

SUBSTITUTE FOR  
HOUSE BILL NO. 4392

A bill to make appropriations for the department of community health and certain state purposes related to mental health, public health, and medical services for the fiscal year ending September 30, 2004; to provide for the expenditure of those appropriations; to create funds; to require and provide for reports; to prescribe the powers and duties of certain local and state agencies and departments; and to provide for disposition of fees and other income received by the various state agencies.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

## 1 PART 1

**2** LINE-ITEM APPROPRIATIONS - FISCAL YEAR 2003-2004

3       Sec. 101. Subject to the conditions set forth in this act, the  
4 amounts listed in this part are appropriated for the department of  
5 community health for the fiscal year ending September 30, 2004, from  
6 the funds indicated in this part. The following is a summary of the

1 appropriations in this part:

2 **DEPARTMENT OF COMMUNITY HEALTH**

3	Full-time equated unclassified positions.....	6.0	
4	Full-time equated classified positions.....	4,382.3	
5	Average population.....	995.0	
6	GROSS APPROPRIATION.....	\$	9,078,801,100
7	Interdepartmental grant revenues:		
8	Total interdepartmental grants and intradepartmental		
9	transfers.....	\$	69,204,800
10	ADJUSTED GROSS APPROPRIATION.....	\$	9,009,596,300
11	Federal revenues:		
12	Total federal revenues.....		4,845,868,100
13	Special revenue funds:		
14	Total local revenues.....		806,552,500
15	Total private revenues.....		57,844,000
16	Tobacco settlement revenue.....		137,468,200
17	Total other state restricted revenues.....		513,494,300
18	State general fund/general purpose.....	\$	2,648,369,200
19	<b>Sec. 102. DEPARTMENTWIDE ADMINISTRATION</b>		
20	Full-time equated unclassified positions.....	6.0	
21	Full-time equated classified positions.....	286.9	
22	Director and other unclassified--6.0 FTE positions..	\$	581,500
23	Community health advisory council.....		28,900
24	Departmental administration and management--265.5		
25	FTE positions.....		23,490,400
26	Certificate of need program administration--10.0 FTE		
27	positions.....		944,800

1	Worker's compensation program.....	10,381,100
2	Rent and building occupancy.....	8,300,100
3	Developmental disabilities council and	
4	projects--10.0 FTE positions.....	2,743,600
5	Rural health services.....	1,377,900
6	Michigan essential health care provider program.....	1,391,700
7	Primary care services--1.4 FTE positions.....	<u>2,790,100</u>
8	GROSS APPROPRIATION..... \$	52,030,100
9	Appropriated from:	
10	Interdepartmental grant revenues:	
11	Interdepartmental grant from the department of	
12	treasury, Michigan state hospital finance	
13	authority.....	101,600
14	Federal revenues:	
15	Total federal revenues.....	15,706,000
16	Special revenue funds:	
17	Total private revenues.....	185,900
18	Total other state restricted revenues.....	1,580,000
19	State general fund/general purpose..... \$	34,456,600
20	<b>Sec. 103. MENTAL HEALTH/SUBSTANCE ABUSE SERVICES</b>	
21	<b>ADMINISTRATION AND SPECIAL PROJECTS</b>	
22	Full-time equated classified positions.....83.3	
23	Mental health/substance abuse program	
24	administration--83.3 FTE positions..... \$	9,135,900
25	Consumer involvement program.....	189,100
26	Gambling addiction.....	3,500,000
27	Protection and advocacy services support.....	777,400

1	Mental health initiatives for older persons.....	1,349,200
2	Community residential and support services.....	3,838,200
3	Highway safety projects.....	1,837,200
4	Federal and other special projects.....	<u>1,977,200</u>
5	GROSS APPROPRIATION..... \$	22,604,200
6	Appropriated from:	
7	Federal revenues:	
8	Total federal revenues.....	6,169,100
9	Special revenue funds:	
10	Total private revenues.....	190,000
11	Total other state restricted revenues.....	3,682,300
12	State general fund/general purpose..... \$	12,562,800
13	<b>Sec. 104. COMMUNITY MENTAL HEALTH/SUBSTANCE ABUSE</b>	
14	<b>SERVICES PROGRAMS</b>	
15	Full-time equated classified positions.....2.5	
16	Medicaid mental health services..... \$	1,350,092,900
17	Community mental health non-Medicaid services.....	328,394,100
18	Medicaid adult benefits waiver.....	40,000,000
19	Multicultural services.....	3,663,800
20	Medicaid substance abuse services.....	27,333,700
21	Respite services.....	1,000,000
22	CMHSP, purchase of state services contracts.....	98,412,200
23	Civil service charges.....	2,065,500
24	Federal mental health block grant--2.5 FTE positions	15,317,400
25	State disability assistance program substance abuse	
26	services.....	2,509,800
27	Community substance abuse prevention, education and	

1	treatment programs.....		<u>80,548,400</u>
2	GROSS APPROPRIATION.....	\$	1,949,337,800
3	Appropriated from:		
4	Federal revenues:		
5	Total federal revenues.....		874,767,200
6	Special revenue funds:		
7	Total local revenues.....		26,000,000
8	Total other state restricted revenues.....		3,042,400
9	State general fund/general purpose.....	\$	1,045,528,200
10	<b>Sec. 105. STATE PSYCHIATRIC HOSPITALS, CENTERS</b>		
11	<b>FOR PERSONS WITH DEVELOPMENTAL DISABILITIES, AND</b>		
12	<b>FORENSIC AND PRISON MENTAL HEALTH SERVICES</b>		
13	Total average population.....		995.0
14	Full-time equated classified positions.....		3,060.4
15	Caro regional mental health center-psychiatric		
16	hospital-adult--409.2 FTE positions.....	\$	36,376,400
17	Average population.....		167.0
18	Kalamazoo psychiatric hospital-adult--317.9 FTE		
19	positions.....		20,568,200
20	Average population.....		115.0
21	Walter P. Reuther psychiatric hospital-adult--452.0		
22	FTE positions.....		38,718,800
23	Average population.....		244.0
24	Hawthorn center-psychiatric hospital-children and		
25	adolescents--242.6 FTE positions.....		20,370,500
26	Average population.....		80.0
27	Mount Pleasant center-developmental		

1	disabilities--428.1 FTE positions.....	29,107,100
2	Average population.....164.0	
3	Center for forensic psychiatry--495.0 FTE positions.	41,785,400
4	Average population.....225.0	
5	Forensic mental health services provided to the	
6	department of corrections--704.6 FTE positions....	68,120,600
7	Revenue recapture.....	750,000
8	IDEA, federal special education.....	120,000
9	Special maintenance and equipment.....	335,300
10	Purchase of medical services for residents of	
11	hospitals and centers.....	1,358,200
12	Closed site, transition, and related costs--11.0 FTE	
13	positions.....	1,067,200
14	Severance pay.....	216,900
15	Gifts and bequests for patient living and treatment	
16	environment.....	<u>500,000</u>
17	GROSS APPROPRIATION..... \$	259,394,600
18	Appropriated from:	
19	Interdepartmental grant revenues:	
20	Interdepartmental grant from the department of	
21	corrections.....	68,120,600
22	Federal revenues:	
23	Total federal revenues.....	28,708,500
24	Special revenue funds:	
25	CMHSP, purchase of state services contracts.....	98,412,200
26	Other local revenues.....	15,228,300
27	Total private revenues.....	500,000

1	Total other state restricted revenues.....	7,034,600
2	State general fund/general purpose..... \$	41,390,400
3	<b>Sec. 106. PUBLIC HEALTH ADMINISTRATION</b>	
4	Full-time equated classified positions.....76.3	
5	Executive administration--7.0 FTE positions..... \$	1,014,300
6	Minority health grants and contracts.....	650,000
7	Vital records and health statistics--69.3 FTE	
8	positions.....	<u>6,141,700</u>
9	GROSS APPROPRIATION..... \$	7,806,000
10	Appropriated from:	
11	Interdepartmental grant revenues:	
12	Interdepartmental grant from family independence	
13	agency.....	447,800
14	Federal revenues:	
15	Total federal revenues.....	2,045,100
16	Special revenue funds:	
17	Total other state restricted revenues.....	2,963,400
18	State general fund/general purpose..... \$	2,349,700
19	<b>Sec. 107. INFECTIOUS DISEASE CONTROL</b>	
20	Full-time equated classified positions.....51.3	
21	AIDS prevention, testing and care programs--13.0 FTE	
22	positions..... \$	29,158,600
23	Immunization local agreements.....	13,990,300
24	Immunization program management and field	
25	support--14.0 FTE positions.....	1,582,100
26	Sexually transmitted disease control local	
27	agreements.....	3,494,900

1	Sexually transmitted disease control management and	
2	field support--24.3 FTE positions.....	<u>3,377,100</u>
3	GROSS APPROPRIATION..... \$	51,603,000
4	Appropriated from:	
5	Federal revenues:	
6	Total federal revenues.....	37,593,000
7	Special revenue funds:	
8	Total private revenues.....	1,847,000
9	Total other state restricted revenues.....	7,550,000
10	State general fund/general purpose..... \$	4,613,000
11	<b>Sec. 108. LABORATORY SERVICES</b>	
12	Full-time equated classified positions.....115.2	
13	Laboratory services--115.2 FTE positions..... \$	<u>12,091,600</u>
14	GROSS APPROPRIATION..... \$	12,091,600
15	Appropriated from:	
16	Interdepartmental grant revenues:	
17	Interdepartmental grant from environmental quality..	392,100
18	Federal revenues:	
19	Total federal revenues.....	2,040,100
20	Special revenue funds:	
21	Total other state restricted revenues.....	3,131,300
22	State general fund/general purpose..... \$	6,528,100
23	<b>Sec. 109. EPIDEMIOLOGY</b>	
24	Full-time equated classified positions.....90.0	
25	AIDS surveillance and prevention program..... \$	1,883,100
26	Asthma prevention and control.....	1,032,300
27	Bioterrorism preparedness--59.5 FTE positions.....	34,157,700



1	Epidemiology administration--30.5 FTE positions.....	5,375,700
2	Tuberculosis control and recalcitrant AIDS program..	<u>867,000</u>
3	GROSS APPROPRIATION..... \$	43,315,800
4	Appropriated from:	
5	Federal revenues:	
6	Total federal revenues.....	41,197,400
7	Special revenue funds:	
8	Total other state restricted revenues.....	179,000
9	State general fund/general purpose..... \$	1,939,400
10	<b>Sec. 110. LOCAL HEALTH ADMINISTRATION AND GRANTS</b>	
11	Full-time equated classified positions.....3.0	
12	Implementation of 1993 PA 133, MCL 333.17015..... \$	100,000
13	Lead abatement program--3.0 FTE positions.....	1,550,200
14	Local health services.....	220,000
15	Local public health operations.....	40,618,400
16	Medical services cost reimbursement to local health	
17	departments.....	<u>1,800,000</u>
18	GROSS APPROPRIATION..... \$	44,288,600
19	Appropriated from:	
20	Federal revenues:	
21	Total federal revenues.....	3,249,100
22	Special revenue funds:	
23	Total other state restricted revenues.....	344,600
24	State general fund/general purpose..... \$	40,694,900
25	<b>Sec. 111. CHRONIC DISEASE AND INJURY PREVENTION</b>	
26	<b>AND HEALTH PROMOTION</b>	
27	Full-time equated classified positions.....41.6	

1	African-American male health initiative.....	\$	106,700
2	AIDS and risk reduction clearinghouse and media		
3	campaign.....		1,576,000
4	Alzheimer's information network.....		440,000
5	Cancer prevention and control program--10.6 FTE		
6	positions.....		11,043,100
7	Chronic disease prevention.....		1,572,400
8	Diabetes and kidney program--8.0 FTE positions.....		2,953,900
9	Health education, promotion, and research		
10	programs--11.0 FTE positions.....		938,800
11	Injury control intervention project.....		714,900
12	Obesity program.....		250,000
13	Public health traffic safety coordination.....		350,000
14	Smoking prevention program--12.0 FTE positions.....		4,852,700
15	Tobacco tax collection and enforcement.....		810,000
16	Violence prevention.....		<u>1,446,900</u>
17	GROSS APPROPRIATION.....	\$	27,055,400
18	Appropriated from:		
19	Federal revenues:		
20	Total federal revenues.....		15,493,200
21	Special revenue funds:		
22	Total other state restricted revenues.....		9,891,800
23	State general fund/general purpose.....	\$	1,670,400
24	<b>Sec. 112. COMMUNITY LIVING, CHILDREN, AND</b>		
25	<b>FAMILIES</b>		
26	Full-time equated classified positions.....		72.0
27	Childhood lead program--5.0 FTE positions.....	\$	1,470,700

