

COUNTY OF MILWAUKEE
INTEROFFICE COMMUNICATION

DATE: March 5, 2013

TO: Sup. David Cullen, Co-Chair, Finance, Audit & Personnel Committee
Sup. Willie Johnson, Co-Chair, Finance, Audit & Personnel Committee
County Executive Chris Abele

FROM: Héctor Colón, Director, Department of Health and Human Services

SUBJECT: Report from the Director, Department of Health and Human Services, Regarding the Surplus in Excess of the Amount Budgeted in the 2012 Budget

ISSUE

County Board Resolution File No. 86-666 requires all department heads to “report to the Finance Committee, on a quarterly basis, revenues received from sources not anticipated in the budget in excess of \$100,000, or revenues received that exceed budget estimates by that amount.”

In addition, Milwaukee County Ordinance 56.02 requires each person in charge of any County office, department, agency, or any non-departmental account to “... submit a written report to the County Executive, the Committee on Finance and Audit of the County Board and the Department of Administration whenever such person has reason to know or believe that a deficit of seventy-five thousand dollars (\$75,000.00) or more in any revenue account will occur for the division of county government under the supervision of that person. The report shall be submitted as soon as practicable, but shall not exceed ten (10) working days from the earliest date that such person first has reason to believe or know of the reduction of the anticipated revenue. Such report shall include the reasons for the anticipated revenue deficit, as well as a recommended plan of action or alternatives to offset such deficit.”

BACKGROUND

During the final 2012 year-end close review, the Department of Health and Human Services (DHHS) identified revenue surpluses and deficits that had not been included in the budget related to Housing, Youth Aids, Wraparound Milwaukee and the Behavioral Health Division (BHD).

Housing

In 2012, the Section 8 (Rent Assistance) HUD program received just under \$1 million in program administrative funding. The Section 8 Program is very labor intensive and in 2012 it cost the county \$570,000 more to administer the program than it actually received in HUD funding. On the third quarter report, this deficit was not reported because it was projected to breakeven.

In addition, the Shelter Plus Care Program and Community Development Block Grant (CDBG) ended 2012 with a deficit of \$690,000. During the 2012 budget process a change was made in the accounting for all job authorization allocated costs. On the third quarter report, this deficit was not reported because it was projected to breakeven.

Juvenile Delinquency

Throughout 2012, DHHS projected a conservative surplus for Youth Aids based on a lower Average Daily Population (ADP) than budgeted. The actual Youth Aids revenue surplus of \$324,714 is consistent with the amount reported in the third quarter. The 2012 Budget assumed an average number of monthly Juvenile Correctional Institutions (JCI) placements of 158.5 compared to 148.7 over the last 12 months. Similarly, the average number of monthly placements for Child Care Institutions (CCI) is also less than budgeted at 11.3 placements over the last 12 months compared to 13.2 in the budget. When 2012 was finally closed, however, Delinquency's revenue was higher than projected by about \$1.1 million primarily due to unanticipated prior year revenue.

In addition, DCSD did not realize about \$300,000 in Title-19 revenue related to a reduction in group homes for boys from four to three.

Wraparound Milwaukee

Although the 2012 Budget anticipated a reduction in the capitation rate paid by Medicaid for Wraparound clients, this change was never implemented in 2012 due to a decision by the State Department of Health Services (DHS) to postpone the actuarial analysis of the capitation rate for one year. This change will now occur in 2013.

In anticipation of this rate reduction, BHD sought approval from the County Board to create a risk reserve to help smooth out rate fluctuations for this HMO program. In February, the County Board approved the request to create the risk reserve, which per the Comptroller, allows for the reservation of capitation-related revenues and expenditures. BHD assumed about \$5 million could be transferred to the reserve, which included revenues and expenditures other than capitation revenue. This new estimate is based on capitation-related revenues and expenditures only.

WIMCR (Medicare/Medicaid Cost reporting)

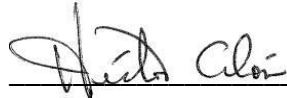
BHD includes \$2.7 million in the budget for the Wisconsin Medicaid Cost Report (WIMCR). A final settlement letter is sent to the County in December of every year. BHD has projected the same surplus in 2012 as prior years, yet the actual results for 2012 came in higher, resulting in an additional surplus of \$400,000.

Patient Revenue

Throughout 2012, Patient Care Revenues reflected a surplus which was reported each quarter. The year ended \$200,000 higher than anticipated at the end of the third quarter.

RECOMMENDATION

This is an informational report. No action is necessary.



Héctor Colón, Director

Department of Health and Human Services

cc: Raisa Koltun, County Executive's Office
Kelly Bablitch, County Board
Scott Manske, Comptroller
Don Tyler, Director, DAS
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