

Chairperson: Thomas Lutzow
Senior Executive Assistant: Jodi Mapp, 257-5202

**MILWAUKEE COUNTY MENTAL HEALTH BOARD
FINANCE COMMITTEE**

Thursday, September 9, 2021 - 1:30 P.M.
Teleconference Meeting

MINUTES

PRESENT: Thomas Lutzow, Jon Lehrmann, Duncan Shrout, Kathie Eilers, and Mary Neubauer

SCHEDULED ITEMS:

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| 1. | <p>Welcome.</p> <p>Chairman Lutzow welcomed everyone to the September 9, 2021, Mental Health Board Finance Committee’s quarterly remote/virtual meeting.</p> |
| 2. | <p>2020 Balance Sheet.</p> <p>This is the audited final financial document for 2020. There was a change in net position, which will be discussed in more detail during Item #10. The primary driver for the 2020 surplus over what was initially anticipated can be attributed to increased Wisconsin Medicaid Cost Reporting (WIMCR) funding and a County-wide fringe benefit surplus.</p> <p>Questions and comments ensued.</p> <p>This item was informational.</p> |
| 3. | <p>2021 Financial Dashboard.</p> <p>The combined dashboard projects a \$7.4 million deficit for 2021. The primary drivers for the deficit include inpatient revenue loss, the budget abatement, and state institute payments, which are over budget due to lower bed capacity in Milwaukee County. The losses, which are primarily on the inpatient side, are made up with gains on the community side. As it relates to 2021 Budget initiatives, progress continues with Federally Qualified Health Center (FQHC) partnerships, the Community Support Program’s (CSP) Assisted Outpatient Treatment (AOT) Team, and Crisis Stabilization Redesign. The average census decreases while the average costs per day increase. The lower census results in losing the economy of scale. While suffering from the budget imbalance in 2021, the 2022 Budget has been adjusted to accommodate today’s census. There has been an improvement in the payor mix and write-off even with the reduced census. Admissions to the Psychiatric Crisis Services (PCS) Emergency Room has decreased over time but is starting to plateau. Cost per admission had gone up in recent years, which is consistent with what was seen in 2020.</p> |

SCHEDULED ITEMS (CONTINUED):

	<p>There is a reduction in projected revenue and expenses in the Wraparound Milwaukee program for the year. The number of youths served has been slightly decreasing over time. Significant improvements have been made related to capturing claims to Medicaid for both Comprehensive Community Services (CCS) and Crisis services. Federal grants, which were not included in the budget, are expected for the Targeted Case Management (TCM) program and will help increase revenue for this year. There are some services TCM pays providers for, which can be billed to and reimbursed by Medicaid. The CCS program continues to grow with a projected increase in enrollment. CSP program revenue is higher than budgeted.</p> <p>Questions and comments ensued.</p> <p>This item was informational.</p>
4.	<p>2021 Financial Reporting Package and Dashboard.</p> <p>The information contained in this report is similar to what was presented in the dashboards. The Committee’s attention was drawn to the bottom line of the Alcohol and Other Drug Abuse (AODA) section, which reflects a deficit. This is due to a shift in Basic County Allocation (BCA) funds from AODA programming to community mental health programming to be consistent with how the allocation is laid out in the 2022 Budget.</p> <p>This item was informational.</p>
5.	<p>Update on Financial Vulnerabilities, Risks, and Progress on Initiatives Related to the 2021 Budget.</p> <p>An ongoing risk for the Behavioral Health Division (BHD) is the general financial health of Milwaukee County and its struggles with structural budget issues. BHD has a statutory tax levy floor of \$53 million. In recent years, close to \$55 million has been needed to sustain current operations. However, there has been an expenditure reduction in the form of a \$2 million structural deficit item in BHD’s 2021 and 2022 Budgets. To cover the difference, new revenues will be needed, or expenses must be reduced.</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. The scheduled completion date is now December 31, 2021. BHD has incurred substantial capital and consulting costs to maintain compliance.</p> <p>Inpatient revenue loss remains a concern. Bed capacity limitations remain a risk as staffing becomes more challenging during the hospital closure.</p> <p>BHD anticipates full closure of the hospital, which includes the inpatient psychiatric hospital, the Psychiatric Crisis Services emergency room, and administrative space by the first half of</p>

SCHEDULED ITEMS (CONTINUED):

