

COUNTY BOARD STAFF/FINANCE COMMITTEES
Minutes - July 25, 2014

Call to Order. County Board Staff Committee Chair Podzilni called the joint meeting of the County Board Staff Committee and the Finance Committee to order at 8:00 A.M. in Conference Room N-1/N-2 on the fifth floor of the Rock County Courthouse-East.

Committee Members Present County Board Staff Committee – Supervisors Podzilni, Brill, Bussie, Mawhinney, Peer and Sweeney. Finance Committee – Supervisors Mawhinney, Beaver and Podzilni.

Committee Members Absent: Supervisors Arnold and Kraft (County Board Staff); Supervisors Fox and Kraft (Finance).

Staff Members Present: Craig Knutson, County Administrator; Josh Smith, County Administrator Designate; Randy Terronez and Nick Osborne, Assistants to the County Administrator; Sue Prostko, Nursing Home Administrator; Dave Sudmeier, Comptroller/Accounting, Rock Haven; John Hanewall, Developmental Disabilities Director; Jennifer Patridge, Deputy Director, Developmental Disabilities; Joanne Jones Foss, Financial Supervisor, Developmental Disabilities.

Others Present: None.

Approval of Agenda. Supervisor Mawhinney moved approval of the agenda as presented, second by Supervisor Brill. ADOPTED.

Citizen Participation, Communications and Announcements. None.

Bills/Encumbrances

County Administrator	\$ 499.23
County Board	780.33
Human Resources	2,034.75
Corporation Counsel	4.40

Supervisor Mawhinney moved approval of the above Bills and Encumbrances for the County Board Staff Committee, second by Supervisor Peer. ADOPTED.

Transfer None.

Pre-Approved Encumbrances None.

Review and Discussion of Preliminary 2015 Budget Projections and Program Information - Developmental Disabilities. Mr. Hanewall introduced Jennifer Patridge as his Deputy Director and Joanne Jones Foss as his Financial Supervisor. He gave an overview of the Department, which was established in 1973 to comply with requirements of Chapter 51 of the Wisconsin State Statutes. The Rock County Board of Supervisors designated the Developmental Disabilities Board (DDB) to coordinate both financial and programmatic services for

developmentally disabled citizens in Rock County. This was based on the belief that people with disabilities should have the opportunity to remain within their own home counties and the services they receive would be more appropriate if determined at the county level. The DDB provides services to Rock County residents who are developmentally disabled or who may have sustained a traumatic brain injury. Services are available to eligible individuals from birth to death. Eligible individuals may include those who are cognitively disabled, have epilepsy, cerebral palsy, have sustained a traumatic brain injury, or conditions requiring similar treatment.

Mr. Hanewall went over his eight person staff roster and the structure of the department. He said they serve 1,200 people and are cognizant the money they use is through the tax levy, and try to be good stewards of tax payer money.

Mr. Hanewall said they included a list of acronyms and definitions and went over them.

Mr. Hanewall gave a description of services and what the department does. He said case management is provided by Catholic Charities which coordinates the overall delivery of services to clients and are serving approximately 545 clients at this time. Residential placements are provided by approximately 25 different providers, which include AFHs, group homes, CBRFs, supportive and independent living apartments, and are serving over 375 clients. Day service programs are provided by Catholic Charities, KANDU, Lutheran Social Services, and Riverfront who are providing an alternative to vocational services and are serving over 175 clients. Vocational services are provided by CESA-2 Voc, KANDU, and Riverfront and includes pre-vocational training, on-site and supportive employment programs and are serving approximately 285 clients. Birth-to-Three programs are overseen by CESA-2 TLC. Birth-to-Three is a mandated program serving children in Rock County up to the age of three who are in need of services due to developmental delays and are serving over 600 children and their families. Recreational services are provided by Catholic Charities who provide monthly recreational activities for individuals as well as social events and is serving over 100 clients. Many of these clients are receiving more than one of the above services.

Mr. Hanewall said some of the other services of the DDB are: Fiscal agent services are provided by Epilepsy and Independent Disabilities Services (IDS) to assist clients with fiscal needs such as bill paying, shopping, budgeting, etc. and are serving over 155 clients. Respite care services are coordinated by Catholic Charities and IDS and provide families and AFH providers with a break from services and are serving over 425 clients. MA/PC services are provided by the Department's RN who provides supervision, case management and oversight to over 120 clients to capture over \$3 million in reimbursement to offset the tax levy for the Department. In addition to all these services, the Department completes Adult Protective Services Annual Reviews for 45-50 clients, completes over 60 Provider Certification Reviews to ensure CIP standards are being followed in both residential, vocational and day services programs, attends IEPs in all 8 of the school districts in Rock County, assists families with over 25 Guardianship and/or Protective Placement Petitions for the court, completes over 300 reports to the State and Social Security in relation to Community Aids, Reconciliation Reports, Representative Payee Reports and other documentation as required by the State Department of Health Services and Social Security to maintain compliance with the Waiver Program.

