

One Year Anniversary Report to the County Board
By
Cook County Health and Hospitals Chairman Warren Batts

September 16, 2009

Good afternoon President Stroger, members of the Cook County Board, and guests. I'd like to put our 2010 Budget into perspective by reporting on the progress we have made since the formation of Cook County Health and Hospitals System Board in July 2008.

Ideally, we would have completed the mandate you gave us to develop a long-term strategy and three-year financial plan for the System, you have approved it and the 2010 Budget would be the first year in the implementation of the strategy. Such is not the case.

Our strategy will be completed by year-end. Therefore, our 2010 Budget contains some set-asides representing our best estimate of how much we're likely to spend in implementing the strategy in 2010.

Consequently, I am here today to report on our progress so far. Then Bill Foley, our CEO, will describe our plans for next year.

Last year, we set five main goals for Fiscal Year 2009 to help us achieve that mandate and I am pleased to report that we have made considerable progress but still have a great deal to do.

Our first goal was to conduct a nation-wide search for a best-in-class Chief Executive Officer and to work with him or her to promote or recruit a professional and seasoned team to run our System.

Bill Foley, who many of you already know, started with us on May 4th. In less than three months, he was able to assemble a top management team around him that includes a team of experienced healthcare and corporate executives to provide professional leadership to the System.

Bill will go into more detail on who is on his team, but in a short time, Bill and his team have already made some significant strides.

Our second goal was to have a fully functional information system in place by the end of the fiscal year.

As you are aware, one of the major findings of the Blue Ribbon Committee was that management didn't have timely and accurate information for the System. We have also made great considerable progress on this goal but still have a great deal to do.

For example, the main clinical information system for CCHHS, for example, was upgraded. Now, for the first time, all of the System's hospitals and clinics are using the same technology in support of the rendering of services to patients.

We are also well on our way in having a fully functional IT system in the areas of Finance, Contract Procurement, Payroll and Human Resources through the installation of a healthcare oriented Enterprise Resource Planning system.

And lastly, on the subject of technology, a few months ago we launched a new website (www.cookcountyhealth.net) that brings more transparency to the System by listing all of our contracts, requests for proposals and bidding information.

We also plan to assume full responsibility for posting and tracking the jobs we need to fill in the near future.

Our third goal, as well as one of your mandates to us, was to develop and implement the policies, procedures and processes necessary to assume the responsibility for all purchasing and contracting for the System – and we have.

We are now completing the staffing necessary to perform all purchasing and contracting, as well as assuring contract compliance.

We have also completed an additional part of this mandate by joining a Group Purchasing Organization, or GPO, in order to take advantage of the lower prices deriving from the huge volumes of supplies and medicines such organizations achieve.

Belonging to a GPO is standard procedure at hospitals throughout the country and makes good fiscal sense.

We had planned to achieve a savings of \$20 million in FY2009, but now expect to realize only about a \$5 million savings this year, because of delays in getting the contract for the GPO finalized. However, we expect that savings to grow to at least \$20 million in FY2010.

Your third mandate to us and a goal for 2009 was to put in place the policies, procedures and processes, as well as the staff, for the System to assume complete responsibility for our human resources.

Again, we are now to the point of building the necessary human resource department.

Our board learned early on that the System had far too many Full Time Employees (FTEs) per Adjusted Occupied Bed relative to other healthcare systems and hospitals in the Chicago area, as well as relative to the public hospitals nationwide of similar size.

We appeared heavy in some areas, while light in others.

Consequently, our fourth goal was to adjust our FTE counts to a more appropriate number, while adding critical staff, such as nurses and IT specialists, by eliminating almost 900 vacant positions while adding 450 for a net of 450 positions.

So far, we have eliminated about 200 unfilled positions and plan to eliminate about 700 more vacant positions to achieve our goal by the end of our fiscal year. That reduction will result in an annualized savings of \$60 million.

Because of our late start and the County's hiring process, we have made very little progress in recruiting nurses, IT staff and other professionals necessary to achieve our goals for 2010.

Last year, I emphasized that the System has historically done very little to train our personnel but that we were dedicated to ultimately have well trained workforce across the board. We have taken some small steps in 2009, but have a very long way to go in this area.

