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Owner:	<i>Dhannetta Brown: Deputy CFO</i>
Policy Area:	<i>Management & Budget</i>
References:	

Billings and Collections Policy

POLICY

It is the policy of Detroit Wayne Mental Health Authority (DWMHA) to ensure consistency in the accounting treatment of receivables. Additionally, this policy will establish procedures for collection on delinquent accounts (90 days past due). Such procedures will be in accordance with applicable federal and state laws concerning the collection of debts.

PURPOSE

The purpose of this policy is to establish guidelines for the Detroit Wayne Mental Health Authority (DWMHA) related to billing and receivable management, in particular how and when to record a receivable, reserve a receivable, write-off a receivable, and how to recover a receivable.

APPLICATION

1. The following groups are required to implement and adhere to this policy: DWMHA Board, DWMHA Staff
2. This policy serves the following populations: Adults, Children, I/DD, SMI/SEI, SED, SUD, Autism
3. This policy impacts the following contracts/service lines: MI-HEALTH LINK, Medicaid, SUD, Autism, Grants, General Fund

KEYWORDS

None

STANDARDS

1. The Detroit Wayne Mental Health Authority (DWMHA) does not make advance payments to providers, however, at times, a provider may be required to reimburse the DWMHA for expenses that were paid by the DWMHA, but should not have been (i.e. disallowed costs). In this case, the DWMHA would record a receivable balance on the books and invoice the provider.
2. In the event the DWMHA carries a balance in accounts receivable for more than 90 days, the Chief Financial Officer (CFO) will send a letter to the individual or organization notifying them of the receivable balance and request payment within 30 days of the date of the letter. The letters will be generated by the Office of Fiscal Management (Finance) and signed by the CFO.

3. In the event the receivable is from a current provider who receives monthly payments from DWMHA, the CFO shall notify the provider in the letter that if payment is not made within 30 days of the letter, the DWMHA will deduct the amount owed from the monthly payments due to the provider. The letter will be mailed with the following information included:
 - a. The notification requiring payment for the past due amount occurred over 90 days ago and is now considered delinquent.
 - b. A request to remit payment within 30 days of receipt of the letter.
 - c. Contact information for the Division of Finance.
 - d. Detailed information of the amount past due.
 - e. A mailing address for payment.
4. In the event the receivable is not from a current provider, two letters will be sent notifying the individual or organization that if payment is not made within 30 days, the account may be referred to General Counsel ("Counsel") for action. In the event the payment is not received within 30 days after a second letter, the following documentation should be included with the referral to Counsel:
 - a. Debt – Evidence must be maintained to support the existence of each debt.
 - b. Debtor – The division must make efforts to maintain and update a physical address for each debtor. A post office box may be used in addition to, but not in place of, a physical address. The notice provisions of contracts and agreements shall be consulted to ensure such notices are properly made.
 - c. Collection Efforts – The division must keep detailed histories of collection efforts made for each individual debt. These records would include documentation of telephone calls and copies of demand letters, invoices, and other correspondence. The Finance division, with the assistance of Counsel, will ensure that employees involved in the collection efforts receive materials describing the applicable federal and state laws concerning the collection of debts.
5. An allowance will be provided for all receivables over one (1) year old. Amounts that exceed \$500,000 will require the CFO's approval. All accounts receivable for which an allowance has been provided that remain uncollected after two (2) years will be removed from the general ledger (written off). The CFO must approve all write-offs over \$10, 000. Although a receivable is written off on the general ledger, collection efforts should still continue.

QUALITY ASSURANCE/IMPROVEMENT

DWMHA shall engage an independent auditor to provide reasonable assurance that the financial reporting controls of the DWMHA are reliable and prepared in accordance with Generally Accepted Accounting Principles and the Authority's adherence to this policy.

COMPLIANCE WITH ALL APPLICABLE LAWS

DWMHA staff are bound by all applicable local, state and federal laws, rules, regulations and policies, all federal waiver requirements, state and county contractual requirements, policies, and administrative directives, as amended.

LEGAL AUTHORITY

1. Generally Accepted Accounting Principles (GAAP)

