

**LRB-FISCAL REVIEW SECTION ANALYSIS**

**COMMUNITY DEVELOPMENT COMMITTEE**

**ITEM 2, FILE # 031612**

**MARCH 30, 2004**

**MARK A. RAMION**

File # 031612 is a substitute resolution authorizing the use of Community Development Block Grant reprogramming funds for the health care of uninsured persons at Milwaukee Health Services, Inc.

**Background**

1. File # 031612 is a resolution authorizing the use of \$150,000 in Community Development Block Grant reprogramming funds for the health care of uninsured persons at Milwaukee Health Services, Inc. (MHSI) and also resolving outstanding balances owed by MHSI's occupancy of the city's Isaac Coggs Community Health Center.
2. Block grant reprogramming funds will become available for transfer at the closeout of the 2003 books, most likely in May 2004.

**Discussion**

1. The Milwaukee Health Department (MHD), in conjunction with the City Comptroller and the chair of the Judiciary and Legislation Committee has offered an agreement to MHSI to address outstanding debt owed to the city related to occupancy and operating maintenance charges at the Isaac Coggs Community Health Center in the Municipal Health Services Program (MHSP).
2. As of February 17, 2004, the balance owed to the city by MHSI for these operating and maintenance charges is \$1,177,762.
3. Under the terms of the agreement offered to MHSI, the following terms will be applied in order to address two-thirds of the debt owed to the city:
  - The city shall apply \$364,862 of the amount currently withheld (\$632,336) as a result of the past withholding of 15% of monthly Medicare settlements owed to MHSI to the current debt.
  - An additional \$200,000 of the balance owed to MHSI will be applied to the debt with another \$67,474 of the amount owed to MHSI paid directly for MHSP operations. (The city currently withholds 15% of monthly Medicare settlements to all MHSP providers, including MHSI. Based upon a 2002 fiscal year Bersch Audit, it has been determined that the city owes MHSI \$267,474 for program years 1996-2000).

- The remaining \$220,312 will be repaid through the current practice of withholding 15% of Medicare settlements. Withholding will be reduced to 10% if MHSI remains current in payments to the city for a period of 12 months.

*(The preceding terms address two-thirds of the debt owed to the city)*

- The remaining one-third (\$392,587) of the debt owed to the city is to be considered no-interest debt payable to the city with 10% of any surplus of \$500,000 or more that MHSI realizes in any fiscal year until the debt is paid. *The city is to be paid only in the years in which MHSI has this positive income balance.*
4. This proposal, including MHD support for continued block grant funding, is contingent upon full and timely payments of all future occupancy and operational maintenance charges.

#### **Fiscal Impact**

1. The total amount of this resolution is \$150,000, to be made available in Community Development Block Grant reprogramming funds.
2. The fiscal impact to the city tax levy includes the boiler replacement at Coggs Health Center, \$175,000 (debt-funded) as well as any amount of the \$392,587 should MHSI fail to realize a profit for its fiscal year.
3. It is the intent of this resolution and agreement with Milwaukee Health Services, Inc. that the Milwaukee Health Department will seek \$150,000 per year (2005 and beyond) in Community Development Block Grant funds based on the documentation of equal patient care costs not reimbursed by any other payor.

Prepared by: Mark A. Ramion, X8680  
LRB-Fiscal Review Section  
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Cc: W. Martin Morics  
Seth Foldy, MD  
Bevan Baker  
Yvette Rowe  
Nick Loth  
Steve Mahan  
Ellen Tangen