

# HOUSE BILL No. 5616

February 26, 2004, Introduced by Rep. Whitmer and referred to the Committee on Appropriations.

## EXECUTIVE BUDGET BILL

A bill to make appropriations for the department of community health and certain state purposes related to mental health, public health, and medical services for the fiscal year ending September 30, 2005; 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:

PART 1

## LINE-ITEM APPROPRIATIONS

Sec. 101. Subject to the conditions set forth in this bill, the amounts listed in this part are appropriated for the department of community health for the fiscal year ending September 30, 2005, from the funds indicated in this part. The following is a summary of the appropriations in this part:

**DEPARTMENT OF COMMUNITY HEALTH**

## APPROPRIATIONS SUMMARY:

Full-time equated unclassified positions.....	6.0
Full-time equated classified positions.....	4,674.0
Average population .....	1,102.0
GROSS APPROPRIATION .....	\$9,802,931,200
Interdepartmental grant revenues:	
Total interdepartmental grants and intradepartmental transfers .....	70,543,400
ADJUSTED GROSS APPROPRIATION.....	\$9,732,387,800
Federal revenues:	
Total federal revenues .....	4,987,951,800
Special revenue funds:	
Total local revenues .....	840,015,900
Total private revenues .....	54,976,400
Tobacco settlement revenue.....	161,700,000
Total other state restricted revenues.....	1,211,664,900
State general fund/general purpose.....	\$2,476,078,800

**Sec. 102. DEPARTMENTWIDE ADMINISTRATION**

Full-time equated unclassified positions.....	6.0
Full-time equated classified positions.....	244.1

1	Director and other unclassified--6.0 FTE positions....	\$	581,500
2	Community health advisory council.....		8,000
3	Departmental administration and management--221.7		
4	FTE positions .....		22,919,800
5	Certificate of need program administration--11.0 FTE		
6	positions .....		1,007,600
7	Worker's compensation program.....		8,558,700
8	Rent and building occupancy.....		8,259,300
9	Developmental disabilities council and projects--10.0		
10	FTE positions .....		2,809,100
11	Rural health services .....		1,377,900
12	Michigan essential health care provider program.....		1,391,700
13	Primary care services--1.4 FTE positions.....		<u>2,798,900</u>
14	GROSS APPROPRIATION .....	\$	49,712,500
15	Appropriated from:		
16	Interdepartmental grant revenues:		
17	Interdepartmental grant from the department of		
18	treasury, Michigan state hospital finance		
19	authority .....		107,400
20	Federal revenues:		
21	Total federal revenues .....		15,302,700
22	Special revenue funds:		
23	Total private revenues .....		185,900
24	Total other state restricted revenues.....		3,947,900
25	State general fund/general purpose.....	\$	30,168,600
26	<b>Sec. 103. MENTAL HEALTH/SUBSTANCE ABUSE SERVICES</b>		
27	<b>ADMINISTRATION AND SPECIAL PROJECTS</b>		

1	Full-time equated classified positions.....	103.5	
2	Mental health/substance abuse program		
3	administration--103.5 FTE positions .....		\$ 11,987,500
4	Consumer involvement program.....		189,100
5	Gambling addiction .....		3,500,000
6	Protection and advocacy services support.....		777,400
7	Mental health initiatives for older persons.....		1,349,200
8	Community residential and support services.....		3,311,800
9	Highway safety projects .....		1,837,200
10	Federal and other special projects.....		2,746,000
11	Family support subsidy .....		16,680,700
12	Housing and support services.....		<u>5,923,000</u>
13	GROSS APPROPRIATION .....		\$ 48,301,900
14	Appropriated from:		
15	Federal revenues:		
16	Total federal revenues .....		29,686,400
17	Special revenue funds:		
18	Total private revenues .....		190,000
19	Total other state restricted revenues.....		3,682,300
20	State general fund/general purpose.....		\$ 14,743,200
21	<b>Sec. 104. COMMUNITY MENTAL HEALTH/SUBSTANCE ABUSE SERVICES</b>		
22	<b>PROGRAMS</b>		
23	Full-time equated classified positions.....	9.5	
24	Medicaid mental health services.....		\$1,410,290,900
25	Community mental health non-Medicaid services.....		313,352,400
26	Medicaid adult benefits waiver.....		40,000,000
27	Multicultural services .....		3,663,800

1	Medicaid substance abuse services.....	28,532,300
2	Respite services .....	1,000,000
3	CMHSP, purchase of state services contracts.....	120,813,800
4	Civil service charges .....	1,765,500
5	Federal mental health block grant--2.5 FTE positions..	15,326,600
6	State disability assistance program substance abuse	
7	services .....	2,509,800
8	Community substance abuse prevention, education and	
9	treatment programs .....	82,770,600
10	Children's waiver home care program.....	19,549,800
11	Omnibus reconciliation act implementation--7.0 FTE	
12	positions .....	<u>12,807,300</u>
13	GROSS APPROPRIATION .....	\$2,052,582,800
14	Appropriated from:	
15	Federal revenues:	
16	Total federal revenues .....	943,538,300
17	Special revenue funds:	
18	Total local revenues .....	26,000,000
19	Total other state restricted revenues.....	6,542,400
20	State general fund/general purpose.....	\$1,076,502,100
21	<b>Sec. 105. STATE PSYCHIATRIC HOSPITALS, CENTERS FOR</b>	
22	<b>PERSONS WITH DEVELOPMENTAL DISABILITIES, AND FORENSIC</b>	
23	<b>AND PRISON MENTAL HEALTH SERVICES</b>	
24	Total average population .....	1,102.0
25	Full-time equated classified positions.....	3,060.4
26	Caro regional mental health center - psychiatric	
27	hospital - adult--409.2 FTE positions .....	\$ 39,701,100

1	Average population .....	188.0	
2	Kalamazoo psychiatric hospital - adult--317.9 FTE		
3	positions .....		35,972,800
4	Average population .....	132.0	
5	Walter P. Reuther psychiatric hospital -		
6	adult--452.0 FTE positions .....		40,897,700
7	Average population .....	276.0	
8	Hawthorn center - psychiatric hospital - children		
9	and adolescents--242.6 FTE positions .....		19,040,200
10	Average population .....	88.0	
11	Mount Pleasant center - developmental		
12	disabilities--428.1 FTE positions .....		35,170,900
13	Average population .....	176.0	
14	Center for forensic psychiatry--495.0 FTE positions...		44,735,900
15	Average population .....	242.0	
16	Forensic mental health services provided to the		
17	department of corrections--704.6 FTE positions.....		69,194,200
18	Revenue recapture .....		750,000
19	IDEA, federal special education.....		120,000
20	Special maintenance and equipment.....		335,300
21	Purchase of medical services for residents of		
22	hospitals and centers .....		1,358,200
23	Closed site, transition, and related costs--11.0 FTE		
24	positions .....		601,000
25	Severance pay .....		216,900
26	Gifts and bequests for patient living and treatment		
27	environment .....		<u>1,000,000</u>

