

**Chairperson:** Maria Perez  
**Senior Executive Assistant:** Jodi Mapp, 257-5202

**MILWAUKEE COUNTY MENTAL HEALTH BOARD  
FINANCE COMMITTEE**

**Thursday, September 10, 2020 - 1:30 P.M.**  
**Teleconference Meeting**

**MINUTES**

**PRESENT:** Maria Perez, Jon Lehrmann, \*Duncan Shrout, and Kathie Eilers

\*Committee Member Shrout was not present at the beginning of the meeting but joined shortly thereafter.

**SCHEDULED ITEMS:**

1. **Welcome.**

Chairwoman Perez welcomed everyone to the September 10, 2020, Mental Health Board Finance Committee virtual/remote meeting.

2. **2019 Balance Sheet.**

The balance sheet represents 2019 financial results and reflects the schedule of revenues, expenses, and changes in net position. It is included in the County-wide Comprehensive Annual Financial Report (CAFR), which was released sometime in August. It provides a snapshot of the Behavioral Health Division's assets, liabilities, operational capital, and Wraparound reserve accounts. Some of the items, such as the capital assets and depreciation, fall under the function of central accounting. This is a standing annual item for the Committee.

Questions and comments ensued.

This item was informational.

3. **Update on Financial Vulnerabilities, Risks, and Progress on Initiatives Related to the 2021 Budget.**

As part of the Behavioral Health Division's (BHD) 2021 Budget discussion, items of risk were identified. The Board directed a standing report be presented to the Finance Committee providing an update.

**SCHEDULED ITEMS (CONTINUED):**

	<p>An ongoing risk for BHD is the general financial health of Milwaukee County (the County) and its struggles with structural budget issues over the years. Costs are quickly rising while revenues continue to go down. There are a lot of statutory state-imposed limits on how much revenue the County can generate locally, which causes issues as the County has various statutory commitments that require funding. In the past several years, the Budget Office has included a \$2 million structural deficit item in BHD's budget. The intention was to remove the item once BHD reached its statutory limit balance on reserves. Since the pandemic has caused further stress on the County's finances, it is not clear if the structural deficit item will be lifted once the limit balance has been reached. If the item is not removed, \$2 million in savings will have to be identified to overcome the structural issue.</p> <p>The hospital is currently in the process of executing a Systems Improvement Agreement with the Centers for Medicare and Medicaid Services to address all facility deficiencies by March 30, 2021. BHD Administration is working with the Wisconsin Department of Health Services on opportunities for waivers related to certain improvements in addition to exploring lower-cost options. Additional capital costs due to regulatory and building code issues will remain a risk until the aged Mental Health Complex fully closes in 2022.</p> <p>BHD has been running at an approximately 60% bed capacity compared to what it had been prior to pandemic levels. However, staffing levels haven't changed. There are a lot of fixed costs and a lot less revenue for lack of serving as many patients because of the shift to single bed occupancy. The projected deficit is partially offset by one-time CARES Act Provider Relief funds. BHD could possibly see additional CARES Act funding for increased staffing costs.</p> <p>There have also been ongoing struggles with Wraparound Milwaukee's capitated rate. The new rate was received, which was effectively a level set rate at a 0.2% decrease. It was projected at the June meeting a 3% rate increase would be needed to break even and make Wraparound whole. BHD is working with an actuary, and the State was notified a letter from the actuary on behalf of BHD is forthcoming. Discussions with the State surrounding rate setting have been positive and may put BHD in a better position when it is addressed again in the summer of 2021.</p> <p>Questions and comments ensued.</p> <p>This item was informational.</p>
4.	<p><b>Fiscal Impact of Excessive Employee Unused Vacation Time Due to Furloughs and the Pandemic.</b></p> <p>The Comptroller indicated there would not be a direct financial impact related to employee unused vacation time. All paid time off and carryover costs are budgeted centrally. The only possible issue is substantial amounts of carryover into 2021 could lead to mass vacation use, and in turn, contribute to increased overtime. Right now, it is not a major concern.</p>

