



State of Wisconsin
Department of Health Services

Jim Doyle, Governor
Karen E. Timberlake, Secretary

February 3, 2009

The Honorable Scott Walker, Milwaukee County Executive
901 North 9th Street, Room 306
Milwaukee, WI 53233

Dear Mr. Walker:

I write in response to your recent correspondence regarding Milwaukee County's sustained inability to successfully provide Income Maintenance program services to its residents, resulting in the deprivation of food assistance, eligibility for medical care, and assistance with subsidized childcare to thousands of Milwaukee County residents.

Due to the County's failure to provide these basic yet critical services, the Wisconsin Department of Health Services (Department) will not contract with Milwaukee County's Department of Health and Human Services for Income Maintenance Administration beyond the current calendar year. In addition, the Department of Children and Families will terminate its contract with the County for the State's childcare subsidy program. The Department of Health Services will begin to phase out Milwaukee County's involvement in Income Maintenance program administration beginning May 1, 2009. The Department will assume the leadership and management of these programs and will rely on Milwaukee County employees to deliver the services.

The main theme of your correspondence is that this Department has not provided adequate funds and has been a hindrance to modernization efforts that your administration has attempted to implement. The Department has, in fact, expended millions of additional dollars and thousands of hours of staff resources to assist your County over a period of years. Despite these efforts, Milwaukee County's performance fails national and state standards and is failing the people of the County. Milwaukee County receives more funding per capita to support these functions than any other county. Moreover, merely providing more state funds and state staff assistance to Milwaukee County has not led to sustained improvement in the level of service provided to the people of Milwaukee County; in fact by many indicators the County's performance has worsened in recent years.

Sustained Poor Performance

The Department has raised serious concerns about Milwaukee County's poor Income Maintenance performance on numerous occasions in the past. In a letter dated June 6, 2005, then-Department of Health and Family Services Secretary Helene Nelson informed you that Milwaukee County's performance as it pertained to Food Stamp administration needed to be improved. Issues that existed at that time, including high error rates and poor customer service, persist today.

Furthermore, in May 2008, this Department advised Milwaukee County that its failure to process orders from fair hearing decisions in a timely fashion had resulted in more than \$74,000 in penalties being assessed against the Department, penalties the County agreed to pay as a result of its responsibility for the errors. Despite the Department devoting additional resources to assist the County in processing cases and hearing orders, the Department has just been notified that the County is out of compliance for the months of August, September, October, and November of 2008. This will result in additional penalties. As recently as November, 2008, I advised Milwaukee County Human Services Director Corey Hoze of my ongoing concerns with Milwaukee County's poor Income Maintenance performance, particularly as it pertains to the FoodShare program.

As result of Milwaukee's sustained poor performance, both Milwaukee County and the Department have been sued by a group of plaintiffs who seek to remedy Milwaukee County's failure to process applications, renewals, and changes for participants in the Medicaid and FoodShare programs in a timely manner, as required by both state and federal law. The law suit, West, et.al. v. Timberlake, et.al., also asks for the County to improve the customer service it provides to our program members.

Below is a summary of some of the most troubling performance statistics:

- Less than **5%** of the phone calls placed to the Milwaukee County Call Center are answered.
- Because Milwaukee County's Call Center performance is so poor, the state Medicaid call center receives 250 – 300 calls per day from frustrated Milwaukee County residents.
- Only **70%** of benefit applications are handled within the time periods required by state and federal law. This is compared to 85% throughout the balance of the State.
- Over **60%** of case closures in the County are certified as eligible for benefits within two months of closure.
- The County has substantial backlogs in Walk-In and Mail-In Verification Centers, which cause many Milwaukee members not to receive the benefits to which they are entitled, resulting in a loss of access to health care and nutrition benefits.
- The FoodShare Negative Error Rate is currently 19.54%. This means nearly **one out of every five** FoodShare recipients is cut off from the program in error in a year.

Milwaukee County's problems are neither a recent occurrence nor are they simply the result of the national economic down turn. Attachment A shows the history of the County's sustained poor performance and inability to reach federal standards in administering the FoodShare program. These statistics are even more troubling, however, given the current economic downturn.

