

**NORTHEAST MICHIGAN COMMUNITY
MENTAL HEALTH AUTHORITY**

CMH Compliance Examination

September 30, 2015

C O N T E N T S

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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*
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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, 2015. 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 and, accordingly, included examining, on a test basis, evidence supporting the Authority’s compliance with specified requirements based on specified criteria established by MDHHS and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides 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, the 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, 2015. However, the results of our auditing procedures disclosed instances of immaterial noncompliance with those requirements which is required to be reported in accordance with *CMH Compliance Examination Guidelines* and which is described in the accompanying schedule of findings and questioned costs at item 2015-001 and 2015-002.

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.

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 compliance with specified requirements described in *CMH Compliance Examination Guidelines*, issued by the 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.

March 30, 2016

**MDCH/CMHSP MANAGED MENTAL HEALTH SUPPORTS AND SERVICES CONTRACT (GF)
EXAMINED FINANCIAL STATUS REPORT - ALL NON-MEDICAID
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

CMHSP: Northeast Michigan Community Mental Health

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

AG HEALTH HOME SERVICES - Summary From FSR - Health Home Services Worksheet			
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 Worksheet			
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 Worksheet			
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	-

PA2 PA2 FUND BALANCE ACTIVITY			
PA2	190	TOTAL REVENUE	-
PA2	390	TOTAL Redirected Funds	-
PA2	400	BALANCE PA2	-

**MDCH/CMHSP MANAGED MENTAL HEALTH SUPPORTS AND SERVICES CONTRACT (GF)
EXAMINED FINANCIAL STATUS REPORT - ALL NON MEDICAID
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

CMHSP:		Northeast Michigan Community Mental Health		REPORTED	EXAMINATION ADJUSTMENTS	EXAMINED TOTALS	
B		GENERAL FUND					
B	100	REVENUE					
B	101	CMH Operations		521,786		521,786	
B	102	Categorical				-	
B	103	State Services		86,736		86,736	
B	120	Subtotal - Current Period General Fund Revenue			608,522	-	608,522
B	121	1st & 3rd Party Collections (Not in Section 226a Funds) 100% Services		7,609		7,609	
B	122	1st & 3rd Party Collections (Not in Section 226a Funds) 90% Services				-	
B	123	Prior Year GF Carry Forward		56,571		56,571	
B	124	Intentionally left blank					
B	140	Subtotal - Other General Fund Revenue			64,180	-	64,180
B	190	TOTAL REVENUE			672,702	-	672,702
B	200	EXPENDITURE					
B	201	100% MDCH Matchable Services / Costs		346,281		346,281	
B	202	100% MDCH Matchable Services Based on CMHSP Local Match Cap		-	-	-	
B	203	90% MDCH Matchable Services / Costs - REPORTED	275,120.00				
		90% MDCH Matchable Services / Costs - EXAMINATION ADJUSTMENTS					
		90% MDCH Matchable Services / Costs - EXAMINED TOTAL	\$ 275,120.00	247,608	-	247,608	
B	204	State Services - Payments to MDCH for State Services		48,672		48,672	
B	205	Intentionally left blank					
B	290	TOTAL EXPENDITURE			642,561	-	642,561
B	295	NET GENERAL FUND SURPLUS (DEFICIT)			30,141	-	30,141
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) MI Health Link - Redirected for Unfunded MI Health Link Costs - AK331 (PIHP use only)		-	-	-	
B	301.4	(TO) Health Home Services - Redirected for Unfunded Health Home Services AG331 (PIHP use only)		-	-	-	
B	302	(TO) Mental Health Innovation Grant C301		-	-	-	
B	303	Intentionally left blank					
B	304	Intentionally left blank					
B	305	(TO) GF Cost of SED - Required Match - E301		-	-	-	
B	306	(TO) GF Cost of SED - Above Required Match Screen - E303		-	-	-	
B	307	(TO) GF Cost of SED - Not SED Waiver eligible - E305		-	-	-	
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	Intentionally left blank					
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)		(8,115)	-	(8,115)	
B	313	FROM CMHSP to CMHSP Earned Contracts - J302				-	
B	314	FROM Non-MDCH Earned Contracts - K302				-	
B	330	Subtotal Redirected Funds rows 301 - 314			(8,115)	-	(8,115)
B	331	FROM Local Funds - M302				-	
B	332	FROM Risk Corridor - N303				-	
B	390	Total Redirected Funds			(8,115)	-	(8,115)
B	400	BALANCE GENERAL FUND (cannot be < 0)			22,026	-	22,026

