

## **5122:1-3-01 Financial requirements for community mental health boards.**

(A) Purpose. This rule establishes application, eligibility, allocation methods, accounting standards, auditing standards, reimbursement, and financial reporting requirements for the disbursement of funds to community mental health boards.

(B) Application. The provisions of this rule shall apply to all community mental health boards receiving funds from the department for community mental health services as listed in section [340.09](#) of the Revised Code or receiving funds for federally-funded programs that are processed through the department of mental health to boards.

(C) Definitions.

(1) "Annual Comprehensive Community Mental Health Plan" means that planning process and document which is required in division (A) of section [340.03](#) of the Revised Code.

(2) "Annual Financial Report" means that reporting process and document which is required in division (I) of section [340.03](#) of the Revised Code.

(3) "Board" means a community mental health board pursuant to section [340.02](#) of the Revised Code.

(4) "Commissioner" means the chief of the division of mental health and forensic services in the department of mental health.

(5) "Contract agency" means a public or private agency with which a community mental health board enters into a contract for the provision of mental health services or facilities pursuant to section [340.03](#) of the Revised Code.

(6) "Department" means the Ohio department of mental health as established by section [121.02](#) of the Revised Code.

(7) "Director" means the chief executive officer of the department as established by section [121.02](#) of the Revised Code.

(8) "Eligible operating expenses" means expenditures pursuant to section 5119.62 of the Revised Code and shall include salaries and fringes for qualified personnel; operation, maintenance, and service costs; per diem and travel expenses incurred in the performance of official duties; and other expenditures specifically authorized and approved by the director. Reimbursement may also be made for expenditures for services provided by contract with public or private agencies.

(9) "Fiscal year" means the yearly accounting period designated by the year in which it ends. The state fiscal year begins on July one and ends on June thirtieth.

(10) "Percentage basis" means percentage reimbursement formulas for eligible operating expenses pursuant to section 5119.62 of the Revised Code which shall be seventy-five per cent of operating expenditures recommended by the board and approved by the director. However, the director, subject to the approval of the controlling board, may authorize reimbursement for operating expenditures in excess of seventy-five per cent.

(D) Regulations governing reimbursement to community mental health boards.

(1) Annual financial section of the plan

The community mental health board shall include a financial section in the "Annual Comprehensive Community Mental Health Plan." The plan constitutes application for state funds for reimbursement of eligible operating expenses. The department requires that boards submit the financial section by use of the "Estimated Receipts and Expenditures, Form DMH-FIS-040" (see "Appendix A"), "Estimated Units of Service, Form DMH-FIS-041," (see "Appendix B") and "Expense Budget Overview, Form DMH-FIS-047" (see "Appendix C").

(2) Board review of contract agencies

(a) The board shall certify that fee schedules established by a contract agency have been reviewed and approved, and shall insure unit cost schedules were developed consistent with generally accepted accounting principles as defined by the "American Institute of Certified Public Accountants" and department approved methodologies.

(b) The board shall certify that fee schedules take into consideration the relative ability of patients and clients to pay for services.

(c) The board shall insure that the fee schedules do not exceed the actual cost of providing services.

(d) The community mental health board shall certify approval of salary schedules for employees and consultants in contract agencies whose salaries are paid in whole or in part from funds provided by the board.

(3) Eligibility

(a) Any county or combination of counties providing services can be reimbursed from funds appropriated for such purpose by the general assembly.

(b) In order to obtain state or federal funds appropriated by the general assembly, a board recommends a plan for eligible operating expenses to the commissioner.

(c) Funds appropriated are disbursed only to boards for services included in the "Annual Comprehensive Community Mental Health Plan" as approved by the commissioner.

(d) In order to obtain federal funds that are processed through the department of mental health a board must comply with all requirements specific to the federal program and insure compliance by its respective contract agencies.

(e) The board must comply with all regulations specific to the community mental health medicaid program and insure compliance by its respective contract agencies.

(4) Allocation method

(a) All funds appropriated are disbursed in the amounts and as designated by line items of the current appropriations bill.

