Cut to the Bone
The Cook County Health and Hospital System Vision 2015 and the 2011 CCHHS Budget

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Executive Summary

The past four years have seen unprecedented change at the Cook County Health and Hospital System (CCHHS). This report attempts to chart the highlights of this period from a stakeholder perspective. This report was written on behalf of Local 73, the Service Employees International Union (SEIU), and the Doctors Council, SEIU. This report is written from the perspective of the doctors and ancillary employees who are members of SEIU and who have, for the past four years been engaged in an historic attempt to reform their health system from the inside out. This report is written in the hope that the multiple stakeholders in our health system can continue to bridge their differences and together create an entirely new Cook County Health system that can successfully meet the challenges of a radically transformed healthcare environment.

Reform of CCHHS was initiated by the Emergency Network to Save Cook County Health Services (Emergency Network) in 2007. SEIU was a founding member and remains a leader of the Emergency Network which today unites some 70 organizations representing: health policy experts; doctors, nurses and ancillary care workers at CCHHS; labor unions; community organizations; consumer advocates and other health system stakeholders. The Emergency Network was formed around three broad goals: restore the health service cuts, reform governance of the health system, and access revenue needed to fulfill CCHHS's mission. By 2008 the Emergency Network had won its campaign to create an independent board of directors.

The new board inherited a health system whose services and frontline staffing had been cut to the bone by years of budget cuts, and an operational structure rendered almost unmanageable by years of political interference, corruption and mismanagement. By 2007 CCHHS’s real operating budget was 23% below 2004 levels while overall staffing had been reduced by 20%. Despite increased revenues and operating budgets over the last three budget cycles CCHHS’s current real operating budget is 10% below 2004 levels while staffing is 12% lower.

The new board has accomplished a great deal since its formation - bringing in a talented team of executives, conducting an intense two year review process, and approving a strategic plan – Vision 2015 – in June 2010. The most important goal of Vision 2015 is to increase access to healthcare services by expanding outpatient services in strategically located sites. A second critically important goal is to restructure the health system into an integrated, patient-centered care delivery model. SEIU strongly embraces both core goals of Vision 2015.

However, Vision 2015 was drafted against a backdrop of a prolonged recession, a deepening County fiscal crisis, and uncertain state and federal funding. As a consequence, Vision 2015 also aims to do more with less and proposes significant cuts to healthcare services and staff. The goal of increasing outpatient care comes at the cost of decreasing inpatient care at Oak Forest and Provident Hospital. SEIU is deeply concerned about the impact of these cuts on the South and Far South regions which are widely recognized as having some of the highest rates of unmet healthcare needs in Cook County.
While SEIU supports the goal of shifting resources toward targeted outpatient services and reducing unnecessary utilization of inpatient services, it believes that CCHHS needs far more robust feedback mechanisms to incorporate the views and recommendations of both the impacted communities and the front-line staff. These stakeholders are best positioned to monitor the impact of health system restructuring, the evolving adequacy of services, and community access to the healthcare safety-net.

CCHHS has approved a budget premised on deep cuts to the County subsidy of its operating budget but which, according to CCHHS executives, still allows implementation of 2011 strategic restructuring initiatives. The CCHHS budget would cut its 2010 operating budget by $48.4 million - driving it 16% below real 2004 levels. This reduction in expenses combined with a projected $13.2 million increase in revenue, would cut the 2010 budgeted subsidy by 22%. However if one uses the projected actual 2010 subsidy as a bench-mark, and includes the anticipated inflationary costs of the 2011 operating budget, the real reduction of the County subsidy is closer to $97.7 million - a 34% cut.

The preliminary budget also imposes very deep staffing cuts, reducing 2010 budgeted staffing by 963 full-time equivalents (FTEs). This cut will leave health system staffing 23% below 2004 levels. In reality CCHHS eliminated 581 of these FTEs while adding 150 FTEs during FY 2010. This budget approves elimination of the remaining 531 FTEs in FY 2011. While CCHHS has not revealed which specific positions will be eliminated in 2011, summary data indicates that of the 385 FTEs targeted for layoff, 341 FTEs are front-line bargaining unit positions, including 19 doctors and 114 nurses.

The issue of CCHHS efficiency is complex, and SEIU acknowledges that there may be areas of over-staffing in the health system. However there are also clearly areas of under-staffing and even chronic under-staffing. Despite such complexity and the acknowledged errors in their own productivity analysis CCHHS executives continue to assert that the health system is significantly overstaffed. Such statements perpetuate a damaging myth of CCHHS over-staffed and inefficiency and they are a disservice to those front-line doctors, nurses and support staff that struggle to provide adequate care under deeply challenging circumstances at CCHHS.

SEIU is deeply concerned that the continued reliance on unilateral restructuring and deep service and staff cuts may drive CCHHS into a “downward spiral” of continuing service cuts, dropping patient revenue, declining employee morale, and diminished system effectiveness. It is widely acknowledged that the 2007 service cuts drove down inpatient and especially outpatient census, and that this has resulted in the loss of significant potential patient fee revenues. Likewise, unilateral restructuring, and deep service and staff cuts are driving down employee morale, effectively undermining another core goal of Vision 2015 - improvement of caregiver and employee satisfaction.

