



COOK COUNTY

QUARTERLY REPORT TO THE IRFC

October 28, 2021



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— Roll Call

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Approval of the Minutes

Agenda



Section	Slide #
Opening Remarks	3
Approval of the Minutes	4
Updates from the Executive Summary	6
Quarterly Updates	20
Next Steps	27
Public Comment	30
Adjournment	31

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Executive Summary



FY22 Budget Overview

\$8.04 B

Total Adopted Budget

Including Capital and Grant Funds

\$6.54 B

Operating Budget

81% goes to Public Health and Public Safety

\$121.4 M

Preliminary Gap

Smallest gap since 2019

23,467

County FTEs

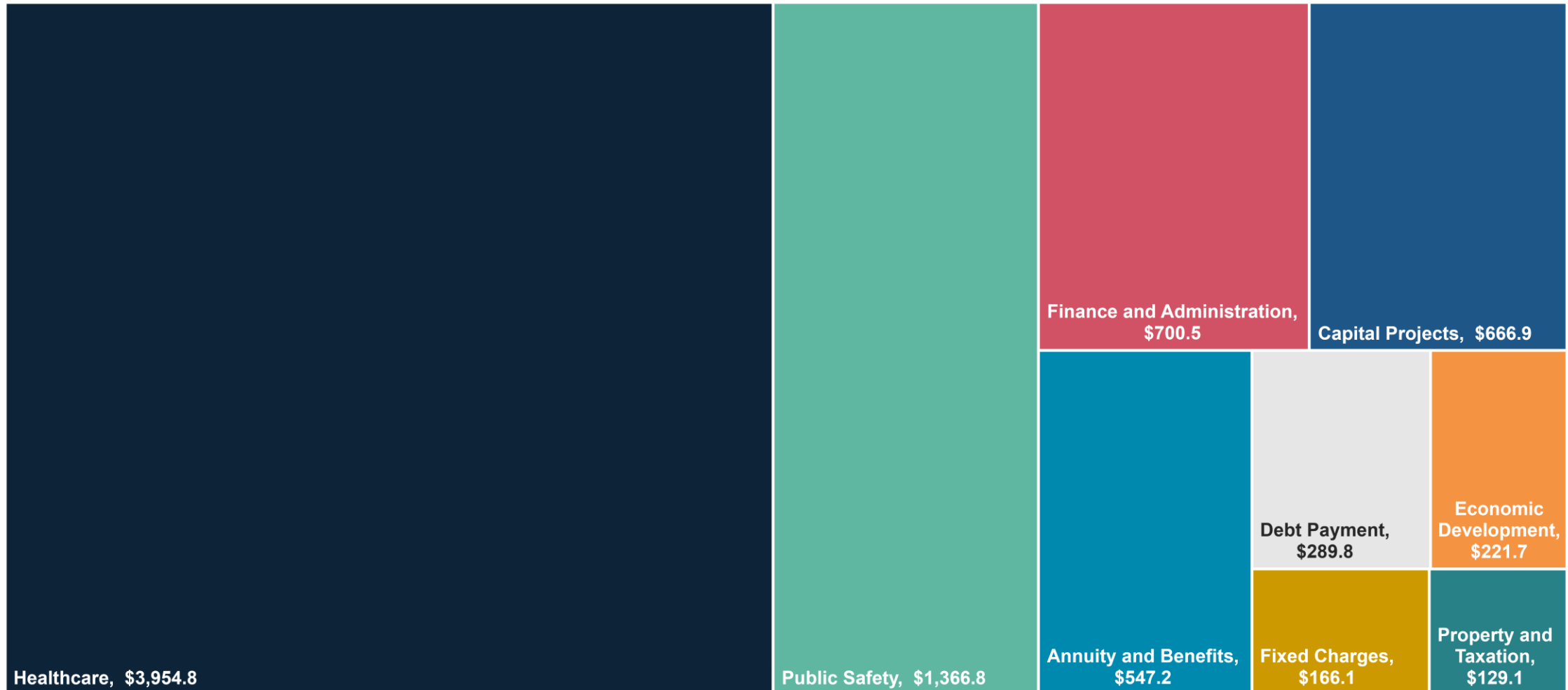
7% increase over 2021



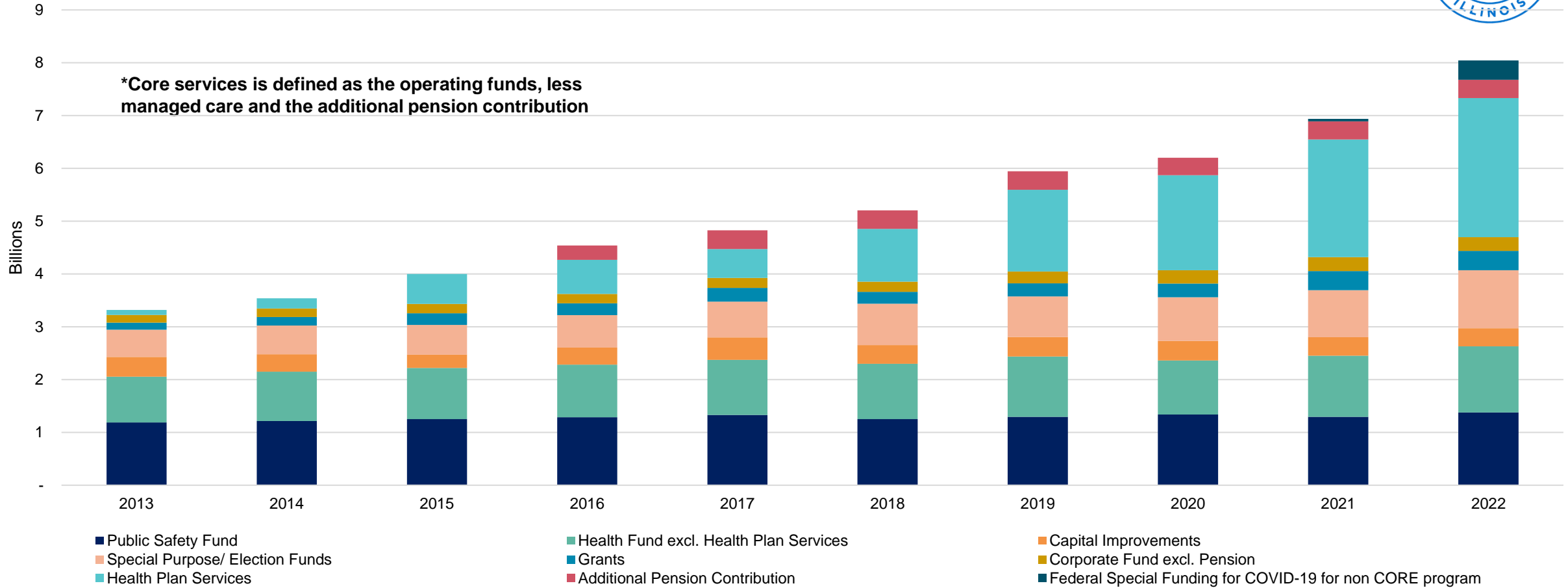


FY2022 Total Budget Recommendation: \$8.04 Billion

