

COUNTY BOARD STAFF/FINANCE COMMITTEES
Minutes - July 25, 2012

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, Kraft, Arnold, Brill, Bussie, Jensen, Peer, Yankee. Finance Committee – Supervisors Kraft, Beaver, Podzilni.

Committee Members Absent: Supervisors Mawhinney (County Board Staff and Finance), and Fox (Finance).

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

Others Present: Supervisors Terry Thomas, Steve Howland, and Dave Brown.

Approval of Agenda. Supervisor Yankee moved approval of the agenda as presented, second by Supervisor Peer. ADOPTED.

Citizen Participation, Communications and Announcements. None.

Approval of Minutes of July 13, 2012. Supervisor Jensen moved approval of the minutes of July 13, 2012 as presented, second by Supervisor Bussie. ADOPTED.

Review and Discussion of Preliminary 2013 Budget Projections and Program Information - Rock Haven. Ms. Gunderson handed out a timeline for what is now Rock Haven from 1854 to present. Also charts on the number of licensed beds, staff reductions, and budgeted FTEs since April 1998; tax levy history from 2000 – 2013; and Wisconsin nursing home Medicaid deficits as of June 2012.

Ms. Gunderson 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 design of the new building, which will open in January 2013, and pictures of the construction at various stages.

Ms. Gunderson said they have maintained 127 residents in 2012; their supplemental payments were \$40,000 greater than budgeted; the unbudgeted certified public expenditure (CPE) payment was \$184,634; their Medicare and private pay days were slightly above budget; their year end estimates look good and they do not expect to use the \$300,000 from the net assets planned in the 2012 budget.

Ms. Gunderson said for the 2013 they are expecting about 85% of their resident stays will be covered by Medicaid, with Medicaid reimbursement covering about 60% actual cost, and Rock County residents through the tax levy covering the remaining cost; the current Medicaid rate is \$159.82 per day, with the current Medicaid loss of \$139.87 per day. She said they received some good news for July 2012: Medicaid reimbursement rate will increase by about 1%; labor region adjustment increase of about 1.2% for Janesville; a rate increase of 1.8% for cost of living increase in social security for 2012 and one is expected for 2013 also.

Ms. Gunderson said a 2% decrease in Medicare Part A funding is expected in 2013; private pay rate we will increase by 3% on 1/1/13, the first increase in 4 years, the 2012 daily rate is \$292 – 2013 it will be \$300, and the intensive rate in 2012 is \$322 – 2013 it will be \$330.

Ms. Gunderson said the investment in geothermal at the new facility was \$900,000, which is expected to be paid back within 6 years in cost savings. The current electric and gas costs are over \$200,000 annually and the projected annual costs (Alliant Energy estimate) for 2013 for the new facility is \$25,000 for natural gas and \$75,000 for electricity.

Ms. Gunderson said once they have been in their new building for 6 months they will be able to apply for an appraisal to determine the property value in order to adjust their Medicaid rate to reflect this \$31 million project. She said they are anticipating a rate increase of \$15 per MA day for a total of \$600,000 in additional MA funding annually.

Mr. Gunderson said the State is reviewing a plan to increase the property component in July 2013. The anticipated increase would increase their daily rate by an additional \$2.50 per Medicaid day for an additional \$95,000 annually. In addition, it is expected that an annual increase of 2.5% will be added to the Medicaid formula beginning July 2014.

Ms. Gunderson said the 2011/2013 State budget provides up to \$39.1 million of supplemental payment to governmental homes to compensate for Medicaid losses. Our supplemental payment for 2011/2012 was \$1,289,859. We are anticipating our supplemental payment for State fiscal year 2012-2013 to be more than the 2011/2012 total.

Ms. Gunderson said their budget goal for 2013 is to request less levy than budgeted for in 2012. They are not planning to make any changes to staffing patterns in 2013. Once they settle into their new facility she will better be able to make adjustments, if needed/able. She said the Finance department staff will be reporting directly to her in 2013 rather than being cross charged.

Ms. Gunderson thanked the Committees.

Review and Discussion of Preliminary 2013 Budget Projections and Program Information - Developmental Disabilities. Mr. Hanewall introduced Jennifer Patridge as his Deputy Director and Joanne Jones 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.

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 553 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 450 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 300 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 over 275 clients. Family Support and Birth-to-Three programs are overseen by Catholic Charities and CESA-2 TLC. Family Support serves children in Rock County covered by the Children's Long Term Waiver program. 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 225 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 130 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 (12%) is the second largest source and the remaining sources are less than 10% each.

Mr. Hanewall went over the funding source breakdown for 2012 budget, 2012 anticipated, and 2013 projected. Mr. Hanewall said the status of the 2012 budget is as follows:

	<u>2012 Budget</u>	<u>2012 Anticipated</u>
Total Revenue	\$26,482,254	\$25,460,424
Total Expenses	30,172,882	29,754,599
County Tax Levy	3,690,628	3,690,628
Add'l Co. Contribution	-0-	603,547 (as of 5/1/12)

Mr. Hanewall said the operations of the 2012 budget can be divided into two major focus areas; 1) Specific client driven needs; and 2) General unanticipated needs.

