

Cook County, Illinois
Management's Discussion and Analysis
Year Ended November 30, 2018, continued

(MLTSS) members. CountyCare membership increased to over 334,000 members in FY 2018 as a result of the acquisition of members from FHN on November 1, 2017 and from Aetna on January 1, 2018.

Once enrolled in CountyCare, members receive covered services at no cost including but not limited to primary and specialty visits within a broad network of doctors and hospitals. The CountyCare network consists of 138 primary care access points including CCHHS facilities, all Federally Qualified Health Centers ("FQHCs") in Cook County, over 35 community hospitals, and five major academic medical centers.

CountyCare began as an Illinois Medicaid Demonstration program. When the demonstration program period ended on June 30, 2014, CountyCare members were transitioned into a County Managed Care Community Network ("MCCN") which is an Illinois-designated Medicaid managed care structure to ensure members can remain with their medical home and network of care. As of late November 30, 2017, the total membership for the FHP, ICP and Affordable Care Act programs totaled 320,000. However, during FY 2018 membership remained steady at 334,000 members.

In fiscal year 2018, salaries, wages and benefits (excluding pension and OPEB expense) increased by \$30.6 million to \$707.8 million. The normal step increases, along with hiring employees with higher salaries during fiscal year 2018 compared to fiscal year 2017, accounted for most of this increase. Pension expense decreased \$156.3 million (66.3%) from the prior year. In fiscal year 2018, CCHHS implemented GASB 75, and recognized OPEB expense for the first time of \$23.7 million.

Supplies expense, including pharmaceuticals, increased to \$139.9 million. This 1% increase is primarily due to an increase in the volume of patient visits during fiscal year 2018 compared to fiscal year 2017. Purchased services, rental and other expenses increased \$30.1 million (12%) from the prior year to \$272.6 million in fiscal year 2018. The increase is primarily due to an increase in the hiring of professional services due to the need for contractors to assist in difficult to fill positions.

Foreign claims expense increased by \$865.8 million (127%) from the prior year to \$1,546.0 million in fiscal year 2018. The increase is primarily due to the increase in CountyCare membership in fiscal year 2018.

Financial Analysis of the County's Funds

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of resources that are available for spending. Such information is used in assessing the County's financing requirements. In particular, the unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary spending at the end of the fiscal year. The types of governmental funds reported by the County include the General Fund, Annuity & Benefit Fund, Capital Projects Fund, Debt Service Fund and Nonmajor Governmental Funds.