COMMUNITY MENTAL HEALTH PARTNERSHIP OF SOUTHEAST MICHIGAN
REGULAR BOARD MEETING
705 N. Zeeb Road, Ann Arbor, MI 48103
July 8, 2015
6:00 pm

Agenda

	Guide
I. Call to Order	1 min
II. Roll Call	1 min
III. Consideration to Adopt the Agenda as Presented (Board Action)	2 min
IV. Consideration to Approve the Minutes of the 6-10-15 Regular Meeting and Waive the Reading Thereof (Board Action) {Attachment #1}	2 min
V. Audience Participation (5 minutes per participant)	
VI. Communications to/from the Regional Board	2 min
VII. PIHP Managing Director Report to the Board	20 min
a. May Finance Report {Attachments #2, 2a-f}	
b. Contract Negotiations and other MDHHS information	
c. EQR Compliance – upcoming changes	
d. Financial Strategy Update{Attachment #3}	
e. WCHO update on budget{ Attachment #4}	
VIII. Old Business	20 min
a. Finance Policy (Board Action) {Attachment #5, 5a}	
b. CEO Search committee interview schedule	
c. All Board Meeting (July 29) Monroe CMHA agenda {Attachment #6}	
d. MACMHB PIHP representatives (Board Action) {Attachment #7}	
IX. New Business	30 min
a. PIHP Draft Administration Budget (Discussion) {Attachment #8, 8a-b}	
b. Draft Operating Agreement Changes (Discussion) {Attachment #9}	
c. OPB Member Confirmation (Board Action) {Attachment #10}	
X. Adjournment	

Attachment #1 – July 2015

COMMUNITY MENTAL HEALTH PARTNERSHIP OF SOUTHEAST MICHIGAN
REGULAR BOARD MEETING MINUTES
June 10, 2015

Members Present: Barb Spalding, Ralph Tillotson, Greg Lane (phone), Peg Ball, Lisa Berry-Bobovski, Charles Londo, Dave Neal, Jan Plas, Charles Coleman, Sandra Libstorff, Tom Biggs, Judy Ackley, Bob Wilson

Members Absent:

Staff Present: Jane Terwilliger, Connie Conklin, Sandy Keener, Stephannie Weary, Marci Scalera, Marie Irwin, James Colaianne, Shane Ray, Nicole Phelps, Steve Holda Sally Amos O'Neal

Others Present: Jim Spalding, Verna McDaniel, Diane Heidt, Nancy Heine, Jackie Sproat, Brandie Gillette, David Oblak, Cheryl Jones

I. Call to Order
Meeting called to order at 6:00 p.m. by Board Vice-Chair P. Ball.

II. Roll Call

III. Consideration to Adopt the Agenda as Presented

Motion by R. Tillotson, supported by T. Biggs, to approve the agenda
Motion carried

IV. Consideration to Approve the Minutes of the May 13, 2015 Regular Meeting and Waive the Reading Thereof

Motion by J. Plas, supported by C. Coleman, to approve the minutes of May 13, 2015 Regular Meeting and waive the reading thereof
Motion carried

V. Audience Participation

VI. Communication to the Regional Board

VII. PIHP Report to the Board

a. April Finance Report
- S. Holda presented the financial report.
- Medicaid revenue was a little higher than expected.
- CMHPSM administrative costs are running under-budget
- 100% FDIC-insured certificates of deposit have been purchased in order to provide the highest investment return with maximum security for the Internal Service Fund (ISF) Reserves and PA2 SUD Reserves.

b. Financial Strategic Plan Update
- S. Holda provided a strategic plan update.
- Board members advised that the 2nd bullet on page 2 can be misinterpreted as CMHSPs having the option to return the funds or not. S. Holda will update the language.

- Rosland Prestage will conduct an onsite review of the WCHO on June 30. The auditor will review the consistency of the cost allocation methodology used throughout the current fiscal year.

c. PIHP Staff Development: A.L.I.C.E. training
   - J. Colaianne provided an overview of the recent A.L.I.C.E. training, which included a 1-hour informational session and 3 live active scenarios.

d. Space Relocation Timeline
   - The new projected date for moving into the WATS space is the end of July.

VIII. Old Business

a. Update on WCHO Budget
   - WCHO's progress is on track as projected.

b. Update on Washtenaw CMHSP Transition
   - V. McDaniel and D. Heidt provided a Washtenaw CMHSP transition update.
   - Taskforce 2.0. has 4 subcommittees for the following areas:
     1. Search for the new CMHSP director
     2. Board development
     3. Development of affiliation and programmatic agreements among the health systems in Washtenaw
     4. Formal service delivery evaluation process.
   - The director position was posted on April for 1 month. 15 applications were received. Interviews will take place in 2 weeks, on 6/23. Representatives from U of M, St. Joseph Mercy, the WCHO board, WCHO staff, and county administration will interview the top candidates. It will be an open process that anyone can attend. The goal is to have a hire around the first of July.
   - D. Heidt has been working with the teams from WCHO and CSTS on the budget. The goal is to have a balanced budget for FY 15/16.
   - Overarching goal is to have as much work done for the Oct. 1 fiscal year start. There may be overlap between the WCHO and the new board.
   - Updates are also being posted on www.ewashtenaw.org.

c. CEO Search Committee Report
   - G. Lane provided a search committee update.
   - 8 applications were received. The search committee will do the first round of interviews, narrowing the candidate pool. The full board will do the second round of interviews.
   - The search committee includes:
     - J. Plas (Livingston)
     - C. Londo (Monroe)
     - P. Ball (Washtenaw)
     - R. Tillotson (Lenawee)
     - C. Conklin (Livingston CMH director)
     - G. Lane (non-voting) will manage the process
     - M. O'Hare (non-voting) will consult
   - The first round of interviews will take place in July.
   - The search committee will forward a minimum of 2 candidates to the full board for the second round of interviews, which will be done at the August 12 regional board meeting.
   - The final candidates will also meet with the staff on Aug. 12.

d. All Board Meeting (July 29) tentatively Monroe CMHA
   - A formal communication will go out to all boards once details are confirmed.
   - All boards of the region (the 4 CMH boards and Oversight Policy Board) will be invited to the meeting.

- If new Washtenaw board members have been identified but not appointed yet, due to the timeline, the regional board agreed that they should be invited to the all board meeting.
- All board meeting agenda items:
  i. Short-term and long-term goals
  ii. CMHPSM partnership and agreements
  iii. Data analytics demonstration

IX. New Business

a. Finance Policy Overview
- S. Holda presented the policy was presented for review and discussion. It will come back to the board for approval in July.
- The finance officers from all 4 counties have reviewed the policy.
- S. Holda will re-send the policy electronically. Board members should forward any feedback to S. Holda by Friday, 6/19/15.

b. Board volunteers for Operating Agreement changes
- Board members requested that staff send out a draft version of the operating agreement with tracked changes for feedback from board members.
- J. Colaianne will send out an updated draft of the agreement. Comments from the board will be due back by June 30.

c. MACMHB PIHP Representation
- J. Plas provided an overview of the membership makeup of the MACMHB executive board and committees.
- The CEO and 2 board members can represent the PIHP at MACMHB conferences. There are 3 conferences a year: spring, fall and winter.
- A total 4 PIHP members, representing all 10 PIHPs, may serve on the MACMHB executive board.
- For the July meeting, J. Plas will provide a written summary of the MACMHB committee and board meeting commitments, which will help regional board members determine what they may be available to attend.
- G. Lane noted that the board will need to make a commitment for the PIHP to cover the costs associated with board member attendance at the various conferences and meetings.
- The FY 2016 budget will need to include an allocation for board member conferences and meetings. The written summary of MACMHB meetings will inform the budget.

What went well with the meeting?
- Discussions stayed on track, there was good discussion, a good financial report, good participation, and 100% board member attendance.

What could be improved?
- Complex information should be presented in print, rather than verbally.

X. Adjournment

Motion by t. Biggs, supported by D. Neal, to adjourn the meeting
Motion carried

Meeting adjourned at 7:30 p.m.

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Lisa Berry-Bobovski, CMHPSM Board Secretary

Attachment #2 - July 2015

Community Mental Health Partnership of Southeast Michigan
FINANCIAL HIGHLIGHTS
May FYTD Report

1. Statement Of Revenue, Expense & Change Net Position:

   a. Revenue
      - Medicaid Revenue for May is $10,307 higher than the April revenue received but continues to run under budget (FYTD deficit of $945,086- this number is based on current year funding only).
      - Healthy Michigan revenue continues to trend over budget and through May is $2,669,993 over budget.
      - Health Home revenue for Washtenaw continues to be under budget. Revenue is tied directly to enrollees in the program.

   b. Funding for CMHSP Partners
      - FYTD Actual Affiliate Partner payments are greater than budget due to HMP payments (HMP funding from MDCH exceeds budget assumption) and MIChild Payments.
      - Lower than budget Health Home payments to Washtenaw offsets their higher HMP and MIChild payments.

   c. Funding for SUD Services
      - Expenses for Monroe and Washtenaw continue to run over budget due to fee for service claims. No action is being recommended at this time.

   d. CMHPSM Administrative Costs
      - Expenses through May are running under budget by $310,555. An additional two full time staff members were added in May.

2. Statement Of Net Position:

   a. The Fund Balance of $4,138,718 under the Operations Fund is restricted and not local in nature as it is for the Affiliate Partners.

   b. The Medicaid ISF Fund Balance is also restricted, and represents the total transfer of ISF from WCHO to CMHPSM.

3. Summary Of Revenues & Expenses by Fund:

    a. As noted above, Medicaid Revenue is lower than budget. As the budget amounts of Medicaid Funding, which included carry forward, was paid to the Affiliate Partners through January (CMHPSM Expense) this created a Medicaid deficit. The deficit will be funded with either excess funding paid to the Affiliate Partners or ISF.

    b. As noted above, HMP Revenue is greater than budget. While the actual HMP Funding for each Affiliate Partner has been paid to each of them, the combination of higher State Funding and lower than budget requirement for use of the Substance Use Disorder portion of the funding, has resulted in an overall HMP surplus (which has been made substantially larger due to the addition of the FY2014 carryforward).

    c. The SUD Other surplus is consistent with the Budget which showed that there would be excess PA2 funding in FY 2015.

4. Investments

    a. Beginning in April, 100% FDIC insured Certificate of Deposits (CDs) have been purchased in order to provide the highest investment return with maximum security for the Internal Service Fund (ISF) Reserves and PA2 SUD Reserves. Of the nearly $13 million of ISF and PA2 Reserves, as of June 26, 2015, $11.75 million had been invested. It is expected that by the end of June the remaining amount will also be invested. All investments are compliant with the CMHPSM's Investment Policy.

    As interest is not paid monthly and the rates are so low, no interest income is being reported. An accrual will be done at fiscal yearend to properly account for any earned but not yet paid interest income.

CMHPSM Strategies:

1. Policies will be put in place to support the allocation of funding (including ISF) to the Affiliate Partners. Policies will also support any re-allocation of funding as a result of the Quarterly Cost Settlement Process so that clear rationale describing the circumstances is made available (e.g., preventable versus non-preventable causes).

2. Track Traditional Medicaid Eligibles and HMP Enrollees to understand and project changes and how they will impact funding from MDCH.

3. The CMHPSM will support the Affiliate Partners to make sure Consumers are enrolled in the correct Benefit Program so that funding to the CMHPSM is maximized.