Healthcare and Public Safety make up 81% of proposed Operating Budget

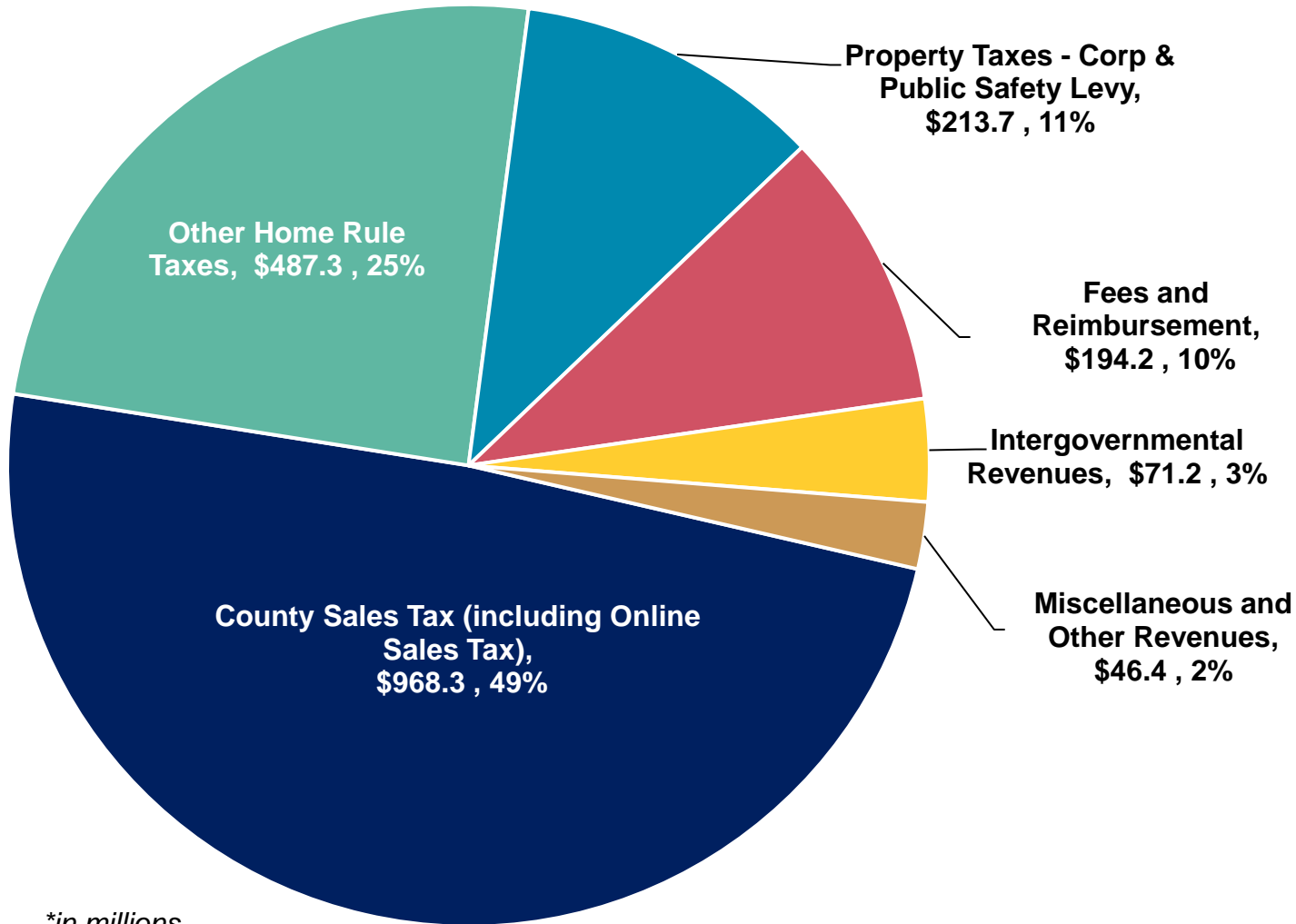


Cook County Historical Budget Growth



- Annual appropriations have grown by \$4.7 billion since 2012 or 9.16% compound annual growth.
- CountyCare has grown from \$96.2M in 2013 to \$2.6 billion in 2022.
- Additional pension contributions running at approximately \$346M annually since 2017.
- Core services realized a compound annual growth rate of 2.4% since 2011.

General Fund: Revenue - \$1.98B



*in millions

FY2021 Budget	\$1,896.3
FY2022 Budget	\$1,981.1
Variance	\$84.8

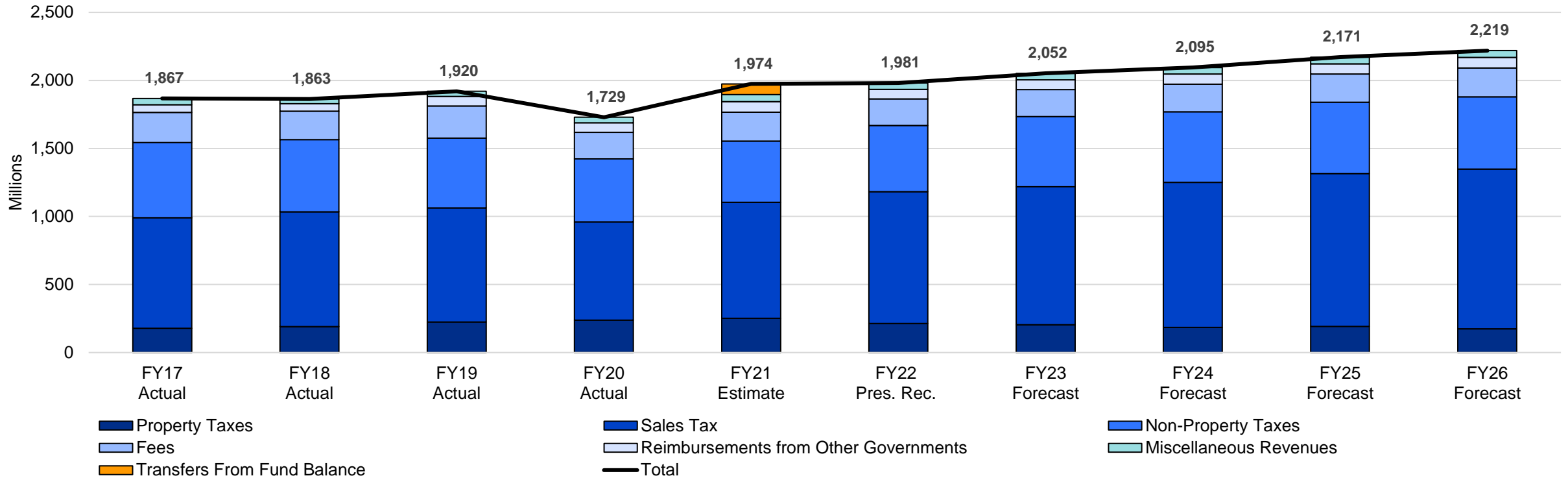
Increase driven by:

- Year-over-year improvement in non-property taxes revenue (sales tax and tourism-based taxes post-COVID)
- Continued improvement in fee revenue due to strong housing market and the reopening of the County court system.