OTHER GF CONTRACTUAL OBLIGATIONS

C		MENTAL HEALTH INNOVATION GRANT				
C	100	Revenue				
C	170	MH Innovation Grant Revenue				-
C	180	MH Innovation Grant Prior Year Carry Forward				-
C	190	Total Revenue			-	-
C	290	Expenditure				-
C	295	NET SURPLUS (DEFICIT)			-	-
C	300	Redirected Funds (To) From				
C	301	FROM General Fund - B302				-
C	302	FROM Local Funds - M303				-
C	390	Total Redirected Funds			-	-
C	400	BALANCE MENTAL HEALTH INNOVATION GRANT (cannot be < 0)			-	-

**MDCH/CMHSP MANAGED MENTAL HEALTH SUPPORTS AND SERVICES CONTRACT (GF)
EXAMINED FINANCIAL STATUS REPORT - ALL NON MEDICAID
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

CMHSP:	Northeast Michigan Community Mental Health					
				REPORTED	EXAMINATION ADJUSTMENTS	EXAMINED TOTALS
D		INTENTIONALLY LEFT BLANK				
D	1					
D	190	Revenue				
D	290	Expenditure				
D	295	NET SURPLUS (DEFICIT)		-	-	-
D	300	Redirected Funds (To) From				
D	301					
D	302					
D	303					
D	304					
D	390	Total Redirected Funds		-	-	-
D	400	BALANCE		-	-	-

FEE FOR SERVICE MEDICAID

E		SED WAIVER				
E	100	REVENUE				
E	101a	FFS Medicaid - Federal portion recvd at <u>current year</u> FFP rate - SED-Trad.	0.6554			-
E	101b	Intentionally left blank	0.6554			-
E	101c	Intentionally left blank	0.6554			-
E	101d	Intentionally left blank	0.6554			-
E	102	FFS Medicaid - Federal portion recvd at subsequent year FFP rate - SED-Trad.	0.6560			-
E	103	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 - Required Match - B305		-	-	-
E	302	FROM Local Funds - Required Match - M305				-
E	303	FROM General Fund - Above Required Match Screen - B306		-	-	-
E	304	FROM Local Funds - Above Required Match Screen - M306				-
E	305	FROM General Fund - Not SED Waiver eligible - B307		-	-	-
E	306	FROM Local Funds - Not SED Waiver eligible - M307				-
E	390	Total Redirected Funds		-	-	-
E	400	BALANCE SED WAIVER (must = 0)		-	-	-

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)		-	-	-

G		INJECTABLE MEDICATIONS				
G	190	Revenue		105,504		105,504
G	290	Expenditure		105,504		105,504
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)		-	-	-

**MDCH/CMHSP MANAGED MENTAL HEALTH SUPPORTS AND SERVICES CONTRACT (GF)
EXAMINED FINANCIAL STATUS REPORT - ALL NON MEDICAID
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

CMHSP:	Northeast Michigan Community Mental Health		
		REPORTED	EXAMINATION ADJUSTMENTS
			EXAMINED TOTALS

