

SUBJECT CMHSP Provider Advance		CHAPTER 04	SECTION 03	SUBJECT 03
CHAPTER Fiscal Management		SECTION Reimbursement		
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I. APPLICATION:

- PIHP Board
 CMH Providers
 SUD Providers
 PIHP Staff
 CMH Subcontractors

II. POLICY STATEMENT:

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

III. DEFINITIONS:

None

IV. STANDARDS:

1. PIHP Administration may accept requests for advances from the CMHSP providers for reasons outside of the control of the CMHSP provider, which may include but are not limited to delays in payment to the PIHP from MDHHS
2. PIHP Administration may utilize available Risk Reserve funds to provide advances.
3. PIHP Administration must limit advances to the CMHSP providers to an amount equal to 4% of the estimated annual payments to be made to that CMHSP provider from any one funding source.
4. PIHP Administration must limit the total amount of advances made to all CMHSP providers out of the Risk Reserve fund to an amount equal to 50% of the balance of the Risk Reserve.
5. PIHP Administration must review advances quarterly to assess the continued need for the advance.
6. PIHP Administration may not make advances to a CMHSP provider for any amount that is known to be in default to another creditor.

V. PROCEDURES:

1. The CMHSP provider will provide a written request to the PIHP CFO detailing the amount of the advance, the expected duration of the advance, and the rationale for the advance.

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2. The PIHP CFO will review the request for completeness and forward the request to the CEO with a recommendation to approve or deny.
3. The PIHP CEO will make the final determination to approve or deny the request.
4. Once approved the PIHP CFO will initiate the advance payment on the follow regularly scheduled AP run.
5. Once per quarter, the PIHP CFO will review the outstanding advance amounts for appropriateness.
6. 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.
7. The PIHP CEO will review and approve or deny the recommendation to terminate the advance.
8. If terminated, the PIHP CFO will notify the CMHSP 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.

VI. EXHIBITS: N/A