And lastly, we made a commitment to you that we would take a look at the System as a whole and examine our costs, services, and staffing. We are doing on the way to completing an extensive Performance Improvement Assessment with the help of Navigant Consulting.

We believe that these actions, plus those planned for 2010, will make us more efficient and far better prepared to implement our strategy for the future.

Now, before I introduce Bill to talk about what we hope to accomplish next year, I would like to point out something that I found interesting while looking over all that we have done this past year.

Along with providing the best healthcare we can to our residents, we have also found ways to make sure that we don't unduly burden the taxpayers of our County – something I am sure you can all appreciate.

One of the major accomplishments we have done to achieve that goal is by getting more DSH, or Disproportionate Share Hospital, money for the System. DSH is a federal program that provides more money to hospitals that have a large number of uninsured patients.

We have been able to secure about \$134 million in new revenue from DSH payments this year. We expect that number to be around \$150 million in FY2010 and stay at that level through 2013.

We have also made improvements across the "revenue cycle" operations that have resulted in approximately \$35 million in improved cash collections and shifted the mix of self-pay patients from 55% to 49% in one year.

Those two programs, along with the savings from our GPO and increased efficiencies in the System, will result in saving County taxpayers over \$200 million.

That's something that convinces us that we are on the right track, but we know our work is far from over. In my opinion, there remains enormous room for improvement.

Now, let me turn the floor over to our CEO Bill Foley who will talk a little about some of our goals for 2010.

**ONE YEAR ANNIVERSARY REPORT TO THE COUNTY BOARD
COOK COUNTY HEALTH & HOSPITALS SYSTEM
SEPTEMBER 16, 2009**

Let me start by saying thank you on behalf of our employees and management team for the opportunity to give you a glimpse of where the Cook County Health and Hospitals System is heading in the next year.

We have set eleven goals going into FY2010, and I believe we will be able to achieve them with your continued support.

Goal 1 – Recruitment and assimilation of the entire CCHHS leadership team

As Chairman Batts mentioned, we have almost completed the recruitment of senior management team, there are two positions left to be filled. The goal is to have the entire team in place by the end of this year and assimilated into the System.

We were able to bring in seasoned professionals with experience in health care, government and the corporate world. Among our new corporate team is a new CFO from Grady Hospital in Atlanta, one of the best public hospitals in the country; a Human Resource Director who spent many years at Sara Lee; and a peer-respected Chief Compliance Officer that we were able to lure away from Northwestern Memorial Hospital.

I believe a full year with this experienced team will produce some very favorable results.

Goal 2 – Implementation of the Strategic Plan

We have retained Integrated Clinical Solutions, Inc. (ICS), a local Chicago area firm that's focus is the development of specialized, integrated centers of excellence, to help us map out the future of the Health System. With their help we are looking at all areas of our healthcare system and analyzing what we do well as well as what changes need to be made.

We have been conducting a series of town hall meetings throughout the County, including one in Spanish, to receive information from the public about what areas they think we need to improve and the services they would like delivered.

ICS Consulting will take those comments, along with the findings from the focus group interviews and surveys, to come up with our Strategic Plan. We will then go back to the community in the late October for another round of seven town hall meetings to present our plan and receive public comments.

Once the strategic plan is complete in November, we will begin the implementation in FY 2010. We will use the strategic plan and the three-year financial plan as our roadmap of where we want the health system to be over the next several years.

Goal 3 – Achieve maximum savings through the Group Purchasing Organization (GPO)

As many of you know, the System Board approved a Group Purchasing Organization plan over the summer. The GPO will allow us to buy supplies in bulk and save money for the System through the purchasing power of the GPO. This isn't just best practice for the hospital; it is standard practice for almost every hospital system.

We estimate that we will save \$5 million in supply costs during the fourth quarter this year. Next year, we will realize the full savings potential of the GPO which is \$20 million annualized.