Real Life Consequences for the Residents of Milwaukee County

Milwaukee County's continued poor performance has real life consequences. Every time the County does not answer the phone or erroneously closes a case, a family or individual goes without food or medical services. This is simply unacceptable. Below are just a few examples of real cases where the Department has intervened to fix problems created by Milwaukee County action or inaction:

- A 46 year old mother with a 13-year-old son submitted an application for FoodShare benefits to Milwaukee County on October 25, 2008, using ACCESS. The mother and her son also receive Social Security benefits. The County failed to act on her application until it denied her in November for failure to follow through with the application. The Department received her complaint in mid-December and immediately fixed the case. She received FoodShare benefits she was wrongly denied for October, November, December and January as a result of this action.
- A working mother of five children, who receives Supplemental Security Income for one child and receives no child support, received FoodShare benefits through Milwaukee County. In December 2008, she sent in her Six Month Report Form by the deadline (12/10/08). The eligibility system showed that the form was received. She then received a notice that her benefits would end (and did end) on 12/31/08. She called Milwaukee County on the 24th, 30th, and January 2nd. She spoke with three different workers who all told her that her form had been received but had not been processed yet. On January 5th, she contacted the Department. Our Department staff fixed her case and opened her FoodShare benefits on the same day.

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- A single disabled mother with six children, ranging in age from ages 0 – 13, whose income consists of Social Security disability, Social Security survivors' benefits and child support, was eligible for BadgerCare Plus. In October, she told Milwaukee County that she received Medicare and that she would like help paying for her Medicare Part B premiums through Medicaid's Qualified Medicare Beneficiary (QMB) Program. She was asked to verify her assets. She sent this information into Milwaukee County, but then received a notice denying her QMB request because she had not verified her assets. She contacted Legal Action of Wisconsin, who contacted the Department in December. State staff asked for and received her asset verification and confirmed her as eligible for QMB back to October 2008 (in addition to Medicaid for herself, BadgerCare Plus for her children and FoodShare for everyone). She has recently contacted the Department again, when her QMB case was changed by a Milwaukee worker so that the QMB benefit ended. The Department is now working to restore her benefit.

Milwaukee County Has Failed to Sustain Acceptable Performance

Your correspondence cites inadequate funding as a justification for the County's failure to provide acceptable service to Milwaukee County residents. As you know, the Income Maintenance function is funded jointly by the State, counties, and tribes all across the state. In conjunction with the Wisconsin County Human Services Association (WCHSA), the Department has created a workload model to estimate the difference between state, federal and local funding and total workload expenses. The following shows a comparison of Milwaukee County's funding to other counties based on the workload model:

- Milwaukee County's total 2007 state/federal allocation for Income Maintenance was funded at 62% of its workload model. In 2007, the balance of the state was funded at 57% of the workload model.
- The five largest agencies in the balance of the state (Dane, Rock, Brown, Kenosha and Racine) were funded at 48% of the workload model estimate during 2007.
- Milwaukee's local share of total costs is 15% while the average for the balance of the state is 23%.

Like all programs of state and county governments, Income Maintenance funding has not been immune from budget pressures. State funding for Income Maintenance functions was reduced in 2004 due to the deficit in the state budget, resulting in a reduction in Milwaukee County's Income Maintenance funding of \$2.4 million. Following that reduction, however, this Department supplemented Milwaukee County's funding with \$1.2 million in additional funds each year from 2004 through 2008. In addition, this Department has also expended many more resources in Milwaukee County in attempt to assist the residents of the County in obtaining and maintaining access to the programs and services for which they are eligible. Attachment B illustrates some of the additional support that this Department has provided to Milwaukee County, beyond that which has been provided to any of the other 71 counties and 7 tribal nations in Wisconsin who handle these same Income Maintenance duties. Even after these interventions, Milwaukee County's performance in key areas has not improved. Instead, program integrity and customer service has deteriorated significantly in the past several years. Accordingly, I have concluded that additional state funds have not and will not improve Milwaukee County's performance.

Wisconsin Shares Program

Because approximately 95% of all Milwaukee citizens who access the State's Childcare subsidy program, Wisconsin Shares, also receive FoodShare or Medicaid, I have asked the Department of Children and Families (DCF) whether they have had similar concerns with Milwaukee County's operation of the Shares program. DCF has reported similar service provision concerns, customer complaints and lack of Milwaukee County responsiveness. State staff has met regularly with Milwaukee County program administration in an effort to improve the timeliness and accuracy with which services are provided to Wisconsin Shares program clients.

