

**SENATE 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

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.....	\$	9,216,076,300
7	Interdepartmental grant revenues:		
8	Total interdepartmental grants and intradepartmental		
9	transfers.....	\$	69,204,800
10	ADJUSTED GROSS APPROPRIATION.....	\$	9,146,871,500
11	Federal revenues:		
12	Total federal revenues.....		5,048,870,200
13	Special revenue funds:		
14	Total local revenues.....		805,256,100
15	Total private revenues.....		57,844,000
16	Tobacco settlement revenue.....		137,468,300
17	Total other state restricted revenues.....		513,494,300
18	State general fund/general purpose.....	\$	2,583,938,600
19	Sec. 102. DEPARTMENTWIDE ADMINISTRATION		
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..	\$	581,600
23	Community health advisory council.....		29,000
24	Departmental administration and management--265.5		
25	FTE positions.....		23,490,500
26	Certificate of need program administration--10.0 FTE		
27	positions.....		944,900

1	Worker's compensation program.....	11,381,200
2	Rent and building occupancy.....	8,300,200
3	Developmental disabilities council and	
4	projects--10.0 FTE positions.....	2,743,700
5	Rural health services.....	1,378,000
6	Michigan essential health care provider program.....	1,391,800
7	Primary care services--1.4 FTE positions.....	<u>2,790,200</u>
8	GROSS APPROPRIATION..... \$	53,031,100
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..... \$	35,457,600
20	Sec. 103. MENTAL HEALTH/SUBSTANCE ABUSE SERVICES	
21	ADMINISTRATION AND SPECIAL PROJECTS	
22	Full-time equated classified positions.....83.3	
23	Mental health/substance abuse program	
24	administration--83.3 FTE positions..... \$	9,136,000
25	Consumer involvement program.....	189,200
26	Gambling addiction.....	3,500,100
27	Protection and advocacy services support.....	777,500

1	Mental health initiatives for older persons.....	1,349,300
2	Community residential and support services.....	3,838,300
3	Highway safety projects.....	1,837,300
4	Federal and other special projects.....	<u>1,977,300</u>
5	GROSS APPROPRIATION..... \$	22,605,000
6	Federal revenues:	
7	Total federal revenues.....	6,169,100
8	Special revenue funds:	
9	Total private revenues.....	190,000
10	Total other state restricted revenues.....	3,682,300
11	State general fund/general purpose..... \$	12,563,600
12	Sec. 104. COMMUNITY MENTAL HEALTH/SUBSTANCE ABUSE	
13	SERVICES PROGRAMS	
14	Full-time equated classified positions.....2.5	
15	Medicaid mental health services..... \$	1,350,093,000
16	Community mental health non-Medicaid services.....	328,394,200
17	Medicaid adult benefits waiver.....	40,000,100
18	Multicultural services.....	3,664,000
19	Medicaid substance abuse services.....	27,333,800
20	Respite services.....	1,100,100
21	CMHSP, purchase of state services contracts.....	97,115,900
22	Civil service charges.....	2,065,600
23	Federal mental health block grant--2.5 FTE positions	15,317,500
24	State disability assistance program substance abuse	
25	services.....	2,509,900
26	Community substance abuse prevention, education, and	
27	treatment programs.....	<u>80,548,500</u>

1	GROSS APPROPRIATION.....	\$	1,948,142,600
2	Appropriated from:		
3	Federal revenues:		
4	Total federal revenues.....		905,144,500
5	Special revenue funds:		
6	Total local revenues.....		26,000,000
7	Total other state restricted revenues.....		3,042,400
8	State general fund/general purpose.....	\$	1,013,955,700
9	Sec. 105. STATE PSYCHIATRIC HOSPITALS, CENTERS		
10	FOR PERSONS WITH DEVELOPMENTAL DISABILITIES, AND		
11	FORENSIC AND PRISON MENTAL HEALTH SERVICES		
12	Total average population.....		995.0
13	Full-time equated classified positions.....		3,060.4
14	Caro regional mental health center-psychiatric		
15	hospital-adult--409.2 FTE positions.....	\$	36,376,500
16	Average population.....		167.0
17	Kalamazoo psychiatric hospital-adult--317.9 FTE		
18	positions.....		20,568,300
19	Average population.....		115.0
20	Walter P. Reuther psychiatric hospital-adult--452.0		
21	FTE positions.....		38,718,900
22	Average population.....		244.0
23	Hawthorn center-psychiatric hospital-children and		
24	adolescents--242.6 FTE positions.....		20,370,600
25	Average population.....		80.0
26	Mount Pleasant center-developmental		
27	disabilities--428.1 FTE positions.....		29,107,200

1	Average population.....	164.0	
2	Center for forensic psychiatry--495.0 FTE positions.		41,785,500
3	Average population.....	225.0	
4	Forensic mental health services provided to the		
5	department of corrections--704.6 FTE positions....		68,120,700
6	Revenue recapture.....		750,100
7	IDEA, federal special education.....		120,100
8	Special maintenance and equipment.....		335,400
9	Purchase of medical services for residents of		
10	hospitals and centers.....		1,358,300
11	Closed site, transition, and related costs--11.0 FTE		
12	positions.....		1,067,300
13	Severance pay.....		217,000
14	Gifts and bequests for patient living and treatment		
15	environment.....		<u>500,100</u>
16	GROSS APPROPRIATION.....	\$	259,396,000
17	Appropriated from:		
18	Interdepartmental grant revenues:		
19	Interdepartmental grant from the department of		
20	corrections.....		68,120,600
21	Federal revenues:		
22	Total federal revenues.....		30,004,900
23	Special revenue funds:		
24	CMHSP, purchase of state services contracts.....		97,115,800
25	Other local revenues.....		15,228,300
26	Total private revenues.....		500,000
27	Total other state restricted revenues.....		7,034,600

1	State general fund/general purpose.....	\$	41,391,800
2	Sec. 106. PUBLIC HEALTH ADMINISTRATION		
3	Full-time equated classified positions.....		76.3
4	Executive administration--7.0 FTE positions.....	\$	1,014,400
5	Minority health grants and contracts.....		650,100
6	Vital records and health statistics--69.3 FTE		
7	positions.....		<u>6,141,800</u>
8	GROSS APPROPRIATION.....	\$	7,806,300
9	Appropriated from:		
10	Interdepartmental grant revenues:		
11	Interdepartmental grant from family independence		
12	agency.....		447,800
13	Federal revenues:		
14	Total federal revenues.....		2,045,100
15	Special revenue funds:		
16	Total other state restricted revenues.....		2,963,400
17	State general fund/general purpose.....	\$	2,350,000
18	Sec. 107. INFECTIOUS DISEASE CONTROL		
19	Full-time equated classified positions.....		51.3
20	AIDS prevention, testing, and care programs--13.0		
21	FTE positions.....	\$	29,158,700
22	Immunization local agreements.....		13,990,400
23	Immunization program management and field		
24	support--14.0 FTE positions.....		1,582,200
25	Sexually transmitted disease control local		
26	agreements.....		3,495,000
27	Sexually transmitted disease control management and		

1	field support--24.3 FTE positions.....		<u>3,377,200</u>
2	GROSS APPROPRIATION.....	\$	51,603,500
3	Appropriated from:		
4	Federal revenues:		
5	Total federal revenues.....		37,593,000
6	Special revenue funds:		
7	Total private revenues.....		1,847,000
8	Total other state restricted revenues.....		7,550,000
9	State general fund/general purpose.....	\$	4,613,500
10	Sec. 108. LABORATORY SERVICES		
11	Full-time equated classified positions.....	115.2	
12	Laboratory services--115.2 FTE positions.....	\$	<u>12,091,700</u>
13	GROSS APPROPRIATION.....	\$	12,091,700
14	Appropriated from:		
15	Interdepartmental grant revenues:		
16	Interdepartmental grant from environmental quality..		392,100
17	Federal revenues:		
18	Total federal revenues.....		2,040,100
19	Special revenue funds:		
20	Total other state restricted revenues.....		3,131,300
21	State general fund/general purpose.....	\$	6,528,200
22	Sec. 109. EPIDEMIOLOGY		
23	Full-time equated classified positions.....	90.0	
24	AIDS surveillance and prevention program.....	\$	1,883,200
25	Asthma prevention and control.....		1,032,400
26	Bioterrorism preparedness--59.5 FTE positions.....		41,420,000
27	Epidemiology administration--30.5 FTE positions.....		5,375,800

1	Tuberculosis control and recalcitrant AIDS program..	<u>867,100</u>
2	GROSS APPROPRIATION.....	\$ 50,578,500
3	Appropriated from:	
4	Federal revenues:	
5	Total federal revenues.....	48,459,600
6	Special revenue funds:	
7	Total other state restricted revenues.....	179,000
8	State general fund/general purpose.....	\$ 1,939,900
9	Sec. 110. LOCAL HEALTH ADMINISTRATION AND GRANTS	
10	Full-time equated classified positions.....3.0	
11	Implementation of 1993 PA 133, MCL 333.17015.....	\$ 100,100
12	Lead abatement program--3.0 FTE positions.....	1,550,300
13	Local health services.....	220,100
14	Local public health operations.....	40,618,500
15	Medical services cost reimbursement to local health	
16	departments.....	<u>1,800,100</u>
17	GROSS APPROPRIATION.....	\$ 44,289,100
18	Appropriated from:	
19	Federal revenues:	
20	Total federal revenues.....	3,249,100
21	Special revenue funds:	
22	Total other state restricted revenues.....	344,600
23	State general fund/general purpose.....	\$ 40,695,400
24	Sec. 111. CHRONIC DISEASE AND INJURY PREVENTION	
25	AND HEALTH PROMOTION	
26	Full-time equated classified positions.....41.6	
27	African-American male health initiative.....	\$ 106,800

