



Your Health is our Business!

**Meeting with the City of Milwaukee**

**May 1, 2014**

# MHSI Overview

- Milwaukee Health Services, Inc. ("MHSI") is a Federally Qualified Health Clinic ("FQHC") operating from two sites:
  - Isaac Coggs Heritage Health Connection at 8200 W. Silver Springs Drive
  - MLK Heritage Health Center at 2555 N. Martin Luther King Drive
- MHSI's mission is to provide accessible, quality primary and related health care services to Milwaukee residents, with our continuing emphasis on medically-underserved families and individuals.
- MHSI offers a comprehensive range of primary health care services including Physician, Dental, Behavioral Health, Pharmacy, Podiatry, Nutrition, HIV Care, and Benefit Determination.
- CHC's serve everyone regardless of income, or third party coverage, and seek to provide high quality care in accessible locations and at convenient times
  - MHSI is an integral part of the healthcare safety net for the greater Milwaukee area
- MHSI experienced approximately 84,000 visits for the fiscal year ended ("FYE") 1/31/14
- Total revenue exceeded \$18 million for FYE 1/31/14
- MHSI provides jobs to over 176 individuals in the Milwaukee area, of which 74% reside in the City proper, which contributes to the overall economic base and serves to stabilize the neighborhoods
  - Renewed growth of the organization provides the opportunity to expand the employee base and increase the positive economic impact to the greater Milwaukee area

# Challenges facing MHSI and other FQHCs

- MHSI has navigated many challenges over the years
- Most recently, MHSI underwent a system conversion from its former electronic health records ("EHR") and practice management system to GE Centricity
- The implementation of the new GE Centricity system was negatively impacted by system setup issues, system communication issues and training challenges
- The rollout of the Affordable Care Act ("ACA") has impacted the healthcare industry and FQHCs
- Over the past years, MHSI has witnessed a significant increase in uninsured and unreimbursed care due to the overall economy and lack of expansive social support networks

# MHSI Key Consideration Points

- HHS very supportive, awarded 5 year 330 grant to MHSI
- MHSI provided services for 84,000 visits last year, servicing over 26,000 Milwaukee area patients
- The majority of patients are the City's most vulnerable - children under the age of 18 and elderly adults
  - Over 73% are African American (does not include Unreported Ethnicity)
  - Over 65% are 100% and below the poverty level
  - Over 72% are Medicaid and Medicare eligible patients
  - Many suffer from chronic diseases – HIV, diabetes, asthma, hypertension, obesity and mental disorders
- MHSI employs 176 FTEs, down from 250+ a year ago
  - Positions include Medical, Dental, Mental Health, Pharmacy/Enabling Services, Other Programs/Services, Administration & Facility
  - MHSI attracts highly educated candidates to re-locate to Milwaukee due to the pay, experience and attractive subsidies offered – National Health Scholar Loan Forgiveness Program
  - Many of the key and support positions offer mid-high income jobs for stable employment
  - MHSI has the ability to grow its services and expand high paying FTEs to historical levels and beyond

# MHSI Accomplishments

## Cash flow position

- Neutral cash flow achieved for 7 months ended 3/31/14
- Neutral cash position projected through June 2014

## Weekly Payroll / Accounts Payable

- From September through present, all payrolls funded
- Lenders continue to be supporting and are being paid according to terms
- Vendor base continues to be supportive, even though numerous contracts refined or put out to bid to lower costs

## OIG Audit / Medicaid Audit / BCA Litigation / Centene Loan

- OIG audit settled – elimination of potential \$5m exposure
- Medicaid Audit – In process for FY09 & FY10, information provided, waiting on State review and feedback
- BCA Litigation – Litigation settled after tremendous effort, negative financial impact of up to \$500k avoided
- Centene – Agreement negotiated for FULL forgiveness of loan amount, including accrued interest (\$123k)
- Construction dispute settled with no out of pocket cost to MHSI

## Operational Performance Improvement Plan

- Operational performance improvement plans created
- Plans to be implemented throughout 2014
- Goal is to restructure MHSI for maximum efficiency/profitability

## Billing / Accounts Receivable

- Provider credentialing project completed
- Engaged Sage Growth Partners to resolve all technical issues following GE Centricity implementation
- Proactive negotiations with payers to maximize re-billing activity through waiver of timely filing
- All claims incurred in 2014 have been input and transmitted error-free and have been received by payers

## Other

- Met with State to discuss Wrap payment timing and agreed upon targets
- MHSI staff absorbed pay cuts of between 8-20% to support MHSI in the short term
  - Pay to be restored upon return of financial strength
- Providers reduced by approximately 20%+ based upon productivity measures
  - New providers to be added based upon Return on Investment analysis

# What are next steps for MHSI in 2014?

## Accounts Receivable/Billing

- Continue training to maximize efficiencies, re-allocate resources as needed to maximize workflows
- Aggressively work denied claims from 2013 – "past due A/R" to bring cash into MHSI
- Continue clean billing activity going forward

## Cash Situation/Productivity/Other

- Continue active cash management
- Implement performance improvement plan developed in Q4 2013
  - Targeted to revitalize growth, increase productivity and maximize incoming cash flows
- Upgrade GE Centricity as required to maintain system performance and maximize cash recoveries
- Actively recruit top talent to re-grow MHSI
  - Top performing providers will provide quality care, high productivity and contribute to the growth of MHSI
- Prepare for ICD 10 transition to occur in 2015
- Continue to increase profitability to invest in future growth, pay down accounts payable and establish trend line to support future refinance needs

# Overview of Requested Investment

## GE Centricity/Dentrix/ Qvera Interface Upgrade :

Investment : \$190,000

Return: Meaningful Use Funds\* of \$8,000 x 36 providers = \$288,000

Justification: The Medicare and Medicaid EHR Incentive Programs provide financial incentives for the “meaningful use” of certified EHR technology to improve patient care

## Provider Recruitment:

### Dentists:

Investment of 2 Dentists = \$ 260,000 (current staff can support incremental dentists)

Return: 2 dentists x 32 hrs x 48 wks x 2 pts/hr x \$172.40 per visit = \$1,060,000

Justification: Dental revenue can be increased substantially by matching demand with additional dentists

### Provider Extenders:

Investment of 4 Nurses = \$ 240,000; Cost of 8 Medical Assistants = \$200,000

Return: 2 pts/hr x 32 hrs x 48 wks x \$172.40 per visit = \$ 528,000

Justification: Support staff will lower overall patient service costs and also support increased provider productivity

## Patient Reminder Call Back System (Zeacom) :

Cost : \$ 10,000

Return: 1 pt/day x 52 wks x 5 days x \$172.40 per visit = \$45,000

Justification: Current system does not support required efficiency, missed calls

**Total Investment: \$900,000**

**Total Potential Return: \$ 1,921,000**

# Proposed Structure of Investment

## Loan Structure

- Term of five to seven years
- Zero percent interest
- Unsecured, required to be behind current lenders
- Consent of current lenders and MHIS Board of Directors approval required

## Loan Amortization

- Payments would begin starting February 1, 2015
- Payments would be made monthly over the term of the loan
- Mechanism to be constructed to provide for excess cash flow above certain levels to be earmarked for additional principal pay down
- Loan to be fully repaid over the five to seven year loan period