1	Children's waiver home care program.....	19,549,800
2	Community living, children, and families	
3	administration--60.0 FTE positions.....	7,074,100
4	Dental programs.....	485,400
5	Dental program for persons with developmental	
6	disabilities.....	151,000
7	Family planning local agreements.....	11,318,100
8	Family support subsidy.....	15,593,500
9	Housing and support services.....	5,579,300
10	Local MCH services.....	13,050,200
11	Migrant health care.....	200,000
12	Newborn screening follow-up and treatment services..	2,428,000
13	Omnibus budget reconciliation act	
14	implementation--7.0 FTE positions.....	12,770,500
15	Pediatric AIDS prevention and control.....	1,026,300
16	Pregnancy prevention program.....	5,846,100
17	Prenatal care outreach and service delivery support.	3,049,300
18	Southwest community partnership.....	996,700
19	Special projects.....	5,274,500
20	Sudden infant death syndrome program.....	<u>321,300</u>
21	GROSS APPROPRIATION..... \$	106,184,800
22	Appropriated from:	
23	Federal revenues:	
24	Total federal revenues.....	75,804,200
25	Special revenue funds:	
26	Total private revenues.....	261,100
27	Total other state restricted revenues.....	10,540,000

1	State general fund/general purpose.....	\$	19,579,500
2	<b>Sec. 113. WOMEN, INFANTS, AND CHILDREN FOOD AND</b>		
3	<b>NUTRITION PROGRAMS</b>		
4	Full-time equated classified positions.....	41.0	
5	Women, infants, and children program administration		
6	and special projects--41.0 FTE positions.....	\$	5,600,100
7	Women, infants, and children program local		
8	agreements and food costs.....		<u>181,392,100</u>
9	GROSS APPROPRIATION.....	\$	186,992,200
10	Appropriated from:		
11	Federal revenues:		
12	Total federal revenues.....		136,644,900
13	Special revenue funds:		
14	Total private revenues.....		50,347,300
15	State general fund/general purpose.....	\$	0
16	<b>Sec. 114. CHILDREN'S SPECIAL HEALTH CARE SERVICES</b>		
17	Full-time equated classified positions.....	66.6	
18	Children's special health care services		
19	administration--66.6 FTE positions.....	\$	4,478,800
20	Amputee program.....		184,600
21	Bequests for care and services.....		1,829,600
22	Case management services.....		3,773,500
23	Conveyor contract.....		513,500
24	Medical care and treatment.....		<u>156,247,200</u>
25	GROSS APPROPRIATION.....	\$	167,027,200
26	Appropriated from:		
27	Federal revenues:		

1	Total federal revenues.....	79,815,600
2	Special revenue funds:	
3	Total private revenues.....	1,000,000
4	Total other state restricted revenues.....	650,000
5	State general fund/general purpose..... \$	85,561,600
6	<b>Sec. 115. OFFICE OF DRUG CONTROL POLICY</b>	
7	Full-time equated classified positions.....17.0	
8	Drug control policy--17.0 FTE positions..... \$	1,973,400
9	Anti-drug abuse grants.....	26,859,200
10	IDG to judiciary for drug treatment courts.....	<u>1,800,000</u>
11	GROSS APPROPRIATION..... \$	30,632,600
12	Appropriated from:	
13	Federal revenues:	
14	Total federal revenues.....	30,246,600
15	State general fund/general purpose..... \$	386,000
16	<b>Sec. 116. CRIME VICTIM SERVICES COMMISSION</b>	
17	Full-time equated classified positions.....9.0	
18	Grants administration services--9.0 FTE positions... \$	1,080,500
19	Justice assistance grants.....	13,000,000
20	Crime victim rights services grants.....	<u>8,265,300</u>
21	GROSS APPROPRIATION..... \$	22,345,800
22	Appropriated from:	
23	Federal revenues:	
24	Total federal revenues.....	13,946,900
25	Special revenue funds:	
26	Total other state restricted revenues.....	7,984,400
27	State general fund/general purpose..... \$	414,500

1	<b>Sec. 117. OFFICE OF SERVICES TO THE AGING</b>		
2	Full-time equated classified positions.....	32.5	
3	Commission (per diem \$50.00).....	\$	10,500
4	Office of services to aging administration--	32.5 FTE	
5	positions.....		4,167,800
6	Community services.....		35,286,100
7	Nutrition services.....		38,191,200
8	Senior volunteer services.....		5,645,900
9	Senior citizen centers staffing and equipment.....		1,068,700
10	Employment assistance.....		2,818,300
11	Respite care program.....		<u>7,100,000</u>
12	GROSS APPROPRIATION.....	\$	94,288,500
13	Appropriated from:		
14	Federal revenues:		
15	Total federal revenues.....		52,094,300
16	Special revenue funds:		
17	Tobacco settlement revenue.....		5,000,000
18	Total other state restricted revenues.....		2,267,000
19	State general fund/general purpose.....	\$	34,927,200
20	<b>Sec. 118. MEDICAL SERVICES ADMINISTRATION</b>		
21	Full-time equated classified positions.....	333.7	
22	Medical services administration--	333.7 FTE positions	\$ 39,319,900
23	Facility inspection contract - state police.....		132,800
24	MIChild administration.....		<u>4,327,800</u>
25	GROSS APPROPRIATION.....	\$	43,780,500
26	Appropriated from:		
27	Federal revenues:		

1	Total federal revenues.....	29,512,300
2	Special revenue funds:	
3	State general fund/general purpose..... \$	14,268,200
4	<b>Sec. 119. MEDICAL SERVICES</b>	
5	Hospital services and therapy..... \$	833,077,400
6	Hospital disproportionate share payments.....	45,000,000
7	Physician services.....	205,468,700
8	Medicare premium payments.....	166,046,600
9	Pharmaceutical services.....	477,438,800
10	Home health services.....	28,887,900
11	Transportation.....	8,918,200
12	Auxiliary medical services.....	75,478,000
13	Ambulance services.....	5,000,000
14	Long-term care services.....	1,490,390,400
15	Elder prescription insurance coverage.....	68,011,800
16	Health plan services.....	1,437,028,400
17	MIChild program.....	36,875,600
18	Medicaid adult benefits waiver.....	178,707,600
19	Maternal and child health.....	9,234,500
20	Social services to the physically disabled.....	1,344,900
21	Subtotal basic medical services program.....	5,066,908,800
22	School-based services.....	69,159,500
23	Special adjustor payments.....	791,338,100
24	Subtotal special medical services payments.....	<u>860,497,600</u>
25	GROSS APPROPRIATION..... \$	5,927,406,400
26	Appropriated from:	
27	Federal revenues:	

1	Total federal revenues.....	3,383,530,400
2	Special revenue funds:	
3	Total local revenues.....	666,912,000
4	Total private revenues.....	3,512,700
5	Tobacco settlement revenue.....	132,468,200
6	Total other state restricted revenues.....	450,859,700
7	State general fund/general purpose..... \$	1,290,123,400
8	<b>Sec. 120. INFORMATION TECHNOLOGY</b>	
9	Information technology services and projects..... \$	<u>30,616,000</u>
10	GROSS APPROPRIATION..... \$	30,616,000
11	Appropriated from:	
12	Interdepartmental grant revenues:	
13	Interdepartmental grant from the department of	
14	corrections.....	142,700
15	Federal revenues:	
16	Total federal revenues.....	17,304,200
17	Special revenue funds:	
18	Total other state restricted revenues.....	1,793,800
19	State general fund/general purpose..... \$	11,375,300

20 PART 2

21 PROVISIONS CONCERNING APPROPRIATIONS FOR FISCAL YEAR 2003-2004

22 **GENERAL SECTIONS**

23 Sec. 201. Pursuant to section 30 of article IX of the state

24 constitution of 1963, total state spending from state resources under

25 part 1 for fiscal year 2003-2004 is \$3,299,331,600.00 and state



1 spending from state resources to be paid to units of local government  
 2 for fiscal year 2003-2004 is \$1,060,415,000.00. The itemized  
 3 statement below identifies appropriations from which spending to units  
 4 of local government will occur:  
 5 DEPARTMENT OF COMMUNITY HEALTH  
 6 DEPARTMENTWIDE ADMINISTRATION  
 7     Departmental administration and management..... \$       11,657,700  
 8     Rural health services.....                               35,000  
 9 MENTAL HEALTH/SUBSTANCE ABUSE SERVICES ADMINISTRATION  
 10 AND SPECIAL PROJECTS  
 11     Mental health initiatives for older persons.....       1,049,200  
 12 COMMUNITY MENTAL HEALTH/SUBSTANCE ABUSE SERVICES  
 13 PROGRAMS  
 14     State disability assistance program substance  
 15     abuse services.....                               2,509,800  
 16     Community substance abuse prevention, education,  
 17     and treatment programs.....                       19,133,500  
 18     Medicaid mental health services.....           595,525,800  
 19     Community mental health non-Medicaid services..... 326,811,700  
 20     Multicultural services.....                       3,663,800  
 21     Medicaid substance abuse services.....       12,056,900  
 22     Respite services.....                               1,000,000  
 23 INFECTIOUS DISEASE CONTROL  
 24     AIDS prevention, testing and care programs.....   1,466,800  
 25     Immunization local agreements.....               2,973,900  
 26     Sexually transmitted disease control local  
 27     agreements.....                               406,100

1	LOCAL HEALTH ADMINISTRATION AND GRANTS	
2	Local public health operations.....	40,618,400
3	CHRONIC DISEASE AND INJURY PREVENTION AND HEALTH	
4	PROMOTION	
5	Smoking prevention program.....	1,898,400
6	COMMUNITY LIVING, CHILDREN, AND FAMILIES	
7	Childhood lead program.....	85,000
8	Family planning local agreements.....	1,142,200
9	Local MCH services.....	246,100
10	Omnibus budget reconciliation act implementation....	2,030,800
11	Prenatal care outreach and service delivery support.	610,000
12	CHILDREN'S SPECIAL HEALTH CARE SERVICES	
13	Case management services.....	3,169,900
14	MEDICAL SERVICES	
15	Transportation.....	1,175,300
16	OFFICE OF SERVICES TO THE AGING	
17	Community services.....	12,530,300
18	Nutrition services.....	12,439,500
19	Senior volunteer services.....	517,500
20	CRIME VICTIM SERVICES COMMISSION	
21	Crime victim rights services grants.....	<u>5,661,300</u>
22	TOTAL OF PAYMENTS TO LOCAL UNITS	
23	OF GOVERNMENT.....	\$ 1,060,415,000
24	Sec. 202. (1) The appropriations authorized under this act are	
25	subject to the management and budget act, 1984 PA 431, MCL 18.1101 to	
26	18.1594.	
27	(2) Funds for which the state is acting as the custodian or agent	

1 are not subject to annual appropriation.

2 Sec. 203. As used in this act:

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

4 (b) "CMHSP" means a community mental health services program as  
5 that term is defined in section 100a of the mental health code, 1974  
6 PA 258, MCL 330.1100a.

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

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

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

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

13 (g) "EPSDT" means early and periodic screening, diagnosis, and  
14 treatment.

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

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

17 (j) "Health plan" means, at a minimum, an organization that meets  
18 the criteria for delivering the comprehensive package of services under  
19 the department's comprehensive health plan.

20 (k) "HMO" means health maintenance organization.

21 (l) "IDEA" means individual disability education act.

22 (m) "IDG" means interdepartmental grant.

23 (n) "MCH" means maternal and child health.

