DAUPHIN COUNTY MH/MR PROGRAM
POLICY AND PROCEDURE

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**Name of Policy:** Budget Management and Retained Revenues

**Policy:** The Dauphin County Mental Health/Mental Retardation Program will maintain a budgeting and fund allocation system that maximizes funds for consumer services while prioritizing the need for retained revenues for provider organizations. The Dauphin County Mental Health/Mental Retardation Program will maintain the exclusive right to approve and allocate retained revenues to provider organizations.

**Definitions:**

**Contract Timeline** – A document distributed annually by the MH/MR Administrator that defines the deadlines for submission of materials for the contracting process.

**Fee-For-Service Programs With Externally Defined Rate** – Programs contracted with the Dauphin County MH/MR Program where the rate for the program is established by an organization external to Dauphin County, such as the Office of Medical Assistance Programs, the Community Behavioral Healthcare Network of Pennsylvania (CBHNP), or another County.

**Fee-For-Service Programs and Program-Funded Programs** – Programs contracted with the Dauphin County MH/MR Program where the rate for the program is established by Dauphin County and cost-settlement on the program occurs after the completion of the fiscal year.

**Retained Revenues** – An amount, up to 3% of total county expenses, that the county may distribute to provider organizations as profit on program-funded programs, as described in PA Code, Title 55 Chapter 4300.108 part (c).

**Procedure:**

1. The MH/MR Administrator distributes an annual contract timeline. All provider organizations seeking to enter into contracts with the County for MH/MR services are
required to submit proposed budgets for the programs the provider wishes to offer. These proposed budgets for Fee-For-Service Programs and Program-Funded Programs are to be submitted using actual anticipated expenses and should not include retained revenue or the inflation of expenses to account for retained revenue.

2. The MH/MR Program will use the proposed budgets to develop contracts with provider organizations and to develop allocations to the provider organizations for the contracted services. The MH/MR Program will maintain an internal accounting system to identify the total funds available for each program and the total amount of funds allocated to provider organizations. It is the responsibility of the MH/MR Administrator to manage available funds to maximize services to consumers while also seeking to conserve funds for the payment of retained revenues to provider organizations.

3. Provider organizations are given one formal opportunity during each contract year to request a revision in the budgets and allocations. This opportunity occurs during the budget meetings with providers that generally occur during the months of February and March.

4. Provider organizations may submit a revised budget request for either Fee-For-Service Programs and Program-Funded Programs or Fee-For-Service Programs With Externally Defined Rate to the MH/MR Program at any time during the fiscal year until April 30 of that fiscal year. MH/MR Program staff members will notify provider organizations if the revised budgets have been accepted. The county may accept the revised budgets; however, approval for a change in allocation amounts may be contingent upon available funds. Additionally, the revised budgets may not change rates that have been negotiated for the fiscal year. These revised budgets that are accepted by the County will be used for the purpose of calculating eligibility for retained revenue.

5. Provider organizations are required to submit final expenses to the MH/MR Program for Fee-For-Service Programs and Program-Funded Programs by the end of July following the end of the fiscal year. These final expense amounts will be used in the determination of eligibility for the distribution of retained revenues. Determination of eligibility for retained revenues will be made at the contract level for an organization, not at a program budget line item level.

6. Provider organizations that have final expense amounts for Fee-For-Service Programs and Program-Funded Programs that vary either positively or negatively by more than 1.5% from the final approved budget for the organization shall not be eligible for the distribution of retained revenues.

7. For Fee-For-Service Programs and Program-Funded Programs where expenses exceed the final budget by more than 1.5%, and a prior revised budget change was not submitted, these expenses will be prioritized at the end of the year after the payment of retained revenues to eligible programs.

8. Organizations that have experienced unusual financial occurrences during the year
that lead to an unacceptable variance between estimated expenses and actual expenses may appeal the ineligibility for retained revenues in writing to the MH/MR Administrator. All such appeals shall include a description of the unusual occurrence and documentation of the financial impact of the unusual financial occurrence. The appeal process will be waived when the provider organization has performed additional services and incurred additional expenses at the request of the County during the second half of the fiscal year. The County, prior to the payment of retained revenues to providers, will prioritize these additional expenses for reimbursement.

9. The County will reconcile final expenses to final approved budgets after the completion of the fiscal year. The County will notify the provider of final payment amounts for the fiscal year, including any retained revenues, by August 31st of each fiscal year.