1	GROSS APPROPRIATION .....	\$ 289,094,200
2	Appropriated from:	
3	Interdepartmental grant revenues:	
4	Interdepartmental grant from the department of	
5	corrections .....	69,194,100
6	Federal revenues:	
7	Total federal revenues .....	32,256,900
8	Special revenue funds:	
9	CMHSP, purchase of state services contracts.....	120,813,800
10	Other local revenues .....	13,853,600
11	Total private revenues .....	1,000,000
12	Total other state restricted revenues.....	8,426,600
13	State general fund/general purpose.....	\$ 43,549,200
14	<b>Sec. 106. PUBLIC HEALTH ADMINISTRATION</b>	
15	Full-time equated classified positions.....	83.4
16	Executive administration--11.0 FTE positions.....	\$ 1,667,900
17	Minority health grants and contracts.....	650,000
18	Vital records and health statistics--72.4 FTE	
19	positions .....	<u>6,959,300</u>
20	GROSS APPROPRIATION .....	\$ 9,277,200
21	Appropriated from:	
22	Interdepartmental grant revenues:	
23	Interdepartmental grant from family independence	
24	agency .....	689,100
25	Federal revenues:	
26	Total federal revenues .....	2,479,400
27	Special revenue funds:	

1	Total other state restricted revenues.....	4,658,900
2	State general fund/general purpose.....	\$ 1,449,800
3	<b>Sec. 107. HEALTH REGULATORY SYSTEMS</b>	
4	Full-time equated classified positions.....	334.0
5	Health systems administration--184.0 FTE positions....	\$ 18,266,900
6	Emergency medical services program state staff--5.0 FTE	
7	positions .....	940,600
8	Radiological health administration--25.0 FTE positions	2,191,400
9	Substance abuse program administration--4.0 FTE	
10	positions .....	414,100
11	Emergency medical services grants and services.....	1,046,200
12	Health services--116.0 FTE positions.....	<u>14,762,800</u>
13	GROSS APPROPRIATION .....	\$ 37,622,000
14	Appropriated from:	
15	Federal revenues:	
16	Total federal revenues .....	13,481,800
17	Special revenue funds:	
18	Total other state restricted revenues.....	18,749,400
19	State general fund/general purpose.....	\$ 5,390,800
20	<b>Sec. 108. INFECTIOUS DISEASE CONTROL</b>	
21	Full-time equated classified positions.....	49.0
22	AIDS prevention, testing, and care programs--12.0	
23	FTE positions .....	\$ 29,722,900
24	Immunization local agreements.....	13,990,300
25	Immunization program management and field	
26	support--14.0 FTE positions .....	1,670,400
27	Sexually transmitted disease control local agreements.	3,494,900



1	Sexually transmitted disease control management and	
2	field support--23.0 FTE positions .....	<u>3,482,600</u>
3	GROSS APPROPRIATION .....	\$ 52,361,100
4	Appropriated from:	
5	Federal revenues:	
6	Total federal revenues .....	37,839,500
7	Special revenue funds:	
8	Total private revenues .....	2,155,700
9	Total other state restricted revenues.....	7,728,600
10	State general fund/general purpose.....	\$ 4,637,300
11	<b>Sec. 109. LABORATORY SERVICES</b>	
12	Full-time equated classified positions..... 115.0	
13	Laboratory services--115.0 FTE positions.....	\$ 14,380,400
14	Bovine tuberculosis .....	<u>500,000</u>
15	GROSS APPROPRIATION .....	\$ 14,880,400
16	Appropriated from:	
17	Interdepartmental grant revenues:	
18	Interdepartmental grant from environmental quality....	406,000
19	Federal revenues:	
20	Total federal revenues .....	2,819,900
21	Special revenue funds:	
22	Total other state restricted revenues.....	4,785,800
23	State general fund/general purpose.....	\$ 6,868,700
24	<b>Sec. 110. EPIDEMIOLOGY</b>	
25	Full-time equated classified positions..... 104.0	
26	AIDS surveillance and prevention program.....	\$ 1,887,800
27	Asthma prevention and control.....	1,036,800

1	Bioterrorism preparedness--64.5 FTE positions.....	51,902,200
2	Epidemiology administration--39.5 FTE positions.....	6,238,900
3	Tuberculosis control and recalcitrant AIDS program....	867,000
4	Newborn screening administration, follow-up.....	<u>3,307,200</u>
5	GROSS APPROPRIATION .....	\$ 65,239,900
6	Appropriated from:	
7	Federal revenues:	
8	Total federal revenues .....	59,642,500
9	Special revenue funds:	
10	Total private revenues .....	77,500
11	Total other state restricted revenues.....	3,493,500
12	State general fund/general purpose.....	\$ 2,026,400
13	<b>Sec. 111. LOCAL HEALTH ADMINISTRATION AND GRANTS</b>	
14	Full-time equated classified positions..... 7.0	
15	Implementation of 1993 PA 133, MCL 333.17015.....	\$ 100,000
16	Lead abatement program--7.0 FTE positions.....	1,728,400
17	Local health services .....	220,000
18	Local public health operations.....	40,618,400
19	Medical services cost reimbursement to local health	
20	departments .....	<u>1,800,000</u>
21	GROSS APPROPRIATION .....	\$ 44,466,800
22	Appropriated from:	
23	Federal revenues:	
24	Total federal revenues .....	3,291,000
25	Special revenue funds:	
26	Total other state restricted revenues.....	480,900
27	State general fund/general purpose.....	\$ 40,694,900

1	<b>Sec. 112. CHRONIC DISEASE AND INJURY PREVENTION</b>		
2	<b>AND HEALTH PROMOTION</b>		
3	Full-time equated classified positions.....	45.8	
4	African-American male health initiative.....	\$	106,700
5	AIDS and risk reduction clearinghouse and media		
6	campaign .....		1,576,000
7	Alzheimer's information network.....		440,000
8	Cancer prevention and control program--14.3 FTE		
9	positions .....		13,243,800
10	Chronic disease prevention.....		15,411,200
11	Diabetes and kidney program--9.1 FTE positions.....		3,071,900
12	Health education, promotion, and research		
13	programs--9.3 FTE positions .....		1,018,100
14	Injury control intervention project.....		520,100
15	Morris Hood Wayne State University diabetes outreach..		250,000
16	Physical fitness, nutrition, and health.....		100,000
17	Public health traffic safety coordination.....		564,500
18	Smoking prevention program--13.1 FTE positions.....		9,914,600
19	Tobacco tax collection and enforcement.....		810,000
20	Violence prevention .....		<u>1,779,600</u>
21	GROSS APPROPRIATION .....	\$	48,806,500
22	Appropriated from:		
23	Federal revenues:		
24	Total federal revenues .....		18,440,700
25	Special revenue funds:		
26	Total other state restricted revenues.....		28,135,600
27	State general fund/general purpose.....	\$	2,230,200

1	<b>Sec. 113. COMMUNITY LIVING, CHILDREN, AND FAMILIES</b>		
2	Full-time equated classified positions.....	45.4	
3	Childhood lead program--5.8 FTE positions.....	\$	1,492,600
4	Community living, children, and families		
5	administration--39.6 FTE positions .....		4,581,200
6	Dental programs .....		485,400
7	Dental program for persons with developmental		
8	disabilities .....		151,000
9	Early childhood collaborative secondary prevention....		524,000
10	Family planning local agreements.....		12,270,300
11	Local MCH services .....		7,264,200
12	Maternal and children's health.....		8,660,700
13	Migrant health care .....		272,200
14	Pediatric AIDS prevention and control.....		1,176,800
15	Pregnancy prevention program.....		5,846,100
16	Prenatal care outreach and service delivery support...		3,049,300
17	School health and education programs.....		500,000
18	Special projects .....		5,213,400
19	Sudden infant death syndrome program.....		<u>321,300</u>
20	GROSS APPROPRIATION .....	\$	51,808,500
21	Appropriated from:		
22	Federal revenues:		
23	Total federal revenues .....		31,525,500
24	Special revenue funds:		
25	Total other state restricted revenues.....		14,724,700
26	State general fund/general purpose.....	\$	5,558,300
27	<b>Sec. 114. WOMEN, INFANTS, AND CHILDREN FOOD AND</b>		

