

HOUSE SUBSTITUTE FOR
SENATE BILL NO. 964

A bill to make appropriations for the department of community health and certain state purposes related to mental health, public health, and medical services for the fiscal years ending September 30, 2000 and September 30, 2001; to provide for the expenditure of those appropriations; to create funds; to require and provide for reports; to prescribe the powers and duties of certain local and state agencies and departments; to provide for disposition of fees and other income received by the various state agencies; and to repeal acts and parts of acts.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 PART 1

2 LINE-ITEM APPROPRIATIONS - FISCAL YEAR 2000-2001

3 Sec. 101. Subject to the conditions set forth in this act, the
4 amounts listed in this part are appropriated for the department of
5 community health for the fiscal year ending September 30, 2001, from the

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1 funds indicated in this part. The following is a summary of the
2 appropriations in this part:

3 DEPARTMENT OF COMMUNITY HEALTH

4	Full-time equated unclassified positions.....	6.0	
5	Full-time equated classified positions.....	6,258.1	
6	Average population.....	1,528.0	
7	GROSS APPROPRIATION.....	\$	[8,883,300,900]
8	Interdepartmental grant revenues:		
9	Total interdepartmental grants and intradepartmental		
10	transfers.....	\$	72,087,300
11	ADJUSTED GROSS APPROPRIATION.....	\$	[8,811,213,600]
12	Federal revenues:		
13	Total federal revenues.....		[4,486,166,500]
14	Special revenue funds:		
15	Total local revenues.....		910,969,100
16	Total private revenues.....		49,649,300
17	Total local and private revenues.....		960,618,400
18	Tobacco settlement revenue.....		86,021,400
19	Total other state restricted revenues.....		[298,529,500]
20	State general fund/general purpose.....	\$	[2,979,877,800]
21	Sec. 102. DEPARTMENTWIDE ADMINISTRATION		
22	Full-time equated unclassified positions.....	6.0	
23	Full-time equated classified positions.....	514.7	
24	Director and other unclassified--6.0 FTE positions...	\$	570,100
25	Community health advisory council.....		28,900
26	Departmental administration and management--491.7 FTE		
27	positions.....		55,428,000

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1	Certificate of need program administration--13.0 FTE	
2	positions.....	918,400
3	Workers' compensation program--1.0 FTE position.....	11,512,500
4	Rent and building occupancy.....	8,715,200
5	Developmental disabilities council and projects--9.0	
6	FTE positions.....	<u>2,734,200</u>
7	GROSS APPROPRIATION..... \$	79,907,300
8	Appropriated from:	
9	Interdepartmental grant revenues:	
10	Interdepartmental grant from the department of trea-	
11	sury, Michigan state hospital finance authority....	98,800
12	Federal revenues:	
13	Total federal revenues.....	24,409,600
14	Special revenue funds:	
15	Private funds.....	35,900
16	Total other state restricted revenues.....	3,165,400
17	State general fund/general purpose..... \$	52,197,600
18	Sec. 103. MENTAL HEALTH/SUBSTANCE ABUSE SERVICES ADMINISTRATION	
19	AND SPECIAL PROJECTS	
20	Full-time equated classified positions.....112.0	
21	Mental health/substance abuse program	
22	administration--112.0 FTE positions..... \$	10,510,500
23	Consumer involvement program.....	314,100
24	Gambling addiction.....	3,500,000
25	Protection and advocacy services support.....	818,300
26	Mental health initiatives for older persons.....	1,615,800

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1	Community residential and support services.....	5,646,800
2	Highway safety projects.....	2,337,200
3	Federal and other special projects.....	<u>6,977,200</u>
4	GROSS APPROPRIATION.....	\$ 31,719,900
5	Appropriated from:	
6	Federal revenues:	
7	Total federal revenues.....	11,548,100
8	Special revenue funds:	
9	Total private revenues.....	125,000
10	Total other state restricted revenues.....	3,682,300
11	State general fund/general purpose.....	\$ 16,364,500
12	Sec. 104. COMMUNITY MENTAL HEALTH/SUBSTANCE ABUSE SERVICES	
13	PROGRAMS	
14	Full-time equated classified positions.....	4.0
15	Medicaid mental health services.....	\$ [1,229,747,100]
16	Community mental health non-Medicaid services.....	311,801,500
17	Multicultural services.....	3,848,000
18	Medicaid substance abuse services.....	24,851,000
19	Respite services.....	3,318,600
20	CMHSP, purchase of state services contracts.....	166,918,500
21	Civil service charges.....	2,606,400
22	Federal mental health block grant--2.0 FTE positions.	10,849,900
23	Pilot projects in prevention for adults and	
24	children--2.0 FTE positions.....	1,394,700
25	State disability assistance program substance abuse	
26	services.....	6,600,000

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1	Community substance abuse prevention, education and	
2	treatment programs.....	[87,090,000]
3	GROSS APPROPRIATION.....	\$ [1,849,025,700]
4	Appropriated from:	
5	Federal revenues:	
6	Total federal revenues.....	[773,806,900]
7	Special revenue funds:	
8	Total other state restricted revenues.....	6,742,400
9	State general fund/general purpose.....	\$ [1,068,476,400]
10	Sec. 105. STATE PSYCHIATRIC HOSPITALS, CENTERS FOR PERSONS WITH	
11	DEVELOPMENTAL DISABILITIES, AND FORENSIC AND PRISON MENTAL HEALTH	
12	SERVICES	
13	Total average population.....	1,528.0
14	Full-time equated classified positions.....	4,699.0
15	Caro regional mental health center-psychiatric	
16	hospital-adult--518.0 FTE positions.....	\$ 35,643,500
17	Average population.....	200.0
18	Kalamazoo psychiatric hospital-adult--376.0 FTE	
19	positions.....	27,080,300
20	Average population.....	125.0
21	Northville psychiatric hospital-adult--862.0 FTE	
22	positions.....	63,889,500
23	Average population.....	385.0
24	Walter P. Reuther psychiatric hospital-adult--440.0	
25	FTE positions.....	34,794,800
26	Average population.....	215.0

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1	Hawthorn center-psychiatric hospital-children and	
2	adolescents--330.0 FTE positions.....	23,098,800
3	Average population.....118.0	
4	Mount Pleasant center-developmental	
5	disabilities--472.0 FTE positions.....	29,878,000
6	Average population.....195.0	
7	Southgate center-developmental disabilities--228.0	
8	FTE positions.....	15,589,900
9	Average population.....80.0	
10	Center for forensic psychiatry--522.0 FTE positions..	39,151,000
11	Average population.....210.0	
12	Forensic mental health services provided to the	
13	department of corrections--938.0 FTE positions.....	71,380,700
14	Revenue recapture.....	750,000
15	IDEA, federal special education.....	92,000
16	Special maintenance and equipment.....	879,000
17	Purchase of medical services for residents of hospi-	
18	tals and centers.....	1,700,000
19	Closed site, transition, and related costs--13.0 FTE	
20	positions.....	510,300
21	Severance pay.....	896,000
22	Gifts and bequests for patient living and treatment	
23	environment.....	<u>2,000,000</u>
24	GROSS APPROPRIATION..... \$	347,333,800
25	Appropriated from:	
26	Interdepartmental grant revenues:	

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1	Interdepartmental grant from the department of	
2	corrections.....	71,380,700
3	Federal revenues:	
4	Total federal revenues.....	32,934,200
5	Special revenue funds:	
6	CMHSP, purchase of state services contracts.....	166,918,500
7	Other local revenues.....	16,596,400
8	Private funds.....	2,000,000
9	Total other state restricted revenues.....	16,473,100
10	State general fund/general purpose..... \$	41,030,900
11	Sec. 106. PUBLIC HEALTH ADMINISTRATION	
12	Full-time equated classified positions.....88.3	
13	Executive administration--15.5 FTE positions..... \$	1,367,100
14	Minority health grants and contracts.....	650,000
15	Vital records and health statistics--72.8 FTE	
16	positions.....	<u>6,167,700</u>
17	GROSS APPROPRIATION..... \$	8,184,800
18	Appropriated from:	
19	Interdepartmental grant revenues:	
20	Interdepartmental grant from family independence	
21	agency.....	137,800
22	Federal revenues:	
23	Total federal revenue.....	2,809,800
24	Special revenue funds:	
25	Total other state restricted revenues.....	2,036,600
26	State general fund/general purpose..... \$	3,200,600

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1	Sec. 107. INFECTIOUS DISEASE CONTROL	
2	Full-time equated classified positions.....	44.3
3	AIDS prevention, testing and care programs--	9.8 FTE
4	positions.....	\$ 22,218,400
5	Immunization local agreements.....	14,190,300
6	Immunization program management and field	
7	support--7.7 FTE positions.....	1,698,900
8	Sexually transmitted disease control local agreements	2,460,700
9	Sexually transmitted disease control management and	
10	field support--26.8 FTE positions.....	<u>2,825,800</u>
11	GROSS APPROPRIATION.....	\$ 43,394,100
12	Appropriated from:	
13	Federal revenues:	
14	Total federal revenues.....	29,300,600
15	Special revenue funds:	
16	Private funds.....	1,155,000
17	Total other state restricted revenues.....	6,937,700
18	State general fund/general purpose.....	\$ 6,000,800
19	Sec. 108. LABORATORY SERVICES	
20	Full-time equated classified positions.....	118.2
21	Laboratory services--118.2 FTE positions.....	\$ 12,566,100
22	Lyme disease.....	<u>75,000</u>
23	GROSS APPROPRIATION.....	\$ 12,641,100
24	Appropriated from:	
25	Interdepartmental grant revenues:	
26	Interdepartmental grant from environmental quality...	389,400

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1	Federal revenues:	
2	Total federal revenues.....	2,028,000
3	Special revenue funds:	
4	Total other state restricted revenues.....	3,607,400
5	State general fund/general purpose..... \$	6,616,300
6	Sec. 109. EPIDEMIOLOGY	
7	Full-time equated classified positions.....31.5	
8	AIDS surveillance and prevention program--7.0 FTE	
9	positions..... \$	1,772,800
10	Epidemiology administration--24.5 FTE positions.....	5,230,900
11	Tuberculosis control and recalcitrant AIDS program...	<u>498,300</u>
12	GROSS APPROPRIATION..... \$	7,502,000
13	Appropriated from:	
14	Interdepartmental grant revenues:	
15	Interdepartmental grant from the department of envi-	
16	ronmental quality.....	80,600
17	Federal revenues:	
18	Total federal revenues.....	4,679,100
19	Special revenue funds:	
20	Total other state restricted revenues.....	681,000
21	State general fund/general purpose..... \$	2,061,300
22	Sec. 110. LOCAL HEALTH ADMINISTRATION AND GRANTS	
23	Full-time equated classified positions.....3.0	
24	Implementation of 1993 PA 133, MCL 333.17015..... \$	100,000
25	Lead abatement program--3.0 FTE positions.....	2,835,500
26	Local health services.....	562,300

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1	Local public health operations.....	41,070,200
2	Medical services cost reimbursement to local health	
3	departments.....	1,800,000
4	Special populations health care.....	<u>620,600</u>
5	GROSS APPROPRIATION..... \$	46,988,600
6	Appropriated from:	
7	Federal revenues:	
8	Total federal revenues.....	3,791,000
9	Special revenue funds:	
10	Total other state restricted revenues.....	1,343,500
11	State general fund/general purpose..... \$	41,854,100
12	Sec. 111. CHRONIC DISEASE AND INJURY PREVENTION AND HEALTH	
13	PROMOTION	
14	Full-time equated classified positions.....33.7	
15	AIDS and risk reduction clearinghouse and media	
16	campaign..... \$	2,001,000
17	Alzheimer's information network.....	440,000
18	Michigan Parkinson's Foundation.....	200,000
19	Cancer prevention and control program--13.6 FTE	
20	positions.....	[13,005,100]
21	Chronic disease prevention.....	3,303,400
22	Diabetes program--9.0 FTE positions.....	[4,447,200]
	[Multiple sclerosis education and research.....	500,000]
23	Early childhood collaborative secondary prevention...	2,000,000
24	Employee wellness program grants.....	4,259,300
25	Health education, promotion, and research	
26	programs--2.9 FTE positions.....	1,318,100

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1	Injury control intervention project.....	1,052,800
2	Morris J. Hood Wayne State University diabetes	
3	outreach.....	500,000
4	Physical fitness, nutrition, and health.....	1,250,000
5	Public health traffic safety coordination.....	415,000
6	School health and education programs.....	2,182,800
7	Smoking prevention program--6.2 FTE positions.....	8,763,800
8	Tobacco tax collection and enforcement.....	810,000
9	Violence prevention--2.0 FTE positions.....	<u>3,235,500</u>
10	GROSS APPROPRIATION.....	\$ [49,684,000]
11	Appropriated from:	
12	Federal revenues:	
13	Total federal funds.....	12,237,300
14	Special revenue funds:	
15	Total other state restricted revenues.....	[32,663,900]
16	State general fund/general purpose.....	\$ [4,782,800]
17	Sec. 112. COMMUNITY LIVING, CHILDREN, AND FAMILIES	
18	Full-time equated classified positions.....88.8	
19	Adolescent health care services.....	\$ 3,742,300
20	Childhood lead program--5.0 FTE positions.....	1,397,800
21	Children's waiver home care program.....	22,365,100
22	Community living, children, and families	
23	administration--73.3 FTE positions.....	7,658,600
24	Dental programs.....	510,400
25	Dental program for persons with developmental	
26	disabilities.....	151,000

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1	Family planning local agreements.....	8,100,000
2	Family support subsidy.....	14,276,700
3	Housing and support services--1.0 FTE position.....	4,830,900
4	Local MCH services.....	9,050,200
5	Medicaid outreach and service delivery support.....	8,488,600
6	Migrant health care.....	166,100
7	Newborn screening follow-up and treatment services...	2,123,400
8	Omnibus budget reconciliation act implementation--9.0	
9	FTE positions.....	12,757,000
10	Pediatric AIDS prevention and control.....	985,300
11	Pregnancy prevention program.....	7,196,100
12	Prenatal care outreach and service delivery support..	4,299,300
13	Southwest community partnership.....	2,247,300
14	Special projects--0.5 FTE position.....	4,726,600
15	Sudden infant death syndrome program.....	<u>321,300</u>
16	GROSS APPROPRIATION..... \$	115,394,000
17	Appropriated from:	
18	Federal revenues:	
19	Total federal revenue.....	71,588,500
20	Special revenue funds:	
21	Private funds.....	261,100
22	Total other state restricted revenues.....	9,424,200
23	State general fund/general purpose..... \$	34,120,200
24	Sec. 113. WOMEN, INFANTS, AND CHILDREN FOOD AND NUTRITION	
25	PROGRAMS	
26	Full-time equated classified positions.....	42.0

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1	Women, infants, and children program administration	
2	and special projects--42.0 FTE positions.....	\$ 5,017,100
3	Women, infants, and children program local agreements	
4	and food costs.....	<u>156,882,400</u>
5	GROSS APPROPRIATION.....	\$ 161,899,500
6	Appropriated from:	
7	Federal revenues:	
8	Total federal revenue.....	117,452,200
9	Special revenue funds:	
10	Private funds.....	44,447,300
11	State general fund/general purpose.....	\$ 0
12	Sec. 114. CHILDREN'S SPECIAL HEALTH CARE SERVICES	
13	Full-time equated classified positions.....	66.6
14	Children's special health care services	
15	administration--66.6 FTE positions.....	\$ 5,434,400
16	Amputee program.....	184,600
17	Bequests for care and services.....	1,329,600
18	Case management services.....	3,923,500
19	Conveyor contract.....	559,100
20	Medical care and treatment.....	<u>130,005,400</u>
21	GROSS APPROPRIATION.....	\$ 141,436,600
22	Appropriated from:	
23	Federal revenues:	
24	Total federal revenue.....	66,177,100
25	Special revenue funds:	
26	Private-bequests.....	900,000

