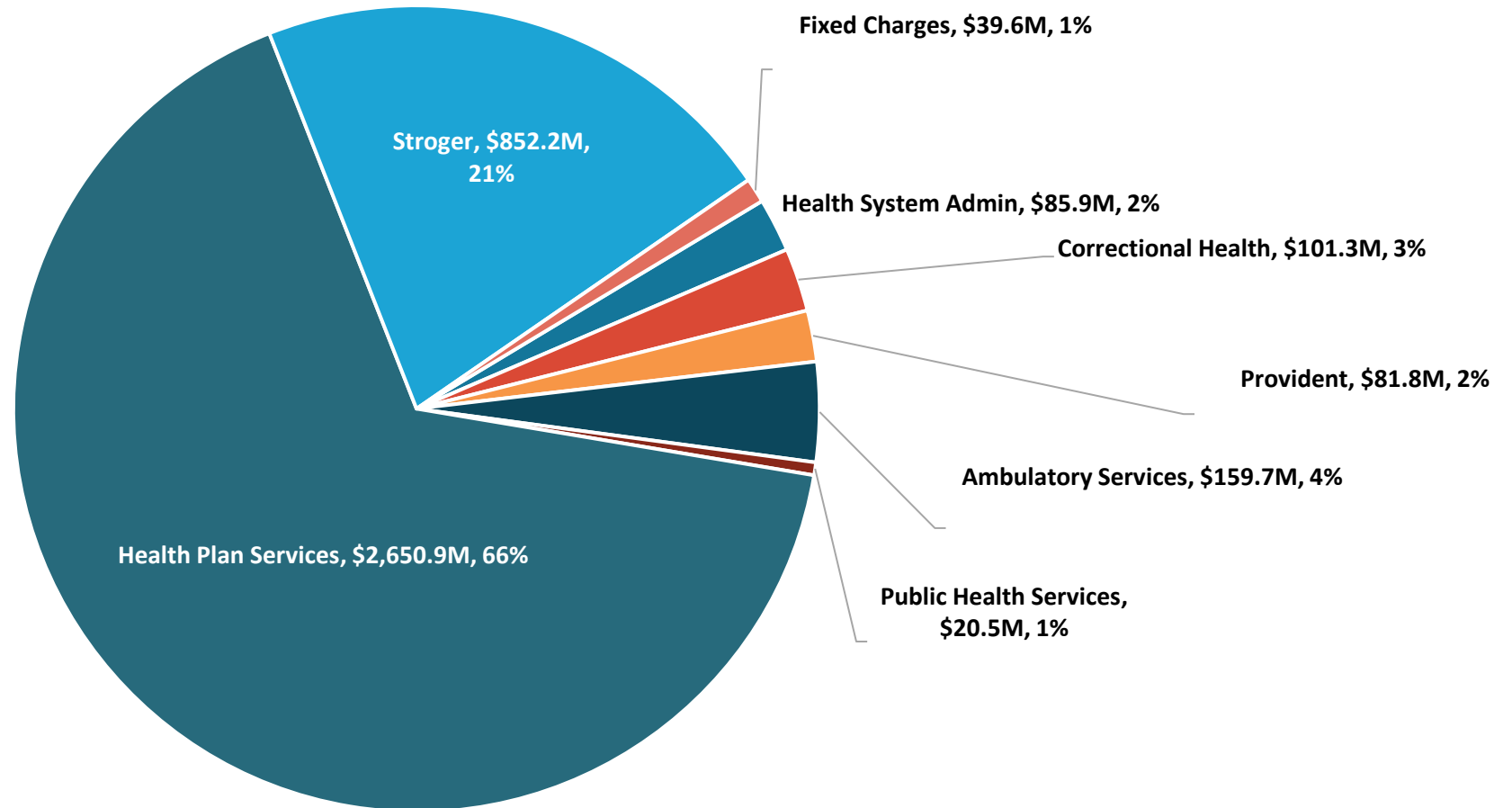
Health Enterprise Fund Review

Fiscal Years 2023 - 2024





FY2023 Health Enterprise Fund: \$3.99 Billion





FY2023 Preliminary Year-End Projections

Health Enterprise Fund surplus of \$402.1M forecasted for the year-end led by:



CountyCare Membership

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



Medicaid Revenue

Higher than anticipated Medicaid Directed Payments from the Managed Care organizations.



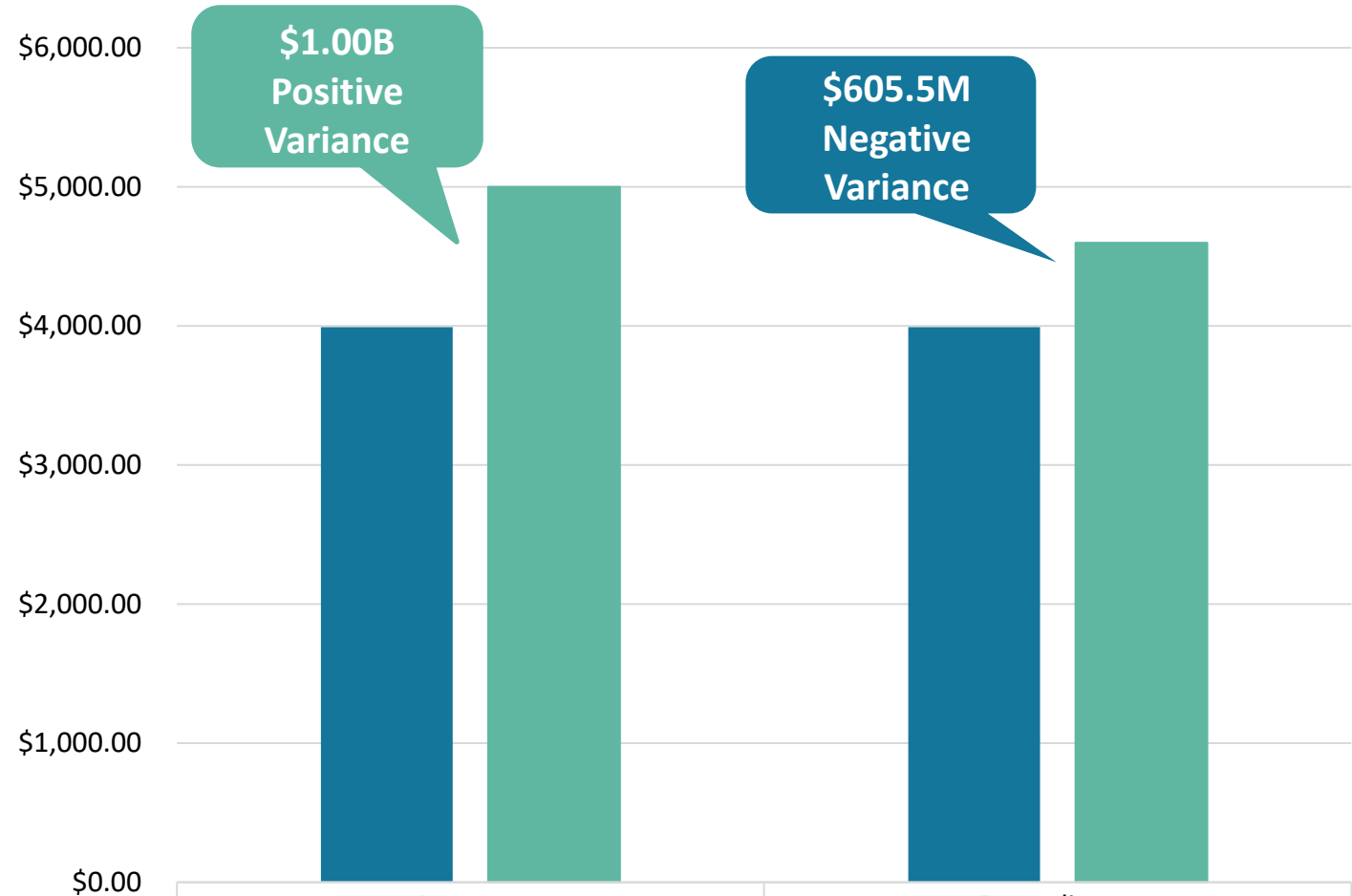
Tight Labor Market

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



CountyCare Claims

Higher than anticipated CountyCare claim expenses due to higher CountyCare membership.



