Integrated Clinical Solutions, Inc.

Cook County Health and Hospitals System

VISION 2015:
Strategic Direction + Financial Plan
Board Presentation

June 25, 2010

Agenda

- **Background + Approach**
- **Summary of Key Issues**
- **Guiding Principles**
- **Strategic Direction: VISION 2015**
- **Action Priorities**
- **5-Year Financial Plan**
- **APPENDICES**

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BACKGROUND

- The Cook County Health and Hospitals System (CCHHS, the System) is one of the largest public health systems in the country. Serving a population of over five million residents, the System encompasses the core facilities of John H. Stroger, Jr., Oak Forest, and Provident hospitals; as well as a geographically distributed Ambulatory and Community Health Network. The Cook County Department of Public Health is also a major component of CCHHS. In addition, CCHHS provides services for HIV patients and others with infectious disease at the Ruth M. Rothstein CORE Center; while Cermak Health Services provides healthcare to detainees at the Cook County Department of Corrections.
- The Cook County Health and Hospitals System essentially serves as a "safety net" system for the medically indigent population of Cook County. As is the case with many similar systems throughout the U.S., CCHHS faces some significant challenges, including:
  - A growing demand for health care services from an increasing number of uninsured and under-insured residents;

BACKGROUND

- The lack of stability and predictability of revenues from the Illinois State Medicaid program; and
- Ongoing significant operating deficits requiring County subsidization.

- National health reform initiatives, once implemented, will result in fewer un-insured and underinsured individuals in Cook County, and should provide more healthcare dollars overall for the care of the medically indigent. These impacts notwithstanding, there will likely remain substantial numbers of individuals in the County who remain without adequate health insurance coverage. This factor, combined with declining special payment and subsidy revenues, will pose ongoing challenges to the Cook County Health and Hospitals System. An additional impact will be the effects of Medicaid expansion and the ability of many patients currently utilizing the System to seek care options in the private sector.

APPROACH

- In response to the above trends and challenges, the Cook County Health and Hospital System Board initiated a strategic planning process in May 2009. The national consulting firm of Integrated Clinical Solutions, Inc., was retained to provide technical and facilitation expertise throughout the process.
- The strategic planning process consisted of the following basic steps:
  - *Discovery:* Assessment of Health Care Needs and CCHHS Current State
  - *Strategic Direction:* Formulation of Vision, Core Goals, and overall Strategic Direction
  - *Action Planning:* Identification of Action Priorities
  - *Financial Planning:* Development of 5-Year Financial Plan
- The overall process, which extended over approximately a 14-month period, entailed extensive community and other stakeholder input. Interviews and group meetings were conducted with over 500 individuals. Town Hall meetings were conducted over a 4-month period. System leadership and staff were closely involved in all phases of the process.

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CURRENT STATE ASSESSMENT: KEY ISSUES

The cumulative findings of the current state assessment of the Cook County Health and Hospital System are summarized as follows:

1. There are significant unmet healthcare needs in Cook County.
2. There are large disparities in health by region.
3. There are disparities in access.
4. As need has risen, CCHHS volumes have trended downward.
5. CCHHS access points are not aligned geographically.
6. System resources are disproportionately centered around the hospital environment.
7. The System is not deploying providers or utilizing facilities effectively.

CURRENT STATE ASSESSMENT: KEY ISSUES (cont'd.)—

8. The current CCHHS delivery configuration is not sustainable.
9. The current cost structure is not sustainable.
10. A redirection of inefficient IP resources to OP modalities could substantially increase the volumes of services overall.

The background data and analyses that provide the foundation for this assessment are provided in APPENDIX A of this report.

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GUIDING PRINCIPLES FOR SYSTEM DEVELOPMENT

In response to the critical issues and challenges identified, the CCHHS Board has set forth a set of guiding principles for the future development of the Cook County Health and Hospitals System. These guiding principles are as follows:

- Deliver the *best possible health care* for the vulnerable population of Cook County within the constraints of dollar resources available to the System.
- Provide healthcare that is *population-centered vs. hospital-centered.*
- Ensure that services are *accessible.*
- Provide health services that are focused on the needs of the vulnerable population, with a *major emphasis on the provision of specialty care* and *extension of primary care* through partnerships with other healthcare providers.

GUIDING PRINCIPLES FOR SYSTEM DEVELOPMENT (cont'd)—

- Make CCHHS the *System of choice* for patient populations, with best practices and high patient/caregiver satisfaction on a System-wide basis.
- Provide *cost-effective* care.
- Strengthen role as *leading-edge institution* in clinical services, education, and research.
- Develop and support *caregiver training and leadership development* at all levels of the organization.

Based on these guiding principles, the Board adopted a Statement of Vision and set of Core Goals.

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Strategic Plan: VISION 2015

Mission

To deliver integrated health services with dignity and respect regardless of a patient's ability to pay; foster partnerships with other health providers and communities to enhance the health of the public; and advocate for policies which promote and protect the physical, mental and social well being of the people of Cook County.