	<p>2022. Unexpected delays in any of these three transitions could lead to substantial unanticipated costs.</p> <p>In 2020, the State Department of Health Services issued interim rate increases for Crisis Intervention services assuming counties would continue or even expand services. Since the pandemic, there has been a decline in crisis intervention services being provided and is causing a less favorable Crisis Intervention cost settlement payment for Milwaukee County in 2021.</p> <p>Both BHD’s hospital and network are finding it challenging to hire and retain staff. The County has limited ability to apply increases without increases to local, state, or federal revenue to offset increased costs.</p> <p>There is an opportunity for American Rescue Plan Act (ARPA), additional supplemental block grant, as well as opioid settlement funding over the next several years. Allocation of the funding is still to be determined. These are one-time increases aimed at assisting the community recover from the pandemic and opioid epidemic.</p> <p>With all the state and federal grants, only a 10% overhead rate can be used, which does not cover all the overhead costs for any of the new grants. This is not sustainable as BHD continues to rely more and more on grant funding for direct services. The plan is to go to the Federal government and negotiate an indirect cost rate agreement. This will enable BHD to offset some existing administrative costs with current grants.</p> <p>Questions and comments ensued.</p> <p>This item was informational.</p>
6.	<p>The Behavioral Health Division’s (BHD) Facility Relocation Plan Update.</p> <p>BHD has been interested, for quite some time, in co-locating staff with other Department of Health and Human Services staff in support of breaking down silos across the human services divisions and the “no wrong door” vision of the Department. A lengthy real estate search was done, and it was decided the Coggs facility was the preferred location because of its history and its proximity to the Mental Health Emergency Center and other County facilities. There are some issues with the current Coggs facility, but work is being done with Department of Administration staff and a team of architects on reimagining the building to make it a more accessible, welcoming, and customer friendly environment. In the next couple of months, once the plans are finalized and the budget for the project is solidified, renderings and the timeline for the improvements will be shared. Because the County owns the building, bond funding can be used for the remodel and potentially American Rescue Plan Act (ARPA) grant funding as well.</p> <p>This item was informational.</p>

SCHEDULED ITEMS (CONTINUED):

7.	<p>The Behavioral Health Division's County-Wide Cross Charges Report.</p> <p>Interest allocation is a new charge for 2022. It is related to the bond financing of the Mental Health Emergency Center. The dollar amount was calculated at a five percent interest rate but will probably be lower. There will also be additional funding from the State to offset construction costs. There are information technology costs related to improvement enhancements for Avatar. Some or all costs can be offset by additional block grant funding. There is an abatement budgeted for the Wraparound program, which represents the cost of providing Wraparound care for youth who are also involved with the juvenile justice system. These youth need a high level of care. The Division of Youth and Family Services partially subsidizes the care of some of those youth.</p> <p>This item was informational.</p>
8.	<p>Wraparound Capitation Rates Report.</p> <p>There was a lengthy rate setting process with the State. The Behavioral Health Division received its updated rate, which is lower than the previous year's rate. The State has carved out the residential care center and treatment foster home costs from the standard rate and put it into a separate rate setting lane. It was carved out of the Medicaid funded component and is now being funded with general purpose revenue funds. At the end of the day, it resulted in a level set rate. One of the key limitations with rate setting is the medical loss ratio (MLR), which is at its limits, so the State doesn't have much latitude to increase the rate.</p> <p>Questions and comments ensued.</p> <p>This item was informational.</p>
9.	<p>Quarterly Fund Transfers Summary.</p> <p>This is a routine report and reflects fund transfers submitted and applied in the last quarter. Fund or appropriation transfers are effectively budget amendments. They are used mostly as an off-budget process to either recognize new grant revenue or move funds around between cost centers. The transfers are for System Improvement Agreement costs, the Social Justice Challenge, phlebotomy services, Mental Health Block Grant improvements and expansion costs, the child traumatic stress initiative, and Community Access to Recovery Services (CARS) positions.</p> <p>This item was informational.</p>

SCHEDULED ITEMS (CONTINUED):

10.	<p>Quarterly Reserve Impact Analysis and Overview.</p> <p>The year 2020 ended in a surplus. Some of the surplus was applied to the reserve accounts, which increased the Wrap and general surplus reserves and decreased the capital reserve. Current projections anticipate a Wraparound reserve deficit and a decrease in the capital and surplus reserves. Again, additional block grant and America Rescue Plan Act (ARPA) funding is expected and may offset some of the costs.</p> <p>This item was informational.</p>
11.	<p>Adjournment.</p> <p>Chairman Lutzow 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: 1:35 p.m. to 2:44 p.m.</p> <p>Adjourned,</p> <p><i>Jodi Mapp</i></p> <p>Jodi Mapp Senior Executive Assistant Milwaukee County Mental Health Board</p>	
<p>The next regular meeting of the Milwaukee County Mental Health Board Finance Committee is Thursday, October 28, 2021, at 8:00 a.m.</p> <p>Visit the Milwaukee County Mental Health Board Web Page at: https://county.milwaukee.gov/EN/DHHS/About/Governance</p>	