



SENATE BILL No. 241

February 21, 2001, Introduced by Senators GOUGEON, SCHWARZ, JOHNSON, SMITH
and MC MANUS and referred to the Committee on Appropriations.

EXECUTIVE BUDGET BILL

A bill to make appropriations for the department of community health and certain state purposes related to aging, mental health, public health, and medical services for the fiscal year ending September 30, 2002; to provide for the expenditure of such appropriations; to create funds; to provide for reports; to prescribe the powers and duties of certain local and state agencies and departments; and to provide for disposition of fees and other income received by the various state agencies.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

PART 1

LINE-ITEM APPROPRIATIONS

Sec. 101. Subject to the conditions set forth in this bill, the amounts listed in this part are appropriated for the department of community health for the fiscal year ending September 30, 2002, from the funds indicated in this part. The following is a summary of the appropriations in this part:

DEPARTMENT OF COMMUNITY HEALTH

APPROPRIATION SUMMARY:

Full-time equated unclassified positions	6.0
Full-time equated classified positions	6,201.1
Average population	1,508.0
GROSS APPROPRIATION	\$ 8,771,577,200
Interdepartmental grant revenues:	
Total interdepartmental grants and	
intradepartmental transfers	74,507,400
ADJUSTED GROSS APPROPRIATION	\$ 8,697,069,800
Federal revenues:	
Total federal revenues	4,621,518,200
Special revenue funds:	
Total local revenues	915,036,500
Total private funds	55,616,100
Total other state restricted revenues	375,474,200
State general fund/general purpose	\$ 2,729,424,800

Sec. 102. DEPARTMENTWIDE ADMINISTRATION

Full-time equated unclassified positions	6.0
Full-time equated classified positions	514.7
Director and other unclassified--6.0 FTE	
positions	\$ 581,500
Community health advisory council	28,900
Departmental administration and management--491.7	

1	FTE positions	56,197,100
2	Certificate of need program administration--13.0	
3	FTE positions	938,300
4	Workers' compensation program--1.0 FTE position	11,504,000
5	Rent and building occupancy	8,796,200
6	Developmental disabilities council and	
7	projects--9.0 FTE positions	2,749,500
8	Rural health services	<u>681,500</u>
9	GROSS APPROPRIATION	\$ 81,477,000
10	Appropriated from:	
11	Interdepartmental grant revenues:	
12	Interdepartmental grant from the department of treasury,	
13	Michigan state hospital finance authority . .	100,700
14	Federal revenues:	
15	Total federal revenues	25,183,600
16	Special revenue funds:	
17	Private funds	35,900
18	Total other state restricted revenues	3,571,600
19	State general fund/general purpose	\$ 52,585,200
20	Sec. 103. MENTAL HEALTH/SUBSTANCE ABUSE SERVICES ADMINISTRATION	
21	AND SPECIAL PROJECTS	
22	Full-time equated classified positions . . 112.0	
23	Mental health/substance abuse program	
24	administration--112.0 FTE positions	\$ 11,050,000
25	Consumer involvement program	189,100
26	Gambling addiction	3,503,300
27	Protection and advocacy services support . . .	818,300
28	Mental health initiatives for older persons . .	1,165,800
29	Community residential and support services . . .	4,969,300

1	Highway safety projects	1,837,200
2	Federal and other special projects	<u>1,977,200</u>
3	GROSS APPROPRIATION	\$ 25,510,200
4	Appropriated from:	
5	Federal revenues:	
6	Total federal revenues:	5,799,200
7	Special revenue funds:	
8	Total private revenues	190,500
9	Total other state restricted revenues	3,685,600
10	State general fund/general purpose	\$ 15,834,900
11	Sec. 104. COMMUNITY MENTAL HEALTH/SUBSTANCE ABUSE SERVICES	
12	PROGRAMS	
13	Full-time equated classified positions . . . 4.0	
14	Medicaid mental health services	\$ 1,201,920,100
15	Medicaid mental health retroactive eligible	
16	payments	50,000,000
17	Community mental health non-Medicaid services .	320,099,700
18	Multicultural services	3,848,000
19	Medicaid substance abuse services	25,348,700
20	Respite services	3,318,600
21	CMHSP, purchase of state services contracts . .	170,411,200
22	Civil service charges	2,606,400
23	Federal mental health block grant--2.0 FTE	
24	positions	11,546,700
25	Pilot projects in prevention for adults and	
26	children--2.0 FTE positions	996,300
27	State disability assistance program substance	
28	abuse services	6,600,000
29	Community substance abuse prevention, education	

1	and treatment programs	<u>83,740,400</u>
2	GROSS APPROPRIATION	\$ 1,880,436,100
3	Appropriated from:	
4	Federal revenues:	
5	Total federal revenues	795,021,900
6	Special revenue funds:	
7	Total other state restricted revenues	6,342,400
8	State general fund/general purpose	\$ 1,079,071,800
9	Sec. 105. STATE PSYCHIATRIC HOSPITALS, CENTERS FOR PERSONS WITH	
10	DEVELOPMENTAL DISABILITIES, AND FORENSIC AND PRISON MENTAL HEALTH	
11	SERVICES	
12	Total average population	1,508.0
13	Full-time equated classified positions	4,650.0
14	Caro regional mental health center-psychiatric hospital-	
15	adult--479.0 FTE positions	\$ 34,776,100
16	Average population	180.0
17	Kalamazoo psychiatric hospital-adult--397.0 FTE	
18	positions	29,173,800
19	Average population	140.0
20	Northville psychiatric hospital-adult--833.0 FTE	
21	positions	62,715,300
22	Average population	370.0
23	Walter P. Reuther psychiatric hospital-adult--456.0	
24	FTE positions	34,928,800
25	Average population	230.0
26	Hawthorn center-psychiatric hospital-children	
27	and adolescents--328.0 FTE positions	23,751,800
28	Average population	118.0
29	Mount Pleasant center-developmental disabilities--	

1	490.0 FTE positions	34,196,200
2	Average population 200.0	
3	Southgate center-developmental disabilities--201.0	
4	FTE positions	14,630,300
5	Average population 60.0	
6	Center for forensic psychiatry--522.0 FTE positions	41,993,600
7	Average population 210.0	
8	Forensic mental health services provided to the	
9	department of corrections--938.0 FTE positions	72,811,000
10	Revenue recapture	750,000
11	IDEA, federal special education	120,000
12	Special maintenance and equipment	879,000
13	Purchase of medical services for residents of	
14	hospitals and centers	1,358,200
15	Closed site, transition, and related costs--6.0	565,700
16	FTE positions	
17	Severance pay	896,000
18	Gifts and bequests for patient living and treatment	
19	environment	<u>2,000,000</u>
20	GROSS APPROPRIATION	\$ 355,545,800
21	Appropriated from:	
22	Interdepartmental grant revenues:	
23	Interdepartmental grant from the department of	
24	corrections	73,796,000
25	Federal revenues:	
26	Total federal revenues	39,252,000
27	Special revenue funds:	
28	CMHSP-Purchase of state services contracts . . .	170,411,200
29	Other local revenues	17,171,100

1	Private funds	2,000,000
2	Total other state restricted revenues	11,189,700
3	State general fund/general purpose	\$ 41,725,800
4	Sec. 106. PUBLIC HEALTH ADMINISTRATION	
5	Full-time equated classified positions . . 88.3	
6	Executive administration--15.5 FTE positions	\$ 1,390,100
7	Minority health grants and contracts	1,055,600
8	Vital records and health statistics--72.8 FTE	
9	positions	<u>6,521,900</u>
10	GROSS APPROPRIATION	\$ 8,967,600
11	Appropriated from:	
12	Interdepartmental grant revenues:	
13	Interdepartmental grant from family independence	
14	agency	138,800
15	Federal revenues:	
16	Total federal revenue	2,835,200
17	Special revenue funds:	
18	Total other state restricted revenues	2,386,100
19	State general fund/general purpose	\$ 3,607,500
20	Sec. 107. INFECTIOUS DISEASE CONTROL	
21	Full-time equated classified positions . . 44.3	
22	AIDS prevention, testing and care programs--9.8 FTE	
23	positions	\$ 24,399,300
24	Immunization local agreements	13,990,300
25	Immunization program management and field	
26	support--7.7 FTE positions	1,696,800
27	Sexually transmitted disease control local	
28	agreements	2,896,700
29	Sexually transmitted disease control management and	

