



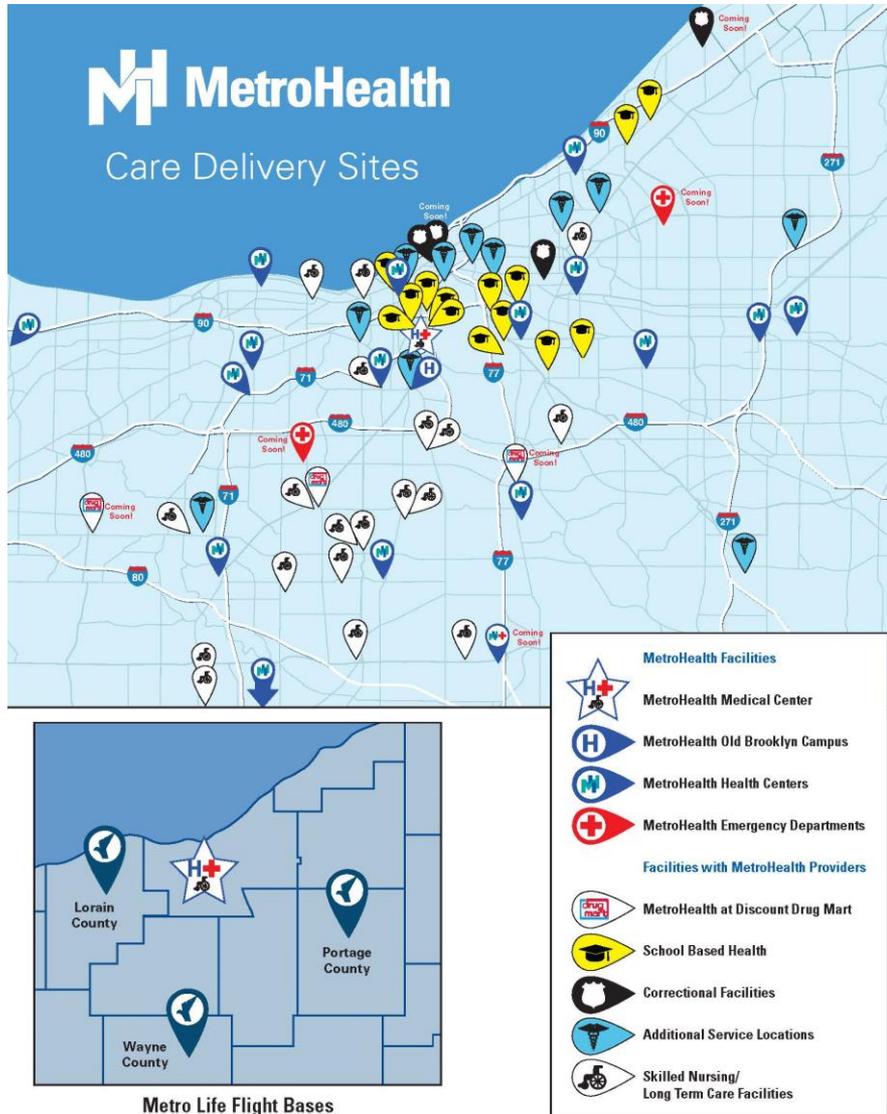
THE METROHEALTH SYSTEM

THE EVOLUTION OF HEALTHCARE SINCE 2014

Cuyahoga County Council
2016 Cuyahoga County Funding Discussion

October 29, 2015

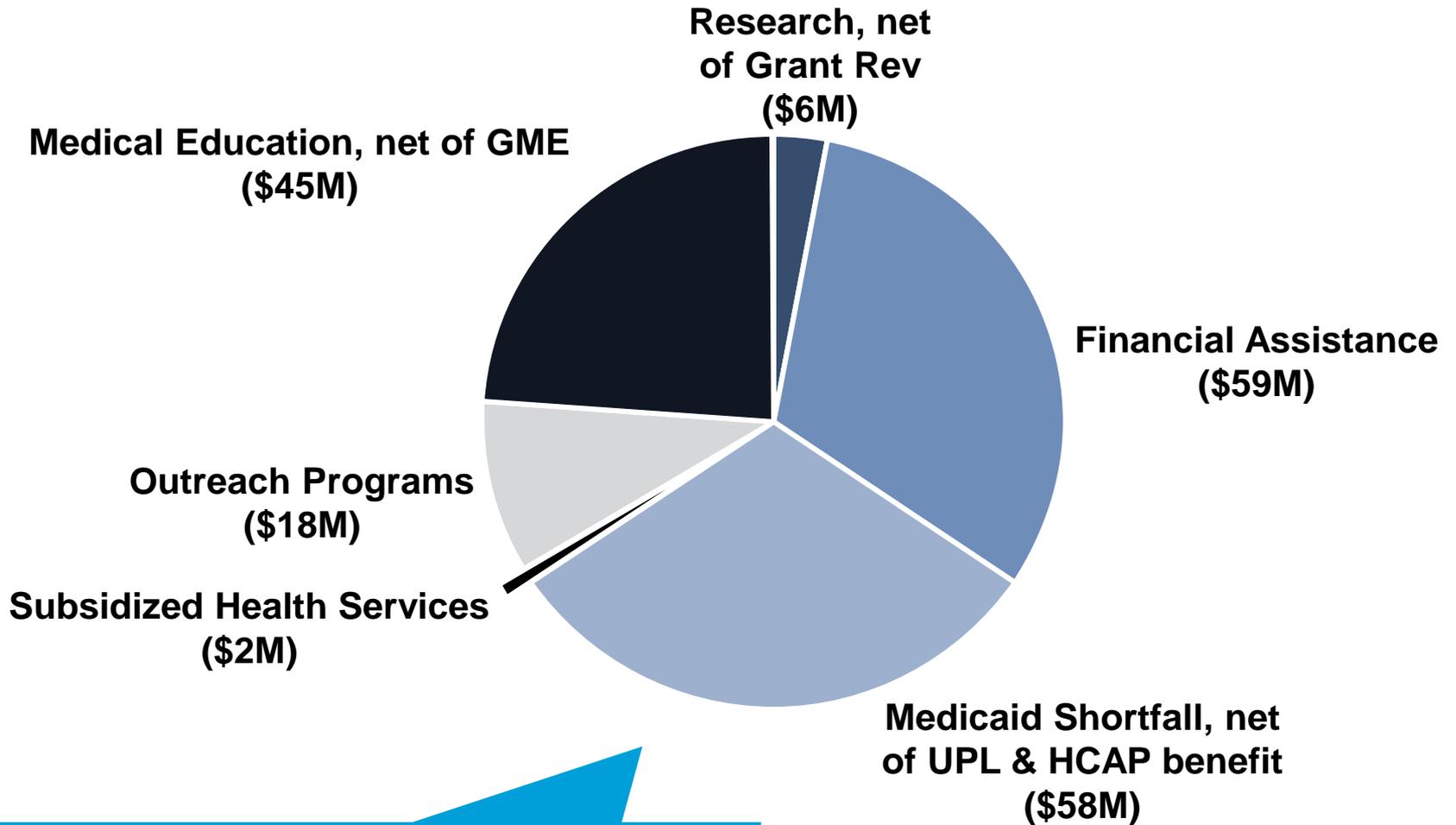