SEIU believes that this downward spiral can be reversed by creating governance processes that effectively incorporate the views, experience, and knowledge of its stakeholders – those communities with the greatest unmet health needs and most impacted by system restructuring, and the doctors, nurses, and support staff that understand how and where the system does, and does not work on the front-lines.
SEIU is deeply cognizant that without significant structural reform CCHHS will not survive the multiple challenges that threaten Cook County's healthcare safety net. SEIU stands ready to defend the core goals of Vision 2015 and to help protect the CCHHS FY 2011 Preliminary Budget from any cuts during the County FY 2011 budget process. However, SEIU strongly believes we must go beyond Vision 2015 in order to advance the goals of the Emergency Network: restore the health service cuts, reform governance of the health system, and access revenue needed to fulfill CCHHS's mission. SEIU has committed to the following major initiatives in support of these goals.

Defending the CCHHS FY 2011 Preliminary Budget: SEIU will actively:

1. Oppose a roll-back of the remaining ½ % sales tax in the FY 2011 budget.
2. Support the CCHHS Board resolution approved on October 19, 2010 that would amend the Cook County Board of Commissioners Continuing Resolution, adopted November 16, 2010. (Please see Appendix 3)
3. Oppose any other attempts to impose additional cuts to the CCHHS FY 2011 Preliminary Budget.
4. Advocate for minor amendments to the CCHHS budget that could ameliorate the most immediate negative impacts of planned service cuts.

Introducing a Revised CCHHS Board Ordinance: SEIU, its partners in the Emergency Network, and CCHHS executives have agreed to jointly draft a revised ordinance that will be submitted as part of the health system’s 2011 budget. SEIU has proposed that the revised ordinance provide for community representation on the health systems board from both the South and Far South regions.

Creating a Labor-Management Partnership: SEIU believes that labor-management relations in the health system must be fundamentally transformed. SEIU strongly urges CCHHS to halt its current reliance on top-down restructuring which is corroding employee morale and undermining labor-management trust. Instead, CCHHS needs to help create mechanisms that can systematically incorporate the views and recommendations of front-line staff. Unionized front-line doctors, nurses and ancillary staff must come to be seen, treated, and act as part of the solution rather than as part of the problem. SEIU recommends that CCHHS, SEIU, and other like-minded unions continue aggressively exploring ways to create a labor-management partnership.

Thinking outside the Box: CCHHS’s ability to transform itself into a 21st century public health system is boxed-in by political constraints that limit access to necessary resources. CCHHS requires a broader vision, a more ambitious strategy, and a more robust coalition to take on this political challenge. As an initial step, SEIU proposes the convening of a Cook County safety net summit soon after the resolution of the FY 2011 budget. This summit would bring together leadership of CCHHS, the Emergency Network, key County, State, and Federal legislators, and other Cook County safety-net hospitals. The summit would: 1) assess the challenges and opportunities for increased, stable funding for CCHHS and other safety-net providers so as to enable them to better meet the true needs of the medically-economically vulnerable population of Cook County; and, 2) develop and launch a broad political campaign to accomplish this goal.
The Emergency Network and Reform of CCHHS

In 2007 Local 73 and the Doctors Council, SEIU joined other major CCHHS unions, Citizen Action Illinois, and Health & Medicine Policy Research Group to create the Emergency Network.

The Emergency Network was formed in response to the deep cuts to the health system during the 2007 Cook County budget crisis. These cuts inflicted heavy damage to the 28 clinics of the Ambulatory and Community Health Network (ACHN). Citing low census, twenty ACHN clinics incurred severe staffing cuts – the number of ACHN doctors was slashed from 101 to 45 - and 12 clinics were shut-down.

At the same time, controversy surrounding the new County President generated widespread negative media coverage that focused public attention on political interference, corruption and mismanagement within Cook County departments, including CCHHS.

The 2007 budget crisis also exposed the dire state of the health system budget. County Commissioners had failed to develop a plan for the gradual phase-out of crucial Federal funding programs. Appeals for help to state and federal political leadership were rebuffed on the basis of the governance scandals surrounding Cook County and CCHHS.

These three forces defined the Emergency Network’s mission: restore the health service cuts, reform governance of the health system, and access revenue needed to fulfill CCHHS’s mission. Over the next six months the Emergency Network expanded to unite some 70 disparate organizations representing: health policy experts; doctors, nurses and ancillary care workers at CCHHS; labor unions; community organizations; consumer advocates; and, other stakeholders in Cook County's public healthcare safety net.

Against very tough odds the Emergency Network won its campaign to create an independent CCHHS Board of Directors during the 2008 budget cycle. However, the Health Systems Board was established in exchange for a compromise on the President’s proposal for a 2% increase in the County sales tax. This compromise – which established a 1%, sales tax increase – became the subject of an intense political backlash which sidelined the Health Systems Board victory.

“The hardships of the times are palpable in the clinic where I work. In the past few weeks, I had patients tell me about their worries in the face of foreclosure; their loss of work during the recession and the resulting personal loss of income along with the pervasive depressed mood that comes with unemployment; a parent’s trepidation for a child who faces deportation; a grandmother’s account of the impacts of her teenage granddaughter being raped at gunpoint; and the worries of a parent for a child with successive deployments in Iraq and Afghanistan. These “problems of our times” face my patients on top of diabetes, arthritis, and the myriad of clinical issues that disproportionately affect the poor.” David Goldberg, MD, President, John H. Stroger, Jr. Hospital Medical Staff, Testimony at CCHHS Budget Hearing, November 4, 2010.
A Legacy of Cuts

The new board, formed in the summer of 2008, inherited a health system whose services and frontline staffing had been cut to the bone by years of cumulative budget cuts, and an operational structure that had been rendered almost unmanageable by years of political interference, corruption and mismanagement.

