A Call for the Elimination of the Suburban Cook County Tuberculosis Sanitarium District

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Executive Summary

The Suburban Cook County Tuberculosis Sanitarium District (the District) is a special taxing agency created in 1947 under 70 ILCS 920 to provide tuberculosis control services within Cook County but outside the City of Chicago. Based on the following analysis, The Civic Federation has concluded that the taxpayers of Suburban Cook County would be better served if the District were dissolved and the responsibilities and assets of the were transferred to Cook County. The analysis is divided into three sections with conclusions and recommendations presented at the end of the analysis. The key findings of each section are listed below:

DISTRICT OVERVIEW

- Although once a deadly and contagious disease requiring special facilities, the treatment and containment of tuberculosis can now be conducted on an outpatient basis through clinics.

- The enabling legislation has been amended several times over the last 56 years to allow Sanitarium Districts not only to be dissolved, but also to become profit-generating entities.

- The District's primary facility, Suburban Hospital, is currently leased to a limited partnership between Rush-Presbyterian-St. Luke's Medical Center and Loyola University Medical Center. The partnership operates a long-term acute care hospital at the facility.

FINANCIAL ISSUES AND 5-YEAR TRENDS

- The District's $5 million per year in revenue includes a $3.5 million property tax extension, Personal Property Replacement Tax income, and other income including approximately $800,000 per year in lease payments for Suburban Hospital.

- The District's $4 million per year in expenditures are consistently over-represented in the appropriation ordinance (i.e. budget) and are disproportionately dedicated to salaries for managerial and clerical staff.

- Each year for the last six years, the District has ended the fiscal year with a substantial amount of surplus revenue. The accumulation of this surplus has resulted in a fund balance that now stands at over $9.6 million, an amount large enough to raise serious legal and financial management questions for the District.

SERVICE DELIVERY

- There are multiple programs already providing tuberculosis control services to the citizens of Cook County, including the Chicago Department of Public Health, Chicago Health Outreach, and most importantly, the Cook County Bureau of Health and Cermak Health Services.

- The Chicago Department of Public Health handles over three times as many tuberculosis cases per year with approximately the same number of employees as the District.

- At $36,870 per tuberculosis patient, The District spends significantly more per tuberculosis case than New York City, San Francisco, Los Angeles, the City of Chicago, or Boston. The average cost per tuberculosis case in the other jurisdictions surveyed was $21,184.

Introduction

The Suburban Cook County Tuberculosis Sanitarium District was created in 1947 under 70 ILCS 920. The District operates four clinics in suburban Cook County that provide the public with tuberculosis control services. The clinics are located in Des Plaines, Evanston, Harvey, and Forest Park. The District also owns Suburban Hospital, a 193-bed facility on a 40-acre site in Hinsdale, which is currently leased to a limited partnership between Rush-Presbyterian-St. Luke's Medical Center and Loyola University Medical Center.

In 1996 Cook County Board President John Stroger convened a Task Force to evaluate the Suburban Cook County Tuberculosis Sanitarium District. The Civic Federation, as a participant in the Task Force meetings, offered a preliminary analysis of the District on March 8, 1996. That analysis offered the following recommendations:

- Evaluate mechanisms that would incorporate the District into an overall strategy for treating tuberculosis in Cook County;
- Conduct a full appraisal of the land and building value of the District;
- Convene a summit of County officials and public health experts to evaluate the use of the District's land and facilities.

The statement also expressed The Civic Federation's continuing concern over the inefficiencies resulting from a multiplicity of Cook County taxing agencies and the duplication of services among these agencies.

Sometime during the course of 2002, approximately 25 acres of undeveloped land adjacent to Suburban Hospital were sold for $15.2 million. The Cook County State's Attorney's Office is currently seeking to void the sale on behalf of the County Board because the District did not seek the advice and consent of the County before proceeding with the sale as may be required by 70 ILCS 920. Due to this event and the need to update our analysis of the District after 7 years, The Civic Federation has revisited its previous analysis. The following analysis evaluates the role of the District in 2003 with special emphasis on how the District's finances have changed since 1996.

District Overview

Initially, it is important to understand the disease, which is the subject of the Suburban Cook County Tuberculosis Sanitarium District's mission. This section also examines the District's history and legal authority as well as the facilities under its control.

TUBERCULOSIS AND ITS TREATMENT

Tuberculosis is a contagious and, if untreated, a potentially deadly disease. At one time it was a leading cause of death in the Untied States, but improved treatments discovered in the 1940's and 1950's led to a thirty-year decline in both the incidence of and deaths from the disease. According to the National Center for Disease Control, in 1953 there were 84,304 cases nationwide. Today the number of cases nationwide has declined to 15,989, an 81% decrease. The general consensus is that tuberculosis is a manageable disease, especially when outreach and screening is conducted to diagnose the disease and antibiotics are prescribed and properly taken.