EXPANDED PROGRAMS & SERVICES



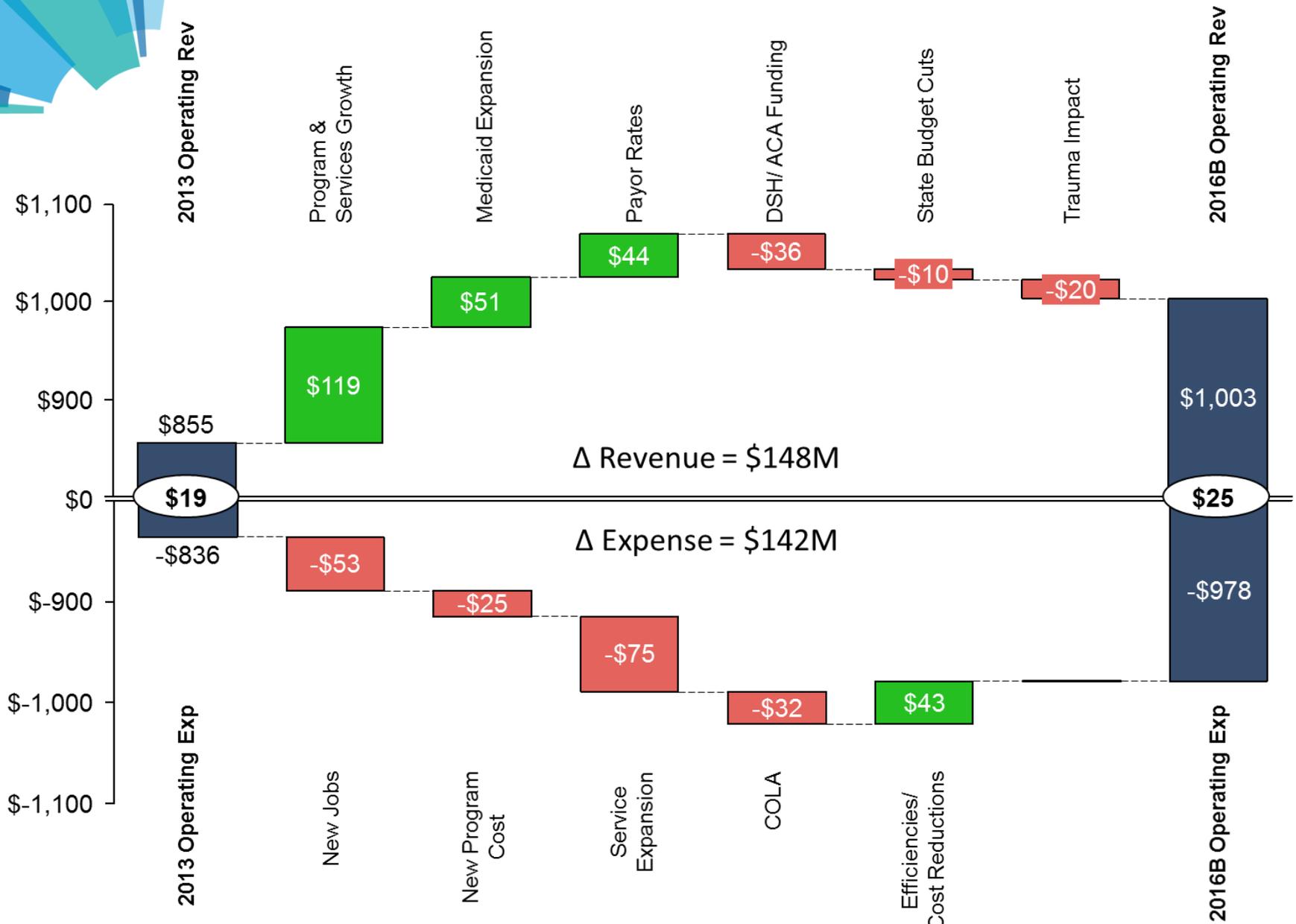
SELECTED ANNUAL COSTS

- School based health – (\$237K)
- Youth Mentoring, Internship & Development Programs – (\$361K)
- Drug Addiction – Project DAWN & MOMS (\$618K)
- TB Clinic – (\$789K)
- Foster Care – (\$400K)
- Correctional Facilities – (\$200K)
- Ebola & Emerging Diseases – (\$350K)
- Hispanic Clinic & Amigas Programs – (\$321K)
- Med-Tapp Urban Doctor Training – (\$1,320K)
- Transportation Service – (\$2,100K)