Figures 1 and 2 illustrate the depth of the funding and staffing cuts imposed on the health system since 2004. (For background calculations please see Appendices 1 and 2) The 2007 budget cuts drove CCHHS’s real operating budget down to $638 million - $195 million, or 23% below 2004 levels. CCHHS’s overall staffing was cut down to 6,967 full-time equivalents (FTEs) in 2007 – 1,708 FTEs, or 20% below 2004 levels.

Nevertheless, the new CCHHS leadership saw improved fiscal conditions during their first three budget cycles. The new sales tax generated $128 million in new revenue in 2008, another $228 million in 2009, and an estimated $228 million in 2010 for CCHHS. A new Intergovernmental Transfer (IGT) agreement negotiated in mid 2009 brought in an additional $258 million in Disproportionate Share Hospital (DSH) payments in 2009 and (a projected) $150 million in 2010.¹
The influx of new revenues allowed CCHHS to increase its real operating budgets for 2008, 2009, and 2010. Nevertheless, these increases have not reversed the 2004-2007 decline, leaving CCHHS’s 2010 real operating budget $87 million, or 10% below 2004 levels. Likewise, modest but steady increases in staffing since 2007 have not reversed the 2004-2007 staffing decline, leaving CCHHS’s 2010 staffing 1,048 FTEs, or 12% below 2004 levels.

**Vision 2015**

The new Health Systems Board has accomplished a great deal since its formation in June 2008. Following approval of large executive salary increases the Board was able to bring in a talented team of executives. The new health system leadership initiated an intense two year review process that resulted in a strategic plan – Vision 2015 – that won approval in June 2010 and which is the basis of the FY 2011 budget.

The most important core goal of Vision 2015 is increasing access to healthcare services by expanding outpatient services in strategically located sites. This represents an important effort to reverse the devastating clinic cuts of 2007 while reorienting the location of CCHHS services to better meet the changed geography of unmet healthcare needs in Cook County. A second core goal is the restructuring of the health system into an integrated, patient-centered care delivery model. This model is a vast improvement over CCHHS’s current fragmented assortment of care services and it places CCHHS in a far stronger position to meet the challenges of the Affordable Care Act.
Vision 2015 was drafted against a backdrop of a rapidly deepening County fiscal crisis and uncertain state and federal funding. The 2009 and 2010 budget cycles were marked by intense debate over the tax increase and in July 2010 County Commissioners voted to rescind half the County sales tax. This rollback is projected to contribute some $317 million to County’s FY 2011 $500 million deficit. The cut in revenues was adopted in the midst of a prolonged, deep recession that eroded Cook County’s tax base while increasing the demand for health system services.

As a consequence, Vision 2015 aims to do more with less and it contains significant cuts to healthcare services and staff. The goal of increasing outpatient care comes at the cost of decreasing inpatient care. CCHHS will close inpatient services, displace the remaining long term patients, and discontinue inpatient rehab services at Oak Forest Hospital. Provident Hospital will see reductions in inpatient services, discontinuation of the ICU, the ending of ambulance runs, and the elimination of OB services. CCHHS has justified these cuts based on low census and claims that whatever patient needs are displaced can be absorbed by increased services at Stroger hospital, the creation of Regional Outpatient Centers (ROCs), and by increased intake of County patients at surrounding non-County hospitals.

SEIU is deeply concerned about the impact of these cuts on the South and Far South regions of Cook County - regions widely recognized as having the highest rates of unmet healthcare needs. CCHHS itself describes these regions as “areas with the lowest health rankings (yet which) have the fewest health resources and also where CCHHS draws the majority of its patients.” SEIU is likewise very concerned about major transition issues noted by CCHHS including “Stroger throughput challenges,” and “(p)lacement of non-emergent inpatients exceeding system capacity.”

CCHHS’s reliance on low census to justify the Oak Forest and Provident cuts is troubling for two reasons. Given the years of mismanagement and cuts to CCHHS services, low census for the targeted services is more likely a reflection of issues such as limited access and community perception of services rather than a true reflection of community need. Secondly, CCHHS is the only provider in Cook County that serves a purely public mission. For the foreseeable future, there will be heavy concentrations of low-income, uninsured, and undocumented people in these regions whose need for inpatient services will not be met by private providers.

While SEIU supports the goal of shifting resources toward targeted outpatient services and reducing unnecessary utilization of inpatient services, it believes that CCHHS needs far more robust feedback mechanisms to incorporate the views and recommendations of both the impacted communities and the front-line staff. These stakeholders are best positioned to monitor the impact of health system restructuring, the evolving adequacy of services, and community access to the healthcare safety-net. SEIU therefore recommends providing for community representation on the health systems board from both the South and Far South regions. SEIU also recommends that CCHHS executives continue to explore ways to partner with SEIU and other like-minded CCHHS unions in order to create robust feedback mechanisms that incorporate front-line doctors, nurses, and support staff.
A Note of Caution: CCHHS’s FY 2011 projections rest in part on revenue and expense improvements driven by a series of performance improvement initiatives led by Pricewaterhouse-Coopers (PwC). CCHHS estimates that PwC’s initiatives will reduce CCHHS expenses by $15 million and increase revenues by $68 million— for a net gain of $83 million in FY 2011. It should be noted that CCHHS halved PwC’s projected FY 2011 gains in its own budget. Further, when the CCHHS budget was introduced on October 13, it projected 2011 patient fee revenues of $529.1 million. A little over a week later these projections had increased by over $70 million. This increase was based on very large upward revisions to projected Medicare, Medicaid, and private payer revenues, with Medicaid projections $47 million higher. This revision is troubling given that CCHHS’s estimate of 2010 patient fee revenues are currently projected to be $55.7 million short, with an over-estimation of 2010 Medicaid revenues of $59.5 million. In short, the 2011 budget may rest on thin margins built on potentially risky assumptions. This raises the possibility that CCHHS may incur budget deficits in 2011 that could drive further service and staff cuts and derail critical strategic initiatives.

