

**NORTHEAST MICHIGAN COMMUNITY
MENTAL HEALTH AUTHORITY**

CMH Compliance Examination

September 30, 2019

STRALEY LAMP & KRAENZLEIN P.C.

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**INDEPENDENT ACCOUNTANT’S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO MEDICAID, GF AND CMHS BLOCK GRANT PROGRAMS AND ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH *CMH COMPLIANCE
EXAMINATION GUIDELINES* ISSUED BY THE MICHIGAN DEPARTMENT OF HEALTH AND
HUMAN SERVICES**

To the Board of Directors
Northeast Michigan Community Mental Health Authority

Compliance

We have examined the compliance of the Northeast Michigan Community Mental Health Authority (the “Authority”) with the specified requirements described in *CMH Compliance Examination Guidelines*, issued by the Michigan Department of Health and Human Services (“MDHHS”), that are applicable to its Medicaid, General Fund (“GF”) and Community Mental Health Services (“CMHS”) Block Grant Programs for the year ended September 30, 2019. Compliance with these requirements is the responsibility of the Authority’s management. Our responsibility is to express an opinion on the Authority’s compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the specified requirements described in *CMH Compliance Examination Guidelines*, that are applicable to its Medicaid, GF and CMHS Block Grant Programs is in accordance with the criteria, in all material respects. An examination involves performing procedures to obtain evidence about the specified requirements described in *CMH Compliance Examination Guidelines*, that are applicable to its Medicaid, GF and CMHS Block Grant Programs. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatements of the specified requirements described in *CMH Compliance Examination Guidelines*, that are applicable to its Medicaid, GF and CMHS Block Grant Programs, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion. Our examination does not provide a legal determination on the Authority’s compliance with those requirements.

In our opinion, Northeast Michigan Community Mental Health Authority complied, in all material respects, with the specified requirements referred to above that are applicable to its Medicaid, GF and CMHS Block Grant Programs for the year ended September 30, 2019. However, the results of our auditing procedures disclosed an instance of immaterial noncompliance with those requirements which is required to be reported in accordance with *CMH Compliance Examination Guidelines* and is described in the accompanying schedule of findings and questioned costs as item 2019-001.

Internal Control Over Compliance

The management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations and programs applicable to its Medicaid, GF and CMHS Block Grant Programs. In planning and performing our examination, we considered the Authority's internal control over compliance with the requirements that could have a direct and material effect on its Medicaid, GF and CMHS Block Grant Programs in order to determine our examination procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with criteria established by MDHHS, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of the Medicaid, GF or CMHS Block Grant programs on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of the Medicaid, GF or CMHS Block Grant programs will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a MDHHS contract that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2019-001 to be a significant deficiency.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses in internal control over compliance. We did not identify any deficiencies in internal control over compliance that we consider to be a material weakness, as defined above.

Examination Schedules

As required by CMH Compliance Examination Guidelines, we have prepared the accompanying Examined FSR Schedule and Examined Cost Settlement Schedule.

Purpose of this Report

This report is intended solely for the information and use of the Authority's board of directors, management, and MDHHS. This report is an integral part of our examination in accordance with these guidelines in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Straley Kamp & Kraenzlein P.C.

March 9, 2020

**MDHHS/CMHSP MANAGED MENTAL HEALTH SUPPORTS AND SERVICES CONTRACT (GF)
EXAMINED FINANCIAL STATUS REPORT - ALL NON MEDICAID
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

CMHSP: Northeast Michigan Community Mental Health Authority

REPORTED	EXAMINATION ADJUSTMENTS	EXAMINED TOTALS
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A	MEDICAID SERVICES - Summary From FSR - Medicaid				
A 190	TOTAL REVENUE		-	-	-
A 290	TOTAL EXPENDITURE		-	-	-
A 295	NET MEDICAID SERVICES SURPLUS (DEFICIT)		-	-	-
A 390	Total Redirected Funds		-	-	-
A 400	BALANCE MEDICAID SERVICES		-	-	-

AC	SUD NON-MEDICAID SERVICES - Summary From FSR - SUD				
AC 190	TOTAL REVENUE		-	-	-
AC 290	TOTAL EXPENDITURE		-	-	-
AC 295	NET SUD NON-MEDICAID SERVICES SURPLUS (DEFICIT)		-	-	-
AC 390	Total Redirected Funds		-	-	-
AC 400	BALANCE SUD NON-MEDICAID SERVICES		-	-	-

AE	OPIOID HEALTH HOME SERVICES - Summary From FSR - Opioid Health Home Services				
AE 190	TOTAL REVENUE		-	-	-
AE 290	TOTAL EXPENDITURE		-	-	-
AE 295	NET SURPLUS (DEFICIT)		-	-	-
AE 390	Total Redirected Funds		-	-	-
AE 400	BALANCE OPIOID HEALTH HOME SERVICES		-	-	-

AG	HEALTH HOME SERVICES - Summary From FSR - Health Home Services				
AG 190	TOTAL REVENUE		-	-	-
AG 290	TOTAL EXPENDITURE		-	-	-
AG 295	NET HEALTH HOME SERVICES SURPLUS (DEFICIT)		-	-	-
AG 390	Total Redirected Funds		-	-	-
AG 400	BALANCE HEALTH HOME SERVICES		-	-	-

AI	HEALTHY MICHIGAN SERVICES - Summary From FSR - Healthy Michigan				
AI 190	TOTAL REVENUE		-	-	-
AI 290	TOTAL EXPENDITURE		-	-	-
AI 295	NET HEALTHY MICHIGAN SERVICES SURPLUS (DEFICIT)		-	-	-
AI 390	Total Redirected Funds		-	-	-
AI 400	BALANCE HEALTHY MICHIGAN SERVICES		-	-	-

AK	MI HEALTH LINK SERVICES - Summary From FSR - MI Health Link				
AK 190	TOTAL REVENUE		-	-	-
AK 290	TOTAL EXPENDITURE		-	-	-
AK 295	NET MI HEALTH LINK SERVICES SURPLUS (DEFICIT)		-	-	-
AK 390	Total Redirected Funds		-	-	-
AK 400	BALANCE MI HEALTH LINK SERVICES		-	-	-

RES	RESTRICTED FUND BALANCE ACTIVITY				
RES 180	Beginning Restricted Fund balance		-		
RES 190	TOTAL REVENUE (Deposits)		-		
RES 290	TOTAL EXPENDITURE (PBIP only)		-		
RES 390	Total Redirected Funds		-		
RES 400	BALANCE RESTRICTED FUND		-		