Current General Funds Long Term Forecast

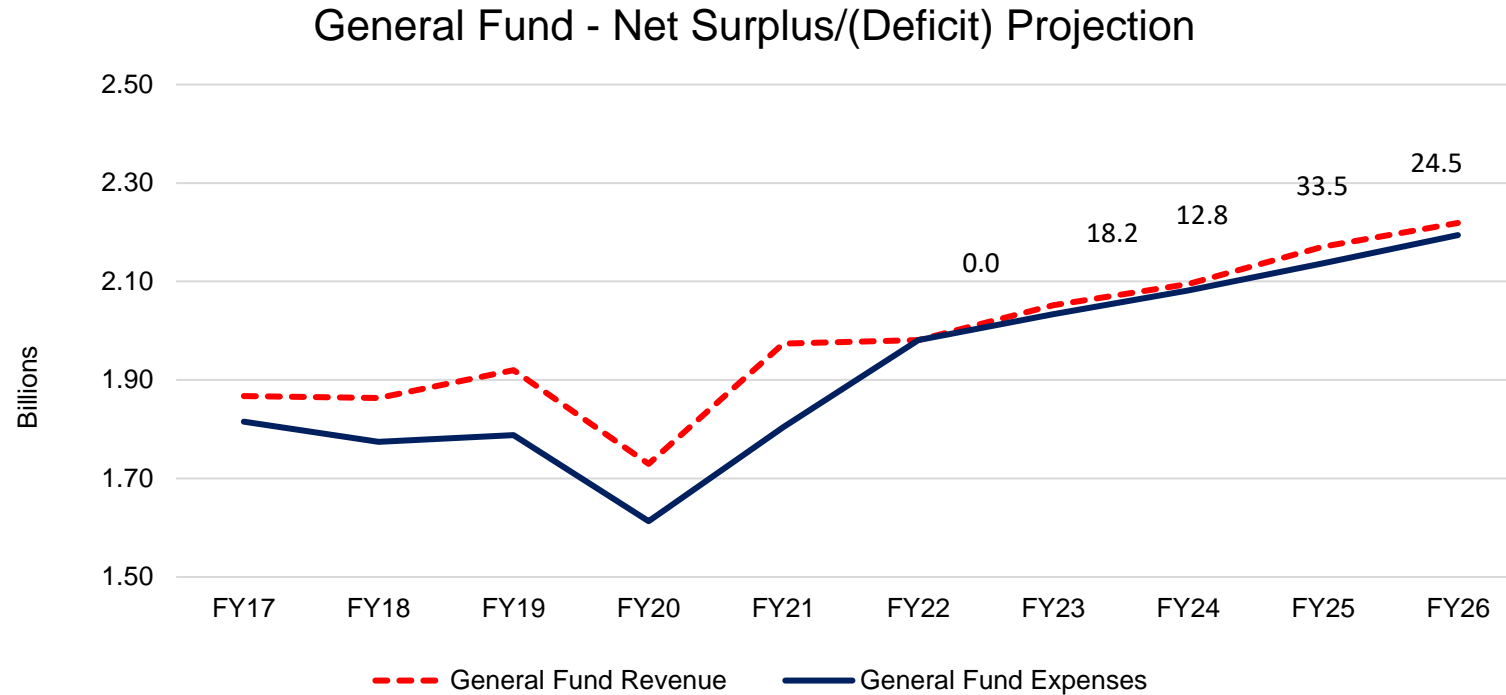


General Fund Long-Term Revenue Forecast



	FY21-22 % Change	FY22-26 % Change	FY22-26 Annualized % Change
Property Taxes	-14.9%	-18.2%	-4.9%
Sales Tax	+13.4%	+21.2%	+4.9%
Non-Property Taxes	+8.3%	+8.9%	+2.2%
Fees	-7.9%	+9.4%	+2.3%
Total GF Revenues	+0.4%	+12.0%	+2.9%

General Fund Long-Term Fiscal Planning

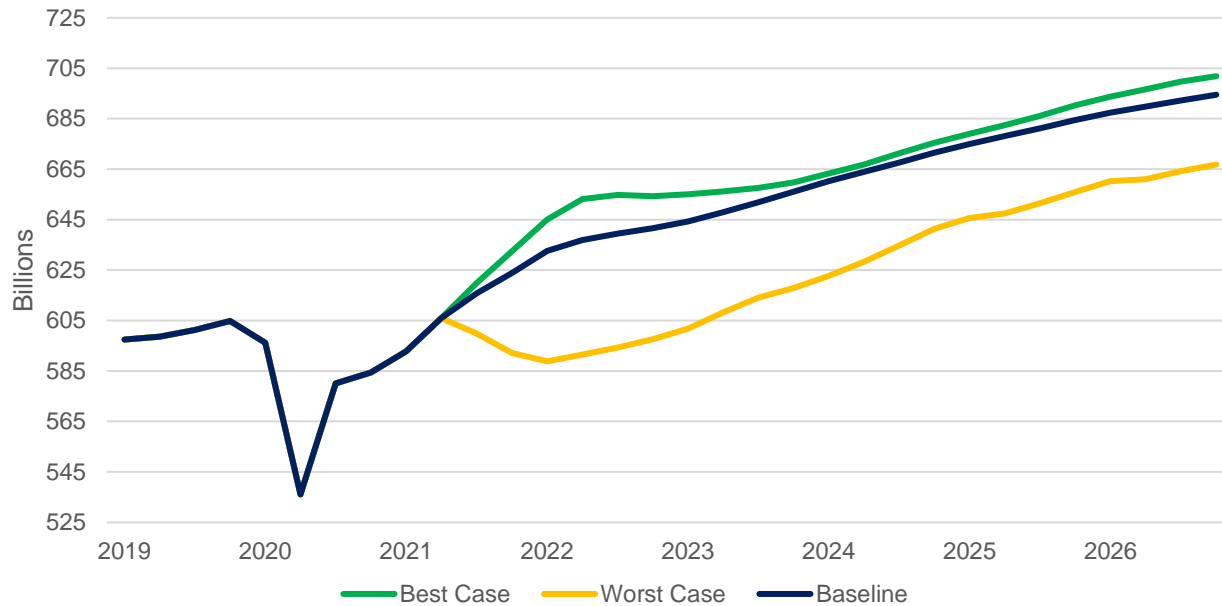


- Revenues are anticipated to keep pace with expenses largely due to expected growth in online sales tax
- Several other revenue sources like gas and Diesel, and Cigarette tax still fail to keep up with the growth rate of expenses
- Without online sales tax, projected expenses would exceed revenues by \$261 million by FY26