Tuberculosis is an airborne bacterial infection that is most commonly found in the lungs. However, the disease can travel through the lymph nodes and bloodstream to any organ in the body, which makes early and effective treatment a necessity. In its active stages, the disease is contagious, especially for those living in close quarters, such as prisons or nursing care facilities. But, according to the National Institute of Allergy and Infectious Diseases, "It usually takes lengthy contact with someone with active TB before a person can become infected. On average, people have a 50 percent chance of becoming infected with M. (Mycobacterium) tuberculosis if they spend eight hours a day for six months or 24 hours a day for two months working or living with someone with active TB. However, people with TB who have been treated with appropriate drugs for at least two weeks are no longer contagious and do not spread the germ to others."[1]

Only 5% to 10% of people infected with the disease will develop active tuberculosis.[2] The disease will remain dormant, known as latent tuberculosis, in the other 90% to 95% of the people who have the tuberculosis bacteria.[3] Latent tuberculosis is not contagious, but it can take on the form of active tuberculosis in those people with weakened immune systems, most notably the elderly and those infected with HIV. A recent increase in the number of tuberculosis cases is traced to immigration from countries where tuberculosis is an epidemic. United States immigration laws call for the testing of active tuberculosis for all immigrants. The tests, however, do not identify tuberculosis in its dormant stage.[4] Therefore, it is possible for immigrants to develop the disease later in their life after they have arrived in the United States and not be diagnosed upon arrival.

The American Thoracic Society, the National Center for Disease Control, and the Infectious Diseases Society of America strongly recommend "patient-centered case management with an adherence plan that emphasizes Direct Observation of Therapy" (also known as DOT).[5] If a person has the dormant disease, a doctor will most likely prescribe the drug isoniazid. Certain side effects accompany this drug in people over the age of 60. The doctor would meet with the patient and decide whether or not to give him or her medication based on the risk of developing side effects being worse than the risk of developing active tuberculosis.[6] If a patient has been diagnosed as having active tuberculosis, they would be put on a heavy regimen of antibiotics that would include isoniazid, rifampin, pyrazinamiod, and ethambutol. The patient would be monitored under DOT. In DOT, the patient comes to the doctor or other medical staff, who personally ensure that the patient is taking the prescribed medication. If a person stops taking the medication prematurely, tuberculosis may become multi-drug resistant, which is a serious concern for both the patient and for the general public.[7]

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[1] Office of Communications and Public Liaison, National Institute of Allergy and Infectious Diseases, National Institutes of Health. http://www.niaid.nih.gov/factsheets/tb.htm

[2] Suburban Cook County Tuberculosis Sanitarium District Annual Report 2000, page 4.

[3] WebMD, What is Tuberculosis. Available at http://my.webmd.com/content/article/7/1680_53937 as of 5/30/2003.

[4] Biotech Week, Focusing on latent stage of TB in New Immigrants Would Benefit Public Health. January 1, 2003.

[5] Official Joint Statement of the American Thoracic Society, CDC, and the Infectious Diseases Society of America. This report appeared in the American Journal of Respiratory and Critical Care Medicine (2003;167:603--62) and is reprinted at http://www.cdc.gov/mmwr/preview/mmwrhtml/rr5211a1.htm

[6] WebMD, Understanding Tuberculosis-Treatment. Available at http://my.webmd.com/content/article/10/1680_54792.htm as of 5/30/2003

[7] WebMD, Understanding Tuberculosis-Treatment.

DISTRICT'S HISTORY & AUTHORITY

The Suburban Cook County Tuberculosis Sanitarium District was created on November 4, 1947 when the residents of suburban Cook County voted to create a special taxing agency to provide tuberculosis control programs under authority of 70 ILCS 920.[8] Two years later, the Illinois Supreme Court approved the creation of the District. At that time there were great public health concerns regarding tuberculosis because no cure existed for the disease. The voters of Suburban Cook County had recognized the need to provide for this public health concern, and the only way to do so at the time was through the creation of a special taxing agency to provide the desired public services.

In 1955, the District began admitting patients at its newly constructed Sanitarium facility in Hinsdale. The purpose of the facility was to provide treatment to those suffering from the disease, while also quarantining them to prevent the spread of the disease through close contact with others. Over the course of the next five years additional facilities were constructed across Suburban Cook County to serve as outpatient clinics screening patients and treating the latent stages of the disease. As medications improved and the number of patients requiring hospitalization decreased, the District's operations became primarily focused on the outpatient clinics in Forest Park, Harvey, and Park Ridge.[9]

By 1973 the treatment of the disease had undergone such profound improvements that it was no longer necessary to isolate tuberculosis patients in a sanitarium. The enabling legislation (70 ILCS 920) was amended to allow Sanitarium Districts to accept "general acute care" patients.[10] The amendatory Act of 1973 made further provisions allowing for alternate uses for Sanitarium District facilities and for the dissolution of Sanitarium Districts in counties other than Cook County. The legislation provides that if the Board of Directors of any District determines that it is no longer necessary to provide inpatient services, it can recommend to the county board that the facilities be closed, and sold or leased with the funds to be used in the treatment of the disease on an outpatient basis. In counties of less than 500,000 people, where there is a program for treating tuberculosis, the Board of Directors could recommend the dissolution of the entire Sanitarium District to the County Board.

