



Milwaukee County

Legislation Text

File #: 11-20, **Version:** 1

From the Interim Director, Department of Health and Human Services (DHHS), requesting authorization to terminate the 2011 Purchase of Service Contract with Social Rehabilitation and Residential Resources Inc. and enter into a 2011 Purchase of Service Contract with ARO Behavioral Healthcare Inc., for Targeted Case Management (TCM) services for the Behavioral Health Division.

Policy Issue

Section 46.09 of the Milwaukee County Code of General Ordinances requires County Board approval for the purchase of human services from nongovernmental vendors. Due to recent changes for the 2011 Targeted Case Management (TCM) purchase of service contracts (POS), the Interim Director of the Department of Health and Human Services (DHHS) is requesting authorization to terminate the 2011 BHD purchase of service contract with Social Rehabilitation & Residential Resources, Inc. and enter into a 2011 POS contract with ARO Behavioral Healthcare Inc. for the Behavioral Health Division (BHD).

Background

For the past several years, BHD has maintained a purchase of service contract with Social Rehabilitation & Residential Resources, Inc. (SRRR) to provide Targeted Case Management (TCM) services to BHD clients. In December 2010, the Health and Human Needs Committee authorized DHHS to enter into a 2011 purchase of service contract with SRRR to provide TCM services. In the 2011 BHD TCM contract allocation, SRRR received an allocation of \$224,112. The recommended provider has performed the relevant services for BHD for multiple years, and has met expectations and contract requirements in providing quality services to BHD clients enrolled in the TCM program.

Discussion

In early November, BHD received written notification dated October 22, 2010 from SRRR that a change in agency CEO leadership had occurred effective October 11, 2010 and the Board of Directors was pursuing a number of viable alternatives relative to the CEO position. On October 28, 2010, BHD received email notification that ARO Behavioral Healthcare Inc. (ARO) signed a Memorandum of Understanding (MOU) with SRRR "to liquidate SRRR and wind up its affairs in an orderly fashion." The email also inquired about how to proceed with respect to various Milwaukee County contracts and agreements for human services. BHD immediately referred the matter to Contract Administration within DHHS for assistance.

According to a Memorandum of Understanding executed between the SRRR Board of Directors and ARO on October 27, sometime in late September 2010, the Board of SRRR discovered that its Executive Director had

allegedly misappropriated funds being held in trust by SRRR for various chronically-ill clients under the care of SRRR. The Board terminated the employment of the Executive Director, and the matter is now the subject of further investigation. As a result, SRRR has been experiencing severe financial problems, including cash flow problems. The Board entered into an MOU with ARO to assist in achieving an orderly wind-up of SRRR, with emphasis on protecting and preserving the health, welfare and interests of SRRR's clients and patients. Subsequently, SRRR's Board passed a resolution authorizing the liquidation (including bankruptcy filing) of SRRR and transfer of the operation of some of its health and human services programs to ARO.

Pursuant to the foregoing, ARO (with the cooperation of the SRRR Board) has been managing SRRR, keeping it viable (paying only the bills necessary to "keep the lights on", take care of clients, and pay employees), and concluding in an orderly fashion. Clients served by SRRR have retained their SRRR case managers and all clinical services have been seamless so client care has been unaffected. ARO anticipates filing Chapter 7 bankruptcy for SRRR or placing SRRR into receivership on or about February 1, 2011, but all contracts and agreements must first be assigned to ARO before this can be completed.

BHD has been in contact with ARO and is confident they will continue to provide quality services to BHD clients enrolled in the former SRRR TCM program. Therefore, BHD is requesting that \$224,112 of funding originally allocated to SRRR in the December 2010 Purchase of Service Report to the County Board, now be allocated to ARO. BHD will keep the Board informed regarding any additional changes to this service line as the transition moves forward.

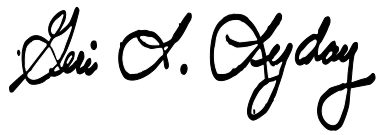
Recommendation

It is recommended that the County Board of Supervisors authorize the Interim Director, DHHS, or her designee, to terminate the 2011 BHD purchase of service contract with Social Rehabilitation & Residential Resources, Inc. and enter into a new 2011 purchase of service contract with ARO Behavioral Healthcare Inc. to reflect the organization's assumption of the SRRR purchase of service contract for the period of January 1, 2011 through December 31, 2011 in order to maintain continuity of care for individuals receiving care funded through BHD. This action will allow ARO Behavioral Healthcare Inc. to receive \$224,112 previously authorized for SRRR for Targeted Case Management services for the same period. The total amount allocated to ARO would be \$224,112.

Fiscal Effect

There is no fiscal impact associated with this recommendation, since the allocation of funds is contained in the 2011 BHD Adopted Budget. A fiscal note is attached.

Respectfully Submitted:



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