1	AIDS and risk reduction clearinghouse and media	
2	campaign.....	1,576,100
3	Alzheimer's information network.....	440,100
4	Cancer prevention and control program--10.6 FTE	
5	positions.....	11,043,200
6	Chronic disease prevention.....	1,572,500
7	Diabetes and kidney program--8.0 FTE positions.....	2,954,000
8	Health education, promotion, and research	
9	programs--11.0 FTE positions.....	1,038,900
10	Injury control intervention project.....	715,000
11	Morris Hood Wayne State University diabetes outreach	100,000
12	Obesity program.....	250,100
13	Physical fitness, nutrition, and health.....	100,000
14	Public health traffic safety coordination.....	350,100
15	School health and education programs.....	100,000
16	Smoking prevention program--12.0 FTE positions.....	4,852,800
17	Tobacco tax collection and enforcement.....	810,100
18	Violence prevention.....	<u>1,447,000</u>
19	GROSS APPROPRIATION..... \$	27,456,700
20	Appropriated from:	
21	Federal revenues:	
22	Total federal revenues.....	15,493,200
23	Special revenue funds:	
24	Total other state restricted revenues.....	9,891,800
25	State general fund/general purpose..... \$	2,071,700
26	Sec. 112. COMMUNITY LIVING, CHILDREN, AND	
27	FAMILIES	

1	Full-time equated classified positions.....	72.0	
2	Childhood lead program--5.0 FTE positions.....	\$	1,470,800
3	Children's waiver home care program.....		19,549,900
4	Community living, children, and families		
5	administration--60.0 FTE positions.....		7,074,200
6	Dental programs.....		485,500
7	Dental program for persons with developmental		
8	disabilities.....		151,100
9	Early childhood collaborative secondary prevention..		100,000
10	Family planning local agreements.....		11,318,200
11	Family support subsidy.....		15,593,600
12	Housing and support services.....		5,579,400
13	Local MCH services.....		13,050,300
14	Migrant health care.....		200,100
15	Newborn screening follow-up and treatment services..		2,428,100
16	Omnibus budget reconciliation act		
17	implementation--7.0 FTE positions.....		12,770,600
18	Pediatric AIDS prevention and control.....		1,026,400
19	Pregnancy prevention program.....		5,846,200
20	Prenatal care outreach and service delivery support.		3,049,400
21	Southwest community partnership.....		996,800
22	Special projects.....		5,274,600
23	Sudden infant death syndrome program.....		<u>321,400</u>
24	GROSS APPROPRIATION.....	\$	106,286,600
25	Appropriated from:		
26	Federal revenues:		
27	Total federal revenues.....		76,378,000

1	Special revenue funds:	
2	Private funds.....	261,100
3	Total other state restricted revenues.....	10,540,000
4	State general fund/general purpose..... \$	19,107,500
5	Sec. 113. WOMEN, INFANTS, AND CHILDREN FOOD AND	
6	NUTRITION PROGRAMS	
7	Full-time equated classified positions.....41.0	
8	Women, infants, and children program administration	
9	and special projects--41.0 FTE positions..... \$	5,600,200
10	Women, infants, and children program local	
11	agreements and food costs.....	<u>181,392,200</u>
12	GROSS APPROPRIATION..... \$	186,992,400
13	Appropriated from:	
14	Federal revenues:	
15	Total federal revenues.....	136,644,900
16	Special revenue funds:	
17	Total private revenues.....	50,347,300
18	State general fund/general purpose..... \$	200
19	Sec. 114. CHILDREN'S SPECIAL HEALTH CARE SERVICES	
20	Full-time equated classified positions.....66.6	
21	Children's special health care services	
22	administration--66.6 FTE positions..... \$	4,478,900
23	Amputee program.....	184,700
24	Bequests for care and services.....	1,829,700
25	Case management services.....	3,773,600
26	Conveyor contract.....	513,600
27	Medical care and treatment.....	<u>156,247,300</u>

1	GROSS APPROPRIATION.....	\$	167,027,800
2	Appropriated from:		
3	Federal revenues:		
4	Total federal revenues.....		82,510,400
5	Special revenue funds:		
6	Private-bequests.....		1,000,000
7	Total other state restricted revenues.....		650,000
8	State general fund/general purpose.....	\$	82,867,400
9	Sec. 115. OFFICE OF DRUG CONTROL POLICY		
10	Full-time equated classified positions.....17.0		
11	Drug control policy--17.0 FTE positions.....	\$	1,973,500
12	Anti-drug abuse grants.....		25,059,300
13	Interdepartmental grant to judiciary for drug		
14	treatment courts.....		<u>3,600,000</u>
15	GROSS APPROPRIATION.....	\$	30,632,800
16	Appropriated from:		
17	Federal revenues:		
18	Total federal revenues.....		30,246,600
19	State general fund/general purpose.....	\$	386,200
20	Sec. 116. CRIME VICTIM SERVICES COMMISSION		
21	Full-time equated classified positions.....9.0		
22	Grants administration services--9.0 FTE positions...	\$	1,080,600
23	Justice assistance grants.....		13,000,100
24	Crime victim rights services grants.....		<u>8,265,400</u>
25	GROSS APPROPRIATION.....	\$	22,346,100
26	Appropriated from:		
27	Federal revenues:		

1	Total federal revenues.....	13,946,900
2	Special revenue funds:	
3	Total other state restricted revenues.....	7,984,400
4	State general fund/general purpose..... \$	414,800
5	Sec. 117. OFFICE OF SERVICES TO THE AGING	
6	Full-time equated classified positions.....32.5	
7	Commission (per diem \$50.00)..... \$	10,600
8	Office of services to aging administration--32.5 FTE	
9	positions.....	4,167,900
10	Community services.....	35,286,200
11	Nutrition services.....	38,191,300
12	Senior volunteer services.....	5,646,000
13	Senior citizen centers staffing and equipment.....	1,068,800
14	Employment assistance.....	2,818,400
15	Respite care program.....	<u>7,100,100</u>
16	GROSS APPROPRIATION..... \$	94,289,300
17	Appropriated from:	
18	Federal revenues:	
19	Total federal revenues.....	52,094,300
20	Special revenue funds:	
21	Tobacco settlement revenue.....	5,000,000
22	Total other state restricted revenues.....	2,267,000
23	State general fund/general purpose..... \$	34,928,000
24	Sec. 118. MEDICAL SERVICES ADMINISTRATION	
25	Full-time equated classified positions.....333.7	
26	Medical services administration--333.7 FTE positions \$	39,320,000
27	Facility inspection contract - state police.....	132,900

1	MICchild administration.....		<u>4,327,900</u>
2	GROSS APPROPRIATION.....	\$	43,780,800
3	Appropriated from:		
4	Federal revenues:		
5	Total federal revenues.....		29,512,300
6	Special revenue funds:		
7	State general fund/general purpose.....	\$	14,268,500
8	Sec. 119. MEDICAL SERVICES		
9	Hospital services and therapy.....	\$	835,344,600
10	Hospital disproportionate share payments.....		45,000,100
11	Physician services.....		207,735,900
12	Medicare premium payments.....		166,046,700
13	Pharmaceutical services.....		479,705,800
14	Home health services.....		28,888,000
15	Transportation.....		8,918,300
16	Auxiliary medical services.....		75,705,100
17	Ambulance services.....		5,000,100
18	Long-term care services.....		1,490,390,500
19	Elder prescription insurance coverage.....		68,011,900
20	Health plan services.....		1,490,102,700
21	MICchild program.....		36,875,700
22	Medicaid adult benefits waiver.....		178,707,700
23	Maternal and child health.....		9,234,600
24	Social services to the physically disabled.....		1,345,000
25	Transfer to Medicaid trust fund.....		69,593,400
26	Subtotal basic medical services program.....		5,196,606,100
27	School-based services.....		69,159,600

1	Special adjustor payments.....	791,338,200
2	Subtotal special medical services payments.....	<u>860,497,800</u>
3	GROSS APPROPRIATION..... \$	6,057,103,900
4	Appropriated from:	
5	Federal revenues:	
6	Total federal revenues.....	3,544,328,000
7	Special revenue funds:	
8	Total local revenues.....	666,912,000
9	Total private revenues.....	3,512,700
10	Tobacco settlement revenue.....	132,468,300
11	Total other state restricted revenues.....	450,859,700
12	State general fund/general purpose..... \$	1,259,023,200
13	Sec. 120. INFORMATION TECHNOLOGY	
14	Information technology services and projects..... \$	<u>30,616,100</u>
15	GROSS APPROPRIATION..... \$	30,616,100
16	Appropriated from:	
17	Interdepartmental grant revenues:	
18	Interdepartmental grant from the department of	
19	corrections.....	142,700
20	Federal revenues:	
21	Total federal revenues.....	17,304,200
22	Special revenue funds:	
23	Total other state restricted revenues.....	1,793,800
24	State general fund/general purpose..... \$	11,375,400

25 PART 2

26 PROVISIONS CONCERNING APPROPRIATIONS

27 GENERAL SECTIONS

1 Sec. 201. Pursuant to section 30 of article IX of the state
 2 constitution of 1963, total state spending from state resources under
 3 part 1 for fiscal year 2003-2004 is \$3,234,901,200.00 and state
 4 spending from state resources to be paid to units of local government
 5 for fiscal year 2003-2004 is \$1,060,615,100.00. The itemized
 6 statement below identifies appropriations from which spending to units
 7 of local government will occur:

8 DEPARTMENT OF COMMUNITY HEALTH

9 DEPARTMENTWIDE ADMINISTRATION

10	Departmental administration and management.....	\$	11,657,700
11	Rural health services.....		35,000
12	MENTAL HEALTH/SUBSTANCE ABUSE SERVICES ADMINISTRATION		
13	AND SPECIAL PROJECTS		
14	Mental health initiatives for older persons.....		1,049,200
15	COMMUNITY MENTAL HEALTH/SUBSTANCE ABUSE SERVICES		
16	PROGRAMS		
17	State disability assistance program substance		
18	abuse services.....		2,509,800
19	Community substance abuse prevention, education,		
20	and treatment programs.....		19,133,500
21	Medicaid mental health services.....		595,525,800
22	Community mental health non-Medicaid services.....		326,811,700
23	Multicultural services.....		3,664,000
24	Medicaid substance abuse services.....		12,056,900
25	Respite services.....		1,100,000
26	INFECTIOUS DISEASE CONTROL		
27	AIDS prevention, testing and care programs.....		1,466,800

1	Immunization local agreements.....	2,973,900
2	Sexually transmitted disease control local	
3	agreements.....	406,100
4	LOCAL HEALTH ADMINISTRATION AND GRANTS	
5	Local public health operations.....	40,618,400
6	CHRONIC DISEASE AND INJURY PREVENTION AND HEALTH	
7	PROMOTION	
8	School health and education programs.....	100,000
9	Smoking prevention program.....	1,898,400
10	COMMUNITY LIVING, CHILDREN, AND FAMILIES	
11	Childhood lead program.....	85,000
12	Family planning local agreements.....	1,142,200
13	Local MCH services.....	246,100
14	Omnibus budget reconciliation act implementation....	2,030,800
15	Prenatal care outreach and service delivery support..	610,000
16	CHILDREN'S SPECIAL HEALTH CARE SERVICES	
17	Case management services.....	3,169,900
18	MEDICAL SERVICES	
19	Transportation.....	1,175,300
20	OFFICE OF SERVICES TO THE AGING	
21	Community services.....	12,530,300
22	Nutrition services.....	12,439,500
23	Senior volunteer services.....	517,500
24	CRIME VICTIM SERVICES COMMISSION	
25	Crime victim rights services grants.....	<u>5,661,300</u>
26	TOTAL OF PAYMENTS TO LOCAL UNITS	
27	OF GOVERNMENT.....	\$ 1,060,615,100

1 Sec. 202. (1) The appropriations authorized under this act are
2 subject to the management and budget act, 1984 PA 431, MCL 18.1101 to
3 18.1594.

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

6 Sec. 203. As used in this act:

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

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

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

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

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

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

17 (g) "EPSDT" means early and periodic screening, diagnosis, and
18 treatment.

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

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

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

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

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

26 (m) "IDG" means interdepartmental grant.

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

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

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

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

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

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

12 (t) "Title XX" means title XX of the social security act, chapter
13 531, 49 Stat. 620, 49 U.S.C. 1397 to 1397f.

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

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

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

27 (2) The state budget director shall grant exceptions to this

1 hiring freeze when the state budget director believes that the hiring
2 freeze will result in rendering a state department or agency unable to
3 deliver basic services, cause loss of revenue to the state, result in
4 the inability of the state to receive federal funds, or would
5 necessitate additional expenditures that exceed any savings from
6 maintaining the vacancy. The state budget director shall report
7 quarterly to the chairpersons of the senate and house of
8 representatives standing committees on appropriations the number of
9 exceptions to the hiring freeze approved during the previous quarter
10 and the reasons to justify the exception.

11 Sec. 207. Sixty days before beginning any effort to privatize
12 services, the department shall submit a complete project plan to the
13 appropriate senate and house of representatives appropriations
14 subcommittees and the senate and house fiscal agencies. The plan
15 shall include the criteria under which the privatization initiative
16 will be evaluated. The evaluation shall be completed and submitted to
17 the appropriate senate and house of representatives appropriations
18 subcommittees and the senate and house fiscal agencies within 30
19 months.

20 Sec. 208. Unless otherwise specified, the department shall use
21 the Internet to fulfill the reporting requirements of this act. This
22 requirement may include transmission of reports via electronic mail to
23 the recipients identified for each reporting requirement or it may
24 include placement of reports on the Internet or Intranet site.

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

1 available.

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

6 Sec. 210. (1) The director shall take all reasonable steps to
7 ensure businesses in deprived and depressed communities compete for
8 and perform contracts to provide services or supplies, or both. The
9 director shall strongly encourage firms with which the department
10 contracts to subcontract with certified businesses in depressed and
11 deprived communities for services, supplies, or both.

12 (2) The director shall take all reasonable steps to ensure equal
13 opportunity for all who compete for and perform contracts to provide
14 services or supplies, or both, for the department. The director shall
15 strongly encourage firms with which the department contracts to
16 provide equal opportunity for subcontractors to provide services or
17 supplies, or both.

18 Sec. 211. If the revenue collected by the department from fees
19 and collections exceeds the amount appropriated in part 1, the revenue
20 may be carried forward with the approval of the state budget director
21 into the subsequent fiscal year. The revenue carried forward under
22 this section shall be used as the first source of funds in the
23 subsequent fiscal year.

24 Sec. 212. (1) From the amounts appropriated in part 1, no
25 greater than the following amounts are supported with federal maternal
26 and child health block grant, preventive health and health services
27 block grant, substance abuse block grant, healthy Michigan fund, and

1 Michigan health initiative funds:

2	(a) Maternal and child health block grant.....	\$ 21,714,000
3	(b) Preventive health and health services block	
4	grant.....	4,982,500
5	(c) Substance abuse block grant.....	60,095,600
6	(d) Healthy Michigan fund.....	56,617,100
7	(e) Michigan health initiative.....	9,060,200

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

14 (3) Upon the release of the fiscal year 2004-2005 executive budget
 15 recommendation, the department shall report to the same parties in
 16 subsection (2) on the amounts and detailed sources of federal,
 17 restricted, private, and local revenue proposed to support the total
 18 funds appropriated in each of the line items in part 1 of the fiscal
 19 year 2004-2005 executive budget proposal.

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

23 Sec. 213. The state departments, agencies, and commissions
 24 receiving tobacco tax funds from part 1 shall report by January 1,
 25 2004, to the senate and house of representatives appropriations
 26 committees, the senate and house fiscal agencies, and the state budget
 27 director on the following:

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

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

5 (c) Eligibility criteria for program participation and maximum
6 benefit levels where applicable.

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

8 (e) Any other information considered necessary by the house of
9 representatives or senate appropriations committees or the state
10 budget director.

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

15 Sec. 216. (1) In addition to funds appropriated in part 1 for
16 all programs and services, there is appropriated for write-offs of
17 accounts receivable, deferrals, and for prior year obligations in
18 excess of applicable prior year appropriations, an amount equal to
19 total write-offs and prior year obligations, but not to exceed amounts
20 available in prior year revenues.

21 (2) The department's ability to satisfy appropriation deductions
22 in part 1 shall not be limited to collections and accruals pertaining
23 to services provided in fiscal year 2003-2004, but shall also include
24 reimbursements, refunds, adjustments, and settlements from prior
25 years.

26 (3) The department shall report by March 15, 2004 to the house of
27 representatives and senate appropriations subcommittees on community

1 health on all reimbursements, refunds, adjustments, and settlements
2 from prior years.

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

11 Sec. 219. (1) The department may contract with the Michigan
12 public health institute for the design and implementation of projects
13 and for other public health related activities prescribed in section
14 2611 of the public health code, 1978 PA 368, MCL 333.2611. The
15 department may develop a master agreement with the institute to carry
16 out these purposes for up to a 3-year period. The department shall
17 report to the house of representatives and senate appropriations
18 subcommittees on community health, the house and senate fiscal
19 agencies, and the state budget director on or before November 1, 2003
20 and May 1, 2004 all of the following:

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

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

25 (c) The expected project duration.

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

1 (2) If a report required under subsection (1) is not received by
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 or before the date specified for that report,
5 the disbursement of funds to the Michigan public health institute
6 under this section shall stop. The disbursement of those funds shall
7 recommence when the overdue report is received.

8 (3) On or before September 30, 2004, the department shall provide
9 to the same parties listed in subsection (1) a copy of all reports,
10 studies, and publications produced by the Michigan public health
11 institute, its subcontractors, or the department with the funds
12 appropriated in part 1 and allocated to the Michigan public health
13 institute.

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

19 Sec. 223. The department of community health may establish and
20 collect fees for publications, videos and related materials,
21 conferences, and workshops. Collected fees shall be used to offset
22 expenditures to pay for printing and mailing costs of the
23 publications, videos and related materials, and costs of the workshops
24 and conferences. The costs shall not exceed fees collected.

25 Sec. 259. From the funds appropriated in part 1 for information
26 technology, the department shall pay user fees to the department of
27 information technology for technology-related services and projects.

1 Such user fees shall be subject to provisions of an interagency
2 agreement between the departments and agencies and the department of
3 information technology.

4 Sec. 260. Amounts appropriated in part 1 for information
5 technology may be designated as work projects and carried forward to
6 support department of community health projects under the direction of
7 the department of information technology. Funds designated in this
8 manner are not available for expenditure until approved as work
9 projects under section 451a of the management and budget act, 1984
10 PA 431, MCL 18.1451a.

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

20 (2) The department may provide an annual report of lapses by line
21 item for this appropriation act.

22 Sec. 264. Upon submission of a Medicaid waiver, a Medicaid state
23 plan amendment, or a similar proposal to the centers for Medicare and
24 Medicaid services, the department shall notify the house of
25 representatives and senate appropriations subcommittees on community
26 health and the house and senate fiscal agencies of the submission.

