

ST. CLAIR COUNTY COMMUNITY MENTAL HEALTH AUTHORITY

ADMINISTRATIVE PROCEDURE

Date Issued 7/24

Page 1

CHAPTER Fiscal Management	CHAPTER 07	SECTION 002	SUBJECT 0105
SECTION Accounting	SUBJECT CMH Provider Advance		
WRITTEN BY Karen A. Farr	REVIEWED BY Kyle McLeod	AUTHORIZED BY Telly Delor	

I. APPLICATION:

ST. CLAIR COUNTY CMH

- SCCCMH Board
- SCCCMH Providers and Subcontractors
- Direct-Operated Programs
- Community Agency Contractors
- Residential Programs
- Specialized Foster Care

II. PURPOSE STATEMENT:

St. Clair County Community Mental Health (SCCCMH) will ensure its providers of behavioral health services have the working capital necessary to cover operating expenditures, such as payroll and vendor payments, in a timely manner.

III. DEFINITIONS:

A. None

IV. STANDARDS:

- A. SCCCMH may accept requests for advances from the providers of behavioral health services for reasons outside of the control of the provider, which may include but are not limited to sudden and severe reduction in service utilization.
- B. Advances from SCCCMH must be a last resort and providers of behavioral services must demonstrate that they have made reasonable effort under the circumstances to obtain working capital from alternative sources.
- C. SCCCMH may utilize available resources from Region 10 PIHP upon authorization from the PIHP Administration to provide advances.
- D. SCCCMH must limit advances to any one provider of behavioral health services to an amount representing one (1) month of historical payments calculated as, the sum of all payments made to the provider of behavioral health services by SCCCMH over a consecutive three (3) month period divided by three (3). The consecutive three (3) month period should be selected to exclude any

CHAPTER Fiscal Management	CHAPTER 07	SECTION 002	SUBJECT 0105
SECTION Accounting	SUBJECT CMH Provider Advance		

unusually high or low payment months, but the selected period must not exceed more than twelve (12) months prior to the date of the advance request.

- E. SCCCMH Administration must limit the total amount of advances made to all providers of behavioral health services to an amount equal to 10% of the total fiscal year Region 10 PIHP funding allocation.
- F. SCCCMH Administration must review advances monthly to assess the continued need for the advance.
- G. SCCCMH Administration may not make advances to a provider of behavioral health services for any amount that is known to be in default to another creditor.

V. PROCEDURES:

A. Request for Advance

Provider of Behavioral Health Services

1. Sends a written request to the SCCCMH Chief Executive Officer including all of the following:
 - a. Narrative signed by the provider of behavioral health services CEO identifying the amount of the advance request, the circumstance necessitating the advance, and describing alternative actions taken to address the cash flow need.
 - b. The most recent prepared financial statements reviewed by the provider of behavioral services board of directors or owners and signed by the Board Secretary or Owner attesting to the accuracy of the cash position reflected in the statements.
 - c. A weekly cash flow projection for the next 8 weeks with anticipated receipts from SCCCMH separately identified from other revenue sources and payroll identified separately from other expenses.

SCCCMH Chief Executive Officer

1. Forwards the request to the Chief Financial Officer to review for completeness and to provide a recommendation to approve or deny.
2. Makes the final determination to approve or deny the request.

B. Approved Advance Request

CHAPTER Fiscal Management	CHAPTER 07	SECTION 002	SUBJECT 0105
SECTION Accounting	SUBJECT CMH Provider Advance		

SCCCMH Chief Financial Officer

1. Initiates the advance payment on the following regularly scheduled Accounts Payable run.
2. Reviews monthly the outstanding advance amounts for appropriateness. Additional reporting may be required by the provider of behavioral health services by the SCCCMH Chief Financial Officer to assess the appropriateness of the advance. Additional information may include, but is not limited to, updated financial reports, and updated cash flow projections.

C. Denied and Terminated Advance Request

SCCCMH Chief Financial Officer

1. Recommends to the SCCCMH Chief Executive Officer to deny or terminate an advance if the continued advancement of funds is not in the best interest of SCCCMH.

SCCCMH Chief Executive Officer

2. Sends written notification to the CEO of the provider of behavioral health services of the decision to terminate the advance, the rationale behind the decision, and the timeline over which the advance will be withheld from regular payments. The decision to terminate and the timeline over which the advance will be withheld is at the sole discretion of the SCCCMH Chief Executive Officer.

VI. REFERENCES:

None

V. EXHIBITS:

None

VIII. REVISION HISTORY:

Dates issued 06/20, 06/22, 6/23.