1	<b>NUTRITION PROGRAMS</b>	
2	Full-time equated classified positions..... 41.0	
3	Women, infants, and children program administration	
4	and special projects--41.0 FTE positions.....	\$ 5,702,700
5	Women, infants, and children program local	
6	agreements and food costs .....	<u>181,392,100</u>
7	GROSS APPROPRIATION .....	\$ 187,094,800
8	Appropriated from:	
9	Federal revenues:	
10	Total federal revenues .....	136,747,500
11	Special revenue funds:	
12	Total private revenues .....	50,347,300
13	State general fund/general purpose.....	\$ 0
14	<b>Sec. 115. CHILDREN'S SPECIAL HEALTH CARE SERVICES</b>	
15	Full-time equated classified positions..... 47.7	
16	Children's special health care services	
17	administration--47.7 FTE positions .....	\$ 4,319,700
18	Amputee program .....	184,600
19	Bequests for care and services.....	1,754,600
20	Case management services .....	3,773,500
21	Medical care and treatment.....	<u>147,346,700</u>
22	GROSS APPROPRIATION .....	\$ 157,379,100
23	Appropriated from:	
24	Federal revenues:	
25	Total federal revenues .....	75,342,700
26	Special revenue funds:	
27	Total private revenues .....	1,000,000

1	Total other state restricted revenues.....	650,000
2	State general fund/general purpose.....	\$ 80,386,400
3	<b>Sec. 116. OFFICE OF DRUG CONTROL POLICY</b>	
4	Full-time equated classified positions.....	16.0
5	Drug control policy--16.0 FTE positions.....	\$ 2,040,800
6	Anti-drug-abuse grants .....	26,859,200
7	Interdepartmental grant to judiciary for drug	
8	treatment courts .....	<u>1,800,000</u>
9	GROSS APPROPRIATION .....	\$ 30,700,000
10	Appropriated from:	
11	Federal revenues:	
12	Total federal revenues .....	30,334,200
13	Special revenue funds:	
14	State general fund/general purpose.....	\$ 365,800
15	<b>Sec. 117. CRIME VICTIM SERVICES COMMISSION</b>	
16	Full-time equated classified positions.....	9.0
17	Grants administration services--9.0 FTE positions.....	\$ 1,137,200
18	Justice assistance grants.....	13,000,000
19	Crime victim rights services grants.....	<u>8,985,300</u>
20	GROSS APPROPRIATION .....	\$ 23,122,500
21	Appropriated from:	
22	Federal revenues	
23	Total federal revenues .....	13,954,600
24	Special revenue funds:	
25	Total other state restricted revenues.....	9,130,000
26	State general fund/general purpose.....	\$ 37,900
27	<b>Sec. 118. OFFICE OF SERVICES TO THE AGING</b>	

1	Full-time equated classified positions.....	36.5	
2	Commission (per diem \$50.00).....	\$	10,500
3	Office of services to aging administration--36.5 FTE		
4	positions .....		4,952,400
5	Community services .....		34,904,200
6	Nutrition services .....		37,290,500
7	Senior volunteer services.....		5,645,900
8	Senior citizen centers staffing and equipment.....		1,068,700
9	Employment assistance .....		2,818,300
10	Respite care program .....		<u>7,600,000</u>
11	GROSS APPROPRIATION .....	\$	94,290,500
12	Appropriated from:		
13	Federal revenues:		
14	Total federal revenues .....		51,538,500
15	Special revenue funds:		
16	Total private revenues .....		20,000
17	Tobacco settlement revenue.....		5,000,000
18	Total other state restricted revenues.....		2,767,000
19	State general fund/general purpose.....	\$	34,965,000
20	<b>Sec. 119. MEDICAL SERVICES ADMINISTRATION</b>		
21	Full-time equated classified positions.....	322.7	
22	Medical services administration--322.7 FTE positions..	\$	46,955,900
23	Facility inspection contract - state police.....		132,800
24	MICHild administration .....		<u>4,327,800</u>
25	GROSS APPROPRIATION .....	\$	51,416,500
26	Appropriated from:		
27	Federal revenues:		

1	Total federal revenues .....	34,877,400
2	Special revenue funds:	
3	State general fund/general purpose.....	\$ 16,539,100
4	<b>Sec. 120. MEDICAL SERVICES</b>	
5	Hospital services and therapy.....	\$ 868,480,400
6	Hospital disproportionate share payments.....	45,000,000
7	Physician services .....	228,152,800
8	Medicare premium payments.....	218,589,800
9	Pharmaceutical services .....	639,270,300
10	Home health services .....	46,188,300
11	Transportation .....	8,538,300
12	Auxiliary medical services.....	83,054,300
13	Ambulance services .....	11,000,000
14	Long-term care services .....	1,676,846,800
15	Elder prescription insurance coverage.....	25,500,000
16	Health plan services .....	1,862,609,000
17	MIChild program .....	36,875,600
18	Medicaid adult benefits waiver.....	165,394,600
19	Maternal and child health.....	9,234,500
20	Social services to the physically disabled.....	1,344,900
21	Medical expenses recoupment.....	(4,620,000)
22	Subtotal basic medical services program.....	5,921,459,600
23	School-based services .....	63,609,100
24	Special adjustor payments.....	478,651,700
25	Subtotal special medical services payments.....	<u>542,260,800</u>
26	GROSS APPROPRIATION .....	\$6,463,720,400
27	Appropriated from:	



1 Federal revenues:

2     Total federal revenues ..... 3,437,036,300

3 Special revenue funds:

4     Total local revenues ..... 679,348,500

5     Tobacco settlement revenue..... 156,700,000

6     Total other state restricted revenues..... 1,091,191,000

7     State general fund/general purpose..... \$1,099,444,600

8         **Sec. 121. INFORMATION TECHNOLOGY**

9     Information technology services and projects..... \$ 31,053,600

10     GROSS APPROPRIATION ..... \$ 31,053,600

11         Appropriated from:

12 Interdepartmental grant revenues:

13     Interdepartmental grant from the department of

14         corrections ..... 146,800

15 Federal revenues:

16     Total federal revenues ..... 17,816,000

17 Special revenue funds:

18     Total other state restricted revenues..... 2,570,300

19     State general fund/general purpose..... \$ 10,520,500

## PART 2

## PROVISIONS CONCERNING APPROPRIATIONS

**GENERAL SECTIONS**

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

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

25 part 1 for fiscal year 2004-2005 is \$3,849,443,700.00 and state

26 spending from state resources to be paid to units of local government

27 for fiscal year 2004-2005 is \$1,060,142,600.00. The itemized statement

1 below identifies appropriations from which spending to units of local  
2 government will occur:

3 DEPARTMENT OF COMMUNITY HEALTH

4 DEPARTMENTWIDE ADMINISTRATION

5	Departmental administration and management.....	\$	11,087,100
6	Rural health services .....		35,000
7	MENTAL HEALTH/SUBSTANCE ABUSE SERVICES ADMINISTRATION		
8	AND SPECIAL PROJECTS		
9	Mental health initiatives for older persons.....		1,049,200
10	COMMUNITY MENTAL HEALTH/SUBSTANCE ABUSE SERVICES PROGRAMS		
11	State disability assistance program substance abuse		
12	services .....		2,509,800
13	Community substance abuse prevention, education, and		
14	treatment programs .....		21,355,700
15	Medicaid mental health services.....		605,639,200
16	Community mental health non-Medicaid services.....		313,352,400
17	Multicultural services .....		3,663,800
18	Medicaid substance abuse services.....		12,441,200
19	Respite services .....		1,000,000
20	INFECTIOUS DISEASE CONTROL		
21	AIDS prevention, testing and care programs.....		2,031,100
22	Immunization local agreements.....		2,973,900
23	Sexually transmitted disease control local agreements.		406,100
24	LOCAL HEALTH ADMINISTRATION AND GRANTS		
25	Local public health operations.....		40,618,400
26	CHRONIC DISEASE AND INJURY PREVENTION AND HEALTH PROMOTION		
27	Smoking prevention program.....		1,960,300

1	COMMUNITY LIVING, CHILDREN, AND FAMILIES	
2	Childhood lead program .....	106,900
3	Family planning local agreements.....	2,094,400
4	Local MCH services .....	246,100
5	Omnibus budget reconciliation act implementation.....	2,030,800
6	Prenatal care outreach and service delivery support...	610,000
7	CHILDREN'S SPECIAL HEALTH CARE SERVICES	
8	Case management services .....	3,169,900
9	MEDICAL SERVICES	
10	Transportation .....	1,175,300
11	OFFICE OF SERVICES TO THE AGING	
12	Community services .....	12,148,400
13	Nutrition services .....	11,538,800
14	Senior volunteer services.....	517,500
15	CRIME VICTIM SERVICES COMMISSION	
16	Crime victim rights services grants.....	<u>6,381,300</u>
17	TOTAL OF PAYMENTS TO LOCAL UNITS OF GOVERNMENT.....	\$1,060,142,600
18	Sec. 202. The appropriations authorized under this bill are subject	
19	to the management and budget act, 1984 PA 431, MCL 18.1101 to 18.1594.	
20	Sec. 203. As used in this bill:	
21	(a) "AIDS" means acquired immunodeficiency syndrome.	
22	(b) "CMHSP" means a community mental health services program as	
23	that term is defined in section 100a of the mental health code, 1974 PA	
24	258, MCL 330.1100a.	
25	(c) "Department" means the Michigan department of community	
26	health.	
27	(d) "DSH" means disproportionate share hospital.	

- 1 (e) "EPIC" means elder prescription insurance coverage program.
- 2 (f) "EPSDT" means early and periodic screening, diagnosis, and  
3 treatment.
- 4 (g) "FTE" means full-time equated.
- 5 (h) "GME" means graduate medical education.
- 6 (i) "Health plan" means, at a minimum, an organization that  
7 meets the criteria for delivering the comprehensive package of services  
8 under the department's comprehensive health plan.
- 9 (j) "HMO" means health maintenance organization.
- 10 (k) "HIV/AIDS" means human immunodeficiency virus/acquired  
11 immune deficiency syndrome.
- 12 (l) "IDEA" means individual disability education act.
- 13 (m) "IDG" means interdepartmental grant.
- 14 (n) "MCH" means maternal and child health.
- 15 (o) "MIChild" means the program described in section 1670.
- 16 (p) "MIChoice" means the home and community based services  
17 waiver.
- 18 (q) "MSS/ISS" means maternal and infant support services.
- 19 (r) "Specialty prepaid health plan" means a program described in  
20 section 232b of the mental health code, 1974 PA 258, MCL 330.1232b.
- 21 (s) "Title XVIII" means title XVIII of the social security act,  
22 chapter 531, 49 Stat. 620, 42 U.S.C. 1395 to 1395b, 1395b-2, 1395b-6 to  
23 1395b-7, 1395c to 1395i, 1395i-2 to 1395i-5, 1395j to 1395t, 1395u to  
24 1395w, 1395w-2 to 1395w-4, 1395w-21 to 1395w-28, 1395x to 1395yy, and  
25 1395bbb to 1395ggg.
- 26 (t) "Title XIX" means title XIX of the social security act,  
27 chapter 531, 49 Stat. 620, 42 U.S.C. 1396 to 1396r-6 and 1396r-8 to

1 1396v.

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

4 (v) "WIC" means women, infants, and children supplemental  
5 nutrition program.

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

11 Sec. 206. (1) In addition to the funds appropriated in part 1, there  
12 is appropriated an amount not to exceed \$100,000,000.00 for federal  
13 contingency funds. These funds are not available for expenditure until  
14 they have been transferred to another line item in this bill under  
15 section 393(2) of the management and budget act, 1984 PA 431, MCL  
16 18.1393.

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

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

1 18.1393.

2 (4) In addition to the funds appropriated in part 1, there is  
3 appropriated an amount not to exceed \$10,000,000.00 for private  
4 contingency funds. These funds are not available for expenditure until  
5 they have been transferred to another line item in this bill under  
6 section 393(2) of the management and budget act, 1984 PA 431, MCL  
7 18.1393.

8 Sec. 208. Unless otherwise specified, the department shall use the  
9 Internet to fulfill the reporting requirements of this bill. This  
10 requirement may include transmission of reports via electronic mail to  
11 the recipients identified for each reporting requirement, or it may  
12 include placement of reports on the Internet or Intranet site.

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

19 Sec. 212. On or before February 1, 2005, the department shall  
20 report to the house of representatives and senate appropriations  
21 subcommittees on community health, the house and senate fiscal  
22 agencies, and the state budget director on the detailed name and  
23 amounts of federal, restricted, private, and local sources of revenue  
24 that support the appropriations in each of the line items in part 1 of  
25 this bill.

26 Sec. 213. The state departments, agencies, and commissions  
27 receiving tobacco tax funds from part 1 shall report by January 1,

1 2005, to the senate and house of representatives appropriations  
2 committees, the senate and house fiscal agencies, and the state budget  
3 director on the following:

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

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

8 (c) Eligibility criteria for program participation and maximum  
9 benefit levels where applicable.

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

11 (e) Any other information considered necessary by the house of  
12 representatives or senate appropriations committees or the state budget  
13 director.

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

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

24 (2) The department's ability to satisfy appropriation deductions  
25 in part 1 shall not be limited to collections and accruals pertaining  
26 to services provided in fiscal year 2004-2005, but shall also include  
27 reimbursements, refunds, adjustments, and settlements from prior years.

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

9       Sec. 219. (1) The department may contract with the Michigan public  
10 health institute for the design and implementation of projects and for  
11 other public health related activities prescribed in section 2611 of  
12 the public health code, 1978 PA 368, MCL 333.2611. The department may  
13 develop a master agreement with the institute to carry out these  
14 purposes for up to a 3-year period. The department shall report to the  
15 house of representatives and senate appropriations subcommittees on  
16 community health, the house and senate fiscal agencies, and the state  
17 budget director on or before November 1, 2004 and May 1, 2005 all of  
18 the following:

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

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

23           (c) The expected project duration.

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

26       (2) If a report required under subsection (1) is not received by  
27 the house of representatives and senate appropriations subcommittees on



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

6 (3) On or before September 30, 2005, the department shall provide  
7 to the same parties listed in subsection (1) a copy of all reports,  
8 studies, and publications produced by the Michigan public health  
9 institute, its subcontractors, or the department with the funds  
10 appropriated in part 1 and allocated to the Michigan public health  
11 institute.

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

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

23 Sec. 259. From the funds appropriated in part 1 for information  
24 technology, the department shall pay user fees to the department of  
25 information technology for technology-related services and projects.  
26 Such user fees shall be subject to provisions of an interagency  
27 agreement between the department and the department of information

1 technology.