27 Sec. 265. The departments and agencies receiving appropriations

1 in part 1 shall receive and retain copies of all reports funded from
2 appropriations in part 1. Federal and state guidelines for short-term
3 and long-term retention of records shall be followed.

4 **DEPARTMENTWIDE ADMINISTRATION**

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

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

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

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

21 Sec. 307. From the funds appropriated in part 1 for primary care
22 services, an amount not to exceed \$2,790,200.00 is appropriated to
23 enhance the service capacity of the federally qualified health centers
24 and other health centers which are similar to federally qualified
25 health centers.

26 Sec. 313. By November 1, 2003, the department shall report to

1 the house of representatives and senate appropriations subcommittees
2 on community health, the house and senate fiscal agencies, and the
3 state budget director on activities undertaken by the department to
4 address compulsive gambling.

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

6 **AND SPECIAL PROJECTS**

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

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

16 **PROGRAMS**

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

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

23 (b) A complete array of mental health services which shall
24 include, but shall not be limited to, all of the following services:
25 residential and other individualized living arrangements, outpatient

1 services, acute inpatient services, and long-term, 24-hour inpatient
2 care in a structured, secure environment.

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

9 (d) Individualized plans of service that are sufficient to meet
10 the needs of individuals, including those discharged from psychiatric
11 hospitals or centers, and that ensure the full range of recipient
12 needs is addressed through the CMHSP's or specialty prepaid health
13 plan's program or through assistance with locating and obtaining
14 services to meet these needs.

15 (e) A system of case management to monitor and ensure the
16 provision of services consistent with the individualized plan of
17 services or supports.

18 (f) A system of continuous quality improvement.

19 (g) A system to monitor and evaluate the mental health services
20 provided.

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

24 Sec. 402. (1) From funds appropriated in part 1, final
25 authorizations to CMHSPs or specialty prepaid health plans shall be
26 made upon the execution of contracts between the department and CMHSPs
27 or specialty prepaid health plans. The contracts shall contain an

1 approved plan and budget as well as policies and procedures governing
2 the obligations and responsibilities of both parties to the
3 contracts. Each contract with a CMHSP or specialty prepaid health
4 plan that the department is authorized to enter into under this
5 subsection shall include a provision that the contract is not valid
6 unless the total dollar obligation for all of the contracts between
7 the department and the CMHSPs or specialty prepaid health plans
8 entered into under this subsection for fiscal year 2003-2004 does not
9 exceed the amount of money appropriated in part 1 for the contracts
10 authorized under this subsection.

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

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

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

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

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

26 Sec. 404. (1) Not later than May 31 of each fiscal year, the
27 department shall provide a report on the community mental health

1 services programs to the members of the house of representatives and
2 senate appropriations subcommittees on community health, the house and
3 senate fiscal agencies, and the state budget director that includes
4 the information required by this section.

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

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

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

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

18 (d) Financial information which, minimally, shall include a
19 description of funding authorized; expenditures by client group and
20 fund source; and cost information by service category, including
21 administration. Service category shall include all department
22 approved services.

23 (e) Data describing service outcomes which shall include, but not
24 be limited to, an evaluation of consumer satisfaction, consumer
25 choice, and quality of life concerns including, but not limited to,
26 housing and employment.

27 (f) Information about access to community mental health services

1 programs which shall include, but not be limited to, the following:

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

3 (ii) The number of people who requested services but did not
4 receive services.

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

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

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

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

16 (i) An estimate of the number of FTEs employed by the CMHSPs or
17 specialty prepaid health plans or contracted with directly by the
18 CMHSPs or specialty prepaid health plans as of September 30, 2003 and
19 an estimate of the number of FTEs employed through contracts with
20 provider organizations as of September 30, 2003.

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

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

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

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

4 (ii) Performance indicator information required to be submitted to
5 the department in the contracts with CMHSPs or specialty prepaid
6 health plans.

7 (3) The department shall include data reporting requirements
8 listed in subsection (2) in the annual contract with each individual
9 CMHSP or specialty prepaid health plan.

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

13 Sec. 405. It is the intent of the legislature that the employee
14 wage pass-through funded to the community mental health services
15 programs for direct care workers in local residential settings and for
16 paraprofessional and other nonprofessional direct care workers in day
17 programs, supported employment, and other vocational programs shall
18 continue to be paid to direct care workers.

19 Sec. 406. (1) The funds appropriated in part 1 for the state
20 disability assistance substance abuse services program shall be used
21 to support per diem room and board payments in substance abuse
22 residential facilities. Eligibility of clients for the state
23 disability assistance substance abuse services program shall include
24 needy persons 18 years of age or older, or emancipated minors, who
25 reside in a substance abuse treatment center.

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

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

6 Sec. 407. (1) The amount appropriated in part 1 for substance
7 abuse prevention, education, and treatment grants shall be expended
8 for contracting with coordinating agencies or designated service
9 providers. It is the intent of the legislature that the coordinating
10 agencies and designated service providers work with the CMHSPs or
11 specialty prepaid health plans to coordinate the care and services
12 provided to individuals with both mental illness and substance abuse
13 diagnoses.

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

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

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

1 subcontractor shall be reported.

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

4 (c) Number of services provided by central diagnosis and referral
5 agency, by subcontractor, and by service type. Additionally, data on
6 length of stay, referral source, and participation in other state
7 programs.

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

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

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

17 Sec. 410. The department shall assure that substance abuse
18 treatment is provided to applicants and recipients of public
19 assistance through the family independence agency who are required to
20 obtain substance abuse treatment as a condition of eligibility for
21 public assistance.

22 Sec. 411. (1) The department shall ensure that each contract
23 with a CMHSP or specialty prepaid health plan requires the CMHSP or
24 specialty prepaid health plan to implement programs to encourage
25 diversion of persons with serious mental illness, serious emotional
26 disturbance, or developmental disability from possible jail
27 incarceration when appropriate.

1 (2) Each CMHSP or specialty prepaid health plan shall have jail
2 diversion services and shall work toward establishing working
3 relationships with representative staff of local law enforcement
4 agencies, including county prosecutors' offices, county sheriffs'
5 offices, county jails, municipal police agencies, municipal detention
6 facilities, and the courts. Written interagency agreements describing
7 what services each participating agency is prepared to commit to the
8 local jail diversion effort and the procedures to be used by local law
9 enforcement agencies to access mental health jail diversion services
10 are strongly encouraged.

11 Sec. 412. The department shall contract directly with the
12 Salvation Army harbor light program to provide non-Medicaid substance
13 abuse services at not less than the amount contracted for in fiscal
14 year 2002-2003.

15 Sec. 414. Medicaid substance abuse treatment services shall be
16 managed by selected CMHSPs or specialty prepaid health plans pursuant
17 to the centers for Medicare and Medicaid services' approval of
18 Michigan's 1915(b) waiver request to implement a managed care plan for
19 specialized substance abuse services. The selected CMHSPs or
20 specialty prepaid health plans shall receive a capitated payment on a
21 per eligible per month basis to assure provision of medically
22 necessary substance abuse services to all beneficiaries who require
23 those services. The selected CMHSPs or specialty prepaid health plans
24 shall be responsible for the reimbursement of claims for specialized
25 substance abuse services. The CMHSPs or specialty prepaid health
26 plans that are not coordinating agencies may continue to contract with
27 a coordinating agency. Any alternative arrangement must be based on

1 client service needs and have prior approval from the department.

2 Sec. 418. On or before the tenth of each month, the department
3 shall report to the senate and house of representatives appropriations
4 subcommittees on community health, the senate and house fiscal
5 agencies, and the state budget director on the amount of funding paid
6 to the CMHSPs or specialty prepaid health plans to support the
7 Medicaid managed mental health care program in that month. The
8 information shall include the total paid to each CMHSP or specialty
9 prepaid health plan, per capita rate paid for each eligibility group
10 for each CMHSP or specialty prepaid health plan, and number of cases
11 in each eligibility group for each CMHSP or specialty prepaid health
12 plan, and year-to-date summary of eligibles and expenditures for the
13 Medicaid managed mental health care program.

14 Sec. 423. The department shall work cooperatively with the
15 family independence agency and the departments of corrections,
16 education, state police, and military and veterans affairs to
17 coordinate and improve the delivery of substance abuse prevention,
18 education, and treatment programs within existing appropriations. The
19 department shall report by March 15, 2004 on the outcomes of this
20 cooperative effort to the house of representatives and senate
21 appropriations subcommittees on community health, the house and senate
22 fiscal agencies, and the state budget director.

23 Sec. 424. Each community mental health services program or
24 specialty prepaid health plan that contracts with the department to
25 provide services to the Medicaid population shall adhere to the
26 following timely claims processing and payment procedure for claims
27 submitted by health professionals and facilities:

1 (a) A "clean claim" as described in section 111i of the social
2 welfare act, 1939 PA 280, MCL 400.111i, must be paid within 45 days
3 after receipt of the claim by the community mental health services
4 program or specialty prepaid health plan. A clean claim that is not
5 paid within this time frame shall bear simple interest at a rate of
6 12% per annum.

7 (b) A community mental health services program or specialty
8 prepaid health plan must state in writing to the health professional
9 or facility any defect in the claim within 30 days after receipt of
10 the claim.

11 (c) A health professional and a health facility have 30 days after
12 receipt of a notice that a claim or a portion of a claim is defective
13 within which to correct the defect. The community mental health
14 services program or specialty prepaid health plan shall pay the claim
15 within 30 days after the defect is corrected.