	Revenue	Expenditures
FY2023 Adopted	\$3,991.90	\$3,991.90
FY2023 YE Estimate	\$4,999.60	\$4,597.50

*FY2023 revenue totals show an estimated \$143,422,947 that CountyCare provides to CCH for claims payments for their members is reflected as revenue and expense at both Health Plan Services and Health Care Services. Similarly, \$313,576,509 in Directed Payments that CountyCare passes through to CCH are reflected as revenue and expense at both Health Plan Services and Health Care Services.



FY2024 Preliminary Forecast



Health Enterprise Fund expects a revenue shortfall of \$3.0 M for FY2024 led by:



CountyCare Revenue

Resumption of redetermination leads to the lower membership level, but a higher PMPM rate leads to the higher revenues. HPS has a strategic plan to maintain CountyCare members.



Increased Labor Costs

Increased cost of personnel per negotiated salary schedules and anticipated increase in contract labor compared to FY23 budget.



Asylum Seeker Costs

As the pandemic waned, the number of asylum seekers to Chicago increased, driving CCH costs higher.

FY2024 revenue totals show an estimated \$143,623,948 that CountyCare provides to CCH for claims payments for their members only in County Care.

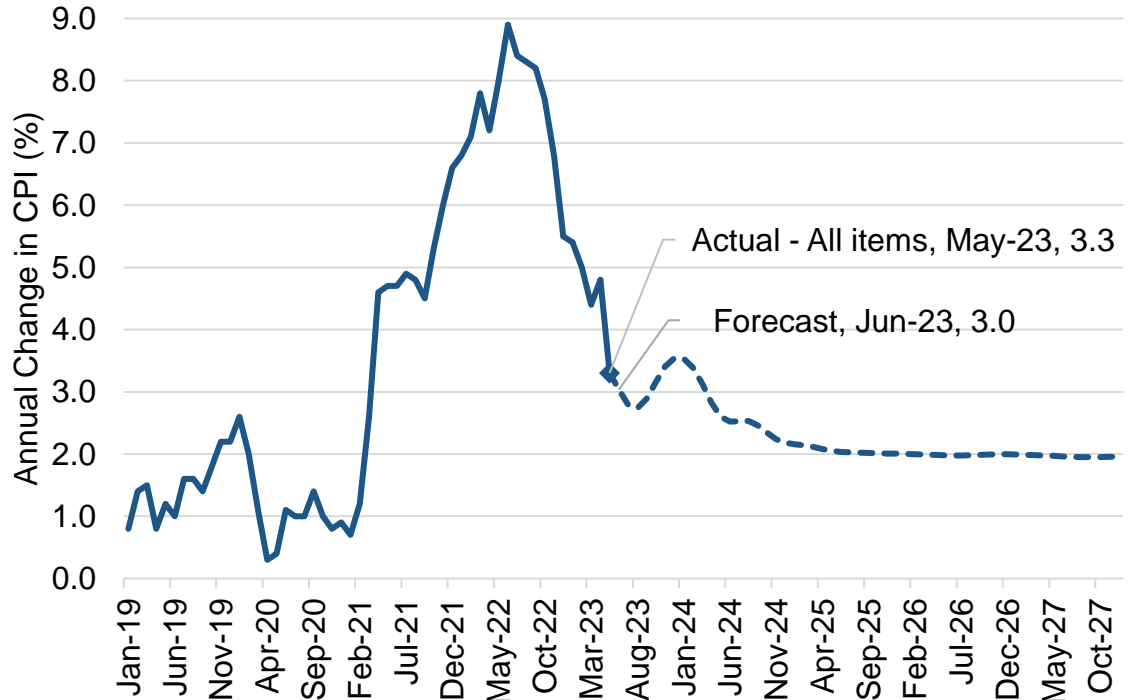
General Fund long-term forecast

Economic update

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

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.

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



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

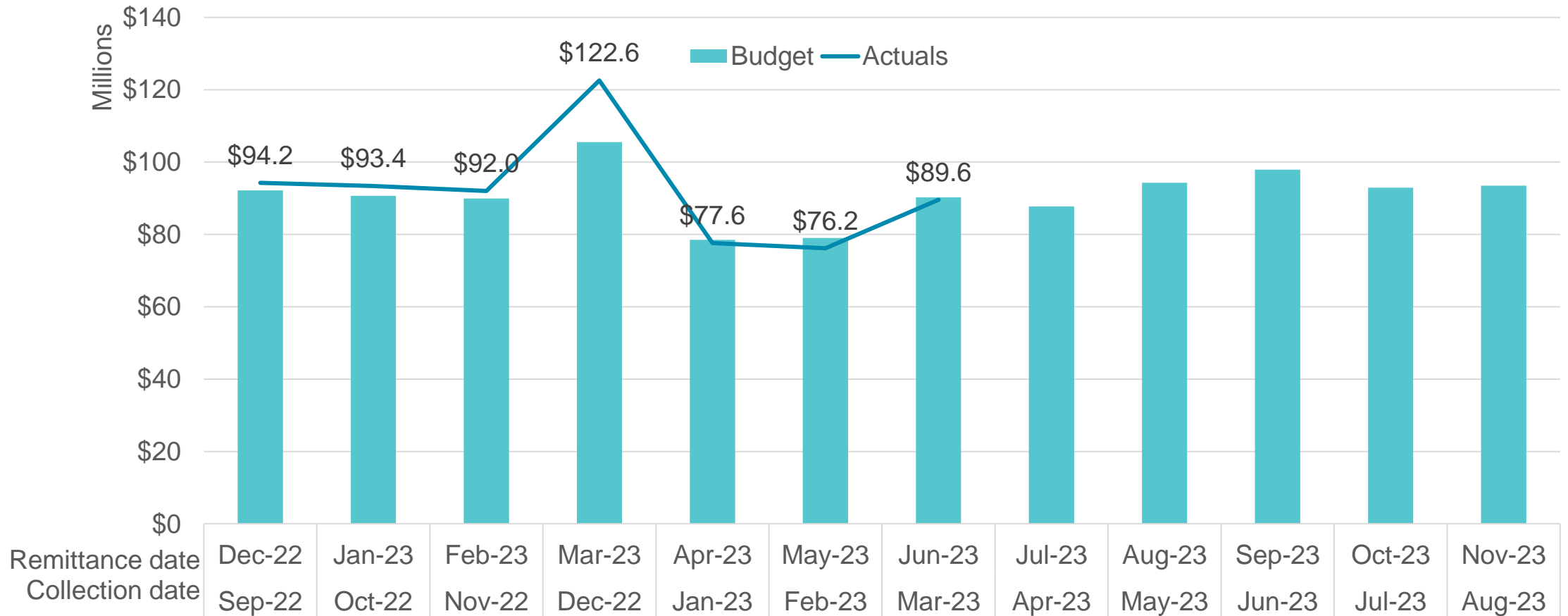
Real GDP forecasts

Year	Federal Reserve	Moody's	Survey of Professional Forecasters	
			Wall Street Journal	
2023	1.0%	1.6%	1.3%	0.5%
2024	1.1%	1.4%	1.0%	1.6%
2025	1.8%	2.4%	2.4%	2.2%
2026	1.8%	2.8%	2.3%	2.2%