The statute was again amended in 1994 to allow the District to charge for its services if the patients had private health insurance or were covered by Medicare or Medicaid. Previously, the statute had required the District to provide its services free of charge to the citizens of Cook County. By 1995, there was only one inpatient still receiving treatment at Suburban Hospital for tuberculosis.[11]

FACILITIES

The development of DOT, which is conducted on an outpatient basis, eliminated the need for a specialized sanitarium facility. After the amendatory Act of 1973, the District changed the name of its facility in Hinsdale to Suburban Hospital and began admitting patients requiring emergency room services, general acute care and treatment for tuberculosis. Today the District's operations are primarily conducted at 4 outpatient clinics in Forest Park, Des Plaines, Harvey, and Evanston. In addition, the patient monitoring and record keeping functions of the District are located at the Forest Park facility, known as the Edward A. Piszczek, M.D. Clinic. Recently, the District announced that it would be

[8] The Mission of the Suburban Cook County Sanitarium District and Suburban Hospital, 1996.
[9] Ibid.
[10] Ibid.
[11] Ibid.

unveiling a $200,000 mobile clinic to target at-risk populations in suburban Cook County.[12] A traveling team consisting of a doctor, nurse, and X-ray technician will provide tuberculosis-screening tests.

In December 1986, the District, MacNeal Hospital, and MacNeal Management Services, Inc. entered into a professional services agreement under which MacNeal took over the management and operations of Suburban Hospital. This agreement provided that for certain amounts of fixed compensation, MacNeal would provide the following services: fiscal and information services, food services, laundry services, purchasing/materials management, human resources, laboratory services, and various therapy services.[13] In 1991, the professional services agreement was amended to expand MacNeal's management role. In addition to amending certain fixed fees, a 30% share of the Net Operating Excess (i.e. net profit) of Suburban Hospital was provided to MacNeal as incentive compensation.

In 1987, Rush-Presbyterian-St. Luke's Medical Center (Rush), MacNeal Health Services Corporation (MacNeal), and the District formed a joint venture called RMS Health Providers with the purpose of developing new programs at Suburban Hospital. RMS leased 33 beds at Suburban Hospital for the housing of its Ventilator Support Center. In 1992, RMS was restructured under a five-year agreement to provide for equal ownership of the venture between Rush, MacNeal, and the District. This restructuring named MacNeal as the managing partner of the joint venture.

Currently, Suburban Hospital is leased from the District by RML Health Providers, L.P. RML is an Illinois tax-exempt limited partnership between Rush-Presbyterian-St. Luke's Medical Center (Rush), Loyola University Medical Center (Loyola), and RMLHP (an Illinois not-for-profit corporation owned equally by Rush and Loyola). According to the May 31, 2002 audited financial statements submitted by RML to the Illinois Attorney General's Office, MacNeal Health Services Corporation was a partner of RML until December 20, 2001 when Rush and Loyola paid equal amounts to purchase MacNeal's interest in the partnership.[14] Rush and Loyola each hold a 49.5% interest in the partnership. RMLHP holds a 1% interest and is the General Partner, managing the assets of the partnership on a day-to-day basis.[15]

A 10-year lease of Suburban Hospital by RML commenced in 1998. There are provisions for termination of the lease as well as for the extension of the lease for 3 successive five-year periods. During 2001 and 2002, RML paid the District $797,994 and $772,500 respectively. Future minimum lease payments are: 2003 ($821,931), 2004 ($846,589), 2005 ($871,986), 2006 ($898,146), and 2007 ($925,090). The lease also requires RML to make $5,000,000 in payments for "facility alterations, improvements and additions" at Suburban Hospital.[16]

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[12] "Mobile Clinic To Fight TB In Cook; Breathing Disease Making Inroads With Immigrants," Chicago Tribune, November 25, 2002; by Colleen Mastony.

[13] The Mission of the Suburban Cook County Sanitarium District and Suburban Hospital, 1996.

[14] RML Health Providers, L.P. Financial Statements for the Years Ended May 31, 2002 and 2001 and Independent Auditor's Report. Note 1, page 6.

[15] Second Amendment and Restated Agreement of Limited Partnership of RML Health Providers Limited Partnership. February 25, 2002. pg 5

[16] RML Health Providers, L.P. Financial Statements for the Years Ended May 31, 2002 and 2001 and Independent Auditor's Report. Note 3, page 9.

Financial Issues and 5-Year Trends

This section examines the finances of the Suburban Cook County Tuberculosis Sanitarium District between FY1997 and FY2003. The District's fiscal year runs from June 1 to May 31. However, at the time this report was written a FY2004 budget was unavailable.[17] The information in this section is primarily drawn from the District's audited financial statements as submitted to the Illinois State Comptroller's Office between FY1997 to FY2002. The FY2003 budget filed with the Cook County Clerk's Office is also used as well as the actual audited financial reports for FY2000 and FY2001.

