

**COUNTY OF MILWAUKEE
INTEROFFICE COMMUNICATION**

DATE: March 7, 2016

TO: Theodore Lipscomb, Sr., Chairman, Milwaukee County Board of Supervisors

FROM: Maria Ledger, Director, My Choice Family Care

SUBJECT: From the Director of My Choice Family Care, recommending adoption of the following resolution relating to approval of the transfer agreement between Milwaukee County and My Choice

Since 2000, The Milwaukee County Department of Family Care (now operating as My Choice Family Care "MCFC") has administered long term care and support services to adults with disabilities and frail elderly persons through the State of Wisconsin Family Care program. MCFC currently administers the Family Care benefit to approximately 8,400 persons in eight Wisconsin counties.

The 2015-17 Wisconsin state budget makes major changes to the Family Care program. Under the budget:

- Primary and acute care services will be added to the Family Care benefit and provided through Integrated Health Agencies (IHAs) rather than Managed Care Organizations (MCOs)
- All IHAs will be required to maintain licensure as Health Maintenance Organizations in order to administer both long term care and support services together with primary and acute medical benefits.

The final budget document, which is now Act 55, calls for implementation of the above described programmatic changes with an effective date of January 1, 2017.

As previously noted, in order to remain a participating entity under the revised Family Care program (Family Care/IRIS 2.0), MCFC must obtain HMO licensure from the State of Wisconsin. No mechanism exists under state law for a unit of County government to obtain an HMO license. As such, MCFC must instead be organized as a non-governmental entity that is eligible for HMO licensure.

MCFC received approval from the Milwaukee County Board of Supervisors to draft a transfer agreement and presents it now to the Board.

MCFC has agreed to pay to the County the following:

- Payment equal to the accumulated sick leave payout of current MCFC employees, as established by Milwaukee County Retirement Plan Services and the Comptroller; and
- The ongoing County share of the healthcare premium for MCFC retirees, as established by Willis of Wisconsin Inc., and
- Payment equal to the actuarially determined unfunded pension obligation (legacy costs) for current and retired MCFC employees, as established by Buck Consulting; and
- Payment equal to the fair market value of any tangible personal property, including proprietary computer software or programs, trademarks and any intellectual property (the “Assets”) transferred to the MCFC Successor

The following actions have occurred since the last Board meeting:

- MCFC has drafted the attached transfer agreement which has been reviewed and approved by Corporation Counsel, the Comptroller and the Department of Administrative Services.
- MCFC has contracted with an appraiser to determine the fair market value of any tangible personal property, including proprietary computer software or programs, trademarks and any intellectual property (the “Assets”) transferred to the MCFC Successor. That appraisal is completed.

An appraiser will also be contracted by the Comptroller on behalf of the County, to be paid for by MCFC out of non-county funds to provide a second fair market value of items above. If the higher appraisal is within 110% of the lower, the amount to be paid by MCFC will be the average of the two; if the higher appraisal is more than 110% of the lower, the two appraisers will select a third appraiser (to be paid for by MCFC out of non-county funds) to set a fair market value between the two original appraisals.

At this time one valuation is completed. Thus, to ensure integrity in the valuation process and approach, a placeholder amount of \$1,024, 824 has been included as the minimum amount Milwaukee County will receive from My Choice. The placeholder amount is equal to the remaining balance of My Choice Family Care cross charges for 2016. My Choice attests that the actual payment paid to Milwaukee County for the Information System will be no less than this amount, thereby insuring that regardless of the amount of the valuation, Milwaukee County will have no unfavorable budget variance in 2016. Any valuation higher than this amount will increase the total funds received by Milwaukee County. All parties agree with this methodology.

- All Actuarial Analyses are completed and attached to the Transfer Agreement.
- MCFC has begun outreach to its current employees regarding the transition. The Department of Human Resources has been instrumental in assisting My Choice in providing information to current employees about expected changes. My Choice has committed to contracting with Milwaukee County for the services of those employees who wish to remain County employees and still work for My Choice Family Care. My Choice will pay the County for their salaries. No employees will be laid off.
- MCFC continues to meet with the Comptroller's Office, Corporation Counsel and the Department of Administrative Services to coordinate this initiative.

As previously shared, MCFC is on a very accelerated timeline and must be able to set up the necessary infrastructure for a new entity as well as work with other County Departments to insure a smooth transition.

If you have questions, please contact Maria Ledger at 287-7610.

Attachment

Cc:

County Executive Chris Abele
Chairman Theodore Lipscomb, Sr., County Board
Kelly Bablitch, Chief of Staff, County Board
Raisa Koltun, Chief of Staff, Office of the County Executive
Teig Whaley-Smith, Director, DAS
Steve Kreklow, Director, Performance, Strategy and Budget, DAS
Andre Simms, Fiscal & Management Analyst, DAS
Scott Manske, Comptroller
Steve Cady, Analyst, Office of the Comptroller
Erica Hayden, Analyst, Office of the Comptroller
Janelle Jensen, Committee Clerk, County Board Staff
Jim Hodson, Chief Financial Officer, MCFC