

**Chairperson:** Thomas Lutzow  
**Research Analyst:** Kate Flynn Post, (414) 257-7473  
**Board Liaison:** Jodi Mapp, (414) 257-5202

**MILWAUKEE COUNTY MENTAL HEALTH BOARD  
FINANCE COMMITTEE**

**Thursday, September 8, 2022 - 1:30 P.M.**  
**Microsoft Teams Meeting**

**MINUTES**

**PRESENT:** Thomas Lutzow, Kathie Eilers, and Mary Neubauer

**EXCUSED:** Dennise Lavrenz and Jon Lehrmann

**SCHEDULED ITEMS:**

1. **Welcome.**

Chairman Lutzow welcomed everyone to the September 8, 2022, Mental Health Board Finance Committee's quarterly remote/virtual meeting.

2. **2021 Balance Sheet.**

This information is always shared in September because the public financially audited documents usually become available in late July or early August. The Committee's attention was drawn to the "Net Position" column of the document. It includes Behavioral Health Services' operational, capital, and Wraparound reserve account balances. Greater detail will be provided on reserve accounts in Item 8.

Questions and comments ensued.

This Item was informational.

3. **2022 Financial Dashboard.**

There is a \$9.8 million deficit being projected for 2022. The 2022 Budget was created anticipating a \$9.1 million draw from reserves. The \$9.8 million is slightly above what was expected but is more or less in line with assumptions for a deficit or reserve draw due to the closure of the hospital and the one-time operating costs contributed to the Mental Health Emergency Center (MHEC) all while extending psychiatric emergency room operations. Financial highlights were provided on the inpatient services deficit, state institute deficit, reserve funding for MHEC startup operations, Alcohol and Other Drug Abuse programming, Community Support Programs (CSP) surplus, and Wraparound deficit.

**SCHEDULED ITEMS (CONTINUED):**

	<p>The progress of 2022 Budget initiatives was reviewed. There is a continued pattern of seeing the cost per patient per day increase as the census decreases. With both the adult and child and adolescent inpatient services, the payer mix is healthy. Increasing costs continue as Behavioral Health Services relies more on temporary staff. Psychiatric Crisis Services salary and admission trends were reviewed. A more detailed explanation for the deficit in the Wraparound program was provided, which is due to changes made in residential care center enrollment Medicaid funding.</p> <p>The Targeted Case Management budget tax levy variance is relatively low. There is an increase in charges but also an increase in offsetting revenue. Comprehensive Community Services, a program fully funded by the State, is continuing to see growth. It is slightly under budget right now because of staffing issues, which are due to the growing nature of this program. Down trends in CSP utilization and the significant underspending in this area were discussed, which are due to challenges in the labor market and the adequacy of rates being paid. A rate increase has been included in the 2023 Budget to hopefully mitigate the issue.</p> <p>Questions and comments ensued.</p> <p>This Item was informational.</p>
4.	<p><b>2022 Financial Reporting Package.</b></p> <p>The information from this report is more of a granular numeric fashion type view of what was displayed in the dashboard. It is always provided to the Committee each quarter for full transparency and for the Committee's own historical records.</p> <p>This Item was informational.</p>
5.	<p><b>Update on Financial Vulnerabilities, Risks, and Progress on Initiatives Related to the 2022 Budget.</b></p> <p>The Wisconsin Department of Health Services (DHS) recently informed Wraparound leadership Residential Care Center (RCC) placement costs will no longer be funded after 2024. DHS feels there is risk to the Medicaid program of having these costs associated due to their interpretation of RCC being defined as institutes for mental disease. Because of this, they are no longer interested in supporting the programs with Medicaid funds. Reassurances are being received from the State indicating the psychiatric residential treatment facility designation is the way to go going forward to get Medicaid funding back into the RCCs for youth, so Behavioral Health Services (BHS) can continue to sustain the level of care.</p> <p>BHS' provider network is finding it challenging to hire and retain staff. The County has limited ability to apply increases without increasing local, state, or federal revenue to offset costs. There have been discussions with DHS partners, but no immediate solutions have been</p>