Attachment #2a - July 2015

Community Mental Health Partnership of Southeast Michigan
STATEMENT OF REVENUES, EXPENSES CHANGES IN NET POSITION
For the Eight Months Ending 5/31/2015

	Original Budget	YTD Actual	YTD Budget	YTD Actual O/(U) Budget	
Operating Revenue					
Medicaid Capitation	$134,000,000	$88,776,820	$89,333,336	($556,516)	
Medicaid Carryforward	4,230,523	408,132	2,820,352	(2,412,220)	
Healthy Michigan Plan	11,853,261	10,572,165	7,902,172	2,669,993	
Healthy Michigan Carryforward	0	2,153,122	0	2,153,122	
Autism	199,791	303,899	133,196	170,703	
Medicaid Health Home-Washtenaw Only	1,129,388	285,081	752,928	(467,847)	
10% Health Home Match Washtenaw	0	28,508	0	28,508	
MIChild	0	304,787	0	304,787	
SUD Community Grant	3,767,460	2,511,644	2,511,640	4	
SUD PA2 - Cobo Tax Revenue	3,717,346	2,592,840	2,478,232	114,608	
Other Revenue	1,802,780	1,119,325	1,201,856	(82,531)	
Total Operating Revenue	**$160,700,549**	**$109,056,323**	**$107,133,712**	**$1,922,611**	1a.
Funding For CMHSP Partners					
Lenawee CMHSP	$18,564,355	$12,522,347	$12,376,236	$146,111	
Livingston CMHSP	23,315,961	15,739,898	15,543,974	195,924	
Monroe CMHSP	25,430,465	17,113,036	16,953,643	159,393	
WCHO CMHSP	66,361,425	43,949,453	44,240,953	(291,500)	
Total Funding For CMHSP Partners	**$133,672,206**	**$89,324,734**	**$89,114,806**	**$209,928**	1b.
Funding For SUD Services					
Lenawee County	$1,022,761	$639,691	$681,840	($42,149)	
Livingston County	1,309,226	836,261	872,818	(36,557)	
Monroe County	1,143,346	850,360	762,232	88,128	
Washtenaw County	3,203,188	2,290,296	2,135,464	154,832	
Total Funding For SUD Services	**$6,678,521**	**$4,616,608**	**$4,452,354**	**$164,254**	1c.
Other Contractual Obligations					
Hospital Rate Adjuster	$2,035,776	$1,413,649	$1,357,184	$56,465	
USE and HICA Tax	9,903,982	6,516,248	6,602,656	(86,408)	
Local Match	1,577,780	1,051,854	1,051,854	0	
10% Health Home Match Washtenaw	0	28,508	0	28,508	
Total Other Costs	**$13,517,538**	**$9,010,259**	**$9,011,694**	**($1,435)**	
CMHPSM Administrative Costs					
Salary& Fringe	$1,239,269	$579,925	$816,918	($236,993)	
Administrative Contracts	801,872	658,067	535,166	122,901	
All Other Costs	340,714	26,016	222,479	(196,463)	
Total Administrative Expense	**$2,381,855**	**$1,264,008**	**$1,574,563**	**($310,555)**	
Total Operating Expense	**$156,250,120**	**$104,215,609**	**$104,153,417**	**$62,192**	
Operating Income (Loss)	$4,450,429	$4,840,714	$2,980,295	$1,860,419	1d.
Non-Operating Revenues					
Interest Revenue	$0	$0	$0	$0	
Change In Net Position	$4,450,429	$4,840,714	$2,980,295	$1,860,419	

1a. Medicaid continues to trend under budget. In May we received a prior year payment for HSW that reduced the deficit.

1b. All partners are receiving Healthy Michigan revenue as it is received, less taxes and administration. Washtenaw continues to be under budget due to the Health Home revenue coming in lower than anticipated - it is only paid out as it is received.

1c. Fee for service claims continue to be running over budget. Only medically necessary services are being authorized and funds are available. No action is recommended at this time.

1d. We continue to show positive operating income.

Attachment #2b - July 2015

Community Mental Health Partnership of Southeast Michigan
STATEMENT OF NET POSITION
As of 5/31/2015

	Operations Fund	Medicaid ISF Fund
Assets		
Current Assets		
Cash Position	$8,469,001	$4,541,664
Investments	2,500,000	4,250,000
Due From MDCH	318,472	0
Due From Affiliate Partners	10,852	0
Accounts Receivable, Net	0	0
Prepaid Items	141,478	0
Total Current Assets	**$11,439,803**	**$8,791,664**
Noncurrent Asset		
Cap. Assets Not Being Depreciated	0	0
Cap. Assets Being Depreciated, Net	0	0
Total Noncurrent Assets	**$0**	**$0**
Total Assets	**$11,439,803**	**$8,791,664**
Liabilities		
Accounts Payable	$2,263,534	$0
Accrued Liabilities	531,667	0
Due To MDCH	225,103	0
Due To Affiliate Partners	0	0
Unearned Revenue	4,280,781	0
Total Liabilities	**$7,301,085**	**$0**
Net Position		
Net Investment In Capital Assets	$0	$0
Restricted Fund Balance	4,138,718	8,791,664
Total Net Position	**$4,138,718**	**$8,791,664**
Balance as of April 30, 2015	3,265,016	8,791,664
Net Change	873,702	-

Community Mental Health Partnership Of Southeast Michigan
SUMMARY OF REVENUE AND EXPENSE BY FUND
May 2015 FYTD

Attachment #2c - July 2015

Summary Of Revenue & Expense	Funding Source								Total Funding Sources
	Medicaid	MIChild	Autism -- Medicaid	Autism -- MIChild	Healthy Michigan	Health Home	SUD Other	Other	
Revenues									
Funding From MDCH	$ 88,776,820.43	$ 304,786.65	$ 289,115.91	$ 14,782.62	$ 10,572,165.02	$ 285,080.82	$ 2,511,644.00	$ 67,445.58	$ 102,821,841.03
Carry Forward	408,132.29	-	-	-	2,153,122.00	-	-	-	2,561,254.29
Affiliate Local For Medicaid Draw Down	-	-	-	-	-	-	-	1,051,852.00	1,051,852.00
Washtenaw Local For HH 10% Match	-	-	-	-	-	-	-	28,508.08	28,508.08
PA2/COBO Tax Funding	-	-	-	-	-	-	2,592,840.00	-	2,592,840.00
Other	-	-	-	-	-	-	-	27.18	27.18
Total Revenues	$ 89,184,952.72	$ 304,786.65	$ 289,115.91	$ 14,782.62	$ 12,725,287.02	$ 285,080.82	$ 5,104,484.00	$ 1,147,832.84	$ 109,056,322.58
Expenses									
Funding Payments To Partners									
Lenawee	$ 11,283,873.88	$ 46,565.40	$ 10,708.47	$ -	$ 1,181,199.10	$ -	$ -	$ -	$ 12,522,346.85
Livingston	14,324,838.80	77,463.55	83,677.76	12,789.90	1,223,915.82	-	-	17,211.78	15,739,897.61
Monroe	15,470,751.44	46,429.03	45,408.34	-	1,549,349.13	-	-	1,098.43	17,113,036.37
Washtenaw	40,112,547.96	85,331.28	110,348.52	-	3,326,195.05	265,894.88	-	49,135.37	43,949,453.06
Total Affiliate Payments	$ 81,192,012.08	$ 255,789.26	$ 250,143.09	$ 12,789.90	$ 7,280,659.10	$ 265,894.88	$ -	$ 67,445.58	$ 89,324,733.89
Funding for County SUD Programs									
Lenawee	$ 161,930.00	$ -	$ -	$ -	$ 124,571.50	$ -	$ 353,189.76	$ -	$ 639,691.26
Livingston	106,566.00	-	-	-	125,730.00	-	603,965.00	-	836,261.00
Monroe	88,374.50	-	-	-	159,533.25	-	602,452.73	-	850,360.48
Washtenaw	423,509.50	-	-	-	585,464.00	-	1,281,322.28	-	2,290,295.78
Total SUD Expenses	$ 780,380.00	$ -	$ -	$ -	$ 995,298.75	$ -	$ 2,840,929.77	$ -	$ 4,616,608.52
Other Operating Costs									
Hospital Rate Adjuster Payment	$ 1,413,649.14	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,413,649.14
Local Match For Medicaid Draw Down	-	-	-	-	-	-	-	1,051,852.00	1,051,852.00
Local Match Health Homes	-	-	-	-	-	-	-	28,508.08	28,508.08
MH & SUD Use Tax	5,304,961.09	18,158.70	37,294.91	881.04	676,086.97	17,047.83	-	-	6,054,430.54
MH & SUD HICA Claims Tax	419,589.00	1,622.66	5,361.00	404.00	32,703.00	2,138.11	-	-	461,817.77
Total Operating Costs	$ 7,138,199.23	$ 19,781.36	$ 42,655.91	$ 1,285.04	$ 708,789.97	$ 19,185.94	$ -	$ 1,080,360.08	$ 9,010,257.53
Administrative Cost Allocation	$ 909,753.38	$ 2,698.23	$ 2,605.18	$ 93.04	$ 153,669.51	$ -	$ 195,189.02	$ -	$ 1,264,008.36
Total Expenses	$ 90,020,344.69	$ 278,268.85	$ 295,404.18	$ 14,167.98	$ 9,138,417.33	$ 285,080.82	$ 3,036,118.79	$ 1,147,805.66	$ 104,215,608.30
Revenues Over/(Under) Expenses	$ (835,391.97)	$ 26,517.80	$ (6,288.27)	$ 614.64	$ 3,586,869.69	$ -	$ 2,068,365.21	$ 27.18	$ 4,840,714.28

Attachment #2d - July 2015

Community Mental Health Partnership Of Southeast Michigan
SUMMARY OF INVESTMENTS -- ISF
July 2, 2015

Investment Details

Name Of Bank	Purchase Date	Cusip/Account Number	Type Of Investment	Maturity Date	Months To Maturity	Rate	Amount Purchased	Amount Redeemed	Interest Earned	Net Value Of Portfolio
Santander Bank	04/09/15	80280J-EH-0	CD	04/15/16	12	0.45%	$ 250,000.00		$ -	$ 250,000.00
First Niagara Bank	04/09/15	33583C-NY-1	CD	04/15/16	12	0.40%	250,000.00		-	250,000.00
Bank Of China	04/09/15	06426T-ES-4	CD	01/15/16	9	0.35%	250,000.00		-	250,000.00
State Bank Of India	04/09/15	856284-4A-9	CD	01/19/16	9	0.40%	250,000.00		-	250,000.00
Safra Bank	04/09/15	78658Q-MY-6	CD	01/15/16	9	0.35%	250,000.00		-	250,000.00
Goldman Sachs Bank	04/09/15	38148J-QT-1	CD	04/15/16	12	0.40%	250,000.00		-	250,000.00
Apple Bank	04/09/15	03784J-HB-3	CD	04/22/16	12	0.40%	250,000.00		-	250,000.00
TCF Bank	04/09/15	872278-LU-8	CD	04/15/16	12	0.30%	250,000.00		-	250,000.00
Plains Capital	04/10/15	72663Q-ZS-1	CD	01/19/16	9	0.30%	250,000.00		-	250,000.00
Everbank	04/13/15	29976D-WS-5	CD	10/29/15	6	0.30%	250,000.00		-	250,000.00
Bank Of India	04/15/15	06278C-Z4-0	CD	10/28/2015	6	0.40%	250,000.00		-	250,000.00
Beal Bank USA	04/17/15	07370W-PH-3	CD	10/28/2015	6	0.30%	250,000.00		-	250,000.00
Bank of Ann Arbor	04/24/15	631010931	CD	4/23/2016	12	0.30%	10,000.00		-	10,000.00
Bank of Ann Arbor	04/24/15	63101096	CD	4/22/2016	12	0.40%	240,000.00		-	240,000.00
First National Bank Howell	05/07/15	11007421	CD	05/07/16	12	0.45%	250,000.00		-	250,000.00
BMW Bank	05/14/15	05580A-BR-4	CD	5/20/2016	12	0.45%	250,000.00		-	250,000.00
Investors Bank	05/18/15	46176P-EE-1	CD	5/20/2016	12	0.45%	250,000.00		-	250,000.00
Merrick Bank	05/18/15	59013J-EX-3	CD	11/21/2016	18	0.65%	250,000.00		-	250,000.00
Currie State Bank	05/18/15	23130S-CS-0	CD	11/28/2016	18	0.65%	250,000.00		-	250,000.00
First Richmond Bank	05/21/15	319267-EX-4	CD	7/5/2016	13	0.50%	250,000.00		-	250,000.00
United Bank	05/21/15	909552-AY-7	CD	12/12/2016	18	0.65%	250,000.00		-	250,000.00
Transportation Alliance Bank	05/27/15	89387W-7M-1	CD	6/3/2016	12	0.40%	250,000.00		-	250,000.00
Banco Popular	05/28/15	05967E-3P-2	CD	6/3/2016	12	0.55%	250,000.00		-	250,000.00
Southen First Bank	05/29/15	84287P-EJ-7	CD	6/3/2016	12	0.40%	250,000.00		-	250,000.00
Berkshire Bank	06/01/15	084601-DW-0	CD	6/10/2016	12	0.45%	250,000.00		-	250,000.00
FNB Of Omaha	06/03/15	332135-FP-2	CD	6/10/2016	12	0.45%	250,000.00		-	250,000.00
S&T Bank	06/08/15	783861-BS-5	CD	6/17/2016	12	0.50%	250,000.00		-	250,000.00
Capital One	06/09/15	14420-SG-6	CD	12/19/2016	18	0.70%	250,000.00		-	250,000.00
Bremer Bank	06/12/15	107003-CF-0	CD	6/24/2016	12	0.45%	250,000.00		-	250,000.00
Customers Bank	06/22/15	23204H-CQ-9	CD	6/29/2016	12	0.45%	250,000.00		-	250,000.00
Citizens Bank	06/22/15	17476N-EG-9	CD	6/24/2016	12	0.45%	250,000.00		-	250,000.00
Dubuque Bank	06/22/15	263849-BH-3	CD	3/30/2016	9	0.50%	250,000.00		-	250,000.00
First Priority Bank	06/25/15	33612J-FR-5	CD	12/30/2015	6	0.35%	250,000.00		-	250,000.00
Alpine Bank Rockford, ILL	06/26/15	02082C-BC-3	CD	1/29/2016	6	0.30%	250,000.00		-	250,000.00
Enterprise Bank PA	06/26/15	29367R-GZ-3	CD	6/30/2016	12	0.50%	250,000.00		-	250,000.00
Sargent City Bank	06/29/15		CD		12	0.50%	250,000.00		-	250,000.00
Stearns Bank	06/29/15		CD		12	0.50%	41,000.00		-	41,000.00
									-	-
							$ 8,791,000.00	$ -	$ -	$ 8,791,000.00