OVERVIEW

The Suburban Cook County Tuberculosis Sanitarium District has a FY2003 budget of slightly more than $7 million. Its revenues are derived primarily from a property tax extension, but additional revenues are also available from the Personal Property Replacement Tax (PPRT), interest income, and rental income. The primary expenditures of the District are personnel costs and capital outlays, with the remainder allocated mostly to professional and contractual services. Over time, the District has accumulated a substantial fund balance as a result of revenues exceeding expenditures on a consistent basis.

REVENUE TRENDS

Total revenue for the District in 2002 was over $5.2 million dollars, of which $3.6 million came from property taxes, $420,000 came from PPRT, and $1.2 million came from other revenues. The primary revenue sources for the District have remained relatively constant over the past seven years. Property tax revenue has varied slightly over the last six years, but increased overall by approximately $500,000. After an initial surge between FY1997 and FY1998, PPRT revenue increased slightly and then began declining as a result of declining corporate profits in conjunction with the recent economic slowdown. "Other Revenue" includes interest income and income from leasing the Suburban Hospital facility to RML Health Providers LP. In FY2003, this category also includes a budget estimate of $15.2 million for the sale of approximately 25 acres of undeveloped land at the Suburban Hospital facility. The inclusion of the anticipated revenue resulting from this land sale causes the District's estimated Total Revenue to increase by 285% between the FY2002 audited financial statements and the FY2003 budget. When the estimated proceeds from the land sale are *not* included, the District's estimated Total Revenues are $5.2 million, a 2% decline from FY2002.

Suburban Cook County TB Sanitarium District Revenue History

Fiscal Year	Property Taxes	% Change	PPRT	% Change	Other Revenue	% Change	Total Revenues	% Change
1997	$ 3,173,974		$ 232,610		$ 357,274		$ 3,763,858	
1998	$ 3,356,085	6%	$ 448,812	93%	$ 2,088,852	485%	$ 5,893,749	57%
1999	$ 3,183,729	-5%	$ 458,416	2%	$ 1,484,533	-29%	$ 5,126,678	-13%
2000	$ 3,587,154	13%	$ 499,458	9%	$ 1,309,895	-12%	$ 5,396,507	5%
2001	$ 3,628,571	1%	$ 484,286	-3%	$ 1,804,427	38%	$ 5,917,284	10%
2002	$ 3,641,256	0%	$ 421,184	-13%	$ 1,227,397	-32%	$ 5,289,837	-11%
2003 Budget Est.	$ 3,675,000	1%	$ 420,000	0%	$ 16,293,000	1227%	$ 20,388,000	285%

APPROPRIATIONS & EXPENDITURES

Appropriations are distinguished from expenditures in the following manner: appropriations are the amounts of money set aside in a budget for a specific purposes before the funds are spent, while expenditures are the dollar amounts actually spent on specific purposes and calculated after the fact through an audit. In most instances, good financial management will cause expenditures to be slightly less than appropriations. While there are no guidelines for judging the appropriateness of the differences between expenditures and appropriations, consistently appropriating substantially more money than is necessary for a purpose raises questions about a government's budget and the reasoning behind the appropriations.

Between FY1997 and FY2002 the District's Total Appropriation averaged $5.9 million, and the average Total Expenditures during the same time were $3.9 million. The unexpended appropriations averaged nearly $2 million or 30% of the total amount of funds appropriated. This average is no doubt influenced by the dramatic over-appropriation that occurred in FY1997. When FY1997 is left out of the calculations, the average Unexpended Appropriation is 23% of Total Appropriations or $1.2 million.

Appropriations vs. Expenditures				
	Total Appropriation	Total Expenditures	Unexpended Appropriation	Unexpended Appropriation %
1997	$8,752,638	$3,181,873	$ 5,570,765	64%
1998	$5,102,452	$3,915,806	$ 1,186,646	23%
1999	$5,224,321	$3,978,585	$ 1,245,736	24%
2000	$5,486,407	$3,766,989	$ 1,719,418	31%
2001	$5,161,798	$4,322,139	$ 839,659	16%
2002	$5,725,276	$4,505,280	$ 1,219,996	21%
Average	**$5,908,815**	**$3,945,112**	**$1,963,703**	**30%**

For a more detailed examination of how the District's funds are allocated, one must look to the appropriations contained in the FY2003 budget. Total Appropriations for FY2003 are $7 million, an increase of 23% over the previous year. As with most taxing agencies providing direct public services, the largest portion of the Total Appropriation is dedicated to salaries. Capital Outlay is divided between equipment purchases ($548,000) permanent improvements ($725, 500), and contingency ($63,675). Nearly $64,000 is budgeted for contingencies. The largest appropriations under the category of Purchased Services are $110,000 for laboratory fees and $140,000 for hospitalization/hospice care. Other appropriations under Purchased Services include nursing services, transcription, maintenance, computer services, and data storage. Legal fees are the largest appropriation under Professional Fees at $110,000; and $125,000 is spent for public relations under the category of Marketing. The Appropriation Ordinance does not include any appropriations from the Capital Improvement, Repair or Replacement Fund, but the Fund estimated a cash balance of $7.2 million on May 31, 2003.

