



POLICY AND PROCEDURE MANUAL

SUBJECT Cash Advances	ACCOUNTABILITY	Effective Date: February 7, 2020	Pages: 2
REQUIRED BY	BBA Section: PIHP Contract Section: Other: OMB 2 CFR 200.305	Last Review Date: September 28, 2016	Past Review Date:
Policy: <input checked="" type="checkbox"/> Procedure: <input type="checkbox"/>	Review Cycle: Annual Author: NMRE CFO	Responsible Department: Finance	Reviewers: NMRE CEO

Definitions

Cash Advance: A disbursement of funds requested by a CMHSP to manage short-term cash flow problems. Cash Advances do not increase the CMHSPs current fiscal year per member/per month (PM/PM), nor does a cash advance carry over from one fiscal year to another.

Community Mental Health Services Program (CMHSP): For the purposes of this document, a CMHSP member is one or more of the following: AuSable Valley Community Mental Health Authority, Centra Wellness Network, North Country Community Mental Health, Northeast Michigan Community Mental Health Authority, and Northern Lakes Community Mental Health Authority.

Generally Accepted Accounting Principles (GAAP): A set of rules that encompass the details, complexities, and legalities of business and corporate accounting.

Northern Michigan Regional Entity (NMRE): The PIHP for Region 2, the 21-counties located in Michigan's northern lower peninsula.

Office of Management and Budget (OMB): The business division of the Executive Office of the President of the United States that administers the United States federal budget and oversees the performance of federal agencies.

Prepaid Inpatient Health Plan (PIHP): One of ten organizations in Michigan responsible for managing Medicaid services related to behavioral health, development disabilities, and substance use.

Purpose

The purpose is to establish consistent guidelines related to unplanned requests for funds from Community Mental Health Services Program (CMHSP) partners.

Policy

The Northern Michigan Regional Entity (NMRE) that approval of cash advance disbursements is made with good internal controls and in accordance with generally accepted accounting principles (GAAP). The NMRE will consider requests for cash disbursements, as defined in NMRE policy, within the cash flow requirements of the NMRE.

Approval Signature

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NMRE Chief Executive Officer

2/7/2020

Date

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Procedure

A. Request Process

While the NMRE reserves the right to request additional documentation/information of justification, requests for consideration of a cash advance must:

1. Be submitted in writing to the NMRE Chief Executive Officer (CEO).
2. Include supporting information and documentation.

B. Approval – CMHSP Participants

1. The NMRE will consider all requests for cash advances from CMHSP participants. The NMRE will assess regional cash requirements, NMRE cash requirements, bank balances, projected expense payments, and all other related factors in making a determination on whether the NMRE can support the CMHSP request. The NMRE reserves the right, in its sole discretion, to approve, deny, modify, or otherwise made decisions based on all available information in the best interests of the region.
2. The CMHSP will be notified of the decision of the NMRE as soon as possible, but not later than 30 days after satisfactory submission of all information needed to make a decision.
3. Approved cash advances will be paid within the CMHSP's specified "need by" date if possible or as soon as NMRE staff can process the request.

C. Repayment – CMHSP Participants

A cash advance may be repaid to the NMRE by a CMHSP on a mutually agreeable PM/PM rate, provided that all repayments will occur on or before September 30th of the fiscal year within which the advance was approved and distributed. If a CMHSP is unable to meet the repayment requirements, it will have its Organization's outstanding cash advance balance funds deducted from the last PMPM payment of the fiscal year to meet the fiscal year-end deadline net of any amounts due to the CMHSP from the NMRE.

D. General

A cash advance should be considered a rare exception and other revenue sources to cover cash flow issues should be pursued.

All payments must comply with the Office of Management and Budget (OMB) 2 CFR 200.305 which requires minimum time elapsing between the transfer of funds from the NMRE to the CMHSP participant. The NMRE payment methods consist of automated Clearing House, bank wire, or check.

Approval Signature

A handwritten signature in black ink, appearing to read "Eric Ruff", is written over a horizontal line.

NMRE Chief Executive Officer

2/7/2020

Date