



REGION 10 PIHP

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| SUBJECT Budgeting | | CHAPTER 04 | SECTION 01 | SUBJECT 01 |
| CHAPTER Fiscal Management | | SECTION Budget | | |
| WRITTEN BY Finance Committee | REVIEWED BY Richard Carpenter | | AUTHORIZED BY PIHP Board | |

I. APPLICATION:

- PIHP Board
 CMH Providers
 SUD Providers
 PIHP Staff
 CMH Subcontractors

II. POLICY STATEMENT:

The Budget Process is a tool used to create stability and consistency regarding the planned distribution of funds to support agency operations. An effective budget, in conjunction with short-term and long-term program planning, allows for the maximum utilization of public funds to support clinical and clinical support programs.

III. DEFINITIONS:

Capital Budget: A plan that identifies the major asset items to be purchased and the sources of funding.

Operating Budget: An overall plan for the coordination of current financial resources that identifies the expected availability and use of resources during a fiscal year/period.

IV. STANDARDS:

- A. Annual Budgets will coincide with the fiscal year from October 1st – September 30th.
- B. The CFO will in collaboration with Region 10 CMHs, create an annual budget and summarize the annual budget submitted by Region 10 CMHs to be approved by the Board of Directors. The annual budget will be approved before the start of the fiscal year.
- C. The CFO will present budget versus actual reports for the Board of Directors review and approval.
- D. The Board of Directors shall only adopt a final budget in which the revenue and expense projections are balanced or is shown to operate without a deficit.

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- E. The CFO shall base budget activities on current and future Region 10 projections, capital equipment purchases, program development and improvement recommendations, cost of living/consumer price indexing, and other relevant data.
- F. Individual CMH budgets shall be reviewed and approved by the CFO, with input from the CEO, Management Team, and CMH Boards. Requested changes to approved budgets for each Region 10 CMH shall be proposed in consultation with the PIHP CFO and approved by the PIHP Board of Directors.
- G. The budgetary methodology will comply with generally accepted accounting principles (GAAP).

V. PROCEDURES:

CMH Funding:

- A. PIHP Board
 - i. Approves funding available for behavioral health care within the region, with funding sources identified as applicable.
- B. Each CMH
 - ii. Prepares an operating budget for their respective provider CMH, identifying the funding sources associated with each expenditure category (e.g., Medicaid, Healthy Michigan, General Fund, Local, Grants, etc.)
- C. PIHP Finance
 - iii. Prepares an operating budget for SUD related grants and services, identifying the allowable funding sources associated with each program.
 - iv. Identifies and submits to the CFO recommended changes in the SUD service max rates.
- D. PIHP CFO
 - v. Summarizes submitted budgets and compares the total of all budget submitted to total Region 10 projected amount available to pay for the PIHP covered services.
 - vi. If the total of the reviewed budgets is less than or equal to the amount designated for service provision, the budgets are submitted to the PIHP CEO for review
 - vii. If the total of the reviewed budget is greater than the amount designated for service provision:
 - a. Notifies the member CMHs of the budget coverage.
 - b. Provides CMH Finance Directors and SUD staff with a summarized analysis of the budget data submitted with a comparison to amounts available for services provision.

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- c. Schedules meeting with the CMH Executive Directors/designee(s), the CMH Finance Directors, and the PIHP CEO or designee(s)
 - d. Schedules a meeting with the SUD staff, PIHP Finance Director, and PIHP CEO or designee(s).
 - viii. Reviews revised budgets submitted by CMH Finance Directors and forwards to PIHP CEO with recommendation(s).
 - ix. Reviews revised SUD max rates and forwards to the PIHP CEO with recommendation(s).
- E. PIHP CEO
 - x. Reviews submitted budget, SUD max rates, and accompanying recommendations.
 - xi. Presents to PIHP Board for approval
- F. PIHP Board
 - xii. Approves or rejects submitted budgets.
 - xiii. Approves or rejects SUD max rates.
- G. PIHP CFO/Designee
 - xiv. Issues advances to CMH based on their respective budgets.

VI. EXHIBITS:

None

VII. REFERENCES:

None