Mr. Hanewall said they have many different funding sources to operate the programs and each of these funding sources have specific regulations as to how they may be applied, reporting requirements, and instances where funding resources may be excluded from application. Their main funding source (44%) is CIP 1-B State/Federal, the County Tax Levy (13%) is the second largest source, MA/PC (11%) is the third largest and the remaining sources are less than 10% each.

Mr. Hanewall went over the funding source breakdown for 2014 budget, 2014 anticipated budget, and 2015 projected budget. Mr. Hanewall said the status of the 2014 budget is as follows:

	<u>2014 Budget</u>	<u>2014 Anticipated</u>
Total Revenue	\$26,474,195	\$26,463,747
Total Expenses	30,386,126	30,976,955
County Tax Levy	3,911,931	3,911,931
Add'l Co. Contribution	-0-	(61,277) (over budget as of 7/21/13)

Mr. Hanewall said the operations of the 2014 budget are impacted by decreased revenues of \$10,448 from CIP 1A State Revenue, Brain Trauma State Aids/CIP II, and MA/PC; and an increase in expenses of \$590,829 from Purchase of Care, CIP 1B due to relocations, BIW/CIP II, CIP 1A, and Administrative costs for the department.

Mr. Hanewall said noted points regarding the 2014 budget are: 1) proactive placements have decreased potential emergent cases but have also increased costs, however, proactive planning and placements have reduced the number of detentions to State facilities which are extremely costly to the County; 2) the Department has successfully negotiated with many of our 40+ providers to hold costs steady or reduced costs over the past 4 years (over 25% of providers have submitted 2015 proposed budgets at a 0% increase in costs); 3) the Department received 21 High Cost COP Awards totaling \$51,764 in 2013 and has received 28 Awards so far in 2014 totaling \$10,351 from the State thus decreasing the need for the Department to tap into the budget or request additional funding from the County; 4) the State provided the Department a one-time award of \$942,750 for CY2014 & 2015 to open a minimum of six new cases off the waiting list, which we were able to open 10 individuals included two extremely high cost ones at no cost to the County; and 5) the DD Board has continued to transition cases from Human Services Department that have been extremely costly.

Mr. Hanewall said the 2015 proposed budget is:

	<u>2014 Budget</u>	<u>2015 Projected</u>	<u>Change</u>
Total Revenue	\$26,474,195	\$27,710,941	\$1,236,746
Total Expenses	30,386,126	31,655,826	1,269,700
County Tax Levy	3,911,931	3,944,885	32,954

Mr. Hanewall said the contributing factors for this request include: 1) Revenue concerns with the primary components/factors being: a) funding at the State and Federal level to remain the same or less; b) any increases in Social Security are unknown at this time. 2) Increased cost for client care with an expectation to maintain clients in the community: a) occupancy, many providers are being faced with home modifications (ramps, widening hallways, renovating bathrooms, etc.) to continue to serve aging clients in their current homes; b) additional staff, especially during waking hours, due to

clients needing assistance with basic cares; c) overall rising costs in utilities, transportation, food, etc.; 3) increased cost for mandated services the State has changed its formula for calculating the maintenance of effort for the Birth-to-Three program the County must meet; 4) potential “emergent” cases, the Department has no way of predicting when an emergent case will present itself or the costs attached for providing care; 5) transitional cases the DD Board will transition at least three high need-high cost cases from Human Services in 2015 as these individuals “age out” from Juvenile Justice CPS and the CLTW program.

Mr. Hanewall said the actions they would need to take to maintain a tax levy equal to 2014 and the impact would be:

2014 Budget Tax Levy	\$3,911,931
2015 Budget with 0% increase in Tax Levy	\$3,911,931
2015 Actual Budget Request Tax Levy	\$3,944,885
2015 Overage	\$ 32,954

- 1) Action: No increase from 2014, and a 2% decrease from 2014 budget to further reduce tax levy.
 Effect: This would result in a savings of \$135,052 in tax levy.
 Impact: Many of the residential providers would be forced to reevaluate their abilities to continue to provide services to our clients thus forcing the Department to relocate individuals, either out of Rock County and/or at higher rates. In addition, homes may have to consolidate back to 6-8 bed homes contrary to the goals of community integration and “home-like” settings.

