


**COUNTY OF MILWAUKEE  
INTEROFFICE COMMUNICATION**

**DATE:** October 14, 2013

**TO:** Supervisor Peggy Romo-West, Chair, Committee on Health and Human Needs  
Supervisor David Cullen, Co-chair, Committee on Finance, Personnel and Audit  
Supervisor Willie Johnson, Jr., Co-chair, Committee on Finance, Personnel and Audit

**FROM:** Maria Ledger, Director, Department of Family Care 

**SUBJECT:** Informational report on Milwaukee County Department of Family Care 2014 Budget Request

I respectfully request that the attached informational report be scheduled for consideration by the Committee on Health and Human Needs at its meeting on October 30<sup>th</sup>, 2013 and the Committee on Finance, Personnel and Audit at its meeting on October 31st, 2013.

The Milwaukee County Department of Family Care Budget Request for 2014 highlights the challenges and opportunities we expect to face in the coming year.

The Department of Family Care is a Managed Care Organization (MCO) serving over 8,100 older adults and people age 18-59 with physical, intellectual and developmental disabilities.

The Department operates the MCO under a contract with the State Department of Health Services and a permit by the State Office of the Commissioner of Insurance.

The Department uses no tax levy and supports all staff and services with Medicaid dollars received from the State of Wisconsin.

The highlights of our budget are noted in the narrative, however I want to emphasize we are actively strengthening our provider network, those community agencies with whom we contract to provide critical services for our members.

We want to continue to expand and improve the breadth of services, especially those that

serve persons with behavior challenges. As an MCO, we want to be sure that we continue to have quality community services available for our most vulnerable members.

The Department is not eliminating any positions in this budget. We are asking to add several needed staff positions in fiscal, quality, marketing and compliance.

The bulk of our position creates are in the quality area. These additions build upon the model begun last year to strengthen the internal quality monitoring and improvement division. This year we hired a registered dietitian and a rehabilitation services supervisor who have been instrumental in working with Family Care members individually and assisting the MCO with system-wide challenges.

As an example:

The Rehabilitation Services Supervisor is taking the lead on an initiative to insure that those Family Care members who reside in their own homes receive any necessary home modifications to insure their health and safety.

Our Nurse Practitioner, Quality Manager and Medical Director have developed a Performance Improvement Project to examine current hypertension prevention efforts in diabetic members; to assess the role of Self Monitoring Blood Pressure; and to implement appropriate guidelines and procedures related to hypertension management and prevention. This initiative increases health literacy and demonstrates how the MCO can assist members in improving their health outcomes.

Subsequent to the Department's budget submission, MCDFC received their preliminary capitation rates for 2014 from the State Department of Health Services.

It should be noted that capitation rates decreased Statewide for all MCOs with the exception of those MCOs serving members in Racine and Kenosha, which received a rate increase.

All MCOs were instructed to address the preliminary capitation rate in their Business Plans, which are due to the State on Wednesday, October 16<sup>th</sup>. The State will review the Business plans and provide feedback to MCOs. This feedback will include the final 2014 capitation rates.

We don't know when our feedback will be received. We expect that our Business Plan will be reviewed farther along in the fall, as MCDFC is one of the stronger performing MCOs in the State. MCO's that are struggling are reviewed earlier.

Based on the preliminary capitation rate, the amount of the proposed revenue reduction is \$10.3 million dollars. If this figure remains constant, the MCO anticipates drawing no more than \$4.9 million from its reserves with the remainder of the \$10.3 million dollar loss being offset by the fact that 2013 revenues exceeded expenditures. The MCO will

make diligent efforts to reduce the \$4.9 million dollars through program efficiencies. MCDFC does not propose any staff layoffs or rate reductions to providers.

MCDFC has had several very productive conversations with the Department of Health Services about our preliminary capitation rate, and proposes in its Business Plan to decrease the amount of the 2014 rate reduction by approximately \$2 million dollars.

As noted earlier, we will not know if this proposal is acceptable to the State until later in the year.

Cc:

County Executive Chris Abele  
Chairwoman Marina Dimitrijevic, County Board  
Amber Moreen, Chief of Staff, Office of the County Executive  
Kelly Bablitch, Chief of Staff, County Board  
Don Tyler, Director, DAS  
Josh Fudge, Director, Office of Performance, Strategy & Budget, DAS  
Matthew Fortman, Fiscal & Management Analyst, DAS  
Scott Manske, Comptroller  
Steve Cady, Analyst, County Board Staff  
Jennifer Collins, Analyst, County Board Staff  
Jodi Mapp, Committee Clerk, County Board Staff  
Jim Hodson, Chief Financial Officer, MCDFC