

**NORTHERN MICHIGAN REGIONAL ENTITY
ADMINISTRATIVE MANUAL**

POLICY: FINANCIAL MANAGEMENT POLICY
CHAPTER: EIGHT - FINANCE
POLICY #: 08-04-004
EFFECTIVE DATE: January 1, 2014

POLICY

The Northern Michigan Regional Entity will ensure accuracy and consistency of financial systems and the reporting of financial data. All Northern Michigan Regional Entity financial practices will comply with requirements established by applicable federal and state statutes

PURPOSE

To ensure accuracy and consistency of financial systems and the reporting of financial data.

This policy and all related procedures will apply only to those activities involving the use of Medicaid funding.

RESPONSIBILITIES

- A. The PIHP will establish a budget and financial management system sufficient or monitor revenues and expenditures for the region, monitor changes in the Medicaid population for the PIHP region and the effect on capitated funds received from MDCH, managed financial revenues to meet unexpected demand, determination of methodology for Medicaid payment to local affiliates. The CMHSP will maintain routine accounting and budgeting functions, purchasing and inventory management, engagement of annual financial audit and consulting relationships. The PIHP will provide Affiliation-wide standards and guidance and will monitor compliance as appropriate.
- B. The CMHSP will provide the PIHP with a cost determination for rate-setting purposes for their region. The PIHP will provide Affiliation-wide standards and guidance and will monitor compliance as appropriate.
- C. The PIHP will report FSR and Medicaid Utilization and ABW cost reporting to MDCH. The CMHSP will report FSR and Medicaid Utilization and ABW cost reporting to PIHP. The PIHP will provide Affiliation-wide standards and guidance and will monitor compliance as appropriate.
- D. The PIHP will develop a Risk Management Plan for the PIHP, and develop a regional reinvestment strategy, with the input of the CMHSP, for allocation of Medicaid savings.
- E. The PHIP will submit application for Medicaid Habilitation Support Waivers (HSW) for identified individuals across the PIHP region.

- F. The CMHSP will track Medicaid expenditures and revenues. The PIHP will provide Affiliation-wide standards and guidance and will monitor compliance as appropriate.
- G. The CMHSP will bill Medicare and other third-party payers as appropriate (as Medicaid is the payer of last resort). The PIHP will provide Affiliation-wide standards and guidance and will monitor compliance as appropriate.
- H. The PIHP will conduct verification audits of the delivery of Medicaid services. The PIHP will provide Affiliation-wide standards and guidance and will monitor compliance as appropriate.

MONITORING AND REVIEW

The PIHP CEO and the PIHP CFO will monitor these functions. The CFO reviews this policy annually. External review will include MDCFH and CMS site visits and annual financial audits.

REFERENCE

REVISED:

REVIEWED:

APPROVED: June 19, 2013

Signed copy is on file with NMRE

 Dave Schneider
 Northern Michigan Regional Entity Chief Executive Officer

 Date

Signed copy is on file with NMRE

 Joe Stone
 Northern Michigan Regional Entity Board Chair

 Date