Attachment #2e - July 2015

Community Mental Health Partnership Of Southeast Michigan
SUMMARY OF INVESTMENTS -- PA2
July 2, 2015

Investment Details

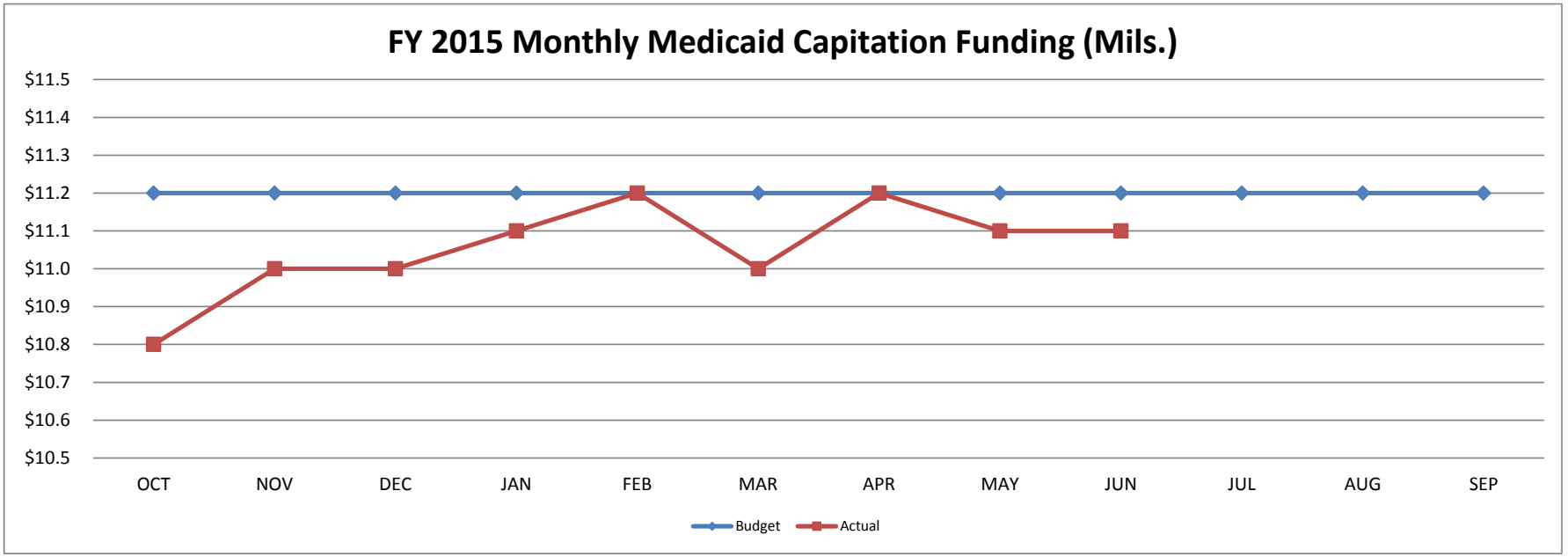
Name Of Bank	Purchase Date	Cusip/Account Number	Type Of Investment	Maturity Date	Months To Maturity	Rate	Amount Purchased	Amount Redeemed	Interest Earned	Net Value Of Portfolio
Ally Bank	05/12/15	02006L-QZ-9	CD	11/21/16	18	0.60%	$ 250,000.00		$ -	$ 250,000.00
Bank of Baroda	05/12/15	06062A-Y2-9	CD	02/22/16	9	0.40%	250,000.00		-	250,000.00
Compass Bank	05/12/15	20451P-KY-1	CD	06/20/16	13	0.50%	250,000.00		-	250,000.00
Synovus Bank	05/12/15	87164D-HC-7	CD	05/20/16	12	0.45%	250,000.00		-	250,000.00
Discover Bank	05/13/15	254672-NS-3	CD	05/22/17	24	0.95%	250,000.00		-	250,000.00
Am. Express Centurion Bank	05/13/15	02587D-YA-0	CD	05/22/17	24	1.00%	250,000.00		-	250,000.00
Firstbank of Puerto Rico	05/18/15	33767A-HW-4	CD	05/27/16	12	0.45%	250,000.00		-	250,000.00
Bank NC Thomas	05/20/15	06414Q-VH-9	CD	08/29/16	15	0.50%	250,000.00		-	250,000.00
Marlin Bank	05/20/15	57116A-JU-3	CD	08/29/16	15	0.50%	250,000.00		-	250,000.00
Essa Bank & Trust	05/27/15	29667R-MQ-3	CD	05/27/16	12	0.40%	250,000.00		-	250,000.00
Mizuho Bank	05/27/15	60688M-MR-2	CD	3/3/2016	9	0.35%	250,000.00		-	250,000.00
American West Bank	05/27/15	030590-DY-6	CD	12/7/2015	6	0.30%	250,000.00		-	250,000.00
FNB Sioux Falls	05/29/15	32111L-CE-0	CD	6/3/2016	12	0.40%	250,000.00		-	250,000.00
Medallion Bank	06/01/15	58403B-X2-7	CD	6/8/2016	12	0.45%	250,000.00		-	250,000.00
Community First Bank	06/10/15	20368V-AE-5	CD	12/18/2015	6	0.30%	250,000.00		-	250,000.00
BankUnited	06/10/15	066519-AU-3	CD	12/21/2015	6	0.30%	250,000.00		-	250,000.00
									-	-
							$ 4,000,000.00	$ -	$ -	$ 4,000,000.00

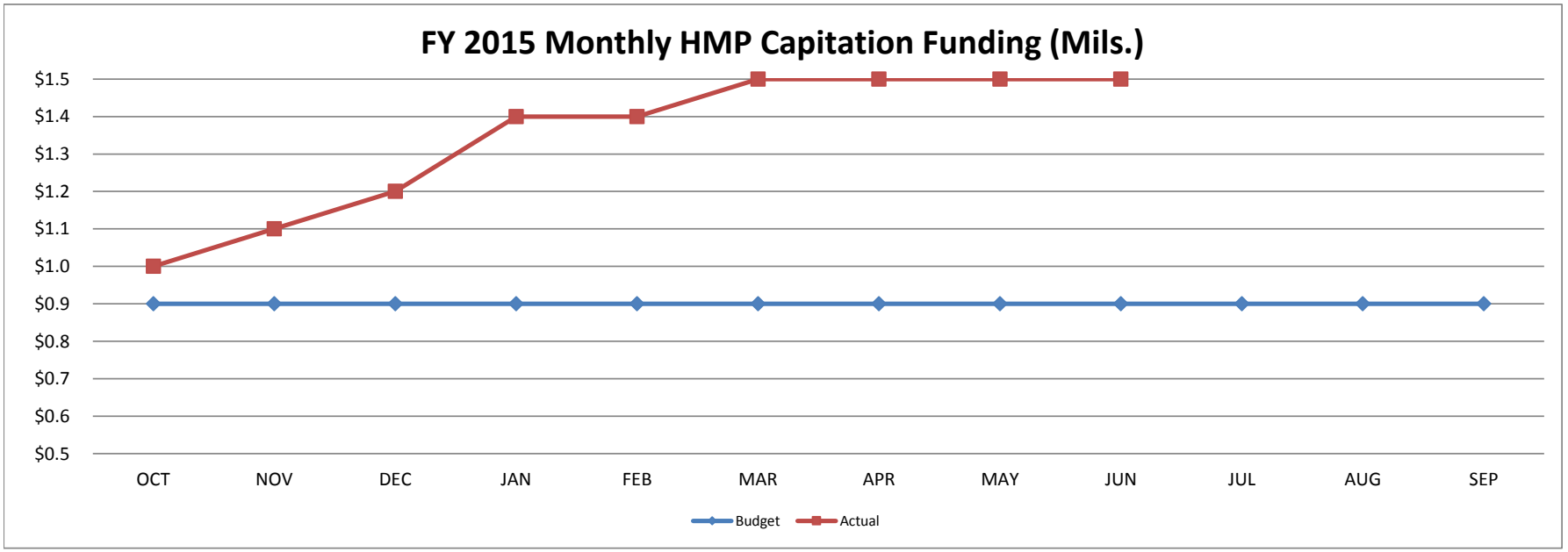
Attachment #2f - July 2015

Community Mental Health Partnership Of Southeast Michigan

MONTHLY FUNDING TRENDS

FY 2015





Attachment #3 – July 2015

Shared Governance/One Business

Fiscal Year 2015 Finance Strategic Plan

Background: For many years the Community Mental Health Partnership of Southeast Michigan has supported a shared governance approach to decisions that affect the entire region. This included consistent service delivery policies, approaches to compliance and auditing as well as Medicaid funding distribution. The document "Financial Risk Management and Risk Distribution Principles and Strategies" was created in 2006 to specify a Shared Governance approach to the distribution of Medicaid. It is understood through this document that the Regional partners share both the funding and the risk. Below are listed the Finance Values and three of the principles from that document that affect the Fiscal Year 2015 situation.

FINANCE VALUES HELD BY THE PARTNERSHIP

- Provide accurate and timely financial status reports to enable regional partners to make informed decisions.
- Maintain integrity of financial data and provide effective and efficient financial management and financial recommendations.
- Work in partnership around financial issues and audits.

PRINCIPLES AFFECTING THIS FINANCE STRATEGY

1. All Medicaid funds will be expended in accordance with the Medicaid Specialty Services Waiver, including Medicaid (b); Medicaid (b)3; MiChild, Healthy Michigan and the Habilitation Supports Waiver for all populations served.
2. The PIHP will allocate Medicaid funds to each county for medically necessary services for Medicaid-covered consumers.
3. Medicaid funds within the Region, including available Internal Services Funds, will be exhausted prior to applying Community Mental Health Services Program (CMHSP) General Funds to Medicaid costs that are beyond the available Medicaid funds.

Current Situation

In the Fiscal Year 2015 Budget Process (summer of 2014) it was estimated that Medicaid revenue for our region would be at or exceeding Medicaid revenue received in FY 2014. For Livingston, Lenawee and Monroe CMHSPs it would cover the expected costs for operating services in FY 2015, excluding any expansions of program or unexpected high cost service needs. For Washtenaw County it was shown that this would be a tight budget as costs were on an upward trend. At the time of the budget presentation it was estimated that FY 2014 Medicaid Savings would be available for use in FY 2015. The amount estimated was approximately $4 million. This was good news for the four counties as it allowed for maintenance or needed expansion of service capacity. For Washtenaw, the additional dollars would bring the budget closer to the expected costs.

Attachment #3 – July 2015

By the time the Fiscal Year was closed several financial issues surfaced:

1) CMS (by way of our DCH instructions) had declared that Healthy Michigan Medicaid and Traditional Medicaid was not flexible and interchangeable, as described in the PIHP contract, so the 2014 Medicaid Savings was only part traditional Medicaid and some Healthy Michigan (which could not be used to cover Traditional Medicaid)
2) Washtenaw would close FY 2014 in a Traditional Medicaid deficit so that most regional Medicaid Savings would be needed to cover the deficit
3) The 2014 Medicaid Savings that were budgeted for each of the four counties was not going to be available in 2015 which required an adjustment in the amount paid each month to the four counties (effectively, although not formally amending the approved budgets for each county)
4) Washtenaw County was again projecting a Medicaid deficit for FY 2015 which they were actively trying to close

As a result, the Regional Board and the partner CMHSPs are renewing a Shared Governance/One Business approach to assisting Washtenaw County to close the deficit and get on track for FY 2016, thereby benefitting the entire region. The following strategies will be used to ensure fiscal stability and service continuity in the region. Some of these items are continuations of standard practice that are being accelerated in the fiscal year due to the deficit circumstances.

STRATEGIES FOR FISCAL YEAR 2015 AND BUDGET PLANNING FOR 2016

- PIHP will Report to the Regional Board on Original Approved CMHSP Budgets, Actuals in Revenue Received, Actual Payments made to the CMHSPs and Actual Expenditures for the first 6 months, Projected Expenses through the end of the Fiscal Year (Provide technical assistance to Washtenaw if necessary)
  The CMHPSM staff will continue to monitor and update the Board on any significant changes. The CMHSP report of revenues received from the CMHPSM compared with actual costs for the period October 2014 through June 2015 will be reviewed at the August Board meeting.

- Apply projected full year expenses and actual payments made from original approved budgets to determine if there will be current year Medicaid savings among the regional Partners and return expected savings to the region (amounts not returned will be fully available for use in those counties)
  The CMHPSM staff will continue to monitor and update the Board on any significant changes.

