

Report
of the
Examination of
Milwaukee County Department of Family Care
Milwaukee, Wisconsin
As of December 31, 2012

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State of Wisconsin / OFFICE OF THE COMMISSIONER OF INSURANCE

Scott Walker, Governor
Theodore K. Nickel, Commissioner

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February 3, 2014

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Honorable Theodore K. Nickel
Commissioner of Insurance
State of Wisconsin
125 South Webster Street
Madison, Wisconsin 53703

Commissioner:

In accordance with your instructions, a compliance examination has been made of
the affairs and financial condition of:

MILWAUKEE COUNTY DEPARTMENT OF FAMILY CARE
Milwaukee, Wisconsin

and this report is respectfully submitted.

I. INTRODUCTION

This is the first examination of Milwaukee County Department of Family Care
(MCDFC). The current examination covered the period ending December 31, 2012, and included
a review of such 2013 and 2014 transactions as deemed necessary to complete the examination.

The examination consisted of a review of all major phases of MCDFC's operations
and included the following areas:

- History
- Management and Control
- Corporate Records
- Conflict of Interest
- Fidelity Bonds and Other Insurance
- Territory and Plan of Operations
- Growth of MCDFC
- Financial Statements
- Accounts and Records
- Data Processing

Emphasis was placed on the audit of those areas of MCDFC's operations accorded a
high priority by the examiner-in-charge when planning the examination.

MCDFC is annually audited by an independent public accounting firm as prescribed by s. Ins 57.26, Wis. Adm. Code. An integral part of this compliance examination was the review of the independent accountant's work papers. Based on the results of the review of these work papers, alternative or additional examination steps deemed necessary for the completion of this examination were performed. The examination work papers contain documentation with respect to the alternative or additional examination steps performed during the course of the examination.

II. HISTORY AND PLAN OF OPERATION

Milwaukee County Department of Family Care is described as a care management organization (CMO). A CMO is defined by s. 600.01 (1) (b) 10. a., Wis. Stat., as “long-term care services funded by the family care benefit, as defined in s. 46.2805 (4), that are provided by a care management organization that contracts with the department of health services under s. 46.284 and enrolls only individuals who are eligible under s. 46.286.”

MCDFC is a department within the Milwaukee County government structure. Prior to July 1, 2010, the Milwaukee County Department of Aging operated the CMO. In 2010, the Milwaukee County Board of Supervisors approved a resolution to separate the CMO from the Department of Aging effective July 1, 2010, by creating the Milwaukee County Department of Family Care.

Milwaukee County began providing Family Care services within the geographical boundaries of Milwaukee County to the frail elderly (age 60 and over) population that met the financial and functional requirements of the program as one of the pilot organizations in 2000. In November 2009, Milwaukee County expanded its services to those individuals with physical and developmental disabilities between the ages of 18 and 59 within Milwaukee County.

On May 1, 2012, MCDFC expanded outside of the boundaries of Milwaukee County and began offering the Family Care benefit package to qualifying individuals in Kenosha and Racine counties. MCDFC expanded further on June 1, 2013, to the counties of Ozaukee, Sheboygan, Walworth, Washington, and Waukesha.

The company derives 99.9% of its revenue from the Wisconsin Family Care Program. MCDFC also generates revenue through the lease of its Care Management System to other CMOs participating in the Family Care Program. The Family Care Program helps seniors and adults with disabilities to live as independently as possible in their own homes or other community care settings. Members are classified into one of three target groups: frail elders¹, physically

¹ Frail elder is defined as an individual 65 and older who has a physical disability, or an irreversible dementia, that restricts the individual's ability to perform normal daily tasks or that threatens the capacity of the individual to live independently. [s. DHS 10.13 (25m), Wis. Adm. Code]

disabled², and developmentally disabled³. MCDFC contracts directly with the Wisconsin Department of Health Services (DHS) to provide long-term care benefits to eligible members through its permit.

MCDFC provides long-term care services to its members through contractual arrangements with its providers. Providers are reimbursed based on mandated Medicaid rates and other agreed upon rates that are not determined by the Medicaid fee schedule.

