**COUNTY OF MILWAUKEE**
Inter-Office Communication

**DATE:** April 6, 2015

**TO:** Pete Carlson, Chairperson, Milwaukee County Mental Health Board Finance Committee

**FROM:** Héctor Colón, Director, Department of Health and Human Services
Approved by Patricia Schroeder, Administrator, Behavioral Health Division

**SUBJECT:** Informational Report Regarding Impact of the 2015-2017 Governor's Budget

## Issue

In early February, Gov. Scott Walker released his 2015-2017 State of Wisconsin Budget (submitted to the Wisconsin Legislature as Assembly Bill 21 & Senate Bill 21). Fiscal and program staff for the Behavioral Health Division (BHD) have reviewed the budget and identified potential risks and initiatives that could conceivably impact programs and services.

At this time, this initial assessment is based on staff interpretation of AB21, the Legislative Fiscal Bureau (LFB) Budget Summary, the "Budget and Brief" document and State Department of Health Services' summary of the budget. For many of these initiatives, additional information is needed in order to ascertain the full impact to BHD.

## Discussion

### Proposed Budget Impact on BHD's Programs and Services

The following are initiatives identified as potential impact and/or risk items for BHD:

**Emergency Detentions (pg. 59 Governor's Budget and Brief/pg. 1732 of AB21)** – Effective July 1, 2016, the budget bill provides for the same process for determining an emergency detention (ED) in Milwaukee County as is currently in place for the rest of the state. Presently, in Milwaukee County, a law enforcement officer signs a statement of emergency detention and transports the individual to BHD's Psychiatric Crisis Services (PCS) or medical emergency room (depending on the need for medical clearance of said patient), where the patient is given a psychiatric evaluation as to their disposition. If the patient is admitted, then the treatment director decides whether to supplement the current Emergency Detention with a Treatment Director's Supplement (TDS). By placing the TDS, the probable cause hearing is scheduled for 72 hours from the time of detention (not counting holidays/weekends).

Under the process followed by the rest of the state, unless a hearing is held, an individual cannot be detained by law enforcement or the facility for more than 72 hours after the individual is taken into custody.

The bill further requires that a psychiatrist, psychologist, or mental health professional perform the crisis assessment and agree to the detention.

The budget also allocates one-time funding of $1.5 million in 2015-2016 for this effort to be distributed by DHS as grants to counties. LFB's report indicates that the bill does not create specific requirements for the allocation of the funds or their use.

This funding is woefully insufficient to cover costs statewide and won't even come close to supporting the additional costs of conducting crisis assessments in Milwaukee County alone. BHD's Director of Crisis Services believes that the Crisis Mobile Team (CMT) would have to expand significantly to effectively implement the new process. The extent of this expansion will depend on whether this requirement will be that of a face-to-face assessment compared to a phone assessment (which is now done in most counties).

BHD estimates the cost of additional personnel, travel, space and other support between $2 and $2.5 million. This cost is a very rough estimate and assumes the face-to-face requirement. If the new process reflects a phone assessment and only a face-to-face assessment as needed, the cost would be less. Under this option, BHD could utilize physicians from PCS to complete the phone assessments but then dispatch CMT if needed.

According to BHD's Crisis Services Director, not all counties complete the assessment as described in the bill. Many counties give approval for payment of the involuntary treatment and not all counties complete a face-to-face crisis assessment. Even though the bill as drafted asserts to only impact Milwaukee County, it will actually effect other counties, especially if counties are no longer able to do these assessments by phone. Additionally, many counties in the state do not utilize psychiatrists, psychologists or mental health professionals as defined by Ch. 51 for completion of crisis assessments. This requirement would be a significant change and could potentially create additional costs in other counties.

**Changes to Badger Care for Childless Adults (pg. 62 Budget and Brief)** – Based on statewide enrollment projections, Badger Care for Childless Adults is expected to increase to 155,200, or 400 percent, by 2016-2017 compared to a starting point of 28,800 in 2011-2012. It also contributes to over half of the department's cost to continue for general purpose revenue funding, or $383 million.

