



CEO PERFORMANCE REPORT JULY 2010

In accordance with Sec. 38-80(c) of the Cook County Code, the following is the performance evaluation for William T. Foley's first year as the Chief Executive Officer of the Cook County Health and Hospitals System. The performance targets and goals referenced in this document are contained in the September 18, 2009 annual appointment addendum letter and the FY2010 CCHHS System Leadership Goals.

LEADERSHIP:

Bill has built a strong, talented senior leadership team for CCHHS through the successful recruitment of the following positions: Chief Medical Officer, Chief Financial Officer, Chief Clinical Officer, Chief Information Officer, Director of Human Resources, General Counsel, Director of Community Relations and Public Affairs; and, in conjunction with the Audit and Compliance Committee of the CCHHS Board, Director of Internal Auditing and Chief Compliance Officer. Our Chief Operating Officer, Dr. Anthony Tedeschi, is an independent contractor. Tony is doing an outstanding job and we have extended his contract for another year to July 2011. At that time, Bill would recruit for a permanent COO. The remaining senior leadership position Bill has recruited is the Director of Diversity and Multicultural Affairs. The candidate selected was Miriam Gonzalzes, she assumed her position on June 21, 2010.

Now that the senior leadership has been addressed, we are now completing the assessment of middle management which will result in system-wide management restructuring.

FINANCE:

The System Leadership is focused on addressing the \$106M expense reduction target incorporated in the FY2010 budget (\$80M for performance improvement identified in Navigant Consulting's performance improvement assessment report and \$26M related to the sales tax roll back).

The major components of the \$80M performance improvement target involve savings from contracting with a Group Purchasing Organization (GPO) and staffing reductions associated with the workforce rebalancing plan. The Health System did contract with UHC/Novation as our GPO. Major contracts which the Board of Directors approved for

food and laundry/linen, in addition to the pharmaceutical contract, will assist us in meeting our expense reduction target of \$20M associated with the GPO. Regarding the staffing reductions, the goal established was a total reduction of 1,350 filled and vacant positions. In Phase I implemented in January 2010, 1,000 positions were eliminated (app. 665 vacant and 335 filled). However, due to bumping provisions in our labor agreements, only about 100 staff were actually laid off. Phase II which involves eliminating an additional 350 filled positions is scheduled in August 2010. In the interim, we have been engaged in a management restructuring based on a recently completed management assessment and reorganization. We anticipate substantial reductions in management positions as a result of this process.

Management recommended to the Board of Directors at the May meeting contracting with Price Waterhouse Coopers for a comprehensive performance improvement implementation in order to address targeted improvements this year and anticipated budget challenges next year due to the full year impact of the sales tax roll back and declining revenues. The PWC contract is a full contingency contract with a maximum improvement opportunity in excess of \$300M over two years.

In terms of financial performance, we concluded FY 2009 (thru November '09) with a \$10.38M favorable operating expense variance (unaudited) and, for the first two months of the current fiscal year (December and January), a \$33.37M favorable variance. However, it is early in the year.

HUMAN RESOURCES/PEOPLE:

Following Deb Tate's recruitment as Director of Human Resources, she worked with Bill to establish an organization structure for the HR Department in order to effectively execute the authorities delegated to us by the enabling ordinance that established the CCHHS Independent Board. Two new leadership roles have been filled with experienced HR professionals: Marsha Ross-Jackson, System Labor Director and Gina Goodson Allen, System Talent and Acquisition Director. Marsha is an skilled labor attorney with prior experience practicing labor law and labor relations experience at Blue Cross/Blue Shield. Having an experienced System Labor Director is critical to our assuming more responsibility for labor negotiations. Gina, our System Talent and Acquisition Director, most recently served as Senior Professional Recruiter at the Rehabilitation Institute of Chicago and was previously a professional nurse recruiter at Ingalls Memorial Hospital. This position is responsible for streamlining our recruitment and hiring processes for nursing and other professionals in order to expedite hiring and reduce our dependency on agency.