**SCHEDULED ITEMS (CONTINUED):**

	This item was informational.
5.	<p><b>2020 Financial Dashboard.</b></p> <p>An overview was provided of the 2020 Quarter 2 fiscal report detailing combined reporting, inpatient hospital annual projections, and 2020 year-to-date revenues and expenses. Program Dashboards for acute adult inpatient, child and adolescent inpatient (CAIS), Psychiatric Crisis Services (PCS), Alcohol and Other Drug Abuse (AODA), Wraparound, Targeted Case Management (TCM), Comprehensive Community Services (CCS), and Community Support Programs (CSP) were all reviewed. Year-end financial highlights included information on inpatient census, Crisis Resource Center expansion, state institutions, CCS growth, and AODA costs. BHD is looking at an overall deficit of \$7.2 million for 2020. The deficit reflected in the Wraparound area is due to the decreased capitation rate.</p> <p>Questions and comments ensued.</p> <p>This item was informational.</p>
6.	<p><b>The Behavioral Health Division’s Facility Relocation Plan Update.</b></p> <p>The plan is to co-locate the Behavioral Health Division (BHD) with other divisions under the Department of Health and Human Services (DHHS) umbrella. It supports the theory for an integrated services approach of breaking down silos and furthering the “no wrong door” concept, which translates to better efficiency and customer service. Co-location will add to BHD’s population health and system change focus as well. Key reasons for the move include to promote DHHS’ overall philosophy and closure of the inpatient hospital and emergency department. The initial assessment was based on a 54,000 square foot need. With staff successfully teleworking from home, there has been a re-evaluation and assessment of space needs. The goal is to be closer to the center of the City for convenience of individuals seeking to access services. Site selection should be complete no later than January of next year. \$3.7 million is needed to fund the project and will come from BHD reserves.</p> <p>This item was informational.</p>
7.	<p><b>2020 Financial Reporting Package and Dashboard.</b></p> <p>This report represents the Behavioral Health Division’s combined reporting with annual projections in greater detail. The important items contained within were addressed in a previous item.</p> <p>This item was informational.</p>

**SCHEDULED ITEMS (CONTINUED):**

8.	<p><b>Quarterly Fund Transfers Summary.</b></p> <p>Fund transfers delineated in the report are related to the Systems Improvement Agreement and grant awards received increasing revenue and expenses by the grant amount.</p> <p>This item was informational.</p>
9.	<p><b>Quarterly Reserve Impact Analysis and Overview.</b></p> <p>The 2019 reserve balances for various accounts total \$34.5 million. The Committee's attention was directed to the balances in the Capital and Surplus Reserves for year-end 2019. Based on results presented today related to the \$7.2 million deficit, changes are being projected at year end in those reserve balances, which brings the Capital Reserve down. This change only includes the base amount. It does not include the additional amount alluded to earlier. The Surplus Reserves balance appears to be in a good place. However, there are major reserve commitment items on the horizon. These items include the retention and severance package, relocation costs, and the 2021 structural deficit, all of which will drastically impact the Surplus Reserve. Quarterly updates will continue to be provided.</p> <p>This item was informational.</p>
10.	<p><b>Adjournment.</b></p> <p>Chairwoman Perez ordered the meeting adjourned.</p>
<p>This meeting was recorded. The official copy of these minutes and subject reports, along with the audio recording of this meeting, is available on the Milwaukee County Behavioral Health Division/Mental Health Board web page.</p> <p>Length of meeting: 1:33 p.m. to 2:35 p.m.</p> <p>Adjourned,</p> <p><i>Jodi Mapp</i></p> <p>Jodi Mapp Senior Executive Assistant Milwaukee County Mental Health Board</p>	

**SCHEDULED ITEMS (CONTINUED):**

**The next regular meeting of the Milwaukee County Mental Health Board  
Finance Committee is Thursday, October 22, 2020, at 8:00 a.m.**

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