

Contract Manager and Location Building:  
Thomas J. Renwick– Lewis Cass Building, 320 S. Walnut  
Contract Number# \_\_\_\_\_

**Agreement Between**  
**Michigan Department of Community Health**  
**And**  
**CMHSP \_\_\_\_\_**  
**For**  
**Managed Mental Health Supports and Services**

**Period of Agreement:**

This contract shall commence on October 1, 2014 and continue through September 30, 2015. This agreement is in full force and effect for the period specified.

**Program Budget and Agreement Amount:**

Total funding available for managed mental health supports and services is identified in the annual Legislative Appropriation for community mental health services programs. Payment to the CMHSP will be paid based on the funding amount specified in Part II, Section 7.0 of this contract. The value of this contract is contingent upon and subject to enactment of legislative appropriations and availability of funds.

The terms and conditions of this contract are those included in: (a) Part I: Contractual Services Terms and Conditions; (b) Part II: Statement of Work; and (c) all Attachments as specified in Parts I and II of the contract.

**Special Certification:**

The individuals signing this agreement certify by their signatures that they are authorized to sign this agreement on behalf of the organization specified.

**Signature Section:**

**For the Michigan Department of Community Health**

\_\_\_\_\_  
Kristi Broessel, Director  
Grants and Purchasing Division

\_\_\_\_\_  
Date

**For the CONTRACTOR:**

\_\_\_\_\_  
Name (print)

\_\_\_\_\_  
Title (print)

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

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## DEFINITIONS/EXPLANATION OF TERMS

### 1.0 DEFINITION OF TERMS

The terms used in this contract shall be construed and interpreted as defined below unless the contract otherwise expressly requires a different construction and interpretation. Any reference to Medicaid, CMS or medical necessity is limited in application to the Children's Waiver and SED Waiver programs administered by the CMHSP as part of this contract.

**Appropriations Act:** The annual Appropriations Act adopted by the State Legislature that governs Michigan Department of Community Health (MDCH) funding.

**Categorical Funding:** Funding or funds as applicable that are (1) designated by the state legislature in the Appropriations Act for a specific purpose, project, and/or target population or so designated by the MDCH; and (2) identified as Categorical Funds in the contract.

**Clean Claim:** A clean claim is one that can be processed without obtaining additional information from the provider of the service or a third party. It does not include a claim from a provider who is under investigation for fraud or abuse, or a claim under review for medical necessity.

**Community Mental Health Services Program (CMHSP):** A program operated under Chapter 2 of the Michigan Mental Health Code - Act 258 of 1974 as amended.

**Cultural Competency:** An acceptance and respect for difference, a continuing self-assessment regarding culture, a regard for and attention to the dynamics of difference, engagement in ongoing development of cultural knowledge, and resources and flexibility within service models to work towards better meeting the needs of minority populations.

**Customer:** In this contract, customer includes all people located in the defined service area who are or may potentially receive services.

**Developmental Disability:** Means either of the following:

1. If applied to an individual older than five years, a severe, chronic condition that meets all of the following requirements:
  - A. Is attributable to a mental or physical impairment or a combination of mental and physical impairments
  - B. Is manifested before the individual is 22 years old.
  - C. Is likely to continue indefinitely.
  - D. Results in substantial functional limitations in three or more of the following areas of major life activities:
    1. self-care;
    2. receptive and expressive language;
    3. learning, mobility;
    4. self-direction;
    5. capacity for independent living;
    6. economic self-sufficiency.



- E. Reflects the individual's need for a combination and sequence of special, interdisciplinary, or generic care, treatment, or other services that are of lifelong or extended duration and are individually planned and coordinated.
2. If applied to a minor from birth to age five, a substantial developmental delay or a specific congenital or acquired condition with a high probability of resulting in developmental disability as defined in item 1 if services are not provided.

**Health Insurance Portability and Accountability Act of 1996 (HIPAA):** Public Law 104-191, 1996 to improve the Medicare program under Title XVIII of the Social Security Act, the Medicaid program under Title XIX of the Social Security Act, and the efficiency and effectiveness of the health care system, by encouraging the development of a health information system through the establishment of standards and requirements for the electronic transmission of certain health information.

The Act provides for improved portability of health benefits and enables better defense against abuse and fraud, reduces administrative costs by standardizing format of specific health care information to facilitate electronic claims, directly addresses confidentiality and security of patient information - electronic and paper based, and mandates “best effort” compliance.

HIPAA was amended by the Health Information Technology for Economic and Clinical Health Act of 2009 (HITECH Act), as set forth in Title XIII of Division A and Title IV of Division B of the American Recovery and Reinvestment Act of 2009. The United States Department of Health and Human Services (DHHS) promulgated administrative rules to implement HIPAA and HITECH, which are found at 45 C.F.R. Part 160 and Subpart E of Part 164 (the “Privacy Rule”), 45 C.F.R. Part 162 (the “Transaction Rule”), 45 C.F.R. Part 160 and Subpart C of Part 164 (the “Security Rule”), 45 C.F.R. Part 160 and Subpart D of Part 164 (the “Breach Notification Rule”) and 45 C.F.R. Part 160 subpart C (the “Enforcement Rule”). DHHS also issued guidance pursuant to HITECH and intends to issue additional guidance on various aspects of HIPAA and HITECH compliance. Throughout this contract, the term “HIPAA” includes HITECH and all DHHS implementing regulations and guidance.

**Healthy Michigan Plan:** The Healthy Michigan Plan is a new category of eligibility authorized under the Patient Protection and Affordable Care Act and Michigan Public Acts 107 of 2013 that began April 1, 2014.

**Healthy Michigan Plan Beneficiary:** An individual who has met the eligibility requirements for enrollment in the Healthy Michigan Plan and has been issued a Medicaid card.

**Intellectual/Developmental Disability:** As described in Section 330, 1100a of the Michigan Mental Health Code.

**Medicaid Eligible:** An individual who has been determined to be eligible for Medicaid and who has been issued a Medicaid card.

**Mental Health Crisis Situation:** A situation in which an individual is experiencing a serious mental illness or a developmental disability, or a child is experiencing a serious emotional

disturbance, and one of the following apply:

1. The individual can reasonably be expected within the near future to physically injure himself, herself, or another individual, either intentionally or unintentionally.
2. The individual is unable to provide himself or herself with food, clothing, or shelter, or to attend to basic physical activities such as eating, toileting, bathing, grooming, dressing, or ambulating, and this inability may lead in the near future to harm to the individual or to another individual.
3. The individual's judgment is so impaired that he or she is unable to understand the need for treatment and, in the opinion of the mental health professional, his or her continued behavior as a result of the mental illness, developmental disability, or emotional disturbance can reasonably be expected in the near future to result in physical harm to the individual or to another individual.

**Persons with Limited English Proficiency (LEP):** Individuals, who cannot speak, write, read or understand the English language at a level that could restrict access to services.

**Policy Manuals of the Medical Assistance Program:** The Michigan Department of Community Health periodically issues notices of proposed policy for the Medicaid program. Once a policy is final, MDCH issues policy bulletins that explain the new policy and give its effective date. These documents represent official Medicaid policy and are included in the policy manual of the Medical Assistance Program. The Medicaid manual is referenced in this contract when a particular policy is intended to be followed for non-Medicaid individuals served in the Children's Waiver, and MI Child.

**Practice Guideline:** MDCH-developed guidelines for CMHSPs for specific service, support or systems models of practice that are derived from empirical research and sound theoretical construction and are applied to the implementation of public policy. MDCH guidelines issued prior to June 2000 were called "Best Practice Guidelines." All guidelines are now referred to as Practice Guidelines.

**Serious Emotional Disturbance:** A diagnosable mental, behavioral, or emotional disorder affecting a minor that exists or has existed during the past year for a period of time sufficient to meet diagnostic criteria specified in the most recent diagnostic and statistical manual of mental disorders published by the American Psychiatric Association and approved by the MDCH, and that has resulted in functional impairment that substantially interferes with or limits the minor's role or functioning in family, school, or community activities. The following disorders are included only if they occur in conjunction with another diagnosable serious emotional disturbance:

1. A substance use disorder
2. A developmental disorder
3. A "V" code in the diagnostic and statistical manual of mental disorders

**Serious Mental Illness:** Diagnosable mental, behavioral, or emotional disorder affecting an adult that exists or has existed within the past year for a period of time sufficient to meet diagnostic criteria specified in the most recent diagnostic and statistical manual of mental disorders published by the American Psychiatric Association and approved by the MDCH and that has resulted in functional impairment that substantially interferes with or limits one or more

major life activities. Serious mental illness includes dementia with delusions, dementia with depressed mood, and dementia with behavioral disturbances, but does not include any other dementia unless the dementia occurs in conjunction with another diagnosable serious mental illness. The following disorders are included only if they occur in conjunction with another diagnosable serious mental illness:

1. A substance use disorder
2. A developmental disorder
3. A "V" code in the diagnostic and statistical manual of mental disorders

**Technical Advisory:** MDCH-developed document with recommended parameters for CMHSPs regarding administrative practice and derived from public policy and legal requirements.

**Technical Requirement:** MDCH/CMHSP contractual requirements providing parameters for CMHSPs regarding administrative practice related to specific administrative functions, and that are derived from public policy and legal requirements.

**Urgent Situation:** A situation in which an individual is determined to be at risk of experiencing a mental health crisis situation in the near future if he or she does not receive care, treatment, or support services.

## **PART I: CONTRACTUAL SERVICES TERMS AND CONDITIONS**

### **1.0 PURPOSE**

The Michigan Department of Community Health (MDCH), hereby enters into a contract with the CMHSP identified on the signature page of this contract. The purpose of this contract is to obtain the services of the CMHSP to manage and provide a comprehensive array of mental health services and supports as indicated in this contract.

### **2.0 ISSUING OFFICE**

This contract is issued by the Michigan Department of Community Health (MDCH). The MDCH is the sole point of contact regarding all procurement and contractual matters relating to the services described herein. MDCH is the only entity authorized to change, modify, amend, clarify, or otherwise alter the specifications, terms, and conditions of this contract. Inquiries and requests concerning the terms and conditions of this contract, including requests for amendment, shall be directed by the CMHSP to the attention of the Director of MDCH's Bureau of Community Mental Health Services and by the MDCH to the contracting organization's Executive Director.

### **3.0 CONTRACT ADMINISTRATOR**

The person named below is authorized to administer the contract on a day-to-day basis during the term of the contract. However, administration of this contract implies no authority to modify, amend, or otherwise alter the payment methodology, terms, conditions, and specifications of the contract. That authority is retained by the Department of Community Health, subject to applicable provisions of this agreement regarding modifications, amendments, extensions or augmentations of the contract (Section 16.0). The Contract Administrator for this project is:

Cynthia Kelly, Director  
Bureau of State Hospitals & Behavioral Health Administrative Operations  
Department of Community Health  
5th Floor – Lewis Cass Building  
320 South Walnut  
Lansing, Michigan 48913

### **4.0 TERM OF CONTRACT**

The term of this contract shall be from October 1, 2014 through September 30, 2015. The contract may be extended in increments no longer than 12 months, contingent upon mutual agreement to an amendment to the financial obligations reflected in Attachment C 7.0.1 and other changes agreed upon by the parties for no more than three (3) one-year extensions after September 30, 2015. Fiscal year payments are contingent upon and subject to enactment of legislative appropriations.

### **5.0 PAYMENT METHODOLOGY**

The financing specifications are provided in Part II, Section 7.0 "Contract Financing", and authorized payments are described in Attachment C 7.0.1 to this contract.

### **6.0 LIABILITY**

### **6.1 Cost Liability**

The MDCH assumes no responsibility or liability for costs under this contract incurred by the CMHSP prior to October 1, 2014. Total liability of the MDCH is limited to the terms and conditions of this contract.

### **6.2 Contract Liability**

- A. All liability, loss, or damage as a result of claims, demands, costs, or judgments arising out of activities to be carried out pursuant to the obligation of the CMHSP under this contract shall be the responsibility of the CMHSP, and not the responsibility of the MDCH, if the liability, loss, or damage is caused by, or arises out of, the actions or failure to act on the part of the CMHSP, its employees, officers or agent. Nothing herein shall be construed as a waiver of any governmental immunity for the County(ies), the CMHSP, its agencies or employees as provided by statute or modified by court decisions.
- B. All liability, loss, or damage as a result of claims, demands, costs, or judgments arising out of activities to be carried out pursuant to the obligations of the MDCH under this contract shall be the responsibility of the MDCH and not the responsibility of the CMHSP if the liability, loss, or damage is caused by, or arises out of, the action or failure to act on the part of MDCH, its employees, or officers. Nothing herein shall be construed as a waiver of any governmental immunity for the state, the MDCH, its agencies or employees or as provided by statute or modified by court decisions.
- C. The CMHSP and MDCH agree that written notification shall take place immediately of pending legal action that may result in an action naming the other or that may result in a judgment that would limit the CMHSP's ability to continue service delivery at the current level. This includes actions filed in courts or governmental regulatory agencies.

### **7.0 CMHSP RESPONSIBILITIES**

The CMHSP shall be responsible for the development of the service delivery system and the establishment of sufficient administrative capabilities to carry out the requirements and obligations of this contract. The CMHSP is responsible for complying with all reporting requirements as specified in this contract. Data reporting requirements are specified in Part II, Section 6.5 of the contract. Finance reporting requirements are specified in Part II, Section 7.8. Additional requirements are identified in Attachment C 7.0.2 (Performance Objectives).

### **8.0 ACKNOWLEDGMENT OF MDCH FINANCIAL SUPPORT**

The CMHSP shall reference the MDCH as providing financial support in publications including annual reports and informational brochures.