B	GENERAL FUND				
B 100	REVENUE				
B 101	CMH Operations		760,467		760,467
B 120	Subtotal - Current Period General Fund Revenue		760,467	-	760,467
B 121	1st & 3rd Party Collections (Not in Section 226a Funds) 100% Services		31,224		31,224
B 122	1st & 3rd Party Collections (Not in Section 226a Funds) 90% Services				-
B 123	Prior Year GF Carry Forward				-
B 140	Subtotal - Other General Fund Revenue		31,224	-	31,224
B 190	TOTAL REVENUE		791,691	-	791,691
B 200	EXPENDITURE				
B 201	100% MDHHS Matchable Services / Costs		263,198		263,198
B 202	100% MDHHS Matchable Services Based on CMHSP Local Match Cap				-
B 203	90% MDHHS Matchable Services / Costs - REPORTED	639,053			
B 204	90% MDHHS Matchable Services / Costs - EXAMINATION ADJUSTMENTS				
B 205	90% MDHHS Matchable Services / Costs - EXAMINED TOTAL	\$ 639,053	575,148	-	575,148
	Intentionally left blank				
	Intentionally left blank				
B 290	TOTAL EXPENDITURE		838,346	-	838,346
B 295	NET GENERAL FUND SURPLUS (DEFICIT)		(46,655)	-	(46,655)
B 300	Redirected Funds (To) From				
B 301	(TO) Medicaid - Redirected for Unfunded Medicaid Costs - A331 (PIHP use only)		-	-	-
B 301.1	(TO) Healthy Michigan - Redirected for Unfunded Healthy Michigan Costs - AI331 (PIHP use only)		-	-	-
B 301.2	(TO) SUD Non-Medicaid - Redirected for Unfunded SUD Non-Medicaid Services AC331 (PIHP use only)		-	-	-
B 301.3	(TO) Opioid Health Home Services - Redirected for Unfunded Opioid Health Home Services AE331 (PIHP use only)		-	-	-
B 301.4	(TO) Health Home Services - Redirected for Unfunded Health Home Services AG331 (PIHP use only)		-	-	-
B 301.5	(TO) MI Health Link - Redirected for Unfunded MI Health Link Costs - AK331 (PIHP use only)		-	-	-
B 304	(TO) Targeted Case Management - D301		-	-	-

**MDHHS/CMHSP MANAGED MENTAL HEALTH SUPPORTS AND SERVICES CONTRACT (GF)
EXAMINED FINANCIAL STATUS REPORT - ALL NON MEDICAID
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

CMHSP: Northeast Michigan Community Mental Health Authority

			REPORTED	EXAMINATION ADJUSTMENTS	EXAMINED TOTALS
B	305	(TO) GF Cost of SED - E301	-	-	-
B	306	(TO) GF Cost of SED - Not SED Waiver eligible - E303	-	-	-
B	308	(TO) GF Cost of Children's Waiver - F301	-	-	-
B	309	(TO) Allowable GF Cost of Injectable Medications - G301	-	-	-
B	310	(TO) PIHP to Affiliate Medicaid Services Contracts - I304	-	-	-
B	310.1	(TO) PIHP to Affiliate SUD (Non-Medicaid) Services Contracts - IA304	-	-	-
B	310.2	(TO) PIHP to Affiliate Opioid Health Home Services Contracts - IB304	-	-	-
B	310.3	(TO) PIHP to Affiliate Health Home Services Contracts - IC304	-	-	-
B	310.4	(TO) PIHP to Affiliate MI Health Link Services Contracts - ID304	-	-	-
B	312	(TO) CMHSP to CMHSP Earned Contracts - J305 (explain - section Q)	(67,079)	-	(67,079)
B	313	FROM CMHSP to CMHSP Earned Contracts - J302			
B	314	FROM Non-MDHHS Earned Contracts - K302			
B	330	Subtotal Redirected Funds rows 301 - 314	(67,079)	-	(67,079)
B	331	FROM Local Funds - M302	113,734		113,734
B	332	FROM Risk Corridor - N303			
B	390	Total Redirected Funds	46,655	-	46,655
B	400	BALANCE GENERAL FUND (cannot be < 0)	-	-	-

OTHER GF CONTRACTUAL OBLIGATIONS

C		INTENTIONALLY LEFT BLANK			
C	100	Revenue			
C	170				
C	180				
C	190	Total Revenue	-	-	-
C	290	Expenditure			
C	295	NET SURPLUS (DEFICIT)	-	-	-
C	300	Redirected Funds (To) From			
C	301				
C	302				
C	390	Total Redirected Funds	-	-	-
C	400	BALANCE (cannot be < 0)	-	-	-

FEE FOR SERVICE MEDICAID

D		TARGETED CASE MANAGEMENT - (GHS Only)			
D	190	Revenue			
D	290	Expenditure			
D	295	NET TARGETED CASE MANAGEMENT (cannot be > 0)	-	-	-
D	300	Redirected Funds (To) From			
D	301	FROM General Fund - B304			
D	302	FROM Local Funds - M304			
D	303	(TO) CMHSP to CMHSP Earned Contracts - J304.4	-	-	-
D	304	FROM CMHSP to CMHSP Earned Contracts - J303.4			
D	390	Total Redirected Funds	-	-	-
D	400	BALANCE TARGETED CASE MANAGEMENT (GHS Only) (must = 0)	-	-	-

SED WAIVER

E		SED WAIVER			
E	100	REVENUE			
E	101	FFS Medicaid - SED-Trad			
E	102	FFS Medicaid - SED-DHS			
E	190	TOTAL REVENUE	-	-	-
E	200	EXPENDITURE			
E	201	Expenditure - Traditional - Federal Reimbursable			
E	202	Expenditure - Traditional - Not SED waiver eligible			
E	203	Expenditure - SED-DHS - Federal Reimbursable			
E	204	Expenditure - SED-DHS - Not SED waiver eligible			
E	290	TOTAL EXPENDITURE	-	-	-
E	295	NET SED WAIVER (DEFICIT)	-	-	-
E	300	Redirected Funds (To) From			
E	301	FROM General Fund - B305			
E	302	FROM Local Funds - M305			
E	303	FROM General Fund - Not SED Waiver eligible - B306			
E	304	FROM Local Funds - Not SED Waiver eligible - M306			
E	390	Total Redirected Funds	-	-	-
E	400	BALANCE SED WAIVER (must = 0)	-	-	-