General Fund Alternative Scenarios



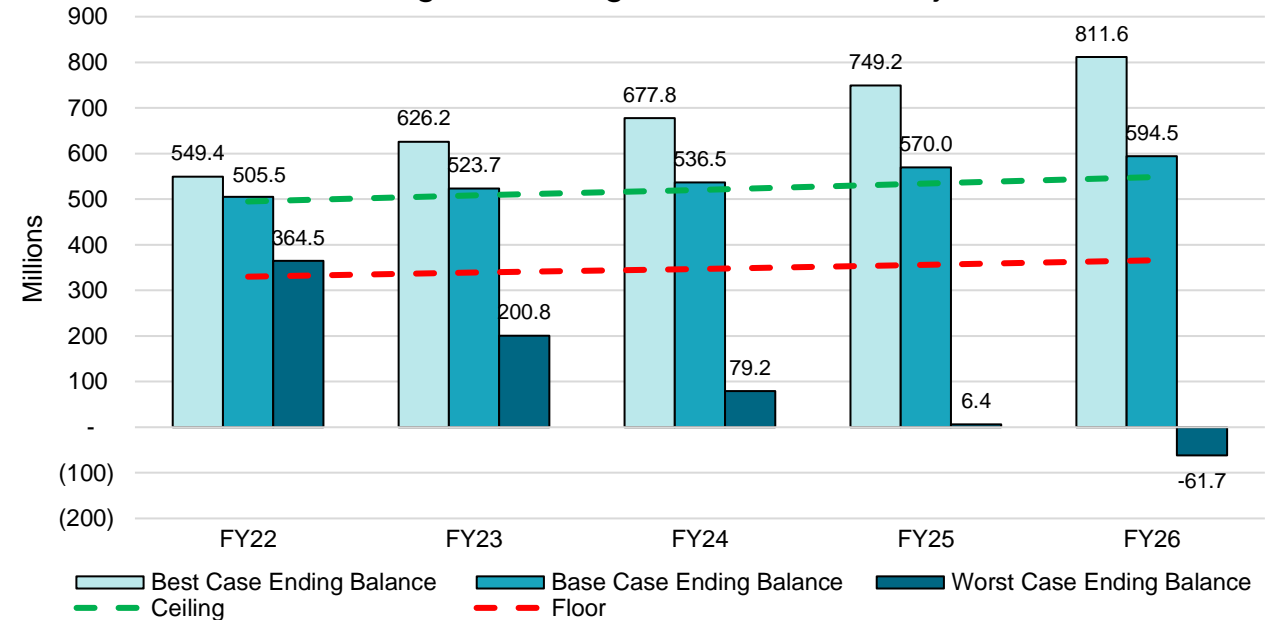
Real Gross Metropolitan Product (GMP) Scenarios



In FY2022:

- Base Case (used for Budget) – GMP will grow at 4.6%
- Best Case – GMP will grow at 6.4%
- Worst Case– GMP will grow at **-0.8%**
- 10% chance that projections may exceed the best case or may be below worst case

Unassigned Ending Fund Balance Projection



- Floor represents 2 months of projected general fund annual expenses and Ceiling represents 3 months of projected general fund annual expenses
- Best Case – ending fund balance is \$43.9 million greater than the base case in FY 22, and \$217.1 million greater in FY26
- Worst Case – ending funding balance is \$141.4 million but still above the floor in FY 22, and fully depleted by FY26

Health Enterprise Fund: Revenue - \$3.89B



Health Plan Services membership driving increase; positive variances in patient fees show structural improvements

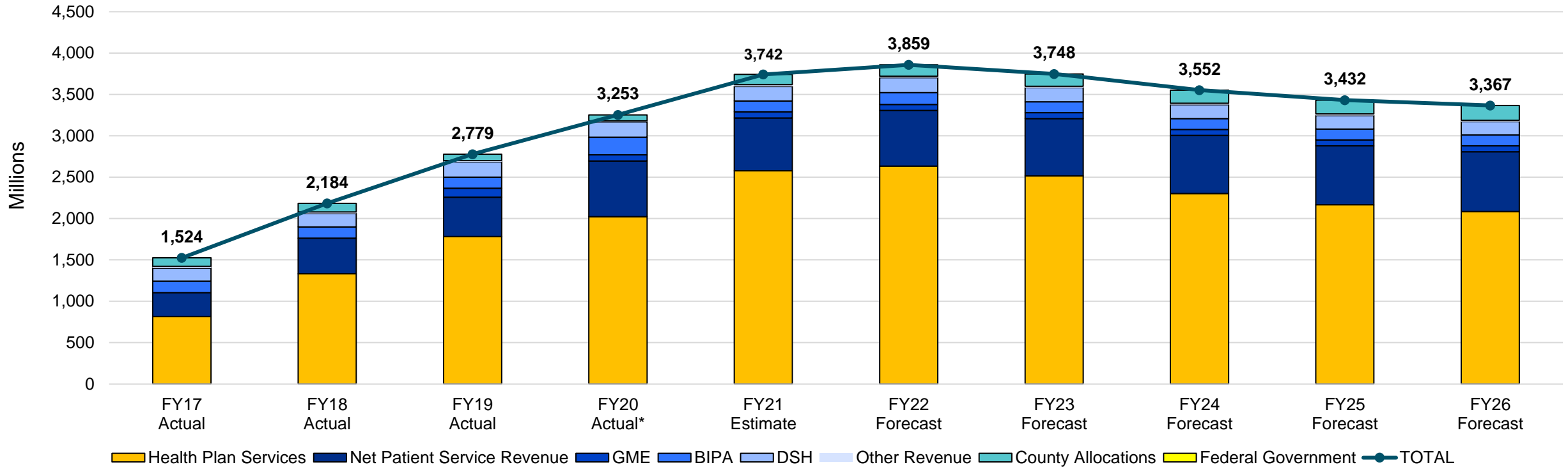
In millions	FY2021 Budget	FY2021 Year End Estimated	FY2022 Proposed Budget	Variance (FY21 Budget v. FY2022)
Health Plan Services	\$2,220.4	\$2,576.6	\$2,633.7	\$413.3
CCH Provider Patient Fees*	\$720.8	\$731.5	\$746.3	\$25.5
BIPA/DSH	\$308.4	\$308.4	\$322.1	\$13.7
IBNR	-	-	\$30.0	\$30.0
Tax Allocation	\$122.7	\$122.7	\$137.7	\$15.0
Other	\$15.0	\$15.0	\$18.7	\$3.7
Total	\$3,387.3	\$3,754.2	3,888.5	\$501.2