OTHER FUNDING

H		MDCH EARNED CONTRACTS		
H	100	REVENUE		
H	101	PASARR	77,436	77,436
H	102	DCH Block Grants for CMH services		-
H	103	DD Council Grants		-
H	104	PATH/Homeless	31,684	31,684
H	105	Prevention		-
H	106	Aging		-
H	107	HUD Shelter Plus Care		-
H	150	Other MDCH Earned Contracts (describe):		-
H	151	Other MDCH Earned Contracts (describe): MDHHS HAF Housing Grants	493	493
H	152	Other MDCH Earned Contracts (describe):		-
H	190	TOTAL REVENUE	109,613	109,613
H	200	EXPENDITURE		
H	201	PASARR	77,436	77,436
H	202	DCH Block Grants for CMH services		-
H	203	DD Council Grants		-
H	204	PATH/Homeless	31,684	31,684
H	205	Prevention		-
H	206	Aging		-
H	207	HUD Shelter Plus Care		-
H	250	Other MDCH Earned Contracts (describe):		-
H	251	Other MDCH Earned Contracts (describe): MDHHS HAF Housing Grants	493	493
H	252	Other MDCH Earned Contracts (describe):		-
H	290	TOTAL EXPENDITURE	109,613	109,613
H	400	BALANCE MDCH EARNED CONTRACTS (must = 0)	-	-

I		PIHP to AFFILIATE MEDICAID SERVICES CONTRACTS - CMHSP USE ONLY		
I	100	REVENUE		
I	101	Revenue - from PIHP Medicaid (including MICHild)	23,136,572	23,136,572
I	104	Revenue - from PIHP Healthy Michigan Plan	1,006,189	1,006,189
I	122	1st & 3rd Party Collections - Medicare/Medicaid Consumers - Affiliate	539,582	539,582
I	123	1st & 3rd Party Collections - Healthy Michigan Plan Consumers - Affiliate		-
I	190	TOTAL REVENUE	24,682,343	24,682,343
I	201	Expenditure - Medicaid (including MICHild)	23,676,154	23,676,154
I	202	Expenditure - Healthy Michigan Plan	1,006,189	1,006,189
I	203	Expenditure - MI Health Link (Medicaid) Services		-
I	290	TOTAL EXPENDITURE	24,682,343	24,682,343
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-MDCH Earned Contracts - K303		-
I	304	FROM General Fund - B310		-
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	202	Intentionally left blank		-
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-MDCH Earned Contracts - K303.2		-
IA	304	FROM General Fund - B310.1		-
IA	305	Intentionally left blank		-
IA	306	FROM Local Funds - M309.2		-
IA	390	Total Redirected Funds	-	-
IA	400	BALANCE PIHP to AFFILIATE SUD (NON-MEDICAID) SERVICES CONTRACTS (must = 0)	-	-

**MDCH/CMHSP MANAGED MENTAL HEALTH SUPPORTS AND SERVICES CONTRACT (GF)
EXAMINED FINANCIAL STATUS REPORT - ALL NON MEDICAID
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