24 (o) "MiChild" means the program described in section 1670.

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

26 (q) "Specialty prepaid health plan" means a program described in  
27 section 232b of the mental health code, 1974 PA 258, MCL 330.1232b.

1 (r) "Title XVIII" means title XVIII of the social security act,  
2 chapter 531, 49 Stat. 620, 42 U.S.C. 1395 to 1395b, 1395b-2, 1395b-6 to  
3 1395b-7, 1395c to 1395i, 1395i-2 to 1395i-5, 1395j to 1395t, 1395u to  
4 1395w, 1395w-2 to 1395w-4, 1395w-21 to 1395w-28, 1395x to 1395yy, and  
5 1395bbb to 1395ggg.

6 (s) "Title XIX" means title XIX of the social security act, chapter  
7 531, 49 Stat. 620, 42 U.S.C. 1396 to 1396r-6 and 1396r-8 to 1396v.

8 (t) "Title XX" means title XX of the social security act, chapter  
9 531, 49 Stat. 620, 49 U.S.C. 1397 to 1397f.

10 (u) "WIC" means women, infants, and children supplemental nutrition  
11 program.

12 Sec. 204. The department of civil service shall bill departments  
13 and agencies at the end of the first fiscal quarter for the 1% charge  
14 authorized by section 5 of article XI of the state constitution of  
15 1963. Payments shall be made for the total amount of the billing by  
16 the end of the second fiscal quarter.

17 Sec. 205. (1) A hiring freeze is imposed on the state classified  
18 civil service. State departments and agencies are prohibited from  
19 hiring any new state classified civil service employees and prohibited  
20 from filling any vacant state classified civil service positions.  
21 This hiring freeze does not apply to internal transfers of classified  
22 employees from 1 position to another within a department.

23 (2) The state budget director shall grant exceptions to this  
24 hiring freeze when the state budget director believes that the hiring  
25 freeze will result in rendering a state department or agency unable to  
26 deliver basic services, cause loss of revenue to the state, result in  
27 the inability of the state to receive federal funds, or would

1 necessitate additional expenditures that exceed any savings from  
2 maintaining the vacancy. The state budget director shall report  
3 quarterly to the chairpersons of the senate and house of  
4 representatives standing committees on appropriations the number of  
5 exceptions to the hiring freeze approved during the previous quarter  
6 and the reasons to justify the exception.

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

13       (2) In addition to the funds appropriated in part 1, there is  
14 appropriated an amount not to exceed \$20,000,000.00 for  
15 state-restricted contingency funds. These funds are not available for  
16 expenditure until they have been transferred to another line item in  
17 this act under section 393(2) of the management and budget act, 1984  
18 PA 431, MCL 18.1393.

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

25       (4) In addition to the funds appropriated in part 1, there is  
26 appropriated an amount not to exceed \$10,000,000.00 for private  
27 contingency funds. These funds are not available for expenditure

1 until they have been transferred to another line item in this act  
2 under section 393(2) of the management and budget act, 1984 PA 431,  
3 MCL 18.1393.

4       Sec. 207. Sixty days before beginning any effort to privatize  
5 services, the department shall submit a complete project plan to the  
6 appropriate senate and house of representatives appropriations  
7 subcommittees and the senate and house fiscal agencies. The plan  
8 shall include the criteria under which the privatization initiative  
9 will be evaluated. The evaluation shall be completed and submitted to  
10 the appropriate senate and house of representatives appropriations  
11 subcommittees and the senate and house fiscal agencies within 30  
12 months.

13       Sec. 208. Unless otherwise specified, the department shall use  
14 the Internet to fulfill the reporting requirements of this act. This  
15 requirement may include transmission of reports via electronic mail to  
16 the recipients identified for each reporting requirement or it may  
17 include placement of reports on the Internet or Intranet site.

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

22       (2) Funds appropriated in part 1 shall not be used for the  
23 purchase of out-of-state goods or services, or both, if competitively  
24 priced and comparable quality Michigan goods or services, or both, are  
25 available.

26       Sec. 210. (1) The director shall take all reasonable steps to  
27 ensure businesses in deprived and depressed communities compete for

1 and perform contracts to provide services or supplies, or both. The  
 2 director shall strongly encourage firms with which the department  
 3 contracts to subcontract with certified businesses in depressed and  
 4 deprived communities for services, supplies, or both.

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

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

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

22	(a) Maternal and child health block grant.....	\$ 21,714,000
23	(b) Preventive health and health services block	
24	grant.....	4,982,500
25	(c) Substance abuse block grant.....	60,095,600
26	(d) Healthy Michigan fund.....	56,617,100
27	(e) Michigan health initiative.....	9,060,200

1       (2) On or before February 1, 2004, the department shall report to  
2 the house of representatives and senate appropriations subcommittees  
3 on community health, the house and senate fiscal agencies, and the  
4 state budget director on the detailed name and amounts of federal,  
5 restricted, private, and local sources of revenue that support the  
6 appropriations in each of the line items in part 1 of this act.

7       (3) Upon the release of the fiscal year 2004-2005 executive budget  
8 recommendation, the department shall report to the same parties in  
9 subsection (2) on the amounts and detailed sources of federal,  
10 restricted, private, and local revenue proposed to support the total  
11 funds appropriated in each of the line items in part 1 of the fiscal  
12 year 2004-2005 executive budget proposal.

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

16       Sec. 213. The state departments, agencies, and commissions  
17 receiving tobacco tax funds from part 1 shall report by January 1,  
18 2004, to the senate and house of representatives appropriations  
19 committees, the senate and house fiscal agencies, and the state budget  
20 director on the following:

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

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

25       (c) Eligibility criteria for program participation and maximum  
26 benefit levels where applicable.

27       (d) Outcome measures to be used to evaluate programs.



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

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

8 Sec. 216. (1) In addition to funds appropriated in part 1 for  
9 all 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 2003-2004, but shall also include  
17 reimbursements, refunds, adjustments, and settlements from prior  
18 years.

19 (3) The department shall report by March 15, 2004 to the house of  
20 representatives and senate appropriations subcommittees on community  
21 health on all reimbursements, refunds, adjustments, and settlements  
22 from prior years.

23 Sec. 218. Basic health services for the purpose of part 23 of  
24 the public health code, 1978 PA 368, MCL 333.2301 to 333.2321, are:  
25 immunizations, communicable disease control, sexually transmitted  
26 disease control, tuberculosis control, prevention of gonorrhea eye  
27 infection in newborns, screening newborns for the 7 conditions listed

1 in section 5431(1)(a) through (g) of the public health code, 1978  
2 PA 368, MCL 333.5431, community health annex of the Michigan emergency  
3 management plan, and prenatal care.

4       Sec. 219. (1) The department may contract with the Michigan  
5 public health institute for the design and implementation of projects  
6 and for other public health related activities prescribed in section  
7 2611 of the public health code, 1978 PA 368, MCL 333.2611. The  
8 department may develop a master agreement with the institute to carry  
9 out these purposes for up to a 3-year period. The department shall  
10 report to the house of representatives and senate appropriations  
11 subcommittees on community health, the house and senate fiscal  
12 agencies, and the state budget director on or before November 1, 2003  
13 and May 1, 2004 all of the following:

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

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

18       (c) The expected project duration.

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

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

1       (3) On or before September 30, 2004, 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. 220. All contracts with the Michigan public health  
8 institute funded with appropriations in part 1 shall include a  
9 requirement that the Michigan public health institute submit to  
10 financial and performance audits by the state auditor general of  
11 projects funded with state appropriations.

12       Sec. 223. 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       Sec. 259. From the funds appropriated in part 1 for information  
19 technology, the department shall pay user fees to the department of  
20 information technology for technology-related services and projects.  
21 Such user fees shall be subject to provisions of an interagency  
22 agreement between the departments and agencies and the department of  
23 information technology.

24       Sec. 260. Amounts appropriated in part 1 for information  
25 technology may be designated as work projects and carried forward to  
26 support department of community health projects under the direction of  
27 the department of information technology. Funds designated in this

1 manner are not available for expenditure until approved as work  
2 projects under section 451a of the management and budget act, 1984  
3 PA 431, MCL 18.1451a.

4       Sec. 262. (1) The department shall provide the members of the  
5 house of representatives and senate appropriations subcommittees on  
6 community health and the house and senate fiscal agencies with a  
7 written explanation for all legislative transfers upon submission of  
8 the request for legislative transfer by the department of management  
9 and budget. The explanation should include reasons for not fully  
10 expending appropriated funds which shall include references to  
11 boilerplate language expressing intent for program implementation, if  
12 applicable, and transfers requested for work projects.

13       (2) The department shall provide an annual report of lapses by  
14 line item for this appropriation act.

15       Sec. 264. Upon submission of a Medicaid waiver, a Medicaid state  
16 plan amendment, or a similar proposal to the centers for Medicare and  
17 Medicaid services, the department shall notify the house of  
18 representatives and senate appropriations subcommittees on community  
19 health and the house and senate fiscal agencies of the submission.

20       Sec. 265. The departments and agencies receiving appropriations  
21 in part 1 shall receive and retain copies of all reports funded from  
22 appropriations in part 1. Federal and state guidelines for short-term  
23 and long-term retention of records shall be followed.

#### 24 **DEPARTMENTWIDE ADMINISTRATION**

25       Sec. 301. From funds appropriated for worker's compensation, the  
26 department may make payments in lieu of worker's compensation payments

1 for wage and salary and related fringe benefits for employees who  
2 return to work under limited duty assignments.

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

8       Sec. 304. The funds appropriated in part 1 for the Michigan  
9 essential health care provider program may also provide loan repayment  
10 for dentists that fit the criteria established by part 27 of the  
11 public health code, 1978 PA 368, MCL 333.2701 to 333.2727.

12       Sec. 305. The department is directed to continue support of  
13 multicultural agencies that provide primary care services from the  
14 funds appropriated in part 1.

15       Sec. 307. From the funds appropriated in part 1 for primary care  
16 services, an amount not to exceed \$2,790,100.00 is appropriated to  
17 enhance the service capacity of the federally qualified health centers  
18 and other health centers which are similar to federally qualified  
19 health centers.

20       Sec. 313. By November 1, 2003, the department shall report to  
21 the house of representatives and senate appropriations subcommittees  
22 on community health, the house and senate fiscal agencies, and the  
23 state budget director on activities undertaken by the department to  
24 address compulsive gambling.

25 **MENTAL HEALTH/SUBSTANCE ABUSE SERVICES ADMINISTRATION**  
26 **AND SPECIAL PROJECTS**

1       Sec. 350. The department may enter into a contract with the  
2 protection and advocacy service, authorized under section 931 of the  
3 mental health code, 1974 PA 258, MCL 330.1931, or a similar  
4 organization to provide legal services for purposes of gaining and  
5 maintaining occupancy in a community living arrangement which is under  
6 lease or contract with the department or a community mental health  
7 services program to provide services to persons with mental illness or  
8 developmental disability.

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

10   **PROGRAMS**

11       Sec. 401. Funds appropriated in part 1 are intended to support a  
12 system of comprehensive community mental health services under the  
13 full authority and responsibility of local CMHSPs or specialty prepaid  
14 health plans. The department shall ensure that each CMHSP or  
15 specialty prepaid health plan provides all of the following:

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

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

22       (c) The coordination of inpatient and outpatient hospital services  
23 through agreements with state-operated psychiatric hospitals, units,  
24 and centers in facilities owned or leased by the state, and  
25 privately-owned hospitals, units, and centers licensed by the state  
26 pursuant to sections 134 through 149b of the mental health code, 1974

1 PA 258, MCL 330.1134 to 330.1149b.

2 (d) Individualized plans of service that are sufficient to meet  
3 the needs of individuals, including those discharged from psychiatric  
4 hospitals or centers, and that ensure the full range of recipient  
5 needs is addressed through the CMHSP's or specialty prepaid health  
6 plan's program or through assistance with locating and obtaining  
7 services to meet these needs.

8 (e) A system of case management to monitor and ensure the  
9 provision of services consistent with the individualized plan of  
10 services or supports.