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

8       Sec. 261. Funds appropriated in part 1 shall not be used for the  
9 purchase of foreign goods or services, or both, if competitively priced  
10 and comparable quality American goods or services, or both, are  
11 available. Preference should be given to goods and services or both,  
12 manufactured or provided by Michigan businesses if they are  
13 competitively priced and of comparable value.

14 **DEPARTMENTWIDE ADMINISTRATION**

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

19       Sec. 303. The department is prohibited from requiring first-party  
20 payment from individuals or families with a taxable income of  
21 \$10,000.00 or less for mental health services for determinations made  
22 in accordance with section 818 of the mental health code, 1974 PA 258,  
23 MCL 330.1818.

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

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

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

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

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

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

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

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

1 (f) A system of continuous quality improvement.

2 (g) A system to monitor and evaluate the mental health services  
3 provided.

4 (h) A system that serves at-risk and delinquent youth as required  
5 under the provisions of the mental health code, 1974 PA 258, MCL  
6 330.1001 to 330.2106.

7 Sec. 402. (1) From funds appropriated in part 1, final  
8 authorizations to CMHSPs or specialty prepaid health plans shall be  
9 made upon the execution of contracts between the department and CMHSPs  
10 or specialty prepaid health plans. The contracts shall contain an  
11 approved plan and budget as well as policies and procedures governing  
12 the obligations and responsibilities of both parties to the contracts.  
13 Each contract with a CMHSP or specialty prepaid health plan that the  
14 department is authorized to enter into under this subsection shall  
15 include a provision that the contract is not valid unless the total  
16 dollar obligation for all of the contracts between the department and  
17 the CMHSPs or specialty prepaid health plans entered into under this  
18 subsection for fiscal year 2004-2005 does not exceed the amount of  
19 money appropriated in part 1 for the contracts authorized under this  
20 subsection.

21 (2) The department shall immediately report to the senate and  
22 house of representatives appropriations subcommittees on community  
23 health, the senate and house fiscal agencies, and the state budget  
24 director if either of the following occurs:

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

27 (b) Any amendments to contracts with CMHSPs or specialty prepaid

1 health plans that would affect rates or expenditures are enacted.

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

5 Sec. 404. (1) Not later than May 31 of each fiscal year, the  
6 department shall provide a report on the community mental health  
7 services programs to the members of the house of representatives and  
8 senate appropriations subcommittees on community health, the house and  
9 senate fiscal agencies, and the state budget director that includes the  
10 information required by this section.

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

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

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

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

24 (d) Financial information which, minimally, shall include a  
25 description of funding authorized; expenditures by client group and  
26 fund source; and cost information by service category, including  
27 administration. Service category shall include all department approved

1 services.

2 (e) Data describing service outcomes which shall include, but not  
3 be limited to, an evaluation of consumer satisfaction, consumer choice,  
4 and quality of life concerns including, but not limited to, housing and  
5 employment.

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

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

9 (ii) The number of people who requested services but did not  
10 receive services.

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

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

15 (g) The number of second opinions requested under the code and  
16 the  
17 determination of any appeals.

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

23 (i) An estimate of the number of FTEs employed by the CMHSPs or  
24 specialty prepaid health plans or contracted with directly by the  
25 CMHSPs or specialty prepaid health plans as of September 30, 2004 and  
26 an estimate of the number of FTEs employed through contracts with  
27 provider organizations as of September 30, 2004.

1           (j) Lapses and carryforwards during fiscal year 2003-2004 for  
2 CMHSPs or specialty prepaid health plans.

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

6           (1) Information on the community mental health Medicaid managed  
7 care program, including, but not limited to, both of the following:

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

11           (ii) Performance indicator information required to be submitted to  
12 the department in the contracts with CMHSPs or specialty prepaid health  
13 plans.

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

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

20       Sec. 405. The employee wage pass-through funded in previous years  
21 to the community mental health services programs for direct care  
22 workers in local residential settings and for paraprofessional and  
23 other nonprofessional direct care workers in day programs, supported  
24 employment, and other vocational programs shall continue to be paid to  
25 direct care workers.

26       Sec. 406. (1) The funds appropriated in part 1 for the state  
27 disability assistance substance abuse services program shall be used to

1 support per diem room and board payments in substance abuse residential  
2 facilities. Eligibility of clients for the state disability assistance  
3 substance abuse services program shall include needy persons 18 years  
4 of age or older, or emancipated minors, who reside in a substance abuse  
5 treatment center.

6 (2) The department shall reimburse all licensed substance abuse  
7 programs eligible to participate in the program at a rate equivalent to  
8 that paid by the family independence agency to adult foster care  
9 providers. Programs accredited by department-approved accrediting  
10 organizations shall be reimbursed at the personal care rate, while all  
11 other eligible programs shall be reimbursed at the domiciliary care  
12 rate.

13 Sec. 408. (1) By April 15, 2005, the department shall report the  
14 following data from fiscal year 2003-2004 on substance abuse  
15 prevention, education, and treatment programs to the senate and house  
16 of representatives appropriations subcommittees on community health,  
17 the senate and house fiscal agencies, and the state budget office:

18 (a) Expenditures stratified by coordinating agency, by central  
19 diagnosis and referral agency, by fund source, by subcontractor, by  
20 population served, and by service type. Additionally, data on  
21 administrative expenditures by coordinating agency and by subcontractor  
22 shall be reported.

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

25 (c) Number of services provided by central diagnosis and referral  
26 agency, by subcontractor, and by service type. Additionally, data on  
27 length of stay, referral source, and participation in other state



1 programs.

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

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

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

11 Sec. 410. The department shall assure that substance abuse  
12 treatment is provided to applicants and recipients of public assistance  
13 through the family independence agency who are required to obtain  
14 substance abuse treatment as a condition of eligibility for public  
15 assistance.

16 Sec. 411. (1) The department shall ensure that each contract with a  
17 CMHSP or specialty prepaid health plan requires the CMHSP or specialty  
18 prepaid health plan to implement programs to encourage diversion of  
19 persons with serious mental illness, serious emotional disturbance, or  
20 developmental disability from possible jail incarceration when  
21 appropriate.

22 (2) Each CMHSP or specialty prepaid health plan shall have jail  
23 diversion services and shall work toward establishing working  
24 relationships with representative staff of local law enforcement  
25 agencies, including county prosecutors' offices, county sheriffs'  
26 offices, county jails, municipal police agencies, municipal detention  
27 facilities, and the courts. Written interagency agreements describing

1 what services each participating agency is prepared to commit to the  
2 local jail diversion effort and the procedures to be used by local law  
3 enforcement agencies to access mental health jail diversion services  
4 are strongly encouraged.

5 Sec. 412. The department shall contract directly with the Salvation  
6 Army harbor light program to provide non-Medicaid substance abuse  
7 services at not less than the amount contracted for in fiscal year  
8 2003-2004.

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

23 Sec. 418. On or before the tenth of each month, the department  
24 shall report to the senate and house of representatives appropriations  
25 subcommittees on community health, the senate and house fiscal  
26 agencies, and the state budget director on the amount of funding paid  
27 to the CMHSPs or specialty prepaid health plans to support the Medicaid

1 managed mental health care program in that month. The information  
2 shall include the total paid to each CMHSP or specialty prepaid health  
3 plan, per capita rate paid for each eligibility group for each CMHSP or  
4 specialty prepaid health plan, and number of cases in each eligibility  
5 group for each CMHSP or specialty prepaid health plan, and year-to-date  
6 summary of eligibles and expenditures for the Medicaid managed mental  
7 health care program.