Long-term care services provided through the Family Care Program include:

- Home health or personal care
- Supportive home care
- Nursing home
- Assisted living/residential care services
- Adult day or respite care
- Home delivered meals
- Home modifications
- Transportation
- Physical, speech or occupational therapy
- Wheelchairs and other equipment
- Adult diapers, gloves, and other medical supplies
- Mental health or drug and alcohol treatment
- Daily living skills training
- Communication aids/interpreter
- Employment services

Marketing to individuals is restricted under the Medicaid regulations and operation procedures. Rates are determined by the contract between MCDFC and DHS for coverage provided under the Wisconsin Medical Assistance Program (Medicaid). Capitation rates are developed annually by the DHS contracted actuarial firm on a regional basis and are adjusted to reflect the company's estimated population by target group. The capitation rate paid by DHS to the company is actuarially based on the functional level of care a member needs: Nursing Home (NH) or non-Nursing Home (non-NH). The NH level of care rate is initially developed for each target group by region and adjusted for trend and administrative allowances prior to determining a

² Physically disabled is defined as a physical condition, including an anatomical loss or musculoskeletal, neurological, respiratory or cardiovascular impairment, that results from injury, disease or congenital disorder and that significantly interferes with or significantly limits at least one major life activity of a person. [s. DHS 10.13 (40), Wis. Adm. Code]

³ Developmentally disabled is defined as a disability attributable to brain injury, cerebral palsy, epilepsy, autism, Prader-Willi syndrome, mental retardation, or another neurological condition closely related to mental retardation, that has continued or can be expected to continue indefinitely and constitutes a substantial handicap to the afflicted individual. [s. DHS 10.13 (16), Wis. Adm. Code]

final blended NH level of care rate for the CMO since frail elders generally utilize fewer services than the physically and developmentally disabled. The non-NH level of care rate is developed by using a functional status based model that stratifies claims experience based on an individual's level of care. Both the NH and non-NH level of care capitation rates are based on the utilization and expenditures of the original Family Care Program's pilot counties: Fond du Lac, La Crosse, Milwaukee (elderly population), Portage, and Richland; plus Racine and Kenosha counties. Under the federal regulations governing the federal- and state-funded Medicaid programs, the rates established by DHS must be "actuarially sound" and be certified by an independent actuary.

III. MANAGEMENT AND CONTROL

Governing Board of Directors

The governing board of directors shall consist of 16 members. Currently, there are 11 members on the governing board, serving in an advisory capacity. Five or six directors are to be appointed annually to serve a three-year term by the Milwaukee County Executive depending on the year. Officers are to be elected by the governing board of directors. Members of the governing board of directors may also be members of the Milwaukee County Board of Supervisors, not to exceed three members. The board members currently receive no compensation for serving on the board beyond a mileage and parking reimbursement for board and subcommittee meetings. MCDFC is not in compliance with the governing board's charter as discussed in the "Summary of Current Examination Results" section of this report.

Currently the governing board of directors consists of the following persons:

Name and Residence	Principal Occupation	Term Expires
E. B. Coleman Glendale, WI	Provider	2016
Joseph Entwisle Oak Creek, WI	Health and Disabilities Advocate	2016
Gwen Jackson Milwaukee, WI	Advocate	2014
Willie Johnson, Jr. Milwaukee, WI	County Board Supervisor	2014
Jung, Kwak, PhD, MSW Milwaukee, WI	Assistant Professor UWM Helen Bader School of Social Welfare	2014
Paula Lorant Whitefish Bay, WI	Retired Attorney	2014
Mary McClintock Milwaukee, WI	Retired Nurse	2014
Maria Rodriguez Milwaukee, WI	Residence Service Manager City Housing Authority	2015
Mary Sawicki Milwaukee, WI	Retired Nurse	2016

Name and Residence	Principal Occupation	Term Expires
Peggy Romo West Milwaukee, WI	County Board Supervisor	2015
Joanne Lipo Zovic Shorewood, WI	Attorney	2014

Officers of the Company

The officers elected by the board of directors and serving at the time of this examination are as follows:

Name	Office	2012 Compensation /Fee
Maria Rodriguez	Chair	\$ 0
Maria Ledger*	Executive Director	171,766
Linda Murphy* ^	Chief Operating Officer	158,440
Jim Hodson* ^	Chief Financial Officer	185,024
Eva Williams* ^	Chief Clinical Officer	157,080
Bill Bethia* ^	Chief Information Officer	243,405

* Senior managers who run the day-to-day operations of MCDFC.