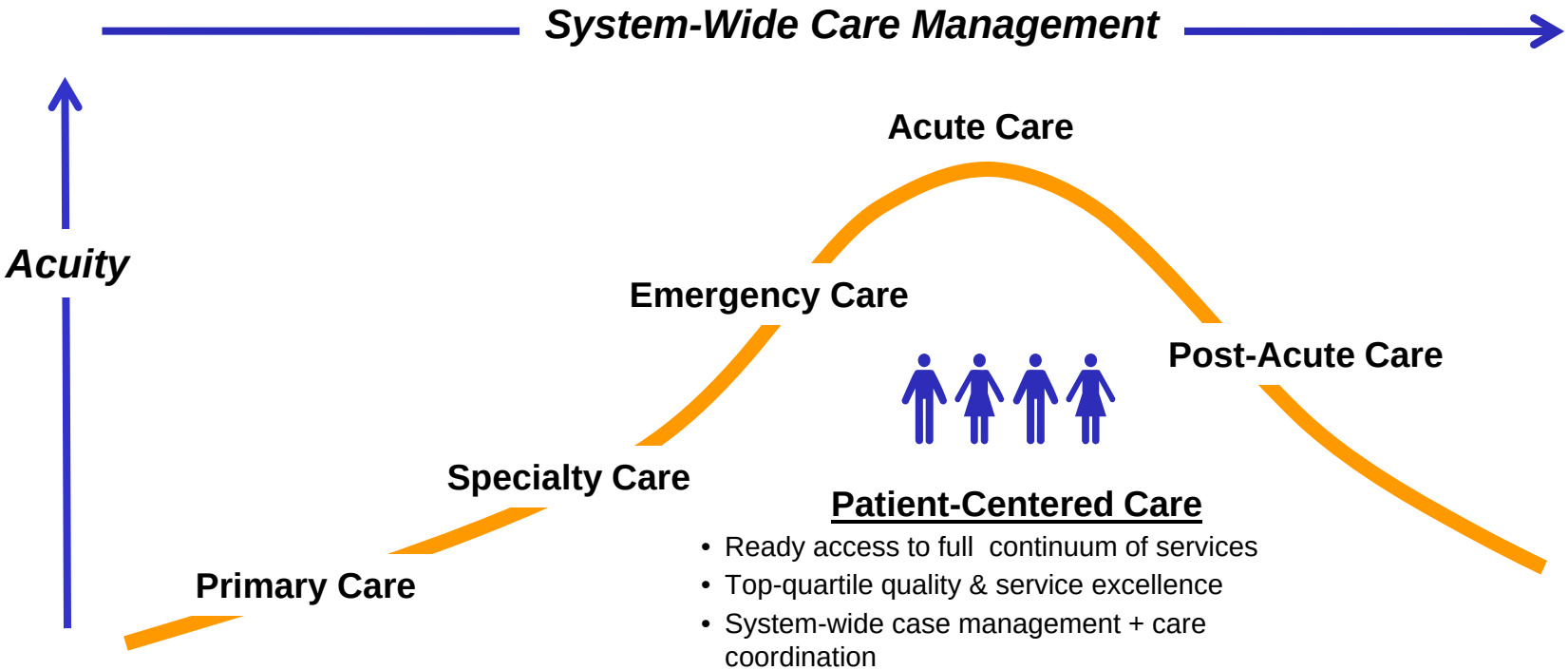
Vision 2015

In support of its public health mission, CCHHS will be recognized locally, regionally, and nationally — and by patients and employees—as a progressively evolving model for an accessible, integrated, patient-centered, and fiscally-responsible healthcare system focused on assuring high-quality care and improving the health of the residents of Cook County.

Core Goals	Strategic Initiatives
I. Access to Healthcare Services	• Eliminate System access barriers at all delivery sites. • Strengthen the ACHN network. • Develop comprehensive outpatient centers at strategically-located sites.
II. Quality, Service Excellence & Cultural Competence	• Develop an integrated, System-wide approach and supportive infra-structure for patient-centered care coordination. • Implement a program of continuous process improvement: patient care quality, safety, and outcomes. • Develop a comprehensive program to instill cultural competency.
III. Service Line Strength	• Develop/strengthen clinical service lines in key disciplines based on patient population needs. • Pursue mutually beneficial partnerships with community providers. • Assure the provision of the Ten Essentials of Public Health.
IV. Staff Development	• Implement a full range of initiatives to improve caregiver/employee satisfaction. • Focus on effective recruiting and retention processes. • Develop a robust program for in-service education and professional skill building.
V. Leadership & Stewardship	• Foster leadership development and succession planning. • Develop long-term financial plans and sustaining funding. • Hold Board and management leadership accountable to agreed-upon performance targets.

Vision 2015: Patient-Centered Accountability Across the Continuum of Care

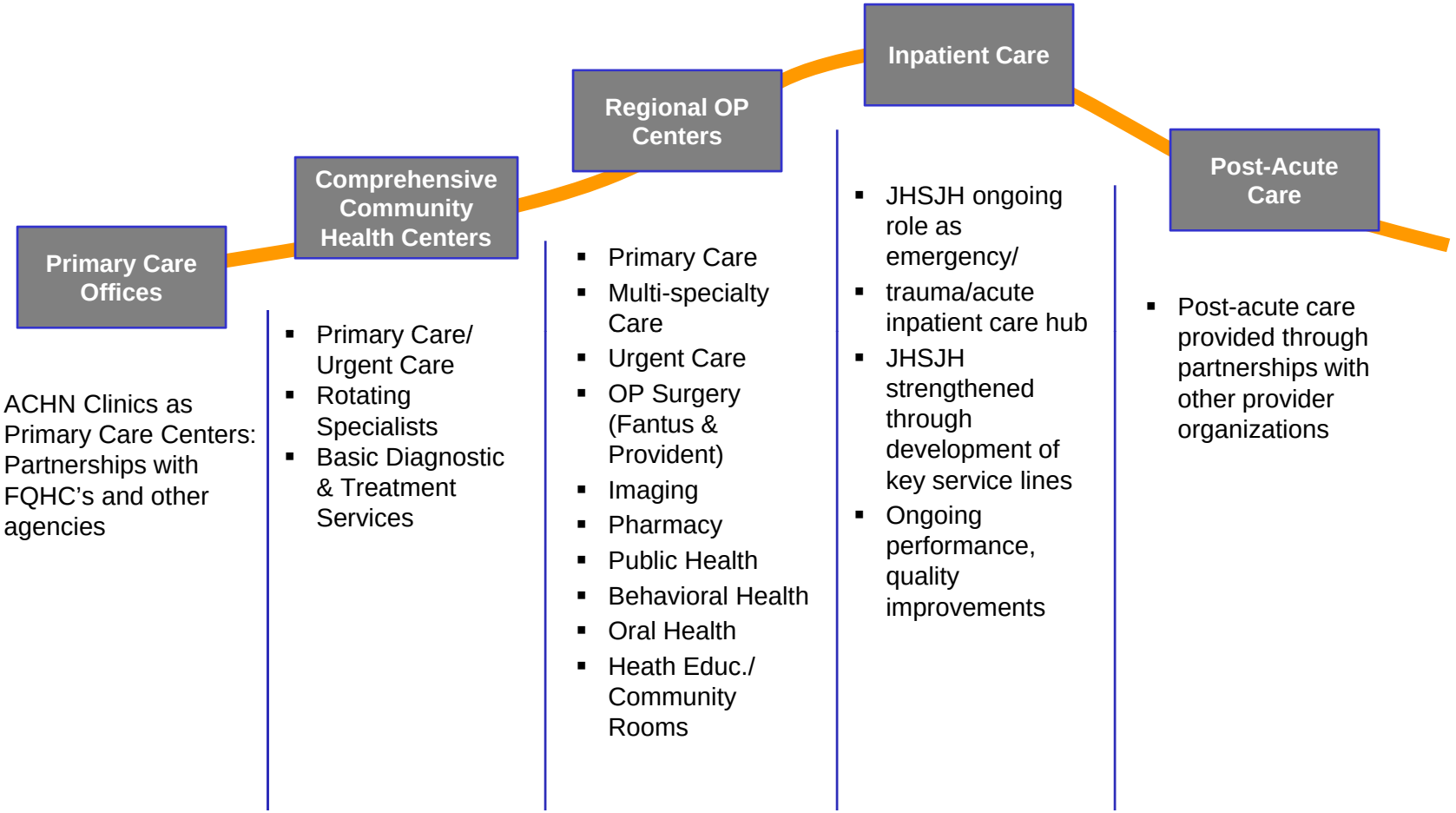
The future-state Vision of Cook County Health and Hospitals System will place the patient at the center of a coordinated continuum of care…



