

## POLICIES AND PROCEDURE MANUAL

<b>Chapter</b>	<b>General Management</b>		
<b>Title:</b>	<b>CMHSP Application or MDHHS Assignment to the MSHN Region</b>		
<b>Policy:</b> <input checked="" type="checkbox"/>	<b>Review Cycle:</b> Biennial	<b>Adopted Date:</b> 05.07.2019	<b>Related Policies:</b>
<b>Procedure:</b> <input type="checkbox"/>	<b>Author:</b> Chief Executive Officer	<b>Review Date:</b> 09.10.2024	
<b>Page:</b> 1 of 4			

### Purpose

The purpose of this policy is to establish the general criteria and specific processes to be used in evaluating potential Community Mental Health Services Program (CMHSP) requests to become a part of the Mid-State Health Network region or to evaluate Michigan Department of Health and Human Services (MDHHS) initiated assignment of a Community Mental Health Services Program to the Mid-State Health Network (MSHN) region.

### Background

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

“New CMHSP Participants to the Entity may be added pending written support from the State for purposes of preserving the community mental health system. If addition of these new CMHSP Participants to the Entity is not required by the State, it is seen as within the sole discretion of the existing CMHSP Participants. Thus when not required by the State, the addition of new CMHSP Participants to the Entity requires the approval of two-thirds (2/3) of the governing bodies of the existing CMHSP Participants, conveyed via a duly adopted written resolution of these governing bodies. 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 Community Health (MDCH).” (MDCH no longer exists and has been succeeded by Michigan Department of Health and Human Services).

### 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. A Community Mental Health Services Program (CMHSP) requests participation in the Mid-State Health Network Regional Entity; and/or
  - b. The Michigan Department of Health and Human Services proposes to assign a CMHSP to 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. 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.

- 3) It is the policy of Mid-State Health Network for the Due Diligence Workgroup to request and evaluate any available information from the CMHSP, the current PIHP associated with the CMHSP, 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 be a member of the 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. This includes full disclosure of all matters involving finances, financial operations, short and long-term liabilities; full disclosure of pending and current legal matters, full disclosure of compliance matters, full disclosure of pending sanctions of any kind; and any other disclosure that may be requested by the Due Diligence Workgroup.
  - c. The most recent five years of audited financial statements and internal budget documents demonstrating the historical ability of the CMHSP to operate within its established revenue and within its established budget.
    1. CMHSP demonstrates at least 2 years of revenue and expense trends that would be consistent with projected future geographic factors.
    2. CMHSP is not under corrective action with the Michigan Department of Treasury
  - d. There shall be no uncorrected material findings in the most recent two years of financial and compliance audits of the CMHSP.
  - e. The incoming CMHSP's Information Technology System must be validated by MSHN (or its designee) as fully operational/functional and interoperable with MSHN systems
  - f. Current status on all performance metrics, performance improvement projects and external entity reviews
  - g. Current copy of the most recent provider network adequacy assessment and any status updates
  - h. Current status of all consumer affairs, including grievances and appeals, sentinel events, and all related quality information.
  - i. CMHSP demonstrates current service penetration and program unit costs that equal or exceed aggregate regional performance.
  - j. The historical geographic factor (and/or other factors used in rate setting) associated with the incoming CMHSP equals or exceeds the existing MSHN geographic factor.
  - k. Acceptable performance upon review of a pre-contract and/or pre-delegation site review(s) conducted by MSHN with participation from current MSHN CMHSP Participants. This may result in non-delegation of some or all managed care functions and may result in different delegations than the rest of the region in the sole discretion of the MSHN region.
- 4) 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 including a fully compliant Recipient Rights Program

- 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 bring with it, from its current PIHP or MDHHS, if assigned, a fully funded Internal Service Fund (ISF) equal to the MDHHS-established maximum for PIHP ISFs (currently 7.5% of revenue).
- f. The incoming CMHSP must have retired 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 against the MDHHS.
- h. The Incoming CMHSP must agree to a regional monitoring plan and sanctions for substandard fiscal, programmatic or other operational performance.
- i. Negative financial impacts caused by rate misalignments of the incoming CMHSP, if any, must be supported by state funding to smooth this negative impact over an agreeable period of time.
- j. The incoming CMHSP must adopt the MSHN region's costing, cost allocation and cost reporting principles, policies and procedures.
- k. If the Information Technology System of the incoming CMHSP is not validated as fully functional/operational and cross functional with existing MSHN systems, the incoming CMHSP, at its own expense, must correct that condition.
- l. Incoming CMHSP (or MDHHS, if assigned) bears the costs of the MSHN region for confirming conditions and integrating it into the region (prior to application of regional administration fees)
- m. MSHN may 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 and/or MDHHS is unwilling or unable to accept MSHN stipulations after negotiations with the Due Diligence Workgroup, the appropriate party should provide a written proposal which must be presented to the MSHN Operations Council for consideration, and from the Operations Council to the MSHN Board of Directors.

- a. Where the applicant is the CMHSP, the MSHN Board may forward the proposal with a recommendation to the Boards of Directors of the current MSHN CMHSP Participants, which must act to accept or reject the applicant CMHSP as stipulated in the MSHN Bylaws.
  - b. Where the State is the initiating party requiring the MSHN Regional Entity to accept the CMHSP, the MSHN Board shall make a decision that will mitigate the additional service, financial and legal risks to the region and the CMHSP Participants consistent with the established Bylaws and Operating Agreement.
- 5) 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 request of a CMHSP or MDHHS for inclusion of a CMHSP 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

MDCH: Michigan Department of Community Health

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:**

<b>Date of Change</b>	<b>Description of Change</b>	<b>Responsible Party</b>
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