



COOK COUNTY
BUREAU OF

FINANCE

Independent Revenue Forecasting Commission

Quarterly
Meeting

April 30, 2024



Agenda

-  Roll call
-  Approval of minutes
-  Opening remarks
-  Quarterly updates
-  Long-term forecast
-  Next steps
-  Public comment



Quarterly updates





Principles of the IRFC

Principle	Action Taken
Document Economic and Operational Drivers	Tracked economic indicators and updated forecast
Pursue Consistency in Modeling	Utilized consistent methods for revenue forecasting, including alternative revenue scenarios
Systematically Track Monthly Operational and Revenue Data	Continued to analyze monthly revenues and expenses; updated net patient service revenue collection rates
Catalogue Historical Rates and Policies	Scoping future work in this area
Review Alternative Scenarios	Revised alternative scenario for updated collection rates
Benchmark Forecasts Against Other Jurisdictions	Meeting with COGFA about forecasting
Strive for Greater Collaboration	Conducted biweekly meetings with Cook County Health (CCH) staff



IRFC deliverables

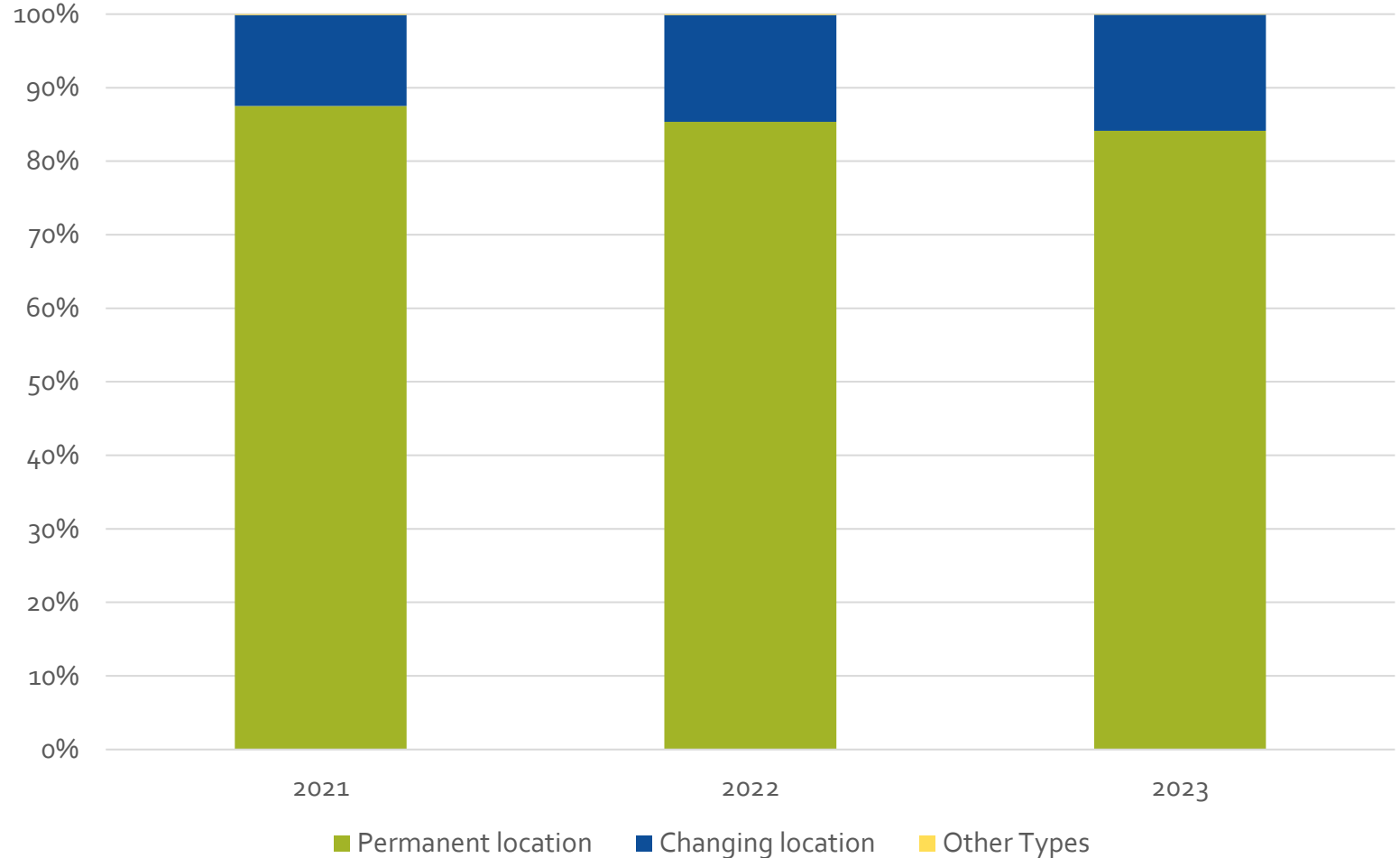
Deliverable	Progress
Methodological report and tax history document	Scoping future work
ARPA sustainability analysis	This work is being performed alongside the program sustainability evaluation
Access IDOR sales tax data	Data has been downloaded, currently conducting analysis
Economic and policy factors in the CCH revenue forecast	Scoping how to incorporate a recession into an alternative scenario

Analysis of sales tax data

- Sales from “Changing Locations” (remote) increased from accounting for 12.4% of total remittance in 2021 to 15.8% in 2023
- In 2023, more than 15% of sales tax revenues came from the largest 10 sales tax remitters



Breakdown of Remittances 2021- 2023





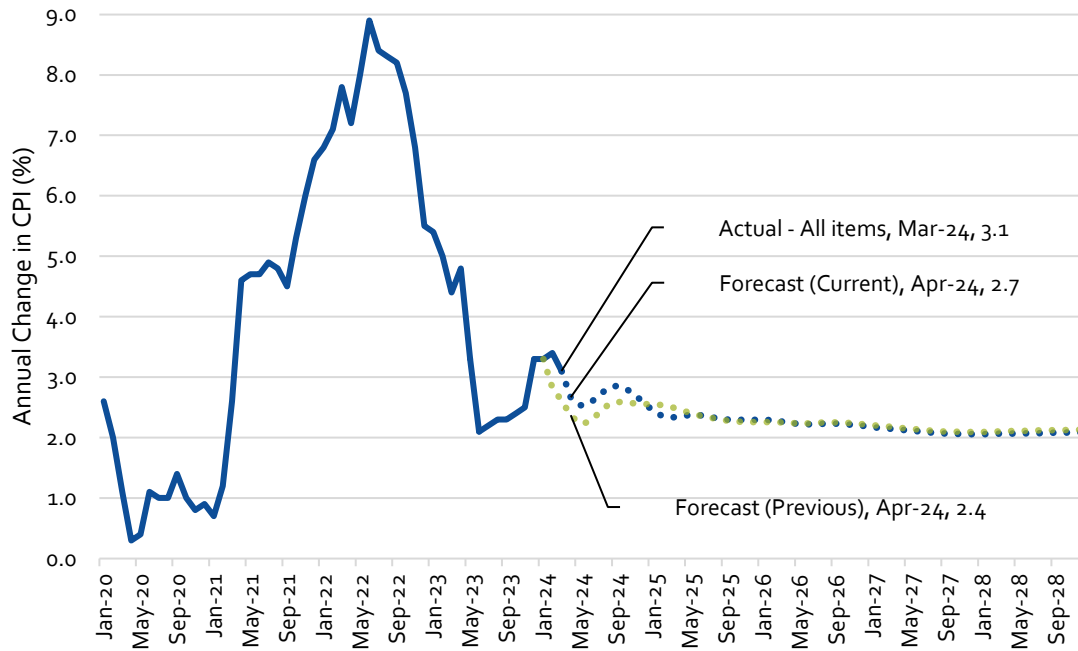
General Fund long-term forecast



Economic update

Inflation is expected to continue its downward trend to the Fed's 2% target rate; however, CPI remains higher compared to previous forecasts.

