

Financial Risk Assessment Policy

Policy

It is the policy of Central Florida Behavioral Health Network (CFBHN) to conduct financial risk assessments on contracted providers to review for financial weaknesses.

Purpose

To implement an objective and systematic approach to addressing financial stability within the provider network.

Procedure

1. CFBHN will conduct an annual financial risk assessment of each provider. The assessment will be based on the information received from each organization's independent audit or any other source. If a provider is not subject to an audit according to 2 C.F.R 200.0-.521 Uniform Administrative Requirements, Cost Principles, and Audit requirements for Federal Awards, CFBHN will use the provider's internal financial statements to conduct the financial risk assessment.
2. Each provider is scored utilizing CFBHN's Financial Risk Assessment Tool. The scores are totaled to indicate the status of the provider's financial health. The status may fall into one of three categories:
 - A. No Action required: CFBHN records the information for future trend analysis.
 - B. Moderate Action required: CFBHN utilizes the provider's quarterly financials and the Financial Risk Assessment Tool to perform additional risk analysis. CFBHN reviews results to identify any trends indicating the need for further review with the provider. Based on the results and trends identified, the provider may be moved to a different risk category.
 - C. High Risk: If a provider score falls in the *High Risk* category, CFBHN contacts the provider to have the agency submit monthly Board minutes that include Financials. Additionally, CFBHN reviews the Board minutes to verify that the provider's Board is being kept apprised of the provider's financial status. CFBHN will utilize the provider's monthly financials and the Financial Risk Assessment tool to perform additional risk review, and create a trend analysis, CFBHN will utilize the trend analysis to establish benchmarks related to the financial health of the agency and meet with the CEO and Board Chairs, if available. These benchmarks will be added to the provider's contract as new contract deliverables. If the deliverables are not met, CFBHN's Sanctioning & Financial Penalties will be applied.
3. The CFBHN Executive Committee will be notified of providers determined to be *High Risk*.
4. CFBHN may move funding permanently from a provider when one of the following occur:
 - A. Two or more repeated request for advances.
 - B. Not meeting the benchmarks in their contract.
 - C. Remaining in the *High Risk* category without evidentiary improvement
5. Additional advance requests are subject to the availability of funds and must be presented by the agency CEO to the full Board of Directors for approval. CFBHN will review past trends, current utilization to determine how much funding will be removed from the subcontractor's contract.

Financial Risk Assessment Policy (continued)

6. The agency CEO and the CFBHN Executive Committee will be notified of the permanent funding reallocation

<p>CFBHN Policy – Financial Risk Assessment Policy</p> <p>Approval: _____ Linda McKinnon, President/Chief Executive Officer</p>	<p>Date Issued: <u>03/15/16</u></p> <p>Last Review Date: <u>6/5/18</u></p> <p>Last Revision Date: <u>4/22/16</u></p>
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