11 (f) A system of continuous quality improvement.

12 (g) A system to monitor and evaluate the mental health services  
13 provided.

14 (h) A system that serves at-risk and delinquent youth as required  
15 under the provisions of the mental health code, 1974 PA 258,  
16 MCL 330.1001 to 330.2106.

17 Sec. 402. (1) From funds appropriated in part 1, final  
18 authorizations to CMHSPs or specialty prepaid health plans shall be  
19 made upon the execution of contracts between the department and CMHSPs  
20 or specialty prepaid health plans. The contracts shall contain an  
21 approved plan and budget as well as policies and procedures governing  
22 the obligations and responsibilities of both parties to the  
23 contracts. Each contract with a CMHSP or specialty prepaid health  
24 plan that the department is authorized to enter into under this  
25 subsection shall include a provision that the contract is not valid  
26 unless the total dollar obligation for all of the contracts between  
27 the department and the CMHSPs or specialty prepaid health plans

1 entered into under this subsection for fiscal year 2003-2004 does not  
2 exceed the amount of money appropriated in part 1 for the contracts  
3 authorized under this subsection.

4 (2) The department shall immediately report to the senate and  
5 house of representatives appropriations subcommittees on community  
6 health, the senate and house fiscal agencies, and the state budget  
7 director if either of the following occurs:

8 (a) Any new contracts with CMHSPs or specialty prepaid health  
9 plans that would affect rates or expenditures are enacted.

10 (b) Any amendments to contracts with CMHSPs or specialty prepaid  
11 health plans that would affect rates or expenditures are enacted.

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

15 Sec. 403. From the funds appropriated in part 1 for  
16 multicultural services, the department shall ensure that CMHSPs or  
17 specialty prepaid health plans continue contracts with multicultural  
18 services providers.

19 Sec. 404. (1) Not later than May 31 of each fiscal year, the  
20 department shall provide a report on the community mental health  
21 services programs to the members of the house of representatives and  
22 senate appropriations subcommittees on community health, the house and  
23 senate fiscal agencies, and the state budget director that includes  
24 the information required by this section.

25 (2) The report shall contain information for each CMHSP or  
26 specialty prepaid health plan and a statewide summary, each of which  
27 shall include at least the following information:



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

4 (b) When the encounter data is available, a breakdown of clients  
5 served, by diagnosis. As used in this subdivision, "diagnosis" means  
6 a recipient's primary diagnosis, stated as a specifically named mental  
7 illness, emotional disorder, or developmental disability corresponding  
8 to terminology employed in the latest edition of the American  
9 psychiatric association's diagnostic and statistical manual.

10 (c) Per capita expenditures by client population group.

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

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

20 (f) Information about access to community mental health services  
21 programs which shall include, but not be limited to, the following:

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

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

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

27 (iv) The average length of time that people remained on waiting

1 lists for services.

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

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

9 (i) An estimate of the number of FTEs employed by the CMHSPs or  
10 specialty prepaid health plans or contracted with directly by the  
11 CMHSPs or specialty prepaid health plans as of September 30, 2003 and  
12 an estimate of the number of FTEs employed through contracts with  
13 provider organizations as of September 30, 2003.

14 (j) Lapses and carryforwards during fiscal year 2002-2003 for  
15 CMHSPs or specialty prepaid health plans.

16 (k) Contracts for mental health services entered into by CMHSPs or  
17 specialty prepaid health plans with providers, including amount and  
18 rates, organized by type of service provided.

19 (l) Information on the community mental health Medicaid managed  
20 care program, including, but not limited to, both of the following:

21 (i) Expenditures by each CMHSP or specialty prepaid health plan  
22 organized by Medicaid eligibility group, including per eligible  
23 individual expenditure averages.

24 (ii) Performance indicator information required to be submitted to  
25 the department in the contracts with CMHSPs or specialty prepaid  
26 health plans.

27 (3) The department shall include data reporting requirements

1 listed in subsection (2) in the annual contract with each individual  
2 CMHSP or specialty prepaid health plan.

3 (4) The department shall take all reasonable actions to ensure  
4 that the data required are complete and consistent among all CMHSPs or  
5 specialty prepaid health plans.

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

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

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

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

6       Sec. 408. (1) By April 15, 2004, the department shall report the  
7 following data from fiscal year 2002-2003 on substance abuse  
8 prevention, education, and treatment programs to the senate and house  
9 of representatives appropriations subcommittees on community health,  
10 the senate and house fiscal agencies, and the state budget office:

11       (a) Expenditures stratified by coordinating agency, by central  
12 diagnosis and referral agency, by fund source, by subcontractor, by  
13 population served, and by service type. Additionally, data on  
14 administrative expenditures by coordinating agency and by  
15 subcontractor shall be reported.

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

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

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

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

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

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

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

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

25       Sec. 412. The department shall contract directly with the  
26 Salvation Army harbor light program to provide non-Medicaid substance  
27 abuse services at not less than the amount contracted for in fiscal

1 year 2002-2003.

2       Sec. 414. Medicaid substance abuse treatment services shall be  
3 managed by selected CMHSPs or specialty prepaid health plans pursuant  
4 to the centers for Medicare and Medicaid services' approval of  
5 Michigan's 1915(b) waiver request to implement a managed care plan for  
6 specialized substance abuse services. The selected CMHSPs or  
7 specialty prepaid health plans 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 or specialty prepaid health plans  
11 shall be responsible for the reimbursement of claims for specialized  
12 substance abuse services. The CMHSPs or specialty prepaid health  
13 plans that are not coordinating agencies may continue to contract with  
14 a coordinating agency. Any alternative arrangement must be based on  
15 client service needs and have prior approval from the department.

16       Sec. 418. On or before the tenth of each month, the department  
17 shall report to the senate and house of representatives appropriations  
18 subcommittees on community health, the senate and house fiscal  
19 agencies, and the state budget director on the amount of funding paid  
20 to the CMHSPs or specialty prepaid health plans to support the  
21 Medicaid managed mental health care program in that month. The  
22 information shall include the total paid to each CMHSP or specialty  
23 prepaid health plan, per capita rate paid for each eligibility group  
24 for each CMHSP or specialty prepaid health plan, and number of cases  
25 in each eligibility group for each CMHSP or specialty prepaid health  
26 plan, and year-to-date summary of eligibles and expenditures for the  
27 Medicaid managed mental health care program.

1       Sec. 423. The department shall work cooperatively with the  
2 family independence agency and the departments of corrections,  
3 education, state police, and military and veterans affairs to  
4 coordinate and improve the delivery of substance abuse prevention,  
5 education, and treatment programs within existing appropriations. The  
6 department shall report by March 15, 2004 on the outcomes of this  
7 cooperative effort to the house of representatives and senate  
8 appropriations subcommittees on community health, the house and senate  
9 fiscal agencies, and the state budget director.

10       Sec. 424. Each community mental health services program or  
11 specialty prepaid health plan that contracts with the department to  
12 provide services to the Medicaid population shall adhere to the  
13 following timely claims processing and payment procedure for claims  
14 submitted by health professionals and facilities:

15       (a) A "clean claim" as described in section 111i of the social  
16 welfare act, 1939 PA 280, MCL 400.111i, must be paid within 45 days  
17 after receipt of the claim by the community mental health services  
18 program or specialty prepaid health plan. A clean claim that is not  
19 paid within this time frame shall bear simple interest at a rate of  
20 12% per annum.

21       (b) A community mental health services program or specialty  
22 prepaid health plan must state in writing to the health professional  
23 or facility any defect in the claim within 30 days after receipt of  
24 the claim.

25       (c) A health professional and a health facility have 30 days after  
26 receipt of a notice that a claim or a portion of a claim is defective  
27 within which to correct the defect. The community mental health

1 services program or specialty prepaid health plan shall pay the claim  
2 within 30 days after the defect is corrected.

3 Sec. 425. By April 1, 2004, the department, in conjunction with  
4 the department of corrections, shall report the following data from  
5 fiscal year 2002-2003 on mental health and substance abuse services to  
6 the house of representatives and senate appropriations subcommittees  
7 on community health and corrections, the house and senate fiscal  
8 agencies, and the state budget office:

9 (a) The number of prisoners receiving substance abuse services  
10 which shall include a description and breakdown on the type of  
11 substance abuse services provided to prisoners.

12 (b) The number of prisoners receiving mental health services which  
13 shall include a description and breakdown on the type of mental health  
14 services provided to prisoners.

15 (c) Data indicating if prisoners receiving mental health services  
16 were previously hospitalized in a state psychiatric hospital for  
17 persons with mental illness.

18 Sec. 428. (1) Each CMHSP and affiliation of CMHSPs shall  
19 provide, from internal resources, local funds to be used as a bona  
20 fide part of the state match required under the Medicaid program in  
21 order to increase capitation rates for CMHSPs and affiliations of  
22 CMHSPs. These funds shall not include either state funds received by  
23 a CMHSP for services provided to non-Medicaid recipients or the state  
24 matching portion of the Medicaid capitation payments made to a CMHSP  
25 or an affiliation of CMHSPs.

26 (2) The distribution of the aforementioned increases in the  
27 capitation payment rates, if any, shall be based on a formula



1 developed by a committee established by the department, including  
2 representatives from CMHSPs or affiliations of CMHSPs and department  
3 staff.

4       Sec. 435. A county required under the provisions of the mental  
5 health code, 1974 PA 258, MCL 330.1001 to 330.2106, to provide  
6 matching funds to a CMHSP for mental health services rendered to  
7 residents in its jurisdiction shall pay the matching funds in equal  
8 installments on not less than a quarterly basis throughout the fiscal  
9 year, with the first payment being made by October 1, 2003.

10       Sec. 439. (1) It is the intent of the legislature that the  
11 department, in conjunction with CMHSPs, support pilot projects that  
12 facilitate the movement of adults with mental illness from state  
13 psychiatric hospitals to community residential settings.

14       (2) The purpose of the pilot projects is to encourage the  
15 placement of persons with mental illness in community residential  
16 settings who may require any of the following:

- 17       (a) A secured and supervised living environment.
- 18       (b) Assistance in taking prescribed medications.
- 19       (c) Intensive case management services.
- 20       (d) Assertive community treatment team services.
- 21       (e) Alcohol or substance abuse treatment and counseling.
- 22       (f) Individual or group therapy.
- 23       (g) Day or partial day programming activities.
- 24       (h) Vocational, educational, or self-help training or activities.
- 25       (i) Other services prescribed to treat a person's mental illness  
26 to prevent the need for hospitalization.

27       (3) The pilot projects described in this section shall be

1 completely voluntary.

2 (4) The department shall provide semiannual reports to the house  
3 of representatives and senate appropriations subcommittees on  
4 community health, the state budget office, and the house and senate  
5 fiscal agencies as to any activities undertaken by the department and  
6 CMHSPs to pilot projects under this section.

7 Sec. 442. (1) It is the intent of the legislature that the  
8 \$40,000,000.00 in funding transferred from the community mental health  
9 non-Medicaid services line to support the Medicaid adult benefits  
10 waiver program be used to provide state match for increases in federal  
11 funding for primary care and specialty services provided to Medicaid  
12 adult benefits waiver enrollees and for economic increases for the  
13 Medicaid specialty services and supports program.

14 (2) The department shall assure that persons eligible for mental  
15 health services under the priority population sections of the mental  
16 health code, 1974 PA 258, MCL 330.1001 to 330.2106, will receive  
17 mandated services under this plan.

18 (3) Capitation payments to CMHSPs or specialty prepaid health  
19 plans for persons who become enrolled in the Medicaid adult benefits  
20 waiver program shall be made using the same rate methodology as  
21 payments for the current Medicaid beneficiaries.

22 (4) If enrollment in the Medicaid adult benefits waiver program  
23 does not achieve expectations and the funding appropriated for the  
24 Medicaid adult benefits waiver program for specialty services is not  
25 expended, the general fund balance shall be transferred back to the  
26 community mental health non-Medicaid services line. The department  
27 shall report quarterly to the senate and house of representatives

1 appropriation subcommittees on community health a summary of eligible  
2 expenditures for the Medicaid adult benefits waiver program by CMHSPs  
3 or specialty prepaid health plans.

