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1.0 General Report Overview

Effective April 1, 2015, Executive Order 2015-4 created the Department of Health and Human Services (DHHS). The Executive Order also abolished the Michigan Department of Community Health (MDCH) and the Michigan Department of Human Services (MDHS). Except as otherwise provided in Section XIII of the Executive Order, after the effective date of the Order, statutory and legal references to the MDHS, the MDCH of all predecessor departments, are deemed references to the DHHS.

The fiscal year 2015 contract was executed between MDCH and the PIHP/CMHSPs. As such, the financial planning, reporting and settlement forms and instructions will reference MDCH. Reference to DHHS will begin with the fiscal year 2016 reporting.

Section 6.9.1 of the MDCH/CMHSP Managed Mental Health Supports and Services Contract (Contract) requires the Community Mental Health Services Program (CMHSP) to authorize medically necessary inpatient care in advance for all admissions to state owned and operated hospitals / centers in those instances where there is no community inpatient alternative. It further requires the CMHSPs to participate in treatment planning; treatment monitoring and other related activities at agreed upon intervals and authorize medically necessary continued stay. The responsibilities of the Michigan Department of Community Health (MDCH) and the CMHSP are outlined in the following sections or attachments to the Contract.

- Section 6.6.3.6 – Payment of State-Delivered Services
- Section 6.9.1 – State Managed Services
- Attachment 6.9.1.1 – Department of Community Health Protocol for Community Mental Health Service Programs – State Managed Services and Financial Liability for Persons Acquitted of a Criminal Charge by Reason of Insanity
- Attachment 6.9.1.2 – Department of Community Health – State Facility Attachment

When there is not a valid community inpatient alternative and a consumer is admitted to a state owned and operated hospital / center, the CMHSP will be billed at the net state billing rate. The CMHSP will not be responsible for the Purchase of State Services (POSS) liability when the consumer has been admitted to the state owned hospitals / centers as a forensic admission. Please refer to Contract Attachment 6.9.1.1 for the specific requirements in respect to forensic admissions and limited exceptions where the CMHSP is not responsible for the POSS liability. The net state billing rate is based on the cost of providing appropriate care to patients less all other sources of reimbursement. The net state billing rate and the POSS rate will be the same amount as indicated in Contract Section 6.6.3.6 B.

In addition to the POSS, the CMHSP will also be billed, on behalf of the County, the “Local Cost of State Services”. Per Section 302 of the Mental Health Code (MHC), the county is financially liable for 10% of the net costs of the services provided at the state owned and operated hospitals / centers, except for an individual under a criminal sentence, a criminal defendant determined to be incompetent to stand trial, or an individual acquitted of a

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criminal charge by reason of insanity. Please refer to the communication from Tim Becker, Senior Deputy Director, Operations Administration dated August 19, 2013, "Implementation of New County 10% Billing Process", for additional information of the billing for the Local Cost of State Services.

The Purchase of State Services (POSS) & Local Costs, Reconciliation and Cash Analysis report will be used for

- Reconciliation of State Facility utilization between CMHSP and MDCH records for both the POSS and the Local Cost for State Services.
- Reconciliation of the expenditures reported on the FSR to the cost of State Facility utilization for both the POSS and the Local Cost for State Services.
- Analysis of cash payments made to MDCH for both the POSS and the Local Cost for State Services liability for State Facility utilization.

2.0 Report - Due Dates

Refer to the reporting grid incorporated in Attachment C.6.5.1.1 of the Contract for identification of report due dates. The reporting grid can be found on the MDCH website: http://www.michigan.gov/mdch/0,4612,7-132-2941_38765---,00.html

3.0 Report Submission

3.1 Report Submitted via US Mail

This is no longer applicable. Electronic report submission required.

3.2 Report Submission – Electronic

The report should be submitted electronically to the department by the due date identified in 2.0 above at MDCH-MHSA-Contracts-MGMT@michigan.gov.