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

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

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

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

1       Sec. 428. (1) Each CMHSP and affiliation of CMHSPs shall provide,  
2 from internal resources, local funds to be used as a bona fide part of  
3 the state match required under the Medicaid program in order to  
4 increase capitation rates for CMHSPs and affiliations of CMHSPs. These  
5 funds shall not include either state funds received by a CMHSP for  
6 services provided to non-Medicaid recipients or the state matching  
7 portion of the Medicaid capitation payments made to a CMHSP or an  
8 affiliation of CMHSPs.

9       (2) The distribution of the aforementioned increases in the  
10 capitation payment rates, if any, shall be based on a formula developed  
11 by a committee established by the department, including representatives  
12 from CMHSPs or affiliations of CMHSPs and department staff.

13       Sec. 435. A county required under the provisions of the mental  
14 health code, 1974 PA 258, MCL 330.1001 to 330.2106, to provide matching  
15 funds to a CMHSP for mental health services rendered to residents in  
16 its jurisdiction shall pay the matching funds in equal installments on  
17 not less than a quarterly basis throughout the fiscal year, with the  
18 first payment being made by October 1, 2004.

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

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

26       (2) The department shall continue a revenue recapture project to  
27 generate additional revenues from third parties related to cases that

1 have been closed or are inactive. Upon approval by the state budget  
2 director, such revenues may be allotted and spent for departmental  
3 costs and contractual fees associated with these retroactive  
4 collections and to improve ongoing departmental reimbursement  
5 management functions.

6 Sec. 602. Unexpended and unencumbered amounts and accompanying  
7 expenditure authorizations up to \$500,000.00 remaining on September 30,  
8 2005 from pay telephone revenues and the amounts appropriated in part 1  
9 for gifts and bequests for patient living and treatment environments  
10 shall be carried forward for 1 fiscal year. The purpose of gifts and  
11 bequests for patient living and treatment environments is to use  
12 additional private funds to provide specific enhancements for  
13 individuals residing at state-operated facilities. Use of the gifts  
14 and bequests shall be consistent with the stipulation of the donor.  
15 The expected completion date for the use of gifts and bequests  
16 donations is within 3 years unless otherwise stipulated by the donor.

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

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

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

1 centers.

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

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

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

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

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

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

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

1           (4) Upon the closure of state-run operations and after  
2 transitional costs have been paid, the remaining balances of funds  
3 appropriated for that operation shall be transferred to CMHSPs or  
4 specialty prepaid health plans responsible for providing services for  
5 persons previously served by the operations.

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

15 **BUREAU OF HEALTH REGULATORY SYSTEMS**

16       Sec. 701. The department shall continue to work with grantees  
17 supported through the appropriation in part 1 for emergency medical  
18 services grants and contracts to ensure that a sufficient number of  
19 qualified emergency medical services personnel exist to serve rural  
20 areas of the state.

21       Sec. 702. When hiring any new nursing home inspectors funded  
22 through appropriations in part 1, the department shall make every  
23 effort to hire individuals with past experience in the long-term care  
24 industry.

25       Sec. 703. The funds appropriated in part 1 for the nurse  
26 scholarship program, established in section 16315 of the public health  
27 code, 1978 PA 368, MCL 333.16315, are used to increase the number of

1 nurses practicing in Michigan. The board of nursing is encouraged to  
2 structure scholarships funded under this bill in a manner that rewards  
3 recipients who intend to practice nursing in Michigan. The department  
4 and the board of nursing shall work cooperatively with the Michigan  
5 higher education assistance authority to coordinate scholarship  
6 assistance with scholarships provided pursuant to the Michigan nursing  
7 scholarship act, 2002 PA 591, MCL 390.1181 et seq.

8       Sec. 704. Nursing facilities shall report in the quarterly staff  
9 report to the department, the total patient care hours provided each  
10 month, by state licensure and certification classification, and the  
11 percentage of pool staff, by state licensure and certification  
12 classification, used each month during the preceding quarter. The  
13 department shall make available to the public, the quarterly staff  
14 report compiled for all facilities including the total patient care  
15 hours and the percentage of pool staff used, by classification.

16 **INFECTIOUS DISEASE CONTROL**

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

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

27       Sec. 803. The department shall continue the AIDS drug assistance



1 program maintaining the prior year eligibility criteria and drug  
2 formulary. This section is not intended to prohibit the department  
3 from providing assistance for improved AIDS treatment medications.

4 **LOCAL HEALTH ADMINISTRATION AND GRANTS**

5 Sec. 901. The amount appropriated in part 1 for implementation of  
6 the 1993 amendments to sections 9161, 16221, 16226, 17014, 17015, and  
7 17515 of the public health code, 1978 PA 368, MCL 333.9161, 333.16221,  
8 333.16226, 333.17014, 333.17015, and 333.17515, shall reimburse local  
9 health departments for costs incurred related to implementation of  
10 section 17015(18) of the public health code, 1978 PA 368, MCL  
11 333.17015.

12 Sec. 902. If a county that has participated in a district health  
13 department or an associated arrangement with other local health  
14 departments takes action to cease to participate in such an arrangement  
15 after October 1, 2004, the department shall have the authority to  
16 assess a penalty from the local health department's operational  
17 accounts in an amount equal to no more than 5% of the local health  
18 department's local public health operations funding. This penalty  
19 shall only be assessed to the local county that requests the  
20 dissolution of the health department.

21 Sec. 903. The department shall provide a report annually to the  
22 house of representatives and senate appropriations subcommittees on  
23 community health, the senate and house fiscal agencies, and the state  
24 budget director on the expenditures and activities undertaken by the  
25 lead abatement program. The report shall include, but is not limited  
26 to, a funding allocation schedule, expenditures by category of  
27 expenditure and by subcontractor, revenues received, description of

1 program elements, and description of program accomplishments and  
2 progress.

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

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

15       (3) Distributions in subsection (1) shall be made only to  
16 counties that maintain local spending in fiscal year 2004-2005 of at  
17 least the amount expended in fiscal year 1992-1993 for the services  
18 described in subsection (1).

19       (4) By April 1, 2005, the department shall make available upon  
20 request a report to the senate or house of representatives  
21 appropriations subcommittee on community health, the senate or house  
22 fiscal agency, or the state budget director on the planned allocation  
23 of the funds appropriated for local public health operations.

24 **CHRONIC DISEASE AND INJURY PREVENTION AND HEALTH PROMOTION**

25       Sec. 1002. (1) Provision of the school health education curriculum,  
26 such as the Michigan model or another comprehensive school health  
27 education curriculum, shall be in accordance with the health education

1 goals established by the Michigan model for the comprehensive school  
2 health education state steering committee. The state steering  
3 committee shall be comprised of a representative from each of the  
4 following offices and departments:

5 (a) The department of education.

6 (b) The department of community health.

7 (c) The health administration in the department of community  
8 health.

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

11 (e) The family independence agency.

12 (f) The department of state police.

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

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

27 Sec. 1006. In spending the funds appropriated in part 1 for the

1 smoking prevention program, priority shall be given to prevention and  
2 smoking cessation programs for pregnant women, women with young  
3 children, and adolescents.

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

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

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

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

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

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

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

26 Sec. 1020. From the funds appropriated in part 1 for chronic  
27 disease prevention, \$105,000.00 shall be allocated for a childhood and

1 adult arthritis program.

