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## 1.0 General Report Overview

The Medicaid Contract Settlement Worksheet will be utilized to identify and/or calculate the specialty managed care capitation (authorization) estimated for the fiscal year (FY), if a forced lapse exist, the maximum Medicaid savings / Medicaid lapse and verification that prior year Medicaid savings has been utilized or has approval from the Michigan Department of Community Health (MDCH) to utilize in a future FY.

The Medicaid Contract Settlement Worksheet will be utilized in tandem with the Medicaid Contract Reconciliation and Cash Settlement (CRCS). The CRCS worksheet provides a mechanism to close out the financial components of the Medicaid Managed Specialty Supports and Services Concurrent 1915(b)/(c) Waiver Contract (contract). The CRCS will be used in evaluating any remaining financial obligations due to the PIHP or the MDCH. The financial information reflected in the report should represent revenue and expenditures on an accrual basis of accounting through the fiscal year (FY) ending September 30<sup>th</sup> and recorded as specified in the contract. The CRCS summarizes the resources and expenditures associated to the contract, the disposition of funding (surplus/deficit) and the cash settlement of the contract.

Please refer to the instructions for the CRCS for further details.

## 2.0 Report - Due Dates

The Medicaid Contract Settlement worksheet is due

<u>Report Period</u>	<u>Report Type</u>	<u>Due Date</u>
October 1 – September 30	Projection	August 15 <sup>th</sup>
October 1 – September 30	Interim	November 10 <sup>th</sup>
October 1 – September 30	Final	February 28 <sup>th</sup>

## 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This is no longer applicable.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](mailto: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 projection reporting package submitted from network180 for the Medicaid Contract Settlement Worksheet report, the file name should read

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**FY10 PROJ network180 MEDCRCS 07-29-2010.** Note: The Medicaid Contract Settlement Worksheet is part of the Medicaid Contract Reconciliation and Cash Settlement file.

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

#### 4.0 Report Specific Navigation or Terminology

The Medicaid Contract Settlement worksheet includes cell shading to assist the end user with completion of the form.

Worksheet 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.

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, Projection.

Column headings are specific to each section of the worksheet and may change from section to section. The column headings are shaded to assist in identification.

#### 5.0 Instructions for Completion of the Report

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

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 – Specialty Managed Care – Medicaid

This section represents the estimated Medicaid specialty managed care capitation (authorization) that the PIHP will receive to fund services provided and authorized in the contract for the fiscal year being settled.

**Column: State Plan (b)**

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This column represents the revenue / funding authorization for State Plan (b) services for both Mental Health and Substance Abuse Medicaid Specialty Managed Care capitation.

**Column: 1915(b)(3)**

This column represents the revenue / funding authorization for 1915(b)(3) services for both Mental Health and Substance Abuse Medicaid Specialty Managed Care capitation.

**Column: HSW**

This column represents the revenue / funding authorization for HSW services for Mental Health Medicaid Specialty Manage Care capitation.

**Column: Total**

This column represents to total available revenue / funding authorization for all categories of the Medicaid Specialty Managed Care capitation. This column is formula driven. The formula is the *sum of State Plan (b), 1915(b)(3) and HSW.*

**Column: FY Indicator**

This column was added to assist in identification of the fiscal year the revenue (cash and accruals) entered in the preceding columns relate to. The cells in this column are formula driven based on the fiscal year selected on this form and the rows in section 1.

For this example:

Selected value for FISCAL YEAR: FY 10 / 11

Row 1.d – “Prior Fiscal Year 1 – Accrual Adjustment – Net”

The formula in the FY Indicator is: *IF (Fiscal Year = “FY 10 / 11”, THEN “FY 10”, IF(Fiscal Year = “FY 11 / 12”, THEN “FY 11”))*

Thus for this example, the cell will reflect FY 10 as the “Prior Fiscal Year 1”.

**Section 1.a – Current Fiscal Year – Medicaid Revenue rec’d thru 9/30**


Enter the amount of State Plan (b), 1915(b)(3), and HSW capitation received thru 9/30 for the current fiscal year.

**Section 1.b – Current Fiscal Year – Medicaid Revenue Accruals**

Enter the estimated accrual amount for State Plan (b), 1915(b)(3), and HSW capitation for the current fiscal year. *Note: If the net accrual amount is an amount due back to the State of Michigan – enter as a negative amount.*

**Section 1.c – Sub-Total Current Fiscal Year Medicaid Revenue**

This cell represents the cash and accrued specialty managed care capitation revenue / funding authorization for the current fiscal year. The cell is formula driven.

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The formula is the *sum of Current Fiscal Year – Medicaid Revenue rec'd thru 9/30 (1.a) and Current Fiscal Year – Medicaid Revenue Accruals (1.b).*

**Section 1.d – Prior Fiscal Year 1 – Accrual Adjustment – Net**

Enter the net amount of any variance between the accrual assumptions reported for the prior fiscal year and the accrual assumptions at the close of the current fiscal year.

