



# Cuyahoga County Council 2020 Annual Operating Budget Discussion

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October 29, 2019

# MetroHealth's Expansion Delivers Unprecedented Growth to Serve Cuyahoga County Residents

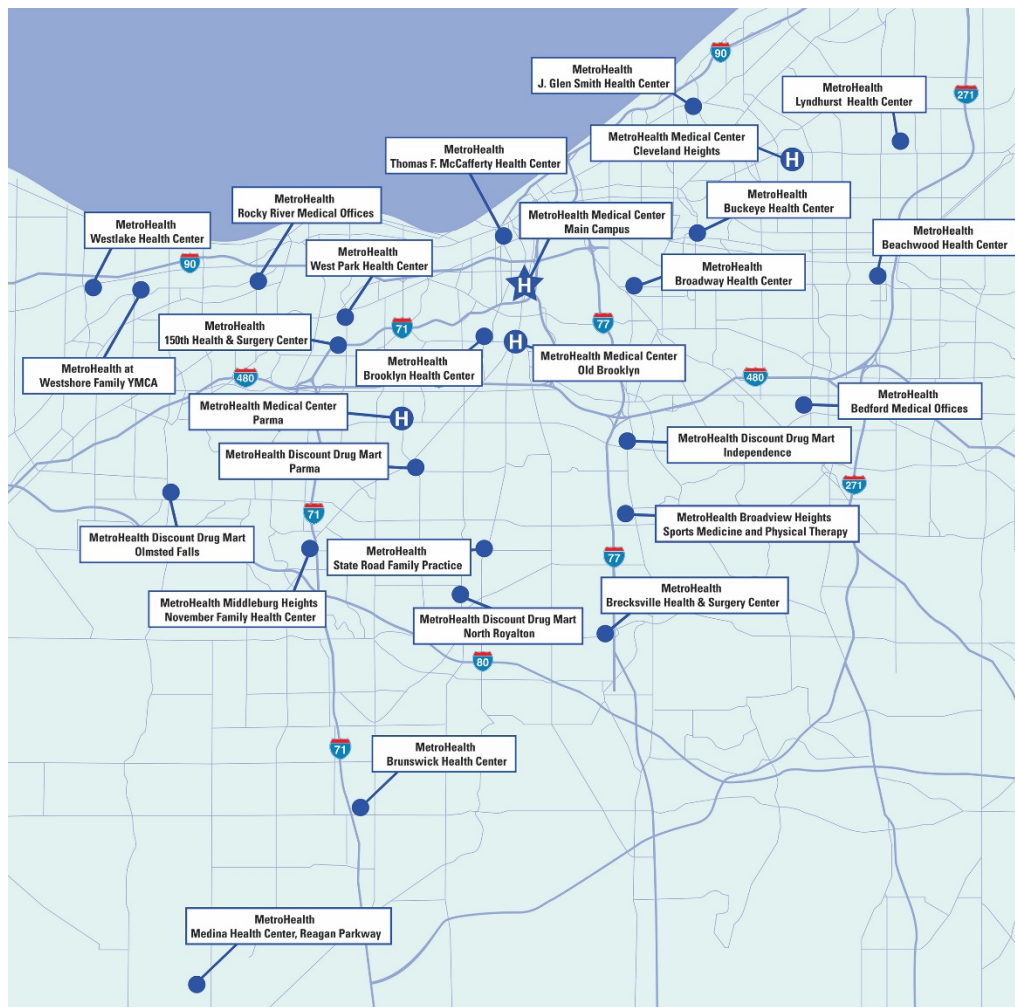
## Integrated Health Delivery System

**2012**

**88% of Population within 10 min of MH Outpatient Facility**

**40% of Population within 15 min of MH Inpatient Facility**

- 2 Inpatient facilities
- 1 Emergency Depts.
- 20 Outpatient sites
- 3 Pharmacies
- 875,000 visits
- 180,000 unique patients



