



REGION 10 PIHP

SUBJECT SUD Provider Advance		CHAPTER 04	SECTION 03	SUBJECT 04
CHAPTER Fiscal Management		SECTION Reimbursement		
WRITTEN BY Richard Carpenter	REVIEWED BY		AUTHORIZED BY PIHP Board	

I. APPLICATION:

- PIHP Board CMH Providers SUD Providers
 PIHP Staff CMH Subcontractors

II. POLICY STATEMENT:

It is Region 10 PIHP’s policy to ensure its SUD providers have the working capital necessary to cover operating expenditures, such as payroll and payments to vendors, in a timely manner.

III. DEFINITIONS:

None

IV. STANDARDS:

- A. PIHP Administration may accept requests for advances from the SUD providers for reasons outside of the control of the SUD provider, which may include but are not limited to sudden and severe reduction in service utilization.
- B. Advances from the PIHP must be last resort and providers must demonstrate that they have made reasonable effort under the circumstances to obtain working capital from alternative sources
- C. PIHP Administration must limit advances to any one SUD providers to an amount representing 1 month of historical payments calculated as, the sum of all payments made to the provider by Region 10 over a consecutive 3-month period divided by 3. The consecutive 3-month period should be selected to exclude any unusually high or low payment months, but the selected period must not extend more than 12 months prior to the date of the advance request.

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- D. PIHP Administration must limit the total amount of advances made to all SUD providers to an amount equal to 10% of the combined total balances of the Risk Reserve and PBI funds.
- E. PIHP Administration must review advances monthly to assess the continued need for the advance
- F. PIHP Administration may not make advances to a SUD Provider for any amount that is known to be in default to another creditor

V. PROCEDURES:

- A. The SUD provider must provide a written request to the PIHP CFO including all of the following documentation
 - i. Narrative signed by the provider CEO or CFO identifying the amount of the advance request, the circumstance necessitating the advance, and describing alternative actions taken to address the cash flow need.
 - ii. The most recently prepared financial statements reviewed by the providers board of directors or owners and signed by the Board Secretary attesting to the accuracy of the cash position reflected in the statements
 - iii. A weekly cash flow projection for the next 13 weeks with anticipated receipts from Region 10 separately identified from other sources and payroll identified separately from other expenses.
- B. The PIHP CFO will review the request for completeness and forward the request to the CEO with a recommendation to approve or deny
- C. The PIHP CEO will make the final determination to approve or deny the request
- D. Once approved the PIHP CFO will initiate the advance payment on the following regularly scheduled AP run.
- E. Monthly, the PIHP CFO will review the outstanding advance amounts for appropriateness. Additional reporting may be required from the provider by the PIHP CFO to assess the appropriateness of the advance. Additional information may include, but is not limited to updated financial reports, updated cash flow projections, accounts payable aging lists, accounts receivable aging lists, and check registers.
- F. The PIHP CFO will recommend to the PIHP CEO to terminate an advance if the continued advancement of funds is not in the best interest of the PIHP.

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G. The PIHP CEO will review and approve or deny the recommendation to terminate the advance.

H. If terminated, the PIHP CFO will notify the SUD provider of the decision to terminate the advance, the rationale behind that decision, and the timeline over which the advance will be withheld from regular payments. The decision to terminate and the timeline over which the advance will be withheld is at the sole discretion of the Region 10 CEO.

VI. EXHIBITS:

None

VII. REFERENCES:

None