

North Country Community Mental Health
Section 460 Cost Allocation Report

Attached please find the PIHP version of Section 460 Cost Allocation Report. This report depicts how North Country Community Mental Health-Northern Affiliation distributes and allocates Medicaid funds.

Please contact Steve Zawisa if you have any questions or need further information at 231-439-1279 or e-mail him at szawisa@norcocmh.org.

Donna Wheeler
Finance Director
North Country Community Mental health

CERTIFICATE OF 460 COST ALLOCATION PLAN

This is to certify that I have reviewed the 460 cost allocation plan submitted herewith and to the best of my knowledge and belief:

(1) All costs included in this proposal [identify date] to establish cost allocations or billings for [identify period covered by plan] are allowable in accordance with the requirements of OMB Circular A 87, "Cost Principles for State, Local, and Indian Tribal Governments," and the Federal award(s) to which they apply. Unallowable costs have been adjusted for in allocating costs as indicated in the cost allocation plan.

(2) All costs included in this proposal are properly allocable to service or administrative costs on the basis of a beneficial or causal relationship between the expenses incurred and the categories to which they are allocated in accordance with applicable requirements. Further, the same costs that have been treated as indirect costs have not been claimed as direct costs. Similar types of costs have been accounted for consistently.

(3) All costs included in this proposal are allocated to service or administration and reported in compliance with the Michigan Department of Community Health Cost Allocation Requirement for [identify period covered by plan].

I declare that the foregoing is true and correct.

Governmental Unit: North Country Community Mental Health

Signature: 

Name of Official: Donna Wheeler

Title: Finance Director

Date of Execution: February 27, 2007



**Northern
Affiliation**

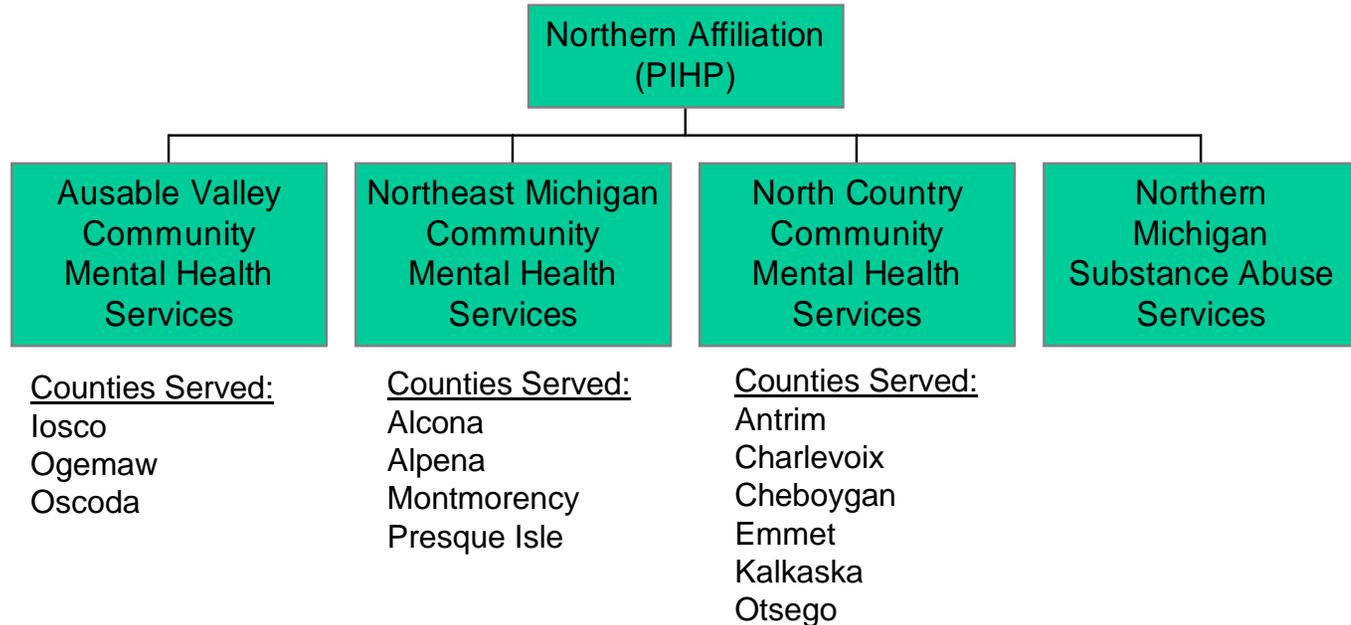
North Country Community Mental Health Northern Affiliation