Patient-Centered Care

- Ready access to full continuum of services
- Top-quartile quality & service excellence
- System-wide case management + care coordination
- Integrated patient records
- Provider partnerships to complement System capabilities

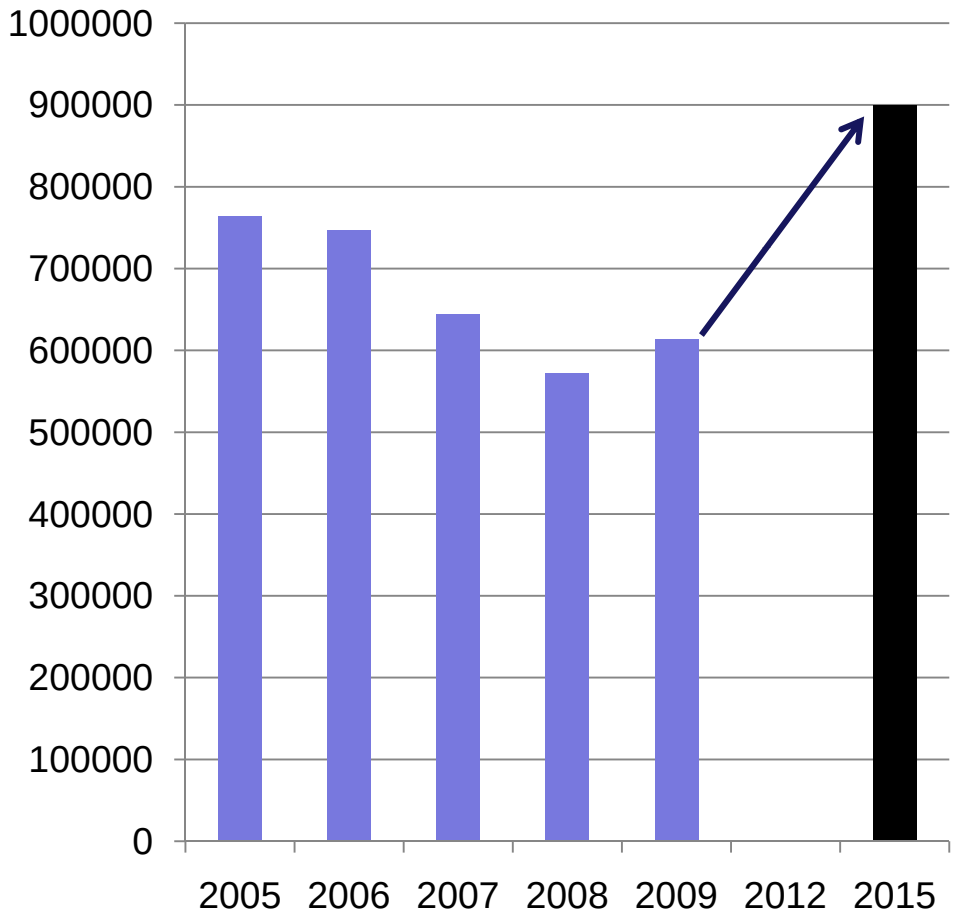
VISION 2015: "What CCHHS will Look Like"



A Reallocation of Resources to Meet the Needs of the County's Vulnerable Population…

- There is a significant opportunity to increase the overall service impact of the System by reallocating dollars currently being spent on inefficient hospital operations.
- Through reallocation, primary care and specialty care outpatient volume can be increased by 50+% over current levels.
- Patients can receive more timely care in a geographically accessible setting.

Trended and Forecasted Primary Care and Specialty Visits, CCHHS



Source: CCHHS, ICS Analysis

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ACTION PRIORITIES BY GOAL

- **GOAL I: ACCESS TO HEALTHCARE SERVICES**

  I. 1: Eliminate System access barriers at all delivery sites.

  I. 2: Strengthen the ACHN network; develop Comprehensive Community Health Centers at selected sites.

  I. 3: Redevelop Oak Forest Hospital as a Regional Outpatient Center.

  I. 4: Restructure Provident Hospital as a Regional Outpatient Center + focused inpatient facility and emergency department.

  I. 5: Rebuild Fantus Clinic; redevelop as a Regional Outpatient Center.

- **GOAL II: QUALITY, SERVICE EXCELLENCE, AND CULTURAL COMPETENCE**

  II. 1: Execute System-wide performance improvement initiatives.

  II. 2: Implement System-wide service excellence and cultural competency initiatives.

ACTION PRIORITIES BY GOAL (cont'd.)—

- **GOAL III: SERVICE LINE STRENGTH**

  III. 1: Continue to develop/strengthen key clinical services.

  III. 2: Develop the infrastructure to support clinical services.

- **GOAL IV: STAFF DEVELOPMENT**

  IV. 1: Dramatically improve staff recruitment , training, and development processes.

  IV. 2: Implement a full range of initiatives to improve staff satisfaction levels.

- **GOAL V: LEADERSHIP & STEWARDSHIP**

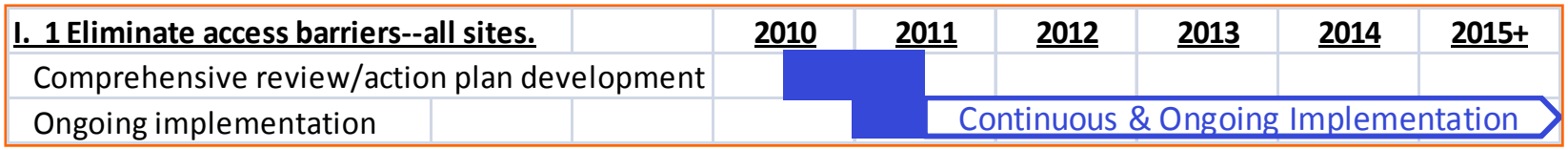
  V. 1: Develop CCHHS leadership for today and for the future.

  V. 2: Continue to strengthen the stewardship responsibilities of System Board and management.

GOAL I: ACCESS TO HEALTHCARE SERVICES

- **I. 1: Eliminate System access barriers at all delivery sites.**
  - Conduct a comprehensive review of access and service issues at CCHHS facilities; develop specific plans and timetables to remedy major access barriers:
    - Fantus operations
    - ACHN and Specialty Clinics scheduling
    - Stroger inpatient bed availability
    - Surgical services infrastructure and scheduling
    - Etc.
  - Pursue related improvements in service, staff, and technology (refer to Goals II, IV, and V).

