

COUNTY OF MILWAUKEE
Inter-Office Communication

DATE: April 7, 2011

TO: Supervisor Lee Holloway, Chairman, Milwaukee Co. Board of Supervisors

FROM: Geri Lyday, Interim Director, Department of Health and Human Services

SUBJECT: **From the Interim Director, Department of Health & Human Services, submitting an informational report regarding the potential impact of the 2011-2013 State Budget on the Milwaukee County Department of Health and Human Services (Informational only unless otherwise directed by the Committee)**

Issue

At its March meeting, the Intergovernmental Relations Committee requested a written summary detailing the impact of the Governor's 2011-2013 Budget on various departments including the Department of Health and Human Services (DHHS).

Background

There are numerous changes in the budget that impact DHHS. The following identifies proposed State budgetary changes affecting DHHS:

Medical Assistance

Included in the State Budget is a \$500 million reduction to the Medical Assistance program over the biennium. This program has over one million participants' statewide and may have large implications for Milwaukee County. Unfortunately, little information exists regarding this reduction.

Though the budget does not identify how these savings will be achieved, the assumption is that the State Department of Health Services (DHS) would exercise the rulemaking authority provided to it under Wisconsin Act 10 (2011 Budget Repair Bill) to make changes to the statutes relating to program eligibility, services, plan structure and cost sharing by participants. Wisconsin Act 10 directs DHS to first study potential changes to the Medical Assistance Program and any necessary federal waivers.

The Department has several divisions that rely on Medicaid funding estimated at \$44 million. The following programs have budgeted Title 19 revenue and potentially could be impacted:

BHD

- Community Services including BHD operated and contracted services
- Inpatient and long-term behavioral health care

- Community-based programming such as Community Support Program (CSP)
- Wraparound Milwaukee

DHHS

- Children's Long-Term Support in DSD
- Delinquency Crisis Services Billing

Behavioral Health Division

As a part of the across-the-board initiative to reduce base funding for non-staff costs, the proposed budget includes a ten percent reduction in the amount of General Purpose Revenue (GPR) and Program Revenue (PR) made available for mental health and alcohol and substance abuse services. (Note: BHD and DHHS have received confirmation from the State that Basic Community Aids and Community Options Program funding will not be subject to the 10 percent GPR cut, and will remain at 2011 levels.)

The estimated reduction for BHD for programs funded by GPR (not BCA or COP) is \$980,000 in 2011 and \$1.2 million in 2012. This revenue is directly tied to client services so this, in effect, would be a direct service reduction unless an alternative funding source could be identified. However, the State has indicated it plans to restructure the AODA Block Grant allocation in 2012, which could positively impact Milwaukee County, as well as initiate other offsets to lessen the impact of the GPR reductions. Therefore, the net fiscal impact of the proposed changes will not be known until the State releases its final recommended numbers, which are expected by April 8. Based on the final figures, BHD will assess how client services will be impacted.

Additionally, the budget does not appear to include a \$6.8 million GAMP payment from Milwaukee County to the State for either 2011 or 2012. There are a few other changes in the proposed budget that at this point would appear to have negligible, if any, impact on BHD. These include a change to the process for the Wisconsin Medicaid Cost Reporting Program (WIMCR), which BHD has been told by the State would be cost neutral for counties, and the elimination of statutory fees for patient medical records to be replaced by fees set by rulemaking. It is not clear the level at which fees would be set in rule relative to the current statutory fees, though the revenue that BHD receives from providing patient medical records is very small.

Disabilities Services Division

The budget caps enrollments in each of the publicly funded long-term care programs (Family Care, Family Care Partnership, PACE, or IRIS) at the number of individuals in that program as of June 20, 2011. Currently, DSD's Disability Resource Center (DRC) is in the process of phasing-in the enrollment of individuals with disabilities ages 18 through 59 who are currently on a waitlist. However, the budget would halt this process causing the 2,000 waitlist individuals, as well as new clients, seeking long-term services to not receive services.

The State provides about \$2.1 million in GPR revenue to support the county's DRC. It appears that the budget retains this funding.

Income Maintenance

In 2010, the State of Wisconsin assumed responsibility for managing the administration of the Income Maintenance program and established the Milwaukee County Enrollment Services unit (MILES) to determine eligibility and administer the Food Share and BadgerCare public assistance programs. The proposed budget eliminates this unit and centralizes the IM functions statewide into one State IM Unit no later than May 1, 2012 and allows the new unit to contract with a public or private agency to perform certain IM administrative services statewide.

The budget also repeals existing statutes that authorize DHS to provide state funding to support the costs of MILES. This includes funding for the 271 county FTEs assigned to the Income Maintenance unit and shared services (human resources, records center, IT support) provided by Milwaukee County. The estimated fiscal impact to this change is unreimbursed legacy costs of about \$4 million based on the 2011 budgeted rates and a \$500,000 loss in shared services revenue. Though the budget allows DHS to delegate some administrative functions to counties, DHHS does not know what if any functions the State will seek assistance for from Milwaukee County.

Currently, the State reimburses Milwaukee County the cost of the county IM staff assigned to MILES less the county's required contribution of \$2.7 million. The Governor's proposed budget would prorate this contribution based upon when the State established its centralized IM unit. Beginning in fiscal year 2012-2013, however, DHS would decrease every county's community aids allocation based upon the amount the county expended in 2009. For Milwaukee County, this amount was \$2.7 million which is the same amount currently provided by the county to support MILES.

In 2010, the County's Child Care program was also taken over by the State Department of Children and Families (DCF). DHHS has verbally been told that the Child Care unit staffed by county employees and located at the Coggs Center is expected to remain intact. In addition, Food Share and a few other functions handled previously by DHS are transferred to DCF by January 1, 2013.

Since the takeover occurred, State DHS has leased the Coggs Center from DHHS. Although State DHS has verbally indicated that it will continue to use the majority of square footage in 2011, the future space needs of the State are unknown.

Delinquency

Cuts are expected in youth aids revenue as well as an increase to the daily rates charged to counties. This budget change is estimated to result in a revenue reduction of \$1.8 million in 2011 and \$3.6 million in 2012 to Milwaukee County.

While the 2011 DHHS Budget assumed a rate increase that accommodates the new

\$284 daily rate proposed, the Department and Sheriff's Office anticipate an undetermined increase in costs associated with the planned closures of Ethan Allen and Southern Oaks correctional facilities. The Department will likely incur an increased use of detention beds for correctional youth pending return to one facility now located in northern Wisconsin and the Sheriff will likely incur increased transportation costs.

At the same time the State is proposing to decrease Youth Aids revenue, there continue to be concerns that new rate regulations and administrative rules anticipated to go into effect July 1, 2011 will increase costs associated with group home and residential care.

Recommendation

This report is informational only and no action is required.



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Department of Health and Human Services

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