

**COUNTY OF MILWAUKEE**  
**Behavioral Health Division Administration**  
**INTER-OFFICE COMMUNICATION**

**DATE:** August 31, 2012

**TO:** Marina Dimitrijevic, Chairwoman, Milwaukee County Board of Supervisors

**FROM:** Héctor Colón, Director, Department of Health and Human Services  
*Prepared by Paula Lucey, Administrator, Behavioral Health Division*

**SUBJECT:** **Report from the Director, Department of Health and Human Services, requesting authorization to increase the 2011 professional services contract with Roeschen's Omnicare for the Behavioral Health Division**

**Issue**

Section 56.30 of the Milwaukee County Code of General Ordinances requires County Board approval for professional service contracts extended or amended to provide additional reimbursement which extends the total reimbursement beyond fifty thousand dollars (\$50,000) annually to the same vendor. Per Section 56.30, the Director, Department of Health and Human Services (DHHS), is requesting authorization for the Behavioral Health Division (BHD) to increase the 2011 professional service contract with Roeschen's Omnicare to address overspending in pharmacy services.

**Background**

In December 2010, BHD brought forward a report to establish 2011 professional service contracts with various vendors, including Roeschen's Omnicare. Roeschen's Omnicare provides all pharmacy services to the Behavioral Health Division, including outpatient clients. The contract amount for 2011 was recommended to be \$5,090,120, which was the same as the 2010 contract including the additional pharmaceutical costs for clients previously paid out of the Medical College outpatient purchase of service contract. Throughout 2011, BHD monitored the contract and reported deficits for pharmacy in the quarterly fiscal projections. Further, in January 2012, BHD brought forward a report that detailed projected overspending in pharmacy services primarily in the outpatient area including the BHD Access Clinic and the Medical College of Wisconsin outpatient clinic. The report noted that final 2011 payments to Roeschen's would be pending the outcome of an audit conducted by the Audit Services Division of the Office of the Comptroller, as well as contingent on County Board approval.

The Audit Services Division has completed its review and found that several factors influenced the overspending on the 2011 contract for pharmacy services, including: the transfer of

purchasing authority for drugs for indigent clients served at the Medical College of Wisconsin (MCW) Clinic from MCW to Omnicare; 2011 Budget assumptions; pre-authorization issues; identification of third party payors; and contract oversight issues. BHD is working with Roeschen's Omnicare to implement the recommendations contained in the Audit Services Division's report.

After billing adjustments recommended by the Audit Services Division report, the amount still owed to Roeschen's Omnicare for 2011 pharmacy services is \$567,594. As such, BHD is requesting that the professional services contract with Roeschen's Omnicare be increased by \$567,594 in 2012 to allow BHD to make the final 2011 payment. BHD accrued the funding in 2011 so this will have no impact on the 2011 or 2012 financial statements for BHD.

BHD continues to closely monitor pharmacy services and costs, and will put an RFP out later this year for this service for 2013 (see related report regarding an RFP consultant). BHD is also considering the option of bringing pharmacy services back in-house rather than using an outside vendor.

### **Recommendation**

It is recommended that the Milwaukee County Board of Supervisors authorize the Director, Department of Health and Human Services, or his designee, to increase the 2011 professional services contract with Roeschen's Omnicare by \$567,594, to a total of \$5,657,714.

### **Fiscal Effect**

BHD assumed, as part of its 2011 close, that this contract would be overspent by \$650,000 and made the appropriate accounting entries. Therefore, there will be no fiscal impact for 2011 or 2012 of this action. BHD preemptively submitted a fund transfer in the January 2012 cycle to reallocate funds to the pharmacy accounts to pay for this contract increase. A fiscal note form is attached.



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Héctor Colón, Director  
Department of Health and Human Services

cc: County Executive Chris Abele  
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