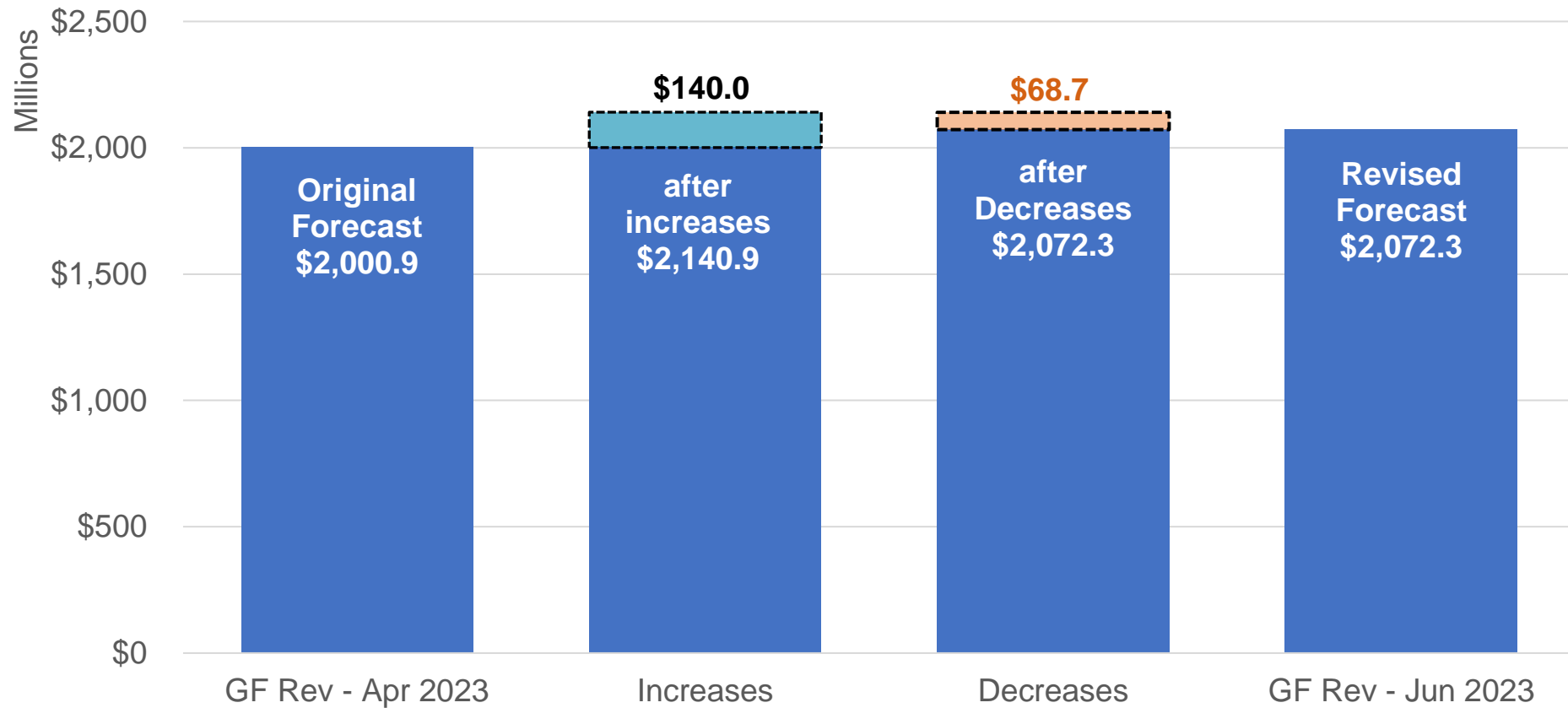
Sources: Federal Open Market Committee, June 2023; Moody's Analytics, June 2023; Survey of Professional Forecasters, May 2023; Wall Street Journal Economic Forecasting Survey, April 2023



