

MCHEMRY COUNTY MENTAL HEALTH BOARD REQUIREMENTS AND GUIDELINES FOR ALLOCATION OF FUNDS

INTRODUCTION

The McHenry County Mental Health Board has adopted general policy statements that provide the framework for these guidelines:

“The McHenry County Mental Health Board (MHB) will operate in an ethical, legal, fair, and non-discriminatory manner in all functions utilizing evidence-based practice, current technologies and best practices; incorporating consumer and public input within an environment of continuous performance improvement.

The MHB expects that its vendors, service providers, system partners, and all entities doing business with the MHB shall adhere to the principles, policies, values, and expectations of the Mental Health Board.”

The MHB believes that services should be provided in the least restrictive environment appropriate to the needs of the individual client; that MHB funding support shall be community based; and the MHB will coordinate its planning and funding efforts in consideration of governmental and non-governmental payers and providers of services.

Pursuant to the authority contained in the Community Mental Health Act, ILCS, Chapter 405, Act 20, Section 0.1, et.seq., funds allocated by the MHB shall be used to contract for mental health, substance use disorder, and intellectual and developmental disability services as defined by the local community mental health board. The MHB has also chosen to address the behavioral health issues exhibited in those with brain injuries.

GENERAL AGENCY AND ADMINISTRATIVE REQUIREMENTS

(1) Who may apply for MHB Funding?

Applicants for funding may be an individual or a public or private entity providing mental health, intellectual and developmental disability or substance use disorder services to residents of McHenry County. The Applicant must demonstrate sound business practices for a minimum of two years prior to submission of application, exceptions to be preapproved by the MHB. Applicants shall attest that no staff member or relative of a staff member shall be a voting member of the agency Board of Directors.

The following entities are eligible to apply:

- An individual (including single-member Limited Liability Company)
- Not-for-Profit corporations: Must be registered as a not-for-profit in good standing with the State of Illinois and established as a Section 501(c)3 under the Internal Revenue Code
- For-Profit Corporations
- Governmental Entities and Departments within McHenry County Government

Through the funding application and review process, all entities must demonstrate financial accountability, reliability, and stability, as well as appropriate service of value to the persons to be served as determined by the MHB.

All applicants must also demonstrate compliance with MHB Network values of: individual, family and youth driven care; cultural competency; evidence based and best practices; community based; outcomes driven; cross system collaboration which supports resiliency and recovery of those receiving services.

Administrative Requirements of Applicants:

- (a) If a corporation, must have corporate by-laws that at a minimum specify the number of members of the board and include a board rotation policy, describe policies for recruitment, nomination and election of board members and officers, address removal and replacement of board members, reference committee structures and term limits for each board office and MHB strongly recommends the by-laws encourage consumer representation on the board,
- (b) Have policies ensuring nondiscrimination in the acceptance of clients, employment of personnel, and appointment to the board of directors or in any other respect on the basis of race, color, creed, religion, ancestry, national origin, age, mental or physical disability, sex, marital status, order of protection status, pregnancy, military status, unfavorable discharge from military service, citizenship status, sexual orientation including gender-related identity whether or not traditionally associated with the person's designated sex at birth, or any other basis prohibited by applicable federal, state, or local fair employment laws or regulations.
- (c) Services shall not be denied based on a client's inability to pay.
- (d) Demonstrate a willingness and ability to enter into networking agreements or contracts with other providers in order to avoid overlapping services and coordinate care.
- (e) Cooperate fully in program evaluation and onsite monitoring as conducted by MHB staff pursuant to the mandate contained in the Community Mental Health Act and funding contracts. This may include making available for inspection by the MHB copies of all funding applications and awards to/from any local, state, or federal government department or agency and copies of site, monitoring, compliance, licensure/certification, accreditation, evaluation, and audit visits performed by any funding authority.
- (f) Cooperate fully with and adhere to the attendance requirements of the Network Council, Quality Management Committee and Intake Coordinators meetings assuring quality improvement processes for system impact within the Network of funded agencies.
- (g) Provide services to each eligible client in accordance with a written individual plan (where applicable) which identifies client needs and strengths as determined by assessment.
- (h) Comply with all applicable Illinois and Federal laws and regulations with respect to safeguarding the use and disclosure of confidential information about recipients of services.
- (i) Have admission and discharge policies and procedures set forth in writing and available for review.
- (j) Demonstrate that professional staff are licensed, registered, or certified by the State of Illinois, as applicable to the discipline and current Illinois regulations/requirements.
- (k) Demonstrate that all program facilities are in compliance with applicable State of Illinois licensure requirements and local ordinances with regard to fire, building, zoning, sanitation, and health and safety requirements.
- (l) Attest that they will not use MHB funds:
 - To engage in proselytizing activities with consumers and/or require worship or religious instructional activities as a condition of participation.
 - For direct or indirect medical (physical health) services that are not related to mental health, substance use disorder or intellectual and developmental disabilities.

