

**COUNTY OF MILWAUKEE**  
Inter-Office Communication

**DATE:** March 25, 2013

**TO:** Supervisor Peggy Romo-West, Chairwoman – Health & Human Needs Committee

**FROM:** Héctor Colón, Director, Department of Health and Human Services  
*Prepared by Clare O'Brien, DHHS Fiscal & Management Analyst*

**SUBJECT: From the Director, Department of Health & Human Services, submitting an informational report regarding the potential impact of the 2013-2015 State Budget on the Milwaukee County Department of Health and Human Services (Informational only unless otherwise directed by the Committee)**

**Issue**

The report reflects a request from the Health and Human Needs Committee Chairwoman for a written summary detailing the impact of the Governor's 2013-2015 Budget on the Department of Health and Human Services (DHHS).

**Background**

Based on staff review of the 2013-2015 Governor's Budget and analysis provided by the State of Wisconsin's Legislative Fiscal Bureau, the following identifies the major State budgetary changes affecting DHHS:

**Behavioral Health Division**

**Mental Health Initiatives**

A major new investment included in the Governor's Budget is \$29 million for Mental Health programs. Within this mental health package, there are two initiatives that would allow BHD to augment its current services within its Community Services Branch (CSB): Comprehensive Community Services (CCS) and Peer Run Respite Centers.

Two other proposals contained in this mental health package are already being provided through BHD's Wraparound Program. The budget allocates \$3.8 million in General Purpose Revenue (GPR) funding for Coordinated Service Teams (CST), a program that would manage services for children who are involved in two or more systems of care, as well as \$500,000 in GPR for the expansion of In-Home Counseling for children. The CST funding will not affect Milwaukee County as it applies only to counties that don't offer children's mental health services with a wraparound philosophy. In addition, In-Home Counseling services are currently paid for through Wraparound's managed care system.

**Comprehensive Community Services (CCS) -Total Investment: \$10.2 million:** This component would expand intensive, targeted community-based care for persons with mental health or substance abuse disorder beginning July 1, 2014. The budget would increase funding and

position authority to expand the CCS program statewide. Under this initiative, counties would organize into consortia with Milwaukee County being proposed as its own consortium. Of the \$10 million in available GPR, \$6 million is already earmarked for the 26 current participating counties if they regionalize service delivery. BHD plans to request a significant portion of the remaining \$4 million.

In determining the impact to clients currently receiving services through BHD's Community Services Bureau, staff reviewed the number of clients served in 2011. Of the 10,248 total served, CSB determined that approximately 5,000 met the criteria for CCS. However, given that CCS is a voluntary program, the full 5,000 may not select CCS as a service option. Assuming that most clients will choose to participate, however, the new program is likely to exceed its capacity.

According to the LFB analysis of the Governor's Budget, the CCS funding is based on 3,200 individuals receiving services annually statewide. Both Milwaukee and Dane Counties do not offer CCS currently and the number of participants in these counties alone could easily exceed the 3,200 estimate. While the state indicated it will seek additional Medicaid revenue, this may still prove insufficient and potentially expose counties to paying the local share.

**Peer-Run Respite Centers – Total Investment \$1.3 million:** This initiative involves the establishment of three regional Peer-Run Respite Centers to improve outcomes of individuals in crisis or individuals having difficulty coping with mental illness through services such as peer supports, 24/7 hotlines, wellness activities, respite, and hospital diversion. The budget includes funding for one position starting July 1, 2014 and \$1.3 million in GPR beginning in SY2015. The State plans to issue a Request for Proposals (RFP) to allocate the funds.

Similar to the CCS initiative, the funding budgeted for the Peer-Run Respite Centers may be insufficient to meet the statewide need. Staff estimates that it could cost up to approximately \$1.2 million to establish one center compared to the \$400,000 budgeted for each of the three centers. The \$1.2 million reflects costs to secure a building for eight beds, obtain the appropriate licensure, train staff on safety codes, and hire staff for a 24/7 operation.

Given the potential fiscal issues, DHHS will continue to monitor the CCS and Peer-Run Respite initiatives and gather further information.

### **Health Care Reimbursement**

Included in the State Budget are a number of eligibility and potential reimbursement changes that may significantly impact BHD. It is premature, however, to accurately quantify the changes until the department is able to conduct a more careful analysis and more details are provided by the State.

One area that holds some revenue potential for BHD is the expansion of the Badger Care Plus Core Plan for childless adults (non-elderly adults without dependent children). The Budget assumes an additional 82,500 childless adults will enroll by January 1, 2014 and increase to

nearly 100,000 (including current Core plan members) by January 2015. Currently, there is a waiting list of about 146,000 individuals for Core Plan coverage.

The Core Plan covers only basic primary and preventive care so it would not cover BHD's inpatient or community services. However, it does cover emergency department services delivered through BHD's Psychiatric Crisis Services (PCS). Currently, if an individual receives services from PCS and has no ability to pay, this cost is written off as charity. BHD must analyze its patient data and income information in order to ascertain the fiscal impact. Complicating the analysis is that some parents who are currently covered may lose their Badger Care coverage as a result of eligibility changes in the Budget.

An area that may have a more negative impact to BHD's reimbursement involves the methodology by which Medicaid reimbursement is calculated for PCS. Currently, the rate is determined based on a per diem and the new method reflects reimbursement based on a patient's diagnosis. This is expected to reduce BHD's Medicaid reimbursement for PCS services by approximately \$600,000.

#### Department of Health and Human Services

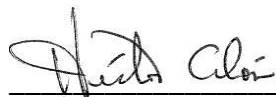
##### **Youth Aids**

No cuts are expected in youth aids revenue though the budget includes an increase to the daily rates charged to counties for youth placed in State juvenile corrections facilities. The daily rates increase to \$297 (from \$289) as of July 1, 2014 and \$304 as of July 1, 2015. The increased rates would reduce any 2013 and 2014 Youth Aids surplus achieved as a result of a lower average daily population (ADP). Over the most recent 18 months, the average actual ADP (157.9) was 7.2 lower than the 2013 DHHS Budget (165.1).

Over the last few years, DHHS has experienced surpluses in Youth Aids due to these lower ADPs. Based upon the proposed rate increase, the projected 2013 surplus could be reduced by approximately \$300,000 and the 2014 surplus could be reduced by approximately \$500,000.

##### **Recommendation**

This report is informational only and no action is required.



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