### **9.0 DISCLOSURE**

All information in this contract is subject to the provisions of the Freedom of Information Act, 1976 P.A. 442, as amended, MCL 15.231, et seq.

## **10.0 CONTRACT INVOICING AND PAYMENT**

MDCH funding obligated through this contract includes both state and federal funds, which the state is responsible to manage. Detail regarding the MDCH financing obligation is specified in Part II, Section 7.0 of this contract and in Attachment C 7.0.1 to this contract. Invoicing for PASARR is addressed in Attachment C 4.5.1, the PASARR Agreement.

## **11.0 LITIGATION**

The state, its departments, and its agents shall not be responsible for representing or defending the CMHSP, the CMHSP's personnel, or any other employee, agent or sub-contractor of the CMHSP, named as a defendant in any lawsuit or in connection with any tort claim. The MDCH and the CMHSP agree to make all reasonable efforts to cooperate with each other in the defense of any litigation brought by any person or people not a party to the contract.

The CMHSP shall submit annual litigation reports to MDCH, providing the following detail for all civil litigation that the CMHSP, sub-contractor, or the CMHSP's insurers or insurance agents are parties to:

1. Case name and docket number
2. Name of plaintiff(s) and defendant(s)
3. Names and addresses of all counsel appearing
4. Nature of the claim
5. Status of the case

The provisions of this section shall survive the expiration or termination of the contract.

## **12.0 CANCELLATION**

### **Material Default**

The MDCH may cancel this contract for material default of the CMHSP. Material default is defined as the substantial failure of the CMHSP to meet CMHSP certification requirements as stated in the Michigan Mental Health Code (Section 232a) or other Mental Health Code mandated provisions. In case of material default by the CMHSP, the MDCH may cancel this contract without further liability to the state, its departments, agencies, or employees and procure services from other CMHSPs or other providers of mental health services that the department has determined can operate in compliance with applicable standards and are capable of maintaining the delivery of services within the county or counties.

In canceling this contract for material default, the MDCH shall provide written notification at least ninety (90) days prior to the cancellation date of the MDCH intent to cancel this contract to the CMHSP and the relevant County(ies) Board of Commissioners. The CMHSP may correct the problem during the ninety (90) day interval, in which case cancellation shall not occur. In the event that this contract is canceled, the CMHSP shall cooperate with the MDCH to implement a transition plan for recipients. The MDCH shall have the sole authority for approving the adequacy of the transition plan, including providing for the financing of said plan, with the CMHSP responsible for providing the required local match funding. The transition plan shall set forth the process and time frame

for the transition. The CMHSP will assure continuity of care for all people being served under this contract until all service recipients are being served under the jurisdiction of another contractor selected by the MDCH. The CMHSP will cooperate with the MDCH in developing a transition plan for the provision of services during the transition period following the end of this contract, including the systematic transfer of each recipient and clinical records from the CMHSP's responsibility to the new contractor.

### **13.0 CLOSEOUT**

If this contract is canceled or not renewed, the following shall take effect:

- A. Within 45 days (interim), and 90 days (final), following the end date imposed by Part I, Section 12.0, the CMHSP shall provide to the MDCH, all financial, performance and other reports required by this contract.
- B. Payment for any and all valid claims for services rendered to covered recipients prior to the effective end date shall be the CMHSP's responsibility, and not the responsibility of the MDCH.
- C. The portion of all reserve accounts maintained by the CMHSP that were funded with MDCH funds and related interest are owed to the MDCH within 90 days, less amounts needed to cover outstanding claims or liabilities unless otherwise directed in writing by the MDCH.
- D. Reconciliation of equipment with a value exceeding \$5,000, purchased by the CMHSP within the last two fiscal years, will occur as part of settlement of this contract. The CMHSP will submit to the MDCH an inventory of equipment meeting the above specifications within 45 days of the end date. The inventory listing must identify the current value and proportion of GF funds used to purchase each item, and also whether or not the equipment is required by the CMHSP as part of continued service provision to the continuing service population. The MDCH will provide written notice within 90 days or less of any needed settlements concerning the portion of funds ending. If the CMHSP disposes of the equipment, the appropriate portion of the value must be returned to the MDCH (or used to offset costs in the final financial report).
- E. All earned carry-forward funds and savings from prior fiscal years that remain unspent as of the end date, must be returned to the MDCH within 90 days. No carry-forward funds or savings as provided in Part II, Section 7.7.1 and 7.7.1.1, can be earned during the year this contract ends, unless specifically authorized in writing by the MDCH.
- F. All financial, administrative and clinical records under the CMHSP's responsibility must be retained according to the retention schedules in place by the Department of Management and Budget's (DTMB) General Schedule #20 at: [http://michigan.gov/dmb/0,4568,7-150-9141\\_21738\\_31548-56101--,00.html](http://michigan.gov/dmb/0,4568,7-150-9141_21738_31548-56101--,00.html) unless directed otherwise in writing by the MDCH.

Should additional statistical or management information be required by the MDCH, after this

contract has ended or is canceled, at least 45 days notice shall be provided to the CMHSP.

#### **14.0 CONFIDENTIALITY**

Both the MDCH and the CMHSP shall assure that services and supports to and information contained in the records of people served under this agreement, or other such recorded information required to be held confidential by federal or state law, rule or regulation, in connection with the provision of services or other activity under this agreement shall be privileged communication, shall be held confidential, and shall not be divulged without the written consent of either the recipient or a person responsible for the recipient, except as may be otherwise required by applicable law or regulation. Such information may be disclosed in summary, statistical, or other form, which does not directly or indirectly identify particular individuals.

#### **15.0 ASSURANCES**

The following assurances are hereby given to the MDCH:

##### **15.1 Compliance with Applicable Laws**

The CMHSP will comply with applicable federal and state laws, guidelines, rules and regulations in carrying out the terms of this agreement.

##### **15.2 Anti-Lobbying Act**

With regard to any federal funds received or utilized under this agreement, the CMHSP will comply with the Anti-Lobbying Act, 31 USC 1352 as revised by the Lobbying Disclosure Act of 1995, 2 USC 1601 et seq, and Section 503 of the Departments of Labor, Health and Human Services and Education, and Related Agencies Appropriations Act (Public Law 104-208). Further, the CMHSP shall require that the language of this assurance be included in the award documents of all sub-awards at all tiers (including sub-contracts, sub-grants, and contracts under grants, loans and cooperative agreements) and that all sub-recipients shall certify and disclose accordingly.

##### **15.3 Non-Discrimination**

In the performance of any contract or purchase order resulting here from, the CMHSP agrees not to discriminate against any employee or applicant for employment or service delivery and access, with respect to their hire, tenure, terms, conditions or privileges of employment, programs and services provided or any matter directly or indirectly related to employment, because of race, color, religion, national origin, ancestry, age, sex, height, weight, marital status, physical or mental disability unrelated to the individual's ability to perform the duties of the particular job or position. The CMHSP further agrees that every sub-contract entered into for the performance of any contract or purchase order resulting here from will contain a provision requiring non-discrimination in employment, service delivery and access, as herein specified binding upon each sub-contractor. This covenant is required pursuant to the Elliot Larsen Civil Rights Act, 1976 P.A. 453, as amended, MCL 37.2201 et seq, and the Persons with Disabilities Civil Rights Act, 1976 P.A. 220, as amended, MCL 37.1101 et seq, and Section 504 of the Federal Rehabilitation Act 1973, PL 93-112, 87 Stat. 394, and any breach thereof may be regarded as a material breach of the contract or purchase order.



Additionally, assurance is given to the MDCH that pro-active efforts will be made to identify and encourage the participation of minority-owned, women-owned, and handicapper-owned businesses in contract solicitations. The CMHSP shall incorporate language in all contracts awarded: (1) prohibiting discrimination against minority-owned, women-owned, and handicapper-owned businesses in sub-contracting; and (2) making discrimination a material breach of contract.

#### **15.4 Debarment and Suspension**

With regard to any federal funds received or utilized under this agreement, assurance is hereby given to the MDCH that the CMHSP will comply with Federal Regulation 45 CFR Part 76 and certifies to the best of its knowledge and belief that it, including its employees and sub-contractors:

- A. Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any federal department or CMHSP;
- B. Have not within a three-year period preceding this agreement been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (federal, state, or local) transaction or contract under a public transaction; violation of federal or state antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;
- C. Are not presently indicted or otherwise criminally or civilly charged by a government entity (federal, state or local) with commission of any of the offenses enumerated in section B, and;
- D. Have not within a three-year period preceding this agreement had one or more public transactions (federal, state or local) terminated for cause or default.

#### **15.5 Federal Requirement: Pro-Children Act**

Assurance is hereby given to the MDCH that the CMHSP will comply with Public Law 103-227, also known as the Pro-Children Act of 1994, 20 USC 6081 et seq, which requires that smoking not be permitted in any portion of any indoor facility owned or leased or contracted by and used routinely or regularly for the provision of health, day care, early childhood development services, education or library services to children under the age of 18, if the services are funded by federal programs either directly or through state or local governments, by federal grant, contract, loan or loan guarantee. The law also applies to children's services that are provided in indoor facilities that are constructed, operated, or maintained with such federal funds. The law does not apply to children's services provided in private residences; portions of facilities used for inpatient drug or alcohol treatment; service providers whose sole source of applicable federal funds is Medicare or Medicaid; or facilities where Women, Infants, and Children (WIC) coupons are redeemed. Failure to comply with the provisions of the law may result in the imposition of a civil monetary

penalty of up to \$1,000 for each violation and/or the imposition of an administrative compliance order on the responsible entity. The CMHSP also assures that this language will be included in any sub-awards, which contain provisions for children's services.

**15.6 Hatch Political Activity Act and Inter-governmental Personnel Act**

The CMHSP will comply with the Hatch Political Activity Act, 5 USC 1501-1508, and the Intergovernmental Personnel Act of 1970, as amended by Title VI of the Civil Service Reform Act, Public Law 95-454, 42 USC 4728. Federal funds cannot be used for partisan political purposes of any kind by any person or organization involved in the administration of federally assisted programs.

**15.7 Limited English Proficiency**

The CMHSP shall comply with the Office of Civil Rights Policy Guidance on the Title VI Prohibition Against Discrimination as it Affects Persons with Limited English Proficiency. This guidance clarifies responsibilities for providing language assistance under Title VI of the Civil Rights Act of 1964.

**15.8 Health Insurance Portability and Accountability Act**

To the extent that this act is pertinent to the services that the CMHSP provides to the MDCH, the CMHSP assures that it is in compliance with the Health Insurance Portability and Accountability Act (HIPAA) requirements currently in effect and will be in compliance by the time frames specified in the HIPAA regulations for portions not yet in effect.

All recipient information, medical records, data and data elements collected, maintained, or used in the administration of this contract shall be protected by the CMHSP from unauthorized disclosure as required by state and federal regulations. The CMHSP must provide safeguards that restrict the use or disclosure of information concerning recipients to purposes directly connected with its administration of the contract.

The CMHSP must have written policies and procedures for maintaining the confidentiality of all protected information.

**16.0 MODIFICATIONS, CONSENTS AND APPROVALS**

This contract will not be modified, amended, extended, or augmented, except by a writing executed by the parties hereto, and any breach or default by a party shall not be waived or released other than in writing signed by the other party.

**17.0 ENTIRE AGREEMENT**

The following documents constitute the complete and exhaustive statement of the agreement between the parties as it relates to this transaction.

- A. This contract including attachments and appendices
- B. Michigan Mental Health Code and Administrative Rules
- C. Michigan Public Health Code and Administrative Rules
- D. MDCH Appropriations Act in effect during the contract period
- E. Approved Children's Waiver, corresponding CMS conditions, Medicaid Policy

Manuals and subsequent publications

- F. All other pertinent federal and state statutes, rules and regulations
- G. All final MDCH guidelines, final technical requirements as referenced in the contract  
- Additional guidelines and technical requirements may be added as provided for in Part I, Section 16.0 of this contract.

In the event of any conflict over the interpretation of the specifications, terms, and conditions indicated by the MDCH and those indicated by the CMHSP, the dispute resolution process included in Part I, Section 18.0 of this contract will be utilized.

This contract supersedes all proposals or prior agreements, oral or written, and all other communications pertaining to the purchase of mental health supports and services for the non-Medicaid population between the parties.

### **18.0 DISPUTE RESOLUTION**

Disputes by the CMHSP may be pursued through the dispute resolution process.

In the event of the unsatisfactory resolution of a non-emergent contractual dispute or compliance/performance dispute, and if the CMHSP desires to pursue the dispute, the CMHSP shall request that the dispute be resolved through the dispute resolution process. This process shall involve a meeting between agents of the CMHSP and the MDCH. The MDCH Deputy Director of Mental Health and Substance Abuse Services Administration will identify the appropriate Deputy Director(s) or other department representatives to participate in the process for resolution. The Deputy Director may handle disputes involving financial matters unless the MDCH Director has delegated these duties to the Administrative Tribunal.

The CMHSP shall provide written notification requesting the engagement of the dispute resolution process. In this written request, the CMHSP shall identify the nature of the dispute, submit any documentation regarding the dispute, and state a proposed resolution to the dispute. The MDCH shall convene a dispute resolution meeting within twenty (20) calendar days of receipt of the CMHSP request. The Deputy Director shall provide the CMHSP and MDCH representative(s) with a written decision regarding the dispute within fourteen (14) calendar days following the dispute resolution meeting. The decision of the Deputy Director shall be the final MDCH position regarding the dispute.

Any corrective action plan issued by the MDCH to the CMHSP regarding the action being disputed by the CMHSP shall be on hold pending the final MDCH decision regarding the dispute.