CHILDREN'S WAIVER

F		CHILDREN'S WAIVER			
F	190	Revenue			
F	290	Expenditure			
F	295	NET CHILDREN'S WAIVER (cannot be > 0)	-	-	-
F	300	Redirected Funds (To) From			
F	301	FROM General Fund - B308			
F	302	FROM Local Funds - M308			
F	303	FROM Activity not otherwise reported - O301			
F	390	Total Redirected Funds	-	-	-
F	400	BALANCE CHILDREN'S WAIVER (must = 0)	-	-	-

**MDHHS/CMHSP MANAGED MENTAL HEALTH SUPPORTS AND SERVICES CONTRACT (GF)
EXAMINED FINANCIAL STATUS REPORT - ALL NON MEDICAID
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

CMHSP: Northeast Michigan Community Mental Health Authority

REPORTED	EXAMINATION ADJUSTMENTS	EXAMINED TOTALS
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G	INJECTABLE MEDICATIONS			
G 190	Revenue			-
G 290	Expenditure			-
G 295	NET INJECTABLE MEDICATIONS (cannot be > 0)			-
G 300	Redirected Funds (To) From			
G 301	FROM General Fund - B309			-
G 302	FROM Local Funds - M309			-
G 390	Total Redirected Funds			-
G 400	BALANCE INJECTABLE MEDICATIONS (must = 0)			-

OTHER FUNDING

H	MDHHS EARNED CONTRACTS			
H 100	REVENUE			
H 101	PASARR	100,783		100,783
H 102	DHHS Block Grants for CMH services			-
H 103	DD Council Grants			-
H 104	PATH/Homeless			-
H 105	Prevention			-
H 106	Aging			-
H 107	HUD Shelter Plus Care			-
H 108	Multicultural Integration			-
H 109	DHHS Block Grants for SUD services			-
H 150	Other MDHHS Earned Contracts (describe):			-
H 151	Other MDHHS Earned Contracts (describe):			-
H 190	TOTAL REVENUE	100,783	-	100,783
H 200	EXPENDITURE			
H 201	PASARR	100,783		100,783
H 202	DHHS Block Grants for CMH services			-
H 203	DD Council Grants			-
H 204	PATH/Homeless			-
H 205	Prevention			-
H 206	Aging			-
H 207	HUD Shelter Plus Care			-
H 208	Multicultural Integration			-
H 209	DHHS Block Grants for SUD services			-
H 250	Other MDHHS Earned Contracts (describe):			-
H 251	Other MDHHS Earned Contracts (describe):			-
H 290	TOTAL EXPENDITURE	100,783	-	100,783
H 400	BALANCE MDHHS EARNED CONTRACTS (must = 0)			-

I	PIHP to AFFILIATE MEDICAID SERVICES CONTRACTS - CMHSP USE ONLY			
I 100	REVENUE			
I 101	Revenue - from PIHP Medicaid (incl Autism)	25,050,353		25,050,353
I 104	Revenue - from PIHP Healthy Michigan Plan (incl Autism)	1,309,747		1,309,747
I 122	1st & 3rd Party Collections - Medicare/Medicaid Consumers - Affiliate	669,981		669,981
I 123	1st & 3rd Party Collections - Healthy Michigan Plan Consumers - Affiliate	2,581		2,581
I 190	TOTAL REVENUE	27,032,662	-	27,032,662
I 201	Expenditure - Medicaid (incl Autism)	25,720,334		25,720,334
I 202	Expenditure - Healthy Michigan Plan (incl Autism)	1,312,328		1,312,328
I 203	Expenditure - MI Health Link (Medicaid) Services			-
I 290	TOTAL EXPENDITURE	27,032,662	-	27,032,662
I 295	NET PIHP to AFFILIATE MEDICAID SERVICES CONTRACTS SURPLUS (DEFICIT)			-
I 300	Redirected Funds (To) From			
I 301	(TO) CMHSP to CMHSP Earned Contracts - J306			-
I 302	FROM CMHSP to CMHSP Earned Contracts - J303			-
I 303	FROM Non-MDHHS Earned Contracts - K303			-
I 304	FROM General Fund - B310			-
I 306	FROM Local Funds - M309.1			-
I 390	Total Redirected Funds			-
I 400	BALANCE PIHP to AFFILIATE MEDICAID SERVICES CONTRACTS (must = 0)			-

IA	PIHP to AFFILIATE SUBSTANCE USE DISORDER (NON-MEDICAID) CONTRACTS - CMHSP USE ONLY			
IA 100	REVENUE			
IA 101	Revenue - SUD Non-Medicaid - from PIHP			-
IA 122	Revenue - Fees & Collections - Affiliate			-
IA 190	TOTAL REVENUE			-
IA 200	EXPENDITURE			
IA 201	Expenditure			-
IA 290	TOTAL EXPENDITURE			-
IA 295	NET PIHP to AFFILIATE SUD (NON-MEDICAID) SERVICES CONTRACTS SURPLUS (DEFICIT)			-
IA 300	Redirected Funds (To) From			
IA 301	(TO) CMHSP to CMHSP Earned Contracts - J306.2			-
IA 302	FROM CMHSP to CMHSP Earned Contracts - J303.2			-
IA 303	FROM Non-MDHHS Earned Contracts - K303.2			-
IA 304	FROM General Fund - B310.1			-
IA 306	FROM Local Funds - M309.2			-

**MDHHS/CMHSP MANAGED MENTAL HEALTH SUPPORTS AND SERVICES CONTRACT (GF)
EXAMINED FINANCIAL STATUS REPORT - ALL NON-MEDICAID
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