The report's file name must identify the reporting fiscal year, period covered (submission type), agency name, report title and date of submission. Example: For the FY 15 Year End Interim submitted from network180 for the Purchase of State Services (POSS) & Local Costs, Reconciliation and Cash Analysis, the file name should read **FY15 Year End Interim network180 FSR Bundle 11-10-2015**.

Note: The Purchase of State Services (POSS) & Local Costs, Reconciliation and Cash Analysis is included in the FSR Bundle. It is not a stand-alone report.

Refer to the Electronic Report Submission Guidelines for report submission specifications.

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4.0 Report Specific Navigation or Terminology

Within this document the terms used in these instructions shall be construed and interpreted as defined below:

CMHSP: Community Mental Health Services Program that hold the General Fund (GF) Contract with MDCH.

Contract: MDCH/CMHSP Managed Mental Health Supports and Services Contract. This contract is commonly referred to as the “GF Contract”.

Full Management: The term “Full Management” is an out dated term; but is still commonly referred to for the CMHSP cost and GF allocation for services in a state owned and operated hospital / center. This term should be phased out and the phrase “Purchase of State Services” should be used. It is also commonly referred to as State Facility utilization / authorization.

Local Costs for State Services: Per Section 302 of the Mental Health Code, the county is financially liable for 10% of the net costs of the services provided at the state-owned and operated hospitals / centers, except for an individual under a criminal sentence, a criminal defendant determined to be incompetent to stand trial, or an individual acquitted of a criminal charge by reason of insanity. The term has been historically referred to or linked to the term “County 10%” and occasionally maybe referred to as “Local Costs for State Provided Services”.

POSS: Purchase of State Services. When a consumer is admitted to a state owned and operated hospital / center, the CMHSP is “purchasing state provided services”. This term has been historically and commonly used interchangeable with the terms Full Management or State Facility utilization.

The Purchase of State Services (POSS) & Local Costs, Reconciliation and Cash Analysis worksheet includes cell shading to assist the end user with completion of the form.

- Report headers are shaded in light green.
- Cells requiring data entry are shaded in yellow.
- Cells that are formula driven and should not have data entered are shaded peach or light turquoise. The cells shaded in light turquoise represent sub-totals or totals.

Worksheet protection has been enabled.

Precision as displayed functionality has been enabled. As such, Excel will utilize the displayed value instead of the stored value when it recalculates formulas.

The term “Submission Type” on the worksheet refers to the reporting period, i.e., Interim, Final, and Projection.

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5.0 Instructions for Completion of the Report

The CMHSP name, Fiscal Year, Submission Type and Submission Date have been brought forward from the FSR –All Non Medicaid.

5.1 Section 1 – Days Of Care

The Purchase of State Services (POSS) & Local Costs, Reconciliation and Cash Analysis report will be used to settle both the CMHSP liability for the POSS and the Local Cost for State Services. The “Days of Care” section of this report will identify the number of days of care utilized by the CMHSP and sub-total those days by the POSS liability (line 1.c – POSS Billable Days) or the Local Cost of State Services (County 10%) liability (line 1.a – State Report 16007-01 / 65140-01).

The Inpatient and Residential Services Fiscal Year-To-Date Report (16007-01) and the DMH-Patient Billing Monthly Resident/Room Charge List – By County Report (65140-01) includes days of care for both the forensic admissions and non-forensic admissions. Forensic admissions are indicated by an “(F)” preceding the classification on the 16007-01 report or with an “F” near the Amount Charged on the 65140-01 report. For example the label:

(F) Inpatient Summary - indicates the total number of forensic days; which the CMHSP is not financially liable for the cost of care. MDCH refers to these days as the non-billable days, meaning that these days are not billed to the CMHSP for the POSS or the Local Costs of State Services liability.

And the label:

Inpatient Summary – indicates the non-forensic admission; which the CMHSP is responsible for both the POSS and the Local Costs for State Services liability. MDCH refers to these days as the billable days, meaning that these days are billed to the CMHSP for the POSS. The billable days impact both the Contract authorization and the Trade-Off calculation.