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1	Total other state restricted revenues.....	4,048,500
2	State general fund/general purpose..... \$	70,311,000
3	Sec. 115. OFFICE OF DRUG CONTROL POLICY	
4	Full-time equated classified positions.....17.0	
5	Drug control policy--17.0 FTE positions..... \$	1,733,700
6	Anti-drug abuse grants.....	<u>25,841,700</u>
7	GROSS APPROPRIATION..... \$	27,575,400
8	Appropriated from:	
9	Federal revenues:	
10	Total federal revenues.....	27,395,800
11	State general fund/general purpose..... \$	179,600
12	Sec. 116. CRIME VICTIM SERVICES COMMISSION	
13	Full-time equated classified positions.....9.0	
14	Grants administration services--9.0 FTE positions.... \$	1,033,800
15	Justice assistance grants.....	15,000,000
16	Crime victim rights services grants.....	<u>7,955,300</u>
17	GROSS APPROPRIATION..... \$	23,989,100
18	Appropriated from:	
19	Federal revenues:	
20	Total federal revenues.....	15,840,200
21	Special revenue funds:	
22	Total other state restricted revenues.....	7,641,200
23	State general fund/general purpose..... \$	507,700
24	Sec. 117. OFFICE OF SERVICES TO THE AGING	
25	Full-time equated classified positions.....40.5	
26	Commission (per diem \$50.00)..... \$	10,500

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1	Office of services to aging administration--37.5 FTE	
2	positions.....	4,070,400
3	Long term care advisor--3.0 FTE positions.....	3,021,400
4	Community services.....	[37,907,900]
5	Nutrition services.....	28,248,000
6	Senior volunteer services.....	7,000,000
7	Senior citizen centers staffing and equipment.....	2,140,700
8	Employment assistance.....	2,748,000
9	DAG commodity supplement.....	7,200,000
10	Michigan pharmaceutical program.....	1,500,000
11	Elder prescription insurance coverage.....	37,500,600
	[State supplemental prescription drug program.....	248,872,100]
12	Respite care program.....	7,100,000
13	Senior Olympics.....	<u>100,000</u>
14	GROSS APPROPRIATION.....	\$ [387,419,600]
15	Appropriated from:	
16	Federal revenues	
17	Total federal revenues.....	40,954,200
18	Special revenue funds:	
19	Total private revenues.....	125,000
20	Tobacco settlement revenue.....	41,021,400
21	Total other state restricted revenues.....	8,700,700
22	State general fund/general purpose.....	\$ [296,618,300]
23	Sec. 118. MEDICAL SERVICES ADMINISTRATION	
24	Full-time equated classified positions.....	345.5
25	Medical services administration--343.7 FTE positions.	\$ 47,222,200
26	Data processing contractual services.....	100

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1	Facility inspection contract - state police.....	132,800
2	MIChild administration.....	3,327,800
3	Michigan essential health care provider.....	1,229,100
4	Palliative and hospice care.....	525,000
5	Primary care services--1.8 FTE positions.....	3,200,000
6	Ticket to work program.....	<u>600,000</u>
7	GROSS APPROPRIATION..... \$	56,237,000
8	Appropriated from:	
9	Federal revenues:	
10	Total federal revenues.....	34,896,300
11	Special revenue funds:	
12	Private funds.....	100,000
13	Total other state restricted revenues.....	1,688,300
14	State general fund/general purpose..... \$	19,552,400
15	Sec. 119. MEDICAL SERVICES	
16	Hospital services and therapy..... \$	711,920,800
17	Hospital disproportionate share payments.....	45,000,000
18	Physician services.....	150,150,400
19	Medicare premium payments.....	129,574,000
20	Pharmaceutical services.....	387,680,300
21	Home health services.....	28,184,000
22	Transportation.....	6,571,100
23	Auxiliary medical services.....	78,217,700
24	Long-term care services.....	1,223,142,400
25	Health plan services.....	1,337,142,900
26	MIChild outreach.....	3,327,800

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1	MIChild program.....	57,567,100
2	Personal care services.....	30,329,400
3	Maternal and child health.....	9,234,500
4	Adult home help.....	158,781,400
5	Social services to the physically disabled.....	1,344,900
6	Subtotal basic medical services program.....	4,358,168,700
7	Wayne County medical program.....	44,012,800
8	School based services.....	142,782,300
9	State and local medical programs.....	56,724,200
10	Special adjustor payments.....	891,280,400
11	Subtotal special medical services payments.....	<u>1,134,799,700</u>
12	GROSS APPROPRIATION.....	\$ 5,492,968,400
13	Appropriated from:	
14	Federal revenues:	
15	Total federal revenues.....	3,214,317,600
16	Special revenue funds:	
17	Local revenues.....	727,454,200
18	Private funds.....	500,000
19	Tobacco settlement revenue.....	45,000,000
20	Total other state restricted revenues.....	189,693,300
21	State general fund/general purpose.....	\$ 1,316,003,300
22		
23		

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1 PART 2

2 PROVISIONS CONCERNING APPROPRIATIONS FOR FISCAL YEAR 2000-2001

3 **GENERAL SECTIONS**

4 Sec. 201. Pursuant to section 30 of article IX of the state consti-
5 tution of 1963, total state spending from state resources under part 1
6 for fiscal year 2000-2001 is [\$3,364,428,700.00] and state spending from
7 state resources to be paid to local units of government for fiscal year
8 2000-2001 is [\$1,057,690,500.00]. The itemized statement below identifies
9 appropriations from which spending to units of local government will
10 occur:

11 **DEPARTMENT OF COMMUNITY HEALTH**

12 DEPARTMENTWIDE ADMINISTRATION

13 Departmental administration and management..... \$ 2,000,000

14 MENTAL HEALTH/SUBSTANCE ABUSE SERVICES ADMINISTRATION

15 AND SPECIAL PROJECTS

16 Mental health initiatives for older persons..... 1,165,800

17 COMMUNITY MENTAL HEALTH/SUBSTANCE ABUSE SERVICES

18 PROGRAMS

19 Pilot projects in prevention for adults and
20 children..... 1,313,200

21 State disability assistance program substance abuse
22 services..... 6,600,000

23 Community substance abuse prevention, education,
24 and treatment programs..... [22,023,100]

25 Medicaid mental health services..... [544,358,000]

26 Community mental health non-Medicaid services..... 311,801,500

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1	Multicultural services.....	3,848,000
2	Medicaid substance abuse services.....	10,890,000
3	Respite services.....	3,318,600
4	INFECTIOUS DISEASE CONTROL	
5	AIDS prevention, testing, and care programs.....	1,466,800
6	Sexually transmitted disease local agreements.....	452,900
7	LOCAL HEALTH ADMINISTRATION AND GRANTS	
8	Special population health care.....	29,600
9	Local public health operations.....	41,070,200
10	CHRONIC DISEASE, INJURY, AND HEALTH PROMOTION	
11	Cancer prevention and control program.....	397,000
12	Diabetes program.....	1,275,000
13	Employee wellness programs.....	1,545,100
14	School health and education programs.....	2,000,000
15	Smoking prevention program.....	2,880,000
16	COMMUNITY LIVING, CHILDREN, AND FAMILIES	
17	Adolescent health care services.....	1,908,000
18	Family planning local agreements.....	1,230,300
19	Homelessness formula grant program - state match.....	708,800
20	Local MCH services.....	246,100
21	OBRA implementation.....	2,459,100
22	Pregnancy prevention program.....	2,511,800
23	Prenatal care outreach and service delivery support..	1,250,000
24	CHILDREN'S SPECIAL HEALTH CARE SERVICES	
25	Case management services.....	1,433,200
26	MEDICAL SERVICES	

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1	Special adjustor payments.....	1,383,800
2	Hospital disproportionate share payments.....	18,000,000
3	Hospital services and therapy.....	17,559,300
4	Physician services.....	5,305,100
5	Pharmaceutical services.....	7,265,000
6	Home health services.....	1,195,200
7	Transportation.....	184,500
8	OFFICE OF SERVICES TO THE AGING	
9	Community services.....	13,681,400
10	Nutrition services.....	12,363,000
11	Senior volunteer services.....	3,845,400
12	Michigan pharmaceutical program.....	140,000
13	Respite care program.....	2,000,000
14	CRIME VICTIM SERVICES COMMISSION	
15	Crime victim rights services grants.....	<u>4,585,700</u>

16 TOTAL OF PAYMENTS TO LOCAL UNITS

17 OF GOVERNMENT..... \$ [1,057,690,500]

18 Sec. 202. (1) The appropriations authorized under this act are
19 subject to the management and budget act, 1984 PA 431, MCL 18.1101 to
20 18.1594.

21 (2) Funds for which the state is acting as the custodian or agent
22 are not subject to annual appropriation.

23 Sec. 203. As used in this act:

24 (a) "ACCESS" means Arab community center for economic and social
25 services.

26 (b) "AIDS" means acquired immunodeficiency syndrome.

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1 (c) "CMHSP" means a community mental health service program as that
2 term is defined in section 100a of the mental health code, 1974 PA 258,
3 MCL 330.1100a.

4 (d) "DAG" means the United States department of agriculture.

5 (e) "Disease management" means a comprehensive system that
6 incorporates the patient, physician, and health plan into 1 system
7 with the common goal of achieving desired outcomes for patients.

8 (f) "Department" means the Michigan department of community health.

9 (g) "DSH" means disproportionate share hospital.

10 (h) "EPIC" means elder prescription insurance coverage program.

11 (i) "EPSDT" means early and periodic screening, diagnosis, and
12 treatment.

13 (j) "FTE" means full-time equated.

14 (k) "GME" means graduate medical education.

15 (l) "HIV" means human immunodeficiency virus.

16 (m) "HMO" means health maintenance organization.

17 (n) "IDEA" means individual disability education act.

18 (o) "MCH" means maternal and child health.

19 (p) "MSS/ISS" means maternal and infant support services.

20 (q) "OBRA" means the omnibus budget reconciliation act of 1987,
21 Public Law 100-203, 101 Stat. 1330.

22 (r) "Qualified health plan" means, at a minimum, an organization
23 that meets the criteria for delivering the comprehensive package of serv-
24 ices under the department's comprehensive health plan.

25 (s) "Title XVIII" means title XVIII of the social security act,
26 chapter 531, 49 Stat. 620, 42 U.S.C. 1395 to 1395b, 1395b-2, 1395b-6 to
27 1395b-7, 1395c to 1395i, 1395i-2 to 1395i-5, 1395j to 1395t, 1395u to

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1 1395w, 1395w-2 to 1395w-4, 1395w-21 to 1395w-28, 1395x to 1395yy, and
2 1395bbb to 1395ggg.

3 (t) "Title XIX" means title XIX of the social security act, chapter
4 531, 49 Stat. 620, 42 U.S.C. 1396 to 1396f, 1396g-1 to 1396r-6, and
5 1396r-8 to 1396v.

6 (u) "WIC" means women, infants, and children supplemental nutrition
7 program.

8 Sec. 204. The department of civil service shall bill departments
9 and agencies at the end of the first fiscal quarter for the 1% charge
10 authorized by section 5 of article XI of the state constitution of 1963.
11 Payments shall be made for the total amount of the billing by the end of
12 the second fiscal quarter.

13 Sec. 205. (1) Beginning October 1, a hiring freeze is imposed on
14 the state classified civil service. State departments and agencies are
15 prohibited from hiring any new full-time state classified civil service
16 employees and prohibited from filling any vacant state classified civil
17 service positions. This hiring freeze does not apply to internal trans-
18 fers of classified employees from 1 position to another within a depart-
19 ment or to positions that are funded with 80% or more federal or
20 restricted funds.

21 (2) The state budget director shall grant exceptions to this hiring
22 freeze when the state budget director believes that the hiring freeze
23 will result in rendering a state department or agency unable to deliver
24 basic services. The state budget director shall report by the fifteenth
25 of each month to the chairpersons of the senate and house of representa-
26 tives standing committees on appropriations the number of exceptions to

1 the hiring freeze approved during the previous month and the
2 justification for the exception.

3 Sec. 206. (1) In addition to the funds appropriated in part 1,
4 there is appropriated an amount not to exceed \$100,000,000.00 for federal
5 contingency funds. These funds are not available for expenditure until
6 they have been transferred to another line item in this act under
7 section 393(2) of the management and budget act, 1984 PA 431,
8 MCL 18.1393.

9 (2) In addition to the funds appropriated in part 1, there is appro-
10 priated an amount not to exceed \$21,000,000.00 for state restricted con-
11 tingency funds. These funds are not available for expenditure until they
12 have been transferred to another line item in this act under
13 section 393(2) of the management and budget act, 1984 PA 431,
14 MCL 18.1393.

15 (3) In addition to the funds appropriated in part 1, there is appro-
16 priated an amount not to exceed \$21,000,000.00 for local contingency
17 funds. These funds are not available for expenditure until they have
18 been transferred to another line item in this act under section 393(2) of
19 the management and budget act, 1984 PA 431, MCL 18.1393.

20 (4) In addition to the funds appropriated in part 1, there is appro-
21 priated an amount not to exceed \$10,000,000.00 for private contingency
22 funds. These funds are not available for expenditure until they have
23 been transferred to another line item in this act under section 393(2) of
24 the management and budget act, 1984 PA 431, MCL 18.1393.

25 Sec. 207. At least 60 days before beginning any effort to privati-
26 ze, the department shall submit a complete project plan to the
27 appropriate senate and house of representatives appropriations

1 subcommittees and the senate and house fiscal agencies. The plan shall
2 include the criteria under which the privatization initiative will be
3 evaluated. The evaluation shall be completed and submitted to the appro-
4 priate senate and house of representatives appropriations subcommittees
5 and the senate and house fiscal agencies within 30 months.

6 Sec. 208. The department shall continue to pilot the use of the
7 Internet to fulfill the reporting requirements of this act. This may
8 include transmission of reports via electronic mail to the recipients
9 identified for each reporting requirement or it may include placement of
10 reports on the Internet or legislative Intranet site. The senate and
11 house of representatives appropriations subcommittees and senate and
12 house fiscal agencies shall be notified in writing of the Internet or
13 Intranet site of any such report. Quarterly, the department shall pro-
14 vide a cumulative listing of the reports submitted during the most recent
15 3-month period along with the Internet or Intranet site of each report,
16 and a list of those reports expected to be transmitted in the following
17 quarter.

18 Sec. 209. Funds appropriated in part 1 shall not be used for the
19 purchase of foreign goods or services, or both, if competitively priced
20 and of comparable quality American goods or services, or both, are
21 available.

22 Sec. 210. (1) The director shall take all reasonable steps to
23 ensure businesses in deprived and depressed communities compete for and
24 perform contracts to provide services or supplies, or both. The director
25 shall strongly encourage firms with which the department contracts to
26 subcontract with certified businesses in depressed and deprived
27 communities for services, supplies, or both.

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1 (2) The director shall take all reasonable steps to ensure equal
2 opportunity for all who compete for and perform contracts to provide
3 services or supplies, or both, for the department. The director shall
4 strongly encourage firms with which the department contracts to provide
5 equal opportunity for subcontractors to provide services or supplies, or
6 both.

7 Sec. 211. If the revenue collected by the department from fees and
8 collections exceeds the amount appropriated in part 1, the revenue may be
9 carried forward with the approval of the state budget director into the
10 subsequent fiscal year. The revenue carried forward under this section
11 shall be used as the first source of funds in the subsequent fiscal
12 year.

13 Sec. 212. (1) From the amounts appropriated in part 1, no greater
14 than the following amounts are supported with federal maternal and child
15 health block grant, preventive health and health services block grant,
16 substance abuse block grant, healthy Michigan fund, and Michigan health
17 initiative funds:

18 (a) Maternal and child health block grant.....	\$	20,977,000.
19 (b) Preventive health and health services block grant	\$	6,347,100.
20 (c) Substance abuse block grant.....	\$	61,371,200.
21 (d) Healthy Michigan fund.....	\$	45,948,000.
22 (e) Michigan health initiative.....	\$	9,900,800.

23 (2) On or before February 1, 2001, the department shall report to
24 the house of representatives and senate appropriations subcommittees on
25 community health, the house and senate fiscal agencies, and the state
26 budget director on the detailed name and amounts of federal, restricted,

1 private, and local sources of revenue that support the appropriations in
2 each of the line items in part 1 of this act.

3 (3) Upon the release of the fiscal year 2001-02 executive budget
4 recommendation, the department shall report to the same parties in
5 subsection (2) on the amounts and detailed sources of federal,
6 restricted, private, and local revenue proposed to support the total
7 funds appropriated in each of the line items in part 1 of the fiscal year
8 2001-02 executive budget proposal.