- Calculate the expected deficit in Washtenaw (Traditional Medicaid portion) Have Roslund Prestage & Company provide verification of the cost allocation methodology used (degree to which the projected numbers will hold true at fiscal year-end)
  CMHPSM Update 7/8/2015: An on-site review by Roslund Prestage & Company (RP) was conducted on June 30th. The following observations were noted by RP:
    1. The reporting process used by CSTS on behalf of WCHO is substantially the same as the process that was used prior to CSTS assuming the responsibility for reporting.
    2. RP did not note any significant changes to the process for preparing the "Detailed FSR Report/RFSR" which provides the basis for all State of Michigan reporting.
    3. In regard to the development of the CSTS costs by fund source and invoicing of these costs to the WCHO, RP determined that the reporting process used is substantially the same as the process that was amended to address the reporting issue identified during the FY 2014 year-end close process.

In regard to Item #3, during their review RP noted that costs associated with Psychiatrists for non-face to face time is being allocated to other Business Units. While RP agrees that there is valid rationale to support this process, they recommend that CSTS Develop a formal methodology for allocating these costs that would include a time study if necessary.

A second review may be scheduled for this fall prior to the interim year-end report deadline. The scope of this review may be expanded if any concerns surface.

- Submit a proposed timeline to the Regional Board for addressing the Traditional Medicaid deficit in Washtenaw (what portion of the deficit will be eliminated each month until FY end)

- PIHP staff, CMHSP Executive Directors and finance officers to monitor monthly to determine if cost projections are holding for all four counties
  The CMHPSM and Regional Finance members are meeting this requirement.

- Report to the Regional Board analysis and any changes at the end of the third quarter and during the Budget planning process for FY 2016.

- Determine at what point and to what extent the ISF will need to be used to cover the Medicaid portion of the deficit. (see graph)
  CMHPSM Update 7/8/2015: At this stage the ISF is not expected to be needed for FY 2015. The CMHPSM staff will continue to monitor and update the Board of any significant changes.

- Regional Board to approve a Finance Policy that specifies the parameters of using the ISF, any expectations of the regional partners as a result and implications for the next fiscal year budget planning process.
  CMHPSM Update 7/8/2015: The Finance Policy is scheduled for final review and approval at the July 8th meeting.

Attachment #4 - July 2015

Washtenaw Community Health Organization
FY 2015 BUDGET STATUS REPORT
July 8, 2015 Status Report

FY 2015 Budget

	Medicaid	Healthy Michigan	General Fund	TOTAL	
Risks/(Opportunities) To Budget					
Revenue:					
Medicaid Carryforward	$ 1,393,382	$ -	$ -	$ 1,393,382	Carryforward no longer available
State General Funds	-	-	798,466	798,466	GF Cut
Health Home Medicaid Revenue	610,165	-	-	610,165	Budget based on 100% enrollment
Healthy Michigan Plan	-	(1,310,716)	-	(1,310,716)	Increase rev - but possible rate reduction
Expense:					
Community Living Supports (CLS)	$ 1,595,000	$ -	$ -	$ 1,595,000	
State Facilities	-	-	775,952	775,952	
Community Inpatient	-	921,561	-	921,561	
Skill Building	344,071	-	-	344,071	
Licensed Residential	184,643	-	-	184,643	
Other Services	190,145	-	-	190,145	PDN, Support Employment
Full Depreciation of Zeeb Rd	223,000	22,000	19,000	264,000	
Direct Services	(1,657,516)	435,679	357,543	(864,294)	Position holds
Administrative Savings	(822,289)	(68,524)	(88,102)	(978,916)	Position eliminations/Zeeb Lease
Injectibles Cost Savings	-	-	(157,593)	(157,593)	
Total Risks/(Opps) To Budget	$ 2,060,601	$ (0)	$ 1,705,266	$ 3,765,866	
Actions Yet To Be Identified	**$ 2,060,601**	**$ (0)**	**$ 1,705,266**	**$ 3,765,866**	
Memo:					
Prior Level	1,818,389	-	1,339,449	3,157,838	As reported June 6, 2015
Present Over/(Under) Prior Level	242,212	(0)	365,817	608,028	

Community Mental Health Partnership of Southeast Michigan		***Policy:*** ***Financial Stability & Risk Reserve Management***
PIHP Governance		
	Date of Board Approval	Date of Implementation

I. PURPOSE

It is the policy of the Community Mental Health Partnership of Southeast Michigan (CMHPSM) to manage funding from the State of Michigan consistent with State Contracts, OMB Circular A-87 and prudent financial practices.

II. SCOPE

The Financial Stability & Risk Reserve Management policy applies to all Community Mental Health Service Programs (CMHSPs) and Substance Use Disorder (SUD) Core Providers who presently or in the future are affiliated with the CMHPSM.

III. OBJECTIVES

The primary objectives of the Financial Stability & Risk Reserve Management policy are to protect the financial stability of the Region, ensure medically necessary services are provided to Consumers who are served by the CMHSPs affiliated with the CMHPSM and to ensure compliance with State contracts.

IV. STANDARDS

The CMHSPs shall have a sufficient capacity of staff and/or contracted providers to ensure that medically necessary services can be furnished to Consumers promptly and without compromise to quality of care at a reasonable cost. Utilizing a person-centered individual plan of service, the CMHSPs shall provide, or authorize the provision of, services in the amount, for the duration, and with a scope that is appropriate to reasonably achieve the purpose of the service for the Consumer.

As it pertains to this Policy, the CFO will be responsible to maintain effective communications with the Finance Officers of the CMHSPs in order to obtain up-to-date financial information as noted below. The CFO will communicate this information and advise the CEO on its impact on the Regional Entity. The CEO will ensure that the appropriate level of detail is made available to the Regional Board in a timely manner.

In order to achieve the objectives of this Policy, the following standards and practices will be followed:

A. BUDGET PROCESS

- CMHSP budgets will be developed using revenue projections proposed by the CMHPSM and approved by the Regional Finance Committee and Regional Operating Committee.
- Regional Board approval of the CMHPSM budget is required prior to funding being made available to the CMHSPs.
- Budgets at the CMHSPs will not exceed the agreed upon revenue projections.
- If significant changes such as new service provision modalities, administrative operations, labor agreements, etc. are anticipated in the upcoming budget year, explanations will be provided to the CMHPSM.
- The CMHPSM must develop an Administrative budget sufficient to remain compliant with the Medicaid Specialty Services Contract with the State.
- The total CMHPSM budget, including the Administration budget, must be balanced with the revenues being projected to be received from the Michigan Department of Health and Human Services (MDHHS).
- Budget adherence will be one of the Member Contract performance measures that is reviewed with the Regional Board on a Quarterly basis.

B. REPORTING

- The CMHPSM and CMHSPs on a monthly basis must produce accurate reports of their fiscal year-to-date (FYTD) actual expenditures versus their annual budget in a traditional Revenue and Expense format, as well as a FYTD Fund Source Report. The CMHSPs will provide this and other requested financial data to the CMHPSM according to an established and agreed upon schedule.
- This information will be reviewed with the CMHPSM Board at its monthly Board meeting in order to keep the Board appraised of the financial condition of the Region, and to inform them as early as possible if financial issues arise that could present a risk to the overall Regional Budget.

C. SIGNIFICANT VARIANCES TO BUDGET

- If the monthly FYTD financial report indicates that significant underspending or overspending is occurring at a CMHSP, then that CMHSP will be required to present to the Board an explanation and plan to correct the situation within the present fiscal year. A significant amount of underspending or overspending shall be defined as either 4% or $1 million over or under the approved FYTD budget, whichever is lower.

- If during the subsequent month's FYTD financial review the situation has not been corrected or an explanation does not exist as to when the issue will be corrected, then the PIHP may conduct an operational review of the CMHSP.
    - An operational review may include examinations of the contracts, costs, level of Consumer service provision and other items as deemed necessary to understand the overspending or underspending situation.
    - An initial consultative review lead by the CMHPSM will be conducted by individuals from the CMHPSM, as well as all CMHSPs, who are recognized as subject matter experts in the areas that will be reviewed.

- If the initial consultative review assessment indicates that the issues are structural and not able to be resolved within the current year, then outside experts may be brought in to provide assistance with the development of a corrective action plan that will resolve the budget issue.
- Recommendations to address a shortfall at one of the CMHSPs may include the use of excess funding at one of the other CMHSPs, as long as the use of such funds does not adversely impact the delivery of services at the contributing CMHSP.
- Recommendations may include the use of the Internal Service Fund (ISF) in the present year, which would require a plan for the following fiscal year that would not require the use of ISF.

- Corrective Action Plans may include the consideration of alternative sourcing options for service provision.
- Expenses related to an operational review will be reviewed with and approved by the Regional Board.

D. USE OF INTERNAL SERVICE FUND BALANCE

- The ISF should be the option of last resort to address present fiscal year budget overruns.
- If there is no alternative means to address a present year budget overrun, then the CMHPSM will request approval from the Board to notify the State of Michigan that ISF will be required by a CMHSP within the Region.
- As noted under Significant Variance to Budget above, Corrective Action Plans and/or alternative sourcing options will be required to eliminate the overrun situation as quickly as possible.
- Generally, use of the ISF should only be requested if there are significant revenue changes by the State, new high-cost Consumers enrolled by a CMHSP or changes to the State's requirement on how services are to be provided to Consumers.

V. DEFINITIONS

Community Mental Health Partnership of Southeast Michigan (CMHPSM): The Regional Entity that presently serves as the PIHP for Lenawee, Livingston, Monroe and Washtenaw counties for mental health, intellectual/developmental disabilities, and substance use disorder services.

Community Mental Health Service Program (CMHSP): Separate legal entities that the CMHPSM contracts with for the provision of Medicaid services to residents of the Counties served by the CMHPSM.

Generally Accepted Accounting Principles: Accounting principles that are the standards, conventions, and rules accountants follow in recording and summarizing transactions, and in the preparation of financial statements.

Internal Service Fund (ISF): The Internal Service Fund (ISF) is one method for securing funds as part of the overall strategy for covering risk exposure under the MDHHS/PIHP Medicaid Managed Specialty Supports and Services Contract. The ISF should be kept at a minimum to assure that the overall level of PIHP funds are directed toward consumer services.

OMB Circular A-87: Cost Principles for State, Local, and Indian Tribal Governments

Regional Operating Committee (ROC): Committee comprised of the Executive Directors of the CMHSPs and the Managing Director of the CMHPSM.

VI. REFERENCES

1. Agreement Between Michigan Department of Community Health And PIHP: CMH PARTNERSHIP OF SOUTHEAST MI For The Medicaid Managed Specialty Supports and Services Concurrent 1915(b)/(c) Waiver Program(s), the Healthy Michigan Program and Substance Use Disorder Community Grant Programs

2. OMB Circular A-87 – Cost Principles for State, Local, and Indian Tribal Governments(Revised 5/4/95, as Further Amended 08/29/97)

3. Agreement Between CMHPSM And the Lenawee, Livingston, Monroe and Washtenaw County CMHSPs For The Provision Of Medicaid Services To Residents Of Their Respective Counties.

Community Mental Health Partnership of Southeast Michigan		***Policy:*** ***Financial Stability & Risk Reserve Management***
PIHP Governance		
	Date of Board Approval	Date of Implementation

I. PURPOSE

It is the policy of the Community Mental Health Partnership of Southeast Michigan (CMHPSM) to manage funding from the State of Michigan consistent with State Contracts, OMB Circular A87 and prudent financial practices.

II. SCOPE

~~This~~ The Financial Stability & Risk Reserve Management policy applies to all Community Mental Health Service Programs (CMHSPs) and Substance Use Disorder (SUD) Core Providers who presently or in the future are affiliated with the CMHPSM.

III. OBJECTIVES

The primary objectives of the Financial Stability & Risk Reserve Management policy are to protect the financial stability of the Region~~, and to~~ ensure medically necessary services are provided to Consumers who are served by the CMHSPs affiliated with the CMHPSM and to ensure compliance with State contracts.

IV. STANDARDS

The CMHSPs shall have a sufficient capacity of staff and/or contracted providers to ensure that medically necessary services can be furnished to Consumers promptly and without compromise to quality of care at a reasonable cost. Utilizing a person-centered individual plan of service, the CMHSPs shall provide, or authorize the provision of, services in the amount, for the duration, and with a scope that is appropriate to reasonably achieve the purpose of the service for the Consumer.

As it pertains to this Policy, the CFO will be responsible to maintain effective communications with the Finance Officers of the CMHSPs in order to obtain up-to-date financial information as noted below. The CFO will communicate this information and advise the CEO on its impact on the Regional Entity. The CEO will ensure that the appropriate level of detail is made available to the Regional Board in a timely manner.

In order to achieve the ~~Purpose~~ objectives of this Policy, the following standards and practices will be followed:

A. BUDGET ~~DEVELOPMENT~~ PROCESS

- CMHSP budgets will be developed using revenue projections proposed by the CMHPSM and approved by the Regional Finance Committee and Regional Operating Committee.