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

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

10       Sec. 1104. Before April 1, 2005, the department shall submit a  
11 report to the house and senate fiscal agencies and the state budget  
12 director on planned allocations from the amounts appropriated in part 1  
13 for local MCH services, prenatal care outreach and service delivery  
14 support, family planning local agreements, and pregnancy prevention  
15 programs. Using applicable federal definitions, the report shall  
16 include information on all of the following:

17           (a) Funding allocations.

18           (b) Actual number of women, children, and/or adolescents served  
19 and amounts expended for each group for the fiscal year 2003-2004.

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

27       Sec. 1106. Each family planning program receiving federal title X

1 family planning funds shall be in compliance with all performance and  
2 quality assurance indicators that the United States bureau of community  
3 health services specifies in the family planning annual report. An  
4 agency not in compliance with the indicators shall not receive  
5 supplemental or reallocated funds.

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

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

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

17 (2) Not later than December 1 of the current fiscal year, the  
18 department shall make available upon request a report to the senate or  
19 house of representatives appropriations subcommittee on community  
20 health or the senate or house of representatives standing committee on  
21 health policy the number of individual patients treated, number of  
22 procedures performed, and approximate total market value of those  
23 procedures through September 30, 2004.

24 Sec. 1110. Agencies that currently receive pregnancy prevention  
25 funds and either receive or are eligible for other family planning  
26 funds shall have the option of receiving all of their family planning  
27 funds directly from the department of community health and be

1 designated as delegate agencies.

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

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

9       Sec. 1129. The department shall provide a report annually to the  
10 house of representatives and senate appropriations subcommittees on  
11 community health, the house and senate fiscal agencies, and the state  
12 budget director on the number of children with elevated blood lead  
13 levels from information available to the department. The report shall  
14 provide the information by county, shall include the level of blood  
15 lead reported, and shall indicate the sources of the information.

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

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

20       Sec. 1151. The department may work with local participating  
21 agencies to define local annual contributions for the farmer's market  
22 nutrition program, project FRESH, to enable the department to request  
23 federal matching funds by April 1, 2005 based on local commitment of  
24 funds.

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

26       Sec. 1201. Funds appropriated in part 1 for medical care and  
27 treatment of children with special health care needs shall be paid

1 according to reimbursement policies determined by the Michigan medical  
2 services program. Exceptions to these policies may be taken with the  
3 prior approval of the state budget director.

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

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

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

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

11 (d) Provide medical care and treatment to eligible patients with  
12 hereditary coagulation defects, commonly known as hemophilia, who are  
13 21 years of age or older.

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

17 **OFFICE OF DRUG CONTROL POLICY**

18 Sec. 1250. In addition to the \$1,800,000.00 in Byrne formula grant  
19 program funding the department provides to local drug treatment courts,  
20 the department shall provide \$1,800,000.00 in Byrne formula grant  
21 program funding to the judiciary by interdepartmental grant.

22 **OFFICE OF SERVICES TO THE AGING**

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



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

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

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

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

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

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

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

24 **MEDICAL SERVICES**

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

1 Remedial services include basic self-care and rehabilitation training  
2 for a resident.

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

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

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

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

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

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

27 Sec. 1607. (1) An applicant for Medicaid, whose qualifying

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

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

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

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

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

4       Sec. 1610. The department of community health shall provide an  
5 administrative procedure for the review of cost report grievances by  
6 medical services providers with regard to reimbursement under the  
7 medical services program. Settlements of properly submitted cost  
8 reports shall be paid not later than 9 months from receipt of the final  
9 report.

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

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

1       Sec. 1615. Unless prohibited by federal or state law or regulation,  
2 the department shall require enrolled Medicaid providers to submit  
3 their billings for services electronically.

4       Sec. 1620. (1) For fee-for-service recipients the pharmaceutical  
5 dispensing fee shall be \$2.50 or the pharmacy's usual or customary cash  
6 charge, whichever is less.

7           (2) For fee-for-service recipients payment for generic drugs  
8 shall be the lower of the average wholesale price minus 30 percent or  
9 the maximum allowable cost. Payments for sole-source drugs shall be  
10 the average wholesale price minus 15.5 percent for independent  
11 pharmacies and the average wholesale price minus 17.1 percent for chain  
12 pharmacies.

13          (3) For fee-for-service recipients an optional mail order  
14 pharmacy program shall be implemented.

15          (4) If a pharmaceutical quality assurance assessment program is  
16 established by September 30, 2004 that allows the state to retain \$18.9  
17 million of the assessment, the dispensing fee and payments for generic  
18 and sole-source drugs shall remain at fiscal year 2004 levels; and the  
19 mail order pharmacy program shall not be implemented.

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

22          (a) A physician that calls the department's agent for prior  
23 authorization of drugs that are not on the department's preferred drug  
24 list shall be informed of the option to speak to the agent's physician  
25 on duty concerning the prior authorization request if the agent's  
26 pharmacist denies the prior authorization request. If immediate  
27 contact with the agent's physician on duty is requested, but cannot be

1 arranged, the physician placing the call shall be immediately informed  
2 of the right to request a 72-hour supply of the nonauthorized drug.

3 (b) The department's prior authorization and appeal process shall  
4 be available on the department's website. The department shall also  
5 continue to implement a program that allows providers to file prior  
6 authorization and appeal requests electronically.

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

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

25 (e) The pharmacy and therapeutics committee shall make  
26 recommendations for the inclusion of medications on the preferred drug  
27 list based on sound clinical evidence found in labeling, drug

1 compendia, and peer-reviewed literature pertaining to use of the drug  
2 in the relevant population. The committee shall develop a method to  
3 receive notification and clinical information about new drugs. The  
4 department shall post this process and the necessary forms on the  
5 department's website.

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

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

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

18 Sec. 1625. The department shall continue its practice of placing  
19 all atypical antipsychotic medications on the Medicaid preferred drug  
20 list.

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

27 (2) For products distributed by pharmaceutical manufacturers not

1 providing quarterly rebates as listed in subsection (1), the department  
2 may require preauthorization.

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

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

11 Sec. 1643. Of the funds appropriated in part 1 for graduate medical  
12 education in the hospital services and therapy line item appropriation,  
13 \$10,359,600.00 shall be allocated for the psychiatric residency  
14 training program that establishes and maintains collaborative relations  
15 with the schools of medicine at Michigan State University and Wayne  
16 State University if the necessary Medicaid matching funds are provided  
17 by the universities as allowable state match.

18 Sec. 1648. The department shall maintain an automated toll-free  
19 phone line to enable medical providers to verify the eligibility status  
20 of Medicaid recipients. There shall be no charge to providers for the  
21 use of the toll-free phone line.

22 Sec. 1649. From the funds appropriated in part 1 for medical  
23 services, the department shall continue breast and cervical cancer  
24 treatment coverage for women up to 250% of the federal poverty level,  
25 who are under age 65, and who are not otherwise covered by insurance.  
26 This coverage shall be provided to women who have been screened through  
27 the centers for disease control breast and cervical cancer early



1 detection program, and are found to have breast or cervical cancer,  
2 pursuant to the breast and cervical cancer prevention and treatment act  
3 of 2000, Public Law 106-354, 114 Stat. 1381.

4 Sec. 1650. (1) The department may require medical services  
5 recipients residing in counties offering managed care options to choose  
6 the particular managed care plan in which they wish to be enrolled.  
7 Persons not expressing a preference may be assigned to a managed care  
8 provider.

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

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

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

1 333.21420.