- To supplant funding for programs or services under the jurisdiction of public school systems.
- To augment or supplant funding from any other federal or state source prohibiting such action and/or subject to coordination of benefits.

The Mental Health Board reserves the right to contact the applicant's funding sources with or without applicant's notice or knowledge to confirm compliance with all non-supplanting or supplemental funds and/or certification/accreditation standards.

(2) Accreditation Expectations of Applicants

In accordance with the standards for a Network with CARF International (hereinafter CARF) accreditation, the MHB has implemented a quality and compliance review process for all participating providers, regardless of size of budget, with which the MHB enters into a Funding Agreement. For service delivery networks, this quality review applies to network-related service provision and business practices which can be met in the following ways: (1) CARF accreditation of the participating provider, (2) accreditation of the participating provider by another nationally or CARF recognized accrediting organization, or (3) if the participating Provider is unaccredited, MHB implementation of a regular on-site review process of the Provider that addresses the Provider's application of identified CARF standards for service provision and business practices.

(3) Fiscal Expectation for All Applicants

- (a) The organization shall be managed in a manner consistent with sound fiscal standards and shall maintain written policies and procedures regarding its fiscal activities, including but not limited to payroll, purchasing, internal controls, cash management, relevant fee schedules, contracts, billing and risk management.
- (b) Organizations will be held to the MHB approved budgets per each program awarded funds, with the allowance of budget movement between category lines equaling the lesser of (10%) of the donating category or \$3,000.00 in total. Total allowance for movement within the program budget is limited to \$3,000 per year. A financial reconciliation of MHB payments to actual expenses related to Standard Grant/Purchase of Position contracts will be required at year end, with unexpended or disallowed amounts returned to MHB. Financial reconciliation requirements are promulgated within funding agreements.
- (c) MHB funds are restricted for use in the program(s) described in the contract(s) concerning obligation of funding. For grant and/or purchase of position contracts, MHB funds in excess of actual reimbursable expenses by the program are subject to recovery.
- (d) If indirect expenses will be charged to the award, the organization's cost allocation plan must be submitted to MHB and the expenses in line with the plan or the expenses will be disallowed.
- (e) Organizations will establish and maintain an accrual accounting system in accordance with generally accepted accounting principles to include a level of documentation, classification of entries and audit trails. Cash basis accounting systems to be considered on a limited basis and subject to MHB approval.
 - All accounting entries must be supported by appropriate source documents.
 - All fiscal records shall be maintained for five (5) years after the end of each contract(s) term, and if need still remains, such as unresolved issues arising from an audit or legal process, related records must be retained until the matter is completely resolved.
 - Amounts charged to MHB funded cost centers for personnel services must be based on documented payrolls. Payrolls must be supported by time and attendance records for individual employees (as applicable).
 - The MHB may establish additional accounting requirements for any funded programs.

- MHB funds may only be used for expenses that are reasonable, necessary and related to the provision of services as specified in the contract. All allowable expenses that can be identified to a specific MHB funded program should be charged to that program on a direct basis. Any allowable reimbursable expenses indirectly identified to an MHB funded program must be allocated similarly to all programs, both funded and non-funded, in an equitable manner.
- The following is a listing of non-allowable expenses:
 - (1) Bad debts;
 - (2) Contingency reserve fund contributions;
 - (3) Contributions and donations,
 - (4) Entertainment;
 - (5) Purchase of alcohol;
 - (6) Compensation for board members;
 - (7) Fines and penalties;
 - (8) Interest expense;
 - (9) Rental income received must be used to reduce the reimbursable expense by MHB funds for the item rented;
 - (10) Capital expenditures greater than \$5,000 unless funds are specified for such purpose;
 - (11) Supplanting funding from another revenue stream. The boards may delay allocation decisions when anticipated funds from other sources may be influenced by their decisions;
 - (12) Expenses or items not otherwise approved through the budget or budget amendment process or in excess of approved/amended budget;
 - (13) Expenses incurred outside the term of the contract;
 - (14) Contributions to any political candidate or party or to other non-MHB program purposes;
 - (15) Excessive administrative costs including:
 - Any indirect administrative cost rate in excess of 20% of the non-administrative portion of the budget, unless approved by the Board;
 - Any indirect administrative costs that exceed those approved in the program/service budget;
 - Any indirect administrative costs for which an organization's cost allocation plan has not been submitted and deemed acceptable to MHB.
 - (16) The MHB at its discretion may elect not to fund an application based on what is deemed to be in the best interest of the county;
 - (17) Lobbying costs
 - (18) Supplementation of state or federal funds and/or subject to coordination of benefits.
- (f) Each agency is required to submit an annual independent financial audit unless otherwise waived by MHB. Refer to the Financial Audit Requirements – Funded Providers policy attached. Failure to meet these audit requirements shall be cause for termination or suspension of MHB funding. If the audit includes a management letter, this document and any report of corrective action must also be made available for MHB inspection. Any exceptions to these requirements must be preapproved by the MHB.

