

ST. CLAIR COUNTY COMMUNITY MENTAL HEALTH AUTHORITY

Date Issued: **XX**
Date Revised:

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SECTION XXX		SUBJECT CMH Provider Advance	
WRITTEN BY Karen A. Farr	REVISED BY XXX	AUTHORIZED BY Tracey Pingitore	

I. APPLICATION:

- SCCCMHA Board
- SCCCMHA Providers & Subcontractors
- Direct-Operated Programs
- Community Agency Programs
- Residential Programs
- Specialized Foster Care
- SUD Providers

II. POLICY STATEMENT:

It shall be the policy of St. Clair County Community Mental Health Authority (SCCCMHA) to ensure its providers of behavioral health services have the working capital necessary to cover operating expenditures, such as payroll and vendor payments, in a timely manner.

III. DEFINITIONS:

A. None.

IV. STANDARDS:

- A. SCCCMHA may accept requests for advances from the providers of behavioral health services for reasons outside of the control of the provider, which may include but are not limited to sudden and severe reduction in service utilization.
- B. Advances from SCCCMHA must be a last resort and providers of behavioral services must demonstrate that they have made reasonable effort under the circumstances to obtain working capital from alternative sources.
- C. SCCCMHA may utilize available resources from Region 10 PIHP upon authorization from the PIHP Administration to provide advances.
- D. SCCCMHA must limit advances to any one provider of behavioral health services to an amount representing one (1) month of historical payments calculated as, the sum of all payments made to the provider of behavioral health services by SCCCMHA over a consecutive three (3) month period divided

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by three (3). The consecutive three (3) month period should be selected to exclude any unusually high or low payment months, but the selected period must not exceed more than twelve (12) months prior to the date of the advance request.

- E. SCCCMHA Administration must limit the total amount of advances made to all providers of behavioral health services to an amount equal to 10% of the total fiscal year Region 10 PIHP funding allocation.
- F. SCCCMHA Administration must review advances monthly to assess the continued need for the advance.
- G. SCCCMHA Administration may not make advances to a provider of behavioral health services for any amount that is known to be in default to another creditor.

V. PROCEDURES:

- A. The provider of behavioral health services must provide a written request to the SCCCMHA Executive Director including all of the following:
 - 1. Narrative signed by the provider of behavioral health services CEO identifying the amount of the advance request, the circumstance necessitating the advance, and describing alternative actions taken to address the cash flow need.
 - 2. The most recent prepared financial statements reviewed by the provider of behavioral services board of directors or owners and signed by the Board Secretary or Owner attesting to the accuracy of the cash position reflected in the statements.
 - 3. A weekly cash flow projection for the next 8 weeks with anticipated receipts from SCCCMHA separately identified from other revenue sources and payroll identified separately from other expenses.
- B. The SCCCMHA Executive Director will forward the request to the Finance Director to review for completeness and to provide a recommendation to approve or deny.
- C. The SCCCMHA Executive Director will make the final determination to approve or deny the request.
- D. Once approved, the SCCCMHA Finance Director will initiate the advance payment on the following regularly scheduled Accounts Payable run.
- E. Monthly, the SCCCMHA Finance Director will review the outstanding advance amounts for appropriateness. Additional reporting may be required by the provider of behavioral health services by the SCCCMHA Finance Director to assess the appropriateness of the advance.

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Additional information may include, but is not limited to, updated financial reports, and updated cash flow projections.

- F. The SCCCMHA Finance Director will recommend to the SCCCMHA Executive Director to terminate an advance if the continued advancement of funds is not in the best interest of SCCCMHA.
- G. The SCCCMHA Executive Director will review and approve or deny the recommendation to terminate the advance.
- H. If terminated, the SCCCMHA Executive Director will notify, in writing, the CEO of the provider of behavioral health services of the decision to terminate the advance, the rationale behind the 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 SCCCMHA Executive Director.

VI. REFERENCES:

None.

VII. EXHIBITS:

A. None.