

<b>Community Mental Health Affiliation of Mid-Michigan</b>		<b>POLICY: 7.0</b>		<b>REVIEW DATES</b>	
<b>SUBJECT:</b>	Financial Management	Page: 1 of 2			
<b>SCOPE:</b>	All CMHA Programs	<b>ISSUED BY:</b> PIHP Finance Director And Director of Affiliation Operations	02/05/08		
			02/02/09		
			02/17/10		
			01/19/11		
		<b>APPROVED BY:</b> Board of Directors			
		<b>Effective Date:</b> 12/14/06	<b>Revised Date:</b>		

**I. PURPOSE:**

To ensure accuracy and consistency of financial systems and the reporting of financial data.

**This policy and all related procedures will apply only to those activities involving the use of Medicaid funding.**

**II. POLICY:**

The PIHP of CMHAMM will ensure accuracy and consistency of financial systems and the reporting of financial data. All CMHAMM financial practices will comply with requirements established by applicable federal and state statutes.

**III. RESPONSIBILITIES:**

- A.** The PIHP will establish a budget and financial management system sufficient or monitor revenues and expenditures for the region, monitor changes in the Medicaid population for the PIHP region and the effect on capitated funds received from MDCH, managed financial reserves to meet unexpected demand, determination of methodology for Medicaid payment to local affiliates. The CMHSP/CA will maintain routine accounting and budgeting functions, purchasing and inventory management, engagement of annual financial audit and consulting relationships. The PIHP will provide Affiliation-wide standards and guidance and will monitor compliance as appropriate.
- B.** The PIHP will compile data cost information for weighted average determination, per service, for the region. The CMHSP/CA will provide the PIHP with a cost determination for rate-setting purposes for their region. The PIHP will provide Affiliation-wide standards and guidance and will monitor compliance as appropriate.
- C.** The PIHP will report FSR and Medicaid Utilization cost reporting to MDCH. The CMHSP/CA will report FSR and Medicaid Utilization cost reporting to PIHP. The PIHP will provide Affiliation-wide standards and guidance and will monitor compliance as appropriate.
- D.** The PIHP will develop a Risk Management Plan for the PIHP, and develop a regional reinvestment strategy for allocation of Medicaid savings.

- E.** The PIHP will submit application for Medicaid Habilitation Support Waivers (HSW) for identified individuals across the PIHP region.
- F.** The CMHSP/CA will track Medicaid expenditures and revenues. The PIHP will provide Affiliation-wide standards and guidance and will monitor compliance as appropriate.
- G.** The CMHSP/CA will bill Medicare and other third-party payers (as Medicaid is the payer of last resort). The PIHP will provide Affiliation-wide standards and guidance and will monitor compliance as appropriate.
- H.** The CMHSP/CA will provide local-level verification of the delivery of Medicaid services. The PIHP will provide a secondary review of the local-level verification of the delivery of Medicaid services. The PIHP will provide Affiliation-wide standards and guidance and will monitor compliance as appropriate.

**IV. MONITORING AND REVIEW:**

The PIHP Director and Finance will monitor these functions. The Director of Affiliation Operations reviews this policy annually. External review will include MDCFH and CMS site visits and annual financial audits.

**V. RELATED POLICIES AND PROCEDURES:**

CMHAMM Procedure	7.3	Risk Management ISF
CMHAMM Procedure	7.4	Habilitation Supports Waiver – Finance
CMHAMM Procedure	7.5	Capitation Payments and Budget Development
CMHAMM Procedure	7.6	Costing - Finance
CMHAMM Procedure	4.7	Medicaid Claims Verification