16 Sec. 425. (1) By April 1, 2004, the department, in conjunction
17 with the department of corrections, shall report the following data
18 from fiscal year 2002-2003 on mental health and substance abuse
19 services to the house of representatives and senate appropriations
20 subcommittees on community health and corrections, the house and
21 senate fiscal agencies, and the state budget office:

22 (a) The number of prisoners receiving substance abuse services
23 which shall include a description and breakdown on the type of
24 substance abuse services provided to prisoners.

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

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

4 (2) In conjunction with the department of corrections and county
5 governments, the department shall conduct a study and include in the
6 report under subsection (1) the findings of the study that establishes
7 the prevalence of mental illness, by major diagnostic categories,
8 among persons incarcerated in Michigan jails and prisons. This study
9 shall also provide an estimate of cost savings, if any, through the
10 use of a civil outpatient commitment law. Cost savings shall be
11 reported both in terms of the dollar difference between treatment and
12 incarceration, and the decrease in the numbers of persons
13 incarcerated.

14 Sec. 426. (1) By May 31, 2004, the department shall provide the
15 senate and house appropriations subcommittees on community health, the
16 senate and house fiscal agencies, and the state budget director with a
17 report on mental health services to minors assigned or referred by the
18 courts and assessed by CMHSPs for possible services in fiscal year
19 2002-2003.

20 (2) The report described in subsection (1) shall contain
21 information for each CMHSP calculated by the department from fiscal
22 year 2002-2003 data reporting requirements and a statewide summary,
23 each of which shall contain at least the following information:

24 (a) The number of minors meeting the criteria in subsection (1)
25 and evaluated by CMHSPs as a result of court assignment or referral.

26 (b) The number of minors meeting the criteria in subsection (1)
27 and receiving CMHSP treatment after the court assignment or referral.

1 (c) A breakdown of minors meeting the criteria in subsection (1)
2 who received treatment, by the following categories:

3 (i) Age.

4 (ii) Primary diagnosis, stated as a specifically named condition
5 corresponding to the terminology employed in the latest version of the
6 diagnostic and statistical manual of the American psychiatric
7 association.

8 (iii) Whether or not the score on a department designated outcome
9 instrument indicated functional impairment that was either marked or
10 severe.

11 (iv) Average length of stay in CMHSP treatment.

12 (v) Unduplicated count of the number receiving residential
13 service through CMHSPs and average length of stay in those residential
14 services.

15 (vi) Number of recipients served under each categorical
16 children's service heading maintained by the department for standard
17 CMHSP reporting purposes.

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 for pilot projects implemented 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 may 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 reporting requirements for CMHSPs
12 or 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

1 have been closed or are inactive. Revenues collected through project
2 efforts are appropriated to the department for departmental costs and
3 contractual fees associated with these retroactive collections and to
4 improve ongoing departmental reimbursement management functions.

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

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

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

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

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

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

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

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

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

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

27 (4) Upon the closure of state-run operations and after

1 transitional costs have been paid, the remaining balances of funds
2 appropriated for that operation shall be transferred to CMHSPs or
3 specialty prepaid health plans responsible for providing services for
4 persons previously served by the operations.

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

14 **INFECTIOUS DISEASE CONTROL**

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

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

25 Sec. 803. The department shall continue the AIDS drug assistance
26 program maintaining the prior year eligibility criteria and drug

1 formulary. This section is not intended to prohibit the department
2 from providing assistance for improved AIDS treatment medications.

3 EPIDEMIOLOGY

4 Sec. 853. From the funds appropriated in part 1 for bioterrorism
5 preparedness, up to \$1,000,000.00, as allowed by federal law and
6 regulations, shall be allocated for bioterrorism preparedness and
7 response services to a multispecies laboratory and necropsy facility
8 located in this state that is certified by the United States
9 department of agriculture animal, plant, health inspection service,
10 with a biosafety level 2/3 certification.

11 Sec. 854. From the funds appropriated for bioterrorism
12 preparedness, it is the intent of the legislature that priority
13 consideration for the allocation of the bioterrorism hospital
14 preparedness portion of the funds be given to the state's level one
15 trauma centers.

16 Sec. 855. (1) The department shall convene a toxic mold
17 prevention summit to focus on the reduction of the occurrence of
18 indoor toxic mold growth and risk to human health.

19 (2) The summit shall do all of the following:

20 (a) Invite expert advice from research universities, university
21 schools of public health, federal agencies, and other entities or
22 persons recognized in this science and application.

23 (b) Focus on models that have proven to be effective at
24 accomplishing reduction of toxic mold growth.

25 (c) Consider existing building codes, inspection requirements, and
26 other guidelines and standards for ways to minimize building
27 conditions that facilitate toxic mold growth, and for remediation of

1 occurrences of toxic mold growth.

2 (d) Advise the department in its efforts with other state
3 departments and local entities how to improve cooperation among the
4 organizations to make public efforts to reduce toxic mold occurrence
5 more effective.

6 (3) The department shall report the summit findings to the house
7 and senate committees on appropriations, the house and senate standing
8 committees on health policy, and the house and senate fiscal agencies
9 no later than March 1, 2004.

10 **LOCAL HEALTH ADMINISTRATION AND GRANTS**

11 Sec. 901. The amount appropriated in part 1 for implementation
12 of the 1993 amendments to sections 9161, 16221, 16226, 17014, 17015,
13 and 17515 of the public health code, 1978 PA 368, MCL 333.9161,
14 333.16221, 333.16226, 333.17014, 333.17015, and 333.17515, shall
15 reimburse local health departments for costs incurred related to
16 implementation of section 17015(18) of the public health code, 1978
17 PA 368, MCL 333.17015.

18 Sec. 902. If a county that has participated in a district health
19 department or an associated arrangement with other local health
20 departments takes action to cease to participate in such an
21 arrangement after October 1, 2003, the department shall have the
22 authority to assess a penalty from the local health department's
23 operational accounts in an amount equal to no more than 5% of the
24 local health department's local public health operations funding.
25 This penalty shall only be assessed to the local county that requests
26 the dissolution of the health department.

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

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

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

22 (3) Distributions in subsection (1) shall be made only to counties
23 that maintain local spending in fiscal year 2003-2004 of at least the
24 amount expended in fiscal year 1992-1993 for the services described in
25 subsection (1).

26 (4) By April 1, 2004, the department shall make available upon
27 request a report to the senate or house of representatives

1 appropriations subcommittee on community health, the senate or house
2 fiscal agency, or the state budget director on the planned allocation
3 of the funds appropriated for local public health operations.

4 **CHRONIC DISEASE AND INJURY PREVENTION AND HEALTH**

5 **PROMOTION**

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

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

17 (a) The department of education.

18 (b) The department of community health.

19 (c) The health administration in the department of community
20 health.

21 (d) The bureau of mental health and substance abuse services in
22 the department of community health.

23 (e) The family independence agency.

24 (f) The department of state police.

25 (2) Upon written or oral request, a pupil not less than 18 years
26 of age or a parent or legal guardian of a pupil less than 18 years of
27 age, within a reasonable period of time after the request is made,

1 shall be informed of the content of a course in the health education
2 curriculum and may examine textbooks and other classroom materials
3 that are provided to the pupil or materials that are presented to the
4 pupil in the classroom. This subsection does not require a school
5 board to permit pupil or parental examination of test questions and
6 answers, scoring keys, or other examination instruments or data used
7 to administer an academic examination.

8 Sec. 1003. Funds appropriated in part 1 for the Alzheimer's
9 information network shall be used to provide information and referral
10 services through regional networks for persons with Alzheimer's
11 disease or related disorders, their families, and health care
12 providers.

13 Sec. 1006. In spending the funds appropriated in part 1 for the
14 smoking prevention program, priority shall be given to prevention and
15 smoking cessation programs for pregnant women, women with young
16 children, and adolescents.

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

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

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

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

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

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

6 Sec. 1010. Of the funds appropriated in part 1 for the health
7 education, promotion, and research programs, the department shall
8 allocate not less than \$100,000.00 to implement the osteoporosis
9 prevention and treatment education program targeting women and school
10 health education. As part of the program, the department shall design
11 and implement strategies for raising public awareness on the causes
12 and nature of osteoporosis, personal risk factors, value of prevention
13 and early detection, and options for diagnosing and treating
14 osteoporosis.

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

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

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

1 COMMUNITY LIVING, CHILDREN, AND FAMILIES

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

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

16 (a) Funding allocations.

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

19 Sec. 1106. Each family planning program receiving federal title X
20 family planning funds shall be in compliance with all performance and
21 quality assurance indicators that the United States bureau of
22 community health services specifies in the family planning annual
23 report. An agency not in compliance with the indicators shall not
24 receive supplemental or reallocated funds.

25 Sec. 1106a. (1) Federal abstinence money expended in part 1 for
26 the purpose of promoting abstinence education shall provide abstinence
27 education to teenagers most likely to engage in high-risk behavior as

1 their primary focus, and may include programs that include 9- to
2 17-year-olds. Programs funded must meet all of the following
3 guidelines:

4 (a) Teaches the gains to be realized by abstaining from sexual
5 activity.

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

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

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

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

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

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

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

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

25 (3) Programs and organizations that meet the guidelines of
26 subsection (1) and criteria of subsection (2) shall have the option of
27 receiving all or part of their funds directly from the department of

1 community health.

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

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

8 Sec. 1109. (1) Subject to subsection (3), from the amounts
9 appropriated in part 1 for dental programs, funds shall be allocated
10 to the Michigan dental association for the administration of a
11 volunteer dental program that would provide dental services to the
12 uninsured in an amount that is no less than the amount allocated to
13 that program in fiscal year 1996-1997.