ALLOCATION AND DECISION PROCESS

- 1) All MHB allocation and contracting decisions are made in meetings open to the public and in accordance with the MHB Contractual Relationships – Funding Allocations Policy. Allocation decisions

will be based on statutory mandates, priorities and defined criteria related to the findings of various needs assessment activities sponsored by the MHB. To the extent possible, final decisions will be predicated on how well an application aligns with the statutory mandates, MHB established priorities and rubric criteria.

The MHB application for funding process shall include the following steps:

- (a) Public notification of the availability of funding shall be issued via email to currently funded agencies; Notice of Funding Availability or Request for Funding Proposals on the MHB website and announcement in a prominent newspaper once the Board approves the release of the application process. This announcement will provide information necessary for an organization to submit an application for funding and how to request access to application materials.
- (b) Funding priorities and criteria will be reviewed each fiscal year, identifying the funding application process and timeline.
- (c) All potential applicants must register in the Foundant Grant Lifecycle Management System. Access to application(s) follows completion of the registration process.
- (d) Organization must submit, in MHB's required format and using MHB templates as part of the application, a budget containing anticipated revenues and expenditures for carrying out the purposes of the award. When organization or third parties support a portion of expenses associated with the award, the budget includes the non-MHB as well as MHB share of expenses. Final budgets shall be approved by the MHB.
- (e) Technical assistance regarding compliance with MHB requirements will be made available upon request at any time prior to the due date of the application predicated on staff time available.
- (f) Application due date will be specified in the public notice and accessible on the MHB webpage www.mc708.org.
- (g) Access to submitted application(s) will be provided to Board member(s) of the MHB in a medium preferred by the Board member.
- (h) MHB Staff and Board members will complete a review of each application.
- (i) The MHB may require some or all applicants to provide written responses or be present at Board or committee meetings to answer questions about funding application(s).
- (j) Allocation decisions of the MHB are final and not subject to reconsideration unless at MHB's initiation.
- (k) It is the intent of the MHB not to consider out-of-cycle funding requests or proposals routinely.

2) As necessary, the Executive Director shall engage and consult with other public and private agencies for purposes of planning and contracting for delivery of services. The Board may award and/or reallocate funding without a Special Allocation process.

THE AWARD PROCESS, CONTRACTS, AND AMENDMENTS

1. Award Procedures:

Agencies awarded MHB funds shall receive notification indicating program allocation(s). This will state the amount of the funds awarded, the effective time period of the award, and the services/program/project to be delivered utilizing the funds.

2. Contracting Format and Implementation Procedures:

Once allocations are authorized by the MHB, staff will implement the funding plan and initiate the contracting process. The contract shall include the boilerplate (i.e., standard language and provisions

applicable to all contracts), the program work plan, rate schedule (for fee for service contracts), special conditions (if applicable), and required financial information. Within the context of the final allocations, the staff is authorized to negotiate and complete the contracts, budgets, and work plans. Execution of the contracts requires the signatures of the respective Executive Directors and Presidents (or Authorized Designees). The contract period is December 1 through November 30. A Work Plan will be established as part of contract execution to outline outcomes and parameters for the delivery of service. These documents are executed by the Authorized Designees and may be subject to amendment per MHB approval.

3. Types of MHB Contracts:

The contract format decision rests with the MHB and is based on the appropriateness of the format with the objectives of the program plan.

(a) Standard Grant Contract.

Payment is predicated on the budget and obligations associated with the contract. Typically, payments are divided into equal monthly amounts over the term of the contract. If approved by the Board, grant contracts may include a one-time lump sum payment as needed. Reconciliation of payments to actual expenditures shall be submitted to MHB at the six months and at the end of MHB's fiscal year, and unspent dollars will be returned to the MHB by December 31 following MHB's November 30 fiscal year end. Accountability is tied to defined outcomes, performance measures and service data. Grants are typically funded to ensure access to a particular level of care or to underwrite the cost of infrastructure needed for the program.

(b) Pay-for-Performance Grant Contract

Payment is predicated on the performance obligations associated with the contract. Typically, payments are divided into equal monthly amounts over the term of the contract. Accountability is tied to defined performance measures. These grants are typically funded to ensure access to a particular level of care.