- Regional Board approval of the CMHPSM budget is required prior to funding being made available to the CMHSPs.
- Budgets at the CMHSPs will not exceed the agreed upon revenue projections.
- If significant changes such as new service provision modalities, administrative operations, labor agreements, etc. are anticipated in the upcoming budget year, explanations will be provided to the CMHPSM.
- The CMHPSM must develop an Administrative budget sufficient to remain compliant with the Medicaid Specialty Services Contract with the State.
- The total CMHPSM budget, including the Administration budget, must be balanced with the revenues being projected to be received from the Michigan Department of Health and Human Services (MDHHS).
- ~~Budget Amendments must be approved by the Regional Board prior to the expenditure of such funds.~~
- Budget adherence will be one of the Member Contract performance measures that is reviewed with the Regional Board on a Quarterly basis.

B. REPORTING

- The CMHPSM and CMHSPs on a monthly basis must produce accurate reports of their fiscal year-to-date (FYTD) actual expenditures versus their annual budget in a traditional Revenue and Expense format, as well as a FYTD Fund Source Report. The CMHSPs will provide this and other requested financial data to the CMHPSM according to an established and agreed upon schedule.
- This information will be reviewed with the CMHPSM Board at its monthly Board meeting in order to keep the Board appraised of the financial condition of the Region, and to inform them as early as possible if financial issues arise that could present a risk to the overall Regional Budget.

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- If during the subsequent month's FYTD financial review the situation has not been corrected or an explanation does not exist as to when the issue will be corrected, then the PIHP may conduct an operational review of the CMHSP.
  - An operational review may include examinations of the contracts, costs, level of Consumer service provision and other items as deemed necessary to understand the overspending or underspending situation.
  - An initial consultative review lead by the CMHPSM will be conducted by individuals from the CMHPSM, as well as all CMHSPs, who are recognized as subject matter experts in the areas that will be reviewed.
  - If the initial consultative review assessment indicates that the issues are structural and not able to be resolved within the current year,

then outside experts may be brought in to provide assistance with the development of a corrective action plan that will resolve the budget issue.
    - Recommendations to address a shortfall at one of the CMHSPs may include the use of excess funding at one of the other CMHSPs, as long as the use of such funds does not adversely impact the delivery of services at the contributing CMHSP.
    - Recommendations may include the use of the Internal Service Fund (ISF) in the present year, which would require a plan for the following fiscal year that would not require the use of ISF.

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- The ISF should be the option of last resort to address present fiscal year budget overruns.
- If there is no alternative means to address a present year budget overrun, then the CMHPSM will request approval from the Board to notify the State of Michigan that ISF will be required by a CMHSP within the Region.
- As noted under Significant Variance to Budget above, Corrective Action Plans and/or alternative sourcing options will be required to eliminate the overrun situation as quickly as possible.
- Generally, use of the ISF should only be requested if there are significant revenue changes by the State, new high-cost Consumers enrolled by a CMHSP or changes to the State's requirement on how services are to be provided to Consumers.

V. DEFINITIONS

Community Mental Health Partnership of Southeast Michigan (CMHPSM): The Regional Entity that presently serves as the PIHP for Lenawee, Livingston, Monroe and Washtenaw counties for mental health, intellectual/developmental disabilities, and substance use disorder services.

Community Mental Health Service Program (CMHSP): Separate legal entities that the CMHPSM contracts with for the provision of Medicaid services to residents of the Counties served by the CMHPSM.

Generally Accepted Accounting Principles: Accounting principles that are the standards, conventions, and rules accountants follow in recording and summarizing transactions, and in the preparation of financial statements.

Internal Service Fund (ISF): The Internal Service Fund (ISF) is one method for securing funds as part of the overall strategy for covering risk exposure under the MDHHS/PIHP Medicaid Managed Specialty Supports and Services Contract. The ISF should be kept at a

minimum to assure that the overall level of PIHP funds are directed toward consumer services.

OMB Circular A-87: Cost Principles for State, Local, and Indian Tribal Governments

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VI. REFERENCES

1. Agreement Between Michigan Department of Community Health And PIHP: CMH PARTNERSHIP OF SOUTHEAST MI For The Medicaid Managed Specialty Supports and Services Concurrent 1915(b)/(c) Waiver Program(s), the Healthy Michigan Program and Substance Use Disorder Community Grant Programs

2. OMB Circular A-87 – Cost Principles for State, Local, and Indian Tribal Governments(Revised 5/4/95, as Further Amended 08/29/97)

3. Agreement Between CMHPSM And the Lenawee, Livingston, Monroe and Washtenaw County CMHSPs For The Provision Of Medicaid Services To Residents Of Their Respective Counties.

Community Mental Health Partnership Of Southeast Michigan
BOARD COMMENTS NOT INCLUDED IN REVISED POLICY
Financial Stability & Risk Reserve Management Policy

1. Change name of policy to "Financial & Risk Management"
   The name was left unchanged in order to emphasize that the policy was intended to provide financial stability for the PIHP and four CMHSPs, as well as, to clarify that it addresses the use of the Risk Reserve (i.e., the Internal Service Fund/ISF).

2. Under IV. Standards, the language "of staff and/or contracted providers" was not eliminated.
   This language was left in as it was pulled from the MDHHS Contract.

   Under IV. Standards, the language "standards and practices" was not eliminated.
   This language was left in as it was felt it provided better clarity to the statement.

3. Under A. Budget, the language "approved by" was not replaced with "submitted by".
   The original language was not changed as it is intended for Regional Finance and ROC to agree on revenue allocations that will be used in Budget Development.

   Under A. Budget, the addition of language to address "I would like to see a time line ie. By Sept of the previous fiscal year" was not included as it is felt that this is operational

   Under A. Budget, the addition of "The CMHSP budget monitoring will be reviewed monthly by the regional board" was not included because it is covered under B. Reporting.

   Under A. Budget, the addition of "Deviations from the budget will need to be explained at the Regional Board meetings" was not included because it is covered under B. Reporting.

   Under A. Budget, the language "Budgets at the CMHSPs will not exceed the agreed upon revenue projections" was not eliminated.
   This language was left in to ensure that it is explicitly clear that CMHSPs will not budget revenue amounts that are different than those that are agreed upon by Regional Finance and ROC, and which will be shown as "expense" in the CMHPSM budget.

   Under A. Budget, the addition of "Allocation of the risk reserve fund will be approved by the Regional Board" was not included because it is covered under D. Use of Internal Service Fund Balance.

4. Under B. Reporting, the addition of language to address "The members need to break out the administrative costs versus services rendered for the regional Board to monitor and review. The standard should not be greater than ?? 8%" was not included.
   Language was not included because it is felt that it is covered under the first bullet point which includes the language, "The CMHSPs will provide this and other requested financial data to the CMHPSM…"

   Under B. Reporting, the addition of language to address "How about our payments, timing, and basic assumptions for our budget from the state and in our daily operations" was not included because it was seen as operational in nature, and not directly related to the intent of this policy.

   Under B. Reporting, the addition of language to address "How will we report and ours should only be 30 days behind right. We also need to look at the admin costs and keep them in check" was not included because it is felt that it is covered under the first bullet point which includes the language, "The CMHSPs will provide this and other requested financial data to the CMHPSM…".

   Under B. Reporting, the addition of language to address "Healthy Michigan where will that be administered" was not included because the Policy implicitly applies to all Funding Sources that are provided to the CMHSPs by the CMHPSM.

5. Under C. Significant Variances To Budget, the addition of language to address "Where will the funding for this come from the general fund, risk reserve and will be done by the region or third party or combination thereof" was added as follows:

   "Expenses related to an operational review will be reviewed with and approved by the Regional Board."

   It was felt that the Board should be aware of and in agreement with how these costs were funded, but that identifying the type of funding was operational in nature, and could be unique to a specific situation. As such, language identifying the type of funding was not included.

6. Under D. Use Of Internal Service Fund Balance, the following questions were asked:

   a. Where do we talk about the funding of pilot projects that will effect members for one year and impact our budget in future years? Grants come to mind how will they be handled?
   b. If the Region wants to support a project how does it get approved?
   c. How does the SUD budget get approved I would suspect it is presented by the oversight committee and then we would approve our funding. How will we monitor?

d. I would like some language that protects us from contracts that a member makes that they can not fulfill.

Language to address these questions was not included as it is felt that these questions were both operational in nature and too detailed for inclusion in the policy, or that they were not directly related to the intent of this policy.

Community Mental Health Partnership of Southeast Michigan

All Board Meeting

July 29, 2015

Opening Introductions

I. Brief History of the CMHPSM
   a. Growing Pains, Stability
   b. Accomplishments and Investments
   c. Structure of the CMH and PIHP in Region 6 (CMHPSM)
II. Reorganization of CMH Services in Washtenaw County
   a. Challenges Washtenaw County Faced
   b. Breakdown of the Budget Deficit
   c. Analysis and Addressing the problems
III. Renewing our Partnership
   a. Agreements
   b. Board building
   c. Facing the future together

Meeting Evaluation

Attachment #7 – July 2015

Regional Board Action Request – Board Members Representatives for MACMHB

Board Meeting Date:	July 8, 2015
Action Requested:	Approve the process for submitting names of Regional board members interested in serving on the Executive or Steering Committee of the MACMHB as recommended by the Regional Board Officers.
Background:	The Michigan Association of Community Mental Health Boards has recently amended the By-laws to include Regional board members and PIHP executive directors as full members of the Association. The provisions of the by-laws for membership on the Executive Committee and Steering Committee require a selection of 4 individuals from among all PIHPs for each committee. The CMHPSM Board officers have the following recommendations: Names submitted as potential members of the Executive Committee should come from among the Board Officers. For FY2016 Greg Lane, Board Chair has volunteered. Names submitted as potential members of the Steering Committee should come from the general membership of the Regional Board with emphasis on individuals who are not also on other committees of the Board. Interested Board members will complete a one-page application that will be submitted to the Managing Director.
Connection to:	PIHP/MDCH Contract, AFP, Regional Strategic Plan and Shared Governance Model
Recommend:	Approval

Community Mental Health Partnership Of Southeast Michigan
ADMINISTRATIVE COST DETAIL -- PROPOSED
FY 2016 Budget

	Proposed Budget	Notes
Staffing Level (FTEs)	18.75	
Employee Related Costs		
Salary And Wages	$ 1,383,151.07	Includes Approved FTE Whose Costs Were In The Budget Amendment, And An Approved SIS Assessor FTE Whose Costs Were Not Included. Both Positions Are Presently Vacant. A Salary Increase Of 3.5% Is Also Included.
Fringe Costs		
Payroll Taxes	$ 144,769.32	
Medical Insurance	113,674.86	
Dental Insurance	35,461.20	
Vision Insurance	3,049.98	
Life/Disability Insurance	26,112.36	
Retirement	59,223.82	
Total Fringe Cost	$ 382,291.54	
Fringe Pct. Of Salary & Wage	27.64%	
Total Salary & Fringe Cost	$ 1,765,442.61	The March Budget Amendment Projected $1,678,747 For FY 2016. The $65,692 Increase Is Due To The Added SIS Assessor FTE.
Non-Employee Costs		
Audit Expense	$ 20,600.00	Financial Audit & Compliance Examination
Temporary Salary Costs	15,000.00	Intern Costs
Board Expense	15,190.00	Regional Board & OPB Stipends At 100% Requested Reimbursement
Computer Hardware	15,000.00	IM Estimate
Computer Software	7,000.00	IM Estimate
Consulting/Contractors	961,393.20	PCE -- $654,708, Zenith -- $125,000, Data Analyst -- $50,464 & Afia -- $50,000
Staff Development/Conf.	25,500.00	$6,500 Is Mandated For SIS Assessor Certification/Re-Certification.
Employee Travel	42,525.00	$21,600 For 3 SIS Assessors (51% Of Total Budget)
Insurance Costs	8,799.00	MMRMA Annual Liability Policy
Legal Fees	12,000.00	
Office Space	97,960.00	Amount For Zeeb Rd. Office Space
Operating Supplies	7,700.00	
Postage	1,500.00	
Printers/Fax Machines	5,000.00	
Printing & Binding	2,400.00	
Recruitment	2,000.00	
Repair/Maint. -- Equipment	2,000.00	
Subscriptions & Dues	5,000.00	Annual MACMHB & MASACA Dues
Telephone Expense	14,000.00	Cellular Telephones For Staff -- No Land Line Phone System
Miscellaneous	32,500.00	$5,000 For Office Move & $27,500 Provision For Unknowns
Total Non-Employee Costs	$ 1,293,067.20	The March Budget Amendment Projected $1,184,000 For FY 2016. The $101,557 Increase Is Primarily Due To The Inclusion Of A $50,000 Contract With Afia and $21,600 Travel For The SIS Assessors
Total Administrative Budget	$ 3,058,509.81	

Notes:

1. Total Excluding SIS Assessors	$ 2,839,490.33	
2. March Projection For FY 2016	$ 2,862,747.00	
Present Projection O/(U) March Projection	195,762.81	
3. Admin. Pct. Of Funding	1.91%	