Note: Even though, for the Forensic Center, the CMHSP does not have a liability related to the POSS, the billing for the Forensic Center classifies the days of care between billable and non-billable days (forensic admission or non-forensic admissions). This is due to the fact that the CMHSP is responsible for the Local Costs of State Services liability associated to the non-forensic admissions (billable days) and thus the need to track the days accordingly.

The “billable” number of days recorded on the MDCH Inpatient and Residential Services Fiscal Year-To-Date Management Report (report # 16007-01) and the DMH-Patient Billing Monthly Resident/Room Charge List – By County Report (65140-01) are used to calculate the Contract authorization for State Facility usage/purchase of state services.

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Therefore, the days from the 16007-01 / 65140-01 report(s) will be utilized for settlement purposes, unless otherwise justified. Each state owned and operated facility has a column in Section 1 where the “billable” days for each facility will need to be entered. The last column (Total) is formula driven and *represents the sum of all Facilities.*

Section 1.a – State Report 16007-01 / 65140-01

This section represents the billable days of care utilized as identified on the MDCH Inpatient and Residential Services Fiscal Year-To-Date Management Report (16007-01) and the DMH-Patient Billing Monthly Resident/Room Charge List – By County Report (65140-01). Enter the billable days of care for each Facility from reports 16007-01 / 65140-01.

NOTE: During FY 14, MDCH began the phased implementation of a new billing system. Upon implementation, the days for the transitioned facilities no longer appear on the 16007-01. For reporting, the CMSHP will use a combination of the 16007-01 and the DMH-Patient Billing Monthly Resident/Room Charge List – By County Report (65140-01) to complete this worksheet.

Section 1.b – Purchase of State Services (POSS) Waived – County 10% Only

The MDCH Protocol for Community Mental Health Services Programs, State Managed Services and Financial Liability for Persons Acquitted of a Criminal Charge by Reason of Insanity (Contract Attachment C 6.9.1.1) provides clarification and guidance in applying the State Managed Services provisions described in Section 6.9.1 of the Contract for persons on NGRI status during and after the initial 60-day criminally ordered period of evaluation at the Forensic Center and establishing a procedure for waiving financial liability in those circumstances of a court order or decision of the NGRI committee or the hospital or the department limits the legal or contractual authority of the CMHSPs.

In these circumstances, although MDCH waived the POSS liability, the CMHSP is still responsible for the associated Local Costs for State Services (County 10%) liability.

Please refer to Contract Section 6.6.3.6, Contract Section 6.9.1, Contract Attachment C 6.9.1.1 and Contract Attachment C 6.9.1.2 for further details.

This section represents the number of billable days where the financial liability for the POSS has been waived but the CMHSP retains responsibility for the Local Costs of State Services.

NOTE: In order to track the billable days for the Local Costs for State Services (County 10%) liability, the billable days cannot be removed from the 16007-01 or 65140-01 reports.

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Therefore, when a waiver is approved, these days of care are manually deducted from the Statement of Billing for Purchase of State Services and are commonly referred to as “manual adjustments”.

Enter, **as a negative**, the days of care where financial liability for the POSS has been waived by MDCH.

Section 1.c – Purchase of State Services (POSS) Billable Days

This section represents the total number of billable days of care for the POSS. These cells are formula driven. The formula is *State Report 16007-01 / 65140-01 (1.a) plus POSS Waived – County 10% Only (1.b)*.

5.2 Section 2 – Purchase of State Services

This section of the report will be utilized to reconcile and settle the POSS liability.

There are columns in Section 2 – Purchase of State Services for each state-owned and operated hospitals/centers. Beneath the facility name is the State Facility rates for the current Fiscal Year. These rates will be used for the calculations in Section 2.b and 2.d.

Note: Since the CMHSP is not billed for the cost of care at the Forensic Center, the rate cell for the Forensic Center has been prefilled as \$0.