FY 2023 sales tax revenue compared to forecast



General Fund forecast – changes from April 2023 forecast



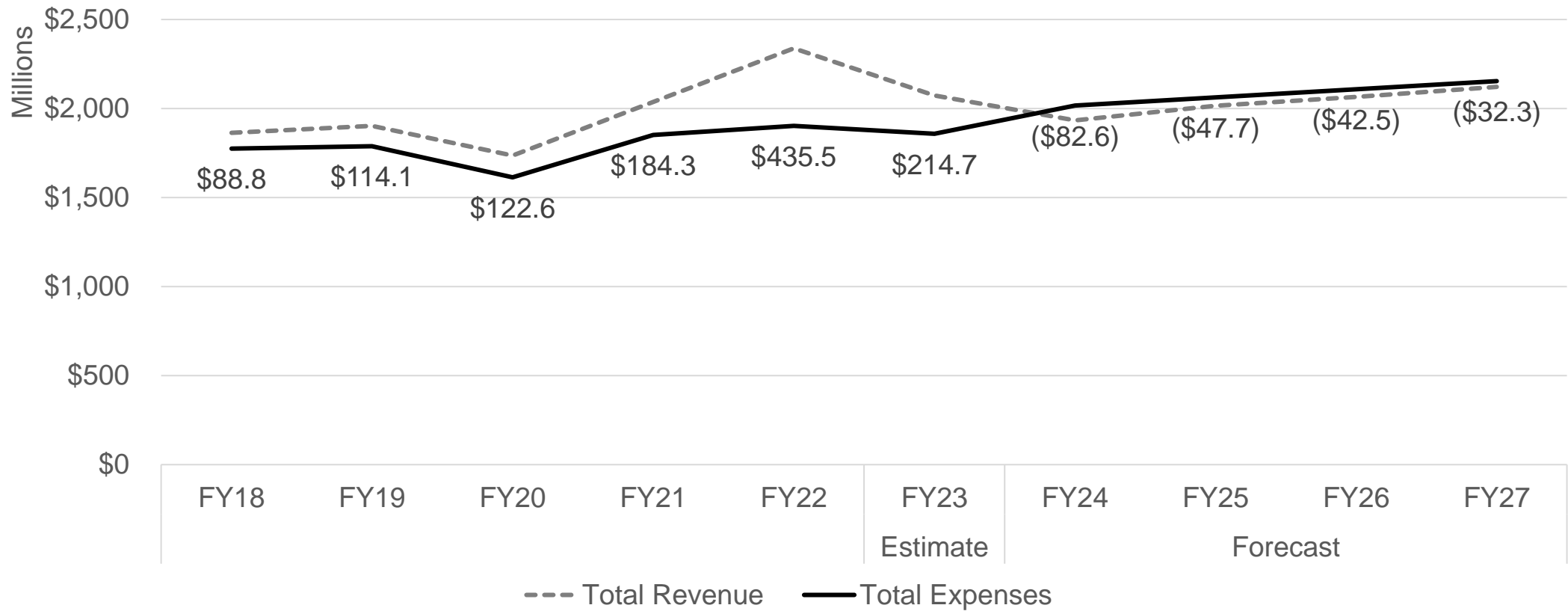


General Fund forecast – major changes from April 2023 forecast

Revenue source	June forecast FY2023	Percent change in forecast FY2023	Amount change in forecast from April 2023 forecast				
			FY2023	FY2024	FY2025	FY2026	FY2027
400010-Property Taxes	\$267.7	2.6%	\$6.7	(\$75.5)	(\$62.8)	(\$48.0)	(\$38.0)
401110-Non Property Taxes	\$41.8	100.0%	\$41.8	\$0.0	\$0.0	\$0.0	\$0.0
400040-Tax Increment Financing Taxes	\$25.9	(0.0%)	(\$0.0)	(\$7.8)	(\$6.2)	(\$6.2)	(\$6.2)
401150-County Sales Tax	\$1,125.4	0.5%	\$5.5	(\$5.2)	(\$6.5)	(\$9.1)	(\$8.3)
402200-County Recorder and Registrar / 402150-County Clerk	\$50.1	(4.2%)	(\$2.2)	(\$18.6)	\$0.0	(\$0.0)	(\$0.0)
405010-Investment Income	\$25.4	2,443.6%	\$24.4	\$34.9	\$31.7	\$31.3	\$29.3
Subtotal major changes	\$1,536.3	5.2%	\$76.4	(\$72.2)	(\$43.9)	(\$32.0)	(\$23.1)
Other GF revenues	\$535.9	(0.9%)	(\$5.0)	\$2.1	(\$2.5)	\$0.2	\$0.2
Total GF revenues	\$2,072.3	3.6%	\$71.4	(\$70.1)	(\$46.3)	(\$31.8)	(\$22.9)



General Fund Net Surplus/(Deficit) Projection

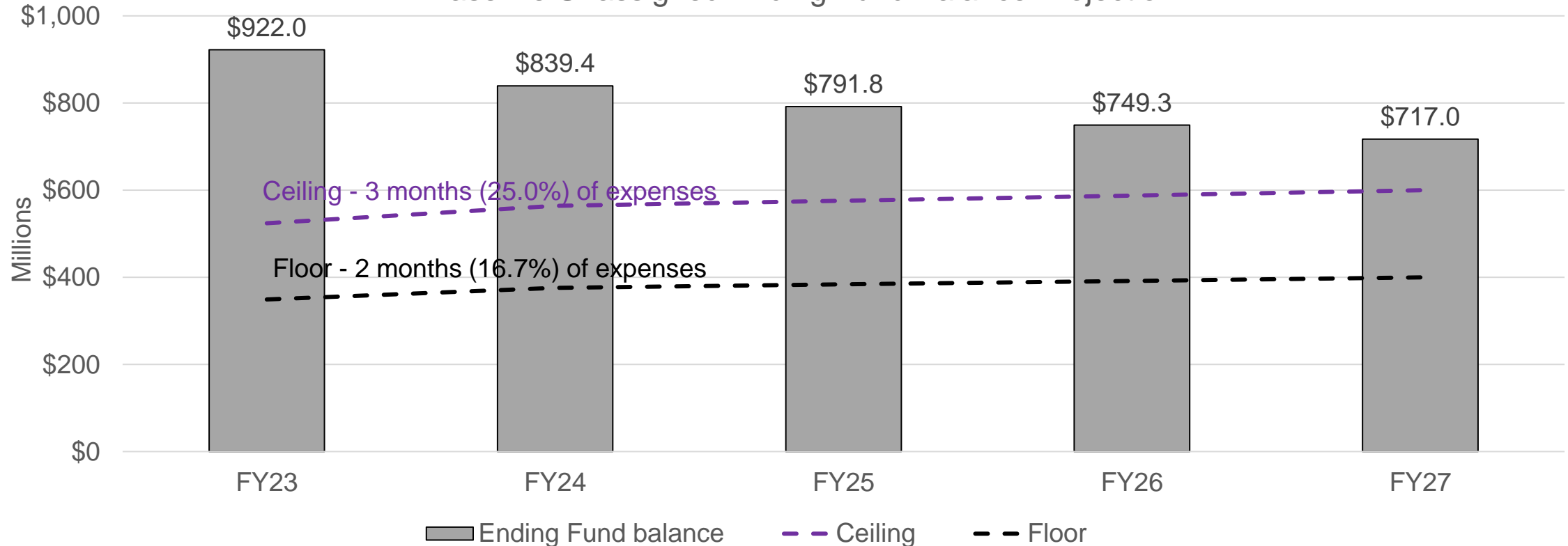


- The amounts displayed along the lines in the chart represent the net surplus or (deficit) corresponding to the fiscal year when considering the total revenue against total expenses



General Fund – fund balance

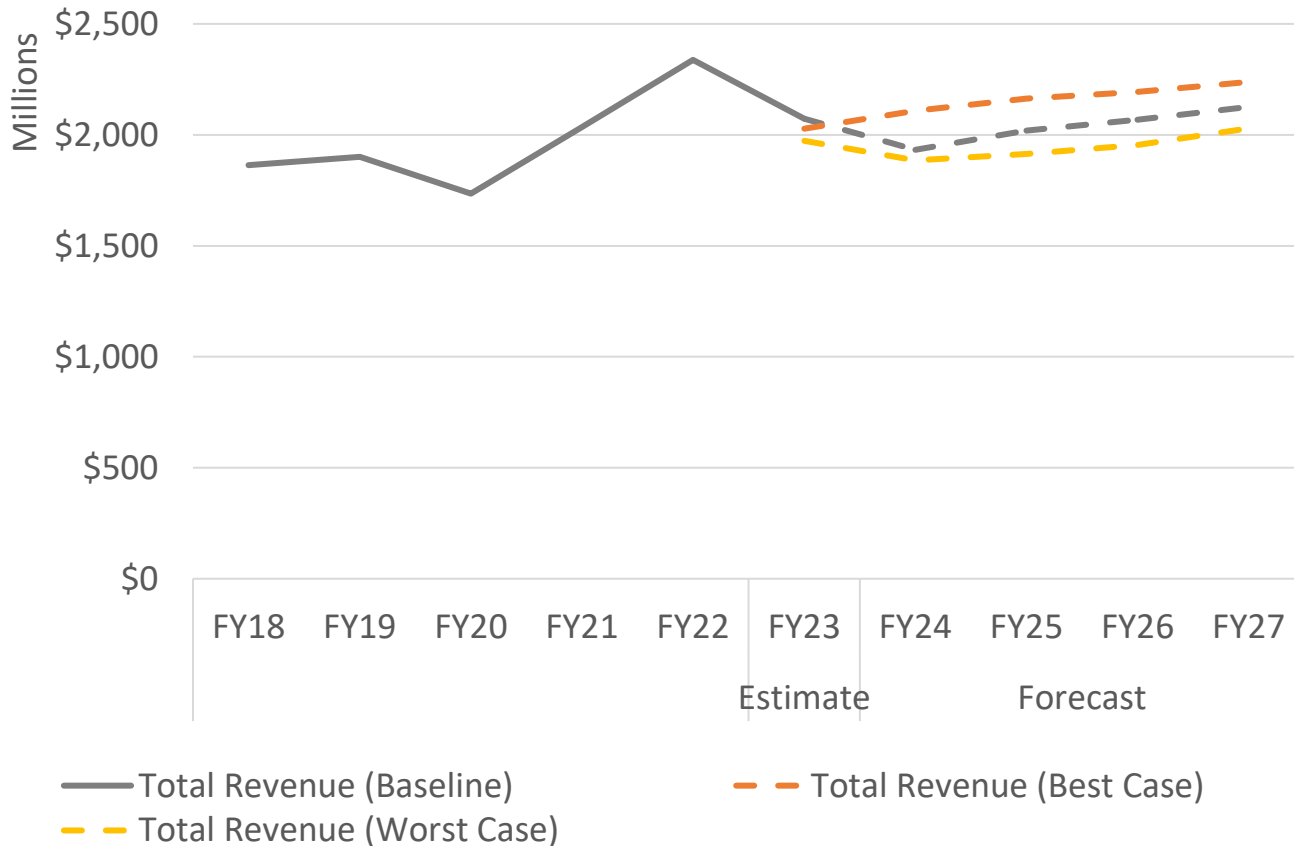
Baseline Unassigned Ending Fund Balance Projection