1	field support--26.8 FTE positions		<u>2,993,000</u>
2	GROSS APPROPRIATION	\$	45,976,100
3	Appropriated from:		
4	Federal revenues:		
5	Total federal revenues		32,003,700
6	Special revenue funds:		
7	Private funds		925,000
8	Total other state restricted revenues		6,968,000
9	State general fund/general purpose	\$	6,079,400
10	Sec. 108. LABORATORY SERVICES		
11	Full-time equated classified positions . . 118.2		
12	Laboratory services--118.2 FTE positions	\$	<u>12,395,100</u>
13	GROSS APPROPRIATION	\$	12,395,100
14	Appropriated from:		
15	Interdepartmental grant revenues:		
16	Interdepartmental grant from environmental		
17	quality		391,300
18	Federal revenues:		
19	Total federal revenues		1,892,700
20	Special revenue funds:		
21	Total other state restricted revenues		3,370,300
22	State general fund/general purpose	\$	6,740,800
23	Sec. 109. EPIDEMIOLOGY		
24	Full-time equated classified positions . . 31.5		
25	AIDS surveillance and prevention program--7.0 FTE		
26	positions	\$	1,772,800
27	Epidemiology administration--24.5 FTE positions .		5,162,500
28	Tuberculosis control and recalcitrant AIDS program		<u>498,300</u>
29	GROSS APPROPRIATION	\$	7,433,600

1	Appropriated from:	
2	Interdepartmental grant revenues:	
3	Interdepartmental grant from the department	
4	of environmental quality	80,600
5	Federal revenues:	
6	Total federal revenues	4,716,100
7	Special revenue funds:	
8	Total other state restricted revenues	234,100
9	State general fund/general purpose	\$ 2,402,800
10	Sec. 110. LOCAL HEALTH ADMINISTRATION AND GRANTS	
11	Full-time equated classified positions . . . 3.0	
12	Implementation of 1933 PA 133, MCL 333.17015 . . .	\$ 100,000
13	Lead abatement program--3.0 FTE positions	1,945,300
14	Local health services	462,300
15	Local public health operations	41,891,600
16	Medical services cost reimbursement to local	
17	health departments	<u>1,500,000</u>
18	GROSS APPROPRIATION	\$ 45,899,200
19	Appropriated from:	
20	Federal revenues:	
21	Total federal revenues	3,345,300
22	Special revenue funds:	
23	Total other state restricted revenues	343,500
24	State general fund/general purpose	\$ 42,210,400
25	Sec. 111. CHRONIC DISEASE AND INJURY PREVENTION AND HEALTH	
26	PROMOTION	
27	Full-time equated classified positions . . . 33.7	
28	AIDS and risk reduction clearinghouse and media	
29	campaign	\$ 1,576,000

1	Alzheimer's information network	440,000
2	Cancer prevention and control program--13.6	
3	FTE positions	12,255,700
4	Chronic disease prevention	1,717,400
5	Diabetes program--9.0 FTE positions	4,371,900
6	Morris J. Hood Wayne State University Diabetes	
7	Outreach	500,000
8	Employee wellness program grants (includes \$50.00	
9	per diem and expenses for the risk reduction and	
10	AIDS policy commission)	4,159,300
11	Health education, promotion, and research	
12	programs--2.9 FTE positions	1,332,900
13	Injury control intervention project	932,800
14	Physical fitness, nutrition, and health	1,250,000
15	Public health traffic safety coordination	415,000
16	School health and education programs	3,282,800
17	Smoking prevention program--6.2 FTE positions	5,536,900
18	Tobacco tax collection and enforcement	810,000
19	Violence prevention--2.0 FTE positions	<u>3,456,800</u>
20	GROSS APPROPRIATION	\$ 42,037,500
21	Appropriated from:	
22	Federal revenues:	
23	Total federal funds	13,568,300
24	Special revenue funds:	
25	Total other state restricted revenues	25,225,600
26	State general fund/general purpose	\$ 3,243,600
27	Sec. 112. COMMUNITY LIVING, CHILDREN, AND FAMILIES	
28	Full-time equated classified positions . . 88.8	
29	Adolescent health care services	\$ 3,742,300

1	Childhood lead program--5.0 FTE positions	1,408,200
2	Children's waiver home care program	24,561,200
3	Community living, children and families	
4	administration--73.3 FTE positions	7,776,700
5	Dental programs	661,400
6	Early childhood collaborative secondary	
7	prevention	750,000
8	Family planning local agreements	8,555,900
9	Family support subsidy	14,563,500
10	Housing and support services--1.0 FTE position .	5,032,900
11	Local MCH services	9,050,200
12	Medicaid outreach and service delivery support	8,488,600
13	Migrant health care	166,100
14	Newborn screening follow-up and treatment	
15	services	2,428,000
16	Omnibus budget reconciliation act	
17	implementation--9.0 FTE positions	12,769,400
18	Pediatric AIDS prevention and control	1,026,300
19	Pregnancy prevention program	6,346,100
20	Prenatal care outreach and service	
21	delivery support	4,299,300
22	Southwest community partnership	1,547,300
23	Special projects--0.5 FTE position	4,534,000
24	Sudden infant death syndrome program	<u>321,300</u>
25	GROSS APPROPRIATION	\$ 118,028,700
26	Appropriated from:	
27	Federal revenues:	
28	Total federal revenue	73,069,900
29	Special revenue funds:	

1	Private funds	261,100
2	Total other state restricted revenues	7,839,100
3	State general fund/general purpose	\$ 36,858,600
4	Sec. 113. WOMEN, INFANTS, AND CHILDREN FOOD AND NUTRITION PROGRAM	
5	Full-time equated classified positions . . 42.0	
6	WIC administration and special projects--42.0	
7	FTE positions	\$ 4,351,400
8	WIC program	<u>160,275,200</u>
9	GROSS APPROPRIATION	\$ 164,626,600
10	Appropriated from:	
11	Federal revenues:	
12	Total federal revenue	116,850,700
13	Special revenue funds:	
14	Total private revenue	47,775,900
15	State general fund/general purpose	\$ 0
16	Sec. 114. CHILDREN'S SPECIAL HEALTH CARE SERVICES	
17	Full-time equated classified positions . . 66.6	
18	Children's special health care services	
19	administration--66.6 FTE positions	\$ 5,365,200
20	Amputee program	184,600
21	Bequests for care and services	1,579,600
22	Case management services	3,923,500
23	Conveyor contract	682,600
24	Medical care and treatment	<u>129,590,800</u>
25	GROSS APPROPRIATION	\$ 141,326,300
26	Appropriated from:	
27	Federal revenues:	
28	Total federal revenue	69,180,400
29	Special revenue funds:	

1	Private-bequests	750,000
2	Total other state restricted revenues	650,000
3	State general fund/general purpose	\$ 70,745,900
4	Sec. 115. OFFICE OF DRUG CONTROL POLICY	
5	Full-time equated classified positions . . . 17.0	
6	Drug control policy--17.0 FTE positions	\$ 1,964,800
7	Anti-drug abuse grants	<u>28,659,200</u>
8	GROSS APPROPRIATION	\$ 30,624,000
9	Appropriated from:	
10	Federal revenues:	
11	Total federal revenue	30,238,000
12	Special revenue funds:	
13	State general fund/general purpose	\$ 386,000
14	Sec. 116. CRIME VICTIM SERVICES COMMISSION	
15	Full-time equated classified positions . . . 9.0	
16	Grants administration services--9.0 FTE positions	\$ 1,162,700
17	Justice assistance grants	15,000,000
18	Crime victim rights services grants	<u>8,405,300</u>
19	GROSS APPROPRIATION	\$ 24,568,000
20	Appropriated from:	
21	Federal revenues:	
22	Total federal revenues:	15,841,400
23	Special revenue funds:	
24	Total other state restricted revenues	8,209,700
25	State general fund/general purpose	\$ 516,900
26	Sec. 117. OFFICE OF SERVICES TO THE AGING	
27	Full-time equated classified positions . . . 40.5	
28	Commission (per diem \$50.00)	\$ 10,500
29	Office of services to aging administration--37.5	

1	FTE positions	4,224,800
2	Long-term care advisor--3.0 FTE positions	3,102,500
3	Community services	28,278,400
4	Nutrition services	36,861,000
5	Senior volunteer services	6,000,000
6	Senior citizen centers staffing and equipment .	2,140,700
7	Employment assistance	2,770,000
8	Respite care program	<u>7,100,000</u>
9	GROSS APPROPRIATION	\$ 90,487,900
10	Appropriated from:	
11	Federal revenues:	
12	Total federal revenues	42,866,700
13	Special revenue funds:	
14	Total private revenue	125,000
15	Tobacco settlement trust fund	8,021,400
16	Total other state restricted revenues	2,643,100
17	State general fund/general purpose	\$ 36,831,700
18	Sec. 118. MEDICAL SERVICES ADMINISTRATION	
19	Full-time equated classified positions . . 337.5	
20	Medical services administration--335.7 FTE	
21	positions	\$ 49,546,500
22	Data processing contractual services	100
23	Facility inspection contract-state police . . .	132,800
24	MIChild administration	3,327,800
25	Michigan essential health care provider	1,229,100
26	Palliative and hospice care	516,200
27	Primary care services--1.8 FTE positions	<u>3,302,400</u>
28	GROSS APPROPRIATION	\$ 58,054,900
29	Appropriated from:	