CMHSP: Northeast Michigan Community Mental Health Authority

		REPORTED	EXAMINATION ADJUSTMENTS	EXAMINED TOTALS
IA	390			
IA	400			
Total Redirected Funds		-	-	-
BALANCE PIHP to AFFILIATE SUD (NON-MEDICAID) SERVICES CONTRACTS (must = 0)		-	-	-
IB PIHP to AFFILIATE OPIOID HEALTH HOME SERVICES CONTRACTS - CMHSP USE ONLY				
IB	190			
IB	290			
IB	295			
IB	300			
IB	304			
IB	306			
IB	390			
IB	400			
Revenue - Medicaid Opioid Health Home Services - from PIHP				-
Expenditure - Medicaid Opioid Health Home Services				-
NET PIHP to AFFILIATE OPIOID HEALTH HOME SERVICES CONTRACTS SURPLUS (DEFICIT)		-	-	-
Redirected Funds (To) From				
FROM General Fund - B310.2				-
FROM Local Funds - M309.3				-
Total Redirected Funds		-	-	-
BALANCE PIHP to AFFILIATE OPIOID HEALTH HOME SERVICES CONTRACTS (cannot be < 0)		-	-	-
IC PIHP to AFFILIATE HEALTH HOME SERVICES CONTRACTS - CMHSP USE ONLY				
IC	190			
IC	290			
IC	295			
IC	300			
IC	304			
IC	306			
IC	390			
IC	400			
Revenue - Medicaid Health Home Services - from PIHP				-
Expenditure - Medicaid Health Home Services				-
NET PIHP to AFFILIATE HEALTH HOME SERVICES CONTRACTS SURPLUS (DEFICIT)		-	-	-
Redirected Funds (To) From				
FROM General Fund - B310.3				-
FROM Local Funds - M309.4				-
Total Redirected Funds		-	-	-
BALANCE PIHP to AFFILIATE HEALTH HOME SERVICES CONTRACTS (cannot be < 0)		-	-	-
ID PIHP to AFFILIATE MI HEALTH LINK SERVICES CONTRACTS - CMHSP USE ONLY				
ID	100			
ID	101			
ID	122			
ID	190			
ID	200			
ID	201			
ID	290			
ID	295			
ID	300			
ID	301			
ID	302			
ID	303			
ID	304			
ID	306			
ID	390			
ID	400			
REVENUE				
Revenue - MI Health Link - from PIHP				-
1st & 3rd Party Collections - MI Health Link Consumers - Affiliate				-
TOTAL REVENUE		-	-	-
EXPENDITURE				
Expenditure				-
TOTAL EXPENDITURE		-	-	-
NET PIHP to AFFILIATE MI HEALTH LINK SERVICES CONTRACTS SURPLUS (DEFICIT)		-	-	-
Redirected Funds (To) From				
(TO) CMHSP to CMHSP Earned Contracts - J306.3				-
FROM CMHSP to CMHSP Earned Contracts - J303.3				-
FROM Non-MDHHS Earned Contracts - K303.3				-
FROM General Fund - B310.4				-
FROM Local Funds - M309.5				-
Total Redirected Funds		-	-	-
BALANCE PIHP to AFFILIATE MI HEALTH LINK SERVICES CONTRACTS (must = 0)		-	-	-
J CMHSP to CMHSP EARNED CONTRACTS				
J	190			
J	290			
J	295			
J	300			
J	301			
J	301.1			
J	301.2			
J	301.3			
J	302			
J	303			
J	303.2			
J	303.3			
J	303.4			
J	304			
J	304.1			
J	304.2			
J	304.3			
J	304.4			
J	305			
J	306			
J	306.2			
J	306.3			
J	307			
J	390			
J	400			
Revenue		121,309		121,309
Expenditure		188,388		188,388
NET CMHSP to CMHSP EARNED CONTRACTS SURPLUS (DEFICIT)		(67,079)	-	(67,079)
Redirected Funds (To) From				
(TO) Medicaid Services - A302 (PIHP use only)				-
(TO) Healthy Michigan - AI302 (PIHP use only)				-
(TO) SUD (Non-Medicaid) Services Contracts - AC302 (PIHP use only)				-
(TO) MI Health Link - AK302 (PIHP use only)				-
(TO) General Fund - B313				-
(TO) PIHP to Affiliate Medicaid Services Contracts - I302				-
(TO) PIHP to Affiliate SUD (Non-Medicaid) Services Contracts - IA302				-
(TO) PIHP to Affiliate MI Health Link Services Contracts - ID302				-
(TO) Targeted Case Management - D304				-
FROM Medicaid Services - A301 (PIHP use only)				-
FROM Healthy Michigan - AI301 (PIHP use only)				-
FROM SUD (Non-Medicaid) Service Contracts - AC301 (PIHP use only)				-
FROM MI Health Link - AK301 (PIHP use only)				-
FROM Targeted Case Management - D303				-
FROM General Fund - B312		67,079		67,079
FROM PIHP to Affiliate Medicaid Services Contracts - I301				-
FROM PIHP to Affiliate SUD (Non-Medicaid) Services Contracts - IA301				-
FROM PIHP to MI Health Link Services Contracts - ID301				-
FROM Local Funds - M310				-
Total Redirected Funds		67,079	-	67,079
BALANCE CMHSP to CMHSP EARNED CONTRACTS (must = 0)		-	-	-
K NON-MDHHS EARNED CONTRACTS				
K	190			
K	290			
K	295			
K	300			
K	301			
K	301.1			
K	301.2			
K	301.3			
K	302			
Revenue		78,095		78,095
Expenditure		81,897		81,897
NET NON-MDHHS EARNED CONTRACTS SURPLUS (DEFICIT)		(3,802)	-	(3,802)
Redirected Funds (To) From				
(TO) Medicaid Services - A303 (PIHP use only)				-
(TO) Healthy Michigan - AI303 (PIHP use only)				-
(TO) SUD (Non-Medicaid) Services Contracts - AC303 (PIHP use only)				-
(TO) MI Health Link - AK303 (PIHP use only)				-
(TO) General Fund - B314				-

**MDHHS/CMHSP MANAGED MENTAL HEALTH SUPPORTS AND SERVICES CONTRACT (GF)
EXAMINED FINANCIAL STATUS REPORT - ALL NON-MEDICAID
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

CMHSP: Northeast Michigan Community Mental Health Authority

			REPORTED	EXAMINATION ADJUSTMENTS	EXAMINED TOTALS
K	303	(TO) PIHP to Affiliate Medicaid Services Contracts - 1303	-	-	-
K	303.2	(TO) PIHP to Affiliate SUD (Non-Medicaid) Services Contracts - IA303	-	-	-
K	303.3	(TO) PIHP to Affiliate MI Health Link Services Contracts - ID303	-	-	-
K	304	(TO) Local Funds - M315	-	-	-
K	305	FROM Local Funds - M311	3,802	-	3,802
K	390	Total Redirected Funds	3,802	-	3,802
K	400	BALANCE NON-MDHHS EARNED CONTRACTS (must = 0)	-	-	-

Intentionally left Blank					
L	100	REVENUE			
L	101				
L	102				
L	190	TOTAL REVENUE	-	-	-
L	200	EXPENDITURE			
L	201				
L	202				
L	290	TOTAL EXPENDITURE	-	-	-
L	295	NET SURPLUS (DEFICIT)	-	-	-
L	300	Redirected Funds (To) From			
L	300.3				
L	300.5				
L	301				
L	302				
L	390	Total Redirected Funds	-	-	-
L	400	BALANCE (must = 0)	-	-	-