CMHSP:		Northeast Michigan Community Mental Health		REPORTED	EXAMINATION ADJUSTMENTS	EXAMINED TOTALS
IB		PIHP to AFFILIATE AUTISM BENEFIT SERVICES CONTRACTS - CMHSP USE ONLY				
IB	100	REVENUE				
IB	101	Revenue - Medicaid - from PIHP		624,372		624,372
IB	102	Revenue - MICHild - from PIHP		24,062		24,062
IB	190	TOTAL REVENUE		648,434	-	648,434
IB	200	EXPENDITURE				
IB	201	Expenditure - Medicaid		624,372		624,372
IB	202	Expenditure - MICHild		24,062		24,062
IB	290	TOTAL EXPENDITURE		648,434	-	648,434
IB	400	BALANCE PIHP to AFFILIATE AUTISM BENEFIT SERVICES CONTRACTS (must = 0)			-	-
IC		PIHP to AFFILIATE HEALTH HOME SERVICES CONTRACTS - CMHSP USE ONLY				
IC	190	Revenue - Medicaid Health Home Services - from PIHP				-
IC	290	Expenditure - Medicaid Health Home Services				-
IC	295	NET PIHP to AFFILIATE HEALTH HOME SERVICES CONTRACTS SURPLUS (DEFICIT)		-	-	-
IC	300	Redirected Funds (To) From				
IC	304	FROM General Fund - B310.3				-
IC	306	FROM Local Funds - M309.4				-
IC	390	Total Redirected Funds		-	-	-
IC	400	BALANCE PIHP to AFFILIATE HEALTH HOME SERVICES CONTRACTS (must = 0)			-	-
ID		PIHP to AFFILIATE MI HEALTH LINK SERVICES CONTRACTS - CMHSP USE ONLY				
ID	100	REVENUE				
ID	101	Revenue - MI Health Link - from PIHP				-
ID	122	1st & 3rd Party Collections - MI Health Link Consumers - Affiliate				-
ID	190	TOTAL REVENUE		-	-	-
ID	200	EXPENDITURE				
ID	201	Expenditure				-
ID	202	Intentionally left blank				-
ID	290	TOTAL EXPENDITURE		-	-	-
ID	295	NET PIHP to AFFILIATE MI HEALTH LINK SERVICES CONTRACTS SURPLUS (DEFICIT)		-	-	-
ID	300	Redirected Funds (To) From				
ID	301	(TO) CMHSP to CMHSP Earned Contracts - J306.3				-
ID	302	FROM CMHSP to CMHSP Earned Contracts - J303.3				-
ID	303	FROM Non-MDCH Earned Contracts - K303.3				-
ID	304	FROM General Fund - B310.4				-
ID	305	Intentionally left blank				-
ID	306	FROM Local Funds - M309.3				-
ID	390	Total Redirected Funds		-	-	-
ID	400	BALANCE PIHP to AFFILIATE MI HEALTH LINK SERVICES CONTRACTS (must = 0)			-	-
J		CMHSP to CMHSP EARNED CONTRACTS				
J	190	Revenue		125,232		125,232
J	290	Expenditure		133,347		133,347
J	295	NET CMHSP to CMHSP EARNED CONTRACTS SURPLUS (DEFICIT)		(8,115)	-	(8,115)
J	300	Redirected Funds (To) From				
J	301	(TO) Medicaid Services - A302 (PIHP use only)				-
J	301.1	(TO) Healthy Michigan - AI302 (PIHP use only)				-
J	301.2	(TO) SUD (Non-Medicaid) Services Contracts - AC302 (PIHP use only)				-
J	301.3	(TO) MI Health Link - AK302 (PIHP use only)				-
J	302	(TO) General Fund - B313				-
J	303	(TO) PIHP to Affiliate Medicaid Services Contracts - I302				-
J	303.2	(TO) PIHP to Affiliate SUD (Non-Medicaid) Services Contracts - IA302				-
J	303.3	(TO) PIHP to Affiliate MI Health Link Services Contracts - ID302				-
J	304	FROM Medicaid Services - A301 (PIHP use only)				-
J	304.1	FROM Healthy Michigan - AI301 (PIHP use only)				-
J	304.2	FROM SUD (Non-Medicaid) Service Contracts - AC301 (PIHP use only)				-
J	304.3	FROM MI Health Link - AK301 (PIHP use only)				-
J	305	FROM General Fund - B312		8,115		8,115
J	306	FROM PIHP to Affiliate Medicaid Services Contracts - I301				-
J	306.2	FROM PIHP to Affiliate SUD (Non-Medicaid) Services Contracts - IA301				-
J	306.3	FROM PIHP to MI Health Link Services Contracts - ID301				-
J	307	FROM Local Funds - M310				-
J	390	Total Redirected Funds		8,115	-	8,115
J	400	BALANCE CMHSP to CMHSP EARNED CONTRACTS (must = 0)			-	-

**MDCH/CMHSP MANAGED MENTAL HEALTH SUPPORTS AND SERVICES CONTRACT (GF)
EXAMINED FINANCIAL STATUS REPORT - ALL NON-MEDICAID
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