4 (5) The department shall allow each CMHSP or specialty prepaid  
5 health plan to retain 50% of the unspent general fund/general purpose  
6 portion of funds allocated to the CMHSP or specialty prepaid health  
7 plan for services to be provided under the Medicaid specialty services  
8 and supports program.

9 Sec. 450. The department shall establish a work group comprised  
10 of CMHSPs or specialty prepaid health plans and departmental staff to  
11 recommend strategies to streamline audit requirements for CMHSPs or  
12 specialty prepaid health plans. The department shall report on the  
13 recommendations of the work group by March 31, 2004 to the house of  
14 representatives and senate appropriations subcommittees on community  
15 health, the house fiscal agency, the senate fiscal agency, and the  
16 state budget director.

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

20 Sec. 601. (1) In funding of staff in the financial support  
21 division, reimbursement, and billing and collection sections, priority  
22 shall be given to obtaining third-party payments for services.  
23 Collection from individual recipients of services and their families  
24 shall be handled in a sensitive and nonharassing manner.

25 (2) The department shall continue a revenue recapture project to  
26 generate additional revenues from third parties related to cases that  
27 have been closed or are inactive. Revenues collected through project

1 efforts are appropriated to the department for departmental costs and  
2 contractual fees associated with these retroactive collections and to  
3 improve ongoing departmental reimbursement management functions.

4       Sec. 602. Unexpended and unencumbered amounts and accompanying  
5 expenditure authorizations up to \$500,000.00 remaining on September  
6 30, 2004 from pay telephone revenues and the amounts appropriated in  
7 part 1 for gifts and bequests for patient living and treatment  
8 environments shall be carried forward for 1 fiscal year. The purpose  
9 of gifts and bequests for patient living and treatment environments is  
10 to use additional private funds to provide specific enhancements for  
11 individuals residing at state-operated facilities. Use of the gifts  
12 and bequests shall be consistent with the stipulation of the donor.  
13 The expected completion date for the use of gifts and bequests  
14 donations is within 3 years unless otherwise stipulated by the donor.

15       Sec. 603. The funds appropriated in part 1 for forensic mental  
16 health services provided to the department of corrections are in  
17 accordance with the interdepartmental plan developed in cooperation  
18 with the department of corrections. The department is authorized to  
19 receive and expend funds from the department of corrections in  
20 addition to the appropriations in part 1 to fulfill the obligations  
21 outlined in the interdepartmental agreements.

22       Sec. 604. (1) The CMHSPs or specialty prepaid health plans shall  
23 provide semiannual reports to the department on the following  
24 information:

25       (a) The number of days of care purchased from state hospitals and  
26 centers.

27       (b) The number of days of care purchased from private hospitals in

1 lieu of purchasing days of care from state hospitals and centers.

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

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

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

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

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

21 (3) Four months after the certification of closure required in  
22 section 19(6) of the state employees' retirement act, 1943 PA 240,  
23 MCL 38.19, the department shall provide a closure plan to the house of  
24 representatives and senate appropriations subcommittees on community  
25 health.

26 (4) Upon the closure of state-run operations and after  
27 transitional costs have been paid, the remaining balances of funds

1 appropriated for that operation shall be transferred to CMHSPs or  
2 specialty prepaid health plans responsible for providing services for  
3 persons previously served by the operations.

4       Sec. 606. The department may collect revenue for patient  
5 reimbursement from first- and third-party payers, including Medicaid,  
6 to cover the cost of placement in state hospitals and centers. The  
7 department is authorized to adjust financing sources for patient  
8 reimbursement based on actual revenues earned. If the revenue  
9 collected exceeds current year expenditures, the revenue may be  
10 carried forward with approval of the state budget director. The  
11 revenue carried forward shall be used as a first source of funds in  
12 the subsequent year.

### 13 **INFECTIOUS DISEASE CONTROL**

14       Sec. 801. In the expenditure of funds appropriated in part 1 for  
15 AIDS programs, the department and its subcontractors shall ensure that  
16 adolescents receive priority for prevention, education, and outreach  
17 services.

18       Sec. 802. In developing and implementing AIDS provider education  
19 activities, the department may provide funding to the Michigan state  
20 medical society to serve as lead agency to convene a consortium of  
21 health care providers, to design needed educational efforts, to fund  
22 other statewide provider groups, and to assure implementation of these  
23 efforts, in accordance with a plan approved by the department.

24       Sec. 803. The department shall continue the AIDS drug assistance  
25 program maintaining the prior year eligibility criteria and drug  
26 formulary. This section is not intended to prohibit the department

1 from providing assistance for improved AIDS treatment medications.

2 **EPIDEMIOLOGY**

3       Sec. 851. From the funds appropriated in part 1 for asthma  
4 prevention and control, \$190,800.00 of state funds shall be allocated  
5 for an asthma intervention program, including surveillance,  
6 community-based programs, and awareness and education. The department  
7 shall seek federal funds as they are made available for asthma  
8 programs.

9       Sec. 853. From the funds appropriated in part 1 for bioterrorism  
10 preparedness, \$1,000,000.00 shall be allocated for bioterrorism  
11 preparedness and response services to a multispecies laboratory and  
12 necropsy facility located in this state that is certified by the  
13 United States department of agriculture animal, plant, health  
14 inspection service, with a biosafety level 2/3 certification.

15 **LOCAL HEALTH ADMINISTRATION AND GRANTS**

16       Sec. 901. The amount appropriated in part 1 for implementation  
17 of the 1993 amendments to sections 9161, 16221, 16226, 17014, 17015,  
18 and 17515 of the public health code, 1978 PA 368, MCL 333.9161,  
19 333.16221, 333.16226, 333.17014, 333.17015, and 333.17515, shall  
20 reimburse local health departments for costs incurred related to  
21 implementation of section 17015(15) of the public health code, 1978  
22 PA 368, MCL 333.17015.

23       Sec. 902. If a county that has participated in a district health  
24 department or an associated arrangement with other local health  
25 departments takes action to cease to participate in such an  
26 arrangement after October 1, 2003, the department shall have the

1 authority to assess a penalty from the local health department's  
2 operational accounts in an amount equal to no more than 5% of the  
3 local health department's local public health operations funding.  
4 This penalty shall only be assessed to the local county that requests  
5 the dissolution of the health department.

6       Sec. 903. The department shall provide a report annually to the  
7 house of representatives and senate appropriations subcommittees on  
8 community health, the senate and house fiscal agencies, and the state  
9 budget director on the expenditures and activities undertaken by the  
10 lead abatement program. The report shall include, but is not limited  
11 to, a funding allocation schedule, expenditures by category of  
12 expenditure and by subcontractor, revenues received, description of  
13 program elements, and description of program accomplishments and  
14 progress.

15       Sec. 904. (1) Funds appropriated in part 1 for local public  
16 health operations shall be prospectively allocated to local health  
17 departments to support immunizations, infectious disease control,  
18 sexually transmitted disease control and prevention, hearing  
19 screening, vision services, food protection, public water supply,  
20 private groundwater supply, and on-site sewage management. Food  
21 protection shall be provided in consultation with the Michigan  
22 department of agriculture. Public water supply, private groundwater  
23 supply, and on-site sewage management shall be provided in  
24 consultation with the Michigan department of environmental quality.

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

27       (3) Distributions in subsection (1) shall be made only to counties



1 that maintain local spending in fiscal year 2003-2004 of at least the  
2 amount expended in fiscal year 1992-1993 for the services described in  
3 subsection (1).

4 (4) By April 1, 2004, the department shall make available upon  
5 request a report to the senate or house of representatives  
6 appropriations subcommittee on community health, the senate or house  
7 fiscal agency, or the state budget director on the planned allocation  
8 of the funds appropriated for local public health operations.

9 **CHRONIC DISEASE AND INJURY PREVENTION AND HEALTH**

10 **PROMOTION**

11 Sec. 1001. From the state funds appropriated in part 1, the  
12 department shall allocate funds to promote awareness, education, and  
13 early detection of breast, cervical, prostate, and colorectal cancer,  
14 and provide for other health promotion media activities.

15 Sec. 1002. (1) Provision of the school health education  
16 curriculum, such as the Michigan model or another comprehensive school  
17 health education curriculum, shall be in accordance with the health  
18 education goals established by the Michigan model for the  
19 comprehensive school health education state steering committee. The  
20 state steering committee shall be comprised of a representative from  
21 each of the following offices and departments:

22 (a) The department of education.

23 (b) The department of community health.

24 (c) The health administration in the department of community  
25 health.

26 (d) The bureau of mental health and substance abuse services in

1 the department of community health.

2 (e) The family independence agency.

3 (f) The department of state police.

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

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

19 Sec. 1006. In spending the funds appropriated in part 1 for the  
20 smoking prevention program, priority shall be given to prevention and  
21 smoking cessation programs for pregnant women, women with young  
22 children, and adolescents.

23 Sec. 1007. (1) The funds appropriated in part 1 for violence  
24 prevention shall be used for, but not be limited to, the following:

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

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

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

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

7       Sec. 1009. From the funds appropriated in part 1 for the  
8 diabetes and kidney program, a portion of the funds may be allocated  
9 to the National Kidney Foundation of Michigan for kidney disease  
10 prevention programming including early identification and education  
11 programs and kidney disease prevention demonstration projects.

12       Sec. 1019. From the funds appropriated in part 1 for chronic  
13 disease prevention, \$50,000.00 shall be allocated for stroke  
14 prevention, education, and outreach. The objectives of the program  
15 shall include education to assist persons in identifying risk factors,  
16 and education to assist persons in the early identification of the  
17 occurrence of a stroke in order to minimize stroke damage.

18       Sec. 1020. From the funds appropriated in part 1 for chronic  
19 disease prevention, \$55,000.00 shall be allocated for a childhood and  
20 adult arthritis program.

21       Sec. 1028. Contingent on the availability of state restricted  
22 healthy Michigan fund money or federal preventive health and health  
23 services block grant fund money, funds shall be appropriated for the  
24 African-American male health initiative.

25       Sec. 1029. Contingent on the availability of state restricted  
26 healthy Michigan fund money or federal preventive health and health  
27 services block grant fund money, funds shall be appropriated for the

1 Morris Hood Wayne State University diabetes outreach program.

2 **COMMUNITY LIVING, CHILDREN, AND FAMILIES**

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

10       Sec. 1104. Before April 1, 2004, the department shall submit a  
11 report to the house and senate fiscal agencies and the state budget  
12 director on planned allocations from the amounts appropriated in part  
13 1 for local MCH services, prenatal care outreach and service delivery  
14 support, family planning local agreements, and pregnancy prevention  
15 programs. Using applicable federal definitions, the report shall  
16 include information on all of the following:

17       (a) Funding allocations.

18       (b) Actual number of women, children, and/or adolescents served  
19 and amounts expended for each group for the fiscal year 2002-2003.

20       Sec. 1105. For all programs for which an appropriation is made  
21 in part 1, the department shall contract with those local agencies  
22 best able to serve clients. Factors to be used by the department in  
23 evaluating agencies under this section shall include ability to serve  
24 high-risk population groups; ability to serve low-income clients,  
25 where applicable; availability of, and access to, service sites;  
26 management efficiency; and ability to meet federal standards, when

1 applicable.

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

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

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

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

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

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

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

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

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

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

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

15 Sec. 1108. The funds appropriated in part 1 for pregnancy  
16 prevention programs shall not be used to provide abortion counseling,  
17 referrals, or services.

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

24 (2) Not later than December 1 of the current fiscal year, the  
25 department shall make available upon request a report to the senate or  
26 house of representatives appropriations subcommittee on community  
27 health or the senate or house of representatives standing committee on

1 health policy the number of individual patients treated, number of  
2 procedures performed, and approximate total market value of those  
3 procedures through September 30, 2003.

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

9       Sec. 1111. The department shall allocate no less than 87% of the  
10 funds appropriated in part 1 for family planning local agreements and  
11 the pregnancy prevention program for the direct provision of family  
12 planning/pregnancy prevention services.