^ Contracted senior managers. The amount listed under compensation/fees is the total amount paid by MCDFC based on a professional services agreement or participating arrangement.

Subcommittees of the Governing Board

The governing board's charter allows for the formation of certain subcommittees by the governing board of directors. The subcommittees and their members at the time of the examination are listed below:

Finance Subcommittee

Willie Johnson Jr., Chair
Sally Sprenger
Patricia Towers

Quality Subcommittee

Jung Kwak, PhD., MSW, Chair
Joseph Entwisle
Gwen Jackson
Willie Johnson Jr.
Paula Lorant
Mary McClintock
Mary Sawicki

Operations Subcommittee

Joanne Lipo Zovic, Acting Chair
Gwen Jackson
Willie Johnson Jr.
Mary McClintock
Maria Rodriguez

Ethics Subcommittee

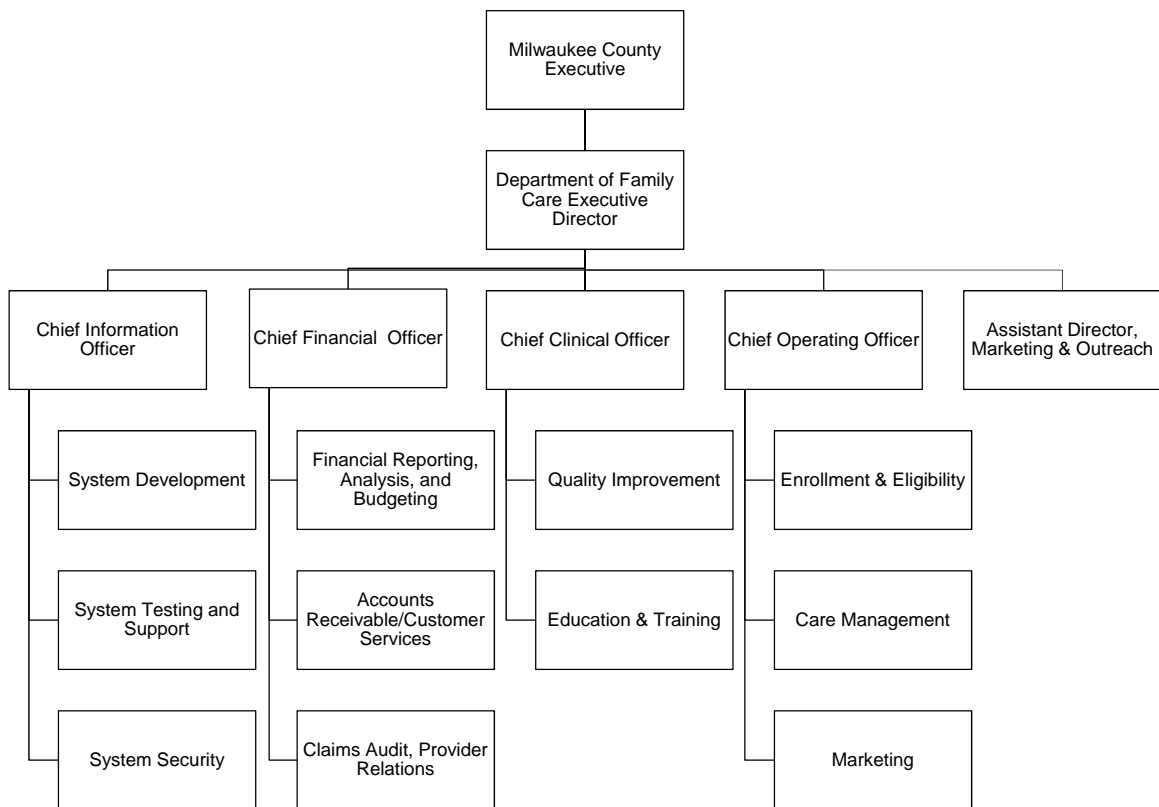
E.B. Coleman, Acting Chair
Gwen Jackson
Paula Lorant
Mary McClintock
Mary Sawicki
Sally Sprenger

MCDFC has its own employees and has entered into professional service agreements for executive level management, with the exception of the Executive Director. The

Chief Financial Officer, Chief Operating Officer, and Chief Clinical Officer are contracted through a professional services contract with Andrea & Orendorff, LLP (A & O). Under the agreement effective January 1, 2010, A & O agrees to provide senior management positions to provide leadership and performance of care management activities. A & O receives hourly compensation by position up to the maximum hours outlined in the contract for services rendered. The term of the agreement is one year and may be extended for up to two additional years with the approval of the Governing Board and Milwaukee County Board of Supervisors. MCDFC entered into a new agreement with A & O on January 1, 2013, with the same provisions as the 2010 agreement. Milwaukee County may terminate the agreement upon 30 days' written notice if default of standards of performance continues 30 days after notice of such default.