LOCAL FUNDS					
M	100	REVENUE			
M	101	County Appropriation for Mental Health	266,639		266,639
M	102	County Appropriation for Substance Abuse - Non Public Act 2 Funds			-
M	103	Section 226 (a) Funds	58,333	-	58,333
M	104	Affiliate Local Contribution to State Medicaid Match Provided from CMHSP (PIHP only)			-
M	105	Medicaid Fee for Service Adjuster Payments			-
M	106	Local Grants			-
M	107	Interest	20,253		20,253
M	109	SED Partner			-
M	110	All Other Local Funding	41,140		41,140
M	111	Performance Bonus Incentive Pool (PBIP) Restricted Local Funding	204,759		204,759
M	190	TOTAL REVENUE	591,124	-	591,124
M	200	EXPENDITURE			
M	201	GF 10% Local Match	63,905	-	63,905
M	202	Reported Local match cap amount			
		Examination Adjustment Local match cap amount			
		Examined Total Local match cap amount	\$ -		
M	203	GF Local Match Capped per MHC 330.1308	-	-	-
M	204	Local Cost for State Provided Services	21,741		21,741
M	205	Local Contribution to State Medicaid Match (CMHSP Contribution Only)	250,089		250,089
M	206	Local Contribution to State Medicaid Match on Behalf of Affiliate (PIHP Only)			-
M	207	Local Match to Grants and MDHHS Earned Contracts			-
M	209	Local Only Expenditures	250,428		250,428
M	290	TOTAL EXPENDITURE	586,163	-	586,163
M	295	NET LOCAL FUNDS SURPLUS (DEFICIT)	4,961	-	4,961
M	300	Redirected Funds (To) From			
M	301	(TO) Medicaid Services - A332 (PIHP use only)	-	-	-
M	301.1	(TO) Healthy Michigan - A1332 (PIHP use only)	-	-	-
M	301.2	(TO) SUD (Non-Medicaid) Services - AC332 (PIHP use only)	-	-	-
M	301.3	(TO) Opioid Health Home Services - AE332 (PIHP use only)	-	-	-
M	301.4	(TO) Health Home Services - AG332 (PIHP use only)	-	-	-
M	301.5	(TO) MI Health Link - AK332 (PIHP use only)	-	-	-
M	302	(TO) General Fund - B331	(113,734)	-	(113,734)
M	304	(TO) Targeted Case Management - D302	-	-	-
M	305	(TO) SED Waiver - E302	-	-	-
M	306	(TO) SED Waiver - Not SED Waiver eligible - E304	-	-	-
M	308	(TO) Children's Waiver - F302	-	-	-
M	309	(TO) Injectable Medications - G302	-	-	-
M	309.1	(TO) PIHP to Affiliate Medicaid Services Contracts - 1306	-	-	-
M	309.2	(TO) PIHP to Affiliate SUD (Non-Medicaid) Services Contracts - IA306	-	-	-
M	309.3	(TO) PIHP to Affiliate Opioid Health Home Services Contracts - IB306	-	-	-
M	309.4	(TO) PIHP to Affiliate Health Home Services Contracts - IC306	-	-	-
M	309.5	(TO) PIHP to Affiliate MI Health Link Services Contracts - ID306	-	-	-
M	310	(TO) CMHSP to CMHSP Earned Contracts - J307	-	-	-
M	311	(TO) Non-MDHHS Earned Contracts - K305	(3,802)	-	(3,802)
M	313	(TO) Activity Not Otherwise Reported - O302	-	-	-
M	313.3	FROM MI Health Link (Medicare) - AK336 - (PIHP use only)			-
M	315	FROM Non-MDHHS Earned Contracts - K304			-
M	390	Total Redirected Funds	(117,536)	-	(117,536)
M	400	BALANCE LOCAL FUNDS	(112,575)	-	(112,575)

**MDHHS/CMHSP MANAGED MENTAL HEALTH SUPPORTS AND SERVICES CONTRACT (GF)
EXAMINED FINANCIAL STATUS REPORT - ALL NON MEDICAID
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

CMHSP: Northeast Michigan Community Mental Health Authority

REPORTED	EXAMINATION ADJUSTMENTS	EXAMINED TOTALS
----------	----------------------------	--------------------

N		RISK CORRIDOR			
N	100	REVENUE			
N	101	Stop/Loss Insurance			-
N	102	Medicaid ISF for PIHP Share Risk Corridor	-		-
N	103	MDHHS for MDHHS Share of Medicaid Risk Corridor			-
N	104	Restricted Fund balance for PIHP Share Risk Corridor	-		-
N	190	TOTAL REVENUE	-		-
N	300	Redirected Funds (To) From			
N	301	(TO) Medicaid Services - PIHP Share - A333 (PIHP use only)	-		-
N	301.1	(TO) Healthy Michigan - PIHP Share - AI333 (PIHP use only)	-		-
N	301.2	(TO) Restricted Fund balance for PIHP Share - A335 & AI335 (PIHP use only)	-		-
N	302	(TO) Medicaid Services - MDHHS Share - A334 (PIHP use only)	-		-
N	302.1	(TO) Healthy Michigan - MDHHS Share - AI334 (PIHP use only)	-		-
N	303	(TO) General Fund - B332	-		-
N	390	Total Redirected Funds	-		-
N	400	BALANCE RISK CORRIDOR (must = 0)	-		-

O		ACTIVITY NOT OTHERWISE REPORTED			
O	100	REVENUE			
O	101	Other Revenue (describe): Production and Donor Revenues	81,980		81,980
O	102	Other Revenue (describe):			-
O	103	Other Revenue (describe):			-
O	190	TOTAL REVENUE	81,980		81,980
O	200	EXPENDITURE			
O	201	Other Expenditure (describe): Production and Donor Expenses	70,917		70,917
O	202	Other Expenditure (describe):			-
O	203	Other Expenditure (describe):			-
O	290	TOTAL EXPENDITURE	70,917		70,917
O	295	NET ACTIVITY NOT OTHERWISE REPORTED SURPLUS (DEFICIT)	11,063		11,063
O	300	Redirected Funds (To) From			
O	301	(TO) Children's Waiver - F303	-		-
O	302	FROM Local Funds - M313			-
O	390	Total Redirected Funds	-		-
O	400	BALANCE ACTIVITY NOT OTHERWISE REPORTED	11,063		11,063

