BERRIEN MENTAL HEALTH AUTHORITY
PROCEDURE

SUBJECT: Contract Monitoring	SECTION: 07-40-03 Page 1 of 5
APPLICATIONS: All Service Contract Providers EFFECTIVE DATE: November 1, 2002 . APPROVED BY: _____ Chief Executive Officer REVISED: 11/04, 10/06, 10/07, 09/09, 06/10, 08/10,11/11, 10/12, 4/14, 4/15, 3/16, 7/17, 3/18, 4/19, 2/2020, 6/2023, 5/2024, 2/2025, 6/2025, 6/2026	REQUIRED BY: CMS, MDHHS, CARF MCL 330.1755 SWMBH Operating Policy 2.13 SWMBH Operating Policy 2.18

POLICY

Berrien Mental Health Authority (BMHA) will monitor all Contracted Service Providers annually to ensure compliance with contractual obligations, applicable laws, regulations and legal standards. Annual compliance monitoring is required as a condition for continued contractual engagement.

PURPOSE

1. Ensure Contacted Service Providers comply with contractual, legal and regulatory requirements while delivering quality, person-centered services consistent with the Individual Plan of Service and medical necessity.
2. Establish a monitoring process to verify authorization, support billing accuracy and ensure compliance.
3. Identify, address and resolve instances of non-compliance or poor performance.
4. Promote Contracted Service Provider understanding of contract terms and applicable requirements.

DEFINITIONS

Contract Monitoring Team: One or more BMHA staff qualified to assess a Contracted Service Provider's compliance with contract terms, applicable laws, regulations, and legal standards.

Contracted Service Provider: A provider of mental health services that has a current contract with BMHA and has received authorization to provide services.

Adverse Action: Any action that results in modifying a contract, withholding payment, denying payment, terminating a contract and/or requiring a payback.

Audit Schedule: A calendar of scheduled and announced audit dates for Contracted Service Providers by the Contract Monitoring Team.

Un-scheduled Audits: Special audits completed either announced or unannounced as the result of any of the following circumstances:

- Health and/or safety findings or other significant negative findings/reports.
- Routine observations or referrals from staff.
- Reported or suspected missing, inaccurate documentation or false claims.

Serious Finding:

- A condition which may cause harm if not corrected.
- Non-compliance with contract requirements
- Fraudulent or false claims
- Sentinel Event

Sentinel Event: A serious finding that triggers further investigation.

Central Repository: A confidential file maintained by the Internal MCO Department in the administrative offices of BMHA for all Contracted Service Providers which contains documentation required to maintain the contract.

STANDARDS

1. An annual audit will be conducted of each Contracted Service Provider site. The audit will include post-payment reviews of paid external claims.
2. Contracted Service Providers who have not delivered services to BMHA consumers within the fiscal year will not be audited unless BMHA becomes aware of a significant issue. However, Recipient Rights is required to ensure each Contracted Service Provider site is visited with the frequency necessary for protection of rights but in no case less than annually.
3. Southwest Michigan Behavioral Health's (SWMBH) Provider Network develops an annual shared Contracted Service Provider monitoring schedule for the administrative portion of the audit. This means another CMHSP within the region could audit a BMHA Contracted Service Provider on behalf of BMHA. However, BMHA reserves the right to audit any Contracted Service Providers within our provider network if BMHA becomes aware of a significant issue.
4. SWMBH's Provider Network Department is responsible for all Contracted Autism Service Provider and Financial Management Service (FMS) Provider audits. However, this does not preclude BMHA from conducting audits if a significant issue arises.
5. BMHA's Provider Network will use SWMBH's administrative audit tools.
6. BMHA's Compliance Department may conduct desk audits in addition to on-site audits.

PROCEDURE

I. *Contract Monitoring Process:*

1. The Compliance Auditor shall establish an annual audit schedule with input from the Contract Monitoring Team. The Internal MCO Department will inform the Compliance Department when a new Contracted Service Provider should be added to the audit schedule. The Compliance Auditor

will post the audit schedule in the Contract Monitoring Group folder located in the Shared (S:) Drive and notify the Contract Monitoring Team once posted.

2. Individual members of the Contract Monitoring Team will notify the Contracted Service Provider in writing thirty (30) days in advance, or as soon as possible, prior to conducting their portion of the audit. Audit tools specific to each member of the Contract Monitoring Team will be included with the audit notification. The audit notification will indicate the date and time of the audit.
3. The record sample size will depend on the number of consumers served by the Contracted Service Provider. The record(s) will be reviewed using the record review tools specific to the Contracted Service Provider being reviewed.
4. Data collected may include but is not limited to, the Contracted Service Provider's operational policies and procedures, data gathered during observation of the physical environment, consumer and staff interviews, audit tools and review of consumer records maintained by the Contracted Service Provider. The Contracted Service Provider will be given an opportunity to address those findings and provide additional supporting documentation.
5. Individual members of the Contract Monitoring Team will compile and summarize their audit findings into a written report to be sent to the Contracted Service Provider within three (3) business days of the audit. Reports will be routed to the Central Repository maintained by the Internal MCO Department.
6. Audit results will be given to the Corporate Compliance Committee and the CEO for review when necessary.