**2019P**

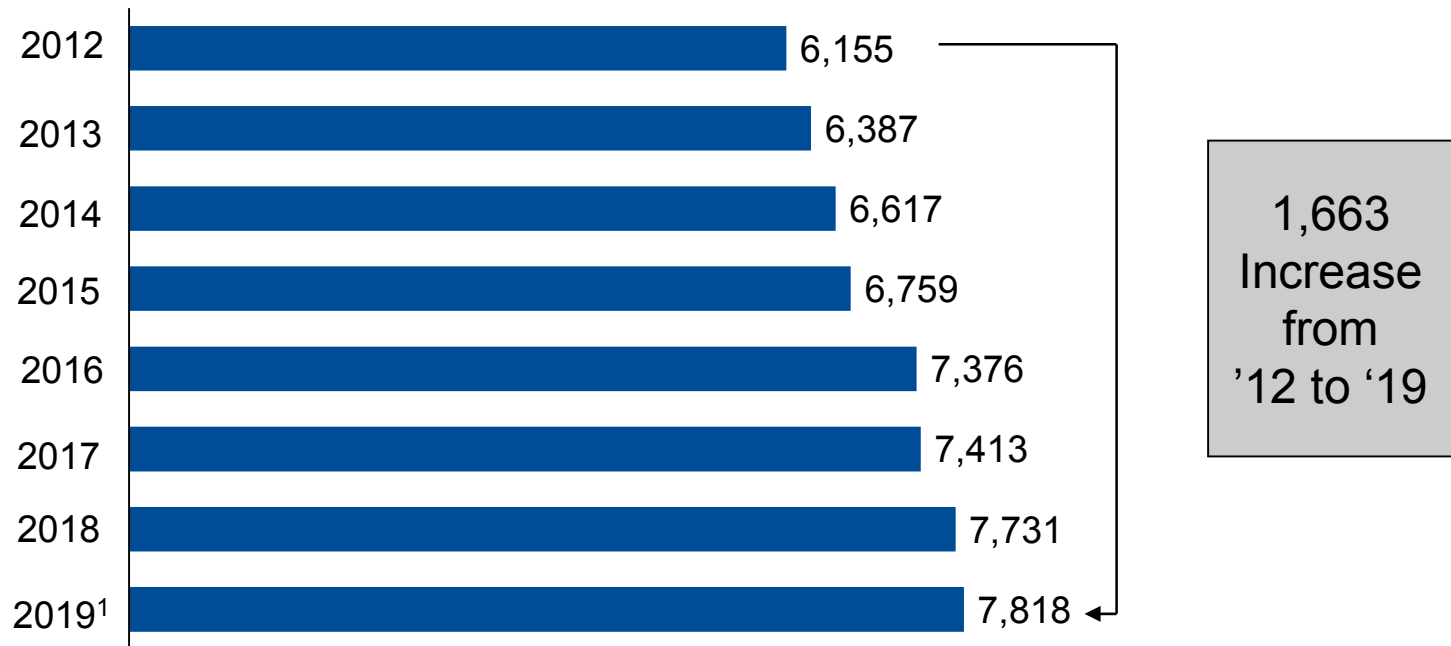
**97% of Population within 10 min of MH Outpatient Facility**

**80% of Population within 15 min of MH Inpatient Facility**

- 4 Inpatient facilities
- 4 Emergency Depts.
- 30+ Outpatient sites
- 4 Retail Clinics
- 4 ExpressCare sites
- 9 Pharmacies
- 15 Schools
- 1,540,000 encounters
- Nearly 300,000 unique patients

