

8.1 FINANCE AND ACCOUNTING: LONG-TERM OPERATION COST, BUDGET AND MANAGEMENT

8.1 Finance and Accounting: Grant Management

Methods and Tools

A. Financial Management of Planning and Establishment Grants

The Health Insurance Exchange Grants are currently managed within the Department of Commerce. The Health Insurance Exchange is transitioning to the Minnesota Department of Management and Budget. Under this transition, the Department of Commerce will be retained as fiscal agent for the Health Insurance Exchange until a permanent operating structure for the Exchange is established. The Department of Commerce has an established financial management office and utilizes the statewide financial and procurement system, including business process policies to ensure proper internal controls on grant funds.

a. Roles and Responsibilities

The Exchange is accountable for the tracking, monitoring and reporting of the use of grant funds. The Project Director and Finance Director for the Exchange will adhere to the requirements under the grants, including grant restrictions, grant reporting, variance requests, and cost allocation. The table below outlines the roles and responsibilities for Financial Management of the grants

Department of Commerce/MN-HIX

Roles and Responsibilities for Financial Management

Activity	Responsible Party	Occurrence
Budgeting		
Apply for federal grants	Exchange	As needed
Establish budget/accounting structures for grant funds	Exchange	As needed
Enter budget(s) into SWIFT	Commerce	As needed
Procurement		
Initiate procurement need – following statewide procedures	Exchange	As needed
Establish funding source for procurement	Exchange	As needed
Complete procurement process (encumber, order, etc)	Commerce	As needed
Accounting		
Approve payment of Invoice	Exchange - Project Director	W/in 2 days of receipt of invoice

Minnesota Health Insurance Exchange Blueprint Application Documentation

Process Payments	Commerce	Within 30 days of receipt invoice
Indirect Cost Calculation and payment	Exchange	Quarterly
Invoiced DHS for Medicaid share	Commerce	Monthly
Receive and process payment from DHS on Medicaid share	Commerce	Monthly
Process payment corrections	Commerce	As needed
Monitoring		
Run monthly expenditure, encumbrance, roster and budget summary reports	Commerce	Monthly
Review reports for proper funding and cost allocation (See H1 SWIFT documents)	Exchange	Monthly
Identify needed corrections	Exchange/Commerce	Monthly
Bill DHS for Medicaid share	Commerce	Monthly
Receive and process payment from DHS on Medicaid share	Commerce	Monthly
Process payment corrections	Commerce	As needed
Federal Reports/Communications		
Grant Variance Requests	Exchange	As needed
Grant Extension Requests	Exchange	As needed
Grant Reporting (not FSR)	Exchange	As needed
Request federal release of restricted IT funds	Exchange	Gate Reviews or as needed
Federal Finding Draw downs	Commerce	Per policies and procedures
Complete and submit FSRs	Commerce	quarterly
Review and Approve FSR	Exchange /Commerce	quarterly

The MN-HIX will follow all statewide policies for procurement, grant management, contracting, etc.

- Link to statewide contract manual – Minnesota Department of Administration
<http://www.mmd.admin.state.mn.us/mn05001.htm>
- Link to statewide contracting policies – Minnesota Department of Administration
<http://www.mmd.admin.state.mn.us/mn05026.htm>
- Link to Department of Administration website – reference search on Policies for statewide policies for procurement, contracting, grants management, etc
<http://www.admin.state.mn.us/>
- Link to Minnesota Management and Budget Statewide Financial Policies
<http://www.beta.mmb.state.mn.us/policy>

b. Statewide Accounting and Procurement System

The Exchange is utilizing the statewide accounting and procurement system (SWIFT) for financial accounting and management reporting. The state implemented SWIFT on July 1, 2011. SWIFT, or Statewide Integrated Financial Tools, is an Oracle based PeopleSoft application. SWIFT is being implemented in phases with workflow approvals, cost allocation and certain reporting tools being moved to Phase 2.

Minnesota Statutes 16A.50 requires the Commissioner of Minnesota Management and Budget to report to the Legislature on the operations of all state funds during the last fiscal year. The report is required to conform with generally accepted accounting principles. A link to the 2011 report is found below.

<http://beta.mmb.state.mn.us/doc/acct/2011.pdf>

B. Cost Allocation to Medicaid

a. Methodology

Approved cost allocation methodologies are incorporated into the Interagency agreement with the Minnesota Department of Human Services as well as the Minnesota Department of Human Services PAPDs, IAPDs and UAPDs as necessary.

b. Processing

MN-HIX will allocate costs to Medicaid based on approved cost allocation methods submitted in grant applications and approved APDs. In addition the Exchange will update the interagency agreement with the Minnesota Department of Human Services to outline approved cost allocation methodology changes as needed. Cost allocation is restricted to approved items in the cost allocation plan and for dates after the approved APD and signed interagency agreement is in effect.

As purchases are encumbered into SWIFT, the Exchange informs financial management staff of the proper allocation of costs according to the approved formula. Payments are allocated by the same formula. The Exchange reviews monthly encumbrances and expenditures to verify appropriate allocation formulas have been applied and purchasing dates are after an approved APD. Corrections are made as needed.

Cost allocation for future grants will be updated with revised participation estimates as necessary. An ongoing cost allocation system will need to be developed based on Exchange operating structures, metrics for cost allocations and actual Medicaid participation beginning in 2014.