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HEALTH SYSTEM'S MEDICAID EXPANSION PLAN CENTRAL TO COOK COUNTY FY2014 BUDGET

(CHICAGO) In a report released today, the Civic Federation supports Cook County's proposed FY2014 operating budget of \$3.2 billion, which holds the property tax levy relatively flat by reducing expenditures and aggressively pursuing new revenue for the Cook County Health and Hospitals System under the federal Affordable Care Act. The full 90-page report is available at www.civicfed.org.

“This budget shows admirable restraint and forward thinking from Board President Preckwinkle and her leadership team,” said Laurence Msall, president of the Civic Federation. “The administration is continuing to stabilize the County budget without increasing the burden on County taxpayers.” The Cook County property tax levy has remained relatively flat since 2001, with only small increases since 2011 to capture revenue from new property and expiring City of Chicago tax increment financing (TIF) districts.

The FY2014 proposed budget closes a \$152.1 million shortfall with new revenue from the Health System's CountyCare Medicaid expansion plan as well as vacancy reductions at the Health System, increased healthcare premiums for County employees who are not considered full-time and other efficiencies. The Civic Federation continues to support the Health System's efforts to prepare for and adapt to changes in the healthcare sector by successfully gaining access to the expanded Medicaid population. Instituting CountyCare has proven to be a challenging endeavor, but the Health System has made great strides through aggressive implementation and thoughtful planning. The Federation cautions that revenue projections for CountyCare continue to be uncertain as the Health System works to improve patient satisfaction and retain newly eligible Medicaid patients.

The County has taken significant steps in the past two years to reduce its persistent deficit. Despite this progress, the County projects deficits of \$122 million in FY2015 and \$523 million in FY2018, largely due to rising healthcare costs, declining operating revenues and uncertainty at the Health System. Additional reforms will be required to eliminate the growing gap between the County's revenues and expenditures. The Civic Federation recommends a long-term comprehensive financial planning process that addresses key cost drivers, increases the efficiency of service delivery and stabilizes rising pension obligations.

The County's pension fund is not yet in as dire straits as other State and local pension funds, but it will be soon if no action is taken. The funded status of the pension fund has dropped from 69.1% in FY2003 to 55.1% in FY2012, largely because of inadequate investment returns and State-mandated contributions that were insufficient for the level of benefits promised. The Civic Federation is encouraged by Board President Preckwinkle's continued commitment to working with labor unions toward a pension reform agreement. The Federation continues to call on the Cook County Board of Commissioners and the Illinois General Assembly to work with stakeholders to develop and implement comprehensive pension reform tailored to the needs of the County fund.

The Civic Federation is an independent, non-partisan government research organization that promotes efficient delivery of public services and sustainable tax policies in the Chicago region and State of Illinois. For more information, please visit the Federation's website at www.civicfed.org.



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