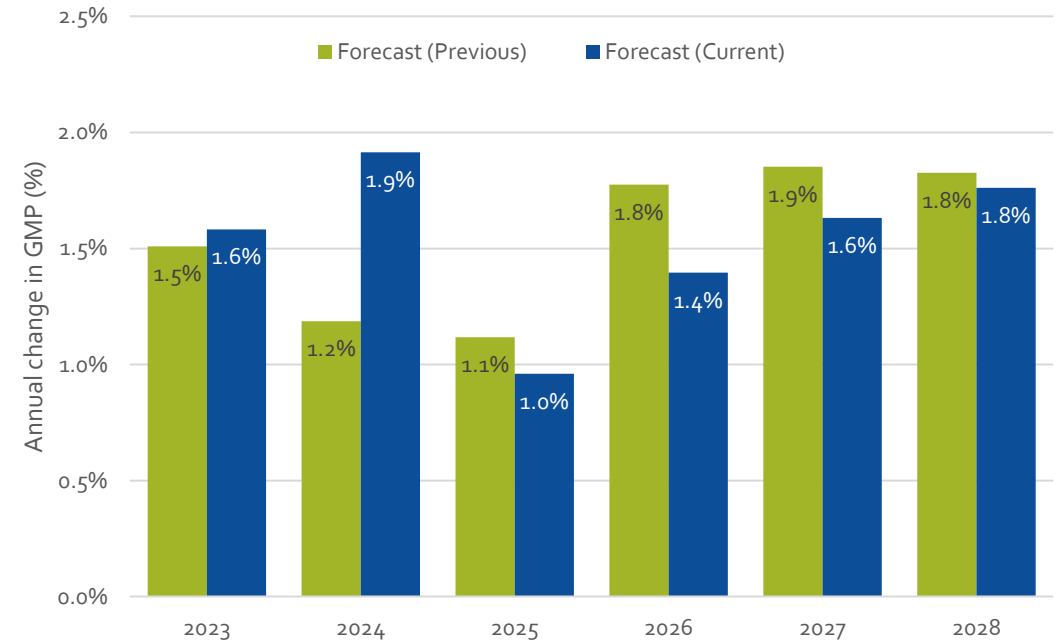
Year over year percent change in Consumer Price Index, Chicago MSA, actual and forecasted, 2020-28



Sources: U.S. BLS, April 2024; Moody's Analytics, December 2023 & March 2024

Real gross metro product for the Chicago MSA has been revised up in the near term because of recent above-trend growth, but outyears have been revised down compared to previous forecasts.

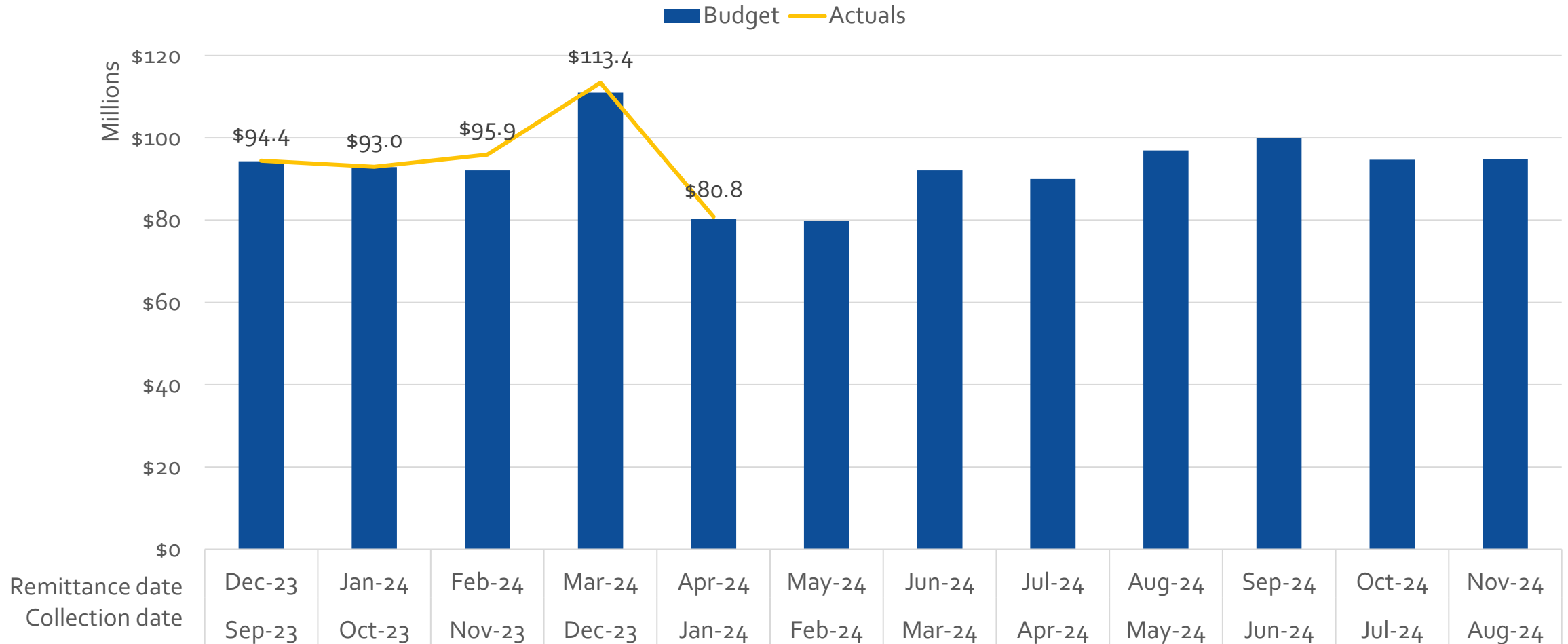
Annual percent change in forecasted real Gross Metro Product, Chicago MSA, 2023-28