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

17       Sec. 1128. The department shall make every effort to maximize  
18 the receipt of federal Medicaid funds to support the activities of the  
19 migrant health care line item.

20       Sec. 1129. The department shall provide a report annually to the  
21 house of representatives and senate appropriations subcommittees on  
22 community health, the house and senate fiscal agencies, and the state  
23 budget director on the number of children with elevated blood lead  
24 levels from information available to the department. The report shall  
25 provide the information by county, shall include the level of blood  
26 lead reported, and shall indicate the sources of the information.

27       Sec. 1133. The department shall release infant mortality rate

1 data to all local public health departments no later than 48 hours  
2 prior to releasing infant mortality rate data to the public.

### 3 **WOMEN, INFANTS, AND CHILDREN FOOD AND NUTRITION PROGRAM**

4 Sec. 1151. The department may work with local participating  
5 agencies to define local annual contributions for the farmer's market  
6 nutrition program, project FRESH, to enable the department to request  
7 federal matching funds by April 1, 2004 based on local commitment of  
8 funds.

### 9 **CHILDREN'S SPECIAL HEALTH CARE SERVICES**

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

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

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

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

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

22 (d) Provide medical care and treatment to eligible patients with  
23 hereditary coagulation defects, commonly known as hemophilia, who are  
24 21 years of age or older.

25 Sec. 1203. All children who are determined medically eligible  
26 for the children's special health care services program shall be



1 referred to the appropriate locally-based services program in their  
2 community.

### 3 OFFICE OF DRUG CONTROL POLICY

4 Sec. 1250. In addition to the \$1,800,000.00 in Byrne formula  
5 grant program funding the department provides to local drug treatment  
6 courts, the department shall provide \$1,800,000.00 in Byrne formula  
7 grant program funding to the judiciary by interdepartmental grant.

### 8 CRIME VICTIM SERVICES COMMISSION

9 Sec. 1302. From the funds appropriated in part 1 for justice  
10 assistance grants, up to \$50,000.00 shall be allocated for expansion  
11 of forensic nurse examiner programs to facilitate training for  
12 improved evidence collection for the prosecution of sexual assault.  
13 The funds shall be used for program coordination, training, and  
14 counseling. Unexpended funds shall be carried forward.

15 Sec. 1304. The department shall work with the department of  
16 state police, the Michigan hospital association, the Michigan state  
17 medical society, and the Michigan nurses association to ensure that  
18 the recommendations included in the "Standard Recommended Procedures  
19 for the Emergency Treatment of Sexual Assault Victims" are followed in  
20 the collection of evidence.

### 21 OFFICE OF SERVICES TO THE AGING

22 Sec. 1401. The appropriation in part 1 to the office of services  
23 to the aging, for community and nutrition services and home services,  
24 shall be restricted to eligible individuals at least 60 years of age  
25 who fail to qualify for home care services under title XVIII, XIX, or

1 XX.

2 Sec. 1403. The office of services to the aging shall require  
3 each region to report to the office of services to the aging home  
4 delivered meals waiting lists based upon standard criteria.  
5 Determining criteria shall include all of the following:

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

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

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

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

12 Sec. 1404. The area agencies and local providers may receive and  
13 expend fees for the provision of day care, care management, respite  
14 care, and certain eligible home and community-based services. The  
15 fees shall be based on a sliding scale, taking client income into  
16 consideration. The fees shall be used to expand services.

17 Sec. 1406. The appropriation of \$5,000,000.00 of tobacco  
18 settlement funds to the office of services to the aging for the  
19 respite care program shall be allocated in accordance with a long-term  
20 care plan developed by the long-term care working group established in  
21 section 1657 of 1998 PA 336 upon implementation of the plan. The use  
22 of the funds shall be for direct respite care or adult respite care  
23 center services. Not more than 10% of the amount allocated under this  
24 section shall be expended for administration and administrative  
25 purposes.

26 Sec. 1408. The office of services to the aging shall provide  
27 that funds appropriated under this act shall be awarded on a local

1 level in accordance with locally determined needs.

2       Sec. 1413. The legislature affirms the commitment to  
3 locally-based services. The legislature supports the role of local  
4 county board of commissioners in the approval of area agency on aging  
5 plans. The legislature supports choice and the right of local  
6 counties to change membership in the area agencies on aging if the  
7 change is to an area agency on aging that is contiguous to that  
8 county. The legislature supports the office of services to the aging  
9 working with others to provide training to commissions to better  
10 understand and advocate for aging issues. It is the intent of the  
11 legislature to prohibit area agencies on aging from providing direct  
12 services, including home and community-based waiver services, unless  
13 they receive a waiver from the department. The legislature's intent  
14 in this section is conditioned on compliance with federal and state  
15 laws, rules, and policies.

16       Sec. 1416. The legislature affirms the commitment to provide  
17 in-home services, resources, and assistance for the frail elderly who  
18 are not being served by the Medicaid home and community services  
19 waiver program.

## 20 **MEDICAL SERVICES ADMINISTRATION**

21       Sec. 1505. The department shall work with the department of  
22 career development to explore options available under the ticket to  
23 work and work incentives improvement act of 1999, Public Law 106-170,  
24 113 Stat. 1860. The department shall provide a report on the options  
25 to extend health care coverage for working disabled persons under  
26 federal law by October 1, 2003.

1 **MEDICAL SERVICES**

2       Sec. 1601. The cost of remedial services incurred by residents  
3 of licensed adult foster care homes and licensed homes for the aged  
4 shall be used in determining financial eligibility for the medically  
5 needy. Remedial services include basic self-care and rehabilitation  
6 training for a resident.

7       Sec. 1602. Medical services shall be provided to elderly and  
8 disabled persons with incomes less than or equal to 100% of the  
9 official poverty line, pursuant to the state's option to elect such  
10 coverage set out at section 1902(a)(10)(A)(ii) and (m) of title XIX,  
11 42 U.S.C. 1396a.

12       Sec. 1603. (1) The department may establish a program for  
13 persons to purchase medical coverage at a rate determined by the  
14 department.

15       (2) The department may receive and expend premiums for the buy-in  
16 of medical coverage in addition to the amounts appropriated in part  
17 1.

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

20       Sec. 1605. (1) The protected income level for Medicaid coverage  
21 determined pursuant to section 106(1)(b)(iii) of the social welfare  
22 act, 1939 PA 280, MCL 400.106, shall be 100% of the related public  
23 assistance standard.

24       (2) The department shall notify the senate and house of  
25 representatives appropriations subcommittees on community health and  
26 the state budget director of any proposed revisions to the protected

1 income level for Medicaid coverage related to the public assistance  
2 standard 90 days prior to implementation.

3 Sec. 1606. For the purpose of guardian and conservator charges,  
4 the department of community health may deduct up to \$60.00 per month  
5 as an allowable expense against a recipient's income when determining  
6 medical services eligibility and patient pay amounts.

7 Sec. 1607. (1) An applicant for Medicaid, whose qualifying  
8 condition is pregnancy, shall immediately be presumed to be eligible  
9 for Medicaid coverage unless the preponderance of evidence in her  
10 application indicates otherwise. The applicant who is qualified as  
11 described in this subsection shall be allowed to select or remain with  
12 the Medicaid participating obstetrician of her choice.

13 (2) An applicant qualified as described in subsection (1) shall be  
14 given a letter of authorization to receive Medicaid covered services  
15 related to her pregnancy. All qualifying applicants shall be entitled  
16 to receive all medically necessary obstetrical and prenatal care  
17 without preauthorization from a health plan. All claims submitted for  
18 payment for obstetrical and prenatal care shall be paid at the  
19 Medicaid fee-for-service rate in the event a contract does not exist  
20 between the Medicaid participation obstetrical or prenatal care  
21 provider and the managed care plan. The applicant shall receive a  
22 listing of Medicaid physicians and managed care plans in the immediate  
23 vicinity of the applicant's residence.

24 (3) In the event that an applicant, presumed to be eligible  
25 pursuant to subsection (1), is subsequently found to be ineligible, a  
26 Medicaid physician or managed care plan that has been providing  
27 pregnancy services to an applicant under this section is entitled to

1 reimbursement for those services until such time as they are notified  
2 by the department that the applicant was found to be ineligible for  
3 Medicaid.

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

9 Sec. 1608. The department shall update by October 1, 2003 and  
10 distribute by November 1, 2003 to health care providers the pamphlet  
11 identifying patient rights and responsibilities described in  
12 section 20201 of the public health code, 1978 PA 368, MCL 333.20201.

13 Sec. 1610. The department of community health shall provide an  
14 administrative procedure for the review of cost report grievances by  
15 medical services providers with regard to reimbursement under the  
16 medical services program. Settlements of properly submitted cost  
17 reports shall be paid not later than 9 months from receipt of the  
18 final report.

19 Sec. 1611. (1) For care provided to medical services recipients  
20 with other third-party sources of payment, medical services  
21 reimbursement shall not exceed, in combination with such other  
22 resources, including Medicare, those amounts established for medical  
23 services-only patients. The medical services payment rate shall be  
24 accepted as payment in full. Other than an approved medical services  
25 copayment, no portion of a provider's charge shall be billed to the  
26 recipient or any person acting on behalf of the recipient. Nothing in  
27 this section shall be considered to affect the level of payment from a

1 third-party source other than the medical services program. The  
2 department shall require a nonenrolled provider to accept medical  
3 services payments as payment in full.

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

10 Sec. 1615. Unless prohibited by federal or state law or  
11 regulation, the department shall require enrolled Medicaid providers  
12 to submit their billings for services electronically by April 1, 2004  
13 and have a program that provides a mechanism for Medicaid providers to  
14 submit their billings for services over the Internet.

15 Sec. 1620. (1) For fee-for-service recipients, the  
16 pharmaceutical dispensing fee shall be \$3.77 or the pharmacy's usual  
17 or customary cash charge, whichever is less.

18 (2) If carved-out of the capitation rate for managed care  
19 recipients, the pharmaceutical dispensing fee shall be \$3.77 or the  
20 pharmacy's usual or customary cash charge or the usual charge allowed  
21 by the recipient's Medicaid HMO, whichever is less.

22 (3) The department shall require a prescription copayment for  
23 Medicaid recipients except as prohibited by federal or state law or  
24 regulation.

25 Sec. 1621. (1) The department may implement prospective drug  
26 utilization review and disease management systems. The prospective  
27 drug utilization review and disease management systems authorized by

1 this subsection shall have physician oversight, shall focus on  
2 patient, physician, and pharmacist education, and shall be developed  
3 in consultation with the national pharmaceutical council, Michigan  
4 state medical society, Michigan association of osteopathic physicians,  
5 Michigan pharmacists' association, Michigan health and hospital  
6 association, and Michigan nurses' association.

7 (2) This section does not authorize or allow therapeutic  
8 substitution.

9 Sec. 1622. The department shall implement a pharmaceutical best  
10 practice initiative. All of the following apply to that initiative:

11 (a) A physician that calls the department's agent for prior  
12 authorization of drugs that are not on the department's preferred drug  
13 list shall be informed of the option to speak to the agent's physician  
14 on duty concerning the prior authorization request if the agent's  
15 pharmacist denies the prior authorization request. If immediate  
16 contact with the agent's physician on duty is requested, but cannot be  
17 arranged, the physician placing the call shall be immediately informed  
18 of the right to request a 72-hour supply of the nonauthorized drug.

19 (b) The department's prior authorization and appeal process shall  
20 be available on the department's website. The department shall also  
21 continue to implement a program that allows providers to file prior  
22 authorization and appeal requests electronically.

23 (c) The department shall provide authorization for prescribed  
24 drugs that are not on its preferred drug list if the prescribing  
25 physician verifies that the drugs are necessary for the continued  
26 stabilization of the patient's medical condition following documented  
27 previous failures on earlier prescription regimens. Documentation of



1 previous failures may be provided by telephone, facsimile, or  
2 electronic transmission.