14 (2) Not later than December 1 of the current fiscal year, the
15 department shall make available upon request a report to the senate or
16 house of representatives appropriations subcommittee on community
17 health or the senate or house of representatives standing committee on
18 health policy the number of individual patients treated, number of
19 procedures performed, and approximate total market value of those
20 procedures through September 30, 2003.

21 (3) As a condition to receiving the allocation of the funds
22 described in subsection (1), the Michigan dental association shall
23 provide a report to the senate and house subcommittees on community
24 health and the senate and house fiscal agencies documenting the
25 Michigan dental association's efforts to increase its membership's
26 participation as Medicaid providers. This report shall be provided no
27 later than December 1, 2003.

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

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

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

14 Sec. 1124. (1) From the funds appropriated in part 1 from the
15 federal maternal and child health block grant, \$450,000.00 shall be
16 allocated if additional block grant funds are available for the
17 statewide fetal infant mortality review network.

18 (2) It is the intent of the legislature that this project shall
19 be funded with a like amount in fiscal year 2004-2005 should federal
20 funds become available.

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

24 Sec. 1129. The department shall provide a report annually to the
25 house of representatives and senate appropriations subcommittees on
26 community health, the house and senate fiscal agencies, and the state
27 budget director on the number of children with elevated blood lead

1 levels from information available to the department. The report shall
2 provide the information by county, shall include the level of blood
3 lead reported, and shall indicate the sources of the information.

4 Sec. 1133. The department shall release infant mortality rate
5 data to all local public health departments no later than 48 hours
6 prior to releasing infant mortality rate data to the public.

7 Sec. 1134. On the condition that there are unallocated funds
8 remaining in the special projects line item, following the allotment
9 of funds from this line item to existing programs that are required to
10 be funded under this act, the department may provide \$100,000.00 to
11 the yellow ribbon suicide prevention program for an adolescent suicide
12 and assessment pilot project.

13 **WOMEN, INFANTS, AND CHILDREN FOOD AND NUTRITION PROGRAM**

14 Sec. 1151. The department may work with local participating
15 agencies to define local annual contributions for the farmer's market
16 nutrition program, project FRESH, to enable the department to request
17 federal matching funds by April 1, 2004 based on local commitment of
18 funds.

19 **CHILDREN'S SPECIAL HEALTH CARE SERVICES**

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

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

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

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

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

7 (d) Provide medical care and treatment to eligible patients with
8 hereditary coagulation defects, commonly known as hemophilia, who are
9 21 years of age or older.

10 Sec. 1203. All children who are determined medically eligible
11 for the children's special health care services program shall be
12 referred to the appropriate locally-based services program in their
13 community.

14 **CRIME VICTIM SERVICES COMMISSION**

15 Sec. 1302. From the funds appropriated in part 1 for justice
16 assistance grants, up to \$50,000.00 shall be allocated for expansion
17 of forensic nurse examiner programs to facilitate training for
18 improved evidence collection for the prosecution of sexual assault.
19 The funds shall be used for program coordination, training, and
20 counseling. Unexpended funds shall be carried forward.

21 Sec. 1304. The department shall work with the department of
22 state police, the Michigan hospital association, the Michigan state
23 medical society, and the Michigan nurses association to ensure that
24 the recommendations included in the "Standard Recommended Procedures
25 for the Emergency Treatment of Sexual Assault Victims" are followed in
26 the collection of evidence.

1 OFFICE OF SERVICES TO THE AGING

2 Sec. 1401. The appropriation in part 1 to the office of services
3 to the aging, for community and nutrition services and home services,
4 shall be restricted to eligible individuals at least 60 years of age
5 who fail to qualify for home care services under title XVIII, XIX, or
6 XX.

7 Sec. 1403. The office of services to the aging shall require
8 each region to report to the office of services to the aging home
9 delivered meals waiting lists based upon standard criteria.

10 Determining criteria shall include all of the following:

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

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

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

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

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

22 Sec. 1406. The appropriation of \$5,000,000.00 of tobacco
23 settlement funds to the office of services to the aging for the
24 respite care program shall be allocated in accordance with a long-term
25 care plan developed by the long-term care working group established in
26 section 1657 of 1998 PA 336 upon implementation of the plan. The use

1 of the funds shall be for direct respite care or adult respite care
2 center services. Not more than 10% of the amount allocated under this
3 section shall be expended for administration and administrative
4 purposes.

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

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

23 MEDICAL SERVICES

24 Sec. 1601. The cost of remedial services incurred by residents
25 of licensed adult foster care homes and licensed homes for the aged
26 shall be used in determining financial eligibility for the medically
27 needy. Remedial services include basic self-care and rehabilitation

1 training for a resident.

2 Sec. 1602. Medical services shall be provided to elderly and
3 disabled persons with incomes less than or equal to 100% of the
4 official poverty line, pursuant to the state's option to elect such
5 coverage set out at section 1902(a)(10)(A)(ii) and (m) of title XIX,
6 42 U.S.C. 1396a.

7 Sec. 1603. (1) The department may establish a program for
8 persons to purchase medical coverage at a rate determined by the
9 department.

10 (2) The department may receive and expend premiums for the buy-in
11 of medical coverage in addition to the amounts appropriated in part
12 1.

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

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

19 (2) The department shall notify the senate and house of
20 representatives appropriations subcommittees on community health and
21 the state budget director of any proposed revisions to the protected
22 income level for Medicaid coverage related to the public assistance
23 standard 90 days prior to implementation.

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

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

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

18 (3) In the event that an applicant, presumed to be eligible
19 pursuant to subsection (1), is subsequently found to be ineligible, a
20 Medicaid physician or managed care plan that has been providing
21 pregnancy services to an applicant under this section is entitled to
22 reimbursement for those services until such time as they are notified
23 by the department that the applicant was found to be ineligible for
24 Medicaid.

25 (4) If the preponderance of evidence in an application indicates
26 that the applicant is not eligible for Medicaid, the department may
27 refer that applicant to the nearest public health clinic or similar

1 entity as a potential source for receiving pregnancy-related
2 services.

3 (5) The department shall develop an enrollment process for
4 pregnant women covered under this section that facilitates the
5 selection of a managed care plan at the time of application.

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

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

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

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

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

12 Sec. 1620. (1) For fee-for-service recipients, the
13 pharmaceutical dispensing fee may be \$3.77 or the pharmacy's usual or
14 customary cash charge, whichever is less.

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

19 (3) The department may require a prescription copayment for
20 Medicaid recipients except as prohibited by federal or state law or
21 regulation.

22 Sec. 1621. (1) The department may implement prospective drug
23 utilization review and disease management systems. The prospective
24 drug utilization review and disease management systems authorized by
25 this subsection shall have physician oversight, shall focus on
26 patient, physician, and pharmacist education, and shall be developed
27 in consultation with the national pharmaceutical council, Michigan

1 state medical society, Michigan association of osteopathic physicians,
2 Michigan pharmacists' association, Michigan health and hospital
3 association, and Michigan nurses' association.

4 (2) This section does not authorize or allow therapeutic
5 substitution.

6 Sec. 1621a. (1) The department, in conjunction with
7 pharmaceutical manufacturers or their agents, may establish pilot
8 projects to test the efficacy of disease management and health
9 management programs.

10 (2) The department may negotiate a plan that uses the savings
11 resulting from the services rendered from these programs, in lieu of
12 requiring a supplemental rebate for the inclusion of those
13 participating parties' products on the department's preferred drug
14 list.

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

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

25 (b) The department's prior authorization and appeal process shall
26 be available on the department's website. The department shall also
27 continue to implement a program that allows providers to file prior

1 authorization and appeal requests electronically.

2 (c) The department shall provide authorization for prescribed
3 drugs that are not on its preferred drug list if the prescribing
4 physician verifies that the drugs are necessary for the continued
5 stabilization of the patient's medical condition following documented
6 previous failures on earlier prescription regimens. Documentation of
7 previous failures may be provided by telephone, facsimile, or
8 electronic transmission.

9 (d) Meetings of the department's pharmacy and therapeutics
10 committee shall be open to the public with advance notice of the
11 meeting date, time, place, and agenda posted on the department's
12 website 14 days in advance of each meeting date. By January 31 of
13 each year, the department shall publish the committee's regular
14 meeting schedule for the year on the department's website. The
15 pharmacy and therapeutics committee meetings shall be subject to the
16 requirements of the open meetings act, 1976 PA 267, MCL 15.261 to
17 15.275. The committee shall provide an opportunity for interested
18 parties to comment at each meeting following written notice to the
19 committee's chairperson of the intent to provide comment.

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

1 (f) The department shall assure compliance with the published
2 Medicaid bulletin implementing the Michigan pharmaceutical best
3 practices initiative program. The department shall also include this
4 information on its website.

5 (g) The department shall by March 15, 2004 provide to the members
6 of the house and senate subcommittees on community health a report on
7 the impact of the pharmaceutical best practice initiative on the
8 Medicaid community. The report shall include, but not be limited to,
9 the number of appeals used in the prior authorization process and any
10 reports of patients who are hospitalized because of authorization
11 denial.

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

19 Sec. 1622a. (1) It is the intent of the legislature that the
20 pharmacy and therapeutics committee shall consist of the following 11
21 members:

22 (a) Five members of the committee shall be Michigan licensed
23 retail pharmacists who are in active clinical practice residing in the
24 state. All member pharmacists shall have a representative portion of
25 fee-for-service Medicaid clients in their practice.

26 (b) Six members of the committee shall be Michigan licensed
27 physicians who are in active clinical practice residing in the state.

1 All member physicians shall have a representative portion of
2 fee-for-service Medicaid clients in their practice.

3 (2) It is also the intent of the legislature that the membership
4 on the committee shall be developed by appointing:

5 (a) Physicians, recommended by the Michigan medical society and
6 the Michigan osteopathic association, and may include at least 1
7 physician with expertise in mental health.