COMMUNITY BENEFIT - 2014



More than \$800 million in past five years
and \$188 million in 2014 alone



○ Operating Income ■ Favorable Change ■ Unfavorable Change

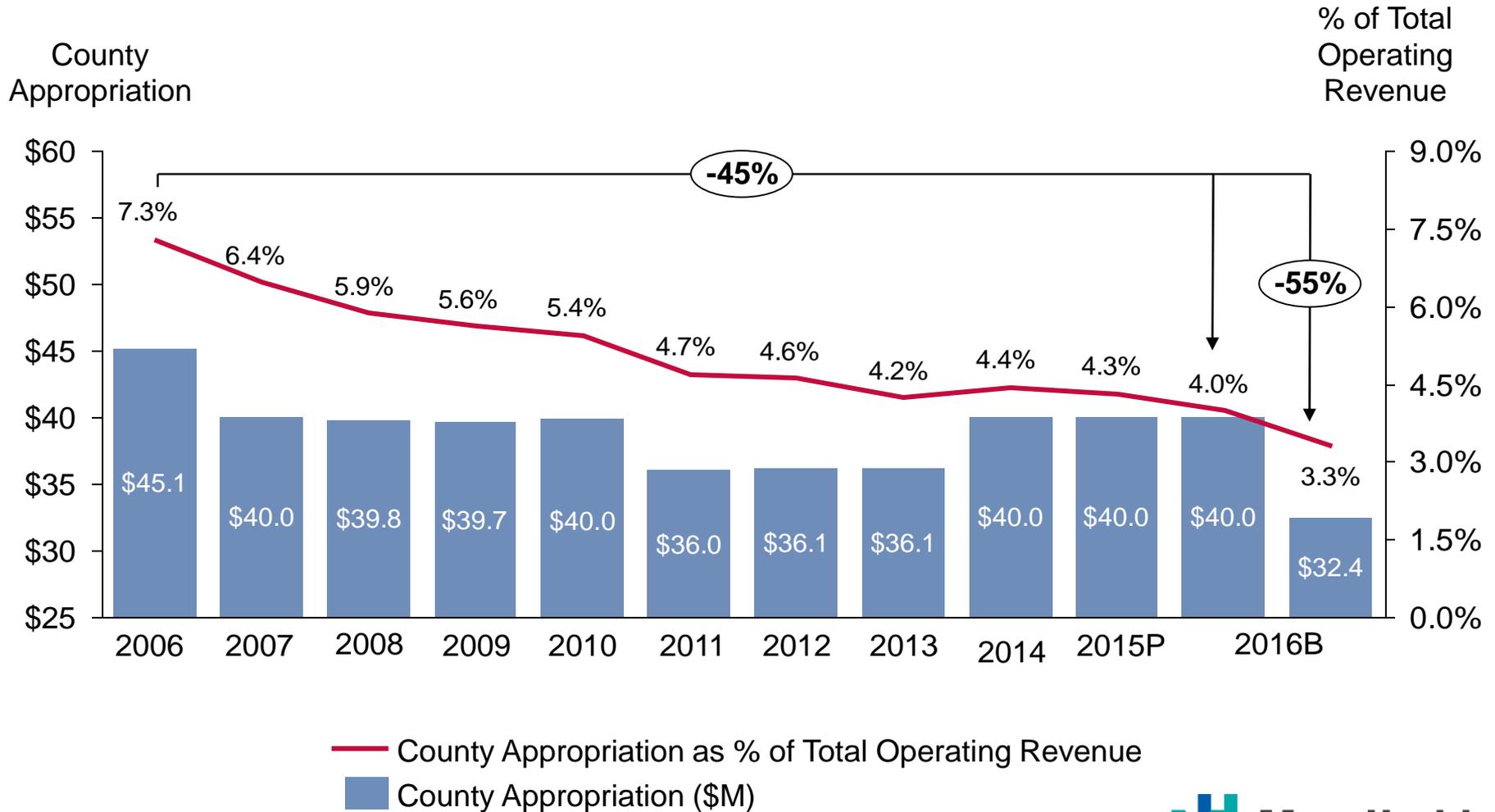
2016 OPERATING BUDGET SUMMARY

(in Thousands)