(c) Fee for Service Contract.

Payment is driven by retrospective billing for units of service provided within the constraints of the contract maximum. Whenever possible and appropriate, MHB contracts will establish rates based on those used by the State of Illinois (e.g., Part 132, Medicaid Community Mental Health Services Program). The Provider must maintain sufficient documentation to show coordination of benefits and eligibility of funding. This responsibility lies solely on the Provider. The contract specifies the base rate.

(d) Independent Contractor Contract for Supportive Services

Payment is tied to a specific task or activity defined in the application and review responses. Typically, payment is tied to an hourly rate or completion of specific tasks (i.e., deliverables). Approved expenses associated with the contract shall be defined in the contract and included as a portion of the overall contract maximum. Individual services may require approval through a "warrant of need" process for treatment services.

(e) Purchase of Position

This type of funding is used for contracts in which the MHB funding is paying for a particular staff position that is critical to the delivery of an approved program, project or service, but spends a percentage of time engaged in non-revenue generating activities. Engagement in revenue generating clinical service activity during the percentage of time supported with MHB funds is prohibited and considered supplementing and/or non-compliant with coordination of benefits. If

the Purchase of Position is for a full time allocation, the staff member is limited to the activities consistent with the established Work Plan. Purchase of Position costs may include all position related expenses if agreed upon by the MHB and included in the approved budget. The MHB reserves the right to approve the credentials and qualifications of any candidate performing activities supported by Purchase of Position funding. Funding shall be reconciled to actual expenses at six months and at MHB fiscal year end, with unspent dollars returned by December 31 following MHB's November 30 fiscal year end.

(f) Mental Health Board Capital Requests

Any funded Agency in good standing may request capital funds from the Mental Health Board for capital expenditures specifically related to programs or services funded by the Mental Health Board. The agencies must be aware that the Mental Health Board does not routinely budget for these requests but will consider each request on a non-precedent setting, case-by-case basis. Request must be in writing to the Board outlining the program, the request supports, the total budget (including all revenue and expenditures related to the capital request,) a timeline for the implementation for the request, and identification of any other sources of funding. The calculation of percentage of cost attributable to Mental Health Board should also be included, based upon Mental Health Board covered program expenses to overall agency expenses (excluding the proposed capital expense). Priority consideration is given to those requests that directly impact life safety considerations. Capital requests may be excluded from funding eligibility if noted with a Notice of Funding Availability or Request for Funding Proposals.

(g) Intergovernmental Agreement

The MHB, at its discretion, may enter into an intergovernmental agreement with other units of government, for the delivery of services or network enhancements.

4. Contract Amendments: The need for a contract amendment is driven by a change in conditions delineated in the original agreement. The provider is required to report changes that modify the administrative structure and/or implementation of the work plan. It is recognized that programs are dynamic, and it is prudent to make program adjustments to better meet overall goals and objectives. Contract Amendments shall be carried out pursuant to the MHB's Contractual Relationships – Funding Allocations Policy.

GENERAL REPORTING REQUIREMENTS FOR MHB FUNDING

1. Provider Reporting Requirements:

- (a) Financial, service, reconciliation, and outcome reporting requirements are delineated in the contract boilerplate and are subject to revision from year to year. In general, each funded agency is required to submit an annual audit (unless otherwise waived by MHB as defined in the Financial Audit Requirements – Funded Providers policy), monthly service data and/or quarterly or semi-annual outcome reports.
- (b) Change in the Provider's corporate status shall be reported to the MHB within 30 days of the change.
- (c) Change in the Provider's accreditation status shall be reported to the MHB within 30 days of the change.
- (d) The Provider shall notify the MHB about accreditation and/or licensing site visits by the State of Illinois or accrediting or certifying organizations during MHB compliance audits.
- (e) Additional reporting requirements may be included as provisions of the contract.

2. Monitoring and evaluation: Requirements related to monitoring and evaluation are detailed in the attached Records Auditing and Monitoring policy.
3. Audit and Appeals Process and Procedure: Details of the Audit and Appeals Process and Procedure are detailed in the attached Audit and Appeals Policy and Procedure Policy.

EXCEPTIONS TO THE PROVISIONS OF THE FUNDING GUIDELINES

All exceptions to the Funding Guidelines must have the prior approval of the MHB Board of Directors or MHB's designee if authority is so designated within sections of the Funding Guidelines. Requests for exceptions that require the Board's approval must be submitted to the Executive Director for review and submission to the appropriate MHB committee and/or the Board if applicable. Subsequently, the MHB's written decision will be transmitted to the agency.

If the contract and funding guidelines are not in agreement, the contract shall prevail.