In the event of an emergent compliance dispute, the dispute resolution process shall be initiated and completed within five (5) working days.

### **19.0 NO WAIVER OF DEFAULT**

The failure of the MDCH to insist upon strict adherence to any term of this contract shall not be considered a waiver or deprive the MDCH of the right thereafter to insist upon strict adherence to that term, or any other term, of the contract.

## **20.0 SEVERABILITY**

Each provision of this contract shall be deemed to be severable from all other provisions of the contract and, if one or more of the provisions shall be declared invalid, the remaining provisions of the contract shall remain in full force and effect.

## **21.0 DISCLAIMER**

All statistical and fiscal information contained within the contract and its attachments, and any amendments and modifications thereto, reflect the best and most accurate information available to MDCH at the time of drafting. No inaccuracies in such data shall constitute a basis for legal recovery of damages, either real or punitive. MDCH will make corrections for identified inaccuracies to the extent feasible.

Captions and headings used in this contract are for information and organization purposes. Captions and headings, including inaccurate references, do not, in any way, define or limit the requirements or terms and conditions of this contract.

## **22.0 RELATIONSHIP OF THE PARTIES (INDEPENDENT CONTRACTOR)**

The relationship between the MDCH and the CMHSP is that of client and independent contractor. No agent, employee, or servant of the CMHSP or any of its sub-contractors shall be deemed to be an employee, agent or servant of the state for any reason. The CMHSP will be solely and entirely responsible for its acts and the acts of its agents, employees, servants, and sub-contractors during the performance of a contract resulting from this contract.

## **23.0 NOTICES**

Any notice given to a party under this contract must be written and shall be deemed effective, if addressed to such party at the address indicated on the signature page of this contract upon (a) delivery, if hand delivered; (b) receipt of a confirmed transmission by facsimile if a copy of the notice is sent by another means specified in this section; (c) the third (3rd) business day after being sent by U.S. mail, postage prepaid, return receipt requested; or (d) the next business day after being sent by a nationally recognized overnight express courier with a reliable tracking system.

Either party may change its address where notices are to be sent by giving written notice in accordance with this section.

## **24.0 UNFAIR LABOR PRACTICES**

Pursuant to 1980 P.A. 278, as amended, MCL 423.321 et seq., the state shall not award a contract or sub-contract to an employer or any sub-contractor, manufacturer or supplier of the employer, whose name appears in the current register compiled by the Michigan Department of Consumer and Industry Services. The state may void any contract if, subsequent to award of the contract, the name of the CMHSP as an employer, or the name of the sub-contractor, manufacturer or supplier of the CMHSP appears in the register.

## **25.0 SURVIVOR**

Any provisions of the contract that impose continuing obligations on the parties including, but

not limited to, the CMHSP's indemnity and other obligations, shall survive the expiration or cancellation of this contract for any reason.

## **26.0 GOVERNING LAW**

This contract shall in all respects be governed by, and construed in accordance with, the laws of the State of Michigan.

## **PART II: STATEMENT OF WORK**

### **1.0 SPECIFICATIONS**

The following sections provide an explanation of the specifications and expectations that the CMHSP must meet and the services that must be provided under the contract. The CMHSP is not, however, constrained from supplementing this with additional services or elements deemed necessary to fulfill the intent of the contract and Mental Health Code.

#### **1.1 Targeted Geographical Area for Implementation**

The CMHSP shall provide mental health and developmental disability supports and services to individuals described in Section 1.2 below who are located in or whose county of residence is determined to be in the County(ies) of the CMHSP MH/DD service area.

#### **1.2 Target Population**

The CMHSP shall direct and prioritize services to individuals with serious mental illness, serious emotional disturbances or developmental disabilities as described in MCL 330.1208. The CMHSP shall also provide medically necessary defined mental health benefits to children certified in the Children's Waiver program. The CMHSP may use GF formula funds authorized through this contract to provide services - not covered under the 1915(b)/1915(c) concurrent waiver - to Medicaid beneficiaries who are individuals with serious mental illness, serious emotional disturbances or developmental disabilities. With MDCH approval the CMHSP may use GF funds or underwrite a portion of the cost of covered services to these beneficiaries if Medicaid payments for services to these beneficiaries are exhausted.

The CMHSP may use GF formula funds authorized through this contract:

1. to provide services that are not covered under the 1915(b) and 1915(c) Medicaid Habilitation Supports waiver to Medicaid beneficiaries who are individuals with serious mental illness, serious emotional disturbances or developmental disabilities; or
2. to underwrite a portion of the cost of covered services to these beneficiaries if Medicaid payment for services to the PIHP is exhausted; and
3. for CMHSPs that are under subcontract with the PIHP, when the contract with the PIHP stipulates conditions regarding such use of General Funds. MDCH reserves the right to disallow such use of General funds if it believes that the PIHP-CMHSP contract conditions were not met

### **1.3 Responsibility for Payment of Authorized Services**

The CMHSP shall be responsible for the payment of services that the CMHSP authorizes. This provision presumes the CMHSP and its agents are fulfilling their responsibility to customers according to terms specified in the contract.

Services shall not be delayed or denied as a result of a dispute of payment responsibility between two or more CMHSPs. In the event there is an unresolved dispute between CMHSPs, either party may request MDCH involvement to resolve the dispute, and the MDCH will make such determination. Likewise, services shall not be delayed or denied as a result of a dispute of payment responsibility between the CMHSP and another agency. The COFR Agreement included as Attachment C1.3.1 shall be followed by the CMHSP to resolve county of financial responsibility disputes.

## **2.0 SUPPORTS AND SERVICES**

The CMHSP shall make available the array of supports and services designated in MCL 330.1206(1) and (for enrolled individuals) those supports and services available under the Children's Waiver. Relevant service and support descriptions are contained in the current MDCH Medical Services Administration Policy for Prepaid Health Plans and these definitions are incorporated by reference into this agreement, to the extent they are consistent with the Board's service obligations under MCL 330.1206(1), and the Children's Waiver. Attachment C 6.5.1.1 of this contract. The CMHSP must limit services to those that are medically necessary and appropriate, and that conform to professionally accepted standards of care. Discussion of the array of services shall occur during the person-centered planning process, which is used to develop the individual plan of service

### **2.1 Availability of Services**

The CMHSP agrees to meet priority needs as reflected in Section 208 of the Mental Health Code to the full extent that available resources allow. The CMHSP service obligations under this contract are guided by a recognition that these services do not represent an individual entitlement. The Mental Health Code does not establish an individual entitlement to mental health services in the way the Federal Medicaid program does for health insurance, but rather it indicates that persons with certain qualifying conditions and impairments must have the first priority for available resources and services within the public mental health system.

## **3.0 ACCESS ASSURANCE**

### **3.1 Access Standards**

The CMHSP shall ensure timely access to supports and services in accordance with the following standards, shall report its performance on the standards in accordance with Attachment C 6.5.1.1, and shall locally monitor its performance and take action necessary to improve access for recipients.

#### **A. Mental Health**

1. At least 95% of all people receive a pre-admission screening for psychiatric inpatient care for whom the disposition was completed in three hours.
  2. At least 95% of all people receive a face-to-face meeting with a professional for an assessment within 14 calendar days of a non-emergency request for service (by sub-population).
  3. At least 95% of all people start at least one ongoing service within 14 calendar days of a non-emergent assessment with a professional.
- B. The CMHSP shall ensure geographic access to supports and services in accordance with the following standards, and shall make documentation of performance available to MDCH site reviewers.

For office or site-based mental health services, the individual's primary service providers (e.g., case manager, psychiatrist, primary therapist, etc.) should be within 30 miles or 30 minutes of the individual's residence in urban areas, and within 60 miles or 60 minutes in rural areas. ("Primary provide" excludes community inpatient, state inpatient, partial hospitalization, extended observation beds and any still existing day programs.)

- C. The CMHSP shall be responsible for outreach and ensuring adequate access to services to the priority populations.
- D. In addition, the CMHSP shall assure access according to the following standard, and shall report its performance on the standard in accordance with Attachment C 6.5.1.1.

100% of people who meet the OBRA Level II Assessment criteria for specialized mental health services for people residing in nursing homes, as determined by the MDCH, shall receive CMHSP managed mental health services.

### **3.2 Medical Necessity**

The CMHSP may implement the medical necessity criteria specified by the MDCH. Medical necessity is commonly defined as a determination that a specific service is medically (clinically) appropriate, necessary to meet the person's mental health needs, consistent with the person's diagnosis, symptomatology and functional impairments, is the most cost-effective option in the least restrictive environment, and is consistent with clinical industry standards of care. In addition, the CMHSP must also consider social services and community supports that are crucial for full participation in community life, must apply person-centered planning for individuals with mental health needs, and must consider environmental factors and other available resources that might address the situation. The criteria are intended to ensure appropriate access to care, to protect the rights of recipients and to facilitate an appropriate matching of supports and services to individual needs for the priority populations, consistent with the resources (general fund

allocation) available to the CMHSP to serve these individuals. The level and scope of such services are contingent on available funding, and services provided through the use of general funds are not an entitlement to any individual recipient.

### **3.3 Other Access Requirements**

#### **3.3.1 Person-Centered Planning**

The Michigan Mental Health Code establishes the right for all recipients to have an Individual Plan of Service (IPS) developed through a person-centered planning process (Section 712, added 1996). The CMHSP shall implement person-centered planning in accordance with the MDCH Person-Centered Planning Practice Guideline, Attachment C 3.3.1.

#### **3.3.2 Limited English Proficiency**

The CMHSP shall assure equal access for people with limited English proficiency, as outlined by the Office of Civil Rights Policy Guidance in the Title VI Prohibition Against Discrimination as it Affects Persons with Limited English Proficiency. This guideline clarifies responsibilities for providing language assistance under Title VI of the Civil Rights Act of 1964.

#### **3.3.3 Cultural Competence**

The supports and services provided by the CMHSP (both directly and through contracted providers) shall demonstrate an ongoing commitment to linguistic and cultural competence that ensures access and meaningful participation for all people in the service area. Such commitment includes acceptance and respect for the cultural values, beliefs and practices of the community, as well as the ability to apply an understanding of the relationships of language and culture to the delivery of supports and services.

To effectively demonstrate such commitment, it is expected that the CMHSP has five components in place: (1) a method of community assessment; (2) sufficient policy and procedure to reflect the CMHSP's value and practice expectations; (3) a method of service assessment and monitoring; (4) ongoing training to assure that staff are aware of and able to effectively implement policy; (5) the provision of supports and services within the cultural context of the recipient is also necessary to demonstrate this commitment.

#### **3.3.4 Self-Determination Policy and Practice Guideline**

It is the expectation that CMHSPs will assure compliance among their network of service providers with the elements of. Self-Determination Policy and Practice Guideline contract attachment C 3.3.4. This will mean that the CMHSP will assure, access to arrangements that support self-determination as described in the SD Policy by adults receiving services. Arrangements that support self-determination are



available to adults receiving services; no adult is mandated to use self-determination approaches.

The implementation expectations for this policy are aimed at fostering continual learning and improvement in the implementation of the elements of self-determination.

Reviews of CMHSP performance, in the area of Self Determination, will emphasize continuous quality improvement approaches applying teaching, coaching, mutual learning, and exploring best practice rather than a static compliance approach. The CMHSP must offer a range of financial management service options (as described in Section III of the SD Policy), with all options supporting the principles, concepts and key elements of self determination. Technical Assistance on the implementation of arrangements that support self-determination is available in the Self-Determination Implementation Technical Advisory (formerly Choice Voucher System Technical Advisory).

### **3.3.5 Recovery Policy**

All Supports and Services provided to individuals with mental illness, including those with co-occurring conditions, shall be based in the principles and practices of recovery outlined in the Michigan Recovery Council document “Recovery Policy and Practice Advisory” included as Attachment C3.3.5.1 to this contract.

## **4.0 SPECIAL COVERAGE PROVISIONS**

If funds are appropriated the following sub-sections describe special considerations, services, and/or funding arrangements required by this contract. The parties recognize that some persons served under these special considerations, services or arrangements may be Medicaid beneficiaries, and that the CMHSP may discharge its obligations and service provision responsibilities specified below to such individuals using both general funds dollars and available Medicaid specialty service benefits and coverages.

### **4.1 Nursing Home Placements**

All designated state funds that the MDCH has authorized to the CMHSP for the placement of people with mental health and/or developmental disability-related needs out of nursing homes, shall continue to be used for this purpose until such time that the CMHSP is notified in writing by the MDCH that the MDCH's data indicates there are no people who have been screened by the OBRA program in need of placement. These funds may also be used to divert people from nursing home placements.

### **4.2 Nursing Home Mental Health Services**

All designated state funds that the MDCH has authorized to the CMHSP for nursing home mental health and/or developmental disability-related services shall continue to be used for this purpose until such time that MDCH approves an alternative. Residents of nursing homes with mental health needs shall be given the same opportunity for access to CMHSP services as other individuals covered by this contract.

#### **4.3 Prevention Services**

Funds categorically defined for prevention efforts shall be used for the specified purpose only.

#### **4.4 Categorical Funding**

Funds categorically defined shall be used for the specified purpose only.

1. The appropriations act for mental health services for special populations requires the following:

- A. From the funds appropriated in part 1 for mental health services for special populations, the department shall ensure that CMHSPs meet with multicultural service providers to develop a workable framework for contracting, service delivery, and reimbursement.
- B. Funds appropriated in part 1 for mental health services for special populations shall not be utilized for services provided to illegal immigrants, fugitive felons, and individuals who are not residents of this state. The department shall maintain contracts with recipients of multicultural services grants that mandate grantees establish that recipients of services are legally residing in the United States. An exception to the contractual provision shall be allowed to address individuals presenting with emergent mental health conditions.
- C. The department shall require an annual report from the independent organizations that received mental health services for special populations funding. The annual report, due January 1 of the current fiscal year, shall include specific information on services and programs provided, the client base to which the services and programs were provided, information on any wraparound services provided, and the expenditures for those services (See Attachment C.4.4). The annual report shall not be required for any CMHSP receiving less than \$1000.00 in special population funding in a fiscal year.