	2013	2014	2015	2015	2016	15 Projected vs. 16 Budget	
	Actual	Actual	Budget	Projected	Budget	\$	%
Net Patient Revenue	\$ 744,123	\$ 793,343	\$ 806,830	\$ 809,423	\$ 867,000	57,577	7.1%
Other Revenue	74,541	71,500	75,726	81,168	95,995	14,827	18.3%
County Funding	36,027	40,024	40,000	40,000	40,000	0	0.0%
Total Revenue	854,691	904,867	922,556	930,591	1,002,995	72,404	7.8%
Salaries & Wages	448,584	483,341	486,035	490,940	518,247	27,307	5.6%
Employee Benefits	101,981	108,404	116,157	114,881	122,427	7,546	6.6%
Department Expenses	224,506	215,868	239,668	236,912	268,084	31,172	13.2%
General Expenses	60,717	62,052	64,421	63,491	69,237	5,746	9.1%
Total Expenses	835,788	869,665	906,281	906,224	977,995	71,771	7.9%
Operating Income / (Loss)	\$ 18,903	\$ 35,202	\$ 16,275	\$ 24,366	\$ 25,000	634	2.6%
County Funding Proposed Reduction					(7,600)		
Adj Operating Income / (Loss)	\$ 18,903	\$ 35,202	\$ 16,275	\$ 24,366	\$ 17,400	(6,966)	-28.6%
Discharges	27,428	27,099	26,931	26,934	27,416	482	1.8%
Patient Days	136,444	137,498	136,312	139,115	142,476	3,361	2.4%
O/P Visits	958,524	1,026,687	1,079,378	1,062,179	1,127,604	65,425	6.2%
ED Visits	105,858	105,113	106,674	102,703	125,576	22,873	22.3%
I/P Surgeries	5,559	5,645	5,709	5,634	5,738	104	1.8%
O/P Surgeries	12,006	13,003	13,994	13,938	14,664	726	5.2%
Total Surgeries	17,565	18,648	19,703	19,572	20,402	830	4.2%
FTEs	5,669	5,968	5,977	6,018	6,254	236	3.9%

KEY OPERATIONAL METRICS

MHS County Subsidy Trend 2006 – 2016 (Budget)





METROHEALTH TRANSFORMATION

- The MH transformation is the largest economic development project that the County should help fund, creating construction jobs as well as our continued expansion of health care jobs.
 - ✓ **On site workers – 4,000 during project execution**
 - ✓ **Estimated payroll of \$400 Million with more than 11,000 participants**
 - ✓ **Quadrupled the diverse and local spending since 2011**
 - ✓ **Expect 25% of Transformation spending to be for diverse enterprises**
- Every year of delay increases the cost of construction by \$50 million and increases the risk of failure of a fragile infrastructure.



WHAT I SAID IN 2014

- **Speech Excerpt** - “And as I’ve said repeatedly, we appreciate and value every dollar we receive from taxpayers. As a matter of fact, I firmly believe as good stewards we need to **reduce or even eliminate** the need for taxpayer subsidies **for operations**. And today, based on our expected fiscal performance, we are **working toward a goal** of becoming subsidy-free for operations by 2016.”
- “We are proud to be your public hospital, and pledge to you that we will be transparent in our dealings and accountable for our actions. Together we can forge a new health system created by the people of Cuyahoga County for the people of Cuyahoga County. Finally, it is our fervent goal to accomplish this, without asking taxpayers for **additional tax dollars**. As I mentioned, we are working to eliminate the need for **county funding for operations** by 2016.”



WHAT I SAID IN 2014

- **Question from audience** - “If you are not planning to use the subsidy for operations, I assume you don’t want to give it back. What do you plan to use it for?”
- **Answer to question** – “There’s a need for support of our new campus....I think working with the County Executive and County Council, we will figure out ways how they can invest in MetroHealth’s future. That probably will come from the Health and Human Services Subsidy. That’s for us to work together in the future to figure out.”