Section 460 Cost Allocation Plan
February 27, 2007



Flow of Medicaid Funds

Northern
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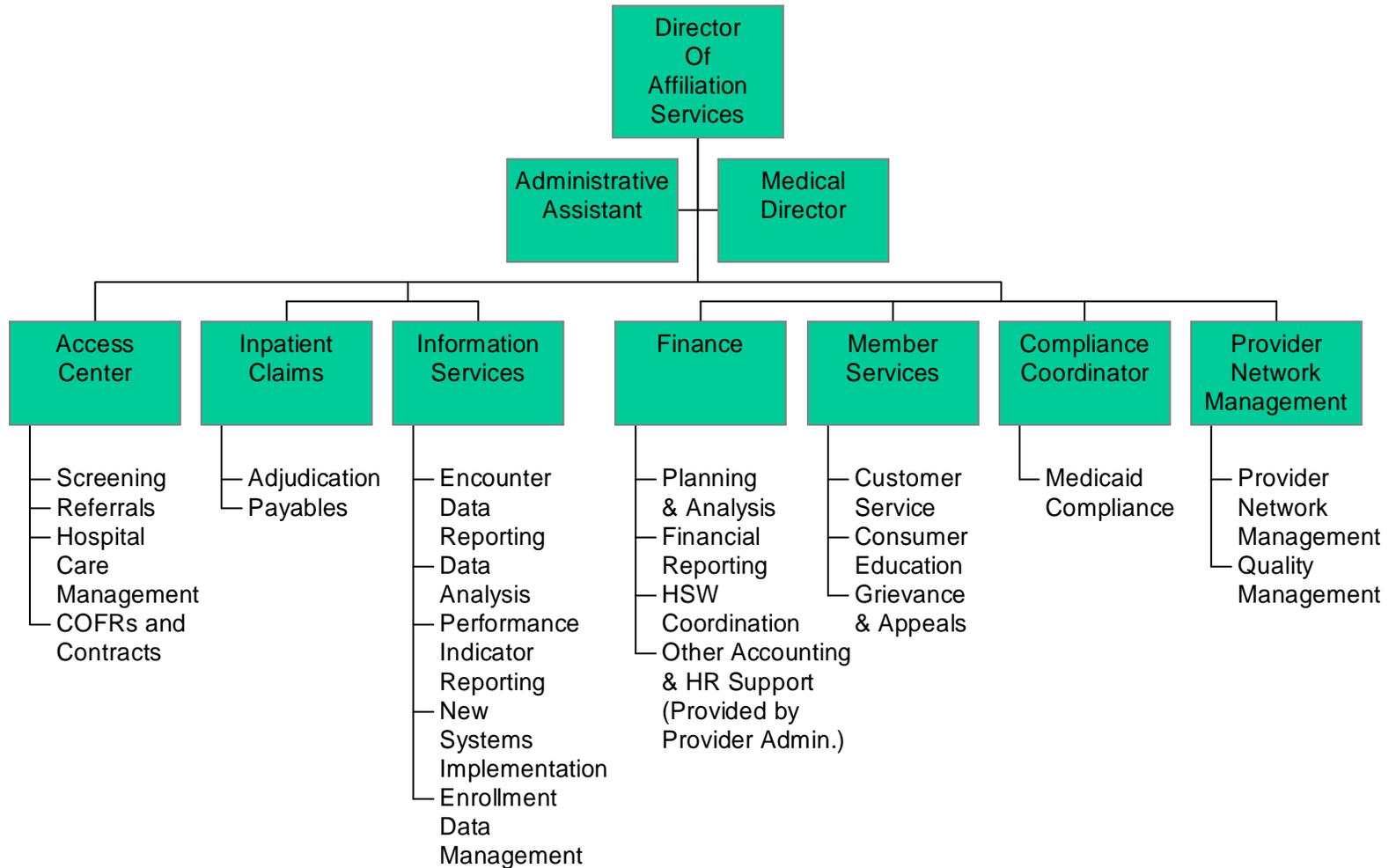
The chart above depicts the flow of Medicaid funds upon receipt from MDCH. The Northern Affiliation retains a portion of the Medicaid received to pay directly for Medicaid community inpatient services and the QAAP taxes. Medicaid funds are disbursed to the three CMHs and NMSAS based on agreements with those agencies.

