

**COUNTY OF MILWAUKEE**  
**Department of Administrative Services**  
**Inter-Office Communication**

**DATE:** October 23, 2018

**TO:** Chairman Theodore Lipscomb

**FROM:** Teig Whaley-Smith, DAS Director

**SUBJECT: Overview of Inpatient Psychiatry Services Agreement with Milwaukee Behavioral Health, LLC, an affiliate of Universal Health Services, Inc.**

**Background**

On February 22, 2018 the Milwaukee County Mental Health Board (“Mental Health Board”) unanimously approved proceeding with negotiations with Universal Health Services (UHS) for an Inpatient Psychiatry Services Agreement (“Agreement”). The CAT was created with a broad range of stakeholders including members of BHD Staff, the Mental Health Board, and various County administrative departments. First, the CAT developed a contract outline based on existing BHD templates, the UHS response to request for information, and other sources. In April of 2018 the CAT approved an initial contract to propose to UHS. A smaller Negotiations Team was established from the larger CAT. The Negotiations Team held dozens of phone calls with UHS and did twelve revisions to the contract to land on the final contract with UHS. The CAT reviewed the contract and recommended approval on September 18, 2018. In September of 2018 the Mental Health Board approved the Agreement.

**Overview of the Contract**

The Contract is for UHS to build a facility in Milwaukee County which will be the primary receiving facility for all Emergency Detentions which are the statutory responsibility of Milwaukee County (“Service Recipient”) regardless of their insured status. The UHS facility will include additional beds, beyond what will be utilized by Milwaukee County. Milwaukee County will pay a per diem rate of \$950 for each Service Recipient that Milwaukee County is statutorily obligated to pay for (“Uninsured Service Recipient”). There are only two exceptions to UHS responsibility to treat Service Recipients: (1) if there is “a physical health issue that requires a level of medical attention that (UHS) cannot provide (“Medical Exception”)<sup>1</sup>, and (2) if there is a level of acuity that cannot be treated by UHS (“Acuity Exception”).<sup>2</sup> The contract specifies that most cases will not require the Medical Exception or Acuity Exception<sup>3</sup> because of UHS’s expertise in handling high acuity patients. The term of the Contract is for 7 years, with options for the County to extend for five additional periods of five years each.<sup>4</sup>

*A. What protections are there from an increase in referral to a State Institution?*

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<sup>1</sup> See Contract Section 31.A.1

<sup>2</sup> See Contract Section 31.A.2

<sup>3</sup> See Contract Section 31.A.1

<sup>4</sup> See Contract Section 30.

UHS specializes in consumers that are experiencing a high acuity mental illness. If there is a consumer that requires additional care, the first step in the process is that UHS would ask for a designation of Enhanced Care, where the County would pay an additional \$35 per hour for 1:1 staffing with the Service Recipient. If Enhanced Care is not successful, then UHS may request the Service Recipient be moved to a State Institution, but that may only happen if the BHD Medical Director concurs with the decision. If the BHD Medical Director disagrees with the decision, UHS may appeal to a third-party physician.<sup>5</sup>

*B. What if UHS runs out of Beds?*

If UHS is running low on beds, the Contract allows the County to reserve any remaining beds at the daily rate of \$950 each.<sup>6</sup>

*C. What is the future role of BHD and the Mental Health Board related to this Contract?*

BHD will still need to manage and monitor the Contract, similar to the other contracts that BHD currently manages. The Contract has several appeal procedures that require a decision by either the BHD Administrator and/or the BHD Medical Director. Furthermore, the Contract specifies that UHS will provide quarterly updates to the Mental Health Board,<sup>7</sup> and the Mental Health Board has the ability to include two non-voting members on the Board of Governors of the local Milwaukee UHS facility.<sup>8</sup>

*D. How will Transition of Service Recipients to the Community be handled?*

The Contract includes an acknowledgement of BHD's values of holistic person centered care, healing focused care, strength based service, cultural reverence, needs driven care, and capacity building.<sup>9</sup> The Contract further specifies that Service Recipients are treated by UHS "only until there is no longer a Medical Necessity," and that UHS will coordinate with County staff for transition to community services.<sup>10</sup>

*E. What Controls are there on the length of stay?*

In addition to the requirement of Medical Necessity as indicated in Section D above, at any time, the BHD Treatment Director can appeal the Medical Necessity decision to a third-party board certified physician.<sup>11</sup>

*F. What happens if there is a complaint?*

The Contract requires UHS to develop a Complaints, Grievances and Appeals (CGA) procedure to be approved by the BHD Administrator within 120 days after signing the contract. This CGA

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<sup>5</sup> See Contract Section 31.A.1

<sup>6</sup> See Contract Section 31.A

<sup>7</sup> See Contract Section 11.

<sup>8</sup> See Contract Section 36.

<sup>9</sup> See Contract, page 3.

<sup>10</sup> See Contract Section 29.

<sup>11</sup> See Contract Section 31.2

procedure will outline a plan for addressing Service Recipient complaints, grievances and appeals in a manner consistent with applicable regulations and best practices.<sup>12</sup>

*G. What happens upon termination?*

There are several ways the contract could terminate: (a) if UHS does not provide the services agreed to, (b) if the County does not make payment, or (c) if the County decides not to renew the contract after seven years. Because of UHS enormous capital commitment to build a new hospital the contract includes an additional payment by Milwaukee County to UHS if (i) the County does not extend the contract for a total of 15 years, and (ii) UHS is unable to fill the County related beds with Service Recipients from other Payors.<sup>13</sup> In any event of termination, the County and UHS have committed to formulate a transition plan to transfer Service Recipients to an alternate facility named by Milwaukee County.

*H. What cost controls are in place?*

Because the Contract is on a per diem basis, the best cost control is management of the referral process, Medical Necessity, and ensuring the County is the Payor of last resort. The County has the ability to get a third-party audit of billings and seek reimbursement if necessary.<sup>14</sup> Furthermore, the contract does provide a limitation on inflation of 2%-4% each year.<sup>15</sup>

*I. What performance outcomes are in place?*

The Contract specifies that in the first year of the Contract, the County and UHS will develop a Local Baseline and negotiate in good faith on future Performance Measure payment enhancements and reductions.<sup>16</sup>

Submitted By:

Teig Whaley-Smith

Director, Department of Administrative Services

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<sup>12</sup> See Contract Section 1.w.

<sup>13</sup> See Contract Section 33.

<sup>14</sup> See Contract Section 14.F.

<sup>15</sup> See Contract Section 27.

<sup>16</sup> See Contract Section 9.F