- 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 \$390.6 million in assigned fund balance



General Fund revenue scenarios



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 Q3 2023
- Fed restores consumer confidence after bank failures
- Russia/Ukraine conflict resolves faster than expected
- Tensions between China & U.S. diminish

Baseline

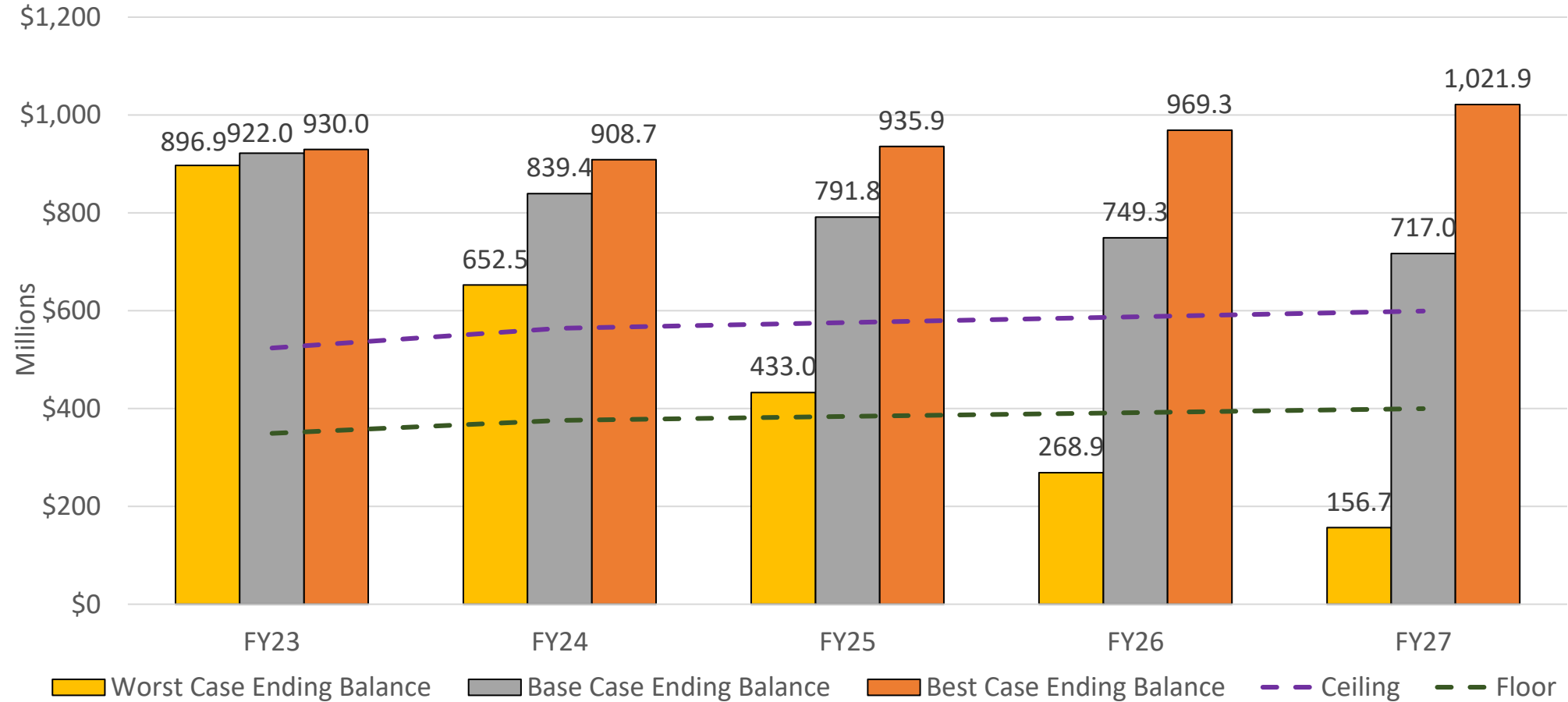
- The economy has a 50% chance of performing better and a 50% chance of performing worse
- The Fed still aims to tighten monetary policy; Fed funds rate remains at 5% to 5.25%
- Economy is at full employment
- Russian war in Ukraine continues but impacts fade

Worst

- The economy has a 90% chance of performing better and a 10% chance of performing worse
- Unemployment increases starting in Q3 2023, peaking in mid-2024
- Further instability in banking sector, reducing consumer confidence
- Economy falls into a recession in Q3 2023

*Includes both General Fund and Transportation Related Home Rule Taxes Fund

General Fund - fund balance scenarios



*Incorporates both General Fund and Transportation Related Home Rule Taxes Fund
 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