2. The annual report shall include the following:

- A. Describe the population served. Include the number of unduplicated individuals served during this fiscal year. Include relevant demographic or diagnostic data.
- B. Briefly summarize specific mental health services that were provided and corresponding activities that occurred for special populations throughout the fiscal year.

#### **4.5 OBRA Pre-Admission Screening and Annual Resident Review**

The CMHSP shall be responsible for the completion of Pre-Admission Screenings and Annual Resident Reviews (PASARR) for individuals who are located in the CMHSP service area presenting for nursing home admission, or who are currently a resident of a nursing home located in the CMHSP service area. A copy of the MDCH/CMHSP PASARR Agreement is attached (Attachment C 4.5.1).

#### **4.6 Long Term Care**

The CMHSP shall assume responsibility for people who are verified to meet the Michigan

Mental Health Code eligibility criteria and who are determined by the MDCH through the PASARR assessment process to be ineligible for nursing home admission due to mental illness or developmental disability.

Service shall not be denied or delayed as a result of a dispute of financial responsibility between the CMHSP and long-term care agent. The MDCH shall be notified in the event of a local dispute and the MDCH shall determine the responsibility of the CMHSP and the long-term care agent in these disputes.

#### **4.7 SED Waiver**

The intent of this program is to provide 1915 (c) Home and Community Based Waiver Services, as approved by Centers for Medicare and Medicaid Services (CMS) for children with Serious Emotional Disturbances, along with state plan services in accordance with the Medicaid Provider Manual. (See attachment C 4.7.1 1915 (c) Home and Community Based Waiver Services and State Plan Services to Children with Serious Emotional Disturbance (SEDW)).

Within the SEDW, there are two funding streams that constitute the match to the federal Medicaid funding. The Community Mental Health Services Program (CMHSP) provides the match to the federal Medicaid funding for children not funded by the Michigan Department of Human Services (MDHS). For the (MDHS) SEDW Project, the match to the federal Medicaid funding is provided by MDHS through an interagency agreement between MDCH and MDHS. Attachment C 4.7.2 1915 (c) Home and Community Based Waiver for Children with Serious Emotional Disturbance (SEDW) outlines CMHSP responsibilities related to the two distinct funding streams.

A. The CMHSP shall assess eligibility for the SEDW and submit applications to the MDCH for those children the CMHSP determines are eligible. For children determined ineligible for the SEDW, the CMHSP, on behalf of MDCH, informs the family of its right to request a fair hearing by providing written adequate notice of denial of the SEDW to the family.

B. The CMHSP shall carry out administrative and operational functions delegated by MDCH to the CMHSPs as specified in the CMS approved (c) waiver application. These delegated functions include: level of care determination; review of participant service plans; prior authorization of waiver services; utilization management; qualified provider enrollment; quality assurance and quality improvement activities.

C. The CMHSP shall assure that services are provided in amount, scope and duration as specified in the approved plan of service. Wraparound is a required service for all participants in the SEDW and CMHSPs must assure sufficient service capacity to meet the needs of SEDW recipients.

D. The CMHSP shall comply with credentialing, temporary/provisional credentialing and re-credentialing processes for those individuals and organizational providers directly or contractually employed by the CMHSPs, as it pertains to the rendering of services within

the SEDW. CMHSPs are responsible for ensuring that each provider, directly or contractually employed, credentialed or non-credentialed, meets all applicable licensing, scope of practice, contractual and Medicaid Provider Manual qualifications and requirements.

E. The CMHSP shall bill Medicaid in a timely manner on a fee-for-service basis for covered services delivered in accordance with the most recent Medicaid Provider Manual. Billings must represent the actual direct cost of providing the services. The actual direct cost of providing the services includes amounts paid to contractors for providing services, and the costs incurred by the CMHSP in providing the services as determined in accordance with OMB Circular A-87. Benefit plan administrative costs are not to be included in the billings. Benefit plan administrative costs related to providing the services must be covered by general fund or local revenue, and while reported with program costs they must be covered by redirects of non-federal funds on the FSR.

F. The CMHSP Office of Recipient Rights shall assure that the semi-annual and annual recipient rights data reports required by MCL 330.1755(5)(j) and MCL 330.1755(6) are submitted to the PIHP Quality Assessment and Performance Improvement Program (QAPIP) in addition to other entities and individuals specified in law. The CMHSPs shall ensure that there is a signed agreement between the CMHSP Office of Recipient Rights, the MDHS Bureau of Child and Adult Licensing (BCAL) and MDHS Children's Protective Services (CPS) regarding reporting and investigation of suspected abuse, neglect, and exploitation in programs operated or contracted with the CMHSP.

G. Medicaid fee for service funds paid to the CMHSP under the SEDW may be utilized for the implementation of, or continuing participation in, locally established multi-agency shared funding arrangements developed to address the needs of beneficiaries served through multiple public systems. Local interagency agreements and/or memoranda of understanding will stipulate the amount and source of local funding. Medicaid is to be billed on a fee-for-service basis for services to children enrolled in the SEDW when the service is: 1) a covered service for the SEDW; 2) determined to be medically necessary; 3) not covered or paid by from other sources. Monitoring safeguards and relevant documents must be in place to ensure compliance.

H. As allowed under the MDCH/CMHSP master contract, a CMHSP may use State General Funds to cover those costs (indirect administrative costs, direct program costs, and/or direct service cost which exceed the Medicaid fee-for-service reimbursement rate.)

I. The CMHSP and its partner agencies may elect to use excess local contributions to fund the 1915(c) Waiver for Children with Serious Emotional Disturbance (SED) to pay for the cost of products or services that do not qualify as allowable under this waiver. The CMHSP shall separately report this use of excess local contributions as specified in the FSR.

J. Through the Event Reporting System (ERS), the CMHSP will report the following incidents for children on the SEDW: Suicide; Non suicide Death; Arrest of Consumer; Emergency Medical Treatment Due to Injury or Medication Error: Type of injury will

include a subcategory for reporting injuries that resulted from the use of restrictive interventions; Hospitalization due to Injury or Medication Error: Type of injury will include a subcategory for reporting injuries that resulted from the use of restrictive interventions.

#### **4.8 – Disaster Behavioral Health CMHSP Responsibilities**

In the event of a disaster or community emergency, more people are affected by the psychological impact of the disaster than those that are physically impacted. In order to promote community resilience and recovery it is imperative that a solid community disaster behavioral health plan is established. A Community Mental Health Service Program (CMHSP) is responsible, in partnership with other local response agencies/organizations, for assessing the psychological impact of the disaster on victims and response personnel and coordination of Disaster Behavioral Health in collaboration with local emergency management. In order to meet this mission, CMHSPs shall to the extent that GF funds are available,:

1. Designate a primary and alternate emergency preparedness coordinator (EPC).
  - a. Participate in local emergency management disaster planning and exercises in collaboration with local health department, regional healthcare coalitions, and jurisdictionally appropriate emergency manager(s).
  - b. Attend/host trainings geared toward disaster mental/behavioral health planning, response, and recovery.
2. Provide emergency response support, including memoranda of agreement (MOA) both formal and informal, in collaboration with private sector or mental/behavioral health service providers and Non-governmental organizations (NGOs) such as the American Red Cross, Regional Health Care Coalitions and/or Michigan Crisis Response Association.
  - a. Coordinate local community assessments of disaster behavioral health to determine the psychological impact of a disaster on survivors and disaster response personnel.
  - b. Provide psychological triage of individuals as appropriate (example, PsySTART triage).
  - c. According to the time frames recommended for the application of each intervention, provide appropriate disaster behavioral health services, including, but not limited to:
    - i. Psychological First Aid
    - ii. Crisis intervention/stabilization
    - iii. Grief/bereavement counseling
    - iv. Critical Incident Stress Management (CISM)
    - v. Post-Traumatic Stress Disorder Counseling
    - vi. Substance use disorder counseling
    - vii. Provide community outreach activities as needed
    - viii. Advise local Public Information Officer (PIO) of appropriate disaster behavioral health messaging

- ix. Request additional disaster behavioral health resources according to pre-established emergency management channels
3. Develop and maintain formal and informal mutual aid agreements (MUA) with other agencies outside of their jurisdiction. The number and type should be individualized by need but at least one (1) MUA should be developed.

#### **4.9 Mental Health Court Pilot Projects**

The mental health court pilot projects are specialized court dockets that use a problem solving approach to reduce contacts with the criminal justice system and to facilitate a participation in mental health and substance use treatment services for those identified as mentally ill. Cross system collaboration between the criminal justice system and the mental health community is critical to successful programs. CMHSPs where a mental health court exists will be required to provide detail on mental health court participants. The following reporting requirements apply: (1) CMHSPs must be able to identify MH Court participants and all associated encounters; (2) CMHSPs must provide a HIPAA compliant list of consumer unique IDs to DCH upon request so that mental health court participant data can be drawn from the state data warehouse; (3) CMHSPs may be requested to provide detail or summary information about services provided to MH Court participants. Additionally, the Department or its designee is permitted to visit and, or to make an evaluation of the project. CMHSPs will be required to participate in DCH funded evaluation activities. (See attachment C4.9.1 Mental Health Court Pilot Projects)

#### **4.10 Pooled Funding Arrangements**

Funding for the purpose of implementing or continuing 1915(a) capitated projects or other MDCH approved funding arrangements shall be placed into a pooled funding arrangement limited to that purpose.

### **5.0 OBSERVANCE OF FEDERAL, STATE AND LOCAL LAWS**

The CMHSP agrees that it will comply with all state and federal statutes, accompanying regulations, and administrative procedures that are in effect, or that become effective during the term of this contract. The state must implement any changes in state or federal statutes, rules, or administrative procedures that become effective during the term of this contract. Federal statutes and regulations pertaining to the Medicaid program are applicable to the operation of the Children's Waiver. This includes laws and regulations regarding human subjects research and data projections set forth in 45 CFR and HIPAA.

#### **5.1 Fiscal Soundness of the CMHSP**

The state is responsible to assure that the contractor maintain a fiscally solvent operation. In this regard, the MDCH may evaluate the ability of the CMHSP to perform services based on determinations of payable amounts under the contract.

#### **5.2 Suspended Providers**

Federal regulations and state law preclude reimbursement for any services ordered, prescribed, or rendered by a provider who is currently suspended or terminated from direct and indirect participation in the Michigan Medicaid program or federal Medicare program.

A recipient may purchase services provided, ordered, or prescribed by a suspended or terminated provider, but no state funds may be used. The MDCH publishes a list of providers who are terminated, suspended or otherwise excluded from participation in the program. The CMHSP must ensure that its provider networks do not include these providers.

Similarly, a CMHSP may not knowingly have a director, officer, partner, or person with beneficial ownership of more than 5% of the entity's equity who is currently debarred or suspended by any federal agency. CMHSPs are also prohibited from having an employment, consulting, or any other agreement with a debarred or suspended person for the provision of items or services that are significant and material to the CMHSP's contractual obligation with the state.

The United States General Services Administration (GSA) maintains a list of parties excluded from federal programs. The "excluded parties lists" (EPLS) and any rules and/or restrictions pertaining to the use of EPLS data can be found on GSA's web page at the following internet address: [www.arnet.gov/epls](http://www.arnet.gov/epls).

### **5.3 Public Health Reporting**

P.A. 368 requires that health professionals comply with specified reporting requirements for communicable disease and other health indicators. The CMHSP agrees to ensure compliance with all such reporting requirements through its provider contracts.

## **6.0 CMHSP ORGANIZATIONAL STRUCTURE AND ADMINISTRATIVE SERVICES**

### **6.1 Organizational Structure**

The CMHSP shall maintain an administrative and organizational structure that supports a high quality, comprehensive managed mental health program. The CMHSP's management approach and organizational structure shall ensure effective linkages between administrative areas including: provider network services; customer services, service area network development; quality improvement and utilization review; grievance/complaint review; financial management and management information systems. Effective linkages are determined by outcomes that reflect coordinated management.

### **6.2 Administrative Personnel**

The CMHSP shall have sufficient administrative staff and organizational components to comply with the responsibilities reflected in this contract. The CMHSP shall ensure that all staff have training, education, experience, licensing, or certification appropriate to their position and responsibilities.

The CMHSP will provide written notification to MDCH of any changes in the following senior management positions within seven (7) days:

- Administrator (Chief Executive Officer)
- Medical Director

- Recipient Rights Officer

## **6.3 Customer Services**

### **6.3.1 Customer Services: General**

Customer Services is an identifiable function that operates to enhance the relationship between the recipient and the CMHSP. This includes orienting new recipients to the services and benefits available including how to access them, helping recipients with all problems and questions regarding benefits, handling customer/recipient complaints and grievances in an effective and efficient manner, and tracking and reporting patterns of problem areas for the organization. This requires a system that will be available to assist at the time the customer/recipient has a need for help, and is able to help on the first contact in most situations.