CMHSP: Northeast Michigan Community Mental Health

			REPORTED	EXAMINATION ADJUSTMENTS	EXAMINED TOTALS
K		NON-MDCH EARNED CONTRACTS			
K	190	Revenue	65,980		65,980
K	290	Expenditure	60,717		60,717
K	295	NET NON-MDCH EARNED CONTRACTS SURPLUS (DEFICIT)	5,263	-	5,263
K	300	Redirected Funds (To) From			
K	301	(TO) Medicaid Services - A303 (PIHP use only)	-	-	-
K	301.1	(TO) Healthy Michigan - AI303 (PIHP use only)	-	-	-
K	301.2	(TO) SUD (Non-Medicaid) Services Contracts - AC303 (PIHP use only)	-	-	-
K	301.3	(TO) MI Health Link - AK303 (PIHP use only)	-	-	-
K	302	(TO) General Fund - B314	-	-	-
K	303	(TO) PIHP to Affiliate Medicaid Services Contracts - I303	-	-	-
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	(5,263)	-	(5,263)
K	305	FROM Local Funds - M311			
K	390	Total Redirected Funds	(5,263)	-	(5,263)
K	400	BALANCE NON-MDCH EARNED CONTRACTS (must = 0)	-	-	-

L		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)	-	-	-

MDCH/CMHSP MANAGED MENTAL HEALTH SUPPORTS AND SERVICES CONTRACT (GF)
EXAMINED FINANCIAL STATUS REPORT - ALL NON MEDICAID
FOR THE YEAR ENDED SEPTEMBER 30, 2015

CMHSP:		Northeast Michigan Community Mental Health		REPORTED	EXAMINATION ADJUSTMENTS	EXAMINED TOTALS
M		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			210,762	210,762
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			9,007	9,007
M	108	Intentionally left blank				
M	109	SED Partner				
M	110	All Other Local Funding			49,358	49,358
M	190	TOTAL REVENUE			535,766	535,766
M	200	EXPENDITURE				
M	201	GF 10% Local Match			27,512	27,512
M	202	Reported Local match cap amount				
		Examination Adjustment Local match cap amount				
		Adjusted Local match cap amount			\$ -	
M	203	GF Local Match Capped per MHC 330.1308			-	-
M	204	Local Cost for State Provided Services			7,596	7,596
M	205	Local Contribution to State Medicaid Match (CMHSP Contribution Only)			250,088	250,088
M	206	Local Contribution to State Medicaid Match on Behalf of Affiliate (PIHP Only)				
M	207	Local Match to Grants and MDCH Earned Contracts				
M	208	Intentionally left blank				
M	209	Local Only Expenditures			6,506	6,506
M	290	TOTAL EXPENDITURE			291,702	291,702
M	295	NET LOCAL FUNDS SURPLUS (DEFICIT)			244,064	244,064
M	300	Redirected Funds (To) From				
M	301	(TO) Medicaid Services - A332 (PIHP use only)			-	-
M	301.1	(TO) Healthy Michigan - AI332 (PIHP use only)			-	-
M	301.2	(TO) SUD (Non-Medicaid) Services - AC332 (PIHP use only)			-	-
M	301.3	(TO) MI Health Link - AK332 (PIHP use only)			-	-
M	301.4	(TO) Health Home Services - AG332 (PIHP use only)			-	-
M	302	(TO) General Fund - B331			-	-
M	303	(TO) MH Innovation Grant - C302			-	-
M	304	Intentionally left blank				
M	305	(TO) SED Waiver - Required Match - E302			-	-
M	306	(TO) SED Waiver - Above Required Match Screen - E304			-	-
M	307	(TO) Not SED Waiver eligible - E306			-	-
M	308	(TO) Children's Waiver - F302			-	-
M	309	(TO) Injectable Medications - G302			-	-
M	309.2	(TO) PIHP to Affiliate SUD (Non-Medicaid) Services Contracts - IA306			-	-
M	309.3	(TO) PIHP to Affiliate MI Health Link Services Contracts - ID306			-	-
M	309.4	(TO) PIHP to Affiliate Health Home Services Contracts - IC306			-	-
M	310	(TO) CMHSP to CMHSP Earned Contracts - J307			-	-
M	311	(TO) Non-MDCH Earned Contracts - K305			-	-
M	312	Intentionally left blank				
M	313	(TO) Activity Not Otherwise Reported - O302			-	-
M	313.3	FROM MI Health Link (Medicare) - AK336 - (PIHP use only)				
M	314	Intentionally left blank				
M	315	FROM Non-MDCH Earned Contracts - K304			5,263	5,263
M	390	Total Redirected Funds			5,263	5,263
M	400	BALANCE LOCAL FUNDS			249,327	249,327
N		RISK CORRIDOR				
N	100	REVENUE				
N	101	Stop/Loss Insurance				
N	102	Medicaid ISF for PIHP Share Risk Corridor				
N	103	MDCH for MDCH Share of Medicaid Risk Corridor				
N	104	MDCH Autism Benefit 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	301.3	(TO) MI Health Link - PIHP Share - AK333 (PIHP use only)			-	-
N	302	(TO) Medicaid Services - MDCH Share - A334 (PIHP use only)			-	-
N	302.1	(TO) Healthy Michigan - MDCH Share - AI334 (PIHP use only)			-	-
N	302.3	(TO) MI Health Link - MDCH Share - AK334 (PIHP use only)			-	-
N	303	(TO) General Fund - B332			-	-
N	304	(TO) Autism Benefit Services - MDCH Share - AE331 (PIHP use only)			-	-
N	390	Total Redirected Funds			-	-
N	400	BALANCE RISK CORRIDOR (must = 0)			-	-