[17] Attempts were made to secure a copy of the FY2004 appropriation ordinance from the Cook County Clerk's Office on June 17, 2003, but no copy had been filed with the Clerk's Office at that time.

General Fund Appropriations		
Purpose	**Amount**	**% Total**
Salaries	$2,574,328	37%
Capital Outlay	$1,337,175	19%
Purchased Services	$712,955	10%
Employee Benefits	$602,986	9%
Medical Supplies	$453,000	6%
Contingency	$271,719	4%
Professional Fees	$258,000	4%
Other	$213,900	3%
Insurance	$182,000	3%
Other Supplies	$177,800	3%
Marketing	$161,000	2%
Utilities	$81,500	1%
Taxes / Licenses	$16,400	0%
Rentals	$500	0%
Total Appropriations	**$ 7,043,263**	**100%**

A closer examination of the distribution of salaries among the various categories of positions at the District reveals that 54% of all salaries go to clerical and management positions. Clerical is the largest category of salaries at 31% and management is the second largest at 23%. Nurses, the category most responsible for providing the services of the District, account for 24% of all salaries. At $197,000 Physicians account for only 8% of all salaries.

Salaries		
Classification	**Amount**	**% Total**
Clerical	$ 786,357	31%
Management	$ 580,684	23%
RNs	$ 381,443	15%
LPNs	$ 225,264	9%
Physicians	$ 197,806	8%
Technicians	$ 140,244	5%
Maintenance	$ 134,118	5%
Salary Adjustment	$ 128,412	5%
Total Salaries	**$2,574,328**	**100%**

FUND BALANCE

A fund balance is the difference between a government's revenues and expenditures over the course of a year for the various accounts or funds maintained by the government. If the cash and other assets on hand (such as investments) are dedicated to a specific purpose for which they will be spent in the future, they are considered a "restricted fund balance." If they are not legally dedicated to a specific purpose, they are an "unrestricted fund balance."

For this analysis both the size of the unreserved fund balance and the Current Fund Balance Ratio are examined. The Civic Federation developed the "Current Fund Balance Ratio" as a measure of a government's ability to meet its financial obligations over time. It is calculated by dividing current dollar operating expenditures by the unreserved fund balances in those funds. The calculations for the Current Fund Balance Ratio use nominal, not constant inflation-adjusted dollars.

The Civic Federation has devised a classification guide regarding the size of Current Fund Balance Ratios:

- **Low** - *Less than 10%*
- **Adequate** - *10% to 25%*
- **Substantial** - *25% to 50%*
- **High** - *Greater than 50%*

When the Current Fund Balance Ratio becomes too high, governments should consider shifting toward longer-term asset holdings, retiring debt, or adjusting the income streams feeding the funds in order to bring income in line with current spending requirements.[18]

New accounting procedures adopted by the District in its FY2001 audited financial statement have a significant impact on how the District presents its unreserved fund balance. According to the District's financial statements, "The accounts of the District are organized on the basis of funds or account groups, each of which is considered a separate accounting entity."[19] The notes to District's FY2000 audited financial statement state that, "The District's only governmental fund type is the General Corporate Fund, which is the general operating fund of the District. It is used to account for all financial resources."[20] The FY2001 audited financial statement has two governmental fund types: a General Fund and a Capital Projects Fund. "Capital projects funds are used to account for resources used in the acquisition of fixed assets or the acquisition or construction of major capital facilities of the District."[21]

During the fiscal year in which the Capital Projects Fund was created, $6.2 million was transferred from the General Fund (where it was unreserved but designated for capital purposes) to the Capital Projects Fund (where it is also unreserved but designated for capital purposes). The effect of this accounting shift was to decrease the unreserved fund balance of the General Fund from $7.4 million in FY2000 to $2.4 million in FY2001. In subsequent years, the District has continued to transfer unused funds from the General Fund to the unreserved (but designated) portion of the Capital Projects Fund.

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[18] See Woods Bowman, Roland Calia and Judd Metzgar. *Evaluating Local Government Financial Health: Financial Indicators for Major Municipalities in Northeastern Illinois*. (Chicago: The Civic Federation, 1999), p. 16.

[19] Suburban Cook County Tuberculosis Sanitarium District, General Purpose Financial Statements and Supplemental Information, May 31, 2000. KPMG, LLP, pg 6.

[20] Ibid. pg 6.

[21] Suburban Cook County Tuberculosis Sanitarium District, Financial Report, May 31, 2001. McGladrey & Pullen, LLP, pg 5.

There have been no expenditures from the Capital Projects Fund since its creation. Because of this, and because over 90% of the District's FY2000 fund balance was transferred into it, the Capital Fund appears to have become a repository in which unspent funds are stored. Between FY1997 and FY2002 the total Unreserved Fund Balance of the District grew 258%, from $2.7 million to $9.7 million dollars. Meanwhile, the District's expenditures grew 41%, from $3.1 million to $4.5 million.