1	Federal revenues:	
2	Total federal revenues	37,025,600
3	Special revenue funds:	
4	Private funds	40,000
5	Total other state restricted revenues	500,000
6	State general fund/general purpose	\$ 20,489,300
7	Sec. 119. MEDICAL SERVICES	
8	Hospital services and therapy	\$ 735,317,300
9	Hospital disproportionate share payments	45,000,000
10	Medicare premium payments	137,574,000
11	Physician services	151,092,100
12	Pharmaceutical services	488,955,900
13	Health maintenance organizations	1,265,586,800
14	Home health services	24,633,000
15	Transportation	6,702,500
16	Auxiliary medical services	82,315,700
17	Long term care services	1,220,778,000
18	Elder prescription insurance coverage	50,000,700
19	MIChild outreach	3,327,800
20	MIChild program	57,067,100
21	Personal care services	30,329,400
22	Maternal and child health	9,234,500
23	Adult home help	158,781,400
24	Social services to the physically disabled	1,344,900
25	Subtotal basic medical services program	4,468,014,100
26	Wayne county medical program	44,012,800
27	School based services	64,694,300
28	State and local medical programs	81,099,900
29	Special adjustor payments	994,056,900

1	Subtotal special medical services payments . . .	<u>1,183,863,900</u>
2	GROSS APPROPRIATION	\$ 5,651,905,000
3	Appropriated from:	
4	Federal revenues:	
5	Total federal revenues	3,312,827,400
6	Special revenue funds:	
7	Local revenues	727,454,200
8	Private funds	3,512,700
9	Tobacco settlement trust fund	90,000,000
10	Total other state restricted	194,294,000
11	State general fund/general purpose	\$ 1,323,816,700
12	Sec. 120. BUDGETARY SAVINGS	
13	Budgetary savings	\$ (13,722,400)
14	GROSS APPROPRIATIONS	\$ (13,722,400)
15	Appropriated from:	
16	State general fund/general purpose	\$ (13,722,400)
17	PART 2	
18	PROVISIONS CONCERNING APPROPRIATIONS	
19	<u>GENERAL SECTIONS</u>	
20	Sec. 201. (1) Pursuant to section 30 of article IX of the state	
21	constitution of 1963, total state spending from state resources under	
22	part 1 for fiscal year 2001-2002 is \$3,104,899,000.00 and state	
23	spending from state resources to be paid to local units of government	
24	for fiscal year 2001-2002 is \$995,776,700.00. The itemized statement	
25	below identifies appropriations from which spending to units of local	
26	government will occur:	
27	DEPARTMENT OF COMMUNITY HEALTH	
28	DEPARTMENTWIDE ADMINISTRATION	
29	Departmental administration and management . . .	\$ 15,656,500

1	Rural health services	35,000
2	COMMUNITY MENTAL HEALTH/SUBSTANCE ABUSE SERVICES PROGRAMS	
3	Pilot projects in prevention for adults and	
4	children	50,000
5	Community substance abuse prevention, education,	
6	and treatment programs	19,801,700
7	Medicaid mental health services	556,972,200
8	Community mental health non-Medicaid services .	304,903,900
9	INFECTIOUS DISEASE CONTROL	
10	AIDS prevention, testing, and care programs . .	1,693,300
11	Sexually transmitted disease local agreements .	426,600
12	LOCAL HEALTH ADMINISTRATION AND GRANTS	
13	Local public health operations	41,891,600
14	CHRONIC DISEASE AND INJURY PREVENTION AND HEALTH PROMOTION	
15	Cancer prevention and control program	722,400
16	Diabetes program	909,000
17	Employee wellness programs	2,321,100
18	School health and education programs	3,164,000
19	Smoking prevention program	1,380,800
20	COMMUNITY LIVING, CHILDREN, AND FAMILIES	
21	Adolescent health care services	1,361,600
22	Family planning local agreements	1,463,400
23	Local MCH services	246,100
24	OBRA implementation	2,152,700
25	Pregnancy prevention program	3,169,600
26	Prenatal care outreach and service	
27	delivery support	1,235,000
28	CHILDREN'S SPECIAL HEALTH CARE SERVICES	
29	Case management services	3,319,900
30	MEDICAL SERVICES	

1	Transportation	866,200
2	OFFICE OF SERVICES TO THE AGING	
3	Community services	13,292,900
4	Nutrition services	12,848,500
5	Senior volunteer services	841,400
6	CRIME VICTIM SERVICES COMMISSION	
7	Crime victim rights services grants	5,051,300
8	TOTAL OF PAYMENTS TO LOCAL UNITS OF GOVERNMENT .	\$ 995,776,700

9 Sec. 202. (1) The appropriations authorized under this bill are
 10 subject to the management and budget act, 1984, PA 431, MCL 18.1101 to
 11 18.1594.

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

14 Sec. 203. As used in this bill:

15 (a) "AIDS" means acquired immunodeficiency syndrome.

16 (b) "CMHSP" means a community mental health service program as
 17 that term is defined in section 100a of the mental health code, 1974
 18 PA 258, MCL 330.1100a.

19 (c) "Disease management" means a comprehensive system that
 20 incorporates the patient, physician, and health plan into 1 system
 21 with the common goal of achieving desired outcomes for patients.

22 (d) "Department" means the Michigan department of community
 23 health.

24 (e) "DSH" means disproportionate share hospital.

25 (f) "EPIC" means elder prescription insurance coverage program.

26 (g) "EPSDT" means early and periodic screening, diagnosis, and
 27 treatment.

28 (h) "FTE" means full-time equated.

29 (i) "GME" means graduate medical education.

30 (j) "HMO" means health maintenance organization.

1 (k) "IDEA" means individual disability education act.

2 (l) "MCH" means maternal and child health.

3 (m) "MSS/ISS" means maternal and infant support services.

4 (n) "OBRA" means the omnibus budget reconciliation act of 1987,
5 Public Law 100-203, 101 Stat. 1330.

6 (o) "Title XVIII" means title XVIII of the social security act,
7 chapter 531, 49 Stat. 620, 42 U.S.C. 1395 to 1395b,1395b-2, 1395b-6 to
8 1395b-7, 1395c to 1395i, 1395i-2 to 1395i-5, 1395j to 1395t, 1395u to
9 1395w, 1395w-2 to 1395w-4,1395w-21 to 1395w-28, 1395x to 1395yy, and
10 1395bbb to 1395ggg.

11 (p) "Title XIX" means title XIX of the social security act,
12 chapter 531, 49 Stat. 620, 42 U.S.C. 1396 to 1396f, 1396g-1 to 1396r-
13 6, and 1396r-8 to 1396v.

14 (q) "WIC" means women, infants, and children supplemental
15 nutrition program.

16 Sec. 204. The department of civil service shall bill departments
17 and agencies at the end of the first fiscal quarter for the 1% charge
18 authorized by section 5 of article XI of the state constitution of
19 1963. Payments shall be made for the total amount of the billing by
20 the end of the second fiscal quarter.

21 Sec. 205. (1) In addition to the funds appropriated in part 1,
22 there is appropriated an amount not to exceed \$100,000,000.00 for
23 federal contingency funds. These funds are not available for
24 expenditure until they have been transferred to another line item in
25 this bill under section 393(2) of the management and budget act, 1984
26 PA 431, MCL 18.1393.

27 (2) In addition to the funds appropriated in part 1, there is
28 appropriated an amount not to exceed \$20,000,000.00 for state
29 restricted contingency funds. These funds are not available for
30 expenditure until they have been transferred to another line item in

1 this bill under section 393(2) of the management and budget act, 1984
2 PA 431, MCL 18.1393.

3 (3) In addition to the funds appropriated in part 1, there is
4 appropriated an amount not to exceed \$20,000,000.00 for local
5 contingency funds. These funds are not available for expenditure until
6 they have been transferred to another line item in this bill under
7 section 393(2) of the management and budget act, 1984 PA 431, MCL
8 18.1393.

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

15 Sec. 206. Unless otherwise specified, the department shall use
16 the Internet to fulfill the reporting requirements of this bill. This
17 may include transmission of reports via electronic mail to the
18 recipients identified for each reporting requirement, or it may
19 include placement of reports on an Internet or Intranet site.
20 Quarterly, the department shall provide to the appropriations
21 subcommittee members, state budget office, and the fiscal agencies an
22 electronic and paper copy listing of the reports submitted during the
23 most recent 3-month period along with the Internet or Intranet site of
24 each report, if any.

25 Sec. 207. (1) A hiring freeze is imposed on the state classified
26 civil service. State departments and agencies are prohibited from
27 hiring any new full-time state classified civil service employees and
28 prohibited from filling any vacant state classified civil service
29 positions. This hiring freeze does not apply to internal transfers of
30 classified employees from one position to another within a department.