Organizationally, the Northern Affiliation is a department housed within the North Country Community Mental Health agency.



Organization Chart – Northern Affiliation

Northern Affiliation





FY07 Affiliation Admin Budget

Northern Affiliation

FY07 EXPENDITURE BUDGET	Budget	Access (2)	Claims (2)	IS	Member Services	Compliance Coordinator	Director's Office/ General Mgmt (3)	Provider Network	MACMHB (2)
Salaries, Wages and Fringe	1,106,187	328,594	60,476	322,151	61,069	64,541	224,678	44,678	-
Office Supply	11,458	3,538	670	3,350	670	670	1,890	670	-
Software/Computer Expense	8,000	2,470	468	2,339	468	468	1,319	468	-
Insurance	24,122	7,448	1,411	7,053	1,411	1,411	3,978	1,411	-
Utilities	2,286	706	134	668	134	134	377	134	-
Telephone	13,000	4,014	760	3,801	760	760	2,144	760	-
Repair & Maintenance-Equipment	7,856	2,426	459	2,297	459	459	1,296	459	-
Repair & Maintenance-Building	10,554	3,259	617	3,086	617	617	1,740	617	-
Rent-Building	48,000	14,821	2,807	14,035	2,807	2,807	7,916	2,807	-
Rent-Equipment	7,500	2,316	439	2,193	439	439	1,237	439	-
(2) Per Associate Accounts # of FTEs	132,776 17.10	40,998 5.28	7,765 1.00	38,823 5.00	7,765 1.00	7,765 1.00	21,896 2.82	7,765 1.00	-
Per Diem	3,500	-	-	-	3,500	-	-	-	-
Advertising	2,000	-	-	-	-	-	2,000	-	-
Operating Supply	3,000	-	-	-	-	-	3,000	-	-
Manuals/Training	5,000	-	-	-	-	-	5,000	-	-
Forms/Letterhead/Brochures	2,000	-	-	-	-	-	2,000	-	-
Professional Contractual-MIS (Creative Soc Medics)	63,538	-	-	63,538	-	-	-	-	-
Professional Contractual-Legal & Audit	6,000	-	-	-	-	-	6,000	-	-
Professional Contractual-Third Level	70,000	70,000	-	-	-	-	-	-	-
Professional Contractual-Psychiatric Services	18,000	1,800	-	-	-	-	16,200	-	-
Professional Contractual-Other*	12,000	-	-	12,000	-	-	-	-	-
Travel & Conference	41,786	928	-	4,221	9,657	-	19,808	7,172	-
Fees/Dues (Standards Settings-MACMHB)	15,000	-	-	-	-	-	-	-	15,000
Miscellaneous Expense	500	-	-	-	-	-	500	-	-
Depreciation Expense-Capital Outlay Over \$5,000	70,000	-	-	70,000	-	-	-	-	-
Equipment-Under \$5,000	15,000	-	-	15,000	-	-	-	-	-
Other Specific Charges	327,324	72,728	-	164,759	13,157	-	54,508	7,172	15,000
REPORT TOTALS	\$ 1,566,287	\$ 442,320	\$ 68,241	\$ 525,734	\$ 81,991	\$ 72,306	\$ 301,083	\$ 59,614	\$ 15,000

- (1) The "Per Associate" accounts are allocated to functional areas based on number of FTEs. For all other accounts, budgeted costs were allotted to functional areas based on the nature of the specific expenses.
- (2) The Access, Claims, and MACMHB functional areas are charged to both Medicaid and non-Medicaid. Additional details on that breakdown are on the following pages. All other areas are considered 100% Medicaid.
- (3) Director's Office includes Administrative Assistant, Finance, HR, and Medical Director expenses.