**MDCH/CMHSP MANAGED MENTAL HEALTH SUPPORTS AND SERVICES CONTRACT (GF)
EXAMINED FINANCIAL STATUS REPORT - ALL NON MEDICAID
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

CMHSP: Northeast Michigan Community Mental Health

REPORTED	EXAMINATION ADJUSTMENTS	EXAMINED TOTALS
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O	ACTIVITY NOT OTHERWISE REPORTED			
O 100	REVENUE			
O 101	Other Revenue (describe): Production cost revenue offsets and donor directed revenues	59,807		59,807
O 102	Other Revenue (describe):			-
O 103	Other Revenue (describe):			-
O 190	TOTAL REVENUE	59,807	-	59,807
O 200	EXPENDITURE			
O 201	Other Expenditure (describe): Production costs and donor directed expenditures	59,807		59,807
O 202	Other Expenditure (describe):			-
O 203	Other Expenditure (describe):			-
O 290	TOTAL EXPENDITURE	59,807	-	59,807
O 295	NET ACTIVITY NOT OTHERWISE REPORTED SURPLUS (DEFICIT)	-	-	-
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	-	-	-

P	GRAND TOTALS			
P 190	GRAND TOTAL REVENUE	27,005,381	-	27,005,381
P 290	GRAND TOTAL EXPENDITURE	26,734,028	-	26,734,028
P 390	GRAND TOTAL REDIRECTED FUNDS (must = 0)	-	-	-
P 400	NET INCREASE (DECREASE)	271,353	-	271,353

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 / MDCH.
Q	B-123 - Fy 14 General Fund Carry Forward of \$56,571 matches submitted FY 14 GF Contract Reconciliation and Cash Settlement item 4b. FY 14 has not been cost settled yet. B-312/J-305 CMHSP to CMHSP contracts are established at planned (budget) fee for service rates. Final expenditures exceeded planned fee for service rates requiring GF to be used to cover actual cost. M-101 Alcona County \$37,745, Alpena County \$149,286, Montmorency County \$34,063, Presque Isle County \$45,545, M-400 Increase to Fund Balance.
Q	
Q	
Q	
Q	
Q	
Q	
Q	
Q	
Q	

**MDCH/CMHSP MANAGED MENTAL HEALTH SUPPORTS AND SERVICES CONTRACT (GF)
EXAMINED GENERAL FUND CONTRACT RECONCILIATION AND CASH SETTLEMENT
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