3 (d) Meetings of the department's pharmacy and therapeutics  
4 committee shall be open to the public with advance notice of the  
5 meeting date, time, place, and agenda posted on the department's  
6 website 14 days in advance of each meeting date. By January 31 of  
7 each year, the department shall publish the committee's regular  
8 meeting schedule for the year on the department's website. The  
9 pharmacy and therapeutics committee meetings shall be subject to the  
10 requirements of the open meetings act, 1976 PA 267, MCL 15.261 to  
11 15.275. The committee shall provide an opportunity for interested  
12 parties to comment at each meeting following written notice to the  
13 committee's chairperson of the intent to provide comment.

14 (e) The pharmacy and therapeutics committee shall make  
15 recommendations for the inclusion of medications on the preferred drug  
16 list based on sound clinical evidence found in labeling, drug  
17 compendia, and peer-reviewed literature pertaining to use of the drug  
18 in the relevant population. The committee shall develop a method to  
19 receive notification and clinical information about new drugs. The  
20 department shall post this process and the necessary forms on the  
21 department's website.

22 (f) The department shall assure compliance with the published  
23 Medicaid bulletin implementing the Michigan pharmaceutical best  
24 practices initiative program. The department shall also include this  
25 information on its website.

26 (g) The department shall by March 15, 2004 provide to the members  
27 of the house and senate subcommittees on community health a report on

1 the impact of the pharmaceutical best practice initiative on the  
2 Medicaid community. The report shall include, but not be limited to,  
3 the number of appeals used in the prior authorization process and any  
4 reports of patients who are hospitalized because of authorization  
5 denial.

6 (h) By May 15, 2004, the department shall provide a report to the  
7 members of the house and senate appropriations subcommittees on  
8 community health and the house and senate fiscal agencies identifying  
9 the prescribed drugs that are grandfathered in as preferred drugs and  
10 available without prior authorization and the population groups to  
11 which they apply. The report shall assess strategies to improve the  
12 drug prior authorization process.

13 Sec. 1623. (1) The department shall continue the Medicaid policy  
14 that allows for the dispensing of a 100-day supply for maintenance  
15 drugs.

16 (2) The department shall notify all HMOs, physicians, pharmacies,  
17 and other medical providers that are enrolled in the Medicaid program  
18 that Medicaid policy allows for the dispensing of a 100-day supply for  
19 maintenance drugs.

20 (3) The notice in subsection (2) shall also clarify that a  
21 pharmacy shall fill a prescription written for maintenance drugs in  
22 the quantity specified by the physician, but not more than the maximum  
23 allowed under Medicaid, unless subsequent consultation with the  
24 prescribing physician indicates otherwise.

25 Sec. 1629. The department shall utilize maximum allowable cost  
26 pricing for generic drugs that is based on wholesaler pricing to  
27 providers that is available from at least 2 wholesalers who deliver in

1 the state of Michigan with their own fleet of delivery vehicles.

2       Sec. 1630. Medicaid hearing aid services, podiatric services,  
3 and chiropractic services shall continue at not less than the level in  
4 effect on October 1, 2002, except that reasonable utilization  
5 limitations may be adopted in order to prevent excess utilization.  
6 The department shall not impose utilization restrictions on  
7 chiropractic services unless a recipient has exceeded 18 office visits  
8 within 1 year.

9       Sec. 1631. The department shall require copayments on dental,  
10 podiatric, chiropractic, vision, and hearing aid services provided to  
11 Medicaid recipients, except as prohibited by federal or state law or  
12 regulation.

13       Sec. 1633. From the funds appropriated in part 1 for auxiliary  
14 medical services, the department shall expand the healthy kids dental  
15 program statewide if funds become available specifically for expansion  
16 of the program.

17       Sec. 1634. From the funds appropriated in part 1 for ambulance  
18 services, the department shall continue the 5% increase in payment  
19 rates for ambulance services implemented in fiscal year 2000-2001.

20       Sec. 1641. An institutional provider that is required to submit  
21 a cost report under the medical services program shall submit cost  
22 reports completed in full within 5 months after the end of its fiscal  
23 year.

24       Sec. 1643. Of the funds appropriated in part 1 for graduate  
25 medical education in the hospital services and therapy line item  
26 appropriation, \$7,270,200.00 shall be allocated for the psychiatric  
27 residency training program that establishes and maintains

1 collaborative relations with the schools of medicine at Michigan State  
2 University and Wayne State University if the necessary Medicaid  
3 matching funds are provided by the universities as allowable state  
4 match.

5       Sec. 1647. From the funds appropriated in part 1 for hospital  
6 services, the department shall allocate for graduate medical education  
7 not less than the level of rates and payments in effect on April 1,  
8 2003.

9       Sec. 1648. The department shall maintain an automated toll-free  
10 phone line to enable medical providers to verify the eligibility  
11 status of Medicaid recipients. There shall be no charge to providers  
12 for the use of the toll-free phone line.

13       Sec. 1649. From the funds appropriated in part 1 for medical  
14 services, the department shall continue breast and cervical cancer  
15 treatment coverage for women up to 250% of the federal poverty level,  
16 who are under age 65, and who are not otherwise covered by insurance.  
17 This coverage shall be provided to women who have been screened  
18 through the centers for disease control breast and cervical cancer  
19 early detection program, and are found to have breast or cervical  
20 cancer, pursuant to the breast and cervical cancer prevention and  
21 treatment act of 2000, Public Law 106-354, 114 Stat. 1381.

22       Sec. 1650. (1) The department may require medical services  
23 recipients residing in counties offering managed care options to  
24 choose the particular managed care plan in which they wish to be  
25 enrolled. Persons not expressing a preference may be assigned to a  
26 managed care provider.

27       (2) Persons to be assigned a managed care provider shall be

1 informed in writing of the criteria for exceptions to capitated  
2 managed care enrollment, their right to change HMOs for any reason  
3 within the initial 90 days of enrollment, the toll-free telephone  
4 number for problems and complaints, and information regarding  
5 grievance and appeals rights.

6 (3) The criteria for medical exceptions to HMO enrollment shall be  
7 based on submitted documentation that indicates a recipient has a  
8 serious medical condition, and is undergoing active treatment for that  
9 condition with a physician who does not participate in 1 of the HMOs.  
10 If the person meets the criteria established by this subsection, the  
11 department shall grant an exception to mandatory enrollment at least  
12 through the current prescribed course of treatment, subject to  
13 periodic review of continued eligibility.

14 Sec. 1651. (1) Medical services patients who are enrolled in  
15 HMOs have the choice to elect hospice services or other services for  
16 the terminally ill that are offered by the HMOs. If the patient  
17 elects hospice services, those services shall be provided in  
18 accordance with part 214 of the public health code, 1978 PA 368,  
19 MCL 333.21401 to 333.21420.

20 (2) The department shall not amend the medical services hospice  
21 manual in a manner that would allow hospice services to be provided  
22 without making available all comprehensive hospice services described  
23 in 42 C.F.R. part 418.

24 Sec. 1653. Implementation and contracting for managed care by  
25 the department through HMOs are subject to the following conditions:

26 (a) Continuity of care is assured by allowing enrollees to  
27 continue receiving required medically necessary services from their

1 current providers for a period not to exceed 1 year if enrollees meet  
2 the managed care medical exception criteria.

3 (b) The department shall require contracted HMOs to submit data  
4 determined necessary for evaluation on a timely basis.

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

9 (d) Mandatory enrollment of Medicaid beneficiaries living in  
10 counties defined as rural by the federal government, which is any  
11 nonurban standard metropolitan statistical area, is allowed if there  
12 is only 1 HMO serving the Medicaid population, as long as each  
13 Medicaid beneficiary is assured of having a choice of at least 2  
14 physicians by the HMO.

15 (e) Enrollment of recipients of children's special health care  
16 services in HMOs shall be voluntary during fiscal year 2003-2004.

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

23 Sec. 1655. (1) The department may require a 12-month lock-in to  
24 the HMO selected by the recipient during the initial and subsequent  
25 open enrollment periods, but allow for good cause exceptions during  
26 the lock-in period.

27 (2) Medicaid recipients shall be allowed to change HMOs for any

1 reason within the initial 90 days of enrollment.

2       Sec. 1656. (1) The department shall provide an expedited  
3 complaint review procedure for Medicaid eligible persons enrolled in  
4 HMOs for situations in which failure to receive any health care  
5 service would result in significant harm to the enrollee.

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

11       (3) Annual reports summarizing the problems and complaints  
12 reported and their resolution shall be provided to the house of  
13 representatives and senate appropriations subcommittees on community  
14 health, the house and senate fiscal agencies, the state budget office,  
15 and the department's health plans advisory council.

16       Sec. 1657. (1) Reimbursement for medical services to screen and  
17 stabilize a Medicaid recipient, including stabilization of a  
18 psychiatric crisis, in a hospital emergency room shall not be made  
19 contingent on obtaining prior authorization from the recipient's HMO.  
20 If the recipient is discharged from the emergency room, the hospital  
21 shall notify the recipient's HMO within 24 hours of the diagnosis and  
22 treatment received.

23       (2) If the treating hospital determines that the recipient will  
24 require further medical service or hospitalization beyond the point of  
25 stabilization, that hospital must receive authorization from the  
26 recipient's HMO prior to admitting the recipient.

27       (3) Subsections (1) and (2) shall not be construed as a

1 requirement to alter an existing agreement between an HMO and their  
2 contracting hospitals nor as a requirement that an HMO must reimburse  
3 for services that are not considered to be medically necessary.

4 (4) Prior to contracting with an HMO for managed care services  
5 that did not have a contract with the department before October 1,  
6 2002, the department shall receive assurances from the office of  
7 financial and insurance services that the HMO meets the net worth and  
8 financial solvency requirements contained in chapter 35 of the  
9 insurance code, 1956 PA 218, MCL 500.3501 to 500.3580.

10 Sec. 1658. (1) It is the intent of the legislature that HMOs  
11 shall have contracts with hospitals within a reasonable distance from  
12 their enrollees. If a hospital does not contract with the HMO, in its  
13 service area, that hospital shall enter into a hospital access  
14 agreement as specified in the MSA bulletin Hospital 01-19.

15 (2) A hospital access agreement specified in subsection (1) shall  
16 be considered an affiliated provider contract pursuant to the  
17 requirements contained in chapter 35 of the insurance code of 1956,  
18 1956 PA 218, MCL 500.3501 to 500.3580.

19 Sec. 1659. The following sections are the only ones that shall  
20 apply to the following Medicaid managed care programs, including the  
21 comprehensive plan, children's special health care services plan,  
22 MIChoice long-term care plan, and the mental health, substance abuse,  
23 and developmentally disabled services program: 402, 404, 414, 418,  
24 424, 428, 442, 1650, 1651, 1653, 1655, 1656, 1657, 1658, 1660, 1661,  
25 1662, and 1699.

26 Sec. 1660. (1) The department shall assure that all Medicaid  
27 children have timely access to EPSDT services as required by federal



1 law. Medicaid HMOs shall provide EPSDT services to their child  
2 members in accordance with Medicaid EPSDT policy.

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

14 (3) The department shall require Medicaid HMOs to provide EPSDT  
15 utilization data through the encounter data system, and health  
16 employer data and information set well child health measures in  
17 accordance with the National Committee on Quality Assurance prescribed  
18 methodology.

19 (4) The department shall require HMOs to be responsible for well  
20 child visits and maternal and infant support services as described in  
21 Medicaid policy. These responsibilities shall be specified in the  
22 information distributed by the HMOs to their members.

23 (5) The department shall provide, on an annual basis, budget  
24 neutral incentives to Medicaid HMOs and local health departments to  
25 improve performance on measures related to the care of children and  
26 pregnant women.

27 Sec. 1661. (1) The department shall assure that all Medicaid

1 eligible children and pregnant women have timely access to MSS/ISS  
2 services. Medicaid HMOs shall assure that maternal support service  
3 screening is available to their pregnant members and that those women  
4 found to meet the maternal support service high-risk criteria are  
5 offered maternal support services. Local health departments shall  
6 assure that maternal support service screening is available for  
7 Medicaid pregnant women not enrolled in an HMO and that those women  
8 found to meet the maternal support service high-risk criteria are  
9 offered maternal support services or are referred to a certified  
10 maternal support service provider.