### **6.3.2 Recipient Rights and Grievance/Appeals**

The CMHSP shall establish an Office of Recipient Rights in accordance with all of the provisions of Section 755 of the Michigan Mental Health Code and corresponding administrative rules and for substance abuse, Section 6321 of P.A. 365 of 1978, and corresponding administrative rules. The CMHSP shall make reasonable efforts to obtain a signed agreement between the CMHSP Office of Recipient Rights, the DHS Bureau of Child and Adult Licensing (BCAL), and MDHS Adult Protective Services (APS) regarding reporting and investigation of suspected abuse, neglect, and exploitation in programs operated or contracted with the CMHSP. The CMHSP Office of Recipient Rights shall assure that the semi-annual and annual recipient rights data reports required by MCL 330.1755(5)(j) and MCL 330.1755(6) are submitted to the PIHP Quality Assessment and Performance Improvement Program (QAPIP) in addition to other entities and individuals specified in law.

The Community Mental Health Service Program (CMHSP) shall assure that, within the first three months of employment, the Recipient Rights Office Director, and all Rights Office staff shall attend and successfully complete the Basic Skills Training programs offered by the Department's Office of Recipient Rights. In addition, the Recipient Rights Office Director and staff must comply with the requirements delineated in Attachment C.6.3.2.3.A. None of the requirements in this paragraph shall apply to Rights Office clerical staff unless they are involved in processing complaints.

Within six months of the effective date of employment, Executive Directors hired by a CMHSP shall be required to attend a Recipient Rights training focused on the role of the Executive Director relative to the Recipient Rights protection and investigation system.

The Community Mental Health Services Program shall assure that all contractual agreements with LPH/U service providers, include language which requires staff appointed as Rights Officers/Advisors, and those identified as their alternates, to attend, and successfully complete, the Basic Skills Training programs offered by the



Department's Office of Recipient Rights and to comply with the requirements delineated in Attachment C.6.3.2.3.A.

The Community Mental Health Services Program shall assure that it has policies and procedures that address residents' property and funds as required by MCL 330.1752. The policies and procedures should address the proper handling of consumer funds by the agency, if applicable, and any applicable service provider; and require Community Mental Health Services Program monitoring of resident funds and valuables for compliance with the Licensing Rules for Adult Foster Care Small Group Homes (R 400.14315).

**6.3.2.1 CMHSP Local Dispute Resolution Process**

The CMHSP shall conduct CMHSP local dispute resolution processes in accordance with Attachment C 6.3.2.1.

**6.3.2.2 Family Support Subsidy Appeals**

The CMHSP shall conduct Family Support Subsidy Appeals in accordance with Attachment C 6.3.2.2.

**6.3.2.3 Continuing Education Requirements for Recipient Rights Staff**

The CMHSP shall conduct continuing education activities in accordance with Attachment C 6.3.2.3.A.

**6.3.2.4 Recipient Rights Appeal Process**

The CMHSP shall conduct recipient rights appeals processes in accordance with Attachment C 6.3.2.4.

**6.3.3 Marketing**

Marketing materials are materials intended to be distributed through written or other media to the community that describe the availability of services and supports and how to access those supports and services. Such materials shall meet the following standards:

- A. All such materials shall be written at the 4th grade reading level to the extent possible (i.e., sometimes necessary to include medications, diagnoses, and conditions that do not meet the 4th grade criteria).
- B. All materials shall be available in the languages appropriate to the people served within the CMHSP's area. Such materials shall be available in any language alternative to English as required by the Limited English Proficiency Policy Guidance (Executive Order 13166 of August 11, 2002 Federal Register Volume 65, August 16, 2002).
- C. All such materials shall be available in alternative formats in accordance with the Americans with Disabilities Act (ADA).
- D. Material shall not contain false and/or misleading information.

Marketing materials shall be available to the MDCH for review of consistency with these standards.

#### **6.4 Provider Network Services**

The CMHSP is responsible for maintaining and continually evaluating an effective provider network adequate to fulfill the obligations of this contract.

In this regard, the CMHSP agrees to:

- A. Maintain a regular means of communicating and providing information on changes in policies and procedures to its providers. This may include guidelines for answering written correspondence to providers, offering provider-dedicated phone lines, and a regular provider newsletter.
- B. Have clear written mechanisms to address provider grievances and complaints, and an appeal system to resolve disputes.
- C. Provide a copy of the CMHSP's prior authorization policies to the provider when the provider joins the CMHSP's provider network. The CMHSP must notify providers of any changes to prior authorization policies as changes are made.
- D. Provide to the MDCH in the format specified by the MDCH, provider agency information profiles that contain a complete listing and description of the provider network available to recipients in the service area.
- E. Notify MDCH within seven (7) days of any changes to the composition of the provider network organizations that negatively affect access to care. CMHSPs shall have procedures to address changes in its network that negatively affect access to care. Changes in provider network organization and/or composition that the MDCH determines to negatively affect the CMHSP's ability to meet its service obligations under MCL 330.1206(1) to priority populations (MCL 330.1208) may be grounds for sanctions.
- F. Assure that network providers do not segregate the CMHSP's recipients in any way from other people receiving their services.
- G. The CMHSP shall assure HIPAA compliant access to information about persons receiving services in their contractual residential settings by individuals who have completed training and are working under the auspices of the Dignified Lifestyles Community Connections program.

##### **6.4.1 Provider Contracts**

The CMHSP is responsible for the development of the service delivery system and the establishment of sufficient administrative capabilities to carry out the requirements and obligations of this contract.

The CMHSP may sub-contract for the provision of any of the services specified in this contract including contracts for administrative, financial management and data processing. The CMHSP shall be held solely and fully responsible to execute all provisions of this contract, whether or not said provisions are directly pursued by the CMHSP or pursued by the CMHSP through a sub-contract vendor. The CMHSP shall ensure that all sub-contract arrangements clearly specify the type of services being purchased. Sub-contracts shall ensure that the MDCH is not a party to the contract and therefore not a party to any employer/employee relationship with the

sub-contractor of the CMHSP.

Sub-contracts entered into by the CMHSP shall address the following:

- A. Duty to treat and accept referrals
- B. Prior authorization requirements
- C. Access standards and treatment time lines
- D. Relationship with other providers
- E. Reporting requirements and time frames
- F. QA/QI systems
- G. Payment arrangements (including coordination of benefits, ability to pay determination, etc.) and solvency requirements
- H. Financing conditions consistent with this contract
- I. Anti-delegation clause
- J. Compliance with Office of Civil Right Policy Guidance on Title VI "Language Assistance to Persons with Limited English Proficiency"

In addition, sub-contracts shall:

- K. Require the provider to cooperate with the CMHSP's quality improvement and utilization review activities.
- L. Include provisions for the immediate transfer of recipients to a different provider if their health or safety is in jeopardy.
- M. Require providers to meet accessibility standards as established in this contract.

All sub-contracts must be in compliance with State of Michigan statutes and will be subject to the provisions thereof. All sub-contracts must fulfill the requirements of this contract that are appropriate to the services or activities delegated under the sub-contract.

All employment agreements, provider contracts, or other arrangements, by which the CMHSP intends to deliver services required under this contract, whether or not characterized as a sub-contract, shall be subject to review by the MDCH.

Sub-contracts that contain provisions for a financial incentive, bonus, withhold, or sanctions must include provisions that protect recipients from practices that result in the inappropriate limitation or withholding of required (MCL 330.1206-1) services that would otherwise be provided to eligible individuals (MCL 330.1208).

CMHSPs and their provider networks shall accept staff training provided by other CMHSPs and their provider networks to meet their training requirements when: 1) that staff training is substantially similar to their own training; and 2) staff member completion of such training can be verified.

This is applicable to any staff training area. This includes the required staff training in the areas of abuse and neglect (recipient rights), person-centered planning: HIPAA security, and certificates earned from specific clinical training in evidence-based,

best and promising practices such as ACT, DBT, PMTO, FPE, and motivational interviewing.

#### **6.4.2 Provider Credentialing**

The CMHSP shall have written credentialing policies and procedures for ensuring that all providers rendering services to individuals are appropriately credentialed within the state and are qualified to perform their services. Credentialing shall take place every two years. The CMHSP must ensure that network providers residing and providing services in bordering states meet all applicable licensing and certification requirements within their state. The CMHSP also must have written policies and procedures for monitoring its providers and for sanctioning providers who are out of compliance with the CMHSPs standards.

#### **6.4.3 Collaboration with Community Agencies**

CMHSPs must work closely with local public and private community-based organizations and providers to address prevalent human conditions and issues that relate to a shared customer base. Such agencies and organizations include local health departments, local DHS offices, Substance Abuse Coordinating Agencies, community and migrant health centers, nursing homes, Area Agency and Commissions on Aging, Medicaid Waiver agents for the HCBW program, school systems, and Michigan Rehabilitation Services. Local coordination and collaboration with these entities will make a wider range of essential supports and services available to the CMHSP's recipients. CMHSPs are encouraged to coordinate with these entities through participation in multipurpose human services collaborative bodies, and other similar community groups. The CMHSP shall have a written coordination agreement with each of the pertinent agencies noted above describing the coordination arrangements agreed to and how disputes between the agencies will be resolved when the other party is willing. To ensure that the services provided by these agencies are available to all CMHSPs, an individual contractor shall not require an exclusive contract as a condition of participation with the CMHSP.

The CMHSP shall have a documented policy and set of procedures to assure that coordination regarding mutual recipients is occurring between the CMHSP and/or its provider network, and primary care physicians. This policy shall minimally address all recipients of CMHSP services for whom services or supports are expected to be provided for extended periods of time (e.g., people receiving case management or supports coordination) and/or those receiving psychotropic medications.

### **6.5 Management Information Systems**

The CMHSP shall ensure a Management Information System and related practices that reflect sufficient capacity to fulfill the obligations of this contract.

Management information systems capabilities are necessary for at least the following areas:

- Recipient registration and demographic information
- Provider enrollment
- Third party liability activity

- Claims payment system and tracking
- Grievance and complaint tracking
- Tracking and analyzing services and costs by population group, and special needs categories as specified by MDCH
- Encounter and demographic data reporting
- Quality indicator reporting
- HIPAA compliance
- UBP compliance
- Recipient access and satisfaction

### **6.5.1 Uniform Data and Information**

To measure the CMHSP's accomplishments in the areas of access to care, utilization, service outcomes, recipient satisfaction, and to provide sufficient information to track expenditures, the CMHSP must provide the MDCH with uniform data and information as specified in this contract, and other such additional or different reporting requirements or data elements as the parties may agree upon from time to time. Any changes in the reporting requirements required by state or federal law will be communicated to the CMHSP at least 90 days before they are effective unless state or federal law requires otherwise. Other changes beyond routine modifications to the data reporting requirements must be agreed to by both parties.

The CMHSP's timeliness in submitting required reports and their accuracy will be monitored by the MDCH and will be considered by the MDCH in measuring the performance of the CMHSP. The CMHSP CEO or designee must certify the accuracy of the data.

The CMHSP must cooperate with the MDCH in carrying out validation of data provided by the CMHSP by making available recipient records and a sample of its data and data collection protocols.

The CMHSP shall submit the information below to the MDCH consistent with the time frames and formats specified in Attachment C 6.5.1.1. This information shall include:

- A. Recipient Level Information
  1. Demographic Characteristics - this information shall be updated at least annually for recipients receiving continuing supports or services.
  2. Functional Capacities for Children with Severe Emotional Disturbance - this information shall be updated at least annually for recipients receiving continuing supports or services.
  3. Service Utilization/Encounter Data
  
- B. CMHSP Level Information
  1. Sub-Element Cost Report
  2. Quality Management Data
  3. Office of Recipient Rights

- C. The CMHSP shall submit a written review of death for every recipient whose death occurred within six (6) months of the recipient's discharge from a state-operated service. The review shall include:
1. Recipient's name
  2. Gender
  3. Date of birth
  4. Date, time, place of death
  5. Diagnoses (mental and physical)
  6. Cause of death
  7. Recent changes in medical or psychiatric status, including notation of most recent hospitalization
  8. Summary of condition and treatment (programs and services being provided to the recipient) preceding death
  9. Any other relevant history
  10. Autopsy findings if one was performed and available
  11. Any action taken as a result of the death
- D. Should additional statistical or management information from data currently collected by the CMHSP be required by the MDCH, at least 45 days written notice shall be provided. The written request shall identify who is making the request and the purpose of the request. The MDCH shall make earnest efforts not to request additional information (above and/or beyond what is required in this contract and/or any modification of the contract informational requirements). Particular exceptions include additional informational requirements issued by funding and regulatory sources and/or resulting from legislative action.

Reporting Requirements for the period October 1, 2014 to September 30, 2015 are included in Attachment C 6.5.1.1

### **6.5.2 Encounter Data Reporting**

In order to assess quality of care, determine utilization patterns and access to care for various health care services, the CMHSP shall submit encounter data containing detail for each recipient encounter reflecting all services provided by the CMHSP. Encounter records shall be submitted monthly via electronic media in the format specified by the MDCH. Encounter level records must have a common identifier that will allow linkage between the MDCH's and the CMHSPs management information systems. Encounter data requirements are detailed in the Reporting Requirements attached to this contract. The CMHSP agrees to participate in the reporting of encounter data quality improvement data, Medicaid performance indicator data and sub element cost data consistent with PIHP Medicaid requirements.