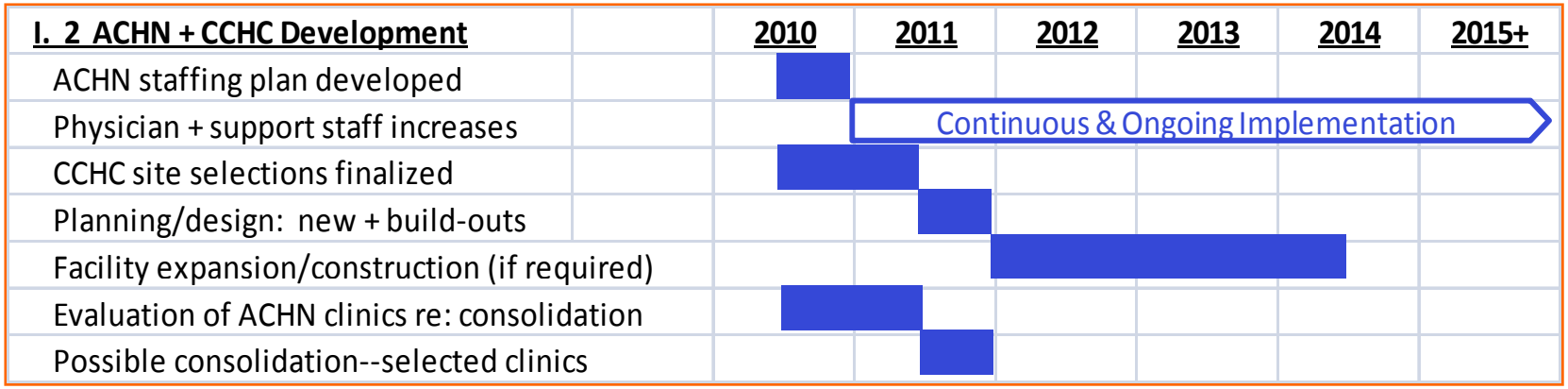
- **Timetable:**



GOAL I: ACCESS TO HEALTHCARE SERVICES

- **I. 2: Strengthen the ACHN network; develop Comprehensive Community Health Centers at selected sites.**
  - Increase efficiency and volumes through increases in staffing/support:
    - Expanded primary care + specialty care physician FTEs
    - Staff-to-provider ratios increased from 2.8 to targeted 4.0
  - Define partnerships with FQHC's/CHC's.
  - Develop targeted CCHHC sites: Northwest, West, and South.
  - Evaluate consolidation of ACHN clinics if volume thresholds are not met (after in-depth analysis/recommendations).

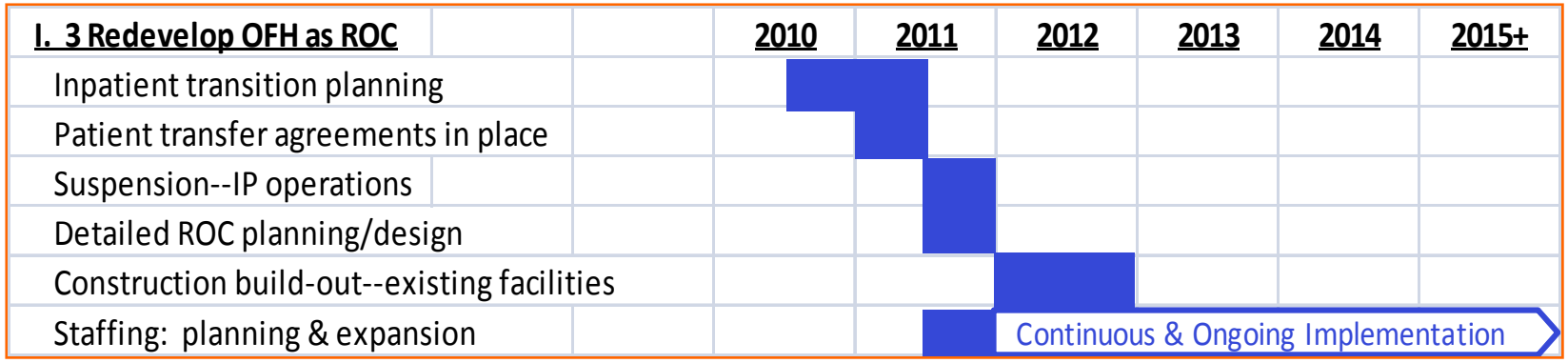
- **Timetable:**



GOAL I: ACCESS TO HEALTHCARE SERVICES (cont'd.)—

- **I. 3: Redevelop Oak Forest Hospital as a Regional Outpatient Center.**
  - Evaluate site options and develop plan for long-term ROC development.
  - Short-term, consolidate/expand OP services in "E" Building:
    - Primary/specialty care, urgent care, advanced imaging, pharmacy, health education/community space
  - Discontinue all inpatient services; develop service and transfer agreements for inpatients.

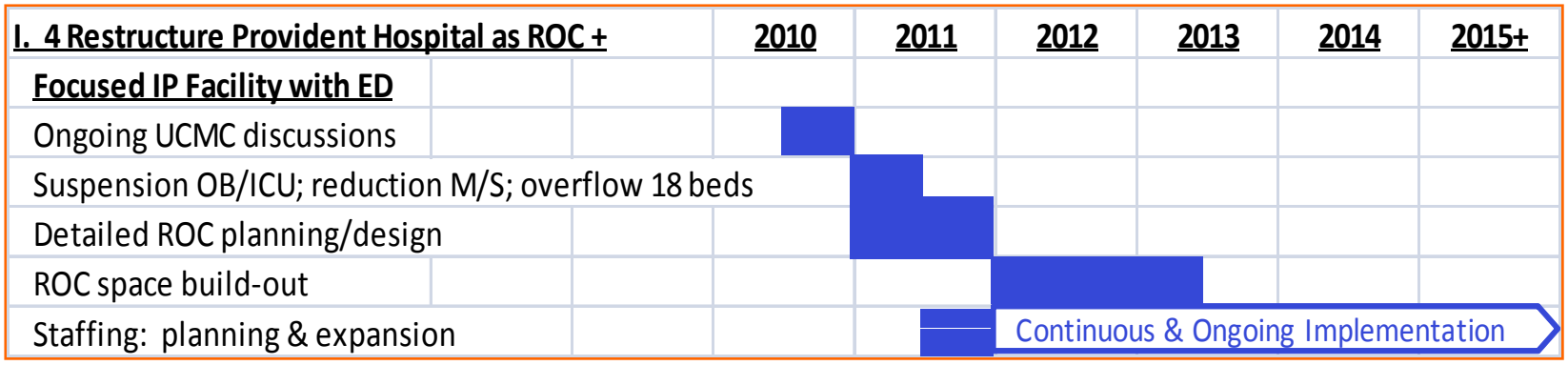
- **Timetable:**



Note: Timetable incorporates necessary regulatory (CON) review and approvals.