(2) The state budget director shall grant exceptions to this hiring freeze when the state budget director believes that the hiring freeze will result in rendering a state department or agency unable to deliver basic services, cause loss of revenue to the state, result in the inability of the state to receive federal funds, or would necessitate additional expenditures that exceed any savings from maintaining a vacancy. The state budget director shall report by the thirtieth of each month to the chairpersons of the senate and house standing committees on appropriations the number of exceptions to the hiring freeze approved during the previous month and the reasons to justify the exception.

Section 208. (1) The negative appropriation for budgetary savings in part 1 shall be satisfied by savings from the hiring freeze imposed in section 207 and, if necessary, by other savings identified by the department director and approved by the state budget director.

Sec. 209. If the revenue collected by the department from fees and collections exceeds the amount appropriated in part 1, the revenue may be carried forward with the approval of the state budget director into the subsequent fiscal year. The revenue carried forward under this section shall be used as the first source of funds in the subsequent fiscal year.

Sec. 210. (1) From the amounts appropriated in part 1, no greater than the following amounts are supported with federal maternal and child health block grant, preventive health and health services block grant, substance abuse block grant, healthy Michigan fund, and Michigan health initiative funds:

(a) Maternal and child health block grant . . . \$	20,627,000
(b) Preventive health and health services	
block grant	6,115,300
(c) Substance abuse block grant	61,371,200

(d) Healthy Michigan funds 35,167,400

(e) Michigan health initiative 9,797,000

(2) On or before February 1, 2002, the department shall report to the house of representatives and senate appropriations subcommittees on community health, the house and senate fiscal agencies, and the state budget director on the detailed name and amounts of federal, restricted, private, and local sources of revenue that support the appropriations in each of the line items in part 1 of this bill.

(3) Upon the release of the fiscal year 2002-03 executive budget recommendation, the department shall report to the same parties in subsection (2) on the amounts and detailed sources of federal, restricted, private, and local revenue proposed to support the total funds appropriated in each of the line items in part 1 of the fiscal year 2002-03 executive budget proposal.

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

Sec. 211. The state departments, agencies, and commissions receiving tobacco tax funds from part 1 shall report by November 1, 2002, to the senate and house of representatives appropriations committees, the senate and house fiscal agencies, and the state budget director on the following:

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

(b) Allocations from funds appropriated under these sections.

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

(d) Eligibility criteria for program participation and maximum benefit levels where applicable.

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

1 (f) Any other information considered necessary by the house of
2 representatives or senate appropriations committees or the state
3 budget director.

4 Sec. 212. The use of state restricted tobacco tax revenue received
5 for the purpose of tobacco prevention, education, and reduction
6 efforts and deposited in the healthy Michigan fund shall not be used
7 for lobbying as defined in 1978 PA 472, MCL 4.411 to 4.431.

8 Sec. 213. (1) In addition to funds appropriated in part 1 for all
9 programs and services, there is appropriated for write-offs of
10 accounts receivable, deferrals, and for prior year obligations in
11 excess of applicable prior year appropriations, an amount equal to
12 total write-offs and prior year obligations, but not to exceed amounts
13 available in prior year revenues.

14 (2) The department's ability to satisfy appropriation deductions
15 in part 1 shall not be limited to collections and accruals pertaining
16 to services provided in fiscal year 2001-2002, but shall also include
17 reimbursements, refunds, adjustments, and settlements from prior
18 years.

19 Sec. 214. On or before the tenth of each month, the department
20 shall report to the senate and house of representatives appropriations
21 subcommittees on community health, the senate and house fiscal
22 agencies, and the state budget director on the amount of funding paid
23 to the CMHSPs to support the Medicaid managed mental health care
24 program in that month. The information shall include the total paid to
25 each CMHSP, per capita rate paid for each eligibility group for each
26 CMHSP, and number of cases in each eligibility group for each CMHSP,
27 and year-to-date summary of eligibles and expenditures for the
28 Medicaid managed mental health care program.

29 Sec. 215. Basic health services for the purpose of part 23 of the
30 public health code, 1978 PA 368, MCL 333.2301 to 333.2321, are:

1 immunizations, communicable disease control, sexually transmitted
2 disease control, tuberculosis control, prevention of gonorrhea eye
3 infection in newborns, screening newborns for the 7 conditions listed
4 in section 5431(1)(a) through (g) of the public health code, 1978 PA
5 368, MCL 333.5431, community health annex of the Michigan emergency
6 management plan, and prenatal care.

7 Sec. 216. (1) The department may contract with the Michigan public
8 health institute for the design and implementation of projects and for
9 other public health related activities prescribed in section 2611 of
10 the public health code, 1978 PA 368, MCL 333.2611. The department may
11 develop a master agreement with the institute to carry out these
12 purposes for up to a 3-year period. The department shall report to the
13 house of representatives and senate appropriations subcommittees on
14 community health, the house and senate fiscal agencies, and the state
15 budget director on or before November 1, 2001, and May 1, 2002, all of
16 the following:

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

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

21 (c) The expected project duration.

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

24 (2) If a report required under subsection (1) is not received by
25 the house of representatives and senate appropriations subcommittees
26 on community health, the house and senate fiscal agencies, and the
27 state budget director on or before the date specified for that report,
28 the disbursement of funds to the Michigan public health institute
29 under this section shall stop. The disbursement of those funds shall
30 recommence when the overdue report is received.

1 (3) On or before September 30, 2002, the department shall provide
2 to the same parties listed in subsection (1) a copy of all reports,
3 studies, and publications produced by the Michigan public health
4 institute, its subcontractors, or the department with the funds
5 appropriated in part 1 and allocated to the Michigan public health
6 institute.

7 Sec. 217. All contracts with the Michigan public health institute
8 funded with appropriations in part 1 shall include a requirement that
9 the Michigan public health institute submit to financial and
10 performance audits by the state auditor general of projects funded
11 with state appropriations.

12 Sec. 218. The department of community health may establish and
13 collect fees for publications, videos and related materials,
14 conferences, and workshops. Collected fees shall be used to offset
15 expenditures to pay for printing and mailing costs of the
16 publications, videos and related materials, and costs of the workshops
17 and conferences. The costs shall not exceed fees collected.

18 **DEPARTMENTWIDE ADMINISTRATION**

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

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

26 Sec. 303. The department is prohibited from requiring first-party
27 payment from individuals or families with a taxable income of
28 \$10,000.00 or less for mental health services for determinations made
29 in accordance with section 818 of the mental health code, 1974 PA 258,
30 MCL 330.1818.

1 **COMMUNITY MENTAL HEALTH/SUBSTANCE ABUSE SERVICES PROGRAMS**

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

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

7 (b) A complete array of mental health services which shall
8 include, but shall not be limited to, all of the following services:
9 residential and other individualized living arrangements, outpatient
10 services, acute inpatient services, and long-term, 24-hour inpatient
11 care in a structured, secure environment.

12 (c) The coordination of inpatient and outpatient hospital services
13 through agreements with state-operated psychiatric hospitals, units,
14 and centers in facilities owned or leased by the state, and privately-
15 owned hospitals, units, and centers licensed by the state pursuant to
16 sections 134 through 149b of the mental health code, 1974 PA 258, MCL
17 330.1134 to 330.1149b.

18 (d) Individualized plans of service that are sufficient to meet
19 the needs of individuals, including those discharged from psychiatric
20 hospitals or centers, and that ensure the full range of recipient
21 needs is addressed through the CMHSP's program or through assistance
22 with locating and obtaining services to meet these needs.

23 (e) A system of case management to monitor and ensure the
24 provision of services consistent with the individualized plan of
25 services or supports.

26 (f) A system of continuous quality improvement.

27 (g) A system to monitor and evaluate the mental health services
28 provided.

29 (h) A system which serves delinquent youth.

30 Sec. 402. (1) From funds appropriated in part 1, final

1 authorizations to CMHSPs shall be made upon the execution of contracts
2 between the department and CMHSPs. The contracts shall contain an
3 approved plan and budget as well as policies and procedures governing
4 the obligations and responsibilities of both parties to the contracts.
5 Each contract with a CMHSP that the department is authorized to enter
6 into under this subsection shall include a provision that the contract
7 is not valid unless the total dollar obligation for all of the
8 contracts between the department and the CMHSPs entered into under
9 this subsection for fiscal year 2001-2002 does not exceed the amount
10 of money appropriated in part 1 for the contracts authorized under
11 this subsection.

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

16 (a) Any new contracts with CMHSPs that would affect rates or
17 expenditures are enacted.

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

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

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

26 Sec. 404. (1) Not later than May 31 of each fiscal year, the
27 department shall provide a report on the community mental health
28 services programs to the members of the house of representatives and
29 senate appropriations subcommittees on community health, the house and
30 senate fiscal agencies, and the state budget director which shall

1 include information required by this section.