Section 2.a – MDCH Billed Days – POSS

This row represents the number of days of care that MDCH has recognized as utilized by the CMHSP for the current fiscal year. These cells are formula driven. The formula is *plus POSS Billable Days (1.c)*.

Section 2.b – Billed Costs – POSS

This row represents the cost of care, based on the MDCH recognized usage. The row is formula driven. The formula is *MDCH Billed Days – POSS (2.a) times the facility rate identified in the column heading (2)*.

Section 2.c – CMHSP Reported - POSS

This row represents the number of days of care that the CMHSP has recognized as utilized during the current fiscal year. Enter the CMHSP record of days of care for each facility.

Note: When there is a variance between the MDCH recognized days of care and the CMHSP Reported days of care, the variance must be explained in Section 2.e.

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Section 2.d – Billed Costs – POSS

This row represents the cost of care, based on the CMHSP recognized usage. The row is formula driven. The formula is *CMHSP Reported – POSS (2.c) times the facility rate identified in the column heading (2)*.

Section 2.e – Narrative of Variance(s)

An explanation of any variances between the CMHSP reported data and the MDCH reported data should be justified here.

Enter a narrative explanation, the client initials, case number, dates of service, number of days, facility and amount in the columns provided. The last row, in the narrative section, has been left unformatted for general, non-consumer related comments. If this space is insufficient, please utilize the “Additional Narrative” tab within the FSR Bundle.

Section 2.1 – Reconciliation to FSR – POSS

This section of the Purchase of State Services (POSS) & Local Costs, Reconciliation and Cash Analysis report reconciles the amount reported on line B.204 (State Services – Payments to MDCH for State Services) of the All Non-Medicaid FSR to the MDCH recognized POSS.

Section 2.1.a – FSR Expenditures – POSS (line B.204)

This cell represents what the CMHSP has recorded on the All Non-Medicaid FSR for the cost of POSS. The cell is formula driven. The formula is *plus State Services – Payments to MDCH for State Services (B.204 of the All Non-Medicaid FSR)*.

Section 2.1.b – MDCH Recognized POSS Liability

This cell represents the total amount of the MDCH recognized POSS liability to the CMHSP. The cell is formula driven. The formula is *plus Billed Costs – POSS (2.b)*.

Section 2.1.c – Variance

This cell is formula driven. The formula is *FSR Expenditures – POSS (Line B.204) (2.1.a) less MDCH Recognized POSS Liability (2.1.b)*.

Section 2.2 – Cash Analysis – POSS

This section summarizes the cash settlement for the POSS. The column headings and instructions are as follows:

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Total Cost – The column represents the total cost of the POSS. The column is formula to driven. The formula is *plus MDCH Recognized POSS Liability (2.1.b)*.

Payments Sent MDCH through 9/30 – Enter the amount of payments sent to the MDCH for the POSS through 9/30.

Note: Do not include any payments for the local share of State Facility costs. These payments will be recognized in Section 3 – Local Costs for State Services.

Payments Sent MDCH After 9/30 – Enter the amount of payments sent to the MDCH after 9/30 for POSS through 9/30 dates of service.

Note: Do not include any payments for the local share of State Facility costs. These payments will be recognized in Section 3 –Local Costs for State Services.

Total Payments Sent to MDCH – This column represents the total payments sent to MDCH for the POSS. The column is formula driven. The formula is *Payments Sent MDCH through 9/30 plus Payments Sent MDCH after 9/30*.

Balance Due (MDCH) / CMHSP – This column represents the amount due MDCH for the POSS liability or the amount due the CMHSP for overpayment of the POSS liability. The column is formula driven. The formula is *Total Payments Sent to MDCH less the Total Cost*.

5.3 Section 3 – Local Costs for State Services

This section of the report will be utilized to reconcile and settle the Local Cost of State Services.

