

MILWAUKEE COUNTY FISCAL NOTE FORM

DATE: 10/2/17

Original Fiscal Note

Substitute Fiscal Note

SUBJECT: A report from the Interim Director, Department of Health and Human Services (DHHS), and Chief Information Officer, Information Management Services Division (IMSD), requesting authorization to execute a contract with REDMANE TECHNOLOGY, LLC, for the implementation and licensing of the Integrated System and Practice Model (IS&PM) for DHHS case management

FISCAL EFFECT:

- | | |
|--|--|
| <input type="checkbox"/> No Direct County Fiscal Impact
<input type="checkbox"/> Existing Staff Time Required
<input checked="" type="checkbox"/> Increase Operating Expenditures
(If checked, check one of two boxes below)
<input checked="" type="checkbox"/> Absorbed Within Agency's Budget
<input type="checkbox"/> Not Absorbed Within Agency's Budget
<input type="checkbox"/> Decrease Operating Expenditures
<input type="checkbox"/> Increase Operating Revenues
<input type="checkbox"/> Decrease Operating Revenues | <input type="checkbox"/> Increase Capital Expenditures
<input type="checkbox"/> Decrease Capital Expenditures
<input type="checkbox"/> Increase Capital Revenues
<input type="checkbox"/> Decrease Capital Revenues
<input type="checkbox"/> Use of contingent funds |
|--|--|

Indicate below the dollar change from budget for any submission that is projected to result in increased/decreased expenditures or revenues in the current year.

	Expenditure or Revenue Category	Current Year	Subsequent Year
Operating Budget	Expenditure	\$2,403,437	\$320,285
	Revenue	\$1,803,437	\$219,117
	Net Cost	\$600,000	\$101,168
Capital Improvement Budget	Expenditure		
	Revenue		
	Net Cost		

DESCRIPTION OF FISCAL EFFECT

In the space below, you must provide the following information. Attach additional pages if necessary.

- A. Briefly describe the nature of the action that is being requested or proposed, and the new or changed conditions that would occur if the request or proposal were adopted.
- B. State the direct costs, savings or anticipated revenues associated with the requested or proposed action in the current budget year and how those were calculated. ¹ If annualized or subsequent year fiscal impacts are substantially different from current year impacts, then those shall be stated as well. In addition, cite any one-time costs associated with the action, the source of any new or additional revenues (e.g. State, Federal, user fee or private donation), the use of contingent funds, and/or the use of budgeted appropriations due to surpluses or change in purpose required to fund the requested action.
- C. Discuss the budgetary impacts associated with the proposed action in the current year. A statement that sufficient funds are budgeted should be justified with information regarding the amount of budgeted appropriations in the relevant account and whether that amount is sufficient to offset the cost of the requested action. If relevant, discussion of budgetary impacts in subsequent years also shall be discussed. Subsequent year fiscal impacts shall be noted for the entire period in which the requested or proposed action would be implemented when it is reasonable to do so (i.e. a five-year lease agreement shall specify the costs/savings for each of the five years in question). Otherwise, impacts associated with the existing and subsequent budget years should be cited.
- D. Describe any assumptions or interpretations that were utilized to provide the information on this form.

A. The Interim Director of the Department of Health and Human Services (DHHS) and the Chief Information Officer of the Information Management Services Division (IMSD) are requesting authorization to execute a contract with REDMANE, LLC, for the implementation and licensing of the Integrated System and Practice Model (IS&PM).

B. The total estimated cost for the implementation of the application, development, data conversion, decommissioning of legacy systems, contingency, annual license and support and internal technology support services is \$5.5 million over a five-year period. Total 2017 expenditures included in this request are \$2,403,437 for implementation. The licensing cost of \$1,130,777 will commence in 2018 and be funded over five years in the DHHS operating budget. The remaining cost of \$2 million out of the \$5.5 million total project cost reflects outside professional services and contingency. Professional services are provided under a separate contract that is bid out through the State of Wisconsin.

This cost is expected to be offset in future years with anticipated annual savings of between \$412,000 to \$612,000 as a result of decommissioning key legacy applications.

C. There is no tax levy impact associated with approval of this request in 2017 as funds sufficient to cover expenditures of \$2,403,437 are included as part of the 2017 DHHS Budget. This cost will be offset by about 75 percent State revenue including \$1.5 million from Youth Aids, \$200,000 in Basic County Allocation (BCA) and \$100,000 in Medical Assistance (MA) match as well as projected tax levy surplus of \$600,000. The surplus available to fund the project is largely the result of the decline in the Average Daily Population (ADP) of youth placed at Lincoln Hills which is operated by the State Department of Corrections. The year-to-date ADP is 64 compared to 87 in the 2017 DHHS Budget.

¹ If it is assumed that there is no fiscal impact associated with the requested action, then an explanatory statement that justifies that conclusion shall be provided. If precise impacts cannot be calculated, then an estimate or range should be provided.

The \$1.1 million licensing cost will be included in future year DHHS and BHD operating budgets. The 2018 DHHS Requested Budget includes \$864,000 for the IS&PM project. Of this amount, the Behavioral Health Division is financing \$543,000 with a net cost to DHHS of \$320,000. The majority of the \$320,000 is anticipated to be funded by State revenue of \$220,000 with the remaining \$100,000 from tax levy.

D. This fiscal note assumes actual costs will not exceed the overall project estimate.

Department/Prepared By Clare O'Brien, Senior Budget Analyst

Authorized Signature 

Did DAS-Fiscal Staff Review? Yes No

Did CDPB Staff Review? Yes No Not Required