Sources: Moody's Analytics, December 2023 & March 2024

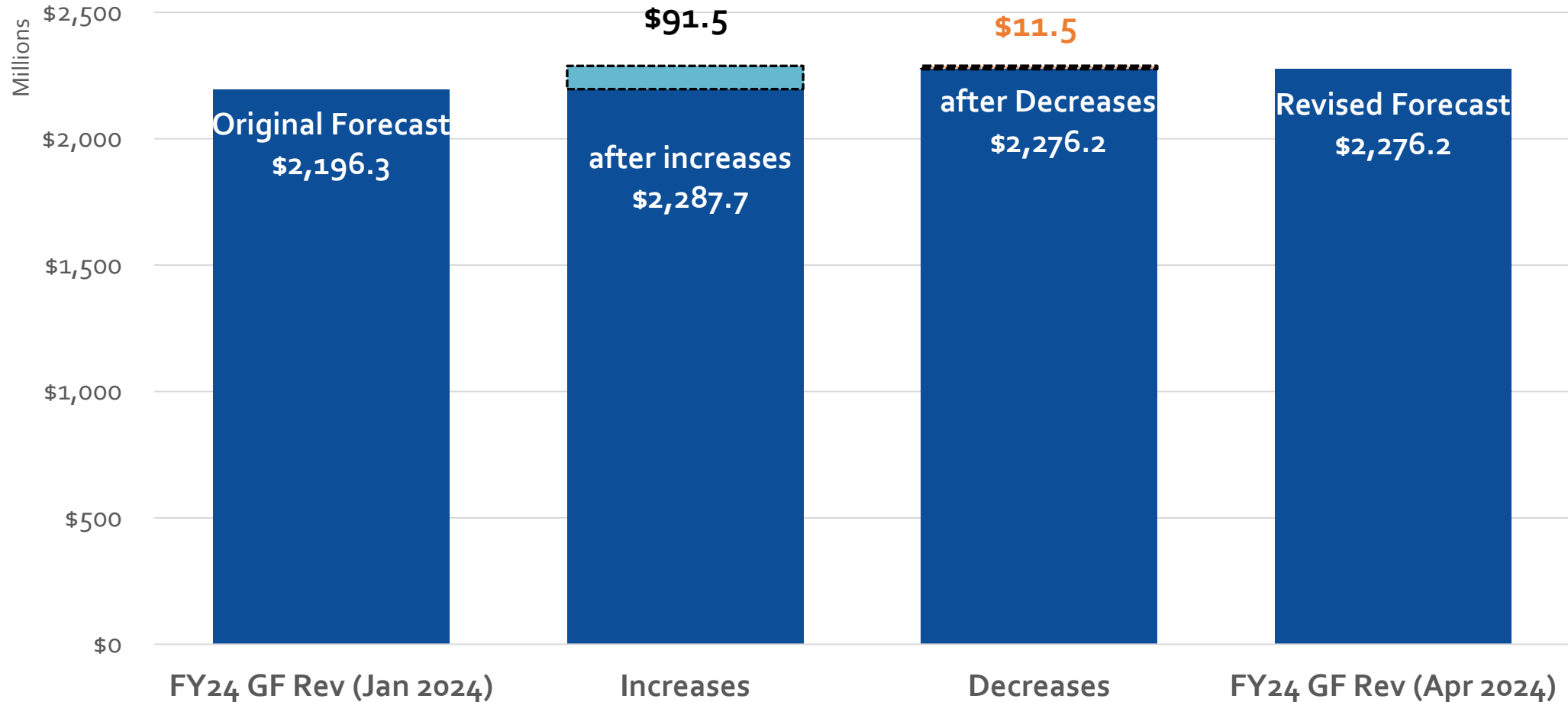


FY2024 sales tax revenue compared to forecast





General Fund forecast Changes from January 2024 forecast



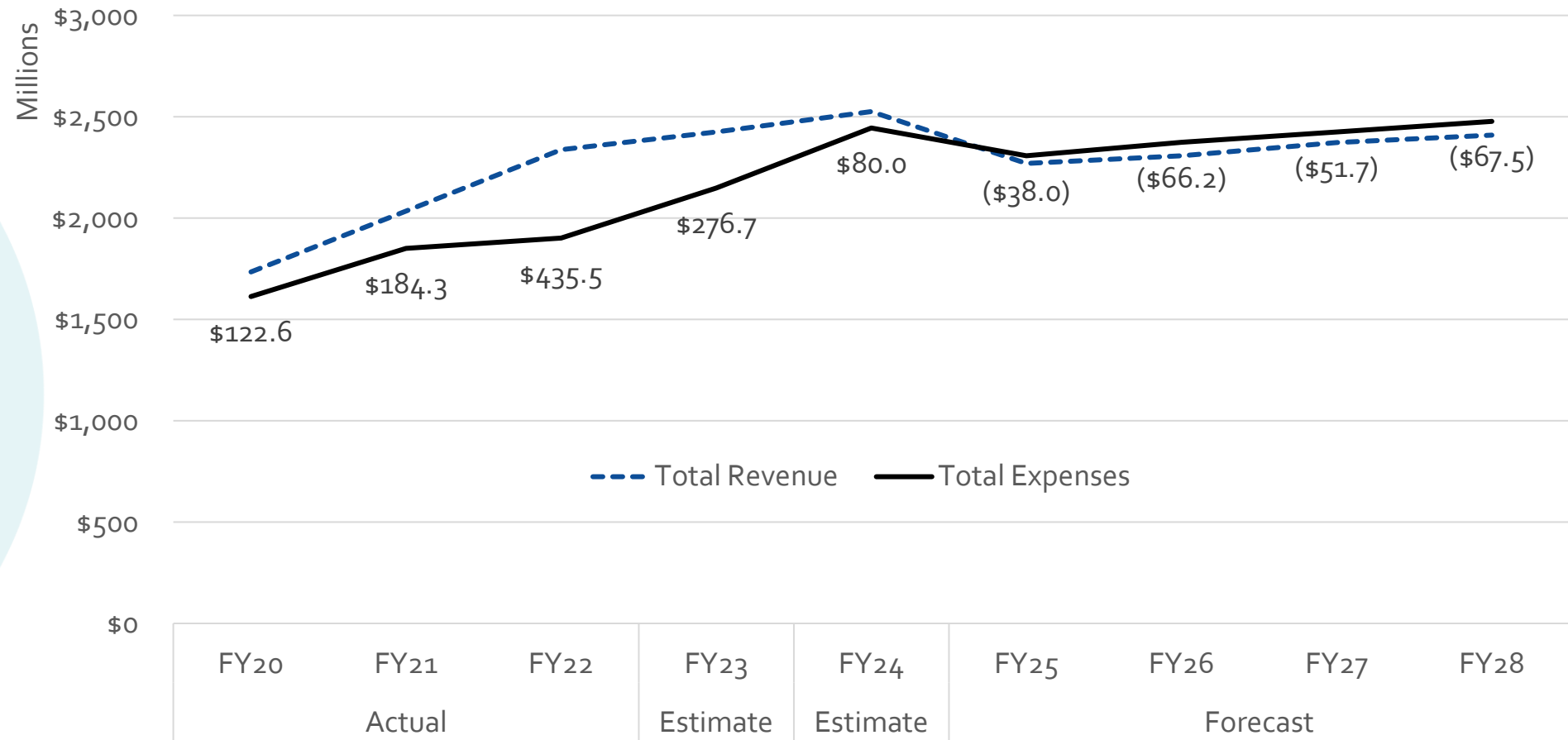
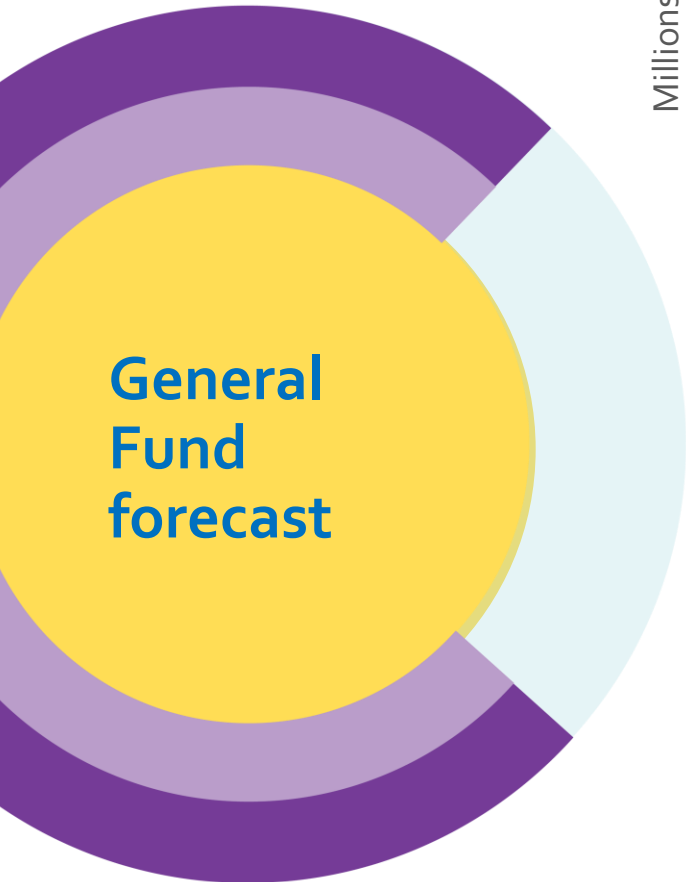


Major changes from January 2024 forecast

Revenue source	April forecast FY2024	Percent change in forecast FY2024	Amount change in forecast from January 2024 forecast				
			FY2024	FY2025	FY2026	FY2027	FY2028
402100-County Treasurer	\$71.6	104.6%	\$36.6	\$3.6	\$1.3	\$1.4	\$1.4
401150-County Sales Tax	\$1,138.9	1.8%	\$19.8	(\$8.5)	(\$24.9)	(\$38.7)	(\$47.2)
400040-Tax Increment Financing Taxes	\$25.0	85.7%	\$11.5	\$2.3	\$2.3	\$2.3	\$2.3
405010-Investment Income	\$54.1	24.4%	\$10.6	\$12.0	\$9.1	\$9.2	\$9.2
402548-Clerk of the Circuit Court Fees	\$65.0	9.2%	\$5.5	(\$0.8)	\$0.8	\$0.8	\$0.9
401350-Amusement Tax	\$44.5	6.0%	\$2.5	\$1.1	\$0.1	(\$0.7)	(\$1.6)
401550-Hotel Accommodations Tax	\$37.0	4.8%	\$1.7	\$1.0	\$0.4	(\$0.6)	(\$1.5)
401390-State Income Tax	\$20.3	(6.0%)	(\$1.3)	(\$0.8)	(\$0.3)	\$0.2	\$0.8
401530-Gambling Machine Tax	\$5.3	(23.2%)	(\$1.6)	(\$1.2)	(\$1.2)	(\$1.2)	(\$1.3)
402150-County Clerk	\$47.2	(4.3%)	(\$2.1)	(\$0.5)	(\$1.2)	(\$2.1)	(\$3.5)
401110-Non Property Taxes	\$68.4	(6.5%)	(\$4.8)	(\$0.6)	(\$7.7)	(\$10.0)	(\$6.7)
Subtotal major changes	\$1,577.2	5.2%	\$78.5	\$7.6	(\$21.4)	(\$39.4)	(\$47.1)
Other GF revenues	\$699.1	0.2%	\$1.5	(\$9.2)	\$4.2	\$11.8	\$19.7
Total GF revenues	\$2,276.2	3.6%	\$80.0	(\$1.6)	(\$17.2)	(\$27.7)	(\$27.3)



