



DEPARTMENT OF HEALTH AND HUMAN SERVICES

Milwaukee County

Héctor Colón MS, OT
Director

June 29, 2012

Dennis G. Smith, Secretary
Department of Health Services
1 W. Wilson Street, Room 650
Madison, WI 53702

Dear Secretary Smith:

Milwaukee County Department of Health and Human Services (DHHS), Behavioral Health Division (BHD) has been participating in a redesign initiative of our behavioral health services over the past 18 months. Many recommendations have been brought forth by our Redesign Task Force on ways to decrease the use of inpatient hospitalization by strengthening the delivery and availability of community-based services. The county has been conducting an impact study on the addition of a psychosocial rehabilitation benefit to the current array of community-based services specifically considering Community Recovery Services (CRS) and/or Comprehensive Community Services (CCS).

Last month staff from BHD and our Milwaukee County partners met with the Administrators from the Divisions of Health Care Access and Accountability and Mental Health and Substance Abuse Services to discuss partnership opportunities between Milwaukee County and the state Department of Health Services for our Medicaid population. One issue that was discussed was the complexity for Milwaukee County in the administration of CRS or CCS. In Milwaukee County approximately 7,000 clients are receiving community-based mental health or substance use disorder services daily. Initial estimates identified 1,760 current BHD clients that meet the criteria for CRS and over 5,000 Medicaid recipients in BHD services eligible for CCS. This is an underestimation for CCS, as it does not take into consideration those eligible individuals receiving services in the Wraparound Milwaukee, Disability Services Division, nor the Department of Aging. Due to the high number of individuals eligible for these benefits, administering CCS and CRS is very similar to a managed care program like Family Care. There is an automatic risk reserve statutorily allowed for Family Care yet nothing similar for these psychosocial rehab benefits. As you know, risk reserves are critically important to guard against unanticipated expenditures, and to ensure the financial viability of managed care organizations or other entities that assume risk. Reducing the county's fiscal exposure for the administration of these benefits is paramount to the success of these services.

Wisconsin Chapter 59 has a specific section, 59.60, for counties with a population of 500,000 or more, exclusively Milwaukee County. This section addresses the requirement to deduct “surpluses” from property tax expenditures. The relevant excerpt from this section is italicized below.

59.60(5)(g)

(g) A complete summary of all the budget estimates and a statement of the property tax levy required if funds were appropriated on the basis of these estimates. *In determining the property tax levy required, the director shall deduct from the total estimated expenditures the estimated amount of revenue from sources other than the property tax levy and shall deduct the amount of any surplus at the close of the preceding fiscal year not yet appropriated.* The board, by two-thirds vote, may adopt a resolution before the adoption of the tax levy authorizing the use of the surplus fund in whole or in part as a sinking fund for the redemption or repurchase of bonds or to provide funds for emergency needs under sub. (9), but for no other purposes, except as provided in sub. (13). (emphasis added).

The relevant provision of Section 59.60 is being interpreted by the Milwaukee County Comptroller as potentially precluding the maintenance of a risk reserve necessary for the establishment of this program. Arguably, the risk reserve could be considered a “surplus,” which must be used for other purposes, or placed in a sinking fund for other spending priorities. Although the county can establish a reserve without input from the state, we are seeking written direction from your office clarifying that a risk reserve created for purposes of administering this program is a legitimate program expenditure, rather than a “surplus” that must be expended for other purposes or placed in a “sinking fund.” The establishment of a risk reserve account would provide the additional clarity and specificity that the funds are dedicated, segregated, and available for the sole purpose of protecting against unforeseen or potentially catastrophic CRS program expenditures.

On July 18, 2012 DHHS will be asking our Health and Human Needs Committee to allow Milwaukee County to be included in the state plan amendment for CRS. This will not be the first time that the county has sought such approval. In the past, the greatest reluctance from Health and Human Needs Committee in adopting CRS has been the fiscal exposure for the county due to the high number of eligible individuals for a Medicaid entitlement program. A step in addressing the concerns of the Health and Human Needs Committee is the establishment of a risk reserve. In the spirit of true partnership, I am respectfully requesting that the state Department of Health Services allow Milwaukee County to create a risk reserve for the administration of CRS if approval is given by the County Board to administer this program. The risk reserve will offer the necessary protection of scarce local resources and the assurance that these resources will be available in the future for this benefit and in preparation for CCS for our eligible clients. However, if the Department has other constructs that it can offer or suggest for achieving the same purpose we may be interested in working with you on those as well. Since the board meeting is coming up quickly, having a written response to the request is needed to present to the board prior to the July 18th meeting date.

If you need any additional information or would like to discuss this request further please contact Paula Lucey, BHD Administrator at Paula.Lucey@milwcnty.com or (414) 257-5202, or Susan Gadacz, Adult Community Services Branch Director at Susan.Gadacz@milwcnty.com or (414) 257-7023. I sincerely thank you for your consideration of this request and look forward to partnering with the state Department of Health Services on this and future initiatives that benefit our Medicaid population in Milwaukee County.

Sincerely,

A handwritten signature in black ink, appearing to read "Hector Colon". The signature is fluid and cursive, with the first name "Hector" and the last name "Colon" clearly distinguishable.

Héctor Colón, MS OT
Director

cc: Brett Davis, DHS/DHCAA
Linda Harris, DHS/DMHSAS
Paula Lucey, BHD
Alex Kotze, BHD
Susan Gadacz, BHD