- 2) Action: Reduce the Unanticipated/Emergency funds in the 2015 budget in the 2 programmatic areas (CIP 1A and CIP 1B) by \$78,970.
 Effect: After the 41.73% State/Local match was applied, this would result in a savings of \$32,954, which would reduce the 2015 levy amount to \$0.
 Impact: This would be an extremely calculated gamble since it would leave little monies available for “emergent cases” and unanticipated costs to serve current clients. It could potentially place the Department in the position of having to make requests to the County Board for each and every emergency or unseen service request, this possibly delaying providing services to individuals and their families in crisis.

Mr. Hanewall thanked the Committees for their consideration and support of the Department and the services they provide the citizens of Rock County.

The Committees took a short break from 9:09 to 9:14 A.M.

Review and Discussion of Preliminary 2015 Budget Projections and Program Information - Rock Haven. Ms. Prostko went over the history of Rock Haven, which started out as the Poor Farm and Alms House in 1854, became the Asylum in 1881, the County Hospital in 1893, County Home in 1911, and Rock Haven in 1963. She went over the timeline and pictures of the construction at various stages of the new Rock Haven facility.

Ms. Prostko said they ended 2011 within budget; added \$210,921 to net assets; year-end audit showed net assets of \$3,431,943; maintained an average daily census of 127 residents; increased private pay and Medicare patient days more than budgeted; supplemental payments were \$40,000 greater than budgeted; the unbudgeted certified public expenditure (CPE) payment was \$184,634; and their Medicare and private pay days were slightly above budget.

Ms. Prostko said they ended 2012 having to transfer \$255,000 from net assets for construction of the new Rock Haven, but also added \$767,326 to net assets leaving a net balance at 12/31/12 of \$4,087,084.

Ms. Prostko said the July 1, 2013 to June 30, 2014 estimate was an estimated \$1,310,300 in supplemental payment provided by the federal government for losses incurred on Medicaid residents; the actual supplemental payment for 2013 was \$1,353,700; in addition Sherry Gunderson worked with CMS and was able to acquire \$266,819 for participating in the Nursing Home Value Based Project; additional transfers were made in 2013 working with General Services; the final audit showed Rock Haven assets at \$4,005,741.

Ms. Prostko said the 2014 supplemental payment was 36,263 (based on 2013) Medicaid days, \$35.36 (current formulary amount); July 1, 2014 to June 30, 2015 estimate is $\$35.36 \times 36,263 = \$1,282,259$.

Ms. Prostko said for the 2015 budget planning they took into consideration: 1) in 2013 approximately 79% of the resident stays were covered by Medicaid; 2) Medicaid reimbursement covers about 56% of actual cost of care; 3) Rock County taxpayers cover the remaining costs; 4) current Medicaid rate is \$168.58 per day (as of 4/1/2014); and 5) current Medicaid loss is \$131.42 per day.

Ms. Prostko said the Subsidy History is:

<u>Year</u>	<u>Budgeted</u>	<u>Actual</u>
2009	\$6,242,918	\$6,013,799
2010	5,928,076	5,690,694
2011	5,863,758	5,367,323
2012	5,137,022	4,369,696
2013	4,437,817	4,519,160
2014	4,208,100	
2015	4,271,221	

Ms. Prostko said the facility rates were increased in 2013 with no anticipated increase for 2015; 2014 private daily room rate is currently \$300; intense skilled private rate was increased to \$337; this was a 3% increase across the board for the first time in 4 years; Medicare is projected to have a 2% increase on 10/1/2014; Medicaid is projecting up to a 1.5% increase; on the 128 certified beds we are looking for a census mix of Medicaid – 94, Medicare – 15, Private Pay – 12 and Hospice – 5.

Ms. Prostko said the 2014/2015 State budget provides up to \$39.1 million of supplemental payment to governmental homes to compensate for Medicaid losses. Our supplemental payment for 2013/2014 is projected to be \$1,390,600. The supplemental payment for State fiscal year 2014/2015 is anticipated to be \$1,282,259.

Ms. Prostko said the 2013 annual survey and complaint visits have not resulted in any fines or forfeitures. The annual 2014 survey has not been conducted by the State as of today.

Ms. Prostko said their budget goal for 2015 is to maintain cost control on our day to day expenses and increase revenues by increasing our private pay and Medicare census.

Ms. Prostko thanked the Committees.

Set Future Meeting Dates. Mr. Knutson said the joint meeting for the Sheriff's Office is scheduled for August 29th at 8 A.M. at the Sheriff's Office. The Committees decided on meeting August 15th at 8 A.M. in N-1/N-2 for the Public Works Department.

Adjournment: Supervisor Peer moved adjournment at 10:01 A.M., second by Supervisor Beaver. ADOPTED.

Respectfully submitted,

Marilyn Bondehagen
Confidential Administrative Assistant

NOT OFFICIAL UNTIL APPROVED BY COMMITTEES.