II. *Contract Monitoring Team Member's Responsibilities:*

1. For on-site audits, Contract Monitoring Team members will arrive on time and be prepared.
2. If an individual member of the Contract Monitoring Team cannot attend their scheduled audit, it is their responsibility to reschedule the audit with the Contracted Service Provider.
3. The Contract Monitoring Team can accept basic hospitality items such as coffee, tea, water, and light snacks during the audit. No other gratuities of any form can be accepted and/or taken from the audit site.
4. The Contract Monitoring Team may attend lunches or social events with Contracted Service Providers. Under no circumstance can any of the expense be paid for by Contracted Service Provider.

III. *Corrective Action Steps (listed in order of severity):*

1. When **deficiencies of a non-serious nature** are found, recommendations will be included in the report sent to the Contracted Service Provider. Satisfactory progress towards recommendations is expected and may be monitored.

    - When deficiencies are found, a written Plan of Correction will be requested to address identified deficiencies with specific time frames for completion. The plan must include methodology for correction, time frames and responsible parties.
    - If any of the members of the Contract Monitoring Team have identified deficiencies, specific to their area, they will request a Plan of Correction from the Contracted Service Provider. Each Contract Monitoring Team member will be responsible for verifying deficiencies have been corrected for their area. Contract Monitoring Team members are responsible for logging and

- tracking their requested Plans of Correction in the Plan of Correction Log located in the Contract Monitoring Group folder in the Shared (S:) Drive.

2. When **serious findings require immediate action**, the Contract Monitoring Team will meet with the Director of Behavioral Health Services to review the findings and provide recommendations including timelines for the CEO.
   - The Director of Regulatory Compliance and/or Director of Provider Network will notify the CEO and Medical Director if appropriate and seek legal counsel, if necessary.
   - The Director of Behavioral Health Services will inform clinical staff to notify all necessary parties and amend the Individual Plan of Service if appropriate.
   - Based on the audit findings, the Director of Regulatory Compliance may ask for a Plan of Correction and/or recoupment of funds.
   - The Director of Regulatory Compliance and Director of Provider Network (or designee) will make arrangements with the Contracted Service Provider for any recoupment of funds or billing corrections.

3. The Contracted Service Provider has a right to appeal to BMHA's CEO regarding a recoupment of funds if the dispute cannot be resolved with the Contract Monitoring Team.
   - The appeal must be in writing and received within thirty (30) days of the date of the notification of the recoupment. All supporting documentation must accompany the appeal letter.
   - The CEO will provide a written response to the appeal within thirty (30) days from the receipt of the appeal. The CEO has the final determination.

IV. *Responding to Concerns about Contracted Service Providers - Quality Issues not Rights Related*

1. When a Clinical Supervisor identifies quality concerns, they will refer the issue to the Contract Monitoring Team and provide specific details of the issue.
2. The Contract Monitoring Team will schedule a meeting as needed and develop a corrective plan outlining next steps and responsible parties to address the identified quality issues.

V. Contracted Service Provider Communication

1. Contracted Service Providers are expected to provide immediate notification within ten (10) business days for the following actions:
   a) Loss of accreditation
   b) Loss of insurance
   c) Unfavorable financial audit
   d) Successful litigation of claim against the Contracted Service Provider
   e) Loss of substance use license
   f) Loss or change in Adult Foster Care or Child Placing Licensing status
   g) Reports of substantiated violations of State or Federal rules or regulations
   h) Any claim, allegation, financial loss or change in credentialing that may negatively impact the Contracted Service Provider.
   i) Loss of professional licensure.
   j) Sentinel events must be reported as soon as possible and in accordance with the MDHHS contract and SWMBH policy.

2. It is the responsibility of Contracted Service Providers to communicate negative actions to the entity that holds the contract with the provider. Participant CMHSPs shall report negative actions regarding their provider networks to SWMBH within five (5) business days of becoming aware of an action.

VI. Audit results for the Provider Network administrative portion of the audit may be obtained from another Regional Entity/PIHP for shared Contracted Service Providers. Results will be reviewed and if found complete and sufficient, may be accepted in the Contracted Service Provider files as evidence of monitoring.

VII. This policy does not usurp the ability of the funding PIHP/CMHSP to conduct ad hoc audits or reviews of Contracted Service Providers where needed or indicated at any time based on reported performance or as required by external entities.

Reviewer: Director of Regulatory Compliance, Director of Provider Network

Reviewed: 11/07, 7/08, 09/09, 06/10, 06/13, 4/14, 4/15, 3/16, 7/17, 3/18, 4/19, 2/2020, 5/2021, 2/2022, 6/2023, 5/2024, 2/2025, 6/2025, 6/2026