	Unreserved Fund Balance		Expenditures	
	General Fund	Capital Fund	General Fund	Capital Fund
1997	$2,702,876		$3,181,873	
1998	$4,506,914		$3,915,806	
1999	$5,792,796		$3,978,585	
2000	$7,377,525		$3,766,989	
2001	$2,175,869	$6,769,391	$4,322,139	$0
2002	$2,630,002	$7,034,581	$4,505,280	$0

The Fund Balance Ratio, including both the General Fund and the Capital Projects Fund, during that period grew from 85% to 215%. It should be noted that anything over 50% is considered high by The Civic Federation and is cause to consider adjusting revenue streams to bring them in line with spending patterns.

	Combined Unreserved Fund Balance Ratio
1997	85%
1998	115%
1999	146%
2000	196%
2001	207%
2002	215%

The Government Finance Officers Association recommends a fund balance in the General Fund of no less than 5% to 15% of General Fund operating revenues or 1 to 2 months of General Fund operating expenditures.[22] However, they do note that a government's particular situation may require significantly larger unreserved fund balances for smaller governments because smaller governments have less total funds on hand and less diverse revenue streams (which can increase volatility). In the case of the Suburban Cook County Tuberculosis Sanitarium District, the primary source of revenue is the very stable and reliable property tax. Furthermore, when the unreserved fund balance of the Capital Fund is included, there are enough funds on hand to operate the District for 2 years without any new revenues.

[22] Government Finance Officers Association, Committee on Governmental Budgeting and Financial Management. "Appropriate Level of Unreserved Fund Balance in the General Fund" (2002). http://www.gfoa.org/services/rp/caafr/caafr-appropriate-level.pdf

Finally, under Illinois law an unreserved fund balance of this size raises serious questions about the legality of the District's property tax extensions. Under *Central Illinois Public Service vs. Miller* 42 Ill2d 542 (1969), if a municipal entity has unencumbered assets on hand (i.e. unreserved fund balance) at the beginning of the tax year, which are greater that 2 times the average annual expenditures for the last 3 years, then there shouldn't be a tax levy. In other words, if the unreserved fund balance is in excess of 2 times the average annual expenditures for the last three years, the burden shifts to the government to justify why the levy should have been made. During FY2002, the average annual expenditures for the General and Capital Funds combined during the 3 prior years were $4 million. The combined unreserved fund balance was $9.7 million. The "Miller Ratio" is 2.4. This is greater than 2, and therefore it appears that the tax levy is suspect.

Service Delivery

This section provides a basic analysis of the services delivered by the Suburban Cook County Tuberculosis Sanitarium District. First, it is important to understand the District's role in relation to the other public health agencies in the County. Summary statistics are provided regarding the District's services, with those of the City of Chicago's Tuberculosis Control Program being used for comparative purposes. Finally, the District's cost per patient is compared to other programs both in Chicago and across the country. Every effort has been made to use consistent sources of information, and source citations are provided in each instance.

OVERVIEW

Public health agencies dedicated to protecting the public from tuberculosis have three common principles guiding the provision of services: diagnosis, treatment, and prevention. Within Cook County there are multiple public health agencies providing tuberculosis control services. Summary statistics reveal that the District provides a relatively small amount of the total services for tuberculosis control in Cook County. Furthermore, in comparison to jurisdictions across the country, the cost of these services is disproportionately high.

TUBERCULOSIS CONTROL PROGRAMS

In addition to the Suburban Cook County Tuberculosis Sanitarium District, there are at least 3 other publicly funded agencies providing tuberculosis services in the County. These other agencies are The Chicago Department of Public Health's Tuberculosis Control Program, Chicago Health Outreach, and the Cook County Bureau of Health.

The Chicago Department of Public Health is responsible for providing tuberculosis services within the city limits.[23] The Department's Tuberculosis Control Program operates a Central Office and 4 specialty clinics that specialize in the diagnosis and treatment of tuberculosis. In addition, 7 public health nursing stations operated by the Department assist the neighborhood clinics.

[23] 2001 Annual Tuberculosis Morbidity Report. Tuberculosis Control Program – Chicago Department of Public Health.

Chicago Health Outreach is a community health center offering a wide range of treatments to Chicago's most impoverished citizens at a primary clinic, three subcontracted community health centers, and 44 homeless shelters.[24] Funding comes primarily from the Federal government, but the City of Chicago and private foundations also make contributions. Although it is not the primary concern of the organization, tuberculosis treatment is provided.

The Cook County Bureau of Health Services provides tuberculosis services to anyone requiring care at the John H. Stroger, Jr. Hospital of Cook County, the CORE Center, and Cermak Health Services. Stroger Hospital provides diagnostic and case management services, while the CORE Center has served as a centralized location for the treatment of infectious diseases such as tuberculosis since 1998. Every person admitted to the Cook County Jail is screened for tuberculosis by Cermak Health Services and there is a clinic dedicated to treating those testing positive within the County Jail.