**SCHEDULED ITEMS (CONTINUED):**

	<p>identified. BHS leadership is working with the County's Human Resources, Compensation Division, on strategies to boost recruitment and retention within the organization. Revenue opportunities include substantial supplemental block grant, America Rescue Plan Act, opioid settlement, and healthcare infrastructure funding opportunities over the next several years. The one-time funds are to assist the community's recovery from the pandemic and opioid epidemic. Plans are being developed for usage focusing on creating efficiencies, expanding access to care in underserved communities, and reducing reliance on reserve funds during the transition of inpatient care to Granite Hills.</p> <p>BHS is also working with Sellers Dorsey on an investigation of potential Medicaid revenue opportunities through the State. The Negotiated Indirect Cost Rate Agreement, which allows BHS to draw down 10% for most grants, is in the process of being obtained for Milwaukee County to possibly create immediate tax levy savings. This, in turn, will allow BHS to continue to expand services.</p> <p>Questions and comments ensued.</p> <p>This Item is informational.</p>
6.	<p><b>Behavioral Health Service's Facility Relocation Plan Update.</b></p> <p>The process of closing the Mental Health Complex is in progress. All administrative staff will be moved to the third floor of the Coggs building. It will be an interim move expecting to be in place for three to four months. Most staff are being asked to work from home as much as possible. Many staff will be given a cubicle and will be working in the office one or two days a week. The timeline is contingent upon the State vacating the first and second floors of the Coggs building. They were initially slated to vacate the building in November of this year, which is now delayed. Once the State is gone, Behavioral Health Services staff will occupy those floors until the new structure is built.</p> <p>This Item is informational.</p>
7.	<p><b>Quarterly Fund Transfers Summary.</b></p> <p>Most of the fund transfers delineated are either creation of a new position funded by external revenue or realignment of cost centers to formally align the Budget with actual expenditure. The largest items are for the Wraparound program, the Mental Health Emergency Center, and other increases related to the inpatient services extension.</p> <p>This Item is informational.</p>

**SCHEDULED ITEMS (CONTINUED):**

8.	<p><b>Quarterly Reserve Impact Analysis and Overview.</b></p> <p>Behavioral Health Services (BHS) is expecting a \$9.8 million total deficit in 2022. It is currently expected to be shared primarily between the surplus and capital reserves. There is \$1.4 million in current year Mental Health Emergency Center (MHEC) capital building construction costs BHS can charge against the capital reserve fund, which reduces the total amount of bonding or borrowing against this capital project. It also reduces associated future year interest payment costs. Because BHS will no longer be operating a hospital, there will be few uses for the capital reserve fund. It was determined MHEC was the best area to use those dollars rather than relying on the initial bond funding.</p> <p>Once BHS is past this one-time deficit situation in 2022, a \$25 million balance in the operational or surplus reserve is anticipated by the end of the year. There are some anticipated costs against the fund. \$3.7 million in relocation costs represents BHS' share of the future build of the new Coggs replacement facility. Potential costs related to youth residential have been earmarked. The increase in State institute payments is also a matter of concern. Inclusive of all considerations, BHS will still be at a \$14 million reserve balance in 2023, which is above the statutory minimum.</p> <p>Questions and comments ensued.</p> <p>This Item was informational.</p>
9.	<p><b>Adjournment.</b></p> <p>Chairman Lutzow ordered the meeting adjourned.</p>
<p>This meeting was recorded. The official copy of these minutes, along with the audio recording of this meeting, is available on Milwaukee County's Legislative Information Center website, which can be accessed by clicking the link below.</p> <p>Length of meeting: 1:35 p.m. a.m. to 2:28 p.m.</p> <p>Adjourned,</p> <p><i>Jodi Mapp</i></p> <p><b>Jodi Mapp</b> Senior Executive Assistant Milwaukee County Mental Health Board</p>	

**SCHEDULED ITEMS (CONTINUED):**

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Length of meeting: 1:35 p.m. to 2:28 p.m.

Adjourned,

*Jodi Mapp*

Jodi Mapp  
Board Administrative Liaison  
Milwaukee County Mental Health Board

**The next regular meeting of the Milwaukee County Mental Health Board  
Finance Committee is Thursday, October 27, 2022, at 8:00 a.m.**

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