Community Mental Health Partnership Of Southeast Michigan

FY 2016 ADMINISTRATIVE COSTS COMPARED WITH FY 2015 BUDGET AMENDMENT

FY 2016 Budget

	FY 2016 Proposed Budget	FY 2015 Amended Budget	FY 2016 O/(U) FY 2015
Staffing Level (FTEs)	18.75	18.00	0.75
Employee Related Costs			
Salary And Wages	$ 1,383,151.07	$ 959,599.00	$ 423,552.07
WCHO Staff Support	-	249,498.00	(249,498.00)
Fringe Costs			
Payroll Taxes	$ 144,769.32		
Medical Insurance	113,674.86		
Dental Insurance	35,461.20		
Vision Insurance	3,049.98		
Life/Disability Insurance	26,112.36		
Retirement	59,223.82		
Total Fringe Cost	$ 382,291.54	$ 279,670.00	$ 102,621.54
Total Salary & Fringe Cost	$ 1,765,442.61	$ 1,488,767.00	$ 276,675.61
Non-Employee Costs			
Audit Expense	$ 20,600.00	$ 18,000.00	$ 2,600.00
Temporary Salary Costs	15,000.00	-	15,000.00
Board Expense	15,190.00	8,155.00	7,035.00
Computer Hardware	15,000.00	-	15,000.00
Computer Software	7,000.00	-	7,000.00
Consulting/Contractors	961,393.20	693,956.00	267,437.20
Staff Development/Conf.	25,500.00	7,670.00	17,830.00
Employee Travel	42,525.00	9,576.00	32,949.00
Insurance Costs	8,799.00	8,799.00	-
Legal Fees	12,000.00	10,750.00	1,250.00
Office Space	97,960.00	58,500.00	39,460.00
Operating Supplies	7,700.00	2,500.00	5,200.00
Postage	1,500.00	538.00	962.00
Printers/Fax Machines	5,000.00	-	5,000.00
Printing & Binding	2,400.00	1,000.00	1,400.00
Recruitment	2,000.00	5,000.00	(3,000.00)
Repair/Maint. -- Equipment	2,000.00	500.00	1,500.00
Subscriptions & Dues	5,000.00	144.00	4,856.00
Telephone Expense	14,000.00	10,000.00	4,000.00
Miscellaneous	32,500.00	58,000.00	(25,500.00)
Total Non-Employee Costs	$ 1,293,067.20	$ 893,088.00	$ 399,979.20
Total Administrative Budget	$ 3,058,509.81	$ 2,381,855.00	$ 676,654.81

Notes:

FY 2016 Projected Budget O/(U) FY 2015 Amended Budget	480,892.00
Variance In FY 2016 Budget Projection	$ 195,762.81

At the time of the FY 2015 Budget Amendment, it was expected that FY 2016 would have higher costs ($480,892). The balance of the variance ($195,762.81) is attributable to the FY 2016 Projected Budget being higher than when the Amendment was approved. This amount ties to the Administrative Cost Detail Sheet and its explanation.

Attachment #8b - July 2015

Community Mental Health Partnership Of Southeast Michigan

BOARD EXPENSES -- DRAFT

FY 2016 Budget

	Quantity	Cost	Total Cost	Notes
Regional Board Expense				
Annual Stipends	12	$ 25.00	$ 300.00	Stipend For 1 OPB Member On Regional Board
Food At Monthly Board Meetings	12	100.00	1,200.00	Assume CSTS Catering Of Sandwiches
Annual All Board Meeting	1	1,000.00	1,000.00	Estimate
Annual Board Retreat	1	250.00	250.00	Estimate -- Assume Held At CMHPSM Office
Misc. Mileage For MACMHB Meetings			1,000.00	Reimbursement To Attend Committee Mtgs.
Winter/Spring/Fall MACMHB Conference			2,700.00	Registration, 2 Nights In Hotel & Mileage/Misc.
Total Regional Board Expense			$ 6,450.00	Meals For One Member At Each Conference
Oversight Policy Board Expense				
Annual Stipends	192	$ 40.00	$ 7,680.00	Stipends For 16 OPB Members For 12 Meetings
Food At Monthly Board Meetings	12	30.00	360.00	Light Snacks Only
Annual Board Retreat	1	500.00	500.00	Estimate -- Assume Held Offsite & Not At CMHPSM Office
Annual Member Manual	1	200.00	200.00	Estimate For Cost Of Binders & Reference Materials
Total OPB Expense			$ 8,740.00	
Total Expenses For Regional And OPB Boards			$ 15,190.00	

Attachment #9 – July 2015

COMMUNITY MENTAL HEALTH PARTNERSHIP OF SOUTHEAST MICHIGAN
OPERATING AGREEMENT

This Operating Agreement (the "Agreement") is made as of this ____ day of _____, 2015~~3~~ by and between the following parties, the Community Mental Health Partnership of Southeast Michigan (the "CMHPSM"), Lenawee Community Mental Health Authority, Livingston County Community Mental Health Authority, Monroe Community Mental Health Authority and ~~the Washtenaw Community Health Organization~~Washtenaw County Community Mental Health (collectively the "Partners", individually the "Partner").

RECITALS

A. The Partners have formed the CMHPSM as a Regional Entity pursuant to MCL 330.1204b of the Mental Health Code, 1974 PA 258 to serve as the Prepaid Inpatient Health Plan ("PIHP") for the four (4) counties designated by the Michigan Department of ~~Community Health~~ Health and Human Services ("~~MDCH~~MDHHS") as ~~Region 6~~Region Six, by filing Bylaws with the Secretary of State and the Clerk's Office of each County in which the Partners are located.

B. The Bylaws for the CMHPSM, set forth how the CMHPSM will be governed and managed and incorporate by reference an Operating Agreement which must be entered into by each Partner to set forth the terms and conditions as to how the CMHPSM will be operated.

C. The Partners desire to enter into this Operating Agreement to set forth the terms and conditions of the operation of the CMHPSM.

NOW THEREFORE, in furtherance of the foregoing and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows.

IT IS HEREBY AGREED by the parties entering into this Operating Agreement: the CMHPSM, the Lenawee Community Mental Health Authority, the Livingston County Community Mental Health Authority, the Monroe Community Mental Health Authority and Washtenaw Community Mental Health as follows:

ARTICLE I
OPERATING VISION AND BENEFITS

1.1 OPERATING VISION. The organization of the CMHPSM is based on a shared governance model. The CMHPSM will u~~tilizese a lean~~ an administrative structure that empowers regional committees to maximize the use of the current best practices of each Partner (both administrative and clinical), while creating venues that allow voices from all consumer populations and the Partners to be heard. Within this governance model the CMHPSM has established certain checks and balances to ensure that governance remains equal and that the operation of the CMHPSM and its governance board is for the service of the Partners while still achieving the highest level of fiscal, program and regulatory compliance.

1.2 BENEFITS TO THE PARTNERS. The following are proposed benefits to the Partners:

1.2.1 Funding Equity. CMHPSM will adopt an equitable funding methodology across ~~Region 6~~Region Six, based upon the medically ~~neccesarry~~necessary needs of individuals wherever they reside within ~~Region 6~~Region Six;

~~**1.2.2 Strength-Based Localization**. Areas of strength will be delegated to a Partner or Partners of Region 6Region Six as it benefits Region 6Region Six as a whole;~~

~~**1.2.3 Strength-Based Regionalization**. Partners may share assessed areas of strength with Region 6Region Six as a whole;~~

1.2.24 Shared Governance. The CMHPSM Board will govern with an emphasis on outward vision, diversity in viewpoints, strategic leadership and clear distinction of Board and ~~Managing Director~~CMHPSM Chief Executive Officer roles that strive for collective rather than individual decision making. The CMHPSM and its Partners will implement a shared governance decision making model that establishes and communicates specific goals based on an over-arching strategic plan that supports an organizational culture conducive to mutual trust and unified vision~~.~~ The Partners reserve the right to utilize shared governance strategies such as localization or regionalization of effort to meet PIHP delegated activities or CMHSP requirements.

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1.2.35 Diversity. Unique attributes and needs of each Partner will be respected and the local community models of service delivery will be fostered and supported within ~~Region 6~~Region Six standards of care.

ARTICLE II
PURPOSE

2.1 PURPOSE. The purpose of this Agreement is to provide the terms and conditions for the operation of the CMHPSM to serve as the ~~CMHPSM~~ Pre-Paid Inpatient Healthplan under contract with MDHHS~~CH~~ for the counties, which have been designated by ~~MDCH~~MDHHS as ~~Region 6~~Region Six.

ARTICLE III
GOVERNANCE, MANAGEMENT, OPERATIONS

3.1 GOVERNANCE/MANAGEMENT. Subject to the powers reserved to the Partners in the Bylaws, the CMHPSM Board shall govern and manage the business, property and affairs of the CMHPSM.

3.1.1 Partners Reserved Powers. Intentionally repeated from Bylaws, each Partner shall possess the powers and rights reserved to the Partners under these Bylaws which shall include the power to approve the following:

3.1.1.1 All amendments, restatements or the adoption of new bylaws;

3.1.1.2 The Operating Agreement, any amendment thereto and its termination;

3.1.1.3 Any proposal of the CMHPSM related to merger, consolidation, joint venture or the formation of a new organization;

3.1.1.4 The termination of the CMHPSM and distribution of assets and liabilities, if any;

3.1.1.5 The issuance of debt which exceeds certain threshold amounts established for the CMHPSM by the Partners in the Operating Agreement;

3.1.1.6 Secured borrowings and unsecured borrowings in excess of the amounts established in the Operating Agreement by the Partners, and

3.1.1.7 The sale, transfer or other disposition of substantially all assets of the CMHPSM.

3.2 REGIONAL OPERATIONS COMMITTEE ("ROC").

3.2.1 Composition and Authority: The Regional Operations Committee ("ROC") is comprised of the CMHPSM Chief Executive and~~,~~ the four ~~Partners'~~ CMHSP Executive Directors ~~and the CMHPSM SUD Coordinating Agency (CA) Director~~. The CMHPSM ~~Managing Director~~Chief Executive Officer participates as a voting member only for issues related to the CMHPSM ~~activities~~ operations and all Medicaid services and requirements. The ROC, in collaboration with the CMHPSM Board and Chief Executive Officer~~Managing Director~~, create the vision, mission and long term plans for the CMHPSM. The ROC and the ~~Managing Director~~Chief Executive Officer establish and coordinate the priorities for the CMHPSM Board consideration and approval.

Because the CMHPSM is inherently and only created by the CMHSP Partners for the sole purpose of meeting the statutory and regulatory requirements to maintain a ~~CMHPSM~~ PIHP designation, the quality, financing and reporting functions are the joint responsibly of the ~~Managing Director~~CMHPSM Chief Executive Officer, the ROC and associated Partner staff as applicable (excluding BBA sanction requirements of the ~~CMHPSM~~ PIHP or the necessary financial risk retention deemed appropriate by the CMHPSM Board). The ROC, in collaboration with the ~~Managing Director~~CMHPSM Chief Executive Officer, establishes and charges operational committees and reporting structures of the CMHPSM region. ~~The following committee's and reporting structures of the ROC are outlined in detail in Attachment A.~~

- The Regional Operations Committee (ROC)
- Regional Finance Committee
- Utilization Review Committee
- E.II Operations Committee
- ~~Quality/Performance Improvement~~ Clinical Performance Team ~~Committee~~
- Network Management Committee
- Customer Services Committee
- Regional Consumer Advisory Council

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3.3 FUNCTIONAL CONSOLIDATION OF ADMINISTRATIVE ACTIVITIES. It is the intention of the Partners to promote the efficiency and effectiveness of all services provided and

managed by the CMHPSM. Since the ~~MDCH~~MDHHS established the CMHPSM regional boundaries, the CMHPSM is committed to reviewing regional efforts with a goal of sharing resources across the Partners to support lean, efficient administrative functions while not incurring additional administrative expenses. This process includes the delegation and sub-contracting between and among the Partners and where applicable, support local grants and the future development and partnerships of local Specialty Service and/or innovative models of service funding or service delivery systems. ~~Safety Net Medicaid Accountable Care Organizations.~~

3.4 ACCOUNTABILITY FOR REGIONAL PERFORMANCE AND OUTCOMES. All Partners of the CMHPSM, including Board members and staff have a duty of care locally as well as~~nd~~ an obligation~~duty of loyalty~~ to the CMHPSM region. In order to fulfill these duties while respecting the uniqueness of the Partners, the CMHPSM will~~will also~~ establish necessary regional standards related to financial and regulatory standards of the CMHPSM. The approach to ensure that the Partners meet these essential standards will be as follows:

Any Partner that does not meet thresholds for quality and performance established by CMHPSM will be required to successfully complete ~~corrective action plans or~~ plans of correction ("POC"). The required POCs with associated timelines and persons responsible will be requested by the CMHPSM ~~Managing Director~~Chief Executive Officer and reviewed and approved by the ROC and the CMHPSM Board. POCs may be accepted or revisions requested in order to achieve desired standards. POCs may be required in order to remedy systemic problems or isolated incidentsce of significance that threaten Region Six~~6~~'s standards/thresholds.