9 (4) The department shall provide to the same parties in subsection
10 (2) all revenue source detail for consolidated revenue line item detail
11 upon request to the department.

12 Sec. 213. The state departments, agencies, and commissions receiv-
13 ing tobacco tax funds from part 1 shall report by November 1, 2000, to
14 the senate and house of representatives appropriations committees, the
15 senate and house fiscal agencies, and the state budget director on the
16 following:

17 (a) Detailed spending plan by appropriation line item including
18 description of programs.

19 (b) Allocations from funds appropriated under these sections.

20 (c) Description of allocations or bid processes including need or
21 demand indicators used to determine allocations.

22 (d) Eligibility criteria for program participation and maximum bene-
23 fit levels where applicable.

24 (e) Outcome measures to be used to evaluate programs.

25 (f) Any other information considered necessary by the house of rep-
26 resentatives or senate appropriations committees or the state budget
27 director.

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1 Sec. 214. The use of state restricted tobacco tax revenue received
2 for the purpose of tobacco prevention, education, and reduction efforts
3 and deposited in the healthy Michigan fund shall not be used for lobbying
4 as defined in 1978 PA 472, MCL 4.411 to 4.431.

5 Sec. 216. (1) In addition to funds appropriated in part 1 for all
6 programs and services, there is appropriated for write-offs of accounts
7 receivable, deferrals, and for prior year obligations in excess of appli-
8 cable prior year appropriations, an amount equal to total write-offs and
9 prior year obligations, but not to exceed amounts available in prior year
10 revenues.

11 (2) The department's ability to satisfy appropriation deductions in
12 part 1 shall not be limited to collections and accruals pertaining to
13 services provided in fiscal year 2000-2001, but shall also include reim-
14 bursements, refunds, adjustments, and settlements from prior years.

15 (3) The department shall report promptly to the house of representa-
16 tives and senate appropriations subcommittees on community health on all
17 reimbursements, refunds, adjustments, and settlements from prior years.

18 Sec. 217. On or before the tenth of each month, the department
19 shall report to the senate and house of representatives appropriations
20 subcommittees on community health, the senate and house fiscal agencies,
21 and the state budget director on the amount of funding paid to the CMHSPs
22 to support the Medicaid managed mental health care program in that
23 month. The information shall include the total paid to each CMHSP, per
24 capita rate paid for each eligibility group for each CMHSP, and number of
25 cases in each eligibility group for each CMHSP, and year-to-date summary
26 of eligibles and expenditures for the Medicaid managed mental health care
27 program.

1 Sec. 218. Basic health services for the purpose of part 23 of the
2 public health code, 1978 PA 368, MCL 333.2301 to 333.2321, are: immuni-
3 zations, communicable disease control, sexually transmitted disease con-
4 trol, tuberculosis control, prevention of gonorrhea eye infection in new-
5 borns, screening newborns for the 7 conditions listed in section
6 5431(1)(a) through (g) of the public health code, 1978 PA 368,
7 MCL 333.5431, community health annex of the Michigan emergency management
8 plan, and prenatal care.

9 Sec. 219. (1) The department may contract with the Michigan public
10 health institute for the design and implementation of projects and for
11 other public health related activities prescribed in section 2611 of the
12 public health code, 1978 PA 368, MCL 333.2611. The department may
13 develop a master agreement with the institute to carry out these purposes
14 for up to a 3-year period. The department shall report to the house of
15 representatives and senate appropriations subcommittees on community
16 health, the house and senate fiscal agencies, and the state budget direc-
17 tor on or before November 1, 2000 and May 1, 2001 all of the following:

18 (a) A detailed description of each funded project.

19 (b) The amount allocated for each project, the appropriation line
20 item from which the allocation is funded, and the source of financing for
21 each project.

22 (c) The expected project duration.

23 (d) A detailed spending plan for each project, including a list of
24 all subgrantees and the amount allocated to each subgrantee.

25 (2) If a report required under subsection (1) is not received by the
26 house of representatives and senate appropriations subcommittees on
27 community health, the house and senate fiscal agencies, and the state

1 budget director on or before the date specified for that report, the
2 disbursement of funds to the Michigan public health institute under this
3 section shall stop. The disbursement of those funds shall recommence
4 when the overdue report is received.

5 (3) On or before September 30, 2001, the department shall provide to
6 the same parties listed in subsection (1) a copy of all reports, studies,
7 and publications produced by the Michigan public health institute, its
8 subcontractors, or the department with the funds appropriated in part 1
9 and allocated to the Michigan public health institute.

10 Sec. 220. All contracts with the Michigan public health institute
11 funded with appropriations in part 1 shall include a requirement that the
12 Michigan public health institute submit to financial and performance
13 audits by the state auditor general of projects funded with state
14 appropriations.

15 Sec. 223. The department of community health may establish and col-
16 lect fees for publications, videos and related materials, conferences,
17 and workshops. Collected fees shall be used to offset expenditures to
18 pay for printing and mailing costs of the publications, videos and
19 related materials, and costs of the workshops and conferences. The costs
20 shall not exceed fees collected.

21 DEPARTMENTWIDE ADMINISTRATION

22 Sec. 301. From funds appropriated for worker's compensation, the
23 department may make payments in lieu of worker's compensation payments
24 for wage and salary and related fringe benefits for employees who return
25 to work under limited duty assignments.

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1 Sec. 302. Funds appropriated in part 1 for the community health
2 advisory council may be used for member per diems of \$50.00 and other
3 council expenditures.

4 Sec. 303. The department is prohibited from requiring first-party
5 payment from individuals or families with a taxable income of \$10,000.00
6 or less for mental health services for determinations made in accordance
7 with section 818 of the mental health code, 1974 PA 258, MCL 330.1818.

8 **MENTAL HEALTH/SUBSTANCE ABUSE SERVICES ADMINISTRATION**

9 **AND SPECIAL PROJECTS**

10 Sec. 350. The department may enter into a contract with the protec-
11 tion and advocacy service, authorized under section 931 of the mental
12 health code, 1974 PA 258, MCL 330.1931, or a similar organization to pro-
13 vide legal services for purposes of gaining and maintaining occupancy in
14 a community living arrangement which is under lease or contract with the
15 department or a community mental health services program board to provide
16 services to persons with mental illness or developmental disability.

[Sec. 352. From the funds appropriated, the department shall conduct a
statewide survey of adolescent suicide and assessment of available
preventative resources.]

17 **COMMUNITY MENTAL HEALTH/SUBSTANCE ABUSE SERVICES**

18 **PROGRAMS**

19 Sec. 401. (1) Funds appropriated in part 1 are intended to support
20 a system of comprehensive community mental health services under the full
21 authority and responsibility of local CMHSPs. The department shall
22 ensure that each board provides all of the following:

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1 (a) A system of single entry and single exit.

2 (b) A complete array of mental health services which shall include,
3 but shall not be limited to, all of the following services: residential
4 and other individualized living arrangements, outpatient services, acute
5 inpatient services, and long-term, 24-hour inpatient care in a struc-
6 tured, secure environment.

7 (c) The coordination of inpatient and outpatient hospital services
8 through agreements with state-operated psychiatric hospitals, units, and
9 centers in facilities owned or leased by the state, and privately-owned
10 hospitals, units, and centers licensed by the state pursuant to sections
11 134 through 149b of the mental health code, 1974 PA 258, MCL 330.1134 to
12 330.1149b.

13 (d) Individualized plans of service that are sufficient to meet the
14 needs of individuals, including those discharged from psychiatric hospi-
15 tals or centers, and that ensure the full range of recipient needs is
16 addressed through the CMHSP's program or through assistance with locating
17 and obtaining services to meet these needs.

18 (e) A system of case management to monitor and ensure the provision
19 of services consistent with the individualized plan of services or
20 supports.

21 (f) A system of continuous quality improvement.

22 (g) A system to monitor and evaluate the mental health services
23 provided.

24 (2) In partnership with CMHSPs, the department shall establish a
25 process to ensure the long-term viability of a single entry and exit and
26 locally controlled community mental health system.

1 (3) A contract between a CMHSP and the department shall not be
2 altered or modified without a prior written agreement of the parties to
3 the contract.

4 Sec. 402. (1) From funds appropriated in part 1, final authoriza-
5 tions to CMHSPs shall be made upon the execution of contracts between the
6 department and CMHSPs. The contracts shall contain an approved plan and
7 budget as well as policies and procedures governing the obligations and
8 responsibilities of both parties to the contracts. Each contract with a
9 CMHSP that the department is authorized to enter into under this subsec-
10 tion shall include a provision that the contract is not valid unless the
11 total dollar obligation for all of the contracts between the department
12 and the CMHSPs entered into under this subsection for fiscal year
13 2000-2001 does not exceed the amount of money appropriated in part 1 for
14 the contracts authorized under this subsection.

15 (2) The department shall immediately report to the senate and house
16 of representatives appropriations subcommittees on community health, the
17 senate and house fiscal agencies, and the state budget director if either
18 of the following occurs:

19 (a) Any new contracts with CMHSPs that would affect rates or expen-
20 ditures are enacted.

21 (b) Any amendments to contracts with CMHSPs that would affect rates
22 or expenditures are enacted.

23 (3) The report required by subsection (2) shall include information
24 about the changes and their effects on rates and expenditures.

25 Sec. 403. From the funds appropriated in part 1 for multicultural
26 services, the department shall ensure that CMHSPs continue contracts with
27 multicultural services providers.

1 Sec. 404. (1) Not later than May 31 of each fiscal year, the
2 department shall provide a report on the community mental health services
3 programs to the members of the house of representatives and senate appro-
4 priations subcommittees on community health, the house and senate fiscal
5 agencies, and the state budget director which shall include information
6 required by this section.

7 (2) The report shall contain information for each community mental
8 health services board and a statewide summary, each of which shall
9 include at least the following information:

10 (a) A demographic description of service recipients which, minimal-
11 ly, shall include reimbursement eligibility, client population, age, eth-
12 nicity, housing arrangements, and diagnosis.

13 (b) Per capita expenditures by client population group.

14 (c) Financial information which, minimally, shall include a descrip-
15 tion of funding authorized; expenditures by client group and fund source;
16 and cost information by service category, including administration.
17 Service category shall include all department approved services.

18 (d) Data describing service outcomes which shall include, but not be
19 limited to, an evaluation of consumer satisfaction, consumer choice, and
20 quality of life concerns including, but not limited to, housing and
21 employment.

22 (e) Information about access to community mental health services
23 programs which shall include but not be limited to both of the
24 following:

25 (i) The number of people receiving requested services.

26 (ii) The number of people who requested services but did not receive
27 services.

 [(iii) The number requesting services who are on waiting lists for
services.]

 (iv) The average length of time that people remained on waiting
lists for services.]

1 (f) The number of second opinions requested under the code and the
2 determination of any appeals.

3 (g) An analysis of information provided by community mental health
4 service programs in response to the needs assessment requirements of the
5 mental health code, including information about the number of persons in
6 the service delivery system who have requested and are clinically appro-
7 priate for different services.

8 (h) An estimate of the number of FTEs employed by the CMHSPs or con-
9 tracted with directly by the CMHSPs as of September 30, 2000 and an esti-
10 mate of the number of FTEs employed through contracts with provider
11 organizations as of September 30, 2000.

12 (i) Lapses and carryforwards during fiscal year 1999-2000 for
13 CMHSPs.

14 (j) Contracts for mental health services entered into by CMHSPs with
15 providers, including amounts and rates, organized by type of service
16 provided.

17 (k) Information on the community mental health Medicaid managed care
18 program, including, but not limited to, both of the following:

19 (i) Expenditures by each CMHSP organized by Medicaid eligibility
20 group, including per eligible individual expenditure averages.

21 (ii) Performance indicator information required to be submitted to
22 the department in the contracts with CMHSPs.

23 (3) The department shall include data reporting requirements listed
24 in subsection (2) in the annual contract with each individual CMHSP.

25 (4) The department shall take all reasonable actions to ensure that
26 the data required are complete and consistent among all CMHSPs.

1 Sec. 405. It is the intent of the legislature that the employee
2 wage pass-through funded to the community mental health services programs
3 for direct care workers in local residential settings and for paraprofes-
4 sional and other nonprofessional direct care workers in day programs,
5 supported employment, and other vocational programs that was funded
6 beginning April 1, 1999 shall continue to be paid to direct care workers
7 in fiscal year 2000-2001.

8 Sec. 406. (1) The funds appropriated in part 1 for the state dis-
9 ability assistance substance abuse services program shall be used to sup-
10 port per diem room and board payments in substance abuse residential
11 facilities. Eligibility of clients for the state disability assistance
12 substance abuse services program shall include needy persons 18 years of
13 age or older, or emancipated minors, who reside in a substance abuse
14 treatment center.

15 (2) The department shall reimburse all licensed substance abuse pro-
16 grams eligible to participate in the program at a rate equivalent to that
17 paid by the family independence agency to adult foster care providers.
18 Programs accredited by department-approved accrediting organizations
19 shall be reimbursed at the personal care rate, while all other eligible
20 programs shall be reimbursed at the domiciliary care rate.

21 Sec. 407. (1) The amount appropriated in part 1 for substance abuse
22 prevention, education, and treatment grants shall be expended for con-
23 tracting with coordinating agencies or designated service providers. It
24 is the intent of the legislature that the coordinating agencies and des-
25 ignated service providers work with the CMHSPs to coordinate the care and
26 services provided to individuals with both mental illness and substance
27 abuse diagnoses.

1 (2) The department shall establish a fee schedule for providing
2 substance abuse services and charge participants in accordance with their
3 ability to pay. Any changes in the fee schedule shall be developed by
4 the department with input from substance abuse coordinating agencies.

5 Sec. 408. (1) By April 15, 2001, the department shall report the
6 following data from fiscal year 1999-2000 on substance abuse prevention,
7 education, and treatment programs to the senate and house of representa-
8 tives appropriations subcommittees on community health, the senate and
9 house fiscal agencies, and the state budget office:

10 (a) Expenditures stratified by coordinating agency, by central diag-
11 nosis and referral agency, by fund source, by subcontractor, by popula-
12 tion served, and by service type. Additionally, data on administrative
13 expenditures by coordinating agency and by subcontractor shall be
14 reported.

15 (b) Expenditures per state client, with data on the distribution of
16 expenditures reported using a histogram approach.

17 (c) Number of services provided by central diagnosis and referral
18 agency, by subcontractor, and by service type. Additionally, data on
19 length of stay, referral source, and participation in other state
20 programs.

21 (d) Collections from other first- or third-party payers, private
22 donations, or other state or local programs, by coordinating agency, by
23 subcontractor, by population served, and by service type.

24 (2) The department shall take all reasonable actions to ensure that
25 the required data reported are complete and consistent among all coordi-
26 nating agencies.

1 Sec. 409. The funding in part 1 for substance abuse services shall
2 be distributed in a manner that provides priority to service providers
3 that furnish child care services to clients with children.

4 Sec. 410. The department shall assure that substance abuse treat-
5 ment is provided to applicants and recipients of public assistance
6 through the family independence agency who are required to obtain sub-
7 stance abuse treatment as a condition of eligibility for public
8 assistance.

9 Sec. 411. (1) The department shall ensure that each contract with a
10 CMHSP requires the CMHSP to implement programs to encourage diversion of
11 persons with serious mental illness, serious emotional disturbance, or
12 developmental disability from possible jail incarceration when
13 appropriate.

14 (2) Each CMHSP shall have jail diversion services and shall work
15 toward establishing working relationships with representative staff of
16 local law enforcement agencies. Such agencies include the county
17 prosecutors' offices, county sheriffs' offices, county jails, municipal
18 police agencies, municipal detention facilities, and the courts. Written
19 interagency agreements describing what services each participating agency
20 is prepared to commit to the local jail diversion effort and the proce-
21 dures to be used by local law enforcement agencies to access mental
22 health jail diversion services are strongly encouraged.

23 Sec. 412. The department shall contract directly with the Salvation
24 Army harbor light program to provide non-Medicaid substance abuse
25 services.