GOAL I: ACCESS TO HEALTHCARE SERVICES (cont'd.)—

- **I. 4: Restructure Provident Hospital as a Regional Outpatient Center + focused inpatient facility with Emergency Department.**
  - Continue to explore collaborative options with UCMC.
  - Expand outpatient services and staffing:
    - Primary/specialty care, OP surgery, advanced imaging, pharmacy, health education/community rooms
  - Retain ED + short-stay (low acuity) beds; discontinue OB, ICU; reduce general M/S inpatient services; include overflow unit with 18 beds.
    - JHSJH utilized for OB inpatient services + acute care transfers
- **Timetable:**

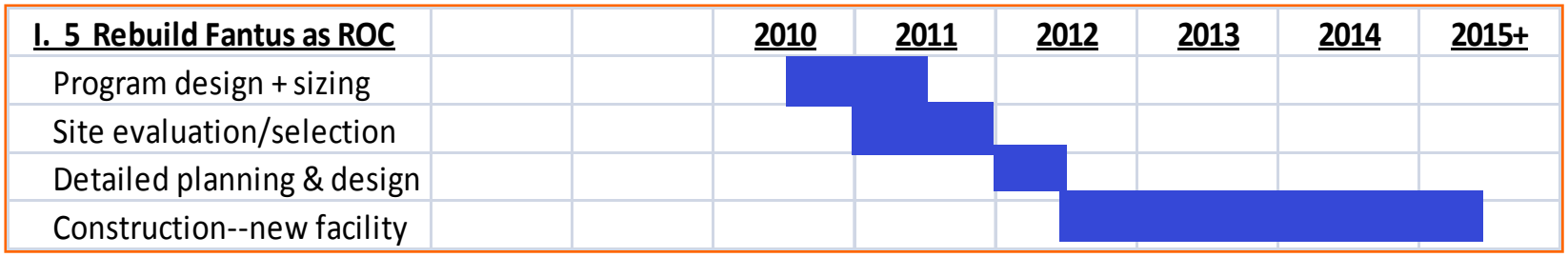


Note: Timetable incorporates necessary regulatory (CON) review and approvals.

GOAL I: ACCESS TO HEALTHCARE SERVICES (cont'd.)—

- **I. 5: Rebuild Fantus Clinic; redevelop as a Regional Outpatient Center.**
  - Replace existing facilities: new construction + expanded parking.
  - Expand outpatient surgical capacity (+4 rooms, +2 procedure rooms).
  - Relocate OB/Peds to distributed clinics.

- **Timetable:**



Note: Timetable incorporates necessary regulatory (CON) review and approvals.

GOAL II: QUALITY, SERVICE EXCELLENCE, AND CULTURAL COMPETENCE

- **II. 1: Execute System-wide performance improvement initiatives.**
  - Fully implement System-wide program of continuous process improvement:
    - Evidence-based methodologies
    - Key patient safety & quality indicators monitored on continuous basis
  - Implement System-wide patient care management processes:
    - Coordinated care & transitions
    - Robust HIT: EMR, Individual Health Record
    - Rule-based referral and service coordination with provider partners
    - Accountability for episode of care
- **Timetable:**

II. 1 Implement process improvement initiatives	2010	2011	2012	2013	2014	2015+
Process improvement focus + direction		Continuous & Ongoing Implementation				
System-wide care management processes		Continuous & Ongoing Implementation				

GOAL II: QUALITY, SERVICE EXCELLENCE, AND CULTURAL COMPETENCE (cont'd.)—

- **II. 2: Implement System-wide service excellence and cultural competency initiatives.**
  - Systematically identify/remedy key patient dissatisfiers.
    - Access, way-finding, wait times
    - Environmental safety and ambiance
  - Develop a comprehensive plan for instilling cultural competency at all locations:
    - On-site interpreters, staff diversity
    - Health information/signage geared to language and cultural norms

- **Timetable:**

II. 2 Implement Process Improvement	2010	2011	2012	2013	2014	2015+
Service excellence plan developed & implemented			Continuous & Ongoing Implementation			
Cultural focus plan developed & implemented			Continuous & Ongoing Implementation			

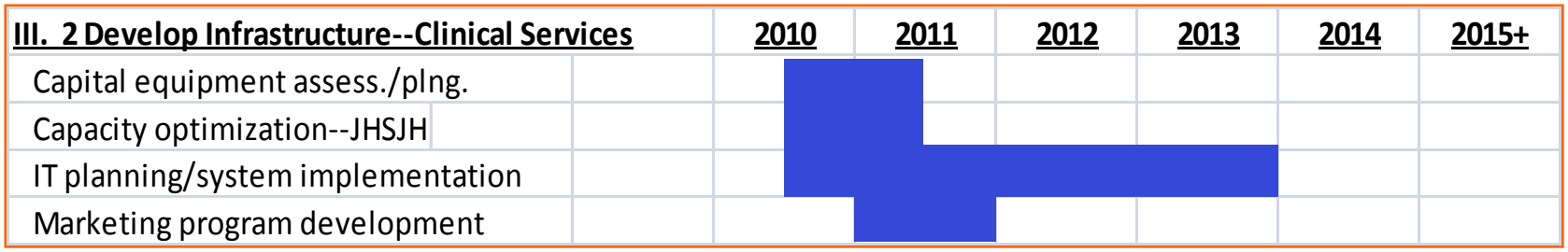
GOAL III: SERVICE LINE STRENGTH

- **III. 1: Continue to develop/strengthen key clinical services.**
  - Develop/strengthen key needs-based areas:
    - Strengthen OB/Peds, Emergency/Trauma, Surgical Services (ongoing planning and development), Geriatrics Services
    - Develop/further strengthen other key services; e.g., asthma/COPD, cancer, cardiac, stroke, diabetes, communicable disease/HIV, geriatric care, palliative care.
    - Pursue partnerships for rehab, post-acute care, behavioral health, and oral health
  - Pursue national leadership in key areas of medical education , research, and innovations in health delivery. Toward this end, pursue collaborations and partnerships:
    - Academic medical centers
    - Community health systems
    - FQHC 's, health centers, and public health agencies
- **Timetable:**

III.1 Develop/Strengthen Clinical Services	2010	2011	2012	2013	2014	2015+
Completion of service line planning in process						
Completion of planning for add'l. key service lines						
Partnership discussions/collaborations	Continuous & Ongoing Implementation					