Additionally, three key hospital HR Director positions were filled with experienced HR professionals at the John H. Stroger, Jr. Hospital, Provident Hospital, and Cermak Health Services.

Deb and her leadership team are developing systems and processes to strengthen HR processes in the areas of recruitment, employee relations, compensation, performance

evaluation, and labor relations. They are actively working on the implementation of the HR modules of the Lawson ERP and the county-wide Taleo recruitment system.

Concerning the performance target related to the CCHHS dual employment policy, we have fully implemented the policy.

Finally, we are laying the groundwork to conduct a baseline system-wide employee opinion survey the end of this year or early next year. Bill feels that this will be an important tool for both employee relations and leadership development.

OPERATIONS/ERP:

The finance general ledger (Lawson) was installed and began functioning on January 1, 2010 for the accounting period December, 2009 and is now fully operational for the current fiscal year. The accounts payable and fixed asset subsystems are still tightly controlled by the Office of the County Comptroller. The County is considering Lawson for it's replacement accounting system. In the long run, this would be very positive for the Health System and the County to be on the same system. However, we cannot move forward until this decision is made. We anticipate this issue to be resolved within the next month.

STRATEGIC:

The development of the strategic plan began last May, shortly after Bill's arrival . Originally, Bill anticipated that the plan would be completed by the end of last year. However, the process was extended due to the major redesign components of the plan, political factors, significant feedback received from our preliminary presentation of the plan, and considerable financial challenges. On June 25, 2010 the System Board unanimously approved the five-year strategic and financial plan. The County Health & Hospitals Committee approved the plan on July 14, 2010, with the committee report expected to be approved by the full board on July 27, 2010.

QUALITY:

Following recruitment of Dr. Terry Mason as CMO, we began recruitment for a System Director of Quality and Patient Safety. We are currently negotiating with our final candidate and expect to have the position filled this Summer. When the new Director arrives, we will centralize Quality and Patient Safety at the System level.

Additionally, we hired an excellent Director of Risk Management, Mindy Malecki, who is an attorney and experienced Risk Manager. Mindy reports to our General Counsel, Elizabeth Reidy.

The Quality and Patient Safety Plan was approved by the CCHHS Board in March of 2010.

LICENSURE/ACCREDITATION:

John H. Stroger, Jr. Hospital was successfully surveyed by The Joint Commission in February 2010. A significant amount of work was done to prepare for the survey and we're very proud of the results. Immediately prior to Bill's arrival, Oak Forest Hospital was successfully surveyed in the Spring of 2009.

Additionally, the following licensures and accreditations were received during this past year: College of American Pathologists (CAP) for Clinical and Anatomic Labs, American Association of Blood Banks (AABB), FDA for Blood Bank, and CMS for Clinical and Anatomic Labs.

ADVOCACY/PUBLIC RELATIONS:

Over the past year, Bill has spent a significant amount of time engaging with political, healthcare, community, business, and professional leaders and organizations regarding CCHHS and the issues and challenges we are facing. Bill has frequently and regularly met with local, state, and national political leaders including the County Commissioners, State Legislators, the Governor's office, Senator Durbin, as well as our other Federal elected officials. He has made presentations and met with several community, business, professional, and healthcare organizations including the Civic Committee of the Commercial Club, the Civic Federation, the Health and Medicine Policy Research Group, the Emergency Network, the Southside Collaborative, the Southland Ministers Healthcare Network, the Chicago Department of Public Health, the Life Science Committee of the Union League Club, to name a few. Our town hall meetings also provided significant opportunity to engage with the public.

Bill has also been engaged regularly with the media including radio, TV, newspapers, and business journals such as Crain's. He is interested in representing CCHHS with healthcare associations and organizations and was just asked to fill a seat on the Metropolitan Chicago Hospital Council (MCHC) Board of Directors.

In summary, Bill's first year as Chief Executive Officer of Cook County Health and Hospitals System has been a success. The Board of Directors is proud of his accomplishments, and those of his leadership team.

Warren L. Batts,
Chairman, Board of Directors
Cook County Health & Hospitals System