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

5 (a) A demographic description of service recipients which,
6 minimally, shall include reimbursement eligibility, client population,
7 age, ethnicity, housing arrangements, and diagnosis.

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

9 (c) Financial information which, minimally, shall include a
10 description of funding authorized; expenditures by client group and
11 fund source; and cost information by service category, including
12 administration. Service category shall include all department approved
13 services.

14 (d) Data describing service outcomes which shall include, but not
15 be limited to, an evaluation of consumer satisfaction, consumer
16 choice, and quality of life concerns including, but not limited to,
17 housing and employment.

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

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

22 (ii) The number of people who requested services but did not
23 receive services.

24 (iii) The number of people requesting services who are on waiting
25 lists for services.

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

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

30 (g) An analysis of information provided by community mental health

1 service programs in response to the needs assessment requirements of
2 the mental health code, including information about the number of
3 persons in the service delivery system who have requested and are
4 clinically appropriate for different services.

5 (h) An estimate of the number of FTEs employed by the CMHSPs or
6 contracted with directly by the CMHSPs as of September 30, 2001 and an
7 estimate of the number of FTEs employed through contracts with
8 provider organizations as of September 30, 2001.

9 (i) Lapses and carryforwards during fiscal year 2000-2001 for
10 CMHSPs.

11 (j) Information on the community mental health Medicaid managed
12 care program, including, but not limited to, both of the following:

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

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

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

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

22 Sec. 405. (1) The funds appropriated in part 1 for the state
23 disability assistance substance abuse services program shall be used
24 to support per diem room and board payments in substance abuse
25 residential facilities. Eligibility of clients for the state
26 disability assistance substance abuse services program shall include
27 needy persons 18 years of age or older, or emancipated minors, who
28 reside in a substance abuse treatment center.

29 (2) The department shall reimburse all licensed substance abuse
30 programs eligible to participate in the program at a rate equivalent

1 to that paid by the family independence agency to adult foster care
2 providers. Programs accredited by department-approved accrediting
3 organizations shall be reimbursed at the personal care rate, while all
4 other eligible programs shall be reimbursed at the domiciliary care
5 rate.

6 Sec. 406. (1) The amount appropriated in part 1 for substance
7 abuse prevention, education, and treatment grants shall be expended
8 for contracting with coordinating agencies or designated service
9 providers. It is the intent of the legislature that the coordinating
10 agencies and designated service providers work with the CMHSPs to
11 coordinate the care and services provided to individuals with both
12 mental illness and substance abuse diagnoses.

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

18 Sec. 407. (1) By April 15, 2002, the department shall report the
19 following data from fiscal year 2000-2001 on substance abuse
20 prevention, education, and treatment programs to the senate and house
21 of representatives appropriations subcommittees on community health,
22 the senate and house fiscal agencies, and the state budget office:

23 (a) Expenditures stratified by coordinating agency, by central
24 diagnosis and referral agency, by fund source, by subcontractor, by
25 population served, and by service type. Additionally, data on
26 administrative expenditures by coordinating agency and by
27 subcontractor shall be reported.

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

30 (c) Number of services provided by central diagnosis and referral

1 agency, by subcontractor, and by service type. Additionally, data on
2 length of stay, referral source, and participation in other state
3 programs.

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

7 (2) The department shall take all reasonable actions to ensure
8 that the required data reported are complete and consistent among all
9 coordinating agencies.

10 Sec. 408. The funding in part 1 for substance abuse services shall
11 be distributed in a manner that provides priority to service providers
12 that furnish child care services to clients with children.

13 Sec. 409. The department shall assure that substance abuse
14 treatment is provided to applicants and recipients of public
15 assistance through the family independence agency who are required to
16 obtain substance abuse treatment as a condition of eligibility for
17 public assistance.

18 Sec. 410. (1) The department shall ensure that each contract with
19 a CMHSP requires the CMHSP to implement programs to encourage
20 diversion of persons with serious mental illness, serious emotional
21 disturbance, or developmental disability from possible jail
22 incarceration when appropriate.

23 (2) Each CMHSP shall have jail diversion services and shall work
24 toward establishing working relationships with representative staff of
25 local law enforcement agencies. Such agencies include the county
26 prosecutors' offices, county sheriffs' offices, county jails,
27 municipal police agencies, municipal detention facilities, and the
28 courts. Written interagency agreements describing what services each
29 participating agency is prepared to commit to the local jail diversion
30 effort and the procedures to be used by local law enforcement agencies

1 to access mental health jail diversion services are strongly
2 encouraged.

3 Sec. 411. Medicaid substance abuse treatment services shall be
4 managed by selected CMHSPs pursuant to the health care financing
5 administration's approval of Michigan's 1915(b) waiver request to
6 implement a managed care plan for specialized substance abuse
7 services. The selected CMHSPs shall receive a capitated payment on a
8 per eligible per month basis to assure provision of medically
9 necessary substance abuse services to all beneficiaries who require
10 those services. The selected CMHSPs shall be responsible for the
11 reimbursement of claims for specialized substance abuse services. The
12 CMHSPs that are not coordinating agencies may continue to contract
13 with a coordinating agency. Any alternative arrangement must be based
14 on client service needs and have prior approval from the department.

15 Sec. 412. (1) The department may support pilot projects by
16 community mental health boards to establish regional partnerships.

17 (2) The purpose of the regional partnerships should be to expand
18 consumer choice, promote service integration, and produce system
19 efficiencies through the coordination of efforts, or other outcomes,
20 as may be determined by participating community mental health boards.

21 (3) The pilot projects described in this section shall be
22 completely voluntary and be based on projects proposed by the
23 community mental health boards. Each proposed pilot project shall be
24 consistent with the scope, duration, risks, and inducements contained
25 in the plan for competitive procurement that the department submits to
26 the health care financing administration as part of the renewal
27 request for the section 1915(b) managed specialty services waiver.

28 (4) As an additional incentive for community mental health boards
29 to engage in the pilot projects described in this section, the
30 department may allow any regional partnership so formed to retain up

1 to 100% of any net lapses generated by the regional partnership.

2 (5) The department shall provide quarterly reports to the senate
3 and house of representatives appropriations subcommittees and their
4 respective fiscal agencies and the state budget office, as to any
5 activities by community mental health boards to form regional
6 partnerships under this section.

7 Sec. 413. (1) From the funds appropriated in Medicaid mental
8 health retroactive eligible payments in part 1, the department will
9 reimburse community mental health boards for the actual cost of
10 providing mental health services to individuals determined
11 retroactively to be eligible for medicaid.

12 (2) If total costs for retroactive eligibles exceed the \$50
13 million appropriated for this purpose in part 1, the state budget
14 director shall submit transfer requests pursuant to section 393 (1) of
15 the management and budget act, 1984 pa 431, MCL 18.1393 (1) in an
16 amount not to exceed total spending of \$75 million.

17 **STATE PSYCHIATRIC HOSPITALS, CENTERS FOR PERSONS WITH DEVELOPMENTAL**
18 **DISABILITIES, AND FORENSIC AND PRISON MENTAL HEALTH SERVICES**

19 Sec. 501. (1) In funding of staff in the financial support
20 division, reimbursement, and billing and collection sections, priority
21 shall be given to obtaining third-party payments for services.
22 Collection from individual recipients of services and their families
23 shall be handled in a sensitive and nonharassing manner.

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

1 eliminated.

2 Sec. 502. Unexpended and unencumbered amounts and accompanying
3 expenditure authorizations up to \$2,000,000.00 remaining on September
4 30, 2002 from pay telephone revenues and the amounts appropriated in
5 part 1 for gifts and bequests for patient living and treatment
6 environments shall be carried forward for 1 fiscal year. The purpose
7 of gifts and bequests for patient living and treatment environments is
8 to use additional private funds to provide specific enhancements for
9 individuals residing at state-operated facilities. Use of the gifts
10 and bequests shall be consistent with the stipulation of the donor.
11 The expected completion date for the use of gifts and bequests
12 donations is within 3 years unless otherwise stipulated by the donor.

13 Sec. 503. The funds appropriated in part 1 for forensic mental
14 health services provided to the department of corrections are in
15 accordance with the interdepartmental plan developed in cooperation
16 with the department of corrections. The department is authorized to
17 receive and expend funds from the department of corrections in
18 addition to the appropriations in part 1 to fulfill the obligations
19 outlined in the interdepartmental agreements.

20 Sec. 504. (1) The CMHSPs shall provide semiannual reports to the
21 department on the following information:

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

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

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

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

29 (2) The department shall semiannually report the information in
30 subsection (1) to the house of representatives and senate

1 appropriations subcommittees on community health, the house and senate
2 fiscal agencies, and the state budget director.