# Greater Access to Care & Hiring to Support our Expanding Footprint

## Employees







In 2019, **50.1%** of all hires were Racially/Ethnically Diverse and/or Veterans

<sup>1</sup> Reflects headcount as of October 21st


# Supporting the Patient Care Needs of Cuyahoga County's Uninsured and Underinsured

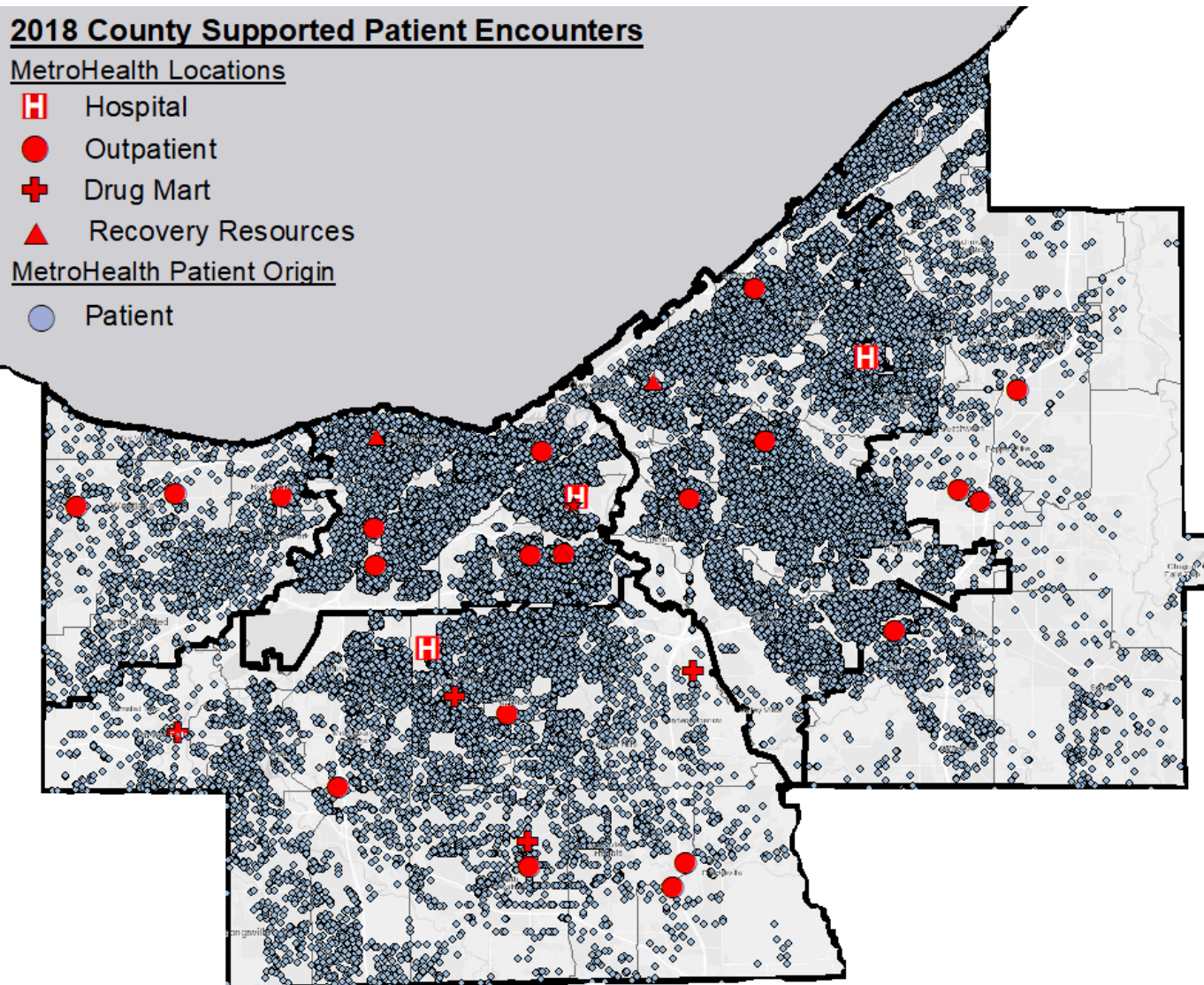
## 2018 County Supported Patient Encounters

### MetroHealth Locations

-  Hospital
-  Outpatient
-  Drug Mart
-  Recovery Resources

### MetroHealth Patient Origin

-  Patient



# Fulfilling Our Mission

## Opioids



More than \$4 million to be used for addiction and mental health programs at the jail.