GOAL III: SERVICE LINE STRENGTH (cont'd.)—

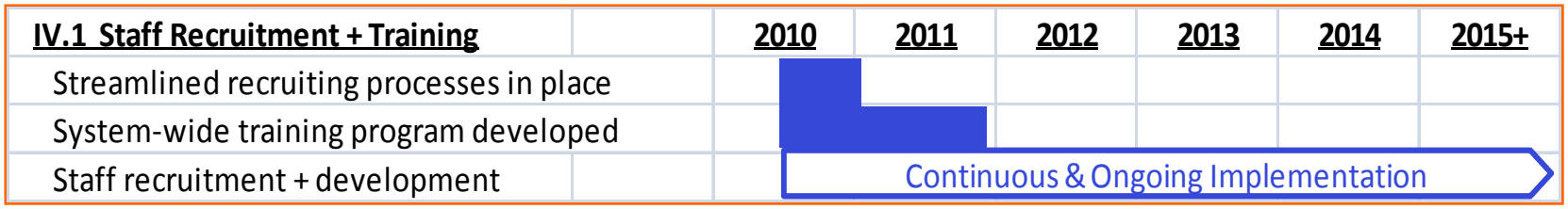
- **III. 2: Develop the infrastructure to support clinical services.**
  - Develop a comprehensive plan for capital equipment investment and replacement.
  - Implement Health Information Technology to support System clinical processes:
    - Implementation of EMR, migration to Individual Health Record
    - Ongoing participation in IRIS and other community health referral networks
  - Develop a comprehensive marketing and branding program to enhance public awareness of CCHHS services, strengths, and ongoing performance.
  - Implement steps to review ALOS and otherwise optimize capacity utilization at JHSJH.
  - Develop a dashboard reporting system to monitor quality, safety, and satisfaction outcomes.
- **Timetable:**



Action Priorities

GOAL IV: STAFF DEVELOPMENT

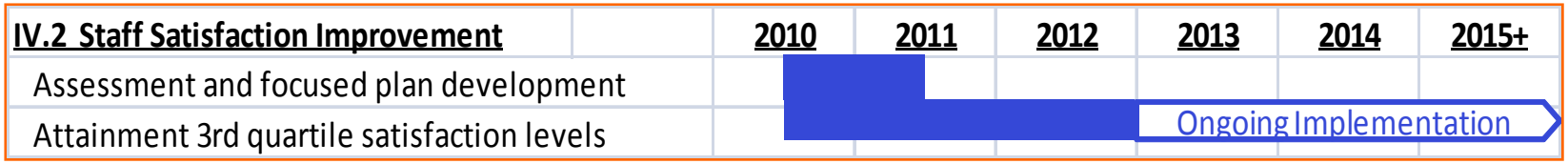
- **IV. 1: Dramatically improve staff recruitment , training, and development systems and processes.**
  - Streamline current recruitment processes; eliminate System barriers.
  - Develop a comprehensive 3-year staff development plan for all System sites:
    - Reviews of position descriptions vs. actual job requirements
    - Comprehensive plan for staff in-service training, leadership skill development, and job-specific education (incorporating innovation with safety and quality focus)
  - Recruit/train staff to meet defined needs:
    - Physicians, by specialty, by site
    - RN's
    - Physician assistants and other physician extenders
    - Other allied health professionals and caregivers
- **Timetable:**



Action Priorities

GOAL IV: STAFF DEVELOPMENT (cont'd.)—

- **IV. 2: Implement a full range of initiatives to improve staff satisfaction levels.**
  - Systematically identify and target key staff satisfiers.
  - Foster open communication, collaboration, and teamwork at all sites/levels of the System:
    - Clear communication of System Vision and overall direction
    - Open communications and collaboration in decision-making
    - Support of risk-taking and flexibility to make needed decisions
  - Target and achieve employee satisfaction at benchmarks (nationally or at highest level possible).
- **Timetable:**



Action Priorities

GOAL V: LEADERSHIP AND STEWARDSHIP

- **V. 1: Develop CCHHS leadership for today and for the future.**
  - Develop and implement a comprehensive program for leadership development:
    - Defined leadership goals
    - Formalized leadership evaluations and feedback
    - Succession planning
    - Structured leadership training and development
  - Educate for management functions with annual competencies verifications.
  - Conduct formalized leadership 360 degree evaluations.

- **Timetable:**

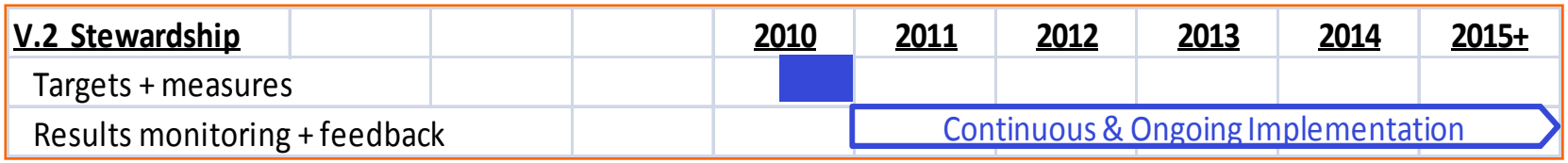
V.1 Staff leadership development		2010	2011	2012	2013	2014	2015+
Program definition/implementation							
Ongoing leadership development				Continuous & Ongoing Implementation			

Action Priorities

GOAL V: LEADERSHIP AND STEWARDSHIP (cont'd.)—

- **V. 2: Continue to strengthen the stewardship responsibilities of System Board and management.**
  - Set measureable System objectives and milestones.
  - Hold the Board and senior management accountable for results:
    - Organizational performance vis a vis the strategic Plan and other defined objectives
    - 5-Year Financial Plan

- **Timetable:**



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5-Year Financial Plan: Intended Use and Limitations

Guiding Principle: The strategic plan creates a framework to provide for more appropriate services to serve the vulnerable population of Cook County. The Strategic Plan does not seek to reduce operating funds or levels of required investments.

Intended Use

- The five-year financial plan reflects management's best efforts to quantify the likely operating and financial impacts of (a) management's performance improvement initiatives, and (b) the 2010 – 2015 Vision and Strategic Plan. It provides a working model of the underlying dynamics and relative impacts of the proposed initiatives. As such, it is a helpful resource to guide decision making. It is not intended as a long-term operating budget, particularly in the later years as the difficulty in forecasting increases.

Limitations

- The financial plan cannot fully anticipate and quantify inherent uncertainties in the health care environment. Further, there are limitations owing to the quality of available data, as well as unknowns regarding the specifics and timing of actual plan implementation.

