

The Financial Outlook of Milwaukee County's Behavioral Health Division

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President



Background

- Project launched in 2012 as partnership between PPF and the Public Policy Institute to help advise BHD on ways to strategically prepare for ACA implementation.
- Planning for ACA requires a keen understanding of BHD's current fiscal condition and challenges. PPF's role was to conduct such an assessment.
- The need for an outside, independent assessment of BHD's fiscal condition also was dictated by the mental health redesign process, which lacked a fiscal analysis component.

Report Format

- I. Analysis of actual expenditure/revenue data from 2009-2011 – broken down by key service areas and revenue sources – to provide perspective on fiscal trends.
- II. Analysis of first six months of 2012 to gain insight into financial impacts of recent efforts to revamp inpatient services and enhance community-based services.
- III. Analysis of BHD's 2013 requested budget to provide perspective on the challenges posed by recent fiscal trends and the impacts of early redesign efforts.
- IV. Overall observations and conclusions that tie the three separate pieces together.

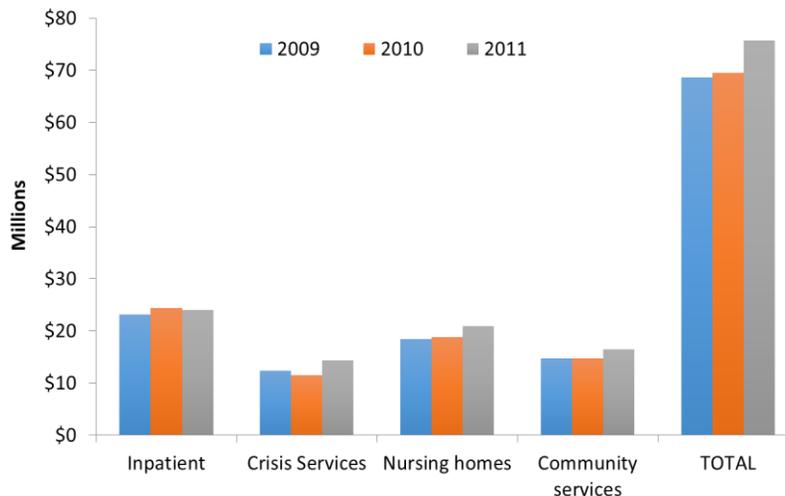
BHD Expenditures and Revenues

	2007	2008	2009	2010	2011
Personal Services w/out fringe	46,989,819	48,480,607	48,219,354	45,225,202	46,382,064
Employee fringe benefits	28,154,850	28,231,671	27,801,100	31,864,059	31,990,379
Services	9,843,915	10,084,964	9,661,202	16,936,471	19,394,747
Commodities	7,857,374	8,187,375	9,703,573	6,235,906	7,079,988
Other charges	71,835,699	73,111,172	77,179,643	75,129,393	74,371,405
Capital outlay	127,715	82,792	63,672	77,706	325,256
County service charges	38,239,417	41,409,987	38,185,131	37,784,722	40,421,891
Abatements	(31,329,741)	(34,523,950)	(32,732,183)	(32,681,691)	(35,170,135)
Total Expenditures	171,719,048	175,064,618	178,081,492	180,571,767	184,795,596
Direct revenue	63,542,361	57,361,571	60,144,434	60,278,188	61,355,869
State and federal revenue	62,415,021	58,353,670	59,686,856	61,227,168	61,584,993
Indirect revenue	2,101,285	10,700,698	8,958,796	9,932,388	10,002,135
Total Revenues	128,058,667	126,415,939	128,790,086	131,437,744	132,942,996
Property Tax Levy	43,660,381	48,648,679	49,291,406	49,134,023	51,852,600
FTE positions	877	891	851	802	817

