1.0 General Report Overview

The establishment of an Internal Service Fund (ISF) is one method for securing funds as part of the overall strategy for covering risk exposure under the Medicaid Managed Specialty Supports and Services Concurrent 1115 and 1915(c)/(i) Waiver Programs Contract (Contract). The ISF should be kept at a minimum to assure that the overall level of Prepaid Inpatient Health Plan (PIHP) funds are directed toward consumer services. For further information refer to Section 4 Internal Service Fund (ISF) and Section 7 Risk Corridor of the Contract.

The final Medicaid ISF 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. Entry of Negative ISF ending balances is not allowed.

> Note: The Centers for Medicare and Medicaid (CMS) has mandated, that at a minimum, the Michigan Department of Health and Human Services (MDHHS) report the ISF, lapse and savings for Medicaid and Healthy Michigan funding separately. Although each portion of the ISF shall retain its character as Medicaid and Healthy Michigan Plan, they may be used for risk financing across both the Medicaid and Healthy Michigan Plan programs.

2.0 Report - Due Dates

Refer to the reporting grid incorporated in Schedule E of the Contract for identification of report due dates. Reporting requirements can be found on the MDHHS website: https://www.michigan.gov/mdhhs/0,5885,7-339-71550_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This is no longer applicable.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 MDHHS-BHDDA-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 XX Year End Interim submitted from network180 for the Medicaid ISF, the file name should read **FYXX Year End Interim Northcare FSR Bundle MM-DD-YYYY.**

Note: The Medicaid ISF is included in the FSR Bundle. It is not a stand-alone report.

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

4.0 Report Specific Navigation or Terminology

The Internal Service 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., Interim, Final, Projection.

5.0 Instructions for Completion of the Report

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

5.1 Section 1 – Internal Service Fund Fiscal Year Activity

The purpose of this section is to identify, by funding source (Medicaid and Healthy Michigan), the ISF held by the PIHP and must report the following:

COLUMN DESCRIPTIONS

ISF Balance @ Beginning of Fiscal Year – This column represents the beginning balance of the ISF. The PIHP will enter, by funding source, the beginning balance of the ISF.

Current Period ISF Contributions Interest Earned – This column represents the current period interest earned on the ISF. The PIHP will enter, by funding source, the total interest earned on the ISF during the reporting period.

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 (GASB) Statement No. 10, *General Principles of Liability Recognition*, or such other authoritative guidance as issued by the American Institute of Certified Public Accountants (AICPA). Additionally, the estimated liability is computed based on an actuarial method or historical cost information as provided under the Office of Management and Budget (OMB) Circular 2 CFR 200 Subpart E Cost Principles. 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. The cells are formula driven. The amount deposited will auto-populate when an amount is entered on the related FSR for each funding source.

Current Period ISF Reduction (Abatement) – The column represents the current period abatement of the ISF due to over funding. The cells are formula driven. The amount abated will auto-populate when an amount is entered on the related FSR for each funding source. This amount will auto-populate as a **negative** amount.

Current Period ISF Financing Medicaid (Risk) – Effective October 1, 2016, each portion of the ISF shall retain its character as Medicaid and Healthy Michigan Plan, however, they may be used for risk financing across both the Medicaid and Healthy Michigan Plan programs. This column represents the current period utilization of the ISF to fund Medicaid expenditures in the PIHP risk corridor. Enter as a **negative** the total Medicaid (1.b) and/or Healthy MI Plan (1.c) ISF utilized to finance the PIHP Medicaid risk.

Current Period ISF Financing Healthy MI Plan (Risk) – Effective October 1, 2016, each portion of the ISF shall retain its character as Medicaid and Healthy Michigan Plan, however, they may be used for risk financing across both the Medicaid and Healthy Michigan Plan programs. This column represents the current period utilization of the ISF to fund Healthy MI Plan expenditures in the PIHP risk corridor. Enter as a **negative** the total Medicaid (1.b) and/or Healthy MI Plan (1.c) ISF utilized to finance the PIHP Healthy MI Plan risk.

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 Medicaid risk financing and ISF HMP risk financing)*. Entry of Negative ISF Ending Balances is not allowed.

ROW INSTRUCTIONS

Row 1.a – ISF Balance / Current Year Activity

This row represents the total ISF balance and current year activity. The row is formula driven. The formula is *the sum of Specialty Managed Care (1.b) and Healthy Michigan Plan (1.c).*

Row 1.b – Specialty Managed Care

This row represents the portion of the ISF that is Specialty Managed Care (Medicaid). Enter the ISF beginning balance, interest contribution, amount related to Medicaid risk financing and/or Healthy MI Plan risk financing. The ISF deposit or abatement, will auto-populate when the amount is entered on the FSR- Medicaid.

Note: The amounts representing abatements or risk financing must be a **negative** amount.

Row 1.c – Healthy Michigan Plan

This row represents the portion of the ISF that is Healthy Michigan. Enter the ISF beginning balance, interest contribution, amount related to Medicaid risk financing and/or Healthy MI Plan risk financing. The ISF deposit or abatement, will auto-populate when the amount is entered on the FSR- Healthy Michigan.

Note: The amounts representing abatements or risk financing must be a **negative** amount.