## **6.6 Financial Management System**

### **6.6.1 General**

The CMHSP shall maintain all pertinent financial and accounting records and evidence pertaining to this contract based on financial and statistical records that can be verified by qualified auditors. The CMHSP will comply with generally accepted accounting principles (GAAP) for governmental units when preparing financial statements. The CMHSP will use the principles and standards of OMB Circular A-87 for determining all costs reported on the financial status report, except for a) local funds, not obligated to meet local match requirements nor required as reserve against possible obligations or liabilities; b) selected items of allowable cost – agreed upon by the CMHSP and MDCH – where state law or county regulations differ from federal policy as outlined in OMB Circular A-87 and requires adherence to different principles or a different methodology for cost allocation, distribution or estimation, c) earned revenue not encumbered to satisfy local match obligations, nor required as an adjustment or credit or distribution to offset or reduce expense items allocated to a federal award or to state general fund allocation; d) other grants or awards where the grantor requires principles and standards other than those described in OMB Circular A-87. Expenditures of General Fund Formula Funds reported on the financial status report must comply with Sections 240 241 and 242 of the Mental Health Code. Cost settlement of the General Fund Formula Funding to the CMHSP will be based upon costs reported on the financial status report. If a conflict exists between OMB Circular A-87 and Section 242 of the Mental Health Code regarding expenditures the more restrictive sections of Section 242 of Mental Health Code will prevail.

The accounting and financial systems established by the CMHSP shall be a double entry system having the capability to identify application of funds to specific funding streams participating in service costs for recipients. Such funding streams consist of, but are not limited to: Medicaid payments, State General Funds, Children’s Waiver, and other party reimbursements. Additionally, the system shall be capable of identifying the funding source participation in such a way as to determine whether the expenditure qualifies for exemption from Section 308 (90% match) of the Mental Health Code. The accounting system must be capable of reporting the use of these specific fund sources by major population groups (MIA, MIC, DD and Other Populations). In addition, cost accounting must follow the same methods for Medicaid and GF funds.

The CMHSP shall maintain adequate internal control systems. An annual independent audit shall evaluate and report on the adequacy of the accounting system and internal control systems.

### **6.6.3 Claims Management System**

The CMHSP shall make timely payments to all providers for clean claims. This includes payment at 90% or higher of all clean claims from affiliates and network sub-contractors within 30 days of receipt, and at least 99% of all clean claims within 90 days of receipt, except services rendered under a sub-contract in which other timeliness standards have been specified and agreed to by both parties.

A clean claim is a valid claim completed in the format and time frames specified by the CMHSP and that can be processed without obtaining additional information from the provider of service or a third party. It does not include a claim from a provider who is under investigation for fraud or abuse, or a claim under review for medical necessity (Children's Waiver and SEDW only). A valid claim is a claim for supports and services that the CMHSP is responsible for under this contract.

The CMHSP shall have an effective provider appeal process to promptly and fairly resolve provider billing disputes.

**6.6.3.1 Post-payment Review**

The CMHSP may utilize a post-payment review methodology to assure claims have been paid appropriately.

**6.6.3.2 Total Payment**

The CMHSP or its providers shall not require any co-payments, recipient pay amounts, or other cost sharing arrangements unless specifically authorized by state or federal regulations. The CMHSP's providers may not bill recipients for the difference between the provider's charge and the CMHSP's payment for services. The providers shall not seek nor accept additional supplemental payment from the recipient, his/her family, or representative, for services authorized by the CMHSP.

**6.6.3.3 Electronic Billing Capacity**

The CMHSP must be capable of accepting electronic billing for services billed to the CMHSP, or the CMHSP claims management agent. The CMHSP may require its providers to meet the same standard as a condition for payment. CMHSPs are expected to make progress in reducing duplicate data entry requirements across CMHSP and provider systems.

**6.6.3.4 Third Party Resource Requirements**

CMHSPs are payers of last resort and will be required to identify and seek recovery from all other liable third parties in order to make themselves whole. Third party liability (TPL) refers to any other health insurance plan or carrier (e.g., individual, group, employer-related, self-insured or self-funded plan or commercial carrier, automobile insurance and worker's compensation) or program (e.g., Medicaid, Medicare) that has liability for all or part of a recipient's covered benefit. The CMHSP shall collect all payments available from other parties for services provided to its recipients. The CMHSP shall be responsible for identifying and collecting third party liability information and may retain third party collections, as provided for in Section 226a of the Michigan Mental Health Code.

**6.6.3.5 Vouchers**

Vouchers issued to recipients for the purchase of services provided by professionals may be utilized in non-contract agencies that have a written



referral network agreement with the CMHSP that specifies credentialing and utilization review requirements. Voucher rates for such services shall be predetermined by the CMHSP using actual cost history for each service category and average local provider rates for like services.

Voucher arrangements for purchase of recipient-directed supports delivered by non-professional practitioners may be through a fee-for-service arrangement.

The use of vouchers is not subject to the provisions of Part II, Section 6.4.1 (Provider Contracts). However, the CMHSP remains responsible for ensuring the appropriate use of funds allocated to the recipient through a voucher, for establishing and verifying relevant qualifications of service providers, and for maintaining and reporting required fiscal, demographic and service data.

#### **6.6.3.6 Payment of State-Delivered Services**

- A. The CMHSP shall authorize payment, within forty-five (45) days of receiving the bill, for the actual number of authorized days of care provided to its recipients in state facilities.
- B. Payment for state-operated services shall be made at the net state-billing rate in effect on October 1 of each fiscal year. The net state-billing rate is based on the cost of providing appropriate care to patients less all other sources of reimbursement. The state net billing rate and the state operated service (purchase of services) rate provided to the CMHSP will be the same amount.
- C. The CMHSP shall authorize payment of the county match portion of the net cost of services provided to people who are residents as defined by Section 306 and Section 307 of the Michigan Mental Health Code.
- D. Authorization of undisputed bills shall be made within forty-five (45) days of receipt of the billing.
- E. The CMHSP shall identify to the MDCH disputes concerning bills on a case-by-case basis within 30 days of the bill and shall work with the MDCH in resolving these disputes on a timely basis.
- F. The MDCH may refer to the Michigan Department of Treasury (MDT) for collection of all bills that are both undisputed and overdue.
- G. Billing disputes must include details that clarify and justify the dispute, and should be submitted to the MDCH Accounting Section, if not resolved with the hospital/center reimbursement office.

### **6.7 State Lease Expiration**

The MDCH shall notify the CMHSP, in writing, of the expiration of the state lease for each residential facility at least one year prior to the expiration date of each residential facility. The CMHSP shall be responsible for any lease costs it causes the MDCH or any state agency subsequent to the expiration of the lease.

### **6.8 Quality Assessment and Performance Improvement Program Standards**

### **6.8.1 General**

The CMHSP shall have a fully operational Quality Assessment and Performance Improvement Program in place that meets the conditions specified in the Quality Assessment and Performance Improvement Program Technical Requirement.

Note that if a CMHSP is a PIHP or is part of a PIHP's provider network, the CMHSP's involvement in implementing two PIHP QAPIP quality improvement projects satisfies the QAPIP requirement for two performance improvement projects under this contract.

### **6.8.2 Annual Effectiveness Review**

The CMHSP shall annually conduct an effectiveness review of its QAPIP. The effectiveness review must include analysis of whether there have been improvements in the quality of health care and services for recipients as a result of quality assessment and improvement activities and interventions carried out by the CMHSP. The analysis should take into consideration trends in service delivery and health outcomes over time and include monitoring of progress on performance goals and objectives. Information on the effectiveness of the CMHSP's QAPIP must be provided annually to network providers and to recipients upon request. Information on the effectiveness of the CMHSP's QAPIP must be provided to the MDCH upon request.

### **6.8.3 Behavior Treatment Plan Review Committee**

The CMHSP shall use a specially-constituted committee, such as a behavior treatment plan review committee, to review and approve or disapprove any plans that propose to use restrictive or intrusive interventions with individuals served by the public mental health system who exhibit seriously aggressive, self-injurious or other behaviors that place the individual or others at risk of physical harm. The Committee shall substantially incorporate the standards in Attachment C 6.8.3.1 Technical Requirement for Behavior Treatment Plans.

## **6.9 Service and Utilization Management**

The CMHSP shall assure that customers located in the service area have clear and identifiable access to needed supports and services when they are needed, and that supports and services are of high quality and delivered according to established regulations, standards, and best practice guidelines. The CMHSP shall also perform utilization management functions sufficient to control costs and minimize risk while assuring quality care and in compliance with Section 208 of the Mental Health Code. Additional requirements are described in the following sub-sections.

### **6.9.1 State Managed Services**

- A. The CMHSP shall authorize inpatient care in advance for all admissions in those instances where there is no community inpatient alternative. The CMHSP shall review treatment at intervals determined jointly between the authorizing CMHSP and the State Facility and authorize continued stay. The

application of this provision to NGRI and IST cases requires additional clarification stemming from the conditions specified in Chapter 10 of the Michigan Mental Health Code. The clarification and requirements are specified in the NGRI Protocol, Attachment C 6.9.1.1. The provisions of Chapter 10 shall apply to all authorizations.

- B. The MDCH and CMHSP agree that admissions must meet the criteria specified in the Michigan Mental Health Code for adults and children with mental illness, or that the criteria for judicial or administrative admission of a person with developmental disabilities must be met, and that inpatient care in a state hospital/center must be the most appropriate level of care available. The parties further agree that continued stay will be authorized, as long as the criteria for continued stays is met.
- C. The CMHSP's authorization of admission and of continued treatment shall be the basis on which the CMHSP will reimburse the MDCH for the state cost of inpatient services provided in a state-managed hospital/center. The CMHSP's obligation for the local match cost of such services shall not be affected by this section. Service authorizations shall be conveyed in writing to the hospital/center. The MDCH contract manager shall be notified by the CMHSP within seven (7) days of the decision when the CMHSP determines that continued inpatient care is no longer warranted based on the criteria stated in the above item B, but the hospital/center did not discharge the recipient according to the recognized placement plan developed according to Sections 209(a) and 209(b) of the Michigan Mental Health Code. The CMHSP shall not be liable for any inpatient services that have not been authorized by the CMHSP in this circumstance. Likewise, the MDCH contract manager shall be notified by the hospital/center whenever an authorization of continued stay by the CMHSP is clinically unwarranted in the judgment of the hospital/center. Such notification shall initiate a process for resolution of the differences.
- D. The CMHSP shall comply with the requirements of attachment C 6.9.1.2 of this contract.

### **6.9.2 Individual Service Records**

The CMHSP shall establish and maintain a comprehensive individual service record system consistent with the provisions MCL 330.1746(1), other requirements stipulated in statute and rule, applicable standards contained in MSA Policy Bulletin Chapter I as it relates to the Children's Waiver, and – if the CMHSP has obtained accreditation consistent with MCL 330.1232a (3) - the standards set by the national accrediting organization. The CMHSP shall maintain in a legible manner, via hard copy or electronic storage/imaging, individual service records necessary to fully disclose and document the quantity, quality, appropriateness, and timeliness of services provided. The records shall be retained for a period of seven (7) years from the date of service or termination of service for any reason. This requirement must be

extended to all of the CMHSP's provider agencies.

### **6.9.3 Other Service Requirements**

The CMHSP shall assure that in addition to those provisions specified in Part II, Section 3.0 "Access Assurance," services are planned and delivered in a manner that reflects the values and expectations contained in the following guidelines:

- A. Housing Practice Guideline (Attachment C 6.9.3.1)
- B. Inclusion Practice Guideline (Attachment C 6.9.3.2)
- C. Consumerism Practice Guideline (Attachment C 6.9.3.3)

### **6.9.4 Coordination**

The CMHSP shall assure that services to each individual are coordinated with primary health care providers and other service agencies in the community that are serving the recipient. In this regard, the CMHSP will implement practices and agreements described in Part II, Section 6.4.3 of this contract.

### **6.9.5 Jail Diversion**

The CMHSP shall provide services designed to divert people that qualify for MH/DD services from a possible jail incarceration, when appropriate. Such services should be consistent with the Jail Diversion Practice Guideline. The CMHSP will collect data reflective of jail diversion activities and outcomes as indicated in the Practice Guideline, Attachment C 6.9.5.1 to this contract.

### **6.9.6 School-to Community Transition**

The CMHSP shall participate in the development of school-to-community transition services for individuals with serious mental illness, serious emotional disturbance, or developmental disability. Participation shall be consistent with the MDCH School-to-Community Transition Guideline, Attachment 6.9.6.1 to this contract.

### **6.9.7 Children's Waiver**

- A. The CMHSP shall identify children who meet the eligibility criteria for the Children's Waiver Program and submit to MDCH prescreens for those children.
- B. The CMHSP shall carry out administrative and operational functions delegated by MDCH to the CMHSPs as specified in the CMS approved (c) waiver application. These delegated functions include: level of care determination; review of participant service plans; prior authorization of waiver services; utilization management; qualified provider enrollment; quality assurance and quality improvement activities.
- C. The CMHSP shall determine the appropriate Category of Care/Intensity of Care and the amount of publicly funded hourly care for each Children's Waiver Program recipient per the Medicaid Provider Manual.
- D. The CMHSP shall assure that services are provided in amount, scope, and duration as specified in the approved plan.
- E. The CMHSP shall comply with policy covering credentialing, temporary/provisional credentialing and re-credentialing processes for those

individuals and organizational providers directly or contractually employed by the CMHSPs, as it pertains to the rendering of services within the Children's Waiver Program. CMHSPs are responsible for ensuring that each provider, directly or contractually employed, credentialed or non-credentialed, meets all applicable licensing, scope of practice, contractual and Medicaid Provider Manual qualifications and requirements. Please reference the applicable licensing statutes and standards, as well as the Medicaid Provider manual should you have questions concerning scope of practice or whether Medicaid funds can be used to pay for a specific service.