BHD Expenditures: Key Service Areas

	2009	2010	2011	2009-2011 Change	
INPATIENT					
Acute Adult Inpatient	31,034,465	33,418,023	32,789,264	1,754,798	5.7%
Child & Adolescent Inpatient	5,455,167	5,845,757	5,939,470	484,303	8.9%
TOTAL	36,489,632	39,263,779	38,728,733	2,239,101	6.1%
PSYCHIATRIC CRISIS SERVICES					
TOTAL	16,656,843	16,870,442	18,962,747	2,305,905	13.8%
NURSING HOME					
Hilltop	15,200,977	15,349,238	16,691,928	1,490,952	9.8%
Rehab Central	13,689,632	13,303,236	14,311,442	621,810	4.5%
TOTAL	28,890,609	28,652,474	31,003,370	2,112,761	7.3%
COMMUNITY SERVICES					
Day Treatment	2,175,128	1,904,575	2,182,728	7,600	0.3%
CSP	9,407,231	9,854,590	10,178,138	770,907	8.2%
TCM	4,826,990	4,349,195	4,132,733	-694,257	-14.4%
SAIL	3,939,731	3,660,956	3,442,126	-497,604	-12.6%
Community-based crisis services	520,644	1,100,935	739,530	218,886	42.0%
Other community services	7,944,084	7,532,043	8,606,986	662,902	8.3%
TOTAL	28,813,808	28,402,295	29,282,242	468,434	1.6%
TOTAL BHD EXPS	110,850,892	113,188,991	117,977,093	7,126,201	6.4%

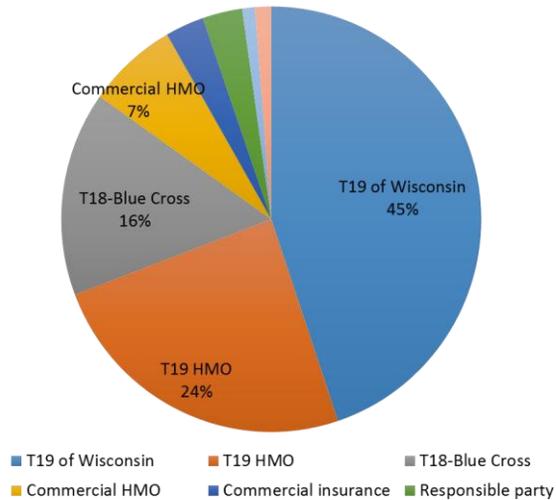
Property Tax Levy and BCA Revenues



BHD Patient Care Revenue

Funding source	2009	2010	2011
T19 of Wisconsin	15,019,389	16,298,445	14,718,765
T19 HMO	5,776,795	6,267,783	7,997,044
T18-Blue Cross	4,483,380	4,635,423	5,105,472
Commercial HMO	2,096,014	1,700,714	2,277,934
Commercial insurance	1,188,006	1,191,066	979,821
Responsible party	1,081,616	1,065,721	1,005,125
T18-WPS	381,260	425,838	318,453
Other	282,796	544,038	409,585
	30,309,256	32,129,028	32,812,199

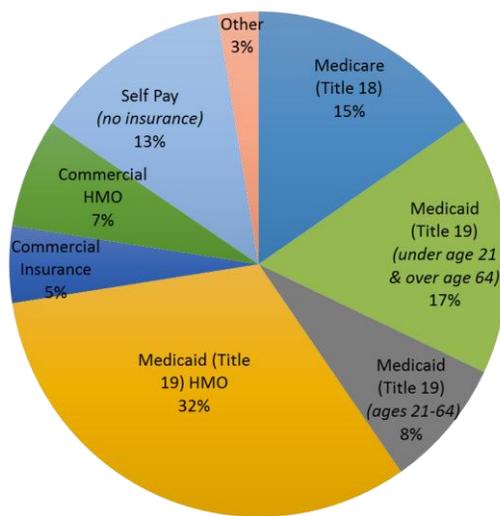
Patient Care Cash Received



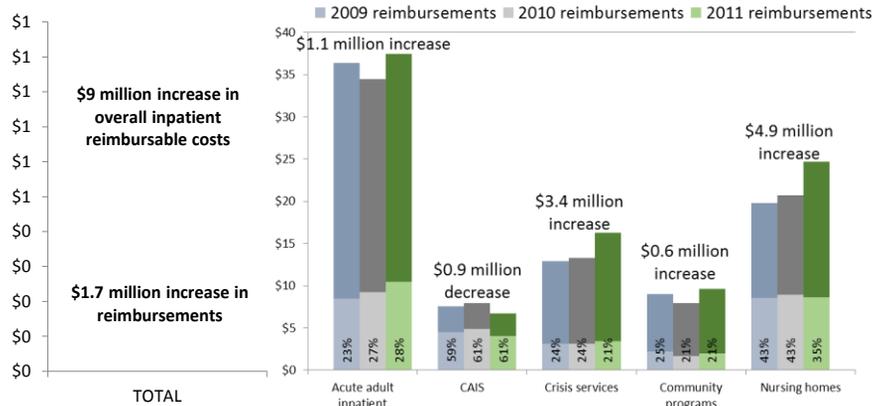
BHD Major Revenue Sources

	2009	2010	2011	Change
Property tax levy	45,218,046	47,040,830	53,358,487	8,140,442
BCA	21,723,931	21,624,670	21,412,170	-311,761
Patient care revenue	26,888,697	27,784,854	28,564,170	1,675,473
Other	14,990,968	15,187,181	13,274,236	-1,716,732
TOTAL	108,821,642	111,637,535	116,609,063	7,787,422