Office of Opioid Safety strengthens the continuum of care from active addiction to recovery.

Dr. Joan Papp testified in support of SB 59 to expand naloxone distribution to more pharmacies.

To date, Project Dawn has distributed 14,000 naloxone kits, with 2,414 reported rescues.

To date, MetroHealth has reduced the number of Opioid pills distributed by 10 million over 5 years

## Infant Mortality



MetroHealth leads two First Year Cleveland action teams addressing safe sleep and pregnancy and infant loss that include partners from health care and the community.

To date, Action Team #10 has provided safe sleep training to close to 9,000 community members.

Action Team #2 organized a community-wide Wave of Light ceremony to honor infants lost and debuted the film "Toxic", a day in the life of a pregnant African American woman and the stressors she encounters.

## Education



Lincoln-West School of Science & Health graduated its first class in June 2019.

All 20 graduates have been accepted into college.

LWSSH graduation rate is 95% and attendance rate is 92%.

The school is a partnership between MetroHealth and the Cleveland Metropolitan School District

First-of-its-kind high school in the country, embedded in a hospital

## Community Trauma



Trauma Recovery Center allocated \$1.4 million in October to provide trauma-focused care to community.

Served over 1,100 unduplicated patients in 2018-2019.

Provides training in mental health first aid and trauma informed care in the faith-based and wider community.

# A Significant Community Benefit and Partnership in Support for a Healthier Community

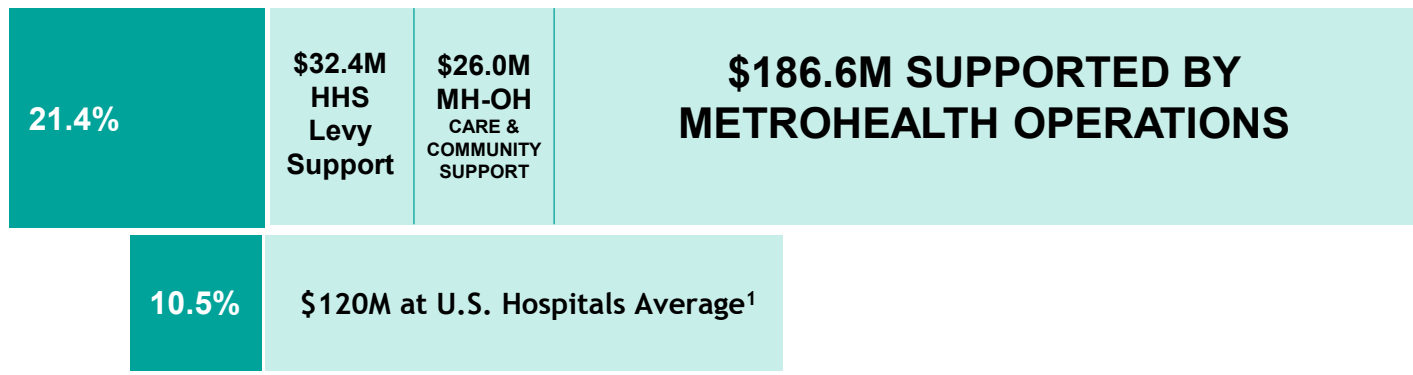
2017 Community Benefit  
**\$220 Million**

2018 Community Benefit \*

**\$245 Million**

- \$192M (78%) Patient Care
- \$48M (20%) Education/Research
- \$5M (2%) Health Programs

Portion of operating expenses that goes **back into the community**



**MetroHealth's efficiency & advocacy generates \$125 million in annual community benefit above that of the typical hospital.**

\* as per Community Benefit Report adjusted by CICIP funding  
 (1) From American Hospital Associations' Schedule H Community Benefit Report (May 2019)

# MetroHealth's Payer Mix Has Significant Impact on Net Patient Revenue

**2016**

Dollars gained from net service revenue:

**\$104,017,314**

Dollars lost in HCAP and UPL supplemental funding:

**- \$38,681,983**

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**Net gain to MetroHealth if HRR average payer mix was realized:**

**\$65,335,332**

**2017**

Dollars gained from net service revenue:

**\$135,251,710**

Dollars lost in HCAP and UPL supplemental funding:

**-\$37,709,387**

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**Net gain to MetroHealth if HRR average payer mix was realized:**

**\$97,542,323**

***Increase in Patient Revenue Far Outweighs Decrease in HCAP and UPL Funding / While MetroHealth receives significant HCAP and UPL funding compared to other HRR hospitals, the decrease in this funding would not outweigh the gains in patient revenue expected from a revised payer mix.***

HRR: Hospital Referral Region; The Cleveland HRR was used to establish a market average payer mix

# Health Reform Landscape: Risks and Opportunities

Increasing competition, new players, narrow networks, remote services



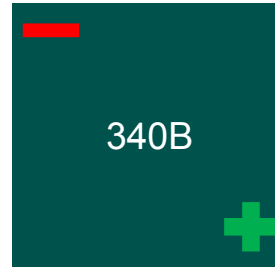
Further diversification of revenues, collaborations, innovations, expanded access

Reductions in Medicaid reimbursement and DSH cuts



Advocate for equitable support of safety net status; protection against cuts

Medicaid Carve-out, reduced Medicare 340B drug reimbursement



Advocating for legislative changes and protections for safety net programs

Marketplace and Medicaid patients at risk of losing coverage, work requirements; increasing high-deductible plans



Pursue a more flexible waiver process for coverage and care delivery

Increasing targets and higher penalties



Pursue incentives to improve the quality and cost of care for the community



# 2020 Operating Budget Summary

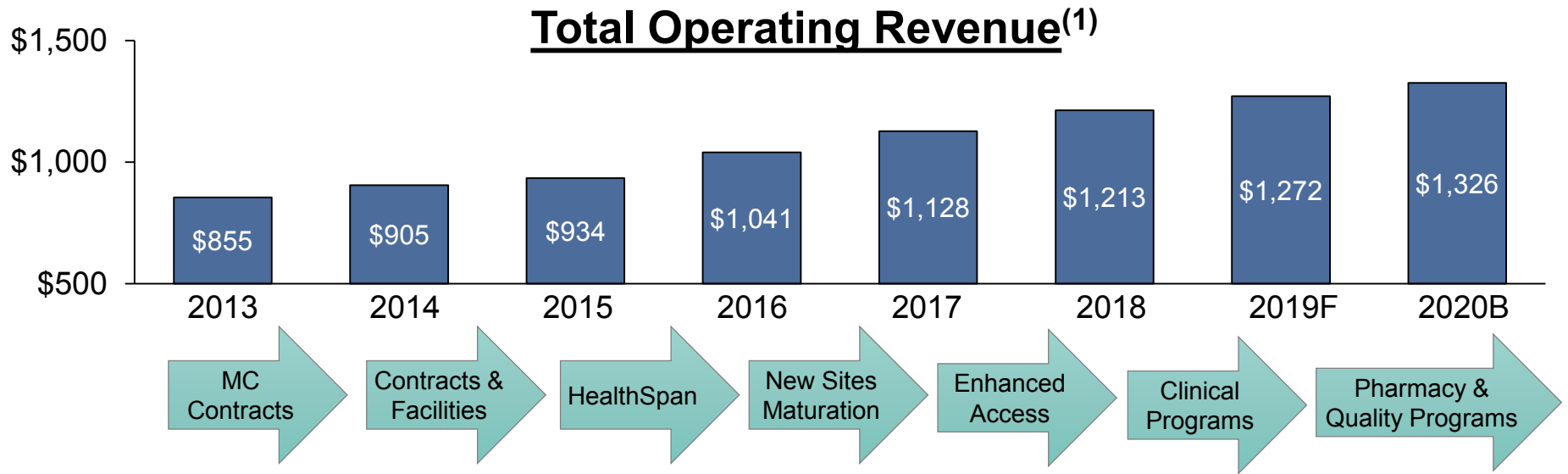
(in \$000s)