As with its administration of Medicaid and FoodShare, Milwaukee County's administration of the Shares program is failing both its customers and the taxpayers who support it. DCF reports that due to inadequate County oversight of authorized hours of Shares care for families, Milwaukee County has authorized 91% (the highest percentage in the State) of all cases as enrollment-based (compared to an average of 58% in the rest of the State). This results in unknown millions of dollars of subsidy payments a year where no care is actually being provided to children, which could have been more effectively utilized elsewhere. In addition, surveys have shown that over two-thirds of all complaints received by W-2 agencies are actually problems with the FoodShare, Medicaid or Childcare programs operated by Milwaukee County. The Childcare Administration contract with Milwaukee County is in excess of \$8.5M, yet despite recognized performance issues, Milwaukee County does not use all of the available funding each year, returning it to the State. Furthermore, nearly one-third of all costs claimed under the contract are used for non-childcare administration purposes. DCF provides more than adequate funding to Milwaukee County, but the county fails to meet the administrative expectations of the contract.

For these reasons, Secretary Reggie Bicha of the Department of Children and Families has agreed that Milwaukee County should no longer hold the Childcare Administration contract. DCF has concluded that it will take new leadership and new approaches to service provision to increase responsiveness to providers, expand program integrity through automation, minimize provider overpayments, combat fraud, and improve accuracy in childcare attendance tracking. Accordingly, this Department and DCF will take over Childcare Administration from Milwaukee County effective January 1, 2010.

Transition to State Management of Income Maintenance and Shares

Now more than ever, the people of Milwaukee County must be able to sign up and maintain their participation in programs designed to assist them during times of economic hardship. Accordingly, as of May 1, the State will assume processing of all new applications for Medicaid and FoodShare that are made through the on-line application system, <http://access.wi.gov> and will open a new customer service location designed to assist new applicants. Not later than July 15, 2009, the State will assume operation of the call center. As of January 1, 2010, the State will assume full operation of all Income Maintenance functions including Childcare Administration in Milwaukee County. The State will assume the leadership and management of these programs and will rely upon Milwaukee County employees to deliver the services. In addition to providing better and more timely services to the people of Milwaukee County, we believe that the Department's assumption of these responsibilities will lead to the resolution of West, et al. v. Timberlake, et al. litigation.

The resources have been available to ensure that families in Milwaukee County can have access to programs like Medicaid, FoodShare, and childcare. What has been lacking is the commitment to the successful administration of these programs. While I would prefer that Milwaukee County improve and sustain its performance, our past experience has left us with no confidence that this will happen. Meanwhile residents of Milwaukee County continue to suffer. Accordingly, Governor Jim Doyle's Biennial Budget Proposal for 2009-2011 will include the changes necessary to transition this important work to the Department. I will contact Milwaukee County Health and Human Services Director Corey Hoze in the next several days to begin discussing the transition planning process. If you have any questions or concerns, please contact me.

Sincerely,



Karen E. Timberlake
Secretary

Attachments

ATTACHMENT A

FoodShare Payment Error Rate 1992-2008

The FoodShare payment accuracy error rate is a state and federal measure, calculated after a sample of cases is reviewed each federal fiscal year, of the amount of benefit dollars over or under paid due to client, worker and system errors extrapolated over the entire FoodShare caseload. If a state has a payment accuracy error rate that is greater than the federal tolerance level the state is in sanction status. The U.S. Food and Nutrition Service (FNS) expects all states to have a payment accuracy error rate no greater than 6%.

Year	State Rate	Milwaukee Rate	Balance of State Rate
2000	12.00%	16.60%	6.60%
2001	12.70%	15.80%	9.10%
2002	12.30%	14.30%	10.30%
2003	9.30%	11.80%	7.10%
2004	6.65%	9.12%	4.40%
2005	5.60%	5.95%	4.96%
2006	6.17%	8.05%	4.56%
2007	5.90%	8.33%	4.23%
2008	7.05%	8.18%	6.35%

FoodShare Negative Action Error Rate: 2003-2008

The FoodShare negative action error rate is a state and federal measure of the number of cases who had FoodShare eligibility denied or terminated incorrectly. FNS expects a state's negative error be lower than the national average, which is currently around 9%.

Year	State Rate	Milwaukee Rate	Balance of State Rate
2003	5.48%	6.20%	3.10%
2004	6.52%	9.04%	4.13%
2005	6.24%	7.26%	6.12%
2006	9.49%	10.65%	8.77%
2007	8.39%	11.49%	6.33%
2008	11.20%	19.54%	6.69%

Note: Negative Action Error Rates have only been tracked by the federal government since 2003, when the review requirement was added into the federal Food Stamp program law.

