


COUNTY OF MILWAUKEE

Inter-Office Communication

Date: June 4, 2012

To: Supervisor Willie Johnson Jr, Chair, Finance and Audit Committee
Supervisor Peggy Romo West, Chair, Health and Human Needs Committee

From: Maria Ledger, Director, Department of Family Care 

Subject: Milwaukee County Department of Family Care Income Statement for the period January 1, 2011 through December 31, 2011

The attached report summarizes the Milwaukee County Department of Family Care (MCDFC) Income Statement of the MCO for the period ending January 1, 2011 through December 31, 2011. In addition, it shows the variance of those results to the 2011 adjusted budget.

The actual amounts are preliminary (see the recurring Note on the attached MCDFC-MCO Income Statement for further information). The budget amounts reflect the cumulative monthly budget for the twelve months of the year.

The MCO is showing a preliminary actual Net Income of \$9,676,436 for the twelve months ending December 31, 2011. Comparing this to the adjusted budgeted Net Income of \$3,505,189 creates a positive Net Income Variance of \$6,171,247. The preliminary results for calendar year 2011 show actual revenues exceeding those in the adjusted budget and expenditures lower than in the adjusted budget, the variance in expenditures is smaller than the variance in revenues for the period.

Average MCO member enrollment for the month of December 31, 2011 was 7,709 members, a net decrease of 93 members from the 2011 average third quarter enrollment of 7,802 members.

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

Attachment: 2011 Income Statement

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
Patrick Farley, Director, DAS
Craig Kammholz, Fiscal and Budget Administrator, DAS
Toni Thomas-Bailey, Fiscal & Management Analyst, DAS
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

**Milwaukee County Department of Family Care - Managed Care Organization Income Statement
For the period of January 1 through December 31, 2011**

<u>Revenues</u>	1/1/11 - 12/31/11 <u>Actual</u>	1/1/11 -12/31/11 <u>Budget</u>
Capitation Revenues	\$253,366,685 (1)	\$251,631,065
Member Obligation Revenues	\$29,605,014	\$28,805,949
Other Revenues	\$348,317	\$226,136
Total Revenues	\$283,320,015	\$280,663,150
<u>Expenses</u>		
Member Service Expenses	\$259,928,183	\$259,775,591
Administrative Expenses:		
---Labor & Fringes	\$6,822,978	\$8,239,514
---Vendor Contracts	\$4,134,540	\$4,717,105
---Cross Charges/internal transfers	\$1,211,896	\$1,227,492
---Other expenses (supplies, mileage, etc.)	\$1,545,982	\$3,198,259
Total Expenses	\$273,643,579	\$277,157,961
Net Surplus/(Deficit)	\$9,676,436	\$3,505,189

December 2011 MCO Enrollment:

Nursing Home (Comprehensive):	
59 and Under	1,471
60 and Over	6,175
Non-Nursing Home (Intermediate):	
59 and Under	18
60 and Over	46
Total Members Served - 12/31/2011	7,709

Note (1): The above results includes additional 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 a member's long-term functional screen. The Department of Family Care has received additional revenue in the amount \$4,061,450 for increases in the acuity of the member population during calendar year 2011. All payments have been received for this additional revenue. The Wisconsin Department of Health Services has made a policy decision to not provide the additional funding for acuity during the 1st quarter of 2012 as the enrollment cap was not lifted until the second quarter. An adjustment for acuity will be available beginning in the second quarter of 2012 and will be based on all members not just new expansion members. In this situation it is possible the adjustment could reflect a revenue decrease if the acuity of the Department of Family Care's member population improves.

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.