

POLICIES AND PROCEDURE MANUAL

Chapter:	Provider Network Management		
Title:	Fiscal Year Contract Monitoring (Amounts vs. Expenses) Procedure		
Policy: <input type="checkbox"/>	Review Cycle: Biennial	Adopted Date: 11.10.2020	Related Policies: 1. Procurement 2. Administrative & Retained PIHP Functions Contract Monitoring and Oversight Policy
Procedure: <input checked="" type="checkbox"/>	Author: Contract Specialist/Finance Manager	Review Date: 03.05.2024	
Page: 1 of 3			

Purpose:

The purpose of this procedure is to outline steps for submitting an administrative contract for the purposes of approval, execution, and expense monitoring.

General Contract Standards:

- In accordance with the MSHN operating agreement and [Finance Procurement Policy](#), only items resulting in a formal contract/agreement required to be executed by the MSHN CEO shall be included on the Board of Directors (BOD) contract list.
- Multi-Year contracts/agreements should only be listed on the BOD list when it is initially brought forward for consideration and not in subsequent years (i.e., Year 2 or 3). Multi-year contracts/agreements will have the term (effective date and end date) indicated on the initial BOD list. Following approval, it shall not need to be included on the subsequent fiscal year’s contract list for approval at the beginning of the fiscal year, unless an amendment is necessary. Contract Specialist will ensure tracking and notification to Assigned Leadership member of upcoming expiration to ensure renewals if necessary.
- Contract amounts listed for BOD approval must be the same amount identified in the contract when a contract maximum is identified. MSHN may however execute a contract amendment without BOD approval when the change amount is less than \$10,000. If contract does not identify a maximum contract value dollar amount, the BOD listing shall include the unit rate indicated in the contract. Assigned Leadership member must provide Contract Specialist with the estimated number of units per week/month/year.
- Contract amount approved by the BOD shall be final “source of truth” and be the amount included in the contract sent to vendor following BOD approval as well as the amount to monitor expenditures to determine if an amendment is necessary. MSHN may however execute a contract amendment without BOD approval when the change amount is less than \$10,000.
- Contracts shall not be submitted directly to the MSHN Chief Executive Officer (CEO) for execution from other MSHN staff. Vendor specific contracts (i.e., not MSHN developed contract) shall only come to Contract Specialist from Assigned Leadership member ().
- Contract listings must be submitted to the Contract Specialist ten (10) business days prior to the scheduled BOD meeting. Contracts not submitted to the Contract Specialist as of the due date indicated on the department heads calendar shall not be included on that BOD meeting list but will be held over until the next scheduled regular meeting. This will eliminate the recurring issue of last-minute add-ons once the contract listing has been completed. Exceptions shall only be approved by the Deputy Director or Chief Executive Officer.

Procedure for Submitting Contracts Listing for the BOD Consideration:

NEW/INITIAL: MSHN staff shall submit new contract requests to their Leadership team supervisor. Assigned Leadership member shall submit new contract listings to the Contract Specialist and include:

- Contracting Entity,
- Service Description,

- Term (mm/dd/yy-mm/dd/yy),
- FY contract amount or unit rate (along with projected units),
- Indicate if the proposed contract amount was already budgeted or if grant funding will support, and
- Indicate if a QSOA or BAA is required. NOTE: If unsure, Chief Information Officer and Chief Compliance and Quality Officer should be consulted.

RENEWALS: Assigned Leadership member shall identify the current contract maximum amount identified in the contract on the annual contractor evaluation assessment and indicate rationale for changes in accordance with the [Fiscal Year Contract Review procedure](#).

- Contract Specialist adds renewals to the upcoming FY Contract Tracking Sheet in Box.
- Contract Specialist will provide the draft contract listing for renewal that includes the contract maximum amount or unit rate to the Financial Manager with a copy to the Chief Financial Officer (CFO) and Deputy Director.
- Contract Specialist prepares contract listing and submits to Chief Financial Officer and Deputy Director nine (9) business days prior to the scheduled BOD meeting.
- Upon review and approval by Deputy Director and Chief Financial Officer the contract listing is finalized and uploaded to the BOD file in Box along with a Board Motion.

A BAA/QSOA may be required in instances when relationships with vendors are established without a formal contract/agreement (i.e., subscription service). It shall be the responsibility of the assigned Leadership member to inform the Contract Specialist of the need for BAA vs. QSOA initially, provide necessary contact information for the vendor, and indicate any vendor specific items needing to be included in the BAA renewal that differ from the MSHN standard template.

The Contract Specialist will track, on the contract tracking spreadsheet, renewals and notify the Leadership member that the renewal has been requested/completed. Renewals will occur as needed or a minimum every three (3) years.

Procedure for Administrative/Retained Function Contract Maximum Expense Monitoring

(Finance):

- On a bi-monthly basis, finance will produce a year-to-date expenses report and distribute to the assigned Leadership member. The report compares YTD expenses to the identified contract maximum/Board approved amount.
- The report will identify contracts that have a balance of less than 25% remaining of the identified contract maximum/BOD approved amount and any action steps required.
- The Contract Specialist will also be notified that an amendment may be needed as directed by the assigned Leadership member.
- The assigned Leadership member is responsible for submitting requested amendments including details to the Contract Specialist, ten (10) business days prior to the next scheduled regular BOD meeting to ensure timely addition of the item. Calendar reminders are sent by the Contract Specialist to the Leadership team to reflect the submission deadline.
- Contract Specialist shall include the Financial Manager as part of the distribution list receiving the BOD contract listing.
- Upon BOD decision, Deputy Director or Chief Financial Officer informs Contract Specialist and Financial Manager of decision, generally the business day following the BOD meeting.

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/Guidance:

Agreements: Non-financial arrangements such as Data Use Agreements, Medicaid Health Plan.

Board of Directors (BOD): Responsible for authorizing the MSHN CEO to enter into contractual arrangement with vendors or providers in accordance with the MSHN Procurement Policy.

Business Associate Agreement (BAA): The most common agreement between a Covered Entity and its third-party service provider is the BAA. BAA is more common terminology to healthcare providers than the term QSOA simply because a vast majority of Covered Entities do not qualify as Part 2 Programs, and therefore, Covered Entities are using BAAs much more frequently than QSOAs. There are certain required elements of a BAA such as 1) establish permitted and required uses and disclosures of PHI by the Business Associate; 2) provide that the Business Associate will not use or further disclose the information other than as permitted by the BAA or as otherwise required by law; and 3) require the Business Associate to implement appropriate safeguards to prevent unauthorized use or disclosure of PHI.

Qualified Service Organization (QSO) - Third-party service providers must become qualified to service Part 2 Programs. This is achieved through the entity entering into a written agreement with the Part 2 Program in which it acknowledges that it is bound by the Part 2 confidentiality regulations and agrees to resist in judicial proceedings any efforts to obtain unauthorized access to patient identifying information related to substance use disorder diagnosis, treatment, or referral for treatment that may come into its possession

References/Legal Authority:

N/A

Change Log

Date of Change	Description of Change	Responsible Party
June 2020	New Procedure	Contract Specialist/Finance Manager
Nov 2021	PNMC Review	Contract Specialist
June 2022	Update	Contract Specialist/Chief Financial Officer
December 2023	Procedure Update	Contract Specialist/Chief Financial Officer