

MILWAUKEE COUNTY
Inter-Office Memorandum

DATE: November 26, 2012

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

FROM: Héctor Colón, Director, Department of Health and Human Services
Prepared by Geri L. Lyday, Administrator, Disabilities Services Division

SUBJECT: Report from the Director, Department of Health and Human Services, requesting authorization to increase 2012 Disabilities Services Division purchase of service contracts for Birth to Three agencies

Issue

Section 46.09 of the Milwaukee County Code of General Ordinances requires County Board approval for the purchase of human services from non-governmental vendors. Per Section 46.09, the Director of the Department of Health and Human Services (DHHS) is requesting authorization to increase 2012 purchase of service (POS) contracts for the Birth To Three provider agencies within the Disabilities Services Division (DSD).

Background and Rationale

The Birth To Thee program is an entitlement in Milwaukee County and provides critical early intervention services to children age zero to three years who demonstrate developmental delays. Services provided are critical to the identification of early intervention strategies that can assist children to reach their maximum potential and actively participate in their communities. Services delivered by this program are provided by nine contracted community-based agencies that have expertise in working in this area and have been the providers of Birth To Three services in this community for some time.

During 2012, DSD worked with Birth To Three agencies to allocate funding of the POS dollars to coincide with changes being experienced by the provider network. Among the changes were higher numbers of new referrals and referrals of children with more complex needs. These increases in referrals created considerable financial hardship for provider agencies since the funding for this program has been level or slightly down over the past several years. The increased work load associated with the referral volume caused one agency in 2011 to notify DSD that they were unable to continue accepting referrals at the volume they were experiencing. This created a dilemma since this program is an entitlement for families and services are required to be provided without waiting. Several agencies also experienced challenges complying with Federal Performance Indicators that require timely services and

specific time frames to start services, in addition to more State requirements for increased information systems data entry.

In response to this situation, DSD recommended allocation of funding in 2012 to meet the increased needs of the program. The allocation was done to better reflect the work volume associated with those agencies that were exceeding their anticipated referral volume. Also, a small increase in local funding was added to help offset significant financial deficits by several agencies and decreases in allocations were made to two agencies because of lower referral volume or cost ineffectiveness. DSD also committed to working with agencies during 2012 to develop improved fiscal reporting mechanisms that would allow for more accurate comparison of agencies fiscal and work volume performance. (Please see the 2013 POS contract report submitted to the County Board for consideration in the December cycle for more information regarding plans for 2013 contract allocation methodology).

As mentioned above, Birth To Three agencies have not had any substantial funding increases in many years and have indicated each new contract year that their costs have risen steadily. This has resulted in agencies turning to other sources of funding and being required to make difficult decisions about how to continue to participate as Birth To Three providers in the face of these financial dilemmas. Indeed, nearly all Birth To Three agencies are projected to significantly over earn their 2012 POS contracts by providing units of service and/or experiencing costs well above the dollar amount contracted. The following table shows the amount of over earning by each agency. Despite some very large deficits being reported, these agencies have continued to provide services which DSD greatly appreciates.

Agency	2012 Contract	2012 Maximum Earning	Surplus/(Deficit)
CCHD	\$81,588	\$550,255	(\$468,667)
Curative	\$1,229,846	\$1,286,025	(\$56,179)
Easter Seals	\$545,401	\$547,340	(\$1,939)
LSS	\$246,531	\$224,168	\$22,363
MCFI	\$388,970	\$397,355	(\$8,385)
Next Door	\$157,779	\$241,271	(\$83,492)
Penfield	\$1,175,597	\$1,491,223	(\$315,626)
St. Francis	\$459,169	\$589,460	(\$130,291)
Vision Forward	\$82,719	\$159,299	(\$76,580)

During 2012, DSD experienced under earning in several adult contracted program areas due to continued restrictions on new referrals and the continued transition to Family Care. These restrictions were put in place to ensure that prior year cost reduction initiatives were complied with and to focus on completion of enrollment of individuals on the waiting list into Family

Care. Consequently, the Division has experienced projected under spending of approximately \$190,000.

With the significant over earning of Birth To Three agencies projected to continue during 2012, and the urgently needed funding in the Birth To Three provider network, DSD is recommending allocation of the under spending to help offset the financial burden of the Birth To Three agencies. These funds are already allocated in the 2012 DSD operating budget using primarily Basic Community Aids (BCA).

Recommendations for 2012 contract increase allocations are based on the projected deficit of direct costs each agency has reported during 2012 and the deficit reported to DSD is used as the basis for additional funding.

The following contract increases are being recommended:

Agency	2012 Contract	2012 Recommended Increase	New 2012 Contract Amount
CCHD	\$81,588	\$78,032	\$159,620
Curative	\$1,229,846	\$9,354	\$1,239,200
Easter Seals	\$545,401	\$323	\$545,724
LSS	\$246,531	\$0	\$246,531
MCFI	\$388,970	\$1,396	\$390,366
Next Door	\$157,779	\$13,901	\$171,680
Penfield	\$1,175,597	\$52,551	\$1,228,148
St. Francis	\$459,169	\$21,693	\$480,862
Vision Forward	\$82,719	\$12,750	\$95,469
Total	\$4,367,600	\$190,000	\$4,557,600

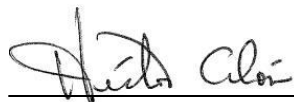
The above increases will help to offset considerable over spending by Birth To Three agencies and provide a one-time opportunity to help those agencies to deal with the lack of adequate funding to serve the children in this program. It should be noted that agencies continue to maintain compliance with Federal Indicators, have kept pace with the high number of new referrals and continue to perform well on quality measures including the annual parental survey. While this is a one-time only reallocation, it will provide some relief and acknowledge their strong partnership with Milwaukee County and commitment to the Birth To Three program.

Recommendation

It is recommended that the County Board of Supervisors authorize the Director, DHHS, or his designee, to provide a 2012 one-time purchase-of-service contract increase with Birth To Three provider agencies per the narrative above and in the amounts specified in the above table and detailed on the attached resolution.

Fiscal Effect

Funding for these POS contract increases is included in the 2012 DSD adopted budget. There is no additional tax levy impact associated with this request. A fiscal note form is attached.



Héctor Colón, Director
Department of Health and Human Services

Attachments

cc: County Executive Chris Abele
Amber Moreen, County Executive's Office
Kelly Bablich, County Board
Patrick Farley, Director, DAS
Craig Kammholtz, Fiscal & Budget Administrator, DAS
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