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DHFS

March 2, 2000

## **Westside Healthcare Association** – release of funding

### **Summary of proposal**

In the budget, we approved the release of \$1 M GPR to the Rainbow Clinic successor under 14 day passive review once DHFS submitted a report giving the details of the successor's operations. DHFS reported to JFC on 12/7/99 and Gard (we think) objected to the request.

The Westside Healthcare Association (WHA) was created in 4/99 when Rainbow folded. They receive funding from the City, the State's minority business fund & through collaborations with MCOW, 16<sup>th</sup> Street & Marquette Dental School. In addition, they're seeking FQHC designation from the Feds & Antonio reports they've been given verbal approval on this, and expect official approval in April.

Since the funding in the budget was a one-time appropriation, LFB points out some uncertainty as to how they'll be able to continue to operate after 3/31/01, after the funding is expended. Antonio seems to think once they get on their feet & get FQHC status, they'll be ok.

### **Staff Comments**

Chris/Riley called last week to inform Julie that Antonio & Gard are working on a motion that will be something of a compromise. They want to approve ½ the money now & the other ½ in 6 months. They feel this will show the commitment of the WHA to provide quality care & the type of service they envision. Antonio asked that it be a Gard/Burke motion since he has to recuse himself from the vote (he's on the board). I told Chris you wouldn't agree to anything without the actual language, and pointed out that we were less than pleased to have this sprung on us at the last second.

One other thing to consider is that if they do receive FQHC status, they will be eligible to receive some of the \$3 M approved in the budget for all FQHC's for 2000-01. According to Charlie Morgan, since WHA won't get their FQHC designation until the 2000-01 half of the biennium, the other FQHC's won't actually lose money over '99-00, they just won't get as big an increase.

### **Recommended JFC Action-**

Approve the ½ & ½ motion.



## Legislative Fiscal Bureau

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March 2, 2000

TO: Members  
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Request for Release of Funds for the Westside Healthcare Association

The Department of Health and Family Services (DHFS) requests the transfer of \$1,000,000 GPR in 1999-00 from the Committee's supplemental GPR appropriation under s. 20.865(4)(a) to the Department's appropriation under s. 20.435(5)(fh) in 1999-00 to award a grant to the Westside Healthcare Association of Milwaukee, pursuant to s. 9.123(9k) of 1999 Wisconsin Act 9.

### BACKGROUND

1999 Wisconsin Act 9 provided \$1,000,000 GPR for DHFS to distribute as a grant to a community health center in the City of Milwaukee that emphasizes the health care needs of minority group members, high-risk pregnant women, infants, children and the elderly. This funding was provided to support a one-time payment to the successor of Rainbow Clinic in Milwaukee, which had ceased operations. The Act 9 provision required DHFS to seek the transfer of these funds under a 14-day passive review process once DHFS submitted a report that detailed the amount of the grant and the services that would be provided under the grant by the community health center.

On December 7, 1999, DHFS submitted its request to the Committee for the release of this funding to provide to the Westside Healthcare Association under the 14-day passive review process specified in Act 9. On December 29, 1999, the Co-Chairs informed DHFS that the Committee wished to meet on this matter.

## ANALYSIS

*Rainbow Community Health Centers.* Until April, 1999, the Milwaukee Indian Health Board operated three health care centers that were collectively known as the Rainbow Community Health Centers (RCHCs). These centers included: (a) the 27<sup>th</sup> Street Community Health Center at 930 N. 27<sup>th</sup> Street; (b) the Milwaukee Indian Health Center at 1711 S. 11<sup>th</sup> Street; and (c) the Lisbon Avenue Community Health Center at 3522 W. Lisbon Avenue. The centers provided comprehensive primary care services, health education, case management for high-risk perinatal and adult patients, mental health and substance abuse counseling, referral, dental care, lead screening, WIC and translation services. In calendar year 1997, the RCHCs served approximately 13,000 medical patients and 5,900 dental patients.

The Board was designated as a federally-qualified health center (FQHC). FQHCs are eligible to receive federal grant funds under the Public Health Services Act. In addition, FQHCs may be reimbursed under the state's medical assistance (MA) program for 100 percent of their reasonable costs for services they provide to MA recipients.

In 1997, the Board received approximately \$7.4 million from a variety of sources to support its operating expenses, including revenue from: (a) grants and contracts (\$3,146,600); (b) MA cost reimbursements (\$2,302,100); (c) revenue from patients (\$1,799,300); and (d) contributions and other sources (\$153,100).

In April, 1999, the Board terminated services at the three centers for a variety of reasons, including operating losses resulting from carrying significant debt, staff turnover in key administrative, financial and executive positions, and problems with the Board's accounting and payment systems.

After the RCHCs closed, some persons who previously received services at the RCHCs obtained services elsewhere. Of the three former RCHC sites, the Lisbon Avenue site, operated by the Westside Healthcare Association, now provides services through a contractual arrangement with the Medical College of Wisconsin. The Milwaukee Indian Health Center site now operates as the Gerald Ignace Health Center under the management of the Indian Community School. The site on 27<sup>th</sup> Street remains closed.