5 Year Financial Plan: Process Overview

Forecast Component	Key Assumptions/Comments
Step 1 **Develop Baseline Forecast**	• Constructed historical financials by business units. • Forecasted revenue for 2011-2015, with conservative accounting for impact of health care reform; held volume flat. • Forecasted expense based on current run rates, 5% annual trend factor for salary/wages, 3% annually for all other expenses.
Step 2 **Quantify Performance Improvement Initiatives**	• Based off of Management's estimate of opportunities in productivity, revenue cycle improvements, and supply chain management. • For 2011, assumed 33% of PWC estimate is realized, for years 2012-2015 assumed 50% of PWC target is realized.
Step 3 **Combine Baseline Forecast and Performance Improvements**	• Combined Baseline Forecast and the financial impact of Performance Improvement Initiatives . • Results indicated for forecasted cash flows prior to strategic initiatives. Resulting changes in delivery platform utilized as a base for estimating strategic impacts.
Step 4 **Quantify Impact of Strategic Plan**	• Quantified the financial impact of reconfiguration of services at Provident and Oak Forest campuses. • Quantified the financial impact of the expansion of ambulatory services. • Modeled the timeline of likely implementation schedule.
Step 5 **Combine Baseline Forecast after Performance Improvements and Impact of Strategic Plan**	• Combined Baseline Forecast after Performance Improvements with the financial impact of the Strategic Plan. • Included estimates associated with capital requirements.

5-Year Financial Plan: Baseline Forecast

Baseline Forecast: System Rollup							
Annual, in 000's							
	FY09	FY10	FY11	FY12	FY13	FY14	FY15
	Actual (Unaudited)	**Forecasted**	**Forecasted**	**Forecasted**	**Forecasted**	**Forecasted**	**Forecasted**
Operating revenue							
Patient Service Revenue (includes IG	$ 371,262	$ 341,996	$ 350,085	$ 350,085	$ 354,462	$ 354,462	$ 358,926
ARRA/Stimulus Funds	36,000	38,582	3,215	-	-	-	-
Net DSH	225,000	150,000	138,000	138,000	138,000	128,000	126,000
Total Patient Service Revenue	632,262	530,578	491,300	488,085	492,462	482,462	484,926
Other revenue	3,768	5,467	5,631	5,800	5,974	6,153	6,338
Total operating revenue	636,030	536,045	496,931	493,885	498,436	488,615	491,264
Operating expenses							
Salaries and wages	526,330	546,911	503,014	528,165	554,573	582,302	611,417
Supplies	125,772	129,119	118,947	122,516	126,191	129,977	133,876
Purchased services, rental and other	145,293	169,342	156,981	161,690	166,541	171,537	176,684
Utilities	18,235	18,633	17,165	17,680	18,211	18,757	19,320
Total operating expenses	815,630	864,005	796,108	830,051	865,516	902,573	941,296
Operating Loss	**$ (179,601)**	**$ (327,960)**	**$ (299,177)**	**$ (336,166)**	**$ (367,080)**	**$ (413,958)**	**$ (450,033)**
Capital requirement - Routine	-	-	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)
Capital requirement - Strategic	-	-	-	-	-	-	-

Note: The forecast is based on high level assumptions and as such is intended as a tool to aid in strategic and financial planning, not an operating budget.

5-Year Financial Plan: Performance Improvement Initiatives

Incremental Performance Improvement: System Rollup

Annual, in 000's

	FY09	FY10	FY11	FY12	FY13	FY14	FY15
	Actual/ Forecasted	**Forecasted**	**Forecasted**	**Forecasted**	**Forecasted**	**Forecasted**	**Forecasted**
Operating revenue							
Patient Service Revenue (includes IG	$ -	$ -	$ 55,000	$ 40,238	$ 41,445	$ 42,688	$ 43,969
ARRA/Stimulus Funds	-	-	-	-	-	-	-
NetDSH	-	-	-	-	-	-	-
Total Patient Service Revenue	-	-	55,000	40,238	41,445	42,688	43,969
Other revenue	-	-	-	-	-	-	-
Total operating revenue	-	-	55,000	40,238	41,445	42,688	43,969
Operating expenses							
Salaries and wages	-	-	(9,833)	(15,306)	(15,765)	(16,238)	(16,725)
Supplies	-	-	(12,101)	(18,836)	(19,401)	(19,983)	(20,583)
Purchased services, rental and other	-	-	11,284	(26,796)	(29,574)	(30,461)	(31,375)
Utilities	-	-	-	-	-	-	-
Total operating expenses	-	-	(10,650)	(60,938)	(64,740)	(66,682)	(68,683)
Operating Loss	**$ -**	**$ -**	**$ 65,650**	**$ 101,175**	**$ 106,185**	**$ 109,370**	**$ 112,651**
Capital requirement - Routine							
Capital requirement - Strategic	-	-	-	-	-	-	-

Note: The forecast is based on high level assumptions and as such is intended as a tool to aid in strategic and financial planning, not an operating budget.

5 Year Financial Plan: Forecast After Performance Improvement

Forecast after Performance Improvement Initiatives: System Rollup

Annual, in 000's

	FY09	FY10	FY11	FY12	FY13	FY14	FY15
	Actual/ Forecasted	**Forecasted**	**Forecasted**	**Forecasted**	**Forecasted**	**Forecasted**	**Forecasted**
Operating revenue							
Patient Service Revenue (includes IG	$ 371,262	$ 341,996	$ 405,085	$ 390,323	$ 395,906	$ 397,150	$ 402,895
ARRA/Stimulus Funds	36,000	38,582	3,215	-	-	-	-
NetDSH	225,000	150,000	138,000	138,000	138,000	128,000	126,000
Total Patient Service Revenue	632,262	530,578	546,300	528,323	533,906	525,150	528,895
Other revenue	3,768	5,467	5,631	5,800	5,974	6,153	6,338
Total operating revenue	636,030	536,045	551,931	534,123	539,880	531,303	535,232
Operating expenses							
Salaries and wages	526,330	546,911	493,181	512,859	538,808	566,064	594,692
Supplies	125,772	129,119	106,847	103,680	106,790	109,994	113,294
Purchased services, rental and other	145,293	169,342	168,265	134,895	136,967	141,076	145,308
Utilities	18,235	18,633	17,165	17,680	18,211	18,757	19,320
Total operating expenses	815,630	864,005	785,458	769,114	800,776	835,891	872,614
Operating Loss	**$ (179,601)**	**$ (327,960)**	**$ (233,527)**	**$ (234,991)**	**$ (260,896)**	**$ (304,588)**	**$ (337,381)**
Capital requirement - Routine	-	-	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)
Capital requirement - Strategic	-	-	-	-	-	-	-

Note: The forecast is based on high level assumptions and as such is intended as a tool to aid in strategic and financial planning, not an operating budget.