26 Sec. 413. In fiscal year 2000-2001, the department shall develop a
27 plan that conforms to the requirements of the health care finance

1 administration for competitive procurement of contracts to manage
2 Medicaid mental health, developmental disabilities, and substance abuse
3 services. The department shall submit the plan to the appropriations
4 subcommittees for community health of both the house of representatives
5 and senate and to the health care financing administration. The plan
6 shall continue a carve-out for specialty services for persons with devel-
7 opmental disabilities and mental illness and requiring substance abuse
8 services. If the health care financing administration approves the plan,
9 the department may implement a competitive bid pilot program that com-
10 plies with the approved plan. In fiscal year 2000-2001, the department
11 shall not implement a statewide competitive bid process.

12 Sec. 414. Medicaid substance abuse treatment services shall be man-
13 aged by selected CMHSPs pursuant to the health care financing
14 administration's approval of Michigan's 1915(b) waiver request to imple-
15 ment a managed care plan for specialized substance abuse services. The
16 selected CMHSPs shall receive a capitated payment on a per eligible per
17 month basis to assure provision of medically necessary substance abuse
18 services to all beneficiaries who require those services. The selected
19 CMHSPs shall be responsible for the reimbursement of claims for special-
20 ized substance abuse services. The CMHSPs that are not coordinating
21 agencies may continue to contract with a coordinating agency. Any alter-
22 native arrangement must be based on client service needs and have prior
23 approval from the department.

24 Sec. 416. (1) Of the funds appropriated in part 1 for pharmaceuti-
25 cal services, community mental health boards shall not be held liable for
26 the cost of prescribed psychotropic medications during fiscal year
27 2000-2001.

1 (2) In calculating the available amount of lapses for use in
2 offsetting overexpenditures resulting from the implementation of this
3 section, those lapses credited to community mental health line items
4 shall only include appropriation lapses in excess of the amount calcu-
5 lated for the 5% carryforward defined in state statute.

6 (3) The department shall provide quarterly reports to the senate and
7 house of representatives appropriations subcommittees on community
8 health, their respective fiscal agencies, and community mental health
9 boards that include data on psychotropic medications regarding the type,
10 number, cost and prescribing patterns of Medicaid providers.

11 (4) Should expenditures for Medicaid mental health services exceed
12 the appropriations contemplated in part 1 due to an increase in the
13 number or mix of Medicaid eligibles, the department shall recommend the
14 transfer of appropriation lapses as may be necessary to offset such
15 expenditures.

16 Sec. 417. (1) It is the intent of the legislature that the depart-
17 ment may support pilot projects by community mental health boards to
18 establish regional partnerships.

19 (2) The purpose of the regional partnerships would be to expand con-
20 sumer choice, promote service integration, and produce system efficien-
21 cies through the coordination of efforts, or other outcomes, as may be
22 determined by participating community mental health boards.

23 (3) The pilot projects described in this section must be completely
24 voluntary and based on projects proposed by the community mental health
25 boards. Each proposed pilot project must be consistent with the scope,
26 duration, risks, and inducements contained in the plan for competitive
27 procurement that the department submits to the health care financing

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1 administration as part of the renewal request for the section 1915(b)
2 managed specialty services waiver.

3 (4) As an additional incentive for community mental health boards to
4 engage in the pilot projects described in this section, any regional
5 partnership so formed shall be able to retain all of any net lapses gen-
6 erated by the regional partnership.

7 (5) The department is required to provide quarterly reports to the
8 senate and house of representatives appropriations subcommittees and
9 their respective fiscal agencies, as to any activities by community
10 mental health boards to form regional partnerships under this section.

[Sec. 418. Of the funds appropriated in part 1 for prevention pilot projects, priority shall be given to programs that provide services to children referred to community mental health service programs by school district personnel. The department of community health shall work collaboratively with the local school district to address the mental health needs of the children referred under these programs.]

11 **STATE PSYCHIATRIC HOSPITALS, CENTERS FOR PERSONS WITH**
12 **DEVELOPMENTAL DISABILITIES, AND FORENSIC AND PRISON**
13 **MENTAL HEALTH SERVICES**

14 Sec. 601. (1) In funding of staff in the financial support divi-
15 sion, reimbursement, and billing and collection sections, priority shall
16 be given to obtaining third-party payments for services. Collection from
17 individual recipients of services and their families shall be handled in
18 a sensitive and nonharassing manner.

19 (2) The department shall continue a revenue recapture project to
20 generate additional revenues from third parties related to cases that
21 have been closed or are inactive. Revenues collected through project
22 efforts are appropriated to the department for departmental costs and
23 contractual fees associated with these retroactive collections and to
24 improve ongoing departmental reimbursement management functions so that
25 the need for retroactive collections will be reduced or eliminated.

1 Sec. 602. Unexpended and unencumbered amounts and accompanying
2 expenditure authorizations up to \$2,000,000.00 remaining on September 30,
3 2001 from pay telephone revenues and the amounts appropriated in part 1
4 for gifts and bequests for patient living and treatment environments
5 shall be carried forward for 1 fiscal year. The purpose of gifts and
6 bequests for patient living and treatment environments is to use addi-
7 tional private funds to provide specific enhancements for individuals
8 residing at state-operated facilities. Use of the gifts and bequests
9 shall be consistent with the stipulation of the donor. The expected com-
10 pletion date for the use of gifts and bequests donations is within 3
11 years unless otherwise stipulated by the donor.

12 Sec. 603. The funds appropriated in part 1 for forensic mental
13 health services provided to the department of corrections are in accord-
14 ance with the interdepartmental plan developed in cooperation with the
15 department of corrections. The department is authorized to receive and
16 expend funds from the department of corrections in addition to the appro-
17 priations in part 1 to fulfill the obligations outlined in the interde-
18 partmental agreements.

19 Sec. 604. (1) The CMHSPs shall provide semiannual reports to the
20 department on the following information:

21 (a) The number of days of care purchased from state hospitals and
22 centers.

23 (b) The number of days of care purchased from private hospitals in
24 lieu of purchasing days of care from state hospitals and centers.

25 (c) The number and type of alternative placements to state hospitals
26 and centers other than private hospitals.

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1 (d) Waiting lists for placements in state hospitals and centers.

2 (2) The department shall semiannually report the information in
3 subsection (1) to the house of representatives and senate appropriations
4 subcommittees on community health, the house and senate fiscal agencies,
5 and the state budget director.

6 Sec. 605. (1) The department shall not implement any closures or
7 consolidations of state hospitals, centers, or agencies until CMHSPs have
8 programs and services in place for those persons currently in those
9 facilities and a plan for service provision for those persons who would
10 have been admitted to those facilities.

11 (2) All closures or consolidations are dependent upon adequate
12 department-approved CMHSP plans that include a discharge and aftercare
13 plan for each person currently in the facility. A discharge and after-
14 care plan shall address the person's housing needs. A homeless shelter
15 or similar temporary shelter arrangements are inadequate to meet the
16 person's housing needs.

17 (3) Four months after the certification of closure required in sec-
18 tion 19(6) of 1943 PA 240, MCL 38.19, the department shall provide a clo-
19 sure plan to the house of representatives and senate appropriations
20 subcommittees.

21 (4) Upon the closure of state-run operations and after transitional
22 costs have been paid, the remaining balances of funds appropriated for
23 that operation shall be transferred to CMHSPs responsible for providing
24 services for persons previously served by the operations.

1 PUBLIC HEALTH ADMINISTRATION

2 Sec. 703. The availability of \$200,000.00 for vital records and
3 health systems is contingent upon the enactment of legislation that
4 amends section 2891 of the public health code, 1978 PA 368, MCL 333.2891,
5 to increase fees for vital records services in an amount sufficient to
6 produce \$200,000.00 in fee revenue anticipated to be received annually,
7 and that fee increase taking effect.

8 INFECTIOUS DISEASE CONTROL

9 Sec. 801. In the expenditure of funds appropriated in part 1 for
10 AIDS programs, the department and its subcontractors shall ensure that
11 adolescents receive priority for prevention, education, and outreach
12 services.

13 Sec. 802. In developing and implementing AIDS provider education
14 activities, the department may provide funding to the Michigan state med-
15 ical society to serve as lead agency to convene a consortium of health
16 care providers, to design needed educational efforts, to fund other
17 statewide provider groups, and to assure implementation of these efforts,
18 in accordance with a plan approved by the department.

19 Sec. 803. The department shall continue the AIDS drug assistance
20 program maintaining the prior year eligibility criteria and drug
21 formulary. This section is not intended to prohibit the department from
22 providing assistance for improved AIDS treatment medications.

1 EPIDEMIOLOGY

2 Sec. 850. From the funds appropriated in part 1 for epidemiology
3 administration, no less than \$150,000.00 shall be allocated for the
4 behavioral risk factor survey project.

5 LOCAL HEALTH ADMINISTRATION AND GRANTS

6 Sec. 901. The amount appropriated in part 1 for implementation of
7 the 1993 amendments to sections 9161, 16221, 16226, 17014, 17015, and
8 17515 of the public health code, 1978 PA 368, MCL 333.9161, 333.16221,
9 333.16226, 333.17014, 333.17015, and 333.17515, shall reimburse local
10 health departments for costs incurred related to implementation of sec-
11 tion 17015(15) of the public health code, 1978 PA 368, MCL 333.17015.

12 Sec. 902. If a county that has participated in a district health
13 department or an associated arrangement with other local health depart-
14 ments takes action to cease to participate in such an arrangement after
15 October 1, 2000, the department shall have the authority to assess a pen-
16 alty from the local health department's administrative accounts in an
17 amount equal to no more than 3% of the local health department's local
18 public health operations funding. This penalty shall only be assessed to
19 the local county that requests the dissolution of the health department.

20 Sec. 903. The department shall provide a report semiannually to the
21 house of representatives and senate appropriations subcommittees on com-
22 munity health, the senate and house fiscal agencies, and the state budget
23 director on the expenditures and activities undertaken by the lead abate-
24 ment program. The report shall include, but is not limited to, a funding
25 allocation schedule, expenditures by category of expenditure and by

1 subcontractor, revenues received, description of program elements, and
2 description of program accomplishments and progress.

3 Sec. 904. (1) Funds appropriated in part 1 for local public health
4 operations shall be prospectively allocated to local health departments
5 to support immunizations, infectious disease control, sexually transmit-
6 ted disease control and prevention, hearing screening, vision services,
7 food protection, public water supply, private groundwater supply, and
8 on-site sewage management. Food protection shall be provided in consul-
9 tation with the Michigan department of agriculture. Public water supply,
10 private groundwater supply, and on-site sewage management shall be pro-
11 vided under contract with the Michigan department of environmental
12 quality.

13 (2) Local public health departments will be held to contractual
14 standards for the services in subsection (1).

15 (3) Distributions in subsection (1) shall be made only to counties
16 that maintain local spending in fiscal year 2000-2001 of at least the
17 amount expended in fiscal year 1992-1993 for the services described in
18 subsection (1).

19 (4) By April 1, 2001, the department shall report to the senate and
20 house of representatives appropriations subcommittees on community
21 health, the senate and house fiscal agencies, and the state budget direc-
22 tor on the planned allocation of the funds appropriated for local public
23 health operations.

24 (5) It is the intent of the legislature that this appropriation be
25 fully expended in fiscal year 2000-2001.

26 Sec. 906. From the funds appropriated in part 1 for local health
27 services, the department shall allocate \$100,000.00 for a study to

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1 identify the sources of pollution and those responsible for polluting, in
2 the [Clinton/Rouge] river watershed [.

3]

4 Sec. 907. (1) It is the intent of the legislature that the depart-
5 ment establish a lead hazard remediation revolving loan fund program.
6 From the funds appropriated in part 1, \$1,000,000.00 shall be allocated
7 to the lead hazard remediation revolving loan fund. It is the intent of
8 the legislature that annual appropriations be made to the lead hazard
9 remediation revolving loan fund until cumulative appropriations to the
10 loan fund total a minimum of \$5,000,000.00.

11 (2) The lead hazard remediation revolving loan fund program shall
12 make loans available to qualified low-income families who live in
13 owner-occupied houses in Michigan for the purpose of financing lead
14 hazard remediation and abatement to the homes in which they reside.
15 Families who meet qualifications for federal housing and urban develop-
16 ment lead abatement funds are not eligible for this loan program. A home
17 that houses a child with elevated blood lead levels, as defined in
18 section 5456 of the public health code, 1978 PA 368, MCL 333.5456, or
19 that may in the future be occupied by a family with small children, may
20 be eligible for the loan fund program. The loans shall be offered at an
21 interest rate of 2%. The program may be jointly administered by the
22 department and the Michigan state housing development authority.

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1 **CHRONIC DISEASE AND INJURY PREVENTION AND HEALTH**

2 **PROMOTION**

3 Sec. 1001. (1) From the state funds appropriated in part 1, the
4 department shall allocate funds to promote awareness, education, and
5 early detection of breast, cervical, prostate, and colorectal cancer, and
6 provide for other health promotion media activities.

7 (2) The department shall increase funds allocated to promote aware-
8 ness, education, and early detection of breast, cervical, and prostate
9 cancer by \$750,000.00 above the amount allocated for this purpose in
10 fiscal year 1996-1997, and by \$150,000.00 for colorectal cancer.

[(3) From the funds appropriated in part 1, the department shall
allocate \$500,000.00 for a mobile cancer screening program of the Karmanos
Cancer Institute.]

11 Sec. 1002. (1) The amount appropriated in part 1 for school health
12 and education programs shall be allocated in fiscal year 2000-2001 to
13 provide grants to or contract with certain districts and intermediate
14 districts for the provision of a school health education curriculum.
15 Provision of the curriculum, such as the Michigan model or another com-
16 prehensive school health education curriculum, shall be in accordance
17 with the health education goals established by the Michigan model for the
18 comprehensive school health education state steering committee. The
19 state steering committee shall be comprised of a representative from each
20 of the following offices and departments:

21 (a) The department of education.

22 (b) The department of community health.

23 (c) The public health agency in the department of community health.

24 (d) The office of substance abuse services in the department of com-
25 munity health.

26 (e) The family independence agency.

1 (f) The department of state police.

2 (2) Upon written or oral request, a pupil not less than 18 years of
3 age or a parent or legal guardian of a pupil less than 18 years of age,
4 within a reasonable period of time after the request is made, shall be
5 informed of the content of a course in the health education curriculum
6 and may examine textbooks and other classroom materials that are provided
7 to the pupil or materials that are presented to the pupil in the
8 classroom. This subsection does not require a school board to permit
9 pupil or parental examination of test questions and answers, scoring
10 keys, or other examination instruments or data used to administer an aca-
11 demic examination.

12 Sec. 1003. Funds appropriated in part 1 for the Alzheimer's infor-
13 mation network shall be used to provide information and referral services
14 through regional networks for persons with Alzheimer's disease or related
15 disorders, their families, and health care providers.

16 Sec. 1004. From the amounts appropriated in part 1 for the cancer
17 prevention and control program, the department may allocate funds to the
18 Hurley and Harper hospitals' prostate cancer demonstration projects in
19 fiscal year 2000-2001.

20 Sec. 1005. From the funds appropriated in part 1 for physical fit-
21 ness, nutrition, and health, up to \$1,000,000.00 may be allocated to the
22 Michigan physical fitness and sports foundation. The allocation to the
23 Michigan physical fitness and sports foundation is contingent upon the
24 foundation providing at least a 20% cash match.

25 Sec. 1006. In spending the funds appropriated in part 1 for the
26 smoking prevention program, priority shall be given to prevention and

1 smoking cessation programs for pregnant women, women with young children,
2 and adolescents.

3 Sec. 1007. (1) The funds appropriated in part 1 for violence pre-
4 vention shall be used for, but not be limited to, the following:

5 (a) Programs aimed at the prevention of spouse, partner, or child
6 abuse and rape.

7 (b) Programs aimed at the prevention of workplace violence.

8 (2) In awarding grants from the amounts appropriated in part 1 for
9 violence prevention, the department shall give equal consideration to
10 public and private nonprofit applicants.

11 (3) From the funds appropriated in part 1 for violence prevention,
12 the department may include local school districts as recipients of the
13 funds for family violence prevention programs.

14 Sec. 1008. From the amount appropriated in part 1 for the cancer
15 prevention and control program, funds shall be allocated to the Karmanos
16 cancer institute/Wayne State University, to the University of Michigan
17 comprehensive cancer center, and to Michigan State University for cancer
18 prevention activities, consistent with the current priorities of the
19 Michigan cancer consortium.

