How Do We Solve for Charity Care?

In 2009, Cook County Health’s patients overwhelmingly fell into two categories: uninsured patients and Medicaid recipients. Caring for the uninsured and other vulnerable populations has been the primary mission of the health system since its inception more than 185 years ago.

In 2019, the Affordable Care Act (ACA) allowed nearly all Medicaid beneficiaries to enroll in managed care. The loss of these Medicaid patients would have severely impacted CCH’s ability to maintain its historic mission.

In 2017, Charity Care in Cook County was estimated to exceed $400M in FY2020.

Without additional support, CCH may need to limit charity care.

Potential Solutions Include:

- State & Federal Policy Options
  - Universal coverage
  - Requirements for private, non-profit hospitals to do more charity care
  - Growth and increased capture of insured patient revenue

- Additional State Funding
  - Growth and increased capture of insured patient revenue

- Additional Federal Funding
  - Limit charity care to BIPA
  - Discontinue services and/or consolidate facilities

- Potential CCH Strategies
  - Additional Federal funding
  - Additional State funding
  - Additional County funding
  - Growth and increased capture of insured patient revenue.
  - Limit charity care to BIPA
  - Discontinue services and/or consolidate facilities

COOK COUNTY HEALTH

In the case of the Medicaid, CCH had one payor—the state of Illinois. CCH would send a bill to the state with the number of inpatient and outpatient encounters and receive a pre-established rate for these patients. This was the main system of billing, and did not require the extensive infrastructure private hospitals had in place to handle the various commercial payers covering their patients.

With the advent of the Affordable Care Act (ACA) and the decision to either allow or change the number of payers, Medicaid patients would no longer be reimbursed through Medicare, making it difficult for CCH to maintain its historic mission.
CountyCare, the Largest Medicaid Managed Care Plan in Cook County

To that end, CCH sought and was awarded a federal 1115 waiver in 2012 to start a Medicaid health plan, CountyCare. CountyCare has allowed CCH to provide a Medicaid coverage option for previously-uninsured patients who had long relied on CCH but were now covered under Medicaid thanks to the ACA. Today, CountyCare stands as the largest Medicaid managed care plan in Cook County, despite competing against national players like Blue Cross Blue Shield, Centene and Meridian. CountyCare and the other Medicaid managed care organizations receive a capitation rate for every member and then provide reimbursements to providers for care rendered. Similar to a Health Maintenance Organization (HMO), each plan has a network of providers, hospitals and ancillary service providers such as pharmacy and optical. In the case of CountyCare, the network includes all CCH physicians and facilities but also includes more than 1,400 primary care providers, 15,000 specialists and 70 hospitals outside of the health system. CountyCare processes nearly 5 million claims annually. When a CountyCare member is seen in their physician’s office or uses covered pharmacy benefits, a claim is submitted to CountyCare that must be adjudicated and paid according to the provisions of each individually negotiated contract with CountyCare. Building this network and the requisite infrastructure to run a large Medicaid health plan was done in just a couple years. The success of CountyCare has paralleled a continued and significant decline in the local tax allocation CCH receives. Today, that tax allocation represents 3% of CCH’s operating revenues. That decrease in the local tax allocation has allowed the County to reallocate more than $2.5B to other county agencies.

Cook County Health as a Provider of Health Care

On the provider side of the health system, recall that the majority of CCH’s patients pre-ACA were enrolled in Medicaid or uninsured. That patient mix largely remains today. Previously, CCH billed one entity (the state of Illinois) for Medicaid encounter rates. Now, CCH has contracted with every Medicaid managed care organization (MCO) and their ancillary benefit managers to ensure that when a member of any Medicaid MCO is seen in a County facility, the health system can bill and collect accordingly. For a sense of scale, in 2014, the health system generated $87.9K bills versus 1,444 million in 2017 – a 58% increase in just three years. Those efforts also contributed to lowered reliance on local taxpayers and offset the growing cost of charity care. This infrastructure did not exist at CCH five years ago and has required significant investment in staffing, training and Information Technology.

Charity Care is the Mission

The mission to care for the uninsured continues to be at the heart of the health system. Despite the efforts of the ACA, 43% of the patients CCH serves today are uninsured, a number that has risen in the last several years as the result of efforts to gut the Affordable Care Act at the national level. Today, the health system’s two hospitals provide more than 50% of all the charity care in Cook County. The exponential growth in charity care over the past two years alone has required CCH to generate an additional $140M+ over federal dollars* CCH receives toward uninsured expenses. It is critical to note that these costs have been absorbed through CCH-generated revenues, not local taxpayers, and rise every year with general inflation. All this said, without leveraging the ACA, contracting with commercial Medicaid MCOs and building an infrastructure to bill and collect, it is unlikely the system’s 185-year mission would survive. With no other health system in Cook County coming close to the amount of charity care CCH provides, it is hard to imagine who would cover these patients.