8 (b) Retail pharmacists, recommended by the Michigan pharmacists
9 association and the Michigan retailers association, and may include at
10 least 1 pharmacist with expertise with mental health drugs.

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

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

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

23 Sec. 1624. The department may continue all rebate and
24 supplemental rebate contracts with a pharmaceutical manufacturer until
25 a multistate drug purchasing compact is fully established.

26 Sec. 1625. The department shall continue its practice of placing
27 all atypical antipsychotic medications on the Medicaid preferred drug

1 list.

2 Sec. 1626. Prior to implementing a multistate drug purchasing
3 compact, the department shall provide the senate and house
4 appropriations subcommittees on community health and the senate and
5 house fiscal agencies with a benefit-cost analysis to document that
6 the savings from the compact exceed the savings from the current
7 preferred drug list (PDL) supplemental rebate drug programs.

8 Sec. 1627. (1) The department shall use procedures and rebates
9 amounts specified under section 1927 of title XIX, 42 U.S.C. 1396r-8,
10 to secure quarterly rebates from pharmaceutical manufacturers for
11 outpatient drugs dispensed to participants in the MICHild program,
12 maternal outpatient medical services program, state medical program,
13 children's special health care services, and EPIC.

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

17 Sec. 1628. Recipients of children's special health care services
18 shall be exempt from the prior authorization requirements for
19 prescription drugs related to their qualifying condition in the
20 department of community health's pharmaceutical best practices
21 initiative.

22 Sec. 1629. The department shall utilize maximum allowable cost
23 pricing for generic drugs that is based on wholesaler pricing to
24 providers that is available from at least 2 wholesalers who deliver in
25 the state of Michigan.

26 Sec. 1629a. If an individual who is currently under medical
27 treatment and whose condition has been stabilized under a given

1 medication regime should become Medicaid eligible, that individual
2 shall be allowed to continue on that medication, exempt from prior
3 authorization, for the duration of the current course of treatment.

4 Sec. 1629b. If a patient is under court order for a particular
5 medication, the patient shall be allowed to continue on that
6 medication, exempt from prior authorization.

7 Sec. 1630. Medicaid hearing aid services, podiatric services,
8 adult dental services, and chiropractic services shall continue at not
9 less than the level in effect on October 1, 2002, except that
10 reasonable utilization limitations may be adopted in order to prevent
11 excess utilization. The department shall not impose utilization
12 restrictions on chiropractic services unless a recipient has exceeded
13 18 office visits within 1 year.

14 Sec. 1631. The department shall require copayments on dental,
15 podiatric, chiropractic, vision, and hearing aid services provided to
16 Medicaid recipients, except as prohibited by federal or state law or
17 regulation.

18 Sec. 1633. From the funds appropriated in part 1 for auxiliary
19 medical services, the department shall expand the healthy kids dental
20 program statewide if funds become available specifically for expansion
21 of the program.

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

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

1 year.

2 Sec. 1643. Of the funds appropriated in part 1 for graduate
3 medical education in the hospital services and therapy line item
4 appropriation, \$7,270,200.00 shall be allocated for the psychiatric
5 residency training program that establishes and maintains
6 collaborative relations with the schools of medicine at Michigan State
7 University and Wayne State University if the necessary Medicaid
8 matching funds are provided by the universities as allowable state
9 match.

10 Sec. 1647. From the funds appropriated in part 1 for hospital
11 services, the department shall allocate for graduate medical education
12 not less than the level of rates and payments in effect on April 1,
13 2003.

14 Sec. 1648. The department shall maintain an automated toll-free
15 phone line to enable medical providers to verify the eligibility
16 status of Medicaid recipients. There shall be no charge to providers
17 for the use of the toll-free phone line.

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

27 Sec. 1650. (1) The department may require medical services

1 recipients residing in counties offering managed care options to
2 choose the particular managed care plan in which they wish to be
3 enrolled. Persons not expressing a preference may be assigned to a
4 managed care provider.

5 (2) Persons to be assigned a managed care provider shall be
6 informed in writing of the criteria for exceptions to capitated
7 managed care enrollment, their right to change HMOs for any reason
8 within the initial 90 days of enrollment, the toll-free telephone
9 number for problems and complaints, and information regarding
10 grievance and appeals rights.

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

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

25 (2) The department shall not amend the medical services hospice
26 manual in a manner that would allow hospice services to be provided
27 without making available all comprehensive hospice services described

1 in 42 C.F.R. part 418.

2 Sec. 1653. Implementation and contracting for managed care by
3 the department through HMOs shall be subject to the following
4 conditions:

5 (a) Continuity of care is assured by allowing enrollees to
6 continue receiving required medically necessary services from their
7 current providers for a period not to exceed 1 year if enrollees meet
8 the managed care medical exception criteria.

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

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

15 (d) Mandatory enrollment of Medicaid beneficiaries living in
16 counties defined as rural by the federal government, which is any
17 nonurban standard metropolitan statistical area, is allowed if there
18 is only 1 HMO serving the Medicaid population, as long as each
19 Medicaid beneficiary is assured of having a choice of at least 2
20 physicians by the HMO.

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

23 (f) The department shall develop a case adjustment to its rate
24 methodology that considers the costs of persons with HIV/AIDS, end
25 stage renal disease, organ transplants, epilepsy, and other high-cost
26 diseases or conditions and shall implement the case adjustment when it
27 is proven to be actuarially and fiscally sound. Implementation of the

1 case adjustment must be budget neutral.

2 Sec. 1654. Medicaid HMOs shall provide for reimbursement of HMO
3 covered services delivered other than through the HMO's providers if
4 medically necessary and approved by the HMO, immediately required, and
5 that could not be reasonably obtained through the HMO's providers on a
6 timely basis. Such services shall be considered approved if the HMO
7 does not respond to a request for authorization within 24 hours of the
8 request. Reimbursement shall not exceed the Medicaid fee-for-service
9 payment for those services.

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

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

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

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

25 (3) Annual reports summarizing the problems and complaints
26 reported and their resolution shall be provided to the house of
27 representatives and senate appropriations subcommittees on community

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

3 Sec. 1657. (1) Reimbursement for medical services to screen and
4 stabilize a Medicaid recipient, including stabilization of a
5 psychiatric crisis, in a hospital emergency room shall not be made
6 contingent on obtaining prior authorization from the recipient's HMO.
7 If the recipient is discharged from the emergency room, the hospital
8 shall notify the recipient's HMO within 24 hours of the diagnosis and
9 treatment received.

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

14 (3) Subsections (1) and (2) shall not be construed as a
15 requirement to alter an existing agreement between an HMO and their
16 contracting hospitals nor as a requirement that an HMO must reimburse
17 for services that are not considered to be medically necessary.

18 (4) Prior to contracting with an HMO for managed care services
19 that did not have a contract with the department before October 1,
20 2002, the department shall receive assurances from the office of
21 financial and insurance services that the HMO meets the net worth and
22 financial solvency requirements contained in chapter 35 of the
23 insurance code of 1956, 1956 PA 218, MCL 500.3501 to 500.3580.

24 Sec. 1658. (1) It is the intent of the legislature that HMOs
25 shall have contracts with hospitals within a reasonable distance from
26 their enrollees. If a hospital does not contract with the HMO, in its
27 service area, that hospital shall enter into a hospital access

1 agreement as specified in the MSA bulletin Hospital 01-19.

2 (2) A hospital access agreement specified in subsection (1) shall
3 be considered an affiliated provider contract pursuant to the
4 requirements contained in chapter 35 of the insurance code of 1956,
5 1956 PA 218, MCL 500.3501 to 500.3580.

6 Sec. 1659. The following sections are the only ones that shall
7 apply to the following Medicaid managed care programs, including the
8 comprehensive plan, children's special health care services plan,
9 MIChoice long-term care plan, and the mental health, substance abuse,
10 and developmentally disabled services program: 402, 404, 414, 418,
11 424, 428, 442, 1650, 1651, 1653, 1655, 1656, 1657, 1658, 1660, 1661,
12 1662, and 1699.

13 Sec. 1660. (1) The department shall assure that all Medicaid
14 children have timely access to EPSDT services as required by federal
15 law. Medicaid HMOs shall provide EPSDT services to their child
16 members in accordance with Medicaid EPSDT policy.

17 (2) The primary responsibility of assuring a child's hearing and
18 vision screening is with the child's primary care provider. The
19 primary care provider shall provide age appropriate screening or
20 arrange for these tests through referrals to local health
21 departments. Local health departments shall provide preschool hearing
22 and vision screening services and accept referrals for these tests
23 from physicians or from Head Start programs in order to assure all
24 preschool children have appropriate access to hearing and vision
25 screening. Local health departments shall be reimbursed for the cost
26 of providing these tests for Medicaid eligible children by the
27 Medicaid program.

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

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

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

14 Sec. 1661. (1) The department shall assure that all Medicaid
15 eligible children and pregnant women have timely access to MSS/ISS
16 services. Medicaid HMOs shall assure that maternal support service
17 screening is available to their pregnant members and that those women
18 found to meet the maternal support service high-risk criteria are
19 offered maternal support services. Local health departments shall
20 assure that maternal support service screening is available for
21 Medicaid pregnant women not enrolled in an HMO and that those women
22 found to meet the maternal support service high-risk criteria are
23 offered maternal support services or are referred to a certified
24 maternal support service provider.

25 (2) The department shall prohibit HMOs from requiring prior
26 authorization of their contracted providers for any EPSDT screening
27 and diagnosis service, for any MSS/ISS screening referral, or for up

1 to 3 MSS/ISS service visits.

