

	STATE OF MICHIGAN DEPARTMENT OF COMMUNITY HEALTH MDCH / CMHSP MANAGED MENTAL HEALTH SUPPORTS AND SERVICES CONTRACT	ATTACHMENT
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1.0 General Report Overview

The establishment by a CMHSP of an Internal Service Fund (ISF) in compliance with GASB 10 is one method for securing funds as part of the overall strategy for covering the risk exposure for costs above the total general fund (GF) authorization for that CMHSP due to increases in demand for (increased admissions and/or length of stay) and costs of placements into State Facility inpatient facilities. For further information refer to Part II - Section 7.7.3 CMHSP Assurance of Financial Management and Attachment C.7.7.4.1 Internal Service Fund Technical Requirement of the MDCH/CMHSP Managed Mental Health Supports and Services Contract.

The ISF quarterly reports serve as point in time reflection of activities for monitoring purposes and must be submitted specific to the reporting period. The final report is the basis for the Contract Reconciliation and Cash Settlement and must reflect all activities for the entire fiscal year (FY) including any adjustments necessary to maintain the ISF within the maximum allowable funding level as defined in the ISF Technical Requirement.

2.0 Report - Due Dates

The Internal Service Fund – General Fund report is due

<u>Report Period</u>	<u>Report Type</u>	<u>Due Date</u>
October 1 – March 31	Six Month (2 nd quarter)	May 31 st
October 1 – June 30	Nine Months (3 rd quarter)	July 31 st
October 1 – September 30	Projection	July 31 st
October 1 – September 30	Interim	November 10 th
October 1 – September 30	Final	January 31 st

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This is no longer applicable.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 10 second quarter FSR reporting package submitted from network180 for the General Fund Internal Service Fund report, the file name should read as **FY10 Q2 network180 FSRBUNDLE 05-30-2010**. Note: The General Fund Internal Service Fund report is part of the FSR Bundle file.

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

4.0 Report Specific Navigation or Terminology

The Internal Service Fund – General Fund 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 not shaded.

Select cells have conditional formatting applied so that if an erroneous entry is made the cell will turn orange.

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., 2nd quarter, 3rd quarter, Interim, Final, Projection.

5.0 Instructions for Completion of the Report

Enter the name of the CMHSP on the line labeled “CMHSP”.

Select the appropriate Fiscal Year (FY) from the drop down menu.

Select the Submission Type from the drop down menu.

Enter the date of report submission on the line labeled “Submission Date”.

5.1 Section 1 – Internal Service Fund Fiscal Year Activity

The purpose of this section is to identify the ISF held by the CMHSP and must report the following:

ISF Balance @ Beginning of Fiscal Year – Enter the beginning balance of the ISF in the row titled “ISF Balances / Current Activity”.

Current Period ISF Contributions Interest Earned – This column represents the current period interest earned on the ISF. The CMHSP must enter the total interest earned on the ISF during the reporting period in the row titled “ISF Balances / Current Activity”.

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Current Period ISF Contributions Deposits – This column represents the current period contributions to the ISF. The ISF Technical Requirement specifies that the amount of funds paid (deposited) to the ISF must comply with Government Accounting Standards Board Statement No. 10, General Principles of Liability Recognition, with FASB Statement No. 5, Accounting for contingencies and with the Office of Management and Budget (OMB) Circular A-87, Cost Principles for State, Local and Indian Tribal governments. State funds paid to the ISF shall retain their character as State funds in accordance with the Mental Health Code and shall not be used as local funds. Enter the amount deposited to the ISF during the reporting period in the row titled “ISF Balances / Current Activity”.

Current Period ISF Reduction (Abatement) – The column represents the current period abatement of the ISF due to over funding. Enter as a **negative** the total abatement in the row titled “ISF Balances / Current Activity”.

Current Period ISF Financing (Risk) – This column represents the current period usage of the ISF. In order to utilize the ISF, the State Facility costs less the ISF abatement must exceed the State Facility authorizations and the CMHSP must have an overall GF shortfall. Enter as a **negative** the total ISF usage in the row titled “ISF Balances / Current Activity”.