5.2 Section 1.1- PIHP Transferred To / From ISF Balance

Due to the reorganization of the PIHPs which created Regional Authorities effective January 1, 2014, the number of PIHPs that MDHHS contracts with for the provision of services authorized in the Medicaid Managed Supports and Services Concurrent Waiver Programs Contract decreased from 18 PIHPs to 10 Regional Authorities/PIHPs. The ISF is one method of securing funds as part of the overall strategy for covering risk exposure for the new Regional Authorities/PIHPs. MDHHS has authorized the transfer of the ISF from the old PIHPs to the new entities. The purpose of this section is to document the transfers of the ISF from the old PIHPs to the new entities.

Note: This section was retained on the Internal Service Fund to document any late transfers that could occur due to adjustments made as a result of an audit and/or cost settlement.

Section 1.1.a, b, c, d, & e – PIHP Transferred To / From ISF Balance

Enter in the column titled "PIHP Transferred To / From ISF Balance" the name(s) of the PIHPs that transferred ISF balances to or from the reporting PIHP.

Enter in the column titled "Total Transferred" the amounts transferred to or from the reporting PIHP. Amounts transferred to the reporting PIHP should be entered as a positive amount. Amounts transferred from the reporting PIHP should be entered as a negative amount.

Section 1.1.f – Total Transferred To / From PIHPs

This cell represents the total amount transferred to / from the reporting PIHP. The cell is formula driven. The formula is *the sum of rows 1.1.a, b, c, d, and e.*

Section 1.1.g – Final ISF Balance After Transfers
This cell represents the ending balance of the ISF after the transfers to / from the reporting PIHP. The cell is formula driven. The formula is *plus ISF Balances / Current Activity – ISF Ending Balance column (1.a) minus Total Transferred To / From PIHPs – Total Transferred column (1.1.f).*

Section 1.1.h – Specialty Managed Care – Portion of ISF Balance
This cell represents the Specialty Managed Care (Medicaid) portion of the ending balance of the ISF. This cell is formula driven. The formula is *Final Balance After Transfers (1.1.g) less Healthy Michigan Plan Portion of Balance (1.1.i)*

Section 1.1.i – Healthy Michigan Plan – Portion of ISF Balance
This cell represents the Healthy Michigan portion of the ending balance of the ISF. This cell is formula driven. The formula is *plus Healthy Michigan Plan – ISF Ending Balance (1.c).*

5.3 Section 2 – PIHP Maximum Allowable Funding of ISF

This section calculates the maximum allowable funding of the ISF based on the Specialty Managed Care – Medicaid and Healthy Michigan capitation (authorization), the Current Year Performance Bonus Pool funds withheld and Retro-active adjustment times the maximum percentage (7.5%) that the PIHP is financially responsible.

Section 2.a – Specialty Managed Care – Medicaid Capitation (FSR Medicaid (A 101) + FSR HMP (AI 101) + Medicaid Worksheet – (1.j) PBIP Withhold)
This cell represents the Medicaid and Healthy Michigan capitation (authorization) and the PBIP Withheld amount for the current FY. The cell is formula driven. The formula is *plus Medicaid Shared Risk Calculation and Risk Financing worksheet, Specialty Managed Care– Medicaid Capitation (FSR Medicaid - A 101 + FSR HMP - AI 101 + Medicaid Worksheet - 1.j PBIP Withhold) (1.a1) – Medicaid Amount column, HMP Amount column and PBIP Amount column.*

Section 2.b – % of Current Year Medicaid Capitation
This cell indicates the percentage (7.5%) used to calculate the maximum that the PIHP is financially responsible.

Section 2.c – Maximum Allowable Funding of Med ISF

This cell represents the maximum allowable funding level of the Medicaid ISF. This cell is formula driven. The formula is Specialty Managed Care – Medicaid Capitation (FSR Medicaid - A 101 + FSR HMP - AI 101 + Medicaid Worksheet - 1.j PBIP Withhold) *(2.a) times % of Current Year Medicaid Capitation (2.b)*.

5.4 Section 3 – Disposition of ISF Ending Balance

This section represents the maximum allowable Medicaid ISF balance, the Medicaid ISF Ending Balance and whether the Medicaid ISF ending balance is within the MDHHS maximum allowable limit.

Section 3.a – Maximum Allowable Funding of Medicaid ISF

This cell represents the maximum allowable Medicaid ISF. This cell if formula driven. The formula is *plus Maximum Allowable Funding of Med ISF (Section 2.c)*.

Section 3.b – Medicaid ISF Ending Balance

This cell represents the reporting period Medicaid ISF ending balance. This cell is formula driven. The formula is *plus Final balance after transfers (Section 1.1.g)*.

Section 3.c - Within Maximum Allowable Limit / (Over Funded)

This cell identifies whether the Medicaid ISF is within the maximum allowable limit or whether the Medicaid ISF is over funded. This cell is formula driven. The formula is *plus Maximum Allowable Funding of Medicaid ISF (3.a) less Medicaid ISF Ending Balance (3.b)*.

If the Medicaid ISF is over funded, a narrative description of how the PIHP will resolve the over funded ISF must be entered in the **Narrative of Resolution if ISF Over Funded** section. If this space is insufficient, please utilize the “Additional Narrative” tab within the FSR Bundle.