Net surplus/(deficit) projection

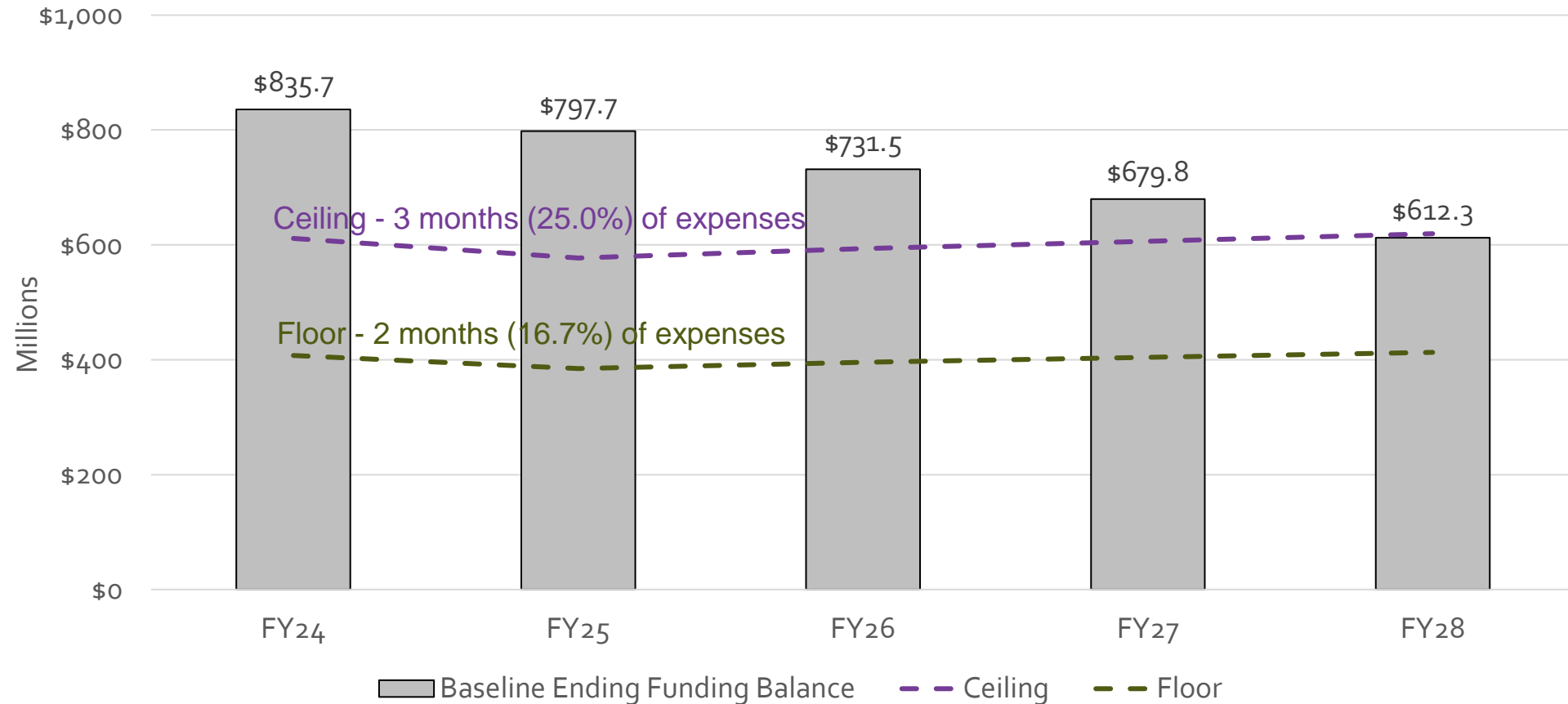


*Includes Transportation Related Home Rule Taxes Fund

- 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.



Unassigned ending fund balance

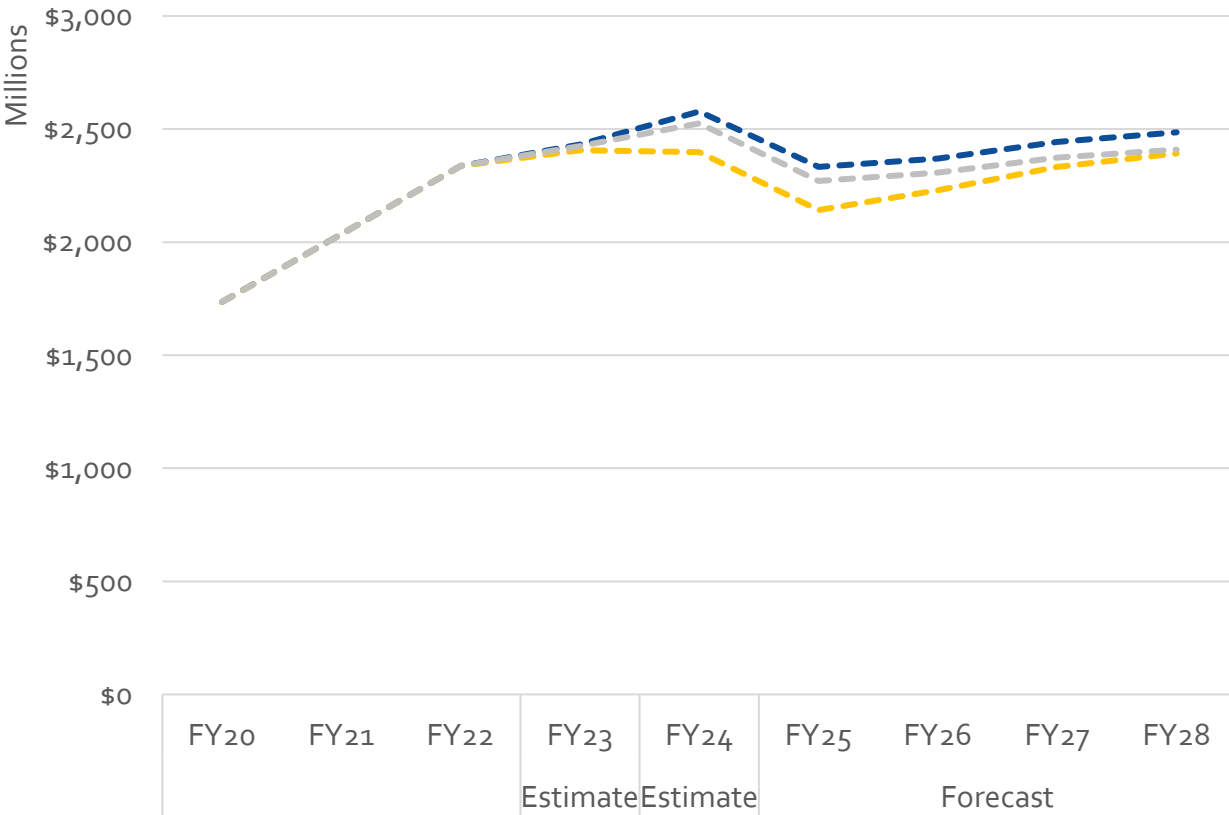


- Floor and ceiling incorporate both General Fund and Transportation Related Home Rule Taxes Fund expenses.
- Floor represents 2 months of projected annual expenses and Ceiling represents 3 months of projected annual expenses.
 - Floor and ceiling calculations determined pursuant to Government Finance Officers Association (GFOA) recommendations and Cook County's Fund Diversity And Stabilization/Financial Reserve Policy.



Revenue scenarios

General Fund Revenue Scenarios



--- Total Revenue (Best) --- Total Revenue (Worst) --- Total Revenue (Baseline)

Scenario Assumptions

Best

- The economy has a 10% chance of performing better and a 90% chance of performing worse
- Interest rates & inflation are a bit higher than baseline due to stronger growth
- Russian invasion of Ukraine and the Hamas-Israel conflict resolve faster than anticipated
- The economy has more than full employment starting in Q2 2024

Baseline

- The economy has a 50% chance of performing better and a 50% chance of performing worse
- The Fed is done tightening and will begin easing interest rates in June 2024, cutting rates three times in 2024 (down from four times in previous forecast)
- Federal government avoids a shutdown and remains in continuous operation through 2024