*Variance relates to expansion of Medicaid eligibility, domestic spend increase, FY21 trend, directed payments trend



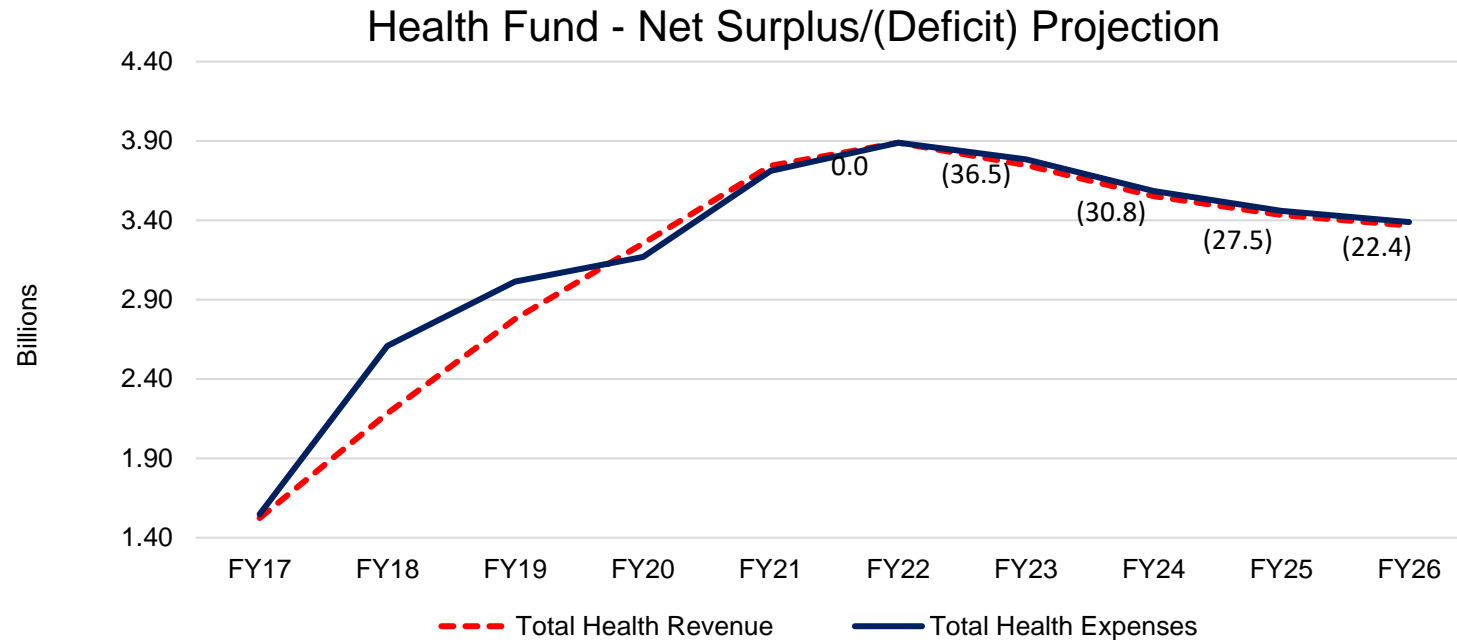
Current Health Funds-Long Term Forecast

Health Funds Long-Term Revenue Projections



	FY21-22 % Change	FY22-26 % Change	FY22-26 Annualized % Change
Health Plan Services	+2.2%	-20.9%	-5.7%
Net Patient Service Revenue	+5.4%	+7.7%	+1.9%
County Allocations	+12.2%	+29.0%	+6.6%
Total HF Revenues	+3.1%	-12.7%	-3.3%

Health Fund Long-Term Fiscal Planning

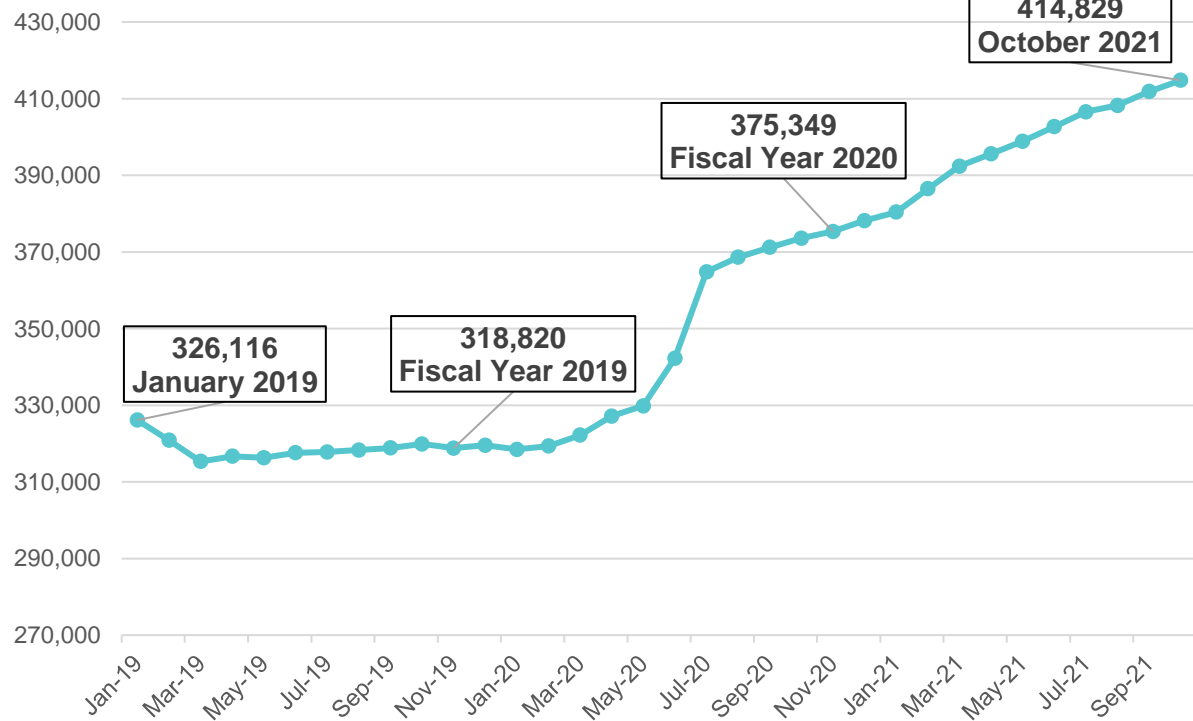


- Revenues are expected to be just short of expenses in the outyear projections
- Property tax allocations to the Health fund are expected to increase by \$10 million annually, and exceed the General fund allocation by FY26
- Declines in revenues and expenses in FY23 can be attributed to the reinstatement of redeterminations at Health Plan Services and return to pre-covid auto assignment levels

