

POLICIES AND PROCEDURE MANUAL

Chapter:	Financial Management		
Title:	Local Funds Accounting and Distributions		
Policy: <input type="checkbox"/> Procedure: <input checked="" type="checkbox"/> Page: 1 of 4	Review Cycle: Biennial Author: Chief Financial Officer	Adopted Date: 04.2018 Review Date: 05.13.2025	Related Policies: Finance: Finance Management

Purpose

The purpose of this procedure is to outline the distribution of local funds between Mid-State Health Network (MSHN) as the Prepaid Inpatient Health Plan (PIHP) and its Community Mental Health Service Programs (CMHSP) Participants.

Per the Operating Agreement, any local funds earned by the PIHP are distributed to the CMHSPs.

Procedure

Performance Bonus Incentive Pool (PBIP)

In accordance with section 105d (18) of Public Act 107 of 2013, Michigan Department of Health and Human Services (MDHHS) shall implement a retroactive withhold of 0.75% of payments to PIHPs for the purpose of establishing a PBIP. Retention of funds from the PBIP is contingent on the PIHP's completion of the required performance of metrics outlined in the MDHHS/PIHP contract.

Distribution of funds by MDHHS from the PBIP is contingent on the PIHP's completion of the required performance metrics as outlined for the identified measurement reporting period.

PBIP Distribution

Upon the receipt of PBIP funds or authorization of earning of PBIP funds from MDHHS, MSHN will distribute the proportionate amounts to the CMHSPs based on the percent of capitation revenue in the funding sources used by MDHHS to calculate the PBIP. The PIHP will not retain any PBIP funds earned.

Accounting Treatment

Distributed funds shall be treated for accounting purposes by CMHSPs as restricted local funding in the fiscal year received which may be later than the fiscal year of the measurement period. Restricted local funding must be utilized for the benefit of the public behavioral health system.

Interest

Interest earned on sources not designated for liquor tax (PA2) and Internal Service Funds will be disbursed to CMHSPs based on PBIP percentages.

Accounting Treatment

Distributed funds shall be treated as unrestricted local funding in the fiscal year received which may be later than the fiscal year of the measurement period.

Behavioral Health Home (BHH)

The BHH provides comprehensive care management and coordination services to Medicaid beneficiaries with a select serious mental illness/serious emotional disturbance (SMI/SED) diagnosis. For enrolled beneficiaries, the BHH functions as the central point of contact for directing patient-centered care across

the broader health care system. Beneficiaries work with an interdisciplinary team of providers to develop a person-centered Behavioral Health Home care plan.

BHH Providers (Per MDHHS)

- Community Mental Health Services Programs (CMHSPs)
- Federally Qualified Health Centers/Primary Safety Net Clinic
- Rural Health Clinics
- Tribal Health Centers
- Clinical Practices or Clinical Group Practices

BHH Distribution

MSHN BHH Surplus – The calculations are as follows:

1. PIHP Administrative surplus or deficit is calculated based on the case rate payments less expenses.
2. BHH Participating CMHSP surpluses and deficits are calculated in the same manner as step one.
3. Surpluses generated from steps one and two must cover all deficits noted by participating BHH CMHSPs and/or the PIHP. The PIHP's surplus will be entirely depleted before use of any BHH CMHSP surplus.
4. If the PIHP has a surplus after step three, this amount will be disbursed to the BHH CMHSPs participating in the program based on mutually agreed percentages.
5. BHH CMHSPs participating in the program and showing a surplus after step three is complete, will retain those funds as generated revenue.

MSHN BHH Deficit – The calculations are as follows:

1. Steps one through three noted under the BHH surplus section is performed.
2. If the PIHP's deficit (expenses exceed revenue), BHH participating CMHSPs must cover with non-Medicaid funds based on mutually agreed percentages even if the CMHSP does not earn a program surplus.

Accounting Treatment

Distributed funds shall be treated as unrestricted local funding in the fiscal year received which may be later than the fiscal year of the measurement period.

Please note: Non-CMHSP participants are at full risk with the BHH program.

Opioid Health Home (OHH)/Substance Use Disorder Health Home (SUDHH)

The OHH/SUDHH provides comprehensive care management and coordination services to Medicaid beneficiaries with an alcohol use disorder, stimulant use disorder or opioid use disorder. For enrolled beneficiaries, the OHH/SUDHH will function as the central point of contact for directing patient centered care across the broader health care system. The model will also elevate the role and importance of Peer Recovery Coaches and Community Health Workers to foster direct empathy and raise overall health and wellness.

OHH/SUDHH Providers (per MDHHS)

- Community Mental Health Services Programs (CMHSPs)
- Federally Qualified Health Centers (FQHCs)
- Hospital-based clinical practices
- Physician or Physician Practice
- Opioid Treatment Programs (OTPs)
- Rural Health Clinics (RHCs)
- SUD Treatment and Recovery Service Providers
- Tribal Health Centers (THCs)

OHH/SUDHH Distribution

MSHN OHH/SUDHH Surplus

If the entire program consists of non-CMHSP participants, a surplus will be disbursed to CMHSPs based on the same percentages as the PBIP. If any CMHSPs participate in OHH/SUDHH, the MSHN BHH Surplus guidelines will be followed.

MSHN OHH/SUDHH Deficit – Deficits above the 20% administrative portion of case rates will be covered by CMHSPs using non-Medicaid fund sources based on the same percentages as the PBIP. If any CMHSPs participate in OHH/SUDHH, the MSHN BHH Deficit guidelines will be followed.

Accounting Treatment

Distributed funds shall be treated as unrestricted local funding in the fiscal year received which may be later than the fiscal year of the measurement period.

Please note: Non- CMHSP participants are at full risk with the OHH/SUDHH program.

Applies to:

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

Definitions:

BHH: Behavioral Health Home

CMHSP: Community Mental Health Service Program

FQHC: Federally Qualified Health Center

MDHHS: Michigan Department of Health and Human Services

MSHN: Mid-State Health Network

OHH: Opioid Health Home

OTP: Opioid Treatment Programs

PA2: Public Act 2 (Liquor Tax)

PBIP: Performance Bonus Incentive Pool

PIHP: Pre-paid Inpatient Health Plan

RHC: Rural Health Clinic

SMI/SED: Serious Mental Illness/Serious Emotional Disturbance

SUDHH: Substance Use Disorder Health Home

THC: Tribal Health Center

Other Related Materials:

N/A

References/Legal Authority:

Michigan Department of Health and Human Services Contract for 1115 Behavioral Health Demonstration Waiver Program, the Health Michigan Plan and relevant approved Waivers (Children's Waiver Program (CWP), Habilitation Supports Waiver (HSW), Serious Emotional Disturbance (SED)), Behavioral Health Home Handbook, Opioid Health Home Handbook

Change Log:

Date of Change	Description of Change	Responsible Party
03.31.2018	New Procedure	Chief Financial Officer
03.31.2019	Procedure Update	Chief Financial Officer
05.2021	Procedure Update	Chief Financial Officer
01.2023	Biennial Review	Chief Financial Officer
5.2024	Procedure Update	Chief Financial Officer
12.2024	Biennial Review	Chief Financial Officer