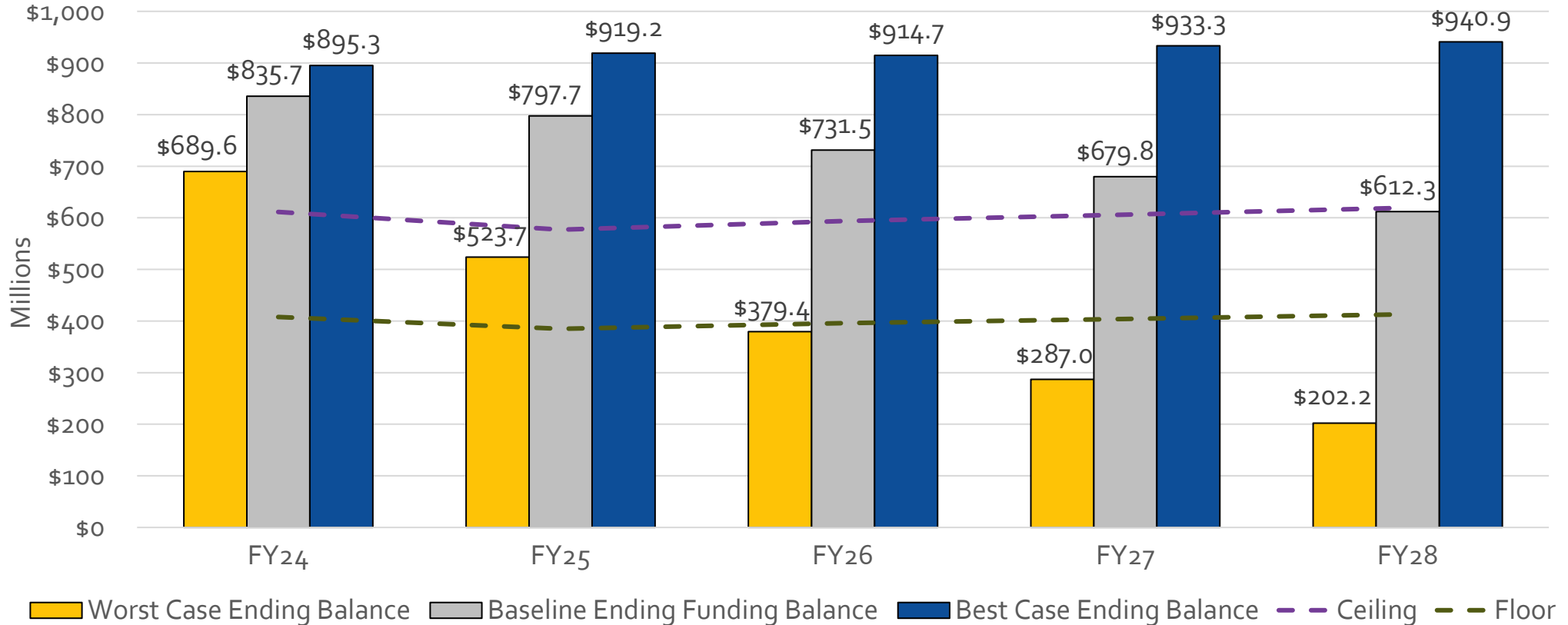
Worst

- The economy has a 90% chance of performing better and a 10% chance of performing worse
- Unemployment increases starting in Q2 2024, peaking at 7.7% in Q2 2025
- The combination of the risk of a federal shutdown, political tensions, and concerns about bank failures causes the stock market to fall. The economy falls into recession in Q2 2024.

*Includes Transportation Related Home Rule Taxes Fund



Unassigned ending fund balance scenarios



Baseline 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.

- Floor and ceiling incorporate both General Fund and Transportation Related Home Rule Taxes Fund expenses.



Health Fund long-term forecast





Net patient service revenue collection rates

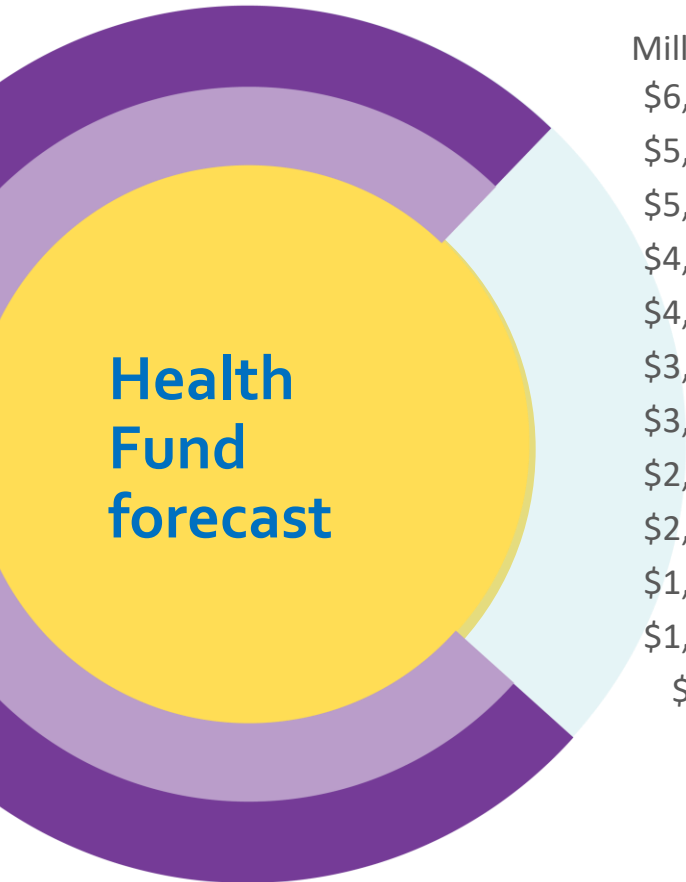
Update: New collection rate assumptions calculated from historic data

- BCBS/Commercial collection rate more than doubled
- Medicaid Managed Care collection rate less than anticipated
- Worker's Comp and Self-Pay is less than the previous collection rate

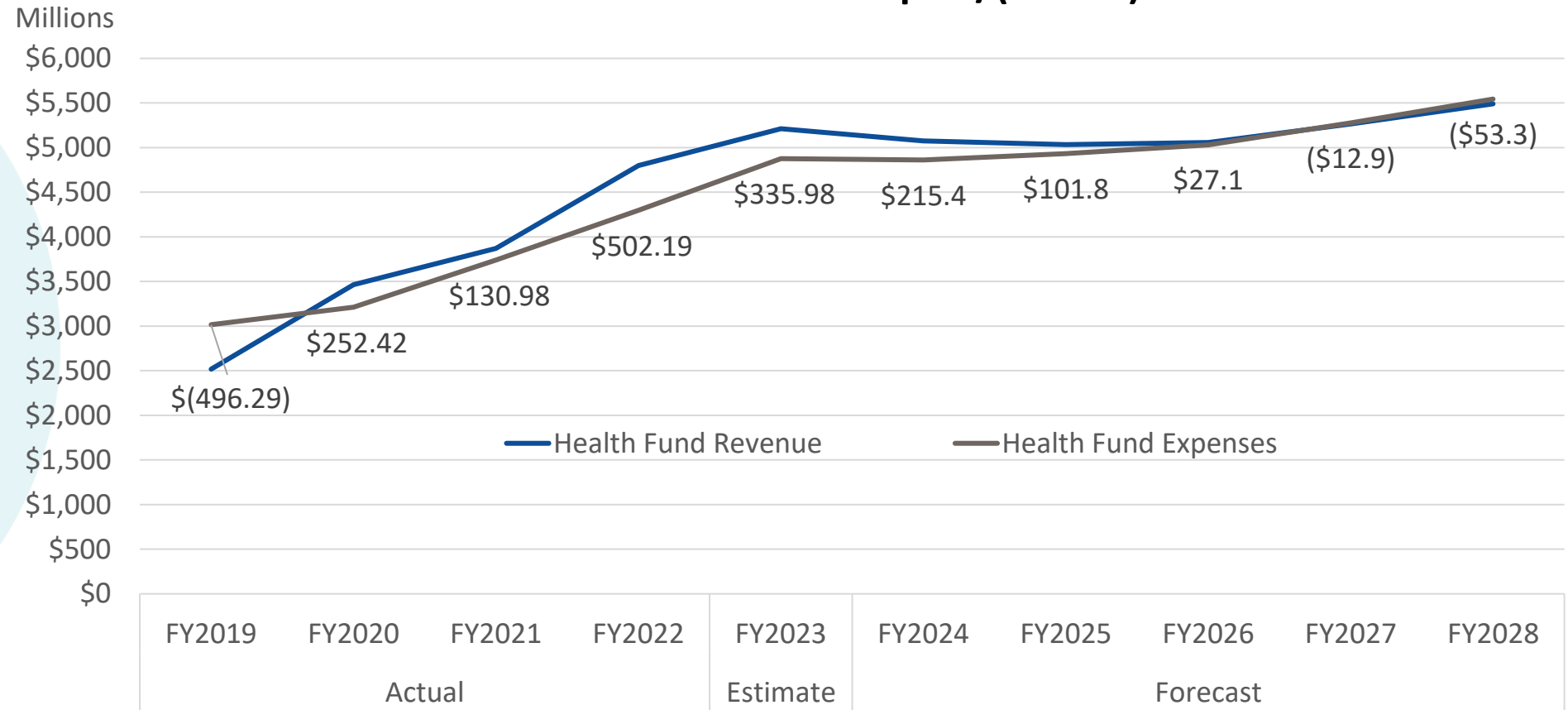
Result: Overall assumed yield for FY2024 forecast increased from 31.3% to 36.5%.



