

POLICIES AND PROCEDURE MANUAL

Chapter	General Management		
Title:	New CMHSP Participation in the MSHN Region		
Policy: <input checked="" type="checkbox"/>	Review Cycle: Biennial	Adopted Date: 05.07.2019	Related Policies:
Procedure: <input type="checkbox"/>	Author: Chief Executive Officer	Review Date: 03.03.2026	
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Purpose

The purpose of this policy is to establish the general criteria and specific processes to be used in facilitating new Community Mental Health Services Program (CMHSP) participation in the Mid-State Health Network (MSHN) region.

Background

Section 2.4 of the Bylaws of Mid-State Health Network provides:

“New CMHSP Participants may join the Entity upon written approval of two-thirds (2/3) of the governing bodies of the existing CMHSP Participants at the time of the admission request. The entity is prohibited from pursuing any actions to add CMHSP Participants or operate outside of the existing geographic area other than the process noted above. New CMHSP Participants added to the Entity will be entitled to any membership or governance rights in the same manner as the existing CMHSP Participants. Any new CMHSP Participants added under this section will forward any claims to existing Medicaid risk reserves to the Entity on a pro-rated basis upon date of admission as negotiated with Michigan Department of Health and Human Services (MDHHS).”

Policies

- 1) It is the policy of Mid-State Health Network to conduct due diligence activities as detailed in this policy and any related procedures in the event that a new Community Mental Health Services Program (CMHSP) is being considered for participation in the Mid-State Health Network Regional Entity.
- 2) It is the policy of Mid-State Health Network that the due diligence activities required under this policy are carried out by the MSHN Chief Executive Officer assisted by the MSHN Chief Financial Officer, MSHN Deputy Director and other MSHN executive management personnel pertinent to the subject matter being evaluated. The MSHN Operations Council shall appoint two representatives to consult, assist and advise in these due diligence activities. For the purposes of this policy only, this group hereinafter is called the Due Diligence Workgroup.
- 3) This Due Diligence Workgroup shall report monthly (and more often if needed) to the MSHN Operations Council and MSHN Executive Committee (or a special MSHN Board-Appointed committee, if so constituted), and to the MSHN Board at its regular meetings. Other sub-workgroups may be established by the Due Diligence Workgroup as needed to fulfill related due diligence activities. Requirements of the MSHN General Management, Appointed Councils, Committees, and Workgroups policy shall apply.
- 4) It is the policy of Mid-State Health Network for the Due Diligence Workgroup to request and evaluate any available information from the new CMHSP, its current PIHP, and/or MDHHS in order to evaluate and analyze CMHSP historical, current and future financial, operational,

programmatic performance and functional status, to assess the CMHSPs ability to perform to established standards in the MSHN region ,and to assess the impact of inclusion of the CMHSP on the existing CMHSP Participants, the MSHN Pre-Paid Inpatient Health Plan (PIHP) and the MSHN region. The Due Diligence Workgroup, at a minimum, shall request and evaluate the following:

- a. A written, detailed rationale for the request to participate in MSHN Regional Entity including identification of historical and current precipitating factors.
 - b. A detailed written disclosure of all matters where any aspect of the CMHSPs operations do not meet established standards or pose risk to the existing CMHSPs or MSHN.
 - c. The most recent five years of audited financial statements and internal budget documents.
 1. It is desirable, but not a condition, that the CMHSP demonstrates at least 2 years of positive revenue and expense trends.
 2. There shall be no uncorrected material findings in the most recent two years of financial and compliance audits of the CMHSP.
 - d. Current status on all performance metrics, performance improvement projects and external entity reviews. It is desirable, but not a condition, that the CMHSP is not under corrective action with the MDHHS. If the corrective action plan places the MSHN region at risk, the CMHSP may be given an appropriate cure period or other reasonable consideration(s).
 - e. Current copy of the most recent CMHSP Community Needs Assessment and/or CMHSP provider network adequacy assessment and any status updates
 - f. Current status of all consumer affairs, including grievances and appeals, sentinel events, and all related quality information.
- 5) It is the policy of Mid-State Health Network to establish certain stipulations that the incoming CMHSP and/or MDHHS must agree to. At a minimum, these stipulations are:
- a. CMHSP commits to adoption of the existing MSHN Bylaws, Operating Agreement and established policies/procedures without qualification.
 - b. CMHSP has full certification from MDHHS.
 - c. CMHSP holds current accreditation from a nationally-recognized entity compatible with the delivery of Medicaid specialty supports and services
 - d. Incoming CMHSP must have a balanced budget and at least one year of demonstrated ability to operate within provided revenue [Per Eligible Per Month (PEPM)]. Depending on historical and current operational circumstances, if this criterion cannot be met, the incoming CMHSP must provide an acceptable cost containment plan.
 - e. Incoming CMHSP must agree that MSHN will negotiate with MDHHS and/or the prior PIHP to ensure any related prior Internal Service Fund holdings associated with the incoming CMHSP is transferred to MSHN.
 - f. The incoming CMHSP must have retired (or have its own reserves sufficient to retire) any outstanding liabilities to the MDHHS and/or the prior PIHP, if any.
 - g. The incoming CMHSP must not be a party to current litigation for which the MSHN region would become liable.
 - h. The Incoming CMHSP must agree to adhere to the MSHN regional policies and procedures in place at the time of invitation/application including adoption of the

MSHN region’s costing, cost allocation and cost reporting principles, policies and procedures.

- i. MSHN reserves the right to contractually obligate the incoming CMHSP to additional participant requirements during the transition process as a result of due diligence activities, which will be detailed in writing and adopted by the MSHN Board, which may continue until certain milestones to be detailed as a result of that process are met.

In the event that the CMHSP is willing and able to accept MSHN stipulations after negotiations with the Due Diligence Workgroup, the appropriate party should provide a written proposal to include waiver of any due diligence stipulations of this policy or other recommendations which must be presented to the MSHN Operations Council for consideration, and from the Operations Council by the MSHN CEO to the MSHN Board of Directors. The MSHN Board shall forward the proposal with a recommendation from the Boards of Directors to the current MSHN CMHSP Participants, which must act to accept or reject the applicant CMHSP by duly adopted resolution as stipulated in the MSHN Bylaws.

- 6) It is the policy of Mid-State Health Network to reserve the right to identify additional considerations, stipulations or criteria depending upon the situation at the time of the consideration of a CMHSPs inclusion in the MSHN region.

Applies to

- All Mid-State Health Network Staff
- Selected MSHN Staff, as follows:
- MSHN’s CMHSP Participants: Policy Only Policy and Procedure
- Other: Sub-contract Providers

Definitions

Terms used in this policy have the meaning defined in the MSHN Bylaws and/or the MSHN Operating Agreement.

CMHSP: Community Mental Health Service Program

ISF: Internal Service Fund

ENTITY: References to “the entity” are defined as Mid-State Health Network

MDHHS: Michigan Department of Health and Human Services

MSHN: Mid-State Health Network

PEPM: Per Eligible Per Month

PIHP: Pre-Paid Inpatient Health Plan

Other Related Materials

References/Legal Authority

Mid-State Health Network Bylaws, Section 2.4

MSHN Operating Agreement

Change Log:

Date of Change	Description of Change	Responsible Party
03.31.2019	New Policy	Chief Executive Officer
07.21.2020	Biennial Review	Chief Executive Officer
06.03.2022	Biennial Review	Chief Executive Officer
07.2024	Biennial Review	Chief Executive Officer
08.2025	Removal of appointed CMHSP by MDHHS	Chief Executive Officer
12.15.2025	Review due to MDHHS Request for Proposal	Chief Executive Officer