An informal survey of community health facilities conducted by staff in the DHFS Division of Public Health in late 1999 provides some information on where former Rainbow CHC medical patients are currently receiving health services. This information is presented on the following page.

**Estimated Distribution of Rainbow Community Health Center Clients  
Based on Fall, 1999 DHFS Survey of Facilities**

<u>Facility</u>	<u>Estimated Number of Former Rainbow CHC Medical Patients</u>
Gerald Ignace Health Center	500
16th Street Community Health Center	200 to 300
Milwaukee Health Services	200 to 300
Johnston Primary Care Clinic	20 to 40
Westside's Lisbon Avenue Health Center	680 (actual number of current patients)
Madison Street Outreach Clinic	237 (No. of urgent care visits from former Rainbow patients since April, 1999 -- not included in total)
Clarke Square Family Health Center	38 (actual number of former patients)
Mitchell Point Family Health Center	10
WI Avenue Family Health Center	500
Sinai Samaritan Primary Care Clinic	50
 Total	 2,198 to 2,418

*Westside Healthcare Association.* The Westside Healthcare Association (WHA) is a nonprofit organization that was created in April, 1999, to provide primary health care services to the residents in the western area of Milwaukee's inner city. WHA received funding from the City of Milwaukee, the state's minority business fund and, through collaborations with the Medical College of Wisconsin and the 16<sup>th</sup> Street Community Health Center, began operating a facility on May 15, 1999, at 3522 West Lisbon Avenue, one of the RCHC sites previously operated by the Milwaukee Indian Health Board. The WHA contracts with: (a) the Medical College of Wisconsin for physician and other clinical personnel, equipment and supplies; (b) the 16<sup>th</sup> Street Community Health Center for billing and collections; and (c) the Marquette Dental School for comprehensive and emergency dental care.

During the period from May 15, 1999 through October 31, 680 patients had make a total of 1,641 visits for services at the Lisbon Avenue site. The WHA projects that, if sufficient state and federal funding is available, the caseload will increase to 4,800 patients (12,000 visits) by March 31, 2001 and 12,000 patients (30,000 visits) by March 31, 2003.

The WHA is seeking designation as a FQHC in order to obtain federal funds available under the Public Health Services Act and reimbursement for costs for services provided to MA recipients. In its application, dated December 1, 1999, the WHA has proposed a budget of approximately \$2.5 million for the period April 1, 2000 through March 31, 2001. A summary of this budget is provided as an attachment to this memorandum.

The attachment shows that during this period, approximately 76 percent of the funding to support the WHA would be provided from the state grant (40 percent) and the federal FQHC grant (36 percent). WHA and other community health centers have very limited ability to generate non-public funds because of the population they serve.

At this time, it is not known how the WHA will be able to support the clinic's operations after March 31, 2001, at the level budgeted for the period between April 1, 2000 through March 31, 2001, after the one-time funding provided in Act 9 is fully expended. Although the WHA's proposed budget contains approximately \$230,000 of one-time costs, the WHA will need to increase revenue from other sources in order to offset the loss in one-time funding provided in Act 9. If the WHA is designated an FQHC, it will be eligible for a portion of the GPR funds budgeted for all FQHCs under the community health clinics grant program created in Act 9, beginning in 2000-01. A total of \$3,000,000 GPR is budgeted in 2000-01 to fund grants to FQHCs in the state. Each center's grant amount is based on the center's proportion of the total federal FQHC grant funding awarded to the qualifying health centers.

## ALTERNATIVES

1. Transfer \$1,000,000 GPR in 1999-00 from amounts reserved in the Committee's program supplements appropriation under s. 20.865(4)(a) to the DHFS appropriation under s. 20.435(5)(fh) in 1999-00 for DHFS to provide as a grant to the Westside Healthcare Association.

2. Take no action.

Prepared by: Charles Morgan

## ATTACHMENT

### Proposed Budget for the Westside Healthcare Association April 1, 2000 through March 31, 2001

<b>Revenue</b>	<u>Amount</u>	<u>Percent of Total</u>
GPR	\$1,000,000	39.9%
Federal Public Health Services Act	911,538	36.3
Program Revenue		
MA	490,000	19.5
Self-pay	76,875	3.1
Medicare	18,240	0.7
Private Insurance	<u>12,150</u>	<u>0.5</u>
Subtotal	\$597,265	23.8%
<b>Total</b>	<b>\$2,508,803</b>	<b>100.0%</b>

<b>Expenditures</b>		
Staff salaries, fringe benefits and travel	\$798,900	31.8%
Equipment	229,300	9.1
Supplies	66,200	2.6
Utilities, telephone, dues, postage, etc.	97,123	3.9
Contractual services		
Physician	399,280	15.9
Dental	150,000	6.0
Laboratory	160,000	6.4
Pharmacy	192,000	7.7
X-ray	108,000	4.3
Other (insurance, translation, audit, legal, lease, etc.)	<u>308,000</u>	<u>12.3</u>
Subtotal	\$1,317,280	52.5%
<b>Total</b>	<b>\$2,508,803</b>	<b>100.0%</b>