Current Period ISF Reduction (Refund to MDCH) – This column represents the current period refund to the MDCH of the ISF due to over funding. Enter as a **negative** the total refund to be sent to the MDCH in the row titled “ISF Balances / Current Activity”.

ISF Ending Balance – This column represents the ending balance of the ISF after current period activity has been taken into consideration. The column is formula driven. The formula is *the sum of the beginning balance and the current period activity (contributions of interest earned, deposit, ISF abatement, ISF financing and refund to MDCH)*.

5.2 Section 2 - State Facility Authorization to Cost Comparison

This section of the Internal Service Fund – General Fund report compares the State Facility authorization, the recognized billable State Facility utilization cost and the State Facility costs funded with ISF abatement. This comparison will determine whether the CMHSP can utilize funding from the ISF to cover a shortfall and to what extent the ISF can be utilized to fund a shortfall. In order to utilize the ISF, the State Facility costs less the ISF abatement must exceed the State Facility authorization and the CMHSP must have an overall General Fund (GF) shortfall.

Section 2.a – State Facility Authorization

Enter the CMHSP authorization for State Facility services.

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Section 2.b – State Facility Cost

Enter the State Facility utilization cost as identified on the State Services Utilization, Reconciliation and Cash Analysis report.

Section 2.c – State Facility Cost Funded with ISF Abatement

Enter as a negative the amount of the current period abatement of the ISF due to over funding applied to the State Facility utilization cost.

Section 2.d – Balance of State Facility for ISF Usage Calculation

This cell represents the amount of State Facility cost which needs to be funded after the abatement of the ISF. This cell is formula driven. The formula is *State Facility Cost (2.b) plus State Facility Cost Funded with ISF Abatement (2.c)*.

Section 2.e – State Facility Authorization Surplus (Shortfall)

This cell represents whether there was a surplus or shortfall of State Facility authorization when compared to the State Facility utilization cost adjusted for costs funded with ISF abatement. This cell is formula driven. The formula is *State Facility Authorization (2.a) less Balance of State Facility for ISF Usage Calculation (2.d)*.

5.3 Section 3 – Analysis of Allowable ISF Usage

This section represents the maximum allowable ISF risk usage related to State Facility cost, adjusted for costs funded with ISF abatement, above the State Facility GF authorization due to increases in demand for State Facility inpatient care.

Section 3.a – GF Contract Deficit

If the contract reconciliation and cash settlement resulted in an overall GF deficit, enter the GF deficit amount. If the contract reconciliation and cash settlement did not result in an overall GF deficit, enter \$0.

Section 3.b – Maximum ISF Usage

This cell is formula driven and represents the maximum current period allowable ISF usage to fund State Facility cost adjusted for ISF abatements, over the State Facility authorization. The formula is an IF/THEN/ELSE statement. IF the State Facility Authorization Surplus / (Shortfall) (2.e) is greater than zero, THEN zero; IF GF Contract Deficit (3.a) is less than or equal to State Facility Authorization Surplus / (Shortfall) (2.e), THEN State Facility Authorization Surplus / (Shortfall) (2.e); IF GF Contract Deficit (3.a) is greater than zero, THEN zero, ELSE GF Contract Deficit (3.a).

5.4 Section 4 – CMHSP Maximum Allowable Funding of ISF

This section represents the maximum allowable funding of the ISF for a CMHSP that is not a PIHP and for a CMHSP that is a PIHP to finance the risk of cost increases as a result of catastrophic increases in State Facility inpatient hospital placement. The columns are to portray the five prior years of State Facility inpatient hospital cost, the

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CMHSP greatest annual dollar increase demand / spike, the average State Facility increase demand / spike percentage and the CMHSP / PIHP average increase demand / spike percentage times the most recent (prior year 1) cost of State Facility inpatient hospital placements.

Section 4.a – State Facility Utilization

This row represents the actual State Facility inpatient hospital days of care cost for each of the five years prior. Enter the State Facility inpatient hospital days of care cost for each of the five years prior as recognized in the MDCH issued cost settlements.