The 2011 Budget

CCHHS’s preliminary budget was unveiled in the face of guidelines from the County’s Budget Director that called for 11% pro rata reductions in 2010 adopted budgets and 35% reductions in Professional Service accounts. These guidelines would have cut approximately $117 million from the CCHHS’s budget and CCHHS joined the majority of departments in submitting a preliminary budget that did not meet the guidelines.

Instead, CCHHS presented a budget premised on deep cuts to the County subsidy of its operating budget but which, according to CCHHS executives, could still allow implementation of their 2011 strategic restructuring initiatives. The preliminary budget cuts CCHHS’s 2010 $856.6 million operating budget by $48.4 million to bring it down to $817.2 million for FY 2011. The budget would drive CCHHS’s operating budget to $134 million or 16% (inflation adjusted) below 2004 levels. The budget projects a modest increase of revenue for 2011 - $13.2 over the 2010 budgeted revenues, and $53.2 million over the 2010 estimated actual revenues.

The $48.4 million cut to the operating budget combined with the $13.2 million increase in projected revenues would result in a decline of the 2010 budgeted subsidy from $279.4 million to $217.8 million. This represents a reduction of the County subsidy by $61.6 million – a 22% cut. However, CCHHS projects the health system going $11.6 million over budget, thus increasing the reduction of the actual 2010 subsidy to $73.2 million - a 25% cut. CCHHS also anticipates absorbing the inflationary costs of its 2011 operating budget – an estimated $24.5 million. Adding these costs increases the reduction of the subsidy to roughly $97.7 million – a 34% cut.

The preliminary budget imposes very deep staffing cuts, reducing 2010 staffing by 963 FTEs – a cut of 13%. This would leave health system staffing 2,011 FTEs or 23% below 2004 levels. In reality CCHHS already eliminated 581 of these FTEs, while adding 150 FTEs, during FY 2010. This budget would eliminate the additional remaining 531 FTEs
in FY 2011. The bulk of these staffing cuts are borne by the three hospitals. Stroger would lose 267 FTEs of its 201 budgeted staffing; Provident would lose 220 FTEs; and, Oak Forest would lose 526 FTEs – well over half of its staff. While CCHHS has not revealed which specific positions will be eliminated, summary data indicates that of the 385 FTEs CCHHS has identified for layoff, 341 FTEs are front-line bargaining unit positions including 19 doctors and 114 nurses.

The 2011 budgeted staffing cuts are actually slightly higher than those imposed in 2007 and will occur in a health bureau with far lower vacancy rates, thus resulting in far more layoffs than in 2007. To put these cuts in perspective, the Civic Federation, under a scenario where the remaining 0.5% of the sales tax increase is eliminated as part of the FY 2011 budget, proposes balancing the budget by eliminating 1,300 FTEs, or 5%, of staffing for all the other County agencies combined.

**Staffing Efficiency at CCHHS**

Given the widespread negative media coverage that has focused public attention on political interference, corruption and mismanagement within Cook County over the last four years, there is a widely held perception that all County departments are heavily over-staffed. Given decades of mismanagement, political interference, and the absence of standard administrative functions it would be unrealistic to believe that there are no areas of inefficiency or over-staffing within CCHHS.

For example, patient billing was essentially non-existent when the new CCHHS leadership took over. Two years later CCHHS executives acknowledge that the productivity of medical coding at CCHHS runs at about half the national average. At the end of July 2010 CCHHS still had a backlog of 50,000 medical files that could not be processed for billing. However, it should be noted that CCHHS does not attribute these coding inefficiencies to overstaffing but rather to: 1) a lack of adequate training; and, 2) under-staffing driven by non-competitive wages for coders.

The new health system leadership implemented large staffing reductions based on claims that CCHHS is heavily over-staffed. CCHHS budgeted $106 million in labor, productivity, and workforce efficiencies into their 2010 budget, and, as noted above, the 2011 budget eliminates 963 FTEs, 581 of which were cut during FY 2010, and 385 of which are slated for elimination in FY 2011. However, CCHHS has failed to provide compelling evidence of global over-staffing.

