



STATE OF MICHIGAN  
DEPARTMENT OF HEALTH AND HUMAN SERVICES  
LANSING

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July 6, 2020

**TO:** Executive Directors of Prepaid Inpatient Health Plans and  
Community Mental Health Services Programs

**FROM:** Jeffery L. Wieferich, M.A., LLP *JW*  
Director  
Bureau of Community Based Services

**SUBJECT:** Financing Resources

Over the past several weeks, the federal stimulus bill, the federal Department of Health and Human Services (HHS), and the Center for Medicare and Medicaid Services (CMS) announced a number of financing resources designed to ensure the fiscal strength of the nation's Medicaid providers and small businesses. These resources, which have been shared by the Behavioral Health and Developmental Disabilities Administration (BHDDA) and others, will be key to the fiscal stability of the providers within Michigan's public behavioral health system. The major financing resources cited in these announcements are:

- Medicaid dollars that are managed by the Prepaid Inpatient Health Plans (PIHP), as part of their required system stabilization plans
- Federal funding available via the Provider Relief Fund  
<https://www.hhs.gov/coronavirus/cares-act-provider-relief-fund/for-providers/index.html>
- Loan dollars available through the Paycheck Protection Program  
<https://www.hhs.gov/coronavirus/cares-act-provider-relief-fund/for-providers/index.html>

Since the announcement of these resources, providers and payers within Michigan's public behavioral health system have sought clarity, from BHDDA, around how these funds relate. **Below is guidance that may be helpful to these organizations as they make use of these resources.**

A provider can receive funding through all three of these funding sources. However, the Medicaid dollars that a provider receives, as part of the PIHP stabilization program of their payer and any federal dollars received by the provider via the Provider Relief Fund cannot pay for the same expenditure. Doing so would be, in the vernacular, double dipping.

The providers can use dollars from these two sources to supplement each other, thus covering the full cost of their operations, **within the requirements and limits of each program**. Given the time and other financial limitations of both of these programs, uncovered costs, from the use

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of one of these programs, may remain, which can be covered by the other. For example, if the Medicaid stabilization funds via the PIHP cover 60% of a service's cost, the Provider Relief Fund dollars can be used to cover the balance of the costs, within the limits of that program.

Funds received under the Paycheck Protection Program (PPP) are considered a loan, with a corresponding liability, the debt obligation. As with any loan, its proceeds are not considered income and are not to be considered in reducing the fiscal gap for which the Medicaid provider stabilization funds nor the Provider Relief Fund are intended to address.

However, when and if an organization's PPP loan is forgiven, in whole or in part, then the liability is removed for that portion of the loan and the forgiven portion of the loan proceeds becomes revenue. Given that this loan forgiveness may occur after the distribution of the Medicaid provider stabilization and Provider Relief Funds, the determination of the amount of the Medicaid provider stabilization and Provider Relief Fund dollars received by a provider which may need to be returned to the payer, will be carried out via a cost settlement process between the payer and provider.

This letter is not intended to take the place of your organization's own financial decision making but is meant to provide clarity around the relationship between these three COVID-related financial stabilization programs. What BHDDA wants to avoid is the fiscal instability or insolvency of providers due to a misunderstanding of the interplay between these three financial stabilization programs.

Thank you for your efforts and your commitment to Michigan's Specialty Behavioral Health System.

cc: Allen Jansen  
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