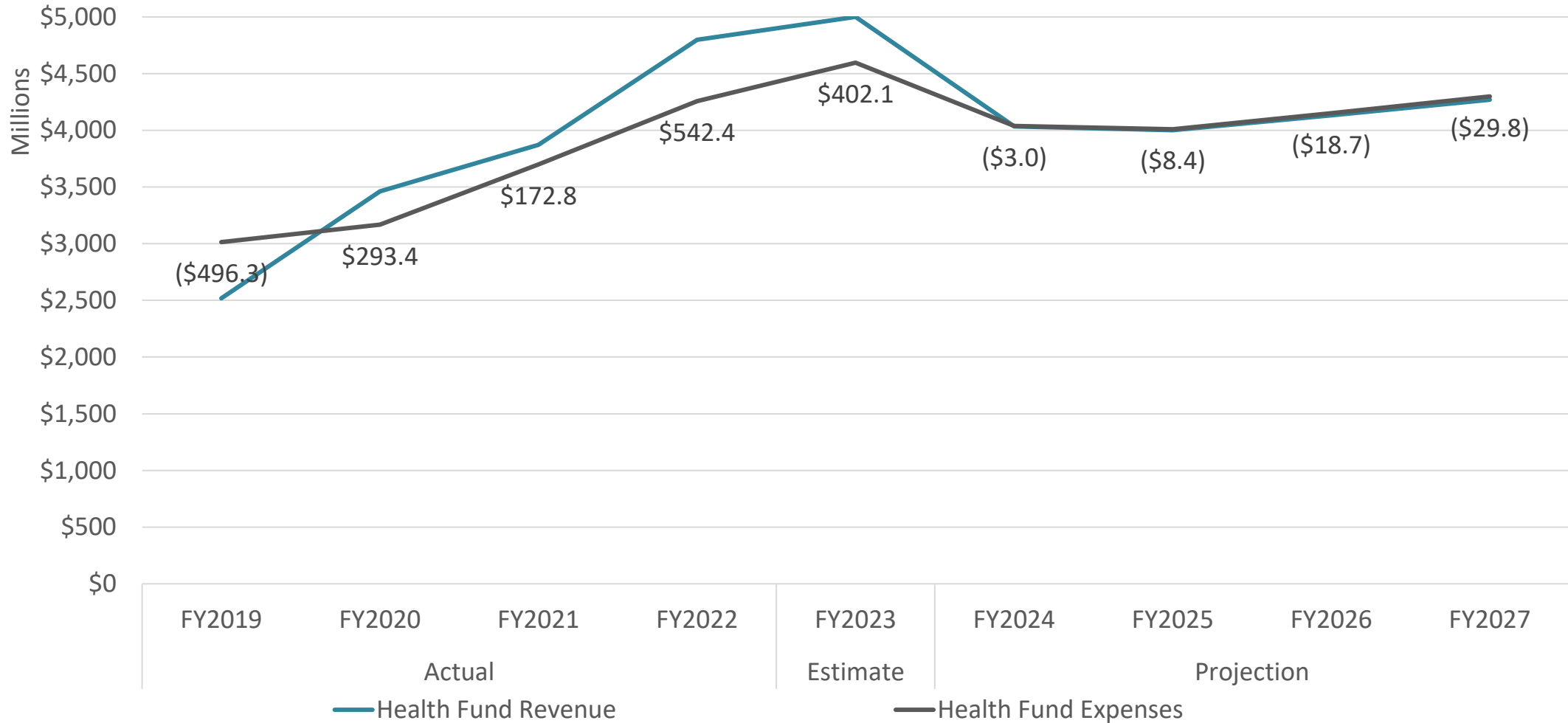
CCH expends funds to operate the hospitals

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

In FY2024, the preliminary forecast assumes that:

- Directed payments would be transferred from CountyCare revenues to CCH, eliminating the duplication
- Domestic claims would be offset through matching revenue and expense eliminations

Health Fund Net Surplus/(Deficit)

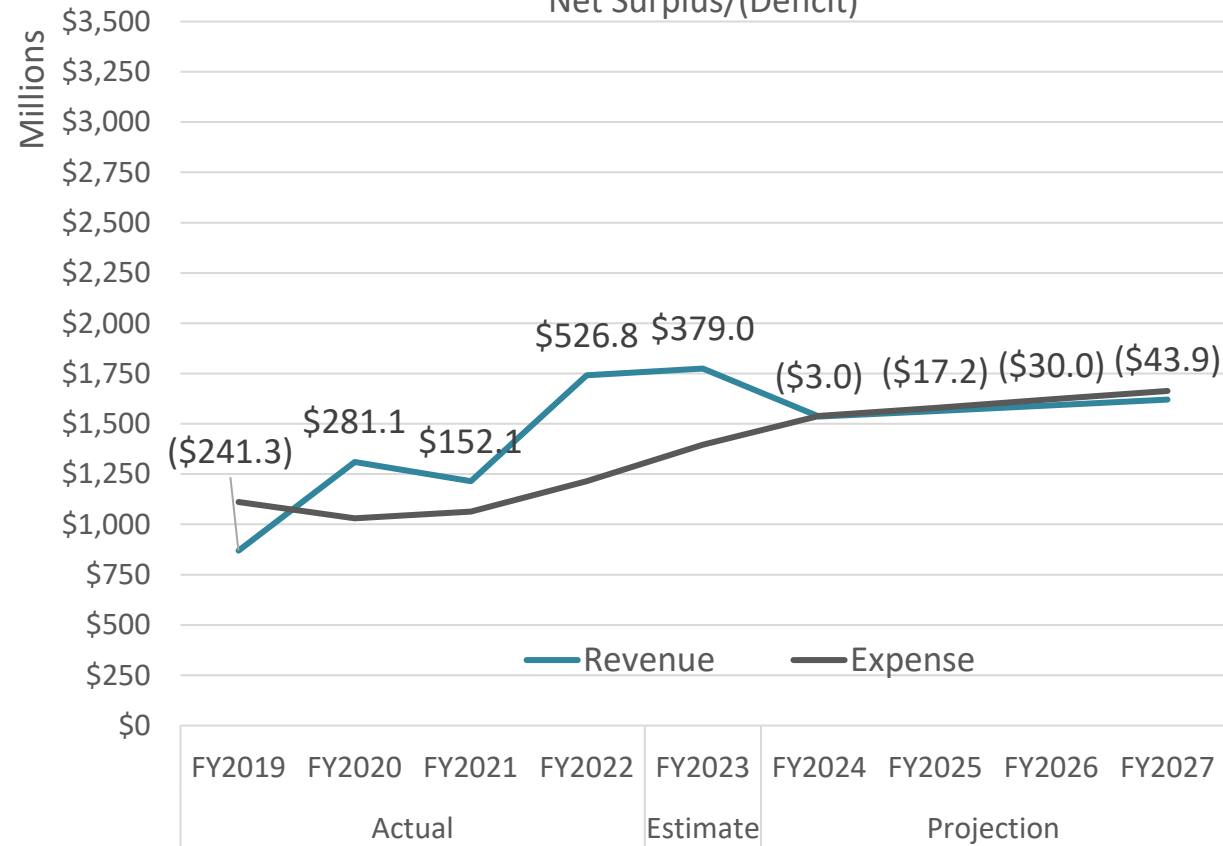


- The amounts displayed along the lines in the chart represent the surplus or deficit corresponding to the fiscal year
- FY2024 through FY2027 include domestic claims elimination

