

**Community Mental Health Affiliation
of Mid-Michigan**

PROCEDURE: 7.1	Page 1 of 2	SUBJECT: Financial
Related Policy: 7.0		SUBJECT: Financial Management
Issuing Directors: PIHP Director of Finance, and Director of Affiliation Operations		Original Effective Date: 12/14/06

REVISED DATE

02/02/09

Review Date(s)

02/05/08					

I. PURPOSE:

It is the expectation of the CMHAMM that financial practices will be uniform across all members. In addition, we will continuously monitor and review our current financial conditions, review actual expenditures against approved budgets, and continuously monitor pre-determined high risk areas.

This review and monitoring will be through submission of data on a pre-determined intermittent basis through reports to the PIHP.

II. STANDARDS:

The following federal and state statutes, contracts and technical specifications establish the standards for CMHAMM's Financial Management Procedure:

- A. BBA
- B. OMB Circular A-87
- C. Medicaid Managed Specialty Supports Services Concurrent 1915(b)(c) Waiver Program
- D. CMHSP/CA Medicaid Subcontracts
- E. GAAP

III. DEFINITIONS:

- A. **FSR:**
Financial status reports as required by MDCH contract
- B. **PIHP:**
Prepaid Inpatient Health Plan, (aka: CMHA CEI PIHP, hub)

IV. PROCEDURES:

- A. Prior to the beginning of the fiscal year, the PIHP will provide Medicaid funding and hub free projections for the following fiscal year. These projections shall be used to develop the Medicaid budgets for subsequent PIHP approval.
- B. All CMHSPs/CAs shall submit their annual budget in the format presented to and approved by their Board prior to October 1st; Changes to the budget shall be submitted to the PIHP within 30 days of board approval.

- C. All CMHSPs/CAs shall submit monthly financial statements to the PIHP no later than 25 days following the end of the month. These financial statements shall include, but not be limited: Balance sheet and the statement of Income and Expenses Budget to Actual.
- D. If a CMHSPs/CAs believes they overrun their Medicaid sub-capitation funding, they shall immediately notify the PIHP Finance Director, and begin working to submit a plan of correction or action, as applicable. This plan shall be completed within 30 days of notification of potential overrun, and should be mutually negotiated between the PIHP and the affiliate. However, the PIHP has final approval over any plan. If the plan is not able to be mutually negotiated, the PIHP, at its option, may impose budget modifications to the affiliate.

V. APPLICATION:

CMHACEI PIHP and all affiliate CMHSPs/CAs

VI. MONITOR AND REVIEW:

The PIHP's Finance Director ensures compliance with this procedure across the Affiliation with guidance provided by Finance Workgroup. The Director of Affiliation Operations reviews this procedure annually. External review will include MDCFH and CMS site visits and annual financial audits.

VII. RELATED POLICIES AND PROCEDURES:

CMHAMM Policy 7.0 Financial Management