MCDFC also contracts for care management and information technology services. Care management services are contracted through several agencies. Information technology services are contracted from Superior Support Resources (SSR) through a Hosting and Support Services Contract. In addition, SSR provided staff to MCDFC to support MCDFC's internally developed care management system. Under this contract effective July 11, 2011, SSR agrees to provide hosting and application support services. SSR receives a flat monthly fee for hosting and support services, in addition to reimbursement for support staff on a per hour amount that is based on a participating agreement. The term of the agreement is three years. Milwaukee County may terminate the agreement upon 30 days' written notice if default of standards of performance continues 30 days after notice of such default.

MCDFC's functional organization chart is on the following page:



IV. FINANCIAL DATA

The following financial statements reflect the financial condition of MCDFC as reported in the December 31, 2012, financial statements. Also included in this section are schedules that reflect the company's operating results by target group and the growth of the company for the period under examination. Adjustments made as a result of the examination are noted at the end of this section in the area captioned "Reconciliation of Equity per Examination."

**Milwaukee County Department of Family Care
Balance Sheet
As of December 31, 2012**

Current Assets

Cash and cash equivalents, operating	\$41,194,461
Cash and cash equivalents, other	7,833,970
Capitation receivable net of allowance	1,524,465
Other DHS receivables net of allowance	954,018
Cost share receivable net of allowance	491,850
Room and board receivable net of allowance	465,257
Spend down receivable net of allowance	33,373
Other third-party receivable net of allowance	250,201
Other short-term receivables net of allowance	58,104
Prepaid providers	4,000
Supply inventory	<u>18,884</u>
<i>Total Current Assets</i>	<u>52,828,583</u>

Long-Term Assets

Restricted assets:	
Risk reserve funds – FC Permitted MCO	<u>3,612,680</u>

Total Assets \$56,441,263

Current Liabilities

Capitation payable	\$ 1,155,061	
Accrued salaries	83,287	
IBNR member services – current year	23,701,119	
Accounts payable – TPA	128,458	
Accounts payable – care management	2,723,421	
Accounts payable – general	<u>294,812</u>	
<i>Total Current Liabilities</i>		\$28,086,159

Long-Term Liabilities

Accrued employee benefits (i.e., vacation, sick leave>1 year)	<u>602,167</u>
Total Liabilities	<u>28,688,325</u>

Equity

Beginning equity	25,091,120	
Current year net income	<u>2,661,819</u>	
<i>Total Equity</i>		<u>27,752,939</u>

Total Liabilities and Equity \$56,441,264

**Milwaukee County Department of Family Care
Profit and Loss Statement
For the Period Ending December 31, 2012**

Revenues

MA capitation (net of cost share)	\$246,140,228
Cost share revenue	10,011,915
Room and board revenue	17,398,277
Spend down revenue	2,051,259
Other third-party payer revenues	27,743
Refunds	55,664
Other current year retro adjustments, DHS	954,018
Other income/funding	<u>74,278</u>
Total Revenue	276,713,382

Operating Expenses

Direct Member Service Expenses

Long-Term Care Services (All Programs)

Adaptive equipment	\$ 6,871,302	
Adult day activities	14,396,697	
Habilitation/health	4,559,040	
Home care	49,719,130	
Home health care	3,744,255	
Institutional (NH/ICF-MR)	47,563,864	
Residential care	79,456,400	
Respite care	365,850	
Transportation	7,987,710	
Vocational	5,056,283	
Room and board - expenses	15,757,152	
Other FC LTC services	<u>2,349,657</u>	
<i>Total Member Service Expenses</i>		\$237,827,341