SUMMARY STATISTICS

The Illinois Department of Public Health annually compiles statistics on the number of active tuberculosis cases in each county of the State. For Cook County, the statistics are subdivided according to whether the cases are being treated in the City of Chicago or Suburban Cook County. Between 1997 and 2002 the total number of cases in Cook County declined by 230. Over 94% of this decline occurred in the City of Chicago, while the number of cases in Suburban Cook County declined by only 13. On average over this time period, 76% of all cases in Cook County were treated by the City of Chicago.

TB Cases by Location: Chicago vs. Suburban Cook County

	Total	Chicago	% Total	Suburban Cook	% Total
1997	742	599	81%	143	19%
1998	624	473	76%	151	24%
1999	603	463	77%	140	23%
2000	544	403	74%	141	26%
2001	518	378	73%	140	27%
2002	512	382	75%	130	25%
Average	**591**	**450**	**76%**	**141**	**24%**

While the City of Chicago handles a much larger portion of the total number of cases in the County, the City has only slightly more full time employees than the Suburban District. It should be noted that the figures for the City of Chicago represent full-time equivalent employees (FTE's); the numbers for the Suburban District represent only full-time employees of the District. The District also has approximately 20 part-time employees. Because there are no figures for the full-time equivalency of these part-time positions, they are not included in the total; and the District's total number of FTE's is therefore underrepresented.

Because the City of Chicago handles about three times as many cases of tuberculosis with about the same number of employees, the number of cases handled per employee in the City is much greater. Between 1997 and 2002, the City of Chicago's Tuberculosis Control Program averaged 7 cases per employee. Over the same time period, the Suburban District averaged only 3 cases per employee.

[24] Case Study: Chicago Health Outreach. Chicago, IL. Health and Disability Working Group, Boston University School of Public Health. Available at http://www.bu.edu/hdwg/projects/trainingfiles/ChicagoHealthOutreach.pdf

TB Cases per Employee: 1997 to Present						
	City of Chicago			Suburban District		
	Employees	Cases	Cases / Employee	Employees	Cases	Cases / Employee
1997	69	599	9	57	143	3
1998	65	473	7	51	151	3
1999	71	463	7	50	140	3
2000	63	403	6	50	141	3
2001	64	378	6	54	140	3
2002	63	382	6	56	130	2
Average	**66**	**450**	**7**	**53**	**141**	**3**

Finally, statistics from 1999 indicate that Cook County Hospital was most likely the primary location for the diagnoses of tuberculosis cases. The District's 1999 Annual Report states that hospitals diagnosed 70% of all cases treated by the District that year; the District diagnosed 14% (or 19 cases) itself; and the remainder of cases treated by the District were diagnosed in doctors' offices or by the State. Statistics from the City of Chicago's Tuberculosis Control Program for the same year indicate that one hospital in particular diagnoses the majority of cases treated in the City: John H. Stroger, Jr. Hospital of Cook County.[25] A similar pattern for the District's cases would make Cook County Hospital the initial point of medical contact for the vast majority of tuberculosis patients. If that is true, it may be reasonable to assume that treatment and oversight of the disease could also occur there.

1999 Referral Sources Suburban TB District		
Referral Source	**# Cases**	**% of Total**
Hospitals	96	69%
Suburban TB District	19	14%
Physicians	18	13%
State Lab	7	5%
Total	**140**	**100%**

COST PER PATIENT COMPARISON

Comparing the cost per patient of public health department tuberculosis control programs in cities and counties across the country can be informative, but one should not forget that there are significant differences between the jurisdictions, which can contribute to variations in cost. With that proviso in mind, however, significant differences in cost can be an indication that the approach taken in one jurisdiction should be reviewed with an eye toward bringing the cost per patient in line with national patterns.

[25] 1999 Annual Tuberculosis Morbidity Report. Tuberculosis Control Program – Chicago Department of Public Health.

To minimize the effect of differences between jurisdictions, every effort has been made to use consistent sources of information. When a consistent source of information is unavailable, as in the case of local appropriations for tuberculosis control, then every effort is made to make sure that the information is at a minimum comparable. Unless otherwise noted, the annual budget appropriation for tuberculosis control is used to represent cost and the number of cases comes from the National Center for Disease Control (with verification if possible from local morbidity reports).[26] Source citations are provided in each instance.

The jurisdictions surveyed in this section are the Suburban Cook County Tuberculosis Control District, the City of Chicago, New York City, Los Angeles County, San Francisco, and Boston. The differentiation of responsibility between the Suburban Cook County Tuberculosis District and the City of Chicago is outlined above. While the Suburban Cook County Tuberculosis District appropriates the most per patient of all the Districts surveyed, $36,000 per case; the City of Chicago ranks on the lower end of the scale at only $15,000 per case.