The Access Center

**Northern
Affiliation**

The Access Center costs are allocated across boards and funding source by the relative number of screens.

	# Screens	% of Total	Cost Allocation
Ausable Valley CMH	1,427	30.1%	133,064
Medicaid	868	18.3%	80,953
Non-Medicaid	559	11.8%	52,112
North Country CMH	2,519	53.1%	234,806
Medicaid	1,526	32.2%	142,235
Non-Medicaid	993	20.9%	92,571
Northeast Michigan CMH	799	16.8%	74,449
Medicaid	498	10.5%	46,389
Non-Medicaid	301	6.3%	28,060
Total	4,745	100.0%	442,320
Medicaid	2,892	60.9%	269,577
Non-Medicaid	1,853	39.1%	172,743



Inpatient Claims Adjudication

**Northern
Affiliation**

Adjudication and payable costs are allocated across boards and funding sources by the relative number of inpatient claims processed.

	# Claims	% of Total	Cost Allocation
Ausable Valley CMH	151	25.5%	17,391
Medicaid	109	18.4%	12,564
Non-Medicaid	42	7.1%	4,827
North Country CMH	303	51.1%	34,869
Medicaid	230	38.8%	26,479
Non-Medicaid	73	12.3%	8,390
Northeast Michigan CMH	139	23.4%	15,980
Medicaid	94	15.8%	10,808
Non-Medicaid	45	7.6%	5,172
Total	594	100.0%	68,241
Medicaid	434	73.1%	49,852
Non-Medicaid	160	26.9%	18,389



MACMHB Standards Setting Fee

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The MACMHB Standards Setting Fee provides funding for standards setting purposes. The fee is allocated across boards and funding sources based on expenditures reported on the FY06 nine-month FSRs.

Proration of Costs	Board Exp. (1)	% of Total	MACMHB Fee
Ausable Valley - ABW	98,847	0.2%	\$ 35
Ausable Valley - MICHild	43,831	0.1%	15
Ausable Valley - Commercial/None	1,870,416	4.4%	657
Ausable Valley - Total non-Medicaid	2,013,094	4.7%	\$ 707
Ausable Valley - Medicaid	6,282,599		
North Country - ABW	293,177	0.7%	103
North Country - MICHild	37,414	0.1%	13
North Country - Commercial/None	4,032,268	9.4%	1,417
North Country - Total non-Medicaid	4,362,859	10.2%	\$ 1,533
North Country - Medicaid	15,913,824		
Northeast Michigan - ABW	147,972	0.3%	52
Northeast Michigan - MICHild	28,071	0.1%	10
Northeast Michigan - Commercial/None	2,152,191	5.0%	756
Northeast Michigan - Total non-Medicaid	2,328,234	5.5%	\$ 818
Northeast Michigan - Medicaid	11,794,127		
Total Non-Medicaid	8,704,187	20.4%	3,058
Total Medicaid	33,990,550	79.6%	11,942
Totals	42,694,737	100.0%	\$ 15,000

(1) Based on nine month FSR ending June 30, 2006. ABW from line Lb, MICHild from line La, Medicaid from lines D3 and K5, and Commercial/None from lines J, L3, and L4.



Affiliation Administration Summary

Northern Affiliation

The Non-Medicaid portion of the Affiliation Administration is charged back to the CMH Provider organizations. The remaining \$1,372,097 is charged to Medicaid.

	<u>Medicaid</u>	<u>Non-Medicaid</u>	<u>Total</u>
	\$\$\$	\$\$\$	\$\$\$
Access	269,577	172,743	442,320
Claims	49,852	18,389	68,241
IS	525,734	-	525,734
Member Services	81,991	-	81,991
Compliance Coordinator	72,306	-	72,306
Director's Office/ General Mgmt	301,083	-	301,083
Provider Network	59,614	-	59,614
MACMHB	11,942	3,058	15,000
	<u>1,372,097</u>	<u>194,190</u>	<u>1,566,287</u>



Ausable Valley CMH

**Northern
Affiliation**

The Ausable Valley Community Mental Health agency serves three of the thirteen counties within the Northern Affiliation:

- Iosco
- Ogemaw
- Oscoda

In fiscal year 2007, \$8,966,163 in Medicaid is planned for disbursement to AVCMH.