Goal 4 – Implementation of Enterprise Resource Planning (ERP) systems

The vision of the Health System is to go beyond the replacement of antiquated systems and to change fundamentally the System's business and administrative processes. The ERP project implementation is the design of an integrated supply chain, accounts payable, human resources/payroll, and financial tracking and reporting system. This system will reduce manual processes, increase standardization throughout the system, allow for greater and easier access to data, and more timely and accurate decision making.

Goal 5 – Incorporation of financial targets identified in Navigant's performance improvement assessment report

One of the things we have been trying to be is more efficient and be more careful with the taxpayer's money. To that end Navigant Consulting has been instrumental in finding opportunities to reduce costs and gain efficiencies.

We have already identified 883 vacant positions, two-thirds of the total number of vacant positions, that will be eliminated this year resulting in a savings of \$60 million. The coming year we will be addressing more efficiencies in the system including additional staff reductions, reducing expenses, and improving processes.

Goal 6 – Building a strong and effective Human Resources Department

When the System began to take control over its personnel decisions, there was almost no structure in place. We are in the midst of building that structure from scratch and by next year will have the department fully operational. We currently are in the process of hiring a nurse recruiter among other key members to the HR team.

When that happens, we will be able to handle our HR issues more expeditiously including staff recruitment and better serve our employees.

Goal 7 – Establish System-wide Quality, Patient Safety and Risk Management functions

Working with the Quality and Patient Safety Committee of the System Board we are currently recruiting a new Risk Manager who will report to the General Counsel. The responsibilities will include the development of a comprehensive risk management program consisting of risk evaluation and overseeing incident reporting and investigation.

Our Chief Medical Officer and Chief Clinical Officer are in the process of developing a System-wide quality and patient safety function to assure that we are delivering high quality patient care in a safe environment.

Goal 8 – Improvement of public relations image and positioning the System as a major healthcare provider

As you know, the image of the County hospital system isn't where it needs to be. There is a perception by some in the community that the County Hospital System is somewhere you HAVE to go, not somewhere you want to go.

That perception needs to change. Because we ask the taxpayers to support us, it's important that we have a healthcare system that they can be proud of.

We know the great work that is going on in our healthcare system but we have to let the public know – we can do that both through the media and through other channels.

This year you will begin to see more stories about some of the good things our doctors and staff are doing. We will also be reaching out more in the community, taking part in health fairs and community gatherings.

Along with recently launching our website www.cookcountyhealth.net, we have also started a Facebook page and will begin a Twitter page to be more interactive with the people that we serve.

Goal 9 – Service excellence

If we expect to improve our image – we need to make a commitment to service excellence which includes patient satisfaction and employee satisfaction. If we expect to have satisfied patients, we need satisfied employees. Our greatest resource as an organization is our Human Capital, our workforce. It is a priority that the Health System maintains a staff that is the best trained and most highly skilled as possible. Unfortunately, our Health System has not made enough of an investment in staff development and education. Making this investment will lead to the development and retention of highly qualified staff across the Health System.

Goal 10 – Strengthening partnerships with other providers

It is clear from our strategic planning that there is a both a need and interest to build stronger partnerships with other providers in order to better address the healthcare needs of the residents of Cook County. These partners include other hospitals, health systems, clinics and community centers who have been actively engaged in our strategic planning process.

One of the results of the strategic plan also might be to expand primary care services in partnership with some of the Federally Qualified Health Centers and other community health centers.

Goal 11 – Expanding programs/services such as mammography screenings, colonoscopies and endoscopies; the stroke program; the SBRIT program, and student nursing

Although we are committed to reducing our dependency on taxpayer support we also intend to increase access to certain services. These include: restoration of mammography screenings; the elimination of colonoscopy and endoscopy backlogs; funding of the stroke program and the Screening, Brief Intervention and Treatment (SBRIT) program; and the expansion of a student nursing program at Stroger Hospital of Cook County as a tool for nurse recruitment.

The consolidation of surgical services has led to increased access to care that will result in 1,700 more inpatient cases per year.

I am confident that when we come back next year I will be able to report to you that we have completed all of our goals. I believe we are well on our way to making this a health system that the taxpayers, our employees and you can be proud of.

Thank you again for the opportunity and your continued support. I can now answer any questions you may have.

William T. Foley
Chief Executive Officer