

| | | | | | |
|---|--|---|---------------------------------------|---------------------------------------|-----------------------------|
| Milwaukee County Department of Health & Human Services | Date Issued: September 13, 2019 | Reviewed: By: DHHS Contract Admin | Section: ADMINISTRATION | Policy No: DHHS 008 | Pages: 1 of 2 |
| <input checked="" type="checkbox"/> Behavioral Health Division (BHD) <input checked="" type="checkbox"/> Housing Division (Housing) <input checked="" type="checkbox"/> Disabilities Services Division (DSD) <input checked="" type="checkbox"/> Division of Youth & Family Services (DYFS) <input checked="" type="checkbox"/> Management Services Division (MSD) | Effective Date: September 13, 2019 Revise Date: No Revision | Subject: Purchase of Service/Fee for Service – Payor of Last Resort | | | |

I. POLICY

It is the policy of Milwaukee County that all Milwaukee County human service contract funds are intended to be the “payor of last resort” after all other public and private funds, including medical insurance, have been exhausted.

Terms used in this Policy are the same as defined in the Contract/Agreement it is referenced in.

II. REQUIREMENTS

Under the terms of your Contract or Service Agreement, Milwaukee County Department of Health and Human Services (DHHS) funds are intended to be the “payor of last resort.” Under fee-for-service agreements, purchase of service agreements, or any other contractual relationship under which the Providers is reimbursed on a rate per unit of service provided, or net expenses, the “payor of last resort” policy comes into play at two levels.

Milwaukee County as the “payor of last resort” means that any unspent revenue received by an agency for a program under contract with the DHHS may become surplus revenue, in which case it is deemed to be unspent Milwaukee County funds and must be returned to Milwaukee County. In other words, the county does not pay for a program or service if other sources of revenue are available to pay for those services.

At the level of the Participant or Service Recipient, “payor of last resort” means that Contractors, Vendors, and/or Providers under contract with the DHHS must exhaust all other governmental or private resources (including, but not limited to, Medicaid, health insurance, etc.) that the Participant or Service Recipient may be eligible for to pay for treatment or services before using funds provided by the DHHS. In other words, the county does not pay for services to a Participant or Service Recipient if other sources of revenue are available to pay for those services.

Milwaukee County does, however, encourage agencies to expand fund raising efforts for programs under contract with the DHHS, with the assumption that agencies will use these funds to cover program expenditures. To derive maximum benefit from the receipt of additional revenue, it is important to

understand the distinction between revenue with donor restrictions and revenue without donor restrictions revenue:

- Revenue with donor restrictions refers to funds for which the donor or grantor restricts the recipients use of the funds for a specified program(s), service(s) and/or population, usually within an identified time frame.
- Revenue without donor restrictions refers to funds for which the donor or grantor has placed no restrictions on the recipients use of the funds.
- With Revenue with donor restrictions, the amount of funds received by an agency must be recorded as income for the program(s) specified by the grantor.
- With Revenue without donor restrictions, the amount of funds received by an agency can be recorded as income for an administrative fund. Then, if the need arises, Revenue without donor restrictions may be transferred from the administrative fund to be used for a program fund.

III. PROCEDURE

This distinction has significant implications for Milwaukee County contract agencies when the annual audit reports are submitted for review. As the County is the “payor of last resort,” any surplus of revenue with donor restrictions is to be returned to the County as unspent County funds. Any surplus of revenue without donor restrictions i.e., donations, contributions, etc., held by an agency in an administrative fund, can be retained by the agency and will not be recovered through the annual audit review process.