CMHSP: Northeast Michigan Community Mental Health

1. General Fund Services - Available Resources		Funding Resources
a.	CMH Operations (FSR B 101)	521,786
b.	Categorical (FSR B 102)	-
c.	State Services (FSR B 103)	86,736
d.	Sub-Total General Fund Contract Authorization	\$ 608,522
e.	1st & 3rd Party Collections (FSR B 121 + B 122)	7,609
f.	Prior Year GF Carry-Forward (FSR B 123)	56,571
g.	Intentionally left blank	
h.	Redirected CMHSP to CMHSP Contracts (FSR B 313)	-
i.	Redirected Non-MDCH Earned Contracts (FSR B 314)	-
j.	Sub-Total Other General Fund Resources	\$ 64,180
k.	Local 10% Associated to 90/10 Services (FSR M 201)	27,512
l.	Local 10% Match Cap Adjustment (FSR M 203)	-
m.	Sub-Total Local 10% Associated to 90/10 Services	\$ 27,512
n.	Total General Fund Services - Resources	\$ 700,214

3. Summary of Resources / Expenditures		Amount
a.	Total General Fund Services - Resources	700,214
b.	Total General Fund Services - Expenditures	678,188
c.	Sub-Total General Fund Services Surplus (Deficit)	\$ 22,026
d.	Less: Forced Lapse to MDCH (GF work sheet 5 F column F)	-
e.	Net General Fund Services Surplus (Deficit)	\$ 22,026

4. Disposition:		Amount
Surplus		
b.	Transfer to Fund Balance - GF Carry-Forward Earned	(22,026)
c.	Lapse to MDCH - Contract Settlement	-
d.	Total Disposition - Surplus	\$ (22,026)
Deficit		
f.	Redirected from Local (FSR B 331)	-
g.	Redirected from risk corridor (FSR B 332)	-
h.	Total Disposition - Deficit	\$ -

5. Cash Settlement: (Due MDCH) / Due CMHSP		Amount
a.	Forced Lapse to MDCH	-
b.	Lapse to MDCH - Contract Settlement	-
c.	Return of Prior Year General Fund Carry-Forward	-
d.	Purchase of State Services	-
e.	Contract Authorization - Late Amendment	-
f.	Local Costs of State Provided Services	-
g.	Misc: (please explain)	-
h.	Total Cash Settlement: (Due MDCH) / Due CMHSP	\$ -

2. General Fund Services - Expenditures		90/10 - Local Cap	Expenditures
a.	100% MDCH Matchable Services (FSR B 201)		346,281
b.	100% MDCH Matchable Services - CMHSP Local Match Cap (FSR B 202)		-
c.	90/10% MDCH Matchable Services (FSR B 203 Column A)	275,120	
d.	Local 10% Match Cap Adjustment (FSR M 203)	-	275,120
e.	State Services (FSR B 204)		48,672
f.	Intentionally left blank		
g.	Sub-Total General Fund Services - Expenditures		\$ 670,073
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 SUD (Non-Medicaid) Services (PIHP use only) (FSR B 301.2)		-
k.	GF Supplement for Unfunded MI Health Link - (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 Mental Health Innovation Grant (FSR B 302)		-
n.	GF Supplement / Match for SED (FSR B 305 + B 306 + B 307)		-
o.	GF Supplement for Children's Waiver (FSR B 308)		-
p.	GF Supplement for Injectable Medications (FSR B 309)		-
q.	GF Supplement for PIHP to Affiliate Medicaid Services Contracts (FSR B 310)		-
r.	GF Supplement for PIHP to Affiliate SUD (Non-Medicaid) Services Contracts (FSR B 310.1)		-
s.	Intentionally left blank		
t.	GF Supplement for PIHP to Affiliate Health Home Services Contracts (FSR B 310.3)		-
u.	GF Supplement for PIHP to Affiliate MI Health Link Services Contracts (FSR B 310.4)		-
v.	GF Supplement for CMHSP to CMHSP Contracts (FSR B 312)		8,115
w.	Sub-Total General Fund Services Supplement - Expenditures		\$ 8,115
x.	Total General Fund Services - Expenditures		\$ 678,188