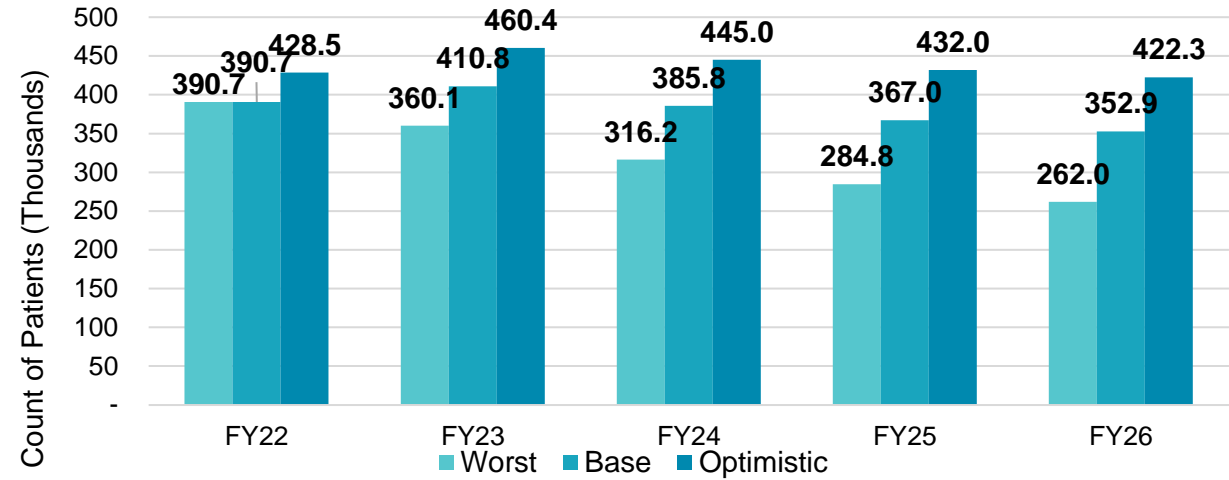
CountyCare Alternative Scenarios



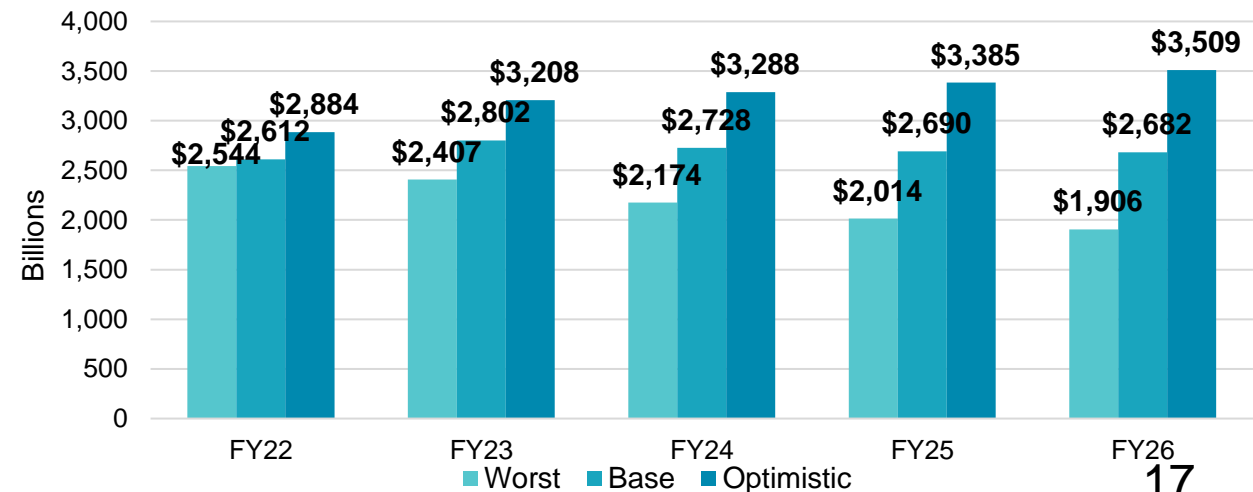
CountyCare Membership



CountyCare Average Monthly Membership Projections



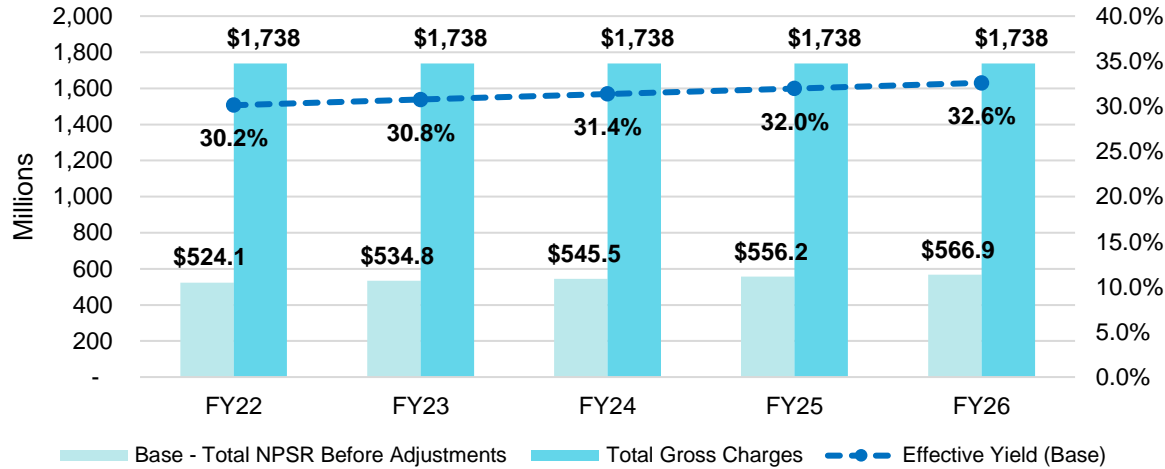
CountyCare Projected Revenues through FY26