Care Management Expenses

Care management (CMUs/External)	26,300,409	
Care management (Internal)	874,830	
Care management admin – allocated	<u>2,053,347</u>	
<i>Total Care Management Expenses</i>		29,228,586

Administrative Expenses

Wages and benefits	5,145,358	
Contracted TPA expense	1,640,772	
Occupancy	160,455	
Office expenses	153,773	
Legal/accounting/audit	719,497	
Contracted IT development	954,027	
Other professional services	162,311	
Other contracted services	612,352	
Insurance expense	21,799	
Travel/training/conference expense	38,718	
Other administrative expenses	1,020,760	
Administrative allocation to care management	<u>(2,053,347)</u>	
<i>Total Administrative Expenses</i>		<u>8,576,476</u>

Total Operating Expenses

275,632,403

**Income (Loss) from Operations,
current year**

Other (Income) Expenses, ordinary

Investment income – reserve funds

(13,680)

Prior year adjustment – IBNR

(2,317,160)

Total Other Expenses

(2,330,840)

Other (Income) Expenses, extraordinary

750,000

Net Income (Loss)

\$ 2,661,819

**Milwaukee County Department of Family Care
Statement of Cash Flows
For the Period Ending December 31, 2012**

Operating Activities

Net income per GL	\$ 2,661,819
(Increase) Decrease accounts receivable, capitation and DHS other	2,719,127
(Increase) Decrease accounts receivable general	(101,600)
(Increase) Decrease inventory/supplies	33,620
(Increase) Decrease prepaid other	2,000
(Increase) Decrease other current assets	11,131
Increase (Decrease) IBNR	(445,396)
Increase (Decrease) accounts payable	1,781,952
Increase (Decrease) wages/taxes/ben. payable	(236,477)
Increase (Decrease) unearned revenues	<u>(4,173)</u>
<i>Net Cash Provided by Operating Activities</i>	6,422,003

Investing Activities

Change in long-term investments	<u>747,776</u>
Net increase in cash and cash equivalents	<u>7,169,778</u>
Cash and cash equivalents beginning of period	<u>41,858,655</u>
Cash and Cash Equivalents End of Period	<u>\$49,028,433</u>

Growth of Milwaukee County Department of Family Care

Year	Assets	Liabilities	Equity	Capitation Revenue	Member Service Expenses	Net Income	Enrollment
2012	\$ 56,441,263	\$ 28,688,325	\$27,752,939	\$246,140,228	\$237,827,341	\$2,661,819	93,918
2011	52,683,541	27,592,420	25,091,120	249,305,235	235,264,271	9,676,436	92,471
2010	123,005,513	107,590,830	15,414,684	227,771,053	218,170,486	4,946,929	88,616

Year	Profit Margin	Member Service Cost Ratio	Care Management Service Cost Ratio	Combined Member Service Cost Ratio	Administrative Expense Ratio	Change in Enrollment
2012	1.1%	84.3%	11.8%	96.1%	3.5%	1.6%
2011	3.8	81.5	12.1	93.5	3.9	4.4
2010	2.1	80.3	12.3	92.7	4.6	

Per Member Per Month Information

	2012	2011	Percentage Change
Revenues			
Capitation	\$2,630.96	\$2,739.96	-4.0%
Other revenue	<u>315.37</u>	<u>312.24</u>	1.0
Total revenue	2,946.33	3,052.20	-3.5
Expenses:			
Member service costs	2,532.29	2,544.20	-0.5
Care management	311.21	330.21	-5.8
Administrative	<u>91.32</u>	<u>107.21</u>	-14.8
Total operating expenses	2,934.82	2,981.62	-1.6
Other (income) expenses, ordinary	(24.82)	(34.06)	-27.1
Other (income) expenses, extraordinary	<u>7.99</u>	<u>0.00</u>	100.0
Net income (loss)	<u>\$ 28.34</u>	<u>\$ 104.64</u>	-72.9
Member months	93,918	92,471	1.6

MCDFC generated favorable operating results during the period under examination, although the operating results in 2012 were not as favorable as in the prior years largely due to MCDFC's capitation revenue being reduced at a faster pace than member service expenses during this period. In 2012, DHS reduced MCDFC's capitation rate resulting in approximately \$6.5 million less capitation revenue through a downward policy adjustment.

The 2010 year-ending assets and liabilities were inflated due to DHS paying January through April 2011 capitation in December 2010.