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

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

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

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

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

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

24 (e) Enrollment of recipients of children's special health care  
25 services in HMOs shall be voluntary during fiscal year 2004-2005.

26 (f) The department shall develop a case adjustment to its rate  
27 methodology that considers the costs of persons with HIV/AIDS, end

1 stage renal disease, organ transplants, epilepsy, and other high-cost  
2 diseases or conditions and shall implement the case adjustment when it  
3 is proven to be actuarially and fiscally sound. Implementation of the  
4 case adjustment must be budget neutral.

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

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

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

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

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

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

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

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

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

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

27       Sec. 1659. The following sections are the only ones that shall

1 apply to the following Medicaid managed care programs, including the  
2 comprehensive plan, children's special health care services plan,  
3 MIChoice long-term care plan, and the mental health, substance abuse,  
4 and developmentally disabled services program: 401, 402, 404, 411,  
5 414, 418, 424, 428, 1650, 1651, 1653, 1654, 1655, 1656, 1657, 1658,  
6 1660, 1661, 1662, 1699, and 1700.

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

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

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

25 (4) The department shall require HMOs to be responsible for well  
26 child visits and maternal and infant support services as described in  
27 Medicaid policy. These responsibilities shall be specified in the

1 information distributed by the HMOs to their members.

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

6 Sec. 1661. (1) The department shall assure that all Medicaid  
7 eligible children and pregnant women have timely access to MSS/ISS  
8 services. Medicaid HMOs shall assure that maternal support service  
9 screening is available to their pregnant members and that those women  
10 found to meet the maternal support service high-risk criteria are  
11 offered maternal support services. Local health departments shall  
12 assure that maternal support service screening is available for  
13 Medicaid pregnant women not enrolled in an HMO and that those women  
14 found to meet the maternal support service high-risk criteria are  
15 offered maternal support services or are referred to a certified  
16 maternal support service provider.

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

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

26 Sec. 1662. (1) The department shall require the external quality  
27 review contractor to conduct a review of all EPSDT components provided

1 to children from a statistically valid sample of health plan medical  
2 records.

3 (2) The department shall provide a copy of the analysis of the  
4 Medicaid HMO annual audited health employer data and information set  
5 reports and the annual external quality review report to the senate and  
6 house of representatives appropriations subcommittees on community  
7 health, the senate and house fiscal agencies, and the state budget  
8 director, within 30 days of the department's receipt of the final  
9 reports from the contractors.

10 (3) The department shall work with the Michigan association of  
11 health plans and the Michigan association for local public health to  
12 improve service delivery and coordination in the MSS/ISS and EPSDT  
13 programs.

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

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

1 Health coverage for children in families between 150% and 200% of the  
2 federal poverty level shall be provided through a state-based private  
3 health care program.

4 (2) The department shall enter into a contract to obtain MICHild  
5 services from any HMO, dental care corporation, or any other entity  
6 that offers to provide the managed health care benefits for MICHild  
7 services at the MICHild capitated rate. As used in this subsection:

8 (a) "Dental care corporation", "health care corporation",  
9 "insurer", and "prudent purchaser agreement" mean those terms as  
10 defined in section 2 of the prudent purchaser act, 1984 PA 233, MCL  
11 550.52.

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

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

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

22 Sec. 1671. From the funds appropriated in part 1, the department  
23 shall continue a comprehensive approach to the marketing and outreach  
24 of the MICHild program. The marketing and outreach required under this  
25 section shall be coordinated with current outreach, information  
26 dissemination, and marketing efforts and activities conducted by the  
27 department.



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

7       Sec. 1673. The department may establish premiums for MICHild  
8 eligible persons in families with income above 150% of the federal  
9 poverty level. The monthly premiums shall not exceed \$15.00 for a  
10 family.

11       Sec. 1674. The department shall not require copayments under the  
12 MICHild program.

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

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

23       Sec. 1680. Payment increases for enhanced wages and new or enhanced  
24 employee benefits provided through the Medicaid nursing home wage pass-  
25 through program in previous years shall be continued in fiscal year  
26 2004-2005.

27       Sec. 1681. From the funds appropriated in part 1 for home and

1 community-based services, the department and local waiver agents shall  
2 encourage the use of family members, friends, and neighbors of home and  
3 community-based services participants, where appropriate, to provide  
4 homemaker services, meal preparation, transportation, chore services,  
5 and other nonmedical covered services to participants in the Medicaid  
6 home and community-based services program. This section shall not be  
7 construed as allowing for the payment of family members, friends, or  
8 neighbors for these services unless explicitly provided for in federal  
9 or state law.

10 Sec. 1682. (1) The department shall implement enforcement actions  
11 as specified in the nursing facility enforcement provisions of section  
12 1919 of title XIX, 42 U.S.C. 1396r.

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

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

20 Sec. 1683. The department shall promote activities that preserve  
21 the dignity and rights of terminally ill and chronically ill  
22 individuals. Priority shall be given to programs, such as hospice,  
23 that focus on individual dignity and quality of care provided persons  
24 with terminal illness and programs serving persons with chronic  
25 illnesses that reduce the rate of suicide through the advancement of  
26 the knowledge and use of improved, appropriate pain management for  
27 these persons; and initiatives that train health care practitioners and

1 faculty in managing pain, providing palliative care, and suicide  
2 prevention.

3       Sec. 1685. All nursing home rates, class I and class III, must have  
4 their respective fiscal year rate set 30 days prior to the beginning of  
5 their rate year. Rates may take into account the most recent cost  
6 report prepared and certified by the preparer, provider corporate owner  
7 or representative as being true and accurate, and filed timely, within  
8 5 months of the fiscal year end in accordance with Medicaid policy. If  
9 the audited version of the last report is available, it shall be used.  
10 Any rate factors based on the filed cost report may be retroactively  
11 adjusted upon completion of the audit of that cost report.

12       Sec. 1688. The department shall not impose a limit on per unit  
13 reimbursements to service providers that provide personal care or other  
14 services under the Medicaid home and community-based waiver program for  
15 the elderly and disabled. The department's per day per client  
16 reimbursement cap calculated in the aggregate for all services provided  
17 under the Medicaid home and community-based waiver is not a violation  
18 of this section.

19       Sec. 1692. (1) The department of community health is authorized to  
20 pursue reimbursement for eligible services provided in Michigan schools  
21 from the federal Medicaid program. The department and the state budget  
22 director are authorized to negotiate and enter into agreements,  
23 together with the department of education, with local and intermediate  
24 school districts regarding the sharing of federal Medicaid services  
25 funds received for these services. The department is authorized to  
26 receive and disburse funds to participating school districts pursuant  
27 to such agreements and state and federal law.

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

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

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

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

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

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

20       Sec. 1697. (1) As may be allowed by federal law or regulation, the  
21 department may use funds provided by a local or intermediate school  
22 district, which have been obtained from a qualifying health system, as  
23 the state match required for receiving federal Medicaid or children  
24 health insurance program funds. Any such funds received shall be used  
25 only to support new school-based or school-linked health 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 local  
2 or intermediate school district to provide or manage school-based or  
3 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. 1700. The department shall request a waiver of 42 C.F.R. part  
11 438.6(c)(1)(i) to obtain approval to implement actuarially sound  
12 capitation rates for managed care organizations over two years. If the  
13 waiver is denied by the Center for Medicare and Medicaid Services,  
14 Medicaid providers shall receive a reduction in rates to finance the  
15 increase necessary to pay actuarially sound rates to Medicaid HMOs.