Inpatient Admissions by Health Insurance Payer



Inpatient revenue reimbursement by category



BHD 2013 Requested Budget

	2009	2010	2011	2012B	2013R
INPATIENT					
Acute Adult Inpatient	31,034,465	33,418,023	32,789,264	32,138,850	30,789,044
Child & Adolescent Inpatient	5,455,167	5,845,757	5,939,470	5,543,000	5,906,910
TOTAL	36,489,632	39,263,779	38,728,733	37,681,850	36,695,954
PSYCHIATRIC CRISIS SERVICES					
TOTAL	16,656,843	16,870,442	18,962,747	18,099,822	19,219,364
NURSING HOME					
Hilltop	15,200,977	15,349,238	16,691,928	14,518,649	13,689,945
Rehab Central	13,689,632	13,303,236	14,311,442	13,089,851	13,345,141
TOTAL	28,890,609	28,652,474	31,003,370	27,608,500	27,035,086
COMMUNITY SERVICES					
Day Treatment	2,175,128	1,904,575	2,182,728	2,298,886	2,556,485
CSP	9,407,231	9,854,590	10,178,138	9,886,584	9,698,895
TCM	4,826,990	4,349,195	4,132,733	3,739,931	3,499,852
SAIL	3,939,731	3,660,956	3,442,126	4,138,156	4,247,423
Community-based crisis services	520,644	1,100,935	739,530	2,692,635	2,617,921
Other community services	7,944,084	7,532,043	8,606,986	9,650,122	9,687,950
TOTAL	28,813,808	28,402,295	29,282,242	32,406,313	32,308,526
TOTAL BHD EXPS	110,850,892	113,188,991	117,977,093	115,796,486	115,258,930

Projected Savings From Closing One Acute Treatment Unit

	2013 Baseline	2013 Request w/1 Closure	9-Month Savings
Personal Services	18,235,808	16,284,336	1,951,472
Services	545,291	443,049	102,242
Commodities	1,687,691	1,371,249	316,442
Other charges	1,040,505	1,040,410	95
Capital outlay	30,000	24,375	5,625
Crosscharges	11,331,451	11,168,882	162,569
Total Expenditures	32,870,746	30,332,301	2,538,445
Direct revenue	7,990,558	6,492,328	(1,498,230)
State and federal revenue	-	-	-
Total Revenues	7,990,558	6,492,328	(1,498,230)
Property Tax Levy	24,880,188	23,839,973	1,040,215

Key Questions: Expenditures

- **Taming cost pressures at PCS** – Will recent investments to shore up facility/staff and enhance community capacity allow for stabilized or even reduced PCS spending?
- **Realizing substantial relief from inpatient/Hilltop unit closures** – If closing two units does not produce big savings, then how much additional downsizing would it take? Would a new, smaller facility reduce facility-related costs, or would many of those costs remain in a new county-owned facility? Is outsourcing or closure of sets of services or the entire operation the only answer?
- **Controlling annual increases in personnel costs** – Has BHD exhausted its ability to reduce staffing levels? Is it time for the county to change its legacy allocation policy?

Key Questions: Revenues

- **Preparing solid revenue projections** – Does BHD have the capacity to paint a clear picture of its key revenue streams and revenue initiatives, and to analyze potential threats and opportunities regarding its patient mix?
- **Continuing efforts to improve revenue collection acumen** – How much extra revenue will EMR, WIMCR and Family Care initiatives produce, and will that be enough to obviate the need for increased property tax revenue and allow for increased community investments?
- **Responding to the ACA and changes in Medicaid** – What is the potential for increased inpatient/PCS revenue from ACA (we estimate \$2.8 million)? Will IMD exclusion or TCM be impacted? What about reimbursement rates?