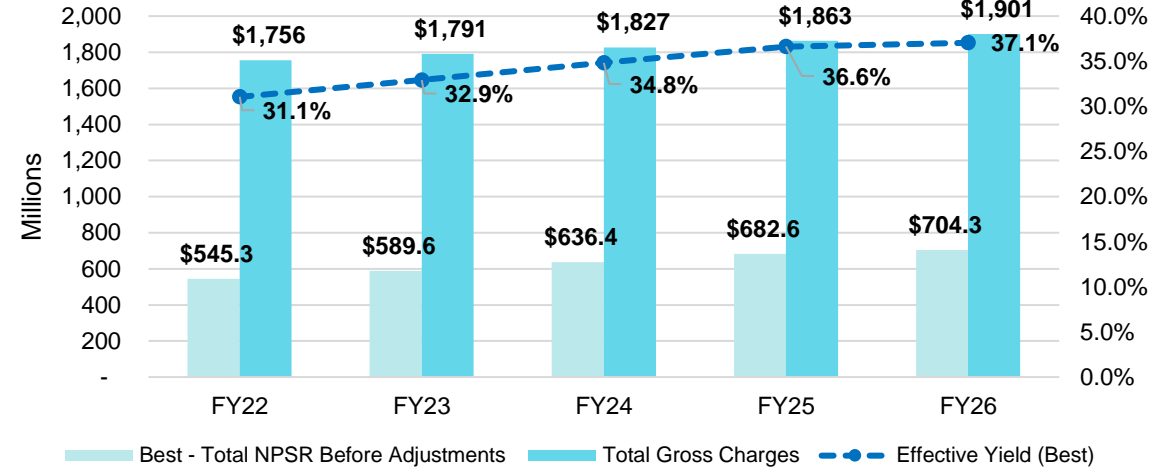
NPSR Alternative Scenarios



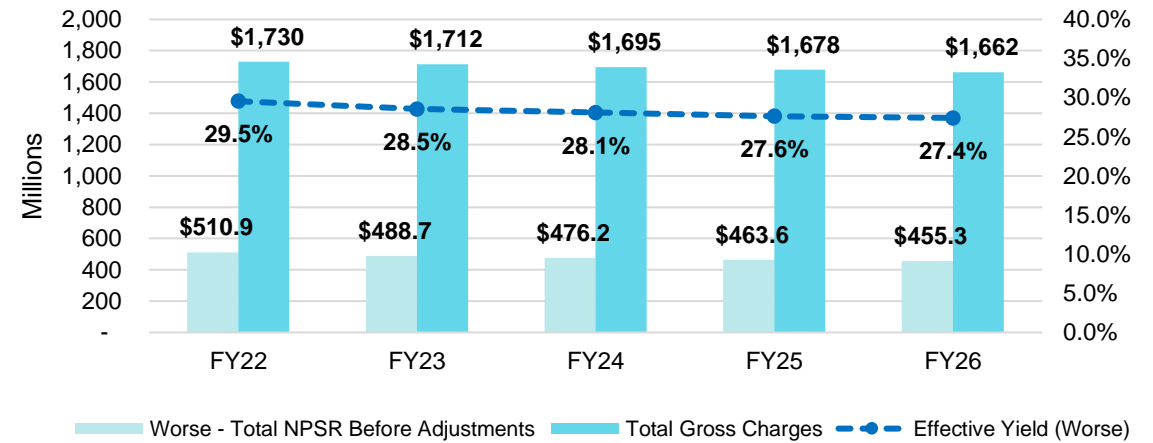
Base Case: Average Yield through FY26



Best Case: Average Yield through FY26



Worse Case: Average Yield through FY26



	Worse	Base	Optimistic	Assumptions
Gross Charges by Payer				
Gross Charges	1% decrease each year	0%	2% increase each year	Worse=Volume decline Baseline=Consistent volume Better=Adjustment to pricing; volume increase
Average Percent Payer Mix				
Self Pay	2% increase each year, max at total 38%	Constant	2% decrease each year, min at total 25%	Worse=People lose coverage Baseline=People maintain current coverage Better= Identifying coverage; State expansion
Medicaid	1% decrease each year	Constant	1% increase each year	Better=Captures Self Pay
CountyCare	1% decrease each year	Constant	1% increase each year	Better=Captures Self Pay
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	Worse=Rates fall below inflation Baseline=Consistent with inflation Better=Higher than inflation

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Quarterly Updates

Principals of the IRFC - Advanced Since 7/29/21



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>Revenues on monthly basis continue to be updated.</i>
<i>Catalogue Historical Rates and Policies</i>	<i>No significant actions taken but will be focusing more on the off season of Budget. Specifically, we will add Cannabis Tax and Sports Wagering Tax 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 to the alternative forecast scenarios with a forward-looking focus on COA Improvement.</i>

IRFC Deliverables in Executive Summary



Rec #	Deliverable	Description	Executive Summary Page #
1	Three CountyCare Scenarios	Provide specific details concerning the timing and impact on monthly membership due to the resumption of redeterminations, the level of auto assignment to CountyCare from the state, and normal attrition, for FY 22 and outyears for Base, Best, and Worse Case Scenarios.	27-28
1	Narrative on Auto Assignment	Provide a narrative explaining the stated criteria that the State of Illinois uses to determine the auto assignment policy and any applicable factors included in such calculation.	23-24
2	Three CountyCare Scenarios	Provide specific details concerning the average monthly rates in the aggregate and within each population group for each of the three specified scenarios.	27-28
2	Narrative on acuity and age cohorts	Provide a narrative explaining the impact of acuity by age cohort and maternity status on the PMPM Rates within each population as well as the on the aggregate PMPM rate.	23-24
3	Develop long term forecasting model with inputs that include case mix assumptions	Working with CCH to develop a model that incorporates assumption inputs for out years on NPSR including case mix, payer mix and reimbursement rate assumptions that can be toggled for the development of various scenarios. Model will also reconcile to Cook County's current budgeting practices.	28-30
3	Narrative on Revenue Cycle improvements	Develop a narrative that explains efforts to improve CCH Revenue Cycle and the potential impacts on a cash basis for County revenues.	31-32
5	Narrative on Risk of COVID-19	Develop a narrative and table that provides estimated impacts for each month that additional lockdowns occur for COVID sensitive revenue sources.	30-31
6	Narrative outlining the methodology used to develop GF Alternative Scenarios	Develop a high-level narrative that explains the Methodology we use for the alternative scenarios.	24-26
6	Narrative Describing the Alternative Scenarios for the General Fund	Leverage the New Moody's scenarios and data to develop Alternative scenarios and associated narratives	24-26

<https://www.cookcountyil.gov/sites/g/files/ywwepo161/files/documents/2021-10/Volume%20I%20-%20Budget%20Overview%20FY22%20Executive%20Budget%20Recommendation.pdf>