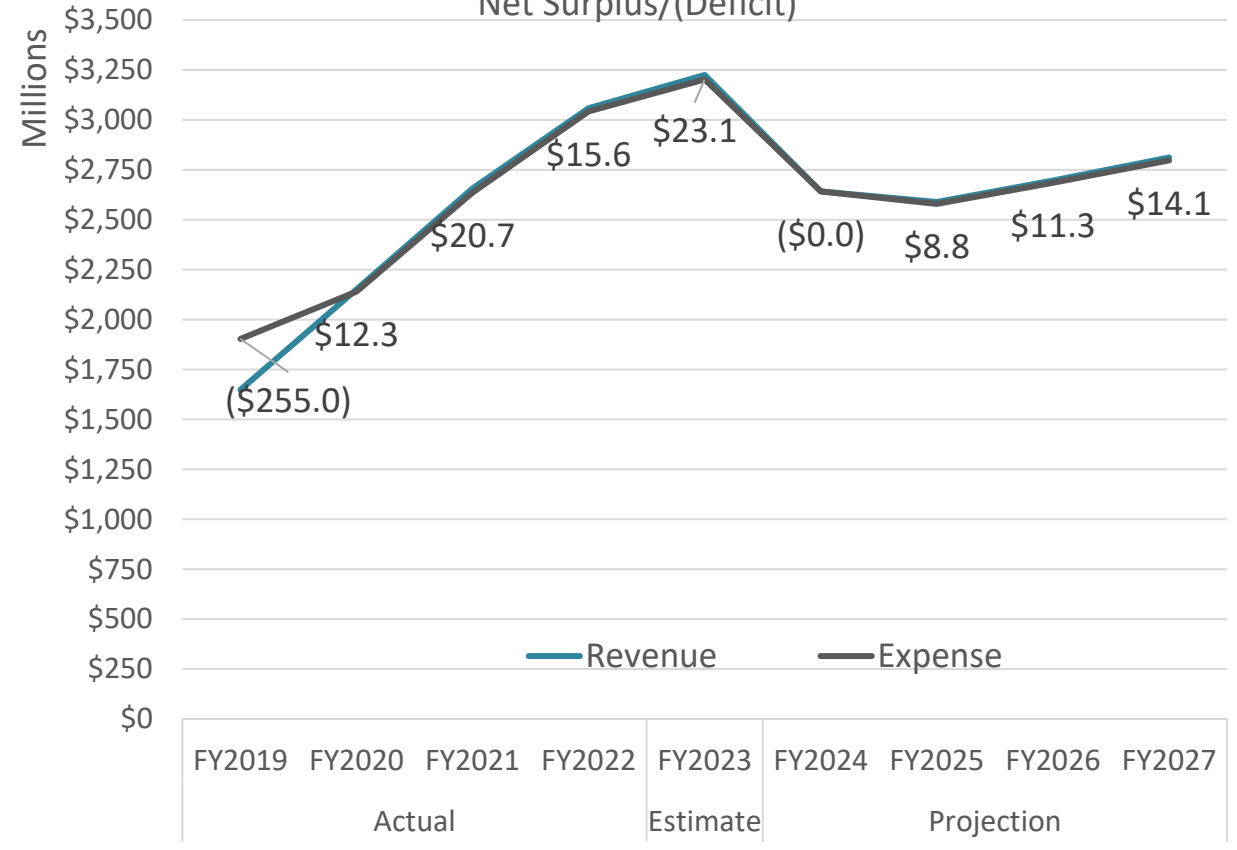


Health Fund Health Care Services and Health Plan Services

CCH - Health Care Services
Net Surplus/(Deficit)



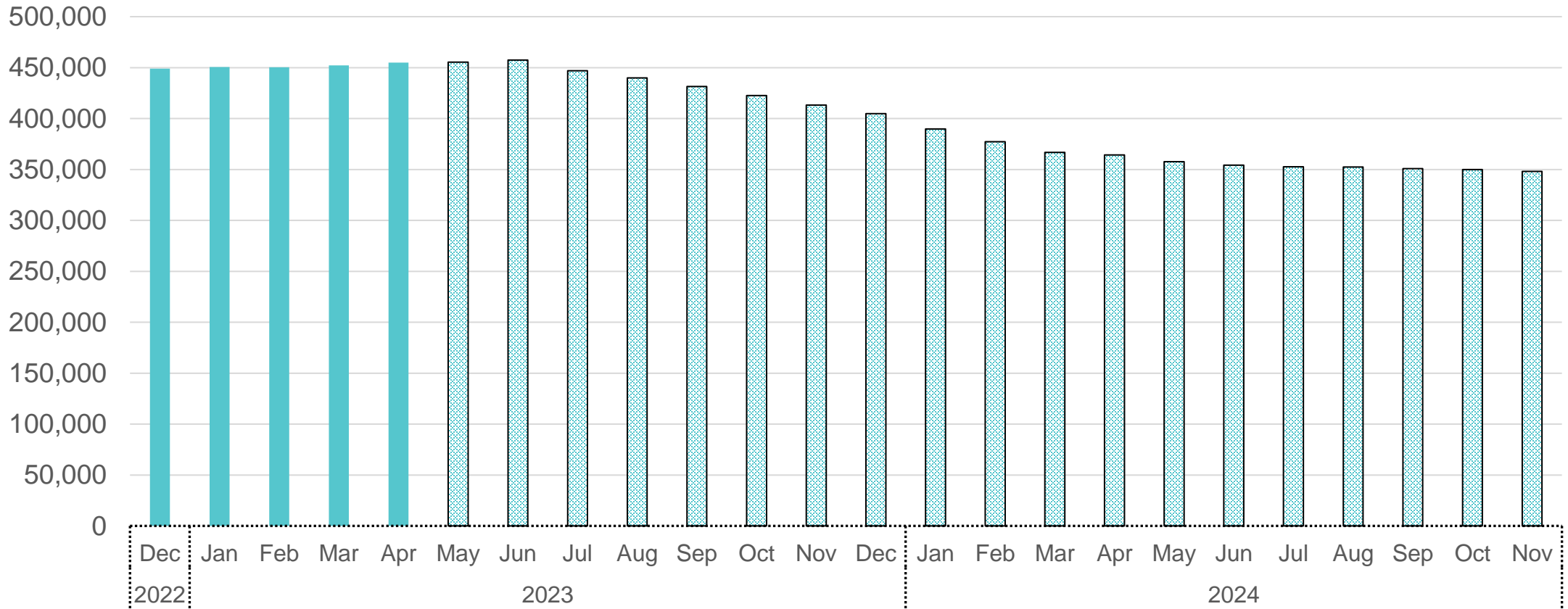
Health Plan Services (CountyCare)
Net Surplus/(Deficit)



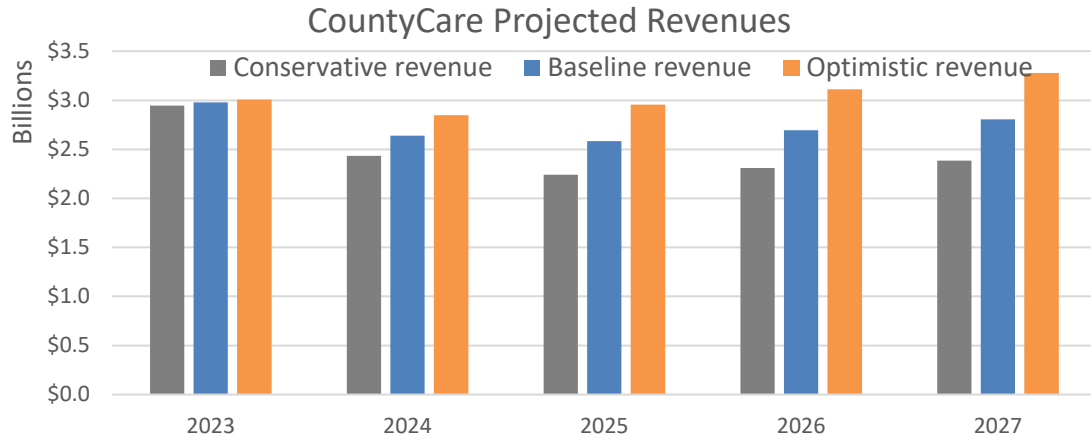
*Domestic claims elimination excluded from totals in both charts