20 Sec. 1009. From the funds appropriated in part 1 for the diabetes
21 program, a portion of the funds may be allocated to the national kidney
22 foundation of Michigan for kidney disease prevention programming includ-
23 ing early identification and education programs and kidney disease pre-
24 vention demonstration projects.

25 Sec. 1010. Of the funds appropriated in part 1 for the health edu-
26 cation, promotion, and research programs, the department shall allocate
27 \$400,000.00 to implement the osteoporosis prevention and treatment

1 education program targeting women and school health education. As part
2 of the program, the department shall design and implement strategies for
3 raising public awareness on the causes and nature of osteoporosis, per-
4 sonal risk factors, value of prevention and early detection, and options
5 for diagnosing and treating osteoporosis.

6 Sec. 1011. (1) From the funds appropriated in part 1 for the diabe-
7 tes program, \$320,000.00 shall be allocated for improving the health of
8 African-American men in Michigan. The funds shall be used for screening
9 and patient self-care activities for diabetes, hypertension, stroke, and
10 glaucoma and other eye diseases.

11 (2) By March 1, 2001, the department shall provide a report on the
12 program under this section to the senate and house of representatives
13 appropriations subcommittees on community health, the senate and house
14 fiscal agencies, and the state budget director.

15 Sec. 1012. In implementing the early childhood collaborative sec-
16 ondary prevention program, the department shall work cooperatively with
17 the department of education and the family independence agency to address
18 issues and coordinate activities for community-based collaborative pre-
19 vention services. The department shall report annually on the outcomes
20 of this collaborative effort to the senate and house of representatives
21 appropriation subcommittees on community health and the senate and house
22 fiscal agencies. To meet this reporting requirement, as long as the
23 grants are administered through the children's trust fund, the department
24 may submit the children's trust fund annual report which includes a
25 report on the outcomes of the collaborative effort.

26 Sec. 1013. The funds appropriated in part 1 for the Michigan
27 Parkinson's Foundation shall be used for implementation of the Michigan

1 Parkinson's Initiative which supports and educates persons with
2 Parkinson's disease and their families. Members of the Michigan
3 Parkinson's Initiative include the University of Michigan, Michigan State
4 University, Wayne State University, Beaumont Hospital, St. John's
5 Hospital and Health Center, Henry Ford Health System, and other organiza-
6 tions as appropriate.

7 Sec. 1018. From the funds appropriated in part 1 for chronic dis-
8 ease prevention, \$500,000.00 shall be allocated for obesity prevention
9 and education services. The department shall use these funds for preven-
10 tion and education services only, and not for administrative purposes.

11 Sec. 1019. From the funds appropriated in part 1 for chronic dis-
12 ease prevention, \$250,000.00 shall be allocated for stroke prevention,
13 education, and outreach. The objectives of the program shall include
14 education to assist persons in identifying risk factors, and education to
15 assist persons in the early identification of the occurrence of a stroke
16 in order to minimize stroke damage.

17 Sec. 1020. From the funds appropriated in part 1 for chronic dis-
18 ease prevention, \$50,000.00 shall be allocated for a children's arthritis
19 program.

20 Sec. 1021. From the funds appropriated in part 1 for chronic dis-
21 ease prevention, \$1,086,000.00 shall be allocated as 1-time funding for a
22 women's cardiovascular health program. The availability of the funds is
23 contingent upon final settlement and receipt of the funds as the result
24 of a final court judgment.

25 Sec. 1022. From the funds appropriated in part 1 for the smoking
26 prevention program, \$1,500,000.00 shall be allocated as 1-time funding to
27 enable eligible state and local municipalities to apply for American

1 legacy foundation grants which are intended to decrease and prevent
2 tobacco consumption among all ages and populations.

3 **COMMUNITY LIVING, CHILDREN, AND FAMILIES**

4 Sec. 1101. The department shall review the basis for the distribu-
5 tion of funds to local health departments and other public and private
6 agencies for the women, infants, and children food supplement program;
7 family planning; early and periodic screening, diagnosis, and treatment
8 program; and prenatal care outreach and service delivery support program
9 and indicate the basis upon which any projected underexpenditures by
10 local public and private agencies shall be reallocated to other local
11 agencies that demonstrate need.

12 Sec. 1102. (1) Agencies receiving funds appropriated from part 1
13 for adolescent health care services shall do all of the following:

14 (a) Require each adolescent health clinic funded by the agency to
15 report to the department on an annual basis all of the following
16 information:

17 (i) Funding sources of the adolescent health clinic.

18 (ii) Demographic information of populations served including sex,
19 age, and race. Reporting and presentation of demographic data by age
20 shall include the range of ages of 0-17 years and the range of ages of
21 18-23 years.

22 (iii) Utilization data that reflects the number of visits and repeat
23 visits and types of services provided per visit.

24 (iv) Types and number of referrals to other health care agencies.

1 (b) As a condition of the contract, a contract shall include the
2 establishment of a local advisory committee before the planning phase of
3 an adolescent health clinic intended to provide services within that
4 school district. The advisory committee shall be comprised of not less
5 than 50% residents of the local school district, and shall not be com-
6 prised of more than 50% health care providers. A person who is employed
7 by the sponsoring agency shall not have voting privileges as a member of
8 the advisory committee.

9 (c) Not allow an adolescent health clinic funded by the agency, as
10 part of the services offered, to provide abortion counseling or services
11 or make referrals for abortion services.

12 (d) Require each adolescent health clinic funded by the agency to
13 have a written policy on parental consent, developed by the local
14 advisory committee and submitted to the local school board for approval
15 if the services are provided in a public school building where instruc-
16 tion is provided in grades kindergarten through 12.

17 (2) A local advisory committee established under subsection (1)(b),
18 in cooperation with the sponsoring agency, shall submit written recommen-
19 dations regarding the implementation and types of services rendered by an
20 adolescent health clinic to the local school board for approval of ado-
21 lescent health services rendered in a public school building where
22 instruction is provided in grades kindergarten through 12.

23 (3) The department shall submit a report to the members of the
24 senate and house of representatives appropriations subcommittees on com-
25 munity health and the senate and house fiscal agencies based on the
26 information provided under subsection (1)(a). The report is due 90 days
27 after the end of the calendar year.

1 Sec. 1103. Of the funds appropriated in part 1 for adolescent
2 health care services, each teen center, including alternative models,
3 shall receive as minimum funding no less than 115% of what was allocated
4 in fiscal year 1999-2000. The remainder of the appropriated funds under
5 this section, which shall not apply to alternative models, shall be dis-
6 tributed as follows:

7 (a) Twenty-five percent shall be distributed based on the number of
8 users.

9 (b) Fifty percent shall be distributed based on the number of
10 visits.

11 (c) Twenty-five percent shall be distributed based on the number of
12 services provided.

13 Sec. 1104. Before April 1, 2001, the department shall submit a
14 report to the house and senate fiscal agencies on planned allocations
15 from the amounts appropriated in part 1 for local MCH services, prenatal
16 care outreach and service delivery support, family planning local agree-
17 ments, and pregnancy prevention programs. Using applicable federal defi-
18 nitions, the report shall include information on all of the following:

19 (a) Funding allocations.

20 (b) Number of women, children, and/or adolescents expected to be
21 served.

22 (c) Actual numbers served and amounts expended in the categories
23 described in subdivisions (a) and (b) for the fiscal year 1999-2000.

24 Sec. 1105. For all programs for which an appropriation is made in
25 part 1, the department shall contract with those local agencies best able
26 to serve clients. Factors to be used by the department in evaluating
27 agencies under this section shall include ability to serve high-risk

1 population groups; ability to serve low-income clients, where applicable;
2 availability of, and access to, service sites; management efficiency; and
3 ability to meet federal standards, when applicable.

4 Sec. 1106. Each family planning program receiving federal title X
5 family planning funds shall be in compliance with all performance and
6 quality assurance indicators that the United States bureau of community
7 health services specifies in the family planning annual report. An
8 agency not in compliance with the indicators shall not receive supplemen-
9 tal or reallocated funds.

10 Sec. 1106a. (1) Federal abstinence money expended in part 1 for the
11 purpose of promoting abstinence education shall provide abstinence educa-
12 tion to teenagers most likely to engage in high risk behavior as their
13 primary focus, and may include programs that include 9- to 17-year-olds.
14 Programs funded must meet all of the following guidelines:

15 (a) Teaches the gains to be realized by abstaining from sexual
16 activity.

17 (b) Teaches abstinence from sexual activity outside of marriage as
18 the expected standard for all school age children.

19 (c) Teaches that abstinence is the only certain way to avoid
20 out-of-wedlock pregnancy, sexually transmitted diseases, and other health
21 problems.

22 (d) Teaches that a monogamous relationship in the context of mar-
23 riage is the expected standard of human sexual activity.

24 (e) Teaches that sexual activity outside of marriage is likely to
25 have harmful effects.

26 (f) Teaches that bearing children out of wedlock is likely to have
27 harmful consequences.

1 (g) Teaches young people how to avoid sexual advances and how
2 alcohol and drug use increases vulnerability to sexual advances.

3 (h) Teaches the importance of attaining self-sufficiency before
4 engaging in sexual activity.

5 (2) Coalitions, organizations, and programs that do not provide
6 contraceptives to minors and demonstrate efforts to include parental
7 involvement as a means of reducing the risk of teens becoming pregnant
8 shall be given priority in the allocations of funds.

9 (3) Programs and organizations that meet the guidelines of subsec-
10 tion (1) and criteria of subsection (2) shall have the option of receiv-
11 ing all or part of their funds directly from the department of community
12 health.

13 Sec. 1107. Of the amount appropriated in part 1 for prenatal care
14 outreach and service delivery support, not more than 10% shall be
15 expended for local administration, data processing, and evaluation.

16 Sec. 1108. The funds appropriated in part 1 for pregnancy preven-
17 tion programs shall not be used to provide abortion counseling, refer-
18 rals, or services.

19 Sec. 1109. (1) From the amounts appropriated in part 1 for dental
20 programs, funds shall be allocated to the Michigan dental association for
21 the administration of a volunteer dental program that would provide
22 dental services to the uninsured in an amount that is no less than the
23 amount allocated to that program in fiscal year 1996-1997.

24 (2) Not later than November 1, 2000, the department shall report to
25 the senate and house of representatives appropriations subcommittees on
26 community health and the senate and house of representatives standing
27 committees on health policy the number of individual patients treated,

1 number of procedures performed, and approximate total market value of
2 those procedures through September 30, 2000.

3 Sec. 1110. Agencies that currently receive pregnancy prevention
4 funds and either receive or are eligible for other family planning funds
5 shall have the option of receiving all of their family planning funds
6 directly from the department of community health and be designated as
7 delegate agencies.

8 Sec. 1111. The department shall allocate no less than 86% of the
9 funds appropriated in part 1 for family planning local agreements and the
10 pregnancy prevention program for the direct provision of family
11 planning/pregnancy prevention services.

12 Sec. 1112. From the funds appropriated for prenatal care outreach
13 and service delivery support, the department shall allocate at least
14 \$1,000,000.00 to communities with high infant mortality rates.

15 Sec. 1113. From the funds appropriated in part 1 for special
16 projects, the department shall allocate no less than \$200,000.00 to pro-
17 vide education and outreach to targeted populations on the dangers of
18 drug use during pregnancy, neonatal addiction, and fetal alcohol syndrome
19 and further develop its infant support services to target families with
20 infants with fetal alcohol syndrome or suffering from drug addiction.

21 Sec. 1114. From the funds appropriated in part 1 for special
22 projects, the department shall allocate \$250,000.00 to the Nathan Weidner
23 children's advocacy center. These funds shall be considered a work
24 project and any unexpended authorization shall be carried forward to
25 fiscal year 2001-2002.

26 Sec. 1120. The department shall allocate \$8,488,600.00 to local
27 public health departments for the purpose of providing EPSDT, maternal

1 and infant support services outreach, and other Medicaid outreach and
2 support services.

3 Sec. 1121. From the funds appropriated in part 1 for special
4 projects, \$300,000.00 shall be allocated for children's respite
5 services.

6 CHILDREN'S SPECIAL HEALTH CARE SERVICES

7 Sec. 1201. Funds appropriated in part 1 for medical care and treat-
8 ment of children with special health care needs shall be paid according
9 to reimbursement policies determined by the Michigan medical services
10 program. Exceptions to these policies may be taken with the prior
11 approval of the state budget director.

12 Sec. 1202. The department may do 1 or more of the following:

13 (a) Provide special formula for eligible clients with specified met-
14 abolic and allergic disorders.

15 (b) Provide medical care and treatment to eligible patients with
16 cystic fibrosis who are 21 years of age or older.

17 (c) Provide genetic diagnostic and counseling services for eligible
18 families.

19 (d) Provide medical care and treatment to eligible patients with
20 hereditary coagulation defects, commonly known as hemophilia, who are 21
21 years of age or older.

22 Sec. 1203. All children who are determined medically eligible for
23 the children's special health care services program shall be referred to
24 the appropriate locally based services program in their community.

1 CRIME VICTIM SERVICES COMMISSION

2 Sec. 1301. The per diem amount authorized for the crime victim
3 services commission is \$100.00.

4 OFFICE OF SERVICES TO THE AGING

5 Sec. 1401. The appropriation in part 1 to the office of services to
6 the aging, for community and nutrition services and home services, shall
7 be restricted to eligible individuals at least 60 years of age who fail
8 to qualify for home care services under title XVIII, XIX, or XX of the
9 social security act, chapter 531, 49 Stat. 620.

10 Sec. 1402. (1) The office of services to the aging may receive and
11 expend funds in addition to those authorized in part 1 for the additional
12 purposes described in this section.

13 (2) Money appropriated in part 1 for the Michigan pharmaceutical
14 program shall be used to purchase generic medicine when available and
15 medically practicable.

16 Sec. 1403. The office of services to the aging shall require each
17 region to report to the office of services to the aging home delivered
18 meals waiting lists based upon standard criteria. Determining criteria
19 shall include all of the following:

20 (a) The recipient's degree of frailty.

21 (b) The recipient's inability to prepare his or her own meals
22 safely.

23 (c) Whether the recipient has another care provider available.

24 (d) Any other qualifications normally necessary for the recipient to
25 receive home delivered meals.

1 Sec. 1404. The office of services to the aging may receive and
2 expend fees for the provision of day care, care management, and respite
3 care. The office of services to the aging shall base the fees on a slid-
4 ing scale taking into consideration the client income. The office of
5 services to the aging shall use the fees to expand services.

6 Sec. 1405. The office of services to the aging may receive and
7 expend Medicaid funds for care management services.

8 Sec. 1406. The appropriation of \$5,000,000.00 of tobacco settlement
9 funds to the office of services to the aging for the respite care program
10 shall be allocated in accordance with a long-term care plan developed by
11 the long-term care working group established in section 1637 of 1998
12 PA 336 upon implementation of the plan. The plan shall be implemented
13 upon meeting the requirements of section 1657 of this act. The use of
14 the funds shall be for direct respite care. Not more than 10% of the
15 amount allocated under this section shall be expended for administration
16 and administrative purposes.

17 Sec. 1407. The appropriation of \$3,021,400.00 of tobacco settlement
18 funds to the office of services to the aging for the long-term care advi-
19 sor shall be allocated in accordance with a long-term care plan developed
20 by the long-term care working group established in section 1637 of 1998
21 PA 336 upon implementation of the plan. The plan shall be implemented
22 upon meeting the requirements of section 1657 of this act.

23 Sec. 1408. The office of services to the aging shall provide that
24 funds appropriated under this act shall be awarded on a local level in
25 accordance with locally determined needs.

26 Sec. 1410. (1) Effective January 1, 2001, it is the intent of the
27 legislature that an elder prescription insurance coverage program will be

1 established, referred to in this section as the EPIC program. The
2 guiding principles of this program are all of the following:

3 (a) To enhance access to prescription medications for low income
4 elderly residents of this state.

5 (b) To make that access meaningful by reducing the cost to senior
6 citizens to obtain prescription medications.

7 (c) To assist the elderly in understanding how prescription medica-
8 tions can be beneficial in treating diseases, illnesses, and conditions
9 that are more prevalent in the aged.

