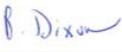




United Behavioral Health

Allocation of and Accounting for Funding		Policy Identifier/Number: AD-14	
Annual Review Completed Date: April 2016			
Policy Category: Government - Pierce Regional Support Network	Applicable Lines of Business: Medicaid	Entity/Plan: Optum Pierce Behavioral Health Organization	State: Pierce County, Washington
Approved by: Bea Dixon, Executive Director		Signature: 	

Policy Statement and Purpose

Optum Pierce Behavioral Health Organization (BHO) allocates and accounts for all funding received through the PIHP and SMHC contracts.

To describe the methods used to allocate and account for funding received through Optum Pierce BHO contract with the Washington State Department of Social and Health Services (DSHS) for services under the Prepaid Inpatient Mental Health Plan (PIHP) and State Mental Health Contract (SMHC).

Policy Audience and Applicability

This policy is applicable to the Optum Pierce BHO and benefits administered through the Washington State Department of Social and Health Services (DSHS) current Prepaid Inpatient Health Plan (PIHP).

Policy Definitions

N/A

Policy Provisions

1. In accordance with *WAC 388-865*, Optum Pierce BHO spends funds received by the DSHS strictly in accordance with its contract and with requirements of RCW 71.05, 71.24, 71.34, and the *State Appropriations Act*. Fund expenditures are demonstrated by and disclosed in financial reports submitted to the state, as detailed in Sections E and F of this policy.
2. In accordance with *WAC 388-865*, Optum uses accounting procedures that are consistent with applicable state and federal requirements and *generally accepted accounting principles* (GAAP), with the following additional requirements:
 - 2.1. Include as assets all property, equipment, vehicles, buildings, capital reserve funds, operating reserve funds, risk reserve funds, or self- insurance funds;

Optum is responsible for adhering to all applicable state and/or federal laws governing activities within the scope of this policy, including the Mental Health Parity and Addiction Equity Act (MHPAEA) and the Health Insurance Portability and Accountability Act (HIPAA) privacy requirements, as well as the applicable requirements, standards and regulations as set forth by the Employee Retirement Income Security Act (ERISA), the Center for Medicare and Medicaid Services (CMS), the Department of Labor (DoL), and any applicable accrediting organizations.

- 2.2. Interest accrued on funds stated in this section are to be accounted for and kept for use by the Optum Pierce BHO;
- 2.3. Property, equipment, vehicles, and buildings are to be properly inventoried, with a physical inventory conducted at least every 2 years;
- 2.4. Proceeds from the disposal of any assets are to be retained by the Optum Pierce BHO for purposes of WAC 388-865.
3. Optum Pierce BHO is not subject to WAC 388-865-0270(3), the requirement that county BHOs comply with the 1974 County Maintenance of Effort requirement for administration of the Involuntary Treatment Act (RCW 71.05) and the 1990 County Maintenance of Effort requirement for community programs for adults consistent with RCW 71.24.160, and in the case of children, that no state funds are to replace local funds from any source used to finance administrative costs for involuntary commitment procedures conducted prior to January 1, 1985 (RCW 71.34).
4. In accordance with WAC 388-865, Optum maintains accounting procedures to ensure that accrued interest and excess reserve balances are returned to the Optum Pierce BHO for use in the public mental health system.
5. In compliance with PIHP contract requirements:
 - 5.1. Optum Pierce BHO maintains risk reserves of the annual Medicaid premium payment at a contractually obligated amount.
 - 5.1.1. In the event that Optum Pierce BHO spends a portion of the risk reserve, the funds are to be replenished within 1 year, or at the end of the fiscal year in which the funds were spent, whichever is longer.
 - 5.1.2. Risk Reserve funds are designated into a risk reserve account by official action of the Optum Pierce BHO's Governing Board.
 - 5.1.3. Risk reserve funds are to be used only in the event that costs of providing service exceed the revenue the Optum Pierce BHO receives.
 - 5.2. Optum Pierce BHO ensures the existence of inpatient reserves at a contractually obligated amount.
 - 5.2.1. The Inpatient Reserves are funds that are set aside into an account by official action of the Optum Pierce BHO Governing Board.
 - 5.2.2. Inpatient reserve funds may only be set aside for anticipated psychiatric inpatient costs.
 - 5.3. Optum Pierce BHO may have additional Operating Reserves not to exceed 15.2% of the PIHP annual Medicaid premium payments.
 - 5.3.1. The Operating Reserves are funds that are set aside into an account by official action of the Optum Pierce BHO Governing Board.
 - 5.3.2. Operating reserve funds may only be set aside to maintain adequate cash flow for the provision of mental health services.
 - 5.4. PIHP Financial Reports are due within 45 days of the end of each quarter (September, December, March, and June of each year). (DSHS reserves the right to require more frequent submission of the Revenue and Expenditure report.) The following reports and certifications, in formats provided by DSHS, are to be submitted on a quarterly basis:
 - 5.4.1. The *PIHP Revenue, Expenditure, Reserves and Fund Balance Report* in compliance with the Budget Act Reporting System Supplemental for Mental Health Services promulgated by the Washington State Auditor's Office and the Revenue and Expenditure Report Instructions published by DSHS;