Reports and POCs developed by the Partners are to be submitted to the ROC and the CMHPSM Board in specified formats. This information may be developed by and/or shared with the ~~relevant~~ ROC and other relevant committees as appropriate. Minutes will be kept in a standard format sufficient to document the topics discussed, analysis and resulting action items. All records, audit materials and communications/correspondence will be retained according to record keeping requirements under applicable laws.

Failure to respond to a request for corrective action or remedy a specific deficit will be addressed via specific sanctions policies of the CMHPSM Board. As part of the shared responsibility and accountability of the Partners to one another as a whole, areas of performance that adversely impact the CMHPSM will be the primary responsibility of the Partner who failed to meet the essential standards.

3.5 COMPLIANCE WITH LAWS. The CMHPSM and its Partners, Board members, officers and staff shall fully comply with all applicable laws, regulations and rules, including without limitation 1976 P.A. 267 (the "Open Meetings Act") and 1976 P.A. 422 (the "Freedom of Information Act") and those set forth in the PIHP contract for Medicaid Specialty Services . The CMHPSM Board will develop policies and procedures to address any noncompliance which shall be incorporated herein by reference.

ARTICLE IV
FINANCE~~CIAL~~

4.1 ALLOCATION OF FUNDS. The CMHPSM will use an ~~actuarially sound~~ agreed upon funding formula ~~and a direct pass through of~~to allocate ~~MDCH MDHHS~~MDHHS Medicaid

funding that is fair, equitable and passes on the maximum amount of funding received by the CMHPSM minus contributions to Internal Service Funds ~~(if actuarially required)~~,CMHPSM regional taxes, MDHHS ~~payment~~ mandates, and the CMHPSM administrative expenses. The goal of this funding allocation model is to provide each of the Partners with historical and projected funding levels while supporting the essential Medicaid benefit and consumer needs provided by each Partner. Allocation of specific funding amounts, formulas, or other related information would be identified within the annual agreements between the CMHPSM and partner CMHSPs. The parties will follow the Regional Financial and Stability and Risk Reserve Policy in relation to fund allocation.

~~**4.1.1 Regional Revenues**. The CMHPSM receives multiple funding streams from MDHHS on behalf of Region Six and its Partner CMHs.~~

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~~**4.1.1.1 Medicaid Managed Care Funding (State Plan and other B3 Alternative Services):** The Medicaid managed care payments will be formulated using an actuarially sound method. These managed care payments will be made monthly and are based on the number of "active" consumers served by each Partner including current and historical consumer demographics, diagnosis, service history and costs. An "active" consumer is defined as an individual who has received one or more services from the Partner (or its subcontractors) within the last ninety (90) days. The CMHPSM agrees to provide source documentation and payment detail derived from the Partners actuarial report.~~

~~**4.1.1.2 Budget Adjustor Payments:** Because the actuarial model is based on historical costs and services, a budget adjustor payment will be made that at a minimum reflects the Partners historical funding levels if funding is available. This Budget Adjustor payment will consist of both current year and prior year Medicaid saving and/or carry forward (if available) and will be distributed to each affiliate based on the Partners percentage of Medicaid funding as described in section 4.1.1.1 and 4.1.1.3. Below is "current" estimate of the percentages used for the budget adjustor payment and subject to change as funding percentages change.~~

- ~~**Lenawee 14.50%**~~
- ~~**Livingston 18.38%**~~
- ~~**Monroe 18.47%**~~
- ~~**Washtenaw 48.65%**~~

~~**4.1.1.3 Distribution of Medicaid Capitation – HAB and/or I waiver**. The CMHPSM will distribute on 100% of all Habilitation and/or I waiver payments received by the State as designated for each Partner's enrolled consumers.~~

~~4.1.1.4 **Distribution of Medicaid Capitation – Autism.** The CMHPSM will distribute the Autism dollars to the Partners using the same methodology as MDCH allocates the dollars. The CMHPSM will designate an Autism Coordinator and will coordinate the cost settlement process of the Autism benefit funding as described by the MDCH.~~

~~4.1.1.5 **Distribution of Medicaid Capitation – ABW.** From 1-1-14 to 3-31-14 (or until the Health Michigan 1115 Waiver is approved by CMS) the CMHPSM will distribute the ABW dollars, if any, to the Partners using the same methodology as the State allocates the dollars.~~

4.1.21.6 ~~Tax and Hospital Rate Adjuster (HRA) Payment~~MDHHS Mandates. The CMHPSM shall retain a designated percentage of the revenue received on all funding sources applicable to claims tax. The CMHPSM shall be responsible for filings and payment of the tax. ~~If the amount retained is greater than what is required to meet the claims tax obligations, the excess funds shall be distributed to the Partners utilizing the same method as the source funds.~~ The CMHPSM shall retain a designated percentage of revenue related to the Hospital Rate Adjuster (HRA) payment mandate. The CMHPSM shall be responsible for filings and payment of HRA payments. The CMHPSM would implement the same process for any future tax or payment mandates included in the MDHHS/CMHPSM Medicaid Specialty Supports contract.

4.1.31.7 Block Grants. The CMHPSM ~~Managing Director~~Chief Executive Officer will receive the notification of Block Grants. Notification will be forwarded to the CMHPSM Board. Funding would be distributed to the regional CMHSPs based on the grant award and Partner participation.

4.1.41.8 ~~Distribution of Substance Use Disorder ("SUD") Funding – All Sources.~~ ~~The CMHPSM will distribute funding based on the current Recovery Oriented System of Care contractual arrangements used for Lenawee, Livingston, Monroe and Washtenaw Counties. Any regional CMHSPs awarded SUD responsibilities within one of the counties in Region Six will be issued a separate contract from the Mental Health Service Program contract.Initially, the CMHPSM will keep funding separate between Mental Health and SUD.~~

~~SUD funding related to Monroe County will be agreed upon by the SUD Oversight Committee and the CMHPSM Board on or after 10-1-14.~~

~~4.1.1.9 **Other Funding.** All other payments (including DHS Incentive payments) will be distributed to the respective Partner using the same methodology as the state allocates the dollars.~~

4.1.51.10 Internal Service Fund ("ISF"). The ISF will be held by the CMHPSM. The Regional F~~f~~inance committee and the ROC will recommend to the CMHPSM Board, based on an actuarial analysis, the minimal ISF funding.~~ Historical information or actuarial determined~~

~~amounts are acceptable methods.~~ Interest earned on ISF is required to~~will~~ stay in the ISF. Potential u~~U~~sage of the ISF will follow the CMHPSM Financial Stability & Risk Reserve Management policy.~~Regional require that the Partner immediately notify the CMHPSM when cost overruns are expected. Resources would be distributed to the Partner needing dollars from current year unspent Medicaid first. If the ISF is depleted, Partners would individually utilize other fund sources to cover Medicaid excess costs as outlined in the CMHPSM "Funding Principals and Guidelines" (attached). Should the CMHPSM dissolve the ISF, the ISF would be distributed to each Partner based on the percentage of total CMHPSM Medicaid received as described in 4.1.1.2. The CMHPSM Chief Financial Officer ("CFO") would maintain current records and revenue percentages to distribute Partner funding. The ISF~~

4.1.~~6~~1.~~11~~ **Medicaid Savings.** The Medicaid Savings as identified in the cost settlement process will be held by the CMHPSM for the FY beginning January 1, 2014 and beyond. ~~This is considered a pooled resource and would be distrusted as Budget Adjustor Payments after the completion and certification of the amount based on the CMHPSM audit as described in section 4.1.1.2~~. Adjustments to the Medicaid Savings allocations could be adjusted based on the available resources and specific Partner needs. ~~For new programs, Medicaid Savings could be designated to help with start-up costs, etc.~~

4.1.~~1.12~~7 **Special Fund Account:** All PA 226 local funds accrued through first ~~1~~st and third party revenue will be retained by each CMHSP Partner.

~~**4.1.2.13 Financial Support for the CMHPSM after 1/1/2014.** Financial support will be proportional using the revenue allocation method detailed above.~~

4.1.~~2.14~~8 **Capital.** The CMHPSM can purchase and account for capital items based on the CMHPSM board approved budget.

4.1.~~2.15~~9 **Surplus Funds**. Unspent CMHPSM funds (difference between approved budgeted funds which have been withheld monthly by the CMHPSM and actual spent) will become part of the overall Medicaid funds usable across the region for current operations. If the funds are not needed for operations then they would be added to either the Medicaid Savings pooled funds or the ISF.

4.2 LOCAL MATCH OBLIGATIONS. The State of Michigan's appropriation act permits a contribution from internal resources. Local funds shall be used as a bona fide part of the State match required under the Medicaid program in order to increase capitation payments.

4.2.1 Local Match Submission. Partners shall submit local funds as a bona fide source of match for Medicaid to the CMHPSM on a quarterly basis. These payments shall be made in a reasonable timeframe to allow the CMHPSM to

process the local match payment to the State in accordance with the MD~~CH~~HHS payment schedule.

4.2.2 Local Match Monitoring. The CMHPSM and its Partners shall establish mechanisms to ~~assure~~ ensure that the local match of each Partner is funded and monitored no less than quarterly to guarantee ~~assure~~ adequacy of funding.

4.2.3 Responsibility to Notify. Any Partner that projects a problem or issue with local match funding shall immediately notify the CMHPSM CFO. A plan of correction shall be completed and sent to the CMHPSM CFO within ten (10) business days of the identification of the problem.

4.6 COST SHARING.

4.6.1 Leased and Delegated CMHPSM Functions. Leased and delegated CMHPSM functions, if any, will be i~~dentified~~~~ncluded~~ in separate sets of individual agreements between the CMHPSM and the CMHSP partners as part of the CMHPSM annual budget and payment will be forwarded to the Partner providing the service on a monthly basis. Leased services ~~are~~ for a designated staff person would~~and~~ include salary, benefits, and administrative overhead expenses proportionally to the leased FTE percent for that person or persons. Delegated services are functions completed for the entire Region ~~6~~ Six by a CMHSP Partner. Payments for delegated services would~~ill~~ cover all CMHSP Partner expenses that are applicable, including but not limited to salary, benefits, administrative overhead expenses proportionally to FTE staffing, operating or other related expenses and will be cost settled by the Partner with the CMHPSM annually. ~~The CMHPSM delegation grid details more specifically these functions.~~

4.7 MEDICAID MANAGED CARE ADMINISTRATIVE FUNCTIONS. Many of the managed care administrative functions will be ~~completed at~~ delegated to the local level. Financial support for these administrative functions will be included as part of each Partner's global allocation as described in the payment methods detailed in this Article IV and will be reported to the CMHPSM as part Medicaid managed care administration and included as a Medicaid expense.

4.8 ACCOUNTABILITY OF FUNDS. The CMHPSM Chief Financial Officer in collaboration with the CMHPSM Chief Executive Officer ~~Finance Committee~~ will review all contracts and procedures for expending funds or for the procurement of goods or services i.e., related to cost-sharing, cost-allocations, local match obligations related to Medicaid funds, fund transfers, repurchase (contracting back) arrangements, resource/asset claims, liability obligations, risk obligations, risk management, contingencies, areas of limitations, and areas of exclusions, per diem and travel expense, space use agreements, employee leases and contracts, software and equipment leases, audit services and provide a recommendation with supporting detail to the ROC and the CMHPSM Board.

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4.9 DEBT LIMITS. The CMHPSM shall not incur debt greater than $25,000 without the approval of ~~each CMHSP Partner and~~ the CMHPSM Board ~~approval~~.

4.10 SECURED AND UNSECURED BORROWING LIMITS. All borrowing limits of the CMHPSM must have both Partner and CMHPSM Board approval.

ARTICLE V
IMMUNITY, LIABILITY, INSURANCE, DISPUTE

5.1 GOVERNMENTAL IMMUNITY. All the privileges and immunities from liability and exemptions from laws, ordinances, and rules provided under MCL § 330.1205(3) (b) of the Mental Health Code to county community mental health service programs and their board ~~Partners~~ members, officers, and administrators, and county elected officials and employees of county government are retained by the CMHPSM and the CMHPSM's Board Members ~~Partners~~, advisory board members~~Partners~~, officers, agents, and employees, as provided in MCL § 330.1204b (4).

5.2 LIABILITY.

5.2.1 All liability to third parties, loss, or damage as a result of claims, demands, costs, or judgments arising out of activities to be carried out by the CMHPSM shall be the sole and nontransferable responsibility of the CMHPSM, and not the responsibility of the Partner, if the liability, loss, or damage is caused by, or arises out of, the actions or failure to act by the CMHPSM, its Board Members~~Partners~~, officers, employees or representatives; provided that nothing herein shall be construed as a waiver of any governmental or other immunity that has been provided to the CMHPSM or its Board Partners, officers, employees or representatives, by statute or court decisions.