P		GRAND TOTALS			
P	190	GRAND TOTAL REVENUE	28,797,644		28,797,644
P	290	GRAND TOTAL EXPENDITURE	28,899,156		28,899,156
P	390	GRAND TOTAL REDIRECTED FUNDS (must = 0)	-		-
P	400	NET INCREASE (DECREASE)	(101,512)		(101,512)

Q		REMARKS
Q		This section has been provided for the CMHSP to provide narrative descriptions as requested in the FSR instructions or where additional narrative would be meaningful to the CMHSP / MDHHS.
Q		M101: Alcona County \$35,224, Alpena County \$150,216, Montmorency County \$31,435, Presque Isle County \$49,764 = \$266,639. B312: CMHSP to CMHSP Earned Contracts had a shortfall of \$67,079 which was supplemented with General Funds.
Q		
Q		
Q		
Q		
Q		
Q		
Q		
Q		

**MDHHS/CMHSP MANAGED MENTAL HEALTH SUPPORTS AND SERVICES CONTRACT (GF)
EXAMINED GENERAL FUND CONTRACT RECONCILIATION AND CASH SETTLEMENT
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

CMHSP: Northeast Michigan Community Mental Health Authority

1. General Fund Services - Available Resources		Funding Resources
a.	CMH Operations (FSR B 101)	760,467
b.	Intentionally left blank	
c.	Intentionally left blank	
d.	Sub-Total General Fund Contract Authorization	\$ 760,467
e.	1st & 3rd Party Collections (FSR B 121 + B 122)	31,224
f.	Prior Year GF Carry-Forward (FSR B 123)	-
g.	Intentionally left blank	
h.	Redirected CMHSP to CMHSP Contracts (FSR B 313)	-
i.	Redirected Non-MDHHS Earned Contracts (FSR B 314)	-
j.	Sub-Total Other General Fund Resources	\$ 31,224
k.	Local 10% Associated to 90/10 Services (FSR M 201)	63,905
l.	Local 10% Match Cap Adjustment (FSR M 203)	-
m.	Sub-Total Local 10% Associated to 90/10 Services	\$ 63,905
n.	Total General Fund Services - Resources	\$ 855,596

3. Summary of Resources / Expenditures		Amount
a.	Total General Fund Services - Resources	855,596
b.	Total General Fund Services - Expenditures	969,330
c.	Sub-Total General Fund Services Surplus (Deficit)	\$ (113,734)
d.	Less: Forced Lapse to MDHHS (GF work sheet 5 d column F)	-
e.	Net General Fund Services Surplus (Deficit)	\$ (113,734)

4. Disposition:		Amount
Surplus		
a.	Transfer to Fund Balance - GF Carry-Forward Earned	-
b.	Lapse to MDHHS - Contract Settlement	-
d.	Total Disposition - Surplus	\$ -

Deficit		
f.	Redirected from Local (FSR B 331)	113,734
g.	Redirected from risk corridor (FSR B 332)	-
h.	Total Disposition - Deficit	\$ 113,734

5. Cash Settlement: (Due MDHHS) / Due CMHSP		Amount
a.	Forced Lapse to MDHHS	-
b.	Lapse to MDHHS - Contract Settlement	-
c.	Return of Prior Year General Fund Carry-Forward	
d.	Intentionally left blank	
e.	Contract Authorization - Late Amendment	760,467
f.	Intentionally left blank	
g.	Misc: (please explain)	
h.	Total Cash Settlement: (Due MDHHS) / Due CMHSP	\$ 760,467

2. General Fund Services - Expenditures		90/10 - Local Cap	Expenditures
a.	100% MDHHS Matchable Services (FSR B 201)		263,198
b.	100% MDHHS Matchable Services - CMHSP Local Match Cap (FSR B 202)		-
c.	90/10% MDHHS Matchable Services (FSR B 203 Column A)	639,053	
d.	Local 10% Match Cap Adjustment (FSR M 203)	-	639,053
e.	Intentionally left blank		
f.	Intentionally left blank		
g.	Sub-Total General Fund Services - Expenditures		\$ 902,251
h.	GF Supplement for Unfunded Medicaid - (PIHP use only) (FSR B 301)		-
i.	GF Supplement for Unfunded Healthy Michigan - (PIHP use only) (FSR B 301.1)		-
j.	GF Supplement for Unfunded SUD (Non-Medicaid) Services (PIHP use only) (FSR B 301.2)		-
k.	GF Supplement for Unfunded Opioid Health Home Services (PIHP use only) (FSR B 301.3)		-
l.	GF Supplement for Unfunded Health Home Services (PIHP use only) (FSR B 301.4)		-
m.	GF Supplement for Unfunded MI Health Link - (PIHP use only) (FSR B 301.5)		-
n.	GF Supplement for Unfunded Targeted Case Management (FSR B 304)		-
o.	GF Supplement for SED (FSR B 305 + B 306)		-
p.	GF Supplement for Children's Waiver (FSR B 308)		-
q.	GF Supplement for Injectable Medications (FSR B 309)		-
r.	GF Supplement for PIHP to Affiliate Medicaid Services Contracts (FSR B 310)		-
s.	GF Supplement for PIHP to Affiliate SUD (Non-Medicaid) Services Contracts (FSR B 310.1)		-
t.	GF Supplement for PIHP to Affiliate Opioid Health Home Services Contracts (FSR B 310.2)		-
u.	GF Supplement for PIHP to Affiliate Health Home Services Contracts (FSR B 310.3)		-
v.	GF Supplement for PIHP to Affiliate MI Health Link Services Contracts (FSR B 310.4)		-
w.	GF Supplement for CMHSP to CMHSP Contracts (FSR B 312)		67,079
x.	Sub-Total General Fund Services Supplement - Expenditures		\$ 67,079
y.	Total General Fund Services - Expenditures		\$ 969,330

6. General Fund MDHHS Commitment		
a.	MDHHS / CMHSP Contract Funded Expenditures	760,467
b.	Earned General Fund Carry-Forward	-
c.	Total MDHHS General Fund Commitment	\$ 760,467

Examined Cash Settlement and MDHHS Commitment			
		Cash Settlement	Carry Forward
Examined		\$ 760,467	\$ -
Original			
Increase (Decrease)		\$ 760,467	\$ -
Comments:			

**MDHHS/CMHSP MANAGED MENTAL HEALTH SUPPORTS AND SERVICES CONTRACT (GF)
EXAMINED GENERAL FUND CONTRACT SETTLEMENT WORKSHEET
FOR THE YEAR SEPTEMBER 30, 2019**