Outstanding 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

Major Changes in Forecasts since 7/29/21

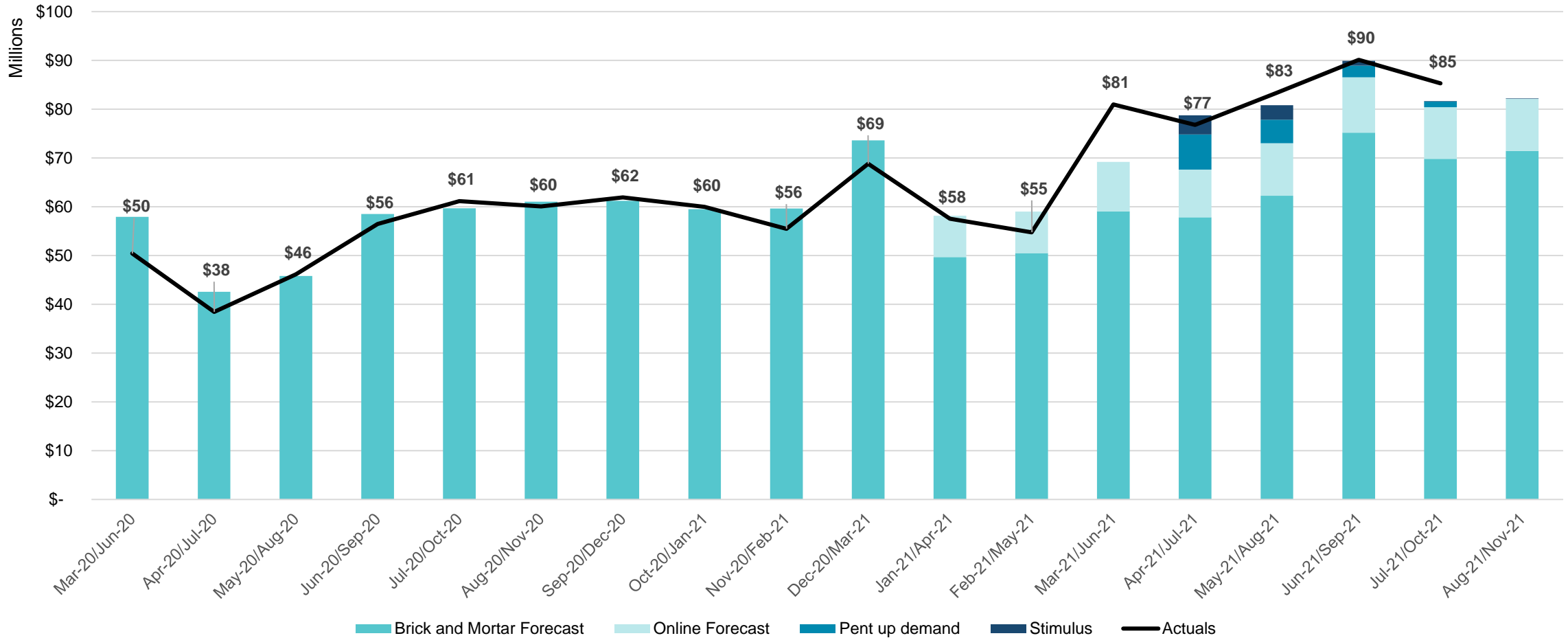


	FY22	FY23	FY24	FY25	FY26
400010-Property Taxes	7,707,001	(3,442,336)	(2,620,621)	(1,980,787)	(1,158,846)
401150-County Sales Tax	2,415,676	-	-	-	-
401170-County Use Tax	3,000,000	3,098,000	3,198,000	3,302,000	3,409,000
401370-Parking Lot and Garage Operation	(3,000,000)	(2,000,000)	(2,000,000)	(2,000,000)	(2,000,000)
401430-Cigarette Tax	(1,400,000)	44,000	(429,000)	(828,000)	(1,161,000)
401550-Hotel Accommodations Tax	(4,000,000)	-	-	-	-
402150-County Clerk	48,083,746	-	-	-	-
402200-County Recorder and Registrar	(57,499,716)	-	-	-	-
402950-Sheriff General Fees	-	5,997,000	7,606,000	9,214,000	10,823,000
407010-Miscellaneous Revenue	22,877,515	17,740,000	18,060,000	18,384,000	18,716,000
407080-Other	(15,830,333)	(11,175,000)	(11,376,000)	(11,581,000)	(11,789,000)
Sum of major changes	2,353,889	10,261,664	12,438,379	14,510,213	16,839,154
All Changes	3,400,710	11,879,681	13,893,629	15,781,582	17,921,447

Sales Tax Forecast Update



Sales Tax Forecast vs Actuals



Online Sales Tax Model Summary



	CY 2021	CY 2022	CY 2023	CY 2024	CY 2025	CY 2026
Total Retail Sales	6,457,026	6,705,238	6,962,992	7,230,653	7,508,604	7,797,240
Growth of total sales	3.84%	3.84%	3.84%	3.84%	3.84%	3.84%
Percent online	11.21%	12.33%	13.56%	14.92%	16.40%	18.04%
Growth of online share	9.97%	9.97%	9.97%	9.97%	9.97%	9.97%
Total E-Commerce Sales	724,077	826,910	944,346	1,078,461	1,231,622	1,406,535
County share of US population	1.80%	1.80%	1.80%	1.80%	1.80%	1.80%
Share Subject to Tax	85.56%	85.56%	85.56%	85.56%	85.56%	85.56%
Potential sales	11,151	12,735	14,543	16,609	18,967	21,661
Compliance	60%	65%	70%	75%	80%	80%
Sales tax Rate	1.75%	1.75%	1.75%	1.75%	1.75%	1.75%
Revenue before admin fee	117.09	144.86	178.16	217.99	265.54	303.26
Admin fee	(1.76)	(2.17)	(2.67)	(3.27)	(3.98)	(4.55)
Total Revenue Collected	115.33	142.68	175.48	214.72	261.56	298.71

	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	TOTAL
FY2021	-	-	-	-	7.84	7.87	9.36	9.05	9.94	10.51	9.76	9.89	74.23
FY2022	9.83	9.72	9.57	11.98	9.70	9.74	11.59	11.20	12.30	13.00	12.08	12.23	132.94
FY2023	12.16	12.02	11.85	14.82	11.93	11.97	14.25	13.77	15.13	15.99	14.86	15.04	163.79
FY2024	14.96	14.79	14.57	18.23	14.60	14.65	17.43	16.85	18.51	19.56	18.18	18.41	200.74
FY2025	18.30	18.09	17.83	22.31	17.79	17.85	21.24	20.52	22.55	23.83	22.15	22.42	244.87
FY2026	22.29	22.04	21.71	27.17	20.31	20.38	24.25	23.44	25.76	27.21	25.29	25.60	285.47

*all numbers in millions

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Next Steps



FY2022 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 Budget Dates



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 7: Release of President's recommendation
October 18-22: Department Briefings
October 28: IRFC Quarterly Meeting

November						
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				

November 18: Budget Vote

December						
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	

December 1: Start of Fiscal Year 2022

January						
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					

January 31: IRFC Quarterly Meeting

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Public Comment

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Adjournment