Subsequent Event

On February 6, 2014, the Milwaukee County Board of Supervisors approved a “living wage” ordinance that requires Milwaukee County employees and contractors to be paid at least \$11.32 per hour with annual adjustments. The impact of this ordinance will have a negative impact on MCDFC’s operating results once implemented in 2014. At the time of the examination, MCDFC management was in the process of calculating the potential impact to its operations for calendar year 2014.

Reconciliation of Equity per Examination

No adjustments were made to equity as a result of the examination. The amount of equity reported by the company as of December 31, 2012, is accepted.

V. SUMMARY OF EXAMINATION RESULTS

Summary of Current Examination Results

This section contains comments and elaboration on those areas where adverse findings were noted or where unusual situations existed. Comment on the remaining areas of the company's operations is contained in the examination work papers.

Management and Control

The examination's review of the Milwaukee County Code of General Ordinances, Chapter 16, Care Management Organization charter determined that the governing board is not operating within its charter. For example, the charter states that the board shall consist of 16 members, officers of the board shall be elected annually, and the officers shall be a chairperson, vice-chair person, and secretary. Currently, the board consists of 11 members. In addition, the review of the governing board minutes did not disclose the election of the officers. It is recommended that MCDFC comply with the Milwaukee County Code of General Ordinances, Chapter 16, Care Management Organization Governing Board.

Conflict of Interest

The examination's review of potential conflicts of interest determined that MCDFC does not have a process in place to identify and monitor conflicts, if any, of the Governing Board and executive and senior-level staff. Organizations typically require their boards and executive and senior-level management to report potential conflicts to mitigate against the risk that another interest was used versus professional judgment in making a determination on an event or transaction. Standard disclosures generally include, but are not limited to, the individuals or an immediate family member having a membership on a board, financial interest, or any other type of involvement with companies under contract or pursuing a contract with the organization. The policy for disclosing conflicts should include a listing of conflicts that are required to be disclosed with examples and the required frequency for such disclosure. It is customary for organizations of MCDFC's size to require such disclosures on an annual basis through a standard Conflict of Interest Statement form. It is recommended that MCDFC develop and implement a policy for

identifying potential conflicts with members of the Governing Board and executive and senior-level staff within MCDFC at least annually.

Provider Contract Files

The examination's review of claim payments identified that the provider contracts for the sample selected did not provide clear documentation on the contracted rates for the selected sample. For example:

- The examination noted that some transportation providers were paid at a different rate than what was in the provider contract file for certain types of mileage claims due to the Executive Director increasing the mileage reimbursement during a period of high fuel prices.
- The examination noted that MCDFC had re-issued its provider contracts in 2011. These contracts made reference to an Exhibit 1, which includes contracted services and rates, but the exhibit was not attached to the actual contract in all cases but rather MCDFC provided an example of a cover letter that went to the providers indicating the exhibit in the previous contract was still valid. Furthermore, this cover letter was not in the provider contract file.
- The examination also noted that some contracts referred to a rate sheet printed from MCDFC's care management system, but for some contracts the examiners were unable to determine if the provider had actually been provided the rate sheet as part of the contract.

The examiners acknowledge that MCDFC staff has indicated that they have made improvements to the provider contracting practices and the documentation retained in the provider contract file. Although MCDFC has been implementing changes in its provider contracts starting in calendar year 2013, provider contracts should contain a minimum of the signed agreements, amendments and the contract rates. It is recommended that MCDFC review its contracting practices and documentation standards to ensure that proper documentation is retained in the provider contract file (hard copy or electronic), including amendments and relevant correspondence. It is further recommended that MCDFC implement the improved documentation standards identified during the review.

Disaster Recovery/Business Continuity

The examination's review of disaster recovery and business continuity noted that SSR appeared to have a disaster recovery and business continuity plan in place for their operations and that the recovery of the care management system database in the event of a disaster was tested every other month. However, the examination determined that MCDFC does not have a disaster recovery and business continuity plan, aside from the above-mentioned SSR plan. Effective MCDFC disaster recovery and business continuity plans should be developed and

subsequently reviewed, tested, and updated at least annually to determine if the plans remain effective in the case a situation arises that requires use of the plan. This office does acknowledge that the building MCDFC is located in had a fire during 2013 and MCDFC was able to bring operations on-line in a reasonable timeframe. It is recommended that MCDFC develop disaster recovery and business continuity plans. It is further recommended that MCDFC review, test, and update their disaster recovery and business continuity plans at least annually.