11 (2) The department shall prohibit HMOs from requiring prior  
12 authorization of their contracted providers for any EPSDT screening  
13 and diagnosis service, for any MSS/ISS screening referral, or for up  
14 to 3 MSS/ISS service visits.

15 (3) The department shall assure the coordination of MSS/ISS  
16 services with the WIC program, state-supported substance abuse,  
17 smoking prevention, and violence prevention programs, the family  
18 independence agency, and any other state or local program with a focus  
19 on preventing adverse birth outcomes and child abuse and neglect.

20 Sec. 1662. (1) The department shall require the external quality  
21 review contractor to conduct a review of all EPSDT components provided  
22 to children from a statistically valid sample of health plan medical  
23 records.

24 (2) The department shall provide a copy of the analysis of the  
25 Medicaid HMO annual audited health employer data and information set  
26 reports and the annual external quality review report to the senate  
27 and house of representatives appropriations subcommittees on community

1 health, the senate and house fiscal agencies, and the state budget  
2 director, within 30 days of the department's receipt of the final  
3 reports from the contractors.

4 (3) The department shall work with the Michigan association of  
5 health plans and the Michigan association for local public health to  
6 improve service delivery and coordination in the MSS/ISS and EPSDT  
7 programs.

8 (4) The department shall provide training and technical assistance  
9 workshops on EPSDT and MSS/ISS for Medicaid health plans, local health  
10 departments, and MSS/ISS contractors.

11 Sec. 1670. (1) The appropriation in part 1 for the MICHild  
12 program is to be used to provide comprehensive health care to all  
13 children under age 19 who reside in families with income at or below  
14 200% of the federal poverty level, who are uninsured and have not had  
15 coverage by other comprehensive health insurance within 6 months of  
16 making application for MICHild benefits, and who are residents of this  
17 state. The department shall develop detailed eligibility criteria  
18 through the medical services administration public concurrence  
19 process, consistent with the provisions of this act. Health care  
20 coverage for children in families below 150% of the federal poverty  
21 level shall be provided through expanded eligibility under the state's  
22 Medicaid program. Health coverage for children in families between  
23 150% and 200% of the federal poverty level shall be provided through a  
24 state-based private health care program.

25 (2) The department shall enter into a contract to obtain MICHild  
26 services from any HMO, dental care corporation, or any other entity  
27 that offers to provide the managed health care benefits for MICHild

1 services at the MICHild capitated rate. As used in this subsection:

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

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

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

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

16 Sec. 1671. From the funds appropriated in part 1, the department  
17 shall continue a comprehensive approach to the marketing and outreach  
18 of the MICHild program. The marketing and outreach required under  
19 this section shall be coordinated with current outreach, information  
20 dissemination, and marketing efforts and activities conducted by the  
21 department.

22 Sec. 1672. The department may provide up to 1 year of continuous  
23 eligibility to children eligible for the MICHild program unless the  
24 family fails to pay the monthly premium, a child reaches age 19, or  
25 the status of the children's family changes and its members no longer  
26 meet the eligibility criteria as specified in the federally approved  
27 MICHild state plan.

1       Sec. 1673. The department may establish premiums for MICHild  
2 eligible persons in families with income above 150% of the federal  
3 poverty level. The monthly premiums shall not exceed \$5.00 for a  
4 family.

5       Sec. 1674. The department shall not require copayments under the  
6 MICHild program.

7       Sec. 1675. Children whose category of eligibility changes  
8 between the Medicaid and MICHild programs shall be assured of keeping  
9 their current health care providers through the current prescribed  
10 course of treatment for up to 1 year, subject to periodic reviews by  
11 the department if the beneficiary has a serious medical condition and  
12 is undergoing active treatment for that condition.

13       Sec. 1676. To be eligible for the MICHild program, a child must  
14 be residing in a family with an adjusted gross income of less than or  
15 equal to 200% of the federal poverty level. The department's  
16 verification policy shall be used to determine eligibility.

17       Sec. 1677. The MICHild program shall provide all benefits  
18 available under the state employee insurance plan that are delivered  
19 through contracted providers and consistent with federal law,  
20 including, but not limited to, the following medically necessary  
21 services:

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

26       (b) Outpatient mental health services, other than substance abuse  
27 services, including services furnished in a state-operated mental

1 hospital and community-based services.

2 (c) Durable medical equipment and prosthetic and orthotic  
3 devices.

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

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

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

9 (g) Physical therapy, occupational therapy, and services for  
10 individuals with speech, hearing, and language disorders.

11 (h) Emergency ambulance services.

12 Sec. 1681. From the funds appropriated in part 1 for home and  
13 community-based services, the department and local waiver agents shall  
14 encourage the use of family members, friends, and neighbors of home  
15 and community-based services participants, where appropriate, to  
16 provide homemaker services, meal preparation, transportation, chore  
17 services, and other nonmedical covered services to participants in the  
18 Medicaid home and community-based services program. This section  
19 shall not be construed as allowing for the payment of family members,  
20 friends, or neighbors for these services unless explicitly provided  
21 for in federal or state law.

22 Sec. 1682. (1) The department shall implement enforcement  
23 actions as specified in the nursing facility enforcement provisions of  
24 section 1919 of title XIX, 42 U.S.C. 1396r.

25 (2) The department is authorized to receive and spend penalty  
26 money received as the result of noncompliance with medical services  
27 certification regulations. Penalty money, characterized as private

1 funds, received by the department shall increase authorizations and  
2 allotments in the long-term care accounts.

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

5 Sec. 1683. The department shall promote activities that preserve  
6 the dignity and rights of terminally ill and chronically ill  
7 individuals. Priority shall be given to programs, such as hospice,  
8 that focus on individual dignity and quality of care provided persons  
9 with terminal illness and programs serving persons with chronic  
10 illnesses that reduce the rate of suicide through the advancement of  
11 the knowledge and use of improved, appropriate pain management for  
12 these persons; and initiatives that train health care practitioners  
13 and faculty in managing pain, providing palliative care, and suicide  
14 prevention.

15 Sec. 1685. All nursing home rates, class I and class III, must  
16 have their respective fiscal year rate set 30 days prior to the  
17 beginning of their rate year. Rates may take into account the most  
18 recent cost report prepared and certified by the preparer, provider  
19 corporate owner or representative as being true and accurate, and  
20 filed timely, within 5 months of the fiscal year end in accordance  
21 with Medicaid policy. If the audited version of the last report is  
22 available, it shall be used. Any rate factors based on the filed cost  
23 report may be retroactively adjusted upon completion of the audit of  
24 that cost report.

25 Sec. 1688. The department shall not impose a limit on per unit  
26 reimbursements to service providers that provide personal care or  
27 other services under the Medicaid home and community-based waiver

1 program for the elderly and disabled. The department's per day per  
2 client reimbursement cap calculated in the aggregate for all services  
3 provided under the Medicaid home and community-based waiver is not a  
4 violation of this section.

5       Sec. 1689. (1) Priority in enrolling additional persons in the  
6 Medicaid home and community-based services program shall be given to  
7 those who are currently residing in nursing homes or who are eligible  
8 to be admitted to a nursing home if they are not provided home and  
9 community-based services. The department shall implement screening  
10 and assessment procedures to assure that no additional Medicaid  
11 eligible persons are admitted to nursing homes who would be more  
12 appropriately served by the Medicaid home and community-based services  
13 program. In each case where the program is successful in removing an  
14 individual from a nursing home, or prevents an individual from  
15 entering a nursing home who currently meets explicit medical criteria  
16 for admission to a nursing home, the department shall transfer the  
17 estimated amount of cost savings from the long-term care services line  
18 item to the home and community-based waiver program line item. The  
19 department shall make these transfers on a quarterly basis.

20       (2) Within 30 days of the end of each fiscal quarter, the  
21 department shall provide a report to the senate and house  
22 appropriations subcommittees on community health and the senate and  
23 house fiscal agencies that details existing and future allocations for  
24 the home and community-based waiver program by regions as well as the  
25 associated expenditures.

26       Sec. 1692. (1) The department of community health is authorized  
27 to pursue reimbursement for eligible services provided in Michigan



1 schools from the federal Medicaid program. The department and the  
2 state budget director are authorized to negotiate and enter into  
3 agreements, together with the department of education, with local and  
4 intermediate school districts regarding the sharing of federal  
5 Medicaid services funds received for these services. The department  
6 is authorized to receive and disburse funds to participating school  
7 districts pursuant to such agreements and state and federal law.

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

11 (a) Finance activities within the medical services administration  
12 related to this project.

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

16 (c) Offset general fund costs associated with the medical services  
17 program.

18 Sec. 1693. The special adjustor payments appropriation in part 1  
19 may be increased if the department submits a medical services state  
20 plan amendment pertaining to this line item at a level higher than the  
21 appropriation. The department is authorized to appropriately adjust  
22 financing sources in accordance with the increased appropriation.

23 Sec. 1694. The department of community health shall distribute  
24 \$695,000.00 to children's hospitals that have a high indigent care  
25 volume. The amount to be distributed to any given hospital shall be  
26 based on a formula determined by the department of community health.

27 Sec. 1697. (1) As may be allowed by federal law or regulation,

1 the department may use funds provided by a local or intermediate  
2 school district, which have been obtained from a qualifying health  
3 system, as the state match required for receiving federal Medicaid or  
4 children health insurance program funds. Any such funds received  
5 shall be used only to support new school-based or school-linked health  
6 services.

7 (2) A qualifying health system is defined as any health care  
8 entity licensed to provide health care services in the state of  
9 Michigan, that has entered into a contractual relationship with a  
10 local or intermediate school district to provide or manage  
11 school-based or school-linked health services.

12 Sec. 1699. The department may make separate payments directly to  
13 qualifying hospitals serving a disproportionate share of indigent  
14 patients, and to hospitals providing graduate medical education  
15 training programs. If direct payment for GME and DSH is made to  
16 qualifying hospitals for services to Medicaid clients, hospitals will  
17 not include GME costs or DSH payments in their contracts with HMOs.

18 Sec. 1710. Any proposed changes by the department to the  
19 MIChoice home and community-based services waiver program screening  
20 process shall be provided to the members of the house and senate  
21 appropriations subcommittees on community health prior to  
22 implementation of the proposed changes.

23 Sec. 1711. (1) The department shall maintain the 2-tier  
24 reimbursement methodology for Medicaid emergency physicians  
25 professional services that was in effect on September 30, 2002,  
26 subject to the following conditions:

27 (a) Payments by case and in the aggregate shall not exceed 80% of

1 Medicare payment rates.

2 (b) Total expenditures for these services shall not exceed the  
3 level of total payments made during fiscal year 2001-2002, after  
4 adjusting for Medicare copayments and deductibles and for changes in  
5 utilization.

6 (2) To ensure that total expenditures stay within the spending  
7 constraints of subsection (1)(b), the department shall develop a  
8 utilization adjustor for the basic 2-tier payment methodology. The  
9 adjustor shall be based on a good faith estimate by the department as  
10 to what the expected utilization of emergency room services will be  
11 during fiscal year 2003-2004, given changes in the number and category  
12 of Medicaid recipients. If expenditure and utilization data indicate  
13 that the amount and/or type of emergency physician professional  
14 services are exceeding the department's estimate, the utilization  
15 adjustor shall be applied to the 2-tier reimbursement methodology in  
16 such a manner as to reduce aggregate expenditures to the fiscal year  
17 2001-2002 adjusted expenditure target.

18 (3) If federal law, regulation, or judicial ruling finds that this  
19 2-tier reimbursement methodology is not health insurance portability  
20 and accountability act (HIPAA) compliant prior to the end of fiscal  
21 year 2003-2004, the department shall immediately provide the  
22 chairpersons of the senate and house appropriations subcommittee on  
23 community health and their respective fiscal agencies, with the  
24 proposed modifications necessary to bring this methodology into  
25 compliance.

26 (4) The proposal specified in subsection (3) should be as  
27 consistent as possible with the intent of the methodology specified in

1 this section and must be provided to the subcommittee chairpersons and  
2 respective fiscal agencies no less than 30 days before the effective  
3 date of the proposal.