The specific client driven needs are divided into four categories: 1) Relocations within the community, which included six clients to date at a cost of \$178,540 (County share \$71,377) to relocate to new settings; 2) Relocations from State centers (Oconomowoc Developmental Training Center and Northern Wisconsin Center), which includes two clients at a cost of \$327,865 (County share \$131,146) to discharge clients back to a community setting; 3) Proactive placements to avert emergency placements, which includes five clients at a cost of \$353,580 (County share \$141,433) to move clients from a home setting to the community; and 4) Increased cost to a current provider due to increased physical/medical/behavioral needs, is cost effective to increase the care rate rather than relocate the three clients at a cost of \$29,680 (County share \$3,088), and we have been able to secure an increase in funding from the State in two cases to avert relocation to a nursing home.

Mr. Hanewall reported on the General Unanticipated Needs: 1) There is a shortfall of approximately \$70,500 for the Birth-to-Three program, which is a State mandated program. This is due to the increased number of children being served in the program and the increased costs of therapy services. 2) There is a decrease in budgeted revenue from the State of \$1,121,647. Based upon the 2012 anticipated revenue compared to the 2012 budgeted revenue, the Department is anticipating a decrease as follows:

State Categorical Aids	\$ 35,317	Brain Trauma State/Fed Aids	\$ 28,251
CIP 1-A State/Fed	200,414	CIP 1-B State/Fed	233,601
Community Aids/BCA	624,063		

3) Referral of two traumatic brain injuries within the past 30 days at an undetermined cost at this time. DDB will be the agency of responsibility for services once these individuals are ready for placement in the community.

Mr. Hanewall said he had a number of points regarding the 2012 budget: 1) The Department has been able to meet the placement needs for the 13 clients previously mentioned through attrition in the program; 2) The Department has been able to meet the budgetary shortfall of a Provider of a mandated program internally without appealing to the county for additional funding; 3) The Department is anticipating an increase in MA/PC revenue of approximately \$300,000 which will offset some of the anticipated revenue loss from the State; 4) The Department has been successful in appealing to the State on several occasions to obtain additional funding to offset higher care rates due

to increased medical/behavioral/physical needs to prevent the County from incurring those costs; 5) The Department has successfully negotiated with many of our over 50 providers to either reduce or hold cost steady given the financial status of the County for both the 2012 and 2013 fiscal year.

Mr. Hanewall said the 2013 proposed budget is:

	<u>2012 Budget</u>	<u>2013 Projected</u>	<u>Change</u>
Total Revenue	\$26,482,254	\$26,613,299	\$131,045
Total Expenses	30,172,882	30,451,278	278,396
County Tax Levy	3,690,628	3,837,979	147,351

Mr. Hanewall said the contributing factors for this request include: 1) Decrease in revenue/funding from the State of \$74,279 and decrease in case management of \$15,000; 2) Increased cost for client care including occupancy, additional staff, and overall rising costs in utilities, transportation, food, etc.; 3) Increased cost for mandated services for Birth-to-Three program for an increase of \$36,355.

Mr. Hanewall said the actions they would need to take to maintain a tax levy equal to 2012 and the impact would be:

- 1) Action: Maintain Rehab Resources at their 2012 budgeted amount of \$102,250 verses their requested amount of \$152,250.
 Effect: Since Rehab Resources is totally funded utilizing Purchase Care dollars, this would result in a savings of \$50,000 and would reduce the overage to \$97,351.
 Impact: Since Rehab Resources had to request an additional \$70,500 in 2012 to meet a projected budgetary shortfall, it is predictable that there would be a budgetary shortfall in 2013. As Rehab Resources is the therapeutic component to Birth-to-Three program the shortfall would have to be met in 2013.

- 2) Action: Hold the three current vacancies open, without placement, excluding emergencies during 2013.
 Effect: This would decrease residential cost by \$197,416. After the State/Local match was applied, this would result in a savings of \$49,325 and reduce the overage to \$48,026.
 Impact: No residential placements would be filled and the waiting list for services, currently at 208, would continue to grow.

- 3) Action: reduce the Unanticipated/Emergency funds for 2013 in three programmatic areas, CIP-1A, CIP-1B and Brain Trauma, by \$121,677.
 Effect: after the State/Local match was applied, this would result in a savings of \$48,026 and reduce the overage to \$0.
 Impact: This would essentially eliminate any new openings, create longer waiting list, and there would be no increase in current services.

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

Mr. Knutson said he met with staff the prior day on ADRC and said it looks like we will proceed with the program in Rock County. This will help in two-to-three years if we go to Family Care. He said they are hoping to have something in the 2013 budget.

Set Future Meeting Dates. Mr. Knutson reminded the Committees that the next meetings of the Joint Committees will be Wednesday, August 8th, 1:00 P.M. in N-1/N-2 for Public Works, and for the Sheriff's Office on August 17th, 8 A.M. at the Sheriff's Office.

Adjournment: Supervisor Arnold moved adjournment at 10:00 A.M., second by Supervisor Bussie. ADOPTED.

Respectfully submitted,

Marilyn Bondehagen
Confidential Administrative Assistant

NOT OFFICIAL UNTIL APPROVED BY COMMITTEES.