

NORTHCARE NETWORK

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| POLICY TITLE: Supervision of Audit & Financial Consulting Relationships | CATEGORY: Financial Management | |
| EFFECTIVE DATE: 6/25/13 | BOARD APPROVAL DATE: 6/25/13 | |
| REVIEW DATE: 10/25/22 | REVISION(S) TO POLICY STATEMENT: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | OTHER REVISION(S): <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No |
| RESPONSIBLE PARTY: Chief Financial Officer | CEO APPROVAL DATE: 11/1/22 Dr. Tim Kangas, CEO | |

APPLIES TO

NorthCare Network Personnel
Network Providers

POLICY

It shall be the policy of NorthCare Network to assure compliance with federal and state statutes that an annual audit be conducted of all financial transactions.

PURPOSE

To define the processes for ensuring and monitoring financial management compliance with the MDHHS, Federal, State and local regulatory bodies.

DEFINITIONS

1. **Beneficiary:** An individual who is eligible for Medicaid and who is receiving or may qualify to receive services through the PIHP.
2. **CFO:** Chief Financial Officer
3. **Expense/Expenditures:** Any outflow of capitated funding used for the provision of services and/or other authorized items necessary for covered beneficiaries.
4. **CMHSPs:** The five member CMHSPs in the Upper Peninsula of Michigan – Copper Country CMH, Gogebic County CMH, Hiawatha Behavioral Health, Northpointe Behavioral Healthcare Systems and Pathways CMH.
5. **GAAP:** General Accepted Accounting Principles.
6. **Medicaid Abuse:** Provider practices that are inconsistent with sound fiscal, business or medical practices and result in an unnecessary cost to the Medicaid program, or in reimbursement for services that are not medically necessary or that fail to meet professionally recognized standards for health care.
7. **Medicaid Fraud:** The intentional deception or misinterpretation made by a person with the knowledge that the deception could result in some unauthorized benefit to himself or another person.
8. **MDHHS:** Michigan Department of Health and Human Services

9. **NorthCare Network and/or PIHP:** An organization (NorthCare Network) that manages Medicaid specialty services under the MDHHS contract on a prepaid, shared-risk basis, consistent with the requirements of 42 CFR part 401 et al June 14, 2002, regarding Medicaid managed care. In Medicaid regulations, Prepaid Inpatient Health Plans (PIHPs) that are responsible for inpatient services as part of the benefit package are not referred to as PIHP.

REFERENCES

- MDHHS/PIHP Contract, as amended
- Operating Agreements with Member CMHSPs
- NorthCare Network Bylaws, as amended
- OMB Uniform Guidance 2 CFR Part 200

HISTORY

REVISION DATE: N/A, 3/31/16, 11/5/18, 8/24/21, 10/25/22

REVIEW DATE: 6/14/13, 6/14/14, 5/28/15, 3/31/16, 1/30/17, 12/4/17, 11/5/18, 12/10/19, 8/24/21, 10/25/22

CEO APPROVAL DATE: 6/14/13, 6/14/14, 6/2/15, 4/4/16, 2/7/17, 12/11/17, 11/6/18, 1/7/20, 9/7/21, 11/1/22

BOARD APPROVAL DATE: 6/25/13

PROCEDURES

NorthCare Network will supervise any and all audit activities in connection with Medicaid funding related to MDHHS/PIHP contract, which will be contracted with a CPA Auditing firm.

NorthCare Network will then define the parameters and scope of the audit review process and will provide a progress report on audit findings to the Governing Board and/or MDHHS as appropriate and necessary.