In New York City, an alarming rise in the total number of cases and especially in drug resistant cases in the late 1980's and early 1990's lead to the creation of an aggressive and effective tuberculosis control program. The National Center for Disease Control (CDC) makes a significant contribution to New York City's tuberculosis control efforts. Approximately half of the $38 million appropriation for tuberculosis control in FY2001 came from the CDC.[27] This is especially significant since New York City is a close second to the Suburban Cook County Tuberculosis District in the amount of money appropriated per case. However, half of New York City's funds are not raised locally while all of the Suburban Cook County District's funds are raised locally. Los Angeles County also receives significant grant funding that reduces the amount of local funds necessary to support its Tuberculosis Control Program. Approximately $7.4 million of the FY2001 appropriation came from grant funding.[28]

Both San Francisco and Boston have City operated tuberculosis programs funded in fiscal years that run from June to July. In both cases the budget figures used below come from the FY2001-02 budgets. For San Francisco, two line items were added together from the Department of Public Health's budget to arrive at the $4.5 million figure: Tuberculosis/ HIV Prevention and Tuberculosis Subvention.

If the Suburban Cook County District were to move its cost per patient to the level of the City of Chicago's Tuberculosis Control Program, it would result in a reduction in the total appropriation of nearly $3 million or 58% of the total appropriation. The average cost per patient for the other tuberculosis control programs listed below – not including the Suburban Cook County Tuberculosis District – is $21,184. If the Suburban Cook County Tuberculosis District were to move its cost per patient to this level, it would result in a $2.2 million reduction in the District's appropriation or a 43% decrease.

[26] National Center for Disease Control, Reported Tuberculosis in the United States, 2001 available at http://www.cdc.gov/nchstp/tb/surv/surv2001/default.htm as of 6/26/2003.
[27] Communication from Chrispin Kambili, MD; Acting Director, Bureau of Tuberculosis Control – Department of Health and Mental Hygiene, City of New York. May 28, 2003.
[28] Communication from Stuart McMullen, Senior Public Health Advisor, TB Control Program, Department of Health Services, County of Los Angeles

Cost Per TB Case: Comparative Data			
	2001 Cases	2001 Appropriation	Cost / Cases
Suburban Cook	140	$5,161,798	$36,870
New York *	1,261	$38,420,501	$30,468
San Francisco **	182	$4,581,522	$25,173
Los Angeles ***	420	$9,724,991	$23,155
Chicago	378	$5,921,228	$15,665
Boston	75	$820,288	$10,937

* Includes $19 million CDC Grant
** FY01-02 Combined TB/HIV Prevention and TB Subvention line items
*** County figures - Includes $7.5 million grant funding

Conclusions

1. The process of diagnosing and treating tuberculosis can be successfully conducted through clinics and on an outpatient basis. Numerous other agencies in Cook County, most notably the Cook County Bureau of Health, already provide these services. Therefore, serious questions are raised about the efficacy of maintaining a special taxing agency, which not only leases its freestanding hospital facility but also diagnoses and treats a smaller number of patients with a greater number of staff than the City of Chicago's Health Department.

2. The Suburban Cook County Tuberculosis Sanitarium District has amassed a substantial unreserved fund balance. This has been accomplished through leasing Suburban Hospital and consistently levying a larger property tax than it actually uses. Despite the relatively small size of the property tax levy, the District has accumulated an unreserved fund balance large enough to pay for its normal operations for two years without any additional revenue.

3. Should the Courts allow the sale of a portion of the land owned by the District adjacent to Suburban Hospital, the District will have an additional $15.2 million in revenue. This increase in revenues will cause the unreserved fund balance to increase dramatically. Based on past spending patterns and the fact that the sale would generate revenues approximately 1.5 times greater than the existing fund balance, a reasonable estimate of the fund balance ratio, if the sale of the land is allowed, is 500%. This is nearly 10 times what The Civic Federation considers to be a high fund balance.

4. The District's cost per tuberculosis case is significantly higher than other jurisdictions surveyed. One possible cause of this is the disproportionate share of clerical and management salaries that it has budgeted. The Tuberculosis Control Program of the Chicago Department of Public Health handles more than twice as many tuberculosis cases per employee.

Recommendation

The Suburban Cook County Tuberculosis Sanitarium District should be **DISSOLVED**; and the District's responsibilities and assets should be **TRANSFERRED** to Cook County.

The determination of this analysis is not only that it would be more cost effective to treat patients requiring inpatient care through a different public agency, but also that it is no longer cost effective for the taxpayers of suburban Cook County to fund tuberculosis control programs through a specialized taxing agency.

Therefore, we encourage the Illinois General Assembly to make the necessary changes to State statute to allow for the dissolution of the Suburban Cook County Tuberculosis Sanitarium District. We encourage Cook County to take the necessary steps to ensure that the nearly $10 million fund balance and the property of the District are used for the benefit of the taxpayers who have invested public funds in the District. We also encourage the County to explore the possibility of transferring the land surrounding the Suburban Hospital facility to the Cook County Forest Preserve at no cost. [29]

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[29] **This recommendation should not be interpreted to indicate that The Civic Federation takes any position related to the validity of any earlier transfers of land by the Suburban Cook County Tuberculosis Sanitarium District. The Civic Federation recommendation for the transfer of all assets to the County Board is of course limited to only such property that is held in valid title by the Tuberculosis Sanitarium District.**