

As a friend and staunch supporter of the Family Care program and a contractor of the Milwaukee County Department of Family Care (MCDFC) I'd like to make the Board of Supervisors aware of the potential impact this ordinance will have on Supportive Homecare Options (SHO), its approximately 1200 SEIU represented employees and 1200 Milwaukee County residents.

SHO was formed in 1997 to provide personal and supportive homecare services to members of the Milwaukee County Family Care program and has always had an exclusive contract with Milwaukee County. Under this contract the Milwaukee County Department of Family Care sets and pays all wages, payroll taxes, and benefits including workers compensation, travel allowance, 1 week of paid time off and numerous bonuses for employees providing personal and supportive homecare services. Unlike all other healthcare services who bill fixed hourly or visit rates to Medicaid and Medicare, this contractual "pass-through" provides MCDFC unique visibility and control of the direct costs of personal and supportive homecare.

SHO is contractually responsible for managing all administrative functions including human resources, payroll, scheduling, meeting MCDFC quality assurance requirements, training, care coordination, supervisory visits, protective medical supplies, yearly TB tests, 24 hour on-call and more. SHO is compensated at a capitated rate for these management functions. In accepting capitated rates, SHO shares the risk of providing care in a cost effective way with MCDFC. The costs of these functions and our acceptance of risk keeps SHO a mostly "break even" business with small margins and low administrative costs. SHO's capitated rate is approximately \$1.15/hour. Indeed, SHO has not had a rate increase in six years while SHO employee wages have increased several times.

On average SHO employees receive about \$10.45/hour. Benefits and taxes add another 21% so the actual cost would then be about \$12.64/hour. Then adding in the management fee of \$1.15/hour MCDFC currently pays about \$13.80/hour. Because these costs are paid by the MCDFC, the most direct impact of this ordinance would be to substantially increase the costs of the Family Care program to the MCDFC. This endangers the MCDFC program for Milwaukee County - especially since the proposed ordinance includes automatic and escalating annual wage increases over the next several years and beyond. SHO employees deliver over a million hours of care to Milwaukee County Family Care members every year so seemingly small changes to wages have large impacts on budgets. Should this ordinance be enacted requiring the contractor to absorb any of these costs, SHO would cease to exist leaving the majority of our 1200 employees without employment and 1200 members without the bulk of their current supportive services because private insurance companies, Medicare and Medicaid do not pay for supportive services. Further, about 80% of the services provided by both SHO and New Health Services is provided by family members. Most other health care providers do not employ family members as caregivers.

The MCDFC, through SHO and other contracted agencies, helps provide badly needed entry-level Milwaukee County jobs. Providing personal and supportive homecare services does not require highly trained or highly educated workers. Workers are not required to become a certified nursing assistant (CNA) but only required to complete 40 hours of personal care training for employment. Of the 1200 SHO employees, only about 10% work more than 30 hours per week. **This is a second job to most SHO employees and not their primary means of support.**

Finally, the financial impact of the Affordable Care Act on SHO is yet to be determined and could be substantial. No healthcare insurance is currently provided to SHO employees.

On behalf of Supportive Homecare Options I urge you not to enact this ordinance especially involving Family Care.

Thank you,



Sally Sprenger, President
Supportive Homecare Options, Inc.