- F. The CMHSP shall bill Medicaid in a timely manner on a fee-for-service basis for all covered services delivered, in accordance with the most recent Medicaid manual. Billings must represent the actual direct cost of providing the services. The actual direct cost of providing the services include amounts paid to contractors for providing services, and the costs incurred by the CMHSP in providing the services as determined in accordance with OMB Circular A-87. Benefit plan administrative costs are not to be included in the billings. Benefit plan administrative costs related to providing the services must be covered by general fund or local revenue, and while reported with program costs they must be covered by redirects of non-federal funds on the FSR.
- G. The CMHSP Office of Recipient Rights shall assure that the semi-annual and annual recipient rights data reports required by MCL 330.1755(5)(j) and MCL 330.1755(6) are submitted to the PIHP Quality Assessment and Performance Improvement Program (QAPIP) in addition to other entities and individuals specified in law. The CMHSPs shall ensure that there is a signed agreement between the CMHSP Office of Recipient Rights, the MDHS Bureau of Child and Adult Licensing (BCAL) and MDHS Children's Protective Services (CPS) regarding reporting and investigation of suspected abuse, neglect, and exploitation in programs operated or contracted with the CMHSP.
- H. Through the Critical Incident Reporting System, the CMHSP will report the following incidents for children on the CWP: Suicide; Non-suicide death; Arrest of Consumer; Emergency Medical Treatment due to injury or Medication Error: Type of injury will include a subcategory for reporting injuries that resulted from the use of restrictive interventions; Hospitalization due to Injury or Medication Error: Type of injury will include a subcategory for reporting injuries that resulted from the use of restrictive interventions.

## **7.0 CONTRACT FINANCING**

The provisions provided in the following subsections describe the financing arrangements in support of this contract. The authorized funding to be provided by the MDCH to the CMHSP is included as Attachment C 7.0.1 to this contract.

DCH may revise the funding authorization contained in Attachment C 7.0.1 during the contract year without formal amendment. Such revisions in authorizations shall be incorporated in a final authorization that is transmitted to the CMHSP and shall be utilized for cost settlement purposes.

These revisions may include state facility rate changes; resolved state facility full management/Purchase of Service disputes; state facility prior year adjustments; and associated trade-offs as well as residential lease close outs and categorical authorization changes when these have been authorized by DCH. Additionally, with the mutual written concurrence of each of the involved CMHSPs and DCH, these authorization revisions may include transfers pursuant to section 236 and section 307 of the Mental Health Code.

### **7.1 Local Obligation**

The CMHSP shall provide the local financial obligation for services requiring local match, as stipulated by the Mental Health Code. In the event a CMHSP is unable to provide the required local obligation, the CMHSP shall notify the MDCH immediately. This may result in MDCH reducing the state portion of total financing available through this contract. The state obligation shall continue to be at the reduced level in the subsequent year unless the CMHSP provides the MDCH with a plan and assurances that the local obligation shortfall has been rectified.

### **7.2 Revenue Sources for Local Obligation**

The following sub-sections describe potential revenue sources for the CMHSP's local obligation:

#### **7.2.1 County Appropriations**

Appropriations of general county funds to the CMHSP by the County Board of Commissioners.

#### **7.2.2 Other Appropriations and Service Revenues**

Appropriations of funds to the CMHSP or its contract agencies by cities or townships; funds raised by fee-for-service contract agencies and/or network providers as part of the agencies' contractual obligation, the intent of which is to satisfy and meet the local match obligation of the CMHSP, as reflected in this contract.

#### **7.2.3 Gifts and Contributions**

Grants, bequests, donations, gifts from local non-governmental sources, charitable institutions or individuals -- Gifts that specify the use of the funds for any particular individual identified by name or relationship may not be used as local match funds.

Local funds exclude grants or gifts received by the County, the CMHSP, or agencies contracting with the CMHSP, from an individual or agency contracting to provide services to the CMHSP.

An exception may be made, where the CMHSP can demonstrate that such funds constitute a transfer of grants or gifts made for the purposes of financing mental health services, and are not made possible by CMHSP payments to the contract agency that are claimed as matchable expenses for the purpose of state financing.

#### **7.2.4 Special Fund Account**

CMHSPs may establish and maintain the Community Mental Health Special Fund Account that comports with Section 226a of the Michigan Mental Health Code.

CMHSPs may enter into subcontract agreements with Medicaid Health Plan (MHP) managed care organizations to provide the MHP's beneficiaries with outpatient mental health services.

So long as the reimbursement the CMHSPs' receive from the MHPs fully covers the CMHSPs' underlying cost of providing their individuals with health plan services, the payments received from the MHP qualify as third party reimbursements under Section 226a of the Mental Health Code. Such funds may only be used as local match for State general fund/general purpose funding.

MHP funds held in a special fund account can never be used as matching funds for any federal program that requires match or used to provide matching funding to MDCH under contract section 7.4.5 implementation of P. A. 131 of 2009, Section 428. The CMHSP shall account for and report all MHP third party reimbursements separately from all other local fund revenue sources.

The Supplemental Security Income (SSI) benefit received by some residents in adult foster care homes is a Federal income supplement program designed to help aged, blind, and disabled people, who have little or no income. It provides cash to meet basic needs for food, clothing, and shelter. SSI income shall not be collected or recorded as a recipient fee or third-party reimbursement for purposes of Section 226a of the Mental Health Code. This includes the state supplement to SSI.

The Social Security Administration (SSA) benefit received by a CMHSP on behalf of a consumer does not qualify as a recipient fee or third-party reimbursement for purposes of Section 226a of the Mental Health Code.

#### **7.2.5 Investment Interest**

Interest earned on funds deposited or invested by or on behalf of the CMHSP, except as otherwise restricted by GAAP or OMB Circular A-87. Also, interest earned on MDCH funds by contract agencies and/or network providers as specified in its contracts with the CMHSP.

#### **7.2.6 Other Revenues for Mental Health Services**

As long as the source of revenue is not federal or state funds, revenues from other county departments/funds (such as childcare funds) and from public or private school districts for CMHSP mental health services.

### **7.3 Local Obligations - Requirement Exceptions**

The following services shall not require the CMHSP to provide a local obligation:

- A. Residential programs as defined in Section 309 of the Michigan Mental Health Code. Specialized residential services, as defined in Section 100d (6) of the

Michigan Mental Health Code, includes mental health services that are expressly designed to provide rehabilitation and therapy to a recipient, that are provided in the residency of the recipient, and that are part of a comprehensive individual plan of services.

- B. Services provided to people whose residency is transferred according to the provisions in Section 307 of the Michigan Mental Health Code.
- C. Programs for which responsibility is transferred to the CMHSP and the state is responsible for 100% of the cost of the program, consistent with the Michigan Constitution.
- D. Services provided to an individual under criminal sentence to a state prison.

#### **7.4 MDCH Funding**

MDCH funding includes both state and federal funds (Children's Waiver and federal block grants), which the state is responsible to manage. MDCH financial responsibility is specified in Chapter 3 of the Michigan Mental Health Code (P.A. 258 of the Public Acts of 1974, as amended) and the level of funding contained in the current year state legislative Appropriations Act. The financing in this contract is always contingent on the annual Appropriations Act.

##### **7.4.1 State Mental Health General Fund Formula Funding**

The MDCH shall provide the CMHSP full year state mental health General Fund Formula Funding (GF formula funds) for recipients who meet the population and service requirements described in this contract. These funds shall be distributed based upon a formula.

The MDCH contract obligation is the aggregate of the GF Formula Funds and the as identified in Attachment C 7.0.1. Final authorization will be based on the actual payments, with the GF Formula funds being the residual authorization.

Beginning with the first month of this contract, the MDCH shall provide to the CMHSP an amount equal to one-month payment of the funding authorized in Attachment C 7.01 as Operations Base, State facility and Categorical. This pre-payment will be issued on the first Wednesday of each month. Prior to the issuance of the September GF payment, MDCH will reconcile the year-to-date GF payments and the actual payments for to determine the final GF obligation.

The full year GF formula funds authorized for this contract year is reflected in Attachment C 7.0.1.

##### **7.4.1.1 GF Formula Funds Calculation**

The General Funds appropriated to CMH that are non-categorical and not needed to support Medicaid payments, together with the General Funds authorized to CMH under the Purchase of Service line within the state budget, make up the GF formula funds provided to CMHSPs.



This funding is based upon the prior year full-year authorizations, including state facility funding, together with adjustments for executive orders, transfers and other program/policy requirements, including adjustments for hospital/center placements earned in the prior year and changes in current year state facility rates, plus any current year appropriation changes. The funding for state facility purchase of services and the state billing for net state rates will be the same amount. The MDCH has redistributed some of these formula funds across CMHSPs in prior years, and may do so again to further reduce identified financing inequities. Prior notice will be given to the CMHSP in the event of a redistribution.

#### **7.4.2 Special and/or Designated Funds: Exclusions**

Special and/or Designated Funds (including categorical and earned revenue funds) are those funds that are earmarked by the MDCH for a specific purpose, project, and/or target population and are not included in the GF formula funding.

These funds and programs may be authorized through separate contractual arrangements between the CMHSP and the MDCH. These agreements typically include performance and outcome expectations, reporting requirements, and finance-related specifications. The CMHSP shall identify the revenues and expenditures associated with these projects as part of financial reporting required by this contract.

The full year Special and/or Designated Funds identified as categorical funding are state General Funds earmarked by the appropriation and the MDCH for a specific purpose, project, and/or target population. The categorical funding authorized through this contract is specified in Attachment C 7.0.1. Funding for any Special and/or Designated Funds shall not be redirected by the CMHSP without prior written approval of the MDCH.

#### **7.4.3 Fee-for-Service**

The Children's Waiver is a fee-for-service Medicaid program. The MDCH shall reimburse the CMHSP, in accordance with MDCH-approved budgets and Medicaid reimbursement policies, for billings submitted by the CMHSP for each beneficiary with a MDCH approved Children's Waiver. The CMHSP will be reimbursed based on the billings submitted, as this program shall not be pre-paid.

#### **7.4.5 Implementation of Current Year Appropriation Act**

The CMHSP will participate in the implementation of the current year appropriation act which requires each PIHP shall provide, from internal resources, local funds to be used as a bona fide part of the state match required under the Medicaid program in order to increase capitation rates for the PIHPs.

The CMHSP agrees to provide local funds to the MDCH through the PIHP. The CMHSP agrees to provide local funds, in the amount stipulated in Attachment C 7.0.1, to the MDCH through the PIHP. These funds shall not include either state

funds received by a CMHSP for services provided to non-Medicaid recipients or the state matching portion of the Medicaid capitation payments made to a CMHSP or an affiliation of CMHSPs. In the event that a CMHSP fails to meet this obligation and the PIHP has not made available other bona fide local funds to offset this obligation, MDCH will reduce the CMHSP State Mental Health General Fund authorization/payment to the CMHSP by an equivalent amount.

### **7.5 Operating Practices**

The CMHSP shall comply with Generally Accepted Accounting Principles and other federal and state regulations. The final expenditure report shall reflect incurred but not paid claims. CMHSP program accounting procedures must comply with:

- A. Generally Accepted Accounting Principles for Governmental Units.
- B. Audits of State and Local Governmental Units, issued by the American Institute of Certified Public Accountants (current edition).
- C. OMB Circular A-87 except for the conditions described in 6.6.1.

### **7.6 Audits**

The CMHSP shall ensure the completion of a fiscal year end Financial Statement Audit conducted in accordance with Generally Accepted Auditing Standards (GAAS); and a fiscal year end Compliance Examination conducted in accordance with the American Institute of CPA's (AICPA's) Statements on Standards for Attestation Engagements (SSAE) 10 - Compliance Attestation, (as amended by SSAE 11, 12 and 14) and the CMH Compliance Examination Guidelines in Attachment C 7.6.1.

The CMHSP shall submit to the MDCH the Financial Statement Audit Report, the Compliance Examination Report, a Corrective Action Plan for any audit or examination findings that impact MDCH-funded programs, and management letter (if issued) with a response within 30 days after receipt of the practitioner's report, but no later than June 30<sup>th</sup> following the contract year end. The CMHSP must submit the reporting package by e-mail to MDCH at [MDCH-AuditReports@michigan.gov](mailto:MDCH-AuditReports@michigan.gov). The required materials must be assembled as one document in PDF file compatible with Adobe Acrobat (read only). The subject line must state the agency name and fiscal year end. MDCH reserves the right to request a hard copy of the compliance examination report materials if for any reason the electronic submission process is not successful.

If the CMHSP does not submit the required Financial Statement Audit Report, Compliance Examination Report, management letter (if issued) with a response, and Corrective Action Plan by the due date and an extension has not been approved by MDCH, MDCH may withhold from the current funding an amount equal to five percent of the audit year's grant funding (not to exceed \$200,000) until the required filing is received by MDCH. MDCH may retain the amount withheld if the CMHSP is more than 120 days delinquent in meeting the filing requirements and an extension has not been approved by MDCH.

MDCH shall issue a management decision on findings, comments, and questioned costs contained in the CMHSP Compliance Examination Report within eight months after the receipt of a complete and final reporting package. The management decision will include whether or not the Compliance Examination finding or comment is sustained; the reasons for the decision; the expected CMHSP action to repay disallowed costs, make financial adjustments, or take other action; and a description of the appeal process available to the CMHSP. Prior to issuing the management decision, MDCH may request additional information or documentation from the CMHSP, including a request for practitioner verification or documentation, as a way of mitigating disallowed costs.

The appeal process available to the CMHSP relating to MDCH management decisions on Compliance Examination findings, comments and disallowed costs is included in Attachment C 7.6.2.

## **7.7 Financial Planning**

In developing an overall financial plan, the CMHSP shall consider, the reinvestment of carry-forward savings, and the strategic approach in the management of risk, as described in the following sub-sections.

### **7.7.1 Savings Carry Forward**

Provisions regarding the carry forward of state mental health General Funds – authorized under MCL 330.1226(2)(c) - are included in the following sub-sections. Note that these provisions may be limited or canceled by the closeout provision in Part I, Section 13.0, Closeout, and may be modified by actions stemming from Part II, Section 8.0, Contract Remedies and Sanctions.