CCHHS retained Navigant Consulting Inc. to assess overall system efficiency by conducting a comparative analysis as part of it’s roughly $2 million consulting contract. The Navigant assessment concluded that CCHHS was significantly over-staffed with FTE ratios of 8.44 for Stroger, 7.39 for Oak Forest and 5.84 for Provident, compared with an industry benchmark of 6.42. Based on this analysis, Health System executives have claimed CCHHS is heavily over-staffed. However, board discussions in March 2010 revealed significant errors in Navigant’s calculations which gave “the appearance of excessive FTEs.”
Research by David Goldberg, MD, President of the Stroger Hospital Medical Staff provides evidence to support provider claims that they provide healthcare services very efficiently. While CCHHS expenditures represented only 3.4% of countywide health expenditures in 2005 and 2006, the health system diagnosed 6% of all cancers, handled 11% of all ER visits, and provided primary care to 6% of all patients with diabetes, and 26% of all HIV patients in Cook County. Goldberg also demonstrates that Stroger Hospital provided much more efficient medical care to terminal patients than other Chicago area hospitals. Facing significantly lower reimbursement rates Stroger doctors were able to significantly reduce hospital stays and significantly increase rates of transfer into humane, appropriate hospice care.\textsuperscript{xix}

All of this suggests that the issue of CCHHS efficiency is complex and that while there may be areas of over-staffing there are also areas of under and even chronic under-staffing. Despite such complexity and the recognized error in the Navigant data, CCHHS executives continue to assert that the health system is significantly overstuffed. In September 2010 CCHHS passed along the Navigant analysis to the Civic Federation, which then included the data in its report and stated that the “ratios for Health System hospitals are too high, indicating the need for staffing reductions, according to System officials.\textsuperscript{xix} Such public statements by CCHHS executives perpetuate a damaging myth of CCHHS over-staffing and inefficiency and they are a disservice to those front-line doctors, nurses and support staff that struggle to provide adequate care under deeply challenging circumstances at CCHHS.

**The Downward Spiral**

SEIU is deeply concerned that CCHHS’s continued reliance on unilateral restructuring and deep service and staff cuts may drive the health system into a “downward spiral” of continuing service cuts, dropping patient revenue, declining employee morale, and diminished system effectiveness.

*The Impact of Service Cuts on Patient Census and Revenue*: It is widely acknowledged that the 2007 service cuts drove down patient census.\textsuperscript{xix} CCHHS’s own strategic analysis points out that “(w)hile healthcare needs in the County have grown, budget cuts have contributed to a decline in CCHHS inpatient and outpatient activity over the last five years.”\textsuperscript{xxii}

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Outpatient care has been particularly impacted, and the service and staff cuts, combined with the concentration of outpatient resources in the new Stroger Hospital have, according to CCHHS contributed to “congestion, backlogs, and patient dissatisfaction.” The impact of these trends can be seen in Figure 3, above, which charts the extraordinary drop in outpatient visits from 2005 to 2008.

In testimony to the Health Board Finance Committee, Doctor Goldberg highlighted the cumulative impact of the 2007 budget cuts. “With fewer staff, beds, and clinics, we served fewer patients. We also lost more of our insured patients.” Doctor Goldberg’s analysis showed that for every dollar cut in the 2007 budget CCHHS lost $1.62 in patient revenues in 2008, concluding that “(c)uts destabilized the system.

In some cases the loss in outpatient volumes due to service cuts have resulted in the loss of significant potential patient fee revenues. Figure 4 shows the decline in deliveries at Stroger and Provident hospitals. The number of deliveries has dropped steadily at Provident since 2001, while Stroger experienced a meteoric rise from 2001 to 2003, followed by steady decline, and with two large drops in 2007 and 2010. Deliveries at Stroger have fallen from a high of 1,215 in 2003, to a projected 690 in 2010.

The Civic Federation concludes that “(p)regnant, low-income women are eligible for Medicaid coverage and many of the women treated at Health System clinics for prenatal care choose to deliver elsewhere.” The Civic Federation points out that obstetric census will play a crucial role in the 2011 assessment of Stroger’s status as a perinatal center, and that a loss of status will result in significant Medicaid revenue losses.
The Impact of Cuts on Employee Performance: In 1998, Jeffrey Pfeffer, Professor of Organizational Behavior in the Graduate School of Business at Stanford University, and a nationally recognized expert on organizational transformation published “The Human Equation.” Hailed as an important breakthrough, The Human Equation elaborated one of Pfeffer’s abiding core principles—that an organization’s people are its true source of competitive advantage. Pfeffer’s analysis was published at the height of the merger and acquisition boom of the late 1990s and was written as a counter to the downsizing mania that had engulfed corporate America. Pfeffer warned that the reliance on mass layoffs by companies seeking to gain competitive advantage was instead threatening to launch them on “a downward performance spiral in which the wrong management responses to organizational problems destroy motivation and contribute to the loss of talent, thereby ensuring continued poor performance.”

The new CCHHS leadership inherited a health system at, or near the bottom, of a “downward spiral” decades in the making. Front-line CCHHS staff has lived through repeated, deep service and staffing cuts, ever present staffing shortages, years of stalled union negotiations, and widespread hostile and dysfunctional labor-management relations. Decades of what Pfeffer calls “poor, low commitment management practices” have severely undermined employee motivation and morale, contributed to heavy losses of talent (although many long-term employees have stayed to serve CCHHS’s public health mission), and have produced a low performance culture that permeates many levels of the organization. While SEIU acknowledges the enormous challenges inherited by the new CCHHS leadership, unilateral restructuring and deep service and staff cuts are driving down employee morale, effectively undermining a core goal of Vision 2015 – the improvement of caregiver and employee satisfaction.

Governance: SEIU believes that the downward spiral in service and staff cuts can be reversed. Our disputes with CCHHS leadership are more about process than goals, more about implementation than strategic vision. CCHHS’s downward spiral can be reversed by creating governance processes that effectively incorporate the views, experience, and knowledge of its stakeholders – those communities with the greatest unmet health needs and most impacted by system restructuring, and the doctors, nurses, and support staff that understand how the system does, and does not work on the front-lines.