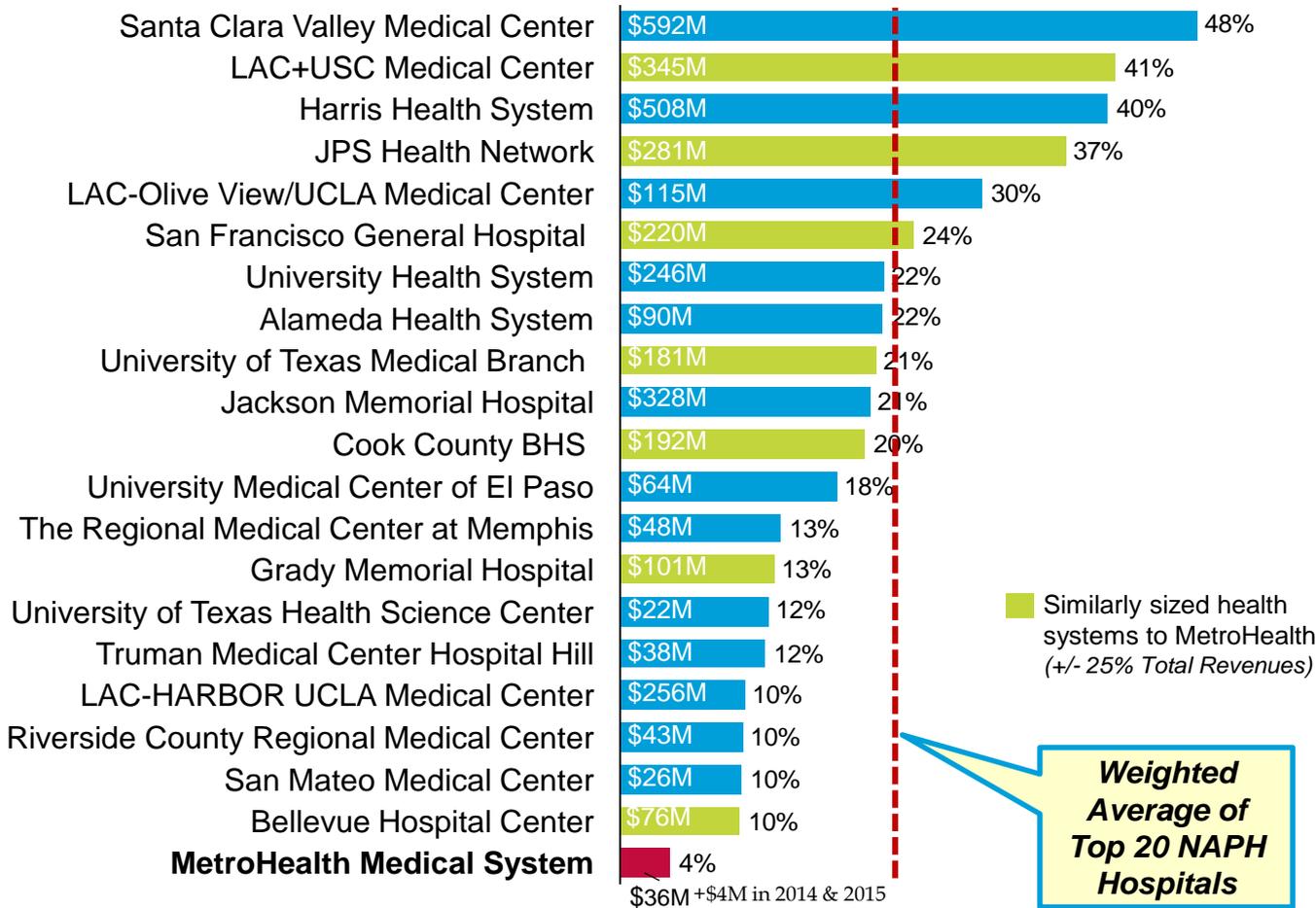


MetroHealth

County & Local Support Comparison

2013 State/Local Support as % of Total Net Revenue (State/Local Funding \$\$)

For top 20 NAPH Member Hospitals Receiving Gov't Subsidiary and MH



Debt Ratings Moody's / S&P / Fitch

Not Rated
Aa2 / AA- / AA ¹
A2 / A / A
Aa3 / AA- / NR
Aa2 / AA- / AA ¹
Not Rated
Aa1 / AA+ / AAA
Not Rated
Aaa / AAA / AAA ²
Not Rated
Not Rated
NR / AA- / AA-
NR / AA- / AA-
Not Rated
Aaa / AAA / AAA ²
Aa3 / A+ / NR
Aa2 / AA- / AA ¹
Aa3 / AA / AA- ³
Aaa / AAA / Aa+ ⁴
Not Rated
A3 / A- / A-

¹ Based on UCLA System's Medical Center pooled revenue bonds

² Based on University of Texas System's ratings

³ Based on Riverside County's general obligation bond ratings

⁴ Based on San Mateo County's ratings

Parkland's ad valorem tax no longer considered County/Local support

Source: 2013 CMS Cost Reports, 2013 AEH Characteristics Survey