Section 4.b – Change in Cost with Adjacent FY / Maximum ISF

This row represents a calculated dollar amount change in cost from one year to the next and the CMHSP State Facility maximum allowable ISF. The row 4.b cells are formula driven. For the Change in Cost with Adjacent FY, the formulas are *Prior Year 4 State Facility Liability less Prior Year 5 State Facility Liability; Prior Year 3 State Facility Liability less Prior Year 4 State Facility Liability; Prior Year 2 State Facility Liability less Prior Year 3 State Facility Liability; Prior Year 1 State Facility Liability less Prior Year 2 State Facility Liability.*

For the Maximum ISF calculation in the CMHSP State Facility Spike / Maximum ISF column, the formula is an IF, THEN, ELSE statement. *IF the Change in Cost with Adjacent FY calculation is greater than zero, then maximum spike (highest demand) over the five year period, ELSE zero.*

Section 4.c – % of Change in Cost with Adjacent FY / Maximum ISF

This row represents a calculated percentage of change from one year to the next and the CMHSP / PIHP State Facility maximum allowable ISF. The row 4.c cells are formula driven. For the % of Change in Cost with Adjacent FY, the formulas are *row 4.b change in dollar cost between Prior Year 4 and Prior Year 5 State Facility Liability divided by Prior Year 5 State Facility Liability; change in dollar cost between Prior Year 3 and Prior Year 4 State Facility Liability divided by Prior Year 4 State Facility Liability; change in dollar cost between Prior Year 2 and Prior Year 3 State Facility Liability divided by Prior Year 3 State Facility Liability; change in dollar cost between Prior Year 1 and Prior Year 2 State Facility Liability divided by Prior Year 2 State Facility Liability.*

The State Facility Spike percentage formula is *an average of the four calculated % of Change in Cost with Adjacent FY.*

The maximum ISF calculation in the CMHSP / PIHP Avg. Spike % * Prior Year 1 SF Costs – Max GF ISF column is formula driven. The formula is an IF/THEN/ELSE statement. *IF the Average SF Spike % is greater than zero, THEN Average SF Spike percentage times Prior Year 1 State Facility Liability, ELSE zero.*

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5.5 Section 5 – Determination of Maximum Allowable ISF Calculation

This section identifies whether the CMHSP filing the report is a CMHSP that is not a PIHP or a CMHSP that is a PIHP. The type of CMHSP is utilized for determining which measure of maximum ISF balance is applied to the ISF.

Section 5.a – Select CMHSP or CMHSP / PIHP from the drop down

Select CMHSP if your agency is a CMHSP that is not a PIHP or select CMHSP / PIHP if your agency is a CMHSP that is a PIHP from the type of Agency drop down menu.

5.6 Section 6 – Disposition of ISF Ending Balance

This section identifies the maximum allowable GF ISF balance, the GF ISF ending balance and whether or not the GF ISF ending balance is within the MDCH maximum allowable limit.

Section 6.a – Maximum Allowable Funding of GF ISF

This cell represents the maximum allowable GF ISF. This cell is formula driven. The formula is an IF, THEN statement. *IF Type of Agency equals CMHSP, THEN CMHSP State Facility Spike / Maximum ISF; IF Type of Agency equals CMHSP / PIHP, THEN CMHSP / PIHP Avg. Spike % * Prior Year 1 SF Costs – Max GF ISF.*

Section 6.b – GF ISF End Balance

This cell represents the reporting period GF ISF ending balance. This cell is formula driven. The formula is *plus ISF Ending Balance (Section 1.a).*

Section 6.c – Within Maximum Allowable Limit / (Over Funded)

This cell identifies whether the GF ISF is within the maximum allowable limit or whether the GF ISF is over funded. This cell is formula driven. The formula is *plus Maximum Allowable Funding of GF ISF (6.a) less GF ISF End Balance (6.b).*

If the GF ISF is over funded, a narrative description of how the CMHSP will resolve the over funded ISF must be entered in the **Narrative of Resolution if ISF Over Funded** section.