County Care Membership Actuals and Projections



Health Fund CountyCare scenarios



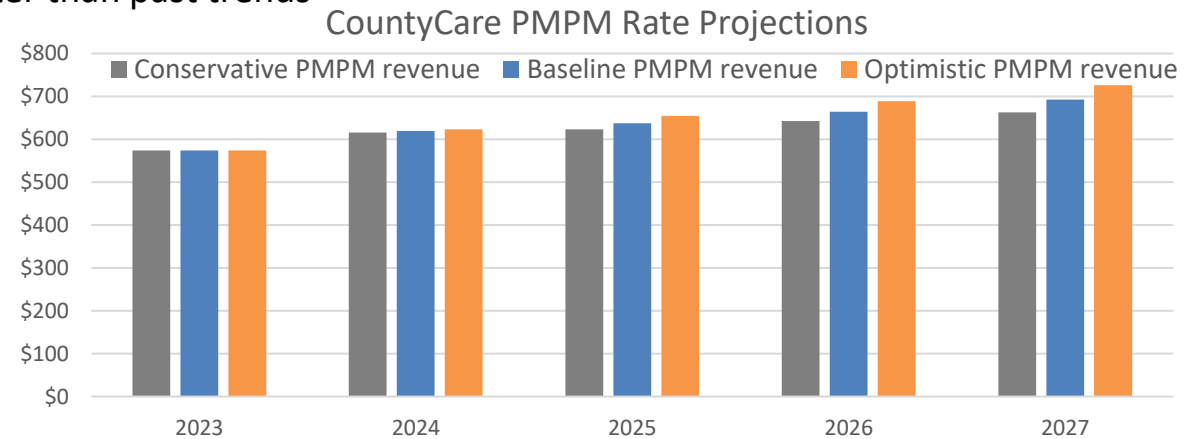
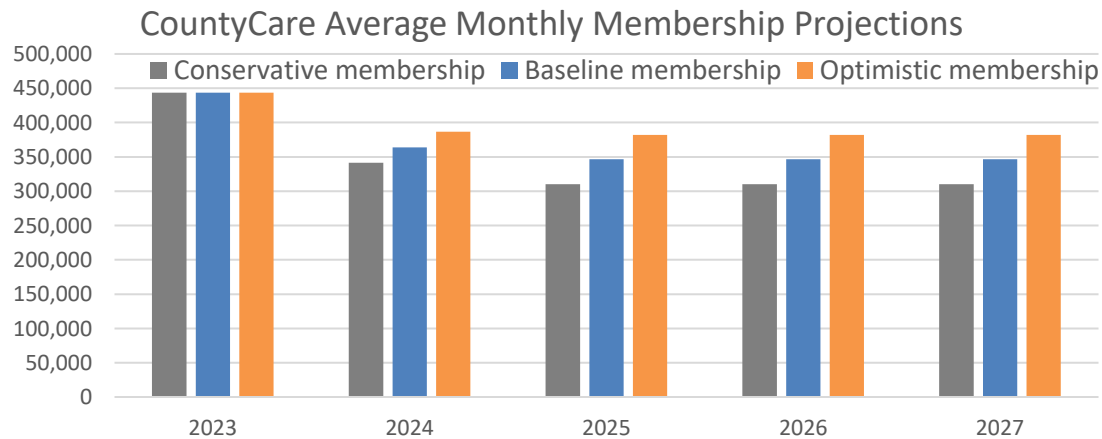
Scenario Assumptions

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 4th quarter 2023; PMPM rates will increase slower than past trends

Baseline: autoenrollment will drop to 35% in 4th quarter 2023; PMPM rates will increase as in the past

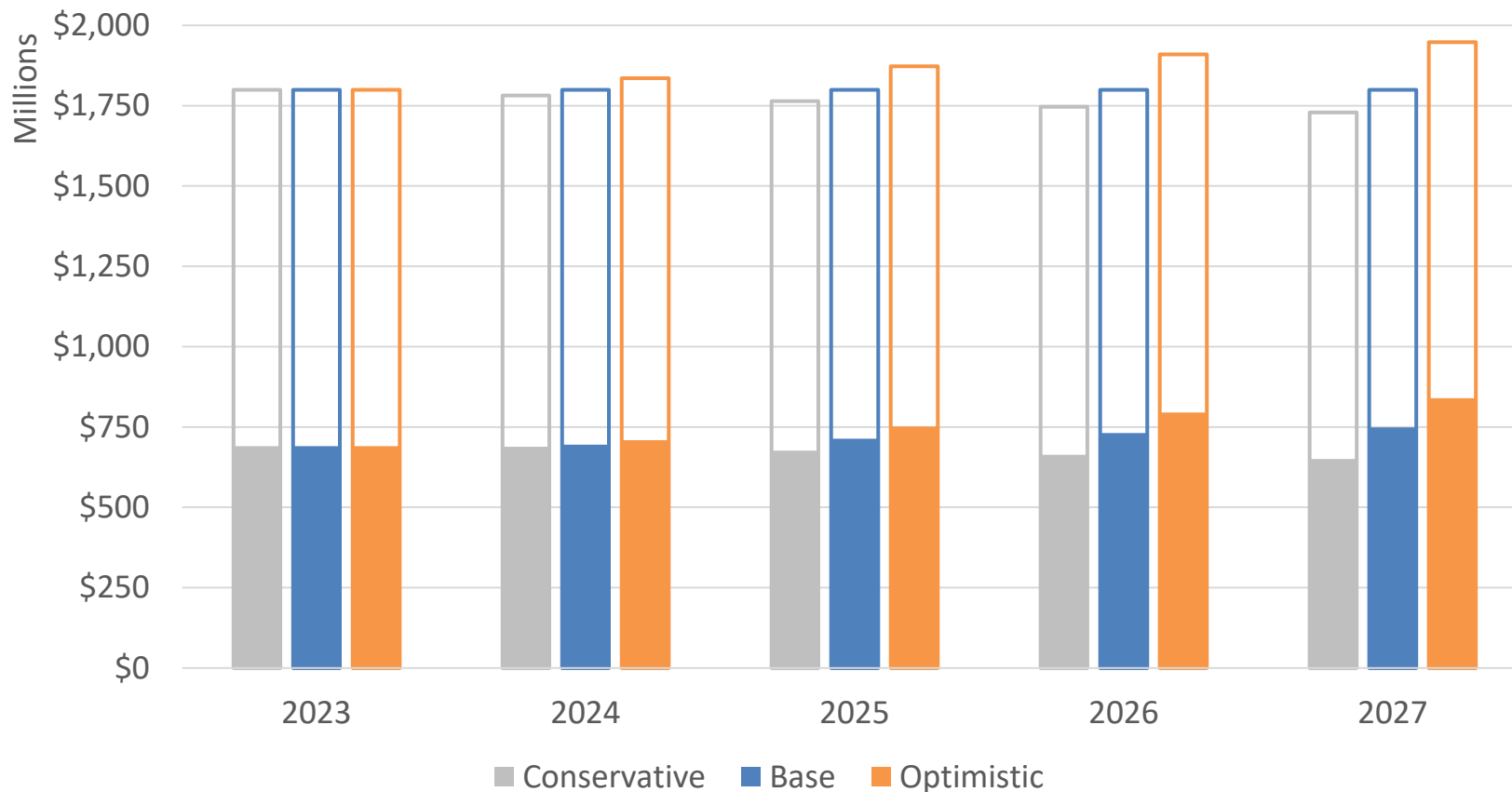
Optimistic: autoenrollment will remain at 50%; PMPM rates will increase faster than past trends



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



Meeting calendar

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

September

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

September 21: County Board meeting

Board meeting

October

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				

Early October: Executive Recommendation

Recommendation

October 19: County Board meeting

October 26: IRFC quarterly meeting

Public comment

Adjournment