SEIU strongly urges CCHHS to halt its current reliance on top-down and heavy-handed restructuring which is undermining trust between the health system and the community, corroding employee morale, and weakening the trust between labor and management.

Instead, SEIU recommends that the link between the health system and its most impacted communities be significantly strengthened, allowing for far greater up-front dialogue and feedback. SEIU therefore recommends community representation from both the South and Far South regions on the Health Systems Board.

SEIU also believes that CCHHS’s philosophy of labor-management relations must undergo a fundamental transformation. In order for CCHHS to attain the goals of Vision 2015 both sides must embrace a model whereby unionized front-line doctors, nurses
and ancillary staff are seen, treated, and act as part of the solution rather than as part of the problem. SEIU recommends that CCHHS executives continue aggressively exploring ways to create a labor-management partnership with SEIU and other like-minded health system unions. A more collaborative approach that involves front-line doctors, nurses, and ancillary staff would allow the identification of areas of over-staffing and under-staffing, poor practices and excellent practices, and the creation of humane and far more effective mechanisms for redeploying CCHHS staff and resources.

Boxed In

SEIU is deeply cognizant that without significant structural reform CCHHS will not survive the multiple challenges that threaten the health system. However, restructuring cannot be pursued as a zero-sum strategy built around an assumption of ever-declining resources. This approach keeps CCHHS and its stakeholders boxed in. Vision 2015 requires a broader political vision and a commensurate, more ambitious political strategy whose goal is to transcend these limitations and transform the resource environment in which CCHHS operates. The following are some of the organizational and political challenges and opportunities that CCHHS and its stakeholders must confront in order to ensure the long term survival of our health system.

CCHHS’s Undue Burden of Care: Stroger, Provident, and Oak Forest hospitals provide almost three times as much uninsured care as the next nine largest hospital providers of uninsured care in Illinois. A 2008 survey by the National Association of Public Hospitals and Health Systems found that for the 89 public hospitals surveyed, the average percentage of uninsured outpatients was 29.8%. In comparison, 66.8% of outpatient visits to CCHHS were not covered by insurance. This extreme burden of uninsured care for CCHHS holds across hospital discharge and payer mix data.

CCHHS’s Low County Subsidy: In 2006 the Institute for Healthcare Studies at the Feinberg School of Medicine at Northwestern University issued a report on CCHHS. One of the report’s key findings was that “despite the growth of the delivery system, the increased demand, and the double-digit annual inflation of health care costs, there has not been a substantial increase in the County’s tax subsidy for more than fifteen years.”

The report also pointed to the fact that the amount of tax dollars contributed to the health system in Cook County in 2003 was less per capita than the amount contributed in Dallas, Atlanta/ Fulton County, Miami/Dade County, Indianapolis/Marion County, Houston/Harris County, and Denver. These findings were included in the 2007 report by the Blue-Ribbon committee convened by Senator Richard Durbin to recommend changes on the structure and governance of the Bureau of Health. Figure 5, below, updates this analysis for 2008 and illustrates the scale of the divergence of local subsidies of operating budgets between CCHHS and comparable large urban county health systems.
The Constraints of County Budget Politics: CCHHS’s county subsidy is enmeshed in the broader politics of the Cook County budget. There is intense political pressure on the incoming County President to eliminate the remaining 1/2% sales tax increase. The Civic Federation recently proposed rolling-back the sales tax within the first 100 days of the incoming Cook County President thereby forcing the 0.5% sales tax reduction into the 2011 budget process. By the Civic Federation’s own calculations this additional cut would produce a deficit that would require 19% across the board, county-wide cuts. The Civic Federation recommends that these cuts be imposed through FTE reductions, a salary freeze, furlough days, and other expenditure reductions.xxvii If the remaining 0.5% sales tax is eliminated in the FY2011 budget the instability and fiscal pressures for all county departments will intensify significantly and it is likely that CCHHS would sustain additional cuts. In the short run, it appears that the pressures of County budget politics will ensure that the County subsidy of CCHHS will remain unrealistically low.

Beyond Vision 2015

SEIU stands ready to defend the core goals of Vision 2015 and to help protect the CCHHS FY 2011 Preliminary Budget from any cuts during the County FY 2011 budget process. However, SEIU strongly believes we must go beyond Vision 2015 in order to pursue the goals of the Emergency Network: restore the health service cuts, reform governance of the health system, and access revenue needed to fulfill CCHHS’s mission. SEIU has committed to the following major initiatives in support of these goals.
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Introducing a Revised CCHHS Board Ordinance: SEIU, its partners in the Emergency Network, and CCHHS executives have agreed to jointly draft a revised ordinance that will be submitted as part of the health system’s 2011 budget. SEIU has proposed that the revised ordinance provide for community representation on the health systems board from both the South and Far South regions.

Creating a Labor-Management Partnership: SEIU believes that labor-management relations in the health system must be fundamentally transformed. SEIU strongly urges CCHHS to halt its current reliance on top-down restructuring which is corroding employee morale and undermining labor-management trust. Instead, CCHHS needs to help create mechanisms that can systematically incorporate the views and recommendations of front-line staff. Unionized front-line doctors, nurses and ancillary staff must come to be seen, treated, and act as part of the solution rather than as part of the problem. SEIU recommends that CCHHS, SEIU, and other like-minded unions continue aggressively exploring ways to create a labor-management partnership.

