

## NORTHCARE NETWORK

<b>POLICY TITLE:</b> Insurance, Re-Insurance & Management of Risk Pools	<b>CATEGORY:</b> Financial Management	
<b>EFFECTIVE DATE:</b> 6/25/13	<b>BOARD APPROVAL DATE:</b> 6/25/13	
<b>REVIEW DATE:</b> 11/14/25	<b>REVISION(S) TO POLICY STATEMENT:</b> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<b>OTHER REVISION(S):</b> <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<b>RESPONSIBLE PARTY:</b> Chief Financial Officer	<b>CEO APPROVAL DATE:</b> 12/2/25 Megan Rooney, CEO	

### **APPLIES TO**

NorthCare Network Personnel  
Network Providers

### **POLICY**

It is the policy of NorthCare Network to monitor insurance, re-insurance options and management of the risk pool for Medicaid capitated fund payments for the service region.

### **PURPOSE**

To meet the financial management requirements as specified in the MDHHS/PIHP contract.

### **DEFINITIONS**

**Medicaid Managed Specialty Services and Supports Program (MMSSSP):** This includes the following: 1115 Behavioral Health Demonstration Waiver and the 1915(c) Habilitation Supports Waiver, Children's Waiver Program (CWP), Serious Emotional Disturbance (SED), the MI Child program, MOMS program, and the 1115 Healthy Michigan Plan.

### **REFERENCES**

- MDHHS/PIHP Contract, as amended  
<https://www.michigan.gov/mdhhs/doing-business/contractor>
- Operating Agreements with Member CMHSPs
- Bylaws for the NorthCare Network Regional Mental Health Entity

### **HISTORY**

REVISION DATE: N/A, 3/31/16, 8/24/21, 5/2/24

REVIEW DATE: 6/14/13, 6/14/14 5/26/15, 3/31/16, 1/30/17, 12/4/17, 11/5/18, 8/24/21, 5/2/24, 11/14/25

CEO APPROVAL DATE: 6/14/13, 6/14/14, 6/2/15, 4/4/16, 2/7/17, 12/11/17, 11/6/18, 8/24/21, 5/7/24, 12/2/25

BOARD APPROVAL DATE: 6/25/13

### **PROCEDURES**

NorthCare Network shall be responsible for all liability, loss, or damage as a result of claims, demands, costs, or judgments arising out of activities to be carried out pursuant to the obligation of NorthCare Network under the contract with MDHHS if the liability,

loss or damage is caused by, or arises out of, the actions or failure to act on the part of NorthCare Network, its employees, officers or agents.

NorthCare Network shall require that each Member CMHSP procure, pay the premium on, keep and maintain during the term of the contract either self-insurance and/or insurance coverage and/or bonding for funds and financial risk herein involved pursuant to its obligations.

NorthCare Network shall require that each Member CMHSP procure, pay the premium on, keep and maintain during the term of this contract other insurance coverage in such amounts as necessary to cover all other claims, which may arise out of activities to be carried out pursuant to its obligations.

Each party, its elected and appointed officers, employees, and agents shall be named as Additional Insured on the other party's liability insurance policies as applicable.

NorthCare Network shall ensure that all of the Member CMHSPs and their staff are covered by all appropriate liability and malpractice insurance for the services which they perform.

Prior to the execution of the contract, each Member CMHSP shall furnish notice of verification to NorthCare Network that it maintains sufficient insurance coverage as required hereunder.

Each Member CMHSP shall provide NorthCare Network with written notice at least thirty (30) days prior to any reduction or termination of insurance coverage(s) required under the contract.

NorthCare Network shall also consider the parameters of the shared-risk corridor, the reinvestment of savings and a strategic approach in the management of risk as described below:

Funding from other sources or arrangements identified as funding formula, categorical, and all fee for service are to be completely excluded from any shared-risk arrangement between the Member CMHSPs and NorthCare Network. NorthCare Network shall assume full risk of operating within the boundaries of the approved expenditure and revenue budgets of each of these funding arrangements. The shared risk arrangements must cover all Medicaid Managed Specialty Services and Supports Program (MMSSSP). The risk corridor is administered across all services, with no separation for mental health and substance use funding.

NorthCare Network must retain unexpended risk-corridor-related funds between 95% and 100% of said funds. NorthCare Network must retain 50% of unexpended risk-corridor related funds between 90% and 95% of said funds. NorthCare Network must return unexpended risk-corridor-related funds to MDHHS between 0% and 90% of said funds and 50% of the amount between 90% and 95%.

NorthCare Network must be financially responsible for liabilities incurred above the risk corridor-related operating budget between 100% and 105% of said funds contracted.

NorthCare Network will be responsible for 50% of the financial liabilities above the risk corridor-related operating budget between 105% and 110% of said funds contracted.

NorthCare Network will not be financially responsible for liabilities incurred above the risk corridor-related operating budget over 110% of said funds contracted.

The assumption of a shared-risk arrangement between NorthCare Network and MDHHS will not permit NorthCare Network to overspend its total operating budget for any fiscal year.

NorthCare Network must not pass on, charge or in any manner shift financial liabilities to Medicaid beneficiaries resulting from PIHP financial debt, loss and/or insolvency.

NorthCare Network financial responsibility for liabilities for costs between 100% and 110% must be paid from NorthCare Network's ISF for risk funding or insurance for cost-over-runs.

If NorthCare Network's liability exceeds the amount available from ISF and insurance, then other funding available to NorthCare Network may be utilized in accordance with the terms of NorthCare Network's Risk Management Strategy.

It should be noted that only a PIHP may earn and retain Medicaid savings. Member CMHSPs and the Substance Use Disorder program may not earn or retain Medicaid savings. Note that the provisions may be limited or canceled by the closeout provision and may be modified by actions stemming from remedies and/or sanctions.

NorthCare Network may allocate funds up to 7.5% of current year Medicaid Capitation. These funds shall be included in NorthCare Network reinvestment strategy. Balance will be determined by an actuarially sound methodology and adhere to generally accepted accounting principles (GAAP), GASB Statement No.10, 2 CFR 200.447, and the MDHHS ISF Technical Requirement.

NorthCare Network shall develop and implement a reinvestment strategy for all Medicaid savings realized. NorthCare Network reinvestment plan shall be directed to the Medicaid covered beneficiaries.

All Medicaid savings must be invested according to specific criteria. All Medicaid savings funds reported at fiscal year-end must be expended within one fiscal year following the fiscal year earned. Any of these funds that remain unexpended at the end of the fiscal year must be returned to MDHHS as part of the year-end settlement process.