

COUNTY OF MILWAUKEE
Inter-Office Communication

DATE: February 24, 2021

TO: Supervisor Marcelia Nicholson, Milwaukee County Board of Supervisors

FROM: Shakita LaGrant-McClain, Director, Department of Health and Human Services

SUBJECT: **Report from the Director, Department of Health and Human Services, seeking approval to process an administrative appropriation fund transfer to increase expenditure authority and revenue budget and establish a capital project for the Mental Health Emergency Center**

Background

For the past decade, the Department of Health and Human Services - Behavioral Health Division (BHD) has been engaged in a long-term transition to a more community-based continuum of care for residents needing mental health and substance use treatment and services. The County is currently in the process of closing Milwaukee County's Mental Health Complex (MHC) inpatient units and shifting to a contract with United Health Services (UHS) for inpatient behavioral health care. The MHC is also the site of the BHD-operated psychiatric emergency department and observation unit (known as Psychiatric Crisis Services or PCS). With the shift to contracted inpatient units, it no longer makes programmatic or financial sense for BHD to operate a freestanding PCS at this site but there is still a strong need for a psychiatric emergency department in our community.

A psychiatric emergency department provides tremendous value to the Milwaukee County community. Having a facility that can quickly assess and treat individuals in psychiatric distress reduces criminal justice system involvement for mentally ill, provides meaningful connections to community mental health services, and reduces potentially unnecessary psychiatric hospitalizations. Without a psychiatric emergency room, Milwaukee County would struggle to meet its statutory requirements around providing psychiatric assessment for emergency detentions. Failing to meet this need would lead to worse behavioral health outcomes and potentially significantly higher inpatient costs for Milwaukee County-funded individuals.

To continue this important critical service, BHD has partnered with the four private health systems in collaboration with the Milwaukee Health Care Partnership to create the new Mental Health Emergency Center. The Mental Health Emergency Center will allow BHD to continue to satisfy its statutory responsibility to provide crisis mental health services to people who are a danger to themselves or others. The facility will serve all residents regardless of ability to pay. Revenues are not anticipated to fully cover costs of providing care. The private healthcare partners have agreed to subsidize 50 percent of the operational deficit with the remaining subsidy coming from Milwaukee County. This project represents an innovative public-private partnership aimed at providing high quality emergency mental health services in a location that is convenient and accessible.

The Mental Health Emergency Center will be an important component of a larger shift to more community-based and person-centered services. BHD continues to expand crisis services with the creation of a new Crisis Resource Center, new crisis stabilization facility and programming, and expanded Comprehensive Community Services programming and enrollment. BHD is partnering with area Federally Qualified Health Clinics to embed mental health services in communities that need additional access.

Discussion

The construction costs of the MHEC facility will be shared between Milwaukee County and health system partners with an expected total cost of \$12.2 million. Milwaukee County is receiving a \$640,000 credit for land value of the proposed site at 12th and Walnut on the northern end of the existing parking lot that serves the Marcia P. Cogg Center. The health system partners have agreed to fund \$200,000 in accelerated construction costs. Milwaukee County's share of the construction costs is \$5,360,000.

Mental Health Emergency Center Construction Costs

			Land Value Credit	Total due
Milwaukee County portion	\$	6,000,000	\$ 640,000	\$ 5,360,000
Health System portion	\$	6,200,000		\$ 6,200,000
Total Construction Costs	\$	12,200,000		

The timeline of this project is especially critical. We expect that UHS will be able to support all Milwaukee County inpatient psychiatric needs by early 2022. On the current accelerated construction timeline, we expect the Mental Health Emergency Complex to begin operations in late spring 2022. BHD has committed to maintaining the PCS emergency room until the Mental Health Emergency Complex is operational to continue to meet this critical need. Milwaukee County expects additional operating loss of up to \$390,000 per month to continue to operate the psychiatric emergency room after the inpatient units close. For this reason, BHD is moving as quickly as possible to meet the timeframe below:

Milestone	Description	Deadline
United Health Services Anticipated Opening Date	United Health Services “Granite Hills” Psychiatric Hospital expected to admit its first patient in August 2021. This will begin the BHD hospital’s closure process	August 2021
Behavioral Health Division’s Mental Health Complex inpatient unit closure date	MHC hospital is expected to fully close in early 2022 when UHS is at full operational capacity	Early 2022
Psychiatric Crisis Services Emergency Room Closure Date	PCS will remain open with very limited inpatient capacity until the Mental Health Emergency Center is operational	Spring 2022
Mental Health Emergency Center Opening Date	Coincides with PCS closure date with minimal overlap. This will enable BHD to fully vacate the Mental Health Complex on 9455 W Watertown Plank Road.	Spring 2022

The Health System Partners have agreed to adhere to the County's standard community benefits expectations as part of the new joint venture. Early planning for the project has taken those expectations into account. Commitment to community benefits will be reflected in the land purchase agreements along with a credit for the land value contribution against the project.

Project Financing

Over the past several months, BHD has explored various financing options for this project. The two top financing options to emerge were discussed at the County Board’s January Finance Committee meeting:

- 1) County Board approved general obligation bonds or notes
- 2) County Board guarantee for private loan

County financing was identified as the preferred option. This option will provide the lowest interest rate while still meeting timeline demands of the project. BHD will incorporate repayments for this debt into its operational budget. County financing will be used to fund the capital construction costs for the project. The construction contracts will be held by Mental Health Emergency Center, Inc. The length of debt is anticipated to be ten years.

Governance

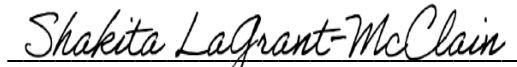
The joint venture will be governed by a board of directors comprised of eight voting members with four (50%) of the directors representing Milwaukee County. The four directors appointed by the Health System Partners will be divided evenly among the four partners with each Health System Partner having the right to appoint one director to the board of eight.

Recommendation

It is recommended that the Milwaukee County Board of Supervisors authorize an administrative fund transfer in the amount of \$5,360,000 to increase expenditure and revenue authority related to this project and establish capital project WE123012 Mental Health Emergency Center for the construction of this facility. Please note that the Comptroller's Office is requesting County financing for the project under a separate file in the March cycle.

Fiscal Impact

A fiscal note is attached.



Shakita La Grant-McClain, Director
Department of Health and Human Services

cc: County Executive David Crowley
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Sup. Felesia Martin, Vice Chair, Health & Human Needs Committee
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