Thinking outside the Box: CCHHS’s ability to transform itself into a 21st century public health system is boxed-in by political constraints that limit access to necessary resources. CCHHS requires a broader vision, a more ambitious strategy, and a more robust coalition to take on this political challenge. As an initial step, SEIU proposes the convening of a Cook County safety net summit soon after the resolution of the FY 2011 budget. This summit would bring together leadership of CCHHS, the Emergency Network, key County, State, and Federal legislators, and other Cook County safety-net hospitals. The summit would: 1) assess the challenges and opportunities for increased, stable funding for CCHHS and other safety-net providers so as to enable them to better meet the true needs of the medically-economically vulnerable population of Cook County; and, 2) develop and launch a broad political campaign to accomplish this goal.
Appendix 1: Health System Operating Budgets FY 2004-2011 (in $ millions inflation adjusted, author’s calculations)

<table>
<thead>
<tr>
<th>Year</th>
<th>Total</th>
<th>INFLATOR (FY 2004 = 1)</th>
<th>CPI ADJUSTED Total</th>
</tr>
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<tbody>
<tr>
<td>2004</td>
<td>832.7</td>
<td>1.00</td>
<td>832.70</td>
</tr>
<tr>
<td>2005</td>
<td>784.8</td>
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<td>761.94</td>
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<td>2006</td>
<td>788.5</td>
<td>1.07</td>
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<td>2007</td>
<td>701.9</td>
<td>1.10</td>
<td>638.09</td>
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<tr>
<td>2008</td>
<td>827.6</td>
<td>1.14</td>
<td>725.96</td>
</tr>
<tr>
<td>2009</td>
<td>857.3</td>
<td>1.14</td>
<td>752.02</td>
</tr>
<tr>
<td>2010</td>
<td>865.8</td>
<td>1.16</td>
<td>746.21</td>
</tr>
<tr>
<td>2011</td>
<td>817.2</td>
<td>1.17</td>
<td>688.46</td>
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</tbody>
</table>

Change 2004-2007: -23.37%
Change 2007-2008: 13.77%
Change 2007-2010: 16.94%
Change 2004-2010: -10.39%
Change 2004-2011: -16.12%
Change 2010-2011: -6.40%

Note 3: “Total” is the combined expenditures for the Office of Chief Administrator and Health Services, Stroger, Provident, and Oak Forest Hospitals, Cermak Health Services, ACHN, CORE Center, Public Health, and JDTC. It does not include Fixed Charges and Special Purpose Appropriations, which includes JDTC Health Services.

Appendix 2: Changes in Full Time Equivalent Positions for Bureau of Health FY 2004-2011 (author’s calculations)

<table>
<thead>
<tr>
<th>Account/Department</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
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<tbody>
<tr>
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<td>30.1</td>
<td>31.0</td>
<td>34.0</td>
<td>583.0</td>
<td>565.2</td>
<td>553.5</td>
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<tr>
<td>Cermak</td>
<td>485.1</td>
<td>464.4</td>
<td>468.2</td>
<td>423.2</td>
<td>392.0</td>
<td>445.2</td>
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<tr>
<td>JDTC</td>
<td>0.6</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
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<td>99.6</td>
</tr>
<tr>
<td>Provident Hospital</td>
<td>760.0</td>
<td>749.2</td>
<td>728.1</td>
<td>649.8</td>
<td>650.0</td>
<td>660.0</td>
<td>683.6</td>
<td>463.9</td>
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<td>ACHN</td>
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<td>650.6</td>
<td>676.6</td>
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<tr>
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<td>61.4</td>
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<td>67.4</td>
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<tr>
<td>Public Health</td>
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<td>172.0</td>
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<td>Stroger Hospital</td>
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<td>3911.5</td>
<td>3780.0</td>
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<td>3630.9</td>
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<td>Oak Forest Hospital</td>
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<td>1010.0</td>
<td>1065.0</td>
<td>1024.3</td>
<td>497.9</td>
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<td>Total</td>
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<td>8025.9</td>
<td>7927.5</td>
<td>6986.6</td>
<td>7332.0</td>
<td>7561.4</td>
<td>7626.7</td>
<td>6663.9</td>
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Absolute and Percentage Changes in Full Time Equivalent Positions for Bureau of Health for Selected Time Periods

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<tr>
<th></th>
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<tbody>
<tr>
<td>Office of Chief Administrator</td>
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<td>-5.6</td>
<td>-5.6</td>
<td>-5.6</td>
<td>-5.6</td>
<td>-5.6</td>
<td>-5.6</td>
<td>-5.6</td>
<td>-5.6</td>
</tr>
<tr>
<td>Cermak</td>
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<td>-13.4</td>
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<tr>
<td>JDTC</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
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<tr>
<td>Provident Hospital</td>
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<td>-17.4</td>
<td>-122.7</td>
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<tr>
<td>ACHN</td>
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<td>-275.8</td>
<td>-28.2</td>
<td>-213.7</td>
<td>-23.3</td>
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<td>-22.0</td>
<td>-149.3</td>
<td>27.0</td>
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<tr>
<td>CORE Center</td>
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<td>NA</td>
<td>-14.9</td>
<td>-14.9</td>
<td>NA</td>
<td>-14.9</td>
<td>NA</td>
<td>-14.9</td>
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<td>Public Health</td>
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<td>-6.7</td>
<td>-97.0</td>
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<tr>
<td>Total</td>
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<td>-1046.0</td>
<td>-12.1</td>
<td>-2018.6</td>
<td>-23.2</td>
<td>-962.8</td>
<td>-12.6</td>
</tr>
</tbody>
</table>