In order to contain costs, the budget lays out a number of eligibility changes. The bill indicates that DHS will seek a waiver to "reform" coverage for childless adults by requesting the following changes: 1) monthly premiums will be imposed 2) higher premiums for those engaging in risky behaviors 3) requirement for a health risk assessment 4) eligibility limit of four years and 5) mandatory drug testing.

The eligibility changes contained in AB21 could potentially reverse the positive effects BHD has experienced with the elimination of the childless adult waitlist and expansion of Badger Care to this population. Since Medicaid expansion took effect last April, BHD has experienced a significant decline in those visiting the Access Clinic. As a result, the Access Clinic, which provides mental health services for uninsured Milwaukee County residents, experienced a 44 percent decrease in the number of individuals seeking care and services in 2014 compared to 2013.

The CARS Director believes the eligibility changes to the Badger Care program for this population will impact both BHD's success in implementing the plan submitted to the State for the Comprehensive Community Services (CCS) program and extending Targeted Case Management (TCM) to the AODA population. Individuals enrolled in CCS who lose their Badger Care eligibility will subsequently lose eligibility for CCS and other Medicaid programs. These changes will also have an impact on the ability of clients to obtain and/or maintain housing benefits that require ongoing case management services.

Undoubtedly, BHD would face greater financial exposure by continuing to provide services to this population. If these eligibility changes are approved, BHD may need to re-evaluate whether to offer services to only those who are Medicaid eligible in order to remain within its statutory imposed levy limit of $65 million.

**Disproportionate Share Hospital (DSH) Payments (item #23 in DHS Summary of Governor's Recommendations) –** These payments are provided to hospitals, including BHD, which care for indigent patients. The total payments budgeted statewide is $35.9 million in SFY2016 and go down slightly to $35.8 million in SFY2017. The State budgeted $36.7 million statewide in SFY2015 so the allocation for SFY2016 reflects a reduction of $800,000. BHD received a total of nearly $1.2 million in DSH revenue in 2014. Based on the statewide cut, BHD may realize a reduction in DSH revenue for 2015.

**State Mental Health Allocation (Item #32 in DHS Summary of Governor's Recommendations & pg. 20 of Budget and Brief)** - Effective January 1, 2016, the budget consolidates mental health funding of $24.3 million for distribution statewide to counties. This provision expands the statutory purpose of community aids funding to include mental health funding which would reflect Mental Health Treatment Services, Community Support Programs/Psychosocial Services and the Community Options Program. The intent is to create efficiencies in the "distribution of funding to counties." There is very little known about what this actually means. The LFB summary indicates that the change would still provide for the same allocation to individual counties. Yet, more information is needed as to how this change will be implemented.

**IMD and community placement funding (pg. 31 of AB21)** – The bill eliminates State payments for relocating individuals from an IMD or ICFMR. "Under current law, if a skilled nursing facility or an intermediate care facility is found to meet the classification of an institution for mental diseases, DHS must pay for care in the community or in that institution for mental diseases for individuals meeting certain criteria. Current law also requires DHS to pay for relocations of certain individuals who have mental illness to the community. The bill eliminates both of these requirements."

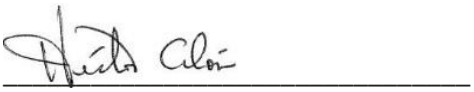
The language removes the requirement for DHS to pay for care in the community or in an IMD. There is concern that this could potentially pertain to $5.9 million in IMD Relocation funding that CARS currently receives to fund its Community Based Residential Facilities (CBRFs). Further clarification is needed on this language.

**Residential Substance Abuse Services** – This provision provides an additional $8 million of funding over the biennium for residential-based substance abuse treatment services. Currently, Medical Assistance revenue is only available for hospital inpatient and outpatient services but not for services provided in a residential setting. This is one area that could provide an opportunity for additional revenue to BHD CARS.

**Recommendation**

This report is informational and no action is required.

Respectfully Submitted:



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