#### **7.7.1.1 General Fund Carry Forward**

At the conclusion of the fiscal year, the CMHSP may carry forward up to 5% of state mental health General Funds (formula funding) authorized through this contract. These funds shall be treated as state funds and shall be budgeted as a CMHSP planned expenditure in the subsequent year. All carry-forward funds unexpended in the subsequent year shall be returned to the MDCH.

#### **7.7.2 Expenditures to Retire Unfunded Pension Liabilities**

The CMHSP may include expenditures to retire unfunded pension and other post employment liabilities on the Financial Status Report if the liability is supported by an actuarial report, and the retirement of the unfunded pension and other post employment liabilities complies with generally accepted accounting principles (GAAP). The CMHSP shall not, however, include expenditures to retire unfunded pension and other post employment liabilities on the Financial Status Report if such expenditures would cause the CMHSP to exceed the contractual budget authorization from MDCH.

## **7.8 Finance Planning, Reporting and Settlement**

The CMHSP shall provide financial reports to the MDCH as specified in attachment C 6.5.1.1. Forms and instructions are posted to the MDCH website address at: [http://www.michigan.gov/mdch/0,1607,7-132-2941\\_38765---,00.html](http://www.michigan.gov/mdch/0,1607,7-132-2941_38765---,00.html)

## **7.9 Legal Expenses**

The following legal expenses are ALLOWABLE:

- 1) Legal expenses required in the administration of the program on behalf of the State of Michigan or Federal Government.
- 2) Legal expenses relating to employer activities, labor negotiation, or in response to employment related issues or allegations, to the extent that the engaged services or actions are not prohibited under federal principles of allowable costs.
- 3) Legal expenses incurred in the course of providing consumer care.

The CMHSP must maintain documentation to evidence that the legal expenses are allowable. Invoices with no detail regarding services provided will not be sufficient documentation.

## **8.0 CONTRACT REMEDIES AND SANCTIONS**

The state will utilize a variety of means to assure compliance with contract requirements. The state will pursue remedial actions and possibly sanctions as needed to resolve outstanding contract violations and performance concerns. The application of remedies and sanctions shall be a matter of public record. The MDCH may utilize actions in the following order:

- A. Notice of the contract violation and conditions will be issued to the CMHSP with copies to the board.
- B. Require a plan of correction and specified status reports that become a contract performance objective (Attachment C 7.0.2).
- C. If previous items above have not worked, impose a direct dollar penalty and make it a non-matchable CMHSP administrative expense and reduce earned savings by the same dollar amount.
- D. For sanctions related to reporting compliance issues, the MDCH may delay 10% of scheduled payment amount to the CMHSP until after compliance is achieved. The MDCH may add time to the delay on subsequent uses of this provision. (Note: The MDCH may apply this sanction in a subsequent payment cycle and will give prior written notice to the CMHSP).
- E. Initiate contract termination.

The implementation of any of these actions does not require a contract amendment to implement. The sanction notice to the CMHSP is sufficient authority according to this provision. The use of remedies and sanctions will typically follow a progressive approach, but the MDCH reserves the right to deviate from the progression as needed to seek correction of serious, or repeated, or patterns of substantial non-compliance or performance problems. The CMHSP can utilize the dispute resolution provision of the contract to dispute a contract compliance notice issued by the MDCH.

The following are examples of compliance or performance problems for which remedial actions including sanctions can be applied to address repeated, or substantial breaches, or reflect a pattern of non-compliance or substantial poor performance. This listing is not meant to be exhaustive, but only representative.

- A. Reporting timeliness, quality and accuracy.
- B. Performance Indicator Standards.
- C. Repeated Site-Review non-compliance (repeated failure on same item).
- D. Failure to complete or achieve contractual performance objectives.
- E. Substantial inappropriate service denial of services required by this contract or substantial services not corresponding to condition. Substantial can be a pattern or large volume or small volume, but severe impact.
- F. Repeated failure to honor appeals/grievance assurances. Substantial or repeated health and/or safety violations.

## **9.0 RESPONSIBILITIES OF THE DEPARTMENT OF COMMUNITY HEALTH**

The MDCH shall be responsible for administering the public mental health system. It will administer contracts with CMHSPs, monitor contract performance, and perform the following activities:

### **9.1 General Provisions**

- A. Notify the CMHSP of changes in contractual services or conditions of providing contractual services.
- B. Protect against fraud and abuse involving MDCH funds and recipients in cooperation with appropriate state and federal authorities.
- C. Administer an alternative dispute resolution process for recipients not Medicaid eligible to consider issues regarding suspension, termination or reduction of services and supports defined in the Grievance and Appeal Technical Requirement.
- D. Collaborate with the CMHSP on quality improvement activities, fraud and abuse issues, and other activities that impact on the services provided to recipients.
- E. Conduct a recipient quality of life survey and publish the results.
- F. Review CMHSP marketing materials.
- G. Apply contract remedies necessary to assure compliance with contract requirements.
- H. Monitor the operation of the CMHSP to ensure access to quality care for all individuals in need of and qualifying for services.
- I. Monitor quality of care provided to recipients of CMHSP services and supports.
- J. Refer local issues back to the CMHSP.
- K. Coordinate efforts with other state departments involved in services to these populations.
- L. Administer the Children's Waiver Program.
- M. Administer the PASARR Program.
- N. When repeated health and welfare issues/emergencies are raised or concerns regarding timely implementation of medically necessary (Children's Waiver and SEDW only) services the MDCH authority to take action is acknowledged by the CMHSP.

## **9.2 Contract Financing**

The MDCH shall pay to the CMHSP, state general funds and PASARR funds, as agreed to in the contract.

The MDCH shall immediately notify the CMHSP of modifications in funding commitments in this contract under the following conditions:

- A. Action by the Michigan state legislature that removes any MDCH funding for, or authority to provide for, specified services.
- B. Action by the Governor pursuant to Const. 1963, Art. 5, 320 that removes the MDCH's funding for specified services or that reduces the MDCH's funding level below that required to maintain services on a statewide basis.
- C. A formal directive by the Governor, or the Michigan Department of Management and Budget (State Budget Office) on behalf of the Governor, requiring a reduction in expenditures.

In the event that any of the conditions specified in the above items A through C occur, the MDCH shall issue an amendment to this contract reflective of the above condition.

## **9.3 State Facilities**

The MDCH agrees:

- A. To supply to the CMHSP, at the time of completion, copies of the State Facilities' ability-to-pay determination on each county resident admitted to a state facility, to inform the CMHSP of any claims on the financial assets of recipients and their families, and of any appeals by recipients or their families.
- B. To pursue all possible first- and third-party reimbursements.
- C. To provide the CMHSP with rates for state-managed services no later than October 1 of each fiscal year. Rates shall be issued that include the net state rate paid by the CMHSP and the gross rate on which the local share of facility billings is based.
- D. The protection and investigation of the rights of recipients while on inpatient status at the state hospital or center shall be the responsibility of the MDCH Office of Recipient Rights. When requested, the MDCH Office of Recipient Rights shall share appropriate information on investigations related to the CMHSP's residents in accordance with the confidentiality provisions of the Michigan Mental Health Code (P.A. 258 of 1974 as amended, Section 748).
- E. To comply with the NGRI Protocol C 6.9.1.1.
- F. To comply with attachment C 6.9.1.2.

## **9.4 Reviews and Audits**

The MDCH may conduct reviews and audits of the CMHSP regarding performance under this contract. The MDCH shall make good faith efforts to coordinate reviews and audits to minimize duplication of effort by the CMHSP and independent auditors conducting audits and Compliance Examinations.

These reviews and audits will focus on CMHSP compliance with state and federal laws, rules, regulations, policies, and waiver provisions, in addition to contract provisions and CMHSP policy and procedure.

Reviews and audits shall be conducted according to the following protocols, except when conditions appear to be severe and warrant deviation or when state or federal laws supersede these protocols.

#### **9.4.1 MDCH Reviews**

Some parts of the Review and Audit procedures outlined in this section do not apply to MDCH site visits, in that those site visits combine the review of the CMHSP and the PIHP.

- A. As used in this section, a review is an examination or inspection by the MDCH or its agent, of policies and practices, in an effort to verify compliance with requirements of this contract.
- B. The MDCH will schedule reviews at mutually acceptable start dates to the extent possible, with the exception of those reviews for which advance announcement is prohibited by rule or federal regulation, or when the deputy director for the Health Care Administration determines that there is demonstrated threat to consumer health and welfare or substantial threats to access to care.
- C. Except as precluded in Section 9.4.1 (B) above, the guideline, protocol and/or instrument to be used to review the CMHSP, or a detailed agenda if no protocol exists, shall be provided to the CMHSP at least 30 days prior to the review.
- D. At the conclusion of the review, the MDCH shall conduct an exit interview with the CMHSP. The purpose of the exit interview is to allow the MDCH to present the preliminary findings and recommendations.
- E. Following the exit review, the MDCH shall generate a report within 45 days identifying the findings and recommendations that require a response by the CMHSP.
  1. The CMHSP shall have 30 days to provide a Plan of Correction (POC) for achieving compliance. The CMHSP may also present new information to the MDCH that demonstrates they were in compliance with questioned provisions at the time of the review. (New information can be provided anytime between the exit interview and the POC.) When access or care to individuals is a serious issue, the CMHSP may be given a much shorter period to initiate corrective actions, and this condition may be established, in writing, as part of the exit conference identified in (D) above.
  2. The MDCH will review the POC, seek clarifying or additional information from the CMHSP as needed, and issue an approval of the POC within 30 days of having required information from

the CMHSP. The MDCH will take steps to monitor the CMHSPs implementation of the POC as part of performance monitoring.

3. The MDCH shall protect the confidentiality of the records, data and knowledge collected for or by individuals or committees assigned a peer review function in planning the process of review and in preparing the review or audit report for public release.
- F. The CMHSP can appeal findings reflected in review reports through the dispute resolution process identified in this contract.

#### **9.4.2 MDCH Audits**

Some parts of the Review and Audit procedures outlined in this section do not apply to MDCH site visits, in that those site visits combine the review of the CMHSP and the PIHP.

- A. As used in this section, an audit is an examination of the CMHSP and its contract service providers' financial records, policies, contracts, and financial management practices, conducted by the MDCH Office of Audit or its agent, to verify the CMHSP's compliance with legal and contractual requirements.
- B. The MDCH will schedule audits at mutually acceptable start dates to the extent possible. The MDCH will provide the CMHSP with a list of documents to be audited at least 30 days prior to the date of the audit. An entrance meeting will be conducted with the CMHSP to review the nature and scope of the audit.
- C. The MDCH audits of CMHSPs will generally supplement the independent auditor's Compliance Examination and may include one or more of the following objectives:
  1. To assess the CMHSP's effectiveness and efficiency in complying with the contract, and establishing and implementing specific policies and procedures as required by the contract;
  2. To assess the CMHSP's effectiveness and efficiency in reporting their financial activity to the MDCH in accordance with contractual requirements; applicable federal, state, and local statutory requirements; Medicaid regulations (Children's Waiver and SEDW Only); and applicable accounting standards; and
  3. To determine the MDCH's share of costs in accordance with applicable MDCH requirements and agreements, and any balance due to/from the CMHSP.

To accomplish the above listed audit objectives, MDCH auditors will review CMHSP documentation, interview CMHSP staff members, and perform other audit procedures as deemed necessary.



- D. The audit report and appeal process is identified in Attachment C 9.3.2.1 and is a part of this contract.

### **10.0 RESPONSIBILITIES OF THE DEPARTMENT OF ATTORNEY GENERAL**

The MDCH has responsibility and authority to make all fraud and/or abuse referrals to the Department of the Attorney General, Health Care Fraud Division. Contractors who have any suspicion or knowledge of fraud and/or abuse within any of the MDCH's programs must report directly to the MDCH by calling (866) 428-0005 or by sending a memo to:

Office of Health Services Inspector General  
Michigan Department of Community Health  
Capitol Commons Center Building  
400 S. Pine, 6th Floor  
Lansing, MI 48909

When reporting suspected fraud and/or abuse, the contractor should provide, if possible, the following information to the MDCH:

- Nature of the complaint
- The name of the individuals or entity involved in the suspected fraud and abuse, including name address, phone number and Medicaid identification number if applicable and/or any other identifying information

The contractor shall not attempt to investigate or resolve the reported alleged fraud and/or abuse. The contractor must cooperate fully in any investigation by the MDCH or Department of the Attorney General, and with any subsequent legal action that may arise from such investigation.

In addition, the CMHSP must report the following to the MDCH on an annual basis:

- Number of complaints of fraud and abuse made to the state that warrants preliminary investigation.
- For each which warrants investigation, supply the
  1. Name
  2. ID number
  3. Source of complaint
  4. Type of provider
  5. Nature of complaint
  6. Approximate dollars involved, and
  7. Legal & administrative disposition of the case.

The annual report on fraud and abuse complaints is due to MDCH on January 31st, and should cover complaints filed with the state during the fiscal year. It should be filed electronically at [MDCH-MHSA-Contracts-MGMT@michigan.gov](mailto:MDCH-MHSA-Contracts-MGMT@michigan.gov).

### **11.0 PENDED CONTRACTUAL ISSUES**

MDCH and the CMHSPs acknowledge that there were a number of substantive items that could not be fully resolved or addressed in time to be included in this agreement. Contract Attachment

C 11.0.1 identifies the process and timeframes that the CMHSPs and MDCH have agreed to use for addressing those items. Subsequent resolution of any and/or all of those issues will require amendment(s) to this agreement.