FoodShare Timely Case Processing: 2006-2008

FoodShare Timely Case Processing is a measure of the number of applications that were processed within federal guidelines. FNS expects states to process at least 95% of all applications within the time limits set in federal law. States with a timeliness score below 90% are required to provide the federal agency with a corrective action plan.

Year	State Rate	Milwaukee Rate	Balance of State Rate
2006	90.20%	90.78%	89.83%
2007	90.15%	84.61%	93.56%
2008	80.56%	71.71%	85.45%

Note: Timeliness rates have only been tracked by the federal government since the enactment of the Farm Bill of 2005. we will be asked what we are doing about the other poor performing counties

ATTACHMENT B

STATE SUPPORT OF MILWAUKEE COUNTY INCOME MAINTENANCE FUNCTIONS:

The state continues to spend more of its resources (funding and personnel) to support Milwaukee's Income Maintenance ("IM") efforts than any other county in Wisconsin. Unfortunately, these investments have not led to sustained improved performance by the County. Since 1998, just over \$3.5 million in state FoodShare reinvestment funding has been provided to Milwaukee to improve FoodShare accuracy.

- Milwaukee Electronic Case File Project: In 2003, using state funding for Food Stamp reinvestment that resulted from a federal sanction for high payment accuracy error rate in federal fiscal year 2002, the Department funded a special project in Milwaukee County to scan their paper case files into the IM Electronic Case File.
 - \$255,000 (all funds) (one-time)
 - Milwaukee Only
- FoodShare Find and Fix I: In 2004, the Department of Health Services provided financial and staff resources (as many as 25-30 staff) who reviewed all new applications to assist Milwaukee in improving the accuracy of its FoodShare eligibility decisions. Payment accuracy improved dramatically as a result of this as well as other management and training initiatives developed and implemented by state and local agency collaboration.
 - \$3.5 million (State Only Funding) (one-time)
 - 25 state FTEs
 - Milwaukee Only
- Support Operation Excellence: In 2004, DHS provided Milwaukee one-time funding to implement a strategic planning initiative to improve their process/business systems.
 - \$798,000 (State Funding Only) (one-time)
 - Milwaukee Only
- FoodShare Find and Fix II: In 2005, the state continued to operate a smaller scale find and fix effort in Milwaukee. Starting in the fall of 2004 DHFS funded three Payment Accuracy Consultants (with \$350,000 in reinvestment funds), and currently funds two Payment Accuracy Consultants through a contract with the University of Wisconsin-Oshkosh. The Find and Fix projects have been funded activities since 2004.
 - \$350,000 (State Funding Only) (annual)
 - 2 State FTEs
 - Milwaukee Only
- Technical Assistance: In 2006, DHS provided funding for a staff person assigned to Milwaukee to do one-on-one technical assistance for problem cases. This activity is an ongoing activity with continued funding.
 - \$100,000 (all funds) (annual)
 - 1 State FTE
 - Milwaukee Only
- Training: DHS provided funding to renovate a central training facility in Milwaukee. The training center provides new or refresher training which is developed based on worker needs. Recent specialized trainings targeted and specially delivered to Milwaukee County have included wages and salaries training, household composition refresher training and CARES Worker Web training. This activity is an ongoing activity with continued funding.
 - \$168,000 (all funds) One Time Only
 - Milwaukee Only
- Central Application Processing (Enrollment Management CAPO): In February 2008, DHS initiated an intake process with six community partners in Milwaukee to process BadgerCare Plus and FoodShare applications in Madison via ACCESS. As of August 31st, DHS had successfully processed 1,248 applications for benefits from Milwaukee County residents.
 - 6 state FTEs (ongoing)
 - Milwaukee Only
- Since April 2008, the Department has intervened and is attempting to resolve fair hearing requests before the hearing takes place and in implementing hearing decisions where the county has erred in the determination of eligibility or amount of benefits.
 - 1 FTE (April 2008)
 - Additional 3 FTEs (December 2008)

Cc: DCF Secretary Reggie Bicha
Corey Hoze, Milwaukee County DHHS
Ollice Holden, USDA
United States Congresswoman Gwen Moore
Milwaukee County Legislative Delegation
Milwaukee County Board
Diane Welsh