Net surplus/(deficit) projection



Health Fund - Net Surplus/(Deficit)

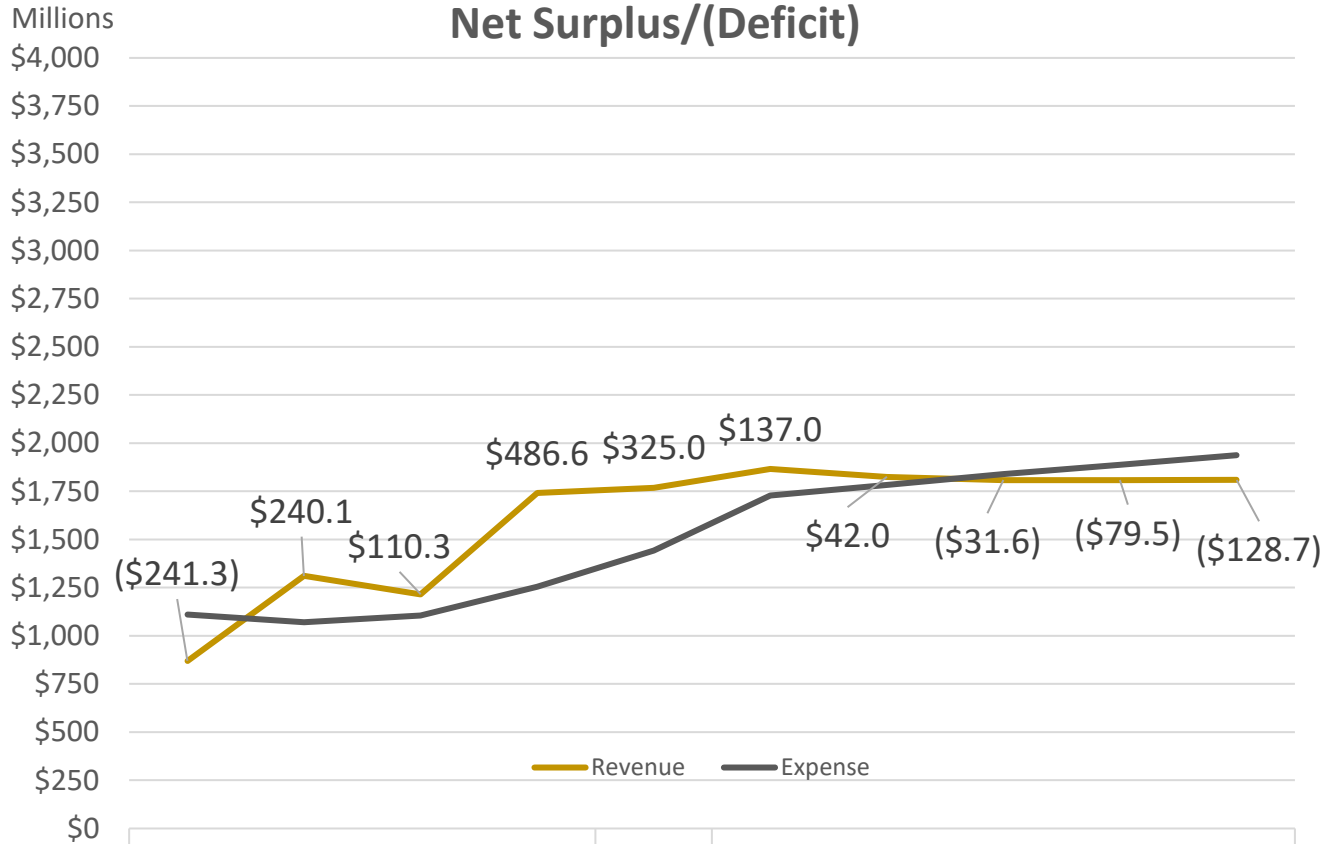


Note: FY2020 through FY2023 includes directed payments and domestic claims that CountyCare passes through to CCH in the revenues and expenses of both Health Plan Services and Health Care Services. Beginning in FY2024, directed payments will only be accounted for in the budget for Health Care Services while domestic claims will be offset in a separate account.

