

ST. CLAIR COUNTY COMMUNITY MENTAL HEALTH AUTHORITY

ADMINISTRATIVE PROCEDURE

Date Issued **9/22**

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I. APPLICATION:

- ☐ SCCCMHA Board
- ☐ SCCCMHA Providers & Subcontractors
- ☒ Direct-Operated Programs
- ☒ Community Agency Contractors
- ☐ Residential Programs
- ☐ Specialized Foster Care

II. PURPOSE STATEMENT:

St Clair County Community Mental Health Authority (SCCCMHA) shall ensure to calculate the rates submitted to first and third party payers for fee-for-service payments in accordance with generally accepted accounting principles (GAAP), and using costing principles contained in The OMB (Office of Management and Budget Guidance) 2CFR Part 200- "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards."

III. DEFINITIONS:

- A. Allowed Amounts (Internal Cost): It is the average amount per procedure code, excluding all costs related to PIHP functions performed by the Prepaid Inpatient Health Plan (PIHP).
- B. Fee for Service (FFS) Payment Methodology: A method of paying service providers that reimburses for each specific covered service contracted for and provided by staff with specified credentials, at a specified rate for a specified unit of measure. Other contract terms may apply, such as pre-authorization of services and specified service sites.
- C. Contract Rates (aka: Provider Cost): Dollar amounts paid to a subcontracted provider/agency for each specific covered service provided by staff with specified credentials for the unit of measure defined by each procedure code as described in the contract between SCCCMH Authority and the subcontracted provider. It is recorded in the current software, OASIS, as the Provider Cost in each Location Fee Schedule.
- D. Standard Cost (aka: Posted Rates): The average charge per procedure code for each specific covered service provided by direct run program staff or by contract agency staff with specified credentials for the unit of measure defined by each procedure code. The rates include all allowable costs including PIHP administration, program administration and operating costs allocated in accordance with cited costing principles and publications. It is used for all fee-for-service billings and first and third party, billings.

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IV. STANDARDS:

- A. Standard charges will be calculated in accordance with generally accepted accounting principles (GAAP) and using costing principles contained in super circular in the form of final regulations officially titled “Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards”.
- B. Common rates of reimbursement will be established for all services provided directly by staff employed by SCCCMHA.
- C. Each subcontracting provider/agency will be identified and reimbursement will be based on the rates, terms and conditions of the sub-contractor’s contract with the SCCCMHA.
- D. SCCCMHA shall adequate rate setting information to the PIHP to be included in the calculation of the PIHP allowed amount submitted with the required encounter data to the Michigan Department of Health and Human Services (MDHHS).
- E. SCCCMHA shall negotiate rates for services provided with sub-contract providers and to include those units and costs in the rate calculations for their standard charges. SCCCMHA will calculate their standard charges no less than annually.
- F. SCCCMHA shall provide the costs of the delegated functions to the PIHP along with allowed amount calculation summary data as requested, to allow for the accurate calculation of allowed amounts.

V. PROCEDURES:

Chief Financial Officer

1. Establishes the standards and methodology for the rate calculating process.
2. Designates the staff responsible for the collection of data and the calculation of the various rates.

Chief Financial Officer or Designee

3. Collects costs data from the appropriate budget or general ledger information, by department.
4. Collects activity data for direct service codes including units and duration by department. This data is collected for all direct run and contracted services.
5. Calculates the standard charges in accordance with the standards and methodology established by the Chief Financial Officer.
6. Computes the following administrative percentages:

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- a. Ratio of SCCCMHA Service Administration and Managed Care Administration to total costs.
- b. Ratio of SCCCMHA Service Administration, Managed Care Administration and PIHP Delegated Administration to total costs.

7. Computes the internal cost amounts for services provided by the direct run programs. This is the average cost per procedure code for direct run programs less the Region 10 administrative percentages.
8. Determines the cost of Region 10 delegated functions included in SCCCMHA rates.

Chief Financial Officer

9. Reviews amounts calculated as standard charges for reasonableness and consistency.
10. Forwards the approved standard charges to the reimbursement department for entry into the OASIS insurance fee schedules.
11. Forwards approved standard charges to support services director/designee for entry into OASIS Direct Run Programs fee schedules.

VI. REFERENCES:

None available

VII. EXHIBIT:

None available

VIII. REVISION HISTORY:

Dates issued 04/05, 04/07, 04/09, 01/12, 07/13, 07/14, 07/15, 07/16, 07/17, 07/18, 07/19, 9/20, 8/21, 9/20, 9/22.