

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

As in previous years, the largest portion of expenses was used to fulfill the County's public safety responsibilities, which include the operation of the court system (35%), and corrections (20%). The decrease in pension expense accounted for the majority of the changes between FY 2018 and FY 2017. Total expenses for all functions decreased \$410 million and is attributable to the \$397 million decrease in pension and OPEB expense between FY 2017 (\$864 million) and FY 2018 (\$467 million). The County is self-insured for various types of liabilities, including health insurance, medical malpractice, workers' compensation, general automobile and other liabilities. A private insurer administers health insurance claims for a monthly fee per member. Expenditures for health insurance claims are recorded in governmental funds as incurred in the form of direct contributions to the insurer for payment of employee health claims and administration fees. The County is a defendant in lawsuits alleging medical malpractice, work-related injuries, highway cases and other claims. Cases related to these areas are in various stages of the legal process. The County purchased excess liability insurance coverage related to medical malpractice and other claims. The medical malpractice policy is on a claims made basis. While it is difficult to estimate the timing or amount of expenditures, management of the County utilizes an independent actuary to calculate a liability and expense related to this function. The total self-insurance liability (governmental and business-type activities) increased \$55.8 million (12.9%) in FY 2018 to \$489.4 million from \$433.6 million in FY 2017. This increase was mainly due to an increase in civil liabilities (\$41.3 million) and claims expense reserve (\$11.3 million). The portion of self-insurance allocated to CCHHS amounts to \$179.8 million (36.7%) of the total \$489.4 million total self-insurance liability.

Business-type Activities

The County's major business-type activities include the following healthcare operations:

- Bureau of Health Services
- John H. Stroger, Jr. Hospital of Cook County
- Provident Hospital of Cook County
- Oak Forest Health Center
- Ambulatory and Community Health Network of Cook County
- Department of Public Health
- Correctional Health Services at Cermak
- Correctional Health Services at Juvenile Temporary Detention Center
- Ruth Rothstein Core Center
- CountyCare Health Plan

The net position of the County's business-type activities increased by \$25.1 million (0.5%) in FY 2018.

Capital contributions increased \$2.9 million to \$71.6 million in FY 2018 from \$68.7 million in FY 2017. Capital contributions represent the amount the County has contributed toward the construction and acquisition of significant capital assets for the operations of the Cook County Health and Hospital System.

Transfers from governmental to business-type activities were \$215.7 million in FY 2018, representing an increase of \$26.2 million (13.8%) from \$189.5 million in FY 2017. These do not include the impact of County taxes that are dedicated to, and recorded in the business-type activities, as detailed on the following pages.