3 Sec. 505. (1) The department shall not implement any closures or
4 consolidations of state hospitals, centers, or agencies until CMHSPs
5 have programs and services in place for those persons currently in
6 those facilities and a plan for service provision for those persons
7 who would have been admitted to those facilities.

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

14 (3) Four months after the certification of closure required in
15 section 19(6) of 1943 PA 240, MCL 38.19, the department shall provide
16 a closure plan to the house of representatives and senate
17 appropriations subcommittees.

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

23 **INFECTIOUS DISEASE CONTROL**

24 Sec. 601. In the expenditure of funds appropriated in part 1 for
25 AIDS programs, the department and its subcontractors shall ensure that
26 adolescents receive priority for prevention, education, and outreach
27 services.

28 Sec. 602. The department shall continue the AIDS drug assistance
29 program maintaining the prior year eligibility criteria and drug
30 formulary. This section is not intended to prohibit the department

1 from providing assistance for improved AIDS treatment medications.

2 **LOCAL HEALTH ADMINISTRATION AND GRANTS**

3 Sec. 701. The amount appropriated in part 1 for implementation of
4 the 1993 amendments to sections 9161, 16221, 16226, 17014, 17015, and
5 17515 of the public health code, 1978 PA 368, MCL 333.9161, 333.16221,
6 333.16226, 333.17014, 333.17015, and 333.17515, shall reimburse local
7 health departments for costs incurred related to implementation of
8 section 17015(15) of the public health code, 1978 PA 368, MCL
9 333.17015.

10 Sec. 702. If a county that has participated in a district health
11 department or an associated arrangement with other local health
12 departments takes action to cease to participate in such an
13 arrangement after October 1, 2001, the department shall have the
14 authority to assess a penalty from the local health department's
15 operational accounts in an amount equal to no more than 5% of the
16 local health department's local public health operations funding. This
17 penalty shall only be assessed to the local county that requests the
18 dissolution of the health department.

19 Sec. 703. (1) Funds appropriated in part 1 for local public health
20 operations shall be prospectively allocated to local health
21 departments to support immunizations, infectious disease control,
22 sexually transmitted disease control and prevention, hearing
23 screening, vision services, food protection, public water supply,
24 private groundwater supply, and on-site sewage management. Food
25 protection shall be provided in consultation with the Michigan
26 department of agriculture. Public water supply, private groundwater
27 supply, and on-site sewage management shall be provided under contract
28 with the Michigan department of environmental quality.

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

(3) Distributions in subsection (1) shall be made only to counties that maintain local spending in fiscal year 2001-2002 of at least the amount expended in fiscal year 1992-1993 for the services described in subsection (1).

CHRONIC DISEASE AND INJURY PREVENTION AND HEALTH PROMOTION

Sec. 801. (1) The amount appropriated in part 1 for school health and education programs shall be allocated in fiscal year 2001-2002 to provide grants to or contract with certain districts and intermediate districts for the provision of a school health education curriculum. Provision of the curriculum, such as the Michigan model or another comprehensive school health education curriculum, shall be in accordance with the health education goals established by the Michigan model for the comprehensive school health education state steering committee. The state steering committee shall be comprised of a representative from each of the following offices and departments:

- (a) The department of education.
- (b) The department of community health.
- (c) The public health agency in the department of community health.
- (d) The office of substance abuse services in the department of community health.
- (e) The family independence agency.
- (f) The department of state police.

(2) Upon written or oral request, a pupil not less than 18 years of age or a parent or legal guardian of a pupil less than 18 years of age, within a reasonable period of time after the request is made, shall be informed of the content of a course in the health education curriculum and may examine textbooks and other classroom materials that are provided to the pupil or materials that are presented to the pupil in the classroom. This subsection does not require a school

board to permit pupil or parental examination of test questions and answers, scoring keys, or other examination instruments or data used to administer an academic examination.

Sec. 802. From the funds appropriated in part 1 for physical fitness, nutrition, and health, up to \$1,000,000.00 may be allocated to the Michigan physical fitness and sports foundation. The allocation to the Michigan physical fitness and sports foundation is contingent upon the foundation providing at least a 20% cash match.

Sec. 803. In spending the funds appropriated in part 1 for the smoking prevention program, priority shall be given to prevention and smoking cessation programs for pregnant women, women with young children, and adolescents.

Sec. 804. From the funds appropriated in part 1 for the diabetes program, a portion of the funds may be allocated to the national kidney foundation of Michigan for kidney disease prevention programming including early identification and education programs and kidney disease prevention demonstration projects.

Sec. 805. From the funds appropriated in part 1 for the diabetes program, \$320,000.00 shall be allocated for improving the health of African-American men in Michigan. The funds shall be used for screening and patient self-care activities for diabetes, hypertension, stroke, and glaucoma and other eye diseases.

COMMUNITY LIVING, CHILDREN, AND FAMILIES

Sec. 901. (1) Agencies receiving funds appropriated from part 1 for adolescent health care services shall do all of the following:

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

(i) Funding sources of the adolescent health clinic.

(ii) Demographic information of populations served including sex,

1 age, and race. Reporting and presentation of demographic data by age
2 shall include the range of ages of 0-17 years and the range of ages of
3 18-23 years.

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

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

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

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

18 (d) Require each adolescent health clinic funded by the agency to
19 have a written policy on parental consent, developed by the local
20 advisory committee and submitted to the local school board for
21 approval if the services are provided in a public school building
22 where instruction is provided in grades kindergarten through 12.

23 (2) A local advisory committee established under subsection
24 (1)(b), in cooperation with the sponsoring agency, shall submit
25 written recommendations regarding the implementation and types of
26 services rendered by an adolescent health clinic to the local school
27 board for approval of adolescent health services rendered in a public
28 school building where instruction is provided in grades kindergarten
29 through 12.

30 (3) The department shall submit a report to the members of the

1 senate and house of representatives appropriations subcommittees on
2 community health and the senate and house fiscal agencies, and the
3 state budget director based on the information provided under
4 subsection (1)(a). The report is due 90 days after the end of the
5 calendar year.

6 Sec. 902. Of the funds appropriated in part 1 for adolescent
7 health care service, each teen center, including alternative model,
8 shall receive funding based upon a formula that includes a base amount
9 that each center shall be guaranteed, with the remaining funds
10 allocated for teen health centers to be distributed based upon the
11 number of users, visits, and services provided.

12 Sec. 903. (1) Federal abstinence money expended in part 1 for the
13 purpose of promoting abstinence education shall provide abstinence
14 education to teenagers most likely to engage in high risk behavior as
15 their primary focus, and may include programs that include 9- to 17-
16 year-olds. Programs funded must meet all of the following guidelines:

17 (a) Teaches the gains to be realized by abstaining from sexual
18 activity.

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

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

24 (d) Teaches that a monogamous relationship in the context of
25 marriage is the expected standard of human sexual activity.

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

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

30 (g) Teaches young people how to avoid sexual advances and how

1 alcohol and drug use increases vulnerability to sexual advances.

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

4 (2) Programs and organizations that meet the guidelines of
5 subsection (1) shall have the option of receiving all or part of their
6 funds directly from the department of community health.

7 Sec. 904. Of the amount appropriated in part 1 for prenatal care
8 outreach and service delivery support, not more than 10% shall be
9 expended for local administration, data processing, and evaluation.

10 Sec. 905. The funds appropriated in part 1 for pregnancy
11 prevention programs shall not be used to provide abortion counseling,
12 referrals, or services.

13 Sec. 906. From the amounts appropriated in part 1 for dental
14 programs, funds shall be allocated to the Michigan dental association
15 for the administration of a volunteer dental program that would
16 provide dental services to the uninsured in an amount that is no less
17 than the amount allocated to that program in fiscal year 1996-1997.

18 Sec. 907. Agencies that currently receive pregnancy prevention
19 funds and either receive or are eligible for other family planning
20 funds shall have the option of receiving all of their family planning
21 funds directly from the department of community health and be
22 designated as delegate agencies.

23 Sec. 908. From the funds appropriated for prenatal care outreach
24 and service delivery support, the department shall allocate at least
25 \$1,000,000.00 to communities with high infant mortality rates.

26 Sec. 909. From the funds appropriated in part 1 for special
27 projects, the department shall allocate no less than \$200,000.00 to
28 provide education and outreach to targeted populations on the dangers
29 of drug use during pregnancy, neonatal addiction, and fetal alcohol
30 syndrome and further develop its infant support services to target

families with infants with fetal alcohol syndrome or suffering from drug addiction.

CHILDREN'S SPECIAL HEALTH CARE SERVICES

Sec. 1001. Funds appropriated in part 1 for medical care and treatment of children with special health care needs shall be paid according to reimbursement policies determined by the Michigan medical services program. Exceptions to these policies may be taken with the prior approval of the state budget director.

Sec. 1002. The department may do 1 or more of the following:

(a) Provide special formula for eligible clients with specified metabolic and allergic disorders.