There are columns in Section 3 – Local Costs for State Services for each state-owned and operated hospitals/centers. Beneath the facility name is the State Facility rates for the current Fiscal Year. These rates will be used for the calculations in Section 3.b and 3.d.

Section 3.a – MDCH Billed Days – Local

This row represents the number of days of care that MDCH has recognized as utilized for the current fiscal year where the CMHSP, on behalf of the County, is responsible for 10% of the net cost. These cells are formula driven. The formula is *plus State Report 16007-01 / 65140-01 (1.a)*.

Section 3.b – Billed Costs – Local

This row represents the Local Cost of State Services, based on the MDCH recognized usage. The row is formula driven. The formula is *MDCH Billed Days - Local (3.a) times the facility rate identified in the column heading (3)*.

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Section 3.c – CMHSP Reported – Local

This row represents the number of days of care that the CMHSP has recognized as utilized during the current fiscal year where the CMHSP, on behalf of the County, is responsible for 10% of the net cost. Enter the CMHSP record of days of care for each facility.

Note: When there is a variance between the MDCH recognized days of care and the CMHSP Reported days of care, the variance must be explained in Section 3.e.

Section 3.d – Billed Costs – Local

This row represents the Local Cost of State Services, based on the CMHSP recognized usage. The row is formula driven. The formula is *CMHSP Reported – Local (3.c) times the facility rate identified in the column heading (3)*.

Section 3.e – Narrative of Variance(s)

An explanation of any variance between the CMHSP reported data and the MDCH reported data should be justified here.

Enter a narrative explanation, the client initials, case number, dates of service, number of days, facility and amount in the columns provided. The last row, in the narrative section, has been left unformatted for general, non-consumer related comments. If this space is insufficient, please utilize the “Additional Narrative” tab within the FSR Bundle.

Section 3.1 – Reconciliation to FSR – Local Costs for State Services

This section of the Purchase of State Services (POSS) & Local Costs, Reconciliation and Cash Analysis report reconciles the amount reported on line M.204 (Local Costs for State Provided Services) of the All Non-Medicaid FSR to the MDCH recognized Local Cost for State Services.

Section 3.1.a – FSR Expenditures – Local Costs for State Services (line M.204)

This cell represents what the CMHSP has recorded on the All Non-Medicaid FSR for the Local Cost of State Services (M.204). The cell is formula driven. The formula is *plus Local Costs for State Provided Services (M.204 of the All Non-Medicaid FSR)*.

Section 3.1.b – MDCH Recognized Local Costs for State Services Liability

This cell represents the total MDCH recognized liability for the Local Cost of State Services. The cell is formula driven. The formula is *plus Billed Costs – Local (3.b)*.

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Section 3.1.c – Variance

This cell is formula driven. The formula is *FSR Expenditures – Local Costs for State Services (Line M.204) (3.1.a) less MDCH Recognized Local Costs for State Services Liability (3.1.b)*.

Section 3.2 – Cash Analysis – Local Costs for State Services

This section summarizes the cash settlement for the Local Costs for State Services. The column headings and instructions are as follows:

Total Cost – The column represents the total liability for the Local Costs for State Services. The column is formula driven. The formula is *plus MDCH Recognized Local Costs for State Services Liability (3.1.b)*.

Payments Sent MDCH through 9/30 – Enter the amount of payments sent to the MDCH for the Local Costs of State Services through 9/30.

Payments Sent MDCH After 9/30 – Enter the amount of payments sent to the MDCH after 9/30 for the Local Costs of State Services through 9/30 dates of service.

Total Payments Sent to MDCH – This column represents the total payments sent to MDCH for the Local Costs of State Services. The column is formula driven. The formula is *Payments Sent MDCH through 9/30 plus Payments Sent MDCH after 9/30*.

Balance Due (MDCH) / CMHSP – This column represents the amount due MDCH for Local Costs for State Services or the amount due the CMHSP for overpayment of the Local Costs for State Services. The column is formula driven. The formula is *Total Payments Sent to MDCH less the Total Cost*.