10 (d) To provide the means by which those persons who prescribe and
11 dispense prescription medications for the elderly are better able to rec-
12 ognize those prescription situations in which combinations of new and/or
13 existing drugs, or other factors, could result in an adverse drug inter-
14 action in an elderly person.

15 (e) The program developed pursuant to this section is not an enti-
16 tlement and benefits are limited to the level supported by the funding
17 explicitly appropriated in this or subsequent acts.

18 (f) Emergency prescription assistance shall continue to be available
19 through the program.

20 (2) In furthering these guiding principles, the operational parame-
21 ters of the EPIC program shall include at least all of the following:

22 (a) Limiting eligibility to Michigan residents who are over the age
23 of 64, who have household incomes at or below 200% of poverty, and who
24 are not eligible for Medicaid.

25 (b) Establishing variable premium rates based on a percentage of
26 household income, which rate shall be not more than 5% of household

1 income if household income is 200% of poverty and shall be zero if
2 household income is 100% or less of poverty.

3 (c) A mechanism, such as limiting the number of policies sold, to
4 ensure that expenditures do not exceed available revenue.

5 (3) The EPIC program shall not be implemented until after an auto-
6 mated pharmacy claims adjudication and prospective drug utilization
7 review system is operational.

8 (4) The EPIC program shall not be implemented until section 273 of
9 the income tax act of 1967, 1967 PA 281, MCL 206.273, is repealed.

10 (5) The Michigan emergency pharmaceutical program for seniors shall
11 be continued until the EPIC program is fully implemented.

[Sec. 1411. The department shall implement a state supplemental prescription drug coverage program administered by the office of services to the aging, that offers participants a 50% discount on out-of-pocket expenses for prescription drugs. Michigan residents age 65 or older who do not have prescription drug coverage are eligible to participate in the program. Pharmacies which provide a discount to persons who are eligible for the program may apply to the department for reimbursement of the discount provided to program participants. The office of services to the aging shall issue a card to each program enrollee, and implement and maintain a 24-hour toll-free consumer assistance hotline.]

12 Sec. 1413. The legislature affirms the commitment to locally based
13 services. The legislature supports the role of local county board of
14 commissioners in the approval of area agency on aging plans. The legis-
15 lature supports choice and the right of local counties to change member-
16 ship in the area agencies on aging if the change is to an area agency on
17 aging that is contiguous to that county. The legislature supports the
18 office of services to the aging working with others to provide training
19 to commissions to better understand and advocate for aging issues. It is
20 the intent of the legislature to prohibit area agencies on aging from
21 providing direct services, including home and community based waiver
22 services, unless they receive a waiver from the office of services to the
23 aging. The legislature's intent in this section is conditioned on com-
24 pliance with federal and state laws, rules, and policies.

25 Sec. 1414. The office of services to the aging shall award con-
26 tracts and distribute funds only to those projects that are cost

1 effective, meet minimum operational standards, and serve the greatest
2 number of eligible people.

3 Sec. 1415. The office of services to the aging shall establish uni-
4 form reporting formats for reports submitted by area agencies on aging.
5 Area agencies on aging shall submit reports to the department using the
6 established reporting formats.

7 **MEDICAL SERVICES ADMINISTRATION**

8 Sec. 1501. The funds appropriated in part 1 for the Michigan essen-
9 tial health care provider program may also provide loan repayment for
10 dentists that fit the criteria established by part 27 of the public
11 health code, 1978 PA 368, MCL 333.2701 to 333.2727.

12 Sec. 1502. The department is directed to continue support of multi-
13 cultural agencies that provide primary care services from the funds
14 appropriated in part 1.

15 Sec. 1503. From the amounts appropriated in part 1 for palliative
16 and hospice care, \$325,000.00 shall be allocated for education programs
17 on and promotion of palliative care, hospice, and end of life care, and
18 \$200,000.00 shall be allocated for a pilot project to assess long-term
19 feasibility of paying the cost of room and board in hospice residences
20 for low income individuals.

21 Sec. 1504. From the funds appropriated in part 1 for primary care
22 services, the department shall appropriate the same level of financing
23 for the Arab American and Chaldean council, and ACCESS that was appropri-
24 ated in fiscal year 1999-2000.

1 Sec. 1505. The department shall work with the department of career
2 development to develop a Medicaid buy-in program for the working disabled
3 through the options available under the federal "Ticket to Work and Work
4 Incentives Improvement Act of 1999".

5 Sec. 1506. From the funds appropriated in part 1 for primary care
6 services, an amount not to exceed \$3,200,000.00 is appropriated to
7 enhance the service capacity of the federally qualified health centers
8 and other health centers which are similar to federally qualified health
9 centers.

10 **MEDICAL SERVICES**

11 Sec. 1601. The department of community health shall provide an
12 administrative procedure for the review of cost report grievances by med-
13 ical services providers with regard to reimbursement under the medical
14 services program. Settlements of properly submitted cost reports shall
15 be paid not later than 9 months from receipt of the final report.

16 Sec. 1602. (1) For care provided to medical services recipients
17 with other third-party sources of payment, medical services reimbursement
18 shall not exceed, in combination with such other resources, including
19 Medicare, those amounts established for medical services-only patients.
20 The medical services payment rate shall be accepted as payment in full.
21 Other than an approved medical services copayment, no portion of a
22 provider's charge shall be billed to the recipient or any person acting
23 on behalf of the recipient. Nothing in this section shall be considered
24 to affect the level of payment from a third-party source other than the

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1 medical services program. The department shall require a nonenrolled
2 provider to accept medical services payments as payment in full.

3 (2) Notwithstanding subsection (1), medical services reimbursement
4 for hospital services provided to dual Medicare/medical services recip-
5 ients with Medicare Part B coverage only shall equal, when combined with
6 payments for Medicare and other third-party resources, if any, those
7 amounts established for medical services-only patients, including capital
8 payments.

9 Sec. 1603. [] Effective October 1, 2000, the pharmaceutical dis-
10 pensing fee shall be \$3.77 or the usual or customary cash charge, which-
11 ever is less. If a Medicaid recipient is 21 years of age or older, the
12 department shall require a \$1.00 per prescription copayment, except as
13 prohibited by federal or state law or regulation.

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20 Sec. 1605. The cost of remedial services incurred by residents of
21 licensed adult foster care homes and licensed homes for the aged shall be
22 used in determining financial eligibility for the medically needy.
23 Remedial services include basic self-care and rehabilitation training for
24 a resident.

25 Sec. 1606. Medicaid adult dental services, podiatric services, and
26 chiropractic services shall continue at not less than the level in effect
27 on October 1, 1996, except that reasonable utilization limitations may be

1 adopted in order to prevent excess utilization. The department shall not
2 impose utilization restrictions on chiropractic services unless a recipi-
3 ent has exceeded 18 office visits within 1 year.

4 Sec. 1607. The department shall require copayments on dental, podi-
5 atric, chiropractic, vision, and hearing aid services provided to
6 Medicaid recipients, except as prohibited by federal or state law or
7 regulation.

8 Sec. 1609. (1) From the funds appropriated in part 1 for the indi-
9 gent medical care program, the department shall establish a program that
10 provides for the basic health care needs of indigent persons as delin-
11 eated in the following subsections.

12 (2) Eligibility for this program is limited to the following:

13 (a) Persons currently receiving cash grants under either the family
14 independence program or state disability assistance programs who are not
15 eligible for any other public or private health care coverage.

16 (b) Any other resident of this state who currently meets the income
17 and asset requirements for the state disability assistance program and is
18 not eligible for any other public or private health care coverage.

19 (3) All potentially eligible persons, except those defined in sub-
20 section (2)(a), who shall be automatically enrolled, may apply for
21 enrollment in this program at local family independence agency offices or
22 other designated sites.

23 (4) The program shall provide for the following minimum level of
24 services for enrolled individuals:

25 (a) Physician services provided in private, clinic, or outpatient
26 office settings.

1 (b) Diagnostic laboratory and x-ray services.

2 (c) Pharmaceutical services.

3 (5) Notwithstanding subsection (2)(b), the state may continue to
4 provide nursing facility coverage, including medically necessary ancil-
5 lary services, to individuals categorized as permanently residing under
6 color of law and who meet either of the following requirements:

7 (a) The individuals were medically eligible and residing in such a
8 facility as of August 22, 1996 and qualify for emergency medical
9 services.

10 (b) The individuals were Medicaid eligible as of August 22, 1996,
11 and admitted to a nursing facility before a new eligibility determination
12 was conducted by the family independence agency.

13 Sec. 1611. (1) The department may require medical services recip-
14 ients residing in counties offering managed care options to choose the
15 particular managed care plan in which they wish to be enrolled. Persons
16 not expressing a preference may be assigned to a managed care provider.

17 (2) Persons to be assigned a managed care provider shall be informed
18 in writing of the criteria for exceptions to capitated managed care
19 enrollment, their right to change health plans for any reason within the
20 initial 90 days of enrollment, the toll-free telephone number for prob-
21 lems and complaints, and information regarding grievance and appeals
22 rights.

23 (3) The criteria for medical exceptions to qualified health plans
24 shall be based on submitted documentation that indicates a recipient has
25 a serious medical condition, and is undergoing active treatment for that
26 condition with a physician who does not participate in 1 of the qualified
27 health plans. If the person meets the criteria established by this

1 subsection, the department shall grant an exception to mandatory
2 enrollment at least through the current prescribed course of treatment,
3 subject to periodic review of continued eligibility.

4 Sec. 1612. (1) The department shall not preauthorize single-source
5 pharmaceutical products except in the following circumstances:

6 (a) Those single-source pharmaceutical products that have been
7 subject to prior authorization by the department prior to January 1,
8 1992.

9 (b) Those single-source pharmaceuticals within the categories speci-
10 fied in section 1927(d)(2) of title XIX, 42 U.S.C. 1396r-8, or for the
11 reasons delineated in section 1927(d)(3) of title XIX, 42
12 U.S.C. 1396r-8.

13 (c) Those pharmaceutical products related to the treatment of sexual
14 dysfunction.

15 (d) Those pharmaceutical products that do not have a medically
16 accepted indication. As used in this subdivision, "medically accepted
17 indication" means any use of a covered outpatient drug that is approved
18 under the federal food, drug, and cosmetic act, that appears in peer
19 reviewed medical literature, or that is accepted by 1 or more of the fol-
20 lowing compendia: the American hospital formulary service-drug informa-
21 tion, the American medical association drug evaluations, the United
22 States pharmacopeia-drug information, or the drugdex information system.

23 (2) The department may implement prospective drug utilization review
24 and disease management systems. The prospective drug utilization review
25 and disease management systems authorized by this subsection shall have
26 physician oversight, shall focus on patient, physician, and pharmacist
27 education, and shall be developed in consultation with the national

1 pharmaceutical council, Michigan state medical society, Michigan
2 association of osteopathic physicians, Michigan pharmacists' association,
3 Michigan partner for patient advocacy, and Michigan nurses' association.

4 (3) The department shall continue the process of developing and
5 implementing the automated pharmacy claims adjudication and prospective
6 drug utilization review system and disease management system. The
7 department shall provide bimonthly reports to the members of the senate
8 and house of representatives appropriations subcommittees on community
9 health and the senate and house fiscal agencies on the progress of the
10 development and implementation of this system.

11 (4) The department may, in cooperation with the Michigan
12 pharmacists' association and U.N.I./Take Charge, implement pilot projects
13 that utilize pharmacists to coordinate programs within their scope of
14 practice between physicians and recipients with asthma, obesity, or dys-
15 lipidemia, assuring recipients fully understand their role in managing
16 their disease. The recipients shall be trained in proper use of their
17 medications, nutritional supplements, and lifestyle modification. The
18 projects will enable pharmacists to provide feedback and early referral
19 to physicians as needed.

20 Sec. 1613. The department may implement a mail-order pharmacy pro-
21 gram for the noncapitated portion of the Medicaid program after a study
22 by the department is submitted to the house of representatives and senate
23 appropriations subcommittees on community health and after the repeal of
24 section 17763(a) of the public health code, 1978 PA 368, MCL 333.17763.

25 Sec. 1614. (1) The department shall assure that all Medicaid chil-
26 dren have timely access to early and periodic screening, diagnosis, and
27 treatment (EPSDT) services as required by federal law. Medicaid managed

1 care plans will provide EPSDT services in accordance with EPSDT policy.
2 Requirements for objective hearing and vision screening may be met by
3 referral to local health departments.

4 (2) The primary responsibility of assuring a child's hearing and
5 vision screening is with the child's primary care provider. The primary
6 care provider will provide age appropriate screening or arrange for these
7 tests through referrals to local health departments. Local health
8 departments shall provide preschool hearing and vision screening services
9 and accept referrals for these tests from physicians or from Head Start
10 programs in order to assure all preschool children have appropriate
11 access to hearing and vision screening. Local health departments will be
12 reimbursed for the cost of providing these tests for Medicaid eligible
13 children by the Medicaid program.

14 Sec. 1615. (1) The department of community health is authorized to
15 pursue reimbursement for eligible services provided in Michigan schools
16 from the federal Medicaid program. The department and the state budget
17 director are authorized to negotiate and enter into agreements, together
18 with the department of education, with local and intermediate school dis-
19 tricts regarding the sharing of federal Medicaid services funds received
20 for these services. The department is authorized to receive and disburse
21 funds to participating school districts pursuant to such agreements and
22 state and federal law.

23 (2) From the funds appropriated in part 1 for medical services
24 school services payments, the department is authorized to do all of the
25 following:

26 (a) Finance activities within the medical services administration
27 related to this project.

1 (b) Reimburse participating school districts pursuant to the fund
2 sharing ratios negotiated in the state-local agreements authorized in
3 subsection (1).

4 (c) Offset general fund costs associated with the medical services
5 program.

6 Sec. 1616. The special medical services payments appropriation in
7 part 1 may be increased if the department submits a medical services
8 state plan amendment pertaining to this line item at a level higher than
9 the appropriation. The department is authorized to appropriately adjust
10 financing sources in accordance with the increased appropriation.

11 Sec. 1617. The department of community health shall obtain
12 patient-based utilization data from those qualified health plans with
13 which the department contracts. The data shall include immunizations,
14 early and periodic screenings, diagnoses, and treatments, blood lead
15 level testing, and maternal and infant support services. The department
16 shall submit annual reports on patient-based utilization data to the mem-
17 bers of the senate and house of representatives appropriations subcommit-
18 tees on community health, the senate and house fiscal agencies, the state
19 budget director, and the director of each local health department.

20 Sec. 1618. (1) It is the intent of the legislature that payment
21 increases for enhanced wages and new or enhanced employee benefits shall
22 be provided to those facilities that make application for it to fund the
23 Medicaid program share of wage and employee benefit increases up to the
24 equivalent of 50 cents per employee hour. Employee benefits shall
25 include, but are not limited to, health benefits, retirement benefits,
26 and quality of life benefits such as day care services. Nursing

1 facilities shall be required to document that these wage and benefit
2 increases were actually provided.

3 (2) The cost of the wage and benefit increases shall be paid from
4 the 6% increase appropriated in part 1 for long-term care services.

5 (3) Funding for the wage and benefit increases authorized in this
6 section shall only be provided to those facilities which offer base pay
7 to competency evaluated nurse aides of not less than \$8.50 per employee
8 hour for postprobationary employment not exceeding 120 days after initial
9 hiring. The wage pass-through shall not be used for previously agreed-to
10 wage or benefit increases as a result of collective bargaining or stan-
11 dard step increases.

12 Sec. 1619. Medical services shall be provided to elderly and dis-
13 abled persons with incomes less than or equal to 100% of the official
14 poverty line, pursuant to the state's option to elect such coverage set
15 out at section 1902(a)(10)(A)(ii) and (m) of title XIX, chapter 531, 49
16 Stat. 620, 42 U.S.C. 1396a.

17 Sec. 1620. The department may fund home and community-based serv-
18 ices in lieu of nursing home services, for individuals seeking long-term
19 care services, from the nursing home or personal care in-home services
20 line items.

21 Sec. 1621. The department of community health shall distribute
22 \$695,000.00 to children's hospitals that have a high indigent care
23 volume. The amount to be distributed to any given hospital shall be
24 based on a formula determined by the department of community health.