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

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

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

CRIME VICTIM SERVICES COMMISSION

Sec. 1101. The per diem amount authorized for the crime victim services commission is \$100.00.

OFFICE OF SERVICES TO THE AGING

Sec. 1201. The appropriation in part 1 to the office of services to the aging, for community and nutrition services and home services, shall be restricted to eligible individuals at least 60 years of age who fail to qualify for home care services under title XVIII, XIX, or XX of the social security act, chapter 531, 49 Stat. 620.

Sec. 1202. The office of services to the aging shall require each region to report to the office of services to the aging home delivered meals waiting lists based upon standard criteria. Determining criteria

1 shall include all of the following:

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

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

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

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

8 Sec. 1203. The office of services to the aging may receive and
9 expend fees for the provision of day care, care management, and
10 respite care. The office of services to the aging shall base the fees
11 on a sliding scale taking into consideration the client income. The
12 office of services to the aging shall use the fees to expand services.

13 **MEDICAL SERVICES ADMINISTRATION**

14 Sec. 1301. The funds appropriated in part 1 for the Michigan
15 essential health care provider program may also provide loan repayment
16 for dentists that fit the criteria established by part 27 of the
17 public health code, 1978 PA 368, MCL 333.2701 to 333.2727.

18 **MEDICAL SERVICES**

19 Sec. 1401. The cost of remedial services incurred by residents of
20 licensed adult foster care homes and licensed homes for the aged shall
21 be used in determining financial eligibility for the medically needy.
22 Remedial services include basic self-care and rehabilitation training
23 for a resident.

24 Sec. 1402. Medical services shall be provided to elderly and
25 disabled persons with incomes less than or equal to 100% of the
26 official poverty line, pursuant to the state's option to elect such
27 coverage set out at section 1902(a)(10)(A)(ii) and (m) of title XIX of
28 the social security act, chapter 531, 49 Stat. 620, 42 U.S.C. 1396a.

29 Sec. 1403. (1) The department may establish a program for persons
30 to purchase medical coverage at a rate determined by the department.

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

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

5 Sec. 1404. The mother of an unborn child shall be eligible for
6 medical services benefits for herself and her child if all other
7 eligibility factors are met. To be eligible for these benefits, the
8 applicant shall provide medical evidence of her pregnancy. If she is
9 unable to provide the documentation, payment for the examination may
10 be at state expense. The department of community health shall
11 undertake such measures as may be necessary to ensure that necessary
12 prenatal care is provided to medical services eligible recipients.

13 Sec. 1405. (1) The protected income level for Medicaid coverage
14 determined pursuant to section 106(1)(b)(iii) of the social welfare
15 act, 1939 PA 280, MCL 400.106, shall be 100% of the related public
16 assistance standard.

17 Sec. 1406. For the purpose of guardian and conservator charges,
18 the department of community health may deduct up to \$60.00 per month
19 as an allowable expense against a recipient's income when determining
20 medical services eligibility and patient pay amounts.

21 Sec. 1407. (1) An applicant for Medicaid, whose qualifying
22 condition is pregnancy, shall immediately be presumed to be eligible
23 for Medicaid coverage unless the preponderance of evidence in her
24 application indicates otherwise.

25 (2) An applicant qualified as described in subsection (1) shall be
26 given a letter of authorization to receive Medicaid covered services
27 related to her pregnancy. In addition, the applicant shall receive a
28 listing of Medicaid physicians and managed care plans in the immediate
29 vicinity of the applicant's residence.

30 (3) An applicant that selects a Medicaid provider, other than a

1 managed care plan, from which to receive pregnancy services, shall not
2 be required to enroll in a managed care plan until the end of the
3 second month postpartum.

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

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

15 Sec. 1408. (1) For care provided to medical services recipients
16 with other third-party sources of payment, medical services
17 reimbursement shall not exceed, in combination with such other
18 resources, including Medicare, those amounts established for medical
19 services-only patients. The medical services payment rate shall be
20 accepted as payment in full. Other than an approved medical services
21 copayment, no portion of a provider's charge shall be billed to the
22 recipient or any person acting on behalf of the recipient. Nothing in
23 this section shall be deemed to affect the level of payment from a
24 third-party source other than the medical services program. The
25 department shall require a nonenrolled provider to accept medical
26 services payments as payment in full.

27 (2) Notwithstanding subsection (1), medical services reimbursement
28 for hospital services provided to dual Medicare/medical services
29 recipients with Medicare Part B coverage only shall equal, when
30 combined with payments for Medicare and other third-party resources,

1 if any, those amounts established for medical services-only patients,
2 including capital payments.

3 Sec. 1409. The department shall require copayments on dental,
4 pharmacy, podiatric, chiropractic, vision, and hearing aid services
5 provided to Medicaid recipients, except as prohibited by federal or
6 state law or regulation.

7 Sec. 1410. An institutional provider that is required to submit a
8 cost report under the medical services program shall submit cost
9 reports completed in full within 5 months after the end of its fiscal
10 year.

11 Sec. 1411. The department may make separate payments directly to
12 qualifying hospitals serving a disproportionate share of indigent
13 patients, and to hospitals providing graduate medical education
14 training programs. If direct payment for GME and DSH is made to
15 qualifying hospitals for services to Medicaid clients, hospitals will
16 not include GME costs or DSH payments in their contracts with HMOs.

17 Sec. 1412. Of the funds appropriated in part 1 for graduate
18 medical education in the hospital services and therapy line item
19 appropriation, \$3,635,100.00 shall be allocated for the psychiatric
20 residency training program that establishes and maintains
21 collaborative relations with the schools of medicine at Michigan State
22 University and Wayne State University.

23 Sec. 1413. (1) The appropriation in part 1 for the MICHild
24 program is to be used to provide comprehensive health care to all
25 children under age 19 who reside in families with income at or below
26 200% of the federal poverty level, who are uninsured and have not had
27 coverage by other comprehensive health insurance within 6 months of
28 making application for MICHild benefits, and who are residents of this
29 state. The department shall develop detailed eligibility criteria
30 through the medical services administration public concurrence

1 process, consistent with the provisions of this act. Health care
2 coverage for children in families below 150% of the federal poverty
3 level shall be provided through expanded eligibility under the state's
4 Medicaid program. Health coverage for children in families between
5 150% and 200% of the federal poverty level shall be provided through a
6 state-based private health care program.

7 (2) The department shall enter into a contract to obtain MICHild
8 services from any health maintenance organization, dental care
9 corporation, or any other entity that offers to provide the managed
10 health care benefits for MICHild services at the MICHild capitated
11 rate.

12 As used in this subsection:

13 (a) "Dental care corporation", "health care corporation",
14 "insurer", and "prudent purchaser agreement" mean those terms as
15 defined in section 2 of the prudent purchaser act, 1984 PA 233, MCL
16 550.52.

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

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

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

27 Sec. 1414. The department may establish premiums for MICHild
28 eligible persons in families with income above 150% of the federal
29 poverty level. The monthly premiums shall not exceed \$5.00 for a
30 family.

1 Sec. 1415. The department shall not require copayments under the
2 MICHild program.

3 Sec. 1416. To be eligible for the MICHild program, a child must
4 be residing in a family with an adjusted gross income of less than or
5 equal to 200% of the federal poverty level. The department's
6 verification policy shall be used to determine eligibility.

7 Sec. 1417. The department may require medical services recipients
8 residing in counties offering managed care options to choose the
9 particular managed care plan in which they wish to be enrolled.
10 Persons not expressing a preference may be assigned to a managed care
11 provider.

12 Sec. 1418. (1) Medicaid health maintenance organizations shall
13 establish an ongoing internal quality assurance program for health
14 care services provided to Medicaid recipients which includes:

15 (a) An emphasis on health outcomes.

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

18 (c) Review by physicians and other health care professionals of
19 the process followed in the provision of such health care services.

20 (d) Evaluation of the continuity and coordination of care that
21 enrollees receive.

22 (e) Mechanisms to detect overutilization and underutilization of
23 services.

24 (f) Actions to improve quality and assess the effectiveness of
25 such action through systematic follow-up.

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

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

29 (i) Consumer involvement in the development of the quality assurance
30 program and consideration of enrollee complaints and satisfaction

1 survey results.

2 (2) Medicaid health maintenance organizations shall apply for
3 accreditation by an appropriate external independent accrediting
4 organization requiring standards recognized by the department once
5 those plans have met the application requirements. The state shall
6 accept accreditation of a plan by an approved accrediting organization
7 as proof that the plan meets some or all of the state's requirements,
8 if the state determines that the accrediting organization's standards
9 meet or exceed the state's requirements.

10 (3) Medicaid health maintenance organizations shall report
11 encounter data, including data on inpatient and outpatient hospital
12 care, physician visits, pharmaceutical services, and other services
13 specified by the department.