CMHSP: Northeast Michigan Community Mental Health Authority

1. General Fund (Formula and Categorical Funding)	Contract Authorization	Cash Received			Amount Due CMHSP / (MDHHS) Cash Settlement
		Through 9/30	After 9/30 Prior to Settlement	Total	
a. CMH Operations	760,467			-	760,467
c. Total Current FY GF Authorization / Cash Received / Cash Settlement	\$ 760,467	\$ -	\$ -	\$ -	\$ 760,467

2. Current Year - General Fund Carry-Forward - Maximum	Contract Authorization	Maximum C/F
a. CMH Operations	760,467	
b. Total Current Year Maximum Carry-Forward	\$ 760,467	\$ 38,023

3. Prior Year - General Fund Carry-Forward	FY	If balance of Prior Year GF Carry-Forward is not zero, balance must be explained
a. Prior Year GF Carry-Forward Earned		
b. Prior Year GF Carry-Forward (FSR B 123)	-	
c. Balance of Prior Year General Fund Carry-Forward	\$ -	

4. Categorical - Categories	Authorization	Expenditures	Lapse	Cost Above Authorizations
a. Other Funding - Please explain			-	-
b. Other Funding - Please explain			-	-
c. Other Funding - Please explain			-	-
d. Totals	\$ -	\$ -	\$ -	\$ -

5. Narrative: Both CRCS and Contract Settlement Worksheet
Explanation of Accrual and Examination Adjustments

SPECIAL FUND ACCOUNT
For Recipient Fees and Third-Party Reimbursement

As Added to Mental Health Code per PA 423, 1980
 FOR THE YEAR ENDED SEPTEMBER 30, 2019

CMHSP: Northeast Michigan Community Mental Health Authority

Part A: Mental Health Code (MHC) 330.1311 - County Funding Level		EXAMINATION ADJUSTMENTS	EXAMINED TOTAL
1. County Funding - 1979/1980	\$ 83,304		\$ 83,304
2. County Funding - Current Fiscal Year	\$ 266,639		\$ 266,639

Part B: Mental Health Code (MHC) 330.1226a - Cash Collections Year to Date by Service Category and Source						
Service Category	(1) Individuals Relatives	(2) Insurers Including Medicare	(3) Medicaid Health Plan Organizations	(4) Total	EXAMINATION ADJUSTMENTS	EXAMINED TOTAL
1. Inpatient Services				\$ -		\$ -
2. Residential Services				\$ -		\$ -
3. Community Living Services				\$ -		\$ -
4. Outpatient Services	\$ 3,149	\$ 55,184		\$ 58,333		\$ 58,333
5. Total	\$ 3,149	\$ 55,184	\$ -	\$ 58,333	\$ -	\$ 58,333

Part C: Mental Health Code (MHC) 330.1226a - Cash Collections Quarterly Summary				EXAMINATION ADJUSTMENTS	EXAMINED TOTALS
1. First Quarter					\$ -
2. Second Quarter					\$ -
3. Third Quarter					\$ -
4. Fourth Quarter				\$ 58,333	\$ 58,333
5. Total				\$ 58,333	\$ 58,333

Explanation of Accrual and Examination Adjustments

**MDHHS/PIHP MEDICAID MANAGED SPECIALTY SUPPORTS AND SERVICES CONCURRENT 1915(b)/(c) WAIVER PROGRAM CONTRACT
AND
MDHHS/CMHSP MANAGED MENTAL HEALTH SUPPORTS AND SERVICES CONTRACT (GF)
CERTIFICATION OF MDHHS CONTRACT ATTACHMENTS C.6.5.1.1 & P.7.7.1.1 REPORT SUBMISSIONS**

PIHP:	-	FISCAL YEAR:	SELECT
CMHSP:	Northeast Michigan Community Mental Health	SUBMISSION TYPE:	YE Final
		SUBMISSION DATE:	3/31/2020

An "X" in the appropriate box in the section(s) below identifies the reports covered by this certification.

General Fund - Non Medicaid Reports	"X"	Contact		
		Name	Telephone #	Email Address
Special Fund Account - Section 226a	x	Connie Cadarette	989-358-7704	ccadarette@nemcmh.org
Financial Status Report (FSR) - All Non-Medicaid	x	Connie Cadarette	989-358-7704	ccadarette@nemcmh.org
Contract Reconciliation and Cash Settlement	x	Connie Cadarette	989-358-7704	ccadarette@nemcmh.org
Contract Settlement Worksheet	x	Connie Cadarette	989-358-7704	ccadarette@nemcmh.org
Year End Accrual Schedule				

Medicaid Reports	"X"	Contact		
		Name	Telephone #	Email Address
Financial Status Report (FSR) - Medicaid				
Financial Status Report (FSR) - Healthy Michigan				
Financial Status Report (FSR) - Health Homes				
Financial Status Report (FSR) - Opioid Health Homes				
Financial Status Report (FSR) - MI Health Link				
Financial Status Report (FSR) - SUD				
SUD - Supplemental				
RES Fund Balance				
Internal Service Fund (ISF)				
Shared Risk Calculation & Risk Financing				
Contract Reconciliation and Cash Settlement				
Contract Settlement Worksheet				
Year End Accrual Schedule				

CERTIFICATION

The name below is authorized to certify on behalf of the CMHSP or PIHP that this is an accurate statement of revenues / expenditures for the reporting period. Appropriate documentation is available and will be maintained for the required period to support the revenues and expenditures reported.

Contact Information

Name & Title	Date	Telephone #	Email Address
Connie Cadarette, Interim Finance Director	March 31, 2020	989-358-7707	ccadarette@nemcmh.org

**MDHHS/PIHP MEDICAID MANAGED SPECIALTY SUPPORTS AND SERVICES CONCURRENT 1915(b)/(c) WAIVER
PROGRAM CONTRACT
AND
MDHHS/CMHSP MANAGED MENTAL HEALTH SUPPORTS AND SERVICES CONTRACT (GF)
FINANCIAL STATUS REPORT BUNDLE**

PIHP:	-	FISCAL YEAR:	SELECT
CMHSP:	Northeast Michigan Community Me	SUBMISSION TYPE:	YE Final
		SUBMISSION DATE:	3/31/2020

The "Additional Narrative" tab of the FSR Bundle should be utilized to provide additional narrative explanation regarding any entry or activity where additional information would be beneficial when the narrative section of the individual form was not sufficient.