5.2.2 All liability to third parties, loss, or damage as a result of claims, demands, costs, or judgments arising out of activities to be carried out by the Partner shall be the sole and nontransferable responsibility of the Partner and not the responsibility of the CMHPSM, if the liability, loss, or damage is caused by, or arises out of, the actions or failure to act by the Partner, its Board ~~–~~Members~~Partners~~, officers, directors, employees and authorized representatives; provided that nothing herein shall be construed as a waiver of any governmental or other immunity that has been provided to the Partner or its Board Members~~Partners~~, officers, employees or representatives, by statute or court decisions.

5.2.3 Each Partner and the CMHPSM will obtain its own counsel and will bear its own costs including judgments in any litigation which may arise out of its activities to be carried out pursuant to its obligations under the Bylaws or any agreement between the Partners or the Partners and the CMHPSM. It is specifically understood that no indemnification will be provided in such litigation.

5.2.4 In the event that liability to third parties, loss or damage arises as a result of activities conducted jointly under the Bylaws or any agreement between the Partners or the Partners and the CMHPSM, such liability, loss or damages shall be borne by each party in relation to each party's responsibilities under the joint activities, provided that nothing herein shall be construed as a waiver of any governmental or other immunity granted to any of said parties as provided by applicable statutes and/or court decisions.

5.2.5 Under the Bylaws, it is the intent that each of the Partners and the CMHPSM shall separately bear and shall be separately responsible for only those financial obligations related to their respective duties and responsibilities.

5.3 INSURANCE.

5.3.1 Insurance. The CMHPSM will obtain and maintain during the term of this Operating Agreement insurance coverage for funds and financial risk pursuant to its obligations. ~~Insurance coverage will be obtained to be effective 1/1/2014 based on consultation with insurance carriers and the CFO.~~ Each Partner shall procure, pay the premium on, keep and maintain during the term of this Operating Agreement insurance coverage in such amounts as necessary to cover all claims which may arise out of activities to be carried out pursuant to its obligations. Each Partner shall ensure that all of its subcontractors and their staff are covered by all appropriate liability and malpractice insurance for the services which they perform.

5.3.2 The CMHPSM may purchase and maintain insurance on behalf of any person who is or was a Board Member~~Partner~~, officer, employee or representative of the CMHPSM, against any liability asserted against the person and incurred by him or her in any such capacity or arising out of his or her status as such, whether or not the CMHPSM would have power to indemnify the person against such liability under the Bylaws or the laws of the State of Michigan.

5.4 DISPUTE RESOLUTION. Any dispute between the partners related to the CMHPSM Bylaws, or this Operating Agreement that cannot be resolved through amiable discussion will be referred to the Governing Boards of each Partner for due consideration within forty five (45) days. The resolution of the dispute will be final upon agreement of three-fourths of the Partners in the form of a duly adopted resolution of the governing bodies. Any other disputes related to other CMHPSM matter will be resolved as follows:

5.4.1 Step 1. The Executive Director of the Partner will attempt to resolve the dispute through discussion with the CMHPSM ~~Managing Director~~Chief Executive Officer and/or the ROC.

5.4.2 Step 2. If the dispute remains unresolved, the Executive Director of the Partner and the ~~Managing Director~~Chief Executive Officer will provide a written description of the ~~of~~ the issue in dispute and a proposed solution to the CMHPSM Board. The CMHPSM Board will have thirty (30) calendar days to provide a written decision.

5.4.3 Step 3. If the dispute remains unresolved to the satisfaction of the Partner, the Partner may seek mediation, binding arbitration or legal recourse as provided by law.

ARTICLE VI
HUMAN RESOURCES

6.1 HUMAN RESOURCES.

The CMHPSM as outlined by Article IV of the Bylaws shall "employ" staff by direct employment, leasing or contracting with the primary emphasis on assuring the CMHPSM staff understand and continue the shared governance culture and the continued service excellence that has been developed by the CMHPSM ~~over the last twelve (12) years~~.

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~~The ROC shall appraisevet candidates for the position of Managing DirectorCMHPSM Chief Executive Officer and the CMHPSM CFO to ensure the CMHPSM Board receives only qualified~~

~~applicants to consider.~~ The ROC will be involved in the interview and evaluation process of the ~~Managing Director~~CMHPSM Chief Executive Officer ~~including the potential employment methods used to serve the CMHSP Partners~~. The CMHPSM Board has the sole responsibili~~t~~ty for all hiring and retention decisions regarding the ~~Managing Director~~Chief Executive Officer.

The ~~Managing Director~~CMHPSM Chief Executive Officer shall hire internal staff according to the Chief Executive Officer Authority for Human Resources policy., ~~appoint~~and/or~~, contract or lease human resources functions from any CMHSP Partner or outside entity to adequately staff and to provide the culture assurances as described above.~~

~~The personnel CMHPSM employee manual will be reviewed every two (2) years and any other leasing or contractual staffing agreements will be reviewed at least every two (2)annually during the budgeting processyears by the CMHSP Managing Director~~Chief Executive Officer~~, the ROC and CMHPSM Board.~~

ARTICLE VII
PLANNING AND POLICY DEVELOPMENT

7.1 PLANNING AND POLICY DEVELOPMENT

The CMHPSM Board, in collaboration with the ROC and the ~~Managing Director~~CMHPSM Chief Executive Officer will develop and publish a Mission and Vision Statement, congruent with the purpose of the CMHPSM.

As requested by the ROC and at the permission of the CMHPSM Board, the ~~Managing Director~~CMHPSM Chief Executive Officer will facilitate a planning session involving the CMHPSM Board and the ROC to create, update, or modify the l~~L~~ong-t~~T~~erm or strategic p~~P~~lan of the CMHPSM. In preparation for this planning, the ~~Managing Director~~CMHPSM Chief Executive Officer will use methods to gain input or feedback from Partner Boards, recipients of services and local communities ~~facilitate focus groups and needs assessments, using (if possible) the work of the Partner Boards, and standing committees of the CMHPSM~~ to inform the planning process.

The CMHPSM Board will approve the ~~Long-Term~~ Strategic Plan prior to publication.

ARTICLE VIII
TERM, TERMINATION

8.1 **TERM**. The term of this Operating Agreement shall commence on the last date upon which all parties hereto have executed this Operating Agreement and shall continue until terminated as provided in Section 8.2.

8.2 **TERMINATION**. This Operating Agreement shall terminate upon the written agreement of three-fourths (3/4) of the CMHPSM Partners and the CMHPSM; provided that all outstanding indebtedness of the CMHPSM shall be paid and no contract of the CMHPSM shall be impaired by said termination. As soon as possible after termination of this Operating Agreement, the CMHPSM shall wind up its affairs as provided in the Bylaws.

ARTICLE IX
MISCELLANEOUS

9.1 ASSIGNMENT. No party may assign its respective rights, duties or obligations under this Operating Agreement.

9.2 NOTICES. All notices or other communications authorized or required under this Operating Agreement shall be given in writing, either by personal delivery or certified mail (return receipt requested).

9.3 ENTIRE AGREEMENT. This Operating Agreement, including the Exhibits attached hereto and the documents referred to herein, embody the entire agreement and understanding between the parties hereto with respect to the subject matter hereof. Except for the CMHPSM's Bylaws, there are no other agreements or understandings, oral or written, between the parties with respect to the subject matter hereof and this Operating Agreement supersedes all previous negotiations, commitments and writings with respect to the subject matter hereof.

9.4 GOVERNING LAW. This Operating Agreement is made pursuant to, and shall be governed by, and construed, enforced and interpreted in accordance with, the laws and decisions of the State of Michigan.

9.5 BENEFIT OF THE AGREEMENT. The provisions of this Operating Agreement shall not inure to the benefit of, or be enforceable by, any person or CMHPSM other than the parties and any permitted successor or assign. No other person shall have the right to enforce any of the provisions contained in this Operating Agreement including, without limitation, any employees, contractors or their representatives.

9.6 ENFORCEABILITY AND SEVERABILITY. In the event any provision of this Operating Agreement or portion thereof is found to be wholly or partially invalid, illegal or unenforceable in any judicial proceeding, then such provision shall be deemed to be modified or restricted to the extent and in the manner necessary to render the same valid and enforceable, or shall be deemed excised from this Operating Agreement, as the case may require, and this Operating Agreement shall be construed and enforced to the maximum extent permitted by law, as if such provision had been originally incorporated herein as so modified or restricted, or as if such provision had not been originally incorporated herein, as the case may be.

9.7 CONSTRUCTION. The headings of the sections and paragraphs contained in this Operating Agreement are for convenience and reference purposes only and shall not be used in the construction or interpretation of this Operating Agreement.

9.8 COUNTERPARTS. This Operating Agreement may be executed in one or more counterparts, each of which shall be considered an original, but together shall constitute one and the same agreement.

9.9 EXPENSES. Except as is set forth herein or otherwise agreed upon by the parties, each partyParty shall pay its own costs, fees and expenses of negotiating and consummating this Operating Agreement, the actions and agreements contemplated herein and all prior negotiations, including legal and other professional fees.

9.10 REMEDIES CUMULATIVE. All rights, remedies and benefits provided to the parties hereunder shall be cumulative, and shall not be exclusive of any such rights, remedies and benefits or of any other rights, remedies and benefits provided by law. All such rights and remedies may be exercised singly or concurrently on one or more occasions.

9.11 BINDING EFFECT. This Operating Agreement shall be binding upon the successors and permitted assigns of the parties.

9.12 RELATIONSHIP OF THE PARTIES. The parties agree that no party shall be responsible for the acts of the CMHPSM or of the employees, agents and servants of any other party, whether acting separately or in conjunction with the implementation of this Operating Agreement. The parties shall only be bound and obligated under this Operating Agreement as expressly agreed to by each party and no party may otherwise obligate any other party.

9.13 NO WAIVER OF GOVERNMENTAL IMMUNITY. The parties agree that no provision of this Operating Agreement is intended, nor shall it be construed, as a waiver by any party of any governmental immunity or exemption provided under the Mental Health Code or other applicable law.

ARTICLE X
AMENDMENTS

Modifications, amendments or waivers of any provision of this Operating Agreement may be made only by the written consent of three-fourths (3/4) of the parties hereto.

ARTICLE XI
CERTIFICATION OF AUTHORITY TO SIGN THIS OPERATING AGREEMENT

The persons signing this Operating Agreement on behalf of the parties hereto certify by said signatures that they are duly authorized to sign this Operating Agreement on behalf of said parties, and that this Operating Agreement has been authorized by said parties pursuant to formal resolution(s) of the appropriate governing body(ies).

IN WITNESS WHEREOF, the parties hereto have entered into, executed and delivered this Operating Agreement as of the dates noted below.

LENAWEE COMMUNITY MENTAL HEALTH AUTHORITY

By: _____ Date: _____

Its: _____

LIVINGSTON COUNTY COMMUNITY MENTAL HEALTH AUTHORITY

By: _____ Date: _____

Its: _____

MONROE COMMUNITY MENTAL HEALTH AUTHORITY

By: _____ Date: _____

Its: _____

WASHTENAW ~~COMMUNITY HEALTH ORGANIZATION~~COUNTY COMMUNITY MENTAL HEALTH

By: _____ Date: _____

Its: _____

COMMUNITY MENTAL HEALTH PARTNERSHIP OF SOUTHEAST MICHIGAN

By: _____ Date: _____

Its: _____

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Attachment #10 – July 2015

Regional Board Action Request – Appointments to the SUD Oversight Policy Board

Board Meeting Date: July 8, 2015

Action Requested: Approve the Appointments to the SUD Oversight Policy Board listed below, as submitted by the Monroe CMHSP Board.

Background: Public Act 500 requires the PIHP Regional Entity to establish an agreement with each of the County Commissions in the region for the purpose of establishing an oversight policy board to direct the use of PA 2 (COBO Hall Tax dollars) reserved for the region to be used for the purpose of Substance use prevention and treatment in the counties in which the funds originated. The oversight policy board will also make recommendations to the Regional Board on programs and services relevant to SUD. The Regional Board approved a process in August 2014 which gave two appointments to the OPB to each County Commission. The remaining two members are recommended by each CMHSP Board to the Regional Board for final approval.

Recommended Appointments: Laura Rodriguez
Mark Cochran

Connection to PIHP/MDCH Contract, Regional Strategic Plan or Shared Governance Model:

FY 2015 Contract Requirement Section 7.12.2 Substance Use Disorder Oversight Policy Boards.

RECOMMENDATION: Approval

OPB Establishing Agreement & Membership Status

County	**Establishing Agreement Approved by Board of Comm.**	**BOC-appointed board members (2)**	**CMH-appointed board members (2)**
Lenawee	Y	1. Ralph Tillotson 2. Cletus Smith	1. Amy Fullerton 2. Mac Marr
Livingston	Y	1. William Green 2. Diane McCormick	1. Dave Delano 2. Cheryl Davis
Monroe	Y	1. Kim Comerzan 2. Tom Waldecker	1. Laura Rodriguez 2. Mark Cochran
Washtenaw	Y	1. Sheila Little 2. Melnee McPherson	1. Charles Coleman 2. David Oblak