(b) The funds available to each board are allocated on an annual basis subject to quarterly review of appropriations levels.

(c) The board of county commissioners may appropriate funds to the community mental health board if the board's request is in accordance with the "Annual Comprehensive Community Mental Health Plan" as approved by the commissioner.

(d) The federal funds processed through the department of mental health are allocated in accordance with state and federal regulations.

(5) Payment schedules

(a) State funds with the exception of 503, community forensic psychiatric centers, are disbursed to boards on a percentage basis for only reimbursement of eligible operating expenses. 503 is disbursed for reimbursement of all eligible operating expenses.

(b) State funds are disbursed to boards on a quarterly basis subject to state cash flow limitations.

(c) The total amount of state funds that can be reimbursed to any given board is limited by the current appropriations bill for each line item (502, 503, 507, 509, 510, 511, 512) and the board's amount as approved by the commissioner.

(d) The department requires that boards request reimbursement from state funds and report expenses on a continuing updated financial reporting format by use of the "Composite State Reimbursement Request, Form DMH-FIS-033" (see "Appendix D"). This form reports expenses for the quarter and accumulated expenses to date as well as the amount of reimbursement requested for the new quarter. It also notes the previous amount of reimbursement received and the maximum allocation for reimbursement available to that board. This reporting format includes all funds received through the current appropriations bill.

(e) Payments of community mental health board obligations by the county auditor, or in a joint-county district the county auditor designated as the auditor for the district, shall be in accordance with the "Annual Comprehensive Community Mental Health Plan" as approved by the commissioner.

(f) Boards shall insure that payments to contract agencies for services provided do not include reimbursement for expenses eligible for payment by federal grants, third-party payors or income from client fees.

(g) The director shall not withhold reimbursement without prior notification to and consultation with the board and the appropriate board(s) of county commissioners. When the acceptability of a board service or contractual service is in question such local services shall have the opportunity of representation at any hearing pertaining thereto.

(h) Federal funds processed through the department of mental health are disbursed to community mental health boards in accordance with state and federal regulations.

#### (6) Accounting standards

(a) Reimbursed funds received by a board from the department shall be deposited only in the county treasury. Funds shall be disbursed from the county treasurer's office, based on recommendation by the board, following methods and procedures established by the state auditor's office.

(b) The department recommends that boards and their contracting public or private agencies use accounting standards and cost principles contained in the following reference material in the following priority: "Health Insurance Manual 15-Provider Reimbursement Manual," "Health Insurance Manual 5-Principles of Reimbursement for Provider Costs," published by the United States department of health and human services, and generally accepted accounting principles.

#### (7) Auditing standards

(a) Boards receiving funds from the department are audited by the state auditor's office. A copy of the audit report must be forwarded to the department within thirty days following its receipt by the board.

(b) Boards shall follow the guidelines of the state auditor's office for conducting annual fiscal audits of its respective contract agencies. Audits must include, at a minimum, as part of the audit scope:

"Financial and compliance" as defined by the comptroller general's "Standards for Audit of Government Organizations, Programs, Activities, and Functions";

Must review cost-allocation methodology and certify as appropriate and reasonable the unit costs rates used for billing purposes;

Must review statistical reporting system and determine the accuracy and reliability of same.

(c) A copy of the audited financial statements, the opinion issued, and any management letters must be forwarded to the director of the department of mental health within thirty days following its receipt by the board.

(d) All fiscal records are subject to review by the commissioner, division of business administration, or his representative.

#### (8) Financial reporting format

(a) The department publishes the annual statistical report which includes financial reporting data for all funds received and expended resulting from appropriation of funds from the current appropriations bill.

(b) Annual financial reports of the community mental health board will be forwarded to the department of mental health within sixty days of the close of the state fiscal year. The department requires that boards use the "Report of Receipts and Expenditures, Form DMH-FIS-045"

(see "Appendix E"), "Report of Units of Services, Form DMH-FIS-046" (see "Appendix F"), and "Report on Revenue, Form DMH-FIS-030" (see "Appendix G".)

See Appendices A through G at <http://www.mh.state.oh.us/legaldiv/general/rules.html>

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