

COUNTY OF MILWAUKEE
INTEROFFICE COMMUNICATION

DATE: October 3, 2011

TO: Supervisor Lee Holloway, County Board Chairman

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

SUBJECT: Report from the Interim Director, Department of Health and Human Services, Regarding the Anticipated Receipt of Revenues in Excess of the Amount Budgeted in the 2011 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.”

During the final review of the 2010 year-end close and the 2011 2nd Quarter report review, the Department of Health and Human Services (DHHS) realized that significant revenues related to Youth Aids and Disabilities Services Division (DSD) Waiver programs materialized that had not been included in the budget. Based on these final numbers, DHHS is notifying the Board of the revenue and requesting permission, through a fund transfer, to use some of the funds for various DHHS and the Behavioral Health Division (BHD) initiatives.

BACKGROUND

DHHS is anticipating total additional revenue of \$5,738,078 related to prior year surpluses in Youth Aids, DSD Adult Waiver programs and Children’s Long-Term Support.

Youth Aids

Under current law, counties are financially responsible for the costs of juvenile delinquency-related services, except for (1) youth adjudicated as serious juvenile offenders and (2) youth under original jurisdiction of or waived to adult court. In general, these costs include providing the courts with the services necessary for investigating and supervising cases within the jurisdiction of the Juvenile Justice Code. A significant source of funding for these costs is State Aid. State statutes require counties to pay the State for the cost of juveniles placed into State custody at rates determined by the Legislature through the State budget process.

The 2010 DHHS budget included Youth Aids Revenue of \$12,360,950. Throughout 2010, DHHS was projecting a surplus for Youth Aids based on a lower Average Daily Population (ADP) than was budgeted for. When 2010 was finally closed, Youth Aids revenue was higher than projected

by \$1.7 million. This was due to a lower ADP than projected at the end of the year and the success of alternative programs for youth in the Delinquency system.

Adult Waiver Programs

In October 2009, DSD started to transition clients from the Adult Waiver programs to the State Family Care Program. Over the next year and a half, DSD continued to transition clients and close out the Adult Waiver programs. The Adult Waiver programs, which totaled approximately \$85 million annually, had been in use for over a decade in Milwaukee County and, based on the regulations for the programs, many services had up to a year to bill the County. DHHS Fiscal made projections based on use and accrued revenue for the Waiver programs over the years to pay outstanding claims. In 2010, the Adult Waivers closed resulting in the final reconciliation of the accounts. In 2011, the projected expenses were reconciled creating one-time unanticipated revenue of \$3,472,874.

Children's Long Term Support

Throughout 2010 and 2011, DSD implemented a Children's Long-Term Support (CLTS) Medicaid Waiver program expansion and redesign. Through this effort, DSD has worked closely with the State and, as of the first of this year, Milwaukee County became a pilot area for the new Third Party Administrator (TPA) program contracted through the State. To facilitate the move of the approximately \$9 million budgeted in this program to the TPA, DSD closed out the 2010 CLTS services and revenue, which resulted in deferred revenue being realized in 2011. The 2010 Children's Long Term Support program one-time deferred revenue is \$565,204.

Investment in Programs

DHHS has also submitted a fund transfer requesting to use just over \$4 million of the total \$5.7 million on critical, one-time investments for DHHS and BHD. The majority of the funding would go to pay for the 2011/2012 costs related to the Electronic Medical Record (EMR) for BHD, including the implementation, software, hardware, and contract IT support.

In addition to the EMR, the DHHS request also includes funding for the Joint Commission consultant for BHD, an allocation to jump-start the 2012 BHD Community initiative and make one-time physical changes and investments in resources for the units as needed for the Women's Treatment Unit (WTU) and Intensive Treatment Unit (ITU) programs and an investment in video conferencing capability for the Emergency Medical Services (EMS) program. For DHHS, the request includes for new technology, training and a thorough review of recidivism for Delinquency and Court Services Division (DCSD), some funds for services for those clients on the waitlist in Disabilities Services Division (DSD) due to the new State cap on Family Care and funds to establish a Resource Center library.

The fund transfer, if approved, would leave \$1.7 million in revenue for the County bottom-line and maintain the overall surplus of \$514,000 for DHHS/BHD as reported in the 2nd Quarter Report. See Attachment A for more detail. The infusion of this one-time only funding also freed-up \$1.4 million in the DHHS 2012 Budget that became available to target for other initiatives. (See attachment A.)

RECOMMENDATION

This is an informational report. No action is necessary.



Geri Lyday, Interim Director
Department of Health and Human Services

cc: County Executive Chris Abele
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