- 5.4.2. The amounts paid to Federally Qualified Health Centers for services;
 - 5.4.3. Any revenue collected by subcontractors for services provided.
 - 5.4.3.1. This includes revenue collected from Medicare, insurance companies, co- payments, and other sources.
 - 5.4.3.2. Optum Pierce BHO is to certify that a process is in place to demonstrate that all third party revenue resources for services provided are identified, pursued, and recorded by subcontractors, in accordance with Medicaid being the payer of last resort.
 - 5.4.4. Certification that administrative costs, as defined in the *Revenue and Expenditure Report Instructions for Mental Health Services*, incurred by Optum Pierce BHO are no more than 10% of the annual revenue supporting the public mental health system operated by the Pierce BHO. Administrative costs are to be measured on a fiscal year basis and are based on the information reported in the Revenue and Expenditure reports and reviewed by DSHS.
 - 5.4.4.1. If Optum Pierce BHO is unable to provide valid certifications or if DSHS finds discrepancies in the Revenue and Expenditure Report, DSHS may initiate remedial action.
 - 5.4.4.2. Remedial action may include recoupment from funds disbursed during the current or successive agreement period.
 - 5.4.4.3. Recoupment is to occur within 90 days of the close of the State fiscal year or within 90 days of the DSHS's receipt of the certification, whichever is later.
 - 5.4.5. DSHS reserves the right to modify the form, content, instruction, and timetables for collection and reporting of financial data. DSHS agrees to involve the Optum Pierce BHO in the decision process prior to implementing changes in format, and will request the Optum Pierce BHO to review and comment on format changes before they go into effect whenever possible.
6. In compliance with SMHC contract requirements:
- 6.1. Optum Pierce BHO is to ensure the existence of inpatient reserves at contractually obligated amount.
 - 6.1.1. The Inpatient Reserves are funds set aside into an account by official action of the Optum Pierce BHO Governing Board.
 - 6.1.2. Inpatient reserve funds may only be set aside for anticipated psychiatric inpatient costs.
 - 6.2. Optum Pierce BHO may have an Operating Reserve not to exceed 15.2% of the maximum consideration for this agreement.
 - 6.2.1. The Operating Reserves are funds set aside into an account by official action of the Optum Pierce BHO Governing Board.
 - 6.2.2. Operating reserve funds may only be set aside to maintain adequate cash flow for the provision of mental health services.
 - 6.3. SMHC Financial Reports are due within 45 days of the end of each quarter (September, December, March, and June of each year). The following reports and certifications, in formats provided by DSHS, are to be submitted on a quarterly basis:
 - 6.3.1. Revenue, expenditure, reserves and fund balance report in compliance with the Budget Accounting Reporting System Supplemental for Mental Health

Services promulgated by the Washington State Auditor's Office and the Revenue and Expenditure Report instructions Published by DSHS.

- 6.3.2. A report of any revenue collected by subcontractors for services provided under this agreement.
 - 6.3.2.1. This includes revenue collected from Medicare, insurance companies, co- payments, and other sources.
 - 6.3.2.2. The contractor is required to certify that a process is in place to demonstrate that all third party revenue resources for services provided under this agreement are identified, pursued, and recorded by the subcontractor.
- 6.3.3. Certification that Administrative Costs, as defined in the *Revenue and Expenditure Report Instructions for Mental Health Services*, incurred by the contractor are no more than 10% of the annual revenue supporting the public mental health system operated by the Optum Pierce BHO Governing Board.
 - 6.3.3.1. Administration costs are to be measured on a fiscal year basis and are based on the information reported in the Revenue and Expenditure reports and reviewed by DSHS.
- 6.3.4. If the Optum Pierce BHO Governing Board is unable to provide a valid certification or if DSHS finds discrepancies in the *Revenue and Expenditure Report*, DSHS may initiate remedial action.
 - 6.3.4.1. Remedial action may include recoupment from funds disbursed during the current or successive Agreement period.
 - 6.3.4.2. Recoupment is to occur within 90 days of the close of the state fiscal year or within 90 days of the DSHS's receipt of the certification, whichever is later.
- 6.4. Optum Pierce BHO is to provide certification that the funds provided in this agreement for WA-PACT are used specifically to fund new programs and not to supplant or support other PACT, PACT-like programs or High Intensity Treatment programs funded by DSHS and operated by the Pierce BHO.
- 6.5. DSHS reserves the right to modify the form, content, instruction, and timetables for collection and reporting of financial data. DSHS agrees to involve Optum Pierce BHO in the decision process prior to implementing changes in format, and shall request that Optum Pierce BHO to review and comment on format changes before they go into effect whenever possible.

Related Policies, Procedures & Materials

Optum Pierce Behavioral Health Organization policy: AD-04 - *Governing Board*

Attachments

N/A

Approval History

- Policy created and effective: 07/2009
- Policy and Procedure Committee review and approval: 10/26/2009
- Policy and Procedure Committee review and approval: 08/823/2010
- Policy and Procedure Committee review and approval: 9/26/2011
- Policy and Procedure Committee review and approval: 08/27/2012

- Policy and Procedure Committee review and approval: 12/02/2013
- Policy and Procedure Committee review and approval: 09/22/2014
- Policy and Procedure Committee review and approval: 09/28/2015
- Policy and Procedure Committee review and approval: 02/24/2016
- Operational Procedures and Standards Committee Reviewed and Accepted: 01/25/2017
- Optum Pierce BHO reviewed and accepted: 02/2018