*Note: If the net accrual adjustment is a reduction to previous recognized revenue – enter as a negative amount.*

Example: FY 10 Medicaid accrual at the close of FY 10 was \$100,000. Specialty Managed Care capitation received during FY 11 was \$90,000. At the close of FY 11, there is still an open accrual of \$8,000; for a total of \$98,000 estimated FY 10 revenues. The original accrual was \$100,000. The revised estimate for FY 10 Medicaid Specialty Managed Care is \$98,000. Therefore a \$2,000 reduction (credit) would be entered as the net accrual adjustment.

**Section 1.e – Prior Fiscal Year 2 – Accrual Adjustment – Net**

Enter the net amount of any variance between the accrual assumptions reported for the fiscal year two years earlier and the actual capitation received for that fiscal year.

*Note: If the net accrual adjustment is a reduction to previous recognized revenue – enter as a negative amount.*


*Note: Medicaid eligibility for HSW capitation must be obtained within 24 months in order for payment to be made.*

Example: FY 09 Medicaid accrual at the close of FY 09 was \$50,000. Specialty Managed Care capitation received during FY 10 was \$50,000. The PIHP did not anticipate any additional capitation. During FY 11, the PIHP received an additional \$2,000 in HSW capitation. The PIHP would report a \$2,000 increase (debit) as the net accrual adjustment.

**Section 1.f – Other Adjustments**

Enter the net amount of any accrual adjustments that do not fit into classification as Prior Fiscal Year 1 or Prior Fiscal Year 2.

Note: In recognition that CHAMPS implementation, audit issues, and special circumstances exist DCH added this row for any adjustments that do not specifically fit into 1.d or 1.e. If row 1.f is utilized, the PIHP must provide a brief description of this adjustment in row 1.i.

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**Section 1.g – Sub-Total – Prior Year Accrual Adjustments**

This cell represents the total of any prior year accrual adjustments. The cell is formula driven. The formula is the *sum of Prior Fiscal Year 1- Accrual Adjustment – Net (1.d) and Prior Fiscal Year 2 – Accrual Adjustment – Net (1.e)*.

**Section 1.h – Total Medicaid Revenue – Current Year Settlement**

This cell represents the total cash and accrued revenue / funding authorization for the current settlement. The cell is formula driven. The formula is the *sum of Sub-Total Current Fiscal Year Medicaid Revenue (1.c) and Sub-Total – Prior Year Accrual Adjustments (1.f)*.

**Section 1.i – Explanation of Accrual Adjustments**

This section is reserved for the PIHP to provide an explanation of any prior year accrual adjustments, accrual methodology changes, one time exceptions that distorted the accrual adjustments, etc. This field is optional unless the net accrual adjustments are material, impact the risk corridor of the prior settled fiscal year or the PIHP reported expenditures in row 1.f – Other Adjustments.

**5.2 Section 2 – Forced Lapse to MDCH**

This section represents the amount that must be lapsed back to the MDCH. Typically, forced lapse represents unspent funding provided to the PIHP by the MDCH for a specific purpose, project, and/or target population. These funds shall continue to be expended for the purpose that they were earmarked for and may not be re-directed for any other use without prior written approval from the MDCH. Any unspent special purpose funding shall lapse back to the MDCH.


**Section 2.a – Medicaid Specialty Managed Care Forced Lapse**

Enter the amount of special purpose funds that must be lapsed back to the MDCH. The amount of forced lapse must be entered as a negative amount.

**Section 2.a.1 – Explanation of Forced Lapse**

Enter an explanation of the specialty managed care special purpose funds that must lapse back to the MDCH. If the space provided is not sufficient, additional information may be entered in Section 5 – Narrative: Both CRCS and Contract Settlement Worksheet.

**5.3 Section 3 – Medicaid Savings / Medicaid Lapse Calculation**

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This section is entirely formula driven. This section represents the calculation of Medicaid savings and Medicaid lapse. This determination of Medicaid savings and Medicaid lapse is symmetrical to calculation of risk.

**Section 3.a – Specialty Managed Care – Medicaid Capitation**

This cell represents the cash and accrued specialty managed care capitation for the current FY. The cell is formula driven. The formula is *plus Total Managed Care Capitation (1.d) from the Medicaid CRCS worksheet, PIHP Contract Cost Settled column.*

**Section 3.a.1 – Band # 1 (95 – 100%)**

The PIHP shall retain unexpended risk corridor related funds between 95% and 100%. The cell is formula driven. The formula is *Specialty Managed Care – Medicaid Capitation (3.a) times 5% rounded to zero decimal places.*

**Section 3.a.2 – Band # 2 (90 – 95%)**

The second savings band is shared equally between the MDCH and the PIHP. The cell is formula driven. The formula is *Specialty Managed Care – Medicaid Capitation (3.a) times 5% rounded to zero decimal places.*

**Section 3.b – Balance Available for Savings (from Medicaid CRCS worksheet)**

This cell represents surplus funds available for Medicaid savings and/or lapse to the MDCH. The cell is formula driven and is an IF/THEN/ELSE statement. The formula is *IF Net Medicaid Services Surplus / (Deficit) (3.c) from the Medicaid CRCS worksheet is less than or equal to zero, THEN zero, ELSE Net Medicaid Services Surplus / (Deficit) (3.c).*


