


COUNTY OF MILWAUKEE
Inter-Office communication

Date: March 30, 2011

To: Supervisor John Thomas, Vice-Chair, Finance and Audit Committee
Supervisor Peggy West, Chair, Health and Human Needs Committee

From: Maria Ledger, Interim Executive Director, Department of Family Care 

Subject: MCDFC Income Statement for the period January 1, 2010 through December 31, 2010

The attached report summarizes the Milwaukee County Department of Family Care (MCDFC) income statement of the Managed Care Organization (MCO) for the period January 1, 2010 through December 31, 2010. In addition, it identifies the variance of actual results to the 2010 adjusted budget. The actual amounts are as of final year-end close (period 14-3) and subject to the annual audit. The budget amounts reflect the cumulative monthly budget for the year.

The MCO is showing a preliminary (subject to audit) actual Net Income of \$2,786,821 for the calendar year 2010. Comparing this to the adjusted budget Net Income of \$105,672 creates a positive Net Income Budget Variance of \$3,166,015. While preliminary results through December show actual revenues and actual expenditures higher than those in the adjusted budget, the variance in revenues is higher and thereby offsets any unfavorable expenditure variance.

During calendar year 2010 the MCDFC-MCO served an average of 7,383 members. Enrollment as of December 31, 2010 was 7,580 members, a net increase of 516 members from the December 31, 2009 of 7,064 members.

If you have questions concerning the attached income statement, please contact Interim Executive Director Maria Ledger at 287-7610.

Attachment

Cc: County Executive Marvin Pratt
E. Marie Broussard
Chairman Lee Holloway
Stephen Cady
Jennifer Collins
Jodi Mapp
John Ruggini
Toni Thomas-Bailey
Jim Hodson

**Milwaukee County Department of Family Care - Managed Care Organization Income Statement
For the period of January 1 through December 31, 2010**

<u>Revenues</u>	<u>1/1/10 - 12/31/10 Actual</u>	<u>1/1/10 - 12/31/10 Adjusted Budget</u>
Capitation Revenues	\$235,672,387 (1)	\$230,908,229
Member Obligation Revenues	\$27,980,716	\$27,942,047
Other Revenues	\$416,721	\$267,050
Total Revenues	\$264,069,824	\$259,117,326
<u>Expenses</u>		
Member Service Expenses	\$243,900,182	\$240,973,651
Administrative Expenses:		
---Labor & Fringes	\$7,185,120 (2)	\$7,441,976
---Vendor Contracts	\$3,986,108	\$4,098,870
---Cross Charges/internal transfers (Note 2)	\$2,230,951	\$2,294,898
---Other expenses (supplies, mileage, etc.)	\$3,980,643 (3)	\$3,733,774
--- Est. contribution to reserve		\$953,351
Total Expenses	\$261,283,003	\$259,496,520
Net Surplus/(Deficit)	\$2,786,821	(\$379,194)

December 2010 CMO Enrollment:

Nursing Home (Comprehensive):	
59 and Under	1,162
60 and Over	6,366
Non-Nursing Home (Intermediate):	
59 and Under	12
60 and Over	41
Total Members Served - 12/31/2010	7,580

Note (1): The above results reflect an accrual to increase capitation revenue for new expansion members (i.e., waiver program) based on an increase in acuity (i.e. members requiring higher care plan needs) as measured by the long-term functional screen. During 2010 the Department of Family Care (MCDFC) received \$2,046,495 for payments related to 1st and 2nd quarters of 2010. An accrual estimate of \$5,472,037 in gross revenue has been recorded for 3rd & 4th quarters; however, due to recent State of Wisconsin budget changes, the Department has conservatively recorded only 75% of this revenue and has established an offsetting allowance for \$1,368,010.

Note (2): The Department recorded an additional \$415,863 in PTO expense and removed any remaining liability for unaccrued PTO expenses for prior years to fulfill the requirements of GASB statement no 16.

Note (3): Variance from budget is attributed to the move of the Department of Family Care from the Ruess building to the courthouse and Underwood Wil-O-Way locations. Total cost of the move was \$222,200.

Note: The above financial summary represent actual results as of the reporting date, however, the results can change due to changes occurring in member service utilization (IBNR), outstanding receivables, internal charges or other regulatory changes. Any change from a prior period is accounted for in the year-to-date aggregate results. Prior period reporting is not restated.