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

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

11 (2) The department shall provide a copy of the analysis of the
12 Medicaid HMO annual audited health employer data and information set
13 reports and the annual external quality review report to the senate
14 and house of representatives appropriations subcommittees on community
15 health, the senate and house fiscal agencies, and the state budget
16 director, within 30 days of the department's receipt of the final
17 reports from the contractors.

18 (3) The department shall work with the Michigan association of
19 health plans and the Michigan association for local public health to
20 improve service delivery and coordination in the MSS/ISS and EPSDT
21 programs.

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

25 Sec. 1664. The department shall develop and implement incentives
26 for providers to increase early entry of Medicaid recipients into
27 prenatal care. The department shall provide documentation to the

1 senate and house appropriations subcommittees on community health and
2 the senate and house fiscal agencies on their progress in carrying out
3 this section by June 1, 2004.

4 Sec. 1665. The department shall develop and implement a plan to
5 improve access to health screening services under the EPSDT program
6 for all Medicaid-eligible persons under the age of 21. The department
7 shall provide documentation to the senate and house appropriations
8 subcommittees on community health and the senate and house fiscal
9 agencies on their progress in carrying out this section by June 1,
10 2004.

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 may not exceed \$5.00 for a
4 family.

5 Sec. 1674. The department may 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 may 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. 1680. (1) It is the intent of the legislature that payment
13 increases for enhanced wages and new or enhanced employee benefits
14 provided through the Medicaid nursing home wage pass-through program
15 in previous years be continued in fiscal year 2003-2004.

16 (2) The department shall provide a report to the house and senate
17 appropriations subcommittees on community health and the house and
18 senate fiscal agencies regarding the amount of nursing home employee
19 wage and benefit increases provided through the nursing home wage
20 pass-through program in fiscal year 2002-2003.

21 Sec. 1681. From the funds appropriated in part 1 for home and
22 community-based services, the department and local waiver agents shall
23 encourage the use of family members, friends, and neighbors of home
24 and community-based services participants, where appropriate, to
25 provide homemaker services, meal preparation, transportation, chore
26 services, and other nonmedical covered services to participants in the
27 Medicaid home and community-based services program. This section

1 shall not be construed as allowing for the payment of family members,
2 friends, or neighbors for these services unless explicitly provided
3 for in federal or state law.

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

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

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

14 Sec. 1683. The department shall promote activities that preserve
15 the dignity and rights of terminally ill and chronically ill
16 individuals. Priority shall be given to programs, such as hospice,
17 that focus on individual dignity and quality of care provided persons
18 with terminal illness and programs serving persons with chronic
19 illnesses that reduce the rate of suicide through the advancement of
20 the knowledge and use of improved, appropriate pain management for
21 these persons; and initiatives that train health care practitioners
22 and faculty in managing pain, providing palliative care, and suicide
23 prevention.

24 Sec. 1685. All nursing home rates, class I and class III, must
25 have their respective fiscal year rate set 30 days prior to the
26 beginning of their rate year. Rates may take into account the most
27 recent cost report prepared and certified by the preparer, provider

1 corporate owner or representative as being true and accurate, and
2 filed timely, within 5 months of the fiscal year end in accordance
3 with Medicaid policy. If the audited version of the last report is
4 available, it shall be used. Any rate factors based on the filed cost
5 report may be retroactively adjusted upon completion of the audit of
6 that cost report.

7 Sec. 1687. (1) The department shall undertake an assessment and
8 inventory of all facilities capable of providing the appropriate level
9 of residential care to persons afflicted with Alzheimer's disease or
10 dementia.

11 (2) As part of this assessment, the department may establish
12 pilot projects with freestanding psychiatric or other qualifying
13 facilities that have developed specific units to provide specialized
14 residential care for patients with Alzheimer's disease or dementia, or
15 both. The purpose of these pilots shall be to ascertain whether such
16 treatment modalities are cost effective at negotiated rates and can
17 increase access to this level of care needed by affected patients and
18 their families.

19 Sec. 1688. The department shall not impose a limit on per unit
20 reimbursements to service providers that provide personal care or
21 other services under the Medicaid home and community-based waiver
22 program for the elderly and disabled. The department's per day per
23 client reimbursement cap calculated in the aggregate for all services
24 provided under the Medicaid home and community-based waiver is not a
25 violation of this section.

26 Sec. 1689. (1) Priority in enrolling additional persons in the
27 Medicaid home and community-based services program shall be given to

1 those who are currently residing in nursing homes or who are eligible
2 to be admitted to a nursing home if they are not provided home and
3 community-based services. The department shall implement screening
4 and assessment procedures to assure that no additional Medicaid
5 eligible persons are admitted to nursing homes who would be more
6 appropriately served by the Medicaid home and community-based services
7 program. In each case where the program is successful in removing an
8 individual from a nursing home, the department shall transfer the
9 estimated amount of cost savings from the long-term care services
10 program to the home and community-based waiver program. The
11 department shall make these transfers on a quarterly basis.

12 (2) Within 30 days of the end of each fiscal quarter, the
13 department shall provide a report to the senate and house
14 appropriations subcommittees on community health and the senate and
15 house fiscal agencies that details existing and future allocations for
16 the home and community-based waiver program by regions as well as the
17 associated expenditures.

<<Sec. 1690. (1) Contingent on the availability of funds and the approval of the Centers for Medicaid and Medicare Services, the department shall encourage and assist in the establishment of a Program of All Inclusive Care for the Elderly (PACE), in at least parts of three west Michigan counties, being Kent, Barry, and Ionia.

(2) This program shall provide a capitated, managed care benefit for the frail elderly, provided by a not-for-profit agency, that will feature a comprehensive medical and social service delivery system. In addition, the program shall use a multidisciplinary team approach in an adult day health center supplemented by in-home and referral service in accordance with participants' needs. The PACE program may be funded by a combination of Medicaid, Medicare, or other fund sources.>>

18 Sec. 1692. (1) The department of community health is authorized
19 to pursue reimbursement for eligible services provided in Michigan
20 schools from the federal Medicaid program. The department and the
21 state budget director are authorized to negotiate and enter into
22 agreements, together with the department of education, with local and
23 intermediate school districts regarding the sharing of federal

24 Medicaid services funds received for these services. The department
25 is authorized to receive and disburse funds to participating school
26 districts pursuant to such agreements and state and federal law.

27 (2) From the funds appropriated in part 1 for medical services

1 school services payments, the department is authorized to do all of
2 the following:

3 (a) Finance activities within the medical services administration
4 related to this project.

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

8 (c) Offset general fund costs associated with the medical services
9 program.

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

15 Sec. 1694. The department of community health shall distribute
16 \$695,000.00 to children's hospitals that have a high indigent care
17 volume. The amount to be distributed to any given hospital shall be
18 based on a formula determined by the department of community health.

19 Sec. 1697. (1) As may be allowed by federal law or regulation,
20 the department may use funds provided by a local or intermediate
21 school district, which have been obtained from a qualifying health
22 system, as the state match required for receiving federal Medicaid or
23 children health insurance program funds. Any such funds received
24 shall be used only to support new school-based or school-linked health
25 services.

26 (2) A qualifying health system is defined as any health care
27 entity licensed to provide health care services in the state of

1 Michigan, that has entered into a contractual relationship with a
2 local or intermediate school district to provide or manage
3 school-based or school-linked health services.

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

10 Sec. 1710. Any proposed changes by the department to the
11 MIChoice home and community-based services waiver program screening
12 process shall be provided to the members of the house and senate
13 appropriations subcommittees on community health prior to
14 implementation of the proposed changes.

15 Sec. 1712. (1) Subject to the availability of funds, the
16 department shall implement a rural health initiative. Available funds
17 shall first be allocated as an outpatient adjustor payment to be paid
18 directly to hospitals in rural counties in proportion to each
19 hospital's Medicaid and indigent patient population. Additional
20 funds, if available, shall be allocated for defibrillator grants, EMT
21 training and support, or other similar programs.

22 (2) Except as otherwise specified in this section, "rural" means
23 a city, village, or township with a population of not more than
24 15,000, including those entities if located within a metropolitan
25 statistical area.

26 Sec. 1713. (1) The department, in conjunction with the Michigan
27 dental association, shall undertake a study to determine the level of

1 participation by Michigan licensed dentists in the state's Medicaid
2 program. The study shall identify the distribution of dentists
3 throughout the state, the volume of Medicaid recipients served by each
4 participating dentist, and areas in the state underserved for dental
5 services.

6 (2) The study described in subsection (1) shall also include an
7 assessment of what factors may be related to the apparent low
8 participation by dentists in the Medicaid program, and the study shall
9 make recommendations as to how these barriers to participation may be
10 reduced or eliminated.

11 (3) This study shall be provided to the senate and house
12 appropriations subcommittees on community health and the senate and
13 house fiscal agencies no later than April 1, 2004.

14 Sec. 1714. (1) The department shall undertake a study to
15 determine the effect of having Blue Cross/Blue Shield establish a
16 statewide Medicaid health maintenance organization. This study should
17 include assessments of each of the following:

18 (a) The potential increase of access to care for Medicaid
19 recipients in all areas of this state.

20 (b) Whether or not such increased access to care could produce
21 direct or indirect cost savings over the intermediate and long run.

22 (c) If administrative savings may occur from the effect of an HMO
23 having a significantly greater number of covered lives.

24 (d) Whether competition would be increased or decreased relative
25 to existing managed care plans.

26 (e) Any other factors that could be deemed relevant to the stated
27 issues.

1 (2) The department shall provide the findings of this study, along
2 with recommendations, to the senate and house subcommittees on
3 community health and the senate and house fiscal agencies no later
4 than April 1, 2004.