5-Year Financial Plan: Incremental Impact of Strategic Plan

Incremental Strategic Plan: System Rollup

Annual, in 000's

	FY09	FY10	FY11	FY12	FY13	FY14	FY15
	Actual (Unaudited)	**Forecasted**	**Forecasted**	**Forecasted**	**Forecasted**	**Forecasted**	**Forecasted**
Operating revenue							
Patient Service Revenue (includes IG	$ -	$ -	$ (15,469)	$ (11,783)	$ (5,592)	$ (3,070)	$ (2,932)
ARRA/Stimulus Funds	-	-	-	-	-	-	-
NetDSH	-	-	-	-	-	-	-
Total Patient Service Revenue	-	-	(15,469)	(11,783)	(5,592)	(3,070)	(2,932)
Other revenue	-	-	(233)	(240)	(247)	(255)	(262)
Total operating revenue	-	-	(15,702)	(12,023)	(5,839)	(3,325)	(3,194)
Operating expenses							
Salaries and wages	-	-	(25,874)	(22,936)	(9,159)	(3,824)	(5,200)
Supplies	-	-	1,578	2,253	3,188	3,554	3,661
Purchased services, rental and other	-	-	36	(1,719)	(4,377)	(4,375)	(4,506)
Utilities	-	-	(1,763)	(1,816)	(1,824)	(1,598)	(1,646)
Total operating expenses	-	-	(26,023)	(24,219)	(12,172)	(6,242)	(7,690)
Operating Loss	**$ -**	**$ -**	**$ 10,322**	**$ 12,196**	**$ 6,333**	**$ 2,917**	**$ 4,496**
Capital requirement - Routine							
Capital requirement - Strategic	-	-	(41,000)	(27,500)	(21,500)	(8,500)	(103,900)

Note: The forecast is based on high level assumptions and as such is intended as a tool to aid in strategic and financial planning, not an operating budget.

5-Year Financial Plan: Impact of Strategic Plan by Initiative

Strategic Capital Reallocation – Forecast 2010 - 2015 (in millions)						Comments
	Forecasted					
Impact on Operations	2011	2012	2013	2014	2015	
Oak Forest						
Discontinue all patient services	$ 42.2	$ 42.6	$ 45.0	$ 48.1	$ 51.0	2011 includes partial year and transition costs.
Transfer agreements/transition costs	(7.0)	(3.0)	-	-	-	Transition costs associated with displaced pts.
Build/grow ambulatory clinic services	(1.7)	(4.9)	(7.5)	(8.3)	(8.5)	Grows to 105K patient visits.
Relocate Rehab Unit	(4.2)	(4.6)	(4.9)	(5.3)	(5.6)	Contract with community hospital.
Provident						
Discontinue inpatient OB and ICU, resize IP unit.	2.5	10.9	11.6	12.4	13.1	Result is 36 bed IP unit plus overflow, ER remains.
Expand ambulatory services	(2.7)	(6.1)	(11.0)	(13.5)	(13.9)	Grows to 140K patient visits.
ACHN						
PC expansion	(2.2)	(3.5)	(4.9)	(5.2)	(5.4)	Using 4.3 ratio, adds 70 support ftes.
Expand Cicero and Cottage Grove	(1.6)	(3.8)	(5.4)	(5.7)	(5.9)	Combined increase of 40K patient visits.
New Northwest Clinic	-	-	(0.6)	(3.3)	(3.4)	34K patient visits.
Stroger						
Strategic Investment, Stroger Hospital	(15.0)	(15.5)	(15.9)	(16.4)	(16.9)	Invest in service line development, OR staffing.
Forecasted Change in Operating Cash	**10.3**	**12.2**	**6.3**	**2.9**	**4.5**	
Capital Costs						
IT Insfrastrucure	(16.0)	(9.5)	(11.5)	(8.5)	(11.9)	Invest in IT infastructure.
Fantus rebuild					(92.0)	Based on $500 per foot, 180K feet.
PC clinic expansion/update	(3.0)	(3.0)	(3.0)	-	-	6 clinics at $1.5M per clinic
CCHC clinic expansion/update	(3.0)	(3.0)	(7.0)	-	-	2 CCHC's at $3M each, $7M for new clinic.
Provident reconfigure	-	(12.0)	-	-	-	Retro fit space for clinic expansion.
Oak Forest reconfigure	(19.0)	-	-	-	-	Reconfigure building E, new equipment.
Forecasted Strategic Capital Requirements	**$ (41.0)**	**$ (27.5)**	**$ (21.5)**	**$ (8.5)**	**$ (103.9)**	

5-Year Financial Plan: Forecast after Performance Improvement and Strategic Plan Initiatives

Forecast after Performance Improvement/Strategic Plan: System Rollup

Annual, in 000's

	FY09	FY10	FY11	FY12	FY13	FY14	FY15
	Actual (Unaudited)	**Forecasted**	**Forecasted**	**Forecasted**	**Forecasted**	**Forecasted**	**Forecasted**
Operating revenue							
Patient Service Revenue (includes IGT)	$ 371,262	$ 341,996	$ 389,617	$ 378,540	$ 390,314	$ 394,080	$ 399,963
ARRA/Stimulus Funds	36,000	38,582	3,215	-	-	-	-
NetDSH	225,000	150,000	138,000	138,000	138,000	128,000	126,000
Total Patient Service Revenue	632,262	530,578	530,832	516,540	528,314	522,080	525,963
Other revenue	3,768	5,467	5,398	5,560	5,727	5,899	6,075
Total operating revenue	636,030	536,045	536,230	522,100	534,041	527,978	532,038
Operating expenses							
Salaries and wages	526,330	546,911	467,308	489,923	529,649	562,240	589,492
Supplies	125,772	129,119	108,425	105,932	109,978	113,548	116,955
Purchased services, rental and other	145,293	169,342	168,300	133,175	132,591	136,701	140,802
Utilities	18,235	18,633	15,402	15,864	16,387	17,159	17,674
Total operating expenses	815,630	864,005	759,435	744,894	788,604	829,649	864,923
Operating Loss	**$ (179,601)**	**$ (327,960)**	**$ (223,205)**	**$ (222,795)**	**$ (254,563)**	**$ (301,671)**	**$ (332,885)**
Capital requirement - Routine	-	-	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)
Capital requirement - Strategic	-	-	(41,000)	(27,500)	(21,500)	(8,500)	(103,900)

Note: The forecast is based on high level assumptions and as such is intended as a tool to aid in strategic and financial planning, not an operating budget.

Agenda

- Background + Approach
- Summary of Key Issues
- Guiding Principles
- Strategic Direction: VISION 2015
- Action Priorities
- 5-Year Financial Plan
- **APPENDICES**

APPENDICES

- Appendix A – The Case for Change
- Appendix B – Five-Year Financial Forecast Narrative
- Appendix C – Five-Year Financial Forecast Detail