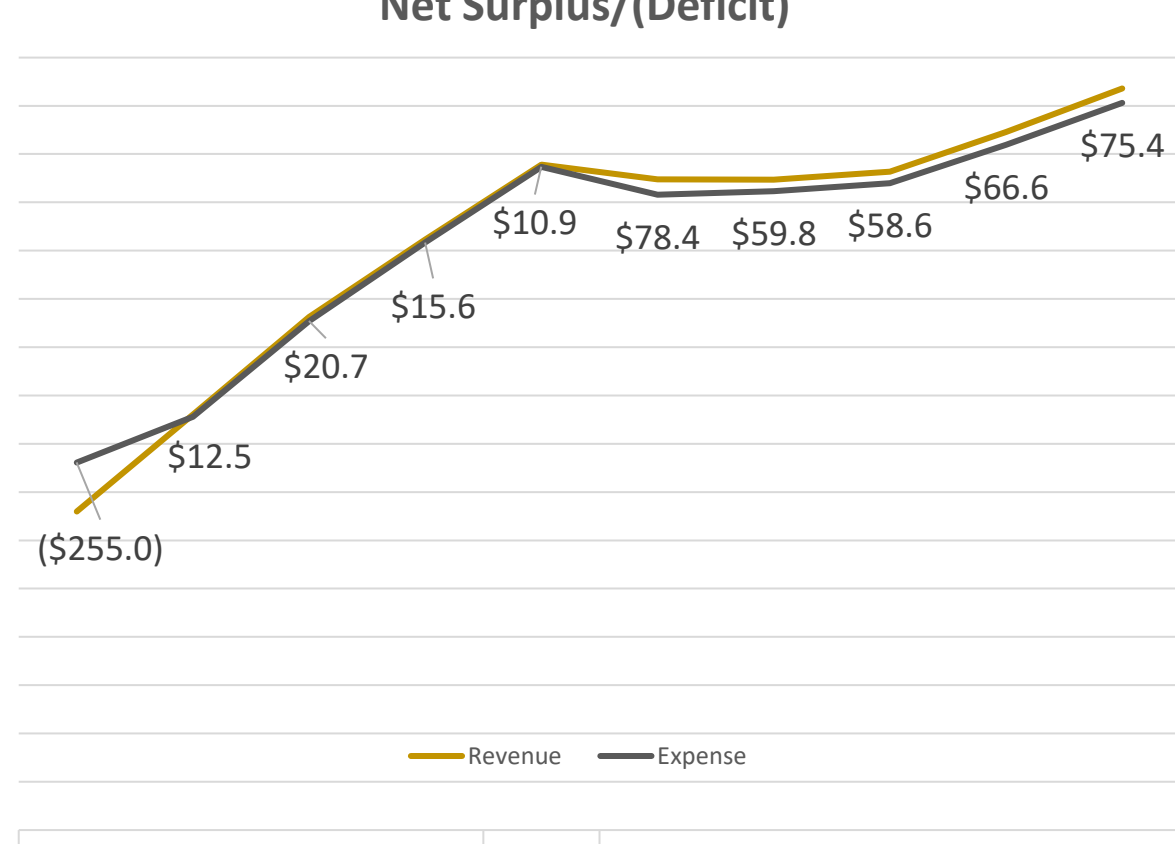


Net surplus/(deficit) projection

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



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

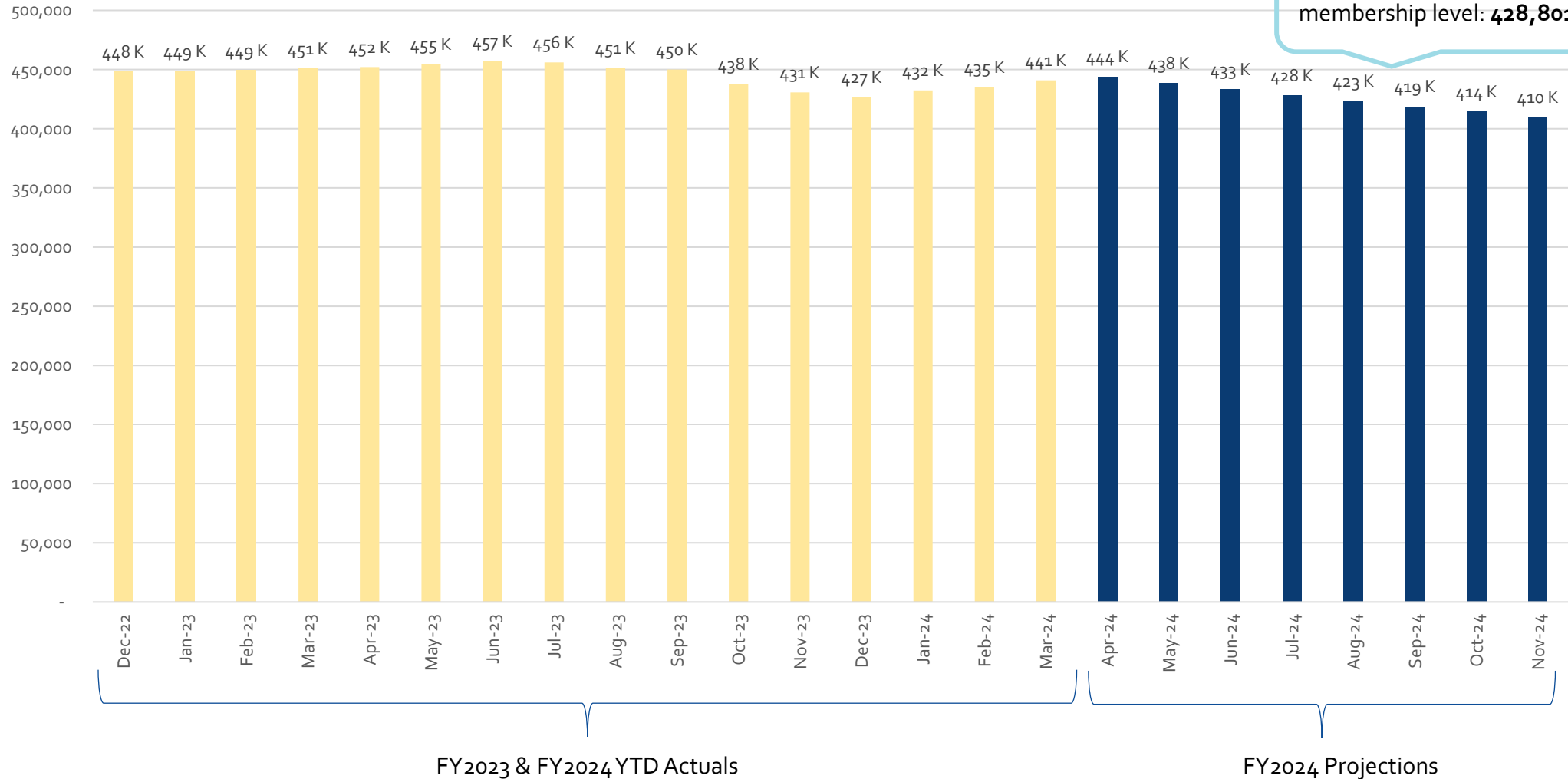


FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028
Actual			Estimate		Forecast				

FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028
Actual			Estimate		Forecast				