6. General Fund MDCH Commitment		
a.	MDCH / CMHSP Contract Funded Expenditures	586,496
b.	Earned General Fund Carry-Forward	22,026
c.	Total MDCH General Fund Commitment	\$ 608,522

Examined Cash Settlement and MDCH Commitment		
	Cash Settlement	Carry Forward
Examined Original	\$ -	\$ 22,026
Increase (Decrease)	\$ -	\$ 22,026
Comments:		

Northeast Michigan Community Mental Health Authority

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended September 30, 2015

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 No

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

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

Known fraud identified? Yes No

General Fund Program

Type of accountant's report issued on compliance: Unmodified

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

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

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

Known fraud identified? Yes No

CMHS Block Grant Contract

Not applicable

Northwest Michigan Community Mental Health Authority

SCHEDULE OF FINDINGS AND QUESTIONED COSTS – (continued)

For the Year Ended September 30, 2015

SECTION II - FINDINGS AND QUESTIONED COSTS

Finding Number 2015-001 *Medicaid Individual Plan of Service*

Criteria: The Medicaid subcontract between the Authority and the Northern Michigan Regional Entity requires that an *Individual Plan of Service* be in place prior to services being performed and the related billings to Medicaid for those services.

Condition: In 3 of 40 files examined, there was a lapse in coverage between annual Individual Plans of Service in place. During this lapse, services had been provided and billed to Medicaid.

Cause: A current Individual Plan of Service had not been completed prior to the expiration of the previous Individual Plan of Service for individuals served to avoid a temporary lapse in coverage.

Effect: Services were provided and billed to Medicaid with no Individual Plan of Service in effect for individuals served.

Management's Response and Corrective Action Plan: The error rate for the Individual Plan of Service discrepancies found under audit conditions represent only 0.1% of the services audited (22 out of 209,457) and only 1.3% of the service dollars audited (\$6,448 out of \$506,514). Although these error rates are within the 95% compliance rate required by contract, management has re-communicated to all supervisory staff in charge of programs that develop and manage the Individual Plan of Service, that all services must be pre-authorized in the Individual Plan of Service regardless of beneficiary insurance or if the services are internally or externally provided (i.e. COFR's and contractual services such as Wraparound, etc.). In addition, management met with supervisory staff to improve and re-communicate our internal process of case review that includes notification of staff on a monthly basis when the Individual Plan of Service is due. We will update our case record review protocol to include an increased emphasis on the Individual Plan of Service dates and communicate these updates to all staff. We have charged the Utilization Management Committee of this Organization to develop and implement an improved plan to address a random sampling of charts at their monthly meetings. Services that were incorrectly charged to Medicaid have been corrected and charges to Medicaid have been reversed.

Northeast Michigan Community Mental Health Authority

SCHEDULE OF FINDINGS AND QUESTIONED COSTS – (continued)

For the Year Ended September 30, 2015

Finding Number 2015-002 *Medicaid Health Assessment*

Criteria: The Medicaid subcontract requires Health Assessments to be documented in the file for the individual served.

Condition: In 1 of 40 files examined, the Health Assessment documentation could not be located in the file for the individual served.

Cause: The failure to document the Health Assessment was an oversight by the personnel responsible for services provided to individuals.

Effect: Services were provided with without a proper Health Assessment on file.

Management's Response and Corrective Action Plan: In this case, the individual received care on a sporadic basis. Management will implement an internal control procedure that includes a nurse practitioner assisting the doctor in ensuring that a proper health assessment is documented prior to health services being provided to individuals. Services that were incorrectly charged to Medicaid have been corrected and charges to Medicaid have been reversed.

SECTION III - EXAMINATION ADJUSTMENTS

None.

SECTION IV - PRIOR YEAR FINDINGS AND QUESTIONED COSTS

None.

Northeast Michigan Community Mental Health Authority

COMMENTS AND RECOMMENDATIONS

For the Year Ended September 20, 2015

None.