- Of this, \$7,413,974 is budgeted for direct services, as defined by the Section 460 Report guidelines.
- \$1,552,189 is budgeted for administration, as defined by the Section 460 Report guidelines. More details can be found in its Cost Allocation Report.



Northeast Michigan CMH

Northern Affiliation

The Northeast Michigan Community Mental Health Authority serves four of the thirteen counties within the Northern Affiliation:

- Alcona
- Alpena
- Montmorency
- Presque Isle

In fiscal year 2007, \$17,773,360 in Medicaid is planned for disbursement to NEMCMHA.

- Of this, \$15,745,869 is budgeted for direct services, as defined by the Section 460 Report guidelines.
- \$2,027,491 is budgeted for administration, as defined by the Section 460 Report guidelines. More details can be found in its Cost Allocation Report.



North Country CMH

**Northern
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The North Country Community Mental Health agency serves six of the thirteen counties within the Northern Affiliation:

- Antrim
- Charlevoix
- Cheboygan
- Emmett
- Kalkaska
- Otsego

In fiscal year 2007, \$22,992,293 in Medicaid is planned for disbursement to NCCMH for its provider operations.

- Of this, \$20,710,124 is for direct services, as defined by the Section 460 Report guidelines.
- \$2,282,169 is budgeted for administration, as defined by the Section 460 Report guidelines. More details can be found in its Cost Allocation Report.



**Northern
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Northern Michigan Substance Abuse Services

The Northern Affiliation is one of four PIHPs served by the Northern Michigan Substance Abuse Services agency. All NMSAS direct services are contracted.

In fiscal year 2007, \$691,699 in Medicaid is planned for disbursement to NMSAS.

- Historically, 11.1% of disbursements are used for CA administration. This would equal \$76,919 in FY07.
- The remainder of the funds would be used to contract direct services: \$614,780.



**Northern
Affiliation**

Other Contractors (not “Prime”)

Other contracted services are primarily inpatient hospital services. In Phase I of the Section 460 Reporting process, these are not considered “prime” contractors. Therefore, the \$1,454,851 budgeted for FY07 is considered 100% direct. These services are provided primarily by:

- ALPENA REGIONAL MEDICAL CENTER
- NORTHERN MICHIGAN HOSPITAL
- FOREST VIEW HOSPITAL
- PINEREST
- MID MICHIGAN MEDICAL CENTER
- HEALTHSOURCE
- SAINT MARYS HEALTHCARE
- MUNSON MEDICAL CENTER
- HAVENWYCK MENTAL HEALTH SYSTEM
- BAY REGIONAL MEDICAL CENTER
- GERBER MEMORIAL HEALTH SERVICES
- MARQUETTE GENERAL HOSPITAL



Summary of Medicaid Costs

Northern
Affiliation

The QAAP tax expenses were prorated between direct and administrative based on the direct and administrative percentages of Total Expenses.

	Direct	Administration		Total
	\$\$\$	\$\$\$	%	\$\$\$
Contracted Inpatient Services (1)	1,454,851	-		1,454,851
QAAP	2,882,420	458,711	13.7%	3,341,131
Administrative Services	-	1,372,097		1,372,097
Northern Affiliation Subtotal	4,337,271	1,830,808		6,168,079
North Country Provider Operations	20,710,124	2,282,169		22,992,293
North Country CMH Total	25,047,395	4,112,977		29,160,372
Ausable Valley CMH	7,413,974	1,552,189		8,966,163
Northeast Michigan CMHA	15,745,869	2,027,491		17,773,360
NMSAS	614,780	76,919		691,699
TOTAL	48,822,018	7,769,576	13.7%	56,591,594

(1) These hospitals are not considered "prime" subcontractors and their costs are considered direct for these reporting purposes.