	2018 Actual	2019 Target	Low	2020 Target	High
Net Patient Revenue	\$ 1,029,168	\$ 1,067,867	\$ 1,086,208	\$ 1,095,208	\$ 1,095,208
Other Revenue	151,538	171,479	198,763	198,763	218,763
County Funding	32,400	32,400	32,400	32,400	32,400
<b>Total Revenue</b>	<b>1,213,106</b>	<b>1,271,746</b>	<b>1,317,371</b>	<b>1,326,371</b>	<b>1,346,371</b>
Salaries and Benefits	758,370	796,705	821,331	821,331	821,331
Department Expenses	341,081	358,694	376,436	372,436	372,436
General Expenses	65,935	66,936	76,467	76,467	76,467
<b>Total Expenses</b>	<b>1,165,386</b>	<b>1,222,335</b>	<b>1,274,234</b>	<b>1,270,234</b>	<b>1,270,234</b>
<b>Adjusted Operating Income (Loss)</b>	<b>\$ 47,720</b>	<b>\$ 49,411</b>	<b>\$ 43,137</b>	<b>\$ 56,137</b>	<b>\$ 76,137</b>

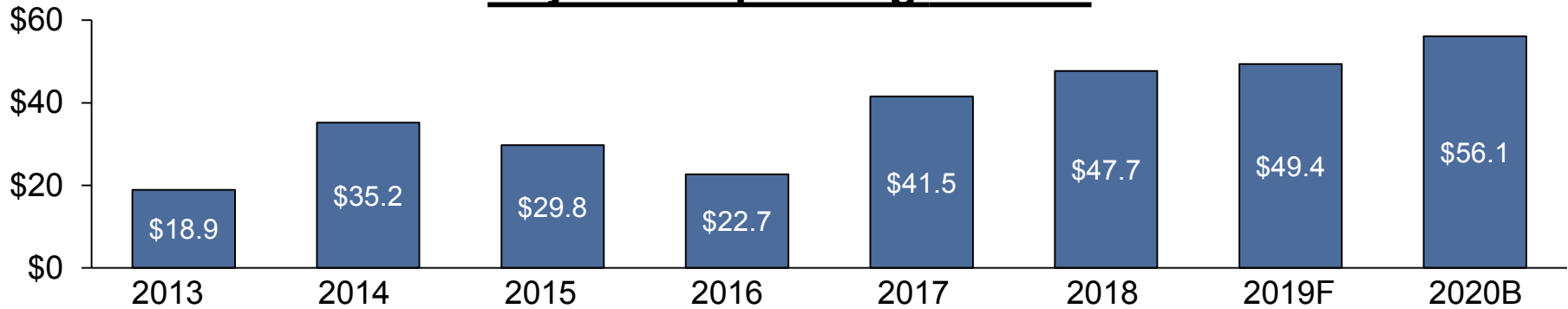
For comparative purposes the presentation of the 2020 Target excludes the impact of GASB 87 Leases, and GASB 89 Capitalized Interest. The 2018 results exclude the impact of GASB 68 & 75, and include Recovery Resources.

# Total Operating Revenue and Income

(in Millions)