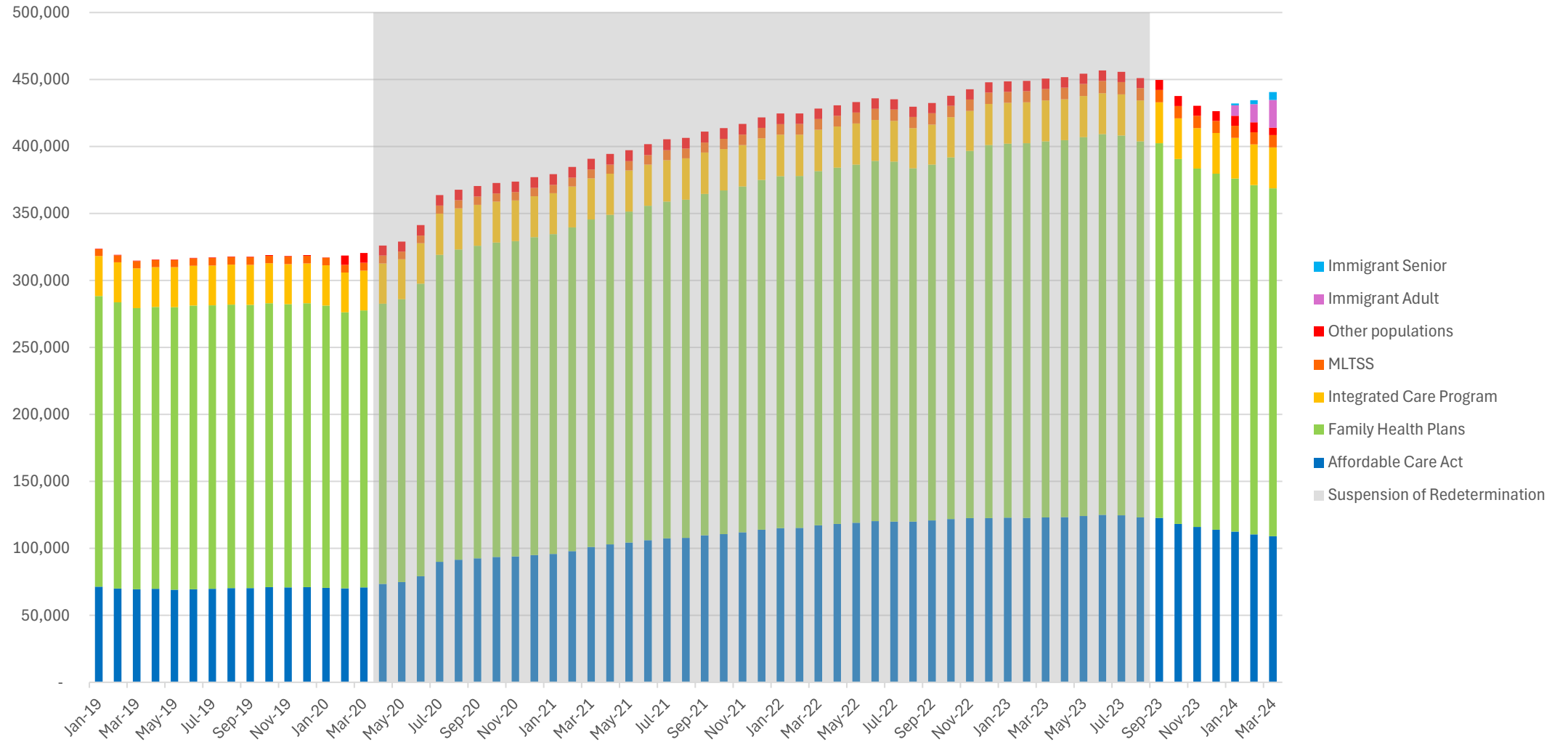


CountyCare membership projection





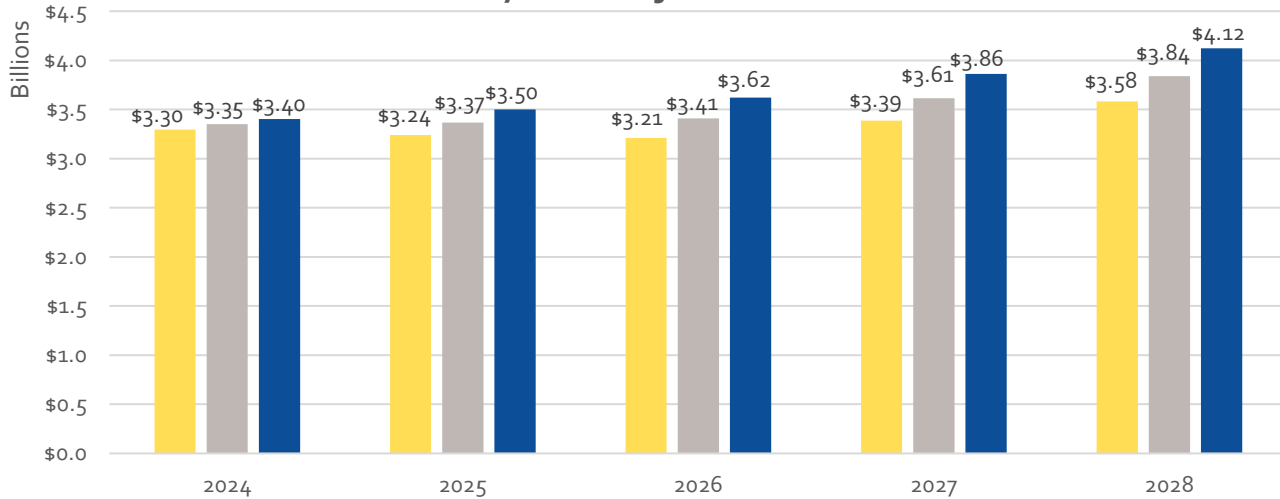
CountyCare Membership 2019 - 2024





CountyCare scenarios

CountyCare Projected Revenues



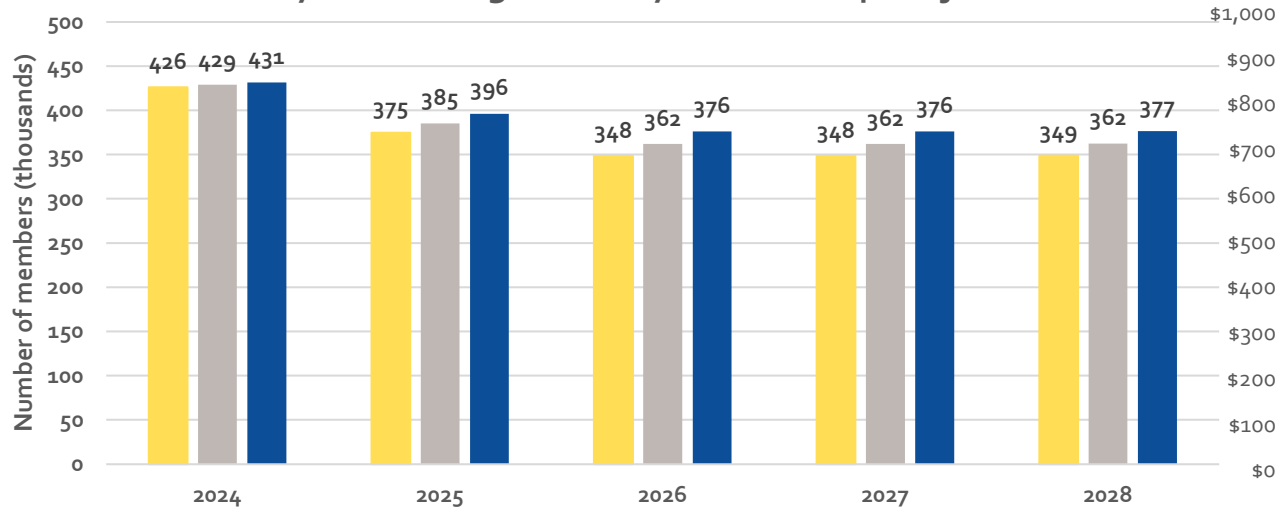
For all scenarios, average monthly membership is anticipated to drop in FY2025. The main contributing factor continues to be the impact of redetermination.

Conservative: assumes auto-assignment and choice adds will be lower and member terminations will be higher than the previous 3-month average; PMPM rates will increase slower than past trends.

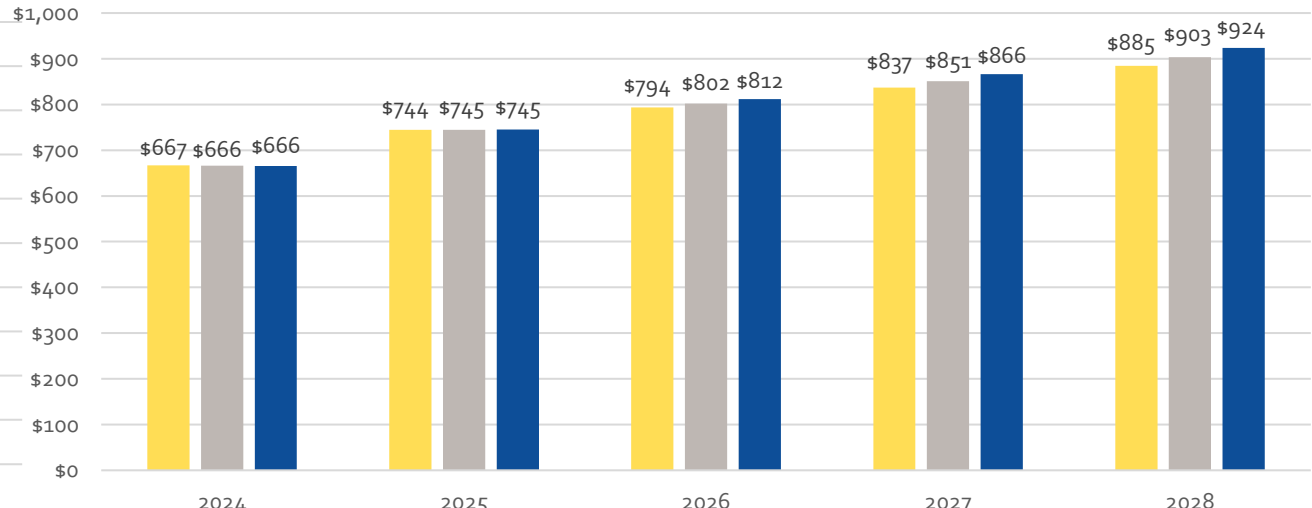
Baseline: assumes auto-assignment, choice adds, and member terminations will follow the previous 3-month average; PMPM rates will increase as in the past.

Optimistic: assumes auto-assignment and choice adds will be higher and member terminations will be lower than the previous 3-month average; PMPM rates will increase faster than past trends.

CountyCare Average Monthly Membership Projections



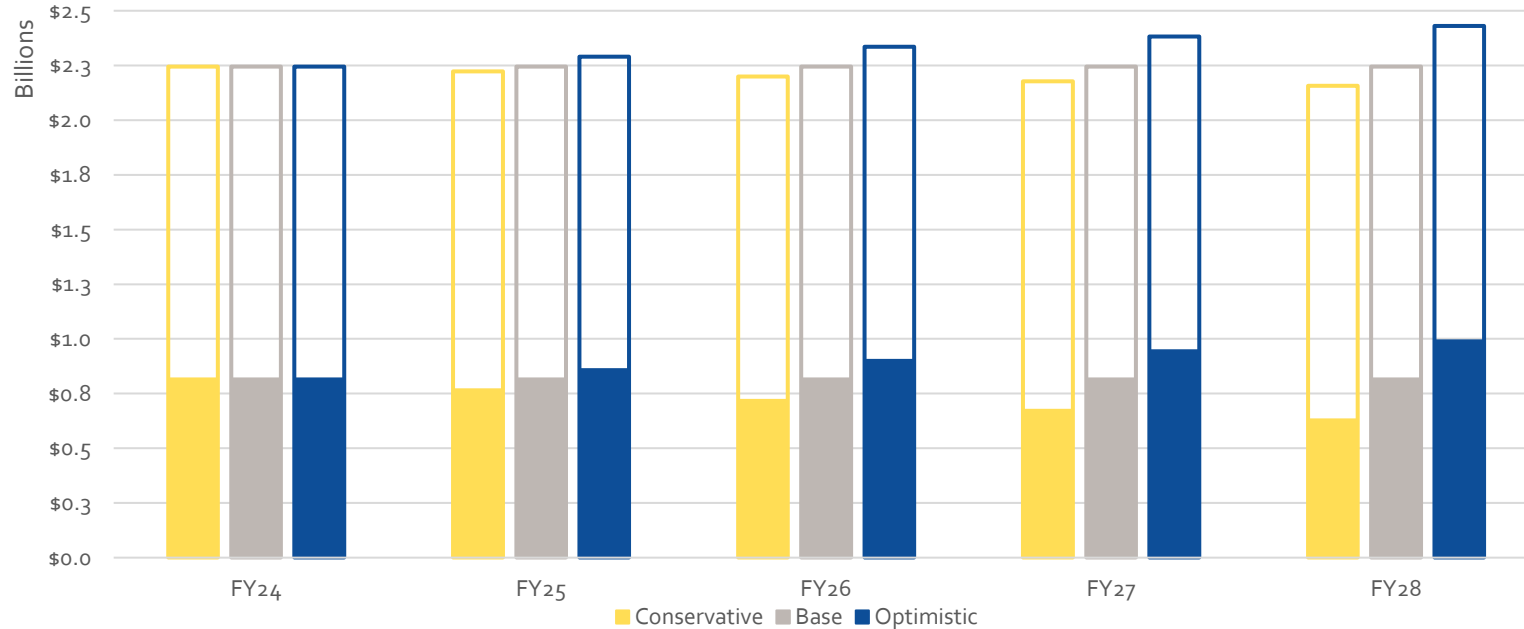
CountyCare Average PMPM Revenue





Net patient service revenue scenarios

Net patient service revenue compared to gross charges, FY2024-28



*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.

Scenario assumptions

- Conservative:** volume and associated gross charges decline, fewer people will have Medicaid coverage, and reimbursement rates will decline.
- Baseline:** consistent volume, people will maintain current coverage, and reimbursement rates will be flat.
- Optimistic:** that volume and associated gross charges will increase, more self-pay will be covered by Medicaid, and reimbursement rates will grow.



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 16: 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						

June 13: County Board meeting

June 20: Preliminary forecast released

June 27: IRFC 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 25: County Board meeting

July 31: IRFC quarterly meeting



Public comment





Adjournment

