



## Legislation Text

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**File #:** 140239, **Version:** 2

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140239  
SUBSTITUTE 2

### THE CHAIR

Substitute resolution appropriating \$190,000 from the 2014 Common Council Contingent Fund to provide financial assistance to Milwaukee Health Services, Inc.'s organizational sustainability plan. This resolution appropriates \$190,000 from the 2014 Common Council Contingent for the purpose of providing a loan to Milwaukee Health Services, Inc.

Whereas, Milwaukee Health Services, Inc. (MHSI) has provided quality health services to the medically underserved in Milwaukee for 25 years and is a Federal Qualified Health Center (FQHC) operating under Section 330 of the federal Public Health Service Act; and

Whereas, MHSI currently provides services from the Isaac Coggs Heritage Health Connection at 8200 W. Silver Spring Drive and the MLK Heritage Health Center at 2555 N. Martin Luther King Drive; and

Whereas, MHSI served approximately 26,000 patients in 2013, of whom approximately 72% were either eligible for Medicaid or Medicare assistance; and

Whereas, The proportion of uninsured patients that MHSI serves has grown from approximately 11% to 19%, in part due to the recent economic recession; and

Whereas, MHSI is an integral component to the health care safety net for Milwaukee residents; and

Whereas, MHSI experienced severe financial problems between 2007 and 2010 as a result of management shortcomings, Medicaid overpayments and theft; and

Whereas, An estimated 74% of MHSI's employees reside within the city of Milwaukee, contributing to the economic vitality of the city and its neighborhoods; and

Whereas, MHSI has initiated an organizational sustainability plan, which has included a change in management, a reduction of 76 staff positions or approximately 30%, as well as reductions to staff salaries of between 8% and 20%; and

Whereas, MHSI's organizational sustainability has improved as a result of an operational performance improvement plan and achievement of balanced fiscal operations over the last several months; and

Whereas, Recently MHSI underwent a system conversion from its former electronic health care records (EHR) management system to a GE Centricity EHR management system; and

Whereas, This conversion has compounded some of MHSI's financial challenges; and

Whereas, Significant financial challenges remain to be resolved in order for MHSI to remain viable; and

Whereas, The American Recovery and Reinvestment Act (Recovery Act) of 2009 provides for incentive payments for Medicaid-eligible professionals who adopt, implement, upgrade, or meaningfully use certified e EHR technology in their first year of participation in the program and successfully demonstrate meaningful use in subsequent years; and

Whereas, An upgrade to the EHR system will enable MHSI to achieve enhanced reimbursement, most immediately \$288,000 via the Recovery Act's "meaningful use" provision; and

Whereas, MHSI is in need of \$190,000 to resolve past due payments pertaining to its EHR vendor and to enable a necessary system upgrade to occur; and

Whereas, Financial assistance to MHSI for this purpose is clearly a "public purpose" because of its role in the Milwaukee's healthcare safety net; and

Whereas, A loan agreement has been prepared to effectuate this financial assistance, a copy of which is attached to this file; now, therefore, be it

Resolved, By the Common Council of the City of Milwaukee, that \$190,000 shall be appropriated and transferred from the 2014 Common Council Contingent Fund (0001-9990-C001-006300)(2014) to the Health Department's Operating Expenditures Account (0001-3810-006300-CXXXX) (2014) for the purpose of providing financial assistance to Milwaukee Health Services, Inc.; and, be it

Further Resolved, That the Commissioner of the Health Department is authorized to enter into the attached loan agreement with Milwaukee Health Services, Inc. on the terms set forth in the attached "Note"; and, be it

Further Resolved, That the City Comptroller and other City officials are directed to take the steps necessary to fulfill the intent of this resolution"; and, be it

Further Resolved, That beginning with the first loan payment from MHSI, due on February 2, 2015, the Department of Administration- Budget and Management Division shall provide monthly status reports to the Finance and Personnel Committee relating to the repayment of the loan.

DOA-Budget and Management Division  
LRB152614-2  
Jim Carroll  
5/30/14