Column Instructions:	
FORM (FSR Bundle Tab):	Select the appropriate Form (FSR Bundle Tab) from the drop down menu.
Row Reference:	Enter the row reference that the additional narrative refers to.
Narrative:	Enter narrative explanation regarding any entry or activity where additional information would be beneficial.

FORM (FSR Bundle Tab)	Row Reference	Narrative
GF Spec Fund		There was an error in figuring out the special funds that was corrected before the end of the fiscal year.

FORM (FSR Bundle Tab)	Row Reference	Narrative
SELECT		

FORM (FSR Bundle Tab)	Row Reference	Narrative
SELECT		

FORM (FSR Bundle Tab)	Row Reference	Narrative
SELECT		

FORM (FSR Bundle Tab)	Row Reference	Narrative
SELECT		

NORTHEAST MICHIGAN COMMUNITY MENTAL HEALTH AUTHORITY

Schedule of Findings and Questioned Costs

For the Year Ended September 30, 2019

SECTION I - SUMMARY OF ACCOUNTANT'S RESULTS

Medicaid Program

Type of accountant's report issued on compliance: Unmodified

Internal control over Medicaid program:
Material weakness(es) identified? Yes X No

Significant deficiency(ies) identified not considered
to be material weaknesses? X Yes None reported

Material noncompliance with the provisions of laws,
regulations, or contracts noted? Yes X No

Known fraud identified? Yes X No

General Fund Program

Type of accountant's report issued on compliance: Unmodified

Internal control over General Fund program:
Material weakness(es) identified? Yes X No

Significant deficiency(ies) identified not considered
to be material weaknesses? Yes X None reported

Material noncompliance with the provisions of laws,
regulations, or contracts noted? Yes X No

Known fraud identified? Yes X No

CMHS Block Grant Program

Not applicable.

NORTHEAST MICHIGAN COMMUNITY MENTAL HEALTH AUTHORITY

Schedule of Findings and Questioned Costs (continued)

For the Year Ended September 30, 2019

SECTION II - CURRENT YEAR FINDINGS AND QUESTIONED COSTS

Finding Number 2019-001 – Significant Deficiency in Compliance and Internal Control over Compliance – Appropriate Documentation on Costs and Services.

Criteria: The Medicaid subcontract between the Authority and the Northern Michigan Regional Entity (NMRE) along with 42 CFR 434.6(b) from the Code of Federal Regulations require that reimbursements to subcontractors must have appropriate and current documentation on costs and allowable services to be provided.

Condition: In our original sample of subcontracts, one subcontractor was noted as being reimbursed at prior year rates for the first few months of the fiscal year and another subcontractor had service codes that were agreed upon and noted within the consumers plan of service but were not noted within the contract. Our sample was expanded for additional subcontractors. No additional findings were noted.

Examination Adjustment: There are no examination adjustments associated with this finding.

Cause: The updated rates were not entered into the billing system immediately at the beginning of the new contract period. The allowable service codes were not updated within the contract to correspond with the agreed upon services until subsequent to year end.

Effect: The invoices submitted for payment from the subcontractors reflected the prior year contracted rates at the beginning of the fiscal year. The allowable service codes were not updated in compliance with prior year findings.

Recommendations: We recommend that billing rates and allowable service codes are verified for accuracy within the system when contracts have been updated. This will provide for accurate billing within the Medicaid subcontracts.

Views of Responsible Officials: The Authority concurs with the Auditors recommendation noted in Finding Number 2019-001. This finding was found by the audit staff. While contracts involved were signed and in place prior to service provision in FY 19, an inaccurate amount was listed in the contract, and a code was omitted. There was a negotiated verbal agreement in place for all contractors impacted by this finding, as well as authorization to provide the service through the plan of service documents. The instance of the omitted code was remedied upon discovery. The two contractors involved have been notified.

NORTHEAST MICHIGAN COMMUNITY MENTAL HEALTH AUTHORITY

Schedule of Findings and Questioned Costs (continued)

For the Year Ended September 30, 2019

SECTION II - CURRENT YEAR FINDINGS AND QUESTIONED COSTS (continued)

Planned Corrective Action: The Authority will hold payments to all sub-contractors until accuracy of the invoice is verified. Contracts will be fully executed prior to the onset of service provision. The following will be done to prevent current and future issues in this area:

- 1) The instance of the omitted code was remedied upon discovery. An amendment was fully executed while the auditors were present.
- 2) The Contract Manager will be writing contractors a letter requesting that they all thoroughly read documents sent and only bill what is allowable through their contracts. If a service they plan on providing is not listed, they will be recommended to contact the Authority – if mutually agreed upon, the contract will be revised.
- 3) A full time Contract Manager is being hired by the Authority, before contracts are transitioned to this new person, a full review of the current contracts (rates and codes) will be completed to ensure consistency between what is being billed and what is in the contract.
- 4) A discussion will occur between the contract manager and those who approve billing to ensure all are reviewing not only the plan of service, but the contract for rate and code accuracy.

Responsible Party for the Corrective Action: The Executive Director, Chief Operating Officer, Compliance Officer, Interim Finance Director and Quality Improvement Coordinator are responsible for the implementation of the planned corrective action.

Anticipated Completion Date: March 31, 2020.

NORTHEAST MICHIGAN COMMUNITY MENTAL HEALTH AUTHORITY

Schedule of Findings and Questioned Costs (continued)

For the Year Ended September 30, 2019

SECTION III - EXAMINATION ADJUSTMENTS

None reported.

SECTION IV - PRIOR YEAR FINDINGS AND QUESTIONED COSTS

Criteria: The Medicaid subcontract between the Authority and the Northern Michigan Regional Entity (NMRE) along with 42 CFR 434.6(b) from the Code of Federal Regulations require that reimbursements to subcontractors must have appropriate and current documentation on costs and allowable services to be provided.

Condition: In our original sample of subcontracts, one subcontractor was noted as being reimbursed at prior year rates for the first few months of the fiscal year and another subcontractor had service codes that were agreed upon and noted within the consumers plan of service but were not noted within the contract. Our sample was expanded for additional subcontractors. No additional findings were noted.

Status Update: Repeat finding 2019-001

NORTHEAST MICHIGAN COMMUNITY MENTAL HEALTH AUTHORITY

Comments and Recommendations

For the Year Ended September 30, 2019

Separate from the finding, during the compliance testing of the subcontracts, we noted one subcontract had exceeded the contracted amount. The amount exceeding the contract had not been presented to the Board for approval of the excess expenditures. We recommend that contracts that are at risk of exceeding the original contracted amounts have reconciliations performed prior to year-end to verify if amendments should be performed and Board approved.