

MILWAUKEE COUNTY FISCAL NOTE FORM

DATE: 9/24/12

Original Fiscal Note

Substitute Fiscal Note

SUBJECT: Report from the Director, Department of Health and Human Services, Requesting Authorization to Enter into a Two Year Contract with Sellers Dorsey and Associates, LLC for the Behavioral Health Division Revenue Maximization Initiative

FISCAL EFFECT:

- | | |
|--|--|
| <input checked="" type="checkbox"/> No Direct County Fiscal Impact
<input checked="" type="checkbox"/> Existing Staff Time Required
<input type="checkbox"/> Increase Operating Expenditures
(If checked, check one of two boxes below)
<input type="checkbox"/> Absorbed Within Agency's Budget
<input type="checkbox"/> Not Absorbed Within Agency's Budget
<input type="checkbox"/> Decrease Operating Expenditures
<input type="checkbox"/> Increase Operating Revenues
<input type="checkbox"/> Decrease Operating Revenues | <input type="checkbox"/> Increase Capital Expenditures
<input type="checkbox"/> Decrease Capital Expenditures
<input type="checkbox"/> Increase Capital Revenues
<input type="checkbox"/> Decrease Capital Revenues
<input type="checkbox"/> Use of contingent funds |
|--|--|

Indicate below the dollar change from budget for any submission that is projected to result in increased/decreased expenditures or revenues in the current year.

	Expenditure or Revenue Category	Current Year	Subsequent Year
Operating Budget	Expenditure	0	0
	Revenue	0	0
	Net Cost	0	0
Capital Improvement Budget	Expenditure		
	Revenue		
	Net Cost		

DESCRIPTION OF FISCAL EFFECT

In the space below, you must provide the following information. Attach additional pages if necessary.

- A. Briefly describe the nature of the action that is being requested or proposed, and the new or changed conditions that would occur if the request or proposal were adopted.
- B. State the direct costs, savings or anticipated revenues associated with the requested or proposed action in the current budget year and how those were calculated.¹ If annualized or subsequent year fiscal impacts are substantially different from current year impacts, then those shall be stated as well. In addition, cite any one-time costs associated with the action, the source of any new or additional revenues (e.g. State, Federal, user fee or private donation), the use of contingent funds, and/or the use of budgeted appropriations due to surpluses or change in purpose required to fund the requested action.
- C. Discuss the budgetary impacts associated with the proposed action in the current year. A statement that sufficient funds are budgeted should be justified with information regarding the amount of budgeted appropriations in the relevant account and whether that amount is sufficient to offset the cost of the requested action. If relevant, discussion of budgetary impacts in subsequent years also shall be discussed. Subsequent year fiscal impacts shall be noted for the entire period in which the requested or proposed action would be implemented when it is reasonable to do so (i.e. a five-year lease agreement shall specify the costs/savings for each of the five years in question). Otherwise, impacts associated with the existing and subsequent budget years should be cited.
- D. Describe any assumptions or interpretations that were utilized to provide the information on this form.

A. Per Section 56.30, the Director of the Department of Health and Human Services (DHHS) is requesting authorization to enter into a 2012 Professional Services Contract with Sellers Dorsey and Associates, LLC for specialized fiscal management services for the Behavioral Health Division (BHD) Revenue Maximization initiative under a contingent fee arrangement for the time period of October 31, 2012 through October 31, 2014. Total contract amount is not to exceed \$400,000 annually.

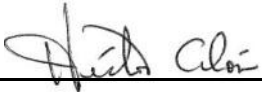
B. BHD accounting staff did an extensive review of baseline revenues and worked with the consultant to estimate potential new revenues. Based on this work, it is expected that BHD will be able to draw down an additional \$2,400,000 in revenue in 2013. The additional revenue is offset by a consultant fee of 8% of the anticipated additional revenue generated, or approximately \$192,000. A \$25,000 professional services contract for this project from 2012 is maintained in 2013 and will be applied toward the consultant fee, resulting in a total tax levy savings in 2013 of \$2,233,000. Payment will be made to the contractor only after the County or the providers approved and named by the County as part of this program, receive the additional federal funds.

C. There is no 2012 tax levy impact associated with approval of this request as no revenue is anticipated this year. This initiative is included in the 2013 BHD Requested Budget therefore no additional tax levy is required in 2013 within the BHD budget. Because, ultimately, Sellers Dorsey and BHD estimate that BHD could recover up to \$5 million annually over and above baseline amounts (upon full implementation of the initiative), BHD is requesting \$400,000 (8% of the total maximum revenue amount) as the not to exceed annual contract amount. Again, payment will be made to the contractor only after the County or the providers approved and named by the County as part of this program, receive the additional federal funds.

D. No further assumptions are made.

¹ If it is assumed that there is no fiscal impact associated with the requested action, then an explanatory statement that justifies that conclusion shall be provided. If precise impacts cannot be calculated, then an estimate or range should be provided.

Department/Prepared By Alexandra Kotze, DHHS Fiscal and Policy Administrator

Authorized Signature 

Did DAS-Fiscal Staff Review? Yes No