Financial Requirements

The financial requirements for a CMO under s. 648.75, Wis. Stat., and s. Ins 57.04, Wis. Adm. Code, for the period ending December 31, 2012, are as follows:

	Amount Required
1. Working capital	Not less than 3.0% of the budgeted annual capitation payments from DHS.
2. Restricted reserves	The required minimum balance is calculated as follows: 8% of the first \$5 million annual budgeted capitation 4% of the next \$5 million annual budgeted capitation 3% of the next \$10 million annual budgeted capitation 2% of the next \$30 million annual budgeted capitation 1% of annual budgeted capitation in excess of \$50 million
3. Solvency fund	\$750,000

The company's financial requirement calculations as of December 31, 2012, are as follows:

Working Capital

Current assets	\$52,828,583
Current liabilities	<u>28,086,159</u>
Working capital	24,742,424
Working capital requirement	<u>6,839,825</u>
Excess/(Shortage)	<u>\$17,902,599</u>

Restricted Reserves

Current restricted reserves	\$ 3,612,680
Restricted reserve requirement	<u>3,279,942</u>
Excess/(Shortage)	<u>\$ 332,738</u>

Solvency Fund

Current solvency fund	\$ 0
Solvency fund requirement	<u>750,000</u>
Excess/(Shortage)	<u>\$ (750,000)</u>

MCDFC was not meeting its financial requirements at December 31, 2012. All permitted CMOs were not meeting the solvency fund requirement because of the liquidation of all deposits in the fund for the insolvency of CHP-LTS, Inc., in December 2012. MCDFC replenished its deposit in the solvency fund in July 2013, in accordance with the replenishment plan issued by this office.

VI. CONCLUSION

Milwaukee County Department of Family Care is a department within the Milwaukee County government structure. MCDFC began providing Family Care services to the frail elderly (those over the age of 60) within the geographical boundaries of Milwaukee County as a pilot organization in 2000. MCDFC currently offers Family Care services to the frail elderly, physical and developmentally disabled in eight eastern Wisconsin counties.

At December 31, 2012, MCDFC reported assets of \$56.4 million, liabilities of \$28.7 million, and equity of \$27.8 million. In 2012, MCDFC had an operating gain of \$2.7 million on total revenues of \$276.7 million. The favorable operating results in 2012 were achieved despite being issued a downward policy adjustment of approximately \$6.5 million by DHS. The new minimum wage ordinance in 2014 is anticipated to have an unfavorable impact on MCDFC operating results.

The examination resulted in four recommendations relating to management and control, conflict of interest, provider contracts, and information technology.

VII. SUMMARY OF COMMENTS AND RECOMMENDATIONS

1. Page 17 - Management and Control—It is recommended that MCDFC comply with the Milwaukee County Code of General Ordinances, Chapter 16, Care Management Organization Governing Board.
2. Page 17 - Conflict of Interest—It is recommended that MCDFC develop and implement a policy for identifying potential conflicts with members of the Governing Board and executive and senior-level staff within MCDFC at least annually.
3. Page 18 - Provider Contract Files—It is recommended that MCDFC review its contracting practices and documentation standards to ensure that proper documentation is retained in the provider contract file (hard copy or electronic), including amendments and relevant correspondence. It is further recommended that MCDFC implement the improved documentation standards identified during the review.
4. Page 19 - Disaster Recovery/Business Continuity—It is recommended that MCDFC develop disaster recovery and business continuity plans. It is further recommended that MCDFC review, test, and update their disaster recovery and business continuity plans at least annually.

VIII. ACKNOWLEDGMENT

The courtesy and cooperation extended during the course of the examination by the officers and employees of the company is acknowledged.

In addition to the undersigned, the following representatives of the Office of the Commissioner of Insurance, State of Wisconsin, participated in the examination:

Name	Title
Rauf Mirza	Insurance Financial Examiner
Tom Houston, CFE	Insurance Financial Examiner – Advanced, Data Processing Audit Specialist

Respectfully submitted,

Amy J. Malm, CFE
Examiner-in-Charge