

COOK COUNTY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
November 30, 2018

Under the terms of the Agreement, CCHHS received \$296.8 million additional payments from DHFS during the fiscal year ended November 30, 2018. Of the amount received, \$15.7 million is unearned and included in unearned revenue on the Statement of Net Position. Such unearned revenue is excluded from net patient service revenue and represents amounts to be earned during CCHHS' following fiscal year. Included in net patient service revenue as earned is \$298.6 million which takes into consideration the prior year unearned revenue of \$17.5 million.

Reimbursement under the Agreement will automatically terminate if federal funds under Title XIX are no longer available to match 50% of the amounts collected and disbursed according to the terms of the Agreement. The Agreement will also automatically terminate in any year in which the General Assembly of the State fails to appropriate or re-appropriate funds to pay DHFS's obligations under these arrangements or any time that such funds are not available. The Agreements can be terminated by either party upon 15 days' notice. Additionally, the Agreements require the parties to comply with certain laws, regulations, and other terms of operations.

(4) CountyCare

In October 2012, the Federal government approved CCHHS's Medicaid Expansion Program ("CountyCare") by creating the CMS waiver under Section 1115 of the Social Security Act ("1115 Waiver") for Cook County. CountyCare began as an Illinois Medicaid demonstration project that ran through June 30, 2014, at which time CountyCare members were transitioned into a County Managed Care Community Network ("MCCN"). Under the 1115 Waiver, CCHHS received Per Member Per Month ("PMPM") revenue for CountyCare members of \$629, but subject to the Federal Medical Assistance Percentage ("FMAP"), which CCHHS funded through the Interagency Transfer Agreement. Effective January 1, 2014, the PMPM increased to \$632, with no FMAP requirement. Currently, PMPM varies by membership type.

At November 30, 2018, estimated amounts due from (due to) the State of Illinois relating to the CountyCare program totaled \$13.8 million. At November 30, 2018, estimated amounts due to the State of Illinois relating to the CountyCare program totaled \$26.4 million.

CCHHS contracts with a third-party administrator ("TPA") to provide administrative services, managed care and clinical services for CountyCare. All claims for payment of CountyCare are handled by the TPA, whether the claims are generated by CCHHS facilities (domestic claims) or the network of outside providers (foreign claims). Total estimated foreign claims expense for the year ended November 30, 2018 was approximately \$1.55 billion. Estimated foreign claims incurred but not paid as of November 30, 2018 were \$499.6 million and are included in claims payable in the statement of net position.

Under the agreement with the current TPA, CountyCare maintains on deposit with the TPA \$50,000,000 which is available for use by the TPA to pay claims. This amount is reported as refundable deposits in the statement of net position.