14 (4) Medicaid health maintenance organizations shall assure that
15 all covered services are available and accessible to enrollees with
16 reasonable promptness and in a manner which assures continuity.
17 Medically necessary services shall be available and accessible 24
18 hours a day and 7 days a week. Health plans shall continue to develop
19 procedures for determining medical necessity which may include a prior
20 authorization process.

21 (5) Medicaid health maintenance organizations shall provide for
22 reimbursement of plan covered services delivered other than through
23 the plan's providers if medically necessary and approved by the plan,
24 immediately required, and which could not be reasonably obtained
25 through the plan's providers on a timely basis. Such services shall
26 be deemed approved if the plan does not respond to a request for
27 authorization within 24 hours of the request. Reimbursement shall not
28 exceed the medicaid fee-for-service payment for such services.

29 (6) Medicaid health maintenance organizations shall provide
30 assurances to the department that it will not deny enrollment to,

1 expel, or refuse to reenroll any individual because of the
2 individual's health status or need for services, and that it will
3 notify all eligible persons of such assurances at the time of
4 enrollment.

5 (7) Medicaid health maintenance organizations shall meet other
6 standards and requirements contained in state laws, administrative
7 rules, and policies promulgated by the department.

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

13 Sec. 1419. (1) The department may require a 12-month lock-in to
14 the health maintenance organization selected by the recipient during
15 the initial and subsequent open enrollment periods, but allow for good
16 cause exceptions during the lock-in period.

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

19 Sec. 1420. (1) The department shall provide an expedited
20 complaint review procedure for Medicaid eligible persons enrolled in
21 health maintenance organizations for situations where failure to
22 receive any health care service would result in significant harm to
23 the enrollee.

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

29 (3) Annual reports summarizing the problems and complaints
30 reported and their resolution shall be provided to the house and

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

4 Sec. 1421. The following sections are the only ones which shall
5 apply to the following Medicaid managed care programs, including the
6 comprehensive plan, children's special health care services plan, MI
7 Choice long-term care plan, and the mental health, substance abuse,
8 and developmentally disabled services program: 213, 401, 403, 410,
9 1618, 1619, 1620, 1621, 1612, 1623, 1624.

10 Sec. 1422. (1) Reimbursement for medical services to screen and
11 stabilize a Medicaid recipient in a hospital emergency room shall not
12 be made contingent on obtaining prior authorization from the
13 recipient's health maintenance organization. If the recipient is
14 discharged from the emergency room, the hospital shall notify the
15 recipient's health maintenance organization within 24 hours of the
16 diagnosis and treatment received.

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

22 (3) Subsections (1) and (2) shall not be construed as a
23 requirement to alter an existing agreement between a health
24 maintenance organization and their contracting hospitals nor as a
25 requirement that a health maintenance organization must reimburse for
26 services that are not deemed to be medically necessary.

27 Sec. 1423. Health maintenance organizations are required to have
28 contracts with hospitals within a reasonable distance from their
29 enrollees. The department may waive this requirement if it certifies
30 that after good faith negotiations, no reasonable agreement could be

1 reached among the parties. In the absence of a contract with a health
2 maintenance organization, the health maintenance organization must
3 reimburse the hospital for medically necessary, appropriately
4 authorized services arranged by a physician with admitting privileges
5 at the hospital at Medicaid fee-for-service rates or actuarially
6 equivalent rates as determined by the department.

7 Sec. 1424. (1) The department shall require the external quality
8 review contractor to conduct a statistically significant sampling of
9 the health records of Medicaid eligible clients of all health
10 maintenance organizations for the following information:

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

12 (b) The number of Medicaid enrollees receiving at least 1 EPSDT
13 service.

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

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

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

18 (f) the number of referrals to local health departments for blood
19 lead screening, immunization, or objective hearing and vision
20 screening services.

21 (g) The number of pregnant Medicaid enrollees.

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

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

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

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

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

29 (2) The department shall compile and report the information
30 required in subsection (1) to the senate and house appropriations

1 subcommittees on community health, the senate and house fiscal
2 agencies, and the state budget director no later than February 1,
3 2002.

4 Sec. 1425. The department may fund home and community-based
5 services in lieu of nursing home services, for individuals seeking
6 long-term care services, from the nursing home or personal care in-
7 home services line items.

8 Sec. 1426. (1) The department shall implement enforcement actions
9 as specified in the nursing facility enforcement provisions of section
10 1919 of title XIX of the social security act, chapter 531, 49 Stat.
11 620, 42 U.S.C. 1396r.

12 (2) The department is authorized to receive and spend penalty
13 money received as the result of noncompliance with medical services
14 certification regulations. Penalty money, characterized as private
15 funds, received by the department shall increase authorizations and
16 allotments in the long-term care accounts.

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

19 Sec. 1427. The department shall promote activities that preserve
20 the dignity and rights of terminally ill and chronically ill
21 individuals. Priority shall be given to programs, such as hospice,
22 that focus on individual dignity and quality of care provided persons
23 with terminal illness and programs serving persons with chronic
24 illnesses that reduce the rate of suicide through the advancement of
25 the knowledge and use of improved, appropriate pain management for
26 these persons; and initiatives that train health care practitioners
27 and faculty in managing pain, providing palliative care and suicide
28 prevention.

29 Sec. 1428. All nursing home rates, class I and class III, must
30 have their respective fiscal year rate set 30 days prior to the

1 beginning of their rate year. Rates may take into account the most
2 recent cost report prepared and certified by the preparer, provider
3 corporate owner or representative as being true and accurate, and
4 filed timely, within 5 months of the fiscal year end in accordance
5 with Medicaid policy. If the audited version of the last report is
6 available, it shall be used. Any rate factors based on the filed cost
7 report may be retroactively adjusted upon completion of the audit of
8 that cost report.

9 Sec. 1429. (1) The department shall use procedures and rebates
10 amounts specified under Section 1927 of Title XIX of the social
11 security act, 42 U.S.C 1396r-8, to secure quarterly rebates from
12 pharmaceutical manufacturers for outpatient drugs dispensed to
13 participants in state medical program and children's special health
14 care services.

15 (2) For products distributed by pharmaceutical manufacturers not
16 providing quarterly rebates as listed in subsection (1), the
17 department may require preauthorization.

18 Sec. 1430. The department is authorized to implement changes to
19 pharmacy policies, such as: patient copayment, dispensing fees,
20 coverages, and mail order services.

21 Sec. 1431. (1) From the funds appropriated in part 1 for the
22 indigent medical care program, the department shall establish a
23 program which provides for the basic health care needs of indigent
24 persons as delineated in the following subsections.

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

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

29 (b) Any other resident of this state who currently meets the
30 income and asset requirements for the state disability assistance

1 program and is not eligible for any other public or private health
2 care coverage.

3 (3) All potentially eligible persons, except those defined in
4 subsection (2)(a), who shall be automatically enrolled, may apply for
5 enrollment in this program at local family independence agency offices
6 or other designated sites.

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

9 (a) Physician services provided in private, clinic, or outpatient
10 office settings.

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

12 (c) Pharmaceutical services.

13 (5) Notwithstanding subsection (2)(b), the state may continue to
14 provide nursing facility coverage, including medically necessary
15 ancillary services, to individuals categorized as permanently residing
16 under color of law and who meet either of the following requirements:

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

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

23 Sec. 1432. (1) The department of community health is authorized
24 to pursue reimbursement for eligible services provided in Michigan
25 schools from the federal medicaid program. The department and the
26 state budget director are authorized to negotiate and enter into
27 agreements, together with the department of education, with local and
28 intermediate school districts regarding the sharing of federal
29 Medicaid services funds received for these services. The department
30 is authorized to receive and disburse funds to participating school

1 districts pursuant to such agreements and state and federal law.

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

5 (a) Finance activities within the medical services administration
6 related to this project.

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

10 (c) Offset general fund costs associated with the medical services
11 program.

12 Sec. 1433. The special medical services payments appropriation in
13 part 1 may be increased if the department submits a medical services
14 state plan amendment pertaining to this line item at a level higher
15 than the appropriation. The department is authorized to appropriately
16 adjust financing sources in accordance with the increased
17 appropriation.

18 Sec. 1434. (1) From the funds appropriated in part 1, the
19 department, subject to the requirements and limitations in this
20 section, shall establish a funding pool of up to \$44,012,800.00 for
21 the purpose of enhancing the aggregate payment for medical services
22 hospital services.

23 (2) For counties with populations in excess of 2,000,000 persons,
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
26 meets the criteria of an allowable state matching share as determined
27 by applicable federal laws and regulations. If the state receives a
28 lesser sum of an allowable state matching share from such a county,
29 the amount distributed shall be reduced accordingly.

30 (3) The department may establish county-based, indigent health

1 care programs that are at least equal in eligibility and coverage to
2 the fiscal year 1996 state medical program.

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

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