Note 1: 2004-2010 FTEs measured as approved appropriations (Cook County Budgets FY 2007-2010, and CCHHS Preliminary FY 2011 Budget, October 22, 2010); 2011 FTEs measured as Preliminary Budget Request (Source: CCHHS Preliminary FY 2011 Budget, October 22, 2010)
Note 2: “Total” is the combined expenditures for the Office of Chief Administrator and Health Services, Stroger, Provident, and Oak Forest Hospitals, Cermak Health Services, ACHN, CORE Center, Public Health, and JDTC.
Appendix 3: Emergency Network Letter Support the CCHHS Board resolution approved on October 19, 2010

Emergency Network to Save Cook County Health Services

C/o Citizen Action/Illinois, 27 E. Monroe, Ste. 1100, Chicago, IL 60603 312/427-2114 or www.citizenaction-il.org

November 19, 2010

Dear Board Member:

We are writing to express the strong support of the Emergency Network to Save Cook County Health Services for your resolution to amend the Cook County Board of Commissioners Continuing Resolution, adopted November 16, 2010. The Emergency Network fears that the Commissioners’ resolution could have a disastrous impact on the nascent effort to rebuild the Cook County Health and Hospital System.

We understand that some commissioners have expressed their intent to ensure that the resultant loss in health system funds would be restored in the Fiscal Year 2011 County Budget. However, given Cook County’s $300-500 million budget deficit, and its “truck accross on funding the Health System, the Emergency Network has little faith that such an outcome will in fact be achieved.

The new Board of Directors and executives inherited a Health System that had been cut to the bone by years of cumulative budget cuts, and that had become deeply dysfunctional due to years of mismanagement and political interference. These developments, in combination with the deeper dysfunctions of our healthcare system have left the medically-economically vulnerable population of Cook County chronically underserved.

The Emergency Network will continue to advocate for greater Health System accountability to its political and community stakeholders, and we will continue to advocate against the health service, funding, and front-line staffing cuts outlined in Vision 2015 and included in the Preliminary Budget for Fiscal Year 2011.

While the creation of an independent Health System board, the hiring of new executive leadership, and the development of Vision 2015 have been critical first steps, the long-term survival of our fragile Health System remains very much in doubt. The Health System confronts serious fiscal and operational challenges, including the projected growth in the uninsured through 2014 – a burden that the Health System bears disproportionately. Meanwhile, the Affordable Care Act offers opportunities that can only be realized by a robust and well functioning Health System.

The Emergency Network intends to lobby County Commissioners on behalf of the Health Systems Board of Directors’ resolution. Furthermore, we believe that our efforts will be most effective if conducted in collaboration with the Health Systems Board and executive leadership.

Sincerely,

Quentin Young, MD
Chairman
Health & Medicine Policy Research Group

William McNary
Co-Director
Citizen Action/Illinois
Endnotes:


ii “Preckwinkle warns of Cook County budget cuts,” Chicago Tribune, November 18, 2010.

iii Page 8, Cook County Health and Hospitals System, Phase II Strategic Planning: CURRENT STATE + FUTURE DIRECTION, April 30, 2010.


v Letter from Takashi Reinbold, Director, Cook County Department of Budget & Management Services, to Cook County Commissioners, Elected Official and Department Heads.

vi Letter from William T. Foley, CEO, CCHHS to CCHHS Board of Directors, October 19, 2010.


xi Labor-Management meeting to discuss the CCHHS FY 2011 Preliminary Budget, November 23, 2010.


xiv Source: CCHHS FY 2011 Preliminary Budget Staffing Reduction summary table, distributed during the Labor-Management meeting to discuss the CCHHS FY 2011 Preliminary Budget, held on November 23, 2010.

xv Presentation to the Human Resources Committee of the Cook County Health and Hospitals System by Michael Ayres, August 13, 2010.


xviii At the March 19, 2010 meeting of the Finance Committee of the Board of Directors of the Cook County Health and Hospitals System there was a discussion of the CCHHS Productivity Analysis conducted by Navigant Consulting. During this discussion CCHHS CFO Michael Ayres explained that Navigant’s calculations did “not appear to give enough weight to the size of the outpatient services and therefore understates the adjusted occupied bed, giving the appearance of excessive FTEs per AOB… Upon further questions posed by Board Chairman Batts, Mr. Ayres stated that further refining and standardizing the calculations could indicate a sizeable variance in overstated FTEs per AOB.” *(Note: AOB: Adjusted Occupied Beds)* Source: Page 3, *CCHHS Finance Committee Meeting Minutes*, March 19, 2010.

xix David Goldberg, MD, President, John H. Stroger, Jr. Hospital Medical Staff, Testimony at Budget Hearing, November 4, 2010.


xxiv David Goldberg, MD, President, John H. Stroger, Jr. Hospital Medical Staff, Testimony at Budget Hearing, November 4, 2010.


xxix The Academy of Management Executive said that the *Human Equation* "is highly recommended for all senior officers of large organizations and should be required reading for all top managers and board members" The Academy of Management Executive, February 1998, cited on Amazon.com, viewed November 17, 2010.


xxxvii Ibid, page 55.