25 Sec. 1622. (1) The department shall implement enforcement actions
26 as specified in the nursing facility enforcement provisions of section
27 1919 of title XIX, chapter 531, 49 Stat. 620, 42 U.S.C. 1396r.

1 (2) The department is authorized to receive and spend penalty money
2 received as the result of noncompliance with medical services certifica-
3 tion regulations. Penalty money, characterized as private funds,
4 received by the department shall increase authorizations and allotments
5 in the long-term care accounts.

6 (3) Any unexpended penalty money, at the end of the year, shall
7 carry forward to the following year.

8 Sec. 1624. (1) Medical services patients who are enrolled in quali-
9 fied health plans or capitated clinic plans have the choice to elect hos-
10 pice services or other services for the terminally ill that are offered
11 by the qualified health plan or clinic plan. If the patient elects hos-
12 pice services, those services shall be provided in accordance with
13 part 214 of the public health code, 1978 PA 368, MCL 333.21401 to
14 333.21420.

15 (2) The department shall not amend the medical services hospice
16 manual in a manner that would allow hospice services to be provided with-
17 out making available all comprehensive hospice services described in 42
18 C.F.R. part 418.

19 Sec. 1626. (1) From the funds appropriated in part 1, the depart-
20 ment, subject to the requirements and limitations in this section, shall
21 establish a funding pool of up to \$44,012,800.00 for the purpose of
22 enhancing the aggregate payment for medical services hospital services.

23 (2) For a county with a population of more than 2,000,000 people,
24 the department shall distribute \$44,012,800.00 to hospitals if
25 \$15,026,700.00 is received by the state from such a county, which meets
26 the criteria of an allowable state matching share as determined by
27 applicable federal laws and regulations. If the state receives a lesser

1 sum of an allowable state matching share from such a county, the amount
2 distributed shall be reduced accordingly.

3 (3) The department may establish county-based, indigent health care
4 programs that are at least equal in eligibility and coverage to the
5 fiscal year 1996 state medical program.

6 (4) The department is authorized to establish programs in additional
7 counties which include rural, underserved areas if the expenditures for
8 the programs do not increase state general fund/general purpose costs and
9 local funds are provided.

10 (5) If a locally administered indigent health care program replaces
11 the state medical program authorized by section 1609 for a given county
12 on or before October 1, 1998, the state general fund/general purpose dol-
13 lars allocated for that county under this section shall not be less than
14 the general fund/general purpose expenditures for the state medical pro-
15 gram in that county in the previous fiscal year.

16 Sec. 1627. An institutional provider that is required to submit a
17 cost report under the medical services program shall submit cost reports
18 completed in full within 5 months after the end of its fiscal year.

19 Sec. 1634. (1) The department may establish a program for persons
20 to purchase medical coverage at a rate determined by the department.

21 (2) The department may receive and expend premiums for the buy-in of
22 medical coverage in addition to the amounts appropriated in part 1.

23 (3) The premiums described in this section shall be classified as
24 private funds.

25 Sec. 1635. Implementation and contracting for managed care by
26 Medicaid plans to the department are subject to the following
27 conditions:

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1 (a) Continuity of care is assured by allowing enrollees to continue
2 receiving required medically necessary services from their current pro-
3 viders for a period not to exceed 1 year if enrollees meet the managed
4 care medical exception criteria.

5 (b) The department shall require contracted health plans to submit
6 data determined necessary for [] evaluation on a timely basis.

7 (c) A health plans advisory council is functioning that meets all
8 applicable federal and state requirements for a medical care advisory
9 committee. The council shall review at least quarterly the implementa-
10 tion of the department's managed care plans.

11 (d) Mandatory enrollment is prohibited until there are at least 2
12 qualified health plans with the capacity to adequately serve each geo-
13 graphic area affected. Exceptions may be considered in areas where at
14 least 85% of all area providers are in 1 plan.

15 (e) Enrollment of recipients of children's special health care serv-
16 ices in qualified health plans shall be voluntary during fiscal year
17 2000-2001.

18 (f) The department shall develop a case adjustment to its rate meth-
19 odology that considers the costs of persons with HIV/AIDS, end stage
20 renal disease, organ transplants, epilepsy, and other high-cost diseases
21 or conditions and shall implement the case adjustment when it is proven
22 to be actuarially and fiscally sound. Implementation of the case adjust-
23 ment must be budget neutral.

24 Sec. 1637. (1) Medicaid qualified health plans shall establish an
25 ongoing internal quality assurance program for health care services pro-
26 vided to Medicaid recipients which includes all of the following:

1 (a) An emphasis on health outcomes.

2 (b) Establishment of written protocols for utilization review based
3 on current standards of medical practice.

4 (c) Review by physicians and other health care professionals of the
5 process followed in the provision of the health care services.

6 (d) Evaluation of the continuity and coordination of care that
7 enrollees receive.

8 (e) Mechanisms to detect overutilization and underutilization of
9 services.

10 (f) Actions to improve quality and assess the effectiveness of the
11 action through systematic follow-up.

12 (g) Provision of information on quality and outcome measures to
13 facilitate enrollee comparison and choice of health coverage options.

14 (h) Ongoing evaluation of the plans' effectiveness.

15 (i) Consumer involvement in the development of the quality assurance
16 program and consideration of enrollee complaints and satisfaction survey
17 results.

18 (2) Medicaid qualified health plans shall apply for accreditation by
19 an appropriate external independent accrediting organization requiring
20 standards recognized by the department once those plans have met the
21 application requirements. The state shall accept accreditation of a plan
22 by an approved accrediting organization as proof that the plan meets some
23 or all of the state's requirements, if the state determines that the
24 accrediting organization's standards meet or exceed the state's
25 requirements.

26 (3) Medicaid qualified health plans shall report encounter data,
27 including data on inpatient and outpatient hospital care, physician

1 visits, pharmaceutical services, and other services specified by the
2 department.

3 (4) Medicaid qualified health plans shall assure that all covered
4 services are available and accessible to enrollees with reasonable
5 promptness and in a manner that assures continuity. Medically necessary
6 services shall be available and accessible 24 hours a day and 7 days a
7 week. Health plans shall continue to develop procedures for determining
8 medical necessity which may include a prior authorization process.

9 (5) Medicaid qualified health plans shall provide for reimbursement
10 of plan covered services delivered other than through the plan's provid-
11 ers if medically necessary and approved by the plan, immediately
12 required, and that could not be reasonably obtained through the plan's
13 providers on a timely basis. Such services shall be considered approved
14 if the plan does not respond to a request for authorization within 24
15 hours of the request. Reimbursement shall not exceed the Medicaid
16 fee-for-service payment for those services.

17 (6) Medicaid qualified health plans shall provide access to appro-
18 priate providers, including qualified specialists for all medically nec-
19 essary services.

20 (7) Medicaid qualified health plans shall provide the department
21 with a demonstration of the plan's capacity to adequately serve the
22 plan's expected enrollment of Medicaid enrollees.

23 (8) Medicaid qualified health plans shall provide assurances to the
24 department that it will not deny enrollment to, expel, or refuse to reen-
25 roll any individual because of the individual's health status or need for
26 services, and that it will notify all eligible persons of those
27 assurances at the time of enrollment.

1 (9) Medicaid qualified health plans shall provide procedures for
2 hearing and resolving grievances between the plan and members enrolled in
3 the plan on a timely basis.

4 (10) Medicaid qualified health plans shall meet other standards and
5 requirements contained in state laws, administrative rules, and policies
6 promulgated by the department.

7 (11) Medicaid qualified health plans shall develop written plans for
8 providing nonemergency medical transportation services funded through
9 supplemental payments made to the plans by the department, and shall
10 include information about transportation in their member handbook.

11 Sec. 1640. (1) The department may require a 12-month lock-in to the
12 qualified health plan selected by the recipient during the initial and
13 subsequent open enrollment periods, but allow for good cause exceptions
14 during the lock-in period.

15 (2) Medicaid recipients shall be allowed to change health plans for
16 any reason within the initial 90 days of enrollment.

17 Sec. 1641. (1) The department shall provide an expedited complaint
18 review procedure for Medicaid eligible persons enrolled in qualified
19 health plans for situations in which failure to receive any health care
20 service would result in significant harm to the enrollee.

21 (2) The department shall provide for a toll-free telephone number
22 for Medicaid recipients enrolled in managed care to assist with resolving
23 problems and complaints. If warranted, the department shall immediately
24 disenroll persons from managed care and approve fee-for-service
25 coverage.

26 (3) Semiannual reports summarizing the problems and complaints
27 reported and their resolution shall be provided to the house of

1 representatives and senate appropriations subcommittees on community
2 health, the house and senate fiscal agencies, and the department's health
3 plans advisory council.

4 Sec. 1642. The department shall require the enrollment contractor
5 to provide beneficiary services. These services shall include all of the
6 following:

7 (a) Contacting eligible Medicaid beneficiaries.

8 (b) Providing education on managed care.

9 (c) Providing information through a toll-free number regarding
10 available health plans and their primary care providers available in the
11 Medicaid beneficiaries area.

12 (d) Entering the beneficiaries health plan choice in the information
13 system for communication to the state and the health plan, written noti-
14 fication to the beneficiary regarding their health plan choice, and
15 notice of their right to change plans consistent with federal
16 guidelines.

17 (e) Guiding beneficiaries through both health plan and state com-
18 plaint and fair hearing processes, including helping the beneficiary fill
19 out required forms.

20 (f) Being available to attend a hearing with a beneficiary if
21 requested by the beneficiary to provide objective information regarding
22 events that have occurred pertinent to the beneficiary.

23 Sec. 1643. The department may make separate payments directly to
24 qualifying hospitals serving a disproportionate share of indigent
25 patients, and to hospitals providing graduate medical education training
26 programs. If direct payment for GME and DSH is made to qualifying

1 hospitals for services to Medicaid clients, hospitals will not include
2 GME costs or DSH payments in their contracts with HMOs.

3 Sec. 1644. The mother of an unborn child shall be eligible for med-
4 ical services benefits for herself and her child if all other eligibility
5 factors are met. To be eligible for these benefits, the applicant shall
6 provide medical evidence of her pregnancy. If she is unable to provide
7 the documentation, payment for the examination may be at state expense.
8 The department of community health shall undertake measures necessary to
9 ensure that necessary prenatal care is provided to medical services eli-
10 gible recipients.

11 Sec. 1645. (1) The protected income level for Medicaid coverage
12 determined pursuant to section 106(1)(b)(iii) of the social welfare act,
13 1939 PA 280, MCL 400.106, shall be 100% of the related public assistance
14 standard.

15 (2) The department shall notify the senate and house of representa-
16 tives appropriations subcommittees on community health of any proposed
17 revisions to the protected income level for Medicaid coverage related to
18 the public assistance standard 90 days prior to implementation.

19 Sec. 1646. For the purpose of guardian and conservator charges, the
20 department of community health may deduct up to \$60.00 per month as an
21 allowable expense against a recipient's income when determining medical
22 services eligibility and patient pay amounts.

23 Sec. 1656. The department shall promote activities that preserve
24 the dignity and rights of terminally ill and chronically ill
25 individuals. Priority shall be given to programs, such as hospice, that
26 focus on individual dignity and quality of care provided persons with
27 terminal illness and programs serving persons with chronic illnesses that

1 reduce the rate of suicide through the advancement of the knowledge and
2 use of improved, appropriate pain management for these persons; and ini-
3 tiatives that train health care practitioners and faculty in managing
4 pain, providing palliative care, and suicide prevention.

5 Sec. 1657. The long-term care working group established in section
6 1637 of 1998 PA 336 shall continue to exist until the long-term care
7 working group has completed its work on a written long-term care plan.
8 The department shall not implement a long-term care plan until the expi-
9 ration of 24 days during which at least 1 house of the legislature con-
10 venes after the long-term care working group has submitted the written
11 long-term care plan to the senate majority leader, the speaker of the
12 house, the senate and house appropriations subcommittees on community
13 health, and the state budget director.

14 Sec. 1658. Of the funds appropriated in part 1 for graduate medical
15 education in the hospital services and therapy line item appropriation,
16 \$3,635,100.00 shall be allocated for the psychiatric residency training
17 program that establishes and maintains collaborative relations with the
18 schools of medicine at Michigan State University and Wayne State
19 University.

20 Sec. 1659. From the amounts appropriated in part 1 for hospital
21 services, the department shall allocate for graduate medical education no
22 less than was allocated for graduate medical education in fiscal year
23 1999-2000.

24 Sec. 1660. The following sections are the only ones that shall
25 apply to the following Medicaid managed care programs, including the com-
26 prehensive plan, children's special health care services plan, MI Choice
27 long-term care plan, and the mental health, substance abuse, and

1 developmentally disabled services program: 217, 402, 404, 413, 414,
2 1611, 1614, 1617, 1624, 1635, 1637, 1640, 1641, 1642, 1643, 1662, 1663,
3 1690, 1691, and 1692.

4 Sec. 1662. (1) The department shall include provision in the con-
5 tracts with health plans for full responsibility for well child visits
6 and maternal and infant support services as described in Medicaid
7 policy. This responsibility will also be included in the information
8 distributed by the health plans to the members.

9 (2) The department shall develop and implement a budget neutral
10 enrollment based incentive program to encourage qualified health plans to
11 improve infant and children's health outcomes by improving access to
12 maternal and infant support services (MSS/ISS) and to well child
13 examinations. Qualified health plans with the most improved performance
14 will be eligible for automatic beneficiary enrollment and those plans who
15 fail to improve will be ineligible for new enrollment. Qualified health
16 plans will refund to the department any unexpended MSS/ISS capitation
17 below the fee for service equivalent MSS/ISS capitation in fiscal year
18 1996-97.

19 (3) Maternal and infant support services shall continue to be pro-
20 vided through state certified providers.

21 Sec. 1663. The department shall continue a work group on EPSDT and
22 maternal and infant support services. The work group shall be made up of
23 consumers, advocates, health care providers, and health plan
24 representatives. The work group shall, at a minimum, establish an out-
25 reach program to educate providers on the requirements of EPSDT screen-
26 ing, and advise the department on providing targeted assistance to health
27 plans that are screening less than 60% of the child members that are

1 eligible for EPSDT services and recommend strategies to improve access to
2 maternal and infant support services.

3 Sec. 1670. (1) The appropriation in part 1 for the MICHild program
4 is to be used to provide comprehensive health care to all children under
5 age 19 who reside in families with income at or below 200% of the federal
6 poverty level, who are uninsured and have not had coverage by other com-
7 prehensive health insurance within 6 months of making application for
8 MICHild benefits, and who are residents of this state. The department
9 shall develop detailed eligibility criteria through the medical services
10 administration public concurrence process, consistent with the provisions
11 of this act. Health care coverage for children in families below 150% of
12 the federal poverty level shall be provided through expanded eligibility
13 under the state's Medicaid program. Health coverage for children in fam-
14 ilies between 150% and 200% of the federal poverty level shall be pro-
15 vided through a state-based private health care program.

16 (2) The department shall enter into a contract to obtain MICHild
17 services from any health maintenance organization, dental care corpora-
18 tion, or any other entity that offers to provide the managed health care
19 benefits for MICHild services at the MICHild capitated rate. As used in
20 this subsection:

21 (a) "Dental care corporation", "health care corporation", "insurer",
22 and "prudent purchaser agreement" mean those terms as defined in section
23 2 of the prudent purchaser act, 1984 PA 233, MCL 550.52.

24 (b) "Entity" means a health care corporation or insurer operating in
25 accordance with a prudent purchaser agreement.

26 (3) The department may enter into contracts to obtain certain
27 MICHild services from community mental health service programs.

1 (4) The department may make payments on behalf of children enrolled
2 in the MICHild program from the line-item appropriation associated with
3 the program as described in the MICHild state plan approved by the United
4 States department of health and human services, or from other medical
5 services line-item appropriations providing for specific health care
6 services.

7 Sec. 1673. From the funds appropriated in part 1, the department
8 shall continue a comprehensive approach to the marketing and outreach of
9 the MICHild program. The marketing and outreach required under this sec-
10 tion shall be coordinated with current outreach, information dissemina-
11 tion, and marketing efforts and activities conducted by the department.

12 Sec. 1674. The department may provide up to 1 year of continuous
13 eligibility to a family made eligible for the MICHild program unless the
14 family's status changes and its members no longer meet the eligibility
15 criteria as specified in the federally approved MICHild state plan.

