



Office of the Comptroller

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November 16, 2001

To the Honorable Common Council
Committee on Judiciary and Legislation
City of Milwaukee

Re: File Number 011002

Dear Committee Members:

Enclosed please find two documents the City has received from the Interim Management Team at Milwaukee Health Services, Inc. (MHSI).

The Interim Management Team has requested payment of funds received by the City as the fiscal agent under the Municipal Health Services Program. This Office has disbursed approximately \$710,000 this year to the organization, but has withheld payment since September pending the receipt of the Reorganization Plan. That Plan is included in the November 9, 2001, attached communication. As you will note, MHSI owes approximately \$5-\$6 million to approximately 156 vendors.

The second communication from the Interim Management Team requests an immediate payment of \$114,000 under the Municipal Health Services Program. Additionally, this letter requests approximately 75% of all additional payments received. The 25% holdback would be applied toward the debt owed to the City of Milwaukee. It is typical for this Office to work with agencies for debt repayment under the program. The additional \$46,000 requested in the letter has been paid under another federal grant program.

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The City is currently owed approximately \$524,000 by MHSI against the Municipal Health Service Program for prior settled and unsettled cost report years. Additionally, the City is owed approximately \$407,000 for rent for the space utilized by MHSI in the Isaac Coggs Health Center, 2770 North Fifth Street. Cost report years for 1996 and 1997 have been closed by the federal government. 1998 through 2001 remain open and, therefore, the amounts owed to and from this agency (and others) are subject to change. We are currently holding approximately \$342,000 for unsettled cost report years for MHSI of which \$78,861 has been applied to reduce the receivable to the \$524,000 noted above.

Given the size of the receivable on the books of the City from MHSI, I thought it appropriate that the Common Council be apprised of the situation before this Office further disburses funds under this Program to this agency.

We are not in a position to evaluate the projected cash flow statements attached to the report because we are not privy to utilization statistics. Nor do we know the position of the Bureau of Primary Health Care as to the funding of the \$403,000 shortfall.

Please feel free to call me with any questions you may have.

Very truly yours,


for W. Martin Morics
Comptroller

WMM:AP

Enclosures

Cc: Seth L. Foldy, MD, Commissioner of Health
Ellen H. Tangen, Esq.
Bersch Accounting, S.C.