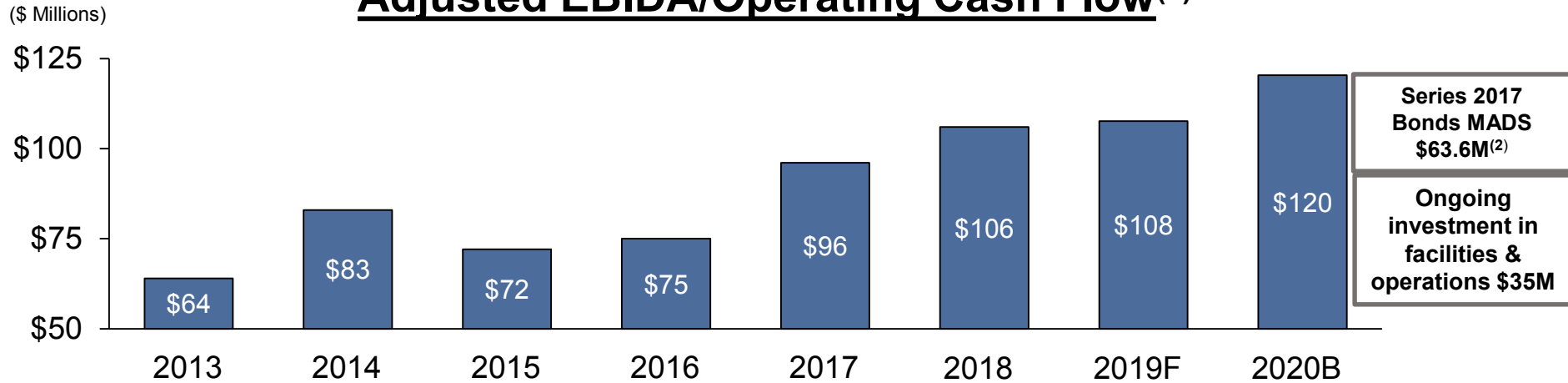
## Adjusted Operating Income<sup>(1)</sup>



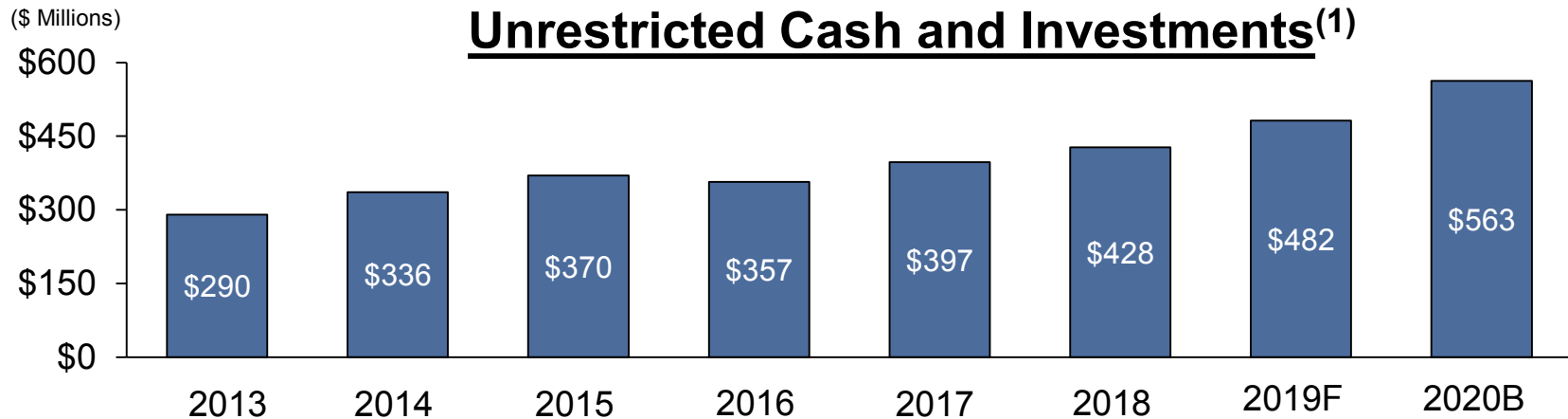
(1) Based on internal financial statements

# Operating Performance is Generating the Cash Flows to Meet our Debt Service Requirements

## Adjusted EBIDA/Operating Cash Flow<sup>(1)</sup>



## Unrestricted Cash and Investments<sup>(1)</sup>



(1) Based on internal financial statements

(2) Maximum Annual Debt Service for Hospital Revenue Bonds, Series 2017

**MetroHealth and its 310,000 patients appreciated the continued support and commitment of Cuyahoga County Council to the health & welfare of our entire community.**

**QUESTIONS & ANSWERS**