16 Sec. 1676. The department may establish premiums for MICHild eligi-
17 ble persons in families with income above 150% of the federal poverty
18 level. The monthly premiums shall not exceed \$5.00 for a family.

19 Sec. 1677. The department shall not require copayments under the
20 MICHild program.

21 Sec. 1678. Families whose category of eligibility changes between
22 the Medicaid and MICHild programs shall be assured of keeping their cur-
23 rent health care providers through the current prescribed course of
24 treatment for up to 1 year, subject to periodic reviews by the department
25 if the beneficiary has a serious medical condition and is undergoing
26 active treatment for that condition.

1 Sec. 1681. To be eligible for the MICHild program, a child must be
2 residing in a family with an adjusted gross income of less than or equal
3 to 200% of the federal poverty level. The department's verification
4 policy shall be used to determine eligibility.

5 Sec. 1682. The MICHild program shall provide all benefits available
6 under the state employee insurance plan that are delivered through the
7 qualified health plans and consistent with federal law, including, but
8 not limited to, the following medically necessary services:

9 (a) Inpatient mental health services, other than substance abuse
10 treatment services, including services furnished in a state-operated
11 mental hospital and residential or other 24-hour therapeutically planned
12 structured services.

13 (b) Outpatient mental health services, other than substance abuse
14 services, including services furnished in a state-operated mental hospi-
15 tal and community-based services.

16 (c) Durable medical equipment and prosthetic and orthotic devices.

17 (d) Dental services as outlined in the approved MICHild state plan.

18 (e) Substance abuse treatment services that may include inpatient,
19 outpatient, and residential substance abuse treatment services.

20 (f) Care management services for mental health diagnoses.

21 (g) Physical therapy, occupational therapy, and services for indi-
22 viduals with speech, hearing, and language disorders.

23 (h) Emergency ambulance services.

24 Sec. 1686. The department shall make available to health care pro-
25 viders a pamphlet identifying patient rights and responsibilities
26 described in section 20201 of the public health code, 1978 PA 368,
27 MCL 333.20201.

1 Sec. 1687. All nursing home rates, class I and class III, must have
2 their respective fiscal year rate set 30 days prior to the beginning of
3 their rate year. Rates may take into account the most recent cost report
4 prepared and certified by the preparer, provider corporate owner or rep-
5 resentative as being true and accurate, and filed timely, within 5 months
6 of the fiscal year end in accordance with Medicaid policy. If the
7 audited version of the last report is available, it shall be used. Any
8 rate factors based on the filed cost report may be retroactively adjusted
9 upon completion of the audit of that cost report.

10 Sec. 1690. (1) Reimbursement for medical services to screen and
11 stabilize a Medicaid recipient in a hospital emergency room shall not be
12 made contingent on obtaining prior authorization from the recipient's
13 qualified health plan. If the recipient is discharged from the emergency
14 room, the hospital shall notify the recipient's qualified health plan
15 within 24 hours of the diagnosis and treatment received.

16 (2) If the treating hospital determines that the recipient will
17 require further medical service or hospitalization beyond the point of
18 stabilization, that hospital must receive authorization from the
19 recipient's qualified health plan prior to admitting the recipient.

20 (3) Subsections (1) and (2) shall not be construed as a requirement
21 to alter an existing agreement between a qualified health plan and their
22 contracting hospitals nor as a requirement that a qualified health plan
23 must reimburse for services that are not considered to be medically
24 necessary.

25 (4) Effective October 1, 2000, the department shall implement a
26 2-tier case rate for all emergency physician professional charges as
27 recommended by the emergency services workgroup authorized in section

1 1690 of 1999 PA 114. The case rate shall be determined based upon the
2 final disposition of the patient. Those patients who are treated and
3 sent back to their residence shall form 1 group (treat and release). The
4 second group shall be comprised of those patients who are treated and
5 either transferred to another health facility or kept in the hospital as
6 admitted or observed patients (treat and admit/transfer).

7 Sec. 1691. (1) It is the intent of the legislature that a uniform
8 Medicaid billing form be developed by the department in consultation with
9 affected Medicaid providers. Every 2 months, the department shall pro-
10 vide reports to members of the senate and house of representatives appro-
11 priations subcommittees on community health and the senate and house
12 fiscal agencies on the progress of this initiative.

13 (2) Until such time as a uniform billing form is developed and
14 implemented, or unless otherwise provided in state law, the following
15 shall apply to Medicaid qualified health plans:

16 (a) If a billing form is received by a qualified health plan with a
17 noncorrectable error, the qualified health plan shall return the form
18 within 10 business days to the billing provider with plain language
19 instructions as to what items need to be corrected.

20 (b) If a qualified health plan fails to provide reimbursement for at
21 least 90% of its clean claims within 30 days of receipt, the qualified
22 health plans shall be subject to an interest charge based on the value of
23 the unpaid claims. Interest shall be paid at the rate specified in sec-
24 tion 3902(a) of title 31 of the United States Code, 31 U.S.C. 3902. As
25 used in this subdivision, "clean claim" means a claim that has no defect
26 or impropriety, including lack of required substantiating documentation
27 for noncontracting providers and suppliers, or particular circumstances

1 requiring special treatment that prevents timely payment from being made
2 on the claim.

3 (c) If a qualified health plan has followed the procedure specified
4 in subdivision (a), the required time for reimbursement does not begin
5 until a corrected billing form has been received.

6 (d) A Medicaid provider that submits a duplicate of a claim that has
7 been denied or returned with notice that it is incomplete or incorrect
8 shall be subject to a service charge for each duplicate claim, in an
9 amount determined by the department, if the duplicate claim is submitted
10 without completion, correction, or further information that addresses the
11 denial or return.

12 (3) The department shall hold regular Medicaid billing seminars tar-
13 geted to both qualified health plans and Medicaid providers. The number
14 and locations of these seminars should be sufficient to provide reason-
15 able access to qualified health plans and Medicaid providers throughout
16 the state. The department shall provide quarterly reports to the members
17 of the senate and house of representatives appropriations subcommittees
18 on community health and the senate and house fiscal agencies on the
19 number of seminars, their content and location, and the number of persons
20 attending these seminars.

21 Sec. 1692. (1) The department shall do or demonstrate that it has
22 accomplished all of the following concerning the provision of early and
23 periodic screening, diagnosis, and treatment (EPSDT) and maternal and
24 infant support services (MSS/ISS):

25 (a) Explore the feasibility of developing a uniform encounter form
26 for EPSDT services, MSS/ISS referral, and MSS/ISS screening and
27 services.

1 (b) Require each qualified health plan to evaluate 100% of pregnant
2 Medicaid enrollees for possible MSS/ISS screening referral during the
3 initial pregnancy services visit, using uniform screening and referral
4 criteria.

5 (c) Require each qualified health plan to notify the department and
6 the appropriate local health department of all MSS/ISS screening refer-
7 rals, and require all MSS/ISS screening and service providers to notify
8 the department and the appropriate local health department of Medicaid
9 clients who fail to keep MSS/ISS appointments.

10 (d) Prohibit qualified health plans from requiring prior authoriza-
11 tion for their contracted providers for any EPSDT screening and diagnos-
12 tic service, for MSS/ISS screening referral, or for up to 3 MSS/ISS serv-
13 ice visits.

14 (e) Coordinate the provision of MSS/ISS services with the women,
15 infants, and children supplemental nutrition (WIC) program, state sup-
16 ported substance abuse, smoking prevention, and violence prevention pro-
17 grams, the family independence agency, and any other state or local pro-
18 gram with a focus on preventing adverse birth outcomes and child abuse
19 and neglect.

20 (2) The department shall require the external quality review con-
21 tractor to conduct a statistically significant sampling of the health
22 records of Medicaid eligible clients of all qualified health plans for
23 all of the following information:

24 (a) The number of Medicaid enrollees under age 19.

25 (b) The number of Medicaid enrollees receiving at least 1 EPSDT
26 service.

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1 (c) The number and type of EPSDT services rendered.

2 (d) The immunization status of each EPSDT eligible enrollee who is
3 seen by a plan provider.

4 (e) The number of enrollees receiving blood lead screening.

5 (f) The number of referrals to local health departments for blood
6 lead screening, immunization, or objective hearing and vision screening
7 services.

8 (g) The number of pregnant Medicaid enrollees.

9 (h) The number of referrals for MSS/ISS assessment.

10 (i) The number of MSS/ISS assessments performed.

11 (j) The number and description of MSS/ISS visits or services
12 delivered.

13 (k) The number of prenatal visits per pregnant enrollee.

14 (l) Fetal or infant death, birth weight, and infant morbidity data
15 for Medicaid enrollees.

16 (3) The department shall compile and report the information required
17 in subsection (2) and a report on the distribution of MSS/ISS providers
18 across the state to the senate and house of representatives appropria-
19 tions subcommittees on community health, the senate and house fiscal
20 agencies, and the state budget director no later than February 1, 2001.

21 Sec. 1694. (1) By October 1, 2000, the department shall implement
22 procedures for claims processing that use or accept a standard scannable
23 form for dental claims.

24 (2) By October 1, 2000, the department shall implement procedures
25 for claims processing that allow participating dental providers to submit
26 claims for reimbursement for covered dental services using the American
27 dental association's "code on dental procedures and nomenclature" as

1 contained in the latest edition of the American dental association's
2 publication "current dental terminology".

3 (3) By October 1, 2001, the department shall implement procedures
4 for claims processing that allow participating dental providers to submit
5 claims electronically.

6 Sec. 1696. From the funds appropriated in part 1 for auxiliary med-
7 ical services, dental fees shall be increased 5% and the healthy kids
8 dental project shall be expanded.

9 Sec. 1697. (1) The department shall continue the rural health ini-
10 tiative started in fiscal year 1999-2000 with emphasis on rural emergency
11 medical services system, medical equipment, and technology. From the
12 funds appropriated in part 1 for the rural health initiative,
13 \$4,000,000.00 shall be allocated as matching grants for the purpose of
14 defraying the costs associated with training and retaining rural emer-
15 gency medical service technicians, \$1,000,000.00 for the purchase of
16 defibrillators, and the remainder for other medical equipment and
17 technology.

18 (2) The department shall maximize the use of federal matching funds
19 for these projects whenever possible.

20 Sec. 1698. (1) An applicant for Medicaid, whose qualifying condi-
21 tion is pregnancy, shall immediately be presumed to be eligible for
22 Medicaid coverage unless the preponderance of evidence in her application
23 indicates otherwise.

24 (2) An applicant qualified as described in subsection (1) shall be
25 given a letter of authorization to receive Medicaid covered services
26 related to her pregnancy. In addition, the applicant shall receive a

1 listing of Medicaid physicians and managed care plans in the immediate
2 vicinity of the applicant's residence.

3 (3) An applicant that selects a Medicaid provider, other than a man-
4 aged care plan, from which to receive pregnancy services, shall not be
5 required to enroll in a managed care plan until the end of the second
6 month postpartum.

7 (4) In the event that an applicant, presumed to be eligible pursuant
8 to subsection (1), is subsequently found to be ineligible, a Medicaid
9 physician or managed care plan that has been providing pregnancy services
10 to an applicant under this section is entitled to reimbursement for those
11 services until such time as they are notified by the department that the
12 applicant was found to be ineligible for Medicaid.

13 (5) If the preponderance of evidence in an application indicates
14 that the applicant is not eligible for Medicaid, the department shall
15 refer that applicant to the nearest public health clinic or similar
16 entity as a potential source for receiving pregnancy related services.

17 Sec. 1700. The personal care services rate shall be increased by
18 4%.

19 Sec. 1701. The department shall distribute the 7% economic increase
20 for outpatient services in the hospital services and therapy line as an
21 adjustor payment to hospitals based on the percentage of total outpatient
22 hospital billings for Medicaid fee-for-service and managed care services
23 by each hospital. The department shall target the funds to hospitals
24 under contract with qualified health plans subject to the provisions of
25 section 1706. In addition, the department shall convert the fiscal year
26 1999-2000 outpatient adjustor payment to a hospital outpatient service

1 fee increase as part of an update of the resource-based relative value
2 fee methodology.

3 Sec. 1702. The 7% increase for physician services in part 1 is to
4 be applied to evaluation and management procedure codes delivered primar-
5 ily by family practice physicians, internal medicine physicians, pedia-
6 tricians, obstetricians, gynecologists, and general practitioners. The
7 department shall update the resource-based relative value scale physician
8 fee methodology. The fiscal year 1999-2000 physician disproportionate
9 payment to primary care physicians shall be converted to a 4% increase in
10 physician fees.

11 Sec. 1704. By September 30, 2001, the department shall report on
12 the results of the long-term care innovations grants allocated as 1-time
13 funding in fiscal year 1999-2000.

14 Sec. 1705. The department may contract with multiple vendors to
15 provide automated Medicaid eligibility verification services to
16 providers. The department may pay vendor user fees on behalf of provid-
17 ers who contract with qualified health plans.

18 Sec. 1706. Qualified health plans are required to have contracts
19 with hospitals within a reasonable distance from their enrollees. The
20 department may waive this requirement if it certifies that after good
21 faith negotiations, no reasonable agreement could be reached among the
22 parties. In the absence of a contract with a qualified health plan, the
23 qualified health plan must reimburse the hospital for medically neces-
24 sary, appropriately authorized services arranged by a physician with
25 admitting privileges at the hospital at Medicaid fee-for-service rates.

26 Sec. 1707. It is the intent of the legislature that the department
27 shall update the payment methodology for Medicaid reimbursement of

1 physician services and move toward the resource-based relative value
2 system used by the health care financing administration.

3 Sec. 1708. The department, in conjunction with community mental
4 health services programs, shall establish a Medicaid psychotropic drug
5 utilization advisory committee which shall consist of 1 representative
6 from the mental health and substance abuse services administration, 1
7 representative from the medical services administration, 1 representative
8 from the Michigan association of community mental health boards, 1 repre-
9 sentative from the Michigan pharmacists association, 1 representative
10 from the Michigan state medical society, 1 representative from the
11 Michigan association of osteopathic physicians, 1 representative from the
12 Michigan psychiatric society, [2 representatives from the pharmaceutical
industry that have either research or manufacturing facilities located
within the state,] and 2 representatives appointed by the
13 Michigan partners for patient advocacy to represent the concerns of con-
14 sumer, family, advocacy, and children's groups. The committee shall
15 maintain a liaison with the Medicaid drug utilization review board and
16 shall report to the senate and house of representatives appropriations
17 subcommittees on community health and the senate and house fiscal agen-
18 cies not later than September 30, 2001.

[Sec. 1709. A school district eligible for school based health
service funds may use a portion of those funds for school based health
clinics that serve children in kindergarten through seventh grade.

Sec. 1710. The department shall appoint an independent auditor to
conduct a study of the structure and funding of Michigan's Medicaid
program and that reports on all of the following:

- (a) An assessment of the adequacy of total funding.
- (b) The soundness and adequacy of per capita rates paid to health
care facilities and providers.
- (c) Medicaid eligibility standards used and the financial and
procedural policies in place.
- (d) A comparison of the effectiveness, responsiveness, and
efficiency of a variety of health care delivery systems including, but not
limited to:
 - (i) Fee for service.
 - (ii) Medical care savings accounts.
 - (iii) Medicaid managed care.]

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PART 2B

22

PROVISIONS CONCERNING APPROPRIATIONS FOR FISCAL YEAR 1999-2000

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Sec. 2201. (1) For fiscal year 1999-2000, the department shall
increase hospital inpatient payment rates by \$42.00 per Medicaid inpa-
tient day on a 1-time basis, for hospitals that currently receive less
than \$76.00 per Medicaid inpatient day in disproportionate share payments
and have greater than 6.5% Medicaid bed occupancy.

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1 (2) This section is retroactive to October 1, 1999, and aggregate
2 payments under this section shall not exceed \$18,100,000.00. In the
3 event it appears that the full year cost will exceed that amount, the
4 department shall prorate the increase in payment rates accordingly.

5 (3) Unused elder prescription insurance coverage funds from fiscal
6 year 1999-2000 shall be used to fund these payments.

7 Enacting section 1. Part 1b, section 130 of 1999 PA 114, and
8 part 2b, sections 2201 to 2203 of 1999 PA 114, are repealed.