**Column: Medicaid Lapse**

This column represents the portion of the surplus Medicaid funding that must lapse to the MDCH. The column is formula driven by band. For Band # 1, since the PIHP retains the first 5%, the cell is grayed out. For Band # 2, since the State and PIHP share equally in savings / lapse, the formula is *plus Band # 2 less Medicaid savings (PIHP share).* For Band # 3, since the entire amount has to be lapsed to the State, the formula is *plus Band # 3.*

**Column: Medicaid Savings**

This column represents the portion of the surplus Medicaid funding that the PIHP may earn as Medicaid savings. The column is formula driven by band. For Band # 1, since the PIHP retains the first 5%, the formula is *plus Band # 1.* For Band # 2, since the State and PIHP share equally in savings and lapse, the formula is *Band # 2 times 50% rounded to zero decimal place.* For Band # 3 Liability, since the entire amount has to be lapsed to the State, the cell is grayed out.

**Column: Total Savings Corridor**

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The column represents the total savings corridor. The column is formula driven. The formula is the *sum of Medicaid Lapse and Medicaid Savings*.

**Section 3.b.1 – Band # 1**

This cell represents the amount available for savings / lapse in the first band and is formula driven. The formula is an IF/THEN/ELSE statement. The formula is *IF Balance Available for Savings (from Medicaid CRCS worksheet) (3.b) is less than or equal to Band # 1 (3.a.1), THEN Balance Available for Savings (from Medicaid CRCS worksheet) (3.b), ELSE Band # 1 (3.a.1)*.

**Section 3.b.2 – Sub-Total – Band # 1**

This cell represents the amount available for savings / lapse after consideration of Band # 1 and is formula driven. The formula is *plus Balance Available for Savings (from Medicaid CRCS worksheet) (3.b) less Band # 1 (3.b.1)*.

**Section 3.b.3 – Band # 2**

This cell represents the amount available for savings / lapse in the second band and is formula driven. The formula is an IF/THEN/ELSE statement. The formula is *IF Sub-Total Band # 1 (3.b.2) is less than Band # 2 (3.a.2), THEN Sub-Total Band # 1 (3.b.2), ELSE Band # 2 (3.a.2)*.

**Section 3.b.4 – Sub-Total – Band # 2**

This cell represents the amount available for savings / lapse after consideration of Band # 2 and is formula driven. The formula is *plus Sub-Total – Band # 1 (3.b.2) less Band # 2 (3.b.3)*.

**Section 3.b.5 – Band # 3**


This cell represents the amount available for lapse in the third band and is formula driven. The formula is *plus Sub-Total – Band # 2 (3.b.4)*.

**Section 3.b.6 – Totals**

This row represents the total Medicaid Lapse, Medicaid Savings and Total Savings Corridor. The row is formula driven. The formula is the *sum of Band # 1 (3.b.1), Band # 2 (3.b.3) and Band # 3 (3.b.5)*.

**5.4 Section 4 – Medicaid Savings – Prior Year Earnings to Expend**

This section compares the prior year Medicaid savings earned to the amount of prior year Medicaid savings being utilized in the current FY. The PIHP shall develop and implement a reinvestment strategy for all Medicaid savings realized that shall be directed to the Medicaid population. All Medicaid savings must be invested according to the criteria contain in Section 7.7.2 of the contract. Typically, any earned Medicaid savings from the prior FY unexpended at the end of the FY must be returned to the MDCH. However, if a final MDCH audit report creates new Medicaid savings, the PIHP will have one year following the date of the final audit to expend the additional Medicaid savings.

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**Columns: FY**

Each of the FY columns represents the available FY in which the savings was earned. Enter in the header of each column, the FY that the Medicaid savings was earned.

**Column: Total**

This column represents the total FY available savings and current FY activity. The column is formula driven. The formula is the *sum of FY column 1, FY column 2 and FY column 3.*

**Section 4.a – Prior Year Medicaid Savings Earned**

Enter the amount of Medicaid savings earned from the previous FY(s) and available for use in the current FY. Additionally, as per the column instructions, label each column with the FY in which the Medicaid savings was earned.

**Section 4.b – Current Year Expenditures**

Enter the amount of expenditures funded with Medicaid savings. All expenditures funded with Medicaid savings must be in compliance with the PIHP developed Reinvestment Strategy; which was created following the criteria outlined in Section 7.7.2 of the contract. The expenditure amount in the Total column must reconcile with FSR Medicaid line A 123.

**Section 4.c – Balance of Medicaid Savings**

This row represents the balance of the prior year Medicaid savings. The row is formula driven. The formulas are the *plus Prior Year Medicaid Savings Earned (4.a) less Current Year Expenditures (4.b).*

**5.5 Section 5 – Narrative: Both CRCS and Contract Settlement Worksheet**

This section should be utilized to provide comments that would assist in the settlement process. The space can be used for narrative that pertains to both the CRCS and the Contract Settlement Worksheet.